

Review Paper

Destination Performance: Importance of Redefining DMOs

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Abstract: There is a huge gap in defining the core concept of destination, performance and its marketing / management organisation. This review paper intends to study the aforesaid gap and aid the concept in defining it from different perspectives. The chosen study also highlights the burning need of researchers and students alike in serving the definitional aspect from the literature point of view. The main focus is however on the gaps between defining Destination, Destination Performance and Destination Management / Marketing Organisations (DMOs). We bring in the literature review to define the concepts for today's scholars as transfiguring for the current tourism industry. In considering the factors affecting the performance of a destination, the research considered eight specific variables i.e., revenue generation, employment generation, investment in tourism-related business, development of basic infrastructure, cultural exchange between tourists and host communities, increasing number of parks and recreational facilities, intra-generational equity and inter-generational equity. These variables were chosen on the merits that make a destination successful in the true sense. The findings also bring insights from the tourism industry to understand better all the key stakeholders. The definitions and model derived can be a supporting pillar for planners and managers of DMOs in crafting a suitable strategy to obtain a better performance from all stakeholders. The main significance of the findings is to help various government departments, agencies, consultancies and NTOs who can visualise and actively use these definitions for policy planning and implementation. This is also a step forward towards regaining the importance of destination with performance, management, marketing and organisation.

Keywords: Destination, destination management, destination performance, DMOs

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Introduction

UNWTO (1995, p.6) defined tourists as people who “travel to and stay in places outside their usual environment for more than twenty-four (24) hours and less than one consecutive year for leisure, business and other purposes where this should not be related to the exercise of an activity remunerated from within the place visited”. Mill & Morrison (2002, p.21) defined tourism as “... tourism involves travel, yet not all travel is tourism. All vacation travel involves recreation, yet not all tourism is recreation. All tourism occurs during leisure time, but not all leisure time is spent on tourism activities.”

Researchers always find it difficult to define destination management/marketing organisations (DMOs), stakeholders at destinations, role of DMOs, and destination performance attributes as there are many definitions in different contexts and perspectives. This paper makes a sound attempt at defining all the above said elements. The study has following objectives to consider:

- To propose definitions of DMOs and stakeholders at destinations.
- To identify the attributes of destination performance.

Tourism

The term tourism industry comprises of hospitality, travel, tour operations, entertainment, and leisure, where associates of different categories mainly participate within their own industry. An industry is generally viewed as groups of firms engaged in the same or similar kind of productive activities. There is a weak agreement about the elements of the tourism industry from the literature review carried out by the authors. For example, many businesses offering their services in specific sectors, such as entertainment (e.g. movie theatre) and transport (e.g. taxi), are not generally classified as a tourism firm (Vanhove, 2005; Ermen & Gnoth, 2006).

What is a Destination?

The concept of product can also be viewed in a much wider context when referring to a destination – that is, a geographical territory with a selection of product offerings such as attractions, shops, seaside, accommodation, etc. – which can be collectively called as the “destination product” or resort offering for the day visitor and staying holidaymaker (Lumsdon, 1992).

Therefore, in the context of marketing, destination can be understood as an offer (product) from different geographical territories (market) available for the customer (tourist). A tourism destination includes the physical space in which a tourist spends at least a night. This also includes other tourism products such as support services along with other tourist attraction resources within reach, given one day's return travel time. It has physical and administrative boundaries that outline the management's perceptions defining distinctive market competitiveness. While the local destinations include various stakeholders that are often linked to a host community, there may be networks that form larger destinations (UNWTO, 2007).

Bornhost, Ritchie and Sheehan (2010, pp. 2-3) described tourist destination as "a geographical region, political jurisdiction, or major attraction, which seeks to provide visitors with a range of satisfying to memorable visitation experiences."

Destinations could be of any scale, from a whole country (e.g. India, Pakistan, Malaysia, Thailand etc.), a region (e.g. Gujrat, Madhya Pradesh, Rajasthan etc.), or island (e.g. Sri Lanka, Andman and Nikobar Island), to a village, town or city (e.g. Colombo, Delhi, Agra, Jaipur, Gwalior, Bhopal etc.), or an independent centre (e.g. Adams Peak, Peradeniya Botanical Garden, Taj Mahal, India Gate, Red Fort, Majestic Gurudwaras etc.).

The Basic Elements of the Tourist Destination

Tourist destinations contain a number of essentials which attracts the visitor to the destination and which satisfies their needs. These basics can be broken down into attractions and extra remaining elements (Cho, 2001). In general, this model is also known as A3IcPHR (Attraction, Amenities, Accessibility, Image and character, Price, and Human Resource) (Figure 1).

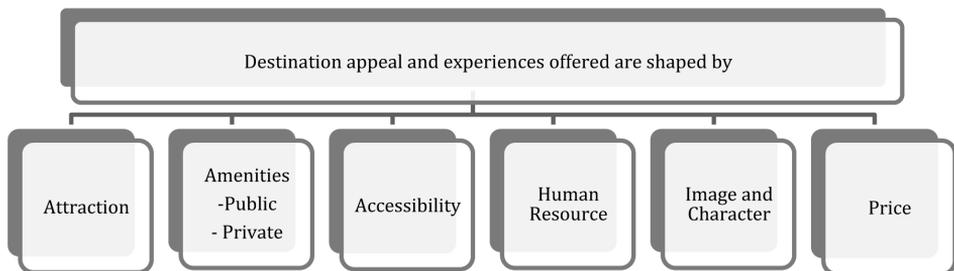


Figure 1. Essential rudiments of a destination (What can be experienced at destinations?)

Source: UNWTO (2007)

Destination management organisations

Competition among tourism destinations continues to escalate. Substitution among

destinations is pervasive to ensure success is achieved. Competitive advantage is required to effectively manage all components of tourism systems. To assist in achieving this objective, many destinations create their own destination management organisation (DMO) to provide leadership for tourism management (Bornhorst, Ritchie & Sheehan, 2009).

Destination management calls for the collaboration of many organisations and their interests in working towards a common goal. The DMO's role is to lead and coordinate activities under a coherent strategy. They do not control the activities of their associates but bring together resources and expertise, infusing them with a degree of independence and objectivity to lead the way forward. It follows that DMOs must develop a high-level skill of developing and managing partnerships. Even for DMOs that typically undertake marketing activities, the horizons are expanding. DMOs have to evolve as strategic leaders in destination development (Cho, 2001).

DMOs have been defined as “formal entities in which a complex interaction of people, materials, and money is used for the creation and distribution of goods and services” (Inkson & Kolb, 1998). Since then, the field has expanded to cover a broad range of macro- and micro-issues relating to the external and internal environments in which organisations operate, such as productivity, ethics, open systems, strategic management, innovation, leadership, governance, organisational culture, change management, human resource management, outsourcing, communication, networks, and organisational learning.

At the country level, there exists three distinctive types of tourism organisations with interests in destination tourism development. These include destination management organisations (DMOs) responsible for promotion, government ministry providing policy advice to government, or private sector umbrella association that champions the causes of its member organisations. The focus of the paper is on the activities of organisations responsible for marketing the destination (Pike, 2008). DMOs generally fall into one of the following categories:

National Tourism Authorities / Administration (NTAs) or Organisation (NTOs):

UNWTO (1979) introduced national tourism administration or authorities as: “the authorities in the central state administration, or other official organisation, in charge of tourism development at the national level”.

Regional, Provincial or State DMOs (RTOs):

Region can carry a number of different meanings, ranging in its geographic scope from a transnational area such as South Asia to a local area. Region is used to represent “concentrated tourism areas” (Prosser, Hunt, Braithwaite, & Rosemann, 2000), such as cities, towns, villages, coastal resort areas, islands and rural areas. Pike (2008, p. 93) defined regional

tourism organisation as “the organisation responsible for marketing a concentrated tourism area as a tourism destination.”

Local, City or Town Administration / Association / Organisation (LTAs/LTOs):

All local tourism areas do not have a standalone RTO. Instead, they may have an LTA/LTO, which is a term used to represent multiple meanings such as local tourism administration, local tourism association, or local tourism organisation. The former may be the local government authority while the latter may be a form of cooperative association of tourism businesses. It may also take any other form like municipality, city/town development associations (C/TDA) or community-based association (CBA).

Roles of Destination

A tourism destination has two prime important roles and many supporting roles. The first leading role is that it must seek to enhance the social and economic wellbeing of the residents who live within its boundaries and secondly, it should provide this by offering a range of activities and experiences of the kind that we identify as tourism experiences (Ritchie & Crouch, 2003).

This range of activities and experiences are enjoyed by the visitor at a price which he/she is willing to pay. It enables the destination to operate in a sustainable manner (economic, environmental, social, and cultural) to benefit the residents – might generally be regarded as a destination success (Bornhorst et al., 2009).

Roles of DMOs

As one of the pioneers in the field of destination management and marketing, Gartrell (1994) identified the following five areas of activity as more specific roles of DMOs:

- The **Coordination** of the many constituent elements of the tourism sector (including local community, political, civic, and travel industry representatives), so as to achieve a single voice for tourism development;
- The fulfilment of both a **Leadership and Advocacy** role for tourism within the local community that it serves. The DMO acts as the visible entity that draws attention to tourism so that the local residents understand the significance of the travel and tourism industry;
- Helps in ensuring the **Development** of an attractive set of tourism facilities, events and programmes – and an image that will help position and promote the destination;
- Assist visitors through the provision of **Visitor Services** such as pre-visit information, and additional information upon arrival;

- Finally, serving as a **Key Liaison** to assist external organisations, such as meeting planners, tour wholesalers, and travel agents who are working to bring visitors to the destination.

As such, the main roles of DMOs can be summarised as: i) working towards enhancing the wellbeing of local residents; ii) ensuring that visitors are offered visitation experiences at the minimum price but highly satisfactory and memorable; iii) ensuring the provision of effective destination management and stewardship.

UNWTO (2004) defined DMOs as organisations responsible for the management and/or marketing of destinations. Ritchie and Crouch (2003) advocated the transition of the “M” in DMO to refer to “management” rather than “marketing” because the role of DMOs has strengthened and expanded to play a more proactive role in fostering and managing the benefits of tourism development.

Morrison, Bruen and Anderson (1998) pointed out five primary roles of a DMO:

- an “economic driver” to generate new income, employment, and taxes contributing to a more diversified local economy;
- a “community marketer” to communicate the most appropriate destination image, attractions, and facilities to selected tourist markets;
- an “industry coordinator” to provide a clear focus and encourage less industry fragmentation so as to share in the growing benefits of tourism;
- a “quasi-public representative” to add legitimacy for the industry and protection to individual and group visitors; and
- a “builder of community pride” by enhancing quality of life and acting as the chief “flag carrier” for residents and visitors alike.

Presenza, Sheehan and Ritchie (2005) suggested that the activities of DMOs may be classified into two functions: first, external marketing development (EMD); and secondly, internal destination development (IDD).

External marketing development (EMD): The main operational or tactical marketing activities of the DMOs are summarised in the destination marketing wheel (DMW) in Figure 2. These operational marketing activities have been drawn from literature related to destination management. They usually take place after the strategic marketing activities of image definition, branding and positioning have been completed. Operationally, the EDM’s function is meant to include all activities aimed at attracting tourists to the destination. These specific activities were chosen to be as comprehensive and parsimonious as possible. Thus these activities have an external orientation aimed at influencing the actions of persons outside the destination.

Recognising that marketing entails much more than just “selling” or “advertising”, destination promotion is usually the DMOs’ major activity and budget item (Dore & Crouch, 2003). Towards this end, DMOs can use different promotion tools such

as personal selling, direct marketing, advertising, sales promotion, publicity and public relations after developing a marketing plan.

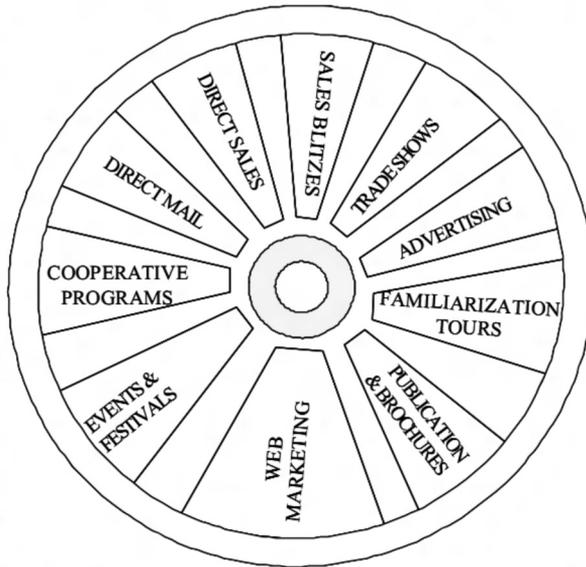


Figure 2. The destination marketing wheel (DMW)

Source: Presenza, Sheehan, & Ritchie (2005)

Internal destination development (IDD): IDD may be viewed as encompassing all other forms of activity (apart from marketing) undertaken by the DMOs to develop and maintain tourism at their destination. The function of IDD is considered internal as the activities are aimed at internal initiatives for the destination. Many of the activities require the action and resources of other local stakeholders. In this instance, the DMO mainly helps to coordinate the deployment of resources rather than actually deploying their own resources (Presenza, Sheehan, & Ritchie 2005).

The most important aspects of IDD are illustrated in Figure 3 and described as being effectively achieved through the DMO's critical competency of coordinating tourism stakeholders. It is suggested that ultimately, the ability to execute the destination management role will be determined by the DMO's ability to coordinate these internal stakeholders. The main competency of stakeholder coordination must effectively mobilise and deploy resources to achieve positive outcomes in six areas (represented as pillars in Figure 3).

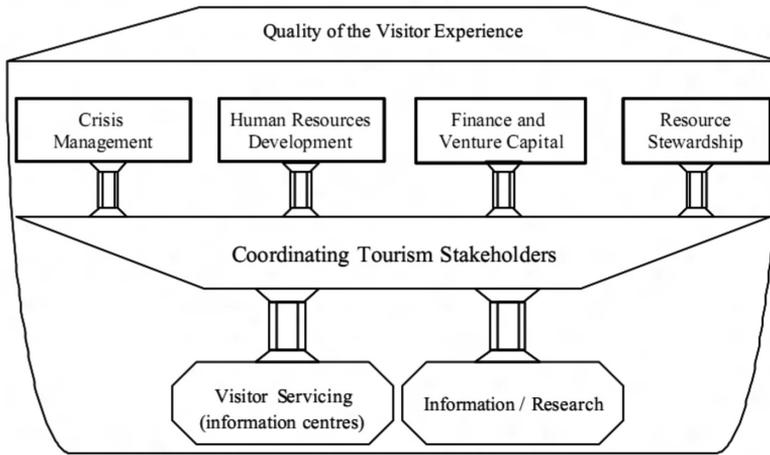


Figure 3. The internal destination development activities

Source: Ritchie & Crouch (2003, p. 63)

Understanding and Deciphering Measures of Destination Performance

One area of importance for this paper is evaluating how internal marketing can contribute to the business performance of a tourist destination. A pertinent question here is developing metrics that can evaluate the business performance of a destination. Some of the criteria for the metrics cited in literature are described below:

Revenue generation through tourism: Revenue generation refers to some components of economic performance as a measurement of destination success (Bornhorst, Ritchie & Sheehan, 2009). Here, we need to examine stakeholders' livelihood, whether they generate adequate revenue according to their expectations (Pagdin, 1995; Gursoy, Jurowski & Uysal, (2002); Gursoy & Rutherford (2004); Bornhost et al., 2009).

Employment generation through tourism: The tourism industry has lots of potential to create thousands of jobs, whether they are direct, indirect or induced jobs (Yoon, Gursoy, & Chen, 2001; Gursoy et al., 2002; Bornhost et al., 2009).

Investment in tourism-related businesses: Lee, Kim and Kang (2003) and Bornhost et al. (2009) found that this implies to investment supporting businesses such as hotels, restaurant, tour operation offices and centres for promotion of cultural attributes of the destination.

Development of basic infrastructure through tourism: Teye, Sonmez, and Sirakaya (2002) and Lee et al. (2003) defined the basic infrastructure of any destination includes roads, transportation, water supply and sewerage etc.

Cultural exchange between tourists and host community: This includes valuable meeting experiences between the host community and tourists. It also includes the local handicraft centres, yoga and aerobics expertise, cultural shows, and music and dance competitions (Yoon et al., 2001; Gursoy et al., 2002; Gursoy & Rutherford, 2004).

Parks and recreational facilities: The host community of the tourist destination expects some indirect benefits from tourism in terms of provision of parks and recreational facilities (Yoon et al., 2001; Gursoy et al., 2002; Gursoy & Rutherford, 2004).

Intra-generational equity: This refers to the fair distribution of benefits and costs (economic, environmental and sociocultural) among people of different income levels but of the same generation (Mcintyre, 1993).

Inter-generational equity: This implies a fair distribution of benefits and costs (economic, environmental and sociocultural) among people of several generations (Mcintyre, 1993).

Table 1. Destination (business) performance variables

Destination performance variable	Meaning/Issues for the researcher	References
Revenue generation through tourism	Different categories of tourism stakeholders are dependent on tourism for their livelihood. The issue is to examine whether these residents perceive that tourism has enabled them to generate adequate revenue according to their expectations	Pagdin (1995); Morrison et al. (1998); Gursoy et al. (2002); Gursoy & Rutherford (2004); Bornhost et al. (2009); Kaurav (2014)
Employment generation through tourism	The tourism industry has the potential to create huge employment in both direct (e.g., hotels, restaurants, tour operation etc.) as well as indirect sectors (e.g., souvenir shop, general store, entertainment centre etc.)	Pagdin (1995); Morrison et al. (1998); Yoon et al. (2001); Gursoy et al. (2002); Gursoy & Rutherford (2004); Nyaupane, Morais, & Dowler (2006); Komppulaa & Reijonen (2006); Bornhost et al. (2009); Kaurav (2014)
Investment in tourism-related businesses	Refers to investment made in hotels, restaurants, tour operations, centres for promotion of cultural attributes of the destination, small scale industries etc.	Morrison et al. (1998); Yoon et al. (2001); Gursoy et al. (2002); Lee et al. (2003); Gursoy & Rutherford (2004); Bornhost et al. (2009); Kaurav (2014)

Table 1 (con't)

Destination performance variable	Meaning/Issues for the researcher	References
Development of basic infrastructure through tourism	Basic infrastructure includes roads, communication, electricity, transportation, water supply and sewerage etc.	Teye et al. (2002); Lee et al. (2003); Gursoy & Rutherford (2004); Kaurav (2014)
Cultural exchange between tourists and host community	It includes the organisation of music and dance festival, handicrafts fair, workshop on meditation, yoga etc. which will provide the host community valuable meeting experiences with tourists	Pagdin (1995); Yoon et al. (2001); Teye et al. (2002); Gursoy et al. (2002); Gursoy & Rutherford (2004); Nyaupaneet et al. (2006); Kaurav (2014)
Parks and recreational facilities etc.	The host community of the tourist destination expects some indirect benefits from tourism in the host region in terms of provision of parks and recreational facilities etc.	Yoon et al. (2001); Gursoy et al. (2002); Gursoy & Rutherford (2004); Kaurav (2014)
Intra-generational equity	This refers to the fair distribution of benefits and costs (economic, environmental and sociocultural) among people of different income levels in the same generation	Allen, Long, Perdue, & Kieselbach (1988); Allen, Hafer, Long, & Perdue (1993); Mcintyre (1993); Pagdin (1995); Morrison et al. (1998); Shekhar (2003); Kaurav (2014)
Inter-generational equity	This refers to the fair distribution of benefits and costs (economic, environmental and sociocultural) among people transcending several generations	Allen et al. (1988); Allen et al. (1993); Mcintyre (1993); Morrison et al. (1998); Kaurav (2014)

Adapted from Das & Sharma (2009)

Defining Stakeholders

The term stakeholder describes how organisations operate and predict organisational behaviour (Brenner & Cochran, 1991). As a theory of the firm, the stakeholder theory helps to establish a relational model of the organisation (Pesqueux & Damak-Ayadi, 2005). It views the firm as an organisational entity through which a number of participants with diverse interests—the stakeholders—accomplish their goals. The

stakeholder theory assumes that values are necessarily and explicitly a critical part of a firm's ongoing success (Freeman, 1994). The creation of a superior value for the relevant stakeholders in the long run is the primary objective of the firm (Freeman, 1994). Managers, therefore, must develop relationships to inspire their stakeholders and create communities where the participants can strive to give their best in order to deliver the values that the firm has promised (Freeman, Wicks & Parnar 2004). The stakeholder theory claims that managers must take into consideration the legitimate interests of those groups and individuals who can affect or can be affected by the activities of the firm (Freeman, 1994; Donaldson & Preston, 1995; Yau, Chow, Sin, Tse, Luk, & Lee, 2007).

Stakeholders at a Destination

Yau et al. (2007) and Bornhorst et al. (2009) identified the following eight types of stakeholders at a destination. Their justification was that these share the same professional or political affiliation and can be found at all destinations. They are:

- 1) Attraction manager
- 2) Event manager
- 3) Municipal and tourism politician
- 4) Hotel general manager
- 5) Convention centre manager
- 6) Chamber of commerce president
- 7) DMO operational executive, and
- 8) DMO chair.

Importance of Destination Stakeholders

Ultimately, a DMO is assessed by the stakeholders whom it affects. It is not unexpected that studies on this topic were also found to be important in respect to destination-related studies. Some of the earliest include Palmer & Bejou (1995) who examined the need for stakeholder collaboration; Donnelly & Vaske (1997) who examined the factors that influence membership in a voluntary state tourism promotion authority; and Selin & Myers (1998) who studied membership satisfaction within a regional tourism marketing alliance. They found that effective communication was critical to achieve satisfaction and buy-ins, thus, they emphasise the need for stronger leadership to gain stakeholder involvement. Simpson (2008) introduced the concept of Community Benefit Tourism Initiatives (CBTI) and sought to identify the range of stakeholder characteristics that contribute towards the success of CBTI. Finally,

in a recent study, Currie, Seaton and Wesley (2009) applied the stakeholder theory in their feasibility analysis for a potential land and water trial that involved the legal rights and privileges of various special interest groups. In doing so, the researchers arrived at a modified classification and definition of stakeholders that they argue is beneficial in numerous ways.

As there are many different stakeholders involved in the tourism industry, finding a common ground among the various agendas often turns out very challenging. While some stakeholders (such as hotels and city government authorities) are clearly very critical to the success of a DMO because of their financial and partnership resources, there is a multitude of other relevant stakeholders whose views must also be considered (Sheehan, Ritchie, & Hudson, 2007). Similarly, Pearce (1992) argued the necessity for studies that identify how different stakeholder groups evaluate the success of a DMO and goes on to state that a comparative study may be an effective approach for understanding this phenomenon. He also reiterated that a successful DMO should meet its objectives, has adequate resources, as well as buy-in stakeholders, and is understood in terms of its purpose.

What Constitutes Success in Tourism?

The constructs of tourism success are indefinable. Does the success of a DMO automatically determine the success of a destination? Does a successful tourism destination necessarily imply a successful DMO? To answer these questions, our research first defined what success means for a DMO and for a destination. Pearce (1992) argued that studies that determine the way different stakeholder groups evaluate the success of a DMO are required in order to capture the many intangible dimensions of the construct. Ritchie and Crouch (2003) concurred that the evaluation of destination success must be addressed through an assessment of both input (e.g. effective marketing) and output variables (e.g. increase in visitation). To achieve the objectives of the study, we examined the impacts of the concepts of internal marketing (IM) on tourism success as it relates to both destinations and DMOs.

Gowreesunkar, Cooper and Durbarry (2009) cited Cahill (1996) and concluded that in the case of tourism destinations or DMOs, there could be no external marketing without internal marketing. Many researchers have suggested that destinations need to be furnished with internal marketing approaches that include all the efforts necessary to gain commitment and involvement from destination partners and tourists.

Communication has to be given a central role in the internal marketing process, as ideas, knowledge, information and suggestions need to be extracted from local residents, service providers, authorities and associations (Gowreesunkar, Cooper, & Durbarry, 2009). This leads to cooperation and consistency of stakeholders in

the delivery of the tourism product. Internal communication is a powerful enabler, especially in the case of destination marketing, where loosely connected independent stakeholders need to come together to recreate a rather intangible experience for tourists visiting the destination (Kaurav, 2014).

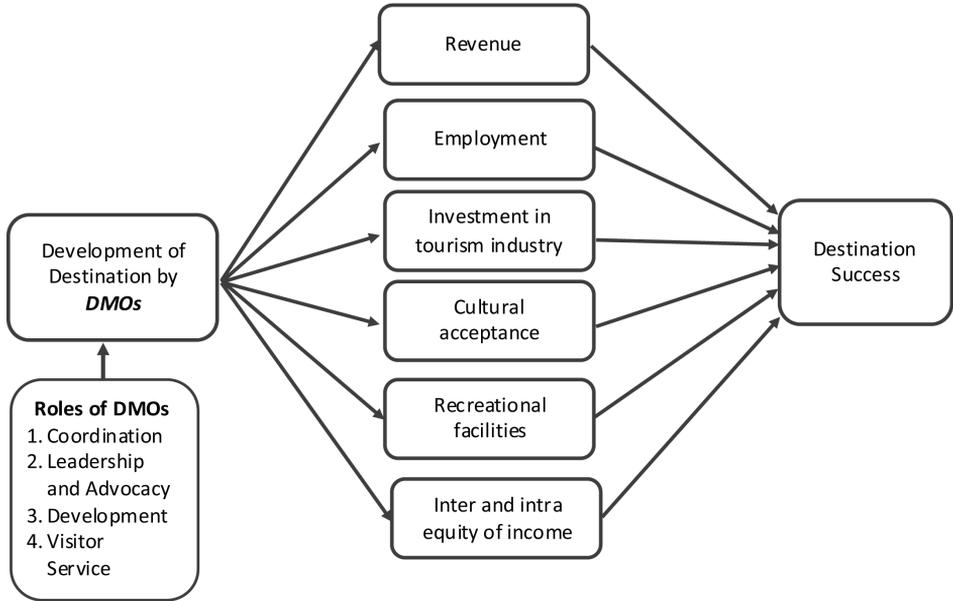


Figure 4. Model of a balanced destination

Source: Model proposed by authors, which is supported by literature

Defining Destination Success

Otto & Ritchie (1996) highlighted that the measures of success should be focused on the most imperative factors of competitiveness as determined by the visitor. This argument is convincing from a marketing perspective. A comparative study was conducted by Pearce (1997) from a supplier perspective, based on attributes chosen by suppliers to examine several destinations in Southeast Asia. The suppliers were limited in scale and scope to one destination. Kozak (2002) used tourist satisfaction as a basis for destination benchmarking and applied it for Mallorca and Turkey.

As noted earlier, most studies conducted from an internal perspective have focused on a single aspect of destination performance and success, such as marketing (Buhalis, 2000), pricing (Dwyer, Forsyth, & Prasada, 2000; Mangion, Durbarry & Sinclair, 2005), product offerings (Faulkner, Oppermann, & Fredline, 1999; Murphy, Pritchard, & Smith, 2000), membership (Donnelly & Vaske, 1997), and quality (Go & Govers, 2000). One of the most convincing theoretical arguments to

date for using multiple variables to determine the holistic success of a destination has come from Ritchie & Crouch (2000). They argued that the evaluation of destination success must be addressed through input and output variables, comparative and competitive advantages, and measured from the viewpoints of all stakeholders involved in the tourism system.

However, studies that specifically evaluated the effect of DMOs on the overall success of a destination are glaringly absent from the literature. Hassan (2000) recognised industry structure as one of the four determinants of market competitiveness. Dwyer and Kim (2003) in a parallel study, also stressed the importance of the destination management function to overall destination competitiveness. The above studies have clearly advanced the understanding of destination success; however, a comprehensive analysis of the influence that a DMO has in determining destination's tourism success appears to be both lacking and warranted.

Conclusions

The DMO is a destination-based organisation which nowadays are basically places of recreational activities. Thus, it is tasked with the primary responsibility of planning and promoting along with coordinating and managing a destination.

Although DMOs' primary role is meant to satisfy the very needs of tourists, they are also entrusted with fulfilling the earnest demands of their wants which is mainly satisfaction of lively experiences by being actively involving in the lifestyle of the local community.

Modern tourists have varied interests and thus changing needs which form the basis of marketing for DMOs. With this, DMOs pose a strong liability as they not only fulfill needs but also ensure that tourists are satisfied. The overall structure is further expanded as there are many stakeholders and its utmost importance is to safeguard the best interests of all.

Today's DMOs are the focal point in the form of agencies, which manage, market the destination and look after the benefits of both tourists and the local community. Our study's objective regarding the DMO's ability to drive revenue generation, employment generation, investment in tourism-related business, development of basic infrastructure, cultural exchange between tourists and host communities, increase the number of parks and recreational facilities, intra-generational equity and inter-generational equity is confirmed accurate. The DMOs are able to perform as the changing agent in developing the destination through close participation from the local community and government.

The main objective of DMOs is to allow destinations to be managed and marketed effectively and efficiently by leveraging on a joint and open platform between the government, local community and the private sector. This would bring certainty

to progress and development for the destination - the number of tourist inflow will increase and the level of cultural exchange will be enhanced which eventually leads to the wellbeing of the host community and overall region development. A paradigm shift can be observed at the destination with rapid progress taking place in both the societal and economical aspects of the local community.

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