Assessing eBusiness Models of U.S. Destination Marketing Organizations

Tanvi Kothari a
Daniel R Fesenmaier b

a Fox School of Business and Management, Temple University, USA
b National Laboratory of Tourism & eCommerce
School of Tourism & Hospitality Management, Temple University, USA
{tanvi, drfez}@temple.edu

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.