

THE ANALYSIS OF THE MARKETING ACTIVITIES OF DESTINATION MANAGEMENT ORGANISATIONS IN SLOVAKIA

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Abstract

Destination management organizations are key players in the destination management and marketing as they have active relationship with the supply and demand side. The aim of the study is to examine marketing activities and tools used by Slovak destination management organisations in purpose to attract targeted segments of visitors and to improve destination competitiveness. Results of field research in Slovakia, realized in summer season 2018, are employed, as well as the survey draws on multiple secondary sources of information. Study provides the empirical framework for identifying the key destination marketing processes and activities in the tourist regions of Slovakia.

Keywords: Destination Management Organisation. Destination Marketing. Marketing Activities. Marketing Tools. Slovakia.

Introduction

The main responsibility of tourism management organizations is to get a target place in a highly competitive tourism market based on marketing management (MORRISON 2013). Destination Management Organizations (DMO) have a significant role in stimulating tourism demand for their destination. Globalization and the related changes in the tourism market are changing the demands and tasks placed on tourism management organizations, which many contemporary authors find difficult (BIEGER 2005, MORRISON 2013). The core tasks of DMO include leadership and coordination, planning and research, product development, marketing, encouraging partnership and building relationships with the local population (MORRISON 2013, PÁLFI et al. 2017a).

DMO is the holder of the marketing management of the tourism destination, which is based on the principle of cooperation of all stakeholders involved in the development of tourism in the destination. It is a management based on a common vision, coordination and cooperation that improves the competitiveness and sustainable development of the destination. Although tourism stakeholders in the destination may be in competition with each other and have their own marketing goals, within the DMO, these goals must be part of a common goal in competing with other destinations. This is the reason of emerging the new term “coopetition” in tourism theory (GAJDOŠÍK 2015).

Managing Destination Marketing is a process aimed at achieving the destination's stated marketing goals (SEATON – BENNET 1996). It consists of the number of marketing activities, such as organizing visitor events, creating and distributing products, building tourism infrastructure, operating TIC, creating a brand and image of a destination, marketing research, developing a tourism development strategy, educating residents for tourism development, creation of statistical database and evaluation of statistics, internal marketing and others (MIDDLETON et al. 2009, PÁLFI et al. 2017b, KVASNOVÁ 2018).

1. Material and methodology

The aim of the paper is to examine what marketing activities are performed by the DMOs in Slovakia and which marketing tools are most used. The material we have processed is secondary and primary data sources. Secondary sources were obtained from scientific domestic and foreign literature (BIEGER 2005, GAJDOŠÍK 2015, KVASNOVÁ 2018, MEDVEĐOVÁ 2015, MIDDLETON et al. 2009, MORRISON 2013), professional journals and internet resources. Primary data were obtained by field survey by sociological inquiry method, data collection was done by questionnaire. The survey was conducted in April-May 2018 and was aimed at assessing the DMO's marketing activities by their managers. The basic sample consisted of 36 local DMOs and 5 regional DMOs, and we received answers from 19 of them (18 local DMOs and 1 regional DMO), which represents 46 % return on questionnaires (53% local DMOs and 20% regional DMOs). The current register of regional tourism organizations kept at the Ministry of Transport and Construction of the Slovak Republic is recorded by 37 local DMOs (www.mindop.sk, 2019), while in 2018, at the time of the survey, they were 36. They are represented in all eight local government regions of tourism. The data we obtained were processed and evaluated using MS Office Excel.

2. Results and discussion

The Act No. 91/2010 Coll. on the Support of Tourism has stimulated the creation of DMOs in Slovakia. First local DMO started to be created in 2012, with the application of the Act. In accordance with the law, 7 regional and 37 local (micro-regional) tourism organizations have been established up to date in less and more developed tourist destinations (Table 1). According to the law, the aim of the DMO is to support and create conditions for the development of tourism; this means carrying out activities aimed at increasing the number of domestic and foreign visitors, extending their stay in the Slovak Republic and increasing their contribution to the national economy.

The DMO protects the interests of its members. There are two types of DMOs, possible to establish under the Act No. 91/2010 Coll. on Support of Tourism, regional and local (micro-regional) ones. Local DMO represents the lowest level of tourism management in Slovakia. In accordance to the Act, it can be created by at least five municipalities and unlimited number of tourism business enterprises operating in the destination area with the minimum number of 150 000 overnight stays. They represent the public-private partnership approach. Each of the eight local government regions (Slovakia is administratively divided in eight local government regions) can establish the only regional DMO. A regional DMO is a higher territorial unit (local government region) and at least one local DMO should be operated in its territory.

Table 1: Destination management organisations in Slovakia

Name of regional DMO	Date of Establishment	Members – local DMOs
Bratislava Region Tourism	February 2012	Bratislava Local Government Region; Bratislava Tourist Board; Senec Tourist Board; DMO Malé Karpaty; DMO Záhorie
Žilina Tourist Region	March 2012	Žilina Local Government Region; DMO Kysuce; DMO Cluster Orava; DMO Rajecká Walley; DMO Region Liptov; DMO Turiec – Kremnicko; DMO Malá Fatra
Northeast Slovakia	December 2012	Prešov Local Government Region, DMO Šariš – Bardejov; DMO High Tatras - Foothills; DMO Tatry – Spiš – Pieniny; DMO North Spiš – Pieniny; DMO Horný Zemplín and Horný Šariš; DMO Region High Tatras; DMO Region Šariš
Košice Region Tourist Board	December 2012	Košice Local Government Region; DMO Zemplín, DMO Košice Tourism, DMO Slovak Paradise & Spiš
Trenčín Region	May 2015	Trenčín Local Government Region; DMO Upper Nitra – Bojnice; DMO Horné Považie; DMO Trenčianske Teplice; DMO Trenčín and surrounding
Banská Bystrica Tourism Region	December 2018	Banská Bystrica Local Government Region; DMO Middle Slovakia; DMO Horehronie; DMO Region GRON; DMO Tourist Novohrad & Podpoľanie; DMO Banská Štiavnica; DMO Dudince
Trnava Region	March 2019	Trnava Local Government Region; DMO Trnava Tourism; DMO Resort Piešťany; DMO Žitný ostrov – Csallóköz

Source: Own elaboration, 2019.

At present, the Nitra Local Government Region is the only one without a regional DMO. In Nitra, according to the official opinion of the local government region, the conditions for setting up a regional DMO are not yet suitable and would be ineffective because there is no established network of local DMOs within the Nitra region (TASR, 2017). In fact, there exist a cooperative network of three local organizations in the Nitra Local Government Region: Nitra DMO (established in 2012), DMO Podunajsko – Dunamente

(established in 2015) and DMO Tekov (established in 2017). In many countries worldwide, the funding of DMOs is provided by state (Morrison, 2013).

The sources of funding of DMOs in Slovakia are private and public. Each member pays a membership fee. Other resources include: business income, grants and fund contributions (eg. EU), municipality contributions, state subsidy up to the amount of membership fees of all members of the DMO per year, sponsorship, accommodation tax (voluntary amount of collected tax), commission fees and other incomes. The act motivates tourism stakeholders in destinations to work together and use the opportunity to receive a state subsidy up to the amount of collected membership fees in the previous year. DMOs are entitled to use funds most often for branding and marketing management, which includes creating and managing a destination web portal, creating and distributing information and promotional materials, strategic planning, creating tourism infrastructure, participating in congresses, exhibitions and fairs, and visiting service (MEDVEDOVÁ 2015).

3. Marketing Activities provided by the DMOs in Slovakia

By law, most of the DMO's tasks are related to destination marketing management. These are activities related to planning, market research, creation and implementation of the marketing mix. The market research is vital to the successful development of tourism destination and it is the foundation on which all effective and strategic marketing decisions should be made. It should provide objective and reliable information that can help when deciding to use appropriate marketing channels (including online / digital, press and others); determine the level of awareness and perception of the destination by the visitor; identify the destination's top competitors; and know the decision-making processes of visitors, as well. As the expectations of visitors evolve, research allows DMOs to have the knowledge to position their destination strategically and compete effectively.

In Slovakia, the DMOs conduct mostly visitors' research to identify tourist profile and segment the visitors (57%) and the visitor satisfaction (32%). Supply side research includes survey of tourism service providers (11%). None of the DMOs conducted a survey of local residents' opinion on the development of tourism in the destination, which is one of the shortcomings of managing tourism in the destinations of Slovakia (Table 2).

Table 2: Types of Market Research in Slovak DMOs

Answer	Number	Expressed in %
surveying visitors (who, when, where, how, etc. comes to destination)	11	57
visitor satisfaction survey	6	32
service providers survey	2	11
exploring the views of local residents on tourism development in the destination	0	0
Total	19	100

Source: Own elaboration, 2019.

Hiring a third-party research firm or university allows DMOs to gain the objective and reliable information and concentrate on effective decision making about the marketing plan and marketing mix. 63% of Slovak DMOs conduct research by themselves in order to save money for other marketing activities and operations (Table 3). The lack of professionalism in research can unfortunately lead to biased information and bad decisions.

Table 3: Market Research Realisation

Answer	Number	Expressed in %
Own employees of DMO	12	63
Third party research firm	4	21
University	3	16
Total	19	100

Source: Own elaboration, 2019.

As part of tasks related to planning and development of tourism, the creation and implementation of marketing strategy is a key marketing activity of a DMO. The strategy is a basic conceptual document that sets out a common vision for the destination and mission of the DMO (PALENČÍKOVÁ 2018). In 2018, just 37% of the examined DMOs confirmed the elaboration of this conceptual document. On the other hand, 47% of examined DMOs specified that they were planning to prepare the strategy within a year (Table 4).

Table 4: Developing a marketing strategy of tourism organization

Answer	Number	Expressed in %
Yes	7	37
No	3	16
Getting ready	9	47
Total	19	100

Source: Own elaboration, 2019.

Due to the short existence of DMOs in Slovakia, many of them are lagging satisfactory financial background and are especially understaffed (an average 2 employees per 1 DMO), therefore only a quarter of them (26%) compiled this document by their own employees and up to 42% it was outsourced (Table 5).

Table 5: Author of marketing strategy of tourism organization

Answer	Number	Expressed in %
executive team DMO	5	26
DMO with the members of the organization	6	32
Third-party company in cooperation with DMO	8	42
Total	19	100

Source: Own elaboration, 2019.

The most activities performed by DMOs in Slovakia in accordance with the law are related to the creation and implementation of marketing mix, including product design and delivery (its promotion), pricing policy, distribution and promotion of the destination on the domestic market as well as on foreign tourism markets. Marketing strategy, as an organisational and support tool of DMOs for delivering the right marketing activities in the annual marketing plan, should be started by defining all key products of the destination. According to our findings, practise in Slovak DMOs is quite different and just less than half (47%) has defined the key destination products in their marketing strategy (Table 6). However, 32% of the DMOs plan to define key destination products within a year, what indicates that DMOs are aware of the necessity of this step for the effective destination marketing.

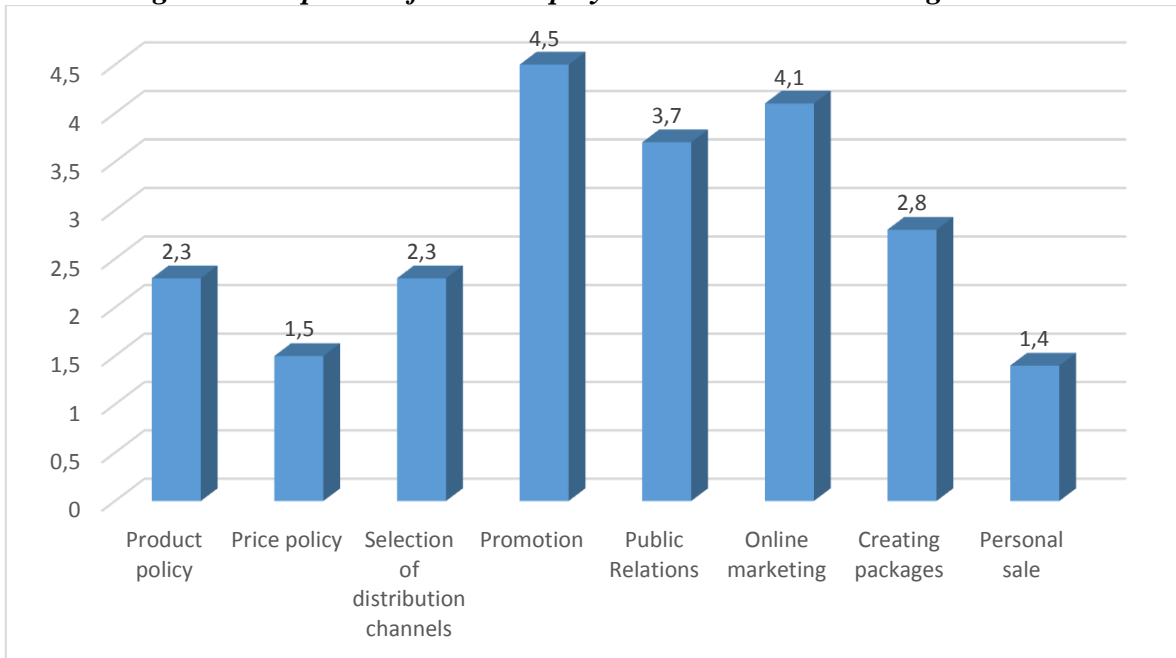
Table 6: Defining the key tourism products of the destination in the marketing strategy document

Answer	Number	Expressed in %
Yes	9	47
No	1	5
It's in the process of defining	3	16
No, but we plan to define within a year	6	32
Total	19	100

Source: Own elaboration, 2019.

The marketing orientation of the DMOs can be seen through the attitude of destination managers to the implemented marketing activities. In our survey, DMO employees were given the opportunity to express which of the marketing activities (listed in Chart 1) they consider to be the most important and to which they place the greatest emphasis on (on a scale of 1 to 5, with 1 representing minimal emphasis, 5 maximum emphasis). Clearly, they pay the most attention to typical activities like offline promotion (4.5). According to GÚČIK et al. (2017) this includes leaflets, posters, outdoor activities, participation in exhibitions and fairs, promotional literature, promotional items. They are implemented by an online marketing (4.1) that covers activities such as mobile apps, databases and direct mailing, corporate website, owned social media platforms (e. g. Facebook, Instagram, YouTube) and online advertising (MIDDLETON 2009). The third most important activity is public relations (3.7). On the contrary, they put the least emphasis on price (1.5) and personal selling (1.4), which is confirmed by the well-known fact that the DMOs are only exceptionally engaged in the sale of travel destination products (MIDDLETON et al. 2009, MORRISON 2013).

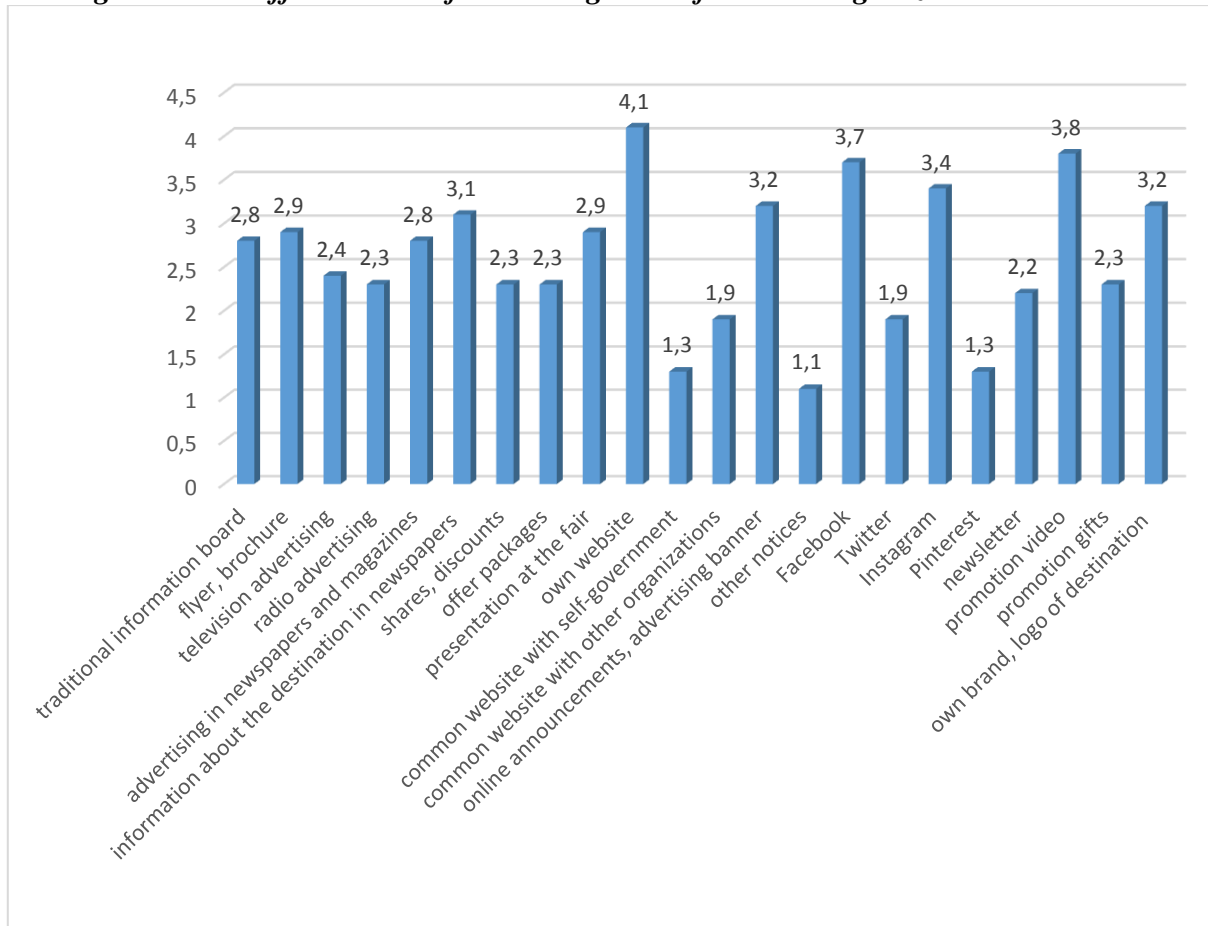
Figure 1: Emphasis of DMO employees on selected marketing activities



Source: Own elaboration, 2019.

DMO employees in Slovakia also evaluated the effectiveness of individual marketing tools on a scale of 1 to 5 (1 - minimum efficiency, 5 - maximum efficiency) (Figure 2). Among the 22 selected tools, primary online marketing tools are the most effective. The highest value was achieved by operating a custom destination website (4.1), which can be perceived as a virtual "gateway" to the destination. It is a cost-effective activity that even with a limited budget and the right targeting allows you to achieve the marketing goals. About the other tools, respondents rated the promotional video (3.8), profile on the social network Facebook (3.7) and Instagram (3.4) and banners (3.2) relatively high. Out of the offline tools, according to respondents, the most effective are the logo and brand (3.2), advertorial (3.1) and advertising in newspapers and magazines (2.8), furthermore leaflets and booklets (2.9). The least important instrument is the official DMO profile on the Pinterest social network (1.3), which is not very widespread in Slovakia in the domestic population.

Figure 2: The effectiveness of marketing tools of tourism organizations in Slovakia



Source: Own elaboration, 2019.

Conclusion

The research paper did not deal with complex analysis of marketing processes performed by the DMOs in Slovakia, but only with selected marketing activities. The ambition of the paper was to provide the general view on the current situation of marketing activities performed by Slovak DMOs and to identify which of them are the most applied in the practise. Part of crucial marketing activities is outsourced to third-party companies, for example conducting and evaluating the marketing research (37% outsourced) or creation of marketing strategy (42%). Among the destination managers of the Slovak DMOs the most important marketing activities performed by their DMO are promotion, online marketing and public relations. The most effective marketing tools are their own website, Facebook, Instagram and promotion videos.

On the other hand, we revealed those marketing activities that are important but are not carried out as a priority due to different reasons (financial, personnel under sizing, etc.). Among them the most serious is the absence of exploring the views of local residents on tourism development in the destination. Attitude of local residents towards tourism development can significantly affect the planning of the DMOs in either positive or negative way, therefore they should be taken into account when planning strategic documents and making strategic decisions.

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