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TOURISM - CROATIA

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ONLY AFTER BECOMING INDEPENDENT IN 1991 CROATIA APPEARS AS SELF-RELIANT SUBJECTS ON THE INTERNATIONAL TOURISM MARKET. ITS RENEWED BREAK INTO THE WORLD MARKET IS ESPECIALLY DIFFICULT BECAUSE OF:

- ✓ THE DAMAGES CAUSED BY THE WAR,**
- ✓ IMPOVERISHMENT OF TOURIST OFFER,**
- ✓ TRANSITION FROM THE PLANNED TO THE MARKET ECONOMY,**
- ✓ AND BECAUSE OF PERMANENTLY RISING INTERNATIONAL COMPETITION.**

IN ORDER TO MAKE CROATIA COMPETITIVE TO THE NEIGHBOURING MEDITERRANEAN COUNTRIES AGAIN, IT IS NECESSARY TO:

- REVIEW THE FORMER TOURISM DEVELOPMENT AND HARMONIZE IT WITH ENVIRONMENT,**
- TO MODERNIZE AND ENRICH TOURISM OFFER OF THE COUNTRY,**
- AND RECONSTRUCT THE TOURISM INDUSTRY ACCORDING TO THE PRINCIPALS OF MARKET ECONOMY.**

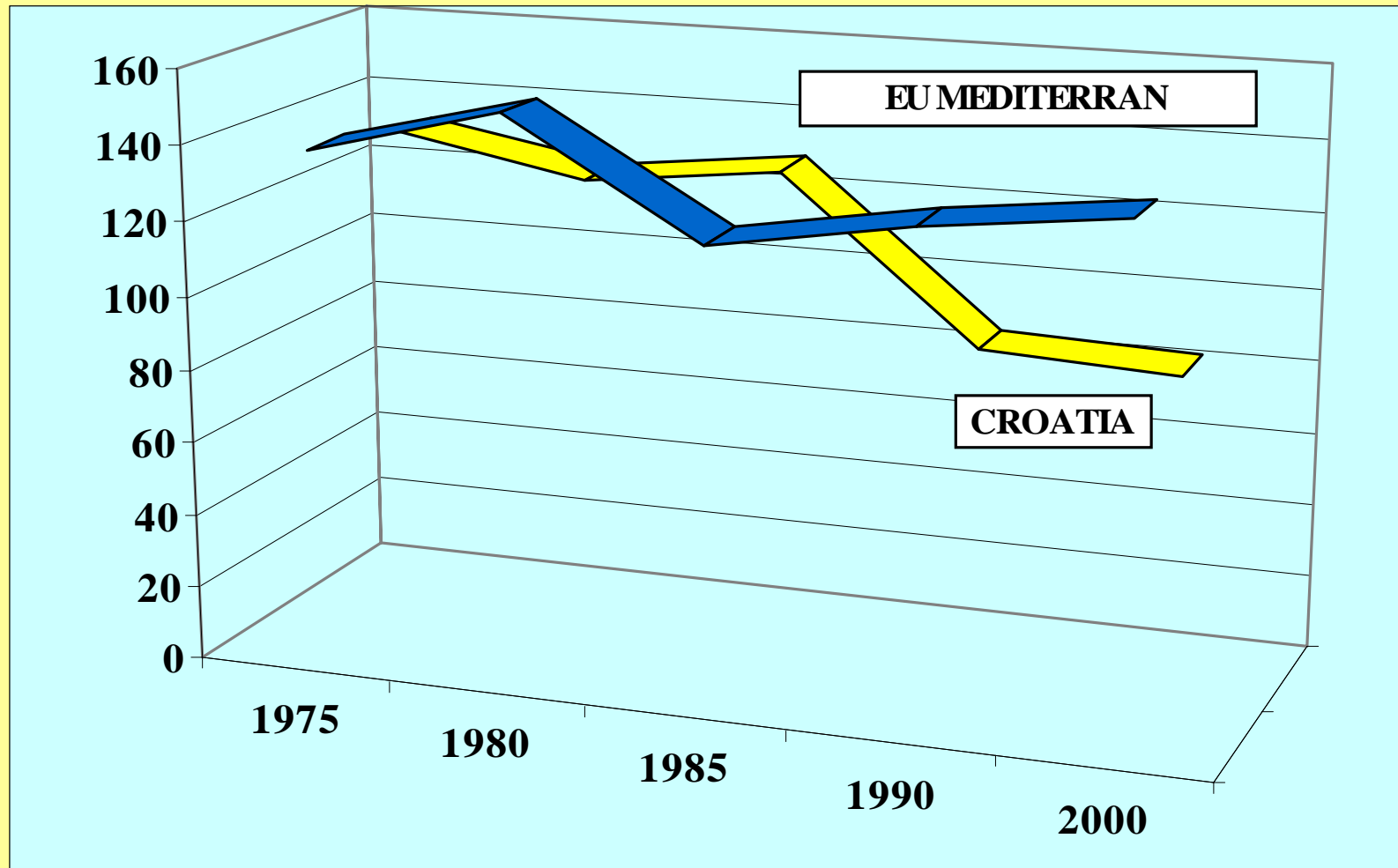
TOURIST INDUSTRY AND ITS IMPORTANCE

IN 1989, 62 MILLION TOURIST OVERNIGHT STAYS WERE REALISED IN COMMERCIAL CAPACITIES, OUT OF WHICH 89 % BY FOREIGN TOURISTS.

AT THAT TIME WITH 8 MILLION OF INTERNATIONAL ARRIVALS AND 1,5 BILLION US RECEIPTS CROATIA HAD ACHIVED 4% OF EUROPEAN MEDITERRANEAN INTERNATIONAL ARRIVALS AND 3% OF TOURIST RECEIPTS AND WAS CONSIDERED AS MIDDLE DEVELOPED EUROPEAN MEDITERRANEAN TOURIST COUNTRY.

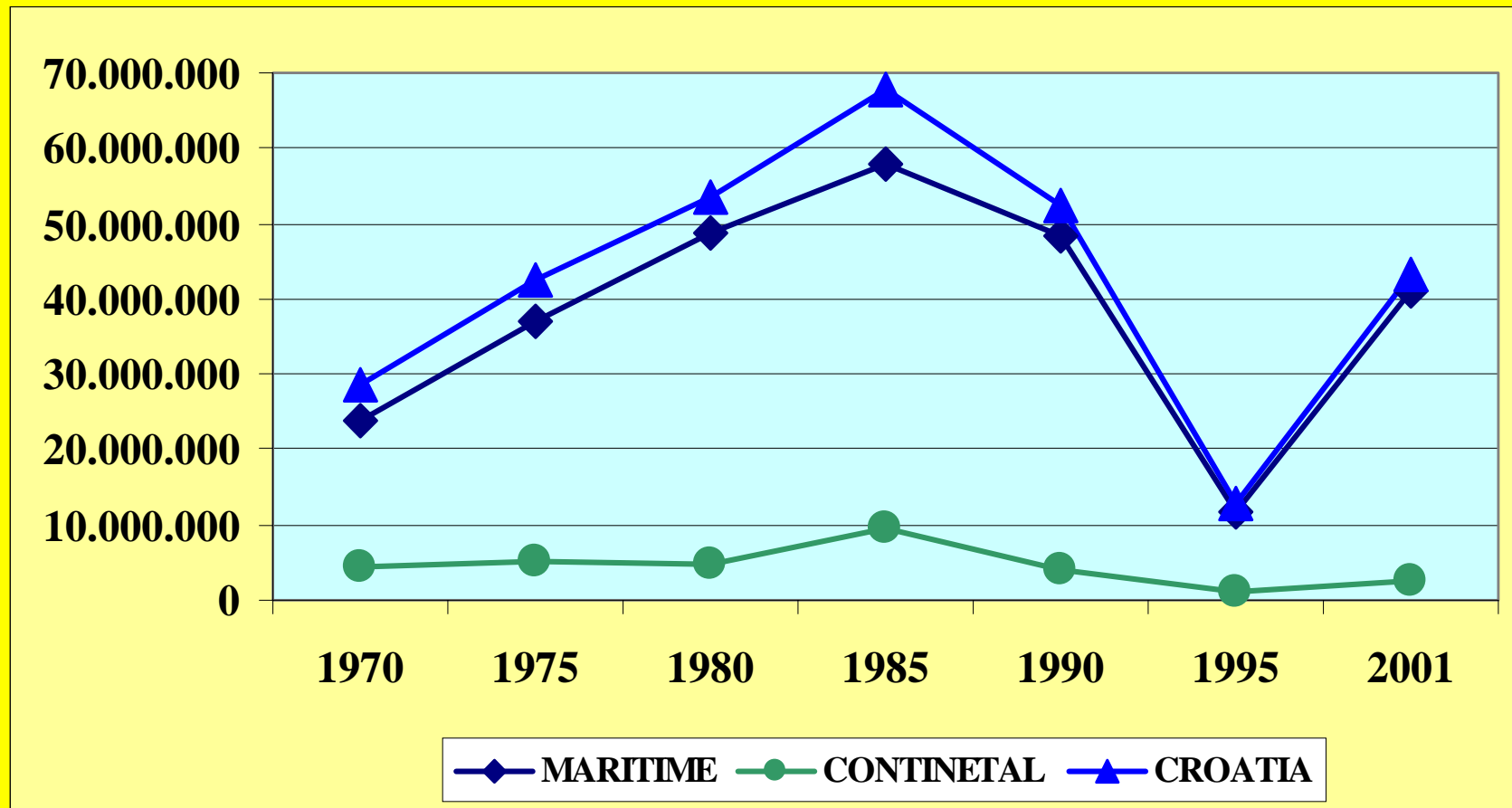
IT IS SYMPTOMATIC THAT IN THE TIME OF INTENSIVE TOURISM DEVELOPMENT, DURING 1970S AND 1980S, CROATIAN TOURISM FOLLOWED THE TRENDS OF EUROPEAN MEDITERRANEAN INTERNATIONAL TOURISM.

INDEX OF INTERNATIONAL TOURISM ARRIVALS IN EU MEDITERRANEAN AND CROATIA, 1975-2000



TODAY WITH 43 MILLION OF TOURIST OVERNIGHT STAYS TOURIST FLOW IN CROATIA IS ON THE LEVEL OF THE END OF SEVENTIES.

TOURISM OVERNIGHT STAYS IN CROATIA ACCORDING TO THE REGIONS, 1970-2001

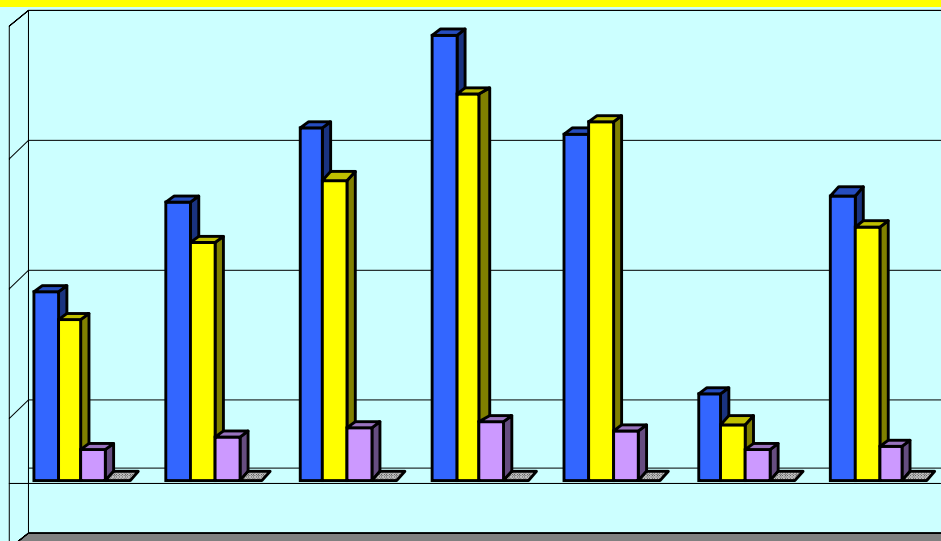


CROATIA IS TRADITIONALLY ORIENTED TOWARD THE FOREIGN MARKET AND THE SHARE OF THOSE TOURISTS WAS DOMINATED IN THE WHOLE OBSERVED PERIOD, EXCEPT IN THE YEARS OF WAR. THE SHARE OF DOMESTIC TOURIST OVERNIGHTS STAY ACCOUNT NORMALLY TO 14%, EXCEPT IN THE TIME OF CRISIS AND WAR WHEN ITS SHARE AMOUNT TO ONE THIRD (34%) OF TOTAL.

DOMESTIC TOURISTS MORE THEN FOREIGN ARE USING NON-COMMERCIAL FACILITIES AS ARE SECOND HOUSES AND VISITING FRIENDS AND RELATIVES. IT IS ESTIMATED THAT IN THE YEAR 2000 46% OF TOTAL DOMESTIC TOURIST OVERNIGHTS STAYS WERE RECORDED IN THIS KIND OF FACILITIES.

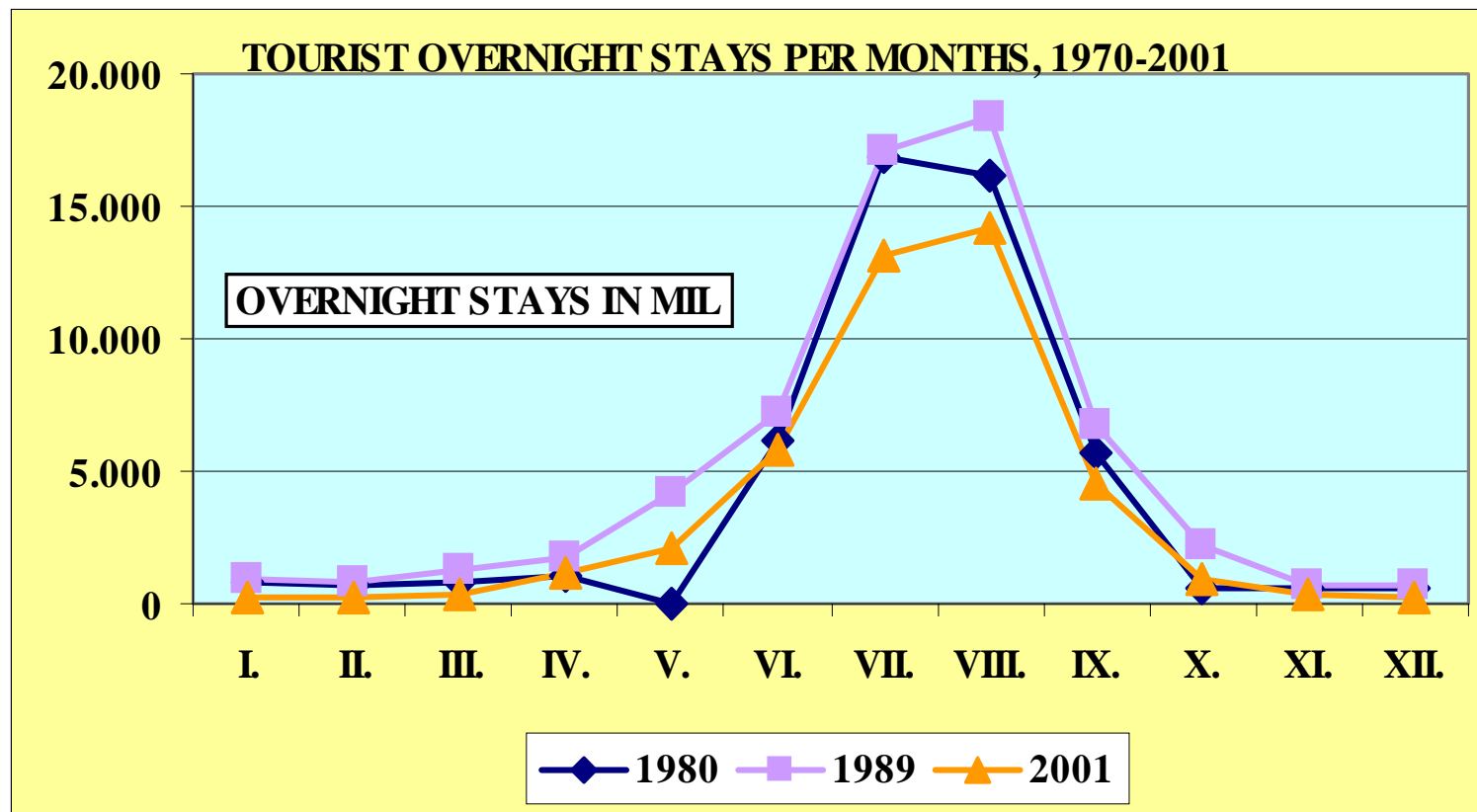
DOMESTIC AND FOREIGN TOURISM OVERNIGHTS STAYS IN CROATIA, 1970-2001.

OVERNIGHT STAYS IN ML



	1970	1975	1980	1985	1990	1995	2001
■ TOTAL	28.552	42.411	53.600	67.655	52.523	12.885	43.404
■ FOREIGN	24.163	36.036	45.850	58.875	54.466	8.515	38.383
■ DOMESTIC	4.389	6.375	7.750	8.790	7.383	4.370	5.051
■ % DOMESTIC	15,4	15,0	14,5	13,0	14,1	33,9	11,6

SEASONALITY OF CROATIAN TOURISM IS EVIDENT. IN TWO SUMMER MONTHS OF THE YEAR 2001 MORE THAN 60% OF TOTAL TOURIST OVERNIGHTS STAYS WERE REGISTRED.



IN THE FOLLOWING YEARS THE MAIN AIMS CONCERNING TOURIST FLOW IN CROATIA ARE TO BE:

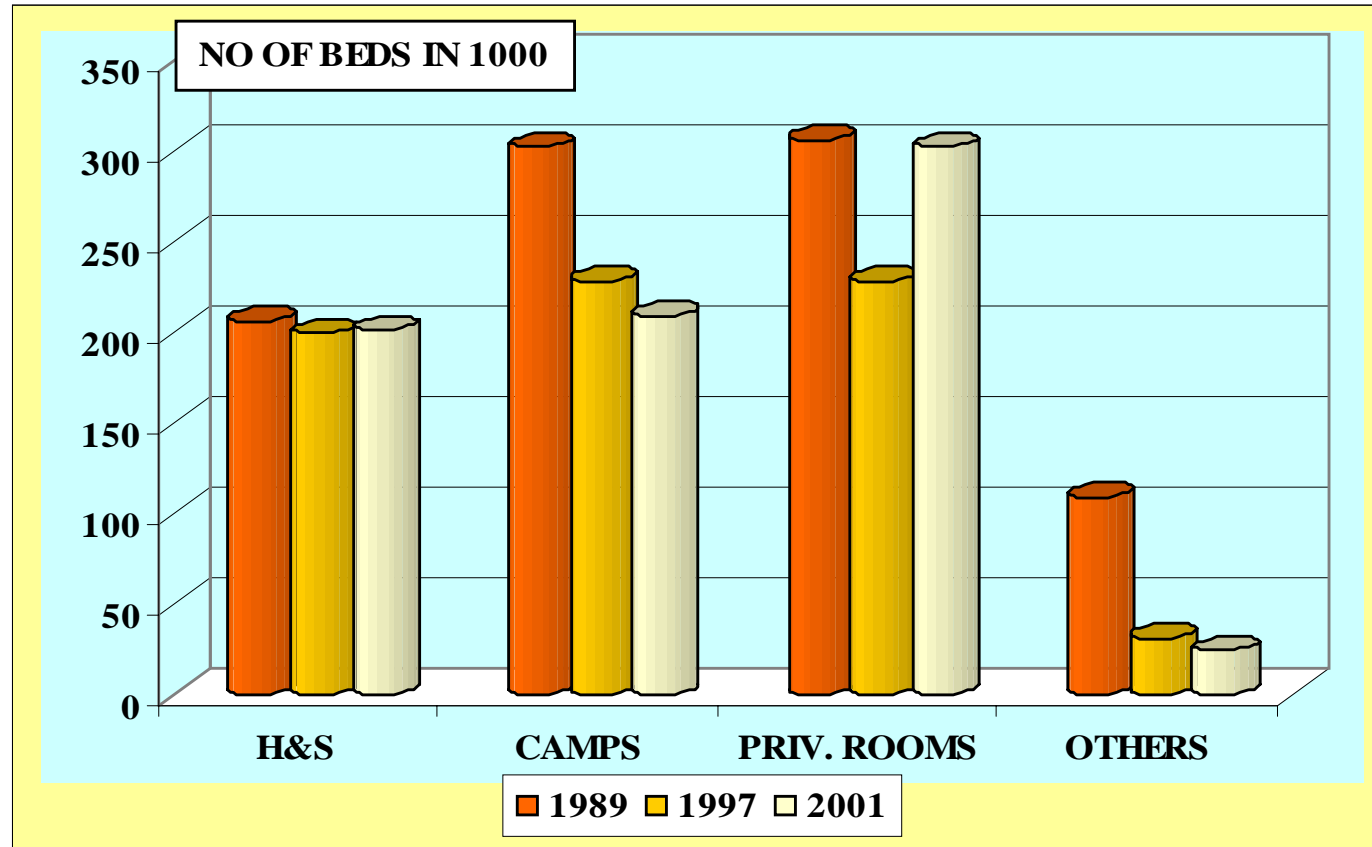
- ✓ RETURN OF TOURIST FLOW ON THE PRE-WAR FIGURES;***
- ✓ RETURN OF THE WESTERN EMITIVE MARKET;***
- ✓ INTENSIFY TOURIST FLOW FROM NEW MARKETS;***
- ✓ INTENSIFY DOMESTIC DEMAND;***
- ✓ REDUCE THE SEASONALITY BY MARKETING SOME SPECIFIC SEGMENT OF TOURIST DEMAND (OLDER TOURIST GROUPS, INCENTIVE GROUPS ETC) AND***
- ✓ INCREASE LENGTH OF TOURIST STAY IN DESTINATION.***

ACCOMMODATION FACILITIES

BASING TOURISM DEVELOPMENT UPON THE CONCEPTION OF MASS TOURISM ACCOMMODATION CAPACITIES IN CROATIA MAINLY CONSISTS OF COMPLEMENTARY FACILITIES: CAMPS, PRIVATE ROOMS, HEALTH, WORKERS AND CHILDREN HOMES.

IN THE LAST NORMAL BUSSINES YEAR AS IT WAS 1989, PRECEEDING THE WAR YEARS, OVER 923 THOUSAND BEDS IN COMMERCIAL UNITS WERE REGISTERED, OUT OF WHICH 64% IN COMPLEMENTARY FACILITIES.

THE WAR HAS AFFECTED THE VERY BASIS OF TOURIST DEVELOPMENT DUE TO DEVASTATION OR BY DECREASED TOURIST DEMAND. IN THE YEAR 2001 NUMBER OF BEDS IS STILL LOWER THAN IN PREWAR YEARS AND FIGURES TO 736 THOUSAND, OR 82% OF PREWAR CAPACITY (27% IN BASIC ACCOMMODATION).



ONE COULD CONCLUDE THAT QUANTITY AND QUALITY OF TOURIST OFFER HAS DECLINED DUE TO WAR CIRCUMSANCES. THE FACILITIES ARE LOCATED MOSTLY IN THE COASTAL AREA (97% OF TOTAL AND 92% OF HOTELS AND SIMILARS FACILIT.).

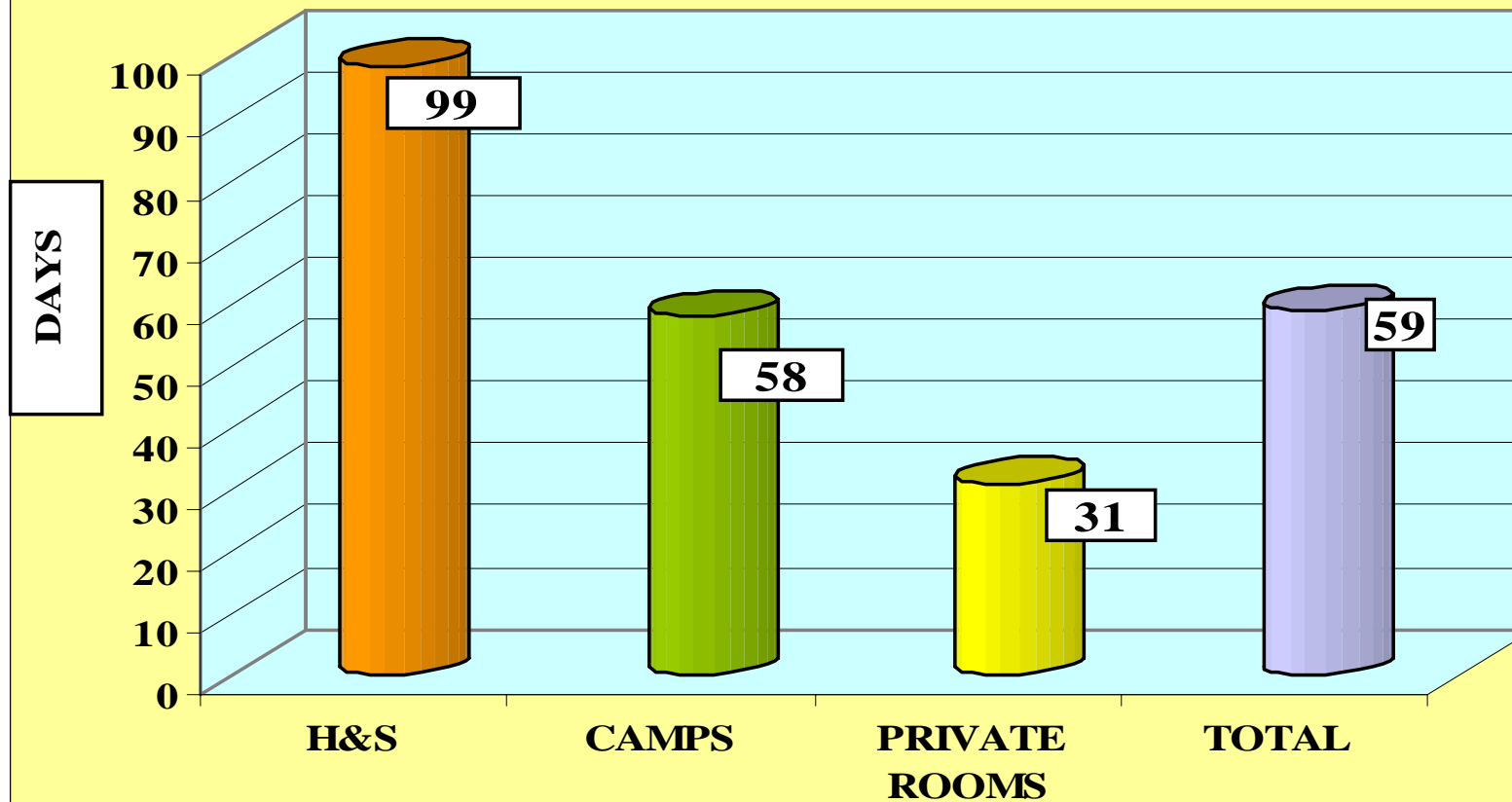
BECAUSE OF HIGH SEASONALITY OF CROATIAN TOURISM, OCCUPANCY RATE IS LOW, ESPECIALLY IN COMPLEMENTARY FACILITIES.

WHILE OCCUPANCY RATE IN NORMAL BUSSINES YEAR 1989 ACCOUNTS:

- ✓IN HOTELS AND SIMILLAR CAPACITIES 150 DAYS,**
- ✓IN CAMPS 49 DAYS AND IN**
- ✓PRIVATE ACCOMMODATION 36 DAYS RESPECTIVLY.**

OCCUPANCY RATE IN ALL TOURIST CAPACITIES NOWDAYS IS STILL LOWER THAN IN PREWAR PERIOD AND ACCOUNTS TO 59 DAYS INTHE YEAR 2001A COMPARED TO 67 DAYS IN THE LAST NORMAL BUSSINES YEAR 1989.

OCCUPANCY RATE OF TOURIST FACILITIES IN



POSITIVE DEVELOPMENT IS REGISTERED IN NAUTICAL TOURISM. IN RESPECT TO WELL-INDENTED CROATIAN COASTLINE AND BOOM OF NAUTICAL TOURISM IN MEDDITERRAN, NAUTICAL CAPACITIES ARE GROWING FOR SOME YEARS.

IN THE YEAR 1997 42 MARINAS WITH 10,592 MOORS ARE RECORDED IN CROATIA AND IN THE YEAR 2001 47 MARINAS WITH 12,863 MOORS, HALF OF THEM ON THE ISLANDS.

NAUTICAL TOURISM		
<i>CAPACITY OF MARINAS</i>	1999	2001
NUMBER OF MARINAS	43	47
AREA OF AQUATORIUM (SQ. M)	1.786.591	2.045.957
NUMBER OF MOORS IN SEA	12.437	12.863
TOTAL LENGHT OF DEVELOPED COASTLINE FOR MOOR	40.598	42.570
NUMBER OF MOORS ON LAND	7.227	7.330
TOTAL SURFACE AREA OF MARINAS ON LAND (SQ. M)	487.883	552.911

IN ADDITION TO THE COMMERCIAL THERE IS ALSO NON-COMMERCIAL ACCOMMODATIONS FACILITIES BY WHICH THE NUMBER OF TOURISTS INCREASE IN DESTINATIONS CONSIDERABLY.

ACCORDING TO THE CENSUS OF POPULATION AND HOUSEHOLDES (1991) THERE ARE *176,845 SECONDARY APARTMENTS AND VACATION HOUSES* OUT OF WHICH *61%* ARE LOCATED ON COAST.

TAKING INTO CONSIDERATION THE QUALITY OF EXISTING TOURISM OFFER FOR DEVELOPMENT OF HIGHER QUALITY TOURISM THE FOLLOWING STEPS WILL BE NECESSARY:

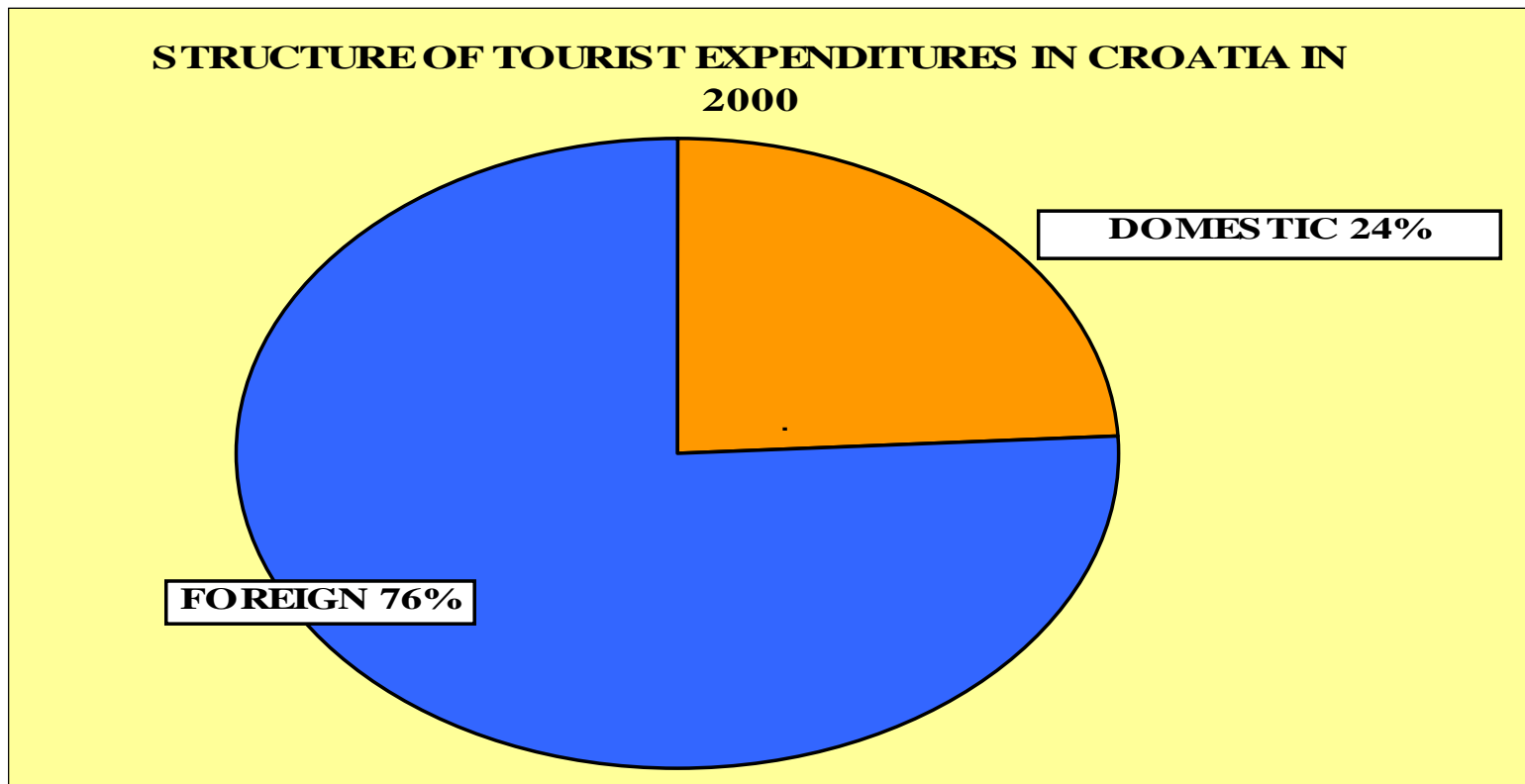
- ✓HARMONIZING THE FURTHURE CONSTRUCTION OF TOURIST FACILITIES AND VACATION HOUSES WITH SPATIAL CARRING CAPACITY.**
- ✓STRICTER PROTECTION OF RESOURCES AND ENVIRONMENT FROM DEVASTATION;**
- ✓RISING QUALITY OF TOURISM ACCOMMODATION FACIL;**

ECONOMIC IMPORTANCE OF TOURISM

ALTHOUGH THE EASTERN MEDITERRANEAN COUNTRIES HAVE A LOWER RATE OF TOURISM FLOW COMPARED TO FRANCE, ITALY OR SPAIN THERE ARE MUCH MORE DEPENDANT ON TOURISM. THE SHARE OF TOURIST RECEIPTS IN GNP, AMOUNT OF TOURIST EXPENDITURES AND RATE OF EMPLOYMENT HAVE BIGER IMPACTS ON NATIONAL ECONOMY OF THESE COUNTRIES. CROATIA IS TYPICAL EXAMPLE OF THAT.

ACCORDING TO THE STATISTICAL DATA IN THE YEAR 2001, TOURISM CONTRIBUTED ABOUT 14% TO GNP OF THE REPUBLIC OF CROATIA, TOTAL EXPORT THROUGH TOURISM REACHED 36% AND EXPORT OF SERVICES 73% OF TOTAL.

THE LARGEST AMOUNT OF TOURISM RECEIPTS CAME FROM THE FOREIGN TOURISM EXPENDITURE. BASED ON THE ESTIMATE OF THE AVERAGE DAILY TOURIST EXPENDITURE ACHIEVED IN THE COMMERCIAL AND NON-COMMERCIAL TYPE OF FACILITIES, TOURISTS HAVE SPENT 3,327,90 BILLION US\$ OF WHICH FOREIGN TOURIST EXPENDITURE CONTRIBUTED 76% AND DOMESTIC 24%.



FURTHER ON, ABOUT 10% OF THE CROATIA WORKFORCE IS EMPLOYED IN TOURISM, WHICH MEANS THAT BETWEEN 90 AND 120 THOUSAND PEOPLE ARE DERIVING THEIR INCOME DIRECTLY EITHER INDIRECTLY FROM THE TOURIST INDUSTRY.

BECOMING AN ESSENTIAL PART OF THE OVERALL ECONOMIC AND SOCIAL LIFE IN THE LAST FORTY YEARS, TOURISM HAS TRANSFORMED MARITIME REGIONS FROM PREDOMINANTLY AGRARIAN TO TERTIARY SOCIETY. IT HAS INFLUENCED REVIVAL OF THE SMALL COMMUNITIES BY HALTING NEGATIVE POPULATION TRENDS, ESPECIALLY ON ISLANDS, INCREASED THE EMPLOYMENT RATE AND CONTRIBUTED TO THE RISING STANDARD OF LIVING.

STRATEGIC OPTIONS OF CROATIAN TOURISM

WITHIN THE PROCESSES OF TRANSFORMATION FROM PLANNED TO A MARKET ECONOMY AND THE POST-WAR RECONSTRUCTION, CROATIA HAS UNDERTAKEN A NUMBER OF MEASURES WHICH IN THE LONG RUN SHOULD RESULT IN A HIGHER QUALITY AND HIGHER LEVEL OF COMPETITIVENESS.

IN ORDER TO INTENSIFY TOURIST FLOW AND RISE ITS POSITION ON INTERNATIONAL TOURIST MARKET CROATIA HAS TO IMPROVE QUALITY OF ITS TOURIST OFFER AND FOLLOW THE MODERN TRENDS IN TOURIST DOMAIN. BESIDES THE ATTRACTIVENESS OF TOURIST'S RESOURCES AND QUALITY OF ACCOMMODATION THE MODERN TOURISTS ARE PAYING GREATER ATTENTION TO QUALITY OF ENVIRONMENT, PERSONAL SECURITY AND PROTECTION OF AUTHENTIC TOURIST PRODUCTS AS WELL AS TO DIVERSITY OF ENTERTAINMENT AND LEISURE.

LEVEL OF SATISFACTION WITH THE MAIN ELEMENTS OF TOURIST OFFER

	ELEMENTS	LEVEL OF SATISFACTION
1.	NATURAL ATTRACTIVENESS	HIGH
2.	SUITABILITY FOR FAMILY VACATION	
3.	KINDNESS OF STAFF	
4.	PERSONAL SAFETY	
5.	FRIENDLINESS OF LOCAL POPULATION	MIDDLE
6.	QUALITY OF FOOD IN RESTAURANTS	
7.	TIDENESS OF RESORT	
8.	TRANQUILITY	
9.	DIVERSITY OF GASTRONOMIC SUPPLY	
10.	SUITABILITY FOR SHORT BREAK	
11.	QUALITY OF SERVICES IN ACCOMMODATION FACILITIES	
12.	QUALITY OF FOOD IN ACCOMMODATION FACILITIES	LOW
13.	TIDENESS OF BEACHES	
14.	COMFORT OF ACCOMMODATIONS	
15.	ENVIRONMENTAL PRESERVATION	
16.	QUALITY OF TOURIST INFORMATION	
17.	DIVERSITY OF ORGANIZED EXCURSIONS	
18.	VALUE FOR MONEY	
19.	EQUIPMENT OF BEACHES	VERY
20.	DIVERSITY OF SPORT POSSIBILITIES	LOW
21.	SHOPPING POSSIBILITIES	
22.	DIVERSITY OF ENTERTAINMENT	
23.	QUALITY OF SIGNS MARKING ATTRACTIONS	
24.	DIVERSITY OF CULTURAL EVENTS	
25.	QUALITY OF LOCAL TRANSPORT	

EVALUATING QUALITY OF CROATIAN TOURISM OFFER IN THE YEAR 2001 TOURISTS HAVE SHOWED HIGH LEVEL OF SATISFACTION WITH NATURAL ATTRACTIVENESS AND SUITABILITY FOR FAMILY VACATION. THESE ELEMENTS COULD BE CONSIDERED AS *ADVANTAGE OF CROATIAN TOURISM.*

MIDDLE LEVEL OF SATISFACTION HAS BEEN SHOWN WITH KINDNESS OF STAFF AND LOCAL POPULATION, PERSONAL SAFETY, AS WELL AS WITH QUALITY OF FOOD IN RESTAURANT AND GASTRO SUPPLY IN DESTINATION. THESE ELEMENTS SHOULD *BE IMPROVED ACCORDING TO HIGHER WORLD STANDARDS.*

LOW LEVEL OF SATISFACTION SHOWN WITH VALUE FOR MONEY AND VARIOUS ELEMENTS OF ENTERTAINMENT, CULTURAL OR SHOPPING OFFER ARE REGARDED AS SHORTAGE OR DISADVANTAGES OF CROATIA TOURIST PRODUCT WHICH HAVE TO *BE MODERNISED IN ORDER TO FIT INTO CONTEMPORARY WORLD TRENDS.*

AT THIS POINT OF TIME CROATIAN TOURISM IS GRADUALLY INTRODUCING EUROPEAN STANDARDS BY IMPROVING THE QUALITY OF SERVICES AND MODERNISING TOURISM OFFER AS WELL AS PRIVATISING THE TOURISM SECTOR AND RISING THE LEVEL OF IT MANAGEMENT.

THESE MEASURES HAVE BEEN BUILT INTO THE MAIN DEVELOPMENT DOCUMENTS AS THE STRATEGY OF TOURISM DEVELOPMENT OF CROATIA, THE MASTER PLAN OF TOURISM, CLASSIFICATION AND CATEGORISATION OF TOURISM SUPPLY FACILITIES IN CROATIA AND IN NUMEROUS LAWS, WHICH REGULATE TOURISM POLICY IN CROATIA ON THE NEW BASIS.

BY SOLVING THE MAIN PROBLEMS OF TOURISM INFRASTRUCTURE AS WATER SUPPLY AND STILL PROBLEMATIC TRAFFIC NETWORK, CROATIA IS OPENING A NEW DEVELOPMENT CYCLE FOR THE TOURISM PRODUCT, WHICH WOULD ENABLE IT TO BECOME MORE COMPETITIVE ON INTERNATIONAL TOURIST MARKET. THE EXPERIENCES OF SOME MEDITERRANEAN COUNTRIES SHOW THAT WAR DIFFICULTIES MAKE IT NECESSARY TO INTRODUCE A NUMBER OF INNOVATION MEASURES IN ORDER TO ENCOURAGE RECOVERY AND SPEED UP THE DEVELOPMENT OF THE TOURIST INDUSTRY.