



Tourism 2021 in Croatia

Benchmark analysis of hotels, camps and marinas in Croatia

April 2022



BlueRock
Consulting

Key messages

prof.dr.sc. Sandra Janković, Faculty of Tourism and Hospitality Management, University of Rijeka :

"The results achieved in 2021 indicate a rapid recovery and a good starting position for 2022 compared to Mediterranean competitors. Although hotels are still a long way from the 2019 results, generating 38% less revenue per available accommodation unit, there has been a significant increase in room prices by 22% on average. Camps and marinas are recording only 6% and 5% lower results respectively compared to 2019, with camps achieving this with an ADR growth of 6%, while marinas have not yet been able to achieve average prices from 2019 (-4%).

A challenge awaits tourism operators to achieve last year's KPIs, especially measured in the gross results, given the announced increase in labour costs and generally due to the inflation in the growth of business operating costs."

Emanuel Tutek, BlueRock Consulting, Partner:

„We are welcoming the new season ahead in a better financial situation than our competitors, and everyone is facing the challenge of justifying last year's prices and achieving EBITDA. There are three factors that may jeopardize the results in the short and medium term:

- ❑ Costs increase - rising prices of inputs and labour
- ❑ The imperative to deliver an adequate level of service that will justify the raised prices
- ❑ The return of competitive destinations will further increase competition, compared to the previous two years.”

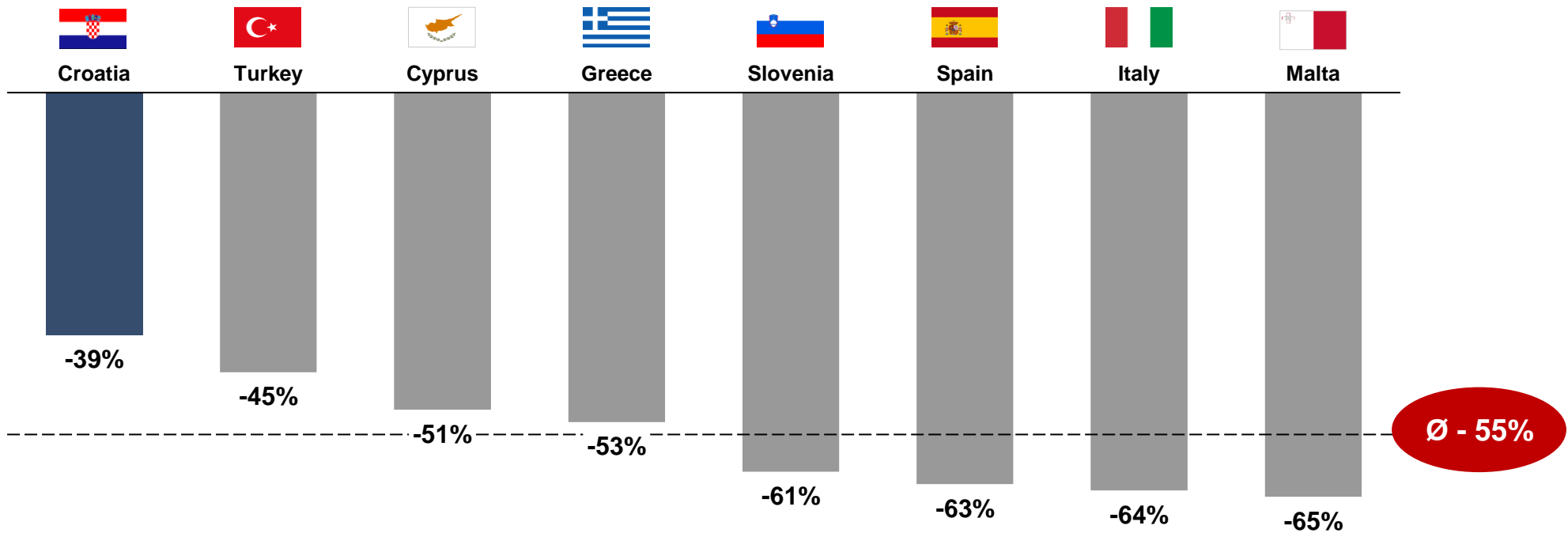
Croatian tourism is recovering well from the crisis- Prices are growing and recovery is more successful for higher added value accommodation, with obvious tendency of return of to the same seasonal tourism model

Summary

- In 2021, another COVID year, Croatia realized 23% fewer overnight stays compared to 2019
 - Such result indicates that the 2020, when the global health crisis forcibly reduced the volume and pressure on the Croatian coast and provided a slightly different holiday experience in Croatia, was only an exception, and the return to the old model of high-volume tourism, dependent on the sun and the sea can be expected
 - Croatia achieved the best results in the Mediterranean in 2021, that is, the closest to those of 2019 – while the average of international tourist arrivals of the Mediterranean was at -55%, Croatia achieved -39%
 - The pre-season was once again absent, while the summer season achieved only 17% less overnight stays compared to the summer of 2019
 - The return of traditional guests from the drive-in market is noticeable, while the return of fly-in guests is still far from 2019 in line with the global situation where travel restrictions were still in place, especially in Europe - that is why the biggest losses continue to be recorded by destinations dependent on fly-in guests, Dubrovnik and Zagreb
- **Hotels** are gradually recovering from the 2020 crash, while the year was marked by price increase across all types of accommodation facilities
 - Hotels recovery is the slowest with -39% of overnight stays achieved compared to 2019, as well as non-commercial accommodation with -23%, while camps and nautics have almost returned to 2019 levels
 - After maintaining the price level in 2020 during the crisis, when occupancy dropped significantly and hotels were hit by heavy losses, in 2021 hotels achieved a larger price increase of +22% of ADR, and, with still lower occupancy, they are at -38% of 2019 TRevPAR
 - In 2021, as in 2020, higher added value hotels (4* and 5*) performed better according to all key indicators
 - Thanks to a series of crisis management measures in 2021, from cost optimization and investment cycles' postponement to profit retention and crisis incentives' activation, hotel companies' EBITDA margins mostly grew despite still low revenues based primarily on lower volumes, but on a good path of recovery
- **Camps** have shown great resilience, especially in the mobile home segment
 - In 2021, a number of new camps were opened with development of the glamping segment. The shift is also seen in a number of camps developing year-round business models, i.e. offering their services during the winter months, in line with the new "long-stay" trends
 - Camps have seen a 6% increase in prices compared to 2019, with mobile homes recording a 7% increase in ADR and pitches by 2%
 - ADR growth and lower capacity utilization by 11% (of which mobile homes -3% and pitches and -13%) resulted in a 6% drop in earned income per available accommodation unit (RevPAR)
- **Marinas** demonstrated the greatest resilience and recovered the fastest, generating only 5% lower revenue per available berth compared to 2019 and 1% lower utilization
 - Marinas were the only ones who did not achieve an increase in the pricing (ABR) compared to 2019, but there was a decrease of 4% of the ABR

The Mediterranean is gradually recovering from the COVID-19 crisis, but international arrivals are still 55% lower than in 2019

International tourist arrivals in the Mediterranean, Δ 2019/2021

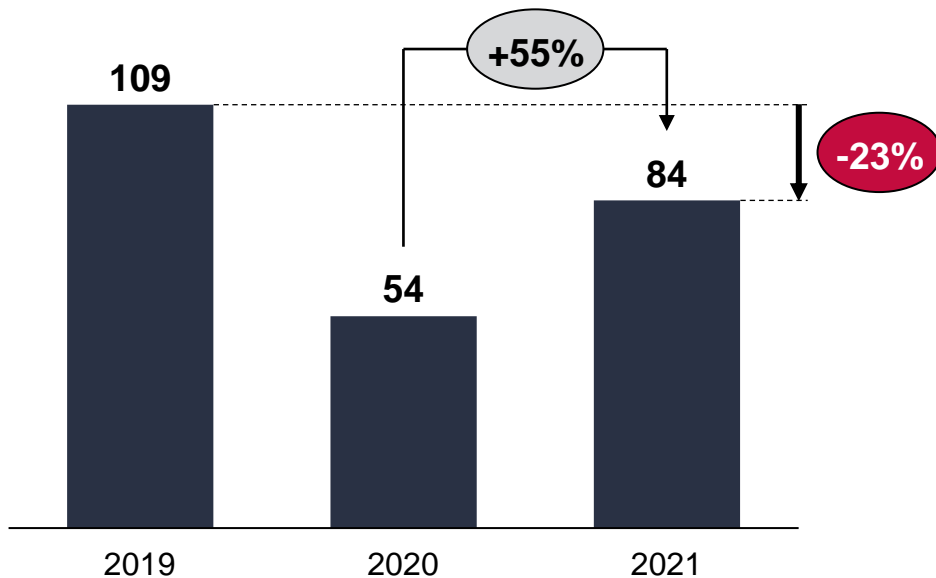


Croatia, based on the highest summer seasonality in the Mediterranean, had less losses than the Mediterranean average in 2021

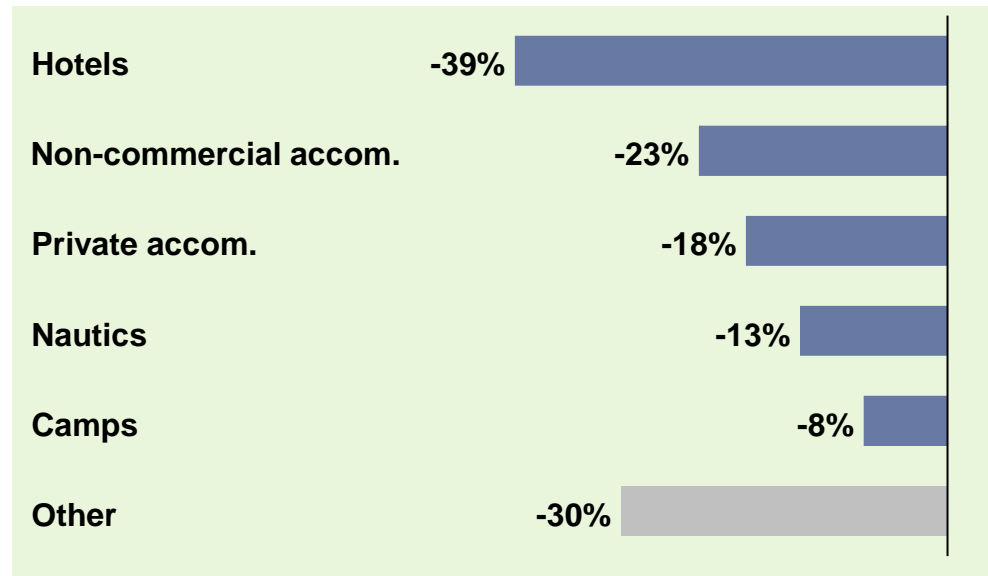
Croatia achieved 55% more overnight stays than in 2020, which is 23% less than in 2019

Number of overnight stays in Croatia, 2019-2021

Number of overnight stays (mil.)



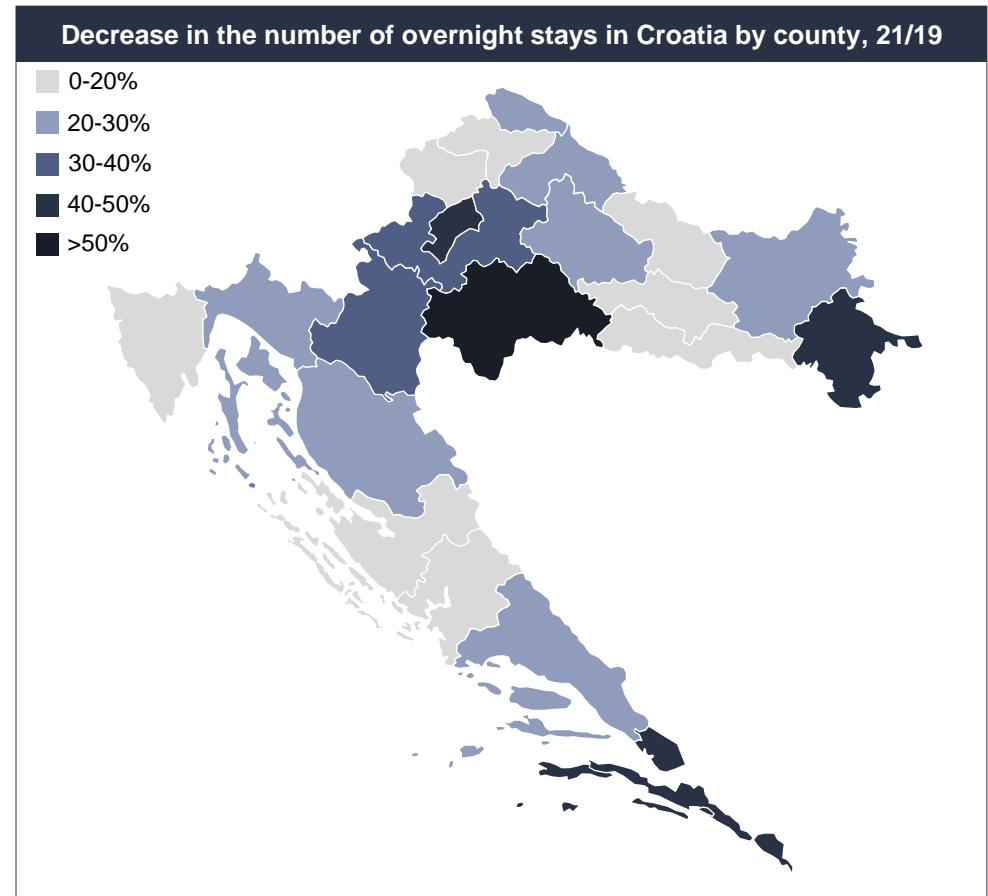
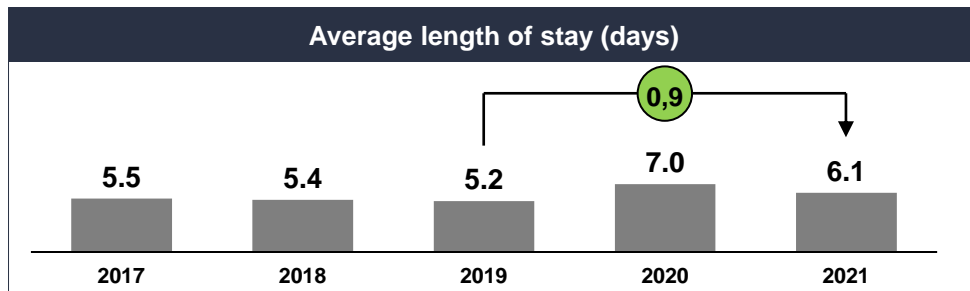
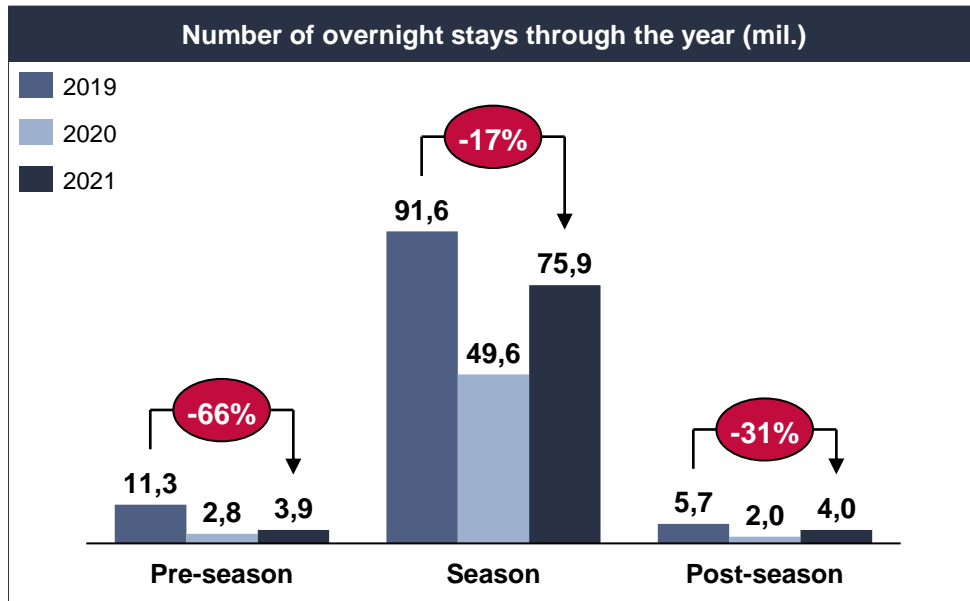
Comparison of the number of overnight stays by accommodation types (2019/2021)



- **Hotels still have the biggest drop in overnight stays (-39%)**, but have recovered significantly from 2020 when they had a 67% drop in the same period, and were most affected by the absence of guests from the fly-in market
- **Non-commercial accommodation and private accom.** as the most seasonal accommodation of the lowest added value lags behind in recovery
- **Nautics and camps are at the forefront of recovery speed** and return of guests

In the summer season, overnight stays were only 17% lower than in 2019, with an average length of stay of 6.1 days

Structure of tourism traffic in Croatia

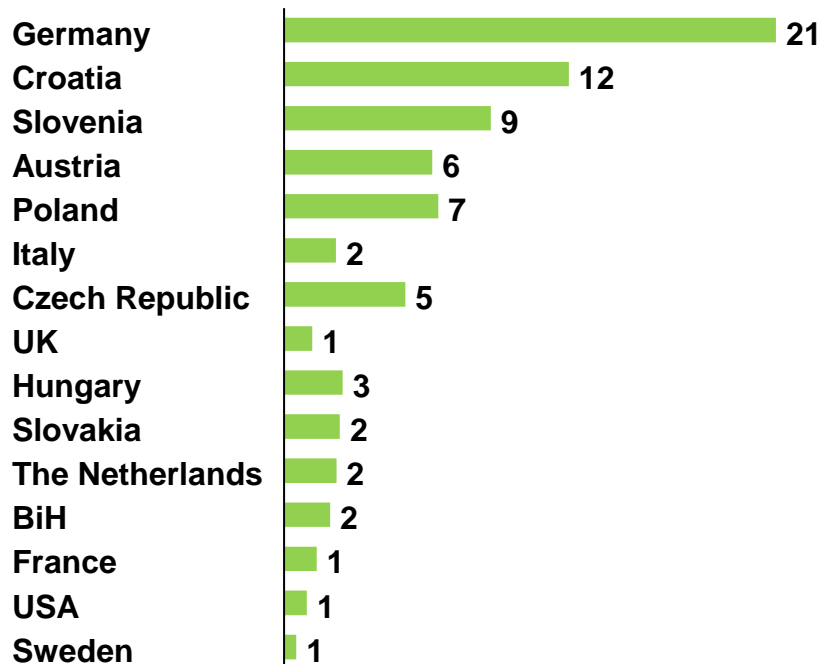


Note: Pre-season - the period from January to the end of May; Season - the period from June to the end of September; Post-season - the period from October to the end of December
Source: Croatian National Tourist Board, FMTU, BlueRock Consulting

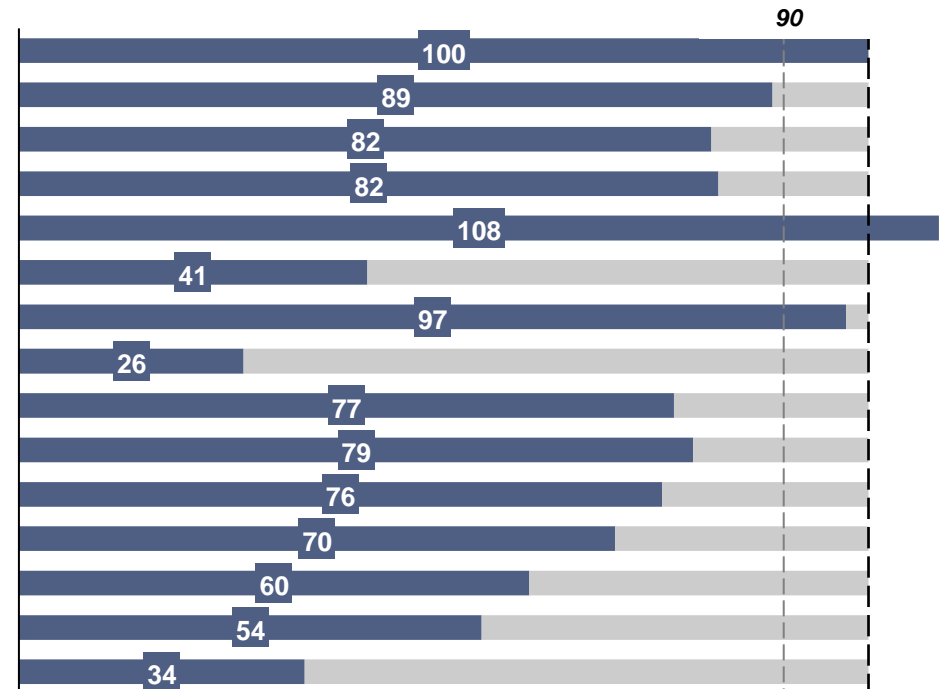
Traditional drive-in markets have returned in line with the overall recovery, while the fly-in guests are still significantly absent

Overnight stays in Croatia by source markets¹

Number of overnight stays, 2021 (mil.)



Overnight stays, 2021/2019, index



100= 2019

- In 2021, demand was still dependent on the availability and regulation of travel
- The number of overnight stays is the result of the dominance of the drive-in market, while the fly-in markets, are still far from the results from 2019

1) Top 15 source markets in the order of the highest number of overnight stays in 2019
Source: Croatian National Tourist Board, FMTU, BlueRock Consulting



Hotels



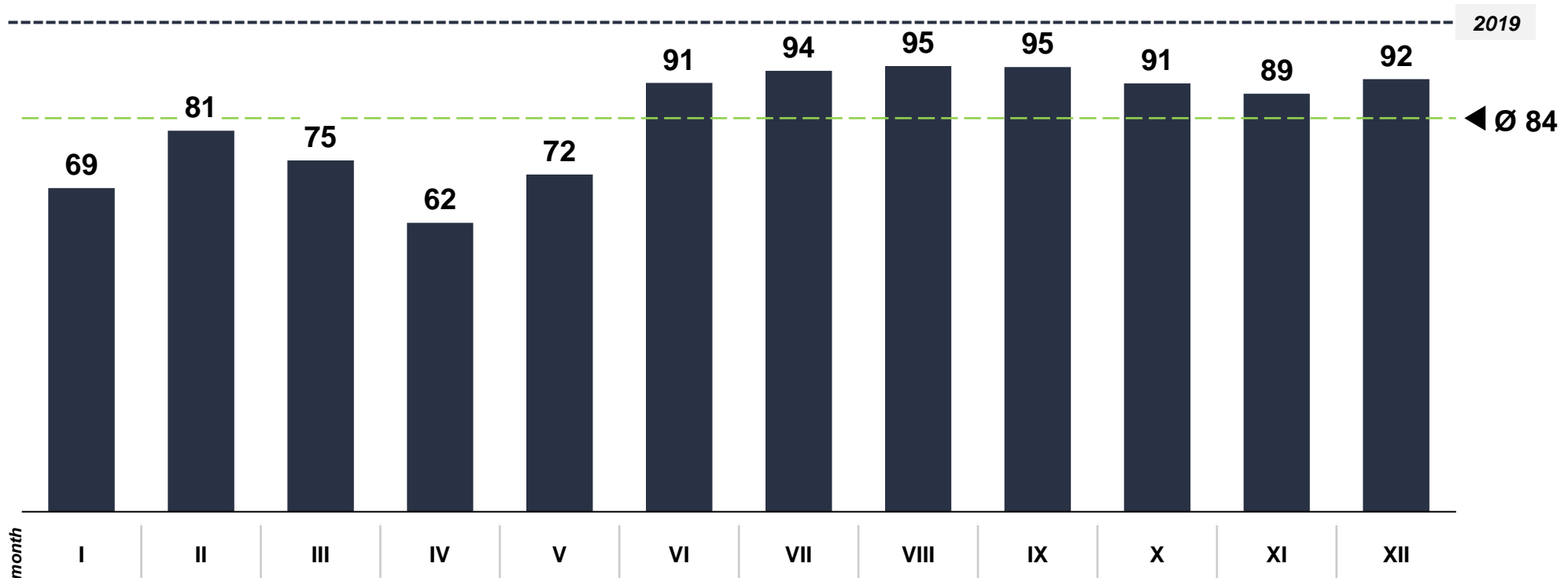
Camps



Marinas

Less hotels have been operating compared to 2019, and some of them did not open even in the peak season

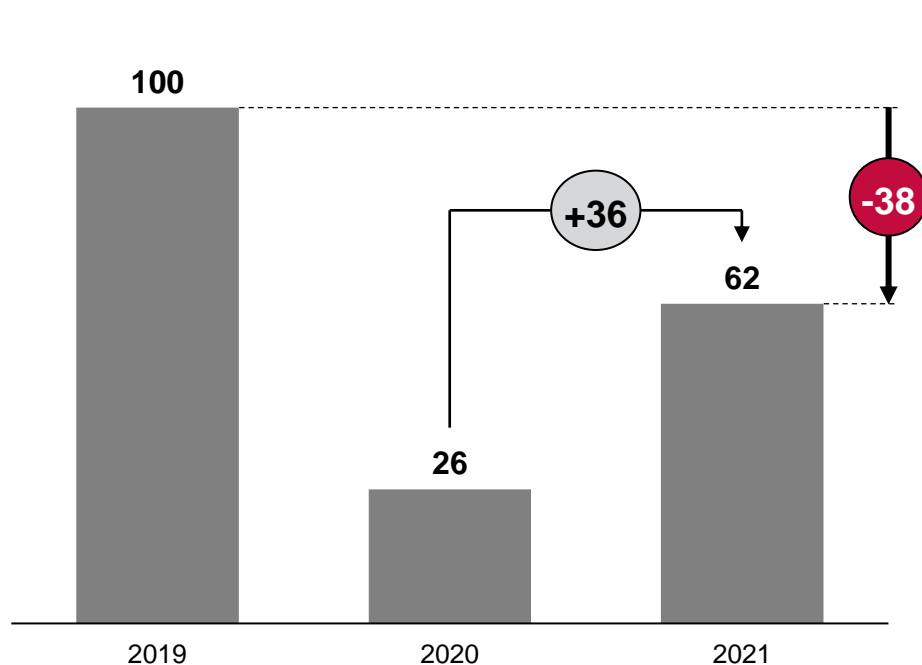
Hotels with a minimum of one overnight stay, 2021/2019, index



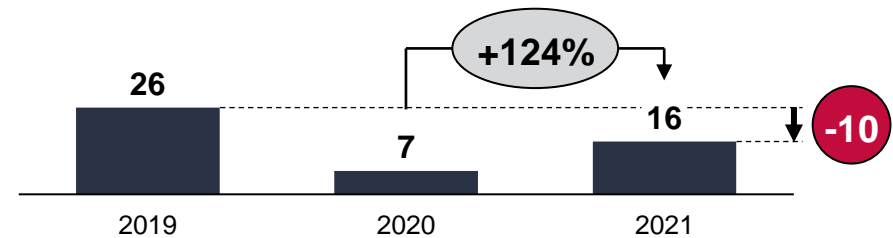
Hotels generated 38% lower revenue on average compared to 2019, which is a significant recovery from 2020

Hotel revenue analysis in Croatia, 2019-2021

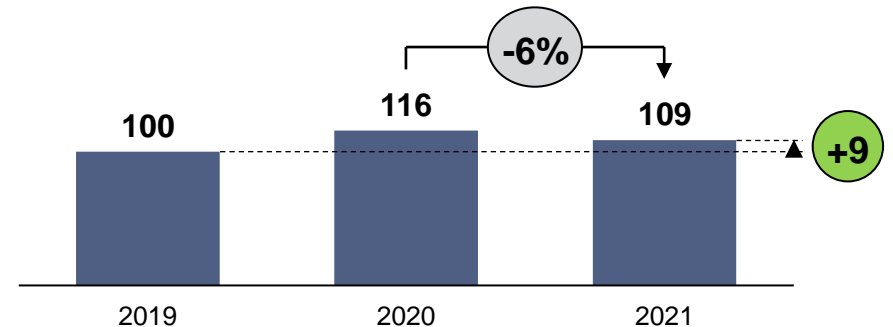
Total revenues, index



Number of overnight stays (mil.)



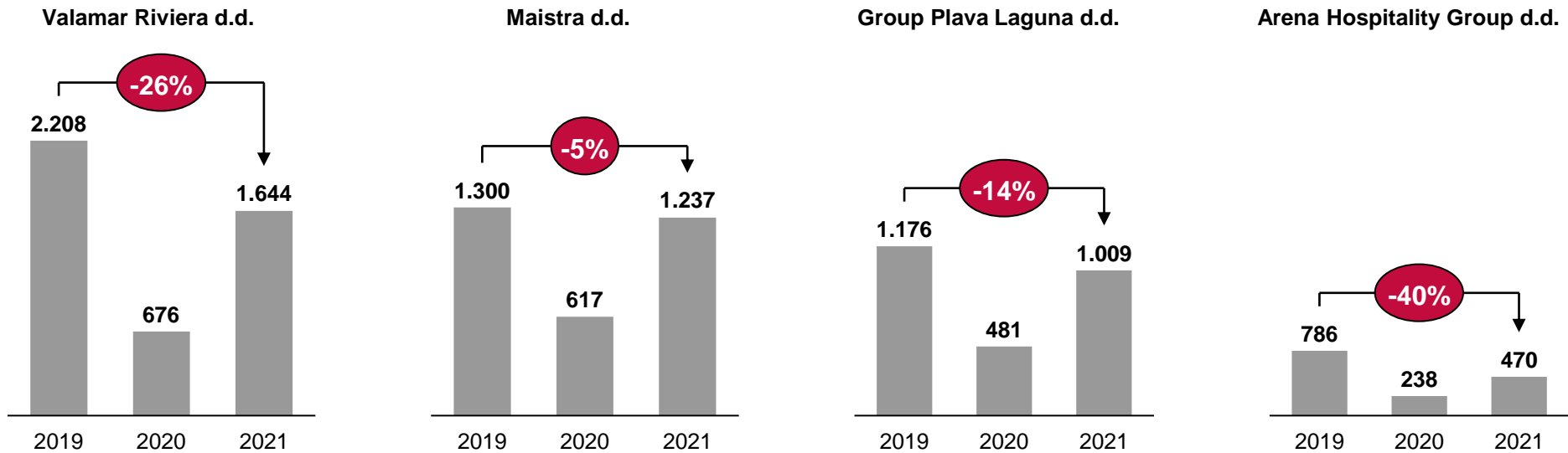
Average revenue per overnight stay, index



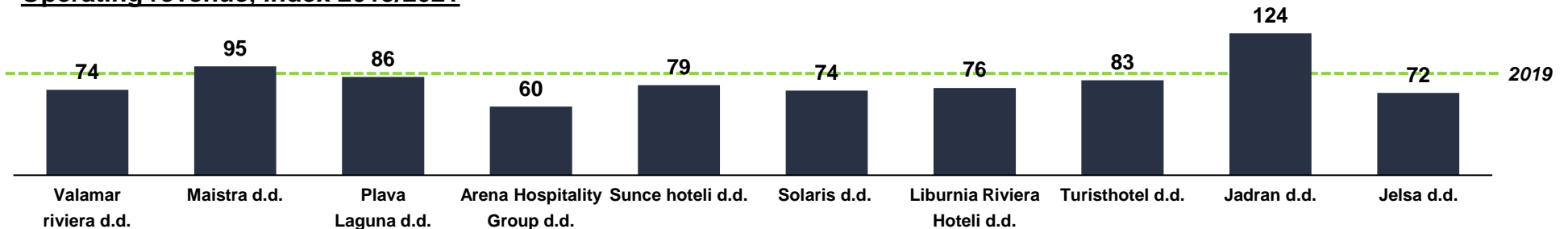
In 2021, the average income per night was hotels is 9% higher than in 2019

The operating revenues of the largest Croatian hotel companies are recovering, but have not yet reached the results from 2019

Leading hotel companies revenue analysis in Croatia, mil. HRK, 2019-2021



Operating revenue, index 2019/2021

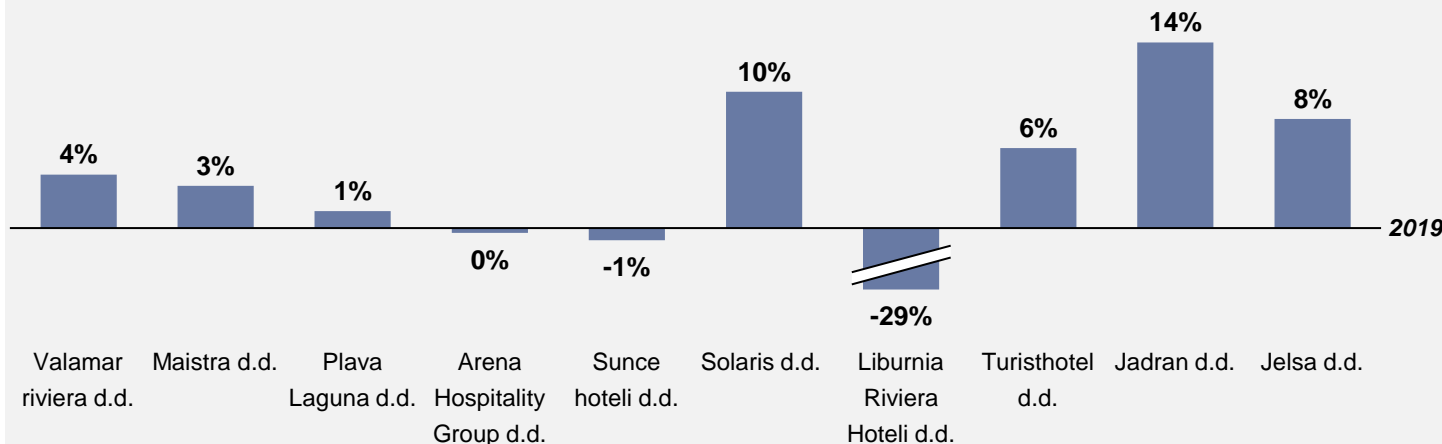


Note: The most recently available reports used as of March 1st, 2021; Consolidated
Source: Zse.hr- financial reports, FMTU, BlueRock Consulting

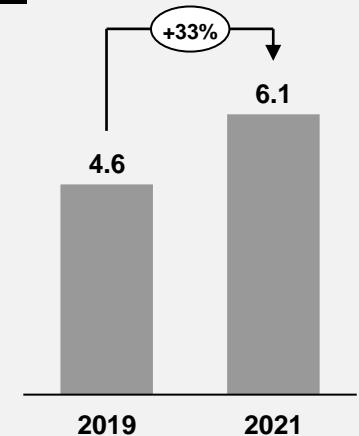
Companies have increased EBITDA margins, whose retention will be challenging with new market trends

EBITDA margin analysis of leading hotel companies in Croatia, 2019-2021

Change in EBITDA margin 2019/ 2021, percentage points



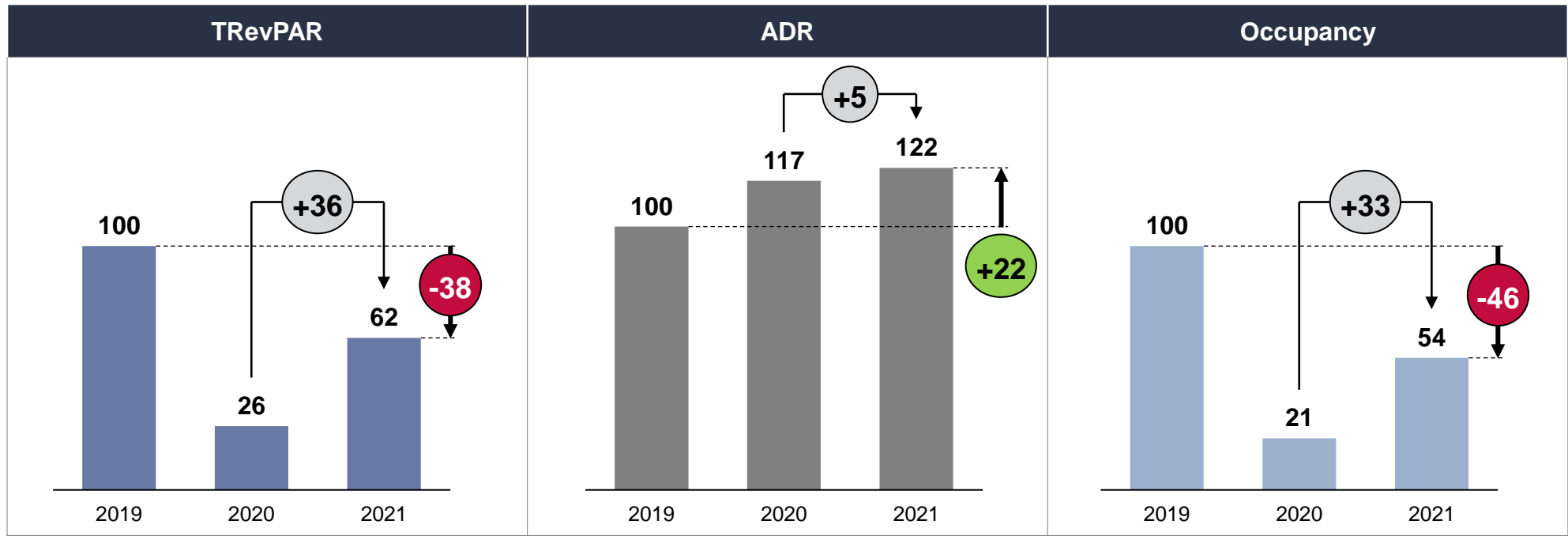
Average debt-to-EBITDA ratio



- **Hotel companies have successfully managed both the revenue and costs in challenging crisis conditions and were able to raise EBITDA levels compared to 2019** thanks to several management measures, from cost optimization and investment cycle deferral to profit retention and activation of crisis incentives, and raising the price that was a key factor in increasing EBITDA
- **In the future, the challenge of maintaining the EBITDA levels is anticipated, given the increase in costs**, from inputs to labour costs, and with **the imperative of a high level of service that will have to justify a high level of price**
- As part of crisis management, companies have successfully borrowed money, which is why the **debt-to-EBITDA ratio has increased, and return to previous levels will be challenging** even though some companies have a good position of their own to achieve this and respond to this challenge

The year was marked by an increase in prices- ADR grew by 22% on average

Hotels key operating indicators, 2019-2021, index



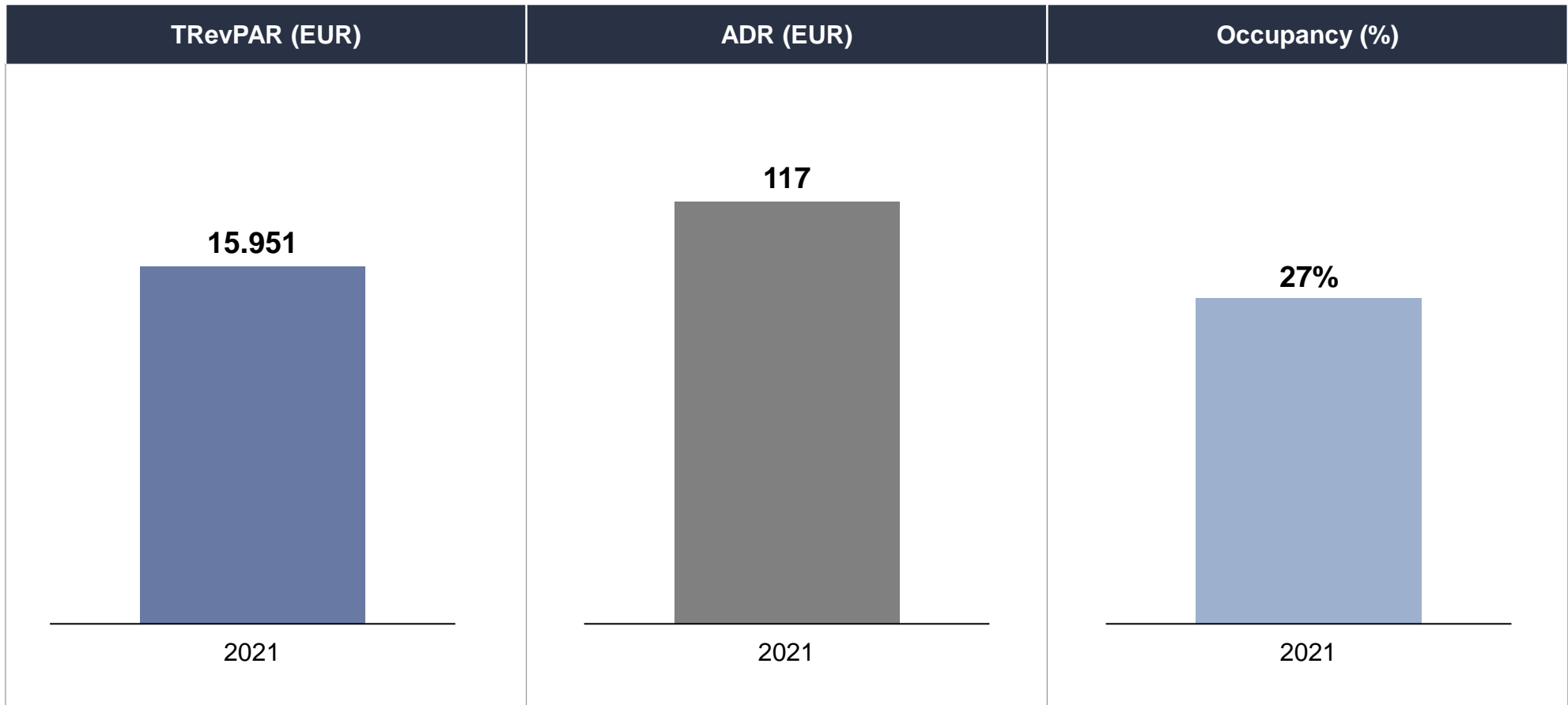
- During COVID crisis, **ADR has grown**, which is partly due to the increase in hotel pricing, but also of ADR as an indicator which is dependent on the period of hotel operation- which was in Croatia predominantly in the peak summer season when prices are usually the highest, while in the period of lower occupancy hotels were not operating in 2020 and 2021
- **The price increase is still insufficient to compensate TRevPAR loss** due to occupancy, which was still at -46% compared to 2019

TRevPAR= total revenue per available room; ADR= average daily rate

Source: Benchmarking Croatian hotel industry (BHH) – Faculty of Tourism and Hospitality Management, Opatija, BlueRock Consulting

The average ADR in 2021 was EUR 117, with a low annual room occupancy of 27%

Average yearly hotels key operating indicators in Croatia, 2021

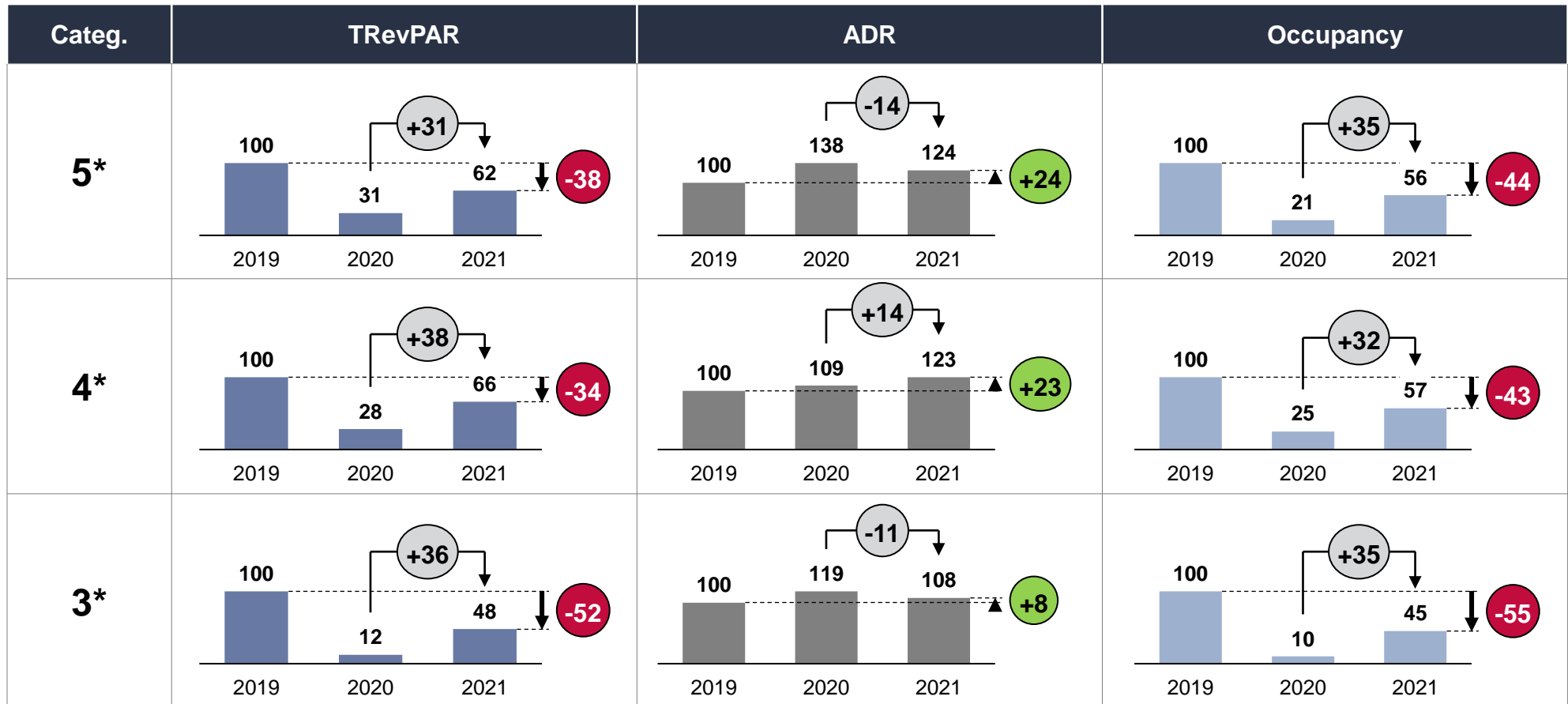


TRevPAR= total revenue per available room; ADR= average daily rate

Source: Benchmarking Croatian hotel industry (BHH) – Faculty of Tourism and Hospitality Management, Opatija, BlueRock Consulting

2021 showed a greater resilience of higher added value hotels, achieving -34% to -38% of TRevPAR compared to 2019

Hotels key operating indicators by category, 2019-2021, index



TRevPAR= total revenue per available room; ADR= average daily rate

Source: Benchmarking Croatian hotel industry (BHH) – Faculty of Tourism and Hospitality Management, Opatija, BlueRock Consulting

The average ADR in 5* hotels in 2021 was EUR 171 and EUR 116 in 4* hotels

Average yearly hotels key operating indicators by category in Croatia, 2021

Categ.	TRevPAR (EUR)	ADR (EUR)	Occupancy (%)
5*	24,679	171	29%
4*	17,216	116	29%
3*	8,339	81	21%

- Higher added value hotels, despite higher prices, were more attractive to guests in a crisis situation and achieved higher occupancy rates
- 5* hotels have achieved an additional premium price and have stood out even more from the price range of 4* and 3* hotels, which presents a challenge for delivering a 5* experience in the future

TRevPAR= total revenue per available room; ADR= average daily rate

Source: Benchmarking Croatian hotel industry (BHH) – Faculty of Tourism and Hospitality Management, Opatija, BlueRock Consulting



Hotels



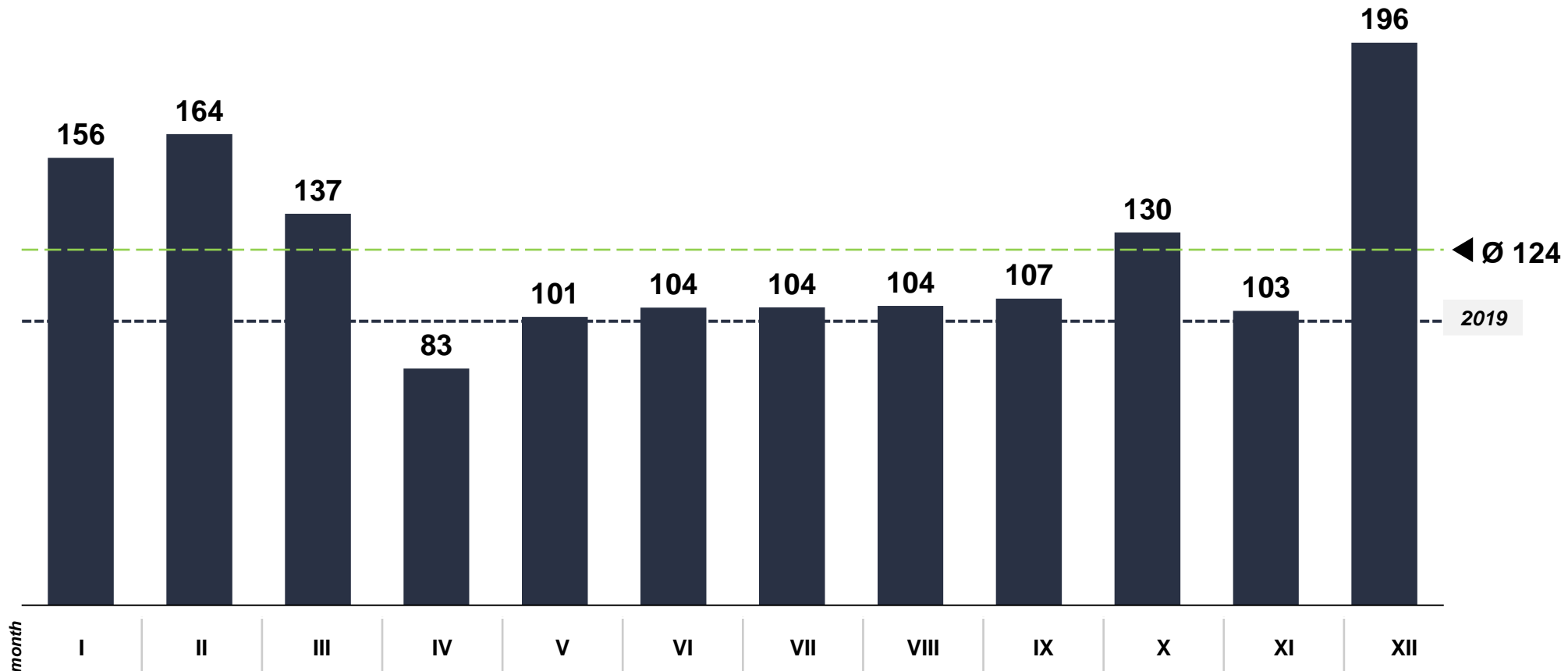
Camps



Marinas

The number of camps increased in 2021, with a particular focus on a greater number of operational camps during the winter

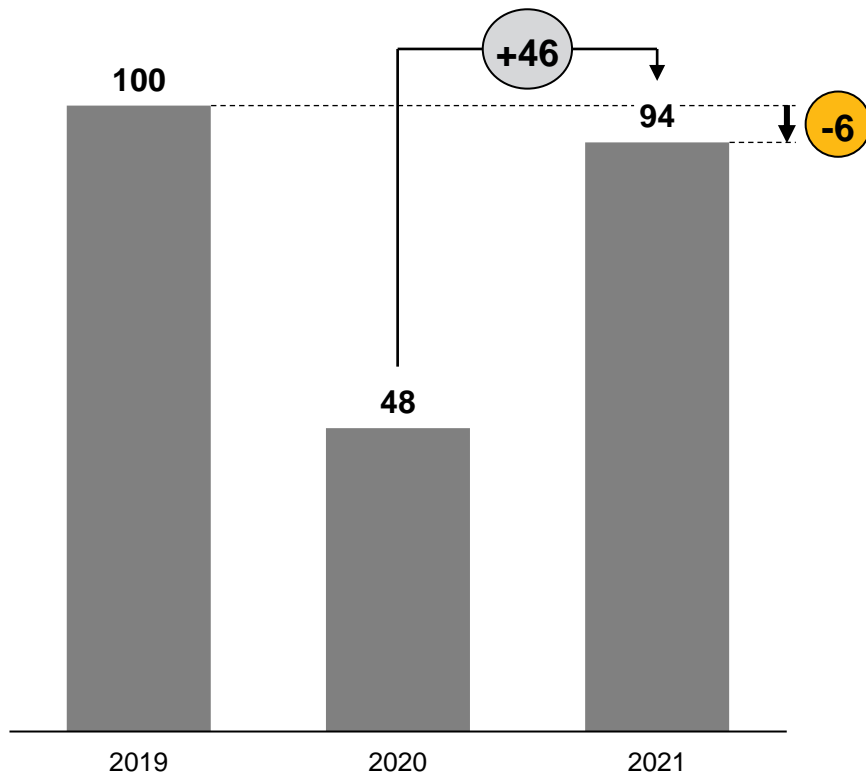
Camps with a minimum of one overnight stay, index, 2021/2019



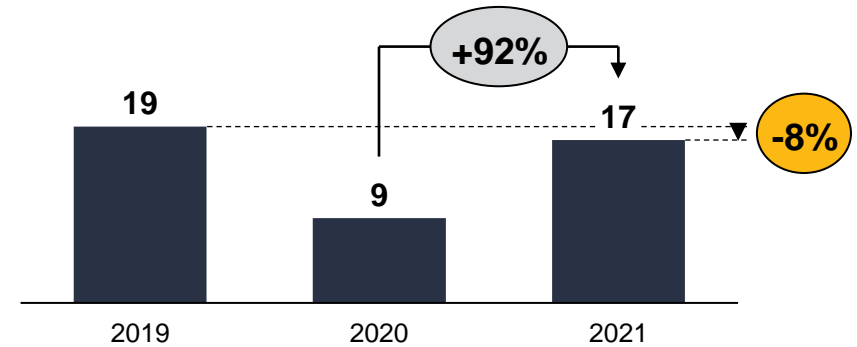
The camps performed successfully in 2021 with only 6% lower total revenue compared to 2019

Camps revenue analysis in Croatia, 2019-2021

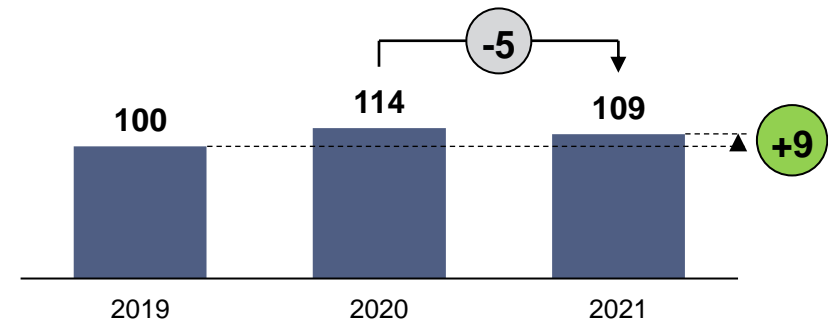
Total revenues, index



Number of overnight stays (in mil.)

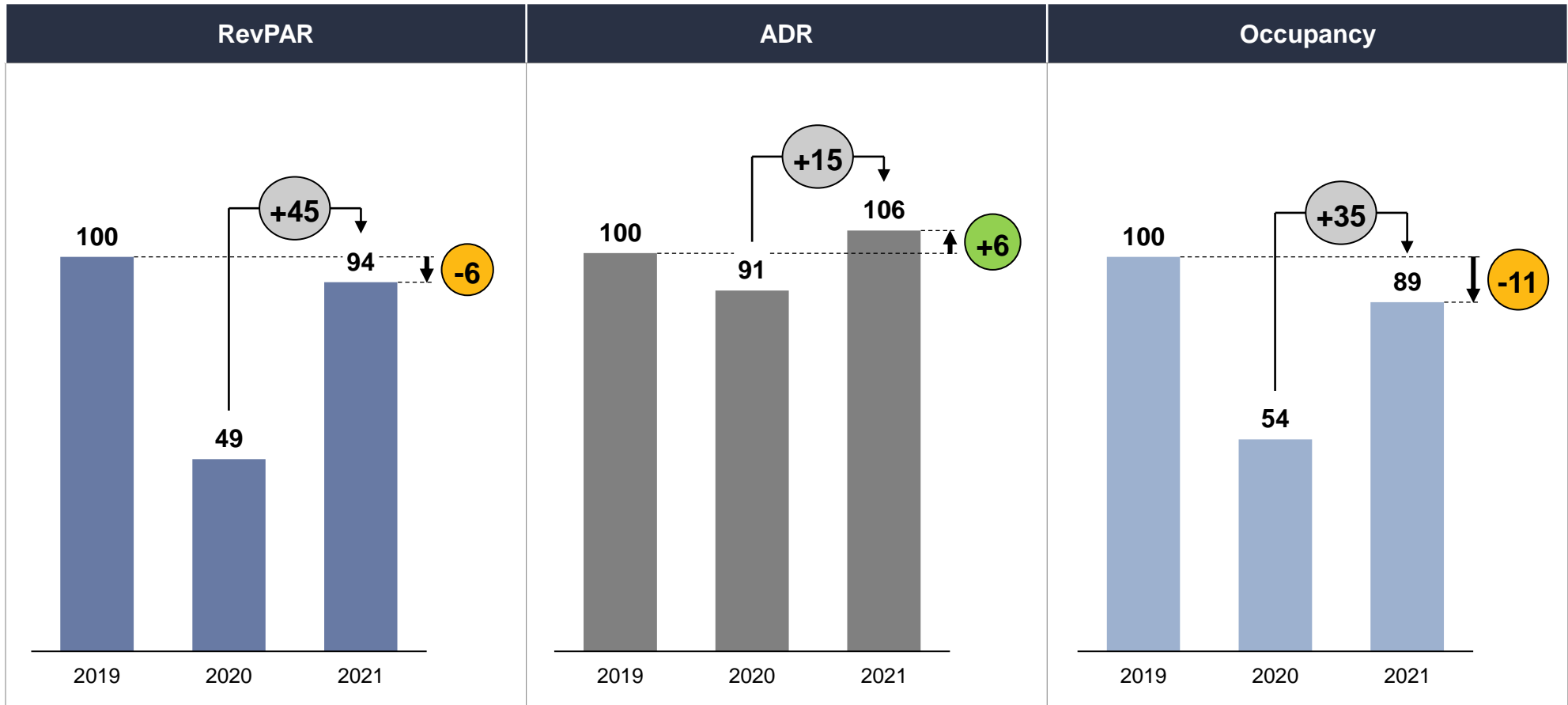


Average accomm. revenue per overnight stay, index



Occupancy lower by 11% was relatively offset by a 6% price increase

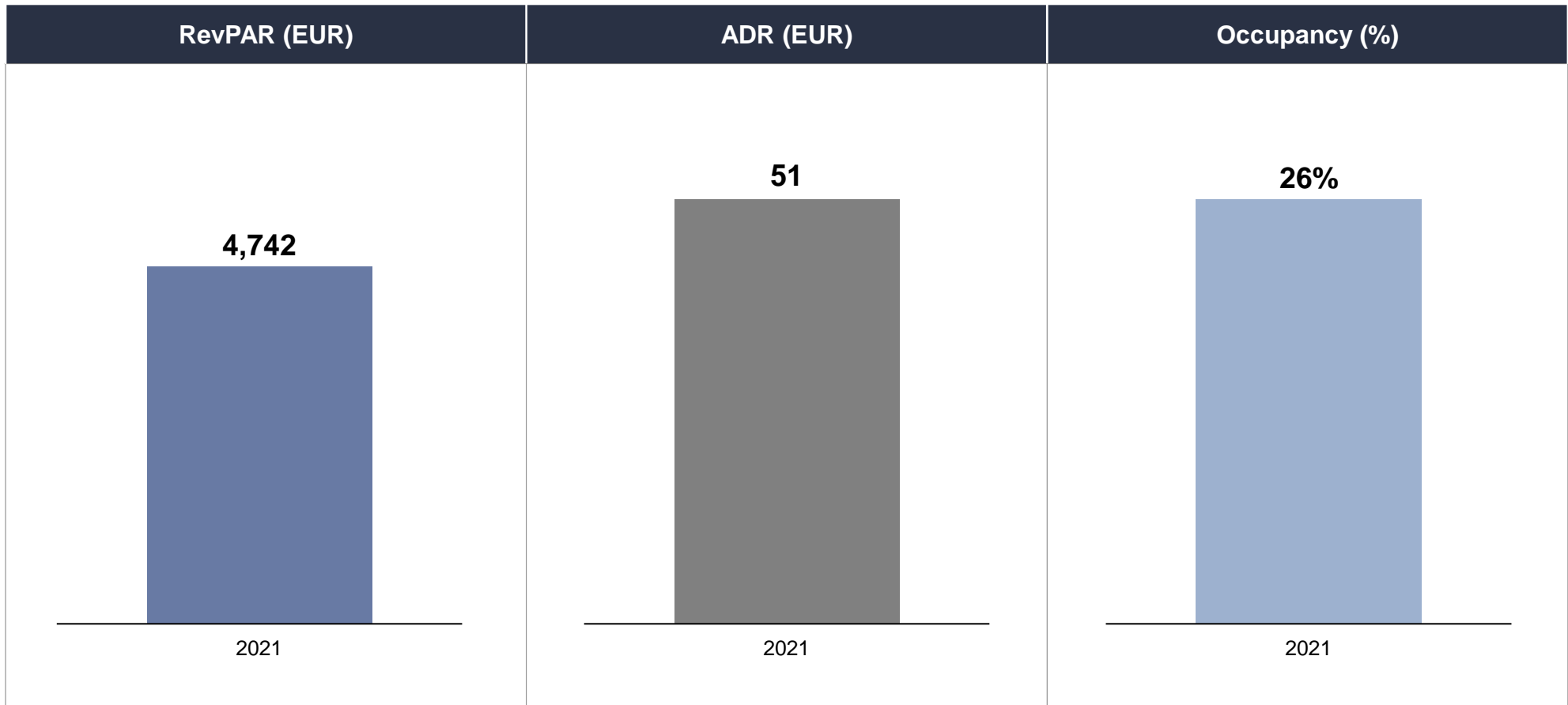
Camps key operating indicators, 2019-2021, index



RevPAR= accommodation revenue per available room; ADR= average daily rate; Full year-round occupancy
Source: Camping Benchmarking – Faculty of Tourism and Hospitality Management, Opatija, BlueRock Consulting

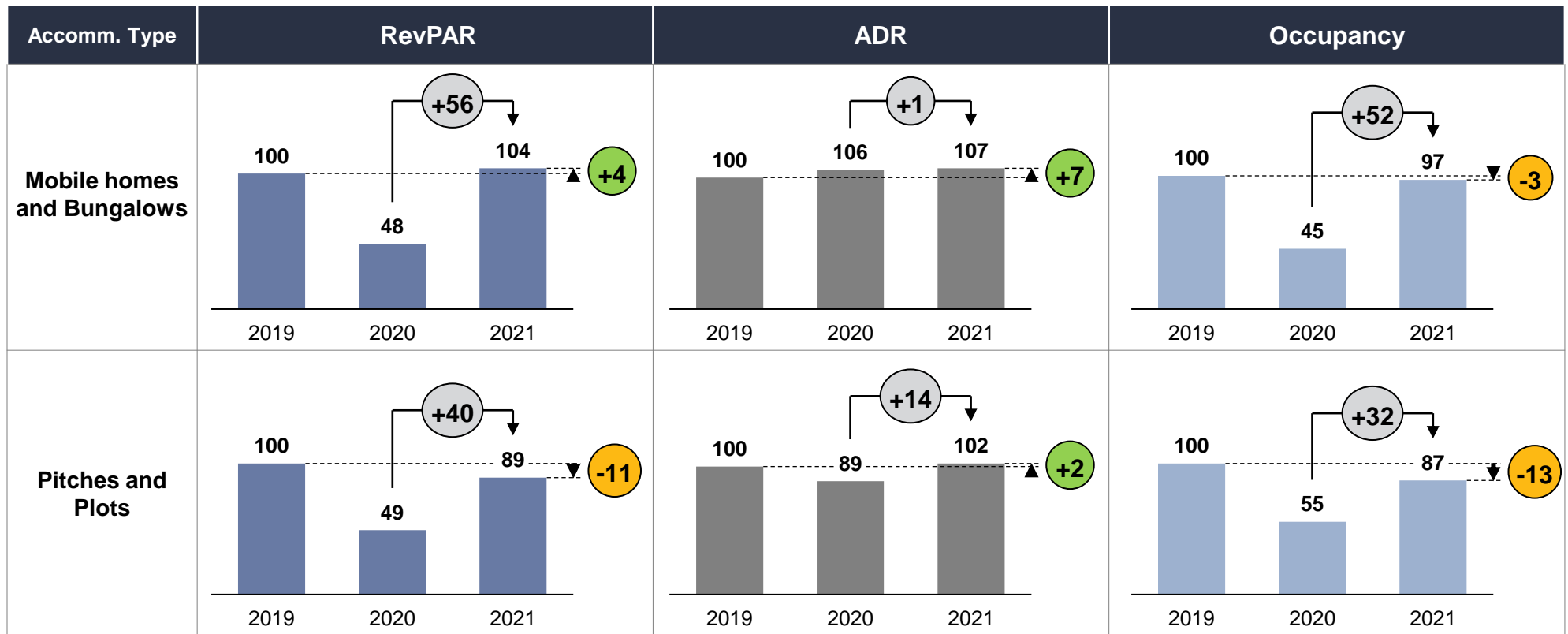
Average yearly occupancy in 2021 was 26% with 4.7k EUR RevPAR

Average yearly camps key operating indicators in Croatia, 2021



Mobile homes as a higher added value product have fully recovered from the crisis, achieving 4% higher RevPAR in 2021

Camps key operating indicators by accommodation type, 2019-2021, index



- Camps grew primarily through mobile homes as a higher added value product, which showed a stronger recovery from the crisis- RevPAR thus grew by 4% in 2021, while price growth offset the impact of still 3% lower occupancy

Mobile homes with an average annual ADR of EUR 134 achieved a better result than the average 4* hotel (EUR 116)

Average yearly camps key operating indicators by accommodation type in Croatia, 2021

Accomm. type	RevPAR (EUR)	ADR (EUR)	Occupancy (%)
Mobile homes and bungalows	13,283	134	27%
Pitches and Plots	3,136	34	25%



Hotels



Camps

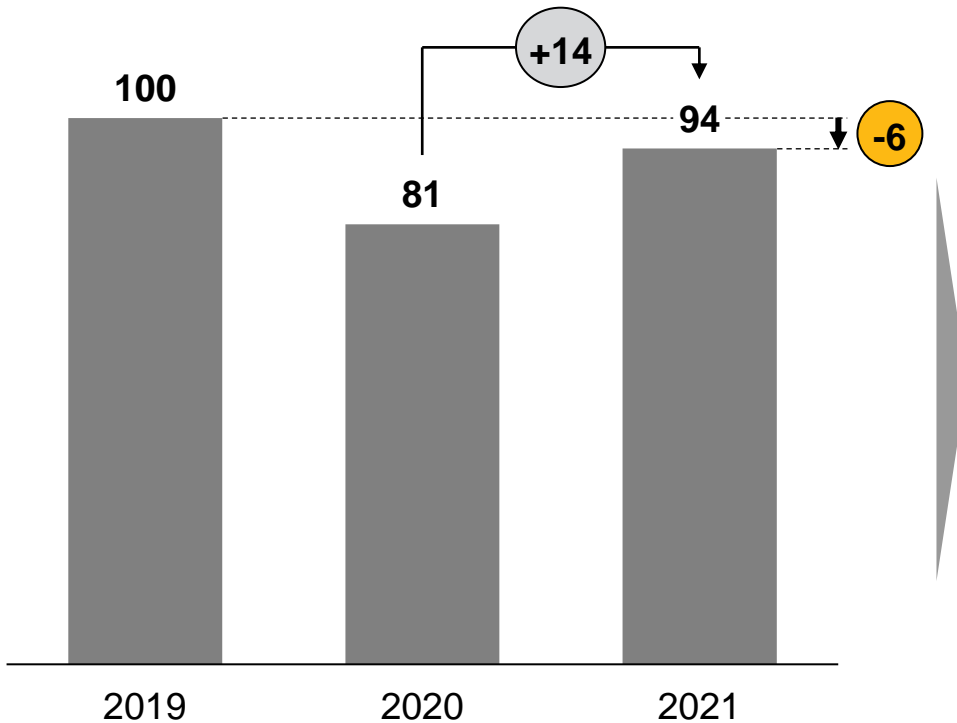


Marinas

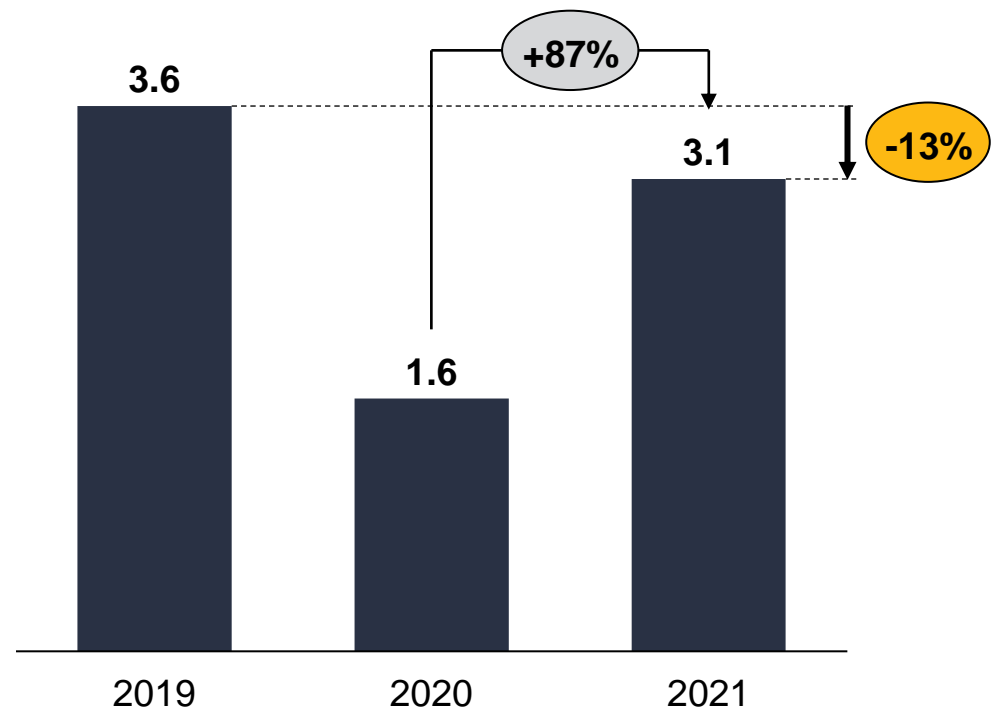
Nautical tourism is recovering relatively well, which is why marinas in 2021 generated only 6% lower revenues compared to 2019

Marinas revenue analysis in Croatia, 2019-2021

Total Revenues, index

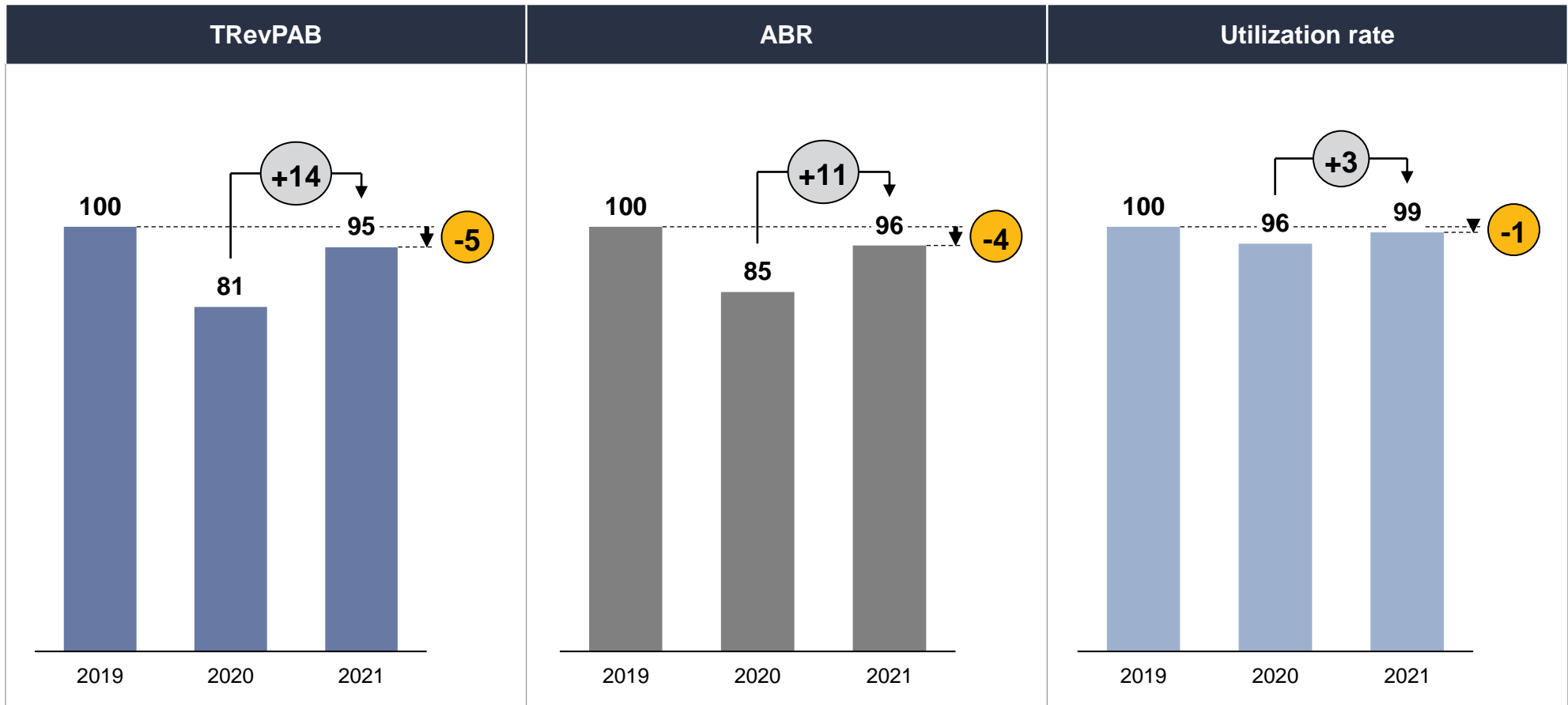


Number of nights (mil.)



Achieved TrevPAB in 2021 is 5% lower than in 2019, with stable berths utilization rate

Marinas key operating indicators, 2019-2021, index

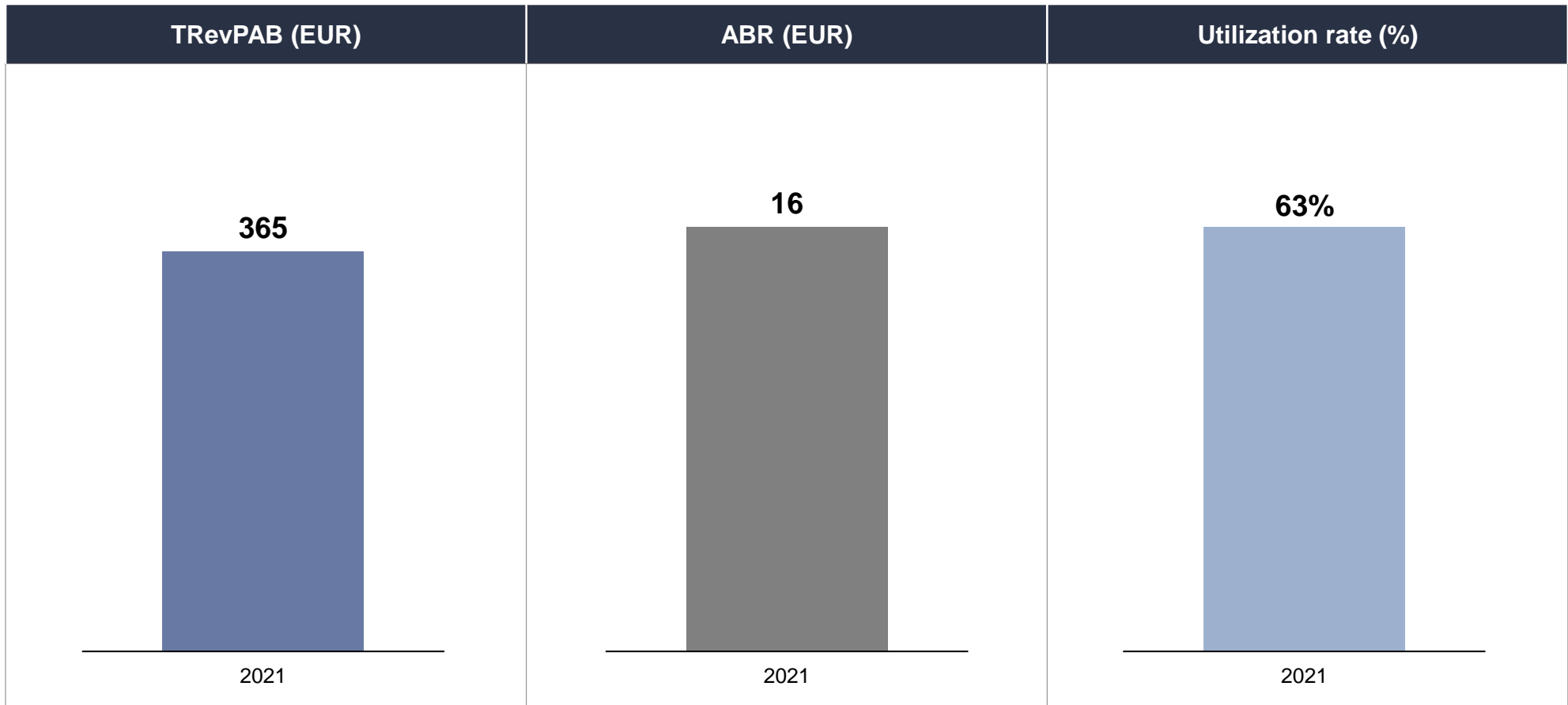


TRevPAB= total revenue per available berth; ABR= average berth rate

Source: Marina Benchmarking – Faculty of Tourism and Hospitality Management, Opatija, BlueRock Consulting

The average ABR in 2021 was 16 EUR, with a TRevPAB of 365 EUR

Average yearly marinas key operating indicators in Croatia, 2021



TRevPAB= total revenue per available berth; ABR= average berth rate

Source: Marina Benchmarking – Faculty of Tourism and Hospitality Management, Opatija, BlueRock Consulting

Disclaimer

This report is the result of a joint initiative by the Zagreb office of BlueRock Consulting and the Faculty of Tourism and Hospitality Management, Opatija, University of Rijeka. The aim is to contribute to the most objective view of the current situation and tourist results in 2021, and to point out the potential implications of the results obtained. We hope that our initiative will be an objective compass for decision-making for the recovery and development of sustainable tourism.

The report, which includes the analysis of tourist results in 2021 in Croatia, is primarily guided by the analysis of the results from January to December 2021. The basis of the report is data collected through monthly reports of Benchmarking hotels, Benchmarking campsites and Benchmarking marinas of the Faculty of Management in Tourism and Hospitality on a sample of hotels, campsites and marinas that have fully and correctly entered monthly business data for 2019, 2020 and 2021 into the benchmarking database of the Croatian hotel industry.

BlueRock Consulting and the Faculty of Management in Tourism and Hospitality assume no responsibility for anyone else or for any other purpose in connection with this report. We are prepared to make available a copy of this document to potential interested parties, provided that they accept that we have no responsibilities or any obligations to them in connection with this report. Further information on the results of the report can be requested directly from the author of the report.

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