

Sustainable Development of Rural Tourism in the Lika Region

Master Thesis submitted in fulfilment of the Degree
Master of Business Administration in Tourism
Management

Submitted to Prof. Dr. Dagmar Lund-Durlacher

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Vienna, 03 April 2017

Affidavit

We hereby affirm that this Master's Thesis represents our own written work and that we have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

Vienna, 03 April 2017

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Abstract

Rural areas that are suitable for the development of tourism are usually characterized by untouched and preserved nature, and cultural and historical heritage. The sustainable development of tourism in rural areas enables the revival of rural communities and agricultural production on small estates, preserves local traditions and customs, protects natural landmarks, increases the economic wealth of the community and prevents emigration.

The sustainable development of rural tourism requires the involvement and awareness of all stakeholders and their mutual cooperation. The key role in developing sustainable rural tourism is the support of government and governmental bodies.

The Lika region is the largest Croatian rural area, hit by emigration processes during its history which has resulted in a low population density of only 9.51 people per km² [1]. On the other hand, the Lika region is abundant in natural beauty and suitable for developing different types of rural tourism, a sector which is increasingly reflected in the global tourism demand.

To develop sustainable rural tourism in the Lika region, it is important to identify all stakeholders who participate in its creation, and to recognize their perceptions and attitudes. Likewise, it is important to rank the stakeholders according to their priority in order to define their role in the sustainable development of rural tourism.

An action plan for the implementation of sustainable rural tourism in the Lika region has been developed on the basis of an analysis of statistical data, tourists' perceptions of the Lika region, and stakeholders' perceptions and attitudes of current and future tourism development, and their awareness of the implementation of principles of sustainability.

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List of Abbreviations

B&B – Bed and Breakfast

BSR - Business for Social Responsibility, the non-profit organization

CBS – Croatian Bureau of Statistics

DMO – Destination management organization

EU – European Union

€ - Euro

ETIS - European Tourism Indicators System

GDP – Gross Domestic Product

HGK – Croatian Chamber of Commerce

HNB – Croatian National Bank

IZTZG - Croatian Institute for Tourism

MINT – Croatian Ministry of Tourism

NP- National Park

OECD – Organisation for Economic Cooperation and Development

p.a. – per annum

Q – Question

TTCI – Travel & Tourism Competitiveness Index

UN – United Nations

UNEP – United Nations Environment Programme

UNESCO - United Nations Educational, Scientific and Cultural Organization

UNWTO – United Nations World Tourism Organization

WCED – World Commission on Environment and Development

WTO – World Tourism Organization

WTTC – World Travel & Tourism Council

CHAPTER 1: INTRODUCTION

(Marija Tustonjić)

1.1. Background and motivation for the study

Croatia is a very popular tourist destination, but the tourism industry in Croatia is mostly related to maritime areas because of the 6,278 km of Adriatic coast which includes 1,244 islands (MINT, 2016). In the past ten years, Croatia has recorded an increasing trend in tourist arrivals and overnights, and in 2015 there were 14.3 million tourist arrivals and 71.6 million overnights [1].

Tourism in rural areas also shows an increasing trend, thus in the past ten years the number of accommodation units in rural areas increased from 388 beds in 2006 to 1,065 beds in 2015. This is still not sufficient since the share of total tourist arrivals in rural households amounted only 0.1% of all tourist arrivals in Croatia [1].

The increase in demand in rural tourism is connected with changes in society, the economy and tourists' perceptions. In general, people are more educated, which implies higher rates of income. Moreover, people have more spare time for leisure, which they don't spend all at once on a single holiday in the year, but rather divide into a few shorter vacations. Although not necessarily, higher education and income are somehow connected with a greater awareness of health, "green" issues, spending time in nature, and consuming organic food. The authenticity of places is more appreciated and the demand for local gastronomy is increasing. People from urban settlements are tired by their stressful lifestyles and seek peace and tranquillity. Accessibility to rural areas has been improved by the development of transport networks, traffic connections, and improved communications (Internet). Additionally, a number of travel agencies that include rural holidays are increasing, as well as the number of active elderly people willing to travel to rural destinations (Križman Pavlović, 2001).

In their article, Demonja et. al (2009) recognize the increase in rural households in Croatia and define them as "a new touristic product in rural areas". They also identify a huge discrepancy in tourism development in different rural areas in Croatia, stating that some counties have a large number of registered rural

households, whereas six counties didn't have any registered rural households by 2007.

One of these areas is the Lika region, which is the biggest and the most undeveloped Croatian region. After the construction of highways throughout Croatia (at the beginning of 2000's), the Lika region became more accessible and millions of tourists pass by the region during the tourist season. Additionally, the Lika region has one of the most popular Croatian natural landmarks – the NP Plitvice Lakes, which is listed on UNESCO's World heritage list and is visited by more than one million tourists every year.

The motivation for the study was to investigate the current situation of rural tourism in the Lika region in order to provide recommendations for the improvement of its sustainable development.

1.2. Statement of problem

Lika is the largest rural Croatian region, rich in natural beauty, and close to the Adriatic coast, but rarely visited by tourists. Tourism in the Lika region mostly occurs in NP Plitvice Lakes, and during the summer period the park is overcrowded with tourists, which could have negative impacts on the environment in the long run. There were 1.3 million visitors to NP Plitvice Lakes in 2015, but only 267,941 recorded tourist arrivals, and 360,595 overnights in the whole Lika region [1], with an average length of stay of 1.3 days. Other areas in the Lika region indicate a small amount of tourist visits compared to NP Plitvice Lakes, and tourism development is still in its beginnings. In order to investigate the current development of rural tourism, we analysed tourist demand and identified relevant stakeholders who participate in creating of touristic supply in the Lika region.

Our thesis addresses the following research questions:

Q1: Is current rural tourism in the Lika region based on principles of sustainable development?

Q2: Are visitors satisfied with current touristic supply in the Lika region?

Q3: Is the sustainable development of a tourist destination important for tourists in the Lika region?

Q4: Are stakeholders aware that sustainability is of high importance for the development of rural tourism in the Lika region?

Q5: Do stakeholders implement principles of sustainable development in their organizations?

1.3. Research purpose

The purpose of this research is to understand the theoretical background of the concept of sustainable development and rural tourism, and the benefits that the development of sustainable tourism brings to rural communities. Additionally, this research encompasses the scope of sustainable tourism and all stakeholders involved in its development. For that purpose, we have analysed stakeholder theory, the stakeholder frameworks, and the implementation of stakeholder theory in practice.

Furthermore, this research aims to analyse the qualitative side of touristic supply in the Lika region based on tourists' opinions, and to recognize its improvement potential. Another purpose is to identify all stakeholders and analyse their perceptions and degree of participation in the development of rural tourism in the Lika region. Furthermore, we will provide recommendations (an action plan) for the development of sustainable rural tourism in the Lika region.

1.4. Structure of the thesis

The thesis is divided into 9 chapters. Chapter 1 is an introduction which explains the motives for the study, the statement of the problem, and the purpose of our research.

Chapter 2 provides a theoretical background to sustainable development, sustainable tourism and rural tourism, and the benefits they bring to small rural settlements.

Chapter 3 provides a theoretical background to stakeholder theory, the historical development of stakeholder theory and different approaches and frameworks in stakeholder theory, stakeholder analysis and its implementation in practice.

Chapter 4 provides information on tourism in Croatia with a focus on rural tourism. The chapter analyses the historical development of tourism in Croatia, its main cultural and natural attractions and its economic importance. Information about the development of accommodation facilities, and total numbers of tourist arrivals and overnights in the past ten years, are presented and compared with rural areas. And finally, the chapter analyses the main Croatian competitive markets, and the organization of tourism within the country: the main tourism institutions, the legal framework, and strategic documents.

Chapter 5 focuses on rural tourism in the Lika region. It presents general data about the Lika region: geostrategic position, geography, climate and population trends, guest structure according to country of origin, and analysis of tourist arrivals and overnights. The chapter also analyses tourism supply in the Lika region: tourist attractions and the development of accommodation facilities in the past ten years.

Chapters 6 and 7 focus on the research part of the study. We did two types of research:

- 1) A stakeholder analysis of sustainable rural tourism in the Lika region by using a qualitative survey as a research method – Chapter 6
- 2) An analysis of the demand for rural tourism in the Lika region by applying a quantitative research method (questionnaire) – Chapter 7

Chapter 6 provides information on the identification of the main stakeholders in rural tourism in the Lika region and an analysis of their perceptions and attitudes of current touristic supply, among others the main advantages and disadvantages of touristic supply in the Lika region, opportunities and challenges for developing sustainable rural tourism.

Chapter 7 provides an analysis of tourists who visit the Lika region, their motives for visiting the destination, their expectations and assessment of tourist products and services in the Lika region, and suggestions for improvement.

Based on our research, we have provided a SWOT analysis of rural tourism in the Lika region (Chapter 8). The conclusion (Chapter 9), consists of a summary which presents the key findings of our empirical research and an action plan for the development of sustainable development of rural tourism.

CHAPTER 2: RURAL TOURISM AND SUSTAINABLE DEVELOPMENT

(Marija Tustonjić)

2.1. The concept of sustainable development

2.1.1. Historical development and documents that define sustainable development

The concept and formalization of sustainable development appeared in 1970's and 1980's. During these years, there were many initiatives on a global level concerning environmental protection, combating poverty, the necessity of differentiating growth from development, trying to introduce and institutionalize the term 'sustainable' in all forms of behaviour (Drljača, 2012). Many institutions, associations or agencies are involved in issues of sustainability, such as: UNEP, WCED, Worldwatch institute, Greenpeace.

The most popular documents and declarations disseminated on a global level with the aim of raising awareness of sustainability and attempting to engage the majority of the world's nations in relevant programmes are the following:

- 1972 'The Stockholm Declaration' from the United Nations Conference on the Human Environment, held in Stockholm. The Stockholm Declaration consists of 26 principles that refer to environmental protection and development, protection and responsibility towards natural resources and wildlife, human rights, social and economic growth, and the role of the state in sustainable development (UN, 1972). In their work report, Drexhage & Murphy (2010) consider

“this conference as the first major international gathering to discuss sustainability at the global scale. The conference created a series of recommendations which led to the establishment of the UN Environment Programme (UNEP) and numerous environmental protection agencies at the national level.”

- 1987 – 'Our Common Future' or the 'Brundtland report' established by the World Commission on Environment and Development (WCED) which was founded, as stated therein, because of "concern about the accelerating deterioration of the human environment and natural resources and the consequences of that deterioration for economic and social development" (WCED, 1987).

- 1992 – ‘The Rio Declaration’ and ‘Agenda 21’ from the UN Conference on Environment and Development (Earth Summit) held in Rio de Janeiro. In their work report, Drexhage & Murphy (2010) stress that the Rio Summit

“laid the foundations for the global institutionalization of sustainable development and was very successful from a political point of view: it had the world’s attention and active engagement and attendance by virtually every national leader”.

- ‘Agenda 21’, also called ‘The Programme for 21st Century’, is one of the key documents adopted at the Earth Summit in Rio de Janeiro. It is an action plan for the implementation of sustainable development. Agenda 21 addresses numerous issues, for example:

“fostering international cooperation in order to accelerate sustainable development in developing countries, combating poverty, changing unsustainable consumption patterns, protection of human health, integrating environmental and developmental policies in all levels of decision making processes, nature protection (land resources, mountains, forests, water, atmosphere, fragile ecosystems), waste management, promoting sustainable agriculture and development of rural areas, strengthening the role of farmers, important role of women, children and youth in sustainable development; recognizing and strengthening the role of indigenous people and their communities, strengthening the role of NGO’s and local authorities, promoting cleaner production and responsible entrepreneurship” (UN, 1992).

- 2000 – ‘The UN Millennium Declaration’ from The Millennium Summit held in New York (UN, 2000). The Millennium Declaration defined 8 Millennium development goals to be achieved by 2015:

“(1) eradicate extreme poverty and hunger, (2) achieve universal primary education, (3) promote gender equality and empower women, (4) reduce child mortality, (5) improve maternal health, (6) combat HIV/AIDS, malaria and other diseases, (7) ensure environmental sustainability, (8) develop a global partnership for development” (UN, 2015).

- 2002 – ‘The Plan of Implementation’ from the World Summit on Sustainable Development held in Johannesburg, The plan invokes and reaffirms The Rio and Stockholm principles and consists of numerous policies and measures that refer to poverty eradication, changing unsustainable patterns of consumption and production, protecting and managing natural resources, economic and social development, sustainable development in a globalizing world, health and sustainable development (UN, 2002).

- 2015 – ‘The 2030 Agenda for Sustainable Development’ adopted at the UN General Assembly in New York. This Agenda is to some extent a continuation of

the Millennium Development Goals, with the aim of “completing what they didn’t achieve” (UN, 2015). The ‘2030 Agenda’ confirms the progress in sustainable development since the establishment of the ‘Millennium Development Goals’, but also recognizes “unequal progress in some parts of the world especially in Africa, the least developed countries, landlocked developing countries and small-island developing states”. The ‘2030 Agenda’ defines 17 ‘Sustainable Development Goals’ to be achieved by 2030 and the means of their implementation (UN, 2015).

“The 17 Sustainable Development Goals refer to: (1) poverty eradication, (2) food security for all people and promotion of sustainable agriculture, (3) healthy life, (4) proper education, (5) gender equality and empowering women, (6) availability of water and sanitation and its sustainable management, (7) availability of energy, (8) sustainable economic growth and employment opportunities for all people, (9) sustainable industrialization, fostering innovation, (10) decrease inequalities within and among countries, (11) safe, resilient and sustainable cities and settlements, (12) sustainable production and consumption, (13) combating climate change, (14) sustainable use of oceans and seas, (15) protection and sustainable use of ecosystems, (16) peace and justice for all, (17) enhance global partnership and provide means for the implementation of sustainable development” (UN, 2015).

2.1.2. Principles of sustainable development

The ‘Rio Declaration’ principles can be observed as a starting point for understanding the concept and issues of sustainable development.

According to the Rio Declaration (1992), sustainable development puts into focus the development of society and its main actors: human beings. In order to achieve sustainable development, all participants should aspire to ensure a healthy life, fundamental living needs and appropriate education, with the aim of reducing poverty and the discrepancies in the living standards of people. A special group of people are comprised of indigenous communities which should be encouraged and protected in order to maintain their traditional practices, identities and cultures. The role of women, creativity, ideals and the courage of young people are recognized as one of the key drivers of sustainable development. “Peace, development and environmental protection are interdependent and indivisible” (UN, 1992).

Environmental protection is fundamental in sustainable development and should be integrated into all development policies. Sustainable social and economic growth is impossible without control of environmental development and the

protection of nature because of its limited resources. Although environmental management is under the control of countries and governments, national authorities should inform the public about all environmental issues and policies, and give them the opportunity to create environmental policies at the relevant level (UN, 1992).

Because sustainable development strives for social and economic growth by protecting nature and its limited resources, one of the guiding principles of sustainable development is that it should be fair and equitable for both present and future generations. It should not jeopardize the development of future generations in the interests of the present ones (UN, 1992).

The role of a state in assuring sustainable development is crucial, by promoting sustainable production and consumption and creating effective environmental legislation. This can be achieved through various cost effective measures and instruments in order to prevent environmental degradation, for example taxing big polluters (internalization of environmental costs) or subsidizing acceptable means of environmental exploitation like renewable energy sources. Additionally, states should develop legislation which protects victims from potential environmental deterioration (UN, 1992).

Sustainable development is a global issue and should be adopted as such. Global cooperation between countries is reflected in exchanging scientific and technological knowledge with the aim of preserving the whole ecosystem, and in helping less developed countries to achieve acceptable rates of growth. Developed countries are more responsible for sustainable development because of their developed technologies and financial resources and the pressure their societies put on the global environment. Within international cooperation, the use of natural resources and all other types of environmental activity should respect the protection of transboundary environments in order to avoid damage to other states, prevent the transfer of substances that are harmful for nature or humans to other states, and inform other states about potential activities which could affect transboundary environments in a negative way (UN, 1992).

2.1.3. Definitions of sustainable development

Although the concept of sustainable development has a strong element of environmental protection, it puts into relation 3 key determinants, or pillars: economic growth, social growth, and environmental development.

According to the above mentioned principles, as well as numerous initiatives and conferences on the global level, we can conclude that the concept of sustainable development includes: the decrease of poverty on all levels through strengthening the community and self-development; the rational use of natural resources; the increase in the use of renewable energy sources; minimizing environmental pollution in a way that does not inhibit further economic and social growth; the protection of wildlife in certain areas; the protection of the cultural heritage of communities, indigenous peoples, and traditions; the improvement of healthcare and educational systems.

One of the most famous and the most widespread definitions of sustainable development is the one from the Report Our Common Future:

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs [...] It is the process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs” (WCED, 1987).

“Sustainable development can be defined as a relation between dynamic economic systems designed by a man and larger dynamic ecosystems that change slowly and must be in ecological balance” (Drljača, 2012).

“Sustainable development is the prevention of the distortion of average living standards for future generations which can't be achieved until poverty is directly attacked, because poverty and environmental degradation go hand in hand” (Eban S. Goodstein as cited in Drljača, 2012).

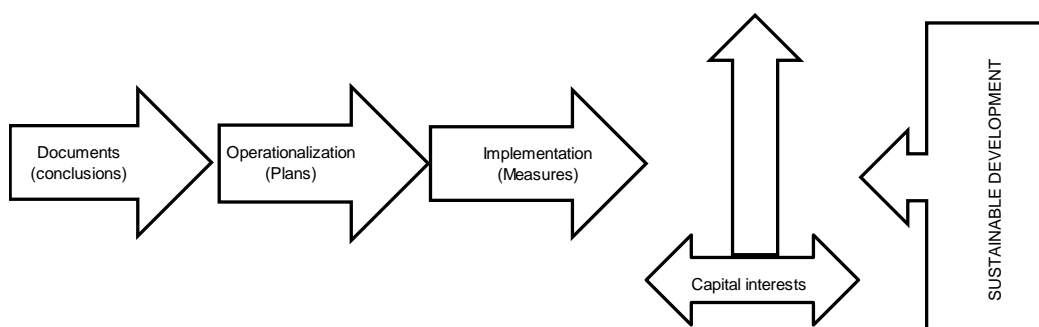
2.1.4. Implementation in practice

Drexhage & Murphy (2010) notice that the implementation of sustainable development principles has proven difficult in practice. This is evidenced in population and economic growth, converting natural areas into inhabited areas, combined with increased consumption, and the environmental inability to keep pace with such developments. Excessive consumption has led to serious changes in global ecosystems leading to water scarcity, a decline in food quality,

and a decline in biodiversity. Furthermore, we are still evidencing huge discrepancies between rich and poor, with a broadening gap between incomes. Despite numerous initiatives, little progress has been made in terms of balancing economic and social growth and environmental development. One of the reasons is that developed countries have considered development only in terms of economic growth in order to achieve higher levels of wealth, and developing countries have been following that example, which could seriously endanger environmental quality or cause the scarcity of natural resources. Without changes in the consumption patterns of developed countries, which have the financial and technological ability to establish sustainable development, it is hard to expect that something will be achieved on a global level. Although sustainable development is considered a noble concept, in developed countries there is a lack of political initiative and concrete action plans, as well as low awareness and engagement among citizens. Sustainable development is not easy and will take considerable time and effort to achieve (Drexhage & Murphy, 2010).

Although the concept of sustainable development is a global issue and its institutionalization should be defined on a global level, in his article Drljača (2012) considers that practical implementation should start on a micro level: from individuals, enterprises, organizations, local authorities. By applying the principle 'think global, act local', and with the assumptions of identical principles, commitment levels and common goals, it is possible to achieve synergetic effects in sustainable development. In practice, it is not so simple due to the numerous differences among people. Moreover, the different interests and short term goals at almost all levels of the economy and politics, and their evaluation in terms of money and power, are obstacles to sustainable development, which is a long term, never ending process based on quality, not on quantity. Accordingly, Drljača (2012) considers that capital interests represent one of the main obstacles in implementing sustainable policies, because such policies disrupt the concept of neoliberal capitalism, which is, essentially, the maximization of profit.

Figure 1: Inconsistency in implementation of measures to achieve sustainable development



Source: Drljača, 2012, p.9

2.2. Sustainable tourism

2.2.1. Historical development of concept of sustainable tourism

The tourism industry has significantly expanded since World War II, and approaches to the tourism industry and sustainable tourism have differed throughout history. One approach to describe the evolution of tourism development is 'Jafari's platform model', which consists of four stages describing different approaches to tourism development (Weaver, 2006).

According to Weaver (2006), the four stages in 'Jafari's platform model' are the following:

1) 'Advocacy platform' (1950's – 1960's) – a pro tourism perspective; a period of strong support for tourism. A post World War II period, characterized by the emergence of the middle class, and the increased amount of travel for recreational purposes, together with the beginning of the growth of the tourism industry. This platform strongly promotes the positive impacts of the tourism industry, for example: creating direct and indirect revenues from the tourism industry, new employment, promoting regional development, and providing incentives to preserve cultural heritage and the natural environment. In this period, tourism was also recognized as an additional activity in areas where primary industries were in decline.

2) 'Cautionary platform' (1970's) – the beginning of the intensification of tourism development in areas and regions where the negative impacts of the tourism industry increased. This platform warns about the costs (marketing, administrative, and other) that decrease the impacts of the direct revenue from tourism, the import of goods and services which diminish the multiplier effects, seasonal and low-paid employment, the possibility of misunderstanding due to the cultural disparities between guests and hosts, increased criminal activity, culture commodification and environmental degradation. This platform promotes carefully planned and regulated tourism development; otherwise it would result in negative impacts.

3) 'Adaptancy platform' – appeared in the 1980's. It is an extension of the cautionary platform which only recognized the potential negative impacts from the tourism industry and did not provide solutions to minimize these negative impacts. The adaptancy platform recognizes the benefits from the tourism industry as well as its negative impacts so it promotes less mass tourism and more alternative tourism.

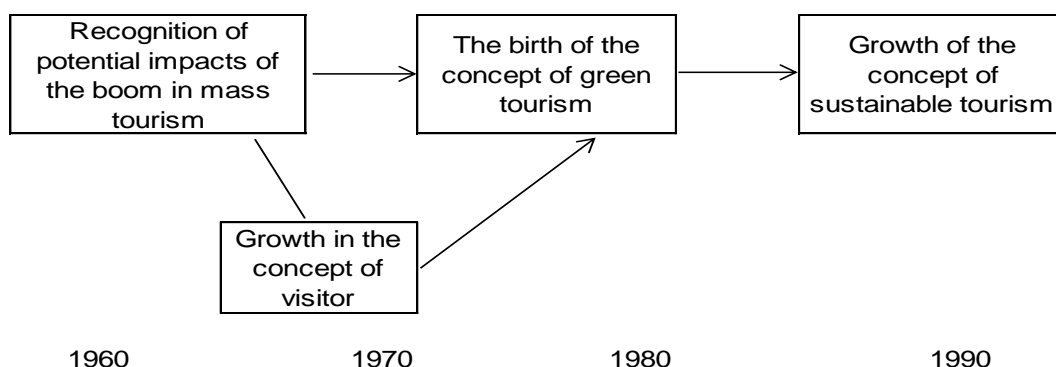
4) 'Knowledge-based platform' – appeared in the 1990's as a consequence of the realization that the tourism sector had become an enormous global industry and that alternative tourism was not appropriate for every destination, especially those already dominated by mass tourism. This platform advocates a holistic, scientific approach in order to implement appropriate tourism development strategies for particular destinations (Weaver, 2006).

Although the tourism industry had accelerating growth in the 1980's, the documents that define sustainable development did not relate tourism development with sustainable development. Thus 'the Brundtland Report' does not mention tourism at all, while 'Agenda 21' did make some references to the tourism industry. The term 'sustainable tourism' appeared in the early 1990's, promoted by academics, experts and organizations from the tourism industry, who were aware of the impacts of the tourism industry on the environment, economic growth and social development (Weaver, 2006).

The predecessor of 'sustainable tourism' was the concept of 'green tourism' which was more focused on environmental issues, but did not include social and economic components. Since the early 1990's, the term 'sustainable tourism' has

been used more often, which “recognizes the importance of the host community, the way staff are treated and the desire to maximize the economic benefits of tourism for the host community” (Swarbrooke, 1999).

Figure 2: The chronological development of the concept of sustainable tourism



Source: Swarbrooke, 1999, p. 8

The 2017 was declared the International Year of Sustainable Tourism for Development with the aim of raising awareness among all stakeholders (including tourists) of the positive impacts of sustainable tourism development as well as its contribution to the ‘2030 Agenda’ and ‘Sustainable Development Goals’ (UNWTO, 2016).

There are five key areas which will be explored during the International Year:

“(1) inclusive and sustainable economic growth, (2) social inclusiveness, employment and poverty reduction, (3) resource efficiency, environmental protection and climate change, (4) cultural values, diversity and heritage, (5) mutual understanding, peace and security” (UNWTO, 2016).

Thus, the UNWTO (2016) has developed an action plan: a set of activities which promote sustainable tourism development, the selection of stakeholders who will conduct them; and it provided a description of the reports in which the activities will be presented. The activities are divided into four groups:

- 1) ‘Advocacy and awareness-raising’ with the aim of increasing awareness among stakeholders and tourists about the positive impacts of sustainable tourism development through organizing different events like conferences, media promotions, competitions and exhibitions.
- 2) ‘Knowledge creation and dissemination’ with the aim of increasing stakeholders’ knowledge of the positive impacts of sustainable tourism

development through conducting research, providing instructions, launching publications, promoting the measurement of sustainable tourism indicators, and encouraging cooperation between tourism and tourism related industries.

3) 'Policymaking' with the aim of prioritizing and promoting tourism policies which significantly affect sustainable development.

4) 'Capacity-building and education' with the aim of supporting and promoting educational activities which concern sustainable tourism development, and include the 2030 Agenda principles through different workshops, trainings, and/or the modification of current educational programmes (UNWTO, 2016).

2.2.2. Definitions of sustainable tourism

Sustainable tourism is tourism that:

- "Makes optimal use of environmental resources, maintaining essential ecological processes and helping to conserve natural resources and biodiversity.
- Respects the socio-cultural authenticity of host communities, conserves cultural heritage and traditional values, and contributes to inter-cultural understanding and tolerance.
- Ensures viable, long-term economic operations, provides socio-economic benefits to all stakeholders that are fairly distributed, assures stable employment, income-earning opportunities and social services to host communities, and reduces poverty" (UNEP & WTO, 2005).

"Sustainable tourism is tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, and the environment and host communities" (UNEP & WTO, 2005).

"Sustainable tourism is tourism which is economically viable but does not destroy the resources, on which the future of tourism will depend, notably the physical environment and the social fabric of the host economy" (Swarbrooke, 1999).

2.2.3. The impact of tourism on sustainable development

According to the WTTC Report, in 2015

"the direct contribution of the world's tourism industry to GDP was USD 2,229.8bn (or 3% of GDP), while the total contribution was USD 7,170.3bn (9.8% of GDP). In 2015, the tourism industry directly supported 107,833,000

jobs (3.6% of total employment), while the total contribution to employment, including jobs indirectly supported by the industry, was 283,578,000 jobs (9.5% of total employment). Visitor exports generated USD 1,308.9bn (6.1% of total exports), while investments amounted USD 774.6bn (4.3% of total investments)" (WTTC, 2016).

Forecasts for the future predict further growth in all segments. The above mentioned figures indicate the huge importance of the tourism industry to the global economy, especially its indirect impact which was 3.2 times bigger than its direct impact in 2015. This only confirms tourism's strong interconnection and interdependence with other industries.

UNEP & WTO (2005) describe the special relationship among tourism stakeholders through 3 aspects:

"Interaction: between visitors, host communities and local environment since tourism is based on delivering an experience of new places.

Awareness: in the tourism industry people are more conscious (both tourists and hosts) about environmental issues and differences between nations and cultures.

Dependency: the tourism industry depends on an intact and clean environment, attractive natural areas, and authentic historical and cultural attractions and traditions."

The Globe '90 conference in Vancouver listed the benefits of sustainable tourism. Thus, tourism revives local communities since it directly stimulates business (hotels, restaurants, transportation systems, handcrafts, guide services) and accordingly protects jobs and creates new ones. The tourism industry stimulates investment and indirectly affects construction, transportation, community infrastructure and all other industries that provide products or services needed for tourism development. Consequently, it has a significant indirect impact on employment. The benefits for the community arising from the tourism industry are numerous: it creates recreational activities which are also available for local people, it protects the cultural and historical heritage of an area and supports their preservation via entrance tickets. Cultural tourism encourages greater understanding of people with different cultural backgrounds, and in rural areas tourism secures additional income besides agriculture. Sustainable tourism puts the accent on the protection of natural resources, productive land use, and preservation. It observes the impacts on natural, cultural and human environments, and seeks cooperation among all stakeholders and community members in order to manage its development (Swarbrooke, 1999).

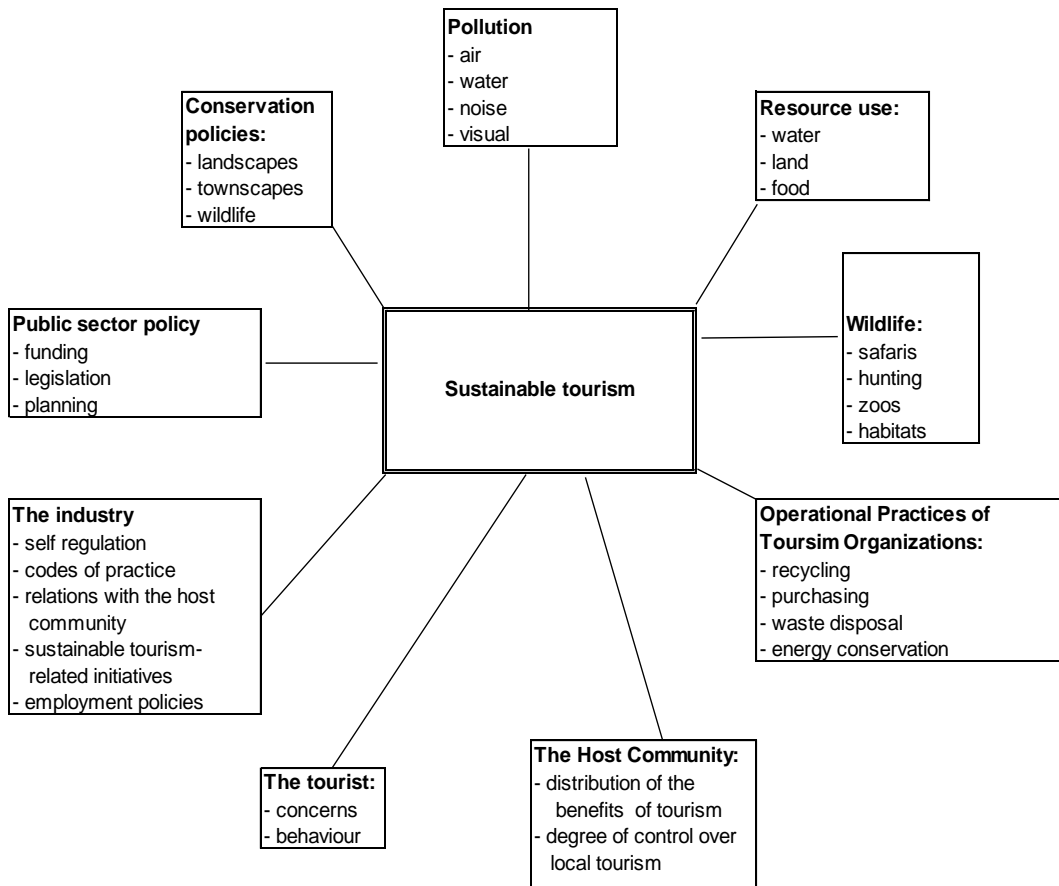
Besides its positive effects, tourism can also make a negative contribution to sustainable development, for example: environmental degradation and the disruption of wildlife, the pressure on host (traditional) communities, the contribution to local and global pollution, and the sensitivity to environmental and social changes which can cause unstable incomes (UNEP & WTO, 2005).

The key role of promoting sustainable tourism is the government's. It is important that all stakeholders adopt sustainability principles, but on a small scale results are hard to achieve. The role of government is through monitoring, coordination, regulation, and the prevention or rectification of undesirable impacts. Additionally, all natural resources (water, air, cultural heritage) that could be endangered by tourism are under the state's management. Government has the power to introduce various fiscal policies in order to achieve sustainable tourism through taxation or incentives. Overall, government should introduce policies and a legal framework which promote sustainable tourism, and which protect and encourage all stakeholders involved (UNEP & WTO, 2005).

With respect to the different impacts that the tourism industry has on the local economies of different countries, its indirect impacts on other industries, and because of negative effects which can harm social and environmental development, it is important to manage tourism only in a sustainable manner, i.e. according to the principles of sustainable development. In that sense, sustainable tourism is a condition and continuous process to which all types of tourism should aspire (UNEP & WTO, 2005).

Taking into consideration tourism's direct and indirect impacts on different industries, local communities, the environment, tourists and hosts, the scope of sustainable tourism is presented in Figure 3.

Figure 3: The scope of sustainable tourism



Source: Swarbrooke, 1999, p. 16

2.2.4. Sustainable tourism versus mass tourism

Based on the definitions of sustainable tourism, there are some forms of tourism that are accepted and more suitable for sustainability. These types of tourism include ecotourism (with a strong focus on nature), cultural tourism (which provides new knowledge about new culture), agrotourism (in rural areas, which enables a secondary activity for farmers), and urban attractions (which revive abandoned places and transform them into tourist attractions). By its definition, sustainable tourism is the opposite of mass tourism, but in practice the situation can vary. Some forms of sustainable tourism can compromise parts of their sustainable practice, while some forms of mass tourism can recognize the condition in which they are and strive to be more sustainable (Swarbrooke, 1999).

Accordingly, all types of tourism should aspire to sustainable tourism development which was described by Clarke (1997, as cited in Swarbrooke, 1999) through 4 approaches to sustainable tourism:

- 1) 'Polar opposites' – this approach considers sustainable tourism and mass tourism as two completely different conditions. In order to achieve sustainable tourism development, it is important to abandon mass tourism practices.
- 2) 'A continuum' – this approach recognizes different shades of sustainable tourism and mass tourism. Some forms of mass tourism are (or will become) less mass and some forms of sustainable tourism are (or will become) less sustainable. These two types of tourism will intertwine at some point.
- 3) 'Movement' – this approach recognizes that principles of sustainable development can positively influence any type of tourism including mass tourism.
- 4) 'Convergence' – this approach proclaims that all types of tourism should aspire to be more sustainable (Clarke, 1997 as cited in Swarbrooke, 1999).

Swarbrooke (1999) provided the basic differences between sustainable and non-sustainable tourism by using mass market coastal tourism as an example of mass tourism and ecotourism as an example of sustainable tourism. The basic differences are presented in the Figure 4.

Figure 4: Mass market coastal tourism versus ecotourism

	Mass market coastal tourism	Ecotourism
Scale	· Large scale, inappropriate to location	· Small scale, in keeping with ability of destination to absorb tourists without damage
Impact on the physical environment	· New, aesthetic unattractive buildings · Over-building of the infrastructure leading to pollution and traffic congestion	· Little new building · Little extra demand on the infrastructure
Host community relations	· Formalized relations · Little contact with local people who are not involved in the tourism industry	· Informal contact · Interaction with all types of local people
Socio-cultural impact	· Transforms local culture · Immigration of labour from outside the area	· Minor impact on host culture · Labour needs are wholly met from the local community
Economic impact	· Much tourism income is lost to enterprises based outside the destination · Tourism becomes the dominant economic activity	· Most tourist income is retained in local economy · Additional income from tourism complements traditional economic activities
The importance of the location	· Can take place anywhere with sea and good weather · The specific location is not important	· The specific location offers a unique experience that cannot be found elsewhere
Quality of the experience for the tourist	· Short-term relaxation and sun tan	· Learning about places brings long-term understanding of where and how other people live
Tourist behaviour	· Insensitive to local culture and traditions · Indifference to life of local people · Hedonistic	· Sensitive to local culture and traditions · Interested in life of local people · Responsible

Source: Swarbrooke, 1999, p.18

2.2.5. Sustainable tourism indicators and measuring sustainability

Measuring sustainability is important to all decision makers, i.e. stakeholders that are involved in planning and managing tourism development (on a local, regional or national level) or are directly responsible for managing specific destinations (WTO, 1996).

Sustainable tourism indicators enable decision makers to make systematic decisions based on facts and knowledge, make early stage interventions (prevention or mitigation), identify impacts on the environment, identify limits, and avoid unsustainable practice (overcrowding, pollution of air, water and soil, overuse of natural and cultural resources...) (WTO, 1996).

In practice, measuring sustainability may encounter obstacles since it requires motivation and cooperation among all relevant stakeholders. The aim of measuring sustainability is to assess the impact of tourism on a specific destination. Collecting and analysing data provide a wide range of information to stakeholders that are used for the analysis of current conditions and other decision-making processes (European Commission, 2016).

In 2013, the European Commission created the European Tourism Indicator System (ETIS) which represents an effective management tool for monitoring and measuring sustainable tourism in a certain destination. The ETIS toolkit is a seven-step system that provides a process for measuring sustainability. The seven steps are:

“(1) raising awareness among stakeholders, (2) creating a destination profile, (3) forming a stakeholder working group of all relevant representatives, (4) establishment of roles and responsibilities, (5) data collection, (6) analysis of results and (7) defining a strategy and enabling ongoing development and continuous improvement” (European Commission, 2016).

For measuring sustainability, ETIS defines 43 core indicators that relate to destination management, economic value, social and cultural impact and the environmental impact of tourism in a destination. Only by using a wide range of indicators that concern all levels of sustainable tourism development can the stakeholders get a complete overview of the impact of tourism in a destination (European Commission, 2016).

The core indicators are presented in Appendix 1.

The use of ETIS indicators is enabled via the ETIS Destination Dataset - an excel worksheet which calculates the results based on entered data. The advantage of this user-friendly toolkit is that destination managers can choose which indicators they will take into account, but monitoring all indicators provides the overall impact of tourism in a specific destination. Furthermore, the information the toolkit provides enables destination managers to implement actions for achieving sustainability, to monitor their performance and their progress over time (European Commission, 2016).

2.3. Rural tourism

2.3.1. Definition of rural tourism

The Council of Europe (as cited in Demonja & Ružić, 2010) defines rural tourism as tourism that includes all tourist activities in rural areas, with the main characteristics of a quiet environment, a lack of noise, preserved nature, locally produced organic food, communication with hosts and getting familiar with local people and their customs.

Rural tourism is located in rural areas with low population density (less than 10,000 inhabitants per settlement), open space areas, small scale settlements, and it is closely related with agriculture. It is strongly connected with nature, natural heritage, traditional societies and the nurturing of traditional customs. The traditional character of rural tourism involves local families and inhabitants in its slow and organic growth in order to ensure sustainable development. Rural tourism should always be sustainable in order to preserve the use of natural resources, to conserve the authenticity of rural areas, and to enable development in the long run (OECD, 1994).

The most common tourist activities in rural areas are hiking, mountain climbing, cycling / mountain biking, exploring nature, rafting, visiting adventure parks, fishing, hunting, experiencing traditional customs, and visiting cultural and historical attractions (OECD, 1994).

2.3.2. Types of rural tourism

According to Demonja & Ružić (2010), rural tourism appears in different forms, of which agrotourism takes place on family farms, and other forms outside family farms.

A special form of rural tourism is agrotourism, which takes place on family farms or in so-called rural households. The main activity on family farms is agriculture (vegetable / fruit growing, cattle breeding, beekeeping, viticulture), while providing tourist services (accommodation, food preparation) is a secondary activity. Tourist services on family farms can be food preparation, accommodation services, and/or both. Accommodation is usually in the form of rural houses with traditional architecture, small rural family hotels, rooms and apartments with traditional or modern architecture. The food service is usually traditional, locally prepared and typical for the area where the rural household is located. There are numerous factors that influence the level of tourist products and services on family farms, such as: climate, environmental attractiveness, recreational possibilities, traffic connections, and the education of personnel. Besides food preparation and accommodation services, in order to increase their overall tourist experience, tourists can be included in agricultural activities, local craft activities, and recreational, cultural and other activities that take place in the village or in nearby places. This includes all community members (household members, local community, tourist offices, restaurants/bar owners, educational and cultural institutions) in creating a complete tourist package and ensures sustainable development in the long run (Demonja & Ružić, 2010).

Based on activities in rural households, agrotourism encompasses the following types of farm-based tourism:

- Farm tourism offers activities for tourists within the farms. This includes activities that are usually done on farms and may be interesting to tourists, for example: horse riding, tractor riding, and farm tours.
- Farm holidays offer farm tourism with the possibility of tourist stays, where usually some of the farm buildings are transformed into accommodation facilities. This usually appears as B&B type accommodation and also includes tourist activities on the farm and in the wider area.

- Farm hosting is similar to farm holidays, only tourists are more included in the daily lives of the hosts and their work, in which tourists have the opportunity to participate in cattle feeding, sowing, and harvesting. In this type of agrotourism, the relationship between tourists and hosts is more expressed and deepened, so tourists can identify themselves more with rural life and tradition (Love seed H., 2007).

Besides agrotourism, Demonja & Ružić (2010) differentiate other types of tourism, which are mostly based on tourist activities in rural areas:

- Residential tourism is a form of spending vacations in rural areas in weekend cottages, whose owners live in bigger cities. These cottages can also be rented to tourists, which represent potential for the development of rural tourism in the area.
- Homeland tourism is associated with the origins of people who have left rural areas and moved to bigger cities, but still spend holidays in their homeland, and use tourist services like eating in local restaurants, and participating in different events/activities.
- Sport and recreation tourism in rural areas is primarily based on sport activities such as hiking, cycling, skiing, horse riding, ball games within specially built playgrounds, and fishing. Since travelling for sport activities is a usual phenomenon, organized sport activities are an excellent supplement for increasing touristic supply in rural destinations.
- Adventure tourism is a special type of tourism based on recreation with lots of risk, excitement and adrenaline. This usually includes rock-climbing, trekking, mountain cycling, rafting, paragliding. This type of tourism requires physical and mental qualifications. Adventure parks represent a lighter version of adventure tourism, consisting of a lot of “adrenaline” activities under the supervision of authorized personnel, and are intended for tourists with average physical conditions.
- Health tourism is closely related to thermal water springs, therapeutic mud, and mountain areas and forests, with the aim of improving the health of tourists, and relieving stress. The tourist products and services are usually organized within health resorts, and under the supervision of medical staff.
- Cultural tourism is a type of tourism whose main driving force is travelling in order to visit cultural monuments, historical heritage, museums, galleries, and cultural events. Since culture is one of the main prerequisites for the development

of this type of tourism, in rural touristic areas it is very important to familiarize tourists with local culture, traditional customs and their hosts.

- Religious tourism is related to visiting local, regional, national or international religious centres, and pilgrimages, where tourists are usually motivated by religion. Religious tourism is also closely related to cultural tourism.
- Hunting tourism is specific tourism for rural areas which takes place in agricultural, water or other land areas. The prerequisites for hunting areas are favourable geographical, hydrographical and climatic features in which game animals have good conditions for breeding and growth.
- Fishing tourism is a special form of rural tourism, which takes place in water areas such as rivers and lakes. In order to develop fishing tourism, it is necessary to protect the environment and water quality from pollution, and to secure undisturbed fish spawning. Besides a clean environment with plentiful fish, the development of fishing tourism also requires appropriate accommodation, and other products and services.
- Gastronomic tourism is based on gastronomic products and services and is very important for rural tourism. Gastronomy products and services in rural areas should be diversified and specific to the local area or region, and presented to tourists in a “story telling” way.
- Wine tourism is closely related to gastronomic tourism, and requires vineyards within agricultural areas. In areas where wine tourism is well spread, tourists can enjoy wine roads, wine exhibitions, wine tasting, exploring wine cellars, and wine production.
- Educational tourism in rural areas is intended to educate tourists about the characteristics of rural areas, agriculture, tradition, experiencing nature, country life, and flora and fauna. Participants in this type of tourism are usually school children and students.
- Camping tourism is a form of tourism in which the accommodation form for tourists is camping. Camps in rural areas are usually located on a family farm or near natural or cultural attractions.
- Nautical tourism uses boats, sailing boats, and yachts as a form of accommodation. In rural areas, nautical rural tourism takes place on lakes, rivers or canals (Demonja & Ružić, 2010).

2.3.3. The role of rural tourism in the development of tourism in the destination

There are many benefits to developing rural tourism in rural areas. Rural tourism initiates lots of economic and non-economic activities. Rural tourism stimulates the production of organic and healthy food, stimulates agriculture on small estates, enables the active participation of tourists in local production on family farms, and enables tourists to return to natural values and traditional culture. More and more people are interested in rural tourism, which includes all forms of country life: habitation, architecture, vegetation, wild life, preserved nature, and traditional culture. Rural tourism enables family households to improve the quality of their lives since it comprises an additional source of income (Demonja & Ružić, 2010).

The development of rural tourism in rural areas has positive impacts on employment rates in rural communities. In small, undeveloped rural areas, rural tourism has a positive impact on different types of service industries like transport, hospitality, retail services and medical care, in terms of retaining and creating jobs as well as making job offers more diverse. Rural tourism ensures additional income for farmers, increases cash flows, revives small communities, and contributes to keeping the population from leaving rural areas. Rural tourism also supports farms, by increasing cultivation and sales of farm products to tourists. Additionally, rural tourism supports smaller settlements which are attractive to tourists, but without tourists, the settlements wouldn't survive since many services require a large number of people in order to be viable. Another benefit of rural tourism is the protection and conservation of nature and landscape, which includes all levels of authorities (local, regional, national) in creating rules and legislation that concern environmental protection. "Landscape is of crucial importance to rural tourism but, equally, visitor use is vital to the landscape conservation industry" (OECD, 1994). Rural tourism also stimulates cultural events, which do not usually take place in rural areas without tourism. In areas without theatres, opera houses and galleries, cultural events and exhibitions that nurture the traditions of a location or region enrich the lives of local people, support local artists and expand the touristic supply of a location. In rural destinations, local crafts and arts are very important in the cultural heritage of the area, and can serve as a means of attracting new tourist arrivals. Besides cultural

heritage, rural tourism protects historical heritage by transforming old buildings (churches, castles, farm buildings) into tourist attractions by giving them a new purpose and transforming them into new sources of income (by charging tickets, and entrance fees). And finally, the development of tourism in rural areas enhances the role of women, which was quite restricted in the past because most rural activities were male activities (farming, forestry, and mining) (OECD, 1994).

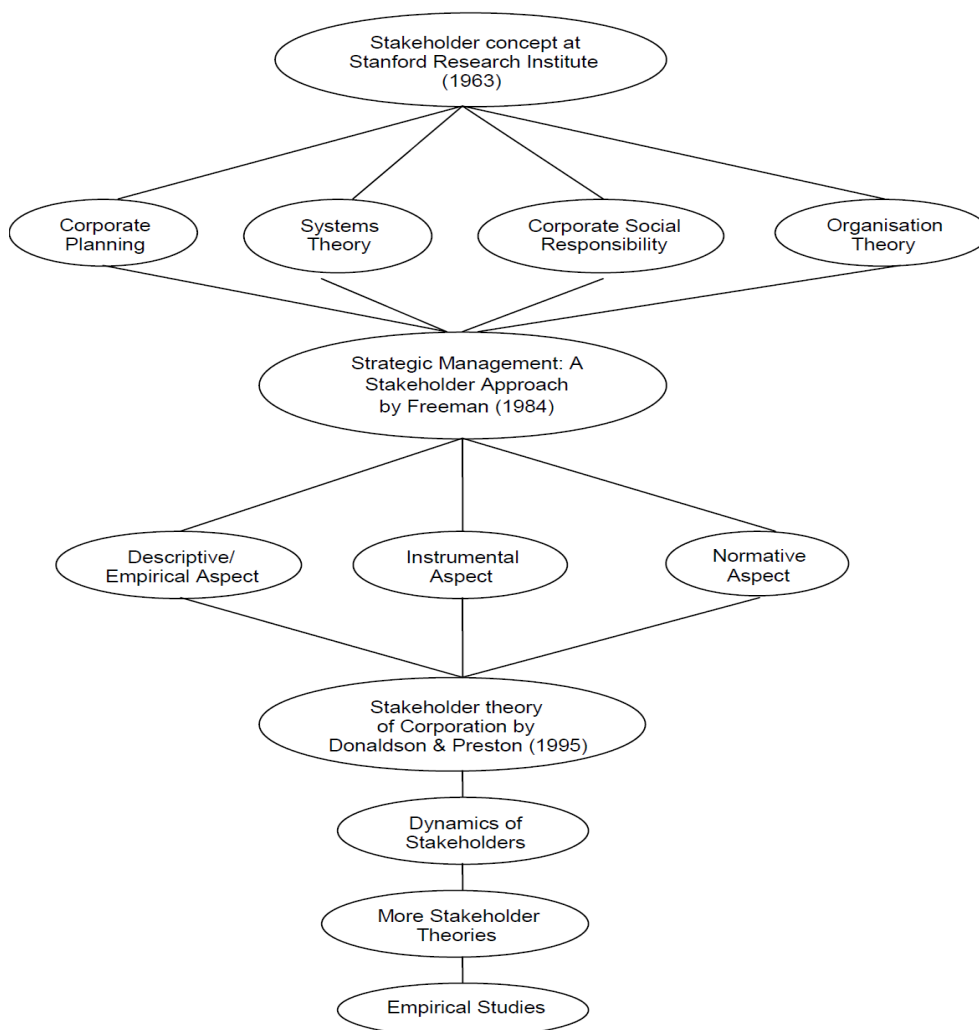
CHAPTER 3: STAKEHOLDER THEORY

(Martina Serdarušić)

3.1. Development of stakeholder theory

As Freeman (1984) identified during his research, the word 'stakeholder' and the stakeholder concept was first mentioned at Stanford Research Institute Memorandum in 1963. After the introduction of the stakeholder concept in 1963, it has become part of different theories such as corporate planning, systems theory, corporate social responsibility, organizational theory (Freeman, 1984). Figure 5 represents the historical development of the strategic concept based on the stakeholder approach.

Figure 5: Historical development of strategic concept

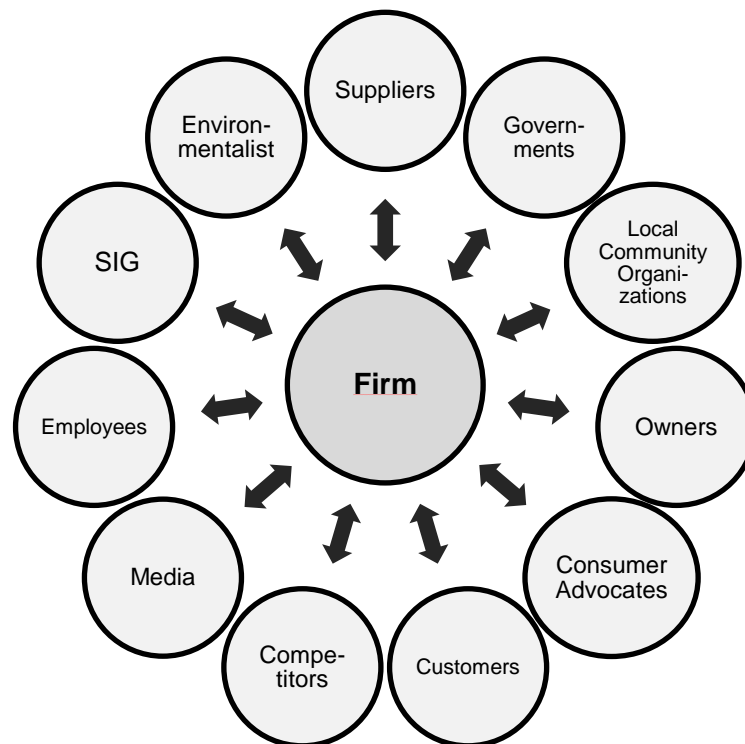


Source: Elias & Cavana, 2000, p. 2

In 1984 Freeman wrote 'Strategic Management: A Stakeholder Approach' which became one of the most cited books in respect to the topic of stakeholder. According to Elias & Cavana (2000), the stakeholder theory of corporation by Donaldson and Peterson, as shown in Figure 5, was a milestone that linked descriptive/empirical, instrumental and normative aspects of stakeholder theories. Thereafter, the dynamics of stakeholder, more stakeholder theories and empirical studies were produced (Elias & Cavana, 2000).

After Freeman (1984), in his book 'Strategic Management: A Stakeholders Approach', developed a framework for strategic management which took into consideration the influence of stakeholders on the performance of organizations, the term stakeholder became more and more used in management literature (Quinlan, 2008). A firm or industry is not only influenced by internal changes, but also by external environmental changes. In this sense, managers have to understand what constitutes their environment, and who has a stake in their business. Understanding the influences on organizational performance, and who has a stake in an organization, enables managers to adjust to changes caused by those who have a stake in the organization (Freeman, 1984).

Figure 6: Stakeholder view of firm



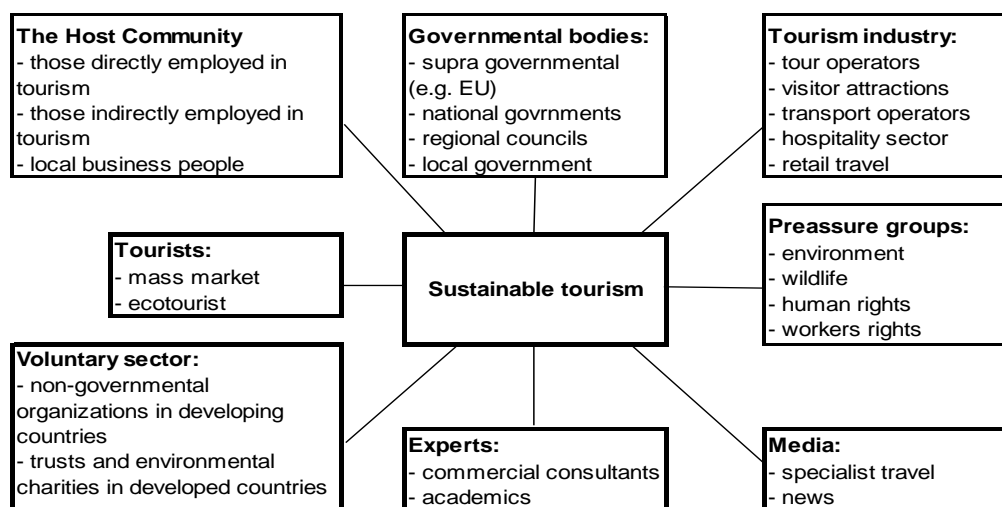
Source: Freeman, 1984, p. 25

Freeman (1984) highlighted that Figure 6 is an oversimplified way of presenting the stakeholder view of a firm because the presented stakeholder groups are not homogenous. Not all members of each stakeholder group have the same stake, interest or influence on the firm or organization. Therefore, each stakeholder group could be further divided into subgroups with similar characteristics on a more detailed level. Freeman (1984, p. 49) developed probably the most widely cited definition of stakeholder: "Stakeholders are those groups who can affect or are affected by the achievement of the organization's purpose." In addition, Preble (2005) points out that Freeman's broad definition of stakeholders is very useful in stakeholder management, however it does not enable modern managers to clearly and precisely identify stakeholders which are important for their organizations.

Clarkson (1995, p. 106) defines stakeholders as "persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present or future".

When developing sustainable tourism, stakeholders and their influence on the development of tourism should also be taken into consideration. Swarbrooke (1999) argued that eight main stakeholder groups are important for sustainable tourism: the host community, governmental bodies, the tourism industry, pressure groups, tourists, media, experts and the voluntary sector.

Figure 7: Stakeholders in sustainable tourism



Source: Swarbrooke, 1999, p. 17

Cooper et al. (2006, as cited in Dabphet n.d.). noted that not all stakeholders have the same importance for the successful development of sustainable tourism. Moreover, the development and successful implementation of sustainable tourism is very dependent on the support of relevant stakeholders (Gunn, 1994 as cited in Kruja & Hasaj, 2010).

3.2. Stakeholder frameworks

3.2.1. Freeman's stakeholder approach

Freeman (1984, p. 53) defines stakeholder management as "a concept which refers to the necessity for an organization to manage the relationships with its specific stakeholder groups in an action-oriented way." He argues that there are at least three processes which need to be understood for proper stakeholder relationship management:

1. 'Rational level' - Who are the stakeholders?
2. 'Process level' - Organizational relationships with its stakeholders.
3. 'Transactional level' - "Transactions and bargains among an organization and its stakeholders" (Freeman, 1984 p. 53).

The main focus of the 'rational level' is to define the stakeholders and design a stakeholder map based on the stakeholder grid presented in Figure 8. Most organizations have a similar stakeholder map that should be further divided into a more detailed list of stakeholders and subgroups for a particular organization (Freeman, 1984). Furthermore, he points out that the stake of each stakeholder, not only stakeholder groups, should be defined. The stake is 'obviously multi-dimensional' (Freeman, 1984), but also it is not easy to detect which dimensions a stake has. Therefore, Freeman uses a two dimensional grid with 'interests' or 'stake' on one axis and 'power' on the other (Figure 8). He suggests using the traditional categorization of an organization's 'stakes' or 'interest' as equity (i.e. owners, stockholders, directors), economic or market share (i.e. customers and suppliers) and influencers (i.e. governments, associations, advocates). While, 'power' is designated as formal or voting (i.e. stockholders, government, directors), economic (i.e. suppliers, customers, unions) and political (government, associations, unions, consumer groups) (Freeman, 1984).

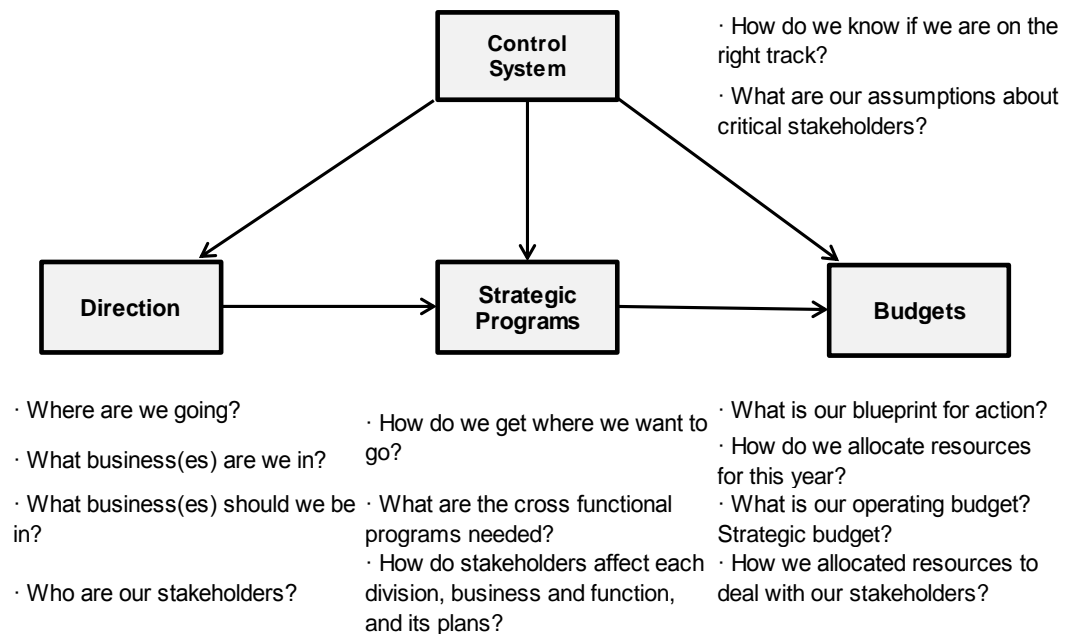
Figure 8: Stakeholder grid

POWER STAKE	Formal or Voting	Economic	Political
	Equity	Stockholders Directors Minority Interests	
Economic		Customers Competitors Suppliers Debt Holders	Foreign Governments
		Unions	
Influencers			Consumer Advocates Government Nader's Raiders Sierra Club Trade Association

Source: Freeman, 1984, p. 62

The 'process level' enables organizations to communicate their values and their strategies to their stakeholders. The 'process level' of strategic management is critical for successful organizations, and stakeholders have to be added to the typical strategic management process. Freeman (1984, p. 127) has presented Lorange's (1980) schema for strategic management process (see Figure 9), which shows that stakeholders are important for the strategic thinking of managers, as well as how and when a stakeholder's influence should be taken into account.

Figure 9: Strategic management process



Source: Lorange, 1980 as cited in Freeman, 1984, p.127

The 'transactional' level of strategic management helps managers to produce successful transactions with the stakeholders which

“are built on understanding the legitimacy of the stakeholders and having processes to routinely surface their concerns” (Freeman, 1984, p. 73).

Realizing that organizations are becoming more and more complex, Freeman (1984) proposed that not only managers are internal stakeholders, but that all those who influence managers and an organization internally should be considered as internal stakeholders. Therefore, he divides stakeholders into internal and external. Those focusing on external issues and only on the external stakeholders of an organization came to understand that there are internal stakeholders who can influence which processes will be used and how some transactions will be completed in order to satisfy external stakeholders and solve external problems (Freeman, 1984). His idea is that the stakeholder approach should be used in order to adjust to external changes by meeting the needs of (external) stakeholders. Also, adjusting to external changes requires consequent internal changes in organizations. Therefore, he defined internal stakeholders as

“internal groups who may appear to a particular manager to be much more troublesome than external groups” (Freeman, 1984, p. 216).

3.2.2. Mitchell's stakeholder concept

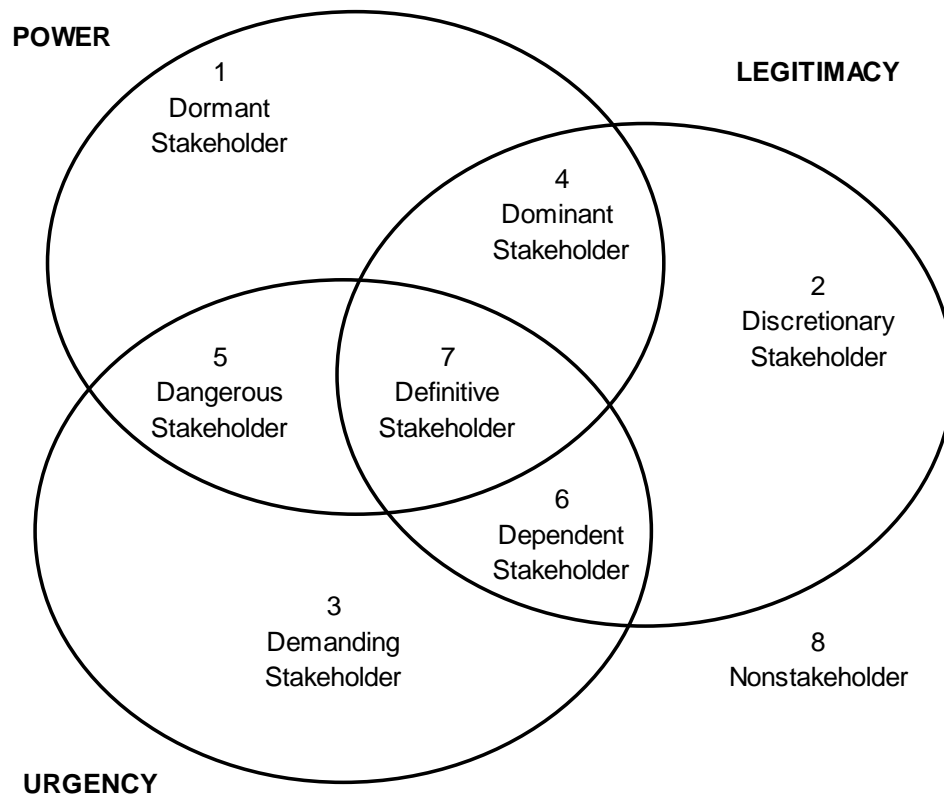
Mitchell, et al. (1997) saw that not only the power and interest detected by Freeman (1984) were pertinent to the identification of stakeholders. They carried out a systematic review of the literature on existing definitions of stakeholders, and they realized that stakeholders should be differentiated between those who have legitimate claims or interests ('claimants') and those who have influence or power ('influencers'), and also that the two groups do not necessarily have both claims (interest) and influence (power) at the same time, as Freeman (1984) proposed.

Freeman (1984) identified the 'process' and 'transactional' levels of the stakeholder approach as important parts in defining a stakeholder framework, and this was revised by Mithchell, et al. (1997) through an analysis of the relationships between stakeholders and organizations. They argued that both the actual and the potential relationships of stakeholders with organizations should be taken into account, because it is necessary for organizations to be aware of potential influences by latent stakeholders that could improve or aggravate performance.

In analysing existing organizational theories, Mitchell, et al. (1997) realized that none have focused on urgency, and that it is important to be aware of the amount of attention an organization needs to give to each specific stakeholder group. Therefore, they propose three main attributes which should be taken into account when defining organizational stakeholders: power, legitimacy and urgency. Based on these three attributes, the stakeholder typology presented in Figure 10 was developed.

Mitchell, et al. (1997) enhanced the stakeholder model by adding urgency as an additional stakeholder attribute to be taken into account when identifying stakeholders.

Figure 10: Stakeholder typology



Source: Mitchell, et al., 1997, p. 874

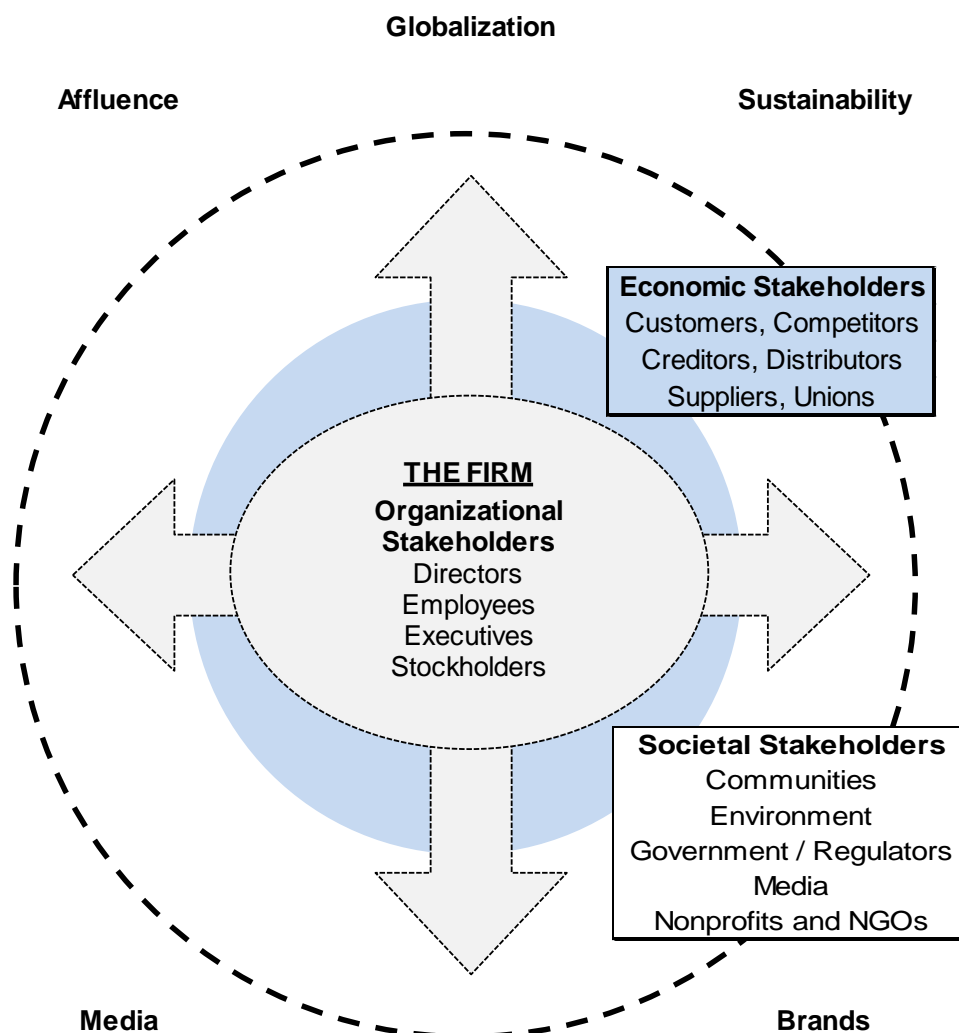
Furthermore, it should not be disregarded that stakeholder attributes are “variable and not a steady state, as well as socially constructed and not objective”. Additionally, stakeholders may not be aware of having an attribute, as above-mentioned, that can influence an organization, or may not use an attribute to affect an organization (Mitchell, et al., 1997).

Freeman (1984) divides stakeholders into internal and external stakeholders. Mitchell, et al (1997) classifies stakeholders into 9 groups: dormant, discretionary, demanding, dominant, dangerous, dependent, definitive and nonstakeholders. Clarkson (1995) sees stakeholders as primary and secondary to the organization, while Werther & Chandler (2014) offer a classification of stakeholders into three groups: organizational, economic, and societal.

3.2.3. Stakeholder perspective - strategy and corporate strategic responsibility

Werther & Chandler (2014) realized that industry and resources strategy perspectives were not sufficient for the current fast-changing, challenging and globalized environment in which organizations are operating. Therefore, they suggest a multi - stakeholder strategy perspective as a more appropriate tool for corporate strategy development and implementation. Based on their definition of stakeholders as “a group or individual with an interest in the activities of the firm” they developed the stakeholder model presented in Figure 11.

Figure 11: A Stakeholder model



Source: Werther & Chandler, 2014, p. 55

As Mitchell, et al. (1997) already realized that stakeholders were not static and that they can have more than one attribute, similarly Werther & Chandler (2014, p. 54) proposed that “the same stakeholder can exist simultaneously as multiple stakeholder types”. “For example, employees are both primarily organizational stakeholders as well as they can sometimes be customers of the organization” (Werther & Chandler, 2014, p. 77). Their classification is also partly based on Freeman’s (1984) internal and external stakeholder classification, since they define organizational stakeholders as internal stakeholders, while external stakeholders are considered to be societal and economic stakeholders. They realized that the identification of stakeholders would not be enough to define a comprehensive tool for stakeholder analysis and strategy development. Therefore, they propose prioritization of the stakeholders’ needs and interests.

In the literature, authors are trying to find the most appropriate way of defining stakeholders by proposing different classifications of stakeholders. In this sense, Clarkson (1995) proposes a straightforward classification of stakeholders in two groups: primary and secondary stakeholders.

“A primary stakeholder group is one without whose continuing participation the corporation cannot survive as a going concern, [...] while secondary stakeholder groups are those who influence or affect, or are influenced or affected by, the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival” (Clarkson, 1995, p. 106, 107).

Thus, he explains, organizations will be able to survive disagreements about their strategies with the expectations of secondary stakeholders. But on the other hand, the opinions, satisfaction and expectations of primary stakeholders have to be met by organizations in order to continue successful operations. According to Clarkson (1995, p. 106, 107), main primary stakeholders can be grouped as “employees, customers, suppliers, shareholders, investors, government and communities” and secondary stakeholders are considered to be “media and other special interest groups”.

3.3. Stakeholder analysis in practice

Although the stakeholder theory has evolved through the years, identifying stakeholders is still the first task for all the authors when conducting stakeholder analysis.

For example, Freeman (1984, p. 242) proposes the following questions for stakeholder analysis:

- 1) "Who are our stakeholders currently?
- 2) Who are our potential stakeholders?
- 3) How does each stakeholder affect us?
- 4) How do we affect each stakeholder?
- 5) For each division and business, who are the stakeholders, etc.?
- 6) What assumptions does our current strategy make about each important stakeholder (at each level)?
- 7) What are the current "environmental variables" that affect us and our stakeholders [viz., inflation, GNP, prime rate, "confidence in business (from polls), corporate identity, media image," etc.]?
- 8) How do we measure each of these variables and their impact on us and our stakeholders?
- 9) How do we keep score with our stakeholders?"

Freeman (1984), Werther & Chandler (2014) and Mitchel et al. (1997) also focus on the prioritization of stakeholders. They argue that prioritizing is necessary since "stakeholders' interests often conflict" and ignoring the interest of a powerful stakeholder can be disastrous for an organization's long term operations. Nevertheless, the priority of specific stakeholders changes through time, and is not the same for all issues that an organization deals with. It should not be thought that the priority of a certain stakeholder is the same for each organization, because different organizations have different visions and missions and consequently differently prioritize similar stakeholders (Werther & Chandler, 2014).

Since the stakeholder approach was introduced, many organizations have developed their own internal stakeholder analysis models. There are some organizations whose core business is developing and conducting tailor-made stakeholder analyses for different users. In this study, as an example of the practical use of the stakeholder approach, we will present the Five-Step Approach to Stakeholder Engagement developed by BSR (Morris & Baddache, 2012). BSR is global non-profit organization which is focused on sustainability, and among other things offers companies different tools for constructing

sustainable relationships with its stakeholders [2]. Their suggestions are: first, to analyse past and existing goals, and the motivation and vision of the company; second, to analyse stakeholders; third, to define future goals and an action plan for the company; fourth, to put the findings and goals into action; and finally, to get feedback from stakeholders, which will improve cooperation with the company and its business strategy.

When defining and trying to understand who the company's stakeholders are they suggest to following actions:

- 1) Identifying stakeholders;
- 2) Analysing stakeholders;
- 3) Mapping stakeholders;
- 4) Prioritizing stakeholders.

An example of the BSR Five-Step Approach is used to show how the theories of different authors (i.e. Freeman; Mitchell, et al.; Werther & Chandler) are combined and used in a comprehensive and practical way. The Five-Step Approach has been applied during the sampling process in the stakeholder analysis of sustainable rural tourism in the Lika region, as described later in Chapter 6.

CHAPTER 4: TOURISM IN CROATIA WITH FOCUS ON RURAL TOURISM

(Martina Serdarušić)

Global tourism continues to grow quickly and has proven resilient to shocks as is stated in the key findings of the Travel & Tourism Competitiveness Report 2015 (World Economic Forum, 2015). Furthermore, the World Economic Forum (2015) shows that there are new trends emerging in tourism, and that the countries which are performing better are those that are better at exploiting the new opportunities that new trends bring. Moreover, developing the travel & tourism sector provides growth opportunities for all countries regardless of their wealth, and offers job opportunities at all skill levels. And finally, the development of the industry is complex, requiring inter-ministerial coordination, and often international and public-private partnerships. All the above mentioned key findings of the Travel & Tourism Competitiveness Report 2015 (World Economic Forum, 2015) can be applied to the tourism industry in Croatia and can be used to develop an action plan for the development of sustainable rural tourism in Lika. This chapter will provide an overview of the current situation of the supply, demand, competition and business environment of Croatian tourism in general, but will also focus on the specific sector of rural tourism.

4.1. Croatia at a glance

The Republic of Croatia, with a land area of 56,594 km², is situated in Southeastern Europe, surrounded by the Alps in the west, the Sava and Drava rivers in the north and east, and the Adriatic Sea in the south [1]. The length of the Croatian coast is 6,278 km, covering 1,880 km of mainland coastline and 4,398 km of coastline on 1,244 islands (MINT, 2016). According to the 2015 mid-year population estimate, this area was populated by 4.2 million inhabitants, with an average density of 74.9 inhabitants per km². The territorial constitution of the country is organized into 20 counties and the city of Zagreb, with 128 towns, 428 municipalities and 6762 settlements [1].

According to Demonja & Ružić (2010), rural areas have the following characteristics: outside city and urban centres; a small population; the dominant

use of land and forest for the existence of local population; and prevailing rural social structures, traditions and identities. They also classified Croatia based on OECD criteria for defining rural areas as follows: 91.6% total area in Croatia is classified as rural, and 8.4% as urban; 88.7% of the populated area is situated in rural parts of Croatia, and 11.3% in urban areas; 35% of the population live in 14 towns with more than 30,000 inhabitants; and 47.6% of the total population live in rural areas.

4.2. Climate in Croatia

According to Zaninović, et al., (2008) Croatia's climate is determined by its position in the northern mid-latitudes and the corresponding weather processes on a large and medium scale. The most important climate modifiers in Croatia are: the Adriatic and the Mediterranean; the orography of the Dinaric Alps, with their form, altitude and position relative to the prevailing air flow; the openness of the north-eastern parts to the Pannonian plain; and the diversity of vegetation. Therefore, three types of climate prevail: continental, mountain and maritime. The maritime climate has a significant influence on the performance of Croatian tourism and still remains one of the main components of its success. The high seasonality of Croatian tourism from June to September is a result of the maritime climate, which has enabled the development of Croatia as a holiday 'sun and sea' tourist destination.

4.3. Traffic infrastructure in Croatia

As of 2014, the length of the traffic network in Croatia is 26,706 km [1].

"The general traffic network and accessibility has been largely improved in the last ten years, which is primarily visible in the construction of the motorway system. Irrespective of that, it is important to point out that not enough has been invested in the infrastructure of regional and local roads, traffic and tourist signage, nor are there a satisfactory number of service stations on the roads. [...] The situation is particularly difficult with the trains, which due to the poor quality of the tracks and slow speed have absolutely no significance for tourism. The situation with ferries is also poor in significant parts of the Adriatic, with infrequent and slow lines, especially between the islands. Air traffic is somewhat more favorable, primarily thanks to the relatively large number of international airports. From the total number of seven airports, five are located

near the coastline (Pula, Rijeka, Zadar, Split and Dubrovnik), which provides relatively good accessibility to nearly all tourist destinations” (Government of the Republic of Croatia, 2013, p. 7).

4.4. Historical development

Although it is well known that prior to the 19th century there was no major organized tourism activity in Croatia, we still cannot identify a separate event that initiated the development of tourism. In his book, Vukonić (2005) begins a chronological review of important events in tourism with the year 1347, when the Senate of Dubrovnik decided to establish a hospice for foreigners in Sponza Palace. Until 1810, when the first hotel “K gradu Trstu” in the town of Samobor in continental Croatia was opened, most tourism activity, such as the first openings of restaurants, bars, hospices, and lodging houses, took place in the coastal areas of Croatia. Only the spas in continental Croatia operated, and still do in same destinations today. Since the very beginning, the development of tourist products and services was tightly connected to natural resources, and unfortunately this approach did not change much until today.

“Many will mark the events happening in Krk (between 1849 and 1866) or in Hvar (1868) as the beginning of Croatia’s tourism development because this was the time when the founding of the first tourist organization was registered” (Vukonić, 2005).

According to Vukonić (2005), from the second half of the 19th century until the Second World War, tourism activity in Croatia experienced a first boom phase in tourist infrastructure (i.e. roads, railways, steamship routes, domestic and international flights, hotels, restaurants, coffee shops, spas, hiking routes, and public beaches). In this period there appeared the first tourist guide books (Pula, Poreč, Zagreb), organized domestic and foreign tourist arrivals, a legal framework for restaurants, and statistical monitoring of tourist arrivals and nautical ports. The development of tourism was narrowed to a few destinations, focusing on Istria and Kvarner as the favourite destinations of the Austrian monarchy, because of its natural beauty, favourable climate, adequate traffic accessibility, Zagreb as the political and economic centre of the country, Plitvice Lakes and the major Dalmatian cities, such as Dubrovnik, Split, Zadar and Šibenik, having exceptional natural and historical attractions, and inland destinations rich with thermal waters suitable for health and spa tourism. Vukonić

(2005) mentioned that, after the Second World War, tourism in Croatia experienced significant development, with much success and much failure too in the second half of the 20th century. He divides this period into three phases: the rising phase (1945–1965), the golden age of Croatian tourism (1965–1975), and the phase of new indications of the (upcoming) crisis (1975–1991). After the Second World War, Croatia was part of Yugoslavia, and the communist regime made a great impact on the country's economy, and on changes in society. During the rising phase, all existing tourist companies were nationalized, and the government was the only owner and developer in the country. The government managed tourist products and services through huge hotel companies on the coast. Additional accommodation in hotels and camping sites on the coast was brought to the market; tourism infrastructure was improved through the establishment of a national tourism organization, university education for tourism, travel agencies, a national airlines company 'Pan Adria', and the professional tourist journal 'Glasnik Ugostiteljske komore SRH'. The first professional book 'Turizam' was issued by the publishing company Istruktor from Zagreb and written by Josip Srećko Vrinjanin. In this period, a cultural festival in Dubrovnik 'Dubrovačke ljetne igre', a music festival in Split 'Splitsko ljeto' and a film festival in Pula 'Arena', were organized for the first time and still exist today. The idea of developing nautical tourism was born (Vukonić, 2005).

According to Vukonić (2005), in the golden age of Croatian tourism, all initiatives from the previous years were increased, driven by higher demand from foreign tourists. Many additional initiatives, such as opening new airports, building new hotel resorts, nautical marinas, establishing protected national natural parks, building new roads, and opening naturist camping sites, were launched in order to improve the tourism industry and satisfy increasing demand for tourism. The tourism industry became one of the most important industries for the economy. Economic and social restrictions in relation to western countries were mitigated through tourism, which attracted more and more tourists from Germany, Austria, Italy and other western countries.

Although Vukonić (2005) considers that tourism from 1975 to 1991 was in the phase of new indications of the (upcoming) crisis, in 1987 Croatia registered the highest number of tourists in its history: 10.5 million tourists, almost 80% of which were foreign visitors, and the number of total accommodation beds reached

nearly one million (926,000). One of the most important years for Croatian tourism was 1979, when UNESCO for the first time entered Croatian tourism attractions as natural heritage on the World Heritage List; two cultural locations (the Old City of Dubrovnik and the Historical Complex of Split with the Palace of Diocletian), and the NP Plitvice Lakes.

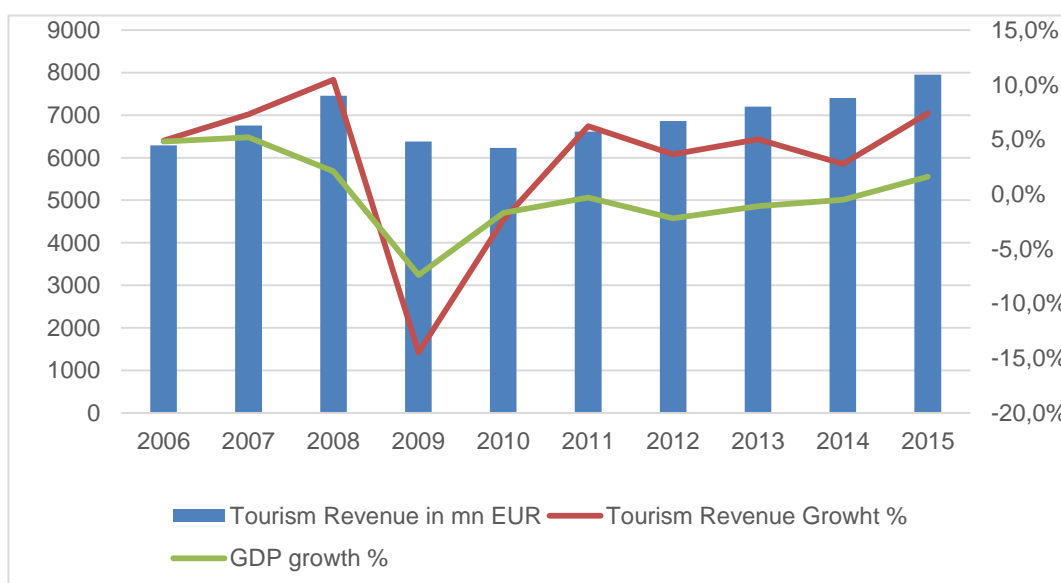
At the end of the 20th century, the political and economic environment changed rapidly. In 1991, the Croatian government declared independence and unfortunately the Homeland War started, which had, among other things, a strongly negative impact on Croatian tourism. For years, war refugees from Croatia and Bosnia and Hercegovina were placed in hotels on the coast, destroying tourism facilities. After 1995, when the war finished, it took a few years to refurbish the hotels and regain the interest and trust of foreign tourists. Hotel companies moved from public ownership into the private ownership of Croatian or foreign investors. The development of tourism in the beginning of this century had a rising trend on the coast due to the increasing interest of foreign investors in the development of new hotels and the refurbishment of existing hotels, and in the recovery of demand for Croatia as a summer holiday destination. The financial crisis negatively affected tourism in 2009 and 2010. Since 2010, tourism has shown a positive trend from year to year, but there are still many issues in Croatian tourism that need to be addressed in future years in order to continue the development of tourism, and to satisfy the demanding needs of today's tourists and successfully compete in the global market (Vukonić, 2005).

4.5. Economic importance

For decades, the tourism industry has had a strong and positive influence on the whole Croatian economy, being one of the main sources of income in the coastal areas of Croatia, where tourism is most developed.

Data from the Croatian Bureau of Statistics for the period 2006 - 2015 is displayed in Figure 12, showing a comparison in the movement of tourism revenue and GDP growth.

Figure 12: Tourism revenue in Croatia from 2006 to 2015



Source: CBS [1], HNB [3]

In addition to the direct positive impact of the tourism industry on the Croatian economy and employment, there are many economic positive effects in industries such as food production, agriculture, and construction. According to data retrieved from HNB and CBS, with 7.9 billion EUR of total revenue in 2015, the tourism industry participated with 18.1% of national GDP [1, 3]. In the last decade, tourism revenue increased from 6.3 billion EUR in 2006 to 7.9 billion EUR in 2015, or by 25.4% in total, while GDP total growth for the same period, at 9.1%, was significantly lower. As a result of the economic crisis, tourism revenue declined in 2009 by 14.5%, and by 2.3% in 2010, comparing year to year results. In those two years, GDP showed a smaller decrease compared to the performance of the tourism industry in the same period (see Appendix 2). Comparing movements of tourism revenues with GDP growth in the last decade, it is evident that the Croatian economy is highly dependent on the tourism industry.

4.6. Touristic supply

4.6.1. Cultural and natural attractions

The main comparative advantages of Croatian tourism are preserved cultural and historical attractions and beautiful nature. Since the beginning of tourism in Croatia, the main motives for visiting Croatia have been to enjoy the sea, the long indented coast, and more than a thousand diverse islands. Today, many tourists still come to Croatia for the same reasons as 150 years ago. The richness of natural diversity is protected in many national and natural parks. Under Croatian legislation, 420 environmental areas are protected in nine categories: national parks (8), natural parks (11), strict reserves (2), special reserves (77), regional parks (2), nature monuments (11), significant landscapes (85), park forests (28) and monuments of park architecture (121) [4]. Today, protected areas account for 8.56% of the total area of Croatia, which comprises 12.23% of terrestrial territory and 1.94% of territorial sea. Nature parks account for the largest share of all protected areas (4.56% of total national territory) [4]. From 8 national parks, 5 of them are situated on the coast, and the remaining 3 (Plitvice Lakes National Park, Risnjak and North Velebit) are situated in areas just 100 km from coastal Croatia. The first, and still only natural heritage listed on the World Heritage List of UNESCO, is NP Plitvice Lakes, which is visited from tourists from all around the world. The national park is situated in the heart of the Lika region, 140 km south of the capital city Zagreb, and 100 km north from the coast, and attracts more than 1 million tourists each year. Besides NP Plitvice Lake, UNESCO has entered six cultural properties on their World Heritage List:

- „Episcopal Complex of the Euphrasian Basilica in the Historic Centre of Poreč (1997),
- Historic City of Trogir (1997),
- Historical Complex of Split with the Palace of Diocletian (1979),
- Old City of Dubrovnik (1979),
- Stari Grad Plain (2008),
- The Cathedral of St James in Šibenik (2000)” [5].

“Velebit Mountain, and Mura-Drava-Danube are a part of the international network of biosphere reserves (UNESCO's scientific programme Man and Biosphere - MaB), while five areas have been included on the List of Internationally Important Wetland areas (Ramsar areas) in line with the Convention on Wetlands of International Importance Particularly as Wetland Bird Habitats: Kopački Rit, Lonjsko Polje, Neretva Delta, Crna Mlaka and Vransko jezero. The newest contribution to the international recognition of

Croatia's natural resources is the inclusion of Papuk Mountain in the European network of Geoparks" [6].

Besides cultural and natural heritage, since 2009 UNESCO has listed 14 intangible items of Croatian cultural heritage: lacemaking in Croatia, the annual carnival bell ringers' pageant from the Kastav area, the procession Za Krizen ('following the cross') on the island of Hvar, the spring procession of Ljelje/Kraljice (queens) from Gorjani, traditional manufacturing of children's wooden toys in Hrvatsko Zagorje, the Festival of Saint Blaise, the patron of Dubrovnik, two-part singing and playing in the Istrian scale, Sinjska Alka, a knights' tournament in Sinj, gingerbread craft from Northern Croatia, Ojkanje singing, Nijemo Kolo, silent circle dance of the Dalmatian hinterland, Bećarac singing and playing from Eastern Croatia, the klapa multipart singing of Dalmatia, southern Croatia, and the Mediterranean diet [7]. On the tourist map, Croatia is recognized mainly for its delightful sea, which attracted more than 10 million foreign tourists in 2015. In addition to the natural beauty of the sea and the coastal area, the continental parts of Croatia abound with rivers and caves, which are still not managed and exploited sufficiently to add to touristic supply in Croatia. The huge potential for tourism development lies not only in undiscovered and underdeveloped natural beauty in continental parts of Croatia, but also in many archaeological findings from Roman times, churches, historical buildings from the Baroque period and the regime of the Austro-Hungarian Empire.

4.6.2. Accommodation

The Croatian Bureau of Statistics [1] has made available statistical data on the number of rooms in private and collective accommodation in Croatia from 1978 onwards, while data on the number of beds from 1968 are also available. In 1968, 375,000 beds in total were available. In 1978, 263,000 rooms were available and almost double the number of beds compared to 1968, amounting 647,000 beds in total. Of them, 475,000 were in collective accommodation, and 194,000 in private accommodation. Both the private and collective accommodation supply steadily rose from year to year until 1989, when there were 349,000 rooms (228,000 in collective accommodation and 121,000 in private accommodation) with 923,000 beds (604,000 in collective accommodation and 319,000 in private accommodation). Dramatic political and social changes in Yugoslavia started in

1990, when a decline in the tourist accommodation supply began. Due to the Homeland War in 1991, the number of total rooms and beds available in Croatia dropped significantly by more than 27% compared to the previous year. This huge reduction in accommodation supply was mainly the result of a decrease in private accommodation by more than 50% compared to 1990, because local people offering private tourist accommodation were either emigrating from their homes or were in danger because of the war in their towns and villages. The negative trend prevailed until 1995, when the war finished and the reconstruction of existing hotels started, together with camping sites and private houses for rent. In 1995, there were 250,000 rooms with 649,000 beds available in hotels, private accommodation and nautical ports. Since 1995, there has been constant growth in supply from year to year. This continued in future years, with the highest growth rate in 2007, which was the boom year of tourism real estate development on the Croatian coast [1].

For the purpose of this study, statistical data retrieved from CBS for each year in the last ten years (from 2006 to 2015) will be presented, while data for 2015 compared to 2006 will be additionally analysed and specified in more details.

The number of beds increased by 14.7% in the period 2006 - 2015. In 2014, the number of beds exceeded 1 million for the first time. The rising trend in the supply of beds continued in 2015 as well, and the total number of beds amounted to 1,062,460, while 942,830 were permanent beds, out of which 121,548 were in hotels, and 43,127 were offered in tourist resorts, tourist apartments, boarding houses and guest houses. On camping sites there were 244,652 beds, and 446,591 beds, being almost half of all available beds in 2015, were in households' rooms to let, apartments, studio-type suites and summer houses, while in rural touristic households there were only 1,065 beds. Eventhough hotel accommodation in the last decade increased the number of units by more than 7,000, with beds for almost 20,000, which represents 15% of the total supply of beds, the touristic supply of accommodation in Croatia is still based and driven by the increase in accommodation (rooms, apartments, suites, villas) in households. According to data retrieved from CBS, accommodation offered in households was significantly higher in 2015 compared to 2006, since it has increased by more than 112,000 beds [1].

The number of units and beds in all accommodation facilities in Croatia from 2006 to 2015 collected by the Croatian Bureau of Statistics is displayed in Table 1.

Table 1: Accommodation supply in Croatia from 2006 to 2015

Year	Units	Index y-o-y	Beds	Index y-o-y
2006	304,022	0.97	925,882	1.02
2007	326,792	1.07	944,376	1.02
2008	332,060	1.02	968,610	1.03
2009	333,180	1.0	969,726	1.0
2010	315,864	0.95	909,951	0.94
2011	321,417	1.02	934,564	1.03
2012	305,159	0.95	880,170	0.94
2013	321,637	1.05	961,896	1.09
2014	336,290	1.05	1,002,252	1.04
2015	348,208	1.04	1,062,460	1.06

Source: CBS [1]

Since Croatian tourism is mostly driven by the natural beauty of the Adriatic Sea, most of the accommodation supply is located in the coastal areas of Croatia. The Croatian Bureau of Statistics also collects and presents data on beds based on location for specific counties, which confirms that Croatian tourism in continental areas of Croatia is still underdeveloped. Not even 5% of the total beds in Croatia are in continental areas. According to CBS, on 31st August 2006 there were 899,423 beds in coastal municipalities (including Lika-Senj Municipality) which represented 97.14% of the total supply. The number of beds offered in tourism is constantly increasing, with a slightly slower trend in the coastal parts of Croatia compared to inland areas. In 2015, out of 1,062,460 beds, 95.85% or 1,018,381 beds, were in coastal areas, while 44,079 beds or 4.14% were in inland areas [1].

Information about the accommodation supply in rural areas is not properly monitored and updated. The Croatian Statistical Bureau is the only institution which continuously collects information about tourism accommodation in rural

areas, but there is an obvious discrepancy between the collected statistical data and the real situation in the market. The Croatian Chamber of Commerce collected data on touristic rural households until 2007, which are very different from those presented by CBS [1]. The reason for not having clear picture about accommodation in rural households might be the fact that the impact of rural tourism on the overall industry is minor, and from top to bottom the perspective is irrelevant.

Data from the Croatian Bureau of Statistics for the period 2006 - 2015 is displayed in Table 2, showing the number of units and beds in rural households in Croatia.

Table 2: Accommodation supply in rural touristic households in Croatia from 2006 to 2015

Year	Units	Index y-o-y	Beds	Index y-o-y
2006	134	1.46	388	1.3
2007	139	1.04	376	0.97
2008	173	1.24	437	1.16
2009	195	1.13	492	1.13
2010	166	0.85	418	0.85
2011	215	1.3	527	1.26
2012	301	1.4	752	1.43
2013	311	1.03	807	1.07
2014	380	1.22	943	1.17
2015	425	1.12	1,065	1.13

Source: CBS [1]

Statistical Reports prepared by CBS [1] depend on the year of issue, but in general present accommodation capacity in more than 70 categories. One category presents numbers of units and beds in rural households. These data are collected from 21 county offices for economy, which are still not maintained in a unified way because there is no IT equipment available. Improvement in this sense is expected in the coming years. Besides data about rural touristic

households, information about accommodation in hunting lodges, mountain lodges, and Robinson-type accommodation, is also available.

The data in Table 3 was presented by Demonja & Ružić (2010, p. 51), showing the number of registered touristic rural households in Croatia, collected by MINT for the period 1998 - 2007.

Table 3: Touristic rural households in Croatia from 1998 to 2007

Year	Touristic rural households
1998	32
1999	65
2000	151
2001	175
2002	269
2003	269
2004	254
2005	310
2006	330
2007	352

Source: MINT (2007, as cited in Demonja & Ružić, 2010 p. 51)

These information confirm that supply in rural areas is not significant. When comparing data from Table 2 and Table 3, it is clear that there is still no unified way of collecting and presenting information about accommodation in rural households.

The Ministry of Tourism, which systematically analyses supply and demand in the tourism industry, still does not have official information about rural areas, and is focused on the Adriatic coast as the existing generator of tourism industry, rather than those parts of Croatia with potential for improvement and growth. When analyzing current situation in rural tourism, it is noticeable that there are different institutions responsible for collecting almost the same data about rural tourism,

but due to its low impact on the overall economy, and very small numbers taken into account, lots of inaccuracies and discrepancies occur.

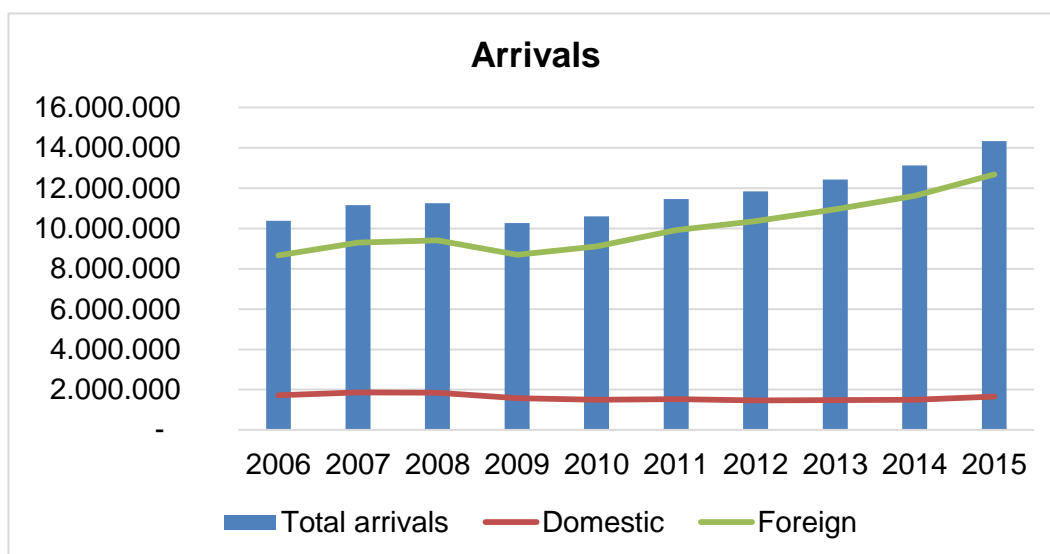
4.7. Touristic demand

4.7.1. Arrivals

According to available official statistical data collected by CBS [1], in 2015 there were 14,343,323 tourist arrivals in Croatia, which represents 9.25% more arrivals than in 2014. It is the highest number of tourists to visit Croatia since 1977, when tourist arrivals were measured for the first time. In 1977, there were 6,994,000 arrivals, almost half the 2015 figure. The number of domestic tourists has for decades moved between 1.3 million and 1.8 million per year, and does not significantly affect the general increase in the number of total arrivals in Croatia. Only during the Homeland War, from 1991 to 1993, did domestic tourist arrivals drop below 1 million tourists. During the war, the number of tourists visiting Croatia understandably decreased significantly, to only 2.3 million tourist in 1991, staying at a similar level until 1996, when the recovery of tourism began with 4.2 million tourist arrivals. Of them, 2.9 million were foreign tourists, while in 1995 there were 1,485,000 foreign tourists. Today, the number of foreign tourists has more than doubled compared to 1977, while domestic tourist arrivals are more or less 1.5 million each year.

Figure 13 shows the strong influence of foreign tourists visiting Croatia on the overall number of tourist arrivals in the last 10 years. A similar trend is typical not only in the last decade but also the last 40 years.

Figure 13: Domestic and foreign arrivals in Croatia from 2006 to 2015



Source: CBS [1]

A slight decrease, of approximately 3% per year, in tourist arrivals occurred in 2009 and 2010 due to the global economic crisis. In both years, the slowdown of arrivals was notable in domestic as well as in foreign arrivals, but with a higher negative trend in domestic arrivals than in foreign (see Appendix 3) [1].

In 2015, 9,078,000 tourists (63.3%) came individually, while in 2006 6,689,000 tourists, or 64.41% of all tourists, came individually. In relative numbers, the same share of foreign tourists (62.96% of all foreign arrivals) as well as domestic tourists (65.79% of all domestic arrivals) came individually in 2015, but 65.15% foreign and 68% domestic tourists came individually in 2006 (CBS 2007, 2016).

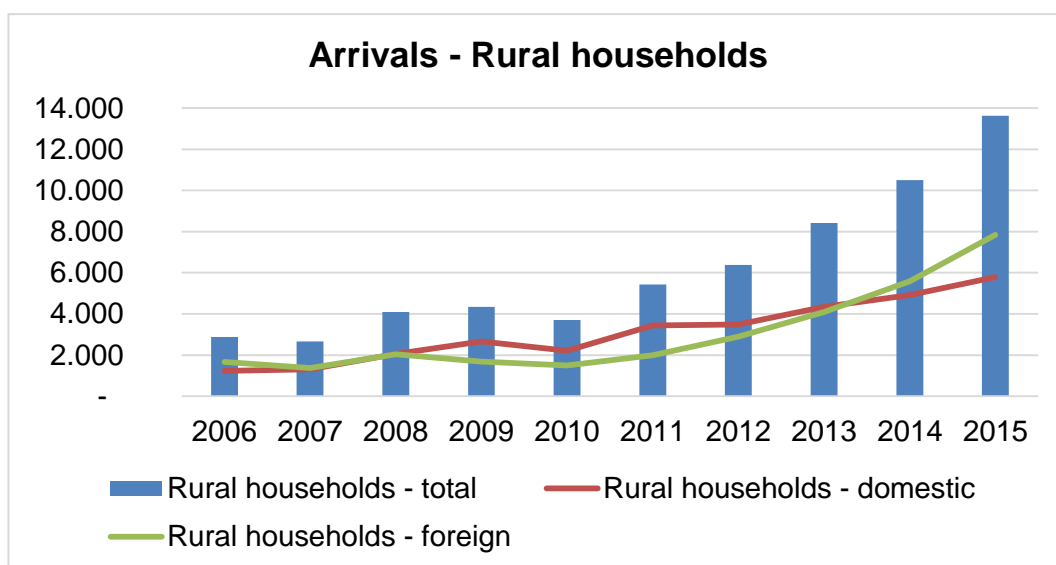
The highest number of tourist arrivals is recorded in seaside destinations. In 2015, 12,053,000, or 84.03%, of all tourists visited seaside destinations in Croatia, while in 2006 there were 8,938,000 tourists (86.07% of all arrivals). The capital city of Zagreb, as the economic and political centre of Croatia, was visited by 987,000 tourists (6.88%) in 2015 (CBS, 2016). In the last ten years, a growing trend in the number of arrivals can be seen in Zagreb, except in 2009 because of the huge decrease in MICE tourism demand. In 2015, mountain destinations had 325,000 arrivals, spa destinations 148,000 arrivals, and in other tourist destinations 831,000 tourists came, which all together accounts for 9.09% of all arrivals [1].

From 2006 till 2015, the German market produced even more arrivals than the domestic market. Slovenia, Italy and Austria are, after the domestic and the German markets, the most important markets, each with more than a million tourist arrivals in 2015. Tourist arrivals from Republic of Korea have been growing rapidly from year to year. The highest jump was in 2014, to 264,000 arrivals from 74,000 arrivals in 2013, and it continued to rise in 2015 to 344,000 arrivals. In the last ten years, the number of arrivals rose significantly from Poland, United Kingdom, Slovakia, USA, Bosnia and Hercegovina, Switzerland, Sweden, Spain, Japan, Norway and others [1].

In 2015, 71.05% of all arrivals, or 10,191,000 tourists were in collective accommodation establishments, of which 5,403,000 were in hotels, 2,500,000 in camping sites, small camps and quick stop camping, 836,000 in rooms for rent, apartments, studio-type suites and summer houses, 481,000 in tourist resorts, 334,000 in hostels, 207,000 in tourist apartments and 430,000 in other types of collective accommodation establishments including medical spas, mountain and hunting lodges, guest houses, boarding houses as well as uncategorized accommodation. Most of the 4,085,000 arrivals at private accommodation establishments were in rooms to let, apartments, studio-type suites and summer houses in households, while only 54,000 tourists stayed in camping sites in households and 14,000 in rural households (CBS, 2016).

In 2006, only 2,884 tourist arrivals were registered in rural households. The number of arrivals is growing from year to year but still not significant for overall touristic demand in Croatia and amounted to 13,633, or 0.1% of all tourist arrivals in 2015 (CBS 2007, 2016). Of them, 5,793 were domestic arrivals and 7,840 foreign arrivals to rural households. In rural households, domestic arrivals grew faster from 2008 to 2013 than foreign arrivals (see Appendix 4). As mentioned in the chapter on accommodation supply, there is an issue of data availability for rural tourism supply and demand. Statistical Reports Tourism, 2015 (CBS, 2016) also show that out of 13,633 tourist arrivals to rural households, 12,022 arrivals were in other tourist destinations. Since there were 831,000 arrivals to other tourist destinations in 2015, it can be assumed that many of those arrivals could be categorized as arrivals related to rural tourism. Mountain destinations had 325,000 arrivals, which could also be defined as arrivals in rural areas in the light of the socio-demographic characteristics of mountain destinations in Croatia.

Figure 14: Domestic and foreign arrivals in rural households in Croatia from 2006 to 2015

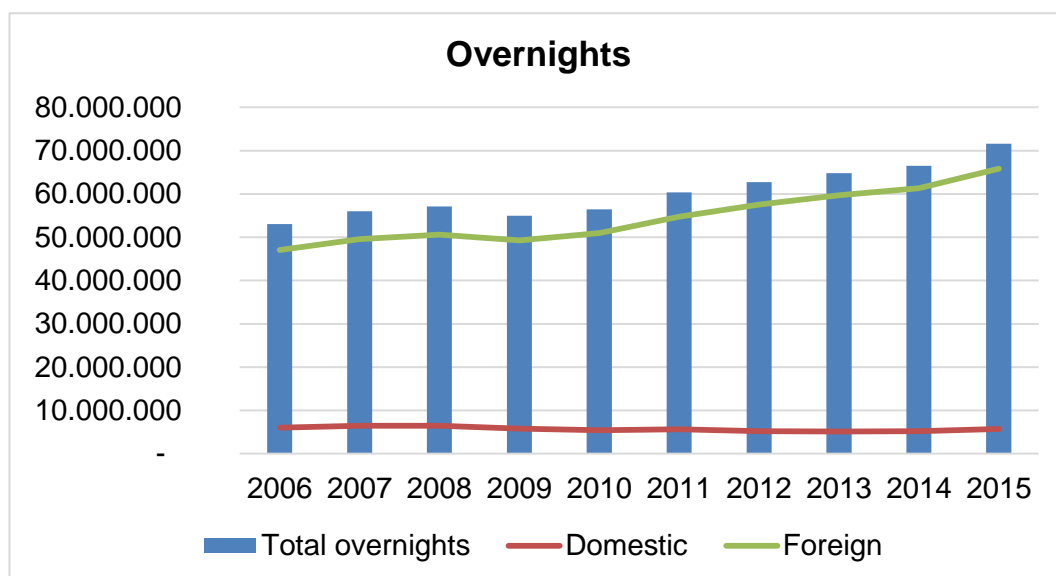


Source: CBS [1]

4.7.2. Overnights

The number of overnights in 2015 increased to 71,605,315 or by 7.70% compared to 2014. Foreign overnights were 91.98% of total overnights which is slightly lower than in 2014 where 92.23% of total overnights were foreign. In the last ten years the number of total overnights shows a rising trend (CBS, 2016).

Figure 15: Domestic and foreign overnights in Croatia from 2006 to 2015



Source: CBS [1]

In 2006 there were 53,006,946 overnights (47,021,944 foreign and 5,985,002 domestic), a figure which increased until 2009 when there was quite a sizeable drop of -3.7%, on a year on year basis, due to the global economic crisis. Unlike arrivals, which recovered in two years, the number of overnights started to recover immediately, showing an increase of 2.6% the following season, and since then showing stable growth. This positive trend is mainly affected by foreign markets, because the number of domestic tourists declined from 2008 to 2010, but showed slightly positive trends from 2011 to 2015 (see Appendix 5) [1].

In 2015, tourist overnights from individual arrangements amounted 47,328,265 (3,965,919 domestic and 43,362,346 foreign) which is 8.41% more than in 2014, because both domestic and foreign tourist overnights rose. Overnights in organized arrangements increased by 6.34% from 22,829,323 in 2014 to 24,277,050 overnights in 2015.

The structure of overnights based on destinations in Croatia in 2015 is similar to the structure of arrivals, but with more significant focus on seaside destinations, which accounted for 93.90% of all overnights, 2.35% in the city of Zagreb, 0.69% in mountain destinations, 0.61% in spa destinations and other tourist destinations accounted for 2.45% of all overnights (CBS, 2016).

In 2015, 78.95% of all overnights came from the top 10 markets (Germany, Slovenia, Austria, Czech Republic, Italy, Poland, The Netherlands, Slovakia, United Kingdom and Hungary). Germany traditionally represents the most important market for Croatian tourism with 23.94% of total overnights (CBS, 2016).

The average number of days that tourists stayed in Croatia in 2014 already slightly decreased to 5.1 days, and then continued to decrease to 5 days in 2015. This negative trend is equally distributed among all types of accommodation. Regardless of the fact that tourist stays were shorter in 2015 than in the previous year, tourists in Croatia tend to have twice as long stays in rooms to let, apartments, studio-type suites and summer houses (6.2 days), camping sites and camping grounds (6.7 days) than in hotels (3.6 days). According to the Croatian Bureau of Statistics, rural households are grouped together with rooms to let, apartments, studio-type suites and summer houses, with an average stay of 2.3 days (CBS, 2016).

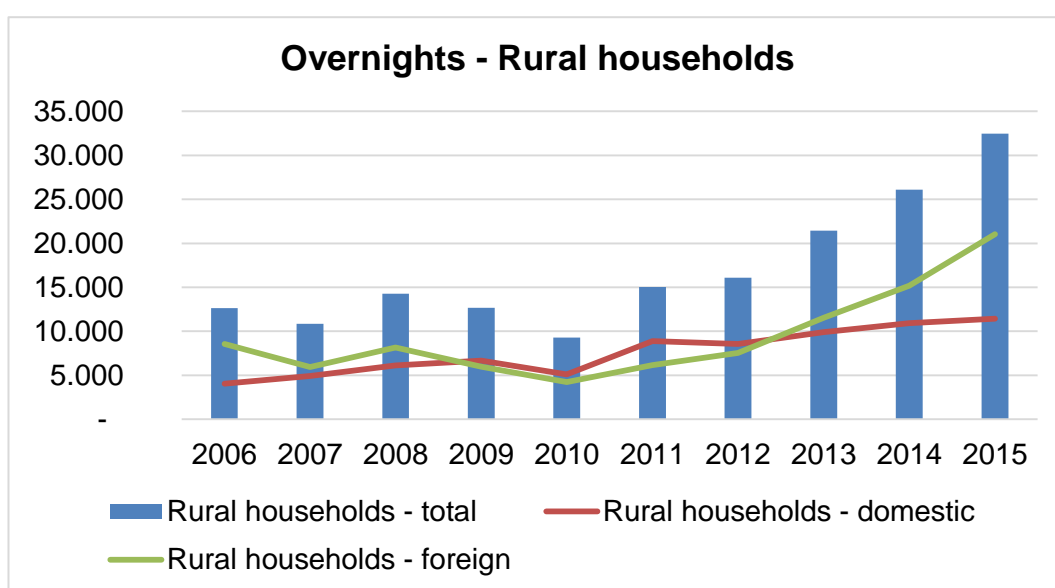
When analysing how overnights are spread based on accommodation type it can be seen that the increase of overnights in 2015 was mainly driven by the rise of overnights in holiday and other short-stay accommodation (12% increase compared to 2014). Overnights in 2015 were divided as follows:

- hotels and similar accommodation: 22,156,334 (an increase of 5.5% compared to 2014) or 30.9% of total overnights;
- holiday and other short-stay accommodation: 32,024,575 (an increase of 12% compared to 2014) or 44.7% of total overnights, out of which 32,458 overnights were in rural households (0.05% of total overnights) with increase of 24.35% compared to the previous year;
- camping sites and camping grounds: 17,158,081 (an increase of 3.9% compared to 2014) or 24% of total overnights;

- other accommodation: 266,315 overnights (a decrease of 25.8% compared to 2014) or 0.4% total overnights (CBS, 2016).

The increase is mainly influenced by the rise of overnights in rooms to let, apartments, studio-type suites and summer houses in households (2015: 32,025,000 overnights; 2014: 23,872,000 overnights) (CBS, 2016).

Figure 16: Domestic and foreign overnights in rural households in Croatia from 2006 to 2015



Source: CBS [1]

The number of overnights in rural households has shown a rising trend for several years. In 2006, there were 12,616 overnights, which dropped to 10,834 in 2007 because of foreign tourist overnights. This trend did not continue in the years following. Since 2011, a constantly increasing trend has developed, but still it is not clear if domestic or foreign tourists are drivers of growth in overnights in rural households. In 2015, overnights in rural households increased by 24.3% compared to the previous year, and there were 32,500 overnights (see Appendix 6) [1]. However, due to the very small number of overnights in rural households, the figure still does not have any impact on Croatian tourism in general.

4.8. Competition

The competitiveness of Croatian tourism can be seen from a regional and an international perspective. Croatia is a Mediterranean country, and the main driver of the tourism industry is conditioned by its geographical, climate and natural characteristics. Tourism is mostly generated by 'sun and sea'. According to data from CBS [1], the main markets from which tourists come are European countries (Croatia, Germany, Slovenia, Italy, Austria) with a notable increase in tourists from Asian markets, as well as USA. Taking into consideration the main motive of a visit ('sun and sea') and country of origin of most of the tourists, Croatia can still be perceived as a European tourist destination for summer holidays. Therefore, the main competitive tourist destinations for Croatia are Mediterranean countries (Greece, Turkey, Italy, France, Spain, Portugal, Slovenia and Montenegro).

The World Economic Forum (2015, p. 3) measures the Travel & Tourism Competitiveness Index (TTCI) as

“the set of factors and policies that enable the sustainable development of the Travel & Tourism sector, which in turn, contributes to the development and competitiveness of a country.”

The TTCI is divided into 4 sub-indexes (Enabling Environment, T&T Policy and Enabling Conditions, Infrastructure, and Natural and Cultural Resources) which are further segmented into 14 pillars (Business Environment, Safety and Security, Health and Hygiene, Human Resources and Labour Market, ICT Readiness, Prioritization of Travel and Tourism, International Openness, Price Competitiveness, Environmental Sustainability, Air Transport Infrastructure, Ground and Port Infrastructure, Tourist Service Infrastructure, Natural Resources, Cultural Resources, and Business Travel). According to TTCI 2015, Croatia is in 33rd place in comparison to 141 countries all around the world, while Spain (1st rank) and France (2nd rank) are on the top of the list. Italy (8th rank), Portugal (15th rank) and Greece (31st rank) also have more competitive economies in terms of travel and tourism than Croatia, but other countries that are considered to be competitors to Croatian tourism had lower TTCI ranks in 2015 (Slovenia – 39th, Turkey – 44th, Montenegro – 67th). Croatia was ranked most poorly compared to its competitors in the following segments: Business Environment (125th), Human Resources and Labour Market (80th), Prioritization of Travel and Tourism (74th).

On the other hand, it was ranked most highly in the following segments: Safety and Security (28th), Health and Hygiene (18th), International Openness (19th) and Tourist Service Infrastructure (6th).

Rural tourism in Croatia is still undeveloped and cannot be compared with tourism in coastal destinations. Therefore, the competition as defined above cannot be considered as competition for rural tourism destinations as well. If we assume that rural tourism in Croatia, with its products and services, can compete on an international map of tourism, then neighbouring countries (Slovenia, Hungary, Serbia, Montenegro, Bosnia and Hercegovina) are competitors, and the countries of origin of Croatia's emerging markets, such as Germany, Austria, Czech Republic and Poland, should also be seen as potential competitors. When comparing Croatian TTCI 2015 with the above-mentioned countries (Bosnia and Hercegovina is not included since TTCI 2015 is not available), Croatia is ranked 33rd which is lower than Austria and Germany, but higher than the other 7 countries. Out of TTCI's 14 pillars, Environmental Sustainability (no. 9) and Natural Resources (no. 13) have the greatest impact on rural tourism, but others should not be excluded from analysis. Croatia is 42nd when it comes to Environmental Sustainability, but only Montenegro and Serbia are worse, while all other competitors rank higher than Croatia. Croatia's wealth of Natural Resources is higher than six competitors, but still lower than Germany, Austria, and Slovenia which is ranked 32nd while Croatia is 33rd. When comparing with competitors, Croatia ranks most poorly in Business Environment and Human Resources and Labour Market, where only Serbia is behind Croatia. Croatia is behind its competitors when it comes to specific policies or strategic aspects that impact the travel and tourism industry more directly. Tourism infrastructure is categorized as quite satisfactory compared with other countries, except Ground and Port Infrastructure, which are ranked in the lower level of the scale. The Natural and Cultural Resources sub-index ranks Croatia in the top 25% of all countries, and in the middle of the scale compared to its competitors, which means it has potential to attract visitors and give them a 'reason to travel' when competing in the rural tourism market (World Economic Forum, 2015).

4.9. Tourism organization

4.9.1. Important institutions for tourism development

The institutions responsible for the development of Croatian tourism in general are: the Ministry of Tourism, the Croatian National Tourist Board (including county branches), the Institute for Tourism, the Croatian Chamber of Commerce, and county departments for tourism and economy. The most important role in defining the legal structure and development strategy of tourism rests with the Ministry of Tourism, while the Croatian National Tourist Board is responsible for the promotion and improvement of tourism's profile in Croatia and in the world.

For the development of rural tourism, the following institutions play important roles: the Ministry of Agriculture, the Ministry of Regional Development and EU Funds, Regional Development Agencies, the Croatian Rural Development Network, the State Institute for Nature Protection and other organizations connected to agricultural services (e.g. Advisory Service – Croatian: 'Savjetodavna služba'). The Ministry of Agriculture proposed the National Programme for Rural Development 2014 – 2020, which was accepted by the European Commission. The programme sets out in detail the development of Croatia's competitiveness in rural areas. The Ministry's role, among others, is to implement the legal framework of EU in the field of food safety, as covered in chapter 12 of the Stabilisation and Association Agreement: Food safety, veterinary and phytosanitary policy.

4.9.2. Legal framework

Besides legislation that regulates company operations (Company Law – 'Zakon o trgovačkim duštvima' and Trade Law - 'Zakon o trgovini'), the tourism industry is regulated by other legislation, of which the most important is: Catering Industry Law 'Zakon o ugostiteljskoj djelatnosti', Tourism Services Law 'Zakon o turističkoj djelatnosti' and Law on Touristic Tax 'Zakon o članarinama u turističkim zajednicama', together with the relevant enabling acts (e.g. the regulations on the provision of catering services in rural households). The law recognizes rural households as entities which offer services and products in rural tourism. According to the Catering Industry Law, rural households (Croatian: seljačko

domaćinstvo) are family agricultural entities registered in the Farm Register in accordance with the regulations of the competent ministry responsible for agriculture, and which offer catering services in accordance with the provisions of the Catering Industry Law. On the other hand, the Tourism Services Law defines family agricultural entities as rural economic entities (Croatian: seljačko gospodarstvo) (Baćac, 2011).

4.9.3. Strategic documents

Government, entrepreneurs, scientists, environmentalists and the population are involved in the development of tourism, its effects, and influences on people's lives, the economy, the population, and nature because tourism is one of the most important industries for the Croatian economy. As a result of the huge interest in tourism, and the consequent emergence of rural tourism as one of the forms of tourism, the government has prepared some strategic documents which define the development of tourism and rural tourism in the coming years. Four strategic documents that have a wide impact on the development of tourism and rural tourism are:

1) Strategy for development of tourism in Republic Croatia until 2020.

In April 2013, the Ministry of Tourism proposed, and the Croatian Parliament approved, the document which defines the development of a touristic future in the Republic of Croatia. It presents guidelines for the stronger development of tourism in all areas of the country from 2014 until 2020 [8]. The strategy is a

“prerequisite for a faster and a more sensible tourism development”. It is “a basis for defining a plan for the development of tourism, physical planning acts at lower administrative levels”, and for “acquiring access to EU funds” [9].

It should enable future tourism management and encourage investors to implement their plans [9].

2) National Rural Development Programme 2014 – 2020

The programme was approved by the European Commission after the Ministry of Agriculture proposed it in order to restructure and modernize the farming and food sectors.

“It is expected that nearly 2000 holdings will receive investment support, more than 5000 farmers will receive start up aid for the development of small farms, and around 1000 young farmers will receive support to launch businesses. The programme also puts an emphasis on the restoration, preservation and enhancement of biodiversity” [10].

3) Strategy for sustainable development of Republic of Croatia

In 2009, the strategy was approved by the Croatian Parliament on the proposal of the Ministry of Environmental and Nature Protection for the period of ten years. It represents the main umbrella document for long term economic and social development in Croatia, and nature protection as a function of sustainable development in Croatia. The strategy has been implemented through three separate action plans focused on education, sustainable consumption and production, and nature protection [11].

4) Action Plan for development of green tourism

In July 2016, the Institute for Tourism released a national action plan for the development of green tourism. Green tourism does not focus only on one specific type of tourism, rather the action plan includes and focuses on the protection and preservation of the environment, as well as environmental aspects of the tourism industry (Carić & Škunca, 2016).

CHAPTER 5: RURAL TOURISM IN THE LIKA REGION

(Marija Tustonjić)

5.1. Geostrategic position

The Lika region is a part of Lika - Senj County which is located between Primorje – Gorski Kotar County in the north-west, Karlovac County in the north, Zadar County in the south and south-east, and Bosnia and Herzegovina in the east [12]. Lika - Senj County is the biggest Croatian county with a total surface of 5,353 km² which represents 9.5% of the total surface of the Republic of Croatia. Lika - Senj County is also the county with the lowest population density, only 9.51 inhabitants per km² [1]. The largest part of the county is continental and belongs to the Lika hinterland, which includes the largest part of Velebit mountain and its coastal area (Senj-Karlobag), as well as the north-western part of the island of Pag. The position of the county is at the intersection of 3 major Croatian cities: Zagreb, Rijeka and Split [12].

Figure 17: Position of Lika - Senj County in Croatia



Source: Lika – Senj County [12]

The county has 4 cities (Gospić, Otočac, Novalja and Senj) and 8 municipalities (Brinje, Donji Lapac, Karlobag, Lovinac, Perušić, Plitvička jezera - Korenica, Udbina and Vrhovine). The capital city of the county is Gospić [12]. Traffic connection is via the A1 highway that connects the county with Zagreb to the north and Zadar and Split to the south. Rijeka is connected via the A1 highway to the junction at Bosiljevo, and afterwards continues via the 'Rijeka-Zagreb Highway'. There are 7 exits from the highway to Lika: Brinje, Žuta Lokva, Otočac, Perušić, Gospić, Gornja Ploča, Sveti Rok [13]. The closest commercial airport is the one in Zadar.

Figure 18: Lika-Senj County



Source: Lika Senj County [12]

Lika as a historical and geographical region is located between Velebit Mountain in the west, Kapela Mountain in the north and Plješivica Mountain in the east. Velebit Mountain separates the Lika hinterland from the coastal part of Lika-Senj County.

The subject of this research is the Lika region as a historical and geographical region located between the above-mentioned mountains which represents a unique rural entirety. For the purpose of this master's thesis, the maritime areas (Senj, Karlobag and the island of Pag) are excluded from the research.

The Lika region belongs to mountainous Croatia which is mostly made up of mesozoic limestone; Velebit Mountain, biggest Croatian mountain, separates the Lika region from the Adriatic coast. The Lika region is mostly karst basin with several karst fields (at 450-750 m of altitude) of which the most important are Lika field and Gacka field, named after the rivers Lika and Gacka, the two longest Croatian subterranean rivers. More than one third of the Lika region is forest. Due to its geomorphology, Lika doesn't abound with fertile and cultivable soil, but there was some cultivation of grains (barley, corn, wheat, rye, and oat), potato, cabbage, beet and beans. Other agricultural activities concern cattle breeding (mostly sheep and cows) due to the favourable pastures on the slopes of Velebit Mountain (ed. Borovac, 2002).

The climate in the Lika region is moderate continental, while areas of higher altitude (more than 1200 m) are characterized by cold and sharp winters. The average temperature in the Lika region is between 8 and 10°C in lower altitude areas, and 2 and 4°C in higher mountain areas, which makes Lika one of the coldest Croatian regions (Zaninović et al., 2008).

5.2. Population

The Lika region has been hit by extremely negative demographic trends, and emigration processes had already started in the 19th century. It is also very important to emphasize the Homeland War, during which the Lika region was subject to much war destruction, and after which the population halved (ed. Borovac, 2002).

According to the population census from 2011, the Lika region is inhabited by only 39,165 people, which represents only 0.91% of the total population of the Republic of Croatia. The majority of the population lives in the cities of Gospić (12,745) and Otočac (9,778), while the rest live in the municipalities: Brinje (3,256), Donji Lapac (2,113), Lovinac (1,007), Perušić (2,638), Plitvice Lakes

(4,373), Udbina (1,874) and Vrhovine (1,381). In terms of gender structure, the ratio between male and female is almost equal: 19,489 men and 19,676 women [1].

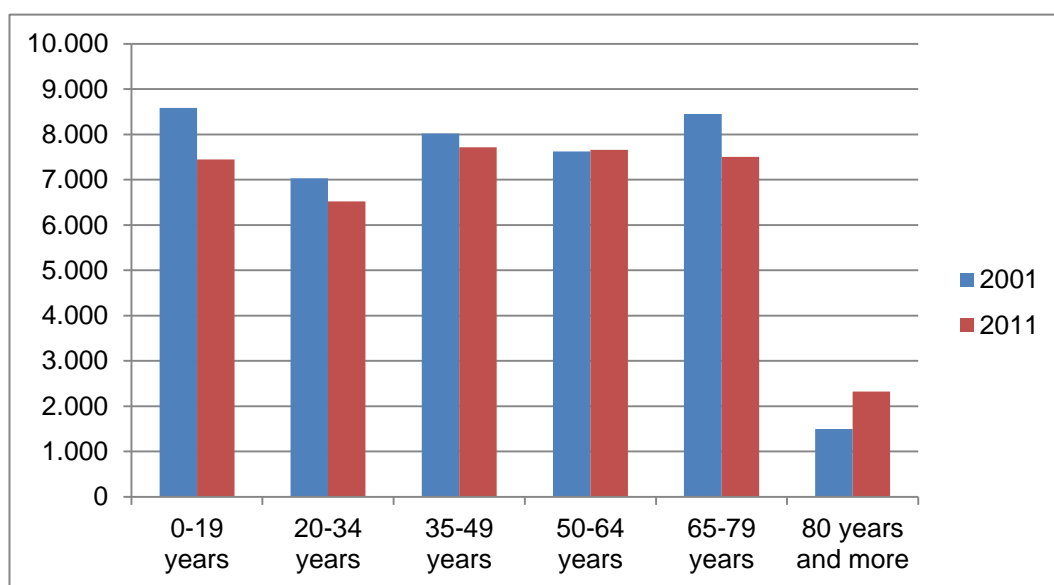
Table 4 and Figure 19 present the negative demographic trends between two population censuses (in 2001 and 2011).

Table 4: Age structure in the Lika region in 2001 and 2011

	Year	Total	Age structure					
			0-19	20-34	35-49	50-64	65-79	80 and more
Lika region	2001	41,191	8,581	7,028	8,018	7,623	8,448	1,493
	2011	39,165	7,447	6,520	7,714	7,659	7,505	2,320

Source: CBS – population census [1]

Figure 19: Decreasing trend in population number in Lika region.



Source: CBS – population census [1]

Compared to the population census from 2001, there is an obvious negative trend in the population growth rate: on average, the total number of inhabitants decreased by 4.92% in 10 years, while the percentage is even higher in almost all age groups: inhabitants between 0-19 years decreased by 1,134 (-13.22%), inhabitants between 20-34 years decreased by 508 (-7.23%), inhabitants between 35-49 years decreased by 304 (-3.79%), inhabitants between 50-64 years increased by 36 (0.47%), inhabitants between 65-79 years decreased by

943 (-11.16%), while inhabitants over 80 years old increased by a considerable 827 which is 55.39% compared to 2011.

According to educational level, 956 people (2.84%) are without any formal education, 815 (2.42%) have only 3 grades of elementary school, 5,396 (16%) have finished 4th to 7th grade of elementary school, 7,098 (21.05%) have finished elementary school, 16,006 (47.46%) have finished high school, 3,360 (9.96%) have a university degree, while 92 (0.28%) are unknown [1]. This situation is quite poor considering the fact that 39.47% of the population has elementary school education or lower, and only 9.96% of the population have a university degree. This is also below the Croatian average, in which 1.71% of the population are without formal education, 29.11% have elementary school (or lower), 52.63% have high school education, 16.39% have a university degree, and 0.16% are unknown [1].

According to income source, 25.84% of the population receive income from permanent employment, 25.50% of the population do not earn any income, 32.42% of the population are retired, only 3.96% generate income from agriculture, and 12.28% of the population receive other types of income and support [1].

5.3. Touristic demand

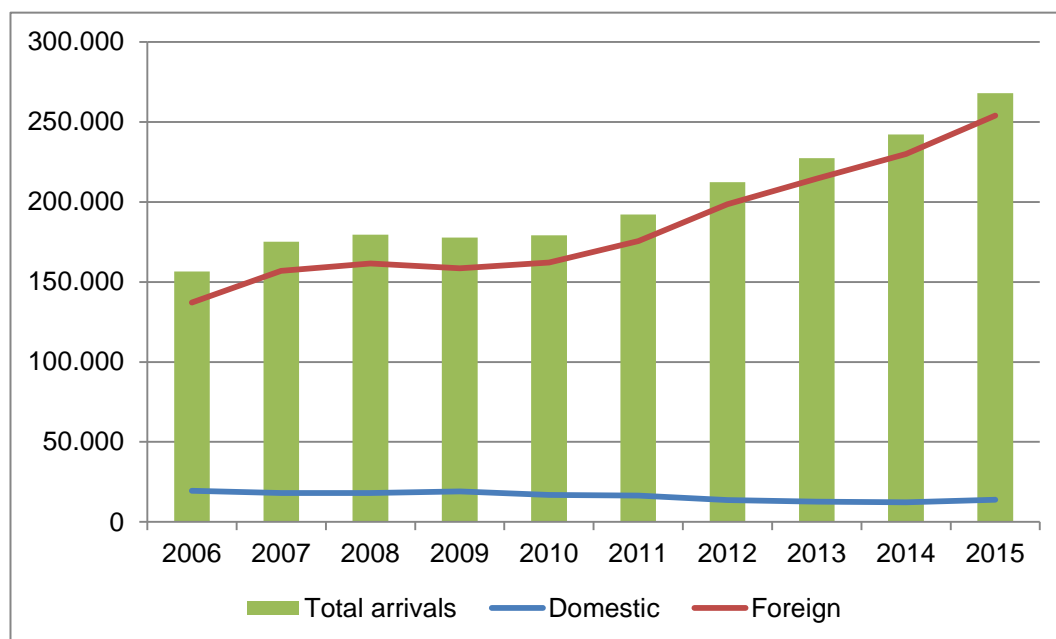
The analysis of tourist arrivals and overnights in the Lika region is based on the data collected CBS which are published annually in CBS's First release on tourist arrivals and overnights (available on their website). Additional and more detailed data for the Lika region are required directly from CBS.

The share of tourist arrivals and overnights in the Lika region compared to total arrivals and overnights in Croatia is insignificant. Total arrivals in the Lika region in 2015 were 267,941, which is 1.87% of total Croatian arrivals, while the overnights amounted 360,595, which makes 0.5% of total Croatian overnights (see Appendix 7).

5.3.1. Arrivals

The development of domestic and foreign arrivals in the period from 2006 to 2015 is presented in Figure 20.

Figure 20: Domestic and foreign arrivals in the Lika region from 2006 to 2015



Source: CBS [1]

The data in Figure 20 indicate a significant proportion and an increasing trend in foreign arrivals compared to total arrivals in the Lika region. Thus, their share in total arrivals increased from 87.5% in 2006 to 94.8% in 2015.

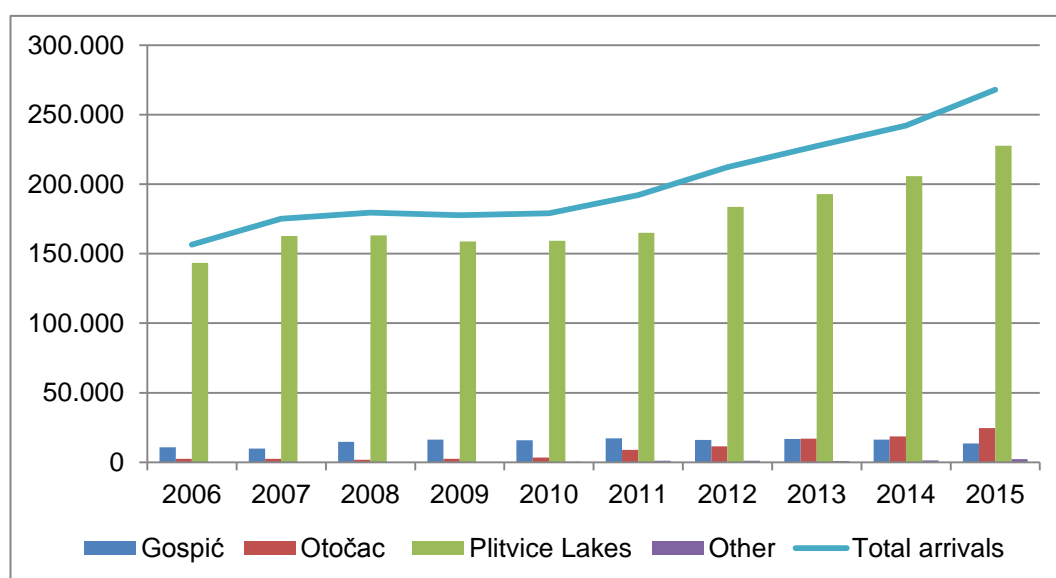
Domestic arrivals show a decreasing trend: in 2006 total domestic arrivals amounted 19,526 while in 2015 they amounted 13,990 which is a decrease of 28.35%. Foreign arrivals show an increasing trend especially after 2010. In total, foreign arrivals increased from 137,061 in 2006 to 253,951 in 2015, which is an 85% increase. Due to the decline in domestic arrivals, total arrivals in the Lika region increased by 71.1% in a 10-year period (from 156,587 in 2006 to 267,941 in 2015).

According to statistical data, tourist activities in the Lika region occur mostly in Plitvice Lakes, Gospić and Otočac and their wider areas. Municipalities like Brinje, Donji Lapac, Lovinac, Perušić, Udbina and Vrhovine make an insignificant impact

on total tourist arrivals (0.8% in 2015) due to the lack of accommodation capacity and the fact that these areas are in the beginnings of tourism development.

If we look at the structure of arrivals, the majority of arrivals relate to Plitvice Lakes. Figure 21 presents total arrivals from 2006 to 2015 according to different locations in the Lika region:

Figure 21: Tourist arrivals according to different locations in the Lika region from 2006 to 2015



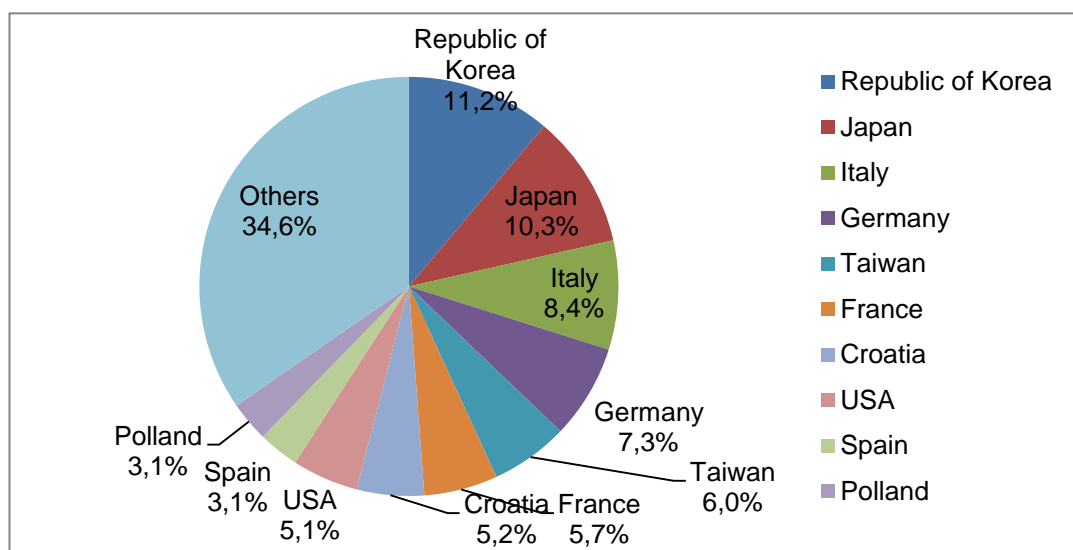
Source: CBS [1]

Figure 21 indicates that Plitvice Lakes are the main generator of tourist arrivals in the Lika region. The share of arrivals in Plitvice Lakes in 2006 was 91.6% of total tourist arrivals in the Lika region. Although Plitvice Lakes shows an increasing trend in tourist arrivals (from 143,426 in 2006 to 227,702 in 2015, an increase of 58.8%) there is a decreasing trend in its share of total arrivals in the Lika region. Accordingly, the share of tourist arrivals in Plitvice Lakes decreased from 91.6% in 2006 to 85% in 2015. The highest growth of tourist arrivals is achieved in the city of Otočac and its wider area. In 2006, Otočac had 2,457 tourist arrivals, which increased significantly to 24,481 in 2015. Thus, the share of total arrivals in Otočac compared to the Lika region increased from 1.6% in 2006 to 9.1% in 2015. The city of Gospić and its wider region shows a smaller increase in tourist arrivals, from 10,663 in 2006 to 13,540 in 2015 (27%). Despite the increase in arrivals, the total share of arrivals in Gospić compared to the Lika region decreased from 6.8%

to 5.1%. Other areas (Perušić, Brinje, Vrhovine and Lovinac) show an increase in tourist arrivals, but their share of 0.8% (in 2015) of total arrivals in the Lika region is still insignificant. Although they represent a small share of total arrivals in the Lika region, these areas however show a large increase in total arrivals: from only 41 in 2006 to 2,218 in 2015 (see Appendix 7).

Figure 22 presents guest structure – tourist arrivals according to their country of origin. Note: the data cover Gospić, Otočac, Plitvice Lakes and Vrhovine. The data from other (smaller) areas are not available, but since their share in total arrivals is minor, it doesn't affect the total result.

Figure 22: Tourists' arrivals in 2015 in the Lika region according to country of origin



Source: CBS [1]

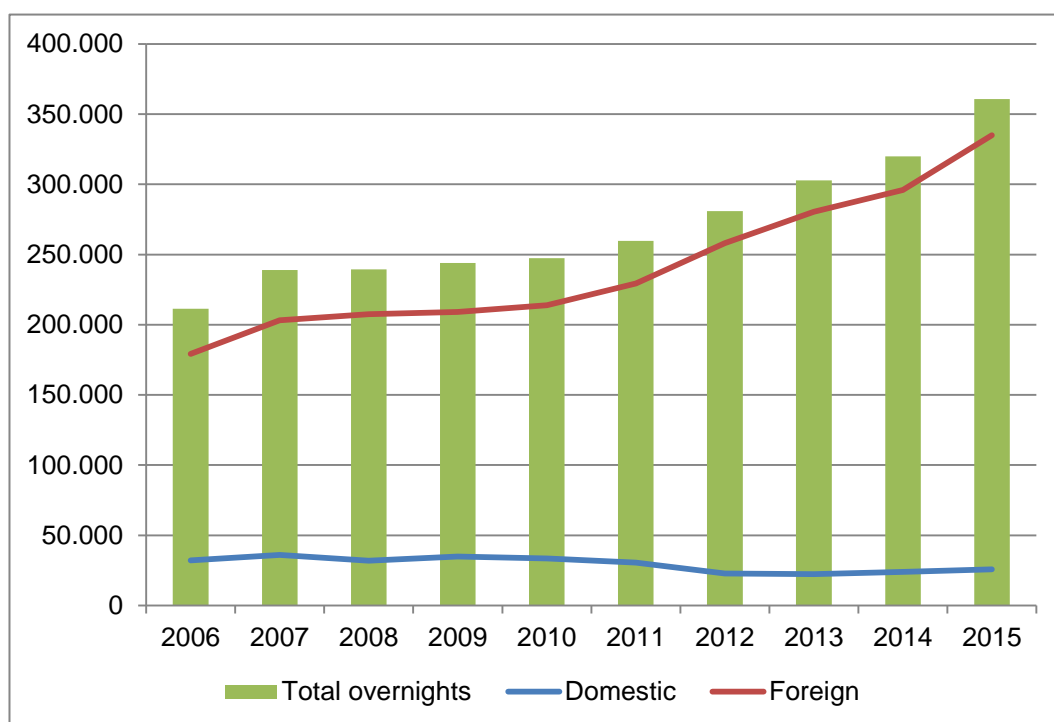
According to the presented data, there is a significant share of Asian tourists in the Lika region; within the top 10 countries, Japan, Republic of Korea and Taiwan contribute 27.6% of the total guest mix. By observing statistical data from previous years we see a significant increase in Korean tourists: from approximately 1,834 arrivals in 2010 to 29,865 arrivals in 2015 [1]. The high share of Asian tourists is due to the fact that NP Plitvice Lakes is listed on the UNESCO's world heritage list. Besides Asian tourists, there were 22,512 (8.4%) arrivals from Italy, 19,435 (7.3%) from Germany, 15,217 (5.7%) from France, 13,692 (5.1%) from USA, 8,426 (3.1%) from Spain, 8,318 (3.1%) from Poland,

92,633 (34.6%) from other countries, while 13,892 (5.2%) relate to domestic arrivals (see Appendix 8).

5.3.2. Overnights

Overnights in the Lika region show a similar trend to arrivals. Figure 23 presents domestic and foreign overnights in the Lika region in the past 10 years.

Figure 23: Domestic and foreign overnights in the Lika region from 2006 to 2015

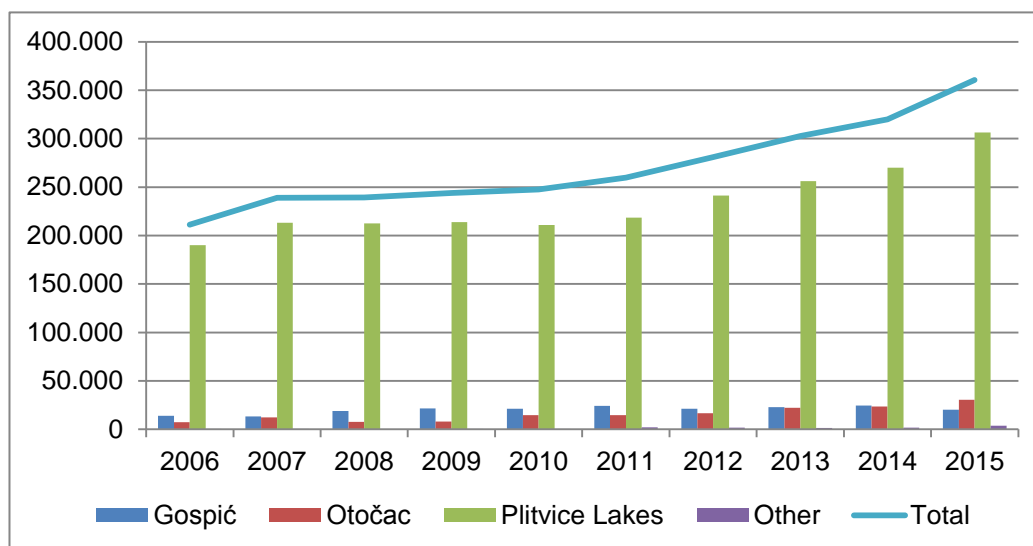


Source: CBS [1]

Due to the decline in domestic arrivals, domestic overnights also show a decreasing trend. In 2006, domestic overnights amounted 32,247 and made up 15.3% of total overnights. By 2015, they decreased by 20.3%, to 25,692, with a share of 7.1% of total overnights in the Lika region. Foreign overnights show an increasing trend, and increased from 179,132 in 2006 to 334,903 in 2015, which is an 87% increase. Overall, total overnights in the Lika region increased from 211,379 in 2006 to 360,595 in 2015 (70.6%) (see Appendix 9).

Overnights from 2006 to 2015 according to different locations in the Lika region are presented in the following figure.

Figure 24: Tourist overnights according to different locations in the Lika region from 2006 to 2015



Source: CBS [1]

Gospić and its wider area increased overnights by 47.1% in the ten-year period (from 13,848 in 2006 to 20,376 in 2015). Despite the increase, its share in total overnights in the Lika region decreased from 6.6% in 2006 to 5.7% in 2015. Otočac and its wider area increased its overnights by 306.6% (from 7,475 in 2006 to 30,396 in 2015) and increased its share of total overnights in the Lika region from 3.5% in 2006 to 8.4% in 2015. Overnights in Plitvice Lakes increased by 61.1% (from 190,015 in 2006 to 306,245 in 2015) but decreased its share of total overnights in the Lika region from 89.9% in 2006 to 84.9% in 2015. Other areas (Perušić, Vrhovine, Brinje and Lovinac) also record an increase in overnights, from 41 in 2006 to 3,578 in 2015, but still have the minimal share of 1% of total overnights in the Lika region (see Appendix 9).

By observing the data from 2006 to 2015 on total arrivals and overnights, the average length of stay is practically the same during the whole period and is equal to 1.3 days. There are some differences in domestic and foreign tourists, where the average length of stay of domestic tourists is between 1.7 and 2.0 days, while foreign tourists mostly stay for 1.3 days. Likewise, during the observed period, the average length of stay in Gospić is 1.4 days, in Otočac 1.7, in Plitvice Lakes 1.3 days and in other areas 1.5 days. Since Plitvice Lakes and

foreign tourists dominate in the overall structure of arrivals and overnights, the average length of stay in the Lika region is equal to the one in Plitvice Lakes: 1.3 days.

According to CBS, the Croatian average for 2015 was 5 days. It is important to distinguish the average length of stay in Adriatic areas (5.5 days), and continental areas (1.8 days).

5.4. Touristic supply

5.4.1. Accommodation

The analysis of accommodation capacity in the Lika region is based on the data requested from the CBS since the published data refer to the whole of Croatia.

The development of accommodation capacity in the Lika region in the period from 2006 to 2015 is presented in the table below:

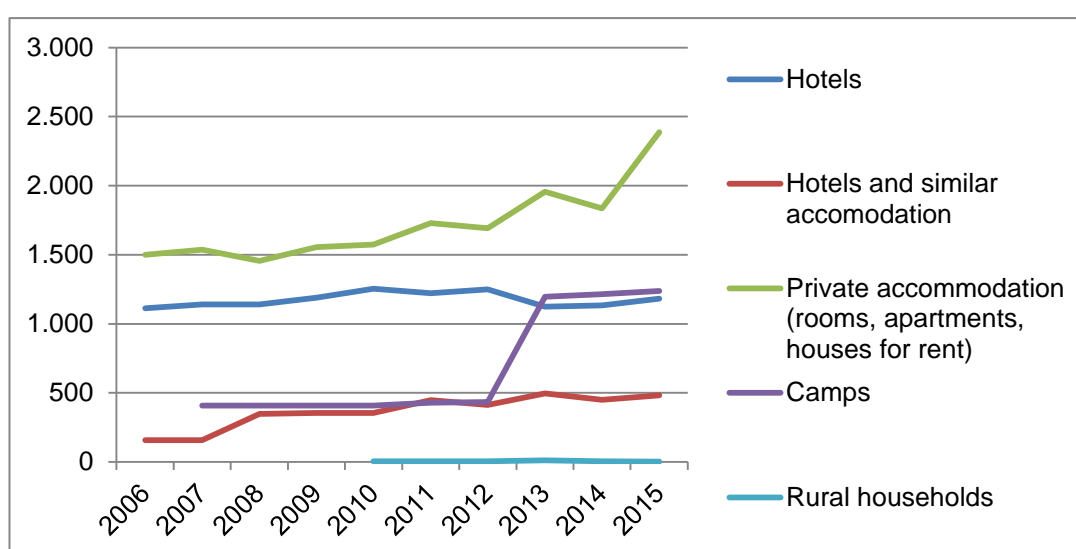
Table 5: Accommodation capacity in the Lika region from 2006 to 2015

Year	Units	Index y-o-y	Beds	Index y-o-y
2006	1,221		2,771	
2007	1,382	113	3,245	117
2008	1,432	104	3,351	103
2009	1,511	106	3,508	105
2010	1,559	103	3,595	102
2011	1,667	107	3,832	107
2012	1,629	98	3,791	99
2013	2,148	132	4,785	126
2014	2,101	98	4,639	97
2015	2,349	112	5,295	114

Source: CBS [1]

In the observed period, accommodation capacity (units and beds) shows an increasing trend, with a growth rate above the Croatian average. Thus, the total number of units increased by 92.3% and the total number of beds increased by 91.1% in the period from 2006 to 2015. During the observed period, the number of units and beds increased divergently in different types of accommodation facility. The development of accommodation capacity according to different type of accommodation facility is presented in the following figure:

Figure 25: Number of beds in different types of accommodation facility in the Lika region from 2006 to 2015

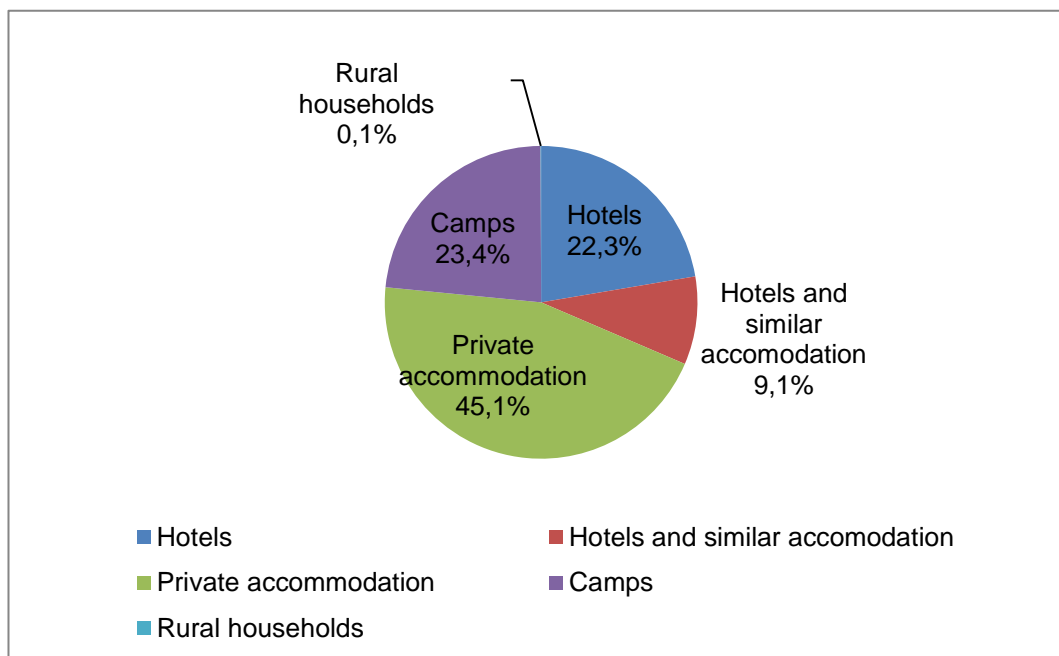


Source: CBS [1]

In the period from 2006 to 2015, the number of accommodation units in hotels increased by 126 units or 27% (from 467 to 593), while the number of beds increased only by 71 beds or 6.4% (from 1,112 to 1,183). The number of accommodation units in hotel and similar facilities increased by 135 units or 184.9% (from 73 to 208) while the number of beds increased by 323 beds or 203.1% (from 159 to 482). Private accommodation units record an increase of 453 units or 66% (from 681 to 1,134) and an increase in the number of beds of 888 (from 1,500 to 2,388). Accommodation units in camps increased by 275 or 202% (from 136 to 411) while bed capacity within camps increased by 831 or 203.7 % (from 408 to 1,239) (see Appendix 10).

The structure of accommodation capacity in 2015 is presented in the following figure:

Figure 26: The structure of accommodation capacity in the Lika region in 2015

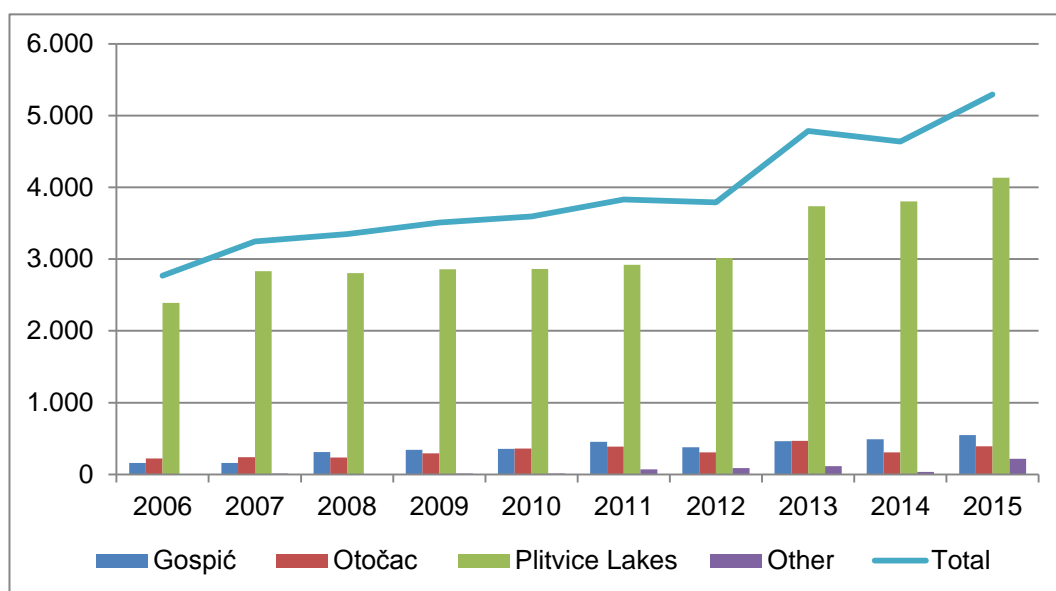


Source: CBS [1]

During 2015, the Lika region disposed of 2,349 accommodation units with 5,295 beds allocated in 10 hotels, 9 premises of hotel or similar accommodation (pensions, hostels, student dorms, uncategorized premises), 340 private accommodation premises (rooms, apartments, houses for rent), 3 camps and only 1 rural household. Hotels disposed of 1,183 beds (22.3%), hotels and similar accommodation disposed of 482 beds (9.1%), private accommodation premises disposed of 2,388 beds (45.1%), camps of 1,239 beds (23.4%) and the rural household of 3 beds (0.1%) (see Appendix 10).

The majority of accommodation units are mostly concentrated in Plitvice Lakes and their wider area which is presented in the following figure:

Figure 27: Number of beds in the Lika region according to different locations, from 2006 to 2015



Source: CBS [1]

The data indicate a high concentration of accommodation units in Plitvice Lakes and their wider area, although their share in total units shows a decreasing trend in the past ten years. Accordingly, the number of beds in Plitvice Lakes increased from 2,391 in 2006 to 4,136 in 2015 (mostly in private accommodation and camps), but their share of total beds decreased from 86.3% in 2006 to 78.1% in 2015. The number of beds in Gospić increased from 158 to 550 by increasing their share of total units, from 5.7% to 10.4%. Otočac increased the number of beds from 222 in 2006 to 391 in 2015 but their share slightly decreased from 8.0% in 2006 to 7.4% in 2015. Other areas increased their number of beds from 0 in 2006 to 218 in 2015 and achieved 4% of the total number of beds (see Appendix 11).

The Croatian Ministry of Tourism publishes the list of categorized tourist facilities in Croatia. The overall data about total bed numbers slightly differ from the ones from CBS, but this does not significantly affect the data in relative terms. According to the list of categorized objects, hotel accommodation in Plitvice Lakes is concentrated in 2 stars (27% of hotel capacity in Plitvice Lakes) and 3

stars (73% of hotel capacity in Plitvice Lakes), while camps are categorized with 3 stars. Otočac has three 3 star hotels (72.2% of hotel capacity in Otočac) and one 4 star hotel (278% of hotel capacity). Brinje has two 4 star hotels, counting only 26 beds which is insignificant. Gospić doesn't have any categorized hotels – there are hotels without stars, categorized as "Pension" or as hotel or similar accommodation [14].

The quality of private accommodation varies from place to place, and from house to house, but unfortunately there aren't available official data on their standards and quality levels. Private accommodation includes rooms, apartments and houses for rent.

According to statistical data from CBS, registered rural touristic households are a rarity in the Lika region. During the observed period, only one rural household appeared in Gospić. Another one in Perušić was recorded till 2013, and afterwards it disappears from the statistics. One of the reasons is the fact that some rural households are registered as "normal" private accommodation facilities, not as rural. As already stated in Chapter 4, there are no accurate data about rural touristic households in Croatia since the data between CBS and Croatian Economic Chamber differ significantly.

5.4.2. Cultural heritage

The Croatian Ministry of Culture has listed 139 items to a list of intangible cultural assets. Eight of them refer to the Lika region: traditional music expression 'Ojkanje singing', Prelo from Lika (gathering of young men and women with the aim of singing, socializing and keeping the tradition of handcraft activities), burial customs 'Mirila', cheese preparation in goatskin paunch, preparation of the traditional Lika cheese 'Škripavac', production of traditional wool socks 'Coklje', the art of making traditional boat 'Gacka plav', the art of making traditional solo instrument- tamburitza 'Kuterevka', also called 'Dangubica' [15].

The cultural heritage of the Lika region is gathered within the following institutions:

- Lika Museum in Gospić is a regional museum located in the city of Gospić, founded in 1958, and is in charge of all monument heritage in the Lika region.

The museum has several departments: archaeology, numismatics, ethnography, art gallery, library, cultural and historical department with a valuable collection of weapon and pottery [16].

- Memorial Centre Nikola Tesla dedicated to the world famous scientist and inventor Nikola Tesla who was born in the village of Smiljan near Gospić.
- Memorial House Dr. Ante Starčević – a historical figure in Croatian history, ‘The Father of our country’, writer, philosopher and politician [17].
- Gacka Museum in the city of Otočac was founded in 1997. It is a homeland museum whose mission is to “collect, explore and keep the heritage of the city of Otočac and the Gacka valley” [18]. The permanent exhibition in Gacka Museum consists of 6 collections: the archaeological collection of the Japods which includes approximately 300 items from the ancient ancestors of Lika region; the memorial collection of Mr. Stojan Aralica, the academic painter originally from Otočac; the cultural and historical collection which consists of various items which are significant for the ancient life and the development of the area; the historical collection which is dedicated to the Homeland War in the period from 1991-1995; the art collection of different artists from the Lika region and those who have cooperated with the museum or participated in other forms of art exhibitions in the Lika region; the ethnographic collection which covers original or reconstructed items which present tradition and everyday life of people from the beginning of 20th century [18].
- Museum of Forestry in Krasno was founded in 2005 as the first Croatian forestry museum. The museum disposes of “300 exhibits which refer to the history of planning and forest conservation like old forest tools, maps, transport vehicles and animal trophies of wild animals” [19].

The guardians of culture and tradition, especially old traditional dances, songs, music instruments, folk costumes and customs, are the folklore societies which nourish local culture and tradition through participating in various local, regional or international exhibitions. In Croatia, these societies are usually organized as ‘KUD’ (which is the abbreviation of a cultural and artistic society), which are basically folklore associations. Within the Lika region, there are numerous folklore and similar cultural associations, from the whole region. The exact

number is unknown since the folklore associations aren't gathered at one site, although the project of consolidation has been started (on the internet portal www.kudovi.hr).

5.4.3. Other tourist attractions

Touristic supply in the Lika region is primarily related to its natural attractions like caves, Velebit Mountain, Plitvice Lakes, rivers, forests, untouched landscapes, and findings of unique animal and plant species. Accordingly, touristic activities are mostly recreational, nature and sport based. An overview of touristic supply within the Lika region and places of greatest touristic interest are described in the following section.

- National Park Plitvice Lakes is located between Mala Kapela Mountain in the southwest and Plješivica Mountain in northeast, approximately 60 km of air distance from the sea, covering a surface area of 296.85 km². Plitvice Lakes were declared a national park in 1949, while in 1979 they were listed in UNESCO's World Heritage List (Public institution NP Plitvice Lakes & Agriconsulting Project Team, 2007).

“The Plitvice Lakes are a specific geological and hydrological karst phenomenon. Its basic feature is a chain of lakes connected by waterfalls, created by the biodynamic process of tufa development. Placed within the forested karst landscape, sixteen larger and smaller lakes are interconnected with foaming cascades and waterfalls” (Public institution NP Plitvice Lakes & Agriconsulting Project Team, 2007).

The park is rich with protected forest and lawn habitats, plant species (approximately 1400) and animal species (of which the brown bear, wolf, lynx and wild cat are significant) (Public institution NP Plitvice Lakes & Agriconsulting Project Team, 2007).

The fact that only 1.7% of the park area is the usage zone (which includes inhabited areas and areas of recreation and touristic activities) tells us about the huge natural heritage of the area and the importance of appropriate protection. Other areas within the park are marked as zones of the strictest protection (8.4%), very strict protection (58.4%) and active protection (31.5%) with no access or very limited access for visitors (Public institution NP Plitvice Lakes & Agriconsulting Project Team, 2007).

The National Park is under the management of the public institution NP Plitvice Lakes owned by the Republic of Croatia. The function of the public institution is the

"protection, maintenance and promotion of the national park in order to protect and preserve nature authenticity, to secure undisturbed natural processes and sustainable usage of natural resources, implementation of measures that concern environmental protection and monitoring in order to follow up the condition of nature preservation" (Public institution NP Plitvice Lakes, 2014).

Tourists mostly come to Plitvice Lakes for sightseeing of the lakes and their waterfalls and to enjoy the beautiful nature. The most popular landmarks of the park are: The Upper Lakes (a group of twelve lakes separated by tufa barriers of which the most popular are Prošćansko Lake and Lake Kozjak which are also the largest lakes in the park), The Lower Lakes (a group of four lakes), The Plitvica Stream (a 4 km long stream known for the Great Waterfall – a 78 m long waterfall, the biggest in Croatia), Korana river, Šupljara cave, Karlovci (the area of karst monoliths, blocs and pillars), Čorkova bay (a rainforest within the park). Sightseeing of the park is organized through several tours of different durations. The shortest tour lasts from 2-3 hours, while the longest one lasts from 6-8 hours and covers the whole lake area [20].

Besides the lakes, tourists can enjoy local gastronomy in the nearby restaurants, and recreational activities (hiking trail Medveđak and Mrsinj, recreational and educational trail 'Čorkova bay and Plitvica', organized cycling trails, ski resort 'Mukinje' which is 2.5 km from the park) [21]. In a wider area of the national park, tourists can also visit the Sawmill Špoljarić (a sawmill that uses water force for sawing logs, built at the beginning of 20th century and renovated in 2005 when it was included as a tourist attraction), and the Watermill Špoljarić (a watermill for grinding grain, built at the end of 19th century and renovated in 2002) [21].

The number of visitors to the park is increasing every year which is presented in the table below:

Table 6: The number of visitors to the NP Plitvice Lakes (per month) in the period from 2010 till 2015

Month	2010	2011	2012	2013	2014	2015
1	1,816	3,961	3,990	2,727	4,189	10,175
2	1,599	1,954	2,426	2,629	3,435	6,789
3	7,087	6,182	12,037	12,233	18,44	23,100
4	38,627	53,781	60,977	53,944	66,197	69,429
5	99,293	103,589	120,463	128,439	130,567	146,477
6	121,135	144,012	144,420	149,679	162,112	185,961
7	209,899	217,656	240,298	252,558	217,569	257,102
8	282,325	315,112	318,926	314,614	292,221	328,294
9	137,781	165,811	169,048	179,813	157,326	197,809
10	53,543	59,770	69,432	75,704	108,728	102,007
11	6,891	8,227	10,723	11,728	16,795	19,346
12	2,326	3,086	4,279	4,730	6,870	10,815
Total	962,322	1.083,141	1,157,019	1,188,798	1.184,449	1,357,304

Source: Work report from Plitvice Lakes Tourist Board, February 2016 [22]

The table above shows the high seasonality of visits during the summer period, with more than 70% of visits in the period from June to September. The peak is in July and August with more than 40% of total visits.

By observing the given period it is noticeable that seasonality is however spreading a little bit to the post-season. The share of total visits in the summer period is decreasing in favour of other months in the year. So the share of visits in July decreased from 21.81% in 2010 to 18.94% in 2015; in August the share of visits decreased from 29.34 in 2010 to 24.19% in 2015. Overall, the share of

visits in the period from June to September decreased from 78.05% in 2010 to 71.4% in 2015.

The National Park Plitvice Lakes is one of the most popular Croatian natural attractions, the most visited national park in the country, the only Croatian natural monument on the UNESCO's world heritage list [5], which increases its attractiveness as a tourist destination. According to data from CBS, tourist arrivals and overnights in the Lika region mostly come from Plitvice Lakes (approx. 85%) which indicates the importance of the park for the whole region as well as the potential for touristic development in other rural areas in Lika.

- Nature Park Velebit is the biggest nature park in Croatia which covers almost the whole Velebit Mountain and stretches over a surface of 2,000 km². The area was declared a Nature Park in 1981. Due to its biodiversity, the Velebit Mountain was included in UNESCO's 'Man and Biosphere Programme' in 1979. Within the area of Nature Park Velebit there are two national parks: NP Northern Velebit and NP Paklenica (Public institution NP Northern Velebit & Agriconsulting Project Team, 2007). NP Paklenica mostly belongs to the Dalmatian hinterland and is not the subject of our research. Besides national parks, it is important to mention Cerovac caves – protected as a geomorphologic monument of nature, Zavrtnica bay – protected as a significant landscape, Velnačka glavica - protected as a paleontological monument of nature (Public institution NP Northern Velebit & Agriconsulting Project Team, 2007).

Touristic activities within the park are mostly based on recreational activities like mountain climbing, cycling and fishing. Within the nature park there are three educational trails: Terezijana, Kudin Bridge and Starigrad Senjski (Public institution NP Northern Velebit & Agriconsulting Project Team, 2007).

- The Cerovac caves comprise one of the biggest cave complexes in Croatia, consisting of three caves (Upper, Lower and Middle caves) and situated on the southern slopes of the Velebit Mountain. The explored area of the caves is approximately 7 km, while only the first 700 m of the Upper and Lower caves are allowed for visitors. The Cerovac caves are characterized by an abundance of flowstone of different types and shapes, and findings of cave bear traces (Public institution NP Northern Velebit & Agriconsulting Project Team, 2007).

The table below shows the number of visitors to Nature Park Velebit from 2010 to 2015, which shows an increasing trend in visits.

Table 7: The number of visitors to Nature Park Velebit from 2010 to 2015

Year	2010	2011	2012	2013	2014	2015
Number of visitors	27,743	29,820	33,471	35,317	32,030	37,202

Source: Nature Park Velebit (e-mail received on 12 January 2017)

- National Park Northern Velebit is located on the Northern part of Velebit Mountain, with a surface of 109 km². The area of NP is within the Nature Park Velebit. The park was declared a national park in 1999 due to its numerous natural features such as: a large number of deep, vertical, speleological objects (pits), with rich endemic subterranean animal species; the presence of wild animals like bear, wolf, lynx and wild cat; valuable alpine grasslands; valuable and preserved coniferous forest; authentic black pine forest; significant capercaillie population in Croatia; and exceptional landscape diversity” (Public institution NP Northern Velebit & Agriconsulting Project Team, 2007). Within the park, there are areas with special protection: ‘Hajdučki and Rožanski crests’ are protected as Strict Nature Reserves, the areas ‘Zavižan-Balinovac-Zavižanska Kosa’ and ‘Visibaba’ are protected as Special Botanical Reserves, while ‘Velebit botanical garden’ is protected as a Landscape Botanical Monument (Public institution NP Northern Velebit & Agriconsulting Project Team, 2007).

Tourist activities within the park mostly relate to mountain climbing and hiking through the marked areas of the mountain/park. The most visited areas within the park are: ‘Zavižan’ (known for the oldest altitudinal meteorology station in Croatia, and a starting point for many hiking tours over Velebit Mountain), Velebit Botanical Garden (with approximately 300 plant species of which the most popular is ‘Velebit Degenia’ – a protected endemic species), the ‘Premužić trail’ (57 km long hiking trail, of which 16 km passes through NP, and leads to some of the prettiest parts of the park – ‘Hajdučki and Rožanski crests’; the trail is considered as a “masterpiece of stacked-stone wall construction”), Alan (the area of mountain lawns), ‘Štirovača’ (special reserve of coniferous forest) and ‘Lubenovac’ (a karst valley near the ‘Hajdučki and Rožanski crests’) [23]. Within the NP, there are four educational trails that provide additional information about

the geology and speleology of the area, plant and animal species, the ancient life of people in the mountains, the cultural heritage of the area and meteorology [23].

Table 8: The number of visitors to Northern Velebit National park, per year

Year	2010	2011	2012	2013	2014	2015
Number of visitors	15,416	19,336	16,620	15,777	14,360	16,471

Source: Northern Velebit National Park public institution (e-mail received on 12 January 2017)

- Cave Park Grabovača - Grabovača is a hill at 770 m altitude, located 2.5 km from Perušić municipality. The area is rich in speleological objects - caves and pits (of which 9 of them are protected); abundant with natural heritage including 16 protected plant species, 39 protected animal species, and 4 endangered and protected habitats. The peripheral part of the park is surrounded by the river Lika – the second longest subterranean river in Europe. Three caves within the park, 'the Cave Samograd', 'Amidžina Cave' and 'Medina Cave', are protected as geomorphologic monuments of nature. The 'Cave Samograd' is available for tourist visits under authorized surveillance. Touristic activities within this area are organized through several educational trails which provide information on all the natural attractions of the area (caves and their history, flora and fauna, river Lika), enable visits to historic attractions (archaeological findings, fortress of old town Perušić, Church of the Holy Cross) and familiarize people with traditional tillage, cattle breeding, forestry, and coexistence with nature. Besides natural attractions, there are many sports and recreational activities such as: a hiking trail (6.4 km), 2.5 km of sports trail with training equipment ideal for body shaping and running, 150 km of cycle paths, playgrounds for football, volleyball, badminton; and speleological activities with the permission of an authorized ministry [24].

The number of visitors to Cave Park Grabovača is presented in the table below.

Table 9: The number of visitors to 'Cave Park Grabovača', per year

Year	2010	2011	2012	2013	2014	2015
Number of visitors	1,360	3,326	4,013	4,838	5,822	5,858

Source: Public institution 'Cave Park Grabovača' (e-mail received on 12 January 2017)

- The Bear Sanctuary Kuterevo - Kuterevo is small village in the heart of Lika, on the slopes of Velebit Mountain. The Bear Sanctuary is a project launched by Velebit Association Kuterevo, the Croatian Centre 'Knowledge for the Environment' and the Faculty of Veterinary Medicine in 2002. The aim of the project is

“to offer shelter to orphan bears, protection of bear habitat and promote sustainable living and the tradition of the local mountain community. Part of the project is dedicated to the education of visitors and their connection with the wilderness and bear charisma” [25].

There are 10 bears living within the bear sanctuary, all of them came like orphans, unable to survive alone. Activities within the sanctuary are numerous, depending on the time of the year (gardening, permaculture, collecting and sorting food for bears, construction and maintenance of paths and fences, reception of visitors) and are done mostly on a voluntary basis at national and international levels via voluntary associations [25].

- Memorial Centre Nikola Tesla, which opened its doors on July 10th 2006 on the occasion of 150th anniversary of Nikola Tesla, the world famous scientist and inventor in the fields of electrical engineering who was born in the small village of Smiljan near the city of Gospić. The Memorial Centre covers the whole retrospective of Tesla's private and professional life, his achievements and inventions in the fields of electricity that changed the world. The retrospective of Tesla's life is conceived as a multimedia exhibition, which includes photographs, documents, patents, Tesla's autobiographic quotes, inventions, accompanied by video projections and sound systems. Within the Memorial Centre there is a testing station which represents a copy of Tesla's laboratory in a smaller version, and where demonstrations with Tesla's transformer are held [26].

- Adrenaline Park Rizvan city, located in the village Rizvanuša near the city of Gospić. The park offers a variety of adrenaline/sports activities suitable for almost everyone, in individual or group organizations. Visitors can enjoy adrenaline park, paintball, quad safari, jeep safari, zip line, archery, giant swing, shooting. Besides organizing activities, Rizvan city offers accommodation in traditional houses from the Lika region as well as in bungalows nearby [27]. Rizvan city is an excellent supplement to the range of touristic supply products and services in the Lika

region, offering a variety of organized sports and recreational activities in a preserved nature environment [27].

- The springs and the countryside of the Gacka River near the city of Otočac – the river Gacka is a karst river, the third longest subterranean river in the world, known for very clean water and plenty of trout fish. The springs of river Gacka are lake shaped and very picturesque, the most popular are Tonković spring, Klanac spring, and Majerovo spring where there are leftovers of old watermills. Some of the watermills are renovated and function, mostly used for grinding grain and represent the preserved tradition of extinct crafts. Touristic activities are mostly based on recreation and active holidays: cycling tour 'Water and karst trails' (approximately 187 km in 6 cycling trails), bird watching, fishing, paintball, kayaking, and mountain climbing. Other activities are visits to Gacka Museum, dairies with organized cheese tasting rooms, family farms, the Croatian Centre for indigenous fish and crawfish species in karst waters, and exhibitions of folklore societies [23, 28].

The most popular cultural and sports events in the Lika region are the following:

'Autumn in Lika' in the city of Gospić (2 day exhibition of traditional and agricultural products of Lika Senj County), Likanale (30-day art exhibition of artists related to the Lika region), Gospić Summer Music Festival (30-day classical music summer festival), The days of the city of Gospić (30-day programme full of cultural, sports, music and folklore exhibitions), Gospić Carnival, Moto meeting - MK Crazy Wolves in Gospić (3-day exhibition followed by a music and entertainment programme), Eko-etno Gacka in Otočac (eco-etno fair of traditional food, drinks, crafts, followed by additional entertainment activities), Advent in Otočac, The Otočac Folklore Exhibition, the celebration of St. Anthony in June, and the Feast of the Assumption of the Blessed Virgin Mary in August in Krasno Sanctuary, Barkan's bike tour in Otočac (42 km cycling trail), Plitvice marathon and Adria bike marathon in Plitvice Lakes [29, 30].

Gastronomy in the Lika region is simple, basic and determined by its natural environment. Typical traditional meat dishes are lamb (on the skewers or baked, covered with lots of ashes), pork, and dried meat together with potatoes or sour cabbage. Game animals (boar or deer), fish (especially trout), frogs, and mushrooms as a side dish are often listed on the menus of local restaurants.

Dairy products are everyday food in the Lika region, especially sour milk, cheese and butter [31]. The region is the most popular for the cheese 'Škripavac', lamb and high quality potatoes.

CHAPTER 6: STAKEHOLDER ANALYSIS OF SUSTAINABLE RURAL TOURISM IN THE LIKA REGION

(Martina Serdarušić)

The rich natural resources of the Lika region and the developed tourism industry in other parts of Croatia on the one side, and negative economic and demographic trends in the Lika region, with a concentration of tourism in the area of NP Plitvice Lakes on the other side, indicate the mismatch between the economic and social development of the Lika region and of Croatia as a whole.

Taking into consideration the huge discrepancy between tourism development in Lika and in Croatia, and based on the theoretical concepts of stakeholder approaches described in Chapter 3, and the theoretical framework of sustainable development and rural tourism presented in Chapter 2, we conducted a stakeholder analysis of rural tourism in the Lika region because we wanted to get an insight into stakeholders' attitudes about the development of sustainable rural tourism in Lika and stakeholders' perspectives of current touristic products and services in Lika, their unique selling points, and the advantages and disadvantages of the tourism industry in the region, and in which segments they have similar or different opinions about the tourism industry.

Moreover, the analysis was used to detect whether sustainable development was important for stakeholders, if they actively participated in rural tourism, and if they had knowledge about sustainable rural tourism. We also wanted to find out what the main opportunities and challenges were for the development of sustainable rural tourism, what could positively impact the development of rural tourism from the stakeholders' perspectives, and how they imagined successful tourism in Lika would look after one decade.

Following the research results of the stakeholder questionnaire analysis in this Chapter, the statistical data presented in Chapter 4 and Chapter 5, and the demand analysis for rural tourism in Lika presented in Chapter 7, we would develop an action plan for the development of sustainable rural tourism in Lika in Chapter 9.

6.1. Research methodology

Based on a review of the literature, we decided to use a qualitative approach for the one-time collection of primary data for the purpose of analysing stakeholders' perceptions, attitudes, and behaviour in connection with the sustainable development of rural tourism. The qualitative method enables a "deeper and wider understanding of the research object" (Tkalac Verčić, et al., 2010, p. 18).

Veal (2006, p. 193) argued "the qualitative approach tends to collect a great deal or 'rich' information about relatively few cases rather than the more limited information about each of a large number of cases which is typical of quantitative research". Peterson (1994, as cited in Veal 2006, p. 195, 196) defined the eight potential uses of qualitative methods in leisure and tourism research as:

1. "to develop hypotheses concerning relevant behaviour and attitudes;
2. to identify the full range of issues, views and attitudes which should be pursued in larger-scale research;
3. to suggest methods for quantitative enquiry;
4. to identify the language used to address relevant issues;
5. to understand how a buying decision is made;
6. to develop new products, services or marketing strategy ideas;
7. to provide initial screening of new product, service or strategy ideas;
8. to learn how communications are received – what is understood and how."

The qualitative method enables the getting of answers to research questions when for example we want to find out what, why, how something is happening and to describe certain phenomena, while the quantitative method helps to find numerical results relevant for some phenomena (Tkalac Verčić, et al., 2010).

6.2. Research instrument

The expert (stakeholder) written questionnaire with open ended questions was chosen as a qualitative technique for data collection in this study. Based on the review of literature in this study, we developed the stakeholder questionnaire (see Appendix 12) which consists of ten open-ended questions that are structured into three topics: 1) General tourism in Lika - 3 questions, 2) Sustainable rural tourism - 3 questions and 3) Potential for development of rural tourism in Lika - 3 questions, and finally questions which enabled stakeholders to give any comment or opinion regarding the development of successful sustainable rural tourism in Lika.

In the first part of the questionnaire, relating to general tourism in Lika, we asked stakeholders what their perception was about current touristic products and services in Lika, what main unique selling points they would stress to potential visitors, and what the advantages and disadvantages of the touristic supply in Lika were. Through the stakeholders' answers to the asked questions in the first part of the questionnaire, we wanted to find out how the stakeholders perceived the touristic supply in Lika, whether they had a common understanding of the current touristic supply in Lika or had perspectives about the tourism industry, and what the main differences or similarities were in their views on Lika's tourism. If the stakeholders' perceptions of current touristic supply were similar, then communication, the setting up of goals and the implementation of an action plan for the future development of tourism in Lika would be easier.

In the second part of the questionnaire, the stakeholders were asked three questions about sustainable rural tourism. The first and the second questions in this part refer separately to sustainable development and rural tourism as two main concepts which are given a more detailed description in Chapter 2 of our study. Our intention was to confirm that the respondents were organizations for which sustainable development was important, and that they were actively participating in rural tourism. In the third question of this part the stakeholders were asked to define the term 'sustainable rural tourism', a key notion in our study. We wanted to find out how stakeholders empowered sustainable development, whether they participated in rural tourism, and whether they had a proper understanding and knowledge of sustainable rural tourism. Identifying potential differences among stakeholders' activities in connection with sustainable development and rural tourism would help us to develop an action plan for the sustainable development of rural tourism in Lika, as presented in Chapter 9.

The third part of the questionnaire also comprises three questions, where we asked stakeholders to identify challenges and opportunities for the development of sustainable rural tourism in Lika, which we later included in a SWOT analysis in Chapter 8. Moreover, the stakeholders were asked to describe what in their opinion would have the most positive impact on rural tourism in Lika, and how they imagined successful tourism in Lika in the next 10 years would look like.

Finally, all stakeholders were given the opportunity to write comments or advice for the sustainable development of rural tourism in Lika. Most of the answers to the last four questions helped us during the development of the action plan in this study.

The results of the stakeholder analysis are presented in this chapter and are used for the SWOT analysis in Chapter 8 and the development of the action plan in Chapter 9.

The estimated time required for answering the questionnaire was approximately 30 minutes. A questionnaire sample was tested on a group of two experts (consultants in the tourism industry) and two hotel owners from other regions in Croatia.

The questionnaire presented in Appendix 12 was sent as an attachment to an e-mail message (see the e-mail message in Appendix 13) in which we explained to recipients what the purpose of the questionnaire was.

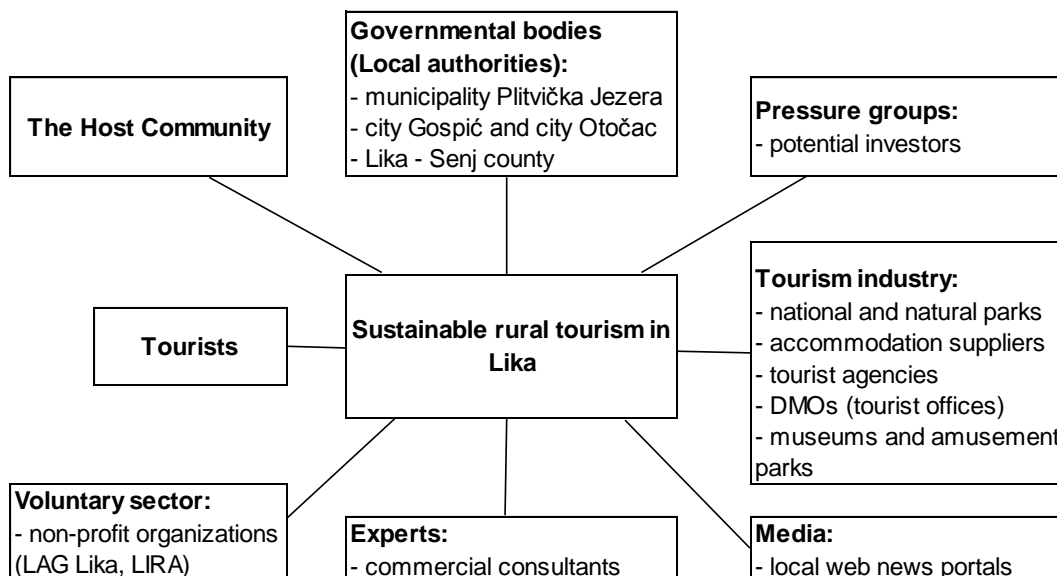
6.3. Sampling method

One of the main differences between quantitative and qualitative research methods is in defining a research sample. A sufficient sample in qualitative methods is smaller than in quantitative research methods. The researcher's subjectivity in defining a sample is a disadvantage when conducting quantitative research but it benefits qualitative research (Tkalac Verčić, et al., 2010).

The main stakeholders for the development of sustainable rural tourism in Lika are identified in accordance with Freeman's (1984), and Werther & Chandler's (2014) definitions and identification models of stakeholders. As already stated, Freeman (1984, p. 52) defines stakeholders as 'groups and individuals who can affect, or are affected by, the achievement of an organization's mission' and Werther & Chandler (2014, p. 54) define stakeholders as 'a group or individual with an interest in the activities of the firm'. As already mentioned in Chapter 3, the main stakeholder groups for sustainable tourism are the host community, governmental bodies, the tourism industry, pressure groups, tourists, media, experts and the voluntary sector (Swarbrook, 1999).

Accordingly, stakeholders that participate in the sustainable development of rural tourism in the Lika region are presented in Figure 28.

Figure 28: Stakeholders in sustainable rural tourism in Lika



Source: Adapted from Swarbrooke (1999)

The description of each stakeholder group that participates in the sustainable development of rural tourism in the Lika region is presented in the following section:

1) Local Authorities responsible for the political, infrastructural and economic strategic development of the region:

a) Cities and Municipalities – the three main municipalities in the Lika region are the city of Gospić, the city of Otočac, and the municipality of Plitvička Jezera. City and municipality authorities are responsible for the adoption of developmental strategic management documents.

b) Lika – Senj County - as the local umbrella governmental institution is located in Gospić and is responsible for the regional development of Lika. The county's main focus is on agriculture, tourism and forestry, as well as on strategic industries for the region [32].

2) Tourism industry - interested in the development of and increase in profitability of the tourism industry and the competitiveness of the destinations where it operates:

a) National and natural parks – as described in Chapter 5 of this study, in the Lika region there are two national parks (NP Plitvice Lakes and NP Northern Velebit), Nature Park Velebit, Cerovac caves and Cave Park Grabovača. The public institution NP Plitvice Lakes is a governmental organization responsible for the operation, preservation and development of NP Plitvice Lakes as well as other services (hotels, camping sites, restaurants, bars, shops) existing in NP Plitvice Lakes.

b) Cultural institutions – a few museums (Lika Museum in Gospić, Gacka Museum in Otočac, Museum of Forestry in Krasno) and historical institutions (Memorial Centner Nikola Tesla, Memorial house d. Ante Starčević) are operating in Lika (for more details see Chapter 5).

c) Accommodation supply - is based on 10 hotels with 586 units and 1.179 beds. There are four 3* hotels and three 4* hotels (231 units and 398 beds) owned by six private companies and 3 hotels (two 2* hotels and one 3* hotel with 355 units and 781 beds) owned by the Public institution NP 'Plitvice Lakes' who also operate 2 camping sites (2.079 camping parcels) in Lika [14]. According to CBS, in 2015, besides hotels and camping sites, accommodation was offered in private households (45.1% of total bed supply), out of which only 3 beds were in rural households.

d) Adrenaline and amusement parks – privately owned amusement parks focusing on adrenaline tourism.

e) Local tourist agencies - offering tourist packages in Lika and surrounding areas.

f) Local tourism governmental offices (DMOs) – four DMOs (Tourist office Lika – Senj county, Tourist office Gospić, Tourist office Otočac and Tourist office Plitvička Jezera) are present and responsible for the development and support of tourism destination development in Lika.

3. Pressure groups - for the purpose of this study, are considered to be potential investors who are interested in the development of new touristic products and services in Lika focusing mainly on an increase in accommodation supply.

4. Voluntary sector - non-profit development organizations responsible for the sustainable development of the region that covers Lika:

a) LAG LIKA is a partnership of 60 entities from the private and public sectors including two cities (Gospić and Senj) and ten municipalities (Brinje, Donji Lapac, Gračac, Karlobag, Lovinac, Perušić, Plitvička Jezera, Rakovica, Udbina i Vrhovine). The organization

“promotes the sustainable development of economy, tourism and agriculture as well as investing in human resources, physical capital and environment focusing on the development of a coherent and economically vibrant society” [33].

LAG Lika covers a broader geographical area, which includes maritime destinations besides just the Lika region that is the focus of our study.

b) LIRA - is a development non-profit institution founded by Lika – Senj County with a focus on sustainable regional development and the creation of a positive environment for investment in the county [34].

5. Tourists - are all those visiting the Lika region, which were analyzed separately in Chapter 7 of this study and were not directly included in the stakeholder analysis.

6. Host community – is, according to Swarbrooke (1999), considered to be comprised of those directly and indirectly employed in tourism and other local business people. For the purpose of this study, the host community was not separately involved in this research, because local people involved in the tourism industry were included as stakeholders, analysed in our study either as owners of companies (e.g. hotels, tourist agencies, rural household accommodation suppliers) or employees in organizations identified as stakeholders. In our opinion, the inhabitants of the Lika region who are currently not directly involved in the tourism industry could also be identified as relevant stakeholders who are influencing and/or are influenced by the sustainable development of the rural tourism industry. Because there are more than 39 thousand inhabitants in the Lika region, an adequate research sample size and analysis of that sample in our

opinion would require a separate research study, and therefore the host community in this study was considered to be the local community currently not involved in the tourism industry and was not included in this the research.

7. Experts – for the purpose of this study we analysed the attitudes and perceptions of two the most active consulting and advisory companies involved in last 20 years in regional and governmental development projects, and private investments with a long reference list in Croatian tourism.

8. Media – we included three local news web portals in our study, but surprisingly none of them answered our questionnaire. Only one web portal responded negatively to our mail request, while the other two did not even answer our mail request or phone calls to publicly available contact phone numbers.

Additionally, based on the stakeholder model developed by Werther & Chandler (2014), we divided the stakeholders relevant for this study into two main groups as shown in Table 10:

- Internal (organizational) stakeholders and
- External (economic and societal) stakeholders.

Table 10: Stakeholder groups

	Stakeholders	INTERNAL	EXTERNAL	
			Economic	Societal
1	Local authorities	X		
2a	National and nature parks			X
2b	Cultural institutions - museums			X
2c	Accommodation supply		X	
2d	Adrenaline or amusement parks		X	
2e	Local tourist agencies		X	
2f	Local tourist governmental offices (DMOs)	X		
3	Pressure groups - potential investors		X	
4	Voluntary sector - non-profit development agency			X
5	Tourists		X	
6	Host community	X		
7	Experts			X
8	Media			X

Freeman (1984) suggests categorizing stakeholders based on two dimensions or attributes: interest and power. According to Werther & Chandler (2014, p. 60), after stakeholders are identified and analyzed, it is important to “prioritize among stakeholders and their competing interests and demands”.

As described in Chapter 3 ('Stakeholder analysis in practice'), after stakeholders are identified and analysed, it is also advised to map and prioritize stakeholders as well. Therefore, we have ranked the importance of attributes (interest and power) and priority of each stakeholder in the following Table 11.

Table 11: Stakeholders' attributes and priority ranking

No	Stakeholder	Attributes		Priority
		Interest	Power	
1	Local authority - cities and municipality	7	8	4
2a	Natural parks	8	7	5
2c	Accommodation suppliers	5	7	5
2d; 2b	Cultural institutions and amusement parks	6	4	2
2e	Tourist agencies	6	2	2
2f	Tourist offices - DMOs	7	8	4
3	Potential investors – pressure groups	3	1	2
4	Non-profit organizations	4	5	3
5	Tourists	5	6	5
6	Host community	5	6	5
7	Experts	2	5	1
8	Media	1	3	3

Based on our personal experience and understanding of stakeholder roles in tourism as well as in our review of the literature, we decided to rank stakeholders as presented in Table 11. To have a more dispersed stakeholder grid (see Figure 29) and to be able to diversify stakeholders among themselves, we personally developed a ranking scale both for attributes (interest and power) and priority of stakeholders.

The priority rankings are distributed in a range from '1' the lowest priority and '5' the highest priority, while attributes connected to each stakeholder are in a range from '1' as lowest to '8' as highest (i.e. media has the lowest interest in the sustainable development of rural tourism in Lika, while local authority tourist offices have the highest power among all stakeholders to influence the development or tourism).

Morris & Baddache (2012) in its Five-Step Approach to Stakeholder Engagement proposes needed actions and tactics ('Quadrant Tactics') for stakeholders positioned in four quadrants of the Stakeholders' Grid as follows:

- Top left quadrant – Communicate (high level)
- Top right quadrant – Engage
- Bottom left quadrant – Passive
- Bottom right quadrant – Communicate (low level)

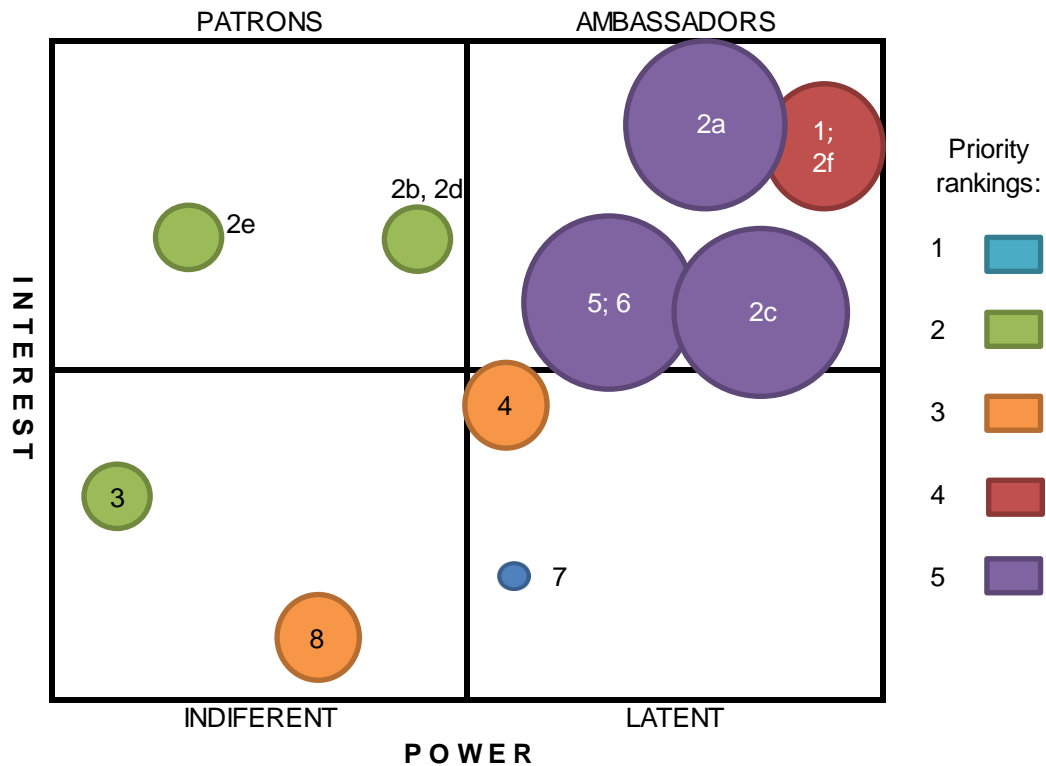
In addition, Kunst (2011, p. 6) categorized stakeholders in four groups:

- "Ambassadors: think that the topic is in their interest and that they can influence implementation and development;
- Patrons: think that topic is in their interest but they do not think that they directly influence further development and implementation is not of high relevance to the topic;
- Latent Stakeholders: not highly interested in the topic, but if they are properly motivated they can have high power in tourism development;
- Indifferent Stakeholders: do not have any interest in the topic and their power is low since it is difficult to motivate them for the relevant topic."

In order to have a more clear picture of the stakeholders in the development of sustainable rural tourism in Lika, we used a two dimensional stakeholder grid (see Figure 29), also proposed by Freeman (1984), as an analytical tool for defining stakeholders taking into consideration two stakeholders' attributes: interest and power.

Based on the stakeholders' attributes and priority rankings presented in Table 11 we developed the Stakeholder Grid in Figure 29.

Figure 29: Stakeholders' grid



The size of each stakeholder's circle in the Stakeholders' Grid (see Figure 29) presents the stakeholder's priority in accordance with ranking from Table 11. As the stakeholder's priority is higher the circle is wider.

Taking into account the proposed tactics, we can conclude that local authorities, national and natural parks, accommodation suppliers, tourist governmental offices (DMOs), and tourist and host communities, should be engaged in the development of sustainable rural tourism in Lika ('Ambassadors'), while action connected to the development of tourism should be well communicated to cultural institutions, amusement parks and tourist agencies ('Patrons'). Experts and non-profit organizations are considered as 'Latent' stakeholders due to their low interest, but at the same time as low power (i.e. experts) or medium power and interest (i.e. non-profit organizations). Where the specific topic would engage more interest among 'Latent' stakeholders, those would very easily become 'Ambassadors' who have stronger influence on the sustainable development of rural tourism in Lika. While media and potential investors have the least interest and power among all stakeholders, which puts them into a position of 'Indifferent' stakeholders. It is important to point out that the attributes and priorities of stakeholders are variable through time.

6.4. Results of the stakeholder analysis

In this chapter we will present a summary of stakeholders' answers to the questionnaire (for Stakeholder Questionnaire see Appendix 12) and will highlight the main ideas of the key stakeholders in tourism in Lika.

Research was conducted in the period from 15 December 2016 till 20 February 2017. The same questionnaire sample in the Croatian language was distributed via e-mail to 44 organizations in Lika that were identified as main stakeholders for the development of sustainable rural tourism in Lika as presented in Table 12. A detailed structure of stakeholders is given in the previous section 6.3. The response rate was 63.6%, or 27 received fully answered questionnaires, and one questionnaire was partly answered. The stakeholder questionnaires were distributed based on publicly available contact mail addresses. In order to raise the questionnaire response rate we sent e-mail reminders two weeks after the first questionnaire was sent to stakeholders and contacted stakeholders by phone additionally up to a maximum of three more times. We sent a reply to each respondent in order to kindly thank them for sending answered questionnaires.

We received at least one fully answered questionnaire from each stakeholder group, except from media stakeholders.

After we received 27 fully answered questionnaires and one partly answered questionnaire by mail, we applied a *manual data (text) analysis*.

Firstly, we listed all the original answers for each question in separate columns in an excel document. Secondly, the answers were lined and grouped for each stakeholder group presented in Table 12 in the one excel document.

Finally, after we had gathered all the answers in one excel document, we looked for similar statements or phrases or words in the answers which were painted with the same colour and highlighted with different colours those answers which significantly differed.

The method of colouring similar parts of the answers enabled us to detect stakeholders' attitudes and perceptions which repeated or stood out compared to other stakeholders' answers.

Table 12: Number of sent and received stakeholder questionnaires

Stakeholder	Sent questionnaires	Received answered questionnaires	Response rate
Local authority - cities and municipality	4	4	100.0%
Natural and national parks	4	3	75.0%
Accommodation suppliers	14	6	42.9%
Museums and amusement parks	5	3	60.0%
Tourist agencies	2	1	50.0%
Tourist offices – DMOs	4	4	100.0%
Potential investors – pressure groups	4	3	75.0%
Non-profit organizations	2	2	100.0%
Experts	2	2	100.0%
Media	3	0	0.0%
Total	44	28	63.6%

1) General tourism in Lika

Q1: How would you describe the current touristic supply in Lika? What are the unique selling points that you would stress to potential visitors?

Number of respondents = 28

All stakeholder groups perceived the current touristic supply in Lika as mainly focused on natural beauty, sport activities in nature (for example: cycling, hunting, river kayaking, rafting, horse riding) and gastronomy, but they still think that touristic products and services are not well developed (22.2% of all respondents). Local authorities and DMOs have an awareness of the existing cultural and historical heritage of Lika as part of the touristic supply.

The unique selling point for 96.4% of stakeholders was the natural beauty of the region. Some of the following phrases were used to define the natural beauty: “great natural diversity”, “preserved natural beauty”, “fresh mountain air”, “untouched nature”, “rich natural resources”, “national parks and other protected

areas”, “cleanliness of air, water and environment”. NP Plitvice Lakes were specifically mentioned by 53.57% out of 28 respondents as the main unique selling point for Lika.

25% of respondents thought that the geographical location of the region and the good traffic connections with coastal and other inland parts of Croatia were very important for tourism in Lika, 32% said that gastronomy (respondents' statements: “excellent local cuisine”, “authentic gastronomy”, “eco homemade food”), was a unique selling point.

Only local authorities pointed out that Lika had cycling routes and museums in its touristic supply.

Six (21.4%) out of 28 respondents also wrote negative statements about the touristic supply in Lika, stating that the touristic supply was “not sufficiently developed” or that it was “too little compared to available resources”, “poor or not developed”, “extremely poor”, “Disaster!”, “unutilised potential”.

Q2: What are the main disadvantages of the touristic supply in Lika?

Number of respondents = 28

The analysed stakeholders were more diverse and colourful in describing the disadvantages of the touristic supply, but all of them wrote some type of complaint.

All stakeholders had similar opinions on the disadvantages that burden the touristic supply in Lika, with the main focus on underdeveloped touristic infrastructure. The lack of accommodation supply was a disadvantage for 32% of respondents, the signalling of tourist attractions was a disadvantage for 10.7% of respondents, while 14.28 % of all respondents said that public (bus) transportation was not sufficient.

25% of respondents pointed out the insufficient and inadequate education of the local working force (respondents described it with following words: “lack of working force”, “emigration of local people”, “uneducated professionals for tourism industry”, “indifferent local people”)

For the 32% of respondents, the main disadvantage of the touristic supply was a lack of well established communication among tourism stakeholders (“no cooperation among tourist agencies”, “no communication within the private tourism sector, public owners of tourist attractions and local authorities”, “no vertical or horizontal communication among stakeholders”, “no cooperation on the regional level or common development of touristic supply”) or a common strategy and vision for tourism in the Lika region, as stated by 25% of respondents.

An inappropriate marketing strategy was stressed by 28.5% of respondents as a negative aspect of tourism in the region, which disables the appropriate development of a tourist brand, and touristic services and products, and visibility on foreign markets (for example, they said: “bad marketing and promotion”, “weak marketing except for NP Plitvice Lakes”, “no common brand for the Lika region”).

Potential investors pointed out that financial subventions for tourism development should be implemented.

Interestingly, some public institutions which operate in natural parks, as well as non-profit organizations, were aware that there should be more focus on the preservation of natural resources in Lika.

Q3: What are the main advantages of the touristic supply in Lika?

Number of respondents = 28

The analysed stakeholders had more uniform opinions about the advantages of the touristic supply than about the above-presented disadvantages. Thus, all of them stated that the preserved, undeveloped and unpolluted beautiful natural diversity of the region, focused on national and natural parks and also including rivers and caves, were the main advantages of the touristic supply in Lika. Gastronomy and historical heritage were pointed out as positive aspects of the touristic supply by 25% of all respondents.

The favourable geostrategic position, which connects two different climate zones (continental and Mediterranean climates) and continental and coastal regions,

but also accessibility by road and several airports within a range of approximately 100 kilometres, were advantages stated by 46% respondents.

2) *Sustainable rural tourism*

Q4: Is sustainable development important in your organization? If yes, how is your organization empowering sustainable development?

Number of respondents = 28

All the stakeholders stated that sustainable development was important for their organization.

Accommodation suppliers, museums and amusement parks, tourist agencies, national and natural parks, were empowering the sustainable development of the region through the employment of local people, waste management, responsible management of natural resources (national and natural parks), and by including traditional gastronomy and crafts in their touristic supply.

One private accommodation supplier said they were empowering the sustainable development of the destination “through tourism investments in already forgotten and abandoned villages. Offering touristic products and services revived the village and enabled the hiring of young people as well as herself. Apart from comfortable accommodation in the household, guests have the opportunity to ride horses, and enjoy unspoilt nature”.

Public institutions and DMOs are more focused on the development of projects, courses, and seminars which enable an increased awareness among the local community of the importance of sustainability through the revitalization of their own production of fruit and vegetables, including local food, in the gastronomic supply.

Local authorities stated that their focus was on the preparation of strategies for the sustainable development of the cities, municipalities and county, including the development of the economy, and the social and ecological aspects of the destinations.

Q5: Do you actively participate in rural tourism supply in Lika? If yes, please describe how.

Number of respondents = 28

Five stakeholders (17.8% respondents) said that they did not participate in rural tourism supply. In our opinion, the following explanations for their negative answers were understandable and acceptable:

- potential investors (3 respondents) were not actively participating in rural tourism supply;
- two respondents, who said that the question was not applicable to them, were representatives of local authorities, since their main activities were not focused on touristic services and products, but they had a huge influence on those whose core business was in the tourism industry.

Those respondents who negatively answered the question were included in the stakeholder analysis in the light of the above-mentioned explanations.

Project EDEN55plus NW is currently in progress and one national park is involved in it. Non-profit organizations have developed two long-term projects ('INTEGRA LIKA 2020', 'Autumn in Lika') with a focus on sustainable rural tourism. DMOs promote, develop and coordinate the development of tourism in rural areas.

Other stakeholders from the tourism industry (accommodation suppliers and tourist agencies) mainly incorporated local gastronomy, traditional craft, and historical and cultural heritage, in their touristic supply. Two local authorities were financially supporting projects for the development of rural areas such as establishing non-agricultural activities in rural households.

Q6: Are you familiar with the term "sustainable rural tourism"? How would you define this type of tourism?

Number of respondents = 27

All of the stakeholders stated that they were familiar with the term "sustainable rural tourism" while three of them (11% of respondents) wrongly defined it as

“eco-tourism” or “tourism that is not economically profitable” or “opposite to mass tourism”.

When defining sustainable rural tourism, respondents were primarily focused on the preservation of natural beauty, local gastronomy, and historical and cultural heritage, but in some cases omitted to mention the economic benefits for the local community.

3) Potential for development of rural tourism

Q7: Please state the main opportunities and challenges for the development of sustainable rural tourism in Lika.

Number of respondents = 26

The two main opportunities for the development of sustainable rural tourism defined by analysed stakeholders were:

- the development of new touristic products and new specific types of tourism (“cultural, historical, cycling, adventure, mountain and health tourism products and services”) – 46.15% of respondents, or 12 answers;
- exploiting the existing natural beauty and the favourable climate – 42.3% of respondents, or 11 answers.

Four stakeholders (15% of all respondents) did not state any example of opportunity for the development of sustainable rural tourism.

On the other hand, respondents reported a few challenges facing the sustainable development of rural tourism, with a main focus on:

- the negative demographic trends in the region – 42.3% respondents or 11 answers
- a local population uneducated about the development of rural tourism – 23% of total respondents (6 answers);
- legal and administrative issues that rural households are facing on a daily basis (respondents stated the following challenges: “slow decision making process in local authorities and governmental bodies responsible for tourism in Lika”, “unclear and misleading law which should be regulating tourism services in

rural households”, “uneducated employees in governmental institutions”) – 19.2% of total respondents or 5 answers;

- lack of support at the national level for the clear development of a national strategy that would support the development of tourism in Lika – 19.2% of total respondents or 5 answers;
- concentration of touristic supply only around NP Plitvice Lakes and the further construction of that area was recognized as a challenge for tourism in Lika by 4 respondents (15.4%);
- not enough financial subventions or information about how non-refundable EU funds could be used – 15.4% of total respondents or 4 answers.

Q8: Please describe what would have the most positive impact on rural tourism in Lika.

Number of respondents = 27

The stakeholders were fairly consistent in their attitudes when they were asked what could have the most positive impact on rural tourism in Lika. According to the collected answers, the most vital issues for the development of rural tourism in Lika are:

- marketing promotion and the development of new touristic products and services in Lika (one respondent said: “Lika is not only NP Plitvice Lakes!!!”) - 33.3% of total respondents or 9 answers;
- financial support such as: tax subventions, availability of non-refundable EU funds, governmental subventions for new tourism projects – 29.6% of total respondents or 8 answers;
- national demographic policy for Lika to stop the migration of the young local population – 18.5% of total respondents or 5 answers;
- education of local community – 18.5% of total respondents or 5 answers;
- improvement of cooperation and communication among local community involved in the tourism industry (respondent’s stated: “improvement of infrastructure and connectivity among villages and not only cities in Lika”) – 11.1% of total respondents or 3 answers.

Q9: Could you please describe how you imagine successful tourism in Lika in the next 10 years?

Number of respondents = 27

Sadly, eight respondents representing more than 29.6% of the sample had negative or no positive expectations for future tourism development in Lika. However, 33.3% respondents imagined that in the next 10 years the tourist season would extend through the development of new types of tourism (e.g. wellness, adventure, skiing or so called 'Robinson's tourism'), and tourist events.

22.2% of respondents said that in the future the local community would be included more in the rural tourism industry supply through the increase in accommodation supply in rural households, the production of local food and the availability of more products and services based on traditional craft (one of the respondents said: "more new small rural households offering homemade and produced food").

For 14.8% of respondents, successful tourism in Lika also included an increase in hotel accommodation supply, a higher number of tourist overnights and arrivals, and the better use of nature for activities such as hiking, cycling, horse riding. The better cooperation of all stakeholders involved was expected by 14.8% respondents.

Q10: Please write any additional comment or advice for the sustainable development of rural tourism in Lika.

Number of respondents = 12

All the respondents in the last question took the opportunity to give additional comments or advice for the improvement of rural tourism in Lika. We quoted and listed the most comprehensive statements of the respondents as follows:

- additional "education, education and education" for local people and help for them to change their mindset in a way that "tourists will not unconditionally visit Lika, but that the local community needs to develop products that will attract tourists";
- improvement of destination marketing;

- better coordination and communication of all stakeholders (for example, respondent said: “one for all, all for one”);
- governmental and/or EU financial support for the development of tourism;
- protection of NP Plitvice Lakes from further exploitation and the dispersion of tourists from that area to the whole Lika region;
- offering new products (one of the respondents said: “give the tourists an authentic experience of coexisting with the nature as people lived in Lika in the past”), and increasing the quality of service and the accommodation supply;
- the main threat to rural tourism is the emigration of local people, because “without people there is no tourism”.

6.5. Summary

Based on the analysis of the stakeholder questionnaire in this chapter of the study we can conclude that stakeholders in Lika perceive that the current touristic supply is mainly based on natural beauty (96.45% respondents) and they still think that the main opportunities for the future development of sustainable rural tourism are natural resources, on which new touristic products and services, such as specific types of tourism (e.g. cycling, adventure, mountain tourism), could be developed, while the challenges are negative demographic trends, the lack of an educated workforce with knowledge in tourism, and the concentration of the current touristic supply in NP Plitvice Lakes.

Sustainable development is important for all the stakeholders, while 82% of respondents stated that they actively participated in rural tourism. Those belonging to the tourism industry more actively empowered the development of sustainable rural tourism (e.g. waste management, employing local people, protecting flora and fauna in natural and national parks, developing new products based on local gastronomy and traditional crafts). Two local authorities were financing projects for the development of rural areas (e.g. establishing non-agricultural activities in rural households.)

The results of the stakeholder questionnaire analysis will be implemented in the SWOT analysis in Chapter 8 and the action plan for the development of sustainable rural tourism in Lika in Chapter 9.

6.6. Limitations

The conducted stakeholder questionnaire analysis in this study has a few limitations.

Local inhabitants and media are also stakeholders in rural tourism in Lika. Media representatives did not respond to our questionnaire and could not be analyzed, while a qualitative research method for analyzing the attitudes and perspectives of local inhabitants as stakeholders would require field research and a bigger sample, which was not part of our research study.

The answers to the questionnaire were collected by mail and the researchers were not available to give additional clarifications and explanations to respondents in connection to imposed questions.

The stakeholder questionnaires were sent to publicly available mail addresses. Stakeholder organizations based on their sole discretion appointed a person to respond to the questionnaire. The researchers were not able to control or check if the appointed person had sufficient knowledge and information about sustainable rural tourism in Lika, and whether they were the most competent person in the stakeholder's organization to answer the questionnaire.

CHAPTER 7: DEMAND ANALYSIS FOR RURAL TOURISM IN THE LIKA REGION

(Marija Tustonjić)

The aim of the demand analysis is to find out which type of tourists visit the Lika region (according to their socio economic data), what their travel habits are, their motives for visiting the destination and their preferences. We also wanted to explore tourists' expectations, and their perception and estimation of the Lika region. Based on tourists' estimations of the Lika region, we wanted to explore whether it was in accordance with their expectations, or whether there were some discrepancies between the two. According to the results, we wanted to find out what needed to be improved on the qualitative side of the touristic supply in the Lika region.

7.1. Research methodology

In order to find out tourists' attitudes, perceptions, opinions and satisfaction levels, we conducted a visitor survey in the Lika region using a questionnaire as a research instrument, which is according to Veal (2006), the most common type of research in leisure and tourism.

Accordingly, there are some advantages in using a questionnaire as a research technique. Some of them are listed below:

- questionnaires enable the collection of people's opinions, attitudes and perceptions in relation to various issues;
- in tourism, questionnaires enable the research of a wide range of data including tourist activities, socioeconomic data, different forms of tourist behaviour (means of transport, booking holidays, type of accommodation, travel habits, tourists' experiences) in a simplified way;
- questionnaire results are usually presented in a quantified form which provides simple, condensed and comprehensible information which can be useful for stakeholders in decision making processes;
- repeated questionnaire surveys enable the tracking of changes through time by comparing results from previous surveys (Veal, 2006).

It is also important to bear in mind the limitations of questionnaire research. These mostly relate to the objectivity and validity of collected data. Subjectivity cannot be excluded since questionnaires very often include the examination of attitudes, and the results depend only on respondents' answers. Additionally, it is possible that respondents do not always provide correct answers due to dishonesty or exaggeration, or sometimes because they cannot recall previous events or do not understand the questions (Veal, 2006).

7.2. Research instrument

For our research we chose the "respondent-completion questionnaire – the one where respondents read and fill out the questionnaire themselves" (Veal, 2006).

The advantages of this type of questionnaire are: it is inexpensive, data can be collected more quickly, and responses are anonymous. It is advisable that respondent-completion questionnaire be user-friendly; with a nice layout and consisting only of closed questions, ones that provide a set of answers. Open-ended questions, ones to which respondents have to write answers, usually remain unanswered and are not suitable for this type of questionnaire. The disadvantages of this type of questionnaire are incomplete or sometimes foolish answers (Veal, 2006).

The other type of questionnaire is interviewer-completion, where the interviewer reads questions to respondents and fills in the answers by him / herself, which is more expensive, more time consuming, but provides more accurate answers (Veal, 2006).

The questionnaire which was distributed to tourists who visited the Lika region is presented in Appendix 14. The questionnaire is divided into four parts:

The first part refers to tourists' behaviour: their previous experience in visiting rural areas (Q1), how many days and how much money they usually spend on their holidays (Q2 and Q3), the current location of their stay (Q4), whether this was their first visit to the Lika region and how they heard about the Lika region (Q5 and Q6), trip organization → booking, transport, accommodation, (Q7, Q8, Q9 and Q10), who they are spending their holidays with (Q11), the age of their

youngest children (Q12), duration of their stay (Q13), budget for their holiday in Lika (Q14 and Q15) and what best describes their current holiday (Q16).

The second part refers to the motives of their visit (Q17), activities they participate in (Q18) and their expectations → what is important for them during their stay in the current destination (Q19). The data about tourists' expectations are very important for our survey. After collecting them we can rank them by their importance in order to find out tourists' needs and preferences.

The third part refers to the evaluation of the current touristic supply (Q20) and the improvement potential of tourism in the destination (Q21 and Q22). In Q20 we asked tourists to evaluate their satisfaction of content in the destination by using the Likert scale.

The Likert scale is a technique often used in questionnaires for expressing the attitudes of respondents by using a scale usually scored from 1 to 5, where 1 usually means strongly disagree and 5 means strongly agree. Through scoring, the respondents attribute the importance of the proposed items or statements. In analysing data from the Likert scale, the scores can be averaged so the results can be ranked according to their importance (Veal, 2006).

The proposed items in the Likert scale were equal to the ones proposed in Q19 where we asked tourists about their expectations. After analysing the data, the idea is to match the results from Q19 and Q20 so we can compare how tourists rank their expectations and how they evaluate the same items in touristic supply in the Lika region. Accordingly, we will be able to evaluate if the current touristic supply in the Lika region is in accordance with tourists' expectations or whether there are discrepancies between the two. In Q21 and Q22 we asked tourists about their opinions → what did they miss the most during their visit to the Lika region and what needs to be improved in the overall touristic supply. The received answers for these two questions can be used in creating a development strategy for the Lika region since they represent improvement potential based on tourists' experiences and opinions. Since these questions aren't obligatory, and people usually don't answer open questions, we did not collect answers from all respondents.

The fourth part refers to usual socio economic information about the respondent: gender (Q24), age (Q25), educational level (Q26), employment status (Q27), country of origin (Q28), marital status (Q29), number of children (Q30) and monthly income of household (Q31).

Besides Croatian and English, the questionnaire was translated into French, Italian and German. At the beginning of our field work we did not collect one completed questionnaire from either a Korean or Japanese tourist. We noticed that they were not amenable to this type of cooperation, probably due to language barriers. Since the share of Japanese and Korean tourists is significant in the Lika region (21.5% in 2015), our idea was to collect their answers too. So additionally, the questionnaires were translated into Japanese and Korean as well.

7.3. Research sample

Visitor surveys are usually conducted in the vicinities of tourist attractions (recreation or leisure facilities), accommodation facilities (hotels, camps, hostels), airports, streets, or any place that attracts tourists. The visitor survey includes only current tourists that are present in a specific destination. This is the main disadvantage of this type of survey, since it does not include non-users who are also potential visitors and whose number is significantly larger than the number of current visitors (Veal, 2006).

Our target group were tourists that spent their holidays in the Lika region (at least one overnight). We divided the Lika region into 5 touristic hotspots, taking into account the number of tourist arrivals: Gospić and its surroundings, Otočac and its surroundings, Cave Park Grabovača near Perušić, Nature Park Velebit and Plitvice Lakes. The idea was to distribute the questionnaire in these areas during the summer period and collect them afterwards. In cooperation with the representatives of private accommodation facilities, hotels, museums, nature and national parks who accepted our proposal, we collected the completed questionnaires. The collection was divided into two periods: the first period lasted from the end of July till the end of October 2015, when the majority of questionnaires were collected. The second period concerned the collection of questionnaires from Japanese and Korean tourists, which lasted from the

beginning of May till the end of July 2016. Furthermore, some of the questionnaires were collected directly from the guests that were encountered at the time of our visit to National Park Plitvice Lakes in August 2015.

The following table presents the number of distributed and received questionnaires according to location.

Table 13: Number of distributed and received demand analysis questionnaires

Location	Number of distributed questionnaires	Received questionnaires			Response rate
		Complete	Incomplete	Total	
Gospić	590	27	63	90	15%
Cave Park Grabovača (Perušić)	150	11	20	31	21%
Nature Park Velebit	120	12	22	34	28%
Otočac	390	23	43	66	17%
Plitvice Lakes	1.230	185	300	485	39%
Total	2.480	258	448	706	28%

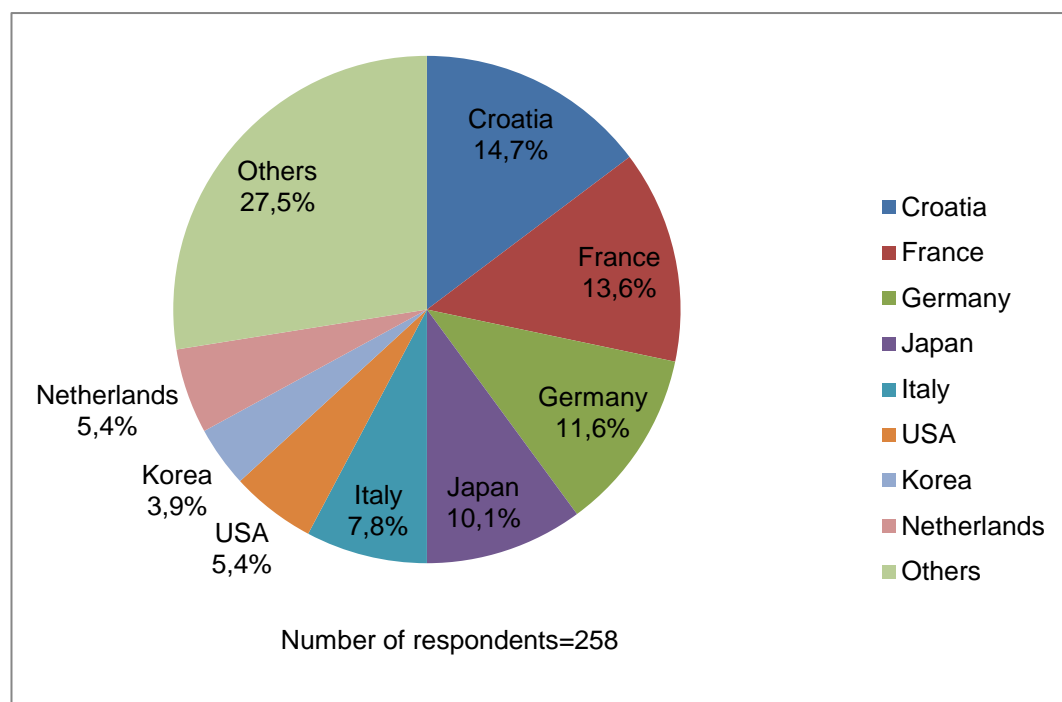
7.4. Results of the tourist demand analysis

According to the results of our inquiry presented in Table 13, we collected 258 fully completed questionnaires which were used for the tourist demand analysis. The data from these questionnaires were entered into an excel worksheet, and analysed by using the pivot tables. The results for each question are shown in Appendix 15.

7.4.1. Tourists' socio-economic profile

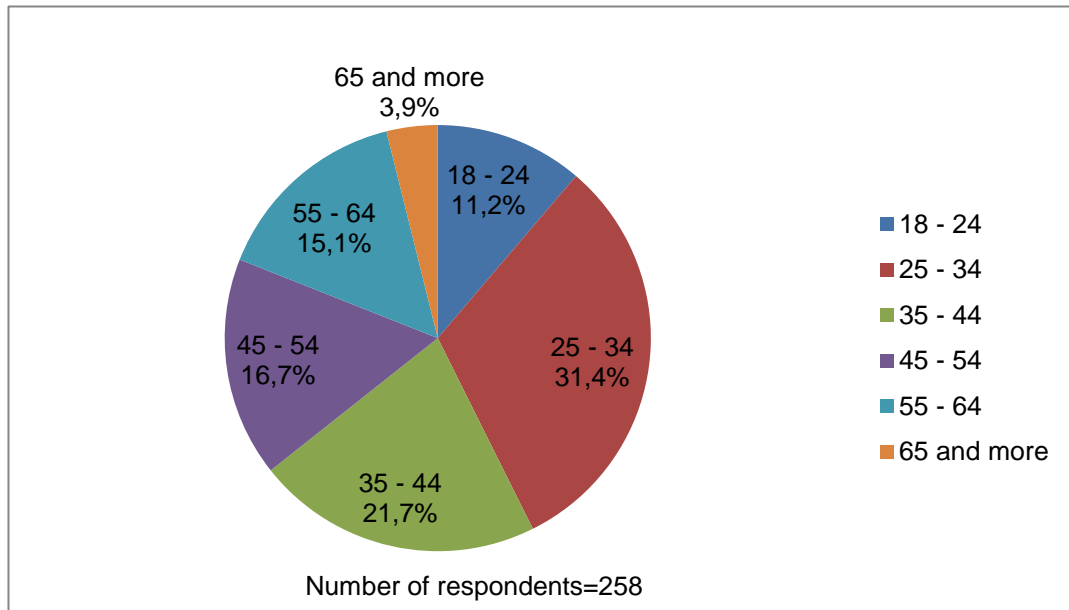
136 (52.7%) of our respondents were women, while 122 (47.3%) were men (see Appendix 15, Q24).

Figure 30: The structure of the respondents according to country of origin



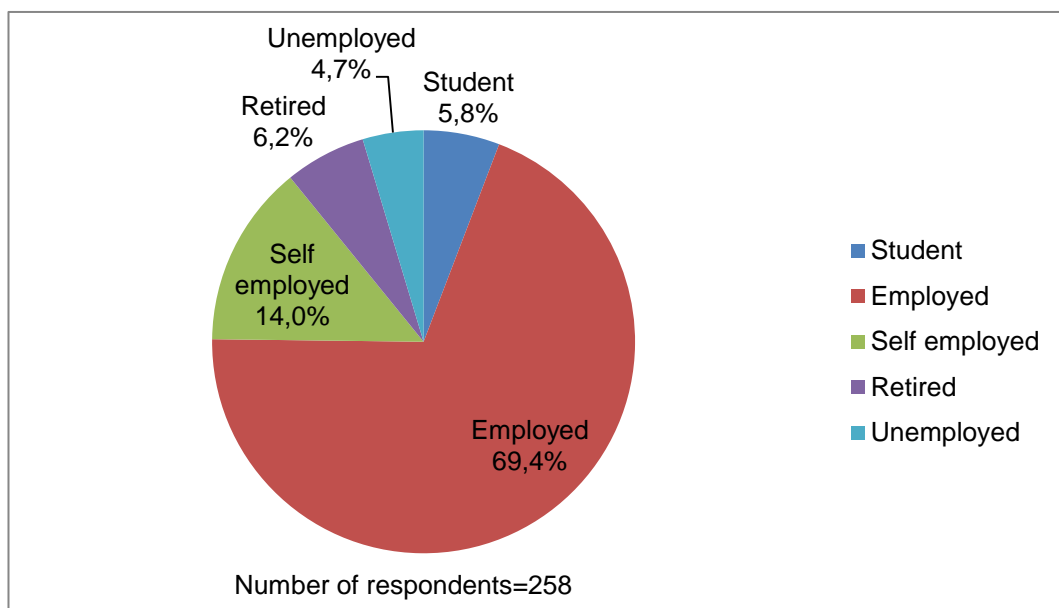
Considering the country of origin, the respondents came from Croatia (14.7%), France (13.6%), Germany (11.6%), Japan (10.1%), Italy (7.8%), USA (5.4%), Netherlands (5.4%), Korea (3.9%) and others (27.5%). (See Appendix 15, Q28)

Figure 31: Age structure of the respondents



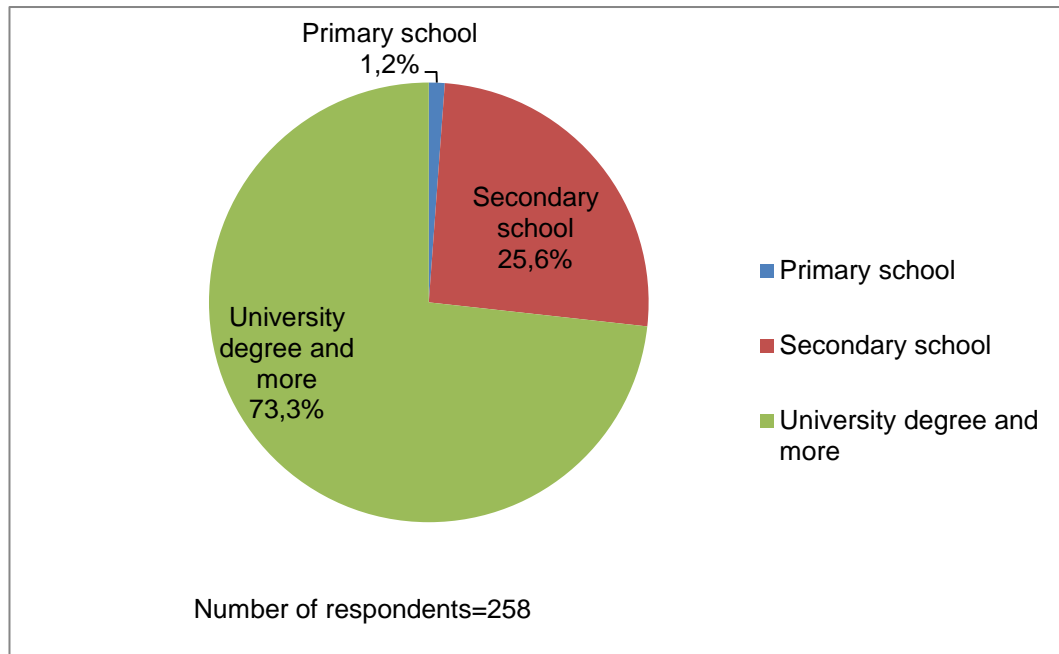
11.2% of our visitors were between 18-24 years old, 31.4% were between 25-34 years old, 21.7% were between 35-44 years old, 16.7% were between 45-54 years old, 15.1% were between 55-64 years old, and 3.9% were 65 and more years old. If we put aside the youngest and the oldest group, the majority (84.9%) of our visitors belonged to the working population (between 25 and 64 years old). (see Appendix 15, Q25)

Figure 32: Employment status of the respondents



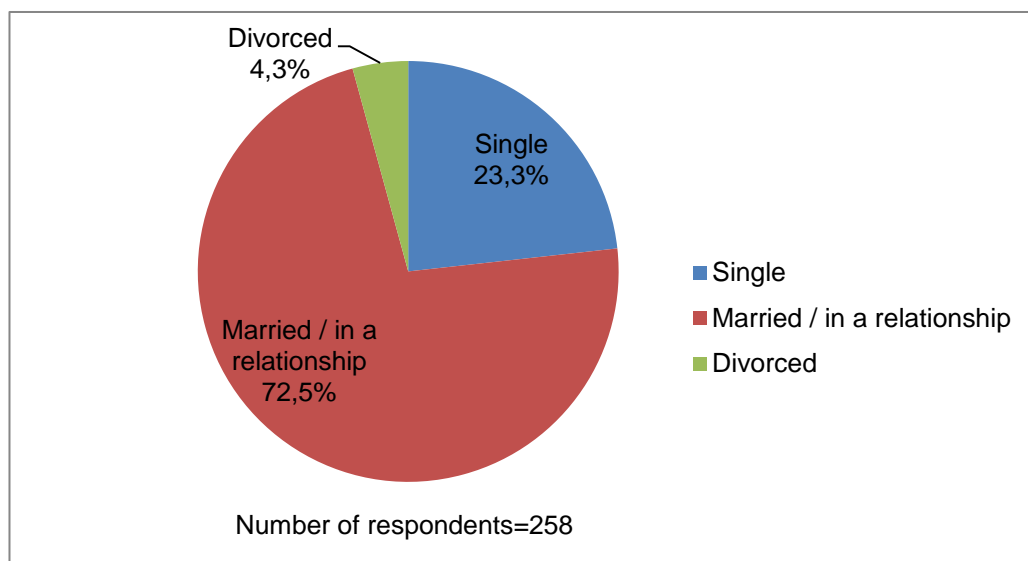
Employment status: 83.3% of our visitors were employed, of which 14.0% were self-employed. 5.8% were students, 6.2% were retired, while 4.7% were unemployed (see Appendix 15, Q 27).

Figure 33: Educational level of the respondents



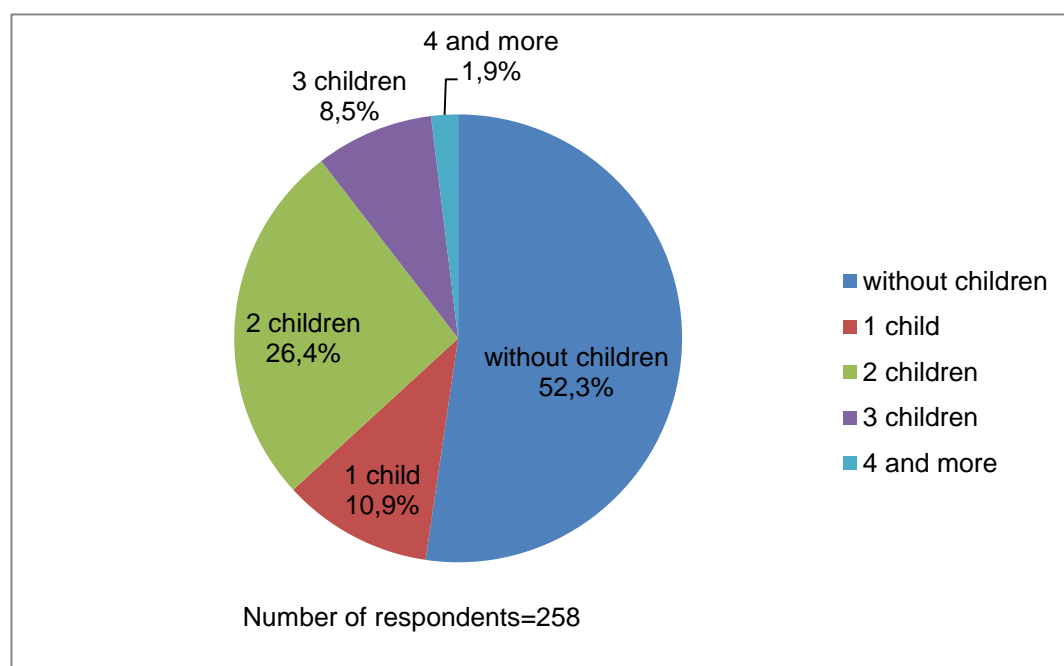
The educational levels show a large number of highly educated people, thus 73.3% of visitors had a university degree (and more), 25.6% finished high school, and only 1.2% had primary school education (Appendix 15, Q26).

Figure 34: Marital status of the respondents



Considering the marital status and number of children of our respondents, 60 of them (23.2%) were single and without children. 187 (72.5%) were married or in a relationship, of which 73 (39%) of them were without children, 25 (13.4%) of them had one child, 65 (34.8%) of them had 2 children, 20 (10.7%) of them had 3 children, 4 (2.21%) of them had 4 children and more. 11 (4.3%) of respondents were divorced, of which 2 of them (18.2%) were without children, 3 of them (27.3%) had 1 child, 3 of them had 2 children, 2 of them had 3 children, and 1 had 4 children and more (see Appendix 15, Q29).

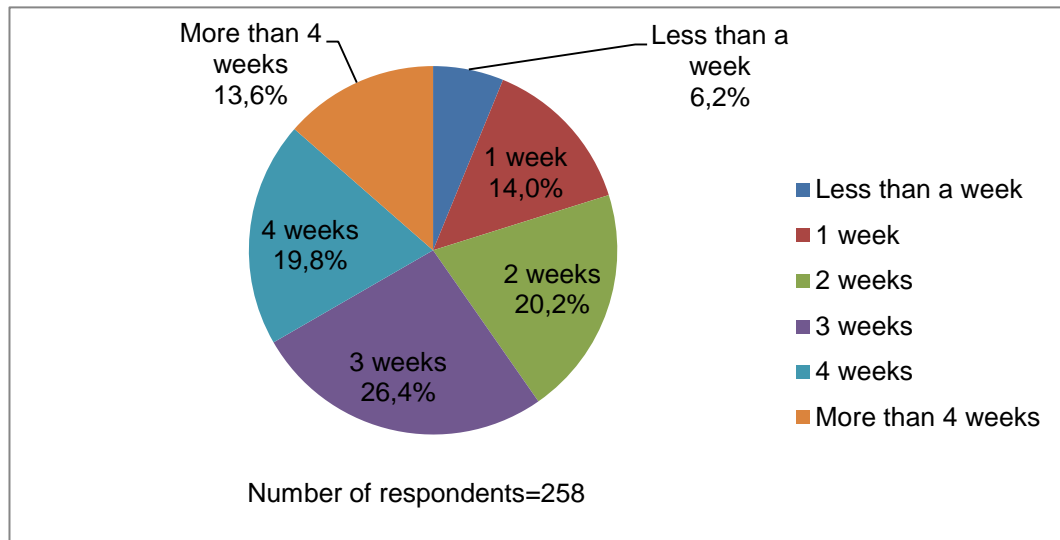
Figure 35: Number of children in households



Overall, 135 (52.3%) of respondents were without children and 123 (47.7%) had children. Of those with children, 28 (22.8%) of them had 1 child, 68 (55.3%) of them had 2 children, 22 (17.9%) of them had 3 children and 5 (4.1%) of them had 4 children and more (see Appendix 15, Q30).

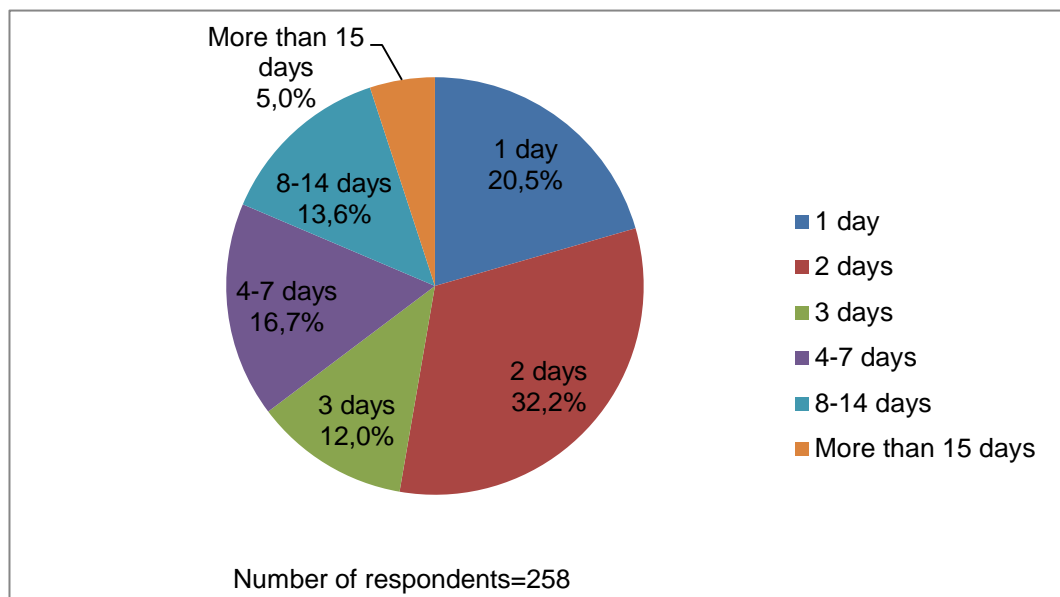
7.4.2. Tourists' travel behaviour

Figure 36: Average time spent on holidays during 1 year



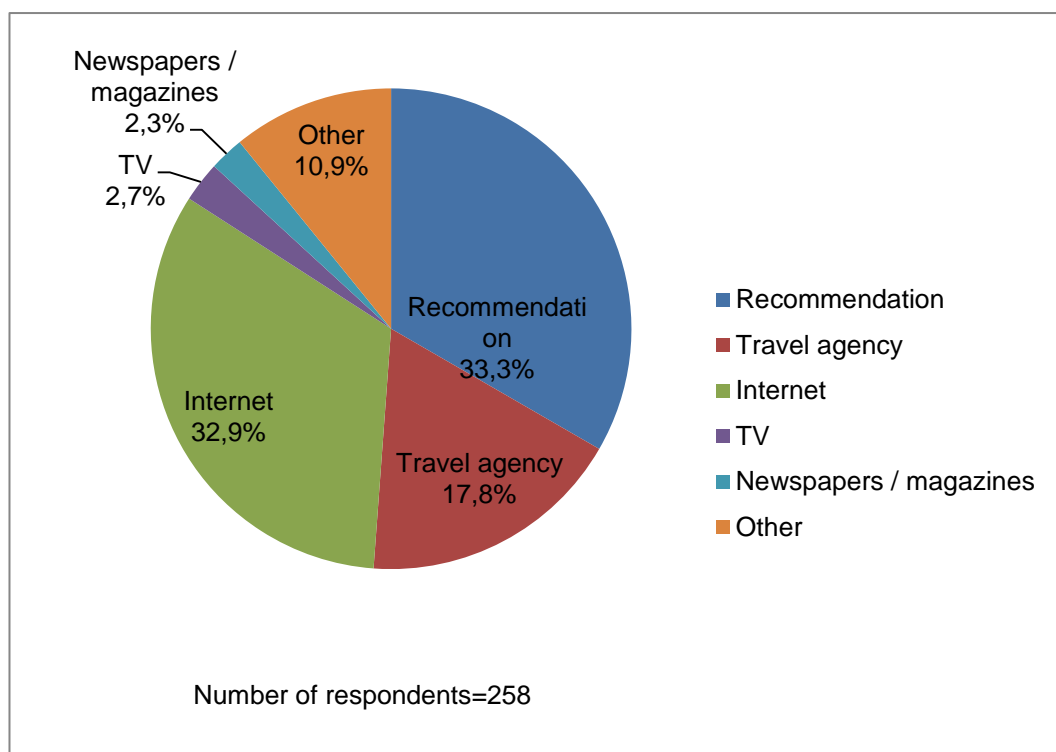
The majority of visitors (59.7%) spent 3 and more weeks on their holidays during one year. On average, 6.2% of respondents spent less than 1 week on holidays, 14.0% of them spent 1 week on their holidays, 20.2% of them spent 2 weeks, 26.4% of them spent 3 weeks, 19.8% of them spent 4 weeks and 13.6% of them spent more than 4 weeks on their holidays (see Appendix 15, Q2).

Figure 37: Number of days spent in the Lika region



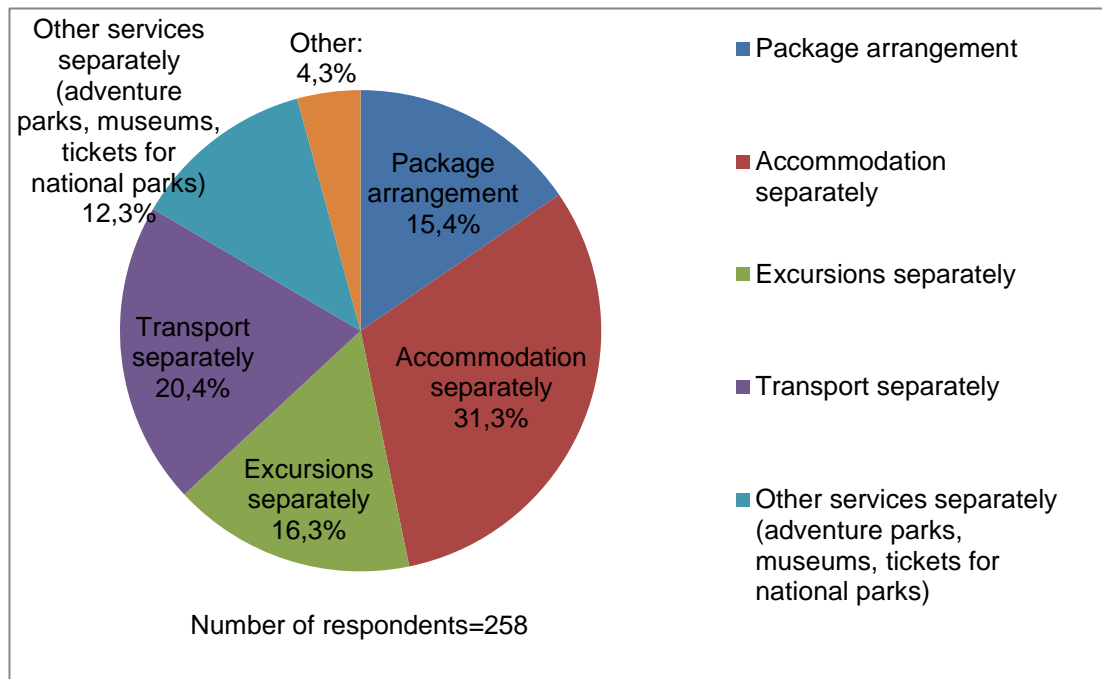
Despite the length of their holidays, visitors spent quite a short time in the Lika region. Accordingly, 20.5% of visitors spent 1 day in the Lika region, 32.2% of them stayed for 2 days, 12% for 3 days which is 64.7% of total visitors. 16.7% of visitors stayed in the Lika region between 4 and 7 days, 13.6% of them stayed between 8 and 14 days, while 5.0% spent more than 15 days in the Lika region. Out of 13 respondents (5%) that spent more than 15 days, 9 of them were located in Cave Park Grabovača in Perušić municipality. These visitors were volunteers who spent their holidays volunteering in Cave Park Grabovača (see Appendix 15, Q13).

Figure 38: Information about the Lika region



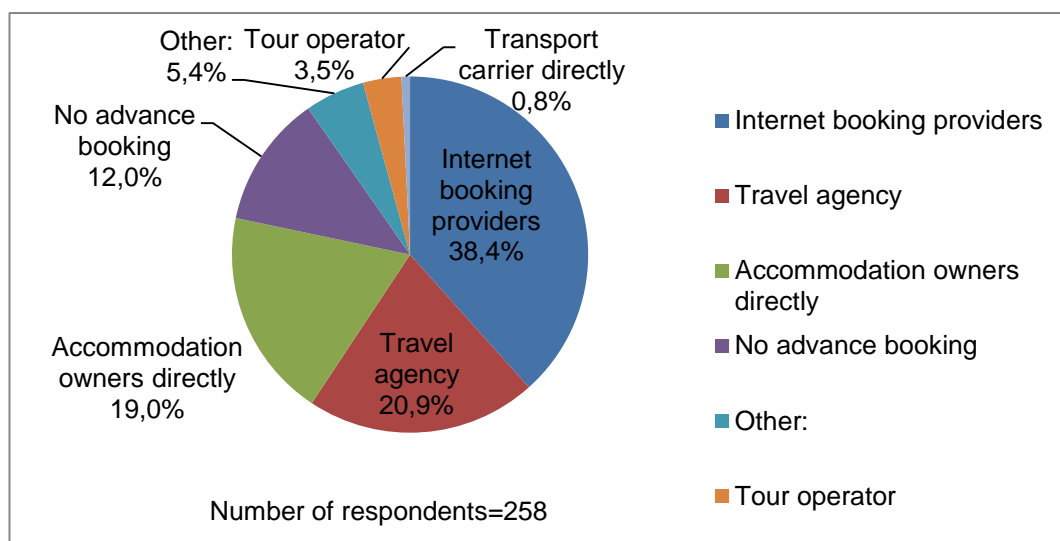
One third (33.3%) of visitors came to the Lika region on a recommendation, 32.9% found out about the Lika region on the Internet, 17.8% via a travel agency, while only 2.7% heard about the Lika region through TV, and 2.3% through newspapers (see Appendix 15, Q6).

Figure 39: Holiday organization



31.3% of visitors organized their holiday in the Lika region by booking their accommodation separately, 20.4% organized their transport separately, 16.3% booked their excursions separately, 15.4% organized their holiday as a package arrangement, and 12.3% organized other services separately (see Appendix 15, Q7).

Figure 40: Holiday booking



Internet booking providers feature significantly in booking holidays to the Lika region (38.4%). Second place goes to travel agencies (20.9%) while almost the same percentage book directly with accommodation owners (19.0%). 12.0% of visitors did not book their holiday, while 3.5% booked through tour operators and only 0.8% through transport carriers. 5.4% used other types of holiday booking, and in this case, half used the voluntary association for visitors to Cave Park Grabovača (see Appendix 15, Q8).

Figure 41: Means of transport

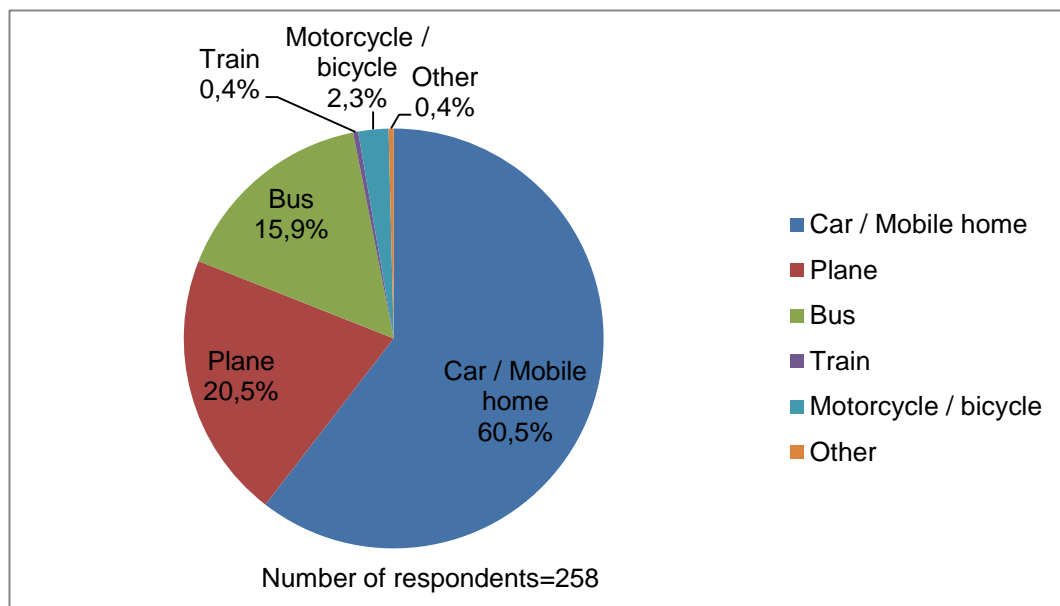
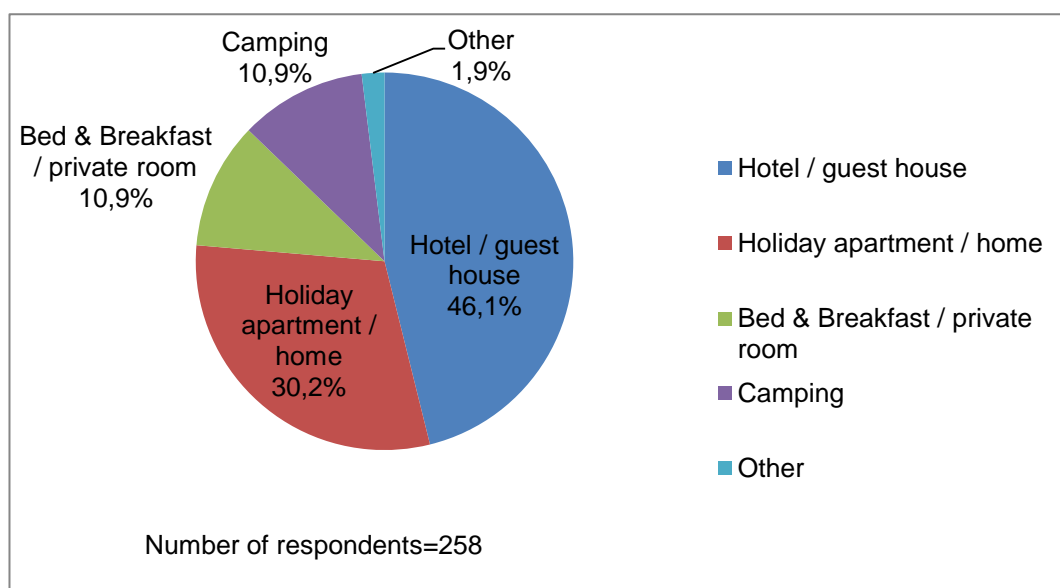
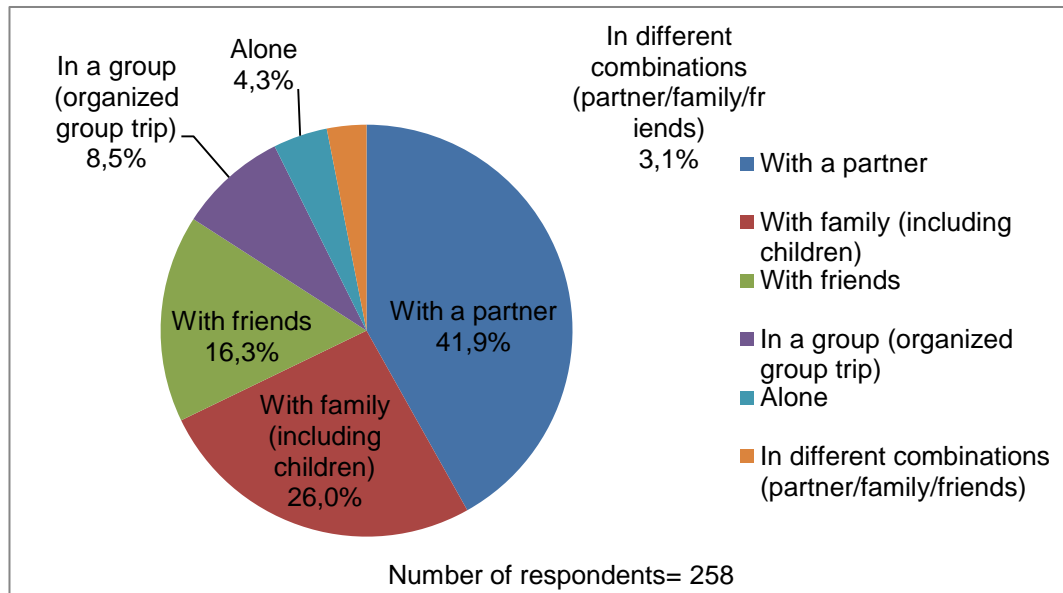


Figure 42: Type of accommodation



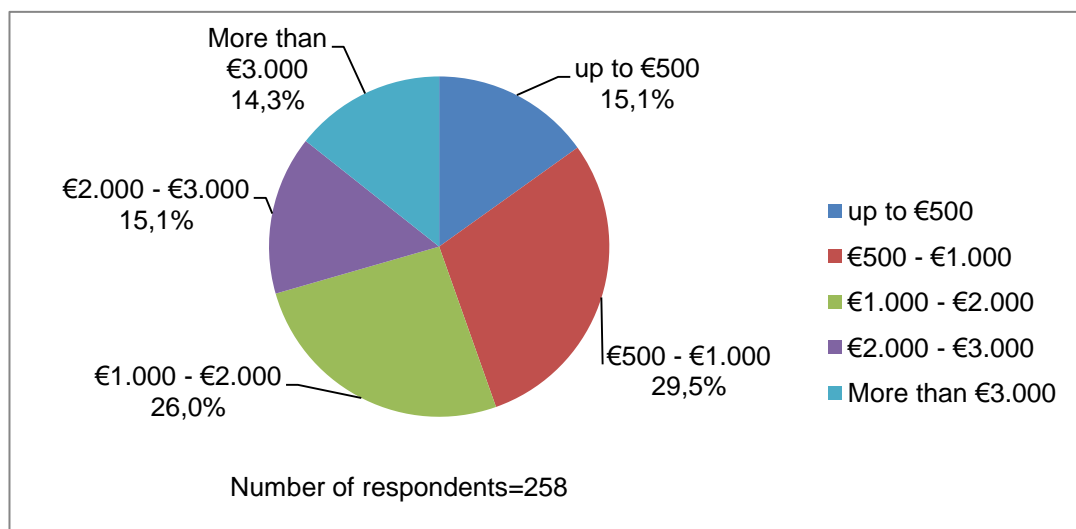
Visitors mostly come to the Lika region by car (60.5%), plane (20.5%) or bus (15.9%) (see Appendix 15, Q9). They usually stay in a hotel / guest house (46.1%) or holiday apartment (30.2%). 10.9% of visitors book bed & breakfast / private room, while 10.9% stay in camps (see Appendix 15, Q10).

Figure 43: Travelling companions



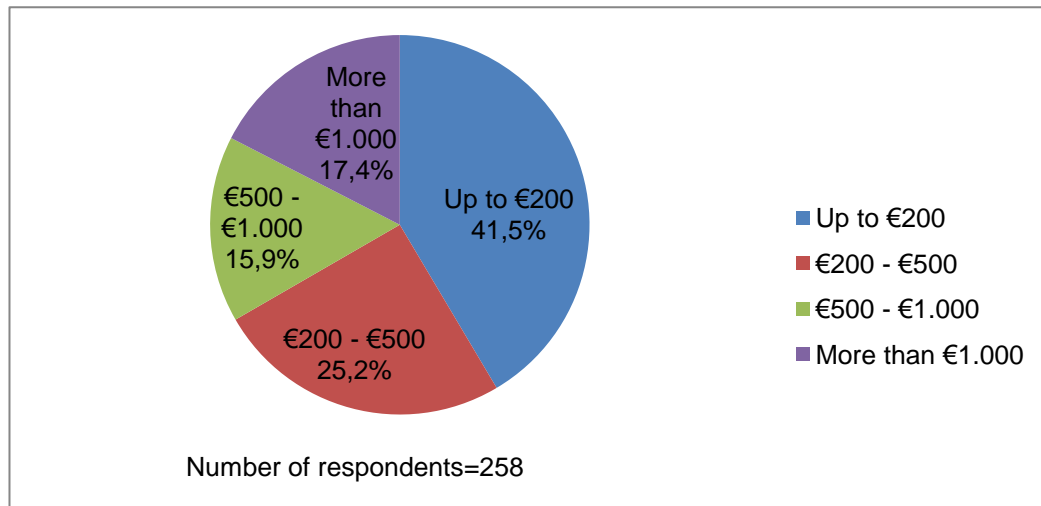
41.9% of visitors travelled with their partner and 26.0% with family (including children). 16.3% of visitors travelled with friends, 8.5% of them travelled in a group (organized group trip), 4.3% of them travelled alone, and 3.1% travelled in different combinations: partner/family/friends (see Appendix 15, Q11).

Figure 44: Annual budget for holidays



15.1% of visitors spent a maximum of €500 for their holidays during 1 year, 29.5% of visitors had an annual budget for holidays of between €500 - €1.000, 26.0% of visitors had a budget of between €1.000 – €2.000, 15.1% of visitors had a budget of between €2.000 – €3.000, while 14.3% of visitors had a budget of more than €3.000 (see Appendix 15, Q3).

Figure 45: Budget for the Lika destination



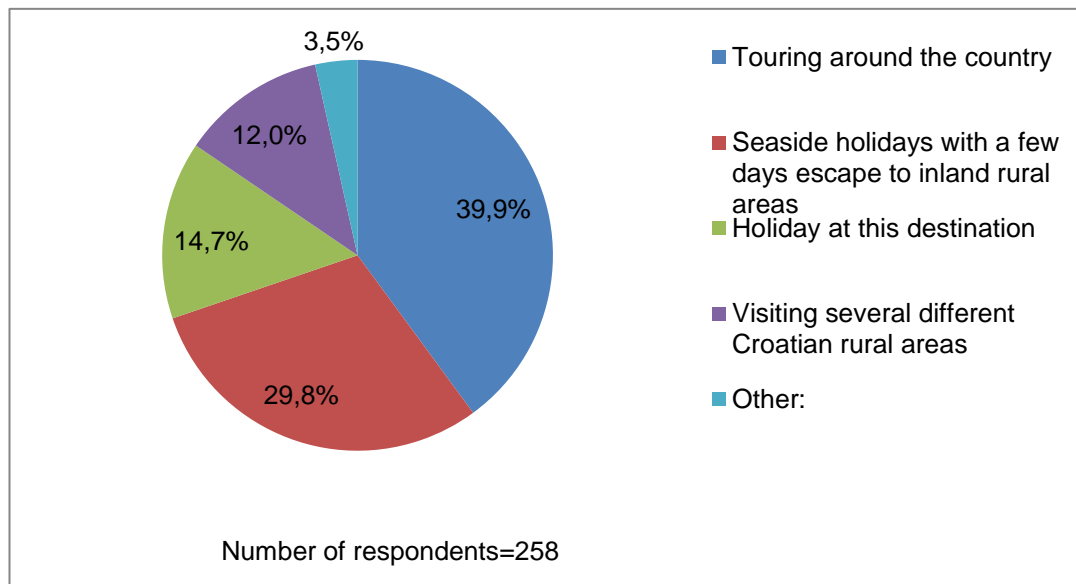
41.5% of the respondents planned to spend up to €200 in the Lika region, while 25.2% of them planned to spend between €200 – €500. 15.9% of the respondents planned to spend between €500 – €1.000, while 17.4% of them planned to spend more than €1.000. The majority (72.1%) of visitors planned to spend the stated amount on 2 persons, while 16.7% of them planned to spend it on themselves (see Appendix9, Q14).

There is a correlation between visitors' length of stay and the money they planned to spend, which is presented in the following table:

Table 14: The correlation between length of stay and money spend in the destination

	up to €200	€200 - €500	€500 - €1000	more than €1.000	Total
1 day	32	5	7	9	53
2 days	46	19	9	9	83
3 days	11	18	1	1	31
4-7 days	12	16	10	5	43
8-14 days	1	2	12	20	35
more than 14 days	5	5	2	1	13
Total	107	65	41	45	258
Share	41.5%	25.2%	15.9%	17.4%	100.0%

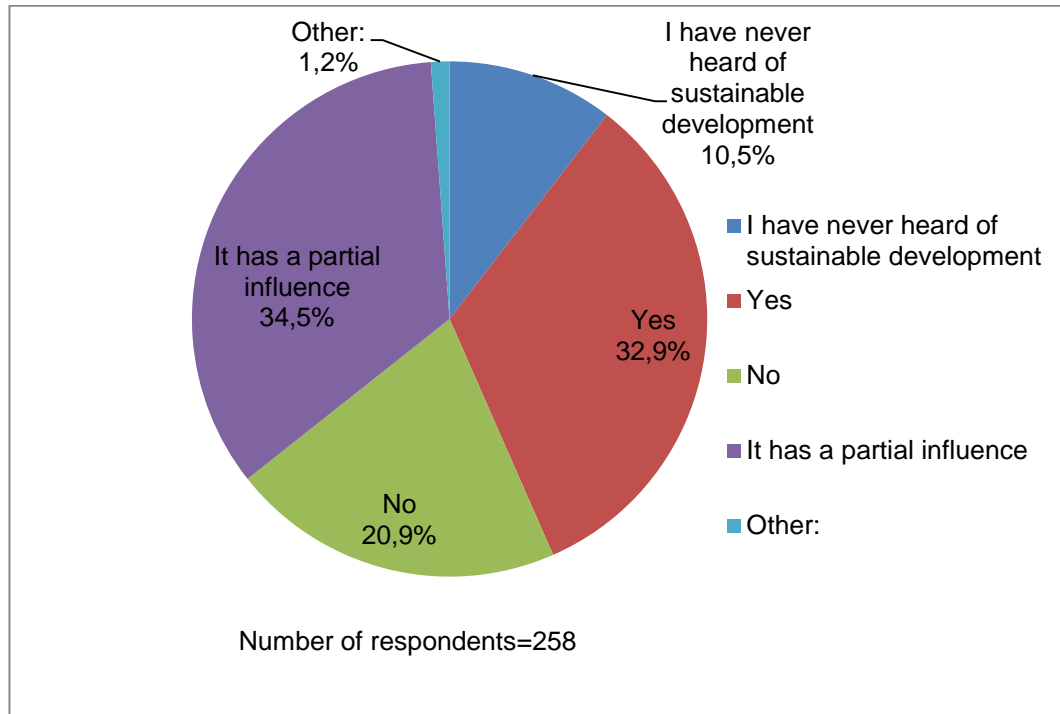
Figure 46: Holiday in Croatia



39.9% of visitors described their current holiday as touring around the country, 29.8% of them were at the seaside with a few days spent in inland rural areas, 14.7% were on holidays at the respective destination, and 12.0% of them

described their holidays as visiting several different Croatian rural areas (see Appendix 15, Q16).

Figure 47: Sustainable development

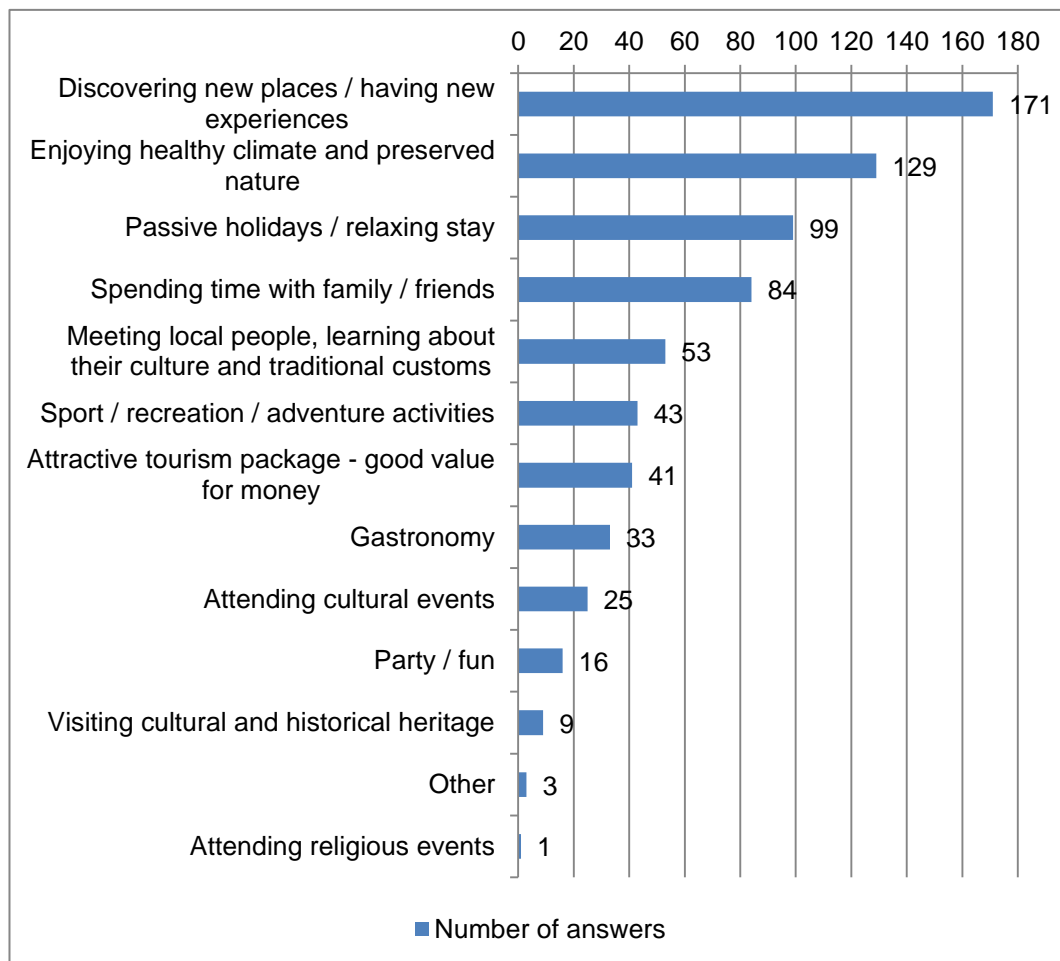


10.5% of tourists answered that they had never heard about sustainable development, and 20.9% of tourists answered that sustainable development did not play a major role in their destination choice. For 34.5% of tourists, sustainable development had a partial influence on choosing a tourist destination, while for 32.9% of tourists sustainable development played a major role in their destination choice (see Appendix 15, Q 23).

7.4.3. Tourists' motives, activities and expectations

In order to find out what the main motives were for choosing the Lika region as a holiday destination, we asked visitors to tick a maximum of 4 items from the list of offered answers. The result is the sum of the answers in each category. The following chart provides the list of tourists' motives for visiting the destination, arranged by their importance:

Figure 48: Tourists' motives for visiting the Lika region

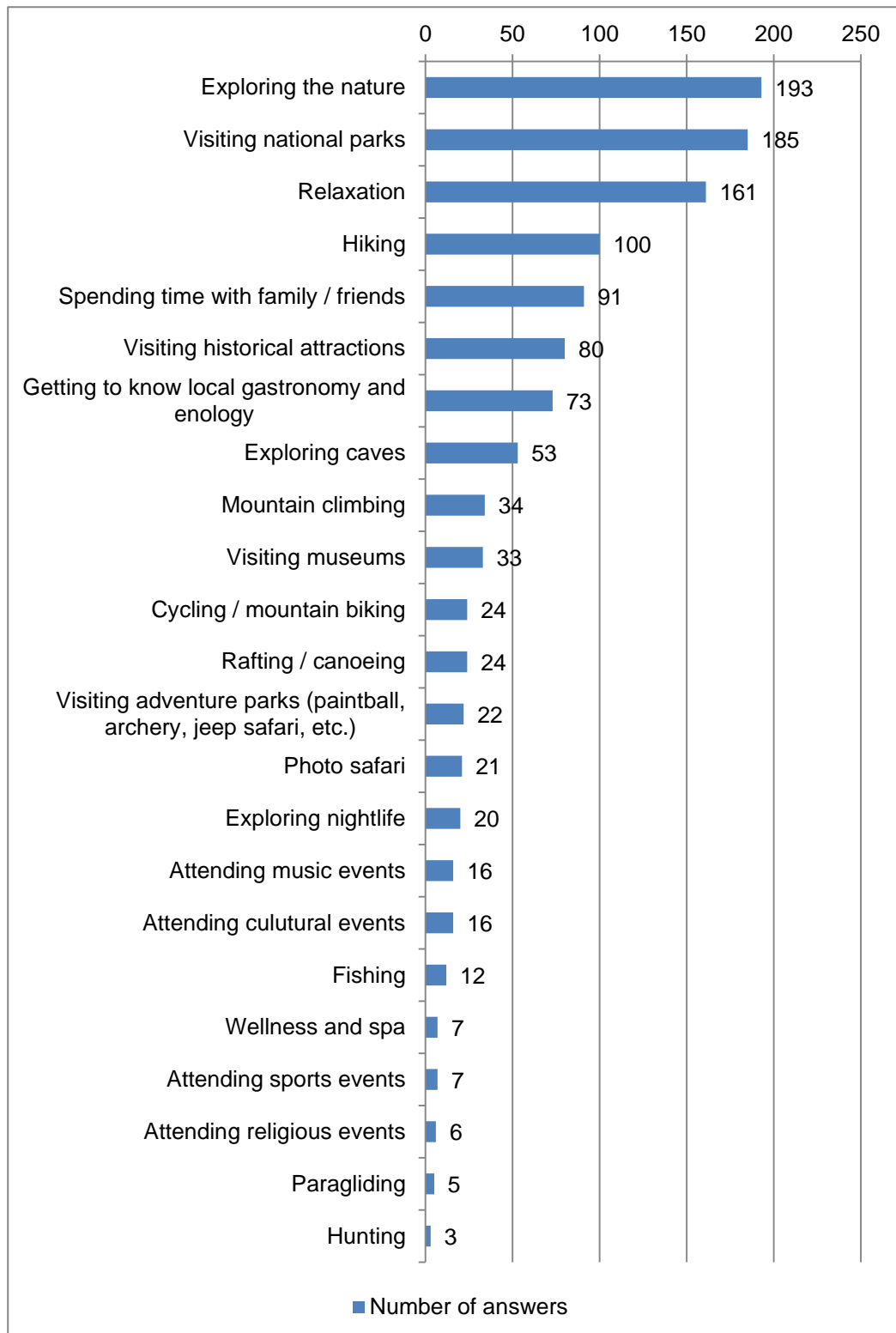


According to the results, the main motive is discovering new places/having new experiences, which was chosen by 171 tourists (66.3%). The second most common motive was enjoying a healthy climate and preserved nature, which was chosen by 50% of tourists. 99 tourists (38.4%) selected passive holidays / relaxing stay, and 84 of them (32.6%) selected spending time with family and friends. 53 tourists (20.5%) also chose meeting local people, learning about their culture and traditional customs, and 43 of them (16.7%), chose sport /

recreation/adventure activities as the main motive for visiting the destination. 41 tourists (15.9%) chose Lika because of an attractive tourism package - good value for money, and 33 of them (12.8%) chose gastronomy as a motive for coming to Lika. Less than 10% of the respondents chose attending cultural events, party & fun, visiting cultural and historical heritage, attending religious events or other motives for visiting the destination (see Appendix 15, Q17).

We asked visitors to tick all the activities they participated in or planned to participate in during their stay in Lika. The results are presented in the following chart.

Figure 49: Tourist activities in the Lika region

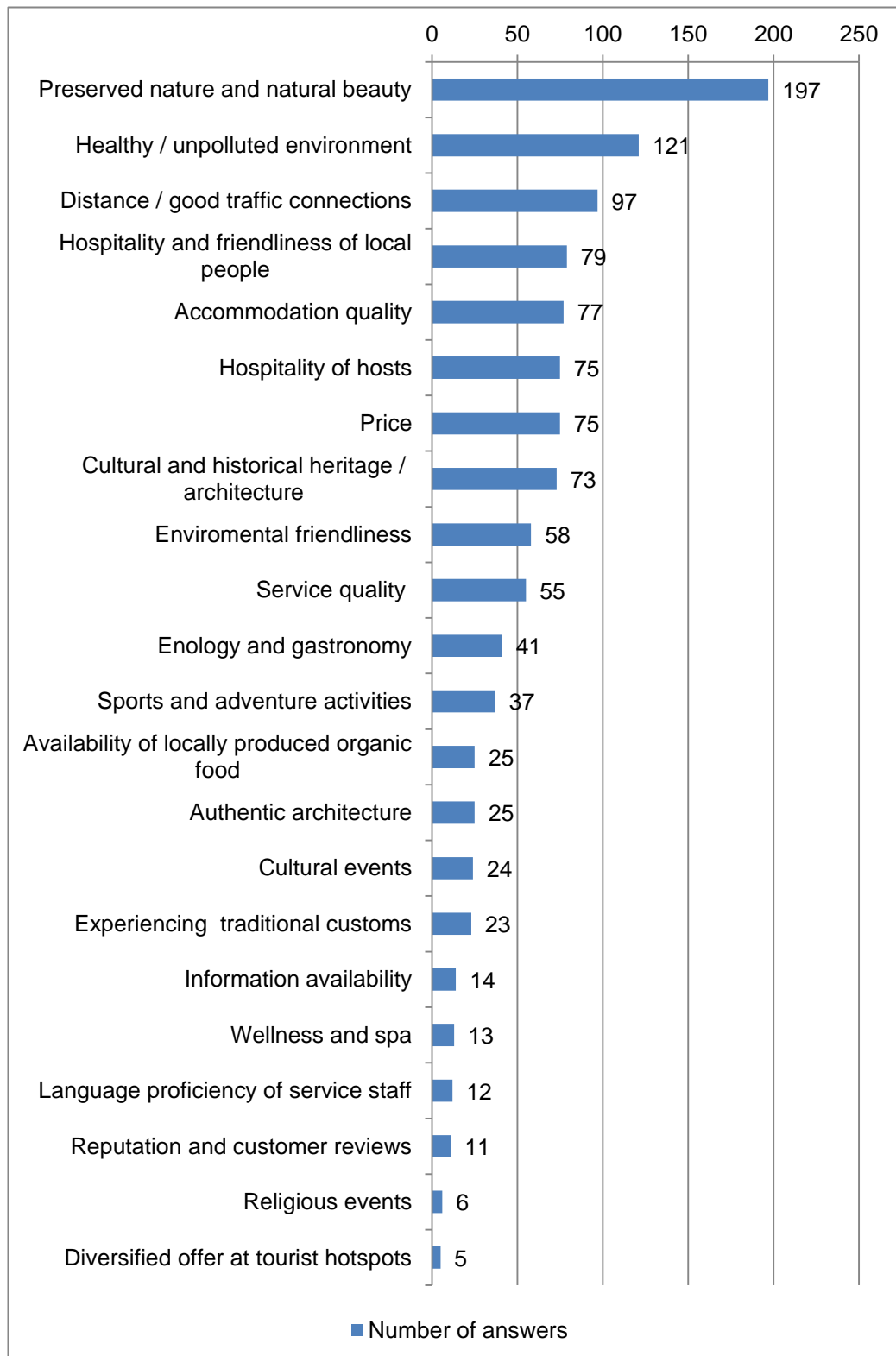


According to the results, the main tourist activities are exploring the nature, which was selected by 74.8% of respondents, visiting national parks (selected by 71.7% of respondents) and relaxation (selected by 62.4% of the respondents).

Furthermore, 100 tourists (38.8%) ticked hiking, 91 of them (35.3%) ticked spending time with family / friends, and 80 of them (31%) ticked visiting historical attractions. 73 tourists (28.3%) planned to experience local gastronomy and enology, 53 (20.5%) of them to explore the caves, 34 of them (13.2%) to go mountain climbing, and 33 of them (12.8%) to visit museums. Less than 10% of tourists selected cycling / mountain biking, rafting / canoeing, visiting adventure parks (paintball, archery, jeep safari), photo safari, exploring nightlife, attending music events, attending cultural events, fishing, wellness and spa, attending sports events, attending religious events, paragliding, and hunting for planned activities in the destination (see Appendix 15, Q18).

In order to find out tourists' expectations, we asked them to choose a maximum of 5 items that were important for them during their stay in a certain destination. The results are presented in the following Figure.

Figure 50: Tourists' expectations from the Lika region



According to the results, 197 respondents (76.4%) considered preserved nature and natural beauty as very important factors during their stay in the destination. A

healthy/unpolluted environment was important for 121 respondents (46.9%), while distance/good traffic connections was in third place, being important for 97 respondents (37.6%). 79 respondents (30.6%) ticked the hospitality and friendliness of local people, 77 of them (29.8%) chose accommodation quality, 75 of them (29.1%) chose the hospitality of hosts and price as important factors during their stay. Cultural and historical heritage / architecture was important for 73 respondents (28.3%), environmental friendliness for 58 of them (22.5%), service quality for 55 respondents (21.3%), enology and gastronomy for 41 of them (15.9%), and sports and adventure activities for 37 respondents (14.3%). Less than 10% of the respondents chose the availability of locally produced organic food, authentic architecture, cultural events, experiencing traditional customs, information availability, wellness and spa, language proficiency of service staff, reputation and customer reviews, religious events, and diversified products and services offer at tourist hotspots, as important items during their visit to the destination they were in (see Appendix 15, Q19).

7.4.4. Tourists' assessment of touristic supply and its improvement potential

By using the Likert scale, the respondents evaluated the touristic supply within the Lika region. Their level of satisfaction was graded with 1 - very dissatisfied, 2 - dissatisfied, 3 - neither satisfied nor dissatisfied, 4 – satisfied, 5 - very satisfied, and 6 - not applicable.

We calculated the average grade for each item by summing the product of the number of votes with the related grade and dividing them with total votes (excluding the votes for 6-not applicable). Accordingly, the highest grade is 5, and the lowest grade is 1.

The following Table 15 presents the average grade for each item of touristic supply, ranked according to tourists' importance.

Table 15: The average grade of items in touristic supply in the Lika region

	Average grade
1 Preserved nature and natural beauty	4.63
2 Healthy / unpolluted environment	4.48
3 Distance / good traffic connections	3.83
4 Hospitality and friendliness of local people	4.29
5 Accommodation quality	4.20
6 Hospitality of hosts	4.40
7 Price	4.17
8 Cultural and historical heritage / architecture	3.96
9 Environmental friendliness	4.20
10 Service quality	4.23
11 Enology and gastronomy	3.96
12 Sports and adventure activities	3.85
13 Availability of locally produced organic food	3.64
14 Authentic architecture	3.87
15 Cultural events	3.45
16 Experiencing traditional customs	3.81
17 Information availability	4.05
18 Wellness and spa	3.36
19 Language proficiency of service staff	4.22
20 Reputation and customer reviews	4.11
21 Religious events	3.43
22 Diversified products and services offer at tourist hotspots	3.85
23 Overall satisfaction with the destination	4.39

According to the table above, the first 10 items were marked as important by more than 20% of the respondents. In this first group, 8 items were evaluated with an average grade of more than 4, which indicates an acceptable level of tourist satisfaction with the tourist products and services in the Lika region. The first two items: “preserved nature and natural beauty” and “healthy/unpolluted environment”, which are ranked as the most important, are graded with very high, almost excellent grades. The third item - distance / good traffic connections, had a lower grade (3.83) and represents improvement potential since tourists also perceived this item as very important (37.6% of them). The lower level of satisfaction with traffic connections is expected since it is a mountain area and the roads within the region are spiral, not properly maintained and not marked enough. The same applies to cultural and historical heritage / architecture, which was graded with 3.96 and was important for 28.3% of the respondents. One of the reasons might be the fact that natural beauty is a “trigger” for attracting tourists, and other products and services, like cultural and historical heritage, are not highlighted enough. Other items that are ranked below 4 represent significant items important for the sustainable development of rural tourism, especially: the availability of locally produced organic food, authentic architecture, cultural events and experiencing traditional customs. We can seek the reasons in the following: the lower amount of these products and services, stakeholders' insufficient awareness of the need to nurture the tradition of the area, and weak marketing in presenting such products and services to tourists. The most usual items that were graded with “not applicable” are religious events and wellness & spa, which are practically missing in touristic supply of the area.

Overall tourist satisfaction is 4.39, which exceeds the average grade of all items, which is 4.00 (see Appendix 15, Q20).

Out of 258 respondents, 92 of them (35.6%) gave suggestions for the *improvement of touristic supply* in the Lika region. According to given answers, we divided them into 6 groups: (1) traffic, (2) content & activities, (3) ecology & nature, (4) accommodation & service quality, (5) food & local products and (6) information, which are presented in Appendix 15, Q22.

- Advice for traffic improvement mostly related to the improvement of street signs on the road, enabling road signalization in different languages, improvement of public transport, transport services and connections throughout

the country, improvement of road quality (within the region), construction of walkways for pedestrians (within the area of National Park Plitvice Lakes), and enabling parking for cars.

- Improvement of content and additional activities within the area mostly related to the introduction of additional content, activities for children, swimming pool for children, more cultural and musical events, exhibitions, sports activities (horse riding), more offered and organized activities, additional content besides the national park, more rural camping, more bikes for rent.
- Improvement of service & accommodation quality related to accommodation quality within hotels (bedding, breakfast, low level of accommodation quality, and other room facilities), hospitality of service staff, expansion and improvement of internet access (WI-FI). A significant numbers of complaints related to organization at the entrance to National Park Plitvice Lakes: limit the crowds and reduce the waiting lines, introduce more entrance doors and more ticket offices, introduce online ticket purchase, and working hours of the restaurant near the park. Other improvements were suggested for marketing and promotion, promotion of rural tourism, prices, hiring more people, and improvement of language skills.
- Improvement that related to food and local products suggested the introduction of more local products in the tourist products and services on offer, improvement of gastronomy and food preparation, and the introduction of restaurants that offer authentic gastronomy, and the reduction of commercial-type restaurants.
- Improvements in information related to the increase in information availability in general (increase information materials, provide the itinerary of the national park, improve access to tourist information, improve web information, WI-FI).
- Improvement potential that considers ecology & nature related to the appearance of the landscape and architecture of villages and the promotion of other destinations besides the national park. Other issues included suggestions to retain the clean nature, to keep the authenticity of the national park and to respect the environment (see Appendix 15, Q22).

7.5. Limitations

The demand analysis by questionnaire had the following limitations:

- The collection period for the majority of questionnaires lasted from the end of July 2015 till the end of October 2015. In order to obtain a larger and more representative sample, it would be better if the collection period lasted from the beginning of May, when tourist visits start to increase, especially in Plitvice Lakes.
- Korean and Japanese tourists were unwilling to complete the questionnaire, probably due to language barriers. Since they represent a significant share in total tourist arrivals in the Lika region, the questionnaire was additionally translated to Japanese and Korean language. The collection period from Japanese and Korean tourists lasted from the beginning of May till the end of July 2016
- Language might be a barrier for tourists who completed questionnaires which were not in their mother tongue.
- The respondents' structure (based on country of origin) doesn't fully match guest structure in the Lika region. The difference is presented in the following table:

Table 16: The difference between the guest mix and the respondents mix in Lika

	Share in arrivals	Share in responses
Republic of Korea	11,2%	3,9%
Japan	10,3%	10,1%
Italy	8,4%	7,8%
Germany	7,3%	11,6%
Taiwan	6,0%	0,0%
France	5,7%	13,6%
Croatia	5,2%	14,7%
USA	5,1%	5,4%
Spain	3,1%	1,5%
Poland	3,1%	1,6%
Netherlands	3,0%	5,4%
Others	31,6%	24,4%
Total	100,0%	100,0%

CHAPTER 8: SWOT ANALYSIS

(Marija Tustonjić)

The SWOT analysis was based on research of touristic supply in the Lika region, analysis of statistical data, touristic demand and stakeholder analysis, as well as the information gathered from people during our visits to the Lika region.

STRENGTHS

- The favourable geostrategic position of the Lika region which intersects with three major Croatian cities (Zagreb, Rijeka and Split)
- Easy access to the Lika region via highway
- Clean, untouched environment
- The region is abundant in natural beauty, protected animal and plant species, forests and lawns
- Three national parks within the region: NP Northern Velebit, NP Plitvice Lakes, and one third of NP Paklenica belongs to the Lika region
- The vicinity of the Adriatic coast and other Croatian national parks like Krka and Kornati
- NP Plitvice Lakes is on UNESCO's list of world heritage
- The geomorphologic characteristics of the area, especially Velebit Mountain, Plitvice Lakes, and numerous caves and pits, are attractive to tourists who want to spend their holidays in a natural environment
- Tourists who visit the Lika region consider preserved nature and a healthy/unpolluted environment as important factors in choosing their holiday destination

Findings:

46% of stakeholders confirmed Lika's geostrategic position as an advantage in touristic supply; all stakeholders consider preserved nature and natural beauty as the main advantage in Lika's touristic supply; tourists evaluated these items with the highest grades.

WEAKNESSES

- Extremely low population density (9.51 inhabitants per km² in Lika - Senj County)
- Negative demographic trends – decrease in total population and increasing number of old people (80 years and more)
- The education level of the population in the Lika region is below the Croatian average
- Lack of adequate knowledge in tourism and hospitality management
- Tourist activities and touristic supply are mostly concentrated in Plitvice Lakes
- Poor accommodation quality mostly in 2-star and 3-star hotels
- Lack of rural households
- Insufficient supply of locally produced food and local gastronomy in the restaurants
- Poor infrastructure and traffic connections within the region; inadequate road signs for tourists
- Lack of initiative in connecting undeveloped areas with tourist attractions
- Insufficient marketing campaigns which promote the Lika region as a tourist destination
- Tourism activities occur spontaneously, there is not an adequate strategy for developing tourism in the Lika region on local, regional or national levels
- Lack of initiative for developing rural tourism on regional and national levels
- Administrative barriers, unsolved property ownerships, discrepancies between different legislations

Findings:

Statistical data indicate on: decreasing number of inhabitants; increasing share of older people; lower level of education. They also indicate on: high concentration of tourists' overnights and arrivals in Plitvice Lakes (85% in 2015), high concentration of accommodation capacity in Plitvice Lakes (785 in 2015), poor accommodation quality, and lack of rural households (only 1 in 2015).

Stakeholders' statements on disadvantages of touristic supply and challenges for the sustainable development of rural tourism: negative demographic trends (42.3%), inadequate education of local working force (25%), uneducated local population about the development of rural tourism (23%), high concentration of

tourist activities in Plitvice Lakes (15,4%), lack of accommodation supply (32%), poor signalling of tourist attractions (10,7%), insufficient public transportation (14.28%), no established communication among tourism stakeholders (32%), inappropriate marketing strategy (28.5%), no common strategy for the Lika region (25%), support for the tourism development in Lika from national level is missing (19.2%), legal and administrative issues burden the sustainable development of rural tourism (19.2%).

Tourists evaluated the availability of locally produced organic food with 3,6 and traffic connections with 3.8 which is below average grade for Lika.

OPPORTUNITIES

- Favourable trends in the tourism industry in terms of increased amount of tourist travel
- Increasing trend of tourist arrivals in Croatia
- In general, increasing demand for rural tourism and respect for “green issues”
- In terms of natural heritage, the Lika region has almost all necessary features for developing different types of rural tourism, especially sport and recreational tourism, adventure tourism, fishing tourism, hunting tourism, gastronomic tourism, educational tourism, camping tourism, religious tourism, and farm tourism
- The revival of the region in terms of higher economic prosperity for the local population

THREATS

- Further emigration, especially among young people might result in continuation of negative demographic trends.
- Lika is an undeveloped region, which doesn't offer lots of opportunities for highly educated people (LAG Lika, 2016).
- Slow processes, complicated legislation and administrative barriers might inhibit potential investors from entering the market.
- Questionable profitability of investments in big infrastructure projects due to small number of users: small population and small number of visitors (LAG Lika, 2016).

- High peaks of tourist visits in NP Plitvice Lakes, especially in the summer period, might endanger natural habitats (based on statistical data).
- High concentration of accommodation facilities increased building permissions and increased tourist activities around the NP Plitvice Lakes concern UNSECO, since it could represent a danger to the value of NP [35].

CHAPTER 9: CONCLUSION

(Martina Serdarušić)

9.1. Summary

The purpose of this study is the analysis of current tourism in Lika with a focus on the sustainable development of rural tourism. Firstly, the review of the literature on sustainable development, rural tourism and the stakeholder management approach gave us insights into the theoretical issues relevant to this topic. Secondly, statistical data collected from CBS, HGK and MINT gave us a wider understanding of the huge gap in the current performance of the tourism industry in the Lika region when compared to the Croatian tourism industry overall. Thirdly, theoretical input was used for the development of research instruments created for the analysis of the demand for tourism in Lika (tourist questionnaire research) and the stakeholder survey. Finally, taking into account all the statistical data and research results, we can conclude that although stakeholders in Lika's rural tourism are aware that sustainability is critical for the development of rural tourism in the region, *rural tourism is still not based on principles of sustainable development.*

Although *the majority of stakeholders are familiar with the principles of the sustainable development of rural tourism*, the main postulate of sustainable development, which states that tourism should equally enable the economic and social development of the region while not overusing natural resources, is not being fulfilled. Eventhough *stakeholders claim that they are implementing principles of sustainable development in their organizations*, as long as NP Plitvice Lakes is the main generator of the tourism industry (85% of total arrivals and overnights in Lika come from NP Plitvice Lakes), and the population is continuously decreasing, and high unemployment rates are persisting, *we can conclude that the development of rural tourism is not based on principles of sustainable development.*

Based on an analysis of 258 collected questionnaires, the majority of tourists visiting the Lika region are married or in a relationship (72.5%) without children (52.3%), employed people from 25 to 64 years old with university degree (73.3%).

They come to the destination by road (car/mobile home – 60.5%), stay in hotel / guest house (46.1%) or holiday apartment / home (30.2%), travel with a partner (41.9%) or family (26.0%) and spend up to €200 (41.5%) or €200 – €500 (25.2%) in Lika. Typical descriptions of their holiday included touring around the country (39.9%) or staying at the seaside and visiting inland rural areas (29.8%).

For the most of the tourists visiting the Lika region, the sustainable development of the region is very important. Sustainable development plays a major role when choosing a destination to visit for 32.9% of tourists, and for 34.5% of tourists, the sustainable development of a destination has a partial influence, while for 20.9% it has no influence on their decision, and 10.5% of tourists are not even familiar with the term 'sustainable development'.

The two main *motives* for tourists visiting the Lika region are to discover new places / have new experiences (171 tourists out of 258) and to enjoy the healthy climate and preserved nature (129 tourists out of 258). Preserved nature and natural beauty (197 respondents), healthy / unpolluted environment (121 respondents) and good traffic connection (97 respondents) are the *top three factors* during their stay in the destination. Tourists mainly spent time on exploring the nature (193 respondents), visiting national parks (185 respondents) and relaxing (161 respondents).

Based on the Likert scale, graded from 1 (very dissatisfied) to 5 (very satisfied), tourists evaluated the overall touristic supply in Lika with a pretty high average grade – 4.39.

If we compare tourists':

- main motives for visiting the destination (discovering new places / having new experiences, enjoying the healthy climate and preserved nature);
- activities in the destination (exploring the nature, visiting national parks and relaxing);
- most important factors during their stay in the destination (preserved nature and natural beauty, healthy / unpolluted environment, distance / good traffic connections)

with the evaluation of the touristic supply, we notice that *tourists are mostly satisfied with the touristic supply and their expectations were satisfied in connection to preserved nature* (4.63 average grade), *healthy / unpolluted*

environment (4.48 average grade), *environmental friendliness* (4.20 average grade). But on the other side, they were less satisfied and pointed out that there was more potential for improvement in connection with the *distance / good traffic connections* (3.38 average grade) and *having new experiences* (experiencing traditional customs – 3.81 average grade; availability of locally produced organic food – 3.64, cultural events – 3.45, diversified supply in tourist hotspots – 3,85).

Based on the presented research results of the demand and the stakeholder analysis in Chapter 6 and Chapter 7, a SWOT analysis in Chapter 8 and action plan for the development of sustainable rural tourism in Lika region has been proposed in this Chapter.

9.2. Action plan for the development of sustainable rural tourism in Lika

The action plan in this study is developed based on literature review, the analysis of statistical data related to tourism in Croatia and in Lika region in Chapter 4 and Chapter 5, the stakeholder analysis in Chapter 6 and the analysis of the demand for rural tourism in the Lika region (questionnaire research) in Chapter 7. When defining action for sustainable rural tourism in Lika, in addition to the primary and secondary data analysis from this study, we took into consideration and combined three existing tourism visions by 2020:

- Croatian tourism

“By 2020 Croatia will be a globally recognized tourist destination, competitive and attractive for investment. It creates jobs and manages development in a sustainable way in its entire territory, nurtures the culture of quality, and offers its guests hospitality, safety and authentic attractions and experiences all year around.” (Government of the Republic of Croatia 2013, p. 30)

- Croatian “green” tourism

“Croatian tourism applies the world’s best practice for environmental protection and sustainable tourism management. Croatia is the EU leader in sustainable tourism. By 2020, a visible shift towards more green tourism will be made, and Croatia will have positioned itself in the international markets as a viable tourist destination with a preserved and attractive natural and cultural heritage, where a superb experience is available to everyone.” (Carić & Škunca, 2016, p.25)

- Lika region

“A globally recognized destination, pleasant to live and work in, with a coordinated and sustainable economic, environmental and social-economic development based on traditional values, and natural and cultural heritage.” (LAG LIKA 2016, p. 27)

We propose eight goals that will enable the sustainable development of rural tourism in Lika in accordance with stakeholders' and tourists' attitudes and perceptions as analyzed in this study. For each goal we have set out specific actions, a realization timeframe and responsible stakeholders.

Goal 1#: Nature protection with a focus on national and nature parks

Actions	Responsible stakeholders
<ul style="list-style-type: none"> • Increasing awareness of environmental issues among the local community and tourists; • Defining strict control mechanisms for national and natural park management; • Improving waste management in areas of national and nature parks. 	<ul style="list-style-type: none"> • Governmental (Ministry of Regional Development, Ministry of Agriculture, Ministry of Tourism), regional and local authorities • National and natural parks • NGOs

Timeframe: Continuous monitoring with half-yearly analysis and implementation of additional measurements for improvement in accordance with half-yearly analysis.

The natural beauty of the region is main unique selling point for 96.4% of stakeholders and all stakeholders said that the advantage of the tourism industry in Lika was the preserved, undeveloped and unpolluted beautiful nature. According to the results of the analysis of demand for rural tourism in Lika, a healthy climate and preserved nature was a motive to visit Lika for 50% of tourists. It is of high importance to protect the main unique selling point, the main advantage and one of the most common motives for visiting Lika.

Goal 2#: Development of new touristic products and services

Actions	Responsible stakeholders
<ul style="list-style-type: none"> • Increase in accommodation supply in the area outside of NP Plitvice Lakes; • Quality improvement of existing accommodation supply; • Design and creation of additional touristic products for children based on history and local traditional crafts; • Enable higher availability of local food and products for tourists; • Improve signing and information availability for touristic products and services outside NP Plitvice Lakes. 	<ul style="list-style-type: none"> • Museums and adventure parks • Tourist agencies • National and natural parks • Accommodation suppliers • DMOs

Timeframe: 6 months with continuous implementation

Out of 28 respondents to the stakeholder questionnaire, 22.2% said that the touristic supply in Lika was underdeveloped. Also, 46.15% pointed out that the main opportunity for the development of sustainable tourism in Lika was to develop new touristic products and services, as well as new specific types of tourism (e.g. cultural, historical, adventure tourism). The lack of accommodation supply or the need for the improvement of the existing accommodation supply was a disadvantage for 32% of analyzed stakeholders, and the signaling of tourist attractions which are not directly connected with NP Plitvice Lakes was a disadvantage for 10.7% of respondents to the stakeholder questionnaire. According to the analysis of tourist demand in Lika, overall satisfaction with Lika was 4,39 (maximum score is 5), but still 35.6% of tourists stated that there was room for the improvement of the touristic supply, especially in products and services related to additional activities, food and local products, accommodation quality, traffic infrastructure and signage.

Goal 3#: Focus on the development of sustainability

Actions	Responsible stakeholders
Defining and measuring sustainability by using indicators defined in ETIS tool kit (see Appendix 1).	<ul style="list-style-type: none"> • DMOs • Regional and local authorities

Timeframe: Annually

Sustainable development played a major role, or had a partial influence, in choosing a holiday destination for 67.4% of tourists who visited Lika. All respondents in the stakeholder questionnaire stated that sustainable development was important for their organizations. Quantifying measures of sustainability enables monitoring and uniform long term sustainable development for an entire destination.

Goal 4#: Demographic renewal of the region

Actions	Responsible stakeholders
<ul style="list-style-type: none"> • Incentives for new born babies; • Incentives for the employment of young people; • Additional services and support for young families (new kindergartens, schools, educational programmes for children). 	<ul style="list-style-type: none"> • National (Ministry of Social Care, Ministry of Finance, Ministry of Agriculture, Ministry of Regional Development) regional and local authorities

Timeframe: 12 months for development with 10-year implementation

The highest number of stakeholders (42.3% of all respondents – 11 answers) pointed out the negative demographic trend and emigration of young people from Lika as one of the main challenges for the development of tourism in Lika, because as one of the stakeholders said “without inhabitants in Lika, there is no tourism in Lika either”.

Goal 5#: Improvement of communication and cooperation among all stakeholders

Actions	Responsible stakeholders
<ul style="list-style-type: none"> • Workshops and exchange of knowledge and experience; • Joint appearance at local and international tourism fairs and conferences; • Preparation and implementation of a strategy for the sustainable development of rural tourism in Lika; • Development of collective selling channels for rural tourism products of the whole region. 	DMOs

Timeframe: 6 months with continuous implementation

The main disadvantage for the tourism industry in Lika, pointed out by 32% percent of all analyzed stakeholders, is the lack of cooperation among all stakeholders in the development of sustainable rural tourism in Lika.

Goal 6#: Education of local community

Actions	Responsible stakeholders
<ul style="list-style-type: none"> • Educational programmes for farmers; • Educational programmes for workers in tourism; • Educational programmes for unemployed people. 	<ul style="list-style-type: none"> • Regional and local authorities • DMOs • Experts and NGOs

Timeframe: 6 months for development and continuous implementation with upgrading and adjustment to market needs and international standards.

A local population uneducated about the development of rural tourism was perceived as a challenge for the future sustainable development of tourism in Lika by 23% respondents (6 out of 26 answers). Also, 25% out of 28 respondents said that the insufficient and inadequately educated local workforce was one of the main disadvantages for the tourism industry in Lika.

Goal 7#: Alignment of legal framework for rural tourism

Actions	Responsible stakeholders
<ul style="list-style-type: none"> • Analysis of existing legal framework (laws, regulations) relevant for agriculture, tourism, regional development; • Detecting overlap in regulations in cooperation with other stakeholders in rural tourism through stakeholder analysis and workshop; • Proposing changes; • Implementing changes. 	<ul style="list-style-type: none"> • National authorities: Ministry of Tourism, Ministry of Agriculture, Ministry of Regional Development, Ministry of Finance, Ministry of Justice; • Regional authorities; • Local authorities; • Private sector in rural tourism; • Potential investors in rural tourism; • Experts.

Timeframe: 12 months

Out of 26 respondents to the stakeholder questionnaire, 5 (19.2%) said that one of the main challenges for the development of sustainable rural tourism are the legal and administrative issues that are burdening rural households in the tourism industry. One of the stakeholders said:

“The legal framework for rural households offering touristic products and services is unclear and has many contradictions. A few separate legal acts regulating the tourism industry, agriculture, entrepreneurship confusingly define and regulate the operation of rural households, rural tourism, agricultural tourism, and small food and beverage producers.”

The removal of barriers and the simplification of legal regulations for operators in rural tourism is necessary for the future development of tourism in Lika.

Goal 8#: Financial subventions (tax deductions, subsidized loans, EU non-refundable funds)

Actions	Responsible stakeholders
<ul style="list-style-type: none"> • Change of tax regulations which will motivate the development of sustainable rural tourism in Lika; • Define subsidized loan facilities for the sustainable development of rural tourism in Lika; • EU Funding for sustainable rural tourism. 	<ul style="list-style-type: none"> • National (Ministry of Tourism, Ministry of Agriculture, Ministry of Regional Development, Ministry of Finance), regional and local authorities, • NGOs

Timeframe: 9 months with continuous implementation

Stakeholders (15.4% or 4 out of 26 respondents) said that one of the challenges for the development of rural tourism is the lack of financial subventions or information about how non-refundable EU funds could be used. Potential investors stated that the lack of public financial subventions was a disadvantage for the development of the touristic supply in Lika.

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LIST OF APPENDICES

Appendix 1: ETIS indicators for measuring sustainability

Section	Criteria	Indicator Reference #	Indicator
A. Destination management	A.1 Sustainable Tourism Management in Tourism Enterprises	A.1.1	Percentage of tourism enterprises / establishments in the destination using a voluntary certification / labelling for environmental / quality / sustainability and / or Corporate Social Responsibility measures
	A.2 Customer Satisfaction	A.2.1	Percentage of tourists and same day visitors that are satisfied with their overall experience in the destination
		A.2.2	Percentage of repeat/return visitors (within 5 years)
B. Economic Value	B.1 Tourism Flow (volume & value) at the Destination	B.1.1	Number of tourist nights per month
		B.1.2	Number of same day visitors per month
		B.1.3	Relative contribution of tourism to the destination's economy (% GDP)
		B.1.4	Daily spending per overnight tourist
		B.1.5	Daily spending per same day visitor
	B.2 Tourism Enterprise(s) Performance	B.2.1	Average length of stay of tourists (nights)
		B.2.2	Occupancy rate in commercial accommodation establishments per month and average for the year
	B.3 Quantity and Quality of Employment	B.3.1	Direct tourism employment as percentage of total employment in the destination
		B.3.2	Percentage of jobs in tourism that are seasonal
	B.4 Tourism Supply Chain	B.4.1	Percentage of locally produced food, drink, goods and services sourced by the destinations tourism enterprises

C. Social and Cultural Impact	C.1 Community / Social Impact	C.1.1	Number of tourists per 100 residents
		C.1.2	Percentage of residents who are satisfied with tourism in the destination (per month/season)
		C.1.3	Number of beds available in commercial accommodation establishment per 100 residents
		C.1.4	Number of second homes per 100 homes
	C.2 Health and Safety	C.2.1	Percentage of tourists who register a complaint with the police
	C.3 Gender Equality	C.3.1	Percentage of men and women employed in the tourism sector
		C.3.2	Percentage of tourism enterprises where the general manager position is held by a woman
	C.4 Inclusion / Accessibility	C.4.1	Percentage of rooms in commercial accommodation establishments accessible for people with disabilities
		C.4.2	Percentage of commercial accommodation establishments participating in recognised accessibility information schemes
		C.4.3	Percentage of public transport that is accessible to people with disabilities and with specific access requirements
		C.4.4	Percentage of tourist attractions that are accessible to people with disabilities and/or participating in recognised accessibility information schemes
	C.5 Protecting and Enhancing Cultural Heritage, Local Identity and cultural Assets	C.5.1	Percentage of residents that are satisfied with the impacts of tourism on destination's identity
		C.5.2	Percentage of the destination's events that are focused on traditional/local culture and heritage

D. Environmental Impact	D.1 Reducing Transport Impact	D.1.1	Percentage of tourists and same day visitors using different modes of transport to arrive at the destination
		D.1.2	Percentage of tourists and same day visitors using local/soft mobility/public transport services to get around the destination
		D.1.3	Average travel (km) by tourists and same day visitors from home to the destination
		D.1.4	Average carbon footprint of tourists and same day visitors travelling from home to the destination
	D.2 Climate Change	D.2.1	Percentage of tourism enterprises involved in climate change mitigation schemes—such as: CO ₂ offset, low energy systems, etc.—and “adaptation” responses and actions
		D.2.2	Percentage of tourism accommodation and attraction infrastructure located in “vulnerable zones”
	D.3 Solid Waste Management	D.3.1	Waste production per tourist night compared to general population waste production per person (kilos)
		D.3.2	Percentage of tourism enterprises separating different types of waste
		D.3.3	Percentage of total waste recycled per tourist compared to total waste recycled per resident per year
	D.4 Sewage Treatment	D.4.1	Percentage of sewage from the destination treated at least at secondary level prior to discharge
	D.5 Water Management	D.5.1	Water consumption per tourist night compared to general population water consumption per resident night
		D.5.2	Percentage of tourism enterprises taking actions to reduce water consumption
		D.5.3	Percentage of tourism enterprises using recycled water

	D.6 Energy Usage	D.6.1	Energy consumption per tourist night compared to general population energy consumption per resident night
		D.6.2	Percentage of tourism enterprises that take actions to reduce energy consumption
		D.6.3	Percentage of annual amount of energy consumed from renewable sources (Mwh) compared to overall energy consumption at destination level per year
	D.7 Landscape and Biodiversity Management	D.7.1	Percentage of local enterprises in the tourism sector actively supporting protection, conservation, and management of local biodiversity and landscapes.

Source: European Commission, 2016

Appendix 2: Tourism revenue in Croatia from 2006 to 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Tourism Revenue in mn EUR	6,293	6,753	7,459	6,380	6,230	6,617	6,859	7,203	7,402	7,950
Tourism Revenue Growth %	4.9%	7.3%	10.5%	-14.5%	-2.3%	6.2%	3.7%	5.0%	2.8%	7.4%
GDP growth %	4.8%	5.2%	2.1%	-7.4%	-1.7%	-0.3%	-2.2%	-1.1%	-0.5%	1.6%
GDP in mn EUR	40,208	43,935	48,135	45,093	45,022	44,737	43,959	43,516	43,002	43,870

Appendix 3: Domestic and foreign arrivals in Croatia from 2006 to 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total arrivals	10,384,921	11,162,406	11,260,807	10,270,490	10,604,116	11,455,677	11,835,160	12,433,727	13,128,416	14,343,323
Domestic	1,726,045	1,855,715	1,845,702	1,576,694	1,493,374	1,529,003	1,465,934	1,485,361	1,505,455	1,660,144
Foreign	8,658,876	9,306,691	9,415,105	8,693,796	9,110,742	9,926,674	10,369,226	10,948,366	11,622,961	12,683,179

Appendix 4: Domestic and foreign arrivals in rural households in Croatia from 2006 to 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Rural households - total	2,884	2,666	4,091	4,340	3,703	5,438	6,373	8,426	10,510	13,633
Rural households - domestic	1,223	1,301	2,047	2,664	2,206	3,446	3,480	4,337	4,919	5,793
Rural households - foreign	1,661	1,365	2,044	1,676	1,497	1,992	2,896	4,089	5,591	7,840

Appendix 5: Domestic and foreign overnights in Croatia from 2006 to 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total overnights	53,006,946	56,005,492	57,103,494	54,988,432	56,416,379	60,354,275	62,743,463	64,818,115	66,483,948	71,605,315
Domestic	5,985,002	6,430,862	6,477,972	5,758,924	5,424,058	5,602,970	5,221,326	5,138,485	5,160,376	5,742,635
Foreign	47,021,944	49,574,630	50,625,522	49,229,508	50,992,321	54,751,305	57,522,137	59,679,630	61,323,572	65,862,680

Appendix 6: Domestic and foreign overnights in rural households in Croatia from 2006 to 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Rural households - total	12,616	10,834	14,268	12,654	9,298	15,051	16,090	21,438	26,113	32,458
Rural households - domestic	4,049	4,909	6,126	6,670	5,087	8,886	8,557	9,894	10,919	11,425
Rural households - foreign	8,567	5,925	8,142	5,984	4,211	6,165	7,527	11,544	15,194	21,033

Appendix 7: Domestic and foreign arrivals in the Lika region from 2006 to 2015

Arrivals											
Year	Gospić		Otočac		Plitvice Lakes		Other		Total		Total arrivals
	D	F	D	F	D	F	D	F	D	F	
2006	7,135	3,528	727	1,730	11,664	131,762	0	41	19,526	137,061	156,587
2007	5,761	4,083	1,133	1,268	11,221	151,528	0	89	18,115	156,968	175,083
2008	6,053	8,551	651	1,225	11,405	151,697	0	0	18,109	161,473	179,582
2009	6,406	9,827	1,323	1,095	11,230	147,491	137	142	19,096	158,555	177,651
2010	6,184	9,710	1,508	1,942	9,141	150,138	129	275	16,962	162,065	179,027
2011	4,519	12,693	2,258	6,673	9,463	155,499	351	651	16,591	175,516	192,107
2012	3,428	12,589	2,060	9,396	8,044	175,568	239	939	13,771	198,492	212,263
2013	3,258	13,423	1,799	15,198	7,365	185,475	325	519	12,747	214,615	227,362
2014	3,382	12,949	1,652	17,047	7,284	198,489	19	1,376	12,337	229,861	242,198
2015	3,179	10,361	2,099	22,382	8,597	219,105	115	2,103	13,990	253,951	267,941

D=domestic, F=foreign

Appendix 8: Tourists' arrivals in 2015 in the Lika region according to country of origin

Country of origin	Arrivals	Share
Republic of Korea	29,865	11.2%
Japan	27,577	10.3%
Italy	22,512	8.4%
Germany	19,435	7.3%
Taiwan	16,059	6.0%
France	15,217	5.7%
Croatia	13,892	5.2%
USA	13,692	5.1%
Spain	8,426	3.1%
Poland	8,318	3.1%
Others	92,633	34.6%
Total	267,626	100.0%

Appendix 9: Domestic and foreign overnights in the Lika region from 2006 to 2015

Overnights											
Year	Gospić		Otočac		Plitvice Lakes		Other		Total		Total overnights
	D	F	D	F	D	F	D	F	D	F	
2006	9,590	4,258	4,145	3,330	18,512	171,503	0	41	32,247	179,132	211,379
2007	8,582	4,842	10,201	2,248	17,150	195,928	0	91	35,933	203,109	239,042
2008	8,708	10,214	5,741	2,019	17,376	195,337	0	0	31,825	207,570	239,395
2009	9,827	11,909	5,293	2,862	19,597	194,204	137	149	34,854	209,124	243,978
2010	9,025	12,328	9,242	5,500	15,065	195,868	167	284	33,499	213,980	247,479
2011	8,048	16,296	6,261	8,521	14,794	203,718	1,360	815	30,463	229,350	259,813
2012	6,165	15,006	4,432	12,110	11,784	229,635	372	1,398	22,753	258,149	280,902
2013	7,559	15,257	3,660	18,669	10,834	245,419	370	1,035	22,423	280,380	302,803
2014	9,794	14,665	3,374	20,239	10,776	259,420	24	1,664	23,968	295,988	319,956
2015	7,206	13,170	3,976	26,420	14,070	292,175	440	3,138	25,692	334,903	360,595

D=domestic, F=foreign

Appendix 10: Number of beds in different types of accommodation facility
in the Lika region from 2006 to 2015

Year	Hotels	Hotels and similar accommodation	Private accommodation	Camps	Rural households	Total
2006	1,112	159	1,500			2,771
2007	1,140	159	1,538	408		3,245
2008	1,140	347	1,456	408		3,351
2009	1,189	356	1,555	408		3,508
2010	1,253	356	1,573	408	5	3,595
2011	1,221	448	1,729	429	5	3,832
2012	1,249	412	1,692	433	5	3,791
2013	1,125	496	1,957	1,196	11	4,785
2014	1,133	451	1,835	1,214	6	4,639
2015	1,183	482	2,388	1,239	3	5,295

Appendix 11: Number of beds in the Lika region according to different
locations, from 2006 to 2015

Year	Gospić	Otočac	Plitvice Lakes	Other	Total
2006	158	222	2,391	0	2,771
2007	162	240	2,831	12	3,245
2008	310	238	2,803	0	3,351
2009	343	295	2,858	12	3,508
2010	358	361	2,861	15	3,595
2011	454	389	2,920	69	3,832
2012	379	308	3,015	89	3,791
2013	464	469	3,738	114	4,785
2014	492	305	3,805	37	4,639
2015	550	391	4,136	218	5,295

2) What are the main **disadvantages** of the touristic supply in Lika?

3) What are main **advantages** of the touristic supply in Lika?

Sustainable rural tourism

4) Is **sustainable development** important in your organization? If yes, how is your organization empowering sustainable development?

- 5) Do you actively participate in **rural tourism supply** in Lika? If yes, please describe how.

- 6) Are you familiar with the term "**sustainable rural tourism**"? How would you define this type of tourism?

Potential for development of rural tourism

- 7) Please state the main opportunities and challenges for the development of **sustainable rural tourism** in Lika.

8) Please describe what would have the most positive impact on **rural tourism** in Lika.

9) Could you please describe how you imagine successful tourism in Lika in the next 10 years?

10) Please write any additional comment about or advice for the sustainable development of rural tourism in Lika.

Appendix 13: Stakeholder questionnaire - Mail message

Dear Sir or Madam,

As MBA students in Tourism Management at MODUL University Vienna writing our Master Thesis on **sustainable tourism development in Lika**, we would appreciate if you could spare 30 minutes of your time to answer the questions below.

We have detected your organization as one of the main stakeholders for sustainable development of tourism in Lika and would appreciate if you could spare 30 minutes of your time to answer the enclosed questionnaire.

The main purpose of this questionnaire is to find out what is the **current status of rural tourism** in Lika, what are the **expectations and motives for stakeholders** in Lika's tourism, and to **identify the potential and obstacles for further sustainable development** in Lika, in order for it to become a desirable destination for rural tourism.

All data collected through this questionnaire is confidential and will be processed anonymously and used only for the purpose of our Master Thesis.

Thank you for your cooperation.

Regards,

Marija Tustonjić & Martina Serdarušić

Appendix 14: Demand analysis questionnaire

Questionnaire

Sustainable development of rural tourism in Lika

As MBA students in Tourism Management at MODUL University Vienna writing our Master thesis on sustainable tourism development of Lika, we would appreciate if you could spare 15 minutes of your time to answer the questions below.

The main purpose of this survey is to find out which factors influence the choice of Lika as a holiday destination, what are the expectations and motives for spending holidays in Lika and to identify the potential for further development of Lika as a desirable rural tourism destination.

All data collected through this questionnaire is confidential and will be processed anonymously and used only for the purpose of our Master Thesis.

Please tick the correct answer or, where specified, write it down (if not otherwise specified; only one answer is allowed).

Thank you for your cooperation.

Regards,

Marija Tustonjić & Martina Serdarušić

1. Prior to your holiday in Lika, have you ever spent holidays in rural tourism areas before? (*Rural tourism areas are areas that offer tourism services whose main characteristics are quiet environment, lack of intensive tourism infrastructure, preserved nature and closeness to local population.*)

☐ yes

☐ no

If yes, please list your last holiday in a rural destination and specify the location, time and duration of your stay?

Destination: _____ Year: _____ Duration: _____

2. On average, how many days per year do you spend on holidays?

☐ less than a week

☐ 1 week

☐ 2 weeks

☐ 3 weeks

☐ 4 weeks

☐ more than 4 weeks

3. What is your average annual budget per person for holidays?

☐ up to 500 €

☐ 500 - 1.000 €

☐ 1.000 - 2.000 €

☐ 2.000 - 3.000 €

☐ more than 3.000 €

The following questions refer to the destination you are currently at:

4. Which city / village is your accommodation located in?

5. Is this your first holiday to this destination?

☐ yes

☐ no

6. How did you first find out about this destination?

- ☐ Recommendation
- ☐ Travel agency
- ☐ Internet
- ☐ TV
- ☐ Newspapers/magazines
- ☐ Other: _____

7. How did you organize your holiday to this destination? (Multiple answers possible)

- ☐ Package arrangement
- ☐ Accommodation separately
- ☐ Excursions separately
- ☐ Transport separately
- ☐ Other services separately (adventure parks, museums, tickets for national parks)
- ☐ Other: _____

8. How did you book your holiday?

- ☐ Travel agency
- ☐ Tour operator
- ☐ Internet booking providers
- ☐ Accommodation owners directly
- ☐ Transport carrier directly
- ☐ No advance booking
- ☐ Other: _____

9. What was your main means of transport when arriving to the destination?

- ☐ Car/mobile home
- ☐ Plane
- ☐ Bus
- ☐ Train
- ☐ Motorcycle/bicycle
- ☐ Other: _____

10. What type of accommodation are you staying in?

- ☐ Hotel/guest house
☐ Holiday apartment/home
☐ Bed & Breakfast/private room
☐ Camping
☐ Other: _____

11. Who are you spending your holidays at the destination with?

- ☐ Alone
☐ With a partner
☐ With family (including children)
☐ With friends
☐ In different combinations (partner/family/friends)
☐ In a group (organized group trip)
☐ Other: _____

12. In case you are spending holidays with your children, what is the age of your youngest child?

13. How many days are you staying at the destination?

Number of days: _____

14. How much money do you plan to spend during your stay at this destination?

- | | |
|--------------------------------------|--|
| <input type="checkbox"/> up to 200 € | <input type="checkbox"/> 500 -1.000 € |
| <input type="checkbox"/> 200 - 500 € | <input type="checkbox"/> more than 1.000 € |

15. How many persons do you plan to spend this amount on?

Number of adults: _____ Number of children under 18: _____

16. Which of the following best describes your current holiday?

- ☐ Touring around the country
☐ Visiting several different Croatian rural areas
☐ Seaside holidays with a few days escape to inland rural areas
☐ Holiday at this destination
☐ Other: _____

17. What was your main motive to visit the destination? (Tick maximum 4 answers that best describe your motives)

- | | |
|---|---|
| <input type="checkbox"/> Passive holidays / relaxing stay | <input type="checkbox"/> Attending cultural events |
| <input type="checkbox"/> Spending time with family / friends | <input type="checkbox"/> Attending religious events |
| <input type="checkbox"/> Enjoying healthy climate and preserved nature | <input type="checkbox"/> Meeting local people, learning about their culture and traditional customs |
| <input type="checkbox"/> Discovering new places / Getting new experiences | <input type="checkbox"/> Gastronomy |
| <input type="checkbox"/> Party / fun | <input type="checkbox"/> Attractive tourism package – good value for money |
| <input type="checkbox"/> Sport / recreation / adventure activities | <input type="checkbox"/> Other: _____ |

18. Tick all the activities that you participated in or plan to participate in during your holiday at this destination:

- | | | |
|---|--|---|
| <input type="checkbox"/> Exploring the nature | <input type="checkbox"/> Fishing | <input type="checkbox"/> Paragliding |
| <input type="checkbox"/> Relaxation | <input type="checkbox"/> Hiking | <input type="checkbox"/> Exploring nightlife |
| <input type="checkbox"/> Spending time with family / friends | <input type="checkbox"/> Mountain climbing | <input type="checkbox"/> Attending sports events |
| <input type="checkbox"/> Visiting national parks | <input type="checkbox"/> Exploring caves | <input type="checkbox"/> Attending music events |
| <input type="checkbox"/> Visiting museums | <input type="checkbox"/> Cycling / mountain biking | <input type="checkbox"/> Attending cultural events |
| <input type="checkbox"/> Getting to know local gastronomy and enology | <input type="checkbox"/> Photo safari | <input type="checkbox"/> Visiting adventure parks (paintball, archery, jeep safari, etc.) |
| <input type="checkbox"/> Visiting historical attractions | <input type="checkbox"/> Rafting / canoeing | <input type="checkbox"/> Attending religious events |
| <input type="checkbox"/> Hunting | <input type="checkbox"/> Wellness and spa | <input type="checkbox"/> Other: _____ |

19. Please tick a maximum of 5 items that are important to you during your stay in the destination that you are currently in.

- | | | |
|--|---|--|
| <input type="checkbox"/> Distance / good traffic connections | <input type="checkbox"/> Religious events | <input type="checkbox"/> Service quality |
| <input type="checkbox"/> Preserved nature and natural beauties | <input type="checkbox"/> Cultural and historical | <input type="checkbox"/> Accommodation quality |
| <input type="checkbox"/> Healthy / unpolluted environment | <input type="checkbox"/> Authentic architecture | <input type="checkbox"/> Price |
| <input type="checkbox"/> Environmental friendliness | <input type="checkbox"/> Wellness and spa | <input type="checkbox"/> Reputation and customer reviews |
| <input type="checkbox"/> Enology and gastronomy | <input type="checkbox"/> Experiencing traditional customs | <input type="checkbox"/> Information availability |
| <input type="checkbox"/> Availability of locally produced organic food | <input type="checkbox"/> Hospitality of hosts | <input type="checkbox"/> Diversified offer at tourist hotspots |
| <input type="checkbox"/> Sports and adventure activities | <input type="checkbox"/> Hospitality and friendliness of local people | <input type="checkbox"/> Language proficiency of service staff |
| <input type="checkbox"/> Cultural events | | |

20. Please rate how satisfied or dissatisfied you are with each of the following items.

Legend: 1 – very dissatisfied, 2 - dissatisfied, 3 –neither satisfied nor dissatisfied, 4 - satisfied, 5 – very satisfied, 6 – not applicable

	very dissatisfied	dissatisfied	neither satisfied nor dissatisfied	satisfied	very satisfied	not applicable
distance/good traffic connections	1	2	3	4	5	6
preserved nature and natural beauties	1	2	3	4	5	6
healthy / unpolluted environment	1	2	3	4	5	6
environmental friendliness	1	2	3	4	5	6
enology and gastronomy	1	2	3	4	5	6
availability of locally produced organic food	1	2	3	4	5	6
sports and adventure activities	1	2	3	4	5	6
cultural events	1	2	3	4	5	6
religious events	1	2	3	4	5	6
cultural and historical heritage/architecture	1	2	3	4	5	6
authentic architecture	1	2	3	4	5	6
wellness and spa	1	2	3	4	5	6
experiencing traditional customs	1	2	3	4	5	6
hospitality of hosts	1	2	3	4	5	6
hospitality and friendliness of local people	1	2	3	4	5	6
language proficiency of service staff	1	2	3	4	5	6
service quality	1	2	3	4	5	6
accommodation quality	1	2	3	4	5	6
price	1	2	3	4	5	6
reputation and customer reviews	1	2	3	4	5	6
information availability	1	2	3	4	5	6
diversified offer at tourist hotspots	1	2	3	4	5	6
overall satisfaction with the destination	1	2	3	4	5	6

21. What did you miss the most in your overall experience during your stay at the destination?

22. According to your opinion, what needs to be improved in order to increase the quality of the overall tourism offer at your current destination?

23. Does sustainable (social and eco-friendly) development of a touristic region play a major role in choosing your holiday destination?

- ☐ I have never heard of sustainable development
- ☐ Yes, sustainable development plays a major role in my destination choice
- ☐ No, sustainable development does not play a major role in my destination choice
- ☐ It has a partial influence
- ☐ Other: _____

Socio-economic information:

24. Gender

- ☐ female
- ☐ male

25. Age

- | | |
|--------------------------------|--------------------------------------|
| <input type="checkbox"/> 18-24 | <input type="checkbox"/> 45-54 |
| <input type="checkbox"/> 25-34 | <input type="checkbox"/> 55-64 |
| <input type="checkbox"/> 35-44 | <input type="checkbox"/> 65 and more |

26. Education level

- ☐ Primary school
- ☐ High school
- ☐ University degree and more

27. Employment status

- | | |
|--|-------------------------------------|
| <input type="checkbox"/> Student | <input type="checkbox"/> Retired |
| <input type="checkbox"/> Employed | <input type="checkbox"/> Unemployed |
| <input type="checkbox"/> Self employed | <input type="checkbox"/> |

28. Country of origin _____

29. Marital status

- ☐ single
- ☐ married / in a relationship
- ☐ divorced

30. Number of children in household

- | | |
|---|-------------------------------------|
| <input type="checkbox"/> without children | <input type="checkbox"/> 3 |
| <input type="checkbox"/> 1 | <input type="checkbox"/> 4 and more |
| <input type="checkbox"/> 2 | |

31. Monthly net income of your household

- | | |
|--|---|
| <input type="checkbox"/> up to 1.000 € | <input type="checkbox"/> 3.000 - 5.000 € |
| <input type="checkbox"/> 1.000 - 2.000 € | <input type="checkbox"/> 5.000 - 10.000 € |
| <input type="checkbox"/> 2.000 - 3.000 € | <input type="checkbox"/> more than 10.000 € |

Thank you very much for participating in the survey!

Appendix 15: Demand analysis questionnaire results

Question 1: Prior to your holiday in Lika, have you ever spent holidays in rural tourism areas before?

	Results
NO	108
YES	150
Total	258

Question 2: On average, how many days per year do you spend on holidays?

	Results	Share
Less than a week	16	6.2%
1 week	36	14.0%
2 week	52	20.2%
3 week	68	26.4%
4 week	51	19.8%
More than 4 weeks	35	13.6%
Total	258	100.0%

Question 3: What is your average annual budget per person for holidays?

	Results	Share
up to €500	39	15.1%
€500 – €1.000	76	29.5%
€1.000 – €2.000	67	26.0%
€2.000 – €3.000	39	15.1%
More than €3.000	37	14.3%
Total	258	100.0%

Question 5: Is this the first visit to the destination?

	Results	Share
Yes	209	81.0%
No	49	19.0%
Total	258	100.0%

Question 6: How did you first find out about this destination?

	Results	Share
Recommendation	86	33.3%
Travel agency	45	17.4%
Internet	85	32.9%
Travel agency	1	0.4%
TV	7	2.7%
Newspapers / magazines	6	2.3%
Other	28	10.9%
Total	258	100.0%

Question 7: How did you organize your holiday to this destination? (Multiple answers possible)

	Number of answers	Share
Package arrangement	69	15.4%
Accommodation separately	140	31.3%
Excursions separately	73	16.3%
Transport separately	91	20.4%
Other services separately (adventure parks,	55	12.3%
Others:	19	4.3%
Total	447	100.0%

Question 8: How did you book your holiday?

	Results	Share
Travel agency	54	20.9%
Tour operator	9	3.5%
Internet booking providers	99	38.4%
Accommodation owners directly	49	19.0%
Transport carrier directly	2	0.8%
No advance booking	31	12.0%
Other:	14	5.4%
Total	258	100.0%

Question 9: What was your main means of transport when arriving to the destination?

	Results	Share
Car / Mobile home	156	60.5%
Plane	53	20.5%
Bus	41	15.9%
Train	1	0.4%
Motorcycle / bicycle	6	2.3%
Other	1	0.4%
Total	258	100.0%

Question 10: What type of accommodation are you staying in?

	Results	Share
Hotel / guest house	119	46.1%
Holiday apartment / home	78	30.2%
Bed & Breakfast / private room	28	10.9%
Camping	28	10.9%
Other	5	1.9%
Total	258	100.0%

Question 11: Who are you spending your holidays at the destination with?

	Results	Share
Alone	11	4.3%
With a partner	108	41.9%
With family (including children)	67	26.0%
With friends	42	16.3%
In different combinations (partner/family/friends)	8	3.1%
In a group (organized group trip)	22	8.5%
Total	258	100.0%

Question 12: In case you are spending holidays with your children, what is the age of your youngest child?

Child's age	Number of respondents
1	2
1,5	1
2	4
3	1
4	4
5	3
6	8
7	7
8	5
9	5
10	6
11	5
12	3
13	3
14	7
15	2
16	1

18	1
21	1
9 months	2
n/a	187
Total	258

Question 13: How many days are you staying at the destination?

Number of days	Results	Share
1 day	53	20.5%
2 days	83	32.2%
3 days	31	12.0%
4-7 days	43	16.7%
8-14 days	35	13.6%
More than 15 days	13	5.0%
Total	258	100.0%

Question 14: How much money do you plan to spend this amount on?

	Results	Share
Up to €200	107	41.5%
€200 - €500	65	25.2%
€500 - €1000	41	15.9%
More than €1000	45	17.4%
Total	258	100.0%

Question 15: How many persons do you plan to spend this amount on?

Number of adults	Results	Share
1	43	16.7%
2	186	72.1%
3	11	4.3%
4	9	3.5%
5	6	2.3%
7	1	0.4%
9	2	0.8%
Total	258	100.0%

Number of children under 18	Results	Share
1	30	11.6%
2	30	11.6%
3	8	3.1%
4	1	0.4%
n/a	189	73.3%
Total	258	100.0%

Question 16: Which of the following best describes your current holiday?

	Results	Share
Touring around the country	103	39.9%
Visiting several different Croatian rural areas	31	12.0%
Seaside holidays with a few days escape to inland rural areas	77	29.8%
Holiday at this destination	38	14.7%
Other:	9	3.5%
Total	258	100.0%

Question 17: What was your main motive to visit the destination? (max 4 answers)

Motives for visit	Number of answers	Share
Discovering new places / getting new experiences	171	66.3%
Enjoying healthy climate and preserved nature	129	50.0%
Passive holidays / relaxing stay	99	38.4%
Spending time with family / friends	84	32.6%
Meeting local people, learning about their culture and tradition	53	20.5%
Sport / recreation / adventure activities	43	16.7%
Attractive tourism package - good value for money	41	15.9%
Gastronomy	33	12.8%
Attending cultural events	25	9.7%
Party / fun	16	6.2%
Visiting cultural and historical heritage	9	3.5%
Other	3	1.2%
Attending religious events	1	0.4%

Question 18: Thick all the activities that you participated in or plan to participate during your holiday at this destination

	Number of answers	Share
Exploring the nature	193	74.8%
Visiting national parks	185	71.7%
Relaxation	161	62.4%
Hiking	100	38.8%
Spending time with family / friends	91	35.3%
Visiting historical attractions	80	31.0%
Getting to know local gastronomy and enology	73	28.3%
Exploring caves	53	20.5%
Mountain climbing	34	13.2%
Visiting museums	33	12.8%
Cycling / mountain biking	24	9.3%
Rafting / canoeing	24	9.3%
Visiting adventure parks (paintball, archery, jeep safari, etc.)	22	8.5%
Photo safari	21	8.1%
Exploring nightlife	20	7.8%
Attending music events	16	6.2%
Attending cultural events	16	6.2%
Fishing	12	4.7%
Wellness and spa	7	2.7%
Attending sports events	7	2.7%
Attending religious events	6	2.3%
Paragliding	5	1.9%
Hunting	3	1.2%

Question 19: Please tick a maximum of 5 items that are important to you during your stay in the destination that you are currently in

	Number of answers	Share
Preserved nature and natural beauties	197	76.4%
Healthy / unpolluted environment	121	46.9%
Distance / good traffic connections	97	37.6%
Hospitality and friendliness of local people	79	30.6%
Accommodation quality	77	29.8%
Hospitality of hosts	75	29.1%
Price	75	29.1%
Cultural and historical heritage / architecture	73	28.3%
Environmental friendliness	58	22.5%
Service quality	55	21.3%
Enology and gastronomy	41	15.9%
Sports and adventure activities	37	14.3%
Availability of locally produced organic food	25	9.7%
Authentic architecture	25	9.7%
Cultural events	24	9.3%
Experiencing traditional customs	23	8.9%
Information availability	14	5.4%
Wellness and spa	13	5.0%
Language proficiency of service staff	12	4.7%
Reputation and customer reviews	11	4.3%
Religious events	6	2.3%
Diversified offer at tourist hotspots	5	1.9%

Question 20: Please rate how satisfied or dissatisfied you are with each of the following item. Legend: 1 - Very dissatisfied, 2 – Dissatisfied, 3 - Neither satisfied nor dissatisfied, 4 – Satisfied, 5 - Very satisfied, 6 - Not applicable

Level of satisfaction:	1	2	3	4	5	6	Total points	Average grade
Grading:	1	2	3	4	5	0		
distance / good traffic connections	3	24	57	98	70	6	964	3.83
preserved nature and natural beauty	1	2	14	52	174	15	1,125	4.63
healthy / unpolluted environment	1	2	21	76	147	11	1,107	4.48
environmental friendliness	0	8	39	92	104	15	1,021	4.20
enology and gastronomy	0	10	62	91	73	22	935	3.96
availability of locally produced organic food	2	22	73	89	42	30	831	3.64
sports and adventure activities	2	11	58	78	55	54	785	3.85
cultural events	6	11	85	56	24	76	627	3.45
religious events	7	6	62	41	18	124	459	3.43
cultural and historical heritage / architecture	4	3	58	98	66	29	906	3.96
authentic architecture	4	6	65	95	60	28	891	3.87
wellness and spa	8	9	62	25	23	131	427	3.36
experiencing traditional customs	1	9	72	51	57	68	724	3.81
hospitality of hosts	1	7	25	66	136	23	1,034	4.40
hospitality and friendliness of local people	0	5	32	88	111	22	1,013	4.29
language proficiency of service staff	0	10	32	95	104	17	1,016	4.22
service quality	1	5	34	105	103	10	1,048	4.23
accommodation quality	0	9	42	86	108	13	1,028	4.20
price	0	7	37	111	94	9	1,039	4.17
reputation and customer reviews	0	3	49	95	79	32	928	4.11

information availability	1	8	56	96	87	10	1,004	4.05
diversified offer at tourist hotspots	1	5	78	93	56	25	897	3.85
overall satisfaction with the destination	0	3	25	95	128	7	1,101	4.39

Remarks:

Total points are calculated by multiplying the number of votes with the belonging grade, and summing them up together.

Average grade is calculated by dividing total points with number of votes (number of “Not applicable” votes are excluded from the calculation).

Question 21: What did you miss the most in your overall experience during your stay at the destination?

	Number of respondents
1 Activities for children	1
2 Better engagement of tourist office	1
3 better weather	2
4 Car	1
5 Computers for children	2
6 Cultural events	1
7 Cultural manifestations	1
8 Everything great	1
9 Food	1
10 Fun	1
11 Fun for children	1
12 Gastronomy offer	1
13 Hikes besides NP	1
14 Hiking	1
15 I was expecting more local/organic food	1

16	Information	1
17	Information about destination	1
18	Information/tours on forestry practices	1
19	Internet access	3
20	It is hard standing in the queue	1
21	Missing organization	1
22	Mobility	1
23	Modern art	1
24	More precise signalization (directions and km)	1
25	More space in hotel room	1
26	More valuate local food and products, menus in the restaurants are always the same	1
27	More vegetarian options	1
28	Museums and cultural events	1
29	Nature	2
30	Night life	2
31	No directions in French	1
32	Peace, relax	1
33	Possibility of buying local products	1
34	Promptness in service	1
35	Public transport	1
36	Road signs to local parks/forests	1
37	Shopping	1
38	Shops	2
39	Smile	1
40	Solitude - too many people	1
41	Too short time, would like to have taken more walks	1
42	WI-FI	1
43	Additional content, diversified food offer	1
44	May be availability of more vegetarian options in the	1

45	Better information material of the region	1
46	Better traffic connections	1
47	Restaurants with authentic gastronomy	1
48	Better services, poor transport services	1
49	Lack of information	1
50	Quality food service	1
51	A safe for belongings	1
52	A map of the lakes at the entrance	1
53	Supermarket, better transport connections	1
54	Tourist information	1
55	Fresh vegetables in the store	1
56	Shopping	3
57	Better hotel service	1
58	Better food	1
59	Nothing	27
60	n/a	164
	Total	258

Question 22: According to your opinion, what needs to be improved in order to increase the quality of overall tourism at your current destination?

Results:

	<i>Traffic</i>
1	Better traffic connections
2	Better information of places in French
3	Better parking
4	If you don't have a car (as me) you need more information about bus /
5	Improve street signs
6	More direction signs in English on the motorway
7	More frequent & rapid bus connections from different part of Croatia
8	No paths, people walk on the road

9	Improve street signs
10	Parking for cars, more places around the city
11	Repair the roads
12	Road constructions
13	Road signs
14	Signalization
15	Signs, markings
16	Transport services
17	Traffic signalization
	<i>Content & activities</i>
18	Activities for children
19	Additional contents
20	Good bikes for rent
21	Infrastructure and youth attractions
22	Infrastructure, content, offer
23	Insufficient touristic offer, parking, etc
24	Horse riding
25	Manifestations
26	More cultural and music events
27	More local activities, local maps
28	More offered activities
29	More rural camping
30	More to do/see besides NP
31	Nightlife
32	Organized activities
33	Sports activities
34	Swimming pool for kids
	<i>Ecology & nature</i>
35	Appearance of the landscape and architecture of villages

36	Make the national park not an attraction, but keep it natural (as possible)
37	Keep the national park as natural as possible
38	Keep the authenticity of the place
39	Respect the environment
40	Keep the nature clean
41	Promote other (mountain) destinations besides the NP
<i>Service & accommodation quality</i>	
42	Bedding
43	Hotel needs refurbishing
44	Hotels need to be 2 stars more
45	The prices are too high
46	Responsiveness to guests needs (no wakeup call in the hotel)
47	Supply a bar fridge and tea making facilities in room
48	Accommodation quality
49	Hospitality
50	Hospitality
51	Improve service quality of service staff
52	Internet access
53	It'd be nice if the Plitvice Park Restaurant was open after 5 PM when
54	The lines are too long, waste of time; install booking online
55	Limit crowds
56	More ticket offices to reduce the lines
57	More entrance doors
58	Too long line
59	Language proficiency and public transport
60	To get the entrance tickets faster
61	Marketing and information
62	Improve marketing
63	More advertising

64	More employees
65	More students discounts, include breakfast in the accommodation
66	Music in toilet
67	Price
68	Promote rural tourism
69	Promotion
70	Smile
71	Language skills
72	Wi-Fi
73	Extra services
74	Hospitality
	<i>Food & local products</i>
75	Less commercial restaurants, more local, authentic gastronomy
76	More local products
77	Food preparation
78	More value local products
79	Offer local food products (fruit and vegetables)
80	Gastronomy
81	Not enough restaurants
	<i>Information</i>
82	A bit more accessible tourist information
83	Availability of Info material
84	Better organization
85	Better signalization in the Plitvice park
86	In Plitvice lakes: itinerary within the park
87	Information about hiking routes
88	Information, marketing
89	More available information
90	More info

91 More information on web & better Wi-Fi

92 More information, tickets for hiking and cycling ...

Question 24: Gender

	Results	Share
Female	136	52.7%
Male	122	47.3%
Total	258	100.0%

Question 25: Age

	Results	Share
18 - 24	29	11.2%
25 - 34	81	31.4%
35 - 44	56	21.7%
45 - 54	43	16.7%
55 - 64	39	15.1%
65 and more	10	3.9%
Total	258	100.0%

Question 26: Level of education

	Results	Share
Primary school	3	1.2%
High school	66	25.6%
University degree and more	189	73.3%
Total	258	100.0%

Question 27: Employment status

	Results	Share
Student	15	5.8%
Employed	179	69.4%
Self employed	36	14.0%
Retired	16	6.2%
Unemployed	12	4.7%
Total	258	100.0%

Question 28: Country of origin

	Results	Share
Croatia	38	14.7%
France	35	13.6%
Germany	30	11.6%
Japan	26	10.1%
Italy	20	7.8%
USA	14	5.4%
Korea	10	3.9%
Netherlands	8	3.1%
Others	77	29.8%
Total	258	100.0%

Questions 29 and 30: Marital status of the respondents and number of children in household

		Results	Share in total
Single	60	100.0%	23.3%
without children	60	100.0%	
Married / in a relationship	187	100.0%	72.5%
without children	73	39.0%	
1 child	25	13.4%	
2 children	65	34.8%	
3 children	20	10.7%	
4 children and more	4	2.1%	
Divorced	11	100.0%	4.3%
without children	2	18.2%	
1 child	3	27.3%	
2 children	3	27.3%	
3 children	2	18.2%	
4 children and more	1	9.1%	
Total	258		

Question 31: Monthly net income of the respondents' households

	Results	Share
up to €1.000	33	12.8%
€1000 – €2.000	48	18.6%
€2.000 – €3.000	32	12.4%
€3.000 – €5.000	65	25.2%
€5.000 – €10.000	58	22.5%
more than €10.000	22	8.5%
Total	258	100.0%