

9. CIHTCONFERENCE

Crikvenica International Health Tourism Conference

sponsored by



Velimir Šonje

CEO of Arhivanalitika, Croatia

Croatian tourism and airlines: A missed opportunity?



**SUPERVISORY
BOARD**

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Founded in 2020

2 aircraft B 737-800,
189 seats all economy

100,000+ passengers in
2021, covering markets
from Islamabad to Paris,
65 employees

Plan 2022: 3-4 aircraft

Plan 2025-26: 7 aircraft,
potential for long haul

Why Croatia is not
present in our portfolio
and what can be done
about it?

MANAGEMENT



Marko Banković, Management
Board member



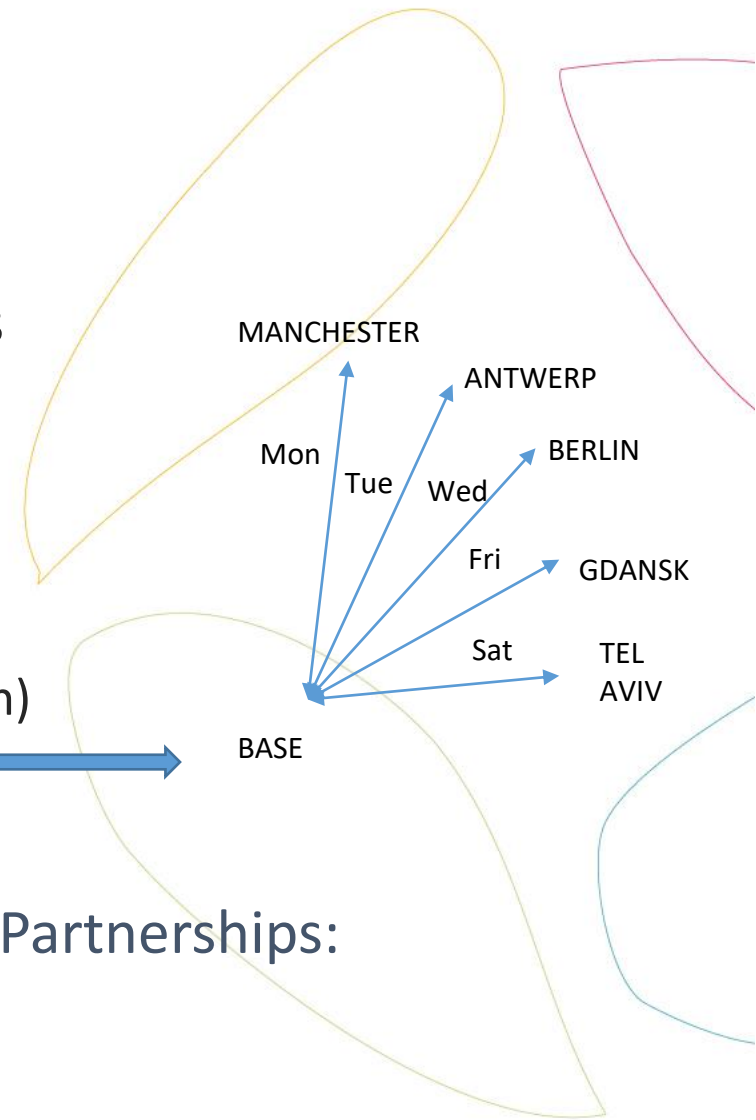
Stjepan Bedić, CEO
stjepan.bedic@etfairways.com



Dragan Stefanovski, Management
Board member

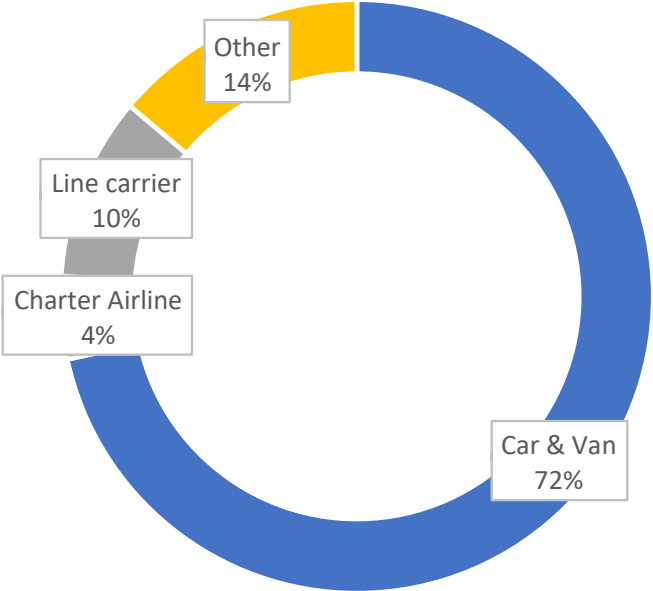
ETF's business model

- Charter, part-charter and ACMI – flights for other companies
 - ETF is not a line carrier
 - Aircraft leased from the leading global lessor Aercap
- Sources of ETF's competitiveness
 - Operational flexibility + reliability + pro-active sales (market creation)
 - Multi-directional highway (mark two words: numbers, volume) →
- Possible support to creation of market for Croatian tourism. Partnerships:
 - tour operators
 - hoteliers
 - public sector participants

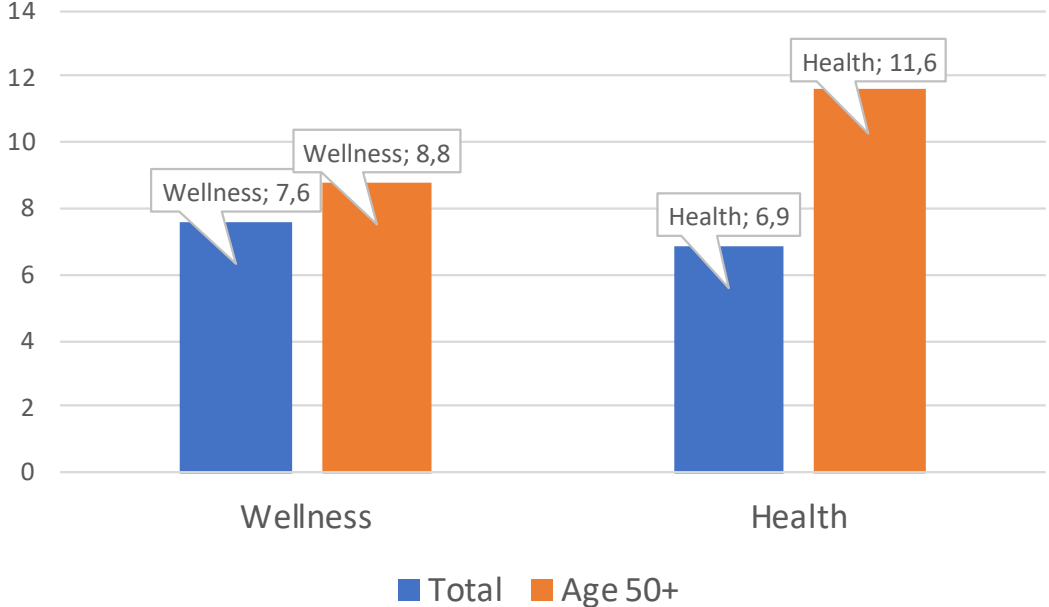


Markets & Motives

How do tourists come to Croatia?



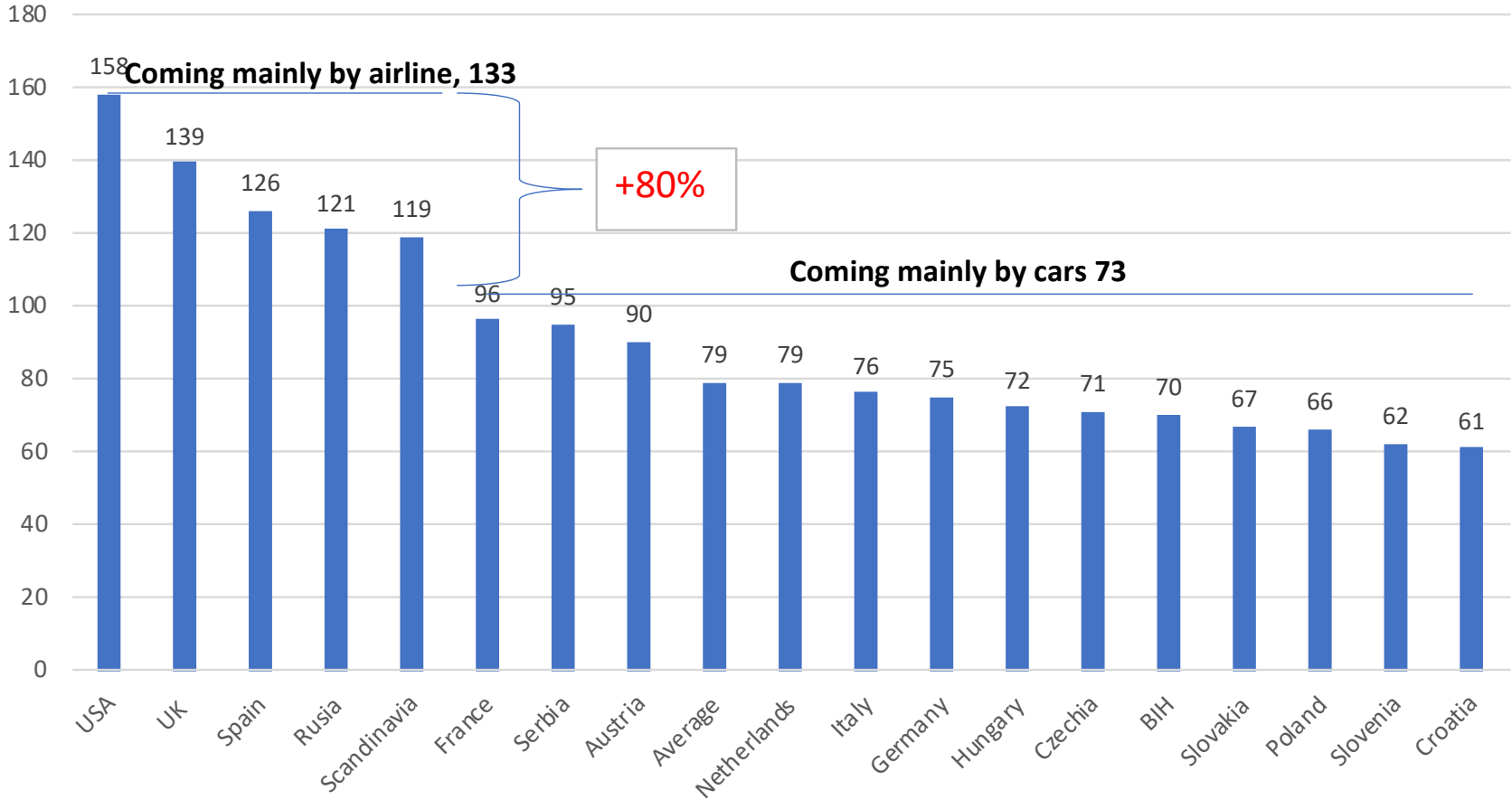
Why tourists come to Croatia?
% of all motives



50+ are returning tourists (3 times or more) who stay longer and tend to use hotels

Spending

Average daily spending in €



Source: Tomas 2017

Why are charters important?

- Comfort (packages + direct and short travel)
 - General ageing trend, fear of contagion will remain – charters are solution due to direct flight
 - 50+ return, stay longer on average and spend more
 - + young families with kids (complicated journey – charters are solution)
 - Charter aircraft is a device for target marketing (leaflets, info apps ...)
- Attraction of higher paying tourists/clients (huge effect)
- Multidirectional highway reaching markets with huge unused potential
 - Spontaneous local development is and will be happening: occasional charter flights
 - But what if we have a strategy and a plan? More flights to one destination = lower unit cost per flight + additional value creation (revenue and jobs at local airport, hiring local flight staff)

Think in terms of ideal case

- What it takes for the following to happen:
 - 50.000 passengers per annum to the destination
 - 150 pax per return flight = 333 return flights = 1.333 hours of flight with 2 hrs on average in each direction (one aircraft can easily do 150% more!)
 - this is (very approximately) breakeven to consider using local airport as a base
 - 50.000 people staying 7 days on average = 350.000 nightstays = 2.3% of 2019 nightstays in PGŽ
 - Spending 100 € daily in the destination (without transportation cost)
 - = $50.000 \times 7 \times 100 \text{ €} = 35 \text{ million €}$ of new value creation
 - With full utilization of one aircraft, and good sales targeting, new value creation in the local market can reach up to 100 million € per aircraft committed to one location (base airport) – cost of transportation is not crucial in this, 5-7%

A few strategic considerations

- Short run (limitations)
 - Wellness and health sector probably have no strength to have own initiative, must work with local tourist industry as a whole
 - Complacency with existing model (relying on road arrivals from traditional neighbouring markets)
 - Lack of specialized sales channels and people (agencies and TOs): lack of package designs for particular markets
- Mid to long run (potentials)
 - Ageing + health + wellness = huge growth of demand from all over Europe
 - Potential partnerships with insurance companies and pension funds
 - Development of niche sales channels and know-how (packages and international partners)
 - Strategic partnerships between hotel and health industry

All elements have to work in concert

