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Six fundamentals of strategic implementation of information systems for destination management organizations

DMOs recognize the importance of destination image and IS for promoting their destinations. While adoption of the Internet does change the competition in the marketplace; it does not equate IS or IT, however. The distorted pricing strategies blur the use of IS. The six fundamentals, *dispelling the myth of Internet marketing, right goal, articulating risks, differentiation, co-alignment, and continuity*, rectify the course and reveal that the source of competition is information that shapes the destination image in the minds of tourists and investors. Returning to these fundamentals facilitates strategic IS implementation. The winners will be those that use IS wisely.

Keywords: strategy, tourism, destination management organization (DMO), Internet, information technology (IT), information system (IS)

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Introduction

Information systems (IS) have drawn much attention in both tourism academia and industry. Researchers, for instance, regard tourism as an information business (Froschl & Werthner, 1997; Schertler et al., 1994) and recognize the necessity of adopting information technology (IT) to cope with the complexity of the interdependencies of dynamic information (Sheldon, 1997). Research also found that at least five types of competitive advantage, such as differentiation, cost, innovation, growth, and alliance advantage are derived from IT strategies (Wiseman & MacMillan, 1984). Destination management organizations (DMOs) are jumping onto the bandwagon of IT applications and assume that such advantages would follow. The time has come to take a critical view of strategic use of IS within the context of information management. The purpose of this research is to point out that the source of competitive advantage is information but the fancy IT applications; it is inevitable for management to adopt IS but the success only goes to those who emphasize the correct source of competition with right strategic thinking.

The myth of Internet marketing

Internet technology is broadly adopted in business including the hospitality and tourism industries. What has been in the spotlight is the severe price competition. The marketers are shocked by the formation of the Internet distribution system that facilitates communication between buyers and sellers. Researchers and marketers have lapsed into rhetoric, such as “Internet marketing”, “e-business strategies”, “new economy”, and overlooked what IT is. IT, including the Internet and IS, is an enabler technology that only converts raw information into useable information and further deliver them to the right place, at the right time, in the right format. Using the Internet does not equate implementing IS strategically. The Internet expedites information flow but does not create valuable propositions automatically. Similarly, IS strengthens information processing but does not create competitive advantage automatically; it’s “*the way of using it*” that can possibly do so.

Organizations that have deployed the IS often confuse “*the way of using IS*” and “the myth of Internet marketing”. The DMOs rush to offer their information to the leading commercial gateways like Yahoo! and Google in hopes of establishing a beachhead on these most visited sites. Suppliers are also eager to affiliate themselves with the Internet and forced to sell their products or services at heavily discounted prices. These efforts seem inevitable but misrepresent the strategic use of IS and cloud the source of competitive advantage: information.

Who comes first?

Information and investment capital are crucial for both destination management and strategic planning. Numerous studies have argued that tourism is an industry based on imagery, and that information is a major factor for travelers to structure a destination image (Fishbein & Ajzen, 1975; Gartner, 1993; Baloglu, et al., 1995). It has been the major challenge for a DMO to promote the location by creating or reinforcing a positive destination image in the minds of travelers (Uysal et al., 2000). Information plays the role of sculpting an image in one’s mind. Not only do tourists prefer a popular destination to an unknown location but investors do also. The welcome destination image lowers the investment risk. The question is, when both tourists and investors demand the positive image, “who will come first?”

A strategic implementation of IS can resolve this dilemma. As noted, the myth of Internet marketing distracts the attention from *the sources of competitive advantage to the volume of visitation*. High visitation volume allured by discounted prices boosts the popularity of a destination but does not necessarily represent economic profit in long-term. If visitors and investors form a destination image based on information received, then efficacious strategic thinking for IS implementation should focus on the information processing that recognizes the contextual variables, such as external environment, organizational structure, core competencies, and investment capitals.

A return to fundamentals: Six fundamentals of strategic use of IS

DMOs should strive to distinguish their destinations through IT strategies in this information era. The advance of IS development has provided better opportunities for DMOs to establish distinctive strategic positionings than did previous generations of IS. The winners will be those that view IS as a complement to, not a replacement of, traditional ways of competing. There are six fundamentals for using IS strategically in order to achieve and sustain the competitive advantage:

First, *Dispelling the myth of Internet marketing: the source of competitive advantage is information*. Information flow is the key for implementing IS strategically. The goals set under the myth of Internet marketing are usually defined in terms of volume with the assumption that profits followed. This line of thinking often weakens IS planning and sets IS strategies in a wrong course.

Second, *Right goal: seeking the positive long-term return*. The value of IS is not always immediately evident but realized in a different period of time. Consequently, an IS investment should be a long-term project and be considered a financial investment portfolio that is a collection of assets that will generate suitable returns. Leading with IT executives can help establish the right goals and escalate organizational commitment to the planning and implementation of IS.

Third, *Articulating the risks: assessing risks for IS implementation*. A universal IS prototype for destination management is hard to reach due to the variety and complexity of locations. A successful strategic IS planning should include the assessment and prevention of implementation risks, such as technical risk, project risk, functionality risk, and internal and external environmental risks.

Fourth, *Differentiation: unique products or services* (Porter, 1980). The strategic IS should help deliver a portfolio of unique products or services that are different from those that competitors offer. The *differentiation* is the means to produce a set of benefits. It is embedded within the distinctive value chains that are affiliate with the IS implementation.

Fifth, *Co-alignment: the alignment of the external environment, strategy choice, organizational structure, and financial performance* (Olsen et al., 1998). The fundamental strategic thinking should start with the assessment of external environments by identifying the forces driving changes and value drivers. A DMO should conceptualize these variables and their relationships in order to select and invest in the right IS that avail producing cash flow streams.

Finally, *Continuity: a continuity of IS implementation and direction*. The results of IS implementation often occur over time. Without continuity, DMOs cannot accumulate unique resources and capabilities to install positive destination images for tourists, investors, and suppliers. The continuity will also switch the information management to the knowledge creation

and management that indeed helps a DMO define and establish a distinctive value proposition for its destination.

Conclusion

Strategic implementation of IS can help a DMO promote its destination for the optimized information management. Strategic IS reveals information as the source of generating visitation volume and of attracting investment capitals. By returning to the fundamentals, a DMO will be able to use IS wisely to create or reinforce the positive destination image.

These six fundamentals dissipate the myth of Internet marketing and help exploit the source of competitive advantage. They guide a DMO in initiating the IS planning for implementation. Particularly, in terms of information management, these guideline help ensure accurate and reliable information for its visitors, suppliers, investors, and even public sectors. These six fundamentals will aid DMOs not only in gaining a competitive advantage but also in sustaining it.

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