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## Evaluation of tourist itineraries in the conditions of the Republic of Moldova

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**Abstract.** This study analyses the need, role, and evaluation methods of tourist itinerary in the Republic of Moldova. Technical terms will be explained upon first use. A clear flow of objective and concise information is provided. Hedging is used where necessary to convey positions on subjects without bias. Conclusions are drawn from the analysis of European experiences and itineraries created in the country over the past 20 years. The work includes commonly expected academic sections in structuring and formatting. Grammatical accuracy and precise word choice are maintained throughout. The authors outline the unique aspects present at each point of route assessment using the cash flow discounting approach and draw attention to instances where its implementation is infeasible.

**Keywords.** cultural route, European values, sustainable, economic value, cultural value, evaluation criteria

### 1. Tourist itineraries in the Republic of Moldova

Explanatory dictionaries define a tourist itinerary as a route taken during a journey, highlighting places of tourist interest, their distance, and other relevant information [1]. According to the Organisation and Development of Tourism in the Republic of Moldova Act No. 352 of 24.11.2006, a tourist itinerary refers to a route whereby a trip is taken and localities along the way are indicated [2]. In academic literature, various terms are utilized to delineate this path, including route, tourist route, and itinerary, all carrying equivalent meanings.

The governmental agenda for boosting tourism in the Republic of Moldova within the next five years is specified in the draught Tourism Development Programme "Tourism 2025". The primary objective of the said programme is to establish the Republic of Moldova as a good and sustainable tourist destination, enriching local communities and future generations by providing them with economic, environmental and social benefits.

Over the past three decades, national tourism has experienced a resurgence from an area of the national economy that was once undervalued to a powerful tool for promoting national culture and heritage. The dissolution of the USSR from global politics has created an opening for newly formed states, including the Republic of Moldova, to capture the attention of foreign visitors. To provide domestic and international visitors with a chance to explore the

fascinating and stunning destinations and learn about the historic landmarks and prominent figures that have made significant contributions to the nation's progress.

The emergence and growth of the tourism industry has spurred the implementation of complementary and related ventures that facilitate the conservation and advancement of cultural treasures, encompassing:

1. Objects of natural or cultural-historical significance that are attractive to visitors and promote tourism from other regions of the Republic of Moldova or abroad are identified and protected by the state. These objects serve as a representation of the localities of the country and form an essential part of the community's heritage. By preserving these sites, locals earn the admiration of tourists. Tourism similarly involves the use of traditional cultural heritage such as folk traditions, local customs, and significant community events.

2. In the past decade and a half, tourism-orientated amenities have been introduced in conservation projects, restaurants, monument restoration, and selected public spaces to allow visitors to participate in recreational, leisurely, sports, and therapeutic activities.

3. Certain admirable qualities such as hospitality, kindness, friendship, and esteem for others and values are highly valued. These virtues foster a positive psychological environment within a community and promote healthy relationships between individuals.

4. New employment opportunities arise through the promotion of lodging, together with prized heritage items and products crafted from native raw materials, the offering of transportation and escort services, the manufacturing of customary artisanal goods and other exclusive provisions essential to travellers.

5. The development of tourist heritage has led to the creation of local and national excursion trails, along with temporary accommodation and leisure facilities, in numerous destinations.

6. Promotion of the national tourist heritage and implementation of good practises to rehabilitate and adapt tourist sites provide citizens with modest income the opportunity to organise their travel and leisure activities to a satisfactory standard.

Based on the Law no. 352/2006 governing the organization and conduct of tourism in the Republic of Moldova, the Methodological Norms on establishing, sanctioning, and recording tourist routes were formulated and sanctioned through Order no. 11 on 30th April 2015 by the Tourism Agency. These Norms served as a foundation for creating and publishing 20 tourist routes on the Tourism Agency website, covering 137 tourist sites, 87 of which are cultural heritage sites [3].

These are some of the popular tourist attractions in Moldova. Following the reform of the central public administration and the dissolution of the Tourism Agency, the Ministry of Economy and Infrastructure has taken over policymaking duties, including the regulatory framework in the tourism industry, as per the amended Law No. 352/2006. Based on the amendments to Law No. 352/2006, Methodological Norms for the Establishment, Approval, and Registration of Tourist Routes were approved by the Order of the Minister of Economy and Infrastructure No. 364 on December 31, 2019. Approval of the Methodological Norms facilitates the development, recording, promotion, and planning of tourist routes. These routes are an effective means of promoting the tourist potential of the Republic of Moldova and integrating it into the domestic and global tourism industry. As a consequence of consultations with various stakeholders in the tourism industry, the regulations have been proposed to be solely based on domestic tourist routes and must receive official approval through governmental decisions. Amendments were made to Law No. 352/2006 to achieve this goal. These amendments served as a basis for the preparation of the draft Government Decision on the

approval of the Methodological Norms on the preparation and support of national tourist routes. The proposal is being presented to the relevant authorities for approval and public feedback.

One notable achievement in promoting the tourist potential of the Republic of Moldova on the international stage is the initiation and implementation of the Moldova-Romania Tourist Route "Voievodul Ștefan cel Mare și Sfint". These measures include: This joint venture was developed in accordance with the agreement on cooperation in the field of tourism between the Republic of Moldova and Romania. Various measures were taken to establish and improve the route.

- Identify strategic tourist objectives to be included in the route.
- Organise working visits to historical sites connected by the name of the ruler, located on the territory of the Republic of Moldova, in order to assess their suitability.
- Collaborate with the National Association of Tourist Guides to conduct technical visits to 60 tourist attractions located within our country and evaluate their inclusion as additional attractions in the route.
- The route concept was launched at the international exhibition TTR Bucharest 2019.
- The "Voievodul Ștefan cel Mare și Sfint" cross-border route booklet was developed in Romanian and English.
- The route was internationally launched at the Annual Consultative Forum of European Cultural Routes, which was organized by the Council of Europe and took place in Sibiu, Romania in 2019.
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In November 2020, the Investment Agency, in collaboration with the National Centre for the Preservation and Promotion of Intangible Cultural Heritage, launched the initiative to create the national tourist route "The Craftsmen's Route." The chosen tourist attractions will provide visitors with the opportunity to experience traditional crafts while also offering complementary ordinary tourist services, such as food, accommodation and leisure. In 2020, the first stage was achieved by collecting and systematising information, 29 folk craftsmen were identified and recommended to form the basic objectives of the route, thus preparing the foundation for the launch of the cultural-touristic route in the following year.

In 2018, the "Dor de Codru" tourist route was established, linking three neighbouring villages: Micleușeni, Dolna, and Ciorești in the Nisporeni district. The route boasts approximately 20 points of interest, including picturesque locations, aged forests, traditional craftspeople and agro-tourist accommodations.

In 2009, five national routes were created that cover the entire country. The 20 national tourist routes and 7 wine routes are now being promoted more intensively at the national level.

The Moldovan Wine Trail showcases the best wine heritage locations in the country. These routes provide genuine experiences for oenophiles and explorers who yearn for off-the-grid regions. Wine enthusiasts can take the wine trails within the Wine Route in the four wine regions of historical significance: Codru, Valul lui Traian, Stefan Voda, and Divin. Tourists have the opportunity to encounter lesser-known vintners, cellar national treasures, and renowned wineries. The Moldovan Wine Road has been certified by the Council of Europe as the first cultural-tourist route under ITER VITIS Les Chemins de La Vigne en Europe.

Currently, two pedestrian tourist itineraries have been developed under the title "*History, culture, classical and modern architecture*" as part of the research project "Enhancing the value of the architectural heritage of the Republic of Moldova". These itineraries are accessible and free to use for interested individuals [4].

The initial walking tour begins at Great National Assembly Square on Bănulescu Bodoni Street. With a circular shape and accessibility, the route passes 32 points of interest, all within 50-250 metres of each other. Returning to Great National Assembly Square, the total length of the trip covers 5 km with a low degree of complexity. The duration of the tour varies depending on whether visitors opt to explore museums located in architecturally significant buildings as part of the itinerary.

Pedestrian tour number two begins at the Great National Assembly Square, specifically from Pushkin Street. The tour routes through 32 different sights in circular fashion and concludes back at the square. The estimated duration of the trip is between 2.5 and 3.5 hours [5].

Both tourist routes provide a wealth of architectural heritage, showcasing the urban histories of the oldest and most remarkable buildings. The theme of the route is of a historical and cultural nature. The objective of these itineraries is to enhance the reputation of the capital of the Republic of Moldova by showcasing the natural heritage of Chisinau, whilst also highlighting the city's illustrious historical past through visits to its many historical and architectural monuments, administrative, social and cultural institutions. The tours include stops at the most significant cultural and touristic sites. The sights included in the itinerary are architectural and historical-cultural monuments, places of the country's prominent people, churches, public buildings, and cultural edifices. Accommodation units in the Chisinau municipality, situated along the tourist routes, offer visitors a choice of lodgings. Dining options are easily accessible in the vicinity of the tourist attractions included in the itinerary. Dining options are easily accessible in the vicinity of the tourist attractions included in the itinerary. Tourist preferences dictate the selection of the culinary genre.

In recent years, there has been a notable increase in tourism in Moldova, with a focus on providing unique and picturesque experiences for visitors seeking authentic locations and stunning natural landscapes.

Visitors are particularly drawn to the Historic Core of Chisinau, wine cellars, monasteries, fortresses, nature reserves, and rural pensions. This diverse range of offerings caters to both domestic and inbound tourism.

## **2. Evaluation of tourist itineraries**

Tourism itineraries have a crucial function in shaping a region's development based on the type of tourism and visitor preferences. This is because of their direct contribution to regional development, both socially and economically. [6]

The assessment of cultural routes is a fundamental necessity of the Council of Europe Cultural Routes programme, explicitly stated by the Resolution of the Committee of Ministers that revised the regulations for conferring the Council of Europe Cultural Routes certification.

International research does not assess tourist itineraries in terms of value, but instead analyses them based on their level of significance through the application of qualitative criteria of interest. These criteria include factors such as accessibility, human and tourist capital, cultural and natural resources, infrastructure, tourist facilities, and security measures [7, 8]. When assessing the significance of a tourist itinerary based on the listed factors, its importance is evaluated.

Council of Europe Cultural Routes networks undergo regular evaluations, typically every three years, to evaluate their overall results, achievements, relevance, effectiveness, competence and added value with respect to the Council of Europe Cultural Routes programme and the sustainable management of cultural heritage [5].

The evaluation process refers to the systematic verification used to determine value. Evaluation is crucial for sustainable network or project management. It allows for a deep understanding of the link between project activities and their outcomes, which is vital for enhancing learning, accountability, quality management, and strategic planning.

The Cultural Route undergoes regular periodic evaluation, drawing from the following documents:

- Updated report on the legal status of the network.
- A comprehensive list of current network members.
- The network's long-term strategy and action plan for the next three years.
- A detailed report on the network's activities over the last three years.
- A financial report detailing the budget and activity for the last three years.
- A short-term budget plan for the coming year.
- Provisional long-term budget for the next three years [5].

These documents give the assessor an overview of the income the tourism company generated from its economic activities and the related expenses. Typically, tourism businesses yield low profits because the income only covers the expenses incurred. The profitability of investments can be improved by reducing the cost of tourism services. Therefore, the profitability of tourist trips is dependent on the costs incurred for the services offered. There are both profitable firms, which are market leaders, and firms with modest revenues in existence today.[9]

In Europe, itinerary evaluation is conducted with a revenue approach by assessing the itinerary's ability to generate revenue. The more the itinerary meets the needs and desires of customers, while also lowering associated costs, the more valuable it becomes for both the company and the country.

### **3. Evaluation of tourist itineraries in the conditions of the Republic of Moldova**

The primary objective of establishing a tourist route is to promote national values and traditions and to achieve a positive financial outcome that represents a net profit.

Therefore, each tourist route is operated by a legal entity in accordance with the applicable legislation. Consequently, the criteria for assessing a tourist route are similar to those applied to assess a business.

To assess the efficiency of the tourist itinerary, the return on revenue is analysed. A unique type of revenue rate of return, known as the commercial rate of return ( $R_{com}$ ), characteristic of business operations, is considered. This rate measures the effectiveness of corporate marketing activities, specifically with respect to product promotion efforts and pricing policies. If we focus solely on the marketing activity, specifically the profit in relation to the turnover, as the operating result may include factors not directly linked to the turnover. [10]

When determining the trade rate, the influencing factors that are taken into account are the same as those used when calculating the rate of return on consumed resources, and they are ranked in the same order of importance: production structure, production cost, and selling price. The rate level varies according to the activity of the company.

When dealing with tourist routes, turnover is influenced by the volume of sales of the tourist product, which in turn is affected by demand and cost levels, as well as the quality of the tourist services provided [11].

However, only the profit represents the surplus obtained from the sale of a tourism product and other activities after deducting all costs.

The source of income refers to the rise in economic benefits resulting from the receipt of cash, other property, and/or reimbursement of liabilities, thus increasing capital.

The enterprise acknowledges a reduction in economic gains due to disposal of cash, property, or liabilities, resulting in a decrease in capital.

The amount of profit for a tourist itinerary depends on:

- a) The specifics and characteristics of tourism products and services and their life cycle.
- b) Sales volumes.
- c) Market and competitive conditions that influence the sale of goods and services.
- d) Structures for reducing production costs. [11]

In the case of a tourist itinerary, the main evaluation method is the income approach, which estimates the value of an enterprise or holding by calculating the present value of future economic benefits, according to international standards [12].

The income approach employs two methods: the economic benefit capitalisation method or the discounted cash flow method [13].

The intricacies of devising a travel itinerary necessitate exhaustive analysis and long-term projections, acknowledging the possibility of substantial variation in the financial returns yielded during that period. Therefore, it is imperative to resort exclusively to the discounted cash flow approach in this regard.

In the analysis process the net cash flows are estimated for each of the future periods. These flows are converted into value by applying the discount rate using discounting techniques. The value determination calculation is performed in two steps: (1) forecasting future revenues and (2) determining the present value of future revenues, each comprising several analysis steps, such as:

- the choice of cash flow model, which depends on the purpose of the valuation;
- determination of the length of the forecast period, which depends on the period of previous operation of the route, its intensity of use, attractiveness and planned future publicity;

- retrospective analysis and forecasting of sales revenue, which in the case of new routes has a high degree of uncertainty;
- analysis and forecasting of costs and expenditure, which depend not only on the economic agent (tourism company) but also on the access infrastructure (road conditions) and that of the tourist attractions included in the itinerary;
- analysis and forecasting of investments, which are largely related to infrastructure development (access roads, parking places, etc.);
- calculation of the size of the cash flow for each year of the forecast period;
- determining the discount rate;
- determination of value in the post-forecast period is a controversial question, as itineraries that lose value over time will be liquidated (abandoned), and tourist attractions may be included in other itineraries with development potential;
- determining the current value of future flows and the post-projected value;
- inclusion of corrections, such as ancillary income generated by the itinerary, added value conditional on the existence of the itinerary, which may or may not exist.

This method is one of the most complex valuation methods but also the most theoretically correct, as it is based on discounting all the projected economic benefits of the enterprise using a discount rate representing the cost of capital for that investment. Discounting involves an explicit forecast period and a residual value (non-explicit period). The term cash-flow has several meanings, depending on the scope. If the cash flow is determined for the evaluation of the profitability of an investment, it represents the cash flow to be generated by the investment. [14]

With reference to tourist itineraries, expenses included in the cost of tourist products (works, services) can be examined:

1. in relation to the production process as (a) production costs associated with the production of a tourism product or (b) business costs associated with the promotion and sale of tourism products;
2. according to the method of inclusion in the cost as: (a) direct costs associated with the production of tourism products, which may be directly included in the price of the product, or (b) indirect (overhead) costs associated with the organisation and management of production related to the management of tourism products in the activities of a tourism organisation.

Direct costs, other than product formation costs, shall include expenses for:

- accommodation;
- transport services (transport);
- food;
- medical insurance;
- the services of translators-guides and accompanying persons.

As we can see, the tourist itinerary has several specific characteristics as the object of evaluation. Thus, the evaluation process also possesses distinct elements, the methodology of evaluation being strictly dependent on them.

The main problem is the impossibility of evaluating new itineraries, which are in their infancy and cannot demonstrate positive financial results. These objects can only be qualitatively assessed without being able to express their value in monetary units.

### **Conclusions and recommendations on the tourist route regime**

As a result of the research, the authors believe that:

- ✓ It is important to strengthen the capacities of professional associations and create the necessary conditions for them to develop and apply for the registration of tourist routes, providing guides and small service providers with the information support and materials related to these routes.
- ✓ Local governments should be involved in the creation and/or development of access infrastructure to tourist attractions located within its jurisdiction for subsequent inclusion in already promoted and demanded tourist routes.
- ✓ Bearing in mind the principle of compliance with tourist safety rules along the tourist route, a system of compulsory route registration would be justified in particular for those routes which pose a risk to the safety and health of tourists. The information in the Tourism Register on registered tourist routes, including the content of the fiche, is to be made public for free use by interested persons.
- ✓ There is a need to develop activities to promote tourist routes and to support the inclusion of national tourist routes in European regional routes.
- ✓ The evaluation of tourist attractions is a useful tool for their effective management. We recommend the application of periodic evaluation and national itineraries, which would allow to argue the annual planning of financial resources for the rehabilitation of concrete tourist objectives and for the promotion of itineraries.
- ✓ The evaluation of the itineraries is to be carried out using the discounted cash flow method, taking into account the specific features of the tourist itineraries as the object of the evaluation.

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