

RURAL TOURISM IN MONTENEGRO: ACCOMMODATION AND ACTIVITIES OFFER ANALYSIS

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Abstract

Purpose: Rural tourism in Montenegro is widely recognized as an important form of tourism, but in the case of Montenegrin rural sector, these potentials are still, to a large extent, underused. Apart from great number of structural problems in development, lack of official statistical data is also evident, especially in sense of “status quo” description, management, analyses or prediction of future trends. The role of this paper is to provide an analysis of accommodation and activities offer, and provide practical implications and ideas for further rural and tourism development in Montenegro.

Methodology: Using original database and primary data collected from rural tourism operators in Montenegro, this paper throws light on the current situation in rural areas and rural tourism in Montenegro, especially accommodation and activities offer.

Findings: Key findings indicate that further diversification of existing offer is needed, as well as development of new rural tourism products.

Keywords: rural tourism, accommodation, activities, Montenegro, diversification.

INTRODUCTION

Development of rural tourism in Montenegro had started in the late 80's but due to transitional challenges during 90's, overall tourism has experienced notable changes (Moric, 2015). In those circumstances, development of special interest tourism was postponed, so rural tourism was not completely recognized as priority or real marketing opportunity. Meanwhile, structural problems of rural areas together with transitional problems had caused the need for more sustainable and responsible development model. In the last decade, rural tourism is noted as very important for local economy, especially through national and local stimulation programs and projects.

There are a very limited number of scholars who research rural tourism in Montenegro. Also, national bodies responsible for tourism and agriculture sector have scarce data about agro-tourism effects, while Strategy for rural tourism development is planned to be finish during 2018 (www.mrt.gov.me). Anyway, rural tourism has experienced growth in the last decade, but still not enough for successful integral, in sense of quantity and quality, and international context. Several management and marketing challenges are identified as critical regarding the cluster approach implementation, where most Montenegrin thematic trails are still in the first phase of cluster development, whereas

just two of them have experienced a significant improvement in cooperative behaviour (Moric, 2013a). Also, Moric (2013b) indicate that three key factors of future success are as follows: support from government and international and/or national bodies/organizations, development of new and diversification of present tourist offers in rural areas and enhancement of government policy in the area of entrepreneurship and starting-up of new businesses in rural areas.

Rural and agro-tourism in Montenegro are widely recognized as an important form of tourism (Masterplan, 2009). But, in the case of Montenegrin rural sector, these potentials are still, to a large extent, underused. Apart from great number of structural problems in development, lack of official statistical data is also evident, especially in sense of “status quo” description, management, analyses or prediction of future trends. The role of this paper is to provide an analysis of accommodation and activities offer. Due to the general underdevelopment in rural tourism sector, it could be concluded that there are still underdeveloped elements of offer, where accommodation and activities are considered to be most critical. In line with this, goal of this paper is to examine status quo in terms of accommodation and activities offer, in order to highlight key and critical factors for future success.

This study provides some important contributions to the existing literature. Due to the lack of official statistical data on rural tourism in Montenegro, this analysis will explain current obstacles and potentials in terms of accommodation and activities. Secondly, we use original database from Montenegro that can help to analyse, discuss and recommend measures. Finally, this paper will offer ideas and guidelines for future improvement and development.

The reminder of this paper is organised as follows. Next section reviews the literature linked to the accommodation and activities offer in rural tourism. Third section explains the methodology. The results are given and discussed in section 4. Last section concludes and offers future directions and ideas of research.

1. LITERATURE REVIEW

According to Heneghan (2000), tourism product consists of 5A: Accommodation, Access facilities, Available services, Amenities and Activities. It is obvious that accommodation and activities represent important segments of rural tourism offer, as well. Due to this reason, our study focuses on these two elements. Also, in the same time this shows the obvious limitation of our research in sense of integral offer analysis. Hence, further research should encompass all factors of rural tourism product.

With available data of accommodation and activities in Montenegro, we will be able to estimate the level or phase of rural tourism development. For this reason, it is important to mention several authors that examine the correlation of accommodation and total rural tourism development. For instance, Canoves et al. (2004) indicate that rural tourism development in Europe could be analyzed through three main phases. First phase is focused on accommodation, such as: „*Bed&Breakfast*“, „*Cottage*“, „*Zimmer frei*“, „*Gîtes*“ etc. This development is complementary to agriculture development, and agro-

tourism represents important source of additional income. In the second phase rural tourism usually experience diversification, where accommodation is not enough, so other tangible and intangible elements are needed and developed into total rural experience. Most of operators of rural tourism in Europe are currently in this phase. Third phase is characterized by fully developed rural tourism business that, in certain sense, could be called an industry (e.g. Tuscany).

MacNulty (2004) stresses the importance of all elements in rural tourism concept. It is consisted of ambient, rural heritage, rural life and rural activities. The mix of mentioned factors is necessary for successful and sustainable rural tourism experience. Initially, farm tourism or agro-tourism started its developments in Europe as basic accommodation offer. According to Gossling i Mattsson (2002), typical vacation farm in Europe offers between 4 and 10 rooms, while more than that capacity converts farm into commercial form of accommodation (e.g. hotel).

According to several authors (Demonja, 2010; Ehrlich, 2006) rural tourism in Europe offers between 0,6-1,0 million accommodation units with 6-12 million beds, where 20% of offer is B&B and 80% is so called "self-catering" accommodation. It is interesting that 4 beds could generate income equivalent to one employee. Today, accommodation offer of rural tourism is quite diversified and encompass different forms such as: camps, apartments, B&B, rural hotel, second-homes, rooms etc (Oppermann, 1996). Marti (2004) stresses that there is a wide specter of accommodation offer in Europe. Around 44 different forms are recognized, and most of them are consequence of traditional architecture and tourist demand. This also could generate certain misunderstanding and misuse of labels such as: "eco", "etno", "national" etc.

Although accommodation represents important segment of offer, it is significant to mention that different forms of excursions (e.g. half-day) are very profitable and popular development strategy for farms and rural tourism operators, and it does not require accommodation. In this sense, further diversification of key Montenegrin tourism products (e.g. sun&sea; nautical; spa&wellness) is also possible and necessary in terms of short visit to farm and farmers life style.

Several authors investigated the income of rural tourism and correlation with accommodation investments (Oppermann, 1996; Hjalager, 1996; Gossling, 2003; Gossling and Mattsson, 2002). Average income is estimated to be between 1% and 12% of total income. This limits the opportunity to invest in accommodation and develop new rural tourism products. Also, seasonality represents big challenge for most of small operators due to the facts that short tourist season make these investments quite risky and unsustainable. Marti (2004) examine the impact of season length on accommodation, and findings indicate the 50 fully booked days is optimal and possible in rural tourism, but not enough, so for greater financial effects, other promotional and other marketing efforts are needed.

On the other side, as indicated by Gannon (1994), accommodation is important but it is not anymore enough to attract and keep visitors. In case of Montenegro, certain attractive rural areas with relatively good accommodation offer still experience limitations in developments and other challenges in sense of sustainability and profitability. Remote

rural areas are highly dependent on quality accommodation base, but further development of product, such as activities and attractions are crucial.

In terms of activities diversity, rural tourism could be considered as one of the most complex form of tourism. In line with this, Oliver and Jenkins (2003) conclude that activities in rural tourism could encompass: visits, water activities, land activities, activities in the air, cultural and educational activities, gastro-, fitness, metaphysical activities etc. In contemporary rural tourism development, other urban activities are booming in rural areas, such as: tennis, jeep tours, shopping, golf, casino etc. Although often criticized because of its negative effect of rural context and rural distinction, these activities could be solution for declining rural economy and tourism, but under controlled conditions.

The offer of activities in rural tourism could be grouped into two general categories: traditional and new activities (Plavša, 2007). Typical traditional activities are: running, jumping, driving, visit, riding, fishing, nature seeing, working etc. New activities could be: skiing, kayaking, canoeing, rafting, speleology, mount biking, jeep-rely, orienteering, sailing, climbing, paintballing, paragliding, golf, tennis etc.

Also, it could be noticed several tendencies in terms of activities management and organization. Gartner (2004) indicates the fact that certain activities, together with attractions, have tendency to be concentrated and mixed (e.g. hiking, bird watching etc.), while others function alone (e.g. fishing, golf, boat excursion). From practical and managerial point of view this represents important guideline and principle in rural experience creation. Due to this, diversity of activities is obviously growing. It is interesting that new offers are developing in sense of more urban forms in typical rural areas (e.g. golf). On the other side, according to main activity, tourist farms could be specialized as: bio-farm, wellness farm, baby&child friendly farm, wineries, bike farms, MICE farms etc. (<http://www.farmholidays.com>).

Finally, it is necessary to point out that consumers in rural tourism are very often interested in specific activity. Consequently, it is practical to create loyalty towards certain activity than destination (Hawkins and Lamoureux, 2007). From tour-operators point of view, this requires need for development of similar activities programs in different destinations. For local operators, this could be challenging, especially when product/offer is highly specialized and then too sensitive to market changes. Eventually, diversified offer of activities is important, but integral approach to tourism product creation is considered to be key factor of success. So, apart from accommodation and activities, all other tangible and intangible elements need to be mixed and programmed according to needs of contemporary tourists.

2. METHODOLOGY

This study is based on survey conducted during 2013 as part of research for PhD thesis (Moric, 2015). Aim of the survey was to provide data about rural tourism operators in Montenegro. Survey used questionnaire that contained 57 questions and was conducted in Montenegro from March to the end of July 2013 via post. In total, 132 rural tourism operators were detected in Montenegro and 103 questionnaires were collected. At the end, 26 questionnaires arrived with remark that operators are not operating anymore. Data were processed via STATA. After deleting unnecessary observations, final sample obtained 77 rural tourism operators.

Using mentioned original database and primary data collected from rural tourism operators in Montenegro, this paper throws light on the current situation in rural areas and rural tourism in Montenegro, especially accommodation and activities offer.

3. RESULTS AND DISCUSSION

Results are given in table 1 and graphs 1, 2, 3 and 4.

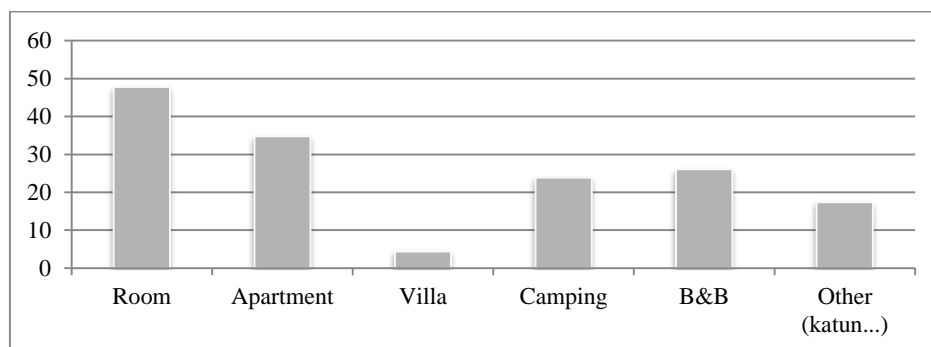
Table 1: **Size and structure of accommodation capacities in rural tourism in Montenegro**

<i>Variable</i>	<i>Number of surveyed operators</i>	<i>Arithmetical mean</i>	<i>Standard deviation</i>	<i>Min</i>	<i>Max</i>
<i>Number of beds</i>	31	23,16	26,70	2	120
<i>Number of accommodation units</i>	30	8,38	9,51	1	43
<i>Number of seats indoors</i>	77	36,74	38,75	8	250
<i>Number of seats in semi closed area</i>	75	32,60	23,49	10	120
<i>Number of seats outdoors</i>	73	53,38	43,07	10	200

Source: Moric, I. (2015), Marketing aspekt razvoja ruralnog turizma na primjeru Crne Gore, Faculty of Economics, University of Montenegro, Podgorica (PhD thesis research).

In total sample of 77 surveyed rural tourism operators in Montenegro, accommodation is present in less than 50% of sample. Key findings indicate that rural tourism operators in Montenegro offer on average around 20 beds in 8 accommodation units (e.g. room, apartment etc.). These data look quite optimistic. But when we compare min (2) and max (120) values, we can notice that few operators offer extremely high number of beds (e.g. rural hotels), whereas most of them are much smaller. On the other side, it is interesting that all operators have hospitality offer, on average around 30 seats indoors and around 50 outdoors.

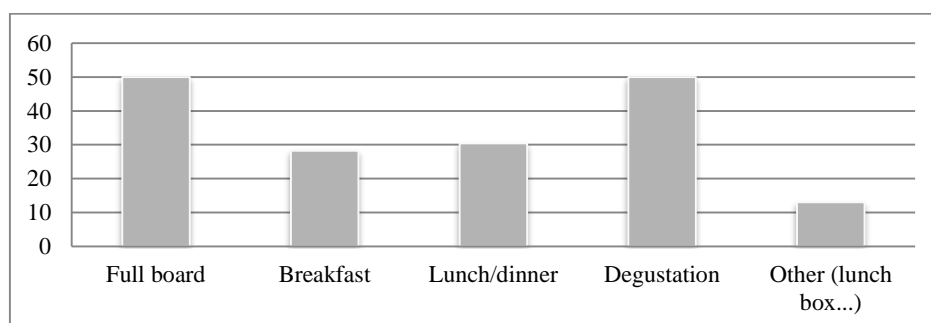
Graph 1: Forms of rural tourism accommodation in % in Montenegro (n=77).



Source: Moric, I. (2015), Marketing aspekt razvoja ruralnog turizma na primjeru Crne Gore, Faculty of Economics, University of Montenegro, Podgorica (PhD thesis research).

Key forms of accommodation offer in Montenegro are presented in Graph 1. Rooms as form of accommodation is dominant, whereas apartments are present in more than 30% of surveyed operators. Special offers like Bed and Breakfast (B&B) is also developed and has share of 25% in total accommodation offer. Camping sites, „katun“ cottages, vilas and other offer is also developed, with presence of around 20%.

Graph 2: Rural tourism food and beverage services in % in Montenegro (n=77).

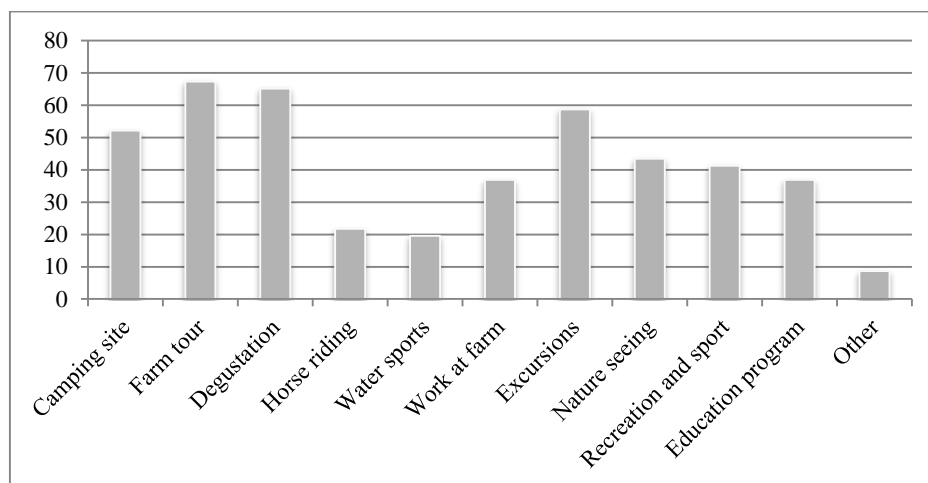


Source: Moric, I. (2015), Marketing aspekt razvoja ruralnog turizma na primjeru Crne Gore, Faculty of Economics, University of Montenegro, Podgorica (PhD thesis research).

Food and beverage offer in rural tourism sector in Montenegro in % is shown in Graph 2. This is closely linked with the accommodation. Full board could be found in almost 50% of rural tourism operators. Lunch or dinner or just breakfast is present in ca 30% of all operators. Different kinds of degustation offers (e.g. ham and cheese, honey, liquers, olive oil, wine etc.) is also developed form of offer in 50% of surveyed operators. Lunch box and other offers is also present but with low share of 10%.

Key findings indicate the fact that more simple forms of offer are dominant, due to lower incomes, seasonal character of most operators, and other limitations in rural business.

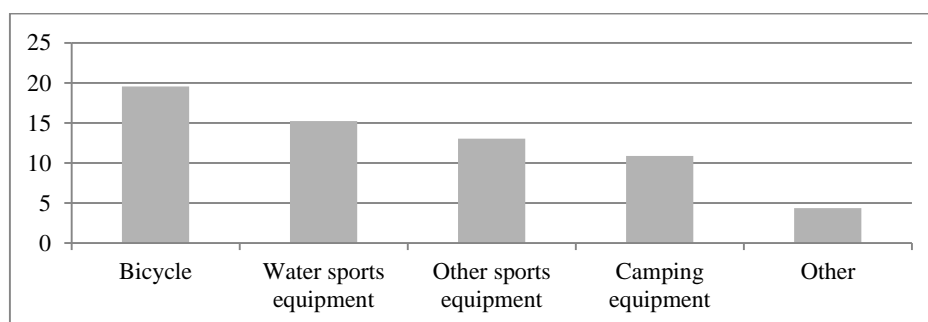
Graph 3: **Rural tourism activities structure in % in Montenegro (n=77).**



Source: Moric, I. (2015), Marketing aspekt razvoja ruralnog turizma na primjeru Crne Gore, Faculty of Economics, University of Montenegro, Podgorica (PhD thesis research).

In context of activities offer, we could conclude existence of the certain level of diversification. In more than 60% of surveyed cases, simple local food degustations, short excursions and camping are very popular. More complex activity programs like educative workshops, sport/active offers, and flora/fauna watching are present in less than 40% of surveyed cases. It is notable that further diversification is needed and service quality level has to be increased in the future.

Graph 4: **Rural tourism renting services in % in Montenegro (n=77).**



Source: Moric, I. (2015), Marketing aspekt razvoja ruralnog turizma na primjeru Crne Gore, Faculty of Economics, University of Montenegro, Podgorica (PhD thesis research).

Linked with activity offer is the possibility of renting different equipment necessary for active holiday. In is obvious that this segment is underdeveloped. Bicycle could be rented in almost 20% of surveyed operators, while equipment for water sport and other sports could be found in 15% of operators. Camping equipment is present in only 10% of operators.

Key findings indicate that further diversification of existing offer is needed, as well as development of new rural tourism products. According to Canoves et al. (2004), it could be stated that Montenegrin rural tourism sector is still in the first phase of development where accommodation is not completely developed, in terms of quantity and quality. Except few relatively developed operators, more than 90% of surveyed need much more efforts and investments to reach full potential of their growth and development.

CONCLUSIONS

Key findings indicate that further diversification of existing offer is needed, as well as development of new rural tourism products. Previously mentioned elements are core parts of tourism product and in the same time their current status represents the level of integral tourism development.

Underdeveloped offer of accommodation and activities is actually consequence of lack of marketing and strategic approach in total development of rural tourism. Mihailović and Moric (2011) analyse role of marketing in rural tourism, and their conclusion was that it should be seen as a means to achieve development of strategic goals of rural tourist destinations, such as: long-term prosperity, guest satisfaction, profit maximization, extension of the tourist season, neutralizing the negative social impacts, stabilization of employment, support and further diversification of existing economic activity, temporal and spatial redistribution of tourist demand etc. In order to improve accommodation and activities, as well as other factor of unique rural experience, marketing philosophy implementation is needed.

Apart from this strategic approach, several operational measures could be suggested such as:

- Greater stimulation of start-ups in rural areas, with more grant schemes programs and projects;
- More intensive general promotion of rural natural heritage and individual operators by NTO, DMO and other national and regional bodies;
- Branding of specific accommodation offers such as: katun¹, Eco lodge, Ethno villages, Montenegrin house, fisherman's cabin, etc.
- Creation of attraction and activity mixes in rural areas, that could generate more visits;
- Stimulate network and cooperative behaviour in rural tourism, via education and financial support;
- Further improvement of overall service quality;
- More effective cooperation between rural tourism and other tourism operators (e.g. sun&sea sector, MICE, tour-operators, transport etc.).
- Other measures (e.g. tour guides education, legislative improvement, and links with low-cost companies etc.)

¹ Katuns are temporary settlements in mountainous regions where the agricultural households stay with livestock during the summer season, most frequently for 4 to 5 months from the end of May or beginning of June until October.

Certain limitations are noted. Due to the special focus on accommodation and activities, wider approach is needed, especially in sense of entire experience analysis. Further research of rural tourism has to provide data about overall product characteristics. In line with this, growth of Montenegrin rural tourism sector is inevitable in the future, but more systematic, planned and monitored approach is necessary, on all levels and in all segments of rural tourism offer.

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RURALNI TURIZAM U CRNOJ GORI: ANALIZA POUNUDE SMJEŠTAJA I AKTIVNOSTI

Sažetak

Svrha: Ruralni turizam u Crnoj Gori je široko prepoznatljiv kao važan oblik turizma, ali u slučaju ruralnog sektora u Crnoj Gori, ovi su potencijali i dalje u velikoj mjeri nedovoljno iskorišteni. Osim velikog broja strukturnih problema u razvoju, očit je i nedostatak službenih statističkih podataka, osobito u smislu "status quo" opisa, upravljanja, analiza ili predviđanja budućih trendova. Uloga ovog rada je pružiti analizu ponude smještaja i aktivnosti, te pružiti praktične implikacije i ideje za daljnji ruralni i turistički razvoj u Crnoj Gori.

Metodologija: Primjenom izvorne baze podataka i primarnih podataka prikupljenih od strane agroturističkih operatera u Crnoj Gori, ovim se radom pokazuje trenutna situacija u ruralnim područjima i ruralnom turizmu u Crnoj Gori, posebice u ponudi smještaja i aktivnosti.

Pronalazak: Ključni pronalazak ukazuje na potrebu daljnje diverzifikacije postojeće ponude, kao i razvoj novih proizvoda ruralnog turizma.

Ključne riječi: ruralni turizam, smještaj, aktivnosti, Crna Gora, diverzifikacija.

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