# ENVIRONMENTAL ASPECT OF THE RELATIONSHIP BETWEEN TOURISM AND TRADE: THE CASE OF CROATIA

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**Abstract-** This paper deals with the relationship between trade and tourism with the focus on their mutual environmental impact.The purpose of this paper is to find out the level of ecological awareness of subjects involved in trade and tourism industry in Croatia, traditionally tourism oriented country, and to identify potentials for the increase of awareness as the result of the causality between two industries.The results of the qualitative study on the sample of trade and hotel managers confirmed positive relationships between trade and tourism, but perceived costs of the implementation of environmental initiatives and the payback period were the main obstacles of their adoption.

**Keywords-** tourism, trade, environmental concern, Croatia.

## I. INTRODUCTION

Although there are many studies that highlighted the importance of tourism and trade, little academic investigation has been into the area of the relationships of tourism and trade, and positive and/or negative aspects associated with their relationships. Both tourism and trade are heterogeneousness and their developments are related to investment in other sectors of the economy. Particularly, the relationship between trade and tourism is evident in many areas, such as: (1) in the increasingly importance of shopping as a travel activity and its significant contribution to the retail trade in tourist markets; (2) in the local production of goods and services; (3) in the opportunities for the employment of local people; (4) in the supply of tourismentities; (5) in providing logistical support for tourism industry, etc. Although all these topics deserve researcher`s attention, this paper step forward from them and focused on their mutual relationship in the context of environmental sustainability.

Practices of environmental sustainability may make good business sense by reducing harmful impacts of industry before the introduction of restrictive legislation and may also provide marketing tools to add value to products, or improve the corporate image with the public. Market interest for global issues related to the environment has been dated to the early 1970s with UN conferences which promoted the concept of eco-developmentwhereby cultural, social and ecological goals were integrated with the overall development. Then, in the 1990s, new term describing tourism development without negative environmental or social impacts - 'sustainable tourism' - emerged along with the term of 'ecotourism' which generally refers specifically to recreation in natural landscapes or threatened ecosystems such as rainforests.

As tourism industry is a combination of many activities ranging from construction and transport, food selection and supply, to the management of tourism entities, where each activity has different environmental impact, the achievement of good environmental practice is dependent upon the fulfilment of a number of requirements. Firstly, it is recognised thatco-operation should exist to facilitate the adoption ofsound environmental practice. For example, there should be an interest among local traders of how to get involved in shaping how tourism resources would be used, as the local businesses are central to the delivery of the tourist experience. Moreover, tourism industry has the possibility for promoting and selling local foodstuff. Secondly, thecontribution of technological advance in solving environmental problems should not be ignored. There is little doubt that technology hasmuch to contribute tosustainable resource use, although within the context of tourism its role is lessclear. On the one hand, technology has provided the means for reducing certainenvironmental impacts, such as EU building construction initiatives called „Green Buildings" focusing on reducing carbon dioxide emissions and energy and water efficiency, recycling, and so on. Thirdly, 'the adoption of a newsocial paradigmrelevant to environmental concerns`; herein lies what is, arguably, thegreatest challenge to its achievement. Namely, there is a shift in consumer attitudes as they show increasing health and environmental concerns. Business subjects improve communications about energy usage and potential financial savings, enable their customers to take action to recycle, reduce their energy usage and make greener choices. Moreover, all have given staff training to make their work more energy efficient and to encourage their „environmentally-friendly" proposals.

The focus of this paper is twofold - on the relationships between Croatian trade and tourism, which was explored from both trade and tourism perspective; - on the level of ecological awareness of subjects involved in investigated industries with theobjective to identify potentials for the increase of awareness as the result of the causality between them.

Following this introduction, the paper presentstheoretical background where short review on the causality of tourism and trade, as well as some basic data on trade and tourism activities in Croatia, are given. Then it explains a methodology and results of the qualitative study on the sample of managers in eight wholesale and retail companies and ten hotels operating in three most important tourism areas in Croatia: the county of Primorje-Gorski kotar, the county of Split-Dalmatia and the county of Istria. The paper then concludes with a summary of the major findings of the study.

## II. THEORETICAL BACKGROUND

### 2.1. The review on the causality of tourism and trade

Although there are many studies that highlighted the importance of tourism and trade, they mostly relate to peculiar components of both sectors (Assaker et al., 2011;Blazevic, 2007; Thomas and Thomas, 2006; etc.). In such a way, trade was explored in the area of retailing, distributive trade, etc., while tourism was explored in the area of special interests of tourism, tourism as the socio-cultural phenomenon and as the important part of the overall economic system (focusing on its relationships with other economic subsystems), economic effects of tourism spending, etc. There are some models (Assaker et al., 2011) which demonstrate the causal relationships between the primary constituents of the tourism destination paradigm – the economy (measured by several variables, and trade volume among them), society, and the natural and infrastructural environments – and demand for tourism at that destination. Meng and Xu (2012) study provide better information and understanding of the factors influencing tourist shopping behaviour, and lead to improved planning, marketing and management of sales, expenditures and opportunities in the tourism and retail industries.

### 2.2. Tourism activity in selected counties

Sutalo et al. (2011) used input-output model and Tourism Satellite Account to assess the total, direct and indirect contribution of tourism demand to the Croatian economy. According to the figures from the Central Bureau of Statistics, in 2014the tourism share of Croatian GDP was 17.2 per cent. The main reason for choosingthe county of Primorje-Gorski kotar, the county of Split-Dalmatia and the county of Istria for the study is that they are three most important tourism areas in Croatia which together accounted for 66per cent of totaltourist nights in Croatia.

**Table 1:Data on tourism activity in selected counties (2011)**

| *County* | *Tourist nights (mil.)* | *% of total tourist nights in Croatia* | *% of total hotel restaurant activity in Croatia* |
|---|---|---|---|
| Istria | 19.5 | 29,4 | 10,6 |
| Primorje-Gorski kotar | 12.2 | 18,4 | 12,5 |
| Split-Dalmatia | 12.1 | 18,2 | 12,3 |

According to the number of tourist nights in Table 1, it can be seen that tourism activity represents significant developmental chance for faster economic development of the Republic of Croatia.

Table 2 is given in order to provide the comparison of the situation in tourism and trade in investigated counties. There should be pointed out that the lowest percentage of trade activities of three counties in the total trade in Croatia is the result of the concentration of trade activities in the City of Zagreb (which accounted more than half of total turnover in Croatia).

**Table 2: Data on distributive trade activity in selected counties (2011)**

| *County* | *% of total legal entities and tradesmen in Croatia* | *% of total outlets in Croatia* | *% of total turnover in Croatia* |
|---|---|---|---|
| Istria | 4,1 | 4,2 | 2,2 |
| Primorje-Gorski kotar | 6,8 | 6,4 | 6,3 |
| Split-Dalmatia | 10,0 | 10,7 | 6,7 |

## III. RESEARCH METHOD

For the purpose of this study, a qualitative approach with open or semi-structured interviews was particularly suited for gaining a better understanding of the relationships between trade and tourism, the level of ecological awareness of subjects involved in investigated industry, and for identifying potentials for the increase of awareness as the result of the causality between trade and tourism. In-depth interviews with managers from the group of eight wholesale and retail companies and ten hotels in three investigated counties were conducted in the period September-October 2015. The research instrument was created after the secondary data analysis and included questions which intended to find out the level of cooperation between trade companies and hotels, about encouraging greening practices of trade companies andhotels, about encouraging green practices in the hotels` supply, for example using refillable containers instead of many bottles of shampoo/soap in guest rooms, favorizing local natural authentic food in a hotel restaurants, using large quantities (jam, Nutella, etc.) for breakfast instead of small packaging, serving drinks in glass bottles (no cans or plastic bottles) at hotel`s reception-bar and vending machines etc.In order to avoid unnecessary vast of time, the research instrument was sent to each subject few days before interviewing. Thus, the interview lasted on average about 15 minutes and was transcribed.Results of the interviews were analysed by categorizing the responses into major conceptual areas. Using a "scissors and paste" method responses were grouped by their contents to create larger categories.

## RESULTS AND DISCUSSION

In accordance with the structure of the research instrument, the analyses and their interpretation first refer to green initiatives taken in trade companies andhotels, then to role of supply in promoting environmentally friendly practices and the role of trade companies in promoting and supply of local food.

The findings of interviews among hotels revealed that the majority of investigated hotels are conducting additional education, such as seminars on environmental issues to their staff.They educate their staff on how energy conservation can reduce environmental impacts and financial cost.Employees are instructed on waste management strategies, recycling, energy consumption, etc.However, there is no co-ordination with other hotels in encouraging greening practices for the purpose of improving social and environmental performance across the entire Croatian tourism sector.In general, they undertake greening actions simply because it is the "right thing to do", and for the purpose of their hotel promotion as they are convinced that tourists are willing to pay premium price for green services/products.

In the context of retail industry, direct environmental impact includes energy consumption, air and water emission, solid waste stream, recycling, refrigerant use, food safety concerns, etc., and through the supply of hotels substantial opportunities for the environmental improvement are evident. Hotels are satisfied with the quality of the supply of trade companies which are their suppliers. They point out their mutual initiatives in packaging waste reduction. Namely, majority of investigated hotel managers pointed out that trade companies are supplying them with refillable containers instead of many bottles of shampoo/soap in guest rooms. On the other side, only small hotels accepted the offer of trade companies to use large quantities (jam, Nutella, etc.) for breakfast instead of small packaging. There is also possibility of waste reduction while serving drinks in glass bottles (no cans or plastic bottles) at hotel`s reception-bar and vending machines. However, only small number of investigated hotels implemented this practice. In general, mostly all respondents considered the range of goods and services offered by trade companies as too narrow with high prices.

The findings of interviews among hotels revealed that the majority of them were not relying on trade companies and their supply. Rather, they orderdirectly from producers. It is especially evident in the case of foodstuffs, because nowadays hotels and restaurants are trying to differentiate themselves on the market through the fresh and natural food of a higher biological value.

„Tourists are looking for something new, and authentic." (the owner of a small family hotel in Omiš, small town in the coastal part of Croatia).

As world trends are placing an imperative influence on the necessity for a strong and efficient synergy of tourism and food industry in Croatia (Renko et al., 2010), favorizing and promoting local natural authentic food in their offer could be valuable source of advantage for subjects in tourism and trade as well.

## CONCLUSIONS

Economic activities of tourism industry are directly related to the development of trade, which serve to meet tourists` requirements and to initiate tourists` consumption.In turbulent environment with intensified competition, increasing tourists` environmental and health concerns caused tourism enterprises to consider innovative approaches which lead to environmental care asa source of advantage. Improved environmental sustainability in urban hotels, for example, has been driven by regulations for planning, impact assessment, pollution control, biodiversity and heritage conservation, building construction, energy and water efficiency, recycling, and so on. This paper addresses environmental performance across the tourism sectorbut from an innovative perspective: from point of view of the relationship between trade and tourism. The findings from the interviews among trade and hotel managers operating in three most important tourism areas in Croatia suggest that although they are highly aware of the importance and benefits of environmentally sound management practices,that could be achieved in the co-operation with trade companies, hotels still have considered the perceived costs of the implementation of such environmental initiatives and the payback period as the main obstacles of its implementation.

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