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The role of the public sector in developing tourism product strategies for tourism destinations

Abstract. Tourism product is an amalgam of goods and services purchased by tourists at their place of residence, while travelling, and at their target destination. A tourism destination is where the bulk of tourism and hospitality businesses are based, entities whose work determines perceptions of the tourism product quality. The quality of an overall offering depends on the quality of the package design and its agreement with customer expectations.

In the areas where tourism potential (natural and anthropogenic values) is not utilised, the prime issue is the quality of the design, and that calls for a tourism strategy development.

The paper attempts to justify the thesis that the prime role in this strategy development is played by public sector entities, both at the stage of identifying tourism destinations and their products, and in the process of developing those products.

Keywords: tourism product, development strategy, public sector, the quality of the package design.

JEL codes: R58.

A rapid and spontaneous growth of tourism brought about a multitude of negative effects. Among them the most significant were the devastation of the natural environment and an overall decline in the quality of services (Keller, 2003, p. 3).

The reason why the service quality fell was the inadequacy of the services structure to match the structure of demand. After all, the phenomenon of tourism is about satisfying the needs of tourists by simultaneous efforts of many entities from both the public and private sectors, with the latter representing a large variety of the national economy industries (hospitality, food and beverage, sports and recreation services, retail, banking, insurance, etc.) (Gaworecki, 2003, p. 283).

Poland only now enters the era of rapid tourism development. Besides traditional tourism destinations utilised mainly by domestic tourism (the seaside and mountains), Poland possesses a number of regions offering a large tourism potential, but whose infrastructure – tourism, service, and technical – is poorly developed.

Such regions only now face the necessity to develop strategies for tourism products, strategies that will not only increase the volume of tourism, but also its quality. Quality can be defined as the agreement between features offered by a good or service and expectations of the purchaser who pays the asked price (Kompendium, edit. Gołembski, 2002). The quality of any service or a package of services depends on two interrelated factors:

- a) the quality of the package design,
- b) compatibility of this design with customer expectations.

The quality of package design lies in its usefulness to the consumer. If the design quality is low, the product or service will not satisfy the needs of the consumer (Muhlemann, Oakland, Lockyer, 2001).

Meeting the customer expectations is what benchmarking is all about. Benchmarking can be defined as a method of analysing company performance in terms of a given success factor, and searching for the basis of reference for this factor to enable significant improvement in overall performance (Strategie, 1995). The points of reference include development in time, competition, and inter-organisational benchmarking with the use of such tools as Data Envelopment Analysis (DEA).

The main issue in planning the development of an underutilised tourism potential is ensuring a high quality of the project. This can be done by developing a strategy for a destination and its product.

Our aim is to show the role of the public sector in preparing a strategy which will ensure the future quality of the offering and will bring about a greater visitor satisfaction. After all, as has been shown in the pre-accession period, the partnership of all players and coordination of their actions at the local and regional levels is a fundamental issue (Hollonders, Molle, 2003).

It has to be emphasised that the most important feature of the project in respect of the product quality is specification of its parameters. Since such specification describes the service and defines its features, it should be the most comprehensive description of all product aspects needed to meet the consumer expectations in the best possible way.

For this reason the quality of a complex service is not a collection of technical qualities of individual services being part of it, but it is rather a result of an integrated quality management process construed as a search for a destination management model able to guarantee a better satisfaction of the visitor on the one hand, and economic development, protection of the environment, and well-being of the local community on the other (Waiermair, 1997). Thus the most important ability needed is the ability to formulate the strategy for a tourism product development in a destination. The right strategy will ensure a sustainable development of tourism in the region and will fine-tune the overall tourism offering to the natural and anthropogenic features of the destination (Gołembski, 1999, p. 223).

1. What we know about a product, the place of its inception, and strategy for its development

The **tourism product** can be seen as a market package of tangible and intangible components enabling a tourism experience. The product is composed from natural and man-made tourism attractions as well as goods and services enabling arrival and stay in the destination, and enjoyment of its attributes and leisure time activities (Nowakowska, Kompendium, edit. Gołembski, 2002).

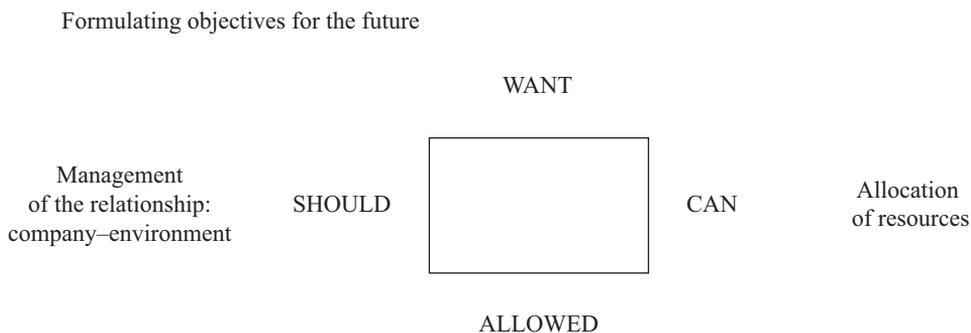
Even though a tourism product includes goods and services purchased at the tourist's place of residence and while the tourist is travelling, there can be no doubt that to the greatest extent the product is being made and consumed in the tourism destination. The **tourism destination** is a relatively uniform area that stands out from its surroundings by virtue of its natural or acquired attributes. Accepting this general description as a basis for defining any geographic region, it can be stated that the tourism destination is a properly developed region characterised by attractive tourism qualities, mainly natural, where flows of tourism concentrate. The important features of any geographic region, including a tourism destination, are the unity and internal connections of an area defined by its geographic boundaries (Liszewski, Kompendium, edit. Gołembski, 2002).

This definition is correct for destinations formed on the basis of natural assets (lakes, forests, mountains, sea), whereas in the case of destinations where man-made features dominate (castles, palaces, strongholds, old technical structures) we can hardly talk about a closed-in region of any unity. Anthropogenic attractions are usually "spots" on the map (towns, villages, isolated enclaves) that can be linked by a network of roads. They usually form a continual line and with a certain approximation can be referred to as **tourist trails** or **tourist routes**. This typology is important if for the fact that the main tourism offerings of the Wielkopolska region (as will be shown later) are exactly such routes linking cultural heritage spots into trails with underlining themes.

A development strategy should be understood as a process of setting long term objectives for the development and consumption of the tourism product in a destination, and determining the necessary financial resources needed to bring the project to fruition (Mikro i makroekonomia, Marciniak et al, 1998). The objectives and the required financial means depend both on the inherent conditions of the destination (natural resources, but also the level of organisation and coordination of activities), and external conditions provided by the legal framework and policies of central institutions (the government). A development strategy is not only an element of the tourism product management in a destination, but also a major long term factor determining improvements in the product quality, incomes of service providers and local governments, and the well-being of local population. The deve-

lopment strategy in procedural terms is a discourse on the direction of development and a collection of procedures needed to achieve the various strategic objectives in the long term, and in terms of its growth-stimulating function it is a conceptual vision of the future tourism product.

The following considerations will focus on the strategy formulation aspects (Heene, 1997).



Definition of ethical standards

This diagram can be adapted to the tourism product strategy development.

Allocation of resources (CAN) (in tourism it means natural and man-made resources) – is a process of identifying regions of outstanding tourism attractiveness. Formulation of objectives (WANT) is a process of determining the tourism product core element and identifying opportunities for the development of various tourism forms. The management of the company-environment relationship (SHOULD) is the domain of the public sector and refers not only to the natural environment but rather to a much wider range of issues.

2. Identification of destinations

A tourism product development strategy is constrained by spatial aspects. Identification of individual tourism destinations must be preceded by the selection of a larger region to be studied. The term “region” refers to any geographically defined terrain within the country that fulfils a tourism function (Liszewski, Kompendium, edit. Gołembski, 1999), and has a wider meaning than a destination. If, for example, we talk about a lake district we picture an area hemmed in by natural boundaries (such as rivers, a mountain range, the sea) where the number of lakes is greater than ave-

rage for the country. Only within such a region can we identify spatial units which are better suited than others in terms of attractiveness to tourists.

The selection of a particular (potential) destination for study must be based on economic merits, that is it should take into account the destination development possibilities and viability of future investments in the area (Methods of stimulating..., edit. Gołembski, 2002). These depend on the destination attributes, their location, spatial and functional unity of the area, and the history of the destination's socio-economic development to date.

"Destinations" based on man-made products form tourist trails. The number and significance of heritage objects (churches, palaces, archaeological sites) decides about the trail's itinerary. The objects' attractiveness depends on their age, artistic merit, and historical meaning. The process of developing trails (such as The Loire Valley Castles Trail, The Cistercian Trail) combines both a quantitative and qualitative analysis of sites with a little bit of subjectivity. Having a number of trails to choose from, we can however attempt to identify the most attractive one. The method that has been used is based on confronting the potential demand generated by different types of tourism (passive recreation, active tourism, participation in events, business, in-transit tourism) with the possibilities of satisfying that demand by the proposed products, i.e. heritage trails.

By assessing development possibilities of individual tourism types (good or average), and confronting the possible types of tourism with potential destinations by allocating scores based on viability of their development, we get a map of tourism types preferences. On this map we can identify the types of tourism best suited to individual destinations (with further division into domestic and inbound tourism).

The procedure presented above is an instrument of selective implementation of strategic objectives designed for a larger region. This means that we will not be planning a simultaneous development of all selected destinations in a region, but rather concentrate at first on those that are on top of the map of preferences. Those will be the destinations that can simultaneously support several types of tourism thus increasing the viability and efficiency of investment projects in the region.

The same assumption applies to the process of selecting regions attractive to tourism by virtue of their natural qualities. In this case we can use the method of synthetic indicators of tourism attractiveness (Regionalne, Gołembski et al, 1999). The indicators are constructed for the smallest administrative units – the communes. By joining together the highest-scoring communes we can identify areas – or destinations – where tourism can be developed (Bednarska, Gołembski, Wojtasiewicz, 1998). The synthetic indicators of attractiveness are derived from weighted partial indicators calculated for each of several descriptive groups (divisions) – tourism attractions, condition and protection of the natural environment, and accessibility. The method requires further fine-tuning in terms of feature preferences and feature normalisation (Methods, Gołembski et al, 2002).

3. Product development process

The strategy for a tourism product development in a selected destination is contingent on the ability of a wider area (region) to support development of specific products. Once this is confirmed, the process of product development can go ahead. The process starts with a definition of the product's core. The product's core corresponds to the so-called core benefits that relate to the main travel motive (Altkorn, 1995). The travel motive, in turn, refers to that part of the tourism product which decides about the destination's appeal to tourists and is the main reason why tourists want to visit the place. For example, heritage trails can be centred on the theme of historical events connected with the visited sites, or on their uniform style of architecture, or generally on their architectural merits.

The product core of destinations based on outstanding qualities of the natural environment is determined by a detailed profile of the chosen destination. The destination profile includes such elements as landscape features, condition of waterways and lakes, forestation, accessibility of the destination, and the state of the natural environment. The product core could be based on, for example, water sports (in areas where there are a large number of lakes interconnected by waterways, the population density is low, and roads are scarce) that could support such activities as kayaking, yachting, windsurfing, scuba diving/snorkelling, etc.

The destination must provide what Ritchie calls the quality of experience. This is made up from elements shown in the following table:

Dimension	Examples
Hedonic	<ul style="list-style-type: none"> • Excitement • Enjoyment • Memorability
Interactive	<ul style="list-style-type: none"> • Meeting People • Being Part of the Process • Having Choice
Novelty	<ul style="list-style-type: none"> • Escape • Doing Something Different
Safety	<ul style="list-style-type: none"> • Personal Safety • Security of Belongings
Stimulation	<ul style="list-style-type: none"> • Educational and Informative • Challenging

Source: B. Ritchie, 1997.

The development strategy must take into account the basic and value-added aspects of a product. These are:

1. The infrastructure and amenities of the destination. Here we must include basic services needed to accommodate tourists and provide access to attractions, in particular:

- lodging by type, including traditional accommodation characteristics of the region;
 - food and beverage services, primarily restaurants;
 - accompanying amenities (such as sports and recreation facilities, entertainment).
2. Accessibility of the destination, describing its links with potential markets, i.e. cities and regions providing most of the tourists who visit the place. Accessibility is profiled not only by the network of roads, railway lines or waterways, but also by the schedules – annual and weekly – of transport to and from the destination.
 3. Destination image. This is a value-added aspect of a product deciding about its uniqueness, originality, and market position. Image is everything. It is the public's perception that determines a product's (destination) success or failure. Hence, it is critical for any entity in the travel and tourism industry to maintain a positive image with the public it is trying to attract. The value segment differs with the attitudes of different segments of the touring public (O'Regan, 2000). For a product whose core is anthropogenic this could mean, for example, signposting of the heritage routes, maintenance of parks, refurbishment of the surroundings of major sites, guiding services, car parks, cultural programmes, etc. For a product whose core is based on natural qualities, the value added elements could include tourist trails, nature reserves, visitor centres, car parks, etc.
 4. Price to the consumer – a most important element of the overall product. The price components include the cost of travel, lodging, food, and other services such as access to attractions in the destination. Analysis of price levels and structures should focus on their adequacy to the main consumer segments relevant to the destination.

4. The public sector's input to the tourism product development strategy

The complex character of an integrated tourism product requires that the strategy for its development is based on coordinated actions of many stakeholders (regional and local authorities, investors, property owners, travel agents). To ensure integration of actions the stakeholders must appoint a leader, an organisation that has the support of both the public and private bodies. This organisation must have a general vision of the product and be able to successfully guide its development. In Poland such a role should be played by regional and local authorities.

The responsibilities of regional and local authorities with respect to the tourism product strategy include:

- a) actions and policies directly connected with the product development,
- b) promotion and distribution activities.

The main direct input of local authorities in the process of product development is to ensure that the right conditions for tourism investments exist. This is done by supporting projects financed by both private and public bodies aimed at increasing future revenues of all entities (both private and public). The projects may include:

- development of assets (construction of tourism facilities)
- acquisition of assets (purchase of land for future development)
- staff training (retraining)
- renovation of cultural heritage sites
- environmental protection projects (technologies aimed at reducing harmful emissions, and water and soil pollution)

In order for these projects to be carried out, the regional authorities may also get directly involved (that is, if the destination is not confined within the boundaries of one commune).

Among the early tasks of public authorities is to propose the construction of new and refurbishment of the existing accommodation facilities. The proposition should be based on the criteria of expected demand and the assessment of adequacy of the existing facilities to accommodate future tourism flows (Metody, Gołembski et al, 2002). To obtain the necessary data, the early stage of strategy preparation should incorporate studies and surveys of the present and future demand for the destination offering.

After the general plans for accommodation facilities have been completed (land development planning), specific locations for facilities must be determined using methods enabling direct identification of locations suitable for development, which can be further narrowed down, basing on detailed documentation. Next, investors can be invited to propose projects, and planning permissions can be issued. Projects proposed by investors should be evaluated using the criteria of functionality and economic viability.

A well defined vision for the product and its core elements will gain cooperation of the private sector (property owners) in the scope of facility refurbishment. Particularly important in terms of the product core are heritage sites, some of which are privately owned. Efforts of the regional authorities should facilitate refurbishment decisions and streamline financing procedures.

An important issue in the image creation of the tourism product is an improvement of the destination surroundings. In particular this refers to villages and farms in neglected areas with high rates of unemployment, where buildings and infrastructure have fallen into disrepair. Poland's accession to the European Union creates an excellent chance to obtain finances for levelling out differences in regional development, and as a result enhance the attractiveness of tourism offerings.

In view of the Common Agricultural Policy, Poland can count on support instruments to enable modernisation and diversification of farms. This will be extremely important in the social dimension, providing opportunities for the retention of traditional country landscape, retention of the rural cultural heritage, and facilitating improvements in the natural environment to make rural areas attractive places for living, recreation, and broadly understood cultural pursuits (Kociszewski, 2003). Provincial authorities must therefore prepare projects that will be partially financed from the European Union funds, or initiate the inception of such projects at the local level. The projects might include the reconstruction of various aspects of cultural heritage, both tangible and intangible, to enable the restoration of cultural uniqueness of regions whose identity had been destroyed during fifty years of totalitarian rule (reconstruction of old crafts, old domestic chattels, traditional rural ceremonies, etc.).

Accomplishment of these objectives will not only raise the attractiveness of tourism offerings, but will also stimulate the development of rural communities through non-agricultural activities, entrepreneurship, unemployment reduction, and greater disposable incomes of the people.

A tourism product development strategy is based on the integration of efforts under the leadership of provincial governments and Regional Tourism Organisations. These bodies coordinate their own tasks with those of local organisations (communal authorities and Local Tourism Organisations), service providers, and travel agents. Communal authorities are responsible for raising their products' attractiveness through various activities, such as signposting (information), provision of bicycle paths, walkways, and provision of car parks at the access to attractive sites.

Infrastructure projects (gas, water and sewage, power) at the local level play a very important role. They raise investment attractiveness of local areas and save costs of project implementation.

Local authorities have a role to play in promoting friendly attitudes towards visitors and ensuring safety for local residents and tourists alike (Kurek, Kierunki rozwoju, edit, G. Gołembski, 2003).

Owners of heritage sites - core elements of the tourism product – are responsible for the upkeep of buildings and parks, as well as the provision of cultural programmes and guiding services. Different background of property owners is a problem: some heritage sites are owned by private individuals, others by private sector companies or public bodies. Hence the role of the leader is to effectively communicate the vision for the development of these sites and to prepare instruments of indirect coercion or motivation of private owners, negotiate with institutional owners, and coordinate actions with public owners of heritage properties.

The enclosure of promotion and distribution issues in the product development strategy is a simple consequence of the consumer value chain (Waiermair, 1997). The important part of this value chain are pre-purchase aspects of the product, such

as projecting its positive image in the minds of consumers-to-be, information on the product, itinerary arrangements and reservations. These are activities that occur in the tourist's place of origin or at some intermediate point (e.g. a hotel) which promotes attractive tourism offerings, redistributing tourism flows from, say, cities to rural destinations. The offering parties are usually travel agents or hotels in large cities. The role of marketing coordinator should be taken on by an organisational unit of the provincial (regional) government responsible for marketing. Likewise, at the local government level, whose activities related to the tourism product are guided by the marketing coordinator, there should be a marketing unit responsible for the product portion located within the commune's jurisdiction. At the end in this marketing chain are owners and administrators of specific sites. They are responsible for direct processing of the visitor. Such top-down organisation of marketing ensures integrity of the tourism product, and its proper promotion and distribution.

In the concluding part we will describe the dilemmas of regional and local authorities with respect to the product development strategy.

5. Dilemmas of the public sector – the regional and local authorities

A general, but key question is: **How can spatial planning include the vision of a tourism destination?** This question is about the strategy for tourism, an important socio-economic category. Every strategy defines objectives, mostly qualitative. In the case of a tourism strategy these might be to:

- increase the tourists' length of stay and expenditures in the destination
- increase the volume of tourism outside peak holiday periods
- increase the number of return visits to the destination
- improve facilities and services
- improve the destination image and communication with the outside world
- support traditional agriculture through tourism and better contact of tourists with local communities
- reduce the negative impact of tourism on the sensitive elements of the environment (Meldon, Sweeney, Douglas, 2000).

A tourism strategy should meet two requirements:

- tie the quality improvement efforts to economic and environmental goals, never treat quality as a goal in its own right
- highlight the importance of such management issues as setting the standards, assessing customer feedback, and surveying public opinion.

Another question that local authorities ask is: **How can the local business be motivated to invest in tourism?**

The question is really about tourism infrastructure (agri-tourism farms, private lodgings, restaurants, marinas, souvenir production and sales, etc). The more local capital, land and labour are engaged in local projects, the more money will stay in the area generating multiplier effects.

Given that the entrepreneurial potential of local communities may not be enough to accommodate the prospective flows of tourism, particularly inbound tourism, another question arises: **How can the private sector be motivated to invest in tourism?**

This question is about eliminating factors that limit the return on investment of tourism projects, issues such as land ownership regulations, inadequate local infrastructure, local taxes and levies, shortage of qualified personnel to be employed in specialised service jobs. Important in this context are the legal framework, general taxation issues and credit policies, taxation policies addressed at business, tax rebates on investment outlays, and finally nation-wide and local marketing.

Laying the foundation for tourism development, local authorities ask yet another question: **How can education and vocational training be organised to facilitate regional tourism development?**

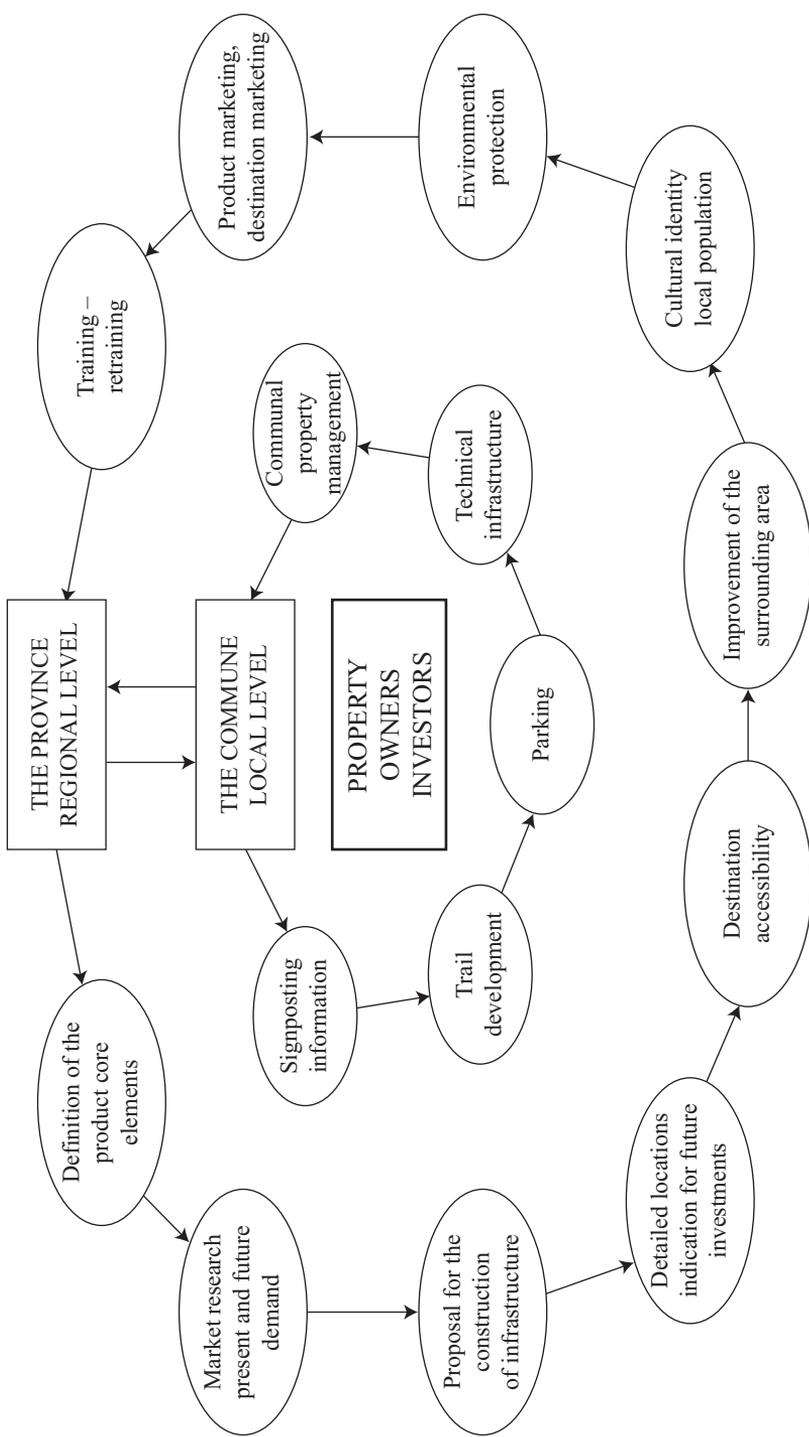
Three levels of education are envisaged:

- non-vocational training (courses, meetings, exchange of experiences), part time and correspondence courses (book-keeping, insurance, interior design, languages, communication skills, guiding, regional cooking);
- vocational training in such careers as receptionist, waiters, cooks and dieticians, tourism organisers, public relations specialists;
- higher education, training specialists in the fields of management and organisation, finances, marketing, spatial planning, environmental protection, property surveying and investment appraisal.

The need for sustainable development of tourism poses a question about preventing the negative impact of tourism: how can tourism be kept under control to prevent it from growing to the size threatening the environment? This is a management issue and concerns two aspects:

- eliminating seasonality of tourism flows
- planning facilities according to the possible reception capacity of the destination.

All these problems cannot be solved without a strong leadership. The leadership is task-oriented. The various tasks and their logical arrangement are shown in the following diagram:



Role of public sector in the tourism product strategy

Source: G. Gofembski

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