

# Marketing and Environment Management for Tourism: Croatian Experiences

NEVEN ŠERIĆ

*University of Split*

*Faculty of Economics, Croatia*

*nevseric@inet.hr*

TIHOMIR LUKOVIĆ

*University of Dubrovnik*

*Department of Economy and business economy, Dubrovnik, Croatia*

*tihomir.lukovic@unidu.hr*

## Abstract

The coastal area stands out with the uniqueness of the environment and hydrology. Concentration of economic activities and population in the coastal areas is resulting with conflict between man and environment. Larger Croatian islands are devastated specificities with uncontrolled tourist development, thereby losing recognition and a former identity. Therefore it is necessary to introduce new criteria in the future tourist valorization of natural resources in the eastern part of the Adriatic sea. Continuity of diverse tourist offer consolidation on the global market presumes specialized tourist's offer of every small country. Demands for ecological areas and personal safety are criteria that contribute to the choice of tourist destinations. Tourist will be offered to be the explorer of the nature, historical and cultural heritage as well as the identity of the destination he is visiting. Croatian touristic offer has all necessary predispositions, and can provide growing trend for the impendent period.

Key words: marketing, environmental management, ecological products.

Topic Groups: Business strategy, Marketing and consumer behavior, Change management and organizational development.

## 1 Introduction

Marketing is increasingly applied in environmental management in tourism. Lighthouse tourism, diving tourism, nautical tourism, farming tourism and other specialized products in tourism depend on environment quality and preservation. (Luković and Šerić 2008.) For that purpose environmental management marketing models are used. They contribute to the promotion of The national tourism and assume high environmental standards. Such a model has been developed for the project *Stone lights* (tourist valorisation of lighthouses). (Perišić *et al.*, 2009.)

This paper presents the Croatian experiences in environmental management in tourism usable as a *benchmark* model. The role of marketing in environmental management as the function of spatial revalorization assumes the change in our awareness of living environment. Starting from the classic marketing approach, through definition of social and environmental marketing, an adapted marketing scheme is developed in practice aiming at an improved relationship between people and their environment in order to create added value. (Šerić 2003.) An important dilemma research of existing models of environmental management in the project of tourist valorization of the Adriatic lighthouse is related to the pricing policy. Following the introduction of new tourism products in the same market is adequately positioned, and today the average annual occupancy of the apartments at the lighthouse more than 180 days (Plovput Trade Report 2009.). Accommodation prices are not significantly changed since the introduction of products on the market 2001th years. Plovput, a company on behalf of Croatian lighthouses management believes that higher prices of accommodation at lighthouses and assume a new quality content. The goal is to offer a model of environmental management in a specific environment that offers relevant arguments for higher prices of accommodation at light houses. This would be the number of days per year occupancy decreased (because certain segments of the tourism product more affordable would not be attractive), profits would be maintained or even increased (Šerić 2003.), and to reduce the risks of long-

term consequences of tourist valorization of the environment. To make such a tactical approach through appropriate pricing rebranding the targeted market segments without the negative connotations (profit) requires a creative marketing platform. The paper will present a model of environmental management, which in fact justifies the introduction of higher prices of tourist accommodation in lighthouses, primarily for the purpose of long-term preservation of landscape specific microenvironment.

## 2 Theory: Environment Management In Tourism

Environment management in tourism has recently gained importance due to awareness that the preservation level of natural resources determines the quality of tourist offer. Systematic approach to this issue is a precondition of sustainable development of tourism. As special attention has to be paid to the quality of air, soil, water, energy resources, and the living world, interdisciplinary approach is needed. The traditional approach of *waiting to see what will happen in the environment* has been given up, unfortunately only in response to the damage already inflicted on natural resources. This approach is now completely changed by introduction of the *environmental prudence* principle in environmental preservation. Thus ecological approach assumes research and analysis of the exact scientific facts on which an efficient and rational environment protection policy will be based as part of the national development policy.

The assumption on which environmental economics is based is the commonly accepted awareness that environment is not an entity separated from economy but that all the changes occurring in economy affect the environment and vice versa. Therefore environmental economics analyses the causes of environmental deterioration, the economic consequences of pollution and degradation and the procedures to be applied to prevent them, the benefits that may result from investments in environmental protections, interdependence of economic development and environment protection,

economic instruments of environment protection, as well as the procedures in managing the national natural resources.

Environmental economics overlaps with microeconomics in monitoring the behaviour of all business entities in relation to their natural environment. It also overlaps with macroeconomics by monitoring the consequences of economic development on environment quality. Therefore environmental economics plays a special role in countries developing tourist industry. The contribution of natural resources to development of the national tourist industry depends on a number of economic, institutional, geopolitical, physical and other conditions by which these resources are involved in the tourist trade activities. All this is sublimated in the price of using natural resources as input of tourist service and also in the correlation of the tourist service price and the development effect generated by the use of resource. This was the platform of the new model of management in environment Stone Light project. The books appeal to guests of lighthouses for years recorded their impressions that they admire the unique environment and opportunities of tourist accommodation in the cultural and historical monuments. It is these secondary data base representing the starting point for thinking about introducing a reasonable price barrier which would consequently reduce the number of days of booking the lighthouse where it poses a risk to sustainable environmental management in the context of tourist valorization. That the complaint book, in addition to comments of enthusiasm usually read: '7 days pass so quickly that the lighthouse and stay in this beautiful place is so cheap'!

Given the existing evidence guests (Plovput business records) for the development of future price strategies tourist lighthouses in the fall of 2009 did the exact survey. The survey was carried out via e-mail on a typical sample of tourists in the period 2007<sup>th</sup>–2009<sup>th</sup> stayed at the lighthouse. The structure of the sample is as follows:

- 98% of foreign guests; 2% of local visitors,
  - The structure of domestic visitors 70% of the guests from the interior Croatia, 30% tourists from the coastal Croatia
  - The structure of foreign visitors 32% of Italians, 18% of Austrians, 16% Slovenes, Hungarians 12%, 8% of Germans, 3% of the Nordic countries, 2% of French, Swiss 2%, 2% Spanish, 1% Slovaks, the Netherlands 1%, 3% others.
- The poll was dominated open questions in which the guests asked respondents to name the most valuable components of the trait experiences tourism lighthouses. According to their impressions approached designing the model, which is presented in this paper.

### 3 Findings: Marketing And Environment Management For Tourism In Croatia

The previously described situation makes integrated environment management in Croatia an imperative. Such an environment management model assumes the use of international experience of countries with appropriately developed tourism. Implementation of the model is simpler on the national level rather than within economic integration. On the national level the problems are more evident if there are opposed ideas between the local subjects. Integrated environment management is a continuing activity involving coordination of short-term goals and management instruments at the local level and the long-term goals and development policies at the national and international levels.

In its operational aspect environment management monitors the effects of particular activities to the extent to which they affect natural resources. It is not a substitute for the national project management system. (Lewis 2007.) Therefore the essence of integrated environment management system is defined as managing conflicts and synergy effects in tourism. (OECD 1989.) There are two basic problems in operationalization of this system in Croatia:

1. The formal problem is how to institutionalize the natural resources management. In practice natural resources are most frequently managed either in terms of sectors or centrally, from one

institution. In both cases the problem becomes a complex one when environmental management is conducted on the territory covered by several local administrations.

2. The problem of integrated environment management of sensitive natural resources is the issue of professional *levers* by which it is operationalized.

The management mechanism is faced with development continuity and the need to make short-term decisions and apply them in the context of development with long-term implications for the environment and the community. Management is the process of planning, decision making, organising, leading and controlling human, financial, physical, and information resources of an organization aiming to achieve its goals in an effective and efficient way. (Adair 2007.) Planning defines the goals of the system and the ways to achieve them. Planning is also the *guide* towards future events, and decision making in the planning process appears in the form of selection among the planned alternatives by using various instruments, ways and approaches. When managing natural resources in tourism profit is neither the exclusive goal nor is it irrelevant. Like the motive, the goal is transferred from the sphere of individual benefit to the area of community achievements and preservation of natural resources. Development is not based on performance maximization but rather on its optimization, which is determined by the concept of sustainable development. Due to that, even small investment in integrated environment management reduces harms, which contributes to better achievements in sustainable development. The longer the period of investment and the higher its amount, the larger is the share of net tourism product in the coastal area gross product. The need for economic growth has opened urban agglomerations in many coastal areas. This development is based partly on direct usage of coastal resources and partly on its indirect usage, i.e. on activities that are their precondition (*e.g.* construction of ports, rail network, *etc.*). In each developmental activity that uses natural resources it is traditionally believed that any form of planning and managing of coastal areas resources will provide more benefits than unplanned processes.

## 4 Discussion: Croatian Experiences in Environment Management in Tourism

Environment management as part of tourism product that can meet various recreational needs has characteristics that may be enhanced by application of marketing. In 1980ies and 90ies ecological problems such as acid rains, global warming, and environmental depletion stimulated interdisciplinary research aiming to improve conditions in all areas of human activities and to develop and promote consumption of ecological tourist products. The awareness of interdependence of economic and environmental goals in business and long-term orientation to enhancement of life quality directed marketing towards a new value system.

In comparison to the marketing approach whose primary aim is to support physical products, environmental management marketing in tourism provides special challenges and additional possibilities in the context of valorisation. Therefore environmental management marketing tends to develop such tourist products that besides satisfactory price, design and quality, do not have any negative consequences on the living environment.

Such products achieve a high quality image through ecological market evaluation in all stages of development and commercialization. Marketing skills applied in solving problems of environmental management in tourism contribute to creation of innovative solutions that as tourist products are eventually easy to position in the global tourist market.

Thus in Croatia the concept of *ecological marketing in tourism* has become customary. It is not primarily directed to the tourist as individual but rather to the tourist as human being worried about the condition of natural environment. The *tourist products* treated by such marketing approach will balance the needs to which they are intended and the natural resources on which their essence and valorisation are based. This results in innovative tourist products which by their features harmonize the man and his environment. (Luković and Šerić 2008.) The primary goal of typical

marketing activities is to understand the essence and genesis of a particular need, to create an adequate product communication to meet that need, and to build an adequate distribution model. Eventually, it is necessary to set an evident profit goal. The activities of ecological marketing present a new conceptual platform assuming the continuity of raising and maintaining special social and ecological awareness not only in those who offer *ecological* products but also in those that want and *consume* them.

The exact example of such a Croatian tourist product is the *Stone Lights* project. Holidays on the Croatian lighthouses have been described in a number of tourist magazines and television programs all over the world. What makes the Project interesting in terms of research is the concrete environment management model. *Stone Lights* as an *ecological tourist product* involving lighthouse holidays is an example of alternative approach to valorisation of environment, sea and submarine world. The receptive capacity for each lighthouse was not assessed on the basis of available accommodation capacity, but it was based on the acceptable *capacity of the micro-location* in terms of bio-environment sensitivity. The accepted sewage disposal standards and standards of behaviour of holiday-makers as well as other details resulted in a concrete environment management model aiming to improve the micro-location landscape. Up-to-date technological solutions in usage of natural energy resources ensure an adequate tourist standard. Marketing communication with the target market on innovative ecological technological solutions in lighthouse accommodation entices interest and demand in the global market. The defined behaviour standards in the natural environment and horticultural *interventions* have allowed revival of indigenous plants and animals. Bio-communities on the islands assume their original form. Environmental preservation and revitalization of indigenous vegetation is the precondition for survival of some species which almost became extinct during the seventies.

The exact parameters of economic valorisation with landscape improvement can be used as a valuable practical model for environment management. The continuation of the project by redevelopment of the

remaining lighthouses will contribute with new ideas and experiences. The *Stone Lights* project is an example of sustainable marketing environment management in the function of specialized tourist offer in sensitive environment. Carefully planned activities have resulted in a concrete marketing management model for the natural environment of lighthouses. The model has been awarded the *Eco Oscar* by the Croatian Ministry of Environment Preservation. This prestigious national award confirms its effectiveness and recognition. Relation of people towards their valuable national natural resources indicates the level of civilization in a society. The complex projects involving sustainable environment management will appropriately present a transitional country to the global community. The task of ecological marketing is to communicate the existing environmental elements and principles to the wider community. This not only creates additional demand for the tourist product but also contributes to a special ecological image of the country. Due to that, adequate promotion is particularly important. Ecological marketing is carried out *through* the ecological product. The starting point in the planning of an ecological product is the minimal impact on the environment. This involves thrift in energy consumption, controlled use of natural resources, and adequate waste elimination.

In the segment of *ecological tourist products* it is advisable to build up a mandatory model of their consumption to minimise its impact on the environment. The price is an efficient and effective way of not only controlling demand but also changing consumers' habits. Price can also incorporate the impact of the tourist product on environment. Some theoretical viewpoints hold that the price of ecological tourist products higher than the standard one is absurd. Economic logic justifies it by the fact that design, commercialization and consumption of these products assume standards that incur additional costs. (Murray 2004.) The existence of *ecological tourist products* is of national interest because it will allow a country in transition to improve its image and upgrade its offer ensuring placement of a recognizable and acceptable product in the global market.

Distribution in terms of setting up a recognizable sales model for ecological tourist product can also contribute to market image and the desired price. In that context exclusive and specialized distribution models are recommended with application of new information technologies and continuing improvement of distribution models in accordance with the best practice in highly developed countries. (Denny 2006.) Eventually, most customers for such products and services come from the highly developed countries. The environmental conditions are monitored and affected by the total sales activities. This segment of sales and distribution is very important for expansion and acceptance of the set ecological standards.

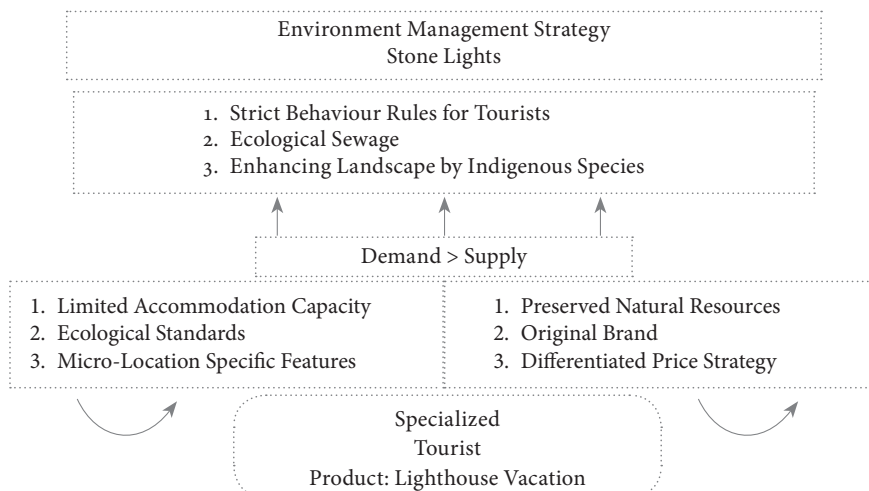
Although the interests of ecological standards and profit are in conflict, their balancing can be seen in the principles applied in the *Stone Lights* project:

1. Transparency – obligatory advising on ecological regulations that affect commercialization of the ecological product.
2. Legitimacy – ecological measures that limit the marketing of the ecological product based on relevant scientific research.
3. Proportionality – the measures limiting the product marketing must not go beyond the absolutely necessary regulations in order to achieve a particular ecological result.

4. Subsidiary – achievement of ecological goals without limiting marketing of ecological products.

In marketing *ecological tourist products* promotion has a special role in the segment of after sales services. Informing the public on the positive consequences of such product marketing enhances the satisfaction of holiday-makers and makes them compare the proportional prices with the typical tourist product aimed at satisfying similar needs. Using the combination of economic and ecological promotion, publicity and public relations it is possible to influence the habits and behaviour of people to enhance their relation to the natural environment. This may result in the desire to create new tourist products which will not only satisfy the needs of modern tourists with quality and price, but will also have minimal impact on the environment and human health. The problem which remains to be solved in transition countries is the lack of mass awareness of the natural environment as the element which in the long run determines the quality of human life. The changes are visible but slow. Environment preservation is being institutionalized in Croatia but often only in response to the positive international publicity in the context of some tourist product. Therefore, it is another area in which marketing may be efficiently used to raise social awareness. In these terms, ecological tourist products involve social responsibility, not only in legal terms, but in general.

Figure 1: Model of environment management in *Stone Lights* project



Source: author, 2010.

## 5 Conclusion

Marketing in environment management is imperative in preservation of tourist resources. It is a pre-condition for the future national tourist trade. The issue of environment preservation must be considered across various disciplines through combined application of acquired knowledge of nature and society.

By the introduction of the *ecological prudence* principle the approach to ecology as science and its application in tourist practice has to be significantly changed. The basic assumption of environment management in tourism is that environment is not an entity separated from the tourist industry. All the changes occurring in the industry will affect environment and vice versa. This is reflected in the price of usage of natural resources as input and its relation to the developmental effect generated by the tourist valorisation of the natural resources. Duality of natural resources as public and private goods is an exact problem in standardization of their evaluation, which is an additional reason for a scientific approach in environment management. Environment management is particularly sensitive in coastal areas. Integrated management of coastal areas is a continuing activity involving simultaneous coordination of short-term goals and local administration with long-term goals and national administration. Marketing environment management involves planning, decision making, organizing, leading and controlling human, financial, physical and information resources of the national community to achieve aims effectively and efficiently. Unlike the marketing approach whose primary function is to support the physical product, environment management marketing provides special challenges and additional opportunities in valorisation of the tourist product. Thus the established concept of *ecological marketing in tourism* is not directed to the tourist as individual but rather to the tourist as human being worried about the condition of natural environment. Tourist products treated by such approach balance the needs of intended customers and natural resources on which their essence and valorisation are based. Activities of ecological marketing are a new conceptual platform as-

suming the continuity of stimulation and maintenance of special social and ecological awareness in tourist supply and demand. The task of ecological marketing in tourism is to communicate the existing elements and principles in the ecological tourist product to the wider community. Thus it will stimulate demand for such product and also create an ecological image of the entity *associated* with the concrete product. The starting point in planning an ecological tourist product is its minimal impact on the environment and the possibility to enhance environmental quality. Therefore it is advisable to build up a recommended model for consumption of natural resources in order to minimise the environmental impact.

The problem evident in Croatia is the lack of mass awareness of the natural environment as the element which in the long run determines the quality of human life. Therefore it is necessary to institutionalize environment preservation. In this area, marketing can be effectively and efficiently used to alter the awareness of this problem. Such approach is recognized in the *Stone Lights* project which is an example of valorisation of the Adriatic lighthouses. The experiences of that project have eventually provided a pragmatic model of environment management marketing feasible for other specialized tourist products. The parameters of economic valorisation in the *Stone Lights* project prove that human activities in natural environment can result in added value of the environment. It also offers the possibility to develop efficient environment management tactics for creating specialised tourist products, which is an exact scientific contribution.

In the context presented specialized tourist product, which was effectively commercialized by the introduction of the global tourist market, over time, showed an evident problem of pricing strategies implemented in accordance with the level of equipment of the apartment on lighthouses. This neglected the most valuable components of a specific tourist product, which has a relatively low price (considering the perceived value of tourists) resulted in a high number of days per year occupancy (apartment on Rt Zub lighthouse in Istria, 2003. received recognition for the greatest number of booked days per year throughout Istria). The growth

of the number of visitors resulted in a certain negative trends in the natural environment. This encouraged the authors of the paper is to investigate and supply the exact components of tourism stay in a lighthouse can argue that the higher price of the stay, but no negative connotation to the tourist market.

Application of the model presented in practice reduce the risk consequences of tourist valorization of the lighthouse on the sensitive natural environment,

and the profit rate for evaluation, is necessary for the efficient management of valuable lighthouse buildings, natural surroundings and a specialized tourist services will increase. The presented model is usable as a platform, with further elaboration of other specialized tourism products which are competitive elements of the prevailing part based on the sustainable management of specific resources and the environment.

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