APPROACH TO THE DEVELOPMENT OF DESTINATION MANAGEMENT IN CROATIAN TOURISM

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Croatian tourist destinations are present in the networked international tourist market and should adjust to such market conditions by means of improving the competitiveness of their own tourist offer. An important precondition for such offer improvement is an efficient system of management of a specific tourist destination, i.e. destination management. This is particularly important in uniting partial interests of destination’s multiple stakeholders, in order to create an integral tourist product for a specific destination. Implementation of the destination management principles in Croatia is at an insufficient level of development. In this study, the authors wish to emphasise the importance of an efficient and functional destination management for the development of tourism competitiveness in Croatian destinations. They, therefore, propose that it is necessary to start the process of definition and implementation of the DMO model in Croatian tourism and to reduce the existing gaps in the competitiveness of the tourist offer. This study should stimulate the Croatian scientific and professional public to further consider the need for development of the model of tourist destination management development.

1. INTRODUCTION

In this study, authors wish to emphasize the importance of an efficient and functional destination management for the development of tourism competitiveness in Croatian destinations.

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Croatian tourism is characterised by an exceptional international orientation, resulting in the fact that every major disorder in the emissive European countries' economies is inevitably reflected also on tourism in Croatian destinations.

A model for adjustment of the activities of partial tourist offer, which is often highlighted in modern tourist literature, is the model of destination management. Efficient destination management can have a considerable influence on the achievement of sustainable development and improvement of economic and social conditions for the community in the observed area. Therefore, a further question arises: how to successfully activate destination management in Croatian destinations?

Furthermore, the following issues can be considered: tourist destination management; destination management systems organisation; relationships, destination management aims and objectives; tourist destination lifespan cycle; adjustments to the European Union, etc. These issues must serve the purpose of adjustment of Croatian destinations to the current tourist trends in Europe.

2. PLANNING OF TOURIST DESTINATIONS AS A SYSTEM - CONCEPTUAL BACKGROUND

Competitiveness among the subjects in the international tourist market becomes emphasized in the modern conditions of globalisation, liberalisation and deregulation. As a consequence, there is a need to obtain and maintain the competitive advantage of a particular tourist destination (Dwyer et al., 2009).

Thus, one should deal with the issue of the success of a tourist destination in the international market, which is dependent on the general level of quality of tourist services and products provided. Tourist destinations should adjust to such market conditions, mainly by means of the advancement of competitiveness of their own tourist offer. By enriching tourist offer, competitiveness is fostered and the economic and financial effects of the subjects involved in the provision of tourist choices of a specific tourist destination are stimulated. The level of quality of tourist services and products represents the function of many variables, which can be analysed within a common managerial model of destination management. Since creation of tourist offers is carried out at the site of a particular tourist destination, which consists of many participants who offer their own partial tourist products, it is rational to coordinate the efforts of all participants, in order to create the integral tourist product (Bramwell & Sharman, 1999).
Figure 1 shows the functional link of the tourist system with a higher system, which represents demonstrates possibility for the development of tourism and its influence on the development and equilibrium of the higher system.

Figure 1. Tourist system structure

Source: Dulčić & Petrić (2001, p. 115)

The key question is to establish the optimal relations of balance between the higher and the lower systems, while there is a limitation in achieving optimal relations between systems, when the lower system is developed to a level which is appropriate for the development of the higher system (Dulčić & Petrić, 2001). In other words, development of tourism, as an element of the economic system, is limited by the level of the economic system as a whole. The understanding that it is possible to develop tourism in countries without the adequate level of social and economical development, is wrong.

Characteristics of the tourist destination system entail the need for its integral management, due to the synergetic effects of the coordinated horizontal management (management of a territory) and vertical management (management of a branch or a sector). This can be achieved by a rational plan,
which estimates the effects of stakeholders’ possible actions on developmental resources (Petrić, 2006).

The process of integral planning is conducted in two phases:
- The phase of strategic planning – related to the choice of mission, setting the goals and choice of strategy needed for their realization;
- The phase of operative planning – related to the formulation of detailed procedures, processes and technical programmes for implementation of the strategic plan.

The key to the long-term success of a destination represents an ability to find a compromise among all relevant interests, which is especially important considering that there may be conflicts, if some ‘greedy’ stakeholders try to maximise their short-term benefits by exhausting the resources (Buhalis, 2000). Only by the full and consistent efforts of all stakeholders in a destination area, by fulfilment of tourists’ needs and expectations, it is possible to realise such a goal (Go & Govers, 2000).

Sainaghi (2006) tries to give the answers to the cited questions, stressing the need to find a general model of destination management, in order to achieve specific tourist goals with involvement of various stakeholders (both public and private). He notes the need for the establishment of a dynamic framework, which should be shaped by means of systematic monitoring of specific successful tourist destinations and proposes the adoption of a model of local destination management organisations (DMOs). Jamal and Getz (1995) define these collaborative efforts as “a process of joint decision-making among autonomous, key stakeholders of an inter-organisational, community tourism domain [designed] to resolve planning problems of the domain and/or to manage issues related to the planning and development of the domain”.

Accordingly, De Carlo, Cugini and Zerbini (2008) assert that “an effective monitoring system makes it possible to evaluate the validity of meta-management actions and their impact on the performance of the most important product/market combinations, of the main production cycle links and the most significant business clusters.” Of course, there are also certain challenges, which may occur upon the implementation of such a model of destination management. Among those is the problem of a clear definition of both the desired positioning and the specific objectives to reach the end result. In addition, many players within the destination sometimes have conflicting goals for the management of trade-offs in resource use or a lack of information at a
destination level (which is partly due to the failure of “actors” to adopt advanced management tools).

In their paper, Bornhorst et al. (2010) give a comprehensive review of up-to-date literature on DMOs and destinations. On the basis of the literature review, they identify the following managerial functions of destination management organisations:

- M&P (Marketing & Promotion),
- M&S (Membership & Stakeholders),
- P&S (Policy & Strategy/Holistic Perspective),
- I&R (Information & Research) and
- F (Financial Management).

The partnership approach is of fundamental importance for ensuring long-term sustainable tourist destination development. Namely, only by means of active participation and coordination of the interests of all stakeholders (even those seemingly opposed), the predominance of short-term financial interests of the tourist offer providers (domestic and foreign capital) can be prevented. They are opposed to the long-term interests of the local community (domestic population and certain interest groups), preservation of natural resources and even the interest of tourists themselves.

It should be stressed that such a collaborative approach is not directed against the interests of the providers of tourist offers, who, as entrepreneurs, legitimately strive to maximize their financial profits. However, it is believed that their power should be limited, as to prevent possible irreparable damage to natural resources and local community, which can occur due to uncontrolled development of tourism.

According to Kunst (2009), it is necessary to develop destination management in a way which enables a proactive destination policy and a gradual advancement of competitiveness. Following these principles, a need arises to establish a functional organisation for destination management (DMO). Such an organization is responsible for the entire destination management process - from development planning, through the organisation of available resources, to control and monitoring of the application of implemented activities.
3. DEVELOPMENT OF DESTINATION MANAGEMENT IN CROATIAN TOURISM

According to our opinion, destination management has not been developed in Croatian tourism, as it should be. This also affects the development of competitiveness of the tourist offer, which is not reflected exclusively by price competitiveness, but primarily by the variety and quality of the tourist offer and tourist experience.

The European Commission proposes the establishment of a DMO as a leader, which assists the creation of optimal business models, as well as relevant regional support agencies. The Commission quotes six basic criteria for the establishment, development and maintenance of partnership among stakeholders (EC, 2000):

- Establishment of a strong leadership, a management with stable financial and human resources, which would thereafter provide firm support to the public and private sectors, as well as to the local population.
- In all the implementation phases, starting from the formulation of policy and plans, to the final supervision, establishment of close and reliable cooperation of all stakeholders at the local, regional and national level is needed.
- Preparation of a strong system for distribution of internal information among stakeholders, especially agencies and the local population, in order to create the common vision of tourism development.
- Creation of conditions for the achievement of benefits and positive impact for all stakeholders: visitors, tourist professionals and their staff, as well as the population of the region.
- Creation of a firm and stable policy of management of those services and products which additionally affect the visitors’ experience and satisfaction: public transport, safety, police, cleanliness.
- Stimulation of private initiatives for improvement of different aspects of quality of tourism (tax relief, various subventions, promotions, information, awards, etc.).

Four problems, to which solutions should be found in the Croatian destination approach, emerge in the context of ensuring destination competitiveness: destination branding, spatial planning, sustainability and management. Organisation of destination activities can have a multiplication effect, provided the following problems have been dealt with:

- destination target groups and target markets: families and traditional emissive markets,
- poor visual destination identity,
• non-existent (inadequate) urban plans,
• educational system orientated more towards initiative and less towards receptive agencies,
• inadequate infrastructure and suprastructure,
• insufficient (or inappropriate) investment level,
• lack of additional facilities of high quality,
• insufficiently developed MICE tourism segment,
• inadequate sanctioning of irresponsible behaviour pertaining to tourism,
• lack of knowledge about development based on standards of quality.

Since, according to our opinion, implementation of destination management in Croatia is insufficiently developed, the Croatian scientific and professional public should further consider the need for development of destination management, compatible with the current circumstances.

For example, Croatian coastal destinations have a significant developmental potential, as well as the basic infrastructure. All those are prerequisites, which can be used by destinations to raise the level of cooperation and partnership among the private and public sector. Furthermore, it is necessary to take into account all the stakeholders who need to be satisfied by the whole process. This includes the quality of tourist offer, economic and social category, as well as sustainable development, for the purpose of long-term tourism development (Saftić, Rafajac & Trošt, 2010).

We are aware of the exceptional complexity of the issues pertaining to the formation of a competitive tourist offer in a specific tourist destination. Therefore, it is necessary, without further delay, to start the process of defining and implementing the DMO model in Croatian tourism, as to converge with the trends in the developed Western tourist countries.

With the new Law on tourist organisations, there emerge new possibilities for a wider comprehension of a tourist organisation, independently of possible geographical or administrative “borders”, but within the frameworks of the creation of recognisable tourist zones. A desirable line of responsibility within the destination system elements is visible from Figure 2. By this model, a proposal for the destination development planning, through the formation of developmental plans at the zone level (DMO), is given.
The above described supposes that a specific tourist zone will also encompass several of the currently existing tourist organisational structures, including tourist organisations. The zone model of the tourist organisation enables tourist organisations to reshape current roles and activities in accordance with the leadership of the ‘umbrella’ tourist organisation of a specific tourist zone.

An attempt is made to create the zone model of destination management, which represents a detachment from the existing destination structures, but also a step forward towards coordination according to the European models, which could be implemented in Istria. Nonetheless, by activating the Istranian Tourism Development Agency, a huge step towards the new trend of destination management was made. Leading tourism authorities in Istria have recognized the rich offer and attractions, which were ‘re-packaged’ into quality tourist products and initiated stimulation programmes for tourism development (Saftić, Težak & Luk, 2011).
Cooperation between the regional Tourist Board, the Tourism Department of Istria, the Istrian Tourist Development Agency (IRTA), local partners and international experts represents the final product. It is to be assigned to the destination management company (DMC) that would continue to sell it, i.e. bringing tourists to the destination and earning from it. However, more important than the organisational form is for the DMO to be formed within the Istrian tourist destination and to coordinate the work of the regional Tourism Department, IRTA, local tourist boards, hotel enterprises and other participants of the tourist market.

Other Croatian destinations have not managed to carry out the coordination on this level yet (Sučić, 2009). The above described is a good example of an attempt to avoid disorganised development of destinations as a prerequisite for success and long-term survival in modern tourism.

4. ACTION PLAN FOR CROATIAN TOURISM AND THE LEVEL OF SUPPORT FOR DESTINATION DEVELOPMENT

In March 2009, Ministry of Tourism adopted the *Action Plan for Croatian Tourism 2009-2010*, within the government Programme of Measures for Tourism. According to this plan, measures and activities which needed to be implemented during 2009 and 2010 were defined, in order to preserve the global competitiveness of Croatian tourism in times of international economic recession. Measures directed to the reduction of costs in the tourist sector at the governmental and local levels were determined by the Action Plan. Measures directed to alleviate the procedures faced by foreign tourists upon their arrival and stay in Croatia, as well as measures directed to domestic tourists, were also determined.

In the Action Plan, measures for 2009 (15 measures) were separated from measures for 2010 (two measures). Since deadlines for implementation of the Action Plan have passed, its implementation can be analysed by looking into the developments during the previous tourist seasons. Measures from the 2009 Action Plan for Tourism were only partly realised, with a particular emphasis on visa suspension for tourists from Russia and Ukraine and a reduction of para-fiscal contributions for the tourist sector. The measures of the government Action Plan for Tourism for 2009, directed to the reduction of costs in the tourist sector at the governmental and local levels, as well as alleviation of the tourist-related administrative procedures were realized.
Table 1 illustrates the realization of measures of the Action Plan for Croatian tourism in the years of 2009 and 2010.

**Table 1. Realization of measures of the Action Plan for Croatian Tourism 2009-2010**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Responsibility and implementation deadline</th>
<th>Measure realization</th>
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</table>
| 1. Temporary suspension of visas for Russia and the Ukraine during main tourist season | **Implementation deadline:**  
  - Immediate implementation (as from 01.05.2009) | One of the measures whose aim was to additionally attract the largest possible number of tourist arrivals from currently already growing emittive markets was realized. Visas for the citizens of Russia and the Ukraine were suspended during the main tourist season and permission for landing of older types of planes at Croatian airports was granted (according to EU regulations). |
| 2. Reduction of costs pertaining to copyright (ZAMP)                    | **Implementation deadline:**  
  - Implementation of legal solutions depending on model, from 01.06.2009 at the latest | Within the Action Plan for Tourism and in collaboration with the Ministry of Tourism, fees for usage of copyrighted music were reduced by 10%, between 1st July and 31st December 2009. Croatian TV license fee was paid only seasonally, while the facilities are open. |
| 3. Reduction of costs pertaining to Croatian TV license                  | **Implementation deadline:**  
  - Implementation of normative solutions depending on model, from 01.06.2009 at the latest | This measure was implemented in the form of an agreement among the Croatian public service TV, Croatian Association of Composers – protection of music copyright (HDS ZAMP), Croatian Hotel Association (HUH) and Croatian Chamber of Crafts (HOK). |
| 4. Reduction of costs pertaining to monument annuities                  | **Implementation deadline:**  
  - Implementation of legal solutions depending on model, from 01.06.2009 at the latest | Within the policy pertaining to the reduction of expenses related to the tourist sector, the Ministry of Culture made an effort, by the reduction of the zones of cultural and historical entities, to avoid additional burdening of economic and tourist facilities by the imposition of monument annuities. |
5. Free entry to museums during main tourist season

Implementation deadline:
• During the main tourist season

During the main tourist season, between 15.06. - 15.09.2009, the museums founded by Republic of Croatia, provided two days of free entry to museums. The Ministry of Culture carried out a comprehensive analysis of this measure. The obtained data demonstrated a loss of over half a million HRK in the period. The announced cooperation with the tourist organisations and local tourist boards completely failed. The tourist boards did not distribute information related to special activities and offers by the museum and galleries, so, tourists often expressed their dissatisfaction.

6. Establishment and organisation of destination info centres

Implementation deadline:
April-May 2009

Croatian Tourist Board proposed that in all destinations, according to possibilities, “destination info centres” should be established. They were supposed to become central points for tourists to acquire all types of promotional materials and service information. In addition, their opening hours should be longer during the main tourist season. Their establishment contributed to a better distribution of information to tourists and the quality of their stay.

7. Recommendation to schools to implement their graduation and other excursions within Croatia

Implementation deadline:
• Model elaboration by 30. 05. 2009
• Model implementation and ensuring of financial support, as from 15.06.2009

Not realised.

8. Programme: 'Become an Ambassador of Croatian Tourism’

Implementation deadline:
• April 2009 (launch); permanent action

The Croatian Tourist Board and the Ministry of Tourism initiated on 9th June 2009 the national action “Become an Ambassador of Croatian Tourism” on the internet. The aim of
this action was to invite 22 citizens and public figures, as voluntary ambassadors of Croatian tourism, to promote Croatia throughout the world, presenting it as an attractive tourist destination. For the needs of the Croatian Tourist Board, McCann Ericsson designed Facebook applications “Croatia Challenge”, “Croatia e-card” and “Personality Test”, which were available through a micro-site in Croatian and English: [http://www.ambasadorturizma.com.hr](http://www.ambasadorturizma.com.hr) and [http://www.welcometocroatia.com.hr](http://www.welcometocroatia.com.hr)

<table>
<thead>
<tr>
<th>9. Recommendation to the private sector regarding price policy - “value for money”</th>
<th>Implementation deadline: • Continuous</th>
<th>No data related to realization.</th>
</tr>
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<tbody>
<tr>
<td>10. Reduction of costs pertaining to communal charges</td>
<td>Implementation deadline: • Measure implementation by 30.05.2009</td>
<td>Not realized.</td>
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<tr>
<td>11. Reduction of costs pertaining to communal contributions</td>
<td>Implementation deadline: • Measure implementation by 30.05.2009</td>
<td>Not realised.</td>
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<tr>
<td>12. Reduction of costs pertaining to monument annuities</td>
<td>Implementation deadline: • Measure implementation by 30.05.2009</td>
<td>Not realized.</td>
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<tr>
<td>13. Reduction of parking prices</td>
<td>Implementation deadline: • Measure implementation by 30.05.2009</td>
<td>Not realized.</td>
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<tr>
<td>14. Reduction of costs of concessionary charges for nautical goods</td>
<td>Implementation deadline: • Measure implementation by 30.05.2009</td>
<td>Not realized.</td>
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</tbody>
</table>
15. Reduction of costs by the Institute of Public Health’s medical examinations and laboratory works

**Implementation deadline:**
- Measure implementation by 30.05.2009

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<th>Year 2010</th>
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<tr>
<td><strong>1. Formation of Tourism Fund</strong></td>
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<tr>
<td><strong>2. Fiscal policy – tax relief for tourism</strong></td>
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Not realized.

**Source:** Modified from the Ministry of Tourism (Analysis of the tourist seasons 2009, 2010)

Summary of the implementation of the Action Plan for Croatian tourism 2009-2010 (Table 1) indicate how the implementation of the planned measures and activities was only half achieved. Out of 15 planned measures for 2009, seven measures were fully or partially realised, while two measures, planned for 2010, have not been realised within the set deadline. Negative factors, affecting the incomplete realisation of the planned measures, which would have to be considered while determining the activities and measures for the following period, have been identified as: insufficient involvement of local units, tourist boards and service providers in preparation for the tourist season.

5. CONCLUSION

It should be noted that the main limitations of this study can be contributed to its association with the postulates and achievements of destination management in sources and experiences outside Croatian context. There are no accessible relevant Croatian experiences in the full implementation of destination management principles within the framework of functional organisation for destination management. However, there have been some partial attempts to implement segments of destination management within the existing systems of tourist boards and local self-government.

Further research should be directed toward finding and defining possible models for the establishment of functional organisations for destination management in Croatian tourist destinations. The existence of tourist community systems should be taken in consideration, as an existing tourist
supporting infrastructure, but also their inadequacy for the fulfilment of the tasks set before a DMO. Furthermore, possibilities for the development of public and private, as well as partnerships among private organizations within the framework of the destination management model should be analysed. This especially applies to the involvement of the widest local public and local population interest groups, as an equal participant in the process of tourist destination management.

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Pristup razvoju destinacijskog menadžmenta u hrvatskom turizmu

Sažetak

Hrvatske turističke destinacije nazočne su u umreženom međunarodnom turističkom tržištu i trebale bi se prilagoditi tržišnim uvjetima na temelju poboljšanja konkurentnosti svoje turističke ponude. Važan preduvjet za ovo unapređenje je učinkovit sustav menadžmenta specifične turističke destinacije. Ovo je posebno značajno u ujedinjavanju parcijalnih interesa višestrukih dionika – interesnih skupina u destinaciji, kako bi se kreirao integralni turistički proizvod. Implementacija principa turističke destinacije u Hrvatskoj je na nedovoljnom stupnju razvoja. U ovom radu, autori žele naglasiti značaj efikasnog i funkcionalnog destinacijskog menadžmenta za razvoj konkurentnosti hrvatskih destinacija. Stoga smatraju da je nužno pokrenuti process definicije i implementacije modela destinacijskog menadžmenta u hrvatskom turizmu te smanjiti postojeće zaostatke u konkurentnosti turističke ponude. Ovaj bi rad trebao potaknuti hrvatsku stručnu i znanstvenu javnost da dalje razmotri potrebu za razvojem modela destinacijskog menadžmenta.