

Column B Place Branding in Kansai

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Revenue from regional tourism, which had relied heavily on inbound tourism, has been seriously impacted by the COVID-19 pandemic. Now that post-COVID-19 measures are gradually being taken, it is necessary to seek out attractions that appeal to domestic tourists, not just to wait for the recovery of inbound tourism.

The previous section discussed that enhancing brands, such as those of Destination Marketing Organizations (DMOs), is important for tourism-related parties among the determinants of tourism consumption. As branding strategies become increasingly important for the future, “place branding” will emerge as a key factor.

1. What is Place Branding?

The concept of place branding means building the idea of the region with any related element, such as culture, nature, history, industry, and regional life. Although its meaning is not limited to tourism-specific, the term “place branding” is often used in association with it, because tourism accounts for a major portion of the elements that create a brand.

(1) Its Definition and Movements toward Practical Implementation

In 2009, the United Nations World Tourism Organization (UNWTO) prepared the Handbook on Tourism Destination Branding, which is a practical handbook for place branding for tourism-related parties. The Handbook defines place branding as “the process of branding a place in a holistic way that encompasses a country’s, a region’s or a city’s overall political, cultural and business image. This also includes a tourism dimension.”¹⁾ In addition, according to the Handbook, brand attributes include differentiation and competitiveness. Furthermore, “place” can refer to a nation, region, or city regardless of the geographic size, and place branding initiatives are supposed to be carried out in the entire place.

1) UNWTO (2009), p. 161.

From this, it is understood that place branding is a comprehensive concept that combines various factors such as culture, nature, history, industry, and regional life, including tourism (but not limited to the so-called tourism industry) to create an image (brand) of a country or region. Therefore, when promoting place branding in a region, it is necessary to work from the perspective of growing the economy of the entire region without focusing only on tourism, although it occupies an important position in place branding.

Place branding is a concept that has been studied in Europe since 2000, and therefore early examples of practices can be observed in Europe. Regarding the practices of place branding targeting places in Japan, Wakabayashi et al. (2018) provided some examples and the website of the Japan National Tourist Organization (JNTO) provides an example in Gifu Prefecture.

At the policy level in Japan, the Phase-II Town, People, Job Creation Comprehensive Strategy (2020 Revised Edition) by the Cabinet Secretariat and the Cabinet Office advocates the strengthening of regional earning power through collaborations between tourism and other fields, such as traditional industries, by positioning tourist resources as a source of regional attractiveness alongside aspects like culture and sports. In addition, the Strategy also discusses touristic regional development and branding promotion by placing DMOs at the core. Thus, DMOs are expected to play leading roles in place branding in Japan.

(2) Stakeholders and Leadership in Place Branding

Regional brand power is affected by the activities of all stakeholders, such as local governments, organizations, various industries, and residents. Therefore, there is no decisive answer to the question as to who should take the lead in improving regional brand power (place branding). However, a brand image is strongly formed through tourism in the region, while improving the brand image has a positive impact on regional tourism. Therefore, one approach is for tourism players to take the lead in place branding and for all stakeholders involved in the region to participate in the branding process.

DMOs can strengthen regional earning power through place branding and bring benefits to the local economy. Therefore, relationships

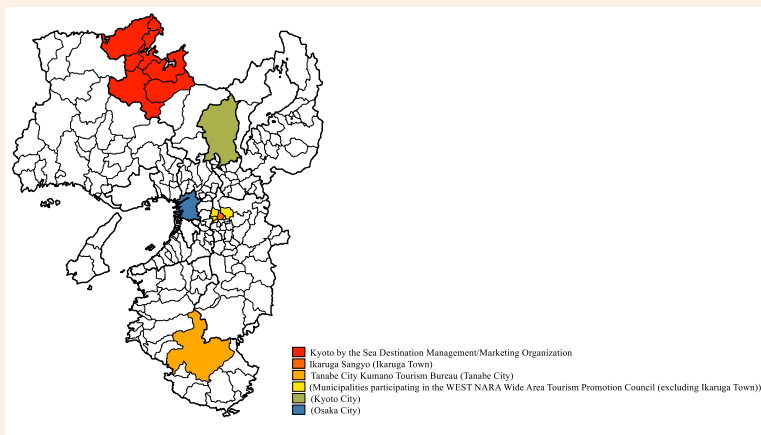


Figure 3-CB-1 Activity areas of three DMOs

Source: The marketing/management target area mapped onto the six prefectures in the Kinki region based on the DMO Formation and Establishment Plan in the "Plan for the Formation and Establishment of Candidate Destination Marketing Organizations" published on the Japan Tourism Agency's website.

with stakeholders who are involved in local economic development, such as the Chamber of Commerce and Industry, are inevitably important for determining branding policies. In areas where temples and shrines are important tourist resources, their intentions are also important. If there are no influential tourism leaders and the local government is leading tourism policies, the local government's views should also be valued.

For DMOs, who are at the center of these stakeholders, it is important that they grasp and adjust their intentions from the perspective of overall optimization and to steer them toward policy making.

Above, we outlined place branding, while in the next subsection, we will discuss place branding initiatives in three areas in Kansai.

2. Examples of Place Branding by Three DMOs

The Asia Pacific Institute of Research (APIR) held a symposium in March 2022, inviting three DMOs in the Kansai region. There it was discussed how DMOs should be after COVID-19 based on the characteristics and differences of place branding in each region. Here we provide

a summary from two perspectives: “how DMOs engage in value creation and regional development through collaboration across the boundaries between industry, government, and the private sector” and “the advantages and difficulties of being a DMO in leading a region.”

(1) Kyoto by the Sea Destination Management/Marketing Organization (abbreviated name: Kyoto by the Sea DMO) (Kyoto Prefecture)

The Kyoto by the Sea DMO, established in 2016, sets its franchise territory in seven cities and towns in the northern area of Kyoto Prefecture. And it runs promotion and branding for them, based on the concept of “Another Kyoto” that aims to attract visitors from Kyoto City to other areas in the Prefecture.

i) Value Creation and Regional Development through Collaboration across Industrial and Regional Boundaries

This DMO promotes the appeal of the area’s history, culture, industry, and lifestyle, which are its common strengths, to visitors, including inbound tourists, under the concept of “the origins of Japanese culture still seen in the whole fields, mountains and seas.” As initiatives that make use of these strengths, the DMO has formulated measures that cover a wide area of seven cities and towns, such as a tasting tour of 12 breweries in the northern area of Kyoto Prefecture and an e-BIKE tour that compensates for the area’s lack of secondary transportation.

The DMO is also working on fostering local businesses and has been promoting area development that includes tourism as well as accommodation and immigration under “sustainable area development with tourism as a gateway,” its new mission. To put the mission into practice, it established the Chiikizukuri Kyo Fund in March 2021 in collaboration with other DMOs²⁾ and financial institutions in Kyoto Prefecture and launched support for start-ups in the region. Also, the Kyoto by the Sea DMO has individually launched a project called the

2) Other than the Kyoto by the Sea DMO, two other DMOs, General Incorporated Association Mori no Kyoto Regional Development Agency (Mori no Kyoto DMO) and General Incorporated Association Kyoto Yamashiro Regional Development Agency (Ocha no Kyoto DMO), have invested in the Fund.

“Corporate Proposal-Based Sustainable Regional Development Project” for the joint implementation of selected project proposals. Specifically, it is promoting projects in collaboration with local business operators, such as tours combining multiple modes of transportation, tours combining hunters and gibier (wild game) cuisine, and locally-brewed sake set gifts in return for hometown tax donations.

This DMO also experienced slowdowns in both its inbound and domestic travel businesses due to the COVID-19 pandemic, so it is working on online promotions, information sharing with agents, and developing new agents to attract visitors after COVID-19. To lead regional tourism, this DMO will proactively work to develop commercial products that will encourage tourists to stay two or three nights in the Kyoto by the Sea area so that local businesses can earn money through tourism.

ii) Advantages and Difficulties of Being a DMO

The DMO considers that it should take on the role of a producer to connect areas and give directions, and it is determined to continue to play its role.

As a semi-governmental DMO that steers tourism over a wide area, its public qualification as a registered DMO is an advantage when conducting activities. Another of the DMO’s advantages is faster communication and decision-making are faster than in local governments, due to staff from various organizations,.

On the other hand, one of the difficulties for this DMO is its restricted freedom in implementing measures to some extent, because of high dependence on businesses entrusted from and subsidized by local governments. In addition, it finds it difficult to coordinate among the different areas because this DMO is an area-collaboration DMO that covers a wide area, specifically the northern area of Kyoto.

Also, the DMO wants to demonstrate its contribution by disseminating information inside and outside the organization, implying its difficulty to demonstrate its achievement.

(2) Ikaruga Sangyo (Nara Prefecture)

Ikaruga Sangyo is a relatively new DMO whose corporate status is a stock company. The Company, being engaged in the real estate business, has

established the Urban Development Business Division, which is considered the “second founding” of the Company, with the aim of revitalizing the area. The Urban Development Business Division is in charge of the Company’s DMO activities and regional tourism business. It also serves as the Secretariat to the WEST NARA Wide Area Tourism Promotion Council described later.

i) Value Creation and Regional Development through Collaboration across Industrial and Regional Boundaries

A buggy tour around the three towers in Ikaruga Town has gained an excellent reputation among foreigners on YouTube, and it has been one method of branding Horyuji Temple. Currently, these circular tours using various vehicles are provided as new Horyuji Temple tours. The use of secondary transportation has also been enhanced to promote the circular tours, and a one-day unlimited ride pass for Nara Kotsu buses is offered to visit nearby tourist spots.

The new approach to the Ikaruga three towers tour, including the Horyuji Temple, has created a new brand image for the Horyuji Temple and Ikaruga, that have traditionally attracted only school excursions and the elderly. This new brand image has quickly spread across a wide audience on YouTube.

Also, in order to stimulate tourism demand beyond the Ikaruga town municipality level, the WEST NARA Wide Area Tourism Promotion Council was established in 2021 through a collaboration with one neighboring city and five towns (Ikaruga Town, Yamato Koriyama City, Heguri Town, Sango Town, Ando Town, and Oji Town). Utilizing its locational advantage of being close to Osaka, the Council will create tours by combining tourist spots in various locations in the area, aiming to increase the number of tourists from 3.9 million in 2019 to 5 million in 2025. During FY 2022, the Council is working to certify regional brands in cooperation with the Chamber of Commerce and Industry, and furthermore, to achieve commercialization of regional brands in cooperation with METI and other government agencies, as well as companies such as JR, Kintetsu, and JAL.

While supporting restaurants and retailers with coupons and other incentives during the prolonged COVID-19 pandemic, the Council is

strengthening cooperation to support local temples and shrines that are less likely to obtain subsidies. It is also encouraging local shops to change their mindset to collaborate in developing products and new businesses that will promote tourism.

ii) Advantages and Difficulties of Being a DMO

The reason for registering Ikaruga Sangyo as a DMO is to revitalize the area. For this, the first priority is to increase the number of visitors and related populations in the area. To work on tourism, the Company first established the Urban Development Business Division and then registered it as a DMO. The DMO considers the question whether a DMO is really needed in the area as an issue relating to its *raison d'être*. The Company believes that the organizations in charge of matters should be the government before the trip, the tourism association and the private sector during the trip, and the private sector after the trip, and that the DMO should be responsible for the overall management of the trip. It is important to divide the roles and work as one team for the area.

(3) Tanabe City Kumano Tourism Bureau (Wakayama Prefecture)

The Tanabe City Kumano Tourism Bureau was established upon a merger of municipalities and registered as a DMO in 2019. It started a destination-oriented travel business in 2010 to attract tourists from overseas, and from that time sales steadily rose but then fell sharply in 2020 due to the COVID-19 pandemic. The Bureau, which is active in the Kumano Kodo area spanning three prefectures, was established as a bottom-up organization on the occasion of the registration of the Kumano Kodo as a UNESCO World Heritage site and the merger of municipalities, and it was subsequently registered as a DMO.

i) Value Creation and Regional Development through Collaboration across Industrial and Regional Boundaries

As a result of focusing on walking tours on the Kumano Kodo and developing food, lodging, and transportation services together with local people, ancillary services have expanded and the number of guesthouses has increased. With the sharp decline in inbound tourism demand due to

COVID-19, it is difficult to increase the number of Japanese tourists only by promoting visits to the Kumano Kodo, so they are trying to balance inbound and domestic travel by utilizing the forests that form the cultural landscape.

Judging that the Kumano Kodo alone has limited appeal to the Japanese, the DMO has expanded the sources of brand power to the mountains, forests, and the sea surrounding the Kumano Kodo, and is working to create a new brand image for a new customer base of Japanese tourists by developing forest education tours that take advantage of the above-mentioned surrounding areas.

In addition to the survival of the DMO, the challenge is to ensure the survival of small accommodation facilities and businesses along the Kumano Kodo and to maintain the local supply chain. From the current inbound sales ratio of 88% to the entire travel industry's sales, the DMO aims to make the ratio of domestic to inbound tourism sales 50:50 in the future.

In order to pass on the 1,000-year-old Kumano Kodo and pilgrimage culture to the next generation through tourism, it is necessary to promote tourism and regional development and to increase demand from Japanese tourists even during COVID-19 conditions by utilizing all of the mountains, rivers, and the sea that make up the Kumano Kodo. The DMO is working with elementary schools in Tanabe City, the Board of Education, and the Forestry Bureau to implement forest tourism education, and going forward, it is aiming to accept elementary and junior high school tours from outside the prefecture, using the entire forests of Kii Peninsula.

ii) Advantages and Difficulties of Being a DMO

This DMO considers that it is necessary to constantly ask themselves whether they are really needed as a DMO and always keeps in mind whether they are having a positive economic impact on the region.

As a semi-governmental organization, it is important that they have a public mindset and a business mindset at the same time. The most difficult aspect is to maintain the organization while striking a balance between the two mindsets.

The DMO has contributed to regional development by focusing

on generating its own financial resources through destination-oriented tourism, but the sharp decline in inbound demand has had a significant impact that has forced the DMO to review its direction.

(4) Differences in Strategies and Challenges of the Three DMOs

So far, reviewing the place branding activities of the three DMOs has revealed differences in their contents depending on the conditions of their location. These differences can be identified based on the two axes summarized below.

i) Differences in the Size of the Activity Area

The first axis of comparison is the “size of tourism and regional development.”

The Kyoto by the Sea DMO conducts its activities in seven cities and towns in the northern area of Kyoto Prefecture. It creates story-based narrative tourism experiences by identifying the “common strengths of the area” and connecting tourist resources in the area in line with the identified strengths. While the common strengths create a common brand image for the area, the challenge is to coordinate the intentions of the seven municipalities that cover a wide area.

On the other hand, the Tanabe City Kumano Tourism Bureau and Ikaruga Sangyo are both local DMOs based in basic municipalities. Presenting the core tourist resources of the municipality in different ways will be the key to broadening and strengthening their respective brands.

The Tanabe City Kumano Tourism Bureau is a local DMO that covers Tanabe City. Since this DMO focuses on the promotion of the Kumano Kodo, its activities naturally take place mainly in the areas along the Kumano Kodo. Therefore, it is essential to coexist and co-prosper with accommodation facilities and other businesses in the areas, and it will be a challenge for the DMO to formulate measures to ensure the survival of these businesses as its important stakeholders. Going forward, the DMO plans to expand the scope of its activities to include the nature of the Kumano Kodo, and the major focus will be whether it can uncover attractive tourist resources other than in the areas along the Kumano Kodo.

Ikaruga Sangyo successfully implemented new branding by proposing a new way of presenting Horyuji Temple. This DMO, which is developing activities mainly in Ikaruga Town, has expanded its activity area to neighboring municipalities and established the WEST NARA Wide Area Tourism Promotion Council to promote wide-area cooperation. This DMO takes a flexible stance in which it does not limit its activities to those within the basic municipality, and it will spread its activities if synergies can be found with neighboring municipalities.

ii) Differences in Organizational Characteristics

The other axis of comparison is the organizational characteristics of each DMO, especially the background of their establishment and corporate status. The Kyoto by the Sea DMO and the Tanabe City Kumano Tourism Bureau are both general incorporated associations, consisting of personnel seconded from public and private sectors, and they state that they require public support to maintain their stable activities.

Since the Kyoto by the Sea DMO was established from the intention of the Kyoto prefectural government, it can be considered that the prefectural government's intentions are strongly reflected in it, including the public intention to develop local industries. Ensuring the sustainability of the organization has been difficult because it is maintained by employees seconded from public and private sectors who are replaced every few years. In addition to securing basic financial support, another challenge for the DMO is to create a financial foundation that enables the recruitment and training of career personnel.

The Tanabe City Kumano Tourism Bureau also states that it is impossible to maintain its organization and human resources without financial resources, and it requires measures to secure a certain amount of funds that support the base of DMO operations, rather than selecting DMOs.

Ikaruga Sangyo, a stock company, operates its DMO business through its own departments. As it procures management resources itself, unlike other DMOs, it points to the training of local business owners and the clarification of roles between the public and private sectors in tourism as issues. In particular, it states that the public sector should be responsible for supporting pre-travel promotions that are unlikely to lead to direct revenue, rather than supporting stable DMO operations.

3. How to Measure Brand Power

As mentioned above, according to the concept of place branding, the attractiveness of a region as a tourist destination is not formed solely by the so-called tourism industry, but also by fields and factors other than tourism, such as the local landscape, culture, architecture, people's lives, as well as local industries. Therefore, it may be possible to clarify the challenges of regional development by DMOs and other players, and to visualize the results of their efforts by quantifying which factors contribute to regional attractiveness and in what ways.

A precedent for this approach in the Kansai region is provided by Kansai Economic Federation (2009). This report is not limited to tourism, but it identifies the sources of brand power in the Kansai region, regarding it as a single area, by using expert discussions and overseas questionnaire surveys.

On the other hand, there are analyses of how multiple factors contribute to the attractiveness of tourist spots and cities using principal component analysis and other methods. Mizoo et al. (1975) analyzed the attractiveness of tourist attractions based on their scale, composition, and other characteristics, and Kanno and Wakabayashi (2008) and Tanaka (2017) analyzed the factors behind urban attractiveness.

APIR has traditionally focused on "brand power" as one of the determinants of inbound consumption, but the concept is too abstract and difficult to measure. Therefore, APIR aims to measure brand power in order to show the improvement of the region's attractiveness from the perspective of tourism as "improving brand power."

Based on the above preceding studies, APIR aims to conduct a unique analysis targeting tourist attractions.

4. Summary

This column described three DMOs that each play a leading role in their region, which pointed to the importance of brand enhancement and the roles of DMOs in developing strategies for both inbound and domestic tourism after the Osaka-Kansai Expo.

In each of these initiatives, the DMOs themselves are pursuing

activities based on the awareness of bringing economic benefits to their region, but their management styles are different.

The Kyoto by the Sea DMO is operated in a way that strongly reflects the prefectural government's intention of encouraging tourists to visit areas in Kyoto. This DMO is working to create a brand image by connecting tourist resources across seven municipalities in the northern part of Kyoto Prefecture based on their common strengths and creating story-based narrative tours. It is also engaged in regional development to promote not only tourism but also immigration, and it is working to foster local businesses through funding.

Ikaruga Sangyo originated as a new business from a real estate company, and its purpose is to bring vitality to the town. This DMO is unique in that it is a stock company, and it takes a rational approach to its goal of strengthening regional earning power by revitalizing temples such as Horyuji Temple, which are absolute tourist resources in the region.

The key stakeholders of the Tanabe City Kumano Tourism Bureau are local accommodation businesses and other supply chain players. After the recovery of inbound tourism, in order to seek an optimal portfolio with domestic tourism, the DMO is seeking to ensure its future survival with its stakeholders by developing new contents such as educational tours.

Although the activities of the three DMOs are different, what they all have in common is that they consider contributing to the local economy to be an important reason for their existence.

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