



LUNDS
UNIVERSITET
Campus Helsingborg

Institution for Service Management

Bachelor Thesis, 10 p
Vt – 07

- Cruise the Baltic Sea! -

Collaborating and Competing within the Baltic Sea Region.



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Cruise the Baltic Sea!
Collaborating and Competing within the Baltic Sea Region

Abstract

Title: Cruise the Baltic Sea! – Collaborating and Competing within the Baltic Sea Region

Level of essay: Bachelor thesis

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Statement of purpose: The purpose of this report is to enhance the understanding and knowledge of the collaborative destination marketing process.

Questions of issues: How do Helsingborg and Stockholm collaborate and compete within the Cruise Baltic Project? What preconditions, motivations and outcomes related to the Cruise Baltic Project exist in Helsingborg and Stockholm? How do they differ?

Methodology: The Cruise Baltic Project has been examined through the use of theoretical approaches and conceptions on collaboration, competition and on the collaborative destination marketing process. The research is based on two qualitative interviews at the two destinations Helsingborg and Stockholm and on an examination of printed material on the project.

Key words: Collaboration, competition and cooptition. Collaborative destination marketing, Preconditions, motivations and outcomes. Cruising in the Baltic Sea.

The growth in cruise tourism and the fragmented nature of the cruise industry has lead to a need for collaboration between destinations. While travelling, the cruise tourists visit whole regions, such as “the Caribbean”, “the Mediterranean” and “the Baltic Sea”. The Cruise Baltic Project is a development project where destinations within the Baltic Sea collaborate to increase their competitiveness. The collaboration and the competition within the Cruise Baltic Project are examined from the perspectives of two destinations involvement, Helsingborg and Stockholm. The study found that the destinations together reach a collaborative advantage through increased recognition and improved common standards. The competition between the destinations is intense and has lead to a development of differentiation strategies and unique selling proposition by both Stockholm and Helsingborg. Because the destinations collaborate and compete simultaneously a cooptitive relationship was established. The preconditions for Helsingborg and Stockholm were of a similar nature due to the fact that both destinations were located in Sweden. An important precondition that differed between the two destinations was their geographical location. The study found that the motivations for collaboration were similar between the two destinations, with the common motivation of increasing their competitiveness. Finally, the outcomes of the project were also of a similar nature. A higher recognition, stronger competitiveness and a significant increase of visitors were identified.

Cruise the Baltic Sea!
Collaborating and Competing within the Baltic Sea Region

Table of Contents

1.0 Introduction	4
1.1 Statement of purpose	5
1.2 Questions of Issue	5
1.3 Keywords	5
1.4 Delimitations	6
1.5 Disposition	6
2.0 Methodology	8
2.1 Research Method	8
2.2 Study Setting	9
2.3 Collection of material on the Cruise Baltic Project	9
2.4 Interviews	10
2.4.1 Interview Procedure	10
2.4.2 Interview Structure	11
2.5 Data Analysis	12
2.6 Criticism	13
3.0 Background Information	15
3.1 The Cruise industry and the Cruise Product	15
3.2 The Cruise Industry in the Baltic Sea and the Cruise Baltic Project	16
3.3.1 Helsingborg	17
3.3.2 Stockholm	17
4.0 Theoretical Framework	18
4.1 Collaboration	18
4.1 Competition	19
4.3 Coopetition	20
4.4 Collaborative Destination Marketing	21
5.0 Analysis	25
5.1 Collaboration within the Cruise Baltic Project	25
5.2 Competition within the Cruise Baltic Project	28
5.3 A coopetitive relationship	31
5.4 Preconditions	33
5.5 Motivations	35
5.6 Outcomes	37
6.0 Conclusion, Discussion & Summary	39
7.0 Reference List	41

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

1.0 Introduction

This introduction presents the challenges that destinations face while collaborating within the Cruise Industry. The Cruise Baltic Project is a development project aimed at integrating the Baltic Sea Region's cruise industry. The project requires a cooperative relationship between the different destinations and this study focuses on the collaborative destination marketing through an analysis of two of these destinations.

Today, tourism is one of the largest industries in the world and is continuously expanding. One of the factors that have enabled the tourism industry to spread worldwide is the process of globalisation. Over the last decade, globalisation has led to increased competition and a need for cooperation. To be able to survive, companies and organizations within the tourism industry have to establish networks and cooperate (Fyall & Garrod, 2005).

The Cruise Industry is one branch of the tourism industry that is expanding at a fast rate. In ten years, the amount of passengers has doubled and the industry has maintained an average growth rate of 8%. The Cruise Industry consists of producers and suppliers of cruise ships and cruise lines, cruise corporations and passengers, as well as destinations (Dowling, 2006:4). Cruise tourists visit whole regions such as "the Caribbean" or "the Mediterranean" and thus not a single city or country. This way, the cruise region is a complex and composite destination. The destinations within the cruise industry have developed networks and cooperation to be able to reach and compete on a global market.¹ To create a unified destination image with a strong brand, destinations within regions are beginning to collaborate through joint marketing strategies.

The Cruise Baltic Project is a development project with the intention to create a strong international brand for the Baltic Sea Region as a cruise destination. The Cruise Baltic Project includes 10 countries surrounding the Baltic Sea and comprises of 19 destinations and 35 partners. The Cruise Baltic Project markets 'the Baltic Sea' as a region and as one destination for cruise lines (Cruise Baltic Handbook). A collaboration including different destinations with different historical backgrounds and economic and social preconditions may come to affect the collaborative destination marketing process. At the same time, the destinations are competing to attract arriving cruise ships and visitors.

¹ www.cruiseeurope.com and www.cruisemediterranean.com

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

Wang and Fesenmeier discuss and analyse the concept collaborative destination marketing in their article “Collaborative destination marketing: A case study of Elkhart county, Indiana” (2007). In their study, four theoretical concepts that describe the nature and dynamics of collaboration are discussed; (1) the *preconditions* that describe the environmental, social and economic conditions under which a network is formed (2) the *motivations* to why separate organisations participate in a collaborative network (3) the different *stages* that define the dynamics of the collaborative process and (4) the *outcomes* that describe the consequences of the collaborative marketing activities (2007:864). The study found that separate organisations are affected by different preconditions and have different motivations when entering a network. The evolution of the network is then distinguished in different stages and the study concludes with discussing the most important outcomes (Wang & Fesenmeier, 2007). The study made by Wang and Fesenmeier focuses on collaboration within one destination whereas this report will use their theoretical concepts to describe collaboration between several destinations (see appendix 3). Our analysis of such a collaboration is based on the perspective of two destinations within the Cruise Baltic Project, Helsingborg and Stockholm.

1.1 Statement of purpose

Destinations collaborate in order to gain advantages in a global market. The purpose of this report is to enhance the understanding and knowledge of the collaborative destination marketing process.

1.2 Questions of Issue

- 1 How do Helsingborg and Stockholm collaborate and compete within the Cruise Baltic Project?
- 2 What preconditions, motivations and outcomes related to the Cruise Baltic Project exist in Helsingborg and Stockholm? How do they differ?

1.3 Keywords

Collaboration, competition and cooptation. Collaborative destination marketing, preconditions, motivations and outcomes. Cruising in the Baltic Sea Region.

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

1.4 Delimitations

This report focuses on the internal relationships between the participating destinations. The aim is to examine the collaboration between destinations within the Cruise Baltic Project. However, only two destinations are used in the empirical research since further research and analysis of more destinations would require more time and more written space than what is available. Still, our conclusions are to be considered as indications regarding collaborative destination marketing within destinations. Furthermore, when using the term *the destinations*, we are referring to the two destinations in question and not all the destinations within the Cruise Baltic Project.

To examine the process of the collaboration, a model including the concepts preconditions, motivations, and outcomes is used. The original model (Wang & Fesenmeier, 2007) includes as well the different stages of collaboration. These stages of the collaboration within the Cruise Baltic Project will not be considered in our analysis. This is due to the limited time and space given to us in writing this report. However, we feel that this does not affect the quality of our conclusions, which aim to discuss the destinations' different contexts and how these contexts affect the destinations participation in a collaboration.

Since the collaborative process between destinations is our main focus, we will not consider the cruise tourists' perceptions or attitudes. Instead, we consider the perception of people working with cruise tourism in two destinations.

The cruise industry and the cruise ships have a negative impact on the environment and is a subject discussed in many researchers. However, we will not study the environmental impact of the cruise industry in this report since it requires thorough investigation and analysis as a topic on its own. Instead, we will be focusing on the collaborative destination marketing process within the cruise industry, which does not directly relate to the environmental impact.

One of the destinations examined in this report, Helsingborg, is marketed together with Elsinore in the Cruise Baltic Project. In order to be able to make a deeper study and a thorough analysis, we have chosen to only study Helsingborg and not involve Elsinore.

1.5 Disposition

The following section of this report, methodology, will describe the course of action used. The methodology will provide information regarding the research method that has been used. It will also give information regarding the study setting, the interviews and the empirical material. A

Cruise the Baltic Sea!
Collaborating and Competing within the Baltic Sea Region

discussion on data analysis and source criticism follows.

The background information in the third section of this report aims to give the reader a wider understanding of the different areas of research in this report. At first, a short account of the cruise industry and the cruise product is presented. Thereafter, information regarding the cruise industry in the Baltic Sea Region and background information on the Cruise Baltic Project is provided.

In the fourth section of the report, a theoretical framework is presented. The theoretical framework aims to give the reader an understanding of relevant theories and concepts used in the analysis. The framework includes theories and concepts regarding competition, collaboration and the collaborative destination marketing process.

The analysis is the fifth section and discusses the empirical findings and answers the questions of issue. First, it describes the collaboration within the Cruise Baltic Project and then an analysis of the competition of the two destinations is provided. Finally, the collaborative destination marketing process is analysed based on the concepts of preconditions, motivations and outcomes of two destinations, Helsingborg and Stockholm.

In the sixth and last section of the report, the conclusions are discussed. The conclusions aim to answer the questions of issues and to summaries the analysis. Finally, a suggestion for future research is presented.

Cruise the Baltic Sea!
Collaborating and Competing within the Baltic Sea Region

2.0 Methodology

This section aims to describe the course of action and the methodology of the research and work provided to write this study. The research method and the study setting of the research will be discussed as well as presentation of interview procedures and structures, collection of material and data analysis. The last section gives a critical view on our research method.

2.1 Research Method

The purpose of this study is to enhance the understanding and knowledge of collaborative destination marketing of the Baltic Sea Region through the analysis of two separate destinations' involvement in the Cruise Baltic Project. Given the purpose of this study, we have chosen a qualitative approach to our research. There are two main approaches to choose from when researching, the qualitative and the quantitative approach. A qualitative study approach focuses on relations between people and presents reasons to why people or organizations act as they do, compared to a quantitative approach, which mainly focuses on relations between variables and numbers. A quantitative study approach focuses on how many, what amount and how big a specific phenomenon is (Trost, 1997:8-15). Since our questions of issue mirror a behavioral pattern in an organization, we found the use of a qualitative approach the most relevant.

The course of action applied to answer the questions of issue can, according to Trost (1997) and Kvale (1997) be distinguished in three phases; background research and data collection on the theoretical and empirical material, analysis of data and the finally the interpretation of analysis and conclusions. Our research began with a collection of data and information about the Cruise Baltic Project. We have made two qualitative interviews, which will be described later in detail, to be able to see the attitudes and explanatory factors of the two destinations involvement in the Cruise Baltic Project. The second step in our study has been of a qualitative nature with an analysis and revision of interviews to understand how the respondent thinks and feels. Trost (1997) and Kvale's (1997) third step refers to a qualitative interpretation of the analysis. To interpret our analysis and form conclusions we have used various theoretical concepts in a comparison with the empirical data collected through the two interviews. This interpretation provides the last section and concludes our report.

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

2.2 Study Setting

To be able to answer our questions of issues, we have chosen to analyze the involvement of two destinations within the Cruise Baltic Project. The two destinations, Helsingborg and Stockholm, were selected for several reasons. The city of Helsingborg was chosen because of its proximity to the entrance of the Baltic Sea as well as to other cruise destinations, such as Copenhagen, Malmoe and Gothenburg. Helsingborg has been a part of the Cruise Baltic Project since 2004 and has little experience as a cruise destination. Helsingborg is relatively small compared to the other examined destination, Stockholm and may be affected differently by the collaborative process. Stockholm is a capital city, with different conditions and prerequisites than a smaller destination such as Helsingborg. Thus, we decided to study Stockholm as a cruise destination to add a different perspective to the analysis. Stockholm has been a cruise destination for a longer period of time than Helsingborg and may not be as dependent on the Cruise Baltic Project. Since Stockholm is the capital of Sweden, it is known around the world, while Helsingborg does not have the same publicity. The differences, and similarities, between the two destinations will be categorized into preconditions, motivations and outcomes in our analysis, according to the model discussed by Wang and Fesenmeier (2007).

2.3 Collection of material on the Cruise Baltic Project

To gain knowledge about the Cruise Baltic Project and the three destinations, we have studied different types of printed material. The printed material of the Cruise Baltic Project provides the basic information necessary to develop and deepen the knowledge of the collaboration marketing.

The brochure "*The Cruise Baltic Project: One Sea - oceans of adventures*" includes basic facts on the project as well as information on the separate destinations. The Cruise Baltic Handbook "*Cruise Baltic – 10 countries on a string*" includes internal documents with information on the separate ports, destinations, goals and purposes of the project as well as relevant statistics, criteria and collaboration strategies. This handbook will hereafter be referred to as the Cruise Baltic Handbook. The *Cruise Baltic Status Report* provides information on the Cruise Baltic's strengths, weaknesses, opportunities and threats. The report examines how each destination is affected by the cruise industry from the economic, environmental and social perspective. Furthermore, the *Baltic Cruise Project – Cruise Baltic Northern Europe, Part I* describes the organizational and financial set up, the budget and the different partners. *Part II*

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

discusses the purpose and objectives of a prolonged project, 2007 – 2009. The Internet webpage; www.cruisebaltic.com provide specific information, such as overview of each of the three destinations, the cruise product and the different themes offered.

We have as well studied brochures, printed material and web pages on the two destinations. The brochures *Stockholm Cruise Network*, *Cruise Helsingborg and Elsinore* and the web pages www.helsingborg.se and www.stockholm.se have provided information on the cruise industry within the destinations.

2.4 Interviews

2.4.1 Interview Procedure

The empirical material in this report is based on interviews with two respondents at the two destinations, Helsingborg and Stockholm. The interview in Helsingborg was what Trost defines as an individual, qualitative nature (1997:23). The interview with staff in Stockholm was done by e-mail and by telephone. This sort of qualitative interviews focus on how the respondent feels and thinks as well as on his or her experiences (Trost, 1997:24).

Kvale states that the researcher uses a thematic approach when deciding what purpose the interview and the research should have. A thematic approach aims to define the specific areas of the problem domain and to define the goal of the interview (1997:89-91). To be able to achieve the answers required, the interviews should be planned according to three key questions: *what*, *why* and *how*. "*What*" is the first key question and aims to bring the researcher to achieve knowledge on the subject of investigation (1997:91). The subject in this study is the collaborative destination marketing process within the Cruise Baltic Project. We have thus studied the theoretical and empirical material on collaborative marketing to be prepared and well read on the project. The second key question according to Kvale is "*why*". The aim of this question is to clarify the purpose of the investigation (ibid., 1997:91). The purpose of the interviews is to compare and interpret the answers using a theoretical perspective. We decided on a specific purpose after having considered the available theories and empirical material and having evaluated possible areas of investigation. "*How*" is the third key question that the researcher has to answer. This question aims at bringing the researcher to achieve knowledge on different interviewing techniques and decide on how to conduct the interviews (Kvale, 1997:91). Our interviews were of an explorative nature, which implies that they were open with a wide focus on

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

the area of investigation rather than trying to prove a hypothesis.

2.4.2 Interview Structure

Trost states that, there are two types of structuring when it comes to interviews. A structured interview focuses on one area of research whereas an unstructured interview stretches over different theoretical areas simultaneously (1997:21). We have made an interview guide to be able to keep focus on one area of research and to make the interview as structured as possible. The questions were classified according to different areas of theories; background, collaboration, competition, marketing and goals (see appendix 1, 2).

The second type of structuring deals with the interview questions and what sort of answers they render possible (Trost, 1997:20). We have been using an unstructured type of questions (see appendix 1, 2) that do not guide the respondent to answer in any specific way. Our questions were of an open nature, which left the respondent free to answer according to his or her own motivation. Similar questions were asked in both interviews. This made the comparison more interesting since the two respondents were free to answer the questions in their own way, which opened up for possible differences.

The first interview was conducted in Helsingborg, with the Tourism Business Area Manager. Since the amount of time for the interview was limited, we sent the interview questions beforehand by email to the Business Area Manager for her to be able to prepare her answers. During the interview, the answers were typed simultaneously on a computer. The second interview was conducted by telephone with the Project Manager for Stockholm Visitors Board in Stockholm, where the respondent was put on speaker while one of us asked the questions and the other typed the answers directly on a computer. The questions for this interview were as well at first sent by email and after having received a few short answers the telephone interview was conducted in order for the respondent to be able to elaborate on these answers.

We were two persons conducting the interviews. This way made us able to get hold of more details and a wider perspective. In a discussion on each interview we were as well able to reduce the risk of possible misinterpretation of the respondents' answers. Both respondents were willing to provide further material if necessary and we were as well able to get elaborated answers on any questions if needed. The information presented through the interviews gave a starting point for the analysis of the competition and collaboration between the destinations within the Cruise

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

Baltic Project.

2.5 Data Analysis

The data collected through interviews, handbooks and brochures has been analyzed using theoretical approaches and conceptions on collaboration, competition and the collaborative destination marketing process. The data has, at first, been discussed and identified for major ideas before using the different theories for a deeper interpretation. The theoretical material is focused on concepts and theories regarding collaboration and competition as well as theories on the collaborative destination marketing process.

Theories on collaboration aim to identify the cooperation and competition within the Cruise Baltic Project. The theories come mainly from Fyall and Garrod in *Tourism Marketing; A Collaborative Approach* (2005) that discuss tourism marketing principles in a collaborative context and how collaboration impact on tourism organizations and their marketing strategy. With these approaches, we aim to identify what type of collaborative relationship the Cruise Baltic Project may be and in what way and with what means the destinations collaborate. The concept of competition and how to balance competition and collaboration is as well discussed. The theories on competition come from, among others, Skärvad and Olsson in *Företagsekonomi 100* (2003), from Grant in *Contemporary Strategy Analysis – Concepts, Techniques and Applications* (2002) and from Kotler, Bowen and Makens in *Marketing for Hospitality and Tourism* (2003). With these theories we aim to define in what areas the destinations within the Cruise Baltic may compete. Our intention is to examine two destinations; Helsingborg and Stockholm, to see who their competitors might be, how the destinations are affected by the competition and how they position themselves in relation to their competitors. Finally, theories on coepetition will be used to analyze how the destinations within the Cruise Baltic Project collaborate and compete simultaneously.

The concept of collaborative destination marketing is used to identify the process and the context in which a collaboration take place. These theories come mainly from Wang and Fesenmeier's article "Collaborative destination marketing: A case study of Elkhart county, Indiana" (2007). The article aims to describe the nature and dynamism of collaborative destination marketing. The model introduced in this article discusses different preconditions, motivations, stages and outcomes that exist in a collaborative process (2007). We have used

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

Wang and Fesenmeier's model (2007) as a tool to examine the preconditions, motivations and outcomes of Helsingborg respective Stockholm. Our aim is to analyze the two destinations and examine in what different, or similar, context these destinations decide to enter a collaborative project. By doing this analysis, our intention is to achieve a deeper understanding of the collaborative destination marketing process. The analysis of Helsingborg and Stockholm serve to exemplify how the context affect destinations' involvement in a collaborative project as well as what the destinations gain from such a project.

2.6 Criticism

To be able to achieve a complete view of the collaborative process of the Cruise Baltic Project, we would have had to examine every one of the participating destinations. This would most likely present many different aspects on the collaboration since the destinations are from different origins, with different histories, cultural values and norms. However, we were only able to focus on two destinations as the distance is too far between all the separate destinations and as well due to lack of time and money.

The empirical material on the Cruise Baltic Project mainly comes from handbooks and advertisement material from the project. We are aware of the fact that this material is being used to promote the Cruise Baltic Project and there has thus been a need for critical thinking while analyzing the material. The empirical material has not been used to analyze if the Cruise Baltic Project has been profitable or if the project has succeeded in creating a cruise destination. Instead, our aim is to analyze the empirical material through theories on collaboration to focus on the collaborative process as such. The empirical material has been used to give a better understanding of how the collaborative process is conducted, as well as information on the two destinations, Helsingborg and Stockholm.

For studies based on interviews, there is always a question of how reliable the empirical material is (Kvale, 1997:148). Neither of our two interviews with staff on the two destinations has been recorded. We were two persons conducting the interviews; while one asked the questions the other typed the answers directly on a computer. The first interview was conducted in person whereas the second interview was conducted over telephone because of the respondent's lack of time. Both interviews were typed directly and there was no lapse of time between the interviews and the typing. The information can be seen as a reliable source of

Cruise the Baltic Sea!
Collaborating and Competing within the Baltic Sea Region

empirical material because of the direct typing. As the interviews were not recorded, the typist was not able to type the respondents' exact words at all times and there are consequently no quotes used in this report.

The two concepts of validity and reliability are relevant when evaluating the collected material. Validity indicates how valid or relevant the collected data is for the purpose of the study (Halvorsen, 1992:41). Our belief is that the two interviews and the collected printed material on the Cruise Baltic Project provide sufficient information to answer the questions of issue. The validity of our report and the relevance of the collected data is therefore not a problem. The second concept is that of reliability. Reliability indicates how reliable the collected data is. "A study with high reliability means that unrelated data gives approximately the same results" (Halvorsen, 1992:42). The reliability of our study can be questioned, since the empirical material is based on only two interviews. However, the number of people involved in the Cruise Baltic Project at each destination is limited and the conclusions made in the analysis only concern Helsingborg and Stockholm, not all destinations within the Cruise Baltic Project.

The article by Wang and Fesenmeier (2007) is the only article used to discuss the concept of preconditions, motivations and outcomes. We are aware of the fact that this might present a narrow perspective and that there might be more factors affecting a collaboration than those discussed by Wang and Fesenmeier. However, by using this model as a basic theoretical approach, we have been able to get a starting point for analyzing Helsingborg and Stockholm. Gradually, we were able to identify other factors influencing the destinations than those discussed by Wang and Fesenmeier.

Cruise the Baltic Sea!
Collaborating and Competing within the Baltic Sea Region

3.0 Background Information

In this section, information on the cruise industry and the cruise product is presented as well as information on the Cruise Baltic Project and the two destinations Helsingborg and Stockholm.

3.1 The Cruise industry and the Cruise Product

“ A cruise is defined as ‘to make a trip by sea in a liner for pleasure, usually calling at a number of ports’...It is characterized by the ship being similar to a mobile resort, which transports passengers (guests) from place to place.”
(Dowling, 2006:3)

The cruise industry consists of producers, suppliers, and customers. The cruise industry is a concentrated market with three major producers. The three major cruise corporations are Carnival Cruises, Royal Caribbean International and Star Cruise Corporation (Dowling, 2006:4-8). The largest regional cruise area is north/central America, with around 60 % of the cruises (Charlier & McCalla, 2006:20). Major destinations are Alaska, “the Bahamas”, “the Caribbean” and “the Mediterranean”. Secondary cruise areas are “the Baltic Sea”, “the Black Sea”, Asia and South America (Starr, 2000:195). The main market for the cruise industry is North America, which stands for more than 70 % of all cruise tourists. Europe is the second largest market, followed by the rest of the world (Kester, 2002:339).

The cruise product is often a combined package with the flight and the cruise. The cruise tourist flies to the embarkation destination, which normally is a larger city. During the cruise, the ship visits a number of port calls. The numbers of ports the cruise ships stay at depends on the itinerary chosen by the cruise lines. It also depends on if the cruise ships start and finish in the same base port or in two different ports (Kester, 2002:345). In the port of call, there are various shore excursions organized. The excursions can vary from a half-day sightseeing tour to a one-day trip (Starr, 2000:190). When the cruise is coming to an end, the debarkation often takes place in the same destination as the embarkation. Such a destination is called a turnaround destination (Cruise Baltic Status Report, p.8). The length of the cruises can vary from a short cruise of a couple of days up to a around-the-world cruise for six months, although the majority of the cruises last from one to two weeks (Starr, 2000, Dowling, 2006).

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

3.2 The Cruise Industry in the Baltic Sea and the Cruise Baltic Project

Today, the concept of cruising in the Baltic Sea is well developed, both seasonally and geographically. The season for cruising in the Baltic Sea is rather short compared to other cruising destinations. The season stretches from April to September with a peak in mid-summer. In the wintertime, there is hardly any offer of cruising at all in the Baltic Sea area (Charlier & McCalla, 2006:24). The geographical design of the cruise itinerary varies, but consists of mostly short triangular cruises or longer loop cruises. The longer cruises can vary in length, from one to two weeks (Interview, 070416) and usually start and end at the same destination and visits more ports than a short cruise trip (Lundgren, 2006:132). The major ports in the Baltic sea region are Copenhagen, St Petersburg, Stockholm, Tallinn, Helsinki and Riga which all have visitor flows of more than 100,000 annually (Lundgren, 2006:142).

The Cruise Baltic project started in September 2004 as a development project between 12 ports in 10 countries in the Baltic Sea region. Initially, it was planned that the project should be completed in 2006. However, the project has proved to be successful and the participating destinations aim to develop the project and continue with part II in 2007 – 2009 (Baltic Cruise Project Part II, p.7). The aim of the project is “...to integrate the region’s international cruise tourism industry by exchange of knowledge and information”. The project’s objective is to achieve a growth of cruise ship passengers with 20% and a 4% increase in the Baltic region’s market share of cruise ships globally by 2008. Today, the project has developed to include 19 destinations and 35 partners in 10 countries with an annual growth rate of about 13 %. The official tourist organization of Copenhagen, Wonderful Copenhagen, is the lead partner of the Cruise Baltic Project (Cruise Baltic Handbook, p.16). The project is focused on developing a network between the members and the partners in the separate ports. The intention of the Cruise Baltic Project is to focus on ‘the Baltic Sea’ as one product (Baltic Cruise Project, part I & II).



Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

3.3.1 Helsingborg

Helsingborg is located in the south part of Sweden and has, in the beginning of 2007, a population of 123 389 people. Helsingborg is Sweden's ninth largest municipality with an area of 346 km².²

Since the first cruise ship, the Viking Sun's, arrival in 1994, the number of ships has increased from one cruise ship to six cruise ships in 2006 and the number of passengers has doubled. As Helsingborg is not a turn-around destination, the cruise passengers make only one-day trips (Interview, 070416).

Helsingborg's port can accommodate up to 240-meter cruise vessels and the port can accommodate one cruise vessel at a time. The city centre is located with walking distance from the port (Cruise Baltic Handbook, p.30-31).

3.3.2 Stockholm

Stockholm is the capital of Sweden and has, in the beginning of 2007 a population of 786 509 people. Apart from being the capital it is also the country's largest municipality³ with an area of 6789 km².⁴

One of the first ports of call of cruise ships in Stockholm was the maiden voyage of S/S Frithiof in 1834. Since then, the number of cruise ships coming to Stockholm has had a steady increase. The number of cruise liners to embark in Stockholm has increased from 108 in 1990 (Lundgren, 2006:131) to 260 in 2006. The number of passengers has more than doubled during these years to reach almost 300 000 passengers in 2005.⁵ In cruise liner traffic; Stockholm acts as a turn-around destination. This means that Stockholm is a destination where cruises can begin or end. Many passengers begin or end their cruise trips by staying in the city one or two days before leaving.⁶

Stockholm's port can accommodate up to 292-meter cruise vessels and up to 8 vessels at a time. The dock is located in the city centre with walking distance to most attractions (Cruise Baltic Handbook, p.45).

² <http://www.helsingborg.se/templates/StandardPage.aspx?id=553>

³ <http://www.stockholm.se/Extern/Templates/InfoPage.aspx?id=35072>

⁴ <http://www.britannica.com/eb/article-9069757/Stockholm>

⁵ <http://www.stockholmshamn.se/> "Statistik kryssning"

⁶ www.stockholmshamn.se, "Kryssningstrafik"

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

4.0 Theoretical Framework

The questions of issue aim to analyse the competition and collaboration between the two destinations of Helsingborg and Stockholm. This section provides the theoretical framework for the analysis. It includes theories on competition, collaboration and cooperation and collaborative destination marketing.

4.1 Collaboration

Collaboration and different forms of networks have developed notably over the last two decades. Today, inter-organisational relationships are common in the tourism industry. The tourism environment is fragmented with a wide variety of organisations, public-sector establishments, and multinational as well as small organisations participating. Through collaboration, the fragmented areas of the tourism industry can be assembled (Fyall & Garrod, 2005:5, 143).

While the definition of *collaboration* differs among separate writers, some key characteristics can be identified. In a collaborative structure, the stakeholders are autonomous and independent. The stakeholders have common interests and share values, rules and norms even though they sometimes may have different aspects of a problem. A collaborative process involves the participation of the stakeholders that try to make a change or solve a problem, which they could not have achieved on their own (ibid., 2005:132). Many terms exist that describe the diverse inter-organisational relationships; collaboration, cooperation, network, alliances and partnership, among others. The definitions can be placed on a spectrum where network is the first involving exchange of information. The next term on the spectrum is co-ordination and then co-operation and last comes collaboration where the organisations exchange information for mutual benefits, altering activities as well as sharing resources to achieve a common purpose (ibid., 2005:154).

The growth of collaboration is related to the environmental turbulence, increased economic, technological and political uncertainty as well as increasingly competitive environment (Fyall & Garrod, 2005: 4, Chathoth & Olsen, 2003:420). Fyall & Garrod discuss driving factors of collaboration in the tourism industry (2005). One factor considered is the process of globalisation, which has opened up barriers between countries and different markets to an increasingly borderless world. This has resulted in organisations becoming more integrated

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

with one another and also that the level of competition has increased. The organisations within the tourism industry are thus dependent on collaboration in order to survive in a complex and dynamic environment. Tourism organisations have noticed the advantages and possibilities to achieve a better strategic position in a global market if they cooperate (2005:6-7, 141-142).

The recognition that added value often is created through cooperation is termed *collaborative advantage*. Whereas the previously discussed factors of collaboration explain the reasons for creating inter-organisational relationships, the concept of collaborative advantage focuses on the outcome of the network. By forming a network or collaboration, small organisations can reach a global market based on joint outcomes rather than on competitive advantages:

“When something unusually is produced – perhaps an objective is met – which no organization could have produced on its own and when each organization, through the collaboration, is able to achieve its own objectives better than it could alone” (see Fyall & Garrod, 2005:137).

Fyall & Garrod describe what determinants are needed in order for a collaboration to work effectively. The key stakeholders need to be involved and have a relationship of trust, the participants need to have goal compatibility as well as domain similarity. The project needs to be well planned with a balance of power and resources and decisive leadership and a high potential payoff relative to cost (2005:189).

4.1 Competition

An industry consists of sellers that produce similar products or services. In some cases, the *competition* is intense, while in others almost non-existent. The number of sellers determines the competition as well as if the products are homogeneous or differentiated. The competition increases with the amount of sellers, provided that the product is homogeneous (Skärvad & Olsson, 2003:146) Globalisation has led to a considerably raised level of competition in many markets (Fyall & Garrod, 2005:6). Heightened competition is a constant in the tourism industry and the number of destinations that appear on the market continues to increase (ibid., 2005:15).

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

According to Cartwright and Baird, the competition within the cruise industry is intense (1999:86). In an industry with heightened competition, the companies have to differentiate themselves and their products from the competitors (Skärvad & Olsson, 2003:146). This can be achieved by reaching a competitive advantage; when a competing company consistently earns or has the potential to earn a higher profit than their competitors (Grant, 2002:227). According to Grant, there are mainly two ways of reaching a competitive advantage. Either through cost advantage; offering the lowest price, or by differentiation advantage; offering a unique product (ibid. 2002:247). Products that are complex, such as the cruise product and the destinations, offer a great scope for differentiation advantage. Differentiation advantage is generally more attractive for organisations than cost advantage, since it is more difficult to copy and enables the organisation to achieve a highly differentiated market position (ibid. 2002:270)

Kotler, Bowen & Makens also highlights the importance of differentiation through market positioning. It is important that companies position their products strategically in relation to competing products. The products position is the way it is perceived by customers, relative to competing products (Kotler, Bowen & Makens, 2003:282). One way to reach a differentiated position is to develop a unique selling proposition (ibid. 2003:288). A unique selling proposition is often a factor that differentiates the product and sets it apart from competing products (Cartwright & Baird, 1999:86). According to Cartwright and Baird this is important for the destinations within the cruise industry; “every port of call needs to have at least one attraction, in a way its own unique selling point” (1999:143).

4.3 Coopetition

The questions of issue aim to analyse how destinations compete and collaborate. These concepts often occur simultaneously and are referred to as *coopetition*. Coopetition can be defined as: "the dyadic and paradoxical relationship that emerges when two firms cooperate in some activities, such as in strategic alliance, and at the same time compete with each other in other activities" (Bengtsson & Kock, 2000: 412). More simply defined, coopetition occurs when two organisations cooperate and compete simultaneously. Coopetition can occur when competitors market the same product together and have mutual goals, while at the same time compete to achieve a leading position on the market.

In their article, Bengtsson and Kock (2000) provide descriptive explanations on

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

coopetition. One proposition discusses how different activities that an organisation takes part in take place at different distances from the customer. While output activities occur close to the customer, input activities will take place far from the customer. A coopetitive relationship is divided so that the organisations involved compete with output activities such as marketing and cooperate with input activities such as knowledge exchange. The closer the activity is to the customer, the more the organisations compete with their activities (ibid., 2000:421).

A second proposition states that when organisations are involved in a coopetitive relationship, each activity has to be done with regard to the other participating organisations. Any cooperative or competitive activity performed by one organisation can affect the position of another organisation in the network. Thus, when one organisation changes its position on the market it will most probably affect the position of the other organisations (ibid., 2000:422).

The third proposition means that it is important to separate the two parts of a coopetitive relationship because they cannot be managed simultaneously by a single organisation. This can be done through dividing the parts between business units or they may be managed by an intermediate organisation. The organisations can thus focus on competing and gaining competitive advantages on the market (ibid., 2000:423).

Bengtsson and Kock's final proposition concerns the advantage of coopetition, which is the combination of pressure of development that competition provides and the access of resources provided by cooperation. Within a coopetitive relationship, an organisation will compete to achieve a better position on a market. It will have greater possibilities to reach this position since the cooperation can provide unique resources that can optimize its development in new areas of the market. On its own, the organisation could have gained advantages due to the competition but would not have had the access to these resources (2000:424).

4.4 Collaborative Destination Marketing

The purpose of this study is to enhance the understanding and knowledge of collaboration. Hence, one has to understand the collaborative destination marketing process.

The term *destination* is the concept used to describe the place that tourists visit. The organisations within a destination are dependent on each other and have a joint interest in attracting tourists to the destination. Destination marketing requires collaboration between the

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

different organisations in order to increase the demand for the destination (Elbe, 2003:125-126).

The majority of theories regarding destination marketing and destination branding concern the collaboration between actors within one single destination (see Fyall & Garrod, 2005, Elbe, 2003, Morgan, Pritchard and Pride, 2002). A new level of collaboration has evolved and is signified by collaboration between destinations in an area or region. The destination within the cruise industry is not viewed as one single place, rather a whole area or region. The structure of the cruise industry requires some sort of collaboration since it is not only one destination that is visited during one itinerary but multiple. To attract tourists, the destinations cannot only rely on collaboration marketing within the destination itself. The organisations have to collaborate with other destinations in an area or region to be able to attract tourist (Interview, 070416).

Collaborative destination marketing is a process that involves marketing alliances or networks between tourism organizations at different levels. The tourism organizations can be involved in relationships at organizational, inter-organizational and network levels. The aim of the collaborative marketing on all the different levels is to develop an image that positions the destination in the marketplace (Wang & Fesenmeier, 2007:863).

Wang & Fesenmeier have developed a theory that can be used to describe the process of collaborative destination marketing. The theory consists of four broad concepts. These concepts are preconditions, motivations, developmental stages and outcomes of collaboration. The four concepts are important when creating theories on collaborations and networks because they describe why actors engage in collaborative destination marketing (ibid., 2007:864).

The first concept is the *preconditions* of the collaboration. This concept identifies certain factors that facilitate the formation of the collaboration. When studying the preconditions for destination marketing alliances there is a need to study the macro-environmental factors that shape the behaviours of the organizations involved (ibid. 2007:867). The analysis of the macro-environment that provides the basis for the preconditions examines a variety of factors that creates both opportunities and threats to the destination. The PEST-framework can be used to identify the factors. The PEST-model includes Political/legal factors, Economic factors, Socio-cultural factors and Technological factors (Fyall & Garrod, 2005:58-59). Together, the factors describe the macro-environment that provides the basis for the preconditions of each destination. Related to the cruise industry and the destinations, there are other preconditions that can be

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

considered. Cartwright and Baird point out that “for a visit port to be successful, it needs to be convenient in two ways” (2003:153). Firstly, it has to be on a convenient route close to other ports. Secondly, the port has to be accessible and have necessary facilities (ibid. 2003:153). The basic facilities include adequate berthing or anchoring facilities, a landing stage, onshore facilities, onshore attractions and security (ibid. 2003:151).

The second concept discussed by Wang and Fesenmeier deals with the *motivations* for entering a collaboration. The motivations are affected by the preconditions and reflect the benefits derived from the collaboration (ibid. 2007:868). The main motivations can be divided into strategy related, learning related and cluster competitiveness. Strategic motivations relate to expanding the existing market and maintaining the competitiveness through joint marketing. Learning oriented motivations include reasons of collaboration such as expanding capacity, learning new skills and broaden the knowledge through the collaboration. Finally, cluster competitiveness includes the goals of securing the quality of a holistic experience for the visitors through the collaboration (Wang & Fesenmeier, 2007:868-869). Fyall & Garrod also identifies a number of potential motives for collaboration. These motives include market-entry, market positioning, learning new skills and reducing potential threats of competitors (2005: 139).

The third concept includes *the developmental stages* of the collaboration. The stages include assembling, ordering, implementation, evaluation and transformation (Wang & Fesenmeier, 2007:867). However, these stages will not be considered in the following analysis.

The fourth and last concept is the *outcomes* of the collaboration. The collaboration inevitably leads to outcomes for the destinations. The outcomes are mostly multi-faceted and contingent upon the motivations of collaboration (ibid. 2007:871). Wang & Fesenmeier have identified three important types of outcomes: strategy-oriented, organization learning oriented and social capital-oriented. Strategy-oriented outcomes concern tourism organizations ability to enhance their competitiveness through collaboration. By more effective use of pooled resources, a joint brand and image and product development, the destination can enhance their competitiveness in the marketplace (ibid. 2007:871). Organization-learning-oriented outcomes concern the different types of learning and knowledge-transfer. By sharing knowledge and expertise, all participants within the collaboration can enhance their knowledge and capacities (ibid. 2007:871-872). Finally, social-capital-oriented outcomes regard the benefits of the relationships within and between organizations brought by the collaboration (ibid., 2007: 873).

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

The model by Wang and Fesenmeier's (2007) is used as a tool to examine the preconditions, motivations and outcomes of Helsingborg and Stockholm. The concept of collaborative destination marketing is used to identify the process and the context in which a collaboration take place. The theories on collaboration aim to identify the cooperation and competition within the Cruise Baltic Project as well as what type of collaborative relationship the Cruise Baltic Project may be. The concept of competition and competitive advantage is used to define in what areas Helsingborg and Stockholm compete. Finally, the concept of cooptition is used to analyze how the destinations within the Cruise Baltic Project collaborate and compete simultaneously.

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

5.0 Analysis

The following analysis examines how the destinations collaborate and compete. Furthermore, the analysis of preconditions, motivations and outcomes of Helsingborg and Stockholm show differences and similarities between the two destinations.

5.1 Collaboration within the Cruise Baltic Project

To be able to understand the collaborative destination marketing process of the Cruise Baltic Project, it is essential to understand how the destinations within the project collaborate.

The Cruise Baltic Project can be defined as a collaboration. According to Fyall and Garrod, *collaboration* is the most developed and integrated term for describing an inter-organizational relationship. Collaboration includes “exchanging information for mutual benefit and altering activities and sharing resources for mutual benefit and to achieve a common purpose” (2005:154).

The structure of a collaboration can vary. Fyall and Garrod state that the stakeholders within a collaboration need to be autonomous and independent as well as involved and participating (2005:132). The managing of the project is carried out by a steering committee consisting of people from each partner organization. The steering committee meets twice biannually which is when the progress of the project is evaluated and developed. The headquarters of the project are located in Copenhagen (Baltic Cruise Project, part I & II). Several meetings are held annually where the participating destinations gather. According to the Business Area Manager of Helsingborg, although Helsingborg is a small city, the destination feels completely involved in the project. The Business Area Manager stressed the importance of letting all the destinations be heard; otherwise the Cruise Baltic Project would not be effective. Helsingborg finds the structure of the project democratic, where the strategies are developed collectively but still managed from the lead partner; Wonderful Copenhagen (Interview, 070416). The Project Manager of Stockholm Visitors Board finds that Stockholm takes part in the decision process and agrees with Helsingborg on the fact that the Cruise Baltic Project is democratically managed. Since Stockholm initiated the project and is one of the largest destinations involved, they are not concerned about losing their independence or autonomy (Interview, 070509). The structure of the collaboration enables the destinations to be involved in the project. At the same time, the destinations have the freedom to work independently. The involvement and

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

independence does not vary between the smaller town of Helsingborg and the capital of Stockholm.

Within a collaboration, values, rules and norms need to be shared (Fyall & Garrod, 2005:135). Since Helsingborg and Stockholm both are Swedish cities, organizational behavior within the two cities is similar. According to the Project Manager of Stockholm Visitors Board, initially, there had been some problems with the Eastern European cities, which were not used to collaborating in the same manner as for example the Swedish cities. The Eastern European cities were mainly focused on individual outcomes rather than on the collaboration as a whole. This problem has been solved during the process and today the destinations value the collaboration much more (Interview, 070509). Consequently, both Helsingborg and Stockholm share the same values, rules and norms although some differences have been perceived by other participating destinations.

A collaboration needs to have goal compatibility (Fyall and Garrod, 2005:189) as well as an exchange of information for mutual benefit (Ibid. 2005:154). One of the goals of the Cruise Baltic Project is to exchange knowledge and information to be able to develop and promote the region as a cruise destination (Cruise Baltic Status Report, p.7). The Business Area Manager of Helsingborg stated that one goal was to increase the number of visitors in the city (Interview, 070416). The same goal was also highlighted by Stockholm. Through the exchange of information, representatives from each destination learn a lot about how the others work (Interview, 070509). The aim is to induce a growth in the number of cruise passengers, increase the region's share of the global cruise market, persuade the cruise passengers to return and to increase the competitiveness of the Baltic Sea Region (Cruise Baltic Handbook, p.15). Hence, the Cruise Baltic Project has clear goal compatibility, where the destinations have the common goal to promote and develop the Baltic Sea region as a cruise destination. The destinations also exchange information for mutual benefit as they learn from each other.

To be able to achieve a purpose and goals through collaboration, shared resources are needed (Fyall & Garrod, 2005:154). Apart from gained knowledge as a shared resource, the Business Area Manager means that the Cruise Baltic Project as a collaboration has a clear financial advantage for the participating destinations (Interview, 070416). The shared resources within the Cruise Baltic Project include a support of 711, 000 EURO from the EU Interreg IIIB program and the total budget for the first three years is 1.7 million EURO (Cruise Baltic

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

Handbook, p.7, 16). Apart from the funding from the European Union, the destinations themselves contribute to the project with money and services. Shared financial resources are used to coordinate the work in the collaborative marketing process of the Cruise Baltic Project. Consequently, the resources shared by the destinations within the collaboration are mainly comprised of gained knowledge and financial support.

Another component of collaboration is common activities. By altering activities to and sharing resources, the participators within a collaboration can enhance their capacity (Fyall and Garrod, 2005:154) and in the end also their common standards (Cruise Baltic Project Part I & II). The destinations within the Cruise Baltic Project take part in several shared activities. There are four areas of activities, called Work Packages, in which all destinations and partners take part. The first Work Package includes implementing service standards and creating local cruise networks in every destination. The collaboration within the Cruise Baltic Project has developed a Minimum Standard Requirement list (MSR). The MSR is created to ensure that all the destinations can provide a minimum standard of quality on the port facilities, signs and printed material and the service provided (Cruise Baltic Handbook, p. 53). The second activity is creating a joint platform for branding, logo and product development. The logo of the project is connected to the slogan “10 countries on a string” where the proximity of the destinations is stressed (Cruise Baltic Handbook, p. 19, 80-81). The third work package includes increasing the awareness of the Baltic Sea Region through press and PR as well as local Baltic media outlets. (Cruise Baltic Handbook, p.19, 98). The fourth work package includes several marketing tools have been developed to increase the awareness of the Baltic Region and to create a consistent marketing campaign; presentation film, photo library, product guide, promotion material, product and fact sheets as well as a website (Cruise Baltic Handbook, p.19, 97-99). The MSR ensures common standards in all participating ports and the joint branding, promotion and marketing leads to mutual benefits for the destinations in the form of an increased number of cruise ship arrivals. This way, the four work packages within the Cruise Baltic Project enhance the capacity and quality of the whole region.

Fyall and Garrod mean that, in a collaborative process, stakeholders try to make a change or solve a problem, which they could not do on their own (2005:132). The separate destinations in the Baltic Region have recognized that as a single destination, one would not be able to grow as a cruise destination (Interview, 070416 & Interview, 070509). A common problem for the

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

destinations in the Cruise Baltic Project is the intense competition. Collaboration within the Baltic Sea Region is needed in order to be able to compete on the global market.

The term collaborative advantage signifies when something creative is produced through the collaboration that no other organization could have produced on its own. Collaborative advantage is created in a process when organizations have been working together (Fyall & Garrod, 2005:137). In the Baltic Cruise Project Part I, it is stated that “cooperation between all partners is the best way to meet the common challenges in the cruise industry” and that future challenges can only be dealt with if the different destinations cooperate (p.7). The interviews with Helsingborg and Stockholm indicate that the collaboration has led to collaborative advantages. The Business Area Manager of Helsingborg pointed out that before the collaboration, the area was not recognised by cruise lines (Interview, 070416). The Project Manager of Stockholm Visitor’s board also stated that by collaborating, the destinations increased the standard for the whole region (Interview, 070509). By collaborating, Helsingborg and Stockholm have gained collaborative advantages such as increased recognition across the world and improved common standards.

5.2 Competition within the Cruise Baltic Project

Although the destinations within the Cruise Baltic Project collaborate, they also compete. The amount of sellers determines the level of competition within an industry or a market (Skärvad & Olsson, 2003:146). In the Cruise Baltic Project, the sellers are the destinations and the different ports of call. Hence, Helsingborg and Stockholm’s competitors are other destinations within the Cruise Industry.

According to the Business Area Manager of Helsingborg, the competition between the destinations within the cruise industry is intense. Helsingborg competes with more than 300 destinations worldwide. At the same time, the Baltic Sea Region as a whole competes with other cruise regions such as the Mediterranean and the Caribbean. However, the main competitors are the other destinations within the Cruise Baltic Project (Interview, 070416). The Business Area Manager states that Helsingborg’s main competitor is the city of Gothenburg. Although Gothenburg and Helsingborg are different as destinations and cruise products, cruise lines will pick one or the other and not both in their route planning (Interview, 070416). In addition to Gothenburg, Helsingborg competes with other small cities within the network. Helsingborg’s

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

slogan is “something outside the capital experience”, which is what makes their destination unique. Although the other small destinations also offer something ‘other than a capital experience’, the Business Area Manager means that Helsingborg has participated in the project for a longer period of time and have had longer time to develop their product. Therefore, new destinations within the collaboration, such as Karlskrona, Ystad and Malmoe are not seen as a threat since they do not have the same amount of experience (Interview, 070416).

The competition for Stockholm is similar to that of Helsingborg. According to an internal report on the cruise industry in Stockholm, the "competition from destinations close by has had a substantial increase" because the destinations realize the importance of the cruise industry as a source of revenue (Stockholm Cruise Network, 2007-2009). Copenhagen is perceived as Stockholm's main competitor. Stockholm is committed to developing their position as a turn-around destination, and Copenhagen is the market leader destination for turn-arounds within the Baltic Sea. Copenhagen has a substantial advantage in its geographical location since the cruise lines have easier access to the fjords in Norway. Copenhagen offers better accommodation as well as flight communications, as well (Stockholm Cruise Network, 2007-2009). Stockholm also competes with the capitals of Estonia and Finland, Tallinn and Helsinki. According to the Project Manager for Stockholm Visitors Board, the cruise tourists likes to visit as many countries and capitals as possible. Consequently, the other capitals within the Cruise Baltic Project are Stockholm's main competitors (Interview, 070509). As in the case with Helsingborg, there are some destinations within the project that are not perceived as strong competitors. St Petersburg is one of the most popular destinations within the Baltic Sea, but the destination lacks in infrastructure, security and flight capacity to compete with Stockholm as a turn-around destination. The same is true for a number of destinations within the Cruise Baltic Project such as Helsinki, Oslo or Tallinn. These destinations do not have the accommodation capacity or flight communications to be considered as turn-around destinations (Interview, 070509).

The examination of the competition for Helsingborg and Stockholm indicates similarities and as well as differences between the destinations. The two destinations highlight the fact that the competition between cruise destinations is intense. Stockholm points out that there has been a substantial increase in competition from destinations located nearby (Interview, 070509). Both Helsingborg and Stockholm mainly compete with similar destinations within the collaboration. Helsingborg's main competition comes from other small destinations. For Stockholm, which

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

focuses on the position as a turn-around destination, the main competition comes from other major cities within the region that also have the capacity to be considered as turn-around destinations. Helsingborg and Stockholm have other destinations within the collaboration that are not perceived as strong competitors. Hence, although the competition is intense, one does not principally compete with all other destinations and because of the differences in size between the two cities they do not primarily compete with each other. The main competition comes from destinations that are located close to each destination.

The intense competition between the destinations within the cruise industry has been recognized by both Helsingborg and Stockholm. In an industry with heightened competition, the organizations have to collaborate but also differentiate themselves from competitors (Skärvad & Olsson, 2003 and Grant, 2002). A differentiation advantage is to offer something unique to the buyers, and a differentiated position is important for organizations in a competing industry (Grant, 2002 and Kotler, Bowen & Makens, 2003). The destinations develop a differentiated strategy by developing a unique selling proposition (Cartwright & Baird, 1999:86).

According to the Business Area Manager, it is crucial to have a strategic position in relation to other destinations and to have a realistic position. Helsingborg has realized that the destination cannot compete with the major ports and capital cities within the Cruise Baltic Project. Hence, their unique selling proposition is "the main alternative to the capital cities in the Baltic Sea Region". The attributes highlighted are interesting history and the proximity to Elsinore and Denmark. The purpose is to be perceived as a top-end, exclusive destination with a broad range of activities (Interview, 070416). The Business Area Manager in Helsingborg has realized the importance of strategic positioning. Consequently, Helsingborg has a differentiation strategy and has developed a unique selling proposition.

Stockholm's differentiation strategy and strategic position is not as specific as Helsingborg's. Stockholm highlights a range of separate attribute such as good service, developed infrastructure, airport and accommodation as well as all several attractions (Interview, 070509). According to the Project Manager for Stockholm Visitors Board, Stockholm has something to offer for everybody. Stockholm's unique selling proposition is their wide range of activities and attractions. The destination as such is well functioning and offers a high quality (Interview, 070509). The size of and range of activities and attractions in Stockholm enables the city to differentiate itself through diversity. Stockholm highlights the fact that the city has

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

something for everybody. Instead, Helsingborg has a specific unique selling proposition and position.

The competition within the Baltic Sea Region poses certain difficulties for Helsingborg and Stockholm. According to the Business Area Manager, one of the problems that face Helsingborg is its geographical proximity to Denmark and Copenhagen. Some of the cruise lines point out that even though the destination itself might be attractive, Helsingborg is too close to Copenhagen and does not always fit into the route (Interview, 070509). Stockholm faces another problem. Since 1996, the amount of arrivals and visitors has escalated. The new level of visitors sets new requirements for Stockholm as a destination. Meeting the demands of the cruise lines and their passengers is more important (Stockholm Cruise Network, 2007-2009). However, the vast amount of arrivals and visitors may result in difficulties in sustaining the level of quality.

5.3 A coepetitive relationship

As earlier stated, the destinations within the Cruise Baltic Project collaborate through a joint marketing process. At the same time, the destinations compete for the arriving cruise ships and visitors. A concept that describes organisations that cooperate and compete simultaneously is *coepetition* (Bengtsson & Kock, 2000).

Bengtsson and Kock (2000) have summarized their theories concerning coepetition to different propositions that characterize the coepetitive relationship. One proposition that they discuss concerns the activities that organizations take part in and their distance from the customer. Bengtsson and Kock state that output activities take place close to the customer while input activities take place far from the customer. In general, organizations tend to collaborate with input activities and compete with output activities (2000:421). This proposition holds true to the collaborative process that the destinations within the Cruise Baltic Project take part in. The input activities that are further from the cruise tourist are the shared resources such as the financial support from European Union and the shared skills and knowledge. This is where the destinations mainly collaborate (Interview, 090416). The output activities that are closer to the cruise tourist are those of marketing and reception of the visitors. In this instance, the destinations are competing and not collaborating. Hence, the coepetitive relationship within the Cruise Baltic Project can be divided into collaboration through the input activities such as financing and competition through the output activities such as marketing.

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

Another proposition that further clarifies the cooperative relationship within the Cruise Baltic Project is that each activity involving cooperation or competition has to be done in regard to the other organizations involved (Bengtsson & Kock, 2000:422). This kind of relationship characterizes the Cruise Baltic Project. The Business Area Manager in Helsingborg states that it is important to relate to the other destinations (Interview, 070416). The Project Manager in Stockholm also indicated the importance of relating each activity to other participants. All the destinations have to provide a certain standard, otherwise the region as a whole loses its competitiveness (Interview, 070509). All the activities performed by the participants within the Cruise Baltic Project are therefore adapted to the other participating destinations due to their cooperative relationship.

The fifth proposition that Bengtsson and Kock discuss is that a cooperative relationship needs to be divided in two, so that the competitive and cooperative parts are managed separately. This division is clear in the Cruise Baltic Project, where the destinations cooperate through their joint marketing and compete through the strive to be the most popular destination. Helsingborg competes to be the most popular alternative to capital cities and larger destinations whereas Stockholm competes to be the most popular turnaround destination (Interview, 070416 & Interview 070509). At the same time, both destinations collaborate through their participation in the Cruise Baltic Project. The cooperative relationship between the two cities is therefore clearly divided into two different parts. The two destinations partly compete, but with different positions. At the same time they collaborate in the Cruise Baltic Project.

As a last proposition, Bengtsson and Kock also identified advantages of cooperative relationships, such as increased innovation and competitiveness (2000). Helsingborg and Stockholm, state that they see many possibilities in the Cruise Baltic Project collaboration. Helsingborg means that the collaboration gives them the possibility to market themselves in a much larger perspective than earlier (Interview, 070416). Stockholm states that the collaboration gives them a chance to participate and help market the Baltic Sea Region, which gives them a possibility to reach a wider audience around the world (Interview, 070509). At the same time, both destinations state that the competition within the Cruise Baltic Project is more positive than negative. Both Stockholm and Helsingborg mentioned that the competition within the project has resulted in inspiration to look over their own competitive ability and work on increasing their competitive advantages (Interview, 070416, 070509). The advantages of a cooperative

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

relationship identified by Bengtsson and Kock can therefore also be found in the cooperative relationship within the Cruise Baltic Project through market expansion and inspiration to increase their competitive advantage.

5.4 Preconditions

The collaboration within the Cruise Baltic Project is a new level of collaboration that occurs between destinations. Collaborative destination marketing is a process and to be able to analyze that process one has to start with the different preconditions of the destinations. Preconditions can describe certain factors, which can motivate a destination to join in collaboration (Wang & Fesenmeier, 2007:863). Using the PEST model as an analytical tool we can divide a destination's macro environment into: political/legal factors, socio-cultural factors, technological and economic factors (Fyall & Garrod, 2005:58-59). Although both Helsingborg and Stockholm are located in Sweden, the two destinations' preconditions show both similarities and differences.

The common preconditions between the two destinations partly derive from the fact that they are both located in Sweden. Political factors such as: employment law, environmental legislation and political stability (Fyall & Garrod, 2005:59) are the same for both Helsingborg and Stockholm. Technological factors and technological development can be considered to be on the same level in both destinations. Since the destinations are located in the same country, socio-cultural factors such as age profiles, social mobility, lifestyle trends and social class do not differ much between Stockholm and Helsingborg. Therefore, in a comparison between these two cities we don't believe that this would have a greater impact on the participation in the collaborative destination marketing process (Fyall & Garrod, 2005:59).

The last factor in the PEST analysis is economic factors and the economic preconditions differ between the two destinations. Within the Cruise Baltic Project the joining destinations have to invest money into the project. Helsingborg, together with Elsinore, invests 10 000 Euro each year. In comparison, Stockholm alone invests 20 000 Euro per year. Since Stockholm is a capital city they have a larger budget to work with and can therefore invest more money with less consequences than Helsingborg who are a small city with a small budget. Helsingborg invests annually with 10.000 EURO and Stockholm with 20.000 EURO. The budget has been split on the four Work Packages discussed earlier (Baltic Cruise Project, p.5, 6). The economic precondition is a factor that differs between the two cities. Helsingborg has a smaller budget and more limited

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

resources, which gives Stockholm an advantage since there is more economic capital available to them for activities related to the project.

Another precondition that differs between the two destinations is their geographical location. In the Cruise Industry, the geographical location of the destinations is of great importance. According to Cartwright and Baird the success of destinations is dependent on the need to be on a convenient route to other ports (1999:153). Helsingborg has an advantage considering the geographical precondition since it is located close to both the fjords in Norway as well as the crossing of the north Atlantic. However, as stated earlier, the location also results in a disadvantage because of the proximity to the major port of Copenhagen and Gothenburg. Stockholm, on the other hand, is located in the middle of the Baltic Sea. The location leads to a very convenient port, close to many of the other destinations within the Cruise Baltic Project such as Mariehamn, Helsinki, St Petersburg, and Tallinn. Both destinations are dependent on a perfect location; close to other ports, but not too close to other major ports.

Another precondition that is related to the geographical location and that differs between Helsingborg and Stockholm is the actual port and its capacity. According to Cartwright and Baird there are certain facilities and preconditions that are basic to become a port of call. These are adequate berthing, a landing stage, onshore facilities, onshore attractions and security (2003:151). The ports in the two different destinations offer different preconditions. Stockholm clearly has an advantage through more capacity and better facilities than Helsingborg. In Helsingborg the capacity of the port is limited, hence some of the larger ships are excluded and cannot embark in the city. In Stockholm the capacity in the port enables the city to host large arriving ships (Cruise Baltic Handbook, p.45). In addition, Stockholm, as a major city and capital, offers more activities and attractions than Helsingborg. The differences regarding the port and capacity preconditions are mainly due to the fact that Stockholm is a larger city that also is the capital of Sweden. The port itself is a physical precondition that can influence the cruise lines choice of destination. This is another precondition that gives Stockholm more of an advantage in comparison with Helsingborg since the port is smaller and holds less capacity than that of Stockholm.

The difference in size between the two cities leads to another difference in the preconditions; experience. In Helsingborg, the first cruise ship arrived 1994 and the phenomenon of cruise tourism is rather recent (Interview, 070509). The first ship arrived in Stockholm in the

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

mid 1800's and the city has had arriving cruise ships for a long time (Lundgren, 2006). In 2004, Helsingborg had 28 different arriving cruise ships and received around 10 000 visitors. At the same time, Stockholm had 208 arriving ships and received around 200 000 visitors (Cruise Baltic Status Report, p. 42, 135). Both the vast history of cruise tourism in Stockholm and the amount of cruise ships and visitors prior to the Cruise Baltic Project indicates that Stockholm has a better and more developed experience of cruise tourism. Another difference can thereby be found in the destinations' preconditions; the difference in experience of the Cruise Industry.

5.5 Motivations

The preconditions that were identified in the prior section affect the motivations of each destination. The motivations reflect the expected benefits derived from the collaboration and the reasons why separate destinations participate in a collaborative network entering in the collaboration (Wang & Fesenmeier, 2007:872:868). Through the interviews with Helsingborg and Stockholm three different motivations were identified; strategic, learning-oriented and cluster competitiveness.

According to Wang and Fesenmeier (2007:872), strategic motivations relate to the aim of expanding the existing market and developing the product through joint marketing. Fyall and Garrod identify the same advantages such as "efficient use of resources and generation of increased visitor flows" (2005:289). Helsingborg's motivations were all strategic; expanding their network, earning money and increasing their recognition were all reasons for their joining the Cruise Baltic Project (Interview, 070416). They wanted to increase the number of arriving ships and enhance the visibility of the city in the global market. The Business Area Manager of Helsingborg meant that it would have seemed strange if they had not joint a collaboration that was meant to enhance the Baltic Sea Region as a product, which all the other destinations within the region were going to join (Interview, 070416). Stockholm was the initiator of the Cruise Baltic Project, together with Copenhagen. Stockholm wanted to increase the popularity of the whole Baltic Sea Region. The Project Manager pointed out that if the visitors and cruise lines are satisfied with the whole region, they are also satisfied with Stockholm (Interview, 070509). Both Helsingborg's and Stockholm's motivations can be seen as strategic motivations. They are highly connected to an expansion of the market as well as a development of the Baltic Cruise Region. However, there is a difference between their strategic motivations. Helsingborg, the smaller

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

destination, has a smaller perspective, which mainly concerns increased recognition and visitor flows for the city. Stockholm, on the other hand, has a more holistic perspective and considers the development of the whole Baltic Sea Region. This is also something that Helsingborg points out, although not to the same extent.

Apart from strategic motivations, Wang and Fesenmeier's model includes learning-oriented motivations. In their study, they found that the learning oriented motivations included reasons for collaboration such as expanding capacity, learning new skills and broadening of knowledge (2007:868). According to the Business Area Manager in Helsingborg, the destination did not explicitly have learning-oriented motivations for joining the collaboration. Instead, the strategic motivations to expand the market and increase recognition were stressed (Interview, 070416). In the interview with Stockholm the learning orientated motivations proved to be of great importance. The destination was already popular and well functioning. Stockholm meant that by starting to collaborate they would be able to help other destinations improve their standards through providing their own knowledge about the market. They did not believe that they would increase their own knowledge through the collaboration. Instead, they hoped that through helping other destinations increase their popularity and quality, the whole region would benefit (Interview, 070509). Consequently, Helsingborg did not explicitly have learning orientated motivations to join the collaboration. Although Stockholm's motivations were connected to learning, they were more focused on sharing their skills and knowledge with other destinations.

The last type of motivations that were identified by Wang and Fesenmeier was cluster competitiveness. Cluster competitiveness includes the goals of securing the quality of a holistic experience for the visitors through the collaboration (Wang & Fesenmeier, 2007:868-869). Cluster competitiveness can be connected with a motivation suggested by Fyall and Garrod; to reduce potential threats of competitors. If the quality of the holistic experience within the Baltic Sea Region is secured, the threat from other cruising areas can be decreased. The motivations of cluster competitiveness were highlighted by both Helsingborg and Stockholm. The Business Area Manager of Helsingborg stated that it was important to develop the Baltic Sea Region as a product (Interview, 070416). Stockholm hoped that through the collaboration, the quality of the whole Baltic Sea Region could be increased, which would further increase the city's quality in the end (Interview, 070509). Hence, both Helsingborg and Stockholm had motivations related to increasing the cluster competitiveness of the Baltic Sea Region.

Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

Both Helsingborg and Stockholm had competitive motivations to start and join the Cruise Baltic Project. As stated above, Helsingborg wanted to increase recognition and visitor flows (Interview, 070416). Stockholm may seem to have been more concerned with increasing other destinations' possibilities. However, this concern was mainly related to the result of an increase in their own popularity as a cruise destination around the world. Therefore, both Helsingborg and Stockholm joined the collaboration with competitive motivations, to be able to increase their own competitiveness towards other destinations.

5.6 Outcomes

The last concept of the collaborative destination process is the outcomes. The outcomes are often multi-faceted and dependent on the motivations of collaboration (Wang & Fesenmeier, 2007:871). Wang & Fesenmeier identified three important types of outcomes: strategy-oriented, organization learning oriented and social capital-oriented. The outcomes are affected by the context in which the collaboration take place (2007:81) and may differ between the destinations involved.

Strategy-oriented outcomes concerned tourism organizations ability to enhance their competitiveness through collaboration. By more effective use of pooled resources, a joint brand and image and product development the destination can enhance their competitiveness in the marketplace (Ibid. 2007:871). The Strategy-oriented outcomes were highlighted by both Helsingborg and Stockholm. The Business Area Manager of Helsingborg stated that the joint marketing has increased recognition and given the destination a better status. In addition, the financial purpose was mentioned (Interview, 070416). Stockholm's goal with the Cruise Baltic Project was to increase the competitiveness of the whole region and increase visitor flows. The joint marketing material had increased the quality of the whole region (Interview, 070509). According to the Cruise Baltic Project the output of the collaboration was expected to lead to: increased competitiveness of the Baltic Sea Region on the global cruise market as well as a steady high growth rate of the Cruise Baltic Sector. During the Cruise Baltic Project, the number of cruise visitors has increased significantly, with an average growth rate in the Baltic Sea region of 16,5% (Cruise Baltic Project, part I). Helsingborg also highlighted the fact that although the number of arriving ships had decreased, the number of visitors had increased (Interview, 070416). Stockholm did not mention increased visitor flows as an outcome for the city

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

(Interview, 070509). Consequently, the Cruise Baltic Project has resulted in strategy-orientated outcomes for Helsingborg and Stockholm as well as the region as a whole. The outcomes can be described as a higher level of recognition, a stronger competitiveness on a global market and a significant increase of visitors for the whole region.

Organization-learning-oriented outcomes concern the different types of learning and knowledge-transfer that was the result of the collaboration. By bringing together knowledge and expertise all participants within the collaboration can enhance their knowledge and capacities (Wang & Fesenmeier, 2007:871-872). The Business Area Manager of Helsingborg stated that they had learnt a lot from the collaboration. The destination had been given a somewhat new approach as well as a better understanding for the differences between the destinations within the collaboration and their different preconditions (Interview, 070416). Although Stockholm had a wider experience of cruise tourism, the city has had learning orientated outcomes. The Project Manager stated that as a destination they had increased their knowledge from other participating destinations (Interview, 070509). In the Cruise Baltic Status Report, it is stated that knowledge and information exchange is one of the goals of the collaboration (p.7). The representatives from each participating destination meet four times annually. During the meetings the representatives learn a lot about how other destinations work (Interview, 070509). In conclusion, the learning-orientated outcomes that were identified in interview with both Helsingborg and Stockholm were: a better understanding of other destinations, exchange of knowledge and experience and new approaches to cruise ship tourism.

Finally, the third type, social-capital-oriented outcomes regard the benefits of the relationships within and between organizations brought by the collaboration (2007: 873). Neither the representative from Helsingborg nor Stockholm mentioned a social-capital-outcome of the collaboration (Interview, 070416 & Interview, 070509). Although one can assume that the representatives that meet have some type of contact and relationship in-between the meetings the relationships were not stressed in the interviews. Hence, social-capital-oriented outcomes did not seem to be of great importance for either Helsingborg or Stockholm.

Cruise the Baltic Sea!
Collaborating and Competing within the Baltic Sea Region

6.0 Conclusion, Discussion & Summary

This section will provide a reflection of the implemented research and chosen methodology. Furthermore, a summary of the conclusions identified in the analysis is used to answer the questions of issue. Finally, suggestions on future research is presented.

Today, cruise destinations collaborate in order to gain advantages in a global market. The purpose of this report is to enhance the understanding and knowledge of the collaborative destination marketing process. The empirical material is based on printed material provided by the Cruise Baltic Project as well as two interviews with representatives in the two destinations, Helsingborg and Stockholm. Even though only two interviews with two representatives from the destinations were made, we believe that the analysis and the theoretical application provide relevant conclusions.

The first question of issue deals with how Helsingborg and Stockholm collaborate and compete within the Cruise Baltic Project. The Cruise Baltic Project is a collaboration project between destinations within the Baltic Sea Region. The destinations have created a unified platform for marketing where they exchange information and perform joint activities with shared resources. Helsingborg and Stockholm gain collaborative advantages such as increased visibility and improved common standards. The competition between the destinations is intense and has led to the development of differentiation strategies and unique selling propositions by both Stockholm and Helsingborg. The destinations mainly compete with destinations that have similar offers or are located in the same geographical area. Since the destinations collaborate and compete simultaneously, a cooperative relationship has been identified. This relationship is signified by collaboration through the input activities, sharing of financial resources and knowledge, and competition through the output activities, marketing and reception of cruise tourists.

The second question of issue deals with what preconditions, motivations and outcomes related to the Cruise Baltic Project exist in Helsingborg and Stockholm and how they differ. The preconditions, motivations and outcomes are related to the collaborative destination marketing process that characterizes the Cruise Baltic Project. The preconditions for Helsingborg and Stockholm are of a similar nature due to the fact that both destinations are located in Sweden. A precondition that differs between the two destinations is their geographical location. The

Cruise the Baltic Sea! Collaborating and Competing within the Baltic Sea Region

geographical location is crucial when the cruise lines choose their itineraries and ports of call. After studying the preconditions of Helsingborg and Stockholm, we found that the motivation of increasing their competitiveness for collaboration were similar. However, Stockholm had a more holistic perspective due to the fact that the destination is more established as a cruise destination. Finally, the outcomes of the project were also of a similar nature. We identified a higher visibility in a global market, stronger competitiveness and a significant increase of visitors in the two destinations, as well as in the Baltic Sea Region. The learning-orientated outcomes identified involve a better understanding of the cultural differences of the other destinations as well as an exchange of knowledge and experience.

This study has examined how Helsingborg and Stockholm collaborate and compete as well as the preconditions, motivations and outcomes of the collaborative destination process of respective destination. A suggestion for future research is a study including more of the destinations within the Cruise Baltic Project to present a wider empirical base. Another area for future research is the marketing produced by the collaborative destination marketing and the common image presented by the Baltic Sea Region. A cumulative trend in the future is that the cruise ships are developing to be of larger sizes. This is an area for future research since the ports in the Baltic Sea Region are relatively small which makes the trend for larger ships problematic. The Cruise Baltic Project also identifies the issues of the future:

*“The challenges do not stop and the cooperation between all partners
is the best way to meet the common challenges in the cruise industry”*

(Baltic Cruise Project, part I, p. 7)

Cruise the Baltic Sea!
Collaborating and Competing within the Baltic Sea Region

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Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

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Cruise the Baltic Sea!

Collaborating and Competing within the Baltic Sea Region

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Cruise the Baltic Sea!
Collaborating and Competing within the Baltic Sea Region

Appendix 1 - Interview Guide

Interview with Project Manager, Stockholm Visitors Board, 070509

Background

1. For how long have you been working at the Stockholm Visitors Board? What are your work tasks?
2. Since when have international cruises been coming to Stockholm?
3. Compared to the total amount of tourism visiting Stockholm, how big, approximately, is cruise tourism in Stockholm?
4. How has the cruise tourism developed throughout the years?

Collaboration

5. What kind of contact does Stockholm have with the other destinations in the Cruise Baltic Project? How often do you meet and where?
6. What motives did Stockholm have to join/start the project?
7. What goals/purpose did/has Stockholm with the project?
8. Have there been any difficulties with the collaborative process? If so, what kind of difficulties?
9. Does Stockholm feel involved in the project? Is the project managed in a tight or loose control?
10. How much does Stockholm invest in the project?
11. Has the project implied anything positive to Stockholm and if so, what has been good?
12. What has Stockholm learnt from this project?

Competition

13. Who/what are Stockholm's main competitors? Why?
14. What is Stockholm's strategic position?

Marketing

15. What factors are used to define Stockholm as a cruise destination?
16. What factors are used to differentiate Stockholm as unique compared to other cruise destinations within the project?

Cruise the Baltic Sea!
Collaborating and Competing within the Baltic Sea Region

Appendix 2 - Interview Guide

Interview with Business Area Manager Tourism, Helsingborg, 070416

Background

1. How and when did Helsingborg begin to work in the Cruise Industry?
2. How did the Cruise Baltic Project start?
3. Was Helsingborg part of the starting of the Cruise Baltic Project?

Collaboration

1. What does the contact between the destinations look like and how often do you meet?
2. What resources are shared within the project?
3. What different sorts of organisation take part in the project?
4. What are Helsingborg's motives to join the project?
5. How much does Helsingborg invest in the project?
6. Does Helsingborg feel involved in the project?
7. Is the project managed in a tight or loose control?
8. Criteria and requirements – in what way has Helsingborg been forced to adapt?
9. In what way do Helsingborg and Helsingör collaborate?
10. According to the homepage, the amount of cruise ships has been reduced since 2004, why is that?
11. Compared to the total amount of tourism visiting Helsingborg, how big, approximately, is cruise tourism in Helsingborg? How big is the cruise segment?
12. Have there been any difficulties with the collaborative process? If so, what kind of difficulties?

Competition

13. Who/what are Helsingborg's main competitors? In what areas do you compete?
14. What is Helsingborg's strategic position?

Marketing

15. What factors are presented as unique to Helsingborg as a cruise destination?
16. In what way does Helsingborg work with getting the cruise passenger ashore?
17. How does Helsingborg work with the branding of the destination?

Goal and purpose

18. What goals does Helsingborg have with the project? How do you work to achieve these goals?
19. What in the project has been profitable?
20. What will the future bring? What happens when the Cruise Baltic Project is completed?
21. What has Helsingborg learnt from the project?
22. What has Helsingborg gained from the project? In what way has it been worth the costs that the project included?

Cruise the Baltic Sea!
Collaborating and Competing within the Baltic Sea Region

Appendix 3 – The Collaborative Destination Marketing Process

**An elaborative framework for destination marketing alliance formation
Focus: Helsingborg and Stockholm**

