Role of destination management in strengthening the competitiveness of Croatian tourism

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ROLE OF DESTINATION MANAGEMENT IN STRENGTHENING THE COMPETITIVENESS OF CROATIAN TOURISM

Abstract

Tourism today is marked by various social-economic trends. Croatia as a tourist destination is present on the networked international tourism market, which imposes daily adjustments to varying conditions on the market, primarily through improvement of the competitiveness of its own tourism offer. An important precondition for forming such an offer is an effective system for managing a tourist destination or destination management. With its accession to the European Union, Croatia has become a part of the European tourist market, which is a boost for tourism but also challenging, as it needs to stay true to its identity and maintain its uniqueness. Due to Croatia's new macroenvironment, conditions and rapidly changing consumer requirements on the global tourism market, as well as global economic and political instability, which has not left the European Union unscathed, strategic operational planning and clear guidance for the future development of tourism in Croatia are essential. Thus, the goal of this paper is to emphasize the importance and functionality of destination management for the development of competitiveness of Croatian tourism, with emphasis on strategic managing of its development and review the challenges and adaptations to the conditions on the European tourism market.

Keywords: management, functions of destination management, competitiveness, Croatian tourism.

1. Introduction

Today´s tourist population is more active and demands a more meaningful and more complex tourist product. Instead of the tourist product, the tourist experience is more commonly considered today. No matter the degree of the tourist development of our destination and geographic area where they are situated, managing tourism on all levels of decision-making is becoming more complex. In addition, it is important to emphasize that in the conditions of very dynamic and more and more difficult to predict global changes, survival, growth and development of tourist destination assumes continuous strategic thinking. The European Union (EU) recognizes Croatia as a tourist destination with potential, thus the task of destination management is to fully use this potential for the purpose of its own prosperity by using the system of values of sustainable development and the competitive strategy of the EU in the domain of tourism. In contemporary conditions, sustainable competitive advantage of a tourist destination needs to be based on the following: uniqueness and authenticity of resource-attractiveness, ecological preservation and a positive perception of environmental quality, qualitative properties and specificity of the tourist infrastructure and suprastructure, the quality of human capital, creative and innovative solutions of the marketing system, promotion of the destination, and on various combinations of all individual factors (Čorak, 2011). These demand a specific approach to managing the tourist destination and the use of specific models of destination management. Therefore, the main goal of this paper is related to the presentation of the role of contemporary management and its functions for the advancement of competitiveness of the Croatian tourist product. In addition, it highlights the challenges it has to face regarding new business conditions on the European market. In fact, if the right strategies are applied, Croatia can become one of the best and the most successful tourist destinations in the EU.

2. Management of tourist destination

By perceiving the basic postulate of tourism and the function of management, it is possible to find many possibilities and needs for the application of modern management in daily tourism practice through its basic elements and functions, which need to be used on all levels of individual tourist destination.

2.1. Tourist destination

The term tourist destination refers to the geographic area that is different from the place of the permanent residence of a tourist, where tourist activity is implemented and tourist products are consumed. It is possible to define it as a location of tourist consumption (Čavlek et al., 2011). It represents "the flexible, dynamic space whose borders are determined by the market itself, regardless of administrative limits" (Dulčić and Petrić, 2001). The tourist destination is "one of the elements of the tourist system and it encourages the activity of the entire system by attracting tourists, motivating their arrivals and connects all parts of a destination" (Križman-Pavlović, 2008). In a broader sense, tourist destination can be defined as "every destination of tourist travel, from an autonomous tourist object, airport or port to the tourist place, region and tourist country. A tourist destination implies a wide, integrated space that builds its own tourist identity on the concept of cumulative attractions, which allows the experience, and with additional tourist infrastructure, it represents an area where tourists gather. Tourist destination is dictated by the wishes, inclinations and the needs of the tourists" (Vukonić and Čavlek, 2001). Therefore, it originates from the necessity and arrangement of a larger area unit than the tourist area, which will ensure better utilization of the location, possibility of valorisation of inferior tourist resources, more complex offer for potential tourists through numerous tourist attractions, better options for the creation of the tourist identity and recognition on the tourist market.

Tourist destination does not have fixed borders, it can be any destination from departure until the tourists return to the place of their permanent residence, and it can exist on different levels: national, regional and subregional. Every destination (place,

region, state) is an area of exchange in which offer and demand are constantly met, while the inner area of a destination can be perceived as a market that sells numerous individual (partial) products and services intended for satisfaction of tourist needs. Therefore, it can be concluded that tourist destination is an area independent of administrative limits, which has certain elements of the offer or certain attractions, i.e., tourism facilities and services that tourists choose and providers offer on the market. As it is oriented towards tourist demand or the tourist market, it depends on the ability of attracting tourists and complete satisfaction of the complex tourist needs whether some area will become a tourist destination. Tourist destination has to combine various resources and create a specific tourist product that will be recognizable and competitive on the tourist market. Thus, they are not static. Instead, they are changing and developing according to the preferences and needs of guests from which basic objectives of tourist destinations arise (Magaš, 2003): to ensure quality for the guests and long-term existence of the local population.

For the purpose of achieving the stated goals and ensuring the survival of particular destinations in an increasing competitive environment, it is necessary to manage the development of the tourist destination, which implies constant strategic planning and thinking.

2.2. The specificity of destination management

Destination management can be defined as the process of creating, guiding and adjusting factors that participate in the creation of a unique tourist product of a destination in which individuals, by working together in groups, effectively realize set socioeconomic goals. Thereby, destination management represents the group of management staff on all levels who through their work and through the work of others achieve the basic functions of management in an area of destination (Geić, 2010). Management of tourist destination must comply with the principles, courses and requirements in the same way as the management of any other system that seeks profit. Magaš (2003) points out that the management of tourist organization and destination can be defined as the process of shaping, managing and developing a tourist system, public offer and public interest in a destination. Thereby, he emphasizes the basic tasks for the management of a tourist organization:

- ensuring normative framework;
- ensuring cooperative and complex activities of various groups within the system of an organization;
- ensuring strategic competitiveness and increasing company and destination value.

The normative level deals with the principle decisions about the purpose and legitimacy of an organization as well as global ways of their realization. The strategic level has the obligation of ensuring competitiveness of an organization while the operative level assumes short-term operational planning in which short-term goals, measures and means for their realization are determined. Furthermore, Petrić (2011) points out that the purpose of managing a tourist destination is, first of all, to create an appropriate environment for the development of tourism in a destination which assumes the planning of development in an area, development of necessary human resources, development of destination product, technology and support system. In addition, the task for management of a tourist destination is to attract visitors to a destination by appropriate marketing activities and with operational activities, raise the quality of the tourist experience.

Managing a destination is necessary first for its competitiveness and sustainability. The main goal of the management of a tourist organization emphasizes long-term insurance of the competitive ability of the destination. The competitive advantage of a tourist destination can be defined as the ability of the management of the tourist destination to develop and fully combine derived and natural elements of a tourist offer. Competitiveness of destination is the ability to increase tourist consumption, to attract tourists on a larger scale and offer them an unforgettable experience, all the while being profitable and benefiting future generations (Sheldon and Park according to Bartoluci, 2013). Thus, in order to be competitive on the global tourist market, the tourist destination has to be innovative and constantly seeking new sources of comparative advantages (Krešić, 2007). This kind of complexity and interdependence of elements of the offer in a tourist destination needs to be managed and strategically led as a competitive unit with the goal of ensuring long-term competitiveness (Magaš, 2003). Success

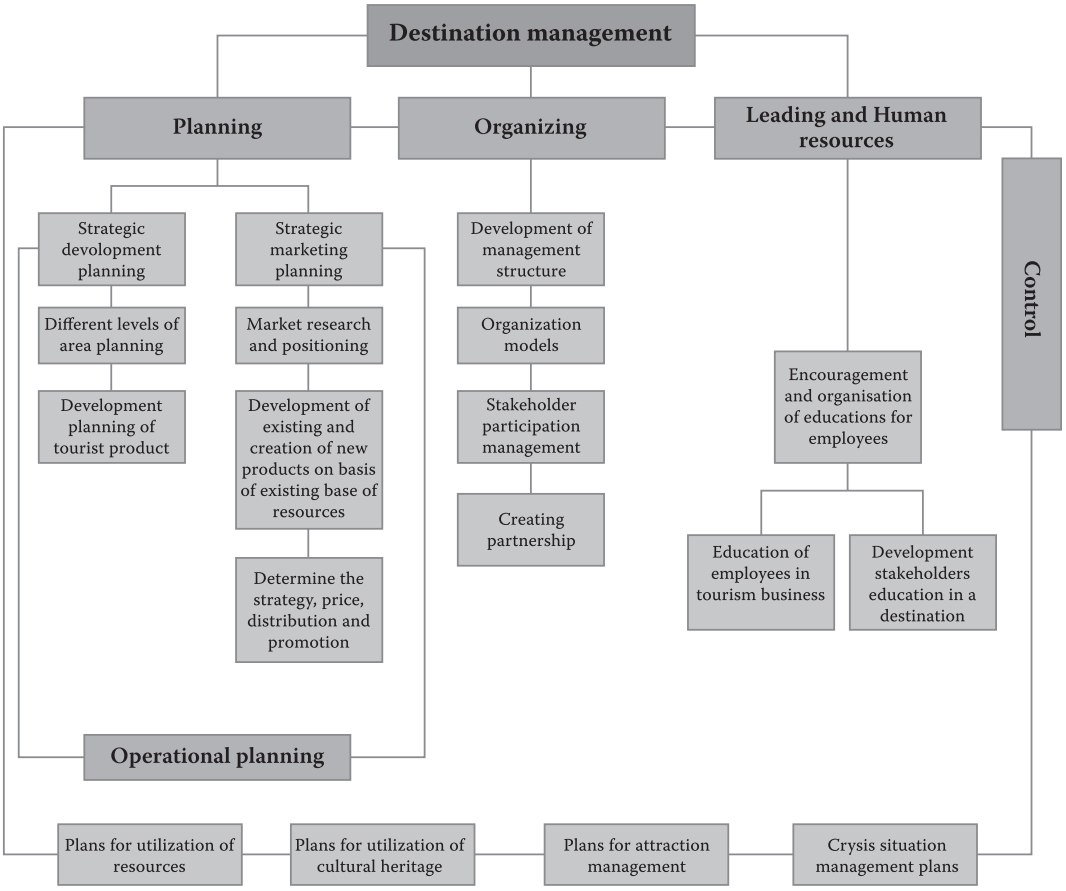
of the tourist destination on the global market depends on the general level of quality of tourist offer and available products (Gržinić and Saftić, 2012). Destination is manageable through organizations that should join a tourist community: agencies, hotels, restaurants, room renters, tradesmen and all other service providers (Bartoluci, 2013).

Managing a tourist destination is a long-term process that should ensure the competitiveness of the destination as well as achieve a higher quality of life standard for the local population and the preservation of the cultural identity of the whole tourist destination. Such long-term goals contain components such as (Blažević, 2007):

- optimal economic development of destination;
- a higher quality of life standard for the local population;
- preservation of necessary levels of ecology;
- cultural and historic heritage preservation and use of heritage in economic and general growth.

Destination management takes over the responsibility of defining long-term goals (where to go), considering all activities that lead to the realization of these goals (what to do) and achieving competitive advantages along the way (how to do it) (Ivanović in Blažević and Peršić, 2009). The tourist destination is a dynamic space whose boundaries are determined by the market itself. The basic problems of a destination stem from coordinating numerous elements that directly and indirectly participate in

Figure 1. Functions of management of tourist destination



Source: Petrić, L. (2011). Managing of tourist destination - principles and practice, Split: Faculty of Economics, p. 30.

the creation of a tourist system of a destination. Thus, management and planning of development of a destination are very important, especially if tourism needs to preserve the elements of destination and to be noticed as an acceptable tourist offer.

2.3. Functions of destination management

Destination management assumes a number of activities/functions that are interwoven and complement each other. They can be connected with the basic functions of the management or related to planning, organization, human resources, leadership, control and a constant monitoring of a number of activities that are conducted on the operational level *(Figure 1).*

The basic functions of destination management are planning, organization and control while the function of finding appropriate human resources and leadership are not conducted on a general level but on the level of individual subjects. However, encouraging education and staff training on all levels is one of the important tasks by a governing body of a destination.

2.3.1. Function of planning in a tourist destination

Planning for tourism on all levels is crucial for the realization of successful development of tourism, since it represents a permanent and dynamic process oriented towards the future. Planning of destination management stems from the necessity of cooperation of different hosts of tourist offer and of the government, private sector, population, tourist communities and others who are in this way also included in the planning process. Destination management requires an integrated approach, which implies conscious and planned activities of various participants for the purpose of projecting, shaping and directing development in a certain area. This approach takes account of the available natural potentials and integrates economic, social, spatial, ecological and infrastructure aspects (Dulčić and Petrić, 2001). The process of integral planning is conducted on two basic levels: through phases of strategic and operational planning (Petrić, 2011). Strategic planning determines the goals and guidelines for operational activities in a tourist destination and involves defining the mission and vision, setting the goals and developing strategies which for realization of those goals. Operational planning stems from strategic planning and elaborates on policy and programs. It also defines the responsible persons/organizations and other requirements for realizing strategic plans for the development of a tourist destination. Every tourist destination must manage its own development and accordingly ensure integral planning which unites: analysis of the destination, the vision, mission and goals, shaping strategies, an action plan, implementation and control of set activities. Furthermore, it can be distinguished from general development and marketing planning (Petrić, 2011) since tourist destination is a complex phenomena and its development has to be integrally deliberated as well as simultaneously respect different development and marketing factors. Planning of tourist development can be conducted on different territorial levels: international, interregional and/or interstate, national, regional and local (Petrić, 2011).

International planning is conducted on the level of particular international organizations such as the World Tourism Organization (UNWTO), which provides guidelines to its members and the governments of some states. Interregional/interstate planning includes two or more states in particular regions (mainly the border regions) that have similar or the same features and they conduct planning of particular aspects of tourism development. Planning on the national level pertains to the realization of national tourist goals and includes preparation of national tourist development plans or Master plans. Furthermore, a strategic marketing plan includes defining tourist organizational structure, adopting measures of tourist policy, plans, programmes, education and staff training, defining potential economic, ecological and sociocultural influences of development of tourism, as well as defining how these will be implemented on the national level. It also includes short-term strategies and projects. Regional planning is mainly defined by plans on the national level, while local planning pertains to planning on the level of a particular place or tourist zone (Petrić, 2011). When planning, it should be taken into account that all plans on the local level must coincide with the plans and strategy of development of tourism on regional and national levels.

2.3.2. Function of organizing a tourist destination

The function of organizing a tourist destination can be defined as a system of connecting, coordinating and managing different elements of tourist offer for optimal realization of a planned strategy for the development of tourism destination (Bartoluci, 2013). In addition, every business entity has its own organizational structure. Destination management organization (DMO) manages and coordinates the work of various business subjects that have common and conflicting goals and interests. Tourist organizations on a destination level have common functions: marketing, research and development. These functions are integrated and coordinated by destination management. For successful management of a destination cooperation between these interest groups is crucial: the public sector, private sector, local population and tourists (Magaš, 2008). Therefore, contemporary management of a destination requires coalition and partnership of many organizations and interest groups, public, private and non-profit. The managing body of such a system is the Destination Management Organization (DMO), and its task is to coordinate activities for all development factors *(Table 1)*.

Table 1. Typical roles and responsibilities of the DMO on national, regional and local levels

	National	Regional	Local
Promoting and creating a brand and image for the destination	✓	✓	
Encouraging entrepreneurship	✓	✓	✓
Collection and distribution of information	✓	✓	✓
Facilitating booking			✓
Coordination and managing			✓
Visitor and booking information			✓
Training and education		✓	✓
Business consulting		✓	✓
Help in creating the product		✓	✓
Development and management of events			✓
Development and management of attractions			✓
Strategies, research and development	✓	✓	✓

Source: A Practical Guide for Tourism Destination Management (2007). WTO, p. 135.

The organizational structure of such bodies is different, but it has the same division as national, regional and local organizations in charge of managing a destination (Petrić, 2011). Thus, the main task of the DMO is a business activity that unites and coordinates the work of different businesses and similar entities in designing and realizing the tourist product for its optimal quality, competitiveness, sustainability and achieving the best economic effects on the tourist market.

Destination management organization can be organized as follows: (UNWTO)[1]

- Department of a public authority;
- Partnership of various entities/institutions of a public autonomous authority;
- Partnership of various entities/institutions of public authority with a common management body;
- Organ of a public authority that is serviced by private companies;
- Association or company financed exclusively from the resources of the private sector (partnership);
- Public-private partnerships that cover certain functions (usually in the form of non-profit organizations).

Destination management can be organized in the form of destination management companies (Magaš, 2008) which represent the interests of organizations and their affiliates on the tourist market, and engage primarily in planning and marketing, while some other destination marketing functions are not performed. Clustering has recently become a model for organizing and integrating at the level of a tourist destination. The goal of the clustering is to locate and integrate complementary businesses within a particular region. Clusters in tourism are built on competitive advantages according to the principles of partnership relations. A destination is an area for planning, organizing and connecting through clusters (Bartoluci, 2013). In the Republic Croatia several institutions and organizations that participate in activities related to numerous aspects of managing tourism in a destination are:

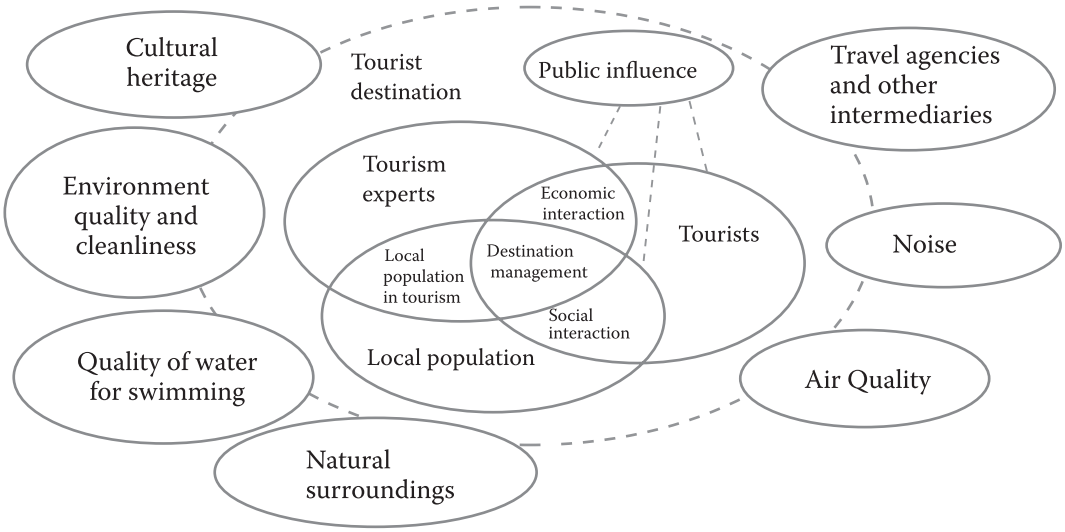
- State office for administration;
- Croatian Chamber of Economy;
- Local and regional self-government units (specifically established departments of tourist development or departments of economic development);
- Tourist boards.

The State administrative office is indirectly in charge of managing a tourist destination in the following ways: conducting inspection over tourist entities, categorizing accommodation facilities, issuing certificates/licenses for people in the tourist industry such as tourist guides. The Croatian Chamber of Economy, although it does not directly manage tourism in a destination, is a very important organization that unites and protects the interests of tourist entities and through its representatives promotes tourism. The role of administrative departments for tourism in units of local and regional self-government is quite similar to the role of the DMO, although they do not perform all DMO activities. Administrative departments for tourism are responsible for monitoring and analyzing tourism trends, current hospitality industry and tourist offer and factors that influence tourism competitiveness and quality. They also propose measures for promotion and systematic development of all selective forms of tourism as well as development of small enterprises through various incentive and development programs; they provide consulting services to potential investors, etc. Tourist boards are formed, first of all, "to promote and advance tourism in the Republic of Croatia and economic interests of legal and natural persons that provide hospitality and other tourist services or they conduct other jobs directly related to tourism in a way that they manage the destination on their base level".[2] The system of tourist boards includes destinations, cities, areas, counties, the Tourist Board of city of Zagreb and the Croatian Tourist Board.[3] According to the scope of their work, tourist boards are becoming destination management organizations whose main tasks include management of integral development and marketing of the destination for which they were established.[4] For effective management of a destination it is necessary to form a strongly structured and institutionalized destination management that has all the necessary resources (human and economic) for quality management of a destination and functions independently and responsibly with the support of public institutions, the private sector and the local population (Cetinski in Blažević and Peršić, 2009).

2.3.3. Function of control in tourist destination

Considering the specificity of tourism where there is more than one provider of tourist offer, control is necessary, especially in a tourist destination that is trying to represent a unique and integral product (Magaš, 2008). The focus is on consumers, who expect optimal realization of their expectations. Control, which involves monitoring the implementation of plans, is carried out by a destination management organization as an umbrella organization that coordinates all efforts of a destination (Petrić, 2011). The task of tourist destination management is to manage a destination so that the overall result achieved is better than the results that would have been achieved had the hotels and restaurants relied on their efforts alone. Furthermore, the task of destination management is to be included in all phases of the tourist product preparation process, starting with the phase of research and development, thereby making Croatia an integrated tourism destination. Strategic objectives should be integrated into relevant business activities and adequate assessment tools should be put in place to systematically measure and evaluate the performance of particular activities as well as ensure systematic control over their influence on the tourist destination as a whole (Magaš and Peršić, 2007).

Figure 2. Integrated product of tourist destination



Source: Magaš, D., Peršić, M. (2007): Integrated destination management in tourism, in Bartoluci, M., Čavlek N., et al., Tourism and Sport – aspects of development, Zagreb: Školska knjiga, p. 44.

In 2003, the European Commission published a Manual for Evaluating the Quality Performance of Tourist Destinations and Services in which it defined the terms that are essential for tourist destination management. Figure 6 illustrates that it is necessary to connect all factors of tourist destination management so that ultimately the expected benefits can be realized *(Figure 2.)*.

One or more recognizable authorities or organizations, also known as destination management organizations, can coordinate the tourist product at the destination level. True destination management will be successful if it employs high quality professionals, if it respects the opinion of the local self-government and if basic resources and tools are available which will ensure their active role in the planning and development of tourism. Therefore, the role of destination manager is to connect all participants of tourist offer, other stakeholders and resources in the area of tourist destination aimed at the realization of individual and global goals. In the process of business decision making, the management needs the necessary information to harmonize a tourist offer with the demand.

Information from environment are indicating to a possibility of adaptation of tourist sector to global processes (of market, assortment of offer, location, organization structure, cultures, environment) and their influence on a certain tourist destination (possibilities and threats). A key factor in this process is to determine the integral information system that will include weak and strong sides of all subjects included directly or indirectly in the offer on the level of tourist destination.

Therefore, the task of integrated quality management is to connect all participants that directly or indirectly participate in the shaping of content and quality of the tourist product in a tourist destination. Thereby, it should be noted that tourist satisfaction with hospitality in a tourist destination does not depend only on quality of material elements of the tourist product. There are other factors, such as hospitality, safety, etc., which means that the quality of the tourist destination is a function of numerous factors that have to be managed for increasing competitiveness and sustainability of tourist destination. Thus, the main goal of control process in tourist destination is achieving integral quality of a tourist destination system, because higher quality assumes higher competitiveness on the international market.

3. Market position and competitiveness of Croatian tourism on the international market[5]

To determine the position of Croatia on the international market, the following will be analyzed:

- market position of Croatia as opposed to main competitors;
- evaluation of tourist offer quality in international competitive environment.

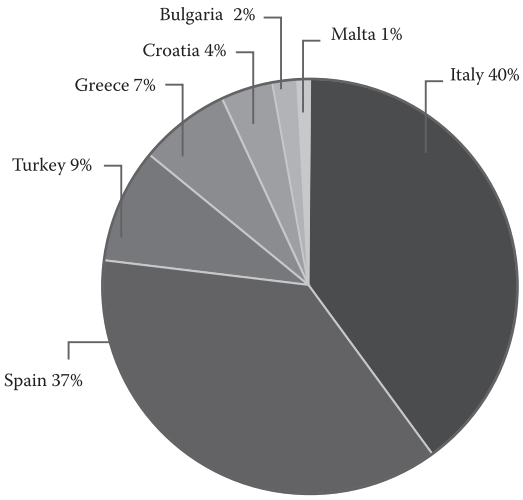
3.1. Market position of Croatia as opposed to main competitors

Primary competitive area of Croatia, determined through criteria of offer of similar products, similar tourist generating areas and similar prices are Spain, Italy, Greece, Turkey and Malta. It can be expanded to Bulgaria as an extensive market that competes with costs against Croatia on similar tourist generating areas, and over the past few years, it marks intensive development of tourism. In the analysis of market position of Croatia opposed to its main rivals, indicators related to offer and demand in collective sorts of accommodation were used:

- share of particular receptive markets in total tourist earnings of competitive area of countries scaled by the length of stay in total collective capacities;
- share of particular receptive markets in total accommodation capacities of competitive area of countries scaled by the number of beds in total collective capacities;
- index of penetration as a proportion of a share of country in overnight stays of a competitive area and share of country in capacities of competitive area;
- gross occupancy of hotels and other capacities per month.

According to the chart in Figure 3, Italy and Spain are the most important receptive areas of the competitive circle in 2009 that together have realized 77% of total demand in collective accommodation capacities.

Figure 3. Length of stay in collective accommodation capacities, market shares in 2009, in %

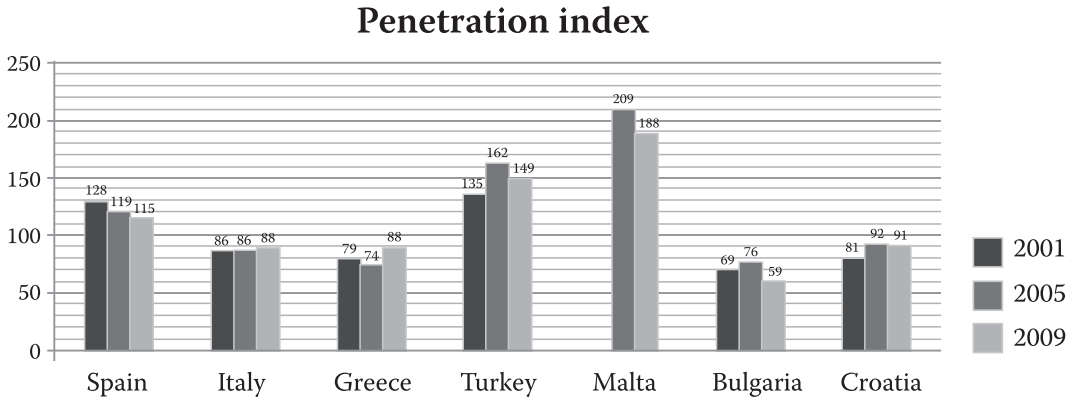


Source: The main plan and strategy of tourism of the Republic of Croatia, Report 3. (2011). Croatian tourism and competitive environment, Zagreb: The Institute for Tourism, p. 43.

The second best receptive areas are Turkey (9%) and Greece (7%), while Croatia holds the fifth position (4%). Bulgaria (2%) and Malta (1%) hold the least market shares. As Croatian tourism is characterized by "apartmanization", the Croatian share would significantly increase if the length of stay in private accommodation had been included (households).

Furthermore, in 2009 observed competitive macrodestinations have offered more than 10 million beds in collective accommodation capacities, of which 57% in hotels and similar accommodation facilities, 24% in camps and 19 % in other accommodation facilities, while Croatia in 2009 had on disposal 4.3% of collective capacities of analyzed groups of receptive areas (433,000 beds). The largest share in collective accommodation capacities was Italy (46%), then Spain (32%), Greece (8%) and Turkey (6%). The biggest shares of capacity increase in 2001 are Bulgaria (112%) and Turkey (65%), while Croatian capacities increased by 8%. Penetration index is used as an indicator of efficiency of using physical capacity. In the parameter of observed competitive countries, the biggest penetration index is Malta. However, camp capacities are not noted in Malta's official statistics, so the penetration index is not comparable to other countries.

Figure 4. Penetration indexes of total collective accommodation in 2001, 2005, and 2009



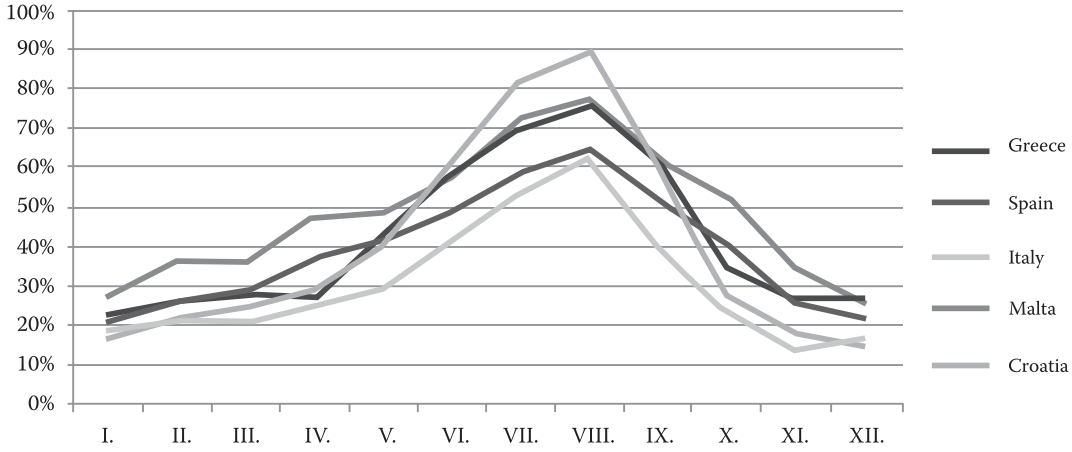
Source: The main plan and strategy of tourism development of the Republic of Croatia, Report 3. (2011). Croatia tourism and competitive environment, Zagreb: The Institute for Tourism, p. 47 .

Thus, without Malta in the analyzed competitive area, Turkey has the highest penetration index, by realizing almost 50% higher share in 2009 in overnight stays than capacities. Except Turkey, only Spain has an above average penetration index (115), therefore, its share of overnight stays is 15% higher than the share of capacities.

Below average efficiency in using capacity in 2009 was realized by Italy, Greece, Bulgaria and Croatia. Croatia had better results than Italy, Greece and Bulgaria in 2005 and 2009 *(Figure 4).*

Monthly gross utilization of hotel facilities indicates the present problem of seasonal visits in all competitive countries. Seasonal character was most pronounced in Croatia in 2010 when the biggest utilization of hotels and similar capacities was recorded in July and August, and the least from December until March, in comparison to observed competitive countries. At the same time, Spain and Italy had the least utilization during the summer months. In comparison to other countries, Italy recorded the least utilization during the whole year, while Spanish hotels and similar capacities recorded above average utilization from October to April *(Figure 5).*

Figure 5. Gross utilization of hotels and similar capacities for months in 2010, in %



Source: The main plan and strategy of tourism development of the Republic of Croatia, Report 3. (2011). Croatia tourism and competitive environment, Zagreb: The Institute for Tourism, p. 48.

3.2. Evaluation of the quality of tourist offer in international competitive environment

The evaluation of Croatian tourist offer in the international environment is based on the opinions of tourists who stayed in commercial forms of accommodation in Croatian coastal destinations during the summer seasons of 2004, 2007 and 2010. The evaluation is a reflection of a comparison of Croatian offer and destinations visited previously. Tourists evaluated 17 elements of offer on the scale: better in Croatia, same as in Croatia and worse in Croatia:

- traffic accessibility;
- image and social values: image of the country, safety, hospitality;
- preservation of nature: beauty of the countryside, urban and architectural harmony of the destination, ecological preservation, destination cleanliness;
- information and presentation: information quality of the destination, presentation of cultural heritage;
- content: fun, sport, recreation and shopping possibilities;
- hospitality: quality of accommodation offer, hospitality and its variety;
- value for money of the whole stay.

The quality of tourist offer is graded in contrast to Spain, France, Italy, Greece and Turkey. By comparing the scale: better in Croatia, same as in Croatia and worse in Croatia or the relative share of tourists which have graded particular elements better or worse in Croatia and their changes from 2004 to 2010 analysis has indicated the quality of particular aspects of Croatian tourist offer compared to its main competitors in the analyzed period. Regarding the analysis of collected data, the following can be concluded:

- Perception of tourists is that Spain and Italy are equally available to tourist generating areas as is Croatia, while France is perceived more available in terms of traffic than Croatia. As opposed to Greece and Turkey, the perception of Croatia, with a relative increase in 2010, is that it is more available.
- As opposed to the majority of its main rivals, Croatia has amended the relative perception of image. While the image of Croatia in 2004 was worse than all of its main rivals, except Turkey, in 2010, more tourists have graded the image of Croatia better than that of Spain, Italy and Greece.
- Sense of security and hospitality are elements of offer that traditionally have given Croatia an advantage over its rivals.
- Beauty of the landscape, ecological preservation and cleanliness of destination, urban and architectural harmony of Croatian destinations are elements of offer that favour Croatia over its rivals. Croatia fared better in 2010 than in 2007, with tourists awarding beauty of the landscape and cleanliness of the destination higher marks. This additionally increased Croatia's advantage in these elements.
- Urban and architectural harmony of Croatian destinations is by the tourist's perception equal to its rivals. Ecological preservation represents the element of offer in which the visitors grade Croatia better than its competitors, but Croatia's advantage in 2010 has systematically decreased as opposed to Spain, France and Greece.
- Regarding information quality of a destination, Croatia is behind as opposed to Spain, France and Italy, although it has considerably improved since 2004.
- The majority of tourists, despite the slight advantage of Spain, France, Italy and Greece, consider equal quality of presentation of Croatian cultural inheritance as opposed to the main competition.
- Contents and variety, fun, sport and shopping possibilities are traditionally critical points of the Croatian tourist offer. Although Croatia has improved its service quality through the years, it is not enough to change the relative position of Croatia as opposed to its competitors. In addition, the perception of all three elements of offer in 2010 has worsened as opposed to its competitors (the number of tourists who awarded particular elements lower marks in Croatia increased while at the same time the number of tourists who awarded particular elements higher marks in Croatia decreased). In 2007, Croatia was perceived to be at the same level as or

above Turkey, in terms of its offer of fun, sport and shopping, while in 2010, its competitiveness recorded a heavy fall, especially in terms of its offer of fun and shopping possibilities.

- Higher quality of hospitality industry in Croatia did not change the relative position of Croatia in comparison to other countries. During the analyzed period, the perception of the quality of accommodation, food and drink offer in Croatia relative to other countries has not changed. The only exception is its position relative to Turkey. The varied hospitality services in Croatia equalled that of competitive countries, although Croatia's position in this respect slightly deteriorated in 2010 in comparison to 2007.
- A stay in Croatia offers a greater perception of value for money than in competitive countries. In 2010, the perception of value for money in Spain and Greece has reached that of Croatia, while Turkey has managed to offer the tourism market a set of offers with greater value.

4. Challenges of destination management in Croatia regarding entering the European tourist market

The European tourist market shows an increase in diversification and innovation of the tourist products. The tourist market is dynamic and exceptionally competitive; therefore, the survival of such a market depends on the implementation of modern trends, which identify the fluctuations of market demands, new market opportunities, fields of investments, and infrastructural necessities. The pivotal role in further development and profiling of European tourism includes the following trends: (Alkir Radnić, 2009)

- Global standardization trend and increasingly growing brand marketing;
- Europe as the largest global tourist generating area and receptive destination;
- Process of investing capital consolidation and general dominance of multinational companies;
- Continual growth of accommodation standards;
- New dietary requirements in the food services;
- Mass application of new technologies;
- Dominance of large-scale business companies in the air-travel industry;
- Use of railroad transport systems,
- Diminishing use of individual transport during long-term vacations.

The above-mentioned modern trends of tourism must be applied in order to shape tourism policies and management, by means of long-term planning, flexible pricing policies that suit the demands of the increasingly higher marketing competition, and application of focused aggressive marketing designed for specific consumers market segments. Joining the European Union has had multiple effects on the Croatian tourist industry, namely: (Kunst, 2012)

- EU membership implies a certain degree of free advertisement, which positively effects the general public image of the new membership countries, therefore producing a considerable increase in interest for tourist destinations in such countries;
- EU membership implies the opening of air traffic space and the increased interests of air-travel companies, which results in simpler, more comfortable, more flexible and cheaper arrivals in such countries;
- EU membership means an increased market competitive advantage for domestic tourist companies, resulting in higher quality services, and also has significant effects on price-forming;
- EU membership implies new investments in the public infrastructure, which has a pollution free environment positive effects on private capital development investments of accommodation and other tourist services;
- EU membership ensures the legal application of new, significantly higher operational standards, especially regarding consumer rights and the quality of work equipment and raw materials.

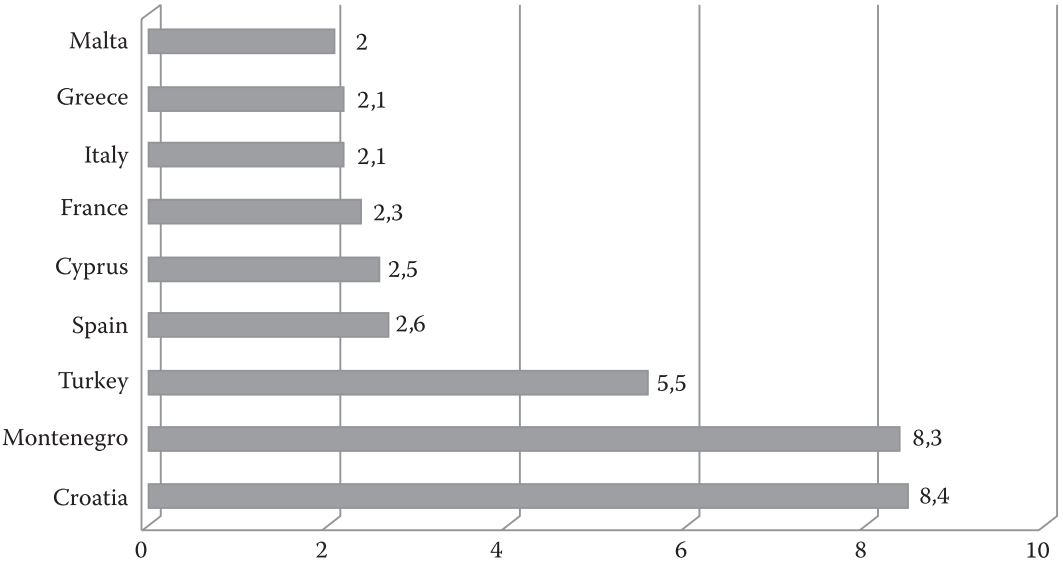
Croatia stands out as one of the most significant destinations in the European microregion of the Mediterranean region. According to the projected fluctuations of the average yearly growth rates of Mediterranean international tourist visits *(Figure 6)*, Croatia will have the greatest increase (8.4%), followed by Montenegro (8.3%) and Turkey (5.5%). France, Spain, Italy and Greece will remain the most

important Mediterranean area destinations in 2020, but these countries will have below-average growth rates of between 2.1 % and 2.6% per year, eventually resulting in a decrease of their market shares.

Croatia has been recognized by the European Union as the most important tourist destination with the greatest potential for further growth. Therefore, the destination management task must be to fully utilize that potential for its own benefit, using the EU values of sustainable development and competitive strategies. Croatia currently shows a lack of awareness for the necessity of strategic tourist destination management due to insufficient knowledge in the field of tourist development, inadequate organizational and managing skills of government officials, socially irresponsible and short-term oriented development management, lack of entrepreneurial enthusiasm among the local population, and insufficient co-operation and mutual understanding between various members of the development process, especially between public officials, tourist companies and private entrepreneurs (Kunst, 2012).

Figure 6. Average yearly growth rates of international visits in the Mediterranean region 1995-2020 (percentages)

Due to these reasons, a large number of Croatian tourist destinations still suffer from insufficient quality of destination management. Considering the lack of suitable, documented planning, and the fact that even when such planning exists, it is implemented incorrectly, it is very difficult to establish a positive tourist development environment, which could produce the best possible use of available destination resources and compliance to demand trends. Moreover, the lack of co-operation between key development members results in the inability to create a complete destination value chain, and the creation of important preconditions for offering a wide range of various tourist experiences, which are crucial to strengthening the marketing competition of the original tourist products in numerous Croatian tourist destinations. Changes in demand trends result in the need for an increasingly larger number of different members of destination value chain creators. They may have different approaches, sometimes even mutually conflicting visions and goals of the tourist destination development. In most local tourist destinations, besides the above-mentioned complex conditions, the considerable problem of tourist development management is a lack of leadership that should provide development guidance and co-ordination.



Source: Main plan and strategy of tourism development of the Republic of Croatia, Report 2. (2011). Global quantity and quality trends in the tourist market and marketing opportunities, Zagreb: The Institute for Tourism, p. 13.

In the future, Croatia must apply long-term strategies of sustainable tourist development to ensure that tourist activities will produce the greatest possible benefits for all participants in the tourist service business. Such strategies should include the fact that Croatia has a significant advantage over many of its competitors, having a large number of still intact natural and cultural values, which offer a wide-range potential for future sustainable development. The competitive advantage on the dynamic tourist market should be achieved by originality, which tourists seek and recognize, thus producing higher profits for tourist companies. The influence of numerous different and mutually dependant factors on political, economical, legal, environmental protection and technology areas are reshaping the fundamental aspects of customer segments, product offering and management, which form the very essence of tourist industry values. Further development of Croatian tourist market competitive advantages especially depends on the following:

- Opening new markets;
- Product development;
- Environmental protection;
- Development of new communication and sales skills;
- Development of new and innovation of existing management modes.

Future development and growth of Croatian tourism and strengthening of competitors' advantages will largely depend on the willingness to accept the changes, and on the capability to fully comprehend the above-mentioned opportunities given by entering the European tourist market. New macroeconomic conditions of Croatia as a tourist destination, increasingly dynamic changes of customer demands in the global tourist market, and rising economic and political instabilities on both a global and European scale, are all factors that deem necessary the strategic planning of the future development of tourism in Croatia and setting clear development directions and operational strategies. Tourism development strategy of the Republic of Croatia covering the period until 2020 was adopted for establishing the key activities of tourist policies, directed toward the insurance of production, institutional, organizational and human resources conditions necessary for improving Croatian tourist destinations competitive capabilities. The strategy represents a general conceptual framework that provides for the following: (Tourism 2020 development strategy)[6]:

- Co-ordinated actions of the tourism policy developers and continuous consistency in tourist management;
- General acceptance of Croatian tourism key directions as preconditions for better local and international investment marketing;
- Target-oriented development-investment process and efficient use of EU development funds.

Tourism 2020 development strategy is based on the analysis of the current development key indicators, and takes into consideration development limitations and possibilities derived from relevant global development trends. Moreover, it highlights the key factors for success that the tourist policies should focus by 2020. This strategic document will create the necessary preconditions for long-term sustainable and competitive tourist development in Croatia. In addition, to achieve an equal competition level in the new conditions, it is necessary to increase the competitiveness of Croatian tourism, which should be primarily accomplished by establishing an efficient destination management. It will encourage the development of small and mid-size businesses, implement new technologies, increase public standards and infrastructural modernization, manage protecting the environment regarding long-term sustainable tourist development, and invest in the education of future internationally competitive management and educational programs.

5. Closing arguments

Modern tourism demands not only acceptance of changes, but also the ability to predict them, thus staying ahead of the competitors. The focus is on development of competitive advantages and elements that ensure the better positioning of a tourist destination on the desired market segment. It is necessary to build the original image of destination, lifting it above its numerous competitors. This principle applies on both global and local levels. Croatia is already a desirable tourist destination. Now that it has become a part of the EU, it must continually improve the quality of tourist services, and preserve its national identity, heritage and uniqueness. Croa-

tia should present itself as a quality destination not only for the classic seaside vacation; rather, it should also have selective, specific tourist offers, different from those provided by competitors' European destinations.

An analysis and rating of Croatia compared to its main competitors (Spain, France, Italy, Greece and Turkey) show that the main advantages of Croatian tourist destinations are a sense of security and the hospitality of locals, followed by the beauty of nature, ecological preservation and a pollution-free environment, and urban design and architectural masterpieces. Furthermore, tourists perceive vacationing in Croatia has a better value for money than vacationing in competitive countries. Regardless of strong competition in the Mediterranean region, Croatia could in the next decade become one of the best and most successful European Union tourist destinations, doubling the number of tourists, and increasing the quality of tourist offer, thus increasing the average tourism income by 50%. This can be made possible by executing correct strategies and establishing destination management whose primary task should be the implementation of a professionally made marketing plan, which will increase a positive perception and image of Croatia in the market of high-income tourists in Europe. Destination management should also create new tourist products, shaped according to the needs of particular market segments, thus ensuring the extension of the tourist season and increasing the competitiveness of Croatian tourism among its Mediterranean region competitors.

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(Endnotes)

1 Practical Guide for Tourism Destination Management, WTO, 2007

2 Zakon o turističkim zajednicama i promicanju hrvatskog turizma, NN 152/08, čl. 2

3 Zakon o turističkim zajednicama i promicanju hrvatskog turizma, NN 152/08, čl. 3

4 Zakon o turističkim zajednicama i promicanju hrvatskog turizma, NN 152/08, čl. 18

5 In the analysis of market position and competitivenss of Croatian tourism, the data from the following documents were used: The main plan and strategies of tourism of the Republic of Croatia, Report 3. Croatian tourism and competitive environment, The Institute for Tourism, Zagreb, 2011.

6 Strategija razvoja turizma do 2020., dostupno na: http://www.mint.hr/default.aspx?id=9504

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Uloga destinacijskog menadžmenta u jačanju konkurentnosti hrvatskog turizma

Sažetak

Turizam današnjice obilježavaju različiti društveno-ekonomski trendovi. Hrvatska je kao turistička destinacija prisutna na umreženom međunarodnom turističkom tržištu što nameće svakodnevno prilagođavanje promjenjivim tržišnim uvjetima i to prvenstveno kroz unaprjeđenje konkurentnosti vlastite turističke ponude. Važan preduvjet za oblikovanje takve ponude je učinkovit sustav upravljanja turističke destinacije, odnosno tj. destinacijski menadžment. Ulaskom Hrvatske u Europsku uniju ona postaje dio europskog turističkog tržišta što je ujedno velik korak za turizam koji mora zadržati svoj identitet, svoju autohtonost, svoju posebnost. Upravo ti novi uvjeti makrookruženja Hrvatske kao turističke destinacije, sve dinamičnije promjene zahtjeva potrošača na globalnom turističkom tržištu te izražena ekonomska i politička nestabilnost na globalnoj razini, ali i u Europskoj uniji pretpostavlja nužno strateško promišljanje o daljnjem razvoju turizma u Hrvatskoj te postavljanju jasnih razvojnih smjernica i operativnih strategija za naredno razdoblje. Stoga je cilj ovoga rada naglasiti važnost učinkovitog i funkcionalnog destinacijskoga menadžmenta za razvoj konkurentnosti hrvatskog turizma, s naglaskom na strateško upravljanje njegovim razvojem te osvrtom na izazove i prilagodbu uvjetima na europskom turističkom tržištu.

Ključne riječi: menadžment, funkcije destinacijskog menadžmenta, konkurentnost, hrvatski turizam