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CORRELATION OF MANAGEMENT AND THE COMPETITIVE TOURIST PRODUCT

Abstract Tourism has the characteristics of a global process, but it is at the same time, a national strategic product of Croatia. In accordance with the World Economic Forum research, the competitiveness of Croatian tourism is enviable. With each year, the increase in physical turnover is becoming more and more evident, which, however, is not followed by the level of financial results achieved by a significant part of hotel companies. An identical situation is present in one of the leading destinations in Croatia, the Primorsko-goranska County. From the aspect of average daily spending of tourists, it is evident that the same is too modest and that in accordance with the analysis of opinions on the tourist offer, it is an inadequate equivalent of "tourist product's value for money". Therefore, in view of the increase of overall financial results, primarily on the basis of increasing tourist spending, it is evident that the tourist product itself has to be recognizable, more inventive. The hotel management itself should also play a more active role and have a more creative approach in identifying this product^a.

Key words: tourism, competitiveness, tourist product, management, creativity

1. TOURISM – A GLOBAL PROCESS AND A NATIONAL STRATEGIC PRODUCT

Tourism had started developing intensively in the mid 20th century and had in the 80s reached, according to the WTO data, a high third position in international trade.

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It has kept this position till today and it is without doubt that international tourism is one of the most expansive branches of world economy. According to the WTO, in 2006 there were 842 million of registered arrivals, which represented a 4.5 % growth rate in the number of international tourist arrivals. In relation to 2005, Europe, and especially the Mediterranean, remained the most important tourist destinations and the main tourist market. The number of tourist arrivals amounted to 458 million in Europe which covered 54% of overall international tourist arrivals. The World Tourist Organization expects that this positive trend will be continued and as far as the Mediterranean goes, it will bring about an annual growth rate of 3%. Moreover, in Croatia, the country with the potentially highest growth rate in international tourist arrivals, the projected growth amounts to 8.4%. The current state confirms that Croatia is one of the rare countries which, considering the global market conditions, achieved an increase in the number of tourist arrivals

During 2006, almost 11 million tourists stayed in Croatia (4 % more than in 2005) achieving a total number of 53 million of overnight stays (3% more than in 2005). According to the Croatian National Bank data, the revenue from international tourism in 2006 reached 6.29 billion euros.¹

In accordance with the official data released by the Central Bureau of Statistics for the period Jan - Sept 2007, Croatia had 10.3 million of registered tourist arrivals achieving 53.6 million of overnight stays. In relation to the same period in 2006, this represents an 8% growth rate in tourist arrivals and 6% increase in overnight stays.

The net income in foreign currency from tourism for the period of Jan - June 2007 in Croatia (according to the preliminary data of CNB; reported by CCE) amounted to 2.1 billion USD. In accordance with the evaluations of the relevant ministry, Croatia will conclude this tourist season with a 10-12 % higher income than in the previous year, with total tourism revenue of 6.8 billion euros. The revenues from international tourism in the Republic of Croatia for the periods from 1996 to 2006 are shown in table 1.

Table 1. Revenue from international tourism in the Republic of Croatia from 1996 to 2006

Year	Revenue from international tourism (in millions of USD)
1999	2,351.9
2000	3,011.8
2001	3,749.3
2002	3,960.8
2003	5,572.7
2004	5,505.6
2005	5,998.9
2006	6,293.3

Source: CNB (processed by: Tourism, CCE, Sector for Tourism, Zagreb, July 2007)

¹ Tourism, CCE, Sector for Tourism, Zagreb, July 2007

In accordance with the temporary data of the CNB for 2006, the share of international tourism revenue in the gross national product of Croatia amounted to 18.4% (19.4 % in 2005), the share of international tourism revenue in total export of goods and services 37.1% (39.2% in 2005) and a 73.8% share in the Croatian export of services (74.5% in 2005).²

Although an increase of at least 2% in the number of tourists and 7.14 billion of euros of tourism revenue is announced in almost all counties in 2008, the Primorsko-goranska County is the only county that does not expect an increase in the number of arrivals. This is quite a realistic expectation if we take into account the existing accommodation possibilities, the interest in the Primorsko-goranska County destinations and the achieved results.

The significance of tourism in the world is obvious and moreover, it is without doubt that tourism has very positive implications on the Croatian economy, primarily in terms of tourism's multiplicative effects. In accordance with the approximate evaluation of the shares of economic activities included in the tourist satellite account for Croatia (from 2000) it is evident that all economic activities benefit from tourism. Their business systems, to a major extend, reach better results precisely because of their business involvement through tourism. The tourism satellite account shows that hotels and restaurants account for only 30% of the tourist value, trade accounts account for 10%, traffic and connections 15%, agriculture and the food industry for 20%, production of oil derivatives for 5%, whereas the remaining 20% are accounted for by other economic activities.³

It can be said that tourism in today's relations is a "global movement" of wide proportions and great tourists' demands with the intention of expanding even further the intensity of activities and culmination of economic and other impacts, in which Croatia, as a relatively small country, is gaining and ever more growing role in European and Mediterranean tourism.

2. RELEVANT THEORIES OF COMPETITIVENESS

Owing to the tourism's share in quantifying the impacts of overall national economies, individual countries have, to a major extend, achieved better overall economically measurable, as well as economically immeasurable results such as a country's image, confirmed also by the positioning of their competitive strength.

The mere treatment of the term competitiveness and competitive capacities has evaluated during time. It was and still is a reflection of the perceptions and needs of individual temporal and economic situations and processes. The fundamental premise of competitiveness in today's economic environment is that it is not sufficient to be just good, because it means being average; it is necessary to be the best. Accordingly, the strategy must create the conditions to provide for the company's long-term survival. The essence of a successful strategy is to achieve better results than your competitors.⁴

It is undoubtedly so that only those business systems, who force themselves onto the market (consumption), regardless the way, in which they establish their

² CCE, Sector for Tourism, Zagreb, July 2007

³ Šalamon, B., «Hrvatski turizam 2000. i prognoza do 2005», *Turizam*, Vol. 49., No. 2., p. 192-201.

⁴ Tipurić, D. (ed.), *Konkurentna sposobnost poduzeća*, Sinergija, Zagreb, 1999, p. 2.

dominance, will contribute to the competitive capacity of the business system itself. In such a process, it is necessary to base this competitiveness on the effectiveness and the improvement of quality as well as on the strengthening of the role of knowledge and information in the overall value of the newly created offer. As a result, the cumulating of the competitiveness of individual business systems brings about the competitiveness of individual sectors, industries and even national economies.

The market principle according to which the matter of competitiveness is counterpoised with the guarantee of the business system's existence, implies that it is not sufficient to achieve the competitive capacity, but this capacity has to be maintained i.e. the business system has to thrive to further develop this competitiveness in order to be consistent in terms of business and to be able to apply its reference in longer periods of time. In this context, the business systems are expected to be flexible, production-wise original, innovative, dynamic, knowledge oriented (learning organization). The entire concept of their business activity and success has to be primarily based on their resources.

As can be concluded from the above mentioned, the matter of superiority of the business system in the economic environment is a question of the identification and exposure of the business system in relation to its competitive environment, where market primacy is built on the "ability of achieving sustainable differences" of the business system in question. Furthermore, the business system is expected to be fully adaptable, to have the ability to transform itself in line with the new market conditions and to rationally and to the fullest manage its resources. The principal goal is to neutralize the negative inputs, to create and channel its positive market vibrations in terms of creating and maintaining (sustaining) present and future strategic advantages.

In the 1990s, when the new *Resource-Based View of the Firm* was topical, the common belief was that the competitive advantage of the business system is predetermined by its internal resources (financial resources, human resources, IT resources, material resources, managerial resources).

The cognition of the overall importance of the managerial resources, as a unique factor among many in the business system, is confirmed by the "resource approach" as well as by the thesis set forth in this paper. This thesis also supports the belief that a part of the hotel management is not sufficiently identified in regards to the development of a creative tourist product from the point of view of tourist consumption, thus reducing the competitiveness of the business system. This is confirmed through the dissimilarity of business results. Namely, through a relatively easy comparison, different hotel business systems differently confirm themselves in achieving tourist turnover and especially in achieving financial results, regardless the fact that these business systems operate in tourist destinations, which have almost identical input parameters.

In any case, the resource theory had its roots in the works of E. T. Penrose "according to which the growth of the company in the long run is limited only by the internal managerial resources".⁵ It is clear that this "pioneer" concept of resource theory was abstracted on its evolutionary path and that today's articulation of the same theory speaks about the importance of all resources, among which, management is singled out as the factor that recombines and manages these resources with the aim of creating new values.

⁵ Tipurić, D.(ed), *Konkurentska sposobnost poduzeća*, Sinergija, Zagreb, 1999, p. 34.

In accordance with the resource theories, the competitive (strategic) advantage represents the integral dynamic response of the all resources of the business system in which the exploitation of the opportunities of the ongoing activities and existing markets is absolutely marginalized and future positive expectations are linked to internal resources and potentials. At the same time, the fierce competitive struggle articulates an additional segment and this is market survival. Namely, business systems do not survive solely based on the quantification of their resources but also on the continuous development and creation of new sources of their competitive advantage. The fact is that the question of competitive sustainability is more and more interweaved with the question of finding new sources of competitive advantage.

Creating competitive advantages represents an effective involvement of the business system's resources which would be based on knowledge, skill, decision-making, interaction, creativity, new technologies, continuous learning and which, if looked at integrally, are becoming the dominant "strategic tool" of the business system. Today, the resource theories of competitiveness demonstrate different approaches depending on their identification and perception of the most relevant factors of the business system's competitive advantages. The most topical concept is that of "core competences" advocated by G. Hamel and C. K. Prahalad. These two authors stress the "internal competitiveness" as a rational theoretical model for analyzing the effectiveness of a business system.⁶ Within this concept, the key competences are correlated with the question of the responsibility of top management and the "...actual responsibility of top management represents the strategic architecture leading towards a responsible development."

Consistently with the above-mentioned approach, it is evident that this paper is founded on resource theories on strategy, since it in part covers the question of importance of interactions between different resources. The management of a hotel business system has to know how to create a business policy, which will result in a higher level of competitiveness of the tourist product. Clearly, this level of competitiveness has to be primarily incorporated into an adequate valorization of a creative tourist offer, which is founded on core competences, correlation of quality and price and by this on the creation of conditions of lengthening the life-span of the tourist product.

3. THE COMPETITIVENESS OF CROATIAN TOURISM AND TOURIST PRODUCT

The question of achieving competitiveness has become a "national issue" and is being given more and more attention at all institutional levels as well as in overall economy. As a result, the Croatian National Competitiveness Council stresses that the process of adjusting the labor market structure will become one of the most relevant factors of growth and development of the Croatian economy in the oncoming years.

Namely, the current evaluation of Croatian economy indicates Croatia's uncompetitiveness on the foreign market, deficits in the balance of trade and the

⁶ Prahalad, C. K. and Hamel, G., «The core competences of the corporation», *Harvard Business Review*, May-June, 1990, p. 79-91. and Hamel, G. and Prahalad, C. K., *Competitive for Future*, Harvard Business School Press, Boston, SAD, 1994 adopted by Tipurić, D. (ed.), *Konkurentnska sposobnost poduzeća*, Sinergija, Zagreb, 1999., p. 26.

balance of payment, high increase of foreign debt, accumulated losses and increase of insolvency, unemployment, high public spending and problems in the functioning of the financial system. The response, in terms of satisfying the above mentioned demands, should be directed towards the alteration of the microeconomic policy objectives in view of formulating a long term modified and newly aggregate supply and the change of the existing structure and size of the aggregate demand. This response moves towards new developments and new employment. The seeking and finding of the right response will give rise to the export of strategic products and services opening thus the Croatian economy to the world and the open market, whereas the markedly negative trends will take on a positive direction. Correlating export, as a fundamental assumption of overall stability of future development of Croatian economy and tourism, as a strategic product in function of the Croatian economic development strategy, has to become a long-termed strategic goal. The openness of Croatian economy is a crucial developmental question in which tourism plays a very significant role. Developing tourism means developing an acceptable model of open economy.⁷

If we want to analyze this confirmed assumption in the context of Croatia's hospitality and tourism industry of today and the competitiveness of Croatian tourism, we have to take into account that the latest study of the World Economic Forum (WEF)⁸ confirms that Croatia is ranked among the 40 most successful countries. Furthermore, based on this study it seems that Croatia is a more attractive destination than Turkey, Egypt, the Dominican Republic or for example Thailand. Croatia is placed 38th among 124 countries and has found itself among the most popular destinations such as Italy, Mauritius, Qatar, Tunis, Israel and Costa Rica.

It has to be pointed out that the index of tourist competitiveness measures the success of a specific country in the sector of tourism and travel and it is divided into three categories. It incorporates the legislative regulations, favorable environment for business development, the quality of human resources and cultural and national wealth. The quality of regulations on environmental protection, price competitiveness, security, health and hygiene policy as well as air networking, tourist infrastructure and other are observed within these categories.

Switzerland, which is perceived as an extremely safe country with high health and hygiene standards, efficient regulations on environmental production is at the top of the list. It is followed by Austria, Germany, Island, the USA, Hong Kong, Canada, and Singapur. By being one of the most insecure countries in the world, the African country Chad is last on the list. Out of the neighboring countries, Slovenia ranked 44th, Serbia 61st and B&H was lowest on the list ranking 103rd.

Croatia achieved its highest grades in the category measuring the quality of human resources and cultural and natural wealth, where it was placed high on the 11th position. In the category of favorable environment for business development it ranked 40th. The competitiveness of price and the air infrastructure were not its strongest sides in this category. Most room for further development and improvement Croatia has in the sector of legislative regulations where it ranked 58th.

On the other hand, the analysis of the results of the survey⁹ carried out among 300 hotel managers in Croatia this tourist season, indicates that only 6% of respondents

⁷ Blažević, B., *Turizam u gospodarskom sustavu*, Faculty of Tourist and Hotel Management, Opatija, 2007, p. 211.

⁸ <http://nvk.multilink.hr/jeste-li-znali.asp>

⁹ <http://www.turizaminfo.hr/article.aspx?ar=43&to=25&ma=7&no=23>

were dissatisfied with the previous tourist season, 30 % very satisfied whereas the majority was satisfied with the achieved results. However, since this survey does not clearly state which level of satisfaction do the respondents have in mind, there is room for doubt that this level of satisfaction is simply based on the increase of the volume of tourist turnover. Namely, since the results of the below mentioned survey (seen later in the text) indicate some completely different aspects of “satisfaction” with this year’s tourist results, there is room for doubt in terms of “satisfaction” with achieved financial results.

Regardless the fact that the 2007 season will achieve a whole range of statistical records, the not so brilliant results of the Croatian hotel industry are also being recapitulated, which evidently (at least for one part) functions on the verge of profitability. In accordance with the research carried out by the Institute for Tourism, 117 Croatian hotel companies were in a worse position in 2006 than they were a year before. As a result, most of them do not benefit in so much from a grand tourist season, resulting in lower salaries and dissatisfaction of staff, decreased interest of youth for schools educating in tourism and hospitality and finally in the importing of hotel labor, which all has already proven itself as disastrous for Croatian tourism and the development of predispositions for increasing competitiveness. Hotel managers, within their accommodation capacities (just hotels account for 12% of overall accommodation offer), have for years been expressing their dissatisfaction and have been drawing attention to the problems that have been burdening them for more and more since it turns out that for 1 euro earned they need to give as much as a quarter of it (25%) to the public sector. On a sample of 100 Croatian companies during 2005, there were 15 million kunas of earnings whereas in 2006, 460 million kunas in losses.¹⁰

Since the tourist market is highly competitive it is good to analyze the advantages, but also the disadvantages of the tourist offer in comparison to other competitor countries, especially for the sake of planning future tourist development and the creation of a better competitive base.

Table 2. Competitiveness of the Croatian tourist supply in relations to other Mediterranean countries

	Advantages	Disadvantages
In general	Climate, beauty of landscape, urban and architectural harmony of places, safety and hospitality, ecological preservation, cleanness and “value for money”	All aspects of attractions/ programs (entertainment, sport and recreation, shopping, information and presentation, Croatia’s image)
In comparison to Spain, Italy, France	Safety and hospitality, climate and landscape, ecological preservation, cleanness and “value for money”	Accessibility, information and presentation, possibilities for entertainment, sport and recreation, shopping, diversity of tourist offer

¹⁰ Bralić, A. , «Hrvatskom turizmu ipak ne cvjetaju ruže», *Poslovni prilog za gospodarstvo i financije*, br. 541., Novi list, 3. listopada 2007.

In comparison to Greece	Safety, accessibility, “value for money”, climate and landscape, hospitality, ecological preservation, cleanness	Croatia’s image, urban and architectural harmony of places, information and presentation, possibilities for entertainment and shopping, diversity of tourist offer
In comparison to Turkey	Almost all aspects of the tourist offer	Possibilities for shopping
In comparison to Slovenia	Almost all aspects of the tourist offer	Croatia’s image, sports and recreation offers

Source: Adopted according to Tourist viewpoints and consumption in Croatia (2004) Institute for Tourism, Zagreb, 2005, p. 5.

If these relations are accepted as a basis for establishing the competitive advantages of Croatia and if they are compared to other competitive receptive markets, we can conclude that the “system” of competitive advantage is to a large extent based on the natural and climate-wise features in addition to hospitality, safety. However, it is also based on the relatively acceptable estimate of the quality (value) of the tourist experience in relation to money, the “value for money” aspect.

4. COMPETITIVENESS OF TOURIST PRODUCTS IN PRIMORSKO–GORANSKA COUNTY

Global, as well as the European market, is oriented toward new values and impeccable quality. Thus, every receptive tourist country, including Croatia, has to valorize its existing tourist attractions and values and also come up with modalities to valorize new values in order to create conditions for the optimization of the tourist offer and tourist quality. It is a fact that Croatia’s market position is weaker in comparison with the pre-war period. Some emissive markets that were dominant (Germany, Great Britain) have a slow returning dynamics, while other markets, which were of less importance, are becoming more vivid (Czech Republic, Slovakia, Hungary, Poland, Russia). On the other hand, the positive fact is that the trends in terms of tourist products consumption are compatible with potential opportunities and possibilities of tourist destinations in Primorsko–goranska County.¹¹

Evidently, the term of competitiveness is related to the term of image, which directly influences the particular regions’ success of entering the market. In year 1996, when the Strategic marketing plan for tourism of Primorsko–goranska County¹² was created, it was stated that the tourist position of Primorsko–goranska County was burdened by negative elements of Croatia’s image, while the phase of a conscious creating of its own county tourist brand, based on its strategic positioning, was yet to come. Namely, in those times the national tourist image was questionable and the county’s image was still insufficiently built or focused. With the same Strategic

¹¹ Glavni plan razvoja turizma Primorsko-goranske županije (integral version), University of Rijeka, Rijeka, 2005, p. 48.

¹² Strateški marketinški plan turizma Primorsko-goranske županije, Institute for Tourism, Zagreb, 1996, p. 46.

marketing plan for tourism in Primorsko–goranska County, in order to determine the current position of Primorsko–goranska County as a tourist destination, the SWOT matrix was formed in order to clearly show the County's strengths and weaknesses as well as opportunities and threats which were vital to its entrance on the market and future tourist development. Considering the time disposition, it is unquestionable that most of the strengths and opportunities, as well as weaknesses and threats, could be accepted even today, regardless the 11-year time distance.

Since Primorsko–goranska County (in tourist promotion the term used is "Kvarner") is considered and treated as quite a significant tourist destination, it is necessary to define the sole term of "destination". This term implies optimally combined and market adjusted area, which, by development of important and dominant abilities within the destination, deliberately creates preconditions, which will ensure that, in comparison with its competition, it achieves long-term good tourist results.¹³

It is unquestionable that there is a public opinion on tourist offer, a sense of satisfaction and a realization of tourist consumption within the destination; on that matter, the term of tourist product is used more and more, marginalizing the importance of individual tourist services, even the entire tourist offer. Since the tourist product is created by consumption of different products and services during the stay in a tourist location, it is perceived as the entire tourist product (experience) from the arrival till the return to the domicile country. Therefore, the tourist product applies to all dimensions and correlations of individual services and products from the targeted tourist's point of view, which implicates that in modern conditions of tourism's development, it is necessary to work on strengthening the tourist experience as a sum of overall tourist product's values. Thus, the implementation of the holistic approach contributes to the dynamics of development of tourist product life cycle. Since the dynamics of the holistic approach can appear exclusively as a consequence of knowledge i.e. continuous learning about all the relevant factors i.e. guidelines for the process of creating tourist value, one can clearly come to the conclusion that the development of the tourist experiences offer can be founded and correlated with the shaping of tourist units as a network of learning organizations.

According to the most common structure of the tourist destination,¹⁴ the levels of the "pyramid" are segmented from the widest to the narrowest: 1) company level, 2) city or municipality level, 3) individual community level, 4) tourist board level, 5) tourist destination level, 6) region level and 7) national level.

It is precisely the "company level" that is the widest at its base and definitely, one of the fundamental "pillars" of catering and tourist economy, which has to maximize the issue of "upgrading"(make more creative) the tourist offer, wherein the managers of hotel business systems most surely have the highest competences.

Considering the evolutionary approach when dealing with tourist product from the point of view of both tourist demand and supply and the evolutionary approach when dealing with competitiveness, it is clear that these two approaches, in terms of development, were interdependent. However, for a long period of time in the past it was sufficient to seek for answers solely on the level of the tourist location where today's answers to modern tourist migrations incline toward advocating the importance

¹³ Magaš, D, *Turistička destinacija*, Faculty of Hotel Management Opatija, Opatija, 1997, p. 20

¹⁴ *ibid.*, p. 21.

of the tourist destination.¹⁵

Since certain analyses are still made on the level of the tourist location, the following table compares some of the opinions tourists “detected” as recognized values within the framework of the Primorsko–goranska County destination.

Table 3. Opinions on Primorsko–goranska County tourist offer (for tourist location)

	Elements	Grade
1994	1. climate 2. beauty of the nature and landscape 3. picturesqueness of the location 4. possibilities for family vacation 5. food quality (outside the accommodation facility) 20. value for money	Very good -II- -II- -II- -II- Very bad
1997	1. beauty of the nature and landscape 2. possibilities for family vacation 3. hospitality of the staff 4. personal safety 5. hospitality 14. value for money	Very good -II- High -II- -II- Low
2004	1. beauty of the nature and landscape 2. hospitality of the accommodation facility staff 3. possibilities for family vacation 4. personal safety 5. quality of the service in the accommodation facility 16. value for money	Very high High -II- Average -II- Low

Source: Adopted from research

„Stavovi i potrošnja turista u Hrvatskoj (1994)“, Institut za turizam, Zagreb, 1994., p. 128.

„Stavovi i potrošnja turista u Hrvatskoj (1997)“, Institut za turizam, Zagreb, 1997., p. 140.

„Stavovi i potrošnja turista u Hrvatskoj (2004)“, Institut za turizam, Zagreb, 1997., p. 63.

Evidently, during these three periods of observation (1994, 1997 and 2004) there were no serious shifts in valorizing tourist demand opinions on tourist offer. It can be stated that the base of the tourist offer has a quite stable character. More or less, opinions are in a great measure comparable with the advantage opinions forming Croatia’s competitive backbone (compare with data from Table 2) in comparison with other competitive receptive (Mediterranean) countries.

However, what is in a certain way indicative and does not correspond well with data from Table 2, is the variable “value for money”, which is in all three years of observation extremely poorly graded. Regardless the fact that our tourist product is considered better in comparison with the one of Spain, France, Italy and Greece, we

¹⁵ Glavi plan razvoja turizma Primorsko-goranske županije, University of Rijeka, Rijeka, 2005, p. 21.

hold the opinion that this cannot and should not serve as the “cover” for the future increase of tourist consumption and better business results.

Nevertheless, although tourists consider that in Primorsko–goranska County there is a discrepancy between the price level and the quality of the service, future research within the framework of this article implicates that the average daily spending is incongruous *i.e.* more than modest, which in a certain way implicates poorer financial results.

Table 4. Average daily spending in Primorsko–goranska County

	Description	Spending amount
1994 (in USD)	Average spending - total	33,92
	Basic services – total	27,48
	Accommodation	13,78
	Food	10,30
	Drink	3,40
	Other services – total	6,44
	Shopping	3,00
	Culture and fun	2,30
	Other	1,14
1997 (in USD)	Average spending - total	31,1
	Basic services – total	26,5
	Accommodation	13,2
	Food	9,8
	Drink	3,5
	Other services – total	4,6
	Shopping	2,0
	Culture and fun	2,1
	Other	0,5
2004 (in euros)	Average spending - total	42,97
	Basic services – total	36,26
	Accommodation	16,43
	Food	14,93
	Drink	4,91
	Other services – total	6,71
	Shopping	2,04
	Culture and fun	1,47
	Sport and recreation	1,48
	Excursions	1,30
	Other	0,41

Source: Adopted from:

„Stavovi i potrošnja turista u Hrvatskoj (1994)“, Institut za turizam, Zagreb, 1994., p. 127.

„Stavovi i potrošnja turista u Hrvatskoj (1997)“, Institut za turizam, Zagreb, 1997., p. 141.

„Stavovi i potrošnja turista u Hrvatskoj (2004)“, Institut za turizam,

We can come to conclusion that during these 10 years (1994 - 2004) there was an increase in average daily spending in destinations of Primorsko–goranska County, which is not even close to the average daily spending in our competitor tourist countries (destinations). Especially low is the share that applies to “other services” in the structure of daily spending. It is a fact that with an average daily spending based on an average tourist stay of 5 days we do not have any reason for optimism and that in any case we should seek for new modalities to increase tourist consumption, having it balanced with the correlation “value for money”. Not until then will the financial results of catering and tourist economy (as well as all the accompanying activities) be more emphasized, giving us more reasons for optimism which will not solely be based on the tourist turnover.

Moreover, the growing trend of average daily consumption per tourist is a positive event in every tourist destination. In comparison with other Croatian tourist destinations, in Primorsko–goranska County tourists on average spend less, but this is explained by the unfavorable structure of accommodation capacities, wherein camps and private accommodation hold the biggest share, and drop of the hotel accommodation number (in 2004 the average daily spending in Croatia was 48.91 euros, while in Primorsko–goranska County 42.97 euros). However, in destinations of Primorsko–goranska County there is a faster trend in consumption, especially in some forms of accommodation and content, and we can clearly anticipate that the consumption per tourist will continue to grow, but only for the quality contents which are offered in the system “value for money”.¹⁶

5. MANAGER’S CREATIVITY AS A PREREQUISITE FOR CREATING A COMPETITIVE TOURIST PRODUCT

It turns out that the average daily spending in the hotels of Primorsko–goranska County is higher than in other accommodation facilities, which implicates future staff and management behavior in further valorizing and upgrading of tourist products. They also have to contain the elements of innovative (creative) product, rather than classically typical and uninventive products, and almost stereotypical tourist “values”. Not until then will this undoubtedly lead to the increase in the average daily spending. Nowadays, this is already being confirmed in those hotel business systems and within their organizational units (individual hotels and restaurants) which have significantly improved their financial results through the level of creative exponent of a “new”, creative tourist product and service.

To form a competitive and attractive tourist offer (tourist product), the necessary preconditions include: beauty of nature and landscape, cultural heritage, creative management and employees, catering and recreational offer, developed economy, tourists’ safety and protection system, ecological preservation of tourist resources, etc.

¹⁶ Glavni plan razvoja turizma Primorsko-goranske županije, (integral version) University of Rijeka, Rijeka, 2005., p. 47.

However, when speaking about managers, no matter what their position in organizational forms and structure in tourism is, it is necessary for them to be competent and capable, to be able to come up with plans and programs for development, to allocate financial resources for their realization, to organize and manage business, to make concepts and successfully place on the market their tourist product.¹⁷ But above all, they must have the affinity for “management of change”. The need for change emerges from the invention of new materials or processes, market entry of the competition, change in consumer taste and changes in cultural, political, economic and legal frameworks within which the business system exists. Management has to be capable to react to change; channel the energy and adapt to new changes.¹⁸ It has to be creative since this is the prerequisite for development and better understanding of a creative organization, and a creative organization produces creative products and services which, being sold on the market, create profit.¹⁹ It is unquestionable that financial, as well as all the other nonmaterial effects (e.g. business system image) will be more significant if catering and tourist economy produces “new” products and services. However, researches of somewhat older date, have confirmed that the creative exponent of a hotel management is not recognized as a “rule and need” within this economic activity, i.e. that the level of creativity even lowered between these two observed periods.

Table 5. Levels of creativity of hotel management of Primorsko– goranska County

Levels of creativity of hotel management	Results of the research conducted in 1996			Results of the research conducted in 1999		
	Opinion of hotel managers (100%)	Opinion of hotel employees (100%)	Opinion of hotel guests (100%)	Opinion of hotel managers (100%)	Opinion of hotel employees (100%)	Opinion of hotel guests (100%)
Uncreative individual	0	0	0	0	0	0
Below average creativity	0	0	0	0	1	0
Average creativity	17	45	46	25	42	51
Above average creativity	80	53	54	69	57	49
High	3	2	0	6	0	0

¹⁷ Radišić, F., *Poduzetnički menadžment u turizmu*, Faculty of Hotel Management Opatija, Opatija, 1997, p. 22.

¹⁸ Bennet, R., *Management*, Informator & Protecon, Zagreb, 1994, p. 245.

¹⁹ Kutnjak, G., «Kreativnost hotelskih menadžera kao razvojna komponenta turizma», *Hrvatski turizam*, Rijeka, 2002, p. 174.

creativity						
Excellent creativity	0	0	0	0	0	0

Source: Kutnjak, G.: *Interakcija menadžmenta i ljudskog resursa u kreativnom determiniranju strategije poslovnog sustava* (doctoral thesis), Faculty of Economics Zagreb, Zagreb, 2001.

These researches confirmed, within its framework, that tourists did not recognize the creativity of the hotel management as a generator of changes in hotel industry, nor were the employees inspired by their creativity, what has, in a certain way, amortized their creative efforts and caused mediocrity. Undoubtedly, the total results of catering and tourist economy would have been more far-reaching, in terms of valorizing tourist results as well as in financial indicators, if the diversification of our tourist product (in quality as well as in price) was contributing to the creation of new tourist values of tourist products, primarily generated by the hotel managers.

6. CONCLUSION

The entire area of Croatia is one of the most valuable tourist areas of the Mediteranean and even Europe. This is additionally confirmed by the ranking of the competitiveness of Croatian tourism in global relations and the fact that Croatia is a relatively highly positioned receptive tourist country. It furthermore confirms its competitiveness by a continuous increase in tourist turnover which is, in terms of its results, getting closer and closer to the results achieved in the best pre-war years. Apart from the constant emmusive markets, some other tourist markets are gaining in presence among which the destinations in Primorsko-goranska County hold a leading position. Positive tourists' opinions on the County's tourist offer are primarily founded on the natural factors (beauty of nature and landscape, climate conditions, picturesqueness of locations), possibilities for family vacation. In addition, the safety aspect, the hospitality of the domicile inhabitants and staff, the quality of food and accomodation and overall quality of the tourist product are also very higly graded.

What is unacceptable, both from the tourist and the County's catering and tourist industry points of view is the low ranking of "product's value for money" by tourists. Even though in this field we hold a better position in relation to some of our competitors (Italy, Spain, France, Greece), it is clear, in accordance to several analyses, that the overall (financial) results are not as good and that this results in a not so good position of our catering and tourist industry in overall economic valorization. One of the reasons for this is definitely the relatively low level of average daily spending, which regardless the increasing trends, is more than modest especially in case of the consumption of consuming "other services" (shopping, culture, sports, excursions). Our tourist product is competitive in comparison to other competitive tourist receptive countries, but the "product's value for money" concept is graded low. It is evident that tourist wish to spend more but only if they get the adequate "product (service) value for money". This implies that our tourist product and the level of our services have to incorporate some new elements of identification and affirmation in order to have realistic expectations of an increase in average spending thus resulting in higher overall

financial results. On the basis of these cognitions it is undisputable that the destination's tourist product has to be creative, inventive, which has been confirmed by the business results of those hotel business systems that had already accepted these modalities of life as a "rule and need". In order to bring to life such an orientation, the hotel managers themselves should be more creative and competent in order to be able to develop such creative products and to manage all factors towards developing a creative organization and a creative business environment, which has not been the case so far if judged by earlier research results.

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