

## COMMUNICATION MANAGEMENT: EVIDENCE FROM THE CROATIAN SMALL HOTELS

### KOMUNIKACIJSKI MENADŽMENT: DOKAZI MALIH HOTELA U HRVATSKOJ

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#### *Abstract*

This paper examines the implementation of management strategies in terms of communication management on the model of small hotels in Croatia. In its first part, the research included defining of the research sample and scientific methodology. The second part of the research includes analysis of using 'Sale Strategy' in the business of small hotels in Croatia and a comparison with the present trends with the framework of the European Union and refers to the determination of the place and role of communication in the business of small hotels in the context of the implementation of 'Communications Strategy' with special emphasis on the use of public relations in small hotels and the impact on increasing the competitive advantages of small hotels in Croatia. Research has shown that management of small hotels uses oral communication, through which direct contact with guests most often occurs, as the most common form of business communication. Public relations are not recognized as a continuous form of business communication in small hotels. At the end, with the purpose of increasing competitive advantages, facts and proposals of implementation strategies' measures for business communication in the business of small hotels are presented.

#### **1. Introduction**

In their efforts to increase the business success, managers of small hotels quite often face a problem of measuring competitiveness, competitive advantages and, in general, business success. They meet two obstacles: firstly, managers of hotels do not know the answer to the question: *What creates competitive advantages* and, therefore, they have difficulties, or even

#### *Sažetak*

U radu se istražuje implementacija menadžerskih strategija s aspekta komunikacijskog menadžmenta na modelu malih hotela u Hrvatskoj. U svom prvom dijelu istraživanje je obuhvatilo definiranje uzorka istraživanja i korištenje znanstvene metodologije. Drugi dio istraživanja detaljnije analizira korištenje 'Strategije prodaje' u poslovanju malih hotela u Hrvatskoj i usporedbu s prisutnim trendovima u okvirima Europske Unije, kao i određivanje mjesta i uloge komunikacije u poslovanju malih hotela u kontekstu implementacije 'Strategije komunikacije' s posebnim naglaskom na korištenje odnosa s javnošću u malim hotelima i utjecaja na povećanje konkurentskih prednosti malih hotela u Hrvatskoj. Istraživanje je pokazalo da menadžment malih hotela kao najčešći oblik poslovnoga komuniciranja koristi komunikaciju usmenim putem koja se najčešće odvija kao direktni kontakt s gostom. Odnosi s javnošću nisu prepoznati kao kontinuirani oblik poslovnoga komuniciranja u malim hotelima. Na kraju se iznose činjenice i prijedlozi mjera implementacije strategije poslovne komunikacije kao i očekivani trendovi u poslovanju malih hotela u sa svrhom povećanja konkurentskih prednosti.

choose the wrong strategies which could create and maintain competitive advantages. Secondly, managers of small hotels do not have proper and reliable tools of measuring competitive advantages (competitiveness) and success in tourist market. It is a well-known fact that the implementation of quality and achieving success imply the continuity of following market trends and the need of constant

comparison with the best competitors in the tourist market. Great number of authors agrees with the fact that proficiency and use of information technology is an effective and useful tool of identifying and recording the changed processes which lead the company towards better results. Strong development of media and new communication technologies encourage potential tourists' need for all the qualitative information that must be complete and offer abundant information, it must be available to a growing number of media which will integrate them into society and, finally, affect individuals. Potential tourists are increasingly educated, IT literate, and are looking for faster forms of information since they want to have complete control over the information.

For tourism, the role of Internet – including new means of visual presentation – will increase even further, and will prove to be of the utmost importance in future. Consequences for the tourism sector are /1/:

- the genuine availability of tourist information about destinations and products, and increasingly sophisticated search engines to analyze such information will enable comparison, and thus influence competition more intensively via 'grazing',
- experienced tourist will increasingly put together their own holidays on a modular basis with direct bookings,
- the role of travel agents will decrease, as full package tours are increasingly bought directly via the net,
- internet will transform the classical role of the National Tourism organizations and tourist Boards at an increasing speed - but will create a new role in e-marketing, including the application of Customer Relation Management destination marketing,
- destination marketing will increase in importance as a source for stimulating website visits,
- the availability of in-depth information on suppliers' products; either on the destination site or being accessible through links, will become of more importance as the basic precondition for the success of websites,
- the possibility of 'shopping' via the Internet will stimulate later bookings, the growing

need for secure online reservations has to be stressed in relation to more experienced and self-assured tourists.

This research also explored managers' strategies: a) Strategy sale and b) Communications Strategy. Strategy of sales tried to determine the following: use of channel sales in the business of small hotels and comparison of monitoring trends in the implementation of information technology in the small hotels' business in Croatia with its equals within the framework of the European Union. Also, the paper will present the results of the research in communication strategy of small hotels: the strategy of market communication and promotion of small hotels in Croatia and implementation of public relations in the business of small hotel.

## 2. Data and methodology

This paper will present part of the research results conducted on small hotel management. It is a descriptive research, carried out on a one-off, purposefully chosen sample.

Target groups in this research are managers/owners of small hotels. The results were obtained through the interview method, on a sample of 60 managers/owners of small hotels. Data was collected by a specially structured questionnaire. It is well known that the size of the object determines the size of accommodation units, which are its component units. Therefore, hotel accommodation in the Republic of Croatia is most frequently classified in the following three groups /2/: small hotels (from 5 to 50 rooms), medium hotels (from 51 to 200 rooms) and large hotels (more than 200 rooms). Accommodation objects from the sample fall into the category of small hotels, and they have less than 50 accommodation units. The basic group was defined by extracting the data from the base of the Ministry of Tourism. This base lists all categorised accommodation objects (361 business subjects) in the Republic of Croatia /3/. vHotels were taken out from the database within each of the counties separately, to obtain the best possible global proportionate picture on a national level of the Republic of Croatia. The largest number of small hotel managers employ up to 20 people (86.7%). The greatest group, also in the

structure, is from 10-19 employees (38.3%), followed by small hotel managers who employ 6-9 employees (31.7%), and 1-5 employees (16.7%). The largest number of employees in the sample was 43. When comparing the type and category of accommodation objects, it is possible to conclude that the largest number is small hotels categorized with 3\* (50%). In second place are those with 4\*(25%), followed by those with 5\*(25%). Research methods are based on two basic principles which take into account the use of descriptive and inferential analysis. Methods of the research are based on the descriptive analysis with Microsoft Access - 2007 program and the SPSS package version 16.0 used for data analysis.

R H	Conti- nental part	Is- tri a	Primor- sko- go- ranska	Split- sko- dalmat- inska	Šiben- sko- knin- ska	Zada- rska	Du- brovač ko- neret- vanska
6 0	13	10	10	17	3	4	3

The research was carried out and the results are analyzed for the whole Croatia (average) and individually for the area of individual nuclei and a destination, in accordance with the division laid out in the counties: continental parts, Istarska, Primorsko-goranska, Split-sko-dalmatinska, Šibensko-kninska, Zadarska and Dubrovačko-neretvanska county.

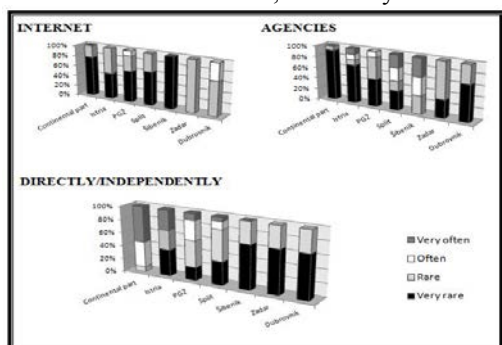
### 1. Research results

#### Strategies of small hotel sales

Models or channels of sales and communication with the market have been especially explored in this work. The aim of the research was to discover which channels of accommodation sales are most commonly by used by the small hotel managers in hospitality.

Graf 1. Channels of accommodation capacity sales by hospitality small hotel managers, by counties

Source: author's research, data analysis



Survey results of comparisons of small hotel sales channel in the small and medium-sized hotels in Croatia (and within the framework of the European Union) show: The penetration of Internet – and its use for information and the purchase of tourism products and services – will continue to increase. According to the analyzed data it is the most frequently used channel of sales in Dubrovačko-neretvanska and Zadarska county. Agency sales are represented in all counties, but the largest percentage is represented by small hotel managers of Splitsko-dalmatinska county.

Independent/direct sales are favoured by managers from the continental part of the country, to be precise, 92.3% of managers sell their capacities directly (60-100%). Therefore, the managers of small hotels must recognize the use of all forms of information communication as a tool which would enable them to carry out their own activities better and more effectively.

#### Communication strategies of small hotels

The paper also presents the results of the research in communication strategy in small hotels:

- a) the strategy of market communication and promotion of small hotels in Croatia
- b) implementation of public relations in the business of small hotel.

Research of modes in which market communication and promotion are created in the sector of small hotels provides the following information (Table 2):

Table 2. Communication in the market

	f	Usage %	Rang
Orally	59	98.3	1.
WEB pages	58	96.7	2.
Tourist catalogues	57	95.0	3.
Brochures, booklets, leaflets	48	80.0	4.
Public Relations	12	20.0	5.

Source: author's research, data analysis

Almost all small hotels in the sample use *oral communication* (98.3%). Oral transmission, recommendations and re-arrivals still constitute

the dominant form of communication with the market.

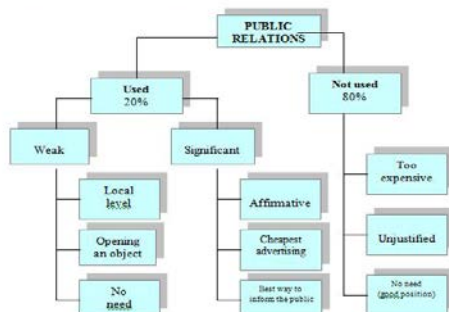
*Web pages* are owned by 96.7% of small businesses managers who follow the development of techniques and technologies, and therefore make up the second form of the importance of communication with the market.

*Tourist catalogues* are represented with 95% participation, and are recognized as an important medium of communication in the market.

*Brochures, booklets and leaflets* are represented to a lesser extent, although they are used by high 80% of respondents. In its original sense, they lose their attractiveness and are less interesting to the guests.

In the continuation, the results of empirical research of *public relations' use within small hotel management* are presented. They show that there is no real conscience of the importance of Public relations as a part of communication strategy. However, research has shown that only 20% of business entities use Public Relations as a form of communication with the market (Figure 1), and the following part of the paper is to investigate the attitude of managers towards public relations.

Figure 1. Public Relations' use in small hotels



Source: author's research, data analysis

In general, there is no quality approach or tactics selection without previously defined market position or small hotel managers in Croatian hospitality. Defining market position can be labelled with a slogan: *"Small hotels for a quality vacation"*.

The need of market activity improvement on all levels emerged, because there is no clear policy of promotion, attraction or creation of guests' loyalty. Activities of promotion are based on "own forces" to which the attraction of guests depends. Formation of branding, sale system, promotion and policy should be the basis of new marketing approach.

New tactics of communication would be based on two Masterplans: Master plan razvoja turizma: Primorsko-goranska County, 2005 and Master plan razvoja turizma Istre (2004-2012):

- Special signs for categorizing different accommodation offer,
- Study travels with the task of learning from the leading destinations about the successful development and products' structuring procedure,
- Association (organization) of free access, at the level of small hotel managers, all operators included in the sector of vacation at seaside/in the continental part, including the representatives of private and public sector. Its aims, among others, include: development and creation of products package, strategies of promotion and commercialization and marketing projects co-financing,
- Off-line advertising consists of promo offers in chosen printed media of targeted markets. Their aim is to induce out-of-season demand,
- Press/journalists' trips which generate reports and articles on theme offer of small objects accommodation,
- e-mailing of hotels and apartments, monthly offers sent by e-mail to potential clients who use Internet,
- Your eyes only, special way of cooperative direct marketing, consists of a promo video sent to a small number of households. Used to launch renewed accommodation offer with 4 or 5 stars,
- Appetizers of hotels and apartments, leaflets which contain shortened presentation of specially selected accommodation offer
- Directory – elaborate guide of small accommodation objects (location, category.)

Public relations are not recognized by small hotel managers as a form of continuous performance with the aim of promoting vacation in small business objects (hotels). Purpose of public relations is to increase awareness of potential users of spending vacation in small family hotels which should shift towards different segments of guests (third age guests, sportspersons, children, businessman, young couples, and groups of friends). The need for professional public relations is growing as

hotels and their chains diversify their products /4/.

Public relations in small hotels cover an equally wide range of business as public relations do in large hotels. In small hotels, they often become a lifestyle of many owners who are involved in all parts of the functions of public relations. This is the reason for undertaking further education in the field of public relations, media appearances and communication in general.

### 3. Concluding remarks

In today's, more and more open and integrated world economy, competitiveness has the central place in economy thinking in both, developed countries and transition countries. It is well-known that small hospitality companies are the basis of development, core of new employment and export strength of the country. Small hotels are especially emphasized with their adaptation and flexibility in the market by opening space to the search of new solutions which would furthermore increase competitiveness of this sector.

Identifying a strategy to sell products/services of small business subjects is not an easy task and the following is required:

- Thorough analysis of markets and competition
- Cognition of own sales opportunities
- Identifying the target segment
- Planning "new market position"
- Defining products and services
- Determining sales conditions and ways of sale.

Future orientations, with a basic aim of improving strategy of management communication in small hotels, are proposed. New approach would be based on:

- 'New' sale system development

- Introduction of new marketing tactics and means of communication
- Strengthening the awareness of PR importance as a way of communication
- Special services' promotion.

The research which has been carried out opened many questions and is only a small step towards what is offered, and, in that way, represents the basis for future researches.

To conclude, it is possible to point out the need for a more intense research of implementation strategy of management communication in small hotels, as well as the guests' satisfaction, as the only true quality measurement.

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