

THE ROLE OF A CLUSTER IN CREATING THE COMPETITIVE SPA AND WELLNESS TOURISM PRODUCTS ON THE GLOBAL MARKET IN A TIME OF CRISIS

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Abstract:

In a time when the world is faced with the global COVID-19 pandemic, tourism, as an important vehicle in regional economic development and growth, has been one of the most affected sectors. For an efficient and effective social and economic recovery, it is necessary to focus on small and medium sized enterprises (hereinafter SMEs) that play a leading role in most economies, especially in developing countries, and on a cluster, as a way to achieve sustainable economic development based on generation and efficient coordination of interaction between the government, SMEs, and academia, directly contributing to employment creation and poverty reduction, creativity, and innovation. Due to the small number of studies that address the problem of understanding the role of a cluster in the regions' spa and wellness tourism development and growth, this research paper aims to propose a spa and wellness tourism cluster model and to consider how it can stimulate creating the competitive spa and wellness tourism products, and contributes to the regional development, networking, and internationalization of SMEs in the spa and wellness tourism industry.

Keywords:

SMEs, Spa and Wellness Tourism Cluster Model, Regional Development, Networking, Internationalization.

INTRODUCTION

Due to its specific role in the cross-sectoral connection of the economy of a country or region, tourism is an important sector of economic development at both the national and the regional level, as it contributes to the economic and regional development, direct inflows, economic diversification, local community and environmental sustainability. Clusters contribute to geographically concentrated companies to operate more competitively as companies in the cluster are better informed and more productive due to their easier access to new knowledge, techniques, technologies, specialized workforce and innovation, and their entrepreneurial willingness to improve existing business or start a new business idea.

The tourism sector has shown a high degree of sensitivity to the crisis caused by the COVID-19 pandemic, while in the period of the global financial and economic crisis, in the second year of the crisis impact, it has continually recorded development and growth in the world.

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In order to prevent the impact of future pandemics on the sustainability of the tourism sector, and especially the negative impact of this type of crisis on spa and wellness tourism, this research aims to propose a spa and wellness tourism cluster model and present the power of cluster to stimulate the creation of the competitive spa and wellness tourism products, as well as to contribute to the regional development, networking, and internationalization of SMEs in the spa and wellness tourism industry.

The content of this research paper is the following: a literature review provides an outline of impacts of global crisis on the tourism sector, describes the role of SMEs and clusters in sustainable economic and tourism development, focuses on spa and wellness tourism as an important segment of modern tourism, and offers an overview of tourism cluster models, in particular health, spa and wellness; a cross-case research methodology identifies and discusses the numerous models and concepts presented in the research papers, as well as professional articles and extended academic research in this area; in the results a spa and wellness tourism cluster model is proposed; finally, conclusions and discussions summarize the role of a cluster in creating competitive spa and wellness tourism products in the global market, especially in a time of crisis, proposing at the same time investigation ideas for future research.

LITERATURE REVIEW

Impacts of global crisis

The financial and economic crisis in the United States in 2007 took on global proportions the following year, which led to a decline in economic activity in all countries in the world (Rakić et al., 2009; Kabok, 2010). Despite the impact of the global financial and economic crisis culminating in 2009, world tourism had been growing steadily since 2010, accounting for 10% of global GDP in 2018; moreover, in the service sector 21.7% of employees were in the tourism sector, while tourism-related industries employed about 9.5% of the total number of employees in the non-financial sector (Ardeljan et al., 2020). The continuous, accelerated development and growth of tourism was halted and aggravated by the global COVID-19 pandemic from 2020. The virus that spread rapidly to all parts of the world was followed by restrictions on the movement and application of emergency protection measures in almost all countries of the world, which caused drastic changes in all spheres of human life, including the way of doing business. As tourism trends are one of the main factors influencing the speed of the virus, there is a need to develop a model of sustainable tourism development that is resilient to pandemic crises, so that global pandemics in the future would not threaten the survival of the tourism sector. In order to overcome the consequences of the global pandemic COVID-19 and prevent the impact of new pandemics on economic development, especially on the tourism sector which proved to be most vulnerable to pandemic impacts, it is necessary to base national economic development on a balanced regional development (Čolović et al., 2021) using the cluster-based approach of gathering and synergetic networking among academia, public and private sector. Research has shown that 71% of companies grouped in clusters have improved competitiveness, that greater cluster specialization has the effect of increasing employment rates in the region, as well as that companies in the cluster are four times more willing to cooperate on research and development projects and commercialize innovations (Milojković & Stojković, 2012).

SMEs and clusters

According to the World Bank, in developed countries, small and medium enterprises make up 90% of the economy, employ as many as 60-70% of workers and participate with 55% in GDP, pointing out the importance of the role of small and medium enterprises in modern economy (Bayraktar & Algan, 2019). "In transitioning and post-conflict Balkan countries, small and medium size enterprises (further referred to as SME) play the essential role in the development of market economy with only a few big successful companies present, whereas former big socially-owned enterprises are slowly disappearing. SME are therefore considered the prime movers in creating new jobs and ensuring significant impulses for the economy. Additionally, SME play an important role in poverty reduction and vulnerable groups integration such as refugees, internally displaced persons and other socially vulnerable groups of people" (Milojković, 2013, p. 223). Although the most numerous in the global business population, SMEs, if not united, represent statistical data without the



possibility of influencing the creation of a business environment according to business needs and an entity latently exposed to business threats due to lack of financial and human resources, information and contacts. This inevitably leads to the inability to meet the sophisticated needs and expectations of modern customers, which is manifested by a decline in competitiveness and liquidation. “In the 1930s, when the co-operative farmers of the Southern Serbian village of Sićevo built a new assembly hall, they chose for it a motto for it that has remained relevant to this day: Co-operation is the principle that all progress is founded upon” (Cooperative Union of Serbia, 2020). Large multinational companies have a dominant position in the global market, which makes it difficult for SMEs to access the markets. With the individual appearance of SMEs on the global market, in addition to the difficulties in achieving competitiveness, it is even more demanding to maintain continuous, well-targeted and highly professional promotion, which should result in retaining existing and attracting new customers. One way for a micro, small or medium enterprise to operate individually in the global market is to be in supply chain of a large enterprise, which has both the positive and negative effects on the SMEs performance: on the one hand, this could lead to quality improvement, cost rationalization, customer service providing, leverage and risk reduction benefits for the SMEs, whereas, on the other hand, SMEs have to accept control and command of large companies, reducing their differentiation advantage (having several products, several customers, being technologically focused, lack of marketing skills and strategic planning which are based on perception instead of market research), and losing their negotiating positions (Trung & Belihu, 2010). The emergence of the cluster concept is a synergistic effect of cooperation between academicians and practitioners, who recognized the SME sector as a key driver of sustainable local socio-economic development, and thus sustainable development nationally and globally (Stojanović & Travar, 2013). The term cluster is a word in the English language that means a group, a flock, a pile; a word which is globally recognized and widely used and defined as “a group of companies closely cooperating in order to achieve strategic collaboration with other companies, public sector and educational R&D institutions, since that kind of cooperation enables achieving of some competitive advantages that cannot be achieved independently by individual companies” (Milojković & Stojković, 2012, p. 329). The emergence of cluster initiatives and cluster organizations is a kind of response of the SME sector to modern global market challenges. In developing countries, cluster initiatives are mainly created in basic industries such as agriculture and capital intensive manufacturing, while in advanced economies the focus of cluster initiatives is on the “high-tech” industries (Ketels et al., 2006). SMEs, gathered on the principles of the cluster concept, can compete with large companies because they meet the law of supply and demand, they have more efficient access to available business development funds, flows of knowledge, techniques and technology, innovation, new business contacts for networking and internationalization, as well as to market and other information relevant to the development and growth of entrepreneurially based individual and collective businesses. It has been proven that entrepreneurial orientation and collective entrepreneurship, contrary to centralized decision-making that has a negative influence on communication and collective entrepreneurship and a weak positive impact on collaboration, have straight impact on innovation in SMEs (Makhdoom, et al., 2019). Cluster represents a significant tool for achieving the sustainable economic development in developing/emerging countries, and a tool for achieving the economic growth in developed countries. However, despite having the same meaning and understanding in the world as a term, there are differences between the cluster development implementation in developing and developed countries (Milojković & Stojković, 2012).

Legal regulations for the establishment and development of business clusters, and thus spa and wellness tourism cluster, regulated property-legal relations on real estate, established and improved infrastructure in the tourism sector and education of cluster managers are a necessary platform for cluster-approach to sustainable tourism destination management. Without the mentioned platform, the cluster approach to managing the development of a tourism destination is based on personal motivation and knowledge of individuals, i.e. cluster managers (in practice we can find other names for this profession: director, facilitator or cluster agent) and the awareness of the benefits of private sector pooling, and it depends on the ability of a cluster organization to access available business development funds through project proposals. In this case, managing the development of a tourism destination takes place ad-hoc, on a project basis, and will hardly contribute to achieving sustainable development. Sustainable development contributes to the achievement of the basic strategic goals of tourism development of most countries, which are “stimulating economic and regional development, increasing foreign exchange inflows and increasing employment” (Popesku, 2016, p. ix). In developing countries, where



tourism destinations are introduced to the market, more intensive state involvement is needed (infrastructure projects, development projects, marketing, etc.), whereas, in developed countries, where tourism destinations are in the maturity phase, what is needed is, firstly, the harmonization of public and private and, secondly, the support to the private sector to take more initiatives in managing a tourism destination (Popesku, 2016).

Tourism destination is a rounded geographical unit characterized by attractiveness, communicativeness and receptivity. Cluster is “a geographically close group of interconnected companies, suppliers, service providers, and associated institutions in a particular field, linked by analogy and complementary” (Estevao & Ferreira, 2009). Observed from the aspect of geographical location and concentration of SMEs at the location, the application of the cluster development approach in the tourism destination management contributes to sustainable local economic development and growth. “Tourism cluster is a geographic concentration of companies and institutions interconnected in tourism activities” (Estevao & Ferreira, 2009, p. 129). The differences between a tourism cluster and an industrial cluster are reflected in the fact that clients of a tourism cluster (tourists), during one week stay in the tourism destination to which the tourism cluster gravitates, make direct contacts with 30 to 50 actors of the tourism cluster (tour operator, insurance company, tourism organization, hotel, restaurant, spa and wellness centre, health and medical practice, cultural goods, museums, exchange office, taxi-driver, souvenir shop, etc.), which directly contributes to the creation of a value chain in the observed locality, the improvement of tourism destination attractiveness, and the enrichment of tourist offer (Yaçınkaya & Güzel, 2019). Traditional tourist capacities and comparative advantages of a tourist destination, such as climate and culture, are less important in modern tourism. In the modern global market, as opposed to mass tourism, thematic tourism is a new tourist product based on diverse and attractive natural and anthropogenic resources (Jovanović, 2020).

Spa and wellness tourism

One of the fastest growing segments of modern tourism is spa and wellness tourism. Spa and wellness tourism is a service-driven segment, based on the need to maintain and improve the health of people. In times of crisis, humans are more exposed to higher and continuous stress. The midlife period is a very turbulent period of life for most people and many of them, especially those who strive to face and overcome the crisis creatively, turn to tourism as one of the possible ways out (Čolović et al., 2020, Čolović & Stojković, 2017, Čolović, 2017, Pavlović, 2015). The COVID-19 pandemic has pushed people into depression. Spa and wellness tourism is one of tourism segments that contributes to the overall and long-term improvement of human potentials and capacities in times of crisis.

Spa and wellness tourism is classified as health tourism and yet it differs from spa health tourism. Namely, spa and wellness clients are people in good health, mainly midlife people, who want to maintain and improve their health. Hotels, villas, lodgings and similar restaurants in the world have expanded their portfolio of services so as to, in addition to full accommodation and food, they offer spa and wellness services such as: sauna, massage, swimming pool, beauty treatments, etc. Spa centres provide spa and wellness services in addition to health tourism. On the mountains and lakes, but also in the urban centres, spa and wellness services complete the tourist offer of a destination. Therefore, the development of spa and wellness tourism can make a significant contribution to the faster development of innovative tourism products, to efficient transfer of modern management practices, and to greater specialization of knowledge and skills of employees, and that way increase the employability in the tourism sector, related industries, and services, encouraging the entrepreneurship, the business development initiatives, and the overall regional economic development. In support of the above mentioned, the results of the survey of cluster characteristics conducted in four regions in Australia, indicated that the tourism development strategy within the cluster contributes to maximizing the value created among cluster actors, and that tourism cluster development should focus on marketing, promotion, distribution and information with the aim of reducing individual costs and increasing the income of cluster actors, and that the cluster is a platform for establishing dialogue between the public sector, academia, industry representatives, tourism enterprises, and information services (Yaçınkaya & Güzel, 2019).

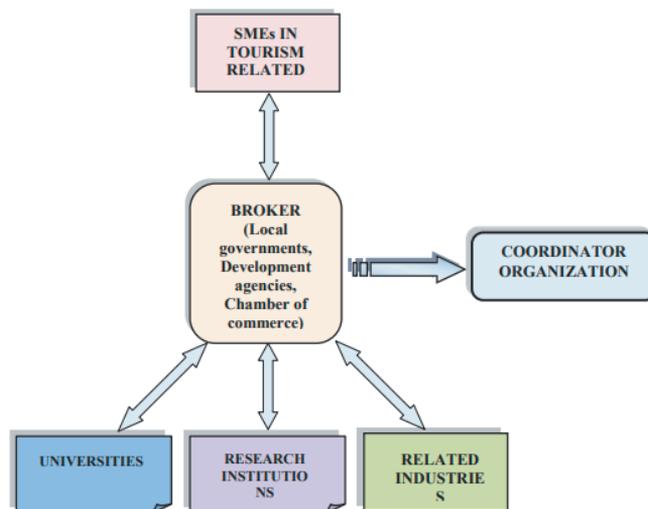


Tourism cluster models

Starting from the fact that “a tourism cluster is associated with a tourism product and a touristic destination” (Esteveao & Ferreira, 2009, p. 129), the three models of tourism cluster organizations, based in Europe, are identified and selected for the analysis. All identified clusters have the same overall goals, which are concerned with achieving the sustainable local economic development and growth. There is a difference in the definition of specific goals of the analysed clusters, which was influenced by macro-environmental factors and relations between the actors of the tourist destination. The impacts of national strategic documents in the field of tourist destination development, existence of the SME and cluster development policy, availability of development funds, and condition of infrastructure and suprastructures are of particular importance to the formulation of specific objectives of the cluster organizations. Activities are directed so as to achieve the goals of each tourism cluster organization that was analysed.

The South-West Oltenia region, as one of the eight development regions in Romania, a country with emerging economy and a member of the European Union, is a tourism destination with a myriad of natural potentials such as a variety of plains, hills and mountains (Marcu & Meghisan, 2011), the historical and cultural traditions, as well as the human tourism capacities, but, unfortunately, with the poorly developed infrastructure (Fundeanu, 2015). The “Oltenia Tourism Competitiveness Pole – Innovation and Tradition in Tourism – TurOlt InTT” cluster is developed in collaboration between the tourism-oriented public and private sector representatives: tour operators, marketing agencies, artisans, academia, museums, management organizations of national and cultural resources, public institutions, business membership organizations, and business support organizations. Furthermore, it is structured on four pillars: business tourism, education and research, government and catalyst broker (i.e. the Danish model of cluster broker, an association established by local government, chamber of commerce and industry), and regional development agency (Fig. 1.) (Fundeanu, 2015).

Figure 1. Model of tourism cluster in the South-West Oltenia



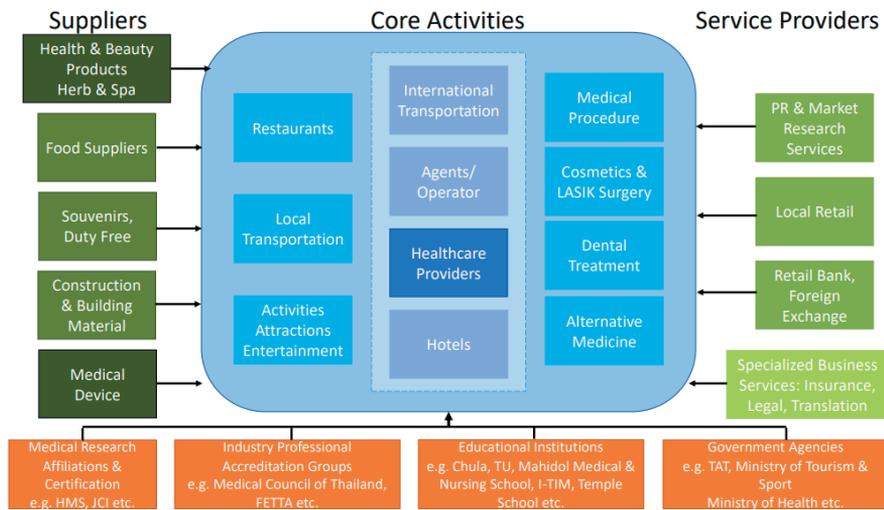
Source: Fundeanu, 2015, p. 748

Due to the fact that the Oltenia region identifies a large number of SMEs in tourism and related industries and has the intention of being a tourist destination developed in accordance with modern integrated tourism development approach, the role of a cluster is in: planning the regional development and having access to business-development and innovation funds; supporting mediation with the aim of establishing trust and cooperation between SMEs and public sector (Fundeanu, 2015); and contributing to the promotion of the region as an attractive tourist destination in the country, which leads to the improvement of the overall competitiveness of tourism enterprises and related industries.



The Kvarner region, as part of the Republic of Croatia, a country with developing/emerging economy and a member of the European Union, is a tourism destination with natural and infrastructural capabilities, as well as with networking between the stakeholders in different fields of health-tourism services, where the Kvarner Health Tourism Cluster activities are based on collaboration with specific associations, including different players in health, economic, tourism and public sector (Fig. 2.) (Peršić et al., 2018).

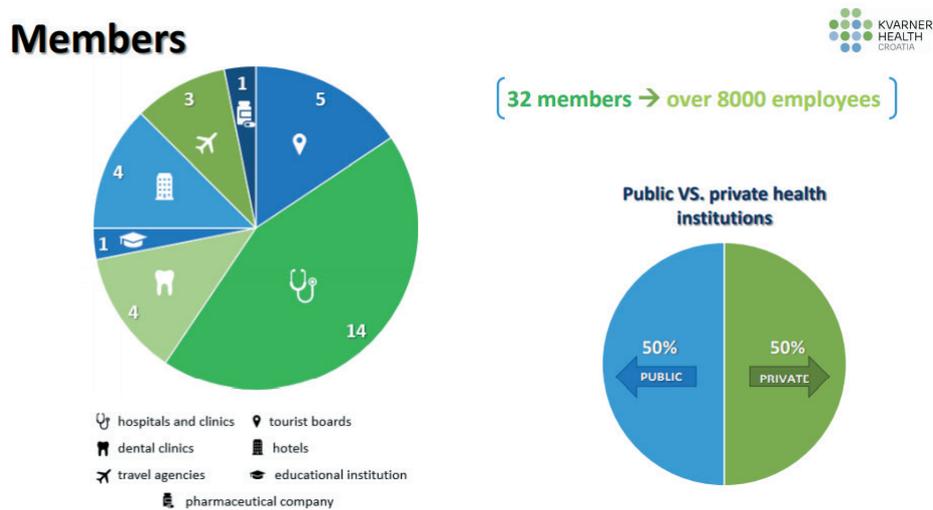
Figure 2. Kvarner Health Tourism Cluster Model



Source: Franković, 2021, p. 6

The Kvarner Health Tourism Cluster model consists of four main fields of activity: Hospitality and Tourism (hotels/resorts, tourist attractions/destinations, restaurants, retails), Health (hospitals, integrative health centres, computer-added manufacturing centres, insurance providers), Spa and Wellness (spas, hot/mineral springs, gyms/fitness centres, salons, retreats), Government (Ministry of Tourism, tourism promotion organizations, Ministry of Health, Ministry of Economic Development), and two intermediary fields: Education and Destination Management Company & Destination Marketing Organization (Fig. 3.) (Peršić et al., 2018).

Figure 3. Kvarner Health Tourism Cluster Members

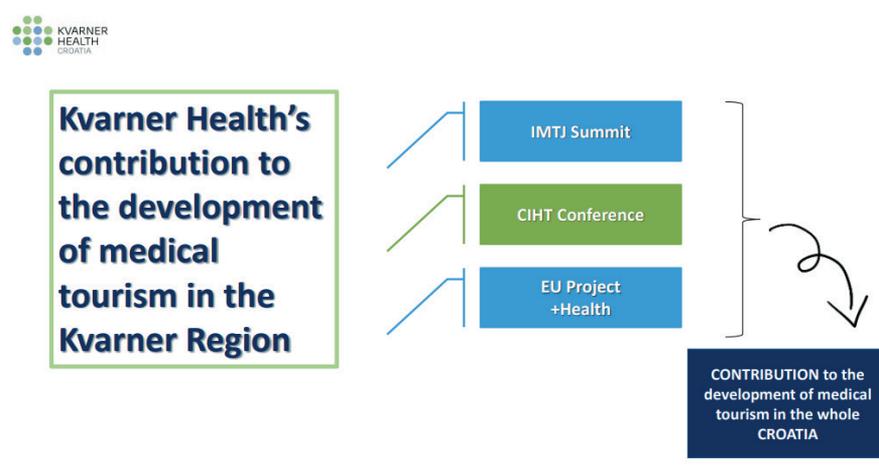


Source: Franković, 2021, p. 16



The Kvarner Health Tourism Cluster model, including the spa and wellness as one of the four main fields of activity, indicates that spa and wellness tourism represents a very important part of tourism destination products. The Kvarner Health Tourism Cluster pays a special attention on the development of innovation-based and demand-driven health tourism services, using the advantage of natural and heritage resources of the Kvarner region, as a tourism destination, and adding the spa and wellness services to enrich its offer. In this way, the Kvarner Health Tourism Cluster model contributes to the development of a specialized market, which further contributes to the sustainable development of the tourist destination (Fig. 4.).

Figure 4. Kvarner Health Tourism Cluster Contribution



Source: Franković, 2021, p. 21

Finland, a country with a very long history, is well-known worldwide for its saunas, and the Finnish sauna culture was placed on the UNESCO intangible cultural heritage list in 2020 (Sauna from Finland, 2021). The "Sauna Concept" initiative was introduced by Jyväskylä Regional Development Company Jykes, Ltd to the URBACT Creative Clusters partners during their study visit to Jyväskylä, with the aim of presenting the pure traditional sauna culture of Finland following the global market trends. Located in the Lake district of Central Finland, about 250 km from Helsinki, Jyväskylä is one of the Finnish growth centres with 130.000 inhabitants (URBACT Creative Clusters, 2009). The city of Jyväskylä, well known around the globe as the "Athens of Finland" due to a rich variety of culture, museums, art exhibitions, concerts, events, and theatre performances, is a sporting paradise for all generations interested in an active lifestyle as it offers a great number of disciplines for competing or exercising, numerous sports facilities and hiking trails around the lakes and inside the forests for enjoying the outdoors (Korhonen, 2009). Since 2010, the "Sauna from Finland" concept has been a cluster of different sauna expertise, providing services to companies, professionals and individuals, and a platform for business networking and education of existing and potential customers on how to use the products designed and developed by cluster members (Sauna from Finland, 2021). The "Sauna from Finland" is an excellent business concept for public saunas and a competitive advantage and an additional service for sauna service providers such as hotels, spas, and health clubs (Sauna from Finland, 2021). The "Sauna from Finland" is developed on eight core values of the original product, i.e. sauna: authenticity, meaning that the product is designed according to the Finish building standards, both traditional and modern kind of sauna experience, including parts and equipment from Finland; multisensory, explaining that the product is created balancing the following five senses - vision, smell, touch, taste, and hearing, adding an after-sauna snack; presence and relaxation, meaning that beneficiary can forget about time and focus on the moment; wellbeing and health, taking the following aspects into account – it's safe, clean, high-quality and properly constructed; contrast, meaning that the product offers something unique and outstanding, to stand out from competitors; cleanliness, referring to cleaning the sauna area between user groups; safety, meaning that the materials which are installed in the product, i.e. sauna, are intended to prevent the risk of sliding; responsibility, taking into account economic, environmental, and social impacts of the sauna experience (Sauna from Finland, 2021).



The “Sauna from Finland” services include different types of consultations for sauna service providers, public saunas, home sauna builders, retailers, and distributors: (1) products such as “The Authentic Finnish Sauna Experience Quality Handbook” and sauna symbols and instructions made especially for sauna service providers, and public sauna; (2) The Authentic Finnish Sauna Experience Quality Certificate, such as a marketing and communication tool confirming the high quality of the sauna service; (3) sauna inspiration in terms of providing methods and technics to incorporate sauna in lifestyle, as well as touristic programs such as outdoor sauna experience and sauna touring in Finland; (4) tasteful by sauna from Finland expanding the sauna services adding a special offer of food and beverage contributing to the positioning of Finland as an attractive tourism destination in the global market (Sauna from Finland, 2021). The “Sauna from Finland” gathers businesses in the following fields: sauna manufacturing, sauna and interior furnaces, pools and wet area equipment, sauna food and drinks, Finnish sauna experience providers outside of Finland, sauna destinations in Finland, and sauna destinations outside of Finland (Sauna from Finland, 2021).

METHODOLOGY

In accordance with both the Porter’s Diamond model (Fundeanu, 2015), determined by the “factor conditions, demand conditions, related and supporting industries, firm strategy, structure, and rivalry” (Manideep et al., 2018, p. 8), and the Cluster House model, “based on a comprehensive model, methodology and global practice framework” (Milojković, 2013, p. 230), which served as a theoretical framework for researching the potentials of SMEs competitiveness in the tourism sector, and starting from a cluster as “a model of small and medium size enterprises association driven by innovativeness, productivity, competitiveness through collaboration between business societies, education and research institutions and the public sector” (Milojković, 2013), this research paper employs a cross-case research methodology that identifies and discusses the various models and concepts presented in the research and professional papers, and “focuses on analysis of empirical data to generalize the analysis” (Roig-Tierno et al., 2017, p. 16), extending the scope of academic investigation related to tourism cluster models, in particular health and wellness tourism. Furthermore, the research paper proposes a spa and wellness tourism cluster model and demonstrates how it can stimulate creating the competitive spa and wellness tourism products, and thus contributes to the regional development, networking, and internationalization of SMEs in the spa and wellness tourism industry.

RESULTS

A spa and wellness tourism cluster model proposal

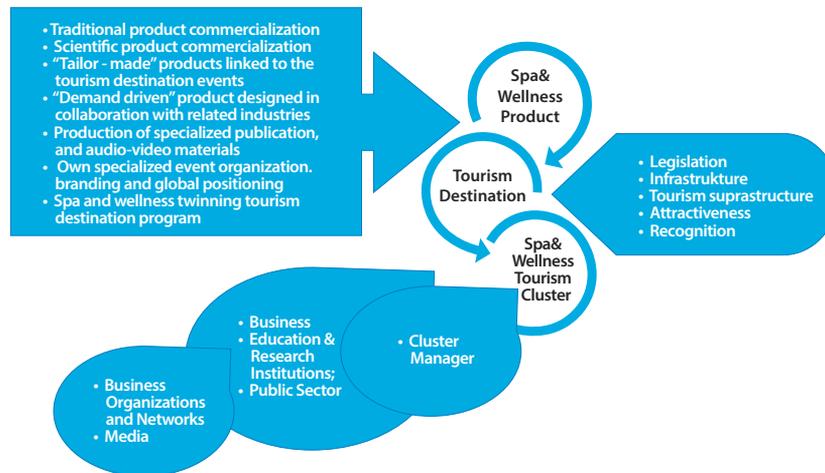
Within the existing tourism cluster, a spa and wellness tourism cluster can be initiated in the form of a “branch” or completely separately. The authors propose establishing an independently spa and wellness tourism cluster with the aim of developing and promoting an integrated spa and wellness tourism offer, as well as providing spa and wellness services and selling spa and wellness industry products. A spa and wellness tourism cluster can be established in urban and rural areas, and its success directly depends on the state policy towards tourism development (legislation, infrastructure, availability of funds for tourism development), the role of universities in developing innovative tourism products and training, as well as human resource education in the tourism sector. One of the key stakeholders in economic development are the media, which, with their timely, professional and affirmative information based on knowledge and facts, can contribute to preserving tradition and culture and raising public awareness, and thus faster development of the country. Business organizations and networks represent stakeholders whose significance for the cluster internationalization and globalization is immense.

A spa and wellness tourism cluster model proposal (Fig. 5.) is designed in accordance with the Porter’s Diamond model, as a foundation and the Cluster House model, as a construction. The Porter’s Diamond model is a flat structure of determinants of national competitive advantage, which contributes to the creation of the national environment in which companies once established start to compete, due to the recognition of the central role of innovation, as well as the role of government as a catalyst and challenge (Porter, 1990).



The Cluster House model is structured in accordance with the concept of the triple helix, which assumes that transfer of knowledge is one of the most important determinants of socio-economic development and growth (Lewandowska & Janiec, 2013).

Figure 5. The Spa and Wellness Tourism Cluster Model



Source: Authors' Analysis

When a spa and wellness tourism cluster sets up, all businesses become mutually supporting, as they recognise a new understanding of competition, as well as business challenges and opportunities. A spa and wellness tourism cluster contributes to the creation of the business environment that supports linking physical activity and mental wellness. Domestic demand accelerates innovation and gaining a competitive advantage over international competition. Especially in the post-COVID crisis period, when a medical system is poorly prepared to use movement as an act which helps with mental wellbeing, a spa and wellness tourism cluster should play a vital role in building a new culture of whole-person mental health and in contributing to the socio-economic well-being of the tourist destination and beyond.

CONCLUSIONS AND DISCUSSION

The modern business environment is based on the knowledge economy where clusters are a platform for innovation and economic growth, instead of factories in the industrial economy. The concept of cluster, despite decades of use in academia and profession, is not adequately understood, and thus the concept of cluster development is not used to the extent that it could be. Models of tourism clusters should be improved by specializing in tourism products. A spa and wellness tourism cluster is one of the specializations of the tourism cluster model. The spa and wellness tourism cluster contributes to the development of spa and wellness products and services, within the spa and wellness industry and cross-industries cooperation in the tourism destination.

Due to the lack of cluster policy in most countries in the world, clustering mostly takes place on its own, guided by international development programs, the private sector and locally through public-private partnerships. Governments can regulate investment in modern technologies and innovative tourism products, which would lead to the automation of certain tourism services and which would reduce the need for labour force, as well as the cost of services. With modernized legal regulations, cluster development policies and smart specialization programs, governmental institutions will be able to support public private partnerships in the tourism sector. Infrastructure, including the tourism suprastructure, is a long-term investment and after the legislation, it is the second pre-condition for achieving sustainable economic and tourism development and growth. Tourism development should be implemented around leading research universities related to the tourism sector, tourism clusters and networks, and tourism organizations funded by the national government through the public-private partnership-based agency or foundation for the development of tourism.



Spa and wellness tourist products contribute to greater attractiveness and better recognition of the tourist destination. Spa and wellness cluster stimulates commercialization of traditional products and services in the spa and wellness industry, and, in that way, the preservation of cultural heritage, as well as commercialization of the latest scientific achievements in this field, which follow modern trends in health, good shape and beauty. The spa and wellness tourism cluster is a platform for: the design of the “tailor-made” spa and wellness products linked to the events of tourism destination (providing the special spa and wellness branded packages during the manifestation; distributing the branded wellness food and beverages, outfit, equipment, cosmetics, etc.); the creation of “demand driven” products developed in collaboration with related industries (wellness accessories, furniture, equipment, etc.); the production of specialized publications and audio-video materials (manuals, magazines, books, movies, tutorials, etc.); the organization, branding and global positioning of its own specialized event (conference, festival, fair, exhibition, etc.); the preparation of the spa and wellness national and cross-border twinning programs (Milojković, 2016a; Milojković, 2016b) with the aim of enriching the offer of tourism products and services, particularly the spa and wellness products and services, thus ensuring a longer stay of tourists in both tourism destinations. Intellectual property rights for spa and wellness products and services, such as geographical indicators, trademarks, copyright, patents and designs, are helpful for the improvement of positioning in the market, protection of the competitive advantage, promotion of the national culture and heritage, and increase in profits. The spa and wellness tourism cluster, in the legal form of a non-governmental and non-profit business development organization, through initiation or participation in twinning programs, international projects, B2B matchmaking events, professional literature, global marketing and promotion strategy, supports business networking and internationalization of SMEs in the spa and wellness tourism industry (support for the establishment of project and strategic partnerships, easier access to funds, attracting investments, exports/imports promotion, etc.). Through the cross-cluster and the cross-industry collaboration in the field of urban planning and construction (reconstruction of buildings under the protection of monuments, arrangement of facades, sidewalks, modernization of signalization, painting of murals, urban furniture, etc.), agriculture and food production (organic since “consumers worldwide are increasingly choosing to buy organic agricultural products although they are usually more expensive” (Stojanović et al., 2018, p. 1401), traditional, indigenous varieties, medicinal herbs, mushrooms, etc.), textile industry (traditional pattern, cloths, fabric, weaving, etc.), and information and communication technologies (“modern technologies can help companies gathering information from customers and offering services and products” (Becić et al., 2018, p. 79), a spa and wellness tourism cluster contributes to the overall local economic development. In the post-COVID crisis period, a spa and wellness tourism cluster will play an important role in building a new culture of mental health that may contribute to the socio-economic well-being of the tourist destination. The commitment of cluster actors from the business sector directly depends on the ability to make or increase profits as a result of belonging to a cluster organization. Therefore, it is recommended that spa and wellness tourism cluster specialize in offering traditional or modern science-based products or services and strategically work on the commercialization of these products or services both in domestic and targeted global markets. The advantages of the SMEs in the spa and wellness tourism cluster are: the possibility of meeting increasingly high tourist expectations; keeping control of the costs especially those related to promoting a tourist destination, logistics and transportation, and channels for distributing tourism products; identifying and managing risks; developing and maintaining supply chains and partner relationships; keeping up-to-date with technical and technological development, and targeting domestic and international markets.

The crisis caused by the COVID-19 virus pandemic has affected the tourism sector due to the measures related to movement, which included transport, closing of catering facilities and ban on gatherings, i.e. organization of business events - congresses, conferences, seminars, fairs, exhibitions, and cultural, sports and tourist events. The COVID-19 crisis has contributed to the growth of domestic demand for tourism products. Domestic customers, with their specific demand, can help to create globally attractive tourism products. Especially in times of the crisis caused by the COVID-19 virus pandemic, the role of spa and wellness services in spa centres, mountains, lakes, and urban areas has been crucial for domestic and cross-border customers, and thus for the positioning and branding of a tourism destination in the market. Therefore, the support to spa and wellness tourism should be a strategic priority for the government, as well as the local and tourism authorities.



Establishing and developing a cluster is a demanding and time-consuming process, the successful outcome of which is particularly influenced by a strong economy, security and human capital. In order to overcome interregional unbalanced development, especially in developing countries, it is recommended to employ the concept of clusters in the tourism sector so as to use tourism potentials and resources more efficiently and effectively and thus benefit from tourism activities that contribute to sustainable local economic development. Clusters contribute to attracting foreign investment and funds and, like export businesses, they also contribute to foreign currency inflows.

Cluster organizations can be created naturally on a “bottom-up“ basis, by connecting SMEs - members of the cluster with the aim of working together to expand their share in existing markets and enter new markets, but also with government support, on a “top-down“ basis, in accordance with the strategic plans of local authorities. It is recommended that a spa and wellness tourism cluster model be designed in the form of a network of cluster actors aimed at the internationalization of business: tourism companies, related industries (providers of specialized services “tailor-made“ cluster members such as marketing, promotion, transport and logistics, information, training, finance etc., modern and innovative materials components, and equipment in accordance with the principles of circular economy and human health), educational and research institutes in the field of spa and wellness industry, with the support of local authorities through local action plans of tourism and media development strategy, as key drivers of national and local economic development.

One of the limitations of this research was a small number of studies that address the problem of understanding the role of a cluster in the regions' spa and wellness tourism development and growth, as well as lack of a global database of clusters in the tourism sector, especially lack of a unique register of specialized tourism clusters, such as health, spa and wellness, cultural, city break, business, educational, event, sports, rural, religious, eco, adventure tourism, etc. with emphasis on the characteristics of cluster excellence in each of the mentioned segments of the tourism sector.

The proposed spa and wellness tourism cluster model is a general cluster approach aimed at effectively overcoming the impact of the crisis caused by the COVID-19 virus pandemic and the innovative development of spa and wellness tourism as a fast growing segment in modern directions of development and growth of the tourism sector. Further directions of research should be focused on: firstly, a comparative analysis of the application of the proposed model in several regions; secondly, research indicators for measuring competitiveness in a spa and wellness tourism cluster; and, thirdly, the development of methodology for establishing and developing a spa and wellness clusters from various factors: sociological, geographical, historical, managerial, and economic. In addition, a special attention of the future research should be paid to new types of tourists, like digital nomads, especially to their influence not only on local communities through consumption of goods and services, but also on new social values they create through their influence on travel design and lifestyle tourism.



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