

A Sustainable Tourism Policy for Kraków in the Years 2021-2028

Diagnosis and recommendations

*"I am lucky to live where
others can only visit for a short time"*



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The publication outlines the recommendations adopted by the Resolution of the Kraków City Council no. LIV/1497/21 of 23.03.2021 and presents the updated diagnosis of the tourism market.



Ladies and Gentlemen,

It is only natural that Kraków, a historic city with an extraordinary and unique ambience and a cultural heritage inscribed on the UNESCO World Heritage List, has emerged over the last few decades as a tourist brand of international renown. However, the growing popularity of our city and the constantly increasing influx of visitors – and the undeniable economic benefits and rapid growth of local services they bring – have also had their downsides, felt especially by residents of the Old Town. As a consequence, a new approach was needed that would still promote tourism in Kraków but at the same time ensure a consensus between local residents, visitors and local businesses in the tourism sector. As a result, a few years ago we began work on a new strategy entitled “A Sustainable Tourism Policy for Kraków in the Years 2021-2028”.

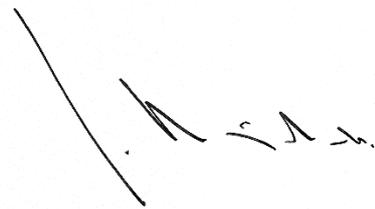
However, our preparations were interrupted by unexpected events. The COVID-19 pandemic brought about the sudden collapse of the tourism economy and the Main Market Square and the once bustling streets of the Old Town became deserted overnight. The lives of most Cracovians also changed. Residents employed in or running businesses connected with tourism found themselves in an exceptionally difficult situation. The extraordinary crisis affected almost every segment of the travel industry, regardless of whether we are talking about business or leisure.

Therefore, while continuing our work on “A Sustainable Tourism Policy for Kraków...”, we also had to take into account the changes that had occurred

in this area of the economy and adapt our document to the new conditions. The most important goal, however, has remained unchanged. We continue to strive for sustainable tourism in Kraków, and the pandemic has only confirmed our belief that such activities will pay off in the future.

What will the new policy bring to our city? Greater harmony and respect for our heritage and cultural values, which will allow us to reap the benefits of a vibrant tourist sector while at the same time reduce negative phenomena, while we strive to improve quality and provide tourists with top-notch experiences in our city.

After all, without visitors, without the buzz, the mixture of languages, and the cultural melting pot this creates, Kraków is not the same city. We thus wait for the tourists to return, enriched as we are by our experiences of previous years, and longing as we do for that special atmosphere that we, the citizens of this great city create not for tourists alone but for ourselves in unison with our guests.

A handwritten signature in black ink, appearing to read 'Jacek Majchrowski', with a long, sweeping underline that extends to the left.

Jacek Majchrowski
Mayor of the City of Kraków

1. KRAKÓW - POLAND'S STRONGEST TOURIST BRAND

Kraków is located in the south of Poland, on the Vistula River, where cultures, regions and traditions merge: a testimony to the meanders of history and legends forever fused with facts. The city of kings and rebels, stately bourgeois and inspired artists, academics and students, teeming with life, forever attractive. Kraków is the former seat of the Polish kings and former capital of the country. The Old Town is a unique treasury of works of art, historical monuments, and historic buildings, representing almost all architectural styles, from the Middle Ages to the present day. For hundreds of years, the Main Market Square has remained the heart of the city. It is the largest town square of medieval Europe, preserved in unchanged form since 1257, and included on the first list of UNESCO World Heritage Sites already in 1978. Kraków's pride is also the second oldest university in Central Europe – the Jagiellonian University (founded in 1364). The Wawel Royal Castle has been overlooking the city for centuries. Kraków is a city vibrating with cultural life. Every year, nearly 100 festivals and other world-famous cultural events take place here. Today, Kraków stands proudly as a modern European metropolis, a university city, and a hub of new technologies.

*The second-largest and among the oldest cities in Poland,
One of 12 cities in the world listed on the first UNESCO World
Heritage List in 1978,
The European Capital of Culture 2000,
UNESCO City of Literature and Creative Cities network,
European Capital of Gastronomic Culture 2019,
The Mayor of Kraków is the President of the OWHC (since 2019),
An international knowledge exchange platform Historical Cities 3.0*

**The wealth of Kraków's culture:
Nearly 500 diverse cultural centres
117 museum branches
46 public cultural institutions
250 art studios
80 festivals
80 choirs and orchestras
Hundreds of congresses and conferences**

2. INTRODUCTION

This paper draws conclusions from the diagnosis preceding the pandemic, when among the main challenges of the historic city were growing and complex competitiveness, and overtourism. With the falling role of the tourism economy throughout the duration of the pandemic, it is necessary to propose a concept of activities for all local stakeholders, shaping the city's policy and tourist attractiveness, maintaining a balance between the interests of various groups comprising the community, so as not to throw inhabitants and spaces (especially cultural heritage) out of a state of relative balance. Trends in the tourism market until 2019 and the effects of the COVID-19 pandemic indicate a need to change the approach to the reconstruction of tourism. Management must respond quickly and effectively to the behaviour and expectations of visitors in line with the concept of agile tourism, rebuilding the resilience of the tourism industry and its importance for the local economy and residents.

This paper explores nine areas of recommended actions that need to be taken by all local stakeholders in order to rebuild the tourist industry and maintain a balance between the interests and attitudes of various stakeholder groups. Recommendations have been developed on the basis of a diagnosis and social consultations, and were preceded by opinion surveys among local residents.

*Sustainable tourism of a historic city is understood as a proces in which the consequences of tourist behaviour and business models of local service providers do not result in losses or difficult-to-reverse changes to the carrying capacity, environmental space, or social and economic relations.
Sustainable tourism is about shared responsibility.*

Tourism management should be based on integrating local partners while creating an opportunity for residents to engage in new business activities addressed to visitors.

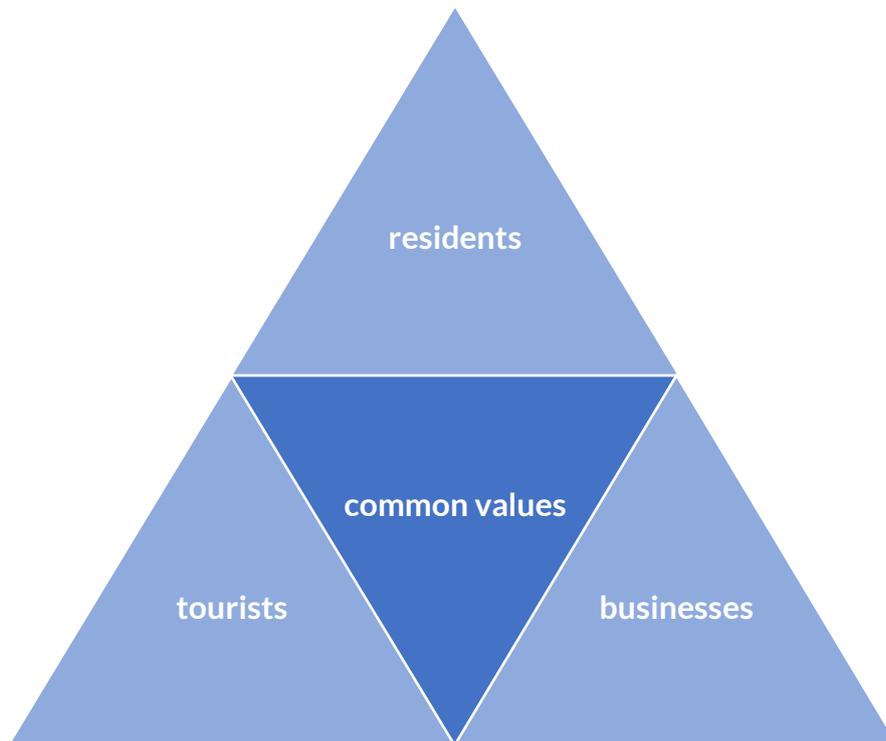


Fig. 1. New model of managing tourism

Past trends in tourism development, phenomena associated with the COVID-19 pandemic, and forecasts indicate that the following activities should be reinforced in the management of the local tourism industry:

- educating visitors on the impact of tourism on the community and local economy, heritage and environment, bringing awareness of the need to respect the rights of the locals,
- creating a local partnership, network management and maintaining relations with local communities in order to, *inter alia*, reduce conflict between different stakeholder groups,
- protecting the interests of residents, as well as social, cultural and natural resources of the city from overly heavy tourist traffic and excessive growth of supply,
- better recognising the needs and experiences of visitors (user experience), and providing feedback to local partners,
- strengthening the resilience of visited sites to the possible overgrowth of their tourism function,
- developing the role of technology and smart solutions in managing user experience and commercialisation.

3. TOURISM IN KRAKÓW IN NUMBERS AND FORECASTS

Tourism plays an important but not dominant role in Kraków's economy. The GDP generated by the tourism industry in 2016 represents over 8% of the city's total GDP. It is estimated that tourism creates 29,000 permanent jobs, and given the multiplier effects, it generates 40,000. This means that the share of the tourism economy in employment in the entire economy of Kraków exceeds 10%. The total of fees and taxes directly generated by the tourism industry paid into the city budget in 2016 amounts to approx. PLN 170 million¹. Taking into account the multiplier effects, the sum of taxes and fees paid by tourism entities amounted to PLN 244 million, which accounted for 5.25% of the city's budget revenues [1].

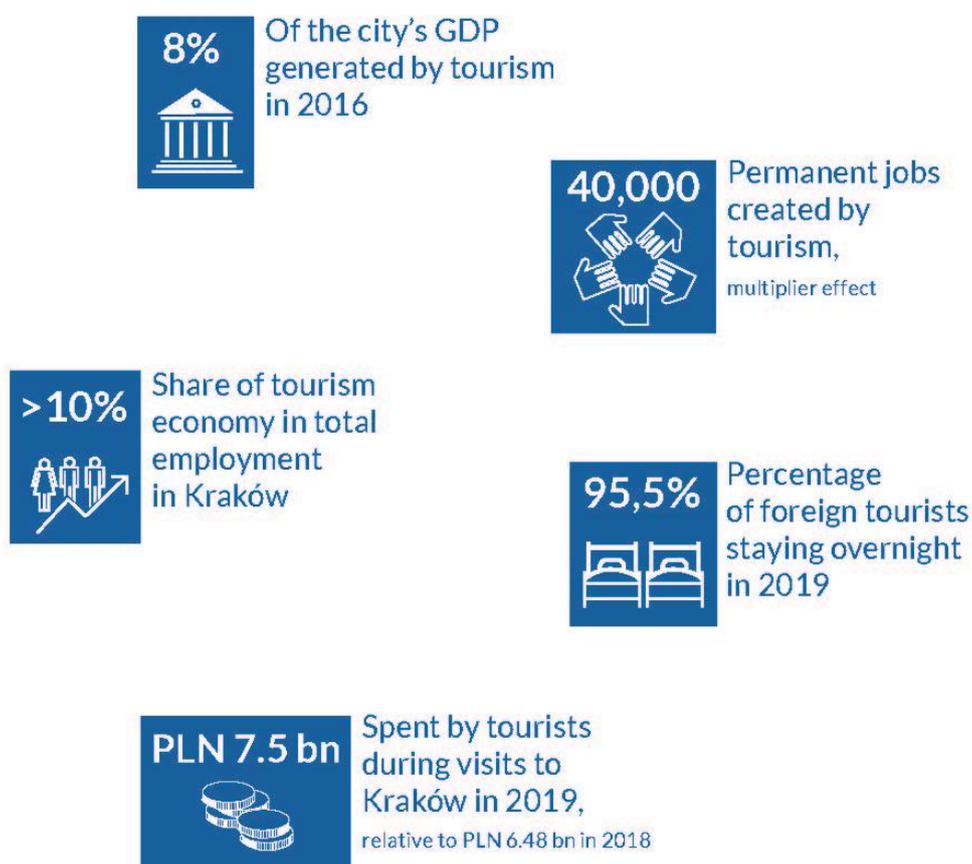


Fig. 2. Selected economic indicators of the tourism economy of Kraków

¹ EUR 1=PLN 4.5.

Visitors in numbers

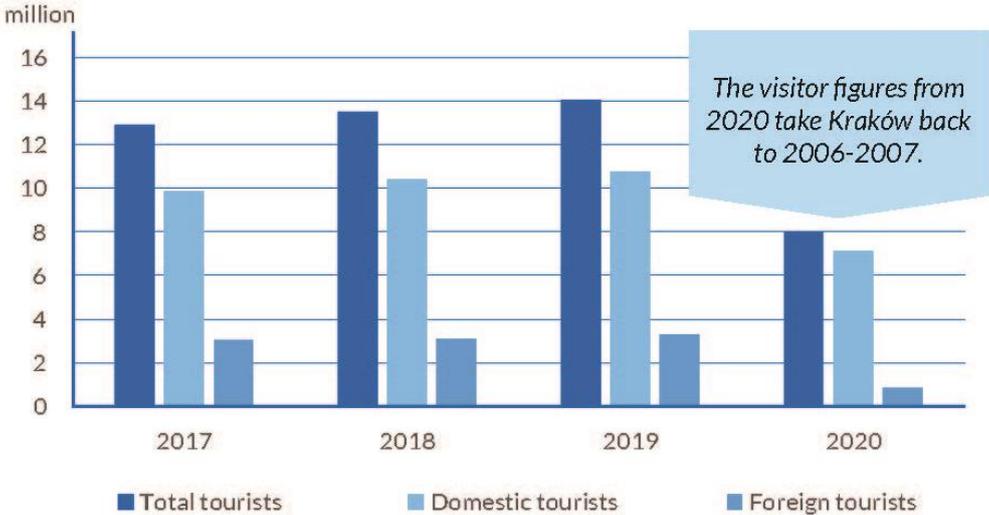


Chart 1. Number of visitors to Kraków (tourists and same-day visitors) in 2017-2020 [2]

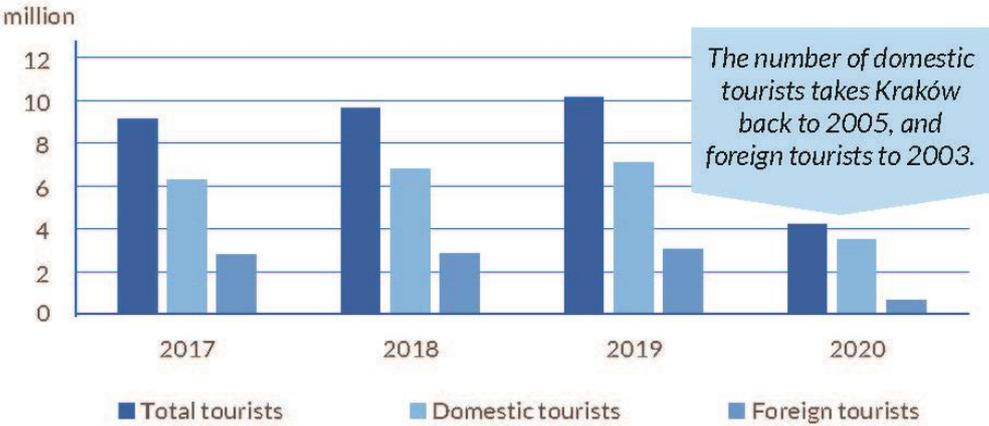


Chart 2. Number of tourists in Kraków (2017-2020) [2]



Chart 3. Spends of visitors to Kraków (2017-2020) [2]

Country	2017	2018	2019	2020
UK	13,6%	15,5%	13,9%	18,3%
Germany	13,9%	12,1%	14,2%	16,1%
France	8,8%	9,9%	11,2%	13,7%
Italy	11,3%	9,7%	11,5%	12,0%
Spain	8,3%	9,0%	10,4%	5,8%
Austria	1,0%	1,8%	1,9%	4,6%
Belgium	2,2%	2,3%	2,9%	3,5%
Ukraine	4,6%	4,7%	5,4%	3,0%
The Netherlands	2,2%	4,0%	3,3%	3,0%
Czech Republic	3,4%	3,1%	2,6%	2,3%

Table 1. Inbound foreigners – Top 10 countries (2017-2020) [2]

Key purpose	2017	2018	2019	2020
 Leisure	16.5%	12.7%	16.6%	24.2%
 Sightseeing	21.8%	16.6%	23.3%	15.6%
 Visiting friends and relatives	14.7%	15.1%	17.7%	20.7%
 Business	4.1%	7.6%	4.5%	7.5%

Table 2. Purpose of visit for domestic tourists (2017-2020)

Key purpose	2017	2018	2019	2020
 Leisure	19.0%	21.5%	20.4%	28.4%
 Sightseeing	34.8%	36.4%	37.2%	25.4%
 Visiting friends and relatives	7.8%	7.8%	6.1%	15.6%
 Business	4.9%	6.7%	7.7%	11.9%

Table 3. Purpose of visit for foreign tourists (2017-2020)

	 Number of facilities	 Number of beds
Hotels *****	14	2,338
Hotels ****	57	9,215
Hotels ***	90	7,219
Hotels **	17	1,723
Hotels *	5	750
Total for categorised hotels	183	21,245
Out-of-host base	1,654	32,191
Total accommodation	1,837	53,436

Table 4. Accommodation in 2020 [3]

Among foreign guests, the percentage of people using accommodation in 2019 totalled 95.5%, while for domestic guests it was 66.9%.

Kraków's **Net Promoter Score** among domestic tourist and foreign tourists in 2019 reached 7.63 and 6.57, respectively.

Air Accessibility

Kraków Airport is the largest regional airport in Poland. The zone serviced by the port covers the region of south-eastern Poland, inhabited by approx. 7.9 million people within a radius of up to 100 km distance from the airport. In 2019, 150 direct connections offered by 24 carriers were available at Kraków Airport, which translated into over 8 million passengers served. Forty new flights were planned to be launched.

Meetings industry

The ultra-modern **ICE Kraków Congress Centre** and **Tauron Arena Kraków** attract sports and events enthusiasts and participants of more and more congresses. In 2019, Kraków was ranked 48th in the world, and 29th among European cities in terms of the number of cyclical meetings (54) of international associations fulfilling all the criteria of the International Congress and Convention Association (ICCA). The same year 8,400 business meetings (78% national) took place in Kraków. The largest share (67%, more than 2/3) of business meetings in Kraków consisted of conferences/congresses, with a total of more than 5,600 events, which confirms Kraków's position as a host city for these types of meetings. Ranking second were corporate/incentive events (32%, or more than 2,600 events), and the smallest percentage (1.6%) was reported for fairs/exhibitions with only 134. The number of participants in meetings and events in 2019 amounted to the record of over 1.2 million people [4].

Tourism Products Matrix

The strategic analysis of Kraków's products indicates the dominant role of the city break formula, extended with culinary, religious, cultural or congress and conference motives².

² based on the ADL (Arthur Dehon Little) method of competitiveness and attractiveness. Competitiveness: a combination of attractions and image, infrastructure, transport and price accessibility, where each parameter consists of several sub-features. Attractiveness: the economic benefit of products in terms of number of arrivals and purchasing power, product purchasing expenses, profitability - the level of investment in promotion.

Products	competitiveness				attractiveness			
	attractions	infrastructure	accessibility	index	segment	economic benefits	possible implementation	index
weight (in%)	20	40	40		40	30	30	
City break	5	5	4	4.6	4	4	5	4.3
Congresses and conferences	5	4	4	3.8	3	5	3	3.6
Gastronomy	3	4	4	3.8	2	4	3	2.9
Religious tourism	5	4	4	3.6	3	3	4	3.5
Medical tourism	2	3	3	2.8	3	5	2	3.3
Cultural events	2	4	3	3.2	2	3	2	3.3
Incentive travel	3	3	3	3.0	3	4	2	3.0
Thematic stays	2	3	3	2.8	3	3	2	2.7

Table 5. Kraków's tourism products. Source: data from analyses and workshops with business operators, 2019

Visitor Segmentation

When looking at the patterns of tourist behaviour, we can distinguish a number of segments among Kraków's visitors. Each segment has a different level of attractiveness for Kraków and rank in the city's inbound tourism to date.

Segments of visitors to Kraków
creative <i>homo consumens</i>
cultural purist
banal reveller
vagabond - interating individual tourist
weekend conformist
seeker of spiritual and sentimental values
duty traveller
reward hunter
temporary resident

Table 6. Visitor Segmentation. Source: own work incorporating Future Traveller Tribes 2030 (Amadeus) data

Tourist load

Area/City	Defert-Baretje's tourist function index (WBD)	Tourist traffic intensity – Schneider's index (WSch)	Charvat tourist flow intensity index	Defert's index (WD) – number of people using accommodation per 1 km ²	Accommodation density index	Number of accommodation facilities for tourists per 100 km ²
POLAND	2.1	88.2	321.3	108	2.6	3.5
KRAKÓW	4.1	312.2	688.6	7.307	94.6	82.5
WARSAW	2.6	257.5	447.9	8.855	132.6	70.4

Table 7. Tourist intensity indices for Kraków in 2019. Source: Kruczek Z., based on data from Statistics Poland (GUS)

Night-Time Economy

Night-time economy is an important element of a city's attractiveness for tourists, more often than not determining its competitive advantage. However, its development is not only driven by tourist traffic but also by local residents of the city and its surroundings.

The most desirable activities in Kraków are those based on the city's traditions and its cultural potential:

- *sophisticated entertainment*
- *high-end entertainment*

However, the dominant element of Kraków's urban nightlife is middlebrow partying. Counteracting the negative aspects of nightlife requires not only well thought-out actions the authorities need to take, but also cooperation between business operators and local residents in the spirit of corporate social responsibility. The development of the night-time economy must be aimed at supporting creative, culture- and museum-related forms of entertainment, and eliminating or reducing negative impacts, especially those affecting residents. Appointing a night-time city mayor could be a preventive measure [5].

There are no significant night-time entertainment opportunities in other parts of the city that would compete with those in the most valuable spaces in Kraków, such as the Old Town, Kazimierz and Podgórze districts. It should be assumed that the development of the night-time economy in Kraków will continue, also as a result of general processes shaping the functional and social structure of the city.

Gentrification and Overtourism

Before the COVID-19 pandemic, overtourism (hypertrophy of urban tourism) predominantly affected cities with better-than-average cultural resources [6]. New business models based on peer-to-peer booking sites gave rise to conflicts, and resulted in exceeding the social carrying capacity that represents the ability to accept new changes. This process contributes to the loss of subjectivity by the residents, whose place is taken over by visitors, with the public space, including the structure of services and commerce, being organised to accommodate tourists' needs.

Strategic management of Kraków must be aimed at keeping a relative balance between the benefits associated with revenues and potential losses arising out of conflicts.

The gentrification of historic districts is mostly seen through the perspective of short-term tourist rental and its consequences. The attitude among Kraków's residents towards this development is ambivalent [7]. On the one hand, short-term rentals let the residents enjoy revenues and expand the city's accommodation. On the other, they give rise to conflicts, depopulate residential districts, alter the structure of commerce, and lead to burdensome behaviour of visitors. The attitudes among citizens to the way in which tourism has developed in Kraków to date include euphoria and apathy as the dominant sentiments, as verified by Doxey's Irritation Index (Irridex) [8]. The exception is District I, the Old Town, which has the highest rate of citizens feeling irritation (24%) and antagonism (13.6%).

Conflicts

City space can become the key reason for disputes arising out of conflicting interests, attitudes and needs regarding the way it is used. The reasons that underlie conflicts and their scale are varied, and although conflicts may appear unavoidable, their root causes and consequences should be mitigated.

Conflicts are caused by a disparity of interests, and occur in five basic dimensions: tourism industry vs. residents, tourists vs. residents, tourists vs. tourists, residents vs. residents, and visited institutions vs. visitors.

Integrated data shows the following strength of conflict indicators³:

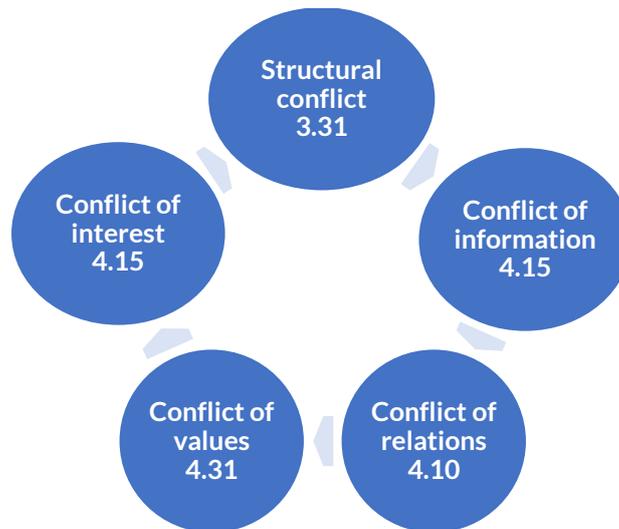


Fig. 3. Conflicts in Kraków, July 2020 (based on Moor's Wheel of Conflict), on a scale of 1 to 5

SWOT Analysis

On the basis of identified developments, a SWOT analysis was conducted, looking into tourism in Kraków over the span of a few years and using a weighted assessment (on a scale of 1 to 5). The findings indicate that Kraków has a strong strategic position, and threats are only temporary and mostly associated with the effects of the pandemic.



³ Conflict of information – stakeholders cannot establish the facts (they have erroneous data or interpret the data differently). Conflict of relations – stakeholders demonstrate a negative attitude towards the other party that is driven, e.g., by stereotypes or misunderstanding. Conflict of values – conflicts are the result of different structures in the hierarchy of values and a different view regarding the city, including due to the NIMBY (*Not In My Backyard*) effect. Conflict of interest – one group of stakeholders sees itself or another group of stakeholders as stronger or having a more advantaged position. Structural conflict – limitation of economic freedom with respect to how real properties can be used.

STRENGTHS				WEAKNESSES			
Characteristic	Weight	Score from 1 to 5	Weighted score	Characteristic	Weight	Score from 1 to 5	Weighted score
Wide range of all forms of urban and cultural tourism	0.3	4	1.2	Lack of luxury services and products, and high-end offerings	0.2	2	0.4
High brand awareness	0.1	4	0.4	Low online commercialisation rate among cultural institutions	0.2	3	0.6
Capacity and diversity of accommodation facilities	0.2	3	0.6	Level of integration among local stakeholders and integrated brand management	0.1	3	0.3
Accessibility	0.2	4	0.8	Prevalence of same-day visitors and domestic visitors in visits to date	0.3	5	1.5
Potential of the MICE industry	0.2	4	0.8	Low adaptation of the hotel industry to the tourist voucher	0.2	3	0.6
	1.0	Total	3.8		1.0	Total	3.4

OPPORTUNITIES				THREATS			
Characteristic	Weight	Score from 1 to 5	Weighted score	Characteristic	Weight	Score from 1 to 5	Weighted score
Demand: city break, slow life, local cuisine, events	0.3	5	1.5	Protectionism in tourism-generating markets	0.1	0.3	0.3
Re-launching of flights	0.3	4	1.2	Pressure on low-price policy and lack of net profit over 2-3 years	0.3	5	1.5
EU support programmes for tourism	0.2	4	0.8	Conflicts between local stakeholders and visitors	0.1	3	0.3
Change of business models in supply chain	0.2	4	0.8	Decline in demand for events, including in MICE industry	0.1	4	0.4
				Reinstatement of COVID-19-associated restrictions	0.3	4	1.2
				Bankruptcies and ownership changes	0.1	4	0.4
	1.0	Total	4.3		1.0	Total	4.1

Table 8. SWOT Analysis of Tourism in Kraków

Tourism Industry Landscape

The competitive environment in Kraków's tourism sector will need to face three key challenges once the pandemic is over: *no profit from business activity over the short term, negative financial liquidity, and the need for capital.*

Airline behaviour and the re-launching of flights, as well as sanitation guidelines and recommendations, are the primary factors affecting the market. The second most important factor is the sense of safety among potential tourists.

Short- and medium-term changes in the tourism industry are likely to affect the speed at which tourism recovers.

Tourism Industry
changes to online sales terms and the OTA commission system
increasing competition and conflicts of interest
changes to capital ownership, including accommodation and catering facilities
avoiding crowded spaces
shorter visits
preference for domestic market
low ADR and RevPAR indices
fall followed by rise in airline ticket fares
unstable flight networks
formal regulations affecting short-term tourist rental
uncertain re-opening of accommodation and catering facilities, as well as conference and sports centres, dependent on profitability ratios and social distancing
changes to the organisation of MICE tourism
price dumping
bankruptcies

Table 9. Potential Post-Pandemic Phenomena in the Tourism Industry. Source: own work

4. SUSTAINABLE TOURISM POLICY

Bearing in mind the situation during the re-opening of the economy and shortcomings of the pre-pandemic tourism industry, action must be taken in order to support local tourism businesses and tourism recovery. Areas where interventionism and protectionism are exercised must shift dynamically in time, depending on external circumstances, and will be determined on a case-by-case basis in project operating plans.

Tourism policy is understood as shaping the optimal size and structure of tourist arrivals and services, as well as coordinating the development of the tourism function with other aspects of city life based on partnership with stakeholders. A tourism policy is a set of recommendations aimed at achieving the efficient joint management and recovery of tourism in Kraków.

Ultimately, the tourism economy is intended to be **managed jointly** by taking into account different areas of responsibility agreed upon with the stakeholders and beneficiaries, indicating the scope of involvement of each group in the process of balancing the consequences of tourism phenomena.

Kraków's vision and mission have been defined in the strategic document entitled "Kraków's Development Strategy. This is where I want to live. Kraków 2030" [9]:

KRAKÓW VISION 2030:

Kraków - a modern metropolis teeming with culture, open, rich, safe, and friendly, proud of its historical heritage, co-created by its inhabitants.

KRAKÓW'S MISSION 2030:

Kraków's mission is to create an intelligent metropolis that ensures a high quality of life, building a creative economy, shaping the spatial environment, respecting the natural environment and the development of cultural potential through the cooperation of entities from various sectors, as well as the partnership and cooperation of local residents.

The strategic objective of the city's tourism policy is to strive to achieve a consensus among the residents and local service providers in relation to development through tourism. The consensus should be manifested through the acceptance by each group of stakeholders of the possibility of giving up a portion of their own gains for the benefit of contributing to the common values of the city, with the development of the local economy planned in a sustainable manner.

5. RECOMMENDATIONS FOR THE SUSTAINABLE TOURISM POLICY OF KRAKÓW

The rules and activities of sustainable tourism, as proposed by national and international institutions, should be characterised by:

- the most efficient management of ecological processes,
- relations with residents in which the cultural beliefs of the local community are respected, and cultural assets and traditional values are preserved,
- ensuring authentic and long-term economic processes enabling all parties involved to gain social benefits, including employment stability and the possibility to pursue gainful activities,
- preserving the cultural heritage.

The implementation of sustainability depends on responsible consumption by visitors, as well as on the management of tourism and space.

THE LONG-TERM GOAL OF KRAKÓW'S SUSTAINABLE TOURISM POLICY: The restoration of inbound tourism to Kraków through: increased management efficiency, integrated marketing communication, support for the commercialisation of tourism products by local business operators, mitigation of conflicts of interest and values (through regulations, dialogue in the spirit of partnership, and transfer of knowledge) so that the important role of tourism in the socio-economic life of Kraków is reinstated, without leading to overtourism in the future, while simultaneously improving the quality of services, as well as the quality of living for the residents.

The areas and tools of Kraków's tourism policy were identified on the basis of recommendations of international institutions, and adapted to the needs and opportunities of Kraków, taking into account the consequences of the COVID-19 pandemic [10].

The target audience for these recommendations are all groups of public and private stakeholders associated with tourism in Kraków. The implementation of the proposed new actions included in the recommendations will require the involvement of local government authorities, entrepreneurs, and institutions being the beneficiaries of tourism in Kraków. Business associations, tourist organisations, the airport, citizens' associations and initiatives, cultural institutions, universities, and institutions associated with business will all play a fundamental role.



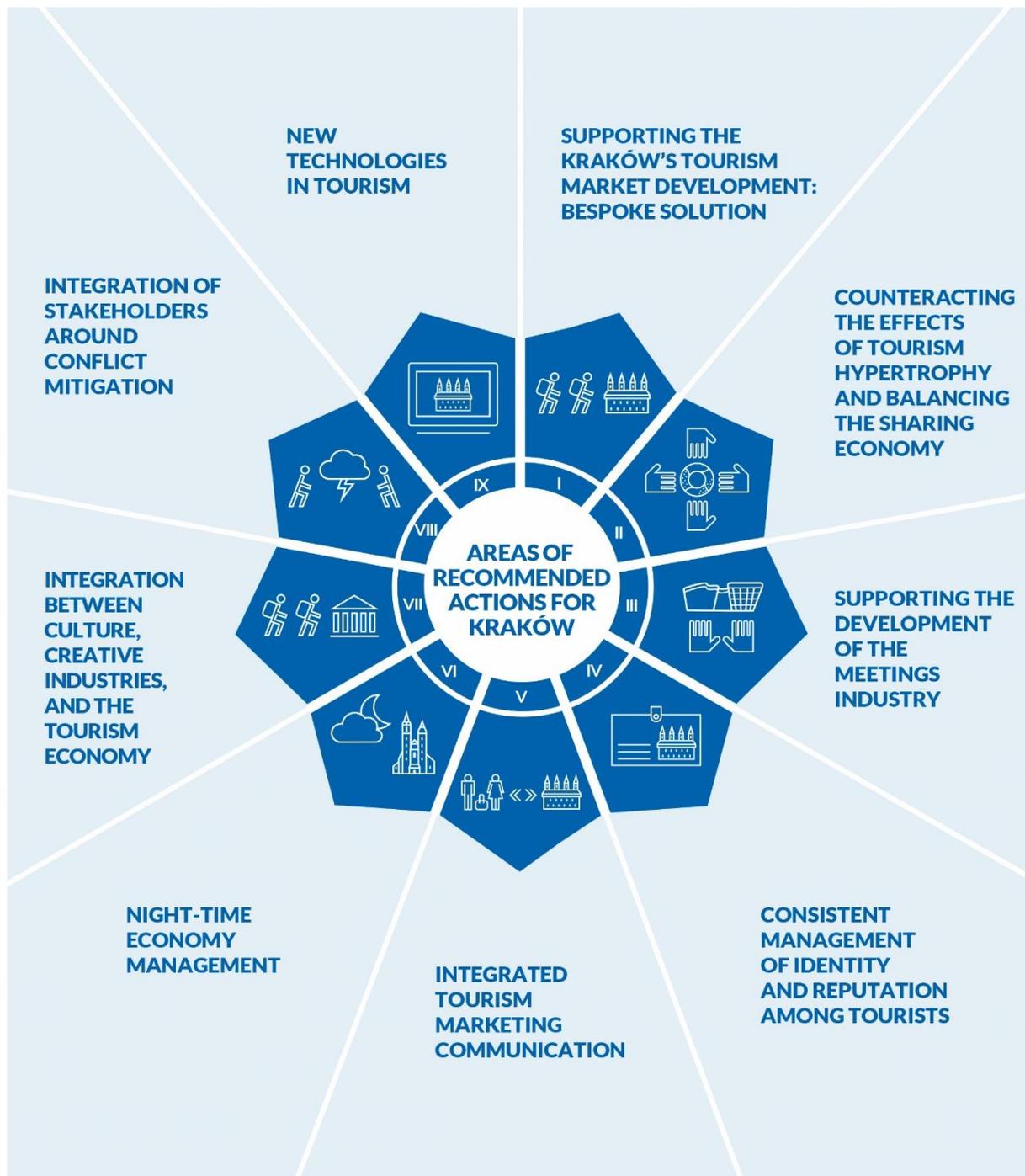


Fig. 4. Areas of recommended actions for Kraków

RECOMMENDATION I



5.1. SUPPORTING THE KRAKÓW'S TOURISM MARKET DEVELOPMENT: BESPOKE SOLUTION

Protectionism

Insufficient tourist traffic during the COVID-19 pandemic relative to the capabilities of businesses requires support in order to protect jobs and regain sales. The biggest risks include: lack of revenue, costs, debt, and struggling with profitability (profit and return on assets). Recovery is expected to take place over several years. The new situation results in changes to supply chains, and forces tourist businesses to rebuild or establish new business relations. This is achieved by means of innovative marketing communications tools used to date, allowing for the commercialisation of Kraków's tourism products. This will benefit the entire community of the city and the region. An individual approach to business partners in tourism-generating markets requires vendor support adjusted to the tools of their choice. Service commercialisation may be supported by well-recognised quality seals of approval.

Recommended Actions:

- Initiating and creating innovative package services based on the cultural offer, sports and events, taking into account all the attractions and assets of Kraków and the Małopolska region, as well as high-end products⁴;
 - Supporting the development of public and private investment projects with the potential for receiving tourism and a diversification capability;
 - Partnership between the local government and the tourism sector in carrying out promotional activities in tourism-generating markets;
 - Supporting activities aimed at improving the quality of services provided by businesses in the tourism industry, e.g. through the “Kraków Quality” certification programme;
 - Improving skills by knowledge transfer.
-

Goals of the Kraków Development Strategy. This is where I want to live. Kraków 2030.

- II. Kraków – a city developing a knowledge-based economy
- III. Kraków – a modern, creative metropolis using its cultural potential
- VI. Kraków – a modern well-run metropolis

⁴ High-end products and services are unique, their added value is high, and their target group respects the local identity of Kraków.

RECOMMENDATION II



5.2. COUNTERACTING THE EFFECTS OF TOURISM HYPERTROPHY AND BALANCING THE SHARING ECONOMY

Interventionism

In light of the experience gained and lessons learned from overtourism to date, the development of lawful services and their professionalisation should be encouraged in the spirit of shared responsibility for the city. With the gradual return of tourism to the city, new types of tourism services of the sharing economy will be stimulated, in particular engaging residents in the provision of services to visitors, as long as they do not disrupt the sustainable development of the city. The sharing economy will keep developing, leading to a growth in the overall number of products and services available, and ensuring they are easily accessible. In relations with real property owners, the city will encourage them to register short-term tourist rentals, and preserve the identity of the historical city.

Recommended Actions:

- Participation in the legislative process at the national and international level in relation to short-term tourist rentals and space management;
 - Cooperation with global booking websites in the area of insight sharing, promotion, and respecting Kraków's identity as a historical city;
 - Managing special areas and cultural parks in the spirit of the sustainable development of space and services;
 - Supporting solutions that improve the quality of guiding services, including in special areas;
 - Developing legislative solutions for the protection of the urban landscape with the participation of the tourism sector.
-

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RECOMMENDATION III



5.3. SUPPORTING DEVELOPMENT OF THE MEETING INDUSTRY

Protectionism

Organising conferences and congresses is a strategic growth market on account of knowledge transfer and profitability ratio. Rebuilding the strong competitive position of Kraków as a host city for international events is a task of key importance. The need to ensure health and safety is delaying the re-launch of this segment, and will lead to the introduction of hybrid events. With well-developed relevant organisations in place (Kraków Convention Bureau, ICE Kraków Congress Centre, Kraków Festival Office, Kraków Network), it is recommended to select this sector as the strategic one. Kraków should selectively seek out MICE events based on its own scientific potential. Growing pressure from ordering parties for host cities to co-sponsor events requires partnerships with local stakeholders in developing proposals. The search for unique venues by meeting planners calls for making cultural heritage sites available in a broader, yet responsible manner. The gradual consolidation of stakeholders in the MICE industry should take place around the Kraków Convention Bureau as the leader and coordinator of a locally and internationally recognisable brand.

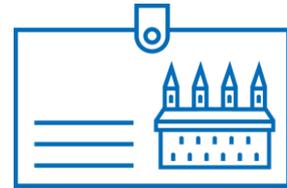
Recommended Actions:

- In The joint development of the city's competitive congress proposal, its promotional and lobbying activities, using the most efficient marketing tools, such as the congress package, and the Polish Congress Ambassadors programme;
 - Integration of partners and suppliers in the area of knowledge exchange, including via the Kraków Network;
 - Creating innovative tools to support the process of acquiring and hosting conferences and congresses;
 - Promoting responsible partnership in the creation of the city's long-term congress proposal;
 - Analysing and researching the MICE sector in Kraków.
-

Goals of the Kraków Development Strategy. This is where I want to live. Kraków 2030.

- II. Kraków – a city developing a knowledge-based economy
- III. Kraków – a modern, creative metropolis using its cultural potential
- VI. Kraków – a modern well-run metropolis

RECOMMENDATION IV



5.4. CONSISTENT MANAGEMENT OF IDENTITY AND REPUTATION AMONG TOURISTS

Interventionism

The genius loci of Kraków is an important element defining the city's identity. Identity is about belonging to a place, space, people, culture, tradition, and heritage, and is based on three components: image, system for communication with others, and city behaviour. Reputation is measured through the trust enjoyed by the city. A high level of trust is currently the key factor in rating a destination. A long-term city management strategy consists in building its brand by protecting its identity and reputation based on cultural heritage and locality. This is achieved by the creation and reinforcement of individual experiences and emotions. Kraków's specific identity is based on history, culture, religion, traditions, dialect, and unique local products that must maintain permanent components of its cultural and business landscape, urban space and marketing communication.

Recommended Actions:

- Taking actions aimed at placing Kraków high in international ranking lists;
 - Initiating partner-involving promotional programmes, e.g. Kraków Brand Ambassador;
 - Participating in national and international projects to support Kraków's strong reputation (e.g. Tourism-friendly Cities, Creative Cities Network);
 - Increasing the engagement and activity level of ex-pat communities in Kraków in building the city's reputation;
 - Activating the local community and visitors in disseminating messages about Kraków in social media;
 - Revitalising public spaces by using art and cultural assets, as well as civic activity of urban initiatives.
-

Goals of the Kraków Development Strategy. This is where I want to live. Kraków 2030.

- V. A strong self-governing community of the residents of Kraków
- VI. Kraków – a modern well-run metropolis

RECOMMENDATION V



5.5. INTEGRATED TOURISM MARKETING COMMUNICATION

Interventionism

The key objective is to maintain Kraków's strong brand and attract visitors from segments with desirable behaviour and spending levels. There will be an increased need to develop differentiated yet integrated narratives and use creative promotional tools. Modern communication requires the use of a variety of TTL (through-the-line) tools to address markets or behavioural segments of potential tourists, including, in particular, electronic tools, such as social media. Integrated communication necessitates partnership between members of the value chain relating to tourist services. By analysing the data, realistic and measurable KPIs (Key Performance Indicators) can be set, and the return on investment measured. The significance of official country/city websites is decreasing significantly, which calls for activity on global, specialised social media platforms, as well as in themed groups. A skilful lead generation is gaining importance, and the analysis of tourist experience and tourist journey map will be a desirable basis for building products and marketing communication.

Recommended Actions:

- Launching the city's and its partners' integrated 360-degree campaigns in strategic markets/behavioural segments;
 - Standardising the narrative and format of storytelling about Kraków;
 - Using modern marketing tools in communication strategies;
 - Building partnerships around promotional tools.
-

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- I. Kraków – an open and harmonious metropolis of international significance in the fields of: innovation, science, economy and culture
- II. Kraków – a city developing a knowledge-based economy

RECOMMENDATION VI



5.6. NIGHT-TIME ECONOMY MANAGEMENT

Interventionism and protectionism

When looking at how residents and tourists choose to spend their leisure time, one can conclude that the night-time economy in Kraków will be returning to what it was before the COVID-19 pandemic. This means that an intervention will be required on the part of all local stakeholders in order to eliminate negative practices and connotations associating Kraków with low-grade entertainment. The city's tourism sector is keen on calming the urban space in the spirit of CSV (creating shared value). The creation of new spaces can be an effective tool in diversifying the night-time economy.

Recommended Actions:

- Developing mechanisms for creating and managing night-time products and services related to the city's historical heritage and identity;
 - Engaging the business in problem solving based on CSV, including by launching programmes promoting responsible businesses;
 - Stimulating the behaviour of city users (including visitors) involving the integration of stakeholders around the "Respect Kraków" concept with the benefit of the residents in mind.
-

Goals of the Kraków Development Strategy. This is where I want to live. Kraków 2030.

- IV. Kraków – a city that is friendly to live in
- VI. Kraków – a modern well-run metropolis

RECOMMENDATION VII



5.7. INTEGRATION BETWEEN CULTURE, CREATIVE INDUSTRIES AND THE TOURISM ECONOMY

Interventionism

Cultural events and creative industries have the potential to transform cities. They reinforce the atmosphere of cross-cultural contact, build up the city's brand, and constitute an investment in the symbolic and cultural capital of the residents. Many festivals held in historical spaces become an important part of the intangible heritage of cities, contributing to the physical and symbolic transformation of the city. The motivation behind tourists' visits to a destination transgresses the conventional assets of material heritage. The city needs an efficient ecosystem of festivals and a number of regular international events, including exhibitions, which have a permanent brand-building effect for Kraków, and should play a significant role in creating the tourist offer. It is necessary to build up a consistent platform relying on digital tools in order to commercialise what cultural institutions have to offer. In addition, stakeholders should develop tools for the permanent incorporation of cultural assets and creative industries in the commercial activity conducted by traditional tourism operators, as well as independently through booking systems.

Recommended Actions:

- Concentrating and commercialisation of unique events (e.g. exhibitions, festivals etc.) of national and international renown;
 - Creating a platform for the communication and commercialisation of offers and events by cultural institutions;
 - Engaging creative industries and non-tourist services;
 - Moderating the commercialisation of unique venues "to order";
 - Developing the formula of an integrated management centre for Kraków's cultural heritage as a platform for dialogue on the city's space management;
 - Integration of tasks implemented by other municipal institutions (Kraków Film Commission, Kraków Festival Office) with the tourism economy.
-

Goals of the Kraków Development Strategy. This is where I want to live. Kraków 2030.

- III. Kraków – a modern, creative metropolis using its cultural potential
- VI. Kraków – a modern well-run metropolis

RECOMMENDATION VIII



5.8. INTEGRATION OF STAKEHOLDERS AROUND CONFLICT MITIGATION

Interventionism

Naturally occurring conflicts of interest and the vision for the development of a city, exacerbated during the COVID-19 pandemic, require parties to understand one another's viewpoints, and develop a consensus. Socio-economic conflicts are examined, taking into account the voices of all users of the space, i.e. residents, visitors and businesses. Communication of information and its correct interpretation should serve the purpose of minimising conflict. All stakeholders should engage in activities aimed at reducing the adverse effect of tourism on the quality of life of the local residents, and seek an agreement to mitigate areas of conflict between local social and professional groups.

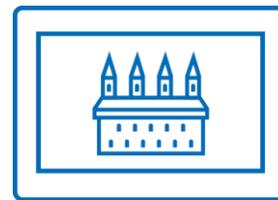
Recommended Actions:

- Initiating formal and informal forums for discussion and communication between the tourism industry and local residents, NGOs, as well as homeowners' associations and religious communities;
 - Stimulating awareness among local residents on the effect of tourism on the community and local economy, as well as awareness of local laws, expectations, and customs among visitors;
 - Inspiring businesses and real property owners to adopt an attitude of shared supreme value;
 - Offering new tourism experiences through volunteer programmes and the integration of local stakeholders.
-

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- IV. Kraków – a city that is friendly to live in
- V. A strong self-governing community of the residents of Kraków

RECOMMENDATION IX



5.9. NEW TECHNOLOGIES IN TOURISM

The Laissez-faire policy and Interventionism

Contemporary tourists rely on the Internet of Things. It gives them a sense of safety, as well as access to information, products, and services when travelling. Intelligent tourism combines the use of new technologies with a high standard of service and tourist visits to a city. Tourists can exist in a city without conflicts, but they can also disrupt the balance in a city. Much depends on how smoothly tourists receive information and the facilitations that enable them to seamlessly enjoy what a given city has to offer. This calls for the need to monitor the use of the city by tourists and residents, as well as to measure their level of satisfaction. Based on the data collected, intelligent solutions should be implemented in order to maintain harmony in various aspects of a city's day-to-day operation. This will allow the city to meet its strategic goals and resolve issues with the use of modern technology. The use of big data is instrumental in this. The city's tourist offer should be built around the idea of a "smart city", taking into account deeper relations and tourist experiences, including the slow trend.

Recommended Actions:

- The digitalisation of visitor relations management;
 - Using creative techniques and intelligent tools to improve the tourist experience, information flow and analysis of tourist activity paths;
 - Developing tools for tourist signage and information using modern technologies;
 - Building the city's offer for tourists based on new technologies, taking into account deeper relations and tourist experiences;
 - Promotion of the city's highly digitalised tourist offer.
-

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6. RECOMMENDATION FOR TOURISM MARKETING COMMUNICATION STRATEGY

The recommendation to reach selected audience segments should be fulfilled by launching multi-channel communications campaigns stepped up over time. The scarce budgets of local authorities and partners may limit the number of selected markets to just a few. Once the pandemic is contained, markets should be selected in accordance with source market demand, direct air links, and focus on the European market, products commercialised by tour operators or Professional Conference Organisers (PCO), as well as behavioural segments.

Division of international source markets:

PRIORITY MARKETS	SECONDARY MARKETS	OCCASSIONAL MARKETS
Sales target	Image target	Image and sales target
<i>An integrated marketing communication campaign (one or two years' long) on one or two markets or behavioural groups in partnership with local businesses</i>	<i>Selective marketing communication tools</i>	<i>One-off events associated with Kraków's partnerships, new/re-launched flights B2B tasks of the MICE sector</i>

Table 10. Communication goals on source markets, Source: own work

7. PRODUCT VALUE ASSESSMENT ON SELECTED TOURISM-GENERATING MARKETS

The attractiveness of a market depends on its size, average annual growth rate of foreign travel originating from that market, and location in relation to Poland (due to accessibility and purchasing power). An integrated indicator showing Poland's and Kraków's standing on the market takes into account the number of trips to Poland and Kraków to date, and the image and suitability of products. The markets, when superimposed on the matrix, suggest specific marketing activities to be taken and developments to be made on the city's offer.

The matrix should be updated after the pandemic is over to include data from the recovery of markets and air travel.

	Kraków's position on selected markets		
Market attractiveness	strong	medium	low
high	<p>GERMANY UK FRANCE UKRAINE</p> <p>to defend the position by developing products and stepping up communications focusing on retaining the competitive edge and share of the market in inbound tourism traffic</p>	<p>ITALY SPAIN USA</p> <p>to invest in communications</p>	<p>MARKETS WITH NEW FLIGHTS POTENTIALLY GENERATING TOURIST VISITS</p> <p>CHINA UNITED ARAB EMIRATES</p> <p>to specialize, selective product</p>
medium	<p>THE NETHERLANDS ISRAEL BELGIUM</p> <p>to selectively create products to invest in attractive segments</p>	<p>SCANDINAVIA RUSSIA JAPAN AUSTRIA CZECH REPUBLIC</p> <p>to defend the position of the existing product, to focus promotional activities on low-risk areas with satisfactory return rates</p>	<p>SWITZERLAND INDIA FINLAND BRAZIL</p> <p>to seek out expansion possibilities to a limited extent, without investing or minimally investing in promotion</p>
low	<p>HUNGARY</p> <p>to focus on key products with high added value; promotion targeting attractive segments of the market</p>	<p>SLOVAKIA SOUTH KOREA</p> <p>to defend products with top positions, to expand products, not to invest in new products</p>	<p>MEXICO BULGARIA PORTUGAL CANADA BALTIC STATES</p> <p>to retract from or refrain from launching intensive communication</p>

Table 11. Value of markets for Kraków, Source: own work based on analyses

8. MONITORING AND OPERATIONALISATION

The set of indicators shown above will be monitored, and completion of the tasks included in each of the recommendations will be entrusted to departments of the Municipality of Kraków, taking into account their respective areas of remit.

Monitoring
While monitoring current developments in the tourism industry, efforts will be made to make available and disseminate information on the assessment of the impact of tourism on city development. Specialist market analyses are intended to increase the competitive abilities of local businesses. Stakeholder involvement in data collection is a prerequisite.
<ol style="list-style-type: none">1. number of tourists2. number of visitors3. tourists' expenditure4. same-day visitors' expenditure5. number of registered short-term tourist rentals6. number of conferences and congresses in accordance with ICCA standards7. number of applications for conferences and congresses8. number of "Kraków Quality" certified entities (from 2023 onwards)9. periodic analysis of the tourism effect on the city's economy (every 3 years)10. Net Promoter Score11. Doxey's irritation index (every 3 years)

Table 12. Monitoring, Source: own work

The indicator and monitoring metrics change significantly compared to the ones used to date, replaced with a qualitative indicator used to assess the tourist services in the city, correlated with the monitoring metrics, including in particular one referring to the visitors' spending and the NPS satisfaction metric. The objective will be for these metrics to grow compared to their respective baselines. In the longer term, their measurement will enable assessment of the extent to which a sustainable tourism policy has been implemented in Kraków.

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