A Snapshot
from the Middle of a Revolution

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INTRODUCTION

The speed of development in the world of new media is breathtaking. With the frequently-repeated statement that the internet was made for tourism, it is incumbent on the industry to keep abreast of developments as best it can. But whilst the pressure is on to shift information provision from conventional to new media, research on these issues is hard to come by and theory is neglected when it should form the basis of rational decisions in determining the way forward.

Operators at all levels of the tourism industry face daily decisions on how best to deploy their marketing budgets to gain maximum advantage. Many have already committed expenditure to developing their own websites or to installing email as a first step, often led by a seller who delivers less than was promised. Others do nothing for fear of being led in the same direction. Many simply stick their heads in the sand, wanting no part of the digital revolution that's now well underway.

Then there are the much-heralded panaceas known as 'Destination Management Systems' (DMSs); fully-integrated information communication technology systems, based in the main on internet technology, that interface between all levels of the tourism industry, from consumer through consolidators and wholesalers to individual tourism businesses. DMSs therefore are promising to be all things to all people. But will they?

Two distinct ideas of what DMSs are have emerged over the last year. They are either:

1. authoritative data miners and repositories of accurate, up-to-date information on all aspects of the destination; i.e. infostructure providers and networkers/brokers of digital content to support individual trade operators and other bona fide marketing organisations in worldwide quests for sales, or
2. marketing entities in their own right, using the information they mine and store to interface directly with consumer markets, to effect worldwide sales on behalf of individual trade operators.

In the first instance a DMS would be viewed as a utility, much like an electricity or telecommunications provider, managing essential infrastructure, invisible, yet omnipresent. In this instance the description Destination **Management** System would be correct. In the second instance a DMS would operate as a marketing entity, using the information it mines and stores to interface directly between product suppliers and consumers. In this instance it would be better described as a Destination **Marketing** System. There are advantage and constraints to both, depending on the uses that different organisations have for DMSs, which are addressed later.

This paper is an attempt to further the discussion, hence the title 'A Snapshot from the Middle of a Revolution.' What follows results from a review of a recent piece of exploratory research on DMSs, where the research was conducted in 1999 but published in 2000. Two smaller reviews on associated activity have also been incorporated. In addition, two industry experts, specialising in new media at both a practical and theoretical level, have allowed their comments to be used. Finally, the practical experience of individual tourism operators in Ireland, as they became part of Gulliver, the Irish DMS system, has been examined. In this 1999 example, clearly, while the promise was there, the delivery to date has failed to live up to the considerable expectations that were created. More research will be required now that Gulliver has passed into private sector ownership.

First, though, a brief look at the historic patterns of information-gathering by visitors in order to set the scene and make for an improved understanding of the links between old and new methods.

Historic patterns of information-gathering by visitors

The needs and perceptions of customers are diverse, uncertain and dynamic. The provision, therefore, of tourism information is a diverse, dynamic, and an inherently human process. Research over the last ten years has revealed the following:

Pre-visit

- Holiday information gathering by consumers runs in a repeat 'pre- during- and post-visit' cycle.
- Information gathering in the **pre-visit** phase usually leads to the creation of some sort of a private library, be it newspaper/magazine clippings, travel guides, bookmarks or web browser 'favourites', or mental notes retained after watching a television programme.
- Every consumer has an hierarchical list of possible future activities. The activity that matters is the one that somehow climbs to the top.
- Increasingly consumers have little time at their disposal and thus require, and expect, more expeditious information.
- Final decisions on holiday destinations are made between members of the travelling group, factoring in a complex set of variables, including lifestyle identification, budget, time of year, individual interests, events, health and safety concerns, and marketing influence, to name but a few.

'Consumers want a user-friendly and easy-to-understand system...'

- Children can have a significant say in final decisions made by families.
- Information provided at this critical decision time must combine 'sell' and hard information, especially concerning travel and accommodation. The private library comes into play here, but increasingly this information is obtained instantly from the internet, backed up by teletext and call centres.

During-visit

- **During-visit**, information requirements shift to things to do at the destination, because by this time the other issues, accommodation, travel, length of stay, and budgets are fixed.
- At destination, the visitor is out of control compared with at home. (Even if a destination is very familiar it is still only known from the previous visit.)
- Regular information gathering habits slip when people are away from home. UK national newspapers will be read only half as often and domestic newspapers are not taken at all. Television is watched less often and mainly only for national news and soaps. Currently, only a tiny minority of visitors have access to email and the web when on holiday.
- Immediate information requirements take over. Information gathering is from materials brought from home (private library), guides, leaflets, and newspapers acquired enroute. But the most credible and important source at destination is word-of-mouth.
- Tourist Information Centres are visited by a minority of tourists at any destination, but have been widely studied because they present an ideal opportunity to carry out this work. The experiences of tourists visiting TICs, and the staff who advise them, can reasonably be extrapolated to the totality of the visitor information gathering experience. Research has shown that advisors universally use pre-printed maps, which visitors can take away to use. In discussion with visitors, advisors annotate the maps with attractions and places to eat and drink and link various sites into a 'tour'. This also allows visitors' interests to evolve into areas that they may not initially consider and provides alternatives when what visitors ask for is unavailable.
- Information gathering on arrival leads to daily activity decisions based on weather and a balancing of interests within the group. Usually activity decisions are made on the day the activity occurs.
- The **during-visit** phase is also the start of the next **pre-visit** phase. If a good time is had by all and there is not enough time or budget to do everything, then the destination will stay high on the potential future visit list.

Post-visit

- Decisions to return or not to return to the destination will have already been made in the **during-visit** phase and will have been shared with other groups encountered at the destination.
- **Post-visit** contact is often maintained with other groups encountered **during-visit**.
- Recollections of an enjoyable visit experience are aided by holiday photographs, often the only proof and lasting memory of the product purchase.
- Recall is also possible through **post-visit** purchase of goods having strong links with the destination, unique cultural products and crafts, and often food and drink.

DESTINATION MANAGEMENT SYSTEMS (DMSs)

Based on the historic pattern of information-gathering behaviour by visitors, reviewed above, DMSs have varying implications for a range of different users:

1. Tourism consumers
2. Private sector tourism product suppliers
3. Private sector travel agents
4. Private sector tour operators
5. Public sector Destination Marketing Organisations (DMOs)
6. Private sector Destination Marketing Organisations (DMOs)
7. Technology suppliers

The issues and requirements for these different users are examined as follows:

1 Tourism consumers

- The internet is enabling consumers to take on the role of suppliers, gathering information, setting their own itineraries and making their own bookings. DMSs can facilitate this process.
- Consumers want a user-friendly and easy-to-understand system with comprehensive destination information available before and during their trip.
- Only a tiny minority of visitors have access currently to the internet **during-visit** so DMS services are in the main unavailable to visitors

'A facility to build consumer relationships is perhaps the key component of a DMS.'

during this phase. Computer screens in TICs are an exception but are incapable of servicing a mass audience. In the near future, innovation will enable access through television sets and mobile phones.

- Customers wanting to find out about places have varied interests, are often unsure of what there is available, uncertain about what they want, and do not have specific places in mind. Their requests vary widely in topic and detail.
- Currently the undecided consumer, in the case of the UK, is reached by value led offers in the national press, by hotel chains, and by teletext. 'Last-minute' offers distributed through the internet have so far failed to attract sufficient consumers to make businesses offering these products sustainable.
- Multiple information distribution channels enable consumers to 'surf' significant amounts of information and to add value to their activities by customising products according to their preferences.
- Experts have so far failed to identify the opportunity for DMSs to develop relationships with consumers, and to fulfil the historic, albeit limited role provided by advisors at TICs. A facility to build consumer relationships is perhaps the key component of a DMS. Holidays have great personal importance for consumers. Purchases are made after the establishment of trust, which is best achieved through relationship marketing.

2 Private sector tourism product suppliers

- Private enterprises develop and manage their offerings within a tourism environment that is often conditioned by the public sector. This is particularly the case where intervention funding is necessary to avoid market failure.
- A DMS should not be regarded by private tourism enterprises as their only marketing tool. Rather it should be a facility that empowers them to use other tools more effectively.
- Although traditional players are increasingly online, they are still a long way from understanding the new economy. Many actors in the travel business are not very network oriented.
- DMSs enable small and medium tourism enterprises (SMTEs) to overcome their dependence on monopolistic operators who currently control the marketing and distribution of smaller tourism organisations.
- DMSs enable SMTEs to reach wider markets.
- DMSs aid the reduction of seasonality peaks.
- Suppliers want reliability and accuracy of services, a user-friendly and easy-to-understand system, and distribution of information globally.
- Distribution through the Internet can, through information-rich presentations, enable the development of critical promotional tools for tourism suppliers and destinations. Additional information services should be offered in an online marketplace.
- ICT enables organisations to collaborate locally and use DMSs to represent their destination to global markets. Few practitioners in the various sectors of the tourism industry understand that their participation in a co-operative network can enable the creation of a value chain that strengthens the performance of all actors in a synergetic manner. Suppliers within the same destination, therefore, should not view each other as competitors, but rather as 'conglomerate allies' against competing destinations.
- Co-ordination, co-operation and collaboration are essential for the success of DMSs.
- Conflicts created by the dissimilar objectives and interests of the various stakeholders often represent obstacles to the development and implementation of DMSs.
- Investors in DMSs want operating reliability, public/private sector partnership relevance on the revenue model, and ability to interface with multiple distribution channels in the placements of investment, such as digital TV.
- Services are given away free by some actors to accumulate critical mass on the demand side.

3 Private sector travel agents

- Functional and efficient DMSs provide comprehensive destination information, including information on SMTEs' products, which commercial operators wish to obtain but currently find difficult to access. Travel agents want accurate reliable information, quick and reliable responses, and instant online reservations.
- The complementary attributes of DMSs and internet-based travel agencies would appear to build a case for co-operation more than for competition. Travel agents' global survival is highly contingent upon their ability to add value. The reality is that DMSs can assist travel agents to develop their products and offer improved service.
- Commission revenue earned on the sale of tourism products is of crucial importance to travel agents' businesses.

'A DMS should not be regarded by private tourism enterprises as their only marketing tool.'

- It is expected that that independent and specialist travel agents will use and benefit from DMSs more than all other intermediaries.
- It is incumbent on the travel agency industry to upskill to take full advantage of the DMS revolution.

4 Private sector tour operators

- Tour operators want a user-friendly and easy-to-understand system, provision of unbiased service, and access to a range of market information.
- Criteria raised by tour operators are consistent with trends for disintermediation as well as the strategic role of DMSs to reduce the dependency on existing distribution channels, and support the bridging of destinations with their markets.
- The ability of DMSs to provide tour operators with access to market information is underrated.

5 Public sector Destination Marketing Organisations (DMOs)

- The public sector is involved in DMSs as part of a remit to promote economic development of a region by increasing awareness and visitor levels for a destination.
- The public sector is required to assume a leading role as information broker and 'assurer', as well as mitigator, partner, brand developer, co-ordinator and regulator.
- Without public leadership, DMSs may be steered towards responding to increased market demands, which may conflict with the sustainability of destinations.
- The public sector wants reliability and accuracy for overall destination credibility, a promotional tool, and support for SMTEs.
- DMSs should be regulated against biased or false information display.
- National Tourism Organisations (NTOs) and public sector agencies have traditionally been slow in recognising that their active involvement may be the key in fostering co-operation among the different stakeholders.
- NTOs have done little to assume the role of active ICT leaders in guiding and stimulating change that purposefully benefits all stakeholders in the destination region.
- Since public sector agencies often lack a commercial background or the know-how to make the right business choices for the deployment of successful DMSs, commercial viability rests upon the public sector's determination to establish viable partnerships with the private sector. It is crucial to seek the partnership of private investors in order to safeguard the commercial viability of DMSs.
- It is likely that the public sector will be more inclined to proceed with private partners who are perceived to be industry leaders and who have already built strong trade branding through past performance.
- If Destination Marketing Organisations (DMOs) fail to apply the right price structure, they will fail to attract a representative number of supplier members, which in turn jeopardises their comprehensiveness and success in operating a DMS.
- Bureaucracy and internal conflicts often burden decision-making.
- Internal conflicts might arise as to whether to use financial resources to invest in traditional marketing or develop DMSs.
- Co-ordination, co-operation and collaboration are essential for the success of DMSs.

6 Private sector Destination Marketing Organisations (DMOs)

- There are an increasing number of privately owned or managed DMSs.
- The migration of DMSs from the public to the private sector entails a central change in scope, from serving the competitiveness and economic development of destinations to becoming a business unit seeking to generate direct profit.
- Private investors are commercially driven, and thus have the know-how to operate DMSs in a commercial manner.
- The participation and investment of the private sector in DMSs appears to play a significant role in contributing essential capital, know-how, and industry drive, and thus could determine the future profitability and viability of these systems.
- Historically, privately owned information technology systems have been developed as commercially viable distribution networks by suppliers (Sabre and other airline reservation and ticketing systems are examples).
- If DMSs remain in the public sector, or involve ongoing public-private partnerships, the main issue is how to deal with private resellers, who are generally acknowledged to be better at transacting with the consumer. The issue of dividing up the commission pie so that all

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those at the table have sufficient revenues to sustain their operations commercially is one that currently confounds the telecommunication/new media industry. It is likely also to become the case in tourism.

- Organisations specialising in worldwide DMS provision are likely to do so because they specialise in the technology rather than the destination. They are not, therefore, ideal contenders for destination sales and marketing.

7 Technology suppliers

- Content is expensive to produce; yet if searchers cannot find it, it is worthless.
- Technology requirements are online bookings and payment, digitalisation of destination information, multimedia presentation of tourism products, and the servicing of multiple distribution channels and communication technologies.
- As the cost of technology is constantly reduced, the ability of small and medium tourism enterprises (SMTEs) to participate in DMSs is greatly increased.
- Ultimate success depends on the ability of DMSs to embrace new technology.
- Technical limitations are mainly due to the fact that many DMSs have legacy systems.

ELECTRONIC TRAVEL INTERMEDIARIES

Future scenarios

The internet is very quickly turning into an important distribution channel for the travel industry. The year 1999 marked the breakthrough for its utilisation for tourism purposes, with figures showing a growth rate of 300% over 1998. A recently-published report on the electronic booking attitudes of European travellers indicates that in 1999 9.7% of all outbound trips taken by UK residents were either selected on the web or booked or paid for online.

Consumer inexperience, however, along with allegedly unsafe payment procedures, lack of trust towards online brands, and concern regarding after sales service, all contribute to the fact that there are still more lookers than bookers on the internet. The challenge is to become the actor in the chain who is able to attract the attention of an ever-growing number of potential bookers, thereby stimulating a self-perpetuating cycle based on a strong attraction, turned into reputation, brand name, trust and repeat customers.

DMSs should be playing a critical role as infostructures for destinations. Electronic intermediaries can provide DMSs with the distribution mechanisms to reach the emerging cyber marketplaces. DMSs should form strategic partnerships with these intermediaries in order to provide content and quality assurance. The ability of DMSs to satisfy market demand vis-à-vis alternative distribution channels in this way will determine the future of these systems.

The formulation of virtual networks will benefit all parties involved.

THE IRISH EXPERIENCE TO DATE

Private sector views of the Gulliver DMS

- Of the 16 premises that had experienced an increase in occupancy over the previous 12 months, an overwhelming 13 respondents (81%) disagreed that this increase was attributable to their Gulliver membership.
- Only two respondents (13%) agreed that Gulliver membership had contributed to their increased occupancy.
- Almost 50% of respondents agreed that Gulliver provided them with a means of conducting transactions via the electronic market place.
- An overwhelming 80% of respondents disagreed that their membership of Gulliver had reduced their need to participate in other co-operative market ventures and 84% stated that they disagreed that it had reduced the need for other promotional expenditure.
- 58% of respondents disagreed that membership of Gulliver enabled them to provide more information to tourists.
- Whilst the majority of respondents did not seem to perceive any benefits from Gulliver, 63% stated that they thought Gulliver would become a more important distribution channel in the future.
- Since the research was carried out, serious changes have been introduced to Gulliver as a result of privatisation. This will allow important further research, testing the hypothesis advanced by some researchers and practitioners in the field, that DMSs should be developed initially by the public sector and then privatised to operate as sustainable commercial ventures.

'Content is expensive to produce; yet if searchers cannot find it, it is worthless.'

CONCLUSION

Across the world, National Tourism Organisations (NTOs) and private companies are in the process of creating DMSs. The technology in the main now exists. The grand vision has been clearly delineated. Individual issues that will affect implementation have been identified. The key demand from all sectors is for a system that is reliable, accurate, user-friendly and easy-to-understand. The key issue emerging across all sectors is whether the various actors will be able to make substantial changes in mind set, to make the DMS vision become a reality.

Questions raised

Surprisingly, the question posed at the beginning of this article remains: will DMSs be the panaceas various proponents are promising they will be? Keeping in mind that this article is a snapshot from Autumn 2000, and going on from the Irish example, the indication so far is no, with more questions raised than presently answered:

1. Will consumers, less than 50% of whom are on-line with a large percentage still not web-literate, embrace the new systems?
2. If so, will they do so in sufficient numbers to make DMSs sustainable in the long term, especially in relatively low-demand destinations?
3. Will private sector tourism businesses, used to competing on a daily basis with the business next door or down the street, be able to put their rivalry aside and be confident in partnering to embrace a new future? So far there has been widespread resistance to technological change, particularly amongst smaller operators. Will they persevere through the learning curve whilst they receive little immediate benefit?
4. Will public sector National Tourism Organisations (NTOs) and Destination Management Organisations (DMOs) be able to:
   - 4.1. react quickly enough in ever-changing markets to create effective DMSs, given that their remit inhibits commercial viability and disqualifies competition with the private sector?
   - 4.2. devote adequate resources towards DMS creation while maintaining the product development and other marketing functions that historically have been their first priority?
   - 4.3. flatten their organisational structures sufficient to allow full equal partnerships with complementary private-sector businesses, or will they – with unforeseen consequences – try to develop DMSs as a branded command and control tool rather than an invisible information networking/brokering utility?
5. How will the travel agent and tour operator cope in a new world where consumers, in the comfort of their own homes, will increasingly become their own suppliers, with 24-hour access to information as good as, or sometimes even better than the travel agent or tour operator?

Perhaps the most important question, however, is will the systems created be able to function accurately and up to expectations? The analogy that comes to mind is that of extreme machines – formula one racing cars and fighter aircraft – able to perform superbly when maintained by a highly-skilled team but prone to disaster if not. The DMS vision seems to require just such perfection, not only on the part of the technology, but also from all those individuals and businesses that interface with it, some of whom may not be sufficiently motivated if the commercial rewards are not there.

Time, technology, and experience will decide if DMSs will succeed in the way intended by many, or whether, as some suspect, they will simply provide the significant amounts of fuel required to fire greater innovation.

Terry Jackson and Jim Embrey; November 2000

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