FEASIBILITY OF THE RELEASE OF THE CROATIAN NAUTICAL CHARTER ON THE AMERICAN MARKET

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ABSTRACT
Nautical tourism is one of the most competitive tourism products in Croatia. A well-organized system of nautical tourism in the Adriatic could initiate the development of certain neglected areas which, with the appropriate valorization of natural and geographical resources, would become attractive for investment. Given the situation in the financial markets and the rising dollar, distant Mediterranean travel has become a possibility for the average American seafarer. It is therefore necessary to define the potential market niche for the Croatian offer of nautical charter tourism on the US market. Croatia can attract a significant number of boaters due to its natural resources. The authors of this study intend to analyze the situation and the possibility of entrance of Croatia into the wholesale US charter market. In addition, they question the manner in which this kind of tourism product can come closer to the average American boater, and through which distribution channels to promote Croatian economic interests.

Key words: nautical tourism, charter, US market

JEL classification: L83

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INTRODUCTION

The main comparative advantages of Croatian nautical tourism are its natural resources – clear seas and natural beauty, rugged coastline with a plethora of islands and natural attractions with an inviting climate and a high degree of conservation of these resources.

Given that Croatian economic diplomacy is in theory a widely developed service of providing services in the interest of forwarding Croatian economic interests, while from a practical point of view it is still in its infancy; the eventual conclusion is that an efficient system that a major logistical resource for the promotion of Croatian nautical tourism on the international market should be established.

Due to the specificities of the scope and distance of the US market, the paper has analyzed the spectrum of activity of the Office of Croatian Economic Diplomacy in the United States, with a focus on general awareness of one of the strategic interests of Croatia – nautical tourism and its promotion on the international forefront.

On the basis of this case the purpose of work has been set – to define the possibilities of placing Croatian nautical tourism on the US market. In this sense, the main features of this segment of tourism in the US market are considered, as well as a selection of the main channel of distribution with special emphasis placed upon promoting Croatian economic interests through the activities of Croatian economic diplomacy.

Theoretical framework

International exchange in every country is basically a reflection of internal developments in the economy, production and consumption, demand and supply surpluses and deficits in market goods in an economy open to the world market. International exchange is always functionally connected with the domestic market, international market and economic intervention (Andrijanić and Pavlović, 2012). Economic diplomacy is just one instrument that works in the international economic network in establishing economic relations for the realization of national economic interest (Bilandžić and Baron, 2013).

Significant fluctuations in the financial market together with a rise in the value of the dollar has rendered Mediterranean trips very accessible and interesting to
the average American seafarer. In order to strengthen the potential of attracting American tourists, it is necessary to define the main opportunities of promotion and placement of Croatian nautical tourism on the US market, independent of the activities of Croatian economic diplomacy upon its territory.

Estimates of the total world market for nautical charter tourism show that even 55 percent of the market relates to the USA and Canada, 14 percent to Germany, 12 percent to France, 5 percent percent to Switzerland, and 4 percent to the United Kingdom.

The classification of the basic types of nautical tourism in view of the prevailing motif that shapes them allows for the distinguishing of different types of nautical tourism: mobile, sailing, swimming, residential, sports, winter, camping, fishing, cultural, wellness and environmental (Lukovic, 2007). As a result of the specifics of the overall tourism product and the segment of nautical tourism itself, one of the major elements of its development in general is the climate. Sailing routes are dependent upon weather conditions, as are stayovers and all recreational activities.

A charter implies operations on vessels or ships, in the sense of of their lease to boaters. The process of forming a charter plot is a complex process consisting of the purchase of ships owned by the company, renting boats from private individuals or business entities or even joint operations with other charter companies (Favreau and Kovačić, 2010).

The development of the demand for charter services shows continued growth, and estimates of the total charter market show that more than half of the market comes from the United States and Canada, followed by Germany, France, Switzerland and the United Kingdom. Competition in the field of charter services affects the connectivity and concentration of charter operations (Vukonić, 2002). Croatia has an exceptional potential for market growth in nautical charter tourism due to the rugged coastline, national parks, clean and warm sea and winds favorable for sailing.

A recognized and well-defined distribution channel with a communication strategy tailored to each target market individually can result in a high market share of the destination itself. Telišman-Košuta (2011) lists the functions that are performed in the process of the delivery of services or goods to the customer: information, contact, adjustment, promotion, negotiation, delivery, financing and
risk management. The usual distribution channels of tourism products are travel agencies, tour operators, specialists, representatives of the consortia and reservation systems, global distribution systems (GDS) and the Internet. The classic marketing approach that involves the promotion of products and services with insufficient market personalization communication strategies entails a significant financial burden with few repercussions. This is why the emphasis is on the development of Internet marketing which provides consumers with accurate and interactive insight into the offer while maximizing informativeness. Good market research and promotion of products and services that will provide a tangible market response along with the occupation of a large portion of the market share in relation to the competition is in the interest of every business entity.

Croatian economic diplomacy by definition is associated with the practice of modern diplomacy that today puts the economy at the heart of its work and fights for each foreign investment, as well as for each foreign contract. Its three main tasks are:
1. Support for Croatian exports
2. Protection of the interests of Croatian companies abroad
3. Assistance in attracting foreign investment.

METHODOLOGY

In the paper, the authors will analyze the scope of the Office of Croatian Economic Diplomacy in the United States, with a focus on the specific awareness of global and Croatian nautical tourism and activities in promoting this segment of tourism as a strategic interest of the country.

The primary sources of information relate to researching the possibility of using online booking as a distribution channel for Croatian charter services and analysis of activities of the Office of Croatian Economic Diplomacy on the territory of the United States. For this purpose two surveys have been carried out. The first survey was related to charter participants in the US market, through which was obtained a profile of the American Charterers – a source of information and a method for choosing tourist destinations for a charter. The second survey was related to the Offices of Croatian Economic Diplomacy in the US market, which resulted in a range of information and activities of Croatian economic counselors, consuls, honorary consuls and other staff of the office for
the promotion of Croatian strategic interests in the segment of nautical tourism. Investigations were carried out during 2015 and questionnaires were sent by e-mail to addresses according to the available list of American Association Charterers and associations dealing with rental boats and all Offices of Croatian Economic Diplomacy within the US market.

During the preparation of this paper, the authors failed to get all relevant information about the activities of Croatian economic diplomacy. Although the website of the Ministry specified the tasks of economic diplomacy as well as the benefits for Croatian companies, the study found many shortcomings in these services. This primarily refers to difficult or almost impossible to establish contacts with individual offices, in this case in the area of the United States. Furthermore, it was not observed the possibility of clarifying the specifics of the market in order to minimize the risks of doing business. This method of mediation does not contribute to the growth and competitiveness of Croatian companies. Furthermore, neither does it enable networking with other Croatian exporters nor the search for suitable partners: contrary to what has been announced publicly under the standard activities of the representative offices.

The primary sources of information relate to researching the possibility of using online booking as a distribution channel for Croatian charter services and analysis of activities of the Office of Croatian Economic Diplomacy on the territory of the United States. For this purpose, a survey was conducted dealing with charter participants on the US market, through which was obtained a profile of the American Charterers – a source of information and a method for choosing tourist destinations for a charter. Investigations were carried out during 2015 and questionnaires were sent by e-mail to addresses according to the available list of the American Yacht Charter Association and associations dealing with rental boats.

RESULTS

In this part of the paper are presented the results of an analysis of the US charter markets, according to available statistical data and the results of research on the profile of the American Charterers. According to the study Bareboat Charter Industry (2013), after several years of decline in turnover since 2008, an increase of 15.4 percent was recorded in 2013 as compared with the previous year.
American charterers mostly belong to the baby-boom generation, i.e. those aged 50-68 years. According to the statistics given in the study, this segment makes up 23.6 percent of the US population. That is why interest in the American charter industry is not surprising for the Millennial Generation (20-27 years) who now make up 24.5 percent of the population...

More than 90 percent of all travel by US charterer was related to recreation. The greater part of charterers reserved their vessel months in advance. Comparative data are presented graphically.

Figure 1 Distribution of the reservation of a vessel throughout the year – a comparative overview

A more balanced booking schedule of US Charter vessels can be clearly seen, as opposed to those which sail to Croatia. This data is very important in planning the possibility of Croatian entrance into the US charter market.

During the course of the research, data arose on the number of weeks of charter rental in the North American market. This information is provided in the following chart.
Figure 2: Weeks of charter rental during the period 2010-2013

Source: author's work in accordance with research data

The above facts about the importance of Croatia as a charter destination for American charterers favors the intention of the author regarding a stronger approach with regard to the US charter market. If the aforementioned would be connected with the target segments of the US charter market (the Millennial Generation and the baby-boomers), it can be clearly concluded that the creation of opportunities in the on-line reservation system would be the optimal choice.

Table 1: Characteristics of the baby-boomers and the Millennial Generation

<table>
<thead>
<tr>
<th>US</th>
<th>Baby-boomers</th>
<th>Millennial Generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>24.2 mln</td>
<td>12.6 mln</td>
</tr>
<tr>
<td>Age range</td>
<td>50-68</td>
<td>20-37</td>
</tr>
<tr>
<td>M/F</td>
<td>53 / 47</td>
<td>52 / 48</td>
</tr>
<tr>
<td>Married</td>
<td>83%</td>
<td>23%</td>
</tr>
<tr>
<td>Education: university and above</td>
<td>88%</td>
<td>94%</td>
</tr>
<tr>
<td>Profession: management</td>
<td>49%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Source: author's work in accordance with research data

These data are important in designing strategies for Croatian entrance into the US charter market as well as for promotion design.

The results obtained by the survey can contribute in shaping the marketing strategies for nautical charter tourism services on the US market. It was extremely important to get the demographic profile of the American charterers and thus to determine which channels of distribution were used. On the other hand, through an analysis of the US charter market important data on the habits of American charterers was obtained, which pinpoint the conditions for potential
offers. In particular, this refers to the fact that there are a growing number of American charterers that are replacing domestic destinations with those that are European or those that are on the Mediterranean Sea. Europe has a 70,000 km coastline, where there are more than 4000 marinas with a total of 1.75 million mooring points. It should be noted that 70 percent of the world charter market takes place in Europe, and most of this in the Mediterranean. In this area, there are 407 marinas with 175,000 mooring points, which amounts to an average of 429 berths per marina. The number of marinas according to country is shown below.

**Figure 3 The number of marinas in the Mediterranean according to country**

Source: author's work in accordance with research data

According to the research, for American charterers the most influential destination in the Mediterranean was Greece, however when it came to reserving the actual charter destination, Croatia came out in first place. The chart is shown below.
The above facts about the importance of Croatia as a charter destination for American charterers favors the assessment of the author regarding a stronger
approach with regard to the US charter market. If the aforementioned would be connected with the target segments of the US charter market (the Millennial Generation and the baby-boomers), it can be clearly concluded that creation of opportunities in the on-line reservation system would be the optimal choice.

CONCLUSION

Charter services on the Croatian market can become sufficiently attractive for the US market if certain services are prepared for the appropriate distribution channels to make it more attractive for the US user, with an emphasis on on-line booking.

Particular attention should be focused on the specific segment of American charterers or the Millennial Generation (20-27 years), whose share is continuously growing among American charterers. Research shows the main characteristics of this generation, including an outstanding interest in exploring new destinations and testing products and services before buying. It should be noted the importance of the Internet as a medium through which the Millennial Generation (and also other segments) obtain information about the destination they plan to visit. Therefore, the logical conclusion for the choice of distribution channels for Croatian charter services lies in the Internet as a medium for promotion, but also as a medium for on-line reservations.

A higher quality of organization of economic diplomacy can certainly strengthen the competitiveness of Croatia on the international market, but also its national power and position in the international arena, especially when it comes to the specific US market in charter tourism. Although there is currently no effective system of economic diplomacy, it is expected that it will be well-organized and well-positioned in order to situate Croatian nautical tourism within the US market and with concrete results. Although the network of economic diplomacy is branched out enough on American territory, from the conducted research it can be concluded that the system of economic diplomacy has not taken hold in the right way and does not contribute to the promotion of Croatian economic interests in the international market as a whole.
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