

## The Effect of Tourist Expenses on Travellers' Satisfaction and Loyalty

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### Abstract

This paper analyses the influence of tourist expenses on the satisfaction with Sarajevo as a tourist destination, as well as their loyalty. It observes how tourist expenses influence the general quality of tourist destination offer, overall tourist satisfaction with a tourist destination, perceived value, declaration of tourist satisfaction with a tourist destination, as well as intention to revisit and recommend Sarajevo to friends and relatives. Quantitative research has been applied in this paper. The sample for this study included 250 respondents. Descriptive statistics and tests of statistical significance were used in analysing data. This paper contributes to a better understanding of tourist satisfaction and loyalty from the aspect of expenses of tourists. The paper additionally contributes to a better understanding of tourist satisfaction and loyalty, also from the aspect of expenses of tourists. The results confirm that tourists are very sensitive to the expenses and that they definitely affect their satisfaction.

**Keywords:** Tourism; expenses; satisfaction; loyalty; destination

### Introduction

Sarajevo is the capital of Bosnia and Herzegovina. It is also the largest city in Bosnia and Herzegovina. Sarajevo is relatively small when compared to other European cities. Over the past decade, this city prospered as the city has become increasingly connected into the global flows of technology, capital and people (Pobrić, Banda & Sivac, 2016). It is becoming an increasingly popular tourist destination and is visited by a large number of tourists (Čizmić & Čaušević, 2017). Sarajevo is known for its natural beauty, cultural and historical heritage. Thanks to favourable geographic position, turbulent history and the specific crossing of culture and civilization, the wider area of Sarajevo is today a very interesting tourist destination. Although tourism in Sarajevo, in fact, as in other parts of Bosnia and Herzegovina, is a small





investment, a steady increase in the number of visitors from abroad shows how much tourist potential Sarajevo in reality has. The first destination of all tourists in Sarajevo is certainly the urban part of the city which is characterized by numerous sacred objects, a unique mosque from the Ottoman era, the Catholic and Orthodox churches, the synagogue and many others traces of multi-ethnic survival. Of course, many cities in the world can also boast with such multicultural features, but what makes Sarajevo specific is the fact that all the listed objects are located in diameter of only a few hundred meters (Čaušević-Ribić & Čizmić, 2016).

The available research on Sarajevo illustrate the tourism attractiveness of the city, as Domazet (2007) found tourists to be satisfied with the cultural and historical heritage in Sarajevo and Čaušević and Čizmić (2017) showed that “appearance of the city” and “the richness of cultural, historical, health and sports content” on the destination attribute list were the best-rated elements on a scale from 1 to 5. Additionally, Čaušević-Ribić and Čizmić (2016) found that tourists intend to revisit Sarajevo and recommend a visit to Sarajevo to others. Previous research shows clearly that tourists are very satisfied with Sarajevo as a tourist destination and that they have the intention to revisit Sarajevo and recommend visiting Sarajevo to other people. However, the relationship between the expenses of tourists and these determinants has not been examined until now. Sarajevo, as a tourist destination, becomes more attractive to many visitors from all over the world (Čaušević, 2019; Čaušević, Mirić, Drešković & Hrelja, 2019; Čaušević, Mirić, Drešković & Hrelja, 2020). Numerous cultural and historical monuments, turbulent past and numerous cultural manifestations are the reasons for the increasing number of touristic visits to Sarajevo. Sarajevo is also known for its affordable rates of accommodation and services. In 2012, according to the voting of visitors to the tourist portal FOXNOMAD, Sarajevo convincingly won the title of the most profitable world tourist destination (Čaušević-Ribić & Čizmić, 2016).

In December 2018, a total of 24,079 arrivals of foreign tourists and 48,400 overnight stays of foreign tourists were recorded in the Canton Sarajevo. Most arrivals were made by tourists from Croatia (5,994 arrivals and 12,133 overnight stays), followed by Serbia and Slovenia. 18,629 arrivals and 42,073 overnight stays were made by foreign tourists in Canton Sarajevo in January 2019. Most tourists came from Croatia (6,221 arrivals and 14,344 overnight stays), followed by Serbia and Slovenia (Čaušević et al., 2020).

This paper has a slightly different approach to research because the focus is on the expenses of tourists. Previous research of tourist destinations has shown that tourists are very sensitive to their costs (Soldić Frleta & Smolčić Jurdana 2018; Škarica Stupičić & Raspor Janković, 2015). Accordingly, this paper analyses the expenses of tourists in Sarajevo as a tourist destination and their impact on satisfaction and loyalty. There is a theoretical gap in the existing literature because so far the impact of tourist costs on all determinants listed in this paper (general quality of tourist destination offer, overall tourist satisfaction with a tourist destination, perceived value, declaration of tourist satisfaction with a tourist destination, intention to revisit and recommend Sarajevo to friends and relatives) has not been analysed. This research fills these gaps in the existing literature. The paper contributes to a better understanding of tourists because there are no official statistical data about their consumption in Sarajevo.

## Literature review

Tourist expenses, perceived value, quality of tourist destination offer, overall tourist satisfaction with a destination and loyalty have been the dominant areas of research in tourism marketing (Ali & Howaidee, 2012; Baker & Crompton, 2000; Canny, 2013; Chen & Tsai,



2007; Ferreira & Perks, 2020; Forozia, Zadeh, & Gilani 2013; Nicolaidis & Zigiriadis, 2011; Oh & Parks, 1997; Woodruff & Gardial, 1996). Each determinant used in this study will be explained below (tourist expenses, the general quality of tourist destination offer, overall tourist satisfaction with a tourist destination, perceived value, declaration of tourist satisfaction with tourist destination and loyalty).

Research conducted over the last few years has shown that consumer behaviour is better understood through perceived value (Heskett, Sasser, & Schlesinger, 1997; Jensen, 1996; Nilson, 1992; Ostrom & Iacobucci, 1995; Woodruff & Gardial, 1996). Several studies showed that the quality of tourist destination offer measured by accessibility, accommodation, and the place had a significant relation to the traveller's satisfaction and behavioural intentions (Ali & Howaidee, 2012; Gallarza, Saura, & Moreno, 2013).

Customer satisfaction is the most important factor for success in the tourism industry (Sadeh, Asgari, Mousavi & Sadeh, 2012). Tourist satisfaction with a tourist destination can be defined as a psychological concept that involves prosperity and feelings of happiness which resulted from expectations from products and services in a tourist destination (Chen & Tsai, 2007). Tourist satisfaction is an emotional response when evaluating the difference between expectations and perceptions regarding service performance and actual performance, obtained through physical interaction with products and services. If the quality of service the customer expected is less than their perception of the service, the customer will be dissatisfied. Also, if the service the customer expects to receive is similar to the one he received, the customer will feel quite satisfied. However, the customer will be very satisfied when the service received exceeds their expectation (Adinegara, Suprapti, Yasa & Sukaatmadja, 2017: 45). A substantial amount of research showed that the quality of tourist destination offer and perceived value have the highest influence on declaration of tourist satisfaction with tourist destination (Ali & Howaidee, 2012; Alireza, Ali & Aram, 2011; Chen & Tsai, 2007; Forozia, Zadeh, & Gilani 2013; Gallarza et al., 2013; Heskett, Sasser, & Schlesinger, 1997; Jensen, 1996; Nilson, 1992; Ostrom & Iacobucci, 1995; Wang, Zhang, Gu & Zhen, 2009; Woodruff & Gardial, 1996).

Perceived value can be defined as the difference between the perceived benefits and expenses of tourists. Creating value for tourists is the key success factor for the destination. Perceived value arises when the overall benefits of a product or service are greater than the total costs incurred in obtaining the product or service (Alireza et al., 2011). It is the strong predictor in explaining customer's satisfaction and purchase intentions such as loyalty and word of mouth information (Chen & Tsai, 2007).

The intention of a future customer is defined as customer willingness to recommend the destination to others and revisit. In the tourism context, revisit intention is described as the customers' loyalty to return to tourism destination in the future (Canny, 2013). Behavioural intention is the impact of the quality of tourist destination offer, tourist expenses, overall tourist satisfaction and value perceived by tourists and can be either positive or negative. It is important to understand the previously mentioned variables because they are a predictor of consumer behaviour (Bigne, Mattila & Andreu, 2008; Cole, Crompton & Wilson, 2002). If those variables are positively assessed, tourists are more willing to recommend, say positive things, and return to the previous destination (Lee, Jeon & Kim, 2011).

Tourists' expenses have been researched in the literature so far (Agarwal & Yochum, 1999; Amir, Osman, Bachok & Ibrahim, 2015; Loon & Rouwendal, 2017; Nicolaidis & Zigiriadis, 2011; Soldić Frleta & Smolčić Jurdana, 2018). The study "Understanding domestic and international tourists' expenditure pattern in Melaka, Malaysia: Result of CHAID analysis" examined the pattern of tourist expenses in the city of Melaka. The results found that tourists spent less on transportation and entertainment and more in the other three sectors: shopping,



accommodation, food and beverages (Amir, Osman, Bachok & Ibrahim, 2015). Authors Ferreira and Perks (2020) proposed a dimensional framework of tourism indicators influencing destination competitiveness. Based on the dimensional framework, they have developed three sets of hypotheses that can be tested in any country to determine which key, facilitating or supporting tourism indicators, may affect the competitiveness of a destination. Regarding the impact of supported tourist indicators on the destination competitiveness, the authors proposed the following hypothesis “H3.2: Economic indicators influence destination competitiveness” (Ferreira & Perks, 2020).

Article “Economic Impacts of Tourism Industry“ deals with the economic effects of the tourism industry, especially in developing countries (Ardahaey, 2011). The economic impact of tourism on the tourism industry has been extensively researched in the literature. Tourism expenditure is an important measure of international tourism demand. Wang & Davidson (2010) provide an overview of cost analysis in the tourism context by presenting a large number of factors that may affect tourism demand and costs. The study concludes that more emphasis should be placed on microeconomic modelling demand for tourism and to explore the effects of psychological and factors related to tourist costs associated with the destination. Saayman, Saayman and Naude (2000) analysed the impact of tourist spending in South Africa. The authors proposed tourism as a long-term strategy, that is, investments in transport services and infrastructure to reduce the effects of path dependence, more characteristic in international tourism. Also, authors McKelly, Rogerson, Huysteen, Maritz and Ngidi (2017) illustrated the importance of tourist spending in local economies.

Numerous authors have also explored the tourist expenses, the traveller's satisfaction and loyalty (Kashyap & Bojanic, 2000; Monroe, 1992; Murphy, Pritchard & Smith, 2000; Tam, 2000; Zeithaml, 1988). In research “Value dimensions, perceived value, satisfaction and loyalty: an investigation of university students’ travel behaviour“ the authors investigated the relationship between costs and perceived value. The results showed that perceptions of the costs referred to perceived monetary price are positively related to perceived value (Gallarza & Saura, 2006).

Study “Satisfaction as a determinant of tourist expenditure” explored whether the satisfaction of tourists with the tourism offer influences their spending in the destination. The assumption in this study is that tourists, who are more satisfied with the tourist offer of the destination, will spend more money than those tourists who are less satisfied. The results also confirmed the assumption that tourists, who are satisfied with the tourist offer, will spend more money (Smolčić Jurdana & Soldić Frleta, 2016). This paper analysed the reverse impact of research conducted by Jurdana and Soldić Frleta, i.e. whether tourist costs have an impact on tourist satisfaction with the tourist offer.

## Methods

The paper used a quantitative approach to research which included data collection through surveys. The main questions raised in the research are if the tourist expenses have a positive influence on general quality of tourist destination offer, overall tourist satisfaction with a tourist destination, perceived value, declaration of tourist satisfaction with a tourist destination, intention to revisit and recommend Sarajevo to friends and relatives? The population covered by this research are foreign tourists (people who are not citizens of Bosnia and Herzegovina), who visited Sarajevo during the winter (from December 10, 2018, to January 31, 2019). For the selection of the respondents, the classical method of interception was used. Two points of interception of tourists were selected: first by the Cathedral and the second on the Baščaršija square. Both points are in the centre of the city. A convenience sample for this study included



250 foreign tourists. After collecting data, and its input in the Statistical Package for the Social Sciences base and preparation for processing, the test of internal consistency of each of the sections that measure tourist expenses, the general quality of tourist destination offer, overall tourist satisfaction with a tourist destination, perceived value, declaration of tourist satisfaction with a tourist destination, intention to revisit and recommend Sarajevo to friends and relatives was carried out by calculating Cronbach’s Alpha coefficients. The calculated coefficient is shown in Table 1.

**Table 1: Cronbach’s Alpha coefficient**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
.849	.921	30

The calculated Cronbach’s Alpha coefficient was above 0.8, which confirms the high reliability of the measuring instrument. For this research, six hypotheses have been defined: H1: Total expenses of tourists have a positive influence on the overall tourist's satisfaction with the destination; H2: Total expenses of tourists have a positive influence on the general quality of this tourist destination offer; H3: Total expenses of tourists have a positive influence on the perceived value; H4: Total expenses of tourists have a positive influence on declaration of tourist satisfaction with the destination; H5: Total expenses of tourists have a positive influence on intention to revisit Sarajevo and H6: Total expenses of tourists have a positive influence on intention to recommend Sarajevo to friends and relatives. During the analysis and interpretation of the obtained data, descriptive statistics were used. To achieve scientific relevance in analysing the hypothesis, the statistical method ANOVA was used.

## Results

Tourists were asked to share how much they plan to spend per person during their visit to Sarajevo. They should indicate how much they plan to spend in EUR for the following items: Transportation (plane ticket, bus ticket, taxi, etc.) Accommodation, Restaurants, Cafes, Souvenirs, Food (not in restaurants), Other shopping, Entertainment, Entrance fees (theatre, cinema, exhibitions, museum...), Other expenses and Total expenditure. Table 2 shows the respondents' answers to how much they plan to spend on transportation.

**Table 2: Transportation (plane ticket, bus ticket, taxi, etc.)**

	Frequency	Percent
1 to 100 EUR	114	45.6
100 to 150 EUR	11	4.4
151 to 200 EUR	25	10.0
more than 200 EUR	54	21.6
more than 1000 EUR	3	1.2
0 EUR	43	17.2
Total	250	100.0

It can be concluded that 60% of the respondents are planning to spend up to 200 EUR on transportation (plane ticket, bus ticket, taxi, etc.) 22.8% of tourists are planning to spend over 200 EUR on transportation. Table 3 shows respondents' answers on how much they plan to spend on accommodation.



**Table 3: Accommodation**

	Frequency	Percent
1 to 100 EUR	58	23.2
100 to 150 EUR	50	20.0
151 to 200 EUR	41	16.4
more than 200 EUR	35	14.0
more than 1000 EUR	4	1.6
0 EUR	62	24.8
Total	250	100.0

The situation is similar to the one shown in the previous table because most of the respondents (59.6%) plan to spend on accommodation up to 200 EUR. Table 4 shows the respondents' answers on how much they plan to spend on restaurants and cafes.

**Table 4: Restaurants, cafes**

	Frequency	Percent
1 to 100 EUR	114	45.6
100 to 150 EUR	44	17.6
151 to 200 EUR	37	14.8
more than 200 EUR	9	3.6
more than 1000 EUR	1	.4
0 EUR	45	18.0
Total	250	100.0

Most of the respondents (45.6%) plan to spend on restaurants, cafes from 1 to 100 EUR. In this case, even 78% of tourists are planning to spend up to 200 EUR on restaurants and cafes. Consequently, it can be concluded that a large number of tourists do not plan to spend a lot of money on restaurants and cafes (up to 200 EUR). Only 4.0% of tourists plan to spend more than 200 EUR on restaurants and cafes. The following table (table 5) shows the answers of the respondents on how much they plan to spend on souvenirs.

**Table 5: Souvenirs**

	Frequency	Percent
1 to 100 EUR	156	62.4
100 to 150 EUR	13	5.2
151 to 200 EUR	4	1.6
more than 200 EUR	1	.4
more than 1000 EUR	8	3.2
0 EUR	68	27.2
Total	250	100.0

Table 5 shows that 62.4% of tourists plan to spend from 1 to 100 EUR on souvenirs. Table 6 shows the respondents' answers about how much they plan to spend on food (not in restaurants).

**Table 6: Food (not in restaurants)**

	Frequency	Percent
1 to 100 EUR	152	60.8
100 to 150 EUR	18	7.2
151 to 200 EUR	15	6.0
more than 200 EUR	6	2.4
more than 1000 EUR	1	.4
0 EUR	58	23.2
Total	250	100.0



Most of the respondents (60.8%) plan to spend on food (not in restaurants) from 1 to 100 EUR. As in previous cases, most of the respondents (74%) plan to spend up to 200 EUR on food (not in restaurants). In Table 7 are the answers of the respondents on how much they are planning to spend on other shopping.

**Table 7: Other shopping**

	Frequency	Percent
1 to 100 EUR	101	40.4
100 to 150 EUR	47	18.8
151 to 200 EUR	13	5.2
more than 200 EUR	7	2.8
more than 1000 EUR	1	.4
0 EUR	81	32.4
Total	250	100.0

A large number of respondents (32.4%) are not planning to spend anything (0 EUR) on other shopping. Table 8 shows the respondents' answers on how much they plan to spend on entertainment such as entrance fees (theatre, cinema, exhibitions, museum...)

**Table 8: Entertainment, entrance fees (theatre, cinema, exhibitions, museum...)**

	Frequency	Percent
1 to 100 EUR	145	58.0
100 to 150 EUR	20	8.0
151 to 200 EUR	9	3.6
more than 200 EUR	2	.8
0 EUR	74	29.6
Total	250	100.0

As can be seen in Table 8, most of the respondents (58.0%) plan to spend from 1 to 100 EUR on entertainment, namely entrance fees (theatre, cinema, exhibitions, museum...) It can be concluded that the largest number of respondents (174 respondents) are planning to spend up to 200 EUR on entertainment such as entrance fees (theatre, cinema, exhibitions, museum...) Table 9 shows the respondents' answers on how much they plan to spend on other expenses.

**Table 9: Other expenses**

	Frequency	Percent
1 to 100 EUR	88	35.2
100 to 150 EUR	18	7.2
151 to 200 EUR	16	6.4
more than 200 EUR	2	.8
more than 1000 EUR	1	.4
0 EUR	125	50.0
Total	250	100.0

50% of respondents think that they will not have any other expenses. Half of the respondents plan to have no other expenses, while the other half of the respondents, even 48.8% of them, are planning to spend up to 200 EUR on other expenses. Table 10 shows the total expenditure (only if undividable).

**Table 10: Total expenditure (only if undividable)**

	Frequency	Percent
100 to 500 EUR	86	34.4
501 to 1000 EUR	80	32.0
1001 to 1500 EUR	8	3.2
1501 to 2000 EUR	5	2.0



more than 2000 EUR	4	1.6
I don't know	67	26.8
Total	250	100.0

It can be concluded that 66.4% of respondents plan to have total expenditure up to 1000 EUR. In Table 11 are the answers of the respondents to the question, do tourists expect their expenses whilst staying at Sarajevo to be within what was planned, higher than planned or lower than planned.

**Table 11: Do you expect your expenses whilst staying at this tourist destination to be...**

	Frequency	Percent
Within what was planned	132	52.8
Higher than planned	56	22.4
Lower than planned	62	24.8
Total	250	100.0

As can be seen in Table 11, more than half of the respondents (52.8% of tourists) expect that their expenses whilst staying at Sarajevo will be within their planned budget. 24.8% of tourists expect that their expenses will be lower than planned and 22.4% of tourists expect that their expenses will be higher than planned. As mentioned earlier, six hypotheses have been defined. For hypotheses testing, the statistical method of ANOVA was used. The hypotheses and results of the tests are presented below. H1: Total expenses of tourists have a positive influence on the overall tourist's satisfaction with the destination.

**Table 12: Testing the first hypothesis**

TOTAL expenditure					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	27.977	2	13.988	3.407	.035
Within Groups	1014.247	247	4.106		
Total	1042.224	249			

Table 12 shows the results of testing the first hypothesis. ANOVA statistical method was used for the hypothesis testing. Tested was the question do total expenses of tourists have a positive influence on the overall tourist's satisfaction with the destination. The results show that there is a statistically significant difference, so that total expenses of tourists have a positive influence on the overall tourist's satisfaction with the destination. The first hypothesis is accepted because  $p < 0.05$ . H2: Total expenses of tourists have a positive influence on the general quality of the offer of this tourist destination.

**Table 13: Testing the second hypothesis**

TOTAL expenditure					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	46.447	4	11.612	2.857	.024
Within Groups	995.777	245	4.064		
Total	1042.224	249			

In table 13, the second hypothesis about the total expenses of tourists having a positive influence on the general quality of this tourist destination offer was tested by the statistical method of ANOVA. Since  $p < 0.05$  the second hypothesis can be accepted, which means that there is a statistically significant difference, so total expenses of tourists have a positive influence on the general quality of offer of this tourist destination. H3: Total expenses of tourists have a positive influence on the perceived value.

**Table 14: Testing the third hypothesis**





TOTAL expenditure					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	68.036	5	13.607	4.203	.001
Within Groups	789.964	244	3.238		
Total	858.000	249			

As can be seen in table 14,  $p < 0.05$ , and the third hypothesis is accepted. The results show that there is a statistically significant difference, so total expenses of tourists have a positive influence on the perceived value. H4: Total expenses of tourists have a positive influence on declaration of tourist satisfaction with a destination.

**Table 15: Testing the fourth hypothesis**

TOTAL expenditure					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	59.462	5	11.892	3.830	.002
Within Groups	757.662	244	3.105		
Total	817.124	249			

Testing the fourth hypothesis by ANOVA is shown in Table 15. The fourth hypothesis „Total expenses of tourists have a positive influence on declaration of tourist satisfaction with destination” can also be accepted because  $p < 0.05$ , therefore there is a statistically significant positive difference. H5: Total expenses of tourists have a positive influence on the intention to revisit Sarajevo.

**Table 16: Testing the fifth hypothesis**

TOTAL expenditure					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.817	5	.563	.622	.683
Within Groups	220.959	244	.906		
Total	223.776	249			

Table 16 shows the results of testing the fifth hypothesis. ANOVA statistical method was used for the hypothesis testing. It was tested if total expenses of tourists have a positive influence intention to revisit Sarajevo. There are no statistically significant differences, so the total expenses of tourists do not influence the intention to revisit Sarajevo. Since  $p > 0.05$ , the fifth hypothesis is not accepted. H6: Total expenses of tourists have a positive influence on the intention to recommend Sarajevo to friends and relatives.

**Table 17: Testing the sixth hypothesis**

TOTAL expenditure					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.395	5	.879	1.475	.199
Within Groups	145.429	244	.596		
Total	149.824	249			

The ANOVA results in table 17 show that there are no statistically significant differences, so total expenses of tourists have no influence on the intention to recommend Sarajevo to friends and relatives. The sixth hypothesis cannot be accepted, because  $p > 0.05$ . This study seeks to contribute to the conceptual formation by understanding the determinants of tourist satisfaction, loyalty and tourist expenses. Four of the six hypotheses are accepted. The following hypotheses have been accepted: H1: Total expenses of tourists have a positive influence on the overall tourist's satisfaction with the destination; H2: Total expenses of tourists have a positive influence on the general quality of this tourist destination offer; H3: Total expenses of tourists have a positive influence on the perceived value; H4: Total expenses of



tourists have a positive influence on declaration of tourist satisfaction with a destination. Two hypotheses are not accepted: H5: Total expenses of tourists have a positive influence on intention to revisit Sarajevo and H6: Total expenses of tourists have a positive influence on intention to recommend Sarajevo to friends and relatives.

The results of the study "Understanding domestic and international tourists' expenditure pattern in Melaka, Malaysia: a result of CHAID analysis" showed that tourists spent less on transportation and entertainment, but spent a medium rate on accommodation, purchase of food and beverages (Amir, Osman, Bachok & Ibrahim, 2015). The results of the study are not in agreement with this research, because foreign tourists believe that the highest costs will be the costs of transportation. This may be related to the previous conclusion that Sarajevo is known for low prices of accommodation and other services, and therefore tourists expect to spend less on these services in comparison with transport costs.

Previous research has also proved the impact of tourist spending on pleasure (Shahrivar, 2012). Research results are consistent with the research given in "Tourists' Satisfaction with a Destination: An Investigation on Visitors to Langkawi Island". In the same research, hypothesis "Costs and risks directly influence tourist satisfaction" is accepted (Aliman, Hashim, Wahid & Harudin, 2016). Also, a large number of studies have indicated a negative relationship between the two variables, suggesting that the higher the expenses are, the lower the satisfaction (Fornell, Johnson & Anderson, 1996; Monroe, 1990; Yuksel & Yuksel, 2007; Zeithaml, 1988). These results are in accordance with this research because the results showed that Sarajevo is a favourite tourist destination. More than half of the respondents are planning to spend up to 200 EUR on transportation (plane ticket, bus ticket, taxi, etc.), just as much for accommodation. They also plan to spend up to 200 EUR on restaurants and cafes, just as much for souvenirs, but also the same amount on food (not in restaurants). Tourists also plan to spend up to 200 EUR on other shopping, the same amount on entertainment, entrance fees (theatre, cinema, exhibitions, museum...), as well as up to 200 EUR on other expenses. When it comes to total expenditure, most tourists (66.4%) believe that they will cost up to 1000 EUR per person, while 26.8% of tourists do not know. Therefore, lower tourist expenses have a positive influence on the overall tourist's satisfaction with the destination, general quality of this tourist destination offer, perceived value and declaration of tourist satisfaction with a destination.

The results also showed that the expected lower tourist expenses did not have a positive influence in terms of the intention of revisiting and recommending Sarajevo to friends and relatives. These results are in line with previous research. Previous research shows that loyalty is not closely related to customer costs. This is because loyalty gains added value for the customers which certainly costs (Alegre & Juaneda, 2006; McMullan & Gilmore, 2008; Oppermann, 2000). Tourists' loyalty is one major driver of success in tourism. Many loyal tourists are inclined to display decreasing sensitivity to price and disseminate positive word-of-mouth about the destination to others (Anderson & Mittal, 2000; Reichheld & Schefter, 2000).

## Discussion

Previous research has shown that tourists are satisfied with their stay in Sarajevo, which is confirmed by this research (Čaušević & Čizmić, 2017; Čaušević et al., 2019; Čaušević et al., 2020; Čaušević-Ribić & Čizmić, 2016; Čizmić & Čaušević, 2017; Domazet, 2007). And tourist satisfaction is greatly affected by lower tourist costs. Sarajevo is known for its affordable rates of accommodation and services. In 2012, according to the voting of visitors to the tourist portal FOXNOMAD, Sarajevo convincingly won the title of the most profitable world tourist destination. In this research, it was shown that more than half of the respondents (52.8% of



tourists) expect that their expenses whilst staying at Sarajevo will be within what was planned and 24.8% of tourists expect that their expenses will be lower than planned. The largest number of respondents plan to spend (as many as 54 respondents) over 200 EUR on transportation costs and this is the largest percentage of respondents that plans to spend so much money on a particular item. This confirms that foreign tourists consider this to be the largest item of their total costs. This research confirms the presumptions that Sarajevo is a very competitive tourist destination and that lower prices of accommodation and other services are its comparative advantage.

The literature on expenditure determinants for tourism at the micro-level is expansive and growing, this research focused on variables that are not so often used in models to examine the determinants of tourist expenditure at a destination level. Although psychological variables are recognized as important influences of people travel-related decisions (Smolčić Jurdana & Soldić Frleta, 2016), only a limited number of tourism studies have considered the relationship between cost and visitor satisfaction and loyalty. Research on tourism costs is crucial because it is an indicator of tourism demand and market share. Although lower tourist costs are competitive advantage of the city of Sarajevo, it is worth noting that tourist consumption is the only link that explores the direct and indirect economic effects of tourism on the economy, while at the same time, it is important to point out that the level and structure of tourism consumption reflect the achieved level of economic development and diversity of tourist destination. Tourism has a strong impact on changes in the balance of payments items that occur as a result of economic interaction between emitting and receptive countries through the process of tourist spending (Kesar, 2006).

The prices of accommodation and other services are much higher in neighbouring countries, especially Croatia and Slovenia, and therefore the expenses of tourists are higher. Prices of services in neighbouring countries are growing significantly, so Sarajevo is very competitive in terms of prices and expenses and certainly, if it continues to pursue the right policy of service prices in the future, it will attract a significant number of tourists who would otherwise choose a destination in neighbouring countries. However, Sarajevo needs to work on its offer, because a diverse and competitive offer helps increase daily tourism expenditures and thus increase the economic effects of tourism.

## **Conclusion**

Only a small number of empirical studies have been conducted to examine the relationships among expenses, satisfaction and loyalty. The complicated interrelationships among these determinants have not been fully uncovered and understood. These determinants, where the focus is on the expenses of tourists, were not investigated in one paper until now. This paper contributes to a better understanding of tourist satisfaction and loyalty from the aspect of expenses. The results confirm that tourists are very sensitive to the costs and that they definitely affect satisfaction. Tourism destination loyalty has not been investigated enough. Loyalty has been thoroughly explored in other industries, and it is generally accepted that loyalty is a major driving force in successful companies. Accordingly, this study filled in the gaps in the existing literature about tourism destination loyalty and provided insight into the ratio of expenses and intentions of tourists to visit the same destination again and recommend the destination to other people.

This study is one of the few to examine the expenditure patterns of foreign tourists in Sarajevo. As for the contribution to the literature on tourism spending, it should be noted that very few research studies have been conducted on the impact of costs on tourist satisfaction and loyalty. As can be seen from this study, the results provide a better understanding of



tourism spending behaviour. The theoretical contribution of the paper is that the gaps in the existing literature, related to the relationship between expenses and other determinants (the general quality of tourist destination offer, overall tourist satisfaction with a tourist destination, perceived value, declaration of tourist satisfaction with a tourist destination, intention to revisit and recommend Sarajevo to friends and relatives), have been filled. Several papers have analysed the impact of tourist satisfaction with the tourist offer on consumption in the destination (hence the opposite relationship from this paper) or some authors have analysed a single determinant and expenses. Accordingly, this paper makes a great theoretical contribution, because the cost ratio and six determinants were analysed.

This study identified a cost pattern and its correlation with foreign tourists in Sarajevo. Sarajevo is the capital of Bosnia and Herzegovina and a favourable destination in Bosnia and Herzegovina, but also in the Balkans. The results of the study help Sarajevo tourism stakeholders to better understand the patterns of tourist choice, i.e. the relationship between costs and satisfaction and loyalty; from which effective marketing strategies can be developed.

This paper certainly gave insight into the expenses of tourists in the city of Sarajevo, since there are no official data about tourist expenditures in Sarajevo. One of the main reasons for increasing the number of tourists in Sarajevo is certainly lower expenses, but these expenses will not affect the loyalty of tourists. For the loyalty of the tourist destination, it takes much more than the low expenses. Although there were several limitations, they did not affect the results of the research. The first limitation is that the sample includes only foreign tourists who visited Sarajevo during the winter of 2018/2019; the results cannot be applied to other periods of the year. Since a convenience sample was used in the research and only foreign tourists who visited Sarajevo in winter were included in the research, the results cannot be generalized to all visitors. Recommendations for further research would be to include more tourists in the sample, to explore the same determinants included in the research at different times of the year, as well as different destinations so that the results can be generalized.

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