

DMO: Technology Investments in a Contemporary Online Marketplace



Destination marketing organizations need two things to maintain good websites. First is content management. Second, are a set of tools like interactive maps, itinerary builders, calendars of events, and e-newsletters.

Given the importance and expense associated with managing content on a typical DMO website, the competitive environment for servicing the first of these needs—content management systems—is exceedingly fierce. Many companies offer highly-evolved and comprehensive software solutions. While the products offered by these companies vary slightly in terms of specific features, all afford indisputable and widespread economies based on standardization, ease of use, and streamlining of routine tasks.

Curiously, comprehensive management solutions don't exist when it comes to tools. As a consequence, organizations employ individual contractors or ask their own workers to code tool widgets on an installation-by-installation, solution-by-solution basis. To be fair, many of these solutions work like crazy. Others do not. What can be said, without qualification, is that issues of tool development, management and evolution have not benefited from a "systems thinking approach" in the same way that the industry has attacked issues surrounding web content and member management.

One must wonder why such a lopsided situation exists or why the market tolerates such blatant inefficiencies. Not only are the economies associated with all management tasks equally important, tools systems seem to be growing most quickly. In terms of relative importance to the visitor experience, we are seeing demands for tools that run neck and neck with managed content and media. Consider. It has been reported that more than half of all DMOs plan on making significant upgrades to their web capacities in the forms of: (1) expert intelligent systems that learn who the traveler is and configure their experiences based on individual preferences; (2) e-newsletters that inform prospective visitors of events, specials, or "hot deals;" (3) on-line shopping and advertising to offset the rising cost of site creation and management; and; (4) tools to facilitate destination-specific planning that manages and records itineraries, traveler reviews, events, and personalized travel itinerary maps.

While there are no data supporting an assertion that there is an industry-wide trend towards an integrated software tool solution, we can logically surmise that destination promoters must be looking for solutions of the types that an integrated tool application would likely offer. After all, why wouldn't they be? Like businesses and organizations everywhere in a struggling economy, destination marketing organizations need to look for organizational economies in lieu of cutting essential services and product deliveries.

In an effort to understand what-is-what and to shine some light on the apparent disparity between the availability of industry-wide solutions for content management systems and tool applications, our company conducted a survey of 650 destination marketing organizations in the United States in mid-2009.

According to our findings, there is a wide range of capabilities, but very few differences in how destination marketing organizations deliver content to prospective visitors. It isn't the "what," but the "how many and by whom." Setting aside the obvious differences in the amounts of data delivered by "big" versus "small" destinations, our research shows a clear and ubiquitous operational pattern. In day-to-day operations, most organizations manage and deliver web content using content management systems (CMS) that create, edit, manage, and publish content in a consistently organized fashion. Most do CMS work internally. We also found that content management systems are almost universally regarded as essential in that they accommodate and organize materials submitted by numerous authors. Content management systems also store, control, version, and publish documentation that includes computer files, image media, audio files, electronic documents, and web content. Once managed, content is subsequently organized into event calendars, interactive maps, and itinerary-builders that are delivered to visitors using what we call "destination tools" that are evolving to include social and mobile networking applications.

As mentioned earlier, "tool systems" are far less evolved than content management systems when looked at from the perspective of integration and organizational economies. The reasons are straight forward. Content management is democratized and understandable by everyone through convenient user interfaces. As a result, managers understand individual tasks and how these tasks relate to productivity on an employee-by-employee, task-by-task basis. On the other hand, tools are less manageable because only a few technologically-savvy employees or sub-contractors know how to make use of indecipherable strings of bewildering codes snippets and application programming interfaces.

Because tool solutions are not easily understandable on a technological level, they are expensive to develop and upgrade. Our research found that 87% of our respondents paid outsiders to develop tool applications. Furthermore, many felt trapped by their purchases—feeling locked into "existing solutions" as their financial resources diminished and their needs for tools increased. Specifically, we found varying degrees of success or levels of satisfaction in terms of product equity, agility, or standardized efficiencies. At the end of the day, 64% of our respondents complained of a lack of manpower despite costly investments in tool technologies that were originally made for the very purpose of decreasing organizational workloads. We also found that 32% were displeased with the technology that they had purchased and wanted "newer solutions," and 30% complained about pricing and customer service associated with their tool purchases or acquisitions.

We discovered that dissatisfaction is endemic and systematic regardless of DMO size or financial resources. While all but 2% of our respondents agreed that tools were important to their web operations, 68% cited financial limits as the chief reason for not upgrading or adding new features. Another 43% attributed their inability to move forward to a lack of personnel and 35% pointed to a combination of factors such as the inability to locate appropriate technical support.

To organize our findings, we developed a five-class taxonomy to clearly define the market of destination content providers as we found them. This taxonomy provides an understanding of the strengths and weaknesses of various groups in order to define an optimal, market-wide, tool systems strategy. The classes are not meant to be mutually exclusive. Given multiple needs and goals, many of our respondents are hybrids falling into more than one class. The following explains our taxonomy.

- **Capacity Under-Performers**—These are organizations of all sizes that fail to offer a contemporary, industry-standard tool set. Also included in this class are organizations that offer a full capacity set, but are doing so at inordinate costs.

- **Technology Prisoners**—These are organizations that are reluctant or too lazy to change course because they are either locked-into expensive and antiquated technology or are contracted

for services about which they are having second thoughts. Included in this class are those who are threatened by their own success. These organizations are the ones that made early commitments to technologies that were later found to be limited in their abilities to expand. They are also those who are managed by individuals who have some inexplicable need to justify and protect historical decisions in a fluid technology arena that threatens to leave them behind.

- **Widows and Orphans**—These are small organizations lacking financial resources who need "new technology" and efficiencies but are limited by finances and/or staffing.

- **Big Men on Campus**—Our fourth class is large organizations seeking to maintain market dominance. These larger organizations have few financial challenges and emphasize market superiority over pricing. Surprisingly, these organizations are not by default "happy campers." Some of the largest and most successful are being threatened by technology implosion. For example, one of our largest respondents committed to a well-known CMS platform that looks great, but is incapable of withstanding the rigors to which it is now being subjected.

- **Market Under-Performers**—Our final class is market under-performers. Emblematic of this class are the 70% of all organizations that don't have data mining capabilities despite what could otherwise be considered to be complete tool arrays. In effect, they have tools, but fail to use these to their maximum extent.

Parallel to our survey results are our own observations as a company that develops software applications for the tourism industry. Since tools can't be bought as unified software packages the way that "content management systems" can, the costs and inefficiencies associated with custom software development are far-reaching in terms of an organization's ability to compete in a global climate of economic scarcity. Our gut feelings are supported by our survey responses. Consider. 69% of our respondents told us that they knew what they needed, but lacked the resources to orchestrate better technology solutions in an online market that has exploded to 80% of the 120 million U.S. travelers in 2009. As a result, 60% of our respondent's websites lacked "truly interactive" mapping capacities, 53% lacked itinerary builders, and 70% were incapable of gathering important marketing data from visitors.

To bridge the gap between what destination marketers need and the limits imposed by "scarce resources," we have concluded that the destination marketing industry needs an integrated software solution for destination marketing tools. This solution should immediately merge with existing membership lists, points of interest, and events as scalable data structures that can be output, seamlessly, to interactive maps, event calendars, announcements, e-newsletters and custom visitor itineraries. It should also be able to output to peripheral devices such as PDAs, iPhones, social networking sites and "points of presence" kiosks in lobbies and hotel rooms equipped with HD monitors or TVs. Additionally, an optimal solution should routinely make reservations through affiliations with reservation engines such as Yahoo and Expedia while managing content through easy-to-use, form-driven, administrator panels and support advertisements, promotions, and sponsorships that are automatically loaded, scheduled and billed through an online ad administrator.

In addition to front-end functions, an optimal solution should provide back-end marketing support that tracks users, their activities and purchases on or associated with DMO websites. An optimal system should collect user profile data matched with individual preferences for goods and services while feeding data back to its clients as spreadsheets, graphs, and reports.

Most importantly, an optimal tool solution will facilitate and monetize web operations in an online travel industry that is characterized by a high rate of product evolution. Furthermore it will not be indentured to process or hampered by protecting outdated technology paradigms such as FLASH or

HTML, organizational egos, or historical investments that were great at the times they were made, but have since become obsolete.

If this dream can be realized, if these goals can be reached, destination marketers will: (1) achieve economies of scale through task integration; (2) open channels of communication between member clients and the public that they serve; (3) promote and reward brand/destination loyalty; (4) provide online market segmentation through analytics that identify customer groups and associated product lifecycles; and (5) integrate e-communications with online and offline marketing of destination services and products.

By Mark Mattson

Mark Mattson writes agile software solutions for the travel industry. His current activities surround the development of TravelTools—a new tool application for destination marketing. Mark can be reached at mark@mattsonmaps.com and would love to hear your comments.

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