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Local tourism destination management organisations — some first experiences of Hungary

The transformation of the institutional system of tourism in Hungary, the establishment of the multi-level TDM system is expected both by professionals and the public to lead to a significant improvement of the competitiveness of the tourism of Hungary. As a first step of this process, the structure of local tourism destination management organisations has been gradually built out since 2008*. In our paper we analyse the position of the TDM organisations working in Hungary, on the one hand, and also seek the signs of differentiation which may serve as a basis of typifying, on the other hand.

Key words: organisation, tourism, professionalism, partnership, funding, accommodations, management, extreme, touristic products, geographical environment, potential advantages.

1. Introduction

The most significant recent innovation in the tourism management system of Hungary is the creation of the tourism destination management organisations (TDMo-s), which have been used in several European countries since the 1980s. The system consists of local, micro-regional and regional level organisations.

In our paper we look at what role the already founded TDM organisations and member municipalities play in the tourism of Hungary. According to our hypothesis, spaces favoured by tourists are also leaders in organisational development, to which rural areas try to join. The methodological basis of the analysis is a secondary research, during which we used indices from both the supply and the demand side of tourism. The starting point was reception capacity and the number of guests and guest nights, which can also be used later in the discovery of differences across TDM organisations, and their typification.

2. Theoretical frameworks

The TDM is a model that involves all tourism stakeholders of a settlement or region, on the principles of partnership, professionalism and financing, while the objective of the TDM system is the establishment and operation of a competitive and sustainable tourism system (Lengyel, M. 2008) [1]. The practical implementation of the system is secured by a financial model in which, in addition to tenderable resources, membership contributions, local tourism tax revenues transferred by the municipalities and incomes from own activities play a part. During the establishment of the system in Hungary examples considered were already operating Western

European solutions, working in important destinations such as Austria, Germany, France or England (Aubert, A. et al. 2009) [2]. According to most recent data, the number of operating local organisations in Hungary exceeds 90. The division of tasks among the respective levels should be done following the principle of subsidiarity, in order to reach the advantages expected from the system.

3. The role and position of the TDM organisation in the tourism of Hungary

The old system of tourism management (i.e. the system before the introduction of the TDMo-s) was characterised by the following in Hungary: it was

- centralised;
- bureaucratic; and
- top down controlled,

which had a negative impact on efficiency. Although the number of tourist arrivals at Hungary is still relatively high, ranking the country among the top 20 destinations in the world, the competitiveness of the tourism industry of Hungary has been challenged in recent years both by external factors (growing competition by new tourism destinations worldwide) and the internal weaknesses of the sector.

* Although the first TDMO of Hungary was set up in 2003, the development of these organisations has gained momentum after 2008, due to the supports of the European Union.

The reasons for changes included:

- decline in tourist arrivals/length of stay;
- growing awareness of partnership working; and
- search for ‘ideal’ models in Europe.

The new system, the system of TDMSZ-s was introduced in Hungary a decade ago, in the early 2000s. The system operates at various levels, at local level businesses participate in them directly, at higher level by delegation (Figure).

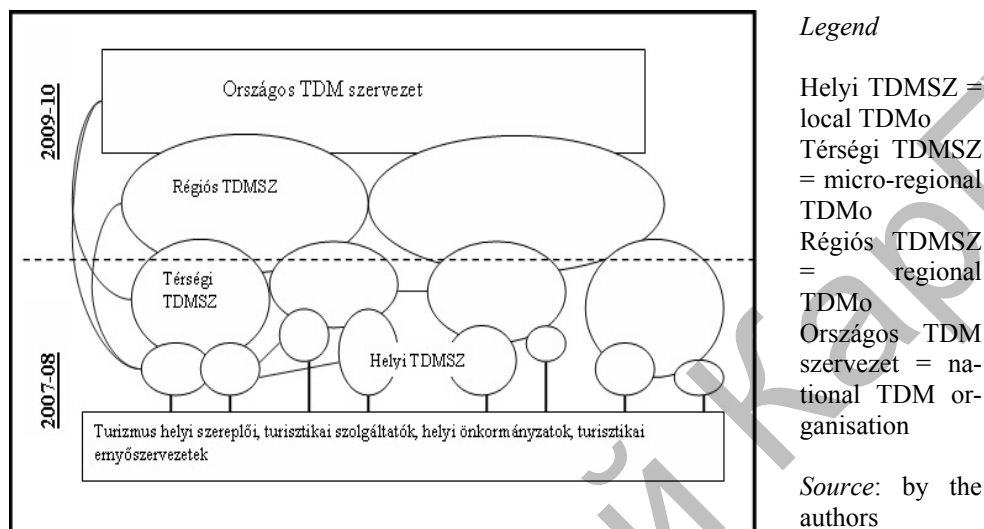


Figure. Levels of destination management organisations in Hungary

The basic principles of the operation of these organisations, the key factors of DMO development as defined by Hungarian tourism policy are as follows:

- bottom-up approach;
- professionalism;
- partnership; and
- funding.

Bottom-up approach means locally determined tourism policies and development, the empowering local communities; professionalism is required from both those working in the front line of tourism and deciding about tourism as well as the management group to carry out activities; partnership is the collaboration of local authority, the private sector and civic organisations; while funding must come from membership fees and project funds.

The total of 58 local TDM organisations analysed here show significant differences both in their position in the tourism of Hungary and their touristic characteristics: units have been established in popular and busy tourism destinations in Hungary just like in areas specialised on rural tourism and ecotourism. Considering this, on analysing the indices we deal separately with the indices of commercial and private accommodations and the absolute indices derived from them.

3.1. Reception capacity

As regards reception capacity, the basic index is the *number of units of service providers*, in which huge differences can be seen across the respective organisations. For volume limits, authors decided to feature the first 10 and the last 5 units at each index. On the whole, the 58 local TDM organisations involve 1,146 commercial and 21,795 private accommodations. As regards the number of commercial accommodations, organisations linked to big cities and touristic centres of the Lake Balaton (i.e. the most favoured tourism destinations in Hungary) are dominant, while in private accommodations health- and beach holidays are most important. On the whole it is not surprising then that the parallel analysis of the two types of accommodations shows the dominance of the TDM organisations linked to bathing resorts, due to the high proportion of private accommodations.

A common feature of the organisations on the bottom of the list — in all three parameters — is that they are units with small town centres whose tourism is still underdeveloped, they are not dominant actors on the tourism market but already meet the criteria of the foundation of TDM organisations.

On the basis of the *number of beds of service providers* belonging to the respective TDM organisations — 128,125 beds in commercial and 122,439 in private accommodations — we get a very much similar picture as in the case of the number of service units. Also on the ground of this index, most commercial accommodations can be found in bathing resorts and big cities (except for Eger), while the largest numbers of private accommodations can be found in organisations linked to Lake Balaton — apart from Hajdúszoboszló.

As regards *capacities*, the last ones in the order again are the organisations of tourism destinations still in the development phase. The reason for their weak positions is the same as shown at the number of the service providers, because the two indices are closely interrelated.

Summing up the reception capacities of local TDM organisations in Hungary we can say that the disparities between the leading and the lagging units are quite significant, because only minimum values were set at the criteria of founding TDM organisations, and so core areas of the Hungarian tourism industry created their management organisations just like the peripheries of Hungarian tourism.

3.2. Data of guest turnover

The local TDM organisations received 2,564,823 persons at commercial accommodations and 460,796 guests at private accommodations in 2009. The advantage of the organisations leading in the *number of guests* is even larger both as regards commercial and private accommodations — hundreds of thousands of guests versus a few thousands, maybe tens of thousands of guests.

The management organisations of destinations in the catching up phase show a rather low volume in all three indices examined, which is a reflection of their limited role in the tourism of Hungary. Also, in the case of the aggregate index we can see the absolute dominance of the bathing resorts and the big cities.

In the number of *guest nights* — one of the main criteria for the establishment of TDM organisations —, the polarisation described above is even more extreme, e.g. the Hévíz one, also leading in the number of commercial accommodations, boasts of 900 thousand guest nights, whereas the same index of the TDM organisations in the worst positions do not reach ten thousand. Of course a similar tendency can be seen in the field of private accommodations too. If we look at the aggregate index, it is striking that on the top of the list there are few big city management organisations, their place is taken by the TDM organisations of bathing resorts. It is also to be noted that among the leading units there are significant differences too, as the leading Hajdúszoboszló TDMo has almost one million guest nights, while Fonyód (position ten) has to make do with «only» 262 thousand.

On the whole we can say that the basic touristic indices of the local TDM organisations and their positions in the tourism of Hungary show extremes, which is coming from the different endowments and possibilities, in the first place. It is promising for the future, however, that management organisations have been set up in destinations still in the initial/development phase, with whose assistance the now «peripheral» areas of Hungary can also join the tourism industry of the country [3, 4].

4. Typifying local TDM organisations on the basis of the weight of guest turnover in the cooperating municipalities

The building out of the system of local TDM organisation is a basically organic process in the Western European countries, stimulated by bottom-up — local — initiatives. In Hungary, the creation of the local level was basically influenced and directed by the call for tenders using EU resources. Settlements with a considerable number of guest and guest nights have established in most cases their TDM organisations without involving other settlements. However, even in big and middle cities we can see arrangements where management organisations are operated in cooperation with nearby settlements having an important touristic attraction, which definitely supports destination and product development and allows the coordination of activities in line with the general tasks of the local TDM organisations (Aubert, A. et al. 2009). Typically, the management organisations of such urban spaces are accompanied by some nearby municipality with considerable touristic value. The TDM organisations of rural areas, without exception, can be created with the collaboration of a larger number of municipalities, in order to guarantee the minimum number of guest nights and the necessary financing background.

We looked at the TDM organisations established with the cooperation of several municipalities separately to see what proportions the members have from guest turnover. In our hypothesis there would be single-pole and multi-pole TDM organisation as well. In the case of the single-pole ones, a leading municipality

gives a dominant part of the guest turnover of the TDM organisation, while in the case of multi-pole organisations we can see a more balanced situation, with guest turnover distributed more evenly across the settlements. We made this analysis for TDM organisations with at least three members, on the basis of the index of the number of guest nights. Most TDM organisations have one single pole, with over 90 % share of the leading municipality from guest turnover.

There are relatively few TDM organisations with more than one pole, but the directions and characteristics of organisational development indicate that their number will probably gradually grow. Collaboration is typical either for settlements which in a narrower geographical environment are unable on their own to reach the minimum threshold in the volume of guest turnover, or in areas that, acknowledging the potential advantages of cooperation, want to enter the market jointly. Unlike in the single pole destinations, two or even three centres of by and large the same weight can be found in these destinations.

5. Correlations between TDM organisations and touristic products

The foundation and operation of TDM organisations can be basically influenced by attractions and the touristic products built on them. Certain touristic products concentrate tourism service providers and demand so intensively to some small towns that they alone meet the minimum guest turnover requirements of the tender system. A clear touristic product of this kind is health tourism whose external links to its neighbour settlements are negligible in many cases; it is also a block to the so often mentioned regional development impact of tourism. We can often see that a health tourism centre collaborates with a few small nearby municipalities to found their TDM organisation. Besides health tourism, the prominent representatives of urban tourism are also in this category where the concentration of attractions and service providers is outstandingly high. The most significant locations of ecotourism in Hungary are also able in themselves or in association with one other settlement or two to create a TDM organisation.

Another group of the TDM organisations is made by several municipalities, sometimes more than ten. They are typically reception areas of rural tourism, wine tourism and active tourism, often with one settlement or two with dominant weight.

6. Summary

In creating the system of local TDMo-s, the leading tourism destinations of Hungary are the cutting edge. They are gradually joined by rural areas and spaces less popular for tourists but seeking the advantages of membership in the TDM system.

The organic establishment of the TDM system is basically influenced by the tendering system designed for the development of the institutional system. Among other things, the range of settlements cooperating in order to reach the minimum threshold of guest turnover volume is influenced by the system. Another critical issue is financing, which is assisted to some extent by the tenderable resources but other revenues are also necessary for the maintenance of the organisations [4, 5].

The gradual building out of the institutional system also results in its differentiation. Besides the TDMo-s consisting of one single municipality, organisations founded jointly by several settlements are more and more frequent, and their further differentiation into single-centre and multi-centre type can also be seen. The development path of the future will probably be the local TDMo-s involving several municipalities, inasmuch as the potential collaborators can envisage the advantages and achievements of the activity of the TDMo. Experiences show that the main obstacles of the operation of such organisations include the keeping of the trust among the members, the achievement of joint thinking, and the creation of collaboration and joint activities.

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Раффай Золтан, Моника Жонас-Берки, Антал Ауберт, Гергели Мартон

Кәсіпорындарды басқарудағы жергілікті туризмнің орны — Венгрияның кейбір алғашқы тәжірибелері

Мақалада Венгриядағы туризм жүйесінің өркендеп дамуы, көп деңгейлі жергілікті туризм жүйесінің құрылуы кәсіпқой мамандар мен қоғам тарапынан қолдау тауып отырғаны айтылған. Мұның барлығы Венгрия елі туризмнің бәсекеқабілеттілігі артқанын көрсетеді. 2008 жылдан бастап алғашқы қадамдар ретінде елдегі жергілікті туризмді басқару ұйымдарының құрылымы едәуір оң өзгерістерге толы болғандығы баяндалған. Венгрияда қызмет атқаратын жергілікті туризм жүйесі ұйымдарының жай-күйі талданып, бір саланың әртараптану бағыттарын іздестіруге ұмтылыс жасалған.

Раффай Золтан, Моника Жонас-Берки, Антал Ауберт, Гергели Мартон

Назначение местного туризма в управлении организаций — некоторые первые опыты Венгрии

В статье показано, что преобразование установленной системы туризма в Венгрии, учреждение многоуровневой системы TDM ожидаются и профессионалами и общественностью, чтобы привести к существенному улучшению конкурентоспособности туризма Венгрии. Авторами отмечено, что структура местных управленческих организаций туризма постепенно выстраивалась с 2008 г. В статье проанализировано положение организаций TDM, работающих в Венгрии, определены признаки их дифференцирования.