
THE ISSUES OF REGIONAL TOURISM MANAGEMENT

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1. INTRODUCTION

In the period of 2007-2013 the Central Transdanubian Region has the sum of 35.63 billion HUF to spend on tourism development², which is just one of the priorities of development and the amount of private investment is also expected to rise. To ensure that the proposed developments serve the interests of the local communities and economies as much as possible, it is in the best interest of every settlement and micro region to undertake a situational analysis that depicts the current reality and to incorporate that into the development strategies. It is also of great importance that innovative and future-oriented (long-term) projects are supported.

The priorities of tourism development in the Central Transdanubian Region concentrate on three major areas (so-called constructions³):

1. Attraction and product development and integrated development of the infrastructure;
2. Qualitative development of accommodation and other tourism services;
3. Development of regional and local tourism partnerships, information systems and marketing.

The aim to establish regional and local tourism partnerships (Tourism Destination Management organisations) is a newly emerging topic compared to the 'traditional' development objectives. According to the predictions, 18 TDM organisations will be set up, with the region spending 518 million HUF on supporting their establishment.

This study is going to discuss the issues of tourism management at the regional level, with special attention to how tourism can be managed within the regional framework. The study is also going to review the tourism management at regional level from the point of view of competitiveness. The conclusions section will offer suggestions as to how the system would operate in practice.

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²Operative Programme of the Central Transdanubian Region, Regional Tourism Development Action Plan, 25th May, 2007

³The expression 'construction' is used in the Central Transdanubian Regional Tourism Development Plan

2. STRATEGIES OF TOURISM MANAGEMENT

The renewal of tourism policies at regional level and the rational distribution of resources are recognised as areas where the central government should improve. The experience of the past years shows that the organisations operating at the various levels of the NUTS system with parallel or overlapping tasks are not effective in the long run. Although tourism management in Hungary has undergone significant changes since the change of the regime (1990) and steps have been made in the right direction, an ideal management system favouring the bottom-up approach has not yet been established. There is strong need for partnership-based management organisations which bring together all tourism practitioners (actors) and which are adequately resourced. These organisations also need to be able to adjust to market trends and address any emergent challenges.

The next chapter is going to discuss the solutions of the recently drawn regional development strategies which offered to the stakeholders of tourism in the region.

2.1. National Tourism Development Strategy

The *National Tourism Development Strategy* (Nemzeti Turizmusfejlesztési Stratégia (2005)) utilises a new approach emphasising the impact of tourism on the quality of people's life, similar to the National Regional Development Plan. The NTDS stresses the importance of tourism as a sector which utilises the natural and cultural assets directly and therefore the deterioration of these assets can cause significant damage to the industry. It is argued, for the above reason, that the tourism industry has an economic stake in supporting sustainable development. The strategic objectives were formulated in line with the sustainable ideas:

- Optimising the impacts of tourism on the Hungarian society (involvement of the local community, supporting the ideas coming from the lower levels – bottom-up approach –, creating employment, developing rural areas)
- Contributing to the preservation of the Hungarian cultural heritage (in the broad sense, including preserving typical attractions of certain destinations and finding best use for man-made assets)
- Optimising environmental impacts (raising awareness of environmental protection, supporting the use of environmentally friendly technologies, forecasting environmental impacts)

According to the NTDS in the next 8-10 years Hungary should become a better known and more popular tourism destination due to the health tourism offer, the cultural and natural attractions and the development of conference tourism. Product development is geared to providing a complex touristic offer which, it is hoped, will result in higher revenues through the increase in the numbers of higher spending tourists rather than through the rise in visitor numbers (which are already high). With regards to the key destinations, the aims are to strengthen the position of Budapest in the international market and to develop the region of Lake Balaton to the country's largest leisure area with an all-year-round offer (National Tourism Development Strategy, 2005).

The strategy addresses the need to improve efficiency of tourism management at regional level. The tasks at national level include key development projects, regulations, international collaborations and ensuring the long-term stability of the tourism industry with all means available to the central government. It is seen as imperative to clarify the division of tasks between the organisations at the various levels of the NUTS system and the strategy strongly recommends *establishing tourism destination management organisations* (IDMOs), which undertake tourism development and management tasks at local and/or micro regional level. The overall aim is to move resources and decision-making responsibilities to the level where a tourism-related task can be most efficiently undertaken.

However, *the NTDS does not give exact definitions of the required levels of destination management*: it leaves the on-going debate of the middle-level (region/county) and of the local level (settlement/micro region) open.

2.2. Tourism Development Strategy of the Central Transdanubian Region

The tourism development strategy of the region, comprising the counties of Veszprém, Komárom-Esztergom and Fejér, was devised in 2006⁴. The document devotes a section to the discussion of the current practices of the organisational system and management of tourism, making recommendations for changes in the organisational system. The document understands the implementation of the regional strategy as the task of regional destination management organisations (RDMO), building on the existing Regional Marketing Directorate (RMD). The new organisation would undertake tasks of implementation, co-ordination and monitoring: the RDMOs would work in co-operation with the bodies at national, regional and micro-regional level that are involved in the implementation of the strategy. Although the strategy does not hide criticisms of the current

⁴The strategy was produced by INN-SIDE Tourism Consultancy Ltd.

practices of operation at settlement and micro-regional level⁵, it only recommends the development of regional destination management organisations and makes suggestions for their operation. This strategy therefore does not provide guidance to help the development of local or micro-regional management organisations, even though there is financial support available for them in the region:

“In general, there are no independent tourism bodies or staff responsible for and with expertise in tourism at micro-regional level. Tourism development is usually dealt with by the presidents of the micro-regional council or the mayors of the settlements. Some of the local authorities have a dedicated tourism committee and/or employ a person responsible for tourism. A coherent system comprising these does not exist. However, it is a positive change that there are more and more members of staff that are responsible for regional development, civic funds and environmental protection who also undertake tourism-related tasks. The Tourinform offices (tourist information centres) provide information and have first-line interactions with tourists. The spatial distribution and tasks of the Tourinform offices is not co-ordinated at regional level (Regional Tourism Development Plan of the Central Transdanubian Region, 2006).”

In summary, it can be argued that the document accepted in 2006 still *does not deliver the definitions of regional tasks and remits* and the description of a system building from the bottom up, even though funds for tourism development are available at regional level.

2.3. Tourism Development Strategy of Veszprém County

The Veszprém County Tourist Office commissioned the development of a county-wide strategy in 2003⁶. This study is going to highlight the relevant objectives of the strategy which emphasise the need for the involvement of the local communities and for continuous communication with the opinion-formers and the local population.

The strategy makes a recommendation for the development and restructuring of the organisations interested in tourism planning and management in the county. According to the strategy, “it is recommended in the medium-term that the tourism structure operates like a tourism chamber with the involvement of settlements as well as profit-oriented organisations. This structure would allow for the preservation and a more optimal utilisation of the accrued experience and networks of relationships... The successful regional development models however, build on the collaboration of the various profit-oriented and not-for-profit players from the different areas of economy, both

⁵In general, the organisations developed spontaneously but not with the initiatives coming from the lowest level, they do not form a unified system in the region, and the various organisations fulfil different tasks and have different remits. The lack of a tourism expert in the micro regional councils and local authorities as well as the lack of tourism committees in some of the local authorities pose problems.

⁶Developed by the Tourism Department of the University of Veszprém (now Pannónia)

in Western Europe and in Hungary. In the case of tourism the joint actions are even more important, as *tourists are not interested in visiting one particular tourist attraction or in using a single service but in complex tourism product incorporating the attraction and services*. Apart from the mega-projects the players are dependent on one another, especially in the rural areas of the country. The basis for the collaboration between the different partners is the clear definition and division of competencies and the development of the organisational framework of the collaboration (Tourism Development Strategy of Veszprém County, 2003).”

The tourism strategy of Veszprém County describes the basic characteristics of the partnership-based model of regional tourism management and makes concrete suggestions for ways of collaboration between the profit-oriented ventures and the non-profit sector. In the long run, destinations cannot operate in isolation from the market trends, their sustainability may be in danger if they identify only short-term objectives such as economic profit expressed in terms of HUF.

3. COMPETITION OF DESTINATIONS

Considering the above mentioned, we can argue that tourism destinations cannot be successful without the collaboration between the private and the public sectors and the involvement of the local community⁷. There is strong competition in the industry among the destinations; in the supply-based market only the regional (tourism) marketing activities, based on partnership and supported by the necessary ICT techniques can be effective.

Horkay N. (2003) formulates a similar argument in his study (emphasising the importance of establishing brands): “In the national and international competition of destinations only those destinations and regions can be successful that take the preferences of the target segments and the best practices of the most successful international destinations (benchmarking) into consideration in their tourism product development based on innovation and quality, and use consequent positioning and differentiation strategies. The professional tourism branding policy (establishing and managing brands) provides an adequate tool for distinguishing the tourism offer. It offers a breakthrough for destinations and at the same time also poses a strategic task for the management of the destinations. In the long term, only destinations with a distinct brand, offering unmistakable tourism (brand) products, with an appealing ambience and the necessary levels of popularity can be successful in the over-supplied tourism competition (Horkay N., 2003).”

⁷The (economic) impacts of tourism, similarly to those of other areas of economy, can be primarily assessed in those areas (countries, regions and settlements) where tourism actually occurs and generates economic activity. These areas are called tourism destinations. (Lengyel M, 2004).

The need to establish the optimal organisational system of tourism management at regional level in Hungary is strengthened by the *changes in the European tourism market* in the 1990s which brought the following issues into the foreground:

- Aspirations to turn settlements and smaller regions into brands,
- Experience-oriented marketing communication,
- Development of social structures that support the above (Bieger T., 2002).

In the case of destinations that do not have attractions of international importance joint efforts and actions, network-thinking and partnership-based collaborations have become more and more important. Such regions are typical in Hungary: the elements of supply are dispersed, there is a distinct lack of complex tourism products and in general several owners share the cultural and natural attractions of one and the same destination. Considering these factors we can assume that the implementation of developments that impact positively on the area (such as developing the tourism infrastructure, establishing the conditions of hospitality provision, attraction development) requires thorough preparation and co-operation among the interested actors.

A further issue to be considered relates to the strategies and tools⁸ that could be used to attract potential tourists to the destinations. The spread of Internet use has led to the devaluation of the former distribution channels⁹. The Internet has established a direct link between the destination and the (potential) tourists and has also brought with it the recognition of the importance of this particular distribution channel by every business player.

The diagram below refers to the changes in the decision-making process and the speed of destination selection that have been taking place in the 21st century (*Figure 1*):

⁸In tourism, consumption takes place where the product is distributed, which means the tourist first experiences the purchased product at the scene of consumption. This factor enhances the importance of the information relevant to the tourism product selection. (Lengyel M., 2004).

⁹The classical travel agency activities have changed, the role of traditional marketing tools such as brochures and travel fairs has got less important.



Figure 1. The decision-making process of destination selection and booking

Source: Own editing

However, there is a real danger that the players providing the elements of the tourism offer, which are mainly small and medium-sized enterprises (such as hotels, restaurants, attractions and events) will disappear on the world-wide web or do not have the necessary resources to run a tourism website and undertake e-marketing activities on a daily basis. *A cost-effective solution to the outlined problem is to collect and focus the elements of supply through the tourism management organisation of the destination.*

4. REGIONAL DESTINATION MANAGEMENT MODEL

4.1. Is Another (new) Organisation Born?

The challenges outlined in this paper may be tackled by the renewal of tourism management at local and regional levels and with that the establishment of the so-called Regional Destination Management Models (*Figure 2.*) Regional tourism management is a synthesizing activity that aims to develop sustainable and competitive tourism in a region through the establishment and operation of a coherent tourism system.

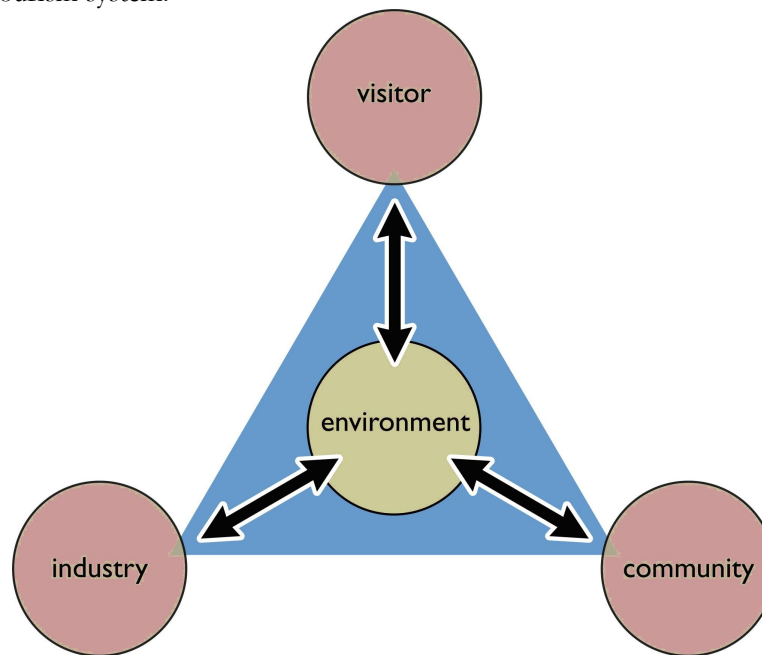


Figure 2. A sustainable tourism destination model

Source: Lengyel M. (2005)

The development process of the regional tourism destination management model (*Figure 3.*) follows the bottom-up approach. The members elect the members of the decision-making body among themselves, which will comprise the representatives of the businesses, the local authority and the tourism manager of the settlement.

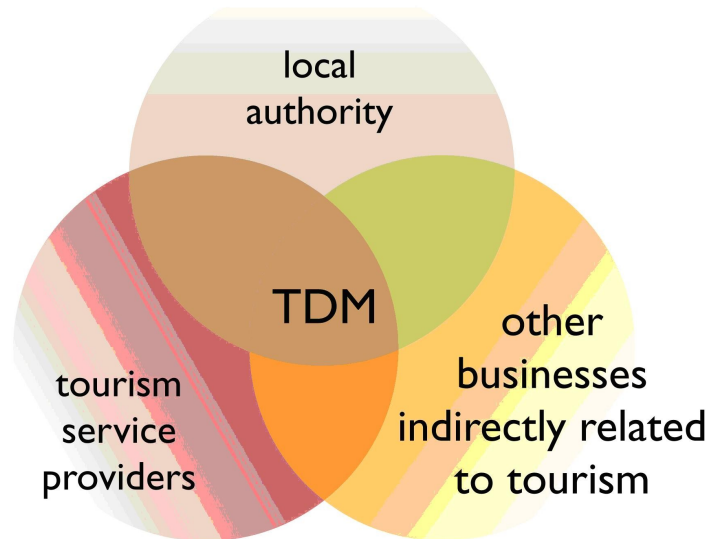


Figure 3. Development of the destination organisation
Source: Lengyel M. (2005)

4.2. The Operational Mechanisms of the Organisation

The organisation operates on the following basis: the decision-making body selects a work group to undertake the day-to-day activities, led by the tourism manager of the settlement. Depending on the importance of tourism for the settlement, the tourism manager's work may be supported by the activities of further tourism experts.

The TDM organisation's tasks are based on a work plan which is designed to address the following issues:

- How can the tourists' needs be satisfied?
- How can the industry be profitable?
- How can the local community be involved and in what sense will they benefit from it?
- How can the protection and preservation of the environment be ensured?

This approach provides a useful monitoring tool to assess the feasibility and in the long term the sustainability of every tourism-related decision.

The regional tourism manager faces multiple tasks, relating primarily to the areas of collaboration between regions and sectors, co-ordination, marketing communication and tourism development¹⁰. The key method used by the TDM organisations is partnership building. To achieve this aim the needs of the various actors (such as the tourists, local people, authorities, partner organisations and tourism businesses) must be identified and also their interests must be explored so that they can be engaged as partners, which is necessary to be able to undertake the complex tasks outlined above.

The TDM approach is based on the argument that the key players of tourism are the tourists who have left their usual environment temporarily but have brought with them almost all of their needs. If we want them to have a great time while visiting us we need to think of satisfying those needs. If that also requires elements outside the range of tourism services in a narrower sense (for example a pharmacy, medical services, police, etc.) then we need to ensure these are in evidence in the region and also that the tourists are informed about them. The latter is definitely a tourism-related task however, the TDM organisations must have information about the other services (so that they can provide information) and must be able to influence their operation to a certain extent (for example being able to forward the tourists' needs and complaints to the relevant forums, suggesting the development of problematic services, representing the specific tourism-related views when regulations are drawn, etc.)

Financing of these organisations is a key issue. The TDM organisations operate with the help of membership fees defined by the members themselves, the contribution of the local authority as well as state support, project funds and other income.

5. CONCLUSIONS

All seven of the planning-statistical regions have funds available within the Regional Operative Programmes for 2007-2008 to support the establishment of the organisational structure which can be obtained by bidding. However, the (more important) question is: who will be the actors? If the pyramid (bottom-up) proves to be the "optimal structure" for tourism management in Hungary, then it needs to rest on a rather wider base, building on the local level. It must be noted that the bottom level is not empty at the moment, we can find the Tourinform offices, tourism referents,

¹⁰The tasks are complex and include: regional marketing, information management, developing and managing tourism development plans, project management, attracting investors to the region, quality management, co-ordinating and managing the actors of tourism, representing the interests of the industry, lobbying, consultancy, education and training

local decision-makers (experts in the local councils, tourism committees) and civil associations (such as tourism associations, environmental groups, trade organisations, etc.) at the bottom of the pyramid.

The current system is characterised by individual ad-hoc operation, parallel activities and wasteful use of resources. The introduction of the criteria of collaboration and sustainability to be eligible for the funds is likely to change this situation. Another important feature will be the involvement of external capital which can bring a breakthrough in the success of tourism-related developments, joint information provision and marketing communication. This process of its own can be considered as a change of attitude, promoting a competitive solution to ensure Hungary's success as a tourism destination.

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