

## **INTEGRATED QUALITY MANAGEMENT MODEL ON THE EXAMPLE OF DESTINATION SPLIT**

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### **Abstract**

Integrated Quality Management (IQM) is argumentative and efficient method proposed by the European Commission to reach and maintain tourist products and services quality in destinations.

The paper presents IQM possibilities and phases in Split where tourism could base on events and contents quality and diversity, gastronomic and catering offer or destination cleanliness and ecological acceptability.

Split should accept proved quality improvement method and adopt European IQM model. Benchmarking Split with Stockholm, IQM method implementation is suggested for Split to keep its comparative advantages and enable long-term market competitiveness. Adopting IQM method completes value chain of Split tourism, depending on cooperation of all included in tourist activity: local and state authorities, tourism entrepreneurs, local population. Establishing institutional leader as destination management organisation, Split provides cooperation and partnership.

Three development scenarios for Split were compared and repositioning suggested on all levels by stressing quality aspect.

JEL classification: L15

**Key words:** quality management, destination, benchmarking, partnership

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### **INTRODUCTION (EUROPEAN MODELS OF DESTINATION MANAGEMENT (IQM))**

TQM (Total Quality Management) is already a constituent part of the approach just recently accepted by our tourist operatives. The latest approach to destination management is IQM (integrated quality management), i.e. European initiative founded to encourage development and implementation of sustainable and quality oriented approach to tourism.

IQM can be defined as systematic procedure for external and internal quality, i.e. short-term economic improvement and long-term local development. Internal quality is the value a tourist receives through a chain of experiences. External quality implies sustainable tourism development with rational and renewable use of sources and resources like territory, water, energy, natural resources, and heritage, all to prevent destruction and saturation problems. The

objective of external quality lies in long-term balance (*European Commission, Brussels, 2000*).

In 2000, the European Commission (EC) issued a document proposing integrated model of destination quality management based on the comparison of relatively similar models, i.e. already existing positive European examples. This paper presents benchmarking with destination Stockholm and proposes IQM model in destination Split.

### **DESTINATION LIFE CYCLE (DECLINE PHASE)**

To introduce quality management into Split, the destination has to be seen as a business model and optimum development direction selected based on qualitative and quantitative indicators. Decline phase in a life cycle of a destination is frequently noticed very late, thorough physical indicators like number of arrivals or rooms/night. However, if we look at the destination as live business system, this life cycle should be considered in wider sense. The EC points to balanced score card (BSC) developed by Kaplan and Norton in 1993 which sees the destination as a continuous methodology of monitoring, learning and return relation based on destination development vision and strategy. Based on development strategy, BCS constantly monitors the demand and supply of the destination, resources, communication and innovation, through short- and long-term objectives in order to record deviations from the desired results.

When monitoring destination decline phase, clear objectives have to be set within main development strategy and one development scenario selected.

There are three possible scenarios:

- A. STATUS QUO model (scenario with prolonging the current state)
- B. Scenario with maximum construction and growth of accommodation capacities
- C. Scenario with restructuring and repositioning (Cetinski, Perić, 2005.)

### **SELECTING IQM MODEL FOR DESTINATION SPLIT (comparability with destination Stockholm)**

Destination sustainability estimate – indicators in destination Split

- ✓ Around 200 000 inhabitants
- ✓ Town surface area 7852 ha
- ✓ Mostly transit destination – very small number of stays longer than 2 days
- ✓ Mostly foreign tourists, around 70% in relation to the domestic

- ✓ Most represented are traditional markets like Germany and Italy, growing number of arrivals from France, Spain, UK and Far East (Japan)
- ✓ Around 80% of rooms/night made in primary accommodation capacities (hotels)
- ✓ Around 4079 accommodation units, out of which 1738 in hotels
- ✓ Nautical tourism 1600 beds

Though population and size of Stockholm is significantly bigger than Split, the destination typology can be compared as well as relative attractions similarities. Both destinations are on the coast and have a character of urban centres which their main offer is to be based on. Both destinations have mostly foreign visitors. Although they differ in the number of accommodation units, the very model of integrated quality should not largely deviate from the tested model. Although has far larger offer of tourist contents, even a smaller destination, like Split, has many diverse contents to offer.

Main attractions of destination Split:

- ✓ Exquisite geo-traffic position and excellent link to European generating centres
- ✓ Climate, clean sea, beaches and environment, ecologically acceptable state of environment
- ✓ Rich natural attractions like Local Waters Archipelago of Split, beach Bačvice or hill Marjan
- ✓ Rich and well-known cultural-historical offer (UNESCO): Diocletian palace, The Cathedral of St Domnius, Jupiter's Temple, quayside, fish market, theatre, etc.
- ✓ Long catering tradition
- ✓ Famous gastronomy: healthy Mediterranean cuisine
- ✓ Abundance of events (Split Summer, etc)
- ✓ ACY marina Split with Blue Flag
- ✓ Nearby destinations and attractive locations (Salona, Trogir...)

**Accommodation:** Table 1 shows comparison and estimate of hotels in the two destinations.

Table 1: hotel offer benchmarking for destinations Split and Stockholm (inner town)

SPLIT	STOCKHOLM
2 hotels × 5 stars = 10	5 hotels × 5 stars = 25
6 hotels × 4 stars = 24	25 hotels × 4 stars = 100
5 hotels × 3 stars = 15	19 hotels × 3 stars = 57
3 hotels × 2 stars = 6	2 hotels × 2 stars = 4
1 hotel × 1 star = 1	1 hotels × 1 star = 1
<b>17 TOTAL 56</b>	<b>52 TOTAL 177</b>
<b>Average grade 3.29</b>	<b>Average grade 3.59</b>

*Source: made by the author*

In both destinations, 5 stars hotels prevail testifying on their target groups. Average grade of 3.29 does not meet expectations of a contemporary tourist; thus further development of accommodation units' quality and quality in Split should be a part of the total strategy of tourism.

**Public transportation:** Only state company "Promet Split d.o.o." provides transportation services on town and long-distance connections. During season, extra lines are introduced and new busses constantly purchased. Travelling area is divided into 4 zones; ticket price depends on the distance from the town centre. One can buy day, monthly or annual pass though there is no option for a tourist pass or any conveniences for tourist transport.

Destination Stockholm has a functional network of public transportation in the inner and outer belt. Transport covers bus and boat transport as well as underground. There are free lines for tourists in further areas aim at raising quality of tourist offer and directing tourists into areas of largest products and services offer concentration thus increasing consumption. Assigning concessions for such services and other benefits to entrepreneurs interested in assuming this service in Split would encourage local business subjects to activity and raise service quality.

**Attractions:** Split has many attractions based on natural-cultural-gastronomic heritage and in a relatively small geographic area offers many activities connected to environment, natural beauties, meeting history and destination indigenous culture. It shares several attractions with Stockholm: rich cultural offer, possibility to develop manifestation and congress tourism and ecological attraction. Precisely these are the base for further and serious tourism development of Split which has several important advantages, like its position and vicinity to European markets as well as climate characteristics which need to be turned into actual and real advantages on the international market. The structure and quality of personnel and human resources will be of crucial importance for further tourist growth and development of the destination.

**Food and drinks:** both Swedish and Croatian cuisines are divided into several regions and typologies. Stockholm has a rich gastronomic offer though general estimate is that the overall offer is commercialized and fully open to the influence of other European cultures. In its long gastronomic tradition, Split has large comparative advantage. Making and preparing healthy Mediterranean meals undoubtedly fits world culinary trends; precisely stress on domestic and healthy Dalmatian cuisine needs to become recognizable advantages of Split.

**Cleanliness:** Stockholm should be a model to Split for protecting its environment and cleanliness of public surfaces. Trend of turning to a healthy life and raising ecological awareness should be one of primary goals for Split as well, both for visitors and local population, since it has immense comparative ecological advantages compared to competitive European destinations. Favourable climate and ecological situation is a good base for developing alternative aspects of

tourism. Researches should be implemented and counselling organized on raising people's awareness on the matter.

**Hospitality:** Split Local authorities should put larger efforts into influencing awareness of average local man on necessity of tourism and intercultural tolerance through courses, presentations and various campaigns.

**Tourists' information availability:** Brochures, Tourist Board and tourist agencies in the very destination are not sufficient to provide satisfactory information level to tourists. When implementing IQM, Stockholm printed many information brochures, opened information centres, regularly updates its web sites and organized courses for all participant in tourist activities (bus and taxi drivers, shop assistants and similar) in order to make information available to its visitors. The importance of a uniform reservation centre is incontestable.

**Prices:** By comparing average prices of certain items for the two destinations, it can be concluded prices in Stockholm are 20-40% higher. Following items were compared:

- ✓ Food and during 20 % more expensive than in Split
- ✓ Entertainment 30 % more expensive than in Split
- ✓ Transportation 10% cheaper than in Split

Difference in price can become comparative advantage of Split, though smaller price must not be an excuse for lesser quality.

It is estimated that destination Split, as a business system, is not competitive on the world market. Split tourist model is currently acceptable and sustainable, though destination **is not long-term sustainable** since the existing offer conception and quality would soon become obsolete and uncompetitive for turbulent tourist market.

### **Tourism development scenarios in destination Split**

Within Tourism Development Marketing Plan of Split, following strategic aims were set:

- ✓ Stronger connection of subjects (in)directly involved in town tourism to strengthen synergy effects on the level of the system
- ✓ Improving the state of infrastructure and reaching its optimum area arrangement
- ✓ Raising quality of service and commercial sector
- ✓ Developing additional programmes

These data show that Split should implement qualitative and qualitative reconstructing and repositioning which implies planned and organized development policy. The destination chooses investment in accommodation offer, improving guests satisfaction and implies restructuring on organizational, technological, ownership, financial and similar level.

At the moment, Split has a few dominant five-star hotels, 5 three-star hotels and only two two-star hotels with extremely low offer quality insufficient for international standardization since they do not meet requirements of market trends. There is a total disproportion in accommodation offer. Around 40% of hotel capacities in Split are used. The average sale price in the market is around 50 euro (author's research). On the other hand, average price of hotel accommodation in Stockholm is around 1900 SEK, i.e. 180 euro (Stockholm Visitors Board research from 2008). Disproportion in sale price points to a necessity of quality restructuring.

Opting for investment in quantitative and qualitative offer part, obtaining higher selling price and investing into general rising of the quality of accommodation offer become objectives. It is proposed to raise category from 3\*\*\* to 4\*\*\*\* and construction of new higher category objects. Thus it is necessary to opt for the following adequate financial investments:

Table 2: Proposed investment into restructuring Split accommodation capacities

<b>Investment into raising quality of existing hotel accommodation units</b>	<b>Investment into building new hotel accommodation units</b>
5 existing 3*** hotels → 5 4**** hotels 1000 accommodation units (a.u.) Current estimated average market price = 50 euro Aim: estimated average price = 80 euro Difference between existing and planned average selling price = 30 euro <i><b>Justified investment into quality increase and raising offer level to 4**** standard</b></i>	→ 3 4**** boutique hotels 400 accommodation units (a.u.) Aim: estimated average price = 80 euro  <i><b>Justified investment into construction of new accommodation units of 4**** standard</b></i>
30 euro × 1000 = 30 000 euro/a.u. 30 000 euro × 1000 a.u. = 30 000 000 euro	80 euro × 1000 = 80 000 euro /a.u. 80 000 euro × 400 a.u. = 32 000 000 euro

Source: made by the author

Direct investing into objects justifies and includes investments into infrastructure and accompanying offer in the following ratios:

- ✓ Accommodation offer ..... 59%
- ✓ Infrastructure ..... 19%
- ✓ Attractions ..... 10%
- ✓ Service quality ..... 12%

Thus destination repositioning scenario and direct investments into quality and quantity of accommodation offer justify and bring qualitative improvements of aforementioned elements.

In view of offer repositioning strategy, the vision of destination Split has to rely heavily on increased competitiveness on tourist market, creating its identity of a safe, natural and content rich destination; thus investments should be made in selling, marketing and other activities. Branding Split as "events destination" should make it unique on the international market.

Main objectives reached by implementing the mentioned strategy within integrated management of the overall destination quality can be summarized into three groups: economic, socio-cultural and ecological. The main goals of the entire scenario are economical benefits and improving life quality of the population in the very destination.

### **Development plan for tourism in Split by introducing IQM strategy**

#### PLAN (partnership development)

- ✓ Making plans to change the current state
- ✓ Need for better cooperation between public and private sector, coordinated by an institutional authority, i.e. leader
- ✓ Introducing dynamic quality plan for the destination, including all participants in understanding and implementing importance of quality

#### STRATEGY AND POLICY (creating programmes)

- ✓ Policy of expanding the offer from contents system innovation (stressing rich events)
- ✓ Rehabilitating hotel offer and designing programmes for smaller seasonality
- ✓ Program of system environment rehabilitation
- ✓ Sustainable destination development through ecological, socio-cultural, economic and technological sustainability
- ✓ Conversion of all abandoned and empty objects
- ✓ Preventing illegal construction and environment destruction
- ✓ Introducing quality system into all segments of tourist offer
- ✓ Improving infrastructure
- ✓ Systematically improving connections between the destination and islands

#### ACTIONS (IQM implementation, projects)

- ✓ Making and perfecting destination image
- ✓ Raising the level of the existing and building new accommodation objects
- ✓ Forming destination information and reservation on-line system
- ✓ Obtaining Blue Flag for certain beaches
- ✓ Designing new cultural, sports and other manifestations

- ✓ Actions to raise participants awareness on the importance of cooperation
  - ✓ Training and education tourism employees and other participants
  - ✓ Well organized transport services for nearby destinations in season
  - ✓ Campaigns specialized for promoting manifestation tourism
  - ✓ Enlarging nearby destinations into common quality campaigns
  - ✓ Printing common catalogues and brochures
- INDICATORS (monitoring)
- ✓ Making simple and clear forms for objections
  - ✓ Constant surveillance and monitoring of tourists satisfaction
  - ✓ Quality test
  - ✓ Researching tourists motivation
  - ✓ Local population attitude study
  - ✓ Impact of tourism on environment study

RESULTS:

- ✓ Lesser seasonality, longer stays, larger presence of tourism selective forms
- ✓ Better and recognizable destination image, better position on international tourist market
- ✓ Designing new and recognizable tourist products
- ✓ Improving quality of all segments of tourist offer
- ✓ Improving informing guest and better care for them
- ✓ Raising visitors satisfaction, acquiring loyalty to the destination and visiting it again
- ✓ General cooperation of all participant in creating tourism and wider

Research for the needs of this Paper showed that Split lacks cooperation which would enable the aforementioned; therefore obtaining necessary partnership must be strived for. For integrated management of the destination quality, the objective of which is raising the quality of the overall tourist product, necessary is the cooperation of all below mentioned participants in the destination:

*Public sector:*

The town of Split, County representatives, institutions – public services providers, Split Tourist Board, Tourist Board of Splitsko-Dalmatinska County

*Private sector:*

Hotel companies, tourist agencies, companies – services providers, local population representatives, representatives of citizens providing private accommodation

Destination Management Organization (DMO) is an organization which could enable joint work with local government and population to tourist bodies from public

and private sector. The WTO (World Tourist Organization) shows that modern trends in almost all destinations are to go to semi-public and autonomous tourist organizations, including both public and private sector. Split needs to form a DMO or company to lead and coordinate all activities regarding quality. The objective of the organization is to reach cooperation of all parties and joint solutions for raising quality and long-term competitiveness.

Aims of Split DMO:

- ✓ Role of leader in the IQM implementation process
- ✓ Role of coordinator of all activities
- ✓ Role of designer of tourist products and destination services
- ✓ Role of promoter and designer of promoting activities
- ✓ Role of informant
- ✓ Reconciliation role in possible conflicting interests inside and outside the organization, based on professional and expert authority
- ✓ Role of monitoring operating of other offices (Complaints Office and similar)
- ✓ Role of educating and qualifying participant and employees in tourism

DMO is designed as an organization ensuring its own funds for further development through business and selling programmes the earnings of which will also be a support for new projects. Based on foreign experience, there are several possible selling programmes:

- ✓ Developing uniform reservation system and selling related services  
*(Uniform reservation system for hotel and private accommodation in the destination)*
- ✓ Organizing various cultural and sports events  
*(Organizing events for special market interest groups)*
- ✓ Developing additional services for visitors  
*(Transfer services for tourists staying in wider area)*
- ✓ Training, education and improvement programmes  
*(Like workshops on service quality of tourist's habits from most represented generating markets)*
- ✓ Service of making strategic programmes

## CONCLUSION

European quality model is a strategic instrument enabling reaching of market success to destination Split and insisting on continuously seeing quality as necessary category of all elements of tourist offer. Based on restructuring scenario stressing qualitative aspect, Split will ensure its offer to be attractive on the market and competitive in long term.

Benchmarking method offered for destination Split and Stockholm shows that their base offer and attraction is comparable. Moreover, as a positive European example, Stockholm should be a model for Split in terms of cooperation between public and private sector and offer variety, quality as well as care for visitors and very population.

Destination Split should go along with international practice and select an IQM strategy based on detailed quality evaluation which will ensure long-term competitiveness and development.

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