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GAME OF THRONES: TOURISM IN dubrovnik, CROATIA

Kerstin Heilgenberg and Karen Robson wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Tourism in Croatia was growing rapidly, driven in part by the popular Home Box Office (HBO) series *Game of Thrones*, which was filmed in the small city of Dubrovnik. The increased tourism brought benefits to the local economy, but by 2018, tourist visits to Dubrovnik had become so popular that the city faced serious issues with overcrowding. In response, the mayor of Dubrovnik began to engage in demarketing efforts. Would these efforts be successful in both managing the high demand for tourism in the area and creating a sustainable tourism industry?

DUBROVNIK: THE PEARL OF THE ADRIATIC

Dubrovnik, Croatia, was known as the “Pearl of the Adriatic.” A small city spanning just over 21 square kilometres (km) on the Dalmatian coast at the southern end of Croatia, it had been an important Mediterranean port throughout the Middle Ages. Over time, and despite damage from earthquakes, fires, and armed conflict, Dubrovnik had managed to preserve much of its history. In 2018, a great stone wall—built between the twelfth and seventeenth centuries to protect the city from hostile armies—still encompassed the city’s old town section. Many Gothic, Renaissance, and Baroque churches, places, and fountains still stood in the city. In addition to these landmarks, the city had stretches of beach that had long attracted tourists from around the world.

In 1979, Dubrovnik was designated a United Nations Educational, Scientific, and Cultural Organization (UNESCO) World Heritage Site, joining the ranks of other famous locations such as Peru’s Machu Picchu, Australia’s Great Barrier Reef, and India’s Taj Mahal. This designation signalled Dubrovnik’s cultural and historical significance to the world. Further, as a World Heritage Site, Dubrovnik was legally protected by international treaties and could potentially receive funding or aid to restore and conserve its important landmarks and natural areas.

The Economy in 2018

The economy in Croatia consisted of three main sectors: agriculture (3 per cent), industry (34 per cent), and services (63 per cent).[[1]](#footnote-1) One of the main industries was tourism, which accounted for a substantial portion of the national economy. In 2017, the total contribution of the tourism industry to the gross domestic product (GDP) was over US$13 million;[[2]](#footnote-2) this accounted for 25 per cent of the GDP. The tourism industry’s contribution to the GDP was forecast to rise by 3.3 per cent in 2018 and 4.1 per cent in 2019.[[3]](#footnote-3) In addition, the tourism industry directly supported 138,000 jobs (e.g., hotels, tour operators) and indirectly supported an additional 320,500 jobs (e.g., through investment spending, government spending); together, direct and indirect employment accounted for nearly one quarter of all employment in the country.

The economy in Dubrovnik roughly mirrored that of Croatia itself; the city’s population of just under 45,000 were largely employed by the city’s port or in tourism, both of which had become increasingly important parts of the local economy in recent years. In 2017, the mayor of Dubrovnik revealed that half of the city’s 10 per cent annual growth in tourism was a result of the popularity of the HBO series *Game of Thrones*.[[4]](#footnote-4)

*GAME OF THRONES*

*Game of Thrones* was a television series produced by HBO and based on George R. R. Martin’s bestselling book series A Song of Ice and Fire. The medieval fantasy drama told the story of powerful families that vied for the seat of the “Iron Throne.” It first aired in April 2011; the eighth and final season was scheduled to air in 2019.

*Game of Thrones* was immensely popular. It was HBO’s most popular show of all time, with each episode of the seventh season averaging more than 30 million views across all platforms.[[5]](#footnote-5) The series finale of season 7 broke viewership records in 2017, with 12.1 million live viewers and a total of 16.5 million viewers (when including those watching the episode via HBO’s apps).[[6]](#footnote-6) The series also held the Guinness World Record of most pirated television program of all time.

The fan base of *Game of Thrones* was primarily composed of individuals in English-speaking countries, especially the United States. The majority of the 12.1 million live viewers of the season 7 finale—9.27 million—were located in United States.[[7]](#footnote-7) However, the series was growing in popularity around the world. By 2015, the show was aired simultaneously in more than 170 countries, allowing fans all over the world to watch the series as it was released.[[8]](#footnote-8) In Asia, the first episode of season 7 saw a viewership increase of 50 per cent in Singapore, 47 per cent in the Philippines, and 24 per cent in Taiwan.[[9]](#footnote-9) Season 7 also saw a 210 per cent increase in viewership in Germany, a 40 per cent increase in in Russia, and a 29 per cent increase across Latin America.[[10]](#footnote-10)

In addition to its wide popularity among viewers, the show received a tremendous amount of critical acclaim. It held the record for the most Emmy awards won by a prime-time series[[11]](#footnote-11) and had been nominated for the Emmy’s top honour of Outstanding Drama Series every year since it first aired. The series also received awards and nominations from the British Academy of Film and Television Arts, the Hollywood Foreign Press Association, the Writers Guild of America, and the Producers Guild of America, among others.

The series was primarily filmed in Northern Ireland, although other key filming locations included Iceland, which was the setting of “Beyond the Wall,” and Dubrovnik, which was the setting of “King’s Landing.”

TOURISM IN DUBROVNIK

Tourists could travel to Dubrovnik via car, train, bus, plane, or ship. However, the city’s shoreline location made cruise ships the most popular way to access the city. Cruise ships would allow passengers to disembark and tour the city for as little as three hours before the ship would move on; many cruise ships did not stay moored for the night.[[12]](#footnote-12)

The cruise port could accommodate multiple ships and was located only 1.5 km from the old town’s centre. As most of the city’s main tourist attractions were located in the old town, passengers would often walk there from the city port. Once there, the city’s main pedestrian walkway, a limestone-paved street known as the Stradun, ran 300 metres through the centre of the old town. The Stradun was a particularly popular walk with tourists, as it was lined with some of the city’s most prominent landmarks.

Visits to Dubrovnik—and to Croatia in general—were highly seasonal. Most tourists visited the country in July, August, or September for an average stay of 5.3 days.[[13]](#footnote-13) In Dubrovnik, cruise ships arrived year-round, although the majority of them arrived between May and November.[[14]](#footnote-14) In 2015, just under 770,000 people arrived at Dubrovnik via 475 cruise ships; in 2016, just under 800,000 people arrived at the city’s port via 539 ships. Fewer cruise calls were seen in 2017, with 443 ships bringing roughly 700,000 visitors to the area.

Many local business owners had capitalized on the boom in tourism inspired by the television series. Some had opened stores that sold *Game of Thrones* merchandise or added replicas of important props to their stores; one popular tourist shop included a replica of the Iron Throne, which many tourists visited and staged a photograph.[[15]](#footnote-15) Other businesses provided guided themed walks around the city. These guided tours showcased the filming locations for many iconic *Game of Thrones* scenes. For example, *Game of Thrones*-themed tours brought visitors to see and photograph the stairs down which Cersei Lannister undertook her walk of shame, Littlefinger’s brothel, and the Red Keep, among other key sites in King’s Landing.

Until 2017, tourists in Croatia were primarily from North America and Europe; however, Dubrovnik had begun to experience an increasing number of tourists from Asia.[[16]](#footnote-16) China’s leading online travel agency, Ctrip, saw a 300 per cent increase in the number of trips booked to Croatia in 2016 compared to 2017.[[17]](#footnote-17) At the same time, visitors from North America and Europe continued to rise; for example, 2017 saw a 26 per cent increase in tourist arrivals from the United Kingdom compared to 2016.[[18]](#footnote-18)

Too Much of a Good Thing?

The total number of overseas tourists entering Croatia had nearly doubled since the HBO show first aired in 2011 (see Exhibit 1). Indeed, the popularity of *Game of Thrones*—and associated trips to Dubrovnik—brought significant challenges to the city. In particular, increasing attention from tourists led to issues with overcrowding. During the summer months, the city would become flooded with tourists; at times it would become so crowded that it took 40 minutes to walk the length of the Stradun.[[19]](#footnote-19)

At the same time, UNESCO recommended that the city limit daily visitors to 8,000 in order to reduce traffic, indicating that the high number of visitors was putting the city at risk of losing its status as a World Heritage Site.[[20]](#footnote-20) The European Environment Agency also voiced concerns about rising tourist traffic along the Mediterranean in general, warning that tourism density and activities could have irreversible effects on the natural environment, including habitat destruction and negative impacts on biodiversity.[[21]](#footnote-21)

In response to the tourist influx, Dubrovnik’s mayor, Mato Franković, implemented several measures to help the city cope. One significant step was to work with the Cruise Line International Association to ensure multiple cruise ships did not arrive and unload passengers at the same time. In addition to requiring cruise ships to stagger their arrivals at the city port, the city had plans to install closed-circuit television cameras to monitor crowds in the city. Franković also announced plans to cap the city’s daily visitors to 4,000 and limit the number of cruise ships to two per day.[[22]](#footnote-22) At the same time, the national government announced that the tourist tax—which was applied per person, per night of accommodation—would increase by 25 per cent during the peak tourist season, as of January 2019.[[23]](#footnote-23)

Tourist Overcrowding

Dubrovnik was not the only destination that had faced a rapid increase in tourist traffic as a result of television and film. For example, the 2000 movie *The Beach*, starring Leonardo DiCaprio, was set in a secluded beach cove known as Maya Bay in Thailand. The location was chosen due to its highly picturesque nature. After the movie’s release, 4,000 or more visitors a day made trips to the secluded beach.[[24]](#footnote-24) Like Dubrovnik, Maya Bay was a relatively small area, and so the tourist influx significantly affected the natural environment and economy. The only way to reach the beach was by boat, and, as a result, hundreds of boats would drop their anchors in the shallow coral reef surrounding the beach. By 2018, almost 80 per cent of the coral reef was at risk, and Thai authorities announced that the beach would be closed for four months in 2018 and 2019. In addition, when the beach was open to visitors, a daily limit of 2,000 people was set, and boats were no longer allowed to cross over the shallow areas of the surrounding coral reef.

Tourist overcrowding not driven by film had also occurred. Many major cities around the world were attempting to deal with high volumes of tourist visits by cracking down on Airbnb and other non-traditional providers of tourist accommodation. In Paris, for example, Airbnb hosts were limited to renting their homes for a maximum of 120 days per year; in Barcelona, new regulations required Airbnb hosts to pay an annual fee for a tourist license.[[25]](#footnote-25) Other destinations responded by increasing prices for tourists; Rwanda, for example, had increased permit fees for gorilla watching to $1,500 per day.[[26]](#footnote-26)

Next Steps

In 2018, Croatia was on track to make $12 billion from the tourism industry,[[27]](#footnote-27) with many visitors coming to Dubrovnik specifically—but was this sustainable? Moving forward, how could the city of Dubrovnik manage the high tourist demand? What other strategies could the city of Dubrovnik use to deal with people’s overwhelming interest in visiting the area?

Exhibit 1: Tourist arrivals in accommodations in croatia, 2006–2017

Source: “Number of Arrivals in Tourist Accommodation in Croatia from 2006 to 2017 (in Millions),” Statista, accessed October 10, 2018, www.statista.com/statistics/413226/number-of-arrivals-spent-in-short-stay-accommodation-in-croatia/.

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