ISCTE Business School
Instituto Universitário de Lisboa

# SEASONALITY IN TOURISM: INTRODUCING GOLF AS A TOURISTIC SEGMENT IN ORDER TO PROLONG A DESTINATION'S TOURISTIC SEASON. PROJECT OF ISTRIA COUNTY IN CROATIA

Lea Bohte

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Supervisor:

Professor Gavin Eccles, ISCTE Business School

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**Lea Bohte**

Dedicated to my father

*Take a second to look down at me,*

*Oh if you could see me now*

**ACKNOWLEDGMENTS**

This study would not have seen the light of day without the support and help from very special people.

I would like to thank my mother Vesna and sister Alma for their continuous support during my whole life and education and for helping me make my dreams come true.

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## ABSTRACT

The present study investigates the effect seasonality has on touristic destinations and whether introducing golf tourism in the touristic offer is the right solution for dealing with this effect. This study is an in- depth single case study, supported by qualitative research.

The investigation was composed of literature review which encompassed the following theoretical concepts: seasonality effect, destination life cycle, image and branding, residential and niche tourism and MICE.

The qualitative research was conducted by the researcher, through the use of in- depth electronic interviews in order to show why Istria is chosen to be the best golf destination in Croatia and what benefits golf would bring to Istrian tourism.

The research showed that golf, accompanied by MICE, is one of the best solutions for minimizing the seasonality effect in tourism in Istria. By introducing new segments into touristic offer, off season stay would increase, and therefore, the difference between high and off season would be decreased. Furthermore, the brand of Istria as a golf destination would become recognizable and the image of Istrian tourism would be strengthened.

In addition to above mentioned conclusions, the goal of this study was to show that by changing the destination's image and focusing on niche tourism, a destination could alter its path from Decline to Rejuvenation.

Key words: seasonality, golf tourism, destination branding, niche tourism

JEL Classification System: L83, M31.

**ABSTRACTO**

O presente estudo tem como objetivo descrever o impacto da sazonalidade nos destinos turísticos e perceber se a introdução de turismo de golfe na oferta turística poderá ser parte da solução para lidar com esse mesmo efeito.

Este estudo é suportado por uma pesquisa qualitativa e tem como objetivo analisar profundamente um exemplo específico.

A investigação foi composta por uma revisão bibliográfica que abrangeu os seguintes conceitos teóricos: impacto da sazonalidade no turismo, ciclo de vida do destino turístico, imagem e branding, turismo de nicho, residencial e MICE.

Para o efeito, foi realizada uma pesquisa qualitativa baseada em entrevistas eletrónicas com a finalidade de demonstrar o porquê da Ístria poder ser considerada como o melhor destino de golfe na Croácia e quais os benefícios que golfe traria para o turismo desta mesma zona.

A pesquisa demonstrou que o golfe, juntamente com o MICE, é uma das melhores soluções para minimizar o efeito da sazonalidade no turismo na Ístria. Com a introdução de novos segmentos na oferta turística, as estadias durante a "época-baixa" aumentariam, fazendo com que a diferença entre as épocas baixa e alta não fosse tão relevante. Adicionalmente, a marca "Ístria" como destino preferencial de golfe seria reconhecida, levando, por sua vez, ao reforço generalizado do turismo nessa mesma zona.

Além das conclusões acima mencionadas, outro objetivo deste estudo foi demonstrar que, mudando a imagem e colocando o foco no turismo de nicho, um destino poderia rejuvenescer, alterando, deste modo, a sua trajetória de declínio.

Palavras-chave: sazonalidade, o turismo de golfe, *branding* do destino, turismo de nicho

Sistema de classificação JEL: L83 e M31

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## LIST OF ABREVIATIONS

MICE – meetings, incentives, conventions, exhibitions

TALC – tourism area life cycle

DLC – destination life cycle

PLC – product life cycle

EMA – Europe, Middle East and Africa

IFE – internal factor evaluation

EFE – external factor evaluation

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**EXECUTIVE SUMMARY**

Destinations, whose touristic season depends mostly on the weather, have nowadays started facing with the problem of seasonality, which brought them into stagnation phase with the tendency of decline. It is no longer enough to rely solely on "sun and beach" type of tourism.

On the other hand, both sports and tourism have become the largest and fastest growing industries in the global economy. The trend of building golf courses as supporting services of a hotel or resort in the world is increasing. The presence of a golf course in touristic areas has become of extreme importance in making the decision where to go on vacation.

Not only sport and tourism have become more linked. One of the most popular extracurricular activities sought by meeting and convention attendees is golf. By including "add on" activities, such as golf packages, the MICE attendee got a venue where they can mix business with pleasure through sports. Over the last 15 years, golf and business have become inseparable. Golf has become recognized as a valuable networking tool and a major industry worldwide.

Portugal belongs to the group of most popular golf destinations in Europe, where the largest number of arrivals of golf players is expected off season: 75% of the total rounds are played off season (March and October). Since substantial benefit brought by the golf to Algarve region is the improved occupancy rate offseason (September - May) and season extension, Vale do Lobo, a famous golf resort in Algarve was chosen as a case example for creation of similar resorts in Istria County in Croatia. Istria is one of most important Croatian tourist destinations. It attracts tourists from throughout the world but mostly those from Western and Central Europe. From the total number of tourists in Croatia, Istria accounts for 24%. Furthermore, Istria has all predispositions for golf development and turning itself into a world known golf region. Few things need to be especially emphasized: closeness of big emitting markets, natural beauties and mild climate which enables playing golf during whole year. Integrating golf projects with Istria as tourist destination would empower her competitive ability in demanding world tourism market.

In order for destinations to stay competitive and recognizable, they need to resort to other solutions, such as niche tourism.

Therefore, the aim of this study is to show that seasonality should no longer be seen as a problem, but as a challenge for creating new marketing strategies in order to rejuvenate these destinations. Furthermore, the niche tourism and building positive destination image would help destinations to differentiate their tourism product and meet the needs of particular market

segment. It will also be shown that golf is the right tourism sector Croatian tourism should turn to, due to several reasons: it prolongs the touristic season, it is the most wide spread individual sport in the world, it is appropriate for all ages and there is a big number of tour operators.

This study is an in- depth single case study, supported by qualitative research.

The investigation was composed of literature review which encompassed the following theoretical concepts: seasonality effect, destination life cycle, image and branding, residential and niche tourism and MICE.

The qualitative research was conducted by the researcher, through the use of in- depth electronic interviews in order to show why Istria is chosen to be the best golf destination in Croatia and what benefits golf would bring to Istrian tourism.

The research showed that golf, accompanied by MICE, is one of the best solutions for minimizing the seasonality effect in tourism in Istria. By introducing new segments into touristic offer, off season stay would increase, and therefore, the difference between high and off season would be decreased. Furthermore, the brand of Istria as a golf destination would become recognizable and the image of Istrian tourism would be strengthened.

Besides that, it was determined that Croatian tourism is currently in the stagnation phase and is beginning to decline. It needs to increase investments and apply appropriate strategic measures that would enable it to enter rejuvenation phase. By creating Istrian golf region, the level of tourism would be raised and the recognition of Istria and Istrian tourism would be strengthened.

Finally, it was revealed that golf inevitably increases the quality and services of a travel destination and that is why its integration is crucial for the development of Istrian tourism. One more solution for a destination in stagnation phase is to focus on repositioning its tourism products by using alternative niche marketing strategies. It helps destinations to differentiate their tourism product and compete in an increasingly competitive environment.

The study was concluded by recommendations for Croatian tourism and further research.

**SUMÁRIO EXECUTIVO**

Os destinos, cuja temporada turística depende essencialmente das condições metereológicas, enfrentam, na actualidade, o problema da sazonalidade , que leva à estagnação com tendência para o declínio. De realçar que, na conjuntura actual, já não é suficiente abordar o turismo considerando apenas a vertente "sol e praia". Por outro lado, quer o desporto quer o turismo, tornaram-se nas indústrias com o maior e mais rápido crescimento na economia global. Existe a tendência para o aumento da construção de campos de golfe, que funcionam como serviços de apoio de um hotel ou resort. A presença de campos de golfe em áreas turísticas ganhou relevância aquando da decisão relativamente ao local para onde ir de férias.

Tem-se observado que o desporto e o turismo se tornaram mais ligados, mas também é de realçar que o golfe ganhou preponderância como atividade extracurricular aquando da realização de reuniões e convenções. Com a inclusão de atividades de valor acrescentado, tais como pacotes de golfe, os participantes do MICE têm um local onde podem misturar negócios com prazer por via do desporto. Nos últimos 15 anos, o golfe e as empresas tornaram-se inseparáveis. O golfe tornou-se uma valiosa ferramenta de *"networking",* sendo também importante ao nível da indústria mundial.

Portugal pertence ao grupo de destinos de golfe mais populares na Europa, onde se espera o maior número de chegadas de jogadores de golfe durante época baixa: 75% do total dos *"rounds"* são jogados na época baixa (Março e Outubro). Considerando que os benefícios trazidos pelo golfe para a região do Algarve foram a melhoria da época baixa (Setembro - Maio ) e a extensão da temporada turistica, Vale do Lobo, um reconhecido resort de golfe no Algarve, foi escolhido como o exemplo para a criação de resorts similares na região da Ístria na Croácia.

A Ístria é um dos mais importantes destinos turísticos da Croácia, atraindo turistas de todo o mundo, mas principalmente os de Europa Ocidental e Central. Do total dos turistas na Croácia, a Ístria representa 24%. Além disso, esta região tem todas as condições para o desenvolvimento do golfe e para se transformar numa região de golfe reconhecida a nível mundial. Alguns tópicos precisam de ser especialmente realçados, nomeadamente a proximidade de grandes mercados emissores, a beleza natural e clima ameno que permite jogar golfe durante o ano todo. A integração de projetos de golfe na Ístria como destino turístico iria aumentar a sua capacidade competitiva no exigente mercado de turismo mundial.

Para que os destinos se mantenham competitivos e reconhecidos, é necessário recorrer a outras soluções, como o turismo de nicho. Neste contexto, o objetivo deste estudo é demonstrar que a sazonalidade não deve ser encarada como um problema, mas como um desafio para a criação de novas estratégias de *marketing*, com a finalidade de rejuvenescer este tipo de destinos. Por outro lado, o turismo de nicho e a criação de uma imagem positiva são fatores que ajudariam estes destinos a diferenciar o seu produto turístico e a satisfazer as necessidades de um determinado segmento de mercado.

Também será demonstrado que o golfe é o setor de turismo no qual a Croácia deve investir, por variados motivos: prolongação da temporada turística, é o desporto individual com mais ampla difusão no mundo, é apropriado para todas as idades e não há um grande número de operadores turísticos.

Este estudo é suportado por uma pesquisa qualitativa e tem como objetivo analisar profundamente um exemplo específico. A investigação foi composta por uma revisão bibliográfica que abrangeu os seguintes conceitos teóricos: impacto da sazonalidade no turismo, ciclo de vida do destino turístico, imagem e *branding*, turismo de nicho, residencial e MICE.

Para o efeito, foi realizada uma pesquisa qualitativa baseada em entrevistas eletrónicas com a finalidade de demonstrar o porquê da Ístria poder ser considerada como o melhor destino de golfe na Croácia e quais os benefícios que golfe traria para o turismo desta mesma zona.

A pesquisa demonstrou que o golfe, juntamente com o MICE, é uma das melhores soluções para minimizar o efeito da sazonalidade no turismo na Ístria. Com a introdução de novos segmentos na oferta turística, as estadias durante a "época-baixa" aumentariam, fazendo com que a diferença entre as épocas baixa e alta não fosse tão relevante. Adicionalmente, a marca "Ístria" como destino preferencial de golfe seria reconhecida, levando, por sua vez, ao reforço generalizado do turismo nessa mesma zona.

O turismo Croata está atualmente em fase de estagnação, dando mesmo sinais de declínio. É necessário aumentar os investimentos e aplicar medidas estratégicas apropriadas que permitam entrar na fase de rejuvenescimento. Com a criação da região de golf da Ístria, os níveis de turismo iriam aumentar e o reconhecimento de Ístria e do seu turismo sairiam reforçados.

Por fim, foi demonstrado que o golfe aumenta, inevitavelmente, a qualidade e os serviços de um destino de viagem, sendo esta a razão pela qual a sua integração é fundamental para o desenvolvimento do turismo da Ístria. A concentração no reposicionamento dos seus produtos turísticos por via de estratégias de marketing de nicho poderá ser também uma solução para um destino em fase de estagnação. Através destas medidas, os destinos poderiam diferenciar seu produto turístico e competir num ambiente cada vez mais competitivo.

O estudo foi concluido com recomendações para o turismo Croata e futuros estudos.

# CHAPTER I: INTRODUCTION

## 1.1 Background

This study was done in order to show how destinations that depend on the weather started facing with the effect of seasonality. They can no longer rely on the “beach and sun” tourism anymore. Therefore, the importance of niche tourism was described and presented in this study.

Golf is becoming a major industry worldwide. Beside the greatest tournaments such as the British Open and US Masters, golf will become an Olympic sport in 2016. This will raise the profile of the game even further and it is expected to have a positive impact on golf tourism all over the world.

There are many definitions of golf tourism. Hudson (2003) defines golf tourism as a travel away from home to participate in or observe the sport itself, or to visit attractions associated with golf. Readman (in Hudson 2003, p. 166) defines it as: ‘‘travel for non-commercial reasons to participate in golf activities away from the traveller’s local environment’’. In Golf 20/20 (2002) golf tourism is described as “a primary motivating factor for travel or, as an enjoyable activity whist travelling”[1]. According to Tourism Victoria (in Tassiopoulos et al., 2007), golf tourism is defined as “an activity, or overnight trip, where the golfer is travelling more than an hour outside their place of residence and/or regular golf course or club and displays at least one of the following characteristics: golf is a primary motivator for travel; golf is a major determining factor in choosing the destinations and/or golf will become the primary leisure activity on the trip”.

There are 60 million registered golf players in the world today. Their average age is 35 – 55, they are rather wealthy and highly educated. They often travel together with non – golfers and are also very interested in local gastronomy, wellness, beaches, culture and other attractions. There is a good opportunity to connect golf with other touristic offers like seminars, culture, hunting and sports tourism. In all Mediterranean and some other European countries golf can be played during the whole year, which in real terms means an all year touristic season[2].

Sports tourism has been a niche segment of tourism sector as a whole. However, during the past few years this relationship between sports and tourism has been changing. Mostly, due to the 5 main reasons[3]:

[1] www.golf2020.com
[2] www.mzopu.hr
[3] www.mintel.com

- The popularity of national and international sporting events has increased (the Olympic Games, the World Cup, etc.)
- There is a wider understanding of the health- related benefits that can be achieved through active participation in many sports
- The value of sports is becoming appreciated by governments with regard to both the economy and national and international relations
- There are wider and carefully programmed variety of sporting events offered throughout the year
- Sports enthusiasts are not only more mobile but also able to communicate more effectively due to improvements in technology and global infrastructure

Due to a favourable climate, Portugal and Spain are most popular golf destinations in mainland of Europe, with 429 courses between them. In Portugal, Algarve has the greatest concentration of courses, with 25 golf clubs along the coastline. Algarve's oldest course, Penina, is one of several courses designed by Sir Henry Cotton, a British designer. Around 12 golf courses can be found around Lisbon, including the Troia Golf Course, considered to be Portugal's most difficult. Golf tourism has a great impact on the Algarve and is regarded by local tourism developers as a way of dealing with the seasonal patterns of "mass tourism".
According to the research conducted by KPMG in 2009, golf tourism in Europe earned a total of EUR 2.2 billion in direct revenue in 2006. 63% was accrued in Western Europe (France, Italy, Spain and Portugal) alone, even though this region has only 17.5% of the supply of Europe's golf courses. Overall, golf tourism supports the employment of approximately 50,000 people throughout Europe. Golf accounts for 1–1.5% of all leisure trips in Europe, and according to the research, golf tourists spend an average of EUR 250 per day on a week-long golf holiday, only 26% of which is spent directly on golf (the rest on travel, accommodation, food, etc.). Furthermore, golf courses are increasingly being used to support quality residential developments in Europe. New real estate developments now generate more revenue (EUR 17.6 billion) for the European economy than accrues from core activity at golf facilities (EUR 17.3 billion). They contributed EUR 4.6 billion to GDP and supported close to 115,000 jobs in Europe in 2006[4].
Substantial benefit brought by the golf to Algarve region is the improved occupancy rate offseason (September - May) and season extension or cancellation of terms season, preseason

[4] KPMG Advisory Ltd., The Economic value of golf to Europe, 2009

and postseason. A very special recognition was given to Vale do Lobo this year. It has been voted as the Best Golf Resort in Portugal at the Today's Golfer Travel Awards.

Croatia being a touristic country, whose season only lasts 3 – 4 months, creation of golf tourism could bring many benefits. If Croatia wants to keep relying on the revenues from the tourism, it is mandatory to prolong the touristic season. It is considered that a lot of work had already been done in developing the brand Istria. Istria has already received several prizes, such as Lonely Planet's top 10 regions 2011 and ADAC Germany as the most visited destination for German motorists. According to the spatial plan of Istria County, there are 23 locations foreseen for the construction of golf courses.

Therefore, due to all mentioned above, Vale do Lobo, an Algarve golf resort, was chosen as a case example for creation of similar resorts in Istria County in Croatia.

### 1.2 The purpose of the study and research questions

The purpose of this study is to show that lots of destinations are facing with the seasonality effect and outdated touristic offer which brings them to stagnation phase with the tendency of decline. Therefore, seasonality should be seen as a challenge and not a problem and efforts should be made in order to create an appropriate marketing strategy for rejuvenating these destinations. Furthermore, the intention is to show that niche tourism and building positive destination image help destinations to differentiate their tourism product and meet the needs of particular market segment.

Since the mentioned factors brought success for Vale do Lobo golf resort in Algarve, the purpose of this study is to show that the same strategy can apply to other destination, particularly to Count of Istria in Croatia, in order to minimize the effect of seasonality and detour the destination from decline phase towards rejuvenation.

All these topics will be explored by answering the following research questions:

1. How can a new tourism segment help solve issue of seasonality in Croatia (Istria)?
2. Why is Istria potentially the best destination for golf in Croatia?
3. How can a destination (Croatia) move from Stagnation phase to Rejuvenation?

The questions will be answered by reviewing the literature connected with the mentioned topics and by analysing primary and secondary data gathered by the researcher. Based on the findings, recommendations for implementing proper strategy will be made.

## 1.3 Structure of the study

The general structure of the present study is shown in the table below:

**Table 1. General structure of the study**

| # of the Chapter | Title of the Chapter | Main points of the Chapter |
|---|---|---|
| Chapter I | Introduction | Background of the study. The purpose of the study and research questions. Structure of the study. Reasons for choosing the topic. |
| Chapter II | Literature review | Review of existing literature on main concepts of the study: seasonality; destination life- cycle, branding, marketing and image; residential tourism; tourism segmentation; MICE |
| Chapter III | Methodology and research design | Description of methodological approach used and research design; explanation of the process for collecting and analysing primary and secondary data gathered. |
| Chapter IV | Research Findings | The answers from the interviewees to the interview questions are analysed, presented and linked to the findings from literature review. |
| Chapter V | Vale do Lobo case study and strategy formulation of Istrian tourism | Description of the case studied and explanation of Istria's competitive strategy and advantage |
| Chapter VI | Answering the research questions and conclusion | The findings from the literature review and qualitative research are connected in order to make the overall conclusion of the study |
| Chapter VII | Managerial and academic implications of the study | The general recommendations for destinations with seasonal touristic offer taken from the findings which resulted from the analysis of the present case study |
| Chapter VIII | Limitations to the study | List of limitations to the study faced by the researcher |
| Chapter IX | Recommendations for further research | Researcher's suggestions for further research related to the main topics in this study |

Source: Author's own

In order to compose the literature overview, a number of books, scientific articles, previous studies and websites were reviewed. This way the researcher got more familiar with the topics mentioned previously and was able to proceed with the most appropriate and most accurate qualitative research. The primary data for qualitative research was gathered through the electronic interviews with a representative from Vale do Lobo golf resort and contact person from Croatian Golf Association. The analysis of the findings from the literature review and interviews enabled the researcher to answer the research questions and draw recommendations and conclusions for destinations with seasonal touristic offer.

## 1.4 Reasons for choosing the topic

The researcher finished her studies in her home country, Croatia, and proceeded with her Master degree in Portugal. Keeping in mind that these two countries have some similarities in climate, food, drinks and both being touristic countries, the researcher wanted to make one more connection between the two countries. Since Istria is planning to build 23 golf courses, 18 of which with accommodation facilities and Portugal being one of the best golf destinations in Europe which managed to prolong the touristic season during the whole year, mostly due to golf tourism, the researcher decided to apply a Portuguese example of a successful golf course in Algarve to Istria in Croatia.

## CHAPTER II: LITERATURE REVIEW

Main topics that will be discussed and explained throughout this thesis are: seasonality, destination life cycle, destination image, branding and marketing, creation of second homes, the connection between sports and tourism and MICE.

### 2.1 Seasonality

As explained by Cooper, *et al*. (1998), within most patterns of demand in tourism, there are regular fluctuations mostly due to the time of the year. It is often the result of climate changes over the year. Therefore, a destination that is attractive due to its beaches and hot summers is likely to have high seasonal demand. The same applies to ski resorts where only snows for a certain part of the year. There are also other influencing factors, like timing of school and work holidays, or regular special events held at a destination.

This effect is called **seasonality**. Tourism seasonality can be attributed to two basic groups of factors: natural and institutional. Natural seasonality refers to regular temporal variations in natural phenomena, such as temperature, wind and daylight. Institutional factors reflect the social norms and practises of society. They are typically based on religious, cultural, ethnic, social and economic considerations, including religious, school and industrial holidays.
Butler (1994) in Higham, *et al*. (2002) argues that there are three more causes of seasonality:

- Social pressure or fashion
- Sporting season
- Inertia (people who continue to travel at specific times of the year even though they are no longer restricted to this particular period)

In many parts of the world, most tourism occurs only during a peak season. In some cases, destinations and businesses will over stretch during peak season to compensate for low demand in off- season. This can lead to overcrowding, over-bookings, high prices and even customer dissatisfaction and deteriorating of destination’s reputation. On the other hand, there would be excess capacity during the rest of the year. Tourism being a service industry, it is not possible to stockpile the product. Therefore, seasonality causes major problems for the tourist industry. It can result in only seasonal employment and even closing down some facilities at certain times of the year. Furthermore, seasonality leads to following negative effects:

- The difficult identification of the optimal level of investment as regards the size of tourism structures

- Higher level of volatility (risk) in economic performance
- Overload in terms of social and environmental carrying capacity of the destination (Figini, *et al*., 2011)

According to Spencer, *et al*. (2006), there are some additional negative effects of seasonality, like: gaining access to capital, getting tourism to be recognized as a viable economic activity, recruiting and retaining full- time staff and realizing an acceptable return on investment. In order to reduce the effects of seasonality, efforts to attract tourists in off- season must become more effective. That can only be accomplished by understanding the nature of low season markets.

Cooper, *et al*. (1998) emphasize that there are many different responses on reduction of seasonality. Usually, there are attempts to create or shift the demand to the shoulder months, through setting different prices or introducing all- year facilities. Marketing may be targeted at groups that have time and resources to travel at any time of the year. Usually these groups consist of elderly people.

As mentioned above, the seasonality of tourism is reflected in:

- Employment (casual/ seasonal staff)
- Investment (low annual returns on capital)
- Pricing policies (discounted off- season prices)

Any business that is subject to seasonal fluctuations in demand is faced with a dilemma. If it makes sure to have enough resources to meet the peak season, then it will be stuck with spare productive capacity for the rest of the year. If it measures its resources based on the average demand, it will spend part of the year with extra capacity but it will also be unable to meet the demand during peak season. One more option is to take on variable resources, i.e. staff, to meet the peak season demand and then let them go during the off- season. Even though this is attractive when thinking about profit and loss account, on the other hand, it is a waste to take on new staff each year on temporary basis, investing in their training and then losing that investment at the end of the main season.

In order to balance some of the costs associated with seasonality, many hotels offer off-season holidays with heavily discounted prices. This way it is possible to attract visitors to a destination at a time when they usually would not visit. However, it is necessary to be cautious with such discounting. First, the revenue received during off- season must at least cover the variable costs of production. This way, the hotel will be able to maintain their staff

and make some contribution to their fixed costs, if possible. Secondly, the discount on off-season packages should not be so great, in order not to damage the attractiveness of the main season product (Cooper, *et al.*, 1998).
According to Witt, *et al.* (1989), some measures have been developed to counteract seasonality. There are four principle strategies:

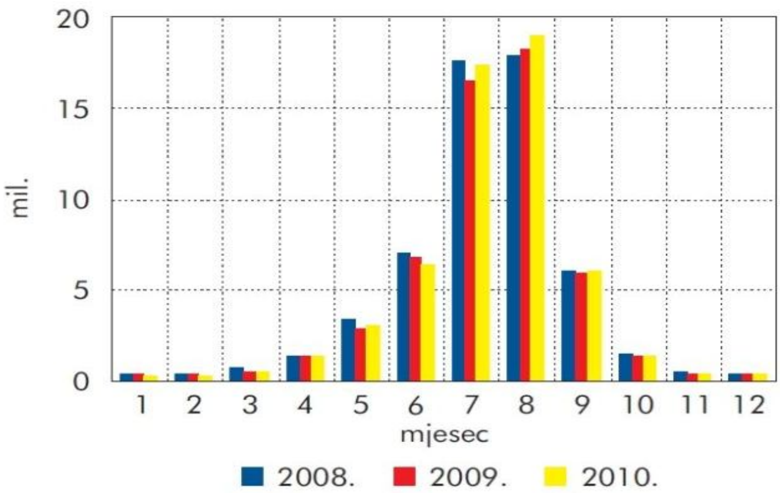
- Variation of the product mix
- Diversification of the market
- Differential pricing strategies
- State encouragement or facilitation of the staggering of holidays

The most common one used to achieve a more balanced flow of trade is the first one, variation of the product mix. This includes creation and marketing of additional attractions to the original ones. For example, a beach resort might attempt to extend its season by adding some special events, like golf festival, etc.

As the market for tourism matures, it is becoming even more important that managers employ appropriate marketing strategies and techniques to satisfy consumer needs. Due to the fast growth of travel and tourism, the need for marketing is becoming great (Pender, 1999). And that is why seasonality is now considered to be more of a marketing opportunity than a problem. It still remains a major challenge since 50% of accommodation capacity in Europe is unused over the year. Consumer demands are changing, and so are the opportunities offered by faster and more frequent transport services. Hoteliers and other accommodation providers need to be aware of those changes. The new generation of tourists is more demanding, discerning and sophisticated. The answer to the highly fragmented market is segmentation. Each segment’s needs should be identified and provided for. The hotel of the future will be more focused on certain market segments, and at the same time will recognize the huge interest and concern about the environment, health and self-fulfilment. There has already been a trend of increasing of self-catering accommodation, holiday villages and second homes, and hoteliers will have to respond to this trend (Lickorish, 1994).

Croatia being a touristic country, whose season only lasts 3 – 4 months, creation of golf tourism could bring many benefits. According to the analysis done by Raiffeisen Bank, the main problem of Croatian tourism is the shortness of the touristic season (Graph 1). If Croatia wants to keep relying on the revenues from the tourism, it is mandatory to prolong the touristic season[5]. In order to reduce the impacts of seasonality, golf tourism is being pursued. It has become common that destinations that attract tourists mostly with hot climate and beaches are beginning to extend their holiday season by adding new products. Since golf alone wouldn't be able to solve Croatia's problem with seasonality, it would be advisable to include other activities, such as meetings, incentives, congresses and exhibitions, also known as MICE.

**Graph 1. Number of nights made by tourists by months**

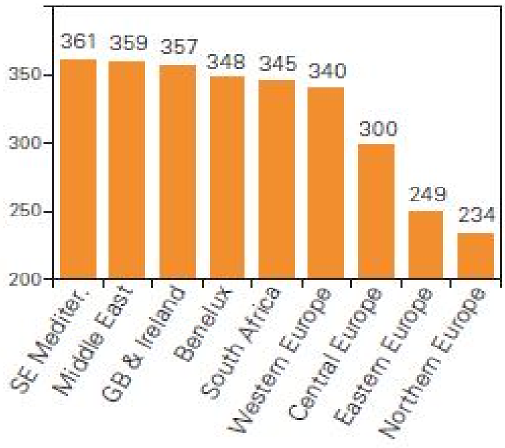



Source: DZS, Raiffeisen research from http://www.poslovnipuls.com/2011/04/26/turizam-sezona-grafika/

One more factor contributes to resolving the issue of seasonality, and that is the number of playable days. Number of playable days has a strong effect on demand potential of every golf course. According to the survey, golf courses in South-East Mediterranean Europe, Great Britain and Ireland and in the Middle East have almost year-round playability, whereas courses in Central, Northern and Eastern Europe had between 300 and 235 playable days in 2006[6].

[5] http://www.poslovnipuls.com/2011/04/26/turizam-sezona-grafika/
[6] KPMG Advisory Ltd., Golf Benchmark Survey, 2007

**Graph 2. Average number of declared playable days by region**

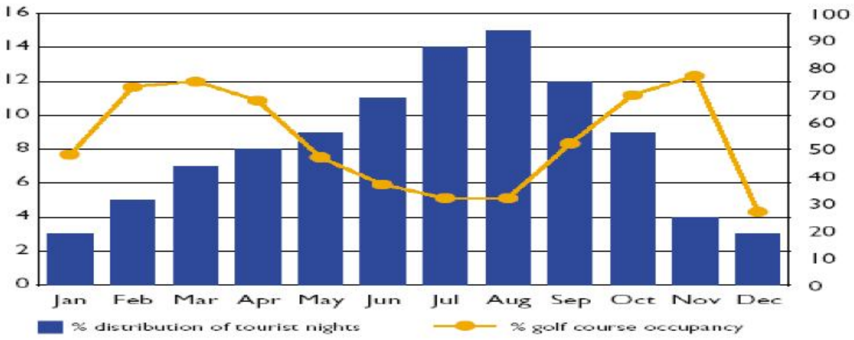



Source: Golf benchmark survey, 2007

As it will be shown further in the project, through experience of Algarve golf region, the largest number of arrivals of golf players is expected off season: 75% of the total rounds are played off season (March and October as most active months). The best example is the Portuguese Algarve region where in the 100 km of coast and through three national parks 26 out of the 77 Portuguese courts are located. In the mid-80s of the last century the Portuguese government had systematically helped create Algarve golf region to promote golf tourism. Substantial benefit brought by the golf to Algarve region is the improved occupancy rate off-season (September - May) and season extension or cancellation of terms season, preseason and postseason.

In Algarve (as in all other Mediterranean golf regions) golf is played mostly during spring (March - May) and autumn (September - November), while in summer the number of rounds played significantly decreases. The reason for this is the climate that is too hot during the summer and a pleasant Mediterranean climate during the spring and most of fall. Such seasonality was the reason for the integration of golf into Algarve tourist offer, not only to improve the supply and attract more tourists with greater spending power, but in order to improve utilization of off-season capacities. When the graphs that show seasonality of golf demand (percentage of golf courses capacity utilization) and the annual distribution of overnight stays (percentage of tourist accommodation utilization) overlap, the result is the following chart:

**Graph 3. Seasonality in demand for golf and total tourism in Algarve in year 2000**




Source: www.istra-istria.hr, 2009

The chart unequivocally demonstrates the symbiosis of golf and tourism, that is, the success of their connection in the way that by opening the golf course the off-season utilization of the existing tourist facilities has improved, but also a new image has been given to the existing mass tourism, better tourist offer intended for people of better purchasing power, which resulted in positive economic results of the regional economy, and thus the economy of Portugal itself.

Istria is one of the most important Croatian tourist destinations. It attracts tourists from throughout the world but mostly those from Western and Central Europe. From the total number of tourists in Croatia, Istria accounts for 24%. In 2008 Istria was visited by a total of 2,786,479 guests who made 18,612,753 overnight stays. From the total number of guests, 92.69% or 2,582,787 were foreign tourists who have recorded 17,668,459 overnight stays. Number of domestic tourists in Istria in 2008 amounted to 203,692, and there were 944,294 overnight stays. From the total number of visitors, 7.31% were domestic tourists. It must be taken into account the fact that in most of the countries where foreign tourists come from, golf courses are closed during the winter months and how Istria has ideal weather conditions for playing golf all year round. Istria has all predispositions for golf development and turning itself into world known golf region. Few things need to be especially emphasized: closeness of big emitting markets, natural beauties and mild climate which enables playing golf during whole year. Integrating golf projects with Istria as tourist destination would empower its competitive ability in demanding world tourism market[7].

[7] www.istra-istria.hr, 2009

### 2.1.1 The basic elements of the climate in Istria

Observing Istria as a whole, we can talk about four types of climates found. It's Mediterranean - narrow coastal belt, where winter temperatures rarely drop in the coldest month below 5°C, while the temperature of the hottest month is around 22°C. It is characterized by extremely seasonal distribution of annual rainfall, so most of it falls in the autumn, and in the summer drought occurs often. There are no late frosts, and snow occurs rarely.

Sub-Mediterranean climate covers the biggest part of the Istrian peninsula, starting few kilometres from the coastal strip towards the interior. This type of climate has more falls in summer because of frequent local showers. There are often reported temperatures below 0°C in winter, and are known to occur late spring frosts. Snow is a rare occurrence. In our opinion, Pazin and the surrounding area also have sub-Mediterranean climate, even though the average annual temperature is almost the same as in for example Eastern Slavonia, which has continental climate. There is not much snow in Pazin (and the rest of Central Istria). In average, snow on the ground stays for one week, so that true, continental, winter mood is missing. Temperatures which are slightly lower in Pazin than in others parts of the Istrian peninsula, is conditioned by the depression position, and not continental climate.

Mountain climate can be found in Istria in the area of highest elevations - Učka and Ćićarija. Winters are cold with snow, and the annual amount of precipitation (falls) is twice as high as in Istria regions with a Mediterranean climate. Summers are fresh, with frequent daily local showers. Continental climate is the least frequent, occurring in a narrow area of northern Istria, and has the characteristics of a typical continental climate[8].

#### *2.1.1.1 Temperature*

Annual temperature average along the northern coast is about 14°C to 16°C in the southern coastal areas and islands. January, the coldest month, has an average temperature generally above 6°C, and July and August around 24°C. The period when the daily temperature average is higher than 10°C lasts approximately 260 days a year, and hot weather, with daily maximum above 30°C, lasts up to 20 days. Soil temperature generally does not drop below freezing, and even in the air that is not common. Case, when the temperature is a whole day below 0°C, occurs in Rijeka 18 times in 10 years. Freezing of coastal are in small and shallow bays is very rare[9].

[8] www.istra-istria.hr, 2009
[9] www.istra-istria.hr, 2009

#### *2.1.1.2 Precipitation*

Average annual rainfall along the west coast of Istria amounts between 850 and 900 mm, while in the Kvarner part they are considerably larger and amount to 1000 to 1200 mm, and on the eastern Učka slopes above Opatija reach up to 1800 mm annually. Maximum rainfalls occur in late autumn and a minimum in mid-summer, but unlike the rest of the Eastern Adriatic, the area of Rijeka and in Istria there is secondary maximum in April and a secondary minimum in March. Snow rarely falls and melts quickly, so it can be found on the coast in average 2 to 3 days a year. Hail also performs 2 to 4 times a year, and thunder about 50 times[10].

Higham and Hinch (2002) claim seasonality can dramatically affect golf tourism as well, with summer months generally being a peak time (not in the southern United States however). Institutional factors can also cause seasonality to affect tourism such as religious, cultural, ethnic and school holidays like spring break, Christmas, and national holidays (Hinch and Hickey, 1997). Butler (1994) suggested that there are three additional causes of seasonality: social pressure, sporting season, and inertia on the part of consistent travellers, who travel at the same time every year. Seasonality is a barrier to sport tourism and also golf tourism in that it inhibits development and economic gain. Seasonality in the form of weather can cause challenges to participation in golf. From 2000 to 2001, golf courses around the country experienced considerable losses in total rounds played due to weather related problems[11]. Conventions and meetings can be beneficial when it comes to seasonality in tourism. They may complement the fluctuation in tourism activity (Braun and Rungeling, 1992).

[10] www.istra-istria.hr, 2009
[11] www.golf2020.com

## 2.2 Destination life- cycle

The life cycle concept has also been applied to tourist destinations, under the name of destination life cycle (DLC) or tourist area life cycle (TALC). It is even more difficult to apply the life cycle to destinations than on tourism products due to the diversity of businesses in the area and fragmentation of products and markets. A number of criteria could be used to tell when the area has moved from one stage to the next. For example, number of first time versus repeat visitors, profit levels of tourism businesses, visitor arrivals, etc. However, this type of information is rarely available to the tourism planner. But, TLC, as PLC, provides a useful framework for analysing the different stages of tourist area's development. It provides some pointers to identify when an area might be moving from one stage to the next and highlights some of the problems associated with the stagnation and decline stages (Pender, 1999).

According to Cooper, *et al.* (1998), destinations go through an evolution cycle similar to the life cycle of a product, where number of visitors replaces sales of a product. The shape of the TALC curve will vary, but for each destination it will be dependent on the following factors:

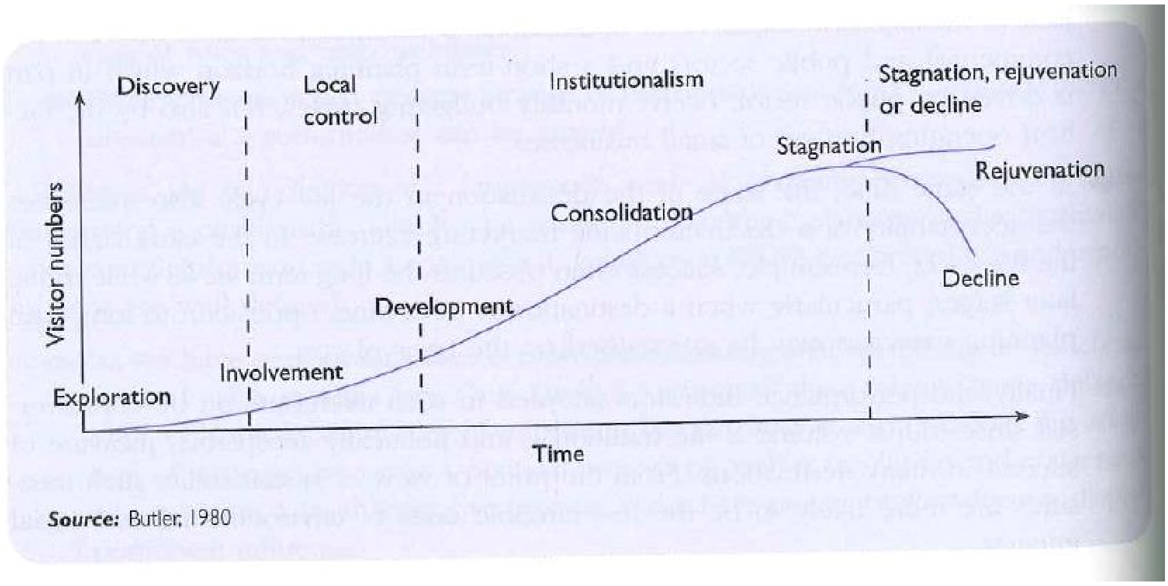
- The rate of development
- Access
- Government policy
- Market trends
- Competing destinations

Each of these factors can delay or accelerate progress through various stages. Development can be halted at any stage of the cycle. Only those tourist developments that promise considerable financial returns will mature to experience all stages of the cycle. Therefore, the length of each stage and the cycle itself is variable. One benefit of TALC is that it works as a framework for understanding how destinations and their markets evolve, i.e. it helps to develop community- based and sustainable tourism strategies at the involvement stage (because implementation of such approaches in later stages might be inappropriate). The shape of the curve also depends on supply- side factors:

- Investment
- Capacity constraints
- Tourist impacts
- Planning responses

Tourist destinations are dynamic, part of an evolving market, with different numbers and types of tourists with distinctive preferences, motivations and desires populating the destination at each stage of the life cycle. TALC is best used as a conceptual framework. Even though it has many critics, mainly due to its simplicity and deterministic approach, as a framework for viewing the development of destinations and as a way of thinking about the interrelationship of destination and market evolution, it provides many useful insights.

**Figure 1: 7 stages of Tourist Area Life Cycle**




Source: Butler (1980, in Cooper, *et al*, 1998)

As shown in the figure, Butler (1980, in Cooper, *et al.*, 1998) divided tourist area life cycle into seven stages.

Exploration: in this stage, the resort is unchanged by tourism, contact with local people is high, main attractions are nature and culture. Only small volume of explorer- type tourists visits the resort, mainly due to the lack of access and facilities.

Involvement: at this point, local community has to decide whether they want to encourage tourism and to which extent. They will start providing for the tourists and advertising the resort, which may lead to an increased and regular number of visitors. These actions might lead to a creation of a tourist season and emergence of a market area. Therefore, an infrastructure needs to be provided.

Development: there are more visitors arriving, at peak season even exceeding the number of local inhabitants. The control is no longer in the hands of the local community, instead outside companies are entering. The need for regional and national planning might appear, but also to market to international tourist- generating areas, as visitors become more dependent on travel arrangements booked through the trade. This is critical for the resort because all these facilities and type of tourism can change the nature of the resort and the quality may decline.

Consolidation: in this later stage, the rate of increase of visitors declines but the total number is still exceeding the number of local inhabitants. The resort is now fully a part of the tourism industry.

Stagnation: peak tourist volumes have been reached and the destination is no longer fashionable. In order to maintain the number of visits, major promotional and development efforts are needed. At this stage, resorts realize that the competition is fierce and mostly coming from well- engrained, mature resorts.

Decline: visitors left to newer resorts, and day trips and weekend visits have become common. Resort should look to revitalise visits by seeking new markets, re-positioning the resort or finding new uses for facilities.

Rejuvenation: a common response to looking at new markets or rejuvenation of the resort is the introduction of new types of facilities. A destination should also protect its traditional markets while seeking new ones, like business, conferences or special interest tourism. This can help stabilize visitation, combat seasonality and reduce dependence on declining market segments. Rejuvenation strategies are very difficult to implements since we are dealing with a built fabric of tourist destinations and not with a consumer product.

As stated by Weber (1992), applying the concept of tourism product lifecycle to the development of the Croatian tourism product shows that the product is currently in a stage of stagnation and is beginning to decline. Croatia needs to adjust its marketing strategy according to the particular stage in the product's lifecycle. The country will have to selectively examine its tourism market and exploit all market opportunities and the strengths of its tourism product. A strategy combining product and marketing mix modification should have a positive impact on repositioning and rejuvenating the Croatian tourism product.

Corak (2006, in Butler,2006) implies that according to parameters, such as slowing growth rate, low occupancy rate, heavy reliance on repeat trade and reaching the limits of carrying capacity, Croatian tourism entered a phase of consolidation and partial stagnation. Even though tourism continued to grow (congress and health tourism were in growth phase), the decline stage began to emerge slowly, mainly due to problems with infrastructure and aging of the product. Therefore, Corak concludes, if Croatian tourism fails to increase investments and does not apply appropriate strategic measures that would enable it to enter rejuvenation phase, decline is inevitable.

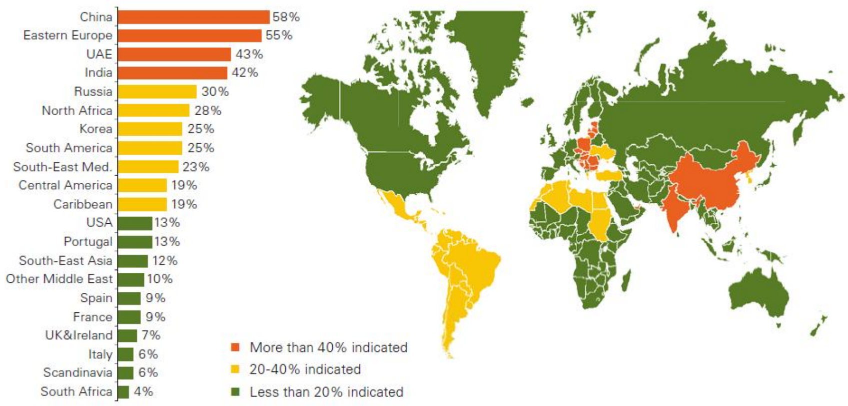
### 2.2.1 Economic implications of the DLC

The involvement stage is characterized by a slower growth rate, with lower levels of total income. On the other hand, the accelerated growth rate is specific for the development stage. The benefit of this slower growth is that more of the income is retained locally and entrepreneurial activities are enhanced in two ways. First, small capital requirements should make entry to the local market easier. Second, it allows more local linkages to be established to support the tourism economy.

And since in development stage profits are expropriated by outside investors, corporate enterprises become dominant, the barriers to entry exclude newcomers except those who are able to bring large amounts of capital (Tooman, 1996).

Golf course architects were surveyed about five markets in which they foresee the most remarkable growth of golf course development in the next 10 years. Top location was China, followed by Eastern Europe, UAE and India. According to the survey, golf courses are expected to be developed in emerging economies and markets especially suitable for golf tourism[12].

**Figure 2: Hot spots for golf development (% of golf architects who indicated the following countries/ regions among their 5 choices)**




Source: *Golf course development cost survey*, 2008

[12] KPMG Advisory Ltd., *Golf course development cost survey*, 2008

## 2.3 Destination branding, marketing and image

One area in which place brands are common is destination marketing. In today's globalizing world, the movement is increasingly easy and accessible. Therefore, tourism destinations are increasingly competing in order to attract tourists, businesses and investments into their areas. There are many definitions of a destination. One of them defines a destination as a product. *The consumption of the complex activities that comprise the tourism experience is the marketable product* (Moilanen, *et al*., 2009*).* Medlik (1993: 148, in Hall, 2000) defines a tourism destination as: "*Countries, regions, towns or other areas visited by tourists. Throughout the year their amenities serve their resident and working populations, but at some or all times of the year they also have temporary users- tourists. How important any geographical unit is as a tourism destination, is determined by three prime factors: attractions, amenities and accessibility, which are sometimes called tourism qualities of the destination."*

In order for a target market to differentiate and identify a destination from its competitors/ alternatives, the concept of destination branding is crucial. The main objective of destination branding is to build a positive destination image. According to Morrison & Anderson (2002, in Qu, *et al*., 2010), the definition of destination branding is that it is a way to communicate a destination's unique identity by differentiating a destination from its competitors, where destination brands use two important functions: identification and differentiation. There is a big difference when talking about product image and place image. When it comes to a product, it represents a physical offering, easily modified. But when it comes to a place, it is a large entity which contains various material and non- material elements to represent it. For example, place includes both tangible (beaches, historical sites, etc.) and intangible characteristics (culture, customs and history). What mostly differentiates a destination brand from its competitors is its special meaning and attachment given by consumers (quality of accommodation, restaurants, etc.) (Qu, *et al*., 2010).

As implicated by Moilanen, *et al*. (2009), there are two significant features of destination branding:

1. *Tourism destinations are not created by one single company, but of a network of companies and other actors which together produce the services and facilities required in creating the tourism destination product.*
2. *Tourism product consumed at a particular destination is assembled from the variety of products and services available, but this assembly is conducted largely by the consumer, not by the producer.*

Destinations rely on tourism as a major tool in the creation of economic development and support for the local population. Marketing of destinations is complex because we are dealing both with tangible (attractions, accommodation, environment, etc.) and intangible factors (social and cultural), as mentioned before. Very often an organization in charge of destination marketing has narrow responsibilities and limited resources. That is why a trend is emerging where marketing agencies or conference and visitor bureaus are established for cities. The emphasis has been on promotional strategies which aim to improve the destination image or produce more positive “mental concepts” with potential and actual tourists. There is further emphasis on providing information at the destination through posters or tourist information centres.

It is important for destinations to identify those product attributes that will appeal to different tourist segments and to ensure that the promotional campaign delivers a unified message. In order to provide a destination area with a personality and differentiate it from the competition, it is necessary to produce a distinctive identity or brand, which forms the basis of the positioning of that destination area.

According to Kotler (1993: 99, in Hall, 2000), place marketing means designing a place to satisfy the needs of its target markets. It is successful when citizens and businesses are pleased with their communities and meet the expectations of visitors and investors. Lots of different investments can be made in order to improve a place’s *livability, investibility* and *visitability*, a process made up of four components:

- Place as character
- Place as a fixed environment
- Place as a service provider
- Place as entertainment and recreation.

Image of a destination is a critical factor when choosing a destination and an important factor in marketing of destinations. There is no certainty that an image is a true representation of a certain region and what it has to offer to tourists. The image that exists in the minds of the visitors is what matters. Tourist image is only one aspect of a destination's general image, but they are closely interrelated. People will not visit a destination if they do not like it. It is important to emphasize that the presentation of a destination image does not mean creating an image from nothing, but transforming an existing image (Cooper, *et al.*, 1998). The measurement of that image has become an important aspect of marketing and tourism planning; due to the fact that the way consumers view a destination has the potential to influence their choice of holiday. Destination image encompasses all associations, images and evaluations which a person holds about a place, and as mentioned earlier, has a major influence on the choice of destination. Two kinds of destination image influence have been identified:

- Organic image- made up of destination information collected from non- commercial sources (radio, TV, film, books, etc.)
- Induced image- derives from deliberately- promoted commercial information sponsored by an organization to attract visitors

The first one is considered to be more influential on destination choice, though in many cases people's images will be influenced by both.

The attempts to identify the key components of destination image and measure it remains a difficult area, due to the complexity of place images (Pender, 1999).

In order to collect as much data as possible about visitor's perception of the brand, during their visit, they are being exposed to marketing communication, their perceptions of the physical setting and all experiences gathered during the visit are being collected.

In this context Istria should be considered for further development as a golf destination, which if it wants to survive, grow and develop in the demanding world tourism market, has to inevitably invest in infrastructure and golf course projects. By raising the level of tourism quality by creating Istrian golf region, a precondition for strengthening the recognition of Istria and Istrian tourism, i.e., an image that associates Istria with golf is being created. Given that most people associate the notion of golf with exclusivity, and thus the quality, Istria will thus get the image of quality tourist destinations.

Breakthrough of the Istrian tourism and the new image will allow Istria and Istrian tourism the future where it will not compete with its competitors by lowering prices, because thanks to a better tourist offer and a new image will have enough tourists to whom price is not crucial, but the quality of tourist offer. This situation will enable more cost-effective and more profitable business for Istrian tourist companies, which will have a considerable impact on the overall economic situation in Istria.

According to the spatial plan of Istria County, there are 23 locations foreseen for the construction of golf courses. Of all proposed sites, a dozen of them are in an advanced stage of preparation, one course is complete, and two are about to start with construction. Then there are several sites that are in the lower level of activity, and finally a number of locations, which are "pending", or where activities are minimal, and the reasons for that are numerous.

Golf inevitably increases the quality and services of a travel destination, and on the basis of new experiences and insights based on the development of golf destinations and golf notes that the integration of golf projects is crucial for the development of tourism and Istria as tourist destination. Therefore as the main setting in the integration of golf tourism product Istria imposes thesis on the development of a new brand in the Istrian tourism:

**Figure 3: Brand ISTRA as a new golf destination**


Source: www.istra-istria.hr, 2009

Brand ISTRA as a new golf destination has the following features:

- recognition of Istria as a golf destination,
- quality of golf courses in Istria
- Istria as a golf destination with playgrounds signed by the world's best architects,
- trust of golfers and their escorts in golf offer of Istria
- adequate and sufficient number of courses in Istria
- quality internal and external accessibility of Istria as golf destination
- Istria as synonymous for golf,
- Istria as the only golf destination in the region,
- specific golf destination - Istria as self- destination,
- ability to play golf all year-round in Istria[13].

On the other hand, the Algarve enjoys national and international recognition and provides an important offer of products, such as sun and beach or even golf. However, it is also associated with "traditional" tourism products, which makes it difficult to make a distinction from competing destinations that have similar tourist offers. Therefore, it is required to add another dimension. Cultural offer and additional animation, constituted itself as a key factor of destination repositioning and attracting more and better tourists, helping to make the Algarve also a destination associated with sophistication and glamour.

[13] www.istra-istria.hr, 2009

A brand identifies, differentiates, ensures and influences attitudes and behaviours, arouses emotions and creates strong relationships. A brand is a source of value creation. The hallmarks of this program, which will necessarily remain integrated into Algarve brand (whose uniqueness of symbols remains untouched), will have an identity of its own.
From a portmanteau of the words All and Algarve a new name was created. ALLGARVE expresses a single concept of a destination for domestic and foreign tourists, with diverse motivations. It expresses one name that can mean culture and sports, with additional promotion of the sun and beach. A name that refers to the destination and that is easily understood by the target. ALLGARVE is a name that stands and creates curiosity[14].

**Figure 4: Brand ALLGARVE**


Source: www.mybrandconsultants.com

Readman (2003) suggested golf could be used as a destination marketing tool. The expansion of the sport worldwide has increased the desire to travel for the purpose of playing the sport. This is the case with the Japanese, as Japan is a country with a strong economy, but has seasonality issues and facility shortages. The explosion of the interest in golf has led to an increase in golf tourism. Because golf tends to attract tourists from higher socioeconomic groups, Readman suggested that golf tourism has the potential to yield enormous profit.

[14] www.mybrandconsultants.com

## 2.4 Residential tourism

According to Vellas, *et al*. (1995), residential tourism or second homes are considered to be homes wholly owned by the tourists, apartments in a co- owned block with shared collective services (condominiums) and time share properties.

### 2.4.1 Second homes wholly owned by tourists

These are residences in addition to their main homes, which they use for tourism purposes. Second homes help maintain and sometimes boost the economic activities of different industrial sectors (retail trade, security services, construction industry, etc.). Furthermore, the purchase of second homes by foreigners generates and fixes their future visits to that area. In addition, the growth of second homes in one area can increase accommodation capacity, especially if these are rented to other tourists when the owners are not using them.

### 2.4.2 Second homes with shared collective services

They are usually apartments in blocks which are serviced by a management company. These services include: maintenance, laundry and linen hire, management of swimming pools, tennis courts and all other sports and entertainment complexes. Owners either use the apartment themselves or put them in the hands of the management company for rental, in which case they receive a portion of the rent minus the charges. This system increases the profitability of the real estate investment, but requires a high initial investment. The economic benefits are very positive (especially regarding employment), since the management of the apartment block operates the whole year.

The development of the second home market has always been economically interesting for tourist destinations. But there are, of course, positive and negative effects of this phenomenon.

Some positive effects:

Second homes being self- catering accommodations financed by external investments, they create additional income from outside of the region. Buying a second home means to be tied to a certain destination for a long time. These customers have a very important role in word-of- mouth advertising of the destination. They also additionally contribute to the structural development of the tourist region by buying long- lasting consumption goods (furniture) in the destination. Second home owners are both financially and socially bound to the destination. They interact with the local community and its businesses and participate in community activities and enrich the local culture.

As mentioned previously, this phenomenon also causes some problems and difficulties.

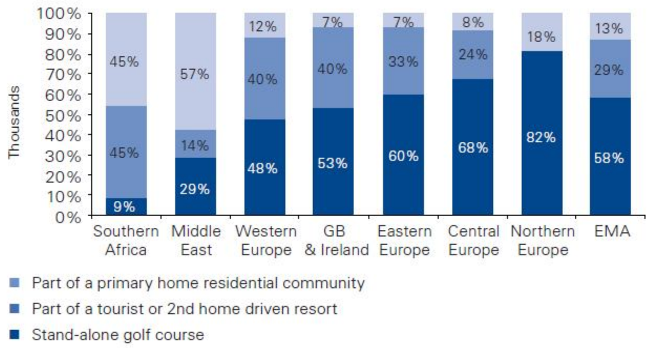
Second homes are often not rented and are only used by owners. A large territory is needed for only few overnight stays. Owners usually use their apartments during the high season. So, the infrastructure capacities need to be adapted. And this leads to disproportionately high costs for the local private and public sector. Furthermore, public infrastructure for water, power and waste management has to be arranged for peak times.

The phenomenon of second homes has been a delicate topic for tourist destinations for some time. Without building and selling them, destinations lose market opportunities. On the other hand, this business has to be managed with extensive care and long- term vision, so the benefits would not extinguish (Bieger, *et al.*, 2007).

Living on a golf course has become a trend over the past two decades. Golf courses are increasingly being used to support quality residential development. Now, the golf real estate business is almost five times bigger than the investment in golf courses themselves. Real estate on golf course has been generating courses across Europe, North America and Asia (Hudson, 2009).

Golf and real estate have become closely linked topics. It is widely recognized that, when properly planned, the location of houses alongside golf courses can help developers to increase sales and increase the price of the property. And golf is, as part of real estate or tourist complex, not only an added value because of the facility itself, but also due to the scenery and landscape it can provide.

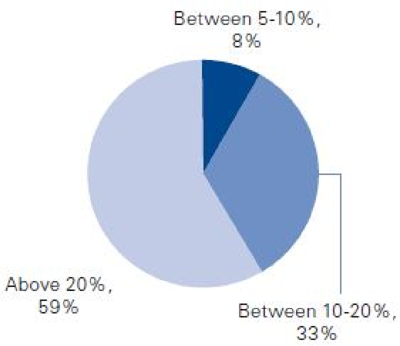
**Graph 4: Stand- alone vs. integrated golf courses**




Source: *Golf course development cost survey*, 2008

Developers of golf courses were asked about the value golf had brought to the surrounding real estate. All of them have achieved a premium in the sales price of real estate units. Almost 60% estimated this premium to be more than 20% in comparison to the selling price of the similar real estate in the neighbourhood, only without the golf course connection. One third of them estimated this premium to be between 10% and 20%, while the rest (8%) estimated it to 5% to 10% added value[15].

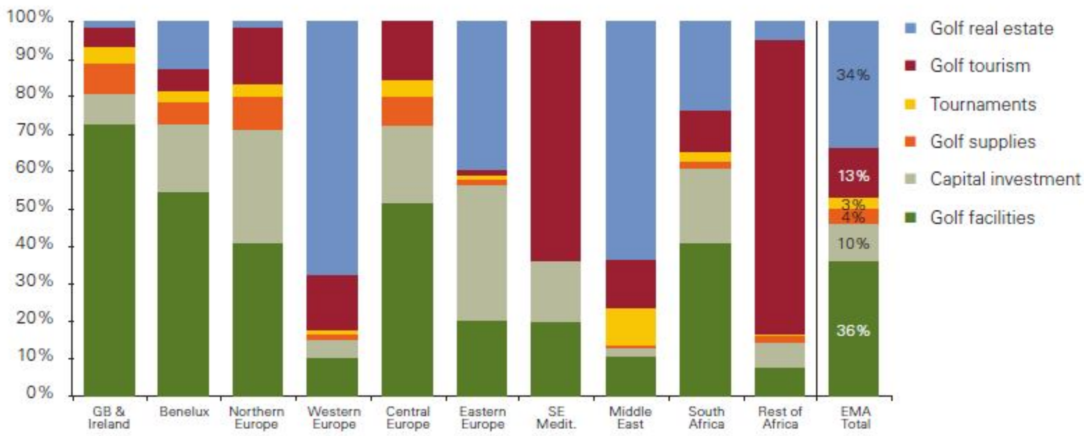
**Graph 5: What premium has the golf course element brought to the selling price of the related real estate units?**




Source: KPMG Advisory Ltd., *A study on the golf economy*, 2007

The biggest impact of golf industry in Western Europe reflects in golf enthusiasts travelling to the sub-region for golf holidays and their purchase of holiday homes built as part of golf communities and golf resorts. The following chart shows that over 80% of all GDP created by the golf industry in Western Europe comes from real estate and tourism.

**Graph 6: Contribution to GDP by cluster in sub- regions of Europe, Middle East and Africa (2006)**




Source: KPMG Advisory Ltd., *A study on the golf economy*, 2007

Overall, golf tourism supports employment of approximately 60 000 people through EMA. It accounts from 1-1,5% of all leisure trips in EMA region, and according to research, golf tourists spend an average of € 250 per day on a week- long golf holiday.

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[15] KPMG Advisory Ltd *A study on the golf economy*, 2007

Nowadays, golf courses have increasingly been used to support quality residential developments in Europe, the Middle East and Africa. They contributed € 4,9 billion to EMA GDP and supported over 120 000 jobs. Based on the research, buyers are prepared to pay 5-30% price premium on a property located in a golf community or resort[16].

## 2.5 Tourism segmentation

Williams (2008) states that it is clear that the visitor market is not homogenous and that every visitor, or potential visitor, does not want the same thing. Due to that, a real tourism marketing strategy has to start with the visitor, not the destination or product. This gives a rise to a segmentation issue, which is critical for competitive advantage. Implementing a tourism marketing plan founded on needs-based segmentation is difficult, but not impossible. Segmentation aims to provide tourism organizations with commercially feasible methods of understanding their markets and helps them develop strategies for serving their consumers. With market segmentation, market is divided into groups of like-minded people with similar needs and behavioural characteristics. They, therefore, require similar tourism marketing mixes. According to Kotler (1980, in Tkaczynski, *et al*., 2009), segmentation involves portioning heterogeneous markets into smaller, more homogenous market segments that can be distinguished by different consumer needs, characteristics or behaviour.

Niche tourism refers to tailoring a specific tourism product to meet the needs of a particular audience/market segment. Locations with specific niche products are able to establish and position themselves, as niche tourism destinations. Niche tourism, through image creation, helps destinations to differentiate their tourism products and compete in an increasingly competitive and mixed-up tourism environment. Through the use of the niche tourism life cycle it is clear that niche products will have different impacts, marketing challenges and contributions to destination development as they progress through it. Novelli (2005, in Ali-Knight, 2011) describes how niche tourism can be defined as breaking down tourism into still relatively large homogeneous market sectors – 'macro niches' i.e. cultural tourism and event tourism; and on the next level, each of them are capable of further segmentation – 'micro niches' i.e. wine (cultural) tourism and sport (event) tourism. In order to attract high-end, high-yield tourists to a destination, extremely personalised 'niche' service have started to be developed, i.e. specific tailored products, such as wellness holidays. Niche tourism is, therefore, seen to be a response to an increasing number of more sophisticated tourists demanding specialist tourism products. It is a means by which destinations can focus their

[16] *A study on the golf economy*, 2007

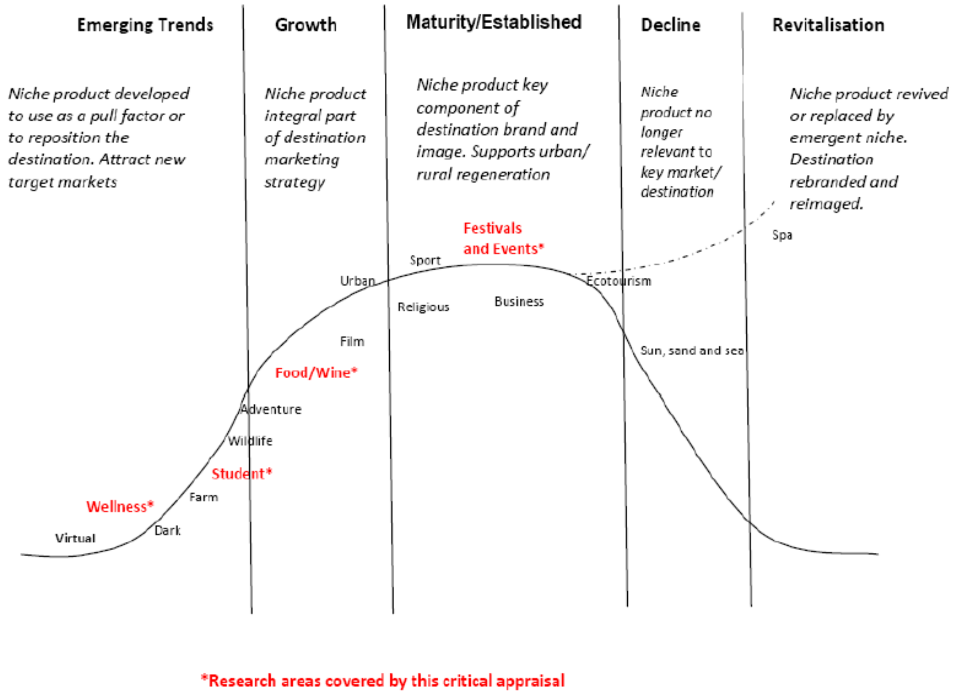
offerings to differentiate their tourism products and compete in an increasingly competitive and tourism environment (Sharpley and Telfer, 2002, in Ali- Knight, 2011).

Novelli (2005, in Ali- Knight, 2011) has defined the following characteristics:

- the term ‘niche tourism’ has its roots in the concept of ‘niche marketing’;
- is a counterpart to the undifferentiated mass tourism product;
- refers to specific tourism products focused to meet the needs of particular market segments or niches;
- the existence of a niche tourism continuum with macro niches on one end occupying relatively large market shares (e.g. ecotourism) and further segmented micro niches at the other end of the continuum (e.g. wildlife tourism).

Poon (1989, in Ali- Knight, 2011) summarised the move towards niche tourism stating: ‘The economics of the new tourism is very different from the old - profitability no longer rests solely on economies of scale and the exploitation of mass undifferentiated markets’ (Poon, 1989, in Lew, 2008, p.411). Mass tourism was no longer dominant, and the special interest tourism segment became the new tourism of the 1980s and 1990s. Knowles and Curtis emphasised that mass tourism would not disappear but would be replaced by ‘a more responsible and more realistic, variety of mass tourism, where price is no longer the critical factor’ (Knowles and Curtis, 1999, p.95, in Ali- Knight, 2011). Mass tourism became unattractive because it offered threats to destination development and environmental planning; exploiting and damaging the natural and cultural assets that the tourist seeks to experience (Poon, 1993, in Ali- Knight, 2011). Other factors such as the growth of a more sophisticated, experienced consumer; global economic restructuring; the evolution of tourist buying behaviour; and, the search for differentiation, indicated a move away from standardised and rigid mass tourism, with destinations and consumers seeking other modes of delivery. Truffino *et al.* (2006, in Ali- Knight, 2011) uses Butler’s (1980) Tourism Area Life Cycle model (TALC) to graphically represent the development of tourism (Figure 5). However, there is little published work that examines the relationship between niche tourism and Butler’s (1980) destination life-cycle model. Applying Butler’s (1980) TALC model, Buhalis (2000, in Ali- Knight, 2011) suggests that destinations that are at the later stage of their development should focus on repositioning their tourism products with alternative niche marketing strategies. Novelli (2005, in Ali- Knight, 2011) cites how niche tourism is positioned in tourism policy and strategy as being in opposition to mass tourism, offering a more small scale, individualised service that is more pleasant to host communities and environments than uncontrolled, commercialised tourism. Therefore, it can be used as a valuable tool to reposition the destination at the rejuvenation or reinvention stage (Figure 5).

**Figure 5. Tourism development through Tourism Area Life Cycle model**




Source: Truffino *et al.* (2006, in Ali- Knight, 2011)

Sharpley and Telfer (2002, in Ali- Knight, 2011) reflect on how tourist behaviour has produced a more segmented and sophisticated consumer market, and how niche tourism is a response to these specialised consumer needs and preferences. The development of niche tourism products has been a response by the tourism industry to diversify their product base to capture new, emergent tourist markets and build a more diverse customer base. Therefore, establishing very defined and individualised niches has allowed smaller independent tourism operators to compete in the highly price sensitive and competitive tourism marketplace. Niche tourism product development is often associated with high levels of entrepreneurship at the destination and an individual desire to carve out specific market niches (Novelli, 2005, in Ali-Knight, 2011).

In the project part of this thesis, Master plan for the tourism development in Istria will be described and explained into further detail. It gives the guidelines for the development of Istria as tourist destination. In this document, golf occupies a very important place and is an important factor in increasing the quality of tourism services in Istria. The main task of the Master Plan is a balanced development of tourism in Istria, where one of the key elements is the creation of a development model tailored to the needs and expectations of the cluster. Master plan for the development of tourism in Istria 2004 to 2012 was made on the bottom-up principle, i.e. from the cluster level up to the regional level, so that Istria has been "split" into 7 clusters or micro-tourism destinations, which have similar tourism characteristics, from the resource and infrastructure base, to the attractiveness at their disposal. Cluster represents a dynamic concentration and combination of tourist attractions, infrastructure, equipment, services, jobs, people who work in the "rounded" homogeneous geographical areas in which a specific tourism experience is being developed[17].

## 2.6 Sports and tourism

One description of sports tourism is that it includes travelling away from one’s primary residence to participate in a sports activity, for recreation or competition purposes. Nowadays, sports tourism is considered to be a multi- billion dollar global business. Destinations are increasingly relying on the visiting golfer, soccer or rugby supporters, for example (Tassiopoulos , 2008).

The link between sport and tourism is becoming more clearly defined. Sports people travel to compete, and tourists take part in sporting pursuits, actively or as spectators, while on holiday. The second part of the 20$^{th}$ century witnessed the rapid development of sport and tourism. Both of them are now the largest and fastest growing industries in the global economy. It is often possible to share the resources and infrastructure of both sport and tourism. These include natural environment, facilities, transport, services and hospitality. Due to this, it is likely that developments in sport will affect tourism sector, and vice versa (Higham, *et al.*, 2002).

Both the World Tourism Organisation (WTO) and the International Olympic Committee (IOC) stated that “tourism and sports are interrelated and complementary” and that “both are powerful forces for development, stimulating investment in infrastructure projects such as airports, roads, stadiums, sporting complexes and restaurants- projects that can be enjoyed by the local population as well as tourists who come to use them (Tassiopoulos , 2007).”

According to Standeven & De Knop (1999), holiday tourists, business tourists and other tourists can all be sport tourists. Any of these tourists may engage actively or passively in sport while travelling. Holiday travellers may be passively engaged in sport as a casual observer or a passionate fan. As a holiday traveller active in sport, individuals may participate

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[17] www.istra-istria.hr, 2009

in organized or independent holiday sport activities such as beach volleyball games, tennis matches or a round of golf.

It has already become quite normal that each hotel has its own tennis courts for leisure, the trend of building golf courses as supporting services of a hotel or resort in the world is increasing. The existence of golf courses in tourist areas has become, for many more desirable tourists, of extreme importance in making the decision where to go on vacation. Priority is given to tourist places and regions with more golf courses for the possibility of changing the course during the holidays[18].

Golf is the largest sports tourism segment, with an estimated 60 million golfers playing on more than 32,000 golf courses worldwide. The two leading markets for golfing holidays are the US, with estimated revenue in 2009 of US$ 18 billion, and Europe, generating annually US$ 2.8 million in golf tourism. However, when we talk about the number of golfers worldwide, North America (28.6 million) is followed by Asia (18 million), which clearly indicates the latent potential of this region.

**Table 2. Number of golfers by region, 2009**

| Region | Golfers (mn) | % share |
|---|---|---|
| North America | 28.6 | 58 |
| Asia | 18.0 | 24 |
| Europe | 8.0 | 12 |
| Oceania | 1.5 | 3 |
| South America | 1.0 | 2 |
| South Africa | 0.5 | 1 |

Source: Golf Digest

Europe has the second largest number of courses after the US and the European Golf Association (EGA) records 6,560 courses throughout 38 affiliated European countries in 2008. Across the region, this number has been increasing by more than 100 courses each year. In Europe, all countries have experienced growth in both, the number of player and golf courses, whereas the established golf destinations have seen steady increase over the past 15 years (Hudson,2009). In 2009, golf tourism in Europe generated estimated € 2.2 billion (US$ 2.8 billion) direct revenue. More than 50% of that was generated in Western Europe, despite the fact that the region has just 19% of the supply of golf courses. The greatest contribution comes from Spain and Portugal[19].

[18] www.istra-istria.hr, 2009
[19] www.mintel.com

**Table 3. Market share of European golf tourism, 2009**

| Region | % share | Value (€) |
|---|---|---|
| Europe Total | 100 | 2.2 bn |
| Western Europe: France, Italy, Spain, Portugal | 51.3 | 1.1 bn |
| GB and Ireland | 12.1 | 266.2 mn |
| Central Europe: Austria, Germany, Switzerland | 7.2 | 158.4 mn |
| Northern Europe: Denmark, Finland, Iceland, Norway, Sweden | 6.9 | 151.8 mn |
| South East Mediterranean: Cyrus, Greece, Turkey | 2.8 | 61.6 mn |
| Benelux | 0.9 | 19.8 mn |
| Eastern Europe | 0.1 | 2.2 mn |

Source: KPMG; Mintel

## 2.7 Golf and MICE

A meeting is "*a conference, workshop, seminar, or other event designed to bring people together for the purpose of exchanging information*" (Montgomery & Strick, 1995). An exposition is "*an event designed to bring together purveyors of products, equipment, and services in an environment in which they can demonstrate their products and services to a group of attendees at a convention or trade show*" (Rutherford, 1990, p.44). When meetings are combined with expositions, the event is called a convention (Montgomery & Strick, p.13).
The meetings and convention industry has experienced positive consistent growth since the 1950s. Factors such as the increase in disposable income, the greater propensity to travel, increased leisure time and improvements in transportation and technology have all contributed to this growth. MICE tourism is a term that encompasses four different components of the corporate meeting's market-meetings, incentives, conventions and exhibitions-which are all separate activities (Spiller, 2002). MICE tourism is a sector that is a substantial contributor to the overall economic gains produced by the tourism industry.

Within tourism, meetings and conventions are one of the fastest growing segments. There are many reasons for that, but the main one being the economic benefits for the destination and community as well as improving image. The primary idea given for building convention centres is the economic impact of delegates spending more, staying longer, and not solely spending on hotel and restaurants but on leisure activities such as retail, events, and visits to local attractions such as museums and theatres. Choice of destination can be influenced by various internal factors such as image perceptions and motives and attitudes to external factors, which include time availability and perceived costs of the destination. It has been recognized that image perceptions will determine eventual destination choice, and, for most destinations, the success or failure of the tourism industry is based on images held by potential visitors and how these images are managed (McCartney, 2008).

As mentioned above, conference centres attract valuable business to cities, towns and regions around the world, and can bring substantial returns to local economies in the form of expenditure on accommodation, local transportation and other tourist products. Attendees of MICE activities are often travellers who like to spend a lot of money and who meet the needs of yield driven tourism strategies. MICE related travel is one of the fastest expanding sectors of the global tourism industry. MICE travel constitutes more than 30% of all business trips and involves 48% of all business travellers (Oppermann & Chon, 1997). Considering these facts it is not surprising that conference centres form an important component of economic development strategies around the world, and are often supported by significant public spending in the set-up and development phases (Chloe *et al.*, 2008). But these events also bring potential benefits to local economies, like increasing foreign revenue, employment, business and training opportunities and increased tourism expenditure (Peters and Jones, 1996).

As stated by Buhalis (2000), since this type of business tourism provides much higher revenue for enterprises as consumers are willing to pay more for their inflexible schedules and destinations can use a much greater spectrum of local services than leisure tourism, convenient transportation connections with major cities around the world should be established, as well as smooth arrangements at the destination and adequate provision of business related amenities.

According to Locke (2010), MICE visitors are acknowledged as highly beneficial for destinations. They are commonly acknowledged as being high-yield visitors, with minimal negative environmental and socio-cultural impact. They can also assist in overcoming issues related to seasonality within destinations.

Meetings and conventions traditionally include “add on” activities, which can ultimately increase the participation or attendance of an event and hence create repeat attendance for future events while bringing in more economic gains for the host communities. One such “add on” would be golf packages (Green, 2001; Smith & Jenner, 1998). Dwyer and Mistilis (1999) found that travellers prefer varied products and services marketed toward their specific market segment based on demographics, lifestyle and interests. On the supply side, new facilities and amenity developments are providing individuality and specific activity–orientation towards new markets. Additional activities may include pre and post-convention cultural tours, local attractions or theme parks as well as sporting events, activities and shopping (Gunn, 1997).

The MICE attendee has an avenue in which to mix business with pleasure through sport. Watching professional sporting events, playing a tennis match after a long seminar, playing in a golf tournament or just visiting the local stadium on a pre or post-convention tour are all ways to enhance a meeting and allow for social interaction between participants and the host community (Gunn, 1997; McCord, 1994; Standeven & De Knop, 1999).

One of the most popular extracurricular activities sought by meeting and convention attendees is golf. The benefits of golf participation during meetings parallel the benefits of sport. Gratton and Henry (2001) devised a model to demonstrate the relationship between sport and social and economic benefits in the context of urban regeneration. In their model, which still needs to be tested through empirical research, sport is linked to benefits such as increased work productivity, increased health, increased self-esteem, increased quality of life, and more jobs in the local area. Gratton and Henry seem to embrace health benefits but list them as social benefits (i.e., a healthy population is beneficial for society).

Corporations have found that a golf outing, at a championship level golf course is an unbeatable way to boost attendance at sales meetings. "*There is a direct correlation between golf events and the number of overall meetings held. Corporations feel there must be some type of recreation at their meetings- it can't just be all learning and then go home- so the choice isn't between having a meeting with golf or without golf, it's between having a meeting with golf or not having a meeting*," according to John McConahy, a Pittsburgh based meeting manager (Davis, 2002). Davis further explained that corporate meetings are against eliminating a golf tournament from their meetings to save money. They would rather just not have the meeting at all. Many times the golf tournament is the highlight of the conference and is the main motivation for attendance at the meeting (Diekmann, 2002).

In recent years hotels and resorts have realized the profit potential in upgrading or enhancing their recreational facilities. Certainly, resorts have become a magnet for the active sport tourist (Gibson, 1998b). Resorts are now known for their recreational facilities, for example, golf courses, spas, tennis courts and fitness gyms (Gee, 1988). Increasingly, corporations and associations prefer to hold group meetings at resort hotels. Convention and meeting planners know that the amenities at a conference are extremely important when looking at a prospective hotel.

Over the last fifteen years golf and business have become inseparable. Golf has become recognized as a valuable networking tool. Executives from a diverse array of industries would meet at country clubs; play a round of golf together and gradually realized the possibility of doing business right there on the course. For some, golf is a way to create stronger relationships with clients or co-workers due to the leisurely pace of the sport. For this reason, many people take the time to golf during the weekday or while out of town on meetings (Dobrian, 2002).

Executives eventually began to include their junior colleagues in golf and the game became a more common sport as a way of networking, team building, and motivating employees through camaraderie and stress relief. Golf provides an ideal atmosphere to mix business with pleasure (McCord, 1994). Golf is a great way to entertain clients and keep their attention for a set amount of time. The motivation for employees is to be out of the office the whole day entertaining these clients or teambuilding among themselves (McCann, 2001). The game of golf has become a very popular tool in business networking today. The Chief Operations Officer of Daniels & Associates said, "*Golf is a very social way of strengthening a relationship in a non-meeting fashion. You may not even talk any business during the round of golf, before, or after, but it helps open up the lines of communication*". Golf entertaining has been emerging in the smaller meetings due to the downsizing of corporate America (Macnow, 1996).

Even among women, the links are being used as a business tool. Women are realizing the advantages playing at corporate outings and entertaining clients. Many have decided to take up the game, as well as attending golf clinics to improve their games in order to use it as a networking tool. (Dobrian, 2002; Macnow, 1996; McCord, 1994; Woo, 2002).

Business people agree that golf provides time in a natural setting where people can get to know each other. A lot can be learned about someone's personality and characteristics by sharing time with him or her on the golf course (McCord, 1994).

Golf tends to be a sport associated with business and especially meetings and conventions. Many people believe that proficiency in golf is the key to achieving success in the corporate world. Jim Frank, editor of Golf magazine, says, "Golf is a lifelong sport, it's not hard on you physically, and there's just no such thing as an ugly golf course" (Wellner, 1997, p. 101).

The MICE industry makes up a significant portion of the tourism industry around the world. MICE functions increasingly include additional activities or "add on" events to encourage attendance which often leads to repeat visitation to the destination and a longer stay (Swarbrooke & Horner, 2001). Pre and post convention tourism have also been proven to disperse economic impacts more widely through the host community (Dwyer, 2003). Golf tends to be included in a number of different MICE functions to give the attendees the opportunity to network outside of the meeting room and incur some physiological benefits as well (Dobrian, 2002; Woo, 2002).

## 2.8 Summary of theoretical overview and definition of research questions

### 2.8.1 Summary

The above literature overview provided a description and analysis of the following theoretical concepts.

Seasonality is described as an effect caused by regular fluctuations of demand in tourism, mostly due to the time of the year, i.e., climate changes. Since tourism is a service industry, it is not possible to stockpile the product. That is why seasonality causes major problems for this industry. Nowadays, seasonality is considered to be more of a marketing opportunity than a problem. That is why it is becoming very important for managers to employ appropriate marketing strategies and techniques to satisfy customer needs. Croatia's problem with seasonality is mostly due to the weather and that is why the high season only lasts 3- 4 months. In order to reduce this effect, golf tourism is being pursued, along with conventions and meetings.

The life cycle concept has been applied also to tourist destinations, mainly because, as explained by the authors, destinations go through an evolution cycle similar to the life cycle of a product. One benefit of TALC is that it works as a framework for understanding how destinations evolve and it helps to develop their tourism strategies. Croatian tourism is currently in stagnation phase and is beginning to decline. Croatia needs to adjust its marketing strategy and increase investments in order to enter the rejuvenation phase.

In order for a destination to be identified and differentiated from its competitors, the concept of destination branding is crucial. The main objective of destination branding is to build a positive destination image. Image of a destination is a crucial factor when choosing a destination, because the image that exists in the minds of visitors is what matters. By creating Istrian golf region, the level of tourism will be raised and the recognition of Istria and Istrian tourism will be strengthened. Golf inevitably increases the quality and services of a travel destination and that is why its integration is crucial for the development of Istrian tourism.

Golf courses are increasingly being used to support quality residential development, as living on a golf course has become a trend over the past two decades. Nowadays, the golf real estate business is almost five times bigger than investment in golf courses themselves. It has been shown in the literature review that over 80% of all GDP created by the golf industry in Western Europe comes from real estate and tourism.

Niche tourism is referred to creating a specific tourism product to meet the needs of a particular market segment. It helps destinations to differentiate their tourism product and compete in an increasingly competitive environment. It is also seen as a response to more sophisticated tourists demanding special tourism products. That is why the main task of Istria’s Master Plan is to create a development model tailored to the needs and expectations of each cluster.

Both sports and tourism have become the largest and fastest growing industries in the global economy. The trend of building golf courses as supporting services of a hotel or resort in the world is increasing. The presence of a golf course in touristic areas has become of extreme importance in making the decision where to go on vacation.

Not only sport and tourism have become more linked. One of the most popular extracurricular activities sought by meeting and convention attendees is golf. The MICE industry has also experienced positive consistent growth since the 1950s. By including “add on” activities, such as golf packages, the MICE attendee got a venue where they can mix business with pleasure through sports. Over the last 15 years, golf and business have become inseparable. Golf has become recognized as a valuable networking tool.

### 2.8.2 Objectives of the study and research questions

1. How can a new tourism segment help solve issue of seasonality in Croatia (Istria)?

Solution given by one of the authors is to create or shift the demand to shoulder months, through setting different prices or introducing all- year facilities. Some measures have been developed to counteract seasonality; out of which most commonly used one is variation of the product mix, in order to achieve a more balanced flow of trade. This includes marketing and additional attractions to the original ones. Another answer would be segmentation. Each segment’s needs should be identified and provided for. It has become common that destinations which attract tourists mostly with hot climate and beaches are beginning to extend their holiday season by adding new products. One more factor why golf would contribute in resolving the issue of seasonality is the number of playable days. In the Algarve golf region 75% of the total rounds are played off season. Substantial benefit brought by golf to Algarve is the improved occupancy rate off season (September – May) and season extension or cancellation of terms season, preseason and postseason. Furthermore, MICE industry increasingly includes additional activities, or “add on” events, such as golf packages, to encourage attendance which often leads to repeat visitation to the destination and a longer stay.

2. Why is Istria potentially the best destination for golf in Croatia?

One of the most important reasons is the Sub- Mediterranean climate; with annual temperature average from about 14˚C to 16˚C and average annual rainfall of 850 to 900 mm. Istria is one of the most important Croatian tourist destinations. It attracts tourists from throughout the world but mostly those from Western and Central Europe. From the total number of tourists in Croatia, Istria accounts for 24%. In most of the countries where foreign tourists come from, golf courses are closed during the winter months. Istria here has ideal weather conditions for playing golf all year round. Furthermore, Istria has all predispositions for golf development and turning itself into world known golf region. Few things need to be especially emphasized: closeness of big emitting markets, natural beauties and mild climate which enables playing golf during whole year. Integrating golf projects with Istria as tourist destination would empower her competitive ability in demanding world tourism market

3. How can a destination (Croatia) move from Stagnation phase to Rejuvenation?

Croatian tourism is currently in the stagnation phase and is beginning to decline. Croatia needs to adjust its marketing strategy according to the particular stage in the destination's life cycle. It needs to increase investments and apply appropriate strategic measures that would enable it to enter rejuvenation phase. Croatia needs to take advantage of the fact that the most remarkable growth of golf course development in the next 10 years is foreseen to be in Eastern Europe, China, UAE and India. One more solution for a destination in stagnation phase is to focus on repositioning their tourism products by using alternative niche marketing strategies.

# CHAPTER III: METHODOLOGY AND RESEARCH DESIGN

## 3.1 Identifying an appropriate research method: case study

Emory (1980: 17) defines research as any organized inquiry carried out to provide information for the solution of a problem. It includes reporting, as well as descriptive, predictive and explanatory studies. Research contributes to more effective decisions in all functional areas of business.

He also divides research into 2 types: pure and applied. They are both problem solving, but pure research aims at solving questions (problems) of theoretical nature that have little direct impact on action or policy decisions and applied research aims at practical problem solving of questions closely related to action or policy needs. Therefore, both are problem- directed, but applied research is much more decision- directed.

As stated by Yin (2009), there are five major research methods which mainly differ in the way of collecting and analyzing empirical evidence. They are: experiment, survey, archival analysis, history and case study. When to use each method depends on three conditions:

1. The type of research question posed
2. The extent of control an investigator has over actual behavioural events
3. The degree of focus on contemporary as opposed to historical events

In table below (Table 4.) it can be seen how each of these conditions is related to the five mentioned research methods.

**Table 4. Relevant situations for different research methods**

| METHOD | (1) Form of research question | (2) Requires control of behavioural events? | (3) Focuses on contemporary events? |
|---|---|---|---|
| Experiment | How, why? | Yes | Yes |
| Survey | Who, what, where, how many, how much? | No | Yes |
| Archival Analysis | Who, what, where, how many, how much? | No | Yes/ No |
| History | How, why? | No | No |
| Case study | How, why? | No | Yes |

Source: COSMOS Corporation in Yin, 2009

The most important condition for differentiating among research methods is to classify the type of research question being asked.

"How" and "why" questions are explanatory questions and likely to lead to the use of case studies, histories and experiments as research methods. This is because these questions deal with operational links that need to be traced over time, rather than frequencies or incidence. The research question should focus on how participants (interviewees) describe and make sense of particular element(s) of their lives and the researcher should prevent themselves of framing the research question in a way which reflects his or her own presuppositions or biases (Cassell, *et al*., 2004).

As mentioned before, the main aim of this study is to find the solutions to fight seasonality in Croatian tourism. That would be done by answering to the following research questions:

1. How can a new tourism segment help solve issue of seasonality in Croatia (Istria)?
2. Why is Istria potentially the best destination for golf in Croatia?
3. How can a destination (Croatia) move from Stagnation phase to Rejuvenation?

Case study as a research method is used in many situations, like psychology, sociology, political science, anthropology, social work, business, education, etc. According to Yin (2009), this method allows investigators to preserve the holistic and meaningful characteristics of real- life events, such as individual life cycles, small group behaviour, maturation of industries, etc.

Dul (2008) defines a case study as a study in which one case, or small number of cases are selected and scores obtained from them are analysed in qualitative manner. Under study he considers a research project in which the research objective is formulated and achieved in either practise- oriented or theory- oriented way.

Robinson (2002:178; in Saunders 2007) defines a case study as "*a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence*".

Cassell, *et al*. (2004) states that case study research consists of a detailed investigation, often with data collected over a period of time, of phenomena, within their context. The aim is to provide an analysis of the context and processes which illuminate the theoretical issues being studied. The phenomenon is not isolated from its context (as in, say, laboratory research) but is of interest precisely because the aim is to understand how behaviour and/or processes are influenced by, and influence context. The case study is particularly suited to research questions which require detailed understanding of social or organizational processes because of the rich data collected in context.

According to Yin (2009), a case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real- life context, especially when the boundaries between phenomenon and context are not clearly evident.

Case study is preferred when examining contemporary events when behaviours cannot be manipulated. It relies mostly on the same techniques as a history, but adds two more: direct observation of the studied events and interviews of persons involved in the events. Case study's main strength is the ability to deal with variety of evidence- documents, artefacts, interviews and observations.

As Yin (2009) quotes Schramm (1971), the essence of case study is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented and with what result.

Case study has four applications:

1. To explain the presumed causal links in real- life interventions that are too complex for a survey or experiment
2. To describe an intervention and the real- life context in which it occurred
3. To illustrate certain topics within an evaluation
4. To enlighten those situations where the intervention being evaluated has no clear, single set of outcomes.

### 3.2 Research design

According to Yin (2009), every type of empirical research has a research design. It is considered to be a "blueprint" for the research, which deals with at least four problems: what questions to study, what data are relevant, what data to collect and how to analyze the results.

According to Emory (1980) research design is the strategy for a study as well as the plan by which the strategy is carried out. Saunders, *et al.* (2007) acknowledged that research design is the general plan of how to answer the research questions and therefore contains clear objectives derived from the research questions, specifies the sources from where the data is collected and considers the constraints the researcher will face.

Yin emphasized that it is important to define an appropriate unit of analysis in order to answer the research question.

In the present study, the main and only unit of analysis is Vale do Lobo resort in Algarve, Portugal. Therefore, this is considered to be a single case study design.

### 3.3 Data collection methods

Authors distinguish 2 data collection techniques, qualitative and quantitative.

According to Saunders, *et al.* (2007), qualitative data refers to any data collection technique or data analysis procedure that generates or uses non- numerical data or data that have not been quantified and can be a product of all research strategies. It can range from short list of responses or open ended questions in an online questionnaire to a more complex data such as transcripts of interviews. On the other hand, quantitative is primarily used as a synonym for any data collection technique or data analysis procedure that generates or uses numerical data. As the data collection technique used for the purposes of this study was electronic interviews, we can conclude that the study was based on qualitative technique.

According to Emory, information sources can be classified into two types, primary and secondary. Primary data come from original source of material and are collected especially for that task. If the information is obtained from others who have collected it for another purpose, it is called secondary data. For example, library holdings, organization files, audio tapes, etc. Additionally, Yin (2009) emphasizes six sources of case study evidence: documents, archival records, interviews, direct observations, participant-observations, and physical artefacts but he also mentions that not all of them need to be used in every case study. Therefore, for the purpose of this research, the following types of sources were used: documents, archival records and interviews.

### 3.4 Primary and secondary data

In order to conduct the present study, relevant primary and secondary data were used.

The greatest advantage of using secondary data is that it can be easily accessed with minimal costs and it can be used by anyone. Therefore, the secondary data used for this study was in the form of documentation, which, according to Yin (2009) includes e-mail correspondence, letters, calendars, notes, written reports, formal studies, news clippings and articles appearing in the mass media. To make sure that data collected were from different, therefore diverse sources, scientific articles, relevant websites, studies and reports were used.

Primary data are considered to be original, raw data, which require a lot of time to collect them. In fact, Yin (2009) pointed out that the most important source of case study information is the interview.

Kvale (1983: 174) in Cassell, *et al*. (2004) defines the qualitative research interview as: "*an interview, whose purpose is to gather descriptions of the life- world of the interviewee with respect to interpretation of the meaning of the described phenomena*". Therefore, a goal of any qualitative research interview could be interpreted as the need to see the research topic from the interviewee's perspective, and to understand how and why they have this particular perspective. In order to meet this goal, qualitative research interviews generally have the following characteristics: a low degree of structure imposed by the interviewer; a preponderance of open questions and a focus on 'specific situations and action sequences in the world of the interviewee' rather than abstractions and general opinions.

Yin (200) divides case study interviews into 2 categories: in- depth and focused interviews. When it comes to in-depth interview, key respondents are asked about the facts of a matter; their opinions about events; their proposals of insights into certain occurrences which may be used for the basis of further inquiry. In focused interview, a person is interviewed in a short period of time, and is likely to be following a certain set of questions.

According to Emory (1980), personal interview is a two way purposeful conversation initiated by interviewer to obtain information that is relevant to some research purpose. The interviewee is asked to provide information in the form of attitudes, facts, opinions and intentions. If it is carried out successfully, it is an excellent data collection technique.

Cassell, *et al*. (2004) mentions many advantages in using interviews as data collection method. Different types of qualitative research interview can be used to deal with different types of research question in organizations, making it one of the most flexible methods available. It can address quite focused questions about aspects of organizational life, for instance, specific decision processes such as selection decisions. On the other hand, qualitative research interviews can be used to examine much broader issues, in areas such as gender, organizational culture and the effects of unemployment. The qualitative research interview is ideal for examining topics in which different levels of meaning need to be explored. This is something that is very difficult to do with quantitative methods, and problematic for many other qualitative techniques.

Finally, the qualitative research interview is a method which most research participants accept readily. This is partly due to familiarity with interviews in general; however, equally important is the fact that most people like talking about their work – whether to share enthusiasm or to air complaints – but rarely have the opportunity to do so with interested outsiders. In most cases, interviewees commonly enjoy the experience, and in some cases find that it has helped them clarify their thoughts on a particular topic.

On the other hand, interviews are highly time- consuming for the researcher. They are tiring to carry out, and require a lot of time to analyse the transcripts (Cassell, *et al*., 2004).

Furthermore, according to Cassell, *et al*. (2004), the increase use of computers and communications equipment has led to new technologies being used in research. The term electronic interviews has been applied here to emphasize the use of open questions and an interactive approach, moving more away from forms of research such as face-to-face and telephone interviews. Cassell, *et al*. (2004) defines electronic interviews as research studies that use electronic communication facilities to access and communicate with participants. The interviews can be held online, in real time, using the Internet or company intranets, or can be off-line, in asynchronous mode, using e-mail communications. Online interviews can include the use of Internet forums, discussion groups, and chat rooms. To generate interview style data using e-mail requires a *series* of communications (one list of questions would be more similar to an open-ended questionnaire). In electronic interviews, a number of e-mails are exchanged over an extended time period. Initially, a small number of questions are asked or a topic is raised and the participant will reply, offering their thoughts and opinions. The researcher then needs to respond specifically to those ideas, asking further questions or for clarification, raising linked issues, and generally 'opening up' the discussion. These communications may last for some weeks until the topic is exhausted or the participant shows signs of losing interest. The aim is to use the asynchronous, time-delay nature of e-mail to facilitate reflexivity in communication, enabling reflection and consideration. As time and self-disclosure have been shown to positively influence relationship formation (Walther, 1996 in Cassell, *et al*., 2004), a more in-depth research relationship can also be developed.

Morgan and Symon (2004) use the term electronic interviews when interviews are held both in real time (synchronous) using the Internet and for those undertake off- line (asynchronous). Using the Internet has great advantages when the population that needs to be interviewed is geographically dispersed. Additionally, by using electronic interviews, the answers are already typed in, therefore the problems of audio- recording, transcription and accuracy are removed. An email interview usually consists of more exchanged emails between interviewer and interviewee, each of them containing small amount of questions. Because of the nature of email communication, these interviews might take weeks. But this can have its advantage as both parties have time to reflect on the questions and responses prior to providing a considered response.

Cassell, *et al*. (2004) also mention that there is little written about the use of electronic interviews as a research tool in this area. However, with the increased use of e-mail in organizations, the method has the potential to access a broad range of extremely busy people. Indeed, in many organizations, people operate in transient ways, travelling the globe, working on a number of different sites, or carrying out shift- work, so arranging appointments can be difficult. Furthermore, in some organizations e-mail has become the standard method for communication – for some even the *preferred* method of communication – suggesting that research using this method may be more acceptable than alternatives.

For the purpose of this study, in- depth, electronic interviews were conducted. The main reason was the different residence of the researcher and interviewees, and researcher's inability to travel to the interviewees' destination. Interviews were conducted during months of July and September 2013. Interviewees were contacted via email, with short explanation of the topic of this study and curriculum vitae of the researcher. After that they were sent a set of questions to which they replied in writing and sent back via email to researcher. Interviewees were asked about their opinion of the topic; whether they believe golf is the right solution to help dealing with seasonality; how do they see the development of residential tourism in Croatia, etc. All of them were conducted in Croatian, which were then translated by the researcher, except for the one with the representative of Vale do Lobo, which was carried out in English.

Difficulties experienced during this data collection were the inaccessibility of the interviewees and long time spent to gather all the responses. Furthermore, most of them went on summer vacations, so they had to be contacted again and reminded about the questions after they returned. It was also time- consuming for the researcher to translate all the responses from Croatian into English.

### 3.5 Data analysis

According to Yin (2009) data analysis consists of examining, categorizing, testing, tabulating, or otherwise recombining evidence, to draw empirically based conclusions.

All the interviews were recorded in writing, after which the researcher translated them into English and proof read to see what information can be selected and used for the objective of this study.

Yin (2009) also points out analytical techniques such as: pattern matching; explanation building; time-series analysis; logic models; and cross-case synthesis.

Therefore, as mentioned above, data analysis for this study was gathered through the interviews and information was evaluated and interpreted by the researcher and linked to the research questions. After which everything was presented in the findings, conclusions and limitations of this study.

### 3.6 Quality of research design

Saunders, *et al*. (2007: 149) states that in order to reduce the possibility of getting the answer wrong, the attention has to be paid to particular emphases on research design: reliability and validity. He defines several tests that may be considered relevant in judging the quality of a research design, namely: construct validity, internal validity; external validity; and reliability.

Validity is concerned with whether the findings are really about what they appear to be about (Saunders, *et al*., 2007). There are several threats to validity defined by authors: history, testing, morality, instrumentation, maturation and ambiguity about casual direction.

Construct validity tests if the operational measures for the studied concepts were identified correctly.

According to Yin (2009), internal validity is connected with seeking to establish a casual relationship, whereby certain conditions are believed to lead to other conditions, as distinguished from fake relationships. It can be applied to explanatory studies, but not to descriptive or exploratory studies.

As defined by Saunders, *et al*. (2007), external validity is used to show whether the findings from the research may be equally applicable to other research settings, such as other organizations. He also states that reliability refers to the extent to which the data collection technique or analysis procedure will yield consistent findings, which can be assessed by posing three questions:

Will the measures yield the same results on the other occasions?

Will similar observations be reached by other observers?

Is there transparency in how sense was made from the raw data? (Easterby-Smith, *et al*. in Saunders, *et al*., 2007)

Robson (in Saunders, *et al*., 2007) defines four threats to reliability: subject or participant error; subject or participant bias; observer error; and observer bias.

And Yin (2009) suggests the following tactics to deal with the mentioned tests when doing a case study:

- Construct validity: use multiple sources of evidence; establish chain of evidence; have key informants review draft case study report;
- Internal validity: do pattern matching; do explanation building; address rival explanations; use logic models;
- External validity: use theory in case studies; use replication logic in multiple-case studies;
- Reliability: use case study protocol; develop case study database.

Therefore, for the purpose of this case study, multiple sources of evidence were used, such as interviews as primary data and documents as secondary. Explanation building was used for internal validity and theory for the external.

## 3.7 Conclusion

Research questions used for this research are “how” and “why. Therefore, the research method used in this paper is case study. As only one case study was being examined, the design of this paper is considered to be a single case study design. The data collection technique used for the purposes of this study was electronic interviews. Therefore, we can conclude that the study was based on qualitative technique. For the purpose of this research, the following types of sources were used: documents, archival records and interviews.

## CHAPTER IV: RESEARCH FINDINGS

As stated by one of the interviewees, aside from sun and beach, guests are mostly attracted to ale do Lobo off season by golf, spa and conferences. Since in the summer the weather is too hot for playing golf, the most of rounds played are in May and October. Those golfers that do come during the summer season are put in the “Golf, sun & beach” category, since they enjoy the beach during the day and from late afternoon they dedicate their time to the game of golf. Furthermore, real estate market has been a great benefit to the resort itself, since it is well-known that golf courses themselves are not profitable and considering that most of the buyers were actually golfers, mostly from Germany, Netherlands and United Kingdom. In addition, off season is also very appropriate for conferences, also known as MICE tourism, which are very well connected with golf. Lots of participants enjoy a round of golf after a long day of lectures.

According to the interviewees, there are several way how to deal with seasonality in tourism. The attention should be focused on the motives of the tourists; the reasons why they visit a certain destination. For Istria, except the sun and the sea, those are golf, biking, diving, gastronomy, hiking, historical heritage, concerts, etc. Many of these contents can be better and more consumed off season, when the weather conditions are more appropriate for outdoor activities. In order for those contents to be available for tourists, a new offer ought to be developed, ensure the hotels are open off season, establish new direct flights and offer new, attractive contents to the guests. According to one of the interviewees, who manages 2 golf courses in Croatia, the golf course on the coast is achieving better results in spring and autumn than in summer. Therefore, golf offer should definitely be included in the development of the new touristic program.

It is considered that a lot of work had already been done in developing the brand Istria. Istria has already received several prizes, such as Lonely Planet’s top 10 regions 2011 and ADAC-Germany as the most visited destination for German motorists. Unfortunately Istria will not be a golf destination until more golf courses are built, at least 3 – 4. Istria’s climate conditions enable the golfers to play all year round. Furthermore, it is easily accessible by car, and could become the closest European golf destination for playing golf even during winter. According to evaluation, in the radius of 400 km air line, there is a potential of 500.000 golfers. Therefore, by building more courses and increasing the capacity for receiving new tourists, Istria creates a great opportunity to become one of the leading golf destinations in Europe.

Even though the interviewees agree that real estate buyers are willing to pay more for a property that is located near a golf course, because of the safer and nicer surrounding, they are

very pessimistic when it comes to Croatia. Golf courses are by themselves unprofitable. The investors are usually golf players themselves and in order to have the financial justification they need the help of accompanied real estate. Golf course is more of an attraction, a reason for the tourist to visit that specific location. Unfortunately, those investors are on the “black list” in Croatia, because local population believes their only motive is profit.
All my interviewees agree that golf is the right tourism sector Croatian tourism should turn to. There are several reasons: it prolongs the touristic season, it is the most wide spread individual sport in the world, it is appropriate for all ages and there is a big number of tour operators.

And finally, following the example of Vale do Lobo and the airport in Faro, it is considered that Pula airport would be crucial for bringing more golfers to Istria.

# CHAPTER V: VALE DO LOBO CASE STUDY AND STRATEGY FORMULATION OF ISTRIAN TOURISM

## 5.1 The case company: Vale do Lobo

The case based on which the Istria project would be formed is located in Portuguese region Algarve and it is called Vale do Lobo resort. Founded in 1962 by Trusthouse Forte plc and Costain plc, both well-known multi-nationals, Vale do Lobo was the first development in the Algarve. It is recognized as one of the leading resorts in Europe and is today the largest luxury resort of its kind in Portugal operated by the same company. Vale do Lobo had its beginning in 1962, at a time when the Algarve was predominantly a region inhabited by farmers and fisherman, and Faro Airport had yet to appear on the scene.

Over nearly 50 years, Vale do Lobo has witnessed many changes with innovative ideas, continuous improvements and the introduction of new developments an integral part of its existence, in order to become the largest resort of sole ownership to operate in Portugal, the ultimate all-year round family destination as well as a destination that attracts celebrities, sportsmen, business people and holiday makers alike.

**Figure 6. Vale do Lobo in numbers**

| | |
|---|---|
| **Founded:** | 1962, the first resort in the Algarve |
| **Size:** | The largest luxury resort in Portugal - approx. 450 hectares |
| **Length of own beach:** | Approx.2 km |
| **Number of villas and apartments:** | Over 1,500 owned outright; 50 properties in co- ownership |
| **Outline planning permission:** | For 500 more villas and a luxury hotel |
| **Permanent residents:** | 10% |
| **Properties available for rental:** | 35% plus 5% co-ownership |
| **Total number of beds for rental:** | 2,500 |
| **Total number of visitors per year:** | Approx. 750,000 |
| **Tennis:** | One of the largest tennis facilities in Portugal: 14 courts, 1 paddle/ mini court, gym and swimming pool |
| **Golf:** | 2 x 18 hole courses, the Royal (par 72; distance 6,059 metres) and the Ocean (par 73; distance 6,137 metres) |
| **Other sports:** | Water-sports, football, yoga, aerobics, spinning and many others |
| **Number of restaurants and bars:** | 15 of diverse cuisine |
| **Number of employees:** | 200 |

Source: http://www.valedolobo.com/pt/; 2013

**Mission**

Vale do Lobo is a self-contained resort that provides its property owners and guests with a superior living experience in a safe and friendly ambiance.

**Vision**

Vale do Lobo aims to be a reference of excellence and luxury in the resort sector in Europe.

With a total area of 450 hectares and approximately 1,500 residential and holiday properties, Vale do Lobo is a self- contained community offering endless facilities and services in a unique location.

The resort has an enviable portfolio of sports and leisure facilities including two 18-hole golf courses - the Royal and the Ocean - and a diverse line-up of entertainment and events throughout the year, not to mention 24-hour security vigilance and medical assistance.

A very special recognition was given to Vale do Lobo this year. It has been voted as the Best Golf Resort in Portugal at the Today's Golfer Travel Awards.

The award came from Today's golfer, with Vale do Lobo being voted for by readers of the publication and clients of the major golf travel tour operator, Your Golf Travel.

The Algarve itself was also acknowledged at the awards with the region being voted as the Best Value Golf Destination – Europe, highlighting the Algarve as a premier destination for golfers from all around Europe.

Vale do Lobo has also been voted as the fifth Best Place in Europe To Make Money from Your Property by The Telegraph, further emphasising the strength of the resort as a sound choice not only for holidays and breaks but also for property investment[20].

**Advantages of Vale do Lobo:**

● Modern homes have good infrastructures and permanent staff.

● Security is typically high for those leaving property empty.

● Stores, restaurants and amenities are guaranteed.

● Controls over design of new homes ensure a consistent look and feel.

**Disadvantages of Vale do Lobo:**

● The glut of resorts can block access to "the real Algarve".

● Homes are typically expensive with compulsory service charges.

● Controls over house designs are unpopular with some buyers.

● Some resorts have encouraged unruly party group renting.

● Individual owners can do little to improve older, dated resorts[21].

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[20] http://www.valedolobo.com/pt/; 2013

[21] http://www.ft.com/ Algarve's fairway to heaven, Graham Norwood, Feb 2011

## 5.2 Competitive strategy and advantage (The importance of golf for the development of tourism in Istria)

Many tourist countries (Croatia's travel competitors) such as Spain, Portugal, Greece, Turkey, Tunisia, Egypt, and many other, have already taken advantage of the previously stated fact, enabling and encouraging the construction of not only the golf course, but also forming a complete golf offer which also encompasses all the best in all other areas and forms of tourism.

According to data from the International Association of Golf Tour Operators Specialist (IAGTO), the most popular tourist destinations for golf players (50% of them) are countries in the Mediterranean area. Specifically, continental golf players (primarily Swedish, English and German) play golf in their countries mostly in the summer, when the continental climate is ideal for golf, but throughout the fall (due to rain), winter (due to snow), and part of the spring (due to recovery grass than snow), golf players cannot play golf. Only Spain absorbs about 20% of these vacations, although the number of courses accounts for only three percent. 11% are held by Austria and Portugal, and Turkey 4%. The economic value of golf tourism in Europe is estimated at around EUR 2 billion, while globally the size exceeds 10 billion.

In the case of golf as part of touristic offer, it is necessary to make a proper comparison with Croatia’s competitors, that is, those countries in the region in which revenue from tourism makes a significant proportion of the country’s GDP.

**Table 5. Golf courses in the countries of the region (Croatia’s touristic competitors)**

| **Country** | **Number of golf courses in 2009** |
|---|---|
| France | 559 |
| Spain | 318 |
| Italy | 258 |
| Austria | 149 |
| Switzerland | 94 |
| Portugal | 78 |
| Turkey | 17 |
| Egypt | 13 |
| Slovenia | 11 |
| Tunisia | 10 |
| Cyprus | 9 |
| Greece | 6 |
| **Croatia** | **3** |

Source: www.ega-golf.ch, 11.04.2009. in www.istra-istria.hr

Croatian golf is evidently at the bottom of the list of countries with which Croatia should be compared to. With only three golf courses, Croatia is among those countries where golf tourists will not even think to spend their holidays. When summarizing the above, it is evident that all important Mediterranean countries where tourism is an important economic sector, have or are building their golf regions whose purpose is to modernize the tourist offer of their products as well as improving the quality of tourists that come there on vacation. It seems that Croatia is the only major Mediterranean tourist country not doing enough, or almost anything in terms of integration in golf tourism[22].

In the following tables, most important factors for development of golf tourism in Istria are shown.

**Table 6. IFE matrix**

| **Key internal factors** | **Weight** | **Rating** | **Weighted score** |
|---|---|---|---|
| **Opportunities** | | | |
| Image improvement | 0.15 | 4 | 0.60 |
| Prolongation of touristic season | 0.25 | 4 | 1.00 |
| Closeness of Pula airport | 0.10 | 3 | 0.30 |
| **Threats** | | | |
| Slow legal system | 0.15 | 3 | 0.75 |
| Corruption | 0.25 | 2 | 0.50 |
| Recession | 0.10 | 3 | 0.30 |
| **Total** | **1** | | **3.45** |
| **HIGH INTERNAL POSITION** | | 1 - 4 | |

Source: Author's own

**Table 7. EFE matrix**

| **Key external factors** | **Weight** | **Rating** | **Weighted score** |
|---|---|---|---|
| **Opportunities** | | | |
| Entrance to new markets | 0.15 | 3 | 0.45 |
| More golfers off season | 0.25 | 4 | 0.75 |
| Increase of foreign investments | 0.10 | 4 | 0.40 |
| **Threats** | | | |
| Strong competition | 0.25 | 4 | 0.75 |
| Loss of current/ permanent loyal customers | 0.10 | 1 | 0.10 |
| World crisis | 0.15 | 2 | 0.30 |
| **Total** | **1** | | **2.75** |
| **MEDIUM- HIGH EXTERNAL POSITION** | | 1 - 4 | |

Source: Author's own

As it can be seen from the tables above, Istria is holding a strong internal position in terms of its strengths and weaknesses and a medium- high ability to respond to external factors.

Therefore, the key Istria's success factors would be: increase of off season arrivals and short visits, quality improvement, accessibility and weather conditions.

[22] http://www.istra-istria.hr/; 2013

The key to profitability is not through copying other destinations/ firms, but rather through exploring differences. Establishing competitive advantage involves formulating and implementing a strategy that exploits the uniqueness of a destination's/ firm´s portfolio of resources and capabilities.

As mentioned in the literature review, according to the spatial plan of Istria County, there are 23 locations foreseen for the construction of golf courses. Of all the proposed sites, a dozen of them are in an advanced stage of preparation, one course is complete, and two are about to start with construction. Then there are several sites that are in the lower level of activity, and finally a number of locations, which are, “pending”, or where activities are minimal, and the reasons for that are numerous. All these locations will be illustrated further in the text[23].

Long-term tourism development must be based on comparative advantages arising from the available resources, from respecting interdependence and functionality of connections among certain industries and the need to ensure the conditions for a high quality of living and business. In this context an integration of golf in the development of tourism in Istria should also be seen, because tourism travels motivated by playing golf occupy a large part of the outbound tourist markets and are constantly increasing. This particularly applies to the consumer segment with high purchasing power, where Istria without golf offer could not seriously compete in the global tourism market. For a better understanding of the relationship of tourism development in Istria and highlighting golf as an essential element in improving tourist offer in Istria, main tourism indicators should be presented.

As already mentioned in the literature overview, Istria is one of the most important Croatian tourist destinations. It attracts tourists from throughout the world but mostly those from Western and Central Europe. From the total number of tourists in Croatia, Istria accounts for 24%. In 2008 Istria was visited by a total of 2,786,479 guests who made 18,612,753 overnight stays. From the total number of guests, 92.69% or 2,582,787 were foreign tourists who have recorded 17,668,459 overnight stays. Number of domestic tourists in Istria in 2008 amounted to 203,692, and there were 944,294 overnight stays. From the total number of visitors, 7.31% were domestic tourists. The following table presents data on the number of guests, from major emitting countries, visiting Istria and the number of nights:

[23] http://www.istra-istria.hr/; 2013

**Table 8. Number of guests and overnight stays per country in year 2008**

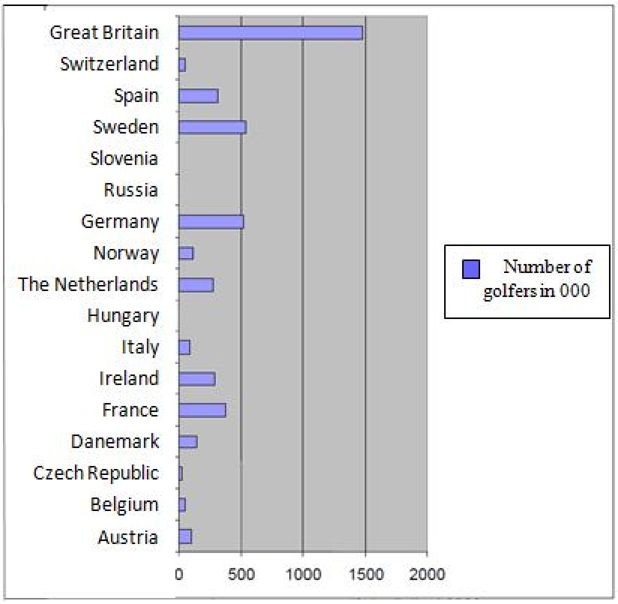
| Country | Number of guests | Number of overnight stays | % |
|---|---|---|---|
| Germany | 569.204 | 5.044.958 | 27,10 |
| Italy | 469.666 | 2.280.734 | 12,25 |
| Slovenia | 397.162 | 2.190.871 | 11,77 |
| Austria | 295.787 | 1.795.070 | 9,64 |
| The Netherlands | 145.855 | 1.585.626 | 8,52 |
| Russia | 78.723 | 791.335 | 4,25 |
| Czech Republic | 99.271 | 658.200 | 3,54 |
| Denmark | 44.541 | 386.262 | 2,08 |
| Great Britain | 53.035 | 370.136 | 1,99 |
| France | 54.190 | 256.797 | 1,38 |
| Sweden | 38.194 | 263.067 | 1,41 |
| Switzerland | 34.478 | 218.792 | 1,18 |
| Belgium | 23.762 | 190.984 | 1,03 |
| Norway | 12.157 | 85.304 | 0,46 |
| Ireland | 2.205 | 12.386 | 0,07 |

Source: Tourist office of Istria County, 2009 (in www.istra-istria.hr)

The table shows the most important emitting markets for Istria. By comparing the number of golf players in the individual countries, the dimension of the golf market and the remarkable potential that this market holds can be clearly demonstrated. It must be taken into account the fact that in most of these countries, golf courses are closed during the winter months and how Istria has ideal weather conditions for playing golf all year round, it is yet another additional argument for the importance of golf in the development of the Istrian tourism.

The following chart shows the dimension of golf markets in, for Istria, most important emitting tourist markets:

**Graph 7. Size of golf market in most important emitting touristic markets**




Source: www.ega-golf.ch, in www.istra-istria.hr

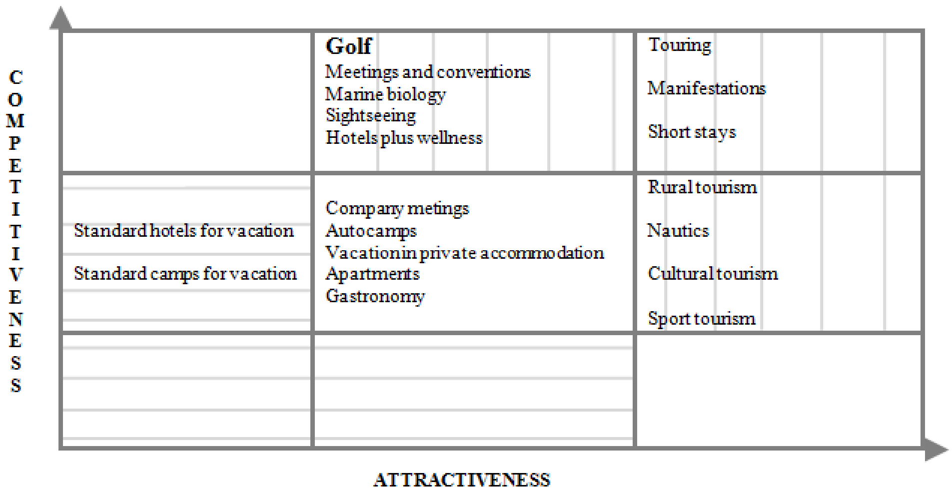
As explained in the literature review, Master plan for the tourism development gave the guidelines for the development of Istria as tourist destination. The most desirable scenario for restructuring, repositioning and development of Istrian tourism contains the following elements:

- restructuring and improving the current accommodation
- creating products with added value
- decreasing the importance of the sun and the sea: Istrian experience system
- targeting guest structure: medium high
- longer season: extension to 8-9 months

It is evident from above that, with its potential, golf can contribute significantly to the achievement of all five elements, and therefore occupies a significant place in the realization of the best and most desirable future scenario of Istrian tourism development.

Furthermore, with this Master Plan, sectors of concentration, activity and recognition of Istria in the tourism market, that is, Istria specialization sectors have been identified. The selection procedure for the specialization of Istria was based on the analysis of the degree of attractiveness of certain business areas and analysis of competitiveness and with this procedure golf is also covered as shown in the following figure:

**Figure 7. Portfolio of Istrian sector**




Source: THR and Horwath Consulting Zagreb, 2003, in www.istra-istria.hr

The Figure shows that Istria has a strong ability to compete and medium attraction when golf and MICE are concerned. Therefore it is necessary to make efforts to increase the attractiveness, especially by increasing profitability results. **Golf is therefore chosen as a very important sector and is categorized into sectors with the highest priority and investment**. With regard to the sector development, golf, as well as MICE, is ranked in the fourth area where the new tourism products in Istria are found, for which there are new markets, which is evident from the following figure:

**Figure 8. Sector development**

| | | Product | |
|---|---|---|---|
| | | Existing | New |
| Market | Existing | Apartments<br>Standard camps<br>Private accommodation<br>Standard hotels<br>Sports: multi sports, team sports, water sports<br>Manifestations | Hotels +<br>Camps +<br>Congresses |
| | New | Cultural tourism<br>Nautics<br>Agro tourism/ Rural tourism<br>Sightseeing (general interest)<br>Wellness<br>Gourmet: wine/ olive oil/ gastronomy | Marine biology<br>Golf<br>Sightseeing (special interests)<br>Conventions<br>Short stays |

Source: THR and Horwath Consulting Zagreb, 2003, in www.istra-istria.hr

In Istria Master plan, it has been concluded that golf fits into a group of those future Istrian tourist products which have great potential for development. That importance can especially be seen in the fact that golf contributes a new offer to Istria, putting her as a destination into new segments of tourism market. In connection with this, a marketing plan was also made where it has been concluded that Istria creates a list of unique values – numerous experiences worth remembering, which tourists can take home and share with friends and family.

The locations for golf course construction are being foreseen by Istria County Spatial Plan. Golf projects in certain locations are in the phase of getting the permits and issuing the necessary documentation:

**Figure 9. Foreseen locations for golf courses in the current spatial plan of Istria County**


Source: Spatial plan of Istria County

### 5.2.1 Division on clusters

Golf cluster strategy is based on the division of a specific tourist destination or golf region on clusters, where number of courses and their mutual territorial distance are taken as main criteria. These two elements are essential for forming golf cluster structure, because of having great importance on golf player's decisions and choosing of golf destination. Based on Peter Walton's presentation, 100% of golf players would choose the golf cluster with 5 courses and 75% if there are 3 courses[24]. The interest is less with fewer courses. Therefore, it can be concluded that the optimal number of courses in a cluster is 3 – 5, that is, in that case 75 – 100% of golfers who have the intention of travelling for golf, would choose that destination.
Second very important element is territorial distance and accessibility of golf courses in a cluster. According to the same presentation, territorial distance and accessibility of golf courses in a destination are based on 3 points:

1. Starting point for golf player, or departing from their own home
2. Point of arriving to golf destination ( it can be seen from the figure that the transfer from the airport to accommodation can take maximum 90 minutes)
3. Point of accommodating golf players in the destination, also the most important point, because it determines the choice of golf destination

As said in the case of Vale do Lobo, the resort blossomed after the opening of Faro airport. Istria has a similar opportunity, the airport in Pula, which is at the peak of Istrian peninsula and very close to all potential golf destinations, especially with the highway Istrian Y being built.
It can be seen from the figure that the optimal, i.e. most desirable distance of the 1st golf course is 10 – 15 minutes from accommodation; 2nd course 20 – 30 minutes and 3rd course maximum 40 minutes drive from accommodation. Based on the shown significance of golf for tourism development in Istria, main documents and important golf cluster strategy factors, it is possible to unite the thesis about Golf destination – Istria.
Istria has all predispositions for golf development and turning itself into world known golf region. Few things need to be especially emphasized: closeness of big emitting markets, natural beauties and mild climate which enables playing golf during whole year. Integrating golf projects with Istria as tourist destination would empower her competitive ability in demanding world tourism market.

[24] Golf course clusters, Golf conference, Novigrad, 1 – 2 October 2006, in www.istra-istria.hr

By offering golf program and packages along with supporting facilities, tourist expenditure and financial return will grow while improving the quality of guest experience at the same time, as well as the quality of life of local residents.

Golf inevitably increases the quality and services of a travel destination, and on the basis of new experiences and insights based on the development of golf destinations and golf notes that the integration of golf projects is crucial for the development of tourism and Istria as tourist destination.

### 5.2.2 SWOT and USED analyses

For the purpose of analysis or future environmental scan of golf destination, SWOT Analysis of golf integration in the Istria tourism product was made:

**Table 9. SWOT analysis**

| **Strengths** | **Weaknesses** |
|---|---|
| • Driving distance from many Western and Central European countries<br>• Ideal weather conditions<br>• Accessibility of golf courses<br>• Developed highway<br>• Sea and nature<br>• Food quality<br>• Historical and cultural heritage<br>• Long term tradition in tourism<br>• Small distance between coastal and continental part | • Lack of qualified staff to work on a golf course<br>• Bad image of golf in public<br>• Small number of golf players in Istria<br>• Accommodation quality<br>• Shopping offer<br>• Low quality entertainment<br>• Seasonality<br>• Administration |
| **Opportunities** | **Threats** |
| • Closeness of Pula airport<br>• Prolongation of touristic season<br>• Image improvement<br>• Increase of foreign investments<br>• Attract more golf players in the pre and post season<br>• Entrance to new touristic markets | • Pollution<br>• Land price speculation<br>• Political „interventions“<br>• Corruption<br>• Recession<br>• Loss of current/ permanent loyal customers<br>• World crisis<br>• Slow legal system<br>• Loss of control over resources |

Source: adapted from www.istra-istria.hr

Based on the results of the SWOT analysis it has been concluded that Istria as a destination is suitable for the integration of golf projects into its tourism product. By integrating the sport of golf into development of tourist destination the competitive ability of tourist destination in the global tourism market is being accomplished. It is achieved by quality of services of the destination. Based on the SWOT analysis, and other previously presented arguments about the importance of the integration of golf into a tourist development of Istria and Master Plan and other documents, the vision, mission and strategic goals for development of golf in Istria can be seen.

Based on SWOT analysis, certain recommendations from USED analysis can be taken. Istria should optimize (use) its strength of ideal weather conditions to prolong the touristic season. It should reduce (stop) its weakness of golf having bad image in the public by educating local population and bringing the topic of golf closer to them. It has to take the advantage of (exploit) its opportunity of entering to new touristic markets by introducing golf and MICE as new touristic segments. And finally, it should protect (defend) itself from the threat of losing current loyal customers by leaving their offer as it is, with the ability of improving, on their request.

We have seen from this section that a development strategy has been formulated, by selecting the strategy, setting objectives and conducting SWOT and USED analyses. But, this is only the first step of the 3- step process. Next, the strategy has to be implemented and in the end evaluated.

## 5.3 Positive effects of golf based on theoretical concepts analyzed in the literature overview

### 5.3.1 Socio-economic effects of investing in the development of golf in Istria

The impact of creating Istrian golf region will move in more commercial directions:

- The increase in foreign direct investment through the construction of golf courses, supporting facilities of golf courses, but also construction of high quality accommodation;
- The increase of employment of local population: with the construction company during the construction of courses and facilities, employed at the course as well as those in the accompanying activities (trade, services ...);
- Attracting golf tourists who will generate a daily consumption more than a few times higher than the current average in the Croatian tourism;
- Since the arrival of golf tourists is expected in the off-season, there will be increase in off-season utilization of existing capacity;
- This will contribute to the extension of the tourist season, which leads to a lowering of the general unemployment rate;
- Tourism revenues will increase due to extending of the season and raising of the quality of guests;

- GDP per capita will increase;
- Property prices in the vicinity of the golf course will increase;
- Prices in the off season will line up with the ones in high season, which will lead to increase in revenue, profits and prosperity of the region;
- Due to its geographical position and future transport connections, Istria will become attractive for short tourist visits (up to 5 days);
- Istrian tourism will cease to compete with the competition by lowering prices and will begin to compete by improving quality;
- The overall tourist image of Istria and Istrian tourism will increase;
- With a new image, improved quality of touristic offer and strategic orientation of Istria on tourism, new investors for some other investments in tourism and other branches of the Istrian region will be attracted.

5.3.2 Increasing the number of off-season overnight stays

Regardless of whether golfers and their companions will spend the nights in newly constructed hotels in the golf complex or in existing accommodation, Istrian golf region will in any case result in increase in the number of registered overnight stays, primarily off-season. Given that Istria has realized 17,613,000 overnight stays in 2007, and it is estimated that the golf region will result in 200,000 nights from golfers and additional 200,000 nights of their companions, the expected increase in the total number of nights because of the creation of the Istrian golf region is 2.3%.

When the distribution of the total number of registered overnight stays in Istria (17.613 million) on the season and off-season period is done, leads to the conclusion that in the season (June to September), Istria achieves 86% of total nights i.e. about 15.147 million, and only 14% is achieved during the remaining 8 off-season months, i.e. about 2.466 million. With a logical assumption of night distribution of golf tourists and their escort, analogue to Algarve region experience, it is estimated that out of the total number of nights achieved by golf tourists and their escorts (400,000), 75% or 300,000 nights, will be made off-season.

From these figures results the final evaluation that the Istrian golf region will result in increasing of off-season rates for at least 12%. Considering the difference in price between the season and the remainder of the year, it is not surprising that 90% of the total revenue is realized in the season, while the remainder is realized off-season (about € 210 million). This shows that 75% of the total expected revenue from golf tourism (48 million), or around € 36 million will increase Istrian revenue outside the main tourist season by 17%, i.e. the systematic development of golf in Istria will enable the generation of completely new revenue.

### 5.3.3 Improving tourism offer and the image of Istrian tourism

Finally we should mention hard to measure, but logical and obvious effects of creating Istrian golf region in Istrian tourism, which are primarily related to qualitative enhancement of tourism offer and the image of the Istrian tourism. Creation of Istrian golf region allows Istrian tourism to enter the international tourist market in a whole new light. Istrian tourism companies will be able to offer accommodation to foreign tourists in the tourist region that now offers them a lot more than sun and sea. It offers them the ability of playing golf all year round, facilities which became mandatory for all tourist destinations that care about themselves and that want to attract more tourists with relatively high spending power. With that the general level of Istrian tourist offer is significantly improved and such monitoring of global tourism trends and constant investment in improving the quality of tourism, have become a condition for the survival of tourism in the region.

By raising the level of quality of tourism offer by creating Istrian golf region, an assumption for strengthening the recognition of Istria and Istrian tourism is created, i.e. an assumption for creating an image that associated Istria with golf. Given that most people associated golf with exclusivity, and therefore quality, in this way, Istria will get an image of quality tourist destination. Breakthrough of the Istrian tourism and the new image will allow Istria and Istrian tourism a future in which it will not compete with its competitors by lowering prices because thanks to improved tourist offer and a new image it will have enough tourists to whom price is not crucial, but the quality of tourist offer. This situation will enable more cost-effective and profitable business for Istrian tourist companies, which will be significantly felt in the overall economic situation in Istria. Improving the quality of tourist offer and creating a new image of Istria and Istrian tourism, new investment in the tourism industry that are not necessarily related to golf will be attracted. That is why the positive economic effects of the creation of the Istrian golf region will be greatly multiplied.

### 5.3.4 Assessing the impact on employment

First of all, it should be noted that with the realization of the construction of golf courses most local labour and Croatian construction companies will be used, which affects the employment, but not permanently. But after the construction of golf courses new jobs will be created.

It has been noted previously that only golf course with basic support facilities creates an average of 15-30 jobs. However, this number refers to the number of jobs just on the golf course (maintenance workers, instructors and other employees), and not in the accompanying golf resort amenities (accommodation and related services). Therefore it is evident that the number of new jobs will be significantly higher due to the construction of new accommodation units. Since the basic characteristics of the Istrian golf region is the openness of golf courses and hotels in their complex all year-round, it is evident that this is about creating year-round, not seasonal jobs. As expected high quality of accommodation requires high service throughout the day, it involves a large number of employees. According to the estimates of started projects in Istria, there should be about 70 employees in average per complex, including people employed directly on the golf course.

Therefore, given the presumed dozen golf courses, 700 newly created jobs ought to be counted as a direct result of the creation of the Istrian golf region. This number will be indirectly increased considerably due to the increasing consumption of extra services, primarily in out of season months when they will realize about 75% of total spending of golf tourists. Given the significant increase in off-season spending, many of the jobs that are seasonal nature will start working the whole year, which will, statistically, result in decline of unemployment in Istria. In any case, the creation of these, at least 1,000 new jobs, will significantly contribute to reducing the unemployment rate in Istria. Specifically, Istria does not have a large population (about 207,000 people) with little less than 79,000 work- able residents. In the end of 2007 Istria had 6189 unemployed people in average, and creating 700 new jobs would further reduce the current number of unemployed by 11%.

## CHAPTER VI: ANSWERING THE RESEARCH QUESTIONS AND CONCLUSION

As mentioned in Chapter I, the aim of this study is to present solutions for the effect of seasonality in tourism, mainly by introducing new tourism segments, golf and MICE.

The research method used in this paper is case study since research questions used are “how” and “why”. As only one case study was being examined, the design of this paper is considered to be a single case study design. The primary and secondary data collected and interpreted by the researcher provide the following answers to the research questions:

1. How can a new tourism segment help solve issue of seasonality in Croatia (Istria)?

Solution given by one of the authors is to create or shift the demand to shoulder months, through setting different prices or introducing all- year facilities. Some measures have been developed to counteract seasonality; out of which most commonly used one is variation of the product mix, in order to achieve a more balanced flow of trade. This includes marketing and additional attractions to the original ones. Another answer would be segmentation. Each segment’s needs should be identified and provided for. It has become common that destinations which attract tourists mostly with hot climate and beaches are beginning to extend their holiday season by adding new products. One more factor why golf would contribute in resolving the issue of seasonality is the number of playable days. In the Algarve golf region 75% of the total rounds are played off season. Substantial benefit brought by golf to Algarve is the improved occupancy rate off season (September – May) and season extension or cancellation of terms season, preseason and postseason. Furthermore, MICE industry increasingly includes additional activities, or “add on” events, such as golf packages, to encourage attendance which often leads to repeat visitation to the destination and a longer stay. According to the interviewees, there are several way how to deal with seasonality in tourism. The attention should be focused on the motives of the tourists; the reasons why they visit a certain destination. For Istria, except the sun and the sea, those are golf, biking, diving, gastronomy, hiking, historical heritage, concerts, etc. Many of these contents can be better and more consumed off season, when the weather conditions are more appropriate for outdoor activities. In order for those contents to be available for tourists, a new offer ought to be developed, ensure the hotels are open off season, establish new direct flights and offer new, attractive contents to the guests. According to one of the interviewees, who manages 2 golf courses in Croatia, the golf course on the coast is achieving better results in spring and autumn than in summer. Therefore, golf offer should definitely be included in the development of the new touristic program.

2. Why is Istria potentially the best destination for golf in Croatia?

One of the most important reasons is the Sub- Mediterranean climate; with annual temperature average from about 14˚C to 16˚C and average annual rainfall of 850 to 900 mm. Istria is one of the most important Croatian tourist destinations. It attracts tourists from throughout the world but mostly those from Western and Central Europe. From the total number of tourists in Croatia, Istria accounts for 24%. In most of the countries where foreign tourists come from, golf courses are closed during the winter months. Istria here has ideal weather conditions for playing golf all year round. Furthermore, Istria has all predispositions for golf development and turning itself into world known golf region. Few things need to be especially emphasized: closeness of big emitting markets, natural beauties and mild climate which enables playing golf during whole year. Integrating golf projects with Istria as tourist destination would empower her competitive ability in demanding world tourism market. Istria has already received several prizes, such as Lonely Planet’s top 10 regions 2011 and ADAC- Germany as the most visited destination for German motorists. Istria’s climate conditions enable the golfers to play all year round. Furthermore, it is easily accessible by car, and could become the closest European golf destination for playing golf even during winter. According to evaluation, in the radius of 400 km air line, there is a potential of 500.000 golfers. Therefore, by building more courses and increasing the capacity for receiving new tourists, Istria creates a great opportunity to become one of the leading golf destinations in Europe.

Additionally, following the example of Vale do Lobo and the airport in Faro, it is considered that Pula airport would be crucial for bringing more golfers to Istria.

3. How can a destination (Croatia) move from Stagnation phase to Rejuvenation?

Croatian tourism is currently in the stagnation phase and is beginning to decline. Croatia needs to adjust its marketing strategy according to the particular stage in the destination’s life cycle. It needs to increase investments and apply appropriate strategic measures that would enable it to enter rejuvenation phase. By creating Istrian golf region, the level of tourism will be raised and the recognition of Istria and Istrian tourism will be strengthened. Golf inevitably increases the quality and services of a travel destination and that is why its integration is crucial for the development of Istrian tourism. It is considered that a lot of work had already been done in developing the brand Istria. Croatia needs to take advantage of the fact that the most remarkable growth of golf course development in the next 10 years is foreseen to be in Eastern Europe, China, UAE and India. One more solution for a destination in stagnation phase is to focus on repositioning their tourism products by using alternative niche marketing strategies. It helps destinations to differentiate their tourism product and compete in an increasingly competitive environment. It is also seen as a response to more sophisticated tourists demanding special tourism products. That is why the main task of Istria's Master Plan is to create a development model tailored to the needs and expectations of each cluster.

Seasonality causes major problems for tourism industry. In order to reduce this effect, new tourism segments should be pursued; mainly golf and conventions and meetings.
Croatian tourism is currently in stagnation phase and is beginning to decline. Croatia needs to adjust its marketing strategy and increase investments in order to enter the rejuvenation phase. The concepts of destination branding and building a positive destination image are of great importance for achieving this. Golf courses are by themselves unprofitable. Therefore, they are increasingly being supported by quality residential development.
Furthermore, niche tourism helps destinations to differentiate their tourism product and compete in an increasingly competitive environment.
Both sports and tourism have become the largest and fastest growing industries in the global economy. The trend of building golf courses as supporting services of a hotel or resort in the world is increasing. The presence of a golf course in touristic areas has become of extreme importance in making the decision where to go on vacation.
Not only sport and tourism have become more linked. One of the most popular extracurricular activities sought by meeting and convention attendees is golf. By including “add on” activities, such as golf packages, the MICE attendee got a venue where they can mix business with pleasure through sports. Over the last 15 years, golf and business have become inseparable. Golf has become recognized as a valuable networking tool.
All the interviewees agree that golf is the right tourism sector Croatian tourism should turn to. There are several reasons: it prolongs the touristic season, it is the most wide spread individual sport in the world, it is appropriate for all ages and there is a big number of tour operators.
Based on the results of the SWOT analysis it has been concluded that Istria as a destination is suitable for the integration of golf projects into its tourism product. By integrating the sport of golf into development of tourist destination the competitive ability of tourist destination in the global tourism market is being accomplished. It is achieved by quality of services of the destination.

Main positive effects of golf as new tourism segment in Istria are shown in increasing of number of off-season overnight stays, improving tourism offer and the image of Istrian tourism (entering new international tourist markets; raising level of quality). It also has an impact on employment (use of local labour and Croatian construction companies; year round job positions to work on golf courses and other resort amenities) and socio-economic effects (increase in FDI; higher daily consumption; lowering unemployment rate; increase in GDP per capita, etc.).

These findings were supported through literature review and qualitative research conducted by the researcher through collecting and analyzing primary and secondary data.

## CHAPTER VII: MANAGERIAL AND ACADEMIC IMPLICATIONS OF THE STUDY

The current study was focused on the seasonality which impacts the length of touristic season of certain destinations. The problem of seasonality can be applied to all destinations whose touristic offer depends on weather conditions and which can no longer rely on "sun & beach" type of tourism. This results in most of them entering stagnation or decline stage. Therefore, the research and findings indicated in this study can be implied to similar destinations and give them some guidelines on how to deal with the seasonality effect and progress to rejuvenation stage.

The managerial and academic implications of the study are the following:

- Destinations whose tourist offer depends mostly on weather conditions should consider introducing new tourism segments in their offer, in order to minimize the seasonality effect;
- Seasonality should be seen as a challenge for creating new marketing strategies
- Defining specific niche tourism segment can help destination move from stagnation to rejuvenation stage;
- The concepts of destination branding and building a positive destination image are of great importance for achieving the previously mentioned;
- Long-term tourism development must be based on comparative advantages arising from the available resources;
- Each destination has to formulate its own development strategy by selecting the right strategy, setting objectives and conducting proper analyses;
- An opportunity should be seen in the fact that over 80% of all GDP created by golf industry in Western Europe comes from real estate and tourism.

## CHAPTER VIII: LIMITATIONS TO THE STUDY

The present study showed the following limitations:

- Literature on MICE industry is limited
- The present study was limited to only one case study, of Vale do Lobo resort
- Only one destination was taken into consideration to show success in minimizing seasonality effect. Even though more destinations could have been taken into account, researcher’s goal was to take a Portuguese success example and apply it to Croatia
- Since study involves two different countries, different cultures and political situations must be considered when applying the project from one country to another
- Due to researcher’s inability to travel to conduct interviews, they were conducted electronically, through exchange of e- mails
- It was very difficult to obtain the answers to interview questions due to the lack of free time of interviewees
- The research was limited to qualitative research, as the main goal was to find solutions for the seasonality effect. Although, quantitative research could have improved the depth of the study
- The perspectives from golf players and local communities could have added value to the study
- No financial projections were made as the purpose of the study was not to conduct a business plan for creating a specific golf resort, but to provide solutions for prolonging a touristic season of a destination

## CHAPTER IX: RECOMMENDATIONS FOR FURTHER RESEARCH

During the analysis of the present study, certain suggestions for further research have emerged.

This study was conducted based only on one case. As destinations differ in many areas, especially cultural, geographical and political, further research in needed in order to show that presented solutions could be applied to other destinations. For example, golf resort in Miami, Florida and Bulgaria (Thracian cliffs golf and beach resort[25]) could be interesting to investigate.

Furthermore, it was mentioned in the study that local communities have great influence on golf projects in Croatia. More research could be done on that aspect to discover why there is so much resistance in those communities and to suggest possible solutions.

Since golf tourism considers a lot of financial investment, seasonality could be minimized at first by supporting MICE tourism off season. Croatia already has existing venues which only need adapting, therefore the costs are much lower than constructing golf courses. Further research could be done in order to see how beneficial investment in MICE tourism would be.

Along with that study, the example of Kempinski hotel in Umag, Istria could be used, as it is a well know hotel brand, and already has existing venues for both MICE and golf.

The importance of Pula airport was mentioned in this study. Further research could be done to show the capacity of the airport and the benefits it could bring for the development of golf and MICE tourism in Istria.

Study also referred to the importance of residential tourism along with golf courses. Istria is famous for its stone villas, which could be used as residences built along the golf courses. Further research on this topic could show that Istria has another competitive advantage.

And finally, since Croatia recently entered European Union, it could take advantage of EU funds and conduct further research on these topics in order to attract investments for implementation of mentioned projects.

[25] http://www.thraciancliffs.com/

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## ANNEXES

Appendix 1. Questions for the interview with the contact person from Vale do Lobo (conducted in English)

1. What would you say attracts guests to your resort all year round?
2. How did you deal with the effect of seasonality? Did introduction of golf tourism help and in what percentage?
3. How big role did the concept of second home market play in development of your resort?
4. Has opening of Faro airport increased the number of visitors? Number of golf players?
5. Were /Are the golf players the majority that was/is buying properties at the resort?
6. Are you offering the service of MICE and have you noticed if it is connected to golf (people coming to a convention and playing golf in free time)?

Appendix 2. Questions for the interview with the contact person from Croatian Golf association (English version)

1. One of the main problems in Croatian tourism is short touristic season, which lasts only three to four months. What would you suggest as a solution for this problem?
2. In order for the destination to be identified and differentiated from its competitors, it is important to build a recognizable image or brand. What is your opinion on brand of Istria as a new golf destination?
3. Do you see an opportunity for Croatian tourism in the following statement: "over 80% of all GDP created by the golf industry in Western Europe comes from real estate and tourism. Buyers are prepared to pay 5- 30% price premium on a property located in a golf community or resort."?
4. In your opinion, is golf the right touristic segment Croatian tourism should turn to?
5. According to the statements from golf players, transport from an airport to accommodation should last maximum 90 minutes. Do you think that the airport in Pula could fulfill that function?

Appendix 3. Questions for the interview with the contact person from Croatian Golf association (Croatian version)

1. Jedan od glavnih problema hrvatskog turizma je kratka turistička sezona, koja traje samo tri do četiri mjeseca. Što biste vi predložili kao rješenje ovog problema?

2. U cilju pružanja osobnosti destinaciji i diferencijaciji od konkurencije, potrebno je proizvesti prepoznatljiv identitet ili marku. Koje je vaše mišljenje o brandu Istri kao novoj golf destinaciji?
3. Vidite li priliku za hrvatski turizam u sljedećoj izjavi: "80% svog BDP-a stvorenog od golf industrije u Zapadnoj Europi dolazi iz nekretnina i turizma. Kupci su spremni platiti 5 do 30% veću cijenu za imovinu koja se nalazi u golf zajednici ili naselju. "?
4. Po vašem mišljenju, je li golf ispravan turistički sektor kojem bi se hrvatski turizam trebao okrenuti?
5. Prema izjavama golf igrača, transfer od zračne luke do smještaja treba trajati maksimalno 90 minuta. Mislite li da bi zračna luka u Puli mogla ispuniti tu funkciju?