

## PRIVATE ACCOMMODATION IN TOURIST DESTINATION OFFER – THE CASE OF DUBROVNIK

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*Review*

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### **Abstract**

For a long time basic accommodation capacities represented the dominant type of accommodation in tourist offer, while at the same time complementary accommodation capacities were neglected. However, recently there has been a growing interest for complementary, substitute types of tourist accommodation, both in the Republic of Croatia and in Dubrovnik, where since 2000 a significant increase of over night stays has been registered, especially in private accommodation. In this paper rooms, apartments, studio apartments and holiday houses owned by physical entities are referred to as private accommodation.

Private accommodation enables tourists to engage in everyday life of local residents, learn about history, tradition and culture of a destination. Thus, a tourist may experience and taste the beauties and attractions of a place, truly enjoy autochthonous products and services, as well as obtain genuine knowledge on authentic attractions and tourist offer of a destination.

Inadequate offer of private tourist accommodation has negative influence when forming the overall tourist offer of a destination. Poor quality of accommodation units, unprofessional conduct of holders of tourist accommodation offer towards consumers and lack of interest for the needs and wishes of the consumer of this complementary accommodation have all contributed in creating a bad image on this kind of accommodation in tourist offer. Consequently, this paper aims, by analysing the consumers of private tourist accommodation, to point out the importance of private accommodation in overall tourist offer of a destination, to prove that private accommodation tourist offer attracts an increasing number of tourists, and propose to local tourist administration directives on how to create a more efficient procedure in order to ensure a more efficient and better quality administration of tourist private accommodation offer, aiming to improve the overall tourist offer at a destination.

**Keywords** Private tourist accommodation, Dubrovnik, Tourist offer, Tourist demand

### **INTRODUCTION**

The constant rise of living standard, globalisation and technical-technological progress increase the need for alienation. Frantic lifestyle and lack of leisure time urge potential tourists to seek in their temporary place of residence, i.e. in receptive destinations, the atmosphere and warmth of a home. Family life and family atmosphere are disappearing, so tourists are trying to recapture them during holidays. The search for high quality, comfortable and fully equipped holiday houses, apartments and studio apartments, also other forms of private accommodation which can offer familiar atmosphere, togetherness and pleasure, has been rising steadily.

New trends in tourist demand point out the need for new and sophisticated tourist accommodation offering extraordinary experience. Mass forms of tourism in which accommodation services are most frequently offered in basic accommodation capacities cannot satisfy that segment of tourist demand searching for new, authentic experience in contact with intact nature.

For a long time private tourist accommodation was considered as lodging for tourists with modest financial abilities and second rate substitute to the basic, i.e. hotel accommodation. This substitute accommodation did not enjoy a particularly good reputation on international tourist market. Today, due to huge technical and technological developments, private accommodation is considered an option for special market segments. Changes on the world market, triggered by globalisation created a demanding tourist with new and special needs, who is familiar with and well informed on new solutions in the tourist offer field, and most frequently he seeks special types of accommodation.

In order to ascertain importance of private tourist accommodation and its role in tourist offer of a destination a research on consumers of private accommodation was carried out. The problem of the research is constant marginalisation of this type of substitute tourist accommodation by local tourist administration, including regional tourist administration and relevant authorities. By defining the problem the subject of the research was identified: to investigate and determine the rate of influence of increased quality of private tourist accommodation onto tourist offer of a destination as a whole. Objects of the research are: private tourist accommodation and tourist offer. Taking into consideration the problem, subject and objects of research, the working hypothesis was made: consumers of private accommodation have a not so insignificant role in tourist consumption, and the role of private tourist accommodation in forming the aggregate tourist offer is large whileas its quality is a key factor in obtaining destination's competitive advantage in full. The purpose and goal of the research is to provide theoretical and practical contribution to the meaning of private tourist accommodation in reaching a better quality destination's aggregate tourist offer, as well as to suggest to the local tourist administration adequate guidelines for action in the field of this substitute, complementary form of tourist accommodation.

## **1. THEORETICAL DETERMINANTS OF PRIVATE TOURIST ACCOMMODATION**

The expression private accommodation roots from private ownership. For private accommodation the expression private hospitality is much more acceptable for the simple reason since accommodation as a neutral word implies a roof over one's head, while hospitality means a lot more and lets the consumer know that such means of accommodation offers a much more individual approach (Bronzan 2003, 82). It is not sufficient to offer to buyers of services and products just a physical component of offer such as autochthone buildings and food, but it is necessary to transfer to visitors the emotions, intensive feeling of pleasure, and activities that are characteristic for the relevant region (Šostar and Pavošević 2009, 137). Family business in tourism is often vital to customer experiences and satisfaction, and to destination or community

development (Getz and Carlsen 2005, 237). Furthermore, it is necessary, prior introduction of private accommodation unit onto the tourist market, to analyse potential consumers, their needs and wishes, as well as the reasons for choosing private accommodation (Stankus 2007, 201).

In science literature the term private accommodation is equal to term bed and breakfast (B&B). The main features of private accommodation are (custom to Nuntsu et al. 2004, 516):

- Accommodation is usually provided in a family (private) home in which unused rooms are rented for the purposes of supplementing income and meeting people,
- They are advertised mostly through word of mouth,
- The lodging usually offers 2-5 rooms,
- The business is usually not the owner's sole or primary source of income (Getz and Carlsen 2000, 548),
- The owner lives in the house or on the property and
- The guests generally shares public areas with the host of family.

According to Morrison et al. B&B accommodation belong to specialist accommodation which provide the following (Morrison et al. 1996, 19):

- Personal service
- Special opportunity or advantage through location
- Accommodation that is usually owner-operated

Elements adding importance to private tourist accommodation and enabling gaining of advantage are: innovations and flexibility, better and higher quality interaction with consumers of this type of accommodation and society as a whole, maintenance of competitiveness of large business subjects, better quality investment into employees, self-employment. Due to their size the holders of private accommodation offer adopt simply and quickly to all changes on the market and as such are much more flexible in relation to larger business subjects in tourism. In many cases accommodation objects are owned by families controlling overall business, therefore the presumed vision and mission are directed to longterm insurance of existence.

Small business subjects owned by families very often are sources of new ideas, material, processes and services that large business subjects cannot offer. Their service is of high quality, offer authentic, and conduct with consumer close and friendly. The friendships realised between consumers and holders of private accommodation during the holiday of consumers are usually continued after resumption from holiday (Vasilevska-Nestoroska, 2001). Better interaction with their consumer is result of the possibility of individual approach to a guest, the so-called marketing “one to one“, which has been attracting lately a much larger number of guests than reduction of prices of services. Friendly atmosphere and solid knowledge about the guest opens the possibility of him becoming a client and his single day stay turning into repetitive stays.

In tourism big hotels respect attractiveness offered by small hotels and private tourist accommodation holders. Their respect results from innovations of services and dedication to a more personal approach to the guest in private tourist accommodation offer. Employees in small business subjects and owners of private accommodation units have more freedom in bringing decisions, which helps in developing their talents and maintains work enthusiasm at the top level.

There is some elements that are not in favour of private tourist accommodation (Petrić 2003, 1760):

#### Ownership

- easy start attracts individuals with little or no knowledge at all
- lack of experience
- lack of strategy for future generations' success

#### Business environment

- strong competition
- large share of illegal activities
- location is in most cases inadequate/unattractive
- many administrative complications

#### Marketing

- operating on a very limited market
- orientation exclusively to one market segment
- lack of knowledge about marketing
- no research work
- largely season dependent
- impossibility to adjust to market prices

#### Business operation

- lack of planning/strategy
- low quality of service not oriented to customer
- lack of use of new information technologies
- poor price control
- lack of co-operation and misunderstandings between family members.

The number of disadvantages is not an adequate indication of the possibility of development and improvement in the field of private accommodation offer, since it has been proven that disadvantages can in most cases be turned into advantages. The greatest advantage is awareness about disadvantages.

Advantages of the private accommodation offer in development of tourism in a specific destination are multiple:

- enables rather fast and simple valorisation of otherwise undeveloped regions
- expands the existing offer in already developed destinations
- assists in preservation of urban and rural environments
- increases the employment rate
- stops emigration of population, and
- connects other holders of tourist offer in a destination (restaurants, *rent-a-car* and *rent-a-boat* agencies, souvenir shops etc.).

Small entrepreneurs are the core of economic “health” in developed and undeveloped countries and are recognized as needing further attention specially in tourism (Tinsley and Lynch 2001, 368). Also, the importance of small entrepreneurs in tourism as creators of tourists’ satisfaction and positive image of a destination is big and can not be ignored (Kozak and Rimmington 1998, 184).

Small and medium entrepreneurship in tourism will suffer the greatest consequences of globalisation, and there is the need to support small entrepreneurship in tourism as an important generator of employment and factor that influences the tourist consumption (Smeral 1998, 379). Even, there is necessary for create institution of destination management aiming to form and control tourist offer able to satisfy “modern” demand.

If household area is double purpose area (business and private) there is a need to define similarities and differences within identical business subjects working in different geographical, social, historical and cultural environment, as well as other important factors that are otherwise marginalised in literature (host’s family members). Also, there is need to be a more detailed, concrete and profound analysis of the guest-host relationship and guest’s expectation level and rules and activities of the host (Di Domenico and Lynch 2007, 336).

Ragarding the influence of high seasonality of tourist demand onto family business in tourism it is necessary to find new market niches through which the tourist offer out of season would be directed (Getz and Nilsson 2004, 29). As a concrete example Bronholm et al. cite art, crafts and food products.

Plan, develop business goals and strategies are very important in small family subjects in tourism. Key factors of preservation and progress of family business in tourism are planning, partnership, creation of new products and services, and development of stronger bonds among employees of the family business subjects (Peters and Buhalis 2004, 2).

The procedure of organising the journey has been changed in favour of independent organisation. Namely, in 2009 66,1% tourists arrived to the Republic of Croatia without mediators, i.e. in their own, individual arrangement ([www.dzs.hr](http://www.dzs.hr) access 28.06.2010). The very same year 53% of tourists arrived to Dubrovnik-Neretva County in individual arrangement, making 52% of total stay, (Croatian Chamber of Commerce,

County Chamber of Dubrovnik, 2010). The stated data indicate to owners of private accommodation units the importance of internet advertising, and the possibilities of direct contact with tourists. By contacting tourist directly owner of private accommodation unit can make use of the advantages of “one to one” marketing and thus attract guests to his accommodation unit.

In the Republic of Croatia, until today, the potential and importance of private tourist accommodation has not been understood. In the total structure of accommodation capacities in Croatia in 2009 44,89% are rooms and apartments in households, but their realised number of stays is very low (33% of total stays) in comparison with hotel capacities, their share in total accommodation capacity structure being 12,49%, and realised number of stays 25% of total stays ([www.dzs.hr](http://www.dzs.hr) access 28.06.2010).

Due to bureaucratic limitations, lack of educated and experienced personnel the tourist communities blame one another for bad organisation of tourist offer in private accommodation, and finally onto relevant authorities, not recognising the possibility of increasing tourist circulation and prolonging tourist season.

The government of the Republic of Croatia, on the basis of proposal made by authors of Strategic Marketing Plan for Croatia 2010-2014, offers stimulation measures in the form of favourable interest rates, subsidizing interest, discount on utility contribution etc., for adaptation and building of small family and boutique hotels without taking into consideration the percentage of allowed usability of construction land in certain counties (Strategic Marketing Plan for Croatia 2010-2014, 55). Some authors agreed with proposal in Strategic Marketing Plan for Croatia 2001-2014 that it is necessary to carry out restructuring and repositioning of private accommodation and that private accommodation (households) needs to be restructured into business subjects (Cerović et al. 2010, 97).

The City of Dubrovnik, according to the valid general town planning scheme, is no adequate position for restructuring private accommodation units into small family hotels, but it has a large potential in private accommodation units such as apartments, studio apartments, holiday houses and rooms for rent.

**Table 1:** Overnight stays of tourists according to type of accommodation in the Republic of Croatia in the period as of 1975 until 1995 (in 000)

	1975	1980	1985	1990	1995
Hotels and apart-hotels	14.350	17.521	20.975	20.716	5.587
Holiday villages	3.313	3.937	5.466	5.198	1.972
Camps	7.816	12.804	17.150	12.010	3.429
Private rooms	8.531	10.406	13.383	7.375	840
Other	8.401	8.932	10.691	7.224	1.057
TOTAL	42.411	53.600	67.665	52.523	12.885

Source: Central Bureau of Statistics 2005, 2007 and 2010

The data given in Table 1 are in favour of private tourist accommodation. By observing the course of overnight stays in the period 1975 – 2009 and disregarding the war years, it is obvious that only private accommodation reached and exceeded the record value from 1985.

**Table 2:** Overnight stays of tourists according to type of accommodation in the Republic of Croatia in the period as of 2000 until 2009 (in 000)

	2000	2005	2007	2008	2009
Hotels and apart-hotels	13.164	14.960	17.504	15.220	14.317
Holiday villages	4.561	4.703	3.518	3.678	2.833
Camps	10.740	13.359	12.957	13.349	13.795
Private rooms	8.325	13.859	17.687	18.185	18.802
Other	2.393	4.540	4.341	6.671	6.552
TOTAL	39.183	51.421	56.007	57.103	56.299

Source: Central Bureau of Statistics 2005, 2007 and 2010

In 2007 for the first time since 1975 the number of overnight stays in private accommodation exceeded those realised in hotels and apart-hotels. That year 17,687,000 overnight stays were realised in private accommodation, which was 1% more than in hotels and apart-hotels. The upward tendency in tourist demand for complementary types of accommodation continued in 2008 when, in comparison to the previous year, the number of overnight stays was increased in camps, private accommodation and other forms of accommodation, whereas the number of overnight stays in hotels and apart-hotels was reduced, and in year 2009 when only private tourist accommodation and camps registered an increase of overnight stays.

**Table 3:** Overnight stays of tourists in private accommodation in Dubrovnik as of 2005 until 2009

	2000	2005	2006	2007	2008	2009
Private accommodation	68.160	231.087	267.194	281.001	298.174	355.894

Source: Official data of Tourism Association of the City of Dubrovnik, Department of Statistics

The number of overnight stays in private tourist accommodation in the city of Dubrovnik has been continuously growing at an average rate of 11,6%. The largest increase was recorded in 2009 when 19,4% of overnight stays more were recorded than in the previous year. The results from 2009 must be considered with reserve due to the fact that in year 2009 global economic crisis played a major role in choosing accommodation capacities. Reduced financial abilities of tourists resulted in overflow from tourist demand for basic accommodation capacities into tourist demand for complementary accommodation. Notwithstanding the year 2009, in 2008 the number of overnight stays in private tourist accommodation grew 4,37 times compared to 2000. Since average daily spending per person in private tourist accommodation is € 49,00 (TOMAS-Summer 2007) the turnover in Dubrovnik area reads € 17.438.806. If consumption of unregistered tourists in private accommodation is added to this amount

the level of consumption of users of this complementary form of tourist accommodation is not to be neglected.

In the Republic of Croatia the importance and possibilities of private tourist accommodation was recognised only in the area of Istria and Kvarner. Besides the growing importance of Associations of Private Renters in clusters, a “Domus Bonus” was invented, a certificate guaranteeing quality of private accommodation. In the Tourism Association of Istrian County programme, local tourist communities and Istrian Development Agency, standards of quality private accommodation have been set, and the objects fulfilling the conditions required are granted the quality certificate “Domus Bonus”. By having been assigned the certificate mark private renter is given justified possibility to raise prices of his services and to have higher quality advertising, and membership in the Association assists in taking a more favourable position at the tourist private accommodation demand market.

Dubrovnik-Neretva County and the City of Dubrovnik have lately been trying, following the steps of Istria, to start their own “Domus Bonus” project, but realisation has been complicated and delayed due to lack of experience of the relevant authorities.

Since the globalisation processes are penetrating more strongly into the field of tourism the survival of private renters as individual carriers of offer is questionable and cannot be sustained in the long run. Only united they can survive at the market and gain recognition on all social and political levels, from local self-management to legislative power.

The Association of Private Renters lead by an individual with education in tourism and marketing, along with close co-operation with relevant personnel in tourism associations, has promising chances to ensure a long-term survival and progress of the holders of private tourist accommodation offer. According to Magaš (Magaš 2003, 171) the Association of Private Renters, along with other participants in tourist offer of a destination, plays an important role in shaping the structure of tourist destination.

Mayors of cities, according to the new Tourism Associations Act (Tourism Associations and Promotion of Croatian Tourism Act 2008, 152), are presidents of tourism associations of cities and as such they are responsible for management of cities as tourist destinations. Consequently, they necessarily ought to be engaged in Associations of Private Renters and creation of public-private partnership.

Private renters must be familiar with the work of the Association and advantages that membership in the Association offers.

The possible advantages of membership in the Association, under presumption that chairman of the association is a person with education in tourism and marketing, are:

- acquisition of information on structure, needs and wishes of users of private tourist accommodation,
- guidance to target markets of users of private accommodation,
- free advertising in the Association’s private accommodation catalogue,

- free advertising at the Association's internet page,
- recommendations to national and international tourist agencies,
- getting advice on the basis of long-term experience in tourism and adequate education,
- possibility of acquiring advertising material under more favourable prices (autochthonous products characteristic for the city of Dubrovnik) and
- cheaper advertising through various media

Owners of private accommodation units also have the possibility to organise smaller associations which would gain them higher level of security of long-term survival at the market, raise the quality of offer to a higher level and reduce business expenses.

Advantages of forming associations of owners of private tourist units are:

- expansion and standardisation of tourist offer
- more efficient survey of tourist market
- reduction of expenses (advertising, accounting, maintenance and cleaning of rooms and/or apartments)
- better positioning on the market
- upgrading of competitive abilities
- better possibilities of using the governmental stimulation measures (subventions etc.)
- unique level of accommodation quality and better quality control

Disadvantages, nevertheless, are:

- lack of professionalism and insufficient education of owners of private accommodation units
- ignorance of the basic marketing principles by owners of accommodation units
- possibility of creating problems in human relations among association's members
- discontent with distribution of profit
- disagreement on place and means of advertising
- disagreements on the expenses accrued
- disagreement on the prices (in and out of season)

For the reasons of vanity, ignorance, fear from possible complications and strong desire for quick profit, owners of private accommodation units remain faithful to themselves and independent operation, losing thus the possibility of expanding and conquering new tourist markets, larger long-term profit and creation of better competitiveness on the tourist market, as well as the possibility of prolonging the business season.

Only quality measures can separate private accommodation that would be competitive on global tourist markets from the one that satisfies only minimal conditions for opening that type of capacities (Pirjevec and Kesar 2002, 194) In future the ratio of

basic and complementary accommodation capacities will be 41% to 59% in favour of complementary accommodation (Table 3).

**Table 4:** Anticipated structure of accommodation capacities beyond 2010

OBJECT TYPE	Number of beds/places	Share in total %	%
Hotels	250.000	25,6	62,5
Holiday villages	100.000	10,3	25,0
Guest houses	40.000	4,1	10,0
Motels	5.000	0,5	1,2
Other	5.000	0,5	1,2
Total	400.000	41,0	100,0
<b>Basic</b>			
Camps	250.000	25,6	43,5
Households	250.000	25,6	43,5
Workers' and children resorts	50.000	5,1	8,7
Other	25.000	2,6	4,3
Total	575.000	59,0	100,0
<b>Complementary</b>			
GRAND TOTAL	975.000	100,0	-

Source: Pirjevec, B., Kesar, O.: Principles of Tourism, Mikrorad, Zagreb, 2002, p. 193.

## 2. METHODOLOGY OF RESEARCH WORK DONE

Aiming to prove the importance of private tourist accommodation research was carried out on users of private accommodation in the city of Dubrovnik, by testing. A questionnaire was put together and handed over to private renters in the area of Dubrovnik (Old City, Ploče, Lapad and Gruž). The questionnaire was composed of three parts. The first part contained questions on frequency of utilisation of private accommodation, means of learning about and booking the accommodation unit, as well as reasons for choosing this type of complementary tourist accommodation. Second part of the questionnaire contained questions relating to characteristics of accommodation units and questions connected to perception of respondents on importance of quality in this type of tourist accommodation. Third group of questions was compiled aiming to obtain answers on geographical and demographic characteristics of respondents. The research was carried out in the period as of June 2008 until June 2009. Out of total 200 questionnaires distributed 123 or 62% were returned as valid, representing thus the final sample. The questionnaires were analysed by methods adequate for research in social sciences, i.e. methods of analysis and synthesis, induction and deduction, description, comparison and other statistical methods including the statistical package SPSS.

This paper will present only partial results of the research indicating the importance of private tourist accommodation for tourist offer of a destination. Since the tested variable is numerical, and samples independent, in statistical data analysis besides descriptive analysis the test of variance analysis was used to ascertain whether there was a statistically significant difference between arithmetic mean values of tested groups of respondents. By analysis variance test it cannot be determined arithmetic mean values of which groups differ significantly, therefore, post-hoc Scheffe test was used which shows the differences of arithmetic mean values of which groups are statistically significant.

In order to support the working hypothesis stated in introduction of this paper following auxiliary hypotheses were made:

- H1. Tourists with higher incomes more often stay in private tourist accommodation than those with lower incomes.
- H2. Tourists with higher degree of education more often stay in private tourist accommodation than those with lower education.
- H3. Tourists that are by occupation managers more often stay in private tourist accommodation than tourists with other occupations.

## 2.1. Research results

Results of descriptive statistical analysis of frequencies, by using SPSS 17.0 package, indicate that 54% of respondents are female, and 46% are male. Some 49% of users of private tourist accommodation are from England or USA. By demographic analysis of age structure it was ascertained that most users of private accommodation are over 50 (36,6%), 29% are between 21 and 30, and 22% are between 31 and 40 years old. Educational structure is as follows: 12% of respondents graduated from high school, 17% have college education, 29% graduated from universities, 34% have MSc degree, and 7% have doctoral degree. Educational structure of respondents indicates that 87% of respondents who choose private accommodation have university degrees. About 59% of respondents earn more than € 50.000 per annum, 17% earn between € 10.001 and 20.000, and the same percentage earns less than € 10,000 and between € 40.001 and 50.000 (9,8%).

H1: Tourists with higher annual income more often stay in private tourist accommodation than those with lower income

**Table 5:** Interdependence of the number of utilisations of private tourist accommodation and annual income

	Sum of squares	Degrees of freedom	Mean square (variance)	F	Sig.
Among groups	221,980	5	44,396	64,170	,000
Within groups	80,946	117	,692		
Total	302,927	122			

Source: Compiled by author

The mean square or variance indicates that variability among groups is higher than variability within groups, and results of F test ( $F = 64,17 > 2,29$  i.e. from table border value at the significance level 0,05 and freedom degrees 5 and 117) prove that the groups statistically significantly differ, i.e. that variability among groups is sufficiently larger than variability within groups. Since F is higher than the one in table that means that our groups do not belong to the same population, which is supported by the level of significance being 0,000 which is less than 0,05.

Variance analysis results indicate that arithmetic mean values of the number of utilisations of private tourist accommodation among six groups of respondents with various level of annual income are statistically significantly different, i.e. there is a statistically significant difference in the number of utilisations of private tourist accommodation among tourists with different incomes. Since it is not possible to ascertain from these results tourists of which levels of annual income statistically significantly differ in frequency of choosing private tourist accommodation, a *post hoc* test was made.

**Table 6:** *Post hoc* analyses of variance between the number of utilisations of private tourist accommodation and annual income

(I) income in €	(J) income in €	Mean difference (I-J)	Standard error	Sig.
< 10000	10001-20000	-,107	,301	1,000
	20001-30000	-1,250	,537	,373
	30001-40000	-2,250*	,537	,005
	40001-50000	-3,000*	,340	,000
	>50000	-3,125*	,259	,000
10001-20000	< 10000	,107	,301	1,000
	20001-30000	-1,143	,513	,426
	30001-40000	-2,143*	,513	,006
	40001-50000	-2,893*	,301	,000
	>50000	-3,018*	,206	,000
20001-30000	< 10000	1,250	,537	,373
	10001-20000	1,143	,513	,426
	30001-40000	-1,000	,679	,824
	40001-50000	-1,750	,537	,067
	>50000	-1,875*	,490	,016
30001-40000	< 10000	2,250*	,537	,005
	10001-20000	2,143*	,513	,006
	20001-30000	1,000	,679	,824

	40001-50000		-,750	,537	,855
	>50000		-,875	,490	,672
40001-50000	< 10000		3,000*	,340	,000
	10001-20000		2,893*	,301	,000
	20001-30000		1,750	,537	,067
	30001-40000		,750	,537	,855
	>50000		-,125	,259	,999
>50000	< 10000		3,125*	,259	,000
	10001-20000		3,018*	,206	,000
	20001-30000		1,875*	,490	,016
	30001-40000		,875	,490	,672
	40001-50000		,125	,259	,999

Source: Compiled by the author

The table shows that private accommodation is more used by tourists with annual income over € 30.000 in comparison to those with annual income under € 20.000. Also, tourists with annual income over € 50.000 stay in private accommodation three times more often than those with annual income under € 20.000, and 1,875 times more often than those with annual income between € 20.000 and 30.000. The stated data indicate that users of private tourist accommodation are not tourists with lower financial abilities, but to the contrary, well situated tourists aware of family atmosphere, advantages and challenges offered by accommodation units owned by local residents. Financial ability of user of private tourist accommodation indicates the importance of private accommodation because daily consumption of these tourists plays an important role in aggregate tourist consumption in Dubrovnik. All data collected support the hypothesis made.

H2: Tourists with higher degree of education more often stay in private tourist accommodation in comparison to those with lower degree of education

**Table 7:** Interdependence of the number of utilisations of private tourist accommodation and degree of education

	Sum of squares	Degrees of freedom	Mean square (variance)	F	Sig.
Among groups	231,384	4	57,846	95,409	,000
Within groups	71,543	118	,606		
Total	302,927	122			

Source: Compiled by the author

Mean square or variance shows that variability among groups is higher than variability within groups, and results of F test ( $F = 95,409 > 2,45$  i.e. from table border value at the significance level 0,05 and freedom degrees 4 and 118) prove that the groups

statistically significantly differ, i.e. that variability among groups is sufficiently larger than variability within groups. Since F is higher than the one in the table it means that our groups do not belong to the same population, which is also supported by the level of significance being 0,000 which is less than 0,05.

Similar to proving the previous hypothesis this data indicate that arithmetic mean values of the number of utilisations of private accommodation among five groups of tourists with various degrees of education differ significantly, but it is not possible from these results to determine arithmetic mean values of which groups do actually differ, i.e. tourists of which degree of education differ significantly with respect to the number of utilisations of private accommodation, consequently *post hoc* test was made.

**Table 8:** Post hoc analyses of variance between the number of utilisations of private tourist accommodation and degree of education

(I) education	(J) education	Mean difference (I-J)	Standard error	Sig.
High school	college	-,200	,263	,965
	faculty	-2,533 <sup>*</sup>	,239	,000
	MSc	-3,343 <sup>*</sup>	,234	,000
	DSc	-3,533 <sup>*</sup>	,328	,000
College	high school	,200	,263	,965
	faculty	-2,333 <sup>*</sup>	,214	,000
	MSc	-3,143 <sup>*</sup>	,208	,000
	DSc	-3,333 <sup>*</sup>	,310	,000
Faculty	high school	2,533 <sup>*</sup>	,239	,000
	college	2,333 <sup>*</sup>	,214	,000
	MSc	-,810 <sup>*</sup>	,177	,001
	DSc	-1,000 <sup>*</sup>	,290	,022
MSc	high school	3,343 <sup>*</sup>	,234	,000
	college	3,143 <sup>*</sup>	,208	,000
	faculty	,810 <sup>*</sup>	,177	,001
	DSc	-,190	,286	,979
DSc	high school	3,533 <sup>*</sup>	,328	,000
	college	3,333 <sup>*</sup>	,310	,000
	faculty	1,000 <sup>*</sup>	,290	,022
	MSc	,190	,286	,979

Source: Compiled by the author

The table shows that tourists with high degree of education more often stay in private accommodation than those with lower degree of education. Tourists with doctoral degrees 3,533 times more often choose private accommodation than those with high school education, and 3,333 times more often than those with college education. The above stated proves that highly educated tourists seek genuine tourist accommodation offer in which they can feel the warmth of home and enjoy autochthone products of the destination they have come to visit, and through co-existence with local residents get a higher quality knowledge of the destination. The educational structure of users of private tourist accommodation is in favour of promoting Dubrovnik as elite tourism destination, since highly educated tourists are users of higher quality and more luxurious tourist products. They, besides the classic offer of sand, sun and the sea, use products offered in non-serviced accommodation. Data from Table 8 is relevant for accepting H2.

H3: Tourists that are by occupation managers more often stay in private tourist accommodation in comparison with tourists of other occupations

**Table 9:** Interdependence between the number of utilisations of private tourist accommodation and various occupations

	Sum of squares	Degrees of freedom	Mean square (variance)	F	Sig.
Among groups	132,025	5	26,405	18,077	,000
Within groups	170,902	117	1,461		
Total	302,927	122			

Source: Compiled by the author

The mean square or variance indicates that variability among groups is higher than variability within groups, and results of F test ( $F = 18,077 > 2,45$  i.e. from table border value at the significance level 0,05 and freedom degrees 4 and 118) prove that the groups statistically significantly differ, i.e. that variability among groups is sufficiently larger than variability within groups. Since F is higher than the one in table that means that our groups do not belong to the same population, which is supported by the level of significance being 0,000 which is less than 0,05.

In order to ascertain tourists of which occupation statistically significantly differ in frequency of utilisation of private tourist accommodation it is necessary to make *post hoc* test here as well.

**Table 10:** Post hoc analyses of variance between the number of utilisations of private tourist accommodation and type of occupation

(I) occupation	(J) occupation	Mean difference (I-J)	Standard error	Sig.
student	worker	-,909	,536	,719
	technical worker	-2,875*	,552	,000
	manager	-3,200*	,541	,000
	administrator	-1,250	,604	,513
	unemployed	-1,833	,570	,074
worker	student	,909	,536	,719
	technical worker	-1,966*	,324	,000
	manager	-2,291*	,305	,000
	administrator	-,341	,407	,983
	unemployed	-,924	,354	,244
technical worker	student	2,875*	,552	,000
	worker	1,966*	,324	,000
	manager	-,325	,331	,965
	administrator	1,625*	,427	,017
	unemployed	1,042	,377	,186
manager	student	3,200*	,541	,000
	worker	2,291*	,305	,000
	technical worker	,325	,331	,965
	administrator	1,950*	,413	,001
	unemployed	1,367*	,360	,017
administrator	student	1,250	,604	,513
	worker	,341	,407	,983
	technical worker	-1,625*	,427	,017
	manager	-1,950*	,413	,001
	unemployed	-,583	,450	,891
unemployed	student	1,833	,570	,074
	worker	,924	,354	,244
	technical worker	-1,042	,377	,186
	manager	-1,367*	,360	,017
	administrator	,583	,450	,891

Source: Compiled by the author

The table shows that tourists who are by occupation managers in comparison to all stated types of education, except for the technical workers, most often use private accommodation. They use private accommodation 3,2 times more than students, 2,291 times more than workers, 1,95 times more than administrators, and 1,367 times more than unemployed. The reasons for such statistical indicators might be found in tourists' escape from masses, universality, gigantic hotels and search for peace in homelike environment, as well as the need for co-existence with local residents. Tourists performing functions of managers at home, along with all relevant duties and obligations, in receptive destinations try to compensate the missed time with their families, relatives and friends, and for that purpose most often they use private tourist accommodation. Results of the post hoc test indicate the necessity of accepting H3.

By statistical analysis and confirmation of auxiliary hypotheses the importance of private tourist accommodation has been proven as a factor in tourist offer, and it has been proven that in private accommodation a significant share of tourist consumption is realised. Furthermore, the necessity to increase quality of this complementary form of tourist accommodation has been ascertained in order to strengthen competitive advantages of a destination as a whole. In other words, by demographic research work on users of private accommodation the main hypothesis of this paper has been accepted.

## **2.2. SWOT analysis of private tourist accommodation**

SWOT analysis, on the basis of strategic revision, i.e. review of data on environment, goals, competition etc., gives insight into key strengths, weaknesses, opportunities and threats.

On the basis of the research work done the conclusion was made that holders of private tourist accommodation offer must focus to the most important and most damaging threats and prepare in advance, on the basis of strengths, the tactics for battle at the market of tourist offer holders, also they should evaluate each potentially attractive opportunity. Moreover, by detailed analysis of business operation, and scientific evaluation of tourist offer factors, to strive to turn disadvantages into advantages.

**Table 11:** SWOT analysis of private tourist accommodation in Dubrovnik

<p>Strengths (advantages)</p>	<ul style="list-style-type: none"> <li>-high market elasticity</li> <li>-simple adjustment to innovations</li> <li>-smaller investment capital</li> <li>-simpler adjustment to season work</li> <li>-easier training of employees</li> <li>-faster introduction of quality system</li> <li>-low share of fixed expenses out of season</li> <li>-personal touch with clients</li> <li>-higher quality and cheaper choice of food (genuine homemade products)</li> <li>-family atmosphere (comfort, warmth and cleanliness)</li> <li>personal safety in accommodation units</li> <li>-decent relationship with domicile population</li> </ul>	<p>Weaknesses (disadvantages)</p>	<ul style="list-style-type: none"> <li>-large number of administrative-bureaucratic obstacles</li> <li>-high share of illegal activities</li> <li>-inability to use advantages of large systems (cheaper purchase, information technology)</li> <li>-poor price control</li> <li>-high encumbrances by mortgage loans</li> <li>-high seasonality</li> <li>-lack of marketing abilities</li> <li>-disregarding competition</li> <li>-desire for financial safety in short term</li> </ul>
<p>Opportunities (chances)</p>	<ul style="list-style-type: none"> <li>-increased number of users of private tourist accommodation</li> <li>-various stimulations by state</li> <li>-investment in information technology</li> <li>-prolongation of tourist season in private tourist accommodation</li> <li>-strengthening of Association of Private Renters</li> <li>-better connection with local and regional tourism associations</li> <li>-creation of private accommodation brand</li> </ul>	<p>Threats (limitations)</p>	<ul style="list-style-type: none"> <li>-financial strength of basic tourist accommodation holders</li> <li>-limitation of construction works due to urban planning insufficient -</li> <li>promotion of private accommodation</li> <li>-exposal to natural disasters (fires, earthquakes)</li> <li>-growing importance of small family hotels</li> <li>-bad reputation of private accommodation</li> </ul>

Source: Compiled by the author

On the basis of SWOT analysis of private accommodation in Dubrovnik it can be concluded:

- it is of utmost importance, on local level, to eliminate all administrative-bureaucratic obstacles in order to enable easier operation of private renters
- in order to upgrade quality of private tourist accommodation stimulation measures by relevant authorities are necessary
- by restructuring and repositioning private accommodation to obtain better competitiveness on private accommodation users market and prolongation of the season it is necessary to form public-private partnership of local authorities in charge of tourism and holders of private accommodation offer, i.e. Association of Private Renters
- engagement of holders of private accommodation in destination management is necessary
- in order to create competitive product on the market it is necessary to educate holders of private tourist accommodation offer

### **2.3. Recommendations for restructuring and repositioning of private accommodation units in tourist destination offer**

By demographic analysis of users of private tourist accommodation in Dubrovnik the importance of this complementary form of tourist offer has been proven. The degree of utilisation of private accommodation proves that private accommodation has become an option for tourists with higher financial abilities and higher grade of education. This complementary form of accommodation in tourist offer, too, has become the choice for tourists searching for challenge and co-existence with local community, as well as those looking for homelike atmosphere during holidays.

The importance of private accommodation for the destination's tourist offer is great and cannot be neglected, consequently, it is necessary to arrange for restructuring and repositioning of this type of complementary accommodation in tourist offer in order to increase quality and gain competitive advantage at the private tourist accommodation demand market.

Having analysed the existing literature and carried out the stated research it is possible to suggest following master directives of action in the segment of private accommodation capacities in destination tourist offer.

Ministry of Tourism in co-operation with Croatian Tourism Association could, at the levels of tourist city and county associations, form services to deal with private accommodation operation, which would largely reduce grey economy in this branch of tourism. The existing services in private accommodation field deal exclusively with the issues of residence fee, tax, procedure for registering guests, tourist membership fee and statistical reports.

Employees in these services should mostly be from tourism and marketing fields, since connoisseurship of main principles of tourism and marketing can primarily influence the increase of number of overnight stays and prolongation of season in the private tourist accommodation field.

Local self-management can bring laws on local levels to regulate accommodation capacity standards in private accommodation. In Czechoslovakia laws on accommodation capacity standards are brought on local levels, ensuring contribution of tourism to environmental protection, as well as social-economic circumstances in local communities (Burian 2000, 405). Following the example of Czechoslovakia, Dubrovnik too, at the local level, can use laws to regulate status of private tourist accommodation, for the purpose of preserving the quality of destination's tourist offer.

Ministry of Tourism, too, can, in agreement with local self-management, by changing and revoking some laws make the business of holders of private accommodation offer easier.

Possible and realistically achievable examples are:

- reduced VAT on tourist services on local and regional levels
- system of loan subventions granted by the city or county
- benefits when taking loans
- strengthening of Association of Private Renters by laws and regulations
- waiving of a part of residence fee in favour of the Association of Private Renters
- return of a part of residence fee to renters for preparation for the following tourist season
- introduction of obligatory membership in the Association and fixed membership fee
- giving rewards and bonuses to private renters with largest number of approvals
- giving rewards and bonuses to private renters with best turnover

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