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## MARKET MECHANISM OF TOURIST DEVELOPMENT OF HISTORICAL AND CULTURAL HERITAGE IN THE SYSTEM OF TRAVEL INDUSTRY

### **Abstract**

**Introduction.** The relevance of the article is connected with the insufficient study of the problems of theoretical and methodological foundations of the mechanism of market of tourist services functioning in the field of cultural tourism and visiting of historical and cultural heritage objects, insufficient analytical research trends in the field of cultural tourism in terms of economic science.

**Methods.** The methods of logical generalization, combination, analysis and synthesis, grouping, system and comparative analysis, monographic method are used in the course of research. The methodological basis of the study was theoretical development of domestic and foreign scientists and own author's research.

**Results.** The article defines the economic essence of the definition of cultural tourism as a one of main segments of the market of tourist services. The basic elements of the market mechanism of tourist development of historical and cultural heritage are determined. The article presents and analyzed the newest tendencies in the tourist market using objects of historical and cultural heritage as resource base.

**Discussion.** The perspective directions for further research of this topic is the study of methodological foundations and principles, technologies and tools of economic development of historical and cultural heritage, the impact of these processes on national, regional and global tourism markets and related industries; minimizing the negative consequences of the commodification of historical and cultural heritage and commercialization of culture.

**Keywords:** tourism, historical and cultural heritage, cultural tourism, tourism market, tourist resources, social and cultural services.

### **Introduction.**

Heritage and cultural tourism began to expand as a mass phenomenon as a consequence of the self-development of the tourism industry and its need for diversification. During the previous decades and stimulated by a long period of unbroken economic growth in most developed countries, tourism enjoyed a great expansion. This was largely based on standardized products, mainly offered by tour operators through the travel agencies system. The result was an increase in the number of destinations and resorts. Over the years, many of them have followed a life-cycle profile, from involvement and consolidation, to stagnation and, in some cases, even decline. So, the need to adapt the current offer to a more exigent demand, fuelled by a rising competition with new destinations, developed the specializations of many tourism areas and the search for added-value products. Global tourism operators try to offer new appealing attractions, taking into account the improved transportation conditions, the lower costs in several emerging destinations, and the increase of available information thanks to communication technologies. Thus, cultural attractions have become an excellent way of adding value to a destination. They respond to the need for alternative options, new experiences and diversification, both domestic and abroad. They can serve as either primary or complementary features of a tour, helping to convince the tourist about vacation destination, in particular when this fits into the system of cultural recognition of the more cultivated and wealthier citizens. In the early stages of development of the tourist industry, artistic and heritage attractions had little relevance in most of their packaged products, except for a minority of cultivated tourist or first-class cultural destinations. For the mass-market operators (travel agencies, tour operators, hotel chains or the transportation industry), local culture was something inherent in the

destination, a marginal and complementary product in the package rather than a niche market in itself. However, increasing market segmentation creates new opportunities for specialist cultural tourism markets and operators.

#### **Analysis of recent research and publications.**

The works of famous foreign and domestic scientists are devoted to the problems of economy of historical and cultural heritage and its use in tourism and other economic activities. In particular, these issues are considered by such scientists as: A. Rubinshtein, D. Rypkema, I. Rizzo, A. Mignosa, J. Hausner, A. Karwinska, J. Purchla, D. Vaughan, L. Prybieha, I. Martynenka and others. At the same time, some aspects of this multifaceted problem remain beyond the attention of scholars and are insufficiently substantiated, namely: the economic essence of the definition of cultural tourism as a one of main segments of the market of tourist services; the basic elements of the market mechanism of tourist development of historical and cultural heritage; the latest tendencies in the tourist market using objects of historical and cultural heritage as resource base etc.

#### **Purpose.**

The aim of this article is to determine the theoretical foundations and current trends in the development of the tourist market, which is based on the use as objects of attraction the historical and cultural heritage.

#### **Methodology.**

The methods of logical generalization, combination, analysis and synthesis, grouping, system and comparative analysis, monographic method are used in the course of research. The methodological basis of the study was theoretical development of domestic and foreign scientists and own research.

#### **Results.**

The paradox is that despite the consolidation of a specific and growing cultural tourism market, most of the tourists consuming cultural products do not choose their destination primary for this reason. Heritage attractions, the core of cultural tourism demand, are in most of the cases one of a larger set of reasons to explain travelers' goals. People visiting relatives, going to conferences or trade fairs, doing a weekend break and even summer holidays combine leisure or business with the consumption of cultural services along with other activities. So, cultural tourism includes both the mainly motivated tourists and the larger group of cultural consumers that travel with juxtaposition of motivations. According to the periodic surveys conducted by the European Association for Tourism and Leisure Education at the door of heritage and other cultural attractions of a set of European cities, only few travelers – between the 20 and the 30 percent of them – admitted that the choice of their destination attends to cultural reasons [1, p. 43-44].

It is actually very difficult to define what cultural tourism is about. There are almost as many definitions as there are tourists visiting cultural places. The touristic phenomena is defined by the UNWTO as the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited. This is a demand-side kind of definition. In line with this approach, the most common definition of cultural tourism says: The movement of persons to cultural attractions away from their normal place of residence, with the intention to gather new information and experiences to satisfy their cultural needs [2, p. 122-123].

Based on the analysis of documents of international organizations and the works of scientists, it can be argued that heritage tourism can be defined as the explicit and voluntary contact that tourists have, away from their normal place of residence, with cultural heritage through the visit or consumption of heritage goods and services. It comprises visits to historic cities or towns, monuments, worship and civil heritage buildings, historic gardens, industrial heritage sites, archaeological sites and museums, among

other heritage attractions. It also includes the consumption of goods and services directly linked to them: souvenirs, handicrafts, special tours, etc. This is a definition clearly related to a product-based approach, which is quite useful for the economic analysis of the heritage tourism market and its social, economic and political impact.

The most tourists are involved, in a more or less involuntary way, in the consumption of experiences and products which have – from an anthropological point of view – some kind of cultural component (the consumption of traditional local food or handicrafts, the enjoyment of the local historical flavor or the external view of monuments placed in their touristic destination). The use of the explicit motivation to visit cultural attractions as the key aspect to differentiate cultural tourists from other travelers is quite useful. It also can be used to test typologies of cultural tourist. So, attending to the definition of cultural tourist, their diverse typologies or their source and destination, the proportion of cultural tourists in relation to global tourism data ranges significantly. Well-known monumental cities attract most of their tourists due to their highly appealing cultural supply, while the proportion of culturally motivated tourists is much smaller in sun and beach destinations.

In most European countries, many of the heritage products consumed by tourists were originally conceived for the resident's enlightenment, enjoyment and consumption. The tourist industry benefits from cultural heritage existence, its high symbolic value and its relatively low cost (heritage sites in most of these countries are subsidized by the government). It might be done with some small cultural or organizational adaptations (translation to tourist own languages, changes on the calendar, among others) but most heritage resources and products existed previously. Only a few services are specifically created to satisfy the tourist's expectative or their direct demand.

In contrast in America, Africa and many Asian markets – most heritage products are the result of an explicit strategy to attract tourism. This affects the profile and scope of many heritage products. Furthermore, it must be considered the economic and social expectations that local population has of their own cultural heritage: its real use as regular visitors and the ways of appropriation of the symbolic value of heritage. Thus, the heritage and its sector benefits from the visibility, social legitimacy and income resources coming directly or indirectly from the tourism phenomena. In general there is a win-win rapport, but as we will consider, the relationship between cultural heritage and the tourist industries can tend to become a virtuous or vicious circle.

Heritage tourism, and particularly cultural tourism, has its antecedents in the “grand tour”, the self-exploration and educating travel toward the roots of Western culture by artists, intellectuals and upper European classes. Nevertheless, today's cultural tourist experience has very little connection with it. The length of time spent was several months, whereas today could be of a few days. Communications and tourist facilities make everything easier, faster and cheaper. Most cultural tourists are today middle-class citizens without much time and with other kind of expectations and interests. But despite all this, most popular “grand tour” cities and monuments remain in the imagination of people as main icons of desire. That explains the concentration of cultural tourism main flows in traditional heritage destinations and the difficulties of new regions and spots to be top of the list.

According to cultural studies behind the contemporary heritage tourism, there is an illustrated substrate, even romantic, conditioned by the cultural capital of visitors. This determines the demand for the most recognized icons of the material heritage of Western culture, in Europe, the Americas and the Middle East. Monuments and material heritage sites attract most cultural tourism demand, well above the tourism of festivals, live performances, contemporary art and even handicrafts and immaterial heritage tourism. At the same time, there is a Eurocentric approach that ends up influencing the cultural tourist flows from other continents, for instance, the growing Asia and Pacific markets. The development of cultural capital through consumption is concentrated spatially, because of the accumulation of real cultural capital, in specific locations (both at the source and on the destination of the tourism flows). The perception of a place as part of personal heritage is associated with the visitation patterns. In particular those who view a place as bound up with their own heritage are likely to behave significantly different from

others.

For several decades, tourism flows continued to grow worldwide. Advanced economies attract 55 percent of total arrivals; 40 percent only in the European Union. Most tourism flows take place within the traveler's own macro region (80 percent of worldwide international arrivals), most of them intra-European flows. These figures should be added to domestic tourism, a significant part of the pie in large developed countries, particularly in the USA. The system of tourist statistics is built so that it is not possible to have reliable data on the proportion of cultural tourists. Some estimation referring data from the World Tourism Organization shows that approximately half of all international trips involve visits to cultural heritage sites, or more precisely the 40 percent of total tourist trips are culturally motivated. In line with other authors, it is not possible to obtain reliable data worldwide. Obviously, the proportion ranges between different destinations based on their profile and reputation level. In the United States, 80 percent of domestic American travelers who undertook a trip away from home visited at least one heritage site or participated in a cultural activity. But, approximately one-quarter of all US domestic heritage visitors consider themselves to be frequent or devoted heritage tourists [3, p. 388-389].

Today the practice has proved that there is an interdependent relationship between heritage recognition, tourism services and infrastructure, and the volume of tourists visiting a particular site. The availability of transportation, the physical distance and travelling time, and the cost to reach a destination are also crucial factors for the success or failure of a particular spot or region. This is the case for many heritage sites located far away from the main emission market, in remote regions of Africa, Asia or America.

At the same time, according to economic theory tourist demand depends on the emission markets level of available income. But it is also linked to perception of a reliable atmosphere and the leisure outlook of the main cultural heritage destination markets. Safety perception explains, for instance, the evolution of Middle East heritage markets. In this context, it is very important to present a reliable atmosphere and to reinvent seduction strategies linked with expectations to remain competitive. And culture and heritage offers are especially appropriate for this. Some recent research, applied to domestic tourism in Spain, shows that cultural interest moderates individual tourist sensitivity to price, reducing its negative effect; that is, tourists driven by this interest become less sensitive to price.

For the international and national travel agencies and tour operators, the additional costs of the heritage service (e.g. a reasonable entrance price to a museum or archaeological site) and collateral spending (transport to the place, advertising and other distribution costs) are easily compensated by the distinguishing value contributed. Moreover, in many cases, this cultural offer is sold as a complement to the initial pack paid by the tourist. So, it generates an additional margin, or even commissions coming from some associated services (retail or catering).

Analysis of market relations and structures shows that the current evolution of the intermediary mechanisms is having a great impact on the evolution of the market. At the same time, there is a more individualistic decision-making approach from a growing number of tourists. In particular, some analyses show the cultural tourist as a more discerning traveler who wants to enrich himself through contact with arts and heritage, and their inherent symbolic value. This group not only has greater purchasing power but also more seasonal flexibility than conventional tourism. City tourism, weekend locations, but also more exotic destinations, have particularly benefited from this growing niche.

Heritage tourism is, fundamentally, a demand-driven phenomenon. As demand grows, the services previously targeted towards the residents (transport, restaurants, heritage institutions), gain impetus and become providers of tourist services. Without tourists, the tourism industries (accommodation, travel agencies or transport) cease to exist as such. In the case of cultural tourism, the decision to consume a particular heritage good or service is directly linked to the motivation, taste and capital of cultural tourists. Unfortunately, there is little empirical economic research on cultural tourist demand and markets. Most applied analysis had been on impact studies, despite academic criticism, or on contingent valuation.

Research in this aspect of the tourism market is very modest. From a micro level, only a few researchers have analyzed admission price strategies, most of them devoted specifically to museums. Every few years, in some Western countries there is a heated debate on the appropriate museums price policy, between free entry and a range of payment fees, and the possibility of discriminating between residents and foreigner tourists (this last discrimination is not allowed among European Union citizens). One threat and recurrent issue of this controversy is the lack of differentiation between successful attractions, like star museums with high inelastic demand, and little-known heritage sites with poor demand capacity, frequently located away from major tourist flows.

In the market mechanism of this market the price is of great importance. But price can be a useful tool, either as a device for achieving sustainable levels of visitor demand or as a means to generate the required funds for the maintenance and conservation of many single heritage assets. The Museum of Picasso in Barcelona, concerned about the tourist onslaught expelling local visitors, decided to fix the annual multi-ticket price at only one dollar more than the normal single entry. At the same time, it opens for free on Sunday afternoons when the tourists are at the airport back home. In other cases, to impose appropriate pricing due to little demand or for ideological confusion is more difficult. In Great Britain, most heritage managers remain unconvinced by the logic of the user-pays principle for ideological reasons – they probably associate the pricing of access with heritage commoditization and social exclusion [4, p. 59-62].

In recent decades most spots tried to become an attractive tourist destination. Local authorities, chambers of commerce or cultural officials sought to convert historical sites into tourist attractions, sometimes without a strategic and sustainable plan. The motivation is a mix of economy, nostalgia, local pride and even the argument that there is no other suitable local development alternative left. Everyone tries to differentiate destinations and products, in a context of homogenization of the recognition system and of their own differentiation strategies and of growing competitive market. As more regions compete in reproducing and promoting themselves for heritage tourism employing the same formulaic mechanisms, their ability to create “uniqueness” arguably diminishes.

Numerous actors in the travel market perform a variety of functions in the field of heritage. The first mission of most heritage institutions is the acquisition, protection, restoration and conservation of their collection. But this research process achieves its full sense when the collection is made available for the enjoyment and collective enlightenment of the community (the local population, the scientific community and the whole of humanity). And this is done through a process of valorization of the assets given. In this way, heritage organizations are the result, and at the same time a powerful engine, of a virtuous circle of value and services flows with their communities. The initial effort and willingness of the founders has resulted in the availability of resources and a positive legal and social framework for the site to takeoff. These resources allow the launch of a set of heritage services: a research department; the permanent and the temporary exhibitions; the library or the pedagogical service; and also some periphery services (e.g. rest areas, a gift shop, a restaurant or a cafeteria). If this supply reaches a growing demand, finding new funding and supporting the project will be easier: protectionist regulation, government grants, philanthropy donations or voluntary work, among others. That is why the symbolic value and the flow of resources and services increase. The virtuous circle attracts more corporation sponsorship and product sales, circumstances which drive the quantity and quality of services offered by the centre [5, p. 62-66].

Heritage tourism becomes one of the potential positive externalities of cultural heritage with direct, indirect and induced economic impact on the host community. The attitude of heritage managers is a key aspect to valuing the process, but not sufficient in itself. The capacity of dialogue and negotiation with the diverse stakeholders – community leaders, tourism operators and governmental planners, among others – is crucial for the process. All must understand that they have shared responsibility for the success of the cultural tourism dynamics story. When it does not occur, there is a risk of entering into a vicious and destructive cycle.

Different aspects of this issue were investigated from different angles: overcrowded heritage cities;

fragile archaeological spots, natural heritage sites and museums at the limit of their carrying capacity; or even exploited indigenous communities. Most suggest that the challenge for managers is to keep touristic flows under the threshold of carrying capacity. This concept, widely used in other fields of research, is defined as the number of visitors that an area can accommodate before negative impacts occur. But the vicious circle goes beyond the threshold of carrying capacity reaching the unsustainability of the heritage site as a whole.

Market trends can be very multifaceted and have great consequences. The vicious circle determines a continuous down turn of the attractiveness of a place that may turn into an absolute decline in the performance of the industry when the quality content falls below, and the accessibility exceeds, some critical thresholds. More means worse when there is an asymmetric information and spatial displacement in heritage tourism.

World practice has many examples in this area. One of the best-known cases of vicious circle due to the overcrowding of tourism and a high presence of a tourists day-tripper is Venice. This was also the case of the Alhambra of Granada, where trippers coming directly from the Costa del Sol ruined the site without providing value to the city. These case shows that “soft” controls based on reservation restrictions and pricing are preferred as cheaper, more flexible, and easier to enforce. However, in situations in which the heritage might be physically endangered by the tourism pressure, “harder” measures are required. In some prehistoric caves, access has been banned or strictly limited to the scientific community, but tourists can enjoy well-done replicas. In such cases, it is important that the loss of authenticity of the visit is compensated by the interactivity and educational value of the alternative replicas [6, p. 124-126].

Will help us here the life cycle theory. Tourism area life cycle, adapted to heritage tourism sites, helps to explain the process of takeoff, development and consolidation of a site, as well its stagnation and potential decline. The life-cycle model suggests that management should be proactive, smoothing the fluctuations foreseen by the cycle and favoring a balanced relation between the costs and benefits originated by tourism.

When a destination crosses its sustainable threshold, it is easy to fall into a process of deterioration and decline, pushed by the vicious circle previously described. Congestion costs, asymmetric information and commoditization are some of the most common causes. The result is a lower quality of the visit and a disincentive demand. In other cases, there is a reorientation and rejuvenation of the place and its main actors. Many strategies are possible, from the enlargement capacity of the site to a strict regulation of the way to access. In all cases, planning and evaluation and the takeoff of new value services are essential.

However, not all heritage sites have the same characteristics and life cycle. Most of them are unknown and will desire growing tourist flows. The challenge consists of a good diagnosis, a certain balance between the different stakeholders on stage and an accurate process. An inequity gap could exist on those rural or indigenous communities whose cultural heritages are being appropriated and exploited by multiple commercial entities for tourism purposes and personal gain. Little of the profits realized benefit the local community, the original creators and owners of the local culture. Respect for local residents' quality of life is one of today's challenges, both in overcrowded advanced heritage sites and in world regions of development.

One of the main dilemmas of cultural attractions is how to satisfy visitors' expectations, and manage their impact, without compromising the authenticity of the visitor experience itself. Carrying capacity control, in the traditional sense used by researchers, only shows one aspect of the challenge.

The sustainable development of heritage tourism stands on a larger concept than the traditional one of carrying capacity, the “capacity of acceptance”. This could be defined as the level of human and economic activity that an area can accept without heritage deterioration, without the quality of the visit being degraded, and without the local community suffering. An allegorical stool based on three interdependent legs describes this idea. The first one is the conservation of the heritage resource, its physical and symbolic preservation [7, p. 104-117]. The overcrowded visit of many popular heritage

resources implies some risk of deterioration. The assessment of the degree of damage, the economic cost of restoration and the social cost of its potential destruction give some indicators of measurement. The second leg of the stool is the quality of the experience for visitors and tourists. The satisfaction or benefit obtained by the cultural tourist could be measured through surveys and contingent valuation exercises. Three factors could synthesize the feeling of benefit or prejudice: according to expectations, to previous similar experience and to the cost of the direct and the indirect experience.

Cultural tourism accounts for a large number of communities, an alternative for economic and social development. Cultural tourism could be considered, in principle, more respectful to local cultural values than other tourist flows. At the same time, one might expect that locals are best positioned to design and provide cultural heritage services. But that will depend on their capacity to lead and manage the process. In some cases, however, culture is used as an argument or as a resource for creating a new form of economic exploitation that clearly benefits certain local forces (some entrepreneurs and political class) and external promoters (touristic, building industry and real estate interests). These may have negative effects on certain sectors of society, those who suffer the adverse externalities of the process (noise, litter, congestion, among others) and do not benefit from the positive effects of it (income, employment, social status, etc.). And, in the case of immaterial heritage, it can even lead to damaging the survival and value of cultural heritage. In many other cases (well-integrated sites to local development strategies), it can provide positive externalities to most of the community.

Based on economic arguments the relationship between cultural heritage and tourism covers several interesting issues. The most studied aspects are the direct, indirect and induced economic impact of the tourism flow, especially to singular cultural heritage locations or regions. One of the problems of cultural heritage analyses is clarifying what we mean or include in cultural tourism demand and supply. This explains the difficulty in obtaining reliable statistics and drawing conclusions not only about the economic dimension and impact of the phenomena, but also about the behavior of cultural tourists and tourism operators.

Tourism in the field of historical and cultural heritage concerns, in different ways, the life of many individual citizens: tourists, local residents and workers of both the tourism and heritage industries. It also affects the economic activity of different institutional actors: cultural institutions, tourist operators, governments and other agents. It involves the expectations and consumption decisions of domestic and foreign tourists visiting what they perceive as a cultural rich site (a complex question given the diversity of tastes and values). At the same time, it influences the communities of people living in heritage emblematic environments. Nor does it leave the local and regional authorities indifferent: the departments of planning and economic development, the cultural heritage units and the public security and cleaning services, among others. Evidently, the impact is also very evident for the tourist industries, the great beneficiaries of the phenomenon. But there are other stakeholders on related economic areas, like the real estate and the building industries, the retail sector, handicraft production or the transport industry. Finally, it also influences the local heritage community, both the professionals and the local audience of museum and heritage sites [8, p. 34-39]. All of them receive, in a more or less intense way, positive and negative impacts and suffer or enjoy the externalities of the phenomena.

However, these interdependent actors have quite weak links among them. The tourism industries and the heritage sector operate as parallel activities in most places with remarkable little dialogue between both, even in the most successful cultural tourism destinations. The strategies of the cultural and tourist governmental authorities also operate in parallel. The result is many misunderstandings and the loss of opportunities to provide high-quality experiences to visitors. To facilitate the consumption of heritage products, many cultural heritage resources need to be transformed into appealing cultural tourism products. This process requires mutual understanding and collaboration. In this sense we have to distinguish the managerial behavior of tourist agents from the managerial behavior of cultural heritage institutions. The mission, goals and temporal perspective clearly differ, as well as its values and organizational cultures. The heritage sector is usually owned by government bodies or nonprofit

organizations, while tourism agents are mainly owned by private people seeking for shorter-term profits. As more tourists are attracted by a heritage site, more direct, indirect and induced jobs are created. In an aggregate level, cultural tourism creates a few new direct jobs. Its most relevant impact is in indirect employment, mainly in the tourist industries and a few on heritage institutions. In this second case, partly due to the extra political and social legitimacy that tourism gives to heritage organizations. In any case, it is necessary to consider the quality of jobs created, its seasonality and the overall economic contribution generated [9, p. 18-24].

### Conclusion and prospects.

In modern economic science the evaluation of the aggregated economic, social and cultural impact of cultural heritage tourism is fairly difficult. First, this is due to the heterogeneity of the generated effects when modifying the redistribution of available public and private resources, social structures, cultural values, use of the territory or economic activities, among others involved issues. A good part of these effects are quite ambivalent because each actor or community values the received impacts as a function of the degree of the perceived effect, previous experience and context. To compare the results of tangible phenomena – such as jobs generated or the cost of living due to tourist pressure – next to individual or collective subjective perceptions – like prestige or the feeling of learning or pleasure – is very complex. The difficulty increases when the available information is asymmetrically distributed. At the same time, people's aversion to change or risk depends on the intensity and speed of the processes themselves, and of the possibility of each actor being a protagonist or a passive subject of the change. So, the negative impact with respect to an intensive tourist avalanche diminishes greatly when the flow grows slowly or one is directly involved in the change. In order to manage a new tourist flow to a heritage site, it is important: first, to know the positive and negative effects, direct, indirect and external; second, to know its asymmetric economic and social distribution; and third, to share this information among the stakeholders. For heritage sites tourism represents directly a way to increase the number of visitors and incomes and, consequently, the possibility of having a larger budget and doing more. It also represents some costs: translations and adjustment costs, free-rider opportunism, tourism segregation and other collateral costs. But heritage tourism also has indirect and external effects. The positive effects may include: stronger political legitimacy; higher local community valorization of its own heritage, economic impact and larger intercultural exchange. Among the negative effects may be cited less need to attract local people, residents' desertion of their own heritage attractions; increase in the cost of living for local people; and the substitution of an intrinsic argument for an extrinsic one in the legitimacy of the social role of cultural heritage. The tourism generated around the cultural heritage is quite large in many cities and countries. It has a non-negligible capacity for sustainable development, both at the institutional and regional level, although it is important not to exaggerate its impact. It is advisable to analyze in detail the context and the potential development of each case.

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