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Research paper

A qualitative inquiry of DMO services to hotels: How valuable are they perceived?

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ABSTRACT

While it is clear that destination marketing organizations (DMOs) bring business to hotels by promoting the destination, the focus of this study is to investigate what DMO services are valued more (or less) by DMOs and hotels. A qualitative approach was adopted in this inquiry, where the primary data were collected through two-phase semi-structured interviews with 14 industry practitioners working in DMOs or hotels. The first phase began with in-depth interviews with DMO representatives about the DMO services provided to hotels, using the interview protocol developed from a review of literature. An improved protocol was advanced with the DMOs' inputs and then used in the second phase of the investigation to assess hotels' evaluations on the DMO services received, as well as the areas that may need improvement. The data were analyzed with the content analysis method under seven services areas: membership management, training and education, data and research, lead generation, publication, networking opportunities, and cost sharing. In the end, the qualitative data collected in the two-phase interviews were further triangulated, leading to a development of a two-dimensional classification matrix of DMO services perceived by DMOs and hotels. The results reveal some discrepancies in regards to how DMOs and hotels value the DMO services, such as in lead generations as well as training and educational programs. Theoretical implications and specific practical recommendations for each of the seven service areas are provided to improve DMO services for hotels.

1. Introduction

Defined as those organizations that are responsible for management and/or marketing of individual tourist destinations (UNWTO, 2004), DMOs are operated as nonprofit entities that promote the long-term success, as well as marketing and management of a destination by implementing effective tourism strategies that enhance visitors' experience (DMAI, n.d.a.; DMAI, n.d.b.; Gretzel, Fesenmaier, Formica, & O'Leary, 2006; Pearce, 2015). Several, mostly conceptual, studies have reported and described the roles and tasks of DMOs (Choy, 1993; Lennon, Smith, Cockerell, & Trew, 2006; Longjit & Pearce, 2013; Pike, 2004; Presenza, Sheehan, & Ritchie, 2005; Ritchie & Crouch, 2003). Current literature, however, mostly focuses on the broad functions of DMOs and the different activities they perform to promote and support the destination as a whole. There is relatively little research investigating the specific services provided by DMOs to hotels.

Additionally, stakeholder theory posits that various stakeholders of a business would put their own interests over those of others, resulting in different value perceived by different stakeholders (Donaldson & Preston, 1995). It is unclear what types of DMO services are valued

more (or less) by the two key stakeholders in a destination: DMOs and hotels. This investigation hence addresses three research questions that are expected to enhance the understanding of the more- and less-valuable DMO services provided to hotels:

RQ1: What DMO services do hotels use?

RQ2: How valuable and helpful do hotels perceive the services provided by DMOs?

RQ3: What are the desirable new services that DMOs could provide to hotels?

By answering the above research questions, the results shed light on what DMOs do to support hotels, in what areas they might have been working well (or not good enough) and why that is the case, as well as in what areas they could make improvement and how to achieve that goal, thus providing meaningful implications for a greater value-creation and foster a long-term success in the business-to-business (B2B) relationships between DMOs and hotels. From a theoretical perspective, this study examined DMO services from the perspectives of both DMOs and hotels within one research setting. The results from the two-phase

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qualitative investigation add to the current understanding of the B2B relationship between DMOs and hotels, with an advancement of a two-dimensional classification matrix of DMO services perceived by DMOs and hotels. Specific suggestions are made to DMOs based on the triangulation results under each of the specific DMO services provided; hotels may also be able to increase their awareness about the supports provided by DMOs.

2. Literature review

This literature review first presents a brief discussion of the stakeholder theory as the theoretical foundation for this investigation. Secondly, an overview of DMO services is provided, followed by an in-depth discussion of five categories of specific DMO services provided to hotels. These five areas of services were then used in developing the initial protocol for the interviews with DMO informants.

2.1. Stakeholder theory: the theoretical rationale for this investigation

In 1983, Freeman introduced stakeholder theory to examine the various impacts that different stakeholders (e.g. owners, shareholders, managers, consumers, and business partners) have on an organization (Freeman, 1984). Generally, stakeholder theory posits that different stakeholders would pay particular attention to one or more aspects of a business operation for their own sake of interests or with a unique perspective according to their best interests (Donaldson & Preston, 1995; Mitchell, Agle, & Wood, 1997; Nunkoo & Ramkissoon, 2013). Stakeholder theorists recognize the differences among various types of players in an organization and encourage managers to identify who are the true stakeholders of the organization as well as what these stakeholders value the most (Donaldson & Preston, 1995; Mitchell et al., 1997; Todd, Leask, & Ensor, 2017). Since its introduction, stakeholder theory has been applied and tested in various aspects and have multiple implications, with three alternative focuses: descriptive/empirical, instrumental, and normative. The descriptive focus of stakeholder theory is used to describe and explain specific corporate characteristics and behaviors within the organization; the instrumental aspect helps to identify the connections – or lack of connections – between stakeholder management and the achievement of traditional corporate objectives; finally the normative focus assists in interpreting the function of the corporation (Donaldson & Preston, 1995). Today, stakeholder theory has been applied in studies of different industries, including hospitality (e.g. Liang, Law, Kam, & Denizci Guillet, 2014; Pérez & del Bosque, 2014), non-profit organizations (e.g. Van Puyvelde, Caers, Du Bois, & Jegers, 2012), and the tourism industry (e.g. Carr & Liu, 2016; Hardy & Pearson, 2017; Khazaei, Elliot, & Joppe, 2015; Theodoulidis, Diaz, Crotto, & Rancati, 2017; Waligo, Clarke, & Hawkinsc, 2015).

Referring to stakeholder theory, DMOs and hotels, as two different but very important stakeholders of destination marketing and management, would possibly have different interests or hold different perceptions of the 'ultimate value' they are creating for a destination. While it is commonly believed that hotels can benefit from the services provided by DMOs, it is uncertain if hotels and DMOs place the same value on various types of DMO services that are provided to hotels, which becomes the focal interest of this qualitative inquiry.

2.2. DMO services: an overview

DMOs operate at various geographical and administrative levels, which may generally be distinguished in three main categories: national, regional/provincial/state, and local (or sub-regional) (Blain, Levy, & Ritchie, 2005; Ritchie & Crouch, 2003; Sheehan & Ritchie, 2005; UNWTO, 2004). Nevertheless, the nature of the role DMOs perform is similar across all three levels — that is to increase tourist visitations to a destination (Wang & Pizam, 2011). There is a consensus in academia that DMO activities are significantly helpful in developing

and managing a tourist destination, with the ultimate goal of enhancing the visitors' experience. Marketing or promotion, in particular, is most frequently referred to as the primary area of research concerning DMOs (Borzyszkowski & Marczak, 2015). To achieve the goal of ensuring quality experience of visitors, however, DMOs are actually in charge of more than just marketing or promotional activities.

According to Ritchie and Crouch (2003), the activities performed by DMOs can be classified into two major categories, namely 'internal' and 'external' managerial tasks (or programs). Even though the boundaries between the two groups of activities can be blurry, and some overlaps may occur, internal activities are predominantly those required to enable the DMOs to function administratively (e.g. definition of organizational by-laws, determination of committee structures, determination of budget/budgeting process, and organizational administrative procedures), including those that focus on the various elements of the destination itself ('inward-looking'). Such elements comprise stakeholders and membership organizations (membership management and publications), as well as communities (community relations) and visitors (publications). External tasks, on the contrary, are 'outward-looking' and tend to communicate to the outside world (including other DMO stakeholders) about the functions of DMOs. External tasks focus on marketing (a huge component of DMOs activities that includes: promotion; the identification, measurement and monitoring of the destination awareness and image; destination branding; destination positioning, and market segmentation), visitor services, visitor management, information and research, finance and venture capital management, and resource stewardship (Ritchie & Crouch, 2003).

2.3. DMO services provided to hotels

2.3.1. Membership management

According to the Destination Marketing Association International surveys, about 41% of DMOs are membership based, and the number is expected to increase over the years (Borzyszkowski & Marczak, 2015). DMOs can obtain funds in different ways, such as through membership fees. Consequently, providing DMO programs will help DMOs justify the membership fees; members will then appreciate and value their inclusion into the network. Ritchie and Crouch (2003) emphasized the importance of keeping high enthusiasm among members, as it would assure a long-term stream of resources. According to Ritchie and Crouch (2003), DMO programs include three elements:

- Routine, ongoing programs: this element includes regular meetings and networking sessions that may benefit members.
- Special area programming: this may involve guest speakers, strategic planning sessions, and visits to member facilities.
- Membership development programs: they consist of education and trainings that can be either periodic or systematic, as well as workshops and seminars on timely topics.

2.3.2. Training and education

Zavattaro and Adams (2015) suggested DMOs used training and educational services as a means to justify the existence of their organizations. Kalbaska (2011) focused on DMOs' usage of eLearning and pointed out that new technologies can be used not only to spread marketing messages to potential clients, thus attracting visitors to the destination, but also to coordinate all the partners and industries involved in the production and delivery of the tourist activities. Digital technologies can serve the scope and offer a full learning experience (eLearning) about a destination and its attractions in an extensive, structured, and modern way. Kalbaska (2011) found that DMOs worldwide almost doubled their online courses during a two-year timeframe and believed that training must be included as a valuable service provided by DMOs. Finally, a study by Borzyszkowski and Marczak (2015) emphasized the reciprocal benefits resulting from the collaboration between DMOs and the representatives of the educational

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