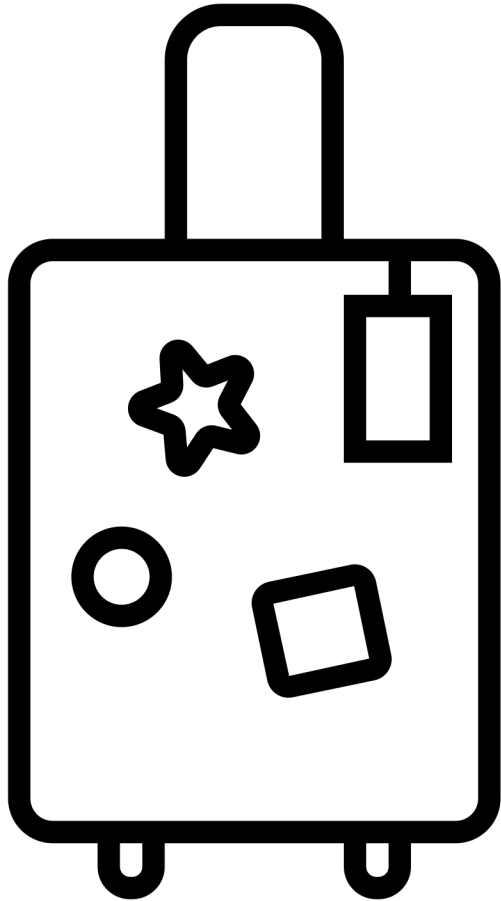




How to apply innovation methods to local tourism –
An introduction to business modelling for municipal innovation
Prof. Dr. N. Richter
n.richter@hs-sm.de



Agenda

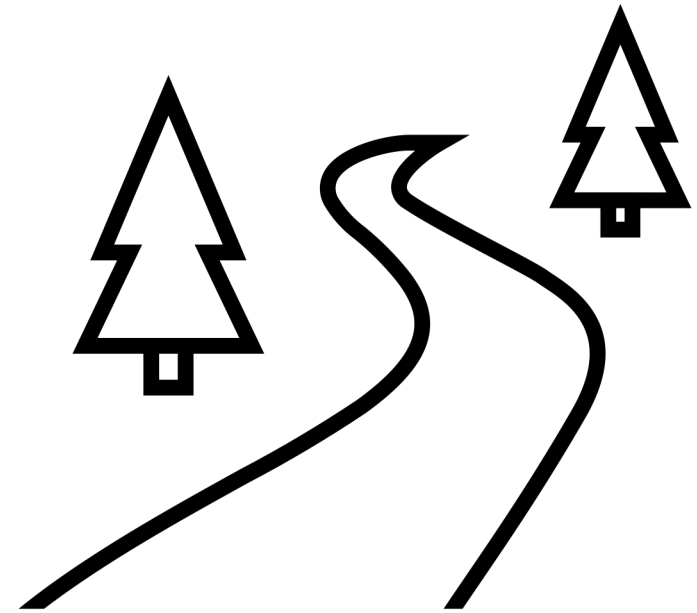
1. Tourism Impact and COVID19
2. Destination Management and Business Models
3. Business Model Innovation in Destinations

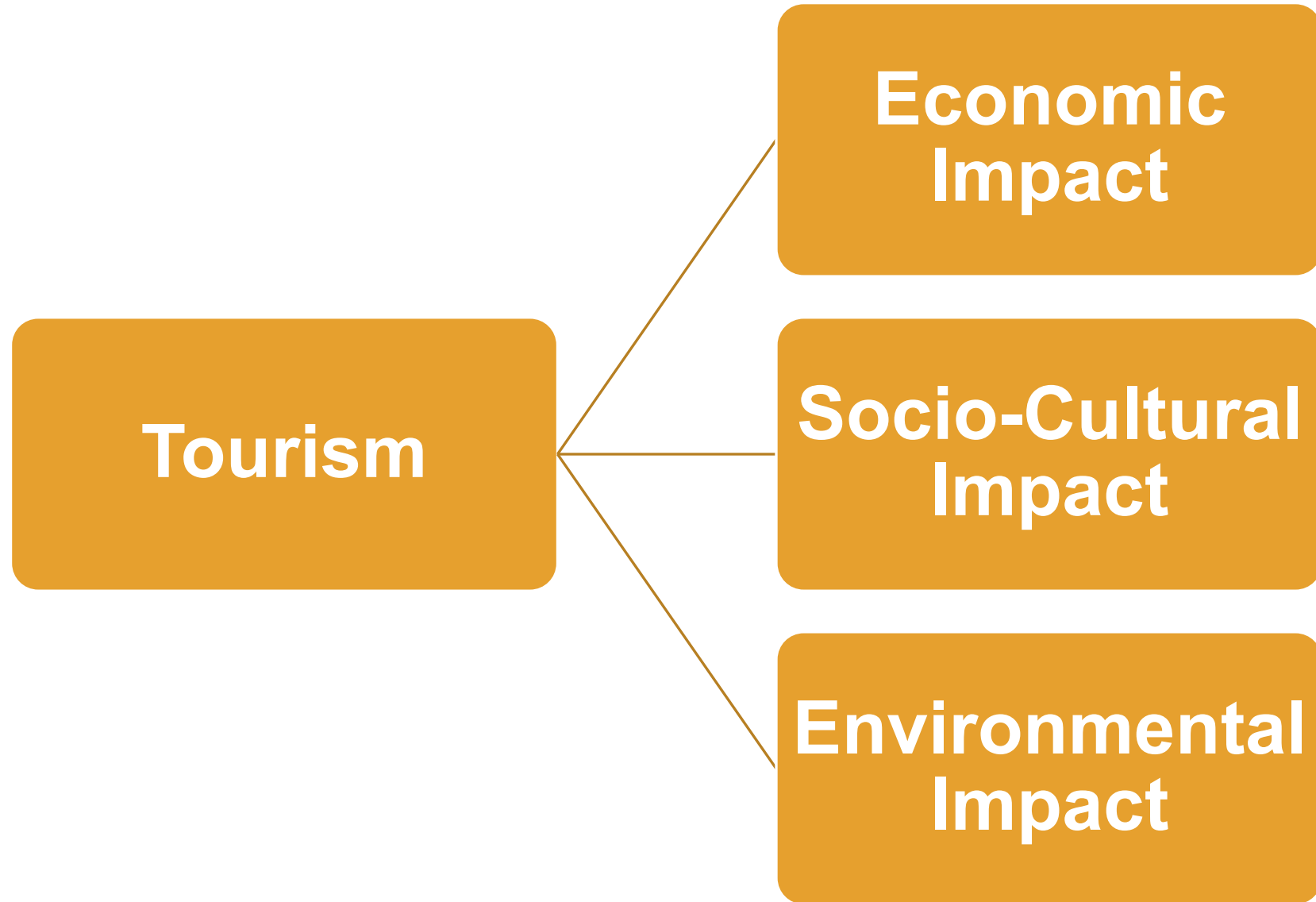


Tourism Impact and Covid19

„Tourism is about places and spaces that are embedded in cultures, economies, and social lives of communities”

(Saraniemi/Kylänen 2011, S. 133)





Tourism: Economic Impact

- “Tourism is one of the world’s major economic sectors. It is the **third-largest export category** (after fuels and chemicals) and in **2019 accounted for 7% of global trade.**”
- “For **some countries**, it can represent **over 20% of their GDP**”
- “**Tourism supports one in 10 jobs** and provides **livelihoods for many millions more** in both developing and developed economies.”

Tourism and COVID-19

- “Tourism is one of the sectors **most affected by the Covid-19 pandemic**, impacting economies, livelihoods, public services and opportunities on all continents.”
- “All parts of its vast value-chain have been affected.”

Priorities for Tourism's Restart

- Improve socio-economic impacts on livelihoods
- Advance innovation and digital transformation of tourism
- Foster sustainability and green growth
- Build resilience through economic diversification
- Coordination and partnerships to restart



Destination Management and Business Models

Tourism Destination

“A local tourism destination is a **physical space in which a tourist spends at least one overnight**. It includes **tourism products such as support services and attractions** and tourist resources within one day’s return travel time. It has **physical and administrative boundaries defining its management, and images and perceptions defining its market competitiveness**. Local destinations incorporate various stakeholders often including a host community.”

Destination Management Organisation

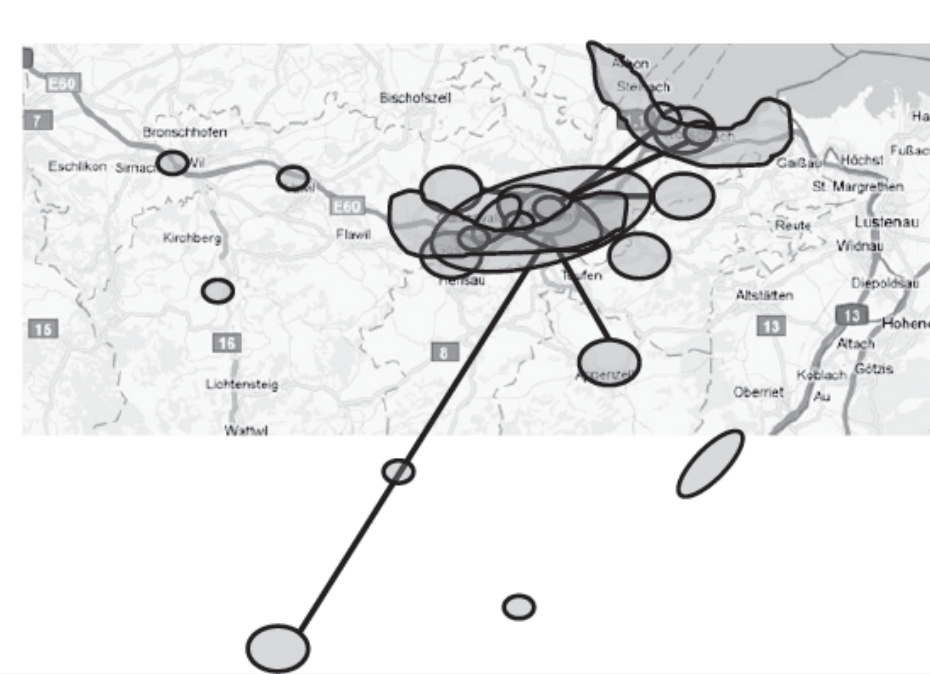
“The Destination Management Organisation’s role should be to **lead and coordinate activities under a coherent strategy**. They do not control the activities of their partners but bring together resources and expertise and a degree of independence and objectivity to lead the way forward. **It follows that DMOs must develop a high level of skill in developing and managing partnerships**. Though DMOs have typically undertaken marketing activities, their remit is becoming far broader, to become a strategic leader in destination development.”

- **Local DMOs**, responsible for the management and/or marketing of tourism based on a smaller geographic area or city/town.

Territorial Perspective of a destination



Market perspective of a destination with targeted service programs for defined tourist segments



Quelle: Beritelli, 2012 (internes Arbeitspapier; erstellt mit Google Maps)

A Destinations „Business Model“

- The primary orientation towards the needs of defined guest target groups with sufficiently large market potential (**customer segments**)
- The definition of service programs (business areas) to satisfy the needs of the defined target groups (development of strategic business areas) (**value proposition**)
- Marketing for defined target groups, communication as well as distribution of the defined service programs to the defined target groups - including with at least one independent brand and through the use of modern marketing instruments in communication and sales. (**relationships and channels**)
- The orientation towards the space perceived by the defined target group and development of the facilities and services necessary to satisfy needs within the scope of the service program by integrating all the actors in the destination that are central to the service program development (**activities, resources and partners**)
- Availability of sufficient financial resources for the provision, coordination and marketing of the service program (**costs**)
- Definition of **revenue models** for destination management (**revenues**)

Key Partners



Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

Key Partners are the most important
Suppliers for the business
Which are the most important
Suppliers for the business
Which are the most important
Suppliers for the business

Key Activities



What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

Key Activities are the most important
Suppliers for the business
Which are the most important
Suppliers for the business
Which are the most important
Suppliers for the business

Value Propositions



What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

Value Propositions are the most important
Suppliers for the business
Which are the most important
Suppliers for the business
Which are the most important
Suppliers for the business

Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

Customer Relationships are the most important
Suppliers for the business
Which are the most important
Suppliers for the business
Which are the most important
Suppliers for the business

Customer Segments



For whom are we creating value?
Who are our most important customers?

Customer Segments are the most important
Suppliers for the business
Which are the most important
Suppliers for the business
Which are the most important
Suppliers for the business

Key Resources



What Key Resources do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue Streams?

Key Resources are the most important
Suppliers for the business
Which are the most important
Suppliers for the business
Which are the most important
Suppliers for the business

Channels



Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

Channels are the most important
Suppliers for the business
Which are the most important
Suppliers for the business
Which are the most important
Suppliers for the business

Cost Structure



What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

Cost Structure are the most important
Suppliers for the business
Which are the most important
Suppliers for the business
Which are the most important
Suppliers for the business

Cost Structure are the most important
Suppliers for the business
Which are the most important
Suppliers for the business
Which are the most important
Suppliers for the business

Revenue Streams

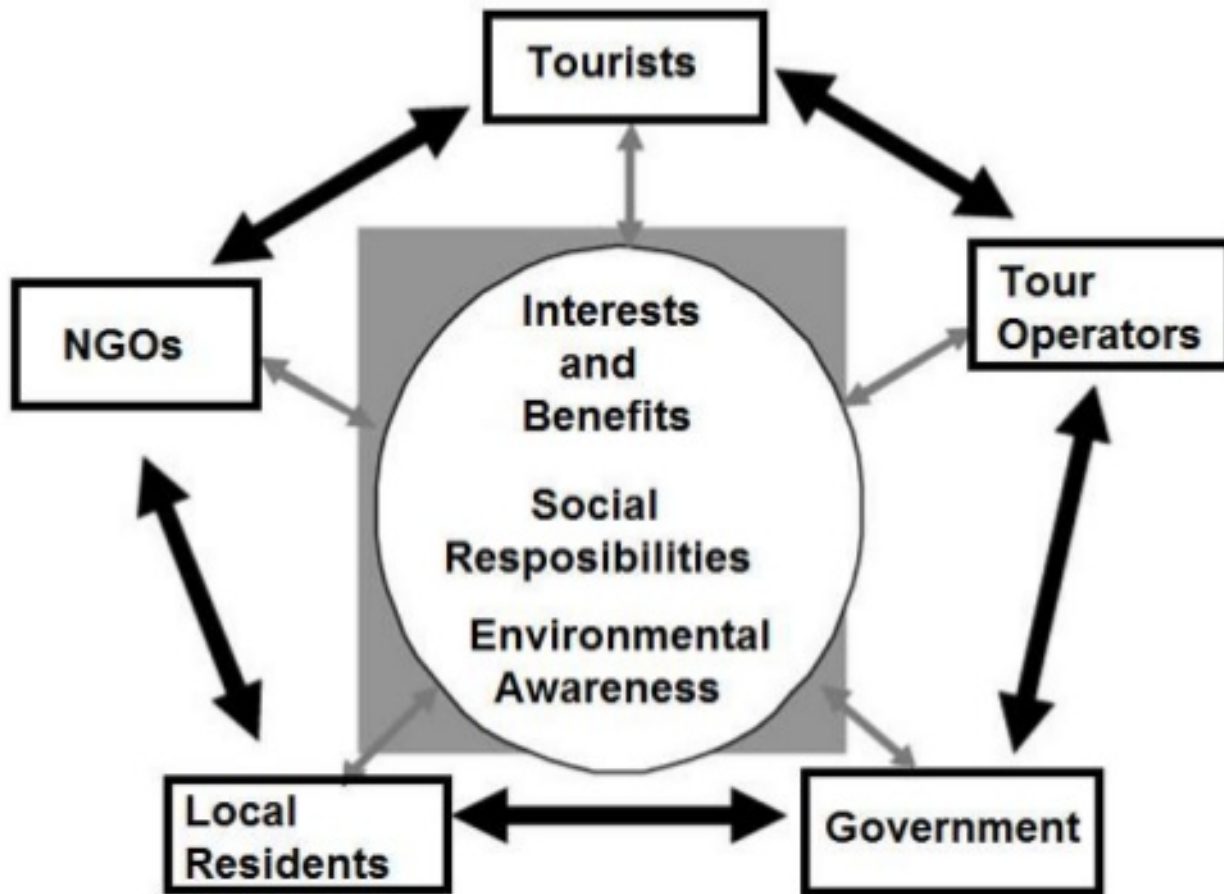


For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

Revenue Streams are the most important
Suppliers for the business
Which are the most important
Suppliers for the business
Which are the most important
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Revenue Streams are the most important
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Stakeholder in Destination Management



Business Model Innovation in Destinations



Destination business models need to be adapted for the Post COVID-19 phase. There are different ways to adapt business models for sustainable success.

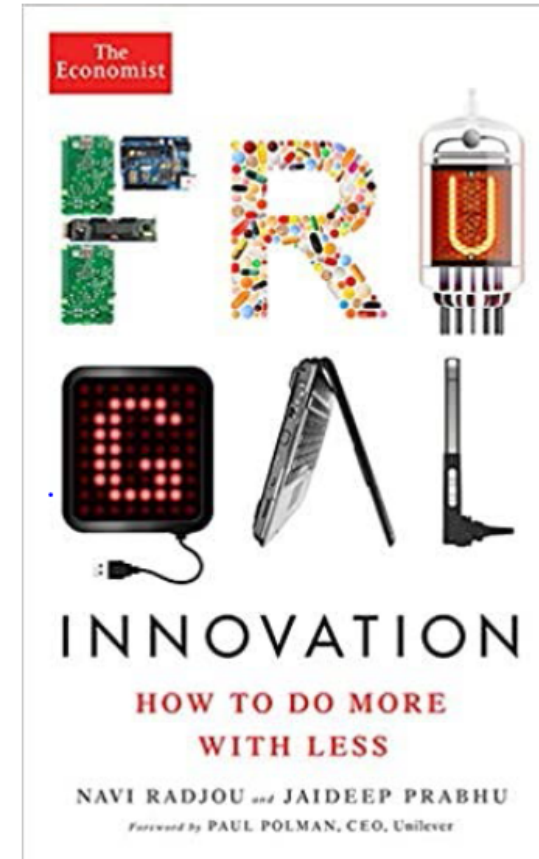
2 principle ways to adapt the business model

- 1) Frugal, agile innovation activities with sprints and prototypes to survive,
- 2) Longterm adaption of the business model for the expected future scenarios.

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Innovation in times of crisis: frugal and agile

pragmatic
lean
cost-effective
creative
thinking in sprints
and prototypes



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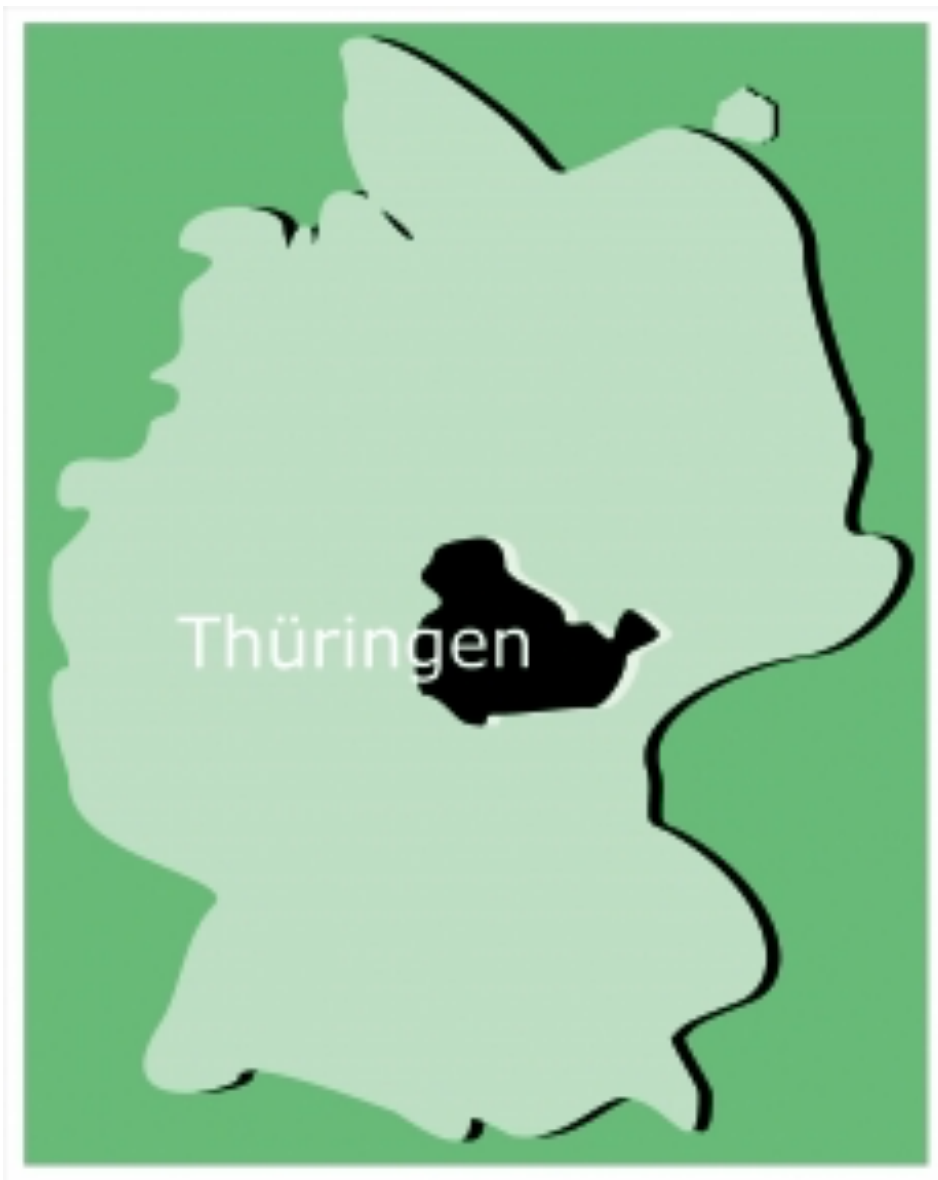
Innovation in times of crisis: frugal and agile



Online degustation
Winemaker



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29.03.2020

Start of campaign „Virtual City Tours“ Watch Party Erfurt on Facebook

19 tours, sundays and fridays

Social Media Reach: 711.864

1200 active Watch Party Members



Sonntagsspaziergang durch
Erfurt



Sonntagsspaziergang durch
Weimar



Musikalischer Streifzug
durch Arnstadt

Wie sicher werden bestimmte Regionen für einen Urlaub eingeschätzt?

Gesamtstichprobe

Sichere Reiseziele (Top3-Box: Eher bis sehr sicher)

- | | | |
|---|--------------------|-------|
| 1 | Eigenes Bundesland | (72%) |
| 2 | Deutschland | (68%) |
| 3 | Skandinavien | (48%) |

Die Deutschen nehmen eigentlich nur Deutschland als sicheres Urlaubsland war – vor allem das eigene Bundesland. Auf einem dritten Platz folgt mit weitem Abstand Skandinavien / Nordeuropa. Hier würde sich allerdings nur jede/r Zweite (eher) sicher fühlen.

Unsichere Reiseziele (Bottom3-Box: Überhaupt bis eher nicht sicher)

- | | | |
|---|---|-------|
| 1 | Ostasien | (87%) |
| 2 | Nordamerika
Mittel-/Südamerika
Südasien | (86%) |
| 3 | Westasien | (85%) |
| 4 | Südeuropa | (84%) |

Alle anderen Urlaubsziele werden als eher bis überhaupt nicht sicher wahrgenommen. So würden sich z.B. 87% (eher) unsicher in Ostasien fühlen und nur 2% würden sich dort sehr sicher fühlen.

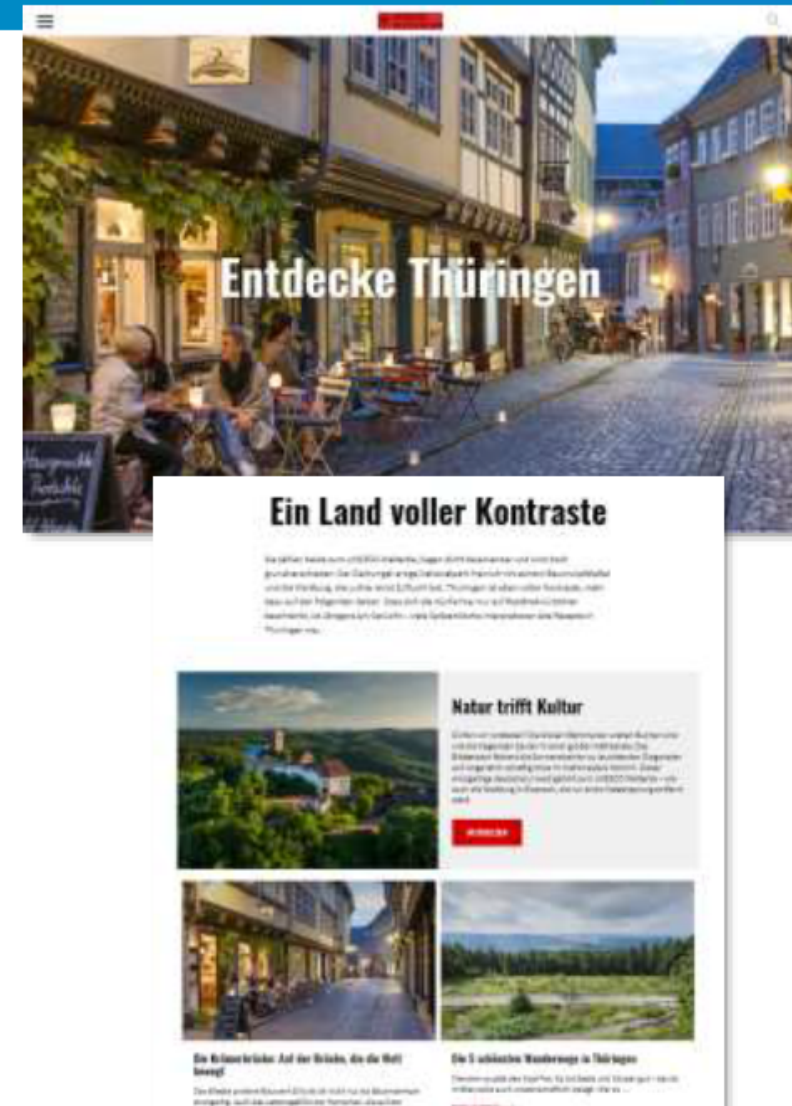
15.05.2020

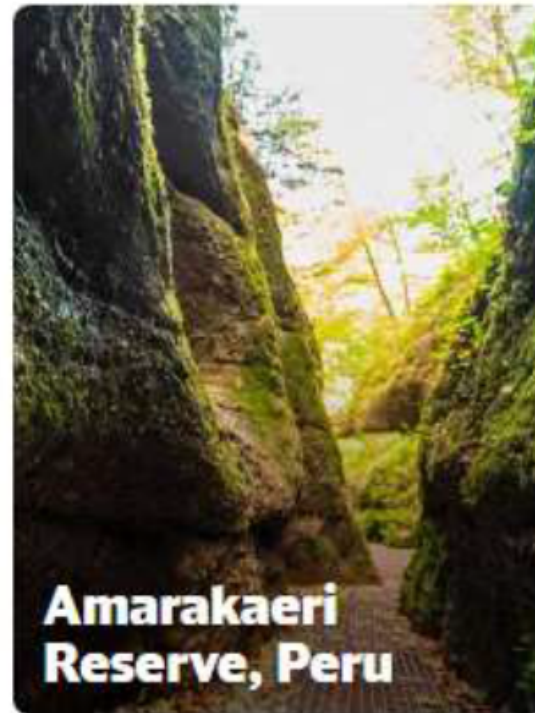
Go live der Kampagne „Entdecke Deutschland“

(Kooperation der 16 Bundesländer,
XL-Content-Hub Thüringen)

- 1.546.199 Seitenaufrufe insgesamt
- 67.054 Aufrufe im Thüringen-Hub

Top-Themen: Ungewöhnlich übernachten,
Krämerbrücke Erfurt





- Einzelvideos auf Instagram & Facebook
- Reichweite Erfurt, Thüringer Wald, Eichsfeld, Südharz, Weimar, Rhön, Thüringer Becken bei 200.000
- 33.799 Aufrufe



Tür an Tür mit...Erfurt.
Vor 6 Wochen · 8.211 Aufrufe
149



Tür an Tür mit...dem Thüringer Wald
Vor 5 Wochen · 10.626 Aufrufe
112



Tür an Tür...mit dem Eichsfeld.
Vor 4 Wochen · 1.912 Aufrufe
48

https://www.youtube.com/watch?v=PYS70g_9nqk



Frankenpost

Neue Presse

Freies Wort

Südthüringer Zeitung

Meininger Tageblatt

BLICKPUNKT

WOCHENSPIEGEL

OTZ

TLZ



Mobile Rectangle 1



Billboard

When our guests don't come to us then Thuringia will come to you.

- Weekly Insta story with great Thuringian pictures
- Invitation to the community to get this to screenshot and as smartphone set wallpaper
- Additional increase of reach through incentive to share the user screen in our story





Advent baking

Thuringia and baking? That just fits together. And baking together in the run-up to Christmas is a long tradition.

We invite our community to bake together instead of baking alone,

- 4 baking videos with a Thuringian host
- Publication in the Advent weeks always Wednesdays
- Of course, there is also a lasting effect focus on the host

Digital live cooking as a christmas party



No Christmas markets or parties! We offer our community the opportunity to cook life with a Thuringian cook and to ask him questions to discover Thuringian culinary culture and to spend a nice evening together.

- DMO sends a small cooking package (Shopping list, wooden spoon) to the participants incl. link to participation (Zoom / Teams)
- Cooking together with a host
- Recap video from live recording to be spread in the soc. Networks

Key Partners



Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

Questions to ask our key partners:
- What do we need from them?
- What do they need from us?
- How can we help them?
- How can they help us?

All Thuringian cities and municipalities, Media partners, Marketing agency

Key Activities



Market research, Community development (BtoB, BtoC), Social Media activities, Marketing

Key Resources



All thuringian cities and municipalities

Value Propositions



What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

Questions to ask our customers:
- What do we need from them?
- What do they need from us?
- How can we help them?
- How can they help us?

Thuringia is close to you, surprising, warm hearted, green, spacious

Thuringia is like a friendly neighbor

Customer Relationships



Community focus

Channels



Cross Media, Social Media, Local Newspapers, Posters

Customer Segments



For whom are we creating value?
Who are our most important customers?

Questions to ask our customers:
- What do we need from them?
- What do they need from us?
- How can we help them?
- How can they help us?

Local guests and day tourists

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

Questions to ask our key partners:
- What do we need from them?
- What do they need from us?
- How can we help them?
- How can they help us?

Questions to ask our customers:
- What do we need from them?
- What do they need from us?
- How can we help them?
- How can they help us?

Market research, Advertising, Community Management



Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

Questions to ask our customers:
- What do we need from them?
- What do they need from us?
- How can we help them?
- How can they help us?

Questions to ask our key partners:
- What do we need from them?
- What do they need from us?
- How can we help them?
- How can they help us?

Clicks and Interactions, Attention





**Crisis do typically not reverse trends, they do accelerate them.
What kind of trends can we expect for the future deriving from
the corona disease (Covid-19)?**

Post-Covid19 world? What is? What stays? What will be?

Digitalization and Virtualization

Localization/Regionalization

Sustainability and green growth

Resilience before efficiency

Document your
main business
models



Develop
scenarios



Identify new
opportunities



Roadmap
for further
procedure



Update your
business
ecosystem



Analyse impact
on your business
models



Develop a
post-Covid-19
vision for your
company



7 steps to prepare the business model for Post-Covid-19

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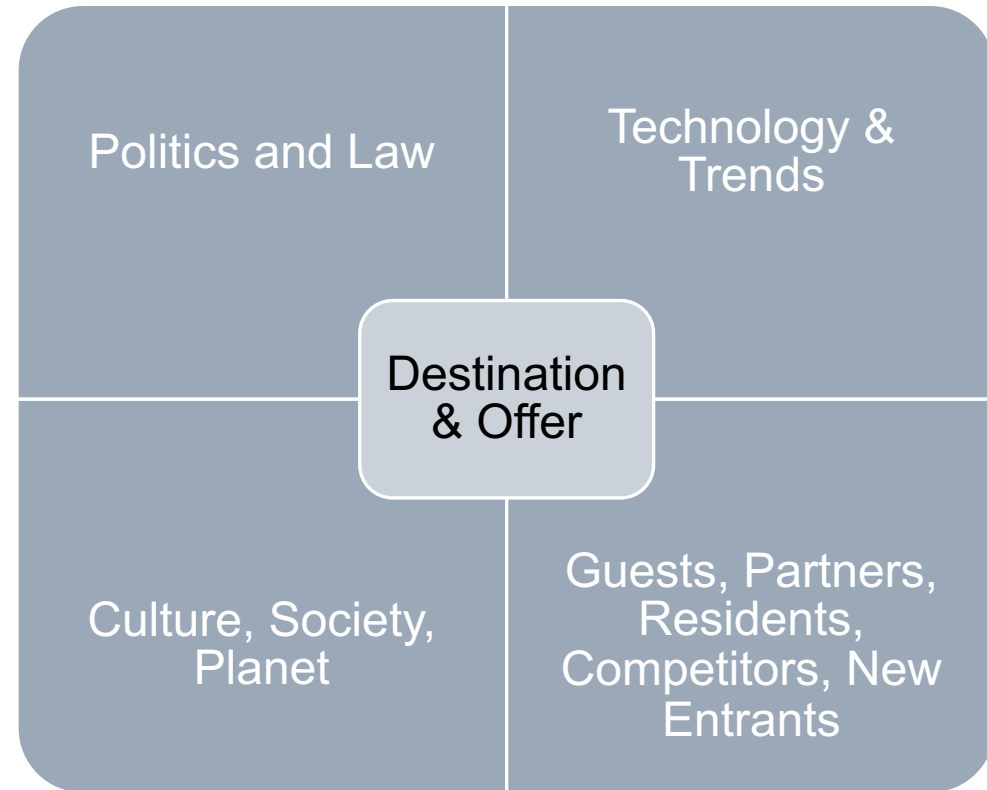
1. Document your business model

- What do you offer to the guests? (What)
- How is the value created? (How)
- Who is your target customer segment? (Who)
- Why does the business model generate profit? (Value)

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2. Update your ecosystem

- Focus on change drivers impacted by the pandemic
- Existing trends could be reinforced, counter-trends could emerge
- Select a few change drivers



Advance innovation and digital transformation of tourism



Sustainability and green growth



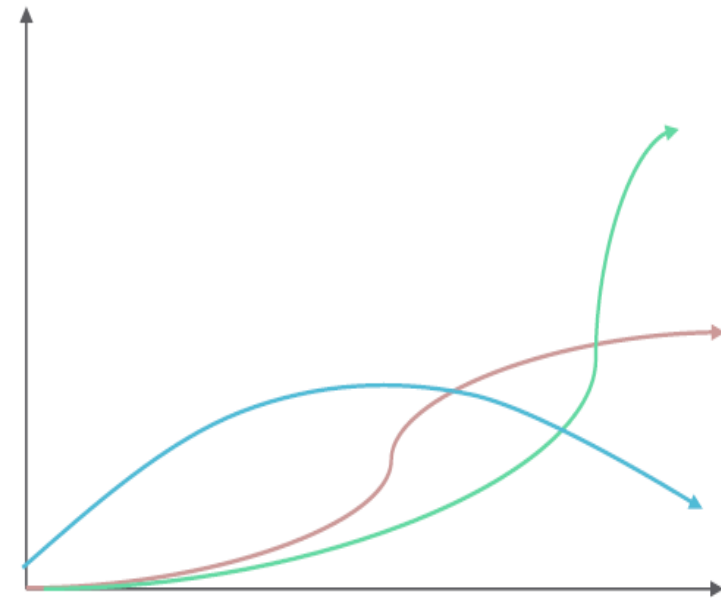
3. Develop Scenarios

What does the future look like?

1. Define a time horizon
2. Build assumptions on how influencing factors develop within the time horizon
3. Group assumptions into scenarios

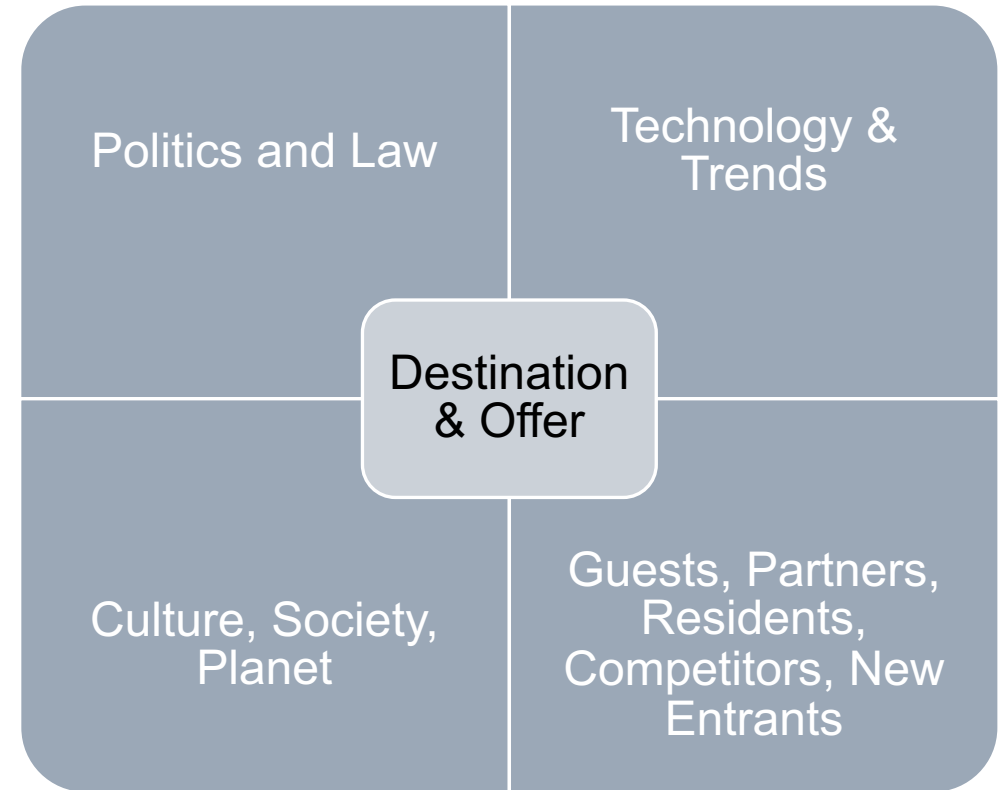
Examples:

- Enforcement vs. Postponement of Global Green New Deal
- Enforcement of Social Distancing or increased need for social contacts



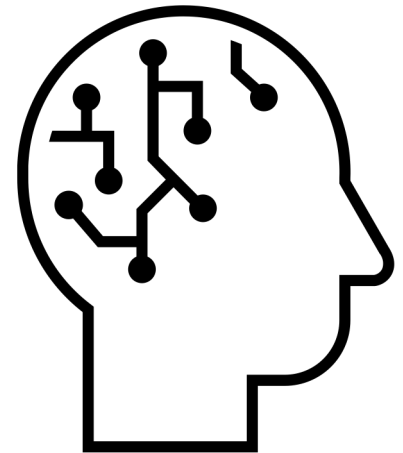
4. Analyse impact on your business model

- Analyse impact of most relevant scenario
- Detail the need for adaption of your business model



5. Identify new opportunities

- Focus on drivers that lead to new or changing customer needs
- Identify opportunities to create new offerings matching your skills



6. Develop a post Covid-19 vision for your city

How will your destination look after a successful transformation in a post-Covid-19 world?

Dream big and focus on success!

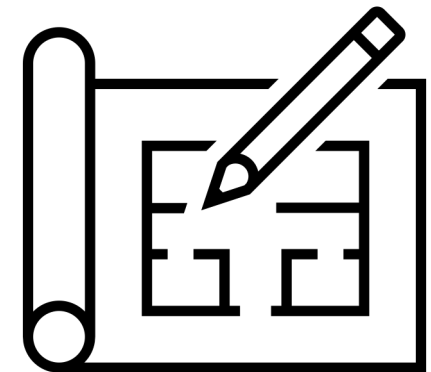
Use the present tense to describe what you have achieved!

Address heads and hearts!

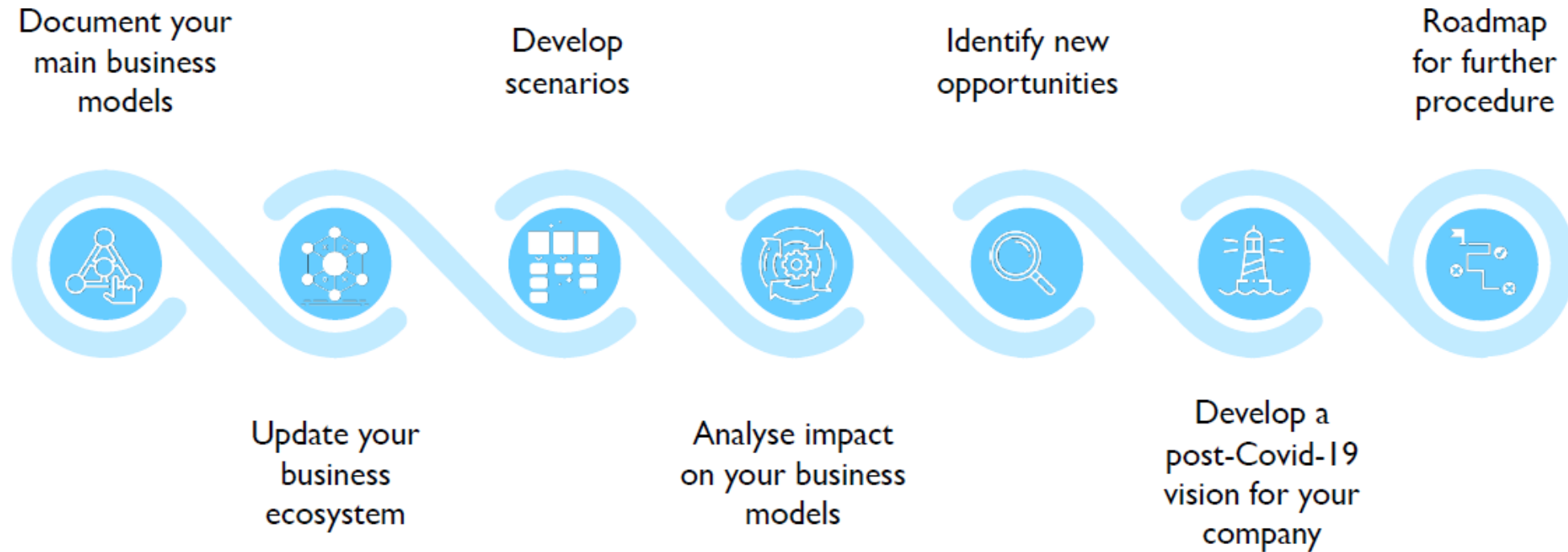


7. Roadmap for further procedure

- Define responsibilities
- Decide how to track and monitor indicators
- Initiate projects to adapt existing business models and develop new ones

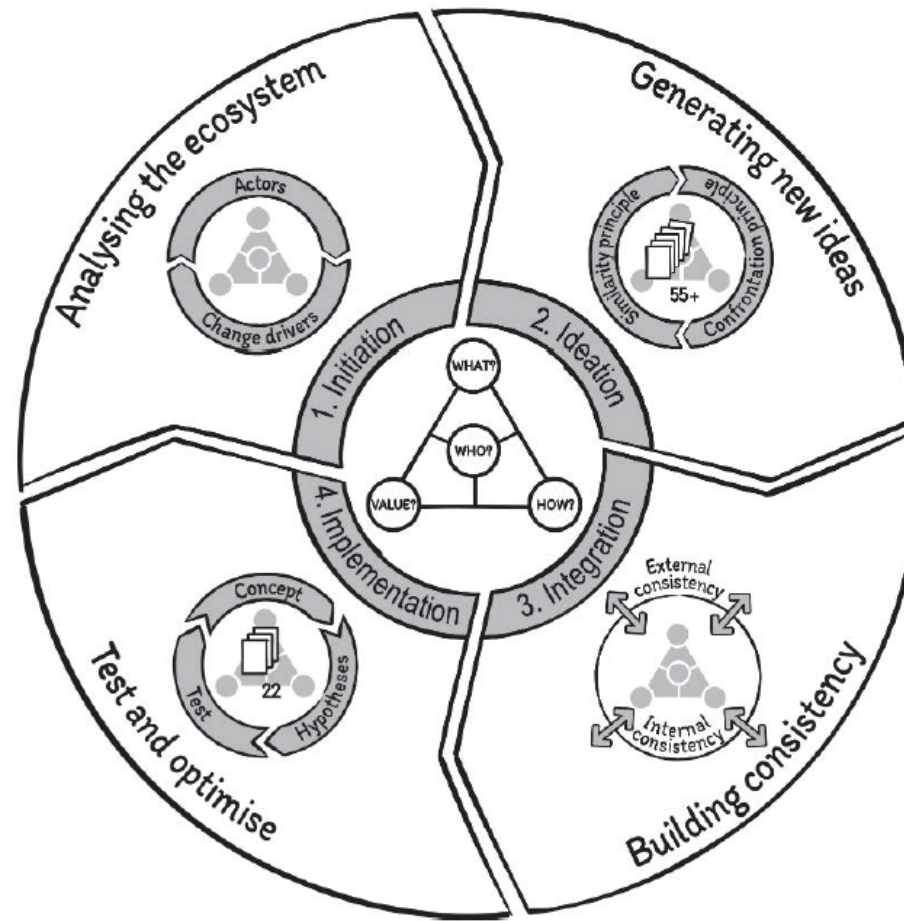


7 Steps to prepare for Post-COVID-19



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Business Model Navigator



Prof. Dr. Oliver Gassmann
2020 No. 24

Team Work

1. Choose one example in your group (destination city)
2. What does the current business model look like? Who is your target customer? What do you offer to the guests? How is the value created? Why does the business model generate profit?
3. What are the change drivers impacted by the pandemic?
4. What does the future look like and what is the impact on your destination business model?
5. What are the new opportunities, new customer needs, new offerings, new partnerships?
6. How will your destination look after a successful transformation in a post-Covid-19 world?

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