

LUXURY HOSPITALITY IN CROATIA: THEMATIC ANALYSIS AND TOURISM IMPLICATIONS

Abstract

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Purpose – The purpose of the paper is to comprehensively explore and understand the nuances of luxury hospitality and tourism in Croatia. It examines the characteristics and expectations associated with luxury hospitality and luxury tourism, identifies growth opportunities, and discusses challenges facing the development of luxury tourism in the country.

Methodology – Thematic analysis was employed to analyze responses from interviews with stakeholders in the Croatian hospitality industry. These interviews focused on defining luxury hotel tourism products/experiences and luxury tourism in Croatia, as well as identifying key themes and challenges in luxury tourism development.

Findings – The findings shed light on what constitutes a Croatian luxury hotel product and Croatia as a luxury tourism destination. Key characteristics include exceptional service, personalized experiences, integration with natural surroundings, architectural sophistication, and gastronomic excellence. Despite challenges like limited global luxury brands and infrastructure, Croatia's diverse culinary tradition, exclusive accommodations, and picturesque locations contribute to its allure as a luxury destination.

Originality of the research – The findings offer insights for tourism providers to tailor their offerings towards more meaningful and memorable experiences, emphasizing exceptional service, personalization, natural surroundings integration, architectural sophistication, gastronomic excellence, and exclusivity. Addressing challenges such as infrastructure limitations and overcrowding, along with strategic investments in upscale amenities and services, can elevate Croatia's competitiveness in the luxury tourism market. This paper marks the initial effort in addressing the research gap in luxury tourism, signaling the need for further exploration of luxury tourism in Croatia.

Keywords luxury hotel tourism product/experience, luxury tourism destination, challenges, Republic of Croatia

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INTRODUCTION

Croatia, with its stunning Adriatic coastline, rich cultural heritage, and diverse natural landscapes, has emerged as a sought-after destination for luxury travellers seeking unparalleled experiences. Although, Croatia can still be considered an insufficiently explored tourist destination offering experiences that can meet the needs of tourists seeking intimacy, personalized approach, and the so-called new luxury in tourism.

The primary motivations for conducting this research lie in the following considerations.

Firstly, the Republic of Croatia is undergoing a transformation from its traditional image as a sun-and-sea destination associated with mass tourism towards positioning itself as a sustainable year-round tourism destination. This shift is outlined in the recently adopted Sustainable Tourism Development Strategy of Croatia until 2030, which envisions Croatia as a competitive, innovative, and safe country with a distinct identity and culture, offering preserved resources, quality living conditions, and equal opportunities for all. This strategy aims to qualitatively transition from unsustainable tourism to sustainable tourism with high added value, addressing developmental needs such as the enhancement of high-quality accommodation.

Secondly, the timing of this study is significant, coinciding with the recent enactment of Croatia's Tourism Act, demonstrating a commitment to upscale tourism and the creation of high-quality tourism products.

Thirdly, Croatia has experienced a rise in demand for luxury hotel offerings and elevated tourism experiences, reflecting a shift towards experiential luxury and personalized service within the hospitality sector.

Fourthly, there is a noticeable lack of comprehensive research on the defining features of Croatian luxury hotel products and Croatia's broader positioning as a luxury tourism destination. Understanding the main characteristics of luxury Croatian hotels and luxury tourism is thus paramount for stakeholders in the tourism industry seeking to align with this strategic direction and capitalize on emerging opportunities.

Lastly, existing research on luxury contexts has primarily focused on the product side, with limited exploration of luxury services and the establishment of prerequisites for emerging luxury forms, such as experiential luxury, from the perspective of service providers (Iloranta 2019).

This study aims to address this gap by being the first of its kind in Croatia to explore and elucidate the main characteristics of luxury Croatian hotels and the characteristics of luxury tourism in Croatia.

Main research questions:

RQ1: What constitutes a luxury hotel tourism product/experience in Croatia?"

RQ2: What defines a luxury tourism product/experience in Croatia as a tourist destination?"

The aim of this study is to address two specific research questions through phone interviews with sales and/or marketing managers in Croatian hospitality sector engaged in luxury tourism services and intending to invest in five-star hotels in the future.

Drawing upon qualitative research methods, the study delves into the essence of luxury hospitality and tourism in Croatia, focusing on the unique attributes that distinguish Croatian luxury hotels and position the country as a luxury tourism destination offering valuable insights into the perception of luxury hotel products and the challenges and opportunities facing luxury tourism development in Croatia.

The structure of the paper allows readers to easily navigate through the content. After the introduction section a literature review section follows. The section "Empirical Research" presents a synthesis of the findings, highlighting the main characteristics of Croatian luxury hotel products and elucidating the factors that contribute to Croatia's allure as a luxury tourism destination. Lastly, the authors acknowledge the limitations of the study, recognizing any constraints or shortcomings that may have impacted the research process or the validity of the findings.

1. LITERATURE REVIEW

Santos (2023) research reveals that the notion of luxury tourism has evolved over time. In recent years, there has been a notable shift towards sustainability, with perceptions varying based on cultural characteristics, perspectives, and contexts, influenced by the type and profile of the tourist. Sustainable luxury encompasses more than just promoting environmental respect and social development; it also signifies the celebration of culture, art, and innovation from various nationalities, while preserving the heritage of local craftsmanship (Poelina and Nordensvard 2017). El Gamil's (2022) research indicates that the post-COVID-19 era will witness notable changes in travel behavior, hastening the transition toward responsible travel. In their 2023 study, Hindley, van Stiphout, and Legrand delved into the intricate interplay between luxury tourism and sustainability. Their analysis juxtaposed real-world cases with scholarly works on luxury, sustainability, ecotourism, and environmental policies, highlighting the progress of sustainability-focused luxury hospitality. However, it underscored the dilemma inherent in addressing and mitigating the impacts spanning the entire travel value chain. Jones (2020) further examined also the evolution of luxury tourism and its environmental impact. Sustainable luxury tourism is an emerging concept that requires further investigation (Gurung, Brahma and Goswami 2022). The crisis has spurred high-net-worth individuals (HNWIs) to alter their motivations, preferences, and behavior. In response, the luxury travel sector has implemented strategies grouped into three categories: minimizing friction, ensuring protection, and crafting fresh memorable experiences (Gavilan, Balderas-Cejudo and Martinez-Navarro 2022). The challenges of developing a luxury tourist destination are numerous, among which attractions, accommodation, infrastructure, human resources, governmental and private institutions and organizations can certainly be highlighted, as emphasized by Thirumaran and Raghav (2017). The development of a luxury tourist destination precisely corresponds to the development of these mentioned elements. Only the parallel development of these crucial elements will enable the adequate development of a luxury tourist destination to the satisfaction of all involved in the tourism ecosystem. In her study Iloranata (2022) offers a comprehensive overview of luxury tourism research, analysing 119 articles published between 2004-2019. Through content analysis and systematic literature review, it synthesizes theoretical research streams, highlighting ten key features of luxury tourism. The findings indicate a focus on quantitative studies, predominantly in contexts with traditional luxury tourism products. Lopes et al. (2023) conducted a comprehensive bibliometric analysis of 340 Web of Science scientific articles on the tourism industry published between 1993–2022 with the goal to identify, synthesize, and incorporate existing research to guide future studies and trends in luxury tourism. They particularly focused on the transformation of the luxury tourism industry induced by digital transformation, economic and pandemic crises, demographic changes and guidelines for sustainability.

The definition of luxury hospitality remains a topic of ongoing evolution and debate in both industry and academia. The diverse array of luxury experiences and the differing expectations of consumers add complexity to the quest for a unified definition. Luna-Cortes et al. (2022) highlight the absence of consensus in defining luxury hospitality and its related factors. Heyes (2021) stresses the importance of delving into the concept of luxury hospitality, whether from tangible elements such as physical attributes and amenities to intangible aspects like emotions, experiences, and exclusivity. Kemp and Dluzewska (2023) argue that luxury extends beyond conventional product/service attributes like functionality, quality, specifications, and pricing. It's crucial to recognize that definitions of luxury hospitality can differ across sources and perspectives, reflecting the industry's diverse nature. This highlights the complexity inherent in luxury hospitality and underscores the importance of taking into account a multitude of factors when defining and comprehending it. According to Tomasević (2018), the luxury clientele can be characterized as customers who seek quality, strive for prestige, and are willing to spend generously. Lim et al. (2022) suggest that luxury is no longer exclusive to the affluent, with discernible consumption becoming popular among the mass society, leading to the rise of mass prestige (masstige). This indicates that individuals from diverse socio-economic backgrounds can now engage in luxury experiences, including luxury

travel, contributing to market growth and diversification. The findings of the research conducted by Atkinson and Kang (2022) indicate five key values shaping new luxury consumption: inconspicuous consumption, self-directed pleasure, intrinsic experiential value, personal fulfillment, and sustainability. Of these, intrinsic experiential value, personal fulfillment, and sustainability emerged as the most influential factors directly impacting customer interest in a new luxury brand. The concept of luxury hospitality and luxury travel is evolving from opulence to exclusivity. Exclusivity has become a defining characteristic, with travelers seeking unique and tailored experiences that go beyond mere lavishness. Experiences associated with unconventional luxury transcend historical attributes, emphasizing the meaningfulness and preciousness of luxury moments within experiences. Gupta et al. (2023) found that luxury service experiences were a prominent topic in the literature on the luxury experience and consumer behaviour. The distinctive tourism encounters are communicated via distinctiveness, ingenuity, genuineness, and an array of affirmative emotions, including hedonism, excitement, curiosity, surprise, happiness, and pleasure. These facets are strategically orchestrated to guarantee the delivery of memorable value-added experiences, thereby fostering an inclination among tourists to engage in year-round visitation, as elucidated in the research conducted by Zabukovec Baruca and Čivre (2022). Customization and personalization are gaining significant importance in luxury tourism. Additionally, technology plays a vital role in attracting younger luxury travellers (Loureiro 2022). Advanced technologies are utilized to create tailored experiences, cater to individual preferences, and enhance overall customer satisfaction. The pursuit of authenticity, slow tourism (Krešić and Gjurašić, 2022), health and wellness, and responsible and adventurous travel are prominent trends in luxury tourism. Travelers are increasingly drawn to experiences that provide genuine cultural immersion, prioritize well-being, and incorporate sustainability practices. Building on this, Liu, Hamloha, and Lu (2018) underscore the importance of corporate social responsibility (CSR) in the decision-making of guests choosing luxury hotels. Their research indicates that luxury hotel guests factor in a hotel's CSR practices and initiatives when making their choices. The exploratory factor analysis identifies three key determinants of responsible travelers in this context: travel preferences, health and hygiene considerations, and destination choices. This underscores the importance of hotels showcasing social and environmental responsibility, contributing to the sustainability and positive impact of the luxury hospitality industry.

It is imperative for hotel enterprises to embark on an innovative journey aimed at diversifying their offerings and reconceptualizing customer experiences in accordance with the evolving dynamics of tourism and the discerning demands of the luxury market. Luxury and premium-tier establishments consistently endeavor to introduce novel experiential dimensions and elevate their service standards to meet the evolving preferences, aspirations, and requisites of their clientele. By maintaining a proactive awareness of customer inclinations and preemptively addressing their requirements, such establishments can furnish extraordinary and tailored experiences that surpass conventional expectations. This customer-centric paradigm empowers hotels to effectively adapt to shifting market trends and attain the pinnacle of customer satisfaction within the luxury hospitality domain. These assertions are corroborated by the findings of Gupta et al. (2023), Luna-Cortes et al. (2022), and Shing and Jeong (2022). Luna-Cortes et al. (2022) emphasized the significance of incorporating both hedonic and functional values, particularly for ultra-high-net-worth individuals, into strategic approaches targeting luxury markets. Elements such as design, culinary experiences, and spa amenities were identified as pivotal for attracting the discerning travelers of the future, exemplified by successful cases like Standard and NoMad Hotels. Albergo diffuso stands as a compelling example of potential luxury tourism product development within a destination, acknowledging various challenges, particularly organizational and legislative, in establishing such accommodation establishments (Zupan Korže 2018). Shing and Jeong (2022) propose that the strategic utilization of suitable technology, aligned with the brand's identity, can enhance the overall value and satisfaction derived from the guest experience.

The COVID-19 pandemic has reshaped luxury travel, emphasizing the need for luxury hotels to adapt to changing customer expectations. EunPyo and Jiseon (2023) stress the importance of brand commitment during this time. Mitrović (2017) identifies key aspects of hotel services, including safety and responsiveness. Kayla et al. (2022) highlight the increased focus on trust, safety, and hygiene during the pandemic. Phisunt, Kaedsiri, and Wongladda (2022) propose the "SHUTS Model" for luxury hotels, focusing on Servicescape, Hygiene, Up-to-date information, Technology, and Staff awareness. Ritter (2022) explores the influence of travel influencers on perceptions of secure luxury travel. These studies provide valuable insights for luxury hotels to adapt to evolving customer needs.

Very often in practice, luxury hotels are not categorized by the official categorization of a particular country, but rather hotels are categorized in practice according to the required level of equipment and safety. For this purpose, stars are most commonly awarded. When it comes to experiences, they go beyond these frameworks because they cannot be measured and are subjective. This assumes an even greater challenge in defining a luxury hotel on the one hand, but allows hotel companies, investors, and creators of tourism products or experiences to, in accordance with trends in the luxury tourism market, design a product or experience and provide the service that clientele of such kind seeks. Due to the described circumstances, the correlation cannot be clearly established, but it can be said that the minimal level of equipment and safety of the highest category hotels represents the base onto which the immeasurable, which is the special experience that such facilities offer, must be built.

Based on the above, authors conclude by providing an operational definition of a luxury hotel. Luxury hotels epitomize the epitome of hospitality by offering unparalleled levels of service and sophistication tailored to the desires of their upscale clientele. They go beyond opulence to curate unique moments and provide impeccable service. Key facilities typically include:

- exquisite design and architecture,
- sumptuously appointed guest rooms and suites featuring high-quality furnishings, plush bedding, and upscale amenities (i.e. premium linens, bathrobes, and toiletries),
- nature-inspired room designs that seamlessly blend with the surrounding environment,

- prioritization of sustainability and environmental stewardship at every step (i.e. use of sustainable materials throughout the hotel, including furniture crafted from reclaimed wood or recycled materials, energy-efficient lighting and climate control systems to minimize environmental impact, waste reduction and recycling programs to minimize landfill waste, integration of renewable energy sources such as solar panels or wind turbines to power hotel operations, water-saving fixtures and technologies to reduce water consumption etc.),
- Michelin-starred (or premium-gourmet/fine dining) dining establishments
- on-site organic gardens or partnerships with local farmers to source fresh, organic ingredients for dining experiences,
- state-of-the-art spa and wellness centers with wellness therapies designed to pamper guests and promote relaxation and well-being,
- an outdoor and/or indoor swimming pool with luxurious lounging areas, cabanas, and poolside services for guests to unwind and enjoy a refreshing dip,
- dedicated concierge desk offering personalized assistance,
- cutting-edge technology for personalized service,
- versatile venues equipped with cutting-edge audiovisual technology and event planning services for hosting corporate meetings, conferences, weddings, and social gatherings in style,
- exclusive boutiques and shops offering designer clothing, accessories, jewelry, and souvenirs,
- entertainment options such as theaters, live music venues, art galleries, and cultural events to enrich guests' stay and provide immersive experiences
- chauffeured car services, airport transfers etc. &
- a comprehensive set of protocols and facilities in place to ensure the well-being of their guests (i.e. emphasis on safety, trust, and hygiene).

Thus, luxury hotel management involves overseeing all aspects of a luxury hotel operation to ensure the delivery of exceptional service and experiences to guests. It encompasses strategic planning, operational oversight, personnel management, financial management, and customer relations, all with a focus on maintaining the hotel's reputation for luxury and excellence. Key responsibilities include maintaining high standards of service, implementing tailored guest experiences, managing premium amenities and facilities, cultivating a highly trained and motivated staff, and continuously innovating to meet evolving guest expectations in the luxury hospitality sector.

2. EMPIRICAL RESEARCH

2.1. Methodology

In this study, the authors employ a qualitative analysis, with thematic analysis constituting the core methodology through which they address each research question. To address the posed research questions, the authors opted for a methodological approach involving direct telephonic interviews with the respondents. Telephone interviews are productive tools for qualitative research (Sturges and Hanrahan 2004). Alonso and Northcote (2010) utilized a similar telephone interview methodology to examine the development of olive tourism in Western Australia. Alonso and Ogle (2010) used telephone interviews to examine environmental sustainability relevance in small and medium-sized enterprises in the hospitality and tourism industry in Western Australia. Prior to the interviews, the authors: (1) initiated contact with the respondents, (2) apprised them of the ongoing research, and (3) mutually established a suitable date for the telephonic survey. The data collection spanned from October 4 to October 10, 2023. Before the interviews commenced, respondents were briefed on research ethics, including aspects such as anonymity and voluntary participation, and were informed about the objectives of the interviews. The interview consisted of two fundamental questions. The interviews commenced with a question regarding the interviewees' definition of luxury hotel tourism products in Croatia. The interview proceeded with a question about what they consider to make Croatia a luxury tourist destination. The respondents were not encouraged to give a specific answer; rather, they were given the freedom to respond according to their own thoughts and opinions. The interviews lasted approximately 20 minutes. Subsequently, comprehensive transcriptions of the interviews were prepared post each engagement.

Thematic analysis was employed as the methodology. Initially, authors systematically coded the data using NVivo software for each question. After creating an initial set of codes, authors revise the codes to identify a series of broader themes emerging from the available data. Authors diligently and rigorously pursue similarities, differences, and connections among the identified codes. Once several themes were identified, authors reviewed them again to ensure they accurately reflect the content of the data. Finally, authors select several key themes arising from the data and name each of them in a manner that the created name closely reflects what the theme aims to present and encompass. Authors assigned each response to one or more themes based on the content and ideas expressed in the response. This ultimately provided a comprehensive understanding of the main themes presented in the data set. Thematic analysis is presented both descriptively and graphically.

2.2. Sample

The sample selection began by utilizing an official list of property categorizations provided by the Ministry of Tourism and Sports of Croatia (Ministry of Tourism and Sports of the Republic of Croatia 2023). The national categorization, although, as previously mentioned, does not recognize the concept of a luxury hotel, nor does it define it in its own regulations, especially in terms of providing exceptional experiences, is considered an appropriate basis for sample selection for the following reasons: 1. it strictly regulates the facilities that hotels of the highest category in the Republic of Croatia must have; 2. it sets very strict conditions for re-categorization after three years, meaning that hotel companies must adhere to the conditions and adapt to any changes in regulations; 3) it is the only official basis through which an appropriate sample of the highest category hotels in the Republic of Croatia could be established. Hotel companies with four and five-star properties in their portfolios were identified. Furthermore, it has been established that hotel companies with hotels of the highest category (5 stars) in their portfolio have had them for several years, implying that they regularly monitor both official requirements and market trends to maintain their competitiveness. This is also confirmed by the total revenue generated by the companies in the sample within the overall accommodation industry. Ten hotel companies were found operating across six Croatian regions: Istria, Kvarner, Zadar, Split-Dalmatia, Dubrovnik-Neretva, and the City of Zagreb. No five-star hotels were found in other regions. The organizational structure of these companies was examined to assess the roles and responsibilities of sales and marketing managers. It was discovered that one company operates in two regions with a single manager overseeing both, while another company operates in two regions with two managers. In total, there are eleven sales and/or marketing managers across these ten companies. Seven of these managers agreed to participate in the research. The largest Croatian hotel companies in terms of employees (more than 250) and hotel bed capacity, covering five Croatian regions were included in the sample. Three hotel companies that achieved the highest profit in the accommodation services sector in 2022 were included in the sample. Their combined share of the total profit in the sector amounts to 34% (Fina 2023). This ensures that the sample includes the most relevant hotel companies. Of the respondents, six were male and one was female, with ages ranging from 30 to 49 years old. Their work experience in the hospitality and tourism industry varied from 10 to over 25 years.

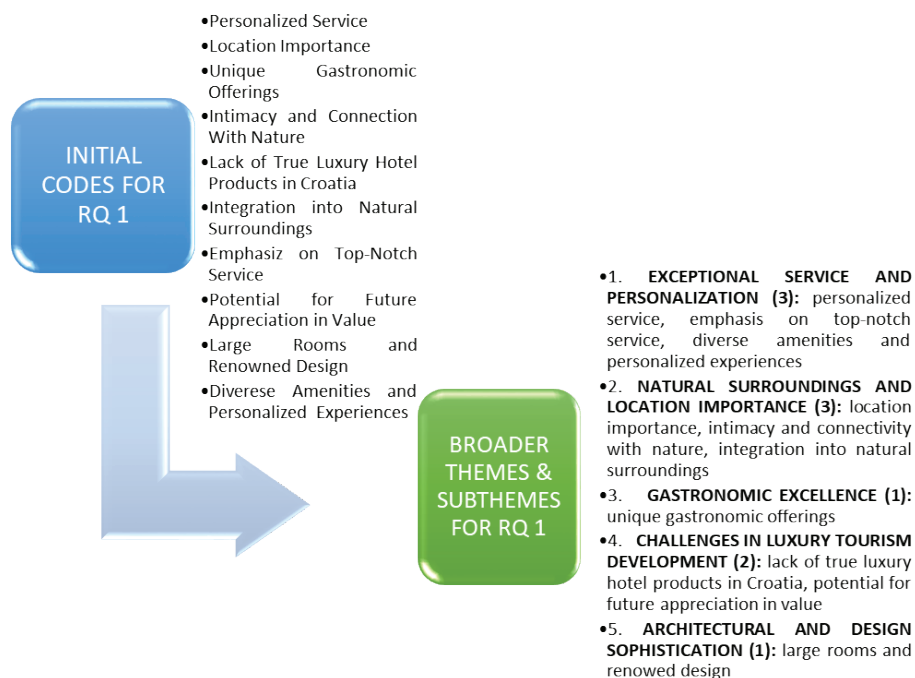
2.3. Results

In this sections authors present the results of the research.

The authors **first address the outcomes of the initial research question**, which interrogates participants' perceptions regarding the constituents of a luxurious hotel product in the Republic of Croatia.

In the scheme number 1 authors present a set of initial codes and refined themes and subthemes that emerged as a product of the analysis of the interviews conducted.

Scheme 1: **Initial codes, refined themes and subthemes connected with research question number 1**

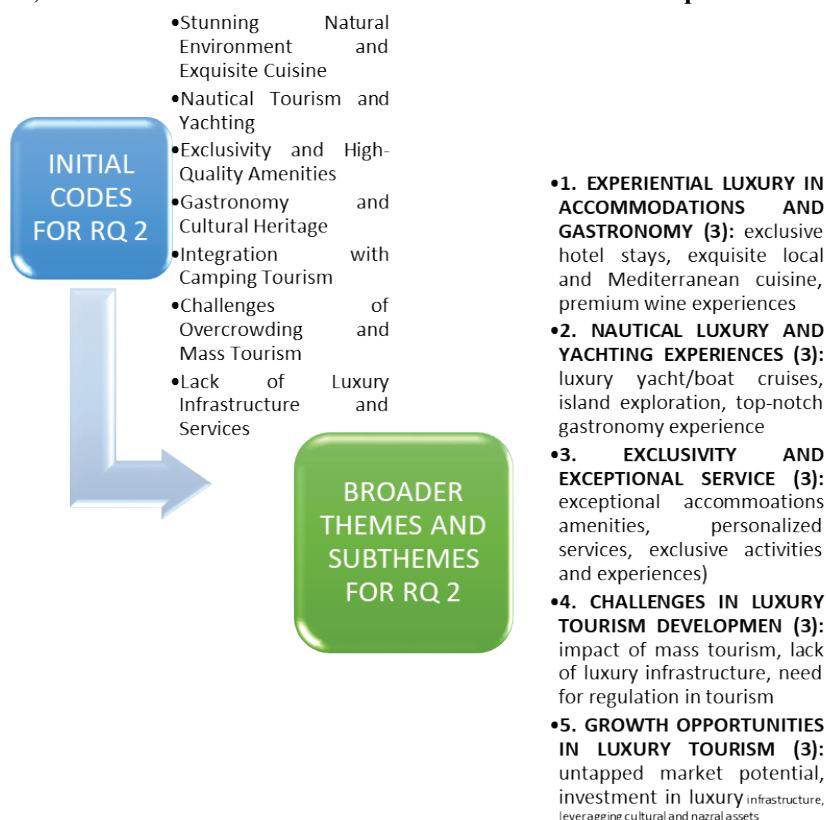


Source: authors' contribution

The authors now delve into the outcomes of the second research question, which seeks to define a luxury tourism product/experience in Croatia as a tourist destination.

In the scheme number 2 authors present a set of initial codes and refined themes and subthemes that emerged as a product of the analysis of the interviews conducted.

Scheme 1: Initial codes, refined themes and subthemes connected with research question number 2



Source: authors' contribution

3. DISCUSSION

The thematic analysis of responses to the question “*What constitutes a luxury hotel tourism product/experience in Croatia?*” revealed several key themes that shed light on the characteristics and expectations associated with luxury hospitality in Croatia.

1. *Exceptional Service and Personalization*: Respondents emphasize outstanding service and customization as key to defining luxury hotels in Croatia. Personalized attention to guest needs and preferences, along with tailored experiences and attention to detail, are highlighted. They suggest that this commitment can set luxury hotels apart, leaving a lasting impression on guests and fostering loyalty. This is entirely in line with what the literature says about the desires and expectations of modern luxury tourists, as well as the changes in the new environment (Atkinson and Kang 2022; Luna-Cortes et al. 2022; Shing and Jeong 2022; Kemp and Dluzewska 2023; Gupta et al. 2023).

2. *Natural Surroundings and Location Importance*: Respondents emphasize the significance of integrating luxury hotels into their natural surroundings in Croatia. They advocate for reducing building density to enhance intimacy with the environment, highlighting the potential for properties to appreciate in value over time by prioritizing sustainability and appreciation for the natural landscape. This is as well supported by the literature (Krešić and Gjurašić 2022; Santos 2023). Additionally, respondents underscore the crucial role of location in augmenting the luxury hotel experience. They suggest that properties situated in unique and picturesque locations, such as coastal areas or amidst natural landscapes, have the potential to elevate the overall guest experience, further emphasizing the importance of harmonizing architectural design with the surrounding environment to create truly luxurious and immersive experiences for guests.

3. *Challenges in Luxury Tourism Development*: Some respondents discussed challenges facing the development of luxury tourism in Croatia, including the limited presence of global luxury brands, standardized offerings, and infrastructure limitations. These factors were seen as hindrances to achieving a higher level of luxury hospitality (supported in the work of Thirumaran and Raghav 2017).

4. *Architectural and Design Sophistication*: Respondents emphasize the need for spacious rooms designed by renowned designers. They also express a desire for additional amenities. Overall, these insights underscore the significance of architectural design and thoughtful integration with natural landscapes in creating truly luxurious hotel experiences in Croatia.

5. *Gastronomic Excellence*: Respondents highlight the significance of offering outstanding culinary experiences, including diverse themed restaurants and personalized dining options. Gastronomic excellence is seen as a crucial aspect of the overall guest experience, contributing to the allure and reputation of luxury hotels in Croatia. They suggest that a focus on exceptional dining experiences can further elevate the perception of luxury and attract discerning travelers seeking memorable culinary experiences during their stay.

The thematic analysis of responses to the question “*What defines a luxury tourism product/experience in Croatia as a tourist destination?*” revealed several key themes that shed light on the characteristics and expectations associated with luxury tourism product/experience in Croatia.

1. *Experiential Luxury in Accommodation and Gastronomy*: Croatia’s luxury tourism experience is deeply intertwined with experiential offerings in accommodation and gastronomy. The country’s strengths lie in its diverse culinary tradition, encompassing premium wines, local dishes, and exquisite Mediterranean cuisine. While Croatia may not compete with larger Mediterranean countries in mass appeal, it distinguishes itself through quality and authenticity, offering discerning travelers a blend of opulent accommodation and gastronomic delights against the backdrop of its breathtaking landscapes and cultural heritage. The mentioned findings are completely aligned with what has been uncovered through literature review and other research (Williady et al. 2022; Luna-Cortes et al. 2022; Shing and Jeong 2022; Gupta et al. 2023).
2. *Exclusivity and Exceptional Service*: While acknowledging the country’s potential in offering premium experiences, respondents also highlight current limitations. There is a consensus that Croatia’s luxury tourism sector requires refinement, particularly in providing top-notch service, upscale amenities, and renowned brands to cater to the discerning tastes of affluent travelers. Investment in these areas is seen as crucial for Croatia to compete effectively in the luxury tourism market and position itself as a destination renowned for exclusivity and exceptional service.
3. *Nautical Luxury and Yachting Experiences*: Respondents underscore Croatia’s strength in nautical luxury and yachting experiences as key components of its luxury tourism sector. They highlight cruising the Adriatic Sea on luxury yachts or boats, exploring picturesque islands, and enjoying top-tier gastronomy as defining aspects of this niche segment. Croatia’s leadership in yachting tourism is acknowledged, with its abundance of islands and diverse coastal landscapes offering unparalleled opportunities for premium maritime experiences. Overall, Croatia’s nautical luxury and yachting experiences represent a significant growth opportunity in its luxury tourism sector.
4. *Challenges in Luxury Tourism Development*: Respondents identify several challenges hindering the development of luxury tourism in Croatia. These challenges include the country’s reliance on mass tourism along the Adriatic coast, resulting in overcrowding and a lack of infrastructure to support luxury experiences. Key deficiencies highlighted include the absence of luxury shopping centers, renowned brands, and 5-star service, as well as limited options for top-notch gastronomy and wellness programs compared to established luxury destinations. Addressing these challenges requires strategic regulation of mass tourism, investment in upscale amenities and services, and a focus on enhancing Croatia’s appeal to affluent travelers seeking premium experiences (Thirumaran and Raghav 2017).
5. *Growth Opportunities in Luxury Tourism*: Investment in upscale amenities, top-notch service, and internationally recognized wellness programs is identified as essential for Croatia to compete as a luxury destination on par with established rivals like France or Spain.

CONCLUSION

Luxury hotels in Croatia prioritize exceptional service and personalization, offering tailored experiences and personalized attention to guests’ needs and preferences. They integrate seamlessly into their natural surroundings, emphasizing sustainability and architectural design that harmonizes with the environment. Location plays a crucial role, with properties situated in unique and picturesque locations enhancing the overall guest experience. Despite challenges such as limited presence of global luxury brands and infrastructure limitations, luxury hotels focus on architectural sophistication, spacious rooms designed by renowned designers, and gastronomic excellence, offering outstanding culinary experiences to attract discerning travelers seeking memorable stays.

There was recognition of the potential for growth in luxury tourism, particularly in leveraging Croatia’s natural beauty, cultural heritage, and gastronomic offerings to attract high-end travelers. Challenges include overcrowding, lack of infrastructure, and deficiencies in luxury offerings, necessitating strategic regulation and investment.

Stakeholders in the tourism industry should focus on enhancing service quality, investing in unique gastronomic offerings, leveraging the natural beauty of the destination, and addressing challenges in infrastructure and brand presence.

Particularly, luxury hotel management in Croatia should strive to provide unparalleled service, integrate with the natural environment, overcome challenges in luxury tourism development, prioritize architectural and design sophistication, and excel in gastronomic offerings to meet the expectations of discerning travelers seeking premium experiences.

The findings suggest the importance of strategic positioning to differentiate Croatia in the luxury tourism market. Emphasizing unique experiences and addressing infrastructure gaps can enhance Croatia’s competitiveness and appeal to affluent travelers. There’s a clear indication of the need for targeted investments in upscale amenities, services, and infrastructure to elevate Croatia’s luxury tourism offerings. This includes initiatives to regulate overcrowding, develop high-end accommodation

options, and enhance service quality. Establishing a robust regulatory framework to manage tourism impacts, preserve natural resources, and maintain exclusivity is essential. This involves implementing measures to control visitor numbers, protect sensitive ecosystems, and promote sustainable practices. Prioritize infrastructure development projects that align with the needs of luxury travelers, such as the construction of upscale hotels, boutique resorts, and high-end dining establishments. Enhancing connectivity, accessibility, and visitor experiences can further enhance Croatia's luxury tourism appeal. Prioritizing luxury tourism over mass tourism in Croatia can lead to higher revenue generation from affluent travelers who spend more on exclusive experiences. By focusing on luxury travelers, Croatia can enhance its brand image, preserve its natural and cultural heritage, and improve the quality of life for residents by mitigating the negative impacts of overcrowding and resource strain associated with mass tourism. This shift toward luxury tourism can contribute to economic diversification, resilience, and sustainability in Croatia's tourism industry. Relying solely on mass tourism can lead to over-dependence on a single market segment, making destinations vulnerable to fluctuations in demand, economic downturns, or global crises, as seen during the COVID-19 pandemic. Mass tourism often puts pressure on fragile ecosystems, historic sites, and local communities, leading to overcrowding, environmental degradation, and cultural commodification.

This paper's unique contribution lies in conducting research on luxury hotel products and luxury tourism in the Republic of Croatia. Aware of the scarcity of such research and the absence of any similar studies conducted in the Republic of Croatia, the authors recognize the special significance of this work.

The authors acknowledge certain limitations in the study. The study's findings are based on a limited sample of responses and may not fully capture the diverse perspectives within the luxury tourism sector. The study focuses solely on perspectives from industry professionals, omitting insights from luxury tourists themselves, which could provide valuable complementary information. The study's sample primarily comprises sales/marketing managers from large hotel companies, potentially overlooking perspectives from smaller establishments or other stakeholders in the luxury tourism sector.

Authors propose conducting longitudinal studies to track the evolution of luxury tourism trends in Croatia over time. This can provide insights into emerging patterns, changing consumer preferences, and the effectiveness of policy interventions. It would be interesting to compare Croatia's luxury tourism offerings with those of other destinations to identify competitive advantages and areas for improvement. Comparative analyses can inform strategic decision-making and benchmark Croatia's performance against global luxury tourism standards.

Authors suggest exploration of consumer behavior and decision-making processes among luxury travelers in Croatia. Understanding their motivations, preferences, and spending patterns can inform targeted marketing strategies and product development initiatives.

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