

# The Phenomenon of the Marina Development to Support the European Model of Economic Development

J. Kizielewicz

*Gdynia Maritime University, Gdynia, Poland*

T. Luković

*University of Dubrovnik, Dubrovnik, Croatia*

**ABSTRACT:** The development of marinas on the seas, rivers, lakes and canals of Europe occurs in two different forms: (1) as a private investment project, and (2) as an urban municipal investment. Both forms of investment and development of marinas satisfy the criteria of entrepreneurship, which is important for each global and European economy. The purpose of this research is explanation of the possibilities for development of marinas and their immediate and distant destination which supports the development of the local economy.

The scientific and research achievements were applied and, for the purpose of transparency, a case study showing several marinas and the examples of two basic models of development are presented.

Structurally, this research consists of two parts, namely (1) a theoretical part, where a definition of nautical tourism and its classification are presented and (2) the development of specific indicators of marinas in Europe are explored.

## 1 INTRODUCTION

Tourism as an industry, and nautical tourism as an integral part of it, is an important sector whose indirect effects are more important than the direct, thus supporting the development of lots of other industries. Within the last 30 years, three core industries of nautical tourism (the marina, charter and cruise industries) have been continuously showing high growth rates. In this time of crisis, with its lack of inventiveness and investment, nautical tourism and its sectors become a new opportunity for development. Its growth can be clearly seen at local and regional levels and its constituent parts are becoming potential for local economic leaders. This research focuses on the marine industry, just on the marinas and their effects on the development of local and regional economy.

Given that the dynamics of the development of marinas, as well as of their factors, have not been well studied until now, the aim of the paper is a presentation of basic factors for development of a marina and its impact on the development of the economy of destinations. The purpose of this paper is explanation of a phenomenon of the development of nautical tourism and indication the potentials for development, especially in Europe, with special reference to a marina. This paper is a kind of contribution to the development of scientific thought about the industries that require research for new scientific knowledge about them.

Methodologically, decades of research, experience in the economic sector and the analysis and synthesis of research serve as a foundation for this work. An additional groundwork for the conclusions, presented in this paper, is the research into current trends of the

marina development and their effects on the development of a destination.

In this paper, the basic hypothesis is that a marina, when it appears in a locality, contributes significantly to the development of a destination. How much this hypothesis is correct and how it is confirmed in terms of the development of a phenomenon, this is a task of the research.

European maxi marine market should be viewed through the five European markets. Regardless of the specifics of each of them, the development is carried out extensively and as two global development models. The analysis of these development models of marinas in Europe has not been examined to a satisfying degree, but exceptional results emphasize the need for its further research. Therefore, the subject of this research is a phenomenon of the development of marinas in all markets of Europe and two basic models according to which the development occurs.

This paper consists of two main parts. The first relates to the theoretical research, a definition and positioning of nautical tourism and marinas in the European economies and markets. The second part covers the specific and practical explanations and the analyses, comparisons and case studies.

## 2 NAUTICAL TOURISM AND ITS BASIC INDUSTRIES

### 2.1 Defining of nautical tourism

*Nautical tourism*, as a phenomenon, is an aspect of tourism in general, from which it has developed as a subtype. The question of defining nautical tourism should thus be considered in the context of a general definition of tourism. Etymologically, *nautical tourism* is a combination of two notions, *nautical* and *tourism*. This also means that nautical tourism carries two aspects: (1) *tourist aspect*, which is the economic dominant and (2) *marine aspect*, which refers to navigation, but not only by sea but also rivers, lakes and channels.

It is necessary to create a definition that suits best the scientific and practical needs of the research and work in the industry of nautical tourism.

In the literature, marine tourism and nautical tourism is defined variously. "Each expert from different sectors of economy: geographers, experts on spatial planning and environmental protection, specialists in marketing, marine economy or tourism industry present other approach. Each author takes into account these aspects that are important for him/her on the field of his/her interest. Differences can also be detected, as far as understanding of a phenomenon of tourism in different countries is concerned. This is due to the fact of a geographical location and level of the development of tourism market and also awareness that the coastal location of a country plays in the economic development." (Kizielewicz, 2012). For example according to M. Orams "*marine tourism includes those recreational activities that involve travel away from one's place of residence and which have as their host or focus the marine environment (where the marine environment is defined as*

*those waters are saline and tide affected).*" [Orams, 1999]. In Addition, M. Lekakou i E. Tannatos consider that "*maritime tourism refers to a particular form of tourism, and is the search of a more direct and more permanent contact of the tourist with the ocean.*" [Lekakou & Tannatos, 2001]. On the other hand, Mexico Ministry of Tourism says that defining the term "*nautical tourism, it is important to realize that a tourism activity is not isolated or specific but a conglomerate of many branches of a particular type of activity of public administrations, infrastructure and general complementary services. Nautical tourism must therefore be considered as a tourist product, related with entertainment activities in contact with bodies of water, where many different nautical activities can take place, always with an ecological outlook and respect for nature*" (Mexico Ministry of Tourism, www.nauticaltourism.com.au, 2012).

According to the definition of tourism, given by the W. Hunziker and K. Karpf, it is possible to offer the following definition: "*Nautical tourism is a sum of poly-functional activities and relations that are caused by the tourists-boaters' stay within or out of the ports of nautical tourism and by the use of vessels or other objects related to the nautical and tourist activities, for the purpose of recreation, sports, entertainment or other needs*". (Luković & Gržetić, 2007). This definition has elements of a *real, conceptual and nominal* definition, since it clarifies the essence of things, determines the content, and explains the meaning. However, it should be noted that tourism and nautical tourism are *derived concepts* that represent a range of activities susceptible to change. That is why we say that nautical tourism is a multidisciplinary activity that cannot be unequivocally specified.

In the interests of simplicity and for a practical usage of a term, a shorter version of a definition is suggested: *Nautical tourism is a poly-functional tourist activity with a strong marine component.* (Luković, 2006). This simple and practical definition highlights the main characteristics of nautical tourism that places it in the tourist industry.

### 2.2 Core industries of nautical tourism

Considering the above mentioned basic definition of nautical tourism, which states that *nautical tourism is a poly-functional tourist activity with a strong marine component*, its classification should be observed from the scientific and practical aspect. Such a form of analysis and classification is widely used and all important studies, such as in Germany (Luković & Gržetić, 2007)<sup>16</sup> and England (Luković, 2009)<sup>17</sup>, have applied it. Since this study is linked to such wider research, the most appropriate classification of nautical tourism is proposed (see Table 1). This classification of nautical tourism, which emphasises its three basic types: (1) marinas, (2) charter and (3) cruising, is justified by the specific characteristics and distinguishing features of these industries.

<sup>16</sup> See: Bonn Institute study: "Grundlagenuntersuchung Wassertourismus in Deutschland; Ist-Zustand und Entwicklungsmöglichkeit" – dwif/BTE 2002..

<sup>17</sup> See: Welsh Enterprise Institute University of Glamorgan Business School: "A Study That Applies the VoE Framework to the Marine and Coast Environment of Wales", 2006,

Table 1. Classification of nautical tourism

Nautical tourism industry					
Secondary	Main activities			Additional	
-Diving -Surfing	Harbours for nautical tourism	Charter	Cruising		
-Rafting -Diving-bells - Rowing - Fishing vessels - Adventurous "Robinson" Tourism - Lighthouse tourism - Etc	- Berths - Moorings - Dry marinas - Marinas: 2. Category 3. Category 4. Category 5. Category	- Motor yachts 1. With skipper 2. Bare boat - Sailing yachts 1. With skipper 2. Bare boat	Cruisers: a) Large world cruisers b) Local cruisers (traditional) - One-day cruising - Several-days cruising	Cruiser harbours: a) <i>Large cruiser harbours</i> - Specialized ports, members of „Med-Cruise“ - Non-specialized ports b) <i>Ports for local traditional craft:</i> - Coastal ports used by small settlements - Island ports	- Shipbuilding of mega-yachts - Shipbuilding of small sailing - Production of equipment for nautical tourism - Skipper services - Information services - Sailing schools - Research institutes and educational centres - Other services
SUBJECT OF THE STUDY					

Source: T. Luković

“The classifications and definition of forms of tourism and leisure, point out to the interdisciplinary nature of tourism. Plenty of items influence upon the quality and diversity of tourist activities, resulting not only from tourists’ preferences who travel at sea, but also depended on the external factors, among which we should mention: geographical and climatic conditions, status of development of the technical and tourist infrastructure and also policy of local and central authorities”. (Kizielewicz, 2012).

### 3 MARINA INDUSTRY AND EUROPEAN MARKETS

#### 3.1 Basic features of the Marine Industry in Europe

With the exception of a small number of highly developed countries, such as the Netherlands, Norway and England, the marine industry has the highest percentage of three of nautical tourism industry. The term “*marine industry*” is broader concept than a *marina*, but it is this “*outside the Marine Corps*” segment is strongly developed in the Baltic, as well as some other economies in Europe.

Marinas are the most important ports of nautical tourism and their general features are worth exploring. It is hard to give specific data on the size, types and capacities of marinas in Europe because there is no professional association or institution that would collect, process, research and unify the data and encourage the development of the industry. Nevertheless, we can estimate that there are about 4,400<sup>18</sup> salt water marinas in Europe, of which more than 1,600 (ADAC, 2010) are of high quality with more than 400,000 (ADAC, 2010) berths that meet the highest standards. Taking into account about 600 fresh water marinas, and those belonging to markets for which there is no data, it is estimated that there

are over 5,000 commercial marinas with more than 500,000 berths in Europe. About 1,000 sport marinas and marinas in the Black Sea, still insufficiently researched, should be added to this issue and then we come to around 6,000 European marinas. Estimates of the marinas capital amount to 60 billion euros, taking everything into account, from the berths themselves<sup>19</sup> to the supporting facilities.

#### 3.2 Primary European marina markets

Marinas, in terms of ports to accept yachts, widely distributed in the European market. Considering the specificity of the European tourism market, a marina is necessary to analyze the five European markets:

- 1 The Mediterranean (European part)
- 2 West Europe/Transatlantic (below the Arctic Circle)
- 3 The Baltic and the countries around the Arctic Circle
- 4 Continental part of Europe (freshwaters)
- 5 Black Sea.

When considering five European markets, it can be concluded that each market has its specific features and that the main characteristics of European nautical markets are conformed to economic and natural conditions of the environment. Nowadays, each sector of industry is depended on political conditions and it concerns the tourist industry as well. The tourism development is strongly depended on the condition of development of the other fields of economy in the country.

This is the most important factor, first of all, at the seaside, where the conditions of port infrastructure, its surrounding and accessibility are the main factors for economic development. (Kizielewicz, 2005)

<sup>18</sup> www.portbooker.org

<sup>19</sup> The value of an unfinished investment per berth is about 20,000 euros, but there are additional investments worth five to seven times more than the berth itself.

Table 2. Quality marinas on the five European markets (with not Black Sea market)

Marinas and Berths	The Mediterranean (European part)	West Europe/Transatlantic (below the Arctic Circle)	The Baltic and the countries around the Arctic Circle	Continental part of Europe (freshwaters)	TOTAL
EUROPE					
0-100	59	102	105	465	731
101-500	236	237	92	101	666
501-1000	78	75	5	2	160
1001-2000	24	20	1	2	47
2001-5000	3	2	-	-	5
> 5001	1	0	-	-	1
Berth total	171,158	153,896	33,060	44,739	402,853
Number of marinas	401	436	203	570	1,610
Average number of berths per marina	426.83	352.97	162.86	78.49	250.22

Source: ADAC, „Marinaführer, Deutschland, Europa“, 2010

According to the number of marinas, European continental market, with its river, lake and canal marinas, is the leading market and comprise 35.4% of all quality marinas in Europe. According to the number of berths, the Mediterranean market is the leading market, with 42.5% of quality berths, followed by western European and transatlantic marinas, with 27.1% of European quality marinas and 38.2% berths. Mediterranean marinas are the largest in size, with an average of 426.83 berths per a marina. The Baltic Sea market is relatively smaller and its climate is not suitable for a significant development of marinas. It is, therefore, more oriented towards cruise industry and to the development of supporting industries of nautical tourism such as: yacht construction, production of quality pontoons and other ancillary equipment industry. The Black Sea and eastern European markets are still developing and their states and economies are in transition. That is the reason why that fifth market has not been surveyed for the purpose of these papers, but will be a challenge for future studies.

As we can see, by this research can be enlightening/eliminate even one of our prejudice, because conventional wisdom is that the Mediterranean is the strongest European market of nautical tourism, including the marina. But not! Relatively surprising that, according to the number of quality marina, strongest market is Continental European market (freshwaters), after which the market is West Europe/Transatlantic (below the Arctic Circle) and only then comes the Mediterranean. By the number of berths Mediterranean Market has the most berths for yachts and its marinas are on average with the highest number of berths.

#### 4 DEVELOPMENTAL EFFECTS OF EUROPEAN MARINAS, TWO BASIC MODELS

##### 4.1 *Models of development of the growth of nautical tourism and its role in the economy of Europe*

If we analyse the system of economic developments of the European developed countries, and especially Germany, it is evident that development is based on a well-organized local and regional government. According to this evolutionary model of development plans and their implementation raises the local

government because they knows the needs and possibilities of developing at the local economy and people's interests.

In contrast to this, the European model is dominated by local governments in the countries in transition and it is still expected the state to adopt strategic documents modelled on the last system. There is one of the fundamental factors of development inefficiencies economies in transition.

“Marine resources are a type of natural capital that can be invested or used to generate a return to its owner” [Clark & Munro, 1994]. “Two main questions arise surrounding a marine resource investment decision: (1) who owns marine resources? and (2) in what ways can marine resources be invested? For the most part, marine resources are common property, whereby no one stakeholder has exclusive rights to the resource or its services. In the absence of clearly defined property rights, common pool problems arise as individuals competitively exploit the resource beyond its economically and biologically sustainable yield. As a result, there is a “rationale for governments to intervene as an advocate of proper management of environmental resources.” (Hanley & Shogren & White, 1997).

The suggestions regarding the priorities of nautical tourism development, submitted by the government and the regional authorities, must be consulted with the representatives of various environments: social, economic and political. It is worth to point out that tourism development planning of the seaside regions requires careful cooperation and coordination of both the tourism and marine sectors, and the public and private sectors. (Kizielewicz, 2005).

##### 4.2 *Two basic models of development /the impact of European marinas*

The development of nautical tourism in Europe confirms and promotes European development model that can meet all the tourist markets of Europe.

The question is: *How does the development of nautical tourism affect an economic growth in the European economic circumstances?* In practice, there are two basic models of development, that have been recorded, studied and quantified in theory:

- a) A model in which a marina is found at the location, where other segments of tourist industry have already been developed highly .
- b) A model in which a marina is found in the economically underdeveloped locality

In the first mentioned Model a), a marina has no role for development. The marina is just one product of a spectrum of tourist facilities. This model can be found on the Cote d'Azur, e.g. Nice, which is saturated with tourist facilities. In this model, the marina, charter and cruising serve only to complement a stronger market, chiefly comprising hotels.

But in the second mentioned Model b), a marina, or a cruise port, acts as a leader for the economic development of a locality or a region. This model is widely present in the Mediterranean Region, but also on all the coasts in Europe. The influence of a marina is crucial in the less-developed areas, and, as in concentric circles, it becomes a center of extended development. The examples of this model can be found throughout the Mediterranean Region, but also in the Baltic Sea Region, where cruising and marinas have become leaders for the development of tourism and economy in general.

The first model is especially found throughout Europe, though particularly in the Mediterranean Region, wherever a marina is located near a large city. Being a part of a city environment, there is no need for a marina to develop additional facilities of its own because everything is already available in the city. There is only one example, where a marina 'conquered' a developed tourist destination and achieved a scale that dominates the local tourist environment.

The second model, where a marina or a cruise port is an initiating factor for development of the area, is interesting because of the perspective it offers on growth of the potential in a time of economic crisis and efforts to find the way out of it. That model developed spontaneously, under the influence of the market, but many European economies have not recognized it, yet, so it remains as a potential source of future development.

If we consider the European model of regional and local development, where the planning and support for development is transferred from the state to a local and a regional government, then a marina phenomenon should be studied as a clear example of the theory being put into practice.

The second model is particularly relevant to strategies of future development in Europe, on the grounds that such development takes a significant role in the promotion of regional development in a way that can be of central interest to local and regional government. An opportunity is thus provided for a strategy of diversification that can extend to the macro-economic level of development with an obvious positive potential.

It is worth to underline that "traditional port management models and the state of the transport infrastructure decrease the competitive position" (Przybyłowski, 2009) of cruising ports and marinas in lots of European countries in transition. "Thus there is a need for novel organization solutions and more

investment in the infrastructure and superstructure also in order to enhance their competitiveness". (Przybyłowski, 2009).



a. Marina Baia Des Anges (Nice), operating in conjunction with the hotel complex



b. Marina Frapa (Rogoznica) as a local leader

Figure 2 Models of the role marinas play in the economic development in Europe  
Source Luković, T.

A serious problem for local and regional authorities it is collecting money for investment in transport infrastructure, including marine infrastructure. Thanks to the European Union Funds, there is a possibility to get a financial support for the development of marine and land transport infrastructure. Polish local and regional authorities and marine related industries have taken advantage of the European Structural Fund for financing investments from 2004. Thanks to that, there have been realized a great number of infrastructural projects i.e. for renewing marinas and building new ones, for building highway leading to cruising ports on the Polish Sea Coast etc. While, Croatia will become a member of the European Union from 2013 and then all EU funds would be also accessible as a form of financing of the projects aiming into development of marine infrastructure.

In spite of it, there are certainly a great number of other determinants influencing upon the development of marinas or cruise ports which could be researched and analyzed.

## 5 DEVELOPMENT OPPORTUNITIES IN EUROPE

In accordance with the research, Europe has in all about 6,000 all types' marinas, of which 1600-2000 quality commercial marinas. Together with a large number of yachts, which are located in these marinas, as well as on land, we can say that European marinas and yachts represent a strong capital base for development of the entire marine industry. The fact that, we are talking about lots of tens billions of euros of capital, indicating the need to study a phenomenon of nautical tourism.

Past development of marinas and marine research findings impact on the development of local and regional economy, indicate that it is a phenomenon that needs more attention because it opens up the possibility of development in each of the markets in Europe. Its role is affirmative and investors should recognize. The role of the state, regional and local governments are to facilitate the normal development and define the rules for development in order to develop the retained all the characteristics of sustainable development, which special attention should be given.

The judicious activities of the local and regional governments can become a factor stimulating economic development of the region. However, the government should be a coordinator of these activities and take care about promotion of strategic investments essential for the region and the country. Such an attitude is in accordance with the regulations of European Union. It is much easier to receive a financial support from European Union Funds only then if an investment project concerns improvement of accessibility to marinas, but it is much more difficult to get a grant for development of marine infrastructure. It is in harmony with the rules of the Common Market. (Kizielewicz, 2005).

The fact that in all the markets of Europe, the demand is greater than supply, the development is secured, but it should be managed. For the purpose of economic development, welcome the efforts of the European Union, which has organized a special department for the promotion of nautical tourism development with special emphasis on the development of a marina.

## 6 CONCLUSION

The phenomenon of nautical tourism, and in it the marine industry, is still insufficiently explored. Until today, this phenomenon is not adequate attention, and developed independently, and the level of development is depended on lots of factors, primarily on the national economic development. In accordance with the known researches, the impact of a marina, as well as other types of nautical tourism, in its indirect segment on development of three times the basic industries. In addition, marinas which are located in less developed localities initiate the rapid

development of the local economy. The phenomenon that marinas are the initiators of local development is not well studied, but it is a fact to be noted in all European markets. This indicates, that the compatibility of the marina development model and the development model backed by the European Union, is important for the economies in transition, such as Croatia and Poland economy. Therefore this research is encouraging for future research, for the benefit of all the markets of Europe.

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