



Clusters as a Factor of Rural Tourism Competitiveness: Montenegro Experiences

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Abstract

Background: The tourism cluster-approach is considered to be an appropriate strategy in emerging economies and less developed areas. Due to scarce resources and a great number of structural problems of rural areas in Montenegro, uniting all stakeholders and attractions into a competitive tourism cluster would ensure that the area could operate and become an effective and efficient rural tourism destination. **Objectives:** The objective of this paper is to highlight the key challenges of rural tourism clustering and provide new data and a wider understanding of the tourism-cluster approach in Montenegrin rural areas. **Methods:** Using the extensive literature, available secondary data from government bodies, NGOs, foreign development agencies, relevant international organisations and primary data collected from rural tourism operators in Montenegro, the paper investigates key challenges and factors associated with (in)efficiency of Montenegrin theme trails. **Results:** Several management and marketing issues are identified regarding the cluster approach implementation. Special importance and significance of information technologies and intelligent systems have been recognized in sense of cost-effective marketing implementation. Most Montenegrin trails are still in the first phase of cluster development, whereas just two of them have experienced a significant improvement in cooperative behaviour. **Conclusions:** Key benefits of the cluster approach are noted and clearly defined, but in the case of the Montenegrin rural tourism sector, these potentials are still, to a large extent, underused.

Keywords: rural tourism, cluster, competitiveness, Montenegro, networking, theme trail, ICT

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Introduction

Further development of Montenegrin tourism sector represents a strategic challenge due to increasing insecurity generated by the global economic crises, technology development, international competition, changes in tourism behaviour patterns and other factors that influence on more dynamic and changing global economic and business situations (e.g.

Holloway et al., 2006; Cooper et al., 2005). With regards to the fact that most of tourist overnights in Montenegro are generated in the south region (over 96%), the need for sustainable and more balanced regional development should be pulled out, especially through development of rural tourism and other forms of tourism that could generate more visits in central and northern parts of the country (Moric, 2013). Namely, rural tourism is seen as a substantial source of employment due to its labour intensive character (e.g. Butler et al., 1998; Sharpley, 2002). Also, rural tourism is seen as relatively easy and visible means of governmental intervention in the process of rural and regional development (UNWTO, 2004; Hall et al., 2005).

According to extensive literature (e.g. Hall et al., 2005; Demonja et al., 2011; Sidali, 2011), rural tourism destination is based on a complementary tourist product, consisting of several partial products (e.g. accommodation, transport, food, trade, attractions etc.) integrated in final experience which is offered to visitors. These individual tourism businesses are strongly interdependent and interrelated, so their collaboration is *condition sine qua non* for their further development. In line with this, current rural tourism literature highlights the effectiveness of the cluster-approach as a way to enhance sustainable tourism development in rural areas (e.g. Telfer et al., 2003; Verbole, 2005). Clustering micro and small and medium enterprises (SMEs) is considered to be of a great importance for tourism development and creating competitive advantage. Also, developing relationships with relevant sectors (e. g. agriculture and trade) could create ambient for longer circulation of money within local economies with significant positive effect on economic leakage within the destination.

Cluster approach is an appropriate strategy in emerging nations and less developed areas (Kim et al., 2010). Due to scarce resources and great number of structural problems of rural areas in Montenegro, uniting all stakeholders and attracting into a competitive tourism cluster will ensure that the area could operate as effective and efficient tourist destination. The management and marketing issues related to clusters will be critical for maintaining open and effective communication channels between stakeholders (Hall, 2005). In line with this, cluster development should become strategic option in planning, organizing and implementing rural tourism development in Montenegro.

But, there could be a quite big gap between theory and practice. Namely, there are primarily small and medium enterprises as holders of rural tourism activities, rather than a small number of micro enterprises (e.g. OECD, 1994; EC, 2000; Nylander et al., 2005). There is a strong competition rather than cooperation among these tourism offer bidders and it can be a significant challenge. Clark (2005) concludes that the problems of small business are at the same time the problems of rural tourism. Problems of non-cooperation are common and appropriate stimulation by government bodies is necessary, as well as the legal framework that would discriminate the cooperation positively in order to encourage it.

Further rural tourism development in Montenegro leads to an increase in competition between individual business on one hand, and decrease in their competitiveness as a sector on the other hand (Moric, 2013). Due to the fact that most of rural tourism operators cannot offer a final product or experience to visitors, there is a need for cooperation rather than competition on local and regional level (Hall, 2005). Unfortunately, most of Montenegrin rural tourism operators fail to take into account the present global context of competition and changing holiday and consumer behaviour patterns. In these circumstances, the rural areas will experience new challenges and barriers for their further sustainable and responsible development (Moric, 2013). The stakeholders needs to be involved in a cluster of local businesses, organizations, and attractions that can efficiently use limited resources by working together to reach their intended target audience (Hall, 2005; Braun, 2005). Especially interesting is the concept of micro-clusters in rural tourism, via horizontal and vertical clustering. This model of micro-clusters can be useful for less developed areas in transition country like Montenegro.

Existing literature on the rural tourism clustering in transition countries is limited (Hall, 2004) and the objective of this paper is to provide new data and wider understanding of tourism cluster-approach in rural areas in Montenegro in order to test the research proposition that *By adopting the recommended tourism-cluster approach, Montenegro could generate competitive advantage and become unique and distinctive rural tourism destination in the European tourism market.* Regarding practical implications, this paper provide necessary

input for defining strategy for tourism cluster development that could encourage sustainable, regional and rural development in Montenegro.

With regards to above mentioned, the structure of the paper consists of six interrelated parts. The remainder of this paper is organized as follows. Section 2 reviews the literature related to conceptual basic of cluster-approach, its key benefits and challenges, and specifics of theme trails as forms of cooperative behaviour in rural tourism. Section 3 presents the data and methodology. The results are provided in section 4, and discussed in section 5. Section 6 concludes and suggests future directions of the research.

Literature Review

There are a considerable number of researches from the area of networking and clusters in general. This paper especially focuses on the conceptual basics of clusters in rural tourism, key benefits and challenges of clustering and specifics of theme trails as basic forms of clustering in rural tourism. Additionally, other important themes regarding micro-clusters, economic leakage and networking are researched.

The Conceptual Basics of Clusters in Rural Tourism

Cluster are "geographical concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries and associated institutions (e.g. universities, standards agencies, trade associations) in a particular field that compete but also cooperate" (Porter, 1990). In this sense, these organizations are interconnected and interdependent by the markets they serve and products they produce; they are also involved in "value chain" producing goods and services. Their complementary and interdependent approach could give a strong economic drive on local, regional, national and international level. The value chains they construct are considered to be fundamental units of competition in the globalized world economy (Hall, 2005). Apart from that, these organizations generate synergies and advantage from shared or "umbrella" approach to information, know-how, supplier and distribution, resources, marketing research etc.

Also, cluster generates the situation where whole rural area or region could be viewed as a functioning unit. In this case, cluster-approach offers opportunity to provide cooperative promotion and sail, exchange of know-how and experiences, marketing research (Hall et al., 2003). A cluster based approach is a proven strategic framework that has experienced increasing popularity among tourism planners. According to UNDP (2004), Strategic Framework for Development and Sustainable Tourism in Northern and Central Montenegro identifies the tourism sector in a destination as an integrated system where businesses both cooperate and compete. This could provide an effective tourism cluster where leakages are minimized because supporting industries are located within the local economy, gaps in the value-chain can be identified, and sustainable practices are encouraged due to the cooperation.

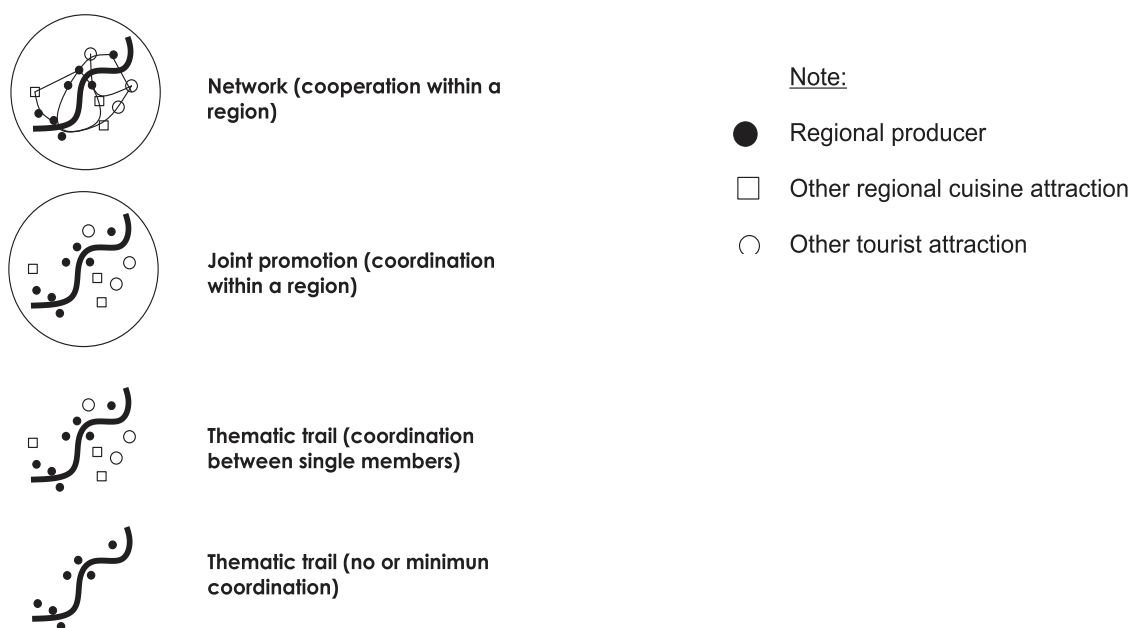
Networking refers to a "wide range of cooperative behaviour between otherwise competing organizations and between organizations linked through economic and social relationships and transactions" (Hall et al., 2003, p. 37). Cluster is considered to be an efficient form of cooperative behaviour. The term cluster was coined by Porter (1990), and it is pulled out that clusters are important because they form value chains. His theories were first applied to the manufacturing sector but have since been applied to numerous different sectors including tourism. A cluster consists of (UNDP, 2006, p. 47-48): (i) Main industries, (ii) Suppliers, and (iii) Foundational elements on which the sector relies.

The main industries are the **attractions and activities** that bring tourists to the destination. The attractions are supported by the industries that fulfil all the needs and demands of a tourist while on a trip, along with all of the needs of other local industries. The supplying industries include **food, accommodation, retail and transportation along with the inbound tour operators and even the construction companies** that build the hotels and retail establishments. The foundational elements include the **government's tourism policies, physical infrastructure, human resources and their training facilities, financing institutions, and marketing efforts**.

According to Hall (2005), a broad range of businesses and organizations could be a part of a cluster. Basically, cluster could be integrated **horizontally** (e.g. within the agricultural sector) and **vertically** (e.g. between agricultural and tourism sectors). Networks and clusters which are cross-sectorial or which involve complementary businesses are especially important. These clusters are considered to be **diagonal (or lateral)** clusters, whereby each member adds value to the other, thus creating a value chain.

Clusters in agriculture and tourism are evident in the development of wine (or other theme) routes or trails as first and basic form of clustering activities and attractions (Hall et al., 2008). Second stage is more sophisticated and includes joint marketing through brochures and web sites. Finally, highly cooperative behaviour occurs in the form of network development. In these cases, businesses operate together in order to improve the structure, character and quality of the rural tourism product (see Figure 1.).

Figure 1
Stages of rural tourism network development



Source: Author's work; based on Hall et al., 2008, p. 283.

Cluster based approach is "a useful framework and set of processes that can enable regions to redefine how they address economic issues, moving away from narrowly focused projects and programs to more systematic and integrated strategies (...)" (UNDP, 2006, p. 47). Clusters offer the opportunity to small, medium and micro enterprises to compete globally thanks to a shared or "umbrella-" approach to resources, marketing research, know-how and innovations. Hence, clusters, although locally or regionally created, should be globally competitive (Porter, 1990).

According to Briedenhann et al., (2004, p. 72) "clustering of activities and attractions (...) stimulates cooperation and partnerships between communities in local and neighbouring regions and serves as a vehicle for the stimulation of economic development through tourism. Many authors argue about the positive contribution of tourism SMEs to regional development and role of clusters in this process (e.g. Augustyn et al., 2007). Clusters offer a greater degree of sustainable competitive advantage for small business activities. Undoubtedly, clusters are seen as an appropriate strategy for gaining competitive advantage, especially in less developed, rural areas and transition countries.

Key Benefits and Challenges of Clustering in Rural Tourism

Although there is no uniform (one size fits all) model for cluster development, common basic principles and characteristics could be identified. According to several authors, key benefits of this form of cooperative behaviour are:

- Cluster could be an element of a strategic shift towards sustainable development that maximizes the positive effects of tourism development while minimizing the negative (UNDP, 2006);
- Cluster approach could overcome key disadvantages in fragmented rural tourism sector, by joining effort and increasing competitiveness (e.g. Braun, 2005; Hall, 2005);
- Cluster can be used as framework providing SMEs opportunity to cooperate and compete globally by co-operating locally (e.g. Soteriades et al., 2009; Partalidou et al., 2012);
- Cluster approach could help alleviate poverty and promote entrepreneurship in the region distributing benefits to the local population, and increasing visitors' length of stay (UNDP, 2006);
- Economic leakage is a continuous concern in tourism-dependent regions— particularly those in transition countries and in rural or less developed areas. Rural tourism cluster on high level of integration can help reduce the amount of leakages, in a way where all inputs could be provided locally or regionally, the multiplication of tourists expenditure will be increased generating more economic benefits for local economy (UNDP, 2006);
- Cluster fosters the image and brand creation in an area, integrates different actors and attractions and generates more complex, but coherent and attractive product (Hall, 2005).

On the other hand, several factors could be pulled out and they can influence the development of clusters and networks (Hall et al, 2003, p. 38-39; Hall, 2005, p. 156):

- The life cycle stage of innovative clusters,
- Government financing and policies,
- The skills of the regional human resources,
- The technological capabilities of the regional R&D activities,
- The quality of the regional physical, transport, information and communication infrastructure,
- The availability and expertise of capital financing in the region,
- The cost and quality of the regional tax and regulatory environment,
- The appeal of the regional lifestyle to people that can provide world-class resources and processes,
- Spatial separation – the existence of substantial spatial separation of producers within a region due to physical resource factors,
- Administrative separation – the existence of multiple public administrative agencies and units within a region,
- The existence of an entrepreneurial and innovative “champion” to promote the development of a network,
- The hosting of meetings to develop relationships.

Above mentioned benefits and barriers to the development of clusters are matters of further analyses in the case of Montenegro.

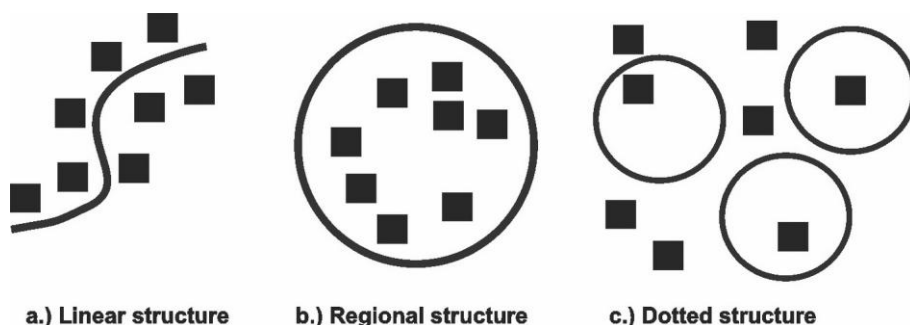
Theme Trails as Basic Form of Clustering in Rural Tourism

Theme trails are a “network of regional attractions that are marked under a mutual theme in order to bring potential visitors into a region” (Meyer-Cech, 2005, p. 137). They could be managed by different actors (public, private and NGOs). Creation of a theme trail could generate certain opportunities for the rural area, especially the possibility of using available resources in a more positive way (Meyer-Czech, 2003). The basis of the trails are to bring operators together in specific regions to discover ways of partnering along an rural tourism theme, to develop themed rural product, to increase attractiveness of their offer and ultimately experience increased income and number of visits.

Thematic trails are important as a field of cross-sectorial cooperation between tourism (e.g. restaurants, accommodation), culture (e.g. museum and interpretative centres), trade (e.g. souvenirs and other shops) and food/agricultural sector (e.g. farmers, mills, dairy farms). Different interests could join together these members. Tourism and culture sector could increase the number of tourist visits and overnights; trade sector could develop diversified offer of various domestic and authentic products and goods, and agricultural sector could benefit by selling their products more easily.

Theme trails could be organized through linear, regional and dotted structure (see Figure 2.). Most of the trails are combinations of mentioned models.

Figure 2
Main Types of Theme Trails



Source: Author's Illustration

According to Briedenhann et al., (2004), tourist routes are considered to be an efficient tool for the economic development of rural areas. Positive theme trails experiences come from all parts of the world, and there is extensive literature regarding theme routes/trails as means of rural tourism development in Austria (Meyer-Czech, 2003), Greece (Soteriades et al., 2009), Croatia (Demonja et al., 2012), New Zealand (Hall et al., 2008), South Africa (Bruwer, 2003), Canada (Telfer et al., 2005), etc.

If the visitor's experience could be considered as a final product of a destination, then large number of different services and products are needed. In a fragmented rural tourism sector, each operator sees its product as final, where as all of the businesses view themselves as a part of the final product in a successful tourism cluster (Clarke, 2005). In line with this, only the cluster/trail could have a complete control over the final product of a rural destination. Besides, theme trails bring more authenticity in tourist destination product and affect positively the image and brand creation in long-term (Hall, 2005).

In case of Montenegro, its "Wild Beauty" image could be enhanced through product innovations and new ideas in area of eco-rural tourism (Moric, 2013). Additionally, theme trails offer greater opportunities for collaboration with travel agencies and tour operators. Successful combination of rural tourism with other forms of selective tourism (e.g. wine&bike, wine&spa, olives&hike) could offer relatively great number of business opportunities for each stakeholder in the cluster. Also, theme trails could be positioned as ideal short weekend holidays and day excursions.

The second option is especially more attractive for rural tourism operators in Montenegro close to nautical centres (e.g. Kotor and Tivat), health centres (e.g. Igalo), hotel and tourist centres (e.g. Budva and Herceg Novi), ski and mountain centres (e.g. Žabljak and Kolašin) etc. Finally, key strategic objectives could be reached in areas of regional and rural development via theme trails, especially by counteracting the social and economic challenges facing rural areas, primarily those associated with the decline of traditional agrarian industries and migration of young generations.

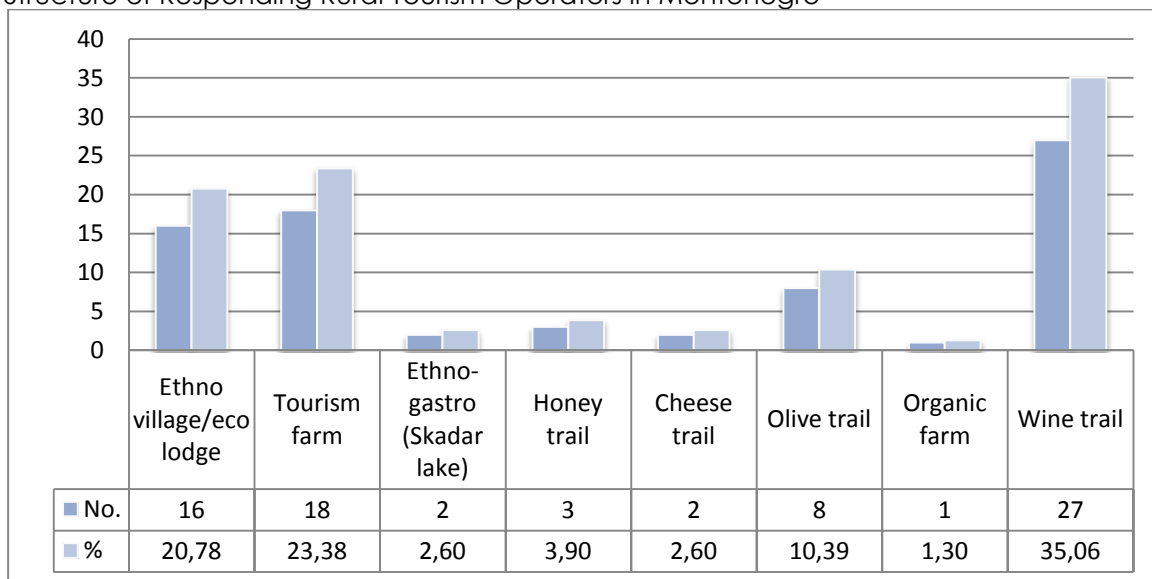
Methodology

Using the extensive literature, available secondary data from government bodies, NGOs and foreign development agencies (e.g. Ministry of Agriculture and Rural Development, Ministry of Sustainable Development and Tourism, Monstat, CSTI–Centre for Sustainable Tourism Initiatives, GIZ- German Organization for Technical Cooperation, SNV - Netherlands Development Organization) and relevant international organisations (UNWTO, WTTC), the research was focused on theme trails in Montenegro as basic forms of cooperative behaviour of rural tourism businesses.

In order to test the research propositions, a questionnaire survey method was used to collect the responses of Montenegrin rural tourism operators. During the period January–July 2013, questionnaires were sent to 132 identified rural tourism businesses in Montenegro, organized into 8 theme trails. The purpose of the survey was to research the character, structure and key challenges of the cluster approach in this sector. Total of 77 completed questionnaires were collected, which represent a response rate of 58.33%. Sample data on companies examined (see Figure 3) clearly indicate the predominance of active farms (79.22%) comparing to the ethno villages and ecologies as typical tourism capacities (20.78%). Also, it is evident the tendency of thematic differentiation in offer related to the type of agriculture production and other specifics of rural area (e.g. wine, olive, organic). Using these primary data collected from rural tourism operators in Montenegro, the paper investigates the key challenges and factors associated with (in)efficiency of theme trails. Followed by qualitative analysis, these factors are analysed in details in order to provide the ideas and guidelines for future development.

Figure 3

Structure of Responding Rural Tourism Operators in Montenegro



Source: Author's Illustration

Results

Theme trails are developed in economically weak rural areas in order to enhance the development of rural economy. Today, there are 8 theme trails in Montenegro (see Table 1.) Most of them are based on food (cheese, ham, honey, olive oil and wine), and two are regional (Via Dinarica and Old Royal Montenegro Trail). Two of them are micro-trails with less than 10 members (Cheese Trail and Honey Trail and Tales). Three of them are cross-border initiatives (Olive Trail, Ethno-gastronomic Trail and Via Dinarica). All of them are created externally either by foreign development agencies such as GIZ, SNV or domestic NGOs (e.g. CSTI). Regarding their structure and geographical dispersion, all of them represent a combination of linear and regional structure. In spite of the fact that these trails involve many rural tourism businesses (>200), it is important to point out that more than 50% of businesses are

at the same time members of several trails. This overlapping is especially noticed in the case of four trails: Ethno-gastronomic Trail, Honey Trail and Tales, Old Royal Montenegro Trail and Wine Trail.

Table 1

The Number and Structure of Theme Trails in Montenegro

Theme trails	Number of members
Cheese Route	5
Ethno-gastronomic Trail	31
Ham Trail Njeguši	14
Honey Trail and Tales	8
Old Royal Montenegro Trail	12
Olive Trail	35
Via Dinarica Route	60
Wine Trail	33

Source: Author

Main characteristics of the Trails are pulled out and commented as follows:

- o **Cheese Route.** The development of the project was helped by Italian and Montenegrin experts and supporting institutions (e.g. Ministries of Tourism and Agriculture - Montenegro / Ministries of Environment, Land and Sea - Italy). Route involves 5 farms located in the Kolašin Mountains. Each site along the route deals with a specific theme connected to "the world of cheese". Warm-heartedness, unconditional and sincere hospitality, simplicity, feeling of respectful family values and the past are the qualities you will find visiting the producers at the cheese farms. The main objective of the Cheese Route is to employ an innovative marketing strategy in order to increase the value generated by milk processing and products distribution through a better visibility of the whole sector and the differentiated offer (<http://www.montenegro-mountains.com/cheese-routes>, 12.04.2013).

- o **Ethno-gastronomic Route.** This project was implemented with the assistance of the EU under the IPA cross-border programme, by CERAI (Centre for Rural Studies and International Agriculture - Spain), PRC (Permaculture Resource Centre – Albania) and CSTI (Centre for Sustainable Tourism Initiatives – Montenegro). Trail has brought together tradition, nature, crafts and hospitality from Lake Skadar located on the border between Albania and Montenegro. It involves 31 members from Montenegro and 27 members from Albania. Its cross-border character offers unique opportunity to valorise natural and cultural heritage of Lake Skadar and whole surrounding rural area (<http://www.cstimontenegro.org>, 12.04.2013).

- o **Ham Trail Njeguši.** Small village of Njeguši, located in Lovćen mountain massif, is very important historical site connected with Montenegrin royal dynasty Petrović Njegoš. Apart from that, this place is famous for its delicacies – smoked ham and cheese. This theme trail involves different actors: smokehouses and factories, cheese making facilities, national restaurants, accommodation facilities, hiking or horse riding offers and other activities and attractions. Although relatively small, this cluster could be classified as most developed with the highest level of internal and external cooperation, comparing to other trails in Montenegro (<http://www.montenegro.travel>, 12.04.2013.).

- o **Honey Trails and Tales.** It involves 8 beekeeping places, located in area of Cetinje municipality. This micro-cluster is quite attractive and offers a great number of activities and attractions (hiking trails, biking and sailing, wine cellars, outdoor exhibitions, fishing villages). The project is implemented by GTZ, NTO and LTO (<http://www.montenegro.travel>, 12.04.2013).

- o **Old Royal Montenegro Trails.** This trail is implemented by CSTI and involves 12 businesses, all of them family owned, such as: accommodation facilities, cheese producers, wine producers, olive oil producers, prosciutto producers and honey producers. The project is funded by GTZ and Ministry of Sustainable Development and Tourism (<http://www.montenegro.travel>, 12.04.2013).

- o **Olive Trail.** This project was implemented, with the assistance of EU under the IPA cross-border programme between Montenegro and Croatia, by SNV(Dutch Development

Agency), Croatian Centre for Agriculture, Food and Village – Croatia. The trail is based on the authentic production of olive oil and involves 52 small family businesses from Dubrovnik-Neretva County (Croatia) and 35 from Boka Bay and Bar (Montenegro). Its cross-border character offers great potentials for future development. Thanks to its locations on the south of Montenegro and around the area of Dubrovnik, this Trail is expected to be the most profitable in the future (<http://www.olive-tourism.org>, 12.04.2013).

- **Via Dinarica.** This project was implemented with the assistance of EU under the IPA cross-border programme between Montenegro and Bosnia and Herzegovina (BiH), by CSTI – Montenegro, and KES Limit – BiH. It involves 60 important points of interest in Montenegro and 43 in BiH. Via Dinarica is a route that passes through the most attractive mountain areas of the Dinaric Alps. Via Dinarica promotes tourism for the purpose of economic development of the region, while preserving the environment and respecting the socio-cultural diversity and authenticity of local communities. This Route is the largest one and covers the area of Durmitor National Park and involves more than 100 local businesses from each side of border. Its cross-border character is a very convenient platform for creating attractive nature based products and visitor experiences (<http://www.cstimontenegro.org>, 12.04.2013).

- **Wine Trail.** The project is implemented by GTZ, NTO and LTOs (Cetinje, Bar and Podgorica). It involves 33 wine producers, mostly from the area of Lake Skadar. The Wine Trail is very convenient for hikers and cyclists and it is promoted together with other attractions and activities in the area. Most of the members provide short visits and wine tasting, but the accommodation offer is still limited. This Trail is one of the most important for regional and rural development, and further support is needed in order to provide more tourists visits and income (<http://www.crnogorskavina.com>, 12.04.2013.).

Special focus should be put on the importance of ICT in area of promotion and marketing implementation in area of rural tourism, especially considering the specifics of theme trails described. Law, Leung and Buhalis (2013) point out that the tourism and hospitality industries have widely adopted information technology (IT) to reduce costs, enhance operational efficiency, and to improve service quality and customer experience. Although, all of mentioned theme trails are present and on-line visible, there is still wide space for further improvements. In line with this, IT provide possibilities for more cost-effective adoption of different marketing concepts, such as segmentation, differentiation, image and brand building, Customer Relationship Management (CRM), and other systems in order to achieve success in the business and also to formulate business and marketing strategies. In area of marketing research, important role of **data mining** tools is identified, where data mining represents a new technology that helps businesses to predict future trends and behaviours, allowing them to search for the hidden patterns and trends, and make proactive, information based decisions (Laškarić, 2012.; Sharma et al., 2008; Pejić-Bach, 2003).

On the other side, innovations such as Web 2.0 applications are currently introducing the new way of doing business and will probably affect the generation of even more sophisticated information systems, such as **intelligent systems**. According to Gretzel (2011, p. 758) "intelligent systems are next-generation information systems that promise to supply tourism consumers and service providers with more relevant information, greater decision-support, greater mobility, and, ultimately, more enjoyable tourism experiences". They encompass a wide range of technologies that can support the development of theme trail in cost-effective and innovative way, with special focus on new potentials in marketing research as first and most critical phase that should obtain data about needs and wants of customers. Undoubtedly, information technology provides advantages for rural tourism operators in one-to-one marketing strategies via direct and interactive communication and creation of superior rural experience for tourists.

Discussion

In the case of Montenegro, there is still a significant gap between the theory and practice of tourism clustering in rural tourism. Several management and marketing issues are identified and should be discussed.

Role of the state in fostering clusters' development

It is proposed that "SME clustering and value are not always naturally established" (Braun, 2005, p. 1). Actually, creation of a cluster is not a simple and spontaneous process. Often **externally designated**, theme trails in Montenegro, as forms of clustering, need to reach higher level of cooperation, where trust and common interest area key driving factor. With regards to this fact, clusters need to be fostered by special policy and measures that will help establishment of professional management, long-termed budget, higher involvement and proactive behaviour of rural tourism businesses. In line with this, the **role of the state** should be pointed out with special focus on: dissemination of information about opportunities generated by cluster creation, support for public-private and private-private cooperation, creation of a favourable business environment and infrastructure base that could facilitate business success, and provision of education and training opportunities.

Lack of legitimacy and quality standards

There is no standard of formal procedure for trail creation in Montenegro, and this fact leads to the conclusion that this process is in hands of different subjects without any formal control. This **lack of legitimacy** that has to be provided mostly by public sector is one of barriers for further development. The trail is usually announced by a certain travel brochure or a web site, and promotional strategy usually ends with this. According to this, planned, budgeted and strategic approach to further trail development is often neglected. Also, theme trail should have certain **quality standards** that define membership, as in case of many theme routes in Europe and worldwide (Bruwer, 2003). There is often a great lack of inconsistency with regard to the quality of services provided, which can vary to a greater or lesser extent. Trails should define quality standards as criteria for membership, and continuous quality control.

Professional management as leverage to development

It is quite difficult to find a manager for the trail, due to mostly volunteer character of that position. Financial support is needed for the professional-approach, and that is practically hard to achieve due to small number of members. Additionally, the character of transition country and economy followed by environment of financial indiscipline generates new challenges for sustainability of businesses (Pejić-Bach, 2003). Regarding organization, most of the trails do not have organizational structure because they are just a route description in a brochure or a web site. In order to generate certain benefits for local economy, a trail should be **professionally managed**. The main challenges in this management issue could be economic (competition rather than cooperation), personal (power, influence, envy), political, administrative and institutional conflicts (Meyer-Czech, 2005). Internal conflicts within a cluster limit the potential collaboration with the tour operators and travel agencies as important actors of contemporary tourism market.

The role of **champion or leader** is regarded as significant in clusters creation. In the case of Wine trail in Montenegro, state company "Plantaze" is identified as a "champion" who generates interest and benefits from large number of small wine producers. In other cases, there is a lack of continuous leadership and initiative development what could be considered problematic in terms of future sustainability of the cluster. Lack of long-term commitment to cluster developments does not lead to the sustainable development.

Due to the lack of cooperation within the trail, key problems occur when the trail **cannot deliver products on a regular basis and in sufficient amount to the local tourism sector**, with serious consequences on the relationships and interdependence within the cluster. Namely, due to fragmented character of rural tourism sector, together with very small administrative and organizational units in agriculture and tourism, there is a great challenge in terms of management and cooperation. In the case of Montenegro, this challenge is recognized together with divided responsibility on different levels (local, regional, national, international), and between different actors (public, private and NGO sector).

The challenge of long-term funding

Besides, **lack of long-term funding** limits professional management of a trail. All trails in Montenegro had certain development success during the period when there was a financial

support. After the end of the support, the trails stayed in “stand by” or “hibernation” phase. Lack of financial independence pushes the trail in state of uncoordinated and unorganized product that is less attractive for travel agencies and other intermediaries for further cooperation. The external help or coordination is needed in order to exit from this “vicious circle”, usually from state bodies (e.g. NTO) or foreign development agencies (e.g. GIZ or SNV).

The challenge of future trail development

The key threat for attractiveness of Montenegrin theme trails in the future is their number and their inter relations. Namely, due to attractive ambient created by **IPA (Instrument of Pre-Accession) programme**, several trails were created in the short period of time, and it seems that foundation of theme trails is becoming quite a popular project idea. If the number of trails continue to increase, competition rather than cooperation is more likely, especially between similar ones (e.g. food/gastronomic trails). Additional challenge will be the development of present trails in the sense of further networking and cluster creation. This process lasts quite long and additional effort is needed for the creation of integrated tourism product. Although creation of new trails could be attractive and beneficial in short-term period, further development of existing ones should be priority due to its strategic significance for the tourist destination in long-term period.

Identified rural tourism SMEs participate in one or more overlapping trails. We have this situation in the case of Wine trail, Honey trail and Tales, Ethno-gastronomic Trail and Old Royal Montenegro Trail, where same wine producers are member of all mentioned trails. Due to micro character of most of these clusters, the behaviour of SMEs is perfectly understandable. In such circumstances we could suggest the further integration of these trails via the concept “**clustering the clusters**”, where micro theme trails could join together with identical products. In this sense, each trail could be treated as a sub-cluster, acting as a part of wider “visitors’ experience” or final tourist product.

Conclusion

Summary of the research

Clusters in rural tourism are a relatively new phenomenon in Montenegro. They are considered to be an element of a strategic shift towards sustainable development that maximizes the positive effects of tourism development while minimizing the negative. In this sense, Montenegro would experience further tourism growth and development. Due to the main characteristics of rural tourism in Montenegro, cluster-approach could overcome key disadvantages in fragmented rural tourism sector by joining effort and increasing competitiveness. Besides, cluster-approach fosters the image and brand creation in an area, integrates different actors and attractions and generates more complex, but coherent and attractive tourist product. Accordingly, our research proposition that cluster approach could generate competitive advantage for Montenegrin rural tourism sector is confirmed.

Practical implications

Based on the analysis in this paper and the experience of other rural tourism operators in Europe, the following conclusions can be reached:

- In the case of Montenegrin rural tourism sector, there is still a significant gap between the theory and practice of tourism clustering in rural tourism. Obviously, there is a long way from a rout description as a first phase in trail development to networking different actors, highly interdependent within a regional context.
- Some of trails have moved forward regarding more complex cooperation (e.g. Wine Trail, Ham Trail Njeguši), but most of the rural tourism offers which are concentrated in other theme trails are still in the first phase of the cluster development, with limited collaboration and joint promotion.
- Due to micro character of most operators and existing clusters, could suggest the further integration of these trails via the concept “clustering the clusters”, where micro theme trails could be treated as a sub-cluster, acting as a part of wider “visitors’ experience” or final tourist product.

- There is a need to identify and support a champion or a leader that will provide long-term commitment to cluster development and that can organize the delivery of products and services on a regular basis and in sufficient amount to the local tourism sector.
- In order to provide sustainable and responsible development, clusters need to be fostered by special policy and measures that will help establishment of professional management, long-termed budget, quality standards implementation, higher involvement and proactive behaviour of rural tourism businesses etc. In line with this, the role of the state should be pointed out, as well as the role of other important stakeholders such as university, media, tourism industry etc.

Limitations and further research

This paper offers descriptive analysis of the theme trails or routs in Montenegro in sense of its character, structure and key benefits and challenges. Although key benefits of cluster approach are noted and clearly defined, in the case of Montenegrin rural tourism sector these potentials are still, to a large extent, underused. Further research should be focused on the role of government in the process of cluster creation (especially the role of institutions that are in charge of destination promotion, e.g. LTO, RTO, NTO), and measures that will improve the entrepreneurial ambient in rural tourism sector, such as: tax policy, financial support, legal framework etc. Future research should empirically and analytically research the impact of cluster approach in Montenegrin rural tourism.

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