UNWTO Guidelines for Institutional Strengthening of Destination Management Organizations (DMOs)

Preparing DMOs for new challenges

UNWTO Guidelines
for Institutional Strengthening of
Destination Management
Organizations (DMOs)

Preparing DMOs for new challenges

Table of contents

Acknowledgments

Introduction – from destination marketing to destination management

In recent years, there has been increasing recognition of the need for sound and planned management of tourism destinations. Faced with several challenges and paradigm changes – digital transformation, emerging 'disruptors' such as new platform tourism services (for example in the accommodation sector) or managing visitors' growth, just to mention a few – and increasingly aware of the need to enhance the competitiveness and sustainability of destinations, many destination marketing organizations are faced with the pressing need to enlarge their scope to become all embracing destination management organizations (DMOs).

From traditional marketing and promotion boards the trend is for DMOs to become leading organizations with a broader mandate which includes strategic planning, coordination and management of a full range of activities within an adequate governance structure with the integration of different stakeholders operating in the destination under common goals. Destinations where such an organization is not still in place are increasingly creating or plan to create a destination management organization (DMO) as the organizational entity to lead the way.

These developments stem from the urge to achieve an optimal management of the destination which ensures that the various authorities, all relevant stakeholders and professionals are coordinated by a leading entity under a coherent strategy and a collective vision pursuing a common goal: the competitiveness and sustainability of the destination. This approach should also engage the residents and the local community in the tourism policy and decision-making process and its implementation in a truly Public (P) – Private (P) – Community (C) approach.

As part of this evolution from marketing to destination managing, the DMO as the leading entity in the tourism destination has a crucial role in promoting a greater engagement of the tourism sector, its industries, as well as policy and decision makers with sustainable development. DMO's should align their policies and actions with the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).[1] This will allow them to maximize tourism's contribution to all the 17 Goals, and in particular to the SDGs where tourism is specially included:

---

1   The **Sustainable Development Goals (SDGs)** are a framework of 17 goals and 169 targets, through which States, civil society, and private sector can guide and measure their contributions to sustainable development towards 2030.

More information about tourism and the SDGs at: http://tourism4sdgs.org/tourism-for-sdgs/what-are-the-sdgs/, and in:
World Tourism Organization (2018), *Tourism and the Sustainable Development Goals – Journey to 2030,* UNWTO, Madrid,
DOI: https://doi.org/10.18111/9789284419401.

- Goal 8: decent work and economic growth;

- Goal 12: sustainable production and consumption; and

- Goal 14: life below water.

Within this context, DMOs are called upon to incorporate the 17 SDG in their plans and policies and to monitor its implementation on an ongoing basis in order to ensure its compliance with the final goal of maximizing the contribution of tourism destination to the SDGs.

A destination management model that leads this change and embraces responsibilities and activities beyond the traditional boundaries of marketing and promotion, and builds on the coalition of all relevant tourism stakeholders coordinated and led by a destination management organization towards a shared goal, is more than ever before vital for the competitiveness and the sustainability of the destination.

II Objectives

The *UNWTO Guidelines for Institutional Strengthening of Destination Management Organizations (DMOs)* aim to:

1. Stress the relevance of having a leading organizational entity at destination level;

2. Set a sound framework of criteria and indicators which are globally relevant and applicable within any existing or future DMO, regardless of its size, format and level of action (national, regional or local); and

3. Provide a set of recommendations to be considered by existing and future DMOs to improve their planning and managing performance and enhance their institutional governance.

These guidelines are globally applicable and can assist DMOs in their effort to strengthen their institutional framework, the competitiveness and sustainability of the destinations they represent. They contribute to assist DMOs in their day-to-day performance, as well as policy and decision makers and other relevant stakeholders at different levels (national, regional and local level) in identifying the key performance areas for destination management.

Naturally, no "one-fits-for-all" model can be applied and each destination needs to adapt the nature and functions of its DMO to different variables – an aspect that determines the success of the DMO and ensures a seamless management of the destination. Yet – although the characteristics, priorities and level of development may vary from one destination to another –, common objectives for every DMO are to maximize visitor's value and quality perception while ensuring the competitiveness and sustainability of the destination, as well as the preservation of its natural and cultural assets in the long run, and catalyze the benefits for the local economy and the residents.

III Destination management and DMOs

3.1   What is destination management?

A *tourism destination* is a "physical space with or without administrative and/or analytical boundaries in which a visitor can spend an overnight. It is the cluster (co-location) of products and services, and of activities and experiences along the tourism value chain and a basic unit of analysis of tourism. A destination incorporates various stakeholders and can network to form larger destinations. It is also intangible with its image and identity which may influence its market competitiveness"[1].

Destination management is "the coordinated management of all the elements that make up a tourism destination (attractions, amenities, access, marketing and pricing)"[2].

Responsible and sustainable destination management should entail a process that effectively and harmoniously addresses the interactions between the visitors, the industry that serves them, the community that hosts them and the environment in a broad sense (natural and cultural resources).

Destination management takes a strategic approach to link-up the sometimes very isolated and occasionally diverging elements for the better planning and management of the destination; calling for a coalition of many organizations and interests working towards a common goal, the DMO's role should be to lead and coordinate activities under a coherent strategy in pursuit of this common goal.

DMOs do not control the activities of their partners and other actors operating in the tourism destination but bring together resources and expertise, and a degree of independence and objectivity to lead the way forward. Though DMOs have typically undertaken marketing activities, their remit is becoming far broader: being a strategic leader in destination planning and management. This is a vital ingredient for success in every tourism destination – and many destinations now have DMOs to lead the way.

DMOs are increasingly formulating and implementing strategies aimed at increasing the competitiveness of their destinations through an enhanced and responsible exploitation of their natural and cultural attractions which ensures its sustainability in the long-term, the creation

---

1   This operational definition on *tourism destination* was elaborated by the Committee on Tourism and Competitiveness (CTC) and it was adopted as a recommendation by the 22nd Session of the General Assembly of the UNWTO held on 11–16 September 2017 in Chengdu, China (A/RES/684(XXII)). Consult all *UNWTO Tourism Definitions* at: https://www.e-unwto.org/doi/book/10.18111/9789284420858.

2   World Tourism Organization (2007), *A Practical Guide to Tourism Destination Management,* UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284412433.
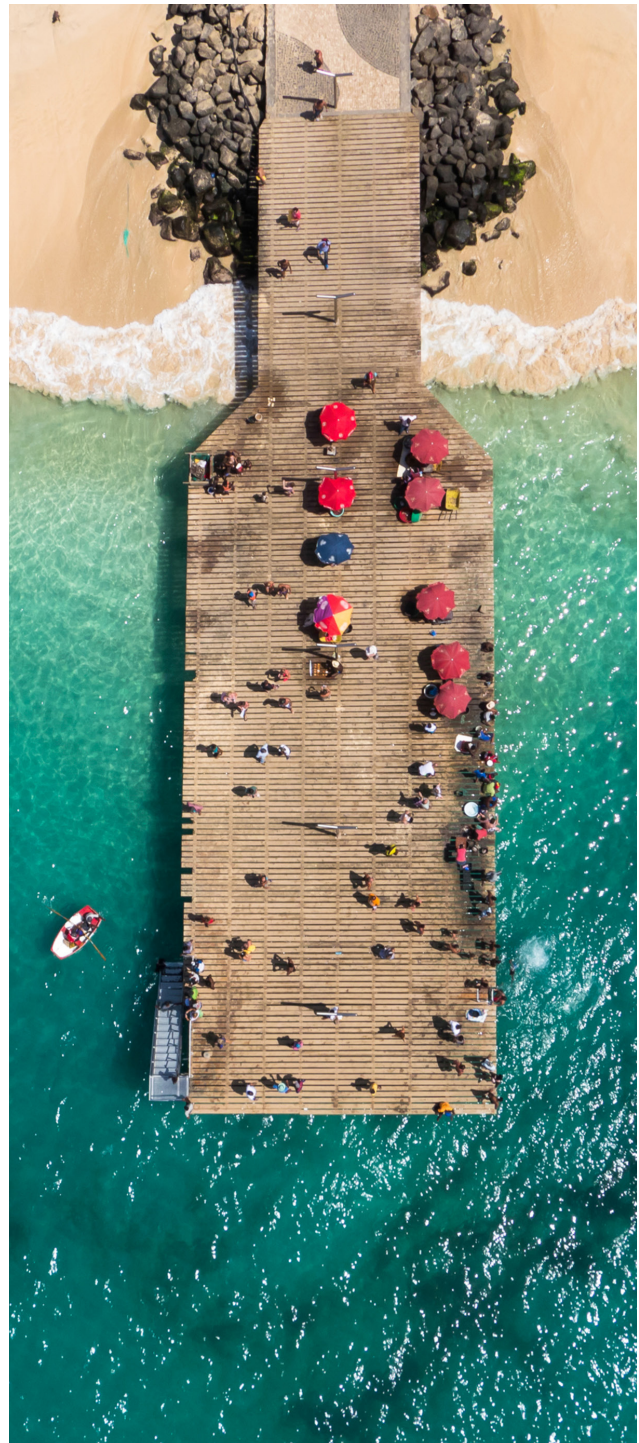
of additional innovative resources and solutions, and improvements in the efficiency of their production and distribution processes. The ultimate goal is to stimulate sustainable consumption and production and facilitate visitors' interaction with the destination and its residents.

A step further in destination management is the concept of the *smart destination,* which is founded on five pillars:
1. Governance;
2. Innovation;[3]
3. Technology;
4. Accessibility;[4] and
5. Sustainability.[5]

The five pillars and the interaction among them are the cornerstone for the transformation of a destination into a *smart destination,* and the DMO is at the centre of this transformation.

"***Innovation in tourism*** is the introduction of a new or improved component which intends to bring tangible and intangible benefits to tourism stakeholders and the local community, improve the value of the tourism experience and the core competencies of the tourism sector and hence enhance tourism competitiveness and /or sustainability. Innovation in tourism may cover potential areas, such as tourism destinations, tourism products, technology, processes, organizations and business models, skills, architecture, services, tools and/or practices for management, marketing, communication, operation, quality assurance and pricing."

---

3 Consult all *UNWTO Tourism Definitions* at: https://www.e-unwto.org/doi/book/10.18111/9789284420858.

4 According to the UNWTO Recommendations on Accessible Tourism for All approved by the UNWTO GA A/RES/637(XX) of August 2013, "Accessible Tourism for All is a form of tourism that involves a collaborative process among stakeholders that enables people with access requirements, including mobility, vision, hearing and cognitive dimensions of access, to function independently and with equity and dignity through the delivery of universally designed tourism products, services and environments."

See: http://cf.cdn.unwto.org/sites/all/files/docpdf/recommendationsaccesstourismforallenok.pdf (29-03-2019).

5 *Sustainable tourism* can be defined as "tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities".

See: World Tourism Organization and United Nations Environment Programme (2005), *Making Tourism More Sustainable – A Guide for Policy Makers,* UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284411191.

3.2 What is a destination management organization (DMO)?

A ***destination management organization* (DMO)** is "the leading organizational entity which may encompass the various authorities, stakeholders and professionals and facilitates partnerships towards a collective destination vision"[6].

The governance structures of DMOs vary from a single public authority to a public-private partnership model – to a lesser extent also entirely private models are found – with the key role of initiating, coordinating and managing certain activities which will be further explored in the next pages.

The functions of the DMOs may vary from national to regional and local levels depending on the current and potential needs, as well as on the decentralization level of the public administration. Convention and Visitors Bureaus are also widely considered as DMOs, although their remit is primarily focused on promoting the destination for the meetings industry. Not all tourism destinations have a DMO.

It can be drawn up from the definition above, that traditionally responsible for destination marketing, the role of the DMO is becoming far broader. Development of sustainable governance institutions requires partnerships beyond traditional organizational boundaries to include community and non-governmental actors in decision-making and management. The governance models differ according to the areas to be covered and they increasingly require new ways of thinking and collaborating.[7]

The DMO emerges as a key player in the development and management of tourism at destination level, although its mandate and scope of action will be determined by its context, maturity of the destination, level of decentralization, priorities in the destination, resources and other factors. Accordingly, the starting point for a DMO should be to assess the destination's current situation for which ideally a consultation process should be conducted whereby all key stakeholders in the destination participate: both public and private, as well as civil society (local community and residents, academia,

NGOs, indigenous communities, among others). Once the scene is set, the DMO will be positioned to fix a road map and formulate a strategy for the destination adapted to the needs, competences and priorities resulting from this participative process.

The successful performance of the DMO will be determined by its capacity to obtain the credibility and trust of all stakeholders in the destination and beyond its boundaries. As the leading organizational entity in the destination, the DMO needs to get the support of all acting stakeholders and be considered as the legitimized entity – institutionally, legally and operationally speaking – to lead the management of tourism in the destination. For this to happen, an appropriate governance model stands as a key element.

> Consult all *UNWTO Tourism Definitions* at:
> https://www.e-unwto.org/doi/book/10.18111/9789284420858

---

6   This operational definition on *destination management/marketing organization* was elaborated by the Committee on Tourism and Competitiveness (CTC) and it was adopted as a recommendation by the 22nd Session of the General Assembly of the UNWTO held on 11–16 September 2017 in Chengdu, China (A/RES/684(XXII))

7   World Tourism Organization (2017), *Managing Growth and Sustainable Tourism Governance in Asia and the Pacific,* UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284418909.

3.3 Function and responsibilities of DMOs

There are many different and varied roles and responsibilities in destination management. These are handled in different ways in different destinations, but some common elements and approaches can be found in most existing DMOs. Still, in destinations where a DMO is not yet in place, these elements should be ideally included in their remit when created.

Some fundamental DMO's functions may include:

– Strategic planning,

– Formulation (or participation in the formulation process) and implementation of the destination's tourism policy,

– Market intelligence (data gathering and analysis, market research, etc.),

– Tourism product and business development,

– Digitalization and innovation,

– Monitoring,

– Crisis management,

– Training and capacity building (not only of its human resources but also facilitate training and capacity building activities for local tourism professionals),

– Promotion, marketing and branding,

– Funding and fostering investments.

This includes coordinating with various authorities, stakeholders and professionals in order to facilitate and support the industry itself and engage all relevant public and private stakeholders – as well as the residents and local communities – in the design and implementation of a wider strategic thinking with a final goal: to ensure the competitiveness and sustainability of the destination in the short, medium and long terms.

Some of the most common responsibilities and activities carried out by DMOs are briefly listed in section 4.1.2. (Sometimes these activities may be initiated, led or coordinated by the DMO while in other cases, the DMO is in a second level, being another authority or entity the responsible party for its implementation.)

3.4 Advantages of effective destination management

It is generally agreed that destinations with an effective destination management coordinated and led by a DMO, whichever its governance structure might be, present a higher capacity to keep pace with tourism trends, to innovate and to adapt to consumer patterns, are more resilient to challenges, have a higher level of effectiveness in planning and product development and agility in decision-making. Some advantages of effective destination management are outlined below:

Establishing a competitive edge: Two requirements are critical for destinations to be competitive:

1. Establishing a strong and unique positioning (i.e. offering a different experience compared to other destinations) by developing the destination's attractions and resources in a way that highlights its authenticity and unique characteristics; and

2. Delivering excellent quality experiences and superior value for money, by ensuring that all aspects of the visitor experience are of the highest standard and effectively coordinated.

"The *competitiveness* of a tourism destination is the ability of the destination to use its natural, cultural, human, man-made and capital resources efficiently to develop and deliver quality, innovative, ethical and attractive tourism products and services in order to achieve a sustainable growth within its overall vision and strategic goals, increase the added value of the tourism sector, improve and diversify its market components and optimize its attractiveness and benefits both for visitors and the local community in a sustainable perspective."

Note: This operational definition was elaborated by the Committee on Tourism and Competitiveness (CTC) and it was adopted as a recommendation by the 22nd Session of the General Assembly of the UNWTO held on 11–16 September 2017 in Chengdu, China (A/RES/684(XXII)).

Both these success factors require a comprehensive management approach based on a collective vision and strong partnerships to ensure the highest possible visitor's satisfaction. The perceived quality of the tourism experience may be enhanced, from the tourism influencers, the visitors and the residents themselves.[8]

> "*Quality of a tourism* destination is the result of a process which implies the satisfaction of all tourism product and service needs, requirements and expectations of the consumer at an acceptable price, in conformity with mutually accepted contractual conditions and the implicit underlying factors such as safety and security, hygiene, accessibility, communication, infrastructure and public amenities and services. It also involves aspects of ethics, transparency and respect towards the human, natural and cultural environment. Quality, as one of the key drivers of tourism competitiveness, is also a professional tool for organizational, operational and perception purposes for tourism suppliers."
>
> **Note:** This operational definition was elaborated by the Committee on Tourism and Competitiveness (CTC) and it was adopted as a recommendation by the 22nd Session of the General Assembly of the UNWTO held on 11–16 September 2017 in Chengdu, China (A/RES/684(XXII)).

Ensuring sustainability: Sustainable tourism development with proper planning and management ensures that the destination maintains its economic viability and its environmental, social and cultural integrity, as well as the authenticity, resources and character of the destination that made it attractive in the first place are protected. Good planning and management also help to avoid social and cultural conflicts and prevent tourism from affecting negatively local lifestyles, traditions and values.

Strengthening institutional governance: The establishment of a DMO means in itself the materialization of a reinforced institutional governance in the destination, regardless of its structure – from a single public authority to a public-private partnership model which has proved

to be the preferred option in many destinations in the last decade. The ability of a destination to align efforts and bring together all stakeholders under the leadership of an organizational entity contributes to improve the institutional governance of the destination – both horizontally and vertically – and to facilitate the dialogue and the decision-making process towards a collective destination vision.

Avoiding overlapping and identifying gaps: As the leading organizational entity which may encompass the various authorities and stakeholders in the destination, the DMO is in a better position than any other entity at destination level to avoid duplicating efforts and overlapping initiatives, as well as identifying possible gaps that should be addressed to ensure an effective management of the destination.

Spreading the benefits of tourism: Tourism income and consequent benefits should be spread for instance by supporting the development of community based products and experiences, advancing rural and experiential tourism, creating decent jobs, promoting small and medium-sized enterprises (SMEs) or exploring the potential of local arts and crafts within the tourism value chain , among others. DMOs are in a unique position to create a favourable framework towards an inclusive tourism growth that benefits both the local businesses and the communities/residents in the destination.

Building a tourism culture in the destination: No tourism destination can be sustainable and competitive in the long term without hearing the local communities and residents' voice in its tourism planning and management. To ensure that tourism is a mutually beneficial activity for tourism stakeholders, local communities and residents is part of the DMOs' mandate: DMOs are in charge of making local communities aware of the socioeconomic contributions of the tourism sector and should engage local communities and closely monitor the attitudes of residents in regards to tourism development.

Improving tourism yield: Through focussed, coordinated tourism development and targeted marketing, destinations can increase the average visitor length of stay, increase per capita visitor expenditure, reduce seasonality, measure carrying capacity, disperse tourism flows and manage congestion; all contributing to an improved and diversified return on investment and

8   World Tourism Organization (2017), *Practical Guidelines for Integrated Quality Management in Tourism Destinations – Concepts, Implementation and Tools for Destination Management Organizations,* UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284417988.

yield per visitor, and to maximize its distribution among stakeholders participating in the tourism value chain.

Building a strong and vibrant brand identity: DMOs are increasingly realizing the value and power of strong destination brands which are closely connected to the values of the destination. By consistently delivering excellent value, brand loyalty and visitors return to the destination on a regular basis increase.

"The ***tourism value chain*** is the sequence of primary and support activities which are strategically fundamental for the performance of the tourism sector. Linked processes such as policy making and integrated planning, product development and packaging, promotion and marketing, distribution and sales and destination operations and services are the key primary activities of the tourism value chain. Support activities involve transport and infrastructure, human resource development, technology and systems development and other complementary goods and services which may not be related to core tourism businesses but have a high impact on the value of tourism."

Note: This operational definition was elaborated by the Committee on Tourism and Competitiveness (CTC) and it was adopted as a recommendation by the 22nd Session of the General Assembly of the UNWTO held on 11–16 September 2017 in Chengdu, China (A/RES/684(XXII)).

IV Key performance areas (KPAs) in destination management: successful criteria and indicators

4.1 Which are the key performance areas in destination management?

UNWTO has developed UNWTO.QUEST Certification,[1] a Programme addressed to Destination Management Organizations (DMOs) - mainly at regional and local level - whose aim is to reinforce their institutional capacities and strengthen three key performance areas in destination management: Strategic Leadership, Effective Execution and Efficient Governance.

UNWTO.QUEST is a strategic tool which allows DMOs to assess their performance, implement an improvement plan (through UNWTO Academy) to achieve the criteria and standards of the Certification, strengthen their institutional governance and management processes and thus contribute to the competitiveness and sustainability of the destinations they represent.

The framework of criteria and standards developed by UNWTO.QUEST are also applicable when there is no DMO yet in place. Since not all destinations have a DMO, UNWTO.QUEST can also accompany UNWTO members in the process of creation of DMOs at local and regional level by providing them with guidance and recommendations when setting up a new destination management organization. UNWTO.QUEST criteria and standards set the scene for potential DMOs on how to develop strategies that foster the integration of all

stakeholders (public and private) in the destination's management and achieve efficiency and expertise in the destination's governance and management.

UNWTO.QUEST Certification comprises three phases:

– Phase 1 – Assessment: includes an online self-assessment by the DMO followed by an audit conducted by an external auditor whose report is validated by the UNWTO.QUEST Advisory Board;

– Phase 2 – Improvement process: includes the design of a tailor-made improvement plan followed by the capacity building and training provided by UNWTO Academy; and

– Phase 3 – Audit – consists of an audit process validated by the UNWTO.QUEST Advisory Board, an external body that recommends UNWTO whether to grant the UNWTO.QUEST Certification to the DMO or not, with a validity of four years (with possibility of renewal).

As explained above, throughout the three phases – assessment, training and capacity building, and audit – UNWTO.QUEST evaluates and trains the DMO in three key performance areas in destination management:

---

1 See more on UNWTO.QUEST in http://marketintelligence.unwto.org/content/unwtoquest.

4.1.1 Strategic leadership

Strategic leadership means harnessing stakeholder efforts and energy towards a collective vision, mapping a strategy for achieving the vision, communicating and advocating the advantages and principles of effective tourism management, promoting public-private partnerships, etc.

The management of a tourism destination requires the DMO's presence and leadership, providing the principles, values and strategic vision that will guide the whole process. In this context, it is imperative for the DMO to guarantee a sustainable management of the destination, under an environmental, social and economic approach.

Given the fact that destination stakeholders may have various, when not divergent interests and may not always have the motivation to perform together, destinations need actors capable of classifying and joining corporate interests, creating links, as well as coordinate mediation. Here comes the role of DMOs in strategic leadership.

Leadership also entails setting forth short-term and long-term policy bases for the decision-making process in tourism, and for facing possible challenges and crisis. For this reason, it is essential to collect and analyze data and trends, foresee and prepare for events and act promptly and responsibly towards them.

The DMO shall thus lead the following issues:
– Coordination;
– Policy;
– Values; and
– Vision.

The following actions contribute to achieve a strategic leadership at DMO level:

– Provide a scope for collective action and common goal-setting under a joined-up approach;

– Engage in serious conversation and communication with all tourism stakeholders fostering partnerships between them;

– Coordinate mediation by harmonizing (sometimes) divergent interests and seeking solutions to existing problems;

– Build up a confidence environment between parties and reduce discrepancies;

– Articulate roles and responsibilities in order to position the DMO as a knowledgeable and expert party;

– Act as an influencer in the tourism sector in the destination;

What is strategic leadership?
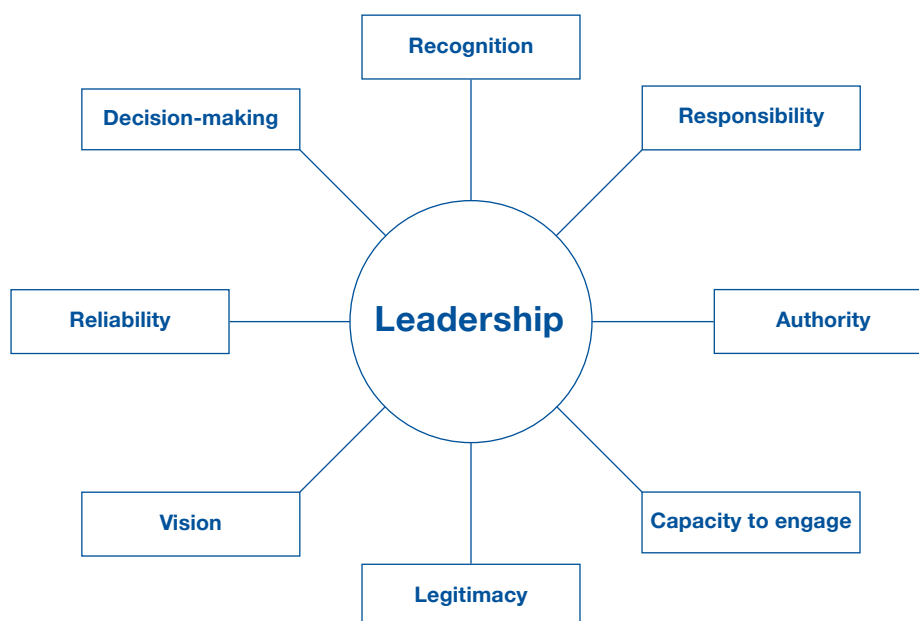
- Take part in product development processes by boosting fund-raising and resource mobilization;

- Integrate local communities in a participative process in order to assure a mutually beneficial relationship;

- Promote a tourism culture in the destination and among its residents;

- Secure alignments in the pursuit of its collective destination vision by signing agreements and partnerships with relevant stakeholders to ensure synergies and build stronger bonds among them from an inclusive perspective;

- Formulate a strategic plan for the destination that takes full account of all stakeholders' priorities and concerns; and

- Once the strategy has been set, realize its validation by means of agreements and partnerships with all parties responsible for its implementation (public sector: different levels of administration may be involved, from national to regional and local levels; private sector: accommodation, transportation, etc.; academia, clusters, NGOs and representatives of local communities and residents).

4.1.2 Effective execution

Effective execution of relevant destination management areas of responsibility, as well as clarity on the DMO's roles in relation to other tourism organizations and the execution of the DMO's agreed roles.

Once the policy lines to develop the tourism destination are established, the DMO advances in the execution of the tasks under its realm, according to its official mandate. The DMO's effective execution encompasses knowing and leading the DMO's duties and roles and having the appropriate and necessary organizational structure and budget to be able to perform them. It is also important to direct such execution through a strategic plan, which may provide the framework and strategic vision, as well as specific operational plans that systematize for each management area actions, available resources and objectives.

The strategic plan should fix the roadmap with tangible and specific actions, financial and human resources needs, identification of responsible entity(s) for its execution, potential partners, key performance indicators (KPI)[2] and other measurement toolkits, to achieve the goals defined in the tourism policy for the destination (medium-long term view). In the past the roadmap was formulated on a five-years term. Now the tendency is to limit the strategic plan for a destination to a shorter term of 2 to 3 years, given the rapid changes and challenges both in the supply and demand sides.

The DMO mandate may include, among others, the following activities:

- Strategic planning and destination positioning;

- Regulation or participation in the regulation formulation process;

- Implementation of tourism policies;

- Market intelligence: data gathering and analysis, market research and knowledge creation for decision-making (interaction between the DMO and the UNWTO Network of Observatories – INSTO)[3];

---

2 See also: World Tourism Organization and European Travel Commission (2017), *Handbook on Key Performance Indicators for Tourism Marketing Evaluation,* UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284418527.

3 UNWTO International Network of Sustainable Tourism Observatories (INSTO) is a network of tourism observatories monitoring the economic, environmental and social impact of tourism at the destination level, see: http://insto.unwto.org/.

What is effective execution?
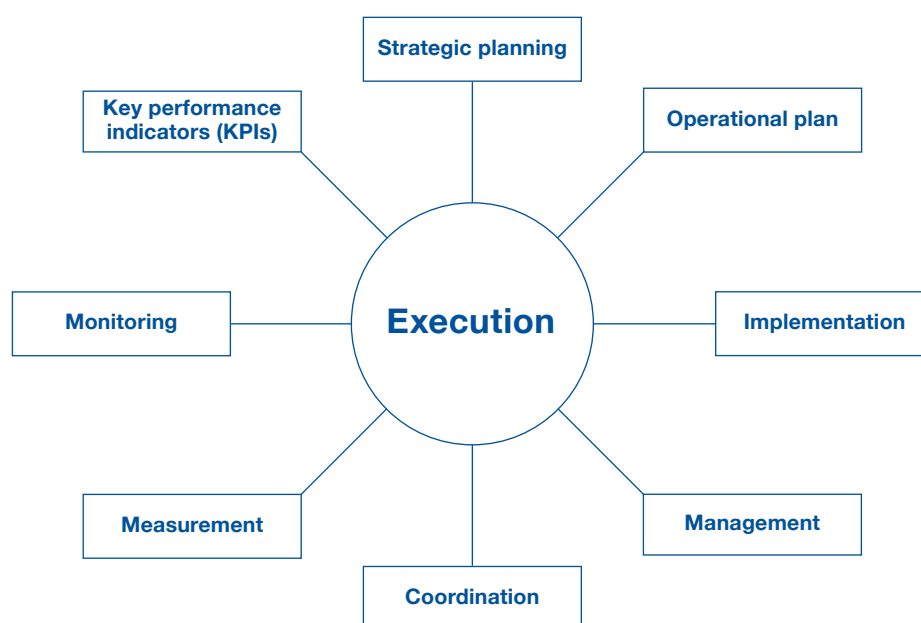
- Customer relationship management (CRM);

- Information and services for tourists/visitors;

- Destination marketing, promotion, outreach and branding (this also includes destination brand custodianship and use of adequate tools to leverage revenues from an appropriate branding strategy);

- Product development and enhancement of the value chain (engaging local producers and service providers within the tourism value chain in the destination);

- Integrated quality management and quality monitoring;

- Accessibility;

- Crisis communication;

- Human resources development (within the DMO);

- Capacity building, training and education for SMEs and local tourism professionals;

- Promoting a tourism culture in the destination ensuring a symbiotic integration and mutual beneficial relation between the tourism activity and the local communities and its environment;

- Decent jobs and social inclusion (e.g., gender policies);

- Tourism infrastructure and other facilities (waste, sanitation, energy, safety and security, health, etc.);

- Urban planning;

- Innovation and entrepreneurism;

- Investment attraction and promotion;

- Digital transformation and ICT; and

- Lead the way to transform the destination into a *smart destination.*

Although the myriad of areas of responsibility which may fall under the umbrella of a DMO will largely depend among others on its mandate, priorities and governance structure, the functions listed above are the most common ones. Rarely a DMO will undertake all of them, since in many cases some of these functions exceed the remit of the DMO and fall under the scope of other partners with whom the DMO should establish alliances or, at least, identify them and keep a fluent dialogue channel. Additionally, for the above listed functions the role of the DMO may vary from initiating to participating, facilitating, partnering, coordinating, executing or managing the activities related to them.

4.1.3 Efficient governance

Efficient governance of the destination management system includes providing awareness and guidance for the industry on quality and excellence, promoting sustainable and responsible tourism and efficient and transparent corporate governance (e.g., financial, administrative and HR practices, speedy/flexible execution, performance monitoring, evaluation, management and others).

Being tourism a social phenomenon in continuous growth, destination governance has emerged as a key issue. Destination governance relates to the development and implementation of a cohesive tourism destination policy, an appropriate institutional framework to ensure the effective implementation of this policy and a consistent operational system.

Tourism governance can be understood as a practice of government that is measurable, aimed to effectively direct the tourism sector at the different levels of government through forms of coordination, collaboration and/or cooperation that are efficient, transparent and subject to accountability, that help to achieve goals of collective interest shared by networks of actors involved in the sector, with the aim of developing solutions and opportunities through agreements based on the recognition of interdependencies and shared responsibilities.[4]

Governance in tourism has two specific dimensions:[5]

1. **Directive capacity of government,** determined by coordination and collaboration, as well as by the participation of networks of stakeholders. Specifically connected with this dimension, tourism governance is related to the process of managing tourist destinations through synergistic and coordinated efforts by governments, at different levels and in different capacities; civil society living in the inbound tourism communities, and the business sector connected with the operation of the tourism system.

2. **Directive effectiveness,** determined by institutional **skills and resources** that support the ways in which processes are conducted to define goals and search for solutions and opportunities for relevant stakeholders, and by the provision of tools and means for their joint execution.

What is effective governance?

---
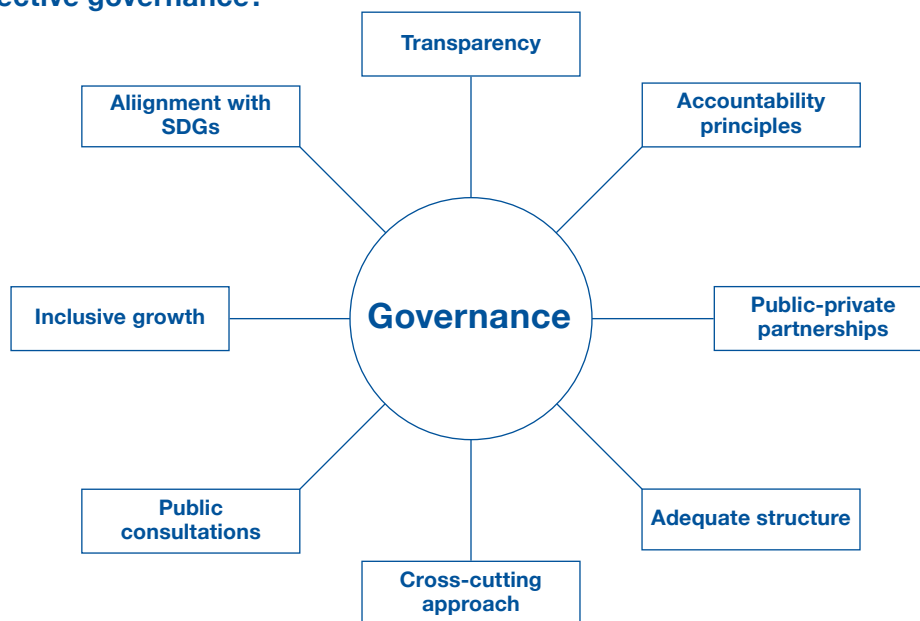
4   World Tourism Organization (2013), *Issue Paper Series – Governance for the Tourism Sector and its Measurement,* UNWTO, Madrid,
    DOI: https://doi.org/10.18111/9789284415632.

5   Ibid.

Over the last decade, tourism governance has become a central issue and has been progressively included in tourism policies at all levels (national, regional and local). Besides, private and public sectors both need to participate in the formulation of tourism policy and regulations, as well as in the destination development if they wish decisions to be made inclusively and widely accepted by all actors in the tourism destination.

As the level of decentralization from the national administration increases, DMOs emerge as a pivotal reference at destination level, assuming a wider scope of responsibilities. Given the cross-cutting nature of tourism, a multifaceted and holistic destination management approach is central to ensure the competitiveness and sustainability of destinations.

4.2 Criteria and indicators for effective DMOs

To assess each of these three key performance areas – 1. strategic leadership; 2. effective execution and 3. efficient governance – UNWTO through UNWTO.QUEST has developed a set of criteria and indicators.

The criteria summarized in the following table are the basis of the detailed set of 23 criteria and 64 indicators that form the UNWTO.QUEST destination management organization Certification process.

Criteria and indicators for effective destination managemente organizations (DMOs)

3	23	64
Key performance areas of DMOs	**Success criteria**	**Success indicators**
1. **Strategic leadership**	7 Success criteria	21 Indicators
2. **Effective execution**	11 Success criteria	27 Indicators
3. **Efficient Governance**	5 Success criteria	16 Indicators

Table 1: Destination management organizations' (DMOs) key performance areas and criteria

Note: The majority of the criteria in this table apply to all DMOs while some of them are more specific and apply only if included in the DMO mandate

Key performance area: 1. Strategic leadership

Aspects of successful destination management that depend primarily on an integrated tourism sector effort, for which the DMO acts as a leader, facilitator, coordinator or execution partner

	Criteria	Scope
1.1	To play a key role in participating in and implementing a destination **tourism policy** and/or strategic development plan.	Requires not only key participation in the formulation of a destination's tourism policy and/or strategic vision within a leading role, but also to monitor its correct development in compliance with the Global Code of Ethics for Tourism.[a]
1.2	To have a defined **strategic vision**	This means that a destination strategic plan for the destination, including its key elements, has been formulated, documented and validated by relevant stakeholders and also the responsible authority. It also involves leadership and coordination for its appropriate implementation and for its modification/ update upon suitable stakeholders consultations as required by diverse scenarios.
1.3	To act as a leader in tourism **knowledge** and tourism **information**	The DMO not only collects and compiles most recently available destination information, data and statistics for research but also conducts analysis, relevant studies and data analysis for correct decision-making, publication and communication.
1.4	To play an appropriate role in **coordinating** tourism sector action in the event of a **crisis**	The DMO has a documented crisis management plan of procedures, actions and roles in case of a crisis that may affect the destination. This crisis management plan, validated by diverse interested agents, coordinates the tourism sector in case of crisis. It also includes a Crisis Communications Plan.[b]
1.5	To have a **sustainable management programme** that covers economic, sociocultural and environmental fields.	A management programme for sustainability aligned with the 12 UNWTO Indicators for Tourism Sustainability (ITS),[c] as well as with the 17 Sustainable Development Goals (SDG)[d] is required. This implies that the DMO has a plan/policy for sustainable tourism that covers key aspects in the environmental, sociocultural and economic fields (i.e. economic viability, local prosperity, etc.) and ensures its compliance by means of an ongoing monitoring of implementation with the final goal of maximizing the contribution of tourism to the SDGs. The plan/policy for sustainable tourism of the DMO should comply with Article 3 of the Global Code of Ethics for Tourism: "Tourism, a factor of sustainable development"; and with Article 4: "Tourism, a user of the cultural heritage of mankind and contributor to its enhancement"[e].
1.6	To leverage and build **stakeholder partnerships** in pursuit of destination **competitiveness**	The DMO participates in collaboration initiatives with suppliers outside the DMO to improve the tourism value chain and establishes effective alliances with the private sector. The DMO engages in private-public partnership initiatives and also with government authorities that are involved in or affect the destination's competitiveness in alignment with the destination Strategic Plan. The DMO ensures regular and effective communication with non-DMO providers of services and infrastructure.
1.7	To **promote a tourism culture** in the destination and its community.	This criterion is intended to determine if the DMO advocates compliance with Article 2 of the Global Code of Ethics for Tourism: "Tourism as a vehicle for individual and collective fulfillment"; and Article 5: "Tourism, a beneficial activity for host countries and communities"[f]. In fulfillment of its mandate, the DMO conducts joint actions with the local community to promote awareness of tourism benefits and impacts and engages local communities.

Key performance area: 2. Effective execution

Aspects pertaining to a satisfactory destination management that depend primarily on the actions and efforts of the DMO

	Criteria	Scope
2.1	To **regulate** the tourism sector	The DMO participates in both the formulation and the implementation of tourism regulations and norms.
2.2	To conduct a **destination leisure tourism** marketing and promotion plan	The DMO develops, executes, monitors and measures the scope of the Marketing Plan for leisure tourism with a sound strategic approach (e.g., market analysis, segmentation, definition of objectives, prioritization, return on investment, etc.) within the scope of its mandate.
2.3	To conduct destination **business tourism** (related to the meetings industry) marketing and promotion plan	The DMO develops, executes, monitors and measures the scope of the Marketing Plan for the meetings industry with a sound strategic approach (e.g. market analysis, segmentation, definition of objectives, prioritization, return on investment, etc.) within the scope of its mandate.
2.4	To integrate **information and communications technologies (ICTs)**	The DMO has integrated technological tools that favour and foster the destination promotion in online platforms (social media, digital marketing campaigns). The DMO conducts measurement activities and monitors ICTs' use results to verify appropriate development of selected strategies and for decision-making in accordance with strategy and marketing plan.
2.5	To conduct **tourism investment** promotion	The DMO develops a tourism Investment Promotion Plan indicating investment opportunities, target markets, marketing mix, incentives, processes, etc. The DMO also executes, monitors and measures the impact of actions to promote investment in tourism by tracking and following through on actual investment values and progress within the scope of its mandate.
2.6	To promote and facilitate the destination tourism offer enhancement and **competitive** capacity	The DMO has a documented plan that shows the destination's tourism offer strengths, competitive capacity and needs. This plan prioritizes tourism attractions/experience improvement and development (culture, nature, urban, man-made, etc.) in partnership with relevant stakeholders.
2.7	To promote tourism **entrepreneurship and innovation**	The DMO carries out a programme or actions to promote entrepreneurial initiatives and innovations in tourism and promotes stakeholder partnerships to show appropriate financial and human resource allocation in support of entrepreneurship drive.
2.8	To produce and distribute **promotional material**	The DMO develops and orderly distributes contents and promotional material suited for the targeted public in support of the marketing strategy.
2.9	To provide **information services** to visitors	Visitors receive information relevant to the destination provided by suitable tourism information offices and other visitor information infrastructure, through distribution of printed material or online.
2.10	To develop tourism **human resources development** in the destination	The DMO contributes to the formulation or implementation of a destination's tourism sector Human Resources Plan and encourages human resources development in the destination by promoting training and skills development initiatives led or actively supported by DMO. The Human Resources Plan in the destination promotes the compliance with Article 9 of the Global Code of Ethics for Tourism about "Rights of the workers and entrepreneurs in the tourism industry"[9].
2.11	To ensure **tourism quality** in the destination	The DMO implements a tourism quality assurance system or advocates its implementation.

Aspects that define a satisfactory and sustainable DMO organizational governance

Criteria	Scope
3.1 To have a mandate and role aligned with its **Strategic Plan**	The functions and tasks in the DMO are clear and aligned with a Strategic Plan, communicated to stakeholders and internal staff.
	Likewise, the DMO defines its roles and responsibilities with respect to public sector actors in their diverse competences (national, regional and/or local), as well as to the private sector.
	The DMO advocates compliance with Article 6 of the Global Code of Ethics for Tourism regarding "Obligations of stakeholders in tourism development"[h].
3.2 To manage the DMO according to nationally and internationally accepted **governance principles**	The DMO's annual Operation Plan has been designed based on the destination's Strategic Plan, with detailed actions, budgets, calendars and performance measurement indicators and protocols.
	Likewise, the DMO holds regular meetings of its governing authority/board, management and committees and implements an appropriate procurement policy and suppliers practices.
3.3 To manage DMO's **finances** in accordance with its mandate	Approved accounting policies and procedures and financial management are followed by the DMO.
	Budgetary allocations correspond to priorities determined in the destination's Strategic Plan and annual reports clearly outlining DMO activities, achievements and financial situation for the last financial year are produced.
3.4 To **manage human resources** according with accepted international and national principles	The organizational structure or organization chart is stated and documented.
	Each person in the organization knows his/her role and responsibilities and receives suitable, continuous training and capacity building to ensure optimal execution of key performance areas.
	Recruitment and appointment processes are based on fair and transparent employment practices and the DMO advocates compliance with Article 9 of the Global Code of Ethics for Tourism about "Rights of the workers and entrepreneurs in the tourism industry"[i].
3.5 To **use technology effectively** to fulfill DMO's mandate aligned with its Strategic Plan	DMO develops a plan to improve and use of appropriate current information technologies in managing the organization.

a) For further information on the *Global Code of Ethics for Tourism,* please consult:
http://ethics.unwto.org/en or http://cf.cdn.unwto.org/sites/all/files/docpdf/gcetbrochureglobalcodeen.pdf.

b) For further information on tourism crisis communication, please consult:
World Tourism Organization (2011), *Toolbox for Crisis Communications in Tourism – Checklists and Best Practices,* UNWTO, Madrid,
DOI: https://doi.org/10.18111/9789284413652.

c) World Tourism Organization and United Nations Environment Programme (2005), *Making Tourism More Sustainable – A Guide for Policy Makers,*
UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284411191.

d) For further information on the Sustainable Development Goals and tourism, please consult:
http://tourism4sdgs.org/tourism-for-sdgs/what-are-the-sdgs/ and
World Tourism Organization (2018), *Tourism and the Sustainable Development Goals – Journey to 2030,* UNWTO, Madrid,
DOI: https://doi.org/10.18111/9789284419401.

e) For further information on the *Global Code of Ethics for Tourism,* please consult:
http://ethics.unwto.org/en or http://cf.cdn.unwto.org/sites/all/files/docpdf/gcetbrochureglobalcodeen.pdf.

f) Ibid.

g) Ibid.

h) Ibid.

i) Ibid.

V   Recommendations

In an increasingly complex tourism sector – with new actors breaking into the scene, rising competition among destinations, technological transformation, new business models, rapidly changing consumer patterns and trends, raising awareness on the need to ensure sustainable tourism in its three dimensions (economic, social and environmental), the need to preserve the welfare of the residents and local communities and ensure a harmonious interaction with the tourist and visitor, etc. –, destination management has become essential.

Some considerations around this are not new but are nowadays more relevant than ever:

1. **Destination management** needs to take a holistic approach that expands beyond destination marketing and embraces all stakeholders operating in the destination under a common goal, building bonds between separate – and sometimes antagonistic – elements for the better management of the destination**.**

2. **No "one-fits-for-all" solution** can be applied to all destinations, each one being unique in its features and assets (natural, cultural, etc.), challenges (connectivity, accessibility, managing visitors' growth,[1] new platform tourism services,[2] seasonality, etc.) and priorities (increase number of visitors, become a smart destination, etc.). Each destination will need to adapt the nature and functions of its DMO to these variables and any other in place in the destination.

3. **The destination management organization (DMO) should be at the centre of the destination** and be a leading organizational entity, encompassing the various authorities, stakeholders and professionals, facilitating partnerships towards a collective destination vision. This means bringing together all relevant stakeholders in the destination, as well as local communities, and develop a coherent tourism strategy in pursuit of a common goal: ultimately, the **sustainability and competitiveness** of the destination.

4. **The DMOs should strengthen their internal capacities in three key performance areas:**[3]
   – Strategic leadership;
   – Effective execution; and
   – Efficient governance.

---

1   World Tourism Organization (2018), *"Overtourism"? – Understanding and Managing Urban Tourism Growth beyond Perceptions,* UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284419999.

2   World Tourism Organization (2017), *New Platform Tourism Services (or the so-called Sharing Economy) – Understand, Rethink and Adapt,* UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284419081.

3   UNWTO.QUEST – A DMO Certification System.

To achieve the objectives above the following **recommendations** should be considered:

1. DMOs should expand the traditional marketing and promotion focus to become leading organizations with a broader mandate that includes strategic planning, coordination and management of the destination.

2. DMOs should increasingly incorporate to their portfolio of responsibilities a variety of additional functions: from the traditional promotion, marketing and branding to strategic planning, formulation and implementation of the destination's tourism policy, market intelligence, product and business development, digitalization and innovation, monitoring, crisis management,

   The role of DMOs may vary from initiating to participating, facilitating, partnering, coordinating, executing or managing. DMOs should also avoid overlapping functions and duplication of efforts while helping identify any management gaps that may not being addressed.

3. In those areas not falling under or exceeding their scope of competencies, including community and non-governmental actors, DMOs should seek strategic alliances and partnerships beyond the tourism sector to encompass authorities and key stakeholders operating in the destination (public authorities, private actors – i.e. accommodation sector, transport, academia –, NGOs, local community representatives, etc.).

4. DMOs, whatever format they take, should be positioned as the legitimate actor and valid interlocutor to lead the way in the destination and represent the destination at all levels. To achieve this, the DMO should fully engage all key public and private tourism stakeholders acting and/or influencing in the destination. Public consultations with relevant stakeholders, NGOs, residents and local communities should be conducted to secure alignment.

5. DMOs should take into account that destination management calls for a coordinated joined up management of all the elements that make up a tourism destination which can only be achieved through a permanent and open dialogue policy and coalition of many organizations and interests

working towards a common goal, ultimately being the assurance of the competitiveness and sustainability of the tourism destination in the long term.

6. DMOs should be able to identify and engage the local industries participating in the tourism value chain and create a favourable framework towards an inclusive tourism growth in order to catalyze the benefits both for the local businesses and the communities/residents in the destination.

7. Each DMO should select the most appropriate governance model (from a public authority to a public/private partnership model) in response to the needs of the destination and adapt its structure and nature to an adequate legal status according to the laws and regulatory framework of its jurisdiction into account the decentralization level of public administration. The selected governance model should ensure a suitable manoeuvring space for the DMO and a degree of independence and transparency based on accountability principles.

8. DMOs should align their policies and actions with the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). This implies that DMOs have a plan/policy for sustainable tourism that covers key aspects in the environmental, sociocultural and economic fields (i.e. economic viability, local prosperity, etc.) and ensures its compliance. DMOs should also advocate adherence to the SGDs by all relevant stakeholders in the destination.

9. DMOs should comply with the UNWTO *Global Code of Ethics for Tourism*[4] and advocate the adherence and compliance of the Code by all tourism stakeholders in their vision and in their performance.

10. DMOs should undertake under its realm the transformation of the destination into a *smart destination,* which contributes to improve the competitiveness and sustainability of destinations in the long term.

---

4 The full text of the *Global Code of Ethics for Tourism* is available in all five UNWTO official languages in the following link: http://ethics.unwto.org/en/content/full-text-global-code-ethics-tourism.

The designations employed and the presentation of material in this publication do not imply the expression of any opinions whatsoever on the part of the Secretariat of the World Tourism Organization (UNWTO) concerning the legal status of any country, territory, city or area, or of its authorities or concerning the delimitation of its frontiers or boundaries.

Many factors account for the increased focus on effective destination management, all of them urging destination management organizations (DMOs) to face and adapt to new challenges. From traditional marketing and promotion boards the trend is for these entities to increasingly enlarge their scope to become all embracing DMOs, aiming to enhance the competitiveness and sustainability of destinations within a harmonious relationship between the residents and visitors.

These guidelines aim to stress the relevance of having a leading organizational entity at destination level and setting a sound framework of criteria and indicators for DMOs, based on the UNWTO.QUEST Certification; overall, to provide a set of recommendations for DMOs to improve their planning, managing and institutional governance.

The **World Tourism Organization (UNWTO),** a United Nations specialized agency, is the leading international organization with the decisive and central role in promoting the development of responsible, sustainable and universally accessible tourism. It serves as a global forum for tourism policy issues and a practical source of tourism know-how. Its membership includes 158 countries, 6 territories, 2 permanent observers and over 500 Affiliate Members.

UNWTO
World Tourism Organization

World Tourism Organization (UNWTO)   **www.unwto.org**