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MACROECONOMICS AND TOURISM DEMAND: EVALUATING THE ROLE OF ECONOMIC INDICATORS IN THE CZECH REPUBLIC'S HOSPITALITY INDUSTRY

Abstract:

Tourism demand plays a significant role in a country's economy and influences macroeconomic stability. Understanding the determinants of tourism demand is fundamental, especially in the context of the fast-changing global economic conditions. This study focuses on the Czech Republic and neighbouring countries and examines how selected macroeconomic variables - namely nominal exchange rates, inflation rates, GDP per capita and employee compensation - affect tourism demand as indicated by the number of guests and overnight stays in hotels and other accommodation facilities. The main aim of this paper is to assess the relationship between these macroeconomic variables and the demand for inbound tourism based on data from Germany, Austria, Poland and Slovakia and the Czech Republic over the period 2000-2022. A sub-objective is to use the results of this analysis to forecast the future development of tourism demand in the Czech Republic up to 2028. The data set was obtained from multiple sources, including the Czech Statistical Office, Eurostat, and the World Bank, ensuring reliability. The analysis was carried out using the Gauss-Markov least squares method, which allowed estimating the relationships between macroeconomic variables and tourism demand. Time series analysis, including exponential smoothing methods, was used to model and predict future trends in tourism demand. The findings show that nominal exchange rate, inflation rate and GDP per capita have a significant impact on tourism demand, with differences depending on the country of origin. For example, an increase in the inflation rate in Poland, Slovakia and the Czech Republic tends to reduce the number of tourists from these countries staying in Czech hotels, while a similar increase in Germany and Austria has the opposite effect and increases the number of tourists from these countries. These results highlighted the complexity of the relationship between macroeconomic variables and tourism demand and shown that country-specific economic policies can significantly affect tourist´s flow. The study also provides a forecast of tourism recovery in the Czech Republic, predicting a return to pre-COVID-19 levels of tourist arrivals and overnight stays by the end of 2024, with continued growth through 2028. These findings are valuable for policy makers and industry stakeholders planning development of the tourism sector in the Czech Republic.

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