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PĀRROBEŽU IEPIRKŠANĀS LATVIJAS UN IGAUNIJAS PIEROBEŽĀ

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CROSS-BORDER SHOPPING IN THE BORDER AREA OF LATVIA AND ESTONIA

MASTER'S THESIS

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Anotācija

Pārrobežu iepirkšanās ir izplatīta parādība, kas beidzamo pāris gadu laikā ir kļuvusi īpaši aktuāla arī Latvijā. Alkohola akcīzes nodokļa palielināšana Igaunijā ir veicinājusi tūristu skaita pieaugumu, kas vienlaikus radījis labvēlīgus apstākļus tūrisma un citu pakalpojumu attīstībai pašvaldībās, kas robežojas ar Igauniju. Pierobežā nereti sastopams pārrobežu iepirkšanos sekmējošu apstākļu kopums, turklāt tūristi Latvijas pierobežu galvenokārt apmeklē ērti pieejamās atrašanās vietas vai izdevīgāku cenu dēļ, tomēr bieži vien izmanto arī citas piedāvātās iespējas un pakalpojumus. Kopumā attieksmi pret pārrobežu iepirkšanos var raksturot kā pozitīvu, tomēr arī Latvijā plānots palielināt akcīzes nodokļa likmi, kas varētu būtiski ietekmēt pārrobežu iepirkšanās turpmāko attīstību.

Atslēgvārdi: alkohola tūrisms, alkotūrisms, Igaunija, Latvija, pārrobežu iepirkšanās, robežas, tūrisms

Abstract

Cross-border shopping is not a new phenomenon, however, it has become especially topical in Latvia recently to a great extent as a result of raising the excise duty on alcohol in Estonia. It has resulted in an increased number of tourists in Latvia creating ample opportunities for municipalities that border on Estonia. Border areas offer beneficial conditions for cross-border shopping, and often conditions related to place (e.g., location, prices, etc.) rather than the products motivate people to do cross-border shopping in Latvia, however tourists also tend to explore other activities and facilities. While there are generally positive attitudes towards increased cross-border shopping in Latvia, it is also planned to further raise the excise duty, which could have implications for the further development of cross-border shopping.

Keywords: Alcotourism, Borders, Cross-border shopping, Estonia, Latvia, Tourism

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Introduction

The prices of many goods differ considerably from one country to another, moreover, especially in Europe, a large part of the population lives near borders, which offer beneficial conditions in terms of prices, variety of goods and other aspects, and cross-border consumption, especially cross-border shopping, is a widespread activity. Not only does cross-border shopping concern two different countries; it is also connected with and therefore has an influence on a number of areas, especially the economy and tourism. This phenomenon, in particular, the differences in prices, motivation for cross-border shopping as well as its influence on the economy and tourism, has been widely discussed by the academia all over the world, however, practically no scholarly attention has been devoted to cross-border shopping in the Baltic States.

Cross-border shopping has become especially topical in Estonia and Latvia in the last couple of years due to raising the excise duty in Estonia, which has resulted in increased cross-border shopping, including, but not limited to, economically-motivated alcotourism, in the Latvian side of the Estonian–Latvian border (as opposed to Finnish cross-border shopping in Estonia, which seems to have ceased), which, in turn, has implications for both countries. On the one hand, there is a general concern about this situation and its effects on the economy as well as the overall health of the individuals, while, on the other hand, it is viewed as a source of opportunities due to a growing number of tourists that tend to explore activities that go beyond shopping. Due to its nature and consequences, cross-border shopping has provoked discussions among national and regional governments, alcohol representatives, the mass media and the public. In brief, cross-border shopping seems to be beneficial for the tourists as well as retailers, municipalities and the countries that host them. At the same time, while it is a relatively new phenomenon in Latvia, it is not clear whether it will continue in the future due to plans to raise the excise duty of alcohol.

With this in mind, the aim of this Thesis is to determine the effects and consequences of cross-border shopping and in particular, the influence of cross-border shopping on tourism in the municipalities that are located on the Latvian side of the Estonian–Latvian border.

In order to reach the aim, the Thesis addresses the following research questions: (1) What are the determinants of cross-border shopping? (2) How did the shift from Finnish cross-border shopping in Estonia to Estonian cross-border shopping in Latvia occur? (3) How does cross-border shopping influence the economy of Latvia and tourism in the municipalities that border on Estonia?

In order to address the research questions, the following tasks were set:

(1) To examine prior theoretical literature, e.g., books, scientific journals and articles, on cross-border shopping, alcotourism and alcohol taxation scholars as well as the legislative acts with regard to alcohol taxation of Latvia and Estonia as well as the European Union.
(2) To analyse online news articles and videos from Estonian- and Latvian-language sources from the period of the last five years.
(3) To collect and analyse secondary data from statistical sources.
(4) To develop and distribute expert questionnaire to tourism representatives from the municipalities that border on Estonia in order to obtain primary data that allow to measure the influence of cross-border shopping on tourism in the municipalities.
(5) To carry out qualitative content analysis of the websites of tourist information centres, bureaus or points or the websites of the municipalities (in cases when there were no separate websites for the former) in accordance with Lord, Putrevu and Parsa's five dimensions of cross-border consumption.

The Thesis consists of four chapters. The first chapter deals with the theoretical framework of the research. In particular, the first chapter discusses the role of borders as physical as well as mental constructs and how they enable cross-border shopping, including the role of the European Union. It then addresses the nature of cross-border shopping and alcotourism as well as offers a general overview of the developments all over the word with a focus on the Baltic Sea Region. Furthermore, the second chapter explores the aspects that determine cross-border shopping and alcotourism from economic and legal points of view and the implications on tourism on regional economies as well as draws on relevant statistical data and legislation. The third chapter presents an overview of previous and current developments with regard to cross-border shopping and alcotourism in Finland, Estonia and Latvia, whereas the final chapter presents an empirical investigation on the present topic.

1. Border Areas and Cross-Border Shopping: History and Recent Developments

1.1. Exploring Borders

Border areas offer a unique combination of differences and similarities, divisions and interactions as well as distinctions and unity, which may have implication on the cultural, economic and social behaviours and relations of people living on the opposite sides of the borders. According to Timothy (1995: 525), "[i]nternational boundaries are invisible, vertical planes that transect the airspace, the soil and the subsoil between adjoining states, and they mark the limit of territory in which a state can exercise its sovereign authority." Thus, borders are physical lines that separate countries or territories, but at the same time, borders are closely connected with social constructs, institutions and processes that cannot be separated from the territories they enclose (Paasi, 2011: 12; Timothy, 2002: 3). In many cases, boundaries generally serve as barriers and mark differences, however, they also have the potential to help bridge, link and connect people and economies from the opposite sides of the border (Timothy, 1995: 526) by creating opportunities for contacts and cross-border activities. Moreover, it is not rare that people cross borders for purposes, such as trade, personal enjoyment and education (Timothy, 2002: 1).

This is especially applicable to the situation in Europe nowadays. To begin, around 200 million people or approximately 40 per cent of the population of the European Union lives near a border — roughly one-third of the population lives near a border with another member state, while around 10 per cent of the population of the European Union lives near external borders (Bafoil, 2013: 16). Next, gone are the days when political boundaries acted as barriers to human interaction; the European Union, which, according to Paasi (2011: 2), can be viewed as a laboratory for current border studies due to efforts aimed at promoting cross-border cooperation, regional economies and the development of infrastructure, has played a key role in increasing international travel, and not only travelling has been facilitated, it has also become easier. Similarly, Timothy, Saarinen & Viken (2016: 5) touch upon de-bordering or opening borders that used to be closed both figuratively and literary in the past, which has helped shift the focus on the exceptional nature of borders and borderlands as well as such processes as cross-border identity formation and cross-border cooperation, which are in fact a result of integration of the European Union. This view is supported by Yndigegn (2001: 47), who highlights the relevance of the Rome Treaty, the Schengen agreement and extensive cross-border cooperation which have substantially contributed to de-bordering when it comes to the internal borders of the European Union. Furthermore, while it has been suggested that the latter may not always be immensely profitable, it nevertheless wields “a wide-ranging influence on physical border infrastructures and also in the dissolution of mental barriers” (Prokkola, 2010: 235–236). This is especially interesting given the view that European borders are “unnatural, political constructions” (Yndigegn, 2001: 48) that are a direct result of wars and politics. Nevertheless, the European Union has played a key role in promoting cross-border activities by eliminating a number of obstacles but still maintaining differences that exist in border areas and regions on the opposite sides of the borders.

At the same time, largely due to increasing cross-border co-operation, borderlands, border areas or border regions are especially appealing when it comes to tourism, for they offer many benefits that can encourage tourism and related activities, and most of them stem from the differences that exist in the neighbouring country. In particular, borders can become attractions or create unique advantages and benefits for the border regions (Timothy, Saarinen & Viken, 2016: 3). As Timothy (2000: 63) puts it, “boundaries separate places in political, socio-cultural, and economic terms, and as long as accessibility is assured, borderlands will continue to be a unique venue for tourist activities.” Hence, the most popular tourist activities in border regions are the following: gambling, prostitution, drinking and shopping (Timothy, 2005: 53). The reason for the development of gambling in border regions is rather simple — most often, it is not allowed in one side of the border and allowed in the other, as can be observed in the state of Nevada in the United States or Monaco in Europe, whereas prostitution (e.g., sex trade along the border of the United States and Mexico) stems from unemployment and the fact that the “visitors from neighbouring regions do not have to go far into foreign territory to find their ‘dens of iniquity’” (Timothy, 2000: 59–60). The reasons for the popularity of drinking and shopping are more economic and social in nature, for these activities are motivated by such factors as lower prices and taxes, longer or more flexible opening hours, favourable exchange rates, wider variety of goods and lower drinking ages (Timothy, 2000b; Timothy and Wall, forthcoming, cited in Timothy, 2000: 60–61).

All in all, borders are physical and social constructs that have the potential to divide as well as to connect people, economies and regions. This is especially true for border regions, which enjoy a special status and therefore offer unique conditions for tourist activities, including, but not limited to, such activities as shopping and drinking. The motivations for the so-called cross-border shopping and alcotourism as the main incentives for tourism as well as the links between these concepts are discussed in the following subchapters.

1.2. Cross-Border Shopping: Motivation and Effects, Benefits and Drawbacks

Shopping is a common activity, especially when on holiday, hence although shops tend to be overlooked when it comes to tourist destinations, they certainly serve as tourist attractions. What is more, in many cases they can be the only tourist attraction, and thus the sole reason for travelling, e.g., weekend shopping trips to Paris and Rome or British tourists' trips to France before Christmas (Holovejs, 1999: 206). Lord, Putrevu and Parsa (2004: 2) propose that shopping and tourism are among the five major dimensions that shape cross-border consumption (although the other three — business, dining and entertainment — are still somewhat connected to tourism). Correspondingly, Timothy (2005: 42) elaborates on a taxonomy that was introduced by Butler — namely, shopping may be either the purpose for travelling or a secondary activity that takes place within a trip. Correspondingly, there are different motivations and factors that influence tourist behaviour depending on whether shopping is the main activity or one of the main activities for travelling.

According to Timothy (ibid.: 53), cross-border shopping, i.e., shopping in border areas, combines merchandise, destination and price and, as the term states, takes place near international boundaries. It is a subtype of outshopping — shopping that takes place outside the home environment or community due to differences in prices, selection or quality — with a focus on international, namely, cross-border, consumption (ibid.: 53). At the same time, Dmitrović and Vida (2007: 384) refer to suggestions proposed by Herrmann and Beik (1968, cited in Dmitrović and Vida, 2007: 384) and Samli et al. (1983, cited in Dmitrović and Vida, 2007: 384), that is, the minimum required number of shopping trips in order for them to be considered outshopping varies between one and 24 purchases per year. Correspondingly, as long as the prices are lower and the additional costs that are connected to transport do not exceed the amount of money that can be saved altogether, in other words, if it is more efficient, people are willing to travel longer or shorter distances in order to do the shopping on the other side of the border (Bygvrå, 2009: 141). Nevertheless, the necessity of having to cross the border still adds to the distance, for in such cases, destinations are perceived to be mentally further even if they are, in fact, closer in physical terms (Van der Velde, 2000: 8). As a result, in the case of cross-border shopping, shopping due to more favourable conditions in a neighbouring country is equally important as the incentive to travel, and a minimum of one to twenty-four shopping trips should be made per year. The trips can be longer or shorter depending on the purposes and psychological qualities of the travellers and the physical distance from the border. Still, regardless of the motivation or the length of the visit, cross-border shopping is a form of tourism due to its form and intention, that is, people cross the border and travel to another country and spend money there (Timothy, 2005: 54).

It is not complicated to see the benefits and thus the motivation for cross-border shopping. Bygvrå (2009: 141) suggests that people would prefer to get maximum value, including when it comes to purchasing products, at the lowest possible price, namely, by spending as little time and money as possible. And due to the specific features of border regions, in some cases, the more attractive shopping opportunities, e.g., lower prices, different products or services and their quality, are offered by the neighbouring country due to economic, legal and social differences (ibid.: 142; Timothy, 2005: 53). What is interesting, this — to a certain extent — conflicts to the view held by a number of researchers, for example, Dmitrović and Vida (2007: 385) and Zinser and Brunswick (2014: 1086), who believe that cross-border shoppers have higher levels of education and higher household incomes as well as a higher number of children under the age of 18 when compared to in-shoppers. However, this practice does not always entail economic benefits, search for variety or frustration or discontent with the local shopping opportunities. As a matter of fact, merely the very notion of "different" or "exotic" might arouse interest or provide motivation for cross-border shopping (Kim, 2003: 17, Spierings & Van der Velde, 2012: 7). On top of that, Dmitrović and Vida (2007: 385) draw attention to a number of psychographic variables that may have an influence on the behaviour and activities of the shoppers, that is, the shopping experience varies depending on how much the shoppers enjoy shopping, their self-confidence and how innovative they are. Consumers can be divided into average consumers (consumers who are not interested in cross-border shopping), cross-border shoppers and residents of border regions, who do not fall in any of the two groups (European Commission, 2004b: 21). Furthermore, Kim (2003: 17) proposes that cross-border tourism shoppers differ from both traditional tourists and traditional outshoppers. In general, traditional outshoppers enjoy shopping and not as much tourism, while traditional tourists tend to purchase gifts and souvenirs as well as make use of various services, whereas cross-border shoppers enjoy both shopping and tourism (ibid.: 17–18).

Furthermore, as shopping is often accompanied by using the tourism infrastructure, for example, visiting museums and other tourist attractions, eating in the local cafes and restaurants and sometimes accommodation, not only is it an economic activity, but also a "pleasure-based form of recreational travel" (Timothy, 1995: 529). At the same time, due to the wish for efficiency, people prefer the so-called "one-stop shopping", i.e., shopping facilities that offer a wide range of products, are easy to access and provide convenient parking opportunities, which are generally offered in bigger towns, their suburbs and the periphery (Van der Velde, 2000: 2). Nevertheless, as pointed out by Rabbiosi (2011: 73), attitudes are changing and shopping is not limited to cities anymore, that is, small towns and rural areas can also serve as tourism destinations. This, in turn, tends to have an influence on the border communities as well as local and regional economies, in particular when it comes to the service industry, i.e., retail, catering, entertainment and media (Zinser and Brunswick, 2014: 1078). Correspondingly, as noted by Sharpoval (2014: 6), destinations often either purposefully or naturally become associated with certain products or services due to tourist activities. Furthermore, it is generally believed that the further the home and target destinations are located, the more focus is placed on the pleasure aspect (Timothy, 2005: 56). Cross-border shopping can have many forms depending on the length of the visit and whether there are any other activities involved. While more favourable economic conditions, which allow to save money, are often the primarily reason behind cross-border shopping, there are other aspects that facilitate cross-border shopping.

It has been suggested that cross-border shopping has been facilitated by the Single European Market and the Schengen treaty (Timothy, Saarinen & Viken, 2016: 8) the most, yet the introduction of common currency certainly has a significant influence as well. Correspondingly, Spierings & Van der Velde (2012: 5–6) and Van der Velde (2000: 2) have suggested that the aim of the European regional development policies is to reduce and eliminate barriers in order to enhance the mobility of goods, services, people and capital, efficiency and regional development as well as increase mutual understanding, which is in line with the observations with regard to de-bordering made by Prokkola (2010: 235–236), Timothy, Saarinen & Viken (2016: 5) and Yndigegn (2001: 47). With this in mind, it has been suggested that the “economic rationale for cross-border shopping” (Timothy, Saarinen & Viken, 2016: 7–8) between the member states of the European Union should have declined due to harmonisation efforts implemented by the European Union. This idea has been taken further by Prokkola (2010: 234), who draws attention to the necessity of difference and excitement, in other words, otherness, which is contrary to the current situation in most of the European Union when crossing the border is barely noticeable. All in all, while there seems to be no economic rationale or little excitement in crossing the border and doing cross-border shopping due harmonisation and integration efforts, at the same time, they greatly ease and help facilitate cross-border shopping.

In fact, there still seems to be a strong motivation in favour of cross-border shopping. Leimgruber (1988, cited in Timothy, 2005: 54) has determined four economic and sociopolitical conditions that are crucial to the existence and development of cross-border shopping:

- The home and destination locations have to differ when it comes to prices, quality and selection;
- The potential travellers have to be informed about the destination, which stems either from personal experience or other sources of information;
- The potential travellers must be willing and able to travel;
- The borders have to be relatively easy and convenient to cross (Leimgruber, 1988, cited in ibid., 2005: 54).

On top of that, there are several factors that contribute to the motivation to do cross-border shopping, including a favourable exchange rate, differences in tax systems, differences in customer service and working hours (especially on weekends and holidays), as well as the very process, that is, the image and environment, local customs and atmosphere of shopping abroad (Leimgruber, 1988, cited in ibid., 2005: 55, 67; Spierings & Van der Velde, 2012: 8). Lastly, there is a link between the familiarity of the destination and its perceived attractiveness, which means that destinations tend to become less attractive if they are not perceived exotic or different enough (MacKay and Fesenmaier, 1997: 542, cited in Prentice, 2004: 925). All in all, as observed by Spierings & Van der Velde (2012: 9–10), in order for cross-border shopping to be attractive, the destination has to differ from home, and yet, there must also be a certain degree of familiarity both in terms of knowledge and in a mental sense.

While cross-border shopping offers both recreation and significant benefits, it has been suggested that there are a number of drawbacks for this practice as well. First, it is possible that a general lack of knowledge or a lack of or an insufficient knowledge of the language could cause some difficulties (Bygvrå, 2009: 142). On top of that, it has been suggested that the very necessity to cross the border "adds to the distance even if there is no formal barrier" (ibid.: 142). Then, as noted by Prokkola (2010: 235), since the localities on the opposite sides of the border have different histories, cultures and heritage, the border regions may compete rather than cooperate with each other. Next, as it is connected with the economy, cross-border shopping may have a negative influence on domestic suppliers and national tax revenues, hence the size of the problem is correlated with the distance from the border (Bygvrå, 2009: 142). Here, however, it has to be mentioned that it has been suggested that an "appropriate mix of international vs. domestic brands, products and services could constitute an alternative to the existing cross-border shopping activities of the local population" (Dmitrović and Vida, 2007: 392). Lastly, tourism can have an influence on the tourism destination or even transform it, in other words, "a retail venue that has become the attraction site for shopping tourism redefines uses, functions and images of the local area in which it is built" (Rabbiosi, 2011: 71).

All in all, cross-border shopping — shopping in border areas in a neighbouring country — generally stems from more appealing prices, selection or quality of goods. In order for it to exist and develop, there needs to be differences in prices, quality and selection, awareness about the destination, willingness to travel and easy and convenient procedures for crossing the border. In many cases, it is the sole reason for travelling abroad, yet it may involve other motivations. Likewise, cross-border shopping can be combined with other tourist activities. Cross-border shopping provides considerable benefits for the tourists, but at the same time, there are a number of drawbacks due to possible inconveniences and the negative influence on domestic economy. Finally, cross-border shopping has a potential to transform the tourism destination. At the same time, tourism and especially cross-border shopping have been linked with another phenomenon, namely, alcotourism.

1.3. Alcotourism as a Cross-Border Issue

Jayne et al. (2012: 211) suggest that despite the lack of research, alcohol, drinking and drunkenness are important features of tourism. In many cases, there are context-specific practices that are connected with specific experiences while on holiday and include consuming place (Bell, 2008: 291), which can be labelled as alcotourism (although, for example, Matley (1977: 25, cited in Timothy, 2001: 76) preferred to call it 'alcohol tourism'). According to Bell (2008: 291), alcotourism refers to the following: the practice of travelling in order to drink, drinking while on holiday, drinking in order to travel, drinking while travelling and so on. Correspondingly, alcotourism combines aspects that are important to tourism studies and alcohol studies (ibid.: 291), yet it may also have implications for the economy.

It has been suggested that nowadays most forms of tourism are connected to the consumption of alcohol in large amounts (Moore, 1995), particularly when it comes to tourists from high-income countries (Örnberg and Room, 2014: 146). It might be a bit of an overstatement, yet the development of alcotourism "in a number of interesting directions" (Bell, 2008: 292) suggests that drinking has indeed become a part of "the tourism 'package'" (ibid.: 292) in many ways. As a matter of fact, Matley (1977: 25, cited in Timothy, 2001: 76) has suggested that this type of tourism tends to attract "the worst type of tourist, resulting in drunkenness, public disturbances, violence, and vandalism." What is more, tourism places and spaces have key roles when it comes to practices and experiences that are connected to alcohol (Jayne et al., 2012: 214). As a result, alcotourism benefits both the tourism and alcohol sectors (Bell, 2008: 292) as well as the physical areas this practice takes place in.

Traditionally, the marketing campaigns for tourism destinations focus on place promotion, i.e., using assets, such as natural amenities or cultural institutions in order to sell a destination, whereas in the case of alcotourism the emphasis is placed on drinking cultures and drinking places both in cities and rural areas (Bell, 2009: 26). Such activities provide supply for tourists, who are constantly looking for "new experiences, new ways and places to be a tourist, and new ways to trade on their tourism practices as markers of distinction" (Edensor, 2000). Inglis (2000: 9–10) suggests the normal rules do not apply to holidays, therefore one of the reasons why people travel in the first place is in order to escape from the everyday life, to try something new and let go, which — to some extent — can also be achieved with intoxication. What is more, alcotourism provides a combination of both. On top of that, holidays in general tend to be associated with relaxing the normal rules (Edensor, 2007: 201), which is why people tend to see alcohol as a means to "escape from the real world, freedom, escape from routine and responsibility, narrowing of attention, decreased awareness of the passage of time, relaxation, reduction in self-consciousness or evaluation, openness to the now, immersion in the experience, enjoyment, and spontaneity" (Carruthers, 1993, cited in Örnberg and Room, 2014: 149). According to Jayne et al. (2012: 216), for example, backpackers see alcohol — starting from few beers or few glasses of wine with meals to drinking heavily as a badge of honour — as a key component of travelling, and in many cases alcohol helps overcome the discomfort of travelling or even add to the experience. To conclude, alcotourism promotes drinking cultures and drinking places as venues as a means to escape from everyday routine, while travellers tend to regard it as an opportunity to overcome discomfort, relax and enhance experiences as well as have new ones.

Moore (1995) argues that alcotourism has an influence on the local drinking culture, that is, while the local drinking cultures are selectively appropriated, transformed and ignored by tourists, they are also remade because of the drinking habits and tastes of the tourists. Such practice can be observed in Eastern Europe, more precisely, in Tallinn, Prague and Budapest, which, according to Bell (2009: 27), "have traded on their local drinking cultures as symbols of the broader hospitality" for tourists. Nevertheless, Iwanicki, Dłużewska and Smith Kay (2016: 15–16, 21) elaborate that the 2004 expansion of the European Union and the attractiveness of cheaper prices, including those of alcohol, along with the exotic, i.e., post-communist, nature of the new member states fostered the development of stag tourism — travelling to a destination for a pre-wedding male party or the bachelor party, which, according to its purpose, can be further divided into clubbing, alcohol and sex tourism — in such cities as Bratislava, Brno, Budapest, Cracow, Prague, Riga, Sofia, Tallinn and Vilnius. All in all, the European Union has somewhat helped slow down this practice, nevertheless, it is "still going strong" (Timothy, 2001: 76).

What is more, Iwanicki, Dłużewska and Smith Kay (2016: 24–25) have observed the following three patterns in packages for stag parties that are offered by Western European tour operators and are specific to destinations in Central and Eastern Europe: first, there is an "erotic-social motif" (Iwanicki, Dłużewska and Smith Kay, 2016: 24) which focuses on the beautiful, yet less emancipated women compared to Western Europe, second, the culture of drinking strong alcohol, especially, vodka, and, third, sightseeing that focuses on places and objects that are connected with the socialist era. The second offer, as observed by Bell (2009: 27), corresponds to the concept of drinking local drinks in order to experience the exotic. Nevertheless, there is another trend, namely, people choose the same drinks that they would choose at home or "taste of home-away-from-home" (West, 2006). Finally, there is another stage, i.e., drinking the beverages that bring back the memories about holidays and holiday destinations at home, which helps "reexperience and remember the taste of elsewhere" (ibid.), which has been labelled as "armchair alcotourism" and "bar-room tourism" (Bell, 2008: 294) and is made possible by retailers whether local or abroad as well as place-themes bars, e.g., Irish- or Russian-themed bars and pubs (ibid.: 294).

In general, alcotourism has been fostered by such trends as "the rise of the post-industrial economy, a shift from production to consumption, the emergence of new leisure practices and taste formations, as well as of new modes of entrepreneurial governance" (ibid.: 292). What is more, not only tourism provides alcohol supply, but it can also create new opportunities and trends in order to satisfy the demands of the tourists or in order to facilitate tourism (Örnberg and Room, 2014: 159–160). As a consequence, Bell (2008: 301) distinguishes between acquisitive or economically-motivated alcotourism. In this case, tourists from one country travel to another country for "a quick turnaround shopping spree, loading up on cut-price alcohol (and causing increasing concern and regulation over lost excise duty)" (Bell, 2008:

301). Nevertheless, this type of alcotourism is specific to border regions and is thus connected with cross-border shopping.

And yet, while there are certain benefits, the efforts to please tourists may also cause a number of major problems. First, the consumption of tourism has to be regulated (Bell, 2009: 27). Although there is more income from tourism due to the growing number of tourists, increasingly more attention is paid to "a more selective approach to tourism product development" (Iwanicki, Dłużewska and Smith Kay, 2016: 16). Perhaps it was due to this that the practice of reducing hospitality and thus creating inhospitable alco-culture was initiated (Bell, 2009: 27). Then, alcotourism is connected with concerns over alcohol consumption and thus the corresponding regulations (ibid.: 26). In many cases, the tourism and alcohol industries can influence alcohol policies, especially if large transnational businesses are involved (Örnberg and Room, 2014: 159). Last but not least, alcohol consumption is directly linked with health issues, road traffic accidents and deaths as well as anti-social behaviour (Trasberg, 2015: 1).

For alcotourism combines alcohol, drinking, drunkenness and tourism, it is linked with tourism and the economy both on local and national levels. Alcotourism promotes drinking cultures and drinking places, e.g., Central and Eastern European capitals, which, in turn, offer tourists the possibility to escape from everyday routine, overcome discomfort arising from travelling, relax and enhance their experiences. Thus, tourists either experience the local drinking culture, which is exotic to them, or choose the same drinks that they would choose at home. Moving on, alcotourism has a number of subtypes, including armchair alcotourism, bar-room alcotourism and economically-motivated alcotourism, which is linked with cross-border shopping. Finally, alcotourism can have an effect on local drinking cultures, which may change due to the drinking habits and tastes of the tourists.

1.4. Cross-Border Shopping and Alcotourism: Case Studies and Previous Research

While Timothy argues that cross-border shopping is "common in all parts of the world" (Timothy, 2005: 53), it is especially common in North America, Europe and Asia (ibid.: 57–58, 66–67). Nevertheless, it is worth to look into this phenomenon in depth in order to explore whether and how people take advantage of cross-border shopping, including economically-motivated alcotourism, in particular in various parts of the world.

Cherpitel et al. have studied cross-border mobility across the US–Mexico border. Their study found that around two thirds (just below 40 per cent) of the respondents had crossed the border during the previous 12 months, and the length of the visit in most cases was less than one day (Cherpitel et al., 2015: 31–32). Shopping was named as one of the most popular reasons for crossing the border along with visiting friends and relatives and medical care, while those who stayed in Mexico for more than one day, especially the group aged 18–29, were more likely to obtain over-the-counter or prescription drugs or engage in nightlife and/or drinking (ibid.: 32). Cherpitel et al. (2015: 32) argue that in the case of the United States and Mexico, cross-border mobility may have an influence on the use of alcohol and drugs at the border, including drug tourism. Timothy (2001: 76), on the other hand, has suggested that Mexico is a popular destination for alcotourists from the United States, especially during the spring break, and there have even been advertisements on the radio for Mexican clubs.

At the same time, Timothy (ibid.: 76) touches upon alcotourism in the United States and Canada, for example, Canadian beer is cheaper in the United States than in Canada even after paying the import duties, while Dupeyron and Pisani (2015: 403) have observed that some Canadian retailers accept US dollars.

The European Commission (2004b: 23–24) has found that people from the old member states of the European Union tend to engage in cross-border shopping in order to combine the shopping experience with purchasing goods that mostly cannot be found at home, while people from East Europe tend to buy more “western” products. In fact, there are certain countries are especially attractive shopping destinations for a specific goods or services, for example, Germany is a popular destination to purchase technical appliances and electrical or electronic equipment or cars, the most popular destinations for those who wish to purchase clothes are France and the United Kingdom as well as Italy and Germany, while the Danes travel to Sweden for dental treatment and Lithuanians purchase building materials in Poland and so on (European Commission, 2004b: 34–35).

Dmitrović and Vida (2007) have researched cross-border outshopping in Croatia and Serbia. The most common motivator for cross-border shopping was lower prices, whereas a small part of the respondents mentioned different goods and higher quality of goods (Dmitrović and Vida, 2007: 388). Interestingly, they found that countries, such as Slovenia and Hungary, were popular destinations for those who were motivated by lower prices, while the old member states of the European Union were considered better when it came to larger selection and higher quality (ibid.: 388). Furthermore, there were also differences among Croats and Serbs, namely, nearly two thirds of Croats purchased food and beverages, while around the same proportion of Serbs purchased apparel and just over 40 per cent travelled abroad in order to purchase food and beverages (ibid.: 388). Although outshopping was influenced by whether the respondents had obtained higher education of the respondents and primarily driven by economic factors, economic patriotism, i.e., “consumer ethnocentrism, local helping purchase behaviour and lower perceived quality of domestic offerings” (ibid.: 391), and in the case of Serbia — family composition and household income that was above the average also played significant roles.

While it has been suggested that it is necessary to research one-day and longer cross-border shopping flows and their economic implications in the far north of Europe (Timothy, Saarinen & Viken, 2016: 10), border areas in Europe and the Baltic Sea region in particular have received especially large scholarly attention due to its unique combination of the welfare states in the North and the cheaper Eastern European states. Furthermore, as noted by Timothy, Saarinen & Viken (2016: 8), cross-border shopping patterns tend to follow a certain direction, namely, “a southward flow”, since Icelanders go to Norway, Norwegians take advantage of the special status of their country and shop for alcohol, meat and other goods in Sweden, while Swedes tend to shop in Denmark and the latter travel to Germany.”

To begin, Finland serves as a “window to Europe” to Russian tourists (Gurova, 2015: 121) and is especially appealing to some Russians because it allows them to receive “European treatment” (ibid.: 124), while Sharpoval (2014: 58) has found that the Finnish town of Rovaniemi is a popular destination for Russians to purchase food items, clothes and souvenirs mainly due to the quality of the goods and products. Nevertheless, there are some cases which show a decrease in cross-border shopping in the region. According to Prokkola (2010: 230), while short shopping trips between the twin cities of Tornio in Finland and Haparanda in Sweden used to be prevalent in the 1970s and 1980s, they are not as common nowadays because the “economic cap has gradually vanished and differences in the selection of goods are no longer very marked.”

Karlsson, Österberg and Tigerstedt (2005: 103) argue that although it is generally assumed that “the flood of drink-thirsty tourists and money-thirsty smugglers has to be stopped”, at the same time, significant amounts of money have been allocated to the integration of the Danish and Swedish markets as well as reducing the time it takes to travel between the border regions of Denmark and Sweden. Commuting, shopping and leisure are the most popular reasons for crossing the Swedish–Danish border (Karlsson, Österberg, 2009: 130). Shopping for beer, wine and spirits in the Øresund is especially popular for the Swedes due to more attractive prices on the other side of the border (ibid.: 130–131).

Likewise, the traditionally higher value added tax and excise duties in Denmark have resulted in cross-border shopping activities in Germany, and correspondingly this phenomenon as well as the positive impacts it has on the local economy have been the focus of a number of studies (Bygvrå, 2009: 144; Makkonen, 2016: 36).

The beginnings of cross-border shopping between Denmark and Germany can be traced back to 1973 when the former joined the European Economic Community (Bygvrå, 2009: 144), although it has been fostered by such developments as the establishment of the European Single Market (1993) and the implementation of the Schengen Agreement in Denmark (2001) (Makkonen, 2016: 40). According to Bygvrå (2009: 144–146), the one-day trips to Germany in order to purchase products, including such beverages as beer or wine, began as Denmark joined the European Economic Community and became increasingly popular after duties were raised in Denmark reaching peak amount 1985 and 1989, which was followed by fluctuations due to various changes in the Danish legislation. Makkonen (2016: 44) has observed that there are different attitudes towards cross-border shopping among the tourism representatives of municipalities in the border regions of Denmark and Germany, that is, some promote cross-border shopping as a tourist attraction or cooperate with border shops in order to promote both cross-border shopping and local tourist facilities, while others exclude cross-border shopping from their marketing materials in an effort to protect the local businesses.

In general, it is suggested that short trips to Germany are more popular than long trips, and the frequency of the trips is related to the distance to the border, in other words, the closer to the border people live, the more often they travel to Germany in order to do shopping (Bygvrå, 2009: 146, 148). In particular, those living within 10 km from the border crossed it 25 times a year, and nearly two-thirds (58 per cent) crossed the border in order to do the shopping (ibid.: 146, 159). At the same time, Makkonen (2016: 43, 41) suggests that cross-border shopping affects the Danish side of the border as well, more concretely, more than two thirds of the respondents visit the Danish border municipalities primarily due to cross-border shopping. As a consequence, most visitors do not use other local tourist attractions or facilities, for example, restaurants, kiosks, hotels or camping sites (ibid.: 43). And yet, cross-border shopping was generally seen as a positive asset for the region with regard to tourism as it was believed that the "positive impact of attracting more tourists can outweigh the negative impact of tourists preferring border shops to local products and services" (ibid.: 44).

As observed by Makkonen, the products that were purchased in the border shops were mainly goods that the people "would not buy from local shops anyway" (ibid.: 44). Similarly, according to a research carried out by Bygvrå (2009: 151), by 2003 more than two thirds (43 per cent) of the respondents purchased alcohol only, whereas 36 per cent purchased alcohol and other products as well, while 13 per cent did not purchase alcohol at all. Similarly, it reveals that beer was the most popular purchase (69 per cent), followed by wine (44 per cent) (Bygvrå, 2009: 153). 26 per cent of the respondents revealed that they had purchased spirits, however, Bygvrå (2009: 153) suggests that the real number might be higher, since it was illegal to bring spirits into Denmark at that time. Bygvrå (ibid.: 153) suggests that people who live far from the border are more likely to purchase alcohol than those who live closer to the border. Nevertheless, cross-border shopping was the main purpose for travelling to Germany for around 70 per cent of the Danish respondents (Bygvrå, 2009: 159).

Bygvrå argues that "even after three decades' membership of the EEC/EU, Danes still find it profitable to buy alcohol in Germany, and that they adjust their shopping trips to changing framework conditions" (ibid.: 161). Makkonen (2016: 45), however, notes that although the Danish tourism representatives voice a willingness to cooperate with the border shops in order to develop and promote the local tourist attractions, this will be a challenging task, for currently the link is almost non-existent..

Spierings & Van der Velde (2013) have looked into the motivation and practices for cross-border shopping in the Rhine-Waal Euroregion along the Dutch–German border. On the one hand, there is a long history of integration and cooperation within this region, which is why there are very few differences (mostly these are differences with regard to products and shops and some perceived subjective differences, especially when it comes to culture) (Spierings & Van der Velde, 2013: 12–13).

Spierings & Van der Velde (2013: 13–14) have found that approximately 75 per cent of the German respondents had crossed the border for shopping at least once over the previous twelve months. This number was much lower for the Dutch respondents, namely, just over 40 per cent of the respondents — this number ranged from 55 per cent in municipalities that are located immediately at the border to 35 per cent in municipalities that are located farther away from the border — had visited Germany for shopping purposes (Spierings & Van der Velde, 2013: 13–14). This can, however, be explained by the fact that there are two important regional centres on the Dutch side of the border and just one sub-regional centre on the German side of the border (ibid.: 14). Furthermore, there was a tendency for the cross-border shopping to decrease (ibid.: 14). As observed by Van der Velde (2000: 1), both Germans and the Dutch prefer to shop in their home country. Nevertheless, shopping was the most important factor for crossing the border for both the Dutch and the Germans (Spierings & Van der Velde, 2013: 15). The Dutch–German border regions are rather similar and have few differences, thus both nations prefer to shop in their home regions, nevertheless, although cross-border shopping has decreased over the years, it remains a strong motivator for crossing the border.

And yet, as proposed by Papadopoulus (1980, cited in Dmitrović and Vida, 2007: 392), "what is known about out-shopping does not necessarily allow generalizable predictions and the transfer of knowledge from one community to the other." Cross-border shopping takes place all over the world and has implications for the economy as well as tourism, however, each case is unique, for the motivations, conditions and the effects of cross-border shopping differ widely. It has been widely researched in the Baltic Sea region, more precisely, in the Nordics, and yet, there seems to be practically no research on cross-border shopping and its implications in the Baltic States.

2. Cross-Border Shopping: The Role of the Economy, Legislation and Tourism

The previous chapter dealt with the physical and social factors that influence cross-border shopping and alcotourism, however, there is another factor, namely, the economy, and alcohol taxation in particular, that plays a key role in shaping these practices, since those are the individual countries that set tax and excise duty rates that, in turn, have an effect on cross-border trade in many instances. Correspondingly, this chapter explores cross-border shopping and alcotourism from economic and legal points of view as well as touches upon its implication for the regional development of tourism.

2.1. Alcohol Taxation across the European Union: Problems, Reasons and Attitudes

To begin, the issue and patterns of alcohol exchange duties among the member states of the European Union has been the focus of a number of studies. Although the levels of excise duties for alcohol are harmonised, harmonisation generally concerns product definitions and minimum duties, therefore alcohol tax rates vary significantly among the member states of the European Union, contributing to cross-border shopping and imposing limitations on national excise tax policies (Cnossen, 2007: 701; Johansson, Pekkarinen, Verho, 2014: 125; Nordblom, 2011: 3355).

The price of alcohol is made up of various aspects, i.e., “production, warehousing and transportation costs, producers’, importers’ and wholesale sellers’ margins, the costs and margins of the retailers, as well as taxes, usually VAT and excise duties” (Österberg, 2011: 125), which is why the share of taxes in the prices of alcoholic beverages is, in fact, quite low (ibid.: 128). Still, excise, which includes taxes on alcohol as well as other products, such as cigarettes or fuel, is a means for implementing alcohol policies, which is why thus alcohol taxation has a number of aims. First and foremost, it aims to diminish alcohol consumption in general and in particular when it comes to the “negative externalities generated by abusive alcohol consumption” (Trasberg, 2015: 1). On top of that, this aim generally marks the difference between alcohol taxes and value-added taxes, for the latter are to be mostly used for “common outlays” (Österberg, 2011: 124). On the other hand, since alcohol consumption tends to be viewed as a sin activity, for it has myriad negative effects on the society, alcohol taxation is an instrument to help mend them (Trasberg, 2015: 1).

Similarly, there are various political motives for alcohol taxation (Nordblom, 2011: 3356). To begin, as excise duties are considered to be “sin taxes” (Trasberg, 2015: 1), they are generally acknowledged as necessary by the public. What is more, alcohol taxation is considered fair, and thus it is common for the taxes to possess “selective and intentionally discriminative” characteristics (Trasberg, 2015: 2) that help limit and reduce the consumption of alcohol and assist in mending its effects.

To illustrate it, it is generally believed that taxing alcoholic beverages could prevent people from drinking and improve public health — and thus also decrease the costs that are connected with alcohol-related health problems, their treatment and consequences, including mortality, and thus the expenses for the health sector — and decrease drunk driving (Johansson, Pekkarinen, Verho, 2014: 134; Nordblom, 2011: 3356, 3362). On top of that, there are other costs that are connected to alcohol-related problems, for alcohol consumption and its consequences may affect such fields as insurance, social welfare and criminal justice as well as production, since absenteeism and lowered working capacity due to alcohol consumption may result in lost production (Lehto, 1997: 58; Saar, 2010: 77). This is in line with the Pigouvian principle, namely, the “tax on alcohol should equal the expected monetary value of the external costs of alcohol consumption” (Johansson, Pekkarinen, Verho, 2014: 125).

Next, it has another — fiscal— purpose, that is, to collect revenues for the public budget (Ministry of Finance of the Republic of Latvia, 2017). as well as additional tax revenues (for example, in 2004, Sweden raised more than SEK 10 billion or around one per cent from the excise tax revenue, while revenue from the sale of alcohol constituted around 10 per cent of the overall public budget revenues in Finland and Poland in the 1970s) (Nordblom, 2011: 3356). In general, as noted by Österberg (2011: 129), while alcohol taxation has not been subjected to significant changes in most of Europe, increase in alcohol prices tends to contribute to decrease in alcohol consumption, whereas decrease in alcohol prices, in turn, increases the consumption of alcohol. All in all, there are two main reasons for taxing alcohol — first, in order to meet regulatory needs and improve the health and safety of the society and, second, it is used for fiscal purposes both as a means to save money and as an additional source of income.

Furthermore, because of the nature of the European Union, alcohol taxation has a special function within the 28-member-state bloc, that it, it serves to “avoid harmful cross-border trade and consumption, and unify activities to implement EU alcohol policies” (Trasberg, 2015: 1). Thus, alcohol taxation, although not the most important issue when it come to the budget, plays a significant role in reducing the harm from alcohol consumption, generates income for the public budget as well as helps harmonise trade and consumption across the member states of the European Union. And still, the cross-border shopping of alcohol is in many cases directly connected to the differences in alcohol taxation.

Moving on, Trasberg (2015: 2) suggests that alcohol belongs to the price inelastic consumer goods group, and since the production and sale of alcoholic beverages is heavily overseen, monitored and regulated, it is relatively easy to tax alcoholic beverages. However, it has to be mentioned that a study of the price elasticities of various member states of the European Union concluded that the "demand for alcoholic drinks is more sensitive to price in northern states than in southern states" (Cnossen, 2007: 721). At the same time, it has been suggested that the elasticity of alcohol consumption is connected with the frequency of drinking, that is, even heavy drinkers are influenced when the prices on alcohol are increased (Johansson, Pekkarinen, Verho, 2014: 126; Lehto, 1997: 56). And yet, Strateičuks (2014: 152) suggests that higher excise taxes do not always correspond to a decrease in the consumption of alcohol, as people may adapt and purchase cheaper alcoholic beverages or purchase alcoholic beverages in other countries, in other words, higher excise taxes may initiate cross-border shopping. Furthermore, it has been suggested that countries — regardless of their size — might lower taxes in order to compete with neighbouring countries (Kanbur and Keen, 1993: 890). At the same time, higher excise taxes may increase the demand for illegal alcohol, have a negative effect on business or be ineffective if the market is stable, as it is in Europe (Strateičuks, 2014: 152). In general, alcohol taxation is not always the most effective means to regulate the consumption of alcohol, combat its effects or raise tax revenues, for raising the excise duty on alcohol may, in fact, increase the demand for illegal alcohol or cross-border shopping when there are more beneficial conditions for purchasing alcohol in other countries.

According to Trasberg (2015: 2), the European Union is "the most intensive *per capita* alcohol consuming region in the world," while Cnossen (2007: 728) draws attention to the side effects of this situation, namely, "EU member states have come closer together in alcohol consumption levels, drink preferences and youth drunkenness," which suggests that not only the regulations have been harmonised, but also the consumption patterns have become more similar across the European Union. At the same time, while alcohol taxation and policies of the 28 member states of the European Union differ significantly, they are somewhat mutually interdependent. For example, Denmark reduced the tax in 2003 due to lower taxes in the neighbouring Germany, and similarly, in 2004, when Estonia joined the European Union, taxes were reduced in Finland (Nordblom, 2011: 3355). There is a view that although smaller countries might introduce lower tax rates and thus benefit from cross-border shopping, they would also collect less overall tax revenue, which ultimately leads to a loss of revenue in both the smaller and larger countries (Kanbur and Keen, 1993: 890). Correspondingly, Kanbur and Keen (1993: 890) propose that coordination, more specifically, imposing a minimum tax rate, would result in a situation that benefits both countries. Thus, the area of alcohol taxation is a significant matter of concern for a number of member states and their economies, and it is also influenced by cross-border shopping. While tax reductions can serve as a response to the actions carried out by neighbouring states, they may also encourage competition. And yet, it has been suggested that perhaps it is coordination — not competition — that could gradually yield benefits for both countries.

At the same time, it has been suggested that the alcohol policies and taxation in the European Union focus on regulatory measures rather than the benefit for the society, as health and social issues are rarely among the determinants when it comes to setting rates (Trasberg, 2015: 2). As Cnossen (2007: 727) puts it, "[t]he excise taxation of alcohol is a fairly blunt instrument, causing welfare losses to non-harmful users while at the same time not adequately controlling the drinking of harmful users". Correspondingly, the main aim of alcohol taxation within the European Union is to "avoid harmful tax competition among the member states and distortions of cross border trade activities" (Trasberg, 2015: 2), thus the regulations of the European Union are exceptional because they control and take into account 28 states as separate entities and across borders along with its traditional function, that is, they limit access to and the affordability of alcoholic drinks.

Nordblom (2011: 3355–3356) has pointed out that in Sweden, which has the highest excise rates on spirits compared to the rest of the European Union, and where at the same time cross-border shopping is very common, the attitudes towards alcohol taxation differ significantly, that is, the part of the society that is concerned about public health or the increased alcohol consumption is more likely to favour increased alcohol taxes, whereas people who have a more positive opinion on the European Union, including integration of the 28-member-state bloc and cross-border shopping, or tend to consume larger amounts of alcohol or live near the border prefer the idea of reduced alcohol taxes. The latter stance corresponds with observations made by Strateičuks (2014: 54), namely, despite the efforts carried out by the governments of the Scandinavian countries, the society as a whole does not want to stop consuming alcohol. On top of that, a number of previous efforts to partly or completely prohibit people to consume alcohol have been proved ineffective (Strateičuks, 2014: 54–55).

There are two European Union Directives that regulate alcohol excise duties — *Council Directive 92/83/EEC of 19 October 1992 on the harmonisation of the structures of excise duties on alcohol and alcoholic beverages*, which concerns the structures and categories of alcohol and alcoholic beverages as well as excise duties and their calculation as well as certain special provisions (however, according to the available information, it is planned to revise the Directive starting from January 2016), and *Council Directive 92/84/EEC of 19 October 1992 on the approximation of the rates of excise duty on alcohol and alcoholic beverages*, which lays out the minimum rates of excise duties and specifies reduced rates that are applicable in certain regions of the European Union (European Commission Taxation and Customs Union, 2017). At the same time, there are exceptions stemming from particular cultural and economic characteristics of the member states, e.g., there are zero tax rates on wine in a number of states (Trasberg, 2015: 2). Trasberg (2015: 2) points out that there have been attempts to modify the Directives; however, the efforts have not succeeded. Perhaps the overall situation with regard to tax harmonisation in the European Union can be best described by using the following quote from a European Union report on alcohol taxation:

> The Commission concludes that more convergence of the rates of excise duty [on alcohol] in the different Member States is needed so as to reduce distortions of competition and fraud. However, given the widely differing views in the Member States about the appropriate levels of the minimum rates, and given that any change would require unanimous agreement, the Commission is not making a proposal at this time. (European Commission, 2004a)

Similarly, Cnossen (2007: 728) suggests that "the EU is never going "to solve the alcohol problem", but it can probably craft better policies by recognizing the tradeoffs." All in all, the European Union plays a significant role when it comes to alcohol policies, but at the same time, the efforts aimed at limiting alcohol consumption have been proved rather ineffective.

Notwithstanding, tax policies and excise taxes in the European Union differ from one country to another due to a number of factors: "the particularities of the legal system, the historical development of alcohol taxation and specific characteristics of tax administration" (Trasberg, 2015: 4). The number of excise taxes ranges from one that comprises the rates for different alcoholic beverages to seven, namely, a different tax for each type of taxable alcoholic product (ibid.: 4). According to calculations made by Trasberg (2015: 4), revenues from exchange duties account from 0.65 per cent to 1.17 per cent of the GDP in Estonia, Finland and Latvia along with Lithuania, Poland and the United Kingdom, which is more than in the rest of the European Union. Similarly, alcohol taxes constitute from 1.77 per cent to 3.62 per cent of the total amount of taxes in the United Kingdom, Iceland, Poland, Latvia, Lithuania and Estonia, while in Finland along with Hungary, the Czech Republic, Bulgaria, Slovakia and Ireland this amount varies from 0.81 per cent to 1.76 per cent (Trasberg, 2015: 4), that is, the budgets of these countries have a relatively high proportion of alcohol taxation revenues. Cnossen (2007: 727) believes that the differences in alcohol taxation among various member states of the European Union could be eliminated by increasing floors to alcohol taxes, which, in turn, would help reduce the economic and fiscal effects that stem from cross-border shopping. While it has been acknowledged that it would be more effective to, for example, increase floors to taxes on alcohol or coordinate taxes rather to turn to individual alcohol taxation, it is often preferred to raise the excise duties instead.

2.2. Reasons for Raising the Excise Duty

Aside from being a profitable industry, the alcohol industry has a significant effect on the lives of the inhabitants of Europe, for it provides employment for a large number of people. According to a research carried out by the European Union in the 1990s, “the production and trade of alcoholic beverages provided directly or indirectly employment to nearly three million people” (Österberg and Karlsson, 1998: 17) from farmers and people working in distilleries and breweries to retailers to producers and so on (ibid.: 17). On top of that, the availability and affordability of alcohol is of a great importance when it comes to other sectors of the economy, for example, tourism, retail and entertainment (Trasberg, 2015: 2). Furthermore, Saar (2010: 84) stresses the importance of matters that have a negative influence optimal alcohol taxation, namely, both illegal (the black market) and legal ways (producing alcoholic beverages at home and purchasing alcohol abroad) that are utilised in order to pay fewer taxes. Lastly, as Trasberg (2015: 2) puts it, “alcohol consumption is also a part of society’s everyday culture,” as alcohol has long been a part of many traditions and festivities, it is connected with recreation and may have religious and symbolic meanings or simply symbolise friendship (Österberg and Karlsson, 1998: 18).

With this in mind, the producers, sellers and advertisers of alcohol are a considerable economic force in Estonia. Their lobbying has had a more profound influence on the legislation on alcohol than the recommendations of health care professionals, social scientists, policemen, teachers etc. (Josing, 2006). The Ministry of Finance of the Republic of Estonia has commented that the plans to raise the excise duty on alcohol are directly connected with the shift in cross-border trade, more specifically, with the decrease in cross-border trade between Estonia and Finland and increase in cross-border shopping between Estonia and

Latvia, whereas in Latvia, the main aim is to boost revenues from the excise duties (LETA, 2016d; LETA, 2017a). It has nevertheless been suggested that perhaps a more efficient way to boost revenues would be combating the illegal trade of alcohol rather than raising the excise duties, which, in turn, could contribute to illegal trade (Jurušs, Rutkupe, 2016: 26).

In general, it is rather complicated to raise the excise duty on alcohol because, first, alcohol is regarded as a part of everyday life and, second, the alcohol field is closely connected with and thus has direct effects on a number of other fields, starting from jobs to illegal trade of alcohol. And yet, it is still planned to further raise the duties, whether as a response to the existing situation or in order to increase revenues.

2.3. Excise Duty Rates in Latvia and Estonia

As of May 2017, the excise duties for alcoholic beverages in Estonia and Latvia are calculated as described in the following paragraphs. In both countries, for the purposes of alcohol taxation, alcoholic beverages are divided into five groups, namely, beer, wine, fermented beverages, intermediate products and other alcoholic beverages. All duties are calculated per 100 litres or one hectolitre of alcoholic beverages for each per cent of absolute alcohol (ethanol) volume. Although there are special regulations concerning small and private producers and breweries, they have not been taken into account, for cross-border shopping generally concerns retailers.

According to the Ministry of Finance of the Republic of Latvia (2017), the excise duty for alcoholic beverages was raised on 1 March 2017, and it is planned to further increase it in 2018. Similarly, in Estonia, the excise duty rates for alcohol were increased on 1 February 2017, and they are to further increase on 1 July 2017 (EMTA, 2017). As a matter of fact, Finnish authorities are also reportedly planning to implement changes in laws concerning alcohol, more specifically, to reduce certain restrictions (LSM, 2017).

Beer is understood to be a fermented alcoholic beverage that is made from malt, water and hops containing more than 0.5 per cent of absolute alcohol by volume or products that are a mixture of beer and non-alcoholic beverages (*Likums Par akcīzes nodokli*, 2003; *Alcohol, Tobacco, Fuel and Electricity Excise Duty Act*, 2002). From 1 March 2017, the excise duty for beer in Latvia is EUR 4.50 (Ministry of Finance of the Republic of Latvia, 2017), while since 1 February 2017 in Estonia it stands at EUR 9.13 (EMTA, 2017). Prior to that, the excise duty for beer in Estonia was EUR 8.30 (*Alcohol, Tobacco, Fuel and Electricity Excise Duty Act*, 2002), and it is planned to raise it again in July 2017 making it EUR 15.52 (EMTA, 2017). The excise duty for beer is more than two times higher in Estonia at the moment, but starting from July, the difference will be more than EUR 10 (3.45 times the excise duty in Latvia). It is also planned to further raise the excise duty on alcohol in Latvia in 2018 (EUR 4.80) (Ministry of Finance of the Republic of Latvia, 2017), however, it will still be significantly lower than that in Estonia.

Next, wine is divided into two subsections: still wine and sparkling wine. Still wine is a fermented product containing between 1.2 and 18 per cent of alcohol by volume, while the percentage of alcohol by volume, which is exclusively of fermented origin, varies between 1.2 and 12 per cent for sparkling wine (*Likums Par akcīzes nodokli*, 2003; *Alcohol, Tobacco, Fuel and Electricity Excise Duty Act*, 2002). The excise duty for wine in Latvia is EUR 78 (Ministry of Finance of the Republic of Latvia, 2017). In Estonia, the excise duty for wine containing six or less than six per cent of alcohol is EUR 53.41, but it is set to increase to EUR 77.44 in the summer of 2017 (*Alcohol, Tobacco, Fuel and Electricity Excise Duty Act*, 2002). As for wine containing more than six per cent of alcohol — the excise duty stands at EUR 123.18 (*Alcohol, Tobacco, Fuel and Electricity Excise Duty Act*, 2002). There is a set rate for wine in Latvia, which is currently fairly more expensive than the Estonian rate for wine containing up to six per cent of alcohol, but the difference is to decrease starting from June. At the same time, the Estonian rate for wine containing more than six per cent of alcohol 1.6 times exceeds the Latvian rate. Raising the excise duty on wine in Latvia is going to make it stand at EUR 82 (*Likums Par akcīzes nodokli*, 2003).

Still and sparkling fermented beverages (other than beer or wine) contain between 1.2 and 15 per cent of alcohol by volume (*Alcohol, Tobacco, Fuel and Electricity Excise Duty Act*, 2002; *Likums Par akcīzes nodokli*, 2003). Similarly to wine, the excise duty for fermented beverages containing six or less than six per cent of alcohol in Estonia stands at EUR 53.41, but it is set to increase to EUR 77.44 starting from 1 July 2017, while the excise duty for fermented beverages containing more than six per cent of alcohol is EUR 123.18 (*Alcohol, Tobacco, Fuel and Electricity Excise Duty Act*, 2002). In Latvia, the excise duty for still and sparkling fermented beverages (except wine and beer) containing six or less than six per cent of alcohol is EUR 64, but for beverages containing more than six per cent of alcohol — EUR 78 (*Likums Par akcīzes nodokli*, 2003). Currently, there is a difference of around EUR 10 in the case of fermented beverages containing six or less than six per cent of alcohol, which at the moment enjoy a lower rate in Estonia, however, starting from July, the Estonian excise duty is going to be roughly 1.5 times the Latvian rate for all the fermented beverages. One again, it is planned to increase the duty in Latvia in 2018, which is going to result in a slight increase — EUR 82 (ibid.).

The next group of alcoholic beverages that are subjected to taxation is intermediate products that contain between 1.2 and 22 per cent of alcohol by volume (*Alcohol, Tobacco, Fuel and Electricity Excise Duty Act*, 2002; *Likums Par akcīzes nodokli*, 2003). Intermediate products containing up to fifteen per cent of alcohol are subjected to an excise duty of EUR 78, but if the volume of alcohol ranges from 15 (not inclusive) to 22 per cent, the excise duty is EUR 130 in Latvia (*Likums Par akcīzes nodokli*, 2003). This rate is significantly higher is Estonia, namely, EUR 263.03 (*Alcohol, Tobacco, Fuel and Electricity Excise Duty Act*, 2002).

Finally, there are other alcoholic beverages, and this subsection includes food products with more than 1.2 per cent of alcohol by volume. Here, the excise duty rate in Estonia stands at EUR 23.89 per one per cent of alcohol per 100 litres (*Alcohol, Tobacco, Fuel and Electricity Excise Duty Act*, 2002). In Latvia, the corresponding rate is EUR 1450 per 100 litres of absolute alcohol (*Likums Par akcīzes nodokli*, 2003).

According to the statistics from the previous five years, the excise duty revenues from the sale of alcohol are constantly growing in both Estonia and Latvia — with very few exceptions (Table 1 and Table 2). Furthermore, the year-on-year revenue on overall alcohol sales grew by 11.6 per cent in Estonia and by 8.1 per cent in Latvia. More wine (16.2 per cent) and beverages in the other alcohol (12.8 per cent) group were purchased in Estonia in 2016 compared to 2015 than in Latvia (12.8 and 4.5 per cent, respectively). Nevertheless, other alcoholic beverages has traditionally been the proportionally largest source of revenues from the excise duty on alcohol in both Estonia and Latvia. In Latvia, there was a clear year-on-year growth compared to Estonia when it came to beer (15.4 per cent in Latvia versus 8.6 per cent in Estonia), fermented beverages (25.5 per cent up from 2016 compared to just 1.6 per cent in Estonia) and intermediate products (20 per cent in Latvia versus 6.5 per cent in Estonia).

Table 1. Excise Duty Revenue (EUR) in Estonia from 2012 to 2016

Type of Excise	2012	2013	2014	2015	2016
Alcohol (total)	195282.9 ↑	209004.9 ↑	220026.2 ↑	222053.9 ↑	251047.9 ↑
Beer	38200.2 ↑	41235.7 ↑	42115.04 ↑	46681.14 ↑	51089.98 ↑
Wine	14006.62 ↑	15259.98 ↑	16568.7 ↑	19268.28 ↑	22979 ↑
Fermented Beverages	12216.98 ↑	13932.34 ↑	14149.36 ↑	15114.59 ↑	15354.83 ↑
Intermediate Products	1130.73 ↓	1212.177 ↑	1337.804 ↑	1392.189 ↑	1488.808 ↑
Other alcohol	129746.3 ↑	137385.3 ↑	145847.5 ↑	139597.2 ↓	160134.4 ↑

Source: Statistics Estonia (2017)

Table 2. Excise Duty Revenue (EUR) in Latvia from 2012 to 2016

Type of Excise	2012	2013	2014	2015	2016
Alcohol (total)	143608.6 ↑	152293.38 ↑	148967.9 ↓	155788.4 ↑	169596.1 ↑
Beer	25704.21 ↓	24364.22 ↓	25144.47 ↑	27122.63 ↑	32075.77 ↑
Wine	10476.21 ↑	9959.54 ↓	10070.33 ↑	10582.71 ↑	12130.12 ↑
Fermented Beverages	3016.689 ↓	3118.412 ↑	3209.23 ↑	3253.87 ↑	4367.05 ↑
Intermediate Products	2805.185 ↑	2780.72 ↓	2917.16 ↑	3601.99 ↑	4500.72 ↑
Other alcohol	101606.33 ↑	112072.06 ↑	107627.2 ↓	111227.8 ↑	116523 ↑

Source: Author's compilation of statistical data from 2012 to 2016 based on VID statistics

At the same time, the revenues from the excise on alcohol constituted 26 per cent of the overall revenues from the excise duty (Statistics Estonia, 2017). This number is much lower in Latvia — just around 10 per cent (Jurušs, Rutkupe, 2016: 23).

2.4. Tourism and the Economy

Of course, revenues from the excise duty go to the state budget, however, the differences in the rates of the excise duties result in clear differences in prices, and, as discussed earlier, more attractive prices and the potential to save money overall are often enough to motivate people to travel to the other side of the national border and to shop there.

By spending money on services, tourists contribute to the destinations by generating income and creating demand, which creates positive conditions for the development of new businesses and jobs. These direct and indirect results (Figure 1) differ from one region to another, however, tourism fosters regional development as well as has the potential to "transfer wealth from the richer urbanized areas to the poorer peripheral regions" (Saarinen, 2003: 94–95). Still, Saarinen (2003: 105) stresses that the very nature of tourism indicates the necessity to integrate tourism with other parts of the economy, for example, production.

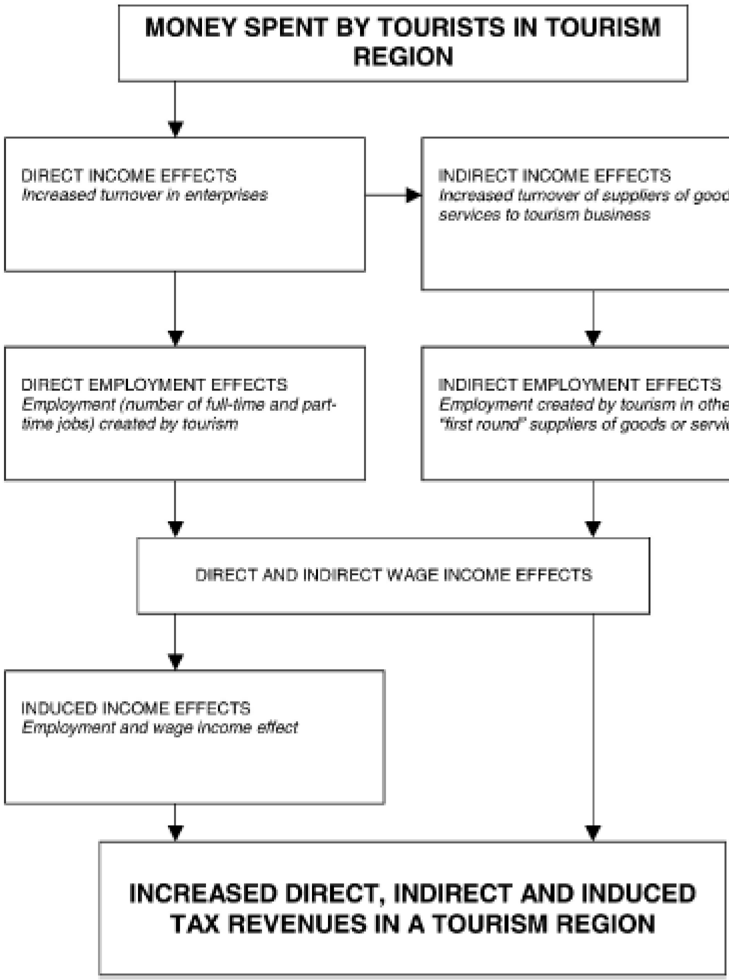

Figure 1. The Economic Impacts of Tourism on Regional Economies

Source: Saarinen, 2003: 95

In addition, it is likely that people would purchase various products and use the available services in addition to cross-border shopping, thus contributing to the tourism sector and the economies of the neighbouring municipalities. And yet, as mentioned previously, one of the main aims of the excise duty is to collect revenues for the budget, and it seems that the Ministry of Finance of the Republic of Latvia has been fast to adapt to the situation and plans to implement a tax reform which includes raising the excise duty, including excise on alcohol, considerably, which could also have implications for cross-border shopping, for it has been argued that it would result in lower consumption, since it is believed that the alcohol sector has only experienced growth because of increased sale in the border area of Latvia and Estonia (LETA, 2017b).

Judging by the developments of cross-border shopping in other border regions as well as the theoretical background, raising the excise duty could lead to a number of different scenarios. On the one hand, it is likely that if the prices on alcohol are raised to the level of those in

Estonia, cross-border shopping would decrease, since the price seems to be a stronger motivation that the variety or quality of the goods, and it is also likely that the selection of goods does not differ significantly from that in Estonia. At the same time, this could probably also lead to a situation where Latvians look for opportunities to purchase alcohol illegally, including from abroad. On the other hand, not raising the excise duty or raising it so that it is still lower than in Estonia could result in higher revenues for the budget due to the sold units as well as in further increase in cross-border shopping and tourism as well as new jobs, for it has been suggested that, for example, the Finns have just started to discover Latvia (Valdības māja, 2017). On top of that, it is also possible that the cross-border tourists engage in services other than shopping, which could lead to further developments in tourism even after raising the excise duty, in other words, the motivation for visiting the destinations could shift from shopping to other services our tourism.

Having discussed the theoretical background and the statistical implications with regard to cross-border shopping and its determinants, it is now time to shift the focus on the existing situation and its historical developments. Correspondingly, the following chapters seek to explore whether and how this applies to the situation in the border area of Latvia and Estonia.. To begin, Estonia, and especially its capital, Tallinn, has long been a popular destination for Finns due to a number of favourable circumstances, such as its geographic location, similarity of languages, historic ties and last but not least, lower prices. As a matter of fact, one of the most common reasons for the Finns to visit their southern neighbouring country is to purchase alcoholic beverages, namely, a practice that has been labelled as alcohol tourism. Recently, however, a new trend has emerged, i.e., following the increase of the excise duty, Estonians and Finns alike seem to flock to the Latvian side of the Estonian–Latvian border instead. The following chapter seek to explore the determinants which have shaped the current situation in the border area of Latvia and Estonia.

3. Cross-Border Shopping in Estonia and Latvia

3.1. Finnish Alcohol Tourism to Tallinn in the 1990s

Estonia has been a popular destination for Finns for quite a long period of time, and there are several reasons for that, although perhaps the primary are Estonia being close and convenient to travel to and generally cheaper than Finland as well as the similarities between the two languages and cultures. On top of that, according to Karlsson, Österberg and Tigerstedt (2005: 109), the supply in Tallinn is virtually identical to that in Finland due to Finnish investments and business activities in the capital of Estonia.

The beginnings of regular visits can be traced back to the 1960s, when a passenger ferry started to operate between Helsinki and Tallinn on a regular basis (McKenzie, 2016). As stereotypical as it may be, one of the most popular reasons for why the Finns visit Estonia and its capital, Tallinn, in particular, is believed to be connected with tourism and the purchase of alcoholic beverages (Karlsson, Österberg and Tigerstedt, 2005: 110; Rand, 2014: 7) and thus the so-called alcohol tourism, although it has to be mentioned that Estonia is also known as a popular destination for city break tourism (especially when it comes to Tallinn), health and spa tourism and tours combining visiting Estonia and its neighbouring countries (Jarvis and Kallas, 2006: 162; Rand, 2014: 18). In addition, Komppula et al. (2006: 151) regard Estonia as a shopper's paradise for Finns as well as Swedes who visit Estonia for short shopping trips, short breaks and mini cruises due to the "lower prices for alcohol and other consumer goods and services."

Nevertheless, alcotourism is not a new phenomenon. The beginnings of alcohol tourism — "vodka tourism" to be exact — with regard to Finnish tourists and Estonia can be traced back to as early as 1971 (McKenzie, 2016). Although alcohol-related tourism has negative connotations, it has been suggested that it was tourism — and especially alcohol tourism from Finland — that played a significant role when it came to the development of Estonia after regaining the independence in the 1990s, largely thanks to its Northern neighbour.

Just like most fields, the manufacturing, production and sale of alcohol in Estonia experienced tremendous changes in the 1990s. Eventually, a certain trend appeared, that is, as Josing (2006: 483) puts it, "purchases made by tourists both for consumption in Estonia and for passengers exporting" became very significant when it came to the sale of alcohol in Estonia. As a matter of fact, foreign visitors account for just under one fourth of the sales of alcoholic beverages with Finns constituting the largest group of alcohol purchases (ibid.: 483).

Similarly, Huang (2000) argues that the “short 85-kilometre stretch from Tallinn to Helsinki provided a vital lifeline at a time when the rest of the world would still not touch Estonia with a ten-foot pole”, namely, during the early 1990s, even given the overall uncertainness and instability, it was already more financially feasible for the Finns to travel four and a half hours from Helsinki to the capital of Estonia, Tallinn, in order to purchase a number of products due to the price differences, thus leaving their money there and benefiting Tallinn as well as the rest of the country. Interestingly, it has been suggested that the absence of a fixed land border would serve as a somewhat discouraging factor (Karlsson, Österberg and Tigerstedt, 2005: 113). All in all, the combination of the above-mentioned as well as the investment of money helped and fostered the development of the country leaving a mark on a number of areas, including the service and tourism sectors and balance of trade (Huang, 2000).

As a matter of fact, it was not just Estonia that enjoyed the benefits of this situation; the Finns also had obvious advantages, for, as Huang puts it,

> [t]here is no other place in the world where Finns can feel somewhat at home, speak their own language and be understood and consume a vast amount of alcohol not weighed down by heavy Finnish taxes; and, what's more, all this, close enough for a day-trip. (ibid.)

Eventually, the Finns observed that goods were cheaper and taxes were lower in Estonia, and a number of Finnish businesses and retailers were opened there (Karlsson, Österberg and Tigerstedt, 2005: 109; Huang, 2000), which resulted in concerns about lack of competition due to the predominance of Finnish businesses and implications for developing and expanding business and trade relations with other countries, especially Sweden (Stöcker, 2016: 460). On the contrary, the Finnish tourism industry has suffered some losses due to the hotels losing domestic customers to Estonia, the Finnish government has voiced concerns over this issue leaving a mark on the economy of Finland, while the media and the public both generate and engage in discussions about the advantages and disadvantages of this type of tourism (Rand, 2014: 19).

Moving on, the revenue from the sale of alcohol helped further develop the service and tourism industries, which made Tallinn more attractive to foreign tourists, businessmen and investors (Huang, 2000). In general, it has been observed that the supply and consumption of alcohol helps support the industry as well as contributes to tourist expectations for recreation (Padilla et al., 2010: 74, cited in Örnberg and Room, 2014: 153). This is also applicable to the case of Estonia, for the necessity to serve the large number of tourists helped transform and improve the quality of the tourism facilities and infrastructure — starting from hotels and other places for accommodation, to bars and restaurants — in Tallinn (Huang, 2000). On top of that, while it is commonly believed that the “Finnish invasion” (ibid.) focused merely on the capital, Tallinn, it also brought the whole Estonia closer to the European Union.

At the same time, one of the objectives of the Estonian tourism sector was to advance to a phase of tourism that “does not have negative connotations as alcohol related tourism” (Kerr, 2003: 76). Somewhat ironically, though a large number of the tourists to Estonia remain Finnish one-day alcohol and shopping tourists, as Huang (2000) argues, by the new millennium Tallinn had become too expensive for some Finnish travellers who changed their preferences from the capital for regions, such as Tartu, Haapsalu or Pärnu.

All in all, Tallinn has been a popular destination among Finns — and sometimes Swedes — due to its convenient location, cheaper prices and the relative lack of cultural and linguistic barriers. It was largely the Finnish tourists and the money they left in Tallinn that helped and in certain ways shaped the development of Estonia and particularly its tourism sector in the 1990s. For the so-called alcohol tourism has significantly contributed to this situation, it has long been a topical issue in both Estonia and Finland generating debates among the media, public and government.

3.2. Alcohol Tourism to Estonia: Changes following 2004

Estonia became a member of the European Union in May 2004, and thus the European Union regulations on cross-border purchases of alcoholic beverages came into effect (Mäkelä et al., 2008, Mäkelä & Österberg, 2009) eliminating the limits on the importation of alcohol for personal use. Given that Tallinn is only two hours away by ferry from Helsinki and the tax system of Estonia results in significantly lower prices on alcohol, it was expected that cross-border consumption of alcohol would increase in Finland, which, in turn, meant “a significant loss of the alcohol tax base” (Rabinovich et al., 2009: 72). Moreover, there were concerns that this situation would result in “a black market and a grey economy on mass imports by intermediate third parties” (Koski et al., 2007, in Rabinovich et al., 2009: 72), whereas, according to Rabinovich et al. (2009: 72), there had not been such concerns regarding Denmark or Sweden joining the European Union.

All in all, as it was believed that these factors would lead to an increase in aggregate alcohol consumption in Finland, which is why a significant reduction in its alcohol excise duty rates was implemented, taxes on alcoholic beverages were lowered by 33 per cent on average (more specifically, by 44 per cent on spirits, by 40 per cent on fortified wine, by 10 per cent on table wine and by 32 per cent on beer) (Mäkelä et al., 2008). Next, the prices of alcohol in government-owned shops were also reduced by 28 to 36 per cent on spirits, by 25 per cent on fortified wine, by three per cent on wine and by 13 per cent on beer (Mäkelä & Österberg, 2009).

At the same time, there was a growing interest in the effects of these developments, for example, the extent to which the accession of Estonia to the European Union along with the abolition of traveller tax-free import quotas from other member states of the European Union and the changes described above would affect the consumption of alcohol — and cross-border consumption in particular — and alcohol-related harms (Rabinovich et al., 2009: 74). Consequently, a research found that overall alcohol consumption increased by 10 per cent, recorded consumption increased by 6.5 per cent and unrecorded consumption — "alcohol brought into the country by tourists for personal consumption, alcohol consumed abroad, alcohol produced illicitly, smuggled alcohol and beer and wine produced legally in private homes" (Rabinovich et al., 2009: 74) — was estimated to have increased by about one-fourth (Mäkelä & Österberg, 2009). The Finnish Ministry of Social Affairs and Health has estimated that unrecorded consumption was around 15 per cent before the country joined the European Union, but it increased after 1995, and particularly in 2004, "mostly driven by increases in the amounts of alcohol imported by travellers from Estonia and from Russia" (Rabinovich et al., 2009: 74).

Furthermore, Rabinovich et al. have found that it was primarily "the reductions in alcohol taxation and not the increase in the amount of alcohol people were allowed to import for personal use" (ibid.: 76) that increased the consumption of alcohol and some alcohol-related harms. Nevertheless, they argue that the abolition of traveller's quotas and their replacement "prevented greater fiscal revenue losses for Finland" (ibid.: 77) as well as helped retain the domestic sales and led to significant positive effects in the longer term. On the contrary, McKenzie (2016) argues that the difference in the taxes is not the only reason that fosters this kind of tourism because the severe competition in Estonia has an effect on the production, distribution and selling costs of alcoholic beverages.

3.3. Why Do the Finns Visit Estonia: Reasons and Trends

As it was mentioned before, the Finns started to regularly travel to Estonia in the 1960s. During the period of time when Estonia was a part of the Soviet Union, the Estonians could not visit Finland, while only a small number of Finns had the chance to visit Estonia (Alenius, 2007: 385–386). Following the introduction of regular maritime traffic, more and more Finnish travellers visited Estonia — in the 1960s, a few thousand travellers visited Estonia each year per, but by the 1980s, this number had already reached tens of thousands (ibid.: 385–386).

Nowadays, according to IBP USA (2012: 53) and OECD (2014: 160), Finland is the most important tourism target market of Estonia. The number of Finnish tourists increased after Estonia joined the European Union in 2004, and after having experienced decrease in the following two years, continued to grow and break previous records, for example, in 2011, 833 thousand Finns accounted for almost one half of foreign tourists that were accommodated in Estonia in 2011 (IBP USA, 2012: 53). According to data from OECD (2014: 160), 728 thousand Finns visited Estonia in 2008. This number has since increased each year except for a slight drop in 2012, and stood at 916 thousand in 2014 (OECD, 2016: 162). At the same time, it is assumed that the number is even bigger, since some tourists do not use accommodation (IBP USA, 2012: 53).

The Finnish Commerce Federation has observed various trends with regard to visits the Finns have made to Estonia. It reports a growing number of Finnish tourists who travel to Estonia because of the cheaper prices over the years. Alcohol was the most popular purchase as 81 per cent of the respondents has bought it in Estonia followed by sweets (58 per cent) and adult clothing (37 per cent) (Kurjenoja, 2014). On average, one traveller spent EUR 148 (or EUR 249 if they travelled by car) on alcohol, which continued to be “the most important factor for attracting Finnish visitors” (Finnish Commerce Federation, 2014), while the average amount spent stood at EUR 137 (Kurjenoja, 2014). In addition, those who imported alcohol by car spent up to eighty per cent more money than the rest of the visitors (ibid.).

Next, Finns spent a record sum of EUR 501 million in Estonia in 2012, increasing their consumption by eight per cent from 2011 (Finnish Commerce Federation, 2013). According to a survey carried out by the Finnish Commerce Federation, around 50 per cent of the Finns who visited Estonia in 2012 reported having been attracted by the lower prices compared to 37 per cent in 2009. Families with children and people who often travel to Estonia were found to be the most price-conscious group (ibid.). On a similar note, the people travelling to Estonia often purchased “more alcohol, foodstuffs and medicines in Estonia than occasional tourists” (ibid.).

In 2014, it reported that travel trends to Estonia in 2013 had been influenced by the decline in purchasing power among the Finnish consumers, which resulted in shorter visits combined with “a sharp rise in same-day trips” (Finnish Commerce Federation, 2014), in many cases with the aim of shopping (ibid.). Around one third of all Finnish residents from southern and western Finland visited Estonia in 2013, and the majority of them visited it more than once (ibid.).

This trend continued in 2014, yet largely due to the development of e-commerce, the focus started shifting from clothes to “old favourite purchases” (Finnish Commerce Federation, 2015), namely, “alcohol, sweets, food items, cosmetics and cigarettes” (ibid.). At the same time, it was suggested that various services, e.g., dentist appointments, hairdressing or car services were also popular (Tubalkain, 2015). In addition, retrieving alcohol by car had increased significantly (42 per cent compared to 21 per cent in 2012) (Finnish Commerce Federation, 2015). According to a survey, tourists brought 64 million litres of alcoholic beverages from Estonia to Finland, including 32 million litres of beer, nine million litres of cider, 11 million litres of long drinks and 4.5 million litres of spirits, which accounted for more than a third of the total alcohol sale in Estonia — a 2.1 per cent drop compared to 2013 (ERR, 2015a; Tubalkain, 2015). On top of that, the survey found that just five per cent of Finnish tourists bought more than a half of alcohol that was taken to Finland from Estonia (ERR, 2015a).

In 2015, the number of visits Finns made to Estonia once again increased by six per cent compared to 2014 (Finnish Consumer Federation, 2016). However, the travellers spent less money per visit, and the overall consumer behaviour had changed as well slowly shifting from the shopping industry towards the service industry — hotel, spa and cultural services (ibid.). People purchased less alcohol overall, while those who travelled to Estonia because of the cheaper prices bought “nearly as much alcohol and tobacco as before” (ibid.) spending even more than before.

And yet, some experts claim that the stereotype of a Finnish tourist as an alcoholic seems to be fading away, for, although alcohol tourists are more visible as they tend to be louder and attract more attention, it has been found that the average Finnish tourist is an educated women from Helsinki or nearby aged 45 or above (Rand, 2014:19–20). Conversely, a 2017 study of Chilean and Finnish women has found that middle-aged women of higher socioeconomic status consumed more alcohol and drank more heavily (Peña et al., 2017: 29) compared to other age groups and lower statuses. Moreover, Finnish women of higher socioeconomic status aged 45 to 64 also had a higher weekly consumption of pure alcohol and heavy volume drinking (ibid.: 28).

All things considered, Estonia is a popular destination for Finns, and the number of Finnish visits to their Southern neighbouring country continues to increase year by year. While there have been some slight changes in the trends, it seems that one of the most common incentives for Finns to visit Estonia is a one-day shopping trip, and the most popular purchases include alcoholic beverages, sweets, cosmetics, clothing and cigarettes, although using services or organising events are other common choices. Many travellers are aware of the price differences and purposefully purchase products that are cheaper, which, naturally, has to have an influence on the economies of Estonia and Finland.

3.4. Coverage in the Mass Media: Recent Developments

This issue has often been attested by the mass media. Moreover, due to its nature, it has also been noticed by governments and authorities as well as various experts and the public. The analysis of news articles from such sources *as ERR, LETA, Delfi.lv and Postimees.ee* from the period of the past five years shows that the Estonian news used to be dominated by two big trends, namely, the relatively high consumption of alcoholic beverages in Estonia and its consequences and alcohol tourists to Estonia from Finland. Recently, however, these news have been overshadowed by the vast amount of information and opinions concerning the increase of the excise duties and the corresponding developments on the Latvian side of the Estonian–Latvian border. Starting from 2016, this topic has been widely discussed in the Latvian media as well.

A number of articles from 2013 in Estonian media, for example, '65% of Finnish Personal Imports of Booze Come from Estonia' (ERR, 2013a) and 'Finns Spend Record Amount in Estonia' (ERR, 2013b) focused on Finnish tourists to Estonia and the increasing amounts of alcohol they purchase during their visits — whether for personal consumption or with an intention to resell it. Accordingly, the Finnish government acknowledged that not only the "booze rally" (Yle, 2014), as the situation has been nicknamed by the Finnish media, had become more popular, and it also had an influence on the planned tax intake. ERR (2014a) reported that the Finns imported about 65 per cent of alcohol, that is, approximately five million litres of pure alcohol, for personal use from Estonia each year. What is more, a considerable amount of it was purchased "in and around the Port of Tallinn". In April 2014, ERR cited a survey carried out by the Finnish Trade Association, which suggested that one-day shopping trips were becoming increasingly popular among the Finns due to the differences in prices, which were "especially important when it comes to alcohol" (ERR, 2014b).

However, it seems that there were early signs of a certain shift towards a situation where regions near the Estonian–Latvian border could be in a similar position as thereto the Port of Tallinn due to the excise duty for beer being lower in Latvia compared to Estonia (ERR, 2014c). According to Oja (2014), sales of alcohol to tourists, e.g., in harbours and shops located on ships, considerably exceeded domestic consumption and helped keep the Estonian beer market stable thus also benefitting Estonian producers and retailers.

Similarly, a 2014 article reported about the plan to raise the excise duty in Estonia. It referred to Tarmo Noop (LETA, 2014), the CEO of Estonian drinks manufacturer *A. le Coq*, saying that such a plan would lead to a situation where Estonians will purchase more beer in Latvia, which would, in turn, firstly, leave a mark on the Estonian budget and, secondly, have an influence on the producers of beer. In addition, not only Noop predicted an increase in cross border sales starting from 2015, when the difference in prices is to increase to 3–4 cents per one per cent of alcohol by volume per 100 litres, he also touched upon the issue of Finns purchasing beer in Estonia due to the same reason (ibid.). At the same time, already by 2015, there was a decrease in the amount of alcohol shipped from Estonia to Helsinki due to a limit introduced on alcohol imports by the Finnish authorities, and it was predicted to further decrease due to raising the excise duty on alcohol in Estonia (ERR, 2015b).

The other predictions proved right as well, and Valka, a town in Latvia which borders on its Estonian twin-town, Valga, was the first place where the consequences occurred. Although by July 2016 no differences were seen with regard to competition, it was already observed that there was a growing trend among Estonians to visit Valka in order to purchase alcohol as well as other goods (Niittee, 2015). The situation had changed significantly by 2016. It was reported that up to twenty per cent of Estonian strong alcohol market had moved to Latvia (Siniloo, 2016a). What is more, LETA (2016a) reported that, according to the Estonian Alcohol Producers and Alcohol Importers Association, an estimated one fifth of Estonians were to purchase strong alcoholic beverages in the shops located in Latvia until the end of 2016 due to the changes in the excise duties. According to ERR (2016a), a number of Estonian media outlets had reported on shops on the Latvian side of the Estonian–Latvian border that reap large profits from cross-border trade, for many Estonians — and as a matter of fact, ERR (2016d) reported that as much as 99 per cent of the customers of the *Alko1000* shops in Latvia were Estonians — preferred to purchase alcohol in Latvia due to the lower taxes, which result in lower prices on alcohol in general — a trend that had not been left unnoticed by the Estonian tax authority, the Estonian Tax and Customs Board.

Moving on, although it has been suggested that its main focus was smuggling rather than alcohol, this situation had raised concerns for the Estonian Tax and Customs Board (ERR, 2016a). To illustrate this, BNS (2016b) published an article on two Estonians being detained for importing more than the allowed amount of alcohol from Latvia into Estonia. According to a spokesperson of the Estonian Tax and Customs Board, the Board carries out random checks, and people are generally aware of the EU regulations on the import of alcohol (ibid.). On top of that, the Estonian Tax and Customs Board discovered a "record violation" (ERR, 2016e) in the summer of 2016 after detaining a commercial vehicle on its road to Finland that carried a ton and a half of beer. It is believed that the driver, who had "already completed a number of successful trips across the border at Ikla and from here on to Finland" (ibid.), planned to resell the alcohol in Finland, where it costs two times more than in Latvia. Among other activities aimed at identifying and exposing people who resell alcohol illegally, the Estonian Tax and Customs Board reportedly planned to install cameras that read license plates at about ten crossings of the Estonian–Latvian border that were not supervised or monitored up until that time in order to monitor the import of alcohol, and suspicious cases in particular, as well as to make changes in the legislation to allow the respective institutions to make blind purchases (ERR, 2016e; Panorāma, 2016b). As for the Finns — there was a new trend among Finnish tourists, that is, Finns used to purchase alcohol in the port of Tallinn, whereas as of Spring 2016, just like Estonians, they were more likely to travel to Latvia with the same aim — "hunt for alcohol" (Siniloo, 2016b) — in mind (LETA, 2016a).

At the same time, it has been estimated that Estonia would lose between EUR 15 and 20 million due to the situation where alcohol that is made in Estonia is sold to Estonian consumers by companies that have been registered in Estonia but operate on Latvian territory (ibid.). According to the results of a market research (ERR, 2016c), the Estonian alcohol market had already suffered a fall of four per cent in the first half of 2016. According to the Estonian Union of Alcohol Producers and Importers, the shops on the Latvian side of the border saw substantial increases in sales, whereas the decline in alcohol consumption in Estonia was, in fact, "the result of a tremendous surge in cross-border trade" (ERR, 2016b), which could, in turn, threaten the existence of small shops in the rural areas of the country and result in increasing mark-up on food products (ibid.). Nevertheless, the reality of the situation had a noticeable impact on the Estonian alcohol industry. Both *Saku Õlletehas* and *A. le Coq*, the two largest Estonian beer producers, noted a decline in the sales of beer and an increasing influence of cross-border trade with Latvia, which "began to flourish in May" (ERR, 2016c)

2016. At the same time, however, *Saku Õlletehas* reported a 30 per cent growth in exports to Latvia compared to the same period in 2015 (ibid.).

The previously-mentioned article by LETA (2016a) was one of the first that reported on opening a shop in Ainaži, which was set to have an influence on the sale of alcohol in the nearby Pärnu County contrary to the situation in Valka. The shoppers mention curiosity as the main motivator for their visit and purchase beverages for themselves as well as their relatives, while others suggest that many other consumer goods, including food, clothes and cigarettes, are cheaper in Latvia compared to the prices in Estonia (Niittee, 2015; Siniloo, 2016b). As a matter of fact, as noted by Siniloo (2016b), "one does not feel like in Latvia at all" in the outlet, since the majority of the vehicles that are parked outside have Estonian number plates.

Moving on, it has been suggested that the situation where Estonian retailers sell Estonian-made alcohol to Estonian consumers in Latvia is a result of the lobby of *Liviko* and *Saku Brewery* (Siniloo, 2016a). In other words, it is in the interests of the Estonian Alcohol Producers and Alcohol Importers Association to force the government to lower the excise duties and to abandon the plan to continue to raise them in the future (LETA, 2016a; Siniloo, 2016a). Similarly, the Estonian Alcohol Producers and Alcohol Importers Association voiced concern over black market, which had expanded considerably, although there used to be a continuous decrease in illegal consumption of alcohol previously (LETA, 2016a). As a response, the Labour and Health Minister of the Republic of Estonia, Jevgeni Ossinovski, argued that "cross border trade is undermining the aim of excise rise — improvement of public health."

ERR (2016d) provided more information on the bus services, in particular, the passenger transport services (also known as *Alko1000Bus*, according to its website (Alko1000Bus, 2017)) are organised by *Raihan Group OÜ*, an Estonian bus operator, in cooperation with the *Alko1000* shop. The *Alko1000Bus* is to operate regular bus rides between the Tallinn Passenger Port and the Alko1000 shops that are located in Valka and Ainaži, opposite Valga and Ikla, respectively, starting from 19 November 2016 (ERR, 2016d) once a week, on Saturdays. The 240-kilometer Tallinn–Valga–Tallinn trip lasts for just below nine hours (the time allocated for shopping is one hour in both cases), and the price for the ticket stands at EUR 45, whereas the approximately eight-hour-long trip to the Ikla–Ainaži border costs EUR 55 (ibid.). It should be, however, mentioned that as of early March 2016, according to the information available on the website of Alko1000Bus (2017), it is possible to purchase a ticket for the Tallinn–Ikla–Tallinn bus for EUR 24.90, yet December 10 — presumably, 2016 — is listed as the next available ride, which is why it is not clear as to whether the bus ride are still organised.

Later that year, BNS (2016a) reported of a sharp decrease in alcohol sales in Estonian shops near the border of Latvia. According to the information provided by ERR and Estonian Päevaleht (ibid.), the sale of alcohol accounted for up to 70 per cent of the total sale, however, over the course of the previous year, the sale of alcohol in these shops had shrunk two to three times. Due to this, several shops were likely to lose income and thus either be closed down (ibid.) or forced to apply wider mark-ups on other food commodities (ERR, 2016f). Accordingly, Kristi Lomp, a Chief Executive Officer at *Selver AS*, a leading Estonian grocery retailer, called on the Estonian government to abandon its plans concerning raising the excise duties in the future as well as to withdraw the recent amendments (BNS, 2016a). On the other hand, significant losses were also noted by local retailers in Ainaži following the opening of the outlets, which offer lower prices and a wider variety of beverages in the outlets (Siniloo, 2016b).

More recently, similar concerns were voiced by representatives of another Estonian retailer, *Coop*. According to Delfi.lv (2017), an increasing number of Estonians choose to travel to Latvia to do their shopping, and the corresponding cross-border trade has a negative effect on the business of a number of shops located in the Southern part of the country, which is why six shops owned by the retailer could be closed down (ERR, 2017a). At the same time, representatives of *Coop* suggested that the purchase of alcohol was not the only reason for doing shopping in Latvia, for Estonians are willing to purchase other commodities, for example, food products and gas, that are less expensive in their neighbouring country (Delfi, 2017; ERR, 2017a). Correspondingly, the Alko1000 shop in Valka has been expanded by approximately 300 square meters, and food products, such as oils, sauces and chips — have been added to its assortment (ERR, 2016d).

As follows, the Ministry of Finance of the Republic of Estonia expected the cross-border trade between Estonia and Latvia to continue to increase over the course of the next few years (ERR, 2016f). On the other hand, just the opposite was predicted for cross-border trade between Estonia and Finland, while the Finns were believed to start looking for options to import alcohol from Latvia (ibid.). At the same time, if the current trend continues, the Estonians will be faced with either a reduction in consumption or an increase in prices when it comes to alcoholic beverages (ibid.). What is more, the decrease in sales is not only believed to threaten the existence of shops, and small shops in particular; it is also said to leave a mark on the related jobs as well as the tourism sector due to the forecasts that the number of tourists from Finland will decrease significantly (ERR, 2016g).

Nonetheless, the visits by Estonians and Finns seem to have a beneficial effect on the Latvian side of the border. According to Lukjanovs (2016), alcotourism has a beneficial effect on the municipality of Valka and its tourism industry in particular, as visitors from Estonia and Finland tend to use the local overnight accommodation (and encouraging the opening of new ones), visit tourism objects and purchase souvenirs. While the revenues from the sale of alcohol do not go to the municipality, the increasing number of tourists that, for example, tend to spend the night in Valka or eat in the local cafes and restaurants, has a positive impact on the overall infrastructure, as the municipality has managed to create other opportunities to attract visitors that go beyond alcohol and even plans to cooperate with Finnish tourism agencies in order to promote Valka as a tourism destination among the Finns (*Panorāma*, 2016b). As a matter of fact, among the factors that add to the attractiveness of Valka among potential tourists from Scandinavia and Finland is its status as a twin city and the fact that it is located on the way to Riga (*Panorāma*, 2016a). At the same time, there are no obvious economic benefits in the municipality of Salacgrīva, although the representatives of the municipality believe that it might have a positive effect on tourism in Ainaži (Lukjanovs, 2016). Accordingly, there are plans for the municipality and the outlets to cooperate in order to promote the town of Ainaži as well as the municipality among the visitors to attract their interest, so that they would explore other opportunities and tourism objects and activities that are offered in Ainaži and Salacgrīva (*4 studija*, 2017).

Still, according to a *Vidzemes ziņas* (2016) news feature on alcotourism in Ainaži and Valka, both locals and the Head of the Salacgrīva municipality list a number of benefits for the society as well as the municipality and the state, such as new workplaces (e.g., *Alco1000* employs 11 local people from Ainaži), overall opportunities for survival and development, including that the increase of tourists would encourage tourism in Ainaži and help the town come more alive, and revenue. While it was suggested that most of the revenues, that is, revenues from the excise duties and social taxes are paid to the state, the municipality receives income with regard to lease, utilities and immovable property (*Vidzemes ziņas*, 2016). At the same time, *Panorāma* (2016b) reports that the largest outlet in Valka paid EUR 14 million to the state in 2016.

The Head of the Municipality of Valka, Vents Armands Krauklis, predicted a further increase of alcotourists in 2017 (BNS, 2016c). According to Krauklis, the growing number of

Estonians visiting the neighbouring Valka in order to purchase alcohol has a positive effect on the service industry, in other words, there is an increase in food and catering services that could be of interest to visitors, new retail premises are being built, there is work on improving the infrastructure (ibid.), and the situation presents ample business opportunities in general. Moreover, Krauklis implied that new services, for example, services focused on recreation and entertainment could be expanded in order to make the visits to Latvia longer (ibid.).

Notably, in November 2016, the Latvian newspaper Diena reported on a possible sixth alcohol retailer opening in Valka, the twin-town of Valga, which has approximately 5,500 inhabitants (Rozentāls, 2016). Although the article mentions very few visitors during the working days, the situation in Valka seems to mirror the one in Ainaži, where most of the tourists arrive during the weekend (*Panorāma*, 2016b, Rozentāls, 2016, *Vidzemes ziņas*, 2016). According to the newspaper, the shops seem to be aimed at Estonian consumers, for there are writings in Estonian on their windows (Rozentāls, 2016). Similarly, as mentioned in a TV feature by *4 studija* (2017), Latvians are not the target audience of the outlet. On top of that, the majority of people who visit one of the shops, *Alko1000*, are said to be Estonian and male aged from 35 to 49 from Southern Estonia whose median income per member of household is more than EUR 700 (TNS Emor, 2016: 8; Rozentāls, 2016). While around five to ten Latvians visit the shop per day as well, approximately half of the visitors of *Alko1000* in Ainaži are Estonian, while the other half come from Finland and Sweden (*4 studija*, 2017). It has been found that the majority of the shoppers do, in fact, come from the regions that border on Latvia, that is, nearly 25 per cent come from Valga and Viljandi Counties, 15 per cent — from Võru and Põlva Counties and 12 per cent — from Pärnu County (TNS Emor, 2016). Thus, one half of the Estonians who purchased alcohol in Latvia came from the four regions that border on Latvia as well as Põlva County.

Moving on, it is not only the municipalities bordering on Estonia that reap the benefits of alcohol tourism. According to Genādijs Kļepikovs, a representative of the Latvian Alcohol Industry Association, both overall tourism and alcohol consumption in Latvia have recently been influenced by the changes in the structure of foreign visitors, that is, there have been less tourists from countries such as Ukraine, Kazakhstan and Russia that purchased alcohol in Latvia due to the economic problems their countries have been facing (LETA, 2016b). On the other hand, the overall alcohol sales increased compared to the previous year due to foreign trade and Estonian consumers that purchased more alcohol in Latvia because the excise duty for alcohol was raised in Estonia (ibid.). Notwithstanding, as to raising the excise duty in Latvia, Dmitri Jegorov, an official of the Ministry of Finance of the Republic of Estonia, has argued that the excise duty in Latvia will not be raised similarly to Estonia, that is, in an accelerated manner, due to insufficient incomes (ERR, 2016f).

The mood, however, is different among Estonian authorities. In July 2016, LETA (2016c) reported on the content of a letter that the Minister of Health and Labour of the Republic of Estonia, Jevgeni Ossinovski, had sent to the Minister of Finance of the Republic of Estonia, Sven Sester, arguing that the situation that had arisen following the increase of excise duties and the corresponding increase in cross-border trade presented threat to the Estonian health policy. Ossinovski stressed that such an approach aims to evade higher excise duties and is in conflict with the Estonian Alcohol Act due to the fact that large quantities of alcohol are purchased in Latvia by Estonian enterprises with the purpose of being used for further sale in Estonia (ibid.). At the same time, the Estonian Chancellor of Justice, Ülle Madise, has come up with an announcement that the accelerated increases in excise duties are in conflict with the Constitution of Estonia as well as "violate the freedom of enterprise and the principle of legitimate expectation" (ERR, 2017b).

Finally, not everyone living in these municipalities is happy with the opening of alcohol outlets and the increasing amount of tourists. A 2017 feature by *4 studija* (2017) reported on some negative attitudes, as the locals of Ainaži suggested that the opening of alcohol outlets and alcotourism does not have an effect on the lives of the locals or that despite the fact that it has created new jobs, they are not in favour of this trend. Some suggested that other facilities are more necessary while others argued that the sale of alcohol would not bring wealth to the region (4 studija, 2017; Panorāma, 2016a).

As mentioned previously, it is planned to further raise the excise duty in Latvia. As a consequence, the alcohol producers predict a 10–12 per cent decrease in the local alcohol market, which, according to experts, has only experienced growth because of increased sale in the border area of Latvia and Estonia (LETA, 2017b). Similar concerns were voiced by Eva Sietiņsone, a Board Member of the Latvian Beer Brewers Association, who stressed that the government should take into account the benefits from cross-border trade, which has not only resulted in revenue, but also boosted regional development and the consumption of other goods (Atlāce-Bistere, 2017). Lastly, the Head of the Valka Municipality, Vents Armands Krauklis, has been a vocal opponent of raising the excise duty. During his speech in a sitting of the Latvian parliament, the Saeima, that took place on 3 May 2017, Krauklis (Valdības māja, 2017) stressed a number of benefits due to the growing number of tourists from Estonia and Finland, including a spike in production that has resulted in 200 new jobs and a raise in tourism, which is set to further increase, since tourists from Estonia have started to visit — and do shopping in — towns that are located further from the border, whereas Finnish tourism operators that have recently discovered Valka and Latvia plan to include Latvia in their programmes starting from 2018. Furthermore, he called for a gradual increase in the excise duty stressing that the smaller the prices, the bigger the gains by providing an example of the situation in Estonia, where the differences in prices compared to those in Finland are still considerable enough for the Finnish tourists, 95 per cent of whom travel to Estonia just to do shopping, according to Krauklis (ibid., 2017), to be attractive.

4. Cross-Border Shopping in the Border Area of Latvia and Estonia: Analysis

4.1. Expert Questionnaire

The previous chapters and sections describe the factors that influence cross-border shopping, as well as offer an overview of the development of the situation which has led to a massive increase in this economically-motivated form of tourism in the border area of Latvia and Estonia. As mentioned before, it is not possible to measure the exact economic benefits that cross-border shopping has on the economy, for the excise duty goes to the state, not the municipalities. At the same time, this situation has other effects, and tourism is one of the areas that has been influenced by cross-border shopping the most.

4.1.1. Research Design and the Outline of the Questionnaire

In order to obtain relevant information on the effects and consequences of cross-border shopping as well as to determine the influence of cross-border shopping on the municipalities and measure the attitudes of experts by gathering primary data, an expert questionnaire (Appendix 1) was designed and distributed to tourist information bureaus, centres and points of the eight municipalities that border on Estonia — Ape, Aloja, Alūksne, Mazsalaca, Naukšēni, Rūjiena, Salacgrīva and Valka municipalities — as well as the town of Ainaži because although it is not the administrative centre of the municipality, according to the information that is available in the mass media, it is one of the places that has been influenced by this phenomenon the most. Correspondingly, nine expert questionnaires were distributed, and all of them were filled out and returned. The questionnaire was prepared in the Latvian language, for it is the official and working language in Latvia. They were, however, confidential, and no personal information about the respondents, for example, on the gender, age, nationality, etc. of the respondents, other than the municipality or town they represent, was asked. The results of the questionnaire were analysed by using the software *SPSS*.

The questionnaire consists of two parts. The first part is composed of questions that help gather general information about tourists and cross-border shopping, while the second covers this phenomenon in more depth. Initially, it was planned to distribute only the first section of the questionnaire to the experts and to develop an interview based on the questions that form the second part of the questionnaire, however, after instructing the participants about the procedure and scope of the research, the majority of the experts suggested not to hold separate interviews.

The first part of the questionnaire consists of general questions about the tourists and their preferences as well as questions that aim to measure the suitability of the town or municipality as a shopping destination. It includes closed end and discrete questions as well as rating scales in order to make the questionnaire as efficient as possible.

The first question seeks to outline the countries where most tourists who visit these municipalities come from and in particular, to explore whether this list of countries includes Estonia and Finland as well as Sweden. The next two questions were designed to find out whether there was an increase in the number of tourists from Estonia and/ or Finland following 2015, which, according to the analysis of new articles, was the start of this trend.

Moving on, the next question asked the respondents to rate their town or municipality as a shopping destination on a scale from 1 to 10 where 1 is equal with "not suited for shopping" at all and 10 is equal with "perfectly suited for shopping". Furthermore, in order to see where the tourists stand on their preferences for tourism or shopping as pointed out by Kim (2003), the experts were asked to rate whether the tourists focus on shopping, tourism or shopping and tourism in equal amounts on a scale from 1 to 10 where 1 is equal with "strongly agree" and 10 is equal with "strongly disagree". Next, they were offered a number of factors that may have an influence on the motivations of the tourists to do cross-border shopping in Latvia and their municipality in particular — ability to communicate in English, ability to communicate in other languages, ability to communicate in Russian, favourable location near the border, local atmosphere, other services that are available in the town or municipality, other tourist facilities that are available in the town or municipality, the possibility to buy products that are made in Latvia, prices, the quality of products, the variety of products, working hours (e.g., alcohol is sold from 10:00 to 22:00 in Estonia (*Alkoholiseadus*, 2001) and from 8:00 to 22:00 in Latvia (*Alkoholisko dzērienu aprites likums*, 2004)) (the factors were arranged in alphabetical order). Once again, the respondents were asked to rate these factors on a scale from 1 to 10 where 1 is equal with "very unimportant" and 10 is equal with "very important".

The next questions sought to find out whether tourists make use of services and opportunities other than shopping and what services in particular they make use of and what are the most popular tourist objects. The next three questions were designed to see whether there exist certain patterns that are characteristic to cross-border shoppers elsewhere. In particular, whether the tourists return, whether they tend to travel individually or in groups and what is the length of the visit. The respondents could choose between three options for each question, respectively, "Yes"/ "No"/ "Don't Know", "Individually"/ "In Groups"/ "Don't Know" and "One Full Day or Less"/ "More than One Full Day"/ "Don't Know". Lastly, to find out the relevant details about the respondent (due to the focus and aim of the questionnaire, there was no need to ask demographic questions), they were asked to state the municipality or town they represent.

The second section explores the effects of cross-border shopping. Firstly, the respondents were asked to rate whether they regard cross-border shopping as a source of problems or as a source of opportunities on a scale from 1 to 10 where 1 is equal with "problem" and 10 is equal with "opportunity/ benefit". The next was an open-ended question that asked to describe how the municipality or town benefits from cross-border shopping.

Then, a closed-end question on whether there would be an increase in cross-border shopping in the future followed. Next, there were two open-ended questions that sought to determine the activities that could either facilitate or hinder cross-border shopping. The next four questions shared a similar structure (a choice between "Yes" and "No" with an opportunity to elaborate in the space below) and were included in the questionnaire to determine whether there have been any actions carried out by the tourist information centres, bureaus or points, including cooperation with colleagues in Estonia, or the municipalities with regard to cross-border shopping and the increase in the number of tourists in order to promote cross-border shopping opportunities and attract more cross-border shoppers.

Then, as scholars like to stress the facilitating role of the European Union with regard to cross-border shopping, the question "Do you agree with the statement that cross-border shopping can help bring people of different nationalities closer together by eliminating mental obstacles?" was asked. Similarly, the last question was designed in order to explore the influence of the European Union in depth.

4.1.2. Analysis of the Results of the Questionnaire

4.1.2.1. Information on the Home Countries of the Tourists

All in all, Estonia was mentioned between the top five countries where most tourists come from nine times altogether, i.e., in all the municipalities, Finland was included in the list for five times (Ainaži, Aloja, Rūjiena, Salacgrīva and Valka municipalities), but two municipalities (Ape and Valka municipalities) had a significant proportion of tourists from Sweden (Figure 2).

For some of the municipalities had also included Latvia in the list of the countries, it was redesigned by excluding Latvia and reducing the list to three countries. As a result, Estonia was the main source of tourists for eight municipalities: Aloja, Alūksne, Ape, Naukšēni, Mazsalaca, Rūjiena, Salacgrīva and Valka municipality. Somewhat surprisingly, most tourists in Ainaži, which borders directly on Estonia (more specifically, Häädemeeste parish of the Pärnu county), come from Germany rather than Estonia.

Germany, however, was the most popular country among the second place (four municipalities — Alūksne, Mazsalaca, Naukšēni, Salacgrīva municipalities), followed by Finland, which was the second most popular country where tourists come from in three municipalities — Aloja, Rūjiena and Valka municipalities —, while Estonia and Sweden was the second most popular country where tourists come from for Ainaži and Ape Municipality, respectively.

The third most popular country differs varied significantly, and tourists arrived from different countries: Finland, Lithuania, Norway, Poland, Russia, Sweden and the United Kingdom.

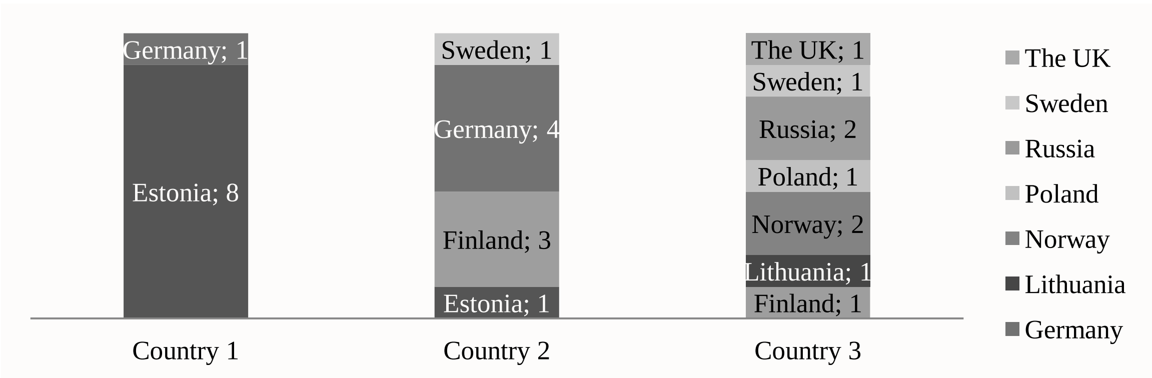

Figure 2. The Countries Where the Most Tourists who Visit the Municipalities that Border on Estonia Come from, 2017

Source: Compiled by the Author in accordance with the results of the survey conducted in 2017

Seven respondents reported an increase in the number of tourists from Estonia and/ or Finland (Figure 3). These municipalities and towns were as follows: Ainaži, Aloja, Alūksne, Ape, Rūjiena, Salacgrīva and Valka. There was no such trend observed in Naukšēni municipality, while the representative of Mazsalaca municipality had no information.

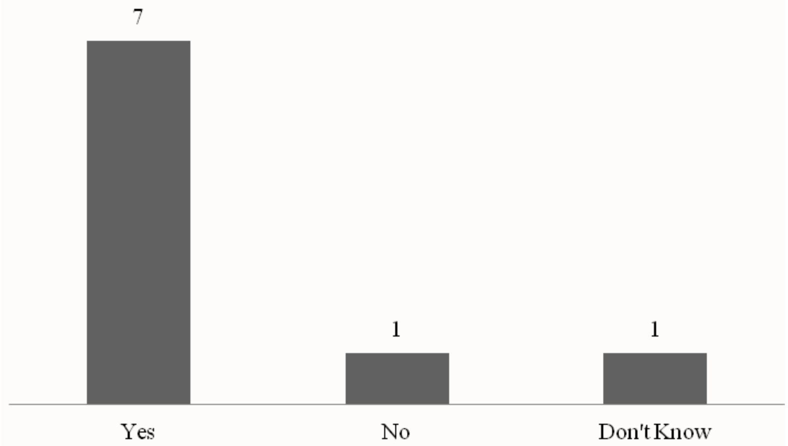

Figure 3. The Number of Municipalities with an Increase in Tourists from Estonia, 2017

Source: Compiled by the Author in accordance with the results of the survey conducted in 2017

What is interesting, the beginning of the increase in the number tourists varies from one municipality to another. It was first observed in Ape municipality in 2011, and the representatives of the municipality associate it with entering the Schengen Zone (however, both Estonia and Latvia joined the Schengen area in 2007 (European Commission, 2008). Next, the number of Estonian tourists in Valka started to increase in 2013, and in 2014, a similar trend began in Ainaži, which could be explained by the fact that both Valka municipality and the town of Ainaži are located very close to the Estonian–Latvian border. At the same time, these two destinations have attracted the attention of the mass media most often, and alcohol retailers have opened there. Nevertheless, by 2015, the amount of Estonian tourists had increased in Aloja and Alūksne municipalities, whereas in 2016, it had reached Rūjiena and Salacgrīva municipalities. As Naukšēni and Mazsalaca municipalities had not seen an increase in the number of Estonian and/ or Finnish tourists, they naturally did not provide information on when it began.

All in all, Estonian tourists constitute the largest proportion of tourists in all the municipalities that border on Estonia (the only exception is the town of Ainaži, where Estonian tourists are the second largest group of visitors). Most municipalities have observed an increase in the number of tourists from Estonia starting from 2011 onwards, however, there are no clear patterns with regard to this trend.

4.1.2.2. Suitability for the Status of a Shopping Destination

When asked to rate the suitability of the municipalities or towns as shopping destinations, the evaluations ranged from three to ten (average = 8, median = 9,5, mode = 10). Half of the municipalities — Alūksne, Rūjiena, Salacgrīva and Valka municipalities — saw themselves as perfectly suited destinations for shopping. Ape municipality was just below the perfect score, Aloja and Naukšēni municipalities were rated rather neutrally (6), while the Mazsalaca municipality is the least suited for shopping (3).

The high proportion of positive evaluations suggested a need to explore the opportunities for shopping in more depth. This matter is further addressed in Section 4.2., Analysis of the Websites.

4.1.2.3. Focus and Motivations of the Tourists

Moving on, the question to elaborate on the focus and thus the motivation of the tourists produced very close results for all three motivations. The mode and median for "Focus on Shopping" and "Focus on Shopping and Tourism in Equal Amounts" was 7, and for "Focus on Tourism" — 8. The mean differed slightly ("Focus on Shopping and Tourism in Equal Amounts" = 6.875, "Focus on Shopping" = 7, "Focus on Tourism" = 7.875). Therefore, it can be assumed that in general, while the tourists mostly focus on tourism and tourist activities, shopping is a very common element of the visits (Table 3).

Table 3. Focus on the Tourists that Visit the Municipalities that Border on Estonia, 2017

Focus on Shopping		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00	1	11.1	12.5	12.5
	5.00	1	11.1	12.5	25.0
	7.00	3	33.3	37.5	62.5
	9.00	2	22.2	25.0	87.5
	Strongly Agree	1	11.1	12.5	100.0
	Total	8	88.9	100.0	
Missing	System	1	11.1		
Total		9	100.0		
Focus on Tourism		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	6.00	1	11.1	12.5	12.5
	7.00	1	11.1	12.5	25.0
	8.00	5	55.6	62.5	87.5
	Strongly Agree	1	11.1	12.5	100.0
	Total	8	88.9	100.0	
Missing	System	1	11.1		
Total		9	100.0		

Focus on Shopping and Tourism in Equal Amounts		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3.00	1	11.1	12.5	12.5
	5.00	1	11.1	12.5	25.0
	7.00	4	44.4	50.0	75.0
	9.00	1	11.1	12.5	87.5
	Strongly Agree	1	11.1	12.5	100.0
	Total	8	88.9	100.0	
Missing	System	1	11.1		
Total		9	100.0		

Source: Compiled by the Author in accordance with the results of the survey conducted in 2017

What Kim (2003: 17) labels as "traditional outshoppers" are most common in Alūksne and Valka municipalities as well as Ainaži. Once again, Valka municipality as well as Ainaži have been documented as cross-border shopping destinations both in the Estonian and Latvian mass media, and there have also been some similar mentions regarding Alūksne, although more rarely. The evaluations for this variable were rather high in Ape, Rūjiena and Salacgrīva municipalities as well, while Naukšēni municipality was rated neutrally, and Mazsalaca municipality was given the lowest for in the shopping motivation (2).

Salacgrīva municipality has the most traditional tourists, and this motivation is rather high among most of the municipalities (8 for Alūksne, Ape, Mazsalaca, Naukšēni and Rūjiena municipalities and 7 for Ainaži), while Valka municipality was given the lowest score for this variable (6). When it comes to cross-border tourism shoppers (as proposed by Kim (2003: 17)), Rūjiena and Alūksne municipalities were rated the highest (10 and 9, respectively), whereas Mazsalaca municipality was given a 3. All the other municipalities were rated as 7 or 5, which corresponds with the results for the previous two categories.

All things considered, shopping is the most common motivation for tourists that visit such municipalities as Alūksne and Valka as well as the town of Ainaži, which have become popular destinations for cross-border shopping, while traditional tourism is rather popular in all the municipalities, and as such, remains the most widespread reason for tourism, and shopping and tourism is a moderately popular motivation, but it is also the least common.

4.1.2.4. Factors that Determine the Decisions to Visit the Destinations for Cross-Border Shopping

Most tourist centres, bureaus or points see their locations as positive factors that have a great influence on the decisions of the tourists to visit them (median = 10, mode = 10), and six municipalities (Alūksne, Ape, Rūjiena, Salacgrīva and Valka municipalities) as well as the town of Ainaži have rated the location as a very important factor (evaluation — 10). All in all, the evaluations range from 6 to 10. The location is not a very decisive factor when visiting Mazsalaca and Naukšēni municipalities (6), but is still rather important when it comes to Aloja municipality (8).

Attractive prices is a close second (median = 9, mode = 10). Prices are especially important in such municipalities as Alūksne, Rūjiena, Salacgrīva and Valka municipalities (10). They are also important when it comes to the situation in Ainaži and Naukšēni municipality (8) as well as Ape municipality (7), but Mazsalaca municipality, which has not seen an increase in tourists from Estonia and/ or Finland, does not believe that prices are important to the tourists that visit the municipality (2).

Moving on, the first two factors that are important for tourists and determine the decisions with regard to cross-border shopping are connected with shopping, however, other tourist facilities and attractions play important roles in this process as well (median = 8, mode = 8). Four municipalities (Alūksne, Aloja, Rūjiena and Salacgrīva municipalities) and the town of Ainaži have rated other facilities and attractions as rather important (8) followed by Naukšēni municipality (7) and Ape and Mazsalaca municipalities (6). Other tourist facilities and attractions are rather unimportant for the tourists that visit Valka municipality (3), however.

Next, in order for the trip to be successful, there has to be a wide variety of products available (median = 7.5, mode = 8). This seems to be especially true for tourists that visit Salacgrīva and Valka municipalities (10) as well as Ainaži and Rūjiena municipality (8) followed by Alūksne municipality (7). The variety of products has a moderate influence on the decisions to visit Naukšēni and Ape municipalities (6 and 5, respectively), and unimportant in Mazsalaca municipality (2).

The working hours of the shops (median = 7.5, mode = 7) is also a key factor that determines the decision to engage in cross-border shopping. Working hours are the most important for people who visit Valka municipality (10) and rather important for those who visit Salacgrīva municipality, including Ainaži (9), as well as the Ape municipality (8) and somewhat important for tourists who visit Alūksne, Naukšēni and Rūjiena municipalities (7). Similarly as previously, the representatives of Mazsalaca municipality do not see working hours as an important factor (2).

Local atmosphere (median = 7, mode = 7) is also rather important, especially in Ainaži, Aloja, Alūksne, Ape, Naukšēni and Salacgrīva municipalities, but it has practically no influence on shaping the decisions of tourists who visit Mazsalaca or Valka municipalities.

The next determinant is once again connected with the products, namely, the quality of the products, which is still important (median = 7, mode = 6), but not as important as the price or the variety of the products. According to the results of the questionnaire, the quality of the products is crucial for the tourists that visit Valka municipality (10) and rather important in Salacgrīva municipality (9) and Ainaži (8). It is also important for those who visit Rūjiena or Naukšēni municipalities (7) as well as Ape and Aloja municipalities (6), but has no importance for the guests of Mazsalaca municipality.

The availability of other services (median = 7, mode = 5) is still rather important, but unlikely to have a considerable influence on the decisions of the tourists. It is the most important in Aloja and Alūksne municipalities and Ainaži (8) followed by Ape and Salacgrīva municipalities (7) and somewhat neutral in Naukšēni municipality (6) as well as Mazsalaca, Rūjiena and Valka municipalities (5).

On a similar note, it is not likely that the tourists would decide to travel to Latvia solely for the purpose to purchase products that are made in Latvia, as locally-made products achieved a neutral rating (median = 6, mode = 6). Aloja, Salacgrīva and Ape municipalities rated this category as somewhat important (9, 8 and 7, respectively), while all the others, except for Alūksne and Rūjiena municipalities, which gave this variable a rather unimportant rating, rated it neutrally. However, this factor could also be influenced by the availability of such products.

Lastly, although a couple of the representatives of the municipalities have stressed that the salespeople have to be able to communicate in foreign languages, it does not correlate with the results for this question, since the ability to communicate in English (median = 6, mode = 2), other languages (median = 4.5, mode = 2), e.g. Estonian, or Russian (median = 4, mode = 4) achieved the lowest results, since most municipalities rated these factors as either neutral or unimportant.

All the factors can be seen in Table 4 below.

Table 4. Factors that Influence the Decisions to Visit Municipalities

Factor	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
Ability to Communicate in English	8	7	2	9	5,25	2,71	7,357
Ability to Communicate in Other Languages	7	4	2	6	3,71	1,70	2,905
Ability to Communicate in Russian	7	8	1	9	4,00	2,58	6,667
Latvian Products	8	6	3	9	5,88	2,17	4,696
Local Atmosphere	8	7	2	9	6,88	2,36	5,554
Location	8	4	6	10	8,75	1,83	3,357
Other Services	8	3	5	8	6,75	1,28	1,643
Other Tourist Facilities and Attraction	8	2	6	8	7,38	0,92	0,839
Prices	7	8	2	10	7,86	2,85	8,143
Quality of Products	7	7	2	9	6,43	2,23	4,952
Variety of Products	7	8	2	10	6,57	2,57	6,619
Working Hours	7	7	2	9	7,00	2,38	5,667
Valid N (listwise)	7						

Source: Compiled by the Author in accordance with the results of the survey conducted in 2017

Perhaps it is also worth to take a look at which factors are the most and least important for each municipality. The most important factor for Ainaži is the location, and the least important — ability to communicate in Russian. The location is also the most important factor for Aloja municipality, however, the ability to communicate in English was rated as the least important factor there. Two factors — the location and prices — were rated as the most important for Alūksne municipality and the possibility to purchase products that are made in Latvia received the lowest rating there. Moving on, the location was also the most important factor in Ape municipality, and the possibility to communicate in Russian or in other languages achieved the lowest rating. Next, the location and the availability of other tourist facilities and attractions received the highest score in Mazsalaca municipality where there were several factors that achieved the lowest rating, i.e., local atmosphere, possibility to communicate in English or other languages, prices, quality of the products, variety of the products and working hours. For Naukšēni municipality, prices received the highest rating, and the lowest rating was given to the possibility to communicate in Russian, which was also the least important factor in Rūjiena municipality (prices was the most important). Next, the location and the variety of products are the factors that influence the decisions to visit the Salacgrīva municipality, while the possibility to communicate in Russian and other languages are not important. Valka municipality has a number of factors that are crucial in the decision-making process, for example, the location, prices, quality of products, variety of products and working hours of the shops, however, it gave the lowest score to other tourist facilities and attractions.

The results of this question allow to arrive to a hierarchy of factors that influence the decisions of tourists regarding cross-border shopping in the border regions of Estonia and Latvia. The most important factor is the location followed by prices, other tourist attractions or facilities, variety of products, working hours, local atmosphere, quality of the products, availability of other services, possibility to purchase products that are made in Latvia and the possibility to communicate in foreign languages (English, other languages and Russian). On top of that, most of these factors are related to the place (in this case, the municipality or town) rather than the product suggesting that people do cross-border shopping in Latvia due to the favourable conditions rather than the nature of the products or goods.

Furthermore, having analysed the individual results for each municipality or town, it can be concluded that in general, most of the individual results follow the general pattern, however, there are certain deviations from the trend. For example, Valka municipality has especially favourable conditions for cross-border shopping, and the tourists are rather uninterested in other opportunities that are available in the region. On the contrary, an increase in the amount of tourists has not been observed in Mazsalaca municipality, thus most of the factors that achieved the highest rating in Valka municipality were rated as unimportant in Mazsalaca municipality, which saw availability of other tourist facilities and attractions as one of the most important factors that determine whether tourists will visit the municipality. Similarly, the tourists who visit Aloja municipality often travel there with the purpose to purchase locally-made products, whereas the exact opposite situation can be observed in Alūksne municipality.

All the respondents unanimously agree that tourists engage in activities other than shopping even if it is their main motivation to visit the municipality or the town.

The tourists who visit Ainaži tend to attend tourist objects (Ainaži North pier, Salaca red cliffs, Veczemju cliffs and the memorial sign to Krišjānis Valdemārs, *Baltā saule*) and museums (the Museum of Ainaži Naval School and the Ainaži fire-fighting museum) as well as explore the nature trails and beaches and have meals in the cafes. They also often ask for various kinds of assistance, including maps, booklets or help with finding camping places or accommodation or help with bus timetables as well as purchase souvenirs.

The most popular tourist attractions in Aloja municipality are connected with cultural heritage — the Staicele Livonian Museum and the workshop of the craftsmen of folk applied arts studio *Staicele*.

In Alūksne municipality, tourists engage in various tourist, entertainment and recreational activities and attend events. The most popular tourist attractions include the Evangelical Lutheran Church, Glück Oak Trees and Bible Museum, New Palace, Manor Park and Nature Museum.

In Ape municipality, tourists explore tourist objects (cultural heritage and nature objects in particular) and make boat trips along river Gauja, while the most tourists in Naukšēni municipality use accommodation and recreational amenities as well as engage in leisure activities and visit the Naukšēni Estate and Ķoņi Mill.

The most popular tourist attraction in Mazsalaca municipality is the Skaņaiskalns Nature Park and Sēļi Estate as well as the town of Mazsalaca and the region itself, and cultural tourism, including town celebrations, is very popular.

Shopping is also combined with exploring the Rūjiena municipality — the town of Rūjiena and nearby places. The Rūjiena Ice cream factory and farmsteads *Klimpas* and *Lejasvagaļi* are especially popular among visitors.

Tourists who visit Salacgrīva attend tourist objects, use accommodation in the municipality, eat in the cafes and restaurants as well as engage in recreational activities, including activities with children. The most popular tourist objects include the lamprey weir, Veczemju cliffs, the rocky seashore of Vidzeme and the Salaca promenade and the lighthouse.

And last but not least, having finished with their shopping in Valka municipality, the tourists stay in the hotels as well as have meals in the cafes and restaurants as well as explore the opportunities for entertainment and tourist objects, such as the Valka Evangelical Lutheran Church, the border area and the monument to Jānis Cimze.

4.1.2.5. General Information on the Visits

The scope of these activities correlates with the length of the visits, namely, the most of the visits last for one full day or less with the exception of Valka municipality, where most visits last for more than one full day, and Salacgrīva municipality, where there is no clear trend and around the same amount of visits last for one full day or less and for more than one full day.

Moving on, in general, tourists return to all the municipalities, except for Alūksne and Mazsalaca municipalities where there is no clear information on whether tourists return for multiple times (Table 5).

Most tourists that visit Rūjiena and Salacgrīva municipalities tend to travel individually, whereas tourists who visit Aloja, Alūksne and Naukšēni municipalities travel in groups. Around the same proportion of people who visit Ainaži, Ape, Mazsalaca and Valka municipalities travel both individually and in groups (Table 5).

Although most visits last for one full day or less and most tourists tend to return, which is in line with the general pattern of cross-border shopping, it varies from one municipality to another (Table 5). It seems like Valka municipality has been able to make the most out of this situation, for people tend to stay there for more than one full day, and Salacgrīva municipality could be heading in this direction as well.

Table 5. General Information on the Visits and Tourist Preferences, 2017

Question / Possible Answers		Municipality/ Town									Total
		Alūksne	Ainaži	Ape	Aloja/ Staicele	Rūjiena	Naukšēni	Salacgrīva	Mazsalaca	Valka	
Do Tourists Return?	Yes	0	1	1	1	1	1	1	0	1	7
	Don't Know	1	0	0	0	0	0	0	1	0	2
Do Tourists Travel Individually or in Groups?	Individually	0	0	0	0	1	0	1	0	0	2
	Groups	1	0	0	1	0	1	0	0	0	3
	Both Individually and in Groups	0	1	1	0	0	0	0	1	1	4
Length of the Visit	One Full Day or Less	1	1	1	1	1	1	0	1	0	7
	More than One Full Day	0	0	0	0	0	0	0	0	1	1
	Both (One Full Day and More)	0	0	0	0	0	0	1	0	0	1

Source: Compiled by the Author in accordance with the results of the survey conducted in 2017

4.1.2.6. Cross-Border Shopping: A Problem or Opportunity?

According to the results of the questionnaire, the majority of the tourism representatives see cross-border shopping as a source of opportunities for the municipality or the town (median = 9, mode = 10). Ainaži, Aloja, Rūjiena and Valka municipalities agree with it the most, while Alūksne and Ape municipalities (9) as well as Naukšēni and Salacgrīva municipalities (8) are also rather positive about it. Cross-border shopping is regarded neither as a problem, nor an opportunity for the Mazsalaca municipality, which remains neutral on this matter (5) (Figure 4).

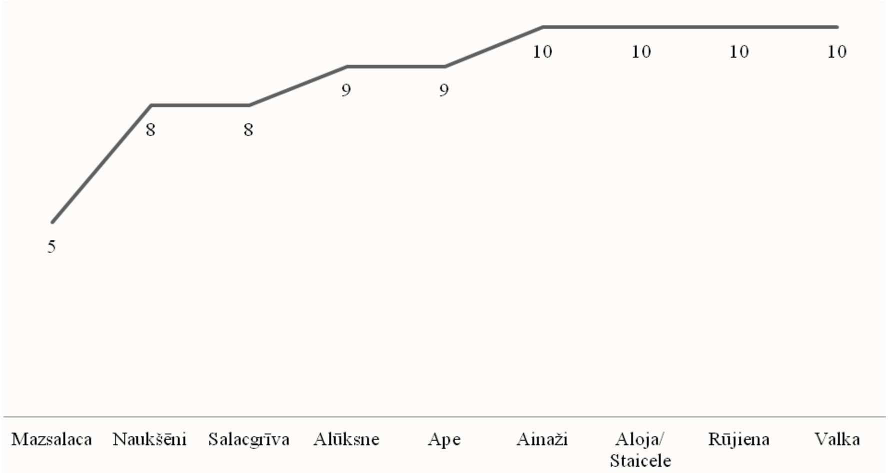

Figure 4. Cross-Border Shopping: a Problem or Opportunity, 2017

Source: Compiled by the Author in accordance with the results of the survey conducted in 2017

When asked about what are the benefits of cross-border shopping for the municipality or the town, most answers can be divided into two categories: increase in tourism and income. Cross-border shopping is associated with an increase in the number of tourists in the town of Ainaži as well as the following municipalities: Aloja, Alūksne, Ape, Mazsalaca, Naukšēni, Rūjiena, and Valka, which suggest that cross-border shopping encourages tourism, as more people visit and explore tourist objects.

At the same time, it is directly connected with income, since the increasing number of tourist visits benefit the local shops due to the money the tourists leave in the municipality and the shops in particular, which generates income for the shops, which, in turn, leads to higher contributions to the budget. This aspect was stressed by the representatives from Ainaži and Ape, Naukšēni, Rūjiena and Valka municipalities, whereas the respondents from Salacgrīva believe that it too early to evaluate the economic benefits.

Another important effect that is felt in Ainaži and Salacgrīva municipality is new jobs for the locals which are a result of the opening of new shops (alcohol retailers and small shops that sell locally-made products). New businesses have also been established in Valka municipality as a result of cross-border shopping and the need to provide suitable services for a growing number of tourists.

Finally, a subtle effect can be felt in Aloja municipality, namely, the increased number of tourists has helped bring the towns of Aloja and Staicele (both in Aloja municipality) back to life in a way. Since the number of the inhabitants has lowered, tourists help breathe new life into the small towns.

On a somewhat similar note, one of the respondents pointed out that the cross-border shoppers visit places, towns and regions other than the regions that border on Estonia. According to them, for example, the town of Valmiera which offers ample opportunities for shopping is also a very popular destination for Estonian tourists, including cross-border shoppers.

Most municipalities see cross-border shopping as a source of opportunities. In general, the number of tourists has increased due to cross-border shopping, which has resulted in additional income for retailers and the municipalities. The growing number of tourists has also resulted in new businesses or merely brought the small towns to life.

Tourist information centres, bureaus or offices of five out of the eight municipalities (Ape, Aloja, Alūksne, Rūjiena and Valka municipality) as well as the town of Ainaži have carried out various activities in order to promote themselves as cross-border shopping destinations.

There has been information in the mass media about cross-border shopping opportunities in Ainaži, and the local municipality is also interested in promoting cross-border shopping because it provides income for the municipality. It has been proposed to allocate funding to promote shopping opportunities in Ainaži in Estonia. There are also translations in other languages, such as Estonian, Russian and English, and salespeople have to be able to communicate in foreign languages as well. Alūksne municipality has participated in international exhibitions, and introduced translations in other languages. For the convenience of tourists and others, the information on the stands and in booklets of the Aloja municipality has been translated into several languages. Booklets and advertisements of events have been translated and printed into Estonian in Ape municipality. The tourist map of the Rūjiena municipality has been translated into Estonian, and several local shops have also introduced information in Estonian. Valka municipality has advertised shopping opportunities and offers other activities after shopping.

Naukšēni municipality has not been promoted as a shopping destination, but there are tastings of oil that is made in Naukšēni, and it is also possible to buy them, which is very popular among Estonians. And when it comes to Salacgrīva municipality, it is planned to develop and implement special offers for foreign tourists in the future.

In fact, most municipalities with the exception of Mazsalaca, Naukšēni and Valka municipalities plan to undertake such activities in the future. They include developing tourism, working on mutual fairs, cultural events and festivals, implementing a more active collaboration with colleagues in Estonia and participation in various international tourism fairs.

As for the current collaboration with Estonian colleagues — four municipalities (Ape, Aloja, Alūksne and Rūjiena municipalities) and the town of Ainaži have established close collaboration with their colleagues from Estonia and regularly exchange booklets, maps, advertisements of various events, distribute advertisements and information and/ or organise cross-border markets and fairs.

At the same time, a number of tourism information offices, bureaus or points collaborate with local shops and retailers. For example, a souvenir and gift shop which sells the products of domestic producers, *Heinaste–Ikla Gift Box* ('Heinaste' is Estonian for 'Ainaži'), has been opened in one of the alcohol retailers in Ainaži. In the nearest future, it is also planned to place a stand with various materials for tourists there. The Tourist information centre of Ape municipality publishes information on local retailers and producers in booklets and engages them in cross-border markets. Alūksne municipality promotes domestic producers, while Naukšēni municipality co-operates with SIA *Naukšēni* for promotion and sale (SIA *Naukšēni* produces various oils as well as non-alcoholic beverages (SIA *Naukšēni*, 2017)). Similarly to Ainaži, a shop *Radīts Salacgrīvas novadā* (literal translation — *Created in the Salacgrīva Municipality*; but there are also special names of the shop in English and Estonian — *Made in Salacgriva* and *Positiivseim Salacgrivast* (literal translation — the most positive from Salacgrīva), respectively) has been open where locally-made products are offered. It is also possible to obtain information on opportunities for tourism in the municipality.

4.1.2.7. The Future of Cross-border Shopping

Cross-border shopping is a relatively new phenomenon in Latvia, however, it is unclear whether it will continue to evolve in the future mainly due to the plans to raise the excise duty, and the expert questionnaire produced mixed opinions on it as well. The representatives of five municipalities — Aloja, Alūksne, Ape, Rūjiena and Salacgrīva municipalities — believe that cross-border shopping is going to increase in the future, whereas the representatives of the other three municipalities — Mazsalaca, Naukšēni and Valka municipalities — and the town of Ainaži suggested that cross-border trade is going to decrease in the future.

The majority of the experts believe that cross-border shopping could be facilitated by not introducing changes to the tax system, i.e., not raising the excise duty on alcohol as well as not raising the VAT on foodstuffs, in order for the favourable conditions for cross-border shopping to prevail. Others suppose that in order to facilitate cross-border shopping, it is necessary to increase and widen the supply as well as promote the products, offers and opportunities. Some recommend to keep on working and note that it is already being facilitated by organising cross-border fairs. One of the experts humorously suggested that opening an alcohol shop could help increase cross-border shopping in their region.

As for the factors that could hinder cross-border shopping — the most frequently named factor was raising the excise duty as well as the value added tax on foodstuffs because, according to a couple of the respondents, at the moment, tourists from Estonia and Finland (even big busses with Finnish tourists from Tallinn) mostly come to Latvia in order to purchase cheap alcohol, and raising the excise duty is going to result in higher prices, which could therefore make Latvia and the municipalities less attractive for the cross-border shoppers. Some suggest that introducing regulations on entering the country, including quotas for the amount of goods that can be taken back from the neighbouring country, could severely hinder cross-border shopping. These and other similar actions have the potential to have a considerable influence of cross-border shopping, however, this does not apply to the municipalities where no increase in the number of tourists or cross-border shopping has been observed, for, in the words of one of the respondents, there is nothing to hinder.

Eight out of nine experts agreed with the statement that cross-border shopping can help bring people of different nationalities closer together by eliminating mental obstacles, and some suggested that the European Union has had a fairly positive influence on cross-border shopping while answering the final question. When asked to elaborate on the role of the European Union with regard to cross-border shopping, most named the elimination of border checks and Schengen, which has made crossing the border easier and faster as well as the single currency, which makes shopping easier. According to the representatives of the municipalities, the combination of these factors has resulted in favourable conditions for choosing the most efficient and beneficial option for shopping, which is often cross-border shopping.

4.2. Analysis of the Websites

The results of the questionnaire suggested that the representatives of the tourist information centres, bureaus or offices of the municipalities that border on Estonia generally see their municipalities as suitable for the status of a shopping destination emphasising the necessity to explore the available information on opportunities for shopping as well as other tourist facilities in more depth.

As pointed out by Leimgruber (1988, cited in Timothy, 2005: 54) one of the essential components of cross-border shopping is awareness and information about the destination. In the past, people mainly used to find out information regarding opportunities for tourism by phone or through brochures, however, nowadays this process has become less "time consuming, indirect and ineffective" (Chung and Law, 2003: 119–120) because of the availability of the Internet. Moreover, nearly a half of travellers from EU member states (46 per cent) use the Internet to gather information on a destination topped only by the amount of people who rely on recommendations from friends, colleagues and relatives (55 per cent), compared to more traditional ways to plan trips, i.e., 32 per cent plan trips according to their personal experiences, 18 per cent contact travel agencies and tourism offices and 10 per cent look for information in free tourism brochures and catalogues, eight per cent get the information from social media, seven per cent rely on information in newspapers, radio and on TV, another seven per cent buy guidebooks and magazines, while two per cent rely on other ways to collect information or plan the trips spontaneously (European Commission, 2015: 15). Thus, people are more likely to search for information on websites rather than contact tourist information offices.

Nevertheless, for a website to be useful and successful in order to promote tourism, it has to be efficient. Furthermore, as noted by Alzua-Sorzabal et al. (2015: 59), the availability of information prior to the visits allows people to form, construct and disseminate their opinions about the destination in advance. It has been suggested that websites generally tend to have a lot of information, yet it is not always relevant or easy to find or up-to-date (Chung and Law, 2003: 120). At the same time, not only the increasing availability of online-based information helps increase tourist activities, but also, as observed by Stepchenkova, Kirilenko and Morrison (2009: 454), constitutes a solid basis for content analysis — a methodology that starting from the 1920s tends to be associated with fields such as political science, psychology or communications, but has also been adopted in tourism research.

Correspondingly, in order to find out whether the tourist information centres and offices provide information regarding shopping or cross-border shopping as well as other opportunities for tourism, a content analysis of the websites of the tourist information centres or the municipalities in terms of the five dimensions of cross-border consumption — business, dining, entertainment, shopping and tourism — (Lord, Putrevu, Parsa, 2004: 210) was carried out (Appendix 2).

As pointed out by Weber (1990: 9 cited in Macnamara, 2005: 2), content analysis is "a research method that uses a set of procedures to make valid inferences from text." As such, it allows to explore the content related to tourism that is available on websites as of May 1, 2017. The sample consisted of eight websites (one for each municipality that borders on Estonia); three of them were websites of tourist information centres or bureaus and five — websites of the municipalities that did not have separate websites for tourist information centres, tourist information bureaus or tourist information points but include information regarding tourism in the website of the municipality. The websites were explored and evaluated in accordance with the following characteristics — first, whether the tourist information centre or tourist information bureau has a website, second, which languages the information is available in and, third, whether the information that is available on the website includes the five dimensions of cross-border consumption.

Only three out of eight municipalities that border on Estonia, namely, Alūksne, Salacgrīva and Valka municipalities, have separate websites regarding tourism. The other five — Aloja, Ape, Mazsalaca, Naukšēni and Rūjiena — do not have separate websites that are devoted to tourism, but some information regarding tourism is available on the websites of the municipalities.

4.2.1. Languages

The information regarding tourism is available in the following languages: Latvian, English, Russian, Estonian and German. Naturally, Latvian is the most common language, as all eight municipalities provide information in Latvian, and two — Aloja and Naukšēni municipalities — provide information in Latvian only. English is the second most common language, as information in English is offered on the websites of tourist information centres, tourist information offices or the respective sections of the websites of the municipalities of six municipalities (Alūksne, Ape, Mazsalaca, Rūjiena, Salacgrīva and Valka municipalities). Five municipalities (Alūksne, Ape, Rūjiena, Salacgrīva and Valka) have information in

Russian on the websites of tourist information centres or offices or municipalities. information in Estonian can be found on the websites of Alūksne and Valka tourist information centres as well as the respective sections of the websites of Ape and Rūjiena municipalities. Last but not least, the website of Ape municipality also provides information in German. However, it has to be pointed out that in most cases the Latvian language versions contain more information compared to versions in other languages.

4.2.2. Business

To begin, none of the websites that are devoted to tourism provide information on business or doing business in the town or municipality. This information is, however, available on the websites of all the municipalities. On the one hand, it would seem that this would make it easier for tourists to access the information in cases when there is no separate website for tourism and all the information about the municipality can be found in one place. In reality, most municipalities — with the exception of Valka municipality, which provides information on business, investments and support for entrepreneurship as well as information for entrepreneurs with regard to Valka municipality, including the advantages Valka and Valga offer, in Latvian, English, Estonian and Russian — have information about entrepreneurship only in Latvian on their websites. Thus, while information about business opportunities in the municipalities is available, it does not seem to be suited for or aimed at foreigners.

4.2.3. Catering

Moving on, the listed catering opportunities range from 3 (in Mazsalaca municipality) to 21 (in Salacgrīva municipality) (median = 4). In general, there is a list of cafes, pubs, restaurants and other catering establishments, opening hours, address, phone number and email address, website and/or *Facebook* page if available, while some have maps with the locations of the catering establishments. Alūksne municipality offers a division of catering places that are located in the town and in the municipality, whereas the website of Valka tourist information centre includes information on catering in Valga. Alūksne municipality also has an exclusive menu. And still, the information in languages other than Latvian tends to be less detailed, moreover, it often contains a smaller number of catering establishments. For example, the English version of the website of Mazsalaca municipality lists one cafe, whereas there are three options available in the Latvian language version, while the website of Rūjiena municipality excludes this information in the English language version (three cafes are listed in the Russian language version and four in Latvian and Estonian), there are 21 (in the English or Latvian version) or 20 (in the Russian language version) catering establishments in Salacgrīva municipality, and the Russian language version of the Valka Tourism information bureau showed no results, while the Estonian language version did not offer any opportunities to choose from. In general, the municipalities seem suitable for cross-border dining, and some even have special offers. Still, the websites could be improved so as to include up-to-date information in all the languages.

4.2.4. Entertainment and Tourism

Next, there was no specific information on entertainment, which is why this section focuses on two dimensions: entertainment and tourism. The nine municipalities offer a wide variety of activities, although they are somewhat similar and traditional. The most common options include sightseeing and landscape objects, museums, nature trails, churches, monuments and sculptures and active recreation. And yet, there are also special offers in some municipalities. For example, Alūksne municipality invites to explore the routes of the Alūksne, Ape, Rauna and Smiltene municipalities in order to promote the objects located in these municipalities. It also has a narrow-gauge train, and tourists can go skiing, fishing, horse riding or visit the sauna or countryside SPA. Next, Mazsalaca municipality has Skaņaiskalns — a cliff wall that produces echo. Nevertheless, specific information about it is only available in Latvian. There is a motor racing track and a wine brewery in Naukšēni municipality (but the website provides information in Latvian only). It is possible to visit a fire station and dairy factory in Rūjiena municipality. Salacgrīva municipality, which among other activities offers to see the unique lamprey weir, has a more interactive approach, that is, it is possible to choose from a number of categories (amusement, history and culture, nature, active leisure, for family & kids, by the sea, by the river, hikes, on a rainy day, rafting, wellness, this can be useful) and sort by places and seasons as well as see the locations on the map. While most of the tourist activities available in the municipalities are somewhat similar, most of the municipalities have interesting and unique options. They could, however, benefit from promotion, especially when it comes to other languages.

4.2.5. Accommodation

It is worth to take a look at the options for accommodation, which could be useful if the visits are longer than one day. There is a total of 129 accommodations (mean = 16.125, median = 12.5), including hotels, guest houses, campsites and so on, in the regions that border on Estonia. Approximately one third (41) are located in Salacgrīva municipality, while Naukšēni municipality has the smallest number — 5. Information on the location and prices as well as contact information and photographs are mainly provided. However, as observed with other categories, there tends to be a smaller number of options in languages other than Latvian. To conclude, the municipalities have the capabilities to host a considerable number of tourists, however, it is also likely that the supply may increase as a response to increase in demand.

4.2.6. Retail and Shopping

Finally, there was no information on retailers on any of the websites. At the same time, most of the municipalities offer some other opportunities for shopping. For example, Alūksne municipality lists three shops. Two of them — saloon *Dzīpars* and shop *ABA* — sell crafts, gifts, souvenirs and/or jewellery, and the third is a sports and fishing equipment shop *Pie Zvejnieka*. However, this section is only available in the Latvian language version. Next, Ape municipality presents opportunities to purchase berries from *SIA Very Berry* that sells large cranberries, blueberries and other berries and farm household *Zemesziediņi* that sells raspberries and strawberries, while it is possible to purchase apiculture products and strawberries during excursions in Aloja municipality. Similarly to Alūksne municipality, this information is only available on the Latvian language version of the website. Moving on, there is a list of souvenirs that can be purchased in the Rūjiena tourist information centre, however, the PDF file can only be accessed from the Latvian language version of the website. The website of the Salacgrīva municipality tourist information centre lists contact information for people from which it is possible to buy fish; however, this information is once again only available in the Latvian language version of the website. Then there is also information regarding pharmacies in all three languages. Next, similarly, to some other tourist information centres, the Valka tourist information centre provides information on souvenirs that can be purchased and on possibilities to buy berries, and this information is available in English and in Latvian.

All in all, less than a half of the municipalities that border on Estonia have separate websites for tourist information. Most of the websites of the tourist information centres or bureaus or the sections of the websites of the municipalities that are devoted to tourism contain information in languages other than Latvian. English is the most common language followed by Russian, Estonian and German. The results of the analysis indicate that the municipalities are capable of hosting and entertaining a considerable number of tourists. As for shopping — while there are some opportunities for shopping listed on the websites, in almost all cases the information is only available in Latvian. Still, none of the websites mention retail shopping opportunities. All things considered, taking into account that a large proportion of people tend to search for information via the Internet, i.e., the websites of tourist information centres or bureaus, in order to promote cross-border shopping and shopping in general as well as other activities, it would be crucial to, first, introduce information regarding all available opportunities to the websites, second, to introduce this information in languages other than Latvian and, third, to update the websites on a regular basis.

Conclusions and Proposals

1. Cross-border shopping, including acquisitive or economically-motivated alcotourism, is a well-documented phenomenon that takes place all over the world due to the unique advantages and benefits for shopping in border regions, however, it is especially common in the European Union due to the Single European Market, the Schengen Treaty as well as the common currency, the euro, etc., which create favourable conditions for it to exist.
2. While the harmonisation efforts carried out by the European Union should have reduced the economic rationale for cross-border shopping, the corresponding Directives focus on definitions and minimum duties, which is why alcohol tax rates vary significantly among the member states, in many cases contributing to cross-border shopping, which, in turn, is likely to positively affect the tourism industry of the host regions.
3. Estonia and its capital, Tallinn, in particular has been a popular shopping destination for Finns, however, it started to change around 2015, when changes in the excise duty were introduced leading to a new trend — increased cross-border shopping in the border area of Latvia, especially the border towns of Ainaži and Valka — that has received considerable attention from the mass media and sparked discussions among alcohol producers, regional and national governments as well as the public in both Estonia and Latvia.
4. There have been different developments when it comes to individual cases of cross-border shopping in various countries, which in many cases are directly connected to changes in legislation regulating taxation on goods, most often, there is growth in cross-border shopping when the prices are lower and it tends to diminish if the prices are equal or higher than those in the home country.
5. In order for both neighbouring countries to benefit from cross-border shopping, they should co-operate, not compete, when it comes to setting tax rates, e.g., by imposing a minimum tax rate, as well as pay more attention to combating illegal trade rather than focusing on raising the excise duties.
6. Cross-border shopping is a relatively new phenomenon in Latvia, and it is unclear whether it will continue to evolve in the future, since according to the prior developments of the situation, the Ministry of Finance plans to raise the excise duty considerably, which could lead to a number of scenarios.
7. Tourism representatives from the municipalities that border on Estonia have mixed opinions on the future of cross-border shopping in Latvia, however, most of the experts suggested that cross-border shopping has a positive effect on tourism in the region.

8. Tourists from Estonia constitute the biggest proportion of tourists in all the municipalities that border on Estonia, and the increase in the number of Estonian tourists was first observed in Ape municipality in 2011, then in 2013 and in 2014, it reached Valka municipality and Ainaži, whereas by 2015–2016, there had been an increase in tourists from Estonia in almost all of the municipalities.
9. Traditional outshoppers, i.e., tourists who are first and foremost interested in shopping, are the most common in Alūksne and Valka municipalities as well as Ainaži, while traditional tourism is rather popular in all the municipalities, and, as such, remains the most widespread reason for travelling, while shopping and tourism combined is a moderately popular motivation, but it is also the least common.
10. Most of the factors that influence decisions on cross-border shopping in Latvia are related to the place (the municipality or town) rather than the product suggesting that people do cross-border shopping in Latvia due to favourable conditions rather than the nature of the products or goods — the most important factor is the location followed by prices, other tourist attractions or facilities, variety of products, working hours, local atmosphere, quality of the products, availability of other services, possibility to purchase products that are made in Latvia and lastly, the possibility to communicate in foreign languages.
11. Although most visits last for one full day or less and most tourists tend to return, the situation varies from one municipality to another, however, it seems that Valka municipality has been able to make the most out of this situation by establishing new businesses and services, for visitors tend to stay there for more than one full day, and Salacgrīva municipality could be heading in this direction as well.
12. The majority of the experts believe that cross-border shopping creates opportunities rather than obstacles, for example, increase in the number of tourists and thus more visits of tourist objects and facilities, which results in additional income, as well as new business opportunities, new jobs for locals or a less tangible result — tourists breathe new life into the small towns.
13. Cross-border shopping could be facilitated by not introducing changes to the tax system, increasing and widening the supply, promoting the products, offers and opportunities as well as further developing cross-border co-operation, whereas raising the excise duty as well as the value added tax on foodstuffs or introducing regulations on entering the country, including quotas for the amount of goods that can be taken back from the neighbouring country, are among the factors that could hinder cross-border shopping.

14. All the municipalities that border on Estonia are capable of hosting and entertaining a considerable number of tourists by offering interesting and unique opportunities, however, the opportunities for tourism should be promoted more.
15. The increase in cross-border shopping has helped a couple of municipalities promote locally-made products and producers, and other municipalities could follow in their footsteps.
16. Cross-border shopping in Latvia extends beyond the border area or regions that border on Estonia, for example, the town of Valmiera, which offers ample opportunities for shopping, is also a very popular destination for tourists, including cross-border shoppers.

The research allows to formulate the following proposals:

1. The Ministry of Finance of the Republic of Latvia: carefully reconsider the plans to implement the tax reform by taking into account the effects of cross-border shopping on the economy in whole as well as its effects on regional economies and the tourism sector and its development in the regions when determining further plans with regard to raising the excise duty on alcohol and/ or the value-added tax.
2. Municipalities bordering on Estonia and the corresponding tourist information offices: in order to increase awareness about border areas and border regions as tourism destinations, improve the websites to supply the potential tourists with information on opportunities for tourism; it is especially advisable to include up-to-date information in foreign languages (English and/ or Estonian).
3. Municipalities bordering on Estonia: widen the tourism offer in order to attract more tourists and to make their visits last longer, which would have a positive effect on the regional economies, for example, by developing co-operation with local businesses or retailers, including information about them in tourist materials or opening shops that not only sell various locally-made goods but also offer information on various activities and tourist objects that are available in the municipality.
4. Municipalities bordering on Estonia: develop strategies for increasing tourism offer by introducing facilities, services and tourist activities other than shopping, which could help attract tourists in the event of raising the excise duty.
5. Tourist information establishments: implement closer co-operation with colleagues from countries such as Estonia and Finland in order to promote the tourism offer.

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Appendices

Appendix 1. Questionnaire

APTAUJA PAR PĀRROBEŽU IEPIRKŠANOS LATVIJAS UN IGAUNIJAS PIEROBEŽĀ

Cienījamais tūrisma jomas speciālist!

Lūdzam Jūs piedalīties aptaujā par pašreizējo situāciju attiecībā uz pārrobežu iepirkšanos Latvijas novados, kas robežojas ar Igauniju, un par to, kā pārrobežu iepirkšanās ietekmē tūrisma jomu. Aptauja noris Latvijas Universitātē veiktā pētījuma ietvaros. Aptaujas rezultāti tiks izmantoti, lai izvērtētu, vai un kā pārrobežu iepirkšanās varētu palīdzēt veicināt tūrisma attīstību un tādējādi sniegt labumu pašvaldībām, un izvirzītu attiecīgus priekšlikumus. Aptauja ir konfidenciāla, anketas aizpildīšana aizņems aptuveni 20 minūtes, un Jūsu atbildes tiks izmantotas tikai apkopotā veidā.

I VISPĀRĪGA INFORMĀCIJA

1. Lūdzu, miniet piecas valstis, kuru iedzīvotāji visbiežāk apmeklē Jūsu novadu/pilsētu!
   1) ____________________
   2) ____________________
   3) ____________________
   4) ____________________
   5) ____________________

2. Vai beidzamajos gados ir novērota tūristu no Igaunijas un/vai Somijas skaita palielināšanās?
☐ Jā
☐ Nē
☐ Nezinu

3. Ja atbilde ir „Jā”, kad sākās šī tendence?
☐ 2017. gadā
☐ 2016. gadā
☐ 2015. gadā
☐ Cits (lūdzu, norādiet): ____

4. Lūdzu, novērtējiet savu novadu/pilsētu kā pārrobežu iepirkšanās galamērķi.
(Vērtēšanas skala no 1 līdz 10; 1 — pilnībā nepiemērota pārrobežu iepirkšanās galamērķa statusam, 10 — pilnībā piemērota, lai būtu pārrobežu iepirkšanās galamērķis)

1	2	3	4	5	6	7	8	9	10

5. Lūdzu, norādiet savu viedokli par to, vai tūristi, kas apmeklē Jūsu novadu vai pilsētu, koncentrējas uz šādiem aspektiem:
(Vērtēšanas skala no 1 līdz 10; 1 — pilnībā nepiekrītu, 10 — pilnībā piekrītu)

Novērtējums / Aspekts	1	2	3	4	5	6	7	8	9	10

Iepirkšanās										
Tūrisms										
Tūrisms un iepirkšanās vienādā attiecībā										

6. Kādi faktori veicina pārrobežu iepirkšanos Jūsu novadā/pilsētā?
(Vērtēšanas skala no 1 līdz 10; 1 — pavisam mazsvarīgs, 10 — ļoti svarīgs)

Novērtējums / Faktors	1	2	3	4	5	6	7	8	9	10
Atrašanās vieta netālu no robežas										
Citu pakalpojumu, ko var apvienot ar iepirkšanos, pieejamība										
Citu tūrisma objektu vai atpūtas iespēju, ko var apvienot ar iepirkšanos, pieejamība										
Iespēja iegādāties Latvijā ražotus produktus										
Iespēja komunicēt angļu valodā										
Iespēja komunicēt krievu										
Iespēja komunicēt citā/-s valodā/-s										
Plašs produktu klāsts										
Preču un produktu kvalitāte										
Veikalu darba laiks										
Vietējā atmosfēra										
Zemas/pievilcīgas cenas										

Cits (*Lūdzu, norādiet*):

____

____

____

7. Vai tūristi izmanto citus pakalpojumus un iespējas, kas nav saistītas ar iepirkšanos?
☐ Jā (*Lūdzu, norādiet tās tālāk*)
☐ Nē

____

____

____

8. Kādi ir populārākie tūrisma objekti Jūsu novadā/pilsētā?

____

____

____

9. Vai tūristi atgriežas vairākkārt?
☐ Jā
☐ Nē
☐ Nezinu

10. Vai tūristi parasti ierodas individuāli vai grupās?

☐ Individuāli
☐ Grupās
☐ Nezinu

11. Cik ilga ir tipiska apmeklējuma reize?
☐ Viena diena vai mazāk
☐ Vairāk nekā viena diena
☐ Nezinu

12. Kuru novadu/pilsētu Jūs pārstāvat?

____

II PĀRROBEŽU IEPIRKŠANĀS SEKAS

13. Vai uzskatāt, ka pārrobežu iepirkšanās rada problēmas vai iespējas un/vai ieguvumus?
(Vērtēšanas skala no 1 līdz 10; 1 — problēma, 10 — iespēja/ieguvums)

1	2	3	4	5	6	7	8	9	10

14. Kādu labumu novads/pilsēta gūst no pārrobežu iepirkšanās?

____
____
____

15. Vai, Jūsuprāt, nākotnē pārrobežu tirdzniecības apjoms pieaugs?
☐ Jā
☐ Nē

16. Kādas darbības vai pasākumi varētu veicināt pārrobežu iepirkšanos?

____
____
____

17. Kādas darbības vai pasākumi varētu ierobežot vai samazināt pārrobežu iepirkšanos?

____
____
____

18. Vai tūrisma informācijas centrs, vietējā pašvaldība vai uzņēmēji ir īstenojuši pasākumus, lai veicinātu pārrobežu iepirkšanos un tādējādi piesaistītu vairāk tūristu (piemēram, ieviesti tulkojumi citās valodās vai reklāmas, kas popularizē pašvaldību/pilsētu kā iepirkšanās galamērķi)?
☐ Jā (*Lūdzu, norādiet tālāk*)
☐ Nē

19. Vai sadarbojaties ar mazumtirgotājiem, lai popularizētu pārrobežu iepirkšanās iespējas novadā/pilsētā?

☐ Jā (*Lūdzu, norādiet tālāk*)

☐ Nē

20. Vai sadarbojaties ar Igaunijas kolēģiem, lai popularizētu pārrobežu iepirkšanās iespējas novadā/pilsētā?

☐ Jā (*Lūdzu, norādiet tālāk*)

☐ Nē

21. Vai un kā plānojat veicināt vai attīstīt sadarbību, lai popularizētu pārrobežu iepirkšanās iespējas?

☐ Jā (*Lūdzu, norādiet tālāk*)

☐ Nē

22. Vai piekrītat apgalvojumam, ka pārrobežu iepirkšanās var palīdzēt satuvināt dažādu tautību cilvēkus, mazinot psiholoģiskas barjeras?

☐ Jā

☐ Nē

23. Vai un kā, pēc Jūsu domām, pārrobežu iepirkšanos ir ietekmējusi Eiropas Savienība?

Paldies par Jūsu atbildēm!

Vairāk informācijas par pētījumu — Liene Linmeijere, e-pasts ll12178@lu.lv.

Appendix 2. Analysis of the Websites

Municipality	Website	Languages					Shopping	
		LV	EN	RU	ET	DE	Retail	Other
Aloja	No (information available on the website of Aloja municipality)	+	-	-	-	-	-	Possible to purchase strawberries and honey products during the excursions
Alūksne	+	+	+	+	+	-	-	3 (crafts, gifts, souvenirs, jewellery: salons Dzīpars, shop ABA and sports and fishing accessories shop Pie Zvejnieka This section is only available in the Latvian language version
Ape	No (information available on the website of Ape municipality)	+	+	+	+	+	-	*Apes novada lauku labumi* lists the following options to purchase large cranberries, blueberries, other berries (SIA VERY BERRY), raspberries, strawberries (Zemesziediņi) Information only available in the Latvian language version
Mazsalaca	No (information available on the website of Mazsalaca municipality)	+	+	-	-	-	-	
Naukšēni	No (information available on the website of Naukšēni municipality)	+	-	-	-	-	-	
Rūjiena	No (information available on the website of Rūjiena municipality)	+	+	+	+	-	-	List of souvenirs that can be purchased in the Information Centre available on the website but only in Latvian
Salacgrīva	+	+	+	+	-	-	-	Contact information for people from which it is possible to buy fish (only in Latvian), pharmacies (in all three languages)
Valka	+	+	+	+	+	-	-	Souvenirs, possibility to buy berries (both available in the Latvian and English language versions)

Appendix 2 (continued)

Municipality	Dining	Tourism		Business	Entertainment
		Activities	Accommodation		
Aloja	4 (3 cafes and a pub)	Churches, monument, castles and estates, nature trails and workshops, museums, landscape objects, cultural history, active recreation Excursions	14 options for accommodation	There is a section about doing business on the Aloja Municipality website	
Alūksne	A map of places for eating, a division between cafes and pubs that are located in Alūksne town (12) and in the rest of the municipality (1) A special menu of the Alūksne municipality Less-detailed information in Estonian and Russian, yet each place is located on the map, the address, phone number and email address a well as opening hours are provided	Landscape features, palaces and estates, museums, churches and memorial places, craftsmen; map (no map in ET) Offer to explore the routes of the Alūksne, Ape, Rauna and Smiltene Municipalities in order to promote the objects located in these municipalities Watch towers, routes, water activities, *Šādi saimnieko Malēnieši*, bicycle park, bicycle activities, narrow-gauge train, skiing, horse riding, sauna, countryside SPA, fishing, car and bike rental	In the town (10) and in the municipality (14), places for campers, map (LV, EN); no map in RU and ET, no places for campers in ET Addresses, phone numbers, emails, websites More places in LV	Information available on the Alūksne Municipality website (only in Latvian, however)	
Ape	3 cafes and guest houses that offer catering services; opening hours, email, phone, website, Facebook page if applicable	Museums, nature trails, bike routes in LV List of places to see in the other languages with contact information for some: The historical centre of the town, unique dolomite buildings and Pasta Street paved with cobble-stone; „Witches cliffs”- a sandstone outcrop of the river Vaidava; The mightiest willow in Europe; „Dzenīši”, near motorbike trail; The Old School and Davis Ozoliņš park, and the monument for this outstanding teacher and folklorist in “Dauškani”; Ozoliņš Ape Secondary School and its museum; The memorial stone of the mathematician Aivars Liepa; The smallest pine-tree in Latvia at the side of Parka Street; The memorial house of Elīna Zālīte; “Zīļi” cult (sacred) spring; A hydropower stationGrube HPS and one of the greatest waterfalls in Latvia, a dolomite in Grube; Monument for the fighters of freedom of Latvia at the Town cemetery of Ape; Warrior’s cemetery in Vaidava Street; Memorial place for the nationalist fights of Latvia in 1919 in “Rušķi”; “Devil’s-foot” stone in Lūšakrogs Kalekaura lake near to the Estonian border	11 guest houses and other options for accommodation in Ape and Ape municipality (email, phone, website if applicable) A smaller number of options in other languages	Some information, but only in Latvian	
Mazsalaca	1 cafe, 3options available in Latvian	Sightseeing, museum, active tourism (bike rental, dinghy rental, canoe rental) Additional information on Skaņaiskalns in LV, maps, brochures as well as a division in Landscape objects, stones, sacred spots, churches, sightseeing, nature trails, monuments, etc.	10 options in LV, 9 in EN; phone, address, email for some; some list prices	Some information, but only in Latvian	
Naukšēni	4 cafes and bars: address, phone, email, website (if applicable)	Museum, estate, raft, workshop, nature trail and landscape objects, border-crossing point, church, wine brewery, motorcycle track	5 (address, phone, email, website, services, prices)	A section about business and agriculture	
Rūjiena	4 (ET), website and email, if applicable, phone, price 3 (RU) No information in EN 4 (LV)	Castle, bridge, church, monuments, fire station, Rūjiena Dairy routes, offers for groups Relatively few information in EN	7 (ET, LV), 5 (RU), no in EN	A section for entrepreneurs (in LV only)	

Salacgrīva	21 in LV and EN, 20 in RU map, working hours, phone, address, email and website if applicable	Events that are either upcoming or have taken place already (the number differs in each language version) Possibility to choose from a number of categories (amusement, history and culture, nature, active leisure, for family & kids, by the sea, by the river, hikes, on a rainy day, rafting, wellness, this can be useful) and sort by places and seasons as well as see the locations on the map	40 (RU), 41 (LV), 40 (EN) contact info option to sort by type and see the places on the map	Section on the website of the municipality (in LV only)	
Valka	5 places to eat in Valka (LV, EN) version, there seemed to be something wrong with the RU and ET versions, for one showed no results, while the other did not offer any options to choose from Places to eat in Valga were also included	Attractions — museums, nature trails, monuments, church, sculptures, objects, horse riding, etc. — in Valka, Valka municipality and Valga and its surroundings, leisure activities, landscape features and routes The ET version did not work, limited information on the RU version (‘no results’ came up often)	7/6 LV/EN in Valka, 10 in the municipality Similar with RU and ET Also, places to stay at in Valga were listed	Valka municipality website provides information for entrepreneurs in all four languages (LV, EN, RU, ET)	

Sources: visit.valka.lv; www.aloja.lv; www.aluksne.lv; www.apesnovads.lv; www.mazsalaca.lv; www.naukseni.lv; www.rujiena.lv; www.salacgriva.lv; www.valka.lv; www.visitaluksne.lv; www.visitsalacgriva.lv

Maģistra darbs „Pārrobežu iepirkšanās Latvijas un Igaunijas pierobežā” izstrādāts LU Humanitāro zinātņu fakultātē.

Ar savu parakstu apliecinu, ka pētījums veikts patstāvīgi, izmantoti tikai tajā norādītie informācijas avoti un iesniegtā darba elektroniskā kopija atbilst izdrukai.

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Darbs aizstāvēts maģistra gala pārbaudījuma komisijas sēdē _________________

protokols Nr. ____________, vērtējums ______________________

Komisijas sekretāre: lektore Dr. hist. Inese Runce _______________

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