

# THE ECONOMIC PERFORMANCE OF TOURISM IN NORTHERN HUNGARIAN REGION, WITH SPECIAL REGARD TO HEVES COUNTY

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**Abstract:** The study shows the economic performance of public accommodation establishments (especially in Heves County) in the period of 2000–2008 in the context of basic touristic indicators like the number of public accommodation establishments, capacity, arrivals, bednights, average length of stay, revenue (structure of revenue), and the role of local tourism tax revenues. According the study, we can conclude that on the basis of the capacity, number of guests and number of bednights of public accommodation establishments, Heves County (as compared to other counties of the region) played a pivotal role in the tourism of Northern Hungary in the studied period. Knowing these facts, it is worthwhile to make further investments and developments in tourism in the county.

**Key words:** economic performance, public accommodation establishments, tourism indicators, tourism tax, Heves County

## 1. Introduction – The economic role of tourism

The tourism sector has important economic and social embedding, the sector has complex effects on the national economy's development. It plays partial role in the shaping of market situation of several other national economy sectors (like transportation, telecommunication, trade, financial services, health care, cultural and sport services), while the demand of tourism sector is just indirect in case of the products or services of other sectors (in agriculture, industry, building industry, environment protection). According to tourism organizations and experts, in the third millennium's first decade the health tourism travels (within the tourism travels) shows the most dynamic development. The preservation of health, relaxation and beauty care, body and soul maintenance in healthy environment has become an increasingly important motivation, so the demand for wellness tourism will grow. In the field of traditional medicinal tourism, the increase of the aging European population could grow the demand. The health tourism is the most desirable tourism form: predictable, not seasonal, it has long average stay, generates high income (guest spendings), generates workplaces, can easily be placed with the principles of sustainable tourism.

In practice convergence can be observed between the two main branches of health tourism: in the medicinal tourism complexity is increasingly important, the high level of service and the wellness items. Wellness tourism also highlights the health references and the scientific grounding. Overall, health tourism is a fast growing tourism segment throughout the country.

The economic impacts of tourism can be analyzed from the sending- and the hosting area's correlation. In both cases it is an important condition to have regular and reliable data (statistical database and standard interviews) from the field of tourism, for the researchers to define the real impacts of tourism.

The following factors play an important role in the variations of economic impacts of tourism:

- Economic level of the sending- and hosting area
- Life cycle of the touristic destination
- Touristic capacity of the hosting area
- Quantity and structure of tourists' spending
- Seasonality of tourism
- The use of revenues from tourism (tourism taxes)
- Legal and economic regulations of local tourism (Mundruczó and Stone 1996)

The target groups of health tourism:

- Traditionally, (especially but not only) elderly patients who basically use the medicinal services;
- The middle class (health-conscious, with high-income) with attention to prevention;
- Families with children, in spas and swimming pools, (enjoy experience elements);
- Youth preferring sports, swimming, fitness and wellness programs, services;
- „Self-healer” guests, holiday makers from elderly age groups (RMC 2006)

I have divided the public accommodation establishments into two different types under my hypotheses and the

analysis, such as „hotel type public accommodation establishments” and „other type of public accommodation establishments”. The different levelled hotels come in the first group (from 1 to 5 star hotels), including spa, wellness and apartment hotels. To the second group „other” accommodation types were rated like: boarding houses, tourist hostels, youth hostels, bungalows and camp sites.

## 2. The economic performance of public accommodation establishments in Heves County

The quantity and quality of accommodations play determining roles in how effectively the basic supply elements of tourism can be sold. There are several high levelled public accommodation establishments in Heves county, those added to the basic services, also providing wellness services.

### 2.1. Hypotheses

Before I begin to analyse the data of the analysed period, I take the following assumptions:

- The capacity, the arrivals, the bednights and the average length of stay are almost the same (during the analysed period) in Borsod-Abaúj-Zemplén County and Heves County.
- At the structure of revenues at public accommodation establishments (in Heves County) the role of room revenues are significantly higher than the other revenue types.
- The tourism tax revenues from „hotel type” accommodations are significantly higher than the tax revenues from „other type” accommodations.

### 2.2. Accommodation supply in Heves County as compared to other counties of the region

The accommodation supply (capacity – bed place for tourists) of the counties in the region assigns the region’s potential touristic arrivals. The figure below represents public accommodation establishment capacity of the counties in the region.

In Figure 1 it can be seen that the capacity of Borsod-Abaúj-Zemplén county is much higher than the capacity of Heves county. But if we compare it to the place (in km<sup>2</sup>) of the county, or to the population of the county (see at Figure 2), it can be seen that the bed place capacity per inhabitant is much higher in Heves county than in Borsod-Abaúj-Zemplén county.

Across the public accommodation establishment business, analysing the indicators of local tourism, the capacity (number of the bed place for tourists), the tourist arrivals, and the number of tourist night (nights spend by the guests) are significant data. From those data other indicators can be calculated, like room capacity utilization, bed place

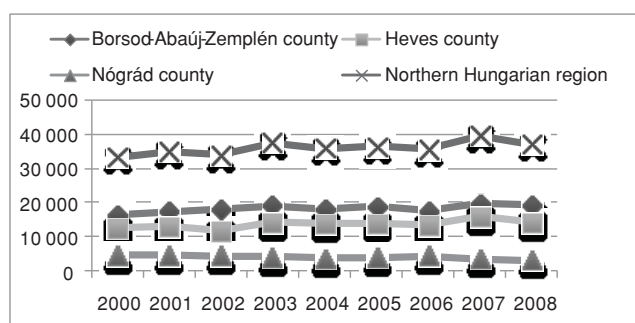


Figure 1: Capacity of Public Accommodation Establishments (in bed places)

Source: (KSH 2009) according to KSH database, own design

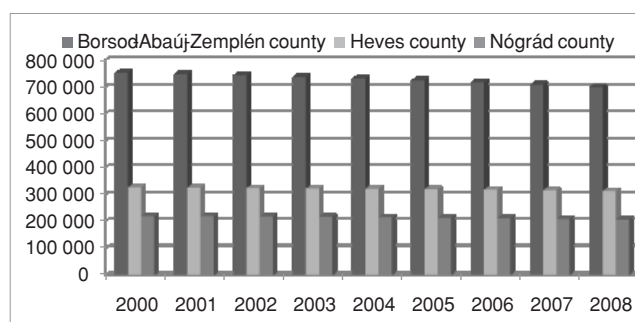


Figure 2: Population of the Northern Hungarian Region (in persons)

Source: (KSH 2009) according to KSH database, own design

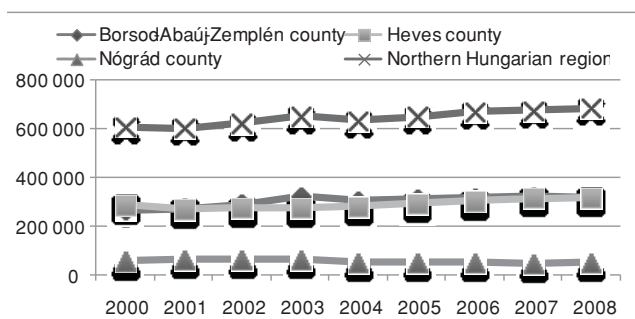


Figure 3: Arrivals at Public Accommodation Establishments – number of tourist arrivals (in persons)

Source: (KSH 2009) according to KSH database, own design

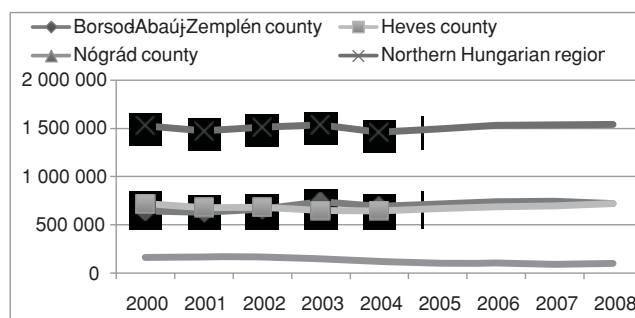


Figure 4: Arrivals at Public Accommodation Establishments – number of bednights (in nights)

Source: (KSH 2009) according to KSH database, own design

capacity utilization, revenue capacity utilization, average length of stay, average revenue per guest, etc. (Fazekas et al. 2005)

According to Figure 3 and 4 we can find out that although Borsod-Abaúj-Zemplén county has better position than Heves County in bed place capacity, in the number of tourist arrivals and in the number of bednights, their performance were nearly the same during the observed period.

The average stay indicator can be calculated easily, we simply have to divide the number of total tourist nights by the number of total tourist arrivals. The average length of stay is one of the indicator of success of the destination, which shows how long the guests would stay at the destination (and so, how long they will spend money there). At Figure 5 it can be seen that the average length of stay at the region's public accommodation establishments changes between 2,2 to 2,4 bednights, which is true for the average of the region, too.

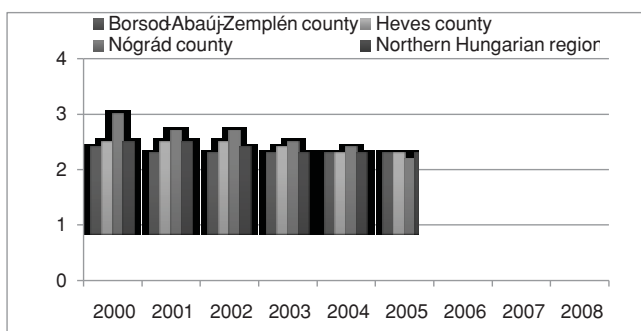


Figure 5: Average length of stay at Public Accommodation Establishments (in nights)  
Source: (KSH 2009) according to KSH database, own design

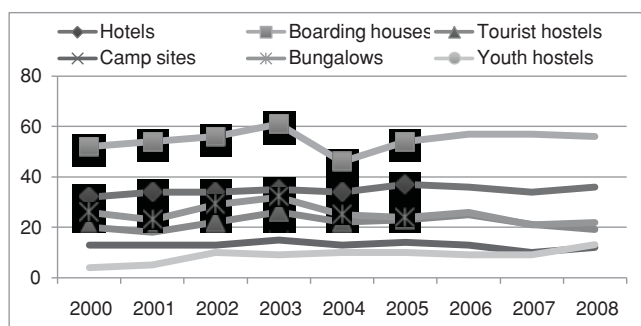


Figure 6: Number of the different Public Accommodation Establishments in Heves County (in units)  
Source: (KSH 2009) according to KSH database, own design

### 2.3. Revenues of public accommodation establishments in Heves County

Figure 6 shows below the number of units of different public accommodation establishments and how it changed between the period of 2000 and 2008. It can be mentioned that in the unit number of the hotel type accommodations there were not any significant changes. In 2004 there was a little increase, but to 2007 it fell back to the level of 2004.

Dramatic decrease happened in case of the boarding houses from 2003, and they could not reach that level during the analysed period again.

The number of public accommodation establishment units influences the created revenues in the county. Figure 7 represents the revenues of the county's public accommodation establishment, and also shows the structure of revenue compositions. According to Figure 7 it can be mentioned that little more than 50% of the revenues came from the room prices, an important amount came from the catering services, but the „other” revenue division takes half of the revenues average from catering.

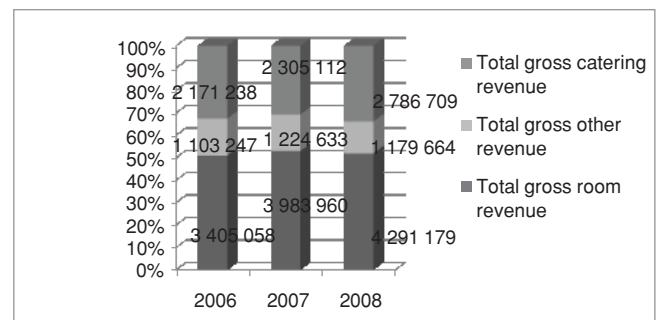


Figure 7: Structure of revenues at Public accommodation Establishments in Heves County (in thousand HUF)  
Source: (KSH 2009) according to KSH database, own design

### 2.4. The role of tourism tax in tourism economy in Heves County

In order to ensure the positive effects of tourism at the hosting area, and decrease the negative effects of those retarding the development and growth of tourism at the same time, it is necessary to determine the state level frames.

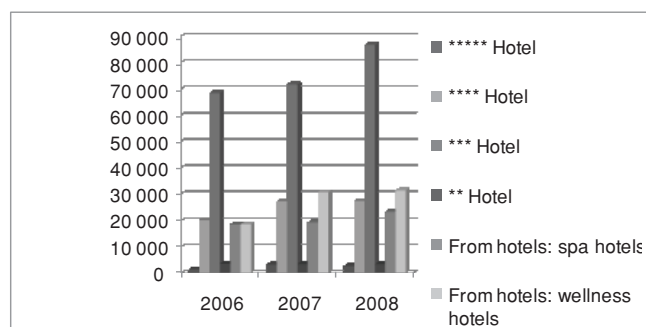
Among these the most important ones are the following:

- natural
- legal
- economic and financial conditions (taxes)

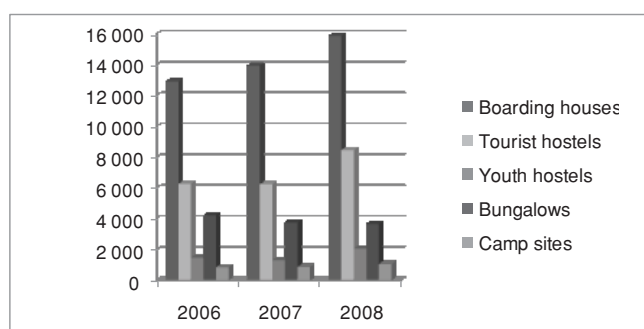
The financial disponibility significantly determines the possible directions and enforces the different effects of tourism development. (Kaspar 1997)

To provide the financial frames is also necessary to come in for a share in revenues in indirect ways (as positive economic effect) for the local government, local touristic enterprises and entrepreneurs, employees in tourism and those inhabitants and enterprises who are not concerned in tourism. It is necessary to create the qualitative tourism, so the revenues from the tourism have to revolve back, and in that way we have to finance the new developments. This way, the development of tourism would influence positively the quality of life of most inhabitants, enterprises and tourists. (Jandala 1992)

In Hungary such financial frame is provided by the tourism tax, which belongs to the group of local taxes and the year 1990 Act C. ensures its legitimacy terms. (Kaspar 1997)



**Figure 8:** Tourism tax revenues from Public Accommodation Establishments (hotels) in Heves County (in thousand HUF)  
Source: (KSH 2009) according to KSH database, own design



**Figure 9:** Tourism tax revenues from Public Accommodation Establishments (other accommodations) in Heves County (in thousand HUF)  
Source: (KSH 2009) according to KSH database, own design

The Figures above demonstrate the tourism tax revenues from the hotel type (Figure 8) and the other type (Figure 9) public accommodation establishments. We can observe that during the period the 3 star hotels, the boarding houses and the tourist hostels paid the highest (ranking the first three places) tourism tax amount to the local government. The amount of paid tax has grown year by year. It is important to mention that the tourism tax revenue from the spa and wellness hotels is also significant.

### 3. Results and conclusion

According to the above demonstrated results, I received the following answers to my hypotheses:

- Despite the smaller capacity of public accommodation establishments in Heves County, the arrivals, bednights and average length of stay are almost the same in Heves and Borsod-Abaúj-Zemplén County. Heves County is thus a more attractive destination than Borsod-Abaúj-Zemplén County.
- As in Heves County, more than 50 percent of the revenue earned by public accommodation establishments comes from room charges, development plans should concentrate on improving their quality and increasing their capacity in order to maximize profit.
- As a significant amount of tourism tax revenue derives from „hotel type” accommodations, and especially from three star hotels, public and private investors should prioritize the development of this type of accommodations.

Finally, we can conclude that on the basis of the capacity, number of guests and number of bednights of public accommodation establishments, Heves County (as compared to other counties of the region) played a pivotal role in the tourism of Northern Hungary in the studied period. Knowing these facts, it is worthwhile to make further investments and developments in tourism in the county.

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