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EU TOURISM TRENDS AND THE OUTLOOK FOR CROATIA

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Abstract: The European Union's impact on tourism continues to grow daily. Serving as a moderator, the EU converges the differing interests of the southern tourism-receiving countries (primary tourism growth) and the northern generating tourist countries (preventing environmental damage, respect for cultural heritage, service quality) through common tourism policies. A community of countries applying specific tourism regulations and standards, the EU fosters tourism development according to modern demand defined through new forms of the tourism offer and tourism management trends. EU members, in positioning themselves in the minds of tourists and in creating an image, have a great advantage over non-member countries, such as Croatia, which are accepted as minor destinations on Europe's fringes. Although not an EU member, Croatia is aimed at approximating the tourist trade of EU countries. To facilitate its integration to the European tourism offer, Croatia must apply the experiences, solutions and standards of Europe's advanced tourism countries.

Key words: modern trends, EU tourism, Croatian tourism.

Sažetak: TRENDOVI U TURIZMU EUROPSKE UNIJE I PERSPEKTIVA HRVATSKE. Utjecaj EU na turizam svakim danom sve više raste. U ulozi moderatora približava različite interese južnih receptivnih zemalja (primarni rast turizma) s interesima sjevernih emitivnih zemalja (izbjegavanje štetnih posljedica po okoliš, poštivanje kulturnog naslijeđa, kvaliteta usluga) putem zajedničke turističke politike. EU je zajednica zemalja u kojoj vrijede određena pravila i standardi o turizmu kako bi se mogao razvijati u skladu sa željama suvremene turističke potražnje, koji danas definiraju nove oblike ponude i nove trendove u upravljanju turizmom. Članice EU imaju veliku prednost kod pozicioniranja u svijesti turista i kreiranju imidža, dok se zemlje nečlanice, pa tako i Hrvatska, prihvaćaju kao manje vrijedna odredišta na europskoj periferiji. Iako Hrvatska nije članica EU, zemlja je s velikim turističkim mogućnostima kojoj je cilj približiti se turističkom djelovanju koje je prisutno u zemljama EU, a da bi se što prije integrirala u europsku turističku ponudu, nameće se nužnost sagledavanja i primjene iskustava, rješenja i standarda turistički razvijenih zemlja Europe.

Gljučne riječi: suvremeni trendovi, turizam Europske unije, hrvatski turizam.

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1. INTRODUCTION

Due to the growing competition on Europe's tourism-receiving market (the affirmation of Central and Eastern European countries as tourist regions), Croatia is faced not only with dynamic changes, but also with the task of creating a tourism offer that will attract potential tourists and enable the country to gain competitive advantages and secure itself a position on the European tourist market.

The quality and diversity of Croatia's tourism is such that it is still not capable of fully meeting the modern needs of European tourists. Lagging the tourism industry of advanced European countries – the competitive Mediterranean countries, in particular – Croatia is not able to keep abreast of today's trends. Despite possessing the tourism resources needed for building and developing top-quality tourism that can satisfy the demands of modern tourists, Croatia is still seeking a way to reposition its tourism industry.

Trends in tourism are constantly changing, making it necessary for tourism service providers to keep abreast of all changes and to accordingly adjust their tourism offer.

To facilitate its integration to the European tourism offer, Croatia must apply the experiences, solutions and standards of Europe's advanced tourism countries. It must also bring the privatisation process to a conclusion, and it should encourage within the destinations the development of new services and facilities that can make holidays more interesting and fulfilling. Croatia will need to activate all the resources at its disposal if it is to bridge the gap between the multiplicity of the tourism offer of highly advanced countries and the bleakness of its own offer. The further development of tourism must be based on indigenous and traditional values to differentiate Croatia's tourism offer from the standardised values prevailing on the European tourist market.

2. CHARACTERISTICS OF THE EU TOURIST MARKET

Europe is a highly attractive tourist region, featuring diverse landscapes and scenic spots, a rich cultural heritage, good transportation connections, and a relatively pleasant climate. Seeing that analytical indicators place Europe at the top of the scale of world tourism development, it is logical to assume that tourism in the EU will play a leading role. Serving as a moderator, the EU tourism industry converges the differing interests of the southern tourism-receiving countries (primary tourism growth) and the northern generating tourist countries (preventing environmental damage, respect for cultural heritage, service quality) through common tourism policies. When referring to the impact of tourism on the economy, it should be noted that the tourism industry accounts for six per cent of the European Union's gross realised product, and for more the eight per cent of personal spending. More than eight million workers are directly employed in tourism operations.² It is evident from these facts that tourism represents an exceptionally important item in the economy of EU countries.

² Hitrec, T. (2001). *Europski integracijski izazov i hrvatski turizam*, *Ekonomika misao i praksa*, No.1, pp. 21.

Europe has always attracted tourists. The EU countries are considered the greatest generating tourist countries determining today's trends in tourism. The most advanced tourism receiving areas of the EU are France, Spain, Italy and Austria. Recent years have seen an improvement in Greece and Turkey, whose tourism offers have become very attractive.

Almost all tourists from around the world visit or would like to visit the developed countries of the EU and enjoy their rich tourism offers. The EU is a community of countries in which specific tourism regulations and standards are applied to foster tourism development according to modern demand defined through new forms of the tourism offer and tourism management trends.

3. ANALYSIS OF NEW TRENDS IN EU TOURISM

In the coming years, the number of tourist trips from and within the European Union can be expected to grow, as a result of ongoing integration processes, and also because it is becoming simpler and cheaper to travel. According to the WTO³, tourism will grow at a moderate rate of four per cent annually in average, and by 2020 the number of tourist arrivals worldwide will reach 1.6 billion, of which 717 million tourist arrivals will be to Europe. Out of this number, more than half a million will be to present-day EU countries. Given the EU's continuing enlargement, clearly this number will continue to increase, and with it the global importance of the EU.

Table 1: Forecast for international tourist arrivals to the EU, in millions

	1990	2000	2010	Average growth rate	
				1990–2000	2000–2010
Western Europe	112	134	164	1.8	2.0
Southern Europe	90	111	146	2.1	2.8
Central and Eastern Europe	50	82	107	5.1	2.7
Northern Europe	27	33	41	2.0	2.2
Eastern Mediterranean	7	12	18	5.5	4.1
Total	286	372	476	2.7	2.5

Source: Tourism Market Trends Europe 1993, WTO 1994.

Although Table 1 illustrates that Europe will continue to be the most visited tourist destination of the world, it also indicates that Europe's share in the total number of international tourist arrivals will steadily decline. During the first decade of the twenty-first century, the average growth rate will drop to 2.5 per cent per year. This means that in 2010 Europe's international tourism will account for about 476 million tourists (relative

³ WTO, Madrid, European Integration in the Era of the European Union enlargement and the Development of Tourism, Malta, May, 2003.

to 1990, this represents a 2.3 per cent increase), which represents a further decline of Europe's share in international tourist traffic down to 51 per cent by 2010.⁴

The EU's tourist policy in the years to come will increasingly become better, more imaginative and more efficient. Regardless of the unchanging subsidiary principle, this policy will continue to develop, gradually adapting to new opportunities. The principles of the sector tourist policy are already being carried out in practise by all EU members, and any country aspiring to become a part this association will not only need to incorporate these principles, but respect them as well.

Today tourism in the EU countries is marked by a constant upward trend in growth and development yielding substantial financial benefit, a fact which is reflected by the number of foreign tourist arrivals, as well as the volume of earnings from inbound tourism.

Table 2: Foreign tourist arrivals to EU countries, in thousands

	1998	1999	2000	2001	2002	2003.	2004.
Austria	17,352	17,467	17,982	18,180	18,611	18.078	19.373
Belgium	6,179	6,369	6,457	6,452	6,720	6.690	6.710
Denmark	2,073	2,023	2,088	2,028	2,010	3.474	3.358
Finland	3,432	3,363	3,789	4,252	4,687	4.527	4.854
France	70,109	73,147	77,190	75,202	77,012	75.048	75.121
Greece	11,364	12,606	13,567	14,678	14,918	14.785	-
Ireland	6,064	6,403	6,646	6,353	6,476	6.764	6.982
Italy	58,499	59,521	62,702	60,960	63,561	63.026	58.480
Luxemburg	789	863	852	829	876	867	874
Netherlands	9,312	9,874	10,003	9,500	9,595	9.181	9.647
Germany	16,511	17,116	18,983	17,861	17,969	18.399	20.137
Portugal	28,560	27,016	28,014	28,150	27,194	27.532	-
Sweden				14,721	14,271	-	-
Spain	67,762	72,060	74,462	75,678	80,024	82.326	85.981
UK	25,745	25,394	25,209	22,835	24,180	24.715	27.754

Source: Compendium of Tourism Statistics Data 2002–2004, WTO, Madrid, 2004.

⁴ Cerović, Z.(2003): *Hotelski menadžment*, Fakultet za turistički i hotelski menadžment, Opatija, p. 121

These facts on tourism traffic show Europe to be the most “touristy” region of the world.⁵

Table 3: Earnings from inbound tourism in EU countries, in millions USD

	2000.	2001.	2002.	2003.	2004.
Austria	11,276	1,035	9,931	10,118	11,237
Denmark	3,313	3,836	4,038	4,600	5,785
Finland	3,700	3,774	4,066	4,183	4,290
France	29,931	31,507	30,754	29,979	32,329
Greece	6,188	8,783	9,221	9,447	9,741
Ireland	3,247	3,320	3,359	3,513	3,768
Italy	29,866	28,359	27,500	25,796	26,915
Luxemburg	1,763	1,820	1,807	1,915	2,186
Netherlands	6,850	6,996	7,217	6,723	7,706
Germany	17,911	17,225	18,479	18,422	19,158
Portugal	5,302	5,261	5,282	5,485	5,919
Spain	29,839	32,497	31,454	32,873	33,609
UK	20,985	20,221	19,374	16,276	17,591

Source: Compendium of Tourism Statistics Data 2002–2004, WTO, Madrid, 2004.

With regard to tourism-related earnings, as well as tourist numbers, the countries of Europe hold the leading positions. The ranking of countries regarding earnings from inbound tourism has, despite minor oscillations, remained fairly unchanged in recent years (Spain, France, Italy, Germany, UK, Austria).⁶

⁵ Croatia's tourist revenue (average from recent years) accounted for 0.67 per cent of the world tourist revenue

⁶ Croatia's tourist revenue places it 30th to 40th on the world rank list.

Table 4: Occupancy rates in EU countries, in %

	1998	1999	2000	2001	2002	2003.	2004.
Austria	34.20	34.50	34.90	34.90	35.90	-	-
Belgium	39.80	36.70	37.40	36.60	36.40	-	-
Finland	48.00	47.90	47.80	48.00	47.00	46,80	46,30
France	55.60	58.20	60.30	60.50	60.30	58,40	58,60
Greece	61.12	63.46	64.97	-	-	60,70	-
Ireland	63.00	6400	65.00	61.00	59.00	60,00	60,00
Italy	40.40	41.70	42.70	43.20	39.60	39,63	39,80
Luxemburg	45.50	50.10	51.10	48.90	48.25	25,10	28,20
Netherlands	46.40	48.30	48.50	46.20	45.50	42,80	42,10
Germany	32.30	33.40	35.00	34.70	33.20	33,50	34,20
Portugal	42.50	43.00	42.20	41.70	39.30	38,00	38,60
Sweden	33.00	34.00	35.00	34.00	35.00	34,00	34,00
Spain	63.55	60.00	58.85	58.07	55.27	54,47	53,47
UK	44.00	42.00	43.00	42.00	44.00	44,00	45,00

Source: Compendium of Tourism Statistics Data 2002–2004, WTO, Madrid, 2004.

Previously tourism was limited to only a few months in the year, during which time accommodation facilities would be booked full. The remainder of the year was void of tourism activities.

Hence, year-round tourism operations are one of the more important goals of EU members. This can be achieved by providing additional tourist facilities and services, such as cultural and sports events, which are very interesting and profitable in the low tourist season. An aim of EU tourism is to adapt tourist facilities and services to make them interesting and attractive to all market segments (young people, families, elder citizens, etc). Another aim is to make communication and access to information easier, and to provide for the fast and comfortable mobility of tourists. In addition to this, the EU is committed to providing top-quality, standardised services that meet with tourist expectations, securing the safety of tourists and, above all, providing environmental protection and enforcing ecological standards. All of these objectives focus primarily on the tourist and tourist satisfaction in making each tourist trip to a destination a pleasant, interesting and safe holiday.

Because tourism is a highly profitable activity providing many benefits (in tourist receiving countries it impacts on the gross national income, improves

employment rates, encourages the reconstruction of infrastructure, etc), the countries of the EU invest heavily in tourism quality. They have a heightened awareness of the fact that quality, diversity and standards are needed to secure tourist satisfaction and return visits, and to spread the good reputation of a tourist destination.

Dynamic changes are expected to take place within Europe as well. The greatest growth rates are predicted for the following types of travels:⁷

- Trips to Central and Eastern Europe, as well as the Eastern Mediterranean from other regions,
- Trips to Southern Europe from other regions,
- Intraregional trips within the Mediterranean,
- Trips to Western Europe from other regions, and intraregional trips within Southern, Central and Eastern Europe,
- Northern Europe will see the lowest growth rates of interregional and intraregional foreign tourist traffic.

These forecasts of trends in tourist traffic are certainly very encouraging for all those already engaged in or those who intend to engage in tourism activities within the EU.

4. IMPLEMENTING EU TOURIST TRENDS FOR THE PROSPERITY OF CROATIAN TOURISM

The development of tourism in Europe and around the world is affected primarily by the degree to which a country has developed economically; this places the EU among the greatest generating tourist regions of the world.

The processes operating on the tourist market of the EU impact not only on the international trade relations of member countries, but also on the competition and cooperation with third countries. Considerable problems have emerged for Croatia with the adoption of measures valid within the EU treating non-member countries without compromise. Either directly or indirectly, these measures relate to developments in tourism, as well as to the providers of the tourist offer (abolishment of boundaries among EU member countries, full security of tourists and providing information, financial support for tourism projects, etc.)

The members of the EU are imposing their rules of behaviour on other countries. Developed countries are capable of adapting to these emerging changes with relative ease, because they are already accustomed to stringent regulations and conditions of business operation. Difficulties arise, however, in less developed countries, one of which is Croatia.

Linked to the European market, Croatia is naturally interested in the closest possible economic cooperation with the EU member countries, and with Europe as a whole.

⁷ Hitrec, H. op. cit., pp. 88.

Almost unquestionably, preconditions to cooperation with the EU in the field of tourism include natural resources such as the Adriatic Sea and its indented coastline, the environmentally preserved condition of the greater part of the coast; favourable climate conditions; picturesque towns; the country's history, both ancient and recent, together with the local heritage. They also involve built resources such as large hotel facilities, large capacities for developing motor-camps, the capacity of the ACI Club chain of marinas and the possibility of further developing marinas in the Adriatic; the great number of households, restaurants and private catering facilities that can facilitate the development of tourism. Croatia's tourism resources are far from being exhausted, and the country has the advantage of being an established tourist destination, whose geographic and transportation-related features place it in an extremely favourable position relative to the new competition emerging in the Mediterranean. Also foreign capital has expressed a strong preference for the Croatian tourism industry.

The successful marketing of tourist services on the European market is dependent upon the extent to which all authentic and derived elements of the offer have been developed, as well as the activity of all those acting as the destination's hosts and their attitude towards guests. The people of Croatia are well known for their traditional hospitality and openness to communication, and their regional diversity makes interpersonal contacts all the more interesting. A crucial factor in developing modern tourism, the willingness to communicate is the sign of the openness of a country, and the knowledge its people possess of the world.

The major *opportunities* of Croatia's tourism are the further growth of tourist demand due to the increase of leisure time, the movement of persons and capital, the increase of the standard of living, and the interest in learning about new countries. According to the World Tourism Organisation, as many as six Far Eastern countries are at the very top of the list of the largest tourism consumers (Japan, Australia, Thailand, Taiwan, Singapore and Indonesia).⁸ The arrival to the Mediterranean of these high-purchasing-power tourists could hugely increase the revenue of these countries, providing of course that the new arrivals are provided with the services, customer-satisfaction and conditions they want from their potential tourist destinations.

Croatia could also gain advantages over other European countries by developing special forms of tourisms, such as recreational and sports tourism, health tourism, nautical and eco-tourism, etc, that are linked to its various comparative advantages.

The further development of Croatian tourism depends upon overcoming *weaknesses* and problems accumulated over the years and intensified by the effects of the war. Weaknesses include the lack of a distinct tourist image and modern design in effectively promoting the tourist offer; the insufficient information available to the foreign public regarding the quality and diversity of Croatia's cultural and historical heritage; the inability of the tourist offer to fully meet the demands of the international tourist market; the inadequate coordination between the tourism offer and various non-tourism activities – foremost with regard to infrastructure – needed for the tourist trade

⁸ Travel and Tourism, WTO, Madrid, 1997.

to operate; the poor traffic communication of Croatia with other parts of Europe, in particular with Western European countries which show the greatest interest in Croatia's tourism offer; the inadequacy of "value for money" because tourists are not getting the quality they expect for the prices they pay; the seasonality of tourism operations, and so on. The structure of tourist revenue in Croatia is the opposite of that in the advanced tourism countries of Europe and the world: whereas the largest part of tourist revenue in Croatia is earned through rendering the basic tourism services of accommodation and food and beverage, in advanced tourism countries it results from the secondary spending offer through the sales of merchandise and services. This points to the shortcomings of the secondary spending segment of Croatia's tourist offer.

The image of an insecure destination, the extremely harsh competition that has focused in recent years on differentiating the tourism product and improving its quality, and the underdeveloped traffic and other infrastructures constitute the basic *threats* to the future development of tourism in Croatia. By abolishing boundaries within Europe, encouraging tourist advertising and other promotional campaigns in EU and non-EU countries, conforming the policies of measures and standards in the tourist trade, introducing standards in the hotel industry, conforming the professional education of human resources in tourism, and implementing information systems, the European tourist market is undergoing profound changes. In doing so it is setting the rules of conduct for the tourist-offer providers on the tourist markets of Croatia and other countries to emulate.

The inability to adjust rapidly to the changing requirements of tourism, the slow construction of tourism infrastructure due to the lack of funding, and the protracted privatisation process in Croatia can be limiting factors to the development of tourism.

Only the optimum valorisation of opportunities and analysis of risks from the environment can provide for the prosperity of the tourism industry. Based on these comparative advantages, as well as some of the weaknesses Croatia has in developing tourism with regard to other European countries, it is possible to formulate a clear strategy of tourism development in Croatia.

"Only with a clear vision of future development can entrepreneurs, from Croatia and abroad, be encouraged to invest themselves and funds in developing tourism, as a distinct 'product', in which Croatia possesses comparative advantages."⁹

Croatia's vision today is to become a well-developed and organised tourist country that will be able to assume a high position on European and international markets in accordance with the volume of physical turnover and tourism-related revenue it can achieve. To make this vision come true calls for the overall acceptance of the necessity of tourism development in Croatia and a clear understanding of its real contribution to Croatia's economy and development in general.

⁹ Cicvarić, A. (1998). Prilog strategiji razvitka hrvatskog turizma za prvo desetljeće 21. stoljeća, *Ekonomski pregled*, No. 4-5, pp. 443.

5. CONCLUSION

Predestined for cooperation with the European market, Croatia is clearly interested in developing the closest possible economic cooperation with EU member countries, as well as with Europe as a whole.

The preconditions to cooperation with the EU in the field of tourism include, first and foremost, Croatia's natural resources, its many cultural and historical monuments, and its exceptionally favourable climate. These factors should represent Croatia's advantages when entering the European tourist market. Today great importance is attached to preserved natural resources, which represent the major advantage of the Croatian tourist offer and the foundation for future tourism development.

As a tourist destination, Croatia is today in a position that calls for the direct and efficient integration of its tourism offer with European and world trends. This involves creating state-promoted conditions and opportunities for attracting foreign capital and investments in tourism development, developing entrepreneurship, enhancing and improving service quality and the tourism business as a whole, preserving and protecting natural and other resources, as crucial prerequisites to tourism development. In developing the tourism offer it will be necessary to apply the experiences, solutions and standards of Europe's advanced tourist countries, because tourism has little regard for borders, making the tourist market increasingly more integral and unified. In the near future, the Croatian tourism offer will need to undergo two transformations. One refers to the changing of ownership, and the other to qualitative restructuring and adoption of international standards and trends. Only in this way will Croatia's tourism offer be able to approximate the advanced tourist countries and regions and maintain its competitive ability on European and international tourist markets.

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