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CRISIS MANAGEMENT – KEY TO SUSTAINABLE DEVELOPMENT OF TOURIST DESTINATION

KRIZNI MENADŽMENT- KLJUČ ODRŽIVOG RAZVOJA TURISTIČKE DESTINACIJE

ABSTRACT

Economic development in Republic of Croatia requires frenetic changes within the economic system. Therefore, crisis management is aimed at indentifying problems and finding effective solutions to promote economic development during the recession. The current global economic crisis, as well as the perennial „Croatia's economic crisis“, Sets a number of challenges for the creation of adequate tourism policy. Incentive „impulse“ of economic policy leaders is slow to reflect on the tourism „aggregate“, so a valid question is: is it not to late for the „blue ocean strategy“. The concept of socially responsible business forms latest trends in tourism development that should be considered in the context of the development of tourism and the latest economic and socio-cultural trends. Changes in the global tourism market had a lesser effect on the intensity of travel and more on the structure of tourism consumption.

Croatian tourism has good foundation in its selective forms for development in times of crisis, by that thinking of the attractive tourist potential, unique natural and culturo-historical heritage. Focus of tourism is moving from sun and sea to the cities as centers of cultural development of regions. It is necessary to more intensively evaluate this potential in order to create a recognizable identity of Croatian tourist offer which would increase the competitiveness and facilitate market positioning.

Key hypothesis of this paper is that Croatian tourism should focus on developing centers (cities) and their cultural tourism, which is becoming the main motivator of arrivals to destinations and the initiator of tourism development within the whole region. The study was conducted on 25 town's tourist associations in Croatia. Aim is to point out that the

responsible management and crisis management in the recessionary economic environment is requirement for the competitiveness of tourist destinations and potential opening of „blue ocean“ to Croatian tourism.

Key words: *Crisis management, cultural tourism, sustainable development, destination branding, region development*

SAŽETAK

Gospodarski razvoj RH zahtijeva frenetične promjene unutar gospodarskog sustava. Stoga krizni menadžment ima za cilj identifikaciju problema i iznalaženje učinkovitih rješenja za poticanje gospodarskog razvoja u uvjetima recesije. Aktualan svjetska ekonomska krize, kao i višegodišnja „hrvatska gospodarska kriza“, postavljaju brojne izazove za kreiranje adekvatne turističke politike. Poticajni „impuls“ voditelja ekonomske politike sporo se reflektira na turistički „agregat“, pa je opravdano pitanje nije li prekasno za „strategiju plavog oceana“. Koncept društveno odgovornog poslovanja formira najnovije trendove u razvoju turizma koje valja sagledati u kontekstu dosadašnjeg razvoja turizma i najnovijih ekonomskih i socio-kulturnih trendova. Promjene na svjetskom turističkom tržištu manje su djelovale na intenzitet putovanja, a više na strukturu turističke potrošnje. Turizam je postao humaniji i usmjeren pojedincu, što uzrokuje pad turističkih dolazaka u periodu krize.

Hrvatski turizam ima dobre temelje u svojim selektivnim oblicima za razvoj u vrijeme krize, pritom misleći na atraktivan turistički potencijal, jedinstvenu prirodnu i kulturno-povijesnu baštinu. Fokus turizma seli se sa sunca i mora na gradove kao razvojne i kulturološke centre regija. Nužno je taj potencijal intenzivnije valorizirati u cilju stvaranja prepoznatljivog identiteta turističke ponude Hrvatske, čime bi se povećala konkurentnost i olakšalo pozicioniranje na tržištu.

Ključna hipoteza ovoga rada je kako bi se hrvatski turizam trebao fokusirati na razvojne centre (gradove) i njihov kulturni turizam, što postaje osnovni motivator dolaska na destinaciju i pokretač razvoja turizma unutar cjelokupne regije. Istraživanje je provedeno na 25 turističkih zajednica gradova u RH. Cilj rada je istaknuti kako je odgovorno upravljanje i krizni menadžment u okviru recesijskog gospodarskog okruženja conditio sine qua non za konkurentnost turističke destinacije i potencijalno otvaranje „plavog oceana“ hrvatskom turizmu.

Ključne riječi: *Krizni menadžment, kulturni turizam, održivi razvoj, brendiranje destinacije, razvoj regije*

1. Development of crisis in the world and its impact on tourism

World economic crisis has achieved considerable progress. The spillover of the financial crisis on the real economy is causing many social problems. Slowdown in economic activity of countries are accompanied by deterioration in general economic climate. A significant increase in unemployment accompanied by a decrease in the level of wages causes a feeling of insecurity. In addition to falling of purchasing power of population, disruption of business performance and credit worthiness of most businesses, highlighted several month long decline in economic activity in the country implies the growth of budget deficits, which will significantly slow down the public investment in large infrastructure projects (Kunst, 2010, 37). Overall situation affects the increase in propensity to save, which implies reduced consumption. Therefore, the authors often interpret the crisis as a turning point of development and the sudden change of one or more basic variables, which jeopardizes the

achievement of the current basic standards and goals, which brings into question the survival of the system, namely it is a process of decision making under the pressure of time (Birker, Pepels, 2000, 7). The degree of governance over crisis depends on the phase in which it was identified and in which phase crisis management begins. Also following is true: The later crisis is perceived and the more obvious are the signs of crisis mean that it is that much deeper and the process of leaving it will be more demanding (Osmanagić-Bedenik, 2007, 19). Given the uncertainty of surroundings and deep structural changes in the markets where they operate, managers are forced to make radical changes to their own strategies.

Economic development in such conditions is a complex process that requires frenetic changes in economic and social systems, regardless of which level is focused, macro, mezzo or even a level of a single city. Key challenges in the market are hidden in the high sophistication of customers, its strong price sensitivity and high expectations about the quality of services with less and less loyalty to suppliers. Tourism is a phenomenon that from micro and macro perspectives analyzes the motives, assuming that they are based on private and social character. A careful analysis of the motives of tourist movements clearly indicates how narrow in its understanding was the definition of tourism as a socio-economic phenomenon that is based on the needs of people for temporary change of residence for recreation and rest and in order to get to know the cultural, historical heritage and natural beauty (Vukonić, 1990, 74). It can thus be concluded that tourism has a good foundations in its selective forms for development in times of crisis. During the period of intense economic, social and cultural change in order to manage tourist destination it is necessary to identify appropriate and workable model for further development.

2. Development of town as a destination for cultural tourism and its impact on regional development

Development in the tourist economy focuses tourism offer on two elements, natural and cultural. Both elements require long and intensive preparation, and creation of infrastructure conditions that are related to the construction of appropriate transport and accommodation infrastructure and promotion that highlights specific tourist destinations. Due to increasing competition and changes in the market, local destination management organizations must adapt their tasks and activities (Bieger, Beritelli, Laesser, 2009, 345). This novelty is based on the new paradigm of tourists as a key factor of the model, thus tourism exits from the period when the customer is offered a clean sea and sun, transfers from a period when the city was dependent on its surroundings to the period where the region lives of the cultural and historical heritage of the city. Although the tourism and culture have always been linked, in the interests of economic development of mass tourism, during several decades the role and place of culture in tourism was neglected. Cultural and urban (city) (Geić, 2011) tourisms are becoming increasingly important in economic terms and highly profiled in a political sense, and many European countries are implementing them within the strategic plan for overall development of tourism and economic recovery. Cultural heritage is shaped as a product and has become a primary and a secondary motive for traveling of the broader segment of the growing market of cultural tourism. The creation and development of tourist products in cultural tourism is based on the development of management of cultural resource and application of marketing concept, which is based on customer satisfaction.

European cities are becoming competitive product in the segment of cultural tourism, and thus influence the development of the city region and the wider area including the state itself, particularly in terms of tourism. The city as a spatial unit can be described through different

views, ranging from the concept of economic organizations and social spectrum, across the political, socioeconomic, legal, institutional, environmental and cultural dogmatics, to the simple definition that the city is seen as a product characteristic of society and development stages in which it is formed (Bogunović, 2001). It is therefore particularly important to focus the area management of city regions with respect as each city has its focal role towards environment as a key gravity factor and serve as a cultural, political and religious centers (Jacobs, 2007). Boundaries of influence of city on the surrounding area are not uniquely determined and depend on various influential elements which individually have a different impact in the area.

According to the document of cultural tourism and the Declaration on the protection and promotion of natural, cultural and historical heritage for use for tourism purposes (Gredičak, 2009, 198) cultural heritage of a people includes works of its artists that have become an integral part of national wealth and the totality of values that give sense of life. New components in the definition of intangible historical heritage are folklore, customs, folk festivals, religious rites are various classical sport events etc. It is believed that former concept of cultural heritage is complemented because it now includes historic towns, villages and cultural landscape in which it maintains centuries-old human activity, creating a folk tradition. Thus, as long as the cultural heritage can offer the tourism a cultural content, tourism is needed by cultural heritage and vice versa. Some authors call it cultural tourism, some heritage tourism and some cultural heritage tourism (Jelinčić, 2009, 41), but whatever it is called, cultural tourism is a *sine qua non* of long-term development of tourism and at the same time a key element in ensuring the funds for maintenance and preservation of culture and heritage.

The existence of cultural heritage in Croatian tourist offer is a result of raising awareness that the entire Adriatic area are almost inexhaustible source of historical events that have created contents which can now be used for intensive usage for tourism purposes. Thus, the cultural heritage is a par excellence source of cultural tourism, which supplemented by natural conditions must create a prestigious, competitive tourist destinations. This potential can be more intensively valorized in order to create a recognizable identity of Croatian tourist offer, which would facilitate positioning on the market. Therefore it is necessary to achieve legal, marketing and other frameworks that will contribute to the upgrading of the strategic plan of development of cultural tourism, with a focus on cultural heritage. This can ultimately accelerate and enhance economic development, the standard of living as a perpetual primary objective of this development. A systematic approach to the development of Croatian cultural tourism begins by creating the development Strategy of cultural tourism within the strategy of cultural policy (Jelinčić, 2009.) that are made for the project purposes of the Croatian Government, "Croatia in 21 Century ", in order to raise awareness about the strengthening of cultural tourism as an economic potential for economic development. Basic strategy that emphasizes the possible use of sources of cultural heritage includes promotion, tourist and scientific exploitation of cultural heritage. Thus, for example, the Croatian Government has recognized the activities related to culture as one of the most important activities in the creation of additional tourist attractions, especially in times of crisis. Could it be a blue ocean strategy for Croatian tourism?

This paper starts from the assumption that the growth and development of tourist regions will polarize and concentrate in certain areas, geographical points, within which are constantly being formed new economic forces, such as cities with cultural and historical heritage and with them the associated city regions. The aim was to determine the role of urban regions in

the economic development on the Croatian case, whether there are urban regions that are the focus of development and suggest further guidelines for development that will allow the recognition of Croatia as a tourist destination which is a long-term strategy of the Ministry of Tourism. It is this strategy that had a significant role in preventing a significant decrease in the number of arrivals in the recession year.

3. Influence analysis of the city with cultural tourism on the region

The general trend in tourism is the shortening of the average duration of visits. The reasons are numerous and the key are more frequent and shorter vacations that workers take with the aim of learning about as many destinations as possible while traveling and focusing on activities, which allows weekend visits to attractive destinations. Croatian tourism in such environment in 2011. has achieved excellent results. Central Bureau for Statistics reported a 8% increase in tourist arrivals and 7% more overnight stays, or more precisely records show 11,455,677 arrivals and 60,354,275 overnight stays. A surprising fact is that most tourist arrivals were recorded in the Croatian capital Zagreb with 730 945 achieved arrivals followed by Dubrovnik, Zadar, Split, Šibenik, Rijeka, Plitvice... By analyzing the above parameters and assumptions it is interesting to analyze indicators of overnight stay per arrival, indicating that only few places manage to achieve seven or more nights per arrival of tourists, even those which are traditionally focused on summer guests.

Table 1. Number of overnight stays per arrival

Tourism of Croatia in 2011.					
	City	stay per arrival		City	stay per arrival
1.	Vrsar	7,98	11.	Poreč	6,38
2.	Funtana	7,94	12.	Labin	6,36
3.	Tar-Vabriga	7,71	13.	Vodice	5,90
4.	Rab	7,13	14.	Baška	5,67
5.	Mali Lošinj	6,96	15.	Crikvenica	5,58
6.	Rovinj	6,96	16.	Krk	5,47
7.	Podgora	6,90	17.	Pula	5,25
8.	Medulin	6,90	18.	Šibenik	5,21
9.	Novalja	6,76	19.	Umag	5,02
10.	Makarska	6,53	20.	Zadar	3,72

Source: Central Bureau for Statistics

An interesting detail which can be seen from the preceding table is the fact that larger cities are failing to keep guests for a longer period of time or for a larger number of overnight stays. But according to the following table we can conclude that larger cities and cultural centers in 2011. have had a significant increase in visitor arrivals but in parallel with that not-so-significant increase in the number of overnight stays.

Table 2. Ratio of increase in the number of arrivals and overnight stays

Tourism of Croatia in 2011.					
	City	Arrivals	Increase (%)	Overnight stays	Increase (%)
1.	Zagreb	730 945	9,7	1 183 125	9,0
2.	Dubrovnik	606 085	6,9	2 155 165	5,8
3.	Rovinj	419 716	15,6	2 917 562	12,7
4.	Poreč	401 820	11,6	2 564 865	10,9
5.	Umag	348 942	5,5	1 752 310	4,4
6.	Opatija	340 385	2,7	1 055 539	3,0
7.	Medulin	284 682	11,2	1 963 165	7,5
8.	Zadar	280 677	5,0	1 044 350	3,2

Source: Central Bureau for Statistics

Among these destinations it is important to emphasize two cities that have not been emphasized by their tourist incursions. One of them is Split that has increased the number of arrivals in just two years by almost 45%, indicating that the increased attention that is given by the city to tourism produces results. A similar situation is with the city of Rijeka, which increased the number of arrivals by 22%.

Table 3. The greatest increase in the number of arrivals

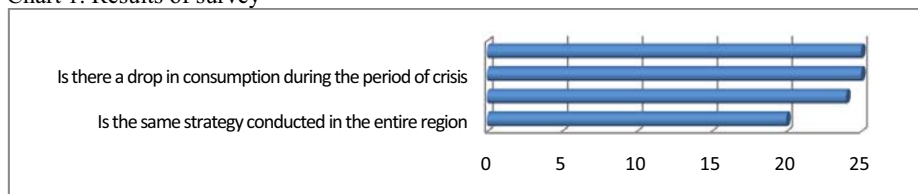
The greatest increase in the number of arrivals in 2011.							
	City	Arrivals	Increase (%)		City	Arrivals	Increase (%)
1.	Split	252 287	24.0		Rijeka	260 489	21.7

Source: Central Bureau for Statistics

From the previously mentioned it can be assumed that the development cultural tourism in Croatian cities is becoming a key strategy of development for the entire regions. Therefore, the key hypothesis of this paper that Croatian tourism should focus on the developing centers (cities) and their cultural tourism, which becomes the main motivator of arrivals at the destination and the driver of tourism development within the whole region. The study was conducted at 25 tourist associations of towns in Croatia, with a focus on cities by the sea which are 50% of the total sample. The aim is to point out that the responsible management of destinations within the recessionary economic environment conditio sine qua non for the competitiveness of tourist destinations and potentially open the "blue ocean" to Croatian tourism that would also solve the key problem of Croatian tourism - too pronounced seasonality.

Survey results indicate a strong and fairly uniform strategy of tourist associations of towns along the coast, indicating the quality of the strategy set by the Croatian Ministry of Tourism, which is in the period of crisis a resounding success. In the first part of the telephone survey was analyzed whether the crisis has had a significant impact on the development of tourism in the analyzed destinations. The results are shown in the following chart.

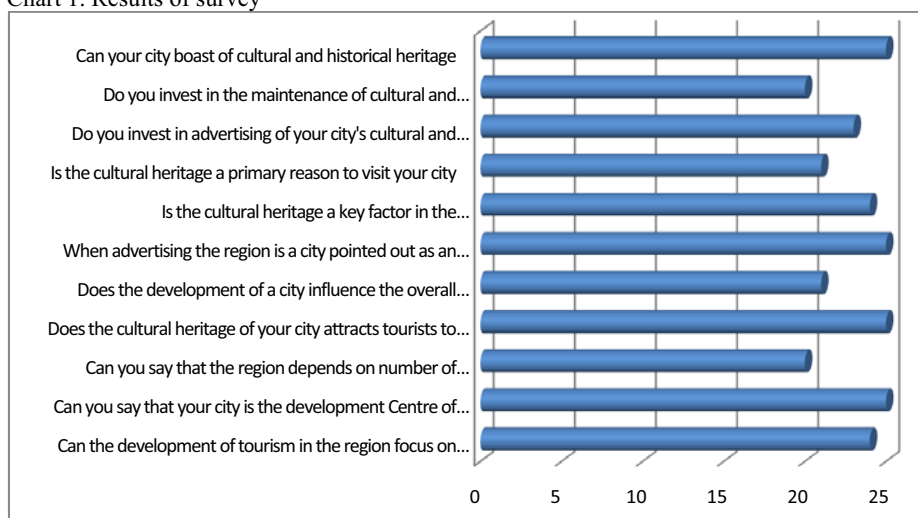
Chart 1. Results of survey



Source: authors work

Based on previous indicators is a continuation of the analysis conducted on the impact of the development strategy of a city as a destination for the development of the whole region. The following results were obtained.

Chart 1. Results of survey



Source: authors work

On the basis of this research can be concluded that during the period of crisis a more aggressive approach to customers is mostly used as a strategy through focused and more frequent marketing, in which the benefits of its products or services are more clearly shown. Implementation of this strategy is extended to multiple levels, from the Ministry, tourist offices to the tourist workers. The city, its sights and its cultural heritage is becoming a key competitive factor of the entire region. Attracting a large number of visitors, the city as a regional center opens their surrounding area an opportunity to realize a large number of overnight stays. Smaller places continue to focus their development placed on the service sector, which emphasize the natural beauty (the sun and the sea) and with that they offer peace and relaxation, while cities place the focus on cultural heritage. Thus each of the segments of the region carry out their different development strategies, which are interwoven and make a successful regional strategy.

The key to good performance lies primarily in the successful strategy and a joint collaboration of public and private sectors, urban areas and its surroundings, in due time passed and

implemented measures and targeted application of agreed measures. The national strategy of tourism the development of tourism is basing on conservation of highly diverse natural and cultural wealth, the principles of sustainable development in the planning of tourist services, the appropriate market positioning and promotion, joint action of all individuals and expert institutions that are directly and indirectly involved in tourism. The next step which Ministry of Tourism is undertaking is creation of a strategy of Croatian tourism. The purpose of the Strategy is to define guidelines for the further development of Croatian tourism and match them with the temporal, spatial and content potentials of the country, while respecting the concept of sustainable development and conservation of natural resources that make Croatian tourism competitive.

4. Conclusion

The development of modern tourism in the last decade has proved an extremely wide range of activities through the expansion of demand and supply following the needs to satisfy tourists and making the appropriate economic impacts (Geić, 2011:303). In this way it has expanded its activities in many other sectors, and the resulting number of selective forms of tourism, including worldwide highly actual cultural tourism. Cultural tourism is applied to trips that include visits to cultural resources regardless of the initial motives. In a situation where a tourist is becoming financially vulnerable, and therefore expected return for his money. Tourism emerges from a period when the customer was offered a clean sea and sun, passing from a period when the city was dependent on their surrounding area in to a period where regions live of the cultural and historical heritage of cities. Cities affect the development of city region and the wider area including the state itself, particularly in terms of tourism.

The year ahead is uncertain, it will be a year in which the customer will look for value for money in which camps / marinas / private accommodation will continue to remain the backbone of tourism. Could under these terms strategies of Croatian cultural tourism show as a blue ocean strategy...

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