



DESTINATION MANAGEMENT ORGANISATIONS (DMOs)


Unlocking innovation and growth within Albania's tourism sector through dynamic local Destination Management Organisations

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NATIONAL TOURISM STRATEGY 2024-2030

'Albania must improve its destination management efforts to tap into the full potential of tourism, protect its natural and cultural heritage, increase its global competitiveness, and enhance the well-being of its citizens. Effective destination management is key to ensuring sustainable tourism development, which reduces negative effects on the environment and local communities.'

Draft National Tourism Strategy 2024-2030
(October 2024)

KEY POINTS IN THIS PAPER:

DRAFT

- **DMOs are essential for coordination and growth of tourism** and particularly for developing more organised, high quality and sustainable tourism.
- **Nevertheless, DMOs have often struggled in Albania** and elsewhere in the world when a conventional model that was developed predominantly in resource and capacity rich countries is parachuted into a different context.
- **Effective DMOs are often best when developed from the local base up** – with local tourism businesses and local tourism stakeholders involved in establishing them and defining their priorities according to local needs and opportunities.
- **Developing DMOs in a 'top down' way through national to local government has the danger of disengaging dynamic local tourism actors.** DMOs need to be developed as a collaboration between local private sector, civil society and local government and be primarily driven by them.
- **Dynamic DMOs can be established by bringing together the most entrepreneurial and dynamic stakeholders in tourism** into organisations that are strongly locally driven and controlled.

- **The experience, but also the challenges, of Visit Gjirokastra as a private sector driven DMO should be drawn on** when deciding how to establish a network of DMOs are part of the vision of the National Tourism strategy 2024 to 2030

Destination management has been highlighted as a key area of focus in the draft National Tourism Strategy 2024 to 2030 with proposals to improve regulation, funding and coordination for a network of Destination Management Organisations (DMOs) across Albania. The analysis in the strategy also highlights the challenge to effective DMO set up – 'Progress {with DMO development} has been slow, and many DMOs... are operating sporadically, largely dependent on donor funding and without a standardised operational model that is sustainable in the longer term.' It is fair to say that there has been more failure than success in establishing DMOs in Albania.

Nevertheless, the Tourism strategy also highlights the example of Visit Gjirokastra as being 'most prominent' among the formed DMOs in Albania. A DMO that was established through the collaboration of primarily private tourism operators with the support of the Swiss Agency for Development Cooperation (SDC) funded RisiAlbania project. While Visit Gjirokastra was established as an active collaboration between local government and private sector stakeholders, it ultimately became a strongly private sector driven organisation that can be seen as untraditional for a DMO' but one that is increasingly being seen as a possible model for DMO growth in Albania. This paper will explain some of the key success factors of Visit Gjirokastra. The paper suggests a model for DMO development in Albania that has tourism businesses and local stakeholders at its core and avoids being overly top-down and dependent on local government, and where local government is a stakeholder rather than the core actor of a DMO.

This model reflects the realities of capacity and funding constraints within local government in Albania and would also unlock local entrepreneurship and diversification of tourism offers in the country. These suggestions are based on the experience and challenges of establishing Visit Gjirokastra and similar DMOs Visit Saranda and an emergent DMO in Korca.

THE CONCEPT AND REALITIES OF CONVENTIONAL DESTINATION MANAGEMENT ORGANISATIONS

Destination Management Organisations are a recognised and much promoted method of managing and promoting tourism. The theory and models for DMOs are articulated in hospitality and tourism courses globally and are presented as an essential part of well managed tourism destinations. DMOs exist at national, regional, local and city/municipal levels in many countries. The definitions and roles envisaged are often very broad as the UN World Tourism Organisation's definition highlights: DMOs are said to manage 'all the elements that make up a tourism destination'. The reality of DMOs is often different from the theory.

- "Destination management calls for a coalition of many organizations and interests working towards a common goal, ultimately being the assurance of the competitiveness and sustainability of the tourism destination. The destination management organization's (DMO) role should be to lead and coordinate activities under a coherent strategy in pursuit of this common goal"
- "Destination management consists of the coordinated management of all the elements that make up a tourism destination."

UN World Tourism Organisation

DMOs - FROM THEORY TO REALITY:

Appropriateness of the models being applied: While DMOs are clearly important in tourism development and effective management, the models that are applied have often been developed in established tourism areas and in countries, areas and municipalities that are relatively resource rich and have strong public sector capacity. Parachuting in models from very different contexts has often resulted in failure.

Often strongly public-sector driven: The theory of a DMO is that it is a platform for all key tourism stakeholders (public sector, private sector, non-profit sector and community representatives) to manage tourism. Often the reality is that DMOs are predominantly funded and managed through local or municipal authorities. In many contexts, this makes them less dynamic and more bureaucratic and results in less buy-in from local tourism businesses and communities.

Lacking entrepreneurship in an increasingly competitive market that demands innovation and creativity: In the globally competitive market of tourism, it is critically important to be innovative in product development, marketing and communications. DMOs increasingly need to be highly adaptive and dynamic in an ever changing and competitive market. DMOs that have been more extensions of the public sector have often struggled to tap into the local commercial and social entrepreneurship among stakeholders.

Not able to secure reliable core-financing that gives them autonomy and stability: DMOs cannot function effectively without reliable income sources that can support core staff and activities.

Many failures in DMO set up have been a result of being reliant on short-term donor financing that results in failure when external financing ceases. Reliable income streams through membership fees and taxation (e.g. tourism levies) provide a more secure funding source

Key message: Avoiding possible failure in DMO setup

With DMO development on the agenda for the 2024-2030 Tourism Strategy and with potential changes to DMO legislation and funding, Albania can benefit from understanding the factors that have resulted in the failure of many DMO initiatives both in Albania and internationally. Characteristics of successful DMOs are that they are dynamic and in effect entrepreneurial, effectively funded, operate autonomously, and are strongly locally driven and managed.

THE CORE ROLES OF DESTINATION MANAGEMENT

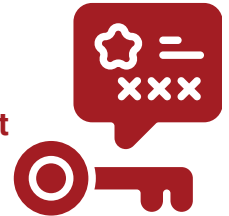
The core roles of DMOs are:

- **Destination management:** the protection of tourism resources and managing growth to ensure sustainability of tourism (impact on environment, built heritage, culture and local jobs and incomes).
- **Destination development and planning:** developing vision and plans for tourism that will make the offer distinctive and competitive.
- **Destination Marketing:** Supporting the development of a brand and messaging and marketing to promote the overall area and specific clusters of products.
- **Destination assessment and evaluation:** Providing an ongoing appraisal and evaluation of the destination – among for example tourists themselves, tourism stakeholder, and local community - to allow responsive adaptation of destination development, planning and management.

These roles are achieved not only through the actions of the DMO itself, but also by the DMO becoming involved in lobbying and coordinating other local actors.

It is important to highlight that it is not the role of DMOs to replace the role or take on core rolls of national and local government. It is also very important that DMOs do not compete with the private sector i.e. take on roles (such as product sales) that are best undertaken in a competitive private sector. The role of DMOs is to influence local and national government and the private sector and build collaboration among local stakeholders towards a shared vision for tourism.

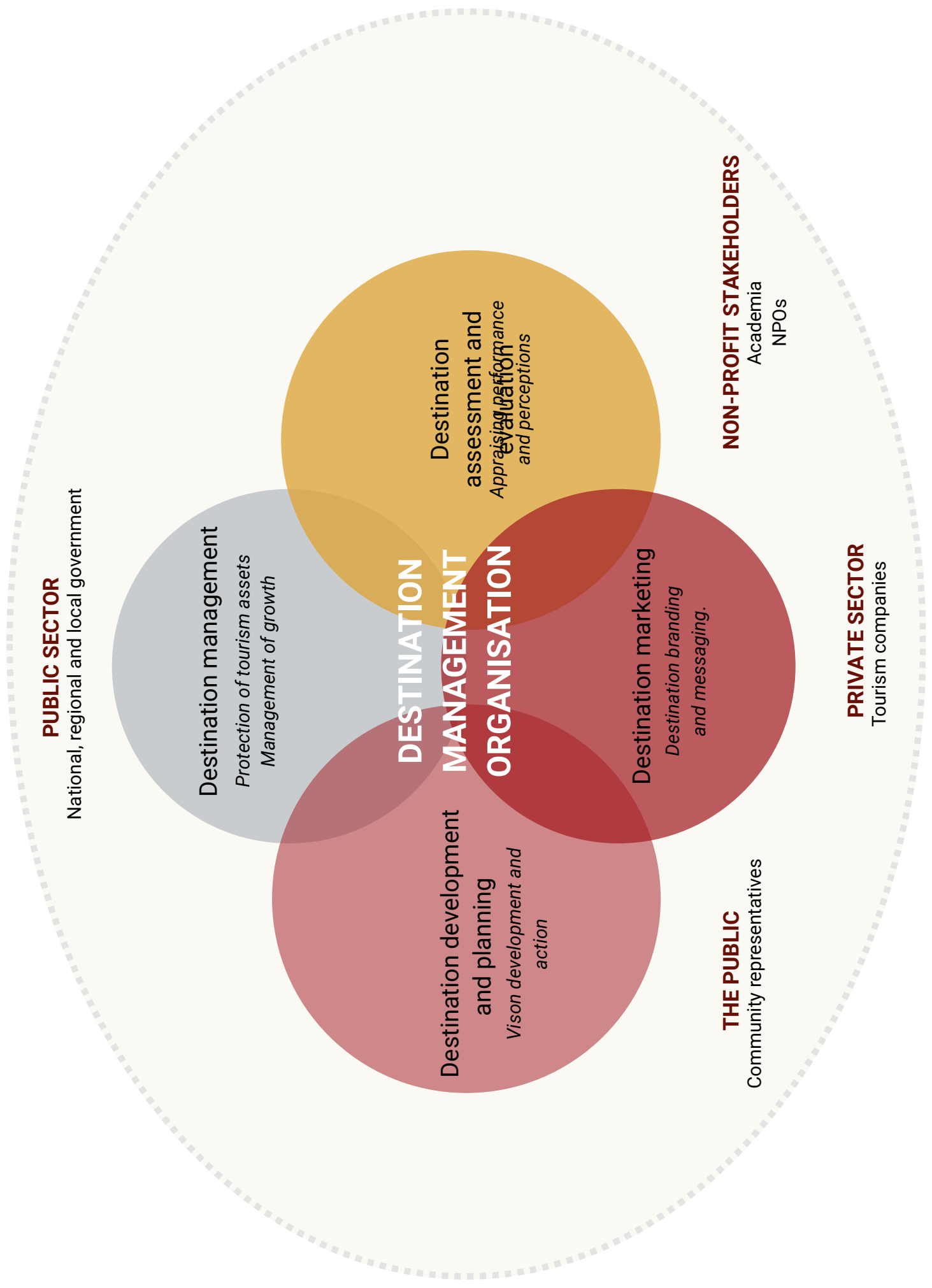
Key message: DMOs undertake distinct roles and influence government and stakeholders



DMOs do not undertake public sector roles, and neither should they ever compete with the private sector in service areas that are best to be done by commercial companies. The core role of a DMO is as a platform for stakeholders (private, public, non-profit and community) that will implement core activities and influence local government and the private sector towards a shared vision for the tourism industry.

Key message: National tourism strategies should influence DMOs but not control them

The National Tourism strategy should influence local and regional DMOs but not control them in a top-down way.



LEARNING FROM EXPERIENCE: VISIT GJIROKASTRA

Highlighted as the 'most prominent' DMO in Albania in the draft National Tourism Strategy (page 70), Visit Gjirokastra was established in 2019 with facilitation support from the RisiAlbania project, which aimed to create employment opportunities for young women and men (aged 18–29) by fostering regional cooperation as a pathway toward sustainable destination management.

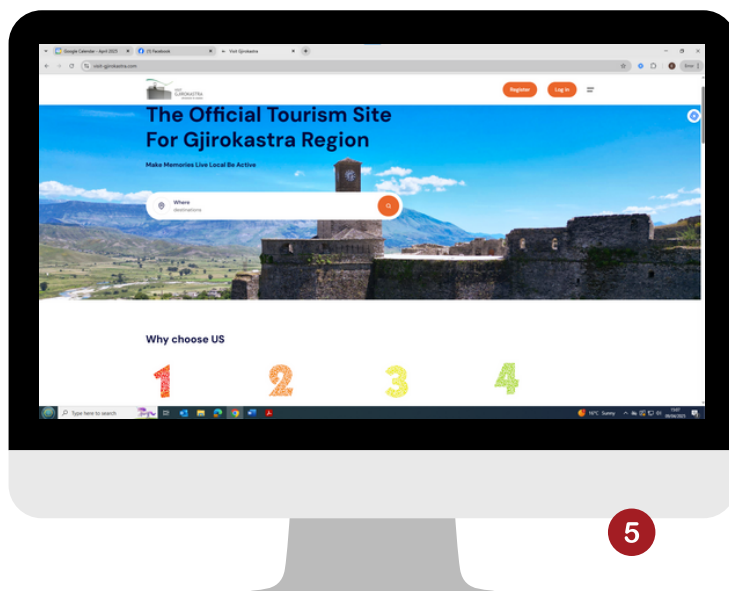
Visit Gjirokastra is a pilot test of an untraditional DMO approach that is strongly private sector oriented, but one that has been driven very much by local priorities and by members of the organisation. Understanding Visit Gjirokastra's set-up, challenges and strengths and weaknesses are therefore instructive for the setup of DMOs in other areas of Albania.

Setup of Visit Gjirokastra: Established with no preset agenda and by gathering together key tourism stakeholders. The organisation was effectively founded by some of the most dynamic commercial local small business operators and in the early stages there was a strong and supportive participation from local government (this local government involvement later diminished and Visit Gjirokastra became a more private sector driven entity – this is explored in more detail below)

Initial focus of Visit Gjirokastra: The organisation focused initially on some key and very tangible challenges in the Gjirokastra area. A key factor was the need to move from a dominant model of day visits and single night stays to Gjirokastra old town (a UNESCO listed site) to a slower tourism where tourists stay for multiple nights and visit more than merely the old town.

To enable this transformation Visit Gjirokastra focused on product development and marketing – not just of Gjirokastra town itself, but the surrounding towns and rural areas. A related issue was the lack of information on existing activities, attractions and services that would lead to people staying longer and a lack of such activities, attractions and services. Having very focused, tangible and clear primary objectives for establishing an organisation, rather than what is often a much less tangible general marketing and coordination objective, resulted in strong participation and involvement from some of the private sector key actors in tourism in Gjirokastra.

Expanding focus of Visit Gjirokastra: Visit Gjirokastra evolved into the role of fledgling DMO from this initial tighter focus. The organisation established a website and begun to undertake branding and promotion of the area through regional and international travel fairs and through direct interaction with the international travel industry. The organisation began training and raising awareness to stimulate tourism product development, training members more broadly, and establishing a dialogue with state entities, prefecture and municipalities to develop a wider and shared vision for tourism in the Gjirokastra area.



A secondary Destination Management Company (DMC) as a commercial entity was established: A key challenge of sustaining a website and promotional activities as a DMO is that DMOs are legally not allowed to engage in commercial activities. This is understandable to stop a DMO competing with the tourism industry itself and potentially creating unfair competition and monopolies. Nevertheless, sustaining a website and acting as a coordinator between the international tourism industry and the local travel industry can only be sustained either by ongoing grants or revenue (which is not currently available for DMOs in Albania), or by monetizing the website through advertising or commissions on sales generated or charging for some support and coordination activities. Undertaken cautiously and with recognition of the danger of competing with the sector that the DMO/DMC is mandated to support, an effectively managed DMC structure can allow a more sustainable and entrepreneurial approach to coordination activities in destination management.

Support provided to Visit Gjirokastra through the startup and development stages: As stated previously, the funding for Visit Gjirokastra was modest and while some was provided as a cash injection, support was also provided in legal advice, modest training, coordination support – for example with web developers and managers for the Visit Gjirokastra advice, and ongoing mentoring from the RisiAlbania team.



CHALLENGES FACED BY VISIT GJIROKASTRA

Visit Gjirokastra faced and continues to face several challenges among these are:

- **Funding:** despite a healthy membership base (80 members) and membership fees of around 150 Euro the income does not allow the organisation to pay for staff or premises and limits its effectiveness and potential sustainability. Financial sustainability therefore remains an ongoing challenge (and has been a key reason for the setup of a secondary destination management company).
- **Coordination and Duplication:** Other donor-supported and government initiatives have effectively competed and at times undermined the branding and work being undertaken by Visit Gjirokastra.
- **Legal frameworks:** With no legal frameworks for DMOs in Albania, Visit Gjirokastra took considerable time to establish and gain legitimacy.
- **Local government participation:** Local government has been involved in all stages of the set up and running of the organisation, but participation has been limited and often fragmented. For example, it was reported that in the 6 years since the set-up of Visit Gjirokastra there have been 6 officials in charge of tourism in the Gjirokastra Municipality. Government at local municipality and prefecture (Qarku) levels were engaged in the early stages of the setup of Visit Gjirokastra, but over time the involvement has diminished despite the DMO seeking continued and increased collaboration with local government.

STRENGTHS OF VISIT GJIROKAISTRA:

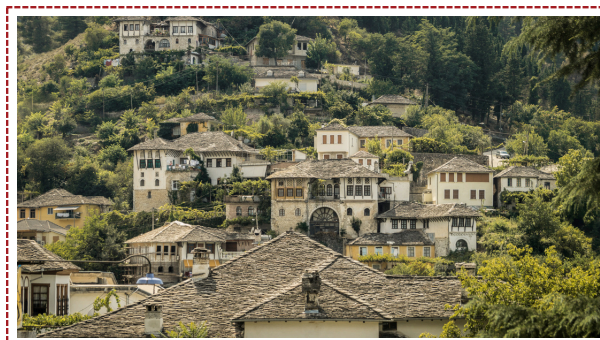
Despite the challenges, Visit Gjirokastra has developed into one of the few DMOs that is perceived to be successful and dynamic in Albania and the organisation has influenced the setup of the neighboring Visit Saranda. Some of the key strengths of Visit Gjirokastra are:

- **Dynamic management:** The organisation has attracted and maintained some of the most dynamic and entrepreneurial people in its management (a 9-member board with 7 representatives from the private sector). The core people within this management team have had huge endurance and commitment through the whole process since the concept for Visit Gjirokastra was formed.
- **Product development and diversification:** Visit Gjirokastra has been the catalyst for the development of over 100 new tourism experiences and products in the area and has inspired significant wider diversification and innovation in tourism experiences and products
- **Dynamic website and branding:** establishing a website (<https://visit-gjirokastra.com>) as a hub for members and branding of the area and a very strong promotional activities of tourism in the Gjirokastra area
- **More sustainability than similar organisations:** The dynamic management has found approaches to maintain and build income without relying on external donors. This has been achieved through membership and website revenues. 87% of its funding was from non-donor sources in 2023.

Visit Gjirokastra is an example of a fledgling DMO in Albania that has successfully galvanized dynamic private sector involvement in a shared vision to change tourism in the area through tourism product innovation, branding and marketing. It was less successful in gaining full legitimacy and getting full public sector and community engagement. Many failures in DMO set up have been a result of being reliant on short-term donor financing that results in failure when external financing ceases. Reliable income streams through membership fees and taxation (e.g. tourism levies) provide a more secure funding source. With a potential increased focus and momentum on DMOs through the enactment of the new National Tourism Strategy, Visit Gjirokastra could be a key model for other dynamic DMOs in Albania.

Key message: from the experience of Visit Gjirokastra

- *Changes highlighted in the National Tourism Strategy 2023-2030 could strengthen Visit Gjirokastra to become a model DMO in Albania and a model which other areas could follow.*
- *Nevertheless, an approach that imposes a top-down agenda on Visit Gjirokastra and other DMOs and diminishes local autonomy could disengage key private sector actors and undermine dynamism and creativity in destination management and marketing, as well as undermining Visit Gjirokastra itself.*



ESTABLISHING DYNAMIC AND SUSTAINABLE DMOs IN ALBANIA

The Visit Gjirokastra experience highlights the potential to establish truly locally driven, dynamic and more sustainable destination management organisations in Albania. The lessons from Visit Gjirokastra is that a DMO needs to:

- **Galvanise local entrepreneurs into management roles:** Bring together key and proven local social entrepreneurs and commercial entrepreneurs to make up the core management and drivers of the organisation.
- **Be representative of all key stakeholders:** Have strong and effective participation from the private sector, local government, non-profit stakeholders and community representatives.
- **Have a strong value proposition to its members:** Focused not only on the services it can provide, but on the tangible changes it can bring about in tourism.
- **Stay lean and adaptable:** With low recurrent overheads (offices, staff etc.) but when staff and offices are required to find ways of keeping these costs as low and affordable as possible.
- **Establish approaches to increasing income but in a way that does not result in competition with its members and the tourism industry itself:** While establishing a Destination Management Company secondary structure offers very good opportunities to raise critical revenue, it is important that is done in a way that avoids a DMO/DMC competing with the tourism sector that is established to support.
- **Be autonomous from local government:** Organizations that are not part of local government nor purely private sector but are managed independently by representatives from the key stakeholders.
- **Be primarily locally driven:** Working on priorities and agendas that are largely developed and agreed locally by the DMO itself through member and wider consultation.
- **Build regional and national collaborations and synergies:** Most tourism is not focused on only one region or municipality but involves tourists visiting a wider area – or possibly even a wider region. DMOs therefore need to not just focus locally, but seek collaborations and partnerships with neighbouring regions, across Albania, and potentially within Albania’s wider geographic region (e.g. Greece)
- **Be aligned with national priorities in tourism** such as sustainable tourism, but able to interpret these in a locally appropriate way.





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