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THE DESTINATION AS A BUSINESS SYSTEM AND DEVELOPMENT OPTIMISATION

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The market development of tourist destination is evolving in an increasingly complex and competitive environment, which makes it difficult to monitor and forecast the market and demand.

Destinations seeking to gain advantages over rivals on the world market will need to ensure the application of well-designed methods in assessing the actual situation of the destination as a business system, generating future development scenarios and selecting the optimum scenario of tourism development.

This paper focuses on analysing the destination as a business system and proposes a model for optimising tourism development in the destination, which involves various development scenarios. The paper also proposes the construction of a well-devised system of quantitative and qualitative indicators of the destination's level of tourism development to ensure that the scenario evolves according to IQM (Integrated Quality Management).

Key words: tourist destination, business system, development scenario, IQM.

INTRODUCTION

Coastal destinations are the most popular tourist destinations in Europe and around the world. Their long history, deep-seated tradition and huge popularity as tourist centres have led to the development of mass tourism. Although mass tourism was instrumental in improving the material standard of local people through increased investments and by providing jobs, the adverse effects of mass tourism have become increasingly evident over the past 30 years. Croatia and the Adriatic Sea have not been exempt from this trend.

Worn out and maladjusted infrastructure, together with poorly coordinated policies of global and sustainable development leading to the excessive (extreme) usage of natural resources, are increasingly jeopardising the primary attractiveness factors of this region and leading to undesirable consequences that may be classified as:

- economic (uncoordinated development, rising prices...)
- socio-cultural (diminished quality of life, social issues, ...) and
- environmental (devastation of the coast, pollution of air, water...).

In addition, destinations are evolving in an increasingly complex and competitive environment that is making it very difficult to monitor and forecast market tendencies and demand. Having entered the stage of maturity in their life cycle, mass tourist destinations are now threatened by the stage of decline (decay). This stage in the life cycle of a tourist destination is a rather hazy concept that some destination managers and stakeholders have failed to fully grasp.

The decline stage is generally perceived through the most commonly used indicators measuring tourist traffic, such as the number of arrivals and overnights, the length of stay, and so on. It is extremely important, however, that the warning signals these indicators provide are noticed on time. The early detection of decline stage indicators will depend upon the method and model of destination management applied.

Because of this outcome of tourism development, coastal tourist destinations need to undertake all action required to successfully address these issues. One of the primary steps involved in these efforts is the implementation of Integrated Quality Management (IQM). For this to be effective, however, the destination must be seen as a business system.

Moreover, a quality-based approach in destination management endeavours to strike a balance between economic development, social aspirations and natural resources management, and ultimately its objective is to achieve the sustainable development of the destination, capable of meeting the needs of tourists and the destination today, while protecting and improving resources and development opportunities for tomorrow.

In fact, Integrated Quality Management has at its heart the reconciliation of sustainable development and tourism, an activity to which the inevitable and excessive use and even destruction of resources is intrinsic. Although many Mediterranean destinations, especially those in EU member countries, are already showing the positive effects of IQM, this system of quality management is still a novelty – or should we say, an unknown quantity – to the tourist destinations of Croatia.

1. THE DESTINATION AS A BUSINESS SYSTEM

A tourist destination is defined as an area with specific attractions, and tourist facilities and services which tourists select and which service providers make available on the market.¹ In the most basic of terms, the tourist destination represents a specific geographic unit within which the tourist can enjoy various tourism experiences.²

In addition to defining a destination's geographical determinants, administrative or political boundaries, it is very important to identify it as a functionally encompassed unit capable of providing a tourism product through its attractions, facilities and services to guests. Hence, a tourist destination can be

¹ WTO, *Sustainable Tourism Development, Guide for local Planners*, Madrid, 1993, 52.

² Ritchie, J.R.Brent, Crouch, Geoffrey I., *The Competitive Destination: A Sustainable Tourism Perspective*, CABI Publishing, Wallingford, 2003, 151.

described as a set of diverse tourism and tourism-related operators, which provide the guests of the destination (tourists) with a complex tourist product and on the territory of which the entire tourism experience takes places.³

On the other hand, today's tourists are increasingly demanding integrated quality, and a technically standardised and diverse offer that incorporates an element of humanity and a preserved natural environment with indigenous elements.

Considering the above, for a destination to become competitive on the world market, it needs to be seen as a business system, that is, the totality of interconnected subsystems and elements, the primary subsystems being those of supply, organisation and management. A destination's business system represents the entire set of activities and attractions located within a defined area, and the efficient organisation of quality management aimed to secure an "organised tourist area" for every identified and targeted market segment.⁴

For a destination to function as a business system requires a well-designed tourism business-model capable of determining the way in which added value should be created and sold. It should be noted that a tourism destination is determined by its business model. It does not compete with other destinations of similar features, but rather with other destinations that apply the same business model as it does. This makes it all the more important to assess the business model of a specific destination and evaluate the way it functions. The purpose of this assessment is to identify the direction of the system's future development and the way to keep it viable in the long run.

The framework of the business model and elements to be assessed relate to the following:

- selecting target markets,
- attracting new tourists,
- creating value chains,
- generating value,
- production costs and selling prices,
- interrelation of human resources and guests,
- the way the destination is organised, managed and operated.

The development of a tourist destination calls for a united and coordinated process of managing tourism and tourism-related activities in all relevant areas within the destination. This means that in managing the destination improving the structure of one, individual element is not enough; instead, the process should impact on all the components of the values systems.⁵

2. OPTIMISING TOURISM DEVELOPMENT IN THE DESTINATION

Any form of tourism development will inevitably affect both the social and physical environment within which it operates. Although it is impossible to develop tourism without impacting on the environment, culture, social structures and the economy, it is nevertheless possible to minimise adverse influences and encourage

³ Cetinski, V., *Strateško upravljanje razvojem turizma i organizacijska dinamika*, Sveučilište u Rijeci, Fakultet za turistički i hotelski menadžment Opatija, Opatija, 2005, 12.

⁴ Cetinski, V., *Glavni plan razvoja turizma turističke destinacije otok Cres (separat)*, Glavni plan razvoja turizma Primorsko goranske županije, Sveučilište u Rijeci, 2005.

⁵ Manente, M., "Upravljanje proizvodom ili destinacijom?" (Uvodnik), *Turizam*, Vol. 47, No. 3, 1999, 187.

positive ones by managing tourist development and overall development through appropriate planning.⁶

In planning tourism development, one of the key components involves creating a development model attuned to the needs and expectations of the destination. These needs and expectations have to be based on a realistic consideration of the present situation of tourism development without which future development cannot be successfully planned.

2.1. Analysing the current situation

Indicators of the degree to which a tourist destination has developed can be expressed in quantitative or qualitative terms. Since it is not possible for all indicators to be expressed quantitatively (by counting or calculating), some are obtained directly from the active participants of the tourism system – tourists, tourism professionals and the local population. Regardless of the objectivity of the method used in collecting data, such indicators always contain a certain amount of subjective experiences and opinions and are therefore classified as qualitative indicators.

2.1.1. Quantitative indicators of development

The most commonly used quantitative indicators refer to data involving economic competitive ability and the benefits of tourism to the local economy.

Table 1: **Quantitative indicators of a destination's economic competitiveness**

Number of accommodation capacities (C)	- Statistics
Number of tourist arrivals (A)	- Statistics
Number of overnights (O)	- Statistics
Realised revenue (R)	- Statistics
Occupancy rate (OR)	Number of overnights/(Number of beds x 360)
Room rate (i)	(Σ revenue from accommodation units/ Number of accommodation units) / 360
GOP	(Revenue – Operating costs)/Revenue
Increase in employment (EMPL)	(Number of employees / Number of employees in the previous year) ^{1/n*} (n = number of previous periods)
Work productivity (Pr): - physical indicator - value indicator	Number of overnights / Number of employees Realised revenue / Number of employees
Investment cost-efficiency: - net present value of total revenue - relative net present value	Specific calculations

Source: Perić, M., *Optimizacija modela razvoja turizma destinacije*, Magistarski rad, Fakultet za turistički i hotelski menadžment, Opatija, svibanj 2005, 120.

⁶ Cf., Branko Blažević, "Strategija razvoja destinacije", *Zbornik radova, Hotelska kuća '98.: Hotel u turističkoj destinaciji*, Book 1, Opatija, 1998, 19.

The calculation of quantitative indicators, first and foremost, calls for the active, statistic monitoring of tourist traffic at both a destination level and at the level of individual tourist facilities (micro destinations). These indicators speak for themselves with regard to the actual results achieved from tourist traffic. They have, however, one shortcoming: they neglect the process's qualitative side, which directly determines the level of satisfaction of consumers/tourists, which, in fact, is the essence of competitive ability. They also fail to take into account the satisfaction of local people, an aspect that should be a top-priority objective of any kind of development.

Also, certain indicators of environmental sustainability are quantitative in nature and have strictly determined limits, which must be respected if undesirable consequences are to be avoided (for example, an area's carrying capacity, maximum allowed concentrations of microscopic organic and inorganic substances in the air, water, soil...).

2.1.2. Qualitative indicators of development

Collecting qualitative data is based on the assumption that, based on their present and past tourism experiences, tourists and other entities within the tourist system are capable of assessing the positive and negative aspects of various tourist destinations and comparing (and ranking) these destinations.

The Integrated Quality Management of tourist destination (IQM) is also based on this and similar assumptions. In measuring quality performance, IQM uses "Qualitest", a questionnaire designed specifically for evaluating the level of quality attained by a tourist destination and its relevant tourist products and services (Quality Performance Evaluation - QPE).

"Qualitest" consists of 16 quality themes which are used to evaluate quality performance and which are divided into two groups (Table 2):

- quality of the tourist destination and
- quality of the tourism product.

Table 2: Quality themes of "Qualitest"

Quality of the tourist destination	Quality of the tourist product
1. Viability of the tourist industry	1. Pre-arrival communications
2. Support to the local tourist industry	2. Accessibility
3. Marketing and promotion	3. Transport
4. Quality of welcome	4. Accommodations
5. Safety and security	5. Information
6. Quality of the air	6. Eating and drinking
7. Quality of the environment	7. Activities
	8. Quality of bathing water
	9. Value for money

Source: *A Manual for Evaluating the Quality Performance of Tourist Destinations and Services*, Office for Official Publications of the European Communities, Enterprise DG Publication, 2003, 8.

Each of these quality themes is analysed on the basis of three interconnected types of indicators, a fact which stresses the necessity of an integrated approach to managing quality in tourist destinations. These are:

- Quality Perception Condition Indicators (QPCI),
- Quality Management Indicators (QMI) and
- Quality Performance Indicators (QPI).

“Qualitest”, together with the most commonly used quantitative indicators of economic competitiveness and the carrying capacity as an indicator of environmental viability, provides a sound basis that can help in choosing the optimum scenario of tourism development.

Moreover, the qualitative aspect of competitive ability is most frequently the carrier of quantitative tourism performance. In other words, in the long run a decline in quality will definitely result in a drop in the quantitative indicators of tourism.⁷ Hence, in assessing the future development of a destination, the qualitative aspect of competitiveness must be taken into account.

2.2. Development scenario options

Based on the concepts of carrying capacity and quality development, various scenarios or models of tourism development have been identified in world theory and practice.⁸ As the areas of some of the scenarios overlap one another, all the scenarios could be represented by only three scenarios:

- maintaining the current situation or the *status quo* model,
- maximum construction and growth of accommodation capacities,
- restructuring and repositioning.

Scenario of maintaining the current situation or the *status quo* model is based on the assumption of maintaining the destination’s existing business model. No substantial changes, in either qualitative or quantitative terms, are foreseen. Hence, this scenario can only conditionally be called a development scenario, because no development actually occurs.

Scenario of maximum construction and growth of accommodation capacities refers to the greatest possible growth of the tourism offer’s physical aspects. The growth of accommodation capacities, however, is not paralleled by the development of new tourist services to any sufficient extent.

⁷ Cf., Kozak, M., Rimmington, M., "Measuring tourist destination competitiveness: conceptual considerations and empirical findings", *International Journal of Hospitality Management*, Vol. 18, 1999, 275.

⁸ These scenarios are: (1) completely unconstrained, (2) intensive, (3) alternative (4) balanced, sustainable tourism development, (5) maintaining the current situation or the status quo model, (6) maximum construction and growth of accommodation capacities, (7) restructuring and repositioning. Cf., *Guidelines for carrying capacity assessment for tourism in Mediterranean coastal zones, Priority Actions Programme*, Regional Activity Centre, Split, 1997; Available at: http://www.pap-thecoastcentre.org/pdfs/Guidelines_Carryng.pdf (April 13, 2005); THR, Horwath Consulting Zagreb, *Master Plan razvoja turizma (2004.-2012.) - Istra, Konačni dokument*, THR, Horwath Consulting Zagreb, 2003; i Sveučilište u Rijeci, *Glavni plan razvoja turizma Primorsko-goranske županije (radna verzija)*, Sveučilište u Rijeci, Rijeka, 2005.

Restructuring and repositioning scenario of tourism development attempts to strike a balance between local interests and broader regional or national interests. It seeks to plan the development of tourism in consistency with the environmental, socio-cultural, political and economic aspects of sustainability. Also, this scenario also involves a new aspect relating to quality and the (dis)satisfaction of tourist with the present level of tourism development in the destination.

Restructuring involves a set of interconnected activities (organisational, operational, physical, financial, ownership and technological) undertaken in the process of changing the tourist destination's structure to adapt the tourism offer to the needs of the market. To regain its identity with tourists, the destination needs to carry out repositioning process parallel with the restructuring process.

2.3. Criteria of sustainability and competitiveness

With respect to the characteristics of the scenarios described above, in deciding upon the choice of an optimum tourism development scenario, two criteria or two primary conditions can be put forth that can make a tourist destination successful in providing the quality guests want and in securing long-term livelihood for the local population:⁹

- sustainability and
- competitiveness.

On their own, neither one of these two eliminating criteria will suffice. In choosing an optimum development scenario, both criteria must be taken into account. Because of their multi-dimensional nature, these criteria in fact represent a complex set of indicators that show a considerable degree of congruity. From a wide spectre, the following indicators can be singled out as having a key role in choosing an optimum tourism development scenario:¹⁰

- carrying capacity of the area/tourist destination,
- benefits of tourism for the local economy,
- satisfaction of the local population,
- tourist satisfaction,
- quality of the tourist destination and
- quality of the tourist product.

3. CASE STUDY – KVARNER

3.1. Present state of development in the *Kvarner* destination

The *Kvarner* tourist destination represents a unique example of a highly diverse tourist offer in an area that is relatively small in geographical terms, and coincides with the boundaries of the County of Primorje and Gorski Kotar.

⁹ Perić, M., *Optimizacija modela razvoja turizma destinacije, Magistarski rad*, Fakultet za turistički i hotelski menadžment, Opatija, svibanj 2005, 113.

¹⁰ *Ibid.*, 114.

One of the best-developed tourist regions in Croatia, the *Kvarner* destination is fairly well positioned on the market. The prime indicators of the destination's level of development are its accommodation capacities and realised tourist arrivals and overnight stays. Having about 170 thousand beds (21 per cent of the total accommodation capacities in Croatia), this region accounts for more than 10 million overnights (22 per cent of Croatia's tourist traffic).¹¹

The share that the tourism industry has in generating the GDP and in providing jobs in the County of Primorje and Gorski Kotar also illustrates the level of development of the *Kvarner* destination. In 2003, direct revenues from tourism amounted to EUR 590 million, accounting for 22 percent of the County's GDP¹² and for about 24 per cent of the direct contribution of Croatian tourism to the GDP of the entire economy.

Quality and the availability of human capital are clearly key factors in the performance of tourism in the *Kvarner* destination. It is estimated that the *Kvarner* tourist industry employs about 9.5 thousand people or about 8.5 per cent of the total number of people working in the County of Primorje and Gorski Kotar.¹³

Not only do these facts confirm the position of the *Kvarner* destination among the most tourism-focused regions of Croatia, but they also confirm the importance of the tourism industry as a powerful generator in the overall economy of the County.

3.2. Assessing the *Kvarner* as a business system

The analysis of all the elements of the destination's business system, however, suggests the following:¹⁴

- For the most part, the structure and quality of accommodation capacities do not match tourist expectations.
- The tourist supply of experiences and activities falls short of tourist expectations and is largely not in line with new trends..
- The *Kvarner*'s main advantages are based on natural resources, the vicinity of generating tourist areas, the clean sea, preserved environment, climate, hospitality, local customs and safety.
- Target groups consist predominantly of guests coming to spend holidays at the seaside. They are generally families arriving by passenger car and staying for a longer period. Guest loyalty is pronounced. There is a low presence of domestic tourists in the *Kvarner* region.
- The demand for the *Kvarner* destination is concentrated in markets located close to the region. Far-off, but attractive markets account for only a very modest share of the demand.
- The typical weaknesses of the *Kvarner* destination are evident in its lack of a diverse and broad product mix offering opportunities for shopping, nightlife, good entertainment, and indigenous souvenirs; its poor accessibility; shortage of parking space; and lacking transport system.

¹¹ Državni zavod za statistiku, *Statistički ljetopis 2004*, Zagreb, prosinac 2004.

¹² Sveučilište u Rijeci, *Glavni plan razvoja turizma Primorsko-goranske županije (radna verzija)*, Sveučilište u Rijeci, Rijeka, 2005, 179.

¹³ *Ibd.*

¹⁴ *Ibd.*, 170.

- Destination management in the *Kvarner* region has not been systematically established. The present system lacks, reacting and adjusting only to current changes. It fails to operate in a proactive, long-term and planned manner.
- Partnerships, as a prerequisite to development, have only just begun to evolve. Considerable efforts, documentation and actions are being made in environmental protection and spatial preservation.
- The assets of the *Kvarner* destination are linked to its environment and climate. In comparison to competitive destinations, this is neither a satisfactory nor an optimum situation.
- Excessive urbanisation (“concrete-mania”) presents a serious threat. Another threat is the high level of “pressure” exerted on the coastal zone.
- There are severe limitations in attracting new market segments resulting from the insufficient level of investments to restructuring and development, the lack of concrete plans (projects) and the inadequate promotion of development plans and projects.

The facts outlined above lead to the following general conclusions:

- Although this tourism model can be viable in the short run, in the long run it will be hard to maintain because it is based on a product portfolio and an accommodation structure that will quickly become outdated and that will become increasingly difficult to sell on the market at a profitable price.
- Sustainability in the long run can be secured providing investments and efforts are made with regard to repositioning, and changes are carried out in the business model of the tourism industry.

3.3. Model for optimising *Kvarner*'s tourism development

The preferred development model of the *Kvarner* tourist destination should be a model capable of securing competitive advantages in competing with similar European destinations, especially those in the Mediterranean. This means it must be based on the principles of ensuring environmental equilibrium and on systematic efforts in improving the quality of the offer.

Hence, the development model of the *Kvarner* destination is visualised through a balance of relationships that have or could have an impact on both the overall quality of the destination and the quality and competitiveness of the tourism product. Managing a tourist destination above all calls for an innovative and integrated destination management focused on qualitative development and which has the overall support in the destination.¹⁵

3.3.1. Considerations of *Kvarner*'s development

Choosing a development model entails the need to define the model's contextual scope and take into account the **common objective – economic prosperity and better quality of life for the local people** – as the primary motivation and

¹⁵ Sveučilište u Rijeci, *Glavni plan razvoja turizma Primorsko-goranske županije*, op.cit., 172.

criterion for all actions and measures taken in developing tourism. Three types of tourism development goals stand out that are consistent with the common objective; these are *economic, socio-cultural and environmental* goals, the final outcome of which needs to be development founded on the principles of sustainability.¹⁶

The **vision** of the *Kvarner* destination by 2015 is to become “*a unique and distinctive region in the Mediterranean*”. This vision portrays a destination of healthy lifestyles and preserved nature; relaxation, comforts, a sense of well-being; historical architecture and singular urban units; education, creativity; and security.

The tourist trade comprises a large number of different areas within which products are developed. To secure the quality of basic tourism development and to attain the objectives set forth, the development of a number of **tourism products** is foreseen. These products in which the *Kvarner* destination could specialise and with which it could compete include:¹⁷

- | | |
|-----------------------------------|---------------------|
| ➤ resort tourism | ➤ rural tourism |
| ➤ event tourism | ➤ eco-tourism |
| ➤ cultural tourism | ➤ business tourism |
| ➤ hyper and adventure tourism | ➤ special interests |
| ➤ sports and recreational tourism | ➤ health tourism |
| ➤ nautical tourism | ➤ city tourism. |
| ➤ devotional tourism | |

A competitive edge is built on competitive action aimed at being better at doing things that are similar to what the competition is doing, and above all, at doing things that are different from what the competition is doing. The activities and the ways in which these actions are combined make up *value chains* and *value systems*.

The **competitiveness enhancement strategy** will be based on creating a singular identity and image, and on promoting awareness of the *Kvarner* as a destination rooted in sustainable development, the profound and qualitative improvement of its offer, security, and the vicinity of tourism generator areas. Enhancing the competitive ability of the *Kvarner* destination involves a number of programs like increasing accommodation levels and quality labels, improving accessibility by sea, land and air, creating an integrated tourist signalisation, protecting and preserving buildings, maintaining public areas etc.¹⁸

The integration and harmonisation of all the elements of the value chain can help in creating a brand for the destination, which facilitates precise **market positioning**.

Positioning the destination is of vital importance if the destination is to stand out among rivals and attain the image it wants. For years, the *Kvarner* destination has been building its distinctiveness on both the domestic and foreign tourist market, and this distinctiveness should be employed in the future positioning of the region as:¹⁹

- a singular destination that is differentiated on the market by providing tradition, variety and diversity; opportunities to experience mountains, woodlands, and preserved nature in the immediate vicinity of the sea and on attractive islands, all within easy reach,

¹⁶ *Ibd.*, 177-178.

¹⁷ *Ibd.*, 184.

¹⁸ *Ibd.*

¹⁹ *Ibd.*, 185-186.

- a destination that is differentiated as a mix of trendy rivieras, heavenly beaches, pristine nature, a crossing of roads, long history and rich heritage, passion and events, tranquillity and comfort.

3.3.2. *Development scenario options and outcomes*

Considering the present condition and level of development of the *Kvarner* destination, three scenarios presented themselves as options in choosing an optimum development model.

Status quo model does not represent a process of development, as it has implications for neither the quantitative and qualitative aspects of development, nor for accommodation capacities or additional tourism facilities and services.²⁰

In the short run, this scenario is viable to a certain extent. A short-term increase in the number of tourist arrivals is achieved at the expense of reduced service prices. Although this entails a drop in average tourist spending, the amount of revenue generated by tourism will not show any substantial changes.²¹

Viewed in the long run, stagnating development will cause the destination to lag behind its rivals. The destination will be forced to further cut the prices of its services, which will in turn result in another drop in average tourist spending and in the reduction of absolute and relative overall revenue from tourism. Layouts are likely to ensue, partially to the disadvantage of the local population.

From an environmental and socio-cultural aspect, this scenario could be considered viable because it does not cause the pressure exerted on the destination to increase. Due to this scenario's unacceptable economic dimensions of sustainability and competitiveness, however, on no account can it be implemented as a development model.

Scenario of maximum construction and growth of accommodation facilities forecasts an increase of more than 50 per cent in the number of accommodation capacities with regard to the current situation existing in the destination. The construction of new accommodation units will not result in any substantial qualitative changes in the structure of accommodations.

Viewed in the short run, increased accommodation capacities will make more tourist arrivals possible, thus increasing the total number of overnights and possibly improving occupancy rates and alleviating seasonality. Since there are no investments being made to qualitatively improve the tourism offer, it will be impossible to increase the average prices of services and tourist spending. Hence, higher revenue can be expected only as a result of the increased number of overnights, and not as the result of greater tourist spending.²²

In the long-term aspect, although accommodation capacities will continue to grow, the number of arrivals and overnights will not see any new growth and will remain at the short-term level. With regard to year one, this will actually signify a stagnation and lagging behind of tourist traffic, as well as a drop in the average occupancy rate. To prevent tourist demand from shifting, further cuts in average service-prices will have to be made. This scenario offers only one positive effect: new

²⁰ Perić, M., op.cit., 160.

²¹ Ibid.

²² Ibid., 164.

accommodation capacities will lead to an increase in the rate of employment. Given the drops in revenue and work productivity, however, the length of time this higher employment rate can be maintained is questionable.

From an environmental aspect, large numbers of tourists concentrated in the relatively small area of the destination are responsible for mounting ecological pressure exerted on the carrying capacity of the destination, and the deterioration of the quality of the environment. Also, a large part of the local population and tourism professionals are voicing their concerns regarding the esthetical and ecological threats to the destination posed by unrestrained construction of holiday flats and residences, a fact that does not speak well for this scenario.²³

Seeing how this scenario fails to generate positive economic effects, and how it undermines the environmental and socio-cultural aspects of sustainability, it is clear that this type of tourism development is ultimately unacceptable.

Table 3: Comparative, symbolic analysis of proposed scenarios

Criteria \ Scenario	Status quo model	Maximum growth	Restructuring/ repositioning
1. Effects of tourism on the local economy			
New investments	⊗	☺	☺
Accommodation structure	⊗	☺	☺
Growing number of beds	⊗	☺	☺
Long-term market growth	⊗	⊗	☺
Occupancy rates	⊗	⊗	☺
Long-term profitability	⊗	⊗	☺
Tourism-generated revenue	⊗	☺	☺
Productivity	⊗	⊗	☺
2. Impact on well-being of residents			
Impact on employment	⊗	☺	☺
Safety of citizens	☺	☺	☺
Negative societal effects	☺/⊗	☺	☺
3. Environmental impact			
Long-term sustainability	☺	⊗	☺
Carrying capacity exceeded	☺/⊗	⊗/☺	☺
Quality of environment,	☺	⊗	☺
Threats posed by excessive construction	☺/⊗	⊗	☺
4. Impact on tourist satisfaction			
Tourism offer	⊗	☺	☺
Tourist experience	⊗	⊗	☺
Legend: ⊗ Low level of effects/negative ☺ Medium level of effects /neutral ☺ Higher level of effects/positive			

Source: Perić, M., *Optimizacija modela razvoja turizma destinacije, Magistarski rad*, Fakultet za turistički i hotelski menadžment, Opatija, svibanj 2005, 174.

²³ Group of authors, "Ocjena turističke ponude Kvarner", *Tourism and Hospitality Management*, Vol. 10, No. 1, Wien/Opatija, March, 2004, 61.

Restructuring and repositioning scenario – In this scenario, emphasis is primarily placed on restructuring the existing accommodation offer by increasing the share of high-category hotel accommodation capacities (4/5*) in line with modern tourism trends and the needs of the solvent targeted tourist market. In addition, considerable investments should be made into the existing capacities so that they can remain competitive under new business conditions.

What separates this scenario from the other two are the investments made to attractions as the leading source of added value and tourist appeal, to services as a vital part of all elements of IQM, and to the relevant infrastructure. Investing in marketing activities, in the quality of the destination's environment and in environmental monitoring also forms a part of the investment scheme required to lay down the foundation for year-round operations, which will ultimately lead to a substantial increase in the number of guests and a drop in the degree of seasonality-induced pressure on the destination.²⁴

This scenario will result in the highest indicators tied to tourist arrivals and overnights. The heightened quality of the destination will impact on the increase of tourist-service prices and tourist spending, leading to considerably higher levels of tourism-generated revenue. Greater service quality will encourage new jobs, and the value indicators of productivity can be expected to rise significantly.

Having a positive environmental aspect, this scenario does not allow for unrestrained construction, and the total pressure exerted during the tourist season will be less than in the scenario of maximum growth. New attractions and services will broaden the scope of the tourist offer, leading to greater satisfaction of tourists and residents in view of the weakest components of the offer. Another fact that speaks in favour of this form of tourism development is the attitude of the local population, which is in agreement with the development of tourism in the *Kvarner* destination, even if this entails the need of importing the work force required.²⁵

It can be concluded that the economic effects of this scenario are more positive than in the other two scenarios. This, together with the earlier claims regarding environmental and socio-cultural sustainability, speaks strongly in favour of this scenario.

3.4. Index system for monitoring tourism development in the *Kvarner* destination

Tourism development in the *Kvarner* destination is not a static process, and as such needs to be considered from a dynamic perspective. This is a process that needs to be continually adjusted to emerging conditions and rectified should deviations occur. For this to happen, there must be timely feedback information available on the current condition of tourism development and the degree to which it is in tune with world tourist trends.

For this kind of system to function as a long-term and comprehensive solution, feedback information should have the form of standardised tourism-development indicators. In this sense, a specific form of "Qualitest" is considered as a solution

²⁴ Perić, M., op.cit., 168.

²⁵ Group of authors, op.cit., 56 and 115 and author's research.

whose application would help to standardise quantitative and qualitative indicators used in assessing the achieved level of tourism development in the *Kvarner* destination.

There is a problem that some of the data required for estimating certain indicators are not being collected at present; they are gathered neither by official statistics, surveys, studies, nor by any other means. Hence, it is essential for a Destination Management Organisation (DMO) to be established which would bring all relevant partners into contact through so-called Destination Management Networking. This network would help to create a proper database that could enable timely access to information required (statistical, financial, demographic, programming, investment-related, administrative, technological and other) in efforts to improve destination quality and competitiveness, achieve enhanced pecuniary and non-pecuniary effects, and provide for better spatial management and environmental preservation.²⁶

The establishment of this kind of systematic and continuous assessment should build upon previously initiated research into the tourist offer of the *Kvarner* destination.

CONCLUSION

Integrated Quality Management (IQM) and “Qualitest” are modern tools, already tried and tested in the tourism practise of EU coastal destinations; in Croatian tourist destinations, they have yet to be used. Theoretical models and practical results are available, which can be applied and conformed to needs, visions, strategies and objectives. The lack of both a vision and a strategy represents the first and foremost barrier to introducing a quality management system in Croatia’s tourist destinations.

In addition, accurate data are not available, due to the lack of regular and systematic research. Moreover, destination managers have not been clearly identified - in some cases, they are tourist associations; in others, the local administration or tourism professionals. Also they are not connected into a singular system and the destination is ***not perceived as an integrated business system*** which must be properly managed to achieve the desired outcome.

The changing and unpredictable tourist supply and demand, the potentially adverse effects of tourism development, and the business environment are forcing destinations to carefully analyse and plan their development in order to be ready to contend with growing competition. Attention must also be focused on functionally connecting the subsystems that make the destination a business system.

The first step in planning development is concerned with analysing and assessing the long-term sustainability of the destination’s existing business system. Based on the intended objectives of further development, possible development scenarios are analysed and the optimum scenario is selected that will be able to meet the needs of all the participants of the tourism system – tourists, the local population and local tourism industry – while taking into account environmental concerns.

²⁶ Cf., Cetinski, V., Šugar, V., Milohnić, I., "New European Trends in the Tourist Destinations, Quality Management and Their Application in Croatia", 8. *International Conference "Contemporary Trends in Tourism Industry"*, University Sv. Kliment Ohridski, Bitola, Makedonija, May 2005 (Proceedings in print).

Because of the exceptional importance the *Kvarner* destination has for Croatian tourism and for the economy and population of the County of Primorje and Gorski Kotar, an impartial analysis and comparison of the proposed scenarios and their outcome is central to selecting the future model of tourism development in the *Kvarner* destination.

The analysis of scenarios proposed has revealed that the scenario of restructuring and repositioning implies the greatest number of positive effects on the economic, socio-cultural and ecological existence of the destination. For this scenario to withstand the dynamics of the environment and for the destination to attain a competitive international position on the tourist market, continuous adjustments must be made towards the objectives set forth.

In this regard, the specific system of standardised indicators should provide a systematic overview of the actual opportunities of the *Kvarner* tourist destination, constitute the basis for all control mechanisms of the selected development scenario, and facilitate its comparison in international terms.

This will make it possible to exercise control over the tourism development process, make assessments and undertake timely corrective action in improving the tourist system and enhancing the qualitative and quantitative results of the *Kvarner* destination.

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