



EUROPE: *Croatia*

SPA & WELLNESS INDUSTRY

Croatia is one of the most significant destinations in the Mediterranean with a long tradition and a bright future in tourism. The leading features of Croatia's tourism are its natural and preserved landscape, rich culture and history, mild Mediterranean climate, clean sea and air, and proximity to European commerce and industry. These components will catapult Croatia to be a leader in personal and business retreats in an ecologically protected travel destination.

In congruence with today's trends in international travel, Croatia's tourism industry is flourishing due to its authentic organic vegetation and niche in several prevalent sectors such as Wellness Tourism, Eco-tourism, Health and Medical Tourism. Similarly, the Spa Tourism industry in Croatia is not completely up to date with world trends.

However, the market awareness of spa products and services in Croatia is relatively weak due to inadequate marketing. The spa industry has yet to effectively promote and portray the necessity and benefits of health promotion and enhancements to quality of life available in the spa culture.

Recent reports indicate inadequate workforce in tourism due to lack of proper education and training, insufficient branding of Croatia as a spa destination, and poor government funding in the spa industry. Yet, despite these complications, the last 2-3 years have shown a significant improvement. The testimony to increased spa awareness in Croatia can be found in the increase of competition in the spa and wellness industry, introduction of trendy spa services and products, increased television and print media promoting beauty, health and wellness, as well as the expansion of the health food industry, by way of increased organic produce and restaurants.

Croatian spas have allied through an organization called "Croatian Wellness" which aims to present Croatia as a spa and wellness destination with the support of the Croatian Chamber of Commerce and Ministry of Tourism. The need for qualified and educated workforce in the spa industry has become apparent through the emergence of four significant and respectable academies with qualified programs in spa services and administration: NOVISPA Academy, Vimal, Aromara, and Lovran Academy.

ECONOMY

The wellness circumstances in Croatia are quite different than in other European countries whose wellness standards and image have already had the opportunity to develop. Since this is a relatively new market in Croatia it is difficult to comment on a change in spa and wellness based on the current economic situation.



SPA INDUSTRY BRIEFING: *Croatia*

We do, however, predict that due to the large interest in the Croatian Spa and wellness industry, the attitudes of our customers can only be positive due to the novelty of the spa lifestyle and its benefits to modern man. Even though there is a current economic crisis, more and more people are starting to learn the value of taking care of their bodies and minds through the help of health and wellness programs. Therefore, we feel that we may actually benefit from the current situation.

The existing uncertainty before the incoming tourist season is felt in all segments of the economy. Taking into consideration the current statistics on the decrease in number of tourists from January 2009 to present, it is estimated that this year Croatia will have approximately 300,000 less tourists than last year. This will have a considerable effect on spa centers located within hotel and resort complexes.

Due to this projected reduced hotel booking volume, the spa centers will have to invest in extra marketing campaigns to attract outside consumers who are not guests of the hotel or resort. The economic crisis is also manifesting itself in the form of stalled or halted spa projects due to lack of funds.

SPA AND WELLNESS RELATED PROJECTS

Currently, the largest Croatian spa projects in development are the “Kempinski Hotel Adriatic” in Istra, the “Riu Blue Waves” in Malinska (around 2.500m²) and the “Falkensteiner Punta Skala” in Zadar (around 5.000m²). These, as well as all other larger spa projects in Croatia have delayed opening due to the negative effects of the economic crisis.

The largest and most sophisticated spa center in Croatia is NOVISPA located in the Novi Hotels&Resort in Novi Vinodolski. The 10.000 m² indoor, 4.000 m² outdoor and the Spa beach at NOVISPA center has the unique advantages of beachfront property, breathtaking modern design, trained professional graduates of NOVISPA Academy, exclusive wellness concept, luxury spa suites and rituals, all in compliance with its “customer oriented” business strategy. These features make NOVISPA stand out.

The chief competitors to NOVISPA in this area would be the Falkensteiner project Punta Skala in Zadar and the Kempinski in Istria.

As mentioned above, the projected reduced hotel volume will compel spa centers to boost their marketing campaign to outside guests. Key components to successful marketing will be to accurately define the market segments, successfully position the spa within the target market, formulation of a convincing campaign on bring awareness to the importance of self-care and improving quality of life.

OPPORTUNITIES

Wellness tourism is defining itself as a more important and profitable element in tourism. Correspondingly, Croatia has the perfect features available for this market, namely clean water and air, sea and land, as well as an abundance of wildlife and nature reserves that contribute to healthy organic farming which is a key component in wellness.

In fact, tourism might play a large role in deflecting the effects of the global economic crisis. In conclusion, it is safe to say that the current economic situation may actually benefit the wellness industry, since these times often generate a need for solidarity.

Furthermore, future innovations with respect to marketing, product development, distribution, and professional education and development will expand the wellness industry. Similarly, accurate data collection, analysis, and distribution of information will give more information to assist in developing this budding industry.

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