

Kosice - the European Capital of Culture in 2013 and implementation of destination management

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ABSTRACT

The article is focused on destination management and its implementation in the Kosice city. Destination management is one of the significant conditions of meeting the economic prospects for the project ECOC Kosice 2013. The main objective is to describe the first year of project preparations and related initiation and formation of destination management.

Key words: European capitals of culture, ECOC, Kosice 2013, destination management, DMO

INTRODUCTION

Since September 9th 2008 Kosice has been honored and after the successful selective procedure will rank between the other cities titled as the European Capital of Culture (ECOC). After Prague and Krakow (ECOC in 2000, Czech Republic and Poland) and Pecs (ECOC in 2010, Hungary), Kosice will represent Slovakia (the new EU member state) and as the last one will fill in the mosaic of Visegrad countries. The old EU member states will represent the twin partner city Marseille (ECOC in 2013, France).

METHODOLOGY

Research methodology is based on the study prepared for the European Commission – European Cities and Capitals of Culture (Palmer, 2004), describing 21 cities that held the title European Capital of Culture in the years 1995-2004. The information given in this article is presented in such an extent, which was available at the time of preparation of the project. For that reason they are only partially

comparable with the information given in the second part of the mentioned study.

DESTINATION MANAGEMENT AND ECOC

One of the long-term objectives of the project ECOC Kosice 2013 is to promote tourism in Kosice and its surroundings. Mutual cooperation and coordination public and private sector activities is necessary assumption to achieve this objective and to take the best advantage of the opportunities such as project ECOC Kosice 2013 and International Ice Hockey Federation World Championship 2011. One of the tools to achieve this objective is destination management as a specific process of destination management. For example Bakucz (2008) shows opportunities and models for destination management in Pecs (European Capital of Culture 2010) and in the region. Taking into account various earlier theories we can conclude that for tourist destinations, destination management operated by the community is heavily dependent on networks which bring together a wide spectrum of relationships –

essentially those which arise through practical or business considerations (transactional is an appropriate term now used) and others of a more personal nature (Bakucz, 2008). The main principle of this management process is cooperation with all relevant subjects of tourism and coordination of tourism activities at the regional level. Destination management organizations (DMO) develop strategies for tourism development, which are not only built on marketing, but also oriented to quality and brand, active sales, direct sale, infrastructure building and information and reservation systems implementation and development (Bieger, 2000). This form of destination management is also relevant because of the possibility of the financial support from the state for marketing activities for local and regional destination management organizations according the Act 91/2010 about financial aid for tourism, which will be effective from 1st December 2011.

The Formation of Tourism Destination Management (TDM) in Hungary

In early 2009 Regional Operational Program Hungary Development Plan launched a new competition to develop a new modern system of organizing domestic tourism. It is expected that by the end of 2011 a new system of management and marketing of tourism will be created, built from the bottom to the top in which the unification of all interested parties (providers of goods and services, government, and local government) will establish DMO organization at local, district and regional levels.

System management of tourism destinations in the city of Pécs

TDM system in the city of Pécs consists of two entities:

1. Non-profit organization TÉDÉEM PÉCS Ltd. (TÉDÉEM PÉCS Nonprofit Kft.)
2. Non-profit organization PÉCS TOURISM (TOURISM PÉCS Közhasznú Egyesület)

Non-profit organization TÉDÉEM PÉCS Ltd. is a founding member of the non-profit organization PÉCS TOURISM and performs administrative tasks within the system. Non-profit organization PÉCS TOURISM is co-owner of non-profit organization TÉDÉEM PÉCS Ltd.

The aim and task of non-profit organization TÉDÉEM PÉCS Ltd. is to create conditions for competitiveness of the city Pécs (quality tourism infrastructure, uniqueness, attractiveness, welcoming attitude) and increase knowledge of the place and its surroundings, thus new tourists will be allured, the local economy will be started up, the awareness and orientation of incoming tourists will be improved.

Objectives and tasks of non-profit organization PÉCS TOURISM is the unification and the establishment of partnership of local goods and services providers, other participants of tourism in private, civil and public sector as well as promotion of quality tourism development on the basis of declared common interest in the city of Pécs and its surroundings.

Achievement of the role of TDM organizations in connection with the organization of the ECOC 2010:

- Upgrading TIK according to visitor's expectations (start of the service "May I help you", placement of seasonal information pavilion at St. Stephen square)
- Formation of agreements and contracts between the organization TDM and relevant authorities on municipal and regional levels,
- Preparation of an interactive web-tourist guide and online booking system, web-site reconstruction of county government, organization of professional study visits focused on TDM operation in Austria,
- Construction of an integrated geographic information system,
- Launch of marketing activities (creation of image organization, presentation of the city at various fairs)

- and exhibitions, production of postcards stickers "Pecs", presentation of the city in electronic and printed media, webcams at Szechenyi Square),
- Creation of partnership promotion of the ECOC project (agreement on the division of responsibilities, services provided by TDM, participation in developing marketing strategy of ECOC,
 - Selection and coordination of tourism managers who participated in the preparation and launch of ECOC 2010 in the city Pécs,
 - Creation of financial resources needed for launching marketing activities by developing projects and providing services.

COMMUNICATION AND PROMOTION OF THE PROJECT ECOC KOSICE 2013

Performance of Kosice as a holder of title ECOC 2013 included 294 articles published in domestic and foreign press and 79 915 visitors of the web site www.kosice2013.sk (according the annual report for year 2009 of the non-profit organization Kosice 2013, which is responsible for the project ECOC Kosice 2013 preparation and implementation).

The Destination Management Organization (DMO) called Kosice Tourism has undertaken all the activities like: Kosice city branding; regular media and PR service providing; organization of fam trips and press trips for tour operators and journalists; administration of tourist information portal; tourism products development; coordinating the arrangements for the International Ice Hockey Federation World Championship 2011; attendance at the selected exhibitions and other marketing activities. The Kosice Tourism was established and started its activities on 1st July 2010.

Destination management organization Kosice Tourism should qualify as local

DMO according §14 of the act 91/2010 about financial aid for tourism. The act in § 28 states that (effective on 1st January 2012) the government will contribute to the aggregate budget of the Kosice TURIZMUS with the same amount of funds as was the total amount of municipal budget contributions in the previous year.

The government will provide a subsidy from the national budget for the relevant financial year, except from the first year of running DMO Kosice Tourism. According to the presentation at the Municipal Council, the amount of 98 367.12 € represents the total amount of all membership contributions for the first 7 months of running the organization in 2010 (the contribution of city Kosice represents 87,35 % of this amount).

The contribution of Kosice city to DMO Kosice Tourism is 0,6 € for each visitors' overnight. The city invests approximately 60 % of revenues from local taxes for housing back in the promotion of tourism (the local tax for an accommodation is 1€ per person and night, excluding the tax exemptions for selected group of visitors). The other raised funds depends on the membership category (catering, accommodation, travel guides, travel agents, carriers, attractions and events operators, non profit organization Kosice 2013, corporate sector), catering capacity and number of overnights in the previous year or a lump sum contribution.

FUNDING AND FINANCE ECOC 2013

Project financing ECOC 2000 in the cities Krakow and Prague consisted of contributions from the city, government and contributions from sponsors, respectively revenues from festival itself. Total operational budget for the years 1996-2000 was 12 772 936 € in the case of the city Krakow (the government contribution was 6 377 127 €, the city contribution was 4 292 232 €, the contribution of sponsors/income from the festival was

2 103 577 €). The total operational expenditures for ECOC Prague were 28, 8 mil. € (Palmer, 2004). Estimated budget ECOC Kosice 2013 should reach amount of 29 188 170 € (Tab.1).

ECONOMIC PERSPECTIVES

Nevertheless, the ECOC seemed to have had a measurable impact on visitor numbers and expenditure in host cities. The average increase in overnight stays per city when compared to the previous year was about 11% before 1995, rising to over 12% in the

period 1995 to 2003. There were considerable variations in overnight stays among ECOC, ranging from an increase of 23% in one city to an actual decline of 6,7% in another (Palmer, 2004). It will be interesting to follow the impact of ECOC in the year 2013 (compared with previous years) to compare the economic prospects of the project. Number of overnight stays in the city of Kosice was 245 486 in 2009. We quote figures concerning survey on holidays and business trips of Slovak citizens in the Region of Kosice (NUTS III) in the years 2008-2010 (Tab. 2-3).

Tab. 1 Estimated project budget European Capital of Culture– Kosice 2013, **Source:** Návrh systému podpory financovania podujatia Európske hlavné mesto kultúry – Košice 2013

	Partners	Investment projects- 2010 - 2012	Program, management, promotion- 2009 - 2014	events, administration,	Total amount
1.	Kosice City	5 750 000 €	9 450 000 €		15 200 000 €
2.	Regional self-government	1 653 840 €	4 980 000 €		6 633 840 €
3.	EU structural funds	70 883 960 €			70 883 960 €
4.	Government		9 960 000 €		9 960 000 €
5.	Other towns in the region		1 600 000 €		1 600 000 €
6.	Sponsors		3 200 000 €		3 200 000 €
	Σ	78 287 800 €	29 188 170 €		

Tab. 2 Characteristics of visitors and visits in the Region of Kosice according to survey, **Source:** Statistical Office of the Slovak Republic

	Region Kosice (in %)					
	holiday stays			business trips		
	2008	2009	2010	2008	2009	2010
by purpose						
visiting relatives / friends	60,4	57,0	51,8	-	-	-
other	1,4	1,7	15,3	-	-	-
recreation at water	17,0	12,1	11,7	-	-	-
recreation in mountains	11,3	18,8	8,7	-	-	-
rural tourism	2,9	3,4	6,7	-	-	-
sightseeing	4,3	5,2	3,9	-	-	-
voluntary health treatment	2,8	1,8	2,0	-	-	-
according to passenger age						
25-44 years	49,3	39,6	35,4	61,4	50,4	63,7
15-24 years	14,1	22,3	29,8	7,1	4,1	5,3
45-64 years	28,2	34,6	21,2	28,6	43,4	31,0
65 and over	8,4	3,4	13,6	2,9	2,1	0,0
by type of accommodation						
commercial	41,0	48,3	33,8	98,6	93,7	97,6

noncommercial	59,0	51,7	66,2	1,4	6,3	2,4
by the mode of reservation						
without reservation	74,6	70,8	79,9	27,1	46,0	38,9
booked individually	18,4	18,8	17,2	61,4	54,0	61,1
booked through travel agencies	7,1	10,4	2,8	11,5	0,0	0,0

Tab. 3 Long-term, short-term holidays and business trips in the Region of Kosice in the years 2008-2010, Source: Statistical Office of the Slovak Republic

	2008	2009	2010
Long-term and short-term stays			
number of visits	275 721	232 312	451493
number of overnight stays	1 286 278	1 121 135	1579500
average number of overnight stays	4,7	4,8	3,5
Total expenditure (in thousands €)	28 768	29 023	44557
average expenses for stay (€)	104	125	99
in that			
Long-term stays			
number of visits	136 204	120 066	152209
number of overnight stays	991 946	828 907	968569
average number of overnight stays	7,3	6,9	6,4
Total expenditure (in thousands €)	21 457	18 526	19616
average expenses for stay (€)	158	154	129
Short-term stays			
number of visits	139 517	112 246	299284
number of overnight stays	294 332	292 228	610931
average number of overnight stays	2,1	2,6	2,0
Total expenditure (in thousands €)	7 312	10 497	24941
average expenses for stay (€)	52	94	83
Business trips			
number of trips	274 151	192 002	167961
number of overnight stays	693 764	347 666	308922
average number of overnight stays	2,5	1,8	1,8
Total expenditure (in thousands €)	40 745	27 021	20056
average expenses for stay (€)	149	141	119

CONCLUSION

We would like to point out some questions arising from the Government Programme for the period 2010-2014, which may affect the project and its success. In the chapter devoted to tourism states that “government will support the sustainability of tourism notably by amending the Act. 91/2010...”. Unfortunately it doesn’t specify objections to current arrangement and prospects, what extent of amendment and revision is being planned and what will it bring for destination management organizations. Positive news is that Government Programme includes the commitment “to

support project ECOC Kosice 2013 as a strategically important project with multiplier effects for tourism development”.

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