DESTINATION DEVELOPMENT AND INSTITUTIONALIZATION STRATEGIES IN THE OIC MEMBER COUNTRIES

Selected Case Studies, Main Challenges, Recommendations

11th Meeting of the COMCEC Tourism Working Group
February 15th, 2018
Ankara, Turkey
Agenda

DESTINATION DEVELOPMENT AND INSTITUTIONALIZATION STRATEGIES:
Selected Case Studies, Main Challenges, Recommendations

1. Case Studies

2. Main challenges

3. Policy Recommendations for the OIC Member States
Country Case Studies – Field Visit

Azerbaijan

Ministry of Culture & Tourism

- Departments responsible for Culture
- Department of Tourism
  - Planning & Development Division
  - Marketing Division
  - Industry Relations Section
  - Regional Tourism Development Division
Country Case Studies – Field Visit
Azerbaijan

The Role of NTO

Destination Development
- NTO created new tourism products (skiing, rural tourism, wine route)

Marketing
- Brochures, participation in international tourism expos, fam trips

With regards to Stakeholders
The Ministry holds general public-private sector meetings and monthly community meetings

Funding Sources
- Public funding
- New Tourism Law will facilitate new channels to fund public-private organizations

KPIs
- Tourist arrivals
- Tourism contribution to GDP
- Tourist satisfaction through airport exist surveys
Country Case Studies – Field Visit

Azerbaijan

Lessons Learned/Recommendations

• De-centralization of tourism management is recommended
• Regional and local public-private DMOs are needed
• Increase activities around natural and cultural sites
Spain Tourism Management Structure

- National
  - Brand Spain
  - Tourespana
- Provincial
  - Catalan Tourist Board
  - Patronato Provincial de Turismo de Granada
- Local
  - Barcelona Activa
  - Turisme de Barcelona Consortium
Spain

Barcelona Turisme Consortium Organizational Structure

- General Board
- Executive Committee
- General Director
  - General Sub-direction, Institutional, innovation and Knowledge
  - Marketing and Promotion
  - Convention Tourism and Premium Offering
  - Administration/HR, Organization and Product Development
Spain
The Role of DMOs

Destination Development
- Product development: Barcelona Card, the Barcelona Touristic Bus, the Gothic Walking Tours, the Modernism Walking Tours

Marketing
- Because of overtourism Barcelona Activa focus is on resource management rather than promotion
- Granada DMO conducts advertising campaigns, tourism fairs, outdoor advertising, etc

With regards to Stakeholders
- In Barcelona, the local community, private companies and local government have plenary sessions to discuss their interests
- Granada DMO lobbies for stakeholder interest

Funding Sources
- Barcelona Turisme: 91% funded by own activities
Country Case Studies – Field Visit

Spain

Lessons Learned

• Plan for overtourism before the problem occurs
• Protecting resources and creating a welcoming and tourist-friendly atmosphere is a key resource of a destination.
• Extending tourism season is one of the biggest challenges
• Private-public engagement is crucial for the successful development of the industry
• If well designed, DMO can fund itself.
Country Case Studies – Field Visit

The United Arab Emirates

Organization Chart of Dubai Tourism

- Director General
  - CEO
    - Dubai Corporation for Commerce and Tourism Marketing
    - Dubai Business Events (including Leisure Events and Cruises)
  - CEO
    - Shared Services (IT, HR, Finance, Procurement)
  - Regulatory Affairs
  - Strategy, Investment & Development
  - CEO
    - Dubai Festivals and Retail Establishment
UAE - Country Case Studies – Field Visit

The Role of DMOs

- **Destination Development**
  - Encouraging private and public sector to develop facilities needed for tourists
  - Shopping festivals

- **Marketing**
  - 90% of budget is spent on online promotions
  - Promotion is tailored to source country preferences

- **With regards to Stakeholders**
  - Dubai Tourism studies the needs of tourists in collaboration with stakeholders and disseminates findings to stakeholders.

- **Funding Sources**
  - Government funding

- **KPIs**
  - Target of 20 million tourists by 2020
  - Length of stay and tourist spend
  - Sentiment on social media
Country Case Studies – Field Visit
Dubai

Lessons Learned/Recommendations

- Listen to the tourists (surveys, social media monitoring) and prioritize what they want
- Interact with stakeholders and tell them what tourists want.
- Incentivize stakeholders to build what tourists desire - and monitor progress
- Keep adding new attractions that appeal to different demographics – kids, millennials, adults
- Identify or create an iconic “bucket list” attraction (such as Burj al Arab or Burj Khalifa in Dubai)
- DMOs should start promoting their destination even if full infrastructure is not in place
Country Case Studies – Field Visit

Turkey

Organizational Chart for Relationship Between Turkey's Ministry of Tourism and DMOs

Ministry of Tourism

- National Organizations
  - Provincial DMOs (Directorate of Culture and Tourism at 81 Provinces)
  - Management of Cultural Artifacts & Museums
  - Other Managements

- International Organizations
  - Promotional Offices in 43 Countries

- Semi-Gov DMOs
  - Convention and Visitor Bureaus
  - Municipal Level DMOs (e.g., Kayseri Erciyes A.S.)

- Private DMOs
  - Local DMOs (e.g., Belek BETUYAB DMO, ALTID DMO)
## Country Case Studies – Field Visit

**Turkey**

### The Role of DMOs

<table>
<thead>
<tr>
<th>Destination Development</th>
<th>Marketing</th>
<th>With regards to Stakeholders</th>
<th>Funding Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>• ICVB provides incentives to tourism investors</td>
<td>• ICVB promotes Istanbul as a MICE destination</td>
<td>• ICVB conducts educational seminars, annual meetings, &amp; sends email updates</td>
<td>• ICVB receives direct contribution and physical office place from the Istanbul Chamber of Commerce</td>
</tr>
<tr>
<td>• Projects: Marmaray metro line, Istanbul’s 3rd airport</td>
<td>• ICVB attends global fairs, exhibitions and other MICE events for networking with the MICE industry</td>
<td>• Matchmaking local stakeholders with international players</td>
<td>• Membership fees</td>
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</table>
Country Case Studies – Field Visit

Turkey

Lessons Learned/Recommendations

• Focus on high earning revenue business models – e.g. MICE
• Long term perspective in destination development: Belek DMO (BETUYAB) started 30 years ago from scratch and is now a worldwide destination hosting 2 million international tourists every year.
• Tourism taxes should be levied as an additional source of funding for DMOs.
Country Case Studies

Australia

Organizational Chart for Australian Tourism

Ministry of Trade, Tourism, and Investment

- Tourism Australia
  - Tourism and Events Queensland
    - Gold Coast Tourism
  - Destination New South Wales
  - Australia’s South West Regional Tourism Organization
    - Margaret River Busselton Tourism Association
  - Newcastle Tourism

- National Steering Committee
  - Industry Associations
**Country Case Studies**

**The Role of DMOs**

**Destination Development**
- NSW funds regional events and offers incubator event funding for new events
- Supports product development through matching “dollar-for-dollar funding”

**Marketing**
- NSW conducts digital, social media as well as newspaper and magazine inserts
- It creates joint promotions campaigns with industry players (Qantas Airways, Accor Hotels)

**With regards to Stakeholders**
- Provides product development consultation, resources such as Tourism Business Toolkit, partnership programs and training sessions

**Funding Sources**
- Government grants, industry contribution

**KPIs**
- Growth in total visitor nights
- Growth in total overnight expenditure
- Media exposure
- Consumer response to promotional activities
Country Case Studies

Australia

Lessons Learned/Recommendations

• Decentralized DMO structure
• Annual reports include performance metrics
• DMO partnership with various tourism industry players, such as airlines and tour operators, is instrumental in promoting the destination.
• Both government bodies and private industry players should lead DMOs
Country Case Studies

Italy

Italy Destination Management Structure

Brand Italy

National Agency for Tourism (ENIT)

South Tyrol

Brunico

Santa Cristina

Bressanone

Bolzano

Glurns

Merano

Naturno

Val Passiri

National

Provincial

Regional

Local
Country Case Studies

The Role of DMOs

Destination Development

• After a period of stagnation in Naturno local hoteliers created the hotel consortium *Dolce Vita Hotels* with the aim of providing quality accommodation

Marketing

• Naturno DMO rebranded the destination from a budget to quality destination by introducing alpine wellness
• In Val Passiria, joint marketing efforts with one of the large resorts helped brand the destination

With regards to Stakeholders

• Local tourism industry are members in the DMOs to ensure their interests are represented and feedback is taken into consideration

Funding Sources

• Lodging tax, membership dues, contribution of hotels consortium
Country Case Studies

Italy

Lessons Learned/Recommendations

• The private sector can play an important role especially when resources are limited
• An “entrepreneurial core” can succeed in transforming a destination
• The “leading firm” governance model can benefit a destination as long as the interests of other players are considered
Country Case Studies
Nigeria

Nigeria Destination Management Structure

Federal Government of Nigeria

Ministry of Information & Culture

Nigeria Tourism Development Corporation (NTDC)

Cross River Tourism Bureau

National Institute for Culture & Orientation
Country Case Studies
The Role of DMOs

Destination Development
- Calabar Carnival and other events
- Developing new resorts: Tinapa Business and Leisure Resort, Obudu Mountain Resort & Marina Resort
- Animal sanctuaries

Marketing
- Video promotions, TV documentaries
- Online and offline promotions

With regards to Stakeholders
- Tourism stakeholders are represented through associations
- Annual meetings are held
- All stakeholders are involved in Calabar festival

Funding Sources
- Government grants
- Taxes on tourism businesses
- Sponsorship revenue

KPIs
- Achieve a target of 1 million visitors by the end of 2017
- A 7% increase in visitors annually
- Add one additional attraction that can bring 200-500 additional visitors every year,
Country Case Studies
Nigeria

Lessons Learned/Recommendations

• Government support is needed to boost tourism
• International tourism roadshows are recommended
• Both public and privately funded DMOs need to allocate more resources towards maintenance of parks and resorts before the start of the "tourist season".
• Develop new tourist packages on a regular basis to attract more tourists both locally and internationally.
• Incentives need to be developed by the government for states to allow tourism to take center stage and attract tourism revenue to the state.
Country Case Studies
The United States

US Tourism Management Organizational Chart

- Brand USA
- National Travel and Tourism Office (NTTO) (US Department of Commerce)
- US Travel Association
  - Travel Oregon
  - Michigan Travel Commission
    - Go Great Lakes Bay
      - Bay County Convention & Visitors Bureau (CVB)
      - Midland County CVB
      - Saginaw County CVB
The Role of DMOs

Destination Development
- Enhancing public spaces
- Developing signature events
- Building new attractions

Marketing
- Travel Oregon uses the following channels: social media, e-newsletters, website marketing
- International and domestic travel trade and consumer shows
- Content development: visitor guide, digital feature stories, videos, itineraries. Working with influencers
- Demographic and psychographic/behavioral segmentation

With regards to Stakeholders
- Conducts survey on stakeholders tourism priorities
- Shares tourism intelligence, newsletters, conducts training
- Go Great Lakes Bay engages with local government & invites officials to serve on board

Funding Sources
- Lodging tax
- Travel Oregon budget for 2017-2018 is $75.7 million. Budget allocation: 41% global marketing, 36%: global strategic partnerships and partnership grants, 10%: administration & operations, 8%: global sales, and 5% on destination development

KPIs
- Room nights
- Room Tax and Assessment Revenue
Country Case Studies
The United States

Lessons Learned/Recommendations

• Approach local business leaders to partially fund product development
• Lobby politicians for their support.
• DMOs are responsible to improve the quality of life for locals
• DMOs should provide value to the wider business community
• In case of insufficient funding, DMOs should lobby government officials to impose additional tourism taxes to fund the DMO. The DMO should also seek to obtain additional funding from local tourism businesses
• Digital marketing strategies should include customizing content based on where a prospect is in his or her purchase life cycle
Lessons Learned from Case Studies

DMO Best Practice Parameters

1. National oversight with local involvement
2. Stakeholder engagement
3. Product development and marketing
4. DMO funding sources
5. Supporting legislation
Agenda

DESTINATION DEVELOPMENT AND INSTITUTIONALIZATION STRATEGIES:
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1. Case Studies
2. Main challenges
3. Policy Recommendations for the OIC Member States
Destination Development Strategies in the OIC Countries

Main Challenges

- Centralization of destination management
- DMOs focusing primarily on destination promotion and not enough on product development
- Lack of guaranteed funding
- Need to strengthen and formalize stakeholder engagement
- Need to strengthen resource stewardship
Agenda

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**Policy Recommendations for the OIC Member States**

**Segmentation Of OIC Tourist Destinations**

Destinations can be segmented by life cycle stage, resource mix and tourism budget.

<table>
<thead>
<tr>
<th>Stage of Development</th>
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</thead>
<tbody>
<tr>
<td>Discovery/Exploration - Involvement</td>
</tr>
<tr>
<td>Development</td>
</tr>
<tr>
<td>Consolidation - Stagnation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resource mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly endowed with natural and man-man resources</td>
</tr>
<tr>
<td>Medium level of resources</td>
</tr>
<tr>
<td>Low level of resources</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Tourism budget</th>
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</thead>
<tbody>
<tr>
<td>High</td>
</tr>
<tr>
<td>Moderate</td>
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<tr>
<td>Low</td>
</tr>
</tbody>
</table>
Policy Recommendations for the OIC Member States

Destination Life Cycle

**Destination Life Cycle Assessment**

*Does your destination have the features below?*

- Low number of tourist arrivals
- Few tourist facilities are available
- Weak tourism infrastructure

If “Yes” then you are in the: **Discovery / Exploration Phase**

- Regular but low number of tourists
- Community is aware of economic contribution of tourism
- Basic level of tourism services provided by local players

If “Yes” then you are in the: **Involvement Phase**

- Growth in tourist arrivals
- Growth in tourism investment
- Physical transformations of the destination
- Destination is recognized as a tourist destination

If “Yes” then you are in the: **Development Phase**

- Growth in tourist arrivals slows down
- Investments start to decrease

If “Yes” then you are in the: **Consolidation Phase**

- No growth in tourist arrivals
- Exit of some tourism industry players
- Decline in facilities available to tourists

If “Yes” then you are in the: **Stagnation Phase**
## Policy Recommendations for the OIC Member States

### Tourism Resource Assessment & Budget

<table>
<thead>
<tr>
<th>Resource</th>
<th>Exists (√) Doesn’t Exist (X)</th>
<th>Destinations that check (√) most of the resources under each category are high in that resource category, otherwise they are considered low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Natural</strong></td>
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<tr>
<td>Physiography</td>
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<tr>
<td>Natural preserved areas</td>
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<tr>
<td>Climate</td>
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<tr>
<td><strong>Cultural Resources</strong></td>
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<tr>
<td>Culture</td>
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<tr>
<td>History</td>
<td></td>
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<tr>
<td>Heritage sites</td>
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<tr>
<td><strong>Activities</strong></td>
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<tr>
<td>Mix of activities</td>
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<tr>
<td>Special events</td>
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<tr>
<td>Entertainment</td>
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<tr>
<td><strong>Linkages</strong></td>
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<tr>
<td>Family/Friends</td>
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<tr>
<td>Business</td>
<td></td>
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<tr>
<td>Religious</td>
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<tr>
<td><strong>Tourism Superstructure</strong></td>
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<tr>
<td>Accommodation Facilities</td>
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<td>Food &amp; Beverage Facilities</td>
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<td>Transportation Facilities</td>
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<tr>
<td>Attractions</td>
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</tbody>
</table>

### Tourism Contribution to GDP

<table>
<thead>
<tr>
<th>Tourism Contribution to GDP</th>
<th>Add a check (√) next to relevant range</th>
</tr>
</thead>
<tbody>
<tr>
<td>High ($60+ billion)</td>
<td></td>
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<tr>
<td>Medium ($12 - $59.99)</td>
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<tr>
<td>Low ($0 - $11.99 billion)</td>
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</table>
Policy Recommendations for the OIC Member States

Product Development Recommendations

**Natural & Cultural Resources**
- **Low**
  - Focus on activities
  - Focus on local community’s living culture & lifestyle
- **High**
  - Improve facilities & amenities at natural & heritage sites
  - Implement measure to protect resources

**Activities**
- **Low**
  - Countries with low cultural resources should focus on activities
  - Countries with high cultural resources should develop activities around these resources
- **High**
  - Continue adding new activities and re-inventing existing ones

**Linkages**
- **Low**
  - Develop tour packages for visiting immigrants
- **High**
  - Offer attractions at special rates for visiting immigrants and their families
  - Offer short tour packages to business travelers

**Superstructure**
- **Low**
  - Superstructures require investments, if not available focus on adventure travel
- **High**
  - Continue to maintain existing superstructures & address future needs
## Policy Recommendations for the OIC Member States
### Recommendations for Developing DMO Excellence

<table>
<thead>
<tr>
<th>Measurement Approach/Model</th>
<th>KPI</th>
<th>Measurement</th>
</tr>
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<tbody>
<tr>
<td>Visitor Metrics¹</td>
<td>Visit Statistics</td>
<td>Number of Visitors</td>
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<td>Average Length of Stay</td>
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<td>Tourist Spending</td>
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<td>ROI</td>
<td>Ratio of Visitor Spending to DMO Spending</td>
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<tr>
<td>Marketing Communications²</td>
<td>Activity</td>
<td>Number of Programs/Campaigns</td>
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<td>Total Reach</td>
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<td>Total Frequency</td>
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<td>Performance</td>
<td>Advertising Awareness</td>
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<td>Brand Image Changes</td>
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<td>Productivity</td>
<td>Conversion Rates</td>
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<td>Cost-per-Conversion Rate</td>
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<td>Return on Investment</td>
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<td>Consumer-Based Brand Equity (CBBE)³</td>
<td>Brand Salience</td>
<td>Top of Mind</td>
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<td>Decision Set</td>
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<td>Brand Associations</td>
<td>Cognitive Attributes</td>
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<td>Affective perceptions</td>
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<td>Brand Resonance</td>
<td>Previous Visits</td>
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<td>Intent to Visit</td>
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<td>Brand Loyalty</td>
<td>Repeat Visits</td>
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<td>Word of Mouth Referrals</td>
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<td>Organizational Effectiveness</td>
<td>Appropriateness of Objectives</td>
<td>Clarity of Objectives</td>
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<td>Feasibility of Objectives</td>
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<td>Achievement of Objectives</td>
<td>Progress towards Objectives</td>
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<td>Implementation Efficiency</td>
<td>Efficient Resource Allocation</td>
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<td>Cost-effectiveness</td>
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<tr>
<td>Stakeholder</td>
<td>Tourist Evaluation⁴</td>
<td>Satisfaction with Access to Services</td>
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<td>Satisfaction with Accommodation</td>
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<td>Satisfaction with Transport</td>
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<td></td>
<td>Local Industry Evaluation⁵</td>
<td>Satisfaction with Destination Promotion</td>
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<td>Satisfaction with Industry Support</td>
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<td>Local Community Evaluation⁶</td>
<td>Satisfaction with Quality of Life</td>
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Policy Recommendations for the OIC Member States

Strategic Alliances

Joint Promotion
- Pool resources to promote region as a whole focusing on shared travel theme

Cross Marketing
- Cross-promote each other’s destinations

Strategic Alliances with Airlines
- Form strategic alliances with national airlines, sports federations, and retail outlets (as in the case of shopping festivals).
Contact

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We look forward to hearing from you.