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# To fund or not to fund: A critical look at funding destination marketing campaigns

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## ABSTRACT

Destination development is predicated on transportation infrastructure and air transport is a major contributor to both development and visitor accessibility. Destination management organizations, airports, and regional governments wish to develop a destination's accessibility and it is common that various forms of financial aid are offered to airlines to support service. Global Connected is a Danish example of such a project whose mandate is to influence airline route decisions with offers of funding marketing campaigns. While several new routes are attributed to this campaign an analysis of passenger traffic flows and interviews with industry experts suggests that funding offers are seldom influential and there are threats of uni-directional traffic, cannibalization, and inappropriate metrics with such programs. A sustainable alternative would see destination stakeholders cooperate to develop inbound tourism products to match the needs of an airline's customer groups.

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## 1. Introduction

Destination marketing is an important tool in the development of a destination and in the competition to attract visitors. Research has shown that marketing is a competitive factor in influencing visitor numbers (Prideaux & Cooper, 2003), and that it has several facets that includes the promotion, distribution, and pricing of the destination (Cox & Wray, 2011). While destination management organizations (DMOs) play a vital role in the development, management, and marketing of a destination it is imperative that there is a cooperative atmosphere among stakeholders to foster development (Beritelli, 2011; Cox & Wray, 2011; Fyall, Garrod, & Wang, 2012; Palmer & Bejou, 1995). One such stakeholder is transportation infrastructure, which includes accessibility to external and internal transport (Blain, Levy, & Ritchie, 2005).

A destination's transportation infrastructure plays a vital role in satisfying the needs of tourists and business travellers alike, as it allows for the movement of people to, within, and from a destination (Prideaux, 2000). Therefore, without sufficient transportation infrastructure a destination's development may be hampered. This infrastructure consists of several modes and terminals, however air transport with its speed and range is unmatched. Therefore, destination development is dependent in varying degrees upon air transport infrastructure (Smyth, Christodoulou, Dennis, Al-Azzawi, & Campbell, 2012). Thus, successful marketing and development of a destination is dependent upon the collaboration

among several actors, including the providers of air transport infrastructure and DMOs.

This paper analyzes the impact of the accessibility project, Global Connected, a consortium of Danish DMOs, Copenhagen Airport, and numerous airlines, on strengthening air transport infrastructure at the destination. Past research suggests that financial incentives to entice the provision of new air service may be beneficial (Castillo-Manzano, López-Valpuesta, & González-Laxe, 2011), although, some destinations have seen a closure of routes following financial support (Pagliari, 2005). This case study finds that such incentives are not always influential in securing new routes. In addition, the networked nature of air transport infrastructure may mean that some new routes cannibalize existing infrastructure. These results expand the theoretical understanding of the influence of destination marketing tools. While from a practitioner perspective it allows DMOs and air transport infrastructure providers to better evaluate how to market and cooperate with stakeholders.

## 2. Background

The tourism industry is an important economic factor in Denmark. In 2008 it provided approximately 75 billion DKK in turnover with 40% connected to international visitors, full-time employment for over 100,000, and contributed 3.2% to GDP (Økonomi-og Erhvervsministeriet, 2011). In 2012 both domestic and international visitors accounted for 44.7 million overnight stays of which 49% was attributed to international visitors (Danish Statistical Office, 2013). The average 2011 daily expenditure among tourists visiting regions outside Copenhagen was 420 DKK while

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those visiting the capital city spent nearly 1190 DKK (Vækstteam for Turisme og Oplevelsesøkonomi, 2013). The average number of days spent in Denmark is 8, which translates to approximately 2.8 million international visitors to the country in 2012. Table 1 shows the aggregate number of overnight stays for the past five years, both in total and for international visitors.

While there is awareness of tourism's importance to the country the Danish tourism industry faces challenges, of which the Ministry of Business and Growth Denmark has identified several: Danish prices and labor costs challenge competitiveness, product innovation is stagnant, and traditional customer groups, such as families with children, no longer prioritize Denmark (Økonomi-og Erhvervsministeriet, 2011). In general, since the financial crisis Danish tourism has lost 1.8% of its overnight stays while the rest of Europe has seen 5.4% growth (Hall, 2013). To attract new consumer groups the ministry has recognized the importance of improving accessibility to the country through its transportation infrastructure, especially increasing the number of international air transport routes and improved coordination of international marketing activities.

Global Connected is a project initiated in 2010 to financially support airlines in marketing the destination of Denmark to support the passenger foundation for newly established routes, as well as provide promotion trips for travel agents, tour operators, and international journalists. Global Connected is an umbrella project for four accessibility projects in Denmark with Syddansk Connected (Southern Jutland), Nordjysk Connected (Northern Jutland), Midtjysk Connected (Mid-Jutland), and Copenhagen Connected. The project is tasked with focused destination marketing support to maintain existing key routes between Denmark and foreign destinations, as well as the establishment of new routes.

Global Connected received 18 million DKK in funding from 2010 to 2013 as part of the Fund for Marketing of Denmark, whose aim is to support projects that promote Denmark abroad, and which lies under the Ministry of Business and Growth Denmark. The entire Global Connected project has a budget of nearly 184 million DKK for the project period from 2011 to 2014 (Frelle-Petersen, Thelle, Hansen, & Jespersen, 2012). The goal for the entire project is the creation of at least ten new, primarily intercontinental routes, to Denmark, which are prioritized by the project committee according to their importance for Danish tourism and industry.

Copenhagen Airport is the main gateway to Denmark and southern Sweden. In 2012 the airport handled 23 million passengers of which 24% were transfer passengers. Currently, the airport is a major gateway to Northern Europe, the Nordic region, and major European destinations, as well as, offering direct intercontinental service to five North American destinations (six airports have operation as two airports in the New York region have direct service), five Asian destinations, and two Middle East destinations, as shown in Fig. 1. The market leader is Scandinavian Airline Systems (SAS) with approximately 50% market share while the low-cost carrier, Norwegian, is a major competitor in the Northern European market and in late 2013 will initiate long-haul services to New York from Copenhagen. In addition, Finnair is a strong intercontinental competitor in the region with four North American destinations and daily or seasonal flights to 13 destinations in seven Asian countries, including five Chinese and three Japanese. This is an advantage not only for direct travellers but those travelling onward in the Asian region.

### 3. Theory

Destination marketing is the process of planning, researching, implementing, controlling, and evaluating a destination's programs that strive to satisfy travellers' needs and wants (Morrison, 2013). While it is instinctive to regard the ultimate goal of destination marketing as an increase in visitors and a DMO's customers as those visitors it is important to incorporate the countless destination stakeholders that help to create a destination's products, services and, thereby, experiences. This requires that a DMO must cooperate

**Table 1**  
Overnight stays in Denmark (1000's).

	2008	2009	2010	2011	2012
Total overnight stays <sup>a</sup>	44.717	42.185	43.136	44.656	44.748
Total international overnight stays	21.196	19.973	20.964	21.939	22.040

<sup>a</sup> Overnight stays include hotels, resorts, camping sites, hostels, harbors, and



**Fig. 1.** Major intercontinental routes from Copenhagen Airport.

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