Assessing eBusiness Models of U.S. Destination Marketing Organizations

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Abstract

Information technology has made it imperative for destination marketing organizations to adapt their traditional business models in order to keep pace with emerging advertising strategies, changes in the consumer market, and growing competition. This paper reports on a study of the eBusiness models used by 555 American convention and visitors' bureaus. The results of the study indicate that despite the high rate of adoption of web marketing in the tourism industry most bureaus are still using the most basic business model for their bureaus web marketing strategies. The paper discusses the implications of these findings and offers ideas for future research.

Keywords: eBusiness models, destination marketing organizations, web marketing strategy.

1 Introduction

Convention and visitors bureaus (CVBs) are charged with the responsibility of marketing and branding destinations. Being information brokers of the tourism network, they collect and provide information from and to both ends of the value chain and often function as a catalyst for urban and regional development (McIntosh, Goeldner, & Ritchie, 1995). The proliferation of Internet technologies opens up completely new perspectives and opportunities for the CVBs. As a result, destination marketing organizations (DMOs) are trying to adjust existing marketing strategies (Werthner, 1996). However, researchers (Godin, 1999; Hoffman & Novak, 1996; Zeff & Aronson, 1999) suggest that successful online advertising is not just about technology and new communication channels, it is about deconstructing traditional business models and reinventing the organization. Recent research indicates that CVBs are trying to adjust their marketing strategies using the Internet for destination marketing (Fesenmaier, Gretzel, Hwang, & Wang, 2004; Yuan, Gretzel, & Fesenmaier, 2005). However, these studies indicate that CVBs face tremendous challenges which limit their capability to adapt to this new environment (Fesenmaier & O’Leary, 1998; Gretzel, 2004; Hoffman & Novak, 1996; Yuan, Gretzel, & Fesenmaier, 2003). The purpose of this paper is twofold. Firstly, it outlines a framework for defining consumer oriented eBusiness models for CVBs. The second objective corresponds to a field study conducted for observing, analyzing, and cataloguing the eBusiness models being adopted by the American CVBs.
This paper is organized in the following sections. The first section overviews the
literature on business models with reference to defining the purpose of ebusiness
models, identifying the components of various business models and listing measures
used to evaluate these business models. The next section provides a description of the
research methods used to collect the data followed by the results and discussion
section wherein the authors discuss the web-based marketing practices of the tourism
marketing organizations in the United States. Based on these analyses, the bureaus
were classified into four types of eBusiness models and their web marketing strategies
are assessed. Finally, the implications of these findings are discussed and new ideas
for future research are proposed.

2 eBusiness Models

Several definitions exist that describe the nature and purpose of a business model.
Pateli and Giaglis (2002) argue that the business model explains the logic of making
business for a firm (Linder & Cantrell, 2001; Petrovic, Kittl, & Teksten, 2001; Rappa,
2001; Timmers, 1998) while others argue that it is the essential link between strategy,
business processes and information systems (Nilsson, Tolis, & Nellborn, 1999;
Osterwalder & Pigneur, 2002). Petrovic, Kittl, & Teksten (2001, p. 2), on the other
hand, adopted a systems approach to define a business model as “the logic of a
business system for creating value that lies behind the actual processes”. Similarly,
Linder & Cantrell (2001, p. 1) define a business model as “the organization’s core
logic for creating value”. According to Applegate (2001, p. 53), “a business model is
a description of a complex business that enables study of its structure, the
relationships among structural elements, and how it will respond to the real world.”
Finally, Rappa (2001) and Hawkins (2002) define the business model from a financial
perspective by emphasizing cost and revenue streams.

One of the earliest attempts to construct a taxonomy of eBusiness models was by
Timmers (1998) whereby he identified architectures for business models via value
chain deconstruction and reconstruction – that is identifying value-chain elements –
and identifying possible ways of integrating information along the value chain. By
combining interaction patterns with value chain integration, Timmers (1998) provides
a qualitative mapping of eleven business models along two dimensions. Following
Timmers (1998) and other authors (Linder & Cantrell, 2001; Petrovic, Kittl, &
Teksten, 2001), it is posited in this study that the eBusiness models should describe in
a structured way how CVBs receive and provide value to their customers. Based on
this literature, the proposed framework considers two dimensions of the value
exchange (monetary value and the non-monetary value) by the destination marketing
organization with its customers. The first dimension focuses on the ‘the level of
eCommerce’ capabilities of the CVB websites and the second dimension focuses on
‘the level of interaction’ of the CVB with its customers on its websites. This
framework evaluates the success of the destination marketing organization based on
one of the major business model elements; that is, value exchanged.