

FINAL PROJECT INTERNATIONAL MARKETING

MARKETING PLAN

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*The Maze of
Hvar Island*



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I. Introduction

In this report you will find the marketing plan of the service I chose: a touristic vegetal maze in the Croatian island of Hvar.

I took my inspiration from a French labyrinth located near to my hometown: “le Labyrinthe de Merville”. Here is their website: <http://www.labyrinthedemerville.com/>

“Le Labyrinthe de Merville” is a plant labyrinth designed with a historic annex castle open to the public with a playful vocation since 2005. It has an area of 30 hectares of parkland and 4 hectares of labyrinth. The labyrinth received the remarkable Garden label from the Ministry of Culture in 2005, the year it opened to the public. Renowned for being the largest maze of boxwood in Europe, it has approximately 10 kilometers of pathways, shaded by oak trees. Its aisles are lined with tall boxwood and punctuated by pretty green lounges. A true architectural curiosity, this unique maze in the world was created in the 18th century by the owner of the premises: the Marquis of Chalvet-Rochemonteix, Sénéchal de Toulouse.

Each year, nearly 35,000 visitors come to walk there and discover the heritage of the region in a different way. The labyrinth offers a new theme each season, broken down into puzzles, codes and games.

Indeed, the style is close to the famous escape room because you have to challenge yourself to successfully get out of the labyrinth. It is therefore the ideal place to walk with the family and play to get lost.

There are 2 fun routes to do:

- “Parcours enigma”

From Prehistory to the Renaissance, route 1 offers the discovery of the great mysteries of these periods. Young detectives answer many puzzles and decipher codes.

- “Parcours dédale” (with a visit of the castle)

Route 2 immerses visitors in a castle life for a guided visit then stroll through the labyrinth in the shade of the oaks. The name of the boxwood alleys will make them discover the members of the family who have marked its history.

The mission of the labyrinth's guest is to answer the puzzles, go through interactive gates and water doors, and dial the key-code to get out of the Labyrinth and leave with a winning diploma.

Here is how the labyrinth works and its components:

- 11 interactive obstacles - only secret codes open Grids and Water Doors
- 40 exhibition panels rich in visual and text content
- 7 clearings for well-deserved stops and games
- The logbook, an interactive tool (a 15-page booklet) given to everyone at the entrance to the Labyrinth, which makes it possible to note all the discoveries, clues, secret codes, results of the games.

Thus, I decided to imagine a labyrinth in a more touristic aspect in Croatia. I will explain precisely in the following part the service that I want to offer.

II. Marketing Mix

A. Place

Regarding the location of my activity I chose the island of Hvar. I looked for land for sale and I found a number of it on this island including the following for example:

<http://hvar-properties.com/properties/sale/farmland-sv.-nikola>

In this example, you would have to negotiate so that you can define the whole land as a tourist/leisure activity.

Indeed, the island is close to Split but also Dubrovnik the two main cities of the two counties that I target¹, it is often for tourists at the heart of a Croatian road trip between these two cities. The island is accessible by ferry. Hotels, restaurants and landscapes to discover are also nearby which encourages potential customers to go there and will therefore encourage them to do this original activity when visiting the island.

For the Croatian target, the service is nearby so that will encourage them more to come a day to have fun and challenge themselves in a different activity.

¹ The target will be detailed in the following part.

It is therefore a direct distribution because the service is "consumed" on site by participating in the labyrinth. A website will make online reservations.

B. Product/Service

The name of my business will be: The Maze of Hvar Island. It's in English for all tourists, simple for everyone to understand with the word maze to explicitly describe the principle of the activity. Here is the logo I created:



The land will be distributed as follows: a reception and checkout office, toilets, a small snack bar for dining, three labyrinth courses and finally a small area at the entrance to rest with benches etc.

Each route begins with a video introduction to explain the rules, the do's and don'ts. Then comes for each course another video with facts / knowledge and clues to remember for the course, so people have to take notes.

Indeed, each individual will be in possession of an interactive tablet where it will be possible to take notes. Indeed, it is a real participative tool at the heart of the route given to everyone at the entrance to the labyrinth. It makes it possible to solve certain puzzles as well as to note all the discoveries, clues, secret codes, results of the games, and thus to be truly involved in their adventure. It's a choice to use this rather than paper booklets to avoid overconsumption and waste.

There are therefore 3 different routes (which will be much smaller in terms of area than those of the Merville labyrinth). Each course is therefore formed in the form of a labyrinth with obstacles such as grids, water doors, padlocks, which must be unlocked by finding a code or a

specific answer. Dead ends or misleading paths will also be present in this labyrinth. Here is a detailed explanation of these routes:

- The adventure route

It is about the labyrinth sports route with challenges and sporting tests to progress and requiring a slight physical effort. A minimum of protective equipment will therefore be required. One will find for example among the interactive obstacles:

- A spider web with a code in the center
- Throwing and aiming games to unlock accesses after obtaining a code following an enigma
- Streams with pebbles to cross
- Obstacle courses to obtain a code
- A mini orienteering race at the end with codes found
- Etc.

- The special history route

This route is more intended for enthusiasts of Croatian history or those who have learned a little about certain facts before. The level of questions is not hard. One will find for example among the interactive obstacles:

- Questions and answers linked to Croatian history
- Sensory challenges
 - Find a traditional object blind to the touch
 - Recognize the right song / hymn to hearing
 - Feel and find the right answer
- Riddles
- Etc.

- The Enigma route

This route is accessible to all and will have themes around Croatia and its culture but the little knowledge necessary will be explained in the introductory video. One will find for example among the interactive obstacles:

- Classic riddles
- Charades
- Guessing types: Who am I?
- Coded messages to find
- Visual puzzles
- Etc.

On the tablet or on display panels, adventurers will be able to learn about a particular fact thanks to rich visual and textual content detailing the information found following the enigmas.

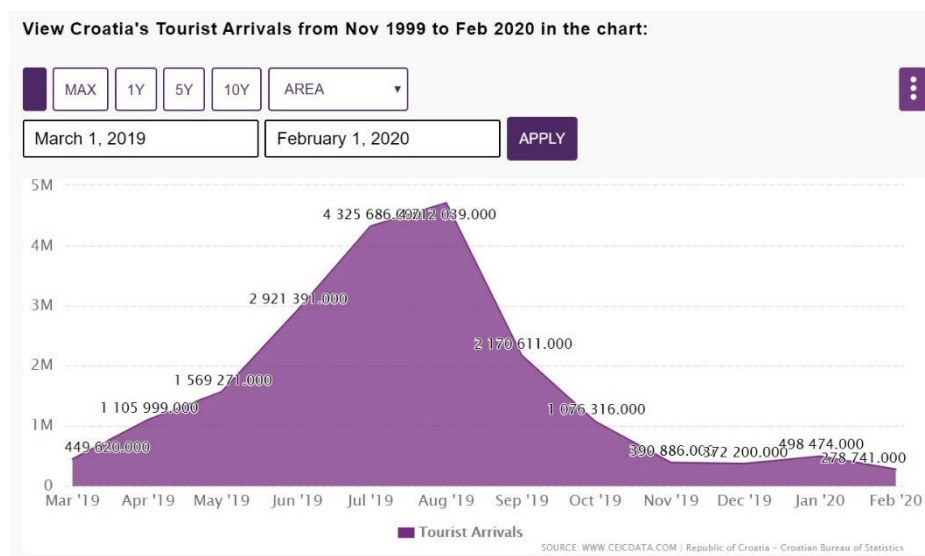
To optimize the number of visits, each year a maximum of details will change in the routes for example for the special history route to focus on Dubrovnik one year then Split, Hvar, etc. A maximum of puzzles and codes to find will change but the routes will remain the same. In addition, depending on the season, a special theme may replace the current theme for a limited time, such as a theme on Halloween for example.

In general, nature, ecology, and eco-responsibility will be at the heart of the materials used and the very organization of the labyrinth. It takes at least 1 hour to discover all the surprises for each course of the labyrinth. At the end of each course it will be possible to take a “souvenir photo” with the desired decor and customers will have it sent to them by email.

For the labyrinth timetables, you have to rely on the times and the tourist season of the geographical area.

Here are the opening hours of the Merville labyrinth:

- Open: 10.30 a.m. to 7.30 p.m. (last entry at 6 p.m.)
- In May, June, September and October: Saturdays, Sundays and public holidays.
- In July and August: every day.



Evolution of Croatia's Tourist arrivals in one year

Tourist overnights					
	TOURIST OVERNIGHTS			STRUCTURE IN %	
	total	organized	individual	organized	individual
January	441,472	155,767	285,705	35.3	64.7
February	470,265	188,227	282,038	40.0	60.0
March	750,336	362,976	387,360	48.4	51.6
April	2,550,428	1,351,141	1,199,287	53.0	47.0
May	4,115,822	2,104,979	2,010,843	51.1	48.9
June	12,030,104	4,582,635	7,447,469	38.1	61.9
July	25,291,870	7,339,705	17,952,165	29.0	71.0
August	26,826,651	7,570,533	19,256,118	28.2	71.8
September	9,899,830	4,066,203	5,833,627	41.1	58.9
October	2,515,570	1,379,481	1,136,089	54.8	45.2
November	662,801	263,686	399,115	39.8	60.2
December	645,112	234,105	411,007	36.3	63.7

Data of Croatia's Tourist overnight by month

We can see with these different graphs that the general trend of arrival of tourists is significant between April and October. For an outdoor tourist activity, it is therefore preferable not to open from November to March.

Average annual monthly air temperatures in 2016 ¹⁾												
in °C												
CITY	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
DUBROVNIK	9.9	12.8	12.6	16.8	18.6	23.8	27.0	26.3	22.5	17.5	13.9	10.3
HVAR	10.1	12.3	12.3	16.4	18.7	23.4	26.7	25.5	22.8	17.4	14.4	10.6
MAKARSKA	9.9	12.5	12.4	16.7	18.7	23.3	26.9	25.5	22.5	17.2	13.9	10.1
MALI LOŠINJ	9.0	11.1	11.0	14.9	17.6	23.3	26.4	24.3	21.8	16.4	12.8	9.9
PULA	6.8	9.4	9.6	13.4	16.7	22.2	25.8	24.0	21.1	14.5	11.3	6.8
RIJEKA	7.0	9.2	9.8	13.8	16.7	22.0	25.6	23.9	21.1	14.1	10.6	7.6
SPLIT	8.8	11.5	11.6	16.5	18.7	24.2	27.7	25.7	22.2	16.3	12.8	9.7
ŠIBENIK	8.0	11.0	10.9	15.5	18.0	23.1	26.5	24.5	21.3	15.4	12.0	8.1
ZADAR	8.5	10.9	10.9	14.9	17.6	22.7	25.8	24.2	21.2	15.5	12.1	9.0
ZAGREB-GRIČ	3.0	7.4	8.8	13.8	16.7	21.5	24.2	21.8	19.7	11.2	8.0	1.0

Average annual monthly air temperature in Croatia's main cities

Regarding the weather factor, it is more favorable in Croatia than where the French labyrinth is located, which is why opening longer is feasible. In addition, we can see in the graph above that the hottest temperatures are from April to October.

However, like the French labyrinth, at the beginning and end of the period the labyrinth will be partially opened, only at the end of the week.

Here are the chosen hours:

- Open from 9 a.m. to 7 p.m. (last entry at 5.30 p.m.)
- In April, May, September and October: Fridays and weekends
- In June, July and August: every day.

It will be possible to book in advance but only 2 weeks before but however, if in bad weather the labyrinth cannot open then people can try to book again later. Thus, payment is made only on site so as not to have to refund all canceled reservations.

C. Promotion

As for communication, there will already be, as said before, a website to be as close as possible to the potential target by giving them as much information as possible. This website will have different tabs:

- Welcome with quick presentation of the activity
- Company history and staff presentation (objective to be close to its customers)
- Description of the available routes
- How does it work?
- News and future events
- Contact and reservations

As for naming, as said before, the goal was to write in English, something simple and well reflecting the characteristics.

Communication is a key pillar of the project because it is thanks to this that the company will be able to prosper. The message to be transmitted will be the following: discover a fun and original activity to challenge yourself and discover Croatian culture in another way.

The goal is to be present on a maximum of social networks but also on travel websites or directly in tourist agencies. Customers will also be invited to leave comments on all platforms to improve their image.

Here are some explanations on the use of certain social networks:

- Facebook is interesting in terms of advertising because there is an advertising manager. Indeed, it is possible to create an advertisement and choose the desired people. It is therefore possible to choose criteria according to the target such as for example: age, center of interest, profession, workplace, place of residence... Facebook will therefore filter people according to those corresponding to the target and advertising will appear in their newsfeed.

- Instagram allows you to share photos of the labyrinth and teaser, to make you want to come, also to share the souvenir photos of certain customers who agree.

Video or poster advertisements may be displayed to attract more and more customers. For the Croatian target I thought of broadcasting an advertisement in Croatian on television on the channels that they watch the most or on the radio.

Posters or videos may be displayed in English in Hvar, Split and Dubrovnik in bus shelters, public billboards, information points or on various tourist books.

However, to best communicate with potential customers it will be effective to collect customer data. Indeed, the company has just been created. When it was launched, no precise information on prospects and possible future customers was available. The goal is therefore to try to get as much information as possible about people who meet the chosen criteria. We can collect this information through hire purchase, open access lists, social networks through click publications, contests, etc.

It will also be interesting to make possible partnerships with certain influencers to start the activity by offering them to test a course for free and to talk about it.

In addition, it is also possible to offer discounts if you book in advance to encourage and attract more and more people.

D. Price

The prices set per person for entry to a course are as follows:

- Adults and over 12 years: 18 € (cheaper than an escape room and for good maintenance)
- Children from 4 to 12 years old: 12 €
- Free for children under 4

If the route chosen is the adventure route, it is necessary to add 2 € per person to the rates set out above.

Discounts are however possible:

- Discount family rate, example: two adults two children = 80 €
- Group discount: 5 people 1 free seat etc.

III. Target segment

There are mostly three types of target categories for each route:

- Tourists with small knowledge about history (enigma)
- Croatians who can use their knowledge (special history)
- Sporty people who loves sport activities (adventure)

However, we can visualize better the characteristics of the target segment through the following segmentation variables:

- Geographic:
 - Split-Dalmatia
 - Dubrovnik-Neretva
 - Mostly Split, Dubrovnik and Hvar
 - Foreign tourists
- Demographic:
 - Families with kids or without
 - Pre-teens, teens, young adults
 - All genders
- Psychographic:
 - Lifestyle = social, sporty, travel, education
 - Upper class, middle class
 - Personality = adventurous, outgoing, love challenges, eager to learn
 - Interests = enigmas, sport, outdoor activity
- Behavioral
 - Loyal customer
 - Occasion customer (tourist)
 - Ready to buy customer
 - Enjoy shopping for leisure

All of this traits form for each category the typical customer targeted.

IV. The SWOT analysis

You can find in the following table the elements of the SWOT analysis.

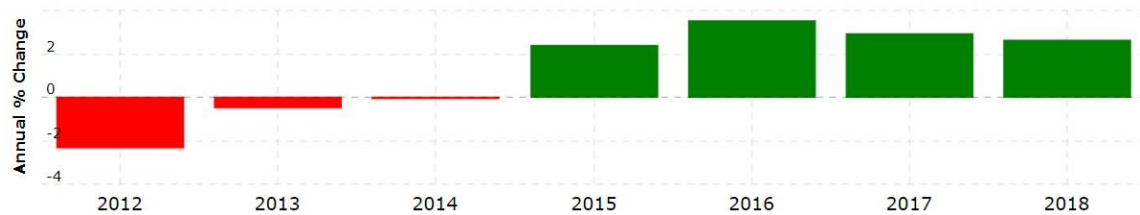
Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Unique concept in the area ▪ Multiple targets because choice of multiple routes ▪ Theme renewal allows people to come back several times ▪ Sustainable and ecological strength = positive image ▪ Employees involved and passionate, fully in their role 	<ul style="list-style-type: none"> ▪ The price is high (construction of the activity and price of the service) ▪ Transport (to get to the island) ▪ Limited in place facing the influx during the summer ▪ Partial activity depending on the season = instability ▪ Fragile puzzle materials
Opportunities	Threats
<ul style="list-style-type: none"> ▪ In a very touristic country ▪ Hvar is one of the main islands visited ▪ Sustainable tourism is increasingly sought after ▪ New service = new market (labyrinth) ▪ Tourism market = pleasure market therefore easier to convince people ▪ ICT makes it easy to communicate ▪ Possibility to work with tourism agencies for the communication 	<ul style="list-style-type: none"> ▪ Unpredictable weather ▪ Competition from successful escape rooms ▪ Following the coronavirus = economic slowdown ▪ Cost of materials and others necessary for construction

V. Marketing potential

Here are some graphs relevant to know more about the marketing potential of the market I'm targeting. Let's first take a look at the economic indicators.



The Gross Domestic Product (GDP) in Croatia was worth 61.35 billion US dollars in 2019, according to official data from the World Bank and projections from Trading Economics. The GDP value of Croatia represents 0.05 percent of the world economy.



As for the economic growth of the country, the growth rate was at 2.63% in 2018 which was the fourth year positive in a row.

The average monthly gross earnings per person in paid employment in legal entities in the

1. PROSJEČNA MJESEČNA NETO I BRUTO PLAĆA ZA VELJAČU 2020.
AVERAGE MONTHLY NET AND GROSS EARNINGS FOR FEBRUARY 2020

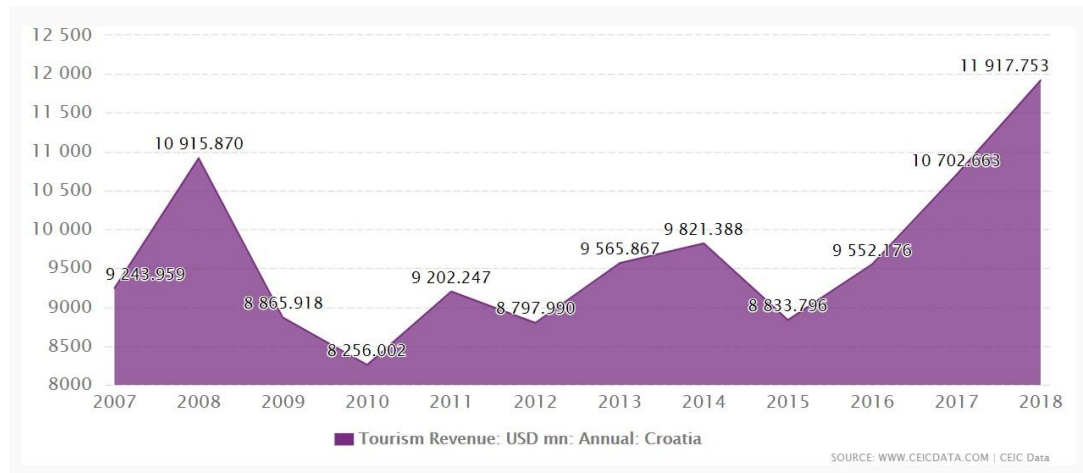
INDEX MONTHLY NET AND GROSS EARNINGS, Q1, FEBRUARY 2020

	II. 2020.	I. – II. 2020.	Indeksi Indices			
			II. 2020. I. 2020.	II. 2020. II. 2019.	I. – II. 2020. I. – II. 2019.	
Neto plaća <i>Net earnings</i>						
Prosječna mjesečna isplaćena neto plaća po zaposlenome, kuna	6 789	6 793	99,9	104,1	104,2	<i>Average monthly paid off net earnings per employee, kuna</i>
Realna neto plaća po zaposlenome			100,2	102,6	102,5	<i>Real net earnings per employee</i>
Bruto plaća <i>Gross earnings</i>						
Prosječna mjesečna bruto plaća po zaposlenome, kuna	9 277	9 269	100,2	104,1	104,2	<i>Average monthly gross earnings per employee, kuna</i>
Realna bruto plaća po zaposlenome			100,5	102,6	102,5	<i>Real gross earnings per employee</i>
Neto plaća po satu <i>Net earnings per hour</i>						
Prosječna mjesečna isplaćena neto plaća po satu, kuna	41,65	38,96	113,7	103,7	103,9	<i>Average paid off net earnings per hour, kuna</i>
Realna neto plaća po satu			114,0	102,2	102,2	<i>Real net earnings per hour</i>
Bruto plaća po satu <i>Gross earnings per hour</i>						
Prosječna mjesečna bruto plaća po satu, kuna	56,91	53,16	114,0	103,7	104,0	<i>Average monthly gross earnings per hour, kuna</i>
Realna bruto plaća po satu			114,3	102,2	102,3	<i>Real gross earnings per hour</i>

Republic of Croatia were nominally higher by 4.1% and really by 2.6% for February 2020, as compared to the same month last year. For February 2020, the average monthly paid off net earnings per person in paid employment in legal entities in the Republic of Croatia amounted to 6 789 kuna.

Moreover, Croatia's Unemployment Rate dropped to 5.7 % in Sep 2019. Monthly Earnings of Croatia stood at 1,324.8 USD in Dec 2019. The country's Labour Force Participation Rate increased to 51.4 % in Sep 2019.

Now let's take a look at some tourism related indicators.

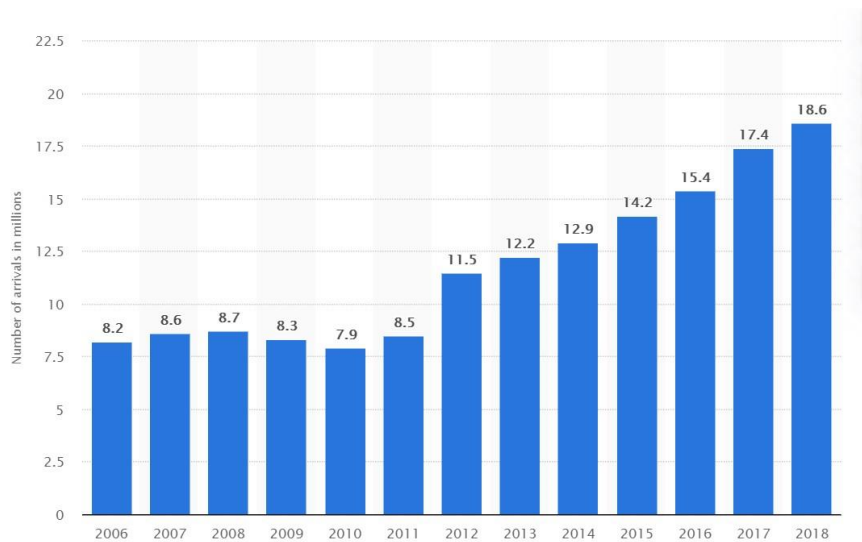


Croatia's Tourism Revenue from 2007 to 2018

Croatia's Tourism Revenue reached 12 USD bn in Dec 2018, compared with 11 USD bn in the previous year. We can see that generally since 2015 it's always been increasing year by year.

Tourist arrivals by counties					
COUNTY OF	TOURIST ARRIVALS (in 000)		INDEX 2017/2016	STRUCTURE (in %)	
	2016	2017		2016	2017
Zagreb	76	87	115.2	0.5	0.5
Krapina - Zagorje	125	142	114.0	0.8	0.8
Sisak - Moslavina	30	37	125.0	0.2	0.2
Karlovac	279	333	119.4	1.8	1.9
Varaždin	52	61	117.3	0.3	0.3
Koprivnica - Križevci	19	19	100.5	0.1	0.1
Bjelovar - Bilogora	21	23	112.2	0.1	0.1
Primorje - Gorski Kotar	2,598	2,789	107.4	16.8	16.0
Lika - Senj	621	736	118.5	4.0	4.2
Virovitica - Podravina	13	14	109.4	0.1	0.1
Požega - Slavonska	12	13	111.1	0.1	0.1
Brod - Posavina	27	29	109.0	0.2	0.2
Zadar	1,362	1,559	114.4	8.7	8.9
Osijek - Baranja	89	92	103.3	0.6	0.5
Šibenik - Knin	818	923	112.9	5.2	5.3
Vukovar - Srijem	70	89	127.5	0.4	0.5
Split - Dalmacija	2,737	3,160	115.4	17.6	18.1
Istria	3,763	4,104	109.1	24.1	23.5
Dubrovnik - Neretva	1,599	1,864	116.6	10.3	10.7
Međimurje	46	70	152.5	0.3	0.4
City of Zagreb	1,109	1,286	116.0	7.2	7.4
TOTAL	15,463	17,430	112.7	100.0	100.0

In this graph we can see that the number of tourist arrivals in the counties we are targeting are one of the most important of Croatia and increased between 2016 and 2017.



© Statista 2020

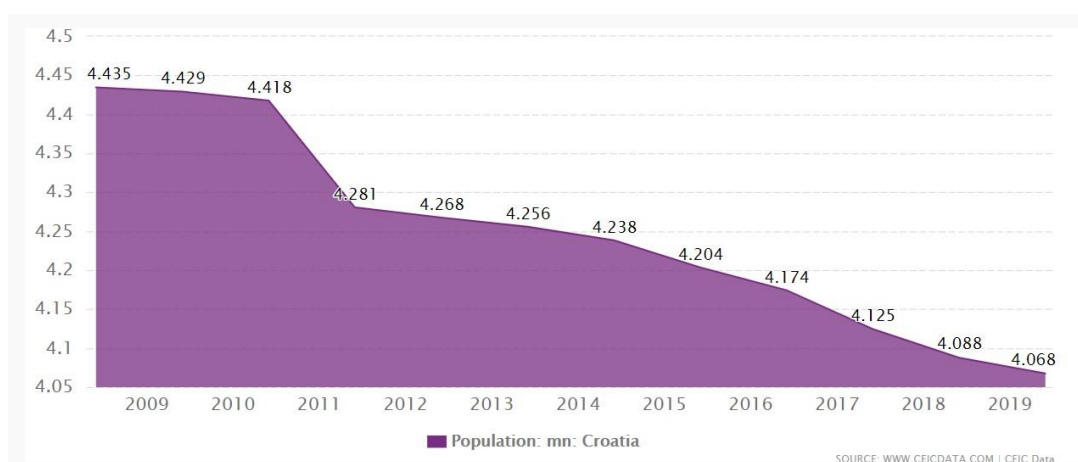
Number of arrivals in tourist accommodation in Croatia from 2006 to 2018 (in millions)

Tourist arrivals at accommodation establishments in Croatia have been steadily rising each year since the start of the decade. In 2018, a record 18.6 million tourists (including residents and non-residents) arrived at accommodation in Croatia.

It is possible to get more graphs with specific details on tourism in Croatia via this link:

https://www.dzs.hr/PXWeb/Menu.aspx?px_language=en&px_type=PX&px_db=Turizam

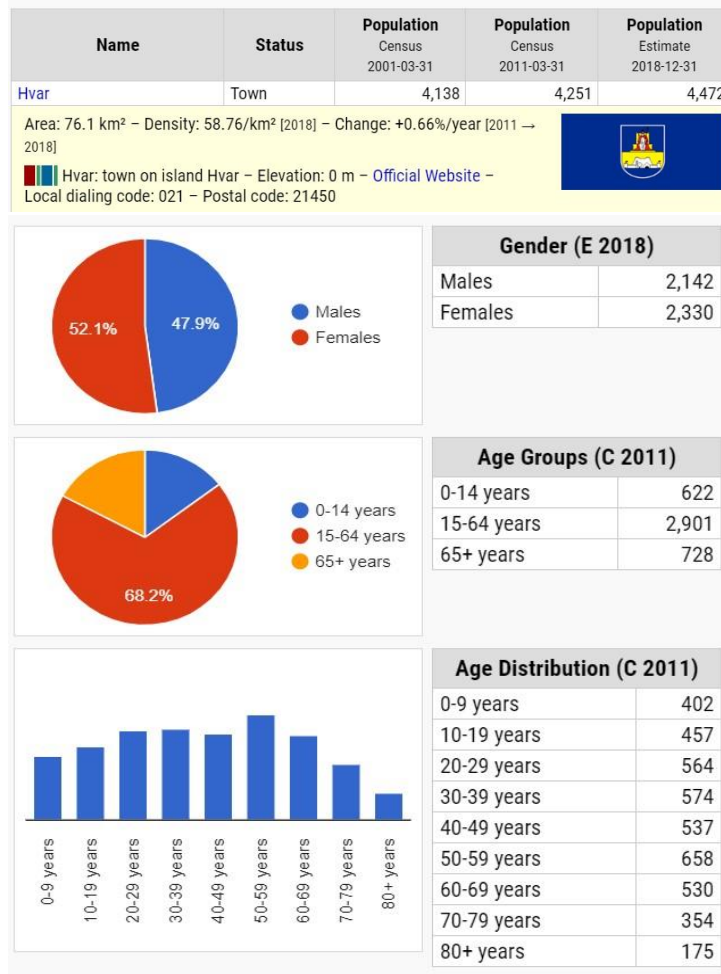
Finally, let's take a look at the numbers regarding the Croatian population.



Croatia's Population from 2009 to 2019

We can see that Croatia's population has been slowly decreasing over the past decade, it reached 4.1 million people in Jun 2019.

The latest information about demographic trends in Hvar, Dubrovnik and Split that I was able to find was updated in 2011 only, so the figures must be different nowadays. Still, let's see the example of Hvar.



These numbers could be useful to estimate the average number of Hvar population to visit our business. Otherwise, we can see that the age group from 15 to 64 years old represented at least half of the population in Hvar so if it's still the case it's a good sign for our business.

We can see in the following links the numbers about Split and Dubrovnik:

- https://www.citypopulation.de/en/croatia/admin/17_split_dalmacija/
- <https://www.citypopulation.de/php/croatia-admin.php?adm2id=0981>

Thus, with all this information we can conclude that the economic situation of the country is not as developed as France but is quite good for a few years and hopefully will keep growing positively throughout the years. On another hand, the tourism indicators prove that the tourist sector is very important in Croatia and has a lot of potential. As for the Croatian population, even though it's decreasing slowly there are still a lot of people to attract and please.

VI. Competition

Here is the presentation of the maze competition by level of competition:

- Level 1

There are no competitors in this level as it is direct competition with the same offer. There are no other companies in the area that offer a touristic labyrinth activity.

- Level 2

In this level, I selected all the businesses that are also a form of escape games but in another shape, which means the escape rooms. Here are the competitors:

- Puzzle Punks - Dubrovnik Escape Room
- Respublica Obscura Escape Room - Dubrovnik
- Escape room Split Time Genius
- RoomEscape Split by Fox in a box
- Escape Room Split Mystery room

- Level 3

In this category, I identified competitors as businesses that offer touristic group activities with challenges, adventure or sport involved. Some mentioned are just the kind of business because there are too a lot of them.

- Skydiving Tandem Hvar
- Kayak Tours
- Canyoning on the Cetina river from Split
- Zipline
- Climbing tour in Split
- Atv-Quad safari Dubrovnik Kojan Koral
- Horseback riding Dubrovnik Kojan Koral
- Dubrovnik Buggy Safari and Cable Car Ride
- All-terrain quad safari from Split
- Blue Planet Diving Center in Dubrovnik
- Jet skis
- White water rafting in Split
- Paddle

- Level 4

In this last category, I decided to include all other touristic activities to do in group mostly outside.

- Walks or boat rental with different activities (blue cave for example)
- Day tours, exclusive tours
- Snorkeling
- Bike Tours
- Visit to monuments, cultural spaces, etc.

VII. Entry barriers

About the entry barriers it's important to get information on the trade indicators and system and also the exterior environment of Croatia. I found some useful information that I grouped below.

- Trade

In terms of merchandise, Croatia has a structural trade deficit: according to figures by WTO, in 2018 exports of goods totalled USD 17.4 billion (+8%) while imports grew at a faster pace (+13%) to reach USD 28.1 billion. As a result, the trade balance was USD -11 billion. However, the country is a net exporter of services, with exports – at USD 16.5 billion – far above imports (USD 5.2 billion). According to figures by the World Bank, the overall trade deficit stood at an estimated 0.8% of GDP.

Croatia is a member of the EU and fully accepts its foreign trade policy (Croatia applies the European Union trade policy such as antidumping or anti-subsidy measures). Operations carried out within the EEA are free of duty. The Common Customs Tariff of the European Union applies to goods originating outside Europe. Generally, the duty is relatively low, especially for industrial products (4.2% on average).

In the following graph, we can see economic indicators of Croatia about trade.

Foreign Trade Indicators	2014	2015	2016	2017	2018
Imports of Goods <i>(million USD)</i>	22,790	20,460	21,688	24,829	28,203
Exports of Goods <i>(million USD)</i>	13,858	12,903	13,736	16,069	17,402
Imports of Services <i>(million USD)</i>	3,995	3,796	3,906	4,574	5,285
Exports of Services <i>(million USD)</i>	13,602	12,510	13,490	15,054	16,551
Imports of Goods and Services <i>(Annual % Change)</i>	3.2	9.4	6.5	8.4	9.8
Exports of Goods and Services <i>(Annual % Change)</i>	7.4	10.3	7.1	6.9	7.4
Trade Balance <i>(million USD)</i>	-8,484	-7,375	-8,113	-8,671	-10,976
Foreign Trade <i>(in % of GDP)</i>	87.0	92.5	94.1	99.4	101.9
Imports of Goods and Services <i>(in % of GDP)</i>	43.7	46.2	46.5	49.4	51.4
Exports of Goods and Services <i>(in % of GDP)</i>	43.3	46.4	47.6	50.0	50.5

Source: WTO – World Trade Organisation ; World Bank , Latest Available Data

- Political & Legal

Despite the Regulation Impact Assessment Law adopted in 2011 and substantially revised in 2017, many government agencies still avoid or do a poor job when consulting with the public or preparing impact assessment studies prior to proposing any new legislation or changes to legislation. These changes are frequent, making long-term business planning a major challenge.

Croatia as a destination has difficulty in developing business tourism destination in terms of political factors. It's important to consider:

- Political instability destinations
- Continuous power struggle between the ruling party and the opposition
- Corruption and disorganized state legal regulations
- The recession in Croatia, the consequences of war and changes of government, slowed development and has contributed to political crisis

- Economic

In order to integrate the WTO (entry: November, 2000), Croatia greatly liberalized its economy. For most goods, customs duties are nowadays the only protective measures. There are some exceptions, for instance, qualitative restriction measures as well as quotas authorised by the WTO rules (in case of a deficit in the balance of payments or in case of a strong threat to the local industry).

Croatia's public debt stood at around 71.1% of GDP in 2019, and should maintain a downward trend in the next few years (68.3% in 2020 and 65.5% in 2021, IMF), on the back of nominal GDP growth and fiscal surpluses. In fact, in 2019 the general government balance was positive for the third year in a row, estimated at 0.1% in 2019. Despite increased expenditures and a tangible reduction in tax revenues due to reforms in VAT and personal income tax systems, the general government budget is expected to remain close to balance in the foreseeable future, reaching -0.3% in 2020 and -0.2% in 2021. Inflation declined from 1.5% in 2018 to 0.8% in 2019, mostly due to the aforementioned VAT reduction, and should slightly increase this year (at around 1.3%) and the next one (at 1.2%).

Unemployment dropped to 7.8% in 2019 (from 9.9% in 2018), its lowest point since 2000. However, the IMF expects this trend to be heavily affected by the negative economic impact of the COVID-19 pandemic, the rate being currently estimated to increase to 11.5% in 2020 and decrease to 8% in 2021. Though the average revenue of Croatians is still below the European average, Croatia remains the second most developed economy of the Balkan region, after Slovenia.

Generally, the country's relatively high costs are to notice as much as the employment taxes that are high needs to be considered before entering. The currency is also in kuna so according to the following entry strategy the conversion needs to be taking into account.

- Other

In addition to an unfavorable economic context, Croatia suffers from a poor image linked to corruption, high taxes and an inefficient judicial system, though reforms have been attempted in recent years. Still, the country has high-quality infrastructure and high touristic potential, a well-educated workforce and a strategic position. According to the World Economic Forum (WEF), the country ranks 63rd on the 2019 Global Competitiveness Index. Croatia ranks 51st out of 190 economies in the World Bank's 2020 Doing Business report.

- Geography & Culture

Considering the seasonal nature of tourism in Croatia, and the short duration of the season it is necessary to design activities and a bid to extend the season and the additional facilities offered to business tourists' value for money.

VIII. Entry strategy proposal

The best entry strategy to use in this case would be the green field entry. A green field entry investment is a type of foreign direct investment in which a parent company creates a subsidiary in a different country, building its operations from the ground up. In addition to the construction of new production facilities, these projects can also include the building of new distribution hubs, offices, and living quarters.

I think it will be the best option as the original company is used to owning this kind of business and has experience but at the same time it's still a whole new project to build from the ground with difference in the service offered, and different market and target. So, the in-house local expertise will be useful.

The advantages of this strategy would be that it's usually feasible, but mainly it avoids risk of overpayment or problem of integration. Moreover, the company will have full control. However, it must be aware that this startup will be much slower and it requires a lot of knowledge on the Croatian management. Finally, it must be aware that it represents a high risk and needs high commitment.

IX. Conclusion

To conclude, starting this greenfield entry is going to take a lot of commitment and has some risks but the potential of this activity is also very high. Indeed, as a brand-new market on this area it has a lot more chances against competition and thanks to its multiple target the maze of Hvar island has more strength. As a tourism activity in Croatia it's a positive side because Croatia has experienced a boost in the last ten years. International tourists account for the vast majority of arrivals in accommodation in Croatia, and the country has maintained its popularity as a vacation destination for European and global visitors alike. With its array of coastal towns and resorts on the Adriatic Sea, it is a key destination for cruise tourism, especially the port of Dubrovnik. As one of the number one destination and thanks to a lot of promotion and communication this project will be able to enjoy the market potential and thrive.

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