



Comparative analysis of tourism indicators for Croatia and selected competitive countries

Maja Buljat*

Abstract: An increasing number of countries are investing in the development of tourism, thus becoming a key driver of socioeconomic development. The effects of tourism are realized through foreign exchange revenues, job creation, and the development of local and national infrastructure. As an international trade service, inbound tourism has become one of the world's major trade categories. Tourism in Croatia is considered an important investment driver and a generator of growth in the national economy. Addressing and development on a competitive basis are determined by the unfavorable macroeconomic environment and business climate in the country. Today's business world is characterized by accelerated development and competitiveness of companies that must stimulate profitable development, measure value creation, and continuously learn from success because only such companies can succeed. The aim of the paper is to show the position of Croatian tourism in relation to competitive countries, to confirm the hypothesis that Croatia is a strong competitive country.

Keywords: tourism, competitiveness, economic effects, economy

JEL classification: EO, E1, E2

Primerjalna analiza turističnih kazalnikov za Hrvaško in izbrane konkurenčne države

Povzetek: Vse več držav vlaga v razvoj turizma, ki tako postaja ključno gibalno družbenoekonomskega razvoja. Učinki turizma se uresničujejo skozi devizne prihodke, ustvarjanje delovnih mest ter razvoj lokalne in nacionalne infrastrukture. Kot mednarodna trgovinska storitev, je vhodni turizem postal ena glavnih trgovinskih kategorij na svetu. Turizem na Hrvaškem velja za pomemben dejavnik naložb ter predstavlja generator rasti nacionalnega gospodarstva. Neugodno makroekonomsko okolje in poslovna klima v državi določata naslavljanje in razvoj na konkurenčni osnovi. Današnji poslovni svet zaznamujeta pospešen razvoj in konkurenčnost podjetij, ki morajo spodbujati profitabilen razvoj, meriti ustvarjanje vrednosti in se nenehno učiti iz uspeha, saj le takšna podjetja lahko uspejo. Cilj prispevka je prikazati gospodarske učinke turizma in položaj hrvaškega turizma glede na konkurenčne države, ter potrditi hipotezo, da je Hrvaška močna konkurenčna država.

Ključne besede: turizem, konkurenčnost, gospodarski učinki, gospodarstv

*University of Applied Sciences,
Zapresic Croatia,
mbuljat@bak.hr

©Copyrights are protected by =
Avtorske pravice so zaščitene s:

Creative Commons Attribution-
Noncommercial 4.0 International
License (CC BY-NC 4.0) = Priznanje
avtorstva-nekomercialno 4.0
mednarodna licenca (CC BY-NC 4.0)

DOI 10.32015/JIBM.2022.14.2.8

Mednarodno inovativno poslovanje =
Journal of Innovative Business and
Management

ISSN 1855-6175

Introduction

Tourists of today are more experienced and demanding, so the tourist market with its dynamics makes supply and demand condition each other and change accordingly. On the one hand, supply tracks changes in demand preferences; while on the other hand, demand is growing expectations and it is increasingly difficult to meet.

Tourism of the new age requires a unique and recognizable tourist product; constant improvement of the tourist offer and at the same time preservation of indigenous elements. That is why there is a sharpening of relations between competing countries to win the market position, so it is necessary to continuously analyze and monitor the indicators of competitiveness of tourist destinations. The level of development of the destination is defined by determinants such as infrastructural development, regulatory and legal frameworks, the number and quality of accommodation capacities, the diversity and quality of the catering offer, natural and cultural heritage, personnel potentials measured by productivity, i.e., the ability of the destination to produce goods and services using its labor force, resources, and investments

The state is involved in the development of an area that without tourism might not have developed at the same intensity or at the same speed. Integrating entrepreneurial ideas in these areas creates the basis for creating greater economic impacts. At the same time, the resources underlying tourism development remain owned and managed by the local community, thus ensuring its impact on the quality of the tourism product. From the point of view of economic entities in tourism, it is necessary first to find a way that will ensure their long-term survival in the market. Their competitiveness depends on innovation in achieving lower costs and higher quality effects that will satisfy potential customers, but also on their ability to create new products (Sundbo, Orfila-Sintes and Sørensen, 2007).

The competitiveness of a tourist destination is defined as the ability of a destination to increase tourist spending and attract more tourists by providing them with an unforgettable experience, and is also profitable and brings benefits to future generations (Bartolucci, 2013).

1. THEORETICAL RESEARCH FRAMEWORK

Competitiveness presumes different desired outcomes according to various researchers. Based on Scott and Lodge (1985), competitiveness means producing a more significant return from the application of available resources. On the other hand, the World Economic Forum, W. (2003) suggested that competitiveness should lead to higher income growth. Further, Fagerberg (1988) argued that employment would be enhanced through competitiveness, in which the author relates competitiveness with a better quality of life. Nevertheless, even with the prominent characteristics and outcomes of competitiveness, researchers failed to describe what specific factors or determinants that lead to competitiveness (Kozak and Baloglu, 2010; Ritchie and Crouch, 2010). Despite its popularity, majority of the literatures available strives to adapt with the imprecision of the concept, as it provides a reflection of multiplicity of meanings and also applicability. Porter (2008) defined organisational competitiveness as productivity expansion. Meanwhile, Feurer and Chaharbaghi (1994) referred to competitiveness as an organisation's or nation's capability to maintain a competitive position by exceeding the stakeholder's expectations and eliminating any threats.

The competitiveness of the destination also depends on the ability to increase tourist revenues through attracting visitors, increasing profitability, but also ensuring the quality of life of the local population, and preserving the environment. According to Hendia (2007), competitiveness in the broadest sense of the word can be defined as the ability to stay in the market for the long term.

Blažević and Peršić state that in modern tourism it is necessary to build a model of competitiveness based on elements that ensure the achievement of competitive advantages for better positioning of tourist destinations. The authors see the solution in creating their own image because only one who is recognizably different from others can be interested in the flood of the same kind of offer (Blažević and Peršić).

Kunst (2012) believes that the competitiveness of a tourist destination could be reduced to the issue of consumption per unit of capacity, with those destinations that achieve higher consumption per unit of capacity more competitive.

Vlahov (2014) believes that in the situation of the increasingly present process of consolidation of hotel groups, small hotels must cooperate together in order to achieve a better competitive position on the market and thus raise the level of tourism competitiveness of Croatia.

The research on visitors' attitudes toward the competitiveness of Croatian tourism in the period from 2004 to 2014 was conducted by scientists of the Institute for Tourism in Zagreb (Marušić, Čorak and Sever, 2015) as part of the TOMAS project. There was an increase in the competitive strength of Croatian tourism, with Spain, Greece, Italy, and Turkey being seen as competing countries. The results of the survey have shown that visitors consider shopping opportunities in Croatia worse than in other destinations, but at the same time, they get more value for money.

Žmuk and Morović (2015) analyzed trends in tourism of the European Union using selected indicators of tourist demand. Using statistical forecast ingestion methods and models, they showed that in most of the observed countries, there is a trend of increasing the ratio of foreign and domestic tourists, but also a decrease in the ratio of the number of overnight stays and the number of tourist arrivals. The authors also found that a significant number of European Union countries differ slightly in terms of the values of tourism indicators. In this, they see an opportunity for Croatia, which could significantly improve the values of its tourism indicators from other countries through planned differentiation.

2. DATA AND METHODOLOGICAL FRAMEWORK

The dataset consists of annual time series of data from 2002 to 2019 in order to make a comparative analysis of tourism indicators for Croatia and selected competing countries. The tourist indicators used in the analysis are:

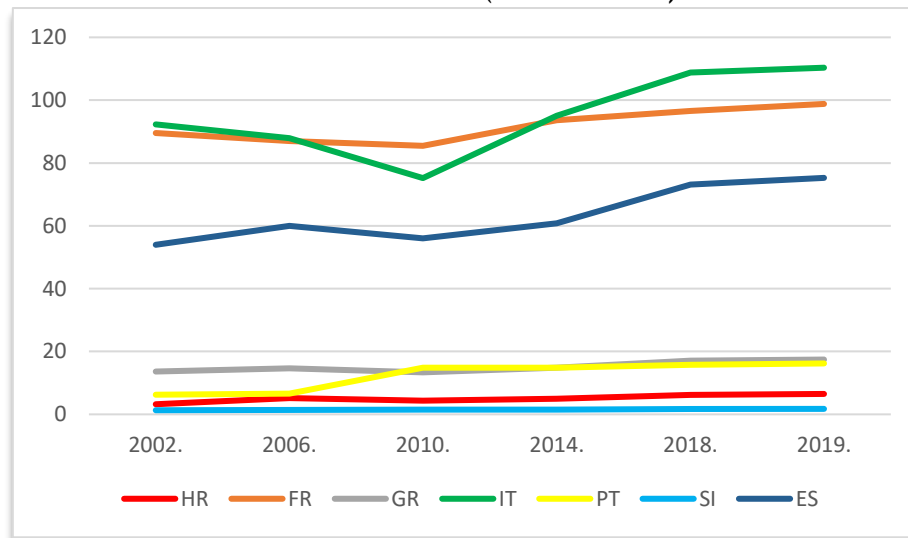
- The direct contribution of tourism to GDP (absolute amount)
- Share of tourism in GDP (in % of GDP)
- Revenues from international tourism
- Income from international tourism per capita
- Number of international tourist arrivals

Competing tourist countries whose data were used for comparative analysis are France, Greece, Italy, Portugal, Slovenia, and Spain. The paper uses the abbreviations ISO Alpha-2: Croatia (HR), France (FR), Greece (GR), Italy (IT), Portugal (ES), Slovenia (SI), and Spain

(ES). The data for the required analysis was collected from statistical databases available on the official website of the World Travel and Tourism Council (WTTC). The method of comparative analysis of selected indicators of tourism business in Croatia and competing countries was used to test competitiveness. The obtained data were then systematized, statistically processed, and shown in graphs. For the ranking of Croatia in relation to selected competitors, complex annual growth rates (CAGR) were calculated.

3. RESULTS OF COMPARATIVE ANALYSIS OF SELECTED TOURIST INDICATORS

Chart 1. The direct contribution of tourism to GDP for Croatia and selected competing countries from 2002 to 2019 (in billion. USD)

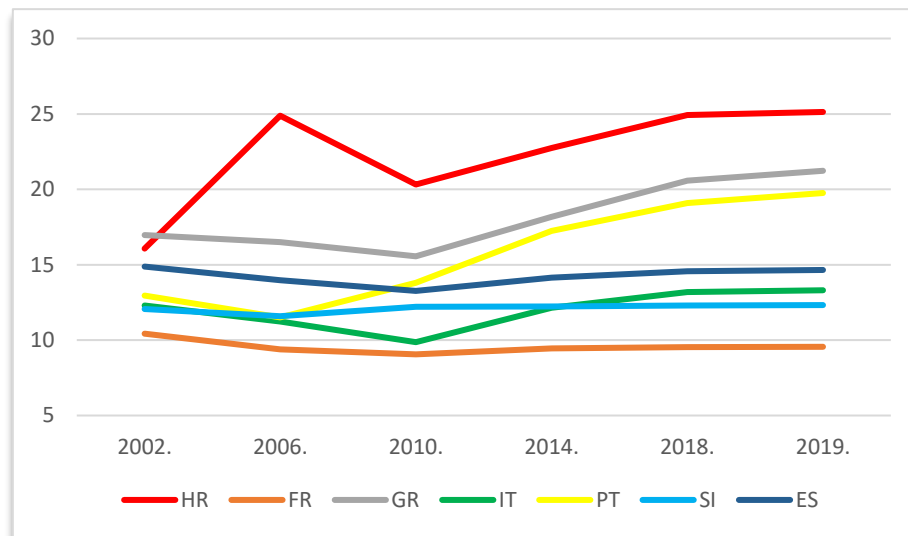


Source: Created by the author - based on: WTTC (2022)

During the analyzed period (2002-2019), Italy had the highest average contribution of tourism to GDP (USD 94.92 billion), while Slovenia had the lowest average contribution to GDP (USD 1.53 billion). In 2019, the direct contribution of Croatian tourism to GDP amounted to USD 6.5 billion, an increase of 101.86% compared to 2002. In the total contribution of tourism to the GDP of all observed countries, Croatia achieved a share of 1.24% in 2002 or 1.99% in 2019. During the analyzed period (2002-2019) Croatia achieves the second highest interannual average growth rate of tourism contribution to GDP (4.22%), after Portugal (5.76%). The lowest interannual average growth rate was recorded by France (0.58%), followed by Italy (1.06%), Greece (1.48%), Slovenia (1.68%), and Spain (1.98%).

Given that countries of different sizes are analyzed, it is necessary to show the relative share of tourism in GDP to obtain the right share of the contribution of tourism to GDP (Chart 2.)

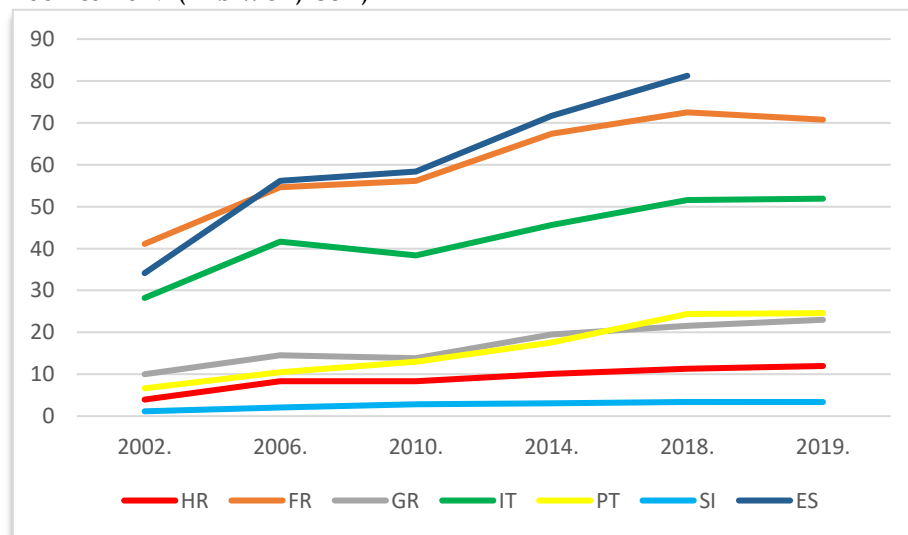
Chart 2. Share of tourism in GDP for Croatia and selected competing countries in the period from 2002 to 2019 (in % of GDP)



Source: Created by the author - based on: WTTC (2022)

In the observed period (2002-2019) Croatia can stand out as the country with the highest average share of tourism in GDP (22.34%), while France has the lowest average share (9.57%). In 2019, Croatia recorded a share of tourism in GDP of 25.13%, an increase of 56.39% compared to 2002. Among the countries under review, Croatia and Portugal had the same average annual growth rate (0.03%), Greece (0.01%), Italy, Slovenia and Spain had relatively low average annual growth rates that ranged around 0%, while France was the only country with a negative annual growth rate (-0.01%).

Chart 3. Revenues from international tourism for Croatia and selected competing countries in the period from 2002 to 2019 (in billion) USD)



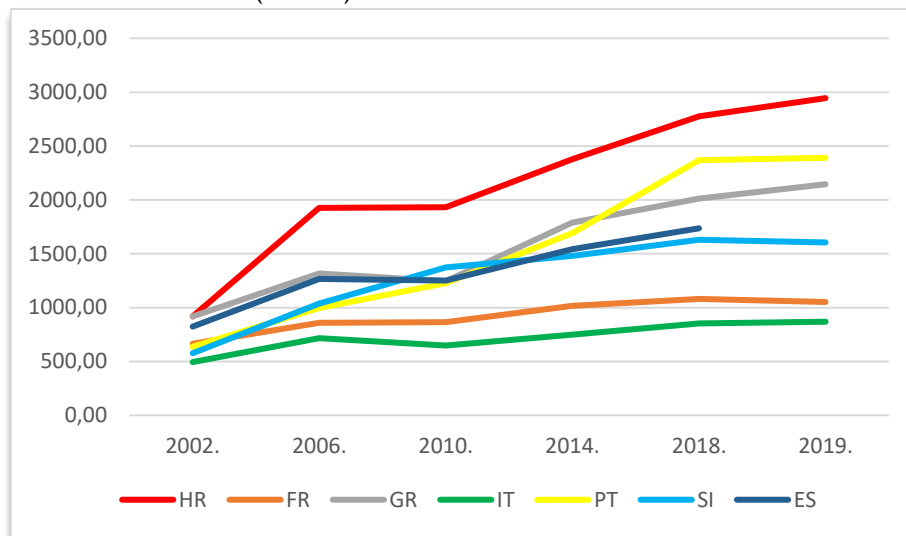
Note: Data for Spain not available in 2019

Source: Created by the author - based on: WTTC (2022)

During the analyzed period (2002-2019) France had the highest average tourism revenue (USD 66.4 billion), while Slovenia had the lowest (USD 2.64 billion). Croatia generated USD 11.9 billion in 2019, which represents a 203.04% growth in tourism revenues compared to 2002. In total revenues from international tourism compared to the observed competing countries, Croatia achieved a share of 3.95% in 2002 or 4.27% in 2018. Data from the observed period showed that Croatia achieved an

average annual growth rate of international tourism revenues of 6.74%. Among selected countries, Portugal has the highest average annual growth rate (8.01%), followed by Slovenia (6.49%), Spain (5.57%), Greece (5.02%), Italy (3.65%), and France with the lowest annual rate (3.25%).

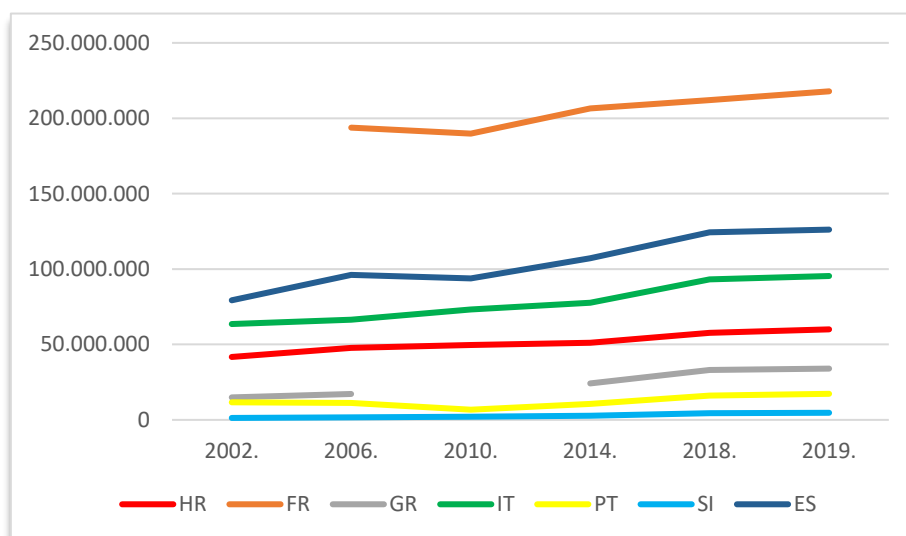
Chart 4. Income from international tourism per capita for Croatia and selected competing countries in the period from 2002 to 2019 (in USD)



Note: Data on revenues from international tourism for Spain is not available in 2019
Source: Created by the author - based on: WTTC (2022)

Based on data on revenues from international tourism per capita, Croatia can stand out as the country with the highest average income (\$2,145.82) during the analyzed period (2002-2019). In 2019, per capita income was \$2,944.47, an increase of 220.70% from 2002. Portugal (8.09%), followed by Croatia (7.10%), Slovenia (6.20%), Greece (5.12%), Italy (3.37%), and France (2.74%), had the highest average annual growth rate per capita. Data for Spain were not available in 2019, but the country also recorded a positive average annual growth rate (4.77%) from the beginning of the period under review until 2018.

Chart 5. Number of international tourist arrivals to Croatia and selected competing countries in the period from 2002 to 2019.



Note: For individual countries, data are not available for all observed years
Source: Created by the author - based on: WTTC (2022)

According to the number of arrivals in the analyzed period (2002-2019), it is worth noting France, averaged the highest number of arrivals (204,036,400), while the lowest average number of international tourist arrivals was achieved by Slovenia (2,795,000). Through each observed period, Croatia recorded an increase in the number of arrivals, and in 2019 it achieved an increase of 43.8% compared to 2002. In 2019, Croatia achieved a share of 10.81% in the total number of arrivals of all observed countries. Among selected countries, Slovenia has the highest average annual growth rate (7.85%), followed by Greece (4.97%), Spain (2.77%), Italy (2.42%), Portugal (2.35%) and Croatia (2.16%). No data have been available for France since 2002, but if we take the first next available year (2006), the country also achieved an average annual growth rate of 1%.

Conclusions

In economic terms, a tourist is both a consumer of goods and a recipient of services. Part of its expenditure goes directly to economic units related to tourism (housing, food, transport, etc.), the second part goes to local budgets or the state budget in the form of fees, taxes, and so on, and the third part goes to other sectors of the economy to pay for the products delivered and services provided for the needs of tourism activities. As a result, tourism can contribute to the economic development of both the local community and the country's economy by generating revenues from domestic and international visitors. In addition to direct effects on economic and social systems, tourism has several positive indirect and induced effects on other sectors of the economy.

A comparative analysis of selected tourism indicators shows that Croatia can stand out as a strong tourist country in relation to selected competitors. According to data on the direct contribution of tourism to GDP, in 2002 Croatia was slightly worse than Greece and took second place, while in the last year, it took first place in the ranking (25.13%). Although this indicates an excellent ranking of Croatia by this indicator, it is worth pointing to the challenge in terms of the large exposure of the Croatian economy to tourism. Data on revenues from international tourism per capita show the same results as the previous indicator. In 2002, Greece was 0.04 USD better than Croatia. In 2019, Croatia generated \$2,944.47 in per capita income and achieved the best results of the observed countries. The number of international tourists in Croatia in 2002 was higher than Greece, Portugal, and Italy, but in 2019, France also had data on this indicator, which was significantly better than Croatia, so Croatia took fourth place in the ranking. Based on the obtained results, it can be concluded that Croatia as a country is highly dependent on tourism, however, based on the selected tourism indicators in relation to the competitors that were the subject of the analysis, Croatia stands out as an average competitive country.

References

- Bartoluci, M. (2013). Management of tourism and entrepreneurship development. Zagreb. School book.
- Blažević, B., Peršić, M. (2009). Tourism regionalization in global processes. Opatija: Faculty of Tourism and Hotel Management.
- Fagerberg, J. (1988), "International competitiveness", *The Economic Journal*, Vol. 98 No. 391, pp. 355-374
- Feurer, R. and Chaharbaghi, K. (1994), "Defining competitiveness: a holistic approach", *Management Decision*, Vol. 32 No. 2, pp. 49-58.
- Hendi, Z. (2007). Comparative analysis of Croatian tourism in the competitive environment

-
- of the European Mediterranean. Doctoral dissertation, Zagreb: Faculty of Economics and Business, University of Zagreb.
- Kozak, M. and Baloglu, S. (2010), *Managing and Marketing Tourist Destinations: Strategies to Gain a Competitive Edge*, Routledge, Abingdon.
- Kunst, I. (2012). *Croatian Tourism and EU Integration: A Contribution to Development Sustainability*. Zagreb: Publishing House Jesenski i Turk, Institute for Tourism.
- Marušić, Z., Čorak, S., Sever, I. (2015). *TOMAS. Attitudes and consumption of tourists in Croatia. Summer of 2014*. Zagreb: Institute for Tourism
- Porter, M.E. (2008), *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, Simon and Schuster
- Ritchie, J.R.B. and Crouch, G.I. (2010), "A model of destination competitiveness/sustainability: Brazilian perspectives", *Revista de Administração Pública*, Vol. 44 No. 5, pp. 1049-1066, doi: 10.1590/s0034-76122010000500003.
- Scott, B.R. and Lodge, G.C. (1985), "US competitiveness in the world economy", *The International Executive*, Vol. 27 No. 1, pp. 26-26.
- Sundbo, J., Orfila-Sintes, F., & Sørensen, F. (2007). The innovative behaviour of tourism firms—Comparative studies of Denmark and Spain. *Research policy*, 36(1), 88-106.
- Vlahov, A. (2014). Strategic association in order to raise the competitiveness of small and family hotels in Croatia. *Acta Turistica*. Vol. 26. No. 1. 23-53
- World Economic Forum, W (2003), *The Global Competitiveness Report 2002-2003*, Oxford University Press
- World Travel & Tourism Council (WTTC) from <https://wttc.org/>
- Žmuk, B., Morović, A. (2015). Statistical analysis of trends in tourism in the European Union countries using selected indicators of tourist demand. *Proceedings of the Faculty of Economics and Business in Zagreb*. Year 13, no. 1. 19-38