Launch of Setouchi DMO — A Co-Creation Venture That Goes beyond the Conventional ICT Framework

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Abstract

Destination management/marketing organizations or DMOs are one of the hottest new concepts in the tourism industry in Japan. Focusing on promoting a community as both an attractive travel destination and an exciting place to live and work, DMOs play a critical role in community revitalization efforts. With these goals in mind, the seven prefectures surrounding Japan's Seto Inland Sea joined together to establish Setouchi DMO. NEC was brought in right at the inception and has since played a prominent role in moving this project forward. By getting involved in the local communities and staying in close touch with residents, we have gained a deeper understanding of local issues, enabling us to implement business creation activities more attuned to community needs. This paper looks at our new commitment to community co-creation projects, which provide us with an opportunity to work closely with local communities to achieve a collaborative vision, combining our expertise and technology with the organization's assets to go beyond the conventional framework of value provision that ICT has traditionally been capable of offering.

Keywords

community co-creation, regional revitalization, Setouchi, DMO, tourism area creation, public-private partnership

1. Introduction

Jointly established and operated by the seven prefectures surrounding the Seto Inland Sea, the Setouchi DMO is a public-private partnership created to promote tourism throughout the area of the Seto Inland Sea. At the most basic level, the Setouchi DMO seeks to achieve regional revitalization by establishing and promoting the Setouchi brand. Deeply involved since the organization's inception, NEC has played a role in leading and supporting the project.

DMO stands for destination management/marketing organization. Already the dominant concept in tourism marketing in North America and Europe, destination management is being promoted by the Japanese government which considers it key to promoting regional revitalization.

NEC's participation in the Setouchi DMO is much more than just a provider of information communications technology (ICT). Instead, our staff are working closely with local members and residents to leverage our know-how and the organization's assets to jointly identify and solve challenges facing the community and help create and establish new businesses that will propel the DMO's

efforts into a new realm.

In this paper, we will look at some of NEC's activities in connection with the Setouchi DMO and demonstrate how they make this an ideal case study of our commitment to regional revitalization.

2. About the Setouchi DMO

2.1 Establishment of the DMO as a public-private partnership

Aiming at regional revitalization (achievement of local renaissance and enhanced growth) through the establishment of the Setouchi brand, seven prefectures (Hyogo, Okayama, Hiroshima, Yamaguchi, Tokushima, Kagawa, and Ehime) (**Fig. 1**) that surround the Seto Inland Sea worked together with seven regional banks to jointly establish the Setouchi DMO (**Photo 1**).

The Setouchi DMO is composed of two bodies: the Inland Sea, SETOUCHI Tourism Authority, which is a general incorporated association founded under the auspices of the local government; and the Setouchi Brand Corporation, which was founded by regional financial institutions and private companies inside and outside the

Fig. 1 The Seven Prefectures that Comprise the Setouchi Region.

Photo 1 Establishment of the Setouchi DMO.

region. The result is a fluid and flexible organization that demonstrates both public and private characteristics and whose two components are able to act both independently and collaboratively.

2.2 Features of the Setouchi DMO

Operating primarily as a branch of the local government, the Inland Sea, SETOUCHI Tourism Authority undertakes marketing and promotion activities aimed at attracting people to the Setouchi Region. Another way of putting it is to say the Tourism Authority's role is to create demand. Meeting that demand is the function of the Setouchi Brand Corporation, which is run for the most part by private companies. It is responsible for providing financial and management support to help improve and increase services provided by local tourism-related businesses. A third organization — Setouchi DMO Members — was established jointly by the Tourism Authority and the Brand Corporation. It's a membership-based service that provides local businesses with useful functions offered by the DMO. The Setouchi DMO is the overarching organization and operates through close cooperation between these three entities (**Fig. 2**).

As well as investing in the Setouchi Brand Corporation, NEC has reassigned an employee to the company. This makes it possible for us to act as one of the active players in the organization and send our staff there
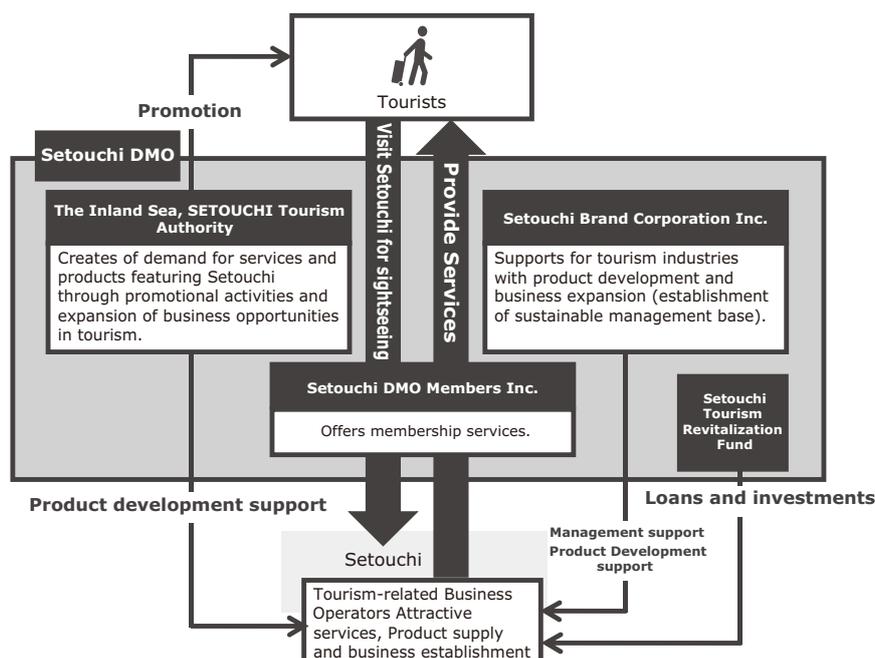

Fig. 2 Composition of the Setouchi DMO.

Crowds of people bustle around the booths at NEC headquarters

Source: Setouchi DMO News, Vol. 010
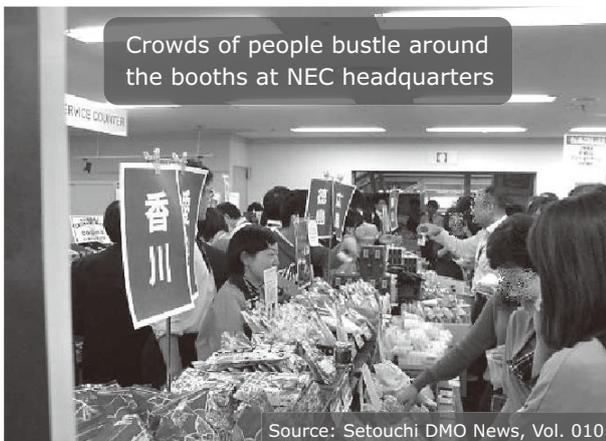
Photo 2 Exhibition of Setouchi Products Held at NEC Headquarters Building.

on a long-term business trip basis. By embedding our employees in the region, we can establish a presence and better integrate ourselves in the local communities. Since arriving in the region, we have been working closely with local residents to advance regional revitalization (**Photo 2**).

3. Launching a Membership Service Operation

3.1 Creating a system to support local businesses

Since most of the region's tourism-related businesses consist of small and medium-sized companies and the self-employed, it is important to assure that support in people, goods, money, and information (knowledge) is widely disseminated so that new tourism demands can be translated into new business opportunities. Consequently, we decided to launch a fee-based membership service called Setouchi DMO Members that would offer knowledge and know-how, as well as management support and business aid services. Because the Setouchi DMO's umbrella organizations are seven prefectural governments and local banks in the region, local clients and businesses view it as more trustworthy than an independent private organization. Therefore, it was expected that many businesses and service providers would be attracted to Setouchi DMO Members not simply because of the value of the above-mentioned membership services offered, but because they approved of the regional revitalization activities undertaken by the Setouchi DMO.

3.2 Taking the initiative to transcend borders

Because this project was conceived as a means of

providing a revenue base for the Setouchi DMO going forward, it was critical to get it underway as soon as the organization had reached a consensus regarding the implementation of well-planned, ongoing activities. This meant that in just six months we had to establish a marketing structure to obtain members, design operation flows, and develop appropriate ICT. Not surprisingly, given the circumstances, we had to deal with a wide range of issues that couldn't be quickly or easily delegated. Instead, all staff members came together to offer their ideas and discuss solutions, transcending their original roles as planners and engineers to become active participants in propelling forward the organizations to which they belonged. More than anything, it was the commitment of all our staff to working together to move the project forward that made it such a success.

3.3 Application of leading-edge ICT to old customs to create something new

One of the greatest challenges we faced in Setouchi was overcoming local adherence to paper documentation in their business practices and systems. As an IT vendor, NEC offers a number of membership management systems. Naturally, the system we intended to build for the Setouchi DMO Members was an online system in which prospective members would sign up by entering their data in a web form. We soon discovered, however, that what we thought of as standard practice in this day and age, remained an unwelcome technological intrusion as far as the people of Setouchi were concerned. Paper documentation was considered the proper and only way for business or government-related documentation to be handled. This made it necessary for us to design a new system whose operation flows and functions would better suit the local requirements. After all, the only trustworthy business practice in this region was the traditional business practice in which a form was filled out manually and then stamped and stored. That was the only way to encourage prospective applicants to join Setouchi DMO Members.

At first, we thought that this was a custom peculiar to banks and applied mainly to the financial institutions who would be our partners in this operation. But as we continued the process, we soon learned that many of the small and medium-sized companies who would be our membership targets shared this view. Thus, despite the short development period, we spent the first two months discussing what the document format and workflow should be. Our examination didn't end with the creation of an entry format and multiple choices required for designing a database, but went as far as construction of
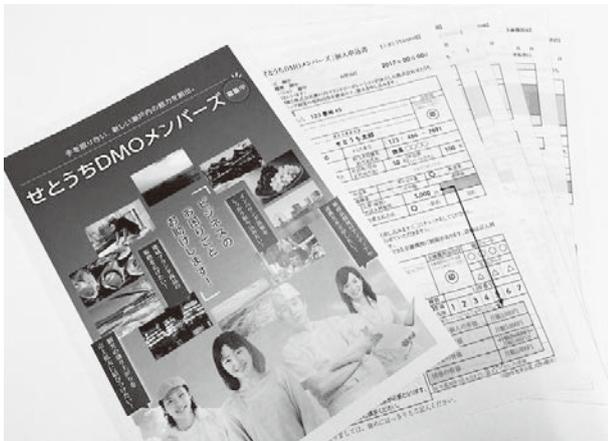
Photo 3 Application Form for Setouchi DMO Members.

Setouchi Marché
Site promoted by TV broadcast in conjunction with Setouchi Souvenir Contest and joint promotion with local specialty events.

Setouchi Cheers
Development and sales promotion of products incorporating Setouchi lemon essential oil made possible through crowdfunding.

Fig. 3 Setouchi Brand.jp Website.

a workflow that would include the physical exchange of paper-based documents. What we designed was a new form of workflow that incorporated seemingly obsolete business practices — such as a man-to-man approach until a prospective member joined, how to handle information flows and processes when an application was made via a distributor, and how to send, receive, and store the original and copies of the application form — into ICT. As a result, the initial 2–3-sheet application form became a 5-sheet carbon copy form and we decided that the status of applicants from sign-up to acceptance as members would be classified into five stages according to the flow to facilitate management (**Photo 3**).

By respecting the local culture and introducing a workflow and system that more closely conformed with actual business practice in the region, we succeeded in obtaining cooperation from important regional companies in acquiring members, which enabled us to obtain many fee-paying members as soon as we launched the operation.

4. Membership Service

4.1 Provision of services to support online sales

As we studied the membership service, we noticed that there was a pressing shortage of resources for product promotion and expansion of sales. As many of the local enterprises that would be offering local specialties and experience-oriented sightseeing programs were small and medium-sized companies, their focus was more on product development than marketing and sales. Considering this, we set up an online shopping mall that enabled members to easily set up an online shop that provided full support for product introduction, promotion and sales. We also established a system to support expansion of sales
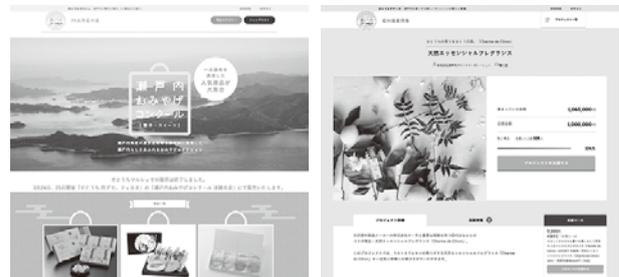
channels and promotion of members' products by launching a website called Setouchi Brand.jp comprised of three divisions — Setouchi Marché which sells local specialties, Setouchi Experience which sells community-based tourism products, and Setouchi Cheers which conducts crowdfunding (funding a project to help launch a new business by raising money via the Internet) (**Fig. 3**).

4.2 Online shopping mall activities

A project called Setouchi Souvenir Contest was held in cooperation with a local TV station from February to March 2018. The aim of the contest was to pick the number one souvenir from the seven prefectures in the Setouchi region in competition-style sales. During the period this event took place, entries were introduced on TV almost every day. Meanwhile, we conducted a poll on the most popular souvenir at local events and community gatherings, while also selling the participating souvenir products. As for sales of local specialties, we succeeded in significantly increasing visits to the Setouchi Brand.jp website by conducting a promotion in conjunction with the contest. We also set up webpages dedicated to the contest during the contest and conducted a poll on the most popular souvenir on those webpages, which led to sales promotion for the member enterprises.

When it comes to crowdfunding, we provided the member enterprises with various different kinds of support ranging all the way from choosing a project to materializing that project. In December 2017, in collaboration with a company dealing in Setouchi lemons, we helped materialize a project that could only be possible in the Setouchi region.

The important factors for the successful achievement of a crowdfunding project are that the quality and value of the shipped product meet the expectations of the funders and that webpages effectively narrate a story to

attract many prospective funders, while also conveying a visual impression of that narrative (sophisticated impression, reliable policy, etc.). This meant that we held numerous discussions with the member enterprise who had originated the project to refine and enhance the project. Ultimately, we launched a project which was approved and funded by many people. As a token of appreciation, the project sent the funders a perfume made of the natural essence extracted from the lemon, as well as freshly picked lemons — something that was greatly appreciated by most, with some commenting how the lemon refreshed their tired body and mind.

5. Further Expansion of Services and Future Prospects

As the number of members increased and a wide spectrum of local enterprises started to participate, we began receiving requests for transaction of services and products between members, as well as for introduction of reliable enterprises for potential business partnership. We are now considering a B2B matching platform that will allow the several hundred members scattered over the seven prefectures to flexibly communicate with each other. There is also a request to prioritize the massive volume of data that will be uploaded to the above-mentioned platform and to build a new system that will filter the data and send only useful information to the members. Therefore, discussions focusing on further expansion of services are now underway.

The pioneering membership service operations at Setouchi DMO has led to countless inquiries from government ministries and agencies, local governments, and other DMOs and is attracting public attention. We anticipate that this DMO will evolve into a service platform provided with multitenant functionality and serve as a system that will support other DMOs around Japan as well as deployment to overseas DMOs.

6. Conclusion

In this paper, we have introduced the Setouchi DMO and our active participation in helping this organization achieve its goals as a case study for community co-creation where new value is created while staying true to the vision that animates local communities. In particular, we believe our role in the Setouchi DMO shows how companies such as NEC can transcend the conventional ICT framework and contribute in a more positive and dynamic fashion to regional revitalization. By deepening our understanding of the issues the community is facing and by keeping in close contact with the community, we are able to offer our own value in the process, as well as to

create solutions in cooperation with the community and lead them to new businesses. These approaches have now come to define what is expected of participants in community co-creation and regional revitalization. We are committed to continuing to provide new value that transcends the conventional framework of ICT through co-creation activities while constantly capturing local needs and up-to-date trends through participation in a groundbreaking community organization like the one that has been discussed in this paper.

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