

## 研究論文

**EXPLORING THE JAPANESE DMO REGISTRATION SYSTEM:  
A CASE FROM TANABE CITY**

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## Abstract :

The inbound tourism market has experienced a sustained increase in recent years in the Asia-Pacific region, becoming second only to Europe. In this context of growth and increasing competition, the Japanese government has established as one of its main tourism development goals to increase international visitors, in particular in regional communities which are in need of economic revitalization. To tackle this challenge, the national authorities have established a Destination Management Organization (DMO) registration system in order to improve tourism branding, stakeholder involvement and human resources. In this exploratory paper, an empirical study of a registered candidate DMO is examined, as well as its responses and experiences related to the registration system. Conclusions show that the Japanese DMO system is unclear on aspects such as funding and that some requirements for registration may be challenging for smaller DMOs located in rural areas.

**I . Introduction**

Due to demographic, technological and economic changes in the recent decades, tourism development has experienced robust growth in the Asia-Pacific region, with inbound tourism having an important role in this context. According to the United Nations World Tourism Organization and the Global Tourism Research Center (2017), the Asia-Pacific region has become the second most visited regions after Europe, as well as the fastest growing, registering a 9% growth in 2016, which accounts for 308 million arrivals. Due to its substantial influx of international arrivals, the Asia-Pacific region received USD 367 billion in receipts in 2016, which is equal to 30% of the world total. Continued substantial advances in inbound tourism are expected in the region, projected to achieve 535 million international arrivals by 2030 and an estimated annual growth of 4~5%. Among the different countries, China leads the inbound market (59.3 million arrivals in 2016), followed by Thailand (32.6 million), Malaysia (28.9 million), Hong Kong (28.6 million) and Japan (24 million). In this context of massive regional development, the Japanese government has prioritized tourism development since the 2000's, particularly the inbound tourism market, as a way to revitalize regional economies suffering from low economic activity and ageing populations, and assist in the recovery of areas affected by the 2011 Tohoku

earthquake and tsunami disaster (Prime Minister of Japan and Cabinet, 2012). Different initiatives have been taken in recent years to promote tourism development, such as the Visit Japan Campaign in 2003, the Tourism Nation Promotion Basic Law in 2007, the Tourism Nation Promotion Basic Plan in 2007 (renewed in 2012) and the establishment of the Japan Tourism Agency (JTA) in 2008. Because of these efforts, statistics show different improvements in inbound tourism. According to the 2017 Tourism White Paper (Japan Tourism Agency, 2017), in the 2016 fiscal year, the number of international visitors reached 24.04 million, up 21.8% from the previous year. It was the fourth consecutive record-setting year. Visitors from Asia accounted for 83.6% of all international visitors, with its main markets being China (26.5%), South Korea (21.23%), Taiwan (17.3%) and Hong Kong (7.7%). These results positioned Japan as the 16<sup>th</sup> tourism destination in terms of international arrivals worldwide, and 5<sup>th</sup> in Asia. The increase in international arrivals provided Japan with receipts amounting to 30.7 billion dollars (13<sup>th</sup> in the world and 5<sup>th</sup> in Asia) in 2016 (Japan Tourism Agency, 2017).

The aim of this paper is to study one of these initiatives, the establishment of a DMO registration system, and to provide an empirical study of a registered candidate DMO and its re-

sponses and experiences related to the registration system. Although research on the Japanese DMO system has increased in recent years, studies have been broad explorations on the DMO system itself from different perspectives (Izumiyama, 2015; Ishiguro, 2016; Takagishi, 2016; Fujita, 2017; Ishiguro, 2017; Ohno, 2017; Kanno, Yoshiyachi & Yamada, 2018) or tourism associations (Yamamoto, 2017), while those on the empirical experiences of the DMOs have been limited, with some exceptions (Nagai, Doering & Yashima, 2017). This study thus adds to the existing academic bibliography on Japanese DMOs by adding an empirical study of a DMO and its experience with the registration process. In this research, the case study of the DMO operating in Tanabe city, located in Wakayama prefecture, is examined.

## II . Background: inbound tourism in contemporary Japan

Funck and Cooper (2013) identified three distinct periods of Japanese tourism during the post-war era. During the immediate postwar era until 1964, the Japanese government promoted the development of inbound tourism as a way of obtaining foreign currency and stimulating international interchanges (Soshiroda, 2005; Funck & Cooper, 2013). On the other hand, Japanese outbound tourism did not achieve significant growth due to the travel limitations for the general population and operational restrictions on Japanese airlines.

During the second period from 1964 to the 1990s, the Japanese government focused on the promotion of outbound tourism. After the liberation of overseas travel for the entire Japanese population in 1964, different factors such as the yen's value and high prices in Japan, caused outbound tourism to experience tremendous growth. The national government actively contributed to its growth by providing travel information to the population regarding travel manners, as well as facilitating the development of overseas resorts aimed at Japanese visitors. A major outbound tourism policy was the so-called 'ten-million plan', launched in 1987, aiming at doubling Japanese international visitors as a way to diminish diplomatic frictions caused by Japan's trade surplus (Soshiroda, 2005). However, during the third period from 1997 onwards, during the economic recession, the Japanese government turned its attention again to inbound tourism, as there was a significant inbound-outbound imbalance. However, in contrast to the first period, national policies now mainly have focused on Asian markets instead of the West (Soshiroda, 2005; Prime Minister of Japan and Cabinet, 2012) and emphasised regional revitalization, which leads to focusing on initiatives from local authorities and public-private

collaborations rather than national government leadership (Soshiroda, 2005). Under these premises, the government designed in 1997 the Welcome Plan 21, which aimed at doubling the number of international tourists. Other initiatives included the inbound campaign of the Japanese National Tourism Organization (JNTO) in 2001, by aiming its promotional campaigns at international markets, and the Visit Japan Campaign in 2003, which started as a joint effort between public authorities and the private sector.

In recent years, inbound tourism has gained importance in contemporary Japanese tourism development due to the country's socio-economic conditions. In particular, tourism is expected to contribute to the development of regional communities that have been suffering from low birthrates, ageing populations and migration to urban centers. Some of the strategies are to increase the nonresident populations, job creation and industries sustained by tourism consumption, and the promotion of regional assets (Mitsuki, 2017). Due to its newly created importance, the Japanese authorities have set up different initiatives to consolidate the development of inbound tourism. One of the fundamental steps taken was the approval in 2007 of the Tourism Nation Basic Promotion Law, which replaced the previous Basic Tourism Law promulgated in 1963, coinciding with the 1964 Tokyo Olympic Games. The law identified the making of Japan into a "Tourism Nation" to be of great importance for its socio-economic development in the 21<sup>st</sup> century.

However, the Asian tourism market is fiercely competitive (Prime Minister of Japan and Cabinet, 2012), especially in the north-East Asia region which accounts for 57% of all international arrivals in Asia and the Pacific (UNWTO, 2016). Due to this context, promotion and information release about Japanese destinations, especially of regional areas, needed an overhaul. In order to successfully compete, the Japanese government established the Japan Tourism Agency in 2008 as an extra-ministerial body of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). The JNTO came under the jurisdiction of the JTA.

To summarise, it can be observed that the Japanese government has once again prioritized inbound tourism in its contemporary tourism policy after three decades of developing outbound tourism. By referring to central public documents on the subject, like the Tourism Nation Basic Promotion Law and Plan, the reasons for this policy change are related in part to the need for revitalizing Japanese society, which has been facing socio-

economic decline in recent years. Inbound tourism was in a sense considered to be a “saver” to bring economic benefits, particularly to regional communities. However, as is discussed below, regional tourism promotion needed to be reformed if such opportunity was to be realised.

### III. Concept and functions of DMOs

DMO is an acronym for Destination Management Organization or Destination Marketing Organization, with the choice of utilizing marketing or management being made as a reflection of the main political discourse: whether tourism should be market-driven, or a combination of marketing and management (Dredge, 2016). While the tourist may perceive the destination as a unified product, in reality it is composed of diverse stakeholders who may compete but also be mutually dependent (Buhalis, 2000). Collective benefits should be pursued even though conflicts may arise (Wang, 2008). Because of the variety of stakeholders involved, managing destinations is considered to be a challenging task (Buhalis, 2000; Pike, 2005), requiring DMOs to promote a cooperative mindset among the stakeholders (Wang, 2008). However, DMOs' destination management capabilities are inclined to provide guidelines and co-ordination (Buhalis, 2000; Blumberg, 2005) and not actual control over the destination's resources, a mandate that very few DMOs possess (Pike & Ives, 2017). For example, DMOs often do not have actual control over the marketing carried out by the stakeholders, and thus rather co-ordinate and guide (Buhalis, 2000). This view is also shared by the stakeholders themselves, who perceive the DMO's role as solely providing marketing strategy and guidance, while they should be in charge of the provision of products and services (Bornhorst, Ritchie & Sheehan, 2010). Therefore, it could be suggested that the DMOs' main activity “lies in developing and leading collaborative marketing communication strategies that match internal (destination) resources with macro environment (market) opportunities” (Pike & Page, 2014, p. 207).

In countries such as New Zealand, the United States and the United Kingdom, DMO funding was generally provided by governments, but in recent years there has been a shift towards public-private partnerships and non-public organizations due to decreased public revenues (Pike, 2005; Dredge, 2016; Pikes & Ives, 2017). Still, DMOs are mainly reliant on public funding (Pike, 2016; Takagishi, 2016). Other DMOs, such as the ones in Singapore, Japan and Hong Kong, are mainly funded by their respective public bodies (Zbinden, 2011; Kanno et al., 2018). Therefore, DMO funding tends to differ across destina-

tions.

Recently, academic research has pointed out the challenges that DMOs face in carrying out their marketing and management functions in the contemporary context. The internet is now regarded as a crucial marketing channel for DMOs (Choi, Lehto & O'Leary, 2007). However, setting up a successful DMO website is not an easy task, as both quantitative and qualitative aspects need to be considered, as well as the balance between complex website features and performance (Li & Wang, 2011). Also, social media, because of its decentralised and user-generated characteristics, challenges the DMOs' control of destinations branding (Munar, 2012; Dredge, 2016; Pike, 2016).

### IV. Overview of the Japanese DMO system

As previously noted, the Japanese government expects inbound tourism to play a central role in regional communities' revitalization. Japanese tourism organizations were originally created in destinations with hot springs, popular in Japanese domestic tourism since the 1970s (Knight, 1996), and worked to bring together stakeholders related to accommodation, souvenirs and transport (Fujita, 2017). They adopted numerous types of organization, such as limited companies, voluntary organizations, foundations, NPOs and incorporated associations (Yamamoto, 2017). However, regional tourism organizations' efforts have been noted to be insufficient (Izumiyama, 2015; Tourism Agency of Japan, 2015; Fujita, 2017), in areas such as data collection and analysis, funding, private sector participation and stakeholder involvement. At the same time, tourists' travel needs have grown much more diverse than before and therefore demands are increasing not only for traditional sightseeing, but also for tours in new places, as well as interactions with local communities. Also, as mentioned before in the Tourism Nation Promotion Basic Plan, Asian countries are now fiercely competing for their share of the inbound tourism market. Finally, the utilization of multiple languages in promotional material is a need that has not been met properly (Mitsuki, 2007; Yamamoto, 2017). Japanese regional communities needed to improve their international competitiveness if they wanted a share of the market.

In order to tackle these issues, the national government advanced the initiative of establishing a national DMO registration system. In previous documents, such as the revised Japan Revival Strategy (approved by the Cabinet on June 30<sup>th</sup> of 2015) and the Action Program for the Realization of a Tourism Nation 2015 (approved in June of 2015), the DMO system

is presented as a pivotal initiative for the increase of inbound tourism to regional communities. Finally on November 18<sup>th</sup> of 2015, the JTA set up the national registration system for DMOs, with the first registrations starting on December 15<sup>th</sup>. Still, it is important to point out that DMOs existed in Japan before the start of the national registration system. Takagishi (2016) mentions as the earliest known forerunner the Minami Shinshuu Tourism Public Corporation of Iida city, located in Nagano prefecture. The organization was established in 1995 originally for managing educational trips to the city, predating the current DMO registration system by two decades.

The JTA acts as the registration body for DMO candidates, which are corporations that carry out regional tourism revitalization in association with public organizations. The registration system has been set up with the following objectives:

- The promotion of DMOs' establishment
- Support for information share among regions, and
- Effective regional tourism involving the multiple stakeholders.

As the first step in the registration process, a legal body that aims to carry out the functions of a DMO, in conjunction with a regional public entity, presents to JTA a Formation and Establishment Plan. The submitted Plan undergoes an examination by the Tourism Agency and, if approved, the DMO is registered as a candidate. The DMO candidate undergoes a second examination by JTA and then is finally registered as a DMO.

The candidate DMO can be registered under one of three types, according to its action scope:

- Large area cooperation DMO (*kouiki renkei DMO*): this is the most expansive type of DMO, unifying the tourism marketing and strategies of different prefectures in a single block.
- Regional cooperation DMO (*chiiki renkei DMO*): this encompasses the tourism marketing and strategies of different local public entities into a single body.
- Regional DMO (*chiiki DMO*): this is the smallest in scope, encompassing the different villages and towns that exist in a single local government entity, such as a city.

Japanese DMOs are expected by the Tourism Agency to carry out mainly four functions related to tourism marketing and

promotion. Firstly, DMOs act as an axis for consensus building among different regional stakeholders regarding tourism policy. Secondly, strategic branding planning based on prolonged data collection and analysis is established, as well as the usage of KPI (Key Performance Indicators) and PDCA (Plan-Do-Check-Apply) circle approaches. Thirdly, the DMOs strategically coordinate their promotions in relation to the tourism activities already undertaken by other stakeholders. Finally, the DMOs play a positive role for the regional communities. In conclusion, we can observe that JTA expects the registered DMOs to play a role in both marketing and management.

Registered DMOs receive several benefits to assist them. They can receive assistance from a support team composed of different public agencies and ministries such as the Tourism Agency, the Minister of Economy, Trade and Industry, the Minister of Agriculture, Forestry and Fisheries, or the Minister of Land, Infrastructure and Transport, among others. This support team offers assistance to the DMOs on data provision, consultation on community-related policies and priority implementation of supporting measures. On the other hand, the Tourism Agency requires the DMOs to present at least an annual self-assessment on the DMO's performance, as well as implementing the KPI and PDCA circle. This is required because it will provide DMOs with a more methodological approach to creating and carrying out their marketing efforts. Self-evaluation is a common trait in Japanese public bodies (Koike, Hori & Kabashima 2007) so it is not surprising that JTA recommends it to the DMOs. Academic literature, while recognizing that the effective management of DMOs correlates to effective destination management and thus to the success of tourism destinations (Volgger & Pechlaner, 2014), also points out the difficulty of assessing the effectiveness of DMOs (Pike, 2016), which is critical to justify access to funding.

The need for qualified staff who can successfully manage tourism development in Asia has been noted by international organizations (UNWTO, 2016). The national government has also noted a need for a professionalized workforce to tackle the massive Asian inbound tourism market (Japan Tourism Agency, 2016). Accordingly, the Tourism Agency details three types of human resources that should be secured by DMOs. They have specific roles and abilities that are crucial for the development of the organization.

- Management resources (*toppu jinzai*): They are to coordinate the stakeholders' different viewpoints and form

consensus, while possessing leadership skills. They should also have knowledge about marketing and management; however, they are expected to work alongside specialized human resources on these areas.

- Specialized resources (*senmon jinzai*): Their main role is to carry out the DMO's regional marketing activities based on data collection, analysis and consequent strategy formation. While the Tourism Agency emphasizes marketing activities, other mentioned areas where skilled personnel are required are accountability, finances and promotion, among others.
- General staff resources (*sutaffu jinzai*): Located at the last hierarchal position, general staff does not need specialized knowledge, but instead should have a general understanding of different fields. As they continue to work in the DMO, general staff is expected to gain enough experience and know-how to become specialized resources themselves in the future.

While the above human resources are considered necessary for regional DMO's development, it is recognized that securing them may pose difficulties and that raising them cannot be done in a short amount of time. Therefore, the Tourism Agency suggests coping measures such as 'on the job' training as well as the employment of external human resources when necessary.

The Tourism Agency sets different ways in which DMOs can secure funding. Firstly, the DMO may conduct profitable activities to finance itself. This policy is in tune with the main funding sources of DMOs in other countries as mentioned before, because governments decided to cut their financial support for DMOs while incentivizing public-private partnerships and non-profit organizations (Dredge, 2016), although exceptions exist (Zbinden, 2011). These activities are divided in two types: selling souvenir-like products and selling travel-related products such as stay programs. Secondly, financing can be obtained through the management of entrusted public facilities, as obtained profit could be employed as DMOs' funds. Another method is the collection of membership fees in return for the marketing functions the DMO carries out in the region. Next, DMOs can obtain funding through money collected by special taxes such as the lodging tax (*shukuhakuzei*). Finally, DMOs may solicit subsidies from the national government. Although several methods are presented, national funds (Takagishi, 2016) or taxes (Ishiguro, 2016) are the main financial source. As mentioned before, this situation is not exclusive to Japan, as

DMOs in other countries such as New Zealand mostly rely on public funding (Pike, 2016; Pike & Ives, 2017).

Regarding the current situation of the DMO registration system, as of March 30<sup>th</sup>, 2018, there were a total of 70 fully registered DMOs in Japan (7 large area cooperation DMOs, 39 regional cooperation DMOs and 24 regional DMOs). As of the DMOs registered only as candidates, there were a total of 128 (3 large area cooperation DMOs, 45 regional cooperation DMOs and 80 regional DMOs) (Japan Tourism Agency, 2018).

#### V. The case study of the DMO of Tanabe city, Wakayama prefecture

To further illustrate the DMO registration system, a concrete example of a Japanese-style DMO is examined. The chosen example is the Kumano Tanabe City Tourism Bureau (the Bureau hereafter), the DMO operating in Tanabe city, Wakayama prefecture. The Bureau was selected for the following reasons. Firstly, because it is registered as a DMO candidate in the registration system at a regional-level. By looking at JTA's official data, regional DMOs constitute the most numerous candidates in the registration system (Japan Tourism Agency, 2018) and thus they have an important position. Secondly, it has been regarded as a successful example of a Japanese DMO, having received awards for its performance, such as being selected as a nominated DMO for the World Travel and Tourism Council (WTTC)'s Tourism For Tomorrow Awards in 2012, receiving Wakayama Prefecture Tourism Merit Award in 2012 and receiving the excellence award during the 5<sup>th</sup> Multicultural Communication Awards by the Japan Travel Bureau (JTB) in 2010. Because of this, its experience with the DMO registration system is regarded as valuable, especially for regional DMOs located in rural areas. Finally, the researcher has previously conducted extensive research on different aspects of Tanabe's tourism development, and is therefore familiar with both the destination and the Bureau itself.

The methodology for analyzing the case study was based on bibliographic compilation from different sources such as newspapers and official documents from Wakayama prefecture, Tanabe city, Tanabe Commerce and Industry Council, and the Bureau itself. The bibliographic material proved to be of importance for understanding Tanabe city's general tourism development and the Bureau's functions. However, in order to have first-hand information, a semi-structured interview was carried out with a key representative of the Bureau in February 2018 who had deep knowledge of the Bureau's different

aspects. Anonymity was guaranteed during the interview so no names are provided. Interviewing one key stakeholder from the Bureau was deemed sufficient as the interviewee had the necessary knowledge to provide the researcher with the required information. The interview lasted around one hour and provided additional information on the discussed subject that was not available in secondary data, such as details on funding, relationship with stakeholders, recent initiatives and the Bureau's first-hand experience with the DMO registration system. This allowed the researcher to have a deeper understanding of the actual functionality of the DMO registration system and the challenges a Japanese DMO, in particular regional DMOs located in rural areas, may find during the registration process.

Tanabe city, in Wakayama prefecture, Kansai region, is located on the west-central part of the Kii peninsula. The current city was formed in 2005 through a merger of four nearby towns: Hongu, Ryujin, Oto and Nakahechi. This merger transformed Tanabe into the largest city in terms of surface area in all the Kansai area, a total of 1,026.91 km<sup>2</sup>. Its current landscape is composed of a coastline situated on its west side, while 88.9% of the city's surface is composed of mountain forests. As of 2016, Tanabe's population was 74,770, showing a decline from 79,119 in 2010. Along with this demographic change, Tanabe's economy has gone through transformation in recent years. Traditional industries have shown a decline in their workforce, with farming employing 2,918 people in 2015 (down from 3,369 in 2010) and forestry, 1,508 in 2015 (down from 1,828 in 2010) (Tanabe City, 2016). In this situation, tourism is expected to play a central role in community revitalization (Tanabe Commerce and Industry Council, 2009).

Tanabe city's first modern tourism development effort started in 1936 with the designation of the Yoshino-Kumano national park. Although no significant growth had occurred since then, tourism development reached a milestone in 2004, when different sections and assets of Kumano Kodo were designated as part of the UNESCO World Heritage Site "Sacred Sites and Pilgrimage Routes in the Kii Mountain Range" under the category of cultural landscape. The designation provided local communities with a new way to strengthen the tourism industry in order to revitalize the regional economy and attract both national and international tourists. It also changed the community's perception of the pilgrimage routes. The area contains other tourism attractions, with its hot springs being one of the main ones along with local cuisine, health tourism and cultural resources (Tanabe Commerce and Industry Council, 2009; Ta-

nabe City, 2013).

To coordinate tourism policies effectively in the new-merged city, the Bureau was established in April 2006, nine years before the establishment of the Japanese DMO registration system. While the tourism associations of each of the merged four towns are still in function, the Bureau plays an important management role by collaborating with them in order to further develop the local tourism sector. The Bureau's organization is established as a joint public-private tourism promotion agency, and includes the five old towns' administrations as well as the present Tanabe city administration. Its working staff not only consists of locals who have worked beforehand in regional tourism but a foreign staff member as well, who has played a significant role in the advance of inbound tourism. As of February 2018, the Bureau staff consisted of 23 people, including two public officers from the city office, marking a noticeable growth from the four people that worked in 2006.

The Bureau's main functions are divided in two general fields: tourism promotion and grassroots tourism development. Tourism promotion consists of activities such as the development of the multilingual website and pamphlets, overseas promotions (including joint tourism promotions with Galicia, Spain), support for press and travel agents, and giving lectures and presentations. Grassroot tourism development is concerned with activities related to management and stakeholder coordination, such as stakeholder networking, grassroot hospitality seminars for stakeholders involved in tourism, assistance to local guides, and the creation of bilingual material aimed at bus schedules and area maps. Improvements on tourism infrastructure such as information centers and signs were included as grassroot tourism development.

As part of its tourism policies, Tanabe city has also decided to increase its number of inbound Western tourists by promoting its World Heritage Sites, which at first may seem surprising considering that Japan's main sources of international visitors are Asian countries. The reason behind this was because the Bureau's authorities noticed that the nearby Buddhist complex of Koyasan, also registered in the "Sacred Sites and Pilgrimage Routes in the Kii Mountain Range", was receiving an influx of French tourists who were interested in Japanese history and culture. Noticing this, the Bureau decided to focus on Western tourists and small groups, estimating that they would have long stays and spend more money because they would walk the Kumano pilgrimage routes and enjoy the traditional Japanese

scenery and spiritual culture. In particular, independent Western tourists were the main market that the Bureau aimed to reach (Japan Tourism Agency, n.d.; Nagatani, 2017). In order to provide a better service, the Bureau promoted the dissemination of bilingual maps, bus timetables, audio guides and signs. These efforts were paired with educational seminars for local stakeholders in order to improve hospitality and services aimed at international visitors. Because of these efforts, the number of visitors to Tanabe city have been steadily increasing. The Heisei 28 Tourist Motivation Research Report indicates that in 2016 Tanabe was visited by 3,650,588 visitors. However, only 407,427 (11.1%) of them lodged in Tanabe, with increasing the number of lodgers being one of the challenges for further tourism development. Regarding international tourists, from 407,427 lodgers in Tanabe during 2016, 30,958 of them were foreigners. However, due to not counting non-lodgers and a large number of 65,426 unidentified visitors, their number might be bigger than reported (Wakayama Tourism Agency, 2017). As the statistics show, the number of Japanese tourists is still the largest; however, their number has been going down slowly, while the international tourists are on a growing trend. The Bureau has mentioned that it aims to increase the number of Japanese tourists in the future (Nagatani, 2017). Currently, the Bureau's reservation system data shows that, during fiscal year 2016, the average international visitor spent 2.50 nights in Tanabe, spending an average of 24,008 yen, compared with the Japanese visitor spending 1.45 nights and 10,854 yen on average (Tanabe City Kumano Tourism Bureau, personal interview, 2018). Therefore, while smaller in number, international tourists individually have a greater economic impact.

The Bureau is currently going through the DMO official registration process as a regional-level DMO covering Tanabe city, having been registered as a DMO candidate in 2016 and starting the registration process two years ago as of February 2018, the time of the interview. The JTA's examination was conducted through document submissions exclusively, and did not include on-site visits. The documents can be submitted for examination twice a year. According to the Bureau's key stakeholder, JTA required two main changes from the Bureau in order to obtain full DMO registration. Firstly, it was required that the Bureau's staff became more diversified. As the key stakeholder explained, the current staff consists mostly of workers from the tourism industry. However, JTA requires its registered DMOs to have a more diversified staff, including specialists in finance, commerce, agriculture and production for handling tourism development in different areas. This necessity has

been mentioned by international (UNWTO, 2016) and national organizations (Japan Tourism Agency, 2016). Secondly, JTA required upgrades on the Bureau's marketing activities, which are currently limited to conducting questionnaires and reporting the information obtained from the Kumano Travel platform (Tanabe City Kumano Tourism Bureau, personal interview, 2018). A similar situation regarding marketing limitations has already been observed in other Japanese DMOs (Nagai et al., 2017). These two hurdles towards full registration have not been an easy matter to solve for the Bureau. For instance, the key stakeholder mentioned that the Bureau may need to outsource its marketing activities to a specialized agency in order to fulfill JTA's requirements, as other DMOs have in previous studies (Nagai et al., 2017). Because of this, the Bureau is considering whether or not to continue the registration process and become a fully registered DMO (Tanabe City Kumano Tourism Bureau, personal interview, 2018).

Regarding funding, an important initiative was the establishment in 2010 of a travel agency, Kumano Travel, including its own online reservation system where visitors can book lodging facilities, tours and other services. The reservation system is aimed particularly at small groups and individual tourists, and is mainly utilized by foreigners: in 2016, out of a total of 11,442 tourists who used it, 7,744 were international visitors (approximately 67%), showing an increase of 49% in comparison to 2015. The adoption of this technological tool has simplified and sped up the planning and booking process for visitors, in particular international ones. At the same time, it has benefited the local establishments by processing reservations with no intermediaries and thus ensuring that earnings stay within the region, as well as creating employment. While the reservation system provides a source of funding for the Bureau, many tourists have started to choose other available booking websites, posing a problem for future funding. The Bureau recognizes that competition has increased mainly due to other online systems' relative lower costs, and it has decided to differentiate itself by diversifying its service, including luggage transport, preparation of food tailored to tourists' requests, and increasing tourist-aimed experiences such as crafting and on-site English support for different situations that the tourists may face during their hiking in the pilgrimage routes such as health problems, natural disasters or losing their way in the mountains. This way, the Bureau still retains a 70% share of tourism in Tanabe city and provides what they describe as a more organic service than international online reservation websites (Tanabe City Kumano Tourism Bureau, personal interview, 2018). The

Bureau's function as a travel agent through its reservation system is substantial for its own funding, amounting to 80% of the 2016 annual budget (which amounted to 60,000,000 yen), while the rest was funded by the Tanabe city local government. A similar situation was observed in previous research, where regional DMOs in Kyushu island were pointed out as funding themselves through revenue management rather than public funding because, by utilizing their close connections with local stakeholders, they could carry out business initiatives to generate their own funding (Yashima, Nagai & Doering, 2018). The findings in this paper support this, and provide an example of alternative funding through the employment of ICT tools rather than souvenir selling.

The profitability of the online reservation system ensures that the Bureau can continue to function normally and carry out its grassroots development activities in Tanabe city. Previous literature has also mentioned this positive aspect of local reservation system in comparison to international online booking platforms that naturally do not carry out these activities (Gössling & Bernard, 2015). However, new technologies such as reservation websites have hampered these efforts, bringing back the arguments that Dredge (2016) pointed out on the suitability of the current DMO model. Yet, new technologies and the Internet do not necessarily mean that destinations cannot compete, since their innovative use can improve the efficiency of local suppliers and the development of tourism products, as well as providing an opportunity to enhance the competitiveness of smaller players (Buhalis, 2000), as the Bureau's example showed. The success of the Bureau's competition with large reservation websites through offering a greater variety of services based on in-site knowledge and stakeholder collaboration may become a valuable initiative for DMOs to differentiate themselves and obtain funding. It is also important to notice that the Bureau's services are valuable to tourists because of the nature of the destination itself, which is mainly based on mountainous pilgrimage routes, where public services are scarce, English is not widely spoken by the local community and a degree of uncertainty always exists. Other destinations that have simple accessibility and thus do not require much support, such as cities with large public transport networks, may not find this applicable. Still, offering tourism services tailored to a destination's characteristics while utilizing site knowledge and stakeholder connections may become a source of funding for different DMOs and thus help to develop the destination.

The Bureau has also started in 2017 a service that provides as-

sistance to international travelers who arrive to Tanabe with no reservations. Through its services based on close collaboration with stakeholders, the office has become a new source of income for the Bureau. This kind of service is considered valuable because finding accommodation and transport in rural areas such as Tanabe is not an easy task with no prior booking, particularly for international tourists who may not be familiar with both the destination and the language. It also prevents visitors from showing up unannounced at accommodation facilities and creating misunderstandings with the staff.

The DMO registration would also allow the Bureau to receive additional funding; however, details on funding were unclear (Tanabe City Kumano Tourism Bureau, personal interview, 2018). Because the Bureau is already self-sufficient regarding funding and because of the lack of clarity in aspects of JTA's funding, the Bureau was re-evaluating whether to continue the DMO registration process. At the time of the interview, this matter was in consideration and no final decisions were made.

## VI. Closing remarks

As noted before, the Japanese DMO system is still relatively new and academic research on it is scarce (Fujita, 2017; Ishiguro, 2017). As previous research has specifically questioned the future success of Japanese regional cooperation DMOs in the context that Dredge (2016) described (Nagai et al., 2017), empirical studies on DMOs' experience with the registration system and its responses towards it are deemed to be of interest to not only tourism policy-makers, but also to academics. In particular, DMOs in rural communities such as Tanabe city may face difficulties in going through the DMO registration system and achieving full registration because of their limited resources, both financial and human, as seen in the present study. Since the national government aims to utilize inbound tourism to develop regional communities, a closer examination of DMOs located in these areas from different angles (such as human resources, funding and marketing capacity) would be of interest, in particular because the Bureau stated that the mentioned hurdles may hamper their registration as a full DMO. While this study presents a single case, themes that have appeared in it, such as those of insufficient specialized staff and marketing, may be further explored in future studies on a diverse range of DMOs. Future case studies on DMO's local knowledge and their possibilities for alternative funding may also be of interest in relation to not only the DMO system but also to general tourism development in rural areas, in line with previous research (Yashima et al., 2018).

Lastly, limitations of the present paper should be addressed, with the most prominent of them being that it is based on a single case study. This paper is exploratory in nature, focusing on one type of regional DMO illustrated through one case study. Its scope is naturally limited, but nonetheless it presents a basis for analysis and direction for further research. Indeed, it would be important to analyze to what extent the situation presented in this paper is applicable to Japanese DMOs in general, in particular regional DMOs local in rural areas. Also, future research would further develop the hurdles that DMOs may face during the registration system through quantitative (to analyze to what extent they are applicable to a large number of samples) and qualitative (to uncover new data that may not have been studied in detail). Obtained data would shed light on the actual applicability of the DMO registration system and the challenges that DMOs, particularly in regional areas, face and how they have responded. The Bureau's innovative approaches to funding utilizing stakeholder collaboration, ICT tools and in-sight knowledge would also be a valuable model for other DMOs located in rural areas that strive to compete with international reservation websites.

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