

# AUDIT OF TOURIST DESTINATION

STUDY SUPPORT FOR COMBINED FORM OF STUDY



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## 1. Basic characteristics of the learning course

Target learning area	Audit of Tourist Destination
<b>Entry requirements</b>	Knowledge of the basics of assessment the potential of the destination, identification its resources and potential, with the possibility of conducting research, understanding of strategic planning in tourism.
<b>Learning level</b>	3 - Referencing of the National Frameworks of Qualifications (NFQ) of the partner countries and to the European Qualifications Framework for Lifelong Learning (EQF)
<b>Method of learning</b>	Combined form of study: Lectures, workshops, case study analysis, and discussion, case studies, problem-solving discussions, student presentations, discussions, and analysis of national and regional strategic documents on tourism development.
<b>Lenght of learning</b>	12 weeks
<b>Finishing of learning</b>	Certificate of completion

Course guarantor:.....

Lecturer: .....

Examiner: .....

## **Content of the course: Introduction to the study**

### **1. An introductory tutorial**

- 1.1. Course guide
- 1.2. Study organization

### **2. Course Study Guide - Chapters 1 - 7**

- 1. Identification of destination potential
- 2. Marketing management system of tourist destination
- 3. Strategic planning in tourism
- 4. Performance of destinations and destination management organizations
- 5. 3E Model
- 6. Audit
- 7. Tourism Learning Area

## 1. An introductory tutorial

### 1.1. Course guide - concept, content and learning objectives

#### Learning objectives

Destination audit is process of a comprehensive, systematic, and periodic examination of a destination to identify the strengths and weaknesses of the destination and its resources. The main goal of the audit is to constructively promote economy, effectivity and efficient management and contribute to accountability and transparency. The ability to professionally understand how to assess the sustainability of travel and tourism businesses and destinations requires a skill set that will allow students to understand the extent of the subject matter, its history and its scope, whilst also providing with the knowledge and tools to analyse specific business and destination examples.

#### Learning Outcomes

LO1	To understand the different perspectives of the definition of a tourist destination.
LO2	To understand the importance and diversity of destination management organizations.
LO3	To analyse a tourist destination by applying key academic concepts that can be used to explain the evolution and development of tourist destinations.
LO4	To identify and explain the role of key stakeholders cooperation and collaboration, partnerships and networks who are involved in developing tourism in a destination.
LO5	To evaluate current issues that are influencing the development of tourism in a tourist destination.
LO6	To understand the implications of the life-cycle of tourist destinations for its management.
LO7	To create a tourism strategy for the future development of a tourist destination.

#### Transferable Skills

The course will develop and assess the following transferable skills:

TS1	Communication
TS2	Information literacy
TS3	Using technology
TS4	Teamwork
TS5	Creativity
TS6	Learning how to learn

### 1.2. Study organization

- The formal side of the study
- Teaching timetable and content orientation of the modules

## Exam requirements

The **Audit of Tourist Destination** course ends with an oral exam.

The prerequisite for its composition is:

- active participation in teaching in individual modules
- studying basic literature and study aids
- fulfillment of correspondence tasks
- completion of the final presentation

## Course participant profile

specialists with a bachelor's degree in the field of tourism business

## Course graduate profile

Specialists in the field of audit of tourist destination, with the ability to assess the potential of the destination, identify its resources and potential, with the possibility of conducting research, understanding of strategic planning in tourism.

## Study literature

### Basic

1. EC - Ecotrans for DG Enterprise (2012): How to create a tourism learning area, Brussels, [http://ec.europa.eu/enterprise/sectors/tourism/files/studies/learning\\_areas/handbook\\_learning\\_areas\\_en.pdf](http://ec.europa.eu/enterprise/sectors/tourism/files/studies/learning_areas/handbook_learning_areas_en.pdf)
2. Kyma, Ch. (2016): How To Audit ISO 9001:2015 A Handbook for Auditors. Milwaukee. ISBN: 978-0-87389-927-7
3. TNS (2012): KPIs for Tourism Marketing Evaluation. Modul.ac.at. Available from: [https://www.modul.ac.at/uploads/files/research/tourmis/2012/Seminar-2012-\\_Eccleston\\_\\_MacMillan.pdf](https://www.modul.ac.at/uploads/files/research/tourmis/2012/Seminar-2012-_Eccleston__MacMillan.pdf).
4. Kantar Info Research Austria (2019): Company. Available from: <http://www.tns-austria.com/engcontent>.
5. Cheng, Zhuo, etc. (2009): The 3E Methodology for Developing Performance Indicators for Public Sector Organisations. [Working Paper No.192] Kent : University of Kent, pp. 1748-7595.

**Recommended:**

1. ISO Central Secretariat (2018): ISO 19011:2018 Guidelines for auditing management systems Geneva, Switzerland. ICS : 03.120.20 Product and company certification.
2. Opreana,M., D.,A., Cristescu,M. (2010): Efficiency, Effectiveness and performance of the public sector. Romanian Journal of Economic Forecasting. 2010, Ch. 4, 10.
3. Maccallum, N.,and col. (2013): Introduction: Performance measurement and management in tourism. 19, Paris : OECD, 2013, Sv. I, pp. 397-399. 23071672.
4. Dupeyras, A. A Maccallum, N. (2013): Indicators for Measuring Competitiveness in Tourism: A Guidance Document. OECD Tourism Papers. Paris : OECD Publishing, 2013. Ch. I, 02. 23071672.

**Tutorials**

**At the introductory tutorial** at the beginning of the semester, students are introduced, as part of the so-called course guide, to the content of the subject, the time schedule of the teaching of individual thematic areas, the place of the subject in the study plan of the field, the required literature, the aim of the lesson and the requirements for the exam. Access to study supports and the method of submitting correspondence tasks in the school's information system are explained here. The method of evaluating correspondence tasks and the deadlines for submitting them are explained to students. The overall organization of teaching is discussed.

**At the ongoing tutorial** (in the middle of the semester), the teacher evaluates the students' work so far. Students must submit solved assignments electronically before the start of the consultation week. The teacher will draw attention to serious deficiencies and, if necessary, explain difficult topics. At the final tutorial at the end of the semester, the teacher evaluates the saved tasks from the previous tutorial and the students' work for the entire semester. It draws attention to the problematic questions of the thematic areas for the exam. A joint consultation will take place as needed. Students are familiar with the exam timetable.

**Study guide**

In this contact part of the study, a methodological explanation (lecture) of the given thematic unit is carried out. Students are introduced to what they will study from the compulsory literature, what problems await them during self-study and how the teacher will help them in their studies. Much attention is paid to their work with study supports, which replace direct contact with the teacher during exercises. Study aids are prepared for each thematic area (textbook chapter).

From a methodological point of view, the interpretation of the individual chapters is structured in such a way that the following sequence is followed:

- Study goals,
- keywords,
- interpretation methodology (introduction to the issue),
- study text (own interpretation of the topic),
- summary of the chapter (explained issues),
- tasks to repeat and practice,
- notification of other study resources.

At the end of the module are listed:

- correct results of tasks that were saved in individual chapters;
- correspondence tasks that the student must send to the teacher.

**When studying the Audit of Tourist Destination course, the student uses three information sources:**

- methodological interpretation of the teacher, which is based on mandatory and recommended literature;
- contact teaching as part of a tutorial and self-study;
- mandatory and recommended literature, study support and other materials

## **2. Module Study Guide - study support for combined form of study**

**Choose a single destination, site or place you would like to assess. During the entire course of study, complete tasks that you will present at the end of the course in the form of a presentation on the exam.**

### **CHAPTER 1 - Identification Of Destination Potential**

The transformation of places or regions into tourist destinations is based on their supply. Becker, Hopfinger and Steinecke (2007, pp. 444-445) distinguish between four different supply sides in tourist destinations :

1. The natural environment represents the main potential for tourism development. The natural conditions (spatial location, climate, landscape, flora and fauna) determine the tourist possibilities of a given region. For example, deserts are more suitable for expedition

tourism than beach tourism, and mountainous areas can be used for winter sports and tourism. That is why each individual destination is predestined for a specific form of tourism due to its physical characteristics.

2. The common infrastructure, which is primarily provided to residents, is also used by tourists. For the normal functioning of the destinations, the infrastructure must provide supply opportunities, communication and transport links and cultural and educational facilities. Access to the destination is a major reason for its attractiveness and accessibility by tourists.
3. Human potential is another prerequisite for the development of tourism. On the one hand, the culture, language, mentality, traditions and customs of the local population create a special atmosphere, on the other hand, local residents as entrepreneurs and workers become the main actors. In recent years, business has made targeted efforts to improve and implement rules and mechanisms for human resources management in order to increase the quality and effectiveness of the services offered.
4. Specialized tourism infrastructure, which consists of tourist facilities and services, is primarily used by tourists, not just local people. It includes accommodation and catering, as well as tourist transport and entertainment facilities (sports and cultural facilities, events, etc.). According to Schmude and Namberger (2010, p. 30), tourism infrastructure is not considered a 'given' but rather accepted compared to other bidding structures, but offers greater scope for design .

The transitions between the original and derivative offers are dynamic because local people use the tourist facilities (e.g. restaurants) just as tourists use the basic infrastructure (e.g. public transport). Today's dynamic economic environment requires flexible enterprise management that can quickly and effectively reflect changes and turn uncertainty into a clear strategy. Based on natural resources, general infrastructure and human potential, Schmude and Namberger (2010, p. 31) distinguish between four actors who act on the supply side and provide different products to the tourist:

1. accommodation,
2. tour operators and agents,
3. transport companies,
2. the tourist destination itself.

An important supply factor is the industry providing the accommodation. Schmude and Namberger make a distinction between hotel business (motel, hotel) and para-hospitality (holiday apartment, youth hostel, campsite). The more attractive and accessible a place is, the more sought-after and more expensive are the properties. In addition, the accommodation industry is aimed at the target group, and in general, the higher the requirements of the target group, the higher the category of the hotel.

"Hospitality" is the provision of accommodation and other services according to the type and category of the object, and the "Hotelier" is a person who performs hospitality in all types of categorized accommodation, tourist lodges, tourist training centers and tourist bedrooms. Places of accommodation and their attached dining and entertainment establishments, independent dining and entertainment establishments, tourist lodges, tourist training centers and tourist bedrooms and

their adjoining dining establishments are subject to categorization regardless of their type of ownership and the way they are managed.

In addition to accommodation, tour operators and agents are key actors on the supply side. Tour operators are the wholesalers in the tourism industry because they combine the services of accommodation, transport or catering, i.e. the whole package consists of a number of sub-services (e.g. package holidays) (Schmude, Namberger, 2010, S.36.). Travel agents assume the "function of intermediaries", they are mainly travel agencies that provide the services of tour operators, i.e. connect the destination and advise the customers. Considered in the described format of a complex of services provided to the tourist customers by tourist enterprises, the tourist product is the result of the activity of travel agencies - tour operators and travel agents, transport companies, hotel structures, restaurants and entertainment establishments, entertainment and excursion service, insurance agencies, etc.

Tour operator activity is the organization of tourist packages offered for sale, directly or through a travel agent, for the purpose of tourism, recreation, entertainment, business, participation or attendance at events and events of a cultural and educational nature, at congress and business events or for another purpose. The tour operator is a person registered in accordance with the law and entered in the register of tour operators and travel agents for the exercise of tour operator activity, who prepares travel packages and sells or offers them for sale directly or through the mediation of another trader, or jointly with another trader, or which transmits the traveler's data to another merchant. Travel agent activity is mediation in: sales of travel packages to end users; passenger air, water and bus transport; reservation, visa and other additional tourist services, as well as insurance related to the tourist trip. A travel agent, in turn, is a person registered by law and entered in the register of tour operators and travel agents, other than a tour operator, who sells or offers for sale travel packages prepared by a tour operator.

Other important operators in tourism are tourist transport and the transport industry (e.g. bus companies). Non-tourist means of public transport are added to them. Their importance stems from the fact that in tourist trips there is always a change of location from the permanent residence to the destination. Ivanova (2016, p. 168) defines the following forms of transport service:

- Tourist transportation, included in the main tourist product: moving the tourist from the place of permanent residence to the visited destinations and vice versa.
- Transfer - transport of the tourist from his home to the departure point (station, airport, bus station) of the transport used for the tourist trip or from the final product of this transport to the place of residence and vice versa.
- Transport service according to the tourist program.

The relationship between tourism and transport is two-way. Each of these sectors of the economy affects the other.

Also, the destination itself plays an important role in the offering. The more the city or region is known as a brand, the more competitive it is. The purpose of any destination is to make a profile so that the potential tourist becomes aware of it and eventually decides to visit that destination. As a result, there are a large number of participants in the destination that address different target groups according to the orientation of their offering. Another important role in destination

marketing is played by interest groups that work and collaborate at local, regional and national levels. The tourist destination is a regulated set of economic, social and cultural-ecological activities carried out in tourist sites with real boundaries, with the aim of creating, realizing and consuming goods and services forming the attractiveness of the tourist product (package) with sustainable competitiveness and efficiency.

The available set of supply factors is usually not fully sufficient to make the tourist trip and visit happen. It is also necessary to have a material base and basic services such as food, shelter, security, hygiene, information, communications and easy transport accessibility. Although visitors don't notice or consciously look for them, the absence of some of them can cause them discomfort and turn them away.

The concept of tourist demand is also important for forming the profile of the tourist destination. According to Bieger, the demand is "driven by people wanting to move outside of their usual work or living environment." (Bieger, 2014, p. 95). Tourism demand therefore consists of consumers and buyers, i.e. tourists who can choose from an almost unlimited and diverse range of tourism products, services and destinations. Tourists are spoiled for choice and as a result, tourism demand has many structuring approaches that will allow supply to better meet the needs of tourists.

For Schmude and Namberger, there are four main criteria that should be taken into account when explaining tourist demand:

1. Motives and motivation: "Ultimately, the decision to travel is an expression of a specific motivation for travel." (Schmude, Namberger, 2010, S. 66). Holidays, rest and relaxation, as well as pleasure are the most common motives that lead to the travel decision. We can add more official purposes, meetings and congresses, political visits, visits of relatives and acquaintances, religious and health reasons. The different motives may be due to the different needs of the tourists. And different needs can be satisfied with different types of tourism. A hierarchy of needs therefore emerges, but different needs often occur simultaneously. Within a given type of tourism, different needs of tourists can be satisfied. In addition, the desires and motives of today's tourists are becoming greater, as the modern tourist "is characterized by greater competences, new values and lifestyles, changed demographic structures and / or changed consumer behavior" (Schmude, Namberger, 2010, S. 66.).
2. Travel behavior, information and booking: According to Schmude and Namberger (2010), the decision to travel is made according to the AIDA model (A= attention, I= interest, D= desire, A= action) validated by marketing. The destination arouses the interest of the potential user (= tourist) and draws attention through the use of media. In the potential tourist, the desire for the tourist offer grows until finally action, the decision to buy, is reached.
3. Travel behavior: Tourist demand can be analyzed based on the number of trips and the intensity of overnight stays (tourism, day trips) and tourist activities (hiking, climbing...). As tourists become more demanding, tourism demand must adapt to this development and become more differentiated.
2. Socio-demographic, economic and geographic characteristics: age and gender hardly influence travel participation. However, education, income and having children determine

them to a significant extent. Families with children and wealthy, educated people travel more often, but single people often take less part in travel. The everyday environment as well as the spatial difference between the place of residence and the destination play a significant role.

The available set of resources determines the supply and specialization of the tourist destination. Climate is essential among them. Regional climate and weather conditions have always determined people's lives. In tourism, their importance is even greater. Each location has a regional, "typical" weather that is determined by specific weather events. The term "weather" describes short- and medium-term atmospheric events (Matovelle, Rötzel, Simon, 2009), such as sunlight, precipitation, fog, and other meteorological phenomena. With the help of this general information, climate experts and researchers can determine the so-called "average weather" and therefore the climate prevailing in a given region for a certain period of time (Stehr, von Storch, 2010, S. 19).

This climate knowledge can be used to build region-specific infrastructure for both economic and social purposes. Apart from agriculture, tourism is the most important economic sector affected by the regional climate. Weather and climate play a very important role in tourism and are enabling and limiting factors for tourism supply and demand in a given region (Matzarakis, 2007, S. 73-80). The most popular types of tourism depend to a significant extent on the climate. These are summer sea and winter ski tourism. Tourism is highly dependent on regional climate and weather, and accordingly the tourist orientation of a given region is influenced by local weather conditions.

The tourist potential of a given region is determined by the possibilities for tourist use of the territory from the point of view of the geographical position, the local infrastructure and the prevailing climatic conditions. The main resources used in summer recreational tourism are the sun, the sea and the sand. For the sea to be usable, water temperature, air and wind speed are important. In the sun, on the other hand, the duration of the sunshine, its intensity, the presence of clouds, air temperature and humidity, wind speed, thermal comfort and exposure to UV rays are important. In the case of sand, the temperature of the surface is relevant, again the wind speed and the reflectivity.

In winter ski tourism, snow is of the greatest importance. For the purposes of tourism, it takes into account the snow cover, the days it lasts, air temperature, snow reflection and wind speed. Certain winter sports activities require a minimum snow depth. This depends, in addition to weather conditions, on slope, altitude and artificial snow. According to OECD (2007), from a technical point of view, the potential for skiing is determined by the height of the snow cover, which should be greater than 30 centimeters. From a tourist point of view, a snow cover of ten centimeters for the low mountain ranges is sufficient and appropriate (Biebeler, Bardt, 2009, S. 253).

The new way of determining the potential of climate for tourism development takes into account the values of three climate aspects: aesthetic (observations of sunlight and cloud cover), physical (e.g. rainfall and wind data) and thermal (physiologically equivalent temperatures). (Matzarakis, 2007, p. 73). The purpose of this classification is to increase the emphasis on climatic variables that play an important role in tourism, thus allowing a more precise, climatic assessment of a given region.

One of the main elements of the new evaluation method is the emphasis on the socio-psychological significance of the climatic parameters for the tourist. The changing weather and climatic influences cause different negative and positive feelings.

Aesthetic climatic aspects usually cause a growing attractiveness of the tourist region. For example, guests enjoy a walk in the sun rather than on a cloudy day. Thermal comfort resulting from the interaction of air temperature, wind, sunlight and other thermal parameters positively and negatively affects the well-being of each tourist. This is because temperature climate parameters play a crucial role in human well-being (Matovelle, Simon, Rötzel, 2009, S. 84).

Tourists mainly associate restrictions on recreational activities with the physical factors of the climate. In rain and storms, planned outdoor activities usually cannot take place and an alternative must be found. But not only precipitation and wind can pose a danger to tourists, even high and intense radiation exposure can have negative health consequences. Only snow creates positive emotions among tourists, as most of them combine winter sports with pleasure (Koesler, 2011, 10-20).

Therefore, we can conclude that the region's specific climate and weather play a decisive role in its tourism potential. Different climatic factors determine the tourist offer and thus determine the tourist specialization of the region. In addition, weather and climate conditions determine demand. If the planned vacation activities are not possible due to "bad weather" or if there is no snow for skiing, tourists will not visit the destination.

When choosing a tourist destination, tourists usually make a comparison between their region and potential vacation spots. Based on climate and weather, this would mean that 'bad' weather and/or unfavorable climate in the home region are so-called 'push factors'. These regional and climatic characteristics determine the need for vacation in remote areas. Destinations, on the other hand, possess desirable factors that attract tourists to the region (Matovelle, Simon, Rötzel, 2009, S. 103).

In this context, the need for a specific climate in the destination plays an important role, since, depending on the nature of tourist desires, the requirements of tourists to the local climate also differ. In a study on the role of climate information in choosing a destination, conducted by the University of Hamburg in July and August 2004, the majority (25%) of respondents stated that climate is a decisive factor in choosing a tourist destination. (Hamilton, Lau, 2004, p. 7)

Therefore, the climatic conditions of a region can also be defined as a decisive "motive for travel" or as a "reason for travel". Of course, it is important to note what activities are planned during the trip and whether they are independent of the weather.

The tourism industry can be divided into three major categories: summer tourism, winter tourism and off-season tourism (spring and autumn). In general, depending on the travel time, tourists have different requirements for the tourist destination. For the summer holiday, the average tourist expects a lot of sun, little rain and warm weather or so-called comfortable temperatures. On the other hand, in winter tourism, there must be enough snow for skiing, snowboarding, etc., which requires low temperatures and snowfall. Tourists traveling in spring and autumn are generally aware that optimal weather conditions will not always prevail and that mixed weather conditions can be expected. However, this part of the year is often used by tourists from the "50+ generation". On the

one hand, they can travel outside the peak season, and on the other hand, less extreme temperatures are expected, which meets their physiological needs. In the future, in view of climate change, off-season travel times are expected to become more attractive to tourists as pleasant temperatures and more stable weather conditions are expected during this period, which in turn will create good conditions for outdoor activities, including tourism (Koesler, 2011, S. 10-20). However, these climate changes will be favorable for summer recreational tourism. In winter ski tourism, global warming will lead to even greater season restrictions or the need for significant investment in facilities to maintain the snowpack. All this requires rethinking the possibilities for changing the user profile of tourist destinations and reorienting their offer.

**Task 1.1. - Conduct an assessment of the resources of your chosen region:**

Natural resources of the region	
Geographic	
Natural	
climatic	
Balneological	
Floral	
Faunal	
Hydrographic	
Cultural and historical resources	
Material resources:	
Attractions	
Industrial heritage	
architectural heritage	
Museums and exhibition halls	
Other	
Intangible Resources	
Culinary heritage	
Religious resources	
Spiritual heritage (literature, music, science, technical achievements, etc.)	
Socio-economic resources	
Managerial	
Labor	
Informational	
Material	

**Task 1.2. - Assess the infrastructure of your chosen region**

Accommodation infrastructure	
Power infrastructure	
Transport infrastructure	
Leisure and entertainment infrastructure	
Shops and malls	
Sport facilities	

Specialized Infrastructure (travel companies, guides, tourism goods stores, etc.)	
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If possible, accompany your study with visual material (photographs, drawings, etc.)

## CHAPTER 2 - Marketing Management System in Tourism Destination

### 2.1 Basic terms

#### DESTINATION

"..Geographic space (resort, place, region, state) that a particular visitor (or visitor segment) selects as the destination of his travel. It contains all the necessary equipment for housing, catering, entertainment and other activities. In this way, a destination becomes a unit of competition in the arrival tourism, which must be managed as a strategic business unit "(Bieger,2005).

From the point of view of participating entities (supply) and visitors (demand), we can define the destination as a volume of various services concentrated at a certain place or area that satisfy the needs of the visitor and lead to the implementation of economic and out -of -economic effects that the destination has set out.

#### MANAGEMENT

The concept of management can be explained as *"a summary of all activities to be done to ensure the function of the organization."* (Veber, 2002, p. 17).

As management can be named either specific activity which denotes a proces of managing, or group of managers as well as a scientific discipline (Veber, 2002, s. 18).

- **Management as an activity** means methods, processes, approaches, opinions or experiences that managers apply to the organization's objectives and seek to achieve set goals, under risk conditions, promoting changes and achieving desirable effects,
- **Management as a group of managers** of the whole organization or part of it
- **Management as a scientific discipline** means a set of knowledge connected to practice, using the methods and theories of other scientific disciplines and characterized by a certain degree of variability depending on changing conditions.

## MARKETING

The term marketing is one of the frequented terms that can be understood either as **a philosophy of managing** based on consumer demand detected by research and predictions of placing the product on the market with the aim of making maximum profit. The second option to define marketing is its definition as **a controlled, targeted summary of the activities of the company's balanced (destinations) with the needs of clients.** (Seaton and Bennett, 1996, p. 7)

*"Marketing is a social and control process where individuals and groups gain what they need and want thanks to creation and exchange of products and values with others." (Philip Kotler)*

*"Marketing is so basic that it cannot be considered a separate function. It is a complete business activity seen in terms of its final result, in terms of customers." (Peter Drucker)*

Marketing in tourism can be characterized by eight characteristics based on the above definitions (Palatková, 2011):

1. satisfying customer needs, wishes and requirements,
2. a continuous process (marketing is a continuous activity of proceedings, not a one-off decision or act),
3. sequence of partial steps in marketing,
4. marketing philosophy must be accepted by each stakeholder in a company or a destination (marketing is not the exclusive responsibility of one department or subject),
5. Future needs must be identified and expected (the key role of marketing research),
6. Mutual internal dependence of subjects in tourism sector which means many opportunities to cooperate in destination / company
7. Profit orientation is quite normal, especially in the private sector,
8. Marketing affects society (social and economic aspects of marketing).

### Marketing management

Marketing cannot only be understood as the activities of the marketing department, but marketing thinking must permeate the whole company or destination and reflect themselves in the negotiation and decision -making of all stakeholders. For such a kind of marketing, the term marketing management has established itself. It is a process composed of several phases and result in creating a plan or concept of tourism. The concept contains a basic analysis of the current situation for the currently existing destinations and the direction of their further development, especially their main objectives, the main strategies, the most important tactical sets of measures to achieve defined goals. It also contains indicators for implementation and control. Such a process of marketing and management is closest to the method of modern tourism planning, especially the planning system in the style of "the goal – the means".

Marketing management is based on the general principles of management and marketing. As for destinations, the concept of marketing management of destination (destination management) is relatively young and in the present, albeit still evolving form, has existed since the 1990s, especially in the countries of the Alpine space, in the UK, Ireland, Canada or Australia. The trend of marketing management of destinations has been changing from the so-called political destination management

characteristic of the 1970s to marketing management, understood as a simple background for business organizations up to marketing management of destinations as **an active factor in the creation and implementation of trade** (business concept of destination management).

The second half of the 1990s, characterized by the turbulent development of information technology, means a new opportunity for the rapid development of destination management. Today, destinations are generally considered to be completely standard with the competing units, and their development, or the development of their resources (products) and their sales, must be very controlled and managed. It can be stated that the current trend of marketing management of the destination is to bring it to the use of the principles of marketing management of companies. (Tittelbachová, 2011)

## 2.2. Tourism policy

**Tourism is a young economic industry**, whose development was initially characterized by a permanent conjunction, a growth of profits without much effort and demands on professionalism.

The rapid development of tourism, its strong cross-sectional, horizontal and vertical diversification requires a wide range of theoretical and practical knowledge, and therefore **experts in tourism** in creating concepts in tourism and their implementation must rely on the knowledge of **a number of scientific disciplines** to take **opportunities and positive impulses to Development of tourism and ensured possible synergistic effects. Tourism policy in the destination sets the direction where tourism should go in the destination and create a framework for destination management.**

Mundt [] and other authors characterize tourism as a "blind place of political science" and is based on the fact that "the basis of tourism is political nature", without guaranteeing the right of free movement of persons that are the fundamental rights of citizens of liberal states and the corresponding economic level is tourism impossible. The degree of tourism development depends on the political organization of the country and its socio-economic development, especially on the level and stability of the conditions for business, the level of public infrastructure and the functional system of social security. If there are problems with satisfaction of basic needs in society, then people simply do not travel. If the private sector is suppressed in the company, the share of trade routes is decreasing together with the trade. Material welfare and acceptance of possible legitimacy of the political system are closely connected. Citizens do not measure the performance of politics by world ideals, but through their own living conditions. They follow the current conditions, but they are more interested in the future.

Therefore, the mass development of tourism could only develop in democratic political systems.<sup>1</sup> The above can be summarized in the statement that travel possibilities are highly dependent on political system and politics in general, as well as the socio-economic development, which is closely separated with politics. In this context, it is not entirely clear why the creation of the policy of this area of life and the economic industry, such as the formation of corresponding framework conditions or instruments of support, is rather rejected by many.

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<sup>1</sup> Note to the designation "mass tourism": Today it is a negative meaning, in the context of tourism history it is necessary to understand mass in terms of allowing travel for all compared to the possibility of traveling only for privileged groups

Tourism is part of public policy. Public Policy or Policy Sciences is a multidisciplinary science forming since the 1960s from disciplines such as sociology, political science, economics, legal science or public administration. It deals both with the contents of politics, but also by the causes and reasons (why politicians are created) and their consequences and effects (what can be the result of political measures). At the same time, public policy is also interested in "what political actors should do".

In the context of public policy, it is necessary to mention public administration as a scientific discipline dealing with routine repetitive activities within pre-given regulations. In recent decades, there has been an effort to introduce managerial methods and techniques into public administration (New Management, Public Management). This is a change in the existing prevailing administrative concept of public administration with the aim of achieving higher efficiency, efficiency and responsibility of public administration in performing the tasks of public administration (BSC, 3E, 6E and others).

According to Keller, tourism policy depends primarily on the general state of the country's development, and in countries with the same degree of development, tourism policy is very similar. Keller also states that the main objective of public service entities *"is rarely achieved profit, but rather coverage of costs and needs."* [Keller, p.3] In practice, it is very difficult to reconcile ways to achieve goals at individual levels. At the same time, tourism takes place in the territory, ie. That the essential role in its development is played by tourist regions, respectively destinations whose boundaries are rarely identical to administrative boundaries.

The system of tourism policy in different countries is different and depends on the political organization of the country, where without the guarantee of the right to move the free movement of persons, which is the fundamental right of citizens of liberal states and corresponding economic levels, tourism is virtually impossible. The development of tourism is also strongly influenced by the stability of business conditions, the level of public infrastructure and the functional system of social security.

**When formulating tourism policy, the socio-economic point of view prevails** on the prevailing economic view of the **ranking tourism into economic policy** with a strong overlap into social policy. At present, however, tourism in national economic politicians is mostly neglected and the awareness of tourism policy is small. While the public is quite regularly informed about internal policy issues, social, health or agricultural policy, tourism policy is understood as something specific, only for experts or interest groups. It is a reflection of the little appreciation of the true economic and social importance of tourism and a constricted view of this sector. Tourism should be seen as an instrument for **the development of regions** (especially economically backward) and the **economisation of culture**, as a major employer and peacemaker, as an important part of the **economy of leisure time** and the related **improvement in the quality of everyday life**.

The existence of a number of concepts of tourism policy shows that the industry of tourism does not have a clearly defined identity and a position derived from it in the economies of individual states. Tourism affects a wide field of stakeholders from both public and private spheres from various sectors (culture, regional development, health, trade, etc.) with different levels of competence at individual levels, **where the decisive role is becoming more and more regional and local**. By aiming

at the current society to create the prerequisites for the realization of long-term global goals such as sustainable development, economic growth, employment, social cohesion and improving the quality of life, **the pressure to understand tourism** in its entirety, its integration into the economic-political system and **use its versatile potential for fulfilling the strategic objectives of the society.**

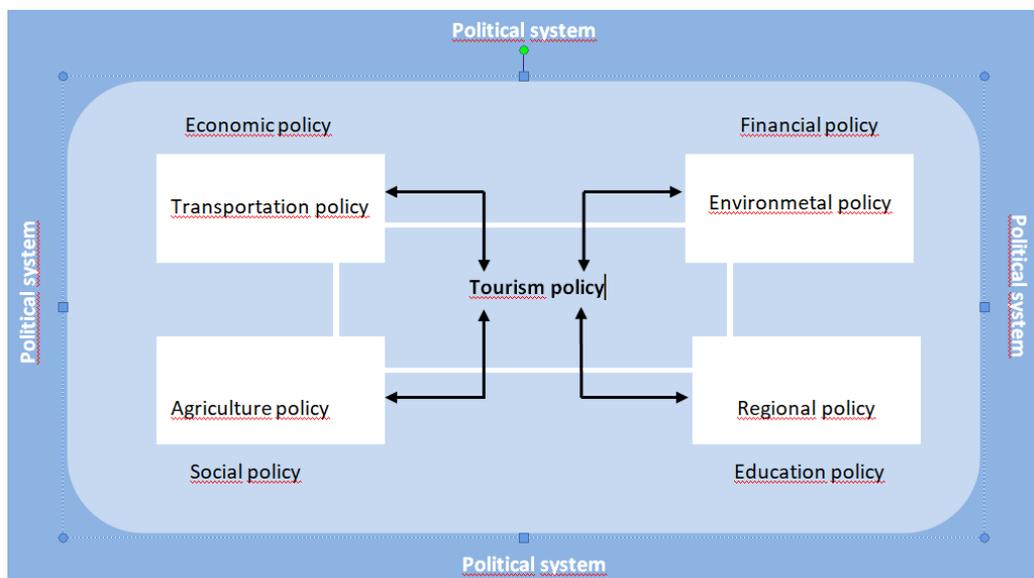
Despite the different approaches to the tourism industry and its nature, the general and fundamental prerequisite of the interdisciplinary approach and corresponding to the other related sectors is a generally valid and fundamental prerequisite for designing and implementing the successful tourism policy (Picture 2.1).

In order to formulate tourism policy, fundamental differences must be taken into account compared to other economic sectors:

- The bearers of tourism policy are mostly a public service or organization with their significant influence/share
- The quality and marketability of tourism products is strongly dependent on the complexity of the services of various, often non-cycling entities (from both the business and public service sector) as well as on the overall good will in destination (including the behavior of residents)

It can be inferred from the above that one of the first steps in the **definition of the framework of tourism policy is to clarify and accurately define the task and position of tourism in the economy by responsible institutions and organizations.**

**Picture 2.1: The position of tourism policy in the political system of public policies**



Source: own elaboration according to (Mundt,2004)

### 2.2.1 Bearers of tourism policy

For the basic division of tourism policy in terms of defining the objectives, measures and responsibilities of entities for their fulfillment, the division according to individual sectors of the economy - public, private and non-profit NGO sectors can be used. Within the sectors, they are all

institutions and organizations involved in the realization of tourism policy in international, national, regional and local environment. The forms of ownership of organizations then determine their goals (social or private-economic) in connection with the tools for their implementation and at the same time define space for the necessary cooperation within the defined competences.

**Tourism bearers can be divided according to different aspects:**

- **According to a legal point of view**  
public law bodies (EU, state, regions)  
Private institutions (interest associations, organization)  
interest groups
- **According to the territorial hierarchy**  
International (EU, OECD, UNWTO)  
National  
regional (regional associations of tourism)  
local (associations)
- **According to professional affiliation**  
hoteliers  
carrier  
restaurant  
information centers  
travel agencies and agencies  
Destination Management,...
- **According to organizational forms**  
superior  
mezzanine  
Destination Management and Cooperating Enterprises in the destination  
chains and cooperating organizations at the travel agency, hotel industry, restaurant  
Integrated Travel Agencies Group  
Associations of Transport Services Providers
- **According to the form of ownership**  
public  
private  
mixed

**Public bearers**

Different public entities with decision -making powers at the level of international, national, regional and local levels. The public sector and the nature of the public administration are fundamentally influenced by the organization and management of tourism, including the system of support for its development, especially from public budgets. They are ministries, their tourism departments, cities,

regions, associations of municipalities, regional marketing organizations (if their founder is a public administration) and others.

### **Private bearers**

The private sector, its structure and the share in planning, creating product, distribution and pricing policy are essential for the direction of tourism politics. In tourism, small and medium -sized enterprises prevail in the structure in which the companies of accommodation services, travel agencies, transport (if they are not state) prevail. However, tourism is characterized by a strong so -called multiplication effect, where in addition to the so -called direct industries (direct influence of tourism, industry industry), the so -called indirect sectors have a high proportion of indirect sectors. Some entities connect to professional associations and unions to better enforce their interests. They act mainly in the private interest of their members, but are also willing to perceive public interests and tasks.

### **Bearers from non-profit sector**

Defining the non -profit sector is not easy. In principle, non -profit organizations that create the structure of the non -profit sector can generate profit, but do not divide it between organizations and their members and use it to fulfill and expand the main activities and purpose of establishment. They can have a number of forms according to state legislation, with the most common are foundations, foundation funds, various forms of public benefit companies, citizens' associations or interest associations of legal entities, political parties and others. In tourism, they are mostly organizations of destination management, citizens' associations, associations of municipalities, towns and a foundation, for example, for the development of specific territories and its protection.

### **Mixed forms**

This includes organizations that have part of the private members and part of the members of the private sphere and act at the same time in the interest of the public and in the interest of their members, ie private. They are organizations of destination management or tourist associations whose members from both the public and the private sector and jointly affect tourism policy. At the regional and local level, various associations and unions are operating the interests of its members and even public interests. Mixed forms are also the organization of consumers and civic initiatives, which in the public interest seeks to support tourism.

## **2.2.2 Concepts of tourism policy**

Tourism policy is conceived from different perspectives as well as its goals and functions and the related degree of interventions of the state. The level of planning and influencing tourism ranges between the extremes from central planning to a fully market approach and depends on the political-economic system of the state, where the state creates "the best rules (status quo) for processes ensuring the direction of the concept of tourism policy" (Keller, Smeral, p. 127). Therefore, there are also a number of concepts of tourism policy in practice, and mixed concepts are applied in addition to basic.

In German written professional literature<sup>2</sup>, according to individual political-economic systems, **three groups usually differentiate according to the level of state intervention. In the first group, the state does not interfere at all or only limitedly** to create absolutely necessary regulations to secure other state objectives (environmental protection, market regulation through concession and control, consumer rights, social policy rights). These are concepts of pragmatic policy, liberal and economic-regulatory. In the **second group** there are concepts where **the state takes measures for the development of tourism and uses it to solve socio-economic problems**. The state is directed to various forms of support to areas that are necessary for the development of tourism and show dysfunctions that prevent effective use of potential. The second group includes various forms of conceptual policy, marketing concepts and policies forming a normative part of destination management. **In the third group there are concepts where the state strongly regulates tourism policy** (universally planning concept) and market action is considerably limited or completely excluded.

The original three Kaspar's concepts are expanded by Freyer to five basic (Freyer, pp. 274-277), of which the first four are oriented in market, the fifth is applied in the centrally planned economy and defines politicians: pragmatic, liberal, conceptual, as a marketing task, universally planning. Other authors such as Keller and Bieger [Bieger] report the division into: liberal, structural, universal-planning, pragmatic and conceptual. We also find the definition of tourism policy as a standard part of destination management. Mundt [Mundt, p.126] distinguishes in principle planning and procedural policy.

### 2.3 Marketing management system

**The marketing management system of destination (organizational and control structure of tourism and relations between structure elements)** refers to a **system of public, private and non-profit sector institutions** at national, regional and local levels (bearers of tourism policy), interconnected by mutual **competences** and relations between institutions at horizontal and vertical level that are provided by valid **legislative and non-legislative** measures and tools, including measures and tools governing the **financial framework** for the functioning of the entire tourism system<sup>3</sup>. The destination management is a control system whose behavior affects other **subsystems**<sup>4</sup> to achieve their set goals. The aim of the management of tourism is to **realize the economic effects of tourism** at all levels of the system within **economic policy**, with regard to optimizing the inputs and outputs of the destination system.

The destination management system, respectively organizational and management structure of tourism, is regulated by a **special legal norm** in many European countries, by law to support tourism

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<sup>2</sup> Czech vocational literature deals with tourism policy only marginally

<sup>3</sup> The destination control system can be characterized by four attributes - system objectives, institutional framework (control and organization), system competence and relationship framework and financial framework (costs and benefits) of the system.

<sup>4</sup> The subsystem can be a control system of smaller destinations, information management system, quality management system, etc.

(Switzerland, Austria, France, Great Britain, Slovakia). The form of the system depends not only on the nature and structure of the public administration of the country, but also from the importance of tourism in the economy, from the nature of the offer, etc. The system of tourism management combines public and private sphere, as well as national, regional and local levels.

The modern destination management system is based on the fact that the subjects in the destination act as one complex socio-economic system, which is characterized by the interconnection of individual elements and subsystems, high dynamics and a high degree of cooperation between private, public and non-profit sector. It can remind the company by its functioning, and it is possible to use the corporate management principles, but with respect to their differences. The joint objective of the company and destination can be considered to achieve competitiveness, which can be measured by financial and non-financial indicators.

The destination is managed by marketing management organization (destination management organization), which coordinates the subjects offering services so that together created product brings financial and non-financial profits to the destination and its entities.

The management of the destination as a company or holding also follows from the fact that the destination visitor draws the so-called chain of services in the destination, which is based on the cooperation of individual providers and intermediaries involved in the chain, as well as participation of public or non-profit sector entities. However, the "sale" of the destination, ie the implementation of economic effects on both micro-even macro-level is a clear goal.

The aim of marketing management of destination is not only the implementation of positive economic effects, but also to **eliminate the effects of negative, especially influences on socio-cultural and physical environment**, with regard to residents. Analysis of costs and benefits can be used for a comprehensive evaluation of the impact of tourism, which provides a more objective view of the actual position of tourism in the economy and its out-economic effects. The application of **cost and benefits analysis** is based on the concept of **sustainable tourism**.

In the evaluation of the impact of tourism on the economy, it is necessary to take into account in the context of sustainable development that due to the heterogeneous and strongly cross-sectional nature of tourism, it is not possible to measure precisely and evaluate the positive effects of tourism associated with the realization of income, creating jobs, regional development, development of business activities in Tourism and related sectors. Position of tourism in national, regional or world economy and its evaluation is often narrowed to the sector of hotels, travel agencies, catering facilities, airlines and guide services that represent the center of gravity of tourism, but not tourism as a whole. Moreover, it is always necessary to take into account negative effects, especially in the form of negative externalities manifested in the physical and socio-cultural environment.

#### **Positive economic influences on the economy**

- increasing income from international tourism
- increasing the income of national economies
- increasing job opportunities
- supporting investment in infrastructure
- increasing the income of local economies

### **Negative economic influences on the economy**

- Leakages - a decline in state, region (or location) revenue, caused by the need to import goods, services or funds from neighboring countries or region (international hotel chains, restaurant chains and large international Tour- operators)
- Economic dependence on tourism - for many countries (especially developing countries) with limited development possibilities, tourism has become a dominant source of revenue of the national economy, which brings low diversification and its sensitivity to the global economic crisis, natural disasters and other unexpected events
- Enclaves of tourism - a resort where tourists spend their entire holiday; it can be a mountain or seaside center or a cruise ship, and this place practically does not leave all its expenses, do not give the possibility of earnings to other entrepreneurs in the destination. Such All-inclusive hotels create the highest amount of income, but their benefits to the economy are smaller than other accommodation facilities, also import more products and employ fewer people than other hotels and have less economic effect for the local economy
- Growth of prices - increasing demand for tourists for basic services and goods can cause prices that have a negative effect on the local population whose intake will not grow in proportion to; The higher living costs of the population, especially in developing countries, bring a number of socially pathological problems from growth in crime, to moving the population or to depopulating the area
- Infrastructure costs - the construction of accompanying infrastructure for tourism places considerable requirements on local governments and taxpayers and may result in restrictions on government expenditure to other sectors such as education or healthcare
- a seasonal character of employment - again a problem especially for destinations focused exclusively on tourism, where up to 30% of labor directly or indirectly depend on tourism; In small developing island states, the percentage can range from 83% on the Maldives to 21% on Seychelles and 34% on Jamaica

#### **2.3.1 Institutions in the marketing management system of destination**

Creating an institutional framework of marketing management in a destination (so -called organization or organizational architecture) means the use of existing or establishment of new organizations that will be part of the system, including the determination of their role in the system, activities, mutual hierarchy, scope of management, control, etc. The established organizational structure between the National - Regional - Local levels is largely dependent on the definition of the destination and destinations within the state. The destinations should be the basic units from which (at least according to the theory) should depend on the setting of the marketing management system of the destination and thus its financing. It is clear that supply and demand play a role in defining the destination, ie whether the region (place) has at all such an offer for which demand is willing (and capable) to pay. The way of defining the destination is also influenced by the policy of

tourism and the public administration system. So what are the possibilities and ways to define the destination in practice?

There is no reliable or uniform recipe for the practical definition of tourism destination, but we can use the following:

1. **According to the administrative boundaries**, which is technically the simplest because it uses the existing structure of public administration, public finances and statistical monitoring as a basis for institutional, competence and financial ensuring the functioning of the whole system. However, the risk of mismatch with supply and demand, and thus the risk of low efficiency and efficacy of marketing management of this destination, is a fundamental disadvantage.
2. **According to the concentration of demand** (distance and motivation). Different segments (potential) visitors thus perceive (and define) destination in different ways. The same geographical space can then be differently defined as destinations for the domestic market, the market of neighboring countries or for the non-European market. With certain reservations, the more distant the source market is from the destination, the greater is the territory of the perceived destination. The motivation to travel to the destination is due to the perception of the destination, but also by real prerequisites for the realization of tourism. If the reason for the journey of relaxation is, then the visitors perceive and evaluate the destination in terms of the ability of the destination to satisfy their needs (motivation). From the destination, the visitor expects him to offer a relaxing stay linked to other services.
3. Depending on the degree of public sector intervention in the creation and functioning of the system. The degree of public sector interventions in the definition of the destination and its marketing management is often discussed in professional circles. Defining and functioning of the destination can, in terms of the degree of public sector intervention, take two borders, namely the creation and functioning of the so-called bottom destination (**bottom-up attitude**) based on the policy of Laissez-Fair and the so-called **top-down approach**, consisting in setting fixed rules from above, most often in the form of the Act on Support of Tourism or various forms of regulation. The most common variant is a mixed system using the advantages of both previous approaches.
4. According to induction, deduction or centralization strategy. To put it simply, **the induction strategy** divides (national) destination into smaller destinations according to a business point of view on the basis of assessing the assumptions for the development of tourism in the area. This means that not every territory must be unconditionally a destination with its own destination management and possible entitlement to financing - so the map creates "white places", and thus the induction strategy also hides political risk in the exclusion of less popular regions and places from participation. On the sale of a national destination on the market. The induction strategy is close to the company management strategy with a clear focus on performance, but its practical political enforcement is difficult.

**The deduction strategy** divides the (national) destination into regional and local on the basis of geographical criteria, political borders or otherwise selected criteria so that there are no white places left on the map. The potential risk of deduction strategy is to delimit a destination at the regional level not according to the needs and perception of the client, but according to the political or administrative borders. In the long term, there is a lower efficiency and efficiency of marketing management of such defined destinations because of the contradiction of marketing and political goals and compromises. Note, even the cooperation of any large number of weak and little known destinations does not imply one strong destination and an effective marketing management system. Compared to the company, this strategy recalls a company that runs less effective divisions for various reasons.

**The centralization strategy** as the third choice of defining the destination means the creation of one **common center for the entire destination** (national), which ensures completely marketing management of the destination in covering the entire territory of the state. The advantage is unambiguous management and competence without emerging duplicates and financing of the management system and from this point of view it can be considered effective and effective. A potential disadvantage may be undesirable strengthening relationships within the destination itself, which makes it difficult to cooperate externally. In the case of the application of the centralization strategy, the management system is dependent on public sources and the affection of the political scene. If we compare the application of the centralization strategy of the destination and the company, then it can be compared to a large company that controls all its organizational units (destinations) from one center and therefore may not always be flexible and able to respond to changes.

5. According to selected indicators of tourism development. A very common criterion of defining the destination is to determine the indicators of supply and demand in relation to the destination. The aim of determining the minimum values is to concentrate funds and achieve the efficiency and effectiveness of the marketing management system. In order to ensure the efficiency and efficiency of resources spent mainly from public budgets, the destination can be determined on the basis of the minimum values of selected supply and demand indicators (eg the number of beds, the level of foreign Exchange Collection, attendance, the number of overnight stays).

### **2.3.2 Relationships, links and competencies in the marketing management system of destination**

Binding and relationships in the marketing management system have more or less formalized or non-formalized form depending on the destination. **The formalized form** of relationships is most often due to legislative standards governing the system of tourism management, horizontal and vertical relations in public administration, respectively. against the private sector and residents. The anchoring of the competence, authorization and obligations entrusted to the entity means law means the **competence** of the given entities applied in general at various levels (eg laws in public

administration, the Act on Culture and the Environment, the Financial Control Act) or directly in the management of tourism (eg . The Act on Support of Tourism). **The informal (non -formalized) form** of relationships is very important in marketing management, as it leads to **business cooperation** of individual entities that is essential for marketing management.

### 2.3.3 Financing a marketing management system of destination

The financing of the system is an essential part of its functioning. The form of the financing model depends on the weight of tourism in the economy, the nature of the public administration, the setting of the tax system with regard to tourism, the level of public sector intervention or the nature of the public budget system.

## 2.4 The economic effects of tourism

For tourism management and for the system and concept of tourism policy, it is becoming increasingly important to promote the principles of sustainable development and conurencopatization. The choice of strategies and instruments is decisive, where at national and regional level it is effective and useful to link the strategies of participating entities (shareholders) with the guarantee of prominent and interconnection within public policies and activities of public administration. This is closely related to the introduction of quality certification systems and measurements achieved by a set of sustainable tourism indicators.

For the evaluation of sustainable development of tourism, basic criteria are determined from which sets of indicators for measurement of the impact of tourism are derived. The choice of a suitable combination of indicators helps to assess the impact on the physical, socio-cultural and economic environment, strengthening positive influences and regulating negative effects. The common denominator is: preservation of resources (environmental, economic, social and cultural), profit for future generations and justice in the division of economic, social, cultural and environmental benefits and costs.

Tourism is a heterogeneous and cross-sectional industry, sometimes it is even referred to as a "phenomenon" that is difficult to define and grasp. Tourism is not economically and statistically closed and interferes with a number of other economic and uneconomical activities and fields. Its lack of political and economic appreciation is often related to the difficultness of tourism. Everyone can imagine hotels, travel agencies under the term "tourism", but to define tourism exactly so that it is not easy to work with data on its economic performance. Tourism as part of the national economy realizes three types of **economic effects**:

- direct effects of tourism,
- indirect effects of tourism,
- induced effects of tourism.

**The direct effects of tourism** are realized in the sectors directly related to tourism, ie in the sectors where the provider/intermediary of the tourism service and the participant of tourism (consumer) is directly contact. By purchasing a stay at the hotel, a packet at a travel agency or agency or ticket, a direct tourism effect is realized.

**Indirect effects** of tourism are referred to as so-called induced or multiplied and are implemented mainly in supplier industries. Implementation of indirect effects of tourism is not associated with the direct contact of the participant of tourism and provider/mediator of the service, but it is a shift and its effects in the area of so-called supplier-customer relations. An example is the provision of accounting services, marketing services for the hotel, travel agency, providing construction services and buying equipment for hotel chain, buying food and agricultural products for restaurants and many others.

Indirect effects of tourism are associated with its multiplication function. **The multiplication effects** are not obvious at first glance because they are implemented within the supplier-customer relations. There are a number of **tourism multipliers**, namely the income multiplier, employment multiplier, investment multiplier, wage multiplier, government multiplier, production multiplier and more. Multiplikators generally indicate how much a certain quantity (eg employment in tourism) increases, if any entry (mostly visitors' expenditure) changes with an additional unit (eg \$ 1, 100 CZK). The income multiplier expresses a change in revenue from tourism, employment multiplier increase employment, etc. In addition to the above, multipliers of tax, expenditure or multipliers of turnover (sales) can also be monitored.

**Induced effects of tourism** are considered to be further implementation of revenue from tourism by the private sector, public sector and households (employees). An example is the increase in household sector expenditure (employees in tourism) on the basis of an increase in income from foreign tourism in the destination.

**The global impact of tourism on the national economy** can be characterized as a **summary of direct, indirect and induced influences of tourism**. Two indicators are used to assess the global influences of tourism on the national economy:

- **Payment Balance,**
- **Satellite account of tourism.**

The balance of balance and the satellite account of tourism seeks to capture the wider influence of tourism,

However, it focuses on the evaluation of the economic environment by following the monitoring of positive influences. Although the action of tourism is mainly associated with positive influences, it should be remembered that for the objective evaluation of tourism, negative effects must also be included. Negative influences are manifested especially in the physical and socio-cultural environment. Monitoring the impact on socio-cultural and physical environment can be converted to value indicators, but it is not very widespread.

### **Satellite account of tourism**

To evaluate the economic influence of sectors, which cannot be measured by their influence by simple differences in inputs and outputs, or other statistically defined characteristics in a given period of time, the satellite account methodology is used. The satellite account of tourism is a comprehensive statistical tool measuring the influence of tourism on the national/regional/local economy cross-sectional and in the sectors on which they operate. The satellite account is based on sectoral division into the sector directly and indirectly associated with tourism (industry and economics of tourism). The evaluation of tourism depends on its position in the national industry structure of individual countries. It is important to monitor relative shares that capture the position

of tourism in sectoral structures of the economies of individual countries. High relative shares of tourism have less developed or backward countries where tourism is often a significant or prevailing economic activity.

### **Tourism Industry**

Tourism Industry includes direct industry tourism, in terms of industry they are specific industries that create specific tourism products:

- Accommodation services (hotels, hostels, holiday camps, camps, camps,...)
- Catering services and sale of drinks (restaurant and self-service facilities, bars,...)
- Passenger transport services (rail, road, air, water transport, taxis, cable cars, lifts,...)
- Auxiliary services in passenger transport (air navigation services, bus stations, parking, port services, fuel petrol station,...)
- rental of personal means of transport
- maintenance and repair services of personal means of transport
- travel agencies and guide services, information offices
- Cultural services (museums, galleries, theaters, historical monuments, zoological and botanical gardens,...)
- Recreational and entertainment services (recreational sport, ski, golf resorts, beach services, thematic and entertainment parks, gambling clubs and casinos,...)
- Various services for tourists (sale of tickets, travel and health insurance, spa services, exchange services, organizations and exhibitions, passports and visa services,...)

**The economy of tourism** (Tourism Economy) includes the industry industry and other industries produced by the production of tourism.

These are mainly:

- Construction (construction of accommodation and recreational facilities), sale and repair of motor vehicles
- Sale of fuel
- Sales of travel, etc.
- Production and supply of food to restaurants
- air transport catering
- Production and Delivery of Equipment for Hotels
- Hotel Industry (laundry, marketing services, accounting services, cleaning services, telecommunications services,...)
- public administration and security

### **2.5 Destination Marketing Management - Connection of Public and Private Sector**

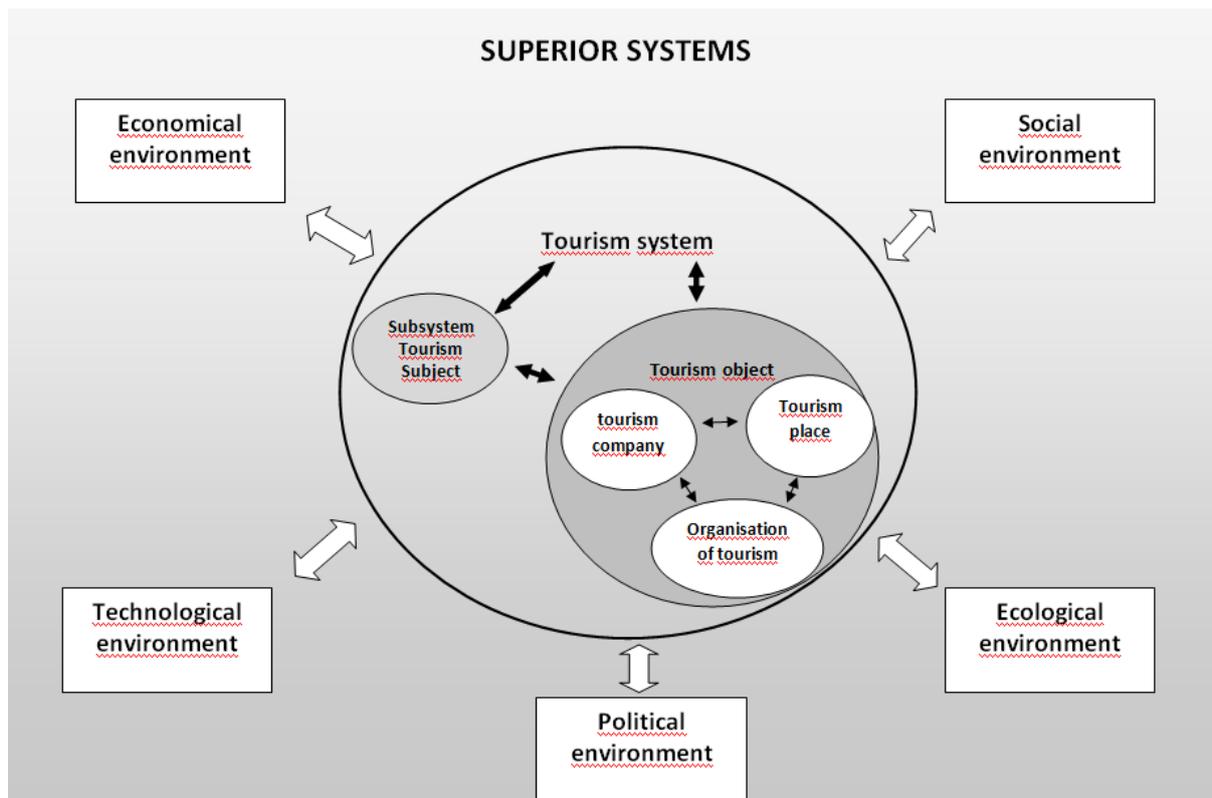
The marketing management of the destination seeks to influence the quantity, composition, time and spatial distribution of demand in the destination. Destination Management is a process of analysis, planning, setting the destination, creation and promotion of communication and other strategies, marketing mix, realization and control to interconnect the destination with demand for destination to meet the needs of visitors, Stakeholders, increased quality of life of residents in the destination. The marketing management of the destination uses the destination sources and seeks to effectively achieve the objectives and positive effects (eg regional, economic, social development

of destination) by appropriate procedures and processes. Marketing management is based on the cooperation of private, public and non-governmental non-profit sectors. (Palatková, 2011)

The concept of marketing management of the destination is inherently misleading, since it is not really a proceedings on the basis of a precise formal definition of competences and relationships of superiority and subordination, which implies the obligations and use of instruments of management by responsible entities. In fact, it is more of a coordination, cooperation and leadership of subjects in a destination with a limited range of formalized management tools. On the other hand, they are increasingly applied to the management of destination principles of business management, whether it is to delimit objectives, leadership in destination, communication or the way of measuring management efficiency, product creation and sales. Product creation (services) is essential for the destination to be perceived and purchased by its visitors.

Tourism takes place on different levels and in different systems. The model of MU tourism system describes the internal environment, ie the system of tourism and its links between individual subsystems and their elements, and the external environment, respectively. superior system.

**Picture 2.1 Tourism system and processes**



Source: own elaboration with use Bieger, 2005

The internal system represents the tourism system itself. This system includes two subsystems - the subject of tourism (visitors) and a tourism object, the so-called institutional subsystem. The institutional subsystem includes a destination, DMO and important stakeholders in the field of tourism, which needs to be involved in cooperation on the development of tourism in the destination. Among stakeholders we include also residents.

## 2.5.1 Internal system

### a) Visitor

Visitors can be divided according to the length of the visit to one -day, who do not transmit in the destination and tourists who will spend at least one night in the destination. Furthermore, the so - called transit visitor is characterized, which stops in the locality, but the destination of its journey is different. There are also two basic categories: a resident (a home visitor from a given country) and a non -resident (foreign visitor). The visitor uses the offer of the destination, both primary (attractiveness) and secondary (services) offer. His needs determines the character of his visit and also the segmentation group to which it belongs. These needs are examined in marketing research of destination. The visitor is the destination customer of the destination and a source of profit for tourism destination.

### Perspective (goals)

The visitor uses the primary and secondary offer of the destination. His perspective (goal) is satisfaction that depends on the satisfaction of his needs and expectations. There is a large number of influences on the visitor in the destination and its experience is individual. In part, it can be influenced through a suitable marketing strategy and quality management systems.

**Tab. 2.1 Signs of Tourism Service Quality, in terms of demand and supply:**

Quality characteristics in terms of demand:	Quality characters from the point of the offer:
Reliability	Workers
Seriousness	Equipment
Impression	Work instructions
Customer orientation	Marketing
Responsibility	Providing information to customers

Source: Own elaboration

### b) Destination

"..Geographic space (resort, place, region, state) that a particular visitor (or visitor segment) selects as the destination of his way. It contains all the necessary equipment for housing, catering, entertainment and other activities. This becomes a unit of competition in the arrival tourism, which must be managed as a strategic business unit ". (Bieger, 2005)

### c) DMO

DMO is a key element for the marketing management system. According to Bartl and Schmidt, the marketing management system contains six elements: key products (competitive advantages), distribution channels and networks, brand policy, quality management system, knowledge management system, marketing management of destination.

The aim of the DMO is a sustainable and competitive development of a destination in which the needs of their visitors, participating entrepreneurs and the increased quality of life of residents are satisfied.d)

#### **d) Stakeholders and DMO partners**

From the point of view of the entities involved (Stakeholders), the destination can also be seen as a strategic network. This network consists of private, public and non -governmental and non -profit sector entities who together create a chain of services that the visitor uses and considers essential and which creates its impression of a destination as a whole. These can be accommodation, catering, retail or public transport, public lighting, road marking and greenery maintenance. Significant stakeholders are residents in the destination.

The condition of success in the development of destinations is the principle of "3P"-Public-Private-Partnership. Partnership, cooperation, seriousness are postulates, without which it is not possible to ensure long -term development of tourism.

The key areas of cooperation between the private and public sector in the field of tourism include:

- a) and strengthening the attractiveness of the destination - building an image destination, protection of natural and cultural resources,
- b) strengthening effective marketing - using new technologies in marketing communication
- c) Strength of productivity - quality standards, technological innovations
- d) strengthening of destination management - educational and training programs, facilitating investment and funds
- e) Tourism Product Development

The following stakeholders are the ones of the potential DMO partners:

- Other tourism organizations
- Public sector (eg municipalities, regional and national governments, etc.) and established organizations (TIC, cultural organizations, environmental organizations, etc.)
- Interest Association and Association
- Tourism companies (hotels, restaurants, travel agencies, etc.)
- Businesses in the field of culture and the environment
- Non -profit organizations in the field of tourism, culture and the environment

The partnership is based on a common interest in participating in the creation and sale of the product product. The partnership is always based on a partner contract among entities.

## Goals and perspectives

**Tab. 2.2 Public vs. private entities**

<b>Public entities</b>	<b>Private entities</b>
<b>They are usually monopolies</b>	<b>Acts in a competitive environment</b>
Serves residents	They monitor the maximization of profit
Are directly or indirectly managed by politicians, so they should monitor the interests of residents	Management is responsible to the owners who follow the profit
Are rigid because of the long decision -making process and implementation	Are more flexible and easier to steer, the decision depends mostly on one person
Distribute, redistribute and regulate resources	Produce and distribute resources
They are inadequately financed	Are financed on the basis of productivity
Residents are poorly informed and are suspicious of public administration	Investors and owners are well informed and the business activities are developing along with the market

Source: Own elaboration

### e) Residents

Residents represent an important group that is able to influence the events in the destination, especially through organized interest groups, eg in the form of civic associations, which can conclude contracts on cooperation to achieve a certain objective. promotion of common interests. The participation of residents in the marketing management of the destination is generally considered beneficial, but it is also necessary to draw attention to the risks of the disagreement of residents to develop tourism in the destination.

(Palatková 2011)

Tourism has positive and negative economic, ecological and socio -cultural influences for the destination and its residents. Residents are interested in improving the quality of life using new jobs, better transport accessibility, preservation of traditions and the environment. Their hostility to tourism, on the other hand, increases in the case of tourist inflation, overpopulation, increased crime and commercialization of public space.

## 2.5.2 The superior systems of tourism

The tourism system is part of the global-economic system and operates in the economic, political, social, technological and environmental environment that is superior to it. The development of tourism in the destination is influenced by factors such as inflation, currency stability, taxes, economic growth, visa policy, political stability, technological equipment, transport infrastructure, cultural environment, etc. (Nejdl, 2011).

The superior systems form an environment in which its activity takes place for tourism. Tourism is open to external systems, that is, it is strongly influenced by the external environment and at the same time affects it. There are talks of so-called inputs (inputs or influence of superior systems) and outlets (outputs, influence on superior systems). They can be further divided into positive and negative. Their intensity indicates the level of influence of superior systems on tourism and vice versa.

- Economic environment
  - Input: Economic situation in target and source destination, market system, provision of public goods, ..
  - Output: influence on GDP, multiplier effect, influence on employment, ..
- Social environment
  - Input: Social level of the country, social feelings and opinions of the population, ..
  - Output: mixing cultures, dualization of society, fashion, ..
- Technological environment
  - Input: Earth's advancement, use of new technologies, ..
  - Output: Development of transport, popularization and acceleration of the use of modern technologies, ..
- Political environment
  - Input: Political Stability of the country, threat of terrorism, security, ..
  - Output: Politically determined areas of tourism development, ..
- Ecological
  - Input: Preservation of natural attractiveness, environment, ..

### Source:

BIEGER, T.(2005): Management von Destinationen. Oldenbourg Wissenschaftsverlag, München. ISBN 3-486-57656-9

FREYER,W.(2006): Tourismus, Einführung in die Fremdenverkehrsökonomie.Oldenbourg Wissenschaftsverlag, München. ISBN 3-486-57874-X

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TITTELBACHOVÁ, Š. (2011): Turismus a veřejná správa. Grada Publishing a.s., Praha. ISBN 978-80-247-3842-0.

VEBER, J. et al. (2000): Management – základy, prosperita, globalizace. Management Press, Praha. ISBN 80-7261-029-5

### **Task 2.1. Conduct a study of statistical data and quantitative characteristics of the tourism industry in your chosen region**

1. Evaluate the tourism industry of the region: research the number of tourists, overnight stays in the region, collect statistics that will show the real state of affairs in the tourism industry in your region
2. Is there a strategy for tourism development in the region?
3. What is the tourism policy of your region?
4. How is the tourism marketing activity carried out?
5. Describe financing a marketing management system of your destination.
6. What is the economic effect of tourism in your region?
7. How is the connection between the public and the private sector implemented?

## **CHAPTER 3 - Strategic Planning in Tourism**

The benefits of strategic planning are that it helps to clearly understand the weaknesses and strengths of a destination, sets a clear desired direction for its development, focuses all efforts and resources on solving key problems and teaches managers to think strategically and work systematically. Strategic planning involves not only the preparation, design and scheduling of individual steps and tasks, but also the strategic management of both the process and the destination as a whole.

### **3.1 Principles for developing a strategic plan**

A functional strategic plan is built on three pillars: well-defined measurable objectives, effective implementation of objectives, and functional communication both internally and externally.

However, the entire strategic plan and strategic management would not be meaningful if it were not properly evaluated, i.e. meeting objectives in cost-effective and efficient ways and means using effective communication. Good results, financial savings and informed citizens are the reflection of strategic destination management and the strategic plan in general.

The benefits of strategic planning are that it helps to clearly understand the weaknesses and strengths of a destination, sets a clear desired direction for its development and focuses all efforts and resources on solving key problems, teaching managers to think strategically and work systematically.

The strategic plan must be co-created by all stakeholders, who should formally adopt it with a commitment to participate in its implementation. The purpose and outcome of successful strategic planning is the implementation of the plan. Successful implementation depends on the careful and relevant identification and allocation of the necessary resources.

**Strategic plan enables:**

- make decisions within a broader conceptual framework,
- to influence processes so that the long-term strategic objectives and strategic vision of the destination are achieved,
- align the interests of the various stakeholders in the destination and use their potential to achieve the objectives,
- define the main directions of long-term development and the projects to achieve them,
- plan in advance financial and other resources,
- create functional partnerships between stakeholders inside and outside the destination.

Partnership is thus becoming an important factor for development and a necessary societal need. It is a principle, a relationship, but also a tool in achieving common goals. It is expected to respect the views of others on the distribution of responsibilities, on participation in the preparation, implementation of joint projects, but also on respect for agreed time and material joint decisions. The management of conflicts between partners, functioning information channels, transparency, tolerance, continuity of the process, disclosure of information about activities and coordination of activities and processes are essential for the functioning of the partnership.

**3.2 Evaluating the success of strategic planning**

The success of the strategy needs to be measured and evaluated according to set indicators/indicators at several levels:

**Evaluation of economic indicators**

- share of GDP
- balance of payments
- revenues to public budgets
- job creation
- business development - positive effects,
- negative effects in the socio-cultural environment,
- direct effects - sectors directly linked to tourism where there is direct contact between the service provider and the tourism participant (consumer),
- indirect effects - induced or multiplied, in the area of supplier-customer relations (accounting, legal services, marketing services, construction services, purchases of services and materials, e.g. for a hotel, restaurant),
- multipliers: income, employment, investment, wages,
- induced effects: further realisation of tourism revenues by the private sector.

**I. Socio-cultural evaluation (impact on the environment of residents)**

The socio-cultural environment influences the choice of a destination and the creation of its products. On the other hand, meeting the needs of tourists affects the local environment and therefore the residents, both in a positive and negative sense.

## II. Individual evaluation (meeting the needs of the visitor)

Individual evaluation depends on the satisfaction of the needs of the tourism participants, both primary (motivational) and secondary (implementation).

The primary need - motivation is the basis of the decision-making process for consumption (i.e. visiting the destination). Research and work with motivational factors are the basis for successful destination marketing.

### Statistics in tourism

One of the most important prerequisites for coordination and management in this field is a good system of statistical indicators in the tourism sector. The role of statistics in tourism is to provide information on the volume, development and structure of tourism within certain temporal and spatial aspects.

Tourism statistics are sectoral statistics, the backbone of which is data on the capacity and visitor numbers of mass accommodation establishments serving tourism (establishments which regularly or irregularly provide temporary accommodation for tourism participants) and on participants in foreign tourism, including data from border statistics. In addition, the results of household surveys on domestic and outbound tourism are also relevant.

The most well-known (partial) indicators include:

- tourism's share of GDP and exports
- arrivals of foreign visitors to the country
- outbound trips abroad by the country's citizens
- foreign exchange earnings from foreign tourism
- foreign exchange expenditure on foreign tourism
- foreign exchange balance for foreign tourism
- number of tourists in accommodation establishments
- capacity of accommodation facilities
- performance of travel agencies
- performance of accommodation and catering establishments in the Czech Republic
- number of trade licenses in the tourism sector and others

## 3.3 Methods for situational analysis of the potential of the territory (SWOT, PEST)

A number of management methods commonly used in corporate practice, such as SWOT, PEST and BSC methods in tourism practice, can be used to develop and evaluate strategic plans in tourism.

### 3.3.1 SWOT analysis

SWOT analysis is one of the basic methods of situational analysis, which summarizes the strengths and weaknesses of the S-W related to the internal environment and identifies the threats and opportunities O-T characterizing the external environment associated with a particular project or intention of an organization, company or destination. The title of the analysis is composed of the initial letters of the English terms S - strengths and W - weaknesses, O - opportunities and T - threats.

### Obr. X.1 SWOT ANALYSIS



Source: <https://fotky-foto.cz/fotobanka/swot-analyza-silne-stranky-slabe-stranky-prilezitosti-hrozby-anglicka-klicova-slova%284->

#### 3.3.2 PEST analysis

Among the most used methods of macro-environmental analysis is the PEST analysis, which is used in cases where it is necessary to classify and evaluate some external influences that affect the destination. It is based on knowledge of past developments and seeks to predict and analyse future environmental influences in four main areas. The initial letters of the factors evaluated form the acronym, i.e. the name of this analysis - P (political), E (economic), S (social), T (technological). In the literature, it is possible to encounter variants of the name of the analysis as STEP or extensions of the analysis - SLEPT or PESTLE, in which case it stands for L (legislative) and E (environmental) factors.

#### 3.3.3 Balanced Scorecard (BSC)

The Balanced Scorecard is a tool for measuring the performance of an entity (both commercial and public) in terms of strategic management. The basis of the method is the elaboration and translation of the vision and strategy of the organization into tangible objectives and a comprehensible set of financial and non-financial performance indicators that provide a tool for assessing the success of the strategy. Introduction of the BSC

means that objectives, benchmarks and strategic actions are assigned to a specific point of view, called perspectives. The main purpose of these perspectives is to ensure that all relevant aspects of the company's or institution's activities are already thought through before the strategy development process. The general BSC model views organisations from four strategic perspectives: financial, customer, internal processes, learning and growth, which must be balanced. By balance,

we mean a balance between short-term and long-term goals, desired inputs and outputs, internal and external performance drivers, and financial and non-financial measures. These perspectives are not chosen for their own sake, but provide a clear view of the link between the success of the organisation and the drivers of performance. Within the framework of the strategy set out, they thus provide a flexible system.

The BSC identifies the areas most in need of change. It is clear which projects support the strategy and which do not. The benefit of the BSC method is to set up metrics for evaluation and monitoring the achievement of the objectives set, both financial and non-financial, and to balance them. The Balanced Scorecard is mainly used to implement the strategy and only then is it a tool for strategy development. The BSC enables the translation of an organisation's strategy and vision into a set of performance measures. The advantages of the BSC are that it saves time, links the strategy search and implementation phases, links strategic and operational planning, extends the strategic planning phase but shortens the operational planning phase.

As an effective business management method, BSC can also be used for the creation and implementation of a marketing strategic plan of tourism destination. The marketing strategic plan has to reflect the basic rules for the economy of DMO's, which are for the most part (sometimes up to 100 percent) established by public administration entities, which correspond to the requirements for effectiveness, efficiency and economy. One of the possibilities to improve the strategic planning process of public administration is using the method of Balanced Scorecard.

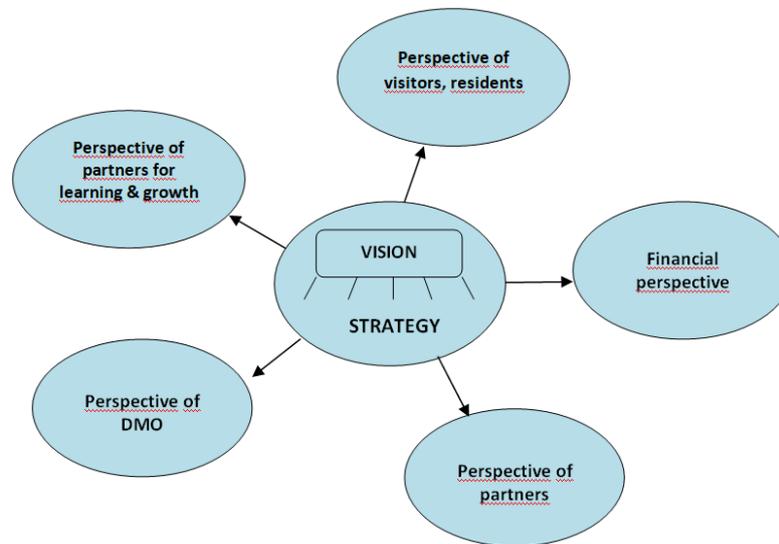
The Balanced Scorecard is also of great communication importance both within the DMO (communicating the strategy within the organisation and to stakeholders) and externally. Given the specificities of managing a tourism destination and the stakeholders from different areas, it is important to explain the objectives of the DMO and also to show the ways in which these objectives can be achieved. By measuring the objectives and the measures implemented, the credibility of the strategy increases both for stakeholders and for those affected by tourism development (cultural, environmental, regional development, etc.).

Balanced scorecard is one of the tools that can be used to improve the strategic planning process. The DMO is predominantly an organization whose stakeholders are largely tied to the public administration system. Therefore, it is advisable to use the BSC method in the preparation, elaboration and implementation of strategic documents in order to ensure management efficiency and public control. A set of financial and non-financial performance indicators linked to the vision, DMO strategy and SMART objectives provide a tool to assess the success of the strategy.

For the DMO marketing strategy, it is appropriate to extend the basic levels of the BSC with a fifth level as follows:

1. financial perspective
2. stakeholder (partner) perspective,
3. visitor/resident perspective,
4. the perspective of the DMO's internal processes,
5. learning and growth perspective.

### Obr. 3.2 Model BSC, upravený pro destinaci cestovního ruchu



Source: Own with use of Kaplan, Norton, 2005

The Balanced Scorecard is mainly used to implement the strategy and then it is a tool for its creation. The BSC allows you to translate your organisation's strategy and vision into a set of performance measures. The advantages of the BSC are that it saves time, links the strategy search and implementation phases, links strategic and operational planning, extends the strategic planning phase but shortens the operational planning phase.

### 3.4 Marketing strategy of the destination

Marketing strategy is a tactical process aimed at the efficient, effective and economical targeting and use of a destination's limited financial resources to increase sales of tourism products and maintain a competitive advantage. At the centre of this process is the customer - the visitor to the destination and the satisfaction of their needs and expectations associated with the experience. The marketing strategy is determined by the DMO in terms of the marketing mix, the approach to market segments, the product life cycle in the market, and market trends.

A quality marketing strategy enhances the destination's competitiveness in the market and determines future success.

**Setting up a marketing strategy is done in the following steps:**

#### 1. Setting up vision and mission

- a) Vision

The vision shows the direction of the destination's development towards the target state within a specified time horizon. It should be built on the strengths of the destination, given its competitive position with other destinations. Through the attributes, the vision can then be better specified and interpreted in relation to the strengths (attributes). The vision of the destination at the national level must then overarch the visions of destinations at the regional and local levels.

#### b) Mission

The vision defines the mission, sometimes referred to as the mission statement. A mission statement is a representation of the purpose of a business, the meaning of its efforts and activities. In other words, it is the guiding principles, i.e., how the DMO intends to implement the future (vision).

## 2. Situation analysis

The basis of the marketing strategy is a situational analysis carried out in the following steps:

- Analysis of the internal and external environment of the destination
- Identification of the key elements of the destination and their competitiveness
- Determining the main competitors and market structure
- Evaluation of each of the destination's competitiveness dimensions
- Assessing the competitiveness and performance of the destination

The situation analysis should answer the following questions or others:

- What is our market position?
- What services and products do we offer?
- Who are we? What makes us different from our competitors?
- What benefits does our product/service bring to our customers?
- Are we filling a gap in the market or are we a leader?
- Who do we want to become and in what timeframe?
- Do our customers know our name? Do they have enough information about us?
- How do we want to be perceived by our customers?
- Are we providing something extra?
- Where do we operate in marketing everywhere? (Social net., advertising, billboards, ...)
- What works for us and what doesn't?

## 3. Goals

For the marketing strategy, we define global and sub-strategy objectives with links to the vision and mission.

The rules of thumb for the objectives of a destination tourism marketing strategy are:

- linkage to other strategic documents in the tourism sector of the country and their objectives and priorities
- compliance with the SMART rule
- balance between quantitative and qualitative objectives
- inclusion of a monitoring and evaluation system to measure the success of their achievement

#### **4. Target group, segmentation**

Based on the results of the situational analysis, we define target groups according to the rules of geographical, demographic and psychographic segmentation. Identify key segments and markets.

#### **5. System of products**

Key products represent the competitive advantages of the destination. It is a purposefully assembled and organised set of services offered for the main forms of holidays. The key products are based on an analysis of the destination's potential and the determination of relative competitive advantages compared to competitors destinations. The competitiveness of the products is influenced by a number of factors, the most important of which are is the coordination and cooperation of service providers, the ability to innovate, quality (price/performance ratio) and the credibility of the offer.

#### **6. Communication strategy**

A destination communication strategy represents all the tools, ways and means by which the destination communicates information internally or externally to different communication audiences and achieves its communication objectives within a set budget. The target groups of the communication mix thus include not only (potential) visitors to the destination, but also a number of other segments, in particular private and public sector actors (partners), residents and the media, although (potential) visitors represent a key communication group.

#### **7. Implementation**

Bringing a brilliant marketing strategy to life requires real attention, as does its preparation or creation. Its implementation takes place at the level of operational and tactical management. This means reinforcing the importance for application to the real environment. Internal activities must be aligned, coordinated and human resource allocation part of a productive implementation plan. The marketing plan says what and why, putting into practice says who, where, when, how.

The implementation part includes:

- an analysis of the system and its structure and resources, which assesses the potential barriers and actions that may arise in implementing the strategy
- an assessment of the means and tools for implementation with the specific strategy
- an action plan that addresses the concrete steps of implementation (marketing research, destination positioning, brand strategy, product development, distribution mix, communication mix, etc.)
- implementation timeline and budget

#### **8. Destination Audit**

See: European Model and Methodology for Destination Management and Audit

#### **Task 3.1.**

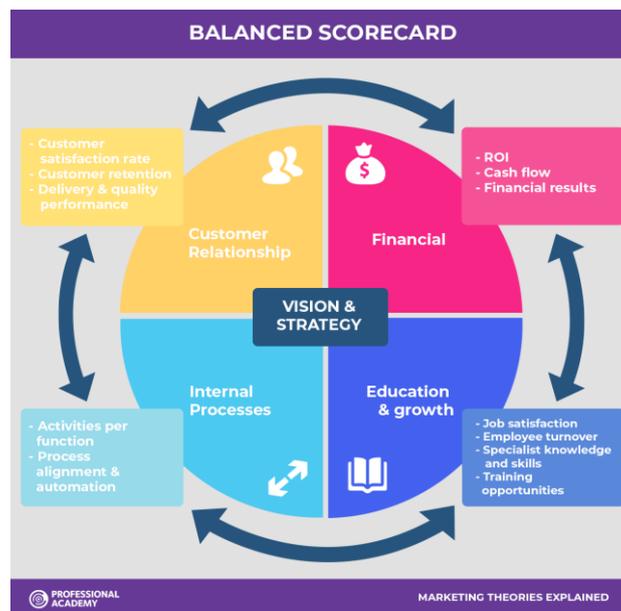
1. What is strategic tourism planning?
2. What types of studies should be carried out to assess tourism in the region?
3. Show in the picture how the Balanced Scorecard works.

### What is a Balanced Scorecard?

The balanced scorecard (BSC) is a strategic planning and management system. Organizations use BSCs to:

- Communicate what they are trying to accomplish
- Align the day-to-day work that everyone is doing with strategy
- Prioritize projects, products, and services
- Measure and monitor progress towards strategic targets

The name “balanced scorecard” comes from the idea of looking at strategic measures in addition to traditional financial measures to get a more “balanced” view of performance. The concept of balanced scorecard has evolved beyond the simple use of perspectives and it is now a holistic system for managing strategy. A key benefit of using a disciplined framework is that it gives organizations a way to “connect the dots” between the various components of strategic planning and management, meaning that there will be a visible connection between the projects and programs that people are working on, the measurements being used to track success (KPIs), the strategic objectives the organization is trying to accomplish, and the mission, vision, and strategy of the organization.



### Task 3.2. Conduct a SWOT analysis of your destination

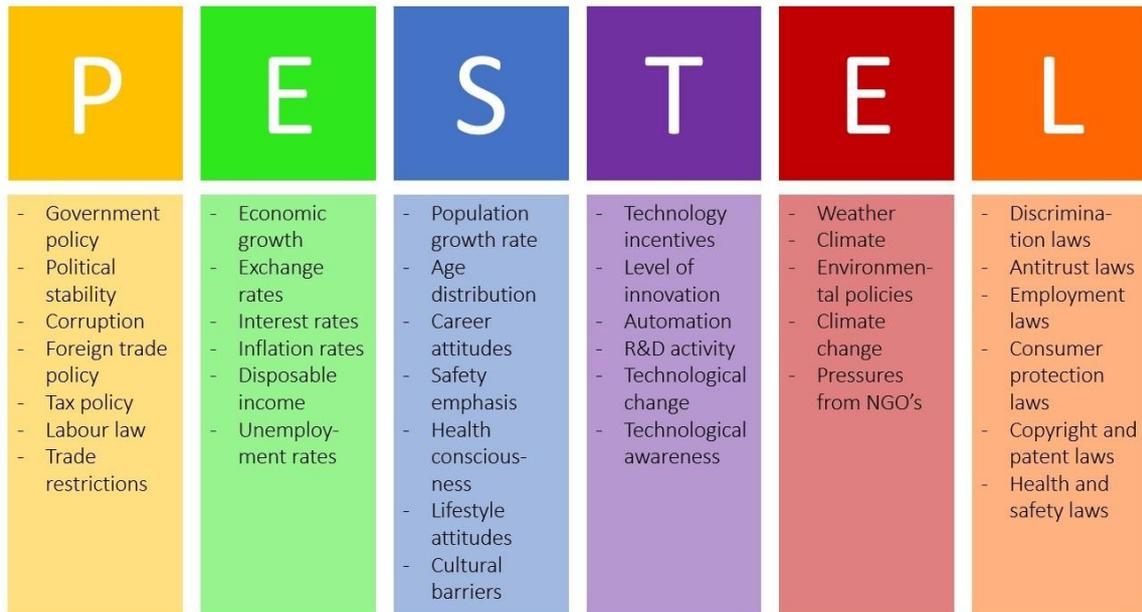
## SWOT ANALYSIS TEMPLATE

<h3 style="background-color: #0056b3; color: white; padding: 5px;">STRENGTHS</h3> <ul style="list-style-type: none"> <li><input type="checkbox"/> What do we do well?</li> <li><input type="checkbox"/> What do our customers say we do well?</li> <li><input type="checkbox"/> What is our unique selling proposition?</li> <li><input type="checkbox"/> Do we have strong brand awareness? Customer loyalty?</li> <li><input type="checkbox"/> Supplier, distributor, influencer relationships?</li> <li><input type="checkbox"/> What proprietary or unique assets do we have?</li> <li><input type="checkbox"/> What skills do we have that our competitors don't?</li> <li><input type="checkbox"/> Strong capital?</li> <li><input type="checkbox"/> Do our profit margins compare to industry benchmarks?</li> </ul>	<h3 style="background-color: #0056b3; color: white; padding: 5px;">WEAKNESSES</h3> <ul style="list-style-type: none"> <li><input type="checkbox"/> Where can we improve?</li> <li><input type="checkbox"/> What do our customers frequently complain about?</li> <li><input type="checkbox"/> Which objections are hard to address?</li> <li><input type="checkbox"/> Are we new or not well known?</li> <li><input type="checkbox"/> Do we have any limitations in distribution?</li> <li><input type="checkbox"/> Are our resources and equipment outdated or old?</li> <li><input type="checkbox"/> Are we lacking in staff, skills, or training?</li> <li><input type="checkbox"/> Do we suffer from cash flow problems? Debt?</li> <li><input type="checkbox"/> Are our profit margins smaller than industry benchmarks?</li> </ul>
<h3 style="background-color: #76c73a; color: white; padding: 5px;">OPPORTUNITIES</h3> <ul style="list-style-type: none"> <li><input type="checkbox"/> Do our competitors have any weaknesses we could benefit from?</li> <li><input type="checkbox"/> Target market growing or shifting in our favor?</li> <li><input type="checkbox"/> Is there an untapped pain point or niche market?</li> <li><input type="checkbox"/> Are there upcoming events we could benefit from?</li> <li><input type="checkbox"/> Are there geographic expansion opportunities?</li> <li><input type="checkbox"/> Are there potential new sources of financing?</li> <li><input type="checkbox"/> Industry or economic trends that could benefit us?</li> <li><input type="checkbox"/> Social or political trends that could benefit us?</li> <li><input type="checkbox"/> Any new technology that could benefit us?</li> </ul>	<h3 style="background-color: #ff9900; color: white; padding: 5px;">THREATS</h3> <ul style="list-style-type: none"> <li><input type="checkbox"/> New competitors or expansion in existing competitors?</li> <li><input type="checkbox"/> Is our target market shrinking or shifting?</li> <li><input type="checkbox"/> Could any indirect competitors become direct competitors?</li> <li><input type="checkbox"/> Industry or economic trends that could work against us?</li> <li><input type="checkbox"/> Social or political trends that could work against us?</li> <li><input type="checkbox"/> Any new technology that could work against us?</li> </ul>



### Task 3.3. Conduct PEST analysis of your destination





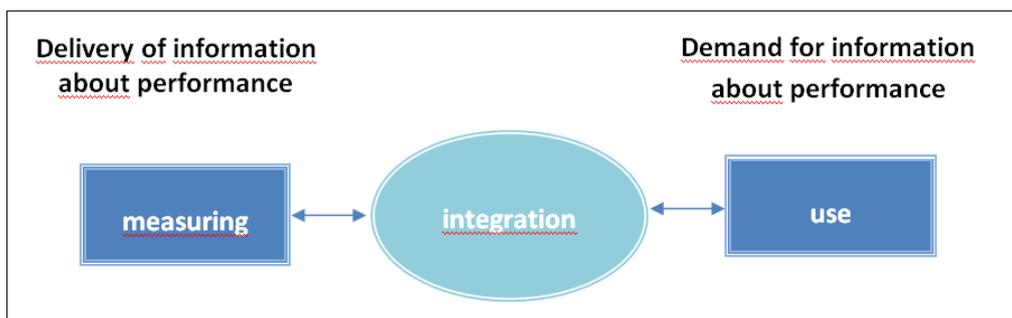
## CHAPTER 4 - Performance of Destinations and Destination Management Organizations

### 4.1 What is performance?

The procedure is closely associated with the quality of the performance, which means the quality of the steps performed and the quality of the resulting product that has been achieved by these steps. Performance is understood as a program of change/improvement, even with the fact that the performance is not an exclusive parameter to assess the functioning of public administration and thus its improvement.

In performance management, we are interested in driving in such a way that "the right things are done" and at the same time to "do things right". This is done by performance indicators divided into three groups: effectivity-efficiency-economy.

**Fig. 4.1: Public Administration Performance Measurement process**



Source: DOOREN, BOUCKAERT, HALLIGAN, 2010, s.6

Measurement is the first step of the process of monitoring the performance of the organization. It is necessary to obtain relevant information, not only quantitative but also qualitative - to use methods such as focus groups, personal experience, etc.

The second step of the process is to integrate information into individual documents and processes of the organization to be able to control the achievement of goals. Organizations must select a set of indicators so that they are understandable to users, relevant to goals, achievable for measurement and reporting.

The last step of the process is to use information on the performance of policy, for decision-making, resource allocation, competence, responsibility, controlling, self-evaluation, evaluation of behavior and results, etc., ie so called performance management. In other words, it is a kind of management, using information for the decision-making.

Practical recommendations for performance monitoring:

- Collection of information must be concentrated on several supporting topics, performance cannot be measured in full, otherwise there is a risk of overloading information that will not be possible to process
- The quality of performance information is an important factor for its further use in processes
- It is necessary to ensure that the information is not misinterpreted

Therefore, the following must be taken into account throughout the process of performance monitoring:

- Validity of indicators. Do the indicators really measure what is essential and relevant about the given service or activity?
- Data quality. Is the quality of the collected data sufficient for reporting the indicators?
- Timeliness of data. Is the right schedule set for performance data collection to ensure that the information is available when we need it?
- Data analysis. Has basic analysis been done on individual data to tell what are actually good and bad results?
- Presentation of performance information. Is the information presented in a form that users can understand and is it interpreted in a simple format?
- Indicators should be sensitive to the implemented changes, well defined, understandable for users.
- The measurement of indicators and reporting should be sustainable in the long term, so the costs of the measurement should not exceed its benefits.
- When creating the system and its indicators, it is advisable to be inspired by the indicators of foreign institutions, such as the Institute for Government, OECD, etc.

## 4.2 Performance of destinations and DMO

The performance of the destination and DMO are not the same terms. The performance of the destination is influenced by political, economic, environmental, technological and social factors. It is also influenced by its location, climate and DMO in part can influence the performance of the destination, but many factors have no effect. DMO performance cannot be evaluated on the basis of the performance of the destination. It is necessary to build a separate evaluation system.

Measuring the performance of destinations is a complex issue that can be viewed from many angles. In the literature we find the results of performance research, which focused on accommodation facilities, tourism companies, marketing, partnership, satisfaction of visitors, destination brand quality, value chains, etc.

From the perspective of public administration, tourism destinations can be considered as a territory where one of the priority development functions is tourism. The developmental objectives of tourism should focus not only on the quantifiable economic growth and improving the quality of tourism services, but also on the effectivity and effectiveness of investment from public and business resources in favor of residents and community development.

The use of criteria to measure performance can simplify complex problems and help all participants of tourism understand them and find together areas for improvement. Having a consistent measurement system is not only an advantage for individual DMO, but also for public administration organizations that decide on the allocation of public finances. It is necessary to set a methodology based on current, measurable and objective data and uniform interpretation. This allows not only monitoring of performance indicators in individual destinations, but also benchmarking with other destinations.

The control unit of tourism in the defined destination is the organization of destination management. In a given destination, it represents a key entity formed for more efficient tourism. Its task is to plan strategically and manage marketing activities on the basis of the principle of destination management in order to link the offer of destination with demand. The result is a sustainable and competitive development of a destination in which the needs of both visitors and participating entrepreneurs are satisfied and the quality of life of residents is increased.

Methods and procedures from the business environment can be used for DMO performance and its measurement. However, it is necessary to take into account the competencies that DMO has. Competencies arise from the legal form of DMO and legislation applicable to tourism management in individual countries.

The depth analysis of the performance of the destination is a prerequisite for effective tourism planning and for the effective use of available marketing means. Decisions on questions such as marketing strategy, market segmentation and product development should be based on a situational analysis of the destination. Deciding according to well-documented facts minimizes the risk of failed strategic decisions (Koutoulas, 2006)

## 4.3 Indicators

World and national organizations are engaged in measurement of performance in tourism. Below are sets of indicators compiled by UNWTO, OECD, European Commission, National Tourism Agency and research agency Katar. These indicators are used to monitor and evaluate sustainable development of destinations and their competitiveness. Most official indicators monitor the performance of the destination, few of them can be used to measure DMO performance.

### 4.3.1 OECD Indicators

OECD indicators are intended to measure the competitiveness of countries in the field of tourism. The created indicators system is divided into eleven areas - GDP creation, revenue from tourism, HUZ statistics, summary sums, tourism employment, tourism prices and purchasing power, visa policy, natural attractions and biodiversity, cultural attraction, Visitors' satisfaction, national strategic documents (Dupeyras, and others, 2013).

The key term “competitiveness” was defined by experts as “the ability to optimize its attractiveness for residents and non-residents, to bring quality, innovative and attractive (eg price - performance) service and gain share in the domestic and foreign market while ensuring effective condition and sustainable use of available resources.”

#### **The indicators are to allow Member States and partner countries to:**<sup>(1)</sup>

- Better understand the challenges in competitiveness and thus provide the basis for a more informed public discussion. They can also influence political discussion over newly emerging topics from the perspective of competitiveness;
- to provide government and creators of politicians a more comprehensive overview of the performance of the industry and thus allow them to propose better policy and programs, play a leading role in managing the value chain of tourism and to support more efficient and efficient public expenses;
- to identify developments in tourism over time and on the basis of long-term strategic goals, identify the risks of the sectors in time;
- provide evidence of return on investment in tourism and cost efficiency (for tourism) within the portfolio of politicians and programs;
- Follow relative performance against key competitors over time.

#### **The indicators are clearly arranged in 3 sets:**

- Basic indicators of competitiveness,
- Supplementary indicators of competitiveness,
- Indicators of future development.

<sup>(1)</sup>DUPEYRAS, Alain a Neill MACCALLUM. Indicators for Measuring Competitiveness in Tourism: A Guidance Document”. OECD Tourism Papers, 2013, 2013/02. ISSN 2307-1672 (online). Dostupné také z: <http://dx.doi.org/10.1787/5k47t9q2t923-en>

**Tab. 4.2 Basic Competitiveness Indicators according to OECD (2013)**

Category of indicator	Indicator	Notes
Performance of tourism and its impacts	Direct Tourism proportion of GDP creation	The most important indicator with the greatest informative value for the entire sector
	Revenue from the incoming tourism converted to the visitor according to the source market	
	Number of overnight stays in all types of accommodation capacities	Emphasis on measurement of unregistered and private providers of accommodation. Only if this number is not detectable, we have to settle for the statistics of overnight stays in mass accommodation facilities.
	Export of tourism services	Comparison of tourism with other export sectors of the economy. The challenge is to collect detailed data for individual sub-sectors of tourism
The ability of a destination to create and offer quality and competitive services	Work productivity in tourism services	
	Parity of purchasing power and price level in tourism	
	Visa conditions	Measurement of the conditions of obtaining tourist visas and the number of visa issued
Attractivity of destination	Natural resources and biodiversity	Measurement of the number of existing nature reserves or parks
	Culture and creativity	Measured by the number of attractiveness related to culture and creativity
	Spokojenost návštěvníků	
The policy of tourism and economic opportunities	(Existence and) fulfillment of the objectives of the national action plans of tourism development	

*Source: own elaboration according to: DUPEYRAS, Alain a Neill MACCALLUM. Indicators for Measuring Competitiveness in Tourism: A Guidance Document". OECD Tourism Papers, 2013, 2013/02. ISSN 2307-1672 (online). Reachable also at: <http://dx.doi.org/10.1787/5k47t9q2t923-en>*

Unlike clearly defined and quantifiable economic indicators, indicators for the evaluation of attractiveness in this set are determined only quantitatively. When interpreted, it is necessary to combine basic indicators with additional, especially with the indicator monitoring the ability of the destination to create a competitive offer. The emphasis on culture and creativity is sympathetic, but the principle of creative industries is quite quantified. Obviously, the destination with a multiple number of events organized will be more attractive. In the case of comparable numbers, quality is decisive. The list of protected areas is not a completely meaningful indication of biodiversity.

**Tab. 4.3 Additional indicators of competitiveness according to OECD (2013).**

Category of indicator	Indicator	Notes
Performance of tourism and its impacts	Market diversification, emphasis on growing markets	Country with greater diversification and emphasis on growing tourism segments achieve better results
The ability of a destination to create and offer quality and competitive services	Employment in tourism by age, education achieved and the type of contract	Competitiveness depends on whether the destinations can attract, raise and keep talented people
	Consumer price index	
	Air connection and intermodality	For example, the flight time from the main target countries and the number of arrivals are monitored
Attractivity of destination	OECD Better Life Index	

Source: Own elaboration according to: DUPEYRAS, Alain a Neill MACCALLUM. *Indicators for Measuring Competitiveness in Tourism: A Guidance Document*". OECD Tourism Papers, 2013, 2013/02. ISSN 2307-1672 (online). Accessible as well from: <http://dx.doi.org/10.1787/5k47t9q2t923-en>

**Tab. 4.4 Indicators of future development according to OECD (2013)**

Category of indicators	Indicator	Notes
The ability of a destination to create and offer quality and competitive services	Budget amount reserved for tourism	Government investment in tourism per capita
	The degree of "mortality" of companies	
The policy of tourism and economic opportunities	Using e-tourism and other innovations	
	The structure of the supplier chain in tourism	

Source: Own elaboration according to: DUPEYRAS, Alain a Neill MACCALLUM. *Indicators for Measuring Competitiveness in Tourism: A Guidance Document*". OECD Tourism Papers, 2013, 2013/02. ISSN 2307-1672 (online). Accessible as well from: <http://dx.doi.org/10.1787/5k47t9q2t923-en>

The unambiguous advantage of this set of indicators is its brevity and careful selection of indicators that are relevant. Emphasis is placed on the effectivity and effectiveness of individual measures for national tourism policy.

#### 4.3.2 Indicators UNWTO

UNWTO indicators (2004) for sustainable tourism development in destinations are the largest of the documents on the measurement of performance in tourism. They are so specific that it is difficult to decide whether individual indicators monitor the performance of the destination or DMO. The

selection of indicators for DMO performance depends mainly on the specific situation and goals monitored by DMO. In Table 13, one chapter is summarized, which is devoted to management and planning in the destination and directly follows the activities of DMO. In this chapter UNWTO lists a total of 24 indicators that divide into 14 areas. Of these 14 areas, nine DMO performance can be attributed based on the knowledge acquired from the analysis. Table 13 summarizes the indicators from the nine areas. (UNWTO, 2004).

**Tab. 4.5 Selected indicators UNWTO**

Quality of product	Visitors' satisfaction, a relative number of returning visitors
Existence of the strategic plan	Existence/ preparation of a strategic plan
Costs of strategic plan	A budget to create a plan Budget/Expenditure for Research and Formulation Budget/expenditure for implementation of plan Budget/expenditure for consultation and public participation Number of employees needed to create a plan
Evaluation of impact	The existence of an assessment of the impact of tourism on the environment Number of recommended activities for breaking down the negative impacts of tourism in a strategic plan
Participation of public	The degree of participation of stakeholders on a strategic plan The degree of participation of stakeholders to implement a strategic plan
Monitoring	Including performance indicators in a strategic plan A relative number of filled targets A relative number of implemented activities in environmental, cultural and social areas
Monitoring of tourism sustainability	Including of sustainable tourism indicators in a strategic document
Public sector and tourism	A relative number of public administration employees with training in tourism. The degree of participation of the public sector in the development of tourism
Cooperation of private sector subject	Relative number of tourism managers with environmental training. A relative number of HUZ with an environmental strategy

Source: own elaboration on base of UNWTO, 2004.

#### 4.3.3 Indicators ETIS

Indicators of the European Commission were created to ensure sustainable tourism management in European destinations and ensuring their competitiveness. Thanks to the monitoring of these indicators, destinations should be aimed at developing, in which visitors, entrepreneurs and residents will be satisfied. The indicators are divided into five sections and then further on basic and optional indicators. Individual sections are - management of destination, economic value, social and cultural impact and environmental impact (DG for businesses and industry, 2013).

ETIS indicators are based on the principles of sustainable development anchored in 1992 in the Declaration of Rio de Janeiro and are significantly focused on the social and environmental development pillar. Already in the preface of the pilot document, it is explained that sustainability is a necessary condition for competitiveness, as the quality of destinations depends on the natural and cultural environment and the importance of destination for the local community.

The indicators were voluntarily (and successfully) implemented in more than 100 destinations in the EU and outside its territory. The results of six case studies are available (Barcelona - Spain, Danube - Bulgaria, Italy, Milan - Italy, Montenegro, Slovenia).

In April 2016, not only innovated indicators were introduced but also announced Accessible Tourism Awards for sustainable and responsible destinations.<sup>5</sup>

**Tab. 4.6 Basic indicators ETIS (2016)**

Criterion	No.	Indicator
A. 1 The policy of the sustainability of tourism	A. 1.1	The share of employers/ other actors in a destination with voluntary environmental/quality/sustainability certificate/ quality/ sustainability certificate and/ or CSR certificate
A. 2 Customer satisfaction	A. 2.1	The share of tourists and one-day visitors satisfied with destination experience
	A. 2.2	The share of repeated visits/returning visitors (in 5 years)
B. 1 <i>Tourism flow</i> The volume and value of the flow of tourists in the destination	B. 1.1	Number of overnight stays per month
	B. 1.2	Number of one -day visitors per month
	B. 1.3	A relative share of tourism in GDP destination
	B. 1.4	Daily Expenditure of Tourists (overnights)
	B. 1.5	Daily expenditure of one -day visitors
B. 2 Performance of entrepreneurs in tourism	B. 2.1	Average length of stay (the number of nights)
	B. 2.2	Occupancy of commercial accommodation facilities (for each month, average per year)
B. 3 Employment (quantity, quality )	B. 3.1	Share of direct employment in tourism in total employment in the destination
	B. 3.2	The share of seasonal workers in tourism
B. 4 Supply chain in tourism	B. 4.1	The share of local food, drinks, goods and services that arose due to the needs of entrepreneurs in tourism
C. 1 Impact on community/ society	C. 1.1	Number of tourists/visitors per 100 residents
	C. 1.2	Share of residents who are satisfied with tourism in the destination (per month/season)
	C. 1.3	Number of beds available in commercial accommodation facilities per 100 residents
	C. 1.4	Number of objects of the second housing per 100 houses

<sup>5</sup> The overall winner was the organization "Visit South Sardinia", awarded the destination management Barcelona, set Indicators used on Croatian island of Mali Lošinj and Brittany destination in France. For more, see South Sardinia and Barcelona Win Top Prizes at the First Etis and Accessible Tourism Awards. Growth - European Commission – News

Criterion	No.	Indicator
C. 2 - Health & safety	C. 2.1	Percentage of tourists who officially turned to the police <sup>6</sup>
C. 3 - Gender equality	C. 3.1	Share of women and men employed in tourism
	C. 3.2	The share of enterprises in tourism whose highest managerial position is held by a woman
C. 4 - Inclusion/ accessibility	C. 4.1	Share of wheelchair accessible rooms in commercial accommodation facilities
	C. 4.2	The share of accommodation facilities involved in recognized systems (schemes) barrier -free
	C. 4.3	Share of barrier -free public transport
	C. 4.4	Share of barrier -accessible tourist attractions
C. 5 - The protection and development of cultural heritage, monuments and local identity	C. 5.1	The share of residents satisfied with the impact of tourism on the identity of the destination
	C. 5.2	The share of events focused on traditional/local culture and cultural heritage
D. Elimination of impact of transportation	D. 1.1	Shares of tourists and one -day visitors according to the types of transport used to arrive in the destination
	D. 1.2	The share of tourists and one -day visitors using public transport/soft mobility destination
	D. 1.3	The average distance that tourists/ one -day visitors travel on their way from home to destination
	D. 1.4	Average carbon footprint of tourists and one -day passenger visitors from home to destination
D. 2 Climate changes	D. 2.1	The share of entrepreneurs in tourism involved in the projects of mitigating the impact of climate change (credits for compensation of CO2 emissions, low -energy systems, etc.) and reactions and steps to adapt climate change
	D. 2.2	The share of accommodation facilities and attractions in "endangered zones" <sup>7</sup>
D. 3 Solid waste management	D. 3.1	Waste production on a tourist and night compared to the total waste production per resident (in kg)
	D. 3.2	Share of entrepreneurs in tourism who recycle waste (depending on the types of waste)
	D. 3.3	The share of recycled waste per tourist compared to the amount of waste recycled 1 resident (annually)

<sup>6</sup>"The sustainable destination is obliged to take adequate steps towards its visitors to ensure a safe and healthy environment for spending their holidays. This means monitoring the degree of crime committed on tourists as well as the level of crime committed by tourists to ensure that tourism will not lead to an increase in crime that will have a negative impact on the local population will bring additional costs and negatively affect the reputation Destination. "See the European Union. *European Tourism System: A set of tools for sustainable destinations. 2013.* Also available from: <http://ec.europa.eu/docsroom/documents/21749>

<sup>7</sup>„Condition where the area is exposed to specific danger or threats such as drought, floods, thunderstorms, torrential rains, avalanches, tornadoes, hurricanes/cyclones, volcanic eruptions, earthquakes, heat or landslides, or sensitive to these threats. ". *The European Union, the European system of tourism indicators: a set of tools for sustainable destinations. 2013.* Also available from: <http://ec.europa.eu/docsroom/documents/21749>

Criterion	No.	Indicator
D. 4 - Wastewater treatment	D. 4.1	Wastewater share discharged in a destination that has undergone at least secondary cleaning
D. 5 - Drinking water management	D. 5.1	Water consumption per tourist and night compared to consumption per resident and night
	D. 5.2	The share of entrepreneurs in tourism seeking to reduce drinking water consumption
	D. 5.3	The share of entrepreneurs in tourism using secondary (gray) water
D. 6 Energy consumption	D. 6.1	Energy consumption on tourist and night compared to energy consumption on resident and night
	D. 6.2	The share of entrepreneurs in the sectors who have taken measures to reduce energy consumption
	D. 6.3	Annual amount of energy consumed from renewable sources (MWh) as a percentage of total energy consumption
D. 7. Protection of landscape and biodiversity	D. 7.1	Share of entrepreneurs in the sectors who actively support biodiversity and landscape protection
D. 7. Protection of landscape and biodiversity	D. 7.1	Share of entrepreneurs in the sectors who actively support biodiversity and landscape protection

#### 4.3.4 Indicators for Kantar Marketing Activities

The research organization Kantar TNS Info Research Austria has been on the Austrian market since 1961 and is one of the most famous research organizations in Austria (Kantar Info Research Austria, 2019). Tables X to X summarize DMO performance indicators with this company.

**Table 4.7 Offline marketing activities indicators**

Activity	Indicator
Promotion in offline media	Relative range (efficiency of selected campaign - increase interest)
Billboards, posters	Relative outreach (sometimes efficiency of selected campaign - increase interest)
Post	Relative range, response rate
Press, PR	The cost of the medium
Fairs	Participation, acquired knowledge, obtained data on potential customers
Promotional brochures, leaflets	The degree of expansion, interest
Tic	Amount of visitors, satisfaction

Source: own elaboration with use of TNS, 2012.

**Table 4.8 Online marketing activities indicators**

Film	Coverage in the press, growing interest, growing awareness
Mobile application	Number of download/number of users
Site	Number of visitors, number of downloads, previews
Direct email	Number of customers, response rate (number of clicks through mail)
Radio	Relative reach, efficiency
TV	Relative reach, efficiency
Internet	Visitors, a degree of click
Press/PR	Visitors, the cost of the medium
Social media	Facebook (number of fans, likes, posts)

Source: own elaboration with use of TNS, 2012.

**Table 4.9 Indicators for digital marketing**

"Do people know about us?"	"What do they do to find us?"	"How do they feel about us?"
<b>Awareness</b>	<b>Action</b>	<b>Interest</b>
<ul style="list-style-type: none"> <li>- Number of web visits</li> <li>- Spent time</li> <li>- Seen pages</li> <li>- Searched words</li> <li>- Degree of the click</li> <li>- Degree of immediate leaving (bounce rate)</li> </ul>	<ul style="list-style-type: none"> <li>- Brochures</li> <li>- Registration</li> <li>- bookmarking</li> <li>- Search for product</li> <li>- Watch video</li> <li>- Gallery previews</li> <li>- The number of downloads</li> </ul>	<ul style="list-style-type: none"> <li>- An expression of opinion</li> <li>- Comments</li> <li>- Posts</li> <li>- Sharing of content</li> <li>- Posts on other sites</li> </ul>

Source of table: own elaboration with use TNS, 2012.

**Table 4.10 Indicators in event area**

Conference	Participants, satisfaction
Sponsorship/event support	Participants, media coverage
Event marketing	Traffic, feedback, media coverage, ATL, BTL, online

Source of table: own elaboration with use TNS, 2012.

**Table 4.11 Indicators in bussines activities area**

Fairs	Number of visitors, satisfaction
Sales Support B2B	Agreements, contracts, response rate
The support of events	Participation, Media Coverage
Education in the destination	Participants, the level of withdrawal, the degree of completion
Telephone sales calls, specific meetings	Number of contacted people, gained information, contacts, contracts, agreements
FAM tripy	Participants, subsequent evaluation of the questionnaire

Source of table: own elaboration with use TNS, 2012.

**Table 4.12 Indicators in MICE area**

Advertisement	percentual reach, extension level, visitors B2B web, click
DVDS/VDOS/CD-ROMS	Distribution
Fairs	Visitors, exhibitors and sellers, obtained data on potential customers, meetings and satisfaction
Brochures, leaflets	Distribution and % rate of communication
Vs and pr	Costs of medium, % rate of communication, the number of events planned, the number of participants
Sales support	Obtained number of partners/ customers/ contacts and information
Ambassador program	Applications, members, generated visitors, the number of overnight stays - generated directly through the ambassador (click through his website/ advertising, etc.)
Support of MICE events	Participants, events, macroeconomic return

Source of table: own elaboration with use TNS, 2012

#### 4.3.5 Indicators of national tourism agency in CR

Another source of indicator system may be the national tourism organization. The table below summarizes the example of indicators recommended by the national tourism organization.

**Tab. 4.13 Selected indicators of national DMO**

National DMO	DMO expenditure on tourism development in destination...
	Number of FTE realizing DMO activities
	DMO revenue in total and in structure
	DMO membership fees
	Number of partners
	Partners' satisfaction B2B
	Analysis of benefits from DMO activity
	Visit rate of the websites of destinations and social networks
	Outreach of other communication channels (participation in trade fairs, press and FAM trips)
	Evaluation of realized campaigns

Source: Czech system of services quality, 2018

#### 4.3.5 Methodology of creation of 3E indicators according to Cheng et al. (2009):

3E methodology for creating performance indicators in public sector organizations according to Cheng et al. (2009) brings a system to create indicators for individual activities of the organization. By means of clarifying the mission of the organization and the division of individual activities into key activities according to the questions HOW and WHY, it is possible, using this system, to create indicators for any activity. The advantage of this procedure is that it is unpretentious to data that are often difficult to access or unavailable in the area of tourism, especially at regional and local levels. Using your own indicators, the system can be set by drawing from the data that are available or easily obtained for the organization of destination management.

### **Methodology for creating a system of 3E indicators according to Cheng et al. (2009):**

The basis of the method is a constant answer to the questions: What to do? Why do it? And how should it be done?

#### **The proposed procedure has five steps:**

1. Determining an organization mission
2. For each key activity must be defined: WHAT is to be done, WHY should it be done
3. Dividing key activities into partial activities that will lead to fulfill the meaning of the whole activity - ie HOW to do it. (It may differ from current processes in the organization. The consent of all stakeholders must be included).
4. It often happens that activities are very general and it is not clear how to create indicators. In this case, the activities must be further divided into partial activities (steps 2 and 3) until the indicators are clear.
5. Finally, the whole system of indicators for individual activities in the organization and individual "E" (economy, efficiency, efficiency) will be created.

The methodology of creating indicators has several steps in which the character of the monitored organization and its superior organization is defined. The output of this step is answers to questions what, why and how both organizations do. Furthermore, the key activities of the organization are defined, which can be re-evaluated, for example, by comparing with the best practice examples or with theoretical recommendations. For changes in managerial procedures, the consent of all stakeholders of the organization is required. If there are changes, it is likely that for the indicators created in the next step would not be available data. The indicators would then be applicable only in the period of new procedures.

#### **Using Methodology for Analysis Existing DMO Strategy**

1. Destination analysis
  - Basic analysis of destination and DMO, which makes it easier to understand the environment in which the DMO resembles.
2. Determining and analyzing the mission and vision of DMO and its superior organization (answer to the question "what")
  - Determination of mission and key activities of superior organizations
  - Determination of mission and global goal of DMO and evaluation of their relevance and continuity with respect to the superior organization
3. Analysis of key activities DMO (answer to the question "how")
  - Analysis of the connection of key activities for vision, mission and global target DMO
  - Analysis of key activities can be done eg by comparing with the best practice or verified theoretical recommendations
4. Determination and analysis of other DMO activities
5. Determination of a system of indicators with the help of existing indicators and self-development systems and their comparison with the current DMO indicators
  - In this step, a system of indicators can be determined based on the results of previous steps

- According to the method, the indicators can be divided according to 3E
- By questioning DMO, you can verify that the created indicators are monitored or are able to track them
- Based on the evaluation of indicators, it is possible to determine whether the DMO processes work according to the principle of 3E
- Based on the method, the meaningfulness of processes and managerial systems in DMO can be verified, or recommended new

#### **Task 4.1 System from Cheng et al.**

1. Choose regional (not private) DMO for analysis
2. Determine the superior subject of the selected DMO (DMO founder)
3. Determine the vision/ global goal of a superior entity (the answer to the question “what” does this organization - you can find the answer directly in the law that allows public organizations the purpose of functioning)
4. Determine "How" a superior organization fulfills its global goal (you can also find the law) - what organization does the competencies have?
5. Determine “Why” a superior organization fulfills its own vision/ global goal? (You can also find in the law, look for some global national goal that is superior to all public institutions)
6. Now repeat the procedure with the selected DMO. Use the information you have obtained about the superior organization and examine their link to the answers you get to the selected DMO. Does DMO activity make sense within the superior organization?
7. Determine the global goal/ vision of DMO - answer to the question “what” this organization does or where is heading.
8. Determine “How” DMO fulfills its own global goal/ vision. This can be defined in an organization mission or more specifically in an action plan or strategy. (Specific activities of the organization).
9. Determine “Why” DMO fulfills its function. On this level, this is a higher, general objective on the basis of which DMO was established as a public institution.
10. Return to the "How" level and look at all the announced activities. If the activities are very general, continue with the method WHAT – WHY - HOW with every one activity until they are sufficiently specific.
11. As soon as individual activities are specified, assign to them the indicators from the mentioned indicator systems or create them yourself.
12. Analyze the activities system by benchmarking or comparing with verified theoretical recommendations.
13. Divide the selected indicators according to the principle 3E into indicators to investigate the effectiveness, efficiency and economy.

#### **Task 4.2 See how the following indicators can be used to evaluate your region:**

1. OECD indicators
2. UNWTO indicators
3. ETIS indicators
4. Indicators for Kantar Marketing Activities

## CHAPTER 5 – 3E Model

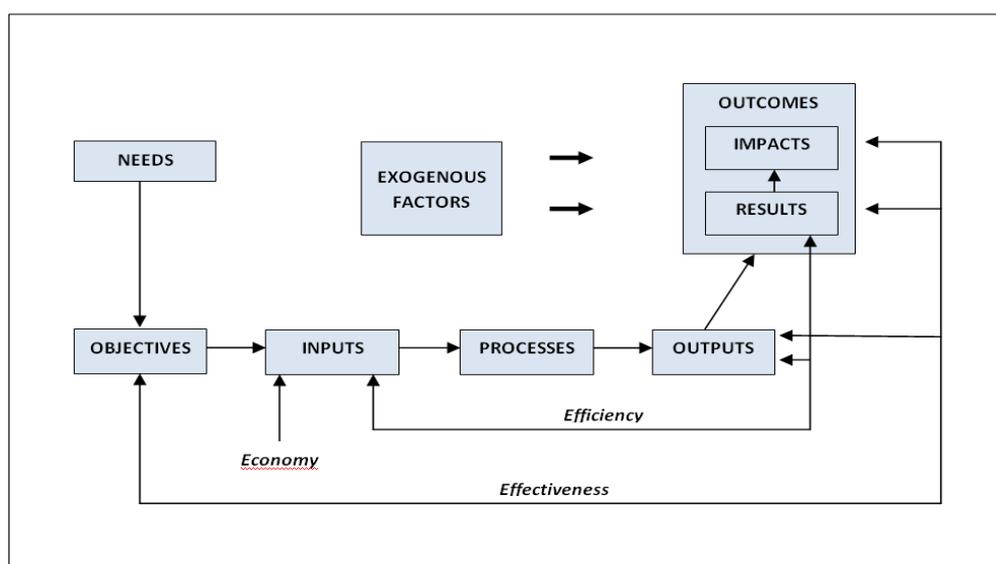
During the performance of most of the activities we normally deal with in our lives, we usually strive to spend an adequate amount of both our physical and mental energy and time. Our efforts for overall efficiency include the interest of doing meaningful things that bring us closer to the goals, and the interest in doing the things meaningfully, ie usually as simple as possible, with the least exertion, as much effect as possible, etc.

### 5.1 Principles of 3E model

Although the mechanisms described above are manifested in most areas of human activity, they are absolutely crucial from the point of view of the organization and management of economic activities. It is these activities of business-oriented activities that should, if successful, meet the conditions of model 3E, ie these principles:

- **Effectiveness** - as the ability to produce the desired benefit, ie fulfill its purpose, achieve the set goals, create a desirable effect (product); Fulfillment of this condition means that the activity or the whole organization does not produce unnecessary, undetected or unimportant products or other "non-utterances"
- **Efficiency** (also effectivity or productivity) - expressing the ability of the inserted resources to benefit; It is desirable to use the inputs (resources), which at the specified time achieves maximum benefit in the form of the volume and quality of the outputs.
- **Economy** - indicating an effort to prevent unnecessary waste, especially by funds; The fulfillment of the economy condition is possible both in the form of achieved output for minimizing the costs of inputs, as well as in the form of maximization of the outputs at the determined amount of input costs.

Fig 5.1: Scheme of 3E Principle (Effectiveness - Efficiency - Economy)



Source: European Court of Auditors; Performance Audit Manual 2015 (cit. 16-12-09). Dostupné z: [http://www.eca.europa.eu/Lists/ECADocuments/PERF\\_AUDIT\\_MANUAL/PERF\\_AUDIT\\_MANUAL\\_EN.PDF](http://www.eca.europa.eu/Lists/ECADocuments/PERF_AUDIT_MANUAL/PERF_AUDIT_MANUAL_EN.PDF)

Although the approach (also the model) "3E" is more frequently mentioned since the 1960s, its foundation in the form of individual principles undoubtedly originated earlier. E.g. Already in 1951, on the basis of the Directive of the Ministry of Defense of the United States of America, the "UNITED STATES NAVY" Program was launched, the task of which was to achieve and maintain maximum effectiveness and efficiency ("Effectiveness, Efficiency and Economy") grades of the organization (*see Davis, 1955*).

In terms of theoretical, the individual principles were mentioned mainly in connection with audit activities, including, in addition to their own audits, accountants' audits also audits and quality of management (*see eg Morse, 1961, etc.*).

In the wider concept, the principles of 3e were mainly devoted to the well-known economist and theorist of the management of Austrian origin Peter F. Drucker, who in 1967 described two of the above conditions and in the form of simplifying the proportions:

**Effectiveness:** "...doing the right things";

**Efficiency:** "... doing the things right"

(*Drucker, 2008*).

The term "efficiency" is most often related to the concept of "Economic Efficiency", an umbrella term for other types of efficiency: allocation efficiency, technical efficiency and efficiency from the extent. (Steering Committee, 1997).

The allocation efficiency measures the decision-making capacity of DMU (Decision Making Unit) to realize the desired output level with minimal possible costs.

Technical efficiency means the ability to prevent loss of maximizing the outputs at a given amount of inputs, or minimizing the inputs at a specified amount of outputs. It is the ability to find the best solution by combining inputs and outputs.

The efficiency from the range measures the ability to achieve the optimum amount of outputs that will minimize losses caused by other than the optimal output range.

In the 1970s - 1980s, the Access 3E was more often associated with decision-making in the public sector, in connection with the activities of regional and local authorities and public services (*see eg Newland, 1976; Tomkins, 1987, etc.*).

Interest in the approach of 3Es has increased fundamentally in the 1990s in connection with the emergence of a new concept of management, especially public services, the so-called New Public Management (NPM). This concept introduced the principles of public administration and public services to the establishment of solely in the business sphere, emphasized, monitoring and evaluating measurable goals, using controlling tools, implemented the element of the competition in public services and becoming significantly orientated On clients, especially citizens. (Hood, 1995).

In the case of the public sector, we encounter the term "social efficiency", which can be understood as a setting of such goals of public programs whose level of fulfillment corresponds to the social benefit and satisfaction of the user (Hedley, 1998). The problem is the confusion and incompleteness of the targets that the public sector is to achieve. Another problem is the lower

motivation of the public sector to effectively manage costs. In this context, Liebstein (1966) defined the term X -fficiency (efficiency x), which means inefficiency.

Numerous 3E access applications have also led to the efforts to further elaborate and expand any further principles (other "e"), for example:

- "Equity" / "Equality" (justice, equal access to the assessed entities),
- "Ethics" (ethical approach)
- "Ecology" / "Environment" (environmentally friendly).

Alternative and parallel approaches in the form of the so-called 3-E-conception, the Input, Output, Outcomes (IOO) and many others were created. (Springer Gabler, 2016)

In connection with the application to the public administration and services environment, the individual principles of 3e became more and more often part of binding methodological instructions and legislative standards, so emphasis was placed on their uniform interpretation and application in practice.

In this case, the initiative was taken over mainly by the organization for Economic Co-Operation and Development (OECD), which through its Directorate for Co-Operation Director, DCD), Dac) initiated the processing of a number of language variants of "vocabulary of key concepts in the field of evaluation and the results of oriented proceedings" (OECD, 2009).

The definitions of terms used within the "3E" approach are also listed in the documents of the International Organization of Chief Accounting and Audit Institutions (International Organization of Supreme Audit Institutions, INTOSAI), which acts as an umbrella organization for national institutes authorized for financial control of public finances. INTOSAI was founded in 1953 as a non -state non -political independent organization with special status associated with the Economic and Social Council of the United Nations (Economic and Social Council, ECOSOC). Currently, it has 194 regular and 5 other associated members, its Secretariat is located in Vienna at the Austrian Accounting Court (INTOSAI, 2016). Its mission is the development of knowledge in the areas of financial control of public finances, management and evaluation of public organizations and projects, creating the necessary framework for effective implementation of these activities and promoting the spread of knowledge and experience in these areas.

The terms "Effectiveness - Efficiency - Economy" defines the document "Issai 300: Basic Principles of Performance Audit", prepared by the Committee on Professional Standards Intosai (Professional Standards Committee, PSC). The individual principles of the 3E approach are conceived as a very basic, inviolable principles for the implementation of the performance of organizations and projects funded or co -financed by public funds.

The principle of effectiveness focuses on the fulfillment of the set goals and achieve the intended results. The principle of efficiency monitors the level of inputs in relation to the outputs and benefits. The principle of economy is aimed at minimizing resource costs (Intosai-PSc, 2016).

Another important institution that also works in its documents with the definitions of individual terms used within the 3E access is the European Court of Auditors (ECA). ECA is one of the European Union bodies, its role is to act as an independent audit institution, to control both the spending and the factual use of EU funds and thus contribute to the improvement of the European Union financial management (ECA, 2016).

The European Accounting Court explicitly mentions the principles of 3E in the methodological document "Manual for Audit 2015", which is available on the ECA website available in all language mutations (in the English version "Performance Audit Manual 2015". Individual principles 3e in access to audit of performance in the concept of the European Court.

In the English language version, the 3E conditions are listed in their known standard form "Effectiveness - Efficiency - Economy" and are defined as follows (ECA (1), 2015):

- **EFFECTIVENESS:** To achieve set intentions and goals in the form of desired outputs, results and final impacts;
- **EFFICIENCY:** Maximize the productivity of the sources used, ie to achieve the greatest volume and the best quality of outputs and then the results as their benefits;
- **ECONOMY:** to spend the lowest possible costs to achieve the set goals as possible, if possible and effective, and using tools based on public tender.
- 

The document also includes very clear schemes clarifying the links between individual defined conditions of access 3E access and other terms used such as inputs, outputs, results, impacts, etc. (see above, Fig. 5.1).

## 5.2 Case Study

In the Czech Republic, the definitions of 3E principles in the form of "economy", "efficiency" and "effectiveness" are listed in Act No. 320/2001 Coll., On financial control in public administration and on amendments to certain Acts (Financial Control Act), in a valid wording.

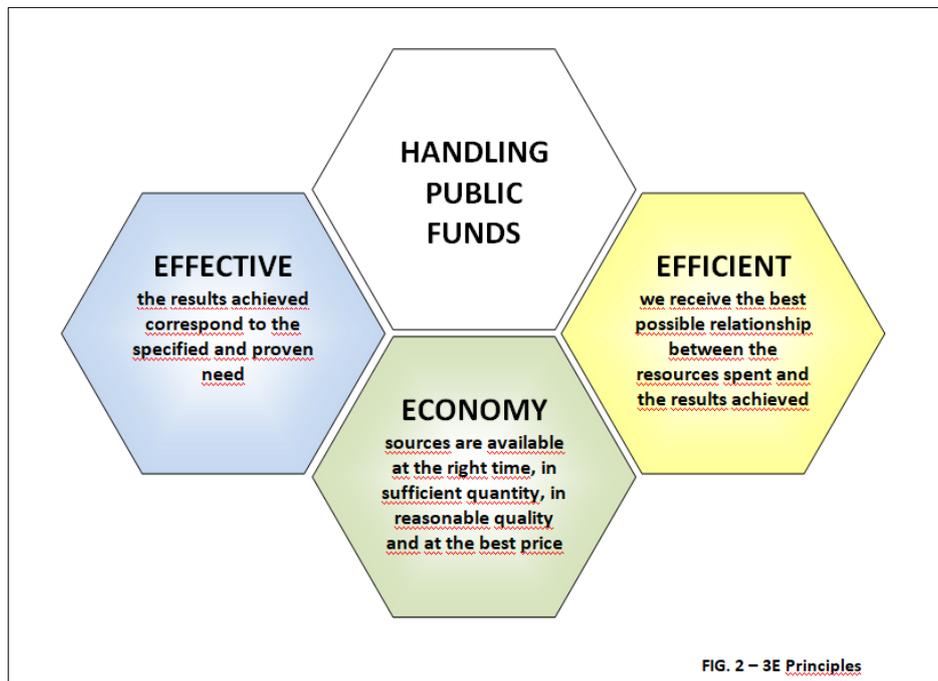
At the same time, the Act on Financial Control in its §2, point. m) to o) it declares that for its purposes it means (Czech Republic, 2001):

- m) Economy of such use of public funds to ensure the specified tasks with the lowest possible exquisite of these funds, while following the appropriate quality of the tasks,
- n) Efficiency of such use of public funds that achieve the highest range, quality and benefit of tasks compared to the volume of resources spent on their performance,
- (o) Effectiveness of such use of public funds that ensure the optimal level of achievement of objectives in the fulfillment of the tasks.

In §4, paragraph 1, point. d) of the law of the Act states that the main objectives include, inter alia, to examine the economical, effective and efficient performance of public administration, and other provisions of §2 show that not only public administration authorities, but also legal or natural persons as applicants or recipient of public financial support, are the examined person (Czech Republic, 2001).

On July 7, 2016, the Government of the Czech Republic by its Resolution No. 620 approved the methodological instruction of the central harmonization unit of the Ministry of Finance of the Czech Republic No. 3 entitled "Methodology of Public Purchase: Fulfillment of Principles 3E in the practice of public procurement."

Fig. 5.2: Diagram of 3E principles in handling public funds



Source: Central harmonization unit. Ministry of Finance of the Czech Republic. Public shopping methodology. Fulfillment of the 3E principle in the practice of public shopping. Prague, 2016. Available from: <http://www.mfcr.cz/cs/legislativa/metodiky/2016/metodicky-pokyn-chj-c-3--metodika-verejn-25582>

### 5.3 Model 3E and its use in tourism, 3E evaluation framework in legislative context of European Union countries

The use of the 3E approach in tourism is described by the book "Tourism Economics and Policy" (Dwyer, Forsyth, Dwyer, 2010), which comprehensively processes the role of politics and public administration in tourism and other topics associated with tourism management. For the competitiveness of the destination, according to Dwyers and Forsyth, the following skills are key to the following:

- to deliver better goods and services than other destinations, work with course movements, productivity levels of different components in tourism and qualitative factors affecting attractiveness,
- Increasing the ability of basic stakeholders from the private and public sector to determine the key strengths and weaknesses of the destination from the visitor, to draw attention to the possibilities for the development of tourism and create strategies for the use of these opportunities, and also to identify possible threats for the future of tourism and face them.

The competitiveness of the destination are affected by economic, social, demographic, technological, ecological and political limits.

Indicators for tourism measurement in the destination The authors divide into quantitatively measurable (hard) and qualitatively examined (soft). Quantitative indicators include:

- Statistics of the number of visitors,
- expenditure of visitors,
- changes in the market share (numbers / expenditure),
- benefits of tourism within the economy,
- distribution of visitors' expenses according to the market of origin,
- investing in tourism,
- government support for tourism,
- price competitiveness indices.

The main qualitative indicators are:

- Friendliness and helpfulness of hosts or residents,
- the quality of the services,
- beauty of destination,
- safety perception.

The authors see the key problem assessing the destination in the fact that there is no one competitiveness index that would be applicable to both soft and hard factors. However, each of these indicators can be examined and its changes can be compared with the invested means and set goals.

The World Economic Forum (WEF) together with the World Tourism Organization (WTTC) have developed the so -called T&T Index (Travel & Tourism) consisting of objectively monitoring factors, which can be assessed by the attractiveness of tourism development in specific destinations. The index has three areas divided into 14 pillars.

### **1. T&T - regulatory framework**

Pillar 1: Political rules and regulations: foreign property prevalence, ownership rights, trade impacts on direct foreign investment rules; visa requirement; the openness of bilateral agreements on air transport, transparency of government policy creation, the time required to introduce business; the cost of establishing new businesses,

Pillar 2: Environmental Sustainability: Strictness of Environmental Regulation,

Environmental regulation, sustainability of tourism, industry development, reduction of carbon dioxide emissions, concentration of material particles, presence of endangered species, ratification of environmental contracts,

Pillar 3: Safety: Cost of Terrorism Risk, Reliability of Police Services, Crime and Violence Suppression Cost, Traffic accident

pillar 4: Health and hygiene: density of medical facilities and services, accessibility to high -quality sanitary facilities, access to drinking water,

Pillar 5: Preference Travel & Tourism: Government Priorities, Government Expenditures, Efficiency of Marketing and Branding, participation in fairs.

## **2. T&T – the environment and infrastructure of the bussines**

Pillar 6: Air Transport Infrastructure: Air Transport Infrastructure Quality,

Available number of seats, departures per 1000 inhabitants, maximum airport traffic density, number of airlines operated, relationship to international air network,

Pillar 7: Ground Transport Infrastructure - Road quality, Railway Infrastructure Quality, Harbor and Water Transport Infrastructure Quality, Domestic Transport Quality, Density of all transport networks,

Pillar 8: Infrastructure of tourism: hotel rooms, restaurants, car rentals, ATMs,

Pillar 9: Information and Communication Infrastructure Information and Communication Technology: WiFi Signal Coverage, Coverage by Telephone,

Pillar 10: Price competitiveness in T&T Industry: Price of admission and airport fees, parity of purchasing power, extent and efficiency of taxation, price levels of fuel.

## **3. T&T - Human, cultural and natural resources**

Pillar 11: Human Resources - Education and Development: Population Population by Education, Educational System Quality, Local Availability forces, prevalence of HIV, economic impacts of HIV / AIDS, life expectations,

Pillar 12: affinity in tourism: openness of residents to tourism, attitude of residents to tourists,

Pillar 13: Natural Resources: Number of UNESCO World Heritage Square, Number of Natural Areas - National Parks, Quality of Natural Environment, Total Number of Known species,

Pillar 14: Cultural Resources: Number of Historical Places of World Heritage UNESCO, Number, Size and Quality of Artistic events, Sports, Number, Size and Quality of Sports, Number of International Fairs and Exhibitions.

The dataset used to construct the TCI includes both hard data and data from the World Economic Forum's annual performance survey, and soft data from public opinion polls. They process respondents' reactions converted to numerical values 1 - 7. Each of the pillars is calculated as an unweighted average of the individual components. The sub-index of each of the areas is calculated as the average of the pillars, the overall index as the average of the three sub-indexes.

The authors of the book encourage destination management organizations to continuously analyze the index calculation procedures, which should consist of the following steps:

- developing strengths,
- elimination of weaknesses,
- watching opportunities,
- turning away threats,
- choosing a suitable strategy.

## Topic 5.1.

Show on the example of your region how you can use the 3E model (add description of the Methodology for Developing a #E Indicators System)

### Exam:

Prepare a presentation based on previous research in this course. The presentation can be prepared both individually and in a small group of no more than 3 people.

### Estimated:

- Completeness of collected material
- The quality of the research
- Well-chosen illustrative material
- Creatively presented information
- Links to all used sources

## CHAPTER 6 - Audit

ISO 19011:2018 defines an audit as a "systematic, independent and documented process for obtaining audit evidence [records, statements of fact or other information which are relevant and verifiable] and evaluating it objectively to determine the extent to which the audit criteria [a set of policies, procedures or requirements] are fulfilled."

An audit is defined as an official verification by an independent person. This may be, for example, an inspection or check of a process or system to ensure compliance with specified rules and requirements. An audit can cover the whole organisation, but also a function, process or production step. Some audits have a specific administrative purpose, such as checking documents, risks or monitoring the completion of corrective actions.

### 6.1 Three main types of audits:

**1. Process audit:** This type of audit verifies that processes are working within established limits. It evaluates an operation or method against predetermined instructions or standards to measure conformance to these standards and the effectiveness of the instructions. A process audit may:

- ✓ Check conformance to defined requirements such as time, accuracy, temperature, pressure, composition, responsiveness, amperage, and component mixture.
- ✓ Examine the resources (equipment, materials, people) applied to transform the inputs into outputs, the environment, the methods (procedures, instructions) followed, and the measures collected to determine process performance.
- ✓ Check the adequacy and effectiveness of the process controls established by procedures, work instructions, flowcharts, and training and process specifications.

**2. Product audit:** This type of audit is an examination of a particular product or service, such as hardware, processed material, or software, to evaluate whether it conforms to requirements (i.e., specifications, performance standards, and customer requirements).

**3. System audit:** An audit conducted on a management system. It can be described as a documented activity performed to verify, by examination and evaluation of objective evidence, that applicable elements of the system are appropriate and effective and have been developed, documented, and implemented in accordance and in conjunction with specified requirements.

- ✓ A quality management system audit evaluates an existing quality management program to determine its conformance to company policies, contract commitments, and regulatory requirements.
- ✓ Similarly, an environmental system audit examines an environmental management system, a food safety system audit examines a food safety management system, and safety system audits examine the safety management system.

Source: <https://asq.org/quality-resources/auditing>

## 6.2 Audit for Destination Management

When defining the audit in the European Model for Destination Management and Audit, we used the general definitions of three types of audit - process, system and product, which are listed as the main/essential ones in the literature and in practical guidelines for conducting audits. We have incorporated the 3E principle into the definitions, thereby broadening the view of auditing to include the principles of effectiveness and economy. Mostly only the efficiency view is presented, which is narrowed down and does not include all the criteria against which an audit should be conducted.

### 6.2.1 Procesní audit

A process is a set of interrelated or interacting activities that transform inputs into outputs. When identifying processes, it is necessary to define the inputs on the one hand and the outputs on the other and to describe the individual activities that take place within the process.

In the process approach, the role of the customer is important, which can be either an internal customer (colleague, supervisor, subordinate,...) or an external customer - a visitor to the destination, a supervisory authority of the public administration (grants, legislation). The process owner must first get to know the requirements of the process customer in order to define the activities within the process in an appropriate way, while defining the requirements for the inputs to the process.

This implies that a product realization process is unthinkable without a systematic investigation of customer requirements.

At the output of the product/product line implementation process, it is necessary to measure the level of satisfaction of customers/visitors and destination partners with the destination's products,

which is a key measurement process in the quality management system. Together with other types of measurement, it then provides information and data for continuous analysis, which enables DMO management to identify opportunities for continuous improvement projects in the management review process.

This type of audit therefore verifies that processes are operating within established limits. It evaluates an operation or method against predetermined guidelines or standards to measure compliance with those standards and the effectiveness of the guidelines. A process audit focuses on:

- checking compliance with the defined requirements for the processes defined to implement the strategy
- verification of the resources (potential, people, finance and destination partners) that have been used to convert inputs into outputs
- examination of the external and internal environment, the methods used (procedures, instructions) and evaluation of the performance of the whole process
- checking the outputs - tourism products against the criteria of a competitive tourism product

### **6.2.3 System audit - based on the tourism system**

A system audit is an audit carried out on the management system of a tourism destination. It can be described as a documented activity carried out to verify, examine and evaluate objective evidence that the applicable elements of the system are appropriate and effective and have been developed, documented and implemented in accordance with and in conjunction with specified requirements.

The aim of the DMO system audit is to verify the functionality of the DMO management system with regard to:

- requirements of relevant standards (e.g. DMO certification criteria, quality system, etc.)
- the efficiency, effectiveness and economy of the activities carried out
- standards and indicators for the sustainable and competitive development of the tourism destination

During the system audit, unless otherwise specified by the client, we choose a standard approach based on the examination of individual processes forming the management system.

### **6.2.3 Product audit**

A product audit consists of examining a specific product or service, such as a destination's core, ancillary and complementary product, to assess whether it meets the requirements for creating a competitive destination product.

The main criteria for product evaluation are to verify whether the product meets the defined specification throughout the implementation process (TPD) and sales process (sales promotion, sales) and especially the requirements of the customer/visitor of the tourism destination.

As public funds are always used to some non-negligible extent in the creation of a destination tourism product, initiators and creators must respect and apply the 3E principle:

E1 - cost-effectiveness (the costs of creating and implementing the product are not higher than the costs that are normal at the time and place)

E2 - efficiency (using available resources in the best possible way - i.e. quality assurance)

E3 - efficiency (achieving the objectives set)

The product audit is based on 6 basic components:

**Attractions - Accessibility - Ancillary Services - Amenities - Available Packages - Activities.**

According to Buhalis, these components have an impact on the competitiveness of the destination and the TPD audit should assess their involvement in the creation of the destination's core product.

## CHAPTER 7 - Tourism Learning Areas

As a support tool for European regions, the Tourism Learning Areas model (hereafter TLA) was created and tested in the practice of several regions, which uses a system model to connect a wide range of processes such as private business, politics, education and tourism. **TLA is trying to enable interest groups to become competitive partners that are able to keep up with the fast times, thanks to better cohesion and cooperation at all levels.**

The main goal of TLA is to show how important it is in the field of tourism, especially at the regional and local level, to constantly strive for the qualitative and quantitative improvement of the products and services provided and the performance of all persons interested in this sector. It emphasizes the interconnectedness and cooperation of interested parties within the region or a certain thematic unit. All participants should aim for one common goal and in the process transfer knowledge and experience to each other. This effort will lead to the improvement of the supply in the given area and its development and will bring an undoubted competitive advantage, which is especially necessary in today's globalized world, where markets are still responding to rapidly changing demand, the demand for knowledge is increasing and problems and opportunities are emerging faster than ever. another time.

### 7.1 What are "Learning areas"?

The term Learning Area was created on the basis of two terms - Learning Communities and Learning Region.

**A Learning Community** is a city or region that goes beyond its statutory duty to provide education and training to those who demand it and instead creates dynamic learning opportunities with active participant involvement and highlights how this can enhance the opportunities of all residents.

**A Learning Region** is a region that identifies and recognizes that education plays a key role in the development of basic prosperity, social stability and personal happiness and wisely and modernly mobilizes all its human, physical and financial resources to develop the human potential of all its inhabitants.

**The compilation of the TLA should therefore be understood as a well-organized management of tourism development at the regional level, a chance to create new job opportunities, environmental protection and socialization.** Marketing of tourism destinations is a starting necessity to capture the possibilities of the region, but TLA goes one step further – it supports the development of tourism by improving the services and performance of the region, looks to the future, and simplifies mutual cooperation and communication.

## 7.2 Theoretical basis of the term Learning Areas

When designing the TLA model, emphasis is placed on the difference between the concepts of education and learning:

**EDUCATION** = all intentional and systematic activities designed to fulfill knowledge needs

**LEARNING** = any improvement in behaviour, information, knowledge, understanding, values, attitudes and abilities

**AREA** means in our context a certain physical place, a territory, having its borders (administrative, territorial area or tourist destination); a certain area or topic (eg Wine Trails)

Two main areas of activities are defined for creating a TLA:

**FORMAL** - represented by a system of schools, vocational schools and universities, intended primarily for children and young people

**INFORMAL** - includes any organized educational activities inside and outside educational institutions designed for all ages

With the help of the TLA, the European Commission is trying to reach out and encourage people to act, especially those who are responsible for decision-making on tourism matters and those who will deal with the implementation and management of this new policy. However, people working in regional and local tourist centers and, last but not least, also individual consumers and the population of tourist regions should not be left out of interest.

TLA aims to maximize opportunities for further education within the territory or destination primarily by attending courses and drawing on past experience. By simulating and looking for the future opportunities of the region, one should define exactly what needs to be learned. This need should be known to the public, educational institutions and business sectors themselves.

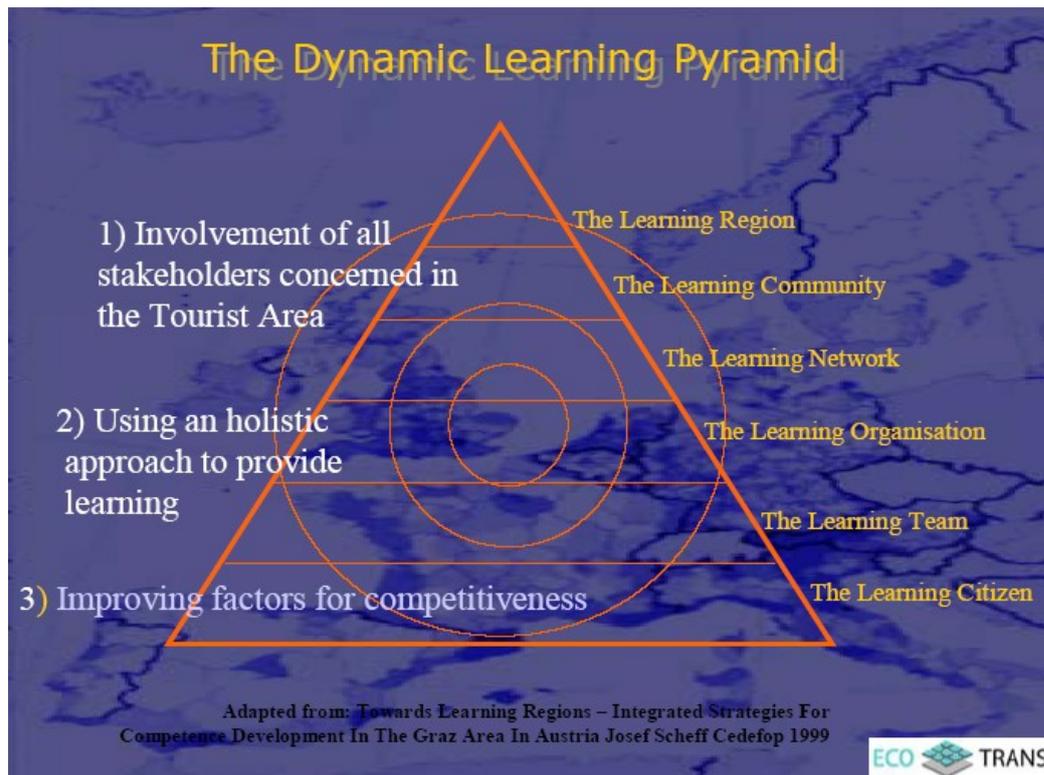
Learning takes place through a range of formal and informal processes and should be accessible to any age or interest group. In this scheme, both organizations and individuals form the demand side, which draws on knowledge and experience in order to later create a competitive advantage from these capabilities. Together they then create a learning area. Providers of the necessary education are educational institutions, trainers and consultants. They should have a deeper knowledge and understanding of the needs of the given region. The education of individual persons, organizations and the entire territory should take place in harmony with each other. This can be achieved by accurately identifying needs, bringing together people with common interests in a given industry or, for example, building a common regional infrastructure. It is important for organizations to become developing and learning organizations that will be aware of their current and future shortcomings in time and look for opportunities to eliminate them.

Among the basic knowledge that should be instilled in all subjects are: knowledge of written communication, the ability to form good interpersonal relationships, the ability to think critically, the ability to identify a problem and solve it, knowledge of working with information technology and, of course, language skills. Further education should include: management, marketing, accounting, finance, knowledge of law and economics, technical knowledge, understanding of the distribution system, geography and other peculiarities of the transport industry, especially for work in the hotel industry. These courses must be general but still provide education applicable to the tourism business.

An integral part of education is also experimental education, which develops knowledge of reality through practice. This is important for both industry and students. It has been found that employees in tourism often have problems bridging the gap between theory and practice, blaming it in part on the education system. Therefore, they should meet reality and learn to solve real problems in practice.

The last component of education should be interdisciplinary education that emphasizes the diversity of different population groups, cultural values, national understanding and social and environmental responsibility in international and global perspectives. This learning cycle must be accessible to all potential entrants and must be flexible enough to adapt to the rapidly changing knowledge-based economy that the economy of the European Union undoubtedly is.

Fig. 7.1 The Dynamic Learning Pyramid



Source: <https://destinet.eu/resources/...-various-target-groups/tourism-learning-area-toolkit/innovation-tourism-how-create-tourism-learning-area-handbook/download>

### 7.3 Realization

From the theoretical part, it is clear that the implementation of TLA requires the active involvement of all interested subjects, the so-called stakeholders. The basis is the creation of a network of multi-sectoral, multi-thematic and multi-level partnership relations between individual participants. Public institutions that have the power to make political and economic decisions play an important role in this process. However, we must also pay special attention to micro, small and medium-sized entrepreneurs, whose role in tourism is unquestionable.

In general, any area that considers itself a destination can apply for TLA registration. It is essential that the TLA be tied to a specific location or theme or a combination of both. The place can be a larger region, but also a destination of local importance, the topic must have a certain relationship to tourism (examples can be already implemented projects: local character of the Algarve region in Portugal; thematic character of the development of agritourism in the Netherlands, spa tourism in Hungary).

The first step towards the implementation of TLA is the preparation of a theoretical model that will represent the considered structure and organization of stakeholders within the unit. The model should be worked out in sufficient detail and contain time horizons for the fulfillment of individual goals, so that it is possible to proceed in the implementation phase according to it, and thus also enable retrospective control of the fulfillment of these goals. The model should also answer the

question of what benefit LA will have for the given region in terms of tourism. TLA should bring positive effects to each of the stakeholders involved.

The process of implementation itself, i.e. converting the model into reality, is divided into three basic phases – initiation, coordination and development.

### **I. phase - Initiation**

At the beginning, an initiator is needed to set the whole process in motion. His task is to understand the idea of the concept, prepare a presentation and determine the range of potentially interested persons or organizations in tourism in the given area and arouse their interest in participating in this project. At the beginning, the initiator must briefly analyze the potential of the future TLA (i.e. determine the scope, possibly the thematic focus of the destination; identify possible obstacles to development; find out the existence and functioning of the market and educational institutions and evaluate the importance of individual stakeholders for the given destination).

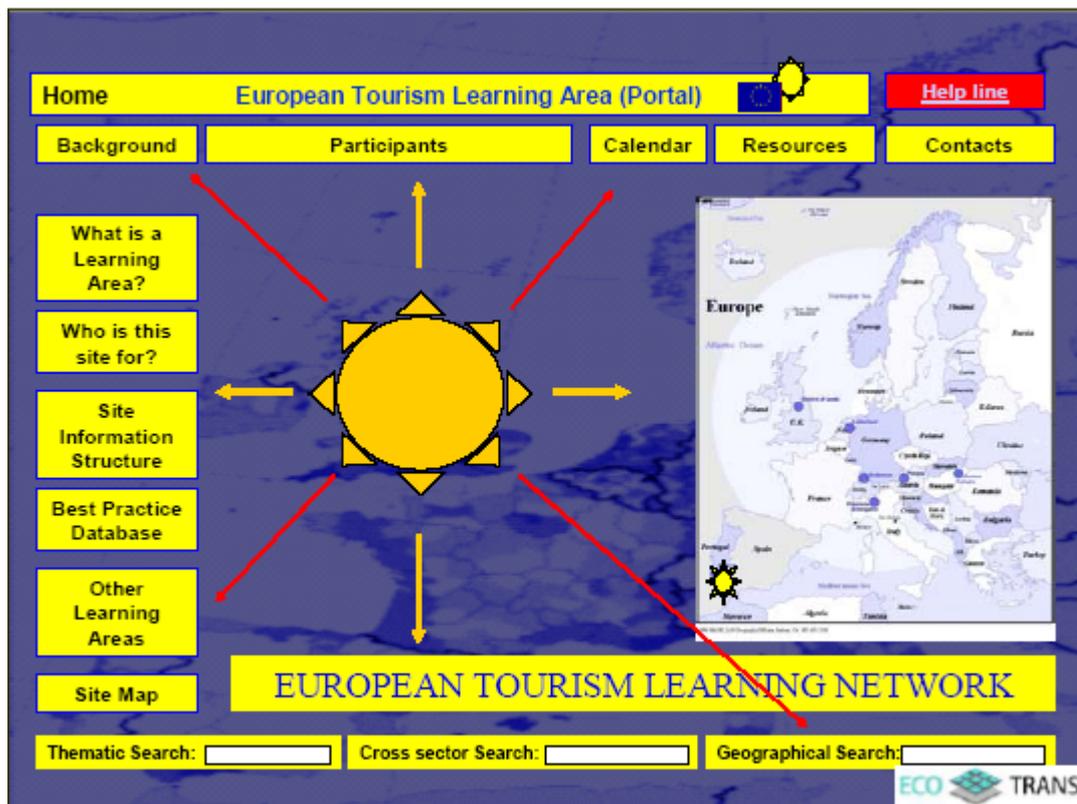
After the key stakeholders are informed about the starting process, the initiator needs to organize a work meeting to evaluate the current situation and create stronger ties for future cooperation. Here, an approximate plan of how the TLA will work should be developed and each of the participants should be aware of what obligations they will have towards this group.

In order for the relationship network to work really effectively, it is important to create a web portal where participants can "meet" and exchange information. The European Commission emphasizes the content side of the portal and the uniform appearance of all TLAs, so that it is clear from the first moment that the TLAs were based on a common idea.

Each of the stakeholders should actively participate in the operation of the portal and thus be both a client and a provider of information at the same time. Participants should see each other as partners, not competitors, and be aware that working together can benefit them more than acting in isolation. Everyone should be convinced of the usefulness and meaning of this project and want to develop it further. Key stakeholders should include institutions from the following areas:

- Education (school, university, educational centers,...)
- Environment
- Employment
- Information technology
- Tourism

Fig. 7.2 European Tourism Learning Network



Zdroj:<https://destinet.eu/resources/...-various-target-groups/tourism-learning-area-toolkit/innovation-tourism-how-create-tourism-learning-area-handbook/download>

## II. phase - Coordination

During a working meeting, everyone should present their idea of future of TLA and determine resources (human, financial, technical) that could contribute to the realization. Based on this information, a common vision and partial goals are set.

The decisive roles gradually move from the initiator into the hands of the coordinator who will control the process and oversee the fulfillment of the set goals. At this point, it is necessary to create a protocol in which the participants commit themselves to cooperation and where specific objectives will be set. The protocol must contain a brief characteristic of the destination, promise of partnership, goals to improve the offer of education in tourism and tools leading to the fulfillment of these goals.

Representatives of the key stakeholders should create a closer working group, the task of which will be more to develop the activities of PUN. Furthermore, the web portal should be elaborated in more detail, so that it is clear in the coordination phase that participation in the project brings individual stakeholders indisputable competitive advantages in the form of access to information and close cooperation with others.

The pressure is conceived as a voluntary group of interested persons who should not incur any additional costs. Rather, the demands are to increase productivity and improve the quality of the work of all employees. Nevertheless, at least in the initial phase of certain input costs, they should

be completely paid in the longer period and, moreover, evaluated in particular by saving time when searching for information, savings from the extent in cooperation and also increased performance of all stakeholders.

### III. phase - Development

It's necessary to make sure, that the process of setting up is still "alive". If so, the creation of a work plan with which individual participants will be able to identify. Of course, the portal on the web contributes to the feeling of belonging to the interaction, growth and deepening of partnerships and the dissemination of information.

This is followed by a deeper analysis of the area that will provide us with the necessary data on development opportunities, but also about the shortcomings to be removed. In particular, the coordinator should focus on the measurement, management and development of resources, whether human, physical, technical or financial. When analyzing human resources, we should evaluate their number, level of education and economic structure. The physical sources include universities, schools and other educational facilities, authorities, entrepreneurs, households, cinemas and more. Technical sources understand the technical infrastructure involving media: TV, radio, print, internet, computer equipment, mobile availability, etc.

Regional TLA -type activities should be developed inside the operating framework that will allow the drawing of subsidies from cohesion and structural funds of the EU. The following points are necessary to prepare for drawing financial support from the operating framework:

- to clarify the goals and common values inside the push and to acquaint all stakeholders
- to improve communication channels both horizontally and vertically
- to ensure a structured process plan with time horizons
- to strengthen informal education through experience inside the region
- to create a creative market to spread experience
- to support a network of partnerships
- to stimulate the development of a "educating citizen, organization and region"

When the implementation process is completed, it is necessary to continue to develop joint activities and look for new objectives and possibilities of development. At the same time, the European Commission requires monitoring results and progress. In the ongoing reports, the evaluation of following indicators should appear:

- the existence of a well -functioning coordinator
- multisectoral participation in the project
- a list of stakeholders
- List of information and education providers
- List of "Customers" of information and education services
- existence of a strategic document
- existence of a timetable
- IT development in relation to tourism

- development of activities leading to obtaining funds from structural funds
- infrastructure for local education (general and relation to tourism)
- a network of tourist centers
- number of projects aimed on developing TLA
- level of education of the local population
- number of jobs and small and medium entrepreneurs in tourism
- profitability and level of investment in the tourism sector

The establishment and functioning of TLA is continuous ensuring of human resources that will be able to create or use already created partnerships and networks, to provide quality and competitive products and services, to adapt to rapid changes in the surrounding environment, develop adaptive strategies and search for the possibilities of innovation and modernization of the set procedures using advantage of better access to information and modern technologies. They will understand how to develop tourism on a sustainable, social and environmentally acceptable level, and last but not least, their own lives and life of all residents in the region will improve. The above can be summarized by the fact that the region which will use the TLA model will have enough trained professionals with general knowledge, business skills and specific knowledge and practical experience in tourism.

**Sources:**

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