

ENHANCING COMPETITIVENESS OF CRUISE DESTINATION BY IMPLEMENTING PORTER'S GENERIC STRATEGIES

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Abstract:

The cruise industry is the fastest growing segment of the travel industry achieving more than 9% percent average annual growth in the last forty years. Cruise ports are an important part of the program offered to passengers and unavoidable infrastructural facility for the ships. They are also an important element of the tourism experience that contributes to the creation of cruise passengers' satisfaction. The aim of this article is to explore the impact of Porter's strategies on the development and competitive advantage of cruise port. As a leading cruise port in the Croatian part of Adriatic, Dubrovnik is going through a phase of progressive growth where great potential of tourist resources is met with the challenges of sustainable development. The increase in demand for cruises and the continued increase in the number and capacity of cruise ships are creating problems for accommodation of passengers at the destination. Paper is showing results of the in-depth interviews with all participants involved in cruise tourism on the subject of encouraging and limiting factors of Dubrovnik's development as a cruise destination. It researches advantages and disadvantages of the generic strategies implementation on the market competitiveness of Dubrovnik as cruise destination in accordance with the principles of sustainable development.

Keywords: Cruise tourism, Porters generic strategies for cruise ports, Dubrovnik, sustainable development

Introduction

Cruising is the most dynamic segment of the tourism industry. Intense demand for cruises is a consequence of the development deals that are adapted to the demands of passengers. Over the years cruise lines have differentiated their offer, expanded itineraries to include more diverse ports of call and convenient embarkation ports as well as innovative onboard amenities and facilities.

Visited ports are a very important factor for the overall cruise experience and cruise tourism has a significant economic impact on visited ports. In order to increase economic and other positive benefits of cruise tourism whilst reducing its negative effects cruise ports need to plan their further development and set their long term goals in order to stay competitive. By implementing Porter's generic strategies cruise ports can set directions of their further development and investments.

Tourism in Dubrovnik has a long tradition. Dubrovnik has a very diverse and preserved nature and cultural tourism potential and is one of the most important tourist destinations in Europe and also one of the most important and most-visited cruise ports / destinations in the Mediterranean. The city of Dubrovnik is faced with the problem of large concentrations of ships and passengers in a short period of time and the problem of inadequate organization of passengers and ships at the destination. More and more mega ships, large concentrations of ships in port, limited opportunities for the reception of large ships are starting to raise a question if positive or negative effects of cruise tourism are prevailing in impacting in the stationary tourism, the economy, the life of local residents and the environment. Many ships docking in the port and many cruise passengers in Dubrovnik requires better organization, closer cooperation of all stakeholders directly and indirectly involved in the cruise tourism. By investing exclusively into development of port infrastructure for reception of cruise ships and passengers and by improving organisation in the port it is not possible to solve the present problem of cruise tourism. In order to stay competitive on the market Dubrovnik needs to set the objectives for further sustainable development.

Development of cruise tourism in the Mediterranean

Cruising became a major phenomenon, with cruise companies building new ships in the 1970s designed specifically for cruising and gained even greater momentum in the 1980s and especially 1990s (Mancini, 2000, p.8). In the early 80s, cruising noted slightly less than two million passengers (Worldwide Cruise Ship Activity, 2003, p.19). The trend of growing demand continued, and in 1999 there were 8.59 million cruise passengers while in 2010 the number of passengers doubled to 18.8 million.

Table 1: International demand for cruises (mil. passengers)

	1999	2005	2006	2007	2008	2009	2010
North America	5.86	9.96	10.38	10.45	10.29	10.40	11.11
Europe	1.88	3.15	3.44	4.05	4.46	5.00	5.54
Rest of the world	0.85	1.21	1.29	1.37	1.45	2.10	2.25
Total	8.59	14.32	15.11	15.87	16.20	17.50	18.8

Source: Contribution of cruise tourism to the economies of Europe (2010), G.P. Wild (International) Limited and Business Research & Economic Advisors, p. 4.; Contribution of cruise tourism to the economies of Europe (2011), G.P. Wild (International) Limited and Business Research & Economic Advisors, p. 8.

The biggest generating market is North American market with 59% share and the second most important generating market is Europe with 29% share in 2010. The cruise tourism in the Mediterranean started its rapid growth in the 1990s. In the period 1993 – 2010 the demand for cruise trips in the Mediterranean increased significantly, from 3.6 million pax/night to 27.69 million pax/night (Methodology for MedCruise Port Evaluation & Mediterranean Market Report, 2002, p 33; Contribution of Cruise Tourism to the Economies of Europe, 2011, p.8).

The leading cruise region is the Caribbean, followed by the Mediterranean. Last few years have shown an increase in demand for Mediterranean cruises from all the world markets, especially European. The European market increase in demand for cruising is closely connected to the development of the Mediterranean as a cruise region because travelers mostly decide to cruise in the areas closer to their place of residence.

One of the main shortcomings of Mediterranean as a cruise region is seasonality. Cruising season is from March/April to October/November. Some European companies leave their ships in Mediterranean throughout the year and promote the concept of a whole year cruising in the region. Mild climate is also contributing to the development of the whole year cruising. One of the indicators of the cruise industry development in Mediterranean is a continued growth in number and capacity of the ships. Because of the increase in demand for Mediterranean cruises, more and more cruise companies are present in the region. Capacity calculated by number of lower berths in 2010 in comparison with 2001 more than doubled from 85,242 to 190,114 lower berths (Lloyd's Cruise International, 2002, p. 21; Contribution of Cruise Tourism to the Economies of Europe, 2011, p. 8).

Together with the increasing number of cruise companies and ships in the Mediterranean, the size of the ships sailing in the region has also increased. Cruise companies, encouraged by the growth of demand are placing ships with increased capacities in the region. Increase in number of megaships in the Mediterranean is also influenced by the fact that many cruise companies only have mega-ships in their fleet.

The bigger significance of Mediterranean in the world cruise market is evident through the development of Mediterranean coastal areas, development of home ports and ports of call, which are today, by the number of passengers, among the leading world ports.

Table 2: Leading Mediterranean Cruise Ports in 2010 (Thousands of Passengers)

Port	Country	Total
Barcelona	Spain	2,348
Civitavecchia	Italy	1,920
Venice	Italy	1,617
Palma de Mallorca	Spain	1,347
Piraeus	Greece	1,210
Naples	Italy	1,118
Dubrovnik	Croatia	970
Tunis	Tunisia	850
Livorno	Italy	825
Santorini	Greece	758

Source: Contribution of cruise tourism to the economies of Europe (2011), prepared by G.P. Wild (International) Limited and Business Research & Economic Advisors, February, p. 9

Barcelona is the first port in the Mediterranean. Second place is held by Civitavecchia, followed by Venice. The five leading Mediterranean ports are also the major home ports. Dubrovnik, as mostly port of call is in the 7th place. Only Naples, a port of call as well, recorded higher traffic in 2010. Dubrovnik, the leading Croatian cruise port, presents an important point on the route between Eastern and Western Europe because of its favourable position while cultural and historical sites also make it a must see destination.

Cruise tourism brings many benefits to home ports, ports of call and coastal regions. Ship docking in ports for a day or a few hours does not only mean increased traffic in the ports, but also increased travel and expenditure of tourists in the city and region by buying trips, food and drinks, visiting cultural and historical sites etc.

Positive impacts of cruise industry on visited ports are:

- significant economic impact in port regions, cities and countries,
- positive promotion of ports/cities,
- significant number of jobs generated by the cruise industry,
- cruising is an important vehicle for sampling destination areas to which passengers may return on a land-based vacation.

As a result of the European cruise operations the cruise industry generated significant economic impact in Europe. The total economic impacts of the cruise industry in 2010 included the following (Contribution of Cruise Tourism to the Economies of Europe, 2011, p. 2):

- €35.2 billion in total output,
- €14.5 billion in direct spending by cruise lines and their passengers and crew,
- 307,526 jobs (full time equivalents), and
- €9.3 billion in employee compensation.

Negative impact of cruise industry on visited ports:

- overcrowded ports and tourist attractions that can have negative influences on land based tourism and the quality of life of the local inhabitants,
- environmental impact on port regions and on a more general basis on Europe as a whole,
- growth has led to capacity issues in ports, surrounding port regions, and tourist attractions.

The spontaneous development of cruise tourism in many Mediterranean countries increased the negative effects of cruise tourism, especially in smaller Mediterranean ports of call. Despite the negative impact on the development of sustainable tourism, cruise tourism has an important role in the strategy of tourism development of many Mediterranean countries because of the significant economic impact.

Porter's generic strategies for cruise ports

Port and destination should be observed as a whole, because it is not possible to develop sustainable cruise tourism without the joint strategy. The development strategy of cruise tourism should be coordinated with the strategy of tourism destination development. The port

authority and destination, according to resources and potentials they possess, must set out strategic goals for further development.

Directions of port/destination development

According to the study „Tourist facilities in ports, enhancing sustainable growth of cruise tourism in Europe “ investing in tourist facilities in ports is dependent on the objectives that are set by the ports. Three “ideal” objectives can be formulated for cruise ports (Tourist facilities in ports, Enhancing sustainable growth of cruise tourism in Europe, 2009, p. 31):

- becoming a pure turnaround destination,
- becoming a pure transit destination,
- becoming a cruise tourism hub.

Ports that have a port region with low tourist attractiveness should try to position their destination as a turnaround destination. The accessibility is the main factor in the success of developing turnaround destination. A port within a region that has a low level of attractiveness to tourists should only attract cruise tourism to its region if there is sufficient domestic or international demand for a turnaround point in the port’s region. Good example is the port of Southampton, situated close to multiple transportation hubs and serving as a turnaround port for the United Kingdom.

Ports that are operating within a region with high tourist attractiveness can choose between two strategies, becoming either a pure transit destination or a cruise tourism hub. Becoming a cruise tourism hub is the ideal objective to pursue, but there can be only a few hubs within one cruise region. To become a pure transit destination ports should focus primarily on excellent tourist facilities in the port and its hinterland, whilst at the same time maintaining its focus on receiving limited groups of cruise tourists. Typical example of a pure transit destination is Mykonos in Greek archipelago, extremely attractive tourist destination but because of its lack of connections with its direct surroundings, mostly due to the fact that it is an island, the port is unsuitable for turnaround activities.

Ports can be developed as a cruise tourism hub if it has very high tourist attractiveness, it is easily accessible and has developed port infrastructure. To keep its position on the market, a destination must constantly improve all three mentioned characteristics and maximize its potential. Best example is Barcelona, which is the largest cruise port in Europe in passenger terms. Barcelona is a popular tourist destination and has a port directly situated near the city centre. Ports/destinations that belong to this category are often met with the problem of port congestion because of the large number of ships and passengers questioning the sustainable development of cruising tourism. To avoid these problems special attention must be paid to long-term investments.

Porter’s strategies for cruise ports

Every destination has to choose a strategy for meeting the set goals. By implementing one of three Porter's generic strategies port can be developed as a turnaround destination, transit destination or cruise tourism hub. Three generic competing strategies by Michael Porter that provide a good starting point for strategic thinking are (Kotler et al., 2010, p. 98):

- overall cost leadership: the goal is to achieve the lowest cost. The real key is to achieve the lowest costs among those competitors adopting a differentiation or focus strategy,

- differentiation: the goal is to achieve superior performance in an important customer benefit area valued by a large part of the market,
- focus: the focus is on one or more narrow market segments. The firm gets to know the needs of these segments and pursues either cost leadership or a form of differentiation within the target segments.

A service organization can use several ways to achieve the strategic goal of low cost services: seeking out low cost clients; standardizing customized services; reducing human influence/the personal element etc. There are also a several options to improve and differentiate a service. It can be done by: making the intangible service (more) tangible; customized standard services; quality control; give attention to training and value-added per employee; and influencing customers' expectatiopns of quality. Organizations focussing their service on one segment or providing one well executed service for more segments achieve both lower costs and higher service levels. A combination of low costs, high quality and strong focus may lead to higher productivity (Kasper et al., 1999, p. 324-330).

Organizations have to decide which strategy to follow or otherwise they are in danger of getting stuck in the middle. Term stuck in the middle applies to those firms that try to be good on all strategic dimensions, but these firms end up being not particularly excellent at anything and in extremely bad strategic position. Those firms don't possess a single competitive advantage. This strategic position is usually a recipe for bad business management and almost guarantees low profitability. Every generic strategy requires different approach in creation of competitive advantage (Renko, 2005, p. 194).

Three generic Porter's strategies (cost leadership, differentiation and focus) allow the ports/destinations development as (Tourist facilities in ports, Enhancing sustainable growth of cruise tourism in Europe, 2009, p. 27):

- the operationally excellent destination,
- the individual tourist oriented destination,
- the exclusive/unique destinations.

The operationally excellent destination

The operationally excellent destination is driven by minimizing costs and handling tourism flows in the most efficient manner including costs control, economy of scale and maximum productivity of employees. In the port that uses this strategy it is necessary to carry out all the activities to achieve the lowest possible expenses among competitive ports that implement similar strategy. This type of destination is mass-driven, and has excellent accessibility and facilities for the reception of mass tourist flows. They are mainly developed as a pure turnaround destination. Investments in port infrastructure must be focused on improving the ship-destination-passenger interface, (cruise berths, passenger terminals, sufficient parking lots for coaches, etc.).

The individual tourist oriented destination

Strategy of differentiation, among other things, involves great marketing abilities, creativity, developed image, highly qualified workforce and creative individuals with the goal of reaching a unique position within a certain industry. Destinations that employ this strategy must focus on delivering high value cruise to passengers that wish to choose how to organize

their time and activities at the destination they are visiting. The destination offers high accessibility to its tourist attractions is tourist friendly and offers excellent tourist facilities in its port and immediate surroundings. This type of destination can be developed as a pure transit destination or a cruise tourism hub. Investments in port and urban infrastructure and suprastructure must be directed in the improvement of cruise berths, public transport, better information for passengers about tourist attractions, etc.

Exclusive/unique destination

Strategy of focusing implies a combination of mentioned demands directed at a chosen segment or a group of segments in a certain industry. The exclusive/unique destination focuses on small segments of the tourism market that seek uniqueness. This destination is mostly located in the proximity of large ports so that tourist hotspots can still be visited within acceptable time frame. It offers excellent port facilities, but is relatively inaccessible from its hinterland. Such a type of destination is in general developed as a pure transit destination. Investments need to be directed to maintenance/improvement of the destination's uniqueness.

Development of port/destination as a pure turnaround destination

Ports in region with low tourist attractiveness can achieve their maximum in the short-to-medium term if they become a pure turnaround port. Since it is difficult to influence the level of tourist attractiveness of a destination, ports/destinations of this category should not try to position themselves as an attractive transit destinations or a cruise tourism hub because the benefits to be achieved will not outweigh the costs that will need to be incurred in order to attract cruise tourism. In regions of low tourist attractiveness ports should, from economic viewpoint, develop cruise tourism only if there is sufficient domestic or international demand for a turnaround point in the region. Favourable geographic position and good connections with domestic and foreign emissive markets are the most important factors for development of a turnaround destination. To maximally exploit the opportunities and to overcome the threats these ports/destinations should choose the strategy of operational excellence. This strategy allows ports to use the opportunities for more turnaround activities and reduce the threat of lower port charges and less expenditure per passenger.

Development of port/destination as a transit destination

Ports in the regions of high tourist attractiveness can be developed as pure transit destination or cruise tourism hub. Although the ideal objective for many ports is to become cruise tourism hub, the fact is that it will only be a few hubs in Europe. From the economic viewpoint development of a destination as pure transit destination can be efficient considering the economic benefits from cruise tourism since the investments required in order to become a turnaround hub may be significant. Ports that set the goal of developing as a pure transit destinations can use one of two generic strategies: to differentiate as individual tourist oriented destination or to become exclusive/unique destinations.

The positioning of the port depends on the strategy they choose in relation to competitive ports and availability of tourist attractions. If the port/destination decides to employ the strategy of differentiation it must focus on delivering high value to the passengers that wish to choose the organization of their time and activities at the destination. Regional efforts and investments in enhanced tourist friendliness are important part of this strategy.

Ports/destinations that have the goal of becoming exclusive/unique transit destinations have to, first of all, focus on development of tourist infrastructure in ports and their hinterland and at the same time take measures to limit the traffic of ships and passengers on cruises.

Development of port/destination as a cruise tourism hub

Port/destination that aims to become or keep the status of cruise tourism hub, to completely exploit the opportunities and overcome the threats, has to follow the strategy of differentiation and develop as individual tourist oriented destination, in which all tourist attractions are easily accessible for sightseeing. To exploit the opportunities (more turnaround activities, more tourist activities, younger passengers and mass tourism) port/destination must focus on development of necessary port facilities, better traffic accessibility and hospitality of local inhabitants.

Development of cruise tourism in Dubrovnik

Dubrovnik is the leading Croatian cruise destination with 80% of traffic in Croatian part of Adriatic. Taking the advantage of its extraordinary tourist potential with the cultural, historic and natural resources as well as geographical; being the most convenient station between Venice and Greek ports; Dubrovnik became a “must see” destination in the Mediterranean. Dubrovnik, as a cruise destination, is mainly developed as a transit destination and it is rarely the home port. Dubrovnik is among top 10 ports with the highest traffic in the Mediterranean.

Cruising is a very important factor for economic prosperity of Dubrovnik. Furthermore, it brings positive promotion of the city in the whole world. Primarily, positive word of mouth and the fact that companies that include Dubrovnik in their itineraries promote Dubrovnik in their promotional materials, which is a form of free promotion. There is also a possibility that passengers that visited Dubrovnik during the cruise return on a land-based vacation.

The most prominent negative impact of cruise industry in Dubrovnik are overcrowded tourist attractions that have negative influence on land based tourism and the quality of life of the local inhabitants. According to the study report (Integrated cruise tourism management in Dubrovnik, 2011, p. 64), the carrying capacity of Dubrovnik as a cruise destination is 8.555 passengers during peak morning hours in high season. The calculation is based on the estimates that 80% of cruise passengers visit the Old Town of Dubrovnik while other cruise passengers take excursions in the surroundings areas or remain on the ship. Considering the expected growth of number of ships and passengers in Mediterranean, better organization of reception and transport/traffic of passengers is inevitable, as well as more balanced schedule of ship moorings over the year, in a month, week and days of the week as well as an offer of larger number of trips to Dubrovnik surroundings.

Dubrovnik as a cruise destination is marked by the mega cruisers traffic in the contemporary segment (42,5%), short stay of ships in the port and the fact that it is the main Croatian port for most of the itineraries. The main characteristics of cruises on mega ships are large number of passengers (more than 2000), short stay at the destination, extremely abundant offer of facilities on the ship and the duration of cruise most often three, four or seven days (Integrated cruise tourism management in Dubrovnik, 2011, p.31). The analysis of the cruise passenger traffic dynamics by months shows that as much as 85% of the traffic takes place from May to

October and the peak of season is July, August and September (Integrated cruise tourism management in Dubrovnik, 2011, p.37).

Attitudes of stakeholders who are actively involved in the development of cruise tourism

In depth interviews¹ on the subject of current state and future guidelines of development of cruise tourism in Dubrovnik were conducted with the representatives of institutions and companies that are actively involved in the development of cruise tourism in Dubrovnik. The questions were regarding the encouraging and limiting factors of cruise tourism development, strengths and weaknesses, the management of ships and passengers accommodation in the destination and guidelines for further development of cruise tourism in Dubrovnik. In depth interviews were carried out with 15 experts, representatives of County Port Authority, Port Authority of Dubrovnik, Dubrovnik Tourist Board, Dubrovnik-Neretva County Tourist Board, Dubrovnik County Chamber, Destination Management of city of Dubrovnik, ship agents and tourist agencies.

All interviewed are aware of positive impacts of cruise tourism on destination and they support further development with better organization of all directly involved in that sector. They also emphasize the need of forming a coordination body that will manage the ships' and passengers' traffic and remove the traffic congestion problems and agree about the necessity to form a coordinating authority composed from representatives of all stakeholders who are actively involved in cruise tourism, but there is also a degree of skepticism about that kind of cooperation in practice.

Most of interviewed agree that the number of ships' moorings should not be limited, but a tariff policy can influence a more balanced schedule of calls during the week, month and year as well as the duration of ships' stay in the port. They are advocating better organization of ships' and passengers' reception and they are prepared to be included in coordinating body that would manage the development of cruise tourism. Because of the negative experiences in recent practice, they are urging for transparency and equal rules for all actively involved participants.

General opinion is that the main problem is traffic congestion on Gruž port – Old Town road but also that certain measures have been taken in that area that have, never the less, proved inadequate. It is considered that, to alleviate the road congestion and concentration of pedestrian traffic, it is necessary to immediately create guidelines for better organization and coordination of traffic and make long-term investments in roads to solve the traffic problem in the season. It is pointed out that it is possible to make arrangements at the beginning of the year for a special traffic regulation in peak days since information of mooring of several mega cruisers is available. It is also pointed out that cruise companies in the luxury market segment are ready for cooperation and the change of mooring schedule since traffic congestions decrease the attractiveness of the destination.

Opinions are divided when it comes to development of Dubrovnik as home port. Some viewpoints in the interviews were that Dubrovnik can be developed as a home port for smaller ships but that there are certain limitations and Dubrovnik will not be able to compete with Venice.

¹ Interviews were conducted for the study Integrated cruise tourism management in Dubrovnik

The results of the conducted in-depth interviews indicate that all participants agree it is necessary to manage further development of cruising tourism. They welcome the initiative of forming a managing, advisory and coordinating authority that would give guidelines for further development of cruise tourism and manage the traffic of ships and passengers. It is suggested that the authority gets formed within the city administration or that it functions as a part of Destination management of city of Dubrovnik on the voluntary basis. They are advocating further development of cruise tourism and according to the majority of the interviewed the tariff policy should regulate the traffic of cruise ships.

Possible development strategies of Dubrovnik as a cruise destination

According to possible directions of development of cruise tourism, Dubrovnik can be developed as: as a turnaround destination, as a transit destination or as a cruise tourism hub. Considering the brand of Dubrovnik, high level of tourist attractiveness of the region, geographic position and accessibility and the carrying capacity, the development of Dubrovnik as a cruise destination should be developed in long terms as:

- transit port/destination or
- as a cruise tourism hub.

First strategic option is development of Dubrovnik as a pure transit destination. According to the set strategic goal holders of the development must decide which generic strategy to follow, because every generic strategy requires different approach in creating competitive advantage. Dubrovnik as a cruise destination can choose the strategy of differentiation or strategy of focus.

Application of strategy of differentiation and development of Dubrovnik as an individual tourist oriented destination, allows better valorization of tourist resources in Dubrovnik and its surroundings, attracting new emissive markets and segments of passengers (younger passengers), but it also creates the problem of congestion due to large number of passengers from cruisers. Such development requires managing the traffic of ships and passengers as well as better coordination of all directly and indirectly involved in the development of cruising tourism.

Application of strategy of focus implies the development of Dubrovnik as an exclusive/unique transit cruise destination. In that case holders of the development of cruise tourism must set as a strategic goal focusing on one or more narrow market segments and take measures to limit the traffic of ships and passengers. They need to know well the needs of target market to adjust the offer to their demands and invest in development of facilities in port and destination. Dubrovnik has all the conditions for development as an exclusive/unique transit cruise destination, but it is questionable if it is its strategic goal.

Second option is the development of Dubrovnik as a cruise tourism hub (transit port and turnaround port). In that case holders of the development of cruise tourism must, in order to minimize the threats, apply the strategy of differentiation. The development of Dubrovnik as a cruise tourism hub implies great efforts and investments in port infrastructure and suprastructure, improvement of traffic accessibility and hospitality of local inhabitants.

Existing investments in the reconstruction of the port facilities in the main port of Gruž (passenger terminal and bus terminal as well as additional facilities like hotels, entertainment

and fun zone, public garage, multifunctional business facilities), proximity of airport, planned investments in the highway to Dubrovnik, development of accommodation, are the basis for considering the possibility of developing Dubrovnik as a cruise tourism hub in the context of preparing the strategic plans and politics of cruising development in Dubrovnik.

Most participants in cruise tourism in Dubrovnik agree that there is potential for development as a transit and turnaround destination. There are also opinions that Dubrovnik cannot compete with the cruise tourism hubs on the Mediterranean like Venice or Barcelona but in the long run it can be positioned as an alternative turnaround port for those cruise companies that are looking for alternative ports to big cruise hubs and that want to offer to more demanding and more experienced passengers new ports of embarkation. Speaking in favour of development of Dubrovnik as a turnaround port they stated the possibility of developing home-port operations for smaller ships. Their opinion is that attractiveness of Dubrovnik and its surroundings, with marketing efforts are the basis for attracting cruise companies in the luxury market segment to use Dubrovnik as home-port. Development of Dubrovnik as a cruise tourism hub opens many possibilities for developing pre and post cruise package.

Holders of the development of cruise tourism must have a clear vision of development of Dubrovnik as a cruise destination to overcome the negative and maximize the positive effects. Strategic thinking of development of Dubrovnik as a cruise tourism hub also opens the question of sustainable development and management of the destination, the question of cooperation between the port and all relevant town and county authorities, state institutions and all the stakeholders included in the development of cruise tourism. Joint strategy of development, tighter cooperation of direct and indirect holders of activities, better organization of cruiser passengers' stay and by redistributing the moorings of ships to the whole year there would be a realistic basis for development of Dubrovnik as a cruise tourism hub.

Conclusion

The cruise industry is the fastest growing segment of the travel industry achieving more than 9% percent average annual growth in the last forty years. Although cruises make less than 2% of global tourist market they are increasing their presence in the world. Cruise ports are an important part of the program offered to passengers and unavoidable infrastructural facility for the ships.

Port and destination should be observed as a whole, because it is not possible to develop sustainable cruise tourism without the joint strategy. The development strategy of cruise tourism should be coordinated with the strategy of tourism destination development. The port authority and destination, according to resources and potentials they possess, must set out strategic goals for further sustainable development of cruise tourism and to stay competitive on the market. Three generic Porter's strategies (cost leadership, differentiation and focus) allow the ports/destinations to stay competitive and to develop as: the operationally excellent destination, the individual tourist oriented destination and the exclusive/unique destinations. The operationally excellent destination is mass-driven and is mainly developed as a pure turnaround destination. The individual tourist oriented destination offers excellent tourist facilities in its port and immediate surroundings and can be developed as a pure transit destination or a cruise tourism hub. The exclusive/unique destination focuses on small

segments of the tourism market that seek uniqueness, offers excellent port facilities and is in general developed as a pure transit destination.

Cruising is a very important factor for economic prosperity of Dubrovnik. According to the conducted research Dubrovnik, as one of the leading cruise ports in the Mediterranean, needs to manage further development of cruise tourism and to form a managing, advisory and coordinating authority that would give guidelines for further development of cruise tourism. According to possible directions of development of cruise tourism, Dubrovnik can be developed as a transit destination or as a cruise tourism hub with all advantages and disadvantages that any of these alternatives has. The development of Dubrovnik as a cruise tourism hub implies great efforts and investments in port infrastructure and suprastructure and improvement of traffic accessibility. Dubrovnik as a cruise destination can choose the strategy of differentiation or strategy of focus.

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