Key Performance Indicators for Destination Marketing

Market volume and market growth analysis "Portfolio analysis"

Portfolio Analysis

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Objective: To find the right mix of target markets

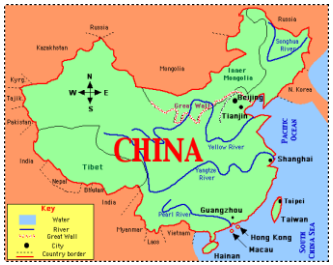
Implications for budget allocation process (e.g. where to invest ...) and strategic (long-term) decisions (e.g. shall we enter/leave a market?)

Basic questions:

- What makes a market attractive?
- What are our chances in attracting visitors from a particular (attractive) market?

What makes a market attractive?

1. **Size**



2. **Growth/Prospects**

- (Traditional) market volume and market growth indicators
  - # of travellers, spendings (‚Outgoing')
  - either measured at the country of origin (source market) or at the destination (e.g. total sum of arrivals)

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What are our chances in attracting visitors from a particular (attractive) market?

Market chance indicators

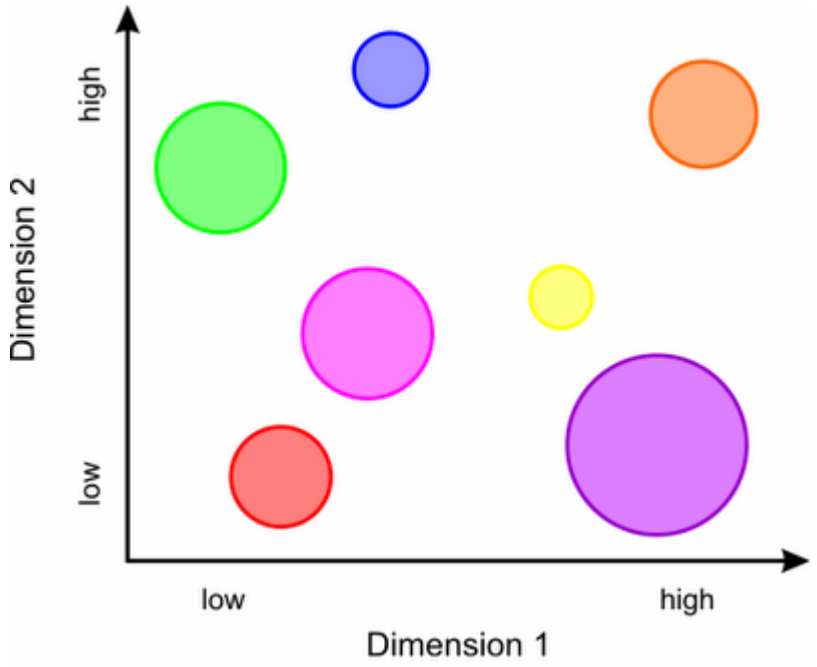
- **Destination awareness**
  - Knowledge, preference and sympathy towards a destination
- **Relative price level**
  - Comparison between prices of tourism goods and travel budget of travellers
- **Level of distribution**
  - Availability of a destination within the generating country‘s distributional system of tour operators and travel agents and online reservation systems
- **Competitive pressure**
  - Advertising budget invested by all competitors in a market
- **Travel distance**
  - Average financial input to cover travel distance

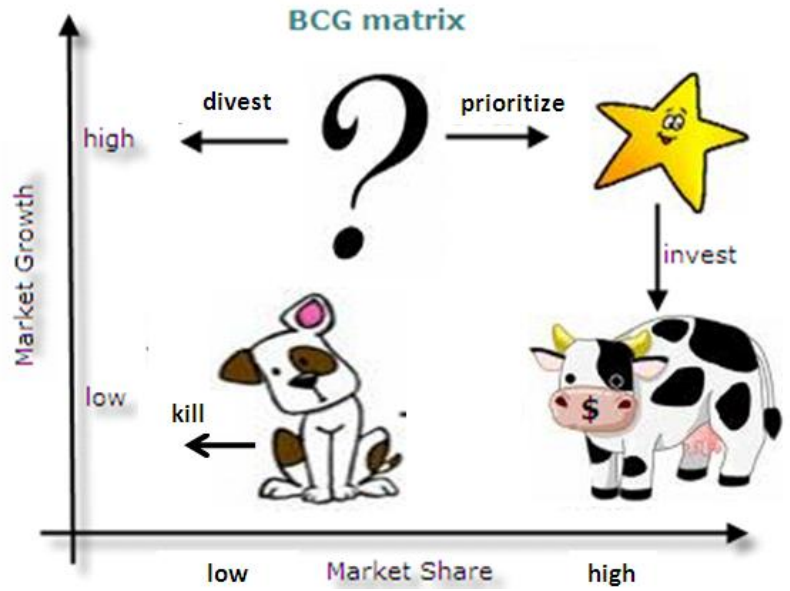
Strategic Key Performance Indicators

- **Market volume** is an absolute number describing the volume of tourism generated by a particular market
- **Market growth rate** is the percentage change of the market volume (in %)
- **Absolute market share** is the ratio when comparing the performance of a particular destination with the overall market volume (in %)
- **Relative market share** is the ratio of the market share of a particular destination compared to the market share of the leading destination (or the second best destination if the destination of evaluation is the market leader)
- **Guest mix share (= importance value)** is the proportion of bednights sold of a particular market compared to the overall number of bednights recorded in a tourism destination (in %)

Market Growth-Share Matrix

Visualization





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Examples on TourMIS

„Market volumes and shares of selected destinations“

- Regional Level
  - Portfolio analysis of Austrian provinces
- City Level
  - Portfolio analysis of cities in Europe
- National Level
  - Portfolio analysis of countries in Europe

Discussion on possible future steps in developing TourMIS

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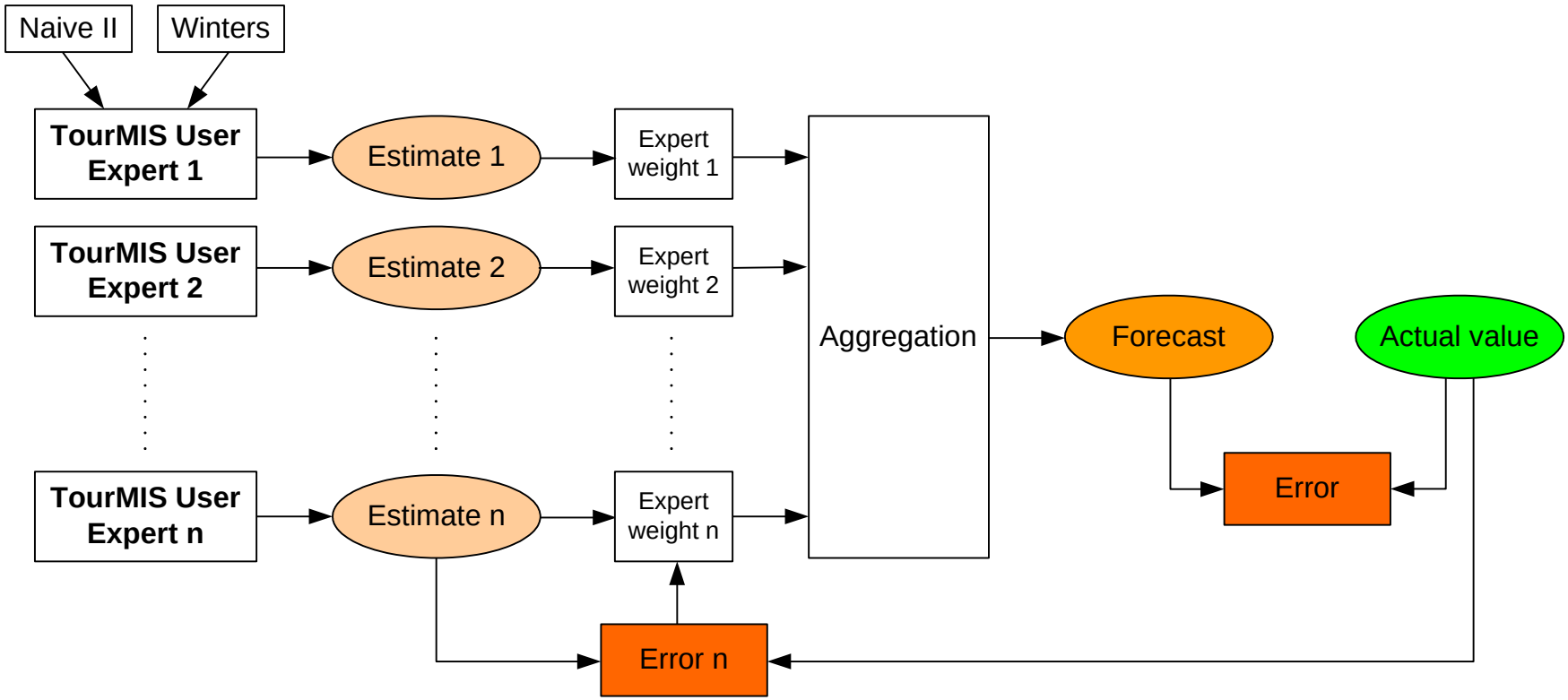
Forecasting tourism demand

Tourism Forecasting Methodologies

- Quantitative (statistical) forecasting
  - Econometric approaches
  - Time-series techniques (e.g. **decomposition and linear regression** in www.citytourismbenchmark.com)
- Qualitative (judgmental) forecasting
- Both (hybrid) forecasting
  - builds on the complementary strengths and weaknesses of quantitative and qualitative forecasting methods
  - "**My best estimate**" on TourMIS

Adaptive Qualitative Forecasting



Adaptive Qualitative Forecasting

- **Problem: Very little participation in „My best estimates“**
  - System not user friendly enough?
  - Too little confidence of TourMIS users making estimates?
  - No need for forecasts??
- **Possible solutions?**
  - Improve user interface?
  - Reminding users to make estimates?
  - Better presenting/visualizing the predictions?
  - Replace hybrid with other quantitative forecasting method(s)?
  - Omit forecasting??

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Economic indicators

Evaluation of source market developments

Economic indicators

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Yahoo (finance.yahoo.com) via Finance::Quote (Perl)

- Stock market developments (9)
  - ^GDAXI = Dax (Germany)
  - ^DJI = Dow Jones Industrial Average (USA)
  - ^FCHI = CAC40 (France)
  - ^FTSE = FTSE 100 (UK)
  - ^FTSEMIB.MI = (Italy)
  - ^N225 = Nikkei 225 (Japan)
  - ^IBEX = IBEX 35 (Spain)
  - ^SSEC = SSE Composite Index (China)
  - ^RTS.RS = Russian Trading System Index (Russia)
- Exchange rates (22)
  - USD, CNY, JPY, GBP, RUB, DKK, SEK, CZK, HUF, CHF, HRK, NOK, BGN, EEK, LVL, LTL, PLN, RON, SKK, TRY, ISK, UAH
- Monthly data since 2005, currently problems with exchange rates (since 2/2012)

Economic indicators

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World Bank (data.worldbank.org) via (open source) API

- GDP constant 2000 $US
- Consumer Price Index (in domestic prices and/or in € multiplied with current exchange rates)
- Unemployment Rate total (% of total labor force)
- Size of population

Many open questions ...

- Periodicity (m/a)
- Which markets? All?
- How to present data within TourMIS?
  - Additional menu item? Where?
  - How to select and present economic indicators in tables (absolute, relative values, index, ...)? Which context (destination level, aggregation level?)
  - Analysis? (correlation factors, econometric modelling/forecasting, ...)
  - Visualization??

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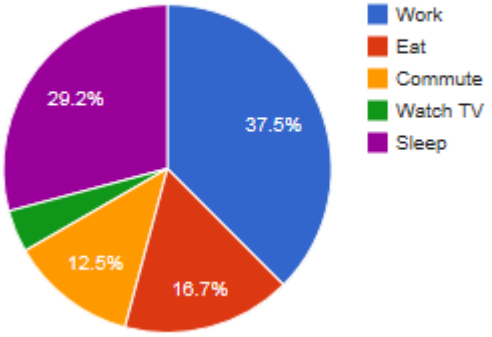
Possible New Tables & Graphs

Opportunities for visualization

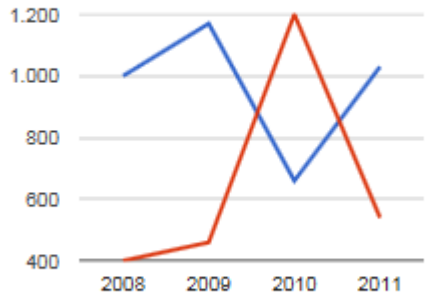
Google Chart Tools (API)

See https://developers.google.com/chart/interactive/docs/gallery

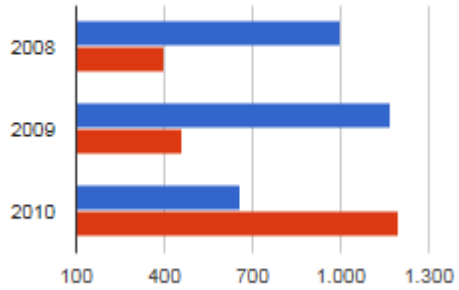
Pie Chart

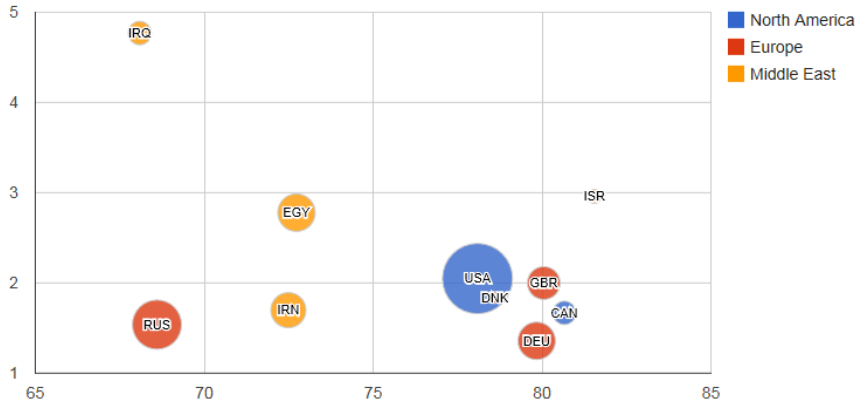


Line Chart



Bar Chart

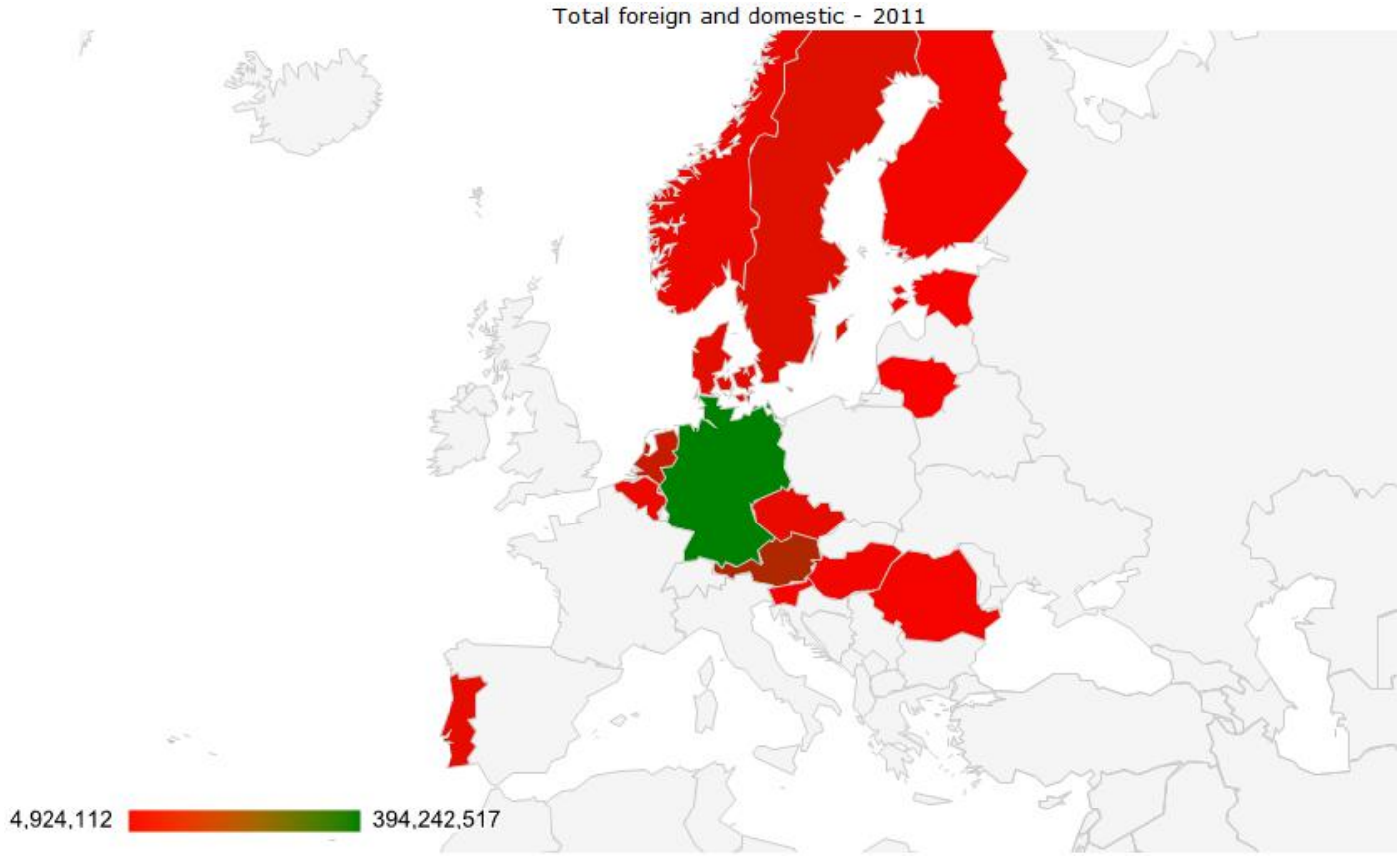




Opportunities for visualization

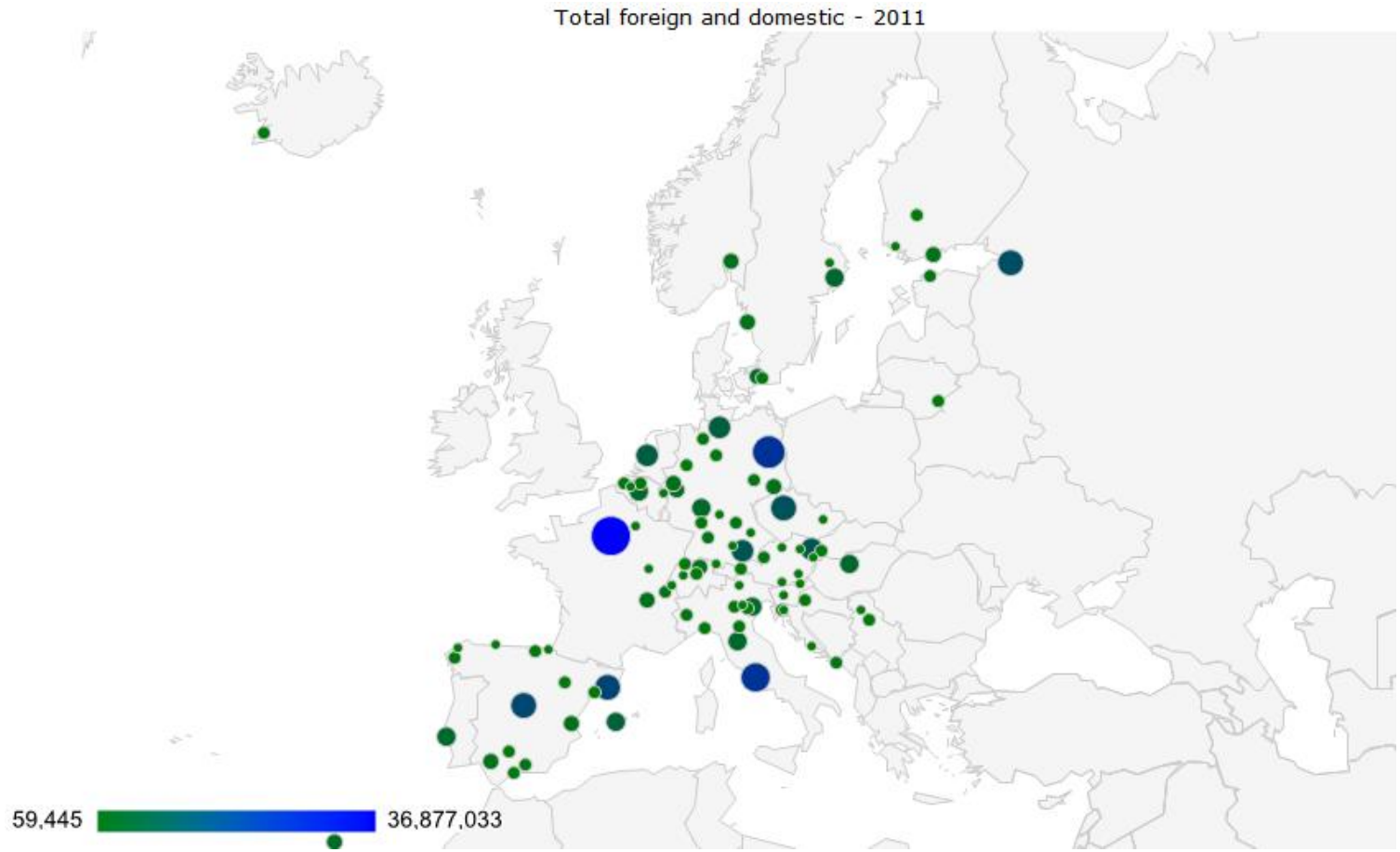
New area charts!

ETC: „Arrivals and nights (most commonly available definition)"



Opportunities for visualization

ECM: „Arrivals and nights (most commonly available definition)"



Opportunities for visualization

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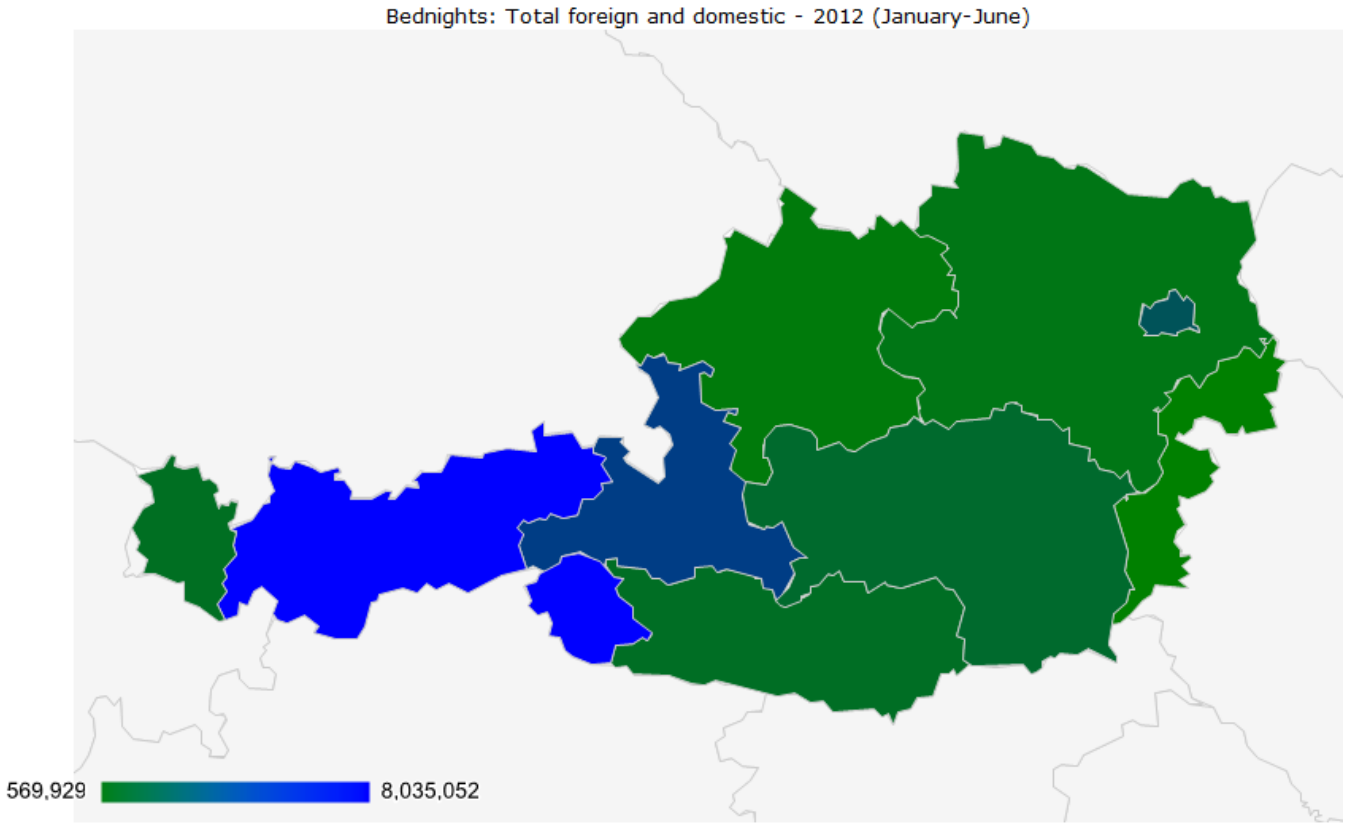
Austria: „Arrivals or bednights of one generating country by type of accommodation and Austrian regions”



Opportunities for visualization

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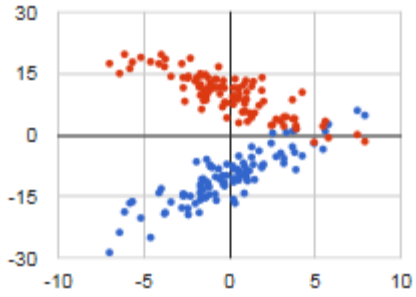
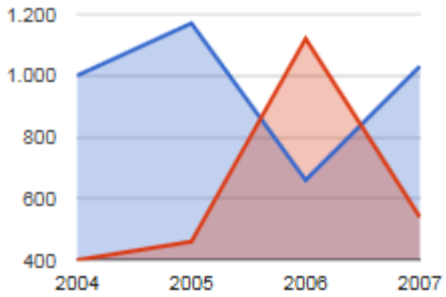
Other possible charts ...

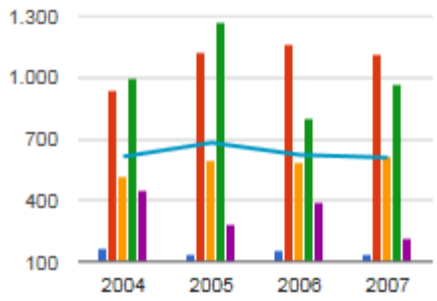
Scatter Chart



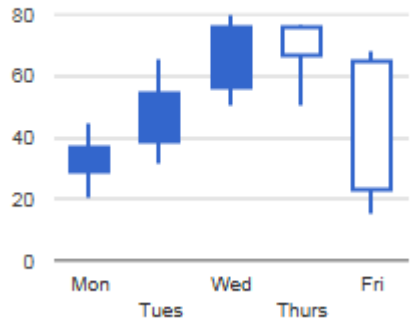
Area Chart



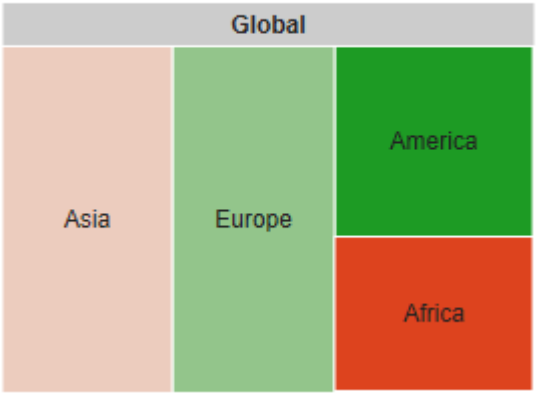
Combo Chart



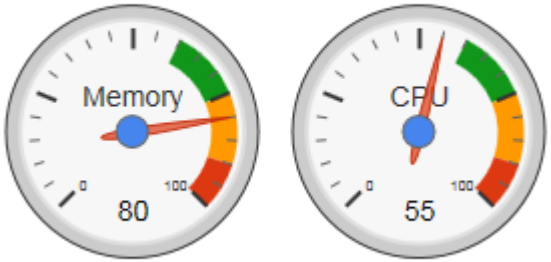
Candlestick Chart



Treemap



Gauge



Future steps

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How to make suggestions for new tables?

Future steps

Drafting a new table
Example: Average length of stay

Suggested label of table: Average length of stay in one ETC destination

Destination=<to be selected>

Type of Accommodation=<to be selected>

Period=mm1/yy1 - mm2/yy2 <to be selected>

	Arrivals			Bednights			Avg Length of Stay	
	mm1/yy1 – mm2/yy2 (absolute)	mm1/(yy1-1) – mm2/(yy2-1) (absolute)	%-p.y.	mm1/yy1 – mm2/yy2 (absolute)	mm1/(yy1-1) – mm2/(yy2-1) (absolute)	%-p.y.	mm1/yy1 – mm2/yy2 (days)	mm1/(yy1-1) – mm2/(yy2-1) (days)
Market A								
...								
Market Z								

Submit it to tourmis@modul.ac.at

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Possible New Menu Structure

New menu structure (ECM & ETC - draft)

- **Latest trends**
- **Performance of last 10 years**
- **Nights & arrivals**
  - Availability (only nights and arrivals)
  - Monthly data
  - Annual data (current list excluding table ‘Accommodation, bedspaces and occupancy’)
  - Data entry (data inputers only; only bednights & arrivals)
- **Capacity & occupancy**
  - Availability
  - Annual data (Accommodation, bedspaces, occupancy)
  - Data entry (data inputers only; only capacities)
- **Attractions & sights**
  - Annual data
  - Data entry (data inputers only)

Summary of workshop findings and feedback by participants