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THEMATIC CLUSTERS IN TOURISM

TEMATSKI KLASITERI U TURIZMU

ABSTRACT

Growth and development of entrepreneurship (especially the small one) in general requires a constant search for an organisational model that will provide survival of entrepreneurs on the market, satisfying at the same time the strategic goal through increase in added value per product unit, i.e. profitability, increase in export-oriented production and, accordingly, stability and increase in employment.

Entrepreneurial clusters comprising economic operators within the same field of activity or several comparative activities have the need to adjust to a global market. Therefore they design and set up an organisational structure that provides them with possibilities for development, market and marketing activities in one region (district) or in several closely related regions.

This concept provides fast development of economic operators by applying modern working methods, and under modern management they draw the maximum from the market environment, whereas economy of a region or a district gains competitive advantages in relation to others. Causes of competitiveness such as cost reduction, added value and new market opportunities can encourage innovation in order to raise the quality and expertise of economic operators. Cluster-based economic development is a model of development of economic operators, particularly the small and medium sized ones, as they initiate development at both the local and regional level through networking. Clusters are drivers of growth and innovation and they ensure competitiveness on a global market. Results show that this development model has provided opportunities for significant success of regions and countries, and it has resulted from synergy of knowledge and technical and technological capacities of associated economic operators. These prerequisites make it possible for operators in the tourism sector to increase their participation in common markets by working together. Therefore this paper will focus on analysis of thematic clusters referring to market segmentation. In the field of tourism this may include cultural heritage, some special interests, health tourism, wine tourism, etc. Such a model initiates development of a tourist destination in a flexible way, thus stimulating economic development at both the local and regional level.

Key words: *thematic clusters, tourism, region, competitiveness, tourist destination*

SAŽETAK

Općenito, rast i razvoj poduzetništva (posebno malog) zahtijeva stalno traganje za organizacijskim modelom koji osigurava opstanak poduzetnika na tržištu, a ujedno zadovoljava strateški cilj kroz povećanje dodane vrijednosti po jedinici proizvoda, odnosno profitabilnosti, povećanje proizvodnje usmjerene na izvoz i u skladu s tim, održanje i povećanje broja zaposlenih.

Poduzetnički klasteri gospodarskih subjekata svrstanih u istu djelatnost ili u više komparativnih djelatnosti imaju potrebu za prilagođivanjem globalnom tržištu te stoga projektiraju i postavljaju takvu organizacijsku strukturu koja im omogućuje razvoj, tržišno-marketingne aktivnosti u jednoj regiji (distriktu) ili u više usko povezanih regija.

Tim se konceptom gospodarski subjekti brzo razvijaju, primjenjuju suvremene metode rada i pod suvremenim menadžmentom crpe maksimum iz tržišnog okružja, a ekonomija regije ili distrikta dobiva konkurentne prednosti u odnosu na druge. Uzroci konkurentnosti, kao što su smanjenje troškova, dodana vrijednost i nove tržišne mogućnosti, mogu poticati inovaciju, radi dizanja kvalitete i osposobljavanja gospodarskih subjekata. Ekonomski razvoj zasnovan na klasteru je model razvoja gospodarskih subjekata, osobito malih i srednjih, budući da umrežavanjem oni pokreću razvoj na lokalnoj i regionalnoj razini. Klasteri se definiraju kao motori rasta i inovativnosti koji osiguravaju konkurentnost na globalnom tržištu. Rezultati pokazuju da je takav razvojni model omogućio važan gospodarski uspjeh regija i država, a on je rezultat sinergijske upotrebe znanja, i tehničko-tehnoloških kapaciteta povezanih gospodarskih subjekata. Upravo na tim temeljima operateri u turizmu mogu povećati učešće na zajedničkim tržištima ako rade zajedno. Stoga ćemo u ovom radu analizirati tematske klastere koji se odnose na segmentaciju tržišta a to u području turizma mogu biti kulturno nasljeđe, neki posebni interesi, zdravstveni turizam, vinski turizam itd. Takav model na fleksibilan način pokreće razvoj turističke destinacije i na tim osnovama potiče ekonomski razvoj na lokalnoj i regionalnoj razini.

Ključne riječi: *tematski klasteri, turizam, regija, konkurentnost, turistička destinacija*

1. Introductory Considerations

Growth and development of economic operators in general requires a constant search for an organisational model that will provide survival on the market, satisfying at the same time the strategic goal through increase in added value per product unit, i.e. profitability, increase in export-oriented production and, accordingly, stability and increase in employment. Causes of competitiveness such as cost reduction, added value and new market opportunities can encourage innovation in order to raise the quality and expertise of economic operators. Innovation process itself establishes additional connection with the market and broader environment and it combines different activities such as designing, scientific research, market research, development of technological process, organisational restructuring and professional training of employees. Economic operators mutually cooperate and associate in order to reduce the inevitable and to maintain stability, very often within a single spatial environment. Cluster imposes itself as a model of development of economic operators, particularly small and medium sized ones, as they initiate development at the local and regional level through networking. Geographical concentration of rivals, buyers and suppliers in the region shall improve innovation and competition in the cluster, which implies complexity of the process. This results in the necessity of harmonised cooperation of all potential participants in the development of a cluster, including the government, potential economic operators as

candidates for a cluster, various consulting teams and financial institutions, and other economic operators.

Globalisation has increased the pressure on particular locations or regions to become more competitive at the global level and more attractive as locations where business can be done successfully. Certain economic operators strive towards developing a cluster on a particular location. This means that, if reasons can be found for economic operators to pool into clusters, and if adequate policy can be established that is based on reasons that make a particular location attractive for development of a particular cluster, the way has been found for a particular region to benefit from globalisation. Cluster development is therefore a regional response to competition pressure that is generated by globalisation. Economic operators that are able to step out of the national framework have the chance to prove their competitiveness by competing on the global market. These become key strategic goals of business operations of economic operators. Competitive advantage therefore is the way of establishing linkages among related fields of activity, both at the level of economic operators and the regional level. Innovation process is, therefore, not complete without connections being made at the level of skills, functions, technologies, commercial production, markets and other organisations (Mitra, 1999, pp. 228-237). This means that clusters in economy refer to networked organisations with comparative activities. For this reason implementation of the model deserves special attention as the above reminds that the model and development of a cluster require synergy, that is, cooperation of all participants in the region.

New development concept should be therefore placed in the network field of new forms determining specific qualities in both narrow and broad area, i.e. region. Such forms of business are oriented toward building and implementation of decentralized, adaptable and innovative organization. Cluster-based economic development is a model of development of economic operators, particularly the small and medium sized ones, as they initiate development at both the local and regional level through networking. Clusters are drivers of growth and innovation and they ensure competitiveness on a global market. Results show that this development model has provided opportunities for significant success of regions and countries, and it has resulted from synergy of knowledge and technical and technological capacities of associated economic operators. These prerequisites make it possible for operators in the tourism sector to increase their participation in common markets by working together. Therefore this paper will focus on analysis of thematic clusters referring to market segmentation, and in the field of tourism this field may include cultural heritage, some special interests, health tourism, wine tourism, etc. This model initiates development of a tourist destination in a flexible way, thus stimulating economic development at both the local and regional level.

2. Cluster development tendency

As the Republic of Croatia is part of the global market, significance and the role of clusters as new global models of development of economic operators are surely important for Croatian economy.

Cluster development model is important because of: organic growth of economic operators which is insufficient to achieve demanding growth rates; in cooperation with other operators it greatly increases the speed of entering a market; complexity of business that is growing on daily basis and none of the small and medium sized operators possesses all of the required experience and expertise; possibilities of reducing costs of research and development; facilitating access to a global market; increased innovation rate.

In the new millennium (we are now at the beginning of it) competitive fight on the market will take place among clusters of economic operators, consumers, suppliers and other private

and public participants rather than among individual economic operators (Carrie, 1999, pp. 45-50).

Improved competitiveness of intellectual capital with particular focus on networking of managers and entrepreneurs and encouraging partnerships of economic operators, universities, institutes and local government is surely a winning combination in today's market conditions (Horvat, 2003, p. 228).

One of the goals of doing business through the cluster model is to establish linkages between technologies, processing industries and economies of two regions or several regions from several countries within the scope of their core activities, thus enabling economic operators and regions to develop by using communications, technologies and investments from other regions. This imposes the necessity of considering opportunities and limitations of cluster development in the Republic of Croatia in order to establish a new concept of development of the economy sector. Results will be used to fortify cluster development, which has to provide a chain of created added value with assistance of all actors pooling into a cluster organization. Namely, the chain of added value is the process comprising several critical positions that are important for innovation, thus creating added value.

Technical and technological advancement and strong process of internationalization of entire business worldwide have lead marketing practice to affirm various types and forms of establishing linkages between partners. Economic operators now understand that they are not able to participate in the global market on their own. Their approach so far has been based on independent development, affiliation and entering into joint ventures, whereas today's approach puts mutual cooperation and linkages in focus in order to maintain business stability. In the last ten years clusters have increasingly turned to innovation and development programmes.

Contemporary economic analyses have come to a conclusion that national economies need to have a competitive industrial base to be able to make progress in future, which turns clusters into catalysts of required industrial development of regions and countries.

Other factors supporting the importance of cluster development are associated with the dominant character of expanding globalization of the world economy that leads toward uniqueness of products, services, labour, capital, and even prices. Specialization of a region resulting from globalization implies specific qualities in economic organization. These specific qualities arise from own capabilities to produce something and to support industries that are globally competitive, resulting in the importance of cluster development, which puts regions in the centre of development, innovation and changes.

This means that cluster model and cluster development as a form of business association can enhance competitiveness among them as well as in the region. Successful functioning of a cluster requires development of entrepreneurship, that is, innovation, information and other structures.

Experience with the model of cluster development in some EU countries has shown that competitive advantages and internationalization can be achieved by means of clusters. Competitive advantage can be achieved from various sources, including technology, differences in supply or product differentiation. Economic operators need to concentrate on these activities and their ability to gain competitive advantage, thus creating a value that exceeds the value created by their competitors (Meler, Ružić, Horvat, 2002, p. 56). It is important to know that sustainability can be viewed as the key prerequisite for countries attempting to develop their economy.

According to Porter (Porter, 1998), clusters affect competition in three ways: (1) by increasing the productivity of companies based in the area; (2) by driving the direction and pace of innovation; (3) by stimulating formation of new businesses within the cluster. Advantages arising from concentration of companies within a particular area explain why international

efforts are directed at industrial and regional development of competitive advantages. Importance of tourism in Croatia is undoubtedly justified, particularly in relation to the current global trends in this field. This can be explained by the fact that tourism is not organised, i.e. structured in the way it has been done in the countries that are far more developed in this regard. One of the ways of structuring tourism is surely the clustering process, that is, the process of encouraging and developing clusters. The paper is therefore focused on determining the possible structure of Croatian tourism based on the clustering process, which also presents a proactive approach to the problem of association among operators of any size in order to create a good supply of tourist products. The key research hypothesis in this paper is that Croatian tourism should be restructured by developing thematic clusters as a development model for destinations of selective tourism in order to accelerate development of Croatian tourism. The modality of structuring thematic clusters in tourism is determined here that will join all spatially concentrated and mutually related operators, starting from family farms, sole proprietors, to small economic operators, whose products participate in the formation of tourist products in a particular spatial environment. Based on the analysis of several tourism clusters, Porter often gives the example of the “Californian wine cluster”, which includes elements of tourism and food production, claiming that numerous linkages among cluster members result in value that is greater than the sum of its parts. In a typical tourism cluster, for example, the quality of visitor’s experience does not solely depend on the likeability of what primarily attracts the visitor, but also on the quality and efficiency of additional participants in the business such as hotels, restaurants, shops and means of transport. As cluster members are mutually dependant, a good result achieved by one member can increase success of all other members (Porter, M. 1998, 178-179). The model provides possibility for creating new value on the same market, which was confirmed by other wine clusters, because together they ensured competitiveness through a project in a very short time period, both on the domestic and new markets.

3. Thematic Clusters in Tourism

Contemporary trends in tourism demand, competition struggle, and technological innovation as well as other factors present in the environment dictate the need for innovation and finding of a more efficient way of management in tourism, i.e. tourist destinations. This means that there is a need to find solutions how to overcome strategic imperfections of the traditional management. Tourism cannot include only a single activity; it has to include “aggregation of activities, whose main objective should be to supply products/services of operators in a particular field of activity that will satisfy consumers’ needs when consumers temporarily dwell outside of their environment, while at the same time also satisfying the needs of operators by making profit or achieving particular social objectives. (Meler, M.: Marketing, Faculty of Economics in Osijek, Osijek, 2002, p. 427). By observing the potential and foundations on which Croatian tourism has been developing and in addition to favourable geological and traffic position as regards main European emitting markets, it can be said that highest importance in attracting foreign tourist demand can be attributed to favourable natural factors, preserved nature and rich historical heritage, which is confirmed by relevant research on motivation and satisfaction of tourists with elements of the Croatian tourist offer (Čorak, Marušić, 1987–2008). Pronounced segmentation of the tourism market continuously encourages diversification and innovation of tourist products, thus opening new opportunities for tourism development. Many researches and forecasts predict that, in addition to “sun, sea and sand”, which continues to be globally dominant tourist product, fast development will take place of a whole range of products, particularly in the field of vacation, business, health, sport, adventure, nautical and cultural tourism and special interest tourism. Authors of the

new Strategy of Croatian tourism state that, in spite of occasional and sporadic oscillations, world tourism is marked by a high level of stability. Tourism is continuously growing, and highly developed countries of Western Europe and USA are the leading emitting markets; Europe and, particularly, the Mediterranean area are top world destinations; the “sea, sun and sand vacation” is still dominant as the leading tourist product. Considering the geographical position of Croatia as well as the development level of its “sun, sea and sand” product, the trends that are also predicted for the future period are in favour of further development and growth of Croatian tourism. On the other hand, global tourism market is going through significant changes. There is a change in tourism flow where large markets of China, Russia and India are becoming large globally relevant emitting markets; new “sun, sea and sand” destinations in developing countries are entering the market at fast pace, intensifying and changing the character of global competition; Europe and the Mediterranean area continue to lose their market share. Influenced by many different and mutually related trends in political, economic, social and legal environment as well as in spheres of environment and technology, further significant changes are taking place in terms of buyers, products and management, and they are changing the very core of the tourism industry. These changes open great new opportunities for further development and growth of Croatian tourism. Within further improvements of competitive abilities of Croatia on the tourism market, particularly relevant opportunities arising from global market trends include:

- **Opening of new markets**, including penetration of both new markets in geographical terms and attracting new market segments of buyers of different demographic and psychographic profiles. Growth of new emitting markets, pronounced market segmentation, i.e. growth of a range of specific segments of buyers based on lifestyles, interests and hobbies, and further development of information technologies providing constant, global, single and precisely targeted communication with potential buyers as well as development of transport technologies; they all contribute to considerable opportunities offered by expanding target markets.

- **Product development**, including improvement of the existing and creation of new products. This continuous process relies primarily on adjusting tourist products to the needs and expectations of a “new tourist” who is active, informed, choosy and criticising, who wants to be a participant and strives toward his own improvement, and who is, above all, buyer of life experience, adventures and stories; and further it relies on adjusting the offer to the needs of different target segments of guests. Ultimately, this results in significant opportunities for creation of a product portfolio that is rich in content, diversified and of improved quality.

- **Taking environmentally responsible position**, including proactive attitude to preservation of space, biodiversity, natural and social resources. Implementation of “green” concepts at all organizational and business levels opens up opportunities for a truly sustainable tourism development and corresponding market positioning.

- **Development of new communication and sales skills** that, based on constant growth of opportunities and the penetration level of new information technologies, provide better efficiency in reaching not only the existing buyers, but also new target segments of buyers.

- **Development of new and innovation of the existing business and management models**, which can contribute to more efficient management in both private and public sector, particularly in tourist destination management, while respecting given conditions of globalized economy, the necessity of networking and application of strategic planning process. Further growth and development of Croatian tourism and further improvement of competitive position of Croatia will greatly depend on the readiness to accept changes and the ability to use opportunities. (Master Plan and Strategy of Tourism Development, Report 2, p.45, www.mint.hr, 12.04.2012). The above stated facts require an organizational form that will be established to connect functional and spatial dimension and dimension dealing with

cluster development into a development strategy, “and has a shape of policy programme that improves clusters, and in this context another category can be mentioned, thematic clusters, that are referring to market segmentation”. (Hrabovski-Tomić, 2008, p.54). In the field of tourism this includes a whole range of products, particularly in the field of vacation, business, health, sport, adventure, nautical and cultural tourism and special interest tourism, which have been previously listed in a more detailed manner. The characteristics of the thematic clusters are that they are primarily functional and that they depend on cooperation of all stakeholders in the value chain in the process of developing a package, and they work in synergy so as to ensure experience for given market segments, that is, market niches, in terms of specific forms of tourism. (according to, idem. p.55)

4. Strategy of destination development in selective tourism by means of the cluster model

To summarize, by performing joint activities for its members, clusters should contribute to reduced costs of purchasing, more active and cheaper participation on the market and significant raise of the quality of tourist product.

Possible criteria for accepting members in a cluster are (Anić et al., 2005): the primary field of activity, willingness to enter the cluster and accept mutual harmonisation of business operations within the cluster, economic strength, cooperation of members within the cluster (input-output connections among members), ownership (private, state, combined), the size of an entrepreneur (micro, small, medium and large), location (local or regional presence).

When entering a cluster, potential members should know that membership is based on voluntary principle and mutual trust among members, their dynamicity and openness, mutual cooperation inward and competition outward, and joint result (product/service) that also brings joint benefit.

All of the above refers to industrial clusters, but it can be also entirely applied to clusters in tourism. However, how to start development of thematic clusters, that is, when to start the clustering process? The clustering process should start by defining the objective and the purpose of clustering and determining the “specific weight” of potential members of a cluster in special forms of tourism. To this purpose SWOT analysis should be primarily used, followed by definition of objectives and finally sending of invitations to potential members to become part of a cluster. Becoming a member of a cluster, i.e. creation of the so-called cluster population should be based on openness of the cluster on one hand, but also on the potential of future members in relation to the set objective of the cluster on the other hand. In this regard first the so-called core group of a cluster should be established, comprising future members with the greatest potential, who will also establish the “rules of the game” in future thematic clusters in tourism. The starting point for functioning of thematic clusters in tourism relies on determining specific and measurable joint objectives that are formalized through cluster status, and they are used as a basis for determining the specific strategy for achieving particular objectives and action plan for its implementation.

Business plan should be the most important written document which should in the first place offer description of a business idea and a business concept of the thematic cluster, a detailed financial plan of cluster functioning (particularly in terms of covering the necessary needs for capital and ensuring liquidity), and a description of promotion of products/services of the cluster in tourism. In addition, informatization of interaction relationships among particular operators in tourism pooled into a cluster on the supply side would create a more powerful networked structure, which would then be able to justify its existence as part of realization of general and specific business objectives of cluster members, particularly in terms of their (joint) competitive advantages. In the process of organizational structuring of thematic

clusters in tourism, legal status of cluster should be also taken into account as well as its structure and practical organization of business. The latter is of great importance as this determines the course of work processes and overall business operations of the cluster. Development of thematic clusters in tourism therefore provides identification of potential members and, ultimately, development of the cluster in broadest sense. It will combine all operators that are spatially concentrated and mutually related, including micro, small and large operators, from sole proprietors to small and medium sized enterprises, whose products equally participate in generation of tourist products in tourism. Naturally, focus will be on operators with high regional and gravitational concentrations. In other words, it will be possible to form as many thematic clusters in tourism in the Republic of Croatia as can be identified in form of the above mentioned high concentration zones.

It should be mentioned, for example, that development of clusters in Italy has been always preceded by private initiative, supported by the public sector in development of economy. Principally, the bottom-up approach should be applied here, that is, from the local level, to encourage local and regional economic development of entrepreneurial environment, which could also be the case in Croatia. Local development initiatives should be supported with special incentive measures both from national and local/regional level. Actually, this is a combination of the “bottom-up” principle and elements of the “top-down” principle.

Mapping should be applied to establish concentrations of operators in tourism by regions/sub-regions and an attempt should be made to make meaningful groups (according to the number of operators/employees and similar indicators). Relationships among operators in tourism and all other complementarily interested operators refer primarily to their transactional (exchange) relationships, possible networking and information linkages and all other types of business relationships, having in mind the existing and potential horizontal and vertical infrastructural linkages. Identification of the existing and potential thematic clusters should result in precise naming of individual clusters in terms of space by determining the zones of their centripetal activity. Development of thematic clusters should therefore take place through the following phases and steps:

Phase I:

1. Defining foundations to understand the necessity of cluster development. Determining potential model of cluster development considering material and spatial bordering, i.e. selection of the most adequate model.

Phase III:

2. Deep screening of tourism resources in terms of quantity and quality.
3. Mapping – determining the spatial concentration of operators in rural tourism at the national level, i.e. by regions/sub-regions.
4. Determining mutual real and potential linkages between horizontally and vertically complementary related and interested operators (transactional relationships, networking, information and all other types of infrastructural and business linkages).
5. Determining potential thematic clusters (determining the cluster portfolio), as well as locations of embryos (cores) for their further evolutionary development based on objectively determined criteria.
6. Development of possible scenarios of development and organization in management, business, information, infrastructural and any other sense in relation to determined thematic clusters.

Thematic clusters can be managed by a specialized management agency run by a cluster manager. It should be pointed out that as sources of financing, particularly at the beginning of the clustering process, one should most seriously consider including incentives from the Ministry of Economy, Labour and Entrepreneurship, then institutions of local and regional self-government, and, if possible, funds available within projects funded from pre-accession

funds of the EU. Regardless of the sources of financing, funds should be directed at building and functioning of a cluster as well as cluster members, particularly family farms.

5. Conclusion and implications

Cluster model is a new global development model for the entire economy and it is increasingly important for dynamic development and growth of the entire national economy. In regional development Croatian economy gives the priority to openness of the region, and it ensures development of creativity and innovation potential of economic operators by becoming a part of the global market economy of the European Union. As a conclusion, it can be said that the model of developing thematic clusters in tourism should be given special attention because economy is the most vital segment of almost any national economy, and the necessity of its operationalization in tourism, and by this also in special forms of selective tourism, is unquestionable. This has been proved by comparing it to functioning of clusters in other industries, but also to functioning of thematic tourism clusters in other European countries, for example, thematic clusters in wine tourism, health tourism, etc.

Having in mind that it takes three to five years for a cluster to achieve full independence in operation, a whole set of measures are required – short-, medium- and long-term measures to initiate development of this model in Croatia, both at the national and regional level. The first step would be to establish a task force for development of thematic clusters in tourism, which should then initiate and implement an array of activities with cluster development as the ultimate goal, such as starting the process of cluster-related organizational learning, analyzing potential areas for cluster development, development of a cluster pilot project, and, finally, systematic development of clusters.

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