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Destination Marketing Organisations

Chapter outline

The success of individual tourism businesses is reliant to some extent on the competitiveness of their destination. For any given travel situation, consumers are spoilt for choice of available destinations that offer similar features and benefits. Therefore the majority of destinations are substitutable in consumers' minds, and so becoming competitive, and staying competitive, is challenging. A key success factor is having an effective destination marketing organisation (DMO), the consequence of a community recognising the need to become organised to create a bigger impact in the marketplace than could be achieved by the efforts of individual businesses. The role of the DMO is to impartially coordinate the promotion of the destination, in a holistic manner that enhances economic and social benefits for the wider community. Individual tourism businesses need to understand how to take advantage of promotional opportunities presented by the DMO, and in doing so aid destination competitiveness through a cooperative community approach. Developing a mutually beneficial working relationship with the DMO necessitates stakeholders understanding the unique challenges and constraints facing destination marketers. Underpinning all of this is the need for government financial support, without which the DMO would struggle to survive. Long term funding is never a certainty, and so stakeholders should be able to debate the merits of government funding of their DMO with others in the community who might take the view that this is *subsidizing* the tourism industry.

Learning aims

To enhance your understanding of:

- the role of the DMO in enhancing destination competitiveness
- opportunities for small tourism businesses to work with the DMO
- key challenges faced by DMOs.

Key terms

Destination competitiveness

A competitive destination features an effective market position, an attractive environment, satisfactory visitor experiences, profitable tourism businesses, and supportive local residents.

Destination image

Images held by travellers of a destination are as important as the tangible attractions and services. Whether the travellers' perceptions are correct or not, they do influence travel planning decision making and therefore impact on the destination's competitiveness.

Destination marketing organisation (DMO)

A destination *marketing* organisation (DMO) coordinates the impartial and collaborative promotion of a geo-political boundary, in a holistic manner that enhances economic and social benefits for the wider community.

Destination competitiveness

The success of individual tourism businesses is reliant to some extent on the competitiveness of their destination (Pike, 2016). Travellers are spoiled by the choice of an almost unlimited number of destinations. However, the top 10 most visited countries in the world accounted for around 50% of all international air arrivals in 2017. This means the vast majority of the world's 193 countries (member states of the United Nations) are left to compete for the remaining 50% of travellers. At a domestic level, the situation is often even more competitive. In the USA for example, it has been estimated there are 20,000 cities, 3400 counties, 126 America's Byways and 12,800 National Historical Districts competing for visitors (Baker, 2007:16).

For any travel situation the competitive set of available destinations will offer similar features and benefits, and so the majority of places are substitutable in consumers' minds. That is, individuals can switch their preference for one destination to another, depending on which is perceived to offer the best value at decision time. Therefore, even the most successful destinations cannot take future potential visitation for granted. For example, Brisbane, with a population of around 2 million is the sub-tropical capital of the state of Queensland in Australia, where short break beach holidays by car are popular all year round. Brisbane residents take an average of three such holidays per year, and have a choice of over 100 beach destinations (e.g. Surfers Paradise, Byron Bay and Noosa) on offer within a comfortable drive (Pike, 2006).

There can be many contributing factors to the (un)competitiveness of a destination that are beyond the control of individual tourism businesses:

- Destination life-cycle
- Disasters and crises
- Government travel advisories
- Emergence of new types of competition
- Power of travel trade intermediaries
- Destination image.

Destination life-cycle

Just like commercial products and living things, destinations usually evolve through a life-cycle, from creation to growth to stagnation and eventually potential decline (Butler, 1980). The life-cycle stage of the destination attracts different types and numbers of travellers (Plog, 1974), and therefore presents differing opportunities and challenges for individual tourism businesses. During the development of a destination, competitiveness can seem illusory, as has been reported for Cambodia (Pich et al., 2016), sub-Saharan Africa (Kadel et al., 2011) and Jordan (Hazbun, 2000). Also, many cases of destinations at the stagnation or decline stages have been documented in the literature, including: Hamm, Germany (Buckly & Witt, 1985), Majorca, Spain (Morgan, 1991), Gold Coast, Australia (Faulkner, 2002), Atlantic City, USA (Cross & Walton, 2005), Rotorua, New Zealand (Pike, 2007a), and Blackpool, England (Clarke, 2008). For a more comprehensive list of destinations suffering a decline in competitiveness see Pike (2016:37). There have been far fewer studies published about destinations that have reversed the fortunes from an uncompetitive position (see for example Pritchard & Morgan, 1998; Gilmore, 2002), which is indicative of the challenge.

Disasters and crises

There have been many cases of disasters rendering destinations uncompetitive. How well the community is able to respond to a disaster will influence the degree of severity of the resultant crisis. For a review of 64 publications concerning post-disaster recovery at destinations see Mair et al. (2016). Such events can be a phenomenon of nature or man-made, and the diversity of disasters that have negatively affected a destination's success for years afterwards has included:

- 2012 earthquake in Christchurch, New Zealand (Lane, 2016)
- 2011 Fukushima nuclear disaster (Chew & Jahari, 2014)
- 2010 BP Gulf oil spill in the USA (Ritchie et al., 2014)
- Ongoing conflicts in Israel (Beirman, 2003, 2008)
- Civil war in Sri Lanka (Beirman (2003)
- 2001 September 11 attack on America (Goodrich, 2002)
- 1997/1998 Asian economic crisis (Henderson, 2002)
- Violent crime levels in Florida (Pizam, 1999)
- decades of terrorism in Northern Ireland, referred to as 'the troubles' (Leslie, 1999)