



Montenegro
Ministry of Tourism and
Environment



MONTENEGRO TOURISM DEVELOPMENT STRATEGY TO 2020



Podgorica, december 2008. god.

FOREWORD

I am pleased to present Montenegro's Tourism Development Strategy to 2020. This document is of special importance not only for the tourism industry of Montenegro, but for the many constituencies which that industry serves today, most especially the people of Montenegro. Yet it is not only today's citizens which the travel and tourism sector, and this strategy, must ultimately serve, but their children, their grandchildren and generations beyond.

Travel and tourism has played a central role in Montenegro's dramatic growth and transformation. It accounts today, directly and indirectly, for over 25% of GDP, and this percentage is expected to continue to increase in the years to come. Thus, this strategy and the manner in which it is implemented is critical for our nation's economic and social health. We are committed to assuring that tourism continues to be an engine for growth. Yet, even more importantly, we are also committed to assuring that tourism catalyzes and generates the right kind of growth – smart growth, sustainable growth, balanced growth - and that the benefits of tourism are not only maximized, but broadly distributed socially and geographically.

This document is the result of a rigorous and comprehensive process of strategy definition and development over the past six years by the Ministry with support from the German Federal Ministry for Economic Cooperation and Development (BMZ), German Investment and Development Corporation (DEG), Deutsche Investitions-und Entwicklungsgesellschaft, and the German Technical Cooperation (GTZ) with international market expertise provided by CREATOP- Creative Tourism Projects.

The review process has drawn on the input of many citizens and organisations, using as the starting point our commitment to balanced and sustainable growth, growth that focuses on and leverages Montenegro's incredible natural beauty, while carefully and judiciously preserving our precious natural assets for future generations. We take this role as stewards of Montenegro's resources very seriously, and recognize that it is the wise preservation and appropriate use of these resources - whether clean water, exquisite vistas, or unspoiled naturelands - which will ultimately serve as the engine of sustainable growth.

In these turbulent and challenging times, looking a decade ahead and beyond with the assumption of certainty is a fool's errand. We know that circumstances will change, adjustments will need to be made, strategic sails re-trimmed. And so, as committed as we are to what we believe is an appropriate, comprehensive and innovative strategic direction reflected in this document, we are equally committed to maintaining a flexible approach one that includes regular re-evaluation based on changing circumstances and emerging trends.

We recognize that Montenegro, and Montenegrin tourism, is at a critical juncture. We face many challenges – market growth that has at times outpaced physical and human infrastructure development; rapidly evolving consumer preferences and needs; the need to develop new markets and new products, to name just a few. Some of these are common to all destinations in an increasingly competitive global tourism environment, and some are particular to Montenegro. But all of these challenges, and many more, must be innovatively and comprehensively addressed if we are to succeed, and this document lays the foundation and provides the framework for doing just that.

We have paid particular attention to new product development. A homogenous product tends to appeal to a geographically and demographically homogenous market. And customer homogeneity leaves a destination vulnerable to an accelerated destination lifecycle, in which today's hot destination can quickly become yesterday's place to go, seen to offer little of interest.

We believe that one antidote to this homogeneity is a “product portfolio” approach, in which a diverse range of different products, both in terms of physical facilities and guest experience, is created, with each matching the circumstances, attractions, resources and sense of place of each area and region. For example, Montenegro has tremendous potential as a hiking and biking destination, as discussed in this document. The Velika Plaza area, with its seemingly endless beach, could offer a broad range of leisure activities in the context of a comprehensive mixed use development. Parts of Boka Kotorska are a perfect fit for those seeking a more intimate, exclusive, more culturally focused holiday, and so on. Montenegro’s compact diversity is a strength.

Product and market diversity represents one pillar of our approach. A second, even more central, is true sustainability. In reality, sustainability is not a part of our strategy. Rather, it is inextricably intertwined with all aspects of the strategy, with all we do, and all we plan to do. While all too often a buzzword, we believe that true sustainability must consider not only environmental characteristics and impact, but social, cultural and economic dimensions as well.

While Montenegro has consistently shown one of the fastest rates of tourism growth in the world, our challenge - a challenge that this strategy is designed to address – is not just to continue this growth, but rather to assure that it is growth which is sustainable, balanced and which brings both immediate and long term benefits to the people of Montenegro, while protecting and preserving the natural assets that are the engine of tourism growth in the first place. This we must do, and this we are doing.

Specifically, our vision is for Montenegro to become a differentiated all year Mediterranean destination – with a spectrum of unique attributes appealing to several key segments of the mid to upscale market. To do so, we will appropriately develop high-end tourism products not yet fully realized in Montenegro, such as yachting and golf, as well as a new brand of nature-based tourism, and a range of other initiatives, all scaled appropriately for their setting, often drawing upon the resources and expertise of the world’s most talented and most responsible investors and developers in their realization. And we will focus on attracting not just foreign investors, but the right kind of foreign investors, with the resources, experience, integrity and know how to realize our shared vision. We will make substantial investments in human capital, through education and training, and work with our private sector partners to assure that planning and regulation supports our vision and strategy, while being equitable, transparent and consistent. Our efforts will be focused on supporting an industry that is vibrant, multiseasonal, and regionally balanced, supported by a strong and differentiated brand identity and sufficient air and accommodation capacity, not only in the coast, but in the central and northern regions of our nation.

The successful implementation of this strategy will require partnership and a shared willingness to communicate, collaborate, and cooperate, on the part of all stakeholders, whether public or private, individuals or organizations, large or small. While there will inevitably be differences in perspective, we believe that a healthy, open and frank dialogue on the issues we are confronting is critical, and I invite you to engage and join us in assuring that tourism realizes its substantial and full potential to improve the lives, and the futures, of all Montenegrins. It is in this spirit of commitment to tourism’s sustained potential for Montenegro that I invite you to consider this important document.

Predrag Nenezić
Minister





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DOCUMENT STRUCTURE

Montenegro Tourism Development Strategy to 2020

MONTENEGRIN TOURISM DEVELOPMENT

- Overview of the Montenegrin Tourism Masterplan to 2020
- Analysis of the present situation in tourism sector

STRATEGIC ORIENTATION FOR MONTENEGRIN TOURISM BY 2020

- Vision
- Starting points for future tourism development
- Global and regional tourism trends
- Competitive destinations
- SWOT analysis
- Tourism development goals
- Touristic clusters

EXPECTED DEVELOPMENT OF MONTENEGRIN TOURISM BY 2020

- Tourism – sustainability-oriented sector
- Source regions
- Market and quality orientation
- New development opportunities
- Supply strategies
- Development of accommodation facilities

ACTION PLAN AND RESPONSIBILITIES FOR ITS IMPLEMENTATION

■ INTRODUCTION

Tourism is of inestimable importance for Montenegro. It bears on every aspect of our society, our economic development, standard of living and the Montenegrin way of life. It creates jobs and brings economic prosperity.

In cooperation with the German Development Finance Agency, the Deutsche Investitions- und Entwicklungsgesellschaft (DEG), the Ministry of Tourism and Environment has set itself the task of charting the course of tourism development to protect the environment and maximize economic benefits for long-term sustainability. These efforts have resulted in the Masterplan of 2001. One single figure is enough to prove how successful this strategy has been. Estimates from the Central Bank tell us that total income from tourism has increased **from 2001 to 2007 by 460%, or from €86 mil to €480 million.**

This underlines the attraction Montenegro's tourism industry now holds for the markets and how valuable our nature resources are in economic terms. So tending to our landscape and nature is vital as a dictate of reason and not the outgrowth of some vague Romanticism. They are our basic capital.

To harness this potential even more effectively and to maximise our strengths and eliminate weaknesses, the experts from DEG, the Ministry and the National Tourism Organisation have spent a year critically reviewing what we have achieved and have updated the Masterplan, with the prime concern being to link the hinterland with the coast to blend them into one, whole high-quality holiday experience.

At the same time, we have already started to put verified findings into practice, among other things into the Spatial Plan of Montenegro, into the improvement of tourism and accompanying infrastructure, product enhancement and diversification, and in marketing.

Creating a complex Montenegrin tourism product as an integrated whole consisting of the coast and the hinterland is seen as the best way to extend the season and give an impetus to developing the hinterland. Everyone involved shares a common vision of the core product based on the most valuable asset Montenegro possesses, reflected in the logo Wild Beauty! Our future product will bring scenery and nature, the diverse cultures that have shaped Montenegro and our way of life into closer alignment with the high quality standards of modern society. We shall also need additional, multifaceted hotel facilities of a high standard to improve our attractiveness for the whole year, to create more jobs and raise income in future.

Commitment to sustainable development is not just a matter of respecting ethical principles. The values protected in this way - landscape, nature, culture and lifestyles - also make up the basic capital of the tourism industry. The more attractive they are as experiences for the market, the better the prospects of success for the whole industry and all allied sectors.



1. MONTENEGRIN TOURISM DEVELOPMENT



An Overview of the Montenegrin Tourism Masterplan to 2020

Under the Stability Pact for South-East Europe, the German Federal Ministry for Economic Cooperation and Development (BMZ) commissioned the German Development Finance Agency, the Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), in 2000 to draft an integrated Tourism Development Masterplan in close cooperation with the Government of Montenegro, its authorities and experts. This was to make a contribution to sustained economic recovery, applying economic, ecological and social criteria. It was adopted by the government in November 2001. Among other things, the Masterplan recommended developing 5 regional strategies to highlight typical regional features and, with that, initiate the diversification of 'Montenegro' as an overall product. Two of these regional Masterplans were prepared by DEG, in cooperation with Montenegrin experts and the Ministry of Tourism, in 2003 – for Boka Kotorska and Velika Plaža at Ulcinj.

The document set as its goal the creation of a sustainable, high quality and diverse tourism product to enable the growth of revenues and arrivals, at the same time generating new jobs and increasing the standards of living. It places emphasis on sustainability, so particularly important in tourism sector since Montenegrin tourism product needs to be based on exclusive natural and cultural attractions implying the natural surrounding and diverse historic and cultural heritage concentrated over a small area. The Masterplan offers realistic projections of growth in nights, arrivals and revenues identifying the need to implement short-term, medium-term and long-term measures as a precondition for attaining the set targets. In addition, the Masterplan offered a basis for annual economic policymaking over the previous period, through the Government's Economic Policy Agenda 2002 to 2007 in the sector of tourism, utilities and transport, development of spatial plans, National Sustainable Development Strategy and a number of other documents.

Five years into its implementation, analysing global trends in tourism, and the progress made in the region and in Montenegro in particular, with a view of the intensive changes in the sector and in line with the practice of conducting analysis and revisions of strategic documents in five-year intervals, the conditions were in place to review and amend the Tourism Masterplan and update the Tourism Development Strategy to 2020.

The intention of the Government and the Ministry was to draft these documents of strategic importance as forward looking and realistic as possible. Hence, at the request of the Ministry, and as supported by the German Federal Government, the Deutsche Gesellschaft für Technische Zusammenarbeit (German Society for Technical Cooperation – GTZ) and DEG, the team of foreign experts headed by Mr Johann Friedrich Engel was commissioned for the task, with active involvement of the state and local-level institutions directly or indirectly influencing or involved in tourism development.

The involvement of the civil society showing as of late strong initiative and results in the sectors of tourism and environment was of no lesser importance. Finally, the private sector in tourism, banking, construction, transport, agriculture and trade was fully involved in joint efforts as being instrumental in shaping the framework for future operation.

1.2.

Present situation in tourism

1.2.1. Tourism and tourism-related infrastructure

According to MONSTAT, Montenegro holds 120,000 beds. However, based on the study "Tourism Accommodation Facilities Inventory and Assessment of Tourism Turnover" (conducted by the International Institute for Tourism, Ljubljana) the estimated bedding capacity in Montenegro in 2005 is approx. 300,000.

MONTENEGRO: SURVEYS ON BEDDING CAPACITY IN 2005

	MONSTAT		SURVEY	
A Commercial accom.	65.096	54,1%	69.393	23,4%
Hotels, similar establishments	31.675	26,3%	39.273	13,3%
Guesthouses	854	0,7%	1.155	0,4%
Holiday villages	9.235	7,7%	7.700	2,6%
Rest homes/Sanatoria	13.214	11,0%	13.557	4,6%
Mountain huts	0	0	300	
Village(/Agro)tourism	0	0	40	
Camping bed places	10.118	8,4%	7.368	2,5%
B Private accommodation	55.174	45,9%	106.792	36,1%
Registered private rooms	55.174	45,9%	55.135	18,6%
Unregistered rooms	0	0	51.657	17,5%
C Holiday – second homes	Unregistered	Unregistered	119.802	40,5%
D Total bed count	120.270	100,0%	295.987	100,0%

Sources: MONSTAT & International Institute for Tourism
"Tourist Accommodation Facilities Inventory", Table 4

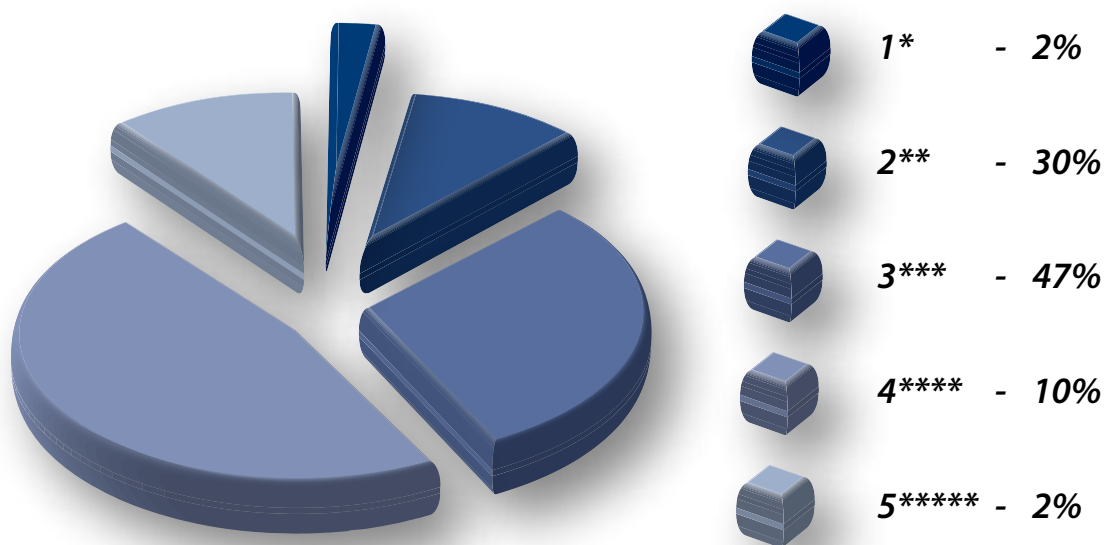
The difference between MONSTAT statistics and the study is largely attributable to the fact that a large number of second homes and holiday and private lodgings remain unregistered as establishments used for letting and thus left out of account. Keeping records of all holiday and second homes and closer supervision of rooms obliged to register will improve transparency and planning certainty for infrastructure and the ascertainment of carrying capacity.

Basing the assessment of the accommodation pattern on the findings of the surveys instead of the statistics reveals a dangerous imbalance for Montenegro's marketability. **The share of the hotel trade in capacity** drops from the statistical figure of 26% to 13% in reality. This poses a threat because **hotels** and similar types of accommodation make **up the backbone of the tourism industry**.

Tour operators, air-lines and Internet portals base their marketing on standardized hotel capacity.

Hotels and similar accommodation facilities generally produce up to 70% of all tourism revenues and earn the highest revenues per guest and per overnight stay, sustain the longest season and create most jobs per bed. So there is a need to extend the up-scale, high-yield hotel sector, as has been a prime goal of the Quality Improvement Strategy for years.

The structure of hotels by categories



Source: Ministry of Tourism and Environment

An added factor is that, despite considerable efforts, 58% of hotel beds are below the level demanded by the international tourism market. A comparison with 1989 could even convey the impression that average quality has declined. This is not true, however, since at that time, a lower standard was applied for classification than today. At present, just about 12% of hotel beds in Montenegro are high quality, or 1.5% of total capacity in the accommodation sector. The international markets, however, require primarily high quality hotel facilities.

Another weakness of the hotel sector is evident. It is only the few modernised resorts, mostly privatised with the requirement and a guarantee for investments, with approx. 6,000 beds, that have the ancillary facilities or services (wellness/spa, indoor and outdoor pools, conference facilities with accompanying amenities, etc) for high-yield clients to offer an attractive all-year product. By contrast, the non-modernised hotels (with over 30,000 beds) just offer board and lodging. Such a state of affairs poses a challenge for the private sector. After the privatisation of hotel establishments via mass voucher privatisation, the model which, unlike the tender sale, envisaged no investment obligations, hotel owners are reluctant to follow the tourism trend towards diversification and specialization. Hence, there is still a huge need to create hotel facilities with more amenities in offer. Sports, health, family and entertainment amenities are essential in modern tourism, particularly to prolong an extremely short summer season independent of bathing weather and generally offer an assured high quality of holiday in the long term.

The picture for overnight stays is as misleading as that for the accommodation pattern. The months July-August account for 70% of all overnights and June and September for another 10% each. If the overnight stays of the grey market are included, the total no longer ranges in the order of 6 to 7 million as in the statistics; it comes instead to 15 to 16 million, as estimated by the Study for 2005/2006.

The outcome of this study is not particularly surprising. Everyone knew about the second and holiday apartment users on holiday, but they were not classified as tourists. The number of their overnight stays has nevertheless been estimated at 4.4 million. This sector therefore well surpasses the estimates for the unregistered private lodgings (1.5 million) as do those for unreported guests in the commercial accommodation sector.

Montenegro: concentration of overnights on the summer months

Overnights	S t a t i s t i c s			Estimate incl. grey market		
	2005.	2006.	% 2006.	2005.	2006.	%2006.
Total	5.211.847	5.936.270	100,0	15.066.870	17.096.500	100,0
July - August	3.506.598	4.056.993	68,3	10.454.408	11.924.925	69,8
June - Septem.	4.695.359	5.291.730	89,1	14.088.381	15.771.146	91,9

Sources: Ministry of Tourism and Environment, International Institute for Tourism, Ljubljana

The future classification of second residences and holiday apartments and the registration of users as 'tourists' is in keeping with the internationally accepted definition. According to UNWTO definitions, anyone who leaves his location of domicile for more than 24 hours and less than a year and stays somewhere else overnight at least once is a tourist. It is quite immaterial why he leaves his residence - whether to visit relatives, friends or a holiday dwelling of his own.

Private lodgings are indispensable, particularly as they bring a direct economic benefit to the population, as their owners. As passive small providers, however, they hold no sway over the market. What is needed for market-positioning is a sufficient, marketable bed capacity in well equipped holiday resorts aimed at specific target groups, whose services and price-performance standard are attractive and competitive throughout the year! The quality strategy still relies on these holiday resorts as development drivers. They can secure economical flight connections throughout the year and thus help market all other types of accommodation at the same time.

The easy accessibility of a **destination** counts as one of the key success factors for its tourism sector, 'easy' meaning fast, convenient and cheap!

Visitors from the neighbouring markets can reach Montenegro, even by road, relatively easily in a day. With minor deficits, the road and train connections to Belgrade are acceptable. Projects are underway to improve transport links further (Bar-Boljari motorway, section of the Adriatic-Ionian highway).

For all international markets, Montenegro is situated at the periphery in Southeastern Europe and primarily a destination for tourists travelling by plane. The majority of tourists who arrive by air for their holidays, are generally more affluent with higher demands for comfort, service and individual leisure options. Charter, scheduled and low-fare carriers are equally important for package or individual tourists and Montenegro needs to attract both. The denser and more direct Montenegro's links with the main departure points in its source markets, the more competitive and efficient the flight connection.

Expanding air links calls for a marketable supply with sufficient capacities to build up the requisite demand for a commercially viable flight occupancy rate. As the duration of the chain flights also affects profitability, the product must be attractive beyond the bathing season. Only holiday hotels at an international standard with attractive leisure amenities, flanked by effective marketing, can meet these requirements.

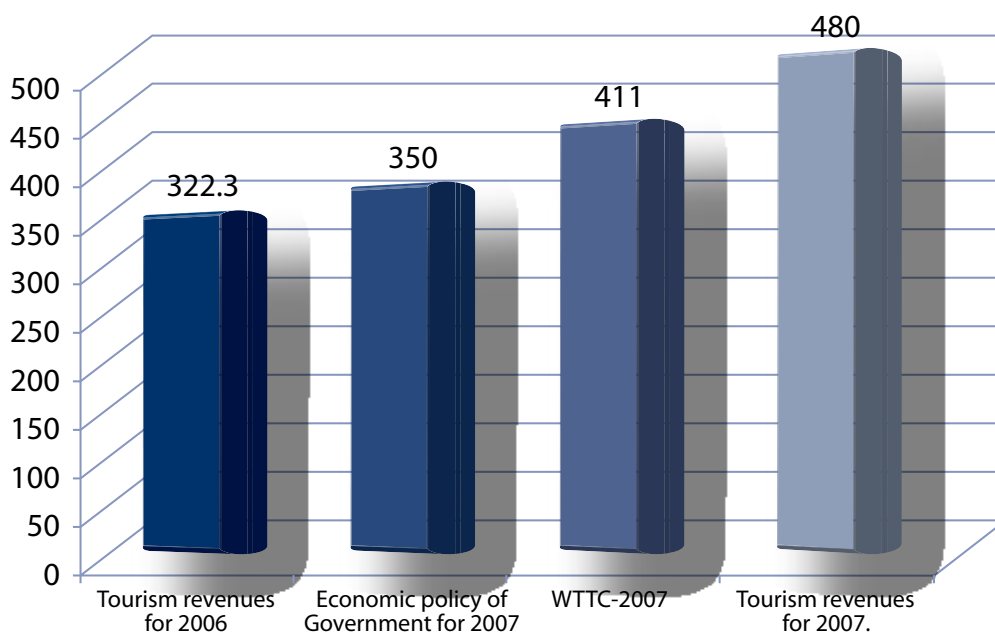
The existing level of tourism development is being properly aligned with the development of the accompanying infrastructure. Specific development and finance schemes have been put in place for all areas where tourism has put an additional burden on water and power supply and waste removal. The construction of the regional waterworks to address water supply for the coastal municipalities is ongoing and it is expected the system will be put in operation by late 2009.

ECO Taxes are being imposed on all cars, busses and trucks as of 2008 to alleviate the strain on the environment and infrastructure. In October 2007 Parliament ratified the Convention on the Protection of the Marine Environment and the Coastal Region of the Mediterranean (Barcelona Convention) and the accompanying four protocols, with the ratification of the new protocol to the convention – the Protocol on Integrated Coastal Zone Management, signed on 21 January 2008 by most Mediterranean countries, is in the pipeline. Besides other measures in coastal and nature conservation, it provides for a building ban along the coast 100 m from the high-water line for all new constructions for which the development of planning documents starts after the ratification of the Protocol in the Parliament, with possible exceptions in certain cases, including the projects in the public interest.

1.2.2. Qualitative and quantitative analysis of tourism data

The growth rates in the tourism sector have been remarkable since 2003. For 2008, the World Travel and Tourism Council (WTTC) expects tourism (directly and indirectly) to make up 26.4% of gross domestic product (GDP) and create 30,500 direct and indirect jobs in tourism and complementary industries, amounting to 19.1% of the active labour force. By 2018, it forecasts further growth in tourist GDP of 5.7% a year as compared with an average of 2.8% in the EU, putting Montenegro among top five of the 176 included in the comparison. It attributes this upswing and the favourable economic indicators to the development efforts over recent years, the conducive climate for investment, the effective marketing of Montenegro as a previously almost unknown destination, the privatization and improvement of hotel services, the reduction in corporate tax and inter-ministerial and international cooperation.

Tourism revenues



Projected and attained results (WTTC, Economic Policy and Tourism Data)

The tourism revenues in 2007 (€480 mil) exceeded the WTTC forecasts (€411 mil), as well as the targets set by the Economic Policy of the Montenegrin Government (€350 mil). Such outcomes resulted from a considerable increase in higher purchase power foreign visitors staying in Montenegro. Moreover, each year there is a greater demand for higher category accommodation facilities than currently in offer. With a view of this it is to be expected to see the continuation of the positive trend over the coming years, with faster increase in revenues compared to overnights.

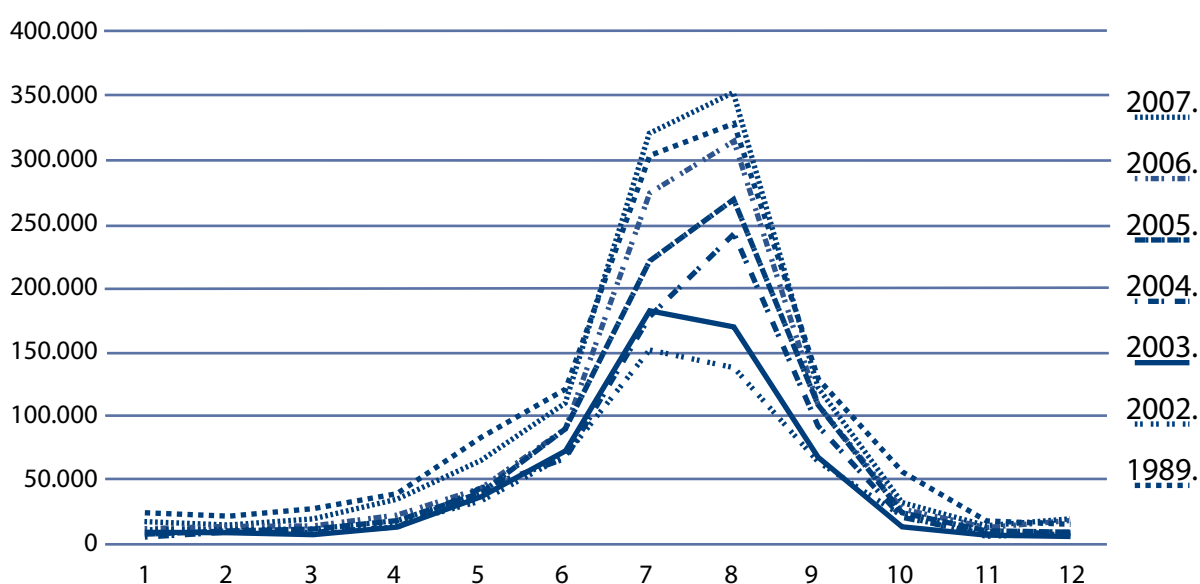
The economic figures are already astonishing, although they have only been inferred from the statistics. The role of tourism would be even more impressive if account were taken of the so-called grey market, because, albeit to a lesser extent than commercial tourism, it also contributes to beneficial economic effects and job creation. In terms of bedding capacity and overnight stays, its volume is estimated at approximately twice that recorded in the statistics.¹ The share

¹ The 'grey market' is by no means equitable with 'illegality'. It is largely made up of holiday apartments and second homes and their users. Up until recently, these had not been assigned to the tourism sector. So they were not obliged to register or pay taxes. This was common practice in almost all of Europe. Only recently have authorities begun to treat second and holiday homes as touristic accommodation and their users as tourists and levy different kinds of duties on them. Montenegro follows such trends.

of tourism in GDP ought even to increase to over 30% if the grey market is included. In keeping with its importance, the government has now adopted legislation to assess this segment more accurately, also with the aim of raising quality in this sector and getting it to contribute to public overhead costs.

The recorded arrivals per months over the period 2002–2007 point to the fact that, in addition to the considerable increase in the numbers of visitors each year, the season is also extending. For several years in a row summer tourism season starts earlier (March-April) and ends later (October–November). Furthermore, the resorts in the northern region are recording increased visits over the summer months, leading eventually to reduced seasonality of tourism industry.

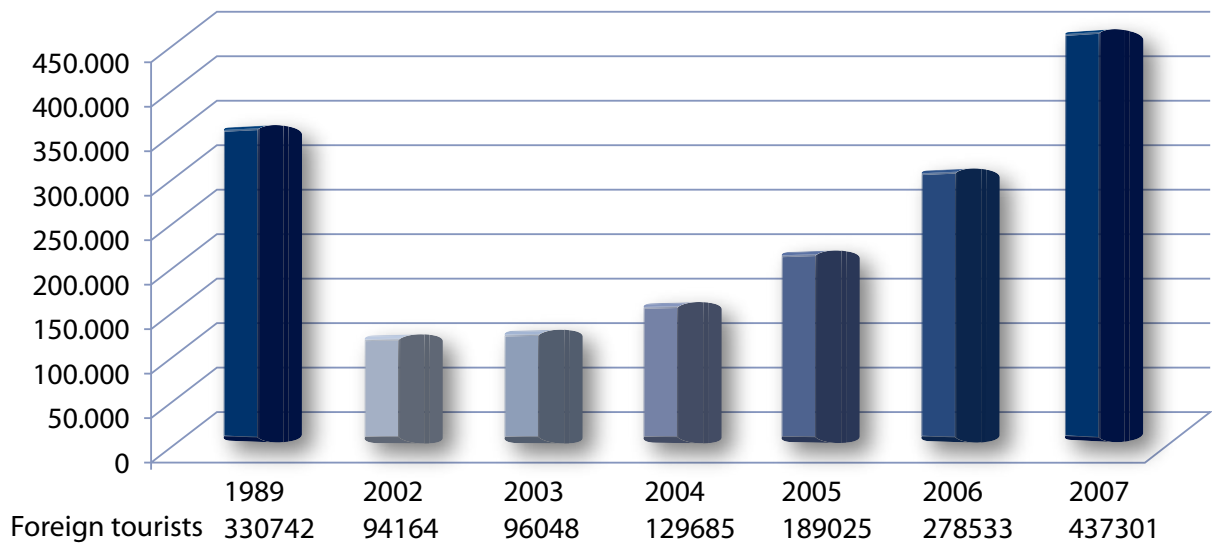
Number of tourists – 1989, 2002, 2003, 2004, 2005, 2006 and 2007.



The present volume of tourists causes an excessive user concentration both on the summer months and on the coast. Accounting for the grey market, the coast makes up over 95% of all overnight stays - mostly in the holiday period July-August. This peak load has adverse economic, ecological and quality impacts. It overstretches the infrastructure and beach capacity, impairs job attractiveness and sometimes conveys an impression of mass tourism in the high season.

Considerable tourism product marketing efforts, , and effective presentation and selling of the available capacity in international markets has resulted in a substantial increase in the volume of foreign arrivals, with more visitors coming than was planned for the year 2007 and more than set as targets by the Economic Policy.

Number of foreign tourists during 1989. and in period 2002-2007



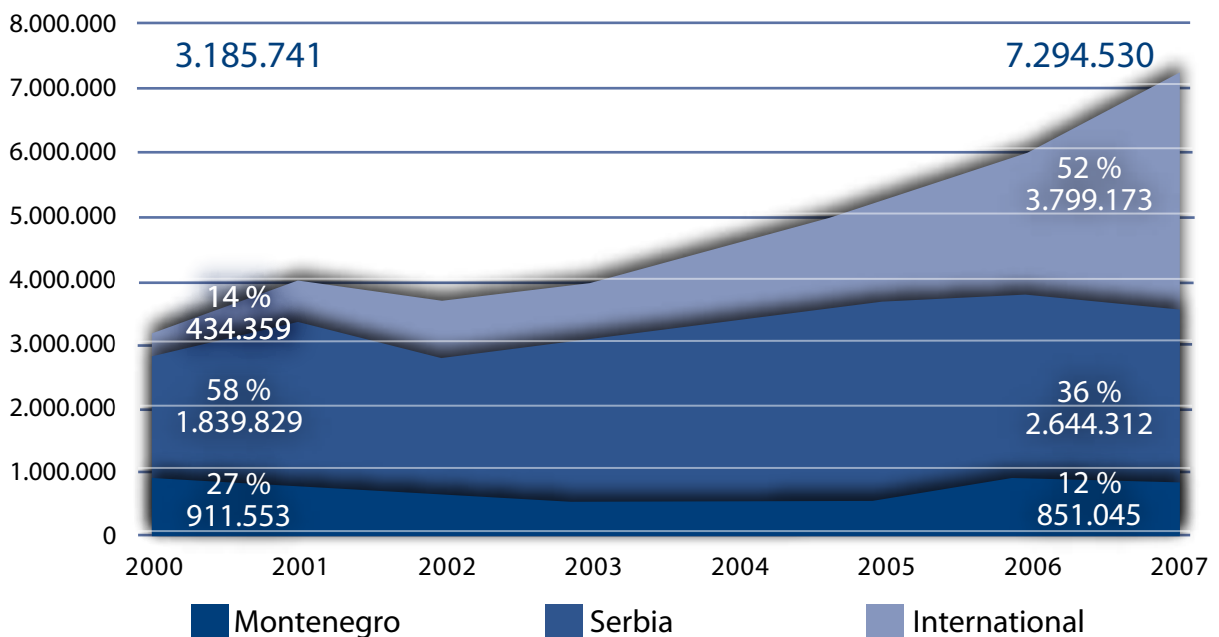
For comparison, the graph does not feature the data on visitors from former Yugoslavia in 2007

Two determinants define economic impacts: average daily expenditure per guest and the number of overnight stays altogether and per guest bed. Day visitors should also be taken into account, which have been left out of count until now. The Central Bank of Montenegro has calculated the average revenue per guest day to be €42.8.

According to the statistics, the number of overnight stays from 2000 to 2007 increased by 130% from 3.2 million to 7.3 million, the uptrend curve differing by source region. While the local market was stagnating, Serbia's grew by 45%, although its share in total volume shrank to 36%.

The clear winners are the international markets with an eightfold increase in overnight stays and a stake in volume of now 52%.

Overnights by source markets



No large increase is expected on the Montenegro **home market** in future.

The neighbouring markets with Serbia as the main one (former SFRY without Slovenia and Albania) accounted for 3.7 million registered overnight stays altogether in 2007. As the grey market is very largely supplied from this source, we can infer that the share in the total volume amounts in fact to about 75% as compared with the statistical 50%. All neighbouring markets typically travel by car, bus or train, concentrate on the summer holidays and place modest demands. Despite their current low levels of expenditure, the neighbouring markets are very important for Montenegro. With the gradual increase in prosperity, their demands and expenditure pattern will likely align with that in Western Europe.

The EU accounts for 46% of international overnight stays and Russia for 20%, which makes up the biggest single market. These markets travel by air, make increasing demands on hotel services and holiday contents and attach pronounced value to individualization. Owing to their high propensity to spend and their broader range of holiday dates, Montenegro must concentrate on these markets as a priority.

Tourism, then, makes up the most important economic sector in the country. Here, Montenegro will be able to hold its own in competition with rival destinations at the Mediterranean in a relatively short time, attain an international quality level and even outdo others with landscape, nature experience, sustainability and innovation.

1.2.3. The current dynamics of Tourism Development

In line with the goals of the 2001 Masterplan, planned measures have also continued to be implemented, initiatives have been taken and progress made:

– In conjunction with the favourable climate for investments and the outstanding scope for tourism, the focus on market alignment, quality and sustainability in product development in particular has drawn interest. We already have Iberostar and Best Western present in Montenegro with four hotels, while the leading international hotel chains, such as Kempinski, and Four Seasons, are partners in the development of new hotel resorts. The renowned Amanresorts had already made commitments in three luxury hotels: in Sveti Stefan, Miločer and Kraljičina Plaža.

– These upmarket hotel chains have contributed to the fact that prices, capacity utilization and profits in the better establishments have increased considerably in 2006 and 2007 in the wake of quality improvements compared to the previous surveyed years (“Hotel Industry Survey”, Horwath Consulting). Annual occupancy rate was 37,7%, while the net room prices increased for 40% compared to the previous year and amounted to 62,1 euro. The surveyed hotels operate on average with the profit that in 2006 amounted to 12,4 % of the net operational profit.

– The positive demand trend has continued in 2007, the total number of registered overnight stays rising by 22.8% compared with the previous year and turnover by 39%.

– Nautical tourism, another luxury niche, also attests to Montenegro’s growing reputation. In 2007, more maritime yachts (2,385) than ever before called on the ports of Kotor, Budva and Bar, so that the development of the former military port of Tivat into a topclass marina - Porto Montenegro - promises to mark a milestone in the quality strategy.

– The first property for a golf course in Tivat is also planned. In addition there are planned developments at Sveti Marko and Island of Flowers, Kumbor, Bigova and Plavi horizonti cove, as well as the development of an up-scale market resort at the area of Župa and Luštica, thus turning the Boka Bay and its municipalities facing even the open seas into top tourist destinations in the Mediterranean.

– The hotel business as a whole is undergoing a rapid quality renewal. The capacity of first-class hotel complexes at the Bay of Kotor will be enlarged (7,000–9,000 beds) as well as in the municipalities of Budva, Bar, Ulcinj, Kolašin and Rožaje by 2010. Diversification is also now making progress as well: boutique hotels and wellness and congress facilities are in place or in planning.

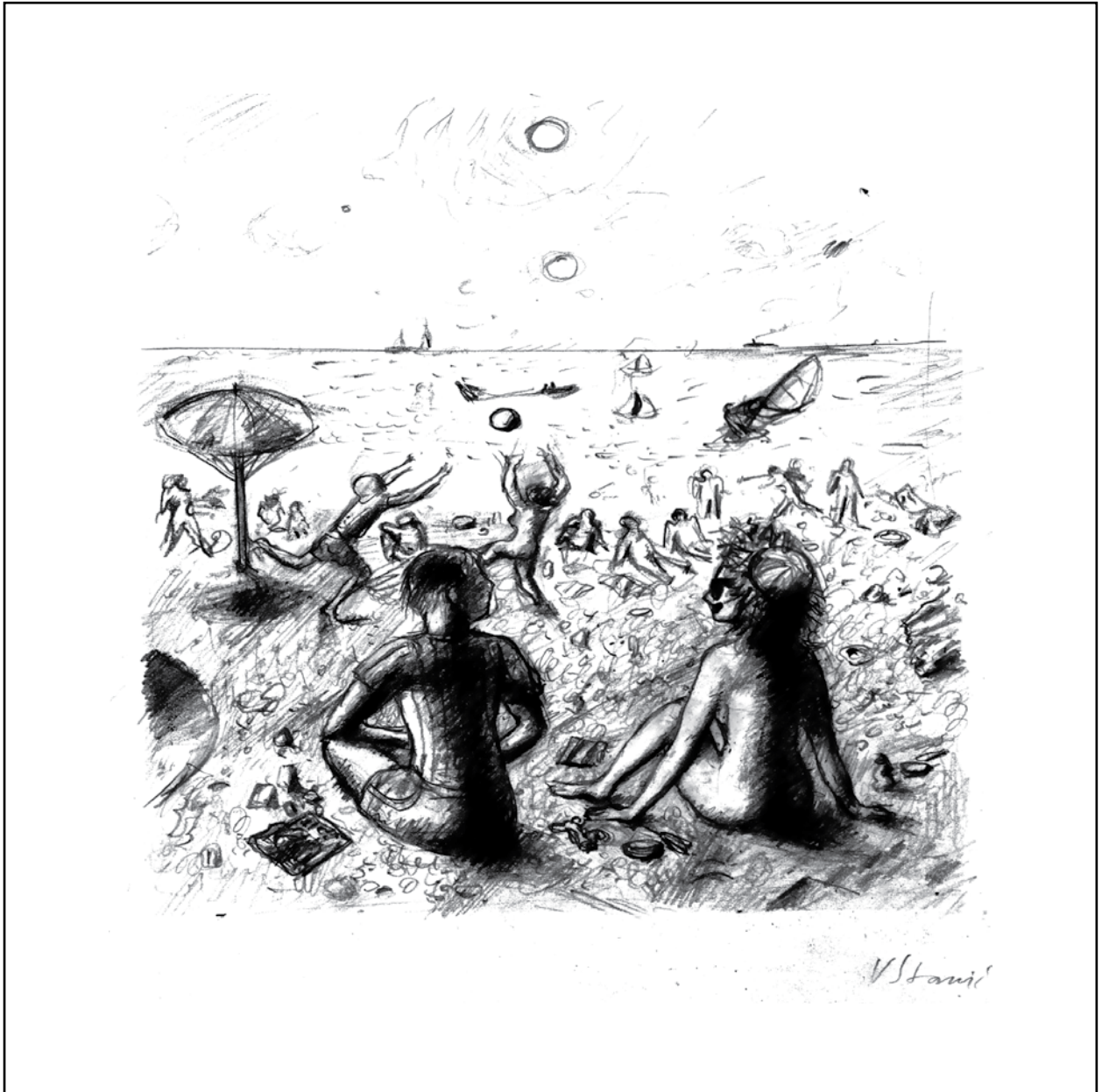
– Work has begun on laying out a ramified network of trails for hikers and mountain bikers to access the hinterland for nature, sports and cultural tourism with the aim of gaining market leadership in mountain biking at the Mediterranean.

– With the technical advise of Austrian Tiscover, the leading provider of marketing and technology solutions for tourism, the website of the National Tourism Organisation of Montenegro has been redesigned with numerous functions, including new sophisticated direct booking options.

– Finally, powerful investor groups have expressed definite interest in recent times for 17 greenfield investments (some 4,000 ha of land) for the development of luxurious facilities with accompanying amenities, which can open up completely new opportunities for Montenegro’s tourism industry.



2. STRATEGIC ORIENTATION FOR MONTENEGRIN TOURISM DEVELOPMENT TO 2020



2.1. Vision

By 2020, Montenegro will have become a destination with all-year-round tourism, with picturesque landscapes and protected biodiversity. It will have preserved its heritage and cherished its tradition, shaped by three major cultures. Montenegro cherishes its multi-ethnicity. Its brand name and statement “Montenegro – Wild Beauty” is not only justified by offering its visitors a look of the unmatched pristine nature. It equally offers diversity and high quality aimed to meet the demands of each individual visitor. Montenegro boasts diverse high quality hotels, resorts and other accommodation facilities. They are all internationally competitive and specialised in their target niche in line with the prevailing market trends. They meet all the demands to appeal to the target groups all year round. Apart from remarkable beaches, Montenegro is known for its unique national parks and nature parks, and an extensive network of panoramic roads for visitors coming by cars and a network of wilderness hiking and biking trails. This network covers the whole country offering to visitors a unique experience and offers to the local population the opportunities for additional income generation. As for nature tourism, Montenegro will have managed to become the leader in the Mediterranean, with a positive impact on extending the season. The sophisticated nautical, health and wellness facilities, winter sports and golf entice high-yield guests and strengthen its international reputation. The diversified products, high standards, training and services quality, offered at still competitive prices will have greatly increased employment, personal income and living standards. At the same time, the strategy of consistent quality will have reduced the strain in July and August. Montenegro will have become oriented towards up-scale markets with strictly protected natural and cultural features guaranteeing the appeal of the country in future and the preservation of resources for future generations. For a while already the supply and waste infrastructure will have been aligned with EU standards, and tourism will have constantly been strengthening its standing as a generator of jobs and taxes, stimulating most other sectors of Montenegrin economy.

Starting points for future tourism development

The strategy of sustainable quality tourism pursues two prime objectives of equal importance!

1. Prosperity for the citizens: To accomplish this socio-economic goal, six preconditions must be met.
 - Income from tourism will have to increase in level with the usual standards of pay in the EU Mediterranean countries. With a view to capacity bottlenecks on the beaches, turnover will have to be raised less via an increased number of guests and more through higher daily spending and the all-year use of as many products as possible. This calls for continuous quality improvement combined with broad diversification
 - As many full-time jobs and extra income opportunities as possible must be created, both directly in and indirectly through tourism. Accordingly, priority must be attached to labour-intensive product segments (hotel trade, gastronomy, entertainment, special services) as the main development levers. As a service industry, tourism is labour-intensive sector whose success is closely linked with the available human resources (quantity and quality wise) who are required to hold considerable professional and social skills. In line with development projections in the tourism sector, the Government has adopted the Development Strategy for Human Resources in Tourism Sector, aiming in particular to introduce a higher level of professionalism and improve coordination of all relevant institutions in the area of human resources development needed to support the tourism development over the coming period.
 - All-year products are needed: properly equipped holiday resorts and networked public leisure amenities at the coast and in the hinterland. This requirement is all the more important as two climatic obstacles stand in the way. The the coastal region of Montenegro enjoys 240 days of sunshine. In the lower altitudes of the expandable winter sports areas of Durmitor and Bjelasica, Prokletije, Hajla, Vučje, with a view of climate change, it is uncertain whether in the medium and long term there will be enough snow cover and it is almost impossible to schedule operation. So at the coast and in the mountains, products that are independent of the weather will have to be created and they must be internationally competitive, difficult to replicate and hence timeless.
 - The all-year capacity must be large and attractive enough to make low-cost flight connections from the main source markets worthwhile.
 - All guests must be satisfied, because the satisfied guest makes up the key link in the whole marketing chain. This calls for aligning all products consistently with the market and specifically catering for individual holiday preferences regardless of which region the guests come from, what type of accommodation they choose and what facilities they use.
 - Montenegro must extend its unique selling point (USP). Only the 'wild beauty' of its landscapes and nature will help it to gain an outstanding position compared with Mediterranean rivals. So landscapes, climate, fauna and flora are of inestimable economic value. To ensure the present and future success of the tourism sector, these resources need to be preserved, but they also have to be enlarged and presented.

2. Sustainable development: The all-embracing principle of sustainability is not just important for ecological and social reasons. Its principles are intended to safeguard all the assets of the tourism sector and make 'Wild Beauty' a core product of the destination brand. The sustainability priority also affects many sectors. It requires an efficient infrastructure; the government has recently decided on the necessary investments. Moreover, sustainability also requires a set of rules that apply for all economic activities and walks of life and everyone must pay heed to these. Sustainability is based on general environmental awareness. Unregulated garbage dumps in the open landscape, illegal bird-hunting in RAMSAR areas, tree-felling in national parks, etc. must be proscribed and prosecuted, as in all countries in the European Union.

UNWTO (United Nations World Tourism Organisation) has identified the following megatrends in European tourism:

- Due to potential conflicts between socio-ecological awareness and tourism development there is a general trend towards adherence to the principles of sustainable development. These have been embodied in law and are respected in almost all destination regions.
- Endemic products - In response to globalization, the blending of cultures and increasing uniformity in all areas of life, the traveller is seeking authenticity and originality, i.e. the special character in every locality.
- Electronic information and distribution systems enable direct information, direct comparison and direct booking. The Internet facilitates transparency and compels providers to adopt competitive price-performance practices.
- Large aircraft and low-cost carriers make for faster, more convenient and much cheaper flight connections. This concentrates demand on areas served by these.
- Common to all European markets is the differentiation in travel motives and target groups - a pronounced tendency for individualized holiday expectations. The new EU member markets of Eastern Europe are also picking up on this trend. The diversity of demands is a result of prosperity, international travel experience and globalization.

UNWTO sees development prospects in selected product segments:

- Lifestyle products in conjunction with a prestigious image and brand development of the individual destination regions: the destination as a multifaceted product under one brand!
- Quality products in all service sectors with a bearing on the tourism industry. The stress on quality is the outcome of worldwide competition for wealthy clients and is a prerequisite of brand development.
- Nature tourism in conjunction with sporting activities.
- Cultural tourism: The academically interested are being joined by new target groups that want to include a cultural aspect in their recreational holiday (cultural events, art colonies, poetry nights, etc.).
- Particularly high rates of growth have been recorded in the wellness, fitness, mountain hiking, hiking and biking and all-inclusive segments.

Two principal trends are discernible in the tourist demand pattern: complex bundles of motives and activities and the proliferation of diverse, smaller target groups.

- Complex bundles of motives and activities: The prime motive is recreation. Additional motives are now pleasure, social contact, health, exercise, the search for meaning, widening horizons and a particularly pronounced bias towards experience. Several motives are always activated at the same time in holiday activities. Motivation changes during the day and from day to day.
- Target group diversification: Membership in social and demographic groups has now come to be applied as a rough classification feature of the tourist market in the highly developed countries. Distinctions are drawn as to lifestyle and motivation groups, which are then subdivided into ever smaller subgroups. Older people (over 65) are now divided into 'active' and 'classic' senior citizens. There is also a trend towards fragmentation in special-interest tourist groups (bikers being classed as 'tourers', 'mountain', 'excursion', 'fitness', 'sports', 'family', 'fun' varieties).

If a holiday product wants to occupy and retain a pre-eminent position, it must contain components that are inimitable, timeless and authentic. These include:

- Visual, staged assimilation of the surrounding landscape,
- Exotic garden layout, comfortable interior and harmonious exterior design,
- Harmonising establishments with the surrounding (blending with the natural environment) and Service (human factor) as a major competition factor, which means taking time for the guest and his individual wishes, not just efficient professionalism.

All tourist destinations have continuously adapted to market changes. They have picked up on the trends and developed their range of products further. They have in part taken different directions. Basically, though, **they have pursued seven strategic goals:**

- Quality in the accommodation sector, concentration on the upper categories
- Diversification into special products - sports, culture, congresses and incentives
- Development of cross-seasonal products, particularly wellness temples
- Sustainability through environmental protection, sanitation infrastructure and landscape design
- Scenography and adopting local characteristics and styles
- Qualification of vocational training and creating new occupational opportunities
- Stepping up marketing measures and concentrating on major markets

Impacts of globalisation on the labour market, on the one hand, as well as the development boom in new holiday destinations and holiday resorts, on the other, mean that competition for wealthier tourists will continue to get tougher, particularly outside the bathing season.

2.5. SWOT Analysis

STRENGTHS

- diversity confined to a small area
- climate and geographic location
- natural values
- cultural and historic heritage
- hospitality of the local population
- food and beverages
- a large number of SMEs
- environment conducive to investments
- developed ITC infrastructure
- political stability
- good relations with neighbouring countries
- new emerging destination
- close to major European capitals

WEAKNESSES

- Growing demand and supply imbalance in international marketable hotel capacity
- lack of awareness on the importance of tourism among a large share of the population
- non-integrated product
- limited use of IT technology
- lack of highlighting the distinctiveness of regions
- inadequate human resources in numbers and skills
- low level of services
- pronounced seasonality
- considerable grey market share
- lack of reliable data for decision making
- unauthorized and unplanned construction
- failure to keep landscape and towns litter free
- inadequate accompanying infrastructure (water supply, waste waters, solid waste, road infrastructure, electricity, parking)
- noise
- lack of affordable air access
- inadequate implementation of PPP
- lack of initiatives in tourism
- not enough listed and designated areas in the coastal region

OPPORTUNITIES

- increasing international demand for nature tourism
- increasing international demand for new (unused) tourism and MICE destinations
- increasing international demand for a high quality and diversified tourism offers
- increasing importance and acceptability of sustainable development
- ongoing EU integrations
- development of regional tourism associations
- PPPs
- internet

THREATS

- increasing transport costs
- increasing food prices
- climate change impact
- reduction of protected beach areas

2.6. Tourism development goals

Future tourism development is based on a set of goals ensuring vertical hierarchy and horizontal interdependence, thus creating an integrated strategic approach.

2.6.1. Strategic goal

The **STRATEGIC GOAL** of tourism development by 2020 is as follows:

BY APPLYING SUSTAINABLE DEVELOPMENT PRINCIPLES AND OBJECTIVES MONTENEGRO WILL CREATE A STRONG POSITION OF A GLOBAL HIGH QUALITY DESTINATION; TOURISM WILL PROVIDE TO MONTENEGRIN CITIZENS ENOUGH JOBS AND INCREASING LIVING STANDARDS, AND THE GOVERNMENT WILL HAVE STABLE AND RELIABLE REVENUES.

Montenegro is already known as a beautiful and exciting destination. The potential, however, has not been fully harnessed and the desired international image has not been fully attained yet. Montenegro should rank among top destinations globally. Its landscape and natural values, cultural and historic heritage and hospitality of its people constitute extraordinary advantages of Montenegro. All efforts invested to improve Montenegrin tourism must be directed towards the attainment of this ambitious goal.

Tourism is the main pillar of the country's economic base. It is only successful tourism development that may ensure jobs and income for a considerable share of the population.

Although the development of large establishments like international tourism and conference facilities, marinas, congress centres, etc is often regarded as the symbol of successful tourism, **it is actually based on numerous business activities of micro, small and medium size enterprises.** Such large investments may be regarded as necessary, as symbols which draw the attention of guests to Montenegro. However, the establishment of tourism as an economic sector throughout the country and ensuring long-term sustainable development of tourism absolutely demands the completion of integrated tourism complexes and services by significant private sector investments. Such initiatives are not linked only with tourism activities (such as accommodation, restaurants, bars, etc) but cover all the services and production directly or indirectly related to tourism.

Tourism, however, does not contribute only to the welfare of individuals. The state will benefit as well. The changes in the economic structure of Montenegro and the transition from the industrial to post-industrial service-oriented economy require the use of additional sources of income for the state to meet all its tasks and responsibilities by provision of high quality standard. Tourism development, thus, is also an important step for establishing stable and reliable financial base for the state and municipal budgets. The employment and income for Montenegrin population and the increase in government revenues are not the two processes that go in parallel, but are firmly interconnected. A wide range of efforts is needed to achieve the strategic goal of tourism development and attain the required benefits and positive impacts.

All efforts within the scope of tourism development need to take into account the external factors, those out of the direct influence of Montenegro. On the upside, the favourable conditions are given through the fact that there is international demand for the products offered by Montenegro or the products which may be stimulated, increased and continue to increase. It particularly holds true for nature tourism, active holidays, conference tourism and high quality tourism.

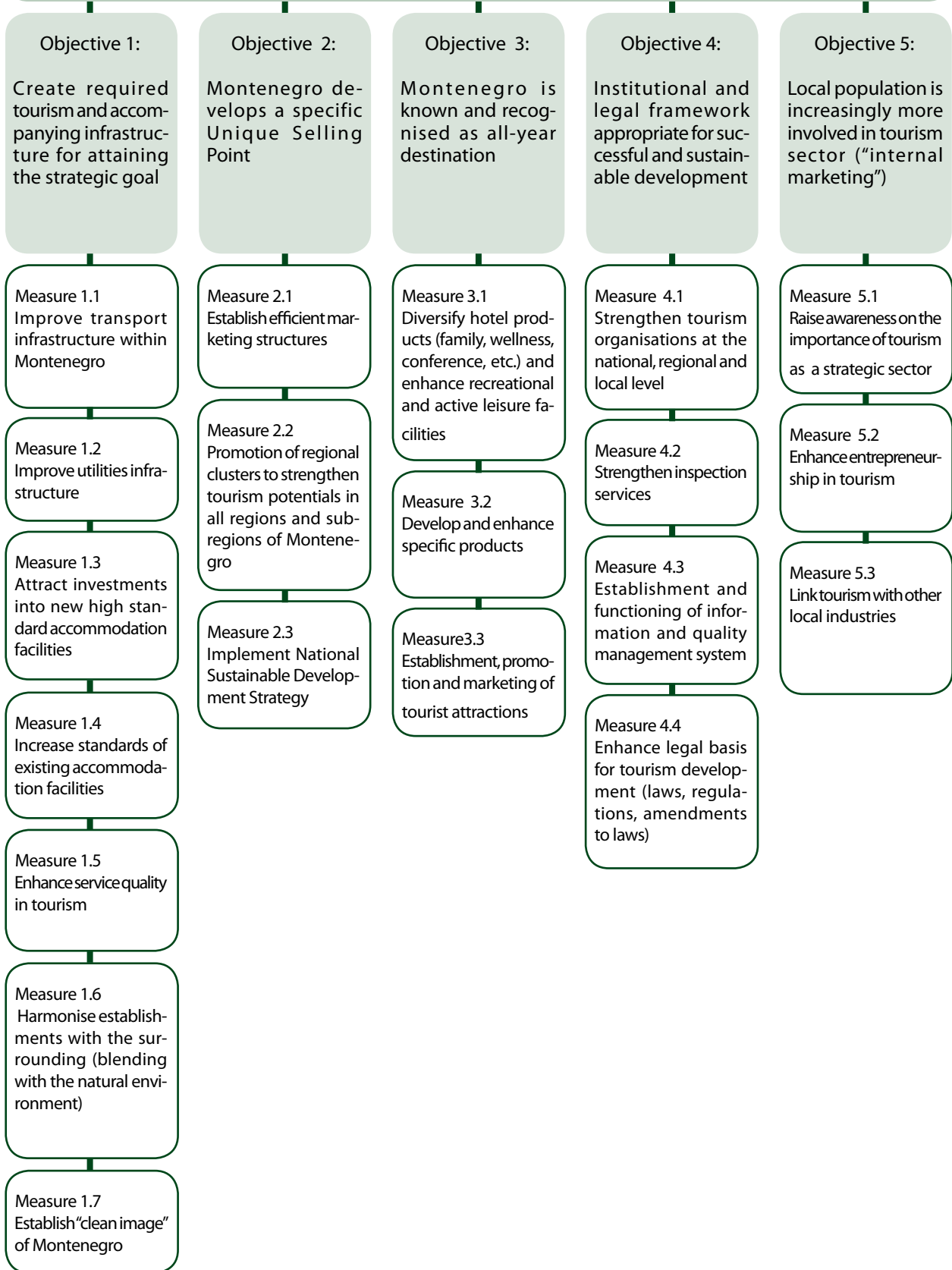
On the other hand, the impact of climate change affecting tourism development in the whole Mediterranean, Montenegro included, need to be accounted for. Currently one cannot forecast how far the changes will go. Another factor to be given attention to in the coming years is the increase in the travel expenses, new environmental friendly and potentially cost saving technologies, and thus possible changes in travel-related behaviour. The increase in import food prices is noticeable for sustainable tourism dependence on imported food needs to be reduced as much as possible, by supporting greater productivity and quality of local agriculture.

The strategic goal of tourism development will be attained through a set of objectives. The objectives identified respond to the requirements for the product "tourism" that needs to improve in all its aspects (objectives 1 to 3), but also the task that, seen from the long-term perspective, a strong and reliable base is to be created for strengthening tourism development and tourism related tasks (objectives 4 and 5).

OBJECTIVES AND MEASURES FOR FURTHER TOURISM DEVELOPMENT

STRATEGIC GOAL:

BY APPLYING SUSTAINABLE DEVELOPMENT PRINCIPLES AND OBJECTIVES MONTENEGRO WILL CREATE A STRONG POSITION OF A GLOBAL HIGH QUALITY DESTINATION; TOURISM WILL PROVIDE TO MONTENEGRIN CITIZENS ENOUGH JOBS AND INCREASING LIVING STANDARDS, AND THE GOVERNMENT WILL HAVE STABLE AND RELIABLE REVENUES



2.6.2. Objectives and measures for their implementation

Objective 1:

Create the required tourism and accompanying infrastructure to attain the strategic goal

“Quality instead of quantity” is the already stated goal of the 2001 Masterplan. Significant steps forward have been taken over the past seven years; however, there are still parts of tourism infrastructure, accommodation facilities and services which do not meet the requirements of a high quality destination. With a view of its spectacular, but limited in volume potentials, Montenegro must focus on sustainable development of high quality tourism. It implies having products to meet the expectations of each guest, no matter how different these might be, to attain highest possible revenues per guest day, which will be attractive all year round and which will generate jobs. Montenegro has the opportunity to become one of the top ten destinations worldwide and ensure long-term benefits from tourism.

Global demand for high quality destinations combining superb natural resources and exciting activities with excellent infrastructure and services offers a unique opportunity for Montenegro to use what it has in the best way possible. As shown by various examples, in particular in the Mediterranean, natural resources may only be protected through high quality tourism.

To attain this goal, the following measures need to be undertaken:

- Improve accessibility of Montenegro
- Enhance communal infrastructure
- Develop new high quality accommodation facilities
- Upgrade existing accommodation facilities
- Enhance quality of service in tourism
- Harmonise establishments with the surrounding (blending with the natural environment)
- Establish “clean image” of Montenegro

Measure 1.1 Improve accessibility of Montenegro

The distance and traffic links to a destination, the convenience, speed and costs of the return journey are decisive for its touristic development. These are the criteria for the engagement of tour operators and for privately organized holiday trips. Modes of travel also exert a considerable influence on which target groups can be acquired for a destination and which not. This also depends on the alignment, contents and quality of the range of products on offer, but their successful marketing requires the development of appropriate transport systems that can compete with other destinations. Montenegro can be reached differently by different markets.

Accessibility needs to improve. It is less a matter of extending roadways to neighbouring countries. Improving cross-border roadways should be an urgent concern for other industries as well, not just for tourism. Bottlenecks are seen mostly in midsummer, when thousands and thousands of tourists from the region drive towards Montenegro. A more efficient highway system would attract additional car tourists, and would reduce the pressure on the main centres in the high season.

Fast, convenient and low-cost flight connections are indispensable for a demanding, affluent target group (for instance, 77% of Germans travel to the Mediterranean by air and only 15% by road¹).

With its open-sky policy and the development of Podgorica and Tivat airports, Montenegro has created new opportunities. Still, a tighter flight network is expected due to the development of large and marketable hotel capacity. No airline company is interested in short seasons. They are looking for routes that promise high seating capacity utilization (yield) over long periods.

It means the standard in hotels must be raised and the sector must be extended and diversified. This was already a demand made by the Touristic Masterplan of 2001 and the report by the World Bank² ('investment in new and diversified facilities will be needed, including the entry of some recognized international investors and operators') as well as the WTTC's TSA³. Successful steps have been taken in this direction: Maestral, Splendid, Iberostar Bellevue, Bianca, Best Western Premier, Queen of Montenegro, Mediteran, Montenegro and Avala. Others are presently in implementation or planning.

Moreover, a variegated, efficient hotel trade is indispensable for the engagement of the major tour operators. They dominate the distribution networks throughout Europe and influence pricing and image in every destination accordingly. They bear the charter risk and decide on the length of the season. Unused seating capacity on their aircrafts is available to the individual tourists, who along with private providers also profit from the charter flights as 'freeloaders'.

As yet, there are no low-cost carriers to Montenegro. Until this changes, the tourism sector will be cut off from the most revolutionary trend in recent years. It cannot profit from the options that cheap flight offers afford countless tourists and destinations. On the contrary: the parallel operations of LC carriers to other Mediterranean destinations are detrimental to Montenegro's price/performance attractiveness.

1 F.U.R. in 'Reiseanalyse 2006 und 2007', Kap. 3.5.2

2 World Bank in 'Montenegro Economic Memorandum', Kap. 5.3 & 5.4

3 WTTC TSA 2004, S. 7 'Infrastructure & Product Supply', TSA 2007 S. 16 'Europe's new Monaco'

The market looks at the total costs of a holiday. The higher the share of transport costs, the less is left in the budget for the actual holiday. Inevitably, the traveller must put up with poorer quality or spend more money. A provider, usually the hotel, can only respond by reducing the price for his services enough to compensate for the flight cost disadvantage. As this is seldom possible for commercial reasons, Montenegro must seek to gain a foothold in the low-cost carrier networks.

The number of cut-rate airfares from Germany has quadrupled in 5 years. In Scandinavia, half of all air-borne holidaymakers reportedly travel with the low-cost carriers. The F.U.R. trend study estimates that 20.5% of all holiday trips from Germany will be operated by LC carriers by 2015.

When accounting for the strategic goals of the tourism sector, routing and the need for additional roadways may have to be assessed differently than for commerce, industry or a certain port. Arguments then need to be weighed up to cater for the interests of the general public and sustainability.

Rail travel is an experience and is particularly environment-friendly as a means of transport. It can be improved, particularly as the lines pass towns of touristic importance - Kolašin, Mojkovac, Bijelo Polje. The mountain regions, Durmitor and Prokletije, can be reached by bus from these.

Montenegro is a small country, but with scenic variety. An important aspect of tourism development is the accessibility of attractions in various airports of the country. Fast and comfortable guest transfer between different parts of the country needs to be ensured. It includes road and rail transport, as well as internal flights i.e. the combination of sea and nautical holidays in the south with active holidays in the north. Packaged or individual cruise tours should not be an adventure but an attractive element of the holiday in Montenegro. Main tourist roads will continue to be developed as "panoramic roads" offering a good insight in to the natural and urban landscape of Montenegro. It also means the construction of parking areas and vantage points well equipped with the needed picnic infrastructure serving as information points.

Measure 1.2 Improvement of public infrastructure

Quality of tourism greatly depends on the on the well functioning public infrastructure. The improvement of the existing and the establishment of a cost-efficient supply of safe drinking water is one of the basic priorities of any development strategy. In view of the prime role of tourism in Montenegro, capacity must be planned to ensure reliable, daily water supply to all locals and tourists alike.

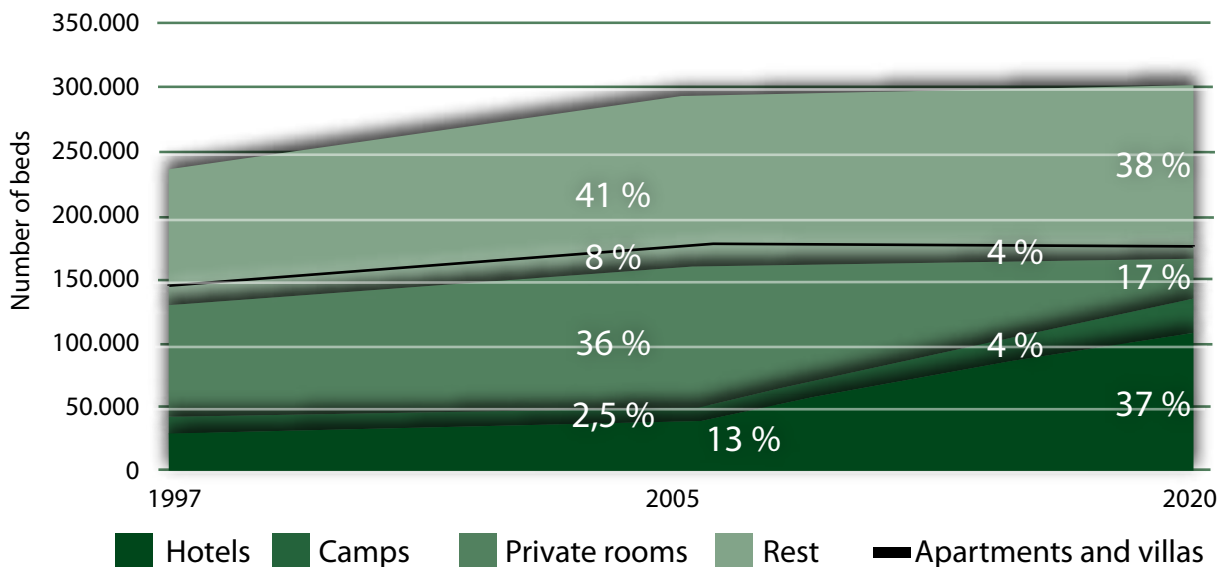
To remedy all the deficiencies in water supply, the government continued in 2006 with the instalment of a new supply system for the coast to be fed from Skadar Lake. The first, essential stage of the project will be completed in September 2009 providing water supply to Budva and Bar, and by mid 2010 other coastal municipalities will be connected to the system as well.

An extremely important issue is waste water treatment and discharge without polluting the environment. To that effect, regional sanitary landfills are to be developed by early 2010, and by late 2011 it is planned to have the phased completion of works and putting into operation up-to-date waste water treatment facilities. Polluted rivers and coastal areas are in conflict with high quality tourism. The same goes for power supply. Power failures and outages are counterproductive to the efforts for introducing high quality tourism.

Measure 1.3 Development of new high quality accommodation facilities

The first development stage concentrated on privatization and on renovating and upgrading existing hotels. This was attended by the return to the international markets. The ensuing phase must complete the modernization of the old hotels and attach priority to building new holiday resorts at the coast and in the mountains in line with the market¹.

The increase of number of accommodation facilities



Hotels and equivalent holiday establishments, called 'resorts', are tourism's development motors. Their standard and their market alignment with target group needs decide on product appeal. The range of services they have to offer is a prime determinant of the image, the transport system and sales efficiency. Even if all the 37,383 hotel beds available² were able to reach the excellent occupancy target of 150 days (41% capacity utilization), though, they would only come to 5.6 million overnight stays a year in all. At an average room price of € 32.88 as planned for 2006, aggregate room revenues in the hotel sector would amount to just about € 92 million. Doubling this through future improvement measures would still not be enough to support the macroeconomic goals of the tourism strategy. This has further implications.

Hotel capacity must be expanded Substantially in terms of quality and quantity. There is also an urgent need for high-yield establishments with diversified leisure services and amenities for all-year operation. In view of the mounting real estate shortage, all available plots at the best locations at the beach should be demarcated for the construction of first-class resorts, provided there are no pronounced public benefit interests or ecological reasons against this in the individual case.

On account of the beach shortage, a limit must be placed on total capacity to approx. 300,000 guest beds altogether, unless the establishments or the public sector create attractive bathing alternatives to the sea. Expansive bathing landscapes are quite common in many destination regions today, especially as heated pools and outdoor and indoor baths can make a key contribution to extending the season.

1 According to the WTTC in 2007 TSA, p. 41 „future challenges“
 2 NTO Hotel Directory 2007.

First, the aim at the coast should be a summer season from April until October and in addition some outstanding all-year establishments, in anticipation of the long-term strategy. A summer and a winter season are already possible today in the mountains, however. Mountain tourism can also be extended all year round with appropriate products, the most suitable ones being in the nature, sports and health sectors. These ambitious aims entail:

- ongoing improvement of all existing types of accommodation by upgrading all facilities as well as service, but also by stemming less lucrative and unproductive types of capacity;
- developing and expanding leisure infrastructure to international standards and devising attractive special products: health, mountain biking and hiking, golf, nautical tourism, MICE facilities and all kinds of niches in sports, nature, experience, culture, religion, provided they meet sustainability requirements;
- attaching prime priority to developing the types of accommodation that can earn as high an income as possible, can operate for a long season and can create many jobs and training places per guest bed.

It is vital to align accommodation with the economic requirements of Montenegro, with emphasis placed on the types of product that afford the greatest advantage in the long run. These are holiday hotels and resorts.

Initially, certain administrative measures should be imposed to slow down considerably further development of the lower revenue producing second-home, vacation apartment sector - at least at the coast and in the other tourist centres, until a balance has been reached amongst the different types of accommodation, the entire infrastructure has met the increased power and water supply and sanitation needs due to the tourism boom and the excessive pressure on the beaches has been eased by means of alternative, artificial bathing options¹.

The capacity forecast is premised on this kind of building slow down and also assumes that some second homes will be converted into retirement dwellings in the years ahead and will no longer count in this segment.

An advantage that registered private room rentals have over foreign owned and foreign rented second residencies (apartments and homes) is that the revenue is of direct benefit to local low-earners and does not leave Montenegro². With a view to the social and economic goals of sustainable development, this sector has to be treated with great care. The retrenchment of capacity is therefore based less on a 'plan' than on an assumption: with increasing prosperity in the neighbouring markets and in Montenegro itself, the demand and also the willingness to let out a personal room to a stranger and give him access to the family domain during the holiday months will decline. Notwithstanding this, private letters and the public sector have an economic interest in setting standards for private lodgings, implementing these and making them public with signboards on the house. This makes it easier for the guest to find a room. In addition, enlarging public tourist leisure infrastructure can also improve the attractiveness of the private lodging sector, so that it can also gain custom during the off-season.

1 WTTC in 2007 TSA,
2 WTTC in 2007 TSA,

Camping and, increasingly, caravanning belong to the most popular types of holiday in almost all markets in EU-Europe. Many millions of Germans, Frenchmen, Britons, Dutchmen and Scandinavians go on a camping holiday every year. Many of these campers are not bothered at all about saving money on their holidays; they want to travel around in natural surroundings. Croatia, Italy and Spain provide countless camping sites and France is even regarded as an ideal destination because of the high quality of its amenities. Montenegro, in contrast, faces two obstacles: space and distance. The normal camper does not want to drive for a long time, he wants to camp. Only the more discriminating ones, often camp mobiles want to visit landscapes and towns.

Obviously, high quality tourism may not be established without high quality accommodation in all sectors of the tourist economy. Over the past several years various investments are in place or in planning. Particularly at the coast, a considerable number of new or renovated capacities meeting the demand of international high quality tourism has been opened. It implies the need for more high quality accommodation capacities, both at the coast and in the central and mountain regions. It is important to connect with private investors seeing future importance of the tourism market in Montenegro.

A decisive aspect of investments into high quality accommodation capacities is the respect for nature protection, energy efficiency and the use of renewable energy. Moreover, one of the criteria for high quality capacities is their suitability for the disabled.

Government and municipal spatial planning and development schemes must account for all environmental issues with emphasis on nature and resource conservation. All buildings and facilities in larger projects have to be assessed for their environmental impact as does their use. It can already be ascertained at this stage, by applying EIA and SEA procedures, whether the enterprise intends to pursue an environmental policy and which measures are envisaged for reducing resource use and environmental pollution. Considering that intensive development has posed considerable strain on littoral ecosystems, in particular those at the water line, in order to prevent linear coastal building and the preservation of the unique natural and cultural heritage of the Montenegrin Coast, it is necessary to ensure consistent application of the ICZM mechanisms, in particular the introduction of the building ban along the coast 100 m from the high-water line for all new constructions for which the development of planning documents starts after the ratification of the Protocol in the Parliament, which is scheduled for 2009. Although Montenegro's nature and biodiversity are unique and diverse, the vulnerability of the ecological resources needs to be taken into account. For sustainable resource utilisation and alignment of development with environmental and overall features of the site, the development of touristic and infrastructure projects should be based on the calculations of the carrying capacity.

Beginning with an effective building and room insulation, a bundle of energy-saving measures and facilities is not only feasible nowadays; it also makes economic sense to reduce operating costs (double or triple paned windows, energy-saving lamps, infrared sensors or movement detectors for public areas, regular measurements for tracking equipment with high power consumption, master switches in rooms that turn off the complete electric circuit on leaving, contact switches for air conditioners). Furthermore, wherever economically tenable and technically feasible, renewable energy sources should be used. UNWTO recommends using photovoltaics, solar and geothermal sources, wind power

and biomass¹. Using solar energy is an obvious option. Solar-powered boats on Skadar Lake would not only be ecologically desirable, they would offer an additional attraction for tourists. There are other possibilities as well: water heating, pool heating, indoor air conditioning, etc.

There are also considerable prospective savings to be made in water management as well. It is essential to monitor the pipelines continually, as a small leak can already cause considerable - and costly - water losses.

Wastewater management also belongs to good environmental practice. Where hotel establishments cannot discharge their sewage into a public sewerage system, they must run their own. Even solitary mountain huts and restaurants should have this kind of facility. The same applies for toilets in the national parks, in hiking & biking centres and in the shepherd huts - the katuns. The best environment-friendly solution here are dry toilets that need neither chemicals nor water, have long been tried and tested and are now in common use in parks in Canada and Finland.

Clean water and the littoral area, with environmental indicators within the standard limits, are but a precondition for a high quality tourism product. Thus special attention needs to be given to enhanced environment monitoring and reporting pursuant to the requirements of the international documents and programmes (such as the Barcelona Convention and the MEDPOL programme) and the EU acquis (e.g. EU Bathing Water Quality Directive). Such an approach implying an efficient monitoring and control system in place covering all the activities with possible impact on the environment, including touristic activities in protected areas, should be borne in mind within environmental monitoring in all categories of protected areas, national parks in particular.

When it comes to solid waste management, commercial waste should be divided into 2 categories - waste for disposal and waste for recovery. Disposable waste is divided into that requiring particular supervision and waste requiring supervision. Both kinds have to be duly disposed of in public landfills. The continuing practice of dumping garbage in the landscape, even in remote places, harms the environment but it also does considerable damage to the national image. Solid waste for recovery consists of 3 classes: waste requiring particular supervision, waste requiring supervision and waste for biological degradation requiring no supervision.

In Montenegro it is important to adjust areas and facilities that are suitable for disabled persons. Barrier-free tourist amenities are taken for granted in the whole of the EU and are prescribed by law in a number of countries. This is a matter of social responsibility, because the large number of paraplegic victims of road accidents make up a growing part of our society and a growing target group with special needs. Montenegro must catch up in this area as well. It also risks damaging its image, if this issue is ignored

Hence, it must be catered for in the pending physical development plans, the regulations for classifying accommodation, in public transport, in constructing crossings and pavements. For practical and financial reasons, work here should start in places without large inclines and urban traffic, such as Sutomore, Čanj and in future at the Velika Plaža. Regulations affecting only parts of the private sector could be mitigated through tax concessions.

Measure 1.4 Upgrade existing accommodation facilities

Not only new and large hotels and tourism and conference facilities should be of 3, 4 or 5 star category, but also the existing small hotels, apartments, cottages etc. The scene is still dominated by the low standard accommodation. The owners of existing accommodation facilities need to be motivated and supported in investing into upgrading. As decisive here may be identified the fact that until now even the low standard establishments were able to be fully occupied in high season. The owners see no need to invest. However, quite evident changes in the readiness of guests to pay quite a lot for just goods standard will bring about some changes in the near future. In the northern region, most owners of accommodation facilities are not fully aware of the need to upgrade standards and/or are not informed enough of the demand from major source markets. There is a need for flexible support and assistance adapted to individual circumstances.

As is the case with new investments, care should be given to nature protection, energy efficiency, renewable energy and accessibility for the disabled.

Measure 1.5 Enhance service quality in tourism sector

Apart from accommodation, the service is best advertising for the quality of country's tourism. In Montenegro service quality often lagged behind the required standard. The tourism workers (waiters, shop assistants, bar tenders, but also national park rangers, etc.) should have at least the basic knowledge of one or two main foreign languages. Communication between guests and service sector workers makes a basis of successful tourism. Also, some improvement is needed in the relation towards guests ("clients"). Politeness, availability of information and ability to give advice to guests are decisive factors for attaining the specific goal of high quality tourism. Another decisive aspect are the qualifications and skill of the guide, for instance, in rafting.

The French government has examined the impacts of tourism on the labour market¹, how it should be used to create jobs and new occupations. The study came to the following conclusion:

"Clearly, tourism as such can only be expected to create a limited number of new jobs. On the other hand, though difficult to quantify, the indirect activities stimulated and generated by tourism afford considerable scope for job creation. So a distinction has to be drawn between jobs in and through tourism."

WTTC also looks at direct jobs in the travel & tourism industry as well indirect ones in the t & t economy that come about in all other branches as a result of developments in the industry. It anticipates for Montenegro 26,200 direct jobs for 2017 and an additional 16,600 indirect ones, 42,800 in all¹. As a baseline in 2007, it proceeds from 14,900 direct full-time jobs and Strategy for Human Resources Development in Tourism Sector, from 14,500 direct full-time jobs.

For 2020, Human Resources Development Strategy estimates a slightly higher demand for direct jobs: 29,350, of which 25,100 in the hotel trade, approx. 2,500 in the travel agencies and 1,750 in 'other areas'.² It, however, leaves direct jobs in independent gastronomy, specialized niche providers and in seasonal ancillary work out of count.

The WTTC and HRD estimates on the annual requisite training volume also differ. While HRD sees an additional training need for 1,000 qualified personnel every year, WTTC puts this at 1,400.³ A calculation based on 300,000 beds shows, however, that 32,275 personnel will already be needed for the accommodation sector in 2020; 1,000 new jobs a year will already have to be filled in the hotels and 1,400 in the accommodation sector.

Direct jobs in tourism 2020

Hotels	Beds	Nights	Personnel	
			Per bed	Total
5*****	14.700	3.409.000	0,40	5.880
4****	42.000	9.798.000	0,30	12.600
3***	42.150	6.889.000	0,20	8.430
2**	12.250	1.538.000	0,10	1.225
Total hotels	111.100	21.634.000	0,25	28.135
Carav.-camp.	11.750	960.000	0,03	350
Priv. rooms	50.725	4.207.000	--	--
Other	12.175	1.067.000	0,03	365
Holiday ap.	114.250	11.737.000	0,03	3.425
Total	300.000	39.605.000	0,11	32.275

HRD starts from a lower total bed count of 275,000 instead of 300,000. It also leaves camping and the 'other capacities' out of account. At a higher standard, they will also need trained personnel. Finally, GTZ disregards the part of the holiday apartments that are supposed to be professionally managed and marketed.

For hotels, the number of personnel per bed is taken from the GTZ-HRD study

1 WTTC in TSA 2007 p 13, 31 (Employment) and page 46 ('Human Resources')
 2 GTZ in HRD, pp 61, 25, 26 and 27 related to p 7 (hotel trade 83%, travel agencies 10%, other areas 7%)
 3 WTTC in TSA 2007, p 31 (Employment) – deviating from this, WTTC on p 8 speaks of only 1.000, referring to GTZ

Furthermore, business segments need including that make up an inseparable component of the tourist range of services and guarantee its quality level:

- *Independent restaurants, bars, cafes:* For 2004, MONSTAT¹ records a total of 6,722. It would certainly not be unrealistic to estimate a figure of 10,000 in 2020 and assume 2 jobs for every new unit - self-employed or payrolled.
- *Nature, art, culture and entertainment:* In addition to the couriers included by HRD Strategy, highly qualified rangers will be needed for the national parks, artists (actors, musicians, presenters), guides and guards for museums and sights.
- *Niches:* Special providers concentrating on certain target groups in sports, health, adventure, youth and family tourism also need qualified, certified and licensed specialists in all kinds of disciplines, regardless of whether they are self-employed or salaried.²

In its calculation of hotel jobs, HRD envisages a doubling of productivity by 2020 as a result of training. At present, 0.5 jobs are assigned to a hotel bed on national average. This ratio is to be improved to 0.25.³ This conforms with international benchmarks. This means a successive halving of today's core hotel personnel with a simultaneous job expansion. Attaining this target depends on training but also on the functional planning of the holiday resorts and the organization of work operations.

To each direct job, WTTC assigns another 0.65 indirect jobs in agriculture, fishery, construction and trade and services. This coefficient is adopted for calculating all employment effects, so that altogether 65,700 full-time jobs, 39,830 direct and 25,870 indirect, will be created altogether by 2020.

Direct and indirect jobs in and through tourism in 2020

	Beds	Nights	Comment
Accommodation	300.000	39.605.000	32.275
Restaurants, etc			6.555
Nature, art, cult			500
Niches			500
Direct jobs			39.830
Indirect jobs			25.870
TOTAL	300.000	39.605.000	65.700

At 15 million overnight stays, 28,900 direct and indirect jobs in 2007 mean one job for 520 overnights. The analogous calculation for 2020 yields one job for 600 nights. This figure is plausible, accounting for training to raise productivity and the expansion of quality products in all tourism segments.

The number of personnel per bed was taken from the GTZ-HRD study.

1 MONSTAT in 'Statistical Yearbook 2006', Chapter 17.2
 2 Mountain, hiking & biking guides, tennis, skiing, sailing, diving, golf instructors, etc.; wellness & fitness actors, physicians, therapists, masseurs, etc.; group leaders, stewards, nursery school teachers, etc.
 3 GTZ in HRD (Human Resources Development), A 2.1, p. 60

Both the GTZ Human Resources Development Strategy and the WTTC Country Report stress the need for a vocational training and qualification system in keeping with all the specific conditions and product segments in the tourism sector.¹ This requirement is all the more urgent as expanding capacity must fill approx. 2,000 qualified jobs in each of the years ahead

In addition to training, qualification and specialization, tourism also needs international experience. It cannot afford to confine itself to market surveillance. Knowing about the products and performance standards of competitors is no less important.

Since the service sector depends on qualified and motivated personnel, however, considerable improvements need to be made in employment conditions and prospects, in 2 ways:

- Salaries must be brought up to the usual northern Mediterranean standard!
- Employment contracts must be concluded for a longer term in the year - even for the whole year where possible!

This aim is realistic if the second development phase now pending raises productivity in the tourism sector. Montenegro must concentrate on developing the high-yield product segment and raise income from guest beds.

Measure 1.6 **Harmonise establishments
with the surrounding
(blending with the natural environment)**

Natural and urban landscapes of extraordinary beauty are the main criteria of a high quality destination. Many developments, touristic and non-touristic facilities do not respect the conditions existing in their natural, urban and cultural setting, but contradict the landscape. The harmony of the new and renovated buildings with the conditions in their wider context need to be considered.

Tourism has undergone different phases. This is evident in holiday architecture, which was frequently more dependent on external determinants, topography, land prices, the situation or size of building site, demand pressure or package tour requirements, for example, than a well-considered architectural psychology in response to needs, trends and changes in holiday habits.

One issue is under permanent discussion. What is better: the high-rise building or customary national architecture? This is a superficial, spurious debate. It is concerned principally with size and façade. It only has to do with the dispute between those that demand an architect's architecture and their adversaries who want to see a consumer's architecture. Far more decisive is what suits the respective landscape, is timeless, performs its economic functions and meets the expectations of its target groups at the same time.

Regardless of standards, hotel blocks are doomed to fail if all they offer is board and lodging.

Margaret Huffadine, the leading U.S. expert on resort architecture, also falls a little short of the mark when she claims that "...the modern tourist associates the resort experience with relaxation, luxury, service and care and expects to be pampered. These pleasures are enhanced by the opportunity to participate in a wide variety of sports, recreation and entertainment and escape from day-to-day stresses."¹ She actually addresses almost all the international product requirements, but not the quest for a 'perfect world'.

A look at the architecture of holiday wishes (Chapter 19.6) reveals what this means. Besides the general desire for relaxation, there are 3 basic needs to satisfy:

- Physical and emotional well-being: climate, landscape, comfort, atmosphere
- Emotional enrichment: social contacts, harmony, experiences, entertainment, fun
- Mental enrichment: getting to know other cultures, gaining new impressions

Today, it is common for holiday architecture to draw on style elements from the local tradition. Frequently, though, this is confined to ingredients in facade decoration. Historical buildings are particularly popular as a demand trend and at the appropriate service standard these hold the promise of higher capacity utilization and higher prices. Sveti Stefan is a case in point. Where no old building fabric is available, new buildings are constructed in the old style, with similar success.

Measure 1.7 Establish the "clean image" of Montenegro

It is a wide spread phenomenon that both the locals and tourists do not observe proper refuse disposal. Garbage may be seen scattered in picnic areas, along the roads, in the parking areas, etc. The ongoing campaigns, such as "Let It Be Clean", have had good results so far. It is important to motivate the local population and visitors to observe clean environment and help improve the image of Montenegro as a clean country where one can enjoy the landscape without occasionally seeing discarded paper, plastic, old washing machines, old tyres, car batteries, etc.

Thanks to various cleanliness campaigns, Montenegro has come a very long way and made impressive improvements to appearances along the main roads. This has not solved the problem, though, particularly since everyone permanently produces new refuse and people lack the right attitude towards cleanliness in the landscape. Particularly objectionable are the illicit rubbish dumps on the thoroughfares away from the busy roads. They are frequently found in the most attractive scenic spots, that is, right in the middle of those resources that every kind of nature tourism depends on. For this reason alone, something needs to be done urgently. If Montenegro calls itself an ecological state, is committed to sustainability and at the same time lays claim to the 'wild beauty' of its landscapes as the USP for its tourism promotion to reach the highly environmentally conscious target group of nature tourists, it cannot afford to risk disappointing them. This would result in a destructive boomerang effect.

A complex, integrated master plan² has been drafted and adopted for orderly refuse disposal in line with EU directives. It provides for the reduction of solid waste, recycling, raising public awareness and the installation of 8 professionally managed regional landfills.

1 Margret Huffadine, „Resort Design“, p. 1

2 GOPA, Republic-Level Waste Strategic Masterplan

Objective 2:

Montenegro, one product, one USP (Unique Selling Point)

Montenegro should be recognized as a unique integral tourist destination. Until now Montenegro has been recognised as a part of the Adriatic coast known for its bathing holidays and water sports. Montenegro is increasingly more becoming recognised as a destination for skiing and rafting. Thanks to the fact that a wide range of highly diversified products may be found within the area of 13.500 km², it is required to combine all the diverse products into one integrated and highlight that it is only in Montenegro that one can experience all various types of holidays in close proximity. That is what differs Montenegro from other destinations where tourists can in advance decide for one type of holidays before scheduling their holiday or have to spend more time to move from one specific tourism area to others.

Objective 2 will be attained through the following three measures covering all the required components:

- Establish efficient marketing structures
- Promote regional clusters to strengthen the tourism potential in all regions and sub regions in Montenegro
- Implement the National Sustainable Development Strategy in the area of nature protection

Measure 2.1 Establish effective marketing structures

Effective marketing structures need to be in place to promote Montenegro as a unique selling point (USP). It includes a well-balanced marketing strategy, as well as a proper institutional structure. The “Wild Beauty” brand will be further strengthened and ensure permanent presence at major source markets. This brand will be placed in the focus of future marketing efforts and will be the umbrella for specific brands of individual sites and regions.

Measure 2.2 Promote regional clusters to strengthen tourism potentials in all regions and sub-regions in Montenegro

Establishing Montenegro as a USP calls for integration of all regions into a single high-quality destination. Thus all regions and sub-regions need to be enabled to offer high-standard products. Guests need to be made possible to travel around the country and enjoy diverse products at a high level; regardless whether on the coast, up north, in rural or urban areas.

The guest does not ask about the administrative boundaries. They do not think whether sleeping in one municipality, and spending the day within the territory of another. In addition, for many municipalities the strategy of their establishing as a part of unique destination it exceeds their capabilities. Hence the promotion of regional clusters (Annex I: Clusters) and intermunicipal cooperation in tourism development is the best approach. Thus the individual potentials may be best harnessed and municipalities within region may have the greatest benefits and find their interest in tourism development.

Measure 2.3. Implementation of the National Sustainable Development Strategy

The image of Montenegro is mostly based on the diversity of its nature and natural values. In order to attain the goal of having Montenegro as a unique tourism product, the natural diversity and natural values need to be protected in all parts of the country and used accordingly. To abandon this goal would mean abandoning the efforts made by Montenegro to position as a unique product and abandon its positioning as a global top destination. The National Strategy of Sustainable Development of Montenegro (NSSD) sets forth the orientation envisaging tourism as the driving force of the economy and the new development cycle. This is based on the fact that Montenegro disposes of resources essential for tourism development and that this industry generates the development of other complementary activities, such as transport, trade, banking, agriculture, construction, etc. Specially important for tourism as the generator of sustainable development of the whole society is the fact that such development has a number of positive economic impacts, including reducing unemployment, increasing the living standards of the population and contribution to regional development. At the same time, National Strategy of Sustainable Development indicates the existence of a number of infrastructural deficiencies and other limitations burdening sustainable tourism development.

Priority NSSD objectives in the area of sustainable tourism are: a) diversification of tourist offer (development of village, agro-, eco-, mountain, cultural, sports and other forms of tourism, especially in the northern part) in support to the extension of the tourist season and attraction of guests with higher purchase power (the final aim being increase of direct and indirect revenues from tourism); and b) integration of sustainability criteria in sanctioning tourism development projects (i.e. for the adoption and assessment of plans), especially when it comes to coastal and winter mountain tourism.

The following measures are envisaged to be carried out during the NSSD Action Plan implementation period (2007–2012): development of pilot projects identified in development studies, activities on the promotion and product diversification through joint actions of the Ministry, tourism organisations, the industry and the civil sector, education of personnel and provision of funds for the implementation of development projects. As for the second task, it is intended to apply sustainable development principles and guidelines then the fully fledged application of the impact assessment in the implementation of large-scale development projects.

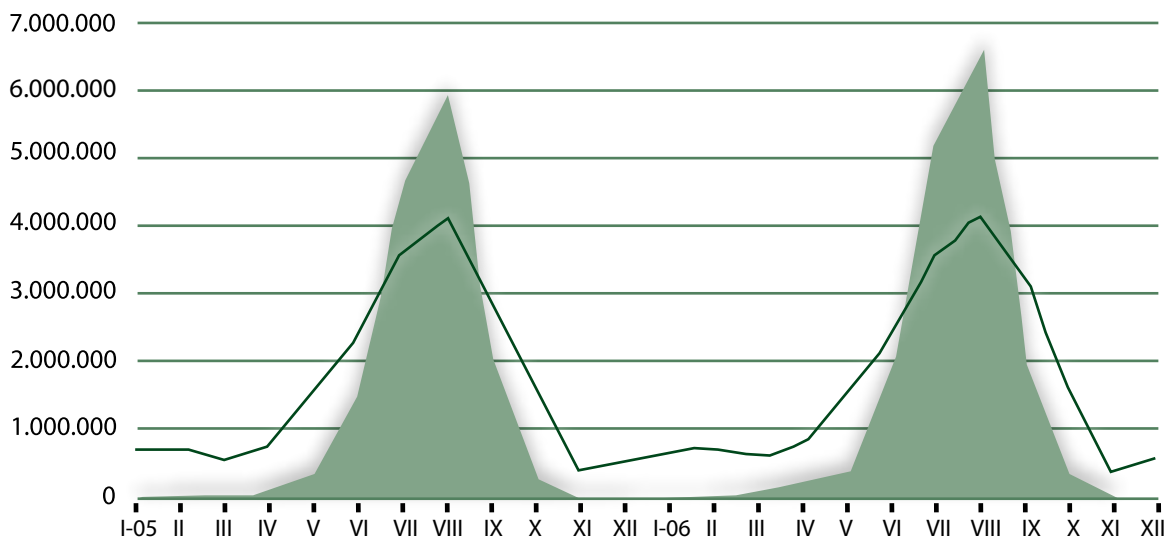
After one year of the NSSD implementation, based on the analyses given in the First Annual Report on the strategy implementation, there is an evident need to enable more efficient horizontal and vertical coordination of efforts of relevant entities at all levels, particularly to enable the integration of environmental protection goals through interagency cooperation. It is particularly important for sustainable tourism to use natural resources and potentials respecting the principle of sustainability to avoid the conflicts between nature conservation and development, or address them if they arise. In order for the development decisions to be applicable and sustainable in the long run, it is necessary to include in addressing possible conflicts the mechanisms to assess the impact on the biodiversity. The general NSSD recommendation is that spatial location of major development capacities and projects must not be in collision with the preservation of integrity of protected areas of nature, in particular the ones with international designation. Such an approach holds particular importance when seen against the implementation of a priority NSSD task in the area of nature protection and conservation of natural values pertaining to the increase of the share of nationally designated areas, whereas it is needed to use European typologies of habitats significant for protection (EMERALD, Natura 2000) in the selection of area for protection. This will enable the inclusion of all representative ecosystems and enable the establishment of green corridors and network of protected areas.

Objective 3:

Montenegro known and recognised as an all-year-round destination

One of the most critical aspects of current tourism is the focus on a relatively short period of the year. Successful and high quality tourism depends on the all-year-round appeal of the destination. Obviously, there will still be the concentration of tourists in the usual times of the year, such as summer and winter holidays, but Montenegro needs to come to be recognised as a destination worth visiting throughout the year.

Strategy: Diversification; extend the duration of the season; increase of revenue



Objective 3 will be attained through the following three measures covering all the required components:

1. Diversification of hotel products (family, wellness, congress, etc.) and enhancement of active and recreational holiday facilities;
2. Development and enhancement of specific products;
3. Establishment, promotion and marketing of tourist attractions.

Measure 3.1

Diversification of hotel products (family, wellness, congress, etc) and enhancement of active and recreational holiday facilities

A precondition for the establishment of all-year-round tourism is the existence of facilities meeting the demands of visitors during various seasons and the demands of various target groups. Families with small children, congress organisers, senior people seeking wellness holidays are usually not confined to summer; they, actually, wish to avoid this time of the year, but they need to have proper facilities operating off-season.

The attractiveness and earning power of a hotel are traditionally rated by standard and situation - certainly two of the most important criteria. In the holiday hotel business, however, others are equally important: holidaymaking facilities and options, the house atmosphere and the other guests. Standards alone, then, are not enough. The hotelier must assess the market alignment of his resort, decide on target groups and tailor his product to their preferences. The first step in this positioning process is made with the standard. Standard specifications of this type are meant as a general guideline for local detailed urban plans. Other quality requirements must be added. These include a set ratio of the number of beds to the green and leisure area, as well as outdoor and indoor pools for all resorts as of a certain size, since these are essential for a longer season.

In response to the growing diversity in holidaymaker's demands, the providers have come up with 3 different types of **resort**.

The concept, '**resort market**' is largely identical with that of the holiday resort. It denotes a town with many hotels that profit from a major local attraction, the beach, the mountains, the culture. Resort markets have a symbiotic relationship with their surroundings. Their attractiveness and absorption capacity are decisive for the success of the accommodation establishments located there. This means that all stakeholders must bundle their strengths to maintain and enhance attractiveness. An uncooperative co-existence helps no-one.

A '**resort destination**', in contrast, is a self-sufficient holiday establishment that provides its target groups with everything they expect. It usually offers 1, 2 or 3 outstanding special products and a variety of activities, entertainment and care services on top of this. It runs speciality restaurants, increasingly MICE facilities and of course a spa and a pool landscape. Resort destinations now dominate the products at the coasts of the Mediterranean and the Caribbean. Suitable locations for these are Valdanos and Čanj and the lakes of Nikšić, Plužine and Plav in the interior.

The concept '**resort property**' denotes smaller hotel establishments of up to 100/150 beds that can offer a special service, boutique and gourmet hotels, for example, or those that focus on imaginative themes, highly professional tennis, riding, biking, hiking activities, friendly hotels for families and children catering for various age groups, but also rustic youth hostels and mountain huts. These establishments are frequently associated with a 'resort market' as they cannot meet all the holiday demands of their guests alone, so a typical feature of this category is networking with other local service providers.

This can involve cooperation with golf courses, sports centres, bathing landscapes, lift systems and other specialists.

Nature tourists first choose the destination, then their intended holiday activity and then the accommodation. Their main travel motive consists in experiencing an exceptionally beautiful natural environment and learning something about it. Contemplating landscapes, watching wildlife, taking part in well-organized informational hikes and visiting reserves are the most popular pursuits. Observing fauna is the favourite.

The International Finance Corporation (IFC) finds ecolodges (an accommodation that protects the surrounding landscape, affords advantages for the local population and interprets the environment) very interesting because they provide a product for the fast-growing market of nature tourism and because they can set off a beneficial economic momentum in areas whose sensitive fauna and flora could be harmed by other forms of touristic development.

Lodges in Montenegro must offer something other than wildlife watching. One possibility are light sports activities, health themes, a contrast between the rugged environment and excellent service and eventful nature hikes. (Annex IV: Wild Beauty Resort and Ecolodge Concepts).

The aim is to diversify the hotel products tailored to specific target groups and to improve the recreational and active holiday facilities to be attractive all-year-round. It is only through active diversification that visitors can be drawn off-season.

In reaction to the consequences of this global uniformity, identity, individuality and imagination are now increasingly in demand. This has spawned new developments. Architecture, target-group alignment, contents, design and service style have been rediscovered as distinctive features.

'Diversification' is the catchword. All market studies and competitor analyses underline this trend and the need to keep pace with it in a pro-active way. Due to the climate at the coast and in the hinterland, there is an obvious need to develop in Montenegro all kinds of holiday facilities for selected target groups independent of weather conditions. This is essential for a substantial extension of the season.

A tourism strategy aimed at selected target groups in its markets must offer products that cater exactly for their specific wishes. Four points have to be considered when defining a target group: size, spending power and demands of the group for selection and the providers' own potential.

Another point to remember when aligning products with the target-group is that there are no sharp dividing lines between individual groups. Tourists seldom stick to one theme on holiday. They usually look for more and combine their principal interest with other goals. Interests overlap, but they also change from day to day, even during the day. Subgroups have even formed in the individual target groups. They differ by intensity of preferences and personal circumstances, such as age, lifestyle and income. In modern tourism, with its diverse holiday expectations, providers and operators must deal with the so-called hybrid guest, who is difficult to pin down and whose demands are even harder to satisfy. Annex II: German Market – Leisure and Holiday Target Groups

Montenegro's present main target group are the beach tourists: families, couples, singles. Greater stress should be placed on the more discriminating and better-off subgroup, concentrating efforts initially on EU-Europe as a source region. Over time, they can increasingly turn to the neighbouring markets as well. Apart from summer bathing tourists as a large group, the strategy also sets its sights on sports and nature holidaymakers, health visitors, cultural holidaymakers and families.

Simply as a matter of arithmetic, target groups overlap due to their sheer volume. Classified in large groups, they facilitate the strategic development approach and permit long-term implementation planning. First of all, the advantages of the strategy must be grasped by the private sector and translated into product design. The public sector must contribute to generally accessible leisure infrastructure and training skilled personnel. A concerted approach enables stakeholders to set the focus so that the core product of the planned destination brand gradually comes to the fore and begins to shape the contents and the image of a Montenegro holiday.

Particular shortcomings in hotel services are the amenities for children and child care. Almost no hotel is prepared for families with children.

Owing to demographic trends in Europe, older people over 50-60 make up a growing percentage of the population. Many of them are in robust health, have time on their hands and are free of family commitments, they have savings, are experienced travellers and they are enterprising. They have demands and have no intention of relinquishing the lifestyle they have been used to. Their favourite activities are hiking, walking, sightseeing, attending cultural events and caring for their health.

The diverse senior-citizen groups are seen as the most important European growth market. All that needs to be done in addition is to cater for the special needs of older people as prospective clientele for the off-season after the hot midsummer period.

Measure 3.2 Development and enhancement of specific products

Apart from various adequate capacities, it is also important to develop specific products. Montenegro has the potential to offer various forms of tourism, in addition to the already popular products such as beach, bathing and swimming; also a wide range of modern attractive products. In order for Montenegro to develop as an all-year-round destination the efforts to diversify the product need to be intensified. In addition to the current product, the emphasis will be placed on the product with all-year demand, not only related to a certain season. Thus it is possible to attract visitors during the less visited times of the year. In addition, the diverse range of high quality products mostly located in the central and northern part of Montenegro reduce the pressure on the coastal area in general, and beaches in particular (Annex III: Beach capacity).

In conjunction with the measure 3.1, this measure contributes to the required diversification of target groups with the respect of their individual demands related to the times and the products.

Nautical Tourism and Water Sports

The term 'nautical tourism' comprises all pleasure or recreational trips on water, with a cruise ship, sailing or motor yacht, provided that these are equipped with cabins or bunks for sleeping.

The cruise potential in Europe is estimated at 2-3% of the total population. Most of these are somewhat older, better-off people, over 40-50 years of age. Of economic relevance for the destinations are port fees, the costs for the excursion organization, expenditure for minor consumption and souvenirs, the tax on these and all other associated services. Advantageous is the promotional effect the cruise ship has for the region. A drawback is the frequently very sporadic but hefty rush of sizable numbers of passengers at the major sights. Two ports in Montenegro hold an appeal for cruisers: Kotor because of its UNESCO status, the landscape and its cultural value and Bar as a point of departure for day trips to Skadar Lake and to Cetinje. For each destination, Montenegro in particular, the country with limited carrying capacity, it is much more important to attract sailing yachts than cruisers, both for greater revenues and the reduced pressure on the infrastructure and the environment.

'Nautical tourism' is not the same as water sports, although sailing trips in particular entail distinct sporting components. Water sports include all sports activities that have to do with water. They usually require a sports base on land and take place during the day. They comprise dinghy sailing, sea kayaking, rowing, windsurfing, diving, snorkelling, boat hire business, water sports instruction, etc.

The development of nautical tourism in Montenegro, among other things, presupposes the modernisation of the existing and the construction of new marinas, in terms with the National Spatial Plan and the Special Purpose Spatial Plan for Coastal Zone.

Mountain Product

The winter product must aim at the local and neighbouring markets and the international target groups for whom downhill skiing is not a prime concern, simply a supplement to another range of activity and experience. Since the Alps are also thinking in this direction because of climate change, Montenegro must lay its strongest card on the table again – 'Wild Beauty'.

There are enough natural dream landscapes in the mountain areas where both alpine and Nordic fitness activities can be carried out. The preconditions for this are:

- The construction of the new, and upgrading of the existing downhill skiing facilities, regardless of the technology and size, to bring them up to international standards. They can be developed in keeping with the ecological conditions and the actual demand. This saves on investments and reduces the risks, but is enough for all regional markets, for the time being at least.
- The wilderness trails in the hiking & biking grid will also be available for the winter fitness programmes. This will raise user frequency and boost associated private initiatives without having to make additional physical investments. Measures are needed for winter upkeep, however.
- The development of wild beauty resorts (Annex IV: Wild Beauty Resort Concept) with their winterized supply and leisure infrastructure, with scope for excellent wellness programmes.

Mountain biking - This particular mountain sport has recorded the most rapid growth recently, not just in Germany. It plays an even greater role in Austria, Switzerland and Italy.

Initially described as weird extreme sports freaks, mountain biker subgroups mostly include the higher-income brackets:

- Leisurely and recreational bikers, who prefer easy asphalt or gravel trails (Luštica)
- Sporting and nature bikers, whose main aim is to improve their physical fitness and health (almost the whole of Montenegro)
- Action and fun bikers, who are looking for an extreme element.

Biking and hiking are usually offered in combination. Bikers and hikers do in fact get along well. Both can use the same trails. The target-group volume of bikers (28 million in Germany) is an economic factor and the keen interest in biking as a leisure and holiday pursuit is assessable. Biking tourism is also expected to expand, although the growth rate in mountain biking is estimated at three times the general figure.

Rafting and kayaking are niche sports that will only attract a few guests to the country. They are, however, attractive as a supplement for other sports activities such as hiking & biking, especially as they afford an experience of 'Wild Beauty' from another viewpoint.

Golf-tourism

As part of its quality and all-year strategy, Montenegro cannot afford to do without golf. The regional masterplans for the Boka Kotorska and Ulcinj-Velika Plaža already provide for golfing amenities and the Porto Montenegro project also plans to set up a golf course. Cross-border cooperation with Dubrovnik-Konavle has been proposed for the Boka to share the investment risks and be able to enter the market with a broader assortment of facilities from the outset. The draft spatial development plan for the coast also cites golf as one of the development measures.

Building golf courses is aimed at much smaller target groups than constructing biking and hiking trails. It targets Central Europeans with high-income and high quality demands, however, a group that Montenegro would like to attract and it needs for extending the bathing season.

Of all European golfers, 67% come from 4 countries: the United Kingdom, 31%, Sweden, 15%, Germany, 12%, France, 9%. So it makes sense to cater for their motives, selection criteria and requirements when planning a golf destination mainly aligned to the European markets.

Montenegro faces capacity problems when it comes to land requirements. Fertile soils are in short supply and are needed for agriculture. The demand for agricultural produce will rise with tourism. The related earnings and job prospects should not be sacrificed for golf courses. As an alternative, consideration should therefore be given to whether Montenegro cannot develop its own type of golf course in the infertile scrublands and mountain regions. This type of course can be found in Baja California, Mexico and the South of France (Nîmes, Montpellier). Cleverly designed and embedded in the landscape, these 'wilderness courses' could emanate exceptional charm and support Montenegro's positioning as the 'Wild Beauty' destination.

Wellness–fitness or Spa Resorts

Wellness-fitness is an all-year product. A Montenegrin wellness strategy is anything but a novelty by European standards. There is an urgent need to catch up with the products offered by competitor destinations. No wellness, no all-year tourism!

The TUI wellness catalogue for 2008 subdivides the myriad product facets into four large theme categories: natural health, pampering & relaxation, groomed beauty, health cures and well-being. Between 15 and 20 qualified service packages are offered under these headings. They are frequently rendered by Far Eastern specialists, particularly when Asian medical practices are involved. No other product in the range of tourist services has undergone anything like the same boom with comparable specialization in the last twenty years.

A wellness hotel is by no means concentrated on one of these thematic clusters, let alone one of the services included in it. Most cater for all four themes at the same time as well as several of the service modules included in them. This calls for versatile facilities and spacious rooms as well as suitably qualified personnel.

The development and positioning strategies need to seek out 'uniqueness' here too. This is very hard to find, because countless providers are busy in this area and have come up with the most lavish ideas. We see 4 possible approaches for Montenegro:

Curative mud in Igalo: It has a similar consistency to that found at other places on the eastern Adriatic, but has not yet been used in wellness programmes till now. There are two ways to go: Montenegro can use the mud to develop a wellness product of its own - based on scientific research - which it can then patent against replication, or it can cooperate with curative mud locations on the Croatian coast and promote a joint Adriatic wellness product.

- Olive oil: Olive oil and derivative products (soap) as well as the medicinal herbs in the country can be put to use in a similar way. Scientific assistance is also needed here.
- The wellness programmes in the hinterland are amalgamated with the wild beauty resorts, blending nature sports, nature experiences and health and fitness elements into a single core product.
- At the coast, the wellness centres are set out and designed to integrate the experience of the surrounding landscape (sunsets, view of the coast), a task for architects and interior designers

MICE (Meetings, Incentives, Conferences, Events)

MICE is the acronym for the subsector of business tourism that is concerned with organizing and implementing agendas for meetings, incentives, conferences and events. MICE providers are usually hotels in the upper segment that have the floorspace and the organizational and technical infrastructure at their disposal to hold such events. These are the necessary prerequisites in the MICE market but they are not enough to guarantee success.

These events last just about two days on average. Travel times have to be added. The more time and trouble it takes to reach a MICE destination, the smaller the odds in international competition. Time is money! Since these are business events, the travel costs play a substantial role.

MICE is seen as a growth market. Most MICE events are held in the home country, however, for reasons of time and cost, as mentioned above. Foreign countries are chosen if this affords a substantial advantage. These can be tangible or intangible benefits connected with the location, including its scenic beauty, its name and prestige. Budva, Bečići, Tivat, Podgorica as the capital, are suitable for the development of congress tourism, then Cetinje, if the historical core is made up attractively.

Montenegro can build on incentives on the MICE market and – even more so – events. The Rolling Stones and Madonna performances in the bay of Jaz were such events. Montenegro can organize others by combining elements of its tourism strategy and components of its cultural-historical potential with nature experiences and competitions. The organization and promotion are expensive and not necessarily profitable for the organizer. A good event is not just a pleasant surprise for the holiday guests. It can prompt widespread reporting about the destination. The more unusual the idea behind the event, the greater the effect. Unusual sports contests are an option here.

Holiday on the farm (agrotourism)

Agrotourism is seen as a development vehicle for rural areas. The term includes the combination of board, lodging and agriculture in farming enterprises.

The agrotourist is designated as a nature tourist who mainly envisages a healthy life in the country, combined with:

- integration into the host farming family (language!),
- personal contact to the farm animals,
- savouring local food and beverages,
- the romantic charm of traditional farmstead architecture,
- a leisure infrastructure for active holidaymaking,
- adequate comfort - but without the service quality of a hotel
- and at reasonable prices by overall standards.

The main target group of agrotourism is the city family with children from the market with the same language. This product is unsuitable for international markets if there are language barriers.

Apart from the requirement of including agricultural produce, the traditional picture-book world of the farm thus makes up the core product of agrotourism. If a farm cannot offer this, the surroundings must be replete with fascinating nature and this must be experienceable. The agrotourism product can only succeed if it meets these criteria and gives the small and big guests an enjoyable time, otherwise it will not, despite its own products and a traditional architectural style.

Wilderness camping

This type of holiday also supports underdeveloped areas and it calls for comparatively small outlays per bed-place. Camping can be used as a development tool: "Camping sites offer proximity to nature and they can be developed relatively fast, but quality standards must be met here as well".

Camping sites should be subject to set selection criteria and rules:

- Exceptionally beautiful situation in a natural landscape reachable by car
- Site layout and organisation in line with the rules of quality management
- Use of renewable energies, ecological sewage and solid waste disposal
- Nature experience programmes: sports and nature activities, sports equipment rental
- Individual pitches for tents and caravans surrounded by greenery (300-350 m²)

These sites are very popular, particularly with people from Europe and North America. Some now include adjacent, simply furnished, but cosy, log-cabins for rent. They also stand alone so that the guest can be on his own, close to nature. The huts have kitchenettes but no sanitary facilities. Like the kitchens and saunas, these are located in the central buildings.

This kind of combination - a camping site with wood cabins in the katun style - is also conceivable for Montenegro, provided the huts are of adequate quality.

Cultural and religious tourism

Along with educational tourism, cultural tourism is no longer a minority interest: culture and education are tourism boom sectors. Four principles apply when planning cultural tourism:

1. The products must be designed for locals and tourists. This makes the products offered to tourists more authentic, but it also raises their capacity utilization.
2. Cultural tourism should impart specifically local, genuine experience – culture should be a 'live' event at the holiday location.
3. To preserve cultural resources in the long run, they must be put to sustainable use but they must also be organized to meet environmental and social standards.
4. Products in cultural tourism must stand out for their high degree of expertise, meticulousness and imaginativeness.

It is necessary to concentrate on exceptional spots and combine these with other product elements from hiking, mountaineering, biking, religion, etc.

To raise user frequencies needed for profitability, we recommend combination programmes:

- Ordered by theme: Orthodox monasteries, other monasteries, churches and mosques also across borders, life and customs of mountain farmers, the national fortresses
- Combined: culture and religion, health and culture, MICE and culture
- As day-trip destinations: for hikes and biking tours, bus trips
- As leitmotifs along the panoramic roads and wilderness trails.

One of the oldest forms of travel is the religiously-motivated journey, but it is also the largest numerically speaking. The ancient Greeks liked to go to religious festivals and the Olympic Games skilfully blended several themes into such an attractive 'package' that they have lost nothing of their mythical appeal to this day: the oblations to the gods, the excitement of the sporting contests, the joy of peaceful assembly and the pleasure of an artfully arranged setting.

National parks - UNESCO World Heritage Sites

The national parks and world cultural heritage sites have been placed under protection by virtue of their natural and cultural value. Of equal importance, though, is the contribution they are supposed to make to regional economic development. Foremost, this must benefit the local population by creating jobs and raising income¹, which is why they must be involved.

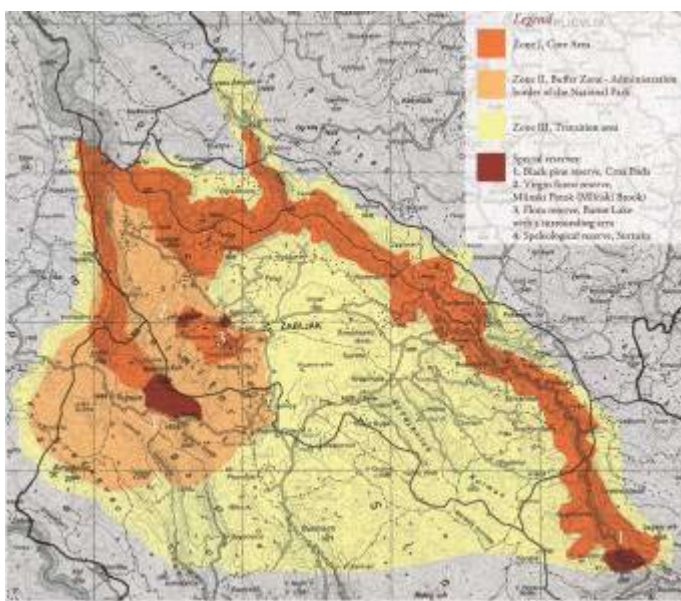
Montenegro has 4 national parks. A fifth - Prokletije - is under discussion. Together with the Tara canyon, Durmitor National Park is listed by UNESCO as a world natural heritage. The Kotor region is also registered by UNESCO as a world cultural and natural heritage site.

The Biogradska Gora National Park provides a restaurant, some trails, 12 small bungalows, a boat hire service and a souvenir shop. It records approx. 10,000 visitors a year.

Durmitor National Park reports the highest income of all parks. This stems less from the admission fees for park visitors and more from charges for rafting on the Tara. Apart from river trips, the park offers fishing, boat hire, a restaurant at the Crno jezero, souvenirs and overnight accommodation.

Of all national parks, the Lovćen has registered the most visitors - 30,000, thanks to the rest homes on its territory. Earnings are nevertheless meagre, because the park collects no admission from the home guests. It offers one of the most beautiful views of Montenegro from the Njegoš mausoleum, some hiking trails and picnic sites as well as gastronomy.

The Skadar Lake National Park encompasses the entire shore on the Montenegrin side up to Rijeka Crnojevica, including the fishing and farming villages and the fortresses and monasteries within its borders. The park offers its guests a well equipped visitors' centre with a lake restaurant.



There is no mistaking the natural & cultural potential concentrated in the bays of Kotor and Risan. The yellow-coloured areas already merit the epithet 'fantastically beautiful', even more so almost a dozen natural monuments as well as the cultural gems in pale brown. As already pointed out several times, the Boka affords Montenegro such a unique resource that it is imperative to harness it as a vehicle for developing high-yield, all-year tourism.² With careful treatment and freed from various impediments - road traffic, unbridled building activity, water pollution - this potential offers unique development prospect.

1 UNWTO-UNEP-IUCN in „Development of National Parks and Protected Areas for Tourism“, p. 6

2 DEG Regional Touristic Masterplan Boka Kotorska, i Kapitel 10.3.1 & 15.5.3

With their natural and cultural resources, the Tara canyon and the Durmitor are equally fascinating, but even less has been done to develop them for tourism. The documentation¹ cites 1,600 different plants and 172 bird species. Rafting should be better regulated.

Enlarging the hiking and biking trails conforms with a central goal of hinterland and mountain area development through nature tourism with the help of wilderness trails and panoramic roads.

National parks in undeveloped areas often subscribe to the precept: wildlife pays, so wildlife stays! This is a simplification of the 3 Es: education, experience, entertainment. The Es are a formula for successful leisure amenities. The leisure industry has been transformed into the experience industry. The visitor expects:

1. education = information about what to see, conveyed to him in an understandable way, i.e. in his language - concise, catchy and original,
2. experience = encounters with something new, unknown or unfamiliar,
3. entertainment = blending information with new experiences into an unusual and impressive event.

Measure 3.3 Establishment, promotion and marketing of tourist attractions

In addition to the comprehensive product, Montenegro provides numerous attractions. These include natural and cultural heritage, but also cultural and traditional events and festivals. Very few among these are today known to foreign guests, even to local and regional visitors. The establishment, promotion and marketing of tourist attractions ensure the necessary preconditions for attaining the objective of Montenegro becoming an all-year-round destination.

The approach now adopted all over the world, though, is to create worlds of experience. Theatre has moved into tourism. The Animals' Kingdom in Orlando imitates the African savannah and the animals come near enough to touch. Torture goes on in Edinburgh Castle and a lot of carousing as well. All over Europe, the Middle Ages have risen from the dead and there are markets everywhere with jugglers, minstrels and knights in combat. Even on the Red Square, Lenin, Stalin and the Tsar stroll amicably arm in arm and pose for the tourists' cameras. For days on end in Canada, visitors can immerse themselves in the life of a Wild West town during the Gold Rush, go to a school, attend a trial, witness a shoot-out in the saloon or buy provisions from a Chinese grocer - a hundred and fifty years ago. Thematic parks in Dubai are another good example.

Tourism will, among other things, focus on cultural values to create the economic impetus and generate new employment opportunities. With skilful staging it is also possible to include a wide range of cultural themes and thus give their contribution to understanding of culture. The success is decided by the number of visitors, turnover and costs.

The simplest one is gastronomy. A national cuisine is already offered by many restaurants, quite often in a typically rustic atmosphere as well.

Without much trouble, this can be enhanced by having the personnel dress up in costumes, by playing regional music and by getting folk dance groups and artists to perform.

The scenography needs a conceptual design. A phased plan will presumably have to be drawn up, providing for a gradual increase in commercial show programmes parallel to expanding capacity.

Anyone visiting Montenegro from Europe, America or Asia wants to learn something about the country and its people. He does not expect 'great art'. Montenegro has something to offer in traditional arts and crafts, though. It should, not, however, be simply displayed as in the Cetinje museum. Visual depictions are needed to give the visitor an idea of the life of the farmers in the katuns, the traders in the bazaars and the sailors on the coast.

Objective 4:

Institutional and legal framework suitable to demands of successful and sustainable tourism

Tourism development requires proper institutional and legal framework. It is in particular the orientation towards sustainable tourism that calls for an adequate framework to avoid current uncoordinated and illegal operation and construction to destroy the basis for future development of Montenegro and tourism as the main pillar of its economic growth.

It is not that the measure and activities towards attaining this goal should start from a scratch. Over the past years the institutional and legal basis has been put in place. The changeable conditions and the new challenges pose the need for constant upgrading and adapting the institutional and legal framework.

The Objective 4 will be attained through the following four measures covering all the required components:

- Strengthening tourism organisations at the national, regional and local levels;
- Strengthening inspection services towards their more effective supervision;
- Establishment and operation of information and quality management systems;
- Enhancement of the legal basis for tourism development.

Measure 4.1 Strengthening tourism organisations at the national, regional and local levels

The National Tourism Organisation (NTO) is the main contact point for international travel agencies and tour operators. The broader the range of products and the more diversified the target groups, the more efficient operation of NTO will be needed.

For tourists already in Montenegro the local tourism organisations (LTO) are the main source of information on certain events, possibilities, etc in a certain area. The LTO quality also affects the general recognition of a destination of high quality and with good services. LTO also have to be able to fulfil the required standards and quality criteria set by the government.

Related to the promotion of clusters, the establishment of regional tourism organisations reflects the need to overcome municipal boundaries and for the tourism development to be understood as the matter pertaining to regions, based on inter-municipal cooperation.

Measure 4.2 Strengthening inspection services towards more effective supervision

Destination image and a successful link of tourism and sustainable development depend greatly on the observance of standards and regulations. In construction, in health protection or service sector, to mention but a few, standards are defined, but are often ignored. Enhancing the inspection system will ensure the compliance with standards and success in curtailing illegal operation (grey market) and illegal construction.

A decisive step in this context is better coordination and communication of different inspection services and the responsibility of national and local authorities.

Measure 4.3 Establish and operate information and quality management systems

Tourism development needs a well-functioning information and management system in order to manage the distribution of efforts and funds, to check the results and assess the direct and indirect impacts, both positive and negative. By coming up with suitable indicators, setting up and processing databases and analysing the relevant data and information tourism development may be guided appropriately, respecting sustainable development principles.

A qualitative information system is also required to ensure proper risk management to address critical external factors such as climate change, carriage costs and target group pattern changes regarding travel, food price, etc.

Measure 4.4 Enhancement of the legal basis for tourism development

This measure covers possible amendments to existing laws, bylaws and regulations, as well as drafting the new ones. New legislation se drafted to ensure the safety of participants in specific activities such as rafting, nautical activities, etc and to avoid harm to the environment through extended unregulated operation. At the same time, the existing legislation needs to be reassessed timely to see whether amendments might be needed.

The legal grounds do not pertain only to tourism activities and the regulation thereof, but also the possible support for the extension of facilities, promotion of energy efficiency and the use of renewable energy in tourism.

Objective 5:

Local population increasingly involved in tourism industry ('internal marketing')

To date tourism has not really been accepted as the main pillar of Montenegrin economic development. As a result, many of the tourism-related activities are done haphazardly and are not properly organised. Particularly so in the northern region where tourism resources are not fully utilised due to the local stakeholders' inability to recognise the importance of tourism as a source of revenues and employment, and if recognising the opportunities they lack capacities to get involved in tourism in the proper manner.

It is only with tourism being based on a wide range of local stakeholders that the ambitiously set strategic goal and all the specific objectives may be met.

Objective 5 will be attained through the following three measures covering all the required components:

- Raise awareness on the importance of tourism as the main pillar of economic development of Montenegro
- Encourage entrepreneurship in tourism
- Link tourism with other sectors of the local economy

Measure 5.1 Raise awareness on the importance of tourism as the main pillar of economic development of Montenegro

Although the local population needs to be informed of the importance of tourism for general development of Montenegro, the information on current income possibilities from tourism activities and investments of individuals is more promising. Why, what and how to do! The way of inciting the interest of the local population for tourism is to open the options for employment and income.

Strengthening capacities of the local tourism organisations would turn them into promoters of the tourism business, the consultants in private initiative start-up in tourism and other related areas, creators of demand and the ones guiding supply development.

Measure 5.2 Encourage entrepreneurship in tourism

Tourism is to a great extent based on micro, small- and medium-sized enterprises. Large tourism investments are the so called anchors, but the most of the jobs and revenues in tourism will be realised through the micro, small and medium-size activities. Enhanced entrepreneurship has a direct positive impact on the extension of the basic activity in the tourism sector. For many years now Montenegro has been extending support to entrepreneurs and business start-up. The existing capacities and programmes will be used. The support needs to be aligned with the specific needs in the tourism sector and the existing preconditions for specific areas.

Measure 5.3 Link tourism with other sectors of the local economy

Huge potentials for increasing employment and revenues may be seen in linking tourism with other areas of the economy. Primarily food production, biofood in particular, for consumption in hotels, local restaurants, etc is a good opportunity for improving and intensifying agricultural production and benefits of tourism seen in increased employment and revenues.

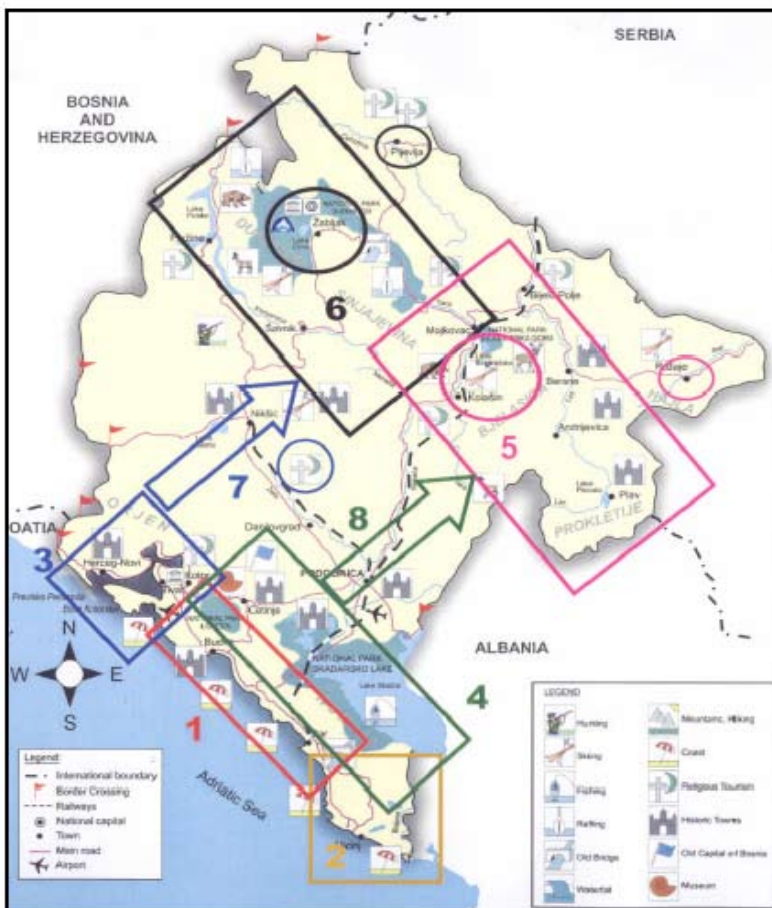
Another important potential lies in the combination of agriculture and tourism. The extended agrotourism product offers an optimistic option for farmers in rural areas, in the northern region in particular, to have additional source of income to the one from agriculture. They should be enabled to diversify their economic activities to be better prepared for the shocks and adversities that may occur.

The organisation of display shows and sale events, particularly in the northern region, related and dedicated to certain agricultural products (typical fruits and vegetables, different kinds of cheese, medicinal herbs, honey), as well as local craft products (clothes, pottery, souvenirs). Use in particular the popularity of green markets and enrich the range of products offered and their visual and aesthetic experience by standardising the stalls, clothes of sellers, the accompanying programmes and turn each "market day" in the places in the northern region into a tourist event (staging). At the same time encourage transboundary cooperation and trade in such goods in border places.

2.7. Touristic clusters

The touristic product is designed and delivered in the municipalities, which along with the local enterprises are the main providers of the tourism sector. Accommodation, gastronomy, the beach, a holiday-friendly atmosphere, leisure infrastructure, cleanliness, etc. are all equally important as product elements. The reputation of a destination is the sum of all its services. This is what determines how the guests think about their holiday, what they report about, how they assess value for money. What they say is the most important sales instrument.¹

The volume of municipal guests and the municipal areas, however, are almost always too small to provide leisure infrastructure and marketing in a professional, attractive and economically viable way. The number of visitors to a municipality seldom generates the user frequencies needed for all the requisite facilities to make a profit. Nor does the income of the tourism organisation suffice for conducting efficient promotion campaigns.



Strengths and weaknesses also extend beyond municipal boundaries. Strengths attract users, weaknesses are reported. The guest does not ask about the administrative boundaries. Poor quality or overcrowded beaches, chaotic local traffic, loud music at night, water pollution, inflated prices, unfriendly service get to be a general subject of conversation. They are harmful to the image, demand and the standard of guests in the whole region, even the whole country.

Cooperation in municipal clusters can prevent this and harness synergies to eliminate weaknesses, create product variants for a joint leisure infrastructure and in marketing. The aim: generosity, quality and variety, instead of uniformity and parochial narrowness. The prerequisite for a cluster are, however, uniform, or at least compatible, parameters.

¹ Institute for Tourism „TOMAS 2004“, First Release: “40 % der County-Gäste entscheiden nach individueller Urlaubsberichten!”

Montenegro as a destination can be subdivided in touristic terms into six clusters, whose scenic and cultural traits differ from each other:

1. The steep rocky coastline from Lustica to Ulcinj with its many bathing bays, the centre of beach tourism, including well-known, largely modern bathing resorts such as Budva and Bečići.
2. Ulcinj, a place with an oriental flair and the most expansive sandy beach on the eastern Adriatic, with Ada Bojana and Valdanos. Velika Plaža affords the greatest development prospects in the Montenegrin tourism sector
3. The Bay of Kotor, surrounded by steep rock faces rising sharply out of the sea and the heritage of Venetian culture, unique at the Mediterranean and eminently suited for developing a particularly high-yield and diversified product (nautical tourism, golf courses, etc) in the Tivat Bay and Lustica peninsula, provided the infrastructure problems are solved
4. The capital Cetinje and Skadar Lake, also two unrivalled assets thanks to their historical significance, the diversity of local species and the breathtaking scenery at the lake
5. The mountainous regions of Durmitor and Sinjajevina with the Tara canyon and the national park.
6. The mountainous landscapes of Bjelasica, Komovi and Prokletije, with one, soon two, national parks, monasteries and mosques.

On account of their proximity, the coast and the mountains blend to form one single experience. The short distance can be bridged with the help of tourism corridors (7 & 8).

MONTENEGRO

MONTENEGRO

Cluster 1

Budva–Bar

Bathing tourism



Present situation

With its many bathing resorts and picturesque bays, the coastal stretch from Budva-Jaz to Bar makes up the backbone of the Montenegrin tourism sector. Traditionally, approx. 50% of all registered overnight stays (approx. 3,050,000 in 2006) are recorded here. Due to a random and unbridled building boom, the villages have literally run wild in the last two decades. Instead of modern holiday facilities, though, unproductive second homes and holiday apartments have been built, much to the detriment of the holiday atmosphere. The entire infrastructure and all the beaches are overstretched. Holiday dwellings and countless private rooms have inverted the accommodation pattern with approx. 60,000 beds, as opposed to just about 21,000 hotel beds, as much as 60% of commercial capacity. The grey market has exploded as a result, taking on dangerous proportions. It is uncontrollable and constitutes unfair competition - in short, 'mass tourism' with an excessive number of visitors at low turnovers per overnight stay.

Hotel beds that meet a 4-5-star standard number 3,500. Predominant still is the 2&1-star segment, accounting for almost 16,500 beds. Recently, however, some top-class hotels have opened in a switch to the quality track, particularly in Bečići. Diversification geared to target groups is as little in evidence as the expansion of public leisure infrastructure or vigorous measures to enhance the appearance of the towns.

Strengths

The coastal scenery and the coastal mountains, the marvellous, partly unspoilt beach bays (Jaz, Buljarica), the ancient towns of Budva and Stari Bar, some monasteries, Sveti Stefan.

Weaknesses

Infrastructure, roads, car parks, transport, noise, crowding in the high season.

Opportunities

Curtailling the grey market: creating additional revenue, easing the burden on infrastructure & beaches, traffic abatement through bypasses, building stop for second homes & holiday apartments along the coast, with construction of all-year hotels in the 4-5-star segment instead. Setting up 'quality islands' such as Bečići, Miločer and Petrovac - possibly Čanj. Development of a holiday-apartment product. Protection and careful management of all undeveloped plots at the coast, improvement of the beach product by laying out artificial, quality beaches.

Threats

Continuing random expansion, loss of landscape quality through unproductive building.

Aims of repositioning

Vision: A high-quality all-year-round destination with a Mediterranean flair at a subtropical coast.

Course of action: raising accommodation quality, enhancing towns/villages, planning attractive centres, building up leisure infrastructure, also golf, networking with the hinterland and the coast. Focus: bathing families, wellness, fitness, sport, conferences, seminars.

Standards: Budva, Bečići, Sveti Stefan, Petrovac, Čanj 3–5 stars; Sutomore, Bar 2–4 stars.

Cluster 2

Ulcinj

Bathing and nature tourism

International all-year destination



Present situation

In the past, Ulcinj was difficult to reach. This impeded tourism development. Thanks to its sandy beach, however, Ada came to number among the most popular nudism destinations on the Mediterranean. The hotels are old, run down and 80% meet the 2-star standard. Behind the Velika Plaža, an unplanned, large holiday estate has arisen. It is unattractive and lacks quality. With 15,000 estimated beds in holiday dwellings, Ulcinj comes second after Budva.

With three different, extensive beach areas, Ulcinj affords the best development prospects on the coast. Based on the planned 35-40,000 beds in all-year hotels at a high standard, it is scheduled to develop into a leading resort for international tourism. Prerequisites for this: stopping any further sprawl, protection of the natural landscapes at the Bojana river, at Sasko Lake as well as the saltworks, development of an efficient supply and sanitation infrastructure, planned and strictly controlled construction in the hinterland of the Velika Plaža, golf.

Strengths

The beaches: Velika Plaža, Valdanos and the rock plateaus before Ulcinj, the oriental feel of parts of the town centre, the whole hinterland up to Bar and to Skadar Lake as well as the Rumija mountains, with scope for numerous leisure activities.

Weaknesses

Infrastructure, roads, parking places, traffic, milling crowds in the high season.

Opportunities

Curtalement of the grey market, easing the burden on infrastructure and beaches, elimination of the identified weaknesses, traffic abatement by better traffic management - banning cargo traffic from the town centre. Limiting building outside the town limits, except for all-year hotels in the 3-5-star segment and complementary high-quality all-year facilities. Protection of the nature areas at the Bojana river and Šasko Lake (green belt), emphasis on local identity, architecture and lifestyle.

Threats

Continued random expansion, loss of landscape quality by unproductive building, fowling on the beaches and at the saltworks, threat to nature experience and image.

Aims of repositioning

Ulcinj is to develop into an outstanding and professionally planned all-year-round destination for international tourism with modern holiday facilities (600-800 beds) for various target groups and other facilities with all-year appeal (marina, conference facilities, shopping, schools, kindergartens, theatre, etc). Envisaged locational USP: 100 m² of green space per planned hotel guest bed, laying out landscape parks, e.g. a nature park in the saltworks and the IUCN Green Belt Project and an oriental festival in Ulcinj at the foot of the old town as a long-term aim.

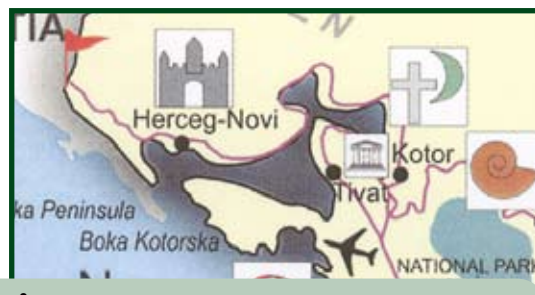
Hotel standards: all first-line at 4-5-star standard, second line at least 3 stars, equipped with bathing, leisure and sports facilities for all-year operation.

The Velika Plaža can draw on the DEG's fully-planned spatial development scheme with precise directions on sizes and protected areas based on an environmental impact assessment. As an alternative to the architecture proposed in this, futuristic constructions are also conceivable, provided due account is paid to ecological and other USP aspects.

Cluster 3

Boka Kotorska

Bathing, cultural, sports, health tourism



Present situation

The Boka Kotorska numbers among the most beautiful bays in the world. It is unique on the Mediterranean and predestined for high-yield individual tourism. Its culture and landscape resources are immense and eminently suitable for various types of tourism: bathing and sports tourism, all kinds of regattas, rowing training in winter, diving, hiking, climbing, etc. -nautical tourism, health and cultural tourism. The planned Porto Montenegro project in Tivat will stimulate the investments in other regions. Other first-class development prospects include the Župa area at Tivat, the Kumbor military compound, Sveti Marko and the Flower Island, fortress-island Mamula, curative mud in the bay at Igalo and the Luštica peninsula. Certain obstacles still stand in the way of the full touristic development of this potential, however: inadequately resolved traffic issue in Herceg Novi and around the bay, the shipyards and industrial ports located in the bay (Zelenika, Risan), the untreated sewage that pollutes the water.

Strengths

The breathtaking combination of fiord and mountains in conjunction with the open Adriatic Sea, protected area – a natural harbour, the water sports area of Tivat-Sv. Marko, the cultural heritage from Venetian times with Kotor (UNESCO World Heritage Site) and Perast, the Habsburg ring of fortresses round the bay - unique worldwide - the virtually untouched Mediterranean character of Luštica, which can be developed into a landscape and tourism park with integrated mixed use resort. Mountain product at Orjen.

Weaknesses

The poor road traffic, environmental pollution by industry and ports as well as through insufficient infrastructure, random building at the bay, not giving enough thought to cultural monuments and traditional architecture, poor hotel services overall for the time being.

Opportunities

Cluster 3 probably holds the best and most variegated potential for all-year tourism, enhanced by the proximity of Dubrovnik, the possibilities for cross-border cooperation and the more convenient air link thanks to Čilipi Airport nearby.

Threats

Property speculation and soaring real estate prices as well as ongoing unbridled building activity in Herceg Novi, Kotor and increasingly also on the Luštica peninsula.

Aims of repositioning

Cluster 3 will become a high-yield destination for all-year-round individual and package tourism.

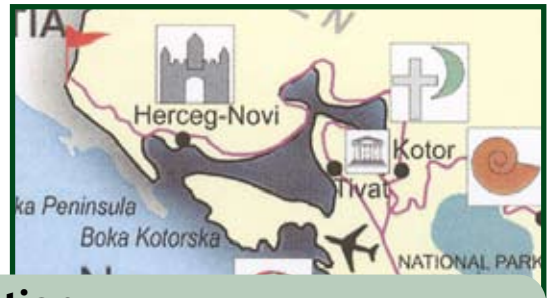
Accommodation sector: top hotels and small family hotels at a 3–5 star quality standard.

A DEG development scheme has been drawn up for the Boka Kotorska with thoroughly planned pilot projects for different target groups. The region will be aligned solely to touristic requirements and needs. The focus will be on nautical – yachting tourism, health with light fitness activities, demanding but also challenging sports such as sailing, diving, rowing, mountain biking and hiking, cultural programmes, events and festivals.

Biking and hiking trails will be developed from Herceg Novi, Kotor, Tivat and Budva into the hinterland and onto the Luštica peninsula to extend the season.

Cluster 4

**Nature, sports & village tourism
MICE in Cetinje**



Present situation

The Skadar Lake-Cetinje cluster lies at the heart of Montenegro. Here, at every turn, in the village of Njegoš at the foot of the Lovćen, in the old capital Cetinje, in Rijeka Crnojevica, in the small castle of Žabljak and at the shores of Skadar Lake, the visitor can get to know the strange history and some of the most impressive scenic and natural treasures of the country. Little has been made of this until today. Even distinctive sites, such as the Turkish fortress of Lesendro, stand idle at the roadside. Cetinje is starting to position itself with a carfree centre, new museums, friendly street cafes, town maps and guided tours. Its main problem, the very low income from excursions, has not been settled. The very well situated Grand Hotel in the park is large enough to play an economic role and with 3 stars not at all bad essentially, but it is quite obsolescent and austere.

Skadar Lake is a national park. It has enormous potential, due alone to the name and the legends: fauna, monasteries, farming and fishing villages, castles and bridges. Initial private initiatives are beginning to take advantage of the opportunities afforded by tourism. Unfortunately, these are not professional and not always environmentally sound.

Strengths

The landscapes, the lake, the fauna and flora in the national park, the cultural-historical heritage, the charm of Cetinje, the small towns and villages, wines. Traditions and legends.

Weaknesses

Except for initial approaches in Cetinje, there is no touristic infrastructure and no professional product. Apart from the Grand (400 beds) and small guesthouses in Rijeka Crnojevića, Ivanova Korita, Virpazar, hardly any acceptable accommodation is available.

Opportunities

Concentration on themes: active nature experience, Montenegrin peasant culture & history. Both must be made into a touristic experience through a two-pronged approach: Cetinje staged as the cultural centre and linked up with all the attractions in the surroundings through biking and hiking trails. Rijeka Crnojevića, Virpazar and a site to be selected on the southern shore will become centres for nature experiences with the option of cross-border expansion. Building on culture and nature, Cetinje can become an outstanding MICE destination. Linking Cetinje and Kotor with a modern cable car.

Threats

The principal danger here is the same as with Cluster 3: property speculation and illegal building. While Montenegrins have shown little interest in the lake town, North Europeans ought to react differently. If the boom starts without planning, the unique quality will be lost.

Aims of repositioning

Cetinje-Skadar Lake will become one of the most important showcases for the touristic theme of sustainability: protection and care of nature, preservation of local identities. Only ecologically compatible activities will be permitted: e.g. solar boats, hiking & biking!

Develop management plan for the national park area, spatial plans and location studies. Strict framework conditions for all new buildings: local style, traditional architecture and materials. Involvement and training of the population up to product development and marketing. Limiting road extension, solar boat transport instead.

Cluster 5

Bjelasica & Komovi

Prokletije–Plav, Rožaje

Nature & sports,
conferences, wellness



Present situation

Substantial tourism only takes place in Kolašin at present, based on Hotel Bianca, Hotel Lipka and 4 small establishments. Bianca offers high quality and a pleasant atmosphere, Brile, medium quality, but otherwise everything is quite plain. The skiing area is technically obsolete, but major investments are underway, including artificial snow facilities, to extend the winter skiing season to more than four months. In summer, the region is a beautiful area for hiking and mountain biking with the Biogradska Gora National Park. A major cultural attraction: the Morača monastery.

The 5 municipalities, Kolašin, Mojkovač, Bijelo Polje, Berane and Andrijevica in the Bjelasica and Komovi region have set up the Austrian-Montenegrin Partnership for Bjelasica & Komovi with Austrian development cooperation, which led to the establishment a regional tourism organisation. This cooperation can set an example for all the other clusters. It is worth considering including the Prokletije area with Plav in this cooperation as well, but also Rožaje. Lake Plav and the oriental character of Plav and Gusinje would provide a thematic enrichment to the Bjelasica-Komovi cluster.

The Special Purpose Spatial Plan for Bjelasica and Komovi is being developed to create the conditions for sustainable economic, primarily, tourism development in cooperation with the Italian Ministry for Land, Sea and Environment.

Strengths

Good accessibility via the highway and by train from the coast and Serbia, wellness and spa hotel Bianca, nature & landscape resources, also including Sinjajevina and Prokletije with Plav-Gusinje. Biogradska Gora NP and pending designation of NP Prokletije, the major monastery of Morača, agritourism in Bijelo Polje, Đalovića cave, skiing slopes in Berane. The hiker & biker scheme, which has largely been implemented, including the 4-language hiking guide. Potential for kayak tours in addition to rafting on the Tara and Lim.

Weaknesses

The unsightly character of Kolašin, but also the other 4 towns: enhancement measures are required throughout. The exceptions are Plav and Gusinje. The quality of the skiing product and the leisure infrastructure, the low visitor frequencies.

Opportunities

The region mainly aims at the local and neighbouring markets Serbia, Kosovo, Albania, Bosnia & Herzegovina, then Italy, Hungary, Russia, etc. During the development phase, the products should consequently also be geared to their needs to generate enough visitors, assure the profitability of private initiatives and build up an image.

Threats

Environmental pollution due to projects without a sense of style and lacking impact assessments.

Aims of repositioning

Development into a regional holiday area at medium to higher quality.

Main products: relaxation, sport, wellness, family atmosphere, cultural experiences.

Milestone and centre in Montenegrin trail grid for international hikers & bikers.

Cluster 6

**Durmitor–Sinjajevina
Žabljak–Plužine–Šavnik**

Turizam u prirodi, sportski i porodični turizam



Present situation

The Durmitor is listed by UNESCO as a world natural heritage and it is protected as a national park. Both underline its experience quality. No attractive touristic product has been made of it nevertheless! Three factors stand out: run-down hotels whose exteriors are already unsightly and an extensive sprawl of holiday cottages disfiguring the landscape in a frequently foreboding style. Žabljak itself is unattractive as a place, lacking a centre with pulsating life, as in Zlatibor, the Serbian rival location, not too far away. The landscape is far less impressive in Zlatibor and the hotel architecture is not inspiring either, but it has formed a town centre, which is thronging with people.

The skiing area Savin kuk offers all degrees of difficulty, in the upper third not just a fantastic landscape but one of the most exciting pistes anywhere. There is a constraint on further development, however: The area offers hardly any variants and gets boring for an experienced skier after 2-3 days. The lift system does not look good, either - antiquated technology, no slope maintenance, severe erosion damage that has not been repaired.

Šavnik has not been developed for tourism at all and has a shabby hotel. This place is beautifully situated, though, and is capable of development as a whole. An unusual feature is Plužine, a small artificial town, well planned and built, friendly, assimilated into the landscape and quite well cared for. With the reservoir in the background, at the gateway to the Durmitor, Plužine holds touristic potential as a recreation centre for sports lovers, older people and families with children.

Strengths

The highlands and forests, the Tara canyon and rafting, the hiking & biking opportunities and some cultural aspects: the monasteries of Piva, Dobrilovina and Plevlja as well as the mosque there and still undiscovered attractions: canyons, caves, shepherds huts. The transport route will connect, within the coming two years at the most, the coast, Boka Bay with Durmitor.

Weaknesses

Apart from 2 restaurants in Žabljak, the whole touristic infrastructure is inadequate; the rafting programmes are not carried out professionally and not supervised.

Opportunities

Consistent development into a medium-yield to high-yield mountain hiking & biking, winter resort focusing on families with children, wellness-fitness-health, sports and fun.

Threats

The progressive sprawl destroying the landscape in Žabljak.

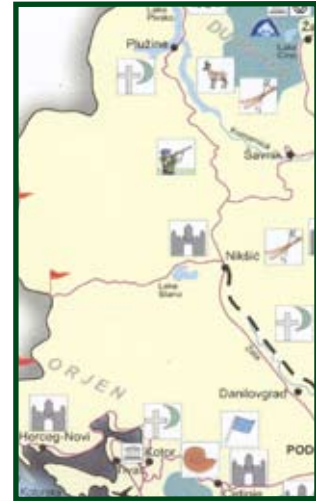
Aims of repositioning

Development of a new mountain product encompassing the whole cluster, building on active nature tourism for families, nature and mountain-sports enthusiasts. Winter sport focusing on extreme slopes in addition to the available easy grades.

Upgrading of the national park through nature, experience and activity programmes.

Development of a special hotel type – modelled on club hotels and lodges – in timeless architecture with a direct appeal to the above target groups.

Cluster 7 Corridor From the coast to the Durmitor



To develop a remote area, 5 preconditions must be met: 1. an attractive potential that stands out against competing destinations, 2. a product that does not just consist in accommodation but develops and uses the potential to access other markets, 3. publicity and efficient marketing in the target markets and groups, 4. people to render the service offered at the requisite quality standard, 5. accessibility. The visitor must be able to rely on reaching the destination conveniently and at reasonable cost or the journey must be included as part of the product.

Present situation

The Durmitor has both the potential and two 'stamps of quality' that it can put to excellent use as image flagships for marketing: its status as a UNESCO world natural heritage and as a national park. The hotel and leisure facilities are meagre, but are being improved. Work is being done to train personnel. A key problem, however, is still accessibility in summer and even more so in winter. Excursions from the coast to the Durmitor are on offer, but their economic impact on the region is rather weak for the most part. Individual travellers rely on public transport or their own or hired vehicles. The inconvenience, effort and costs entailed detract from the attractiveness of the destination area and deter people from exploring the area, both in specialized niches and amongst bathing tourists. The corridors will change this. Their purpose is to make the journey to the hinterland destination into an experience. A hiking & biking grid is planned for active nature sports enthusiasts. For the more passive visitor, sights will be developed on the road: panoramic roads.

Strengths

All along the stretch between the coast or the airport and Durmitor lie beautiful and in part even enthralling landscapes, and some occasional cultural-historical highlights.

Weaknesses

There are no vantage points and picnic sites on the highways. There is no adequate overnight accommodation and stations for provisions on the hiking & biking trails. On the other hand, travellers come across unofficial rubbish dumps even in 'forgotten regions', which mar the nature experience.

Opportunities

Specific development of panoramic roads and trails to connect the coast with the hinterland, a product that does not yet exist anywhere en bloc.

Threats

PR and advertising promise more than they can deliver. Exaggerations are already harmful to the image and confidence in the development phase and hence to future prospects.

Aims of repositioning

Networking Montenegro into an overall product and a destination brand with the claim, 'Wild Beauty'. Development of the hinterland as well as all kinds of small and medium-sized initiatives on the trail grid and in the destination region.

Cluster 8 Corridor from the coast to Bjelasica & Komovi

The problem with setting up small and medium-sized enterprises is not any lack of ideas or possibilities. It is economic. If investments are needed, at least overheads and finance must be recovered. Otherwise, the risk is untenable. Profitability, however, depends on user frequencies. These can only be raised slowly as the product gains increasing acceptance on the market, which can take years. This is why the products, also the tourist links to the north, should be concentrated at first so as to increase sales prospects.



Present situation

At present, the Bjelasica & Komovi cluster has an advantage over the Durmitor. This region is far less known, but easier to reach, better organized and geared to tourism thanks to the cooperation amongst the 5 municipalities: the hiking trails, the Biogradska Gora National Park, Hotel Bianca, the skiing area or the Morača monastery and joint promotion for the hiking trails which picks up on Montenegro's brand image to improve its positioning and penetration.

Strengths

Between the coast or the airport and Bjelasica lie the fascinating landscapes of Skadar Lake, the Morača highway and the equally scenic Podgorica-Mateševó road with its various sights: Lesendro, Podgorica, the Skadar NP.

Weaknesses

Due to heavy traffic, the Bar-Podgorica-Kolašin road makes it completely unsuitable for bikers. There is no tourist infrastructure along either road.

Opportunities

While panoramic trails for bikers to Kolašin is not an option, the development into a panoramic road can improve attractiveness considerably, particularly if the public transport services gear operations to bikers and hikers and plan more for tourists. After the construction of the Bar-Boljare motorway, the existing Podgorica-Kolašin road to be turned into a panoramic road.

Threats

Here also, the following applies: During the development phase only realistic promises should be made on the market, building on the explorer aspect.

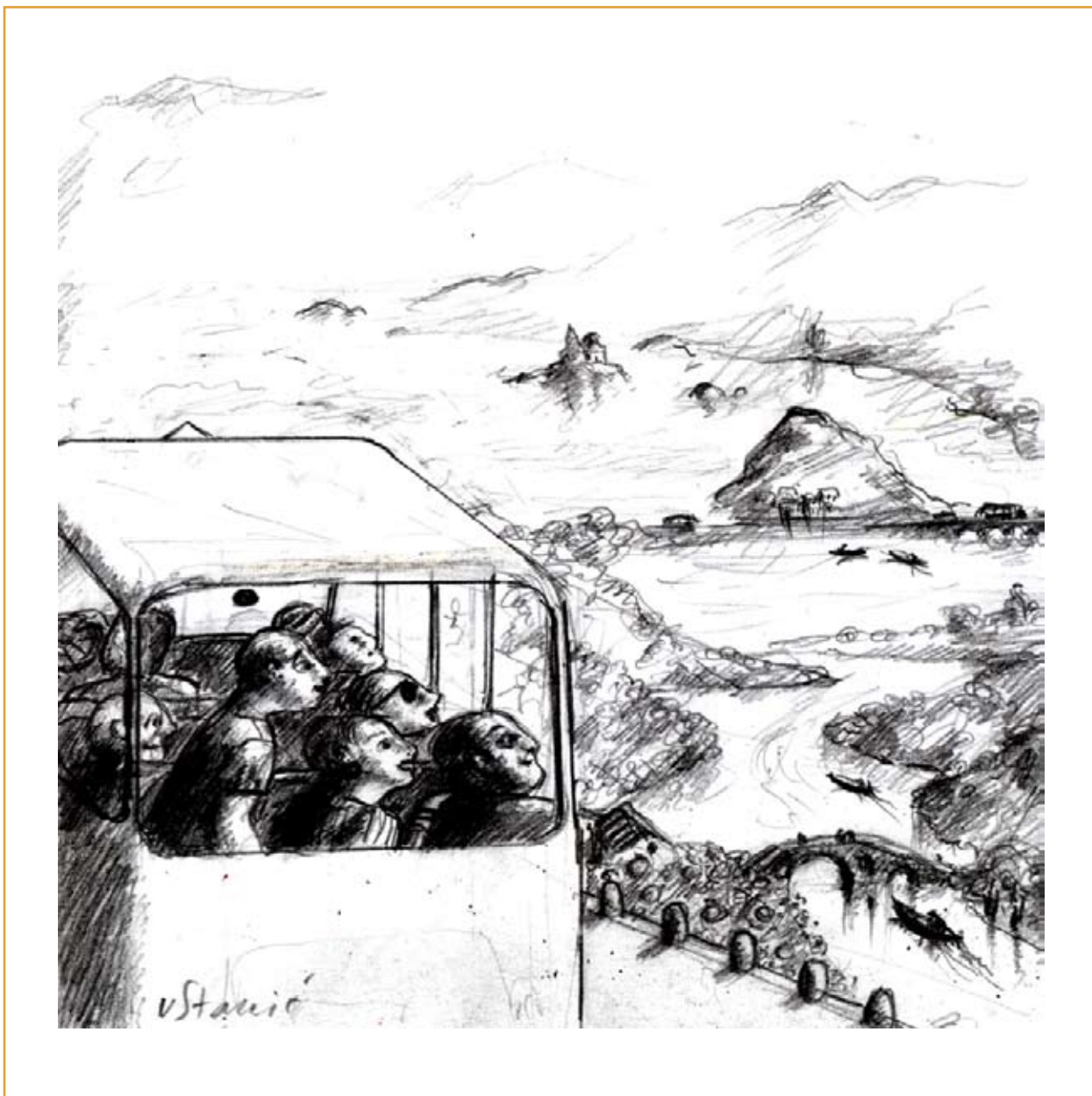
Aims of repositioning

Networking Montenegro into an overall product and into a destination brand with the claim 'Wild Beauty'. Development of the hinterland as well as all kinds of small and medium-sized initiatives on the trail grid as well as in the destination region.

Vision: Montenegro advances to become the Mediterranean market leader in mountain-nature tourism and develops other niches such as health, wellness, MICE, culture etc. along these lines.



3. EXPECTED TOURISM DEVELOPMENT IN MONTENEGRO TO 2020



3.1. Tourism a sustainability oriented sector

Montenegro's tourism sector holds a key position in the overall economy. Broad sections of the population depend on its attractiveness, competitive strength and aggregate income for their employment, earnings and prosperity, but so does future national economic growth and performance. The strategic goals are high-yield, all-year tourism, increased income per guest day, interesting job prospects, sustainability and a higher general quality of life.

At present, the upswell of tourists is confined almost exclusively to the coast, largely to the high-season months of July and August and mostly to the low-budget bathing holiday. This market is saturated in Montenegro. So this sector should not be extended; it should be given a quality overhaul instead! At the same time, the potential of the hinterland must be included with a view to diversification.

The **strategy** for the future development of the tourism sector must therefore

- **ease pressure on the high summer weeks**, that is, reduce the number of guests,
- increase turnovers per guest-day **through consistent quality improvement**,
- aim for marketability during the off-season and winter by developing broadly diversified amenities independent of the weather at the **coast** and in the **hinterland** and intermesh these into an **overall product**.

It has to focus on the vigorous development of the high-yield hotel sector and its specialization, on a multifaceted, attractive leisure infrastructure and on staging scenic, cultural and historical highlights. It must aim at closely interlinked flight connections throughout Europe all year round. Other target groups must be attracted besides bathing tourists and these efforts must centre on their motives.

Montenegro was one of the first states to commit itself officially to future sustainable development. This pledge was solemnly proclaimed by parliament in 1991. It is set down in Article 1 of the Constitution and has been underpinned by relevant strategy papers, including the National Strategy of Sustainable Development (NSSD) and the Environment Law. Article 23 of the Constitution accords precedence to environmental protection over freedom of enterprise, which is also assured. The Environment Law underlines the major importance attached to the nation's status as an 'ecological state'. It safeguards all natural assets and biodiversity. It prescribes an environmental impact assessment for any project with any ecological implications. On the other hand, tax concessions are granted for environment-friendly measures and technologies, such as renewable energies. With the NSSD, Montenegro meets one of the requirements of the Mediterranean Strategy of Sustainable Development (MSSD) and has joined the community of nations that have already framed strategies for their sustainable or environmentally viable development.

For the NSSD, sustainable tourism means development that

- strikes a balance amongst economic, ecological and social concerns,
- does not exhaust present natural resources, limiting their use to ensure that they are still available to future generations,
- preserves cultural diversity and identity, while fostering social cohesion and also
- caters for guest satisfaction.

In keeping with this vision, the NSSD sets 5 more specific objectives:

1. Acceleration of economic growth and development, especially in the hinterland, and the reduction of regional disparities
2. Reduction of poverty and assured equal access of the population to services and resources
3. Reduction of pollution, ensuring effective environmental protection and the efficient management of natural resources
4. Improvement of administrative systems, involvement of civil society, mobilization of all participants as well as qualification at all levels
5. Safeguarding cultural diversity and identities

The NSSD places prime emphasis on narrowing the wide regional disparities, as evident in the underdevelopment of the mountain regions. These suffer from high unemployment, especially amongst youth and women, rural exodus, an ageing population, poor transport links and deficient infrastructure.

3.2. Source regions

It is mainly with the help of the prosperous West and North European markets, Russia and increasingly the East European EU countries that Montenegro can expect to raise income and extend the season, less so with the neighbouring markets of Serbia, Bosnia and Albania, at least in the next few years. The two main source regions differ, not so much in their holiday preferences as in their means to pay for them.

So Montenegro must direct its development efforts in the EU-Europe and Russia source region at attracting as many guests as possible from the more upmarket segments with its quality strategy and in the neighbouring markets and local market source region at retaining its current position in the price-sensitive segment, while gradually shifting the focus to higher-yield quality products.

In economic terms and in the long run, the most important is the product pillar for the source region, EU-Europe & Russia, aiming at high quality and sustainability. Wherever the existing fabric permits, it will make use of available capacity and adapt this to rising market requirements. Its qualitative and quantitative development will proceed along three lines:

- A highly competitive price-performance ratio and easy, effective marketability, that is, adequate, standardized, multifaceted holiday resorts diversified by target group in the 5-4-3-star range.
- The main product concentrates on the most important market potential by far, bathing tourists travelling by air. Beach tourism will be enhanced with additional products, particularly in high-yield nautical tourism, and sports, nature and culture products in the mountains and closely interlinked with these.
- Promotion of upmarket individual tourism through small enterprises (boutique and special hotels) that cooperate with each other in several areas, ideally in concert with the local or national tourism organizations, in leisure infrastructure, marketing, specialization and events, for example.
- Development of the destination brand, 'Montenegro - Wild Beauty', standing apart from all its Mediterranean rivals in several respects: high quality in every product segment, consistent implementation of all principles of sustainability, blending coast and mountains into one landscape experience, emphasis on regional, cultural and ethnic identities as well as general variety - in the landscapes, types of accommodation and product alternatives.

The second product pillar is aimed at the source region of neighbouring markets and the local market: Almost solely at present, it generates high demand at low prices in car-bathing tourism during the short summer holidays. Part of its custom comes from the grey market. On account of its volume and the many private initiatives that benefit directly, this is indispensable, but it is not very productive economically, that is it does not bring substantial positive impact.

At peak periods, this demand exceeds the infrastructure and beach capacity in the agglomerations.

Montenegro should adopt a complex strategy here:

- It must continue with the low-price sales argument, offering a fair product that makes full use of existing capacity. This will be successively improved, realigned or reduced by the specific establishment. Parallel to this, prices will increase even if demand diminishes as a result.
- Gradual elimination of low-price products. Montenegro's range of services already has more than enough capabilities here. Demand is also declining gradually in this segment, as in similar transition countries and as evident from occupancy in plain hotels.
- Funds accrued through the environmental tax, introduced on 15th June 2008, will compensate for the burden on infrastructure and contribute to environmental protection. WTTC expressly endorses this measure with the aim of abating traffic and crowding, and using the revenue for developing and reconstruction the infrastructure, in particular public utilities.

A country with open borders, Montenegro is visited by tourists travelling by road and air, but increasingly more also by yachts, sailing boats and smaller cruisers. It is a potential 'all-round destination' that could offer (almost) everything thanks to its general conditions. The predominance of low-budget and periodical bathing tourism and the aftermath of the recent Balkan wars has, however, resulted in an imbalance towards cheap accommodation without any ancillary service. This jeopardizes overall development. It overstretches capacity in all sectors and reduces average quality at low revenue per guest day. This kind of product will not enable Montenegro to extend the season or attract upmarket visitors. The country's prospects for the future depend on the structural adjustment underway and on harnessing its incomparable expanses of untouched scenery and nature that make it so outstandingly attractive as a destination.

The market and quality alignment meets Montenegro's needs, satisfies the requirements of the markets, caters for the interests of the investors and emulates other destinations. It raises competitiveness, stability and earnings prospects.

'Market alignment' means that the products on offer take their lead from developments on the markets, the expectations of target groups and their finances and the range of products in competitor destinations.

The term **'quality'** has two meanings. A touristic service meets a quality standard when it satisfies the expectations and needs of its target group. Furthermore, the strategy focuses in particular on high-quality (high-yield) products as these earn the highest income per guest day and room and create the largest number of jobs.

Moreover, Montenegro needs to be positioned as a destination **brand**. The core brand consists of scenic variety and beauty - Wild Beauty - and regional identities. Protecting and maintaining these is part of the quality strategy.

The dictates of sustainability and environmental protection and nature conservation and the capacity of the infrastructure and the beaches set the **limits of tourism development**.

3.4. New development opportunities

Montenegro is a small country (13,800 km²). The extraordinary beauty and variety of its landscapes, aptly described as **'Wild Beauty'**, is almost unmatched, with alternating vistas of rugged peaks and deep ravines, expansive plains, torrential rivers, Skadar Lake and a picture-book coast. The vegetation is equally variegated, changing with altitude. The individual regions are steeped in the heritage of three major cultures. Montenegro numbers among the most fascinating countries on the Mediterranean.

The essence of product development for the mountain region would be the construction of wild beauty resorts, well-integrated into the natural setting, with all the services and ancillary amenities, to create conditions for new employment and improving standards of living for the local population (positive economic and social impacts).

Considering that the tourism potential of the northern region has been largely underutilised so far, advantage must be taken of the four **national parks (soon to be five)** and also a more comprehensive approach to the cultural heritage taken. It is recommended to develop in all national parks the eco lodges, small, exclusive, high-quality facilities blending well with the natural setting, offering the possibilities for organising educational programmes of the highest level.

Regardless of all other attractions, **climate** is a crucial success factor in tourism. Montenegro has an agreeable summer climate, similar to Sardinia's, Cote d'Azur's or Majorca's, making it an ideal destination for bathing and summer holiday tourism. Rainfall is heavy at the coast in winter. All kinds of winter sports are possible in the high mountains, noting that, due to climate change, development need to be carefully planned. Durmitor and Bjelasica, but also Prokletije offer the best conditions, where reliable snow cover appears to be assured for at least 80-90 days at an altitude of 1,650/1,750 m.

Beach capacity in Montenegro is overstretched in the centres during the high season. It has numerous bays with dream beaches, rightfully advertised as such. The projects pertaining to Velika Plaža, Valdanos and Ada Bojana are pending. Detailed calculations have shown that, accounting for all the expansion scope, overall capacity can cope with 270,000, perhaps 300,000, bathers at the same time. This amounts to total available guest-bed capacity.

Though outstanding, the landscape and nature potential is in short supply and in danger from unbridled construction. A number of beaches, currently protected, could, due to uncontrolled construction, waste disposal, etc, lose the designated status.

The greatest threat is posed by the building boom, regardless of whether construction is illegal or authorized in the individual case. Both at the coast (Budva, Ulcinj) and at the most popular locations in the mountain regions (Durmitor, Njeguši), land resources are limited. Land is nevertheless frequently squandered for the construction of economically unproductive second and holiday homes. These buildings seldom respect local architectural traditions and they mar the landscape. This is why it is important as soon as possible draw up municipal urban plans in line with the latest findings on economic development and sustainability.

Another issue is illegal fowling, particularly in the Ulcinj area as well as at Skadar Lake, although the diverse species have been placed under international protection.

3.5. Product strategies

Providers respond to changes in motivation patterns, in travel behaviour and in target groups with several strategies:

- Product development is responding with specializations and innovative products in entertainment, experience and learning; UNWTO calls these the 3 big Es: entertainment, excitement, experience.
- Standardization: This trend is prevalent worldwide at all price-performance levels. Its success is based on several advantages for the customer: efficiency, calculability, comparability, predictability and control.
- Specialization: There is a pronounced array of different specialization strategies in the hotel sector (wellness/spa, gourmet, tennis, golf, etc.). The large number of specialized hotels could soon end up ousting the classic all-purpose hotel.
- Complex establishments: These holiday resorts provide modern, varied and also optional amenities for activities, relaxation, conviviality, pleasure, experience and enjoyment.
- Scenography: Instead of the classic package deal (flight+bed), the demand is for innovations that offer unusual experiences, surprises and stimulating ideas in addition to the basic standard services, along with an added atmospheric or emotional element (ambiance, experience, enjoyment, fun, adventure, uniqueness).

3.6. Expanding bedding capacities

For the coast, the Masterplan Update, as the base document for this Strategy, has retained the hotel capacity targets already set in 2001. For the central and mountain regions it has adopted the target figures of the Ministry of Tourism and Environment as set out in the National Spatial Plan. The total number of all guest beds should hardly be extended beyond the present figure with the inclusion of all grey-market capacities. Lasting success, however, depends on modern holiday resorts replacing cheap accommodation. The ratio of hotels and similar establishments has to increase from 13.2% to 37.1%.

The scenario at the coast foresees less construction of private accommodation and the disappearance of most of today's capacity by 2020, either because it will be used by the owners themselves or rejected by the market for lack of quality. The holiday apartments will be put to increasing permanent use as retirement dwellings and building will be restricted to solely the high quality ones. As for camping, only a limited increase in overnight bed places is planned for lack of space.

The main emphasis is placed on expanding capacity in hotels and similar holiday establishments at a 3-4-5-star standard. Of equal importance for market acceptance, all-year operation and raising traditional quality standards, though, is diversification through high-yield specializations geared to target groups.

Due to beach shortage, a limit must be placed on total capacity to approx. 300,000 guest beds altogether, unless the establishments or the public sector create attractive bathing alternatives to the sea. Extensive bathing landscapes are common in many destination regions, especially as prolonging the season beyond the bathing period is not feasible on the market without heated outside and indoor pools.

Besides leisure infrastructure, primarily hiking and biking, holiday resorts are planned for the central and mountain regions. Instead of the classic hotel type, envisaged are mainly innovative establishments that, similar to the familiar holiday clubs, offer a complete holiday package with all the requisite amenities and services - i.e. are self-sufficient - and can be assimilated into Montenegro's core brand by virtue of their closeness to nature, architectural style and landscape design as '**wild beauty lodges**'. They will operate as regional development drivers to which small and medium-sized enterprises can add their touristic services.

At present, the municipality of Budva-Becici is the main tourist centre at the coast, in terms of quality and quantity, followed by Bar and Herceg Novi. Apart from the intended expansion of hotel capacity in these municipalities, Tivat, with Lustica peninsula and Porto Montenegro, and Ulcinj on account of its beach potential at Velika Plaža, Ada Bojana and in the Bay of Valdanos will take the leading position in 2020. The development prospects for Herceg Novi and Kotor depend on the prior solution of the traffic problem at the shore of Kotor Bay.

Tourism will provide a fresh economic impetus to the almost untouched barren highlands and generate employment opportunities. The target figures take into account that exceptionally competitive holiday products are available near the EU source markets. To prevail against these, with the help of the wild beauty lodges, Montenegro must forge its own, inimitable product and the image of a brand destination and to do this, it needs these innovative, self-sufficient holiday resorts that have to offer an exceptional benefit in addition to a perfect overall product. Here, Montenegro can combine the experience of its untouched mountains and its agrarian architecture with the prestige of an environmentally responsible 'newcomer' and harness this to develop sports, nature and cultural tourism products.

	2008.					2020.				
	Coast	Central region	Mountain region	Total beds	% share	Coast	Central region	Mountain region	Total beds	% share
Hotel beds	34,000	2,150	2,300	40,000		100,000	10,000	15,000	125,000	
Category	%	%	%	#		%	%	%	#	
5 stars (*****)	2.50	0%	0	900	2.25%	15	25	10	19,000	15.20%
4 stars (****)	17.10	12.8	26.3	7,400	18.50%	35	35	35	43,750	35.00%
3 stars (***)	17.20	14.1	22.4	7,450	18.63%	35	25	35	42,750	34.20%
2 stars (**)	55.8	1	41.1	21,550	53.88%	10	10	15	17,250	13.80%
1 star (*)	7.4	0	10.2	2,700	6.75%	5	5	5	2,250	1.80%
Note: estimates take count of all types of hotels, condo and timeshare etc										
Note: estimates presume that many hotel businesses will upgrade to higher categories										

The fact is that future tourism development will to the greatest extent be spurred by greenfield investments. This type of investments will contribute to better quality of accommodation facilities, higher-yield guests and greater revenues both from tourism and on other grounds (taxes, charges...). It is particularly significant that the facilities to be built on the sites listed below will need considerable numbers of personnel, indicating that in near future Montenegro will import labour from the region and beyond.

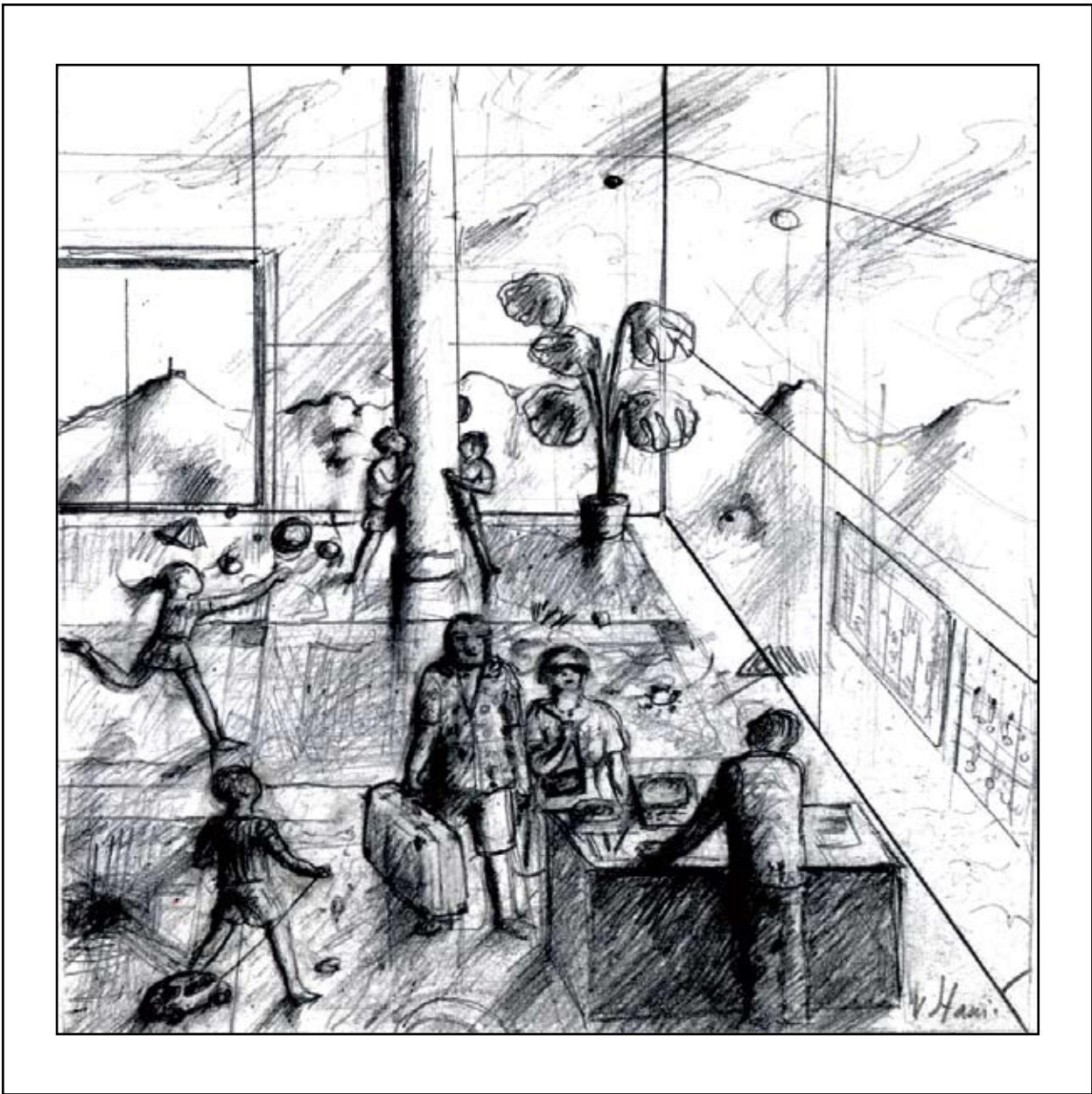
Greenfield projects	Initial year	Project completion	Investment (in mil. €)
Porto Montenegro	2008.	2012.	400
Velika plaža	2010.	2020.	6500
Ada Bojana	2010.	2014.	150
Valdanos	2010.	2014.	150
Kumbor	2010.	2013.	250
Luštica	2009.	2018.	1100
Skoči djevojka-Budva	2009.	2012.	200
Maljevik-Bar	2009.	2016.	500
Bigova	2009.	2013.	37.5
Planina Bjelasica	2010.	2018.	600
Ostrvo cvijeća	2010.	2014.	200
Resort Žabljak	2010.	2013.	50
Sveti Marko	2010.	2015.	250
Royal Montenegro	2010.	2014.	50
TOTAL: Greenfields			10.437,5

Altogether, over 10,000 hectares of land reserves are available for new holiday resorts at several coastal sites situated at top beach locations and areas suitable for nautical tourism, most of this, recently decommissioned military premises. Some of these areas are ecologically valuable and can only be put to limited use: Ada Bojana, Šasko Jezero, Velika Plaža, Buljarica. This order of magnitude, however, still permits a generous ratio of green space for outdoor tourist amenities per guest bed (bathing landscapes). These will count as another quality feature of Montenegro after many competitor destinations have completely covered their coasts in concrete. The regional masterplan for Velika Plaža, for example, therefore provides for 100 m2 of green space per guest bed with a total of 30,000-40,000 beds.

In addition to the above, already pending projects, there is still a range of possibilities in Herceg Novi (its part of Luštica, reconstruction of town hotels), Kotor (town hotels, Vrmac, hills in the hinterland of Jaz, Grbalj), and in particular the mountains of Durmitor, Prokletije, Sinjavina, Hajla near Rožaje etc.



4. ACTION PLAN AND IMPLEMENTING AGENCIES



Objective 1: Create the required tourism and accompanying infrastructure for attaining the strategic goal

MEASURES	PRIORITIES	DEADLINE	COMPETENT AUTHORITIES	NOTES
Measure 1.1 Improve transport infrastructure within Montenegro	Priority 1.1.1 Implementation of measures and priorities from the Transport Development Strategy 2008 to 2018	Ongoing	Ministry of Transport, Maritime Affairs and Telecommunications	
	Priority 1.2.1. Implementation of measures and priorities from: – Strategic Masterplan for Waste Waters for the Coastal Municipalities and Cetinje; – National Waste Management Policy; – State-Level Strategic Masterplan for Waste Management, January 2005; – National Waste Management Plan 2008–2012	Ongoing	Ministry of Tourism and Environment (MTE), Ministry of Agriculture, Forestry and Water Management, municipalities	
Measure 1.2 Improve utilities infrastructure	Priority 1.2.2. Continuation of the construction of Regional Water Supply System for the Coast and Cetinje	In 2009 Bar and Budva sections, the rest in 2010	MTE, PEW-MC, municipalities	
	Priority 1.3.1 Eliminate business barriers for entrepreneurship development (red tape, permitting procedures, etc)	Ongoing	Ministry of Finance, Ministry for Economic Development, MTE, SME Development Agency (SMEDA)	SMEDA's ongoing project "Eliminating Business Barriers"
	Priority 1.3.2 Attract strategic partners for the development of high-quality amenities by creating an environment conducive to business	Medium-term	MTE, Ministry for Economic Development (MED), MIPA	
	Priority 1.3.3 Upgrade quality and extend business services	Medium-term	MTE, MED, Ministry of Finance	
	Priority 1.3.4 Development of spatial and physical plans		MED, municipalities	
Measure 1.3 Attract investments in new high-quality accommodation facilities	Priority 1.3.5. Plan and conduct promotional activities		MTE, MED	This Priority is directly linked with measures 2.1 and 4.1.

<p>Measure 1.4 Increase standards of the existing accommodation facilities</p>	<p>Priority 1.4.1 Launch campaigns for encouraging private owners to improve standards of accommodation facilities at all levels</p> <p>Priority 1.4.2 Support private owners by organising trainings and giving advice on business operation and technology</p> <p>Priority 1.4.3 Introduce tax reliefs to stimulate the development of high quality accommodation facilities</p> <p>Priority 1.4.4 Strengthen cooperation with municipalities to use local taxes and other charges to rehabilitate accommodation facilities</p> <p>Priority 1.4.5 Introduce new tax reliefs for cleaner technologies, energy efficiency standards</p> <p>Priority 1.4.6 Demand management to attract high-yield visitors</p>	<p>MTE</p> <p>MTE, MED</p> <p>MTE, MED, Ministry of Finance, municipalities</p> <p>MTE, MED, Ministry of Finance, municipalities</p> <p>MTE, MED, Ministry of Finance, municipalities</p> <p>MTE</p> <p>MTE, Ministry of Health, Labour and Social Welfare, Ministry of Education and Science (with universities)</p> <p>MED, municipalities</p> <p>MED (in cooperation with municipalities)</p> <p>MTE, MED</p> <p>Competent inspectorates in cooperation with municipalities</p> <p>MTE</p> <p>MTE</p>	<p>This Priority is also directly linked with measures 1.3 and 1.4.</p>
<p>Measure 1.5 Enhance service quality in tourism sector</p>	<p>Priority 1.5.1 Implement Human Resources Development Strategy</p>	<p>MTE, Ministry of Health, Labour and Social Welfare, Ministry of Education and Science (with universities)</p> <p>MED, municipalities</p>	<p>This Priority is also directly linked with measures 1.3 and 1.4.</p>
<p>Measure 1.6 Harmonise establishments with the natural surrounding (blending with the natural environment)</p>	<p>Priority 1.6.1 Take into account the provisions and recommendations for “blending with the natural environment” within relevant spatial plans</p> <p>Priority 1.6.2 Set and apply the criteria for “blending with the natural environment” into the licensing and permitting procedures</p> <p>Priority 1.6.3 Plan and carry out information campaigns for “blending with the natural environment” (relevant for tourism development, etc)</p>	<p>MED (in cooperation with municipalities)</p> <p>MTE, MED</p> <p>Competent inspectorates in cooperation with municipalities</p>	<p>This Priority is also directly linked with measures 1.3 and 1.4.</p>
<p>Measure 1.7 Establish “image of clean Montenegro”</p>	<p>Priority 1.7.1 Improve enforcement of current legislation</p> <p>Priority 1.7.2 Conduct the campaign under the motto “Montenegro – my piece of the planet” – “This land is our home”</p> <p>Priority 1.7.3 Continuation of the Let It Be Clean campaign</p>	<p>MTE, MED</p> <p>Competent inspectorates in cooperation with municipalities</p> <p>MTE</p> <p>MTE</p>	<p>This Priority is also directly linked with measures 1.3 and 1.4.</p>

Objective 2: Montenegro develops its USP (Unique Selling Point)

MEASURE	PRIORITIES	DEADLINE	COMPETENT AUTHORITIES	NOTES
Measure 2.1 Establish efficient marketing structures	Priority 2.1.1 Develop Tourism Marketing Strategy 2009–2014		National Tourism Organisation (NTO), MTE	
	Priority 2.1.1 Set up a network of representative offices in the leading countries with long-standing tourist tradition (up to 15 offices)		NTO, MTE	
	Priority 2.1.3 Increased use of ICT (“from paper to bytes”)		NTO, MTE	
	Priority 2.1.4 Intensive promotion of the “Wild Beauty” brand		NTO, LTOs, MTE	
	Priority 2.1.5 Devise and promote slogans (for different regions, areas, municipalities, national parks, etc.) for better marketing		NTO, LTOs, MTE	
Measure 2.2 Promote regional clusters to strengthen the tourism potentials in all regions and sub-regions of Montenegro	Priority 2.2.1 Adopt management plans for each cluster		NTO, LTO, RTOs, MTE	Annex I: Tourism clusters
	Priority 2.2.2 Extend support and give advice for setting up and operation of regional tourism organisations (RTO) within clusters		NTO, MTE	Further support will be extended to the existing RTO for Bjelasica and Komovi.
	Priority 2.2.3 Enhance tourist attractions within corridors linking southern and northern regions		NTO, LTOs, MTE	These corridors are described in Annex I.

Measure 2.3 Implement National Strategy for Sustainable Development	Priority 2.3.1 Include in national legislation areas defined in terms with international designations (such as EMERALD, Natura 2000)		MTE, Nature Protection Institute	
	Priority 2.3.2 Draft and adopt protection and management plans for designated areas		MTE, Nature Protection Institute	
	Priority 2.3.3 Set up green corridors and networks to link protected areas		MTE, Nature Protection Institute	

Objective 3: Montenegro is known and recognised as an all-year destination

MEASURE	PRIORITIES	DEADLINE	COMPETENT AUTHORITIES	NOTES
Measure 3.1 Diversify hotel products and improve leisure and active facilities	Priority 3.1.1 Launch a campaign to attract domestic (in particular SME owners) and foreign investors		MTE, MED	Hotels product should meet the demands of specific target groups, such as families, MICE, hikers, bikers, health tourists, etc.
	Priority 3.1.2 Support domestic investors (in particular SME owners) with advice and training programmes		MTE	

<p>Measure 3.2 Develop and enhance specific products</p>	<p>Priority 3.2.1 Set up development concepts for specific products: <u>Golf tourism</u>: integrated concept <u>Cultural tourism</u> – integrated concept (investment in revitalisation of cultural heritage, units and landscapes) <u>Health tourism</u>: integrated concept <u>Winter tourism</u>: Sites in terms with carrying capacities to be defined within special purpose spatial plans and municipal spatial plans <u>Active holidays</u>: legislative frameworks <u>Beach tourism</u>: Concepts for improved beach management, extension of the existing and reclaiming new beaches in line with defined protection goals (protected beaches within Special Purpose Spatial Plan for Coastal Zone) <u>Nature tourism</u>: Identify sites for development of wild beauty resorts. Set standards for wilderness camping and village camping. <u>Eco tourism</u>: set guidelines</p>	<p>MTE</p>	
	<p>Priority 3.2.2 Attract investments in: <u>Health tourism</u>: investments in proper facilities <u>Winter tourism</u>: investments in sport infrastructure and appropriate facilities <u>Sport tourism</u>: investments in accommodation and sport facilities <u>Village tourism</u>: Introduce incentives to reduce rural exodus</p>	<p>MTE</p>	<p>Take into account the PPP concept. As for investments in village tourism, there is a strong link with objective 5.</p>

	<p>Priority 3.2.3 Devise and implement a marketing approach for some unique products</p>		NTO, MTE	Special products are aimed to diverse target groups and require a special approach using variegated promotion channels.
	<p>Priority 3.2.4 Develop tools and methodologies to measure effects of specific products</p>		MTE	Link with Objective 4, Measure 4.3
Measure 3.3				
Identification, promotion and marketing of tourist attractions	<p>Priority 3.3.1 Support to cultural events</p>		NTO, MTE, Ministry of Culture, Sport and Media, LTOs, municipalities	
	<p>Priority 3.3.2 Organise international events (music, theatre, sport etc.)</p>		NTO, MTE, Ministry of Culture, Sport and Media, LTOs, municipalities	
	<p>Priority 3.3.3 Preservation and marketing of natural attractions</p>		NTO, MTE	
	<p>Priority 3.3.4 Collection and presentation of historic and traditional legends, fairy tales, myths, etc of different regions and cultures of Montenegro</p>		NTO, MTE, Ministry of Culture, Sport and Media, LTOs	

Objective 4: Institutional and legislative framework appropriate for successful and sustainable tourism

MEASURE	PRIORITIES	DEADLINE	COMPETENT AUTHORITIES	NOTES
Measure 4.1 Strengthen tourism organisations at the national, regional and local levels	Priority 4.1.1 Continue training aimed to enhance organisational capacities and service standards		NTO, MTE	
	Priority 4.1.2 Set up strong marketing links locally and nationally		NTO, LTOs, RTOs, MTE	
	Priority 4.1.3 Set up information network		NTO, MTE	
	Priority 4.1.4 Strengthen capacities of the NTO with the private sector participation		NTO, MTE	Introduce PPP in the NTO operation
	Priority 4.1.5 Support to municipalities in their intention to improve tourism marketing by establishing RTOs		NTO, MTE	This Priority is linked with the Objective 2, Measure 2.2, Priority 2.2.2.
Measure 4.2 Strengthen inspection services	Priority 4.2.1 Increase the number of inspectors and relevant trainings to enhance quality and efficiency of supervision		MTE together with relevant ministries (in cooperation with municipalities)	
	Priority 4.2.2 Improve technical equipment of inspection services		MTE together with relevant ministries (in cooperation with municipalities)	
	Priority 4.2.3 Strengthen coordination among different inspection services nationally and locally (horizontal and vertical coordination)		MTE together with relevant ministries (in cooperation with municipalities)	

<p>Measure 4.3 Introduce the information and quality management system</p>	<p>Priority 4.3.1 Strengthen statistics department within MTE</p>	MTE	
	<p>Priority 4.3.2 Set up the monitoring system within the MTE's statistics department</p>	MTE	
	<p>Priority 4.3.3 Enhance information and data exchange among relevant institutions at various levels by strengthening horizontal and vertical coordination</p>	MTE together with relevant ministries (in cooperation with municipalities)	
<p>Measure 4.4 Improve the legislative framework for tourism development</p>	<p>Priority 4.4.1 Draft necessary laws, by-laws, amend existing laws to keep pace with modern tourism trends</p>	MTE together with relevant ministries (in cooperation with municipalities)	
	<p>Priority 4.4.2 Launch campaigns and trainings to increase knowledge of legislative documents and their application</p>	MTE together with relevant ministries (in cooperation with municipalities)	

Objective 5: Local population is increasingly involved in tourism industry (“internal marketing”)

MEASURE	PRIORITIES	DEADLINE	COMPETENT AUTHORITIES	NOTES
<u>Measure 5.1</u> Raise awareness of the importance of tourism as a strategic industry	Priority 5.1.1 Launch campaigns to raise awareness of the importance of tourism for development of the country and the potential benefits for the population of different regions		NTO, MTE	Internet portals may be used → www.montenegro-tourism-portal.me
	Priority 5.1.2 Set up database of good practices and enable easy access to tourism businesses		NTO, MTE, Union of Employers, Chamber of Commerce, private sector	Business centres should be able to meet the demands of entrepreneurs related to high-quality tourism
<u>Measure 5.2</u> Enhance entrepreneurship in tourism	Priority 5.2.1 Strengthen capacities of the existing business centres		MTE, MED, SMEDA and NTO	
	Priority 5.2.2 Implement the operational plan to eliminate business barriers		MED, SMEDA, Union of Employers, Chamber of Commerce, private sector	
<u>Measure 5.3</u> Link tourism with other local industries (in particular bio/health food production)	Priority 5.2.3 Strengthen business start up support and existing tourism businesses		MED, MTE, Union of Employers, Chamber of Commerce	This entails advice in business practices, legislative and financial matters, financial (credit) support etc.
	Priority 5.3.1 Launch information campaigns to raise awareness of the opportunities and prerequisites		MTE, Ministry of Agriculture, Forestry and Water Management	Internet portals may be used. → www.montenegro-tourism-portal.me
	Priority 5.3.2 Set up consultancy services		MTE, Ministry of Agriculture, Forestry and Water Management	This Priority is closely linked with 5.2

APPENDICES:

**Annex I: Holiday and leisure target groups
(German example)**

Annex II: Beach capacity

Annex III: Wild beauty resort and ecolodge concepts

Annex I: Holiday and Leisure Target Groups (German example)

German market – Holiday and leisure target groups				
Target groups	Group size	Main age groups	Net household income	Spending pattern
BEACH TOURISTS	20,000,000	25–55	€1,500–2,500	price-conscious
Holiday motives	social contact, enjoyment, physical activities, pleasure, relaxation			
Main activities	excursions (88%), biking (30%), hiking (14%), tennis (6%)			
Additional products	entertainment, sports & games, focusing on bathing landscape			
SPORTS TOURISTS	10,000,000	15–55	€2,000 – >3,500	quality-conscious
Holiday motives	physical activities, social contact, enjoyment, health			
Main activities	excursions (91%), biking (32%), swimming (32%), tennis (9%)			
Additional products	high-quality sports facilities, contests, training, instruction			
SELF-EMPLOYED	5,000,000	40–55	€2,000->3,500	quality-conscious
Holiday motives	physical activities, enjoyment, social contact, pleasure			
Main activities	excursions (76%), biking (27%), swimming (28%), tennis (5%)			
Additional products	wellness, gastronomy, sporting activities			
CULTURE FANS	11,000,000	25–69	€1,000–2,500	price-conscious
Holiday motives	social contact, health, enjoyment, education			
Main activities	excursions (81%), biking (25%), classic (23%), hiking (16%)			
Additional products	excursions (81%), biking (25%), classic (23%), hiking (16%)			
NATURE LOVERS	9,000,000	40–69	€1,000–2,500	price-conscious
Holiday motives	health, physical activities, social contact, enjoyment			
Main activities	Excursions (85%), hiking (35%), biking (31%), swimming(23%)			
Additional products	Hiking and walking trails, parks & gardens, wellness			
EXECUTIVES	2,000,000	25–55	>3,500 €	quality-conscious
Holiday motives	physical activities, health, pleasure, social contact, enjoyment			
Main activities	excursions (85%), swimming(27%), biking (26%), hiking (13%)			
Additional products	sports facilities, wellness, gastronomy, culture			
YOUNG FAMILIES	3,000,000	25–35	€1,000–2,500	price-conscious
Holiday motives	social contact, enjoyment, physical activities			
Main activities	excursions (86%), swimming (24%), biking (29%), hiking (12%)			
Additional products	all-day child care, pubs, dancing and party cellars			
YOUNG COUPLES	3,000,000	25–35	€1,000–2,500	quality-conscious
Holiday motives	enjoyment, physical activities, pleasure			
Main activities	excursions (89%), swimming (24%), biking (29%), hiking (12%)			
Additional products	sports facilities, bathing landscapes, dancing and entertainment, pubs			
YOUNG SENIORS	15,000,000	50–65	€1,000->3500	price-conscious
Holiday motives	health, social contact, peace and quiet, recreation, physical activities			
Main activities	excursions (75%), swimming (19%), biking (30%), hiking (21%)			
Additional products	biking and hiking trails, greenery, cosiness			
YOUTH	5,000,000	15–20	€1,000–2,000	quality-conscious
Holiday motives	physical activities, enjoyment, social contact			
Main activities	excursions (88%), discos (35%), biking (44%), swimming (36%),			
Additional products	trendy sports facilities, discotheques without noise emissions			

Source: Institute for Leisure Economics in: Leisure target groups 1995 – 2005

German market – Holiday and leisure target groups				
Target groups	Group size	Main age groups	Net household income	Spending pattern
CAMPERS	4,000,000	15–55	€1,500–2,500	price-conscious
Holiday motives	enjoyment, social contact, physical activities, pleasure, health			
Main activities	excursions (93%), swimming (44%), biking (36%), hiking (10%)			
Additional products	Swimming pools, sports facilities, child care			
CARAVANERS	2,000,000	25–69	€2,000–3,000	price-critical
Holiday motives	enjoyment, physical activities, social contact, health			
Main activities	excursions (89%), swimming (39%), biking (23%), hiking (10%)			
Additional products	swimming pool, sports facilities, restaurants			
HEALTH	26,000,000	25–69	€1,000–>3,500	price-critical
Holiday motives	physical activities, social contact, pleasure, peace and quiet, well-being			
Main activities	excursions (79%), biking (24%), swimming (31%), hiking (19%)			
Additional products	Bio gastronomy, sporting activities, massage, gymnastics			
FITNESS	5,000,000	15–39	€1,500–3,500	quality-conscious
Holiday motives	physical activities, social contact, health, enjoyment, education			
Main activities	excursions (79%), health (66%), social contact (69%)			
Additional products	fitness and wellness facilities, massage, gymnastics			
SAUNA	14,000,000	25–55	€1,500–3,500	quality-conscious
Holiday motives	physical activities, social contact, enjoyment, health, education			
Main activities	excursions (89%), swimming (35%), biking (29%), gymnastics (30%)			
Additional products	expansion of wellness-fitness-well-being segment in each holiday resort			
HEALTH CURES	9,000,000	40–69	€1,000–2,500	price-conscious
Holiday motives	health, physical activities, social contact, enjoyment			
Main activities	excursions (81%), swimming (25%), biking (24%), hiking (18%),			
Additional products	Walks, parks & gardens, wellness & medical wellness, therapies			
SAILORS	2,500,000	25–55	>3.500 €	quality-conscious
Holiday motives	physical activities, social contact, health, pleasure			
Main activities	excursions (85%), swimming (36%), biking (30%), hiking (10%)			
Additional products	culture, sports facilities, wellness, gastronomy			
DIVERS	1,000,000	25–39	€2,000–2,500	quality-conscious
Holiday motives	social contact, enjoyment, physical activities			
Main activities	excursions (90%), swimming (46%), biking (30%), hiking (15%)			
Additional products	expansion of wreck diving, diving instruction and contests			
WIND SURFERS	2,000,000	25–39	€1,000–2,500	quality-conscious
Holiday motives	physical activities, fun and adventure			
Main activities	excursions (95%), swimming (30%), biking (9%), hiking (9%)			
Additional products	surfing bases in the Bay of Tivat at Sveti Marko			
HIKERS	32,000,000	25–69	€1,000–2,000	price-critical
Holiday motives	physical activities, social contact, fun, peace and quiet, well-being			
Main activities	excursions (59%), hiking (100%), biking (25%), swimming (24%)			
Additional products	specialisation on sub-target groups			
BIKERS	28,000,000	15–69	€1,000–2,500	price-critical
Holiday motives	social contact, physical activities, enjoyment, health			
Main activities	excursions (87%), biking (100%), swimming (44%), hiking (17%)			
Additional products	Biking and hiking trails with Luštica and Ulcinj as centres			
MOUNTAIN-BIKERS	3,000,000	15–39	€1,000–3,500	quality-conscious
Holiday motives	physical activities, fun, adventure, social contact, health			
Main activities	excursions (87%), mountain biking (100%), swimming (34%),			
Additional products	expansion of biking trails			

Source: Institute for Leisure Economics in: Leisure target groups 1995 – 2005

German market – Holiday and leisure target groups

Target groups	Group size	Main age groups	Net household income	Spending pattern
TENNIS PLAYERS	6,500,000	15–55	€1,500–3,500	quality-conscious
Holiday motives	physical activities, social contact, performance, pleasure			
Main activities	tennis (100%), excursions (90%), biking (29%), gymnastics (25%)			
Additional products	tennis centres and tennis competitions, squash			
GOLFERS	800,000	25–55	€2,500 – >3,500	quality-conscious
Holiday motives	physical activities, social contact, health, education-culture			
Main activities	excursions (71%), swimming (37%), gymnastics (31%), biking (22%)			
Additional products	networking with wellness and culture			
WINTER TOURISTS	10,000,000	15–69	€2,000 –>3,500	quality-conscious
Holiday motives	physical activity, social contact, enjoyment, health			
Main activities	excursions (90%), swimming (33%), gymnastics (31%), hiking (16%)			
Additional products	winter hiking			
SKIERS	5,000,000	21–39	€2,000 – >3,500	quality-conscious
Holiday motives	physical activity, social contact, health, pleasure			
Main activities	Alpine skiing (100%), excursions (89%), swimming (49%), biking (45%)			
Additional products	development of new mountain products			
CROSS-COUNTRYSKIERS	4,500,000	25–55	€2,000 –>3,500	quality-conscious
Holiday motives	physical activity, social contact, health, pleasure			
Main activities	cross-country skiing (100%), excursions (91%), swimming (57%)			
Additional products	winter hiking, because hiking has a high acceptance at 26%			
SNOWBOARDERS	1,000,000	15–25	€2,000 –>3,500	quality-conscious
Holiday motives	physical activity, fun, social contact, health			
Main activities	snowboarding (100%), swimming (44%), biking (35%)			
Additional products	skating			
MOUNTAINEERS	2,500,000	25–54	€1,500– 3,500	quality-conscious
Holiday motives	physical activity, social contact, enjoyment, health			
Main activities	mountaineering (100%), swimming (50%), biking (47%)			
Additional products	mountain hiking trails and climbing tours			
FREE-CLIMBERS	500,000	15–54	€1,000–3,500	price-conscious
Holiday motives	physical activity, fun, social contact, health			
Main activities	excursions (92%), swimming (32%), biking (22%)			
Additional products	climbing walls in nature and holiday resorts			
ENVIRONMENTALLY-AWARE	29,000,000	25–54	€1,000–2,500	critical consumers
Holiday motives	health, social contact, enjoyment, physical activities			
Main activities	swimming (28%), biking (26%), hiking (17%)			
Additional products	bio and natural products, nature experiences			
ECO FREAKS	3,000,000	15–39	€1,000–2,000	critical consumers
Holiday motives	social contact, entertainment, physical activity, alternative lifestyle			
Main activities	excursions (86%), biking (38%), swimming (32%)			
Additional products	alternative holiday forms such as agrotourism, bio products			
Source: Institute for Leisure Economics in: Leisure target groups 1995 – 2005				
Notes: quality-conscious - mostly more emphasis on quality than cheap price price-conscious - low price usually decisive price-critical- price and quality considerations critical consumers – high value attached to environmentally compatible quality – bio & Third World products				

Annex II: Beach capacity

Montenegro has a 193.5 km-long coast. There are 117 bathing beaches, totalling 73 km in length. That is what the advertising says (Chapter 10.1)! More important is the real capacity of these beaches. A study and the draft physical development plan estimate a beach potential for a maximum 270,000 bathers at the same time. They do not only take into account all the currently available beaches, but they also consider the scope for their extension and for laying out artificial beaches in the rocky cliffs on the Adriatic shore. Per guest, they allocate an average 10 m² for places to lie, playing and sports areas, thoroughfares, sanitary facilities, etc .

Montenegro's beach potential: based on 10 m² per bather				
Existing beaches	Number	Length – m	Area – m²	Capacity
– current situation	74	57.505	1.615.700	169.000
– extension scope		32.175	836.750	79.300
Total	74	88.700	2.445.750	248.300
Additional beaches	24	13.920	220.350	19.930
Maximum capacity	98	102.620	2.666.100	268.230

Source:
Vodoprivredna Osnova Republike Crne Gore: The water management study contained miscalculations that are corrected here (extension capacity: 79,299 instead of 82,390) Physical Plan of Montenegro (Draft) Chapter 2.4.3.1

The strategy for integrated coastal management adopts a similar figure, restricting potential beach space to 300,000 users¹. This amounts to the actual available guest-bed capacity applying Method I, counting for the grey market and the second homes (296,000). If the Montenegrin bather is also included, beach capacity is already exhausted in arithmetic terms.

In practice, crowding has an even more severe impact, because it is far from evenly distributed over all the available beach space, concentrating instead on the most easily accessible places. The beach is so packed here as to rule out any kind of quality. Even though managed stretches of beach afford more space for the paying guest, this cannot remedy the problem as a whole.

So Montenegro has to take a difficult decision. It needs more guests and higher daily expenditure, but limited beach capacity precludes any further increase in guest numbers in the high summer weeks. It is already impossible to provide a high quality of bathing today. There are only three options left: The guest segments must be sorted anew applying economic criteria and precedence given to quality products. All future resorts need their own pool alternatives to ease the pressure on the beaches. The increase must be effected through greenfield projects and in the off-season.

¹ National Strategy of integrated Coastal Zone Management, Chapter 2.2.1

Annex III: Concepts „Wild beauty resort“ and „Eco Lodge“

The wild beauty resorts are not holiday clubs, but they incorporate club elements.

- A variety of sports options: winter activities - skiing, snowboarding, cross-country skiing, hiking, mountain biking, tennis, archery, basketball and volleyball, etc.
- Additional sports programmes: summer and winter hiking, mountaineering
- A spacious wellness section with swimming pool, saunas and massage services, a children's pool
- Health and beauty options such as fitness training, gymnastics, aerobics, etc.
- A 'barn' for all kinds of events
- A restaurant, a bar-wine brassiere with a dance floor and Montenegrin specialties
- A nursery with day-long care by age group
- Traditional costumes instead of uniforms, local products and weekly folk music

The wild beauty resorts can be conceived as

- a compact holiday resort with all services and guest-rooms under one roof, like Katschberg. For climatic reasons, this alternative is recommended in the two leading skiing regions: at the lifts, for example.
- a holiday village that can be extended over a longer period. The core is the central building that accommodates all services and some guest-rooms with individual houses added on as soon as there is enough demand to make this commercially viable.

These wild beauty resorts differ from the familiar holiday clubs in four ways:

- The establishment is also open for passers-by.
- Services are not packaged. Every guest books what he wants. Costly ancillary services are always billed extra.
- Each establishment is assigned a large plot (300 m² per guest bed, 100 m² for each staff member who lives in) to be developed into a nature park, where possible with biotopes and endemic animals, climbing gardens for children, etc.
- The architecture must adhere strictly to local building traditions - style and materials - and translate both into a modern language. Stylistic ideas from neighbouring countries can help where there are too few or no local prototypes.

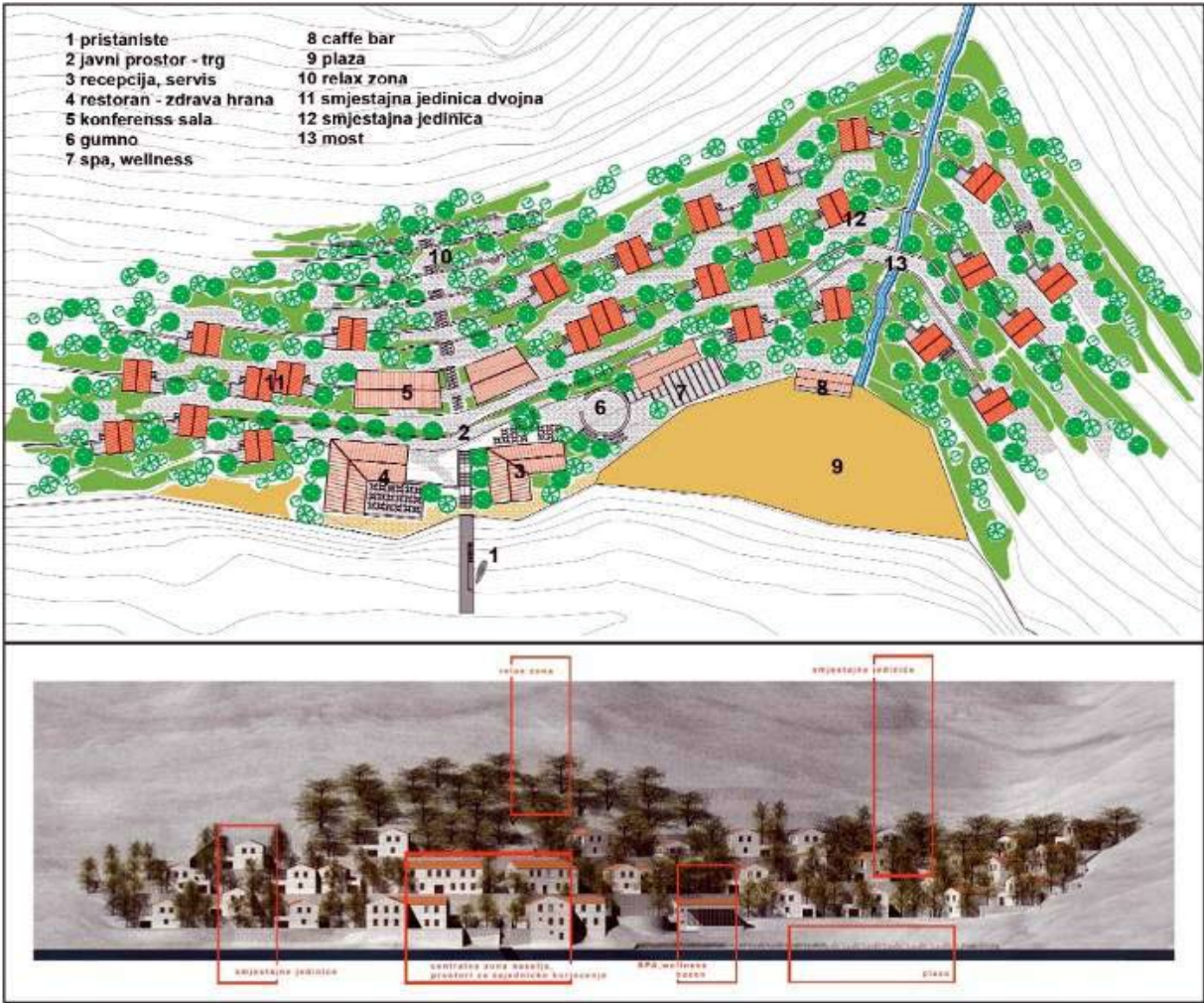
This concept, with detailed planning from case to case, will create a hotel brand that should have a similar impact to the paradors in Spain. These are state hotels in historical buildings that are distributed throughout the country, mostly in underdeveloped regions. They act as attractions and key factors in regional tourism development. They make for an excellent topclass product and also operate as qualified training centres for the hotel and tourist industry.

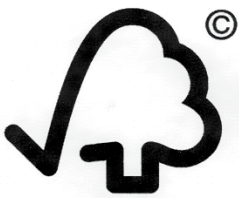
Scale of enterprise will vary between 250 and 500 beds for adult guests and additional accommodation for children and personnel. The standard of service must meet at least the 3-star category. Depending on location, room sizes will be measured so that some establishments can advance to 4 stars later on. Some rooms will be designed for 4-5 persons with a separate sleeping area for children. The rooms will also be fitted out for self-caterers, but so that the fitted kitchen can be removed later if there is enough demand for half-board or full board.

Targeted are the main international markets, all neighbouring markets as well as the local market. The target groups include all more discriminating nature, sports and health tourists. Stress will be placed on families with children and couples of all ages.

The specific concept of eco lodges has been developed for national parks in cooperation with GTZ. Eco lodges are built in national parks strictly observing environmental protection and energy efficiency principles. Each lodge will include a nature history museum and a research centre. Each lodge has the capacity of 15 to 35 rooms.

ECO Lodge koncept u Crnoj Gori | ECO Lodge concept for Montenegro





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