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**ECONOMIC TRANSITION AND TOURISM DEVELOPMENT
– MASS TOURISM IN PRAGUE****Ekonomická transformace a rozvoj cestovního ruchu – masový cestovní
ruch v Praze****ANDREA HOLEŠINSKÁ****MARTIN ŠAUER**

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Annotation

Prague, a metropolitan city, with the privilege in its historical and cultural heritage (since 1992 on the UNESCO heritage list) has the predominant position in inbound tourism in the Czech Republic. Thus tourism is an important part of Prague's economy and therefore tourism impacts are reflected in life of residents, and in urban planning as well. The aim of the paper is to present how considerably the tourism development in Prague has transformed since 1990s. Primarily, the political and economic transition in 1990s is introduced to highlight the major implications of the political-economic regime change in field of urban tourism. The research focuses on the development of the nature and structure of tourism demand (tourist flows) and at the same time on the policy of urban planning. The effects of "the urban tourism strategy" (changes in the functional-spatial structure of the tourism supply) describe a survive covering the historical core of the city. Undoubtedly, Prague turned out as a product of mass tourism and to cope with this situation policy-makers and responsible authorities in tourism have to come up with a new strategy that makes Prague competitive of the future.

Key words

Prague, economic transition, touristification, urban tourism, mass tourism

Anotace

Praha jako metropolitní město s významným kulturně-historickým dědictvím (od roku 1992 je zapsána na seznamu dědictví UNESCO) má dominantní postavení v příjezdovém cestovním ruchu v České republice. Cestovní ruch je tak důležitou součástí ekonomiky Prahy, a tudíž i dopady cestovního ruchu se odrážejí na životech místních obyvatel i na územním plánování města. Cílem článku je ukázat, jak se významně se změnil rozvoj cestovního ruchu v Praze od devadesátých let minulého století. Článek nejprve prezentuje politickou a ekonomickou transformaci v devadesátých letech a zdůrazňuje hlavní dopady politicko-ekonomických změn v kontextu městského cestovního ruchu. Výzkum se orientuje na rozvoj struktury poptávky cestovního ruchu (tj. turistické proudy) a současně i na politiku v oblasti územního plánování. Dopady „přijaté“ strategie rozvoje městského cestovního ruchu (řešící změny ve funkční a prostorové struktuře nabídky cestovního ruchu) odhaluje terénní šetření, jež se zaměřuje na historické centrum Prahy. Bez pochyby se Praha vyvíjí jako produkt masového cestovního ruchu a je na politických představitelích a odpovědných institucích, aby se s touto skutečností vypořádali a přijali novou strategii, která z Prahy do budoucna vytvoří konkurenceschopnou destinaci.

Klíčová slova

Praha, ekonomická transformace, turistifikace, městský cestovní ruch, masový cestovní ruch

JEL classification: Z32, P31

1. Introduction

Prague is a traditional destination for many tourists and is one of the most frequently visited European capitals. According to the data from TourMis (2017), Prague is one of few European cities with more than 10 million overnights per year. With its performance, Prague outperforms its nearest competitors, Budapest and Vienna. It only falls significantly behind the world centres of business, culture and politics (e.g. Paris, London, Berlin etc.).

The importance of Prague at the international stage notably determines also its position in tourism in the Czech Republic. It is characteristic with the powerful dominance both in tourist performance and in tourist offer. 65 % of all foreign visitors in the Czech Republic come to Prague every year. The concentration of the spatial distribution of visitors in Prague is also increasing with time (in the past 10 years by 16 percentage points). Moreover, as regards the actual structure of visitors according to their geographic origin, there are almost exclusively foreign visitors. Up to 90 % of all overnights in accommodation facilities are performed by foreign visitors. No other locality in the Czech Republic has such a position in the international tourism like Prague (some spa centres and UNESCO localities are getting near but only slightly).

Prague is a typical example of a metropolis in which transformation impacts can be seen. In the 1990s the Czech Republic together with other post-communistic countries of the Central and Eastern Europe had undergone a significant economic transition, which evidence is reflected in the tourism development in Prague. This transformation is described in detail by Williams and Baláž (2000). The Czech Republic moved from central planned economy to market economy through the re-internationalisation of markets. The process was based on privatization (distribution of property rights) and liberalization (setting the market mechanism). This market transition created the private sector, and so new accommodation and hospitality facilities were established and private travel agencies started to work. The political situation also changed from totalitarianism to democracy. Czech borders were opened and the passport and visa barriers were removed.

Regarding this the aim of the paper is to present how considerably Prague has transformed since 1990s. In other words, how the economic transition influenced tourism development in Prague.

2. Theoretical background

Williams and Baláž (2000) deeply discuss the political and economic transition within the Central and Eastern Europe in 1990s. Considering the economic transition the setting of market mechanism must be mentioned. In the case of the Czech Republic the process of privatization was the crucial point. This step led towards the distribution of property rights between foreign investors (developers) and Czech inhabitants. The positive aspect was that the private sector was created, however the undesirable aspect appeared as well. The legislation had not been sufficiently prepared yet and there were no (or very few) limits either for foreigners in terms of buying properties or for Czech to set their business.

Thus, the economic transition influenced the development of tourism. The major implications are visible in the field of urban tourism (Simpson, 1999; Sýkora, 1999; Rátz, Smith and Michalkó, 2008). Sýkora (1999) highlights the evident changes in the spatial structure in Prague. The transformation of space is connected with two processes: internationalisation and concentration. High concentration of visitors in one single locality logically brings a risk of damage to the sources of attractiveness of the actual destination (Pásková, 2008). The destination (as a tourism product) is being depleted, slowly but surely, and the saturation stage is in progress (Buhalis, 2000). The process of turistification is obvious and the destination easily becomes a tourist ghetto. In this context, Prague is a perfect example to demonstrate all these processes (Fialová and Kadlecová, 2010; Dumbrovská and Fialová, 2016; Dumbrovská, 2016).

From the political point of view, the transition involved the distribution of power and primarily changes in the value system. The first step that dramatically influenced the development of tourism in Prague was the freedom of movement (Williams and Baláž, 2002). The opening of the Czech borders brought changes in tourist flows. After 1992 there was a mass increase of arrivals of foreign tourist in the Czech Republic. This rapid growth was caused by so-called "curiosity effect and expectations (Baláž and Mitsutake, 1998) when mainly emigrants and visitors from Western Europe were arriving in the Czech Republic. Later on the process of globalization and new trends in tourism elicited further changes. The results of these changes are the object of the paper.

3. Methodology

To present the implications of economic transition to the development of tourism in Prague the analysis of statistic data and primary research were applied.

The interpretation of the process of internationalisation and concentration in Prague was based on the analysis of statistic data from the Czech Statistic Office. The data about arrivals and overnights (inbound tourism), and bed capacities in collective accommodation establishments were examined.

For the purpose of demonstrating the turistification process in Prague, the primary research was focused on identification of utility functions offered by the historic centre of Prague. It is supposed to prove to what degree the centre of Prague has been touristified (i.e. influenced by tourism). The research was based on the methodology by Fialová and Kadlecová (2010). However, it did not focus only on recording of types of objects according to the services offered but it tried to reflect their function and mainly their importance for tourism. Also the quality of the offered goods (mainly souvenirs) was assessed.

On the basis of a preliminary research, it was chosen the most touristic part of Prague which copies the King's way (Prašná Gate, Celetná Street, Old Town Square, Karlova street, Křižovnické Square, Charles Bridge, Mostecká street, Malostranské Square, Nerudova Street and Prague Castle). The research was carried out in the summer season 2010. It included the total of 446 units (buildings/premises).

Fig. 1: Map of King's way – the case study



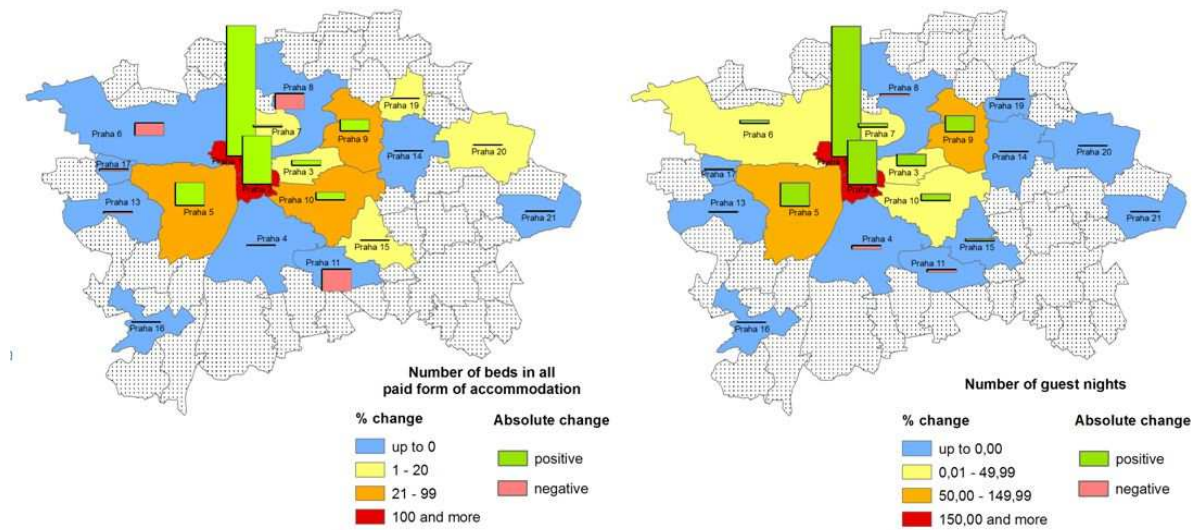
Source: authors

4. Results

4.1 Prague and transition

The economic transition influenced the development of tourism in Prague. Firstly, there were dramatic changes in the spatial structure (Sýkora, 1999). The transformation of space in Prague was connected with two processes internationalisation and concentration. The former process considered foreign capital investments that allowed foreign developers to buy properties in the historical centre of Prague and use them for commercial purposes. The latter process led to the allocation of new accommodation facilities in the historical core of Prague (Malá Strana, Old Town Square, Jewish Quarter and Wenceslas Square). Nowadays 26 % of all beds in Prague are situated in the historical centre (Fig. 2). Moreover, the historical centre of Prague shows the dynamic growth of both bed capacity and overnights by comparison with the rest of Prague's districts.

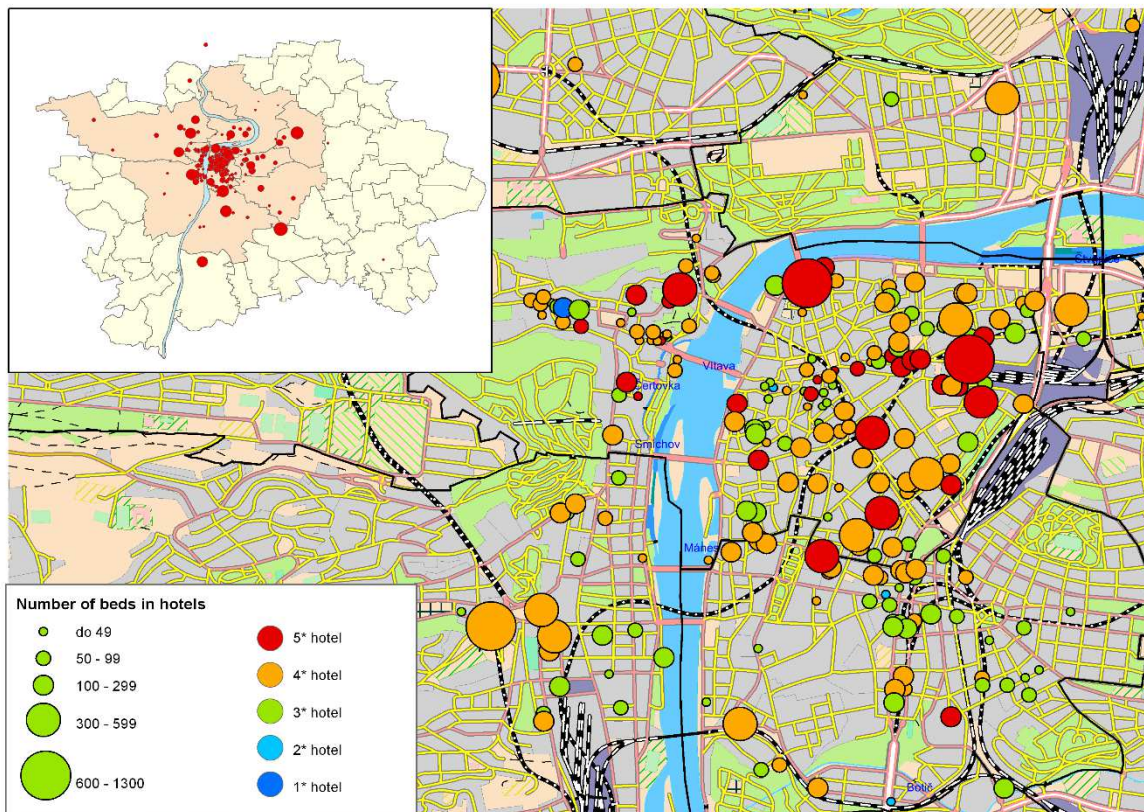
Fig. 2: The concentration of beds and overnights in Prague



Source: Czech Statistic Office (2009), authors processing

The following figure (Fig. 3) presents the detail concentration of hotel beds located in the centre of Prague. Hotels situated right in the historical centre have low bed capacity because of the limits in historical buildings. On the other hands, the high-quality (5 and 4-stars) hotels with large bed capacity are located in the neighbourhood.

Fig. 3: Concentration of hotel beds in the centre of Prague



Source: Czech Statistic Office, 2009

After 1992, with opening of the borders and with the economic and political stabilisation, there was a mass increase of arrivals of foreign tourists. This dramatic increase was caused by so-called “curiosity effect and expectations” (Baláz and Mitsutake, 1998) when mainly emigrants and visitors from Western Europe were arriving in the Czech Republic. This trend continued until 2002. It is a turning point due to two reasons which show how tourism is

sensitive to external influence. First of all, in 2002 Prague was hit by floods and it was reflected in a dramatic drop of arrivals and therefore also overnights. Another factor which influenced the change of the demand trend is connected with the terrorist attack in New York, or with its impacts on aviation which was transformed and low cost flights appeared in the market. A new wave of visitors from Western Europe who considered Prague to be a “cheap” destination arrived in Prague. The number of arrivals and also overnights was increasing but it could have been described as weekend stays. This situation continued until 2007, when another change in tourist flows happened due to the global economic situation which also had an impact on tourism demand (geographic structure of visitors). Generally, the source countries from the Central and Eastern Europe strengthen at the expense of Western European countries. In absolute figures, Western Europe does not show decrease of visitor numbers but the growth dynamics is low (it is about 0.75 % a year). On the contrary, countries such as Russia, Poland and Ukraine are taking a more and more significant position in the structure of source countries.

4.2 Prague touristification

The research focused on identification of the degree of impact of the massive (uncontrolled) development of tourism in the capital city of Prague was based on an analysis of the offer in the touristy historic centre of Prague. On the basis of a field research, a typology of the services and goods offered along the King’s way was prepared. A general outline is given in Table 1. The biggest category includes shops selling goods which intentionally do not include souvenir shops. This group comprises of e.g., goldsmith’s, toy shops, glass/china shops, antique shops, second hand bookshops or bookshops. A type unified group with the biggest representation is catering facilities and souvenir shops.

Tab. 1: Typology of researched items

Type of item	Number
Administrative buildings	24
Banking facilities	13
Theatres	10
Museums/galleries	10
Cultural-historical sights	35
Shops providing goods (excluding souvenir shops)	91
Souvenir shops	62
Accommodation facilities	40
Catering facilities	89
Exchange offices	18
Tourist information centres	7
Other shops providing service	10
Public toilets	2
Public space	11
Residential buildings	17
Others	7
Total	446

Source: authors research

For the purposes of proving the change of function of using the historic centre “in favour” of tourism, see commercialisation in tourism (Pásková, 2008; Sýkora, 1999; Mason, 2003), each unit was allocated one of the functions (Table 2). The result shows a clear decline of the residential function at the expense of the business (commercial) function. A higher representation of the cultural-historic function is obvious with regard to the big concentration of important cultural and historic sites recorded in the UNESCO World Heritage Sites list.

Tab. 2: Functions of land use

Function	Number	Percentage
Residential	30	6.7
Official	32	7.2
Retail	329	73.8
Cultural-historical	55	12.3
Total	446	100.0

Source: authors research

The following table (Table 3) shows the degree in which this commercialisation of the historic centre is caused by tourism. Every registered unit was assessed according to its meaning, i.e. whether it is used primarily by residents (1) or only visitors (3) or whether it is equally important for both groups (2).

Tab. 3: Significance of retail function units

Retail function	Number	Percentage
Services for residents (1)	26	7.9
Services for both (2)	39	11.9
Services for tourists (3)	264	80.2

Source: authors research

The table shows that the services and goods offered on the King's way are mostly intended for visitors (3). As a result of this change, the historic centre of Prague is becoming so-called tourist ghetto where negative attitudes of the local (Czech) inhabitants towards foreign visitors are starting to be shown. Excessive commercialisation of Prague in favour of visitors is causing an irrecoverable loss of authenticity which is reflected in the offer of goods that are not Czech produce and often do not have anything in common with the Czech Republic at all. Prevalingly they are kitsch. Slowly but surely, Prague is losing its *Genius loci*, and it is considered as a product of mass tourism.

Conclusion

From the international tourism point of view, Prague is the essential target destination for the Czech Republic. Basically, Prague is well established in the international tourism market and most foreign visitors aim there. However, high concentration of visitors in one single locality logically brings a risk of damage to the sources of attractiveness of the actual destination (Pásková, 2008). As regards Prague, the results show that some negative processes have already started to be performed. The research revealed that there are noticeable changes of the functional use of the historical centre of Prague. Thus the process of turistification has developed and Prague is considered as a tourist ghetto. Alarming is that Prague little by little has been losing its authenticity. To sum it up, all this is the manifestation of mass tourism.

Prague as a tourism product is being depleted, slowly but surely. Even though the absolute number of visitors has not suggested the risk of the negative development yet, a closer look at the structure of number of visitors give a warning. The interest in Prague in the traditional source markets (Great Britain, Germany, France, Italy, Spain and the USA) slowly declines and it is replaced with new markets from the Eastern Europe. Together with the low degree of repeated visits, it is an indicator of maturity or obsolescence of the actual product. There are not many reasons for foreign visitors why to visit Prague repeatedly.

Prague is at the edge of sustainability. Considering the life cycle of destination (Buhalis, 2000), Prague reached the saturation and it is a task of the local government or destination management organization to implement the necessary steps for applying the conceptual strategy that makes Prague competitive in the market, see Rátz, Smith and Michalkó (2008).

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