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Destination marketing organizations' stakeholders and best practices

Bonifacio Lopez Torres and Godwin-Charles Ogbeide†*

ABSTRACT

As marketing practices continue to advance, the tourism industry is constantly evolving in terms of marketing strategies and in the shifting duties of its stakeholders. Different organizations plan the advancement of their marketing strategies differently, and Destination Marketing Organizations (DMOs) are no exception. With so many destination options, travelers may find themselves with too many destinations and too much information to easily make the decision on their own. The main role of the DMOs is to sell the destination using different marketing strategies and various incentives to make their destination more appealing, and by working with all of their stakeholders to be able to provide the best experience to visitors. This study examined the perception of effectiveness of various marketing channels, different social media channels, and different incentives that were being used by the DMOs. Some of the marketing channels that DMOs considered most effective in today's environment included website management, word-of-mouth, and search engine optimization; in terms of social media marketing channels, Facebook, YouTube, and Twitter were ranked as most effective. This study showed that some of the most effective incentives used by the DMOs were unique attractions accessibility, free Wi-Fi, and complimentary rentals. This study also explored the importance of various stakeholders to a DMO, and the results showed that some of the most important stakeholders were the hoteliers, the local government, and the local community.

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MEET THE STUDENT-AUTHOR



Bonifacio Lopez Torres

I was born in San Felipe, Guanajuato, Mexico, but arrived to live in Lonoke, Ark. at the age of ten. I graduated with honors from Lonoke High School in 2010 and went on to pursue my career at the University of Arkansas. I chose the U of A to pursue a degree in Human Environmental Sciences, where I focused on Hospitality and Restaurant Management. I have had great opportunities at the University of Arkansas, where I got to serve as a leader in Holcombe Hall as Senate President, Core Leader for ICT (International Culture Team), President of Conexiones Latinas, and Vice President of Marketing for ESD (Eta Sigma Delta, honors hospitality organization). I completed my Food and Beverage internship at Chenal Country Club. During my fourth year, I also got the chance to spend a semester abroad in Heilbronn, Germany where I got to experience a completely different culture. After graduation I plan to move on to the next step and pursue my career in the Hospitality Industry.

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INTRODUCTION

As marketing practices continue to advance, the tourism industry is constantly evolving in terms of the marketing strategies and in the shifting duties of its stakeholders. In today's tourism industry, "travelers are now spoiled for choice of destinations, which must compete for attention in a market place cluttered with the messages of substitute products as well as rival regions" (Pike, 2004). With so many destination options, travelers may find themselves with too many destinations and too much information to easily make a decision on their own. In addition, Destination Marketing Organizations (DMOs) play a big role in the promotion of the destination, so knowing certain aspects of the DMO such as the type of incentives used, the marketing channels used, and their particular stakeholders was important to conduct this study. According to the United Nations World Tourism Organization (UNWTO) 2013 Annual Report (2014), North America has continued to increase in arrivals; for 2013, there was an increase of 4%, the same increase as reported in 2012. To create a competitive edge in the marketing strategy, DMOs' ability to differentiate their destination by practicing different marketing activities is important.

Destination marketing organizations (DMOs) focus on the marketing and selling strategies of specific places. These organizations are "charged with representing a spe-

cific destination and helping the long-term development of communities through a travel and tourism strategy" (DMAI, n.d.). These DMOs are also responsible for creating a competitive edge that will make their particular destination more appealing than their competitors'. The DMO was designed to act as the leader of the management of tourism in a destination to effectively manage all the components of the tourism system to ensure success (Bornhorst et al., 2009). It is extremely important for the DMOs to provide incentives for visitors because, in the competitive realm of destinations, the visitor is more likely to visit the destination where they see more value for their money. Incentives are defined as "inducements or supplemental rewards that serve as motivational devices for a desired action or behavior" (Business Dictionary, 2014).

The purpose of this study was to examine the effectiveness of selected marketing channels and incentives as they were used by DMOs in their marketing strategy, as well as explore and see which of selected stakeholders were more important to the DMO. To accomplish the purpose of the study, three objectives were developed and included:

1. Examine the effectiveness of certain DMOs' marketing channels.
2. Examine the effectiveness of incentives used by DMOs to attract their visitors.

Table 1. Titles of survey respondents.

Title	% of Respondents by Title
President/CEO	47%
Executive Director/Director	28%
Director of Sales	5%
Vice President	3%
Coordinator, Economic Development & Tourism	2%
Marketing Manager	2%
VP Marketing	2%
Executive Assistant	2%
Director of Tourism	2%
VP of Sales	2%
Director of Research	2%
Program Coordinator	2%
PR Coordinator	2%
Director of Marketing	2%

3. Explore the importance of various stakeholders to the DMO.

MATERIALS AND METHODS

The instrument (survey) design for this study was based on a review of literature (Antonsen, 2010; DMAI, 2012; Tucker, 2013), with help from industry professionals and approved by University of Arkansas professors. The target population for this study was a list of DMOs in the United States of America. The list used came from CVENT's USA Convention and Visitors Bureau (CVB) directory (US CVB, n.d.); CVENT is a leader organization that focuses on event management, online event registration, venue sourcing, and mobile event app technology. The population sample used in this research was based on the availability of DMOs' contact information on their website, the total number of DMOs on the CVENT directory is 421; however, the total number of e-mail addresses for the survey to be distributed was 376, which became the total population of the study. The U.S. Census divides the U.S. into four regions: (I) Northeast, (II) Midwest, (III) South, and (IV) West. The survey was distributed for a duration of three weeks. It was distributed at various times of the day on different days of the week to try to get the best times for different regions. From these regions, there were 54 DMOs from the Northeast, 81 from the Midwest, 148 from the South, and 93 from the West.

Once all the contact information was gathered and the survey was approved by the Institutional Review Board

(IRB), it was distributed via Qualtrics: Online Survey Software & Insight Platform (Provo, Utah). The questionnaire included 36 Likert-type items that ranged from 1 to 5; 1 = Not Effective and 5 = Very Effective, as well as 9 Likert-type items that also ranged from 1 to 5, 1 = Not Important and 5 = Very Important. The questionnaire also included 8 questions with regard to the demographics of the DMO and the respondent. Descriptive statistics (mean, percentage, and frequencies) of the quantitative data were analyzed using the Statistical Package for Social Sciences (IBM SPSS, Armonk, N.Y.) to evaluate the level of effectiveness of the marketing channels and incentives, as well as the importance of the stakeholders to the DMOs and the demographics of the DMOs.

RESULTS AND DISCUSSION

The sample selection for this study included DMOs from all regions of the United States. The respondents of the questionnaire varied from Executive Directors, Presidents, Vice Presidents, CEOs, VPs of Marketing, Marketing Managers, etc. (Table 1). Throughout the data collection process, 86 surveys were received, but only 82 of them were usable—the survey was sent to 376 DMOs, so this showed a 21.8% response rate. As previously mentioned, the U.S. Census Bureau divides the states into four different regions—(I) Northeast, (II) Midwest, (III) South, and (IV) West. From the respondents ($n = 71$), 16% identified themselves as Northeast, 24% Midwest, 35% as South, and 25% as West. The DMOs were given options to identify themselves as National, Regional, or Local DMOs; the results showed 14%, 28%, and 58% identification, respectively. The respondents' annual budgets ranged from less than \$500,000 to more than \$10,000,000 (Fig. 1).

The first objective of this study was to examine the effectiveness of certain DMOs' marketing channels. The top five most effective marketing channels used by the DMOs were Website Management and Word-of-Mouth ($M = 4.58$), Search Engine optimization ($M = 4.5$), Public Relations ($M = 4.45$), and Social Media ($M = 4.13$) (Table 2). Website Management and Word-of-Mouth tied; both placing as number one in terms of effectiveness of the marketing channels according to the results. This meant that maintaining an active and accessible website was essential for the DMOs' success, as was maintaining great customer relations through word-of-mouth, which also continued to rule the DMOs' marketing strategies (Tucker, 2013). Search Engine Management followed in third place followed by Public Relations. In fifth place was Social Media. It was interesting to note that the least effective of the marketing channels used by the DMOs,

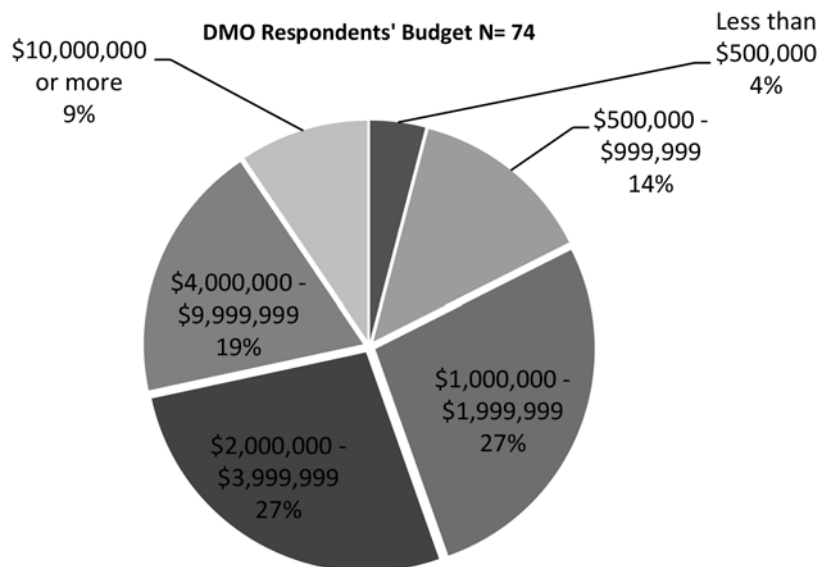


Fig. 1. Destination marketing organization respondents' budget distribution.

as shown by the consistency of the respondents, were the Directory (Ranked 13th), Telemarketing (Ranked 12th), and Direct Mail (Ranked 11th).

From the data collected, it was shown that eleven of the respondents belonged to the Destination Marketing Association International's (DMAI) Top 50 Meeting Destinations. The data for these Top 50 Meeting Destinations were analyzed separately from the total number of respondents (Table 2). In comparison to the results from all of the respondents, the total mean for the Top 50 Meeting Destinations, the most effective five channels

were (1) Website Management, (2) Word-of-Mouth, (3) Search Engine Optimization, (4) Public Relations, and (5) E-Mail Marketing. Surprisingly, E-mail Marketing and Social Media switched positions in the overall rankings. For the bottom two, Telemarketing and Directory switched rankings; whereas, the use of Directory marketing seemed to be more effective than Telemarketing for the Top 50 Meeting Destinations, although due to the variability in responses, the difference of the rankings is not of much importance.

Table 2. Destination marketing organizations' ranking of effectiveness of marketing channels.

Rank	All Respondents (N = 74)		Only Top 50 Meeting Destinations (N = 11)	
	Marketing Channel	Mean	Marketing Channel	Mean
1	Website Management	4.58	Website Management	4.44
2	Word-of-Mouth	4.58	Word-of-Mouth	4.44
3	Search Engine Optimization	4.50	Search Engine Optimization	4.44
4	Public Relations (e.g. News, PSA)	4.45	Public Relations (e.g. News, PSA)	4.22
5	Social Media	4.13	E-Mail Marketing	4.10
6	TV Advertising	3.96	TV Advertising	4.00
7	E-Mail Marketing	3.87	Social Media	3.89
8	Print Advertising	3.40	Sponsorship (e.g. Expositions, Events)	3.56
9	Sponsorship (e.g. Expositions, Events)	3.40	Print Advertising	3.40
10	Radio Advertising	3.37	Radio Advertising	3.43
11	Direct Mail	3.30	Direct Mail	3.33
12	Telemarketing	2.19	Directory (e.g. Telephone, Association)	2.11
13	Directory (e.g. Telephone, Association)	2.16	Telemarketing	2.00

Table 3. Ranking of most effective social media marketing channels.

Rank	All Respondents (N = 74)		Only Top 50 Meeting Destinations (N = 11)	
	Social Media Channel	Mean	Social Media Channel	Mean
1	Facebook	4.15	Facebook	4.25
2	YouTube	4.01	YouTube	4.13
3	Twitter	3.85	Twitter	3.89
4	Instagram	3.74	Flickr	3.50
5	Pinterest	3.49	Tumblr	3.50
6	Flickr	3.14	Instagram	3.14
7	LinkedIn	3.09	Pinterest	3.00
8	Tumblr	2.76	LinkedIn	3.00

Since social media has become such a phenomenon in the marketing field the past decade, this study also examined the most effective marketing channels that the DMOs were using in today's marketing strategies. The top four most effective of the social media marketing channels analyzed were Facebook (M = 4.15), YouTube (4.01), Twitter (M = 3.85), and Instagram (M = 3.74), all ranked respectively from first to fourth. The least effective (and least used) were Pinterest (M = 3.49), Flickr (M = 3.41), LinkedIn (M = 3.09), and Tumblr (M = 2.76) (Table 3). Initially, it was hypothesized that, because of its accessibility by businesses and professionals, LinkedIn would be in the top four, but surprisingly it ranked seventh, followed only by Tumblr which ranked eighth.

The same calculations and analysis were done for eleven of the Top 50 Meeting Destinations. Below the

top three, rankings of effectiveness of social media channels differed between the Top 50 Meeting Destinations and the entire set of survey respondents (Table 3). Facebook, YouTube, and Twitter still ranked in the top three; however, the lowest rankings were received by Instagram (M = 3.14), followed by Pinterest (M = 3.0), followed by LinkedIn (M = 3.0). In the results from the Top 50 Meeting Destinations, both Flickr and Tumblr ranked higher than Instagram in overall effectiveness.

The second objective of this study was to examine incentives used by the DMOs to attract their visitors. The top five ranked as most effective incentives were Unique Attractions Accessibility (M = 4.07), WiFi (M = 4.02), Complimentary Rentals (M = 3.87), Convention Discounts (M = 3.81), and Complimentary Shuttle to Meeting Venue (M = 3.76) (Table 4). The lowest ranked incentives were, re-

Table 4. Ranking of most effective incentives used by destination marketing organizations.

Rank	All Respondents (N = 74)		Only Top 50 Meeting Destinations (N = 11)	
	Incentive	Mean	Incentive	Mean
1	Unique Attractions Accessibility	4.07	Free WiFi	4.50
2	Free WiFi	4.02	Convention Discounts	4.20
3	Complimentary Rentals	3.87	Unique Attractions Accessibility	4.00
4	Convention Discounts	3.81	Complimentary Rentals	4.00
5	Complimentary Shuttle to Meeting Venue	3.76	Complimentary Shuttle to Meeting Venue	4.00
6	Room Discounts	3.73	Room Discounts	3.83
7	Welcome Table and Information	3.68	Welcome Table and Information	3.67
8	Food Discounts	3.58	Food Discounts	3.67
9	Promotion Packages	3.53	Promotion Packages	3.25
10	Free Festivals	3.38	Goody Bags	3.17
11	Goody Bags	3.29	Free Festivals	3.00
12	Free Museum Tickets	2.93	Free Museum tickets	2.40

Table 5. Ranking of importance of stakeholders to the destination marketing organizations.

Rank	All Respondents (N = 74)		Only Top 50 Meeting Destinations (N = 11)	
	Stakeholder	Mean	Stakeholder	Mean
1	Hoteliers	4.79	Hoteliers	4.40
2	Local Government	4.58	Local Government	4.33
3	Local Community	4.41	Local Community	4.20
4	Media (e.g. Newspapers, Radio)	4.08	Media	3.89
5	F&B Operators	3.99	Sponsors	3.63
6	Sponsors	3.93	F&B Operators	3.56
7	Service Contractors (e.g. AV, Catering)	3.34	Service Contractors	3.22

spectively, Promotion Packages ($M = 3.53$), Free Festivals ($M = 3.38$), Goody Bags ($M = 3.29$), and Free Museum Tickets ($M = 2.93$). Even though there was only a difference of 0.78 between unique attractions and goody bags, being able to provide access to a unique attraction was felt to be far more effective than providing goody bags when promoting a destination, based on the consistent responses provided by the collected data. In today's environment, destinations should not overlook the ability to provide free WiFi at the destination because, with advancement and technology, the satisfaction of the visitor could increase with the ability to navigate their electronic devices for free—as these findings show that internet accessibility is a valued incentive taken into account by the visitors.

The same analysis was done exclusively for those respondents ranked in Top 50 Meeting Destinations. In comparison with the rankings of the incentives from among all survey respondents, the results of the top 50 Destinations ranked the top incentives to be in first place, Free WiFi ($M = 4.5$); second, Convention Discounts ($M = 4.2$); and, third was tied between Unique Attractions Accessibility, Complimentary Rentals, and Complimentary Shuttle to the Meeting Venue (all at $M = 4.0$; Table 4). It might be assumed that Free WiFi ascended in ranking because of its popularity in larger events such as large conferences: as it was essential for the organizers to provide WiFi for the attendees for increased satisfaction. Ogbeide et al. (2013) showed “the Millennial Generation appreciated the use of technology for communication (e.g. Wi-Fi and audience polling for immediate feedback) and expected it to be accessible during meetings and events.” The bottom three, however, were respectively tenth place, Goody Bags ($M = 3.17$); eleventh place, Free Festivals ($M = 3.0$); and, twelfth place, Free Museum Tickets ($M = 2.4$).

The third objective of this study was to analyze the importance of various stakeholders to a DMO. The DMOs

were asked to rank the most important stakeholders to their organization and the results showed that Hoteliers ($M = 4.79$) were the most important when it came to marketing of destinations (Table 5). The Local Government ($M = 4.58$) and Local Community ($M = 4.41$) also ranked highly as the top two and three stakeholders, respectively, when the DMO marketed destinations. The DMOs ranked Food and Beverage (F&B) Operators ($M = 3.99$), Sponsors ($M = 3.93$), and Service Contractors ($M = 3.34$) as their least important stakeholders. It was important to notice that Media ranked fourth in terms of importance.

For the third objective, the same analysis was also run for the Top 50 Meeting Destinations. These results showed that the top three ranking stakeholders were Hoteliers ($M = 4.4$), Local Government ($M = 4.33$), and Local Community ($M = 4.2$; Table 5). These rankings showed the same results as obtained from the entire set of survey respondents. The bottom three rankings were also similar to that of all surveyed DMOs. Ranking fifth were Sponsors ($M = 3.63$); sixth, F&B Operators ($M = 3.56$); and seventh, Service Contractors ($M = 3.22$). These findings continue to support that the main stakeholder for destination marketing continues to be the “destination promotion triad,” which includes the DMO, the city, and the hotels (Tucker, 2013).

Destination Marketing Organizations have been in charge of promoting the destinations for a long time. With the ongoing changes in marketing strategies, the application and practice of these results can lead to increased performance by DMOs. Future studies can further research the continuous changing marketing activities and performance of DMOs; as technology keeps advancing and markets become more diverse, new research is essential. Furthermore, this study shows some of the current practices that should be applied by the DMOs to improve or continue their performance rates.

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