



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

Presented by:
DinarStandard



Agenda

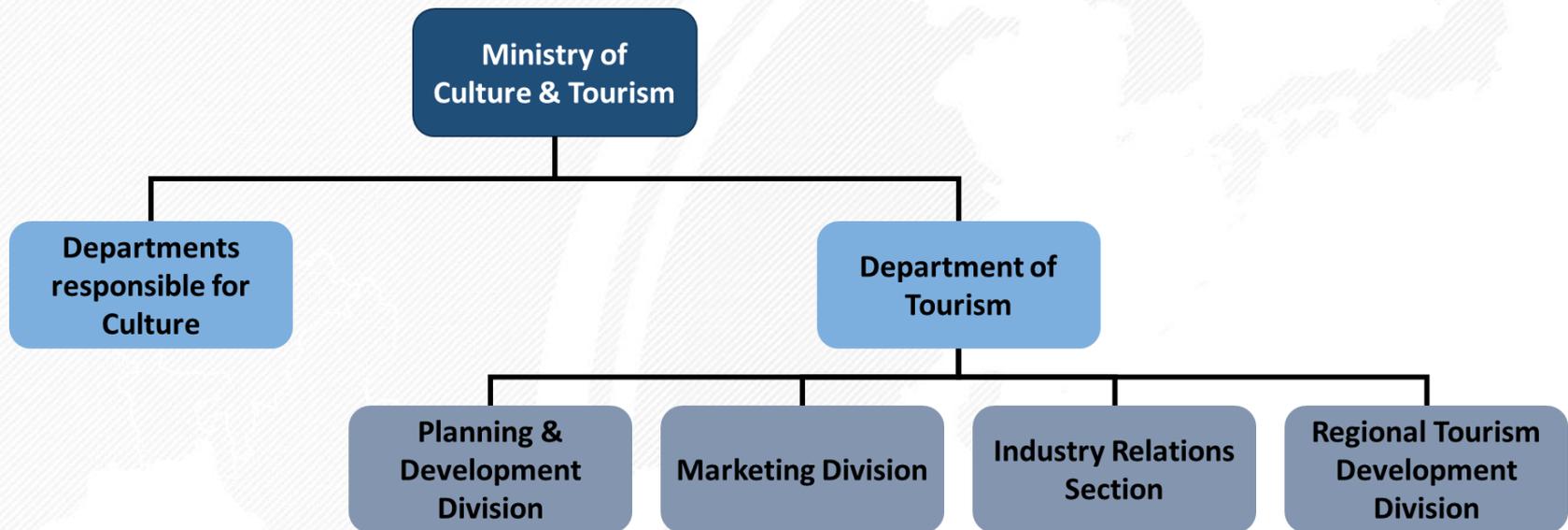
DESTINATION DEVELOPMENT AND INSTITUTIONALIZATION STRATEGIES:

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



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 exit surveys

Country Case Studies – Field Visit

Azerbaijan

Lessons Learned/Recommendations

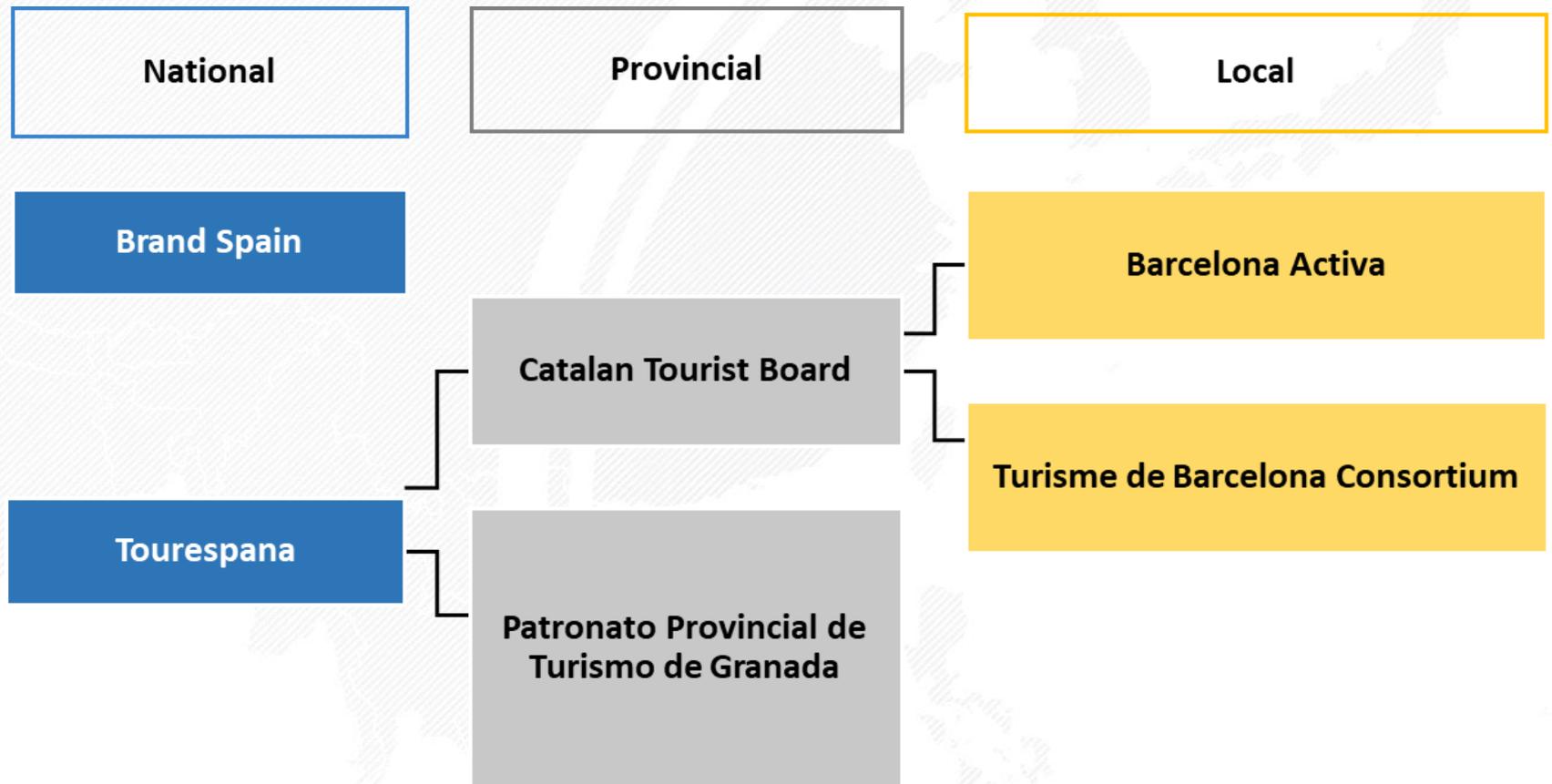
- De-centralization of tourism management is recommended
- Regional and local public-private DMOs are needed
- Increase activities around natural and cultural sites



Country Case Studies – Field Visit

Spain

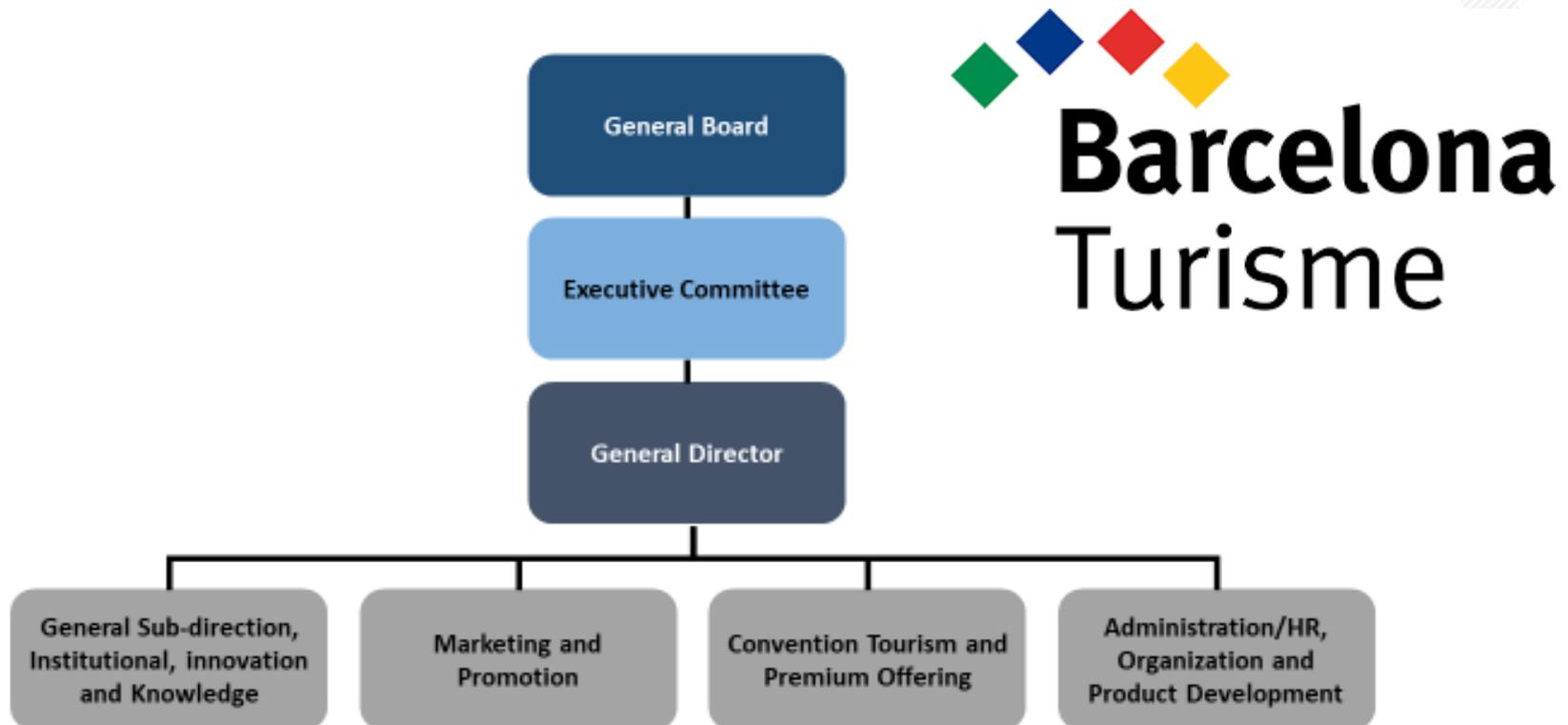
Spain Tourism Management Structure



Country Case Studies – Field Visit

Spain

Barcelona Turisme Consortium Organizational Structure



Country Case Studies – Field Visit

Spain

The Role of DMOs



Barcelona
Turisme



Barcelona
Activa



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.

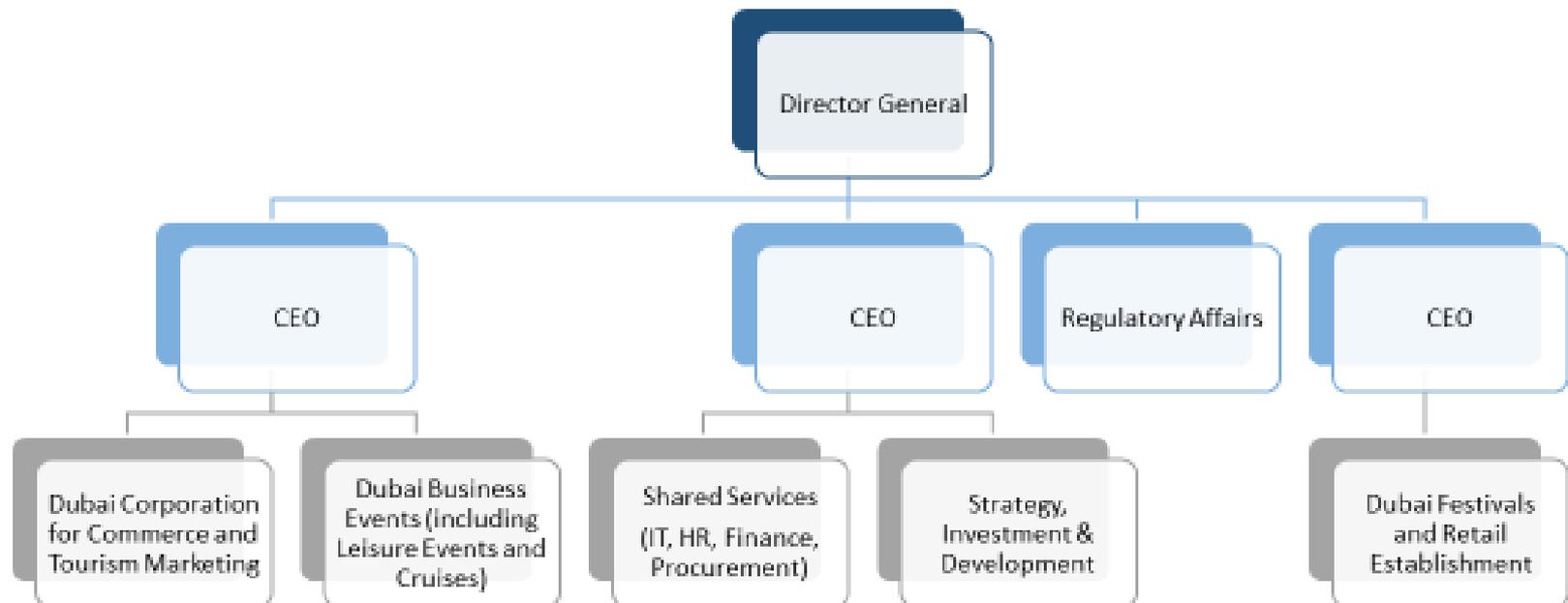


Country Case Studies – Field Visit

The United Arab Emirates



Organization Chart of Dubai Tourism



Country Case Studies – Field Visit

UAE



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

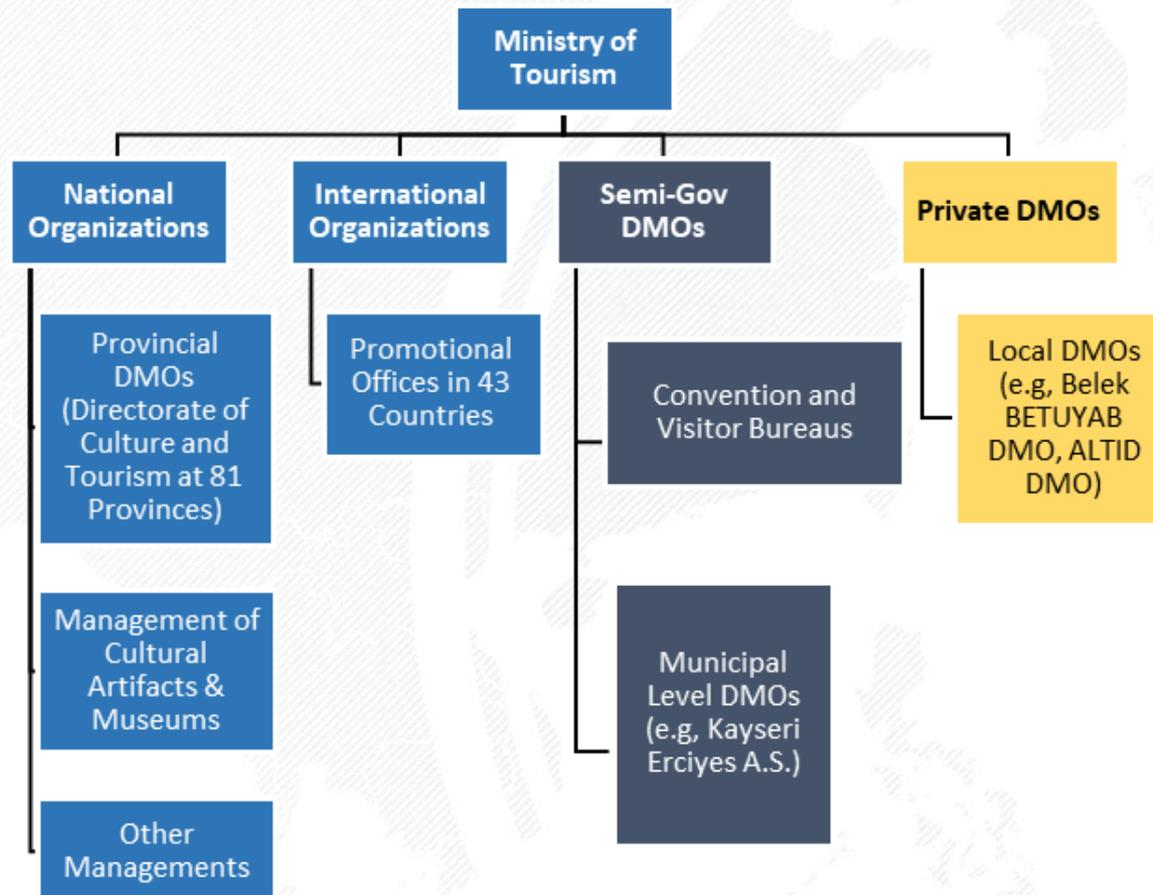
- Listen to the tourists (surveys, social media monitoring) and prioritize what they want
- Interact with stakeholders and tell them what tourists want.
- Incentivize stakeholders to build what tourists desire - and monitor progress
- Keep adding new attractions that appeal to different demographics – 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



Country Case Studies – Field Visit

Turkey

The Role of DMOs



Destination Development

- ICVB provides incentives to tourism investors
- Projects: Marmaray metro line, Istanbul's 3rd airport

Marketing

- ICVB promotes Istanbul as a MICE destination
- ICVB attends global fairs, exhibitions and other MICE events for networking with the MICE industry
- Developed mobile apps for tourists

With regards to Stakeholders

- ICVB conducts educational seminars, annual meetings, & sends email updates
- Matchmaking local stakeholders with international players

Funding Sources

- ICVB receives direct contribution and physical office place from the Istanbul Chamber of Commerce
- Membership fees

Country Case Studies – Field Visit

Turkey

Lessons Learned/Recommendations

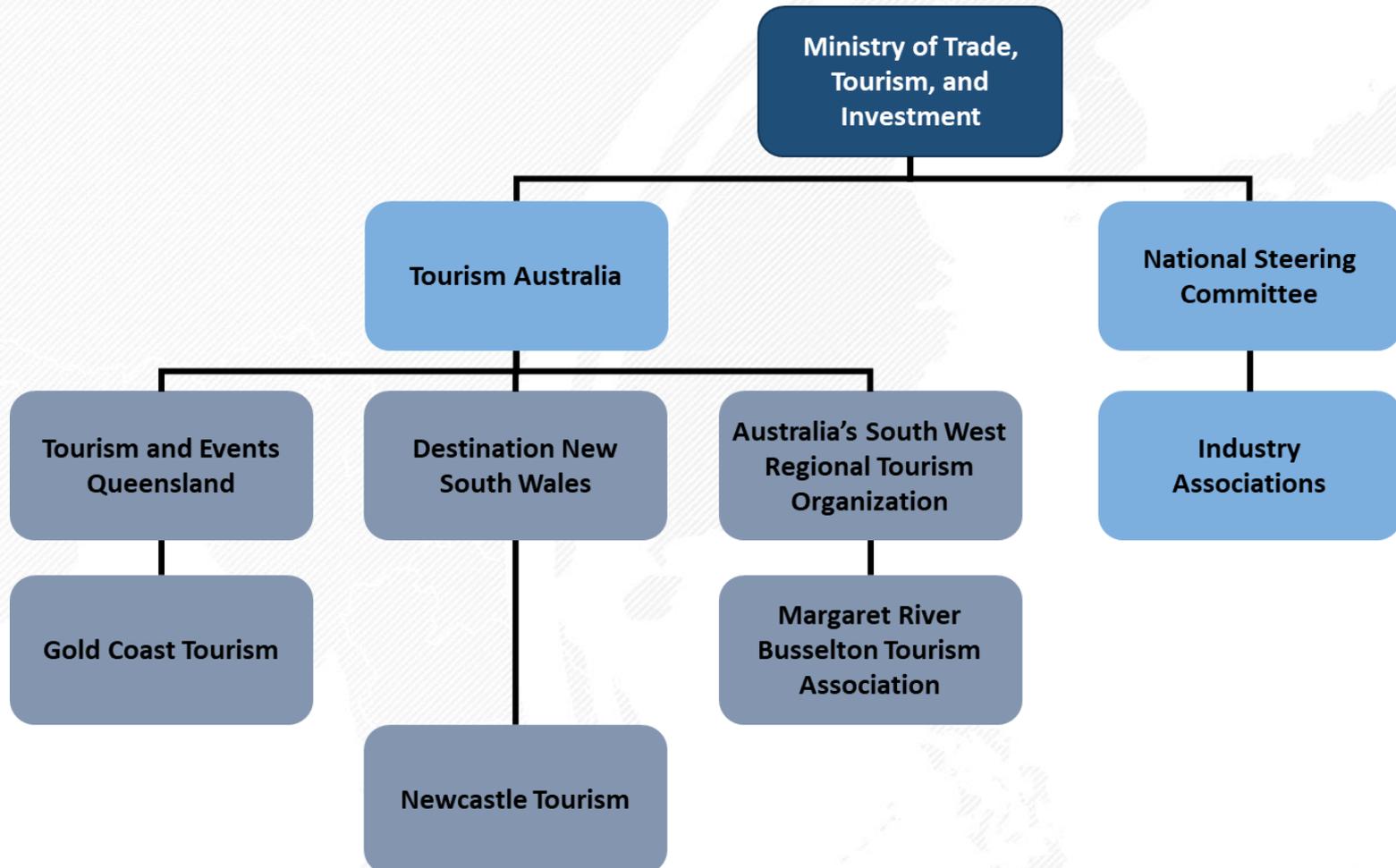
- Focus on high earning revenue business models – e.g. MICE
- Long term perspective in destination development: Belek DMO (BETUYAB) started 30 years ago from scratch and is now a worldwide destination hosting 2 million international tourists every year.
- Tourism taxes should be levied as an additional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



Country Case Studies

Australia

Organizational Chart for Australian Tourism





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

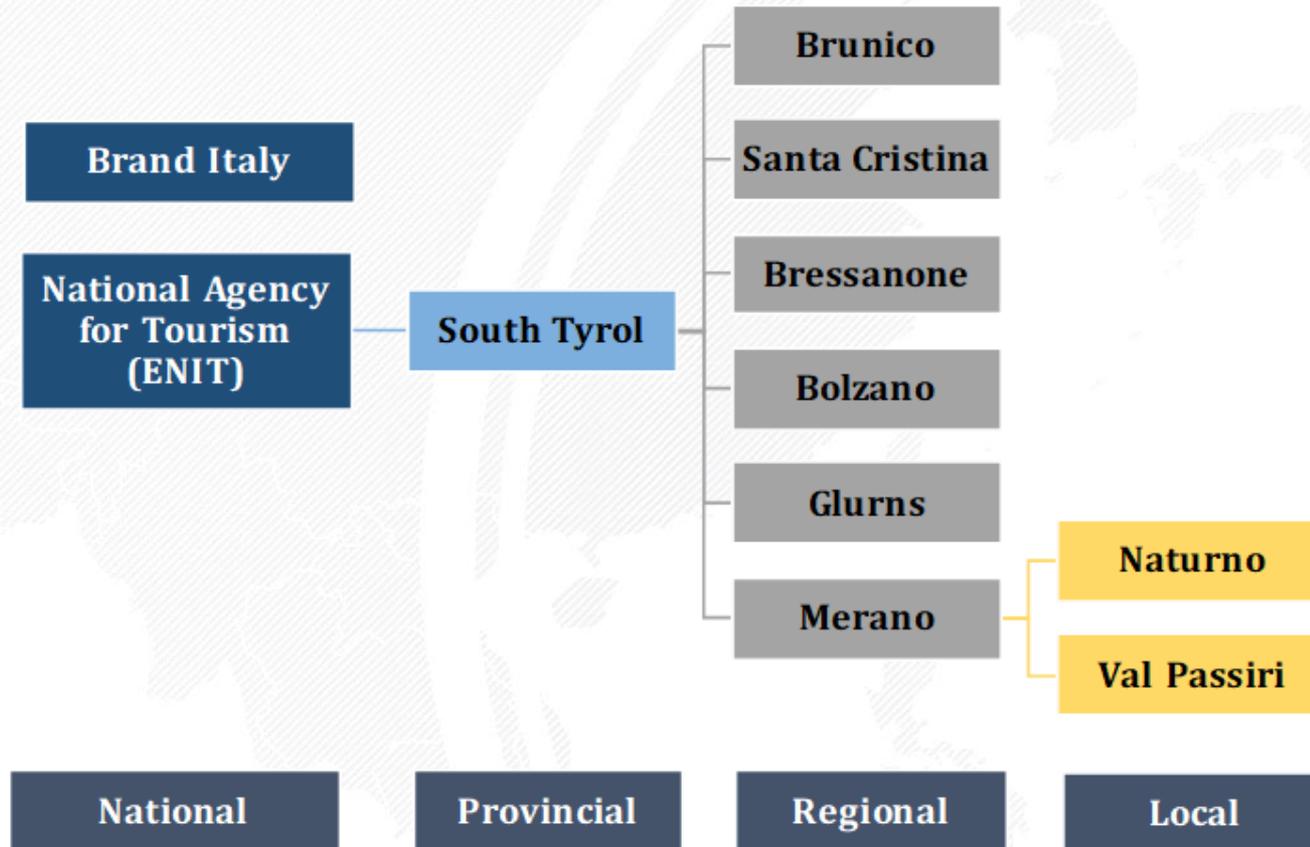
- Decentralized DMO structure
- Annual reports include performance metrics
- DMO partnership with various tourism industry players, such as airlines and tour operators, is instrumental in promoting the destination.
- Both government bodies and private industry players should lead DMOs



Country Case Studies

Italy

Italy Destination Management Structure



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

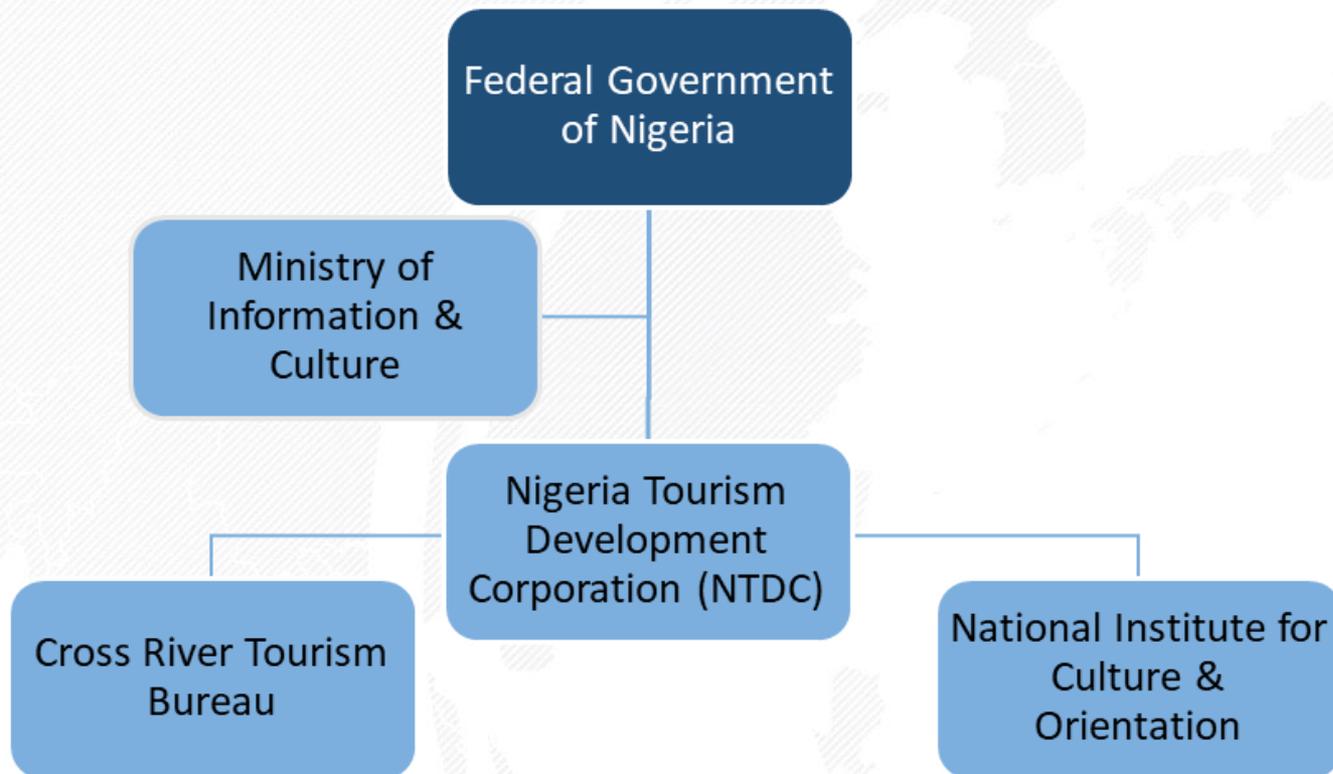
- The private sector can play an important role especially when resources are limited
- An “entrepreneurial core” can succeed in transforming a destination
- The “leading firm” governance model can benefit a destination as long as the interests of other players are considered

Country Case Studies

Nigeria



Nigeria Destination Management Structure



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

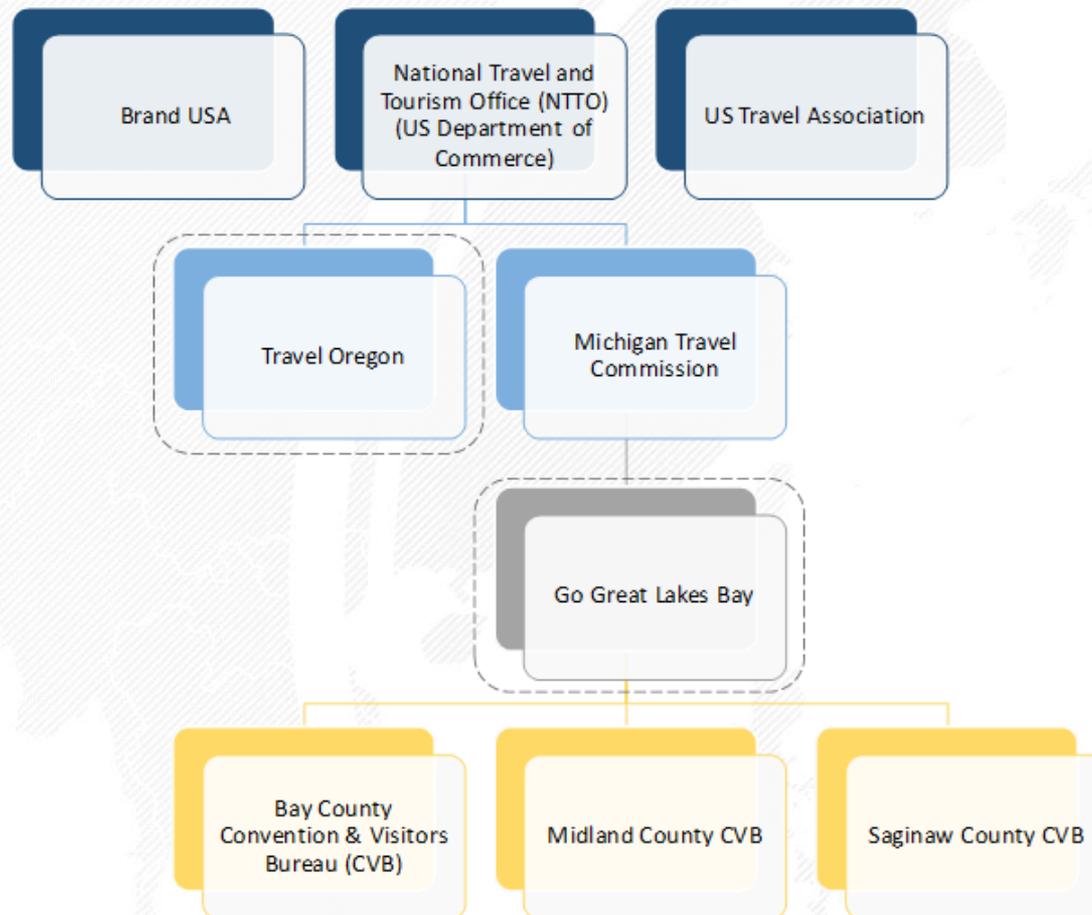
- Government support is needed to boost tourism
- International tourism roadshows are recommended
- Both public and privately funded DMOs need to allocate more resources towards maintenance of parks and resorts before the start of the “tourist season”.
- Develop new tourist packages on a regular basis 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



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



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
-

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

DESTINATION DEVELOPMENT AND INSTITUTIONALIZATION STRATEGIES:

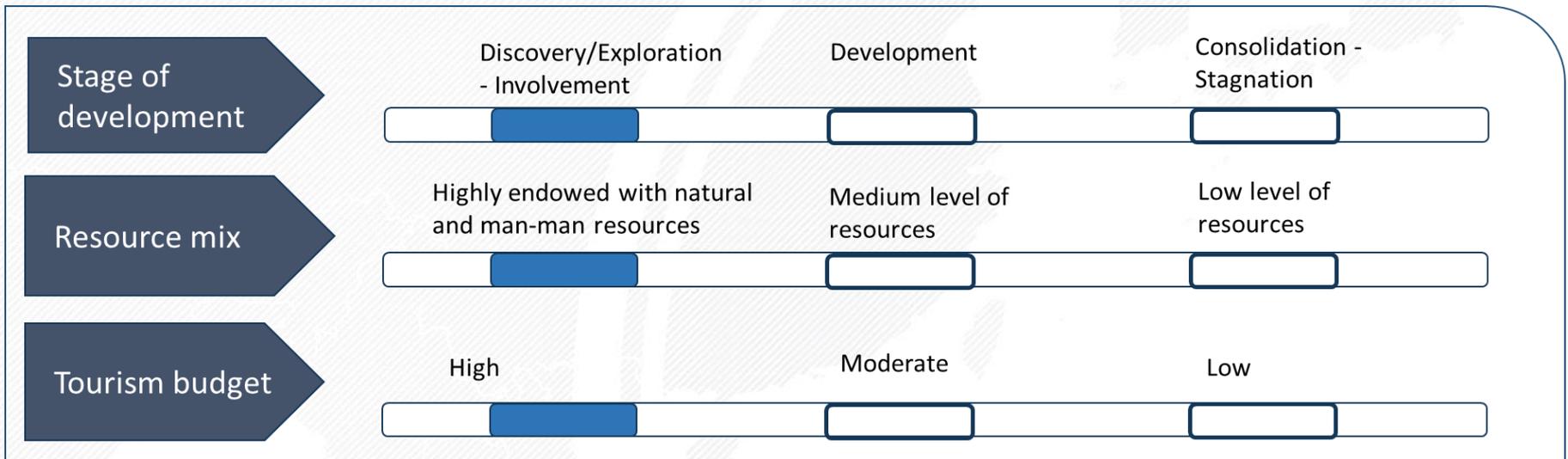
Selected Case Studies, Main Challenges, Recommendations

1. Case Studies
 2. Main challenges
 3. **Policy Recommendations for the OIC Member States**
-

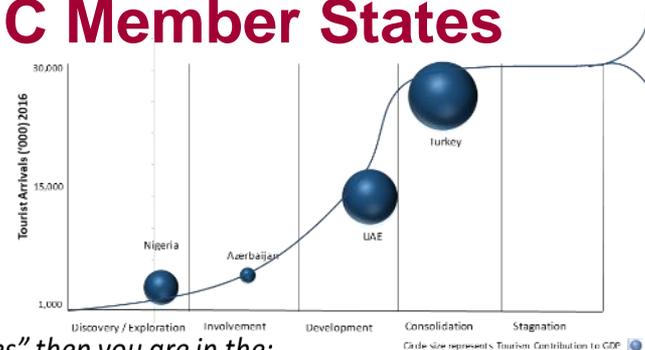
Policy Recommendations for the OIC Member States

Segmentation Of OIC Tourist Destinations

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



Policy Recommendations for the OIC Member States Destination Life Cycle



Destination Life Cycle Assessment

Does your destination have the features below?

Yes/No

If "Yes" then you are in the:

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

→ 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

→ Involvement Phase

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

→ Development Phase

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

→ Consolidation Phase

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

→ Stagnation Phase

Policy Recommendations for the OIC Member States

Tourism Resource Assessment &

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

Tourism Contribution to GDP	Add a check (√) next to relevant range
High (\$60+ billion)	
Medium (\$12 - \$59.99)	
Low (\$0 - \$11.99 billion)	

Policy Recommendations for the OIC Member States

Product Development Recommendations

Natural & Cultural Resources	Low	<ul style="list-style-type: none"> • Focus on activities • Focus on local community's living culture & lifestyle
	High	<ul style="list-style-type: none"> • Improve facilities & amenities at natural & heritage sites • Implement measure to protect resources
Activities	Low	<ul style="list-style-type: none"> • Countries with low cultural resources should focus on activities • Countries with high cultural resources should develop activities around these resources
	High	<ul style="list-style-type: none"> • Continue adding new activities and re-inventing existing ones
Linkages	Low	<ul style="list-style-type: none"> • Develop tour packages for visiting immigrants
	High	<ul style="list-style-type: none"> • Offer attractions at special rates for visiting immigrants and their families • Offer short tour packages to business travelers
Super-structure	Low	<ul style="list-style-type: none"> • Superstructures require investments, if not available focus on adventure travel
	High	<ul style="list-style-type: none"> • Continue to maintain existing superstructures & address future needs

Policy Recommendations for the OIC Member States

Recommendations for Developing DMO Excellence

Measurement Approach/Model	KPI	Measurement
Visitor Metrics¹	Visit Statistics	Number of Visitors Average Length of Stay Tourist Spending
	ROI	Ratio of Visitor Spending to DMO Spending
Marketing Communications²	Activity	Number of Programs/Campaigns Total Reach Total Frequency
	Performance	Advertising Awareness Brand Image Changes
	Productivity	Conversion Rates Cost-per-Conversion Rate Return on Investment
Consumer-Based Brand Equity (CBBE)³	Brand Salience	Top of Mind Decision Set
	Brand Associations	Cognitive Attributes Affective perceptions
	Brand Resonance	Previous Visits Intent to Visit
	Brand Loyalty	Repeat Visits Word of Mouth Referrals
Organizational Effectiveness	Appropriateness of Objectives	Clarity of Objectives Feasibility of Objectives
	Achievement of Objectives	Progress towards Objectives
	Implementation Efficiency	Efficient Resource Allocation Cost-effectiveness
Stakeholder	Tourist Evaluation ⁴	Satisfaction with Access to Services Satisfaction with Accommodation Satisfaction with Transport
	Local Industry Evaluation ⁵	Satisfaction with Destination Promotion Satisfaction with Industry Support
	Local Community Evaluation ⁶	Satisfaction with Quality of Life

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

For more information, please contact:

Reem El Shafaki

Senior Associate

E: reem.elshafaki@dinarstandard.com

New York

T: + 1 347 624 7454

F: + 1 201 526 8404

80 Broad Street, 5th Floor,
New York City, NY 10004, USA

Dubai

Strategy Insights Inc.,
Knowledge Village, Building 10
PO Box 50221, Dubai, UAE

We look forward to hearing from you.

DinarStandard

GROWTH STRATEGY RESEARCH & ADVISORY