



Università della Basilicata
L.M. Natural & Cultural Resources Economics

Destination Marketing Systems: Critical Factors for Functional Design and Management

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Tourism Destination Marketing & Management

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Introduction

World Wide Web-based destination marketing systems (DMSs) have been widely used as **distribution channel** and **marketing tools** by destination marketing organizations (DMOs) at different levels (e.g. nation, region, city or other recognizable geographical entity) in the promotion and management of tourism destinations



A DMS is a system using **computer and communication technologies**, especially the Internet and the World Wide Web, **to fulfil the function of a DMO in its primary objective:**

- the promotion of tourism businesses within geographically defined areas
- the provision of comprehensive tourism information
- to select tourism products to potential visitors



Introduction

DMO website characteristics such as sophistication and interactivity have an impact on the success of their **online marketing activities**

DMOs are motivated to adopt more sophisticated and interactive technologies in their DMSs in an attempt to **achieve a competitive advantage**

- (i) To propose a **conceptual framework** for a DMS in relation to its functions;
- (ii) To evaluate the sophistication level of **DMSs operated**
- (iii) To examine the relationship between **the sophistication level of DMSs and the success level** of the online marketing efforts of DMOs;
- (iv) To assess the **impact of organizational factors** on the sophistication level of DMSs and the success level of the online marketing efforts of DMOs



Functions of Destination Marketing Systems

The primary function of a CVB is to sustain and improve the tourism industry in a community by presenting a **unified image** that effectively markets a city's attractions, restaurants, hotels, meeting facilities, and amenities

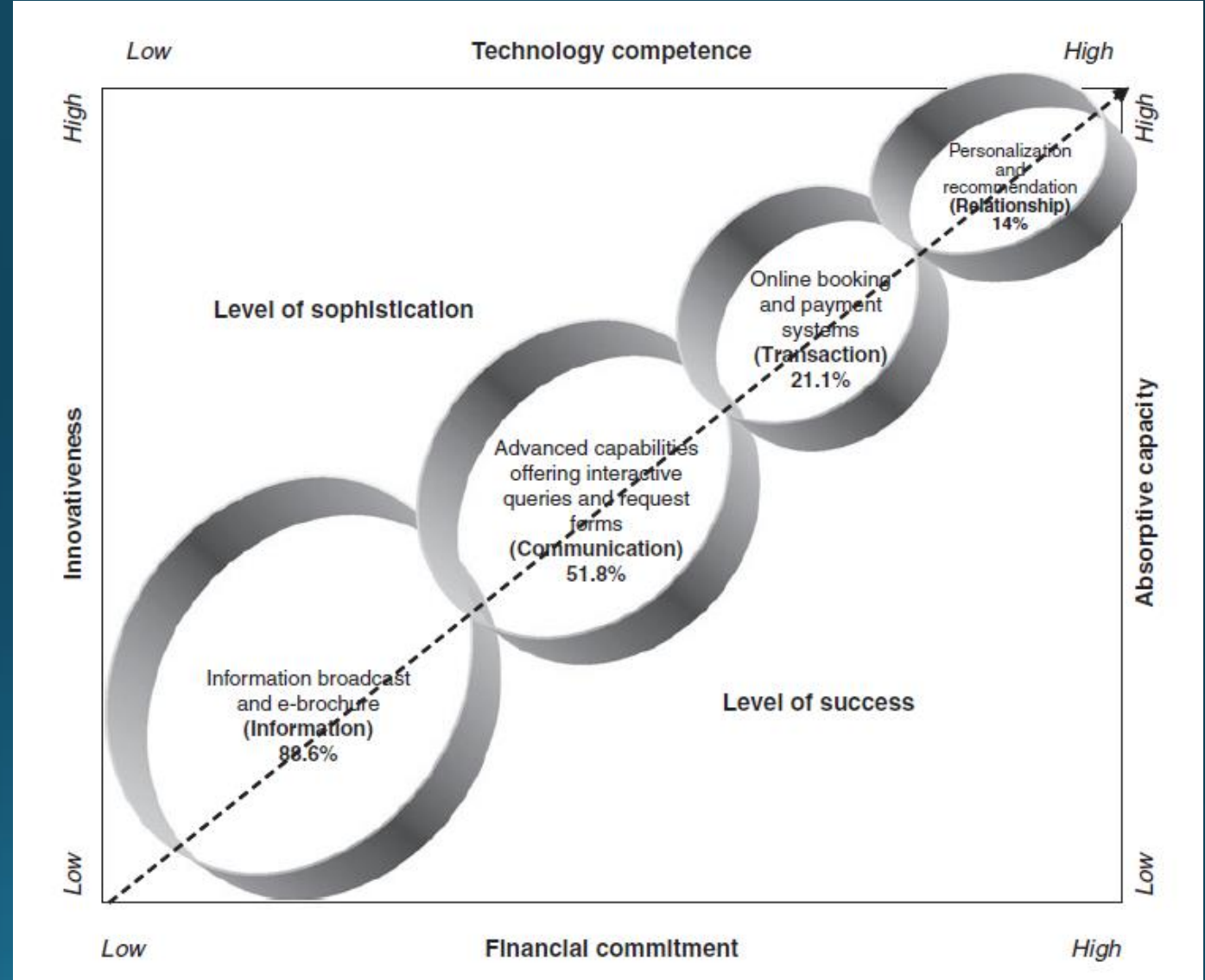


The key function/purpose of DMSs, such as **communication, information, marketing, transactions and customer relationship management.**



Functions of Destination Marketing Systems

- Timely and accurate representation and **provision of destination information**;
- Effective and constant **communication** with consumers;
- Reliable and seamless electronic **transaction deployment**;
- Appropriate and sustainable **relationship building mechanisms**





Functions of Destination Marketing Systems

As online DMSs are virtual spaces for CVBs to conduct various marketing activities, the **four functions of DMSs** identified above are accordingly termed:

- (i) **virtual information space (VIS);**
- (ii) **virtual communication space (VCS);**
- (iii) **virtual transaction space (VTS);**
- (iv) **virtual relationship space (VRS).**



Virtual information space (VIS)

Internet users fall into two categories, **surfers** and **shoppers**, with the **former** using the Internet for recreation and the latter for a **directed purpose**



To address their needs

To proper levels of information need

To initiate and generate a purchasing interest

To provide content in both information and services that cater to travellers' needs

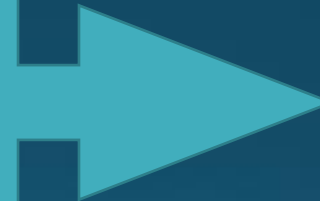


Virtual communication space (VTS)

Communication is the **human activity** that links people together and creates relationships

Advantages

- (i) well designed communications can be **highly targeted**, which affords organizations the opportunity to build dialogue with their customers and through this dialogue to build strong relationships;
- (ii) some direct communications methods can be individualized and personalized, helping to **overcome the clutter** that is inherent in traditional massmedia communications
- (iii) through the initiation of a **dialogue** with customers, communication can play a more useful role in building customer loyalty



The role of communications in DMSs is to **share the meaning of a destination's total product** offering with its customers in such a way as to **attain their goals and move the destination closer to its customers.**



Virtual transaction space (VRS)

A commitment to a **financial transaction** is a reflection of trust, a sacred line to cross within the business world.



The successful operation at this stage needs a secure as well as a **navigable online system** for the transaction to occur.

The efforts to ingratiate the consumer by making **transaction functions** available via the CVB have been questioned by some



Virtual relationship space (VRS)

The ultimate goal of the VRS is to **integrate technology, processes and business activities** to allow organizations to respond to and target behaviour-driven market segments that truly focus on, and around, the customer



As travellers become more **knowledgeable** and **technologically knowledgeable**

CVBs should be able to **know and understand their consumers' needs**, and to target them individually with the right message at the most appropriate time



Virtual relationship space (VRS)

- As the 'umbrella organization' representing **many stakeholders** in the destination, CVBs have the ability to work with their partners in harnessing valuable visitor information and fully exploiting the VRS.
- By sharing the multitude of **customer data** now existing in marketing databases and bringing together the myriad of technologies and expertise within their destinations,
- CVBs can truly meet their **strategic marketing objectives** of developing market segments, and differentiating the products and services their destination has to offer based on their full understanding of their visitors' needs



Destination Marketing System Sophistication and Web Marketing Success

➤ A hierarchical progression of technology **sophistication, interactivity** and **complexity**

➤ The level of sophistication and interactivity of web technology implementation has a **positive relationship with the value creation process**

3 major website development stages:

1. **Publishing:** to provide information to the customer; the website is used as an information medium with limited interaction between customer and company
2. **Database retrieval:** combines the ability to provide information and the ability to retrieve information in response to a customer's request
3. **Personalized interaction:** the website uses applications/features catering to a specific individual preferences, with the main focus on relationship building



Destination Marketing System Sophistication and Web Marketing Success

The alternative usage **patterns** as **organizations** adopt technology

Substitution:

- It involves simple replacement of existing technology with new technology to accomplish the very same **organizational tasks** as before adoption of the technology.
- Technology provides **tools, information and capabilities** to directly support all types of tasks.

Enhancement:

- It involves redesigning an **existing process** to make the best use of the new technology, improve product quality and provide additional and related services.
- Better **utilization and coordination** of physical and human resources enable organizations to function as a 'whole', to do more of the same tasks, and to speed up task performance.
- Organizations become more **responsive to customers' needs** by being able to improve information exchange, reduce the cost of transaction and coordination, and generate completely new services

Transformation:

- ❖ It involves taking a **system perspective** on the role of the process within the organization as a whole
- ❖ It has been integrated into **the routine business practices** of the organization.



Destination Marketing System Sophistication and Web Marketing Success

Organization's Internet Activity

- (i) Publishing corporate information
 - (ii) Conducting electronic commerce
 - (iii) Business transformation
- (i) Basic (a company sells the product but does not follow up in any way);
 - (ii) Reactive (a company sells the product and encourages the customer to call at any time with questions or problems);
 - (iii) Accountable (a company contacts the customer before and during the service encounter requesting suggestions for improvement);
 - (iv) Proactive (a company contacts the customer from time to time with suggestions, improvements or creative suggestions for the future);
 - (v) Partnership (a company works closely with customers to discover ways to deliver better value).



Determining Factors of Website Sophistication and Web Marketing Success

CVBs strive to **maximize value creation** and **achieve successful** web marketing through the use of sophisticated and interactive **web-based technology** applications in their websites

Financial Commitment

Technology Competence

Innovativeness

Absorptive Capacity



Financial commitment

- The existence of an IT budget indicates that the business considers **IT to be important for its operations**
- Sufficient business resources dedicated to e-business allow the organization to obtain **the IT necessary resources and develop them into superior e-business functionalities**
- Financial resources are important but **not determinant** for e-commerce adoption and usage
- A DMO's technology budget will have impact on its **website sophistication and web marketing success.**



Technology competence

- ✓ Organizations with a high level of technology competence may encounter **less resistance to innovation** and thus are more open to embrace technology for business solutions
- ✓ Organizations with higher levels of technology competence develop **unique cultures** around their ability to accept **new technology** and **change**
- ✓ The necessity of managerial and technology skills urges top managers to promote the **retention of employees** and staff with managerial and technological e-business skills
- ✓ Employees who are more knowledgeable about IT are **more likely** to adopt IT functions
- ✓ CVBs with a higher degree of technology competence tend to **enjoy greater readiness** to use e-business and e-commerce activities in their web marketing efforts



Innovativeness

- ❑ higher levels of innovativeness in the firms' culture are associated with a **greater capacity for adaptation**
- ❑ higher levels of innovativeness are associated with **cultures that emphasize learning, development and participative decision making**



The ability of a firm to introduce **new products and production processes**, especially through the use of technology, in order to capitalize on marketplace opportunities



Absorptive capacity

Higher absorptive capacity helps a CVB to **comprehend technology developments** taking place in the area of **web-based marketing**, and to **incorporate new knowledge**

Firm's ability to evaluate the **technological and commercial potential of knowledge** in a particular domain, assimilate it and apply it to commercial ends

Adoption and diffusion of innovations in the tourism industry are limited by the ability of tourism organizations to **recognize the value of new information** and put it into commercial application

CVB's absorptive capacity probably depends more on its Director/CEO, who stands at the **interface of either the CVB and the external environment** or at the interface between various departments/units within the organization