INTERACTION BETWEEN THE NUMBER OF VISITORS AT TOURIST ACCOMMODATION ESTABLISHMENTS AND THE ECONOMIC DEVELOPMENT IN LATVIA

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The research hypothesis: the economic development of a district affects the number of visitors at tourist accommodation establishments outside Riga region.

The research aim is to identify a correlation between the number of visitors at tourist accommodation establishments and the economic development of a district in Latvia.

The research was done using data broken down by statistical region and districts (a unit of administrative division of the territory of Latvia until the middle of 2009).

The research showed that the majority (more than 60%) of visitors at Latvian tourist accommodation establishments were foreign tourists whose share at Riga tourist accommodation establishments accounted for more than 70%. Outside Riga region, more than 70% of visitors were local (Latvian) tourists, mostly business tourists.

In the research period, more than half of visitors at tourist accommodation establishments concentrated in Riga region, while more than 10% – in Priekuļi and Kurzeme regions. The share of visitors in the other regions did not exceed 6% of their total number.

According to a cluster analysis, an explicit trend of monocentric economic development is specific to Latvia, resulting in significant differences between Riga, the capital city of Latvia, and the other districts of Latvia.

The number of visitors at tourist accommodation establishments is higher in the clusters having a high (Riga) and medium (districts of Riga, Liepāja, Ventspils, and Daugavpils) level of economic development than in the clusters with a lower level of economic development (districts of Alūksne, Balvi, Dobele, Gulbene, Kraslava, Ludza, Preiļi, and Valga). Therefore, it can be concluded that in Latvia, the economic development of a district affects the number of visitors at tourist accommodation establishments.

Key words: tourists, tourist accommodation establishments, economic development, cluster.

JEL classification: A120; R110; O180.

Introduction

In 2009, an economic crisis in the world and Latvia, the value added tax rate raised fourfold from 5% to 21%, negative information regarding Latvia in foreign countries, and tough competition among tourist accommodation establishments in the Baltic countries are the main reasons for a sharp downturn for tourism businesses in Latvia. In 2009, the number of foreign visitors at hotels and other tourist accommodation establishments declined to the level of 2005 compared with 944 thousand in 2008 or the highest indicator in the history of re-established Latvia. The number of local (Latvian) visitors at tourist accommodation establishments declined even sharper, reaching the level of 2004. The number of tourist accommodation establishments in Latvia has not adapted to this declining trend, as their number as well as the number of bed-places at tourist accommodation establishments in Latvia continue increasing. In the period of 2005-2008, the number of tourist accommodation establishments increased by 73 units or 17%. In 2009 and 2010, this increase continued and was 13% and 12% respectively (Central Statistical Bureau of Latvia, 2010h; Ancitis, 2010).

Specialists of the hotel sector believe that given the demand in 2009 and 2010, the number of tourist accommodation establishments in Latvia is too large. Evita Zvarte, the director of the hotel “Radi un draugi”,

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believes that the present number of tourist accommodation establishments “probably is appropriate for the South of Spain where the sun shines all the year round but not for Latvia” Ancitis, 2010).

In 2009, the average occupancy rate of hotels in Latvia was 28.6%; it is the lowest indicator at least during the recent 10 years. Besides, the occupancy rate of hotels in Latvia is lower than in Lithuania and Estonia (Central Statistical Bureau of Latvia, 2010h). The occupancy rate fell to a critical level not only due to the economic crisis, but also due to the imprudent construction of tourist accommodation establishments, i.e. demand was not adjusted to a long-term supply.

Data of the Central Statistical Bureau indicate that outside the capital city, the main consumers of services of tourist accommodation establishments are local tourists – Latvian residents – and the majority of visitors are business tourists. Therefore, one can set forth the research hypothesis – economic development of a district affects the number of visitors at tourist accommodation establishments outside Riga region.

The research aim is to identify a correlation between the number of visitors at tourist accommodation establishments and the economic development of a district in Latvia.

The following tasks were set forth to achieve the research aim:
1) to investigate changes in the number of visitors at tourist accommodation establishments in Latvia;
2) to investigate the economic development of the districts of Latvia;
3) to compare the number of visitors at tourist accommodation establishments in the districts of Latvia with the result of a cluster analysis.

The following information and literature sources: data of the Central Statistical Bureau, planning documents and reports developed by the Ministry of Economics for the tourism industry as well as the authors’ previous researches were used to achieve the aim, execute the tasks, and prove or reject the hypothesis.

The following research methods were applied: the monographic method, the method of multifactor statistical analysis – cluster analysis, economic statistical methods, and synthesis and analysis.

The present research includes the period after Latvia joined the European Union, i.e. from 2005 to 2009 and is done using data broken down by statistical regions and districts (a unit of administrative division of the territory of Latvia until the middle of 2009).

The number of visitors at tourist accommodation establishments

In the period of 2005-2008, the number of visitors at tourist accommodation establishments in Latvia gradually increased and reached 1.6 million, while in 2009, the number of visitors decreased by 28% and was below the level of 2005 (Table 1).

According to the informative reports of the Ministry of Economics on tourism development in Latvia, the following factors promoted the tourism industry’s development in Latvia in the period of 2005-2008 (Ministry of Economics, 2007; Ministry of Economics, 2009; Tourism Ventspils, 2009):
1) Latvia as a tourist destination succeeded after its accession to the European Union;
2) availability of the European Union financial resources for improving and modernising the tourism infrastructure and suprastructure as well as tourism objects;
3) tourism marketing activities implemented in high priority (Lithuania, Estonia, Finland, Sweden, Great Britain, Germany, Norway, and Russia), priority (Denmark, Poland, Belarus, the Ukraine, the Netherlands, Italy, Spain, France, the Czech Republic, Slovakia, Ireland, Switzerland, Austria) as well as prospective tourism markets (the USA, Japan, China, Slovakia, countries of the Balkan region);
4) increase in the number of direct air routes;
5) increase in the number and amount of services provided by low-fare airline companies;
6) development of Latvia’s seaports;
7) international cooperation of Latvia’s tourism industry: participation in the UN World Tourism Organisation, the European Travel Commission, the European Commission’s Advisory Committee on Tourism, and the Sustainable Tourism Group;
8) economic growth in Latvia meaning that residents earn more and can spend their money on travels;
9) development of international and local businesses that promotes business trips;
10) large international events taking place in Latvia, especially the NATO summit 2006 in Riga (28-29 November), World Hockey Championship 2006 (5-21 May).

Table 1 shows that 62% of visitors at tourist accommodation establishments on average were foreign tourists over the research period. It means that on average only 38% of visitors at tourist accommodation establishments were local tourists whose number gradually increased in the period until 2008, while their annual increase rate was lower than the increase rate for foreign tourists.

Due to the economic crisis, the purchasing power of residents and local businessmen declined, reducing the domestic demand for tourism services as well. Therefore, the number of local visitors at tourist accommodation establishments decreased by more than a third (38%) in 2009, which is almost two times more than for the number of foreign tourists.

The share of foreign tourists at tourist accommodation establishments in Riga accounts for more than 70%; thus, the share of foreign tourists is less than 30% in the rest of Latvia. It means that outside Riga region, more than 70% of visitors at tourist accommodation establishments are local (Latvian) tourists.

After analysing the percentage distribution of foreign tourists in Latvia by regions, one can see that approximately
11% of foreign tourists are served at tourist accommodation establishments in Pieriga region (mainly Riga district (Jurmala and Sigulda)), approximately 6% – in Kurzeme region, 2% – in the regions of Latgale and Vidzeme, and less than a percent – in Zemgale region (Central Statistical Bureau of Latvia, 2010h). Thus, foreign tourists mainly stay at tourist accommodation establishments in the city and district of Riga, while local tourists are visitors in the rest of Latvia’s districts. In the period of 2005-2008, significant changes in the percentage distribution of visitors at tourist accommodation establishments did not occur but the share of foreign tourists in 2009 increased due to a significant decrease in the number of local tourists.

The main countries of origin for foreign tourists served at tourist accommodation establishments in the research period were Germany (on average 8% of the total number of foreign tourists), Russia (approximately 5%), Finland (6%), Lithuania (6%), Estonia (6%), Sweden (4.5%), and Norway (4%). Therefore, these are the countries of tourism markets of high priority for Latvia. These countries prefer the geographical situation of Latvia, the countries having a large number and high density of population and a relatively high level of income. Latvia has intense air and sea transport connections with these countries. According to statistical data, most tourists arrive from these countries (Central Statistical Bureau of Latvia, 2007a; 2008; 2009; 2010h; Ministry of Economics, 2006).

The analysis of the indicator “number of visitor nights” (every night spent by a tourist (sleeping and staying) or a tourist is registered at a public or private tourist accommodation establishment) (Central Statistical Bureau of Latvia, 2010h) reveal similar trends (Table 2).

Table 2 shows that in the research period, 60% of all visitor nights in Latvia on average were spent at tourist accommodation establishments in Riga. The majority (61% on average) of all visitor nights in Latvia is spent by foreign tourists. In the research period, the majority –73% on average – of foreign visitor nights were spent at tourist accommodation establishments in Riga. It means that mostly local tourists stay outside the capital city. Foreign tourists mainly stay at hotels in Latvia. It is important to ascertain the type of tourist accommodation establishments preferred by local tourists (Table 3). In the research period, according to Table 3, on average 10% of overnight recreational trips were spent at tourist accommodation establishments, while 90% on average – in private shelters. On the contrary, only in 43% cases on average overnight business trips are spent at private shelters. It means that the majority of local visitors at tourist accommodation establishments in Latvia, mostly hotels and similar tourist accommodation establishments, are business tourists.

Data on the number of visitors at tourist accommodation establishments in the regions of Latvia are summarised in Table 4.

In the period of 2005-2008, according to Table 4, the number of tourists gradually increased in the regions of Riga, Pieriga, Kurzeme, and Latgale; whereas in some periods it has decreased in the regions of Vidzeme and Zemgale. The highest annual increase rate was observed in the regions of Latgale and Kurzeme; while the highest annual decrease rate was observed in Zemgale region.

In 2009, the number of tourists decreased in all the regions of Latvia. The sharpest decrease was observed in Vidzeme region (43%) and Kurzeme region (42%) as well as Latgale region (40%). The smallest decrease rate was observed in Riga region (21%), i.e. in the region where foreign tourists are the main customers.

Table 4. Number and share of visitors at tourist accommodation establishments in the regions of Latvia for the period of 2005-2009

<table>
<thead>
<tr>
<th>Regions</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Share (%)</td>
<td>Number</td>
<td>Share (%)</td>
<td>Number</td>
</tr>
<tr>
<td>Riga</td>
<td>663800</td>
<td>57</td>
<td>733535</td>
<td>55</td>
<td>825419</td>
</tr>
<tr>
<td>Pieriga</td>
<td>198600</td>
<td>17</td>
<td>239637</td>
<td>18</td>
<td>247969</td>
</tr>
<tr>
<td>Vidzeme</td>
<td>73800</td>
<td>6</td>
<td>86069</td>
<td>6</td>
<td>83100</td>
</tr>
<tr>
<td>Kurzeme</td>
<td>131700</td>
<td>11</td>
<td>156577</td>
<td>12</td>
<td>199144</td>
</tr>
<tr>
<td>Zemgale</td>
<td>39300</td>
<td>3</td>
<td>47538</td>
<td>4</td>
<td>50458</td>
</tr>
<tr>
<td>Latgale</td>
<td>47500</td>
<td>4</td>
<td>66534</td>
<td>5</td>
<td>81289</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau of Latvia, 2010d; 2010e and authors’ calculations
Until 2009, Latvian residents had more business trips, various training activities, seminars, and social events, the number of which significantly declined in 2009 (Day, 2009). It explains the fact that the sharpest decrease in the number of visitors at tourist accommodation establishments in Latvia in 2009 was observed in all the regions, except Riga region.

A percentage distribution analysis on the number of visitors by region showed that more than half of all visitors of tourist accommodation establishments concentrate in Riga region; while more than 10% – in the regions of Pieriga and Kurzeme. The share of visitors does not exceed 6% of their total number in the rest of Latvia’s regions. The data in Table 4 show that in 2009 when the number of visitors at tourist accommodation establishments declined both in the entire Latvia and in all its regions, the share of visitors at tourist accommodation establishments in Riga increased by 6 percentage points.

One of the key hindering factors preventing from diverting the flow of tourists from Riga to the other regions of Latvia as well as from increasing the duration of stays and the number of tourists is the insufficient capacity of tourist accommodation establishments. There is a lack of large tourist accommodation establishments that could accommodate a large number of tourists and, at the same time, hold events of national and international scale in the regions of Latvia, including Riga region.

An analysis on the average number of bed-places showed that tourist accommodation establishments with the largest capacity are located in Riga region. The capacity of an average tourist accommodation establishment in Riga region is more than 100 bed-places. In the other regions, it does not exceed 50 bed-places. The smallest capacity tourist accommodation establishments are located in the regions of Zemgale and Vidzeme, i.e. in the regions with a small number of visitors (Muska, Bite, 2011). Significant changes in the average number of bed-places have not occurred despite the fact that the numbers of tourist accommodation establishments and bed-places continue to increase in the regions of Latvia

An insignificant number of visitors at tourist accommodation establishments can be explained by a lack of interesting tourism objects in the regions and irregular marketing activities.

The numbers of visitors are unequal if not only broken down by region but also by district of the regions. The main destinations for recreational and business trips in Kurzeme region are Liepaja and Ventspils, in Latgale region – Daugavpils and Rezekne, in Vidzeme region – Cesis and Valmiera, and in Pieriga region – Riga district (Sigulda and Jurmala), Figure 1.

It is necessary to assess the economic development of Latvia’s districts and to compare it with the number of visitors at tourist accommodation establishments in the districts to prove or reject the hypothesis. The authors have chosen the data of 2008 for the present research both from the point of view of data availability and fact that the largest number of visitors at tourist accommodation establishments in Latvia was observed in that year.

Source: authors’ construction based on the data of the Central Statistical Bureau of Latvia, 2010d; Group 93 Ltd, 2011

Figure 1. Number of visitors at tourist accommodation establishments in the districts of Latvia in 2008
Economic development assessment of the districts of Latvia

A cluster analysis was performed to compare the economic development in the districts of Latvia according to various indicators. For the cluster analysis, 15 statistical indicators were selected based on the publication “Development of Regions in Latvia 2009”, Arhipova et al., 2005, Payders, 2007:

1) number of residents in the beginning of 2009;
2) changes in the number of residents (from the beginning of 2005 to the beginning of 2009, %);
3) population density in the beginning of 2009 (residents per 1 km² of territory);
4) number of employees at their basic job placement in 2008 (thou.);
5) net annual wage in the private sector in 2008 (LVL);
6) net annual wage in the public sector in 2008 (LVL);
7) number of economically active market-sector statistical units per 1000 residents in 2008;
8) number of businessmen per 1000 residents in 2008;
9) total revenues of the government basic and special budgets in 2008 (LVL);
10) revenues of the government basic budget in 2008 (LVL);
11) revenues of the government basic budget per capita in 2008 (LVL);
12) Gross Domestic Product in 2006 (thou. LVL);
13) Gross Domestic Product per capita in 2006 (LVL);
14) non-financial investment in 2006 (LVL);
15) non-financial investment per capita in 2006 (LVL).

These statistical indicators were summarised for all 26 districts of Latvia. The city of Riga or the country’s capital was excluded from Riga district.

Dispersion analysis (ANOVA), which is included in the data processing module Cluster Analysis of the application SPSS for Windows, showed that all the selected indicators, except four – changes in the number of residents, net annual wage in the private sector, number of economically active market-sector statistical units per 1000 residents, and non-financial investment per capita – were statistically significant for grouping districts into clusters. Their significance level did not exceed 0.05. The authors did not reject the statistically insignificant indicators in the present research, as they wanted to ascertain the effect of these indicators on the economic development of districts. If the authors rejected these 4 statistically insignificant indicators, they would not impact results of the cluster analysis, i.e. the authors’ conclusions would be the same.

The cluster-to-cluster distances obtained show that there is a relationship among the clusters. The clusters being closer to each other can move to another level if a new distribution of them is performed, and they can create new clusters or cluster groups.

In clustering the statistical data, several numbers of clusters were considered: from 2 to 10 clusters. Division of the territory of Latvia by economic development into 7 clusters was the most appropriate option, as the number of Latvia’s districts was more equitable with such a distribution into clusters.

In addition to the clustering results, the clusters were ranked for all the statistically significant indicators to determine the overall development level of each cluster in relation to the other clusters (Table 5).

The ranking showed that the most positive situation regarding economic development was in Cluster 1 that included only the capital city of Riga. During the ranking, the values of all the statistically significant indicators were placed in the first position for Cluster 1. The values of 3 statistically insignificant indicators (net annual wage in the private sector, number of economically active market-sector statistical units per 1000 residents, and non-financial investment per capita) were also placed in the first position. Only the value of the statistically insignificant indicator “changes in the number of residents” was placed in the fourth position during the ranking, as many residents of the capital city have moved to Pieriga region over the recent years.

Cluster 2 included the districts of Riga and Daugavpils. The values of all the mentioned indicators were placed in the second position, except the indicators: revenues of the basic budget per capita and Gross Domestic Product per capita. The values of these indicators were reduced by the large number of residents in the districts included in this Cluster. The same related to the indicator “non-financial investment per capita”. The average values of the statistically insignificant indicators “net annual wage in the private sector” and “number of economically active market-sector statistical units per 1000 residents” were low and placed only in the sixth position. The statistically insignificant indicator “changes in the number of residents” was placed in the first position, and the average value of this indicator was positive only for Cluster 2. It has to be mentioned that the average value of this indicator is significantly impacted by the positive change (9.6%) in the number of residents in Riga district. In Daugavpils district, this change is negative.

After comparing the average values of Clusters 2 and 1, one can conclude that there is a significant difference between them, pointing that the economic development level in the capital city is much higher than in the districts included in Cluster 2. Inese Haite (2010) concludes similarly, “under the influence of the monocentric situation in the country, the development level in the region of the capital city is higher than in the rest of the territory.”

Cluster 3 included 2 districts – Jelgava and Liepaja. The average values of the statistical indicators “number of businessmen per 1000 residents” and “changes in the number of residents” were placed in the second position, the indicator “GDP per capita” had the fourth position, and the indicator “net annual wage in the public sector” as well as the statistically insignificant indicators “number of economically active market-sector statistical units per 1000 residents” and “non-financial investment per capita” took the fifth position; all the values of the other indicators were placed in the third position.
Table 5. Average values and ranks of clusters in the cluster analysis of the economic development in Latvia

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Cluster 1</th>
<th>Cluster 2</th>
<th>Cluster 3</th>
<th>Cluster 4</th>
<th>Cluster 5</th>
<th>Cluster 6</th>
<th>Cluster 7</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average</td>
<td>Rank</td>
<td>Average</td>
<td>Rank</td>
<td>Average</td>
<td>Average</td>
<td>Rank</td>
</tr>
<tr>
<td>Number of residents</td>
<td>713016</td>
<td>1</td>
<td>185863</td>
<td>2</td>
<td>115260</td>
<td>3</td>
<td>65803</td>
</tr>
<tr>
<td>Population density, people per 1km²</td>
<td>2353.2</td>
<td>1</td>
<td>62.8</td>
<td>2</td>
<td>48.4</td>
<td>3</td>
<td>24.55</td>
</tr>
<tr>
<td>Changes in the number of residents in 2005-2009, %</td>
<td>-2.60</td>
<td>4</td>
<td>2.10</td>
<td>1</td>
<td>-1.40</td>
<td>2</td>
<td>-3.50</td>
</tr>
<tr>
<td>Number of employees, thou.</td>
<td>400.1</td>
<td>1</td>
<td>58.8</td>
<td>2</td>
<td>36.75</td>
<td>3</td>
<td>21.45</td>
</tr>
<tr>
<td>Net annual wage in the public sector, LVL</td>
<td>5737</td>
<td>1</td>
<td>4110</td>
<td>2</td>
<td>4036</td>
<td>5</td>
<td>4037</td>
</tr>
<tr>
<td>Net annual wage in the private sector, LVL</td>
<td>5250</td>
<td>1</td>
<td>3489</td>
<td>6</td>
<td>3897</td>
<td>3</td>
<td>3953</td>
</tr>
<tr>
<td>Number of economically active market-sector statistical units per 1000 residents</td>
<td>69</td>
<td>1</td>
<td>41</td>
<td>6</td>
<td>49</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>Number of businessmen per 1000 residents</td>
<td>56</td>
<td>1</td>
<td>24</td>
<td>2</td>
<td>24</td>
<td>2</td>
<td>21</td>
</tr>
<tr>
<td>Total revenues of the basic and special budgets, mln. LVL</td>
<td>606.80</td>
<td>1</td>
<td>72.65</td>
<td>2</td>
<td>60.55</td>
<td>3</td>
<td>36.65</td>
</tr>
<tr>
<td>Revenues of the basic budget, mln. LVL</td>
<td>554.77</td>
<td>1</td>
<td>63.36</td>
<td>2</td>
<td>55.41</td>
<td>3</td>
<td>32.78</td>
</tr>
<tr>
<td>Revenues of the basic budget per capita, LVL</td>
<td>778</td>
<td>1</td>
<td>358</td>
<td>4</td>
<td>485</td>
<td>3</td>
<td>513</td>
</tr>
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</table>
Table 5 continued. Average values and ranks of clusters in the cluster analysis of the economic development in Latvia

<table>
<thead>
<tr>
<th></th>
<th>GDP, thou. LVL</th>
<th>GDP per capita, LVL</th>
<th>Non-financial investment, mln. LVL</th>
<th>Non-financial investment per capita, LVL</th>
<th>Total rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6722327</td>
<td>9272</td>
<td>2034.90</td>
<td>2816.50</td>
<td>-</td>
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<tr>
<td></td>
<td>624151</td>
<td>3299</td>
<td>338.15</td>
<td>1671.55</td>
<td>18</td>
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<tr>
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<td>378723</td>
<td>3213</td>
<td>142.35</td>
<td>1215.55</td>
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<td>1963.65</td>
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<td>1243.25</td>
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<td>1202.20</td>
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<td>1202.20</td>
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<td>810.24</td>
<td>79</td>
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<td>9272</td>
<td>2034.90</td>
<td>2816.50</td>
<td>100</td>
</tr>
</tbody>
</table>

Districts included in Clusters
- Riga city
- Daugavpils
- Jelgava
- Rezekne
- Cesis
- Tukums
- Aluksne
- Bauska
- Jekabpils
- Kuldiga
- Madona
- Ogre
- Saldus
- Talsi
- Valmiera
- Aizkraukle
- Balvi
- Dobele
- Gulbene
- Kraslava
- Limbazi
- Ludza
- Preili
- Valka

Source: authors’ research applying the data of the Central Statistical Bureau of Latvia, 2007; 2010; 2010a; 2010b; 2010c; 2010f; 2010g and State Regional Development Agency, 2009.
Cluster 4 also included 2 districts – Rezekne and Ventspils. The statistical indicators “revenues of the basic budget per capita”, “GDP per capita”, “non-financial investment per capita”, and “net annual wage in the private sector” were placed in the second position. The values of the other indicators had the fourth position, except the indicator “changes in the number of residents”. The value of this statistically insignificant indicator was placed in the sixth position. The authors explain it by the large distance of this district to the capital city (average value is 213 km), which promotes the migration of residents of these districts to the capital city and its nearest districts.

Since the average value of the indicator “number of residents” in Cluster 4 is smaller than the respective values in Clusters 2 and 3, the value of the indicator “revenues of the basic budget per capita” is greater; although, the indicators “total revenues of the government basic and special budgets”, “revenues of the basic budget” as well as “GDP” are almost two times smaller.

Cluster 5 included the districts of Cesis and Tukums. The “highest” statistically significant indicator of this Cluster’s is the “number of businessmen per 1000 residents”, which was placed in the third position during the ranking; however, if the average values of this indicator were compared between Clusters 2, 3, 4, 5 and even 6, one can see that there were no significant differences. A similar conclusion can be made regarding the indicator “net annual wage in the public sector” which is placed in the low sixth position; however, if its average values are compared between Clusters 3, 4, and 5, one has to conclude that no significant differences exist between them. The indicator “GDP per capita” is placed in the low sixth position as well. The values of the other statistically significant indicators are placed in the fifth position.

The statistically insignificant indicator “changes in the number of residents” is placed in the high third position, as the two districts included in Cluster 5 are located near the country’s capital city. The indicator “number of economically active market-sector statistical units per 1000 residents” is placed in the third position as well. This indicator is also high in Clusters 6 and 7, which according to the authors is explained by the large number of self-employed individuals. According to the publication “Development of Regions in Latvia 2009”, the number of businessmen prevail over the numbers of self-employed individuals and farms and fishing farms, i.e. two thirds versus one third. On the contrary, self-employed individuals made up the majority in all the other regions of Latvia in 2008. In Latgale, self-employed individuals even accounted for more than half (51%) of total number of economically active market-sector statistical units. A large number of self-employed individuals are also observed in Vidzeme region (44%) and Kurzeme region (41%) (State Regional Development Agency, 2009, p. 33).

The statistically insignificant indicator “non-financial investment per capita” is placed in the fourth position but there is no significant difference between the average values of Clusters 3 and 6.

Cluster 6 included 9 districts of Latvia – Aizkraukle, Bauska, Jekabpils, Kulda, Madona, Ogre, Saldus, Talsi, and Valmiera. The average values of the mentioned statistical indicators for this Cluster were mainly placed in the sixth position. Consequently, the level of economic development in this Cluster is lower than in the previous five Clusters.

Cluster 7 also included 9 districts – Alūksne, Balvi, Dobele, Gulbene, Kraslava, Limbazi, Ludza, Preili, and Valka. All the selected statistical indicators characterising economic development were mostly placed in the lowest positions, so the districts included in this Cluster featured the lowest level of economic development.

As it was mentioned, the “highest” indicator of Clusters 6 and 7 is the “number of economically active market-sector statistical units per 1000 residents” owing to the large number of self-employed individuals residing in the districts included in these Clusters.

Analysis of the results

After comparing the results of the cluster analysis with the number of visitors at tourist accommodation establishments in 2008, one can see that the number of visitors at tourist accommodation establishments is larger in the Clusters with a higher level of economic development than in those having a lower level of economic development.

The largest number of visitors at tourist accommodation establishments is in Riga – the capital city – that is included in Cluster 1. The majority or 81% of visitors are foreign guests. The number of local tourists is 167597 or 19% of the total number of visitors in the city.

Riga district, which is included in Cluster 2, totally serviced 209038 tourists – this is the second highest indicator in the country. Along with Riga district, Daugavpils district of Latgale region, which serviced 37524 visitors, is included in Cluster 2; it is the fifth highest indicator in the country.

Liepaja district, which is included in Cluster 3, serviced 84683 visitors (the fourth highest indicator in the country), while there were only 13141 visitors in Jelgava district.

The relatively high level of economic development of Jelgava district can be explained by its close location to the capital city and Riga district that positively influence the district’s economic indicators. Jelgava district is a part of Zemgale region. A previous research conducted by the authors (Muska, Bite, 2011) showed that the development level of tourist accommodation establishments in Zemgale region significantly lagged behind that in the other regions of Latvia. According to the cluster analysis of tourist accommodation establishments, Jelgava district belongs to Cluster 7 out of eight ones. The data of Table 4 also indicate that only less than 3% of visitors at tourist accommodation establishments were serviced in Zemgale region in the research period.
It explains the small number of visitors at tourist accommodation establishments of the district.

Ventspils district, which is included in Cluster 4, serviced 97580 visitors. This is the third highest indicator in the country after the city and district of Riga. In Ventspils district, a great role in developing tourism as well as the national economy and in increasing the number of visitors is played by Ventspils city that has actively implemented tourism-marketing activities and developed its tourism suprastructure and human-made amusements over the recent years (Tourism in Ventspils, 2010).

Rezekne district, also included in Cluster 4, served only 29584 tourists.

The previous research conducted by the authors (Muska, Bite, 2011) showed that among the districts of Latgale region, the most developed tourist accommodation establishments were in the districts of Daugavpils and Rezekne. Therefore, the largest number of visitors in Latgale region was served in these two districts.

Cluster 5 includes the districts of Cesis and Tukums. Cesis district served 32107 visitors, while Tukums district – 17667 visitors.

Cesis district, especially the town of Cesis, is a well-known tourism centre for Latvian residents and many foreign tourists that is explicitly subject to seasonality and that has a successfully developed environment for tourism infrastructure. Cesis is known as the most hospitable town in Latvia that was able to preserve its ancientness and can offer a wide assortment of tourism services. Over the recent years, several activities were done in Cesis to repair and develop its tourism infrastructure (Cesis Local Municipality, 2008). The cluster analysis of tourist accommodation establishments conducted by the authors (Muska, Bite, 2011) showed that the most developed tourist accommodation establishments in Vidzeme region were in Cesis district.

A small number of tourists in Tukums district can be explained by the fact that Pieriga region is an infrequent destination in Latvia for overnight business trips (Central Statistical Bureau of Latvia, 2010h).

The number of tourists in Clusters 6 and 7, whose levels of economic development is lower, is small compared with the above-mentioned Clusters.

Among the districts included in Cluster 6, the largest number of visitors (24043) was registered in Valmiera district; whereas the smallest numbers of visitors were served in the districts of Aizkraukle, Jekabpils, and Bauska, i.e. the districts of Zemgale region.

In Ogre district, which is included in Pieriga region, the number of tourists is close to the number of visitors in Tukums district – slightly more than 17000. The research done by Muska and Bite (2011) showed that the situation regarding tourist accommodation establishments was similar in the two districts.

Dobele district, which is included in Cluster 7 and belongs to Zemgale region, served only 1371 visitors; it is the lowest indicator in the country. Among the districts of Pieriga region, the largest number of visitors at tourist accommodation establishments was in Limbazi district – 9908.

Conclusions

1. The majority (more than 60%) of visitors at Latvian tourist accommodation establishments is foreign tourists whose share at Riga tourist accommodation establishments account for more than 70%. Outside Riga region, more than 70% of visitors are local (Latvian) tourists, mostly business tourists.

2. In the research period of 2005-2009, more than half of visitors at tourist accommodation establishments concentrate in Riga region; while more than 10% - in Pieriga and Kurzeme regions. The share of visitors in the other regions does not exceed 6% of their total number. Thus, tourism, especially local tourism outside Riga region is insufficiently developed.

3. An explicit trend of monocentric economic development is specific to Latvia, resulting in significant differences between Latvia’s capital city of Riga and the other districts of Latvia. It means that the development of entrepreneurship in tourism industry is facilitated by the development of other industries in Latvia and there is a interaction between these indicators.

4. The number of visitors at tourist accommodation establishments is higher in the clusters having a high and medium level of economic development than in the clusters with a lower level of economic development. Therefore, the research hypothesis is proved that the economic development of a district affects the number of visitors at tourist accommodation establishments.

5. Before investing financial resources in the development of tourism suprastructure, the state, municipalities, and businessmen should evaluate the potential of the development of other industries in the region to determine the potential demand for suprastructure services.

6. To facilitate the development of hotel business in Latvia, the state, public organisations of tourism industry and businessmen should engage in more active marketing, especially in the local market, to enhance the development of local recreational tourism.

Bibliography


