THE ROLE OF NAUTICAL TOURISM IN THE PROCESS OF CREATING A CROATIAN COMPETITIVE PRODUCT

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Abstract

Nautical tourism is the most attractive selective form of the Croatian tourism supply. Unfortunately, Croatia does not fully appreciate its natural resource possibilities in the process of creating its competitive product. The analysis of nautical guests’ attitudes (carried out by the authors) reveals certain defects, which must be eliminated in future development. Nautical tourism in Croatia cannot be separated from the Adriatic Croatia International Club, which is the leading nautical company. ACI represents a unique chain of marinas in the Mediterranean. This paper analyses the factors, which determine the present condition of nautical tourism along with the strategies of supply adjustments to modern nautical trends. A high-priority task is to improve and diversify the supply according to the new market preference, creating a recognisable image and brand on the nautical market.

Key words: Nautical tourism, Adriatic International Club, strategy, market research, competitive product.

1 Introduction

Modern lifestyles in urban environments see a humanised approach to holidaymaking as an imperative, reflected in tourism preferences and a need to escape from everyday routine. The focus on vacations in peaceful and natural surroundings is bringing changes to tourist trends. New forms of tourism are emerging with the basic task of meeting the needs of modern humankind. This has resulted in a rich and diverse tourism product. Vacationing in a tourist destination is no longer about spending passive and idle holidays, but about how to spend leisure time as actively as possible. This type of holidaymaking is possible through nautical tourism, which brings together sports and recreational activities and tourism. Nautical tourism is exceptionally suitable for expanding Croatia's tourism offer. Although its share in the country's tourism industry is still low with regard to its potentials, the development of nautical tourism would automatically change the way future tourists perceive Croatia; no longer would it be a country for mass tourism, but rather a tourist country geared to the needs of modern tourists (Gračan 2002). In all industries some organisations are more succesful than others. The superior performers conceivably possess something special that weaker competitors do not.
have and this enables them to outperform their rivals. The sources of competitive advantage lie in combining the superior application of competences and the deployment of superior resources in creating value for consumers (Evans, Campbell and Stonehouse 2003, 48). Hunger and Wheelen (1996, 115) suggest that managers must look within corporation to identify internal strategic factors, which are the strengths and weaknesses that may determine whether the firm will be able to take advantage opportunities while avoiding threats. So, by analysing the existing nautical and tourism offers this paper addresses the need of a qualitative and quantitative improvement of the nautical tourism product aimed at creating a competitive advantage not just for nautical tourism, but for the entire tourist industry of Croatia.

Croatia possesses important prerequisites to the proper development of this form of tourism, which attracts large numbers of sea and sailing enthusiasts. The accommodation offer of nautical tourism, however, is not in line with the development potential of this segment of the tourism product, and as such represents a limiting factor to increasing the presence of nautical tourism on foreign markets.

2 Nautical Tourism in Croatia

Nautical tourism, a segment of maritime activities with the most rapid growth, has started its massive development all over the world, along with all other forms of maritime tourism. Croatian Tourism Industry Law defines nautical tourism as navigation and stay of nautical tourists on their vessels and in nautical ports for the purpose of relaxation and recreation (Bartoluci and Čavlek 1998). Nautical tourism can also be defined as the total of relationships and services resulting from navigation and stationed sojourn of domestic and foreign tourists on the sea and on the water organised by the tourists themselves or by somebody else as well as navigation for the purpose of relaxation, leisure and fun (Jadrešić 1978).

Nautical tourism development is based on the landscape and scenic spots, the clean sea, and the indentedness of the coastline with its numerous islands and archipelagos (in which Croatia abounds and which are a paradise for nautical tourists). For this form of tourism to flourish requires the presence of an optimum superstructure, that is, a system of marinas with modern infrastructure and a rich offer capable of meeting the increasingly diverse needs of nautical tourists.

Over the past 25 years nautical tourism has developed at such a rate that it today assumes mass proportions; it has ceased to be a privilege of high social classes, although its social pattern does indicate a majority of higher-income clientele. Although at first glance nautical tourism can seem to have a highly mobile nature tied to a single form of sports and recreational activities on a vessel, due notice should be given to the significance of its stationary component, as one of the most important factors in developing and improving this form of tourism. This stationary component consists of primary receiving facilities and supplementary facilities (Bartoluci and Čavlek 1998).

Primary receiving facilities include nautical tourism ports, dry docks, shipyards, parking lots, shopping facilities, tourism and catering facilities, and production and service facilities. It should be noted that a marina’s berth capacity should be complementary to the accommodation facilities located in the immediate vicinity of the marina. The number of berths a marina possesses will define its spatial potential
on the sea.
Supplementary facilities consist of sports and recreational grounds and facilities, as will as other auxiliary facilities. Of special importance are transportation facilities built on land (road facilities, railway facilities, and airfields.
The problem of making a marina as the start to creating a nautical centre does not relate as much to the building of facilities on land and at sea, as to the construction of the necessary infrastructure and road communications needed to bring the marina in touch with the tourist demand, as well as the tourism offer in both its immediate and the further surrounding. Regardless of the extent to which a marina can operate autonomously, a part of its activities must be directed toward various localities within a given tourist destination. All of the above facilities are component parts of the nautical tourism offer, and the services they provide range from services rendered aboard sailing vessels to services rendered in ports of nautical tourism (berth rental services, boat rentals services, the supply of goods and equipment to nautical tourists, and services such as sports and recreational services, and sailing and diving lessons aimed at complementing the sojourn of nautical tourists).

3 Analysis of Nautical Tourism Development in Croatia

In order to reveal a pattern in nautical tourism development and to evaluate its effects, it is necessary to do a research on past development of nautical tourism.
Supplying berths in nautical ports preceded the expansion of nautical tourism. Building of marinas increased the level of nautical services quality. This chapter gives a survey of current data establishing the facts in nautical tourism.
From 1998 to 2003 there was a significant increase in number of ports of nautical tourism. In 1998 there were 50 of them while in 2003 there were 75 ports. The number of marinas, however, did not change a lot. In 1998 there were 47 marinas while in 2003 there were 48 marinas. At the same time, the number of berths increased by 24.4% (Table 1).

Table 1: Capacities of ports of nautical tourism from 1998 to 2003

<table>
<thead>
<tr>
<th></th>
<th>Situation as on August 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1998</td>
</tr>
<tr>
<td>Number of ports of nautical tourism</td>
<td>50</td>
</tr>
<tr>
<td>of that - number of marinas</td>
<td>47</td>
</tr>
<tr>
<td>Water surface area (m²)</td>
<td>1,367,789</td>
</tr>
<tr>
<td>Number of moorings</td>
<td>11,860</td>
</tr>
<tr>
<td>Of that:</td>
<td></td>
</tr>
<tr>
<td>For boat length</td>
<td></td>
</tr>
<tr>
<td>up to 6m</td>
<td>1,525</td>
</tr>
<tr>
<td>6 to 8m</td>
<td>1,986</td>
</tr>
<tr>
<td>8 to 10m</td>
<td>2,628</td>
</tr>
<tr>
<td>10 to 15m</td>
<td>4,934</td>
</tr>
<tr>
<td>over 15m</td>
<td>784</td>
</tr>
<tr>
<td>length of shoreline equipped for mooring (m²)</td>
<td>40,566</td>
</tr>
<tr>
<td>Number of berths on land</td>
<td>5,225</td>
</tr>
<tr>
<td>Total area on land (m²)</td>
<td>213,487</td>
</tr>
</tbody>
</table>

Source: Tourism in 2003, p. 83.
The distribution of marinas along the coast indicates a high concentration of nautical facilities and berths in the northern part of the Adriatic, and a considerably lower number of marinas and berths in the southern part. This is not the result of the existing geographical and microclimate conditions, but rather the outcome of previous approaches in the strategic design of nautical tourism development in Croatia. Out of the total number of commercial berths, a significant number are located on the islands. An uneven distribution relative to the Adriatic region as a whole is, therefore, characteristic of the current spatial layout of marinas along the coastline.

From 1998 to 2003 there was a significant increase (71%) in number of arrivals of tourists to ports of nautical tourism. Foreign tourists were far more often than domestic ones. Domestic tourists participated with only 4.5% in that number (table 2). In December 2003, there were 11,904 vessels in ports of nautical tourism which was by 6.5% more than in 2002. 89.2% of the vessels used sea moorings while 10.8% of them used only berths on land.

Total of tourist overnights shows the same tendencies. In 2003 the number of overnights increased by 77.1 % in comparison with 1998. Domestic tourists participated with 3.6 % in the total of overnights in 2003.

Table 2: Arrivals and overnights by flags in ports of nautical tourism from 1998 to 2003

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourist Arrivals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>403,020</td>
<td>376,339</td>
<td>516,870</td>
<td>580,460</td>
<td>625,951</td>
<td>689,455</td>
</tr>
<tr>
<td>Domestic tourists</td>
<td>15,418</td>
<td>14,228</td>
<td>23,339</td>
<td>23,214</td>
<td>30,361</td>
<td>30,961</td>
</tr>
<tr>
<td>Foreign tourists</td>
<td>38,605</td>
<td>362,111</td>
<td>493,531</td>
<td>557,246</td>
<td>595,590</td>
<td>658,494</td>
</tr>
<tr>
<td>Overnights</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>564,675</td>
<td>562,675</td>
<td>776,924</td>
<td>795,169</td>
<td>887,192</td>
<td>,000,261</td>
</tr>
<tr>
<td>Domestic tourists</td>
<td>21,168</td>
<td>26,207</td>
<td>39,100</td>
<td>3,304</td>
<td>40,247</td>
<td>36,000</td>
</tr>
<tr>
<td>Foreign tourists</td>
<td>543,507</td>
<td>536,112</td>
<td>737,824</td>
<td>791,865</td>
<td>846,945</td>
<td>964,261</td>
</tr>
</tbody>
</table>

Source: Tourism in 2003, p.84.

In 2003 the largest number of foreign tourists in ports of nautical tourism were from Germany (25.3%), Italy (24%) and finally Austria (22.5%) (Tourism in 2003). The analysis of the used sea moorings by months shows that there were no significant differences in 2003. These data point out the necessity for having adequate facilities for maintenance and service of the vessels in marinas.

Quantitative analysis should be accompanied with qualitative analysis of nautical tourism. The largest advantages for nautical tourism are favourable natural features, i.e. very indented coastline, good connection of the coastline with the islands and a lot of adequate sites for building various tourist ports and other nautical capacities.

Optimum natural conditions exist in Croatia for the development of nautical tourism; apart from Greece, Croatia has the most indented coastline in Europe and in the Mediterranean. With a total of 5,790 kilometres of shoreline, Croatia’s coast has a coefficient of indented ness equal to 9.7. The shoreline of the islands stretches across 4,012 kilometres; the shoreline of the mainland, across 1,778 kilometres. Along the length of this shoreline there are 652 uninhabited islands, 66 inhabited islands, 78 reefs and 398 cliffs (Grančan 2002).

Characterised by crystal clear sea and favourable climate conditions, the Croatian
Adriatic is naturally predestined for safe sailing and the development of nautical tourism. On the other hand, there are some disadvantages and limiting factors of its development (Jadrešić 1978): seasonal quality of activities in nautical tourism, insufficiently distinctive offer, occupation of the sea and the coastline and their usurpation, pollution of the sea, devastation and destruction of the landscapes due to building and usage of the facilities for nautical tourism, "moving" of the coast, occupation of the beaches and other maritime zones accompanied by the danger caused by different vessels. Qualitative features have an impact on attitudes of nautical tourists. According to Tomas-nautika 2004 research, nautical guests are relatively discontented with the offer in marinas. They are very dissatisfied with "money for value" and with various services in marinas (vessel maintenance services and catering services). They show more satisfaction with tourist offer in Croatian holiday resorts and their evaluation is similar to that of the guests in accommodation capacities. These results underline the necessity of redesigning, at a national level, this segment of the tourist offer. Nautical tourism is clearly the most perspective segment of Croatia’s tourism product, capable of substantially improving Croatia’s position on the foreign tourist market, and its quantitative and qualitative boom is yet to come. Nautical tourism in Croatia cannot be separated from Adriatic Croatia International Club, which is the leading nautical company. ACI represents a unique chain of marinas in the Mediterranean.

4 Adriatic Croatia International Club

The ACI Club, a company for nautical tourism from Opatija, was founded on July 1, 1983, after the lack of standardised, high-quality services, which could meet a number of specific needs of nautical guests became apparent. Along the most indented coast, the Croatian coast, there are 21 marinas, which extend from Dubrovnik in the south to Umag in the north of the Adriatic. Besides its recognisable architectural elements, all ACI marinas share the established quality of services. Nowadays, ACI is a synonym for unique and synchronised nautical system with standardised marinas, realizing more than 90% of total nautical trade in Croatia. Croatian nautical tourism, thanks to its comparative advantages and the nautical company ACI whose business incorporates contemporary management principles, represents a generator of the new image of Croatian tourism. The development of nautical tourism, and especially of ACI system, the absolute leader in offer providing, has introduced new concepts in development and quality improvement of total tourist offer. Yet, permanent steps towards quality are necessary. Together with the implementation of modern nautical trends, the emphasis should lie on the autochthonous elements, which will help ACI to differentiate and raise itself above its dynamic competition. The picture that ACI’s profit and loss sheet shows cannot surely be final, considering all the possibilities that this company has. ACI has set the following strategic tasks:

- To develop nautical tourism that will be capable of fully valorising the comparative advantages of the Adriatic sea and coast, enabling the construction and utilisation of the appropriate facilities, generating optimum profits especially with regard to
foreign currency inflow, and creating new jobs, that is, new and qualitative employment.

- To provide services of standard and uniform quality to a product-singular segment, that is, nautical tourists, and guarantees the safety of navigation along the Adriatic,
- To organise navigational security units along the entire coast and to provide efficient marine rescue services,
- To realise mutual cooperation with small businesses and other segments of the economy,
- To protect the environment by reducing and eliminating land-based and marine-based sources of pollution.

By accomplishing the objectives set by the development program for nautical tourism on the Adriatic, ACI has become the synonym of a distinct and high-quality market brand, and its success is reflected in fully meeting the needs and most discerning demands of nautical tourists.

5 Market Research for Implementing Competitive Strategies

The marketing concept requires special attention to be focused on market research. The existing knowledge on nautical tourism is insufficient to serve as a basis for planning, and subsequently, implementing strategies for long-term successful development. Nautical tourists are a specific type of tourism consumers and a crucial segment of the nautical tourism. Hence, greater insight to their needs and behaviour is of exceptional importance in planning the growth of this form of tourism. Without a database to cover a market as dynamic and particular as the nautical tourist market, it is impossible to secure a sufficiently substantial information base which is instrumental to accomplishing the above stated objectives of nautical tourism development.

Each year the ACI Club conducts a market research by surveying guests staying at its marinas. These surveys focus on the opinions of nautical tourists regarding the tourism product, in general, and the nautical tourism product, in particular, with reference to service quality, diversity of the offer, and value for money. Below are presented the results of research conducted by the authors concerning the attitudes of nautical tourists to the quality of services in the ACI marinas selected. The responses to these questions present the basis for shaping guidelines and formulating strategies for the future development of nautical tourism using the ACI Club model.

5.1 Methodology of Researching Demand

To ensure comprehensive research into the characteristics of nautical tourism using the ACI Club model, quantitative research methods were applied. Descriptive, one-time research was conducted on a non-random sample, and data was gathered by means of a questionnaire. For the purpose of reaching as credible conclusions as possible, an analysis was made of six typical marinas of the ACI Club and their characteristics over a continuous period of two years (2002 and 2003).

Non-random sampling was carried out for this research. The marinas were chosen arbitrarly, but with the objective of including all the forms of the ACI Club’s nautical tourism offer.

The aim of the survey conducted among the nautical tourists at the ACI marinas was
to provide greater insight to the characteristics of demands.

5.2 Results

The analysis of the attitudes of nautical tourists regarding service quality in selected ACI marinas indicates that their expectations are tied to their basic travel motivations – leisure and relaxation, and getting away from the stress of daily life. Hence, they have evaluated the service quality and the quality of the supplementary offer as being satisfactory. The research also touched upon the opinions and degree of satisfaction of nautical tourists with their sojourn in Croatia in general. For the majority of respondents, this was not their first visit to Croatia, which they decided to visit, for the most part, at the recommendation of friends. The reasons for choosing Croatia as a destination include scenic spots and landscapes, favourable climate conditions and the hospitality of the hosts. With respect to the offer provided by the marinas included in the research, the majority of nautical tourists gave the highest ratings to the following segments of the offer: friendliness and helpfulness of the staff, a sense of safety and security, and timely and precise information on weather conditions. The basic services and facilities provided by the marinas were rated as “very good”, although the respondents felt that improvements should be made, first and foremost, regarding the cleanliness and tidiness of bathroom facilities, the number of parking spaces provided, the quality of maintenance and repair services, and the diversity of entertainment provided as a supplementary offer of the marinas.

Having analysed the results of the research, and by synthesising the data obtained, conclusions are reached which can truly be projected onto the formulation of future development strategies of Croatian tourism. As a rule, nautical tourists are usually wealthy individuals with a university or college degree, and in average, they spend more than other tourists during their stay in Croatia. In return, however, they demand superior service quality. Although nautical tourism represents only one segment in the wide range of Croatia’s tourism offer, it nevertheless deserves special attention and priority, as it is instrumental to creating an image of Croatia as a country that keeps abreast of and puts into practise new trends unfolding in European and world tourism.

6 ACI Club Development Scenario

Scenario analysis is a strategy, which enables structural approach to integral alternatives for the future of the marinas considering the complexity and unpredictability of the environment. Algorithm in the process of scenario analysis comprises (Buble et al. 1997): definition of the starting point, defining stylised limitations, construction of the scenario, evaluation of the scenario probability, identifying the strategy based on different scenarios, regrets analysis. Strategy of the ACI Club should anticipate future impact of the factors, their intensity and direction, future economic conditions, decision-making process concerning concrete future activities.

The very essence of the strategy is usage and evaluation of environment conditions in order to emphasize geographical advantages. Modern nautical trends do not consider scenic spots themselves to be a motivation factor strong enough to attract nautical guests. We are living in times of globalisation and well-informed nautical guests choose their holiday destination deciding upon nuances in quality of offer. These
changes must be initiated by the new generation of innovative skilled managers who are capable of taking necessary actions disregarding the risks of instability and turbulence of the nautical market (man is the key to success in Croatian tourism). ACI Club, although being burdened with politics interference and conflicts within the lobby, has to be restructured and adapted to modern trends. State ownership must not be a synonym for stagnation and oversized structure, which cannot respond to market impulses.

Future development priority is innovative offer improvement in terms of sustainable development. Nautical market is always active, the process of innovation and optimisation of the tourist product never stops. Drucker (1992) suggests that the biggest danger in times of turbulence is not the turbulence itself but actions done by yesterday's logics. ACI Club must change its position towards guests with regard of its competition. It is not enough to adjust to the existing nautical trends only. Proactive marketing should define new offer and attract new customers. In order to succeed, we must surprise people. We must attract them and lure them in. Variety is everything. Focusing on hard aspects only causes the risk of becoming unimportant. Becoming unimportant is a bigger problem than being ineffective (Dujanić 2004). Nautical tourists have more purchasing power but a more subtle taste at the same time. They look for 'value for money' or a unique experience (experience for money). Each time they come they seek a more diverse offer and they are extremely sensitive of the quality of the services. Benchmarking and business intelligence methods can be used to find out about the activities of the competition, to be beforehand with them and to get a head start on market. It is necessary to use scientific methods in anticipating future trends on nautical market and in finding ecological niche, i. e. marina's own area for developing its own competitive advantages. Forecasts must not be limited to the present situation and its projection in future only, but to unpredictable circumstances which can prevail in future. Analysis of nautical guest’s attitudes and analysis of competition and trends on nautical market have to be a starting point when planning future activities in order to gain financial results and to satisfy guests. The necessary advantages can be reached through autochthonous offer or even better, through the synergy of local and global elements of the offer giving priority to local features authentic styles, ambience-friendly quality, domestic cuisine. The entire organisation must be determined by guest satisfaction. High-quality service is a must for achieving these advantages while the price policy, as a decision making instrument, should be less important (nautical guests are not highly sensitive to price change due to their purchasing power).

Development of competitive offer should be accompanied by well-defined promotional activities, participation in nautical fairs aimed at creating a recognizable image on the nautical market. ACI Club has to become a recognizable brand evoking all its competitive advantages and its prestige.

7 Conclusion

Nautical tourism is becoming an ever more demanded type of tourism, which can satisfy the needs of tourists with higher expectations. It is necessary to adjust tourist facilities to richer, West-European clientele with high expectations, and thereby avoid a reputation of a cheap country with a poor tourist offer. It is essential to change Croatia's image of a seasonal destination, and to enrich and improve the extra
spending offer. The quality of the product should always be more important than its quantity. The development of nautical tourism has introduced a new concept in the development and quality improvement of the total tourist offer. Yet, permanent steps towards quality are necessary, together with the implementation of modern nautical trends.

ACI marinas are still lagging far behind the most prestigious Mediterranean marinas. Analysis of nautical guest attitudes reveals that the main reasons for their visit are landscapes and scenic spots, and the majority of their objections are regarding poor tourist superstructure.

In order to be different from its competition, ACI Club has to improve the quality of its offer and to diversify it with high-profiled indigenous elements. Taking innovative and original actions can help approach current and anticipate future preferences of the dynamic nautical market. Future success of the marina depends on its ability of becoming different from the competition and its ability to attract guests.

Nautical tourism realised through the ACI Club provides an opportunity for repositioning Croatia as prestigious micro destination of elite tourism with a competitive tourist offer oriented towards nautical guests.

Reference