POSSIBLE FUTURE DEVELOPMENT DIRECTION OF AMUSEMENT PARKS IN LATVIA

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Abstract. *Amusement parks have grown rapidly in Latvia over the last 20 years. The development of Latvian amusement parks is determined by several factors related to the economic, political, geopolitical and international market situation. According to the CSB data, the country has a population of 1.9 million and a total of 14 amusement parks or companies providing attractions and entertainment. Part of the problem that the authors emphasize in the paper is that in Latvia, data on amusement parks are not collected separately, but are included in overall data on the tourism industry. This topic has been little studied in all Baltic countries. The topicality of the research relates to the future directions of sustainable development of Latvian amusement parks, which would add value to the growth of this industry. The aim of the research study is to determine the possible directions of development of amusement parks and their main influencing aspects, which determine the future development of these aspects.*

Keywords: *amusement parks, regional parks, development directions, regional economy, factor analysis, development models.*
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Introduction

Latvian amusement parks develop according to certain factors. Historically, they are located near cities, waters or near major highways. Future factors influence theories of regional development and their adaptation to the specific infrastructure environment.

Long-term regional development and the international economic situation, as well as tourism, will create new development models for the amusement park market.

The aim is to identify possible development opportunities for amusement parks.

The following tasks have been set - first of all, to identify factors in the development of existing parks and afterwards to determine possible development models for future parks.

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Methods. The following research methods are used in this paper: statistical data analysis, the questionnaire and data processing method, SWOT analysis and factor analysis according to SPSS computer matrices.
Latvian amusement parks are referred to and analyzed very little. This is because they have remained popular in Latvia and have developed rapidly only over the past 20 years, which have distinguished themselves from those in other European countries.

Research results and discussion

In the Baltic region, which consists of Lithuania, Latvia and Estonia, the amusement park industry has developed very closely, in the past from urban festivals, which have historically transformed into different amusement parks. Their trends have been determined by the historical, geographical and regional economic development of cities. For example, there are Water amusement parks on the coast of the Baltic Sea, both in the Latvian city named Ventspils and in the Estonian city named Pärnu, and also in the Lithuanian city named Palanga. However, Sauland amusement parks are located in the capital cities of the Baltic States. In this paper, the authors examine opportunities and trends that can identify opportunities for the development of amusement parks in the future. Therefore, the authors examine a number of other sectors and their statistics, as these trends reflect the opportunities for future development.

The development of amusement parks is inextricably linked to general economic development. It is closely related to the construction industry, the growth of the tourism industry, population income growth. Therefore, it is necessary to examine the general economic situation in order to be able to predict the development of amusement parks. The data from other sectors presented below are not only representative of economic development but also representative of growth. Estonia, Latvia and Lithuania have received the appellation of 'Baltic Tigers' for good reason. When it comes to Estonia, for example, the country has been flourishing since its independence from the Soviet Union in 1991. Today, Estonia ranks 3rd in the European region when it comes to economic freedom (Plumite, 2019). Estonia's focus on the IT sector and startup world contributed to the high-income economy that is currently among the fastest-growing in the EU.

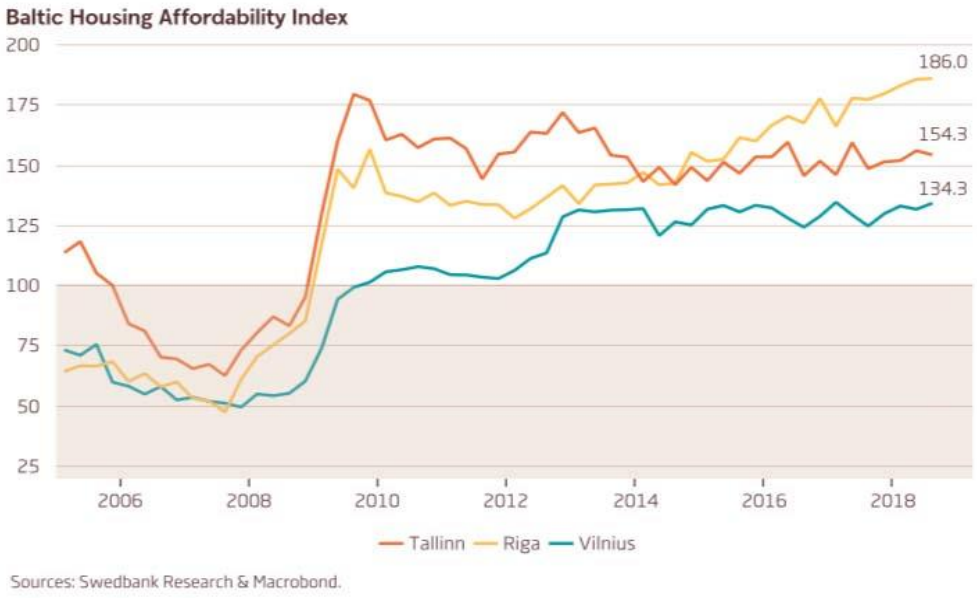

Fig.1 Baltic Housing Affordability Index (Swedbank, 2019)

Almost every industry has flourished over the last few years. Salaries and wages have gowned, and so do the prices. In Estonia, housing prices keep increasing along with purchasing power. Overall, the Baltic region's House Affordability Index (HAI) has increased**.** It means that more and more people can afford to buy a home for themselves. The HAI for each Baltic capital in the third quarter of 2018 was 134.3 for Vilnius, 186.0 for Riga, and 154.3 for Tallinn (a 5.8 point increase compared with 2017) (The World Bank, 2018).

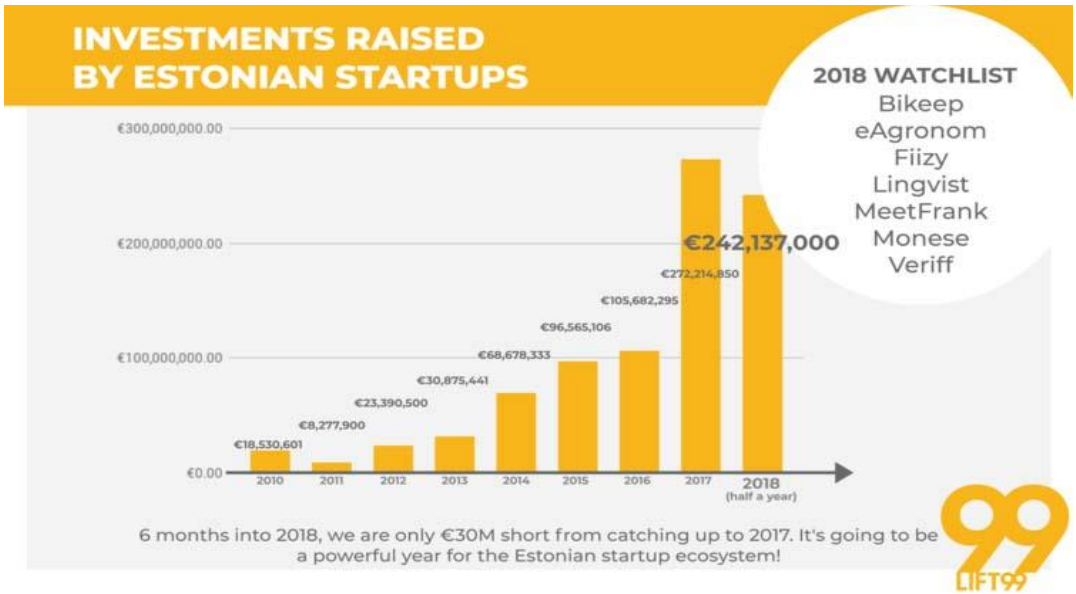

Fig.2 Estonian startups received record investments in 2018 (Swedbank, 2019)

Estonia has been hitting headlines when it comes to startups, especially tech startups. Companies such as *TransferWise* and *Taxify* have been transforming the world for a while, but more innovative companies are on the rise. It was a record-breaking year for Estonian startup investments in 2018 (Swedbank, 2019). Merely six months into the year, the investments were only 30 million euros short from the total investments made in 2017. The increasing international investments into Estonian startups, especially tech startups, has greatly contributed to the growing economy in the Baltic States**.** International investors keep finding new opportunities in the Baltic Tigers and the recognition received from the media is encouraging more and more people to trust Baltic businesses offering innovative solutions (News.err.ee, 2018).

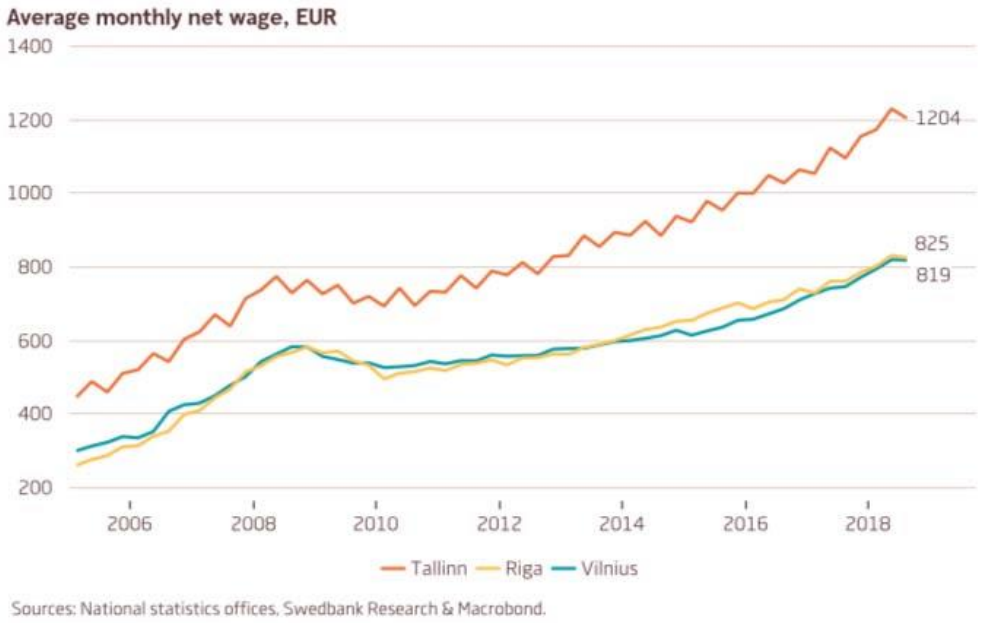

Fig.3 The Baltic economy has a good balance (Swedbank, 2019)

According to a *Baltic States real-estate market research study* by Swedbank, 'Annual average net wage growth in the Baltic capitals remained rapid in the third quarter of 2018' with salaries increasing close to 10% in Tallinn and Vilnius, and 8-9% in Riga. With the entire Baltic region's increased salaries, it seems logical to conclude that property prices will also keep growing. On the other hand, the growth in salaries has also stimulated consumption, which in turn stimulates inflation (Latvijas Republikas Saeima, 2018). However, 2020 brought about a change in the economies of the whole of Europe and the Baltic States, as a result of the COVID 19 pandemic, which imposed strict assembly rules and many sectors experienced a sharp financial downturn.

Construction production volume rose by 2.6 %, which was promoted by growth in two out of three sub-sectors. The largest contribution to the development of the construction sector was provided by an increase of specialized construction activities of 8 % (other specialized construction activities rose by 25.4 %, building completion – by 5.8 %, electrical, plumbing and other construction installation activities – by 4.7 %, while a decrease of 2.6 % was observed in the demolition and site preparation sector). Over the year, construction of buildings grew by 0.9 %, civil engineering reduced by 1.5 %, of which construction of other civil engineering projects n.e.c. (water projects and other civil engineering n.e.c.) – by 22.9 % and construction of utility projects fell by 0.4 %, but construction of roads and railways increased by 0.4 %. One of the sectors affected the most by COVID-19 crisis in 2020 was the accommodation and food services sector (decrease of 38.1 %). Restrictions imposed on travelling and movement for reduction of consequences of pandemic significantly affected development of the accommodation sector (reduction of 53.0 %), while gradually tightening limits on gathering and epidemiological requirements for provision of services, reduced the output of the catering sector by 32.6 % during a year (Central Statistical Bureau of Latvia, 2019).

Table 1. GDP at current prices comprised EUR 29 334.0 million EUR in 2020 (Central Statistical Bureau of Latvia, 2019)

Production	
•Value added of producing sectors	6 732.8
•Value added of services sectors	18 768.2
•Product taxes and subsidies (net)	3 833.0
Expenditure	
•Final consumption expenditure	22 363.6
•Gross capital formation	6 630.3
•Exports of goods and services	17 681.9
•Imports of goods and services (reduces GDP)	17 341.8
Income	
•Compensation of employees	15 330.1
•Production and imports taxes	4 221.7
•Subsidies (reduce GDP)	776.2
•Gross mixed income, gross	10 558.4

In 2020 compared with 2019, the earnings of employees grew by 1.5 %, of which total wages and salaries – by 1.9 %, but employers' social security contributions remained at the level of 2019. The largest growth in total earnings of employees was in the information and communication services sector – by 10.4 %, but in the group of wholesale trade, retail trade and repair of motor vehicles and motorcycles, transport and storage and accommodation and in the food services sectors, it has reduced by 5.6 %. Gross operating surplus and mixed income decreased by 9.7 %, whereas the balance of taxes on production and imports and subsidies went down by 4.9 % (Central Statistical Bureau of Latvia, 2019).

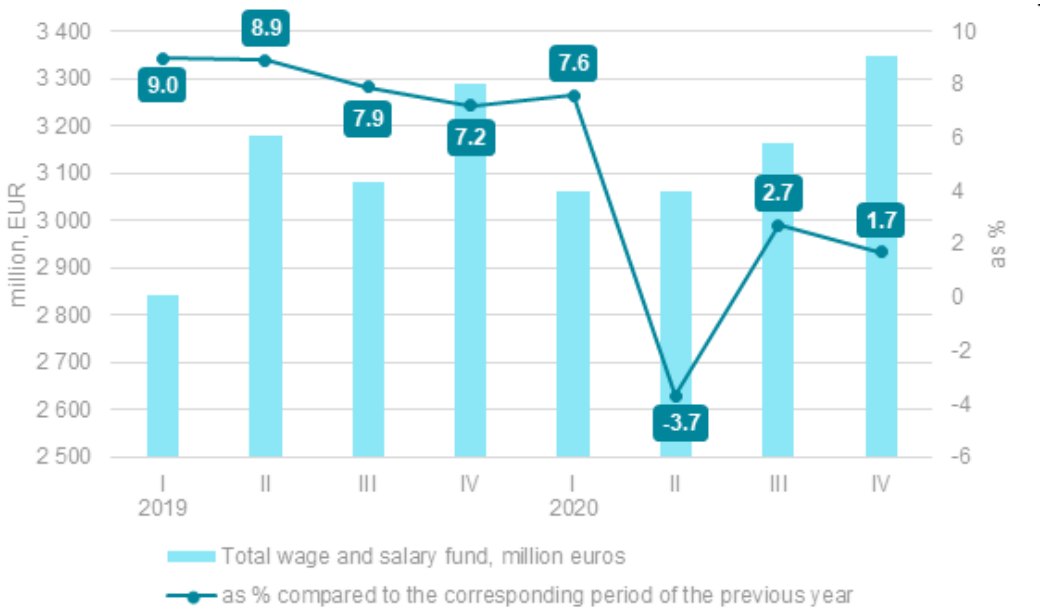

Fig.4 Total wages and salaries and changes thereof (Central Statistical Bureau of Latvia, 2019)

The statistics show stable growth in a number of sectors, but in 2020 it was affected by the COVID 19 pandemic. The authors of the paper used one of the best known methods that help to describe the strategic position of parks in the market and thus determine their position. *SWOT analysis* is a strategy planning tool that allows identifying *strengths, weaknesses*, *opportunities* and *threats* for what is examined. Strengths - the characteristics of the organization that can help it achieve the set goal. Weaknesses - the characteristics of the organization that can hinder the achievement of the set goal. Possibilities - those exogenous factors that can help the organization to achieve the set goal. Threats - those exogenous factors that may hinder the organization from achieving the specified goal (Metodes.lv, 2021).

Table 2 SWOT analysis of the amusement park (created by the authors)

Endogenous factors	
Strengths	**Weaknesses**
• Geographical environment • Abundance of natural resources • Uniqueness • Available infrastructure • Price, value, quality • Accreditation, qualification, certification • Good engineering achievements • Innovative market opportunities	• Unfavourable tax policy • Weak support from the banking sector • Weak competitiveness • Lack of professional experience • Unsettled legislation • Weather dependent • Lack of intergenerational experience • Dependence on international markets
Exogenous factors	
Options	**Threats**
• Vulnerability of competitors • Global exposure • New markets, opportunities • Defined niche - the goal of the market • Search for innovative solutions. • Development of a long-term strategy • Attracting the EU market • New technologies	• Policy impact • Economic threats • Environmental impact • Global environment • International market • New technologies • Economy - domestic, foreign • World market trends

When examining opportunities and threats, there is a tendency to consider the future, i.e. to draw attention to the consequences that could result from the weaknesses and strengths identified. SWOT analysis should only examine the present and attribute strengths and weaknesses and the inside of the organization, but the opportunities and threats relate to the outside world. SWOT analysis shows us that a number of endogenous factors in business management and business development opportunities, but we cannot influence exogenous ones. The authors of the paper surveyed more than 100 respondents (Bethea, 2019).

Following the SWOT analysis matrix, the main factors were identified and the respondents, who related to this sector, both entrepreneurs and municipal employees, as well as ordinary park visitors indicated in the questionnaires the factors that, in their opinion, affected the future development of parks.

These factors were also summarized using the American scientist Thomas Sati (Saaty, 1990) methods, and theories of factor analysis are arranged and according to the principle of numerical hierarchy, which gives an opportunity to put forward the most important factors. The authors summarized this in a table, defining the criteria for the 3-factor group of parks.

Table 3 Factor analysis method (created by the authors)

Rotated Component Matrix			
	Component of 3 facto		
	1	2	3
Company size	1	2	3
Type of park	1	2	3
Seasonality effects	1	2	3
New attraction offer	1	2	3
New services offer	1	2	3
Expert general assessment of the object	1	2	3
Exspert assessment about the development of the object	1	2	3

In the light of these factors, we can also highlight the development of future parks. (1) park type; (2) seasonality-related entertainment; (3) supply of service services 4) access and good logistics; (5) availability of the facility for export and external operators. The development of Latvian parks is thus possible towards a number of geographic and related markets, mostly the Baltic market, which could be followed by the external markets of Europe and the Scandinavian countries. Given the impact of the Covid-19 pandemic, cooperation with the Commonwealth of Independent States will be difficult in the coming years.

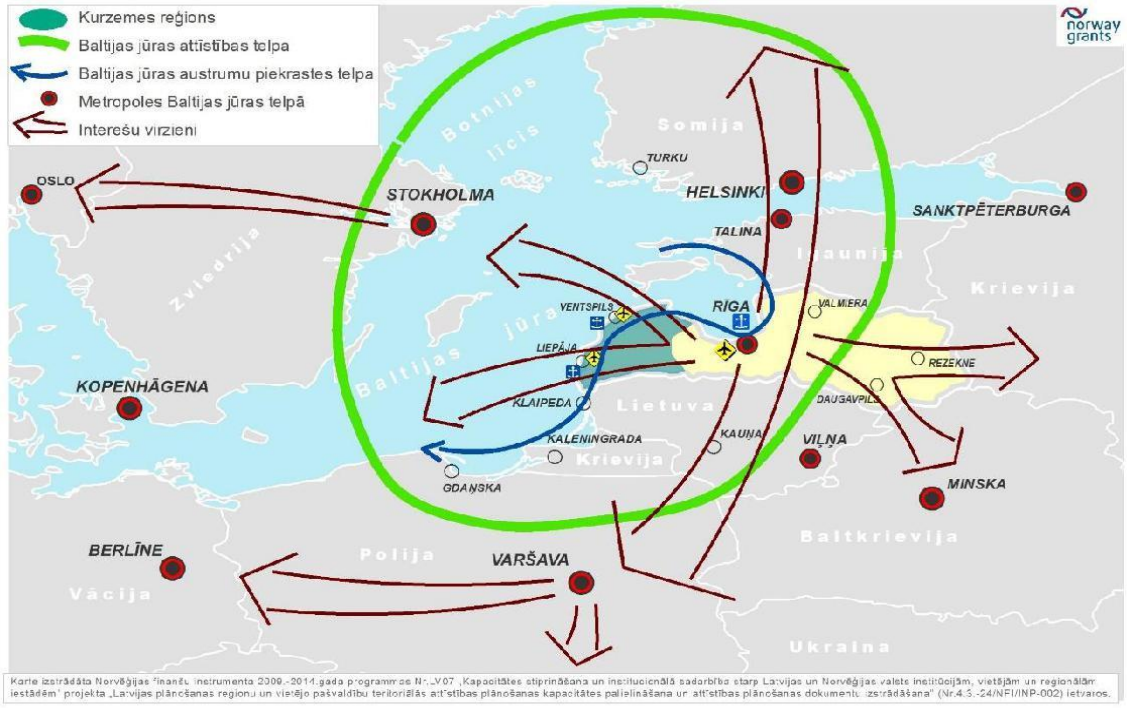

Fig.5 Sustainable Development Strategy of Kurzeme Planning Region for 2015-2030 (Kurzemes reģions, 2015)

The authors analysed the survey data employing the research method of these scientists and came to the following results after processing the data;

1) Regional development is determined by several factors simultaneously, the inducers of which influence it in the long run.
2) Small and medium-sized enterprises (SMEs) are the largest group of companies in the European Union and are creating new economic trends in the counties.
3) When the authors analysed the data, indicators emerged that indicate the need to provide tools and processes that allow them to implement the sustainable development model.
4) It is important to indicate the processes and events in these processes that form these company's development indicators.
5) The company's internal processes provide the concept of sustainable development in the territory and region.

Based on the literature review and the results of the research study, the authors of the paper have made some important conclusions and offer a practical solution to the identification of various processes. The most important conclusion was that entrepreneurs need to raise their awareness that innovation is also a process in itself, which often forms a set of other support processes that take place in the company. Small and medium-sized enterprises are indicators of regional development, which also help with the development of amusement parks and related industries.

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Conclusions

1. Latvian and Baltic amusement parks closely relate to other sectors of the national economy, and their economic changes affect the development of parks.
2. The Baltic amusement parks have lost a lot of visitors in the last 2 years due to COVID -19 and their development has stopped.
3. It must be concluded that rapid growth in Estonia, Lithuania and Latvia covers the construction sector, which contributes to GDP in the regional economy.
4. The main development factors affecting amusement parks are tourism and national and municipal funding for the entertainment industry, which has not increased in these circumstances.

5. Amusement parks in the future, if COVID- 19 continues, are under threat, as they largely depend on seasonality and the number of tourists, but it has declined rapidly in recent years.
6. Amusement parks should develop support programmes at national level in the near future; if this is not done, then the sector will suffer greatly.

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