

Destination management – an overview

Dr Roger Carter

Dr Mike Fabricius

UNWTO Consultants (TEAM Tourism Consulting)

UNWTO Conference

“Creating competitive advantage for your destination”

Budapest, 7 February 2007

team^t

Speaker background: Dr Roger Carter

- Spent 25 years working for tourism organisations – national, regional and city – within the UK
- In 1997, established TEAM, a consultancy in strategy, business planning and operations management for destination management and marketing organisations – with a strong focus on e-business
- Involved in more than 160 consultancy projects, throughout the UK and in South Africa, Seychelles, Saudi Arabia, Australia, Estonia, Ireland, Portugal,
- Forthcoming publications: “A Guide to Destination Management” for the UNWTO; and “eMarketing Handbook for the UNWTO and the European Travel Commission
- Managing Editor of ‘DMO World’, a newsletter for tourism destination professionals around the world

Speaker background: Dr Mike Fabricius

- An experienced tourism strategist, policy analysts and marketer
- Consults internationally on a variety of destination management topics including marketing, policy and strategy, HR, visitor management, etc.
- Regularly presents seminars and courses on destination management on behalf of the World Tourism Organization and co-author of the forthcoming UNWTO Destination Management Handbook
- Played a leadership role in the successful development of the South African tourism industry and occupied various senior positions in the public, private and academic sectors including Director of Domestic Tourism at South Africa Tourism, Chief Executive Officer of the Western Cape Tourism Board and head of tourism in the national Department of Environmental Affairs and Tourism, South Africa,

Agenda

- What is a tourism destination?
- Why does the destination require managing?
- What is destination management (DM)?
- What are the key functions in DM?
- What is the role of Government, local authorities, Destination Management Organisations, etc.?
- How can destinations compete most effectively?
- Developing strategies to compete effectively.

What is a destination?

A tourism destination is:

- The basic unit of analysis in tourism
- A distinctly recognisable area with geographic or administrative boundaries that tourists visit and stay in during their trip
- Where tourism revenue is significant, or potentially significant, to the economy
- Serviced by both private and public sector

A whole country (e.g. Australia), a region (such as Andalucia), an island (e.g. Bali), a village, town or city, or a self-contained centre or attractions (e.g. Center Parc or Disneyland)

What is a tourism destination?

Basic elements of a tourism destination, which destination management must address:

- **Attractions:** the motivators for the visit:
 - built (e.g. cathedrals/monuments)
 - cultural (e.g. museums)
 - emotional or experiential triggers
- **Amenities:** basic infrastructure such as utilities and roads + direct services - accommodation, visitor information, catering and shopping facilities.
- **Accessibility**
- **Image**
- **Price:** the cost of transport to and from the destination, accommodation, attractions, food and tour services

Why manage the destination?

Effective destination management must:

- Deliver quality of visitor experiences and exceed expectations
- Contribute to the longer-term prosperity and development of the local community – jobs, income, amenities, etc.
- Improve the profitability of the business sector – the lifeblood of any destination's tourism industry
- Ensure a responsible and sustainable balance between economic, socio-cultural and environmental impacts

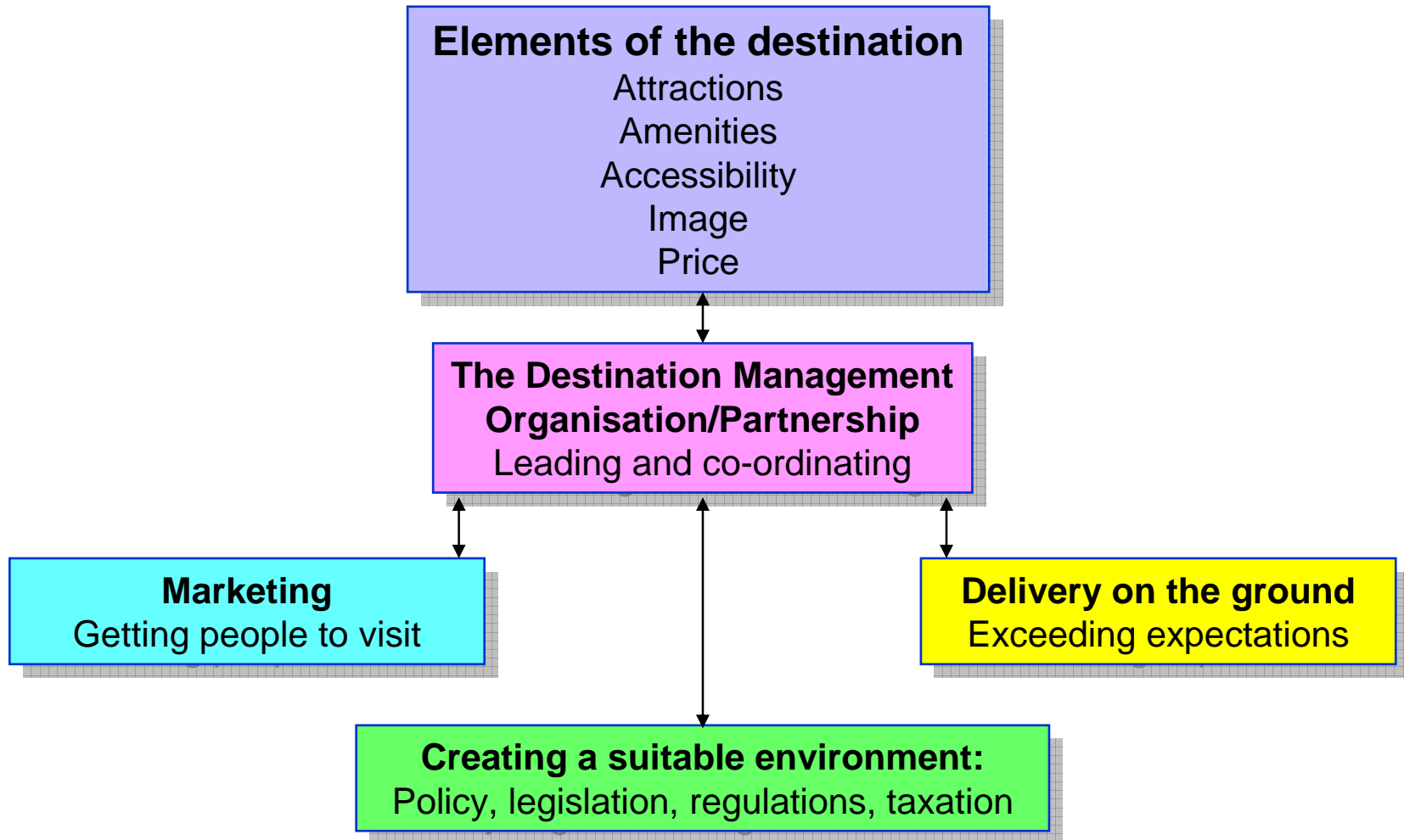
What is destination management?

The co-ordinated management of all the elements that make up the destination

Addresses key functions:

- **Marketing** to get people to visit in the first place
- **Delivery of services on the ground** to ensure that expectations are met at the destination
- **Ensuring a suitable environment** (physical, social and economic) in which to develop tourism

What is destination management?



Creating a suitable environment

- Planning and infrastructure
- Human resources development
- Product development
- Technology and systems development
- Related sectors and procurement – supply chain

Delivery on the ground

- Destination coordination & management for visitor 'quality of experience', especially the public realm
- Visitor services – information and bookings
- Product “start-ups”
- Events development and management
- Attractions development and management
- Training and education
- Business advice
- Strategy, research and development

Marketing

- Destination promotion, including branding and image
- Campaigns to drive business, particularly to SMMEs
- Unbiased information services
- Operation/facilitation of bookings
- CRM (Customer Relationship Management)

Key players in destination management

- National and provincial/regional government
- Economic development agencies
- Local authorities
- Town centre management organisations
- Park authorities
- Transport providers
- Attractions, events and cultural organisations
- Accommodation providers
- Restaurant, leisure and retail operators
- Intermediaries (for example tour operators and conference organisers)
- Local tourism consortia and partnerships
- Business support agencies
- Skills development organisations

Destination functions by level of government

	National	Prov/regn	Local
Destination promotion, including branding and image	✓	✓	
Campaigns to drive business, particularly to SMEs	✓	✓	✓
Unbiased information services		✓	✓
Operation/facilitation of bookings			✓
Destination coordination & management			✓
Visitor information and reservations			✓
Training and education		✓	✓
Business advice		✓	✓
Product "start-ups"		✓	✓
Events development and management			✓
Attractions development and management			✓
Strategy, planning, research and development	✓	✓	✓

Mechanisms for co-ordination and co-operation

- Tourism development and management partnership/liaison group
- Joint strategic planning
- Joint destination management planning

And/or

- Integrated product development and promotion projects
- Bringing together partners for focused project planning (including investment planning) and implementation over specific timescale

Destination management governance options

- Department of single public authority
- Partnership of public authorities, serviced by partners
- Partnership of public authorities, serviced by a joint management unit
- Public authority(ies) outsourcing delivery to private companies
- Public-private partnership for certain functions – often in the form of a non-profit making company
- Association or company funded purely by a private sector partnership and/or trading – again for certain functions

Destination management governance options

- Department of single public authority
- Partnership of public authorities, serviced by partners
- Partnership of public authorities, serviced by a joint management unit
- Public authority(ies) outsourcing delivery to private companies
- **Public-private partnership for certain functions – often in the form of a non-profit making company: the Destination Management Organisation (DMO)**
- Association or company funded purely by a private sector partnership and/or trading – again for certain functions

The role of the DMO

- **Leadership** – strategic direction and high level expertise
- **Planning**
 - policies and strategies for competitive advantage
 - development and marketing plans
 - business plans
- **Delivery**
 - delivery: manage/coordinate delivery of plans
 - arrange appropriate organisation structures and processes
 - facilitate partnerships
 - secure finances
 - create opportunities for entrepreneurs
- **Performance management**
 - measure and reward performance
 - monitor governance
 - identify gaps and respond

The DMO - critical assets

- Credibility as a strategic leader in tourism destination marketing and development
- Ability to facilitate partnerships with industry and public sector departments and agencies, in collaboration towards a collective destination vision

Strengths by type of governance

Public sector

- Long term strategic approach
- Destination awareness creation
- Public realm
- SME support
- Quality assurance

Private sector

- Short term tactical approach
- Sales focus
- Customer relationship management
- Focus on market opportunities
- Rapid decision making
- Entrepreneurial

Weaknesses by type of governance

Public sector

- Lacks a sharp focus on delivering new business
- Poor at generating commercial income
- Risk averse
- Tolerates poor performance
- Slow to take decisions
- Distrusts private sector and the profit motive

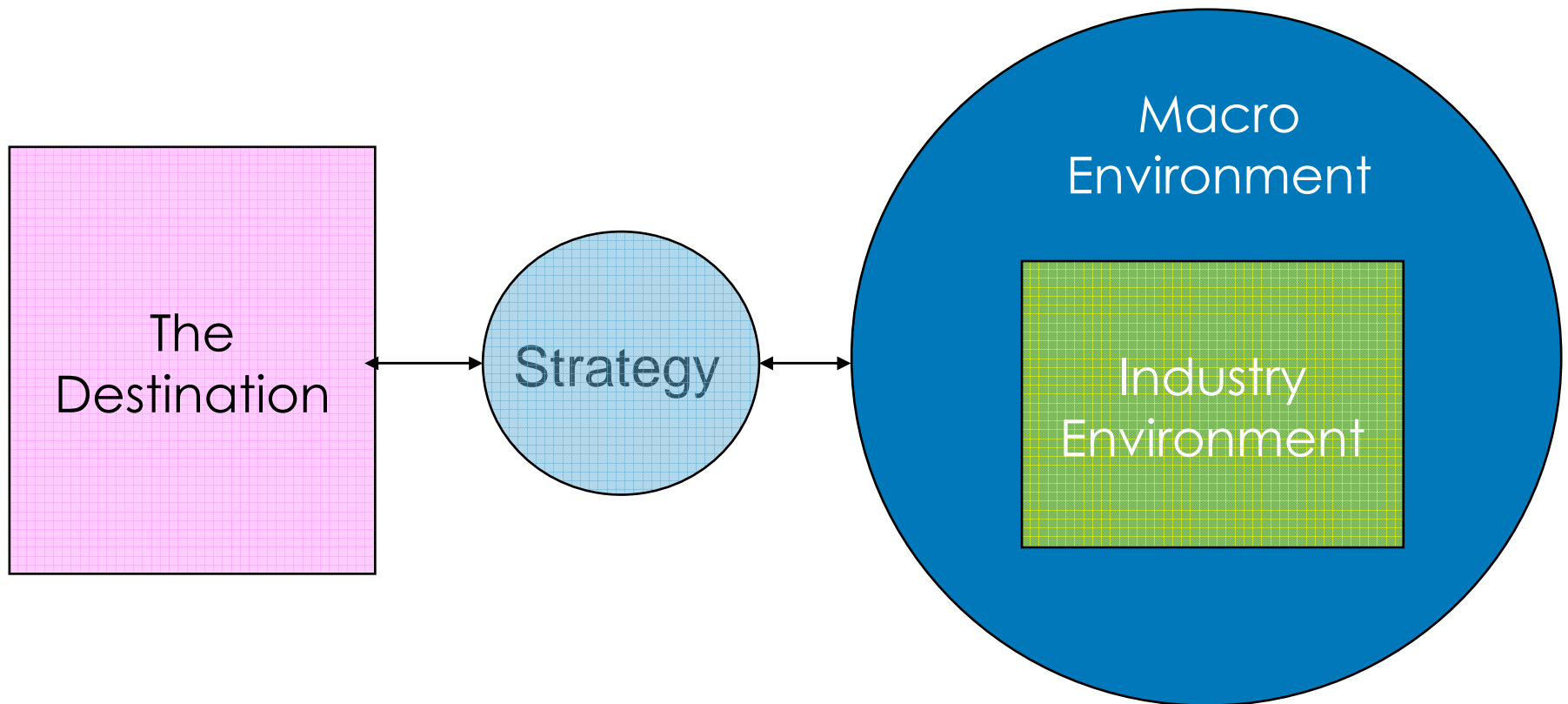
Private sector

- Lacks a concern for the wider public good
- Limited interest in planning for the longer term
- Has inadequate resources
- Frustrated by public sector

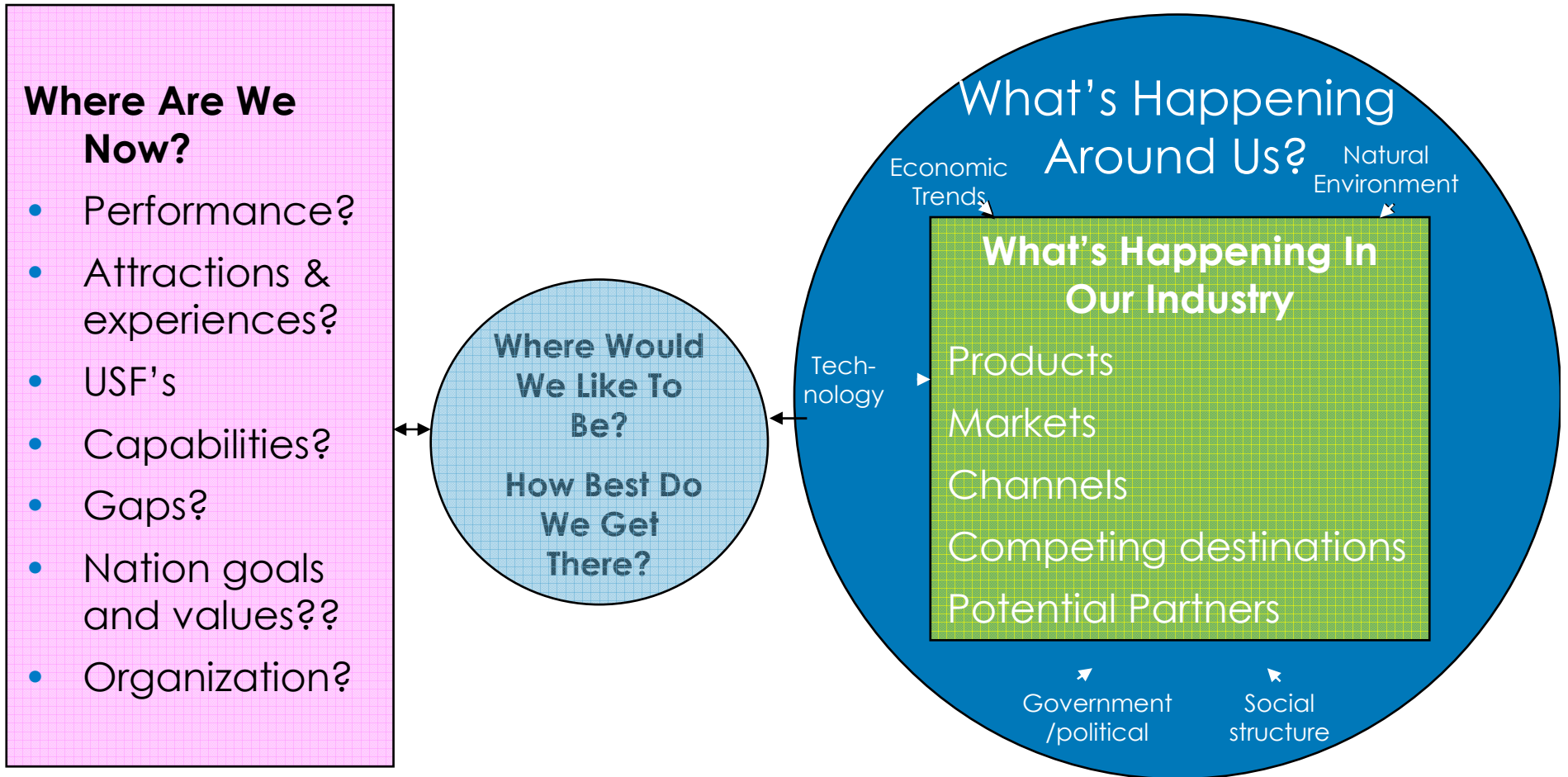
The quest for a sustainable competitive advantage

- Every DMO needs a competitive strategy
- To grow the tourism pie and attract the biggest slice
- Rationale: establishing a position of sustainable advantage over rival destinations
- Goals: Grow, outsmart, survive...
- Never static: need to map the direction in an ever-changing tourism landscape – regular review required
- Requires flexibility, team effort, alliances, success dependent upon all stakeholders

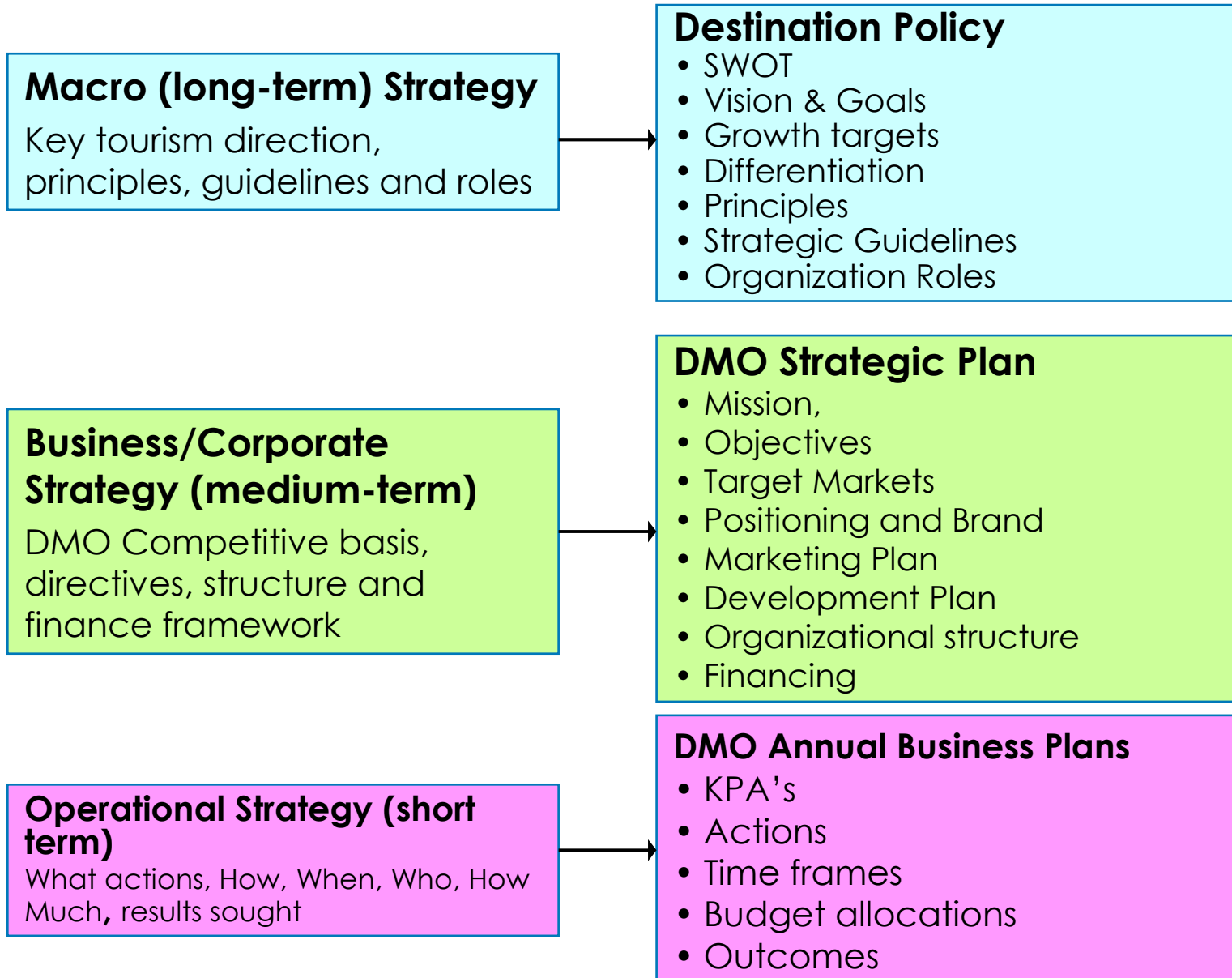
Developing Strategy



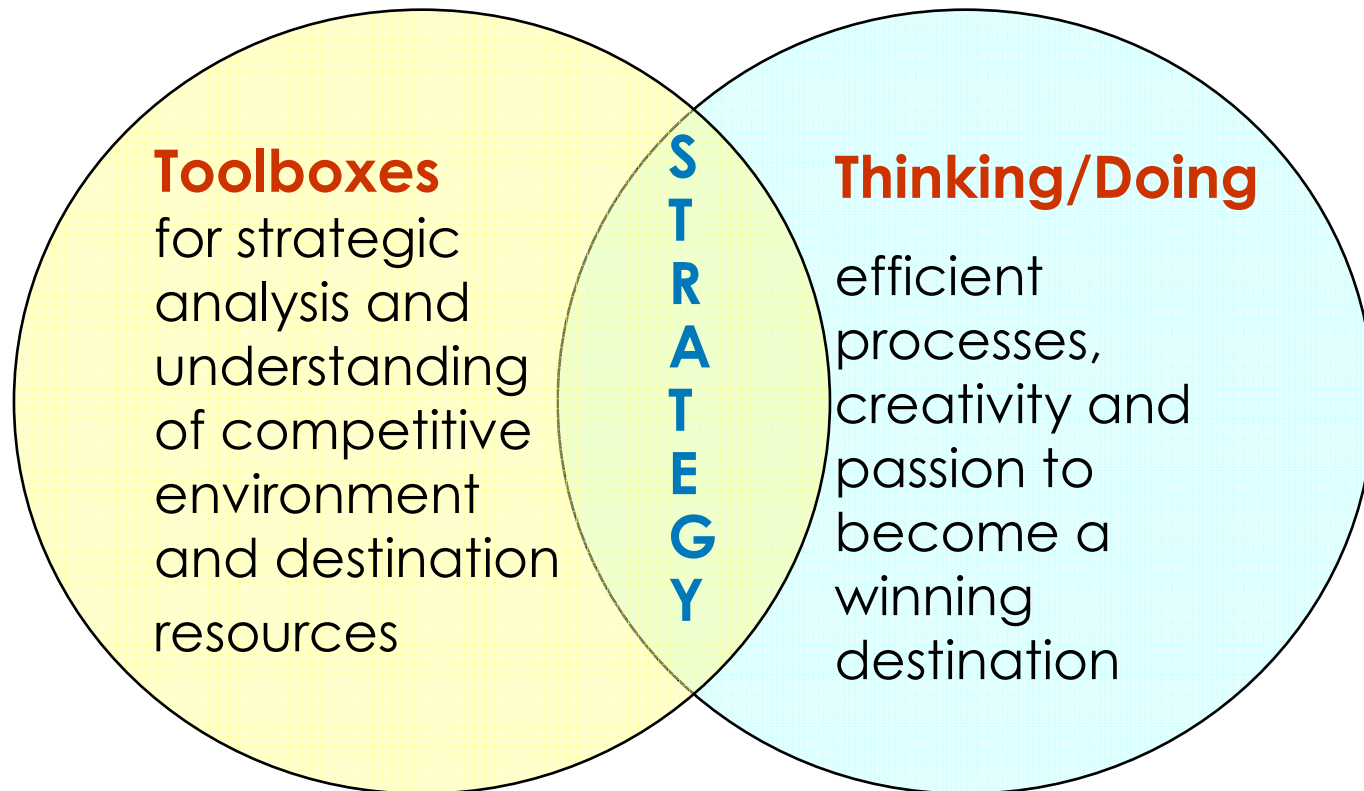
Developing destination strategy



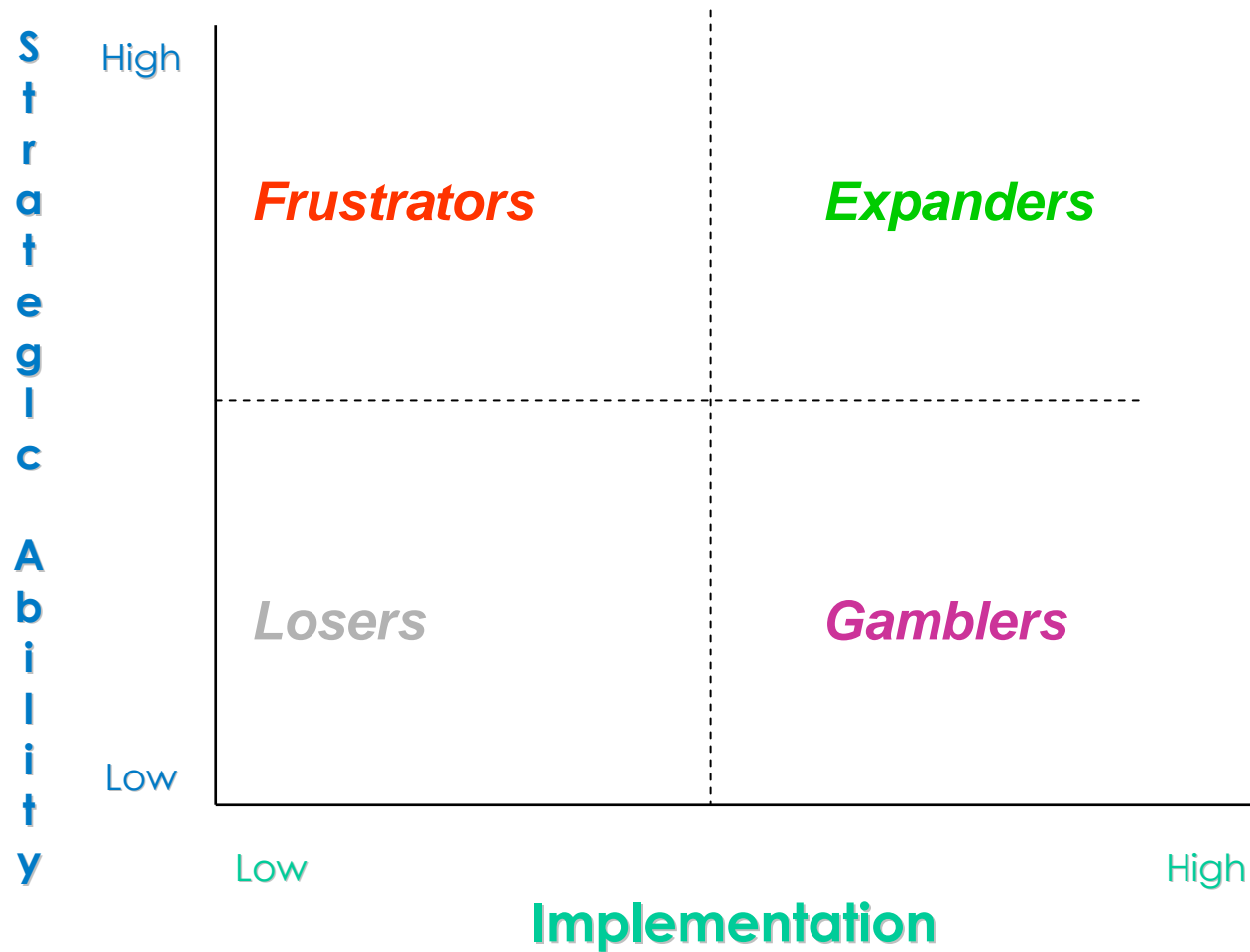
Strategy levels



Crafting Strategy



Strategy-Implementation balance



Source: Kotler, Hamlin, Rein & Haider, 2002

A framework for destination strategy

Where are we & how well do we compare?

Where would we like to be?

How do we get there?

Stay ahead?

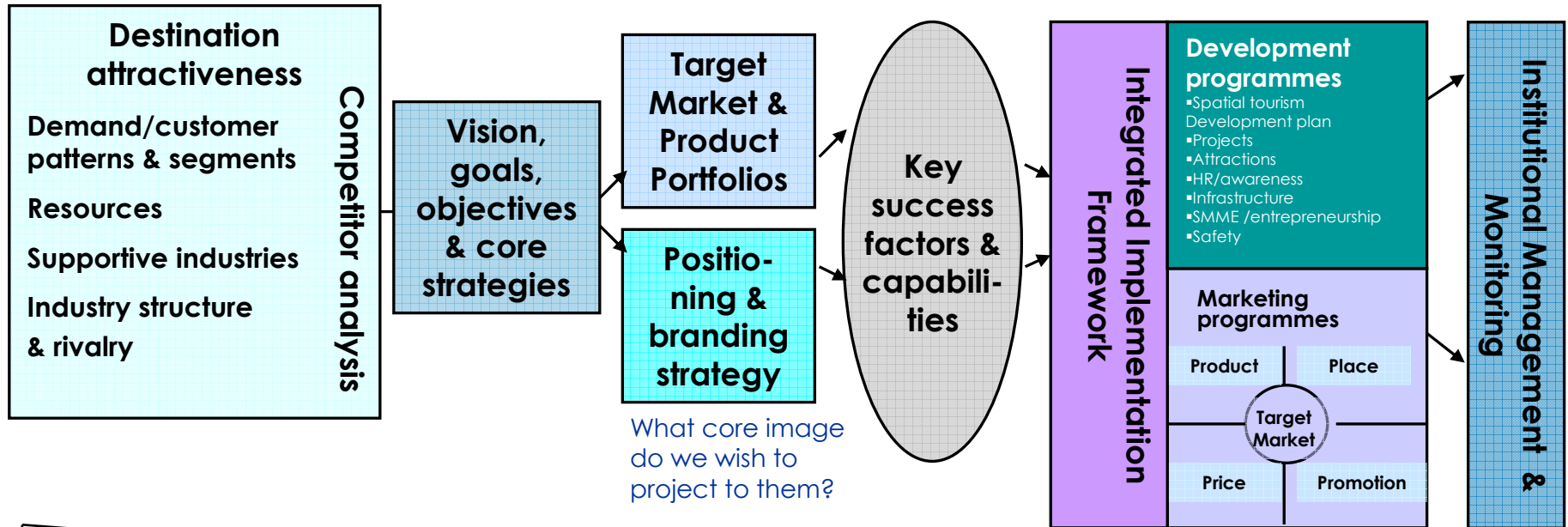
What are our dreams, goals to achieve and direction?

Who are our clients & what are their preferences?

What do we need to do well to comply to their needs?

What should we develop & sell to them, at what price, how & through what mechanisms?

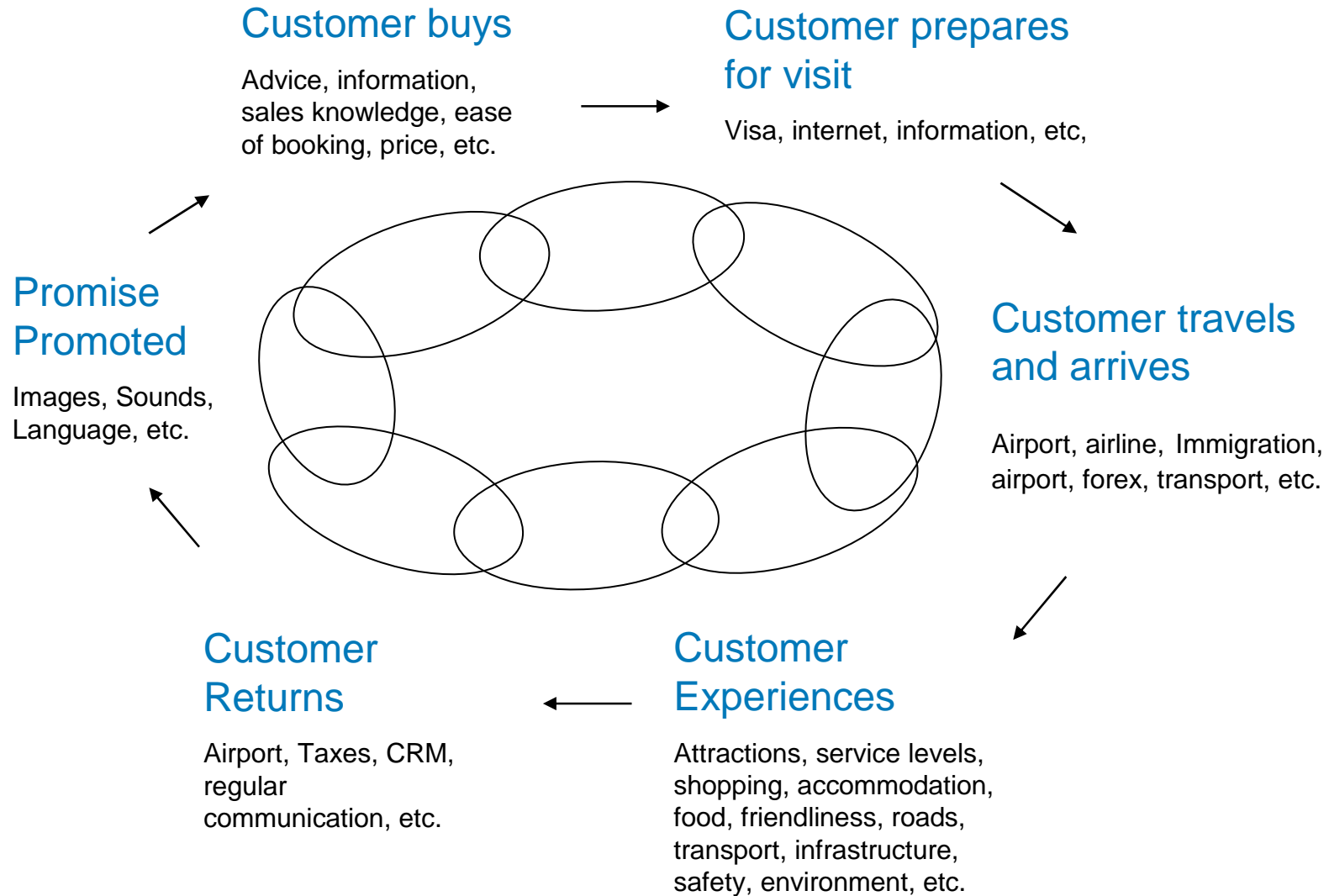
How do we ensure & measure success?



Macro environment:

Technological Economic Political Socio-cultural Natural

Ensuring delivery through the chain



Research and information management

- Strategically important
- Up to date, reliable information to inform strategic decisions
 - Competitor intelligence
 - Understanding and segmenting the market
 - Global and local travel trends
 - Monitoring performance
 - Economic, social and environmental impacts
 - Supply trends and product changes

Key conclusions

- Destination management is complex
- Many stakeholders, both public and private sector
- The DMO has a crucial leadership role, if not a major delivery role
- Destination management and marketing requires a holistic approach, implemented through partnerships
- The public and private sectors each have significant strengths and significant weaknesses

Key conclusions

- A destination will succeed only when it harnesses the talents of both sectors
- Governance options are many and varied
- Different circumstances will require different solutions
- Developing a clear strategy will provide a framework for planning and help destinations compete effectively

Thank you for your attention!

www.destinationworld.info

for news and feature articles relating to destination
management and marketing

For further information:

Dr Roger Carter

RogerCarter@team-tourism.com

+44 7932 739 453

Dr Mike Fabricius

MikeFabricius@team-tourism.com

+27 21 979 1984

team 