



# Development of Small and Family Hotels on the Example of Hotel Adria

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## Abstract

The hotel is an institution where guests are primarily provided with accommodation services, and depending on the type and purpose of the facility, food and beverage services and other characteristic services can also be provided. Small family hotels are the backbone of the total tourist offer of the Republic of Croatia, in which 400 small family hotels currently operate, which is 10 percent of the total hotel capacity. Although they are an important segment of the tourist offer, they are not nearly as represented as in neighboring countries. The advantages and disadvantages of small family hotels are explained in the example of the Adria Hotel. Hotel Adria is a small family hotel in Kaštel Štafilić, only 200 meters from the beach and 1.5 kilometers from Split Airport. It was opened in the early 2000s, at the time of the opening of many family hotels, and is one of the first members of the National Association of Family and Small Hotels founded in 2004. It has a total of 30 beds in homely and air-conditioned rooms that guarantee a quality holiday. The problem of the development of small family hotels in Croatia is presented in the example of the Adria Hotel.

## Subject Areas

Tourism Development

## Keywords

Tourism Development, Small Hotels, Family Hotels

## 1. Introduction

The hotel is an institution in which guests are primarily provided with accommodation services, and depending on the type and name of the facility, food and beverage services and other characteristic services can also be provided. These

additional services make a difference between hotels because they make up the overall offer of the facility in question, which can be relaxation services such as fitness and wellness, entertainment services (disco and bar), conference hall rental services (congress hall), etc. began to be used in the territory of England when accommodation services began to appear in England in facilities intended for that purpose. There were no hotels as we know them today until the beginning of the 19th century and their development was very slow. The specialization of business and the division into hotel departments did not occur until the beginning of the twentieth century, and from that moment on their rapid development began. We can classify hotels into many groups according to categorization and minimum conditions, according to purpose and offer, given the continuity of business according to the number of rooms. Today, independent hotels operate in large cities, as small hotels of lower standards and medium and lower quality, and in Croatia, there are a large number of them in cities and holiday destinations [1]. Looking at tourism in this area, thinking specifically about Croatian tourism, it could be concluded that small family hotels are a new trend, a new face of Croatian tourism [2]. As the topic of this paper is to describe the development and operation of small and family hotels, we will only touch on the division of hotels according to the number of rooms. Thus, we distinguish between large hotels with more than 200 rooms and most often associated with some kind of hotel organization and integration, medium-sized hotels with 51 to 200 rooms, and small hotels with up to 50 rooms. There are currently about 400 family hotels in the Republic of Croatia, which is 10 percent of the total hotel capacity [3]. Although they are an important segment of the tourist offer, they are not nearly as represented as in neighboring countries such as Italy, Greece, Austria and Switzerland.

## **2. Development of Small Family Hotels**

Although small-family hotels have existed in Croatia for many years, their development testifies to a new trend in the tourism market. Their development was very pronounced in the late 1990s and early 2000s, until the beginning of the economic crisis in 2008. The development of small family hotels was particularly favored by two incentive programs: Under Centuries-Old Roofs and Incentive for Success. These are two extremely high-quality and stimulating programs aimed at extending the Croatian tourist season in the form of refurbishing abandoned buildings. In this way, the tradition of family business will be renewed and the share of small family hotels will be increased by at least 5 percent, which will greatly increase the value and diversity of the tourist destination. The effectiveness of these measures is evidenced by the fact that the National Association of Family and Small Hotels founded in Split in 2004 had 50 members, and today has 150 hotels and 65 high-quality boarding houses, villas, and agro-households from all over Croatia. The results, in crises, are much better with small hotels and boarding houses. They are easier to cope with and adapt to rapid changes,

they are more resistant to changes in purchase prices and they adapt faster to the requirements of the tourist market [4].

### **2.1. Generally about Small Family Hotels**

A small family hotel is an institution in which guests are primarily provided with accommodation services, and depending on its purpose, food and beverage services and other characteristic services can also be provided [5]. It is characterized by a smaller number of rooms, up to 50, which is why they do not gain much importance from more demanding tourists. The small number of hotel rooms brings with them several benefits that make these facilities highly valued among tourists who want special treatment in the form of greater commitment to customers. Guests staying in this type of hotel can feel privileged and special because the hotel staff pays special attention to them. A great advantage of small family hotels is the family atmosphere and the synergy that is created between guests and hotel staff. Another great advantage of small hotels is their elasticity and very fast adaptability to changes in the tourism market. While large hotels always struggle to fill a large number of rooms, small hotels with much less initial investment make higher profits. Small hotels have up to 50 rooms which are easier to fill because they have relatively low prices that are acceptable to tourists. Average price per night for one family in big hotel in July is around 550 Euro, while in small family hotel, it is around 200 Euro. In small family hotels, the ownership and management functions are related to one person, the hotel owner, and his family. Employees in the hotel perform a variety of tasks, especially in small family hotels where all employees perform all tasks, and the nature of the work is determined by the type and category of the hotel [6]. Large hotels have separate two important functions, so we distinguish the owner of capital who does not interfere in the day-to-day operation of the hotel, but only collects profits, and a professional manager who deals with day-to-day business and operation of hotels, aiming to make as much profit. What greatly influences the demand for small family hotels is the authentic and original atmosphere imbued with local tradition. Architecture and gastronomy exude the original tradition of the destination, which is of great importance to guests.

### **2.2. Advantages and Disadvantages of Small Family Hotels**

In addition to the above, small family hotels are a very important element of the tourist offer of a tourist destination. The size of small hotels is at the same time their biggest advantage and biggest disadvantage. Among the mentioned advantages are emphasized individual approach, family atmosphere, great flexibility and resilience in business, quick adaptation to changes in the environment, authentic and original offer, and less necessary investment when starting a business. One of the most pronounced shortcomings of small-family hotels is the unrecognizability of the tourist market due to insufficient investment in marketing. As it is a smaller facility, the lack of financial resources entails several

other problems. One of them is unprofessional and insufficient professional staff. This shortcoming mainly affects the dissatisfaction of guests with the service provided and poor reviews that reject future potential visitors. Another major shortcoming relates to the lack of management skills. As in small hotels, the ownership function is combined with the management function, and the lack of knowledge of the owner always comes to the fore. This is one of the fundamental problems that could be solved by hiring a professional manager who could improve the hotel business, increase profitability and profitability, and operate at significantly lower costs with higher revenues.

### 3. Development of the Adria Hotel

#### 3.1. Hotel Adria

Hotel Adria is a small family hotel in Kaštel Štafilić (Croatia), only 200 meters from the beach and 1.5 kilometers from Split Airport (**Photo 1**). It is 5 kilometers to Trogir and 18 kilometers to Split. It is categorized with three stars and has very good reviews on the internet, its average rating is 8.3 out of 10. The prices per night are much more acceptable compared to medium and large hotels, and the service is very high quality. Average price per night for one four member family in big hotel is around 550 Euro, in medium size hotel from 350 Euro to 500 Euro, while in small hotel it is up to 200 Euro. The building consists of 11 hotel rooms that represent the total capacity of the facility. Hotel Adria has a total of 30 beds in homely and air-conditioned rooms that guarantee a quality holiday. All rooms are equipped with minibars, telephones, and satellite TV. The entire concept of the hotel was created in accordance with the tradition of the tourist destination in which it is located, all with the aim of providing the most original and indigenous atmosphere. The property also provides food and beverage services at the hotel's a la carte restaurant, which is open daily for breakfast



**Photo 1.** Hotel Adria in Kaštel Štafilić.

and dinner. Hotel Adria is an ideal vacation spot for retirees, young couples, and families with children, especially in the summer when the bathing season lasts. The great advantage of this hotel is the family atmosphere that prevails between hotel guests and hotel staff, as evidenced by regular guests who return from season to season. This friendly relationship with the guest lasts not only during his stay at the hotel but also after the guest leaves. Another advantage of this hotel is that this hotel can survive without significant marketing thanks to its ideal location near the Split airport.

### **3.2. Development of Small and Family Hotels on the Example of Adria Hotel**

Hotel Adria was opened in the early 2000s, at the time of the opening of many family hotels. This hotel can be said to be one of the first members of the National Association of Family and Small Hotels founded in 2004 [7]. The work of this association, as well as the help of the Government of the Republic of Croatia, which with its well-known programs stimulated a large increase in the number of small family hotels, greatly contributed to the development and creation of small family hotels. The trend of this type of hotel is relatively new and was recorded in the early 2000s, after recovering from the effects of the devastation of the Homeland War, and has increased significantly since then. It is important to emphasize that this growth trend is due to several other trends, some of which are: the trend of travel to the Mediterranean, the growing demand for Dalmatia as an important tourist destination on the Mediterranean coast, and the trend of extending the tourist season and more. Precisely because of these trends, there was a lack of quality supply of accommodation facilities that could not keep up with the growing demand in the tourism market. That is why the Government of the Republic of Croatia has decided to stimulate the opening of small family hotels as the basic carriers of the tourist offer that will optimally meet the increased tourist demand. This growth trend was abruptly stopped in 2020 by the appearance of the COVID-19 virus, which greatly weakened the tourism sector on which the country's economy depends (it accounted for as much as 25% of the GDP of the Republic of Croatia).

## **4. Conclusion**

From all the above, it is clear that the growing trend of small and family hotels was very pronounced until the emergence of the COVID-19 virus. Programs to encourage small and family businesses have been very effective and were created to solve the problem of insufficient quality of supply, which should be accompanied by increased demand. Although we are currently witnessing the stagnation of this branch of the economy, next year tourism should be back on its feet if the appropriate vaccination of the population, both local and foreign, is achieved. Although it started a little later than usual, the tourist season will manage to maintain the economy of the Republic of Croatia as well as local renters thanks

to vaccinated tourists. We can say that the trend of growth and development of small family hotels has been temporarily suspended, but not completely stopped. According to experts, the next tourist season should be in the range of 2019, when record numbers of overnight stays were recorded in the most favorable scenario. This scenario is very realistic because all COVID-19 restrictions are relaxed and tourists are free to travel again after two years of total lock down. If the predicted scenario comes true, we can expect further development and an increase in the number of small and family hotels that should give as much importance to this tourist destination.

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### Conflicts of Interest

The authors declare no conflicts of interest.

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