Optimizing the tourism destination potential with the integration of sustainability and innovation principles

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Abstract. In the article the science approaches to the essence and set of elements for a successful tourism destination development are considered. These helped to develop a new destination potential model by integrating two management principles: a) sustainability and b) innovations. These additional principles should reach higher destination potentials and guarantee a better destination performance. The interrelation of the elements of a tourism destination potential with the mechanism of its management is reflected. A central aspect and a prerequisite are the creation and integration of a special management body for the destination – the Destination Management Organisation (DMO). During the study qualitative inputs from experts about the model were obtained. These contributed to confirm the model and to adapt it for the usage by a DMO. The overall goal is to reach a higher destination potential, to enhance its competitiveness and to counteract the negative factors of the external and internal environment, especially in the Post-Covid19 phase. During this the tourism industry has suffered on an unprecedented scale and hardly any destination in the world has been able to match the success figures of the recent past (until 2019).

1 Introduction

The challenges faced by almost all sectors of the world economy during the Covid 19 pandemic demonstrated the unreadiness to promptly transfer various economic processes to a remote format of their implementation without losing the efficiency and quality of the product offered to the consumer. Thus, some experts believe that due to the specifics of the activities of the majority of workers in industry, construction, agriculture, trade, transport and services, such a remote manoeuvre is practically impossible and "in general, no more than 37-40% of all employed can work on full or part-time remote employment" [1]. In the tourism sphere, according to data from WTTC's annual research, "in 2020, 62 million jobs were lost, representing a drop of 18.5%, leaving just 272 million employed across the sector globally, compared to 334 million in 2019" [2]. Thus, "the current crisis has exposed long-

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standing structural weaknesses in the tourism economy (it is a fragmented sector, mainly represented by small and medium-sized businesses, excessively dependent on (short) seasonality), as well as gaps in the readiness of governments and businesses to respond quickly to new challenges and changes" [3]. It brings out the need to find new ways and methods of economic management activities of tourism enterprises and destinations that would provide a high level of resistance to negative factors of the external and internal environment (Figure 2).

The global lockdown in 2020 reflected in the share of tourism GDP in world GDP. And in 2020, due to the coronavirus pandemic, the contribution of the tourism industry to global GDP has almost halved compared to 2019 data: from 10.4% in 2019 to 5.5% in 2020 [2]. Of course, the changes caused by the coronavirus infection negatively influenced both the main indicators of the leading countries in the tourism sector and affected almost all areas of activity of regional and local tourism destinations too. For example, in the Russian Federation, the turnover of domestic tourism decreased by 40%, and resort towns and natural areas lost about 10-15% of the income level of 2019 [4].

Thus, each crisis should be used as an opportunity to transform the existing mechanisms for managing economic processes. In the tourism sector the collective responsibility of all stakeholders for the thrifty use of natural resources and at more effective management of the interaction of tourism with society and the economy should be aimed. Especially now, when considering the enormous negative impacts of COVID-19 on tourism destinations, the conglomerate of tourism stakeholders needs to redesign the approaches for further development. Traditional goals and processes need to be questioned and adapted to the new circumstances.

In a Policy Brief by the United Nations five priority areas for transforming tourism after COVID-19 Pandemic are proposed (Figure 1):

Fig. 1. A roadmap to transform tourism needs to address five priority areas [5].

In connection with the above, it seems relevant to study ways to increase the efficiency of using the potentials of tourism destinations in conditions of instability of the external environment, as well as to search for effective methods of their management based on the use of the principles of sustainable development and the implementation of innovations.

The importance of ensuring sustainable development of the destination is recognized by many authors [6-10]. , while we agree with the opinion of V.Yakovleva (2015) that sustainability means both changes that lead to a higher level of organization of the tourist and recreational system, and the process of development itself [11].

In its turn, the use of innovations in the activities of a tourism destination opens new opportunities in smart managing economic processes. It also makes possible the ensuring of the destination competitiveness growth based on sales of unique and qualitatively new tourism products created on meeting the tourists needs.

2 Research goal and research question

This research project aims to re-visualise the complex system of successful destination management by adding both the principles of sustainability and innovation to enhance and achieve the potentials of destination development. The following were defined as key research questions:

- are the principles of sustainability and innovation valid in destination management?
- can the potentials of destination development be increased with these added principles?
- can the visualisation be interpreted and applied in tourism practice?

3 Methodological process of the study

A modern tourist destination is a complex concept that includes not only the geographical and political framework or the set of tourist resources, but also the feelings that a tourist experiences from the consumption of a tourist product sold on its territory, which has its certain tourist brand, image, and reputation as well.

To understand the essence of a tourist destination and determine its elements, one first needs to investigate the definitions of the term "tourism destination" in the scientific literature.

V. Kruzhalin (2014) and a team of authors understand a tourism destination as a territory that has a certain attractiveness for tourists and meets the following conditions: the presence of geographical and administrative boundaries; availability of a certain set of tourist and recreational products and services; attractiveness of resources; accessibility; image and reputation that affect its competitiveness in the tourism market [12].

I. Pavlenko, E. Osmanova (2016) give a different interpretation of a tourism destination, namely, as "a set of interconnected tourist resources (attractions, providing infrastructure, auxiliary services) located in a certain territory and together forming a unique tourist product in order to provide quality services and form positive associative images of tourists, as well as profit by enterprises of the territory, increasing employment and well-being of local residents, achieving sustainable economic growth in the region" [13].

In a Glossary of tourism terms by UNWTO one finds the description of a destination: "The main destination of a tourism trip is defined as the place visited that is central to the decision to take the trip" [14].

At the same time, it is important to determine the essence of the potential of a tourist destination and we could agree that "tourist potential is a combination of natural, historical and cultural objects and phenomena, as well as socio-economic and technological prerequisites for organizing tourist activities in a certain territory" [15].

For the purposes of the study, it needs to compare the opinions of different authors regarding the composition of the elements of the destination potential, or the tourism potential of the territory.

T. Bieger consider that the tourism potential of territories comprises economic entities embedded in the natural and cultural resources of the territory to be integrated into customer-defined and activated service chains out of service networks [16].

The similar opinion has H. Pechlaner: the elements of the tourist potential are natural resources (attractive landscape, climate, location, etc.), tourism infrastructure (hotels, points of attraction), non-tourism infrastructure – which improve accessibility – as well as human and capital resources [17].

A team of Russian authors led by A. Kuskov describes the composition of the elements of the tourist potential using two main categories: tourist resources (which include natural, socio-economic, cultural and historical) and tourist infrastructure (at the same time including it in the composition of socio-economic resources) [18].

From the analysis of the selected authors' opinions on the composition of the elements of tourism potential, it can be concluded that not all proposed approaches reveal a clear relationship between the components of the potential of a tourist destination and don't take into account the principles of sustainability and innovation in their management. This allows us to propose the author's model of expansion of the tourism destination potential with the integration of sustainability and innovation principles, schematically shown in Figure 2.

Fig. 2. The expansion the tourism destination potential with the integration of sustainability and innovation principles.

3.1 Research methodology

For research purposes, the model was anonymously tested by experts from the tourism industry professionals, whose opinion can be considered authoritative and valuable in the management of a tourist destination. 21 experts, who represented different spheres of tourism industry took part in the survey and were asked to answer 7 questions (partly closed, partly open). Qualitative interviews were held from April till May 2021 and experts' conclusions were representative as they perform various areas of hospitality and tourism business, authorities and to be more precise Ministries of tourism, tour operators and travel agencies block, experts from universities, top management of hotels and representatives of Tourism Associations.

3.2 Literature analysis

The analysis of many authors' opinions in scientific literature regarding the essence and elements of the destination's potential [12-18]. made it possible to single out the following main elements among the primary and the derived offer as the main parts of its potential: resources, attractions, and infrastructure.

As a part of a primary tourism offer in the tourism destination potential there are different resources: geographical, natural and climatic, financial, administrative, labour, informational, socio-cultural, material, technical and technological, educational, legislative and legal.

Also an important component of a tourism destination potential is its infrastructure. In this study, the infrastructure in a tourist destination is proposed to be divided into primary (natural conditions, general conditions, and general infrastructure) and derived (specialized tourist infrastructure as well as tourist attractions and activities).

At the same time, we assume that attractions can be considered as a separate element of the potential of a tourism destination. Events, theatre, concert, entertainment and other objects of tourist attraction, certainly, increase consumer interest in a particular tourism destination and have a strong impact on the potential of a tourism destination and on the key parameters of its functioning. However, we need to add, the single diversity of attractors will not guarantee a successful positioning and development of the destination; the excellence and quality of the attractors are more relevant. Additionally, the destination needs to address and acquire the appropriate target groups.

It should be noted that for an effectively interaction the components of the destination potential and increasing its competitiveness, it is also necessary to use rational principles of management, best implemented by a special destination management organization – the DMO. This body could unite the services of the stakeholders, the additional available resources like attractors and tourism relevant infrastructure, realizing benefits for the tourism-destination industry and rich guest experiences. Including the principles of both sustainability and innovation will reinforce the overall benefits and performance of the destination.

At the same time, we assume that the introduction and the use of the principles of innovation in the work of the DMO in managing the potential of a tourism destination will contribute to its future-oriented, successful development. This not only should fulfil the future guests' expectations, wishes and needs, but also the goals of the destination itself, being aware of the high competition and being compared and benchmarked by different organisations and (potential) guests.

Innovations are directly and indirectly related to the production and sale of a tourist product. Due to qualitatively new ways of creating and promoting a tourist product, we get

a competitive and modern service, for example, an internet service for independent travel planning, virtual excursions to cities and museums around the world, which can become an effective tool during a period of limited mobility of tourists. At the same time, in terms of destination management and interaction of stakeholders in the era of digitalization and the operation of quarantine restrictions, the online format of communication (teleconferences, workshops, webinars, online events) between stakeholders and partners to discuss key issues of the development of the destination, solving current problems and sharing experience, can be considered as innovative. In this connection, we could agree with the opinion of S. Saraniemi and M. Kylänen (2011) "when turned to business practices, the cultural approach calls for joint forums and innovative interfaces where different actors can meet each other, and activities can interconnect" [19].

In general, the action in the tourist destination of various media platforms and innovative solutions contributes to the creation of an attractive image of the territory and to generation of an increased demand for travel. This will create a favourable image of the destination and increase the attractiveness of the tourism product offered in it not only for potential tourists from other territories but also among the destination's residents, including day-tourists/excursionists. Ultimately, the positive economic dynamics of the destination will contribute to the growth of its investment attractiveness, increasing the possibility of attracting funds for further development.

4 Results/discussions

For research purposes, the model (Figure 2) was tested by experts from the tourism industry, whose opinion is considered authoritative in the management of a tourist destination. 21 experts (see further down) took part in the qualitative survey and were asked to answer 7 questions, which could be shaped according to three questions:

- are the principles of sustainability and innovation valid in destination management?
- can the potentials of destination development be increased with these added principles?
- can the visualisation be interpreted and applied in tourism practice?

Based on the survey, the following results were revealed.

18 experts (85,7%) agreed on the list of elements for building the capacity of the destination, divided into primary and derived tourism offer and proposed in the model. At the same time, 3 experts suggested borrowing the relevant experience of Western countries, noting that it is better to specify general conditions in the initial tourism offer, with adding of local producers (see Figure 3).

Fig. 3. The results of the survey of experts on question "Do you agree with the set of elements of the destination performance (resources, attractors, infrastructure)?".

The next question was devoted to how important it is to introduce various aspects of sustainability in such areas as economy, ecology and society for improving the quality and content of the tourist product / destination on a scale from 1 to 5 (1 - not at all, 5 - very important). The experts' responses are shown graphically in Figure 4.

Figure 4. The results of the survey of experts on question "How important is it to implement the different dimensions of sustainability in order to improve the tourism quality & performance?".

Thus, the respondents equally see the importance of introducing aspects of sustainability in the field of economy and ecology; at the same time, in the sphere of society, this role is slightly rated less, but it does not lose its significance.

Nevertheless, it should be emphasized that, the majority of the interviewed experts rate all three sustainability dimensions as "important" to "very important" in nowadays destination management.

However, the importance of each sustainability dimension depends on the local and actual situation. E.g., now in Covid-times for sure the economic dimension is of a higher priority than the other two. When the economic situation is strong enough again, the two other parts get more support again. Additionally, we have to accept, that depending on the local character/identity of the destinations, the different dimensions of sustainability are evaluated differently. So, we are not allowed to make a ranking within these 3 pillars. The correct level of importance per pillar has to be decided in every single destination individually. The integration of the sustainability principles in the model of destination management is confirmed.

The next question posed to the experts was devoted to assessing the importance of introducing the principles of innovation in the management of a tourist destination in order to improve the implementation of all objectives of the destination activity / DMO on a scale from 1 to 5 (1 - not at all important, 5 - very important). 16 experts marked 5 points, 3 experts - 4, 1 expert - 3, 1 expert - 1 (Figure 5).

Figure 5. The results of the survey of experts on question "How important is it to integrate innovation principles into a management of a tourism destination aimed to improve and support all destination/DMO tasks?".

Again, the experts confirmed the importance and validity of the principles of innovation to be included in a new destination model (19 experts (90.5%) evaluated with "important" and "very important"). At the same time, the respondents noted the following:

- It is necessary to create a communication style.
- Incorrectly formulated principles of innovation. It is comprehensible, as innovation management offers multiple schemes, others than the chosen one in the model (Figure 2).

Nevertheless, based on the results of the survey, it is (very) important to implement the principles of innovation.

The authors of the study believe that "innovation in general" is fundamentally important for a successful development of a destination. The competition in tourism, and within destinations, is intensive and every destination needs to be capable to improve from season to season, otherwise the competitors will succeed in winning over guests. Innovation principles help to advance and to develop better, products and services and to reach a higher performance level of the destination.

The second set of questions aimed at exploring the experts' views of the DMO concept usage and their vision of the strengths and opportunities for concept improvement.

The other question focused on the importance of a destination management organization (DMO) made up of stakeholders. The respondents were required to give an assessment on a scale from 1 to 5 (1 - not at all important, 5 - very important). 17 experts (81%) noted that having such a governing body is essential (grade 5); 3 experts (14.3%) graded an importance of a DMO with 4 points, 1 expert (4.7%) gave 3 points (Figure 6).

Figure 6. The results of the survey of experts on question "How important is it to have a special destination management organization (DMO), consisting of representatives of stakeholders in the destination?".

As a summary it can be noted that the creation of a DMO seems to be "very important" (17 from 21; 81%) or at least "important" to "very important" 20 from 21; 95.2%). However, it is known, that establishing and running a DMO needs efforts, high engagement, qualified staff, and relevant resources. Additionally, it needs a broad stakeholder group representing the local tourism industry.

Obviously, the integration of the public authority is highly recommended and appreciated. It also depends on the local political structure, the finance scheme of the DMO and the tasks of the DMO.

Some of the experts commented on this issue as follows:

- "Bolshaya Rybinka.rf is the only example of a DMO creation in Russia.
- "It is important to have a community where there is professional and human understanding. Bureaucratization in the form of organization, hierarchy will give only predictable results. Today is the time for new solutions.
- "With professional participants, the study of this issue will be more flexible in implementation".
- In such a "combined" form, it can only be a public organization, without the authority of direct management".

Based on the result diagram, it can be concluded that it is vital to have a dedicated organization for managing the destination and a DMO would be a very supportive establishment developing the destination.

Respondents' answers to the next question regarding the merits of the presented model can be grouped on the following grounds: 57% of experts noted the complexity and integrity of the data; 14% singled out its innovativeness among the advantages of the model; 11% of respondents attributed the visualization of the data presented to the advantages of the model; 9% confirmed clarity and uniqueness, 9% noted that this model includes all the necessary data (Figure 7).

Figure 7. The results of the survey of experts on question "What are the advantages of the presented model?".

In addition to highlighting the advantages of the proposed model, the experts were asked to formulate recommendations for its improvement. Each 6 experts (29%) responded that the model "is great", or that it is necessary to include information on stakeholders in the model. 4 respondents (19%) indicated that the scheme needs to be changed by adding other elements. 2 experts (9%) stated that they have a different view on the construction scheme of the presented model. 3 (14%) didn't comment. The experts' responses are shown graphically in Figure 8.

Figure 8. The results of the survey of experts on question "What should be improved in the presented model?".

Thus, based on the results of the experts' survey on the model, it can be concluded that the majority of experts supported the idea of creating a DMO and recognized it as (very) important to introduce the principles of innovation and sustainability to approach higher potentials in the market.

5 Concluding remarks

In this research the authors analysed the definitions of the term "tourist destination" and "potential of a tourist destination" existing in the scientific literature and proposed a model for optimizing the tourism potential of a destination with the introduction of the principles of both innovation and sustainability into the mechanism of its management. This model has been discussed with a selection of 21 tourism experts interviewed. The summary of these feedbacks allows us to state that the proposed new model of the potential of a tourism destination would increase the efficiency as well as the competitiveness of the destination as a whole. At the same time, as a hypothesis, this could have a positive impact on the investment attractiveness of the destination, the formation of its positive brand and image among potential tourists.

Using the principles of the concept of sustainable development in the management of a tourism destination will ensure the harmonization of forming the capacity of a tourist destination with the need to maintain a favourable environment in all three dimensions of ecology, economy, and society. Supplementary the views and opinions of many different stakeholders, the local population included, should be considered too, as this will have a beneficial effect on the future level of tourism acceptance, hospitality and loyalty from the destination's residents and tourism relevant actors on a longer time scale.

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