



Destination Branding-The Unique Destination Proposition Creation: Mediterranean as it should be

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Abstract

Destination branding is more than an image-building campaign: it requires a long term commitment and it has to synergize with different influential stakeholders both in the creation process as well as in brand implementation. The latest literature argues that the truly powerful destination brands are linked with internal stakeholders having a clear idea what their destination represents and how it differs from other destinations. Some argue that a country can never be branded in traditional corporate sense, but one can work on destination reputation management and advertise its resources, specifics and unique propositions. A strong brand provides added value and brings a powerful identity benefit, it drives consumers' behavior and influences their perception of reality, at the same time creating trust and possible relationships with the brands' origin and finally increasing positive expectations that result in positive economic impact. For a long time Croatian tourism offer has been a somewhat basic and superficial exploration of natural resources and concept of "sea, sun, sand" known also as the "3s" or the "Sea&Sun" concept. Also, Croatian offer neglected the potential of Croatian specific and authentic products and services (e.g. food and drinks). In other words, for a long time there has been no long term institutional and national consensus on destination branding strategy and unique direction Croatia should follow in order to position itself on the market. Some things have changed for the better during the last few years, but even more has to be done.

The aim of the paper is to explore Croatia beyond its Mediterranean destination image, and as a modern destination brand with significant tourism potential, as well as to point out and strategize already existing positive associations which should be the foundation to build upon in order to boost attractiveness and subsequently investments to the country. The research objective is to analyze Croatian tourism situation and its prospects and suggest ways in which Croatia can adopt strategic integrated marketing communication in order to manage its reputation and unique proposition thus moving from the present 'Mediterranean as it once was' concept and upgrading its offer into 'Mediterranean as it should be' focusing on its future potential. Additionally, paper argues that Croatia and its destination branding strategy need to 'catch the train' of demographic change and lifestyles of modern consumers.

Keywords

Mediterranean; Destination; Branding; Unique; Proposition; Authenticable; Country of origin; Production; Natural

Introduction

The increasing competition in the global tourism market forces destinations to develop adequate positioning strategies and an effective marketing plan that will clearly differentiate them from competitors in the marketplace [1]. Therefore, many authors suggest that tourism destination branding represents the most obvious means by which destinations can distinguish themselves from the mass of commodity destinations around the world [2] and thus a powerful marketing tool to tackle increasing competition, product similarity and substitutability on the tourism market [3].

To achieve successful destination branding, destination marketers are increasingly focusing on the tourist experience and creating marketing messages based on these experiences that will appeal to the emotions of potential travelers [4]. In order to be chosen as a preferred one and to transmit a favorable image to potential tourists and to create a competitive position, destination management organizations (DMOs) today are confronted with growing requirements for information about tourist behavior, needs and desires. Travel and tourism research has in the past more than three decades demonstrated that a destination branding among tourists is a valuable and irreplaceable concept in understanding the destination selection process.

This paper deals with the past and present Croatian destination branding issues and practices, which are compared with an example of successful destination branding practices, Spain. Paper also highlights intentions of Croatian Ministry of Tourism to improve downturns of acquired practices. Empirical study resulted in a research conducted among students of two Croatian Universities, and it reflects their opinions on how Croatia has established itself in respect to their efforts about destination branding and furthermore suggests possibilities for improvement. The student segment of the travel industry was chosen because not only is it vast but also economically important, as it represents a significant portion of present, but more importantly future travelers that like to travel and have time and means to pursue it, with expectations their disposable income will grow with time to come.

Branding the Destination-Core Concepts

The literature offers various definitions of the term "brand", the key being the understanding of what one wishes to achieve with a particular product, service, organization, person, event and/or destination. The American Marketing Association defines a brand as a name, term, design, symbol or any other feature that identifies one seller's goods or service as distinct from those of another [5].

The United Kingdom Chartered Institute of Marketing goes beyond this and links the product or service with the reaction it inspires in consumers: "The set of physical attributes of a product or service, together with the beliefs and expectations surrounding it – a unique combination which the name or logo of the product or service should evoke in the mind of the audience". Brand differentiates products and represents a promise of value [6]. Brands provide social and emotional value to users; they have personality and in the end can enhance the perceived utility and desirability. Brands are defined with equity for both customers and investors [7] which are translated

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into customer preference, loyalty, performance, social image, value, trustworthiness and identification [8].

Destination brand can behave just like a corporate brand, providing an umbrella of trust, a guarantee of quality and give room for sub brands on the market [9]. The idea that countries behave like brands is not so unfamiliar to most marketers and politicians [7]. In order to brand tourism destinations it is necessary to select a consistent element mix to identify and distinguish a destination through positive image building that influences consumers' decisions [10].

Branding a country can lead to better image. Country's brand image can shape its economic (higher exports, inward investments, tourism), cultural and political aspects and finally its future. The ultimate goal of any destination is to ensure that visitor experiences and interactions with visited country are positive ones and that it produces desires and actual repeated visits to that same destination which leads to more brand equity. Experiences pointed earlier should involve interaction with communication means (brochures, digital communication, social networks, campaigns, public and media relations), interaction with cultural, social and natural aspects of the country [11]. Thus, brand positioning, brand proposition and brand management where destination is the brand, becomes critical in attracting global capital. Specialized creative and research agencies, under supervision and guidance of DMOs can help destinations develop their brand by providing independent, experienced analysis, which is essential to underpin a sustainable destination brand. But branding itself is, and should be the national consensus of those leading the country, and subsequently all involved in the process [5].

Elements of destination branding

Choice of vacation destination has become a significant lifestyle indicator for a customer and because of this a place where they decide to spend few days off has to be emotionally appealing, which indicates that the battle over a customer will be fought not over price but over hearts and minds (Morgan and Pritchard, 2010). A destination brand represents a dynamic interaction between the destination's core assets (its landscape, people, culture and history) and the way in which potential visitors perceive them [12].

For the purpose of this article, authors tried to summarize literature into three branding aspects. The first relates to the definition and development of brand identity, which is also the first stage of destination branding process. Branding activities primarily have an internal focus on clarifying the desired image in the market: umbrella strategies and studies regarding brand decision making by main actors and involvement of host community [5]. The second stage in destination branding is segmenting and positioning the brand in the market to achieve the desired brand identity. These activities are therefore of the highest profile in terms of representing brands' public image. It is the promise a destination gives about itself and its core assets. The third aspect relates to measuring the performance of the brand. Brand equity is both a measure of brands success in achieving the desired brand identity, as well a predictor of its future performance. In other words, it is the involvement of industry actors, stimulation of repeated purchase and loyalty, effectiveness of slogans, logos and creative ideas around the brand strategy [13].

Holistic approach on destination branding and its key components

Destination brand is the fundamental building block from which

all marketing communications and behavior should flow. To create a fair, rounded and attractive picture of a destination in people's minds, a balance must be maintained between the different images [14]. This is what is witnessed through tourism/destination branding campaigns – slogans, symbols and messages communicated. To be truly effective, there must be harmony between both the visitors and the resident's perceptions of what the destination brand is, what its key assets are and the way in which it is presented through integrated marketing communications. The main aim is to create a competitive identity, which enables the destination to stand out above its competitors. Competitive identity can rise from potential competitive advantages one country possess, whether that is a beautiful landscape, clear sea, islands, people, sports, culture, exports, great gastronomy and so on, with the important task being to leverage these [15].

Marketing communications are concerned with selecting an optimal push and pull strategies, comprehensive mix of media and other channels (like direct response advertising, trade promotions, digital marketing and event management and sponsorship) to support marketing programs and enhance brand identity through spreading activation. Depending on destination's image, messages of tourist boards or national campaigns will be more or less believable, and in the long run, destinations with more positive image will need to work less, and subsequently spend less on promotion. But the destination's work on itself never stops, as nor do the tourism trends and tourist preferences that are constantly changing. Meaning destination's complacency is the first step in the sure to follow downwards spiral.

Destination branding alone cannot change a nation's image. There are many other factors – other sectors, sources of information and people – that contribute to the way in which a nation is perceived. Destination branding can, however, play a major part, as tourism is often the 'loudest' of all the voices that talk about the country externally [5]. No single national stakeholder has control over all of the factors that affect a country's reputation. Partnership between stakeholders in all private and public sectors – business, civil society, exports, cultural organizations, central and local government is therefore essential. They all need to convey destinations unanimous positive image and have to do so consistently and comprehensively. A country inherits most of its strongest assets (e.g. people, history, culture, landscape). One of the biggest challenges in destination branding therefore lies in the ability to include different influential stakeholders both in the creation process as well as in brand implementation [5]. The latest literature argues that the truly powerful destination brands are linked with internal stakeholders having a clear idea what their destination represents and how it differs from other destinations [16]. Country branding involves numerous internal stakeholder groups, from country managers and marketers employed at governmental level to the locals, who live the brand. Naturally, when building a brand, internal stakeholders must also keep in mind the perceptions of external stakeholders [17].

Effective destination branding: Spain and Croatia examples

One of the most successful destination power brands is Spain. Once destination with an image for poor-quality services and facilities, in the early 1980s the Spain government began what was to become the most consistent and successful story of tourism destination branding still going on today [18]. Tourism and its related activities is a huge contributor to the Spanish economy. In 2014 Spain was the third most visited country in the world (after France and USA) with almost sixty one million visits [19].

While the national España is the main brand, its sub brands are all cities and regions, e.g. Andalucía, Galicia, Barcelona, Madrid, Valencia and so on [20]. At the national level Spain is constantly present in its advertising and its campaigns. At the heart of the brand for over 30 year has been Joan Miró's logo, designed in 1983. As a piece of modern art, this logo both symbolizes Spain's past and looks to the future, and incorporates representations of sun, stars and the bullring to portray Spain. The shifts in the campaign from 'Everything under the sun' (1984) to 'Passion for life' (1992-95), 'Bravo Spain' (1997), 'Spain marks' (2001-2005), 'Smile, you are in Spain' (2005-2010) to the latest 'I need Spain' have been gradual and well thought through, in order not to compromise brand value [18].

Early campaigns placed more attention on portraying diversity and variety of the country; focusing on heritage and culture, food and drinks, sea and sand. Last campaigns, from 1997 on, tried to disassociate themselves from sun and beach image "selling" not only destinations but emotions these were trying to convey. The success story of Spain shows that destinations can become brands that are timeless. It is not however easy to come to that level. In the case of Spain, this meant creating a public-private partnership to reposition the country on a global stage [21].

Croatia is somewhere in the middle of trying to reach Spain's level of desired positioning. In pre-1991 Yugoslavia, Croatia was the essential ingredient of country's tourism product. In the early days of Croatian destination promotion, that fact was a ground on which communication was based. National tourism marketing policy and destination re-positioning was initially set in three directions: differentiating clearly the country from its neighbors; reassuring former markets that quality and the value have been restored; and knowing that Tourism is Croatia's strongest economic attribute [22].

Croatia's attempts of destination branding were complemented by tourism marketing logo from 1990s: a half circle of multicolored balls radiating from half orange to half-red sun like ball, with word Croatia bellow, symbolizing conjunction of sun and sea, while the new slogan was 'Croatia: Small country for a great holiday', which was used till 2001. From then on, Croatia tried to reestablish its brand on international market through different visual codes that appeared on food items, souvenirs, National Sports teams' uniforms, etc. Now, the last days are counted down for the slogan 'Mediterranean as it once was', which is one of two official slogans, lasting for almost fourteen years [23].

Though the literature is not vast to confirm the realm of Croatian destination branding, some findings say that Croatia did not have a clear image because there was not a recognizable economic and marketing identity from which to develop it. This image, despite increasing levels of international arrivals and receipts, is still unclear [24]. This is furthermore backed up with Croatian Tourist Board (HTZ) director Ratomir Ivicic's, presentation at a conference on the national tourism sector when Ivicic [25], in light of surveys showing that its current brand is globally unrecognizable, announced a new tender as a part of strategic marketing plan for the national tourism sector for the period until 2020.

Aside from the rebranding, Croatia's tourism sector also needs new products, with more emphasis also needing to be put on specific destinations rather than the country imagery. Meaning, a more efficient interface between coast and interior/continental has to be established, and especially in segments of cultural tourism, gastro-tourism and ecotourism [26]. Croatia has attracted the attention

of the world and one can argue it has winning cards in its hands, but also that these have to be played well. With the implementation of a comprehensive tourism strategy, stakeholder cooperation and modernized integrated marketing communication Croatia can systematically reinvigorate its destination brand and continue building on its tourism, because its brand is lately losing ground.

This is seen in Country Brand Ranking 2014-2015 report in which Croatia was ranked 12th in Europe (Bloom Consulting, 2014, p. 24), meaning one place lower than a year before, while according to the FutureBrand's Country Brand Index 2014-2015 [27] (CBI) Croatia took 44th place (FutureBrand, 2015, p. 53) [27], three places below the CBI 2012-2013 result, while in CBI's 2006 Report it was named as one of three global tourism rising stars [28]. Potential is there, but it has to be realized and worked on.

Croatian Tourism Strategy-a step in the right direction

'Croatian Tourism Development 2020 Strategy' [29] produced by the Croatian Government has structured its vision of tourism in three categories: What should Croatian tourism be (promotion, all year long, whole nation coverage, diversified, innovative and adjustable to personal preferences), Key prerequisites of development (long-term protection and sustainable development of ecosystems, competitiveness and attractive investment profile, State assets used in tourism development, increase of knowledge and skills in all areas, destination management) and Attracting demand (hospitality, quality and excellence, authenticity, security, variety of content and impressions) [30].

In line with this the strategic goals and assignments set by the '2020 Strategy' are: encouragement of economic growth based on market integration and institutional reforms, higher rate of employment, and promotion of sustainable development. Integrated part of all three is the increase of structure and quality of accommodation; new investments and tourism generated spending growth. Still, the main goal is the increase of Croatian tourism's attractively and competitiveness as well as making the TOP 20 global destinations by 'competitiveness' criteria [30].

In terms of competitiveness the World Economic Forum's The Travel & Tourism Competitiveness Report 2013 (T&TCI) [31] sees Croatia in 35th place overall, meaning down one place in comparison to 2011, but with the same 4.6 score [32]. T&TCI also ranks Croatia 23rd in regional European terms [32], emphasizing that Croatia is well known for its tourism (29th overall in affinity for Travel & Tourism) and that its performance has remained stable over the last several editions.

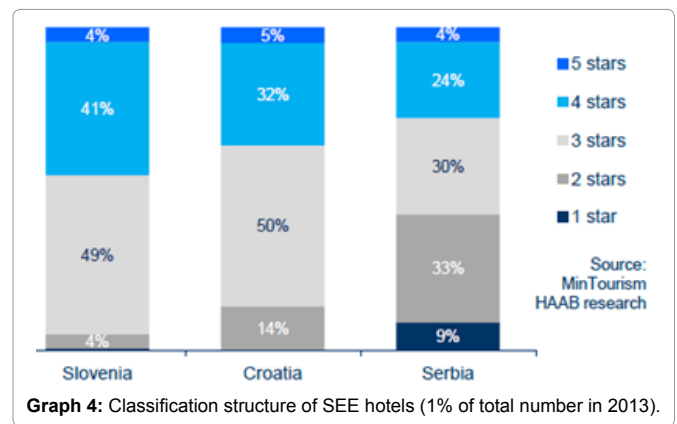
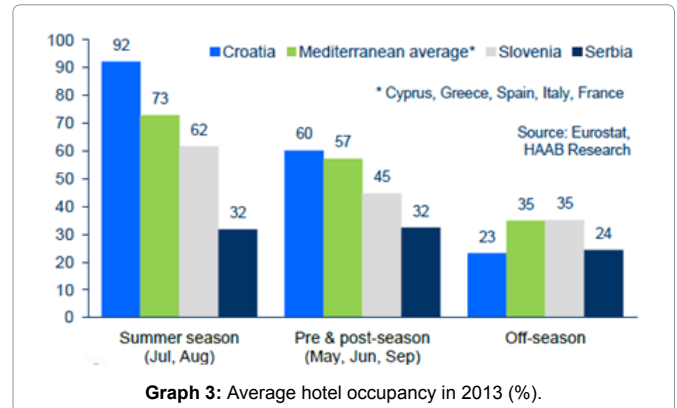
But mentioned is Croatia's high dependency on quality of its natural environment for leisure tourism stressing the importance of sustainable development in this field. In order to improve the sector's competitiveness further, and despite that it ranks 5th overall in category Tourism-specific infrastructure, T&TCI points out that Croatia should upgrade its ground transport infrastructure, particularly its railroads and ports, but also its air travel infrastructure. More efforts should also be devoted to ensuring that Croatia's policy rules and regulations are supportive of developing the sector as it's only ranked 96th in this sub index with improvements required in FDI, property rights protection, and bureaucracy areas [32].

Despite the fact that the T&TCI data are not bad per say, even very good in certain segments, one thing that cannot be neglected is that Croatia in overall ranking is trailing behind its Mediterranean peers

(Spain 4th, France 7th, Portugal 20th, Malta 24th, Italy 26th, Cyprus 29th, Greece 32th), which besides the necessary structural measures also raises a question is the key tourism message „Mediterranean as it once was“, the platform on which a future driven development can be communicated. Business data for 2013 and period January-October 2014 are good, but still the longevity of this platform is under question with also Croatian Tourist Board (HTZ) at the moment analyzing proposals of five creative agencies that were short-listed in an international tender on the ‘Future Croatian Tourism Story’ topic [23].

According to ‘SEE Sector Analysis’ [33] and for the period January to October 2014 physical indicators displayed a moderate result for tourist industry in first half of 2014 for Croatia, Slovenia and Serbia, with 1.9% yoy rise in overall tourist overnights largely driven by Croatian market. A 4.7% yoy rise in Croatia’s total tourist overnights was strongly influenced by 5.0% yoy rise in foreign tourist overnights, whereas domestic tourist nights rose by 3.3% yoy with noticeable higher expenditure of tourists in Croatia (HAAB, 2014, p. 4) with Foreign tourist nights – per market contribution and Contributions to SEE foreign tourism revenue data presented in Graph 1 and Graph 2. According to HAAB analysis Croatian tourism sector was mostly benefiting from tentative stabilization in households’ spending fundamentals in Italy, while negative influences come from the EU-required visa policy for Russian citizens, as was evident from the noticeable 13.2% decline among tourists from Russia [34].

Potential catalysts for future (HAAB, 2014, p. 5) lay in Croatia’s accession to EU that boosted its image in non-traditional outbound markets (e.g. China, UK, US) and enabled access to development funds for upgrade of infrastructure (expansion of airports in Zagreb, Mali Losinj), upgrade of infrastructure, consolidation of accommodation supply via standardization of private bed places and



reduction of their overall share in supply, upgrading existing hotels in terms of overall quality (3 to 4 stars) and new service offerings thus leveraging natural resources by focusing on health (e.g. nursing homes) and wellness (e.g. spa) and sport tourism (hiking, trekking, cycling). Risks (HAAB, 2014, p. 5) on the underhand lay in highly fragmented supply results in low overall quality, inconsistent price ranges, lower revenue and scarce product offerings (hotels are <20% capacities in Croatia, vs. 50%+ in Mediterranean peers), highly uncertain institutional environment, with frequent changes of VAT rates, potential increase of tourist residence tax, unresolved ‘tourism land’ issue, potential real estate tax, shortage of qualified staff (both blue and white collar) and recovery of Mediterranean markets, most notably Greece, alongside rationing of travel budgets. Graphs 3 and 4 shows the Average hotel occupancy in 2013 and the Classification structure of hotels with Croatia having the most 5 and 3 star hotels, while Slovenia percentage-wise leads the way in the 4 star categories.

Accordingly, ‘Strategy 2020’ operational strategies that should pave the way of tourism policy until 2020 were divided in five categories: Marketing, Development of Tourism Offer, Investments, Development of Human Resources and Process Management.

A. Marketing activities are focused on promotion of Croatia’s expanding tourism portfolio, quality brand management and at five key markets-categories segmented into: Leading, Inclined, Neighboring, Challenging and Distant, with the addition of India and Brazil as seen in the Table 1 [30]. Croatian Tourist Board has for 2015 put extra focus on promotion, with advertising in 2015 starting earlier than the previous years, with increased activities both offline (budget of EUR 2,65 million) and online (budget of EUR 4,4 million + EUR 660ths for social networks) that will be implemented on 18 key markets. Primary markets are:

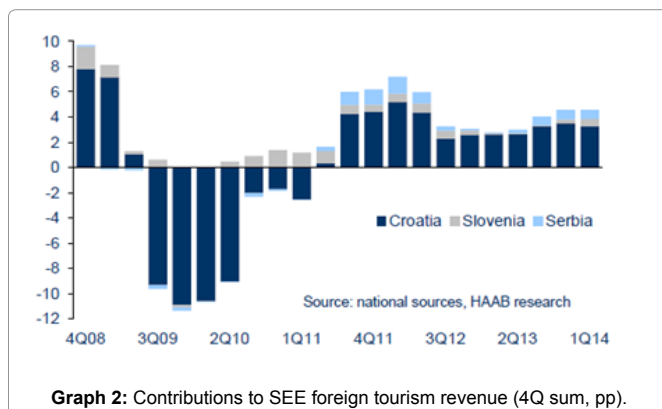
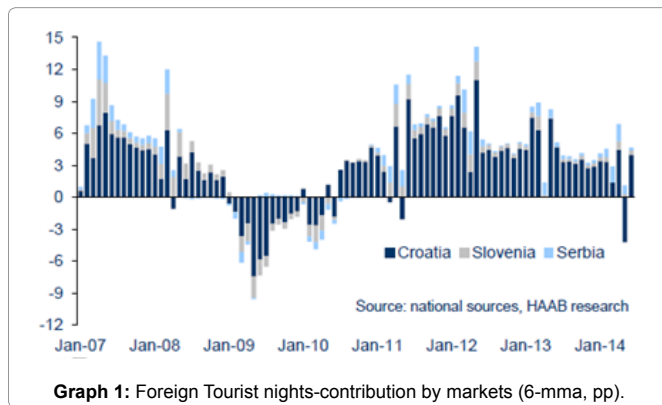


Table 1: Marketing activities are focused on promotion of Croatia's expanding tourism portfolio, quality brand management and at five key markets-categories segmented into: Leading, Inclined, Neighboring, Challenging and Distant, with the addition of India and Brazil.

| Keyword Geographic Locations | | | | | | | |
|------------------------------|------------|--------------|-------------------------------|-------------|-------------|--------------|-------------------------------|
| Markets | Country | Share (2020) | Growth (avg-year) (2012-2020) | Markets | Country | Share (2020) | Growth (avg-year) (2012-2020) |
| Leading | Germany | 21% | 3%-5% | Challenging | Russia | 4% | 7%-10% |
| | Slovenia | 9% | 1.5%-3% | | Netherlands | 4% | 4%-6% |
| | Austria | 8% | 4% | | G. Britain | 2% | 2.5%-8% |
| | Croatia | 7.5% | 1%-2% | | France | 3% | 1.5%-8% |
| | Italy | 7% | 0.7%-2% | | Spain | 1% | 5%-10% |
| Inclined | Czech Rep. | 6% | 1%-3% | Distant | Scandinavia | 3.5% | 1%-7% |
| | Poland | 6% | 4%-5% | | USA | 1% | 5%-6% |
| | Slovakia | 5% | 5%-8% | | Canada | 0.4% | 10% |
| Neighboring | Hungary | 2.5% | 0%-4% | | Australia | 0.5% | 10% |
| | B-H | 2% | 4%-6% | | Japan | 0.4% | 8% |
| | Serbia | 1% | 4%-5% | | China | 0.1% | 10%-12% |

Table 2: The tourism product system prioritization is presented.

| Tourism product system according to consumer segment prioritisation (X=non relevant) | | | | | | |
|--|----------------|---------------|------------------|-----------------------|------------------|---------------------------------------|
| | Youths (18-24) | DINKS (25-34) | Families (35-49) | Empty Nesters (50-65) | Golden Age (65+) | Specialized bussiness trip organizors |
| Sea & Sun | 1 | 2 | 1 | 2 | 3 | - |
| Nautic | 3 | 1 | 2 | 1 | 2 | 2 |
| Health | - | 1 | 3 | 1 | 1 | - |
| Culture | 2 | 1 | 3 | 1 | 2 | 2 |
| Bussiness | - | - | - | - | - | 1 |
| Golf | - | 1 | 3 | 1 | 2 | - |
| Cycle | 1 | 1 | 3 | 2 | 3 | - |
| Eno&Gastro | 3 | 1 | 3 | 1 | 2 | 2 |
| Rural&Mountain | 3 | 2 | 2 | 1 | 1 | - |
| Adventure | 1 | 1 | 3 | 2 | - | 3 |
| Other Products | 1 | 2 | - | 1 | 2 | - |

Germany, Austria, the United Kingdom, Scandinavian countries, Italy, France, Slovenia, Croatia, Benelux countries, Switzerland, Spain, USA and Japan, while the secondary ones are: Poland, Russia, Czech Republic, Hungary and Slovakia [35].

B. Development of tourism's offer [30] is primary focused on development and upgrade of: Sea&Sun, which is the dominant Croatian tourism product through accommodation capacities and quality increase, development of new attractions and tourism types, 'eco' certification, etc. The goal of Nautical tourism in which 60% of revenue was generated from permanent moorings, 15% came from transit boats, 17% from other revenue (F&B, leasing of retail space, charter etc.) and the rest from maintenance (HAAB, 2014, p. 11) is to build 15.000 new berths and marinas for mega yachts and increase of service quality [30]. Health and Wellness tourism that is attributed with higher repeat visitation and higher expenditure per trip (108% higher vs. classic international travel, 145% vs. domestic trips) (HAAB, 2014, p. 9) development priorities are seen in setting minimal standards and cooperation with international destination with focus being on dental medicine, plastic surgery, orthopedic and physical therapy [30]. Cultural tourism's priorities lay in investments in recognizable cultural attractions (UNESCO locations, archeological findings, castles...) and development of theme roads, cultural entertainment and sports event [30]. In Business tourism priorities are the development of infrastructure in general and development of congress tourism capacities, while at the same time getting new brands in the hotel offerings and establishing more flight destinations [30]. Croatian capital Zagreb saw a growth at CAGR 11.3% despite its disadvantages being the lacking of a modern and larger conference capacities and pricier flight fares while Dubrovnik grew at CAGR 9.6% (HAAB, 2014, p. 10).

For elevating the profile of a desired Golf tourism destination building of 30 high-quality golf courses is needed [30]. In terms of Cycle tourism the goal is for Croatia to become one of the leading Mediterranean cycle tourism destinations through development of thematic bike parks and areas, trans European routes, trails, accommodation and hospitality measures covering whole of Croatia, while Adventure and Sports tourism development puts special focus on diving and sea kayaking niches through development of modern competitions and manifestations. Rural and Mountain tourism requires modernization of centers and product portfolio, development of rural economy and new content. Eno and Gastro tourism's goal is to become one of the fastest growing Mediterranean gourmet destinations with focus on building new infrastructure, gastro-eno excellence and above all branding of national authentic cuisine. The tourism product system prioritization is presented in Table 2 [30].

C. Investments are in total expected to be up to EUR 7 billion total, in the period up to year 2020, and are to be achieved through construction of new hotels and resorts (20.000 new hotel rooms, EUR 2,2 billion), reconstruction of existing hotel capacities (EUR 825 million), investments into small family hotels and boarding houses, small recognizable cruiser-hotels, camps, private renters, nautical ports, new attractions, infrastructure, while creating a more friendly investor environment e.g. better legal procedures, less red tape, special status for investments exceeding EUR 50 Euros, special credit lines over CBRD and more efficient usage EU funds [30]. Investment activities in the last decade were mostly limited to refurbishment of existing accommodation capacities: quality upgrades of hotels and resorts, and categorization of previously unregistered camp sites.

Although new hotel openings were hitherto of smaller size and family-owned, several new upper-scale hotels have lately been announced and one opened (5 star Valamar's Dubrovnik President). New hotel development on the Adriatic shore usually has the following financial parameters: payback period 10-12 years, WACC 9% and 3-4% interest rate on CBRD loan. Largest SEE tourist companies have been investing heavily during the last four years (CAGR 23%) and spending in average 17% of annual sales on capex. An average Adriatic hotel has to invest between 3% and 6% of annual sales to remain in a good competitive condition, according to industry sources, while in the view of HAAB analysts an even higher level is required to keep up with technological change and prevent functional obsolescence. M&A activity in tourism intensified lately in Croatia due to high consolidation potential, increased attractiveness after EU entry with the largest recent deal being EUR120 million, acquisition of 93% share in Istraturist by Plava Laguna which created the company at par with hitherto the largest Croatian hotelier Valamar Adria Holding, while the largest players planned to invest over 220 million Euros in 2014 (HAAB, 2014, p. 6).

Supply of categorized beds in Croatia is expanding at a faster pace (CAGR 9.1%) than demand (tourist arrivals' CAGR 5.5%) increasing competitive pressure on TOP4 players, with daily revenue per available room (RevPAR) increased in 2013 mostly thanks to higher pricing. Occupancy rates on the other hand stagnated in hotels (0.2% yoy) and declined in A&Rs (-3.5% yoy) and camps (-2.4% yoy) (HAAB, 2014, p. 8).

Looking ahead, international tourist companies are likely to intensify expansion to SEE region, especially to Croatia where the consolidation potential is high, privatizations are accelerating, and per room valuations are attractive (median EUR40t vs. European EUR216t in 2013 (HAAB, 2014, p. 7). Also as campsites are the fastest growing segment of supply (CAGR 20.1% in 2010-13 periods) HAAB analysts expect camp beds to remain the fastest growing category in the following years, given their less capital intensive nature and high profitability.

D. Development of Human Resources, a category in which Croatia ranks only 93rd (World Economic Forum, 2013, p. 147) is to be developed through introduction of regional centers for education, with additional 2 to 3 excellence centers for practical education, establishment of private hotel hospitality and tourism management institutions, and introduction of tourism education in elementary schools [30]. With also HTZ creating a new position responsible exclusively for brand management.

E. Process Management has to be more efficient with better coordination between institution, policy makers and stakeholders, with better implementation control and better promotion on local, regional, national and international levels with HTZ elevating its role as a modern Destination Management Organization [30].

Mediterranean as it once was' as seen by the Youths segment – Empirical study

As part of the analysis a survey among the students of Faculty of Political Science, University of Zagreb (FPZG) and privately owned Edward Bernays Colleague of Communication Management (EBCCM) was conducted in the period 15 December 2014 to 14 January 2015. The goal was to see the perception of particularly the younger generation (aged 21 to 29) and how they value the present tourism situation in Croatia and accordingly its tourism image, but

also to get their opinion on the past and present campaigns used in the promotion of Croatian tourism.

Both surveys were done personally by the researchers, with the total survey having 26 questions, some of which were multiple choices, some open type. In total 96 graduate students participated in the surveys. Concretely, 64 out of 124 (52%) seniors that took the course 'Identity, Image and Brand Management' at FPZG, and 32 out of 42 (76%) juniors that took the course 'Tourist Destination Management' at the EBCCM.

Undeniably, the sample is not representative for the whole student population in Croatia, let alone the country in general, but still it is an indicator of how the young tech-savvy, travel prone and very critical new generations, that will in a few years be the main drivers of the tourism, perceive the promotional efforts in this industry that is crucial for Croatian economy with 16.5% (EUR 7.2 billion) contribution to local GDP in 2013, while in I-IX 2014 period it was 20.9% (EUR 6.774 billion), meaning a 2,5% or EUR 168 million increase in comparison to the same period in 2013 (EUR 6.606 billion) [25].

The survey showed that 26% of the interviewees travel both to Croatian destinations and abroad, while 22% choose solely Croatian destinations for their holidays and yearly vacations (defined as 6 and over overnight stays). Interestingly enough and what is a positive attribute for Croatian tourism is the fact that 0% the 96 interviewees vacations solely abroad. This of course has to be interpreted with care, due to present personal income of the interviewees which is on a monthly average below 450 US\$, explaining that 81% points out the price as the determining factor in choosing the vacation destination. Finances are followed by the provided content (69%), recommendation from a trustworthy source (42%), accessibility (23%), and availability of information while researching the destination (8%), marketing campaigns (6%), personal desires 4% and time at disposal (2%).

Croatian tourism also has a much better image than the Croatian State with 73% interviewees stating they see Croatian tourism as positive, while 28% see it as being neutral. The numbers for the State were somewhat lower with 31% seeing its image being positive, 52% as neutral and 17% even as negative.

In regard to the biggest city brand the interviewees almost unanimously (94%) chose Dubrovnik that in 2014 attracted 863.801 tourist arrivals (12% more than the previous year), with foreign tourists making up 813.363 of the total arrivals (up 13%) [36]. National capital Zagreb that was in 2014 named the second best European destination, behind Porto, and who is again nominated for the same award in 2015 [37], which is an improvement from 2009 when NYT in a basically positive article nevertheless wrote: "Croatian capital is in the midst of an identity crisis" [38], got 4%. Option 'None' got 2%.

In terms of a regional destination brand Dalmatia got 50%, Istria 40%, with Zagreb getting 4%, while Slavonia and Baranja, Kvarner and 'None' got 2% each.

As the biggest Croatian destination attraction chosen was the old city of Dubrovnik with 46%, the Adriatic and its islands got 27% (out of which predominantly the island of Hvar with 69%), national park Plitvice 23%, while Diocletian Palace in Split and sea organs in the city of Zadar each got 2%.

Talking in consideration that the survey was conducted with students that have a relatively higher education in the field of integrated marketing communications and brand management the

most surprising result was that only 8% of them knew 'Mediterranean as it once was' was the present "representative" of Croatian tourism. This clearly indicates that this segment of the population, that consumes the Internet and social media considerably more than other media channels, was not reached, or was not seen as a target audience by the tourism authorities which in the opinion of the researchers would be a mistake, especially as Croats are logically listed as one of the leading markets in the 'Strategy 2020' with expected average yearly growth rate of 1 to 2%, while this age group is a strategic primary target segment for Sea&Sun, Cycle, Adventure and Other products.

Taking an in-depth look in the interviewees' familiarity with the present and past promotional campaigns the results of the survey in which interviewees were to name all the campaigns they were familiar with was as follows: 'Small Country for a Great Holiday' heard of by 75%, 'Heaven on Earth' by 10%, 'Mediterranean as it once was' by 58%, 'When the Heart Says Summer, it Says Croatia!' by 98%, 'So Beautiful, so Close' by 33%, 'Croatia, World of Diversity' by 0%, 'Visit Croatia, Share Croatia' by 29% and 'Croatia 365' by 16%.

Interestingly enough and taking into consideration that the more recent campaigns have influenced the perception of the audience, the oldest 'Small Country for a Great Holiday' received a better recognition than the 'Mediterranean as it once was' which has been running since 2001 and is still as an umbrella brand on all tourism materials. This implies that the present slogan doesn't deliver to the fullest in the desired way and that future communication has to be revised to be strategically, not literally, Mediterranean as it should be.

This is even more evident in the question of the likeness of mentioned slogans and campaigns where 'Small Country for a Great Holiday' is liked by 83% interviewees, 'Heaven on Earth' by 21%, 'When the Heart Says Summer, it Says Croatia!' by 70%, 'So Beautiful, so Close' by 56%, 'Croatia, World of Diversity' by 17%, 'Visit Croatia, Share Croatia' by 58%, 'Croatia 365' by 56%, while the running 'Mediterranean as it once was' was liked by only 15%, with the most frequent comments being: it focuses on the past and that it's old and outdated (46%), it's boring, it doesn't differentiate from the competition and is not catchy (17%).

This is not in line with some of the international media coverage on Croatia, e.g. in 2010 in *Mirror's* section Travel there was a very positive article especially on this aspect of the communication in which the author wrote: „The tourist board tagline is 'Mediterranean as it used to be' and, for once, the ad people have got it spot on. Made up of almost 1200 islands, only 67 of which are inhabited, and for the most part, blissfully unspoiled, it's easy to imagine that you're in a world far away from hectic modern life" [39].

Still, the article in the four years since it was published, speaking in modern "currency" got only five shares. In May 2014 *Mirror* again had a very positive article stating that: „Croatia is a popular destination for a sun, sea and sand break but there's so much more to this country", emphasizing cycling, kayaking, sailing, lighthouses, etc. [40]. One would say the things that are 'trending' in today's global tourism industry not those that "once were" or that would be associated with the essence of Mediterranean.

Also in comparison with its Mediterranean peers in terms of marketing communications the interviewees were asked to grade from 0 to 5, with 5 being the highest grade, the national slogans they find the best. In this, call it a competition, the best was 'Smile, you are in Spain!' with an average grade of 3.56, followed by Greece's 'The true experience' 3.15, with 'Made in Italy' in third place with 2.83. Fourth

was Turkey's 'Home of History, Tradition and Adventure' with 2.23, 'Visit Portugal' took fifth place with 0.9 and in the last place Croatia with 0.8, showing that, unlike in the Eurosong, patriotism played no role in grading the 'Mediterranean as it once was'. Indicating that perhaps it's time to stop being nostalgic and focus on the future.

A positive step in this direction is project 'Croatia 365' which has in September been launched by the Tourism Ministry as an attempt to battle seasonality and get the tourist 'in' whole year long. 'Croatia 365' focuses on out-of-season. The project has six main areas: Culture, Gastronomy and Wine, Active Tourism, Bike Tourism, Health & Wellness and Business Tourism [41].

As the key problems the interviewees point out the promotion with 27% (out of which the in general promotional efforts account for 62% of the issue, while too much promotion being set only on the Adriatic, meaning the 1980's 'Sea & Sun' aspect got 38%). The lack of content was seen as the second biggest problem with 25%, while the people managing the tourism and the system's lack of implementing the set strategy was third with 24%. On the other hand the biggest potential is seen in Croatia's natural beauty 77% (out of which the Adriatic accounts for 74%, the paradox being that the same interviewees criticized the running slogan and promotional efforts being too much focused on the sea aspect), location and climate 10% and gastro and enology 8%.

Taking into consideration that only 4% of interviewees pointed price as one of the Croatian tourism problems, we asked them if the price was not a factor and for the same price they could travel to one desired Mediterranean location which one would it be 27% chose France, 25% Spain, 19% Portugal, 15% Greece, 8%, Italy 4% Turkey and again at the end Croatia with 2%. This can be attributed to the psychological aspect that one always desires what the neighbor has and that the domestic destinations have likely been visited, but still it is also a wakeup call as obviously the interviewees, meaning the domestic public and as such the one that is the cheapest to interest is looking elsewhere. This could be a dangerous trend. Not perhaps at the moment as the 2014 tourism numbers have been very good, with Tourism Minister Darko Lorencin saying that 2014 could be equal in tourism revenue to the record year 2008, with 2014 seeing 13.05 million arrivals, up 5% on 2013, and 73.6 million bed/nights, up 2% [35] and added that EUR 483 million would be invested in the sector in 2015.

According to preliminary Croatian National Bank (CNB) data [42], Croatia earned EUR 6.77 billion from foreign tourists in the first nine months of 2014; an increase of 2.5% on the year and that in Q3 [43], revenue amounted to EUR 4.65 billion, surpassing the record Q3 in 2008. And this despite by bad weather effected July and August that are traditionally the peak of the tourism season. Still, the increase in revenues generated by foreign tourists in the first three quarters of 2014 was slower than in 2013.

In 2014, foreign tourists generated 11.7 million arrivals, up 5.2% on the year, and 67 million bed/nights, up 2.2%. Domestic tourists generated a 1% increase in arrivals and a 0.6% increase in bed/nights (Croatian National Bank, 2014, p. 102). German tourists accounted for the most bed/nights last year (21%) followed by Slovenes (11%), Austrians (8%), the Czech (7%), Italians and Poles (6% each), Slovaks (3.5%), the Dutch (3.3%), the British and Hungarians (3% each). Last year also saw an increase in bed/nights from the US (17.2%), the UK and Hungary (9% each), Bosnia and Herzegovina (8.6%), Austria (3%), Slovenia (2%) and Germany (1.5%) [44].

The rationale behind the 'Mediterranean as it once was' slogan and campaigns is an evident attempt to highlight the aspect of preserved natural beauty, rich cultural heritage and an easy going way of life, and this in combination with certain modern benefits it offers is in no way a bad strategy, even on the contrary as is seen by the 2014 data. This view is shared by some international media like e.g. Huffington Post that describes Brela as a "the secret European retreat you've been dreaming of" [45], or Dubrovnik again making the "Top 10 Places in Europe that you have to see before you die" list [46], or Plitvice whose waterfalls have been called "some of the most beautiful to be found among UNESCO World Heritage Sites" [47]. But at the same time through this Croatia is communication-wise primarily positioned as a desired destination for those tourists that are looking for peace and quiet, meaning the traditional 1980's 'Sea&Sun' product. In terms of modern tourism trends and taking in consideration that Croatia is price-wise ranked 109th in T&T industry (World Economic Forum, 2013, p. 146), this is an aspect of tourism promotion that should be looked into as to see if it needs to be updated. In certain industries retro is 'in', but in tourism looking backwards can mean the destinations could likely miss out on what's happening now, and more importantly where the tourism industry and tourist preferences are headed.

Conclusion

Tourism's importance across the region will continue to grow in the long term, according to T&TCI, signaling opportunities for new ventures. Croatian tourism's contribution to GDP and employment is expected to grow at the fastest pace throughout 2020. HAAB sees Croatia as the fastest growing SEE leisure market in terms of both demand and supply with foreign tourists remaining the main drivers of tourism sector receipts, while hotel beds will lead the expansion in medium to long term as the highly fragmented Croatian accommodation market won't be able to capture increasing demand, both in terms of quantity and quality. Hotel expansion will find additional support by M&A activity, as the government will privatize its numerous but outdated hotel assets, and as international hotel companies will intensify expansion of their brands to SEE region, attracted by relatively lower valuations (HAAB, 2014, p. 12).

Coming back to the survey results in order to reap the benefits of its tourism, Internet presence must be increased along with introducing more possibilities of designing a holiday i.e. a la cart packages and attracting international travelers. For this to work to the full extent the communication must be focused on the future and in line with the brand promise, as to quote an old Chinese proverb: "The best time to plant a tree was 20 years ago. The second best time is now" and its 'organic' sequel provided by Warren Buffet: "Someone's sitting in the shade today because someone planted a tree a long time ago." "Once was" served Croatia well, but it's not a good message that answers to modern tourism trends that demand from Croatia to find the answer to "what it can be".

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