A multi-stakeholder market oriented approach to destination marketing

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1. Introduction

Exploration of the organizational effects of a market-oriented strategic posture has been one of the most vibrant streams of research in the marketing literature over the last two decades. The market-orientation construct, which reflects the extent to which an organization engages in a customer-centric approach to marketing management (Narver & Slater, 1990), has been widely considered in both the for-profit and non-profit domains. Likewise, the attendant effects of generating, disseminating and reacting to external stakeholder markets (e.g. local politicians, private tourism businesses, communities, industry intermediaries, etc) to which a destination marketing organization (DMO) must attend in order to be successful (Wang & Xiang, 2007). We suggest that, due to the highly complex stakeholder structure that characterizes the destination marketing environment, a simple adoption of the traditional customer-centric conceptualization of the market-orientation construct (i.e., Kohli & Jaworski, 1990; Narver & Slater, 1990) to the domain of destination marketing is not theoretically tenable.

Accordingly, the purpose of this research is to extend the traditional customer/competitor-focused view of a market orientation to include additional stakeholder markets in the DMO’s operating environment. Specifically, the argument is made that a more broadly defined conceptual approach is needed to appropriately depict the implementation of the marketing concept in the field of destination marketing. We refer to this construct as a multi-stakeholder market orientation (MSMO). Specifically, the MSMO construct is defined as the set of organizational behaviors that incorporate the implementation of the marketing concept in the field of destination marketing. The theoretical and practical implications of such a construct are considered.
is to lend a conceptual definition to this construct as it applies to the process and structure of destination marketing.

2. A multi-stakeholder view of the marketing concept

2.1. Market orientation

The marketing concept suggests that firms that can address customer needs more efficiently and effectively than their competitors will achieve a competitive advantage in the marketplace (Anderson, 1982). Accordingly, firms that adopt a strategic posture that places customers at the heart of strategic decision making is said to be market oriented (Kohli & Jaworski, 1990; Narver & Slater, 1990). Positioning customers as the principal stakeholder of strategic marketing decisions, the market-orientation construct (Jaworski & Kohli, 1993) suggests that an organization that is committed to generating, disseminating, and reacting to information from the consumer market will achieve a sustained competitive advantage, and in turn, long-term performance (Kirca et al., 2005).

Kohli and Jaworski (1990) define a market orientation as ‘the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of intelligence across departments, and organization-wide responsiveness to it’ (p. 6). Operationally, this construct is reflected by four dimensions: intelligence generation, intelligence dissemination, response design, and response implementation (Jaworski & Kohli, 1993). Since its inception, Kohli and Jaworski’s (1990) activities-based approach (see also Narver and Slater’s (1990) cultural approach) has been repeatedly used to demonstrate the positive effects of a market orientation on firm performance across a number of firm types and industry structures (Liao, Chang, Wu, & Katrichis, 2011).

However, while the existing conceptualizations of a market orientation have been widely used as the empirical basis for the operationalization of the construct, the traditional approaches have been increasingly criticized as taking too narrow a view of the value-creation process (Ferrell, Gonzalez-Padron, Hult & Maignan, 2010; Greenley, Hooley, & Rudd, 2005; Smith, Drumright & Gentile, 2010). Implied within the traditional conceptualizations of the market-orientation construct is the idea that customers and competitors (i.e. market-level stakeholders) represent the locus of value creation to the exclusion of other actors in the marketing environment. Critics of the existing market-orientation paradigm argue that, although market-level information is an essential strategic consideration, customers and competitors are not the only entities with a stake in the value creation process. In fact, in many environments (including destination marketing), a number of important stakeholder markets (e.g. suppliers, governments, intermediaries, etc.) exist that should be considered in decisions related to the implementation of the marketing concept (Matzko & Mentzer, 2000).

These critics further argue that in such environments, marketing can no longer be seen as merely customer oriented and value proposing. Rather, they suggest that the increasingly networked nature of the contemporary marketing environment has shifted the concept of value creation to a systems approach in which the market oriented firm co-creates value by unifying all stakeholders in the network (Lusch & Webster, 2011). Perhaps not surprisingly, this new perspective on stakeholder-based value creation has resulted in renewed discussion of the relevance of stakeholder theory to marketing scholarship.

2.2. Stakeholder theory and value creation networks

The evolving notion of value creation has led to calls for increased attention to stakeholder theory in the conceptualization of what it means to effectively implement the marketing concept. For example, in his account of the evolving identity of marketing and the future of the discipline, Lusch (2007) mandates that ‘more attention to stakeholder theory must be central to marketing scholarship’ (p. 265) in order for the field to truly understand the importance of collaborative processes in the creation of value. Similarly, Gundlach and Willkie (2010) advocate the potential for stakeholder theory to act ‘as the basis for a broadened conception and theory of marketing management’ (p. 92).

In response to such sentiments, the tenets of stakeholder theory have increasingly been used to inform marketing scholarship (Bhattacharya & Korschun, 2008). The stakeholder model of the firm (Freeman, 1984) suggests that organizational performance is a function of the bilateral interaction between a firm and the actors that exert influence in its operational environment (Clarkson, 1995; Donaldson & Preston, 1995). As such, proponents of stakeholder theory suggest that, in addition to customers, any other organizational actor deemed to be of strategic importance by the focal organization should be considered a worthwhile target of marketing management (Gundlach & Willkie, 2010) and included as part of the conceptual domain of a market orientation. Ferrell et al. (2010) suggest that these ‘actors’ can be identified as a salient stakeholder of an organization when at least one of the following conditions is met: (1) the actor can potentially be affected (either positively or negatively) by the organization’s activities and/or the actor has an interest in the organization’s potential to affect its own or others’ well being, (2) when the actor has the power to give or take away resources necessary for the continuation of the organization’s activities, and/or (3) the overall culture within the organization values the activities of the actor.

Thus, according to the tenets of stakeholder theory, managers should be concerned with any such entities that hold a legitimate interest in the organization’s operation and/or its contribution to value creation. Lusch and Webster (2011) have suggested that rather than focusing only on the customer and the market, the goal of marketing should be the creation of value for all salient stakeholders. They further suggest that rather than being ‘customer oriented and value proposing’ as it once was, the new approach to marketing can be characterized as ‘stakeholder unifying and value co-creating’ (p. 130). Accordingly, the locus of value creation is no longer rooted in exchange (i.e. value in use), but within the overall efficiency of a networked system of stakeholders.

Likewise, if the locus of value creation has shifted, then so too has the purpose of the marketing function. Within this new paradigm, the purpose of marketing is not to satisfy customers but to maximize value across the stakeholder spectrum (Lusch & Webster, 2011). But if this is true, then what of the existing market-orientation framework that places customers as the lone stakeholder of the value creation process? If the purpose of marketing is to maximize stakeholder value, then should not the operational construct that reflects a market orientation be expanded to include an account of non-market stakeholders? In answer to these questions, we suggest that the market-centric (customer- and competitor-based) conceptualization of a market orientation does not accurately reflect the complexities of the novel value creation paradigm that places stakeholder networks (as opposed to markets) as the locus of value creation. Instead, relevant information must be generated not only from the market but from all salient stakeholders within the marketing environment. Likewise, this information must be disseminated not only within the company but also across all stakeholders in the value-creation network. In this way, the implementation of a market orientation becomes not a zero-sum game but a process through which each organization in the network can achieve its goals through knowledge and information sharing. We define this concept as follows as a multi-stakeholder market orientation.
2.3. Multi-stakeholder market orientation (MSMO)

One of the major criticisms of stakeholder theory is that it fails to fully acknowledge the connectedness of actors in the external environment (Key, 1999). This is perhaps one reason why stakeholder theory has yet to realize its full potential within the context of marketing science. The premise of this paper, however, is that proponents of stakeholder marketing can no longer afford to take a linear, dyad-based approach to value creation. As discussed above, stakeholder theory suggests that value is created across a system of firms and organizations. Accordingly, market-oriented firms should recognize the value of each organization within that system and seek to maximize value across the organizational network. In the language of the present research, a firm that adopts such a strategic posture is defined as multi-stakeholder market oriented. Specifically, the multi-stakeholder market orientation (MSMO) construct is defined as the set of organizational behaviors reflective of an organization-wide commitment to total value creation by: (1) understanding and reacting to the needs of salient stakeholder markets, and (2) generating and communicating relevant information across these markets. Defined as such, the MSMO construct can be seen as a network-based conceptualization of an organization’s commitment to collaborative value creation.

It is essential to note here that the proposed conceptualization of MSMO is different not with respect to the activities proposed, but with respect to the scope of those activities. Like Kohli and Jaworski’s (1990) approach, MSMO includes aspects of information generation, reaction and dissemination. The difference is that, with MSMO, these activities take place across a much broader set of stakeholders. Regarding information generation, MSMO requires organizations to look beyond customers and competitors and into the broader marketing environment to generate information that is relevant to any actor in that environment that holds a stake in the value creation process. Then, that information must be disseminated not only internally but also externally to all entities in the network that may be able to use that information to the benefit of the system. Finally, this information must be acted upon in a manner conducive to the maximization of value across the stakeholder network.

Recalling Donaldson and Preston’s (1995, p. 70) stakeholder-based description of firms as ‘organizational [entities] through which numerous and diverse participants accomplish multiple, and not always entirely congruent, purposes’ it is not difficult to see the theoretical applicability of stakeholder theory and the proposed MSMO construct to destination marketing.

In support of the proposed framework, Li and Petrick (2008) have suggested that while tourism marketing research has begun to reflect the new trajectories of contemporary marketing thought, ‘in-depth conceptual exploration is still lacking’ (p. 236). The purpose of this research is to provide just such an exploration. In terms of Dolnicar and Ring’s (2014) knowledge grid, this effort can be seen as the generation of first-order tourism knowledge. Accordingly, now that the MSMO construct has been explained within the context of the contemporary perspective of stakeholder marketing and value-creation networks, this concept can be formally proposed within the unique domain of destination marketing.

3. Market oriented destination marketing

More than 40 years ago, Medlik and Middleton (1973) proposed that, like other industries, tourism was following a traditional three-stage process toward a market orientation. Their model predicted that as need satisfaction replaced mass marketing and sales as the salient criterion for strategic decisions, tourism would move from a selling orientation to a market orientation. Although need satisfaction has indeed replaced mass marketing and sales in the tourism production function (Blain, Levy & Ritchie, 2005), ‘tourism has been slow to achieve the full potential from moving from [a] selling orientation to a marketing orientation’ (Pike, 2004, p. 13). Interestingly, this observation remains true in the case of DMOs despite the fact that many private suppliers of the tourism product have clearly made such a shift (see Shaw, Bailey & Williams, 2011).

Thus, although the idea of a market-oriented approach to destination marketing has been recognized in previous literature (Fyall & Garrod, 2005; Medlik & Middleton, 1973; Pike, 2004; Ritchie, 1996), the market-orientation phenomenon has yet to be explicitly defined within this domain. A major source of this problem is that there is no clear definition of what such a market orientation should entail within the context of destination marketing; and because destination marketing differs substantively from the marketing of more traditional goods and services, a simple adoption of the existing market-orientation scales to the domain of destination marketing is not appropriate.

The marketing of destinations differs from the marketing of traditional goods and services in a number of important ways. First, destinations are challenging to manage and market due to the complexity of the relationships between and among the various local stakeholders (Sautter & Leisen, 1999; Buhals, 2000) that cut through both the public and private sectors. These organizations must work together to serve the interests of various markets including the B2B and B2C markets. Second, although there are a large number and variety of stakeholders involved in developing, producing and delivering tourism offerings to the end consumers, no single entity has the ownership of all product offerings during this process. Third, the stakeholders involved in a destination represent a collection of diverse (and sometimes conflicting) interests and political agendas, and integrating these competing interests into a shared vision supporting the entire destination requires a comprehensive approach to stakeholder management. Furthermore, though most service providers at a destination tend to be small and medium-sized enterprises (Buhals, 2000), some destinations such as Orlando, FL, and Las Vegas, NV, are dominated by a number of large conglomerates representing a very different power structure of tourism suppliers. Such an arrangement requires both political and management savvy in convincing all stakeholders, large or small, that there should be a congruency between the strategic marketing of the destination as a whole and the efforts by each individual supplier at the destination, since the overall image and the holistic experience of the visitors will be derived from numerous encounters with all suppliers. These unique characteristics of destination marketing and management call for a multi-stakeholder market-oriented approach to managing the competitiveness and sustainability of the destination.

In accordance with the above discussion of value creation networks, the first task in conceptualizing the phenomenon of MSMO within the parameters of destination marketing is to identify the salient stakeholders of the organizations charged with promoting destinations. A review of the literature on DMOs suggests the existence of five broad-based stakeholder markets (tourists, competitors, community entities, the tourism industry, and intermediaries) that can be deemed relevant to nearly all forms of destination marketing. These five groups were drawn from an in-depth review of the existing literature on destination stakeholder structure. Key conceptualizations included (but were not limited to) Ford and Peper’s (2008) book on the roles and responsibilities of DMO executives; Line and Runyan’s (2014) operationalization of strategic marketing assets; Sheehan and Ritchie’s (2005) identification of salient DMO stakeholders; Wang...
and Xiang’s (2007) conceptual framework of collaborative destination marketing; Sheehan, Ritchie, and Hudson’s (2007) conceptualization of the destination promotion triad (DMOs, destination governance, and the tourism industry); and Crouch’s (2011) conceptual model of destination competitiveness. In the remainder of this section, we consider the relationship between a DMO and its stakeholders in terms of the importance not only of facilitating the flow of information between the DMO and the stakeholder, but also of disseminating that information across stakeholders for the purposes of managing a complex network of interorganizational relationships. Within this discussion, propositions are put forward concerning the dimensional structure of a DMO’s multi-stakeholder market orientation with each stakeholder group representing a distinct conceptual dimension of the construct.

3.1. Tourists

Narver and Slater (1990, p. 21) define a customer orientation as ‘the sufficient understanding of one’s target buyers to be able to create superior value for them continuously’. Implicit in this definition is the necessity that sellers understand and work with entire value chains (rather than just one customer) in a forward looking (rather than a static) manner. Recent research on the effectiveness of destination marketing similarly emphasizes such an understanding of the customer. For example, Baker and Cameron (2008) highlight the importance of crafting a long-term approach to marketing in the same way that a market orientation requires an attention to the long-term (i.e. sustainable) satisfaction of consumer needs (Day, 1994). Similarly, King (2002, p. 106) suggests that because the customer has moved from a passive to an active actor in the marketing process, DMOs will need to ‘engage the customer as never before’ in order to understand and satisfy both their informational and their experiential needs.

In the complex network of value creation that characterizes destination marketing, however, it is relevant to ask: Who is the customer? In their exposition of a visitor relationship orientation, Pike, Murdy and Lings (2011) suggest that it is the tourist that most closely represents the classical notion of a customer. The term ‘tourist’, however, denotes a wide ranging phenomenon that varies by organizational structure (individuals, families, large organizations, etc.), purpose (business or leisure), trip duration, buying power, etc. Regardless of the form they take, however, tourists play a central role in the tourism value creation network, both as consumers and as resource advocates (Prebensen, Vittersø, and Dahl, 2013). Thus, because the creation of value is inextricable from the experience of the tourist, consumers ‘contribute to value creation by integrating physical, social, and cultural resources’ (Prebensen, Woo, Chen & Uysal, 2013, p. 241) throughout the exchange process.

Although multiple categorization schemata exist, Ford and Peepers (2008) identify two broad forms of customers – direct customers and indirect customers – that provide a suitable platform for the explication of a tourist-as-customer orientation. Regarding the former, one of the most important functions of a DMO is to attract group-level tourism in the form of organized tours, meetings, conventions and other events to its destination. As such, meeting planners, association executives and other group representatives (Baker & Cameron, 2008; Ford & Peepers, 2007; Prideaux & Cooper, 2002) represent the direct customers of the DMO (Ford & Peepers, 2008). These direct customers are responsible for making the decision to bring large groups of people to a destination and are thus the most important visitor markets for many DMOs. Destination marketing professionals must understand the divergent needs of these direct customers (and the groups they represent) and find ways to match their destination’s tourism product with these needs (Shoemaker, Lewis, & Yesawich, 2000). While direct customers do not purchase anything from the DMO per se, the emphasis placed on these customers suggests an element of considering the demand of the ‘buyer’s buyers’ and of understanding entire value chains rather than individual end users (cf Narver & Slater, 1990, p. 21).

Importantly, however, matching customer needs to destination attributes is not the only form of value creation in which a DMO must engage. DMOs must also ensure that the destination’s target markets match the needs of tourism suppliers (Murphy & Murphy, 2004). In total, this process can be seen as the co-creation of value among a DMO, its direct (group-level) customers, and key industry stakeholders. Such a balancing act can only be accomplished to the extent that a DMO understands the group tourism market and is able to communicate the market’s needs to the industry stakeholders that will ultimately be responsible for meeting them.

In contrast to the direct customer stakeholder market, indirect customers are the independent consumers of a destination’s tourism products. Often referred to in the context of transient demand, independent tourists represent those non-group tourists who select a particular destination to satisfy their tourism needs. Independent tourists are particularly important when it comes to the DMO’s value proposition. In order to stimulate independent tourism to their destinations, DMOs are responsible for creating and maintaining a destination image that conveys the types of needs that a destination is capable of satisfying (Pike, 2004).

Without attending to the needs of independent tourists, a DMO is unlikely to create a destination image that resonates with its target markets (Deslandes, Goldsmith, Bonn, & Sacha, 2006). In these terms, the creation of a destination image represents a value proposition by the DMO. Importantly, however, this image must be crafted within the context of need satisfaction (Morgan, Pritchard & Pride, 2002; Prebensen, Woo, Chen & Uysal, 2013), and thus requires more than a unilateral dictation of value on the part of the DMO. Instead, a destination’s image must be crafted with the recognition that all of the destination’s stakeholders play a part in communicating that image to both potential and actual tourists (Tasci, Gartner, & Tamer, 2007). Because both community- and industry-level stakeholders often have an interest in crafting a destination’s image (Prideaux & Cooper, 2002), a DMO’s job with respect to the independent tourist market is threelfold. First, a DMO must create value by understanding and reacting to the needs of its independent tourists. Second, and no less importantly, the DMO must achieve stakeholder buy-in for the destination’s value proposition. Finally, it must then communicate that proposition across the spectrum of stakeholder markets responsible for its implementation. Thus:

**Proposition 1.** A tourist orientation is a distinct conceptual dimension of a DMO’s multi-stakeholder market orientation. Such an orientation must include comprehensive awareness of this constituency in all forms including both the direct and indirect customer markets.

3.2. Competitors

Narver and Slater (1990) conceptualize a competitor orientation in terms of understanding the strengths and weaknesses of current and potential competitors. Understanding competition is no less critical to the marketing of destinations than it is to the marketing of goods and services (Shoemaker et al., 2000). In terms of functional attributes, destinations are often quite similar (Ekinci & Hosany, 2006), and without a differentiating dimension, one destination can easily be substituted for another (Uskull & Baloglu, 2011). In order to achieve a sustainable competitive advantage, DMOs must promote a destination image that is superior to the
image promoted by their competitors (Hankinson, 2005). The development of a differentiable destination image, however, requires a keen understanding of competitor capabilities and strategy (Pike, 2004).

The value of understanding competitor activity is often acknowledged in the destination marketing literature (e.g. Ford & Peeper, 2007, 2008; Gretzel, Fesenmaier, Formica, & O’Leary, 2006; Shoemaker et al., 2000). Destinations compete for the business of individual and group level tourism in much the same way that manufacturers and retailers compete for both small and large volume clients. As such, destination marketers fulfill similar roles as their more traditional counterparts when it comes to maintaining (and selling) a differentiated image (Ford & Peeper, 2008). However, a differentiated destination image cannot be established without an acute understanding of competitor activity (Pike, 2004) and the ability to turn this information into a value proposition that is acceptable to both the local tourism industry and the local community (Blain et al., 2005). Accordingly, the generation and dissemination of competitor information across stakeholder markets is a second essential component of successful destination marketing (Baker & Cameron, 2008).

It is important to note here that not all destinations are competitors. That is, while many destinations do compete directly for tourism business, destinations can also enter into collaborative arrangements with other destinations. Often, these two dynamics take place simultaneously (Fyall, Garrod, & Wang, 2012). For example, destinations can collaborate vertically, as part of a hierarchy (e.g. a city such as Orlando collaborating with the State of Florida) or horizontally, as geographically proximal entities at the same systematic level (e.g. multiple cities collaborating as part of a region). Given the importance of maintaining a successful collaborative platform for many destinations (Fyall et al., 2012), it is critical for destination marketers to understand which destinations provide opportunities for collaboration and which destinations should be seen strictly as competitors.

Likewise, in the same way that all destinations are not competitors, not all competitors are destinations. For many DMOs, non-traditional competitors such as cruise ships and all-inclusive resort ‘destinations’ can be seen as credible competitive threats in the marketplace. Accordingly, destinations cannot afford to take a myopic view of the marketplace that ignores these threats. However, returning to the complexity of the destination stakeholder superstructure, even these non-traditional competitors should not always be seen from a strictly competitive viewpoint. That is, there may be opportunities for collaboration with non-traditional competitors as well. Thus:

Proposition 2. A competitor orientation is a distinct conceptual dimension of a DMO’s multi-stakeholder market orientation. Such an orientation must include comprehensive awareness of this constituency in all forms, including: (1) direct competitors, (2) collaborative marketing arrangements, and (3) non-traditional competitors.

3.3. Community entities

Thus far, the discussion has not gone beyond the customer and competitor orientations that are already widely recognized as the classical components of a market orientation. As set out above, however, customers and competitors are not the only markets in which a DMO must operate. Although organizational structure and funding sources vary, DMOs are commonly operated under (though not necessarily funded by) some form of political mandate. As such, the marketing function of many DMOs extends beyond the traditional marketplace (i.e. for tourists) and into the structure of the local community (Chen, 2001; Garrod, Fyall, Leask, & Reid, 2012).

For example, it is often the case (especially in the United States) that DMOs must compete for resources with other local organizations and initiatives (Ford & Peeper, 2008), including law enforcement and public education, which often take precedence over destination marketing in terms of political importance. Accordingly, destination marketers must market their organizations to their community stakeholders (e.g. politicians, local residents, community leaders, etc) by continually providing information about the positive impacts that their activities have on the local community (Nunkoo and Ramkissoon, 2011). Because community and political considerations largely determine the scope of their marketing activities (Prideaux and Cooper, 2002), DMOs often attempt to ensure that their services are not undervalued by the community by creating advocacy programs. As a part of such programs, DMO leaders strive to stay in touch with local political issues by closely monitoring the political environment, as well as by recognizing those initiatives with which they compete for political capital (Gretzel et al., 2006).

It is important to note that, while politicians often make the decisions that affect the organization’s ability to market a destination successfully, politicians ultimately represent communities. As such, the degree to which a DMO successfully markets its value proposition within its community via an advocacy platform or some other form of community-focused public relations campaign has become an increasingly important aspect of destination marketing. Because community and political support often have a direct impact on a DMO’s ability to provide value to its customers (d’Angella & Go, 2009; Wang, 2008), DMOs must satisfy the needs of these stakeholders in order for value creation to take place.

We suggest that the degree to which DMOs generate such information (e.g. meeting with politicians and/or community groups, attending city council meetings, etc) and subsequently disseminate and react to that information (e.g. through advocacy, public relations, etc) represents a community stakeholder orientation. Such a process necessitates that a DMO must: (1) understand the needs of the local community and its representatives, and (2) react to these needs in a manner conducive to generating community support for its mission. Again, this capability relies on effectively communicating the needs both of tourists and of the local tourism industry to the politicians responsible for assessing the DMO’s marketing efforts (Ford & Peeper, 2008). Without continuously communicating the value of their organizations to the local community, DMOs risk losing the support of the destination community and, in turn, political support for the organization itself. Thus:

Proposition 3. A community stakeholder orientation is a distinct conceptual dimension of a DMO’s multi-stakeholder market orientation. Such an orientation must include comprehensive awareness of this constituency in all forms including both community- and politically-based interests.

3.4. Local tourism industry

In addition to the DMO and the local community, Sheehan et al. (2007) refer to tourism industry stakeholders as the third entity in the destination promotion triad. Their contention that the success of a destination depends on the level of coordination between these three triadic entities is widely acknowledged in the literature (Park, Lehto, & Morrison, 2008; Prideaux & Cooper, 2002; Wang, 2008; Wang & Xiang, 2007). From a stakeholder perspective, the local tourism industry often relies on a DMO to create demand for the industry, especially in the slower periods of the destination’s yearly business cycle (Kotler, Bowen, & Makens, 2010). Thus, private businesses that stand to gain (or lose) from
the marketing of a particular destination are a fourth salient stakeholder market.

The extent to which DMOs relate to these private stakeholders is a critical component of successful destination positioning (Sheehan et al., 2007). Wang’s (2008) identification of DMOs as industry coordinators suggests the importance of maintaining industry relationships and coordinating the activities of individual private stakeholders for the purposes of carrying out the organization’s mission. Research in this tradition emphasizes the role of the DMO in coordinating destination marketing activities not only with respect to generating buy-in on the part of individual firms but also in coordinating the efforts of competing firms (Wang & Krakover, 2008).

A DMO’s ability to facilitate mutually beneficial relationships by converging the goals of competing firms depends on the degree of social inclusion in the DMO’s marketing strategy (d’Angella & Go, 2009); and without the inclusion and cooperation of key industry stakeholders, DMOs are severely limited in their ability to build a destination-wide brand (Prideaux & Cooper, 2002). Accordingly, an industry stakeholder orientation is defined as the extent to which information relevant to the needs and expectations of the local tourism industry is generated and, in turn, disseminated across stakeholder markets. Because DMOs are charged with facilitating interorganizational collaboration between private interests within a destination (Wang & Krakover, 2008), an industry stakeholder orientation is essential to the value creation process. Thus:

**Proposition 4.** An industry stakeholder orientation is a distinct conceptual dimension of a DMO’s multi-stakeholder market orientation. Such an orientation must include comprehensive awareness of this constituency in all forms including lodging, restaurant, retail, attractions, and any other business that benefits from tourism to the destination.

### 3.5. Intermediaries

The numerous intermediaries with which DMOs work to market a destination represent the final stakeholder category. In some respects, intermediary-level stakeholders can be seen as an extension of the previous category. That is, whereas the local tourism industry represents the private organizations that benefit from primary demand for the destination, intermediary stakeholders represent the numerous travel trade and research organizations that extend the tourism distribution system into the macro-environment.

While these organizations take on a number of roles (see Kracht and Wang, 2010; Pearce, 2008), the primary function of such intermediaries is to drive primary demand to the destination (albeit through vastly different processes). Thus, like local industry stakeholders, intermediaries are external organizations with which a DMO must interact in order to create value. In support of the networked view of value creation advocated herein, Ford, Wang, & Vestal (2012, p. 761) suggest that intermediary networks ‘act as a conduit for the dissemination of information which may give members access to valuable and time sensitive information about potential opportunities’. Such statements echo Kohli and Jaworski’s (1990) notion of intelligence dissemination in their seminal conceptualization of a market orientation.

Intermediaries can take a number of organizational forms, including travel agencies, tour operators, research agencies (such as consultancy firms and universities), search engines, travel websites (such as TripAdvisor, Triptuner, Expedia, etc) or any other organization that can affect destination demand or influence the destination selection decisions of direct or indirect customers (Pearce, 2008). While not all DMOs are active in every intermediary market, most DMOs can include at least one tourism intermediary as part of their stakeholder network (Kracht & Wang, 2010). These intermediaries often act as distribution channels that connect tourists with industry stakeholders within the destination (Ford et al., 2012) and can significantly affect destination choice (Alaeddinoglu & Can, 2010). Thus, one of the most important functions of a DMO is to facilitate this connection and manage the ensuing relationship via the provision of virtual connection and relationship space (Wang & Russo, 2007).

The nature of the relationship between a DMO and its intermediaries is complex. In addition to interacting directly with many important intermediaries, DMOs must also be concerned with the relationships and strategies of other stakeholders concerning these same intermediaries. For example, destination marketers must understand that, while they cannot control the content that a previous tourist posts to TripAdvisor or the extent to which hotels in their destination utilize paid search marketing tactics, there is still an opportunity to engage with the stakeholders involved in these exchanges. Thus, in the same way that DMOs must strive to build partnerships among local industry stakeholders, these organizations must also seek to ensure that the external relationships of these same stakeholders are likewise beneficial to the value creation network. Thus:

**Proposition 5.** An intermediary stakeholder orientation is a distinct conceptual dimension of a DMO’s multi-stakeholder market orientation. Such an orientation must include comprehensive awareness of this constituency in all forms including travel agencies, tour operators, travel websites, etc.

Together, Propositions 1–5 represent the proposed dimensional structure of a multi-stakeholder market orientation conceptualized within the domain of destination marketing. These propositions and their supporting arguments are summarized and presented in Fig. 1. From a conceptual standpoint, the propositions identify MSMO as a second-order factor reflected by five first-order dimensions. Thus, each stakeholder orientation proposed above can be seen as a distinct first-order latent construct, each with a unique conceptual definition and structure. Together, these distinct first-order phenomena combine to form a single multi-dimensional construct referred to as a multi-stakeholder market orientation.

In Fig. 1, the proposed MSMO construct is represented by a five-pointed star with each point representing one of the five salient stakeholder constituencies. Additionally, the boxes at each point identify examples of the various organizational forms inherent to each stakeholder category. It should be noted that priorities are identified in relation to strategies and activities with each of the salient stakeholders. For example, for the tourist market, the focus should be on identifying needs and creating a positive image so that the destination falls into the consideration set in the consumer decision-making process. For the local industry, the major task would be forming coalitions and managing engagement in order to provide a holistic experience to the end consumers. From a competition perspective, attention should be committed to understanding and knowing the competitors in order to establish differentiation as part of the value proposition. At the same time, relationships with the intermediaries should be directed to communicating the destination brand to various markets and building demand in those markets. In order to achieve all these goals, DMOs cannot ignore the importance of building and managing relationships with local community entities such as the local government, community leaders and local residents since their support and recognition is pivotal to the long term success of the destination.

Given the complexity of the destination marketing environment, it is important to remember that MSMO is not simply about
connecting directly with a set of transacting partners. Equally important is the management of relationships between the stakeholder groups that collectively make up the value delivery network. In order to foster collaborative partnerships among stakeholders, DMOs must act in a coordinating role (Wang, 2008) that goes beyond simple bilateral exchange. Thus, in the same way that a traditional market orientation requires information generation and dissemination across functional departments (Narver & Slater, 1990), MSMO requires the dissemination of information across stakeholders in the value creation network.

4. Discussion and Implications

4.1. Theoretical implications

While the notion of a market-oriented approach to destination marketing has long been acknowledged, a theoretical approach to this construct is nonexistent. Interestingly, the situation surrounding the heretofore amorphous understanding of market orientation with respect to DMOs is not unlike the situation faced by Narver and Slater (1990) and Kohli and Jaworski (1990) prior to their respective conceptualizations of the market-orientation construct. The seminal conceptualizations of the market-orientation construct were born of a need to theoretically specify a commonly acknowledged, but poorly defined, phenomenon known as a market orientation. By addressing this need, the respective works of Narver and Slater (1990) and Kohli and Jaworski (1990) initiated a stream of research that has been invaluable to furthering the understanding of marketing as a science. The present research is an attempt to initiate a similar progression in the field of destination marketing.

In terms of theory building, the main contribution of the proposed MSMO construct to tourism research is its integration of several well-documented (but previously non-integrated) facets of destination marketing into a unified, multi-dimensional conceptual entity. As discussed previously, the importance of customers, competitors, communities, and businesses within the destination marketing environment is widely recognized. Likewise, a large body of research exists that acknowledges the specific roles of these stakeholder groups in the destination marketing process and the nature of the between-group interorganizational relationships. Much of this research, however, seems to focus on the DMO-stakeholder interaction in isolation, rather than on the networked interactions among all stakeholders (Ford et al., 2012). That is, while research of interorganizational collaboration between selected pairs or subsets of destination stakeholders is common, integrative accounts of DMOs as co-creators of value within the context of a comprehensive stakeholder network are much less prevalent, especially from a quantitative perspective.

The proposal of MSMO as a unifying and quantitatively measurable conceptualization of a DMO’s commitment to value creation through generating, disseminating, and reacting to information from the marketplace as well as from the actors in the destination marketing environment is an attempt to bridge this theoretical and methodological gap in the literature. By integrating the existing, but heretofore autonomously understood, interorganizational social constructs fundamental to the organized...
marketing of destinations, MSMO contributes an enhanced theoretical understanding of destination marketing to tourism scholarship. As such, a critical next step in this stream of research will be to lend MSMO an operational structure. To these ends, this research can be seen as the first step in that process, a specification of the proposed construct’s domain (see Churchill, 1979).

4.2. Practical implications

Perhaps the clearest practical contribution of this research is its explicit identification of the organizational characteristics that define market oriented destination marketing. Pike (2004) suggests that, because the market orientation phenomenon has not previously been addressed within the context of destination marketing, effective implementations of market oriented practices at the DMO level have been slow to develop. By addressing this issue directly, this research can be seen as the beginning of a conversation among tourism scholars and industry professionals concerning the specific practices entailed in market oriented destination marketing and the outcomes of such practices.

Given the contemporary environment, this type of discourse is likely to be well-received by DMO professionals. Destination marketers are currently confronting a number of challenges including increased substitution effects among destinations, changes in travel behavior (due to rising energy costs, the effects of terrorism, etc.), and increased competition for resources from shrinking municipal budgets (Buhals, 2000; Gretzel et al., 2006; Williams, Stewart, & Larsen, 2011). As a result, many DMOs are facing both increasing competition and decreasing resource allocations. In such an environment, DMOs must find new ways to ensure that their destinations can remain competitive and that their stakeholders continue to remain supportive of both their value proposition and their role in the destination’s economy. Our research suggests that an organizational strategy based on total-value creation across salient stakeholders (i.e. MSMO) may represent one possible method to achieve such results. That is, because MSMO represents the foundation for a value proposition focused on meeting the needs of all salient stakeholder markets, multi-stakeholder market oriented DMOs are likely to benefit from the implementation of such a proposition in several important ways.

First, a multi-stakeholder market orientation is positioned as positively associated with organizational performance. This relationship is particularly important given that many DMOs are being asked to maintain (or enhance) their destination’s competitive position even in the face of shrinking budgets. Because the cost of adopting a strategic orientation is negligible, at least from a financial standpoint, this research suggests that organizations that have not previously been operating according to the tenets of MSMO may have an opportunity to enhance their competitive position by changing their strategic posture. Thus, from a practitioner standpoint, MSMO can perhaps best be understood from an advocacy perspective. The degree to which a DMO successfully markets itself to its community (e.g. politicians and industry organizations) can have a major impact on the level of stakeholder support the destination receives (Destination & Travel Foundation and Revent LLC, 2011; Gretzel et al., 2006). This sentiment is reflected in the opening statement of Destination Marketing Association International’s (DMAI) DMO Advocacy Toolkit as expressed by DMAI President and CEO Michael D. Gehrisch: ‘With destination marketing budgets facing increased competition from other government priorities for funding, it is more critical than ever for the official destination marketing organization (DMO) to be a constant advocate for the travel industry and the dedication of marketing dollars’ (Destination & Travel Foundation and Revent LLC, 2011, p. 6).

Accordingly, developing and implementing an advocacy plan that communicates a DMO’s value proposition throughout the destination is an essential part of successful destination marketing (Wang, 2008). In the DMO Advocacy Toolkit (Destination & Travel Foundation and Revent LLC, 2011, the importance of communicating with stakeholders is among the most important recurrent themes. By communicating with representatives of salient stakeholder constituencies, DMOs generate information critical to the continued understanding of their stakeholders’ expectations regarding both the organization and the destination itself. When all stakeholders have the opportunity to communicate their respective needs to a DMO, executives can use this information to develop strategic objectives that address each stakeholder’s specific needs and expectations. In turn, this inclusive process of strategic planning facilitates stakeholder support for (and understanding of) the DMO’s value proposition (Sheehan et al., 2007). The continuous generation of stakeholder input in the process of value creation is an important component of maximizing total stakeholder value (Lusch & Webster, 2011).

A second purpose of communication is the dissemination and subsequent use of this information. As industry coordinators (Wang, 2008), DMOs must disseminate the relevant information generated from each stakeholder market to the other salient actors in the destination-marketing environment. That is, information generated from one market must then be circulated across the full stakeholder spectrum. This element of the communication process is critical for several reasons. In a recent survey of DMO executives (DMAI & Karl Albrecht International, 2008), respondents identified the importance of: (1) becoming better at explaining their organization’s value proposition to the community; (2) becoming more credible communicators to their customers; and (3) taking on a more significant leadership role within their communities. By engaging in a continuous process of generating stakeholder information and subsequently disseminating that information across the full range of salient stakeholders, DMOs can increase their credibility while simultaneously enhancing the overall understanding of their value proposition in the community. Thus, when DMOs are committed to understanding each of their stakeholder markets and facilitating the flow of relevant information between and among these stakeholders, all parties stand to benefit. Stated differently, by establishing a consensus among stakeholders regarding each actor’s role in the implementation of a collaboratively derived destination-level value proposition, maximal levels of total stakeholder value can be achieved.

The communication processes described above are the essence of MSMO. Accordingly, because MSMO is conceptualized as a strategic orientation, a well-crafted advocacy plan exemplifies what can be interpreted as a tactical implementation of such an orientation. According to the DMO Advocacy Toolkit, such a plan would include: a structured approach to stakeholder identification, a purposeful approach to information gathering, sharing of information with stakeholders, and building alliances and coalitions with and among stakeholder groups for the purposes of acting on that information. Such processes are in direct alignment with the conceptualization of a multi-stakeholder market orientation proposed in the present research.

It is important to realize, however, that in terms of the relationship between strategy and tactics, advocacy is but one of the tactical areas for which an MSMO may be relevant. Because the domain of MSMO spans the general destination marketing environment, the implementation of a multi-stakeholder market orientation can be used to guide strategic planning and tactical implementation at all levels of organizational activity including branding, advertising, customer service, sales, public relations, destination planning, advocacy, etc. As such, the value of this research to practitioners is based on its synthesis of the processes
necessary to successfully navigate an environment characterized by a complex network of stakeholder needs into an all-encompassing strategic framework that can be used to guide not only advocacy plans but all organizational activities.

5. Conclusions

In sum, this paper can be seen as the theoretical foundation for the eventual operationalization of a market orientation as it is implemented by DMOs. By specifying the domain of this theoretical construct, the propositions put forth in this research represent an important step toward the development of an empirical approach to studying the marketing concept not only in the domain of destination marketing but in any industry that can be characterized by multiple salient organizational stakeholders.

It is important to note however that while the proposed conceptualization of MSMO is designed to be representative of the destination-marketing environment, it should not necessarily be considered as collectively exhaustive. Rather, the construct is proposed as a parsimonious representation of MSMO as it is manifested in a variety of organizational forms and jurisdictional entities. Thus, while the stakeholders considered as a part of the proposed framework meet the criterion of saliency, it is important to acknowledge that the destination-marketing environment is complex. As such, although all DMOs will likely need to attend to the needs of tourists, the industry, competitors, intermediaries, and community entities in one form or another, no two organizations will feature the exact same stakeholder dynamic. Accordingly, DMOs should use the proposed framework as a starting point for the co-creation of stakeholder value with the understanding that actors outside of those considered herein may meet the criterion of saliency. When this is the case, such actors should be duly included as part of the organization’s strategic domain.

Additionally, it is important to reiterate that salience is dynamic and an organization’s strategic orientation toward a particular salient entity is variable. Thus, MSMO can be seen as a two-stage process consisting of: (1) stakeholder identification and (2) stakeholder marketing. First, DMOs must take a value-creation approach to the identification of actors in the marketing environment. However, equally important is the continued monitoring of those stakeholders and their role in the value-creation process. Accordingly, a market-oriented approach to destination marketing entails an understanding that needs and roles of salient stakeholders can change over time. As such, MSMO is less about an orientation toward a particular stakeholder(s) than it is about the organization’s orientation toward the stakeholder network and the effectiveness with which the interconnected actors in that network are delivering on the destination’s value proposition. Future research should continue to carefully consider tourism value-creation networks from a qualitative standpoint. Case studies of the implementation of MSMO at specific destinations would be particularly useful in this regard.

Finally, concerning the destination’s value proposition, the MSMO framework mandates that organizations go beyond the facilitation of simple relationships in the stakeholder network. Certainly it is important to build strong bonds between the organization and its stakeholders, but this is not enough. Organizations must also work to build and strengthen the relationships between all stakeholders in the value-delivery network. For DMOs, this means taking on a coordinating role to ensure that visitors, businesses, intermediaries, and the community (i.e. politicians and residents) are creating strong ties with each other as well. Thus, when it comes to the empirical study of DMOs and the implementation of a multi-stakeholder market orientation, future research should consider not only the relationships between the DMO and its stakeholders but also the relationships among all the salient actors in the network.

References


Destination & Travel Foundation, & Revent LLC. (2011). The DMO advocacy toolkit: A resource for destination marketing organizations.


