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Searching for the Future: Challenges Faced by Destination Marketing Organizations

Ulrike Gretzel, Daniel R. Fesenmaier, Sandro Formica, and Joseph T. O’Leary

Threats in the external environment and changes in the industry’s markets and structures have challenged destination marketing organizations to change in fundamental ways. The strategic responses to these developments are essentially decisions to proactively shape, adapt to, or passively struggle through a crisis. Envisioning the future of tourism and examining possible ways of reaching various future scenarios are essential exercises in this process of deciding which strategic approach to adopt. In response to the increasing need for new visions of the future of tourism and particularly destination marketing, leading destination marketers from the midwestern United States were invited to participate in a large focus group to discuss the specific challenges encountered by their organizations. This article summarizes the issues raised and their implications for destination marketing organizations as well as tourism research.

Keywords: destination marketing; organizational change; information technology; future trends

INTRODUCTION

Destination marketing organizations currently face a number of challenges emerging from changes within the tourism industry as well as from broader social, political, environmental, and economic developments. Technological progress, changes in the industry’s markets and structures, economic slowdown, war and terrorist threats, climate changes and natural disasters (e.g., hurricanes and tsunamis), as well as problems related to diseases (e.g., severe acute respiratory syndrome [SARS], hoof and mouth, and bird flu) have introduced states of crisis that affect destination marketing organizations in fundamental ways. There have, however, been few coherent attempts to cope with these challenges beyond reacting with budget cutbacks and the strengthening of local markets. For instance, in the aftermath of September 11, 2001, state tourism offices in the United States spent approximately $554 million for travel and tourism development and promotion, a figure that was down 8% compared to the previous year. Also, with a considerable amount of each state tourism office’s budget being allocated for domestic advertising, tourism offices’ spending on international advertising for 2002-2003 was estimated to be 28% lower compared to the 2001-2002 fiscal year (Travel Industry Association of America 2003). The question is whether such conservative approaches are effective coping strategies that can succeed in strengthening the competitiveness of the tourism industry. Importantly, there appears to be an inherent conflict between dealing with increasing uncertainty through budget cutbacks and the need to restructure/rethink the ways of doing business within the tourism industry. Deciding on which strategic orientation to choose in response to current developments is essentially a decision on whether to shape, adapt to, or try to outline a crisis (Courtney 2001).

Recent states of crisis have clearly shown that tourism is a fractured but highly interdependent industry. The pooling of resources has become especially important for small tourism bureaus, which experience enormous pressure on their already limited funds. Most of these organizations are not in the position to engage in outright competition; at the same time, the barriers to partnering through long-term and formal agreements are often perceived as being too high. The challenge lies in adopting “coopetition” strategies that allow for various degrees of collaboration and competition in different areas and at different levels; however, this change in perspective requires enormous change in the organizational mind-sets of these destination marketing organizations and calls for answers to the “Where are we going?” and “What are we here for?” questions that define an organization’s intended business focus (Senge et al. 1999).
image of the area, coordinating most private and public tourism industry constituencies, providing information to visitors, and leading the overall tourism industry at a destination (Prideaux and Cooper 2002). Due to the complex and multifaceted nature of tourism and its players, DMOs face several challenges in formulating and implementing effective marketing strategies (Augustyn and Knowles 2000). For instance, the numerous stakeholders involved in determining the role and development of an area as a tourist destination unequivocally result in different interests and objectives, which ultimately must converge to support the marketed image of the destination (King, McVey, and Simmons 2000).

In recent years, DMOs have been increasingly criticized for their inability to reinvent themselves in face of the radical changes occurring in their external environment (Goymen 2000). The first few years of the new millennium have brought extraordinary change and transformation. Arguably, the greatest agent for change in destination marketing is technology, which increases the “intertextuality of contemporary destination marketing” by adding new media and means to represent the destination (Hannam 2004, p. 261). Recent studies (Palmer and McCole 2000; Yuan, Gretzel, and Fesenmaier 2003), however, have demonstrated that DMOs have not fully incorporated technology in their operations and strategies. Most DMOs have developed Web sites with varying levels of interactivity/sophistication but have yet to successfully tackle the challenge of developing cooperation in a way that is meaningful for electronic commerce (Palmer and McCole).

Events and trends affecting the tourism industry are becoming more complex and fast-paced. As King (2002, p. 107) pointed out, “[N]othing short of a reinvention of destination marketing organisations (DMOs) will ensure they are able to keep abreast of and capitalise upon the revolution taking place.” Yet, it appears that many DMO executives are unable to manage change and find it increasingly difficult to determine the impact these events are likely to have on the destination and on destination marketing organizations (Pechlaner and Fuchs 2002). Indeed, a state of crisis like the one seen by the tourism industry in the second half of 2001 provides an invaluable opportunity to retreat and reflect, but DMOs focused on fixing immediate problems rather than developing a new vision and increasing their capacity for fundamental change. Also, DMOs still act mostly by themselves; consequently, they forgo important opportunities to create capacity to change through the pooling of resources and continuous knowledge exchange across organizational boundaries.

Building on theories of organizational learning and change, the goal of the study presented in this paper was twofold: (1) to demonstrate the value of knowledge exchange among DMOs by providing a setting in which collective envisioning and learning can occur; and (2) to develop a list of challenges and possible response strategies that outline the areas in which changes in DMO structures and approaches are needed to guide management as well as research efforts.

METHODOLOGY

The methodology used in this study represents a mixture of focus group methodology and expert panel study, involving moderated discussions among industry experts in a setting designed to foster deep-level collective learning. Particular emphasis was placed on two aspects of learning, namely, suspense and synchronicity. Suspense describes the act of retreating and reflecting and the activation of capacities to discard assumptions and habitual ways of seeing, whereas synchronicity refers to the opening that arises when “people sense and are drawn together around a new possibility that’s unfolding” (Senge et al. 2004, p. 164). Both suspense and synchronicity are seen as critical to out-of-the-box thinking and reflecting on current and future challenges. The implications for the study methodology drawn from these theoretical considerations were that the discussions had to take place outside of the industry experts’ usual realm and had to provide opportunities for the participants to reflect as well as connect with each other.

On April 22, 2002, approximately half a year after the September 11 attacks, 22 destination marketing experts were invited to a Forum on Technology and Change to discuss the strategic reorientation needed in destination marketing. The participants were selected to represent DMOs with different organizational characteristics (size, sources of funding, and organizational structure) and different destinations (urban, rural, or city, county, regional, or state level). Only top-level executives were invited (CEO, president, executive director, or directors of marketing, PR, or research) to ensure that the participants had the necessary knowledge to discuss strategic issues at the organizational level. Due to the 1-day structure of the forum, the sample was limited to bureaus in the Midwest; however, the discussions focused on DMOs in general because several participants either had worked in other regions before or were active members of Destination Marketing Association International, formerly known as the International Association of Convention and Visitor Bureaus. Thus, the relevance of the trends and strategic responses discussed throughout the forum is not restricted to this specific geographic area. Most of the key informants were female, represented DMOs in Illinois or Indiana, and had held executive-level positions in bureaus for more than 5 years. Two participants represented state-level organizations, whereas the rest of the group worked for bureaus at the regional or local level. Many of the participants knew each other, but the group also included participants who had not been in contact with each other before the forum, which was an important factor in ensuring that “out-of-the-box” thinking could occur. In addition to the bureau participants, several consultants and media representatives who had closely worked with DMOs participated in the discussions. University professors from tourism and technology-related programs served as moderators for the focus group sessions.

As a research tool, the forum setting simultaneously allowed for suspense and synchronicity, encouraged participation through a relaxed atmosphere, permitted immediate reactions by the participants, and provided an incentive for DMO executives to participate in the study. Thus, this approach was deemed appropriate for achieving the study objectives. The structure of the forum was designed to foster idea generation and encourage active input from the participants. An opening session followed by a keynote speech was used to establish the agenda for the group discussions. Following from traditional focus group methodology (Morgan 1988), moderators were assigned to each session to pose questions, guide discussions, and keep the group on target. The moderators also functioned as public recorders for the group, documenting all discussions on flip charts for
CHALLENGES FOR DESTINATION MARKETING ORGANIZATIONS

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The forum participants stressed that the challenge of technology lies in constantly learning the latest things and searching for the newest technologies that “supposedly” make the job of destination marketing easier. As one convention and visitors’ bureau (CVB) director put it, “The question is where bureaus should find the time, the money, and the staff to keep up with technological changes while maintaining regular tasks and responsibilities.” The forum discussions suggest that many DMOs have yet to realize that emerging Internet technologies are not a simple substitute for existing technology (Hanson 2000; Contractor et al. 2000). Web sites have not replaced call centers; rather, Web presence often drives phone inquiries. In general, increased contact with customers through various channels leads to more brochure requests and results in rising postage and printing expenses because of the higher demands for collateral. Several CVB directors participating in the forum indicated that they were struggling with the fact that their organizations use technology to reach higher cost efficiency but, in reality, encounter a rise in overall marketing costs.

The DMO representatives further pointed out that consumers ask a lot of questions and that it is often surprising to them how personal these requests are. The phones at CVBs are still ringing because customers want specific information and personal feedback, and most destination marketing Web sites are currently not catering to these needs. The director of a small bureau explained, “People want to talk to a person because what they want is a person saying this is a great place and maybe give an insider tip.” Also, bureaus consistently find that consumers still have more trust in the print material they produce than in the Web site content they publish, although the latter is typically more up to date. It emerged from the forum discussions that this is often a matter of investment because DMOs invest so
much of their budget in printing that they spend a lot of time and effort considering designs and proofreading the material. Because many activities on the Web can be accomplished in a very quick and cheap way, the necessity of investing considerable organizational resources is frequently neglected.

There was an overall consensus among the forum participants that DMOs are only just beginning to understand and appreciate how they can use emerging Web technologies to promote themselves. Even if they do, their constituencies and their partners, especially advertising agencies who are more comfortable with traditional advertising approaches and existing commission structures, keep them from adopting these new technologies. This illustrates, again, the very conservative approach many DMOs take and their reluctance to take on leadership and a change agent role at the destination when it comes to implementing new technologies.

**Challenge 2: Managing Expectations**

The bureau directors agreed that significant communication-related challenges emerge from understanding who the many audiences of a DMO are and what the key messages are that these audiences should remember. Not too long ago, many DMO managers thought that their audience consisted of visitors, a few selected officials, and some local hoteliers. Today, they typically face a growing number of constituencies, all wanting to be heard and represented (Buhalis 2000). DMOs have come to realize the importance of communicating with a much broader group of stakeholders in a variety of ways. The director of a small bureau voiced this opinion very succinctly and added, “What communities and partners expect from the DMO is leadership.” She then explained that big retailers, hotel chains, and service franchises have pushed small, independent local businesses out of the communities. These local business owners have traditionally fulfilled leadership roles, and with their disappearance, many communities outside metropolitan areas face a substantial leadership deficit. The forum participants stressed that there is an enormous pressure on them because these local communities are now increasingly referred to as “destination marketing organizations.” To an ever higher degree, DMOs find that they are in a position in which they have to be responsible to both the buyer and the local communities they represent. One CVB director emphasized that she sees the new role of her DMO as involving “not only marketing an important stakeholders, or they focus exclusively on traditional DMO audiences such as hoteliers, who many times do not even live in the community, do not vote, and report to headquarters located in a different state. Thus, they waste critical resources that could be spent on audiences who play a more important role in the local community.

**Challenge 3: Moving from Destination Marketing to Destination Management**

The participating DMO representatives recognized that the rising number of constituencies creates a dramatic increase in the complexity of DMO responsibilities. Fewer than 20 years ago, the definition of the acronym DMO was “destination marketing organization.” Today, DMOs are increasingly referred to as “destination marketing and management organizations.” To an ever higher degree, DMOs find that they are in a position in which they have to be responsible to both the buyer and the local communities they represent. One CVB director emphasized that she sees the new role of her DMO as involving “not only marketing an experience but also doing whatever can be done to ensure that the deliverable product is enjoyable and of high quality.” Assisting in the development of attractions, events, and other components of the service industry while searching for the lodging services that make the destination the best are now as much part of the bureau’s job as the traditional advertising tasks. Consequently, economic development and bricks-and-mortar tourism development are increasingly part of the activity mix of DMOs. The forum participants see this switch from pure marketing to much broader management responsibilities as the single biggest change they currently face; however, only few DMOs seem to adjust their strategies and organizational structures to accommodate this new role.

The comments made by the forum participants support the findings of the study by Getz, Anderson, and Sheehan (1998), which found that most bureaus restrict their destination management involvement to the development of festivals and special events. The few DMOs that have started to define themselves as management rather than marketing...
organizations often face a lack of recognition for their involvement in development projects. The participating bureau representatives complained that they are frequently excluded from “sitting at the development table” with county/city planners. Some bureaus have responded to this challenge by hiring urban planners to defend the interests of tourism in all community development initiatives.

According to one of the bureau directors, “DMOs exist within their communities but often outside of them.” A considerable portion of the bureau budget is spent on attracting the traveling public to a specific destination, but only a minimal amount of the marketing budget is allocated to advertising within the community. This lack of investment in the local community can greatly interfere with the bureau’s need to build consensus for development projects. The forum participants reported that when the time comes to negotiate contracts, bureaus that have not established and communicated their role within the community often learn the harsh lesson that the others around the table do not know why they should care about what a DMO has to say. DMOs committed to a management role are progressively shifting their focus from external marketing activities to participating in the local community. Indeed, some bureaus have established public relations positions to address this trend toward greater community involvement. One of the bureau directors indicated how important it was to take this approach:

When we developed the PR position about 6 years ago, I think we were the only small- to medium-sized bureau around with such a position. Creating that position was the single smartest thing that our organization has done in the last years.

The forum participants further pointed out that the challenge for DMOs lies in establishing themselves as the local experts, the “go-to people,” or the information clearinghouse and in being perceived as a valuable partner when the time comes to decide on a development project. The bureau directors stressed that an important step in this direction is to appoint a board of directors that represents the entire community. DMO boards of directors are often composed of hoteliers and representatives of the local restaurants and attractions, community members who have traditionally worked with the bureau. There was a general agreement among the forum participants that the new DMO agenda calls for a restructuring of the board of directors so that it truly reflects community interests relevant to the now extended scope of the work of the DMO.

Destination planning and development are essential to stimulating long-term tourism in any area, whether it is local, national, or international (Wong 1998; Gunn 1994; Inskeep 1994). Recognizing the need for community participation and seeing the value of becoming a partner rather than an outsider in the development arena become important issues for bureaus in the process of changing into management companies. The forum participants recognized the importance of planning, but it appears that the shift from pure marketing to integrated destination management requires more than becoming involved in development projects. Fortunately, the forum discussions indicate that bureau directors are at least beginning to realize that a shift in the scope and nature of their activities requires actual changes in terms of their organizational structure. Implementing such structural change, however, seems to constitute an enormous challenge.

**Challenge 4: Confronting New Levels of Competition**

The participating DMO representatives further discussed how in times of declining travel, DMOs increasingly compete with other destinations for market share. According to one bureau director, competition in this respect refers to “the challenge of setting a specific destination apart from the rest in terms of the experience it provides and the value for the customer dollar it offers.” The bureau directors participating in the forum reported that a new kind of competition also arises from the emergence of for-profit destination management companies that try to sell their services to local governments. One of the bureau directors reported, “They go to the city council or county commissioner and say they could do the job or even more for less, which would free money for paving roads.” They typically look at current DMO budgets and official DMO agendas to price their offers. Not recognizing that the multitude of DMO activities and the commitment to the local community are very rarely reflected in annual budgets, local governments are often tempted to accept the seemingly cheaper offer of the private companies, thus freeing money for other investments. It is almost impossible for the local DMO to compete with the management company that can usually rely on an extensive corporate structure to leverage cost. This new form of competition constitutes a real and immediate threat to a great number of DMOs, unless they are able to educate government officials about the broad DMO agenda that goes beyond managing a convention center and involves the active protection of local interests through DMO activities in the community.

Another important finding regarding the challenges faced by bureaus that emerged from the focus group discussions is that competition not only occurs in the form of rivalry in the marketplace but also is increasingly characterized by a struggle to compete for local resources and funds. The changes in the economy have put many DMOs in difficult financial situations. At the same time, state, county, and city governments are desperately looking for additional money to meet their own financial responsibilities. Thus, DMOs are challenged with managing their already small budgets and simultaneously protecting their funds from even further government invasion justified by infrastructure improvement needs that many communities are struggling to meet. As a consequence, DMOs are experiencing growing competition with organizations in their own communities, such as economic development organizations as well as institutions related to education and social welfare.

**Challenge 5: Recognizing Creative Partnering as the New Way of Life**

The forum participants also discussed many of the barriers that need to be overcome on the road to successful partnering. For instance, they stressed that egos and personalities often get in the way of establishing partnerships. Furthermore, the individual businesses at the destination are often not ready for new forms of cooperation such as...
cooperation, which allows for cooperation in some markets and competition in others. One of the state bureau representatives described the situation as follows: “One of the barriers which CVBs have on the human side are the businesses they are responsible to in their communities, and those businesses do not understand cooperation to the level the CVBs do.” Also, thinking in terms of political boundaries prevents many DMOs from engaging in innovative partnerships. They tend to work on their own little interests instead of trying to find out what the customer is really interested in. Most travelers are not aware of city and county lines, and tend to bundle places and activities based on the travel experience they seek rather than on what is offered in a specific administratively defined area. The basis of new, creative forms of partnering is to find out what this experience is that travelers expect from their trip. Thus, it is not necessarily geography that determines partnership opportunities.

The participating bureau representatives consistently voiced concerns over the lack of real incentives for partnering. Even if DMOs buy into the idea of regionalization, taxes are still levied on the municipal level and bureaus are answerable to the governing bodies that are paying the checks. Potential partnerships often cease to exist in early stages because the necessary resources are not put on the table. As one of the bureau directors put it, “If you want the partnering, if you want these initiatives, there’s gotta be some extra bucks in the piggy.” Also, partnering needs to be cast in regional terms and needs to go beyond the individual project/program. Many bureaus represent several individual communities with often very different structures and interests. Establishing partnerships with the local authorities is important in terms of developing regional marketing concepts; however, depending on the number of communities and their diversity, establishing partnerships can be quite a challenge. Also, bureaus differ significantly in terms of the money and staff they can dedicate to establishing and maintaining partnerships. It seems that many bureau directors have yet to recognize that they could use the Web as an opportunity for smaller organizations to level the playing field. Thus, although it has been argued that information technology offers opportunities for closer interaction and cooperation at the destination or regional level (Buhalis 2000), it appears that DMOs are currently held back from doing so.

The need for DMOs to justify their existence and to prove a return on investment is more critical today than ever before. Substantial work has yet to be done, however, in terms of educating the local communities and other bureau stakeholders about the DMO. One bureau representative stated,

Education of the whole community from hotels and attractions to mayors and village managers—we have never operated on that level before because we never had to. But now it all comes down to accountability. We have a number of communities. Each one wants to know what we’ve done for them lately.

The forum participants voiced concern over the fact that accountability is more important than ever before; yet, bureau performance is still being assessed using measures that account for traditional DMO activities. For instance, although regional concepts have been adopted by some DMOs for marketing purposes, funding that the individual communities provide is still based on how many times their name appears in visitor guides. Similar issues arise for funding from the state level. One of the forum participants pointed out,

In our hearts and our minds, we know that regionalization and the bigger picture is the way to do things, but when you are filling out a state report for funding for your CVB, the reality is that you got to have your own numbers.

Thus, the challenge of regionalization with respect to performance measures lies in finding ways to track numbers for each bureau/community and to translate common results into individual measures of success.

The respective bureaus see themselves spending much time and effort in educating their constituencies and not getting any recognition. Similarly, bureaus are supposed to be an integral part of their communities and provide an opportunity for the tourism industry to come together in an apolitical atmosphere, talk about common visions, and then work together along those goals. In addition, establishing partnerships at all kinds of levels has become essential for the survival of the DMO. Nevertheless, such activities are hardly ever reflected in current measures of success because their results often cannot easily be measured in quantitative ways. Providing incentives for destination management and partnering requires finding a way to weave qualitative data into performance evaluation schemes. As one bureau director argued,

[T]here’s got to be something in the ROI system that accounts for more than just room nights, more than just attendance figures and bed nights. It’s what we are doing in our own communities because more and more we are spending a lot of time for these product development or product enhancement initiatives. And there is nothing at this point as an evaluator.

Many DMOs, especially CVBs, have traditionally focused on conventions and group travel because the end-of-year performance measures center on room nights and the group market is definitely the most “trackable.” After September 11, fundamental shifts in the constellation of the market occurred for many destinations; however, DMOs were generally slow to respond because they were stuck in their mind-sets driven by established performance measures. One of the state bureau representatives stressed, “We just have to be prepared and we need to focus on flexibility and versatility in any type of plan we are doing.” The forum participants concluded, however, that DMO marketing strategies can only reach the required degree of flexibility if performance measures become more flexible.

In times of increased uncertainty, comparisons with past results provide only limited value. When visitor numbers go down, the question is not only to what extent they decrease but also, more importantly, how much visitation declined...
information technologies across demographic and social
circumstances and the flow of information. With the growing use of
technologies, all new technologies have the potential to revolutionize the nature of
our interaction with information. With the growing use of information technologies across demographic and social

In general, the forum discussions revealed that DMOs are being judged on what they have always done, thereby
leaving little room for innovation. They are told to think out of the box and do something different to cope with the cur-
rent crisis; however, in the end, their performance will be evaluated based on traditional measures. Importantly, the
participating bureau directors pointed out that even otherwise well-established measures such as Web site user ses-
sions are difficult to sell to a constituency that still believes

The key to understanding technology and its possible impacts is identifying and comprehending the information
ecology that evolves around its development and use. Three strategies that take new technological and organizational real-
ties as well as changes in the information ecology into account were identified during the forum: (1) reflecting on the 5 W's of technology use, (2) knowledge network management, and (3) master developer thinking. These strategies are summarized in table 2 and further described below.

Strategy 1: Reflecting on the 5 Ws of Technology Use

Reflecting on the who, what, when, why, and why of technologies’ current usage is important because all new
technologies have the potential to revolutionize the nature of our interaction with information. With the growing use of
information technologies across demographic and social
groups, specifying who the users are in terms of traditional variables is becoming increasingly irrelevant. One of the
bureau directors noted, “The reasons for using a certain technology often depend on the context of life and the specific
needs of the user at a point in time.” Defining a user in terms of dynamic preferences rather than rigid sociodemographic characteristics opens up new ways of conceptualizing users and their “personalities.” The participating DMO representatives overwhelmingly agreed that thinking about users as representing ever-changing preference structures and envisioning the implications of mediated rather than direct interactions with potential visitors are of increasing importance. An additional theme that emerged from the forum discussions is the changing role of users who increas-
ingly interact with the medium as creators rather than just “consumers” of information. Web users not only access con-
tent but also engage in creating and sharing content through
Web cams, virtual communities, and so on. Web content is
also becoming increasingly dynamic, yet the forum partici-
pants argued that most DMO Web sites remain static. They
consequently forgo the opportunity to learn about users through such dynamic interactions.

RESPONDING TO CHANGE: POTENTIAL SOLUTIONS AND STRATEGIES

The forum participants stressed that we are still at the beginning of understanding what the technological changes and changes in usage might mean for the future of tourism marketing. For instance, new data-mining techniques and virtual reality technology promise new ways of accessing and experiencing an ever-greater amount of information. Also, tourism information seems to be, to an increasing extent, collected and made available by many players outside the core tourism industries and beyond the control of the respective DMOs. One of the participants commented, “There are so many people out there claiming that theirs is the official site.” With this in mind, it appears to be crucial for bureaus to consider both the content and form of the travel information they make available to users. In addition, the “24/7” quality of the Internet has important implications for information accessibility in general. If content is available all the time, users begin expecting the same from communication, feedback, and other services provided by the DMO, whether online or in the real world. The participating bureau directors concluded that it is important for DMOs to

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recognize that the concept of time in the Internet era is different and requires fundamental organizational adjustments as well as changes in the current marketing strategy and approach. One of the state bureau representatives reported that her organization refrained from implementing a “live help” function because it could not handle the “24/7” requirement. In addition to time, the locus of technology use has shifted tremendously. Mobile devices afford uses outside of the realm of offices or homes, and the development of ambient computing is expected to push this trend even further. The forum participants agreed that the implications of such ubiquitous technology use for tourism are tremendous. Reflecting on where tourism information is accessed or could be made accessible, and what not only the limitations/constraints but also (most importantly) the affordances of the different points of access are, can support DMOs in their efforts to find successful ways of structuring information and designing interfaces (for both the Web and traditional call centers).

Whether it is using cell phones, instant messenger, or message boards and chat rooms in virtual communities, the purpose of using technology is often to connect with peers. Yet another reason for using the Internet and other emerging technologies is the value they provide by allowing users to have unique experiences. In this particular case, the DMO’s task lies in increasing the linking value and experiential value of its online offerings. The forum participants generally agreed that imagining how, when, where, and why travelers use technology can greatly assist bureaus in defining what specific function to support and what information to present.

Strategy 2: Knowledge Network Management

Several of the comments made during the discussions emphasized that DMOs need to be very careful about not thinking of new technology in terms of a simple substitute for an existing way of doing things. One of the bureau directors explained, “We see technology as a substitute because that’s the easy thing to do. Really engaging with technology is hard.” If, however, new technology is seen as a substitute, the results of its implementation will be rather disappointing because the true benefits of a technology lie in the ability to reconfigure organizational approaches and create new ways of doing things (Contractor et al. 2000). The forum discussions underlined that DMOs need to think about how they can use technology to add new value so that it leads to a reconfigured experience for the consumer. Part of this process is seeing technology investments as a way of creating revenue instead of a means to save costs, thus moving the focus from efficiency to effectiveness and from cost/production to value creation. One of the forum participants pointed out that “instead of saying that we need widgets and need to find ways to increase our production of widgets from 10 to 20, bureaus should be asking themselves whether they should be in the widget business at all.”

Networks play an important role in thinking about possible ways of reconfiguration. The forum discussions indicated that DMOs need to start considering what this means in terms of partnerships with one another as well as with other organizations. Networks are about defining the core competencies and the connections that are needed. This implies that organizations move from classic knowledge management to knowledge network management, which requires that not only the actual knowledge itself but also aspects such as “Who knows what?” are managed within the network. In this context, the forum participants discussed a possible “Napsterization” of information provision and knowledge sharing in the tourism industry. Napster provides an excellent example for how peer-to-peer (P2P) knowledge networks can be used to quickly respond to an information request. P2P systems also provide a new approach with respect to issues of data ownership and control. According to the forum participants, many bureaus are reluctant to contribute data to a common database because they feel that once the data go into a global system, they lose control over it. The director of a small bureau described the situation as “once data is input into the state database, you cannot access it anymore or pull it back out. Would be great to have access to my chunk. We would love to share more, but once it goes in, it does not come back.” Bureaus also often feel that they are the experts on the destination and do not want someone somewhere else, using a database that lies beyond their control, answering consumer requests. P2P systems tackle this problem by establishing a distributed knowledge base in which data reside with the initial provider/creator, who retains control as well as a sense of ownership. It is important for DMOs to think about what it means to work in a P2P environment both in terms of technology and in terms of organizational structure.

Relationships in a network are always collaborative and competitive. The forum participants emphasized that it is crucial to identify the point at which the incentives for cooperation offset the incentives for competition. The goal of sharing is leveraging expertise to increase business for an entire region. It was mentioned during the forum that bureaus in Illinois, for instance, established an Illinois Sales Committee to target the meetings and conventions market. Members of the committee recognize that the issue is not fighting about which town will be picked but working together to get meetings and conventions into the state. Incentives are essential to the success of network approaches (Kollock 1999). Consequently, to render a sharing initiative successful, one needs to figure out and explicitly communicate the incentives necessary to make the cooperation worthwhile, recognizing that there might be some free riders but that in the long term the participants are able to benefit from the relationship. The forum participants identified the following four factors as important for bureaus to see the value of such networks:

1. The quality of, importance of, and interest in the data that are shared
2. The cost of maintaining and contributing to the network
3. The extent to which others contribute to the network
4. The perceived impact of the network on a bureau’s success and/or reputation

These four factors are compulsory factors, that is, all have to be evaluated in a favorable way for a bureau to be willing to contribute. If one is missing, the motivation to participate might be high enough to buy into the idea but will rarely lead to a full commitment to the process. Furthermore, several of the comments made by the bureau representatives stressed that such networks, to succeed, have to include all important players. One of the forum participants reported that budget cuts in 2001 actually led to increased competition, and, to some extent, even outright cooperation, with details being shared that would normally not be shared, such as sales data. And
several of the other bureau representatives agreed, however, that businesses at the destination oftentimes lack the understanding and/or the capacity to value such efforts. Thus, it was concluded that it is important to build systems that can include players with diverse levels of technological readiness and different strategic orientations. What partners to include is a critical question to be answered by the DMOs. As one of the bureau directors pointed out,

We have all this great technology that allows us to connect with people to form all kinds of collaborations and alliances, but what we still lack is the ability to determine who it is we want to form coalitions with. This is an important issue to consider within organizations as well as communities.

Most importantly, the goal is not to establish one, all-inclusive network that can serve all purposes. One of the main conclusions of this forum discussion was that DMOs should envision different layers of networks at the local, regional, and state levels and explore the extent to which these can overlap and maybe even be intertwined.

Strategy 3: Adopting Master Developer Thinking

Looking for analogies in other industries is often an effective way of finding answers and possible solutions. The forum participants argued that one of the most appropriate comparisons for DMOs seems to be the one with master developers in the real estate business. Master developer thinking involves thinking about the many uses of the residential area, what the interactions are among these uses, and what kind of synergies can occur. More specifically, it aims at developing and integrating community components and ensuring that the environment is attractive and serves the needs of its residents. In addition, master developers proactively think about how businesses that support the desired uses can be attracted to the local community. Ideally, these goals should also be realized by DMOs, with the difference that DMO strategies are broader and include not only residents but also visitors as well as businesses within the specific destination. Thus, master developer thinking resembles systems approaches proposed for destination planning (Formica 2000) but assumes a greater and more proactive involvement of the DMO in the actual implementation of the plan, and emphasizes business principles rather than politics that so often govern destination planning efforts.

Unfortunately, many DMOs engage in destination management that is based on broad zoning, development by chance, limited integration, little cohesion, and a very fragmented vision. Some DMOs have at least defined districts or village cores and provide some coordination; however, their approach is still largely reactive. In contrast, master developer thinking is holistic and proactive, and focuses on careful management of the many disparate parts that contribute to the quality of the experience at the residential area/destination. Although master developer thinking is far from being widely adopted by DMOs, there are at least a couple of examples that indicate that some destinations are moving in the right direction. One of the cases in point described during the forum is the Independence Visitor Center in Philadelphia, which goes beyond the brochure rack and the static environment visitor centers typically provide. It actively tries to touch visitors, engage them, tell them stories, manage visitor flows, and integrate everything with existing retail components.

A point raised during this specific forum session was that DMOs should start asking themselves why they are not yet engaging in master developer thinking. One possible reason mentioned was that master developer thinking requires organizational changes, which are typically difficult to accomplish. In addition, political challenges are often perceived as barriers to adopting a more proactive and holistic approach to destination management. Also, DMOs have yet to establish themselves in the development arena. Most importantly, there is a lack of resources and expertise that keeps many DMOs from actively engaging in destination management. The forum participants further stressed that constituencies are biased toward immediate results and often do not understand that adopting a broader management role means investing throughout a longer period of time. DMO strategic plans clearly define product development as one of the biggest challenges, yet it is usually the first thing to be cut in a budget crisis.

Master developer thinking does not involve taking over private sector initiatives; rather, it sees the DMO as a coordinator as well as educator that helps create synergies between the public and private sectors. The forum participants concluded, however, that there needs to be a fundamental agreement within the community that this role of the DMO is desirable. As one bureau director pointed out, “What works for one community might not be an appropriate approach in another.”

The comments provided in the course of this discussion indicate that establishing credibility is an important aspect of master developer thinking. DMOs that would like to adopt it need to establish relationships with all important partners and prove that they know what they are doing. Unless DMOs can display the necessary engagement and expertise, they will probably be seen as the “fluffy marketing people who do not understand economic development.” Furthermore, the participating directors agreed that DMOs need to convince their community that tourism is a worthwhile area to invest in. Many communities are not interested in tourism because they see the low-paying jobs. What they do not see is the tipping role of tourism as a catalyst for lots of other forms of economic development. In addition, people tend to move to places they like to visit, so tourism does play an important role in attracting businesses to a community. Other communities see tourism as a magic bullet and neglect to objectively assess the potential of their area for tourism development. Thus, there is definitely much groundwork to do for DMOs.

The forum participants further elaborated on how more tracks at tourism conferences on economic development and training workshops could help DMOs learn the jargon and enhance their skills in putting together public-private partnerships. It seems to be essential for DMOs to at least know what the tools are and how the game is played.

An important reaction to this proposed response strategy was that master developer thinking has staffing and resources implications and some of the necessary changes will meet some resistance. Thus, according to the forum participants, the central tenet of master developer thinking is the question of how to stimulate change in a community and bring along those businesses and organizations that seem to be comfortable with staying behind.
IMPLICATIONS

The Forum on Technology and Change provided the bureau directors with the opportunity to reflect on their own challenges, share successes and failures with their peers, and creatively think about possible response strategies that will ensure the survival of DMOs and the success of the respective destination. The bureau directors’ active engagement in the forum discussions and the extremely positive feedback provided after the forum show the clear practical need for such exchanges. At the same time, the thick descriptions of the problems encountered by these industry professionals and their organizations provide an invaluable account of the state of destination marketing and its potential future that can greatly inform research agendas and spur ideas for improvements in our theoretical understanding of the issues discussed. The following three research areas were identified as particularly important given the challenges and possible solutions discussed by the DMO representatives: (1) building organizational capacity to change, (2) understanding tourism experiences, and (3) establishing appropriate performance measures and benchmarking methodologies.

BUILDING ORGANIZATIONAL CAPACITY TO CHANGE

Responding to rapid technological and economic change, managing emerging expectations, dealing with new responsibilities, and finding appropriate organizational forms that support sharing and partnering require immense organizational flexibility and learning. Except for a few isolated studies, there is little systematic research in the realm of destination marketing or tourism in general that deals with issues of organizational learning, change management, innovation, knowledge management, and network structures that could inform DMOs in their attempts to change organizational structures and create successful partnerships that would allow them to change quickly and effectively. Concepts such as communities of practice (Wenger, McDermott, and Snyder 2002) and transactive memory theory (Wegner 1987) that are of particular importance in the realm of change and knowledge management have been well researched in other disciplines but have found little to no consideration in tourism research. Thus, it seems that tourism research has yet to follow the shift from pure marketing to a marketing and management focus that DMOs have experienced. Given the comments of the participating DMO representatives, such a reorientation is imperative for providing DMOs with valuable insights that can help them respond to current and future challenges.

UNDERSTANDING TOURISM EXPERIENCES

It follows from the forum discussions that deciding on who to partner with, engaging in master developer thinking, and using emerging technologies and experiential marketing (Pine and Gilmore 1999; Schmitt 1999) have been widely adopted by DMOs and tourism research, respectively; however, there is still a lack of research that would allow for the conceptualization and measurement of tourism experiences (Fesermaier and Gretzel 2004). Without a clear understanding of the crucial components of meaningful experiences and related expectations, DMO product development and marketing efforts continue to be based on gut feelings and trial and error approaches rather than strategic and persuasive experience engineering and methodical evaluation.

ESTABLISHING APPROPRIATE PERFORMANCE MEASURES AND BENCHMARKING METHODOLOGIES

The increasing need to demonstrate accountability has led to a growing interest in performance measurement and benchmarking-related research. Traditional performance measures such as advertising effectiveness and economic impact have been well researched, and recent works by Wöber (2002) and Kozak (2004) have laid the groundwork for benchmarking methodologies in the realm of destination marketing. Current performance measurement and benchmarking approaches, however, have several shortcomings given the change in DMO responsibilities and marketing practices. The comments made by the participating DMO representatives demonstrate a clear need for performance measures that evaluate internal marketing efforts, partnering initiatives, long-term product development, community relations management, as well as visitor communication and marketing using new channels/technologies. The forum discussions further illustrated that benchmarking systems need to find ways to integrate qualitative data, support flexibility, and encourage leadership to spur innovation rather than promote mediocrity.

CONCLUSION

There are many issues that evolve around anticipating change and its possible consequences. The notion of change that destination marketing organizations need to adopt is one of being both rapid and abrupt. Yet, not all change is of immediate relevance; some changes have instant impacts on consumers and organizations, and others have consequences that become apparent only in the more distant future. Following pragmatist conceptualizations of human knowledge, there is one especially important kind of knowledge that results from discussions like the ones presented in this article: reflecting on one’s own experience. This is an essential step in every change process, yet it is often neglected. One cannot really prepare for the future because it is impossible to know what the future will be like. The only thing that can be done in preparation for change is to extract knowledge from present experiences. This knowledge can be used to envision possible future outcomes or at least define a range of alternative futures. That is, finding the time to step back from day-to-day work and struggles to think about what works and what does not work may be the most important source of knowledge about how to deal with change and what to expect from the future. Strategists have argued that adapting strategies should be favored when the future seems clear enough to predict (Courtney 2001). In contrast, the greater the uncertainty about the future, the more shaping strategies becomes important and
potentially fruitful. If a wide range of possible futures can be identified, the goal becomes moving the industry toward the “right end of the range.” Whether DMOs decide to adapt to or shape the future, these decisions need to be informed and require proactive approaches as well as commitment to learning and change. Thus, searching for the future means reflecting on where we are, where we have been, and, most importantly, where we are going. Providing leadership in the course of defining possible strategies to embrace change requires bringing along those who lag behind through education, training, loyalty, and passion. Leadership is about asking the right questions at the right time. Even though the answers to those questions might not be available at the time, asking questions is the first step in finding out where DMOs should go. The process of searching for the future is, therefore, essential because the process in and of itself “creates.”

REFERENCES