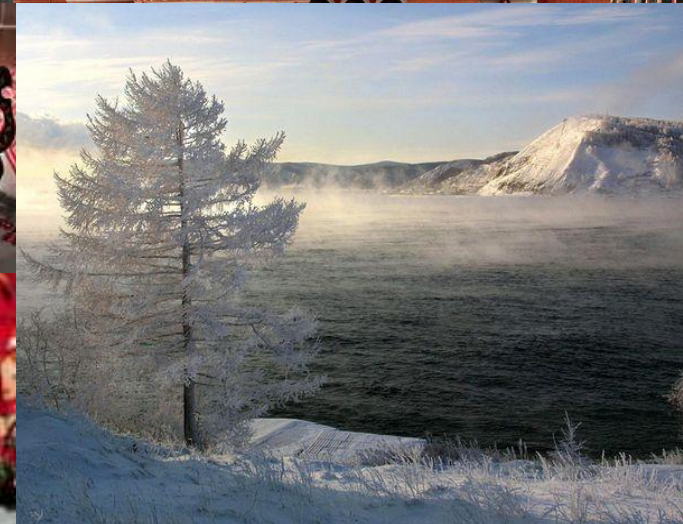


DESTINATION MANAGEMENT

Promotion and Marketing
In the Domestic and
International Marketplace

CAPACITY BUILDING SEMINAR
MOSCOW, DECEMBER 2012





[http:// unwto.org](http://unwto.org)

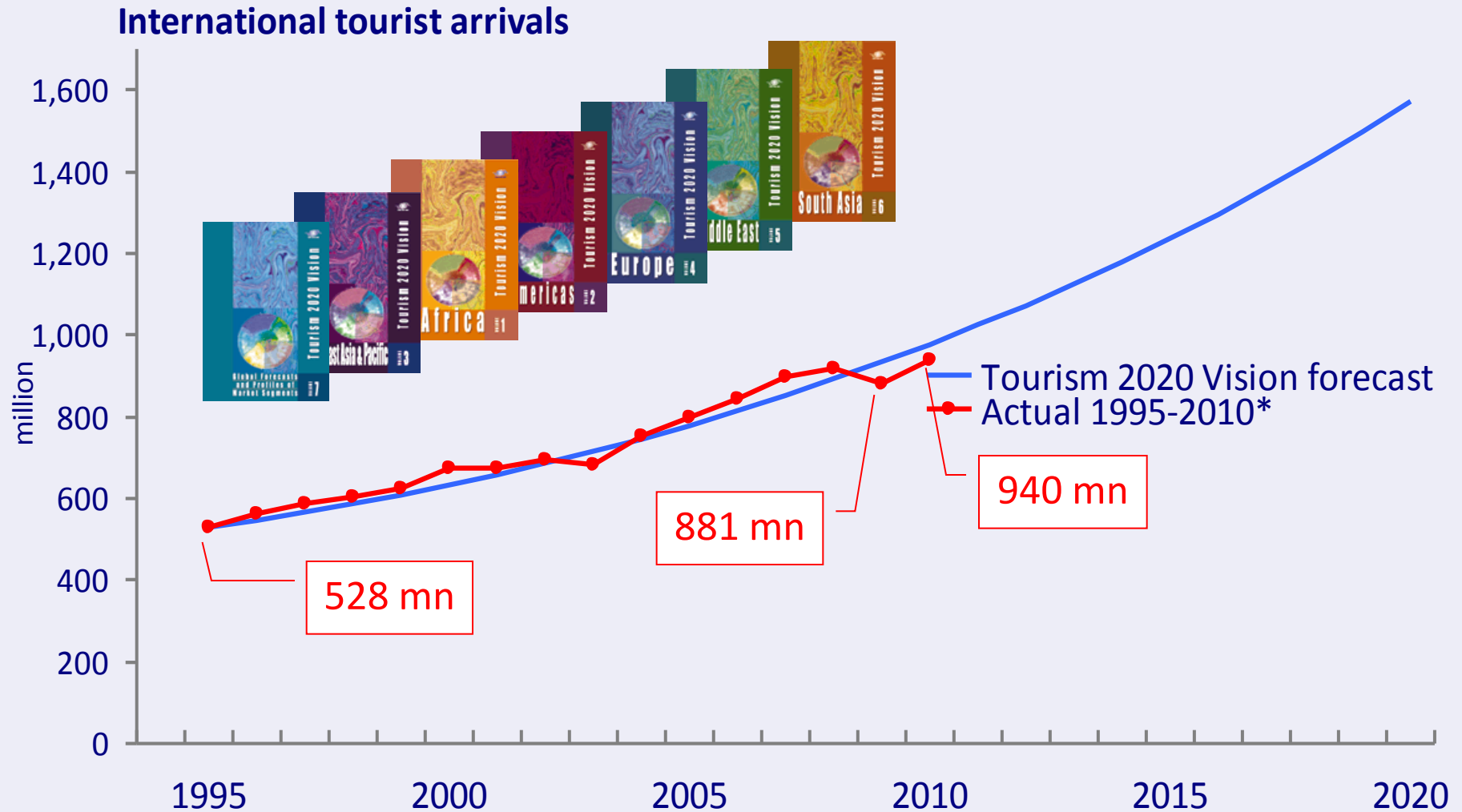
- The World Tourism Organization (UNWTO) is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism.
- UNWTO generates market knowledge, promotes competitive and sustainable tourism policies and instruments, fosters tourism education and training, and works to make tourism an effective tool for development through technical assistance projects in over 100 countries around the world.
- UNWTO's membership includes **155 countries, 6 Associate Members and over 400** Affiliate Members representing the private sector, educational institutions, tourism associations and local tourism authorities.

STRUCTURE

- ❖ Tourism 2030 Global Overview : A few slides from the UNWTO study to show a general outlook of the tourism trends in a quantitative framework;
- ❖ Tourism destination, definition, concepts;
- ❖ Destination Management,
- ❖ Parameters for destination competitiveness,
- ❖ Destination Management Organizations, (DMOs), structure and role of governance;
- ❖ A strategic planning model for a DMO/Destination Value Chain,
- ❖ Key concepts: Destination Image, Brand, Positioning;
- ❖ Tourism Product Development and product lifecycle,
- ❖ Keys for success;
- ❖ Demo of destination promotion spots ;
- ❖ Workshop (destination management plan)



Tourism 2020 Vision vs. actual trend World



Tourism Towards 2030

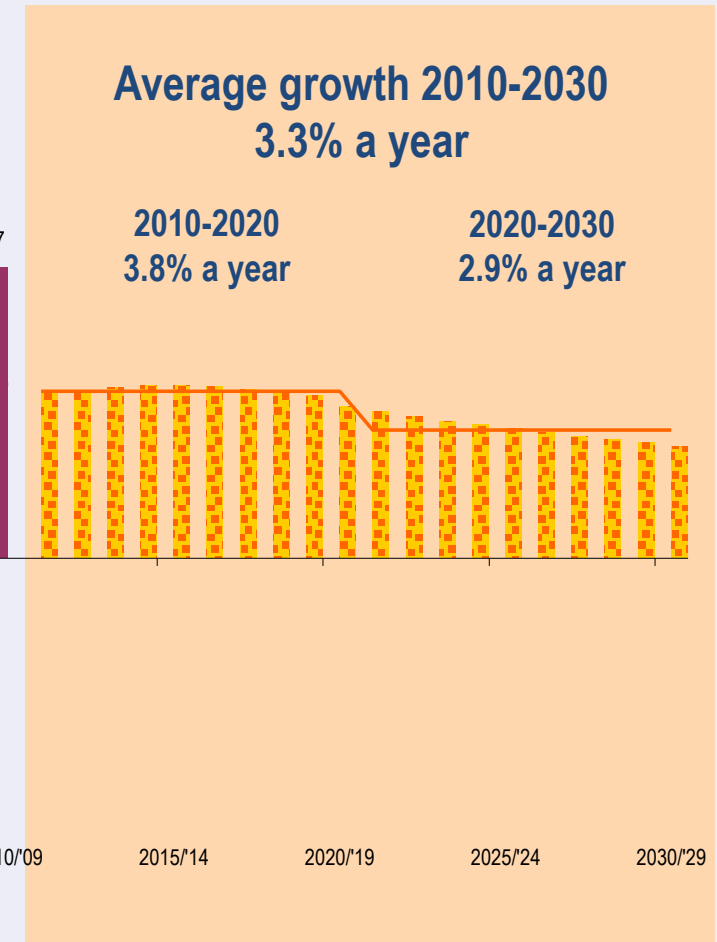
- A broad research project of long-term forecasting, following up on work initiated by UNWTO in the 1990s:
- Objectives:
 - ✓ **Assist** UNWTO Members in formulating policies and long-term strategic plans
 - ✓ **Provide** a global reference on future tourism development
 - ✓ **Reinforce** UNWTO's role in agenda setting for tourism-related subjects
 - ✓ **Constitute** a reference for UNWTO strategic documents, programme of work and activities
- ✓ Central to the study are the projections for international tourism flows in the two decades 2010-2030:
 - ✓ Data series on international tourist arrivals as reported by destination countries are used as the key indicator, taking into account sub region of destination, region of origin, mode of transport and purpose of visit for the period 1980-2010;
 - ✓ The quantitative forecast is based on a causal econometric model with international tourist arrivals as the dependent variable. Two independent variables are used: 1) growth of Gross Domestic Product (GDP), a proxy for traveller affluence and business travel potential; 2) cost of transport.

Growth in international tourism will continue, but at a more moderate pace

International tourism, World



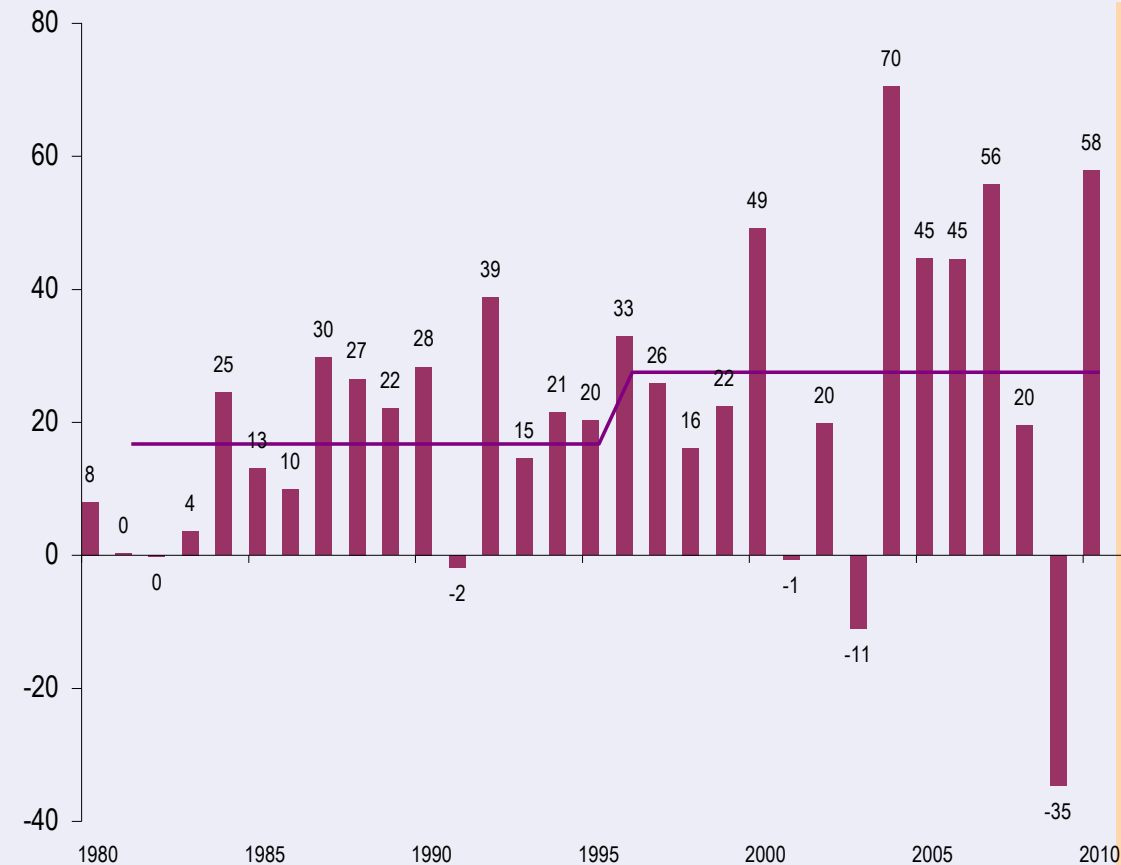
International Tourist Arrivals, % change over previous year



source: World Tourism Organization (UNWTO) ©

International tourist arrivals to increase by 43 million a year on average

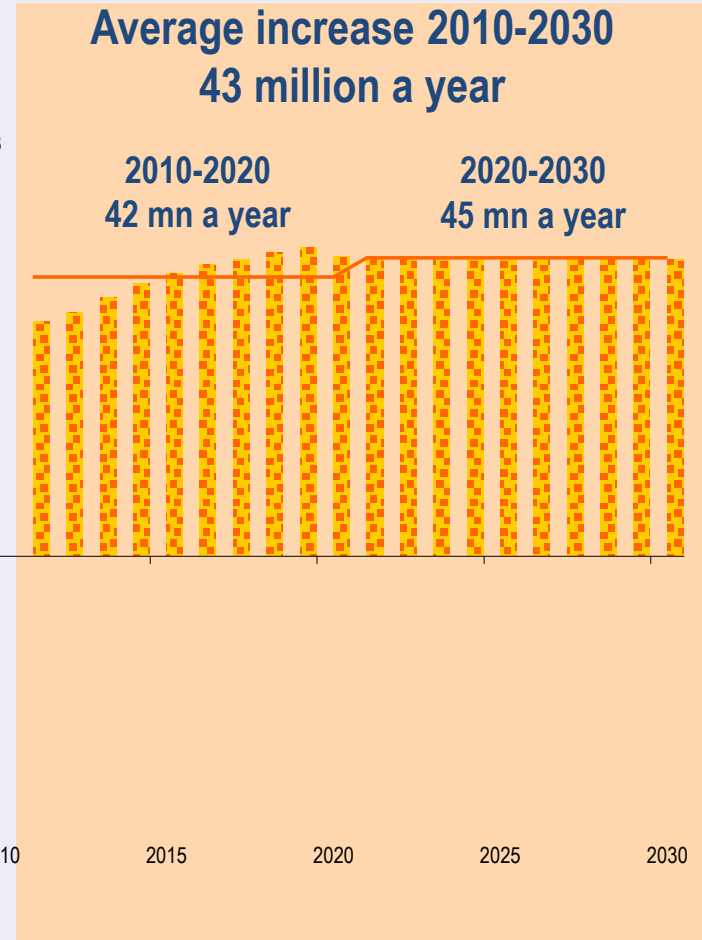
International tourism, World



**Average increase 2010-2030
43 million a year**

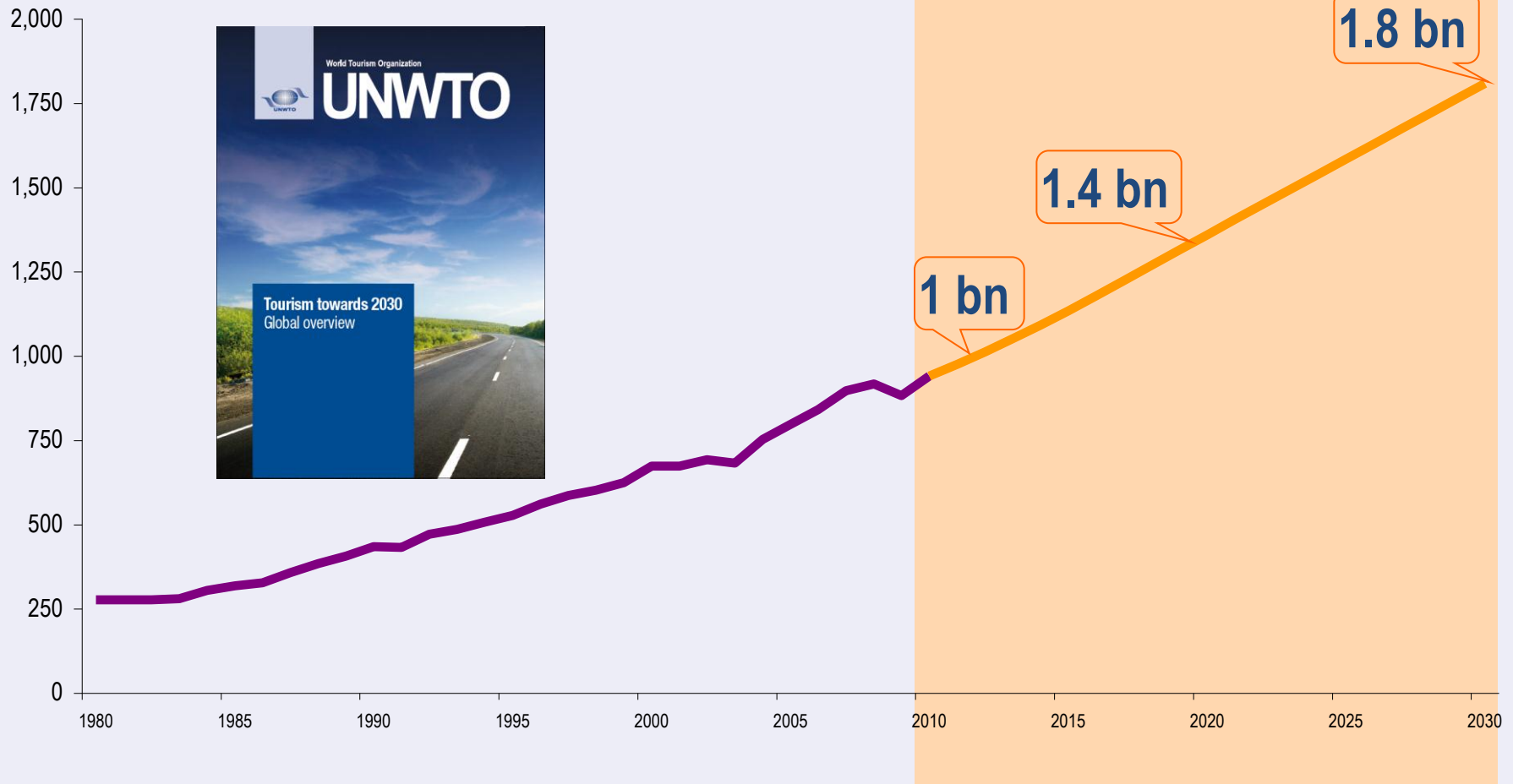
**2010-2020
42 mn a year**

**2020-2030
45 mn a year**



International tourist arrivals to reach 1.8 billion by 2030

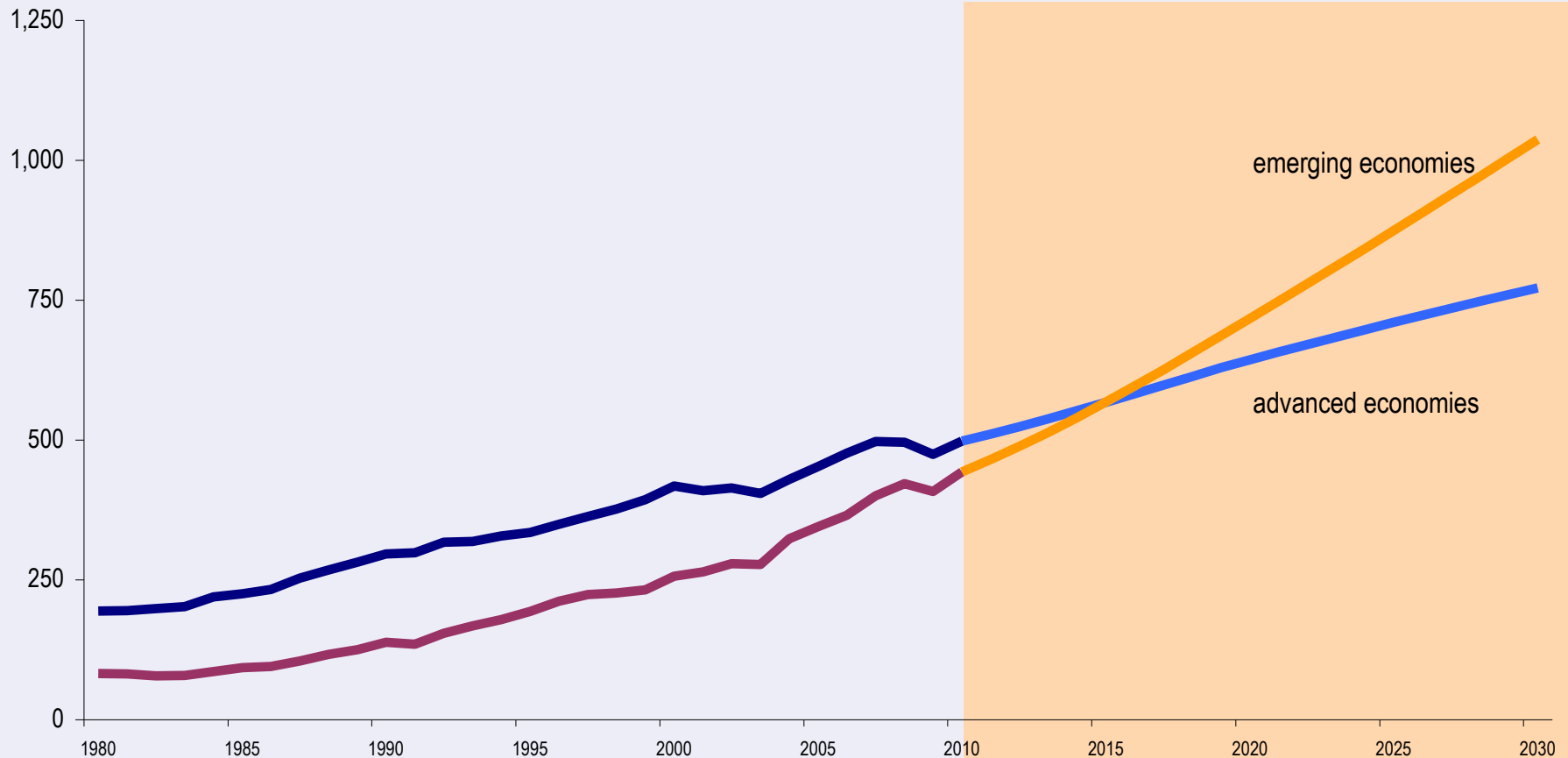
International tourism, World



source: World Tourism Organization (UNWTO) ©

Emerging economy destinations to surpass advanced destinations in 2015

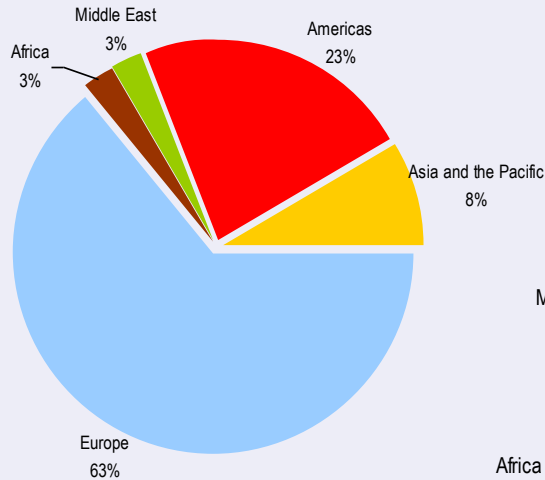
Inbound tourism, advanced and emerging economies



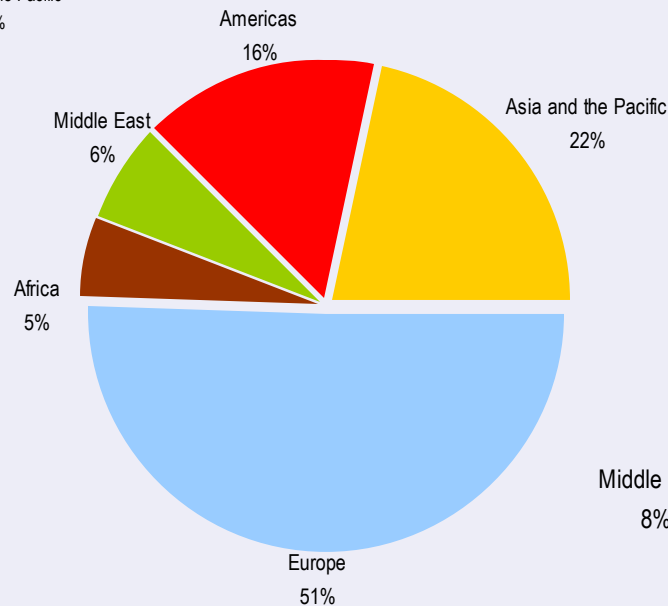
source: World Tourism Organization (UNWTO) ©

Asia and the Pacific, the Middle East and Africa to increase their shares

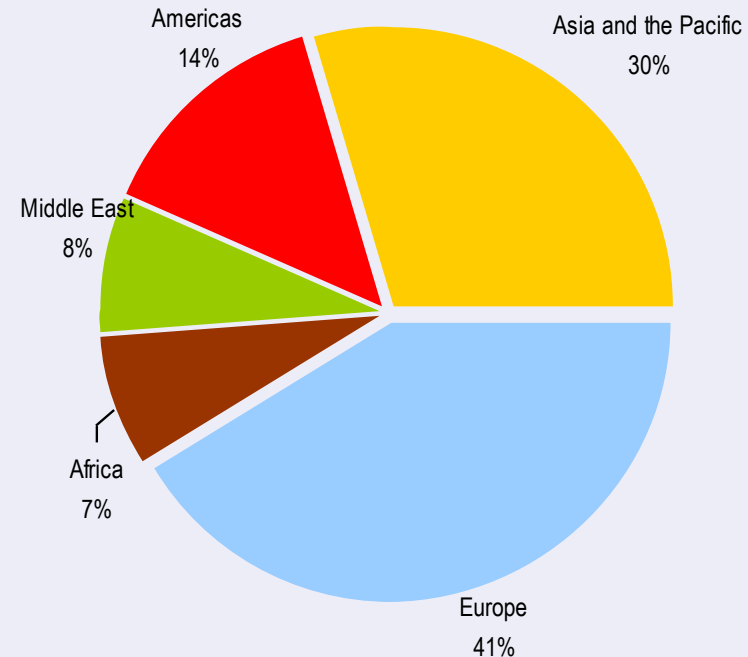
1980 (277 mn)



2010 (940 mn)

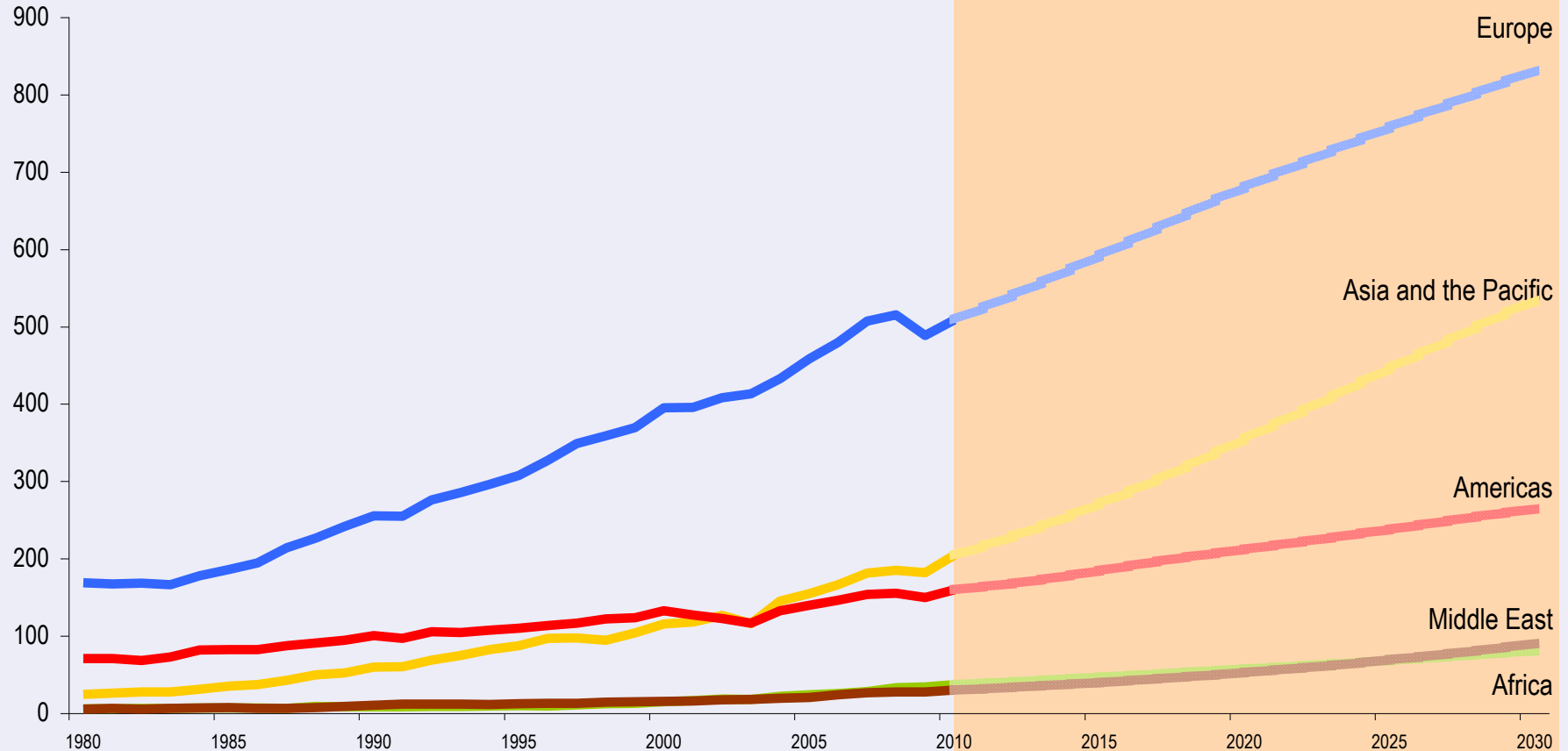


2030 (1.8 bn)



Asia and the Pacific will also be the outbound region that grows most

Outbound tourism by region of origin

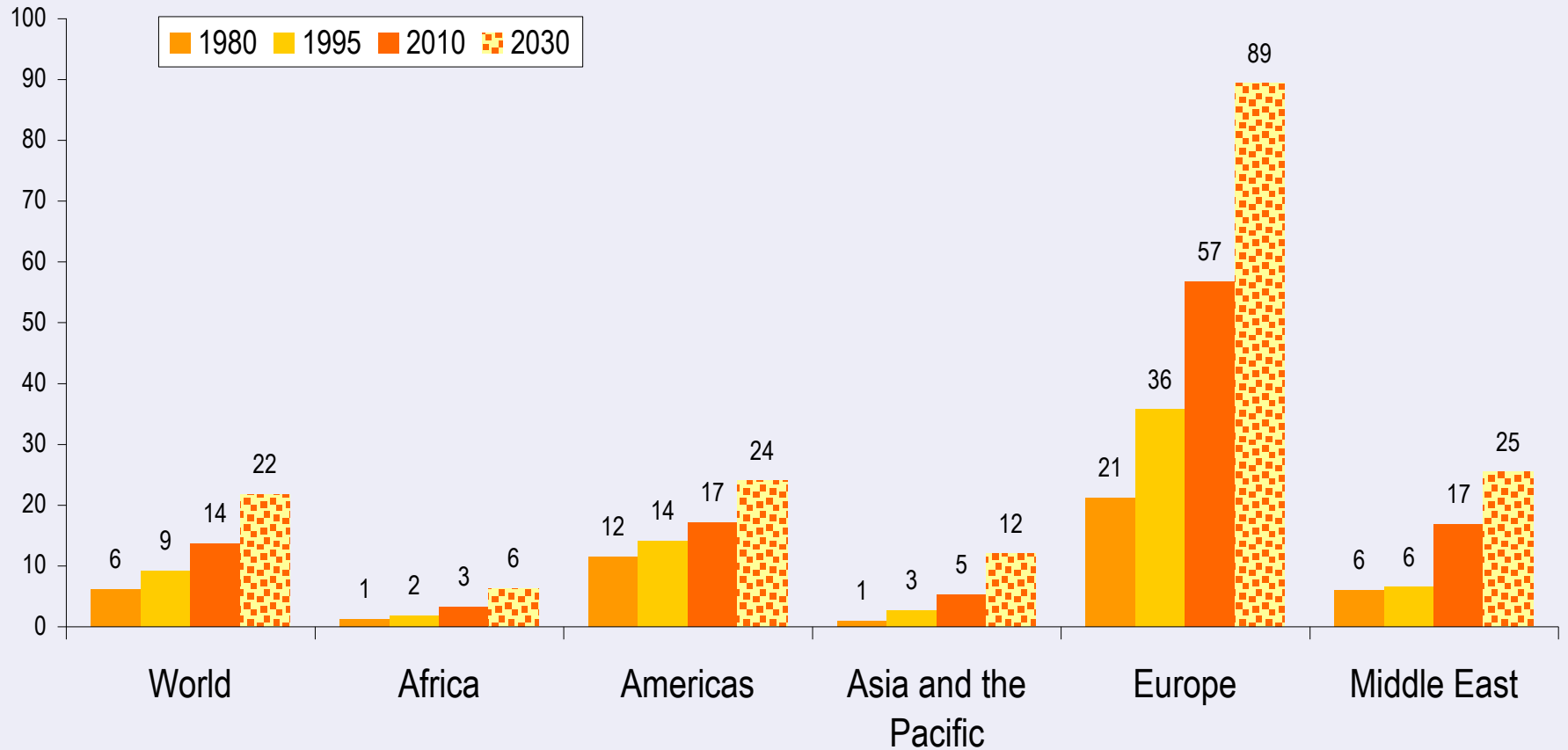


source: World Tourism Organization (UNWTO) ©

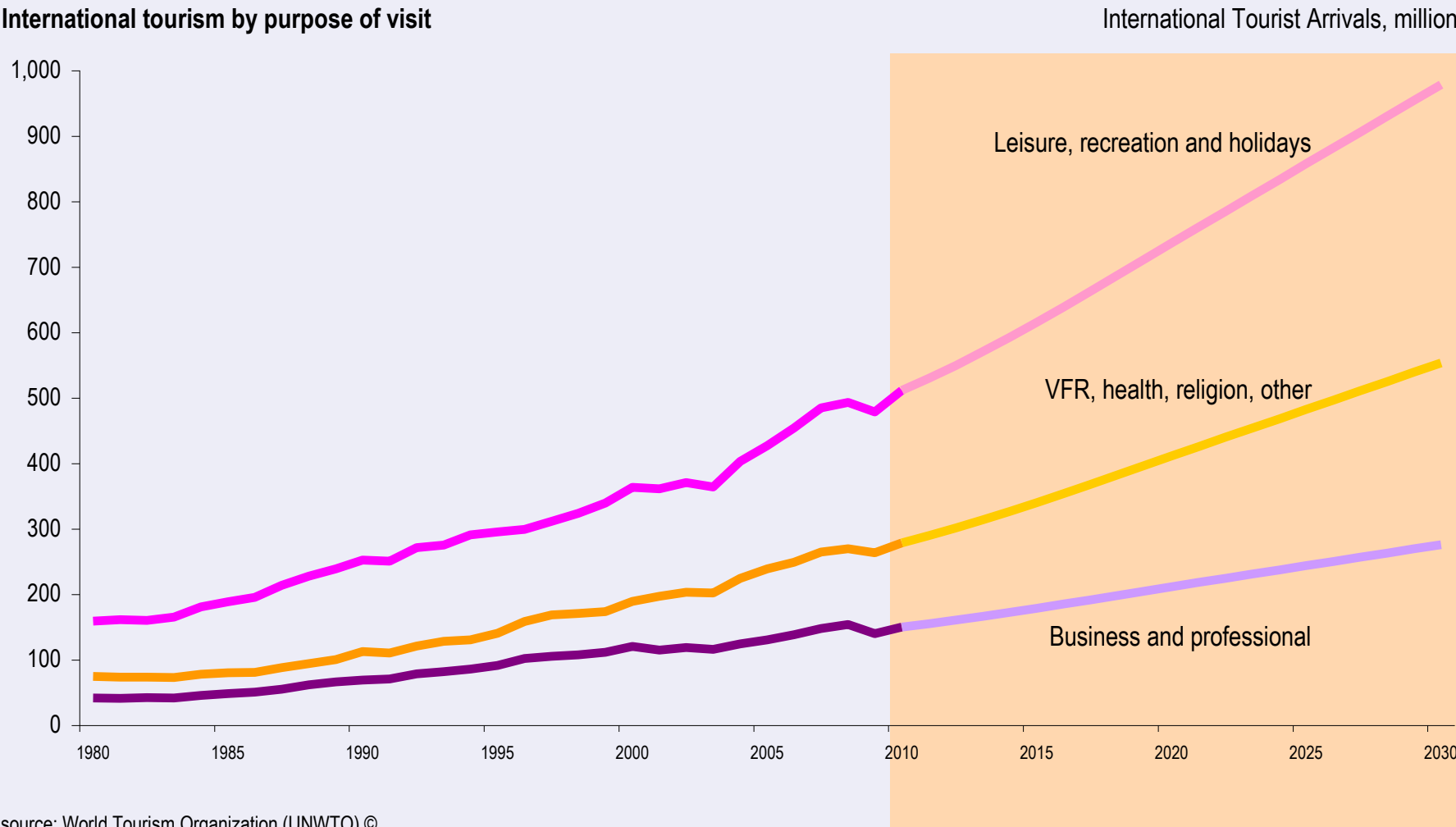
Europe generates most arrivals relative to population, while Asia & Pacific is still low

Outbound tourism by region of origin

International Tourist Arrivals generated per 100 population



No major change in share by purpose of visit

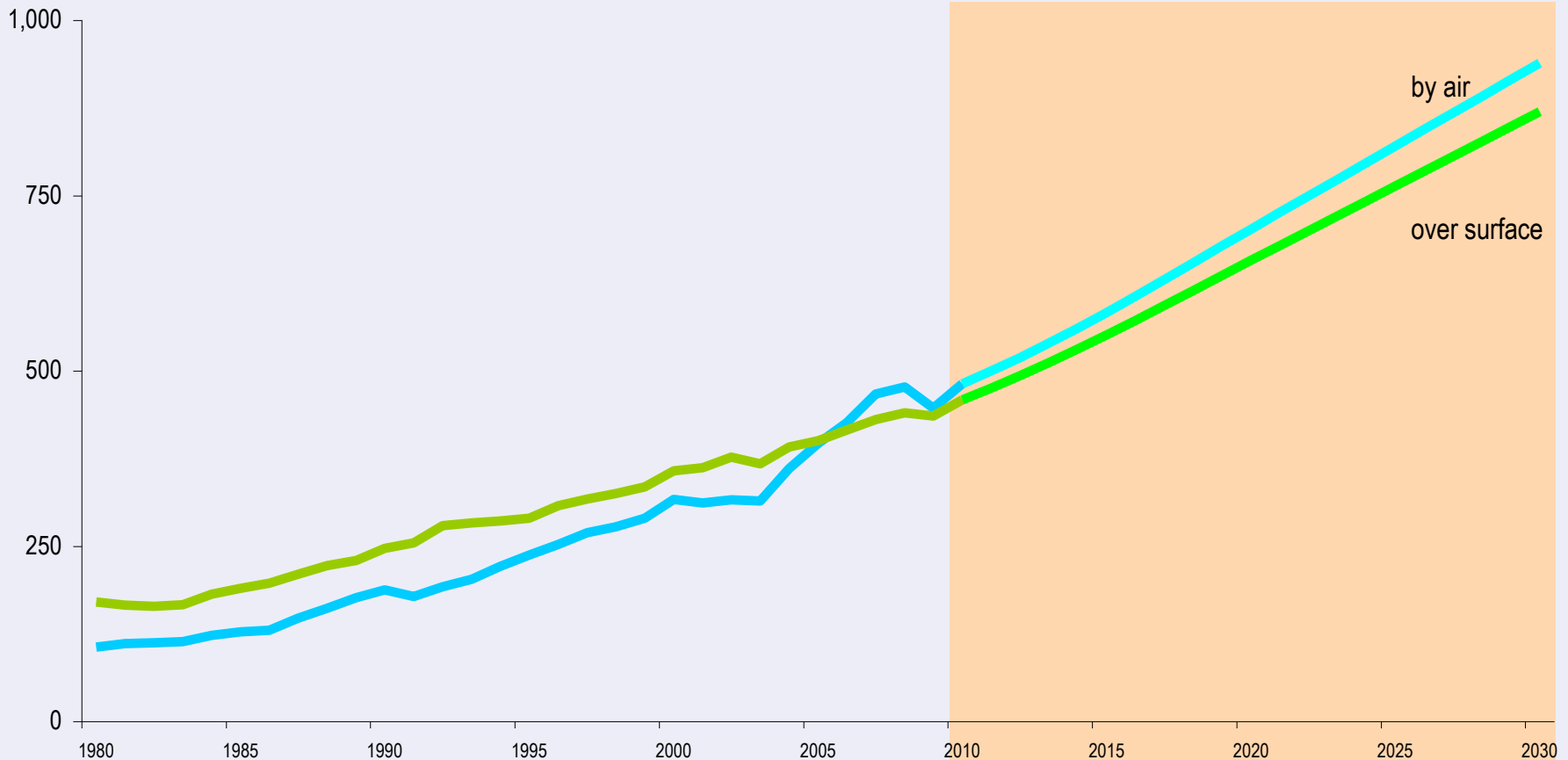


source: World Tourism Organization (UNWTO) ©

Air transport will continue to increase market share, but at a slower pace

International tourism by means of transport

International Tourist Arrivals, million



source: World Tourism Organization (UNWTO) ©



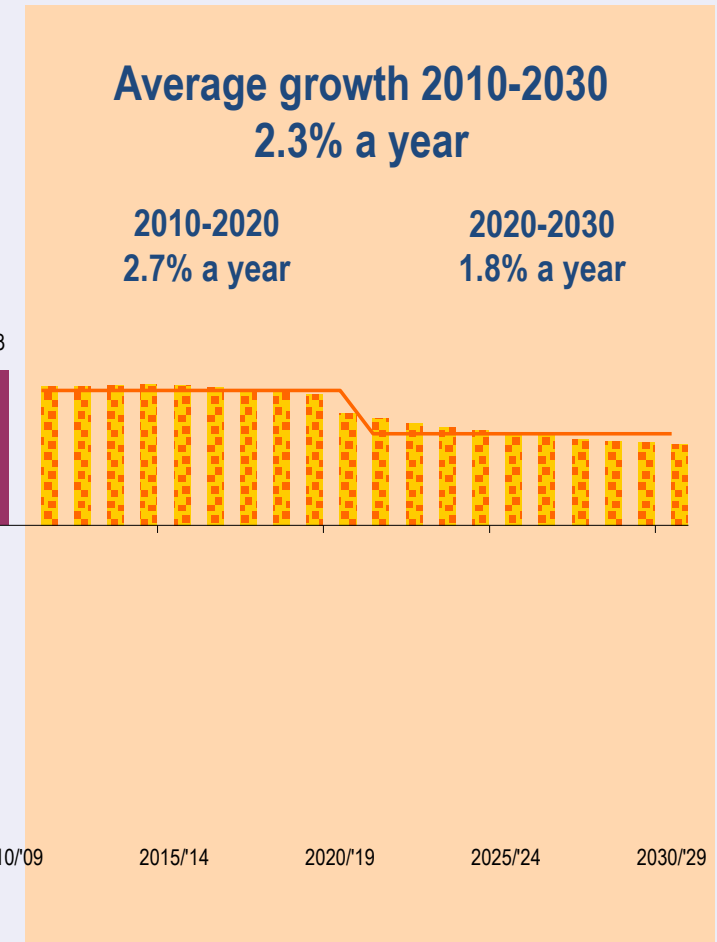
Europe

Europe: growth in international tourism to continue at over 2% a year

International Tourism, Europe

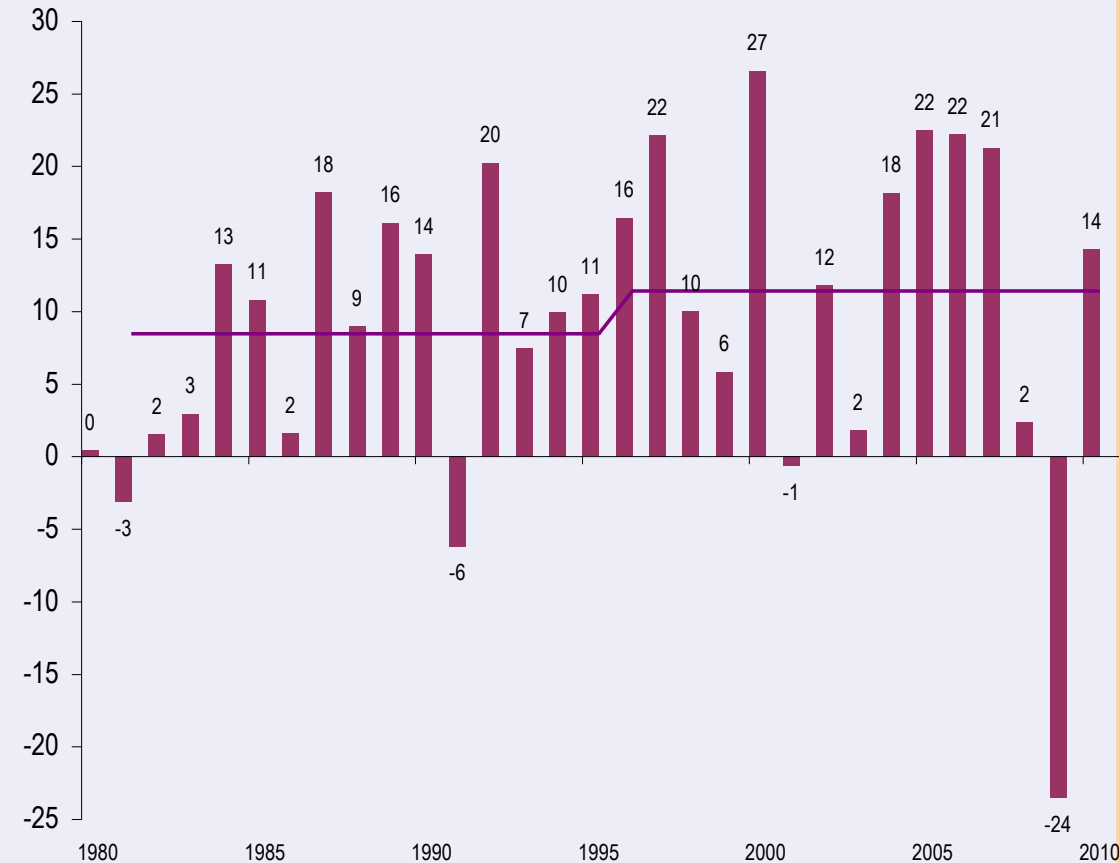


International Tourist Arrivals, % change over previous year



International tourist arrivals to increase by 13 million a year on average

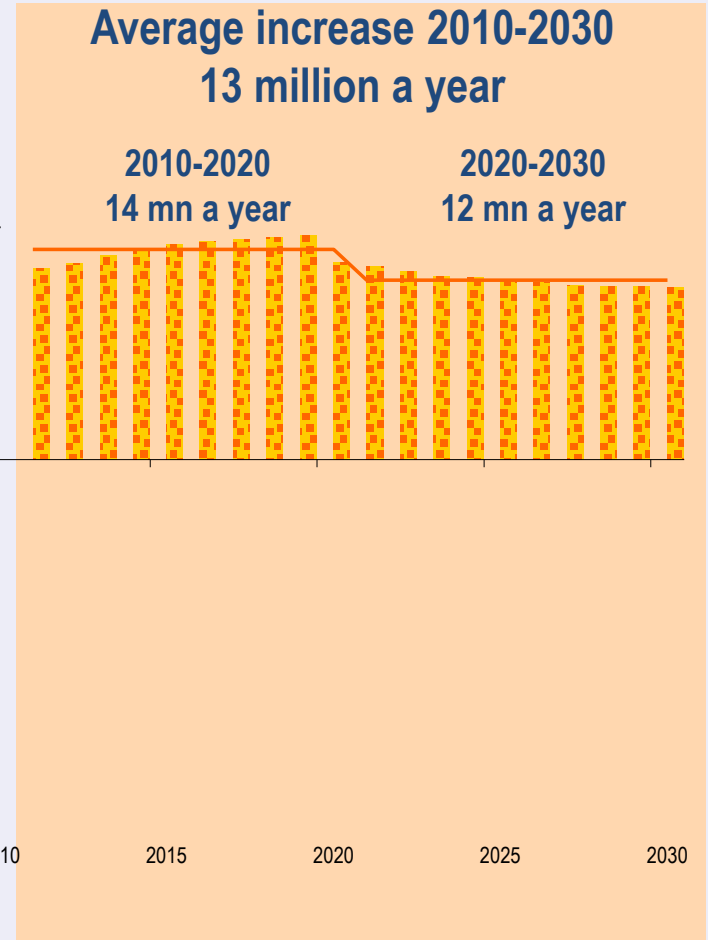
International Tourism, Europe



**Average increase 2010-2030
13 million a year**

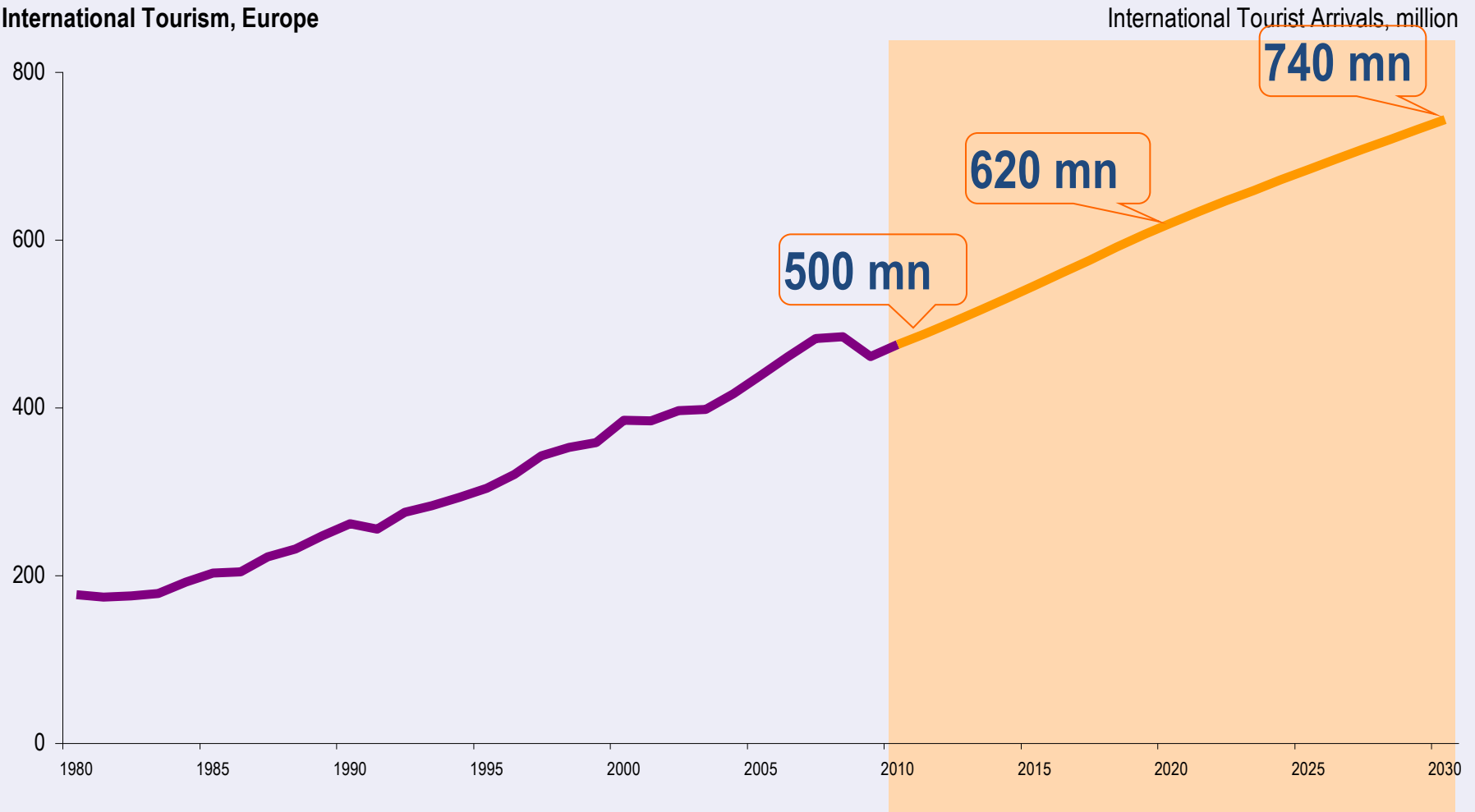
**2010-2020
14 mn a year**

**2020-2030
12 mn a year**



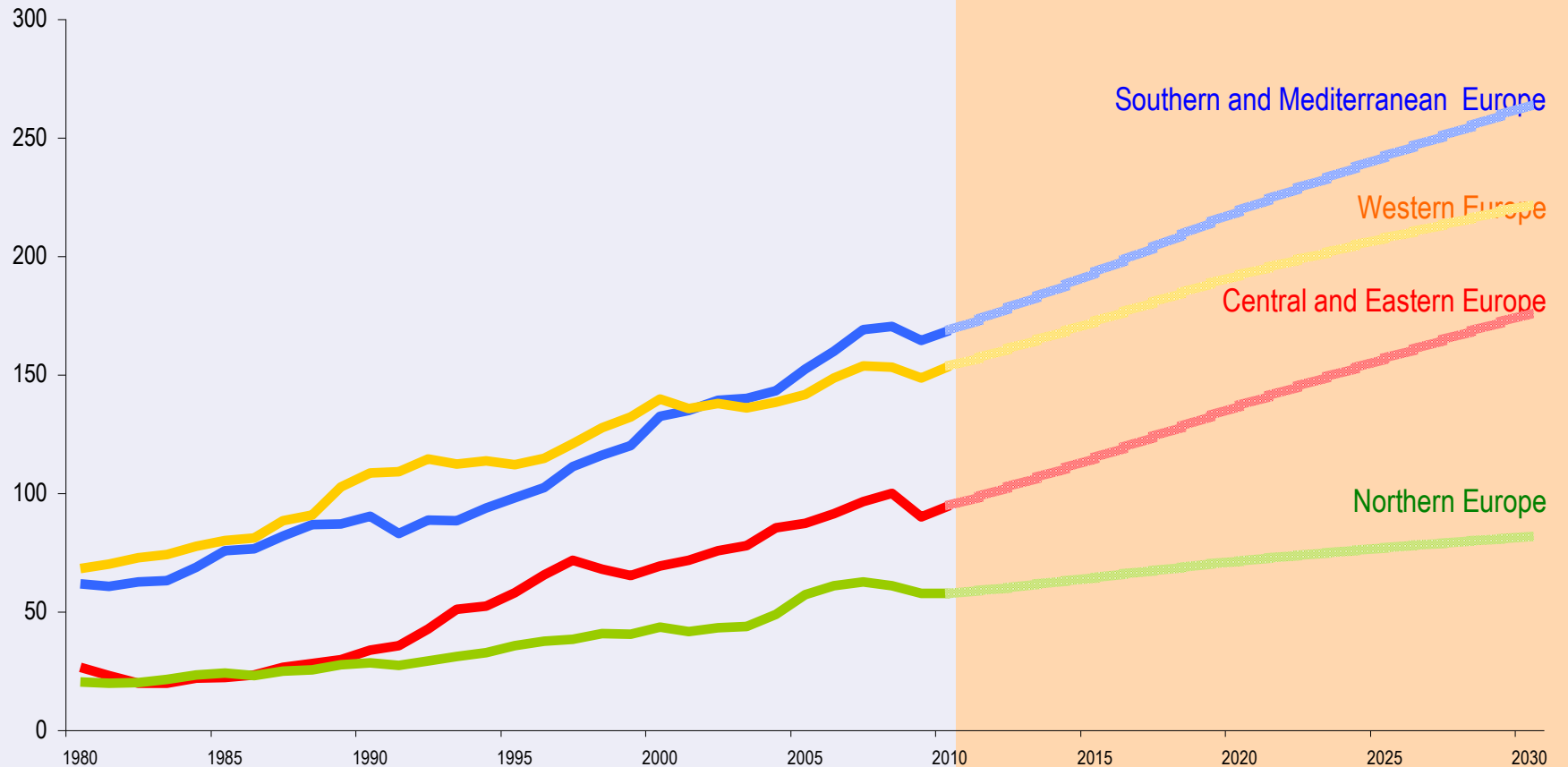
Europe: International tourist arrivals still to grow from 500 mn to almost 750 mn

International Tourism, Europe



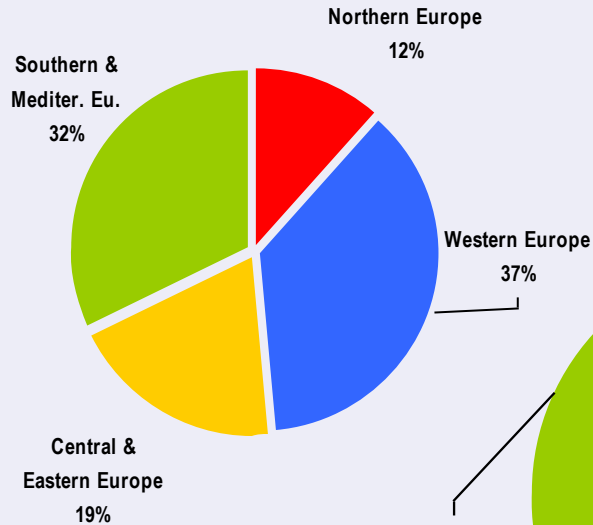
Europe by subregion

Europe: Inbound tourism by subregion of destination

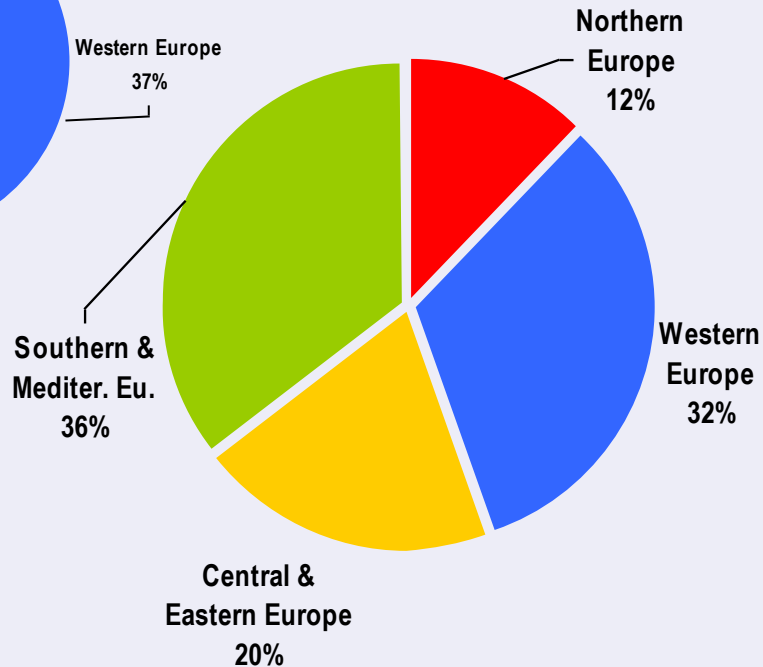


Share of Central and Eastern Europe to increase

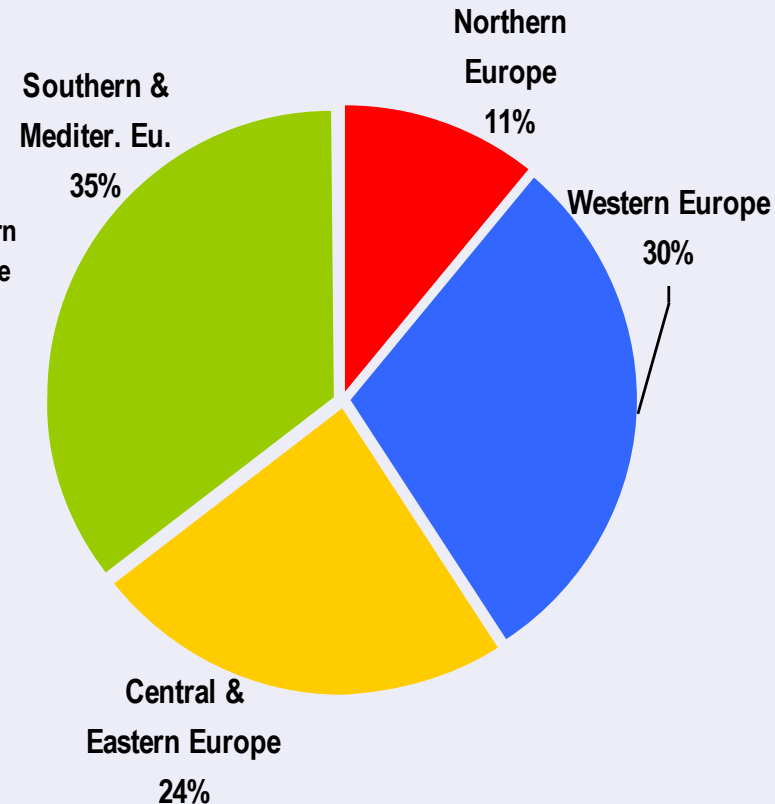
1995 (304 mn)



2010 (475 mn)

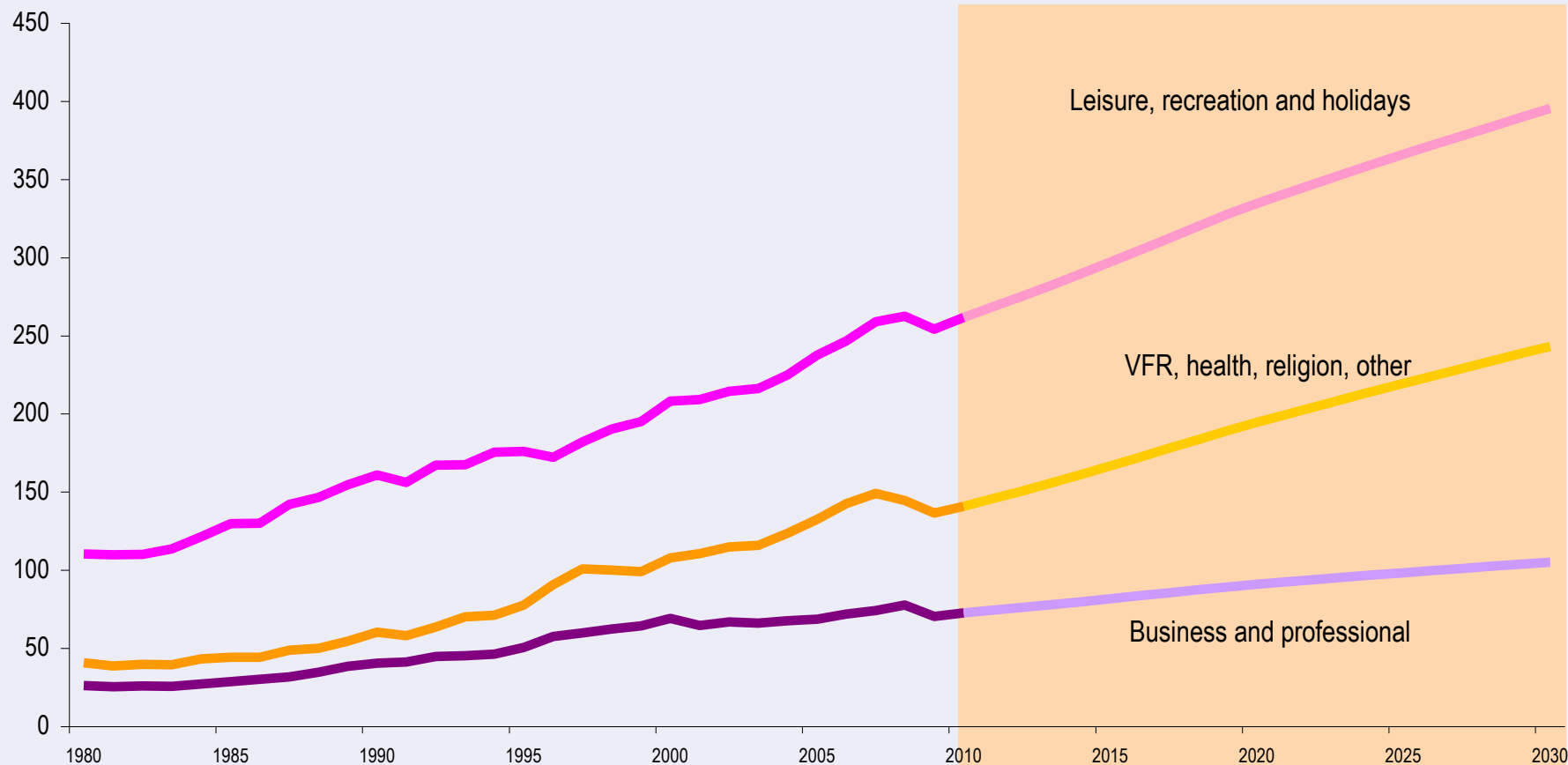


2030 (744 mn)



Europe: VFR to grow slightly faster

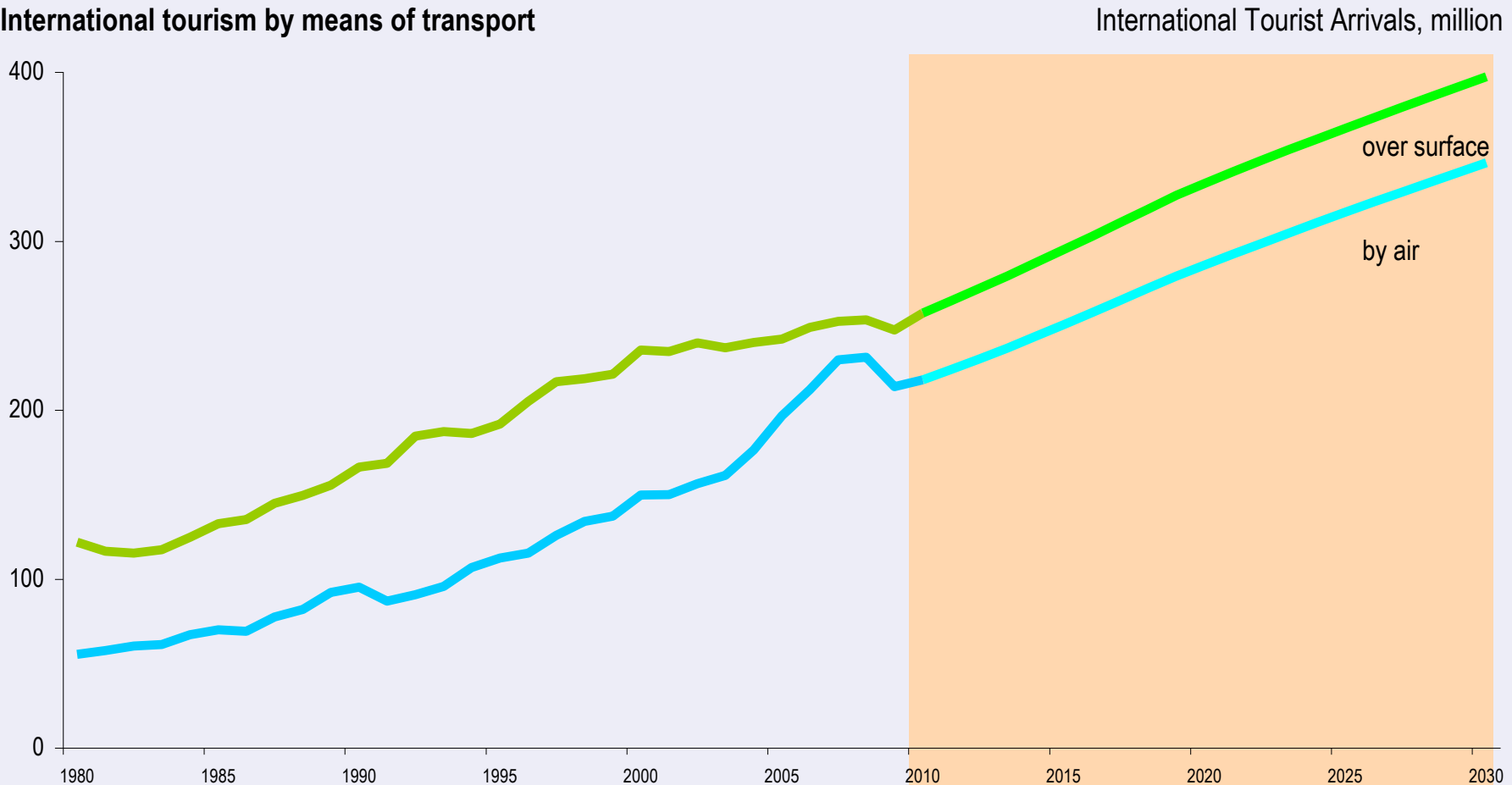
Europe, International tourism by purpose of visit



source: World Tourism Organization (UNWTO) ©

Europe: Air and surface transport to grow at about the same pace

International tourism by means of transport



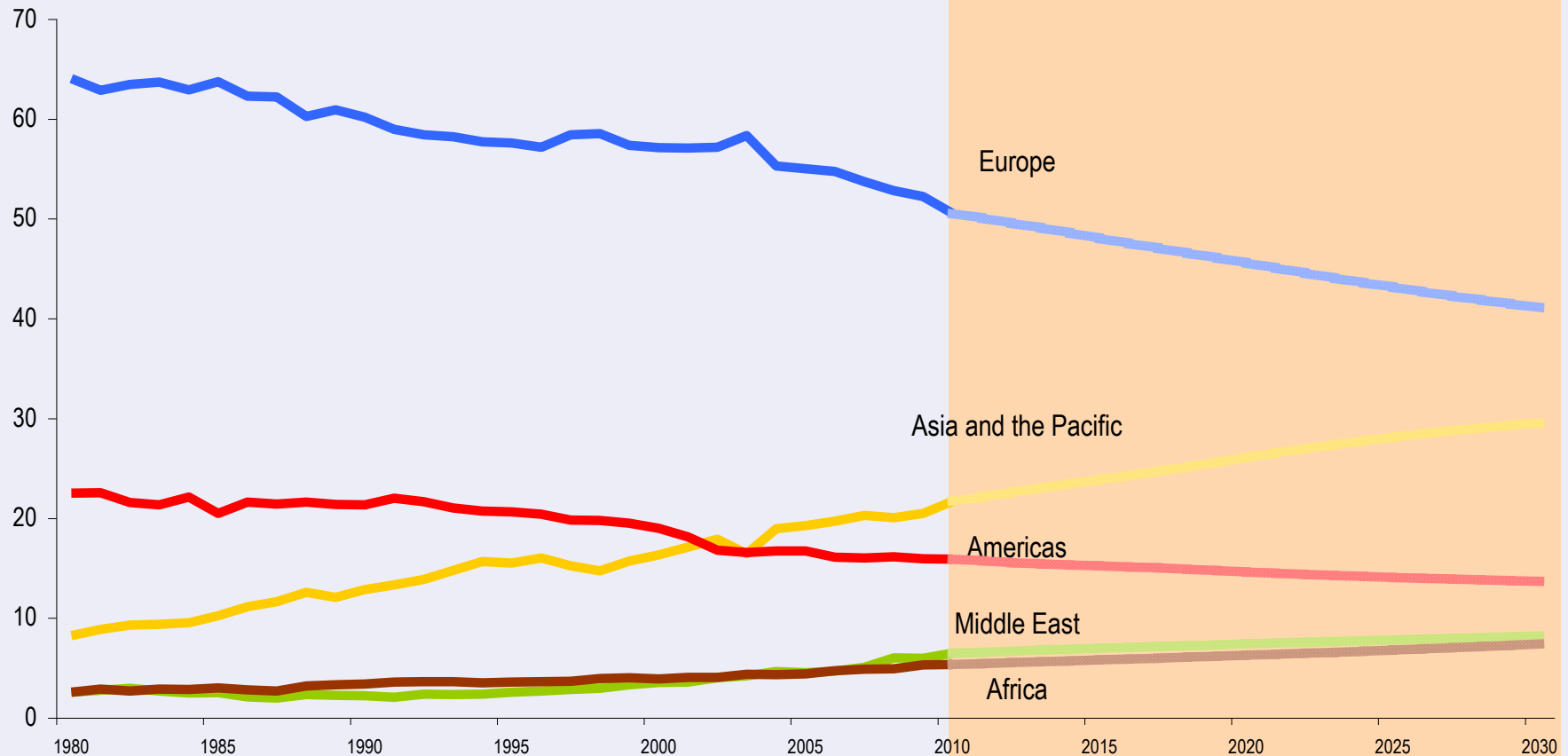
source: World Tourism Organization (UNWTO) ©



**Share in
the world**

Inbound tourism market share of Europe going down as other regions grow faster

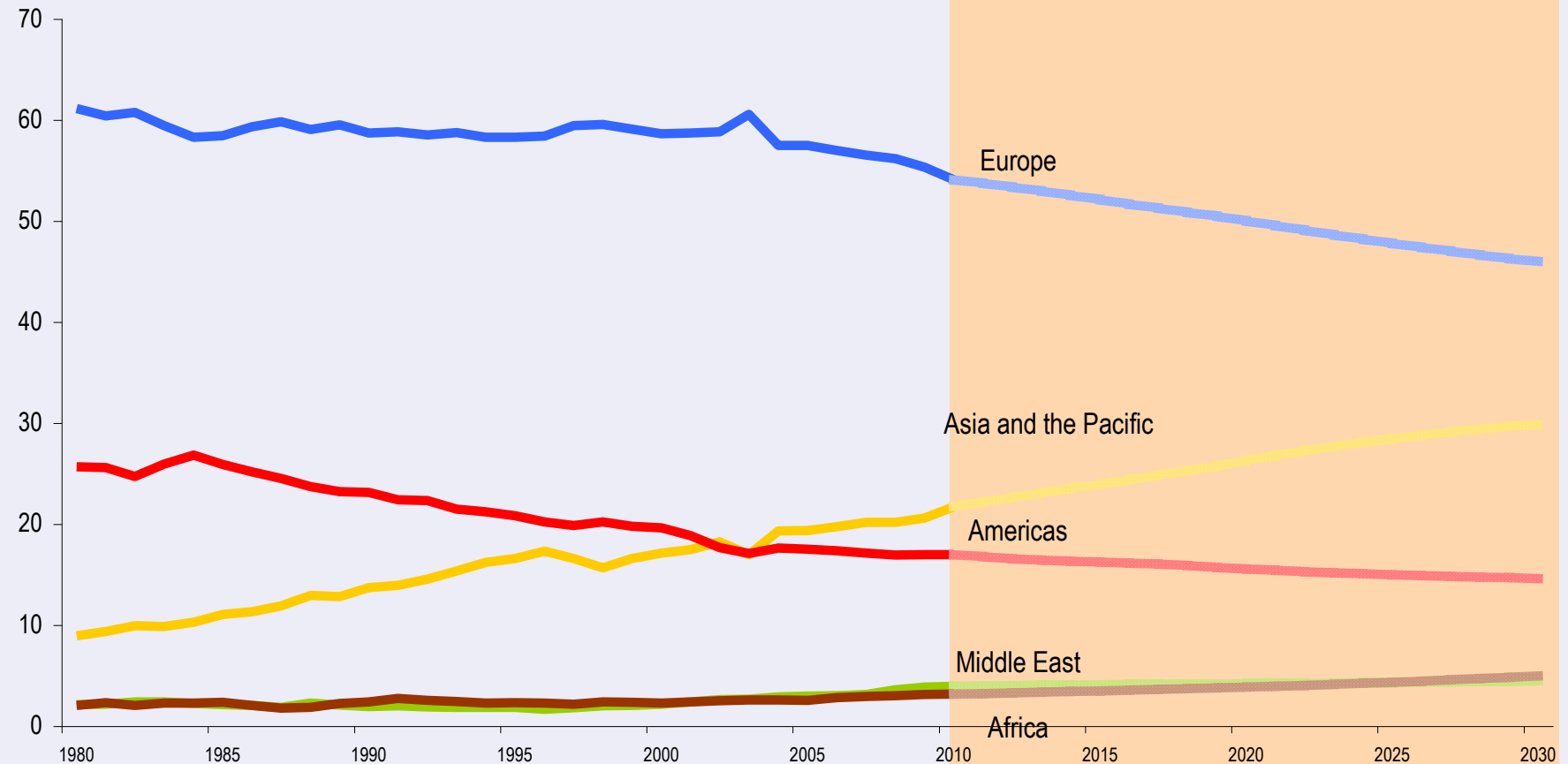
Inbound tourism by region of destination



source: World Tourism Organization (UNWTO) ©

European outbound tourism also growing at a slower pace

Outbound tourism by region of origin

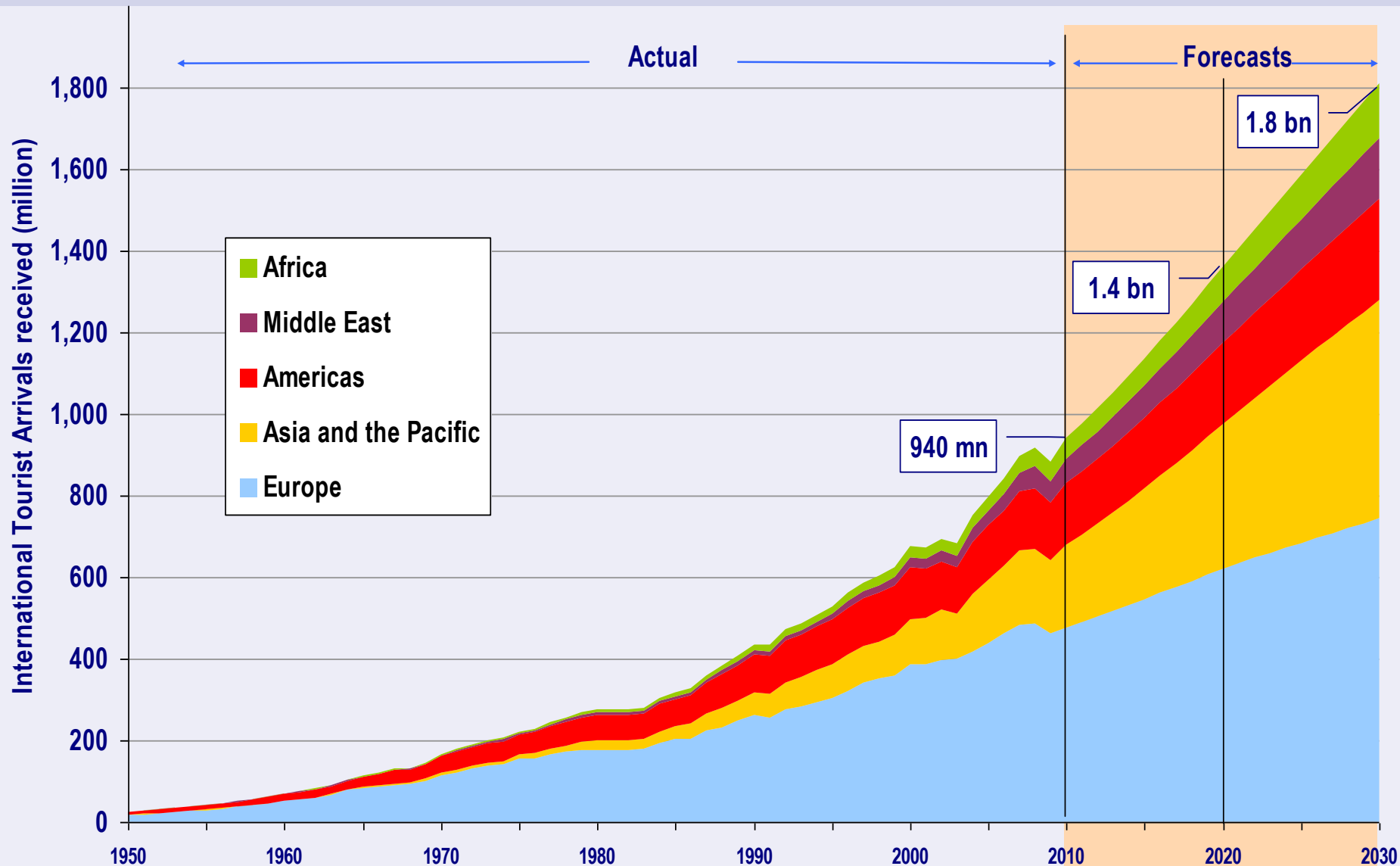


source: World Tourism Organization (UNWTO) ©

Tourism Towards 2030 in one page

- Global growth in international tourist arrivals to continue, but at a more moderate pace, from 4.2% per year (1980–2020) to 3.3% (2010–2030), as a result of four factors:
 - ✓ The base volumes are higher, so smaller % increases still add substantial numbers,
 - ✓ Lower GDP growth, as economies mature,
 - ✓ A lower elasticity of travel to GDP,
 - ✓ A shift from falling transport costs to increasing ones,
- *Tourism Towards 2030* shows that there is still a great potential for further expansion in coming decades; emerging as well as established destinations can benefit from this trend and opportunity, provided they shape the adequate conditions and policies with regard to business environment, infrastructure, facilitation, marketing and human resources;
- Along with opportunities, challenges also arise in maximizing social and economic benefits and minimizing negative impacts.
- **Long-term tourism growth pattern: more moderate, sustainable and inclusive**

UNWTO Tourism Towards 2030: Actual trend and forecasts 1950-2030



RUSSIAN FEDERATION

2011



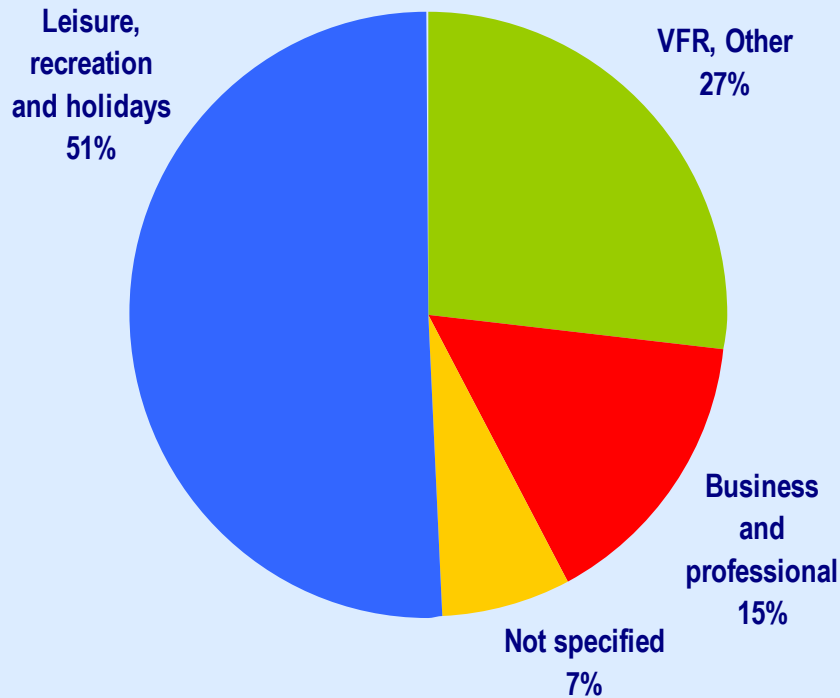
Russian Federation an emerging destination

12 in arrivals

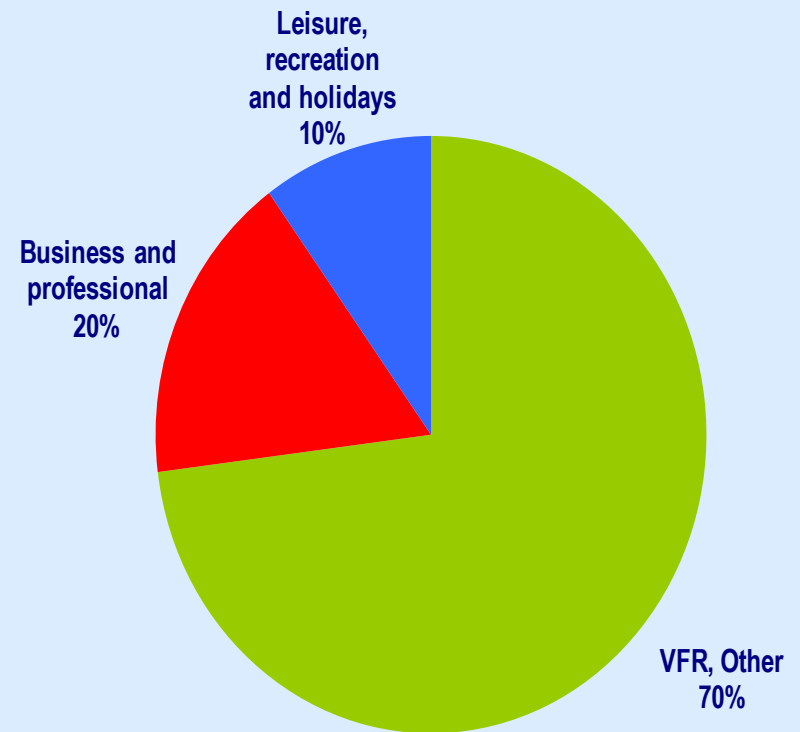


Arrivals by purpose of visit

World

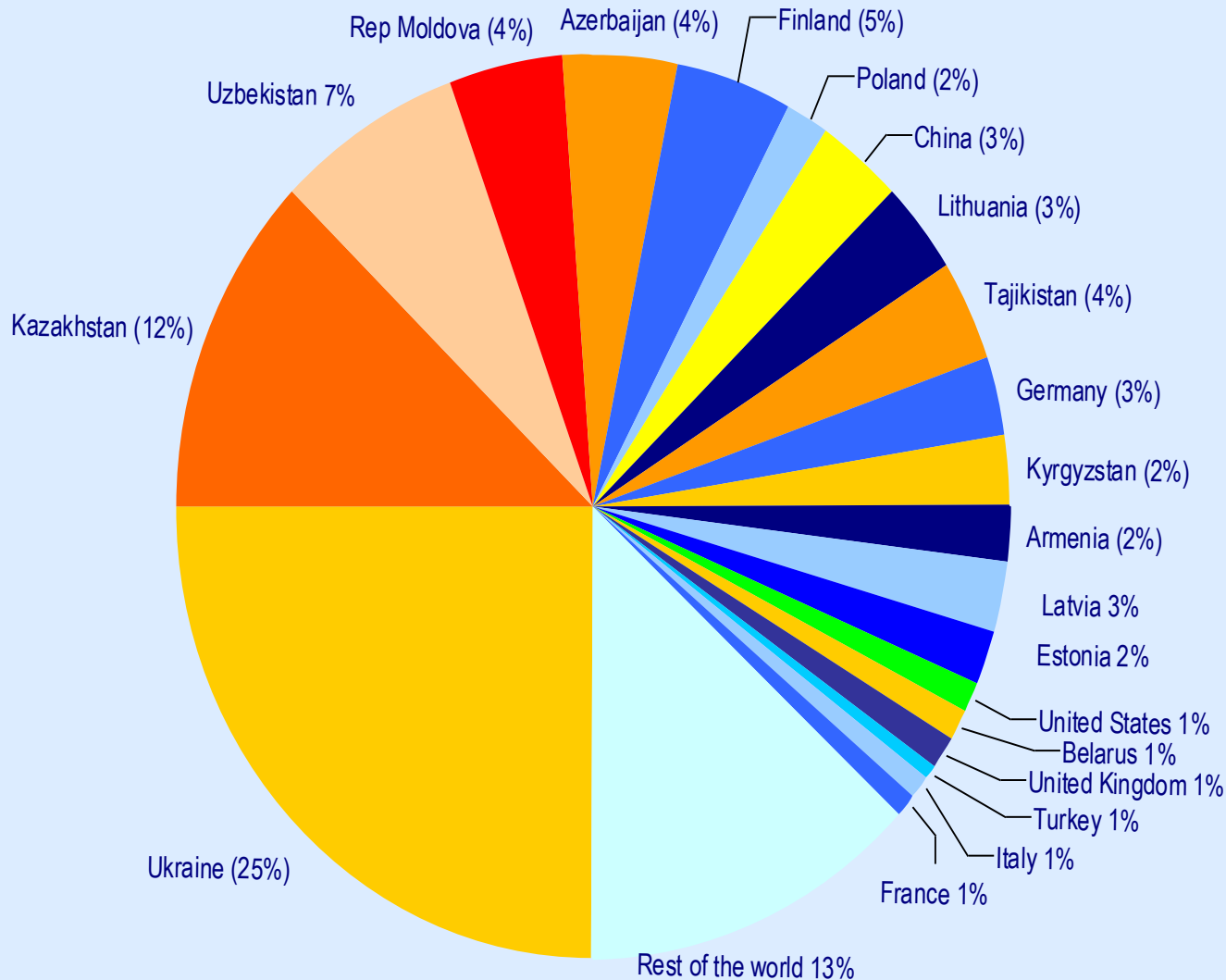


Russian Federation



Arrivals by country of origin

Russian Federation



BACKGROUND AND FRAMEWORK for Destination Governance / Management

- ✓ Economic globalization is highly beneficial to the tourism industry,
- ✓ Changing patterns of production and consumption,
- ✓ Increased professionalism,
- ✓ Critical external factors with significant impact on destinations, demand and supply (e.g. environmental issues, economic crisis etc.)
- ✓ Greater competition, emergence of new destinations, rapid and affordable modes of transport, new marketing strategies and tools,
- ✓ Innovation in product development and effective use of IT,
- ✓ A new approach to destination quality performance,
- ✓ Decentralized tourism governance; a move from administration to managerialism with further engagement of the local community and stakeholders,
- ✓ Clear operational structures and processes for good governance,
- ✓ A new conceptual framework for competitiveness.

Sustainable tourism can be a key driver for economic and social development as long as it is delivered by effective structures and through effective strategies, bringing together the resources of all the relevant partners: public, private and voluntary.

Decision making process + implementation process= Governance

- ➡ Change in terms of wider political, economic and environmental situation and in the tourism marketplace: challenging situation for destinations and the tourism business in them,
- ➡ Tourism as an extremely competitive industry requires a coordinated management approach, based on a collective vision and strong partnership.

SO, ANTICIPATE CHANGE , BE STRATEGIC AND BUILD SYNERGIES...

TOURISM DESTINATION

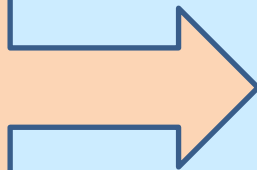
- **The fundamental unit, on which all the many complex dimensions of tourism are based,**
- **The focal point in the development and delivery of tourism products and the implementation of tourism policy,**
- **The basic unit of analysis in tourism,**
- **Offers a broad range of products, experiences and services under the destination brand,**
- **Cluster: co-location of activities (products and services) that are linked horizontally, vertically or diagonally along the value-chain and served by public and private sector,**
- **Physical, but also intangible (image, identity, personality).**

THE ROLE OF THE NATIONAL GOVERNMENT

- Establish a safe and stable environment for tourism to flourish,
- Facilitate and provide appropriate incentives for private sector investment in tourism,
- Establish and facilitate the legal and fiscal framework for the industry,
- Ensure the safety and security of residents and visitors,
- Promote tourism as a national priority,
- Planning and policy-making.

TRADITIONAL MODEL:

- Public administration
- Centralized organization

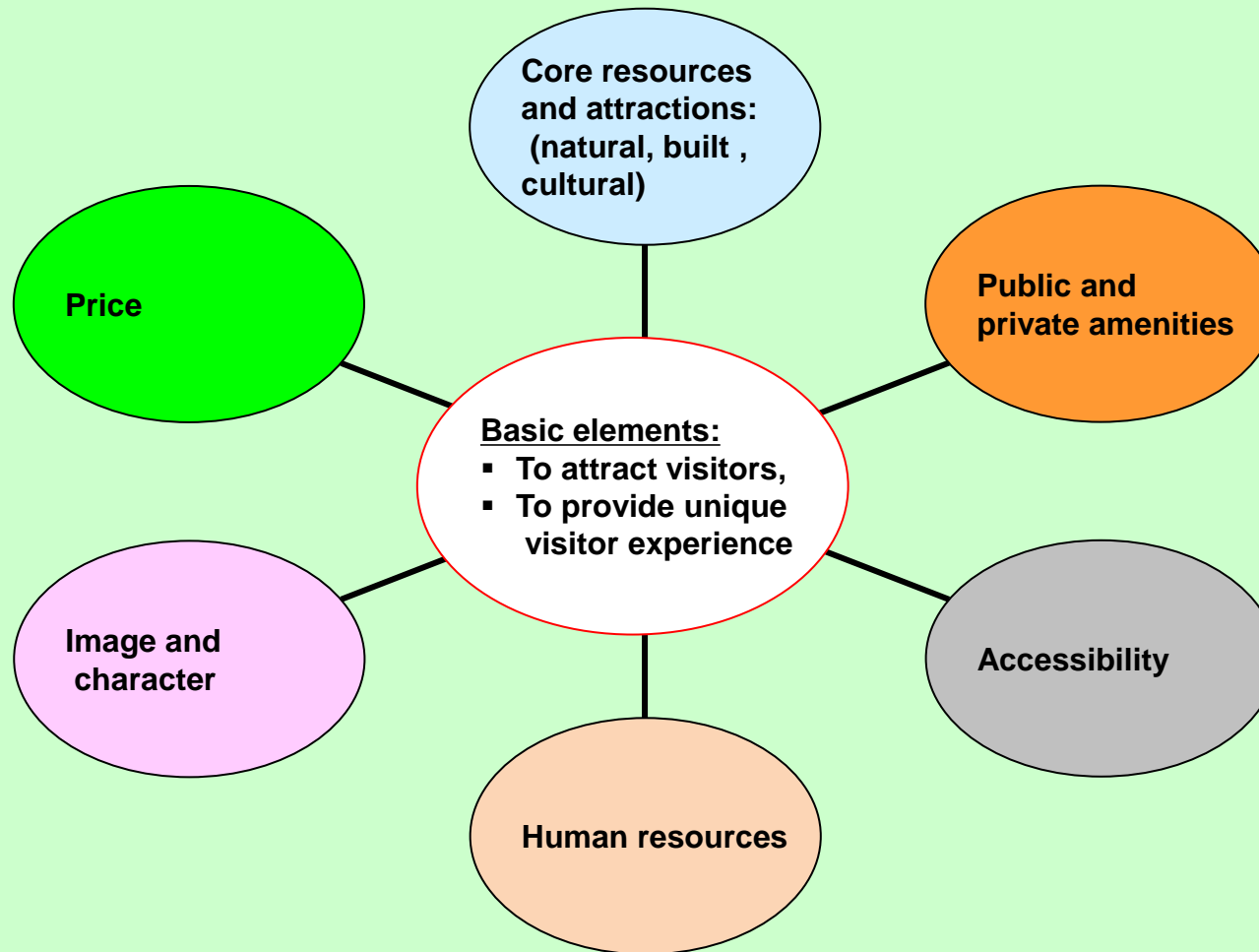


CORPORATIST MODEL:

- Governance,
- Decentralized,
- Investment returns,
- Market,
- Stakeholders.

DESTINATION MANAGEMENT

takes a strategic approach to link up these entities in a co-ordinated manner towards a common goal: Competitiveness



DESTINATION MANAGEMENT & COMPETITIVENESS

COMPARATIVE ADVANTAGES

Natural and/or man made resources available in the destination:

Physical resources

Historical and cultural resources

Capital resources, economies of scale

Technology and knowledge resources

Size of the local economy

Infrastructure and superstructure

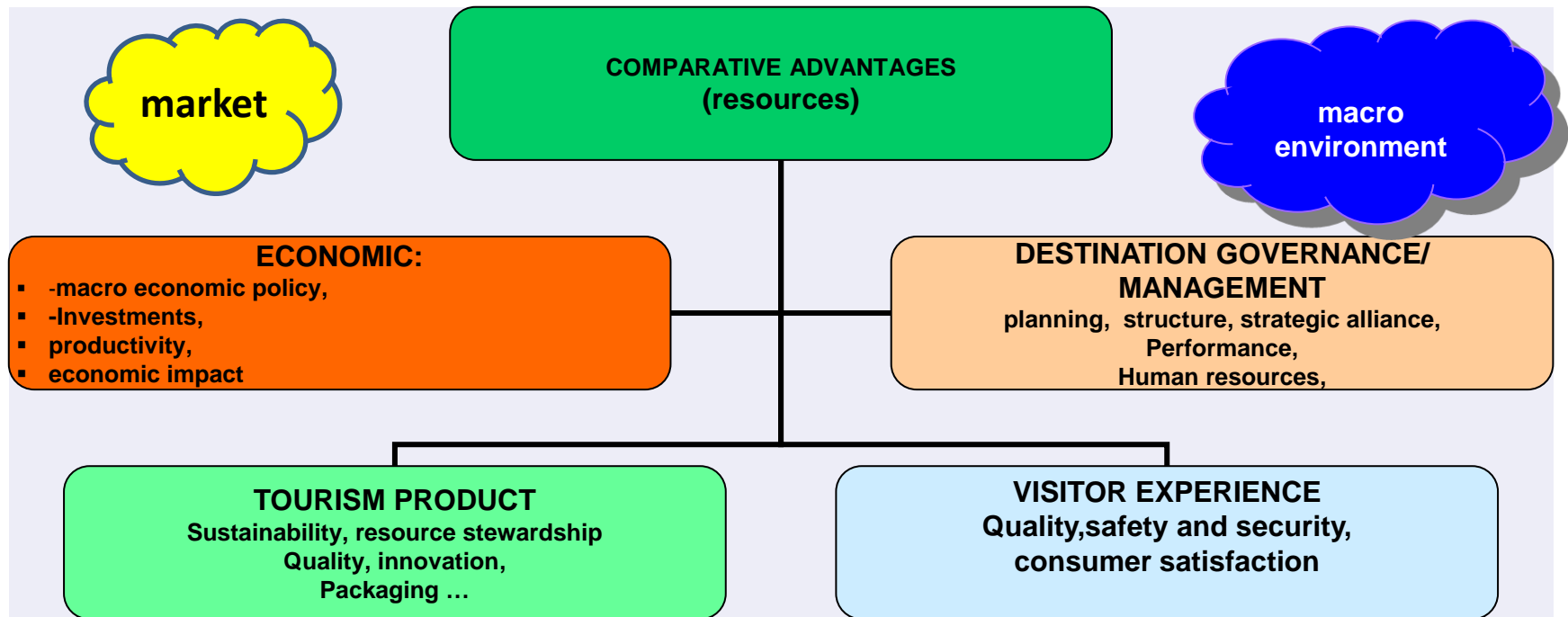
Human resources etc.

COMPETITIVE ADVANTAGES

Ability of the destination to use or mobilize these resources over the long run

A competitive destination is the one that combines the comparative supply, able to meet the visitor's expectations, with a positive /responsible contribution to its tourism development and the well-being of their residents.

PARAMETERS FOR COMPETITIVENESS



- A DESTINATION WITH DIVERSIFIED AND ABUNDANT RESOURCES MAY NOT BE COMPETITIVE AS ANOTHER DESTINATION, WHICH HAS RELATIVELY LIMITED RESOURCES BUT HAS THE ABILITY TO EFFECTIVELY USE AND ENHANCE THESE RESOURCES, STRENGTHEN THEIR QUALITY AND EFFECTIVENESS AND BEST ADAPT TO SITUATIONAL CONDITIONS !!!!!
- COMPETITIVENESS IS A TOOL, NOT AN OBJECTIVE !!!
- COMPETITIVENESS IS NO GUARANTEE FOR SUCCESS !!
- THE SUCCESS OF A DESTINATION IS ASSESSED THROUGH THE *DEGREE OF BALANCE OR OPTIMIZATION* OF ECONOMIC, SOCIAL, CULTURAL, ENVIRONMENTAL AND POLITICAL DETERMINANTS!

DESTINATION MANAGEMENT ORGANIZATIONS:(DMO)

- A recent conceptualization of the organization function for destination management: (M) means total management rather than simply marketing.
- DMO is highly representative of the tourist industry and involves public and private stakeholders operating in a partnership model both in terms of representation and funding.

OPTIONS FOR DM /GOVERNANCE:

- Single public authority,
- Partnership of public authorities, serviced by partners,
- 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, etc.

DMO STAKEHOLDERS

- National and regional / provincial government,
- Economic development agencies,
- Local authorities / government,
- City centre management organizations,
- Institutions representing commercial activities (e.g chambers of commerce)
- Convention bureaus,
- National Park authorities,
- Transport providers,
- Attractions, events and cultural stakeholders,
- Accommodation providers,
- Restaurant, leisure and retail operators,
- Intermediaries (tour operators, travel agencies),
- Local tourism consortia and partnerships,
- Skill development institutions,
- etc.

STRENGTHS AND WEAKNESSES IN TOURISM GOVERNANCE

PUBLIC SECTOR/ STRENGTHS

Long – term strategic planning,

Destination awareness,

Public administration,

SMME Support,

Quality assurance

PRIVATE SECTOR/ STRENGTHS

Short-term tactic approach

Marketing and sales approach

Customers Relationship Management

Market opportunity awareness

Fast decision-making

Bussiness approach

STRENGTHS AND WEAKNESSES IN TOURISM GOVERNANCE

PUBLIC SECTOR / WEAKNESSES

Lack of interest in new business and innovation,

Weak in generating commercial income,

Reluctancy to take risks,

Tolerates bad results,

Slow decision making,

Lack of confidence in the private sector and profit motive

PRIVATE SECTOR / WEAKNESSES

Lack of concern for the general public,

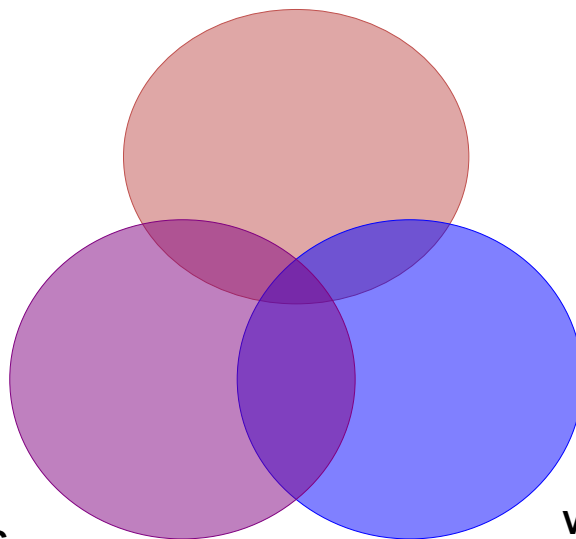
Limited interest for long-term planning,

Limited /inadequate resources,

Lack of confidence in the public sector/ conflictive interests.

LINK BETWEEN THE SUCCESS OF A DESTINATION AND DMO

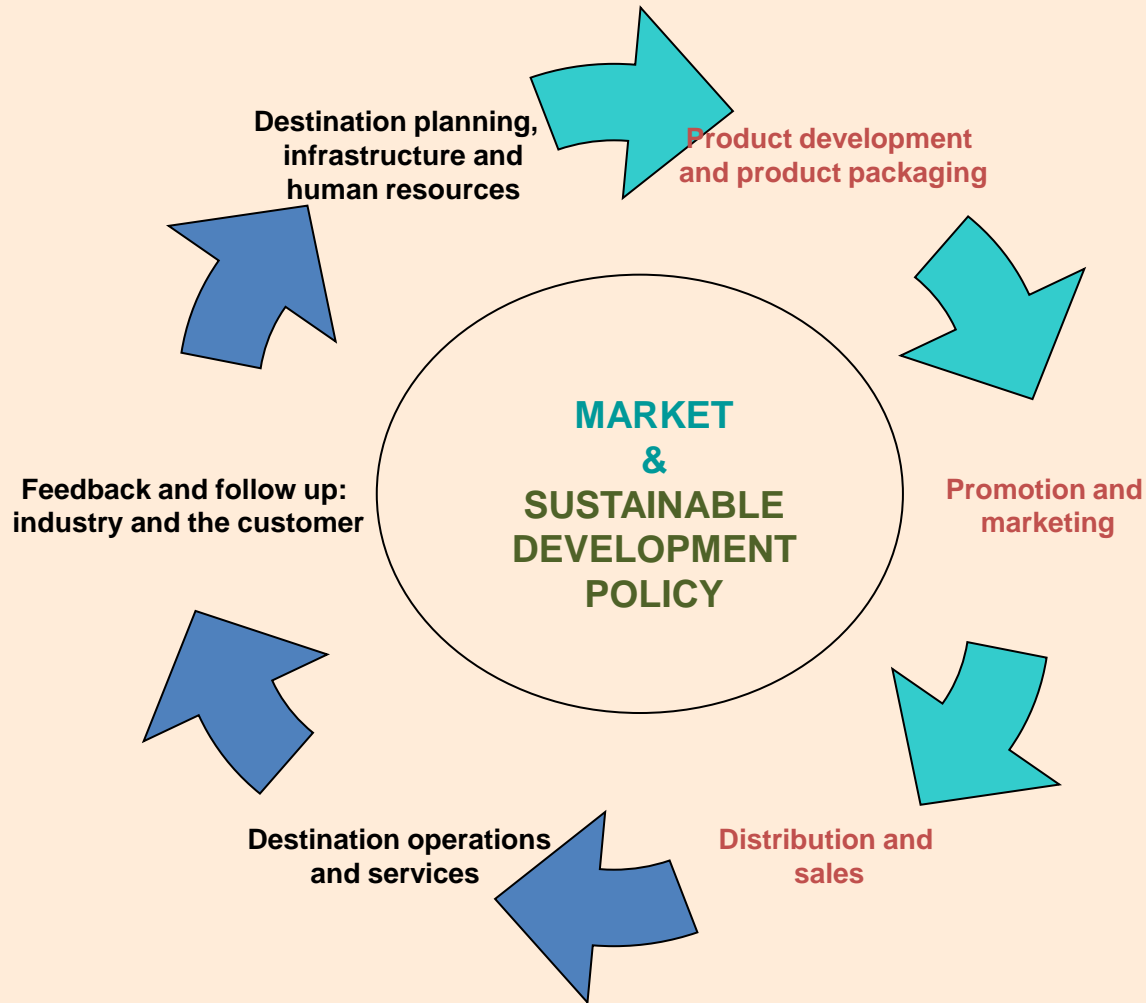
EFFECTIVE MODEL AND STRUCTURE
(flexible structure, and PPPs)



STRATEGIC PLANNING
broad steps to deliver on the vision

VISION AND LEADERSHIP
A direction for development,
shared ambition of stakeholders

DESTINATION VALUE CHAIN



1

A FRAMEWORK FOR DEVELOPING A DESTINATION MANAGEMENT STRATEGY (STRATEGIC PLANNING MODEL)

SITUATION ASSESSMENT (Where are we now?)

Regarding the tourism competitiveness of the destination, including:

- A **macro environmental appraisal**, including political, economic, social and technological opportunities and threats;
- A **market analysis** and assessment, including the destination's market share and performance, market trends and customer profiles;
- An audit and assessment of **tourism resources and services** including tourism attractions, services , routes and nodes,
- An assesment of **supportive infrastructure** and services in the tourism value chain,
- An analysis and assesment of the **industry structure** and rivalry including benchmarking and comparison with current and future competitors, **synergies with other destinations**, relationship with the travel trade channel and the nature and extent of local institutional **collaboration-governance**.

2

A FRAMEWORK FOR DEVELOPING A DESTINATION MANAGEMENT STRATEGY (STRATEGIC PLANNING MODEL)

A STRATEGIC FRAMEWORK (where would we like to be?)

- ✓ **A tourism vision**, growth objectives and targets, core goals in pursuit of the vision,
- ✓ **Key strategies** to achieve these goals,
- ✓ A distinctive positioning and branding strategy to **differentiate the destination** from competitor destinations,
- ✓ A **target market** strategy to identify and profile the most appropriate and lucrative market segments, their profiles and preferences,
- ✓ A **suitable product portfolio** to match target markets,
- ✓ An **assessment of critical success factors** and destination capabilities required in support of the positioning strategy and target markets.

3

A FRAMEWORK FOR DEVELOPING A DESTINATION MANAGEMENT STRATEGY (STRATEGIC PLANNING MODEL)

AN INTEGRATED, MULTI-YEAR IMPLEMENTATION PLAN (how do we get there?)

With specific programmes, projects, budget indicators, monitoring mechanisms to implement the strategic framework including:

- ▶ **A tourism development programme and implementation plan: relating to:** land use, spatial nodes and routes, critical infrastructure, Tourism information systems, new product development and packaging, investment promotion, human resource development, SME development, support infrastructure and services, safety and security, etc.
- ▶ **A tourism marketing programme and implementation plan** that supports the brand and focuses on attracting target markets, i.e. product packaging, distribution channels and promotional activities.

4

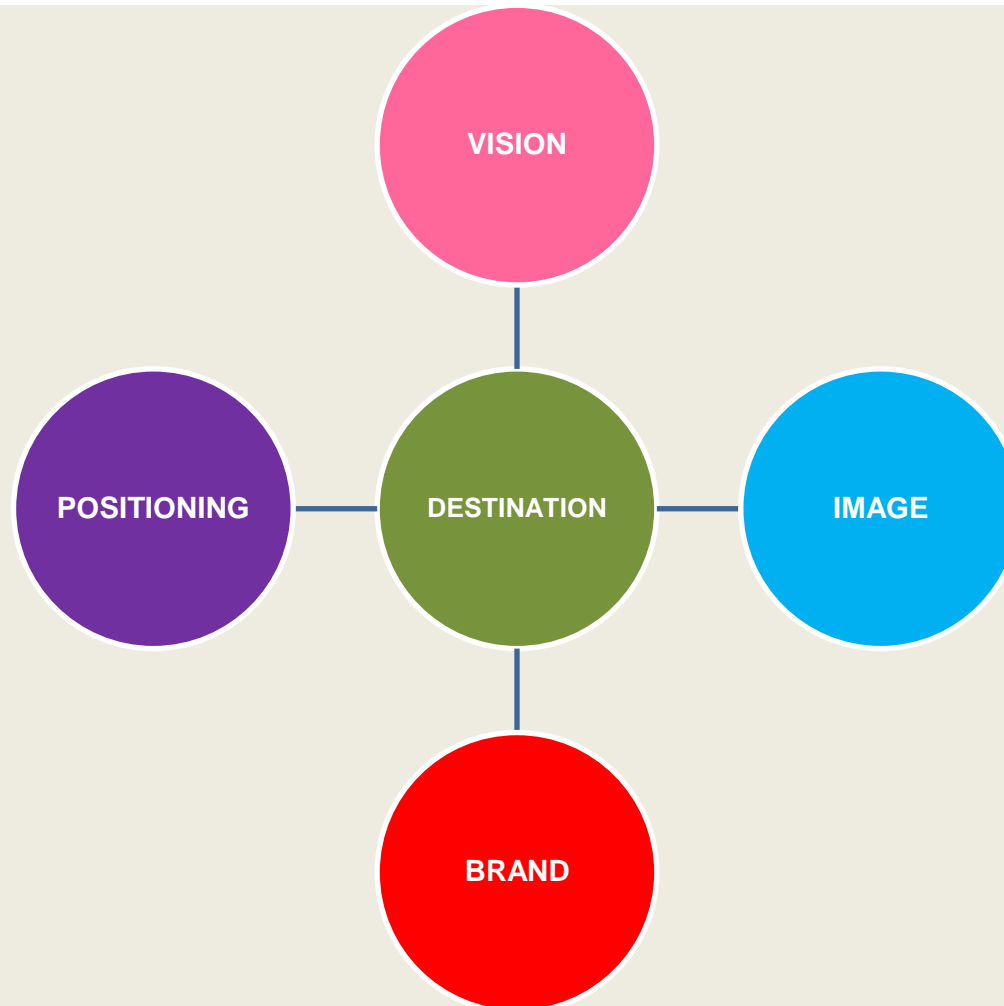
A FRAMEWORK FOR DEVELOPING A DESTINATION MANAGEMENT STRATEGY (STRATEGIC PLANNING MODEL)

INSTITUTIONAL & PERFORMANCE MANAGEMENT ARRANGEMENTS / GOVERNANCE

A suitable **organizational system** for the future management and execution of tourism in the destination that :

- is based on the findings, the strategy and the implementation plan
- complements other initiatives and structures (e. g. national, regional/provincial tourism institutional policies and frameworks,
- is based on public- private partnerships,
- includes monitoring and evaluation mechanisms to measure and evaluate strategic performance.

MARKETING FUNDAMENTALS – KEY CONCEPTS



❖ DESTINATION VISION:

- Created portrait and /or an overall picture of the desired future of the destination;
- An essential component of tourism policy,
- Should integrate all the elements necessary for destination competitiveness,

❖ IMAGE:

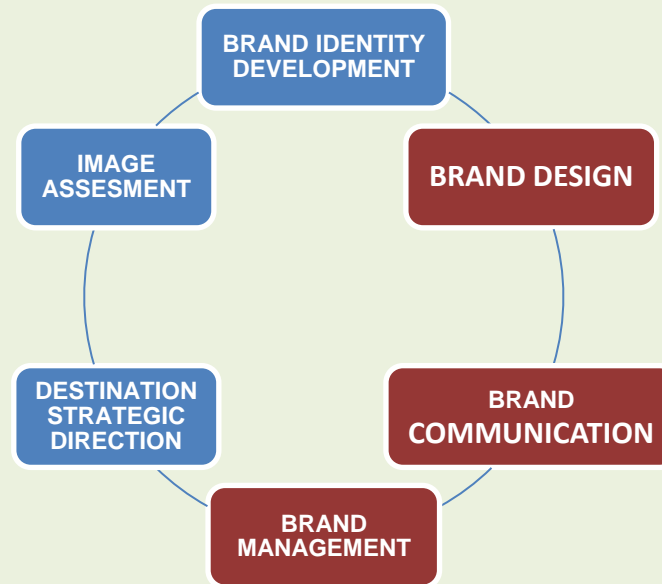
- The cluster of all perceptions the customers hold for that destination,
- Aggregate of all the ideas, impressions and beliefs derived from direct experience and /or indirect information sources,
- Not static and homogeneous; evolves and changes due to the internal and external factors.

❖ IMAGE MANAGEMENT:

- Clearly understand the image and the factors influencing the image (research/measurement);
- Establish a strategic direction;
- Convince as many stakeholders as possible to align with this strategic direction (monitoring).

❖ BRAND:

- The abstract of the destination's identity, the way the destination wants to project itself in the market and be recognized (known).
- A promise, an anticipation, an expectation.
- NOT A LOGO



❖ POSITIONING:

- How a destination is perceived in the market by actual and potential visitors in terms of the experiences it provides **relative to competing destinations**.
- Positioning must be compatible with the market segmentation.

TOURISM PRODUCT DEVELOPMENT AND PRODUCT LIFECYCLE

DMO ACTIONS:

- i. Plan frameworks and strategies to develop new attractions, experiences, facilities and amenities by the public and the private sector;
- ii. Improve the existing public attractions, facilities, amenities,
- iii. Promote SMEs ,
- iv. Package and present the attractions, experiences, facilities and amenities.
- v. Encourage **innovation**.
- vi. Manage the product life cycle (extend the life cycle)

New Product Development



IDEA GENERATION:

Customers' opinion, market research, competitors, destination stakeholders, intermediaries.

SCREENING:

Strengths and weaknesses, fit with goals, brand and target market needs, rough ROI

IDEA EVALUATION:

Concept testing, reaction from the customers, estimate of costs, revenues, profits

DEVELOPMENT:

Model or prototype development, test in marketing mix, revise plans

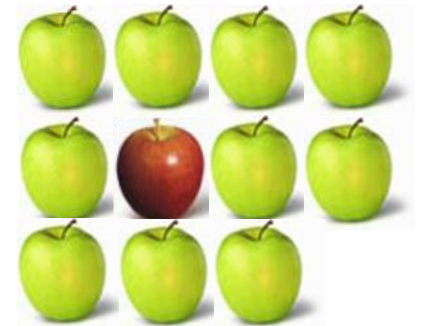
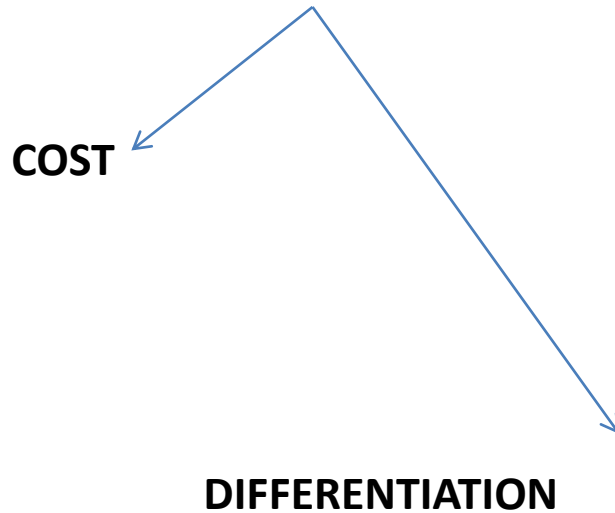
COMMERCIALIZATION:

Finalize the product and operate, implement marketing plan, conclude ROI



Michael Porter

KEY FOR COMPETENCY





GENERIC . . .



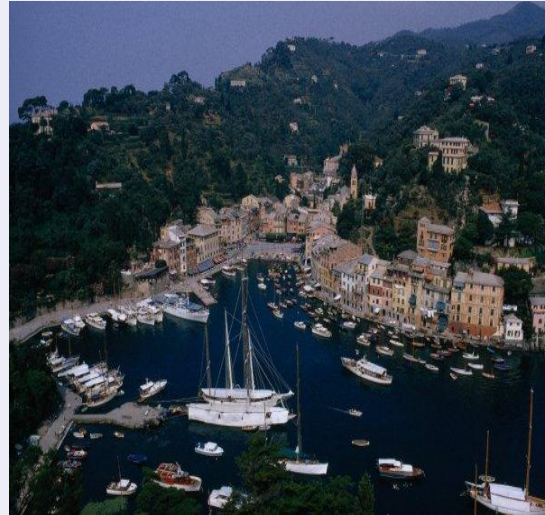
GENERIC . . .



... APPROPRIATE:

Hotel/real estate
development, St Martin

APPROPRIATE



Gastronomy



- **ARCHITECTURE**



- CULTURE / TRADITIONS/ LIFESTYLE**



KEYS FOR SUCCESS

- 1) ***Vision*** and leadership for a sustainable and competitive tourism,
- 2) Knowledge and understanding of the needs of our target markets and the “new tourist”,
- 3) Ensuring destination quality performance,
- 4) Positioning and differentiating our destination and “image management”,
- 5) Improvement of collecting reliable data and competent analysis of the data,
- 6) Improvement of the competitiveness of the destination, providing “through the chain”, positive visitor experience,
- 7) Product innovation and management,
- 8) Capitalizing on the opportunities provided by new technologies,
- 9) Greater professionalism in service levels and overall HR management,
- 10) Synergy between all the stakeholders in creating the destination vision,
- 11) Public-private sector partnership in the key areas of management and marketing,
- 12) Continuously adapting to the dynamically changing macro, competitive and market environments.



Thank you!
Спасибо большое!

Esencan
Terzibasoglu

**Coordinator for Destination
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