UTMS JOURNAL OF ECONOMICS

Volume 6 Number 2 Print ISSN: 1857-6974
December 2015 Electronic ISSN: 1857-6982
www.utmsjoe.mk

Contents

Guest Editor
Prof. Ludmila Novacká, PhD

Research Papers

TEST OF THE CHEN-ROLL-ROSS MACROECONOMIC FACTOR MODEL: EVIDENCE FROM CROATIAN STOCK MARKET. *D. Dolinar, S. Orsag, and P. Suman*

DIRECT FOREIGN INVESTMENTS AND THE LACK OF POSITIVE EFFECTS ON THE ECONOMY. *S. Djordjevic, Z. Ivanovic, and S. Bogdan*

VOLATILITY AND KURTOSIS OF DAILY STOCK RETURNS AT MSE. *Z. Ivanovski, T. Stojanovski, and Z. Narasanov*

ANALYSIS OF THE CAPITAL MARKET IN CROATIA. *M. Buljat, Z. Ivanovic, and S. Baresa*

INTERNATIONAL STANDARDS FOR FINANCIAL REPORTING: HARMONIZATION IN MACEDONIA. *S. Kozuharov, N. Ristovska, and D. Blazeska*

CUSTOMER RELATIONSHIP MANAGEMENT: CONCEPT AND IMPORTANCE FOR BANKING SECTOR. *M. Laketa, D. Sanader, L. Laketa, and Z. Misic*

HARMONIZATION OF TAX POLICIES: REVIEWING MACEDONIA AND CROATIA. *S. Kozuharov, N. Ristovska, and J. Ilieva*

BUSINESS COMMUNICATION IN FUNCTION OF IMPROVING THE ORGANIZATIONAL CULTURE OF THE COMPANY. *S. Gramatnikovski, A. Stoilkovska, and G. Serafimovic*

EQUAL EMPLOYMENT OPPORTUNITIES IN THE RECRUITMENT AND SELECTION PROCESS OF HUMAN RESOURCES. *A. Stoilkovska, J. Ilieva, and S. Gjakovski*

CROATIAN TOURISM AND HOSPITALITY INDUSTRY: CURRENT STATE AND FUTURE DEVELOPMENTAL PERSPECTIVES. *S. Ivanovic, A. Milenkovski, and V. Milojica*

BUSINESS PERFORMANCE, INVESTMENTS AND COMPETITIVENESS OF ISTRIAN HOTEL INDUSTRY. *D. Pletikosa*

IMPACT OF TECHNOLOGICAL DEVELOPMENT ON BUSINESS EFFICIENCY IN THE FOOD AND BEVERAGE DEPARTMENT. *S. Ivanovic, L. Perman, and I. Grlj*

MACEDONIAN TOURIST PRODUCT: CURRENT STATUS AND PERSPECTIVES. *V. Milenkovska, Z. Strezovski, and A. Milenkovska*

THE QUALITY OF THE TOURIST DESTINATIONS A KEY FACTOR FOR INCREASING THEIR ATTRACTIVENESS. *D. Blazeska, A. Milenkovski, and S. Gramatnikovski*

PROMOTION: BRANDING TOOL FOR MACEDONIA AS A TOURIST DESTINATION. *V. Milenkovska, Z. Strezovski, and A. Milenkovska*

University of Tourism and Management in Skopje
www.utms.edu.mk

UTMS JOURNAL OF ECONOMICS

UTMS JOURNAL OF ECONOMICS

UTMS Journal of Economics is an international, multidisciplinary journal intended to anyone with an active interest in economic issues. The Journal is published regularly twice per year (June–December) by the University of Tourism and Management – Skopje, Macedonia. *UTMS Journal of Economics* is focused for the area of south and southeastern Europe, but contributions from other parts are also welcome. This Journal aims to publish highly selective original articles of current relevance that will have a long-term impact on economics research and it is a key source for professional economists in higher education, business, government service and the financial sector. At least two anonymous referees review each article and make the evaluation. Information for authors are listed at the end of the Journal.

UTMS Journal of Economics is indexed and abstracted in following databases:

ABI/INFORM (ProQuest); AP PLATFORMS; C.I.R.E.T.; DOAJ; EBSCO; EconBiz; Econis; EconPapers; EconStor; EDRIC; EZB; GOOGLE SCHOLAR; IDEAS; Open J-Gate; RePEc; Socionet; ZBW.

Publisher – Editorial Office	**University of Tourism and Management in Skopje Macedonia www.utms.edu.mk**

Frequency	semi–annual
Printed	1000 copies
	The Journal is published only in English.
Subscription	Annual—$50 (Single copy—$30) IBAN: MK07290701000439295
Print ISSN	1857-6974
Electronic ISSN	1857-6982
	www.utmsjoe.mk

www.utmsjoe.mk
Print ISSN: 1857-6974
Electronic ISSN: 1857-6982

UTMS JOURNAL OF ECONOMICS

Volume 6 Number 2 pp. 185–363 December 2015

CONTENTS

Guest Editor
Prof. Ludmila Novacká, PhD

Research Papers

TEST OF THE CHEN-ROLL-ROSS MACROECONOMIC FACTOR MODEL: EVIDENCE FROM CROATIAN STOCK MARKET. *D. Dolinar, S. Orsag, and P. Suman* 185

DIRECT FOREIGN INVESTMENTS AND THE LACK OF POSITIVE EFFECTS ON THE ECONOMY. *S. Djordjevic, Z. Ivanovic, and S. Bogdan* 197

VOLATILITY AND KURTOSIS OF DAILY STOCK RETURNS AT MSE. Z. *Ivanovski, T. Stojanovski, and Z. Narasanov* 209

ANALYSIS OF THE CAPITAL MARKET IN CROATIA. *M. Buljat, Z. Ivanovic, and S. Baresa* 223

INTERNATIONAL STANDARDS FOR FINANCIAL REPORTING: HARMONIZATION IN MACEDONIA. *S. Kozuharov, N. Ristovska, and D. Blazeska* 233

CUSTOMER RELATIONSHIP MANAGEMENT: CONCEPT AND IMPORTANCE FOR BANKING SECTOR. *M. Laketa, D. Sanader, L. Laketa, and Z. Misic* 241

HARMONIZATION OF TAX POLICIES: REVIEWING MACEDONIA AND CROATIA. *S. Kozuharov, N. Ristovska, and J. Ilieva* 255

BUSINESS COMMUNICATION IN FUNCTION OF IMPROVING THE ORGANIZATIONAL CULTURE OF THE COMPANY. *S. Gramatnikovski, A. Stoilkovska, and G. Serafimovic* 267

EQUAL EMPLOYMENT OPPORTUNITIES IN THE RECRUITMENT AND SELECTION PROCESS OF HUMAN RESOURCES. *A. Stoilkovska, J. Ilieva, and S. Gjakovski* 281

CROATIAN TOURISM AND HOSPITALITY INDUSTRY: CURRENT STATE AND FUTURE DEVELOPMENTAL PERSPECTIVES. *S. Ivanovic, A. Milenkovski, and V. Milojica* 293

BUSINESS PERFORMANCE, INVESTMENTS AND COMPETITIVENESS OF ISTRIAN HOTEL INDUSTRY. *D. Pletikosa* 307

IMPACT OF TECHNOLOGICAL DEVELOPMENT ON BUSINESS EFFICIENCY IN THE FOOD AND BEVERAGE DEPARTMENT. *S. Ivanovic, L. Perman, and I. Grlj* 321

MACEDONIAN TOURIST PRODUCT: CURRENT STATUS AND PERSPECTIVES. *V. Milenkovska, Z. Strezovski, and A. Milenkovska* 331

THE QUALITY OF THE TOURIST DESTINATIONS A KEY FACTOR FOR INCREASING THEIR ATTRACTIVENESS. *D. Blazeska, A. Milenkovski, and S. Gramatnikovski* 341

PROMOTION: BRANDING TOOL FOR MACEDONIA AS A TOURIST DESTINATION. *V. Milenkovska, Z. Strezovski, and A. Milenkovska* 355

Slobodan Ivanovic, Ace Milenkovski, and Vedran Milojica. 2015. Croatian Tourism and Hospitality Industry: Current State and Future Developmental prespectives. *UTMS Journal of Economics* 6 (2): 293–305.

Preliminary communication
(accepted October 25, 2015)

CROATIAN TOURISM AND HOSPITALITY INDUSTRY: CURRENT STATE AND FUTURE DEVELOPMENTAL PERSPECTIVES

Slobodan Ivanovic[1]
Ace Milenkovski
Vedran Milojica

Abstract
The economic crisis had a significant influence on the world economy, as well as on tourism and hospitality industry. Despite minor oscillations, European and world tourism turnover is registering a significant growth. Contemporary European tourists possess high purchasing power, as well as the tendency of undertaking travels, which is witnessed by the fact that Europe continues to be the leader in world tourism flows. As an EU member, Croatia needs to use this as a stimulation in further development of its tourism and hospitality industry. The purpose of the paper was to stress the importance of tourism development for the European and Croatian economy, while the goal of the paper was to present the state of European tourism and hospitality industry, to determine its positive trends, present the state of Croatian tourism and hospitality industry, and to propose future developmental guidelines in function of achieving competitive advantages.

Keywords: Economic crisis, tourist turnover growth, Croatia, Europe, competitive advantages.

Jel Classification: L83

INTRODUCTION

Tourism is the most important industry in the world in terms of the numbers of employees and its effect on the social and economical development of a region or country. It is an industry that will help developing countries solve their problems of unemployment and poverty by turning the potentials of these countries-i.e. natural and cultural heritage-into a profit. It is a clean industry, which will coincide with the "green trend" of the future that aims to preserve and conserve nature for future generations. This will be the great return to nature-the "green wave" (Avelini Holjevac 2003).

[1] **Slobodan Ivanovic**, PhD, Full Professor, University of Rijeka, Croatia; **Ace Milenkovski**, PhD Full Professor, University of Tourism and Management in Skopje, Macedonia; **Vedran Milojica**, PhD Student, University of Rijeka, Croatia.

Today, strategic orientation of tourist companies and tourist destinations is focused on developing relationships with potential travelers. Globalization of markets and increased competition in international tourism is the reason why the quality of product is becoming increasingly present category (Authors´ adaptation according to Grzinic 2014). Monitoring socio-economic trends, respectively, interpreting recorded changes in a form of a demographic picture of the society, better education and higher life standard, change in structure of demand for products and services is noticed. It comes to transition from the economics of services to the economics of experiences, and more frequent shopping for things and services is being replaced by shopping for experiences. Such shopping represents specific exchanges of value for money which is characteristic for traditional understanding of the economy of experience. Development of tourist products based on the experience as a key exchange value demands an interdisciplinary approach which, along with applied marketing activities and competitive positioning by identity affirmation brings to positioning of the tourist offer from the point of view of economy of experience. Contemporary tourist and hotel product which is adapted to the needs of new tourists does not imply partner role anymore but individualization and personalization of the experience itself (Authors´ adaptation according to Vitasovic 2014). In today's dynamic and competitive global environment, planning and developing tourism attractions is only half the battle faced by destination managers, considering the fact that so many destinations globally offer similar attractions, services and experiences. Destination managers also have to plan and strategize the marketing aspect of destination management. A well-planned and -developed tourism product and/or destination will be useless unless it attracts and retains its target market. Therefore, it is vital for managers to understand what makes customers loyal to a destination and what their expectations are so that destinations can modify their offerings, service delivery and communication strategies to meet and exceed customers' expectations (Gursoy et al. 2014). Tourism and hospitality industry offers intangible products and services to its customers. For this reason, the most crucial strategies in the industry involve how to offer better people-oriented services and how to encourage repeat business (Authors´ adaptation according to Yang 2012).

As the tourism and hotel industry continue to prosper in the global economy, competition—whether it be international or domestic among members of the industries—becomes fiercer. Possessing competitive advantages could be key to success for those members (Tsai et al. 2009). In order to achieve success on the tourist market, offer carriers constantly need to be up to date with the newest changes on the tourist market, respectively, they need to monitor changes in preferences of tourists, and manage the development of their tourist offer in order to provide them maximum satisfaction, diversity, uniqueness. Strategic approach accompanied by continuous marketing activities is an imperative for achieving competitiveness. Crick and Spencer (2011) point out that hotel organization needs to understand with as much precision as possible what the guests want from the service experience. Doing so allows them to minimize wasted resources. Being precise becomes difficult, however, because of the heterogeneity of customers. A number of writers have attempted to answer the very important question: what type of service do hotel guests value the most?

The impact of European Union tourism and hospitality industry is achieving positive effects on international tourism flows. Over the years Europe developed its tourist offer base on numerous unique natural particularities and cultural-historical heritage and many others. They have shown great capability in development of a competitive tourist offer while upholding sustainable development principles, which also significantly contributed to the development of numerous selective forms of tourism, whose importance is rising on daily basis. Following, numerous investments were made in development of accommodation capacities (hotels and similar accommodation, accommodation for short stays for tourists who prefer to plan their itinerary on the road, etc.).

When discussing hotels, particular accent is given on hotel chains which conduct business according to strict standards, offering tourists top quality in every aspect, and enable them to achieve value and experience for money. This was confirmed by Whitla et al. (2007) which point out that hotel chains need to balance the provision of a standardized level of service and amenities with customers' interest in some degree of local adaptation. The feedback affirmed that guests, especially business travelers, expected a similar range of services. Thus in-room international direct dialling (IDD), internet services, a business center, 24-hour room service and a gymnasium, are seen as 'minimum entry standards' for an international business hotel.

In terms of tourist offer development and achieving competitiveness on the European and international tourist market, all European countries are continuously undertaking activities such as market research (to determine the newest profile and tendencies of today's tourists due to its change on daily basis), continuous education of high quality tourism and hospitality professionals which are they key factor in development and offering the best service possible (Brunner-Sperdin and Peters 2009) confirm this in their paper stating that the strongest emphasis should be laid on human resource management, which plays the major role in creating successful experience-oriented service encounters), introduction of newest innovations, etc. Croatia is a European country, and an EU member with a huge potential for development of even more competitive tourist offer in relation to its current state. In the last ten years it registered some positive movements in terms of its tourist offer development. However, in comparison with some competitive European destinations, it is evident that still lots needs to be done. Bearing this in mind, following, the authors will present current state of European and Croatian tourism and hospitality industry, as well as propose some developmental directions for Croatia.

1. AN INSIGHT IN THE STATE OF THE EUROPEAN TOURISM AND HOSPITALITY INDUSTRY

Oil crisis, disorders on financial markets, banking crises, currency crises, all of this is comprised in the term «global economic crisis», which marked the end of the first decade of the 21st century. Its consequences are reflected in stagnation and decline of economic activity in certain countries, of employment, of GDPpc, and finally, reduction of the share of personal consumption of the population allocated for secondary needs, such as tourist travels. Such trends are also reflected on the number of tourist arrivals in the world (Alkier Radnic 2014).

According to the following graph, 928 million of international tourist arrivals were registered in 2008, while the year 2009 registered 891 million, respectively, a decrease of 3,99% in relation to the previous year. From 2010 onwards there was a positive trend of growth. In 2013 international tourist arrivals achieved growth of 19% in relation to the year 2007 (Authors´ adaptation according to UNWTO Tourism Highlights 2015).

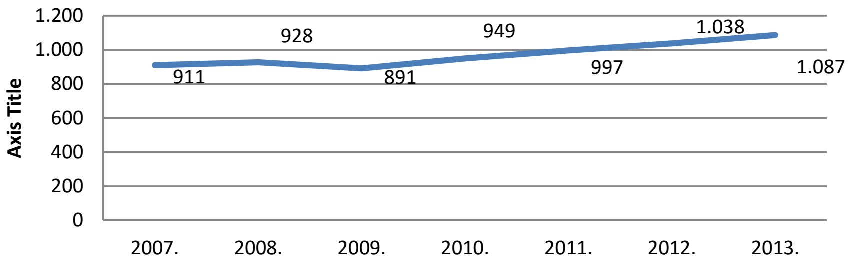

Figure 1. International Tourist Arrivals 2007–2013

Tourism and hospitality industry is registering a positive growth on world level. In 2014 the number of total international tourist arrivals (overnight visitors) was 1.133 million, respectively 46 million more in relation to 2013 when 1.087 million arrivals were registered. Growth of 46 million (+4.3%) in 2014 marked the fifth consecutive year of robust growth above the long-term average (+3.3% a year) since the financial crisis of 2009 (Authors´ adaptation according to UNWTO Tourism Highlights 2015).

Figure below indicates that Europe continues to be a leader in the world tourist flows by participating with 51% of achieved tourist arrivals in total international arrivals, followed by Asia and the Pacific (23%), Americas (16%), Africa (5%) and Middle East (5%) (Authors´ adaptation according to UNWTO tourism Highlights 2015).

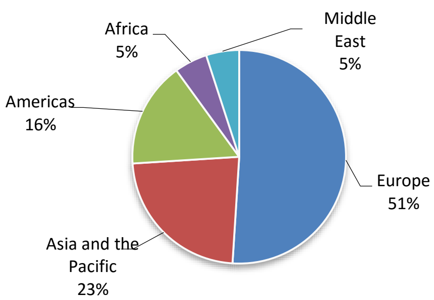

Figure 2. International Tourist Arrivals in 2014 by regions

The data in the following graph indicates that there was an oscillation in total tourist overnights in the period 2005–2009. It can justifiably be assumed that the reason was the financial crisis. From 2009 onwards Europe registers a positive growth in overnights, with a particular accent on foreign overnights which were the highest (Authors´ adaptation according to Eurostat Statistics explained. 2015).

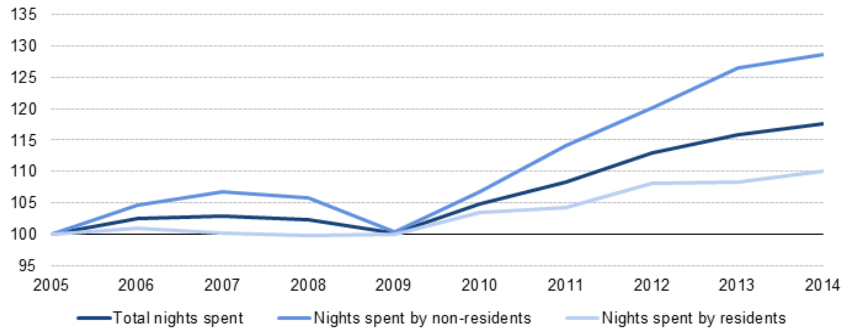

Figure 3. Tourist overnights in EU-28 in period 2005-2014

EU-28 registered total of 2,690,109 thousand overnights in 2014, of which 64.4% preferred to stay in hotels and similar accommodation. They provide services of accommodation in good quality rooms and suites, food and beverage according to the preference of tourists, but also additional services such wellness, organization of field trips, organization of events, etc. They must be able to accept guests of various profiles and provide them top quality service anytime. The hotel business is conducted according to previously determined standards of quality, and its goal is to achieve whole year business with maximum exploitation of the capacities. 21.9% of tourist overnights were registered in short-stay accommodation by tourists who prefer short holidays in a destination, or maybe a more active holiday while changing several destinations while travelling. 13.6% of tourists chose to stay in camps and in trailer parks (Authors´ adaptation according to Eurostat Statistics explained 2015).

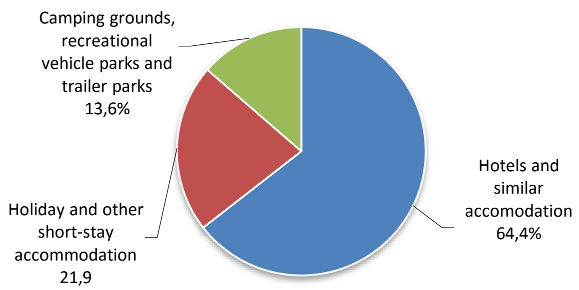

Figure 4. Total tourist overnights in EU-28 according to the type of establishment in 2014

European tourism and hospitality industry recorded positive results in the three key performance metrics when reported in Euro constant currency, according to data compiled by STR Global in 2015 (Authors adaptation according to Hotel News Resources 2015).

The figures in the previous table present the occupancy of the rooms in the European region, room´s average daily rate expressed in EURO, as well as revenue per available room for the year 2014. In January room occupancy was 52,8% and continued its growth up to 79,4% in September, when it started to decrease. In December it reached 59,3%. Average Daily Rate (ADR) recorded a positive growth throughout the year with a few minor oscillations. In terms of Revenue per available room a positive growth was achieved in the period from January until July when it slightly decreased, but started growing until October, when it started to decrease again.

Table 1. Hotel occupancy in European region in 2014 (in percentage and Euro)

		% change*			% change
January			July		
Occupancy	52,8%	+3,1%	Occupancy	73,9%	+1,0%
ADR (Euros)	€94,69	+1,7%	ADR (Euros)	€107,15	+4,8%
RevPAR (Euros)	€50,01	+4,8%	RevPAR (Euros)	€79,20	+5,9%
February			August		
Occupancy	60,8%	+3,3%	Occupancy	75,7%	+2,5%
ADR (Euros)	€95,77	+2,7%	ADR (Euros)	€110,82	+6,9%
RevPAR (Euros)	€58,19	+6,1%	RevPAR (Euros)	€83,93	+9,5%
March			September		
Occupancy	64,9%	+2,2%	Occupancy	79,4%	+3,4%
ADR (Euros)	€100,05	+1,7%	ADR (Euros)	€116,32	+4,9%
RevPAR (Euros)	€64,96	+3,9%	RevPAR (Euros)	€92,34	+8,4%
April			October		
Occupancy	68,3%	+1,8%	Occupancy	74,7%	+2,3%
ADR (Euros)	€102,19	+1,0%	ADR (Euros)	€110,42	+4,5%
RevPAR (Euros)	€69,74	+2,9%	RevPAR (Euros)	€82,50	+6,9%
May			November		
Occupancy	74,0%	+3,2%	Occupancy	68,2%	+1,3%
ADR (Euros)	€109,36	+4,3%	ADR (Euros)	€102,30	+3,0%
RevPAR (Euros)	€80,92	+7,7%	RevPAR (Euros)	€69,73	+4,4%
June			December		
Occupancy	75,1%	+0,2%	Occupancy	59,3%	+5,2%
ADR (Euros)	€113,30	+2,4%	ADR (Euros)	€101,27	+4,1%
RevPAR (Euros)	€85,12	+2,6%	RevPAR (Euros)	€60,05	+9,5%

Source: Hotel New Resource. http://www.hotelnewsresource.com/article85782.html (accessed October 22, 2015)

Legend: Occupancy (Occ)- Rooms sold divided by rooms available multiplied by 100; Average Daily Rate (ADR)-Room revenue divided by rooms sold; Revenue Per Available Room (RevPAR)-Room revenue divided by rooms available.

* Positive or negative change was expressed, i.e. occupancy for January was compared with January in the previous year.

Previously presented positive trends indicate that Europe has truly recognized the real importance of tourism and hospitality industry, and is continuously undertaking actions for its further development. It continues to use its numerous resources in a sustainable way in development of numerous selective forms of tourism as well as provision of high quality of services; it invests in development of its accommodation capacities as well as in personnel development, which is recognized by international tourists who continue to return. These positive trends need to be an encouragement for Croatia, as an EU member, which still hasn´t reached that level of offer. Following the authors will present the state of Croatian tourism and hospitality industry.

2. AN INSIGHT IN THE STATE OF CROATIAN TOURISM AND HOSPITALITY INDUSTRY

As previously mentioned in the paper, the economic crisis influenced the world and European economy in total, as well as their tourism and hospitality industry. Croatia was not bypassed in that period. It experienced some turbulence due to the same, but started registering positive movements. According to the data from Croatian National Bank, in 2014 Croatia achieved 7.4 billion Euro of income from tourism, respectively, travelling, which represents annual growth of 2.8%. Last year the share of income of travel amounted 17.2% in GDP, which is 0.6% more than previous year (Authors´ adaptation according to the Ministry of Tourism of the Republic of Croatia 2015). This indicates that tourism and hospitality industry contributes significantly to the Croatian economy, and needs to be developed in the future. In this chapter the authors will present a review of state of Croatian Tourism and hospitality industry.

Table 2. Tourist arrivals and overnights in Croatia 2005–2014

	Achieved arrivals				Achieved overnights		
	Total	Domestic	Foreign		Total	Domestic	Foreign
2005	9.222.410	1.479.618	7.742.792	2005	50.282.182	5.370.924	44.911.258
2006	9.655.410	1.667.442	7.987.968	2006	51.791.844	5.907.117	45.884.727
2007	10.351.442	1.792.756	8.558.686	2007	54.627.053	6.346.637	48.280.416
2008	10.453.601	1.789.020	8.664.581	2008	55.668.893	6.401.207	49.267.686
2009	10.270.490	1.576.694	8.693.796	2009	54.988.432	5.758.924	49.229.508
2010	10.604.116	1.493.374	9.110.742	2010	56.416.379	5.424.058	50.992.321
2011	11.455.677	1.529.003	9.926.674	2011	60.354.275	5.602.970	54.751.305
2012	11.835.160	1.465.934	10.369.226	2012	62.743.463	5.221.326	57.522.137
2013	12.433.727	1.485.361	10.948.366	2013	64.818.115	5.138.485	59.679.630
2014	13.128.416	1.505.455	11.622.961	2014	66.483.948	5.160.376	61.323.572
Index 2014 /2005	142,35	101,75	150,11	Index 2014 /2005	132,22	96,08	136,54

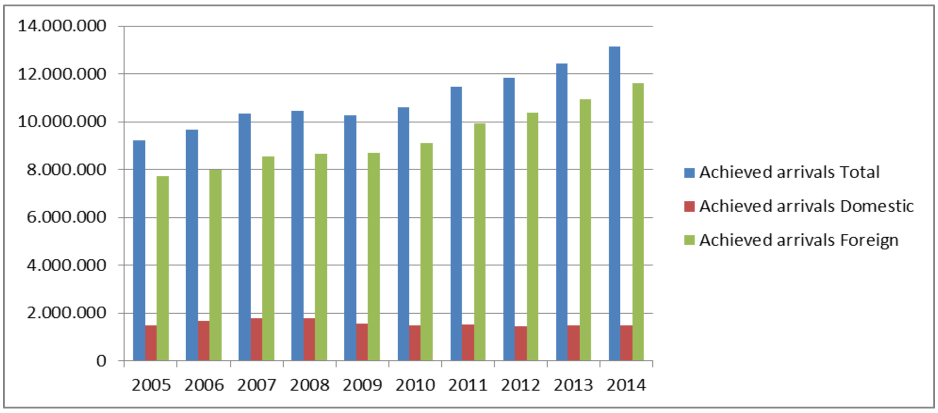

Figure 5. Tourist arrivals in Croatia 2005–2014

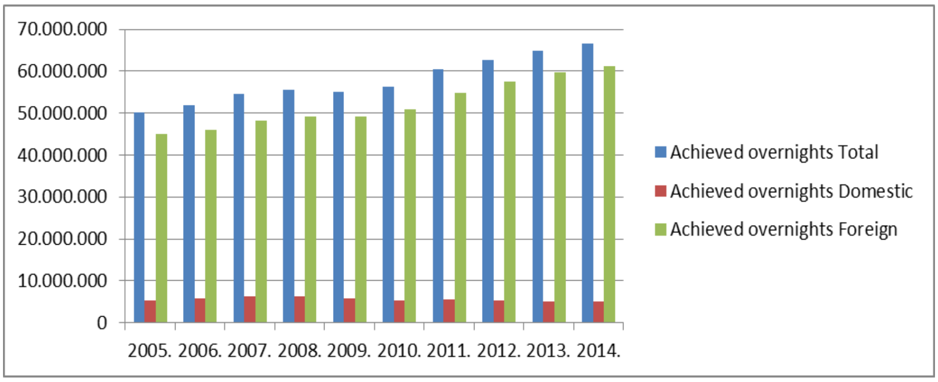

Figure 6. Tourist overnights in Croatia 2005–2014

The previous table presents the achieved tourist arrivals and overnights in the period 2005–2014. In the period 2005–2008 Croatia registered moderate growth in total tourist arrivals. In 2009 it decreased for 183.111 arrivals (-1,75%) in relation to the previous year, then continued its growth. In the period 2005-2014 total tourist arrivals grew 42,35%, domestic arrivals 1,75%, and the foreign arrivals 50,11%. In terms of registered tourist overnights, a moderate growth was registered in the period 2005–2008, while in 2009 the overnights decreased for 680.461 overnights (-1%) in relation to the previous year. From 2010 onwards positive growth was registered. In the period 2005–2014 total tourist overnights achieved growth for 32.22%, domestic overnights decreased 3.92%, while foreign overnights increased 36.54% (Authors´ adaptation according to Croatian Bureau of Statistics 2015).

In the last decade Croatia increased its available accommodation capacities measured by the number of permanent beds in registered accommodation capacities for 25%. The highest number of accommodation potential was registered in households (46%), following hotels (19%) and camps (12%), while the capacity of other collective accommodation was decreased for 3% (Strategy of development of Tourism of the Republic of Croatia until 2020, 2013). Following, the authors will present the state of accommodation capacities of Croatia (Authors´ adaptation according to the Ministry of Tourism of the Republic of Croatia 2015).

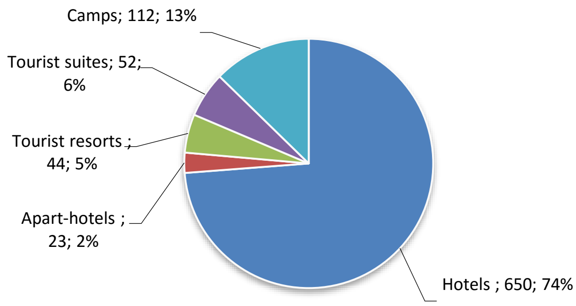

Figure 7. Total categorized accommodation capacities in Croatia

When monitoring total categorized accommodation capacities, it is visible that hotels prevail in the offer (74%), followed by camps (13%), tourist suites (6%), tourist resorts (5%) and apart-hotels (2%).

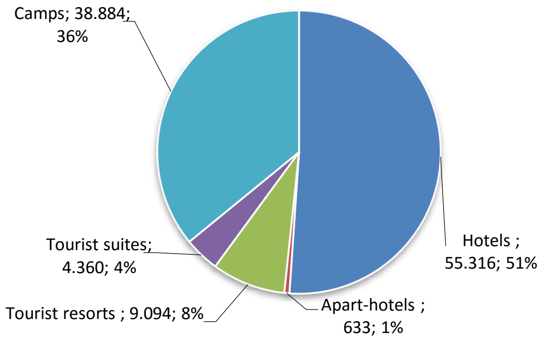

Figure 8. Total categorized accommodation units in Croatia

According to the previous figure, 51% of categorized accommodation units are in hotels, 36% in camps, 8% in tourist resorts, and 4% in tourist suites.

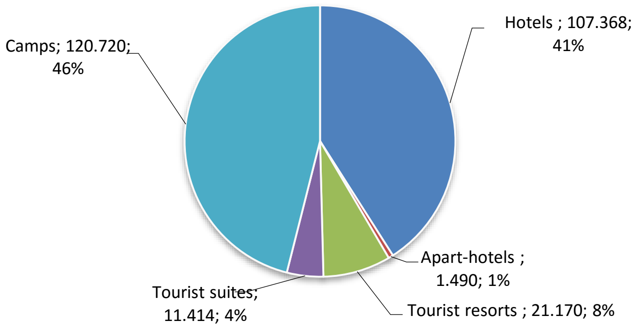

Figure 9. Total number of permanent beds in categorized accommodation

When monitoring permanent beds, 41% of them are in hotels, 46% in camps, 8% in tourist resorts, 4% in tourist suites and 1% in apart-hotels. European trends indicate that the significant share of tourists has a tendency to stay in good quality hotels and experience full service. This is something that Croatia needs to bear in mind while rethinking further development of its tourist offer. Following, the authors will present the state of hotel accommodation capacities.

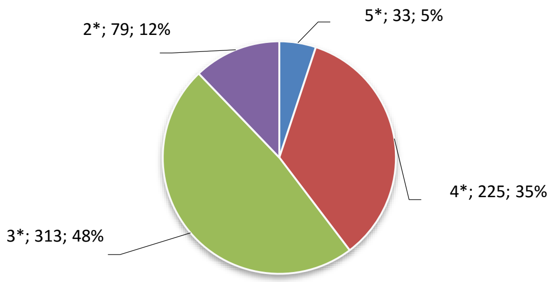

Figure 10. Hotels in Croatia according to the category

The following graph presents the total number of hotels according to the category and the number. The majority, 313 hotels (48%) have three star category, 225 hotels (35%) have a four star category, 79 hotels (12%) have a two star quality, while only 33 hotels (5%) have a five star category.

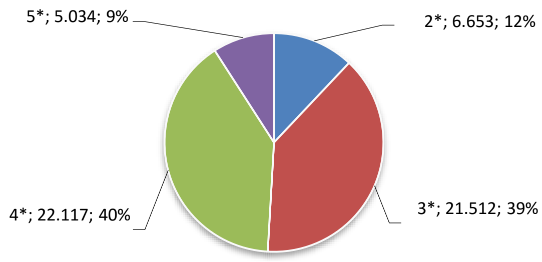

Figure 11. Total number of accommodation facilities according to the category of the hotel

The graph presents the total number of accommodation units according to the category of hotels. It is visible that 22.417 of accommodation units (40%) belong to four star hotels, 21.512 of them (39%) belong in three star hotels, 6.653 of them (12%) are in two star hotels, and 5.034 of them (9%) are in five star hotels.

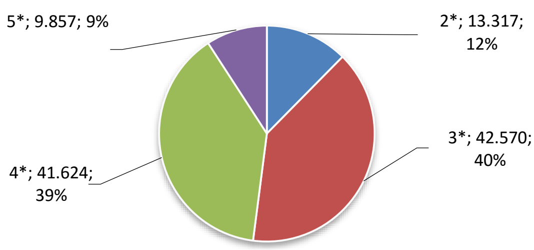

Figure 12. Total number of permanent beds according to the category of the hotel

In terms of permanent beds, 42.570 of them (40%) belong to three star hotels, 41.624 (39%) in four star hotels, 13.317 (12%) in two star hotels, and 9.857 (9%) in five star hotels.

The following tables will present the results of Benchmarking of Croatian Hospitality in 2014.

Table 3. Use of capacities and average room rate in Croatian hotels in 2014

	Utilization-work capacity (%)			Utilization-full capacity (%)			Average room price (€)		
Total	Min	Approx.	Max.	Min	Approx.	Max.	Min	Approx.	Max.
Croatia	31	66	85	16	42	79	7	72	155
Regions									
Istria	42	71	83	20	43	65	53	81	104
Kvarner	31	61	78	16	38	62	7	65	113
Dalmatia	47	71	85	25	40	58	41	77	155
Kontinent	40	55	79	40	55	79	40	56	77
Category									
*****	31	57	80	16	41	59	75	102	155
****	40	66	85	20	44	73	7	75	104
***	45	70	85	22	42	79	34	62	93
**	47	58	76	20	29	39	40	42	44

According to the data in the previous table, the average work utilization of the capacities (based on open days) amounts 66%, while the average utilization based on calendar days is lower (42%). The highest average utilization was achieved by hotels in Dalmatia and Istria (71%), three star hotels (70%). Highest average full utilization was achieved by hotels in the Continental part (55%). The average room price in Croatia amounted 72 Euro, while the maximum room price amounted 155 Euro. According to the regions, the maximum average room price was achieved in Istrian hotels (81€), followed by Dalmatia (77 Euro) and Kvarner (65 Euro). In terms of achieving highest maximum room price, Dalmatia achieved 155 Euro, followed by Kvarner (113 Euro), and Istria (104 Euro).

Table 4. Revenue Per Room Available and total income per night (in €)*

	RevPAR (in €)			Total income per night (in €)		
Total	Min	Approx.	Max.	Min	Approx.	Max.
Croatia	4	48	123	7	56	124
Regions						
Istria	31	58	82	35	58	84
Kvarner	4	38	72	7	51	124
Dalmatia	19	55	123	24	53	106
Kontinent	18	31	42	39	72	106
Category						
*****	34	57	123	52	93	124
****	4	50	85	7	58	84
***	18	45	73	24	43	59
**	19	24	34	24	30	35

* Results of Benchmarking of Croatian Hospitality, based on 61 hotel which adequately entered the data in the main database. The sample of 61 hotel possesses totally 16.111 accommodation capacities, respectively, makes a sample of 10% of hotels in Croatia, and 30% of accommodation capacities in hotels in Croatia.

The data in the table indicate that average RevPAR was 48 Euro in Croatia, while the maximum was 123 Euro. According to the regions, hotels in Istria achieved 58 Euro, followed by Dalmatia with 55 Euro. The average income achieved per night was 56 Euro in Croatia, while according to the regions hotels in Istria achieved 58 Euro, followed by Dalmatia (53 Euro), and Kvarner (51 Euro). Average income per night in Croatia was 56 Euro, while according to the regions the highest average income was 72 Euro in the Continent, followed by Istria (58 Euro), Dalmatia (53 Euro) and Kvarner (51 Euro).

3. PROPOSITION OF GUIDELINES FOR FURTHER DEVELOPMENT OF CROATIAN TOURISM AND HOSPITALITY INDUSTRY

In the previous chapter the authors have established that in the period 2005-2014 Croatia achieved positive growth in tourist arrivals and overnights, which indicates that despite the economic crisis, tourists still have sufficient purchasing power and the desire to undertake holidays. This was also confirmed by presenting the results of Benchmarking of Croatian Hospitality, which indicated solid utilization of accommodation capacities, as well as achieving solid room prices and income per night. However, results need to be improved and brought to a higher level according to the EU trends. In Croatian accommodation capacities, hotels are dominating, which is positive since contemporary trends indicate that in EU-28 64,4% of tourist overnights were achieved in them. The lack is that the majority of them (313 or 48%) are three star category, while only 33 hotels (5%) are five star category. It is necessary to undertake further investments in order to increase the number of five star hotels, which will undoubtedly result in achieving higher tourist arrivals, overnights, and consumption.

In order to continue positive trend of growth in tourist turnover, and to stimulate tourists to (re-)visit Croatia, the authors propose the following developmental guidelines: (adapted according to Strategy of development of tourism of the Republic of Croatia until 2020):

- Market research, in order to determine the intensity and frequency of changes in tourist´s preferences, so our tourist offer could be adapted according to them as soon as possible;
- Continuous introduction of new, diverse, and innovative elements of tourist offer;
- Investments in further development of accommodation capacities (with a particular accent on five star hotels)
- Application of sustainable development principles in tourist offer development (preservation of natural and cultural-historical resources, eco-hotels…)
- Achieving higher level of recognizability on the international tourist market through undertaking marketing activities while applying newest marketing tools, in order to promote and brand tourist offer;
- Achieving whole year business and maximum occupancy of accommodation capacities;
- Equal dispersion of the tourist offer in the whole country;
- Raise the awareness of the domestic population about the importance of tourism and hospitality development.

Previously presented will result in achieving higher level of competitiveness on the turbulent tourist market.

CONCLUSION

Tourism is the most important part of Croatian economy, so it is mandatory to focus further activities in its future development. Over the years Croatia undertook significant activities in development of its tourist offer, which is witnessed by the growing tourist turnover. However, in relation to European trends, limitations and shortcomings are still present. In order to overcome them, Croatia needs to determine the best experiences and solutions adapted and conducted by the leading European tourist destinations as well as to implement previously presented developmental guidelines with a goal of achieving competitive advantages and gaining the leading role on the European tourist market.

REFERENCES

Alkier Radnic, R. Economic Crisis and Recession as a Challenge for future development of tourism in Croatia and in the European Union. In *Proceedings* of *20th Biennial International Congress Tourism & Hospitality Industry 2010: New Trends in Tourism and Hospitality Management*. May 6-8, 2010, 683–691, Opatija, Croatia.

Avelini Holjevac, I. 2003. A vision of tourism and the hotel industry in the 21st century. *Hospitality Management* 22 (2): 129–134.

Brunner-Sperdin, Alexandra, and Mike Peters. 2009. What influences Guests' Emotions? The Case of High-quality Hotels. *International Journal of Tourism Research* 11 (2): 171–183.

Crick, Anne P., and Andrew Spencer, A. 2011. Hospitality quality: New directions and new challenges. International *Journal of Contemporary Hospitality Management* 23 (4): 463–478.

Croatian Bureau of Statistics. 2015. www.dzs.hr (accessed: October 20, 2015).

CrossBench. 2015. Benchmarking of Croatian and Slovenian Hospitality Report for the year 2014 http://www.crossbench.eu/downloads/benchmarking-izvjestaj-za-2014.pdf (accessed: October 21, 2015.)

Eurostat Statistics explained. 2015. http://ec.europa.eu/eurostat/statistics-explained/index.php/Tourism _statistics_-_annual_results_for_the_accommodation_sector (accessed: October 22, 2015)

Grzinic, Jasmina. 2014. *New Trends in Croatian Hotel Industry. Contemporary Trends in Tourism*. Ed. Jasmina Grzinic, and Vanja Bevanda, 174–196. Pula: University of Josip Juraj Dobrila in Pula, Faculty of Economics and Tourism.

Gursoy Dogan, Joseph S. Chen, and Christina G. Chi. 2014. Theoretical examination of destination loyalty formation. *International Journal of Contemporary Hospitality Management* 26 (5): 809–827.

Hotel New Resource. 2015. http://www.hotelnewsresource.com/article85782.html (accessed: October 22, 2015).

Ministry of Tourism of the Republic of Croatia. 2015. http://www.mint.hr/default.aspx?id=22604 (accessed: October 21, 2015).

Ministry of Tourism of the Republic of Croatia. 2015. http://www.mint.hr/UserDocsImages/130426-Strategija-turizam-2020.pdf (accessed: October 21, 2015).

Ministry of Tourism of the Republic of Croatia. 2015. http://www.mint.hr/default.aspx?id=371 (accessed: October 21, 2015.)

UNWTO. 2015. Tourism Highlights. http://www.e-unwto.org/doi/pdf/10.18111/9789284416899 (accessed: October 21, 2015.)

Tsai, Henry, Song, Haiyan, and Wong, Kevin K.F. 2009. Tourism and Hotel Competitiveness Research. *Journal of Travel & Tourism Marketing* 26 (5-6): 522-546

Vitasovic, A. 2014. Competitive positioning of Tourist offer of the Republic of Croatia. In *Contemporary trends in tourism*. Ed. Jasmina Grzinic, and Vanja Bevanda, 116–153. Pula: University of Juraj Dobrila in Pula, Faculty of Economics and Tourism.

Whitla, Paul, Peter G. P. Walters, and Howard Davies. 2007. Global strategies in the international hotel industry. *Hospitality Management* 26 (4): 777–792.

Yang, Jen-te. 2012. Identifying the attributes of blue ocean strategies in hospitality. *International Journal of Contemporary Hospitality Management* 24 (5): 701–720.