

BRAND BUILDING OF CROATIAN TOURISM DESTINATIONS

M. Sc. Davor Perkov

Podravka

48000 Koprivnica, A. Starčevića 32

Phone: ++ 385 91 6520240; Fax: ++385 48 651730

E-mail: davor.perkov@podravka.hr

Key words: 1. Marketing approach, 2. Ethical tourism, 3. Brand-building, 4. Croatian tourism destinations, 5. Cultural differences

1. INTRODUCTION

Although, many marketers think of marketing as branding and broadcasting, a successful brand in tourism is more likely to come about, from the intelligent management of information and the use of technology-supported customer interactions.

Brand building of tourism destination requires more tools than advertising, because ultimately, brands are built more through performance, than advertising.

The curiosity of the world for eco-rural holidays, ethical consumption, traditional cuisine and Mediterranean life-style are Croatia's winning cards on the specific tourist market, where only those with visionary views of the future and marketing approach are successful in promoting and placing their own natural, economic and cultural values (e.g. project "4 Wells" – Secrets of Šibenik).

For Croatia to become a recognised tourist brand as a destination in marketing terms, brand-building at national level is imperative, especially due to the forthcoming membership in the European Union.

In a world of increasing globalization in which more and more managers are likely to be struggling with conflicts between their "home" culture and the cultural values of their extending markets, Croatian managers have to understand connection between cultural adversity and changes in a complex world..

2. BRANDING IS THE MOST DYNAMIC FIELD IN MARKETING

Competition that is the driving force for adaptation and flexibility, excellence of properties acquired through market competition, a constant struggle for survival that does not allow the company to stunt, unrest, movement, competition and business changes twenty four hours a day, are all features of everyday life on our planet.

Management is therefore, becoming more focused on issues of how to manage changes¹. Change Management – under which we assume *"the introduction of new procedures or technologies for the purpose of adjusting the company to the dynamic demands of the business environment"* – has outgrown into an imperative.

Think today and focus towards the future – is an obligatory part of modern business. *"In the next 10 years more changes will occur than ever in the history of the world"*, announced Tom Peters, a visionary American guru, at the end of the year 2004 at the 6th gathering of *"The Annual Worldwide Lesson in Leadership Series"*.

¹ Dujanić M. (2004), "Upravljanje promjenama u poduzeću", Zbornik radova, EF Rijeka, pp. 40

The most dynamic fields of today's business globalisation are investment funds, information technology and marketing. In marketing the most dynamic field is branding – creating the varieties that are relevant for the user, who will accept them and reward the creators. The new era does not accept offering and the advertising machinery no longer wins. Brands and customers are becoming interactive and in mutual communications they encourage one another. Marketing communication is the process by which information about an organization or even country and its offerings is disseminated to selected markets.²

2.1. Croatia does not manage its image in the eyes of the world

The Ministry of Foreign Affairs has established a brand building task force for Croatia. Its purpose is to promote the country's image and attract foreign investors. A strong and recognizable brand can provoke significant investment, attract more tourists and considerably increase export. Croatia is already recognised for its tourism, sea and coast, gastronomy, Podravka and its brand Vegeta, the town of Dubrovnik as well as preserved nature, elaborate cultural heritage and healthy food. All the mentioned can facilitate in creating a strong brand and the image of a new and modern Croatia.

Apart from tourism, Croatia invests very little in its promotion; in fact, Croatia makes no effort in exploiting and capitalizing its competitive advantages. One symbol, however significant we consider it to be (Tito, Tesla, truffles, the Dubrovnik Summer Games, the tie, the ball point pen ...) cannot replace an entire spectre of promotional activities.

Only when it defines its own (original) identity, Croatia can start promoting that identity, i.e. creating the image that results from its behaviour and communications with other countries. In order to influence a better perception of Croatia among the international public, systematic, coordinated and serious approach to better organised communications with foreign countries is essential at all state levels. Without a concept and unique project, and national "consensus" for this matter, individual promotional achievements would be negligible.

2.2. Global tendencies

Tendencies in world tourism are somewhat similar. Tourism knowledge, especially geographical knowledge, is increasing by leaps and bounds with the advent of the World Wide Web and the Internet in the 1980's. Globalization gets a spur with the use of audiovisual media and the computer has provided just that.³

So, the goal of such communication is not just to induce initial purchases; it is also to achieve postpurchase satisfaction, thus increasing the probability of repeat visit.

Dominant customer appeal is gained through strong brand. Certain actual world trends are imperatively implicating the necessity of synergy processes in Croatian tourism, especially between the modern food industry and hotel business. Eating habits of consumers in the third millennium are rapidly changing. The richness of everyday Mediterranean diet is the capital - yet still not enough exploited - asset of tourist offer where, taking other countries as a model, gastronomy is an important part of the identity of Croatia. Along with the functional characteristics of products and services, in tourism it is crucial to add emotional features as much as possible in order to create a clear, distinctive brand.

² Kerin A.R., Peterson A. R. (2000), "Strategic Marketing Problems", Prentice Hall, New Jersey, p.225

³ Singh, S., (2004), "Coming full circle: tourism concepts, knowledge and approaches", Tourism, vol. 52, No 4/2004/305-396, Institute for tourism, Zagreb, pp.313-314

2.3. Brand building in tourism

Brand is generally accepted term for a distinctive name identifying a product (organization or person) with a trademark (name, mark, icon, symbol, design...) for the purpose of clear recognition and distinction of its developed characteristics, values and prestige reached via its produced identity and relation towards customers and the public.⁴ The product so identified, since the ancient civilizations to our times of modern tourism, represented a safe promise to buyers and an expectation of an evaluated good quality product with a name.

In this connection branding imposes itself as an imperative. Tourism is the market for the promotion and placement of diversified national values. Although not all resources are attractions, the ones that really are, in Croatia have been insufficiently exploited. Croatia is fine "material" for creating a strong world brand because branding is a very important process for each world country.

Especially for the smaller ones - such as Croatia – with many elements which can be used for building successful brands (tourism, top sport, world famous towns, companies of which many are regional giants, clean sea and ecologically healthy food). Problem in fact is that Croatia do not know how to efficiently promote them, what does clear vision of the future like? Strong brands supply use value as well as purchase value.⁵ The world's interest for Mediterranean gastronomy, way of life, culture and ancient history, are the winning cards for Croatian tourism. With marketing know-how support, Croatia can systematically present own values to the world.

Brand in tourism has to be the essence, ideal, emotion, story ... It has to be supported by an attractive logo backed up with a clever creative sentence, strong names, loud promotion activities and mouth to mouth publicity.

Identity lies on distinction; the unique set of associations that represent certain emotional and functional features of brands.

Examples:

- Owner: Marriott, dr Oetker, Ferrero, Gavrilović
- Abbreviations: IBM, BMW, VW
- Names with no meaning: Sony, Sanyo, Kodak
- Fantasy names: Coca Cola, Shell, Apple
- Suggestive names: Vegeta (vegetables)

3. THE BATTLE FOR ATTRACTING TOURISTS IS THE BATTLE FOR BRAND STRENGTH

Modern branding in tourism, apart from association to something dynamic, speaks about creating a brand that visitors will accept, become close to, familiar and all this based on the distinctive promises which they have to experience for themselves, experience its superiority or suitability for their desired manner of relaxing, their status or buying power. Such superior tourist product brings new value.

Brand has to have in mind the total target group and be positioned to implicate a better *value for money* than the competition. Brand reputation is imperatively based on the quality of offer, tourist satisfaction, employee communications, social responsibility and similar.

⁴ Karamarko, N., (2004), "Hotel branding trends in Croatia", in *17 th Biennial International Congress Tourism & Hospitality Industry 2004, Proceedings*, Faculty of Tourism and Hospitality Management, Opatija, April 14-16, 2004, pp. 972

⁵ Kotler, P. (2002), "Marketing in New Economy", Bauer seminars Conference, Prague, March 25

Two of the best arguments against price reduction are Customer Relationship Marketing and stronger branding. Brand building, especially in the hotel business, catering and tourism, demands more tools than mere advertising. Holiday Inn is, for example, the most widespread world brand in the field of hotel business. In their several thousand hotels worldwide, the initial idea of the founder K. Wilson was achieved: *"When travelling with your family or alone, you do not need a super luxurious hotel, because every Holiday Inn will provide all you need."*

3.1. Brands are created by performance

A successful branding program lies on the principle of singularity because in the minds of customers a perception is created that such product does not exist on the market. Therefore, brands are created by performance not advertising but this does not mean that for instance slogans have become history.

A brand must be more than a name. A brand must trigger words or associations (features and benefits). Let's have a look at some of the very successful slogans:

<i>British Airways</i>	"The World's Favorite Airline"
<i>AT&T</i>	"The Right Choice"
<i>Budweiser</i>	"King of Beers"
<i>Vera Cruz</i>	"Where the music starts before you've finished breakfast"
<i>Croatia</i>	"The Mediterranean as it once was"
<i>Marriott Courtyard</i>	"A special little hotel at very comfortable price"
<i>Holiday Inn</i>	"No Surprises"
<i>Coca Cola</i>	"Can't beat the real thing"

The ingredients of an effective promotion include:⁶

- identifying the target audiences
- selecting the promotional mix elements, balancing the strenghts and weaknesses of each
- developing the messages to be conveyed
- deciding how to combine the different promotional mix elements to achieve the marketing and promotional objectives
- planning distribution strategies
- designing evaluation methods

Communications objectives may include: creating awareness about a product and its attributes or benefits; developing favourable attitudes; or preference or even purchase intention. They serve as the guiding force for the overall communications strategy and of the objectives for each promotional mix element.

A tourist product is not just a physical object, but a bundle of benefits or values that satisfies the needs of the consumers. Thus, when the tourist product is being considered, it involves decisions not only about the item itself, but also aspects such as service and safety, as well as the brand name and quality.

⁶ Lidstone J., MacLennan, J.,(1999), Marketing Planning for the Pharmaceutical Industry, Gower, Aldershot, pp. 99 - 100

3.2. New Economy consumers demand much more from brand

The relationship between consumers and brands is becoming more complex. Many customers want the product or service they use to become their way of self expression. Consumers have strengthened and brands – if they wish to remain strong – have to follow their demands and continuously introduce novelties.

In expert circles opinions differ about what brand should be. Here are three opinions which are rather different in approach:

"The brand must be an essence, an ideal, an emotion. It must be supported by beautiful logos, clever tag lines, creative turns, edgy names, rave launch parties, big ticket giveaway promotions, and publicity buzz-making." (Advertising agency view)

"The brand should have a target group in mind and be positioned to solve one of their problems better than competitive offerings. Furthermore the brand's reputation is ultimately based on product quality, customer satisfaction, employee communications, social responsibility" (Kevin Clancy, CEO of Copernicus)

*"We propose a reinvention of brand management that puts the brand in the service of the larger goal: growing customer equity. This doesn't mean that brand becomes unimportant. Compelling brand images remain essential to winning and keeping customers' trade. But it does mean fundamentally changing how management thinks about the goals, roles, and metrics associated with a well-managed brand...When a marketer focuses on growing a customer base, and not necessarily a brand, things can look very different."*⁷

For brand success it is essential to have something new and exciting, something that makes it different from the rest. Through brand customers want to be a part of a group, a community, they wish to identify themselves with a particular brand and with other users exchange experience about it.

Creating a brand in tourism is a decision integrated with other decisions about the marketing mix. Creating a brand is vital for creating a unique image on different "niche" markets, i.e. it significantly contributes to the efforts of tourist organizations for market segmentation. Brand cannot be treated as only a name, it represents an integral part in company efforts to create a unique image that can be sold to customers.⁸ Creating a recognisable image in a service trade such as tourism is of great importance because tell-tale recommendations are the major means of promotion and an important phase in service branding.

3.3. Branded services – term and purpose

"Service branding" means transferring the values and promises of both the company and their products (incorporated in the brand) to the field of services.⁹ What makes you feel that you have entered a Mercedes showroom not Kia Motors? How do we know that we called Vodafone and not T-mobile? Which are the differences in approach and the manner of how we are being served by each one of them? How do we recognise that we have entered Hotel Sheraton and not any other? What are the differences besides the interior and price?

⁷ Roland T. Rust; Robert H. Smith, Valarie A. Zeithaml; Katherine N. Lemon; "Customer-Centered Brand Management", Harvard Business Review (September, 2004)

⁸ Moutinho, L., (2005), Strateški menadžment u turizmu, Masmedia, Zagreb, pp.220

⁹ Barlow, J. (2004), "Approaches and instructions for service branding", address given at "Poslovna znanja" seminar, Zagreb

"Service branding" therefore, means transferring brand provided value to the field of services. Today, "service branding" has become the field for creating competitive advantages for companies. And not only that. So far, "branding" has been an exclusive marketing area, but "service branding" is also the task of the human resource department and internal communications. Hence, we can conclude that "service branding" is also becoming a management function.

"Service branding" has some important arguments:

1. It complements product branding and (or) the company image and in that way consolidates current client communications;
2. It strengthens the understanding of organizational culture within the company which creates a joint focus and guides employee efforts at all levels;
3. Internal communications within the company are better coordinated;
4. A competitive advantage is created in a field where other (especially) competitors probably have not done much yet;

In the end, the ultimate brand builders in tourism are the employees and their activities meaning that the key element is performance and not just marketing communication.

3.4. Innovativeness is the skill of the management

Peter Drucker said: *"For business the most important are two functions: marketing and innovations. Everything else are just costs."* ¹⁰ Without innovativeness, destination and the tourist business subject cannot significantly improve their financial situation because just improving productivity offers only a minor chance for growth. Innovativeness is really the ability of the destination that assumes:

- a) product and services innovation
- b) total tourist business concept innovation

Innovativeness perceived in this manner requires organizing three macro-markets at country level and a micro-market at particular holiday destinations, respectively:

- idea market
- capital market
- talent market

The best innovations provide solutions for the problem of guests, not the problem of products and services. Strong market created innovations enjoy a long life and create assumptions for gaining the leading position on the market.

The innovative approach is reflected also in the new marketing rules for creating recognisable tourist destinations:

¹⁰ Pavlek, Z., (2002), "Marketing u akciji", Alfa, Zagreb, p. 211

- Partnerships with your employees, customers, suppliers and distributors for joint prosperity
- Managing tourist relations through database marketing
- Differentiated and appropriate communication with tourists
- Brand building through performance not through promotion
- Building your own superior information and communicational system

3.5. Dalmatian Village in Texas

First example of synergy between manager inventiveness and the world's curiosity for Croatian Mediterranean climate is the construction of a Dalmatian Village that is soon starting on the lake Stonebridge Lake near Dallas, Texas. This will be a architectural replica of Supetar (a small village on the Croatian island of Brač), an project in which Marion Duzich and Jeffrey Blackard shall invest about 180 – 200 million US\$.

Supetar in Texas", a village with 30,000 inhabitants, will be surrounded with trees and the fragrance of olives, lemons, lavender and rosemary.¹¹



Figure 1. Model of the future Dalmatian village in Texas

Restaurants will offer original Dalmatian smoked ham, figs, olive's oil, famous cheese from island Pag, sardines and tunny-fish from Postira, Croatian coffee, Dalmatian's wines...

3.6. "4 Wells" – the Secrets of Šibenik

Second example: two Croatian managers who have gained experience at the leading world consulting company McKinsey & Company, Siniša Slijepčević and Davor Hebel, have founded with their own capital a company called "Experia" with the vision of creating a network of profitable tourist attractions throughout Croatia.

In cooperation with world experts they want to create an impressive, authentic experience for visitors, in partnership with the local community and effective marketing and distribution. The British "Janvs", one of the leading world companies for designing cultural-tourist attractions whose project Jorvika in York is among the five most prestigious in Britain, is also involved in this project.

The first project of these young Croatian enthusiasts that have been opened on the beginning of summer 2004, is a complex of water reservoirs "4 Wells" from the XV century, situated in

¹¹ Čolović D., (2004): "Supetar u Texasu bit će bolji od Disneylanda", Jutarnji list, svibanj, p.5

the old centre of the Dalmatian town, Šibenik, some 50 metres from the UNESCO monument – St. Jacob's Cathedral.

Support for organizing this extremely valuable and for years neglected location was given by the town authorities and the competent institutions, such as the institute for conservation (especially in prompt issue of necessary permits and approvals).

This is going to be an interactive attraction in a medieval atmosphere for tourists, which presents the story of Šibenik, a town of unrevealed secrets, through several thematic scenes:

- four wells (architecture, use through history, water in the past)
- the history of Šibenik (St. Michael and the fight against the dragon, the story of the fortresses of Šibenik under Venetian and Austro-Hungarian occupation)
- celebrities of Šibenik (faces from the Cathedral, the story of Faust Vrančić, Dražen Petrović, Juraj the Dalmatian)
- navigation (shipwrecks around Šibenik, maritime trade, Diomed, types of ships through history)
- the treasures of Šibenik (the cathedral, architectural treasures)
- the culinary art of Šibenik (food preparation, water and wine, amphora, salt)



Figure 2. "4 Wells" – new tourist attraction of City of Šibenik

It is interesting to note that these two visionary entrepreneurs are not even related to Šibenik (!) and that they have invested their own 500,000 Euro, attained by bank loan, into the project. Thanks to this creative and brave entrepreneurship, the town Šibenik, first mentioned in 1066, with natural tourist attractions (two national parks: the Krka waterfalls, islands Kornati) and the famous Cathedral from the XV century, now have one more cultural attraction - a centre for visitors "The Wells"!

4. ETHICAL CONSUMPTION IN TOURISM

Brand can be the holder of culture and behaviour of the country's inhabitants. The manner of behaviour and customs of human communities is not only influenced by historical and traditional elements yet modern trends again with the impact of brands.

Ethic consumerism or Fair Trade (ethic trade, ethic purchase...) is one which assumes the observing of human rights, and environment and animal protection in the process of production and service providing.

These are the very ethic requests that have resulted in the increased labelling of products as Organic, Fairly Traded, Sweatshop Free or Sustainable Edition, by which the manufacturers tend to indicate to consumers the natural origin of a particular product and the consideration for people and ecology during production.

In the Great Britain in 2002 ethically aware customers spent a total of 19.9 billion pounds ; "accountable" tourism recorded 107 million of pounds of consumption of which 25 million pounds was spent only on visiting ecologic tourist destinations in the country.

The public in western countries and the potential 550 million tourists, when making their decision to visit a destination have been more frequently placing ethic questions to tour-operators and tourist agents:

1. Is there anything there that could contribute to the local economy and population? What are the labour conditions in the hotel?
2. In which way does the tour-operator support local project development? Is the local population and are local companies included in the realisation of tourist packages?
3. Is the food on hotel and restaurant menus of domestic, natural origin?



Figure 3: Ethic requests resulted in the increased labelling of products as Organic, Fairly Traded etc.

Fair Trade in tourism includes five areas where a change is crucial in order to achieve a higher level of equality for the local community of the destination:

1. international trade agreements
2. tourist industry (transnational corporations and independent investors)
3. shareholders from destination communities
4. behaviour of beneficiaries
5. local government policy

Due to environmental differences between the destination and the complex tourist system, up to now there has not been any uniform implementation model. However, the general frame could be achieved by managing adjustments at local level and between different industrial sectors. A fair approach understood in this manner is aimed at maximising the tourist benefits of small shareholders at the destination through mutual benefit from equal partnerships between national and international shareholders in the tourist activities of a particular resort.

What is the situation like in Croatia? Ethical principles assume the communication code, rules of the game, manner of thinking and cultural convictions that should be respected in the foreign business environment. The environment-friendly country and virginal Croatian coast, are proclaimed in tourist brochures. The best strategy is producing high quality products and services produced by highly skilled employees, under the assumption that they are well paid and apply new technologies and numerous inventions in their work.

5. CROATIA – THE MEDITERRANEAN TOURIST WINNER

According to the latest results of the surveys, at the mention of Croatia foreigners first think of tourism which is obviously at present its best world promoter. Strategic connection of agriculture, food industry and tourism into one cluster is essential so that, at national level significant synergy effects could be attained, and the benefits of such focus would outgrow the costs.

In *The New Economy* innovativeness and creativity are constantly sought. Only the ignorant could say that there is enough knowledge. Apart from its natural resources, the most valuable asset of Croatia are its people. As a small country Croatia cannot achieve more significant advantages. Croats should stop repeating to themselves that they are rich, educated and have a beautiful country. They really do, but they should exploit it more and they can succeed only if they work more and know more.

5.1. Croatia is *in*

Croatia is really becoming more popular in the world, but achieving the following assumptions should carefully be considered:

- recognizability of Croatia and designing a brand are key elements in the development and positioning on the tourist map of the world
- establishing the strategy for developing tourism and producing healthy food that would be offered to tourists
- extending the tourist season is essential because the early and late season are ideal for trips, sightseeing, swimming, adventure, associating ... the winters are becoming warmer and there cannot be any winter tourism without a change in the mind-set and without significant investment in the infrastructure
- the economic development should be adjusted to the principles of sustainable growth (resistance to the invasion of concrete, violation of the natural environment and devastation of the coast, etc.)
- HTZ (the Croatian Tourist Board) and tourist associations have to be appropriately engaged in the concept and meaning of "destination management".
- models should be sought for greater tourist spending.

Surveys have shown that tourists in Croatia like most the manner and lifestyle of the local population that fascinates them as plain, easy going, kind and humane folk; according to the tourist's perception, this is how – of course, in a positive sense – Croatia differs as a destination from the majority of competitors.

Tourist spending in Croatia is also growing. According to the *Tomas* survey, disclosed at the beginning of 2005 by the Institute for Tourism in Zagreb, referring to the spending and attitudes of foreign tourists in Croatia, tourists in our hotels are spending more. The average Croatian tourist in the summer of 2004, spent in average somewhat less than 49 Euro per day

which is a sudden rise of 15 Euro compared to the results of the survey conducted four years earlier. The disturbing fact is that 78% of the spending falls on accommodation, food and beverages and only some 10 Euro per day on shopping, culture, entertainment, sport activities and trips.

5.2. Branded services enjoy better sales in tourism

A brand should depict a process and represents a promise of value. The trend of brand-building at national level with its growing decisive effects and especially due to the forthcoming membership in the EU, only confirms the far-reaching necessity of effective interaction between Croatian continental economic, primarily food resources and business subjects on the Adriatic coast.

The world is showing great curiosity for Mediterranean cuisine and active eco-rural tourism. Croatia with all its attributes of being the best under the Mediterranean sky, has over a thousand of kilometres of coast, a long tradition in fishing and vegetable growing and the production and preparation of Mediterranean crops.

Tourists do not like predictable classic summer offers – the sun and sea – which are definitely *out*. Adventure and close contact of the local people with modern tourist nomads are required from those creative and energetic ones who invent tourist programs. The "pioneers" of such innovations are already collecting their first crops: summer vacation on isolated Adriatic lighthouses, bicycle routes, paragliding and cruises around islands with old sailboats have become a hit and prestige product of Croatian tourism.

Croatian food manufacturers, either of ingredients or finished products, tend to deliver recognisable, authentic Mediterranean tastes because Croatian raw material, knowledge and creativity have been incorporated into their products, in compliance with European quality standards and in accordance with the world food trends.

And not only to produce, yet be able to highlight the geographical origin at the communication platform to consumers; the biggest Croatian food industry "Podravka" for example, in 2003 on the markets of Central and Eastern Europe launched marketing campaigns "Mediterraneo" for Vegeta in order to communicate to consumers that these products come from a country situated in the warm European south.

In 2002, "Podravka" was the co-publisher of a well-received recipe book "*Creative cuisine Mediterranean style*", which has been translated into three world languages and printed in an envious 20,000 copies.

Mediterranean cuisine is not only in ingredients but also in very simple cooking methods and techniques. Following the trend of resistance towards the globalisation of tastes, the Mediterranean *quick service* restaurants of the future could be offering:

- various fish marinades
- seafood salads
- breaded fish

- fresh bread with codfish spread
- dry figs filled with dried spawn

Who wouldn't during a gentle stroll through the narrow stone streets of picturesque Croatian villages along the seaside taste, while walking, a pie with salt anchovies followed by a slice of cold melon or raisin fritters?

6. CULTURE-RELATED DIFFERENCES IN MANAGERIAL PRIORITIES

People are the key to success in tourism and this is also the title of the Croatian Tourist Board project which intends to raise the level of hospitality and create a welcoming climate. The desire is to build a positive attitude towards tourism, to establish a friendly relationship with visitors is the foundation for creating happy tourists who wish to come back. Inhabitants are considered "the ambassadors of tourism" and are expected to support investments in the tourist infrastructure and promotion. Accordingly, in 2004 a WTO global communication campaign for tourism was conducted under the slogan "Tourism enriches individuals, families, communities and the entire world", and Malta, for example, was the first tourist country to support it.¹²

It is therefore clear that high quality and competent managers lead to better tourist developments. They differ in many ways in their character, knowledge, culture and priorities, which has immanent impact on their decisions and approaches for leading organisations or companies.

Most cultural differences can be handled at strategic or an operating level, through decisions made about staffing, governance, incentives and performance measurement. Once countries or companies have identified the most important cultural gaps, they can create operating practices that pull them in these critical areas. But wanting to change and being able to do so are two different things.

6.1. Cultural competence as business advantage

So that the process we have been discussing (and not just those in the tourist industry) should really come to life in practice, it is essential above all, that Croatian managers in the tourist industry and the economy in general, should understand them to the core and in all their multifariousness. Here, apart from skills, knowledge, and quality of resources, an extremely important aspect for the implementation of changes in the way of doing business, consists of the culture-related differences in the priorities of managers.

Most executives agree that the cultural fit between managers' priorities matters deeply to the success of any change. Cultural fit - considering cultural compatibility and recognizing the importance of the people factor - is seen as very important in fostering the trust and flexibility needed for modern business. Does the success of changes differ depending on culture and managers' priorities? We agree – yes, indeed! Anyway, so says many experts world wide. *"What is expected of leaders, what leaders may or may not do, and the status and influence bestowed upon leaders vary considerably as a result of the cultural forces in the countries or regions in which the leaders function."*¹³

6.2. Managerial priorities (research results)

At the end of 2004 we undertook a piece of research among 109 Croatian managers from various branches of the economy. To a question that was phrased as follows: *"What three factors are the most important for the success of your organisation (firm)?"* a total of eight answers was provided, only three of which needed circling, to represent the opinion of the respondent:

¹² Tomljenović, R. (2004), "Public Awareness kampanje za potrebe turizma", zbornik sa znanstveno-stručnog skupa "Kako do kvalitetnijeg turističkog razvoja", Institut za turizam Hrvatske, Zagreb

¹³ Brodbeck et al. (2000); House, Wright&Aditya (1997)

1. employee knowledge and skills
2. problem solving
3. technology
4. product quality
5. product development and innovation
6. customer service
7. management
8. interpersonal relations.

The results were as follows (bellow, see figure No 4!) ! It is significant, then, how crucial a value for the performance of an organisation, i.e., a firm, Croatian managers convincingly ascribe above all to the factor of *employee knowledge and skills*, then to *management* and to *services provided to customers*.

As many as 82 of the managers to whom the questionnaire was administered, cited the knowledge and skills of the labour force as one of the three most important factors behind performance.

Cultural competency as an process becomes more and more important for all managers, particularly in tourism industry. It only can be achieved through continuous learning, struggling, and experiencing. Recognizing, acknowledging, and accepting difference is the right path.

By way of illustration, here are comparable figures from the similar questionnaire for managers from USA, Japan and Germany, according to the Harvard Business School:

<p>Germany</p> <ol style="list-style-type: none"> 1. employee knowledge and skills 63% 2. problem-solving 47% 3. management 44% 	<p>Japan</p> <ol style="list-style-type: none"> 1. product development 54% 2. management 41% 3. product quality 36%
<p>USA</p> <ol style="list-style-type: none"> 1. quality of customer service 52% 2. product quality 40% 3. technology 36% 	<p>Croatia</p> <ol style="list-style-type: none"> 1. employee knowledge and skills 75% 2. management 46% 3. customer service 45% 4. product development and innovation 39% 5. interpersonal relations 37% 6. product quality 31% 7. other answers 28 %

Figure 4: Differences between cultural managerial priorities (own research results are shown in the bottom right quadrant of the diagram!)

Comparing these results with similar questionnaires in other countries, we should say that there are important differences in the culture-related priorities of managers, depending on the particular country, culture and tradition concerned, not only in the order of priorities, but also in their importance as expressed in percentage points. Cross-cultural competence as the reconciliation of cultural differences is a skill that has become increasingly essential for the managers of new global economy and marketing, as well as creating business advantage of their countries or companies.

Croatian managers must understand cultural differences and not allow them to cloud judgments of competence and motivation. Since in the business philosophy of every tourist industry, including that of Croatia, one of the central positions is occupied by the human resource factor.

The results of the questionnaire tend to suggest that Croatian managers, in this time of major changes, will direct due attention, time and financial investment to their employees, the acquisition of new knowledge, development of their skills and besides, towards management approach innovations and customer service as their next key priorities.

On the principles of the "learning organization", this is the fundamental premise for overall progress in Croatian tourism, for keeping up with world trends and suitable adjustment to the requirements of contemporary tourists and the challenges of the environment in the 21st century.

7. FINAL THOUGHTS

The art of marketing is the art of brand building. Croatia as a country has to, like Poland and Slovakia for example, systematically work on creating an easy recognisable public image, so that as a future member of the EU it can contribute to the diversity of the very Union by promoting its values. France is known for its wine and cheese, Switzerland for its watches and chocolate, Italy for its fashion and pasta, the Netherlands for tulips and windmills, Spain for corrida and flamenco ...

The underlying question of country branding should be how to manage and present to the world Croatia as a product. The ultimate brand builders are *employees* and *operations*, i.e., tourist performance, not just marketing communications.

For Croatia to become a recognisable product as a country, the system for evaluating the quality of Croatian products is extremely important because the positive international image of a country enhances the value of products and services of its companies. A change in the current situation may occur only when the management of tourism and agriculture, will be organized on the principles of modern management and marketing.

*"Two scenarios are currently put before Croatia. We could try to increase shares on the world markets of goods and services by offering cheaper products and services, basing our competitiveness on poorly paid employees. The other version and opposite strategy is producing high quality products and services produced by highly skilled employees, under the assumption that they are well paid and apply new technologies and numerous inventions in their work. The latter strategy lies on the matrix of constant productivity growth, the only real key to the long-term increase of salaries and life standard in Croatia. The sooner we realise this, the better for us."*¹⁴

Croatian new tourist product, has to reflect a turn towards new quality as a result of taking over higher technological and ethical standards, monitoring the market trends but also keeping an ecological balance and sustainable development.

The names Dubrovnik, Opatija, the Island of Hvar and the Plitvica Lakes are already perceived as brands in the world of tourism, but the country in which they are located has not yet achieved this! Croatia needs to put more systematic effort in marketing oriented tourist development strategy and in building a country brand based on Mediterranean culture.

The examples of the projects "Supetar in Texas" and "4 Wells" in Šibenik are only new and original pebbles in presenting the thousand year old cultural mosaic of Croatia to the world tourist market.

¹⁴ Ante Gavranović, "Hrvatska treba sposobne menadžere", *Suvremena trgovina*, Zagreb, vol. 28, br. 6, 2003, pp. 184-185

Growth in business and the economy come from innovation - from solving old problems in new ways and finding wholly new problems to solve. In an increasingly globalizing world innovation comes from the creative tensions of organizations that cut across the diverse cultures of the world.

In the business philosophy of every tourist industry, including that of Croatia, one of the central positions is dedicate to human resource factor. The research results tend to suggest that Croatian managers will understand cultural differences and will direct due attention, time and financial investment to their employees and education, together with management approach innovations and customer service as their key priorities.

We can't control change, but we can prepare for it. ¹⁵ Anyway, the future of Croatian tourism is in hands of change leaders, people who think ahead, who know the destination, have the confidence within themselves to create change, and have the fortitude to help or redirect others to change also.

BIBLIOGRAPHY

Working Paper

Singh, S., (2004), **Coming full circle: tourism concepts, knowledge and approaches**, Tourism, vol. 52, No 4/2004/, Institute for tourism, Zagreb, pp.313-314

Journal Article

Čolović, D., (2004): "**Supetar u Texasu bit će bolji od Disneylanda**", Jutarnji list, Zagreb, svibanj, str. 5

Gavranović, A., (2003), "**Hrvatska treba sposobne menadžere**", Suvremena trgovina, Zagreb, vol. 28, br. 6, 2003, str. 184-185

Rust, T. R., Smith H. R., Zeithaml A.V., Lemon N. K., (2004): "**Customer-Centered Brand Management**", Harvard Business Review, september

Book of Proceedings

Dujanić, M., (2004), "**Upravljanje promjenama u poduzeću**", Zbornik radova, Ekonomski fakultet Rijeka, pp. 39-51

Ispas, A., (2004), "**European and global trends in hospitality industry**", in *17 th Biennial International Congress Tourism & Hospitality Industry 2004, Proceedings*, Faculty of Tourism and Hospitality Management, Opatija, April 14-16, 2004, pp. 1045-1050

Karamarko, N., (2004), "**Hotel branding trends in Croatia**", in *17 th Biennial International Congress Tourism & Hospitality Industry 2004, Proceedings*, Faculty of Tourism and Hospitality Management, Opatija, April 14-16, 2004, pp. 967-986

Oppitz, W., (2004), "**Globalisierung und Tourismus**", in *14 th Biennial International Congress Hotel in Tourism destination 1998, Proceedings*, Faculty of Hotel Management, Opatija, October 5-6, 1998, pp. 241-245

TOMAS survey (2005), "**Spending and attitudes of foreign tourists in Croatia in the summer of 2004**", Institute for Tourism, Zagreb,

Tomljenović, R., (2004), "**Public Awareness kampanja za potrebe turizma**", zbornik radova sa znanstveno-stručnog skupa "*Kako do kvalitetnijeg turističkog razvoja?*", Institut za turizam Hrvatske, Zagreb, 24.-25. 11. 2004.

Book

Gatto, R. P. (2000), **The Smart Manager's FAQ Guide**, Jossey-Bass, San Francisco

¹⁵ Gatto, R. P. (2000), *The Smart Manager's FAQ Guide*, Jossey-Bass, San Francisco, pp. 13

- Kerin, R.A., Peterson R.A., (2000), **Strategic Marketing Problems**, Prentice Hall, New Jersey
- Lidstone J., MacLennan, J., (1999), **Marketing Planning for the Pharmaceutical Industry**, Gower, Aldershot
- Moutinho, L., (2005), **Strateški menadžment u turizmu**, Masmedia, Zagreb
- Pavlek, Z., (2002), **Marketing u akciji**, Alfa, Zagreb
- Ray, M., Rinzler A., (1993), **The New Paradigm in Business**, Putnam, New York
- Srića, V., (2003), **Inventivni menadžer u 100 lekcija, Znanje, Zagreb**
- Stacey, R. D., (1997), **Strateški menadžment i organizacijska dinamika**, Mate, Zagreb

Speech:

- Gillpatrick, Tom (2003), "**Retail Food Industry Trends**", address given at *Podravka Marketing Conference*, Koprivnica, 11 March
- Kotler, Philip (2002), "**Marketing in New Economy**", address given at *Bauer seminars Conference*, Prague, 25 March
- Peters, Tom (2004), "**Leadership in Totally Screwed-up Times**", address given at *The Sixth Annual Worldwide Lessons in Leadership Series*

Internet Resource:

- Walker P. (2004) **After the Alliance: Managing Cultural Differences**
http://www.accenture.com/xd/xd.asp?it=enweb&xd=ideas\outlook\pov\pov_learning.xmls [Accessed 7.02.2005]
- Palmer N. (2004) **Alliances: Learning to Change**
<http://www.vanderbilt.edu/HRS/wellness/eapart13steps.htm> [Accessed 8.12.2004]
- Hiatt J. (2005) **The Definition and History of Change Management**
www.prosci.com/tutorial-change-management-history.htm [Accessed 30.01.2005]