

Organisational Aspects of DMOs

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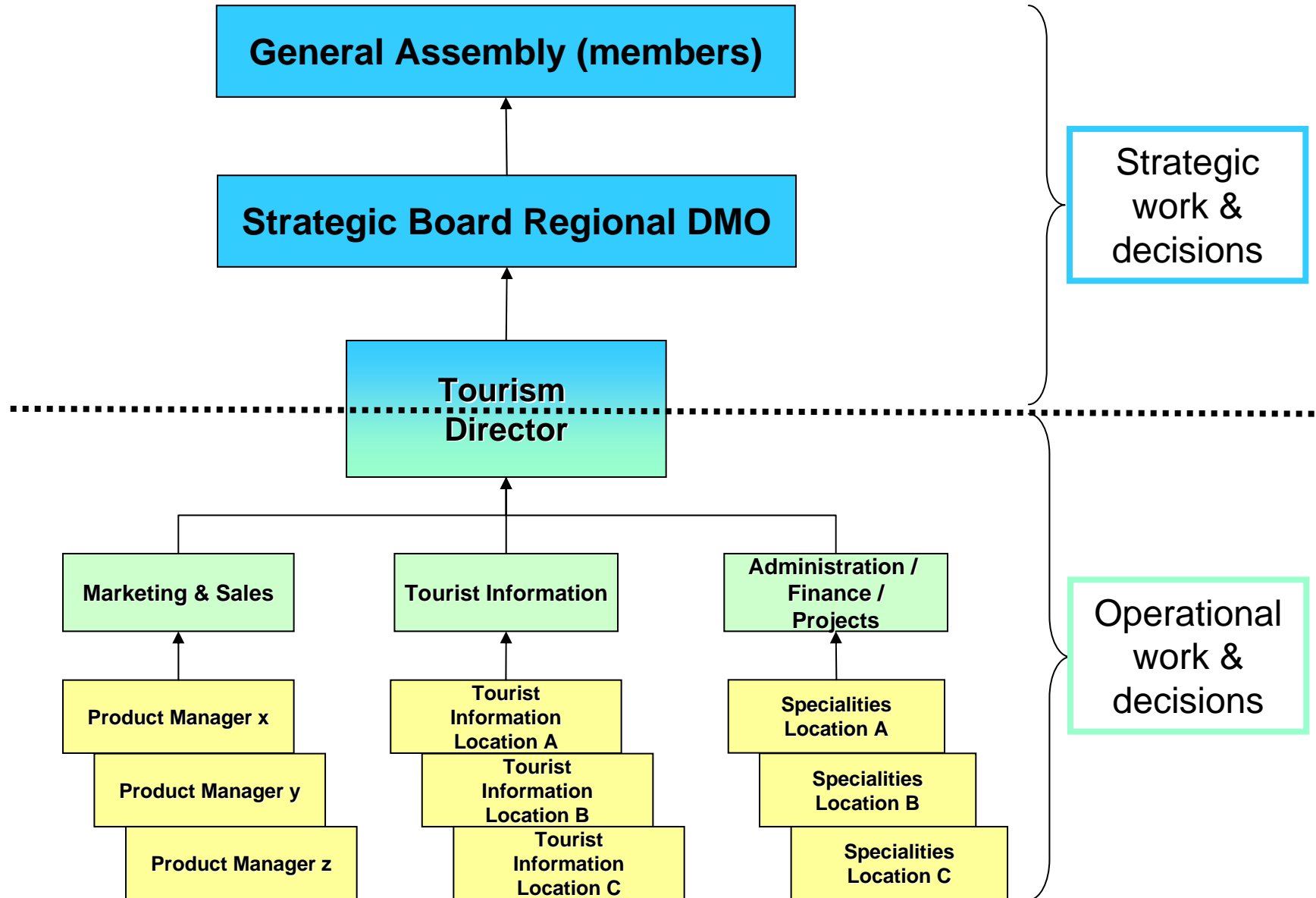
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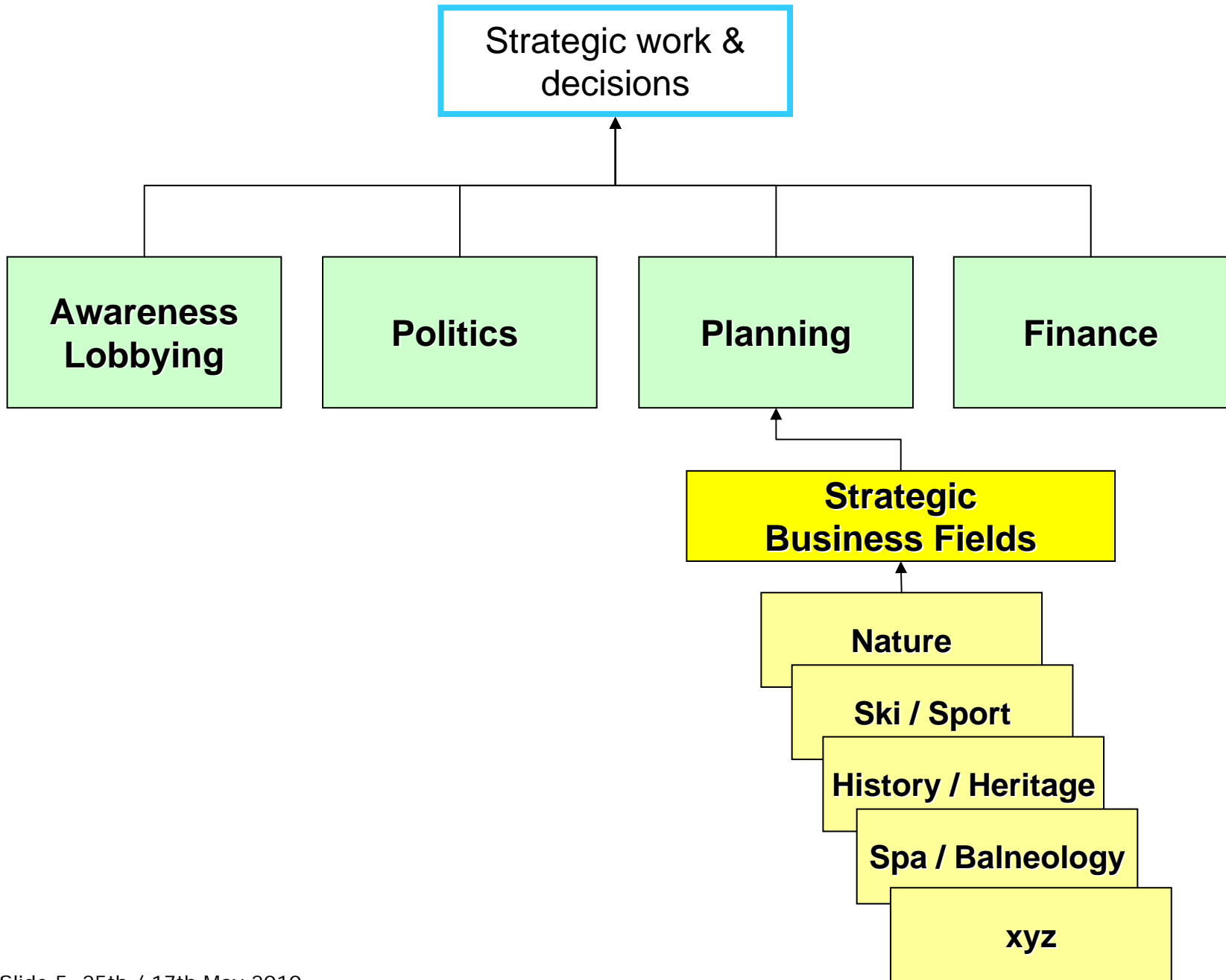
Tasks of a Destination / DMO

<h2>1. Planning</h2>	<h2>2. Information</h2>	<h2>3. Design of tourist offer</h2>
<ul style="list-style-type: none"> ▪ mission statement ▪ organization ▪ core product groups (strategic business fields) 	<ul style="list-style-type: none"> ▪ information for guests ▪ information for local population ▪ support for journalists 	<ul style="list-style-type: none"> ▪ care for guests ▪ entertainment for guests ▪ coordination of tourism infrastructure ▪ operating of leisure facilities ▪ control and improvement of product quality
<h2>4. Marketing communication</h2>	<h2>5. Sale</h2>	<h2>6. Lobbying</h2>
<ul style="list-style-type: none"> ▪ promotion ▪ sales promotion ▪ PR ▪ brand management ▪ market research 	<ul style="list-style-type: none"> ▪ information- and reservation system ▪ packages 	<ul style="list-style-type: none"> ▪ awareness of tourism in population ▪ comprehension of tourism in political authorities ▪ collaboration in cooperative organizations

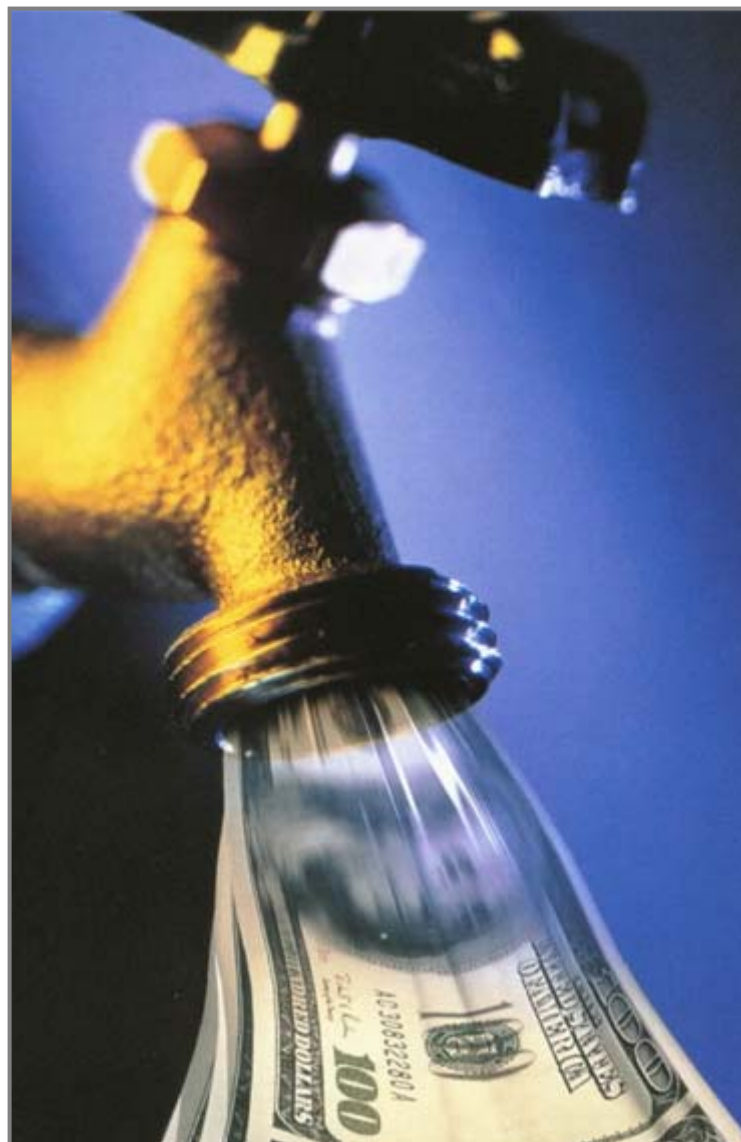
Strengths and Weakness of public & private sector

Strengths	
Public Sector	Private Sector
<ul style="list-style-type: none"> ▪ Long term strategic approach ▪ Destination awareness creation ▪ Public realm management ▪ SME support ▪ Quality assurance 	<ul style="list-style-type: none"> ▪ Short term tactical approach ▪ Sales focus ▪ Customer relationship management ▪ Focus on market opportunities ▪ Rapid decision making ▪ Entrepreneurial
Weakness	
Public Sector	Private Sector
<p>Both sectors have much to offer. The public sector provides a holistic and longer term strategic role to ensure quality while the private sector acts swiftly and tactically to develop its business.</p> <p>These strengths and weaknesses emphasise the importance of partnerships and to develop synergies where the whole is greater than the sum of its individual parts.</p>	





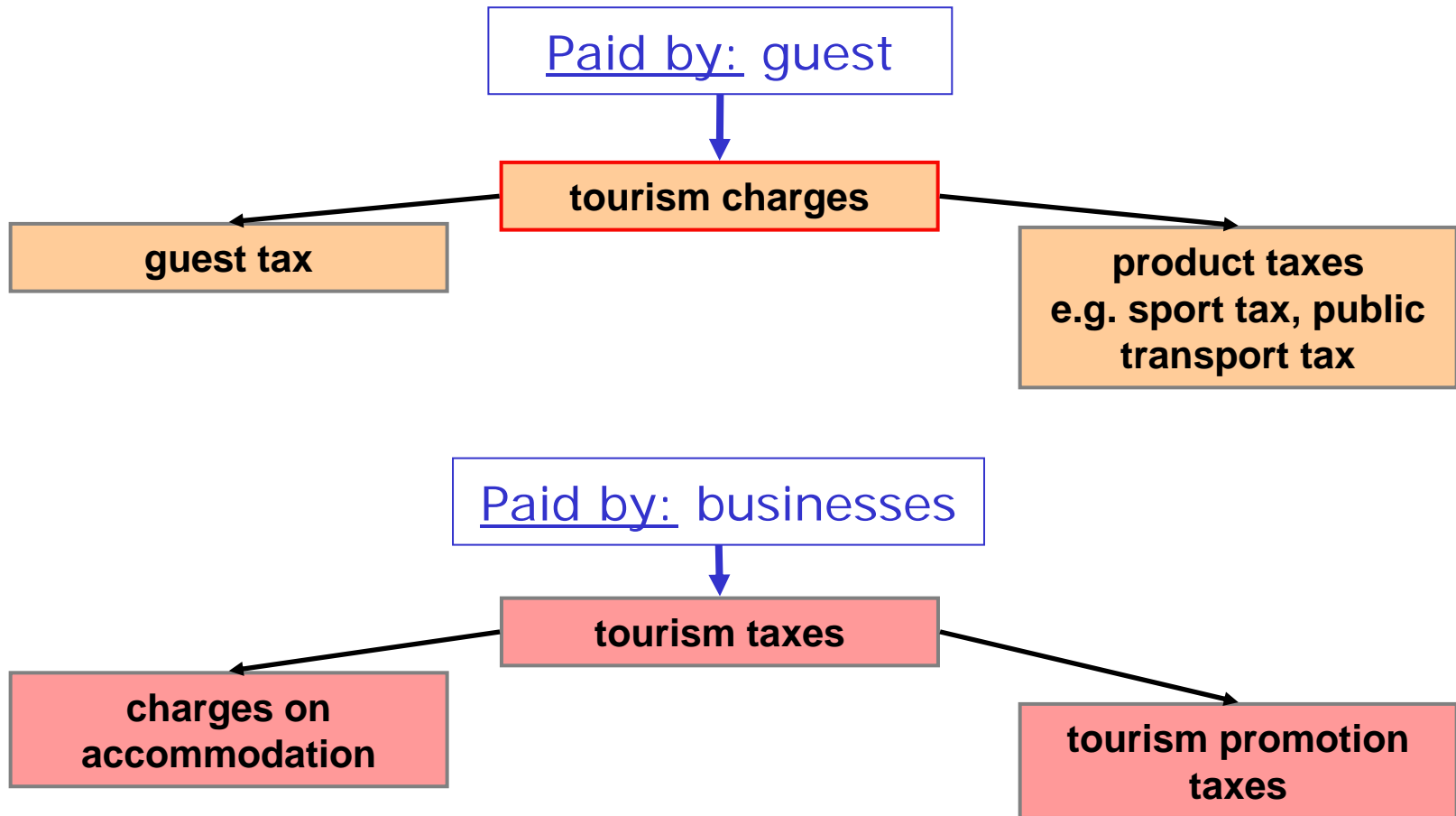
Financing of DMOs



Directory

1. System of Charges in Tourism
2. Financing in Tourism: Regular Forms, Financing of the DMO, Financing by Public Means
3. The Tourism Promotion Tax, The Guest Tax
4. Composition and Usage of the Tourism Promotion Tax
5. Advantages and Threats for a DMO with Commercial Orientation

System of Charges & Taxes in Tourism



reference: Kreuter, Marantelli

The Guest Tax

Tax based on a public law.

The community is in charge of defining height and levy of the guest tax. Beside others it's used for information and infrastructure.

Generally: per night per guest

Differentiation by type of accommodation

The Tourism Promotion Tax

Tax based on a public law.

The community is in charge of levy the tourism promotion tax. It's used for marketing and promotion purposes.

Different Indicators for levy – Different systems are existing

Regular Forms of Financing a DMO

- public charges
- membership fees
- commercial activities

Financing of the DMO by the State

- community level (local)
- provincial level (cantonal)
- state level (national)

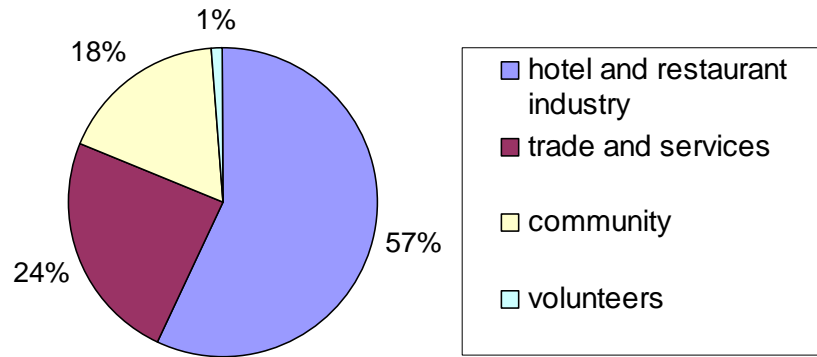
Sources of Financing by Public Means

legitimation of public charges and their levy:

- tourism promotion tax
- guest tax
- charge on accommodation
- subsidies / charges
- further instruments / (special) funds

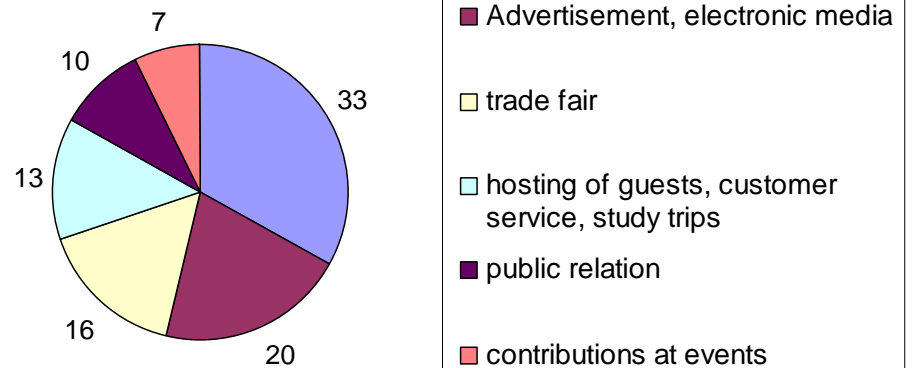
Composition and Usage of the Tourism Promotion Tax

Composition of the tourism promotion tax



Composition

Usage (example in detail)



Usage

Legal forms of DMO's

-The following legal forms can be considered

- **A: Integration in public administration**
- **B: Department of public law**
- **C: Association of private law**
- **D: Cooperative society**
- **E: Corporation**
- **F: Foundation**

PROFIT

or

NON-PROFIT

Organisation ?

DMO as Profit Organisation

Advantages for a DMO with Profit Orientation

- More power in the market – more power for implementation
- More resources for market cultivation
- Motivation of personnel due to management by objectives
- Clear quantitative goals
- Strong orientation on the market

Threats for a DMO with Profit Orientation

- Loss of (public) subsidies as the DMO has to follow public tasks
- undefined limitations
- confusion by number of tasks
- mess in accounting and monitoring
- premises for diversification:
 - Knowledge about production / Knowledge about markets

Example of a Regional DMO: "Graubunden Ferien"



Actual situation – too many organizations, insufficient marketing power

92 organizations ⇒ 293 full time jobs ⇒ 428 board members !!!

Marketing funds of the 92 Buendner Tourism Organizations

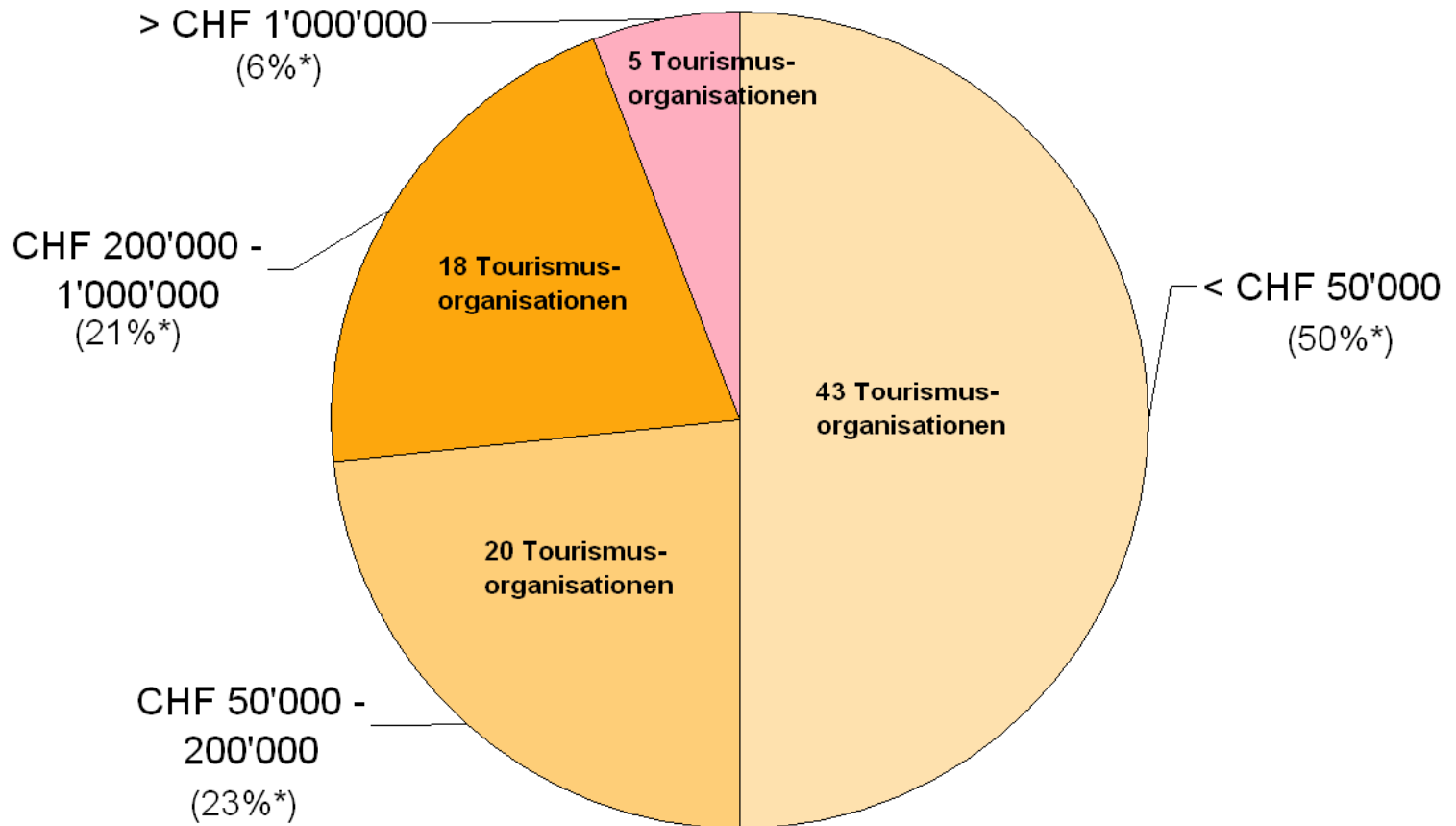
funds in Mio. Swiss francs			application in Mio. CHF		
Tourism Tax (TFA)	10	14%	16	22%	Marketing (z. B. brochures, posters, advertisement ...)
Membership fees etc.	9	12%	4	5%	Marketing dues to regional / national tourism organisations
Visitor Tax (KTX)	34	46%	20	27%	Human resources
Commercial earnings	14	19%	6	8%	Events in town
			8	10%	Guests information services
Contribution regional government	4	5%	1	1%	Internet
Contribution local municipality	3	4%	19	27%	Infrastructure, commercial costs, insurance ...
Total income	74	100%	74	100%	Total costs

Quelle: AWT

Actual situation – too many organizations, insufficient marketing power

Marketingbudgets

Tourismusorganisationen mit einem Marketingbudget von ...



*Anteil an den 92 heutigen Tourismusorganisationen

Quelle: AW

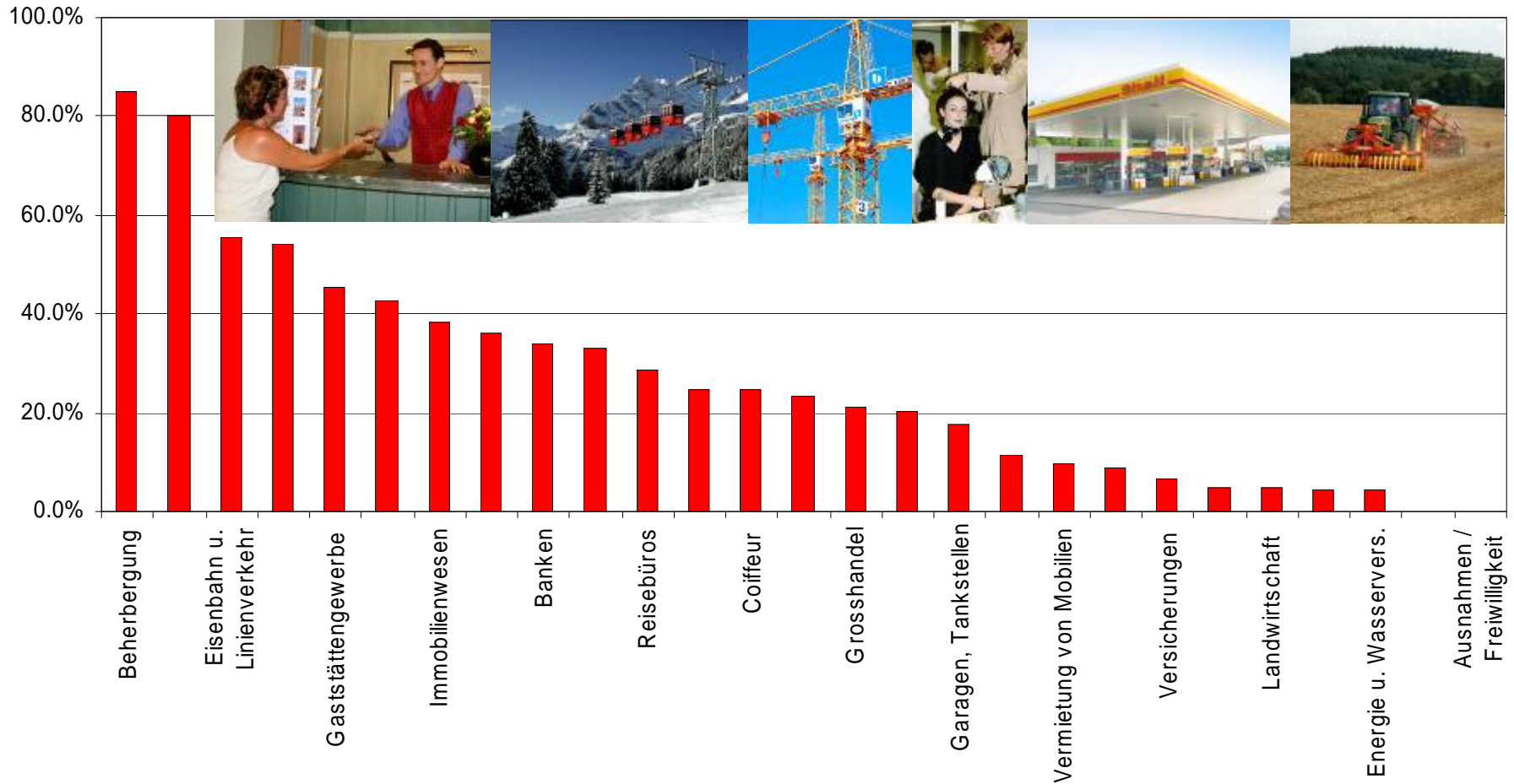
Tourism reform – main aspects

- From 92 TO to 5 DMO plus „Graubuenden Ferien“ (as regional organisation) with each a marketing budget of minimum CHF 7 Mio. p.a.) (approx. € 4.5 Mio.)
- 5 DMOs und “Graubuenden Ferien” strengthen product development / design
- All the other Tourism Organizations need to align with other TOs and delegate the marketing to one of the 5 DMOs (Minimum marketing budget CHF 0.2 Mio. p.a.) (approx. € 0.12 Mio.)

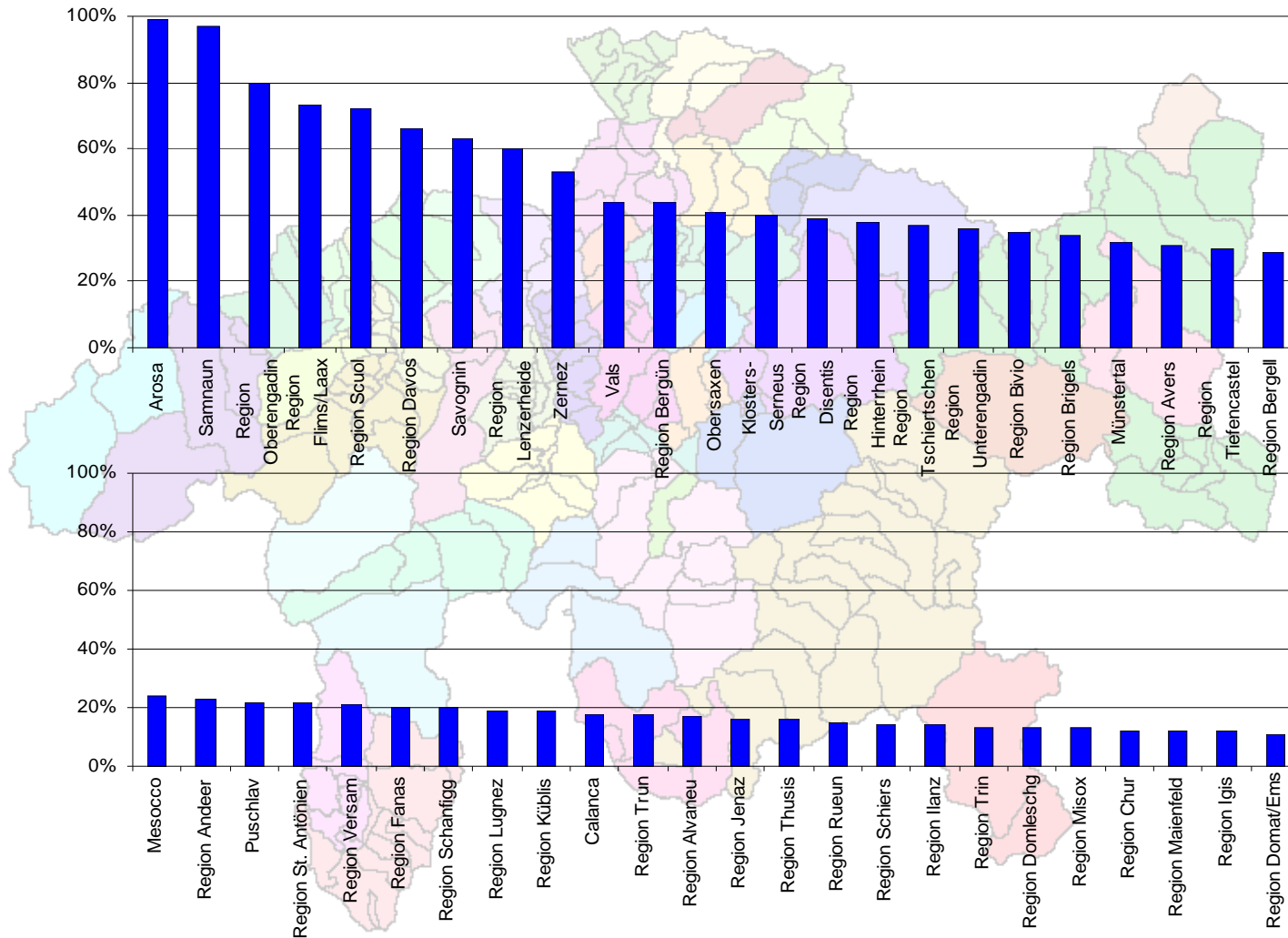
from 2010



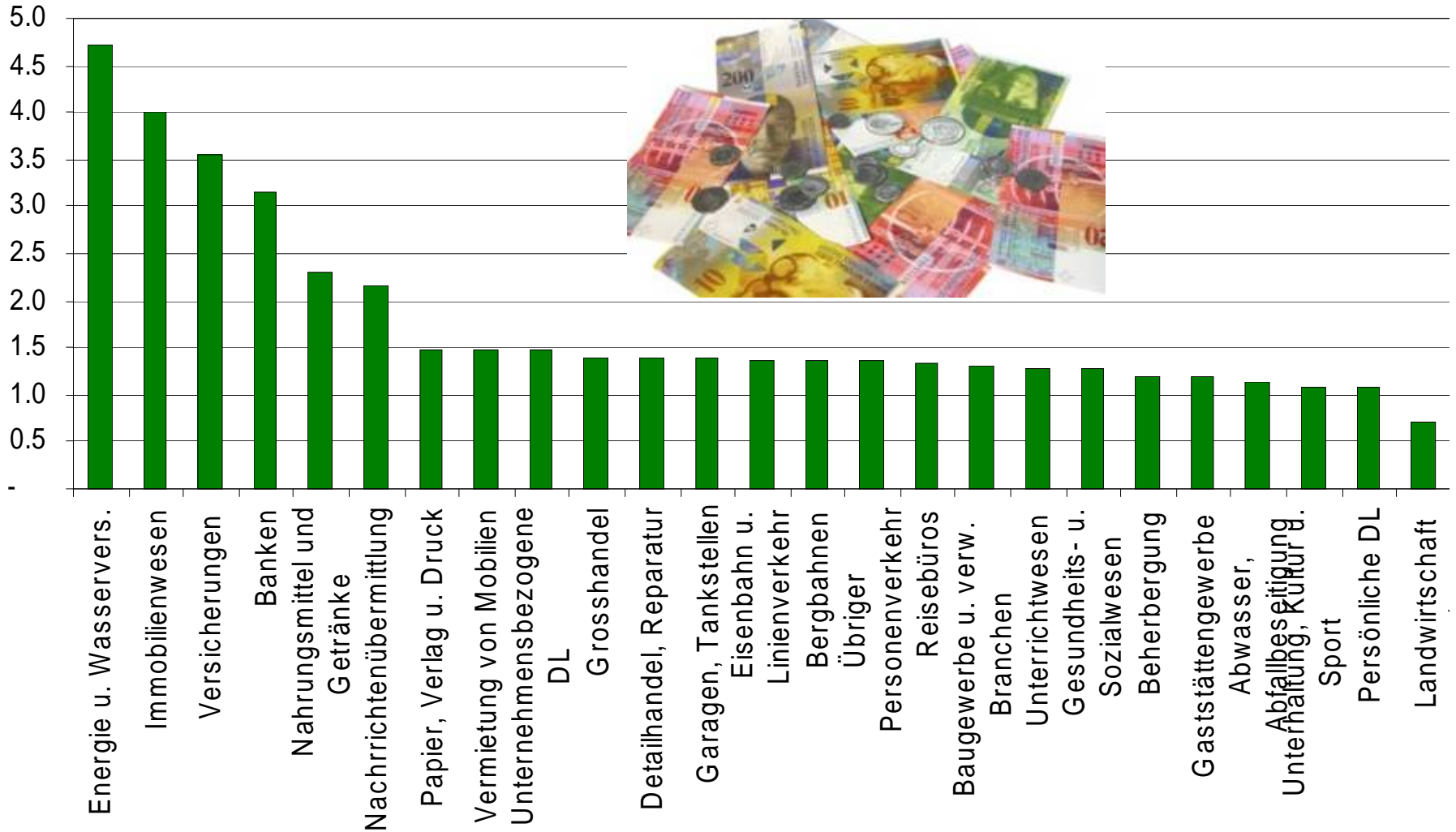
Dimension 1: industrial dependence from tourism



Dimension 2: regional dependence from tourism



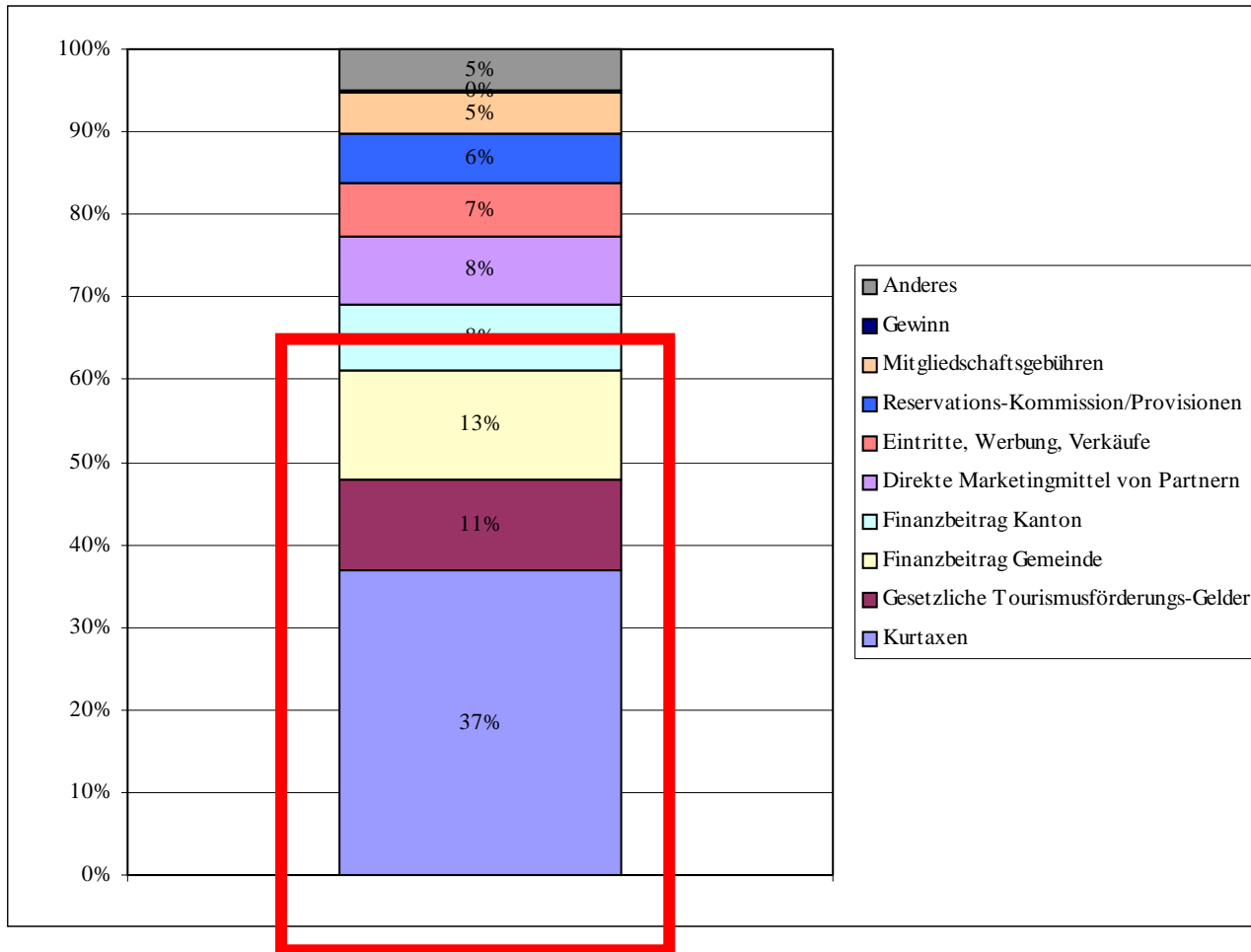
Dimension 3: value creation



Tourism organisations & DMOs in Switzerland



Earnings of the local Tourism Organizations



- **69% are based on local or regional laws / authorities !!!**
- **This shows the high dependence between politics and businesses, as well as tourism development**

Expl. Montreux-Vevey (NPO Association)



Finances of Montreux-Vevey Tourism 2009

Sources of revenue

-	Private part (private financing)			
	70%			
-	Commercial services	2,7 millions	-	43%
-	Memberships	0,3 millions	-	5%
-	City tax	1,1 millions	-	19%
-	Public part (public financing)			30%
-	Subsidies from the cities / villages (23 communities)	1,9 millions	-	33%
-	TOTAL	6 millions		100%