## MANAGEMENT AND MARKETING

## DESTINATION MANAGEMENT ROLE IN DEVELOPING TOURISM IN GEORGIA

Academic Doctor of Economics: Paresashvili N., Ph. D student of Business Administration: Maisuradze T.

Ivane Javakhishvili Tbilisi State University, Tbilisi, Georgia, 2016

Abstract. Every developed country has high level of tourism development and developing ones try to do the same. Among them one is Georgia. This country has huge potential of developing tourism even more and makes it larger export earner and more important provider of foreign exchange and employment. Paper explores the ways how to utilize tourism potential in Georgia effectively by using tourism destination management. Solution can be understanding the role of stakeholders, promote their cooperation and involvement in tourism destination management. Promoting heritage tourism will contribute Georgian tourism development as well. The most important stakeholder is government authorities as mainly they advertise Georgia worldwide.

Keywords: Tourism development; Georgia, Tourism stakeholders

**INTRODUCTION.** One of the most important things in the every country's economy in 21st century is Tourism. Economically, tourism has growing importance to many nations and is recognized as the largest export earner in the world and an important provider of foreign exchange and employment. It is also acclaimed for its contribution to the preservation of cultures at a time when globalization is arguably a force for cultural homogenization (Cohen & Kennedy, 2000, p. 226). The growth in interest in ecotourism has demonstrated that tourism can be an important force for the restoration or conservation of environments (Richardson, 1993). Lastly, and perhaps the most important work with which tourism is credited, it is a force promoting peace and understanding between peoples (World Tourism Organization (WTO), 1980).

For understanding its meaning better, let us look the numbers. As we mentioned above, the number of tourists increased significantly. As a result of this increased the proportion of GDP spent on tourism. The World Tourism Organization (1987) said that tourism – loosely defined- was about 3.4% of GDP in the United Kingdom and 4.6% of GDP in the United States; while the Organization for Economic Cooperation and Development (OESD) mentioned that within member countries, each \$1 billion of additional tourism spending creates 33 000 new jobs through a multiplier effect. As a generation local economic prosperity, tourism has often come to play a role previously attributed to manufacturing. Moreover, tourism can help public authorities to achieve a variety of social objectives, such as improving the physical environment of an area. (Adrean Palmer, David Bejou, 1995).

The demand for tourism services increased. It leaded adding tourism supply, by many public and private organizations, in areas that were previously not considered attractive destinations. Palmer and Bejou researched and had these conclusions in 1995, but it still happens the same nowadays.

Tourism contributes to the welfare of tourists by giving those holidays that realizes a lot of human needs (World Tourism Organization (WTO), 1999). The most important meaning and utilization of tourism is following: it helps nations to share their culture with not only next generations, but also with whole world. Last decades people realized the importance and necessity of our planet. As a result of these they take care about ecology more and more. The role of tourism in it is following: it can be an importance force for the restoration or conservation of environments (Richardson, 1993). However, despite the positive impacts of tourism, there is a current trend to limit its parameters to the economic and business domain, which limits its capacities. Tourism industry leaders use tourism's opportunities for their own private wealth accumulation and commander scarce community resources for their purposes. As a result tourism's full potential is often unused. (Tourism management 27, 2006).

In Georgia, the the situation is same. Tourism has significant role in countries economic development. In 2014 it was about 6% of GDP; In service export revenue its portion was 59%;

Moreover, international arrivals reached 5 515 559 (Georgian tourism in figures,2014). All these proves that tourism is developing more and more.

Georgia has huge tourism potential as it is very rich by its natural values, very big history, and culture. You can find everything here. The climate is very unique and reasonable. Georgia's landscape is also unique. It has mountain resorts as well as sea ones. In UNESCO World Heritage List 3 properties are from Georgia. These are: Bagrati Cathedral and Gelaty monastery, historical monuments of Mtskheta and upper Svaneti.

Georgian Tourism needs more support to use its full potential. One main promoting factor can be developing tourism destination management, including understanding importance of stakeholders and their cooperation.

**Tourism destination management and its use in tourism.** There is a solution for every situation and this situation is not an exception. The most successful way to achieve the full utilization of tourism's potential is knowing and using tourism destination management. For better understanding of this, let us explain the destination itself.

" Destination is a physical location one may journey or travel to. A destination carries special features: attractions,; infrastructure and overstructure; natural, human, financial, social tourism resources."

Managing destinations is a difficult task as it requires a series of actions to do. These are: Improving residents' life quality, promoting sustainable development, preserving resources, ensuring high quality services provision, delivering specified as well as generic products, creating and developing competitive advantages.

Doing this job successfully requires stakeholders' cooperation, common targets realization, common benefit targeting, willingness, perseverance, common reality perception. But the aim of us in this paper will be stakeholders' involvement role in tourism development. "Tourism destinations can be considered as complex networks that involve a large number of co producing actors delivering a variety of products, and services" (Gunn, 1994; Pearce, 1989; Hu & Brent Ritchie, 1993; Ramirez, 1999; Buhalis, 2000; Murphy, Pritchard, & Smith, 2000; Silkoset, 2004). While tourists perceive the destination as a unit, this product is still produced and composed by the individual actors. The success of it is depended on efficient coordination and integration of individual companies' resources, products and services (Beritelli, Bieger&Laeser, 2007, Rodriguez-Diaz &Espino-Rpdriguez, 2008.) So, every destination needs a Destination Management Organization (DMO) that provides effective leadership and coordination of efforts to achieve the destination goals. Competences of these organizations are: knowing the industry, create and improve coordination and communications, enhancing the visitor experience, marketing and promotion. Destination cannot function without cooperation at the destination level to ensure timely and appropriate development. So, tourism destination management organizations must guarantee this among stakeholders. For understanding cooperation, we should identify collaboration as well. Cooperation means working together to the same end, while collaboration is defined as working jointly with. Wood and Gray describe collaboration as "...a group of autonomous stakeholders of a problem domain engaged in an interactive process, using shared rules, norms, and structures, top act or decide on issues related to that domain." (1991: 146). Gray thinks that interdependence beyond the dyad to the network level where multiple stakeholders are involved. By cooperation and collaboration stakeholders can achieve successful tourism planning, which will cause sustainable tourism development and, in the context of community-based tourism, to integration and participation (Mitchell and Reid 2001; Tosun 2000).

In Georgia, there is no Destination management organizations. Even destination management is not as a course in program of tourism studies. It causes noncooperation during strategic planning and implementing tourism activities.

**Stakeholders' role overview.** Destination management is used to connect attractions and services, stakeholders, infrastructure and overstructure. It is difficult task to define stakeholders. There are a lot of definitions of them by different authors. Stratik gives a good summary of all different and wide-ranging definitions. This sounds like:

"... There may be numerous levels of specificity as to what the term "stakeholder" means, depending on what the user is referring to. The range appears to be bounded in this case, on one end, by those entities which can and are making their actual stakes known (sometimes called "voice"), and, on the other end, by those which are or might be influenced by, or are potentially influencers of, some organization or another, whether or not this influence is perceived or known (1994:90)"

We have some different classifications of stakeholders by different authors. Some of them divide stakeholders as primary and secondary ones. Clarkson (1998) has defined primary stakeholders as those who have a ''formal, official or contractual'' relationship with the organization. He says, that primary stakeholder ''is one without those continuing participation the corporation cannot survive as a going concern''. Secondary ones are those who influence or affect, or are influenced or affected by the corporation, but not engaged in transactions with the corporation and not essential for its survival (1995:106-107).

In our opinion, these definitions can be used as definitions of tourism and non-tourism stakeholders if we use the word ''tourism'' instead of ''corporation''. These will sound like: Tourism stakeholders are ones without those continuing participation tourism for the giving destination cannot survive as a going concern. Accordingly non-tourism stakeholders are those who influence or affect, or are influenced or affected by the tourism, but not engaged in transactions with the tourism and not essential for its survival.

Many authors defined categories or groups of stakeholders such as employees, customers, suppliers, lenders, shareholders, government and nongovernmental organizations.

To sum up, every country needs to develop tourism. This work should be done by tourism destination organizations. It requires planning and cooperation. All the stakeholders should be involved in it to have a success in achieving goals. Stakeholders' involvement should be done by tourism destination managers. This is the most difficult job, as there are a lot of problems and differences in minds. To implement stakeholder management, first concept requires the tourism planners to have a full knowledge of all the persons or groups who have interests in the planning processes, delivery and outcomes of the tourism service i.e. interests in the procedural and substantive aspects of the corporate activity. Often, planners take too lightly the complexity of this step and default to a cursory report of only the most noticeable stakeholders, mainly tourists, business owners and government officials. Today, however, organizations and planning bodies must be more careful to take a hard look at the various types of persons/groups which affect or are affected by the tourism service (Sautter, Leisen, 1999).

On the next step, tourism planners must consider the interests or perspectives of the different stakeholder groups as defined by the roles which they serve regard to the particular development initiative.

Some stakeholders can be functioned in several different roles at the same time, which complicates the situation.

Stakeholders involvement is vital not only in tourism destination management, but in Tourism destination marketing as well. They should be involve in collaboration in this case, as they can create more promotional impact on potential visitors by promotional campaign in which resources are joint. As Reid 1994 says, by pooling efforts, all organizations involved can achieve economies of scale. But there is problem also, as when some tourism businesses are paying for promotion, others cannot be excluded. It may cause refusing on promotional campaign by payer ones. The consensus will bring some positive results as marketing alliances are attractive for both public and private sectors – having more tourists. For private sector the benefit in it is financial and for public one it can be various.

Tourism destination marketing alliances are not universal. It has also negative effects, besides positive ones. For example, stakeholders may perceive little benefit or no need to make any collaboration.

So, co-marketing alliances can reduce risk function for their members. Faced with functional specialization in one aspect of the tourism product and a shortage of resources, organizations try to reduce environmental uncertainty by exchanging resources for joint benefit.

As we see, stakeholders' involvement is necessary in destination marketing as well as in destination management.

**Tourism development impacts in Georgia.** The tourism potential of Georgia in the international market is advertised in an irregular and non-coordinated manner. Presenting Georgia in potential markets is not based on systemic market ranging or approved methods of the market penetration. The study also showed that the system guaranteeing the medical and rescue safety for foreign tourists is incomplete and the problem of language barrier is also severe. Speaking poor foreign languages at the agencies serving foreign tourists hampers the communication with foreign tourists. Moreover, major drawback in the field of eco-tourism is poorly developed infrastructure. (Paresashvili N.,2014).

In Georgia tourism positive impacts are: people maintain and protect areas, monuments, buildings or artifacts as they know that these things are used for tourists. Besides, people are proud that visitors are interested in their history, traditions and they have opportunity to learn about others

culture, history and lifestyle. The most important positive impacts are the following: increasing jobs, employment and revenues.

Negative tourism impacts are pollution of the area by tourists, pollution of the environment by tourism businesses. The main problem is also unplanned building of infrastructure. Moreover, tourism development disturbs local people living near the heritage site.

In Georgia, waste management is not as settled enough what causes pollution of nature. mass tourism development can have negative impacts on the environment while developing infrastructure or building huge hotels in mountains or in the coastal regions without conducting Environmental Impact Assessment during planning of such projects. Very often buildings do not fit with local landscape and not only have negative impact on local ecosystem but do not make cozy atmosphere for tourists as well, especially for the tourists coming to Georgia for nature watching tours and who belong to higher spender tourists (Rajebashvili G.,2012, pg.6).

Conclusion. Importance of the tourism for countries and for society we saw from the above-mentioned examples and facts. More or less everyone knows about tourism's positive aspects. But few of them know what and how to do for taking all the benefits. Fortunately, there are tourism destination management organizations, which take care about these. Destination development has received increased attention in recent years both in tourism research and management (Haugland, 2010). To achieve these goals they should acknowledge the role and place of each stakeholder in tourism planning. Moreover, they must make all stakeholders involved. As we saw above, a lot of problems can be occurred during this process. For all of them one solution is the same - cooperation. It means they should speak to each other, make decisions together, evaluate the environment and their current conditions, plan using and distributing resources effectively, make some concessions and etc. But the most important one and first thing to do is understand the necessity of all these.

Managers looking for potential markets should define the target group. Some of them who should analyze natural and cultural features, area as a whole, stakeholders, superstructure and infrastructure, legal and policy context.

There were many efficient steps being taken for developing tourism in Georgia. Number of tourists is increasing year by year. Last year four tourism information centers were built in Tbilisi, Chkorotskhu, Martvili and Zugdidi. Important work was carried out towards visa liberalization with the EU; National Geographic Traveler magazine included Georgia in its list of 50 of the world's best guided trips; In international rankings Georgia ranks among the top 10 countries in terms of a secure country to travel in. The 39th General Assembly of the European Olympic Committee chose the Georgian capital to host the European Youth Olympic Festival in 2015. The UEFA Executive Committee has given Tbilisi the opportunity to host a major sports event, the UEFA Super Cup. In 2015 in Tbilisi the annual meeting and business forum of the European Bank for Reconstruction and Development (EBRD) will be held for the first time in the Caucasus (Georgian Tourism in Figures, 2014, pg. 14).

All in all, according to all the above-mentioned details, we can see that Georgia has all possibility to develop its tourism at very high level. As we see last year, the government and national tourism agency played leading role in tourism development and they can reach even more by considering all recommendations mentioned. Tourism destination managers should play more active role to involve all the stakeholders in destination management for achieving planned goals. Solutions should be cooperation among stakeholders and to deepen and widen heritage attraction supply. We can create or discover new sites, redesign old ones or add extra dimensions to exciting supply.

## REFERENCES

- **1.** Aas Ch., Ladkin A., and Fletcher J. (2005) *Stakeholder collaboration and heritage management*. Annals of tourism research, Vol.32, No.1, pp.28-48. Great Britain
- 2. Currie R. R., Seaton Sh., and Wesley F. (2008) *Determining stakeholders for feasibility analysis*. Annals of tourism research, Vol.36, No.1, pp. 41-63. Great Britain
- 3. Ernawati D.B. (2003) *Stakeholders' views on higher tourism education*. Research notes. Annals of tourism research, vol.30, No.1, pp. 255-258. Great Britain
- 4. Garrod B., Fyall A., Leask A., and Reid E. (2011) *Engaging residents as stakeholders of the visitor attraction*. Tourism management 33 (2012) 1159-1173, United Kingdom
  - 5. Haugland S. A., Ness H., Aarstad J. (2011) Development of tourism destination, an integrated

multilevel perspective. Annals of tourism research, Vol. 38, No.1, pp. 268-290. Great Britain

- 6. Higgins-Desbiolles F. (2004) *More than an ,,industry'': The forgotten power of tourism as a society force*. Tourism management 27(2006) 1192-1208. School of management, university of south Australia, North terrace, Adelaide, SA 5000, Australia
- 7. Palmer A., Bejou D. (1995) *Tourism destination marketing alliances*. Annals of tourism research, Vol.22, No.3, pp. 616-629, USA
- 8. Sautter E. T., Leisen B. (1999) *Managing stakeholders, a tourism planning model. Annals of tourism research*, Vol.26, No.2, pp. 312-328. Great Britain
- 9. Sheehan L. R., Ritchie J. R. B. (2005) *Destination stakeholders, exploring identity and salience*. Annals of tourism research, Vol.32, No. 3, pp. 711-734. Great Britain
  - 10. Timothy. D. & Boyd, S. (2003). Heritage tourism, Harlow: Prentice Hall.
- 11. Georgian National Tourism Administration.(2015) 2014 *Georgian tourism in figures, structure and industry data*. Available online http://gnta.ge/wp-content/uploads/2014/08/eng-4print10.pdf [Access: 17.02.2016, 20:55]
- 12. Paresashvili N.,(2014), *Major Tasks of Ecotourism Management in Georgia*. Available onlinehttp://www.sciencedirect.com/science/article/pii/S1877042814059849[Access: 17.02.2016, 11.00]
- 13. Rajebashvili G., (2012). *Tourism Development in Georgia*. Available online http://www.greenalt.org/webmill/data/file/publications/sustainable\_tourism\_policy\_brief.pdf [Access: 17.02.2016, 10.30]