

CURRENT STATE OF THE HOSPITALITY IN CROATIA

Abstract: Lately Croatia has become one of the destinations in the European part of the Mediterranean Sea that is gaining popularity rapidly. In the last decade its tourism has been developing very fast. All too often Croatia is listed among the basic rivals of Bulgaria on the European tourist market. Although they generate the biggest share of incomes in the national economy, hotels in Croatia are not the most preferred accommodation opportunity. Croatia is well-known for the great number of parahotels, whose number increased during the last decade. Bulgaria and Croatia can consider their experience in order to whet the competition of hotel industry. The paper discusses the peculiarities of modern hotel industry in Croatia, as well as its problems, tendencies and the strategic aims for development of hotel industry. It reveals a number of similarities and differences between Bulgarian and Croatian hotel industry.

Keywords: Croatia, hospitality, hotels.

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INTRODUCTION

Croatia is among the new destinations of rapid promotion in the European Mediterranean. Over the past decade, tourism in the country is growing at a quick pace. More and more people nowadays express opinions that Croatia has already gained positions among our major competitors to European tourism markets.

Croatia's tourism potential is concentrated mainly along the Adriatic coast, but also in the capital Zagreb and in the many impressive mountains and parks. Tourism and hospitality industry in particular is becoming one of the leading sectors of the Croatian economy. Tourism contributes significantly to the economic growth.

The aim of the paper is to discuss the peculiarities of the modern hotel industry in Croatia, as well as its problems, tendencies and the strategic aims for development of hotel industry.

MODERN SPECIFICS OF CROATIAN HOSPITALITY

Hotels in Croatia do not serve as the largest accommodation. Although they generate the most revenue for the national economy, only 12% of the total capacity of accommodation in the country is concentrated in them. Camps (24.1%), rooms, apartments and guesthouses (rented rooms, houses - 45.1%). They are especially important in mountainous areas. Croatia is known for its large number of campsites and the best opportunities for camping it provides. Over the last decade, the number of rooms and apartments has increased. The largest growth in the turnover, however, is presented by parahotels. There is a trend towards increasing the number of small boutique hotels. Gradually increases the supply of specialized services in areas such as sports, wellness, conferences, food, etc. However, the majority of the revenue is from the stays overnight (65%), 30% are realized from the sale of food, drinks, and only 5 percent from other services.

G-5. NOĆENJA NA PRIVATNIM VIŠEDNEVNIM PUTOVANJIMA PREMA VRSTI SMJEŠTAJA U 2016.
NIGHTS ON PRIVATE TRIPS WITH OVERNIGHT STAYS, BY TYPE OF ACCOMMODATION, 2016

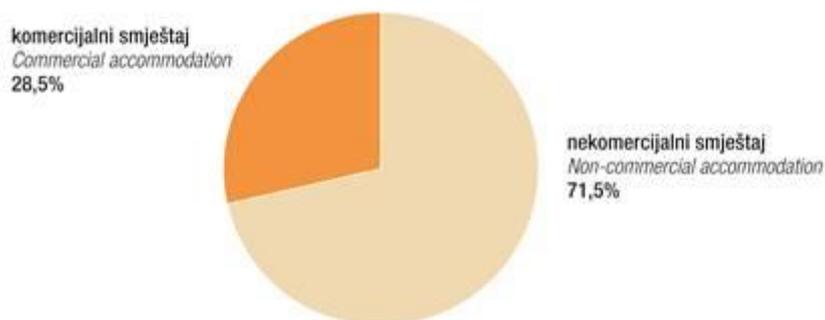


Fig. 1: Nights on private trips with overnight stays, by type of accommodation in 2016

Source: www.dzs.hr

Mostly foreign tourists choose hotels as a well-known shelter. Increasingly, they are moving to guest houses and campsites.

The majority of the hotels in the country are owned locally, and some are still owned by the state. Minor is the part of multinational hotel chains. The average age of the hotels in Croatia is over 50 years. Their last update was made 5.7 years ago on average. These figures testify to the aging facilities in the hotels, which is not conducive to tourism. The limited construction of new hotels in this case is adversely. The improvement of these indicators is part of the main objectives of the National Strategy for the Development of Tourism of Croatia.

The number of arrivals and nights spent is significantly dominated by foreign tourists, who make up about 9/10 of the tourist contingent. The most significant number of arrivals and the largest number of nights spent belong to the citizens of Bosna and Hercegovina (21,5%), then Italy (13,7%), Germany (12%), Austria (11,3%), Slovenia (9,1%), and Hungary, Netherlands, Poland, Great Britain, Turkey and Japan (Fig. 2). An increase of arrivals was noted by neighboring countries such as Bosnia and Herzegovina and Slovenia, as well as Austria and Italy. They are replacing German tourists from the leadership position, which has seen a decline in overnight stays. German tourists are distinguished by the greatest length of stay while the Italians and the Japanese remain for significantly shorter periods of time.

G-3. PRIVATNA VIŠEDNEVNA PUTOVANJA PREMA ZEMLJI ODREDIŠTA U 2016.
PRIVATE TRIPS WITH OVERNIGHT STAYS, BY COUNTRY OF DESTINATION, 2016

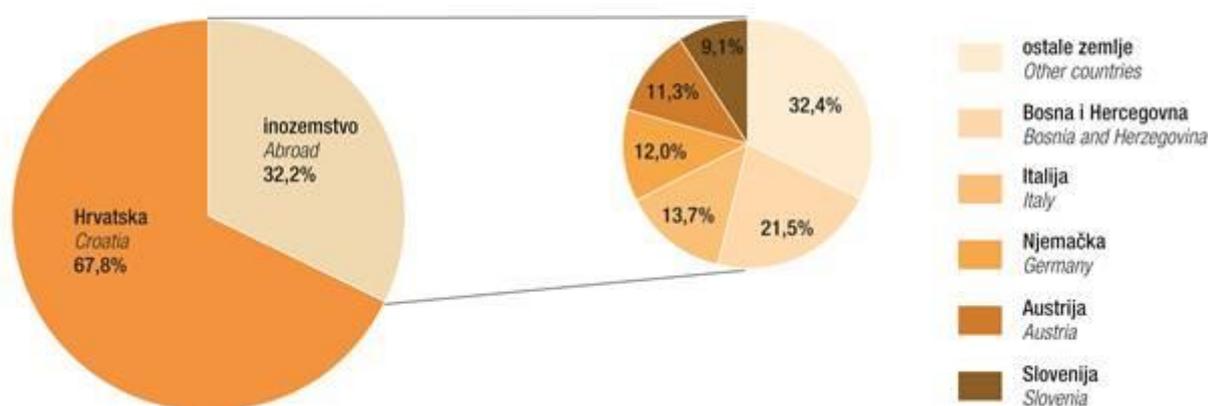


Fig. 2: Private trips with overnight stays, by country of destination in 2016

Source: www.dzs.hr

The main reason for the the nights spent is the sea holiday tourism, which is the tourist profile of Croatia (fig. 3). An important motive is also the visits of friends and relatives, but they do not account for economic revenues from the overnight stays. All other motives are significantly less represented.

G-2. MOTIVI PRIVATNIH VIŠEDNEVNIH PUTOVANJA U 2016. PREMA GLAVNOM ODREDIŠTU PUTOVANJA
MOTIVES FOR PRIVATE TRIPS WITH OVERNIGHT STAYS, BY MAIN TRIP DESTINATION, 2016

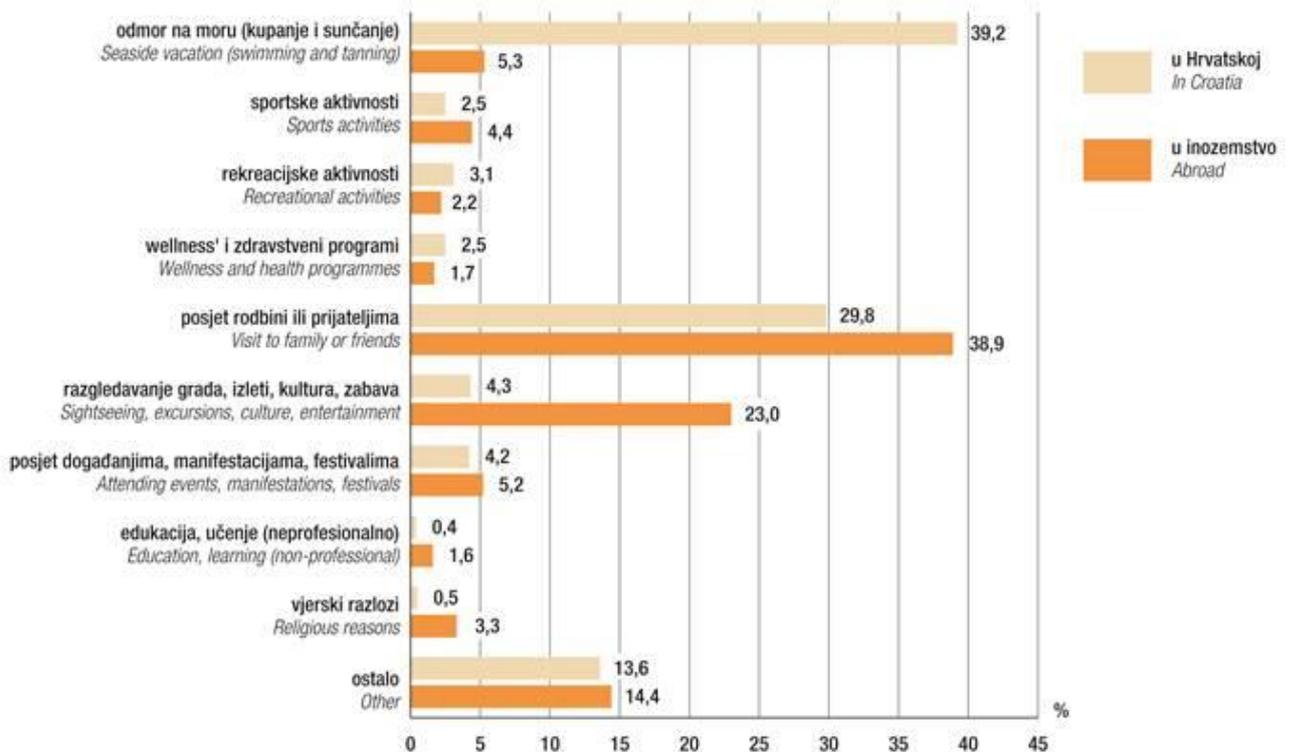


Fig. 3: Motives for private trips with overnight stays, by main trip destination in 2016

Source: www.dzs.hr

Since 2001 there has been an increase in the number of tourist arrivals, the number of nights spent and the turnover in the hotel industry. A prerequisite for this is a number of factors such as the increasing investment in the renovation and refurbishment of hotel facilities, improving the overall infrastructure, increase in the air traffic, government measures to promote Croatian tourism.

Fugitive (individual) travelers who realize 65% of the overnight stays are dominant. The remaining 35% belong to the organized tourists.

The workload of hotel facilities is strongly influenced by seasonal factors. Over 45% of the accommodation is realized only in July and August (fig.4). Higher employment is also reported in June and September. Seasonality has the least impact on the five-star hotels. The seasonal factor affects most strongly the hotels of low category.

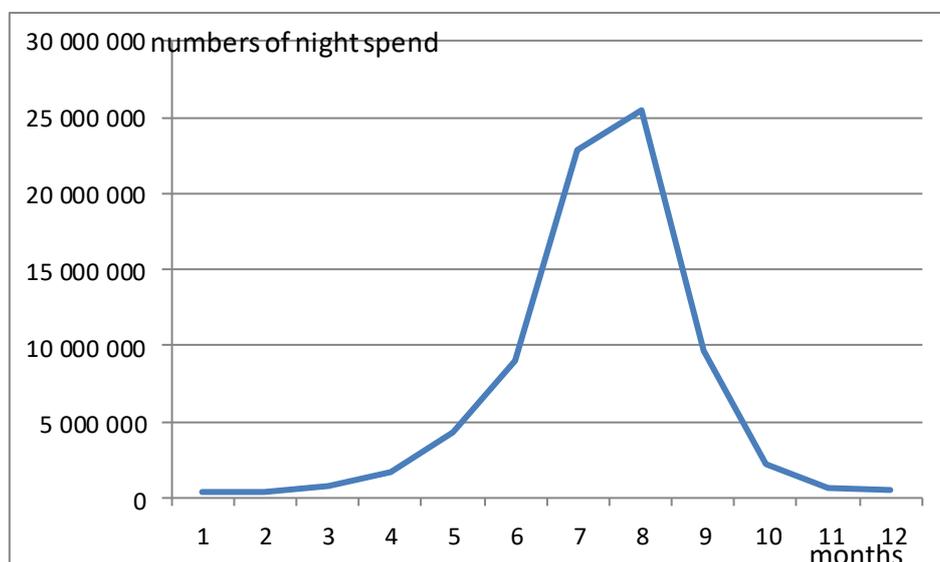


Fig. 4: Changes in the number of nights spent by month

Source: www.dzs.hr

Seasonality is more pronounced for accommodation made by foreign tourists, the main tourist contingent in the country. Nationals also prefer accommodation in summer, but this seasonal effect is much less pronounced.

Overnight stays are unevenly distributed territorially too. 97.8% are realized in 8 of the administrative districts or 1/3 of the territory of the country. The number of overnight stays is in the regions of Istarska (23 millions), Split-Dalmatian (14 millions), Primorsko-Goranska (14 millions), Zadarska (8 millions), Dubrovnik-Neretvanska (6 millions), Šibensko-Kninska (5 millions), Lichko-Benjanska and Zagreb with over 2 million nights spent per year. In all the other regions nights spent are less than 0.5 million per year.

PROBLEMS AND POSITIVE TRENDS

Among the current problems of hospitality in Croatia are the following:

- There is stagnation in the average price paid per night;
- The average realized revenue of accommodation has decreased;
- Low level of employment during the year due to the strong seasonality;
- High fixed costs and labor costs;
- The level of credit indebtedness has increased as a result of the investment;
- Many hotels operate inefficiently and below the limit of profitability;
- Limited investment in staff training, respectively, in improving the quality of service;
- It is still dominated by the concept "sea-sun-sand" and has a limited supply of additional services;
- A small number of new hotels and new products;
- The legal framework changes often and still contains ambiguities;
- Taxation reduces the competitiveness of the product compared to its main competitors;
- The process of privatization of hotels and tourism companies in which the state has a majority share;
- Insufficient absorption and utilization of EU funds to improve the competitiveness of the hotel;

The following positive trends can be observed (except the already mentioned):

- Improve management standards;
- Improve quality;
- Improve access to markets;
- Update of Croatian tourism marketing model;

- Implementation of long-term vision for sustainable development;

The strategic objectives of Croatian tourism in relation to hospitality are formulated in the Strategy for development of tourism in Croatia:

- Long-term, sustainable valorization of tourist potentials;
- Reconstruction of buildings;
- Lasting protection and compliance with high environmental standards;
- Termination of the privatization process of the hotels;
- Quality improvement by refining the criteria for quality in accordance with international standards;
- Training for managers and employees in the tourism sector;
- Enhancing competitiveness;
- Increased revenue of hotel facilities;
- Changes in the qualitative structure of the accommodation;
- Encouraging private investors;
- Attracting investors from leading multinational hotel chains;

CONCLUSION

From what has been said here, it is clear that between hospitality in Croatia and Bulgaria there are not only similarities but also many differences. The similarities are associated with similar effects on the global economic crisis of employment, number of nights spent and the profit. There is still a low number of multinational hotel chains in both countries, which has both its limitations and a number of advantages for the development of the local hotel business. Hospitality in both countries feels the need of a highly qualified staff and a correspondingly high level of service. Both countries use the same classification system - the stars, and the categorization of the hotel facilities is similar.

On the other hand, there are differences between the two destinations in the ownership of the hotel facilities. In Bulgaria, the privatization process has long been ended, while in Croatia the end of the process is approaching. While in Bulgaria now hotels prevail, in Croatia, it has been parahotels giving a specific image of the destination. Due to Bulgarian hospitality many new hotels appeared in recent years and the existing building stock is renewed. This increases the quality, but it is also related to conflicts with the environment.

Both destinations can use their mutual experience to improve the competitiveness of the hotel business.

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