

STRATEGIC DEVELOPMENT OF THE MONTENEGRIN TOURIST PRODUCT IN RELATIVE TO CURRENT MARKET TRENDS

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ABSTRACT

Adequate accommodation infrastructure is one of the basic conditions for sustainable tourism development. In order to improve accommodation infrastructure, particularly addressing the problem of a large share of private accommodation in total infrastructure, it is proposed to transform these capacities into a condo model, diffused and integral hotels. Another major problem in tourism development in Montenegro is not an adequate structure of emissive markets, more precisely dominance of 2 markets. In order to improve emissive market infrastructure it is necessary to focus primarily on West European and Scandinavian market. Improving the situation of the mentioned problems would significantly affect the sustainable development of tourism in Montenegro.

Keywords:

tourist destination, accommodation capacities, emissive markets, strategic documents.

JEL:Z3

INTRODUCTION

Tourist product of destination can be perceived as a partial products or integrated products. Elementary features of an destination are attractive, communicative and receptive factors. Implementation of sustainable development is based on principles mostly related to environmental, economic and socio – cultural aspects of tourism development. Important model of tourism development of destination is carry capacity model, which involves determining the carrying capacity of a tourist resources and space and its basis in fact and argument is a reasonable restriction of predicted development with minimal adverse effects make it better, and preferably creates optimal effects. When calculating carry capacity of the tourist destination, it is necessary to do certain preliminary work and create conditions for it. Needs for accommodation capacities transformation in Montenegro based on the sustainable development principles requires transformation of the existing accommodation capacities. There is a necessity of restructuring and regrouping of private accommodation and adequate models are: diffuse, integral and condo hotels. Current situations in Montenegro requires different perception of emitive markets. In Master Plan is defined that it is necessary to turn to Western European and Scandinavian markets.

1. DEFINITIONS OF TOURIST PRODUCT

Magas, Vodeb and Zadel define tourist product is the totality of tangible and intangible properties, including functional, social and psychological benefits and satisfaction. The product can be ideas, services, goods, or any combination of these three terms. (Magas,Vodeb,Zadel,2018:33)”Considering the various theoretical approaches to defining the term of tourist destination, it can be concluded that it should be understood and analyzed as a more or less rounded geographic entity that has an attractive, communicative and receptive factors, including natural, anthropological and traffic conditions for the tourist accommodation, food, holiday and leisure.(Bakić 2002,14)Tourist products of modern destinations can be perceived as a partial products (based on one element of tourist supply- exp. nature, landscapes etc.) or integrated products (mixture of various elements- exp. good infrastructure, natural resources, accommodation and leisure facilities). Second mentioned, clearly involves benefits for both sides of an market-local supply and tourist demand. As the essence of the marketing concept in business highlights the importance of creating the supply so it can meet the interest of demand, integrated tourist product turns out to be an ideal solution for any destination. This means that the tourist products that are about to be introduced on the market should necessarily bee developed as an equivalent to the total quality of products of one destination. That requires complementary supply presentation by composing three elementary features (factors) of an destination:

1. attractive factors,
2. communicative factors,
3. receptive factors.

The attractiveness of a destination should offer a mixture of different elements of the natural attractiveness (climate, flora, fauna, geography, natural beauty and interest) and anthropological attractiveness (cultural and historical heritage, folklore, gastronomy, spa / wellness facilities, sports and recreational facilities, etc.) (Bakić 2002,130).

Communicative factors include areas of development in terms of distance and closeness of the destination (as measured by distance or length of the trip) and the cost of travel and stay on the destination. Accordingly, accessibility involves the development of transport infrastructure in the destination (state of the roads, the existence of ports, airports, bus stations, etc.). Accessibility is a location factor whichin big deal enables emphasis and exploitation of original and produces element of destination.It includes communication factors-traffic potentials and their current and

future exploitation. Two aspects of this location factors are emphasised: macro approach concerning accessibility of facility in relation to demand flow, and micro aspect concerning location of facility in relation to main factors of destination. (Čačić 1998, 247)

Finally, receptive factors reflect conditions for the stay at the destination and include all the elements that make up the tourism supply in the context of accommodation, food, fun, entertainment etc.

Receptive (receiving) factors include organizational forms in area of accommodation, food, entertainment, recreation and leisure tourists. In other words, under these factors should include a variety of activities that are directly and indirectly involved in providing services to domestic and foreign tourists (hotel, F&B, store traffic, cultural institutions, utilities, etc.). (Dobre 2005, 18.)

2. SUSTAINABLE DEVELOPMENT OF TOURIST PRODUCT DESTINATION

Bearing in mind the existing theoretical attitudes, interpretations and definitions, as well as practical solutions in the implementation of sustainable tourism, five key objectives can be identified, none of which must be dominant in relation to others, such as: (Jegdić, V, 2011., 23).

- Protecting the living environment and preserving natural resources
- Ensuring the social integrity of the local community
- Protecting the cultural heritage of the destination and respecting the cultural specifics of the domicile population
- Making economic benefits in tourism and tourism
- Optimum satisfaction of the needs of tourists through the offer of a high quality tourist product

The sustainable tourism concept has become a key discourse through which tourism industry owners and managers, environmentalists, host communities, developers, politicians and academics frame certain tourism issues. (Bramwell, Lane, 2011, 413).

Sustainable development of tourism in particular area should be understood as a subsystem of the overall sustainable development of the area. According to the World Tourism Organization (World Tourism Organization - WTO, 2004), the principles of sustainability in tourism are mostly related to environmental, economic and socio-cultural aspects of tourism development.

The observed model is conceived as a carrying capacity model, which involves determining the carrying capacity of a tourist resources and space and its basis in fact and argument is a reasonable restriction of predicted development to that with minimal adverse effects make it better, and preferably creates optimal effects. (Vukonić, Keča, 2001, 108).

Several definitions of carrying capacity have been offered, depending on how and where the concept is applied. The World Tourism Organisation defines carrying capacity as “the maximum number of people that may visit a tourist destination at the same time, without causing destruction of the physical, economic and socio-cultural environment and an unacceptable decrease in the quality of the visitors”. (Kostopoulou, Kyritsis 2006, page 9)

Thus, when calculating the carrying capacity of the tourist destination it is necessary to do certain preliminary work and create the conditions for it. In this regard, it is necessary to implement the eight stages in this process: (Jegdić, Marković 2011, 110).

- (1) Identifying management standards for the destination or a tourist resource, which will be supported and the types of tourism experiences that are planned;
- (2) Determine the period for which carrying capacity is defined (hour, day, week, month or year);
- (3) Determination of indicators for environmental, socio-cultural, psychological and economic components;
- (4) Defining the sustainable measures for each indicator;
- (5) Establishment of the obvious connection between state-level indicators and use;
- (6) reasoning about the possibilities of acceptance of certain impacts;
- (7) Determination of carrying capacity is more / less / equal to determine the extent of visits;

(8) Determine management strategy that will enable to define carrying capacity respects.

Policy of using natural resources in tourism development which departs from these principles, means behavior in accordance with the following assumptions: (Dulčić 2001, 328-329),

- It is necessary to adopt and implement an active policy of land resource as well as long-term policies that must govern and manage not only the exploitation of natural resources and their use, but to plan and work to restore the resources that are renewable and nonrenewable natural resources, conserve and regulate the manner of their future use. In other words, unrestricted exploitation of natural resources to replace the real economy of space ('spaceship economy'). Managing a tourist destination involves the involvement of the private public sector. In addition, it is desirable, in various ways, to involve representatives of the local population in an intensified manner in order to ensure local development by local community, and to form local action groups. (Galicic, Laskarin, 2016:190).

3. NEEDS FOR ACCOMMODATION CAPACITIES TRANSFORMATION IN MONTENEGRO BASED ON THE SUSTAINABLE DEVELOPMENT PRINCIPLES

Accommodation facilities can be defined as properly built and equipped construction facilities for providing accommodation services in tourism (hotel industry and total catering). These facilities could also be defined as spatial, organizational-technical and technologically prepared, capable of accommodating and accommodating people and providing hotel services (boarding and non-boarding) services in them. (Vujovic, Cvijanovic, Stetic, 2012:140).

Structure of accommodation capacities in Montenegro now is expressively negative, with 23% involvement of basic capacities, hotels represent only 13.3% (total number of estimated beds 295.987 including unofficial estimation of 171.459 unregistered beds). (Government of Montenegro, Ministry of Sustainable Development, 2008, 11)

Structure of accommodation capacities is significantly different:

- Average EU 42,18%,
- Spain 52,55%,
- Italy 46,38%,
- Greece 88,23%,
- Cyprus 95,70%

Improvement of mentioned factors is predominantly reaction on heterogeneous needs of tourist consumers, and its effected on the tourist supply with establishing of three kinds of resorts and involvement of condo model (through following new structure of accommodation capacities number of beds will increased on 300.000, but with completely new structure of 41,67% of hotel capacities-including condo and timesharing capacities).

On the other side, due to concentration of "quasiflat" buildings (based on the unofficial data published in Master plan-Strategy of Tourism Development in Montenegro, mentioned destination has 171.459 unregistered beds), it is necessary to establish new General Urbanistic Plans for restructuring some urban zones. Despite of significant "development" of mentioned secondary living places, for example in Montenegro there is no special taxes policy for flats and houses for holiday.

However, this is not the case in all competitive countries. In Croatia, for example, there are special taxes for mentioned categories. On this expenses, insurance, residence tax and other expenses has to be included, which ownership of mentioned property makes extremely expensive.

¹Source: <http://www.queenofmontenegro.com/promo/nvo2010/Materijal%20za%20okrugli%20sto%20-%20Prof.%20dr%20Rade%20Ratkovic.pdf>

One of the solutions for the “quasiflat” building reduction is condo hotel model, with whom part of actual flats can be transformed in the key tourist accommodation capacities. Condo hotels or condominiums are flats in building, which owners are using only one part of the year-three months, and rest of the year are rented to tourist consumers so after deduction of management fee and maintenance whole expenses income is received by the flat owners. Based on the mentioned principle, popular accommodation facility hotel Plaza is functional. Mentioned prerogatives leave space for creation serious strategy for foreign investor attracting, especially for green field investments, which also means respecting with investors side, high level moral standards in business, social responsibility, overtaking of own risk, institutional standards, transparent and not asymmetric information, clearly defined property rules as a base for property protection and above “healthy” competition without favor certain market participants. (Žugić 2010, 137.)

Innovated Strategy of Tourism Development in Montenegro is focused mainly on greenfield investments on the attractive locations in each of available clusters. Very important fact that mentioned document assumes 100m² of green areas per each bed of the accommodation capacities. (Government of Montenegro, Ministry of Sustainable Development, 2008, 87).

Also, there is a necessity of restructuring and regrouping of private accommodation. Authors of this work strongly believe that adequate tool for mentioned is implementation of model of diffused (not year recognized in current Montenegrin legislation) and integral hotels.

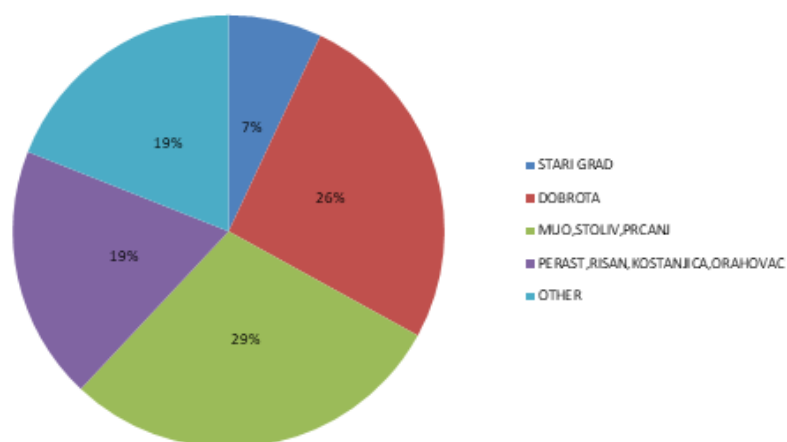
By definition, diffuse hotel is a functional unit in which it is obliged to provide accommodation and breakfast, and can provide catering and other services. Diffuse hotel must be predominantly urban, historical, and rural-urban structures and buildings, furnishings and equipped with a traditional way. It is a functional unit in the area of a settlement consisting of three or more functionally related structures embedded in the local environment and way of life.

As a adequate example on the micro level into Montenegrin tourist destination, mentioned model should be implemented on the level of Kotor destination.

Catering facilities which provide catering services can be separated by public or common areas. This type of accommodation must have: reception hall, common room to room, accommodation units, common sanitary facility, and may have other facilities in the function catering and tourist spending. What is crucial to the units in the diffuse hotel rooms, suites (suite), studio apartments and suites.

The proposed model of diffuse hotel at the tourist destination Kotor depends on the dispersion units, which in turn, may be expressed in the following units:

Graph 1. Basis areas for diffuse hotel forming



Source: Author's internal research

- Joint management
- Presence of common areas for guests;
- Offer hotel services (reception, breakfast, cleaning ...) and logistics
- guests;
- The presence of hosting community:
 - a. Integration of guests in the socio-cultural environment of the destination;
- Reasonable distance between the guest units and common areas.

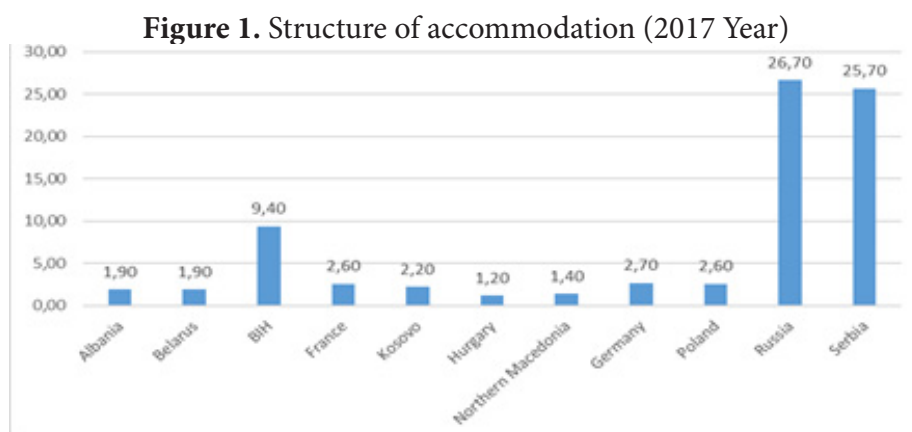
It also raises the question of what should be the goal of forming diffuse hotel. Authors emphasizes the following benefits:

Adequate and affordable adaptable capacity during off peak season, which allows an extension and the ability to offer consumers a tourist stay more days (instead of a few hours during the day) when it comes to folk festivals and other cultural and entertainment attraction;

The full performance on the global market, which also reduces the cost of promotion and distribution.

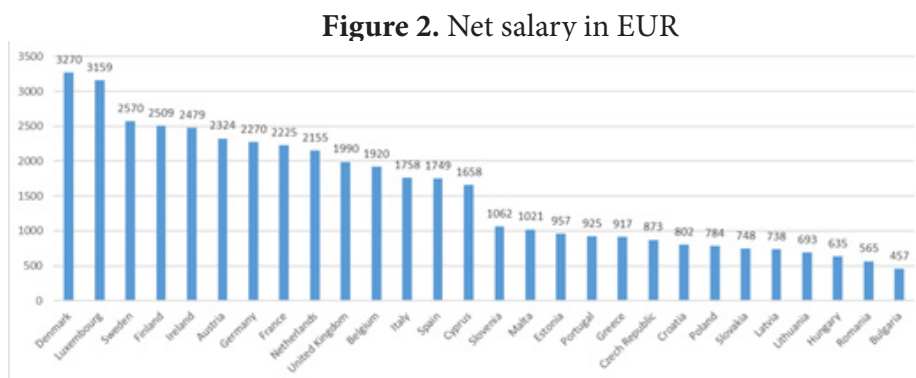
4. DIFFERENT PERCEPTION OF EMITIVE MARKETS

Current situation means dictate of two emitive markets as per following graph (Russia and Serbia):



Source: Author's research based on Monstat official data.

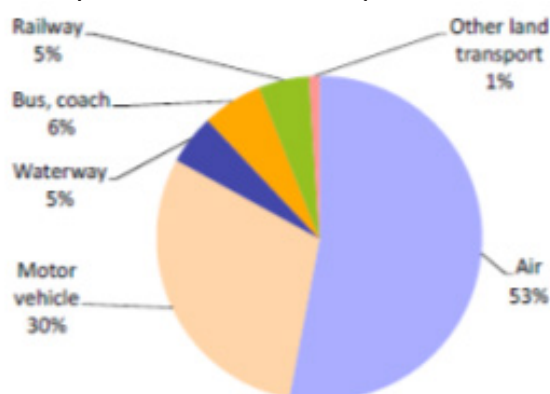
The authors of this paper are strong in the positions of the Master Plan in the sense that it is necessary to turn to Western European and Scandinavian markets, but not leaving the focus in relation to the markets of the region and Russia. It is based in particular on the net wages and discretionary income of the following EU markets:



Source: www.reinisfischer.com/average-salary-european-union-2018

Also, it should be taken into consideration way of transport of observed markets and as per EUROSTAT's research air transport dominates:

Figure 3. Outbound trips of EU28 residents by main means of transport, 2013.



Source: [http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/568343/EPRS_IDA\(2015\)568343_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/568343/EPRS_IDA(2015)568343_EN.pdf)

Apart of mentioned markets, focus on Montenegrin tourist policy should be on intercontinental markets, such as China, which has global tourism spending, as the next three competitors together:

Figure 4. World's Top Tourism Spenders

Rank	International Tourism Expenditure				Population
	(US\$ billion)		(euro billion)		(million)
	2015	2016*	2015	2016*	2016*
1 China	249.8	261.1	225.2	235.9	1,383
2 United States	112.9	121.5	101.7	109.8	323
3 Germany	77.5	81.1	69.9	73.3	83
4 United Kingdom	63.3	63.6	57.0	57.5	66
5 France	39.3	40.5	35.4	36.6	65
6 Canada	30.1	29.1	27.1	26.3	36
7 Korea (ROK)	25.3	26.6	22.8	24.1	51
8 Australia	23.8	24.9	21.4	22.5	24
9 Italy	24.4	24.7	22.0	22.3	61
10 Hong Kong (China)	23.1	24.1	20.8	21.8	7

Source: <https://www.e-unwto.org/doi/pdf/10.18111/9789284418664>

CONCLUSION

Based on the above, it can be concluded that Montenegro has adequate strategic documents of tourism development, which are entirely in the context of sustainable tourism development, when it comes to accommodation capacities, the organization of a tourist product and, accordingly, the development of human resources development. However, what is the table it is necessary to further improve the accommodation capacities in the part of the conversion of private accommodation in terms of its further integration through diffused and integral hotels. It is also necessary to gradually, but continuously, reverse the issue of emissive markets, primarily with a focus on West European and Scandinavian market.

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