

The Management of City Tourism in Europe

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1.1 Purpose and objective

Tourism has become a major source of employment, revenue, international awareness and opportunity in European cities. As competition among cities grows for visitors as well as for public and private financial support, the efficiency of management in city tourism organizations becomes increasingly important. This chapter aims to examine the nature of European city tourism organizations in terms of their roles, functions, responsibilities and the services they provide. In this investigation two surveys with identical design were conducted among European city tourism managers in 1995 and 1999. Based upon this data, this study identifies the functions that have changed during the given period of time and assesses relationships between these functions. The findings indicate that the emphasis of European city tourism organizations changed considerably during time in five functional areas: 1) hotel booking service, 2) commerce, 3) conventional information dissemination, 4) advanced information product, and 5) relationship management. It is argued that information technological and role change are the main driving forces of these changes.

1.2 Introduction

In recent years many urban communities have come to recognize that tourism is more important to the local economy than originally thought (Morrison, Bruen, and Anderson, 1998). This increased awareness of tourism's potential to create employment, stimulate the economy and generate wealth was not noticed solely by any single organization or authority. In most cities the various tourism functions are performed by a number of municipal, not-for-profit and private enterprises (e.g. chambers of commerce, local tourist councils, voluntary organizations, local authorities and agencies which have become involved in tourism). These organizations fulfil a variety of different tasks including the marketing and development of new attractions, the coordination between tourism products and the provision of facilities and services for tourists (Ford and Peeper, 2008). They can also initiate projects and mobilize others to commit resources for effective marketing. As a consequence of the multi-layered structure of city tourism organizations, it is argued that destination marketing and management is often too fragmented, leading to inefficient use of scarce resources and ineffective promotions which serve to confuse

rather than attract tourists (Ford and Peeper, 2008; Magee, 1995; Wang and Xiang, 2007; Paskaleva – Shapira, 2007).

Research on city tourism has increased substantially over the last decade (e. g., Greene Belfield-Smith, 1991; Law 1993; Morrison et al., 1998); however, the organizational structures supporting the promotion of city tourism (e. g., convention and visitor bureaus in the US or city tourism boards/offices in Europe) and the services and functions they provide to the visitors and the local industry have not been well investigated. Indeed, the majority of research in this area have been case studies (e. g. Bramwell and Rawding, 1994; Buckley and Witt, 1989; van den Berg et al., 1995; O’Neill, 1998) and therefore, offer a limited basis upon which to derive generalizations about the nature of tourism organizations (Page, 1997:113).

1.3

Services and functions of city tourism organizations

Tourism research has largely ignored the study of city tourism organizations and only recently have there been serious attempts to study city tourism and their management (Ashworth, 1988; Ashworth and Voogd, 1990; Greenberg, 2006; Greene Belfield-Smith, 1991; Law 1993; Morrison et al., 1998; Murphy, 1997; O’Neill, 1998; Page 1995, 1997; Tyler et al., 1998; van den Berg et al., 1995; Wöber, 1997; Wöber et al., 2003). In 1978 the first survey among city tourism managers was carried out by the U. S. Travel Service covering 142 U. S. cities with populations over 100,000. Page (1995) found that half of the city tourism managers contract out their tourism activities to agencies, 16 percent dealt with tourism activities directly through their offices, and another 16 percent claimed not to be involved in promoting urban tourism. According to his findings, a substan-

tial amount of tourism promotional activity was conducted in partnership with the private sector.

In Europe, Greene Belfield-Smith (1991) and the Tourism and Leisure Consultancy Division of Touche Ross conducted a survey of 39 city tourism offices covering issues such as funding, cooperation with other cities and private industry and the monitoring of productivity in terms of tourism generated. While 80 percent of city tourism offices in their study monitored the performance of the industry, only two cities monitored their own performance as a marketing organization. At the national level providing coordination of these entities can be a difficult task. In European countries national tourism offices assume these roles and often are the most crucial office in implementing governmental tourist policy. Their study indicated that many European cities do not have these ‘coordinators’ and a large amount of planning and policy implementation is done at the local level by various interested enterprises and/or authorities involved in tourism.

City tourism organizations are known to play diverse roles and take different responsibilities. The general goals of convention and visitor bureaus in the United States are to: 1) manage and provide destination attractions; 2) manage and plan infrastructure on which tourism depends; and, 3) facilitate tourism promotion and marketing research. He also identified different management functions for bureaus; organizational, membership, facilities/equipment management, financial, personnel, events, and communications (Gartell, 1992). More recently, Morrison et al. (1998) developed an instrument to evaluate the roles of convention and visitor bureaus in the United States and identified five primary functions. The first function as ‘economic driver’ reflects the city tourism office responsibility for generating new income, employment, etc. in order to contribute to a diverse economy. The second function, ‘community marketer,’ has the main purpose of communicating the destination’s

image, attractiveness, and facilities to the consumer. The third role as industry coordinator is to encourage the joining of sectors of the industry and share the benefits of tourism while the role as 'quasi-public representative' is to protect visitors and add legitimacy for the industry. Finally, the function as 'builder of community pride' has the main goal of enhancing the quality of life for its residents and visitors (Morrison et al., 1998). This study found that tourism offices assume many different roles and provide the community and visitor population with a variety of different services and products.

In 1992, European Cities Marketing (ECM), the main association of European city tourism organizations, conducted a survey among managers of their 43 members which focused on levels of funding, evaluation of tourism policy, resources and city tourism statistics. Similar to the US results reported by Law (1993), the results of the European study indicated that large tourist-oriented cities commanded generous promotional budgets. For example, Vienna was one of the best-financed and most aggressive cities with an annual budget of 10.7mn to operate its tourist and convention department; on the other hand, Paris had a budget of 5.4mn followed by Amsterdam (4.3mn) and Zurich (3.4mn). The high variation in annual budgets raised questions regarding the reasons for these differences in terms of services and tasks undertaken by European city tourist offices. With the large amount of functions and roles a tourism office may offer, no two organizations could be the same; comparability, however, is an important issue when a city tourism organization is being evaluated (Morrison et al., 1998). For instance, the assessment of internal strengths and weaknesses of an organization by comparing its resources and achievements with other organizations (i. e., benchmarking studies) can be completely misleading if the organization's objectives are not the same.

In a different study, Wöber (1997) ranked the most frequently observed services provided

by 45 European city tourism offices and categorized different prototypes of city tourism management strategies. These prototypes were further investigated according to city size, the importance of tourism, and the characteristics of the guest-mix structure. The results indicated that Eastern European cities have a higher involvement in typical management/consultancy services and tasks than other cities, particularly German cities. Maintaining a modern booking office with extensive electronic facilities was found to be a privilege of city tourism offices in major cities and federal capitals. Furthermore, Wöber (1997) found a strong negative correlation between the tourism intensity in a city and the number of guest-oriented services offered by a city tourism office was reported. The Wöber study revealed that European city tourism offices in tourism development areas first start with strong visitor-oriented functions, basically covering informational and promotional tasks, and then move to more industry-oriented management tasks and services.

This last observation is particularly interesting when considering two significant changes in society that have effected city tourism management in the last twenty years. Arguably, the most important change has been the development of information technology that enables the bureaus to focus more on booking and information provision. According to Yuan et al. (1999, 2005) the implementation of Internet technology can significantly influence a bureau's value chain in a number of important ways including inbound logistics, operations, outbound logistics, marketing and sales, and the improved responsiveness and effectiveness of service. New technologies such as smart cards are perceived as important management tools to achieve higher levels of efficiency in city tourism organizations. Indeed, in several European cities where smart cards were used in customer retention programs, tourism managers experienced a significant improvement in the level of cooperation between cultural and tourism entities as the card made the services

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offered by the tourist office more evident to the cultural organizations (Piller, 1999). Another important change affecting the mix of services and functions provided by tourism organization relates to the privatization policies of many European countries. Supporters of privatization argue that the competitive nature of the private sector leads to better products and standards of service than was the case under state control. As many European governments thought public agencies were not efficient, the tourism organizations were converted into private companies during 1995 and 2005. Obviously, this has a strong impact on the way city tourism offices are run and resulted in a decrease in services that were normally provided by the government such as the distribution of certifications and/or capital grants and an increase in the number of attractions or products supported by a city tourism organization. Thus, it is believed that the substantial environmental (i. e., economic, social, technological and environmental) changes between 1995 and 1999 have resulted in equally significant change in the services and functions offered by European city tourism offices.

Case study

Visit York: A tourism office has a vision for tourism

Visit York has in consultation with partners and stakeholders created a vision for the development of tourism in York and the surrounding area. The vision identifies key areas for potential development as well as detailing strengths and assets of continuing growth and future prosperity.

There are several foundations on which Visit York builds this vision. York offers leisure and business visitors a unique and highly distinctive experience: a quintessentially English city with a rich heritage reflecting all periods of Euro-

pean history; ideally situated between two capital cities with high-speed rail access; and contemporary shopping in a pedestrian-focused historic environment. Four million visitors experience this each year, creating a thriving and opportunity-rich industry worth £ 364 m and supporting 10,600 jobs.

York's vision for tourism is to deliver long-term and sustainable growth in the value of the visitor economy, for the benefit of visitors, businesses and residents by: i) Building on York's distinctiveness; ii) Enhancing the quality of the visitor experience; iii) Promoting York as a world-class visitor destination. These three key areas have been identified as those most likely to contribute to the successful and cost-effective growth of York's visitor economy. Together, they'll form the basis of a wide range of activities, developments and initiatives that will build on York's already impressive offering and worldwide reputation for excellence. The goal is to deliver a minimum of 5% average annual growth in visitor expenditure.

Visit York proposes a framework of seven exciting but realistic ambitions to deliver this new vision in partnership with the whole community:

- 1) Improve quality, service and access at every point of the visitor journey
- 2) Widen and deepen the partnership of businesses, stakeholders and residents
- 3) Develop York's position as a leading European cultural centre, combining a unique heritage with a modern outlook
- 4) Enhance York's public realm so it becomes the most special in England

- 5) Secure additional resources for sustainable investment in tourism
- 6) Develop York's role as a gateway, helping to grow the value of tourism in Yorkshire
- 7) Promote York worldwide, with a single, confident voice, as a leading business and leisure destination

Visit York is the city's new tourism organisation – a non-profit making company charged by its stakeholders to respond to challenge and change by helping achieve sustainable, long-term growth of York's tourism industry and visitor economy. The principal activities of the company are:

- Leadership of the tourism sector
- Marketing and promotion
- Business Engagement
- Training and Employment
- Visitor Information
- Investment in the tourism product
- Developing cultural events
- Working with Yorkshire partners
- Promoting a quality visitor experience
- Research and evaluation

they felt to be important tasks of tourism organizations. The resulting questionnaire was mailed during May 1995 to executive managers of 77 European cities which were considered to be leading European cities in tourism. A city was included in the study if it was of sufficient size (based on city population), tourism intensity (measured by the number of overnights divided by population, if available), and if the official city tourism organization was a member of ECM.

In 1999, the survey was repeated using the same questionnaire in order to evaluate the potential impacts of environmental changes and to investigate the underlying trends in the industry. This study targeted the same group of executive managers of European cities included in the previous survey; only cities that participated in both surveys were used for the analysis, hence 50 cities remained in the data set.¹ The respondents were not informed about their previous answers. Analyses followed a three step process in examining the changes in functions provided by European city tourism offices. First, the individual function items were compared in terms of the percent of organizations that provided corresponding functions in 1995 and 1999. Second, factor analyses were conducted using those items that have significantly changed from 1995 to 1999 in order to examine the changes from the view of overall functional structure of city tourism offices. In the third and final set of analyses the underlying structure of those items that actually changed was extracted and further investigated at individual city tourism office level using cross-tabulation and correlation analysis.

1.4

A longitudinal study of European city tourism offices' functions and services

The questionnaire used for the identification of European city tourism offices' services and functions was developed based upon a 1992 survey among ECM members and follow-up focus group interviews with eight executives located in different European countries (Amsterdam, Barcelona, Budapest, Dublin, Heidelberg, Nice, Prague, and Vienna) where they were asked to list the functions and services

¹ Those readers who interested in the analysis of the data set including all participating cities are referred to Wöber (1997).

1.5 Comparing city tourism offices' responsibilities between 1995 and 1999

Table 1 displays the comparative frequencies of the functions and services of city tourism offices in 1995 and 1999 where the responsibilities are listed in decreasing frequency for 1999. As can be seen, the average number of services supplied by the city tourism offices was 22.5, almost the same for both years. City tourism office's main task is to provide information to prospective tourists and to visitors who have already arrived in the city. The provision of information via phone or fax and the distribution of print media, brochures, pamphlets, etc. within traditional information offices are the two highest modes for distributing information to visitors in the city. Issues including the availability of accommodations, events, attractions, places to eat, prices of services and modes of transportation all are important aspects in the delivery of information. The large majority of city tourism offices design and produce the print media themselves. The regular distribution of information material to tour operators and the international, national press is also very common among city tourism offices in Europe. Free dispatch of print media is found in 76 percent of the city tourism offices, which is 14 percent less than in 1995 ($t = 2.447$, $p < .05$). Also, publications sent by mail dropped from 48 percent in 1995 to 46 percent in 1999, while information services provided electronically increased from 44 percent to 64 percent during the same period ($t = -2.475$, $p < .05$). This suggests a move from the traditional 'snail mail' forms of distribution to ones that are more mature, an important trend to be noted throughout the tourism industry in general (Yuan et al., 1999, 2005).

Two-thirds of all city tourism offices invite tour operators, travel agents, journalists, and other media representatives to visit their cities

in order to demonstrate what they have to offer. Because these are hands-on representations of cities, incentive tours must be well organized and comprehensive in order for them to have an impressive experience. The objectives of this marketing activity is to raise the awareness of the attractiveness and incentives of the destination so that participants will leave with an increased interest in selling (or reporting about) the city. In 1999, 74 percent of city tourism offices provided this type of service to travel agents and journalists which is considerably less than in 1995 (78%).

One of the two largest segments to which tourism organizations promote is the convention and meeting market, the other being to pleasure travellers (Rubin, 1992). An awareness of the growth in the convention and exhibition industry seems to have raised among city tourism offices as an increasing number provided convention services, up from 42 percent in 1995 to 58 percent in 1999. Another function that increased over the four year period was research planning and the maintenance of tourism statistics (from 48 percent in 1995 to 60 percent in 1999). 'Like most newly developing research and management areas, this surge of interest in the urban tourism domain has demonstrated a wide range of viewpoints and potential ramifications' (Murphy, 1997). As Murphy points out, research interest in urban tourism has increased and an increasing number of city tourism offices are now involved in evaluations of their offices, markets, competition, etc.

These findings also indicate that relatively few city tourism offices have changed to accommodate the needs of smaller tourism enterprises. The evaluation and certification of quality awards to accommodations or restaurants is performed by only 18 percent of the city tourism offices surveyed, the regulation and supervision of tourism enterprises is performed by 14 percent, and the distribution of capital grants to tourism enterprises decreased to 8 percent of city tourism offices in 1999.

Table 1 Functions and services of European city tourism offices

Variables	Frequency in %		Diff.	Paired-t test		
	1995	1999		t-value ¹	sig. ²	
Participation in international fairs or exhibitions	0.96	0.96	0.00	0.000	1.000	
Participation in national fairs or exhibitions	0.98	0.96	-0.02	1.000	0.322	
Help for visitors in information offices	0.82	0.94	0.12	-2.585	0.013	**
Information by phone or fax	0.94	0.92	-0.02	0.573	0.569	
Design and production of printed media	0.94	0.90	-0.04	1.429	0.159	
Regular info-material to intern. press and tour operators	0.94	0.86	-0.08	2.064	0.044	**
Press conferences	0.82	0.84	0.02	-0.330	0.743	
Regular info-material to national press and tour operators	0.90	0.82	-0.08	1.661	0.103	
Sightseeing tours	0.66	0.78	0.12	-1.950	0.057	*
Selling of souvenirs	0.62	0.76	0.14	-2.189	0.033	**
Selling of printed media, books	0.70	0.76	0.06	-0.903	0.371	
Free dispatch of print media	0.90	0.76	-0.14	2.447	0.018	**
Guided walking tours	0.70	0.74	0.04	-0.704	0.485	
Incentives for journalists (e. g. invitations)	0.78	0.74	-0.04	0.629	0.533	
Development of packages	0.78	0.72	-0.06	1.000	0.322	
Hotel bookings in the city after arrival	0.64	0.68	0.04	-0.573	0.569	
Electronic information services (e. g. Internet, kiosks, etc.)	0.44	0.64	0.20	-2.475	0.017	**
Research planning and statistics	0.48	0.60	0.12	-1.769	0.083	*
Convention bureau services	0.42	0.58	0.16	-2.064	0.044	**
Selling of concert, theatre tickets	0.56	0.56	0.00	0.000	1.000	
Bus tours	0.58	0.56	-0.02	0.330	0.743	
Selling of tickets for public transport in the city	0.54	0.52	-0.02	0.375	0.709	
Hotel booking services in the city's region after arrival	0.58	0.50	-0.08	1.159	0.252	
Encouraging cooperation among different sectors	0.54	0.48	-0.06	0.724	0.472	
Development of tourist facilities, attractions	0.40	0.46	0.06	-0.829	0.411	
Hotel booking services in the city before arrival	0.46	0.46	0.00	0.000	1.000	
Sale of publications by mail	0.48	0.46	-0.02	0.275	0.785	

Sequel to **Table 1**

Variables	Frequency in %			Paired-t test	
	1995	1999	Diff.	t-value ¹	sig. ²
Booking services of packages (accomm. and transport)	0.38	0.40	0.02	-0.299	0.766
Hotel booking services in the city's region before arrival	0.46	0.38	-0.08	1.159	0.252
Training, business advice	0.24	0.34	0.10	-1.941	0.058 *
Electronic booking services (via Internet, kiosks, etc.)	0.28	0.34	0.06	-0.903	0.371
Booking services of other accomm. facilities before arrival	0.40	0.34	-0.06	0.829	0.411
Booking services of other accomm. facilities after arrival	0.38	0.32	-0.06	0.903	0.371
Maintenance/management of attractions	0.18	0.22	0.04	-0.814	0.420
Selling of tickets for trains	0.20	0.22	0.02	-0.444	0.659
Booking services of hotels nationally after arrival	0.32	0.20	-0.12	2.201	0.032 **
Quality certification of accommodations or restaurants	0.18	0.18	0.00	0.000	1.000
Regulation and supervision of tourism enterprises	0.10	0.14	0.04	-0.814	0.420
Booking services of hotels nationally before arrival	0.28	0.14	-0.14	2.447	0.018 **
Car rentals	0.18	0.12	-0.06	1.137	0.261
Capital grants to tourism enterprises	0.12	0.08	-0.04	1.000	0.322
Booking services of hotels internationally before arrival	0.10	0.04	-0.06	1.353	0.182
Selling of air-travel tickets	0.02	0.02	0.00	0.000	1.000
Employment services	0.02	0.02	0.00	0.000	1.000
Booking services of hotels internationally after arrival	0.12	0.02	-0.10	2.333	0.024 **
Average number of services offered by a CTO	22.52	22.48			

Note: ¹ Paired t-test analysis for 50 city tourism offices participating in both surveys: ² ** p < .05 * < .1.

Training and business advice is provided by 34 percent, and employment services in the field are provided by only 2 percent of the city tourism offices.

Serving as a travel agent and booking for international, national and local travellers traditionally has not been a major function of city tourism offices. Booking services are supplied either by running electronic reservation tools (e. g. Internet, information desks, and kiosks) or by traditional communication channels (e. g. fax, phone, face to face). The services vary according to the type of products (e. g. accommodation, tickets), destinations (e. g. for the city, for the surrounding area, for other regions in the country, internationally), and target groups (e. g. visitors before or after they have arrived to the city). Most of the bookings performed by the offices are for hotels in the city and surrounding region before or after the arrival of the guests. Considering the different products which are sold, booking services for other regions, particularly for services abroad, appear to be less commonly supplied in 1999 than in 1995 (with a significant drop of international hotel bookings from after arrival from 12 to 2 percent and national bookings before arrival from 28 to 14 percent). Interestingly, the use of electronic forms of communication increased between 1995 and 1999 from 28 to 34 percent, but still lag behind the development of other general, non-interactive types of information services.

ism policy, are the more efficient utilization of resources in 2007, refocusing of budgets in favour of marketing, and general efficiency savings. The plans also aim to reduce the levels of decision-making, the number of departments and the amount of duplication. The Tourist Office will thus be able to function more efficiently as well as more professionally, and at the same time adapt more easily to changing circumstances and expectations.

Thus, from 1st January, 2007, the number of departments will be reduced from the previous nine to five, as follows: Marketing, E-commerce, Networking, Financial and Human Resources. In a significant change from previous practice, the work of both the international and the domestic networks of tourist offices will be coordinated by just one department, the Networking Department. The work of the slimmed down Tourist Office will continue without disruption, despite the restructuring, since it will now be considerably more efficient. Naturally, the principal aim of the Tourist Office remains, as ever, to support growth in the number of visitors, the number of visitor-nights, and the amount of money spent by visitors.

Case study

Restructuring of the Hungarian National Tourist Office

At its Meeting held on 13th December, 2006, the Board of the Hungarian National Tourist Office approved plans for the reorganization of the Hungarian National Tourist Office.

The aim of the plans, which are in accordance with the government's tour-

1.5.1

Structure of functions provided by European city tourism offices

In order to examine the structure of functions provided by European city tourism offices, factor analyses were applied to both 1995 and 1999 data. A correlation matrix of all items was first examined to determine the factorability of results. Services provided by almost all city tourism offices were removed from the analysis as

1 they are treated as a constant within the respective analyses. There were 188 correlations (24.9%) in 1995 and 200 correlations (24.6%) in 1999 of 0.3 or higher and consequently the matrix was deemed factorable. The appropriateness of the data for factor analysis was confirmed by using the Bartlett's test of sphericity (Stewart, 1981) for both surveys (1995: 627.3; 1999: 766.3) and the associated significance levels are less than .001. This decision was also supported by the use of Kaiser's measure of sampling adequacy. Values of .60 and above are required for good factor analysis (Stewart, 1981) and the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) for both data sets was well above the recommended requirement (1995: 0.662; 1999: 0.619).

Principal component analysis (PCA) using orthogonal rotation (VARIMAX) was employed because it is particularly suited to determining the minimum number of factors to account for the maximum amount of variance in the data. For the 1995 data eight factors were identified based on eigenvalues, the shape of the scree plot, and the quality of interpretation of the loadings. These eight factors explained 68.6 percent of the total variance; communality estimates ranged from 0.53 to 0.84. The final factor solution with the factor loadings for 1995 is presented in Table 2. The final factor solution for the 1999 data contained seven interpretable factors accounting for 66.0 percent of the common and unique variance. The communalities ranged from 0.43 to 0.84. Although the 1999 factor model showed less favourable confidence values in terms of KMO, Bartlett criteria and communalities, all indicators were still clearly above the acceptable range. The final factor solution with the factor loadings for 1999 is presented in Table 3. The factors for both data sets proved to be relatively easy to interpret, owing to the strong variable loadings. The factors were viewed as three distinct categories of CTO functions: 1) Consumer/tourist orientation, 2) Tourism industry orientation, and 3) Activities strongly related to booking services.

In 1995, the consumer orientation category was represented in two separate factors. The first was labelled as 'Sales organization of supplementary tourist services' (factor 1) and is the main type of functions provided by city tourism organization as it explains large proportion of the variance (11.6%) in the data set. This captured not only basic information services through tourist offices, but also supplementary services including sightseeing, bus and walking tours, selling of souvenirs, print media, and tickets for public transportation in the city. The second factor of city tourism services related to the consumer category is a 'Sales organization of more general services' identified as factor 2 in the 1995 analysis (see Table 2). This factor explains 9.8 percent of the total variance and reflects the sales of ticket services for concerts and theatres, electronic booking services, and car rentals. Services with high factor loadings in this group appear to be less tourism oriented than those listed in factor 1, as these services are also offered to the citizens of the city.

Analysis of the 1999 data also resulted in two strong consumer orientated factors. Factor 1 clearly belongs to this category and to some extent factor 6, which captures some of the items of factor 1 in the 1995 survey. In both analyses the factors with the largest proportion on explained variance are also very similar in the type of services they represent. However, not all of the sales services that had high loadings for this factor in 1995 also appear in 1999. Some of the items moved to factor 6, which was identified as 'Ticket office and provider of quality awards for the tourism industry'.

The tourism industry orientation category also contained two separate factors for 1995 and 1999, respectively. In 1995 the first factor was labelled 'Public relations office and tourism industry advocate' and was identified as factor 6 in Table 2. This factor accounts for 7.8 percent of the total variance and refers to a series of industry-related services like regulation and supervision of tourism enterprises, electronic information services, encouraging

Table 2 Structure of city tourism offices' functions and services in 1995

Variables	Factor	Variance	
	Loading	explained	cumulated
Factor 1. Sales organization of supplementary tourist services		11.6	11.6
Selling of printed media, books	0.740		
Guided walking tours	0.672		
Sightseeing tours	0.655		
Sale of publications by mail	0.642		
Selling of souvenirs	0.562		
Bus tours	0.519		
Selling of tickets for public transport in the city	0.436		
Factor 2. Sales organization of general services		9.8	21.4
Selling of concert, theatre tickets	0.772		
Electronic booking services (via Internet, kiosks, etc.)	0.684		
Car rentals	0.545		
Factor 3. Booking office for the city's region		8.7	30.1
Hotel booking services in the city's region after arrival	0.874		
Hotel booking services in the city's region before arrival	0.854		
Factor 4. Booking office for the city		8.2	38.3
Hotel booking services in the city before arrival	0.783		
Hotel booking services in the city after arrival	0.756		
Factor 5. Professional travel agency		8.1	46.4
Booking services of hotels internationally before arrival	0.770		
Booking services of hotels nationally after arrival	0.603		
Booking services of hotels nationally before arrival	0.561		
Factor 6. Public relations office and tourism industry advocate		7.8	54.2
Regulation and supervision of tourism enterprises	0.760		
Electronic information services (e. g. Internet, kiosks, etc.)	0.647		
Encouraging cooperation among different sectors	0.548		
Selling of tickets for trains	0.529		
Research planning and statistics	0.510		
Factor 7. Incoming and congress and convention services bureau		7.4	61.6
Booking services of packages (accomm. & transportation)	0.768		
Development of packages	0.735		
Convention bureau services	0.569		

Table 2 (cont.)

Variables	Factor	Variance	
	Loading	explained	cumulated
Factor 8. Management and booking office for small- and medium sized accommodation providers		7.0	68.6
Booking services of other accomm. facilities before arrival	0.781		
Maintenance/management of attractions	0.637		
Booking services of other accomm. facilities after arrival	0.523		

Table 3 Structure of city tourism offices' functions and services in 1999

Variables	Factor	Variance	
	Loading	explained	cumulated
Factor 1. Sales organization for visitors to the city		13.2	13.2
Selling of souvenirs	0.810		
Sightseeing tours	0.794		
Selling of printmedia, books	0.785		
Guided walking tours	0.722		
Factor 2. General booking office for the city's region		12.6	25.8
Booking services of other accomm. facilities before arrival	0.774		
Hotel booking services in the city's region before arrival	0.762		
Booking services of other accomm. facilities after arrival	0.705		
Hotel booking services in the city's region after arrival	0.697		
Bus tours	0.526		
Factor 3. Professional travel-agency with national focus		9.8	35.6
Booking services of hotels nationally after arrival	0.772		
Booking services of hotels nationally before arrival	0.745		
Car rentals	0.596		
Incentives for journalists (e. g. invitations)	0.518		
Encouraging cooperation among different sectors	0.516		
Factor 4. Information and booking office for leisure and business travelers to the city		8.9	44.5
Hotel booking services in the city before arrival	0.800		
Electronic information services (e. g. Internet, kiosks, etc.)	0.698		
Hotel bookings in the city after arrival	0.682		
Convention bureau services	0.445		

Table 3 (cont.)

Variables	Factor	Variance	
	Loading	explained	cumulated
Factor 5. Management, consultancy, and development bureau		7.4	51.9
Maintenance/management of attractions	0.800		
Capital grants to tourism enterprises	0.733		
Regulation and supervision of tourism enterprises	0.624		
Selling of concert, theatre tickets	0.385		
Factor 6. Ticket office and provider of quality awards for the tourism industry		7.3	59.2
Quality certification of accommodations or restaurants	0.738		
Sale of publications by mail	0.645		
Selling of tickets for trains	0.604		
Selling of tickets for public transport in the city	0.524		
Factor 7. Development and sales organization of tourism products		6.9	66.1
Development of packages	0.519		
Booking services of packages (accomm. & transportation)	0.507		
Electronic booking services (via Internet, kiosks, etc.)	0.473		

cooperation among different tourism industry sectors, and research planning and statistics. The second type of organization with strong industry orientation in 1995 is best represented by factor 7 and was labelled 'Incoming and congress and convention services bureau'. Services with high factor loadings here are typical bundling services as the development and sales of combined accommodation and transportation products ('packages'), and congress and convention services.

In the analyses of the 1999 data, the industry-oriented categories were represented by factor 5 and factor 7. Factor 5 accounted for 7.4 percent of the total variance and captured typical consultancy services (e.g. management of attractions, the provision of capital grants for the tourism industry, the regulation and supervision of tourism enterprises) and, therefore, was labelled as 'Management, consultancy, and development bureau'. This factor was relatively

unique as compared to the 1995 survey and difficult to explain. Factor 7 in the 1999 survey ('Development and sales organization of tourism products') has a strong resemblance with factor 7 in the 1995 study, except for congress and convention services which was replaced by electronic booking services; this factor also explains considerably less of the total variance than in the 1995 study.

A number of factors fall into the category with activities associated with various booking facilities. In 1995 this category consists of four different factors which predominantly vary only by the regional scope of their services. Factor 4 captures booking services for the city, factor 3 for the city's region, and factor 5 for national and international travellers. Each of these factors explains about 8 percent of the total variance in the data set. Factor 8 combines typical management operations like the maintenance of public tourist attractions in the city

with booking services for small- and medium sized private accommodation providers and, as the last factor extracted from the data set, accounts only for 7 percent of the total variance. In the 1999 analysis, three factors were obtained and appear to suggest a reorganization of factors in the booking services category. Factor 4 in the 1999 survey is basically consistent with factor 4 in the 1995 study but included electronic information services and congress and convention services. Hence, factor 4 was named 'Information and booking office for leisure and business travellers to the city'. Factor 3 is clearly associated with factor 5 in the 1995 survey; however, additional services were included in the item list and international booking services disappeared and therefore, the label was refined to 'Professional travel-agency with national focus'. Last, factor 2 accounts for 12.6 percent of the total variance and captures all the items formerly represented by factors 3 and 8 in the 1995 survey; in addition, the factor includes the provision of bus tours, suggesting a strong focus on tourism to the city and its neighbouring region.

1.5.2

Structure of changed functions

The percent of city tourism offices that support each of the functions was compared for the 1995 and 1999 data. As can be seen in Figure 1, the percent of city tourist offices that provide all three booking services has decreased from eight percent in 1995 to two percent in 1999. The same is true for conventional information dissemination. In 1995, 86 percent of city tourism offices surveyed regularly provided information material to press and/or tour operators and dispatched printed media. This figure, however, has decreased to 68 percent in 1999. On the other hand, the number of city tourism offices that provide full function of commerce, advance information product, and relationship management has been substantially increased from 28 percent to 46 percent, from 26 percent

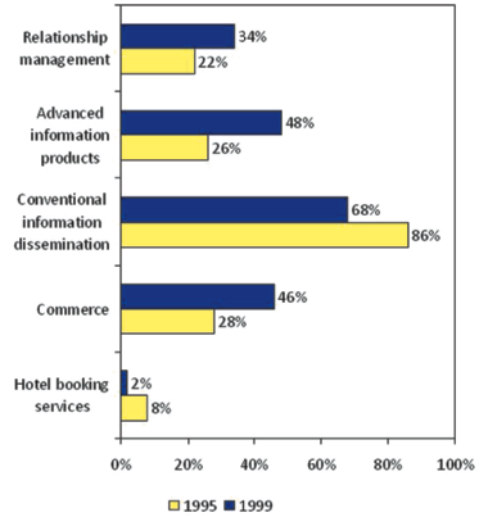


Fig. 1 Change by factors for city tourism offices that provide full functions and services

to 48 percent, and from 22 percent to 34 percent, respectively.

In order to further clarify the changes of functions provided by city tourism offices during the given period of time, the 10 functions that changed significantly ($\alpha = 0.05$) were selected and used for a factor analysis. In this analysis the data were stacked by year (resulting in 100 observations) and PCA using orthogonal rotation (Varimax) was applied. Five distinctive factors were identified that explain about 69 percent of the variance (see Table 4).

The first factor appears to be clearly related to hotel reservation service, and explains about 21 percent of the total variance. The second factor represents commercial activities that are most likely to be revenue-generating activities. Items that represent traditional ways of disseminating tourism information comprise the third factor. It includes regular dissemination of information material and free dispatch of printed media. Providing research statistics and electronic information service consist of another distinctive factor and was summarized by the label 'Advanced Information Products'.

Table 4 Change in factor structure of functions and services between 1995 and 1999

	Factor	Variance	
	Loading	Explained	Cumulated
Factor 1. Hotel booking services		20.8	20.8
Booking services of hotels nationally before arrival	0.892		
Booking services of hotels nationally after arrival	0.866		
Booking services of hotels internationally after arrival	0.562		
Factor 2. Commerce		15.0	35.8
Sightseeing tours	0.875		
Selling of souvenirs	0.831		
Convention bureau services	0.573		
Factor 3. Conventional information dissemination		13.8	49.6
Regular info-material to international press and tour operators	0.749		
Free dispatch of print media	0.541		
Factor 4. Advanced information products		11.0	60.6
Research planning and statistics	0.828		
Electronic information services (e. g. Internet, kiosks, etc.)	0.719		
Factor 5. Relationship management (industry and tourists)		8.4	69.0
Training, business advice	0.812		
Help for visitors in information offices	0.596		

The last factor describes the focus on industry and consumer relationship management.

1.5.3

Nature of the changes in functions provided by European city tourism offices

The nature of the changes in services provided by individual city tourism office was further examined by investigating dominant changes as measured by the number of function items that are serviced by individual city tourism office in each year. Change scores were then obtained by subtracting the functional intensity of 1995 from that of 1999. Since the analysis was focused on change, it is important to take into account the starting point. That is, an increase in a specific service of a city tour-

ism office that did not provide this service at all in 1995 needs to be interpreted differently from the increase of a city tourism office that has provided it, at least partly, in 1995. Thus, services and functions were defined as either 'declining', 'unchanged', or 'increasing', and were cross-tabulated according to their status in 1995 (Table 5).

European city tourism offices that did not provide hotel booking services at all appear to be dominant in 1995 (64%). However, the dominant change in booking services functions during the given period of time appears in those who did provide this service in 1995. While the majority of those who did not provide booking services in 1995 stayed same in 1999, a substantial proportion of those who did provide booking services in 1995 (50%) down-

Table 5 Dominant changes in city tourism offices' services between 1995 and 1999

Factors of functions and services	1995		1999		
			Reduced	Same	Increased
Hotel booking services	Yes	18	9 (7)	9	–
	No	32	–	31	1
Commerce	Yes	38	4 (0)	25	9
	No	12	–	6	6
Conventional information dissemination	Yes	49	10 (2)	38	1
	No	1	–	1	–
Advanced information products	Yes	33	6 (3)	17	10
	No	17	–	9	8
Relationship management (industry and tourists)	Yes	42	1 (0)	36	5
	No	8	–	3	5

* Dominant changes are in bold font.

* Figure in parenthesis represents the number of city tourism offices that cease to provide service.

sized their functionality in 1999. Among the nine city tourism offices that reduced functionality in 1999, seven city tourism offices ceased to provide hotel booking services completely. The result seems to suggest that the importance of hotel booking service has been diminishing during this period of time. This could be due to the fact that city tourism offices are now reconsidering their position as a service provider for their city. Other reasons could be attributable to the prevalence of new communication channels such as the Internet. New communication channels, especially the Internet, enable individual hotels to manage their own booking inquiry instead of relying on local tourism representation. Even for those offices who continue to maintain hotel booking services, technical complexities involved in the development and maintenance of a new booking system, which is beyond the capacity of a tourism organization most of times, hinder city tourism offices from directly involving in the whole process.

Similar trends can be observed in the case of conventional information dissemination. The majority of city tourism offices (98%) played a role in disseminating conventional informa-

tion either by providing information material to press and tour operators or by dispatching printed materials, or both in 1995. Among those, ten offices reduced its conventional information dissemination functions in 1999 while only one office did increase this functionality. This trend obviously indicates that the traditional forms of information dissemination became less important for European city tourism offices between 1995 and 1999.

On the other hand, interesting trends emerged in commerce, advanced information products, and relationship management functions between 1995 and 1999. The number of city tourism offices providing commerce related activities increased from 38 in 1995 to 44 in 1999 and 15 offices reinforced or initiated commerce activities to generate revenue whilst only four offices reduced but kept at least partially commerce activities. This result strongly suggests that city tourism offices generally recognize themselves as self-supported organizations and therefore need to develop revenue generating businesses. A similar pattern of activity can be detected in the case of advanced information products related activities.

Table 6 Correlation coefficient between change scores of factors

	Hotel booking services	Commerce	Conventional information dissemination	Advanced information products
Commerce	.060 (.340)	–		
Conventional information dissemination	.168 (.121)	–.092 (.263)	–	
Advanced information products	–.032 (.411)	.273 (.027)	.066 (.326)	–
Relationship management	–.293 (.019)	–.140 (.167)	–.040 (.392)	–.022 (.439)

Note: 1-tailed significance levels are in parentheses.

A total of 18 city tourism offices strengthened or commenced to provide information-related products either by research or by electronic information services, or both while six offices reduced their role in this area of support.

Relationship management of both tourists and industries is another area that has been substantially increased in its recognition by European city tourism offices. The number of offices that involved, at least partly, in relationship management increased from 42 in 1995 to 47 in 1999. It is noteworthy to mention that these increasing trends are not limited to those who had already recognized the feasibility of those functions and have already, at least partly, implemented in 1995, but applied to tourist offices in the sample that did not provide those functions at all in 1995. A substantial proportion of city tourism offices who did not provide commerce, advanced information-products, and relationship management related activities in 1995 (50%, 47%, and 63%, respectively) started to provide these functions in 1999. This implies that these factors and their related services became standard strategies for European city tourism offices during this time period.

In order to examine the relationship between changes of the functions, bivariate correlation analyses were conducted using the

change scores of identified factors (Table 6). Since any causal links have not been imposed to the relationship between factors, the coefficients need to be understood as concurrence measures. That is, non-significant coefficients indicate changes in two factors are more or less independent, while significant coefficients indicate that changes have occurred in the same or opposite direction, depending on the sign of the coefficient.

The results shown in Table 6 reveal that most of bivariate relationships between the five factors are not significant ($\alpha = 0.05$), suggesting that changes in one function does not meaningfully occur at the same time with changes in another function. However, two exceptions appear in the relationships between hotel booking service and relationship management and between advanced information product and commerce; it appears that changes in hotel booking service tend to co-occur with changes in relationship management in opposite direction, while changes in commerce tend to occur when advanced information products are implemented within the organization.

1.6

Summary and conclusions

City tourism organizations offer various and different functions in response to diverse demands from tourists as well as tourism industry (Morrison et al., 1998). At the same time, they have to adapt to environmental changes and idiosyncratic situations with which each one of them faces in order to efficiently perform their job. This study examined the changes in functions provided by European city tourism offices during the time period between 1995 and 1999. Analyses reveal that substantial changes occurred during this period of time in terms of hotel booking services, commerce activities, conventional information dissemination, the development of advanced information products, and relationship management related services.

Two general explanations may explain the changes in the functions provided by European city tourism organisations. First, new communication channels, especially the Internet, appear to have influenced almost all aspects of tourism offices' services. That is, the Internet facilitates a new and very different way tourists' access to tourism products, especially hotels, and therefore brings about the development of new systems that can respond to this significant change (Gretzel, Yuan, and Fesenmaier, 2000; Poon, 1993; Werthner and Klein, 1999; Yuan, et. al., 1999, 2005; Yuan and Fesenmaier, 2000). And, as suggested by Poon (1993) and Werthner and Klein (1999), the Internet enables city tourism offices to communicate directly with potential visitors thereby offering new opportunities for marketing and selling individualized products and services. This response is clear in that European city tourism offices have aggressively added advanced information products such as electronic information services and expanded their efforts in relationship management. These "new" multi-channel marketing

strategies, however, require an expansion in relationships between tourism offices and the rest of the tourism industry (Poon, 1993; Yuan and Fesenmaier, 2000). For example, the development and maintenance of booking systems requires close cooperation between the tourism office and other organizations or companies; thus, the role of city tourism offices in hotel booking service becomes significantly more decentralized than when using conventional communication channels and alleviates the burdens of conventional information dissemination. A second important driving force for change is the need of the city tourism offices to respond more aggressively to the needs of their stakeholders (Gretzel, et. al., 2000; Wöber, 1997). That is, it seems that more and more city tourism organizations are influenced by privatization policies in many European countries and claim themselves as 'self-supported' organizations instead of 'quasi-public' organizations. The results of this study clearly show that most European city tourism offices reinforced their commerce-related activities, added many industry-oriented functions necessary to generate additional revenue and built new partnerships within the industry. Thus, these findings suggest that most city tourism organizations have recognized the new economic and social environment and will continue to adapt. An important challenge to city tourism officials, however, is to integrate the capacity to change within the fabric of the organization when the economic and social realities/threats facing the industry are so severe.

Web sites of interest

www.europeancitiesmarketing.com – ECM website
 www.visitnyork.org – Visit York (case study)
 www.hungarytourism.hu – Hungarian National Tourist Office (case study)
 Official tourism offices web sites of the ten leading city tourism destinations in Europe:
 www.visitlondon.com – London
 www.parisinfo.com – Paris
 www.turismoroma.it – Rome
 www.barcelonaturisme.cat – Barcelona
 www.wien.info – Vienna
 www.visitberlin.de – Berlin
 www.prague-info.cz – Prague
 www.esmadrid.com – Madrid
 www.iamsterdam.com – Amsterdam
 www.visitdublin.com – Dublin

Review questions

- (1) What are the main activities city tourism offices undertake? Which of these activities are exclusively provided by city tourism offices? Identify the activities that are also provided by other governmental and non-governmental organizations!
- (2) According to the study presented in this chapter, how did city tourism management change between 1995 and 1999? Are these trends still valid today? Think about the new trend and how they may influence the portfolio of services and functions of city tourism organisations.
- (3) How would you measure the performance of a city tourism organization? Explain what the terms 'effectiveness' and 'efficiency' mean in relation to each of the services listed in Table 1.

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