

## LOGISTICS IN PROVIDING PRIVATE ACCOMMODATION SERVICES IN PRIMORSKO – GORANSKA COUNTY

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*Review*

Received 9 July 2014  
Revised 18 August 2014  
6 September 2014

### **Abstract**

**Purpose** – The purpose of this study is to find a concept for optimizing cost and revenue from providing private accommodation services. The aim is to display how linking all participants who provide private accommodation services into a logistics network will result in better and higher quality service for the guest and in reduced cost for the private accommodation provider.

**Design** – This study researches private accommodation providers in the Primorsko - Goranska County. Primorsko - Goranska County has great potential for providing private accommodation services, but it does not have a well-organized system which could improve the quality of the provided services.

**Methodology** – To prove the study's thesis, scientific methods of analysis, synthesis, methods of induction and deduction, as well as historic and statistical methods have been employed. Furthermore, it includes data from the Department of Tourism, Office of the Croatian Government in Rijeka, as well as data obtained from the local Association of Private Accommodation HGK – PGŽ (Croatian Chamber of Economy in the Primorsko – Goranska County), data from the statistical yearbook, Institute for tourism as well as data from the Croatian Ministry of Tourism and other scientific and professional literature.

**Approach** – The authors aim to prove that by linking all participants in the process of providing private accommodation into a logistics network would increase the quality of the service and simultaneously optimize the costs. The logistic solution which will be proposed in the "Results" section will provide answers to the suggestion whether private accommodation providers should enter into a system with its business surroundings, i.e. travel agencies, local administration community systems, tourist boards, commercial service associations, state institutions, etc.

**Findings** – This research has reached the conclusion that private accommodation providers do not satisfy the principles of the logistic concept and that other participants in the process of providing private accommodation services (institutions) do not adequately support them. The logistic concept is not the final solution, but a foundation for further research.

**Originality of the research** – This paper represents a valuable contribution to research into private accommodation as a phenomenon in the accommodation structure and accommodation services at the level of the Primorsko – Goranska County as well as the Republic of Croatia as a whole. A logistic concept is provided which could solve the problem of poor organization that many private accommodation owners face and it could also possibly have a practical effect on both private accommodation owners and managers. The paper also enriches the overall amount of scientific literature in the field of logistics, organization and management in tourism.

**Keywords** private accommodation, logistics, tourism offer

*"This work has been fully supported by the University of Rijeka under the project titled Supply chain management in hospitality, number [13.03.1.2.01]."*

## INTRODUCTION

Private accommodation is an important segment of the hospitality service offer in tourism. Providing private accommodation services in the Republic of Croatia is regulated by the Law on Tourism Activities. Private accommodation in the Primorsko - Goranska County has a longstanding tradition. Private accommodation owners are not organized within an interconnected market system which results in the well-known fact that this type of accommodation is insufficiently well used, although it represents a large potential in the tourism offer. Private accommodation at the level of the Republic of Croatia makes up 35% of all overnights. When taken into account that 1/5 of that takes place in the Primorsko – Goranska County, the need for further research into this area of the destination's tourism offer becomes even more apparent. The aim of this study is to define a proposed logistic structure which will link private accommodation owners into one unified system and to define a concept which will connect private accommodation owners and other participants of the destination's tourism offer. The authors claim that private accommodation is insufficiently used, i.e. that it only has a 60-day occupancy and that the proposed logistic solution where the private accommodation owners would join and form a cooperative would achieve a much greater occupancy and better quality of service, and that it would simultaneously reduce supply costs. The purpose is to find a solution to optimize costs and revenue stemming from the process of providing private accommodation services. To prove the thesis of the study scientific methods of analysis, synthesis, induction, deduction, as well as historical and statistical methods have been employed. Due to the scarcity of relevant scientific and professional literature in the area of providing private accommodation services, the data from the Department of Tourism (Office of the Croatian Government in Rijeka), data obtained from the local Association of Private Accommodation HGK – PGŽ, as well as data from newspaper articles and the media was used in this study. Sparse scientific literature in the area of tourism logistics is also somewhat of a limitation.

### 1. GENERAL CHARACTERISTICS OF PRIVATE ACCOMMODATION IN THE PRIMORSKO – GORANSKA COUNTY

Private accommodation is an important element of the tourism accommodation offer. The tourism offer and its elements are developed in accordance with the wishes of the tourists, who want to experience the tourist destination. Yet, they remain under-theorised and under-researched. Under-theorised in that there have been too few (or inadequate) attempts at explaining how important features of these organizations might be understood rather than describing their characteristics or behaviours. The limited vitality of academic debate about small firms and their role in tourism has also resulted in some overly general conventional wisdoms being perpetuated (Thomas et al. 2011). Although accommodation itself is not the reason why the tourists have come to the destination, private accommodation facilities have a specific way in which they treat their guests (homely approach), personalized approach to providing services, specific architectural, horticultural and designer features of their facility, as well as a high level of informality. The characteristics of private accommodation are determined through

heritage, traffic infrastructure, tourist culture and the structure of the local residents of a specific destination.

Providing hospitality services in private accommodation is regulated by the Law on Providing Hospitality Services, according to which private accommodation hospitality services can only be provided by a natural person, i.e. a citizen of the Republic of Croatia, with a limit of 10 rooms or a maximum of 20 beds (not including extra beds) in rooms, suites and holiday houses. When providing accommodation services in campsites, the maximum number is 10 accommodation units, i.e. 30 people which does not include children up to the age of 12 (NN 138/2006, Law on Hospitality Activity). Apart from the abovementioned, one of the preconditions is that the person providing private accommodation has ownership of the facility and is a Croatian citizen. This type of providing hospitality services is also regulated by the Book of Regulations on the Classification and Categorization of Facilities Providing Hospitality Services in the Household, according to which accommodation in the household refers to the following types of facilities (NN, 88/07, Book of Regulations on the Classification and Categorization of Facilities Providing Hospitality Services in the Household):

1. A room within a household,
2. A suite within a household,
3. A studio suite within a household,
4. A holiday house within a household,
5. A campsite within a household.

Secondary data sources use the terms household (Croatian Bureau of Statistics 2013) and private accommodation (Institute for Tourism 2013) as synonyms for accommodation within a household, but for the purposes of this study the term private accommodation will be used hereinafter. Registration of private accommodation providers is issued based on the decision by the authorized County State Administration Office, i.e. based on the issued Permit on Providing Hospitality Services in Private Households.

Based on data from the Republic of Croatia statistical yearbook, 35% of all accommodation units on the county level belong to private accommodation, while on the state level 25% of all private accommodation units are located in the Primorsko - Goranska County. This data emphasizes the need for a systematic approach and for a more detailed analysis of this type of accommodation.

In terms of socio-demographic characteristics of private accommodation owners, 78% of permit holders (Permit on Providing Hospitality Services in Private Households) are women, 39,1% of whom are between 36-55 years old. There is an almost identical percentage, 38,9% of women aged between 56-65 with this permit, which bears witness to the fact that these kinds of services are provided by an older age group mostly as an additional revenue source. As was expected, the majority of private accommodation providers have a medium-level professional qualification (55,6%), 37,7% have a university degree or higher qualification, and 6,7% only completed elementary school (Cerović 2012, 17).

Based on all the aforementioned data the conclusion can be reached that private accommodation in the Primorsko – Goranska County represents  $\frac{1}{4}$  of the overall accommodation offer in the Republic of Croatia. Although providing private accommodation requires a Permit on Providing Hospitality Services in Private Households, as well as Croatian citizenship and ownership of the real-estate, in practice it is very often the case that private accommodation providers do not meet any of the required conditions, or they do meet the required conditions but do not register their guests, which is commonly referred to as the grey zone problem of providing private accommodation. A new, more rigorous, legal regulation aims to somewhat put a stop to this trend, but it will probably take much more time before this issue is resolved. A socio-demographic analysis showed that this mostly refers to older age groups, however, since 5,6% of respondents are aged between 18-35, we can conclude that providing private accommodation services is a means of solving unemployment issues or a way of improving the standard of living.

Family entrepreneurship, to which providing private accommodation services also belongs to, offers multiple advantages: personal relationship with enterprise stakeholders, market niche advantages, flexibility and reaction, flexible labor force and continuity, as well as drawbacks: informal business practice and lack of planning, marketing and market research, training and qualification deficits, financing and human resources and family employees (Peters and Buhalis 2004, 407). Home-stay accommodation is a unique tourism product enabling the tourists to experience a lifestyle and cultural different from their country of origin. (Ahmad et al. 2014). The home-stay tourism sector is characterised by the provision of economic services from and in the entrepreneur's home and represents a relatively rare economic phenomenon (Stringer in Ahmad et al. 2014).

These characteristics of private accommodation encourage the need for further data analysis and for finding a concept that would dispel or, at least, minimize the obstacles private accommodation providers face, and which would optimize costs while simultaneously increasing the quality of service.

## **2. A QUANTITATIVE ANALYSIS OF PRIVATE ACCOMMODATION IN THE PRIMORSKO – GORANSKA COUNTY**

A comprehensive scientific analysis was conducted for the purpose of this study, focusing on private accommodation in the Republic of Croatia and, particularly, the Primorsko - Goranska County. Data on the accommodation structure, number of arrivals and overnights in the Primorsko – Goranska Kotar County will be presented.

**Table1: Arrivals and overnights structure according to type of private accommodation provider in the Primorsko – Goranska County 2011-2013**

ACCOMMODATION FACILITY	2011.			2012.			2013.		
	ARRIVALS	SHARE	INDEX 2011/2010	ARRIVALS	SHARE	INDEX 2012/2011	ARRIVALS	SHARE	INDEX 2013/12
Hotel	943.611	43,39	105	927.138	42,07	99	949.867	29,35	100
<b>Private accommodation</b>	<b>652.495</b>	<b>30</b>	<b>111</b>	<b>696.154</b>	<b>31,59</b>	<b>106</b>	<b>724.537</b>	<b>41,22</b>	<b>102</b>
Campsites	516.697	23,76	111	517.842	23,5	101	532.054	26,38	104
Resorts	45.099	2,07	98	41.550	1,89	93	37.616	1,98	89
Other	17.064	0,78	94	20.960	0,95	123	23.935	1,07	90
<b>TOTAL ARRIVALS</b>	<b>2.174.966</b>	<b>100</b>	<b>107,6</b>	<b>1.276.506</b>	<b>100</b>	<b>101</b>	<b>2.268.009</b>	<b>100</b>	<b>102,59</b>
	OVERNIGHTS	SHARE	INDEX 2011/2010	OVERNIHGTs	SHARE	INDEX 2012/2011	OVERNIGHTS	SHARE	INDEX 2013/12
Hotel	3.751.125	31,79	104	3.673.978	30,16	98	3690176	29,35	100
<b>Private accommodation</b>	<b>4.584.324</b>	<b>38,85</b>	<b>109</b>	<b>4.938.856</b>	<b>40,54</b>	<b>108</b>	<b>5183617</b>	<b>41,22</b>	<b>105</b>
Campsites	3.071.667	26,03	109	3.179.135	26,09	104	3317044	26,38	104
Resorts	304.911	2,58	100	279.269	2,29	93	249575	1,98	89
Other	88.861	0,75	80	111.690	0,92	124	134295	1,07	90
<b>TOTAL OVERNIGHTS</b>	<b>11.800.888</b>	<b>100</b>	<b>106,84</b>	<b>12.182.690</b>	<b>100</b>	<b>103</b>	<b>12.574.707</b>	<b>100</b>	<b>102,59</b>

Source: authors' analysis according to the Tourist Board of Primorsko - Goranska County information (www.kvarner.hr, accessed on June 2<sup>nd</sup>, 2014)

Table 1 shows that according to the arrivals structure and type of accommodation facility in Primorsko – Goranska County, for each of these three years private accommodation makes up around 1/3. Moreover, in 2011 its share increased by 11% and in 2012 by 6%. The number of arrivals in hotels and campsites has remained virtually unchanged and in 2012 resorts registered a decline of 7%, while other accommodation facilities registered a growth of 23%. The overall number of arrivals did not show a significant change – a growth of 1% was recorded. In 2013 a mild increase of 2% was registered in the private accommodation segment and 4% in the campsite segment while hotels stayed on the same level as in 2012 and resorts and other types of accommodation facilities recorded a drop compared to 2012.

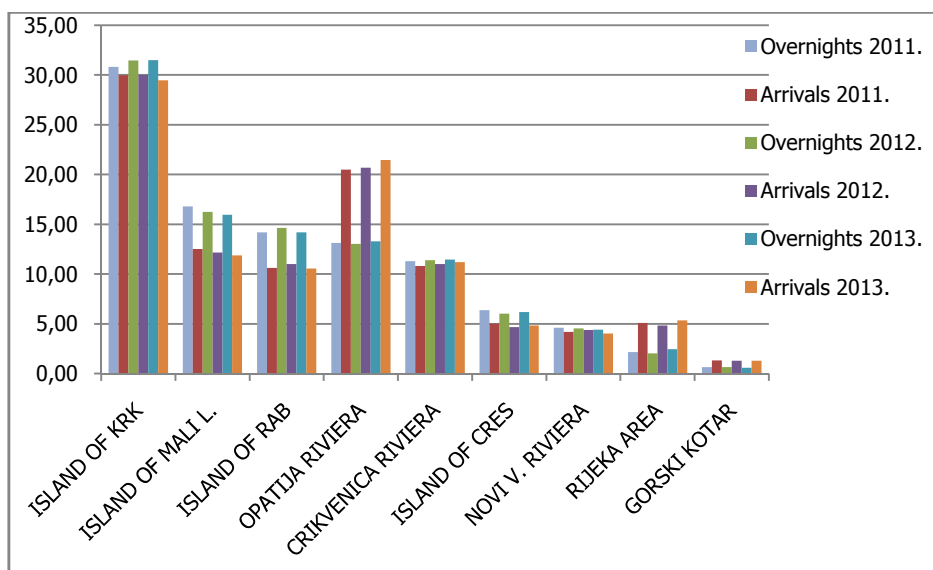
The number of overnights in hotels in 2011, compared to 2010, grew by 4%, but that positive trend did not continue in 2012. In 2011, private accommodation has the best results yet again, with 38,85%, which is an increase of 9% compared to 2010. In 2012 its share is 40,56%, which is an increase of 8% compared to 2011. In 2013 private accommodation still shows signs of increase in the number of overnights, by 5%. In 2012, campsites also recorded a growth of 4%, which is slightly less than in 2011. The most significant changes in 2012 happened in other accommodation facilities, which registered a significant increase of 24%, but in 2013 their share decreased once more.

Given the local conditions (suitable climate, the proximity of the outgoing market) the Primorsko – Goranska County area has the necessary conditions for a permanent business and a growth of tourist overnights stays which is an indicator of tendencies toward a permanent business (Cerović et al. 2009, 76).

In order to see the full picture regarding movements in tourist traffic, the structure of arrivals and overnights according to type of accommodation facility and subregion has been developed. Furthermore, due to the specifics of combining maritime-coastal and mountain-continental as well as typical urban areas (area of the City of Rijeka), tourist

overnights in the Primorsko – Goranska County were analysed by dividing the county into 9 subregions: the Island of Krk, Mali Lošinj, the Island of Rab, the Opatija Riviera, the Crikvenica Riviera, Cres, the Novi Vinodolski Riviera, the area of the City of Rijeka and the region Gorski Kotar.

Graph 1: **Structure of tourist arrivals and overnights in the Primorsko – Goranska County according to subregion from 2010 to 2013**



Source: developed by the authors according to data from the Primorsko – Goranska County Tourist Board ([www.kvarner.hr](http://www.kvarner.hr), accessed June 2<sup>nd</sup>, 2014)

The data above indicates that the largest number of overnights takes place on the Island of Krk and that each year records a growth when compared to the previous year. The Island of Krk is followed by Mali Lošinj, Rab and the Opatija and Crikvenica Riviera, while the other subregions do not participate to a greater extent. The least number of overnights takes place in the Gorski Kotar region; however, there is some positive improvement. By looking into this data we can conclude that there has been certain stagnation in the increase of the number of overnights in the Novi Vinodolski Riviera and the Island of Rab, while other subregions still show a slight increase.

By comparing the number of overnights and the number of arrivals it is to conclude that the length of the stay varies from 2 to 7 overnights depending on the destination, i.e. sub region. What is surprising is that, although the Island of Krk registers the largest number of overnights, the length of stay on the Island of Krk is not the longest, but is 6 nights, which is the same as the Crikvenica and Novi Vinodolski Riviera. The Islands of Lošinj, Cres and Rab register a somewhat longer stay of 7 overnights. If we examine the structure of the length of stay according to accommodation facility, we can conclude that guests stay the least amount of time in hotels (4 days) and the longest in private accommodation facilities and resorts (7 days). The average length of stay in other accommodation facilities is 5 nights.

Based on the data analysis on the number of arrivals and overnights it can be concluded that the Island of Krk is the leader when it comes to the number of arrivals and overnights, compared to other subregions. The reason for this is its convenient geopolitical location, i.e. the island being connected by a bridge to the mainland as well as the airport that is located on the island and that, during the tourist season, enables guests to fly in from distant parts of Europe for a relatively low price. This primarily refers to flights from London, Cologne, Stockholm, Oslo, Moscow, Vilnius, etc. The Island of Krk is followed by the Islands Lošinj, Cres and Rab, which do not register as many overnights as the Island of Krk, but the guests stay on these islands a day longer on average. A possible reason for this could be that these islands are not as well-connected to the mainland as the Island of Krk, which causes guests to lose a part of their day on arrival and departure, which also makes it more difficult for guests to visit and “browse” other areas in and out of the county (visit the City of Rijeka, national parks, etc.). The data shows that the average length of stay on the county level is 7 nights, which is most likely the consequence of a poor, undiversified and underdeveloped tourism offer in the destination. What contributes to this claim is the data from the Institute for Tourism according to which 74% of the total tourist consumption can be attributed to food and board, 14% to shopping and only 12% to other facilities in the destination (excursions, culture, sports, entertainment, etc.) (Institute for Tourism 2011).

### **3. A PROPOSAL FOR LINKING PRIVATE ACCOMMODATION OWNERS IN THE PRIMORSKO – GORANSKA COUNTY INTO A LOGISTICS NETWORK**

Based on all the facts that have been discussed so far, it can be concluded that private accommodation is insufficiently used, i.e. it is not interconnected and does not constitute a unique marketing product which would be recognizable on the tourism market. Possible solution would, certainly be , bundling which represents established practice in the tourism industry. Collaboration can be developed through formal partnerships or alliances among firms, but also through informal relation-based collaboration. (Maggioni et al. 2014). According to authors’ opinion possible solution would certainly be linking the individual private accommodation owners into a unified system, which can be achieved through linking their interests. Another problem that could be addressed by a logistic solution (which will be further defined in the following paragraphs) would enable private accommodation owners as legal providers of hospitality services to access the following services faster and cheaper than before:

- Joint representation in front of public bodies, state institutions and local government units,
- Promotion on the tourism market,
- Booking, sales and communicating with the market,
- Cleaning and refurbishing costs,
- Laundry services,
- Landscaping,
- Emergency repairs (sanitation, air-conditioning, heating),
- Investments, seasonal upkeep.

The abovementioned common areas (services) essentially make up the business surroundings of private accommodation owners, towards which they act in a disorganized and unprofessional manner, which means that they cannot increase the quality of their accommodation as well as reduce the cost of their doing business. A SWOT analysis of private accommodation in the Primorsko – Goranska County was carried out for the purpose of gaining a fuller picture of the business surroundings of private accommodation.

Schema 1: **SWOT analysis of private accommodation in the Primorsko – Goranska County**

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Family atmosphere</li> <li>• High level of informality</li> <li>• Feeling of belonging</li> <li>• Adapted to the needs of the guests</li> <li>• Accessibility of all large European markets within 500-800 km</li> </ul>	<ul style="list-style-type: none"> <li>• Disorganized owners</li> <li>• Lack of recognition on the market</li> <li>• Poor offer of additional services in the facility</li> <li>• Few facilities that provide breakfast</li> <li>• Disloyal competition by other private accommodation owners</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Tourism tradition in the destination</li> <li>• Family tradition of renting out accommodation</li> <li>• Extending the season by adding services inside and outside the facility</li> <li>• Improving the living standard</li> <li>• Good terms for investment</li> </ul>	<ul style="list-style-type: none"> <li>• Bank loans</li> <li>• Travel agency commissions</li> <li>• Cancelled flights to Rijeka Airport</li> <li>• High prices of ferry tickets</li> <li>• Too few catamaran connections</li> </ul>

Source: Cerović, Z., "Kvarner family", University of Rijeka and the Primorsko – Goranska County, Opatija, 2008.

The main strengths of providing private accommodation services are the favourable geographic and traffic location, the ability to adapt to the guests' needs and a family (homely) atmosphere. The weaknesses of private accommodation are disloyal competition, poor organization on the market and insufficient offer of additional services in the facility and the destination. Private accommodation owners should therefore seek to take advantage of the opportunity that this type of entrepreneurship can improve their standard of living and that investing in the quality of the facility brings long-term benefits for the owner renting it out. In order for the private accommodation owners' and the guests' to attain their goals, a synergy between all participants of the tourism offer in the destination needs to be established which would minimize the threats from the surroundings and encourage better results as well as meet all the guests' needs. Informal organizations of private accommodation owners used to exist (Pinezić 2013):



- from 1950 to 1972 in the form of tourism societies, which represented a relatively loose form of formal networking. The law defined who could rent out private accommodation and they could register as private accommodation owners (by obtaining a decision issued by the appropriate state authority), they were registered and formal decisions on private accommodation renting were issued. This period of time is characterized by keeping minimum records of private accommodation owners without any market effect, promotional activities were partial and had a low impact, tourist associations carried out reception duties.
- from 1972 to 1989 private accommodation owners gathered in tourism associations, but a higher number of private accommodation owners were involved in the decision-making process and the work of the local community. People who rent out private accommodation are defined by law and can be registered (they are issued an official decision by the state authority in charge) and they receive a renting permit. In these first initiatives to commercially unite private accommodation owners the role of the front office is taken by the tourist association or a hotel company.
- from 1989 until today, private accommodation owners have gathered within a system of tourism associations and the Croatian Chamber of Economy. People who rent out private accommodation are defined by law and can register their activity (they can obtain a decision by the state authority in charge), they are registered and have been issued the Decision on Renting out Private Accommodation. They are still insufficiently interconnected, they do not have joint booking, they do not enter the market as a unit, they do not have a unique business system (entering the market as a unit, defined communication standards, the role of the front office is performed by tourism associations which are registered as travel agencies).

On December 31<sup>st</sup>, 2012, 11425 private accommodation owners were registered in the Primorsko - Goranska County which contained a total of 72 000 beds. Private accommodation owners were poorly organized in several local professional groups and associations and the only formal system that connected them was the Association of Private Accommodation at the Croatian Chamber of Economy Branch in Primorsko – Goranska County. Private accommodation owners were provided with appropriate service and support via travel agencies - a total of 158 in the Primorsko - Goranska, which provided the following services (set out in the contract):

- promoting the available accommodation capacity
- making bookings
- front office duties, welcoming
- guests
- collecting the visitor's tax
- collecting payments and settling accounts
- handling complaints

Other logistic activities were not organized but were left up to the owner renting out their accommodation. The table shows that the Primorsko - Goranska County receives support and logistics from 36 local administration tourist boards which are in charge of general propaganda and the organization of local events. Laundry services are provided

by 6 companies. Landscaping services are provided by 27 legal entities. The organization of communal services (waste disposal, upkeep of public spaces and other communal work) is in the hands of 38 communal companies owned by local governments, whereby 6 are of national or county significance. Inspections are conducted by tourist offices and inspection services (National Administration Office 2013). From a logistic - supply point of view, it can be concluded that the abovementioned activities are not in accordance with logistic principles, i.e. the principle of optimum quality of materials and services is not applied and, consequently, the optimum cost principle is also disregarded, which would be necessary for the product, i.e. service to be sold according to the “value for money” principle.

It is, therefore, clear that private accommodation owners are still disorganized and left up to the interests of travel agencies that charge a commission of 18%. The basic principles of private accommodation providers (Cerović 2008, 34) are:

- increasing the usage of private accommodation
- increasing the price of accommodation services
- organizing and linking private accommodation providers into a developed interest system
- increasing the VAT limit (limit of 85 000 Kuna in order to enter the VAT system has been increased to 240 000 Kuna).

Based on these principles, it is suggested that private accommodation providers should join a well-developed business system modelled after similar associations in Italy, France and Germany. By creating logistic supply chains and other logistic principles based on integration models, private accommodation owners would benefit from a stronger market position with more stable and more long-term foundations, while incurring minimum cost (Mrnjavac 2010, 42). Not a single segment of the existing product distribution system meets the basic logistic principles: it does not facilitate access to the service and there is no distribution system that could reach prospective guests. Furthermore, from the production logistics viewpoint, there are no quality standards apart from using stars to categorize accommodation. However, this does not constitute a uniform system of evaluation because the criteria are not updated after each change in the Book of Regulations on Classification and Categorization of Private Hospitality Facilities. By introducing a logistics concept the ultimate private accommodation service would not merely be “value for money” – the guest would get more for the same price and the host would be able to provide higher quality at a smaller price.

A possible logistic concept that would dispel or minimize problems and expenses on the supply and demand side, i.e. the acquisition and distribution side, could be the cooperative as a kind of association that would combine the interests of private accommodation providers and natural and legal entities and that would create a unified market product with the private accommodation provider. This kind of cooperative should ensure: standardized equipment, clearly defined content and specialization (accommodation for cyclists, children, guests with pets, etc.). It should also ensure a supply of standardized equipment and inventory (mattresses, dishes, furniture). The cooperative would insure better financing possibilities and would vouch for bank loans.

Schema 2: **A proposal for linking the private accommodation providers' cooperative with other participants of the tourism offer into one logistic network**



Source: the authors' own work

The schema number 2 displays the private accommodation providers' cooperative (registered according to the Law on Cooperatives) as a business system (legal entity) that would combine the interests of the cooperative members (private accommodation providers). Each of the displayed subjects makes up an individual logistic centre and the central place of this logistics network is intended for the private accommodation providers' cooperative. These logistic centres act as regulators to all changes (supply, demand, prices, and legal regulations) and have a key role in optimizing all logistic flows. This example of logistic affiliation into a logistic network represents the best choice because it allows for flexibility, which is characteristic of the tourism industry, as well as guaranteeing consistency due to its clearly defined structure. The network connections ensure a timely information flow from the private accommodation providers' cooperative to other members of the tourism offer and vice versa.

The private accommodation providers' cooperative would represent them towards:

- a) Travel agencies – travel agencies should represent private accommodation owners on the tourism market in order to include them in international marketing websites, for a previously arranged commission. Active and aggressive sales of the private accommodation capacity. Receiving guests with an appropriate service of keeping records, settling the bill, etc. The agency would then represent private accommodation owners who are more organized, with an equal level of quality and who provide standardized services. Sales and distribution organization should meet logistic principles, which means that the agency, as an intermediary in charge of optimizing information flows, should find guests who could fill the capacity of the private accommodation and who have to be satisfied with the services they have received.

- b) The local tourist board would have a strong partner in the cooperative, primarily when it comes to organizing the general marketing of the destination, organizing events and having an active partner in the organization of destination management. The cooperative thus becomes the main partner of the tourist board when it comes to creating and implementing strategic plans.
- c) Municipalities and towns (units of local government) are creators of community policies and often the owners of communal businesses. They would gain the cooperative as a partner who could help attain larger interests and make it easier to access EU funds. The cooperative as a legal entity would become a partner to the local government.
- d) The ministries (state institutions) that convey the government system via the county tourism administration, i.e. the Ministry of Tourism, Ministry of Public Administration, Ministry of Finance, Ministry of the Interior, Ministry of Construction and Physical Planning, Ministry of Environmental and Nature Protection, would gain a partner in creating legal and regulatory acts and the private accommodation owners would (via the cooperative) be able to influence amendments and changes to legal norms.
- e) Services such as maintenance, cleaning, laundry, landscaping, investments and day-to-day upkeep, as well as all other services that are set up as legal entities according to the Law on Limited Liability Companies, would gain an ideal partner to attain larger interests and procure raw materials, energy-generating products, spare parts, etc. They would mutually plan and purchase these items in bulk (there by increasing the discount and the commission). The cooperative members would be able to obtain standardized, cheaper, faster and higher quality of services.
- f) Other participants in the business surroundings such as shops, catering facilities, health services, cultural institutions, sports institutions, religious organizations and other services would gain a partner to help create destination management activities such as planning, organizing and coordinating events in the destination, as well as joint market activities with the purpose of increasing tourist satisfaction and the overall tourist consumption.

Based on all the abovementioned facts, data and opinions, it can be concluded that logistics in providing accommodation services in the Primorsko – Goranska County has thus far been completely unfamiliar. However, the proposed concept based on the creation of a cooperative would significantly increase the quality of the accommodation service; it would boost the occupancy of the accommodation facilities and the overall tourism traffic. The proposed logistic solution would significantly increase the quality of private accommodation hospitality services as well as guest satisfaction in private accommodation. In a logistics sense this would meet all goals, i.e. optimizing costs by employing basic logistic aims (overcoming space and time) and with the ultimate result of attaining guest satisfaction. Such a system would facilitate the implementation of new technologies and modern communication systems (the internet, social media, online sales, etc.), which would meet the preconditions for applying e-technologies, as well as a faster information flow between the private accommodation owner and the potential guest and ensure that guests are better informed on all services provided by the private accommodation owner. This would meet the basic goals of sales (Berc Radišić et al. 2012, 88): optimum turnover of products on the marketplace, increasing

the sales effect by taking new markets and eliminating risks in the sales process. The principle of the cooperative would allow private accommodation owners themselves to, thanks to applying new technologies, be informed on all changes in their business surroundings and would be able to react on time to the stimulus of their business surroundings, which would increase the quality of their services, guest satisfaction as well as their personal standards.

## CONCLUSION

Private accommodation, although a significant participant in the accommodation capacity structure in Croatia, still acts in a disorganized manner; it emerges sporadically without an adequate strategy and is not represented by a unified organization on the tourism marketplace. Although there is large entrepreneurial potential, this is still an additional line of business and not the main business of those providing private accommodation and the majority of the private accommodation providers are relatively old. This kind of service provider structure means that private accommodation lacks entrepreneurial enthusiasm and is burdened by disloyal competition and has trouble coping with modern technology, faster information exchange, etc. Although there is an increase in the number of younger private accommodation providers, they are still underrepresented and disorganized which prevents any significant change. The competitive advantage of private accommodation owners in the Primorsko – Goranska County is most evident in terms of its geographic and traffic location (a typical car-destination), which can also be reached from distant European countries by plane. The average length of stay varies between 5 and 7 days, depending on the sub region and its geographic and traffic location. In the logistic sense, private accommodation owners do not meet any logistic aims, i.e. flows (information, materials, goods, energy, etc.) and it is not optimized or linked in a unified system (network) which would enable this to happen. The lack of literature concerned on the issue of private accommodation puts certain limitation to the research but also represents starting point for the whole wide area of entrepreneurship in providing services in private accommodation in Croatia. This limitation also reflects on making conclusion on possible solutions (logistic concept) and how would it really work in practice. As there are no previous surveys on the topic of private accommodation that would propose a solution of the problem (concept, model), the concept given in the paper represents a base for further research. The proposed logistic concept of linking together private accommodation providers and other participants of the tourism offer would enable private accommodation providers to optimize the information flow (changes in legal regulations, communication with travel agencies and tourist boards), flow of goods (suppliers) and the flow of services (minor repairs, maintenance, laundry services, waste disposal), which would ultimately result in a smaller price and faster service. For the guest this would mean an increased satisfaction with the provided service for the agreed price. This would not only meet all logistic aims (whose purpose is not merely self-serving), but also the private accommodation owners' aims on the supply side, as well as the guests' aims on the side of demand. The proposed logistic network is not a final solution, but a foundation with the possibility and necessity for systematic development and further upgrading, so that at any given time it could respond to changing conditions in its business surroundings. The

conclusion It would be of great benefit that there was previous similar research in order to make comparison with the one described in the paper which would result in more accurate conclusion and can track possible changes on the market and in practice during the certain period. Yet, authors believe that proposed logistic concept would be applicable on a national, regional and local level, which would influence its structure, but it is unique in the sense that it can meet the basic logistic aims on all levels which makes it an appropriate possible solution to dispelling all obstacles currently faced by private accommodation providers.

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