THE RESEARCH RESULTS OF CHARTER COMPANIES IN CROATIA

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Abstract
Demand for Croatia as a nautical country constantly maintains the upward trend. The reason for this is the fact that Croatia is on the way to the EU integration as a future equal member state. This fact significantly contributes to Croatia's openness to the generating market in both economical and in terms of tourism. Nautical tourism of Croatia is profitable which has been recognized by foreign entrepreneurs by directing their fleets to the Adriatic and developing successful and today frequently leading charter companies. The paper defines the charter activity and points out its characteristics. The purpose of the paper is to research, understand and set forth the attitudes of nautical tourists within the charter domain as an activity with the highest annual growth rate in nautical tourism. Methodology used in this paper was questionnaire based on three sections of questions. First section of questions refers to structure of charter companies, the second section of questions refers to the features of demand and season of 2009, and the third section of the questionnaire shows the expectations of charter companies for the season of 2010. Further on, the authors have additionally researched Slovenian charter companies and made the correlation of Slovenian and Croatian charter market.The research in this paper is descriptive, conducted on a one-time basis and on an intentionally selected sample. Based on the results, appropriate conclusions and attitudes have been made also incorporating specific views regarding the quality improvement of a nautical tourist product and charter offer.
Keywords Charter Activity, Nautical Tourists, Generating Market, Nautical Tourism

INTRODUCTION

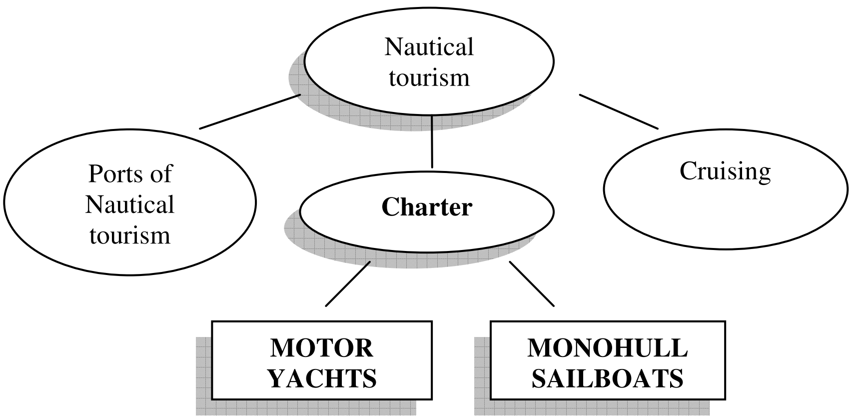
Numerousness and features of Adriatic islands, their interposition, minor distance from the coast, well-indented coast and the totality of the eco-system make the Adriatic coastal area truly unique and suitable for nautical tourism and charter as its integral part. One can also add to it favourable climatologic, oceanographic, civilization, historical, ecological and numerous other relevant features, including the continental area. All of these factors are the basis for the development of nautical tourism and opening of charter activity area, the precise potential of which is still not completely known within the Croatian territory today. Croatia has about a thousand companies dealing with charter vessel rental and provision of accommodation on vessels. They vary in a huge span of available vessels, starting from a company owning or managing one vessel to the ones owning or managing a ten dozens of vessels. Charter offer consists of renting various types and dimensions of vessels and provision of additional services that can be divided into the ones offered to wide consumption i.e. local population as well as domestic and foreign tourists (legal or natural persons) and covering the following: skipper service, sailing schools, vessel and equipment sales, advanced training of boat operators and yacht master and other services offered for the purpose of performing charter activities under the title of charter management, and the ones that are focused on vessel owners (legal or natural persons) that cede their vessels to an entity – charter company that then rents them together with other vessels owned in its name and to the owner's benefit.

1. CHARTER ACTIVITY AS SEGMENT OF NAUTICAL TOURISM

Nautical tourism is a phenomenon that has become a recognizable selective type of tourism in the last couple of decades. According to Josip Šamanović, (Šamanović, 2002, 53), the term "nautical" comes from the Greek word *nautas*, which means a "sailor" and represents the navigation skill and maritime science, while the other authors (Luković, Gržetić, 2003, 26) describe the word "nautical" by the origin from the Greek word *naus*, which means a ship, vessel, but also the sailing skill. The term nautical itself does not imply only the sailing and movement, but also the stationary resting and sojourn in a marina, port, small harbour or similar.

A specific prerequisite for nautical tourism is the existence of an appropriate vessel owned or rented by a tourist-navigator. The additional characteristic of nautical tourism, differentiating this type from other types, is the motive or incentive for nautical tourism, which is the tourist's wish for recreation and entertainment on a vessel and water. Nautical tourism incorporates the management of nautical tourism ports, cruising and charter activity, the latter being the topic of this paper. Scheme 1 illustrates the classification of all types of nautical tourism present in Croatia.

Scheme1: Model of classification of basic types of nautical activities



Source: adjusted according to Luković, T. i Gržetić, Z., Nautičko turističko tržište u teoriji i praksi Hrvatske i Europskog dijela Mediterana, Hrvatski hidrografski institut, Split, 2007, p. 123.

According to Scheme 1, nautical tourism ports are categorized as marinas, anchorages, dry marinas and areas for vessel land storage (Ordinance on classification and categorization of nautical tourism ports, Official gazette 72/08). In 2009, 98 nautical ports were registered in Croatia, out of which there were 48 marinas and 10 dry marinas with the capacity of 16,848 berths. Total sea surface of all ports is 3,293,558 square meters (Press release of the Central Bureau of Statistics, 2010).

Cruising is the type of nautical tourism implying the circular trips by a cruising company vessel with all inclusive service. The meaning of cruising needs to be considered from two aspects: from the aspect of cruising vessel offer, in which the offer consists of the vessel itself and from the aspect of all the facilities included in the offer. Croatian cruise offer is based on the old timer fleet of *trabakuls* (wooden two-master coasters) - cruisers (http://www.trabakullarus.hr/).

The other aspect is the offer of ports for cruisers reception. Ports for cruisers reception in the Republic of Croatia are Dubrovnik (Dubrovnik port in Gruž and Old city port), Split, Zadar and Poreč.

The segment of charter activities in nautical tourism is the topic of this paper and is described in more detail hereafter.

1.1. Definition of charter activity

Vessels intended for nautical tourism find their commercial use by rental to nautical tourists in various arrangements. This activity is usually called nautical tourist charter or vessels used for charter (Dulčić, 2002, 77).

Charter nautical activity is the youngest factor group of nautical tourism offer, which is defined as a service in nautical tourism and covers the following: berth rental in nautical tourism ports for the vessel accommodation and tourists-navigators staying on them, vessel rental with or without the crew, with or without accommodation service provision, for the purpose of vacation, recreation and cruising of tourists navigators (charter, cruising and similar), services of managing tourists navigators' vessel, mooring, storage and maintenance of vessels at berth in the sea or dry dock, service of tourists navigators supply (by water, fuel, foodstuffs, spare parts, equipment), cleaning and preparation of vessels, provision of various information to tourists navigators (weather forecast, nautical guides), other services for the needs of nautical tourism (Zakon o pružanju usluga u turizmu, Official gazette 68/07).

Charter or chartering is the operation with vessels, or boats, in terms of their rental to navigators (Luković, Gržetić, 2003, 121). The service of vessel rental in nautical tourism can be performed by natural and legal persons provided that they have obtained a decree that all minimum technical conditions on the provision of vessel rental tourist services are met. These conditions are defined by the Ordinance on conditions that must be met by a vessel, as well as by a natural or legal person performing the activity of vessel rental (the Ordinance was made on 21 March 2005). Charter company is a natural and legal person registered in the Republic of Croatia for the performance of vessel rental activity. The company may rent its own vessels or vessels owned by other natural and legal persons, which is then called charter management.

One of the more important regulations of vessel-charter rental is that vessels rented in the Republic of Croatia must sail under Croatian flag and the company must obtain a concession approval for performance of that activity for each vessel in the charter. Charter companies provide navigators with the offer of their services in their charter bases in almost all marinas within Croatian Adriatic area. Association of accommodation on vessel service providers - charter together appear at nautical fairs on the foreign tourist market.

1.2. Historical development of charter activity

The notion of charter was mentioned for the first time in the Netherlands in the 1930s, after which it continued to spread throughout Europe and subsequently the USA. Charter as an economic activity, and especially as a segment of nautical tourism, is a more recent notion appearing for the first time on the French Riviera in 1955.

The originators of charter activity in Croatia were the following companies: ACI, SAS, Coning, AYC, Moorings, Hetzel yachting and Ecker yacht. In 99% cases, charter vessels were registered under a foreign flag and were under a regime of temporary importation during the commercial exploitation.

At the beginning motor boats were mostly rented, but today all types of vessels enter the charter, from the cruising or regatta sailboats, catamarans to motor boats, yachts and mega yachts, which have been represented in a lesser volume especially in the last couple of years. Today the charter represents a very lucrative business, with estimated 3-5 years for the return on invested capital. The prerequisite for profitability of this activity is inter alia the average occupancy of 16-20 weeks per vessel, which is very difficult to achieve in Croatia's case with a very high competition not only on the world market, but also due to high offer within the country itself. In addition, the assumption is that after five years of such intensity, a vessel is no longer suitable for charter activity and should be excluded from the charter fleet because its rental becomes hard, i.e. it requests equal or increased maintenance engagement, while its rental price declines. The additional aggravating fact is that the structure of demand is changed every 5 years, in terms of vessel type, its size and level of equipment.

2. SITUATIONAL ANALYSIS OF CHARTER MARKET IN CROATIA

The Charter fleet is formed by the purchase of vessels or sublease of private vessels, as well as in cooperation with other charter companies. Very rarely vessels are purchased with the company's funds and the lease is usual. In case of a sublease, which is mostly of a seasonal nature, a contract on the vessel cession is concluded between an owner and a charter company for the purpose of rental.

In practice, the allocation of profit between the owner and the charter company is as follows:

- when the vessel owner and the charter take the same risk of vessel occupancy, i.e. the owner can rent on his own the boat from his own funds, then the allocation of net profit is done in the way that 25% goes to the owner and 75% to the charter company. Everything bellows this is unprofitable for charter companies;
- when a vessel owner cedes a boat to a charter company based on the system “take or pay“, then the allocation of net profit is not higher than 17:83;
- the third source of fleet formation is the cooperation with other charter companies in the way that they take the boats from each other based on the contract on vessel takeover for a specific period or season.

In 2001 almost 90% of a charter fleet was owned by foreign companies and under the regime of temporary import. This ratio changed in the meantime, but exactly these foreign companies have until recently been issuing their invoices in their countries, so the VAT accounting was missing, by which they had a higher competitive advantage in comparison with domestic companies.

In 2008 the total of 3,800 rental vessels was registered, which is 900 boats more than in 2007 (according to www.dzs.hr). By analyzing the current state of the charter activity, table 1. it can be noticed that in 2008 1,120 charter companies were operating, which is 20% higher than the last year. Therefore the number of yachts and boats used for rental increased for 9%, while the number of navigators and the sail outs number increased only for 3%. It must be pointed out that the size of a charter fleet has increased faster than the guests’ number growth, for as much as 6%. As for monitoring the results of number of sail outs, which is 6% less than the vessel number increase, the results are even worse, as the number of sail outs i.e. crew changing does not also imply the boat changing. According to the comparison of results, in 2007 the number of navigators per boat in a charter service was 90 persons, while in 2008 this number was only 83 persons. What furthermore needs to be pointed out is that within the last years the demand for bigger vessels has increased because the crew size has been constantly rising. Cost-effectiveness of the charter activity in 2008 was more than disputable if the movement of charter companies number is examined, which increased for 20% from 2007 to 2008 (according to www.dzs.hr).

Table 1: Analysis of charter activity in 2007-2008 in Croatia

	2007	**2008**
The number of charter vessels	2900	3800
The number of charter companies	896	1120
The number of sailors per vessel	90	83
Number of weeks of vessel rental	24-27	16-20

Source: Author's individual elaboration according to the Central Bureau of Statistics of the Republic of Croatia

Operation of charter companies is very specific, complex and risky. It is very important to determine the size of the fleet owned, especially in compliance with the experience from the previous or current season, as well as on the basis of expectations for the following season. The organization of a charter company depends on its size and content of its service. Some charter companies offer exclusively their fleet to direct clients or agencies, while others in addition to their own fleet also offer the vessels of their charter companies in the role of an agency. In addition to vessel rental, many charter companies also represent a specific manufacturer of new or used vessels in their structure or deal with the resale in used vessels of various manufacturers.

Success of a charter company, as well as of a nautical tourism port, in addition to successful organization planning, investment plan and fleet formation, also greatly depends on the level of modernization, worn-out condition of the vessel and physical performance of the employees of the charter company.

2.1. Features of charter activity offer in Croatia

Owing to the fact that Croatia has an indented coast with large number of islands and islets, the cleanest sea in the Mediterranean and nautical science expansion, it is already positioned on the world map as a top nautical destination. Provision of vessel accommodation services records the growth as no other segment tourist service, while charter companies have suddenly appeared, even with a fleet of a single vessel. By introducing the legal provisions, a nautical charter activity can operate a vessel exclusively under Croatian flag, owned by a Croatian company. This is how the country put a stop to until then usual custom that the vessels with foreign flags are given to charter, by which tax payment to state budget was avoided beyond any control, while the owners of such vessels frequently used the possibility of a black charter for the repayment of their vessel. The Ministry of Sea, Transport and Infrastructure has estimated that before the introduction of legal measures there was annually EUR 150 million of non-reregistered profit in black charter due to which the country was annually losing EUR 30 million only in the name of the unpaid VAT. The black charter has been mostly stopped, however the market is characterized by the strengthening of renters damping. The increase of charter companies has brought a very strong competition due to which some of them reached profitability edge.

Although the charter activity has been caught by recession, the successfulness of a season depends on a charter company and the area in which it operates. Strong competition and a high number of vessels have caused a significantly increased “Last minute” booking, so the prices are reduced for as much as 40-50%, while in the previous years a vessel should have been booked even a year in advance. By analyzing the charter vessel structure, the prices of motor boat rental have also increased due to the increase of fuel price, so demand for sailboats increased proportionally. Foreign navigators still dominate the total number of tourists in charter activities. In the last decade the price of services in marinas has increased for 150%, but the price of charter services in Croatia has not changed concerning the fact that the offer is higher than the demand. How much the offer is higher than the demand can be best illustrated by the data that in 2008 the number of weeks of vessel rental with 24 to 27 weeks has decreased to only 16 to 20 weeks (in table 1). Encouraged by the situation on the charter activity market in 2008 and 2009, a few meeting and conferences of charter companies and Associations were held, among which a meeting organized by

Yachtpool should be mentioned (Yachtpool's meeting was held in Biograd, 2009).

The Yachtpool's initiative was to introduce a standard of charter activity quality and opt out the renowned charter companies that perform their work professionally, thereby protecting the prestige of nautical tourism, but also of all partners connected to them. All renowned charter companies are not also the Yachtpool's partners, but the Yachtpool had a vision to create a brand and offer superior quality within the framework of their Four Stars, which the clients would approach with trust. Some of conditions set by the Four Stars initiative are: boat maintenance, minimum technical equipment (in compliance with the latest requests of guests), and way of communication with guests, knowledge and skills of employees, price policy in which a special attention is paid to uncontrolled discounts (Members agreed the maximum discount of 15%). These initiatives have not offered a solution of how to stop the rest of competition, charter companies and individual agencies that are not Four Stars members in their price damping and reducing of quality level.

2.2. Features of charter activity demand in Croatia

The paper continues with the comparison of tourists using the charter activities with individual navigators in order to indicate the portion and significance of the charter activity in total nautical tourist (result of a research conducted by TOMAS Nautika 2007). By analyzing a tourist's average daily consumption, it can be concluded that the users of charter services, in comparison with individual navigators, have a greater daily consumption per person for as much as 120%. The consumption structure of charter services users in comparison with individual navigators is shown in table 2.

Table 2: The daily average consumption of boaters per person in EUR in 2007

	Total (%)	Individual voyage (€)	Charter (€)
TOTAL	100	78	171
1. Expenditures for vessel	**58**	**38**	**123**
Rent	20	-	83
Skipper	3	2	7
Mooring	10	11	9
Fuel and lubricant	22	21	23
Service and other	3	4	1
2. Other expenditures	**42**	**40**	**48**
Accommodation	1	1	1
Catering	18	17	22
Shopping	16	15	18
Culture, entertainment, sport	5	5	5
Other	2	2	2

Source: Institute for Tourism, TOMAS Nautika 2007, www.iztzg.hr, 05.06.2010

Taking into account the fact, that the average duration of charter is 11 days, data from TOMAS Nautika 2007 provide the information on the average consumption per person on a voyage, is EUR 1,789.00 and EUR 1,482.00 in individual voyage. Transport costs were approximately the same, while the costs of vessel are in charter users of course much higher and total in EUR 1,178.00. It was determined that an average daily consumption in 2007 increased for 39% in relation to 2004. In case of charter users daily consumption increased for 23%, while in navigators on their own vessels for 40%.

Based on the research data of TOMAS Nautika in 2007, the paper brings the data referring to the segment of charter services users. The portion of new navigators among charter users is 17%, and 24% reaches their charter destination by plane. If examining the demographic structure, it can be noticed that navigators in a charter are mostly more educated than navigators on their own vessels (57% vs. 46%). Navigators at sea averagely realize 14 overnights, while 11 overnights are realized in a charter.

Examining the charter activity users, it needs to be pointed out that the length of stay is reducing while the size of vessels and crew is increasing. Average number of crew in a charter is 5 persons, while there is averagely a crew of 4 persons in case of navigators on their own vessel.

3. SURVEY OF CROATIAN CHARTER COMPANIES

The authors have conducted a research for the needs of this paper regarding the evaluation of the charter activity. The research shows the structure of charter companies, features of charter service user demand in 2009 and expectations charter companies in 2010. The research has been conducted by means of questionnaires that the authors sent to 24 charter companies. Distribution of questionnaires to charter companies was previously announced. The survey was conducted within the period from October 2009 to May 2010. The duration of research was conditioned by the dynamics of charter companies' reaction to the questionnaires. The research is descriptive, conducted on a one-time basis and on an intentionally selected sample. The data obtained by the research were analyzed by statistical methods shown in continuation of the paper. The planned size of the sample is 24 questionnaires, out of which 13 were returned correctly filled in, i.e. 52% charter companies provided their data and opinions. 31% of them did not participated, while 17% stated that the questions asked in the survey go too deeply into their business secrets and they refused the participation.

By analyzing the obtained questionnaires, important and in some cases very surprising conclusions were reached. These data cannot be completely taken over as reliable, but they indicate some important facts that have not been known until today, i.e. certain presumptions in terms of dynamics and moment of booking are disputed, as well as key problems that charter companies are facing. By participating in the survey, charter companies had a chance to state their operation indicators or variables as well as to indicate difficulties and propose improvement measures.

The first section of questions of this questionnaire refers to structure of charter companies (company's name, establishment year, number of permanent and seasonal employees, total number of vessels in charter, as well as the type and age of the fleet). It can be concluded from the first section of the questionnaire that all charter companies operate with the registered office in Croatia. It can be noticed that individual companies date from as early as 1994, while some were established two years ago (2008), but the average age of a company is 9 years.

Total number of workers employed by these companies is 207 persons, out of which 75 (36%) are seasonal workers. The fleet of the examined group totals in 456 charter vessels regardless of their type. Average size of a fleet per company is 35 vessels. The data are shown in table 3.

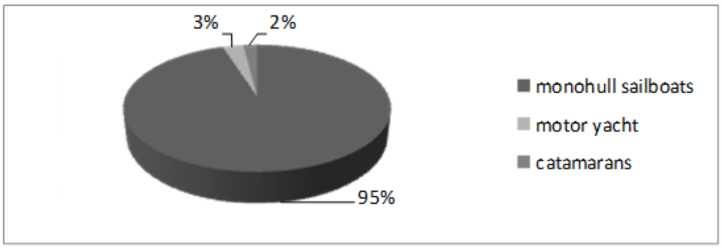
Table 3: Structure of surveyed charter companies

Number of charter companies	13
Average age of charter companies	9 years
The total number of employees of charter companies	207 employees (75 seasonal employees and 132 full –time employees)
Total number of vessels of all charter companies	456 charter vessels regardless of the age and type of the vessel
Average number of vessels per charter company	35 vessels

Source: Author's individual elaboration

By examining the graph 1, it can be noticed that out of the total number of vessels, the biggest portion or 95% accounts for monohull sailboats, then 3% to motor yachts and 2% to two-hulled sailboats i.e. catamarans. (graph 1).

Graph 1: Type of vessels in charter companies by %.



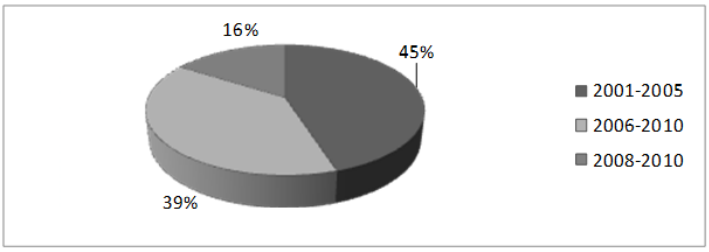
Source: Author's individual elaboration

By comparing the total number of employees and vessels in fleets, 2.2 charter vessels are active on one employee, i.e. 0.45 employees are employed for one vessel. In terms of the age of fleet, that can be seen in graph 2, a survey per year groups or classes was made, so it was determined that averagely the biggest portion of the total fleet of all examined companies, 45%, accounted for vessels manufactured from 2001 to 2005. According to these assertions, all vessels older than the age of 2005 request a greater engagement of employees in the base as well as additional funds.

Then there is a group of the youngest vessels, manufactured from 2006 to 2010. This group makes 39% portion, but one should be cautious with it. Namely, the youngest vessels of the age of 2008, 2009 and 2010 have no or very rare and mostly manufactured flaws.

The exception are the vessels of the age of 2006 and 2007, to which charter tourists had complaints, although complaints are not expected to the newer vessels with 2-3 years of age (16%) regarding uncleanness, run-down condition, damaged, broken or unrepaired parts and equipment. (Graph 2). The conducted survey points to the fact that such cases were not rare.

Graph 2: The age of fleet charter companies by %.



Source: Author's individual elaboration

By synthesizing the firs data units, it can be conducted that mostly the companies having a years-long experience replied to this survey, the companies that can state their assertions in compliance with their knowledge of the market. This is exactly one of the factors giving a relevant value to this research. Seasonal employees prevail in the employee structure. However, it is interesting that the highest number of vessels of charter companies consists of sailing boats, which is the consequence of global recession. Although there are newer charter vessels in charters, there is the disturbing fact that charter tourists have complained regarding their maintenance. Maintenance and activity of newer vessels in a charter repeatedly proves that the vessel's age it is not critical, but above all the way of their maintenance by charter companies.

Second section of the questionnaire refers to the features of demand and season of 2009. Charter tourists according to their nationality made the following structure: 24% charter tourists are from Germany, 17% of charter tourists are from Austria, and 11% of charter tourists are from Italy. Even, 14% in the overall structure of charter tourist are charter tourist from Slovenia, 13% are from Czech Republic and 9% of charter tourists are from Croatia.

By the questionnaire one tried to answer the question if the charter companies were satisfied with the results from the season of 2009. 92.31% of them replied that they were basically satisfied with the results from 2009, while 7.69% of examinees replied that they were unsatisfied with the output of the season of 2009, mostly in terms of realizing the operational profit (85% of them) and due to unsatisfactory number of booked weeks (15%). Charter companies differently interpreted the successfulness of the current tourist season. 77% of them justified the season's success indicators by the number of booked weeks. Furthermore 15.31% of charter companies stated the profit increase as a reason of successfulness, while 7.69% referred to successfulness of the current season due to the fleet increase. By the next question the datum was obtained of how and in which part of the year the booking took place. From the data analysis it can be seen that 39.31% of bookings for 2009 were closed/made/signed during the time of early booking (First minute). In the period in which standard prices without discount and similar are applied, 30.46% of bookings were made, while the Last minute bookings is 30.23% of portion in the total annual booking.

Tourist season of 2009 and nautical tourism as a separate segment are by many researches and numerous media characterized by Last Minute, but the previously argued data show that this is not the case. It can already be determined that a huge number of bookings were made exactly within the First Minute period, but one should wait for more events in the Last-Minute periods that are currently getting in full swing. Average number of booked weeks per year is 15.54 weeks per vessel at the level of 11 companies. The highest average of vessel occupancy per company is 18 weeks and the lowest is 10 weeks. Examinees indicate that 73% of them expect to invest additional funds in vessel equipping and advanced training of employees in order to increase the quality of service. 27% of them think that the level of service quality will remain unchanged.

The third section of the questionnaire shows the replies of subjective nature as well as the expectations for the season of 2010. Charter companies were asked which factors they found the most crucial for the difficulties in operation. The offered replies were: costs of marina, boats maintenance, weak demand, aggravating legal regulations, disloyal competition, guest complaints, costs of marketing and other, i.e. the possibility of stating their own reply. Likert's 5-point scale was used for the research of satisfaction level. Each factor had to be evaluated by points from 0-5, whereby zero represented the point of a very low significance and five a very important significance for the difficulties in operation.

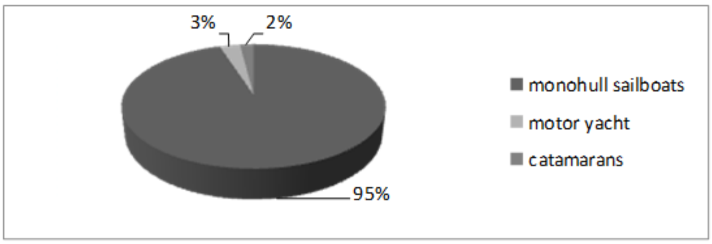
By the analysis of these data it was determined that charter companies evaluated as an aggravating factor:

- the costs of marina by point 5;
- legal regulations and disloyal competition by point 4;
- boat maintenances by point 3;
- costs of marketing by point 2;
- and weak demand and guest complaints by point 1.

By analyzing the group data in average no factor was evaluated as unimportant or equal to zero. Examined charter companies see the problem in costs of marinas or nautical tourism ports and legal regulations. One of the examined companies explained that the cost of marina (specifically Marina Dalmacija, Sukošan) is in the annual increase of minimum 15%. Charter companies from other marinas also stated as an aggravating factor the continued increase of berth prices in marinas that are anyway higher than the average in other countries. When talking about the problem matter of legal regulations, the Association of charter companies strongly fought in solving the dilemmas regarding the VAT accounting. In the end the conclusion was made that VAT is charged on the service of vessel lease per the rate of 10%. However, there are still difficulties due to regular amendments of various Acts and ordinances, regarding the boat and yacht register, permits for boat and yacht operation, necessary additional certificates, additional excise duties, vignettes, concessions, changes in new vessels import, their financing and similar. What damages the charter companies and tourism as a whole the most are the amendments of the Act entering into force in the peak season. The next item pointed out as quite problematic are the costs of boat maintenance. Namely up to 2005, there was a growth trend of charter prices with stabile or less increasing costs of boat maintenance, depending on the age and charter age of vessels. Today the situation is opposite. Charter prices increase slowly or remain the same, but due to increased discounts the profit is declining, while the costs of boat maintenance are increasing. The level of costs of boat maintenance also rises due to their age, although as it could be seen in the analysis, 60% of vessels are older or made in 2005, so this age group is in the decline according to theoretical view if discussing the rentability in a charter.

The most frequent form and channel of charter services promotion and sales, according to the research refers to internet promotion (55%), and by fairs (38%). This indicator and force of internet also confirms the current trend of charter activity transfer to internet portals, booking systems, exchange systems, evaluation systems of services, vessels, charter companies and agencies. The idea of joint appearance and promotion is very interesting and attractive for the market, but all members should have uniform quality, unique character of operation and price policy. If these three variables are achieved at the level of at least one marina, the results should be outstandingly good. This survey also wanted to find out the plans of charter companies and which are their expectations in the future tourist season. 66% of them stated that they would have new vessels in the fleet for the season of 2010, whereby the average fleet increase is ca. 12%. Out of the new purchases for the fleet, 79% of vessels will be used and 21% will be new vessels. On the question if they would hire new employees, 67% of charter companies gave a positive reply, while 33% of companies does not plan any additional employment for the season of 2010. The increase of total number of employees will, according to the statements of companies, be almost 6%, which is numerically equal to the division of seasonal and full-time employed workers, as can be seen in graph 3.

Graph 3: Employment plans for in 2010 by %.



Source: Author's individual elaboration

As much as 82% of companies expect the turnover increase for the season of 2010 in relation to 2009, while 18% of the expects the turnover decline. Planned average turnover increase in 2010 is 16% pursuant to the survey and analysis. After conducting the research analysis of charter companies in Croatia, the synthesis of obtained data can contribute to the conclusion that must be projected to formation of the future strategy of nautical tourism development, which incorporates the charter activity.

For the purpose of the paper's scientific value, the authors have additionally researched Slovenian charter companies and made the correlation of Slovenian and Croatian charter market. Questionnaires were used in the survey. The Republic of Slovenia has only 3 marinas with 1,820 berths and sea surface of 183,000 m² (Statistical Office of the Republic Slovenia, 2009). Table 4 shows the relation of available capacities in Croatian and Slovenian marinas for 2009.

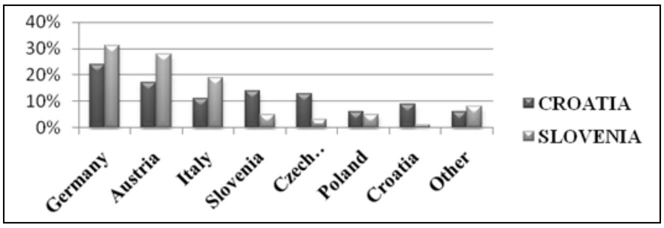
Table 4: Available capacities in marinas of the Republic of Croatia and the Republic of Slovenia in 2009

Country	Sea surface (m^2)	Coastline length (km)	Number of marinas	Number of berths in marinas	Portion of berths in total number of berths on the Mediterranean (in %)	Average price of annual berth (in €)
Croatia	**3,293,558**	**5,835**	**58**	**16,848**	**6.0**	**3,430**
Slovenia	**183,000**	**32**	**3**	**1,820**	**0.7**	**4,409**

Source: Author's elaboration according to the Central Bureau of Statistics of the Republic of Croatia and the Republic of Slovenia

If analyzing the data from Table 4, it is visible that Slovenia significantly lags behind the Republic of Croatia according to nautical capacities. It is interesting that there is only 0.7 % in Slovenia and 6% of the total berth number on the Mediterranean in Croatia, while the price of annual berth in Slovenia is 28% higher than in the Republic of Croatia. Two renowned charter companies in Slovenia were researched for the purpose of this paper: Adria Service – Izola and Navtik Plus Jonathan Yachting – Portorož. The total number of vessels in charter is 60 and 26 employees are employed, of whom 50% are seasonal workers. As in the Republic of Croatia, there are on average 2.2 active charter vessels per one employee. It needs to be pointed out that both charter companies have been operating for more than 5 years. It is interesting that out of the total number of vessels, 98% are recently manufactured sailing boats (mostly 2010) and navigators had no complaints regarding the technical condition of vessels. If these data are correlated with the data obtained by researching charter companies in Croatia (95% sailing boats manufactured from 2001 to 2005), it can be concluded that both countries follow the trends of the nautical market. Navigators more and more return to the total experience of nature, peace and quiet that can be experienced best by sailing. However, it needs to be pointed out that the recession, which has also seized the area of nautical tourism, has also left its mark on the high fuel price and expensive maintenance of motor yachts. If examining the portion of navigators per countries in Slovenian charter companies in 2009, it can be concluded that 31% of navigators come from Germany, 27% from Austria, 19% from Italy, 6% from Slovenia, while there is a minimum portion of Croatian navigators. The obtained data were correlated with the data of the Republic of Croatia in the following graph.

Graph 4: Structure of charter tourists according to their nationality in Croatia and Slovenia in 2009 by %.



Source: Author's individual elaboration

By synthesizing the data from graph 4, it can be concluded that navigators from Germany, Austria and Italy prevail in the Republic of Croatia (over 50%) and Slovenia (as much as 78%). Slovenian navigators have recognized the quality of Croatian charter companies, but Croatian navigators use the charter services in Slovenia in insignificant percentage. Both Slovenian charter companies are completely satisfied with the season of 2009. In their opinion the best results were achieved satisfaction of navigators, although the expected financial results are missing. As much as 40% of booking was done in the pre-season, as well as in the period with no special discounts and actions, while only 20% was done in the last-minute period. Comparing these data with the results from Croatia, it can be concluded that in Croatia lower percentage of booking was concluded in the period with no special prices and higher in the last-minute period, which is the reflection of the total economical situation in the Republic of Croatia.

Charter companies in Slovenia primarily see the disloyal competition as the aggravating factor of operation, then the costs of marina and finally legal regulations, while high prices of marinas cause the greatest difficulties to charter companies in the Republic of Croatia. The stated data indicate that there is no fear of the lack of demand, but that much bigger problem represents the excess of offer and disloyal competition. In Slovenia, as well as in the Republic of Croatia, the most frequent form and channel of promoting charter services according to the survey results refers to the promotion via internet and fairs. By analyzing the expected results of the current tourist season, it can be concluded that Slovenian charter companies, as well as Croatian ones, expect positive financial results and increased operation for 12% (in the Republic of Croatia 16%) although they will not hire new employees and will only minimally renew the charter fleet.

The conclusion of this survey is also interesting, according to which charter companies think that there is no problem of lack of demand as it was expected in 2009, due to the expansion of the world economic crisis. Namely, Croatia as a country close to the main European emissive countries has by the arrival of crisis to these markets become a more logical choice of alternative and more favourable nautical destination. The arrival of crisis caused the decline in sales and purchase of new and used vessels by small consumers, whereby the interest for charter increased.

More expensive European and world charter destinations were replaced by the ones closer and more affordable.

Considering the above mentioned correlation of the survey data, the proposed solution first of all requests the initiative of charter companies along with the support of legislation, implying that the operation of charter activity is not additionally burdened by sudden and reckless laws. Furthermore, the minimum level of vessel and service quality in charter needs to be harmonized outside the legal framework by adopting a certain standard and especially according to the example of charter companies that have managed to stay on the market with a certain growth rate with its quality and higher level of prices. With harmonized quality and strictly defined rules, charter companies will be enabled to manage the price policy towards direct guests as well as towards charter agencies they are operating with. Namely, the role of agencies in this undertaking should not be omitted as there will be no significant changes without their inclusion in such initiatives. Exactly these agencies, as one of the main sales channels, must be presented with this problem matter and if necessary limit the maximum level of price change towards the guests, but with the justified quality, service and level of professionalism, as well as impossibility of preferring one agency over the others.

CONCLUSION

The paper has defined the charter activity and its features. By presenting the factors such as nautical tourism ports, mostly marinas, as well as vessels and human factor in the role of charter companies, foundations were laid for the approach to charter company indicators research. Pursuant to results of the navigator satisfaction research and the conducted survey focused on key charter companies in Croatia, one attempted to bring the charter activity, its potentials and values closer to active subjects and their partners directly linked to this type of tourism. Croatian charter companies have a chance to enter the market as a unit on their own initiative and choice via the recognizable quality service and price policy. By sudden increase of registered charter companies with a few vessels in an individual fleet, the balance has been disrupted by excessive offer in relation to demand on one side and on the other side by sudden price decline by new charter companies due to the existing competition and effort to make their way on the market. If constant increase of costs of marina are added to this, as well as new non-stimulating legal regulations, it is impossible to claim that Croatian nautical tourism had realistic possibilities for the increase of quality and standard as it was expected and a very dramatic and volatile demand is expected. The consequence of these movements is today known to everyone. Croatian charter activity is characterized by the decline of price and quality level. It can be seen from the survey conducted with charter companies that in addition to uncontrollable increase of costs, this is exactly the key problem of the holders of this activity. The authors attempted to cover as many objective facts and opinions as possible, both on the side of offer and on the side of demand, and offer the possible guidelines of the future development by following trends on the global tourist market, as well as the establishment of the charter activity strategy within the Republic of Croatia. The future development of charter activity in Croatia must be based on the research of nautical tourism and definition of the target market segment to which the entire offer will be adjusted. It is necessary to qualitatively improve the tourist product based on comparative advantages of the Croatian Adriatic. Croatia must also create a recognizable appearance on the nautical market of Europe. Croatian charter offer must evoke all competitive advantages and motivate potential tourists to visit the Adriatic Sea and Croatian marinas.

The stated conclusions regarding this activity in Croatia resulted from practical examples of business systems obtained by the contact with charter companies. Conclusions and results of the survey, as well as some subjective opinions, were sent to interested entities that can be helped by this in the consideration of these encouraging, but also warning indicators.

Although the charter activity arguably represents only one segment in a wide spectre of nautical tourist offer, one should nevertheless pay a special attention and importance to it since it creates an image on Croatia as a country following and developing new trends in the world and European nautical tourism.

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