Europe at a Crossroads: Governance, Business, and Policy Transformation in a Changing Global Economy. Proceedings of the International Conference EU-PAIR 2026

DOI:10.47743/eu-pair.2026-1-23

FORMATION OF DESTINATION MANAGEMENT ORGANIZATIONS AS A CLUSTERING TOOL: A CASE STUDY OF A REGION OF THE REPUBLIC OF ARMENIA

MARIA SAHAKYAN
Armenian State University of Economics
Yerevan, Republic of Armenia
maria.sahakyan@asue.am

ELENA ANTAMOSHKINA
Volgograd State Agrarian University
Volgograd, Russian Federation
antamoshkina@mail.ru

ELENA TOKAREVA
Volgograd State Agrarian University
Volgograd, Russian Federation
ip.elena.tokareva@yandex.ru

Abstract
The development of tourism plays an important role in both developing and developed economies, as it contributes to solving a number of socio-economic challenges. In particular, tourism stimulates investment inflows, supports job creation, and promotes more balanced development of remote and rural areas. The aim of this article is to assess the tourism potential of a specific region by considering its available resources and development opportunities. At the same time, the study proposes a conceptual framework and a model for the establishment, functioning, and financing of Destination Management Organizations (DMOs) that could also be applied in other regions with similar characteristics. The research is largely based on expert evaluation methods, which made it possible to identify key factors influencing tourism development and to formulate new approaches to the management and further advancement of DMOs.
The main findings of the study are presented in the form of a SWOT analysis Based on the results of expert assessments and SWOT the model scenario for DMO development was proposed. It assumes that DMOs are initiated and managed by public–private partnership structure, in which DMOs operate through the cooperation of business representatives, government institutions, local authorities, and sectoral associations. In addition, the proposed model outlines the key mechanisms for financing DMO activities,

main directions for marketing strategy development and innovative approaches to fostering regional tourism development.
Keywords: *destination management organizations; destination promotion; tourproduct; tourism development; development strategy.*
JEL Classification: L83; R11; R58.

1. INTRODUCTION

Tourism has become one of the most important tools for economic growth, regional balanced development, and solving social problems in society (Tovmasyan and Gevorgyan, 2023). But still, there are countries and destinations that are more successful in this process, while others are not. A framework that explains these combined economic indicators (productivity) with the qualitative characteristics of the destination itself (Dwyer and Kim, 2003, pp. 369-414).

Under the modern conditions of dynamic change and transformation of the environment, significant changes are taking place all over the world and in all areas of business. In addition, it is obvious that the demand for tourism services is quite elastic, and any changes in the external environment, any significant and minor risks lead to rapid changes in demand in tourism. Success determinants of international tourism can be defined as the follows:

- Economic conditions (GDP per capita, government expenditures in the sphere of tourism, unemployment);
- Infrastructure (number of hotels, quality of service, airlines, etc.);
- Security, health (crime rate, deceases, corruption);
- Tourism price level (ticket prices, hotel prices, fuel prices);
- Government policy in the sphere of tourism (visa procedures, government expenditures);
- Sustainability (CO_2 emissions, air quality, environmental regulations);
- Labor skills (education, trainings);
- Natural and Cultural resources (Assaf and Josiassen, 2012).

Tourism destinations can be defined as resorts, cities, villages, regions, countries which attract tourists. Destination Management organizations (DMOs) are organizations initially responsible for the promotion and marketing of these destinations (Armenia in figures, 2023, p. 23). Besides, these authors represent the measures to evaluate efficiency of DMOs such as destination reputation, number of visitors, tourist spendings, length of tourist stays.

Since centralized management in the tourism sector is effective if it is supported by the activities of local organizations and units (Tovmasy, 2023), it is very important to note the role of such management structures as destination management organizations (DMOs), which are the main operating agents responsible for the management and promotion of the destination, as well as for monitoring the implementation of various programs (Toma and Mihai, 2022).

According to UN WTO, the state strategy for tourism development in the country is implemented precisely through DMOs. The practice of implementing state tourism development strategy through destination management organizations and the efficiency of this kind of organizations is widespread. While DMOs were originally created for the marketing and promotion of destinations (Das, 2024) in modern conditions they encompass the complete management of a destination's tourism potential, from product development to management of tourism and related services (Triandafil et al., 2022). Recent research are mainly devoted to strategies elaboration for the development of tourist destinations, ensuring long-term sustainability, increasing competitiveness, and implementing other strategic goals (Toma and Mihai, 2022). Moreover, DMO strategy effectiveness depends on the marketing strategy and branding for a definite destination. Some studies suggest that after Covid 19 the preferences of tourists have been changed and had become more personalized (Błotnicka, Górski, and Jurasiński, 2024). Therefore, DMO strategies should be adapted to these changing environment realities.

Some studies elaborated to reveal efficiency of DMO cooperation system has revealed that it mainly depends on management quality within the organizations of a definite destination. Thus, some of them demonstrate that lean management approach can significantly improve the destination management (Foris et al., 2020).

The process of destination management includes not only strategic and systematic activities, but the efficiency increase occurs through the tourism destination audit, which allows to find out the disadvantages on an earlier stage of destination development lifecycle.

Destination management organization (DMO) is established to develop and promote tourism in certain regions, communities and definite destinations, to address the issues of stakeholders, i.e. to manage and develop the region as a tourism center (Pike and Page, 2014). A DMO is formed with the public and private support, destination management organizations take on the main functions that are aimed at developing tourism in that specific region (RA Statistical Committee (2022). Literature analysis shows that DMOs are playing a vital role for the promotion of tourism destinations creating shared value and providing great economic, social, political, security and environmental positive results (Ritchie and Crouch, 2003).

At the same time, there are a huge number of risks that are generally impossible to predict and control, therefore, modern business must be as flexible as possible in order not only to survive, but also to develop and succeed. An example of this is the Covid-19 pandemic, which no one could foresee and which became the main reason for the slowdown in tourism development worldwide. Consequently, there is a need to develop and apply new, more flexible management mechanisms that come down to simpler management

structures, to hybrid structures that are devoid of hierarchy or reduce hierarchy to a minimum.

Thus, on the one hand, there are a lot of risks referred to political, economic, ecologic, security spheres in any country, and on the other hand, state programs aimed at the equal distribution of resources in the country and the development of border areas urge governments to implement various programs for the development of tourism in the regions. One of such programs is "EU 4 Tourism: Community-driven rural tourism and cultural events in Gegharkunik and Vayots Dzor regions" financed by European Union (EU), which was aimed at promoting rural tourism in the specified regions of Armenia. This initiative included remote and border areas, as well as the most vulnerable rural settlements of the Gegharkunik and Vayots Dzor regions. Tourism clusters can support small communities to integrate efforts and develop tourism. Tourism clusters give an opportunity to tie business, government and NGOs to support local economy. Theory of clusters evolve as a new approach to the public and private sector cooperation, as an innovative way for business development and competitiveness improvement. Clusters play an important role not only in tourism destination development, but also in the process of fostering innovation, increasing competitiveness and efficiency, reducing overall economic risks (Sahakyan and Antamoshkina, 2022). Tourism clusters also lead to the more effective regional development and exploitation of resources (Lytvyn et al., 2025).

2. MATERIALS AND METHODS

There are 3 big cities and 49 smaller ones in Armenia, besides, approximately 1/3 of the population of Armenian lives in rural areas, i.e. in 953 villages (Armenia in figures, 2023). If considering that other 1/3 of population in Armenia is concentrated in capital city, it becomes obvious that a problem of equal distribution of resources and population is vital for further development of the country.

Syunik marz (marz is a territorial administrative unit in Armenia, i.e. region) was chosen as a marz with development prospects and great tourism potential, which can be a model for further development of DMOs in other regions of Armenia.

The research methodology chosen for the study was comparative analysis, method of analogy, expert evaluation method, mathematical toolkit and SWOT analysis based on expert assessments. For the SWOT analysis, the main factors were identified that characterize the strengths and weaknesses of the studied region, the opportunities and threats in the external environment. Ten anonymously involved experts were chosen, who were identified as top specialists in the sphere of tourism, public administration, and business. Electronic questionnaires have been sent to experts for assessments. At the same

time, experts were given the opportunity to assess both the importance of each factor and the likelihood of its occurrence. Then, the expert assessments were weighted by probabilities, and the expected values were formed based on the mathematical expectation formula presented below (Equation 1).

$$E(X) = \sum_{i=1}^{n} Xi * Pi \quad (1)$$

where: E(X) - mathematical expectation; X_i - expert evaluation; P_i - probability of each value.

Besides, it should be mentioned that probabilities were given in the range of 0-1, and the grades were evaluated from 1 to 10 points, where 1 was for very low level, 10 was for very high level. After these calculations the final SWOT matrix have been created, which allowed to evaluate and identify more significant factors that affect the region tourism development potential and should be in the center of decision makers` attention.

3. RESULTS

Environment analysis aimed at DMO formation in Syunik region

In order to perform SWOT analysis physical, social, cultural, political and economic factors have been evaluated and discussed below. Factors which are considered as important for the situational analysis when evaluating the tourism potential of a rural area are the following:

- Physical factors (geographic location, climate, landscape),
- Socio-cultural factors (cultural heritage, local culture, people),
- Political factors,
- Economic factors (GDP, employment, investments, etc.) (Reinhold and Beritelli, 2022).

Physical factors. Syunik marz has great potential for tourism development, which has not been still entirely expoited. Syunik marz is located in the south of the Republic of Armenia (RA) (Official website of the Statistical Committee of Armenia, 2026). The highest point of the region is the Kaputjur peak (3,906 meters), and the lowest point is the Meghri gorge (380 meters). Syunik marz occupies about 15.2% of the RA territory. The population is about 135 thousand. people, of which about 67% are urban and 33% rural (RA Statistical Committee (2022).

Socio-cultural factors. The main unique selling points of this region are:

- *Vertical pointed mountains* ("Stone Forest" on the left slope of Getahovit), mountain rivers and unique natural landscape.
- *Historical and natural monuments*. Tatev monastery complex, Satanu bridge, Zorats stones, Shaki waterfall, Ukhtasar petroglyphs (ancient petroglyphs dating back to the 5th-2nd millennia BC have been preserved at an altitude of about 3300m above sea level, depicting

people in moments of hunting, work, religious rituals, wild and domestic animals, etc.).

- *Historically formed unique ways of living, unique traditions, customs*.
- *Ancient cave settlements in the mountains Khndzoresk "dead village"*, built in the form of caves dug into the mountain slope at an altitude of 1580 m above sea level.
- *Unique cuisine, including columnar vegetable bread*, pickles and dishes made from wild herbs, khashil, mulberry, honey vodka, berry wines.
- *Traditionally organized festivals* (sheep shearing, mulberry, raspberry festivals, etc.).
- *The warm and hospitable nature of the local population, the unique dialect*.
- *Sufficiently well-kept rural farms for agro-tourism lovers*.

Political factors. After the 2020 Artsakh war the flow of tourists to regions decreased sharply. If Kapan, Kajaran were able to maintain a certain level of well-being thanks to the mining industry, other parts of Syuinik marz, for example, the city of Goris suddenly felt the lack of inflow of tourists. In the past, being a link between Armenia and Artsakh, the city of Goris became one of the favorite places for tourists due to its unique architecture, urban culture, as well as its proximity to the tourist attractions. Currently the situation is changed, thus, there is a need to take additional measures to make both the city of Goris and the entire marz more attractive for tourists and to ensure them that the region is safe enough for travel and resort.

Economic factors (GDP, employment, investments, etc.). GDP per capita in Syunik marz exceeds the national average by about 3%. Thus, GDP per capita in Syunik is 6,039,817 drams, and in RA it is only 5,874,100 drams (Tovmasyan, 2023).

The labor resources are 64.7 thousand people, the level of employment is quite high compared to mining farms at the expense of Yerevan city and other marzes. The level of unemployment is about 9.7%, which is quite low for the entire RA economy (Main statistical indicators of the Syunik marz, 2018-2022).

According to the figures dated to 2021, there are 42 hotels in Syunik region, with 269 permanent employees and annual income of 563.8 million AMD.

In 2021 the number of tourists visited Syunik marz was 4,311, which is a rather low indicator. For this period of time were 915 hotels in RA, with an average number of 6,759 registered employees, annual revenue was 33,409.4 million drams. The number of inbound tourists staying in hotels of different categories in RA was 278,393 people (RA Statistical Committee, 2022).

Taking into account the analysis performed and considering expert evaluation the SWOT matrix has been elaborated, which is presented below (see Table 1).

Table 1. SWOT matrix for Syunik region of Armenia

SWOT Matrix					
	Probability	*Expert estimation*		*Probability*	*Expert estimation*
Strengths • Rich natural heritage • Rich historical, cultural heritage • Hospitality of the population • Unique cuisine • Opportunity for interesting experiences in rural areas • Availability of an airport • Availability of sufficient number of placement facilities • 2 higher educational institutions and 8 secondary professional educational institutions training personnel in the field of service and tourism (Main statistical indicators of the Syunik marz, 2018-2022).	0.9 0.8 0.9 0.8 0.9 0.9 0.8 0.8	10 9 8 9 6 5 6 6	**Weaknesses** ✓ Low level of material and technical saturation of hostels, guest houses ✓ Insufficient level of inter-provincial roads ✓ Lack of necessary qualified professionals ✓ Low involvement of rural population in the sector ✓ Limitation of an experience-based attractive tourism product ✓ Low interest of local governments in the direction of tourism development	0.8 0.9 0.8 0.8 0.9 0.6	5 6 7 8 8 5
	Probability	*Expert estimation*		*Probability*	*Expert estimation*
Opportunities • Development trends of the tourism sector in RA • Positive changes in the legislative field • Opportunities to create DMOs • Relatively low level of migration from the region (compared to other regions of the Republic of Armenia) • Relatively higher well-being of the population (compared to other regions of the Republic of Armenia)	0.9 0.8 0.9 0.7 0.7 0.8	7 7 8 8 7 4	**Threats** ✓ The likelihood of war and armed conflict ✓ Political instability ✓ Lack of effective state support programs ✓ Safety ✓ The indifference of state administration bodies towards the sustainable development of tourism	0.8 0.8 0.7 1 0.9	9 8 6 7 7

SWOT Matrix					
	Proba-bility	*Expert estima-tion*		*Proba-bility*	*Expert estima-tion*
• RA border and transportation roads unblocking possibilities					

Source: author's elaboration

Based on the results of the summary SWOT matrix, we can identify the most important and priority weaknesses and threats that need to be solved, which should be prepared and faced by using the region's strengths and opportunities in the external environment (Table 2). It is necessary to note that in order to identify the primary problems, only the factors with a score higher than 5 have been chosen, and further attention of all interested and authorized bodies and stakeholders was paid on them.

Table 2. SWOT summary matrix for Syunik region of Armenia

SWOT Summary Matrix			
	Summary score		*Summary score*
Strengths		**Weaknesses**	
• Rich natural heritage	9	✓ Low level of material and technical saturation of hostels, guest houses	4,0
• Rich historical, cultural heritage	7,2	✓ Insufficient level of inter-provincial roads	5,4
• Hospitality of the population	7,2	✓ Lack of necessary qualified specialists	5,6
• Unique cuisine	7,2	✓ Low involvement of rural population in the sector	6,4
• Opportunity for interesting experiences in rural areas	5,4	✓ Limitation of an experience-based attractive tourism product	7,2
• Availability of an airport	4,5	✓ Low interest of local governments in the direction of tourism development	3,0
• Availability of sufficient number of placement facilities	4,8		
• Higher educational institutions and 8 secondary professional educational institutions training personnel in the field of service and tourism	4,8		
	Summary score		*Summary score*
Opportunities		**Threats (Treats)**	
• Development trends of the tourism sector in	6,3	✓ The likelihood of war and armed conflict	7.2

SWOT Summary Matrix			
	Summary score		*Summary score*
RA ● Positive changes in the legislative field ● Opportunities to create DMOs ● Relatively low level of migration from the region (compared to other regions of the Republic of Armenia) ● Relatively higher well-being of the population (compared to other regions of the Republic of Armenia) ● RA border and transportation roads unblocking possibilities	5,6 7,2 5,6 4,9 3,2	✓ Political instability ✓ Lack of effective state support programs ✓ Safety ✓ The indifference of state administration bodies towards the sustainable development of tourism	6,4 4,2 7 6,3

Source: author's elaboration

Thus, as a result of the SWOT analysis, it can be concluded that the tourism development strategy in Syunik marz should be based on the strong points of the marz, that is, natural, historical and cultural resources, people and interesting experiences with their unique way of life (see Table 3). At the same time, the pace of tourism development in RA is quite encouraging, the legislative and legal system is improving, and the creation of DMOs will allow more effective use of these strengths in creating a competitive tourism package and ensuring greater involvement of the rural and local population in the process. It can be expected that DMOs will be able to position Syunik region as a safe place to travel through effective marketing policies and cooperation between business and government bodies, as well as solve the problems of sustainable development in the region.

Table 3. Final SWOT matrix for Syunik region of Armenia

Final SWOT Matrix	
Strengths ● Rich natural heritage ● Rich historical and cultural heritage ● Hospitality of the population ● Unique cuisine ● Opportunity for interesting experiences in rural areas	**Weaknesses** ✓ Lack of necessary qualified specialists ✓ Low involvement of rural population in the sector ✓ Limitation of an experience-based attractive tourism product

Final SWOT Matrix	
Opportunities • Development trends of the tourism sector in RA • Positive changes in the legislative field • Opportunities to create DMOs • Relatively low level of migration from the region (compared to other regions of the Republic of Armenia)	**Threats** ✓ The possibility of war and armed conflicts ✓ Political instability ✓ Security ✓ The indifference of state administration bodies towards the sustainable development of tourism

Source: author's elaboration

4. DISCUSSION

Thus, SWOT analysis revealed that Syunik region had a number of strengths and opportunities for tourism development, but there were also some obstacles, which arise from incompetence of the local self-governance bodies and the lack of government and private sector cooperation. One of the best ways to stimulate business and government bodies cooperation is to form a destination management organization (DMO). Considering international experience and expected results the main areas of activity for DMOs have been distinguished as the followings:

- Establish cooperative relations with all stakeholders;
- Collect information about the entire tourism infrastructure, capacity, workload;
- Ensure tourism product promotion, branding;
- Ensure the operation of several local tourist information centers;
- Develop annual plans, setting priorities that need priority implementation at the local level;
- Develop plans for the presentation and promotion of the local tourism product with specific steps and implement them;
- Fund these programs;
- Ensure cash flow to the fund, monitor it;
- Monitor the sustainable development and environmental norms by the participants of the tourism sector;
- Ensure proper appearance of tourist centers, historical and cultural objects, environmental cleanliness, dissemination of information about them;
- Continuously develop new tourism products;
- Organize meetings, events, ensuring cooperation with DMOs of other marzes and foreign partners;
- Publish annual reports on its activities and effectiveness and be accountable to society.

DMO formation and development model

The formation of DMOs had historically two scenarios. They were created either spontaneously, mainly on the initiative of a large private company or a group of them (US experience) or through public-private partnerships, or at the initiative of local self-government bodies, around sectoral associations (European experience).

At the current stage of economic development, there are no large and financially capable organizations operating in the tourism sector in Armenia, therefore, at the initial stage, the first attempts to create DMOs will belong to the state policy-implementing body, the Tourism Committee of the Republic of Armenia, involving the private sector, the Tourism federation of Armenia, different associations related to the sector, in some cases the Armenian Apostolic church (when decision-making refers to church property or some interpretation of religious and historical issues), representatives of educational institutions (Universities and colleges, which are included in professional education process) and other bodies.

Proposed DMO model for Syunik region of Armenia will be established on the basis of public-private partnership. The governance process of this DMO should have the following logic explained below.

The Syunik region DMO should have a founding board consisting of 15 participants, who will have appropriate administrative staff for their activities. Administrative expenses and expenses for the main objectives of the activities will be financed from the regional DMO fund. The fund will be formed from the founders' membership fees, which will be a certain percentage of their income (for example, up to 5 % of annual income). Representatives of the Tourism Committee of Armenia, quite large hotels of the region (representatives of hotels with more than 25 places and other hotels, guesthouses, on a voluntary basis), the Kajaran Copper and Molybdenum plant, as the largest taxpayer and an organization bearing social responsibility to the region, will become DMO founders with their predecessors and will finance its activities. In addition to above mentioned bodies the Syunik Region DMO Council will also include representatives of the Armenian Tourism Federation, Armenian Apostolic Church, and secondary vocational and higher education institutions, who will be exempt from membership fees, but will support them with volunteers, human resources and property resources.

At the same time, during the first 5 years of the DMO’s activity, the financial participation of the state government bodies will be larger, amounting up to 25-50% of the fund’s budget, and as the DMO matures, it may be completely eliminated, and the need for the participation of representatives of the Tourism committee in the DMO’s work may no longer be necessary.

For the Republic of Armenia, at the initial stage, it is possible to create regional DMOs that will implement tourism development measures by involving local stakeholders. Thus, later, the successful experience of abovementioned

DMO will force tourism business representatives to initiate more local DMOs in appropriate touristic destinations.

The Syunik region DMO will develop the following *5 tourproducts* in the initial stage of its activity:

- *The Mystery of Tatev* (Tatev Monastery and nearby historical sites: pilgrimage and cultural experience).
- *Old Khndzoresk.* Cave Age (experience of living in a unique cave lifestyle).
- *Karahunj.* Discover the Universe (scientific and popular science experience, gathering medicinal herbs in the fields).
- *Ukhtasar.* Enter the Past (archaeological and excavation experience, opportunity to participate in staged ancient rituals and religious ceremonies).
- *Gastronomic.* Symphony of Syunik Flavors (baking vegetable bread, preparing and tasting pasunts dolma and other traditional dishes in the city of Goris and surrounding villages).

DMO strategy of Syunik region

Aimed at formation and development destination management organizations in Syunik region of Armenia the appropriate strategy has been elaborated, which is presented below.

The mission of the Syunik Region DMO is to make Syunik Region one of the most recognized, sustainable and unique tourism destination in the South Caucasus and Armenian Highlands region, offering diverse, authentic experiences while preserving its natural beauty and cultural heritage and empowering the the regional community by developing responsible tourism based on the principles of effective cooperation of all stakeholders, innovation, and sustainability.

In order to position the rural areas of Syunik Region as an attractive and desirable tourist destination for tourists, it is necessary not only to show tourists the wealth and heritage of the religious, historical, cultural, natural and animal world, but also to make them participate in specially organized master-classes, staged interactive small exhibitions, harvesting, and the processes of preparing national food and drinks.

Syunik region should be positioned as a destination that:

- Provides an opportunity to directly communicate with ancient civilizations.
- Provides a unique experience in terms of living, enjoying food, and learning something new.
- Is connected with certain inexplicable, magical, miraculous powers.
- A sanctuary where a person feels closest to God, from where his word reaches God.

- Finally, a fairy-tale place where in the cold mountain air one can feel the aroma of delicious dishes mixed with the freshness of mountain flowers and moist rains.

DMO governance and development structure

The formation of DMOs has historically had two possible scenarios.

Scenario 1. This scenario suggests that DMOs are formed and developed spontaneously, mainly on the initiative of a large private company or a group of them (taking into account US experience). *Scenario 2.* According to this approach the DMOs are formed by the initiative of government bodies as a state and private partnership initiative, or DMOs are created by local self-government bodies, around sectoral associations (taking into account European experience).

5. CONCLUSION

At the current stage of economic development, there are no large organizations operating in the tourism sector in the regions of Armenia, therefore, at the initial stage, the initiative to create DMOs will belong to the bodies implementing state policy, like the Tourism Committee of the Republic of Armenia, involving the private sector, the tourism federation, associations related to the sector, the church, representatives of educational institutions and other bodies.

The DMO of Syunik region will be created based on cooperation between the state and the private sector. The management model of this DMO should have the following logic.

The DMO of Syunik region should have a founding council consisting of 15 participants. This governance body should have appropriate administrative staff for their activities. Administrative expenses and expenses for the main purposes of the activity will be financed from the regional DMO fund. The fund will be formed from the founders' membership fees, which will constitute a certain percentage of their income (for example, 1% of the annual income).

Representatives of the Tourism Committee, large hotels of the region (representatives of hotels with more than 25 places and other hotels, guesthouses, on a voluntary basis), the Kajaran Copper and Molybdenum Combine, as the largest taxpayer and an organization bearing social responsibility to the region, will become DMO founders with their predecessors and will finance its activities. In addition to representatives of the Tourism Committee, the Syunik regional DMO board will also include representatives of the Armenian Tourism Federation, the church, and secondary vocational and higher education institutions, who will be exempt from membership fees, but will support it with human, professional and property resources.

At the same time, it should be noted that in the first 5 years of the DMO’s activity, the financial participation of the state administration body will be larger, amounting to 25-50% of the fund’s budget, and as the DMO matures, it

may be completely eliminated, and the need for the participation of representatives of the Tourism Committee in the DMO's work may no longer be necessary.

For the Republic of Armenia, at the initial stage, it is possible to create regional DMOs that will implement tourism development measures by involving local stakeholders. It is possible that later, with the successful experience of DMOs, more local DMOs will be created according to individual tourist destinations.

In order to implement DMOs proposed management model the following changes are required in the RA legislation. In order to make the activities of DMOs effective in the RA, it is necessary to provide the DMO councils and their employees with certain powers to influence the activities of local self-government bodies, to issue permits related to urban development, construction, and establishing businesses. In addition, in order to ensure stability, DMOs should have legislative and legal powers and be able to take measures to hold entities that harm the environment, biosphere, and ecosystem activities accountable. In order to promote participation in DMOs, a package of tax incentives can be envisaged, as well as these incentives can be included in the law. The incentives relate, in particular, to the following:

- Reduction of value added tax (VAT) for hotel business and guesthouses up to 15%, and reduction of turnover tax up to 8%.
- Reduction of turnover tax for restaurants, catering and other organizations up to 5%.

To achieve its main goals DMOs governance bodies should establish some kinds of partnership and collaborations. To achieve its goals, the DMO should implement a broad information campaign, which will be the responsibility of the tourism committee at the initial stage. It is necessary to identify the following stakeholders and organize active information campaigns aimed at including them into support activities. The main stakeholders are identified as the following:

- Local self-government bodies, mayors, village heads;
- Owners of hotels, guesthouses and other accommodation facilities;
- Owners of restaurants, public catering facilities;
- Management of large industrial enterprises;
- Local population, representatives of Armenian Apostolic church.

The most important stakeholder among all mentioned are locals. The involvement of the local community is extremely important from the point of view of the creation and effective operation of DMOs in the sense that the local population is better than anyone else aware of the historical and cultural peculiarities of the place, can show from the inside the most important competitive advantages that exist in a given settlement or region, this is also important from the point of view of social justice, since all members of the community have the opportunity to use the opportunities provided by DMOs.

The maximum involvement of local people also creates an opportunity to preserve the local culture, its uniqueness and reduce the negative consequences arising from the development of tourism.

To ensure the maximum involvement of the local population in the work of DMOs, it is necessary:

- Conduct awareness-raising, meetings, discussions;
- Involve students from local universities and vocational education institutions on a voluntary basis in presenting and raising awareness about DMO success stories;
- Present specific financial and social results, showing the number of jobs created in specific sectors, expected business profits, infrastructure created in the community, etc.

The concepts of sustainability and responsible tourism should be clearly expressed in the strategy of DMOs, which can be presented as follows:

- Allocate a separate line in the annual activity programs and budgets of DMOs for environmental protection, environmental protection, and creating a sustainable environment around tourism facilities in communities.
- Ensure the involvement of key stakeholders in public discussions, annual reporting, and in some cases, decision-making.
- Provide presentations aimed at awareness-raising and community member engagement by volunteer students, motivating community participants with certain certificates and certificates of participation in courses.

In order to minimize the environmental and cultural impact of tourism, it is necessary to implement the following initiatives:

- Inform and encourage local businesses to reduce the use of disposable tableware, plastic bags, and replace them with paper bags and ceramic or unbreakable glassware.
- Encourage the use of solar and other renewable energy by establishing eco-certificates for local businesses.
- Encourage the economical use of water, electricity, and other natural resources.
- Implement environmental cleaning and improvement with the participation of local residents, encouraging them with prizes that can be made from recycled raw materials (for example, furniture, books, clothing).
- Collect and group local traditions, legends, and explain that they can be a source of income for local residents.
- Encourage the preservation of cultural diversity, demonstrating its tangible benefits for all beneficiaries.

Financial stability of Destinations

In rural areas of developing countries, especially if they are border areas or far from major cities, it is necessary to pay special attention to the issue of financial sustainability when establishing a DMO. The importance of financial sustainability of DMOs is determined by the following factors:

- Financial sustainability refers to the ability of the DMO to generate funds in the long term to achieve its goals, as well as to form reserve or reserve funds to solve problems arising in unforeseen or force majeure situations.
- Since the financial resources of the DMOs will be generated from the membership fees of the participants, by attracting more tourists to the region as a whole, it will be possible to increase the profits of the participants and, consequently, the financing of the DMO for future years, which will allow to implement larger-scale projects and focus more on sustainability issues.
- In this context, it is also important to apply effective financial planning, and a policy of risk forecasting, insurance, and diversification of tourism products. To finance the DMO, it is necessary to form a fund, to which the participants will transfer an amount of 1% of their annual income.

These participants will be the Tourism Committee, large hotels in the region (hotels with more than 25 beds and other hotels, guesthouses, on a voluntary basis), the Kajaran Copper and Molybdenum Combine, as the largest taxpayer and an organization bearing social responsibility to the region.

The Armenian Tourism Federation of Armenia, the church, and secondary vocational and higher education institutions should be exempt from membership fees, but they will support the DMO with human, professional and property resources, and consulting.

In the first 5 years of the DMO's activity, the financial participation of the state governing body will be larger, amounting to 25-50% of the fund's budget, and as the DMO matures, it may be completely eliminated, and the need for the participation of representatives of the state body, the Tourism Committee, in the work of the DMO will no longer be necessary.

To ensure the financial stability of DMOs, the main source of income will be the membership fees of the participants (the list of whom has already been mentioned). Along with developing tourism in the region from year to year, it will be possible to increase the profits of the private sector, and since membership fees act as a certain percentage of their revenue, they will also grow from year to year, small businesses will turn into medium and large ones, therefore, the number of DMO participants and income will also grow.

ACKNOWLEDGEMENTS

Antamoshkina E.N. and Tokareva E.V. express their gratitude - The research work was carried out in accordance with the Academic Support Program-2026, proposed by the Volgograd State Agrarian University.

References

1) Armenia in figures, (2023). [online] Available at: https://armstat.am/file/article/armenia_2023_3.pdf [Accessed 05.07.2026].
2) Assaf, A.G. and Josiassen, A. (2012). Identifying and ranking the determinants of tourism performance: a global investigation. *Journal of Travel Research*, 51(4), pp. 388–399, https://doi.org/10.1177/0047287511426337.
3) Błotnicka, A., Górski, Z. and Jurasiński, D. (2024). Current Trends on the Wellness Tourism Market in Light of Selected Reports Analysing the Effects of ohe Covid-19 Pandemic. *Folia Turistica*, 62, pp. 133-160, https://doi.org/ 10.5604/01.3001.0054.6890.
4) Das, D. (2024). *Marketing Campaign Effectiveness: Analyzing the Effectiveness of Different Types of Marketing Campaigns in Various Channels, Examining Metrics such as Engagement Rates, Impression, Clicks, and ROI*. Master's Thesis https://doi.org/10.13140/RG.2.2.31301.26082.
5) Dwyer, L. and Kim, C. (2003). Destination Competitiveness: Determinants and Indicators. *Current Issues in Tourism*, 6, pp. 369-414, https://doi.org/ 10.1080/13683500308667962.
6) Foris, D., Florescu, A., Foris, T. and Barabas, S. (2020). Improving the Management of Tourist Destinations: A New Approach to Strategic Management at the DMO Level by Integrating Lean Techniques. *Sustainability*, 12(23), 10201.
7) Lytvyn, O., Sushchenko, O., Kyryliuk, I., Chvertko, L., Neshchadym, L., Povorozniuk, I. and Tymchuk, S. (2025). Mechanisms for Developing Tourism Clusters to Enhance the Competitiveness of Ukraine's Tourism Industry. *Management Theory and Studies for Rural Business and Infrastructure Development*, 47(1), pp. 153-161, https://doi.org/10.15544/mts.2025.12.
8) Main statistical indicators of the Syunik marz, 2018-2022. Official website of the Statistical Committee of Armenia [online] Available at: https://armstat.am/file/Map/Syunik.pdf [Accessed 07.07.2026].
9) Official website of the Statistical Committee of Armenia (2026). [online] Available at: https://armstat.am/file/Map/Syunik.pdf [Accessed 25.07.2026].
10) Pike, S. and Page, S.J. (2014). Destination Marketing Organizations and Destination Marketing: A Narrative Analysis of the Literature. *Journal of Tourism Management*, 41, pp. 202-227, https://doi.org/10.1016/j.tourman.2013.09.009.
11) RA Statistical Committee (2022). MARZ SYUNIK OF RA IN FIGUERS. Statistical Handbook 2022. [online] Available at: https://armstat.am/file/doc/99533628.pdf [Accessed 25.07.2026].
12) Reinhold, S. and Beritelli, P. (2022). Destination Management Organization (DMO). In: D. Buhalis (Eds.). *Encyclopedia of Tourism Management and Marketing*. https://doi.org/10.4337/9781800377486.

13) Ritchie, J.R.B. and Crouch, G.I. (2003). *The competitive destination: a sustainable tourism perspective.* CABI Publishing, https://doi.org/10.1079/9780851996646.0249.
14) Sahakyan, M. and Antamoshkina E. (2022). Managerial Decision-Making in the Sphere of Tourism under the Conditions of Risk and Uncertainty. In: *Digital and Information Technologies in Economics and Management. Proceedings of the International Scientific and Practical Conference "Digital and Information Technologies in Economics and Management" (DITEM2021)*. Lecture Notes in Networks and Systems, pp.117-129.
15) Toma, S. and Mihai, D. (2022). The Roles and Functions of Destination Management Organizations (DMOs) in the Success and Performance of Tourism Destinations. *"Ovidius" University Annals, Economic Sciences Series*, 22(2), [online] Available at: https://stec.univ-ovidius.ro/html/anale/RO/2022-issue2/Section%204/43.pdf [Accessed 27.07.2026].
16) Tovmasyan G. (2023). Rural Tourism and the Best Tourism Villages. *Amberd*, 6 (25), pp. 29-37, https://doi.org/10.52174/2579-2989_2023.6-29.
17) Tovmasyan, G. and Gevorgyan, M. (2023). Touristic Resources and Tourism Development Prospects in Gegharkunik Region of the Republic of Armenia. *Messenger ASUE*, 2, pp. 87-99, https://doi.org/10.52174/1829-0280_2023.2-87.
18) Triandafil, A. et al. (2022). Destination Management Organizations: A Systematization of Recent Literature with a Focus on New Research Trends. *Cactus Journal of Tourism*. 3(2), pp. 56–63, https://doi.org/10.24818/CTS/3/2021/2.06.