
**The Destination Management Organization (DMO)**

There is both anecdotal and empirical evidence which suggests that DMOs occupy very influential positions within a destination (Pike & Page 2014; Wang & Krakover 2008). This is due to both reputation and member relations (Beritelli & Laesser 2011). The DMO is mandated (usually by state/provincial or local government) to act as a catalyst for destination development, ensuring transparency in investment reporting to state and funding agencies as well as boosting patron support for its constituents. A critical part of their responsibility is working in conjunction with other private and public sector organizations within the destination. As a third-sector (not-for-profit, quasi-government, or member-based) organization, the DMO is tasked with creating and communicating destination value. Knowledge transfer and use is critical to this undertaking. Most importantly, the DMO’s task in boosting destination demand involves facilitation and support for the design of destination experiences in the form of new idea, product, process, and service innovations by means of mobilizing tourism knowledge among destination partners.

The general legal classification of the DMO in the United States is a 501(c) (3) or 501(c) (6) which carries tax-exempt status. This numeric designation is similar to educational, religious, and other not-for-profit organizations. The DMO is funded primarily by membership dues or state, city council, or provincial funds. The funding structure of the DMO drives characteristics such as reporting obligations, fiduciary conduct, transparency, accountability, and governance. Figure 10 provides a representation of the governance structure of the DMO based on Ford and Peeper’s (2008) overview of DMOs in the United States.
Prior studies (e.g., Morgan 2012; Davis, Schoorman & Donaldson, 1997) suggest that the role of convention and visitors bureaus/destination management organizations (CVBs/DMOs) is one of ‘steward’ or caretaker, of the destination’s resources. As stewards, the attitudes and behaviors of the DMOs are collective; motivated by the attainment of destination performance objectives aligned to the interests of civil society, government and businesses within the destination. DMOs are entrusted with resources and act on behalf of stakeholders with whom there may be no direct contractual relationship. Within this paradigm, the role of the DMO as steward is motivated by an alignment of motives with the objectives of the destination’s brand. Within this paradigm however, the DMOs’ role of building the destination brand becomes one of relational involvement, wherein the DMO is forced to compete in a globalized and increasingly less intermediated destination environment—locally and globally. This reality lends implications for knowledge exchange relationships between the DMO and related destination stakeholders.
As it relates to inter-organization and inter-sectoral relationships, DMOs are expected to engage tourism actors by building relationships through trust and communication. Earning the trust of other destination players requires leadership on the part of DMOs, at times in the form of personal involvement. Moreover, as it relates to innovation performance (new ideas, products, service, etc.), DMOs which promote trust, commitment and reciprocity among members are more likely to achieve higher levels of firm- and network-level innovation output. This is supported by research on collaboration and use of social media for innovation (Milwood, Marchiori, & Zach 2013) found that American DMOs who identify and collaborate with influential partners for external knowledge are more innovative than those who do not. The ability of the DMO to influence innovations is therefore based not only on their relative position and reputation (Beritelli & Laesser 2011) among destination actors, but also on their ability to access and exploit specific knowledge-innovation resources among members of the network.

Research on stakeholder and network perspectives (Milwood & Roehl 2014) found that in the case of a single, North-American DMO pursuing a marketing innovation, the ability to maintain a strategic relationship with external partners in which ‘control’ is balanced with ‘collaboration’ was key to successful innovation outcomes. This means that DMOs who engage stakeholders through involvement and support strategies and simultaneously monitoring and control strategies, are associated with more successful innovation outcomes. This idea, often referred to as “co-opetition”, argues that destinations are likely to experience increased levels of performance when DMO and non-DMO organizations collaborate for successful outcomes.
References


