

From contents to processes: Versus a dynamic destination management model (DDMM)

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Abstract

In the tourism market, it is destinations that compete, not individual firms [Ritchie, J. R. B., & Crouch, G. I. (2000). The competitive destination: A sustainable perspective. *Tourism Management*, 21(SI), 1–7]. Growing competition, both national and international, is making this more and more apparent. In fact, every destination (defined here as tourist district) has to position its products in such a way that gives them character and personality. The traditional fragmented structure of the European market has spurred the development of metamangement organizations called destination management organizations (DMOs). Today, DMOs are called on to play a critical role: to help local firms build sustainable competitive advantage and to create competitive advantage for the entire district through positioning choices.

This paper proposes a dynamic model of destination management (DDMM) which identifies typical metamangement processes a DMO can use to shape district strategy. The usefulness of this work can be seen not only in the need to formulate a “good strategy”, which is often described in terms of positioning or criticality (strategy content), but also a method or a path that enables firms to build that positioning or acquire that criticality (strategy process). In fact, Kaplan and Norton [(2001). *The strategy focused organization. How balanced scorecard companies thrive in the new business environment*. HBS Press] note that the ability to implement a strategy is more important than the quality of the strategy itself.

The model proposed here, consistent with the empirical evidence gathered in multiple longitudinal case studies, underscores the criticality of two different types of metamangement processes: (i) a series of operative activities, here defined as primary processes, which can shape the resources of the district and serve to create, supply, and communicate local product systems, and (ii) a series of support processes, which can provide the “glue” between various players (public and private, profit and non-profit, entrepreneurs and community) that operate within the district.

If these processes are effectively managed, they have a significant impact on the competitive advantage of the firms operating in the tourist district.

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1. Introduction

Strategic management of tourist destinations is taking on ever-greater importance in the real world. Tourist firms perceive how critical this level is in implementing effective competitive strategies (Go & Govers, 2000). By the same token, the economic policies of many countries treat tourist

destinations as “business units”, i.e. privileged competitive contexts through which a country system positions itself on the tourism market (Bieger, 1997, 1998; Kaplan & Norton, 2001; Ritchie & Crouch, 2000).

This new scenario has prompted deep reflection in the academic world, giving rise to a number of studies which make up the so-called destination management (DM) stream. Through the years, a wide range of issues have been addressed which encompass problems involved in planning and development of facilities (Ahn, Lee, & Shaker, 2002; Davidson & Maitland, 1997; Gunn, 1972,

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1979, 1980; Inskip, 1991, 1994; Pearce, 1989), managing carrying capacity (Williams & Gill, 1998), handling destination life cycle (Butler, 1980), and managing destination marketing mix (Buhalis, 2000; Gartrell, 1988; Perdue & Pitegoff, 1990). More recently attention has been focused on the challenges of strategic management (Bieger & Weibel, 1988; Flagestad & Hope, 2001; Middleton, 1994; Weaver, 2000). Moreover, if at first the concept of destination tended to coincide with large geographical areas, focus shifted to a local level (Middleton, 1994) and various types of destinations were identified (Buhalis, 2000; Gilbert, 1990).

These studies have a tendency to utilize an approach which focuses primarily on contents (which critical success factors, what strategic positioning can generate the highest performance). As a result, the problem of method (i.e. what to do to build this positioning) often remains implicit. In a tourist district where hundreds of independent players compete, often with radically different development visions, who should take on DM? How can these players come together to work toward certain goals? How can actions undertaken at a district level be brought into line with those done by individual local firms?

Empirical research at the basis of this paper highlights the need to arrive at a general DM model so that to reach a tourism objective, such as reducing seasonality or developing a new product or a new segment, various tools can be used at the same time. This requires the involvement of various players, both public and private.

In addition, the actions of the DM are long term, and the process of implementing a given action is often modified. This may be due to new information acquired through that action, or may be advisable to maintain internal consensus.

At this point, the need arises for the development of a dynamic framework, formulated through systematic observations of specific tourist destinations (referred to here as “tourist districts”) which are already operative. The proposed model adopts the standpoint of the local destination management organizations (DMOs). In fact, in all the case studies, these organizations served the main functions of DM.

The model provides a useful framework in which to collate specific studies already developed in the literature. These works focus on: (i) specific functions of DM (such as marketing), (ii) managing phases in the life cycle of a district (e.g. relaunch or start-up), or (iii) particular problems (like carrying capacity).

2. Background

2.1. *The tourist district and the tourist destination*

The literature has, over time, defined the concept of “destination” as both a system of attractions and the geographic area that encompasses them, identified on the basis of the range of needs of intermediate or final clients (Bieger, 1997; Buhalis, 2000; Leiper, 1979, 1990, 1995;

Smith, 1988). This has given rise to ambiguity surrounding the term destination, which in some cases could be a resort or in much broader terms might refer to a district, a region, a country, or even a continent. The vague boundaries of the geographic context make the issue of destination governance a thorny one indeed.

This is why a holistic viewpoint proves useful, one that can encompass both the perspective of supply as well as demand (Burkart & Medlik, 1974). This vantage point highlights the existence of a sufficiently stable relationship between a precise geographical area, where a system of attractions is set up, and a set of client segments. Here, this “economic space” is defined “tourist district”, and in it, one can recognize constituent elements of a district according to the canonical or Marshallian approach: (i) a well-defined geographical area, (ii) a population of SMEs backed up by larger-sized firms, and (iii) a shared culture.

Nonetheless, the tourist district presents some peculiar characteristics (with respect to an industrial district) which can, for the most part, be traced to the horizontal production model and the importance of the role played by metamangement.

With reference to the horizontal production structure, the final client is interested in a broad product, the so-called “global product”, the ingredients of which (single products) are provided by individual local firms. The typical vertical production structure is not present, but rather there is a specialization-by-product (or horizontal) model (Keller, 1988; Sainaghi, 2004). Different products may be grouped together by the final client (point-points), by specialized intermediaries (packages), or by organizations that operate inside the district, such as associations, consortia, or tourist boards (networks).

As regards metamangement functions, the fragmented structure of local firms (community model) combined with clients’ perception of the district as a single “product” have traditionally favored the development of DMOs.

2.2. *Strategy content and strategy process*

The structure of the tourist district makes it extremely complex (from a DM standpoint) to implement strategic management, intended as a fusion of processes focused on formulating and implementing strategy (Mintzberg, 1978; Mintzberg & Waters, 1985). This complexity is primarily linked to fragmented structure of offerings, inconsistency which often exists between various competitive strategies put into play by local firms, the lack of hierarchical power of the DMO, and the complexity of the interests of local institutions (Buhalis & Fletcher, 1995; Middleton, 1998).

The key question, therefore, is not *what* to do, so much as *how* to do it. Often, in fact, many operators and DMOs have a clear idea of the challenges facing the district and what possible solutions there may be. However, the method—the “how”—remains uncertain: how to involve operators; how to collect financial resources; how to

coordinate the DMO’s actions with the activities undertaken by local firms.

This problem brings up the traditional distinction between two important streams in strategic management: the static stream, centered on contents (strategy content), and the dynamic stream, centered on processes (strategy process). Some authors insist on this distinction (Barnett & Burgelman, 1996; Chakravarthy & Doz, 1992), while Pettigrew (1992) points out the growing difficulty in delineating the boundaries between static (contents) and dynamic (processes).

Chakravarthy and Doz (1992) identify three criteria (Fig. 1) which illustrate the differences between the two streams, specifically: (i) the focus, or object of analysis, (ii) the implicit assumptions made by researchers, and (iii) research methodologies.

In terms of *focus*, the authors stress that a considerable part of the literature focuses primarily on understanding the relationships that exists between a firm’s strategic position and optimum performance level. On the contrary, the second stream of literature makes an attempt to investigate how a given firm can build its strategic position. The question, then, shifts from contents to processes, and in doing so favors the transition from static to dynamic logic, in which the route historically followed by the firm becomes crucial.

With reference to the *implicit assumptions* of researchers, there is a profound difference between the two streams, in particular as regards: (i) the rationality of subjects who participate in the process of strategic management; (ii) the role of top management; and (iii) the role of the other subjects in the organization. The static approach tends to support the hypothesis of perfect rationality, which translates into the centrality of top management, set against a more passive role of the organization. On the contrary, the dynamic approach recognizes the limited rationality of the human mind and hence the inability of top management to discern the best strategies. This explains the growing importance attributed to the organization, and more generally speaking, to emerging strategies.

As far as *methodologies* are concerned, the diversity of research questions has led to the development of a variety of research paths, mostly centered on intrusive analytical techniques in the case of the dynamic approach. Conversely, and with various exceptions, Chakravarthy and Doz (1992) point out that sources used in the static approach are more closely linked to “secondary published data on the firm” (e.g. annual reports, stock market trends, sales data). When studying processes, the need to utilize intrusive techniques arises from the need to comprehend how strategy takes shape and emerges inside an organization. The time horizon tends to be quite long, because longitudinal studies are far more effective in pinpointing major turning points or changes.

3. Methodology

The research method is based on the grounded theory (Glaser & Strauss, 1967), i.e. a process which aims to identify a model or theoretical scheme beginning with an analysis of a real world situation through systematic observation of facts and linkages that connect them. Glaser and Strauss’s approach is widely used within the framework of the case study methodology (Eisenhardt, 1989; Langley, 1999; Yin, 1981, 1984), as it allows researchers to analyze a phenomenon as it happens, with all its dynamics and complexity, while preserving a close connection with the context.

The research design is based on six longitudinal case studies, developed according to Eisenhardt (1989) and Yin’s (1981, 1984) indications. The research questions that drove the development of the case studies (Sainaghi, 2003, pp. 4–7) were the following: (i) What are the main processes that embody destination-strategy making? (ii) Who are the main actors that embody the destination strategy? (iii) How are the different strategy processes and the district results interrelated?

The study sample consists of six locations: three alpine districts (Livigno, Corvara, and St. Moritz) and three seaside districts (Taormina, Rimini, and Portorose). Very briefly, the relevance of the cases is linked to their “polar” structure, to the existence of various DM models, and, in a few cases, changes in district strategy.

This polar character can be seen in various aspects of the districts in question: Livigno and Corvara are small-to-medium sized (between 600,000 and 750,000 overnight stays), St. Moritz, Portorose, and Taormina are medium sized (between 900,000 and 1,300,000 overnight stays), and Rimini is large (over 7,000,000 overnight stays). In terms of destination life cycle, Livigno, Corvara, and Taormina are in the development phase, St. Moritz is mature, and Rimini and Portorose are undergoing a relaunch.

With reference to DM structure, in every case, the local DMOs play a very active role in terms of both financial resources they handle and the extension of DMO activities. Nonetheless, management styles and in particular institutional mechanisms are often exceedingly different. For

	Dynamic approach	Static approach
1. Focus	Strategic process → Strategic positioning HOW TO DO IT	Strategic positioning → Results WHAT TO DO
2. Implicit assumptions	A. Bounded rationality B. Not crucial C. Very relevant (strategy and structure are closely interconnected)	A. Perfect rationality B. Crucial C. Not relevant (structure adapts to strategy)
3. Research methods	Intrusive, based on detailed field work over long time horizons	Based on sector analyses and secondary company data, relevant over a short time period

Fig. 1. Static and dynamic approaches: primary differences. Source: adapted from Chakravarthy and Doz (1992).

example, in Livigno, Taormina, and Rimini, a primarily public model can be found, where financing comes from city or regional government. In Corvara, the DMO is almost exclusively financed by private contributions paid on a voluntary basis. In Portorose and St. Moritz, instead, contributions are collected from local firms, and participation is mandatory (regulated by specific laws and ordinances).

Focusing attention on the strategy pursued by the local DMOs, in St. Moritz and Corvara, substantial continuity was found. In fact, both districts have a clear competitive positioning. In the case of Rimini, instead, the effects of a natural phenomenon—mucilage which appeared in the sea in 1989—led to a drop in the number of tourists of 2,000,000 in only 1 year (Sainaghi, 2003, p. 344). After this phenomenon, local strategy was entirely revamped, resulting in strong growth in overnight stays in the 1990s (+18%, with 1990 as starting point). Portorose had to face a radical institutional change: the fall of the socialist regime following the civil war of 1991. The number of foreign visitors plummeted from over 1,000,000 (1990) to 176,000 (1991). In addition, there was a radical change in the way firms were managed. Before that time, business had been organized on a collective basis. In Taormina, instead, tourist facilities went through a major upgrading process: the number of 4–5 star hotels went from 33% (1985) to over 50% (2004). Lastly, Livigno, while maintaining its competitive positioning (duty free, dynamic locality), saw strong growth in the quality level of accommodation facilities and a total overhaul of the mountain railways. Livigno also pushed sporting events to consolidate its brand.

In developing the six case studies, various sources of information were utilized: semi-structured interviews (at least 11 for each case, more than 100 interviews total, all transcribed and reviewed by interviewers), direct observation, quantitative data (20-year time series relative to destination performance, the DMO's financial statements, other local sources useful for assessing the relevance and evolution of day-trip tourism), documents, and (only in the Livigno case) participant observation.

The material collected forms the basis for six research cases (Sainaghi, 2003, pp. 87–479) and enabled the author to work up a cross-case analysis. This was conducted beginning with the similarities and differences of the single cases in view of the three related macro-variables: (i) institutional structure of the DMOs, (ii) managerial processes, and (iii) performance. Each macro-variable was then broken down into several parameters; details follow in reference to DM processes (Section 4.2).

4. Results

Empirical research has resulted in the identification of typical areas of influence of DMOs (Section 4.1), and the classification of various types of metamangement processes (Section 4.2).

4.1. The DMO'S range of influence

The aim of this section is to delineate the operative areas typical of a DMO in relation to district management processes governed by other local organizations (public and private, profit and non-profit). These are defined as supervisory processes and give form to “supervisory management” or “metamangement”.

In this regard, it is useful to clarify the concepts of process and resources, identifying different subjects that have the availability and managerial responsibility for the two.

Resources can be defined “as stocks of available factors that are owned or controlled by the firm. Resources are converted into final products or services by using a wide range of other firm assets and bonding mechanisms” (Amit & Schoemaker, 1993, p. 35). As with all stocks, resources are always measured at a specific point in time.

Grant (1995, p. 121) makes the practical suggestion of segmenting resources in three large families: (i) material, including financial resources (monetary) and physical resources (plants, land, buildings, etc.), (ii) immaterial, such as technology, image, culture, and (iii) human, involving personal competencies and knowledge, relational and communication skills, and motivation.

Process represents an action which impacts the stock variable, changing its qualitative and/or quantitative traits. Hence, the construction of a new hotel augments the stock of material resources of the destination; the development of a district brand tends to modify the image of the destination (immaterial resources); a training course enhances the skills (human resources) of the people who participate.

Process is, therefore, the dynamic element that can impact the repository of resources available in a district at a given point in time. Building sustainable competitive advantage at a destination level, i.e. creating value by striving for uniqueness or lower costs, requires the creation and combination of different resources in a coherent way. But in the end, all this is only possible by governing coherent management processes at various levels.

What role are the DMOs called on to play in this dynamic game?

To answer this question, it's worthwhile to reflect on who has the *availability* of and who the *managerial responsibility* for local resources. Given a certain degree of approximation, one can maintain that in both cases (availability and managerial responsibility), four different local subjects can be identified: (i) the host community, (ii) district firms, (iii) the DMO, and (iv) local government (usually city government) and other non-profit organizations (like sporting clubs or trade associations).

In the following sections, attention is focused only on the last three actors, so as to reduce the complexity of the model, and also in consideration of the extensive overlap in the study sample between institutional structures of firms (including ownership and employees) and local commu-

		RESOURCES		
		DMO	Local Government and non profit organization (LG/NPOs)	Local Firms (LF)
PROCESSES	DMO	Existing resources: are managed directly by the DMO Investment decisions: are tackled directly by the DMO I	Existing resources: are managed directly by the DMO Investment decisions: are tackled by the LG/NPOs; the role of DMO is indirectly II	Existing resources: are managed directly by the DMO Investment decisions: are tackled by the LF; the role of DMO is indirectly III
	Local Government and non profit organizations (LG/NPOs)	Existing resources: are managed directly by LG/NPOs; indirectly by the DMO Investment decisions: are tackled directly by the DMO, in accordance with LG IV	Existing resources and Investment decisions: are tackled by the LG/NPOs. The DMO can only play and indirect role V	Existing resources and Investment decisions: are tackled by the LF or LG/NPOs. The DMO can only play and indirect role VI
	Local firms (LF)	Existing resources: are managed directly by LF; indirectly by the DMO Investment decisions: are tackled directly by the DMO, in accordance with LG VII	Existing resources and Investment decisions: are tackled by the LF or LG/NPOs. The DMO can only play and indirect role VIII	Existing resources and Investment decisions: are tackled by the LF. The DMO can only play and indirect role IX

Fig. 2. Different relevance of DMO processes.

nities. The result is a double-entry table consisting of nine cells (Fig. 2).

The role of supervisory management or metamanagement (i.e. activities undertaken by the DMO) varies. Empirical evidence suggests that there are three different areas of influence:

- maximum (Cells I, II, III): resources (which are either the responsibility of the DMO or of other subjects) are managed by the tourist board;
- medium (IV, VII): resources which are the responsibility of the DMO are managed by other subjects;
- minimum-none (V, VI, VIII, IX): other subjects are responsible for resources and must also manage them.

4.1.1. Maximum influence

In the first cell, the DMO is called on to govern a mix of resources for which it is responsible; for this reason, the DMO is fully autonomous in its decisions on management and investments, in accordance with established norms and with the statute. Some examples relate to material (monetary and physical resources), immaterial (destination brand), and human resources (skills and competencies of DMO personnel). The role of metamanagement is its highest level in this case, and directly concerns management and investment decisions.

In Cells II and III, the DMO again plays a direct, primary role in terms of processes, but resources are handled by other subjects. Consider the responsibility for infrastructure, which may be assigned to the tourist board, or other resources which on a voluntary or legislative basis are handed over to the DMO (resources may be pooled together to carry out district marketing initiatives). In this

case, the content and discretionary nature of managerial processes are less compared to Cell I, and investment decisions are not always controlled by the DMO.

4.1.2. Medium influence

In Cell IV, resources fall within the competence of the DMO, but management of these resources is assigned to public bodies. A typical example is the allocation of material, immaterial, and human resources to provide support for events, fairs, festivals, etc., run by associations, groups of operators, and so forth. The role of metamanagement is a wide-ranging one, though less than in the previous case.

In the seventh cell, the DMO hands over management of resources it is responsible for to district firms. Consider resources licensed out to local businesses, or subsidies granted to local firms. Naturally, in both cases, metamanagement processes can have considerable influence, albeit indirect, on management choices. The impact on investment decisions can be direct or indirect in the case of licensed services; this would depend on the specifics of the licensing agreement stipulated by the two parties. As per subsidies, metamanagement processes can encourage private investments or speed up processes aimed at upgrading tourist facilities to new standards demanded by the market.

4.1.3. Minimum-none influence

In the fifth cell, resources fall within the competence of public bodies, which are also responsible for management processes. Undoubtedly, the most significant case involves the numerous public services available in the district, in particular access routes, local transportation, and services related to urban facilities.

A similar case is represented in Cell IX, where local firms have the availability of and managerial responsibility for resources. In this area, crucial decisions are made with the aim of creating competitive advantage for hotels, ski lifts, firms operating in entertainment and intermediation, and so on. Managerial autonomy of the firms, especially when new infrastructures are being created or renovated, is limited by building codes or other political tools (permits), often directly controlled by city government.

In the sixth cell, one finds local public bodies or other non-profit organizations running public services for local firms. In Livigno district, for example, the city government created a public transportation system for skiers, the cost of which was almost entirely absorbed by the companies that run the ski lifts.

Lastly, in Cell VIII, there are resources which fall within the competence of public bodies, while managerial processes are implemented by district firms. Like in Cell VII, generally two different situations occur: public resources can be licensed to private parties, or subsidies can be granted to support management of district firms. The choice to grant licenses for the management of certain public resources is justified in light of greater managerial efficiency and effectiveness in private firms. The most

relevant case can be found in Alpine districts regarding licensing agreements for ski lifts, while in seaside destinations, beachfront licenses are key.

The area in question is of fundamental importance in order to dynamically model the product system of the district, so as to consolidate loyal clientele and attract new segments. However, in all these last four cells, the DMO only plays an indirect role, and has no hierarchical power. This is why it is indispensable to know how to dialogue with local organizations via appropriate support processes.

4.2. *Metamanagement governance processes*

Strategic management processes of a destination can be classified in various ways. Here, a distinction is proposed between primary processes and support processes. The former focus on production, development, communication, and sale of a global product. The latter, instead, support primary processes, ensuring greater efficiency and effectiveness of the DMO's actions.

4.2.1. *Primary processes*

As regards *primary processes*, the tourist district is quite a mixed set of product/market combinations reflecting the multitude of attractions and products, their differing value during the year (the tourist "seasons"), and different categories of final clients. Each combination is also quite a broad compendium of specific products (accommodation facilities, natural and man-made factors, recreational and transportation services, and so forth). In addition to producing and supplying these products/services, development and communication processes play a vital role in attracting the final client to the district. Service, in fact, represents a mere potentiality until contact with the final client is made (consider a hotel room).

So, three categories of primary processes can be identified:

- producing and supplying services, which are considered "operative" as they involve the "what to do";
- developing new products which ensure "incremental" or "quantum" growth of district offerings in quantitative and qualitative terms;
- communication, which involves governing a wide array of actions which can attract final clients to the district and publicize the mix of attractions available once they arrive.

Operative processes summarily refer to the management of a number of resources, which, for the most part, have to do with infrastructures (material resources) that allow clients to access the district, to find accommodation, and to make use of various services. Referring again to the three-way division of resources introduced in the previous section, this first category of processes tends to focus on stocks which fall under the competency of firms (accommodation and commercial structures, skiing facilities,

seaside establishments, other structures which are managed according to a market price system), of public bodies (access routes, local transportation), and public bodies and/or the DMO (tourist facilities including urban and sports facilities). In this sample, non-financial material resources (infrastructure) available to the DMO proved to be less important, while resources available to public bodies and local firms carried great weight. For this reason, operative processes can be classified as either *public* or *private*.

Among the numerous stock variables which can be impacted by *public operative processes*, here attention is focused on three categories of resources: (i) access routes, (ii) internal transportation, and (iii) tourist facilities, subdivided into urban and sport facilities.

Managerial processes capable of enhancing, modifying, or refining this important stock of resources are, first and foremost, those handled directly by local public bodies (Cell V in Fig. 2), along with resources licensed out to private firms (Cell VIII) or to the DMO (Cell II). Therefore, only in this last case can reference be made to public operative processes involving direct management (for the tourist board). Nonetheless, this is a crucial area. In all the cases studied, a growing tendency was found by city governments to license out management of indoor and outdoor infrastructures to the DMO. Where there are strong institutional ties between local public bodies and the DMO, the latter can often have considerable influence over managerial processes and investment decisions.

Management of private resources centers primarily on actions undertaken directly by owners or management (Cell IX), which can be supported by managerial activities carried out by public bodies (normally quite rare) (Cell VI) or by the DMO (Cell II).

The tourist board can directly affect the exploitation of private resources (be they material, immaterial, or human) by means of funding mechanisms to support specific actions by local firms (Cell VII—creating new infrastructures, developing new services, setting up training courses). In any case, these activities are rarely conducted at a local level, mostly due to the limited financial resources of the DMO.

A second extremely important area is *new product development*.

In this case, resources generally fall within the competence of metamanagement, and are primarily represented by material resources (financial), immaterial resources (image), and human resources (ideas, relational skills). The role of supervisory processes is a vast one in this case, as it involves managing and implementing new investments (Cell I).

New product development finds expression primarily in the creation of service and event packages. These represent *bundles* of homogeneous services addressed to a specific *target*. Packages can vary in size, and are usually limited to a core of services which are seen as central to the reference segment (accommodations, cultural attractions, and other

recreational services) and may leave room for accessory components. An event is a special occasion which takes place in the district that can spark the interest of a fairly broad segment of potential consumers.

The link between these two processes can be a close one: a package might be created around an event or vice-versa; to complete a package an ad hoc event might be created. Both can be either one-time-only affairs or events which are held on a regular basis.

As regards *supervisory packages*, many districts have set up initiatives which are often limited in their effectiveness due to a number of process problems related to the:

- lack of promo-commercialization channels;
- need to reach a sufficient “critical mass” in terms of number of beds;
- fact that different district firms have different business needs;
- difference in standards of quality.

The creative process can be sparked by the supervisory organization or district firms, as long as both levels are concurrent. New product development always “blends” supervisory processes with activities carried out by firms and local public bodies.

Communication processes of the product system represent an important link between the service potential manifested by operative processes (combined with the natural, cultural, and historical resources of the destination) and potential users. These processes encompass a set of strategic and operative marketing actions focused on the targets served (intermediate or final clients). Hence, focus lies on attracting potential clients to the district (external communication) or increasing the accessibility of local attractions for clients who are already in the district (internal communication). Hereafter, with the communication term *tout court*, reference will be made to both activities.

Strategic marketing defines business priorities and the promotional philosophy of the district, while operative marketing concretely handles different market contact tools. Though easily recognized in theoretical terms, in actual fact, this distinction is not so clear.

Supervisory communication processes, for the most part, utilize financial and human resources which fall within the competency of metamanagement (Cell I) or are assigned to the DMO by other public actors (Cell II) or by district firms (Cell III).

The relationships that are established with the commercial function conducted directly by district firms are quite complex. Supervisory communication processes are less important for larger district firms (typically local hotel chains) which have sufficient critical mass for directly organizing actions on the market, while the same processes are essential for smaller firms, which do not have adequate financial resources.

Furthermore, the development of district communication must be considered in relation to the relevance of economies of scale and positive external effects associated with promotional processes. Regarding economies of scale, there is no doubt that average unit cost diminishes as the number of firms involved increases. Consequently, concerted promotional effort brings about overall improvement. The importance of this observation is reflected in the existence of centralized promotional models in all districts in the study, though said models are extremely differentiated. In terms of positive external effects, clients’ interest in a global product rather than in a single one results in promotional initiatives that always place the accent on the district. It follows that benefits can be easily extended to many local firms, also via word of mouth, encouraging potential *free-riding*.

Support tools for communication processes are quite varied, ranging from print media and circulation of informative material to participation in sweepstakes, tourist fairs, and specialized workshops, to setting up websites, staffing info-points, and developing promo-commercialization channels.

4.2.2. *Support processes*

Support processes are different from primary processes in that their aim is not to create, develop, or advertise the product system of the district, but rather to make primary processes more effective and efficient by means of “indirect” actions. This involves quite a broad range of managerial activities, which can be categorized under three headings: (i) internal marketing, (ii) training, and (iii) research.

The purpose of *internal marketing* is to encourage a continuous dialogue between the DMO and district firms, because an efficient service calls for people who grasp the idea. The nature of a district gives rise to an intricate web of relationships between local operators. Nonetheless, it is important to develop formal and informal channels of communication run by the tourist board, which are useful for sharing the “development vision.”

To effectively manage internal marketing processes, the following must first be identified: (i) subjects to involve, (ii) contents to communicate, and (iii) channels to utilize. Moreover, communications must be continuous over time.

In terms of subjects, normally different types of audiences must be identified (hoteliers, shopkeepers, artisans, operators in the primary sector, etc.); each can be further sub-divided (client segment served, product/service range, degree of integration, etc.). The audience addressed in internal communications and the choice of contents is closely linked to the action that metamanagement intends to carry out.

Channels of communication can be more or less structured: word of mouth, meetings, newsletters, bulletins, local media (television and newspapers). The style of communication tends to be informal. To increase the effectiveness of internal communications, it is essential to ensure the stability of the informative process. The slow

rate of change (even when considering the number of actors to involve) often requires a long orientation period.

Training can have a managerial or operative content. In the first case, it is directed to managers, in the second case more “operative” issues are addressed, focusing on people who hold various positions in the workforce. In both cases, training initiatives can involve managers, entrepreneurs, operative personnel from the DMO, public bodies, or local firms.

Finally, *research* processes support supervisory management primarily by: (i) constructing and elaborating databases, and (ii) conducting ad hoc research.

As far as databases are concerned, tourism regulations require that hotels report information regarding their clients. The DMO is usually in charge of this activity, and so possesses a sizeable knowledge repository. The value of this information is often underestimated, when in fact systematic analysis of it can be extremely useful to evaluate the effectiveness of action taken (by various local subjects) and to guide future action.

Beyond information on accommodation facilities, the destination can tap into other valuable quantitative sources which are useful for monitoring day-trip tourism (consider parking statistics, or data on museums, amusement parks, exhibits, etc.). By piecing together different sources, often one can come up with a very detailed picture of the tourism situation.

The DMO can also carry out specific research to deal with specific managerial problems: to collect supplemental information to support a decision, to study the possible effects of a given action before it is taken, and to analyze customer satisfaction. The research process can take advantage of internal technical competencies or turn to external consultants.

5. Dynamic destination management model (DDMM)

The model shown in Fig. 3 illustrates the distinction between stock variables or resources and metamangement processes, divided into primary and support processes. This scheme indicates the wide array of tools available to the DMO to impact the current or sought-after positioning of the district. Supervisory actions intermingle with managerial activities undertaken by local firms (Cell IX), by public bodies (Cell V), and by reciprocal relationships between these two subjects (Cells VI, VIII).

The DMO's actions can modify the repository of district resources by means of three loops, represented by the effects of:

- Primary processes (arrow A): which can impact district resources by promoting fuller exploitation of existing resources (typical of communication loops), new uses (creation of new products), and dimensional growth (operative processes).
- Support processes (arrow B): often indispensable to sustain and enhance the effectiveness of primary

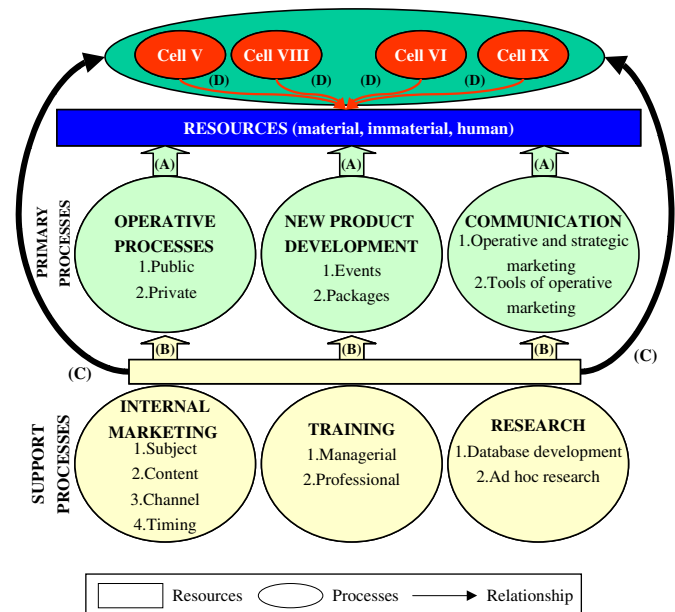


Fig. 3. DDMM model.

processes. Thus, research can be constructive for fully understanding a problem that can be dealt with, via primary processes; training is useful for improving the skills of DMO personnel; internal marketing can foster commitment to actions undertaken by the tourist board.

- Support processes (arrow C): can influence decisions and actions undertaken directly by other subjects operating in the district over which the DMO has no particular hierarchical power. Thus, training activities can modify managerial and operative styles of local firms, and certain research activities, when properly communicated, can prompt operators to take on new investments or develop new services.

The model is useful both to re-examine the general strategy implemented by a certain district (at a comprehensive level), and to deal with the specifics of carrying out a given activity, e.g. putting on an event (at an analytical level). To illustrate the overall functioning of the DDMM, relevant managerial processes will be outlined that were taken on by the DMO in the Alpine district of Livigno (at a comprehensive level).

The Livigno case shows vigorous growth in the standards of local infrastructure which originated in radical remodeling projects carried out by some hotels (Cell IX). The brilliant results these pioneers achieved prompted a number of other firms to follow their lead, fostering rapid growth in overall standards. Likewise, the firms that ran the ski lifts (founded by external entrepreneurs) were repurchased by groups of local families, who invested heavily in these facilities during the 1990s. The DMO supported this process by developing new products, with the goal of increasing tourist flows at the beginning and the end of the season, and invested substantial resources in external communication. The general

PROCESSES	Lvigno	Corvara	St. Moritz	Rimini	Portorose	Taormina
I PRIMARY PROCESSES						
1. Operative processes						
Public						
Access routes	Low	Low	High	Low	Low	Medium
Internal transportation	Medium	Low	Medium	Low	Low	Medium
Tourist facilities	High	High (sport)	High (sport)	Low	Low	Medium
Private						
Accommodation	High	High	High	High	High	High
Commercial	Medium	Medium	High	High	Medium	Medium
Mountain railways	High	High	High	-	-	-
Sea resorts	-	-	-	Medium	Low	Medium
2. New product development						
Packages	Medium	Medium	Low	High	Low	Low
Events	Medium	Medium	High	Medium	Low	High
3. Communication						
Operative and strategic marketing	Medium	High	High	Medium	High	High
Tools of operative marketing	Medium	High	High	High	Low	High
II SUPPORT PROCESSES						
1. Internal Marketing						
Number of subjects involved	Medium	High	High	Low	Low	High
Breadth of content	Medium	High	High	Low	Low	Medium
Channel	Medium	High	High	Low	Low	High
Continuity of communications	Low	High	High	Low	Low	High
2. Education/Training						
Entrepreneurs/managers	Medium	Medium	Low	Low	Medium	Low
Employees	Medium	Low	Low	Low	Medium	Low
3. Research & Study						
Database development	Medium	Medium	Medium	Medium	Low	High
Ad hoc Research	Medium	Medium	Low	Low	Medium	Medium

Fig. 4. Relevance of primary and support processes with reference to the cases analyzed. Source: adapted from Sainaghi (2003, p. 495).

dynamism of the district attracted new client segments, giving rise to important word-of-mouth loops, sustaining growth in occupancy rates and average prices. Recently, the tourist board activated important research projects in order to more accurately monitor the competitiveness of local firms and refine primary managerial processes (new product development and external communication).

The cases studied here show different mix of processes utilized by the DMOs (Fig. 4). Focus is most concentrated on primary processes, particularly communication activities, while less attention is given to support processes. This may explain a certain lack of cohesion between activities undertaken by the DMO and actions of local firms, with the exception of St. Moritz and Corvara.

6. Discussion and conclusion

This empirical work confirms the critical role that DMOs are called on to play in order to support the competitiveness of tourist districts. In fact, the fragmented structure of the tourism products on offer requires that a director takes charge who can deal with certain managerial processes at a “corporate” level.

The role played by DMOs supports the strategic decisions taken by district firms which are key to build competitive advantage. In other words, where there are serious, widespread inconsistencies in the positioning strategies of local firms, it is unlikely that the metaman-

agement actions taken by the DMO will have an appreciable impact.

The model proposed is a dynamic one which keys in on two main areas of intervention of DMOs: primary processes and support processes.

Primary processes play a vital role, in particular regarding new product development, communication, and marketing of the district. Empirical evidence clearly shows that these processes must be governed primarily by DMOs, given the presence of positive externalities, free-riding phenomena, high initial investments, and uncertain financial returns. Primary processes, moreover, represent an important steering mechanism for reinforcing the competitive advantage of local firms, setting up the parameters for positioning the district’s products. So, for example, the impressive development of one-of-a-kind sporting events accomplished by Kurverkehrsverein in St. Moritz has attracted media attention, resulting in numerous editorials and news reports. All this has enhanced the St. Moritz “Top of the World” brand, utilized in lucrative licensing activity.

The success of a district is mainly linked to the ability of its actors to “make a system”, working consistently toward shared goals. Support processes are a great opportunity: they allow a district to develop constant communication between operators (internal marketing), encourage skill enhancement (training), and generate new information that serves to plan and assess actions (research). These

processes, though they play an indirect role, can extend the work of the DMO, promoting critical and continuous dialogue with actors (firms and the local community) operating within the district. Summing up, then, support processes make the glue, develop the skills, and create tension.

There are numerous advantages that arise from the DDMM for the management of tourist districts.

Most importantly, the DDMM clearly pinpoints areas in which the DMO can intervene in terms of both resources and processes. The model also determines which activities are the responsibility of the other actors.

Furthermore, the model helps clarify the complex connections that tie the DMOs actions into those undertaken of other local actors (local firms and local government). This knowledge can enable DMOs to carefully handle support processes.

Moreover, the model can be used ex-post to determine the causes for success or failure of specific supervisory actions, and identify ex-ante precious operative suggestions for district management. Lastly, systems for measuring district performance can be improved by fine-tuning specific indicators for various actions taken.

7. Open question and further research

The results presented here leave three major research questions open related to the: (i) link between processes and institutional structure of the DMO, (ii) link between supervisory processes and district results, and (iii) management styles of DMOs.

As regards the first aspect, this empirical research brings to light the great diversity in institutional structure of DMOs: the configuration of subjects in whose interests the tourist board operates, contributions that these subjects are expected to make, the compensation they obtain, ways in which financial governance prerogatives are exercised, mechanisms, and structures that regulate the correlation between contributions and compensations. Thus, if there are rather uninvolved public institutional structures or, at the opposite extreme, broad structures where local firms contribute financially to the activity of the DMO, these circumstances have major effects on the type of supervisory processes the DMO implements, and on its ability to impact activities undertaken by other local actors.

Regarding the second aspect, the DDMM underscores the crucial nature of metamanagement processes, as well as activities carried out by other private and public organizations which operate in the district. Here arises the need to identify the true extent of district success, and to set up a series of indicators which can measure, where possible, the effectiveness and efficiency of supervisory processes and actions performed by other local organizations. A dual hypothesis to verify is if the destination can achieve satisfactory results even in the face of ineffective supervisory processes, or, on the contrary, if unsatisfactory

results could be had even where supervisory governance is effective.

Lastly, in terms of styles of supervisory management, one wonders whether the diversity of tourist districts (size, phase in life cycle, context of national norms, competitive positioning goal), taken together with different institutional structures of the DMOs, might be reflected in varying empirical styles of destination management. In other words, the question is whether the general model presented can identify some destination management models which would be effective in various contexts and differing life cycle phases.

These three research questions will be the topic of further investigation in later studies.

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