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EXTENDED ABSTRACT

THE FINANCING OF DESTINATION MANAGEMENT ORGANIZATIONS IN THE MAIN DESTINATIONS OF THE WORLD. AN ANALYSIS FROM THE PERCEPTION OF THEIR MANAGERS

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The changing, complex, global and systemic nature of tourism and the number of agents whose interests and objectives affect and are affected by the tourist activity in a destination make it necessary to have an entity that is responsible for managing this activity, so that an increase in competitiveness and sustainable development of tourism is achieved.

According to Manente (2008:3), "the management of tourist destinations implies managing and supporting the integration of different resources, activities and agents involved through appropriate policies and measures. It carries with it governmental competences in matters of decision-making and in matters of planning, organization and control of business activities, which should be the responsibility of the public sector".

Currently, one of the management destinations formulas considered as the most adequate to guarantee the sustainable and competitive development of tourism are public-private DMO. However, tourism management through public-private DMO is not a widespread issue, even in all the most visited cities in the world.

It is very common to confuse the concepts of Destination Marketing Organization with DMO, both concepts have being used interchangeably (Sheehan *et al*., 2007). It is true that, in the past, the functions of a DMO focused on marketing activities and these are, today, one of the most important roles of DMOs (Arbogast *et al*., 2017). However, at present, there is a rising academic tide that advocates that DMOs include competencies framed within destination management (Sheehan *et al*., 2016).

According to UNWTO (2004), a DMO is an organization responsible for the management and marketing of the destination that, in general, can operate at national, regional and local levels. It must be able to manage and promote the resources of a destination, acting as a governing body under guaranteed financial self-sufficiency (ETB and TMI, 2003), being one of the organizational forms most adapted to financial diversification and autonomy in destination management (Das and Ghosh, 2014). However, there is no specific financial structure for tourism management entities, everything depends on their legal form, the type of activities they develop, etc.

This type of entities must be characterized by a lower dependence on the public sector at an organizational, budgetary and decision-making level, being considered as an alternative to solve the financing problem faced by destination management.

Although the scientific literature barely establishes how DMOs should be financed (Reinhold *et al*., 2019), it does have a series of advantages and disadvantages associated with the origin of the financial resources of tourism management entities, which establish minimum premises to take into account when determining the financial structure of these entities (DMAI, 2015; ETB and TMI, 2003; FEMP, 2008; Ramió, 2009; Ruiz, 2010; UNWTO, 2008).

This research is based on the hypothesis that the DMO of the visited cities in the world do not maintain a financial structure in accordance with their characteristics and that it could be more effective and efficient if they assumed the true advantages and disadvantages of the different sources of financing.

The main objective is to know the opinion of DMOs with the attributes and disadvantages associated with the different sources of financing and their coherence with their budgetary structure.

For this, a questionnaire has been made to the DMO most visited cities in the world, which has been answered by senior positions of these organizations, on the financial structure of the entity. Hedrick-Wong and Choong (2017) prepare a ranking of the one hundred most visited cities in the world, based on the number of visitors who spend the night in the destination. The research work carried out here focuses on the first thirty-five cities in that ranking. Our study focuses on analyzing those that have a public-private DMO, which is responsible for managing or promoting the destination. Therefore, the population under study was made up of fourteen entities to be surveyed:

1. London: London and partners
2. Paris: The Paris Convention and Visitors Bureau
3. New York: New York and Company
4. Istanbul: The Istanbul Convention & Visitors Bureau
5. Tokyo: Tokyo Convention & Visitors Bureau
6. Barcelona: Barcelona Turisme
7. Amsterdam: Amsterdam Marketing
8. Osaka: Osaka Convention & Tourism Bureau
9. Los Ángeles: Los Angeles Tourism & Convention Board
10. Miami: Greater Miami Convention & Visitors Bureau
11. Berlin: Visit Berlin
12. Toronto: Tourism Toronto
13. San Francisco: San Francisco Travel Association
14. Vancouver: Tourism Vancouver

Finally, eight of the fourteen entities (57.14%) participated in the questionnaire, whose responses were of sufficient quality and quantity. To carry out the study, a questionnaire was prepared that was sent to the directors or those responsible for financing these entities.

The questionnaire was developed based on the literature review carried out, which allowed identifying a series of advantages and disadvantages of the different sources of funding that the scientific literature assumes as true. It was structured according to the following blocks of questions:

1. Importance of public-private management of destinations.
2. Evaluation of the advantages and disadvantages of each funding source.
3. Evaluation of the role of each funding source in the financial structure of a DMO.

The sending of emails with the questionnaire was done in several phases, since it was necessary to repeat its sending several times to the majority of respondents to motivate their participation

The information obtained, complemented by an analysis of secondary sources, allows conclusions to be reached based on the results produced by the analysis of this information.

Tourism management through public-private DMO is not an extended issue in the most visited cities in the world, so that only 40% have a DMO, mostly formed as non-profit societies with linear organizational structures of a classical nature, which must evolve towards more market-oriented organizational structures. The entities surveyed, in fact, consider public private management of the destinations important.

The analyzed DMOs are financially dependent on the public sector, which contributes 48.80% of its budgetary resources, which on average is 27.5 million euros. The rest of the financing is shared between private financing (28.81%) and self-generated resources (22.38%), being these the least important source of funding, despite the fundamental role that scientific literature gives it. This financial structure is consistent with the opinion provided by DMOs, which advocate for a structure in which public-origin financing plays a leading role, and private and self-generated resources assume a complementary one.

In fact, BMDs do not seem to share the opinion of the specialized literature about the advantages and disadvantages of the different sources of funding, showing disagreement and neutral positions when valuing them.

Regarding public financing, the respondents only recognize one of its drawbacks, rejecting that it implies less response that generates misgivings in the population and implies greater stability. They value the role of private financing as a stimulus of effectiveness and the professionalization of DMO, although they do not understand that it reduces the influence of politics in their management. And, in relation to self-generated resources, they do not consider that it implies that DMOs focus on short-term success.

In general, they understand that private financing and self-generated resources should involve complementary financing to public funds.

Tourism taxes are a source of public financing that are used to finance tourism management in destinations, providing more means and opportunities (Rodríguez, 2009; Ruiz and Guía, 2004).

The most common and used rate is the so-called "accomodation tax", which ends up affecting the volume of arrivals and income from tourism (Aguiló *et al*., 2005). However, there is some literature that do not consider it a good option, stating that what is needed is a change in the financing model and setting a rate does not solve the problem (Izard *et al*., 2010; Kerr *et al*., 2001; Pechlaner and Tschurtschenthaler, 2003).

DMOs do not consider that these taxes favor sustainable and quality tourism, and that they do not damage tourism in the destination. They believe that everything depends on the management carried out in this regard, adding that the housing fee and related governance processes are often subject to political interference and vulnerability. However, in the main urban destinations with significant volume of visitors, this tax system is efficient and a form of "self-assessment" paid by non-residents.

All DMO surveyed, with the exception of two, consider the accommodation tax as the most appropriate for the sustainable development of tourism in their city. One of them advocates establishing taxes to accommodation companies, for the income from room rental. In this way, the customer is not the last payer but the hotel, although the employer may end up transferring the charge to the price per room. Another understands that a fee applied to air tickets would be ideal for the destination.

Therefore, the initial hypothesis remains valid, since the results allow us to affirm that DMOs have not assumed what are the real advantages and disadvantages of maintaining the financial structure that currently supports their budgets, which could be more effective and efficient if they adapt it to the circumstances of the destinations, taking into account the positive and negative effects of public, private and self-generated financing, thus achieving greater financial self-sufficiency and alleviating the financing problem faced by the management of the destinations.