



BUSINESS PLAN FOR A SUSTAINABLE HOLIDAY HOUSE CONCEPT ON A CROATIAN  
ISLAND

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*Dedicated to my family, who always stand behind me.*

## **Acknowledgment**

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## Resumo

Dada a importância do Turismo na sociedade actual e a necessidade do Desenvolvimento do Turismo Sustentável, são necessários conceitos novos e inovadores, o que também foi demonstrado pelas mudanças que ocorreram devido à pandemia da COVID-19. O estabelecimento de um conceito de casa de férias sustentável na ilha croata de Solta é a proposta inovadora para este plano de negócios, que se baseia nas tendências de mercado e de comportamento observadas. Após determinar o potencial dado no local seleccionado, nasceu a ideia empresarial SOLResort, que deve ser desenvolvida em todos os aspectos possíveis no âmbito da sustentabilidade. Foi realizado um inquérito em linha com a participação de 129 inquiridos, o qual proporcionou importantes conhecimentos para a análise do mercado e do grupo-alvo, bem como sobre potenciais utilizadores. A avaliação mostrou que a ideia de negócio reflecte a mudança das necessidades dos viajantes e que 117 participantes reservariam o SOLResort. A crescente consciência ambiental da população representa uma clara oportunidade e, de acordo com a actual transformação do turismo numa forma mais sustentável, uma oferta diferenciada pode ser trazida ao mercado.

Em termos de conteúdo, o projecto consiste no desenvolvimento das componentes de marketing e operacional e descreve todas as medidas direccionadas para o desenvolvimento futuro da empresa. Um plano financeiro e a sua avaliação são preparados por último para provar a viabilidade do projecto. A análise financeira prova a viabilidade económica do projecto e indica que se trata de um projecto digno de investimento.

Palavras-chave: Desenvolvimento Turístico Sustentável, Plano de Negócios, Alojamento Sustentável, Turismo Croácia

JEL: M310, Q560, O13, Z320

## **Abstract**

Given the importance of Tourism in today's society and the need of Sustainable Tourism Development, new and innovative concepts are needed, which was also shown by the changes that occurred due to the COVID-19 pandemic. The establishment of a sustainable holiday house concept on the Croatian island of Solta is the innovative proposal for this business plan, which is based on the observed market and behavioral trends. After determining the given potential in the selected location, the business idea SOLResort was born, which should be developed in all possible aspects under the framework of sustainability. An online survey was conducted with the participation of 129 respondents, which provided important insights for the market and target group analysis, as well as about potential users. The evaluation showed that the business idea reflects the changing needs of travelers and that 117 participants would book the SOLResort. The increasing environmental awareness of the population represents a clear opportunity and in line with the current transformation of tourism into a more sustainable form, a differentiated offer can be brought to the market.

In terms of content, the project consists of the development of the marketing and operational components and describes all targeted measures for the further development of the company. A financial plan and its evaluation are prepared last to prove the feasibility of the project. The financial analysis proves the economic viability of the project and indicates that it is a project worthy of investment.

Keywords: Sustainable Tourism Development, Business Plan, Sustainable accommodation, Tourism Croatia

JEL: M310, Q560, O13, Z320

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## CHAPTER 1

### Introduction

Given the relevance of advancing sustainable tourism development, new and innovative tourism concepts are needed. The negative impacts caused by tourism in recent decades, as well as the emergence of the global COVID-19 pandemic (Sharpley, 2021), highlight the need to implement sustainable tourism practices, which can also be seen in the example of Croatia (Čorak et al., 2020).

This situation is due to the considerable growth of the tourism sector over the last decades. While this growth offers opportunities for socio-economic development as well as for the creation of new jobs, it also causes serious problems such as the loss of natural heritage and biodiversity, the global increase in greenhouse gas emissions, overcrowding, and the loss of socio-cultural authenticity in host communities (Statista, 2021). As a result of these issues, a rapidly growing movement towards sustainable tourism has emerged in recent years (Statista, 2021). "Sustainable tourism is a form of tourism that takes full responsibility for its current and future economic, social, and environmental impacts by looking at the needs of visitors, the industry, the environment, and host communities" (Lock, 2021, para. 1).

These problems are still highly topical, but there is a growing awareness of social and environmental responsibility among travelers, especially among the younger generations (Lock, 2021). For example, almost half of travelers worldwide believe that choosing an environmentally friendly travel option is important (Statista, 2021). According to an online survey by booking.com (2019), nearly three-quarters (71 percent) of travelers believe travel companies should offer more sustainable travel options. One way travelers are putting sustainable tourism into practice is by choosing and staying in eco-friendly or green accommodations, where there has been an increase in recent years (booking.com, 2022). Although many travelers would like to travel more sustainably, their belief in the tourism industry's efforts to become more sustainable is low (Dobrosielski, 2021). In a 2020 survey, respondents were asked about the sustainability efforts of selected sectors of the tourism industry, including accommodations, rail companies, bus tour operators, airlines, and cruise lines. The majority of respondents felt that each of these sectors was making modest to no effort to be sustainable (Statista 2021).

## **1.1 Promoter and innovative proposal**

Based on this situation and need, the idea of the present business plan was created. This business plan targets the field of sustainable tourism development with its concept of a sustainable vacation home. The findings of this work show that the chosen location (Croatian island of Solta) has a high analyzed potential for the implementation of this project. The objective of this work is to analyze and assess the basic viability of the business project at hand, as well as to secure the necessary financial resources for the realization of the project. The aim is to promote the development of a new product on the Croatian market and to determine the demand for this concept among the intended target group. Explicitly, the project aims to contribute to the promotion of sustainable tourism development on the island of Solta through a new innovative concept, while at the same time preserving the island's cultural and environmental heritage and integrating it into the concept. The project will be designed according to the recommendations on business model innovation through sustainable transformation and the implementation of technological tools, as well as taking into account the latest trends in sustainable tourism development. Furthermore, this business plan serves as a presentation to potential investors with the aim of budget approval to support the business start-up, in order to additionally guarantee a business start-up for the author of this project. Besides, this exploration can serve as an example to other entrepreneurs.

In the following sections, the reader is provided with a literature review of the evolution of sustainable development in the tourism sector, whose trends and challenges it faces, and the impact of the COVID-19 pandemic on sustainable tourism development. Taking these aspects into consideration, the following conceptualization of the business idea is built with reference to the Croatian market. The main part contains the Market-, Competition-, and Target group-Analysis as well as the execution of the business plan development strategies and objectives. This is followed by the implementation guidelines and requirements. The final financial plan presents the economic viability and profitability of the business.

## CHAPTER 2

### Literature Review

#### 2.1 Sustainable Tourism Development

##### 2.1.1 Overview and evolution

Traveling and discovering new places and cultures has become a fundamental need for people since the dawn of civilization, making the tourism industry today one of the fastest growing economic sectors in the world with a remarkable annual growth rate (until the occurrence of the COVID-19 pandemic) (Rausser et al., 2021). Thus, after six decades of steady growth, tourism has established itself as one of the most important economic sectors with crucial social and cultural significance at global as well as local levels (Gomez et al., 2021).

The tourism industry recorded a growth of 3.5% in 2019, overtaking the growth of the global economy of 2.5% for the ninth consecutive year, its representing the third largest industry in the world with a 7% share of global exports (Ferrer-Rocca et al., 2019). A total of over 1.4 billion tourist arrivals were recorded in 2019, representing an increase of 3.8% over the previous year (Ferrer-Rocca et al., 2019). In 2030, 1.8 million international tourists are forecast subject to the possible impact of the COVID-19 pandemic (Gomez et al., 2021). This evolution of the tourism industry towards one of the largest economic sectors in the world, with its negative consequences, such as the resulting mass tourism, has simultaneously generated one of the greatest environmental and social problems of humanity. Against this background and in response, the concept of sustainable tourism has emerged with the aim of minimizing the negative consequences of tourism activities such as environmental damage and serious impacts on society and traditional cultures (Zolfani et al., 2015). Sustainable development was first considered in more detail by the beginnings of the green movement in the 1960s, and the term entered common usage and terminology with the publication of the report by the World Commission on Environment and Development (1987) entitled "Our Common Future," commonly known as the Brundtland Report (McMinn, 1997). The report states that sustainable development seeks to "meet the needs of the present without compromising the ability of future generations to meet their own needs" (Palacois-Florencio et al., 2021, p. 994). Kaspar (1973) is the first to force a discussion on the relationship between tourism and the damage to the natural and ecological environment, and Butler called for "greater attention to be paid to the undesirable social impacts of tourism development" (Butler, 1974, p.100) Before the actual conceptualization of sustainable tourism, it was the sociological discussion on mass tourism that promoted the essential development of responsible tourism (Mihalic, 2020). Through the popularization of the Brundtland Report, sustainable development was first applied to the field of tourism after the general concept (Sharpley, 2020), with its numerous derivatives

such as ecotourism, green tourism, and responsible tourism emerging (McMinn, 1997). The definition and positioning of sustainable tourism has been constantly debated over the past decades, with the definition of the World Tourism Organization (UNWTO) reaching the most widespread consensus. According to the UNWTO (2022), sustainable tourism is defined as tourism that takes full account of its present and future economic, social and environmental impacts, taking into account the needs of visitors, the industry, the environment and host communities. Sustainable tourism generally means all forms of tourism that are aligned with or make a positive contribution to sustainable development (Zolfani et al., 2015). Accordingly, sustainable tourism is a vision and a requirement for all forms of tourism.

At the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, an important step was taken towards sustainable tourism development, giving the term further recognition (McMinn, 1997). The Rio+20 outcome document is the first significant document to present sustainable tourism, stating in its content that the only true way to develop society is through poverty alleviation and social justice within society, as well as the conservation of natural resources (UNEP, 2012). In addition, it documents the discovery of natural sustainability, which has given rise to the terms sustainable tourism, ecotourism, green tourism, and responsible tourism (Nathaniel, 2020). Since that conference, sustainable development has been among the most important global development issues and goals (Zolfani et al., 2015). Another important document is the "2030 Agenda" for sustainable development published by the United Nations in 2015. The agenda calls for the implementation of the 17 Sustainable Development Goals (SDGs) set forth therein (Sharpley, 2020). In terms of content, it links the three dimensions of sustainability (economic, social and environmental) and requires all countries of the world to elaborate and implement the Sustainable Development Goals by 2030 (Özdemir, 2014). "Since then, it has become and remains, on the one hand, the dominant global development paradigm but, on the other hand, the focus of significant controversy" (Sharpley, 2020, p. 1938). Fundamentally, this controversy reflects the ambiguity of the concept. This means that sustainable development has "a chameleon-like capacity...to mean all things all people" (Adelman, 2017, p. 7), which limits some in its development, but is a strength for others, as they make and use a trade-off between environmental protection and economic growth. The tourism sector therefore offers real prospects for sustainable and inclusive development. Sustainability represents a key aspect for tourism, as it offers the possibility of satisfying the needs of stakeholders, taking into account economic, social as well as environmental impacts (Gomez et al., 2021). Tourism can therefore continue to function as an important sector of the economy, provided that it is reoriented at a global level, which requires "a fundamental re-think on the meaning and significance of both the production and consumption of tourism" (Sharpley, 2020, p. 12), in order to meet the main challenge of mass tourism.

### **2.1.2 Challenges of sustainable implementation**

Tourism is a human activity that presupposes an interaction between two populations, tourists and actors. The actors represent the local businesses, service providers and inhabitants, and continuous fruitless relationships between these actors lead to the well-known phenomenon of "overtourism" or "mass tourism" (Chica et al., 2022). The term overtourism describes a situation "in which the physical, psychological, economic and social capacity of a destination has been exceeded at a particular time." (Sharpley, 2020, p.10). Accordingly, overtourism represents an unsustainable form of tourism development in which regional lifestyles and sociocultural identities are altered (Chica et al., 2022). This arises, on the one hand, from the constant expansion of the tourism industry and, on the other hand, from the increasing consumption of tourist experiences (Rausser et al., 2021). Mass tourism is generally expressed by the excessive growth and concentration on tourism demand as well as tourism supply (Mihalic, 2020).

Although various initiatives and measures have been taken for years to adhere to the basic principles of sustainable tourism, such as in various certification schemes, multiple industry initiatives, the establishment of sustainability indicators, the establishment of bodies such as the Global Sustainable Tourism Council (GSTC), and tourism alignment with the established United Nations Sustainable Development Goals, in practice, sustainable tourism development has not been achieved in the last 20 years (Sharpley, 2021). The history leads to the conclusion that tourism has been too slow in executing sustainable practices, reflecting a gap between theoretical sustainability and its practical implementation (Mihalic, 2020).

Globalization has made it possible to open the door to tourists from new markets, which is mainly reflected in the number of new tourists in recent years. The changes brought by globalization have a direct impact on the economic drivers of the tourism industry (Niäiä et al., 2010). This is evident in the increased development towards mass services of tour operators, with companies operating according to the guiding principles of mass production (Pavlic, 2004). Also, high mobility of tourists in a destination, which is equally due to globalization, and high population density increase the likelihood of long-term over-tourism (Chica et al., 2022). In various studies and researches, "it has been found that there is a strong correlation between the growth of tourism and environmental impacts such as loss of natural resources and biodiversity" (Rausser et al., 2021, p. 144). Confirmation of the failure to achieve a sustainable tourism sector is provided by the exponential increase in international tourist arrivals over the last two decades leading up to the COVID-19 crisis in 2020 (Sharpley, 2021). In many cases, this has led to over-tourism and the emergence of anti-tourism movements in regions primarily affected by mass tourism (Sharpley, 2021). "On the demand side, excess tourism results in destruction of destination's environments by turning them into "touristic" places" (Mihalic, 2020, p. 4) Among the

triggers of these negative consequences are blamed, on the one hand, the incorrectly planned tourist development, which leads to increased environmental pollution and, on the other hand, the lack of integration of the local population, which precisely causes anti-tourism currents in the form of mistrust and lack of support from the local population (Strielkowski et al., 2016). Another challenge is the low level of expression and indifference on the part of tourists for more sustainable consumption behavior (Sharpley, 2021).

Multiple causes are responsible for over-tourism, but the massive increase in accommodation through platforms such as Airbnb, the disproportionate wealth of tourists, the progressive deterioration of environmental conditions, and the inappropriate behavior of tourists and local stakeholders contribute the most to this critical condition (Chica et al., 2022). In order to minimize these negative impacts, different measures have already been taken in recent years to curb excessive tourism and promote a more sustainable development. Some of the measures introduced aim to limit activities to local actors (Goodwin, 2019). For example, the city of Barcelona has limited the increasing growth of accommodation and the municipality of Amsterdam has levied restrictions on tourism activities in the city center (Goodwin, 2019). Niäiä et al. (2010) explain that, for example, the additional integration of a destination management system can ensure the sustainable protection of a destination. Such a system serves to control and develop the destination as well as to create new jobs. Other destinations affected by overtourism focus on regulating certain tourist activities as a countermeasure, such as banning visits to certain areas (e.g., Maya Beach in Thailand), imposing fees and taxes on visits, such as in Venice, or determining strict rules for tourist behavior, such as in Rome or Barcelona (Goodwin, 2019). The island of Boracay in the Philippines has gone a step further by banning tourists from entering the country for two years in order to recover from the negative tourism impacts of the past years (Canoy et al., 2020).

Modern tourists have a steadily increasing level of education, which also increases the demand for places that have culture, history, art and spirituality to offer (Krstinić-Nižić et al., 2010). This, in turn, implies an increasing demand for special products that incorporate these components in the tourism offer. Therefore, there is a need for innovative approaches that correspond to the new social structures and ways of thinking, as tourists become more demanding consumers who are aware of the real consequences of the COVID-19 pandemic, as well as other socioeconomic circumstances and environmental impacts (Kaushal, 2021).



### **2.1.3 Trends and sustainable approaches**

The concept of sustainable tourism development has emerged from the intention to minimize the consequences of mass tourism. Thus, new concepts and forms of tourism are increasingly emerging and new strategies and policies are being developed that support sustainable attitudes as well as present individual tourism offers and authentic destinations as added value. Through innovative ideas and new concepts, new opportunities can be exploited and the complexity and accompanying responsibility can be met (Roblek et al., 2021). Thus, the main objective of sustainable tourism represents, on the one hand, the promotion of revisits and, on the other hand, the protection of the environment, as well as the preservation of the social, cultural and economic characteristics of the destination (Rahmadian et. al, 2022). Trends and measures are increasingly emerging to counteract the negative impacts of tourism and promote sustainable development.

The general trend is to develop tourism in a fair way, so that it is sustainable for local communities and the natural environment in the long term, while providing tourists with high quality and diverse experiences (Roblek et al., 2021). It has been analyzed that consumers are able to determine the difference between sustainable and unsustainable options, which is a prerequisite for future fair and sustainable development (Bausch et al., 2021).

One of the main global trends in tourism is emerging in the discovery of new and more unknown destinations and especially in undiscovered and more untouched parts of Eastern and Central Europe the demand is increasing (Sayantan et al., 2021). These trends lead to an increased demand and the increasing need of tourists for alternative places and offers, instead of the already known and traditional vacation options (Niäiä et al., 2010). Therefore, the demand within the known destinations for new concepts, products and services will also increase. If tourists collect positive and memorable experiences at a destination, loyalty towards it will also increase, leading to repeat visits and bookings (Krstinić-Nižić et al., 2010). The modern tourist gradually develops a good sense of naturalness and a critical relationship towards unnatural. Destinations which are perceived as unhealthy or unnatural are increasingly not accepted (Baumgartner et al., 2019). Accordingly, a healthy, natural and authentic offer is becoming increasingly important in the industry. Therefore, there is a need in emphasizing authenticity and individuality in every service, as the need for an individual way to visit a destination is increasing (Niäiä et al., 2010). The history of tourism also confirms that its success is tied to people's individual needs and preferences, with the ability to travel being the most crucial factor that either inhibits or stimulates development (Čorak et al., 2020). The abundance of offerings results in confusion, which is reflected in the need for simplified technologies and niche concepts. Instead of more mass offers and additional service offers, individual offers with sufficient freedom are now demanded (Tanner, 2018). 2010). Fermani et al. (2020) analyze spatial expansion and increased

embedded zones in nature as a rising fundamental need in satisfying latent consumer desires. The number of different mobility options will also increase, as the factor of individuality is always accompanied by the factor of flexibility and consumers increasingly want to arrange their stay autonomously and independently (Krstinić-Nižić et al., 2010). It can be deduced from this that demand will increase for those destinations and products that have a balanced and complete range of offers.

The change and evolution towards a more conscious lifestyle will increase the demand for high-quality tourism offers, so that there will be an increasing demand for more exclusive offers with lower capacities and high-quality facilities (Avelini-Holjevac, 1998). People's increasingly active and healthier lifestyles are shaping tourism, especially in the areas of quality of life, well-being, and meaningfulness (Tanner, 2018). In order for a tourism offer to correspond to such a development, corresponding new concepts must be developed and offered that can guarantee this added value. The concepts that will succeed are those that focus on the tourist and his or her individual interests and hobbies.

The trend to return to the essentials and the origins or "back to basics" will play a significant role in tourism redesign (Krstinić-Nižić et al., 2010). "The center of modern tourism is the individual – the traveler and his or her needs." (Niäiä et al., 2010. p. 44). Therefore, the demand for different types of tourism will also increase, such as the demand for health and cultural tourism due to changes in demographic structures (increasingly aging society and travelers with increasing life expectancy and travel experience) (Baumgartner et al., 2019).

As another counter-movement to mass tourism, the so-called "ecotourism", a sub-form of sustainable tourism, has emerged (Roblek et al., 2021). Ecotourism is defined as responsible travel to natural and near-natural areas, valuing and respecting the natural environment and promoting the welfare of local people (Sayantan et al., 2021). Conceptually, ecotourism is determined by the demand of tourists, while sustainable tourism includes the measures taken to preserve the environment by tourism service providers (Sayantan et al., 2021). Ecotourism, through its positive ecological tendencies, can play a significant role in environmental protection and the development of a conscious culture for people's environment (Rausser et al., 2021).

Trends such as the development of "Green Hotels" or "Eco Hotels", where the location, concept, facilities and services offered are crucial characteristics of these types of hotels, contribute to the sustainable development of tourism (Krstinić-Nižić et al., 2010). In this regard, they serve both guests and employees. The construction of ecological oases and accommodation in nature will become an indispensable trend (Avelini-Holjevac, 2003).

Slow tourism is another new form of tourism that has emerged in the 21st century and is defined as a form of sustainable tourism in which the tourist offer is based on a decelerated and recreational

orientation, which focuses on achieving the life values and improving the well-being of tourists (Roblek et al., 2021). Slow tourism focuses on slowing down the pace of tourism as well as low greenhouse gas emissions and is "a synonym of patience, peace of mind, deeper experiences, improved cultural understanding and knowledge" (Babou & Callot, 2019). Slow tourism means foregoing the potential stress and speed of travel so that one can focus on rediscovery and also rediscover oneself (Babou & Callot, 2019).

New technological innovations and the digital evolution towards Web 4.0 are changing both the information and booking processes in the industry and the level of consumer knowledge. Virtual reality, augmented, reality, artificial intelligence, the Internet of Things and Big Data are emerging as important major trends (Loureiro & Nascimento, 2019). The progressive digitalization of tourist products is therefore another trend that is already reflected in the increasing number of tourist offers mediated and booked via the Internet (Niäiä et al., 2010). Accordingly, there will be an increased use of virtual consumption on the part of tourists to take advantage of tourism products and services (Ferrer-Rocca et al., 2019). One reason for this is that the modern tourist attaches great importance to the quick availability and easy viewing of information, which is made possible by online services. Travelers are increasingly gaining experience and a better understanding of how to evaluate offers. Accordingly, the demand for higher quality, better service and authentic experiences is increasing (Baumgartner et al., 2019). Tourists now have the opportunity to compile their trips independently and individually, as well as to adapt them to their habits and needs, which is why the importance of tourism intermediaries such as agencies or tour operators will also decrease significantly (Niäiä et al., 2010).

The integration of technology trends will also positively drive tourism development in the sense that it will be able to predict demand and better control and manage mass tourism in the future (Ferrer-Rocca et al., 2019). Virtual reality, for example, has been identified in several studies as an effective tool to raise awareness of environmental threats from tourism as well as to promote behavioral actions for sustainable tourism development, especially when VR tools are tailored to the target audience (Nelson et al., 2020). Nevertheless, further study results indicate that VR as a trend in the tourism sector still needs further development steps and improvements to take on the problems of tourism and the potential of its sustainability concept (Peštek & Savan, 2020). There are still some conflicts and concerns regarding the integration of the innovative technology trends in the tourism industry, but the given potential is predicted to be very high if properly implemented (Peštek & Savan, 2020).

#### **2.1.4 Impact of the COVID-19 pandemic**

With the emergence of the global COVID-19 pandemic, tourism activities were the first to come to an abrupt halt as countries had to prioritize their efforts to contain the virus. In the first eight months of 2020, global tourism activity, which is measured by international arrivals or overnight stays, decreased by 70% compared to the previous year of the same period (Payne et al., 2021). Accordingly, the tourism industry was the first and most affected industry by the COVID-19 pandemic, causing global international tourism revenues to decline by approximately 63% in 2020 compared to the previous year (Statista, 2021). It can be deduced that the tourism industry is highly vulnerable to global shocks such as the COVID-19 pandemic with accompanying restrictions on mobility as well as social distancing. According to the World Tourism Organization (UNWTO), in 2020, approximately 96% of global destinations adopted travel restrictions as a measure to combat the pandemic (Palacois-Florencio et al., 2021). 40 destinations had partial border closures, while over 90 destinations had full border closures, creating an unforeseeable and unpredictable situation for the tourism industry (Palacois-Florencio et al., 2021).

It is predicted and also first signs can already be observed that international tourism will change after COVID-19. The negative consequences of tourism such as mass tourism have long been a concern of the tourism industry, so the de-globalization trend triggered by the COVID-19 pandemic paradoxically offers the tourism industry the opportunity of a new start towards sustainability (Čorak et al., 2020). It will provide a special opportunity to pause and think seriously about new strategies for the future (De Luca et al., 2020).

In the post-COVID-19 era, social innovation can play a significant role in shaping resilient tourism, as COVID-19 will continue to favor the decline of mass tourism, accelerating the demand and need for individual travel and sustainable tourism options (Higgins-Desbiolles, 2020). The search for social interaction and contact with locals will become more of a focus and travelers in the future will no longer be satisfied with a clearly artificially staged image of a local culture (Rausser et al., 2021). "As a result, the practice of sociocognitive mindfulness is coming to the fore in tourism, drawing attention to the importance of human existence and the search for solutions to deal with the problems of modern life based on experience" (Roblek et al., 2021, p. 15).

The COVID-19 pandemic has caused the tourism industry to transform from its traditional and unsustainable business model to a sustainable and resilient model. The travelers of the post-Covid-19 era no longer want to participate in mass tourism but prefer the concept of "slow tourism," which places its focus on locals, on a longer stay, and on more authentic and fulfilling experiences (Fermani et al., 2020). Accordingly, the tourism infrastructure that has been developed over decades for mass

tourism must follow the transformation into a sustainable, ecological and socially innovative tourism ecosystem (Roblek et al., 2021). Sustainable tourism can therefore be a solution to the crisis caused by COVID-19, as this type of tourism supports the emergence of "greener" destinations. Thus, mass tourism will also need to evolve into sustainable mass tourism in the future, "combining the emergence of sustainability as a social norm with the entrenched norm of promoting growth" (Palacois-Florencio et al., 2021, p. 14). A transformation in tourism can be accelerated provided that institutional innovations take place on the supply as well as on the demand side (Čorak et al., 2020). Individual, safe, target group-oriented, cultural and natural tourist experiences are now in the foreground, which tourists expect and are also willing to pay for (Roblek et al., 2021).

What profound changes the pandemic will have on the tourism industry cannot yet be fully predicted, but some trends, such as a massive decrease in business travel, more sensitive treatment of the environment, and a general increase in public awareness, are already emerging (Rausser et al., 2021).

## **2.2 Sustainable Tourism Development in case of Croatia**

### **2.2.1 Current situation and future outlook**

In terms of the importance of tourism in Croatia, the tourism sector is one of the most important economic factors in the country, which accounts for almost 40% of export revenues (Payne et al., 2021), as well as bearing a significant importance in the gross value added of the overall economy with a share in GDP of 14.2 to 16.3% (Ivandić et al., 2018). In 2019, the number of foreign tourist arrivals in Croatia peaked at around 17 million arrivals and a total of 84 million overnight stays by foreign tourists (Payne et al., 2021). Some scholars pointed out Croatia's unhealthy dependence on the tourism sector even before the COVID-19 pandemic began. This was clearly revealed during the pandemic (Erjavec et al., 2021), also due to the numerous jobs that depend on tourism development (Škuflić et al., 2011).

Despite the pandemic, Croatia managed to resume tourism operations early and was thus able to almost match the level of the summer months of previous years in the 2020 summer season (overnight stays in July-August 2020 amounted to 32.5 million, which is 59% of the overnight stays in the same period in 2019) (HTZ, 2020). During the COVID-19 crisis, Croatia was able to offer crucial advantages to numerous tourists, such as independent and safer travel by car, vacation on sparsely populated islands, and in addition to hotels, travelers were able to switch to campsites and secluded villas, which offered a safe feeling and ambiance (Čorak et al., 2020). According to the figures and this development, the Croatian tourism market is more resilient than assumed. Croatia represents a main destination for tourists from Europe, who have good to medium purchasing power. For this reason, additional investments and the expansion of high-quality accommodation capacities, as well as the most versatile overall tourist offer possible, are necessary for the further increase in demand (Erjavec et al., 2021).

The global pandemic has shown that many development tasks, such as the necessary expansion of the tourist season, more even development of coastal and mainland parts of Croatia, more efficient destination management, greater diversification of the tourist offer and sustainable development have not yet been sufficiently achieved (Čorak et al., 2020). The challenge of the Croatian tourism sector is to grow out of the mass business and provide customers with a new high-quality and differentiated offer (Orsini et al., 2018). This offer should attract guests not only in the summer, but also beyond that in the remaining months of the year to expand the tourist season as well as to shift the concentration away from the coastal areas in the summer months (Orsini et al., 2018). For years, the peak season has extended to three months and in some regions even to only two months, which highlights the need to extend the season (Čorak et al., 2020).

Croatia faces crowded cities and the risk of endangering UNESCO cultural heritage due to the tourism boom (Zdrzalek, 2019). Despite this, the country is investing heavily in the construction of new hotels and resorts everywhere, as more tourist arrivals are forecast each year (Kohnen, 2019). The industry

is growing so fast that Croatia is barely keeping up and, for example, has not invested in sewage infrastructure for decades, which has already led to numerous sewage scandals in the country and internationally (Zdrzalek, 2019). Many of the problems in Croatia's tourism sector are also homegrown, according to Roser (2019). On the one hand, hotels and better-quality apartments continue to record positive occupancy rates and in some cases show a growth rate, but especially in the case of vacation apartments with one to three stars, the sharply increased price level no longer corresponds to the quality received (Kohnen, 2019). Tourists pay an average of more than 100€ per night for accommodations that were established in Yugoslav times and in which no investments have been made for years (Roser, 2019). The price-quality ratio of the tourist offer is not in relation and this is what the tourism industry in Croatia is facing.

Another example of the challenges Croatia faces in the tourism sector is the city of Dubrovnik. Here, mass tourism has become rampant due to the tourist market segment of cruises (Kohnen, 2019). The city's reception capacity has been so depleted that the city has had to set a maximum rule of two cruise ships docking per day (Kohnen, 2019). In addition, rents have risen rapidly and most of the businesses cater only to the needs of tourists, that today's town center is estimated to be home to only 800 of its former 5,000 residents (Dierks, 2019). For the sustainable continuation of a destination, it is necessary to define which form of tourism is suitable for the destination in question and also which tourists suit the local population and attractions (Dierks, 2019). This is because tourism also depends on the respective population and if they no longer agree with tourism, the basis of ethical and sustainable tourism is lost. In order to counteract the problems of the tourism industry in Croatia and to promote sustainability in this sector, it must be questioned whether the goal of growth should still be pursued or whether the goal of more quality should be the focus (Dierks, 2019). Mervar et al. (2010) also questioned in this context if the economic growth causes tourism development or if tourism development causes economic growth with regard to the negative impact of tourism. "Given the support for the economic-driven tourism growth hypothesis, Croatian governmental policies should focus attention on the stability and transparency of its political institutions and continue to foster adequate investment in both physical and human capital that promotes growth for the overall economy" (Payne et al., 2010, p. 5). As a result, the tourism sector should benefit, as the additional resources generated by such growth would further expand tourism infrastructure in the country and signal Croatia's stability to international tourists (Mervar et al., 2010).

In order to continue the positive growth trend of recent years, the sun and sea factors will no longer be sufficient to increase tourism revenues (Orsini et al., 2018). A differentiated offer is required and Croatian tourism has to adapt to the changing demand and international trends. The last strategic document "Strategy of Croatian Tourism until 2020" (2013) of the Croatian government with the

content goal towards a more sustainable tourism development expired, which shows the urgency and necessity of developing and implementing a new strategy (Čorak et al., 2020). Considering the importance of tourism as an economic sector in Croatia, improving the visibility of sustainable tourism development of Croatia towards its main market Europe is necessary in order to be considered a sustainable relevant destination in the future (Erjavec et al., 2021). Croatia represents a good example of a country that has the opportunity to rethink its strategic options for tourism development and reorient them in the future.



## CHAPTER 3

### **Business Concept**

The SOLResort brand is intended to establish an innovative and sustainable holiday house concept on the Croatian tourism market. On the Croatian island of Solta, six vacation homes are planned, each with a capacity for four people, integrated into the surrounding nature on a hillside plot overlooking the open sea.

The core of the business idea is based on providing the customer with an original form of vacation by reducing the offer to the essentials and allowing the customer to be self-sufficient with the given equipment and the available regional and seasonal food. Each house has its own vegetable and herb garden, which can be grown and tended as desired. The core idea or the basic idea is to let the guest participate as part of the whole under the guiding principle "back to basics" and "back to what is important", which reflects values such as family, health, time, nature, quality of life, culture, diversity and participation. Sustainability plays a central role in the concept and should be considered in all possible aspects. The design of the cottages is minimalist and stylish as well as designed with the highest standards of quality and design. Sustainable building materials such as wood and the regional stone of the island are the main components of the structural composition and the construction takes place under the three dimensions of sustainability: ecological, economic and socio-cultural.

The concept is aimed at all people who are looking for a place to rest, free development and return to the essentials. Authentic and original experiences are at the forefront of this vacation concept.

The company's message is: Original and sustainable vacation reduced to the essentials.

#### **Each of the cottages has the following features:**

- One-story house (everything takes place on one floor).
- 2 bedrooms with sea view incl. 2 bathrooms en suite
- Living room and dining area with open kitchen and sea view
- Stylish and minimalistic interior design
- Natural infinity pool, outdoor shower
- Own herb and vegetable garden for free use
- Mediterranean garden & terrace with outdoor kitchen and barbecue
- Private carport, e-charging station, bicycles and e-bikes
- Smart technologies (e.g. contactless check-in via app, digital house key, renewable energy...)

**Features about the location of the vacation homes:**

- Secluded hillside property; far from mass tourism; no direct neighbors; absolute privacy
- 300m walking distance to the beach

**Other services offered by SOLResort:**

- Daily fresh breakfast eggs from our own organic chicken farm
- Cozy outdoor cinema between olive trees, lounge cushions & ambient lighting
- Outdoor lounge area with fire pit for all guests as a "get-together" place
- Grocery store on property with a selection of regional and homegrown products
- Regional activities and involvement in family traditions: Helping with the olive harvest and making your own olive oil and wine

## CHAPTER 4

### **Methodology**

The following methodology consists of a step-by-step framework for creating a business plan designed to maximize SOLResort's business objectives. This contains a series of development phases that address the components of the business plan, each of which must be completed before implementation of the project can begin. The business plan requires following this methodology step-by-step to avoid common mistakes such as skipping critical early analytical and strategic phases and moving directly to the implementation phases early, which can result in an incoherent business plan. The first phase includes the presentation of the innovative business plan proposal, followed by the second phase in which a literature review is presented that examines the most important aspects and factors for implementing a sustainable tourism accommodation concept. Secondary sources such as scientific papers, journals, books, journal articles, dissertations and academic magazines are included in this research. An inductive approach is followed in the research.

Subsequently, the methodology continues with a component analysis in the third phase, which includes the market analysis and the internal and competitive analysis. The first part of the third phase examines and evaluates the market in which the new accommodation concept intends to compete, which allows a more comprehensive understanding of the target market relevant to the business idea. Here, an overview of the global tourism market is given and then the investigation focuses on the tourism market in Croatia, quantifying and describing the target market, market size, growth potential, profitability, sales channels and trends.

In the internal analysis, which is prepared according to the approach of the SWOT method, the strengths of the company, which support the development strategy, as well as the weaknesses, which are relevant to know for overcoming the challenges, are examined. The consideration of both aspects supports the definition of the strategic direction of the company.

In addition, a competitive analysis examines the external context and defines the competitive landscape, identifying direct and indirect competitors such as other tourism accommodation providers with a focus on sustainability within their concept. Based on this, the own competitive advantages can be identified. Furthermore, based on this analysis, the attractiveness of the target market and the related business opportunities as well as the potential risks can be determined, which have to be considered when creating an effective business plan. The evaluation of all components helps to effectively determine the target market and market segments and to identify strategic positioning and competitive advantages. The applied Porter's 5 Forces method, an industry structure analysis, supports

the assessment of market attractiveness. These analyses form the basis for determining subsequent marketing, sales and business development strategies.

The fourth phase takes into account all the previous phases in order to formulate the corporate goals and development strategy.

Phase five outlines the marketing strategy, which follows Kotler's STP approach of segmentation, alignment and positioning, and marketing mix. The STP definition forms the basis for identifying the target market or audience and the marketing mix determines which marketing activities will be used to implement the marketing strategy. Following this, the business plan is tested using an Online Survey that includes relevant questions to provide information for defining the STP approach, the target group and Marketing mix. The conducted online survey has a sample size of 129 participants which was publicly available for response for two months. The purpose of the survey is to further collect information that would help measure various aspects of the company. The survey is divided into four main categories, which were labeled as follows:

**Individual demographics:** this category supports all other categories by providing specific information about the respondent (most important demographic information for targeting).

**Personal Preferences:** This category provides information on individual travel and tourism consumption behavior, analyzing the preferences of the respondents.

**Topic Sustainability:** This category measures the level of knowledge and experience of the participants on the topic of sustainability in tourism and identifies possible motivating factors for sustainable tourism consumption.

**Personal opinion:** The last category aims to find out whether the present project meets with acceptance.

Phase six presents the implementation requirements for the project, which includes the operational, technical, and legal documentation required for the business.

Phase seven describes the financial plan that presents all costs associated with the implementation of the business and concludes with the evaluation of the project. This evaluation takes into account the main financial indicators to determine the feasibility and profitability of the business. The last section contains the final conclusions from the business plan development to be considered in the implementation of the project and contains the economic decision whether it is profitable to invest in this project.

**Figure 1 - Business Plan Methodology**

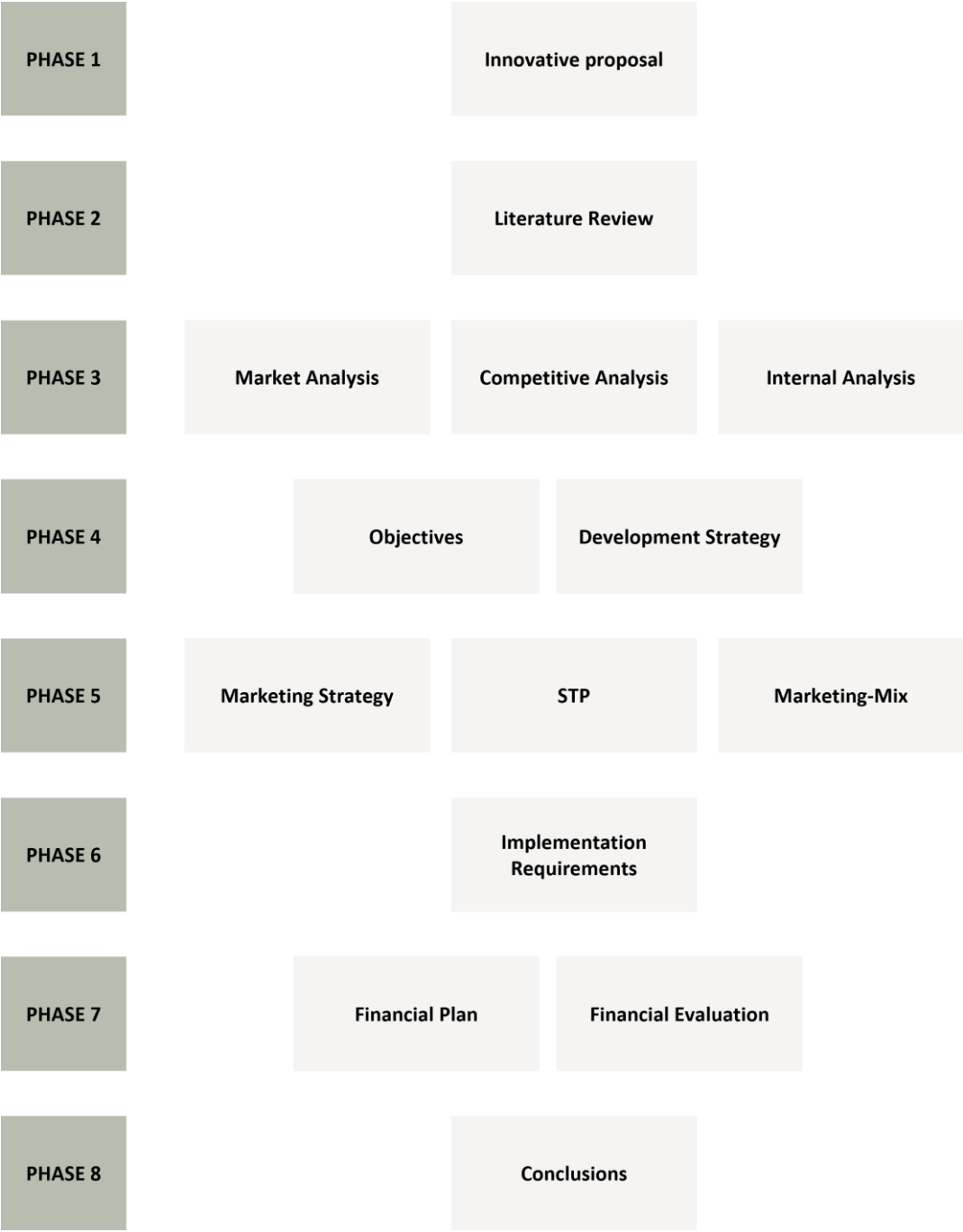


Figure 1: Business Plan Methodology; Source: Own elaboration

## CHAPTER 5

### Market Analysis

The development and growth of any company depends on its ability to interact with its macroeconomic environment. A company must have the appropriate knowledge and be able to react to constantly changing market developments, which can represent both significant opportunities and threats. For this reason, a sound market analysis forms the basis for the market entry of a new company, which requires precise knowledge and an analysis of the relevant market. The market analysis also provides valuable information about the target group, the industry and general market trends, and further forms the basis for planning effective marketing and sales strategies.

The following market analysis is based on secondary research using existing evaluations from the Croatian Tourist Board and Ministry as well as specific studies on tourism in Croatia. As a methodology for primary research, an online survey was conducted for further collection of relevant data. In addition, the following analysis considers the impact of the COVID-19 pandemic on the tourism market and identifies key trends in the global tourism market.

#### 5.1 Description of the target market

With the business idea SOLResort the market entry into the tourism industry takes place, whereby sustainable vacation homes for self-catering on the island Solta in Croatia are to be rented out. The literature research has shown that the need and the necessity for sustainable tourism concepts is increasingly growing and explicitly in Croatia there is a market gap or great potential for this.

The description of the target market is based on the collected data and information about the overall market and on forecasts about the development of the market. First, the situation on the overall market is presented, and then the specific market is described.

#### 5.2 Secondary research - Industry data

As one of the most important sectors of the economy, tourism is becoming increasingly important both in the world and in the Croatian economy, as it has an overall positive impact on employment, the economy, production and investment. In recent decades, tourism has flourished, with the number of tourist arrivals worldwide increasing from 1.652 billion in 2007 to 2.280 billion in 2019, according to the World Bank (Erjavec et.al., 2022). This represents a 38% increase in tourist arrivals over the last 13 years (Erjavec et.al., 2022). In Croatia, the number of arrivals was 52.27 million in 2007 and 60.021 million in 2019, an increase of 15% (Erjavec et.al., 2022).

In 2019, the tourism industry in Croatia accounted for 24.8% of GDP, making it the strongest economic sector in the country (WTTC, 2022). The sharp drop of -51.1% in 2020 was due to travel restrictions caused by the COVID-19 pandemic (WTTC, 2022). However, in the following year 2021, with the travel restrictions largely lifted, the country was already able to generate a plus of 34.2%, which corresponds to a positive share of 16.1% of GDP (WTTC, 2022). The following table illustrates Croatia's positive GDP value in a Europe-wide comparison:

	2019	2020	2021
Croatia	24.8%	13.2%	16.1%
Greece	20.7%	9.2%	14.9%
Portugal	17.1%	8.7%	10.9%
Cyprus	13.7%	3.7%	9.3%
Italy	10.6%	6.1%	9.1%
Luxembourg	10.3%	7.9%	8.6%
Spain	14%	5.9%	8.5%
Netherlands	11.1%	7.8%	8.1%
Slovenia	10.8%	7.2%	7.7%
Austria	10.7%	7.9%	7.1%
Malta	15%	4.9%	6.7%
France	8.4%	5%	6.5%
Germany	9.8%	6.3%	6.4%

Table 1: Share of Tourisms' total contribution to GDP in EU member countries and the UK (2019-2021); Source; Statista

In 2021, the tourism industry's share of gross domestic product increased in European Union (EU 27) member states and the United Kingdom compared to the previous year, after a sharp decline in 2020 due to the coronavirus pandemic. Overall, Croatia was the EU country where travel and tourism accounted for the highest share of GDP in 2021.

In 2019, the tourism sector in Croatia peaked with the arrival of 19.6 million tourists and a total of 91.2 overnight stays in the country (WKO, 2021). The average length of stay was 4.7 days in 2019, which represents the average purchase frequency per tourist (WKO, 2021). Table 2 presents the steady development growth of tourist arrivals from 2006 to 2019 (due to the impact of the coronavirus outbreak, tourist arrivals decreased to only seven million in 2020):

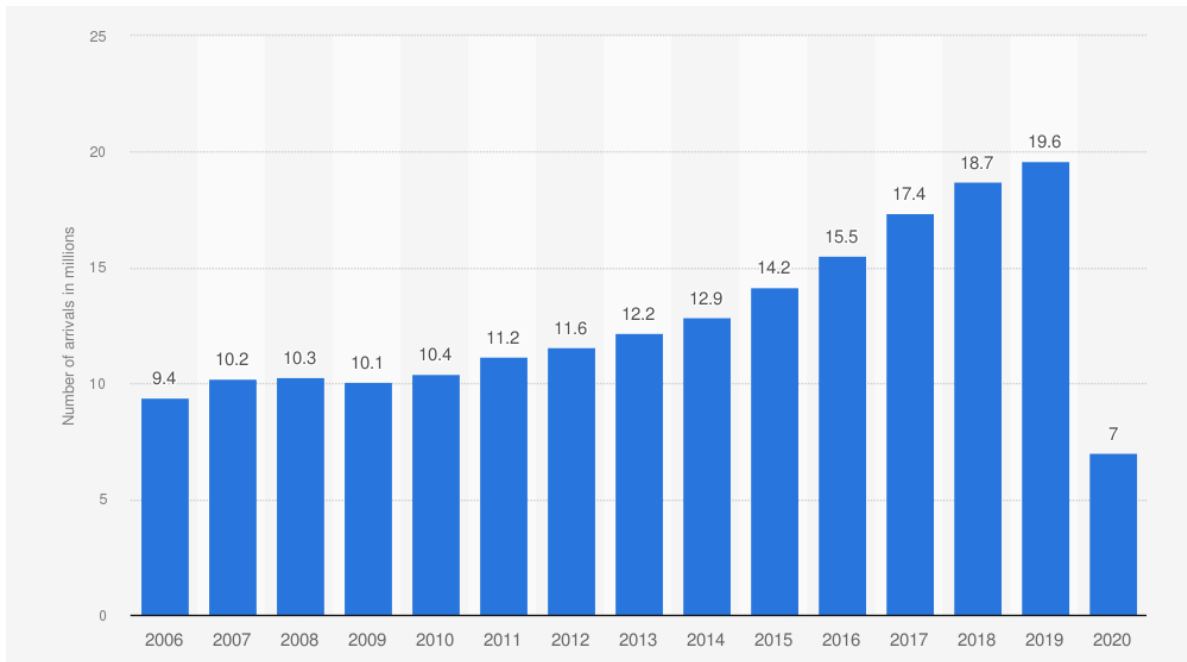


Figure 2: Number of arrivals in tourist accommodation in Croatia in millions (2006-2020); Source: Statista

International tourism accounts for the majority of tourism demand in Croatia, with a share of 91.51% of international tourists, measured in the period 2007-2019 (Erjavec, 2022). In the same period, most overnight stays in Croatia were realized by guests from Germany with the highest share of 23.6%, followed by guests from Slovenia (10.27%), Austria (8.76%), Italy (7.77%) and the Czech Republic (7.3%), Table 3. Accordingly, the average annual growth rate of overnight stays in the observed period was 4.76% (Erjavec, 2022).

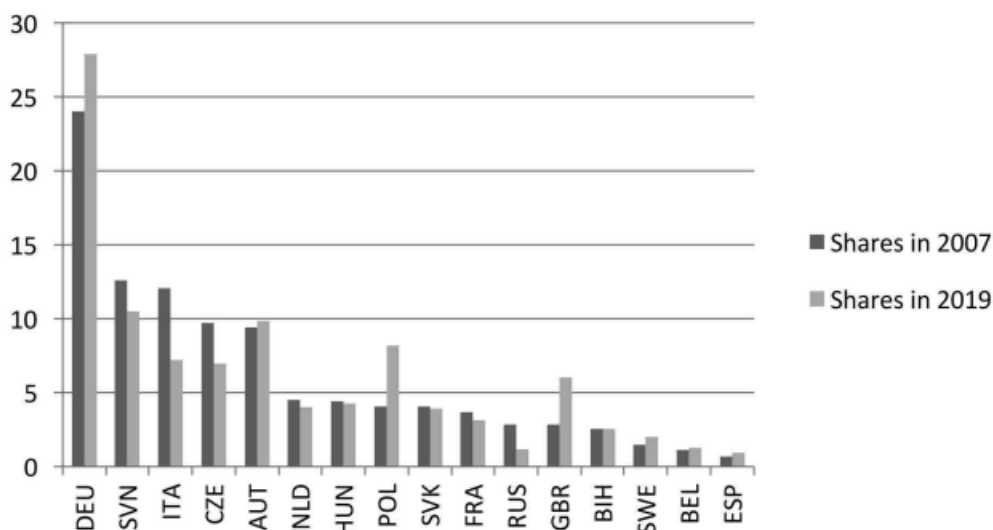


Figure 3: Share of overnight stays of international tourists by country of origin, 2007 and 2019; Source: Statista

For comparison, Table 4 shows the most recent measurement from 2021, whose evaluation is almost identical to 2019 (only Italy shows a lower share of 7% in 2021). As before, most tourists in Croatia



come from the countries of origin Germany, Austria, Slovenia, Poland and the Czech Republic and thus represent the largest target group of Croatia.

Inbound Arrivals <sup>3</sup>	
2019	2021
1. Germany 17%	1. Germany 26%
2. Slovenia 8%	2. Austria 10%
3. Austria 8%	3. Slovenia 9%
4. Italy 7%	4. Poland 9%
5. Poland 5%	5. Czech Republic 7%
Rest of world 55%	Rest of world 40%

Table 2: Inbound arrivals in Croatia by country of origin, 2019 and 2021; Source: WTTC

Table 5 below indicates that International tourists visiting Croatia mostly stay in private rooms, with almost three million arrivals in such accommodation in 2020. The number of tourists generally decreased in 2020 due to the Corona virus outbreak, which led to travel restrictions and the temporary closure of hotels.

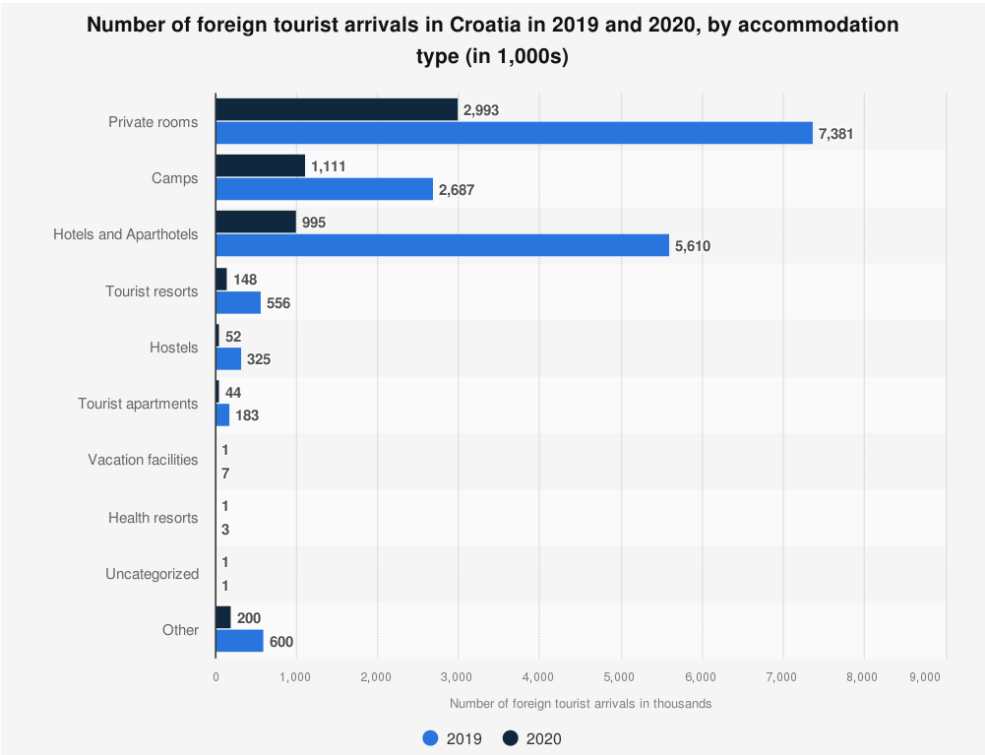


Figure 4: Number of foreign tourist arrivals in Croatia (2019 and 2021), by accommodation; Source: Statista

According to following Statista data analysis (Table 6), the younger generation was more involved in tourism in 2019 than older segments of the population. More than one-third of 25- to 34-year-olds

traveled domestically to Croatia for four or more nights, and another nearly 12 percent traveled both abroad and domestically.

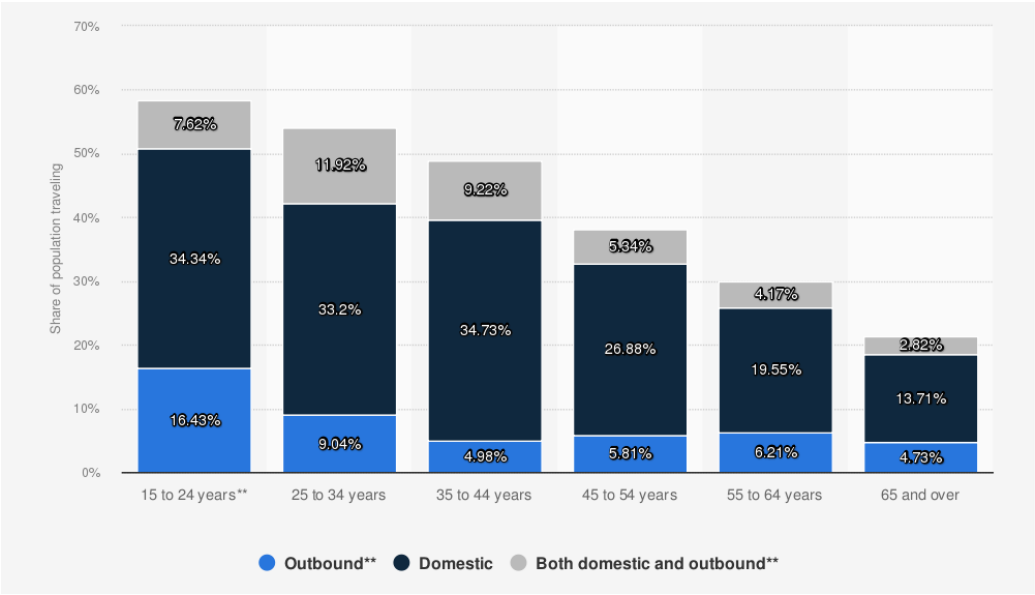


Figure 5: Share of population travelling in Croatia in 2019, by age group; Source: Statista

In addition, Table 7 provides information on the proportion of tourists who book their trip online or offline. Since 2017, an exponential increase of online booked tourist offers can be seen. In 2020, the turnover of the online travel and tourism market (due to the COVID-19 pandemic) in Croatia decreased to about 289 million euros, with about 800,000 people using such services. 55% of these purchases in the travel and tourism segment were made online, which is the same share as in the previous year. Statista estimates that the proportion of people booking such services online will continue to increase, reaching around 61% by 2025.

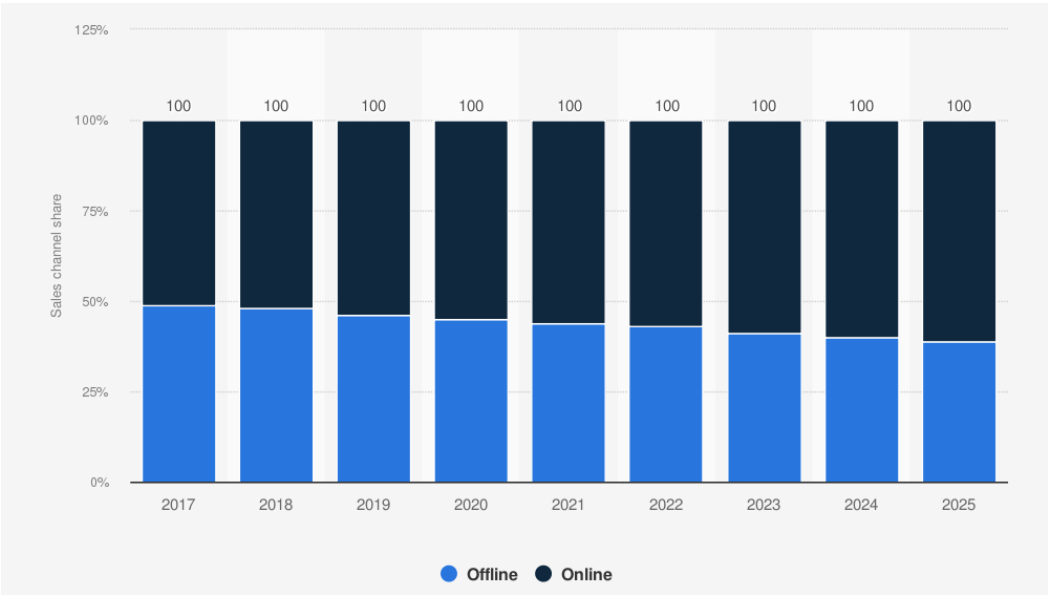


Figure 6: Distribution of tourism sales channels in Croatia, 2017-2025; Source: Statista

### 5.2.1 Quantification of market size

Current values from the most recent quarter or year are generally used to quantify market size. Due to the emergence of the global COVID-19 pandemic, which severely affected the tourism industry in particular, the year 2019 before the pandemic is used as a key comparative value, as international tourism was able to take place under normal circumstances at that time, thus revealing realistic figures.

Based on the preceding analysis of the overall tourism market in Croatia, the market size for the SOLResort project can be calculated:

#### General basic formula:

*Number of potential buyers + purchase frequency \* price = market size*

The number of potential buyers is calculated using the ratio (0.7 million users) from the following statistics (Table 8), which indicates the number of users of private and vacation accommodation in Croatia in 2019. This accommodation category also corresponds to that of the present project, which is why these users also represent potential users of the SOLResort.

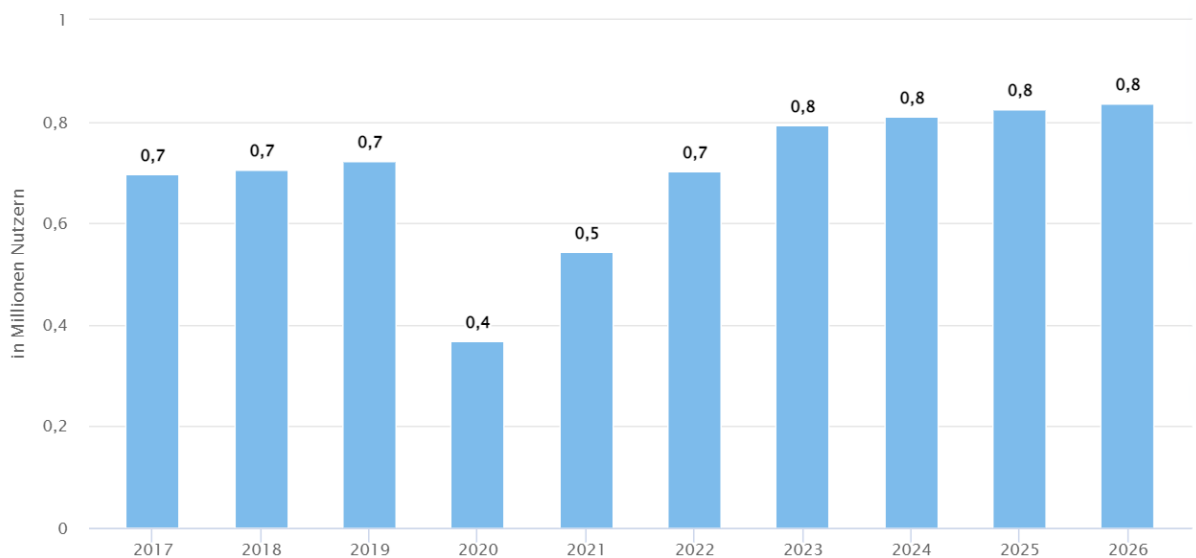


Figure 7: Number of users of private and vacation rentals in Croatia; Source: Statista

The variable "price", which is relevant for the calculation, is based on the analysis of the online survey, where the participants provided the following information:

## WHAT PRICE DO YOU THINK IS APPROPRIATE FOR THIS CONCEPT AND WOULD YOU BE WILLING TO PAY?

128 responses

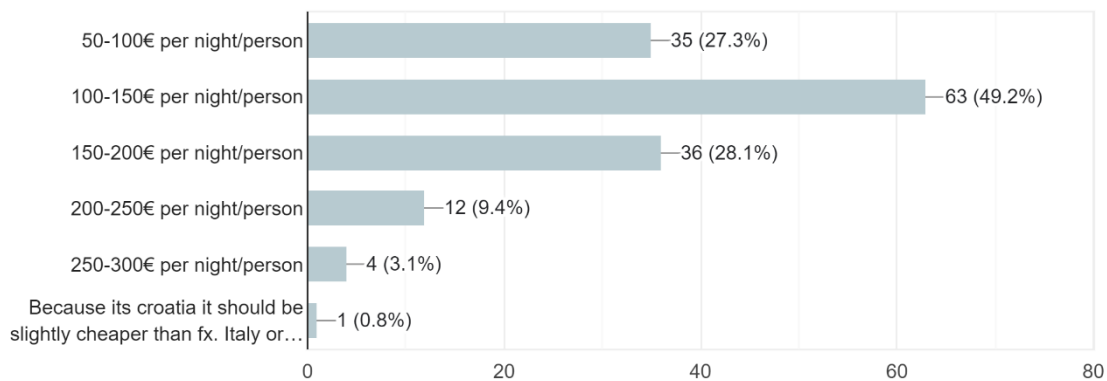


Figure 8: Survey evaluation – Pricing; Source: Online Survey

Of the participants, 49,2% indicate an average price between 100€-150€ per night and per person as a reasonable retail price they would be willing to spend on the SOLResort. Accordingly, on this basis, the middle of 125€ is chosen for the calculation. The average length of stay per tourist was 4.7 days in 2019 (WKO, 2021), which corresponds to the variable "purchase frequency".

$$0.8 \text{ million} + 4.7 \text{ days} * 125€ = 588.3$$

A market size of 588.3€ million can be forecast for the company. The determined value can be interpreted as positive and thus a positive forecast for the development of the market can also be derived.

## 5.2.2 Market growth and market potential

In line with Europe-wide trends, tourism in Croatia experienced a high boom in the last decade. International tourists record the largest share of the number of arrivals in Croatian accommodation and Croatia remains one of the most popular vacation destinations for European and international visitors even after the pandemic (Statista, 2021). The increased tourism demand in Croatia over the last decades had a positive impact on the accommodation sector, which also led to a greater interest in investing in this sector (Statista, 2021).

The following forecast is used to calculate the market growth of the relevant target market (private and vacation accommodation rentals in Croatia):

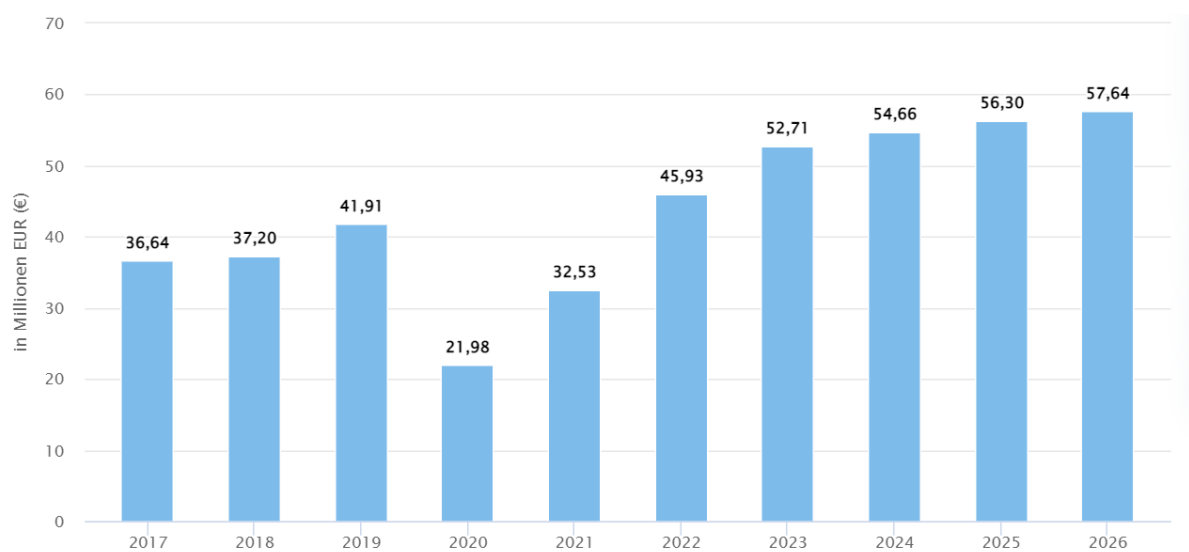


Figure 9: Turnover of private and vacation accommodation rental in Croatia, 2017 to 2025; Source: Statista

Hotels and professionally managed guesthouses are not included in the statistics. According to the forecast, the market volume will reach €57.64 million in 2026, representing an expected annual revenue growth of 5.84% (CAGR 2022-2026; Compound Annual Growth Rate). The segment of private and vacation accommodation rentals in Croatia has become steadily more popular in recent years and since 2017 (with the exception of the years affected by the COVID-19 pandemic), has recorded steady growth. In 2022, a turnover of 45.93€ million is already set, which is an increase compared to the relevant year under consideration, 2019. When calculating the market growth, the year 2019 (before the pandemic occurred) and its previous year are considered in the statistics.

The market growth metric shows the change in market volume compared to the market volume of the previous period. The following formula is used to calculate this:

$$\text{Market growth} = \text{change in market volume} / \text{previous year's market volume} * 100.$$

$$\text{Market growth} = 3,000,000 / 42,000,000 * 100 = 7.14\%.$$

In this case, the market growth rate is 7.14%, which is referred to as positive growth. The current market size and the estimation of the market growth lead to the market potential and this gives an estimation about the maximum size of the market that can be reached.

**Calculation formula:** *Market potential = number of potential customers \* average demand per customer*

The average length of stay per tourist was 4.7 days in 2019 (WKO, 2021), which corresponds to the variable "average demand per customer".

*Market potential = 0.8 million \* 4.7*

*Market potential = 3.76*

The estimated market potential is 3.76 million, assuming 100% saturation of the target market under consideration.

**5.3 Primary research – Online survey insights**

After the thorough analysis of the market and after the definition of the business concept, a further data collection was relevant, which better corresponds to the current reality and the requirements of the market. For this purpose an online survey has been carried out. The following are the survey results relevant to the market analysis and to the description of the target market. The full survey is included in Appendix A.

**Demographic data**

YOUR AGE:  
129 responses

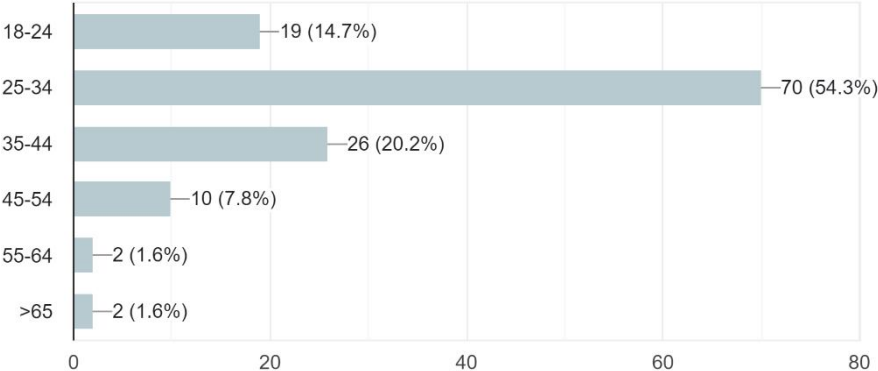


Figure 10: Survey evaluation – Age distribution; Source: Online Survey

The age distribution of the respondents is broadly distributed, which allows for a more far-reaching analysis of the results. The two age groups with the highest number of respondents (25-34 and 35-44) and the age group between 45-54 also represent the target groups for this project, which allows even more relevant conclusions.

YOUR ANNUAL GROSS INCOME  
129 responses

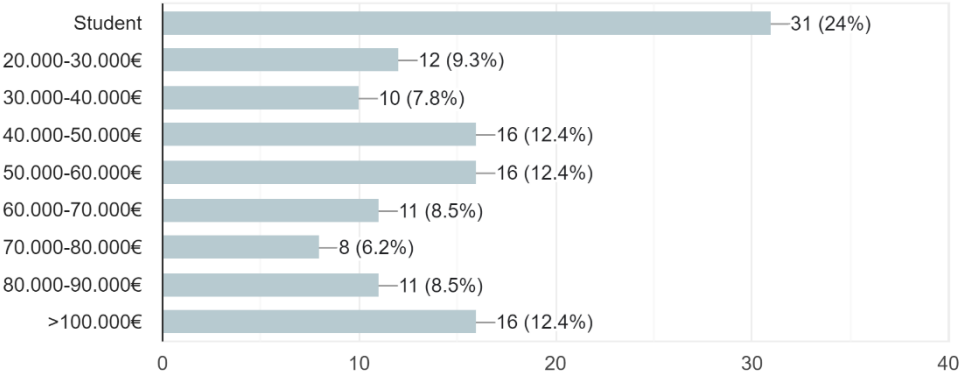


Figure 11: Survey evaluation – Income level; Source: Online Survey

To measure the purchasing power of the relevant target group, the "student" category, which does not yet have a regular income, is not considered in the analysis. Accordingly, the highest proportion of

annual gross income is between €40,000 and over €100,000, which represents a medium to higher income for the target group on average.

The majority of participants in the survey came from Germany, Denmark and Portugal (Appendix A). Here it should be noted that the survey was shared among friends and work colleagues across Europe, which is why this country distribution is obtained. The results are relevant to the extent that, according to the WTTC (2021), international tourists (especially from Europe) make up the largest share of tourist visitors to Croatia. Germany is on the first place from 2019 to 2021, representing one of the strongest buyers of tourist offers and services in Croatia (WTTC, 2021). Accordingly, with a majority of German participants, the survey provides realistic and important data.

### Customers preferences

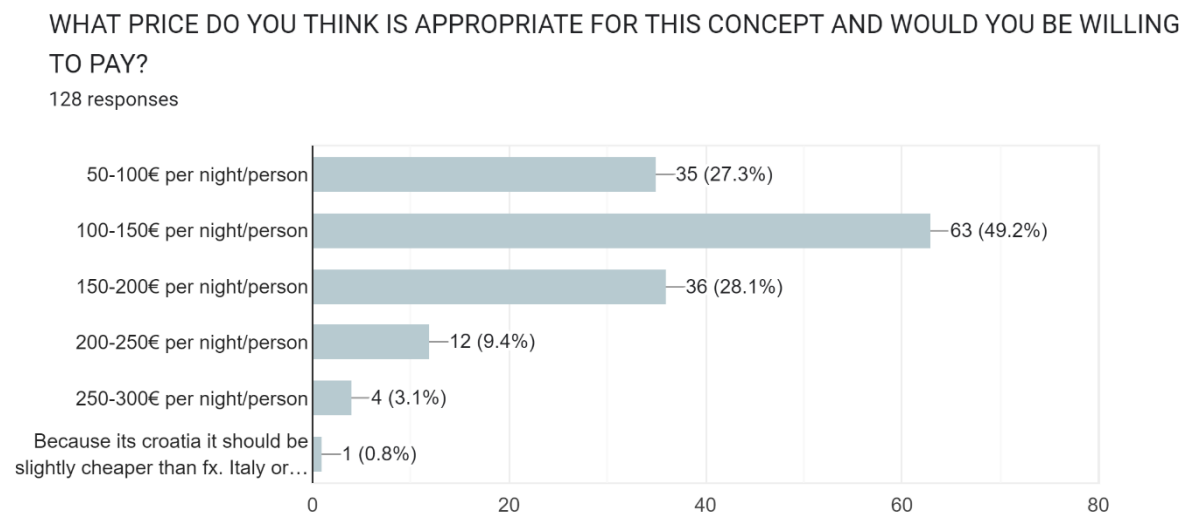


Figure 12: Survey evaluation – Pricing; Source: Online Survey

49.2% of the respondents, the majority of whom have a medium to higher income, state that a retail price of between 100€-150€ per night and per person is appropriate. 28.1% would also be willing to spend a higher price between 150€-200€ for this concept. It can be concluded that the majority of the participants are able to assign the quality and performance of this offer to a certain price. The target group attaches importance to a balanced price-performance ratio. The majority of respondents stated that they would book this offer with their family, partner or friends. The target group is therefore families, couples, friends and all other people who are interested in Croatia as a destination and favor sustainable self-catering vacation homes. In terms of what factors are most important to travelers when choosing their vacation home (Appendix A), 73.4% cited proximity to the beach, 71.1% cited the destination/place itself, 70.3% cited price, and also 70.3% cited quality. Other important factors are: view (62.5%), Pool (60.2%), free Wifi (53.1%), privacy (52.3%) and terrace (48.4%). In addition, the aesthetic and visual characteristics of a vacation home, which should have a green environment and pleasant ambience, play a higher relevance in the booking. The evaluation also shows that the



sustainability factor (25%) is becoming more and more important. The concept appeals to people who want to spend their vacation in a fully equipped stylish vacation home close to the beach and with a beautiful view, with emphasis on a harmonious price-performance ratio. The awareness of sustainable offer is increasing and can be an advantage over competing offers.

The target group books its vacation trips exclusively online on various booking platforms. Majority on booking.com (75%) or on Airbnb (66.4%). An important result for the definition of further marketing and sales strategies is direct booking on the accommodation website with 40.6%.

**Sustainability factors**

HOW IMPORTANT IS THE FACTOR SUSTAINABILITY TO YOU WHEN CHOOSING AND BOOKING YOUR HOLIDAY ACCOMMODATION? (1 = not at all im... = very important and decisive for my booking)  
128 responses

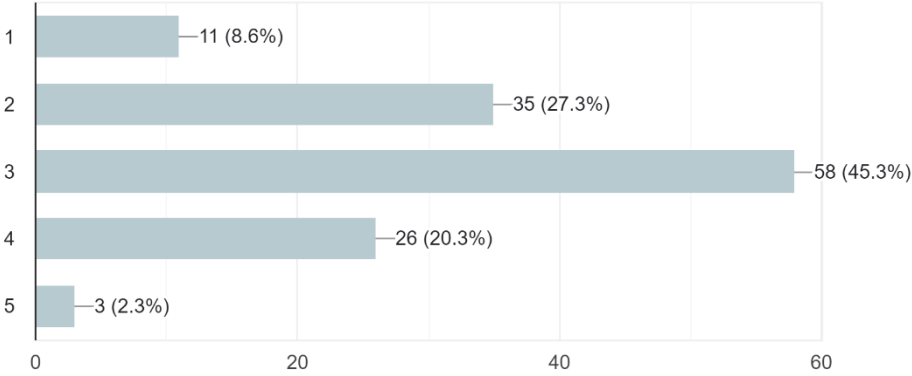


Figure 13: Survey evaluation – Importance factor Sustainability; Source: Online Survey

With regard to the topic of sustainability in tourism, 45.3% of respondents answered the question about the relevance of the factor sustainability when booking their vacation accommodation with a value of 3. The integration of sustainable aspects differentiates the tourist offer from the competition and is becoming increasingly relevant in the final selection and booking.

74.2% are of the opinion that new accommodation concepts must be sustainable in order to continue successfully on the market in the future (Appendix A). This also confirms the results of the previous literature review that sustainable tourism concepts are becoming essential.

## Customers opinion

WILL YOU LOOK FOR LESS TOURISTIC DESTINATIONS & FOR MORE UNTOUCHED PLACES DUE TO COVID-19?

128 responses

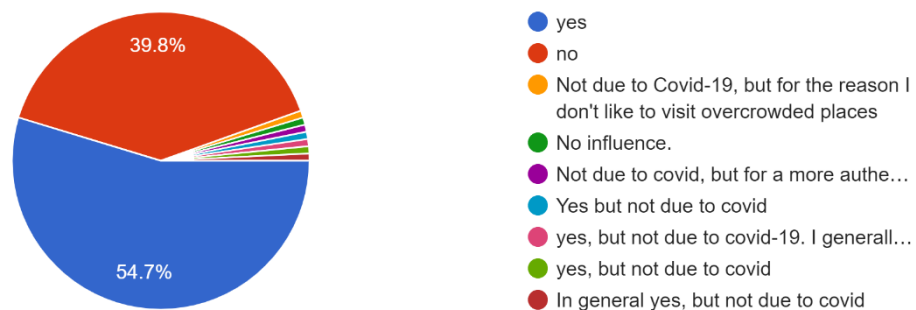


Figure 14: Survey evaluation – Influence pandemic on travel choice; Source: Online Survey

The COVID-19 pandemic and its effects have positively influenced tourist behavior, so that 54.7% want to avoid crowded destinations in the future and look for new and more unspoiled destinations. The SOLResort offers with its location a new, unknown and untouched by mass tourism destination and is therefore able to offer an offer that meets the changed customer needs.

WOULD YOU BOOK THIS HOLIDAY HOUSE-CONCEPT ON THE ISLAND OF SOLTA?

128 responses

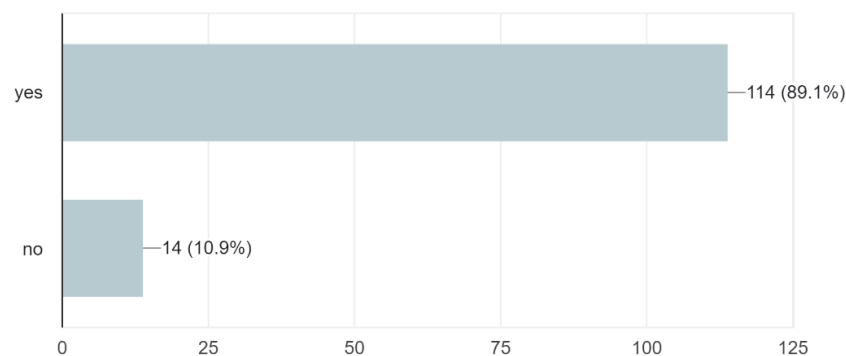


Figure 15: Survey evaluation – Rate of project acceptance; Source: Online Survey

For further confirmation of the market opportunities, participants were asked whether they would book this concept and 89.1% answered with yes. Such a high level of approval means that the concept, if implemented correctly, will be well received by a clear majority of the population and has real chances of success. The last question of the survey, where customers were asked what they like the most about the business concept, confirms that a concept mix of the central factors location, design and sustainability represent a holistic concept that is accepted by customers (Appendix A).

## 5.4 Porter's Five Forces

In the following paragraph, all relevant factors that could have an impact on the business environment are identified and analyzed. In doing so, the factors and stakeholders are examined according to Michael Porter's Five Forces model.

### Threat of New Entrants

The market entry of new competitors usually leads to a less favorable supply/demand ratio with regard to the company's own capacity utilization. The threat of new entrants depends on the level of barriers to entry. In this case, higher barriers mean a more protected position for SOLResort and at the same time increases the attractiveness of the industry. The following market entry barriers exist:

- **Economies of scale:** new competitors usually achieve a lower sales volume at the beginning and thus have a cost disadvantage. The SOLResort can establish itself on the market relatively quickly due to the confirmed high acceptance of the concept (survey results Appendix A), with a cost advantage over new competitors.
- **Product differentiation:** Strong differentiation from the competition usually increases customer loyalty, which makes it more difficult for new competitors to win customers. Clear communication and highlighting of the USP's in SOLResort's marketing mix should achieve a clear product differentiation from the competition.
- **Capital requirement:** A high investment requirement in e.g. technology, research, development, infrastructure or marketing, enables ostensibly capital-strong companies to enter the market. The main capital requirement of the SOLResort is manageable, because the largest investment costs are one-time construction costs. The low capital requirement increases the attractiveness of entering the market.
- **Access to distribution channels:** A new competitor has less favorable sales opportunities if important distribution channels are already tied up or occupied. For this reason, SOLResort aims to achieve a high positive rating rate on the most important booking portals in order to appear in the first places for accommodation advertisements within the portal. This makes it more difficult for new competitors to establish themselves on these sales channels.

### Bargaining Power of Suppliers

When there are a limited number of potential suppliers, they have strong bargaining power and can increase their offer prices and thus reduce the profitability of a buyer industry. Indicators of high bargaining power of suppliers are:

- **High supplier concentration:** a monopolistic market structure among suppliers leaves the company with few fallback options to alternative suppliers and makes it easier for them to impose high prices. This project relies on various raw material suppliers during the construction phase, which can enforce higher prices due to the global shortage of raw materials (e.g., wood, steel).
- **Low availability of substitutes:** The suppliers necessary for the SOLResort are represented several times on the market, which is why supplier superiority does not occur in this case.
- **Low importance of purchasing for the supplier:** I.e. the purchasing volume with a supplier represents only a small part of its total turnover for this supplier. The purchasing volume in this project is relevant because there are sufficient suppliers of every company size on the market.

### **Bargaining Power of Buyers**

The customer group has a bargaining advantage if the following is true:

- **Low differentiation of the company:** the SOLResort differentiates itself at the planned location with regard to several USP's compared to the competition (location, design, amenities, sustainable aspects). This reduces the risk of insufficient differentiation compared to the competition.
- **High availability of substitutes:** On the Croatian tourism market, there are currently few to hardly any comparable sustainable vacation accommodations in the mid-price segment. Consequently, there are few equivalent substitutes available to the customer, which reduces the customer's negotiating advantage.
- **High importance of the respective sale in terms of purchasing volume:** In the case of SOLResort, the greater negotiating power in the introductory phase lies with the customer group, as the purchasing volume of a customer accounts for a high proportion of the company's total sales.

### **Threat of Substitute Products or Services**

The threat of substitute products is understood to mean substitutes that fulfill similar customer needs but are currently perceived differently by the customer. These can address other customer groups or be sold in other regions. Such substitute products or services have a negative impact on the attractiveness of the industry, as there is a risk that customers could switch to them if necessary.

Possible factors influencing the threat of substitute products or services are:

- **Price/performance ratio:** if that of the substitute products is better compared to the company's own offering, the risk that customers will switch to or prefer the latter increases. There are several possible alternatives to the SOLResort, but it is distinguished by some unique selling points that are difficult to copy (such as location).
- **Switching costs:** In the case of the SOLResort, there are no costs for the buyer to switch to a substitute product or service. The buyer can choose another vacation accommodation on one of the booking platforms free of charge. Therefore, one of SOLResort's strategies to counter this risk is the introduction of a loyalty program. With each new booking of SOLResort's, the customer receives a certain discount, which can increase to a certain maximum with each new booking. If the buyer switches to a replacement product, the amount of the loyalty discount stagnates.

### **Rivalry Among Existing Competitors**

Porter defines the fifth factor within the industry structure analysis as rivalry among competitors. Thus, the intensity of competition also has an influence on the attractiveness of the industry. A high level of competitive rivalry manifests itself either in the form of price competition (competitors undercut each other in terms of prices) or as performance competition (competitors outbid each other in terms of product quality and additional services), which increases costs. Both forms of this competition have a negative impact on market attractiveness. Relevant influencing indicators on the degree of competition intensity within the industry are:

- **Number of competitors:** a high number of competitors increases competitive pressure, which in turn reduces the company's own profit. The following competitive analysis of this project shows that SOLResort has few direct competitors in the region, which reduces competitive pressure and maximizes its own profit.
- **Industry growth:** In fast growing industries the number of competitors is usually less than in slow growing or shrinking industries. The tourism industry in Croatia and worldwide in terms of sustainable development is still a rather slow growing industry, which is why the risk of an increasing number of competitors is higher for SOLResort.
- **Product differentiation:** High differentiation within the competitive rivalry reduces the interchangeability of products or services.
- **Brand loyalty:** Strong customer loyalty to the brand gives the company a competitive edge and thus reduces its competitive rivalry in the industry. SOLResort wants to create this competitive advantage by means of the corporate goal of generating a high level of customer satisfaction and the loyalty program described above, whereby every guest is to become a returning guest.

**Attractiveness Overview**

The preceding analysis of the individual competitive forces indicates that this market has a medium to high level of attractiveness. There are clearly some challenges that need to be considered, but the fact that this is a growing market that will be essential for successful sustainable tourism development in the future is a decidedly positive sign.

<b>PORTER'S 5 FORCES</b>	<b>POWER</b>
Threat of New Entrants	Low/Medium
Bargaining Power of Suppliers	Low
Bargaining Power of Buyers	Low/Medium
Threat of Substitute Products	High
Rivalry amongst Competitors	Medium
<b>Global Attractiveness</b>	<b>Medium-High</b>

Figure 16: Porter’s 5 Forces – Attractiveness Overview; Source: Own elaboration

## CHAPTER 6

### Internal and External Analysis

#### 6.1 Direct competitors

Entering the Croatian tourism market means national competition. SOLResort's tourist offer will encounter direct competitors such as vacation home providers and hotels/resorts with their own separate vacation homes, which have sustainable components in their concept and offer.

By segmenting the existing offers in the target market, direct competitors can be categorized according to their concept, location, facilities and booking price. SOLResort's direct competitors can be classified as follows: Remote cottages integrated into the surrounding nature, which combine sustainable aspects in their offer and whose booking prices are on average between 100-290€ per person and per night. Some of these competitors are:

- Croatia Holiday Villas, Island Solta.  
[www.est-hotels.com](http://www.est-hotels.com)
- Villa H63, Island Solta.  
[Villa H63 \(Kroatien Stomorska\) - Booking.com](http://Villa H63 (Kroatien Stomorska) - Booking.com)
- Maslina Resort, Island Hvar.  
[Home | Maslina Resort](http://Home | Maslina Resort)
- D-Resort, City Sibenik.  
[www.dresortsibenik.com](http://www.dresortsibenik.com)

#### 6.2 Indirect competitors

Indirect competitors of SOLResort's are all participants offering vacation homes on the online booking portals as well as alternative vacation offers. Some of them are:

- Similar Vacation Homes in the Mediterranean
- Hotels/Resorts in the Mediterranean
- Boat rentals
- Other southern destinations

#### 6.3 Marketing mix of direct competitors

The 4 P's (Product, Price, Place, Promotion) of the Marketing Mix of direct competitors are analyzed to evaluate their strategies, activities and positioning.

Marketing Mix of direct competitors				
4 P's	Competitor A (Croatia Holiday Villas)	Competitor B (Villa H63)	Competitor C (Maslina Resort)	Competitor D (D-Resort)
<b>Product</b>	Product: 4 holiday houses (220-270m <sup>2</sup> ) with sea view in different design/size and location; Service: Cleaning service; Free boat mooring; Design: Traditional, Classic, Minimalistic, raw material natural stone of the island	Product: 1 holiday house (350m <sup>2</sup> ) with private sea access; Service: cleaning service, grocery delivery; organic vegetable garden; Design: stylish, colorful, hip	Product: Hotel incl. 3 separate vacation villas (300-500m <sup>2</sup> ) with different interior design and direct sea access; Service: Daily cleaning service, laundry service, breakfast included; Organic vegetable garden; Airport transfer Design: Luxurious, Lifestyle, Modern, Simple and harmony expression, Natural materials	Product: Hotel incl. 3 vacation villas (150m <sup>2</sup> ) in identical design; Service: Daily cleaning service, laundry service, breakfast included; Design: High-quality to luxurious, Natural materials, Stylish/modern, Minimalistic
<b>Price</b>	Mid-price positioning	Mid-price positioning	Premium Pricing	Medium- to high-price positioning
<b>Place</b>	Distribution via online booking platforms (booking, tripadvisor, AirBnbB, fewo-direkt) and own booking tool on internal website	Distribution via online booking platforms (booking, tripadvisor, readytotrip, lonelyplanet, zenhotels, trivago)	Distribution via own booking tool on internal website and via online booking platforms: booking, relaischateaux, tripadvisor, holidaycheck, journeydeluxe, lifestylehotel.net, hotels.com	Distribution via own booking tool on internal website and via online booking platforms: booking, tripadvisor, holidaycheck, kiwicollection, slh
<b>Promotion</b>	Promotion on Website, Search Engine Marketing, Word-of-mouth	No existing Website or Social Media activities, only presented and active Marketing/Sales on booking platforms, word-of-mouth	Social Media Marketing: Instagram, Facebook; Website and integrated Blog/Landing Page; Search Engine Marketing; Influencer Marketing	Social Media Marketing: Instagram, Twitter, Facebook; Website for the product, Search Engine Marketing

Table 3: Marketing-Mix of direct Competitors; Source: Own elaboration



After analyzing indirect, direct competitors and their Marketing-mix, following competitive advantages for the SOLResort can be defined:

- Sustainability leadership
- Price-Performance ratio
- Strong customer integration
- Greater customer relationships
- Location

The following are the Critical Success Factors, which represent the fundamental objectives in the key areas of the company and must be achieved in order to in turn achieve the strategic objectives:

- Sustainability in all possible aspects to meet customer and market expectations.
- Equipment that exceeds the industry standard
- Integration of technological innovations in order to stay ahead of the competition
- To be perceived as a sustainable vacation offer

#### **6.4 PESTEL Analysis**

The PESTEL analysis evaluates the impact of external factors on the company. Based on 6 different factors (Political, Economic, Social, Technological, Environmental, Legal), it is possible to find out what effects external developments can have on a company's strategies. The following opportunities and threats for the present business model can be derived from the trends and developments:

**Political:** In the political sphere, stricter regulations in the environmental sector, increased safety requirements as well as the introduction of the Euro and the price development represent central trends and changes and mean both opportunity and risk for Croatian tourism.

**Economical:** In the economic sector, the increasing focus on quality and the strong importance of tourism for the regional economy are strong drivers of future opportunities and risks.

**Social:** In social terms, the confrontation of globalization and regionalization as well as demographic change and the increasing change in values represent central drivers.

**Technological:** In the technological area, the changes in distribution and pricing in particular pose a major challenge to the industry and are seen as a risk. In addition, digitization also means considerable innovation potential for the entire tourism network.

**Environmental:** In the ecological field, increasing awareness of sustainability issues on the supply and demand side creates opportunities to position tourism as a pioneer. The greatest risk is the rebound

effect due to the strong growth in tourism, which means that despite efficiency gains, there are no resource savings.

**Legal:** In the area of the rule of law, regulations in the industry such as specific requirements or licenses to act as a sustainable tourism can be opportunity and risk.

PESTEL dimensions	Opportunities	Trend/Change	Threats
<b>Political</b>	Quality enhancement for the industry	<b>Stricter regulations in tourism sector (e.g. to reduce mass tourism and foster sustainable tourism forms and development)</b>	Necessary investment projects are prevented/slowed down
	Redirection of guest flows to Croatia due to threat in other countries; Advantageous more protected Croatia coast location	<b>Stability and security in the age of pandemics and annexations</b>	Avoidance of travel, as guests are not able to assess the threat situation
		<b>New currency introduction and price development</b>	Increasing pressure on other sales arguments (e.g. quality); Increasing pressure on politics; Price competitiveness continues to decline decreasing
<b>Economical</b>	High quality service with high quality level in establishments and destinations	<b>Quality focus</b>	Low quality of service and therefore a lack of understanding of quality in certain establishments and destinations
	Potential for the expansion of year-round offers in certain regions; Greater independence from tourism due to promotion of social innovations	<b>Significance of tourism for regional economy</b>	High dependence on tourism in peripheral tourist destinations; Danger of monoculture; Under certain circumstances structural preservation instead of streamlining
<b>Social</b>	With regional offers developing an USP (Unique selling proposition)	<b>Globalization vs. regionalization</b>	Increasing international competition among the destinations
	Potential for new guest segments	<b>Demographic change</b>	Change in the guest mix also means new/higher demands on the offer and the employees

	Individualized and personalized services mean tourism potential; Need for balance in nature	<b>Change of values</b>	Multi-optionality leads to interchangeability and short-term demand
<b>Technological</b>	Potential for using synergic effects for complete and online bookable overall offer (process optimization, cost reduction, attractiveness increase); Dynamic potential for cooperations; Faster analysis of guest preferences through online ratings; Higher potential to develop products based on guest needs; Augmented and virtual reality complement the tourism product and offer innovation potential	<b>Digitalization</b>	Digital intermediaries gain market power and claim margin; Understanding of marketing changes significantly within a short period of time; Information asymmetry between guests and suppliers is reduced and can have an impact on the pricing
<b>Environmental</b>	Broadening and strengthening sustainable offers at all service providers and in all parts of the service chain; Taking over a pioneering role for other industries/sectors	<b>Raising awareness for sustainability</b>	Sufficient willingness to pay for sustainable products/offers still low; Environmental awareness higher than environmental action
<b>Legal</b>	Leads to a transition to open and global systems; Promotes accountability and awareness to combat corruption	<b>Changing trust in (political) institutions</b>	Higher requirements for process and interest disclosure

Table 4: PESTEL Analysis; Source: Own elaboration

## 6.5 SWOT Analysis

The following SWOT analysis examines strengths, weaknesses, opportunities and threats, considering internal and external factors that can affect the tourism business.

INTERNAL ANALYSIS	EXTERNAL ANALYSIS
<p>Strengths</p> <ul style="list-style-type: none"> <li>- Innovative and novel concept</li> <li>- Advantageous location: unaffected of mass tourism, unspoiled nature (new need due to Covid-19)</li> <li>- Pioneer in region regarding sustainability aspects</li> <li>- Concept runs self-sufficiently</li> <li>- Existing property minimizes investment costs and risks</li> <li>- Price/performance ratio</li> <li>- Good local network of entrepreneur</li> </ul>	<p>Opportunities</p> <ul style="list-style-type: none"> <li>- Market leader position of sustainable accommodations in Croatia</li> <li>- Increasing demand of sustainable concepts and pristine destinations due to Covid</li> <li>- Using trends of individualization, authenticity, rising sustainability awareness</li> <li>- Expansion by further house units → increase in sales revenue</li> <li>- Supplementation of the offer to additional services (e.g., boat rental, restaurant) → opportunity of additional turnover</li> </ul>
<p>Weaknesses</p> <ul style="list-style-type: none"> <li>- Location is missing direct sea access/private beach section</li> <li>- Greater travel effort to an island (ferry is a requirement)</li> <li>- Conditional dependence of a means of transport (sprawling island with inadequate public transportation)</li> <li>- Limited knowledge/experience regarding business start-up and development</li> </ul>	<p>Threats</p> <ul style="list-style-type: none"> <li>- Entry of new competitors with rival concepts</li> <li>- Existing competitors adapt or further develop their portfolio</li> <li>- Unforeseen catastrophes like Covid-19</li> <li>- Unused capacity caused by changes in customer needs, emerging new trends, other external factors</li> <li>- Changes in regulations</li> </ul>

Table 5: SWOT Analysis; Source: Own elaboration

Taking the input from the internal and external analysis further, the SWOT analysis can be analyzed further by developing the dynamic SWOT analysis. This shows how the individual elements relate to each other and how they can be used to improve the corporate strategy. The following table illustrates the dynamic SWOT analysis for the SOLResort company.

	<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<b>OPPORTUNITIES</b>	SO Options	WO Options
	<ul style="list-style-type: none"> <li>- S1-O1: Communicate innovative and differentiating factors to stand out from the competition and taking advantage of a still underdeveloped market and leading the way as an innovator</li> <li>- S2-O2: Guarantee price stability for a balanced price-performance ratio</li> <li>- S3-O3: Active marketing of sustainability aspects to benefit from increasing consumer awareness (Smart technologies, renewable Energies/raw materials, Activation low season...)</li> </ul>	<ul style="list-style-type: none"> <li>- W1-O1: Clearly communicate and highlight USP's in order to leverage market leadership (consistent Branding on all sales channels)</li> <li>- W2-O2: Complementing the existing offering (extension of the target group approach; increase in turnover e.g. Boat rental/own restaurant)</li> <li>- W3-O3: Capitalize on the growing awareness and the increased need for individual and authentic customer experiences (holistic integration of guests, personalized activities)</li> </ul>
<b>THREATS</b>	ST Options	WT Options
	<ul style="list-style-type: none"> <li>- S1-T1: Sustained differentiation from the competition through innovative and continuous further development to motivate travelers to keep on booking and return</li> <li>- S2-T2: Ensure consistent price stability to give certainty and to activate for rebooking (financial security)</li> <li>- S3-T3: Rapid response/flexibility to external influences in order to stay competitive</li> </ul>	<ul style="list-style-type: none"> <li>- W1-T1: Offer a holistic and differentiated range of products and services</li> <li>- W2-T2: Flexibility in all situations to be prepared to react to unpredictable situations like COVID-19</li> <li>- W3-T3: Perceive changes and trends, observe and act/react in time to remain competitive and fully booked</li> </ul>

Table 6: Dynamic SWOT Analysis; Source: Own elaboration

## CHAPTER 7

### Business Plan's Objectives

This innovative business plan aims to establish a novel sustainable accommodation concept on the Croatian island of Solta. Using the S.M.A.R.T. method (Doran, 1981), the following objectives are established for SOLResort's business approach. According to this approach, the objectives must be specific, measurable, achievable, relevant, and defined in terms of time, and are subsequently divided into short-, medium-, and long-term objectives. The basis for the formulation of the objectives is the vision and mission of the company.

**Vision:** *To be one of Croatia's leading providers of innovative and sustainable vacation where people enjoy original experiences reduced to the most essentials.*

**Mission:** *We enable original vacations by focusing on the essential values, acting authentically, thinking and living sustainably, and constantly evolving with new ideas and technologies.*

#### 7.1 Short-term objectives

The short-term goals set the direction and a realistic target implementation for the next 1-3 years.

**Specific:** SOLResort should be among the leading providers of sustainable vacation homes in terms of reputation and booking rate in Croatia (measured by online bookings and online presence).

**Measurable:** SOLResort should be fully booked in the high season (June-August) and receive at least 90% positive reviews (Measurement based on bookings and online ratings).

**Achievable:** In order to be among the leading providers of sustainable vacation homes in Croatia, a marketing activity should be implemented on a monthly basis that increases the booking probability and awareness (measured by the number of new leads and followers).

**Relevant:** A listing among the leading providers of sustainable vacation homes in Croatia increases the booking rate and reputation.

**Timeframe:** Within three years, the company is expected to have established itself as the leading provider of sustainable vacation home accommodation in Croatia.

## **7.2 Medium- to Long-term objectives**

The medium to long-term objectives refer to the period for the next 5-10 years, which continue to form the basis for the financial plan as well as the business strategy. One of the medium to long-term objectives is a gradual start-up, i.e. it should first serve as an additional source of secondary income and in 5-10 years provide the livelihood of the founder. A long-term goal is to expand with additional house units on the existing location or add another location on the island.

## CHAPTER 8

### **Development Strategy**

The development strategy describes the business activities to be used to achieve the above objectives. According to the Ansoff Matrix, there are four different development strategies: Market Penetration, Product Development, Market Development and Diversification. For the business model of this business plan and its objectives, the Product Development Strategy is the strategy identified as the most target-oriented. By means of the Product Development Strategy, the company focuses on introducing a new concept to an existing market. The company has a strong understanding of the current market and is able to offer an innovative solution/alternative to the existing market. Therefore, business development focuses on the following strategies:

#### **Product Development Strategy**

The accompanying literature review has already revealed the market potential and emerging need for sustainable vacation destinations and accommodations. The current business idea recognizes the need in the market and for this reason develops the present concept to meet this need. Therefore, the development strategy is strongly focused on establishing the concept on the island and wider region as well as with the defined target group. A constant adaptation and further development of the concept, as it can always be influenced by external changes, new innovations and trends, forms the basis of this product development strategy. In terms of long-term goals, the most important product development strategy is to expand in the region.

#### **Marketing and Sales strategy**

In order for the business model to be successful, it is necessary for the company to have a strong presence on the relevant booking platforms, especially during the launch phase. The majority of the marketing budget is used for this at the beginning, until the company has established itself by means of a consistent branding strategy to such an extent that the majority of bookings are made via its own website. The development strategy uses marketing activities such as an SEO strategy and online promotion to attract prospects, build engagement and generate leads.



## CHAPTER 9

### **Definition of Implementation policies**

To develop a targeted and efficient marketing strategy, it is important to define the direction of the company. For this purpose, the STP approach (segmentation, targeting, positioning) according to Philip Kotler is applied in the following section. The approach pursues a differentiated market approach, which means that the entire market is subdivided and the focus is directed exclusively to the most lucrative segments. In the context of market segmentation, the focus is on the customer and the development of customer values and profitable customer relationships. The marketing strategy raises two key questions. Firstly, which customers are served (segmentation and targeting) and secondly, how appropriate customer values can be created for the target group (differentiation and positioning). Subsequently, the customer benefit can be transferred precisely to the previously defined target group by means of target group-specific marketing activities. Meanwhile, the holistic marketing strategy is defined on the basis of the primary data collected from the online survey and the results of the literature research.

#### **9.1 STP model**

##### **Segmentation**

Segmentation is elementary for reaching the right target group and is based on the criteria of demographic, psychographic and geographical characteristics, as well as on the buying behavior of the target group. Taking into account the results of the analysis of the Croatian and international tourism market and after evaluating the online survey, the segmentation focuses on European tourists, which contribute the largest share to the Croatian tourism turnover. The evaluation results in following segmentation criteria:

In terms of demographic characteristics, female and male young to mature adults aged 30-55 can be analyzed as heterogeneous consumers living in a partnership or marriage with an average household size of 2-4 persons. According to the previous market analysis, the potential consumers are EU citizens and numerous from neighboring countries of Croatia. In terms of socio-demographic characteristics, the middle to higher income is characteristic, as well as a well-educated level of education. In terms of psychographic criteria, the relevant customer group consists of people who choose a healthy and conscious lifestyle. Some of the consumers are particularly attracted to nature and spend a lot of time outdoors. In general, these consumers do more outdoor sports, have a stronger environmental awareness and reflect on a simpler lifestyle. The other part, on the other hand, also values aesthetics and comfort. The SOLResort appeals to these two customer segments with its concept of minimalism and reduction to the essentials, as well as the simultaneous comfort and lifestyle factor. Consumers

are aware of the tourism impact and are willing to contribute to a more positive development through their own actions. Their open-minded and tolerant behavior allows them to be open to new concepts and approaches, and they form their own conclusions after their own testing. Values such as closeness to nature, family and friends, naturalness, authenticity and individuality are important to this customer group. Due to the Covid-19 pandemic, they are more interested in less touristy and remote destinations and accommodation concepts. They are sensitive to balanced price-performance offers and recognize them as such relatively quickly. The behavior-based characteristics reflect the decision-making pattern as well as the buying behavior of the customer group. They prefer regional purchases and try to consume consciously and sustainably. Quality and transparency are decision-relevant factors as well as an adequate price-performance ratio. They are digital users who book their trips on various online booking portals. They have an Instagram account on which they gather inspiration and ideas for their next trip. The target group recognizes a balanced price-performance offer and is therefore willing to spend money accordingly. These heterogeneous lifestyles require adapted marketing strategies and products. In order for these two groups to accept the SOLResort offer, the brand experience must fit their lifestyles.

The SOLResort company has split its customers therefore into three segments, because it is too costly to create different packages for more groups than this:

**Segment A** is made up of young couples/professionals, who are primarily interested in eco-friendly, high-quality and aesthetic vacations in undiscovered and untouched places.

**Segment B** consists of middle-class couples and families, who want safe, eco-friendly and family-friendly vacation packages with all needed equipment on site that make it easy to travel while enjoying authentic experiences.

**Segment C** comprises upscale retirees, who are looking for aesthetic and nature vacations far away from mass tourism in untouched places.

### **Targeting**

The next step after segmentation is to select a target segment with a corresponding offer. Different strategies can be pursued here. In case of this business model a segment with a specific product will be targeted, which is called niche strategy. The offer fits specifically to the characteristic of the target segment, which serves for the demarcation from other segments. The segment strategy of the present business project is chosen for the market launch of "SOLResort". The product is specifically linked to the attributes sustainable, nature-loving and aesthetic and comfortable. These specifically address the target segment and increase sales figures through an adapted concept.

The SOLResort company analyzes a mix of the three segments as their main target segment as the segments overlap with several factors within their customer groups. According to the findings the company will focus on couples, families and married couples aged between 30-55 years. SOLResort's target group are therefore travelers who appreciate minimalist and high quality design and are enthusiastic about sustainable and innovative concepts that provide authentic and individual travel experiences, are in harmony with nature and local culture and at the same time contribute a positive aspect to sustainable development. For that, the decision is to focus on this Segment as this segment size is big enough with the highest potential.

### **Positioning**

Positioning consists in creating a significant, positive and differentiated image of the company in the mind of the customer.

#### **Points of parity**

The parity points represent the industry-specific commonalities that are shared by the competition and, accordingly, are the industry standards that legitimize the business model at hand in its field.

- Innovative concept
- Fulfillment of vacation accommodation standards and requirements
- Balanced price-performance ratio
- Equivalent vacation home facilities

#### **Points of difference**

The points of differentiation are the unique features of the company SOLResort, which creates the advantages over the competition:

- Location (hillside plot on Solta Island, embedded in nature)
- Architecture of the houses
- Active integration of guests (participation and involvement in certain places as well as participation in local activities/traditions possible)
- Equipment and interior design

The SOLResort rents vacation homes and targets all travelers with a desire for a conscious vacation in an aesthetic accommodation, in order to have authentic and original experiences, while contributing to the sustainable development of the destination. Accordingly, SOLResort appeals to customers who

want to combine an authentic tourist experience, sustainability and design. Price-wise, the company positions itself as an "affordable luxury" in the minds of customers. SOLResort offers customers an innovative way to enrich their tourism experience by showing them what original vacations can look like and making them feel like they are making a positive sustainable choice when booking their vacation. The concept is characterized by its minimalism in all aspects, making it easier for SOLResort's guests to focus on the essentials. Thus, there should be as few distractions as possible for complete focus and contemplation. The vacation homes are embedded in the surrounding nature of the destination, the Croatian island of Solta. Thus, customers are offered a vacation location far away from mass tourism. The design is also minimalist in character and with the use of natural materials, as well as harmonious color schemes and accentuated details, the feel-good factor is taken into account.

With an innovative concept, SOLResort now wants to present its offer worldwide, gain recognition and establish itself as one of the leading providers in this segment. The company wants to position itself on the tourism market as a pioneer of thoughtful and innovative vacation accommodation that makes a positive contribution to sustainable tourism development.

**SOLResort's Brand Positioning:**

For conscious travelers, who want to spend their vacation in a sustainable and high-quality aesthetic holiday house, reduced to the minimalist necessary at equivalent prices.

**SOLResort's values:**

- Loyalty
- Accountability
- Passion
- Diversity and inclusion
- Mindful
- Impact
- Environment

## **9.2 7 P's of the Marketing Mix**

The 7 P's (Product, Price, Place, Promotion, People, Processes and Physical Evidence) of the marketing mix define the marketing instruments and activities for the implementation of the marketing strategy.

### **Product**

The product or service described are six identical holiday houses, which are integrated into the surrounding nature on a hillside plot. The product design is characterized by its minimalist architecture, which is adapted to its environment and is in harmony with it. Characteristic is the material mix of the renewable raw material wood and the regional stone of the island, which represents a design mix of "original/traditional" and at the same time "modern/innovative". The design features both exterior and interior natural and sustainable materials. All rooms are designed to be bright and flooded with light due to the modern floor-to-ceiling glass fronts around the entire house, thus offering views of the green surrounding vegetation and the open sea from every room. The interior design is very friendly and homely due to the use of lots of light wood as well as earthy and natural tones. The design of different and detailed zones and corners with cheerful color accents and different light sources creates a pleasant and secure ambience. Each of the houses is generously designed and offers enough space for free expression, especially in the living and outdoor areas, where guests spend most of their time. The outdoor area of the product is also characterized by carefully landscaped and varied green spaces. The olive and fig trees, which are numerous on the property, are integrated into the gardens and partially into the interior of the houses.

The offered product has a spacious and comfortable interior, so that everything necessary as well as beyond a conventional basic equipment is available. The SOLResort also functions largely self-sufficiently, uses renewable energies such as solar power, and employs smart technologies, which are further features of the product design that are partly visible externally. The results of the online survey (Appendix A) confirm that, in summary to the product description, the factors quality, design, price, view, privacy, ambience and sustainability are relevant features and correspond to the SOLResort's target group.

### **Product quality**

The results of the survey show that the target group attaches great importance to the quality offered and that this is one of the most important factors when choosing and booking their vacation accommodation. The company's target group is made up of conscious people who appreciate high quality and are therefore prepared to spend more on it. Due to the carefully selected material quality, the existing equipment as well as the offered services, it is a high product quality offered in the target market, which also justifies the medium to high price segment. The company positions itself as a

provider of high-end vacation homes that stands for quality and high standards and can be declared as luxurious in many aspects. Guests should associate the SOLResort with outstanding quality.

### **Product differentiation**

The core of the product benefit is the offer to experience original vacations reduced to the essentials. The use of a sustainable vacation home, embedded in nature and far away from mass tourism offers authentic and conscious experiences and each user promotes at the same time with his choice of the SOLResort's the sustainable tourism development. This is made possible by a differentiated concept that combines several components and thus creates a novel offer on the target market: Sustainability, Innovativeness, Digitalization, Regionality, Diversity, Minimalism and Design. An advantage or unique selling point of this concept is the holistic and individual integration of the guest, who has the opportunity to participate and contribute in various areas (e.g. olive harvest, production of their own olive oil, cultivation/care/harvest of the vegetable and herb gardens). Authentic and sustainable experiences, the return to the essentials and core values and personal free development are the core of differentiation and product benefits.

### **Brand strategy**

Brand strategy is composed of the intangible elements that create and influence brand awareness, brand equity and brand sentiment over time. Brand strategy encompasses the reputation of the company and its products, and the strategic plan behind it includes the value, market position, purpose, vision and ideal customer of the brand. A comprehensive brand strategy consists of six key components:

**Consistency:** The SOLResort aligns every step with their brand message and strategy consistently across all platforms to gain brand recognition and customer loyalty. Every action is harmonious and well-planned and consistency runs through the brand's voice, tone, colors, and content.

**Purpose:** SOLResort's brand purpose is to offer travelers original vacations, reduced to the essentials, in order to be able to reflect to the most important values and at the same time contribute to sustainable tourism development.

**Flexibility:** To keep customers interested and remain relevant, the SOLResort stays flexible which allows to adjust to the changing needs of the target group while being consistent with its marketing campaigns to set standards.

**Emotion:** The company's corporate language is based on addressing feelings in order to build emotional connections with customers. The aim is to convey the feeling of being at home when staying at SOLResort.

**Loyalty:** SOLResort actively rewards customer loyalty through its loyalty program and communicates this consistently in its brand strategy.

**Competitive awareness:** By knowing the competitors and their methods as well as outlining future tactics, SOLResort always stays behind to improve its strategies in order to offer greater added value to the customers.

Further key elements are relevant to define the Brand Strategy: brand personality, voice and tone. Following three human characteristics identify the brand personality of SOLResort: natural, aesthetic, sustainable. The personality also reflects the company's values, mission and purpose. Furthermore, the brand voice and tone, the way the SOLResort speaks across all marketing channels to its target audience is consistently respectful, friendly, transparent and emotional. The messages to the target audience are designed so that it convey the value and identity of SOLResort.

The brand strategy is also based on its visual identity, which includes the logo, colors, imagery and font. The majority of customers think of visual associations when they think of a brand. SOLResort relies on a strong visual identity to create an emotional impression and connection with customers and to inform them about the product it offers. SOLResort's visual expression is clear, natural and the color palette reflects the colors of the Croatian island of Solta (the company's location), which are very diverse and colorful.

### **Innovation type**

The business idea at hand is an sustaining innovation (further development and improvement of existing concepts), which is why all phases of the product life cycle are passed through and at the beginning it is to be classified in the market introduction phase within the cycle. In the launch phase, the goal is for the SOLResort to achieve the fastest possible level of awareness through advertising and PR measures.

### **Product name**

The chosen company name "SOLResort" is composed of two terms and different meanings. On the one hand, the name contains the first three initial letters of the selected location "Solta", in order to emphasize the strong connection and rootedness to the location. The location plays an essential role in the concept, so the dedication of the partial name is intended to illustrate the high esteem in which it is held, as well as the awareness of the region, the culture, the resources and for the local people and animals. A resort is a place frequented for vacation, recreation, or a specific purpose. A resort provides vacationers with everything they need so they don't have to leave the place. The concept of SOLResort is based on original self-catering with access to the on-site vegetable and herb garden, on-

site store with a selection of regional and homemade products and access to the organic chicken coop. Guests of the SOLResort are provided with numerous options for optimal on-site self-catering. Hence the choice of adding the term resort to the name, so that guests immediately get a first feeling of what the SOLResort stands for and what they can expect there.

The following are outlines and pictures of the product design of the holiday houses. Further impressions are attached in Appendix B.

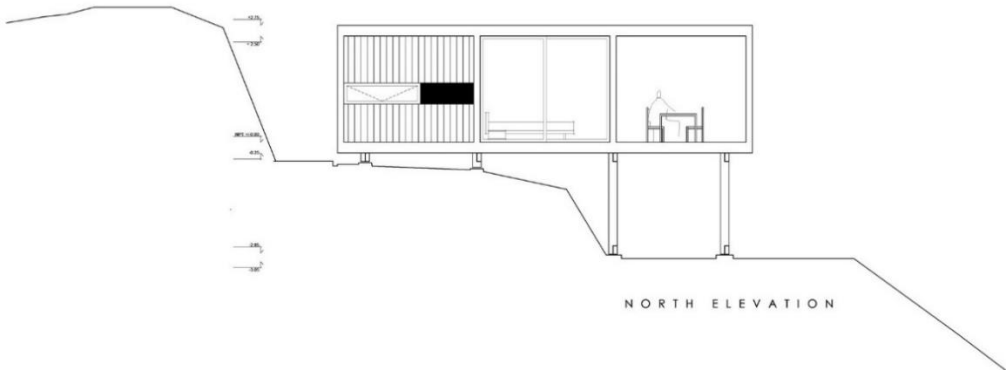


Figure 17: Product design - Outline North Elevation; Source: WMR Architects

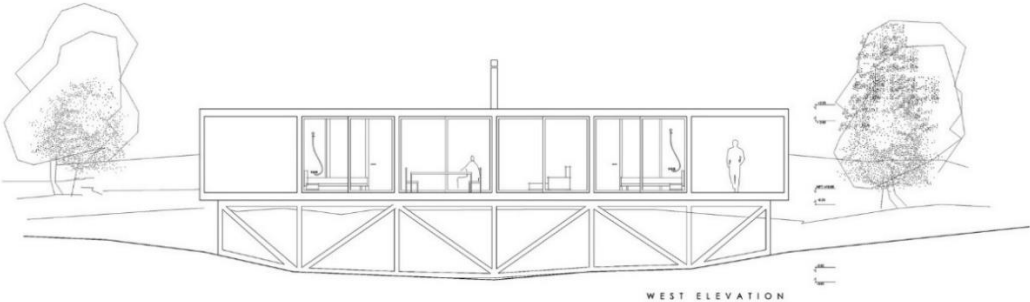


Figure 18: Product design - Outline West Elevation; Source: WMR Architects



Figure 19: Product design houses - sideview; Source: WMR Architects





Figure 20: Product design - Interior Design of houses; Source: WMR Architects

## Price

On the basis of the market analysis carried out and the findings of the online survey, which results in the average purchasing power and willingness to pay of the defined target group, the SOLResort company determines its pricing policy on a value-based-pricing-strategy. With this strategy the company's pricing strategy focuses on the consumer and their perceived value of the product. The goal is to determine the ideal price for the customer that will ensure at the same time the highest possible profit and also competitiveness.

Two pricing models are established based on high season (May to October) and low season (November to April). The goal of the company with this pricing model is to extend the low season in order to relieve the environment and region through a more even distribution of tourist arrivals and thus contribute to sustainable tourism development. Through lower prices in the low season, this attractiveness should be further strengthened among the target group and its existing awareness. According to the online survey, 64.1% would already prefer the low season (September) as a travel period.

In the high season a minimum stay of one week is specified and in the low season a stay of at least three nights. This supports the approach of avoiding and minimizing quick and short-term vacations, which are not sustainable, and instead planning longer extended stays in order to really get involved and get to know the local region, culture, vegetation more intensively. This matches the conscious mindset of the target group and the company's own positioning. Considering all these factors, the price range for the holiday houses (total 6 houses with capacity for max. 4 persons each) is as follows:

<b>Pricing per night/per house</b>	
<b>Period</b>	<b>Price</b>
January	400 €
February	400 €
March	400 €
April	500 €
May	650 €
June	800 €
July	800 €
August	800 €
September	650 €
October	500 €
November	400 €
December	400 €

Table 7: Product pricing; Source: Own elaboration

Any discount campaigns, e.g. in the form of early booking or last-minute discounts, are not included in the company's pricing policy. Again, for this reason, to encourage longer more sustainable stays and minimize short-term unconscious travel.

Instead, a loyalty program is to be established, thus taking an innovative alternative solution approach to pricing policy. One of the company's goals is that every guest should become a regular guest. The loyalty program is intended to reward returning guests in the form of a loyalty discount. The guest receives a loyalty discount of 5% for every new booking at SOLResort, which can increase to a maximum of 30%. When the maximum loyalty discount of 30% is reached, it is valid for life. As the results of the survey also show, the target group has a conscious mindset and is therefore open to such new approaches like the loyalty program and willing to test and support them for sustainability goals.

Regarding payment terms, SOLResort's pricing policy provides for payment by credit card, debit card or Paypal. For a reservation confirmation, a deposit of 50% of the total amount is required. The balance of 50% as well as the deposit of 1.000€ is to be paid or deposited one week before arrival. The deposit will be returned to the guest within 5 days after departure. Any damage or loss to the property will be deducted from the deposit. In addition, the following cancellation policy applies: if cancelled 60 days prior to arrival, 50% of the deposit will be refunded to the client and if cancelled less than 60 days prior to arrival, no refund will be given. These payment terms are established to provide flexibility for the target group and at the same time for the company's own business model and to enable both sides to plan sustainably.

## Place

The distribution policy comprises all measures and decisions concerning the distribution and physical sales channel of the product or service from the manufacturer to the end customer. On the one hand, the SOLResort is considered as a product, and at the same time, it represents a service in a broader sense. The marketing and presentation of the SOLResort brand is to be optimally influenced by a targeted selection of sales channels and sales intermediaries.

For the company SOLResort is planned exclusively online sales, which will be handled directly and indirectly online. This decision and strategy is based on the results of the online survey and the already described findings from the literature review, based on the market and customers. A contemporary distribution through the channels that the potential customers also use for their communication is an important part of tourism marketing. The goal is a constant and optimal accessibility of the offer for potential customers, which is made possible by a time unlimited accessibility in 24/7 online sales. The customer is thus offered the opportunity to book flexibly at any time and according to individual preferences. All information is made available transparently and collected in one place, offering the advantage over offline sales that no information can be lost and can be retrieved at any time. The transparency in the online area can be taken so far that the customer can already visit or experience the destination in advance through 360 degree videos and photos as well as through integrated virtual reality tools.

The automation of all processes is also advantageous for the company, which in turn enables fast and simple processing for the customer. By integrating its own booking tool on the SOLResort website, direct online sales are mapped, which promotes an increasing reach and generates lower to no operating and personnel costs. Indirect online distribution takes place via the provision of the company's own offer on various online booking platforms. Based on the answers to the question "On which platform do you usually book your holiday house?" in the online survey (Table 23) and based on the international evaluation of who the leading online travel providers are worldwide (Table 24), SOLResort will offer its services on the following booking portals: Airbnb, booking.com and Expedia. The establishment of its own booking tool is nevertheless a long-term goal of the SOLResort, so that in the future all bookings should be made directly. Table 23 confirms the potential of an own booking tool, as already 41.2% of the potential customers complete the booking directly on the company website.

ON WHICH PLATFORM DO YOU USUALLY BOOK YOUR HOLIDAY HOUSE? (Multiple answers possible)

131 responses

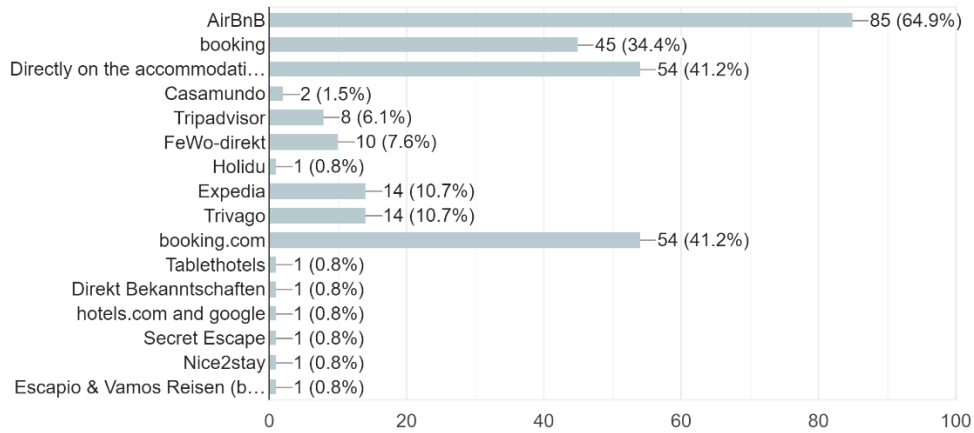


Figure 21: Most used Online booking Portals; Source: Online Survey

	2019	2020	2021
Booking	15.07	6.8	10.96
Expedia	12.07	5.2	8.6
Airbnb	4.81	3.38	5.99
Trip.com (Ctrip)	5.1	2.8	3.1
Tripadvisor	1.56	0.6	0.9
Trivago	0.84	0.25	0.36
Despegar	0.52	0.13	0.32
eDreams Odigeo*	0.56	0.2	0.29
MakeMyTrip*	0.53	0.19	0.29
Lastminute	0.35	0.11	0.14

Table 8: Leading online travel agencies worldwide (2019-2021 by revenue in billion U.S. dollars); Source: Statista

One disadvantage of focusing exclusively on the online sales strategy is the loss of all potential customers who obtain information about their vacation destination offline and also book offline, e.g., in travel agencies. However, as described in the literature review, online bookings are steadily increasing and the trend will continue to develop there as well. SOLResort's sales policy therefore focuses on holistic online sales according to the reasons listed.

## **Promotion**

Communication policy aims to draw the attention of as many potential customers as possible to a company's own product or service, thereby generating a high level of coverage and, most recently, sales. It plans and controls communication between the SOLResort and its defined target group. With the aid of targeted marketing activities, market entry and brand development are supported from the outset. Consistent branding on all selected communication channels plays an essential role in SOLResort's communication strategy in order to promote long-term and sustainable customer loyalty. The communication policy is designed on the basis of target group-specific factors. Relevant factors are, for example, purchase decision criteria, which answer the following questions:

- Why and how does the target group make which purchase decision?
- Who or what can influence the decision positively or negatively?
- Which media does the target group use?
- Which channels are used to reach the target group and address them in the best possible way?

The results from the online survey show that the target group can be reached mainly online and this on channels such as Websites, Instagram, travel magazines, trade journals and on the top booking portals. The strongest decision influencers are in the immediate and everyday environment, such as friends, family, the partner and work colleagues. Based on this knowledge, the company can strategically apply its marketing measures to the corresponding sales channels.

Accordingly, communication is aimed at potential customers who, in accordance with their decision-making process, first want to satisfy the need for their next trip and then go in search of the relevant information. The message that potential customers receive from SOLResort throughout their customer buying process is that this offer provides them with an original vacation experience coupled with sustainability and design. This is the message which is communicated on all channels to the target group.

In view of the still unknown brand name, the company is first introduced to the market by means of a strong push strategy. The focus is therefore directed at the following sales channels:

### **Website/Search Engine Optimization**

The website is one of the most important communication channels in the long term, as one of the company's goals is that once the brand is successfully established, bookings should be completed exclusively through its own website and no longer through indirect sales channels such as booking portals.

**Objective:** Generating visitors who then interact with the website and afterwards consume the website's offer.

**Target:** All travelers interested in the destination Croatia and sustainable vacation home concepts.

The website is created with the website creation tool Wix which has an integrated SEO (Search Engine Optimization) function. For the customer, an added value should arise during the visit or during the use of the SOLResort website, which should be achieved through the following features:

- User-friendliness and intuitively understandable navigation
- Simple and fast booking process
- Important information presented in an understandable, short and concise way
- Appealing website design
- Relevant and interesting content

The performance of the website is strategically optimized by Wix's integrated SEO tool to achieve good placement and visibility in online search engines. For this purpose, target group-specific and relevant keywords are defined, the web design is adapted to mobile devices (responsive web design) and a secure and fast connection is ensured.

The content and information prepared on the website follow the guidelines set out in the brand book and are also presented and communicated consistently on all other channels. The guidelines refer to the corporate identity and its components:

- Corporate Design (uniform visual appearance designed in a distinctive form)
- Corporate Culture (company values and norms)
- Corporate Communication (conveying corporate identity through strategically planned and consistent communication)
- Corporate Behavior (consistent behavior towards the target group outside the company and among each other within the company)

The SOLResort corporate website gives visitors an insight into the brand's story and values in order to build an emotional connection with the visitor, with the goal of long-term customer loyalty. An image video and high-quality images visually support the website presence. Using Augmented Reality, the website also offers the opportunity to walk and explore a virtual 360-degree tour of the property and inside the vacation homes. As part of the communication policy, the company website is designed to provide a positive and memorable experience for the target group and potential customers, thereby generating as many leads and a high conversion rate as possible.

In addition, the website contains useful information for the visitor, such as a description of the included services, directions, latest news and contact details. Relevant and interesting content is created, for example, through tips on the destination, surroundings, localities, activities, etc.

### **E-mail marketing - Newsletter**

The newsletter is still one of the most effective marketing tools in the online marketing mix and is therefore part of the communication policy of this business plan. E-mail marketing, in this case in form of a newsletter, is an efficient and measurable instrument for long-term customer loyalty as well as a means of communication that can be individually addressed to the recipient. The newsletter is a form of direct marketing, therefore the SOLResort company follows a one-to-one communication strategy, where a personal approach and targeted content is directed to individuals. The newsletter is sent to visitors who have registered via the website using the registration form and to existing customers. The email marketing strategy is to send an individualized newsletter every two months that provides the target audience with relevant and interesting content about SOLResort. Email campaigns are effective in keeping customers informed and in touch, as well as soliciting feedback when needed. The newsletters are created using the email campaign feature of the Wix website builder.

**Objective:** Customer loyalty and Existing-Customer-Marketing

**Target:** registered visitors and existing customers

### **Social Media Platform - Instagram**

With regard to the social media strategy, SOLResort concentrates on the Instagram channel. The focus here is on visual marketing, i.e. the presentation of an expressive company profile using high-quality visuals. An Instagram account serves as a portfolio and an aesthetic and interesting feed is important for online presence and awareness building. Complementing this, short, relevant and concise story posts serve brand awareness and build an emotional connection with the target audience. In addition, strategic linking and mentions on popular profiles dealing with travel, design, hotels and accommodations, lifestyle, architecture, sustainable travel ect. is an objective while using Instagram as a promotion tool.

**Objective:** Building brand awareness

**Target:** Instagram users looking for sustainable holiday inspiration and offers

## **Booking Platforms**

On the top 3 booking portals (Airbnb, booking.com, Expedia) the SOLResort is indirectly marketed and consistently presented in compliance with the internally defined branding guidelines. This concerns the visual presentation as well as the wording and formatting.

**Objective:** Brand awareness and revenue generation

**Target:** All Booking platform-visitors who are interested in the destination Croatia and in sustainable vacation home concepts

## **People**

The concept of SOLResort's is based on a largely self-sufficient operation, which means that no permanent staff is needed. At the beginning of the implementation, one-time personnel is needed in the following positions:

- Architect
- Construction company (house construction, electricity, water supply, etc.)
- Building owner

Due to seasonality and irregular workload, SOLResort will engage a local temporary staffing agency for the two required staff positions (cleaning and facility management). Thus, depending on the need and effort, the required personnel can be deployed and billed accordingly. When selecting the temporary employment agency, the SOLResort company attaches great importance to a matching set of values with regard to personnel policy. The following views and requirements must be given for a partnership:

- Fair remuneration: employees must be paid the established minimum hourly rate.
- Appreciation and well-being of employees
- Sense of social responsibility
- Fair management behavior
- Diversity and equality
- Promotion of employees
- Professional and well-groomed employee appearance

The following cost estimate results for the required staff positions:

- Cleaning
- Facility Management

The position cleaning includes basic cleaning of the vacation homes before the arrival of the guests as well as a final cleaning after the departure of the guests. The Facility Manager's duties include the



general maintenance and upkeep of the entire property, especially the upkeep of the gardens of each vacation home as well as a regular cleaning of the pools. Both staff positions will need to be utilized primarily during the peak season from May through September. The company will additionally require outsourced personnel responsible for various aspects of the business, such as legal and regulatory issues.

Due to the self-sufficient nature of this project, success does not depend solely on physical assets, but rather on the skills and knowledge required to carry out the preceding key activities (project management, marketing and sales). For this reason, the staffing plan is composed of the following functions or positions:

- **Chief Executive Officer (CEO)** - main project manager responsible for managing and monitoring the entire project process.
- **Marketing team** (sales and marketing) - team, with the necessary skills for planning and implementing the marketing and sales activities, which go hand in hand with each other

### **Process**

Business processes define the procedures required from start to finish to successfully and optimally present products and experiences to customers. The essential goal is to make the business process as customer-oriented as possible in order to deliver a high satisfaction experience to the customer already in the process of service delivery. This involves continuous monitoring of all operational processes and constant adherence to business objectives. Customer Relationship Management, for example is a way, to record and analyses the different ongoing processes of customer relationships towards the company.

Each event requires a set of activities necessary for the company to function smoothly. Once these processes are established and operating smoothly, it allows the business to follow standardized procedures that are efficient and deliver repeated positive customer experiences. Business processes include order generation, order fulfillment, revenue generation, financial control, IT adjustments, customer service, and consumer behavior. Consumer behavior is composed of three events, namely pre-purchase behavior, during-purchase behavior, and post-purchase behavior, which are determined by the consumer decision-making process. In the process of pre-purchase behavior, the consumer identifies his need and goes in search of information about his next destination and travel accommodation. The information gathering process turns out in different ways, as it can include both internal and external sources. Here, it is important for SOLResort to provide sufficient information on the website and social media about the concept, offer and services to support the consumer in this phase of the decision-making process and direct them to its own portfolio. In the next step, the

purchase behavior includes all processes in which the booking is successfully completed online and the customer has a flawless stay at the SOLResort. Finally, the post-purchase stage includes all events and experiences that follow the booking. These activities include customer service and after sales to deliver a satisfactory stay experience to the customer and lastly a rating. The process optimization is based on the collection of data and the determination of key performance indicators (KPI's) and on the measurement of customer satisfaction.

The following table describes the Customer Relationship Management with gathering relevant data and information during the booking process. Described are the basic elements as well as a number of actions during the entire process flow, in which the customer is already involved in the provision of the "SOLResort" offer.

Booking on SOLResort’s Website	Booking on a booking platform
1. Selection of travel period // Number of persons	1. Selection of travel period // Number of persons
2. Display of availability or alternative proposal	2. Display of availability or alternative proposal
3. Choice holiday house	3. Choice holiday house
4. Selection extra package: Children's equipment Pet equipment	4. Selection extra package: Children's equipment Pet equipment
5. Filling personal data	5. Filling personal data
6. Display overview summary of booking and information provided	6. Display overview summary of booking and information provided
7. Confirmation, payment & closing of the booking on the company website (payment by credit card or PayPal possible)	7. Confirmation, payment & closing booking on the booking platform under its payment conditions
8. Confirmation E-mail about transacted booking	8. Confirmation email from the booking platform about made booking
9. Pre-Welcome Mail 10 days before arrival (personal pre-welcome, info & tips for arrival, registration via link for e-buggy transfer, weather forecast, upcoming events in the area)	9. Pre-Welcome Mail 10 days before arrival (personal pre-welcome, info & tips for arrival, registration via link for e-buggy transfer, weather forecast, upcoming events in the area)
<b>Day of arrival:</b>	
Independent transfer or use of the free e -buggies in the port of arrival to the SOLResort (prior registration via link required; activation of the e-buggy via code). Contactless Smart Check-In (presentation of the QR code contained in the Pre -Welcome Mail at the attached display at the front door)	
<b>Stay:</b>	
Possibility to contact the SOLResort team via Whatsapp for any questions/concerns/problems	
<b>Day of departure:</b>	
Check-out until 12 am Independent transfer or use of the free e -buggies to the departure port	
Thank you email and package 10 days after departure (package includes homemade olive oil and personalized greetings from the founding family)	

Figure 22: Source: 7 P’s of the Marketing mix – Process; Own elaboration

The process begins with the online booking on the company website or on one of the top 3 booking platforms. The booking process should already provide the customer with a high level of satisfaction through its fast, secure and user-friendly process. The guest is provided with all important and relevant information by e-mail before arrival, so that all steps are made as uncomplicated and pleasant as possible. This is to start and increase the customer's journey and anticipation early on, creating a relaxing and memorable experience. This goal is in line with the company's mission "Original vacation reduced to the essentials, for people who have arrived or want to arrive". This means that the guest should feel arrived early within the process, in order to quickly relax, recover and focus on the essentials. On the day of arrival, all processes are contactless and extensively digitized. This saves the customer valuable investments in the form of time and money. Since no personal contact takes place, small attentions in certain details should still create a personal and warm welcome. The last customer-facing task within the process includes a thank-you email and a personally addressed thank-you package to positively round off the guest's trip and stay at SOLResort and to be remembered. This is to signal that the experience is not over with the check-out but a piece of it continues at home. This should increase emotional customer loyalty and achieve one of the company's goals, that every guest becomes a regular guest. The entire process, from booking to departure, should therefore leave the customer with a feeling of professionalism, simplicity and straightforwardness, so that they return and ideally recommend the SOLResort to others.

### **Physical Facilities**

The physical proof, in this case the vacation homes and their location, refers to different elements of the overall service experience. The amenities policy takes all the decisions from the previous areas and presents the customer with a "selling environment" that ideally matches the positioning, the brand image and also the price level. The physical facility reflects the positioning statement of the company by physically representing the company's values, mission and vision. This is achieved by selecting facilities that is homogeneous with the company's values and by creating the appropriate atmosphere and ambience.

The SOLResort's equipment quality is minimalistic, high quality and designed under sustainable aspects. The interior design is characterized by high-quality, durable materials and high-quality furnishings. The houses are generously designed, creating ample space for free development. Starting from the comfort of the bed to the comfortable outdoor furniture, the feel-good factor is in the foreground and is considered in every possible detail. The color selection is adapted to the surrounding nature, which reflects harmonious and earthy tones as well as colorful eye-catchers, as also occurring in nature. The exterior appearance evokes a harmonious effect on the customer, as the house and nature are in harmony with each other and formally merge with each other. Retreat areas such as a

yoga spot or an outdoor cinema located between olive trees as well as an outdoor lounge area complete the facilities and an appealing customer experience.

## CHAPTER 10

### Requirements for Implementation

The following is a description of all the requirements needed to turn the business idea into reality.

#### Company Foundation

The first step involves the establishment of the company, which is to be closed in the form of a limited liability company. To simplify and accelerate the process, the Croatian government has set up a "one-stop store" at [www.hitro.hr](http://www.hitro.hr), where all the necessary steps in the formation process (except insurance and notarization) can be completed. On average, it takes no more than two weeks to establish a company through this procedure.

In order to initiate the first steps of setting up a company, it is first necessary to check the desired company name in the court register at the competent commercial court to ensure the availability of the name. This can be done on its own via the website (<http://sudreg.pravosudje.hr/>) of the Croatian Ministry of Justice, where availability is checked by entering the chosen name. In the next step a notary certification is necessary (notary costs approx. 2.500 HRK). After taking over the documents from the notary, the registration with the court register (registration costs 400 HRK), as well as the publication of the registration in the official gazette "Narodne novine" (publication costs 900 HRK) is mandatory. In the next step, after receiving the notice of registration in the court register, a company stamp must be made and an application for activity classification must be submitted to the State Statistical Office in order to obtain a company number. Subsequently, opening a current account with a commercial bank is another requirement. Further requirements for a valid registration are also the registration with the pension and health insurance and with the tax authority, which also results in the assignment of a tax number. With this registration, the mandatory entry in the register of profit tax and VAT payers is made at the same time, so that no separate entry is required there. The last step required for the company to commence its activities is an official decision on the fulfillment of minimum technical standards. These are considered to have been met when all technical health and environmental standards, as well as other prescribed standards concerning business premises, equipment and working materials, have been submitted to the registration court.

The complete company registration, including the contribution of a share capital in the amount of HR 20,000, is approximately 3,268.00€. The related detailed cost breakdown is provided in the Part Financial Plan.

## Business Model Requirements

Other given requirements, which explicitly relate to the business model at hand, are as follows:

Business Model Requirements
o Application for categorization of the business model at the local municipality
o Visit appointment with following official categorization of the vacation homes on site
o Obligation of the categorization designation in form of a blue sign including a specified number of stars (visible and permanent attachment to the vacation homes is obligatory)
o Proof of ownership in the land register required ("Zemljiska knjiga")
o Registration of the real estate in the name of the founder at the land surveyor's office ("Katastar")
o Presentation of a medical certificate of the foundress
o Application for the use permit ("Uporabna dozvola")
o Registration of all overnight guests in the tourist community (TZ) on site, always within 24h through a prefabricated online form
o Annual transfer of bed tax and tourist tax (approx. 600 HRK annually/per bed)
o Monthly submission of the VAT return

Figure 23: Business Model Requirements; Source: Own Elaboration

### 10.1 Investment Commitment

For implementation of the business plan, a credit commitment in the amount of 1.281.900€ from a commercial bank or investor is necessary. The detailed list of the required credit total is calculated in the following financing plan.

## CHAPTER 11

### **Financial plan**

In the following, the anticipated development of this company is substantiated with concrete values and calculations, some of which are based on forecasts. The financial plan refers to a planning period for the first five years, with the first accounting year starting in 2024. The start of the construction phase is scheduled for the beginning of 2023 (taking into account the permitted construction period in Croatia), and completion is planned for the first quarter of 2024, in order to be able to open the SOLResort for the start of the main season in June 2024.

#### **Assumptions**

The required investments involve the need for a bank loan. The required financing is supported by the positive cash flows from the project activity.

Business equipment is not required as the entrepreneur remote can perform all business tasks with her private equipment, therefore this, as well as depreciation, is not included in the financial plan.

If the project is registered with the EU Sustainable Tourism Development Grant Program, there is an additional chance to receive funding, which can reduce the need for external capital. Participation in the program takes place after the business plan has been reviewed by various experts and, if successful, will be included in the financial plan.

### 11.1 Revenue Plan

A characteristic feature of sales planning is that statements are made about future sales volumes and values. This business model is seasonal, which is why no sales are calculated in the winter months (November - February). The low and high season from March to October is calculated with a medium to full utilization, based on statistics and results of the previous market analysis. In the first year (2024), SOLResort is projected to have a turnover of 246.000€ and in the following year a turnover of 393.300€. Due to the advanced establishment on the market, the higher level of awareness as well as existing ratings and recommendations of guests on the booking platforms, a revenue growth until 2029 is predicted.



Figure 24: Revenue Plan SOLResort; Source: Own elaboration

The revenue plan with sales numbers in detail is illustrated in Appendix C.



## 11.2 Cost plan

The cost plan includes all running costs that are regularly incurred in the company. The following is a list of all costs that are incurred monthly or annually for the total of six holiday houses.

<b>COST PLAN</b>	<b>Monthly</b>	<b>Yearly</b>
<b>Running costs</b>		
Electricity	690 €	8.280 €
Water	1.150 €	13.800 €
Internet	230 €	2.760 €
Waste disposal	190 €	2.280 €
Maintenance	230 €	2.760 €
Facility Management	250 €	3.000 €
<b>Subtotal</b>	<b>2.740 €</b>	<b>32.880 €</b>
<b>Marketing costs</b>		
Website	35 €	420 €
Provision fee for booking platforms	2.500 €	30.000 €
<b>Subtotal</b>	<b>2.535 €</b>	<b>30.420 €</b>
<b>Personnel costs</b>		
Wages and salaries	1.875 €	22.500 €
<b>Insurances</b>	85 €	1.020 €
<b>Tax consultancy/accounting</b>	90 €	1.080 €
<b>Others</b>	350 €	4.200 €
<b>Total</b>	<b>7.675 €</b>	<b>92.100 €</b>

Table 9: Cost Plan SOLResort; Source: Own elaboration

### 11.3 Investment plan

This business model is a start-up investment, which is why a high level of investment is required at the beginning, with a total sum of 1.099.800€. In the investment plan, the one-time expenses are shown below.

INVESTMENT PLAN	AMOUNT
<b>CONSTRUCTION PREPARATION</b>	
Planning costs (Architect, Surveyor, Soil surveyor)	15.000 €
Construction site costs (e.g. electricity and water for construction work)	1.200 €
Insurances (during construction phase)	500 €
Tree falling	1.500 €
<b>CONSTRUCTION PHASE</b>	
Actual construction costs (incl. Earthworks, Pool)	600.000 €
Development costs for connections (water, electricity, telephone, satellite tv)	10.000 €
Construction management	5.000 €
Solar panel installation	32.000 €
<b>AFTER COMPLETION</b>	
Outdoor facilities (incl. Pool)	300.000 €
Interior Design	80.000 €
Means of transport (E-Buggys, E-Bikes & Bikes)	32.800 €
Smart Technologies (Digital key/check-in/smart regulators)	6.000 €
E-Charging stations	4.800 €
Organic chicken facility	1.000 €
Buffer	10.000 €
<b>TOTAL</b>	<b>1.099.800 €</b>

Table 10: Investment plan SOLResort; Source: Own elaboration

## 11.4 Profitability forecast

The SOLResort company is expected to generate a profit of 112.023€ already from the first business year. This is also possible due to the waiver of an entrepreneurial wage, as the business model is intended as a source of additional income in the first five years. In the first fiscal year, a positive EBITDA value of 153.900€ is projected, with continuous growth until 2028. The goal of the income statement is the comparison of sales and expenses in order to achieve cost recovery.

<b>PROFITABILITY FORECAST</b>	<b>Year 1 (2024)</b>	<b>Year 2 (2025)</b>	<b>Year 3 (2026)</b>	<b>Year 4 (2027)</b>	<b>Year 5 (2028)</b>
<b>Revenue</b>	<b>246.000 €</b>	<b>393.900 €</b>	<b>521.100 €</b>	<b>656.100 €</b>	<b>697.500 €</b>
Running costs	32.880 €	52.648 €	69.649 €	87.693 €	93.227 €
Personnel costs	22.500 €	23.625 €	24.806 €	26.047 €	27.349 €
Marketing costs	30.420 €	27.378 €	23.271	18.616 €	13.962 €
Other operating expenses	6.300 €	6.000 €	5.700	5.400 €	5.100 €
<b>EBITDA</b>	<b>153.900 €</b>	<b>284.249 €</b>	<b>397.673 €</b>	<b>518.344 €</b>	<b>557.862 €</b>
Interest expenses	29.457 €	27.984 €	26.511 €	25.038 €	23.566 €
Depreciation	54.990 €	54.990 €	54.990 €	54.990 €	54.990 €
<b>Operating result</b>	<b>238.347 €</b>	<b>367.223 €</b>	<b>479.175 €</b>	<b>598.373 €</b>	<b>636.418 €</b>
Income tax (40%)	95.339 €	146.889 €	191.670 €	239.349 €	254.567 €
Trade tax (13%)	30.985 €	47.739 €	62.293 €	77.788 €	82.734 €
<b>Profit after tax/Reserve</b>	<b>112.023 €</b>	<b>172.595 €</b>	<b>225.212 €</b>	<b>281.235 €</b>	<b>299.116 €</b>

Table 11: Profitability forecast SOLResort; Source: Own elaboration

## 11.5 Capital requirements and financing plan

The capital requirements and financing plan outlines the sources of capital, with this project to be financed by debt.

<b>CAPITAL REQUIREMENT</b>	<b>Fonding year 0</b>	<b>Year 1 (2024)</b>	<b>Year 2 (2025)</b>	<b>Year 3 (2026)</b>	<b>Year 4 (2027)</b>	<b>Year 5 (2028)</b>
Investments	1.099.800 €					
Running costs	32.880 €					
Personnel costs	22.500 €					
Marketing costs	30.420 €					
Other operating expenses	6.300 €					
<b>Capital requirement</b>	<b>1.191.900 €</b>	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
Reserve	90.000 €					
<b>Capital requirement (incl. Reserve)</b>	<b>1.281.900 €</b>	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
<b>FUNDING PLAN</b>		<b>Year 1 (2024)</b>	<b>Year 2 (2025)</b>	<b>Year 3 (2026)</b>	<b>Year 4 (2027)</b>	<b>Year 5 (2028)</b>
Capital requirements	1.281.900 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
Equity	300.000 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
<b>Borrowing requirements</b>	<b>981.900 €</b>					
Credit amount	981.900 €	932.805 €	883.710 €	834.615 €	785.520 €	736.425 €
Interest rate (%)	3%	3%	3%	3%	3%	3%
Annual interest expense	29.457 €	27.984 €	26.511 €	25.038 €	23.566 €	22.093 €
Term (years)	20					
Repayment of loan	49.095 €	49.095 €	49.095 €	49.095 €	49.095 €	49.095 €

Table 12: Capital requirement SOLResort; Source: Own elaboration

## 11.6 Liquidity plan

The business model expects positive cash flow and has 96.300€ in cash at the end of the first fiscal year. In the fifth fiscal year, the company is expected to have 400.943€ in cash.

LIQUIDITY PLAN	Year 0 (2023)	Year 1 (2024)	Year 2 (2025)	Year 3 (2026)	Year 4 (2027)	Year 5 (2028)
Cash equivalents at beginning of period		96.300 €	45.324 €	57.866 €	125.970 €	253.043 €
<b>Deposits</b>						
Sales		246.000 €	393.900 €	521.100 €	656.100 €	697.500 €
Borrowing	1.281.900 €		0 €	0 €	0 €	0 €
Other payments received		0 €	0 €	0 €	0 €	0 €
<b>Total deposits</b>	<b>1.281.900 €</b>	<b>246.000 €</b>	<b>393.900 €</b>	<b>521.100 €</b>	<b>656.100 €</b>	<b>697.500 €</b>
<b>Disbursements</b>						
Investments	1.099.800 €					
Running costs	32.880 €	32.880 €	52.648 €	69.649 €	87.693 €	93.227 €
Personnel expenses	22.500 €	22.500 €	23.625 €	24.806 €	26.047 €	27.349 €
Marketing costs	30.420 €	30.420 €	27.378 €	23.271 €	18.616 €	13.962 €
Other operating expenses		6.300 €	6.000 €	5.700 €	5.400 €	5.100 €
Income tax (40%)		95.339 €	146.889 €	191.670 €	239.349 €	254.567 €
Trade tax (13%)		30.985 €	47.739 €	62.293 €	77.788 €	82.734 €
Interest expense on loan		29.457 €	27.984 €	26.511 €	25.038 €	23.566 €
Repayment of loan		49.095 €	49.095 €	49.095 €	49.095 €	49.095 €
Other disbursements						
<b>Total disbursements</b>	<b>1.185.600 €</b>	<b>296.976 €</b>	<b>381.358 €</b>	<b>452.996 €</b>	<b>529.027 €</b>	<b>549.600 €</b>
Surplus/shortfall per period	96.300 €	-50.976 €	12.542 €	68.104 €	127.073 €	147.900 €
Cash equivalents at end of period	96.300 €	45.324 €	57.866 €	125.970 €	253.043 €	400.943 €

Table 13: Liquidity plan SOLResort; Source: Own elaboration

## 11.7 Financial evaluation

In order to evaluate the feasibility of the project, the net present value (NPV) and the internal rate of return (IRR) were calculated. The following is the calculation of the NPV using a discount rate of 5%, which presents the market average.

YEAR	2023	2024	2025	2026	2027	2028
t	0	1	2	3	4	5
Investment	-1.191.900 €					
Cashflow to equity		-50.976 €	12.542 €	68.104 €	127.073 €	147.900 €
Hurdle rate (5%)		0,05	0,05	0,05	0,05	0,05
Present Value	-1.191.900 €	-48.548	11.376	58.831	104.543	115.884

YEAR	2029	2030	2031	2032	2033
t	6	7	8	9	10
Investment					
Cashflow to equity	283.711 €	283.711 €	283.711 €	283.711 €	283.711 €
Hurdle rate (5%)	0,05	0,05	0,05	0,05	0,05
Present Value	211.710	201.628	192.027	182.883	174.174

Table 14: NPV & IRR - SOLResort; Source: Own elaboration

<b>NET PRESENT VALUE (NPV) - 5 Years view</b>	<b>-949.815€</b>
<b>NET PRESENT VALUE (NPV) - 10 Years view</b>	<b>12.606€</b>
<b>INTERNAL RATE OF RETURN (IRR) – 5 Years view</b>	<b>-29%</b>
<b>INTERNAL RATE OF RETURN (IRR) – 10 Years view</b>	<b>0%</b>

Assumption: As this is an investment of a larger and long term real estate project (with financing over 20 years) with the long term goal of tourist rental, the Internal rate of Return has to be considered over a longer period than 5 years to reflect an appropriate assessment of the acceptance and attractiveness of this project. This project requires a high initial investment, therefore it is realistic to consider the value IRR after 10 years. It is assumed that the occupancy rate of the holiday houses and thus the cash flow will continue to develop at a constant or very similar level from the fifth year onwards. Possible price increases can be justified to customers after five years of the company's existence and establishment with its own customer base, and also for this reason, a continued sales trend with positive cash flow can be assumed. The current high tax rate in Croatia on vacation properties must also be taken into account, as well as the fact that the financial analysis does not yet take into account any future increase in the value of the properties or the existing land. In addition, the still possible subsidies, grants and favorable interest rates for projects in the tourism sector are not

taken into account, which would again have a considerably positive influence on the starting position of the financial plan.

The NPV is used to analyze the profitability of the project. According to the NPV calculation, the project has a positive NVP in the relevant 10-year view, which indicates its feasibility. In addition, the IRR value is also used to evaluate the project's potential profitability, which develops positively after 10 years. The positive IRR also indicates that this project is acceptable and attractive.

## CHAPTER 12

### **Conclusions**

The entry into the tourism market represents a profitable business model for the SOLResort company, whose concept captures the pulse of the times. The evolution into a more sustainable form of tourism will become indispensable for all tourism stakeholders to remain competitive, as evidenced by the accompanying literature review. The events surrounding the COVID-19 pandemic have once again highlighted the importance and need for more sustainable tourism development, which can be achieved through new and innovative approaches. The proposed idea is the direct result of an analysis combining both primary and secondary research. In response to the identified business potential, a concept for the development of sustainable vacation accommodation on the island of Solta in Croatia was created. The overall assessment showed that Croatia represents a high potential market due to global tourism demand and growth trends, as well as other characteristics. Recent studies as well as the conducted online survey have additionally confirmed that sustainable tourism offers are becoming more and more important and are increasingly included in tourists' booking decisions. The costs incurred are relatively low compared to the sales revenues generated and the existing land inventory minimizes investment cost and risks. Cash flow has been strikingly positive from the start and a steadily increasing positive cash flow is expected by the fifth fiscal year. Resources spent on marketing are focused on online marketing activities as well as online presence on booking portals to increase visibility and brand awareness, which in turn translates into bookings. After preparing a financial plan with a 5-year and 10-year projection and evaluating the financial indicators for the economic evaluation of the project, it can be concluded that the project at hand is viable and that the implementation of the business plan will prove to be profitable. The financial evaluation forecasts, with the established gradual implementation of the business plan, a turnover of 246.000€ in the first fiscal year and a turnover over 697.500€ in the fifth fiscal year. With careful consideration of the market, the potential customers, the various processes and other detailed factors relevant to the implementation, the turnover should be steadily increased and competitiveness guaranteed. The net present value and the IRR have developed positively after only 10 years, which corresponds to a positive return. Considering the main economic indicators, the conclusion of the evaluation is that the project is worthy of investment.

### **Next Steps**

In order for this project to become a reality, the project must be successfully presented to a credit institution in order to secure financing for the required investment amount. The next step involves registering the project with the EU Sustainable Tourism Projects Grant Program to obtain potential funding.



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## Appendixes

### Appendix A

#### Online Survey – Questions and answers



## SUSTAINABLE TOURISM DEVELOPMENT: IMPLEMENTING A BUSINESS PLAN FOR A SUSTAINABLE HOLIDAY HOUSE- CONCEPT ON A CROATIAN ISLAND.

On the Island of Solta are planned sustainable and high-quality holiday houses, which are to be integrated into the surrounding nature on a hillside plot. Sustainability plays a central role and should be considered in all possible aspects. Under the mission statement "back to basics" and "back to what is important", which reflects values such as family, health, time, nature, quality of life, culture, diversity and participation, the guests should be part of the whole idea and of the community.

"Original vacation reduced to the most essentials."

Details of the concept:

// SUSTAINABLE FRAMEWORK

- Sustainable building according to the three dimensions of sustainability: ecological, economical, socio-cultural

// EQUIPMENT OF EACH HOLIDAY HOUSE

- One-storey house (all on one floor)
- 2 Bedrooms with sea view + 2 bathrooms en suite
- Living room & dining area with open kitchen and sea view
- Stylish & minimalistic Interior Design
- Nature Infinity pool, outside shower
- Own herb & vegetable garden for free use
- Mediterranean garden & terrace with outdoor kitchen and grill

- Private car port, E-charging station, Bikes & E-bikes
- Smart Technologies (e.g. contactless Check-in via App, Digital house key, renewable energy..)

// LOCATION

- Secluded hillside property; far from mass tourism; no direct neighbors; complete privacy
- 300m walk to the beach

// HIGHLIGHTS

- Daily fresh breakfast eggs from the organic chicken farm
- Cozy outdoor cinema between olive trees, lounge cushions & ambiente lighting
- Outdoor lounge area with fireplace for all guests as a "get-together" spot
- Shop on the property with a range of regional and homemade products
- Regional activities/inclusion in family traditions: Assistance with olive harvest and production of one's own olive oil & wine

This survey is carried out as part of a Master's Thesis and is used for target group and market analysis for implementation of this business plan. This study will take into account all the different requirements of an ethical research process and ensure the confidentiality of the data received. All answers are anonymous.

Time required to answer this survey: approx. 7-12 min

THANK YOU FOR YOUR SUPPORT.

MOODBOARD: Design & Architecture of the houses; High & Light-flooded rooms; Minimalistic Design





MOODBOARD: Natural Outdoor Ambience; Mediterranean Greening; Nature Pool



MOODBOARD: Natural Outdoor Ambience; Mediterranean Greening



MOODBOARD: Cozy & Minimalistic Interior Design; Natural Tones & Colours



MOODBOARD: Sustainable Self-Supply



YOUR GENDER: \*

- female
- male
- diverse



YOUR AGE: \*

- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- >65

YOUR MARITAL STATUS: \*

- single
- married
- widowed
- divorced
- registered life partnership
- In a relationship

YOUR ANNUAL GROSS INCOME \*

- Student
- 20.000-30.000€
- 30.000-40.000€
- 40.000-50.000€
- 50.000-60.000€
- 60.000-70.000€
- 70.000-80.000€
- 80.000-90.000€
- >100.000€



WHAT IS YOUR COUNTRY OF RESIDENCE? \*

Short-answer text

---



WHAT IS YOUR NATIONALITY? \*

Short-answer text

---

DID YOU EVER GO FOR HOLIDAY TO CROATIA? IF YES, WHERE? \*

Short-answer text

---

IF NOT, ARE YOU INTERESTED IN HOLIDAYING IN CROATIA? \*

- Yes
- No
- I've been there and would like to come back

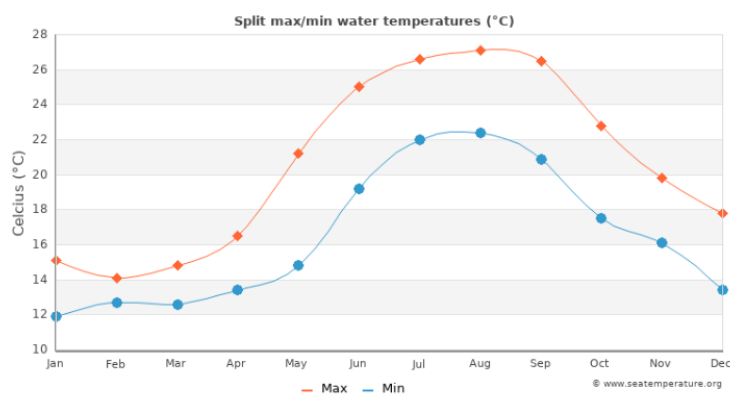
Section 2 of 4

YOUR PREFERENCES



Description (optional)

IN WHICH SEASON WOULD YOU PROBABLY BOOK YOUR TRIP TO CROATIA? (High season is June-August // See table: Max. & Min. Temperature in Croatia) \*



- January
- February
- March
- April
- May
- June
- July

- August
- September
- October
- November
- December

FOR WHICH PERIOD WOULD YOU BOOK ONE OF THE HOLIDAY HOUSES ON THE ISLAND OF SOLTA ? (Minimum stay 3 nights) \*

- 3 nights
- 3-5 nights
- 5-7 nights
- 7-10 nights
- 10-14 nights
- >14 nights

WHAT PRICE DO YOU THINK IS APPROPRIATE FOR THIS CONCEPT AND WOULD YOU BE WILLING TO PAY? \*

- 50-100€ per night/person
- 100-150€ per night/person
- 150-200€ per night/person
- 200-250€ per night/person
- 250-300€ per night/person
- Other...

WITH WHOM WOULD YOU BOOK ONE OF THESE HOLIDAY HOUSES AND TRAVEL THERE? \*  
(Multiple answers possible)

Family

Friends

Partner

Alone

Other...

HOW MANY PEOPLE WOULD YOU PROBABLY TRAVEL WITH TO THESE HOLIDAY HOUSES? \*  
(number in total)

Short-answer text

---

WHICH FACTORS PLAY THE MOST IMPORTANT ROLE WHEN BOOKING YOUR HOLIDAY HOUSE? (Multiple answers possible) \*

- Country/Place
- Architecture/Design
- Price
- Quality
- Stylish Interior Design
- Sustainability
- Equipment
- Enough space
- Pool
- Terrace
- Green gardens
- Outdoor kitchen
- Outdoor grill
- Service



- Exclusivity
- Privacy
- Ambience
- View
- Various seating options / retreats indoor & outdoor
- Family friendliness
- Close to the beach
- Right on the beach
- Free Wi-Fi
- Free cancellation
- Fun offer (table tennis, beach volleyball field, table football, balls, air mattresses...)
- Online presence of the accommodation (website / images / texts / reviews ...)
- Authenticity
- Simplicity
- Other...

ARE THERE ANY ADDITIONAL OFFERED SERVICES WHICH ARE DECISIVE FOR YOUR BOOKING? (Multiple answers possible) \*

- No
- Cleaning service
- Washing service
- Transfer to the holiday house
- Other...

ON WHICH PLATFORM DO YOU USUALLY BOOK YOUR HOLIDAY HOUSE? (Multiple answers possible) \*

- AirBnB
- booking
- Directly on the accommodation website
- Casamundo
- Tripadvisor
- FeWo-direkt
- Holidu
- Expedia
- Trivago
- Other...

...

WHERE DO YOU GET INSPIRATION FOR YOUR NEXT TRIP? \*

- Current travel offers
- Travel blogs
- Friends and family
- Instagram
- Travel magazines
- Travel portals
- Reportages

## SUSTAINABILITY



**The UNWTO (World Tourism Organization) defines sustainable Tourism as "Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities".**

DO YOU ASSOCIATE CROATIA WITH A SUSTAINABLE COUNTRY IN TERMS OF ITS TOURISM INDUSTRY? \*

Yes

No

Other...

DO YOU HAVE PAST EXPERIENCE WITH SUSTAINABLE TOURISM? IF YES, WHAT IS YOUR EXPERIENCE ABOUT? \*

Short-answer text

---

WHAT ARE MOTIVATIONS TO YOU FOR PRO-ENVIRONMENTAL VACATION? (Multiple answers \* possible)

- Personal values
- Social/Moral norms
- Reducing carbon footprint
- To be part of a group of belonging
- Involvement in sustainable projects
- To make a positive contribution
- Supporting the local community/region
- Environmental behavior
- Maintaining biodiversity
- Inspirational Leadership/Corporate Social Responsibility
- Other..

WHAT PERSONAL BENEFITS DO YOU THINK SUSTAINABLE TOURISM CAN BRING YOU? \*  
(Bullet points possible)

Short-answer text

---

HOW IMPORTANT IS THE FACTOR SUSTAINABILITY TO YOU WHEN CHOOSING AND BOOKING YOUR HOLIDAY ACCOMMODATION? (1 = not at all important; 5 = very important and decisive for my booking) \*

1

2

3

4

5



WHAT DO YOU ASSOCIATE WITH A SUSTAINABLE HOLIDAY HOUSE? (Bullet points possible) \*

Short-answer text

---

WHAT DO YOU THINK IS RELEVANT TO YOU TO BEHAVE SUSTAINABLE? (Multiple answers possible) \*

More transparency/visibility

Sustainability certificates

Visible results

Increased tangibility of Sustainability

Credibility of sustainable offers

Other...

DO YOU THINK NEW HOLIDAY ACCOMMODATION CONCEPTS HAVE TO BE SUSTAINABLE IN ORDER TO CONTINUE ON THE MARKET IN THE FUTURE? \*

- yes
- no
- Other...

Section 4 of 4

YOUR PERSONAL OPINION



Description (optional)



WILL YOU LOOK FOR LESS TOURISTIC DESTINATIONS & FOR MORE UNTOUCHED PLACES DUE TO COVID-19? \*

- yes
- no
- Other...

WOULD YOU BOOK THIS HOLIDAY HOUSE-CONCEPT ON THE ISLAND OF SOLTA? \*

- yes
- no



IF YES, FOR WHAT DECISIVE REASON?

Short-answer text

---

IF NOT, FOR WHAT DECISIVE REASON?

Short-answer text

WHAT DO YOU LIKE THE MOST ABOUT THIS CONCEPT? (Multiple answers possible) \*

- Location
- Design
- Sustainable aspects
- Other...

DO YOU HAVE FURTHER IDEAS / SUGGESTIONS FOR THIS CONCEPT?

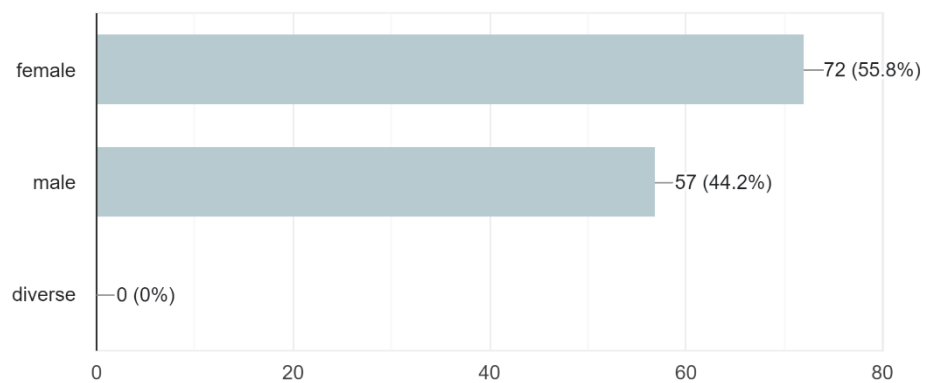
Short-answer text

## Appendix B

### Online Survey – Responses

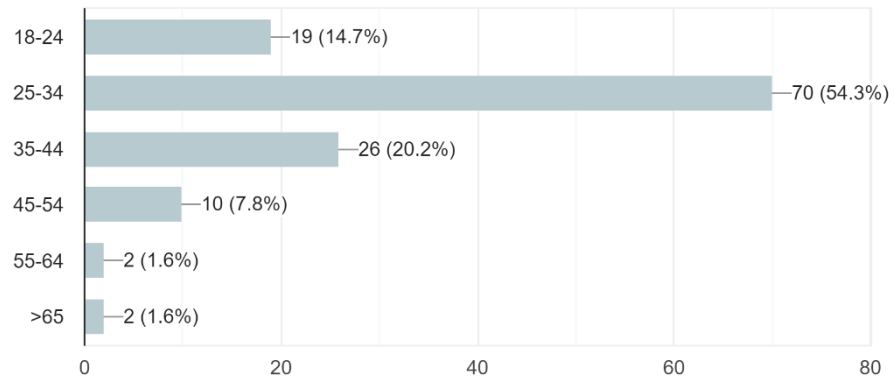
YOUR GENDER:

129 responses



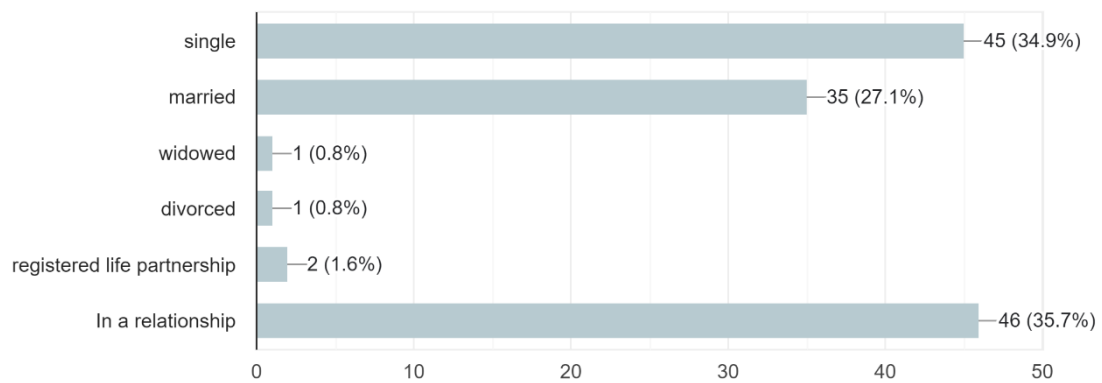
### YOUR AGE:

129 responses



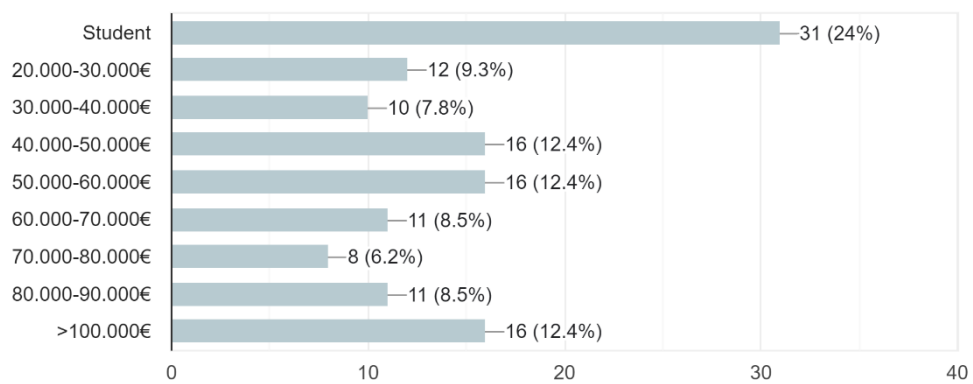
### YOUR MARITAL STATUS:

129 responses



### YOUR ANNUAL GROSS INCOME

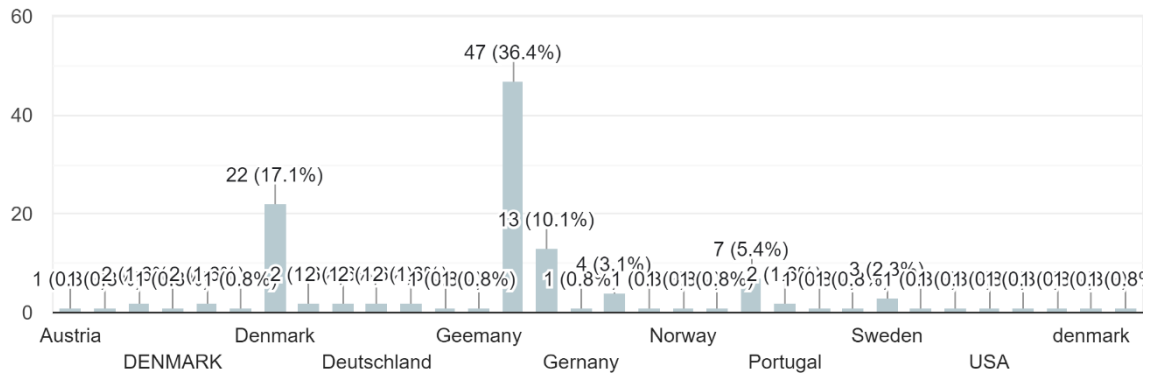
129 responses





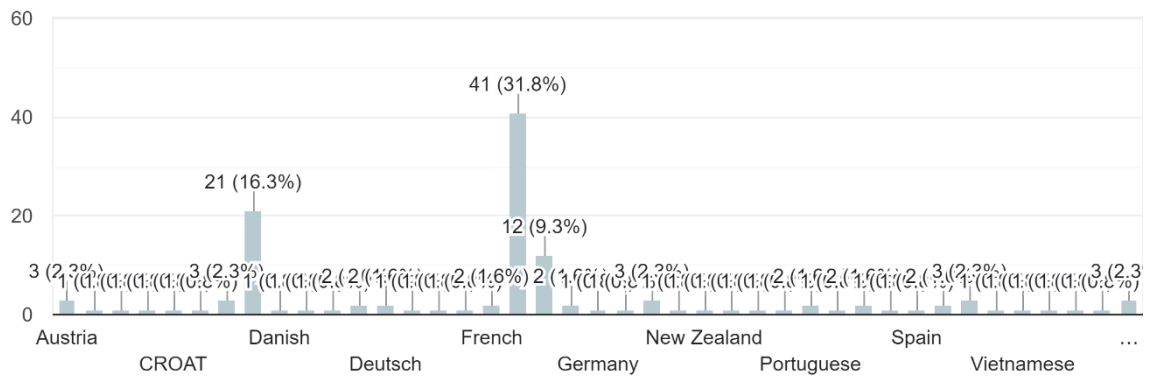
### WHAT IS YOUR COUNTRY OF RESIDENCE?

129 responses



### WHAT IS YOUR NATIONALITY?

129 responses



DID YOU EVER GO FOR HOLIDAY TO CROATIA? IF YES, WHERE?

129 responses

- No
- no
- Hvar
- Split
- Zagreb
- Zadar
- Not yet
- Novigrad
- Hvar

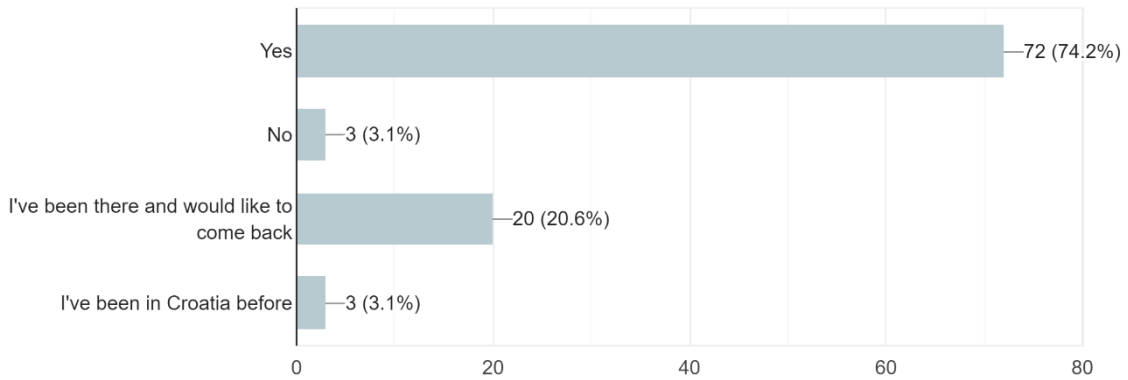
DID YOU EVER GO FOR HOLIDAY TO CROATIA? IF YES, WHERE?

129 responses

- Yes, Zagrab, Split
- Zadar, Split, Dubrovnic
- Makarska, Split, Zrce
- Yes Zadar
- Yes, Roadtrip
- Island Raab
- Yes, Poreč
- Maslenice, Split, Dubrovnik, Makarska
- Unfortunately not

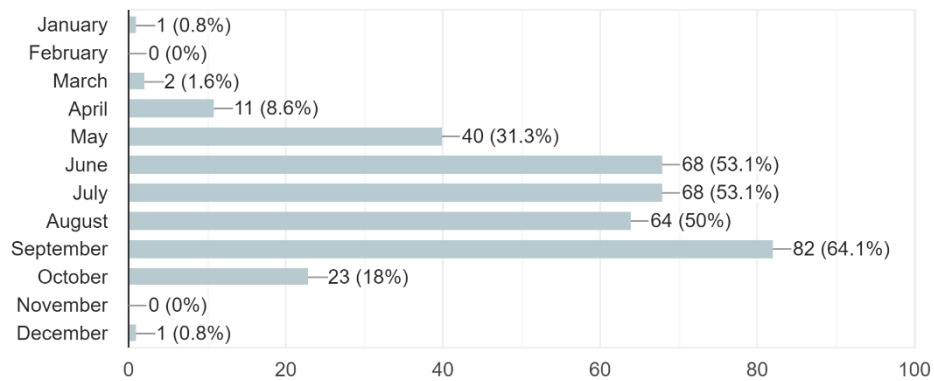
IF NOT, ARE YOU INTERESTED IN HOLIDAYING IN CROATIA?

97 responses



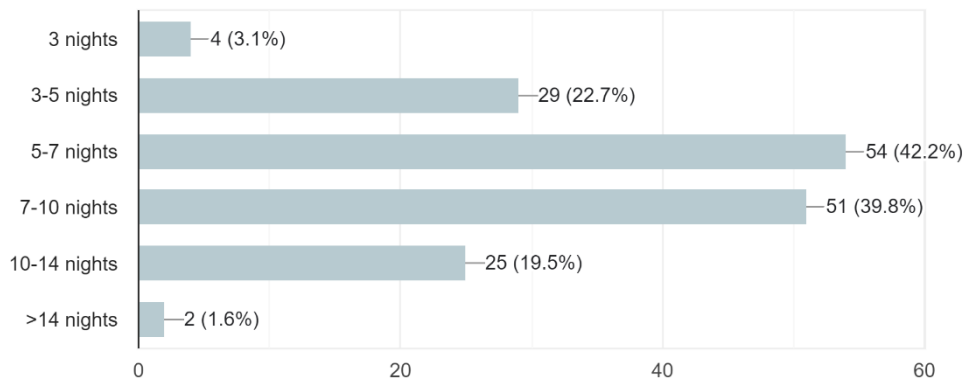
IN WHICH SEASON WOULD YOU PROBABLY BOOK YOUR TRIP TO CROATIA? (High season is June-August // See table: Max. & Min. Temperature in Croatia)

128 responses



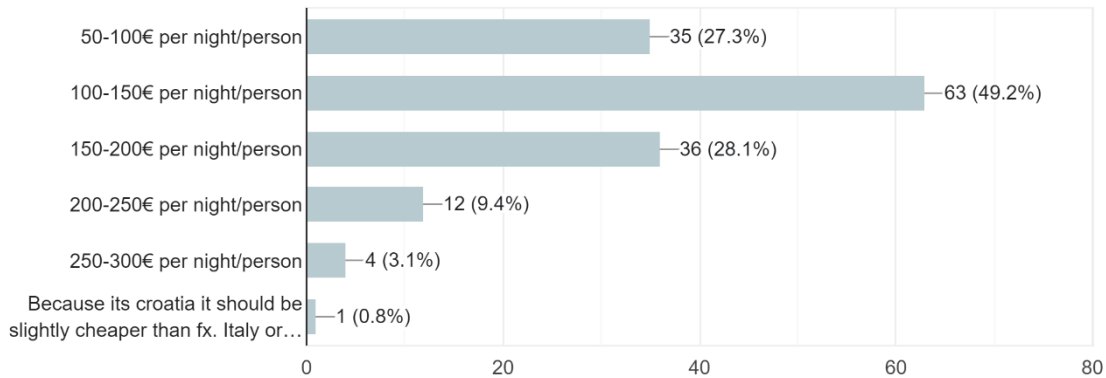
FOR WHICH PERIOD WOULD YOU BOOK ONE OF THE HOLIDAY HOUSES ON THE ISLAND OF SOLTA ? (Minimum stay 3 nights)

128 responses



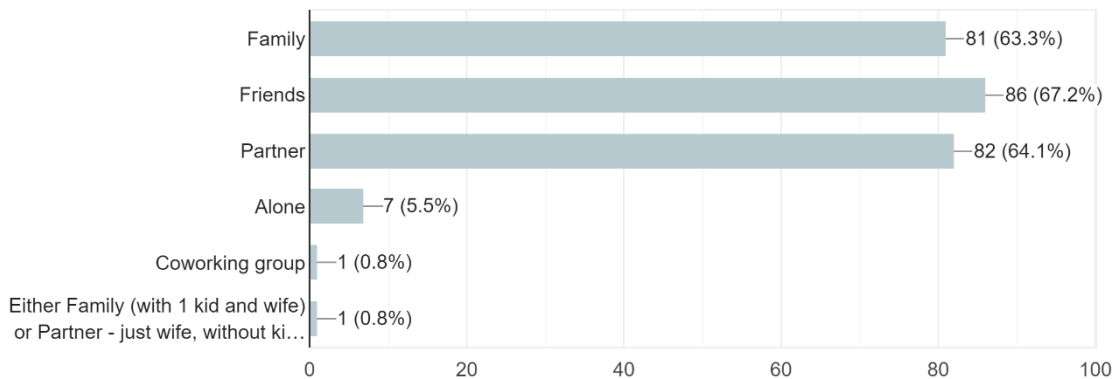
### WHAT PRICE DO YOU THINK IS APPROPRIATE FOR THIS CONCEPT AND WOULD YOU BE WILLING TO PAY?

128 responses



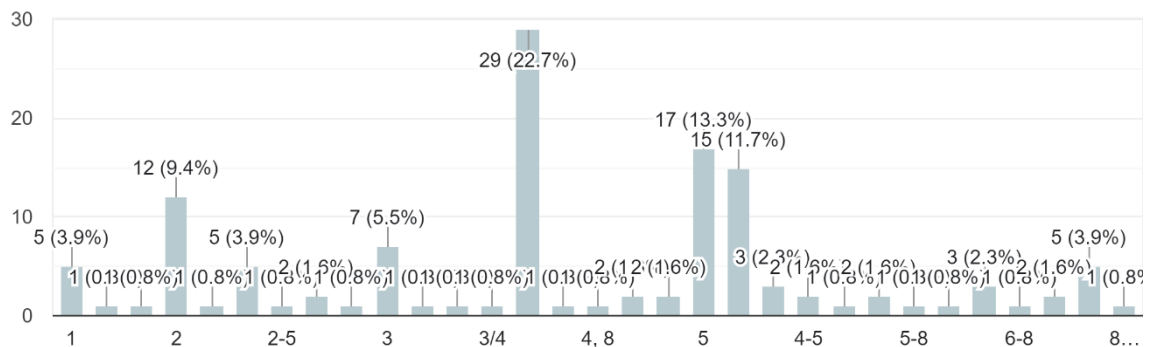
### WITH WHOM WOULD YOU BOOK ONE OF THESE HOLIDAY HOUSES AND TRAVEL THERE? (Multiple answers possible)

128 responses



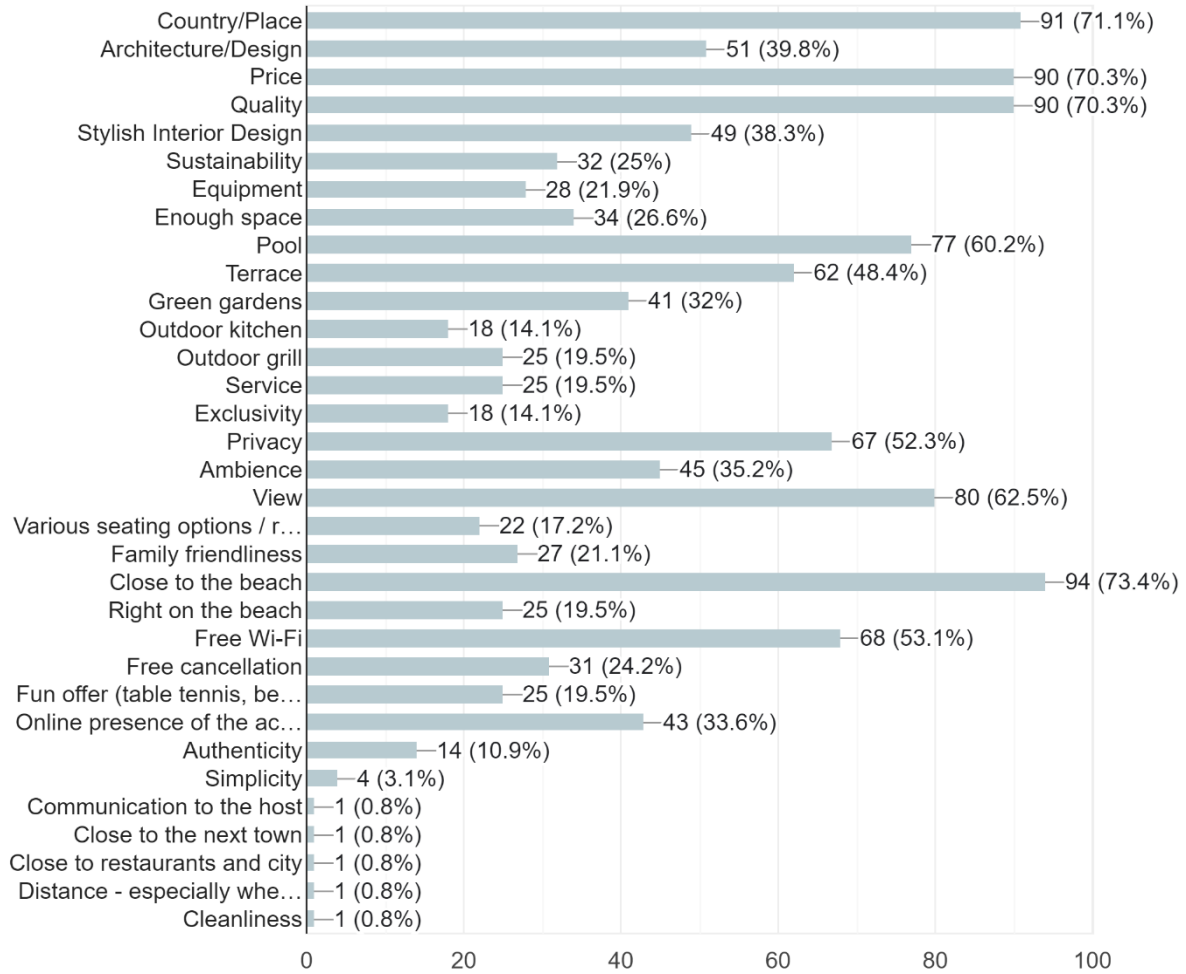
### HOW MANY PEOPLE WOULD YOU PROBABLY TRAVEL WITH TO THESE HOLIDAY HOUSES? (number in total)

128 responses



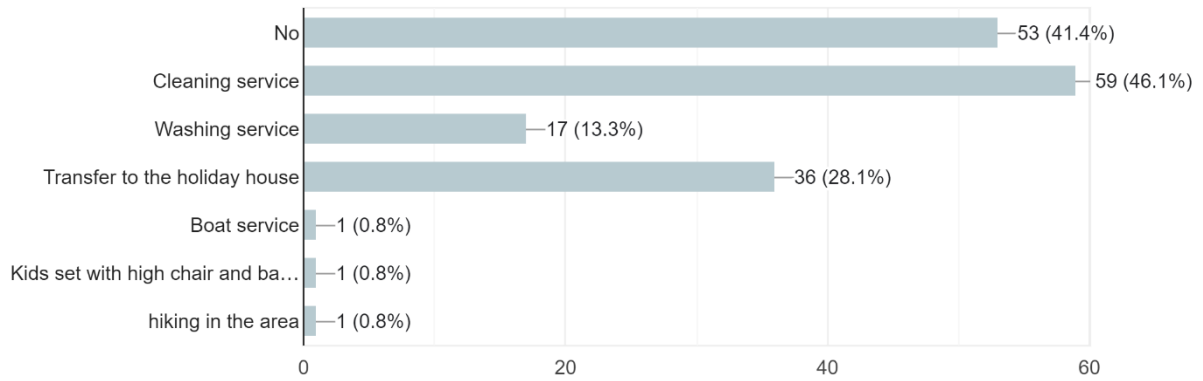
WHICH FACTORS PLAY THE MOST IMPORTANT ROLE WHEN BOOKING YOUR HOLIDAY HOUSE?  
(Multiple answers possible)

128 responses



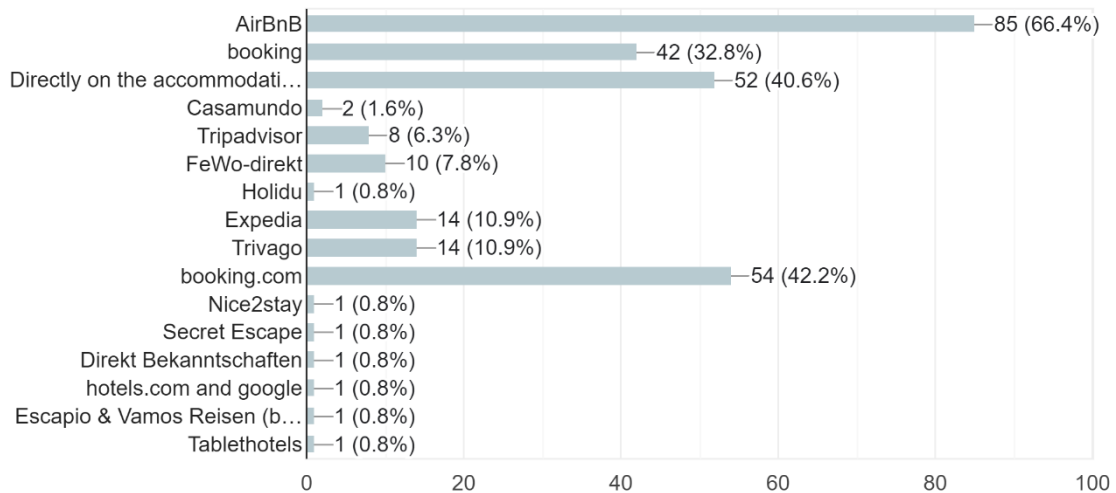
ARE THERE ANY ADDITIONAL OFFERED SERVICES WHICH ARE DECISIVE FOR YOUR BOOKING?  
(Multiple answers possible)

128 responses



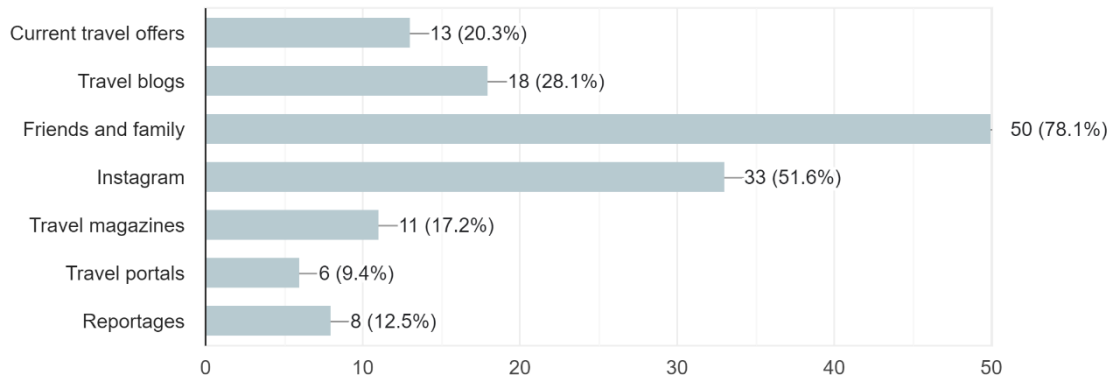
ON WHICH PLATFORM DO YOU USUALLY BOOK YOUR HOLIDAY HOUSE? (Multiple answers possible)

128 responses



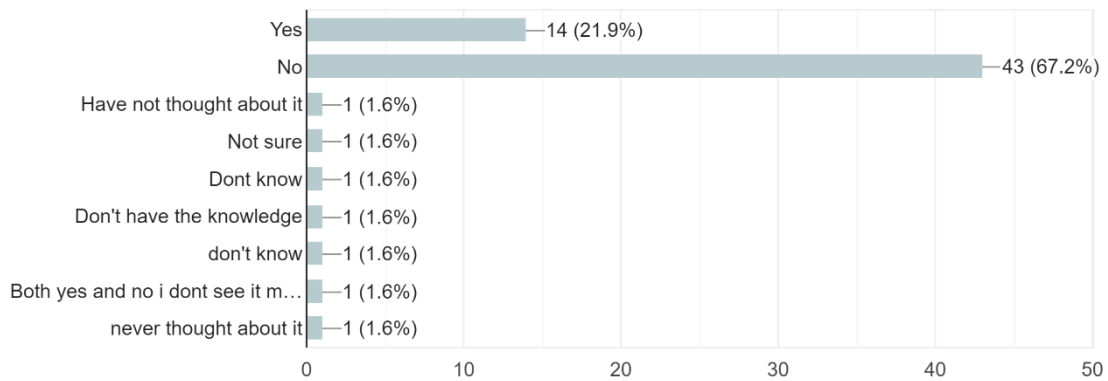
### WHERE DO YOU GET INSPIRATION FOR YOUR NEXT TRIP?

64 responses



### DO YOU ASSOCIATE CROATIA WITH A SUSTAINABLE COUNTRY IN TERMS OF ITS TOURISM INDUSTRY?

64 responses



DO YOU HAVE PAST EXPERIENCE WITH SUSTAINABLE TOURISM? IF YES, WHAT IS YOUR EXPERIENCE ABOUT?

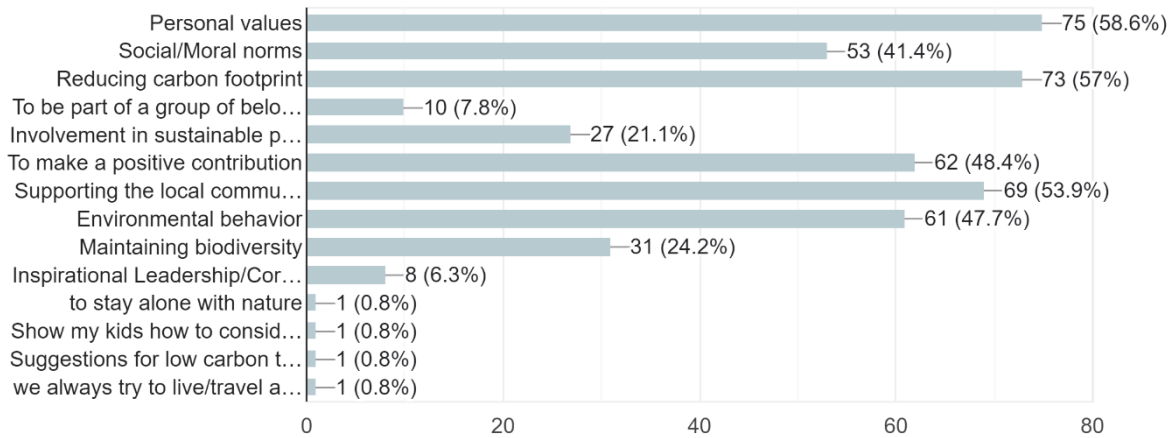
128 responses

- No
- no
- Yes
- No
- Not yet
- Study
- Trip to a winery in Portugal, where they implemented sustainable aspects in their grocery procurement and food processing. Sustainable Architecture and Interior Design.
- Backpacking - self organised
- Not a lot unfortunatelv



WHAT ARE MOTIVATIONS TO YOU FOR PRO-ENVIRONMENTAL VACATION? (Multiple answers possible)

128 responses



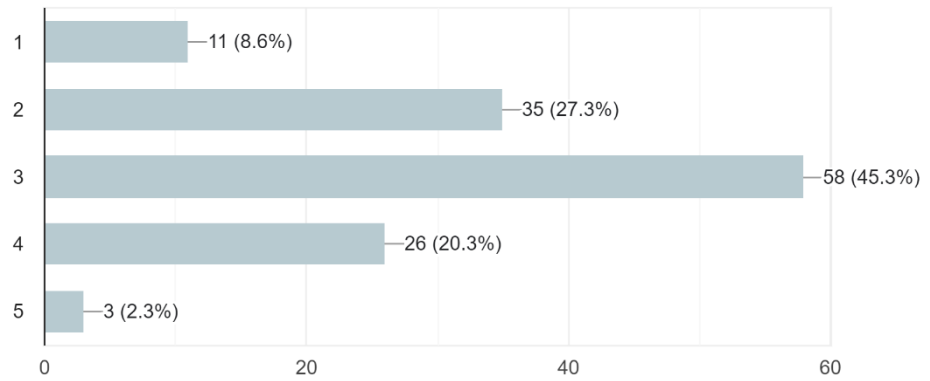
WHAT PERSONAL BENEFITS DO YOU THINK SUSTAINABLE TOURISM CAN BRING YOU? (Bullet points possible)

128 responses

- None
- Do something for your descendants with a clear conscience / make the world a little better
- More authentic experiences, preserving our environment
- Individual Holiday
- Feel good
- Step into a better world
- Don't know
- Don't know
- keep nature alive, feeling for sustainability, personal health

HOW IMPORTANT IS THE FACTOR SUSTAINABILITY TO YOU WHEN CHOOSING AND BOOKING YOUR HOLIDAY ACCOMMODATION? (1 = not at all im... = very important and decisive for my booking)

128 responses



WHAT DO YOU ASSOCIATE WITH A SUSTAINABLE HOLIDAY HOUSE? (Bullet points possible)

128 responses

Sustainable architectural style, connection between the country and its people, being close to the environment / nature

Environmentally friendly architecture, local products

Beautiful view, Pool, relaxing

Nature Environment, Food,

Low energy, own water reservoir, local Food

Less electronics, close to nature

Don't know

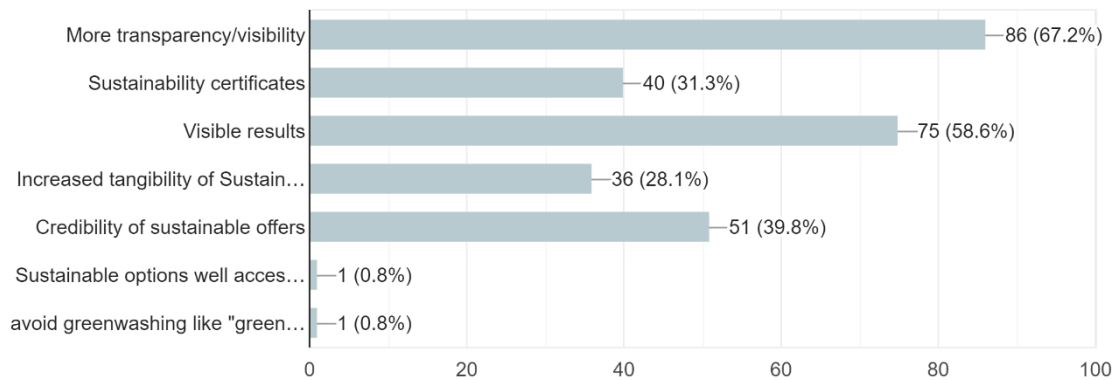
Don't Know

bikes or nearby shops, materials which regulate heat, solar electricity



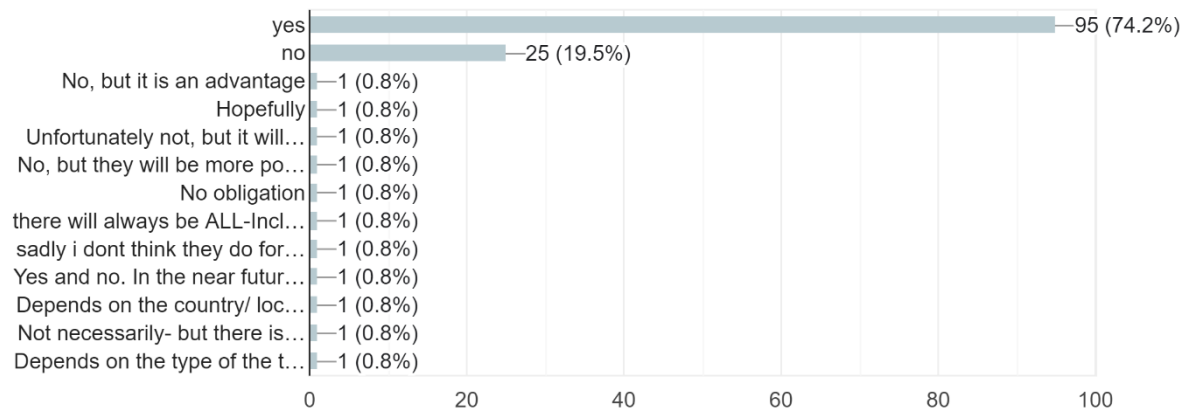
WHAT DO YOU THINK IS RELEVANT TO YOU TO BEHAVE SUSTAINABLE? (Multiple answers possible)

128 responses



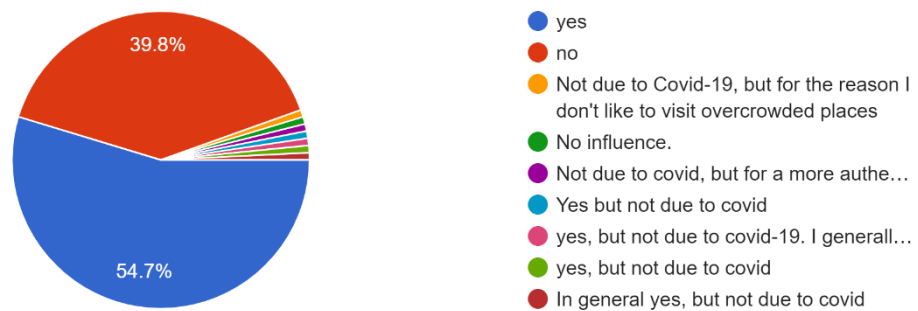
DO YOU THINK NEW HOLIDAY ACCOMMODATION CONCEPTS HAVE TO BE SUSTAINABLE IN ORDER TO CONTINUE ON THE MARKET IN THE FUTURE?

128 responses



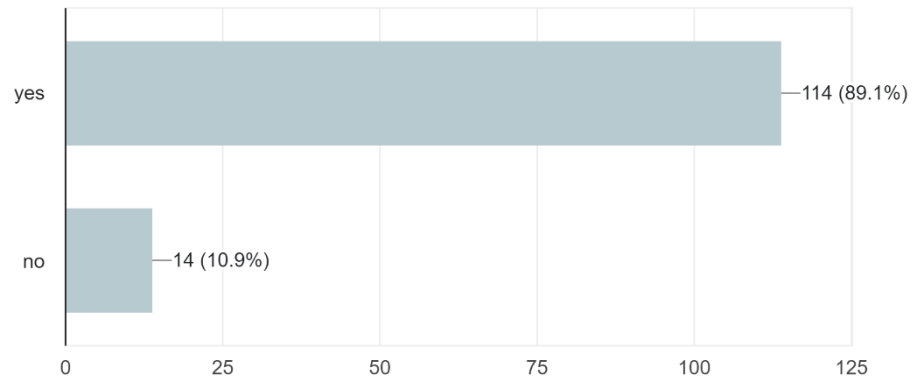
WILL YOU LOOK FOR LESS TOURISTIC DESTINATIONS & FOR MORE UNTOUCHED PLACES DUE TO COVID-19?

128 responses



## WOULD YOU BOOK THIS HOLIDAY HOUSE-CONCEPT ON THE ISLAND OF SOLTA?

128 responses



### IF YES, FOR WHAT DECISIVE REASON?

98 responses

Beautiful view

Convincing overall concept

Holiday With family

Look

Enough Space, perfect Design,

Depending on price, but beautiful view

It's beautiful, nice green areas and this combined with sustainability is exactly what my kind of „relax“ holidays look like.

Sustainability and amazing design

Sustainability aspects - cool design

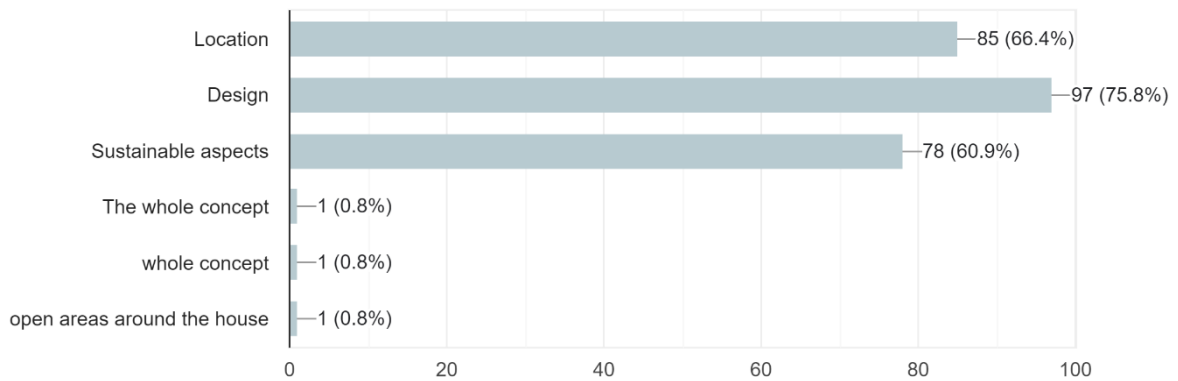
### IF NOT, FOR WHAT DECISIVE REASON?

22 responses

- Too expensive at the moment
- No
- Too far away from city
- Anfahrtszeit, Fähre
- to relax and have an informational detox
- None
- No reason
- Don't know anything about the Island
- Not relevant holiday location if I need to drive to everything

### WHAT DO YOU LIKE THE MOST ABOUT THIS CONCEPT? (Multiple answers possible)

128 responses



DO YOU HAVE FURTHER IDEAS / SUGGESTIONS FOR THIS CONCEPT?

87 responses

No

no

Yes

No

Not complicated travel way to this hostel

Adventure offer, organized boat Trip, fishing

Adventure with locals like boattrips or fishing

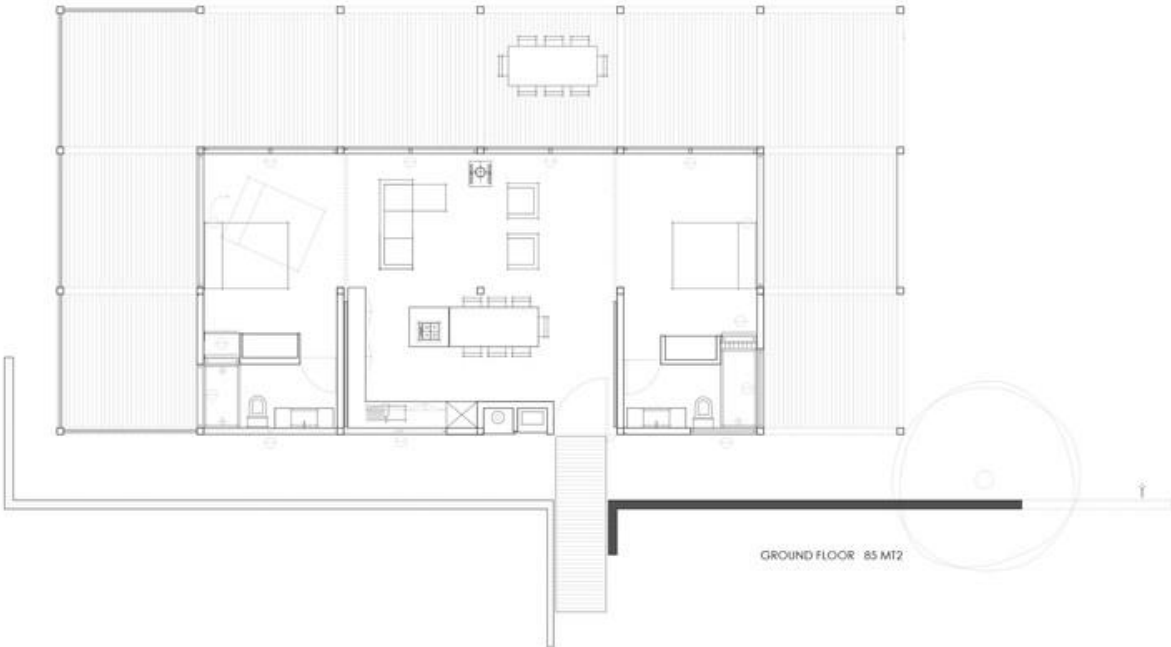
Bikes to explore the area

Including biodiversity in the garden (but it was mentioned), which means including different flowers/plants/grasses and vegetables and fruit.

**Appendix B**

Product Design Houses – Impressions

(Source: WMR Architects)















## Appendix C – Revenue Plan in detail

REVENUE PLAN	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL
<b>YEAR 2024</b>													
Sales price (per night & per house)	400,00 €	400,00 €	400,00 €	500,00 €	650,00 €	800,00 €	800,00 €	800,00 €	650,00 €	500,00 €	400,00 €	400,00 €	400,00 €
Sales volume (overnight stays per house)	0	0	0	0	0	10	15	15	10	5	0	0	55
Sales volume with 6 houses	0	0	0	0	0	60	90	90	60	30	0	0	330
<b>=Revenue</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>48.000,00 €</b>	<b>72.000,00 €</b>	<b>72.000,00 €</b>	<b>39.000,00 €</b>	<b>15.000,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>246.000,00 €</b>
<b>YEAR 2025</b>													
Sales price (per night & per house)	400,00 €	400,00 €	400,00 €	500,00 €	650,00 €	800,00 €	800,00 €	800,00 €	650,00 €	500,00 €	400,00 €	400,00 €	400,00 €
Sales volume (overnight stays per house)	0	0	0	1	7	20	20	20	14	7	0	0	89
Sales volume with 6 houses	0	0	0	6	42	120	120	120	84	42	0	0	534
<b>=Revenue</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>3.000,00 €</b>	<b>27.300,00 €</b>	<b>96.000,00 €</b>	<b>96.000,00 €</b>	<b>96.000,00 €</b>	<b>54.600,00 €</b>	<b>21.000,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>393.900,00 €</b>
<b>YEAR 2026</b>													
Sales price (per night & per house)	400,00 €	400,00 €	400,00 €	500,00 €	650,00 €	800,00 €	800,00 €	800,00 €	650,00 €	500,00 €	400,00 €	400,00 €	400,00 €
Sales volume (overnight stays per house)	0	0	0	4	10	25	25	25	19	12	0	0	120
gesamt (Übernachtungen)	0	0	0	24	60	150	150	150	114	72	0	0	720
<b>=Revenue</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>12.000,00 €</b>	<b>39.000,00 €</b>	<b>120.000,00 €</b>	<b>120.000,00 €</b>	<b>120.000,00 €</b>	<b>74.100,00 €</b>	<b>36.000,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>521.100,00 €</b>
<b>YEAR 2027</b>													
Sales price (per night & per house)	400,00 €	400,00 €	400,00 €	500,00 €	650,00 €	800,00 €	800,00 €	800,00 €	650,00 €	500,00 €	400,00 €	400,00 €	400,00 €
Sales volume (overnight stays per house)	0	0	0	7	17	30	30	30	22	17	0	0	153
Sales volume with 6 houses	0	0	0	42	102	180	180	180	132	102	0	0	918
<b>=Revenue</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>21.000,00 €</b>	<b>66.300,00 €</b>	<b>144.000,00 €</b>	<b>144.000,00 €</b>	<b>144.000,00 €</b>	<b>85.800,00 €</b>	<b>51.000,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>656.100,00 €</b>
<b>YEAR 2028</b>													
Sales price (per night & per house)	400,00 €	400,00 €	400,00 €	500,00 €	650,00 €	800,00 €	800,00 €	800,00 €	650,00 €	500,00 €	400,00 €	400,00 €	400,00 €
Sales volume (overnight stays per house)	0	0	0	10	20	30	30	30	25	20	0	0	165
Sales volume with 6 houses	0	0	0	60	120	180	180	180	150	120	0	0	990
<b>=Revenue</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>30.000,00 €</b>	<b>78.000,00 €</b>	<b>144.000,00 €</b>	<b>144.000,00 €</b>	<b>144.000,00 €</b>	<b>97.500,00 €</b>	<b>60.000,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>697.500,00 €</b>