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# THE CHALLENGES OF SCANDINAVIAN DESTINATION MARKETING ORGANIZATIONS

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## ABSTRACT

*In the turbulent tourism environment, characterized by many stakeholders and constituting a relatively fragmented industry where efforts, such as adapting to change; managing expectations; managing the destination; competition; collaboration; and performance measurement are challenging. To address the issue, Destination Marketing Organizations (DMOs) have arisen with a general agenda to coordinate industry actors in a cooperative manner, which results into a collective contribution to the development of the destination. While having different premises and resources, they do not always experience the same challenges. Hence, it proves crucial to go further into the subject and examine if a generalization of DMO challenges are apparent in a wider context.*

## PREFACE

*The presented thesis will result into our Bachelor's dissertation at the Institution of Service Management, Lund University, seeking to capture challenges faced by Destination Marketing Organizations. Writing this thesis has been a valuable experience overall, giving us insight in how these organizations are coping in a fluctuant environment.*

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## SUMMERY

<b>LEVEL:</b>	Bachelor's thesis, C-Level (ECTS 15)
<b>TITLE:</b>	The challenges of Scandinavian Destination Marketing Organizations
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<b>INSTRUCTORS:</b>	Erica Andersson Cederholm & Richard Ek
<b>STATEMENT OF PURPOSE:</b>	This thesis is aimed to highlight whether Scandinavian Destination Marketing Organizations are facing major challenges. The challenges have been concluded upon in a previous study and have arisen due to the nature of the tourism industry as well as internal and external influences at the destinations. The idea is to address if the challenges can be generalized, which can hopefully encourage further research on the subject.
<b>ISSUES OF MATTER:</b>	What are the perceptions of Scandinavian Destination Marketing Organizations when facing major challenges?  Can these challenges be generalized in a wider context?
<b>METHODOLOGY:</b>	To gain empirical data, qualitative interviews have been conducted with Destination Marketing Organization representatives from Stockholm, Oslo, and Malmo. These have been put in relation to theoretical material connected to the challenges.

**ANALYSIS:**

In the analysis the faced challenges and the perceptions of Scandinavian Destination Marketing Organizations are highlighted. This approach is intended to address whether the challenges can be generalized in a wider context. The generalization is executed by putting the analyzed challenges to each of the selected Scandinavian DMO against a hypothesis. The thesis has confirmed that a possible generalization of DMO challenges can be rejected.

**CONCLUSIONS:**

There are differences in how the chosen organizations perceive the challenges, which constrains the ability to generalize the challenges in a wider context. This is due to the different organizational structures and different premises that each organization has to work with. The Scandinavian DMOs among themselves also perceive that they have distinctive core functions, which differ from each other. However, even if the challenges have not proved to be generalized, an overlooking mapping of the organizations has been conducted. The differences relating to challenges of Scandinavian DMOs constitute a substratum for future research within the academic field.

**KEY WORDS:**

destination marketing organizations, challenges, place marketing

## TABLE OF CONTENTS

1. INTRODUCTION .....	8
1.1 THE ROLE OF DESTINATION MARKETING ORGANIZATIONS.....	8
1.2 STATEMENT OF PURPOSE .....	9
1.3 ISSUES OF MATTER.....	9
2. THEORETICAL FRAMEWORK.....	10
2.1 WHY STRATEGY?.....	10
2.2 DESTINATION MARKETING ORGANIZATIONS.....	11
2.3 THE CHALLENGES OF DMOS .....	11
2.3.1 THE USE OF ORGANIZATIONAL CAPABILITIES WHEN ADAPTING TO CHANGE.....	12
2.3.2 MANAGING EXPECTATIONS AS A RESULT OF STRATEGIC MARKETING .....	13
2.3.3 DESTINATION MANAGEMENT AND THE IMPORTANCE OF STRATEGIC MANAGEMENT.....	15
2.3.4 COUNTERACTING DIVERSE LEVELS OF COMPETITION.....	16
2.3.5 RECOGNIZING CREATIVE PARTNERING AS THE WAY OF LIFE.....	17
2.3.6 DISCOVERING MEASURES OF SUCCESS.....	19
3. METHODOLOGY .....	20
3.1 MOTIVATION OF RESEARCH SUBJECT.....	20
3.2 RESEARCH PROCESS .....	20
3.3 THE SCANDINAVIAN CONTEXT .....	21
3.4 THE EMPIRICAL DATA.....	22
3.5 INTERVIEW – A QUALITATIVE APPROACH .....	22
3.5.1 THE RESPONDENTS – SELECTION AND RELEVANCE .....	23
3.6 GENERALIZATION OF DMO CHALLENGES .....	24

3.7 INTERPRETING EXISTENCE .....	25
3.8 RESEARCH COMPLICATIONS.....	25
3.9 METHODOLOGICAL LIMITATIONS.....	26
4. ANALYSIS.....	27
4.1 THE CHALLENGE OF ADAPTING TO CHANGE .....	27
4.1.1 STOCKHOLM VISITORS BOARD .....	27
4.1.2 VISIT OSLO .....	28
4.1.3 MALMO TOURISM .....	28
4.2 THE CHALLENGE OF MANAGING EXPECTATIONS .....	30
4.2.1 STOCKHOLM VISITORS BOARD .....	30
4.2.2 VISIT OSLO .....	31
4.2.3 MALMO TOURISM .....	32
4.3 THE CHALLENGE OF DESTINATION MANAGEMENT .....	33
4.3.1 STOCKHOLM VISITORS BOARD .....	34
4.3.2 VISIT OSLO .....	34
4.3.3 MALMO TOURISM .....	35
4.4 THE CHALLENGE OF COMPETITION .....	36
4.4.1 STOCKHOLM VISITORS BOARD .....	36
4.4.2 VISIT OSLO .....	37
4.4.3 MALMO TOURISM .....	37
4.5 THE CHALLENGE OF COLLABORATION .....	38
4.5.1 STOCKHOLM VISITORS BOARD .....	39
4.5.2 VISIT OSLO .....	39
4.5.3 MALMO TOURISM .....	40
4.6 THE CHALLENGE OF PERFORMANCE MEASUREMENT .....	41

4.6.1 STOCKHOLM VISITORS BOARD .....	41
4.6.2 VISIT OSLO .....	42
4.6.3 MALMO TOURISM .....	42
4.7 GENERALIZING DMO CHALLENGES .....	44
4.7.1 HYPOTHESIS .....	44
5. CONCLUSIONS .....	47
5.1 SCANDINAVIAN DMOs.....	47
5.2 GENERALIZATION OF DMO CHALLENGES.....	49
5.3 FUTURE RESEARCH.....	50
REFERENCES.....	51
APPENDIX 1 – THEORETICAL THEMES AND THE GENERALIZATION OF DMO CHALLENGES.....	53
APPENDIX 2 – INTERVIEW QUESTIONS AND TRANSCRIPTION OF RESPONDENTS .....	59

# 1. INTRODUCTION

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*The first part is intended to give the reader a brief overview of the nature of the tourism industry, thus explaining why the particular field has been chosen. The role of Destination Marketing Organizations (DMOs) will become more apparent, and an explanation will follow with the intentions of this thesis. This will be presented in the statement of purpose and finally operationalized through the research questions in our issues of matter.*

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## 1.1 THE ROLE OF DESTINATION MARKETING ORGANIZATIONS

‘All places are in trouble now, or will be in the near future. The globalization of the world’s economy and the accelerating pace of technological changes are two forces that require all places to learn how to compete. Places must learn how to think more like businesses, developing products, markets, and customers.’  
(Kotler *et al.* 1993: 346)

This day and age the tourism industry have provoked a reaction within the competitive environment and changed the industry’s patterns of competition. One contributing factor is that the internationalization of the economy and business activity have shifted the competition from the local level to the global level. Facing this change, many decisions and strategic processes undertaken by tourism operators have been affected (Go & Moutinho 2000: 319-20).

The tourism industry consists of different industry actors with diverse objectives and interests at a destination, resulting in conflicts and a complexity regarding the future of the destination. DMOs are dealing with the task of coordinating these industry actors to cooperate and collectively contribute to the development of the tourism product within the marketed destination (Prideaux & Cooper 2002: 37-8). Gretzel *et al.* (2006) acknowledges that numerous DMOs are facing new challenges within the tourism industry. The magnitude of different stakeholders is making it difficult for marketers to generate satisfactory results. Lack of product control, scarce resources and potential

political interference compose only some of the problems facing the DMOs (Gretzel *et al.* 2006: 118).

The increased competition of the economical benefits derived from tourism destinations emphasizes the importance of competitiveness among destinations and their capabilities to obtain such factors. DMOs have received criticism regarding the ability to explore and exploit competitive factors gained from the changing external environment in order to improve the competitiveness of a destination (Goymen 2000: 1041). Despite the critic facing DMOs, the great intensity of industry changes will eventually force DMOs to obtain explorative and exploitive abilities and skills due to changing patterns of competition. It would therefore be of great interest to examine today's perception of DMOs when facing challenges in the tourism industry.

## 1.2 STATEMENT OF PURPOSE

Against the given background, this thesis is aimed to, *first* highlight if Scandinavian DMOs are facing challenges that have arisen due to the nature of the industry as well as internal and external influences at the destination. *Second*, the idea is to see if the challenges can be generalized in a wider context. The generalization is executed by putting the analyzed challenges of each of the selected Scandinavian DMO against a hypothesis, which is presented in the methodology. This will hopefully contribute to, and encourage future research on the subject of DMO challenges. The statement of purpose is operationalized into research questions within the issues of matter.

## 1.3 ISSUES OF MATTER

- \* *What are the perceptions of Scandinavian Destination Marketing Organizations when facing major challenges?*
- \* *Can these challenges be generalized in a wider global context?*

## 2. THEORETICAL FRAMEWORK

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*In this part a presentation of the origins of strategy and its relevance to our study in a destination marketing perspective is given to the reader. The remaining of this part will discuss six challenges and issues facing DMOs using theoretical material, which will be the backbone for the whole thesis.*

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### 2.1 WHY STRATEGY?

Strategy has through history been used as a method to plan the future and master elements such as, environment, capabilities, resources and skills. The concept of strategy dates back more than 2000 years. Sun Tzu's legendary teaching of tactics, strategy and the written work of *The Art of War* is to this day one of the most prestigious and influential books on strategy. An unidentified medieval Taoist philosopher that has influenced the great strategist states:

‘Deep knowledge is to be aware of disturbance before disturbance, to be aware of danger before danger, to be aware of destruction before destruction, to be aware of calamity before calamity (...)’ (Cleary 1988: 3)

The quote above illustrates the very essence of why organizations and firms within the tourism industry need to use strategies as tools to manage the complexity of the modern marketplace. Hence, the tourism industry is highly dynamic and fluctuant. Forces such as political change, new consumer trends, new technologies, the fragmentation of markets, various forms of integration and the progressive environmental concerns constitutes serious challenges for tourism organizations (Moutinho 2000: 259). The proper tools can then be used to overcome the present and future challenges. However strategies do not provide solutions by themselves for problems within the marketplace. But if executed and designed properly, they might supply organizations with directions in a turbulent environment.

## 2.2 DESTINATION MARKETING ORGANIZATIONS

Kotler *et al.* (1993) acknowledges that we are living in a time of ‘place wars’, consequently places and destinations are engaged in competitive behavior within the tourism industry. Suggested is the strategic market planning perspective, which provides places and destinations with the proper tools for marketing and enables them to use opportunities for overcoming future challenges (Kotler *et al.* 1993: 346). But which organizations are then to incorporate these suggestions from a destination marketing perspective? In general, *Convention & Visitors Bureaus* (CVBs), or so called *Destination Marketing Organizations* (DMOs) deals with the task of coordinating tourism industry actors to cooperate and collectively contribute to the development of the tourism product within the marketed destination (Prideaux & Cooper 2002: 37-8). However, many DMOs are nowadays facing several challenges within the tourism industry.

## 2.3 THE CHALLENGES OF DMOS

The remaining theoretical part is based on several issues raised and concluded upon at a forum in 2002 by several American DMO representatives and managers. The different subjects of matter presented at that meeting have resulted in an article published by Gretzel *et al.* (2006), which documents the challenges those DMOs were facing.

These challenges are the point of origin or aim for the various theories that are elaborated with in this thesis. Even if several theories, methods and models of strategy, marketing, organization etc, by other scholars and researchers also will be brought to the stand, their contribution is mainly aimed at highlighting the challenges of the DMOs. The presentation of conflicting theories that are subjected to the challenges is intended to function as an academic argument and bring greater understanding throughout this thesis. These challenges can be characterized in six different groups: *adapting to change; managing expectations; destination management; competition; collaboration; and performance measurement* (Gretzel *et al.* 2006: 118).

### 2.3.1 THE USE OF ORGANIZATIONAL CAPABILITIES WHEN ADAPTING TO CHANGE

Strategic change, challenges and opportunities are some aspects that DMOs will face in the external environment. These external factors might possibly benefit organizations that strive to take advantage of them. A key determinant of business performance is the strategy and the organization, which to some extent are subjected to managerial influences (Go & Moutinho 2000: 324). Organizations have to develop three distinct strategic organizational capabilities to meet major challenges. These capabilities are presented here:

‘The multi flexibility to respond to diverse, local market needs; the global competitiveness to capture efficiencies of scale; the international learning ability that results in worldwide innovation.’ (Go & Moutinho 2000: 324)

But, is the use of organizational capabilities applicable for DMOs when adapting to external changes? The use of the ICT (Information Communication Technology) is one example on how abilities and capabilities of DMOs have resulted in efficient and innovative advantages and how flexibility is essential to meet diversified market needs. In terms of targeting segments and communicating information through channels to the world, the ICT apparatus such as the Internet have been proven an efficient tool for DMOs.

The first forecast foresaw that the technology itself would decrease costs and increase efficiency, hence helping DMOs identify trends and fluctuations on the market. However for some DMOs, the costs and resources required to manage and operate these new systems proved greater than first anticipated. Commonly shared marketing arenas provided by the ICTs has proven an efficient manner and innovative to attract businesses and communicating information, but other conventional marketing efforts such as brochures are growing in demand, thus increasing the overall marketing costs (Gretzel *et al.* 2006: 118). The growing cost of marketing efforts shows how lack of *organizational capabilities* in managing diverse local market needs result to inflexibility among DMOs, when both coping with conventional and unconventional marketing methods.

Different resources are of great importance for firms and organizations when generating specific organizational capabilities, which are important when adapting to change. The organizations' need of resources is very crucial to the operation, where as resources also are scarce and not obtainable everywhere (Nygaard 2002: 170). These resources can be classified into three categories: *tangible resources*; *intangible*; and *human resources* (Grant 2008: 131). An organizational capability is the result of different resources working together in means of achieving a higher end (Grant 2008: 135). Once DMOs have identified these capabilities, vital organizational capabilities could be used to adapt to an ever-changing environment.

### 2.3.2 MANAGING EXPECTATIONS AS A RESULT OF STRATEGIC MANAGEMENT

The status and form of DMOs have alongside the average customer base undergone a transformation the last decade. The consumer base has altered, resulting in greater diversified segments, thus requiring more complex methods and strategies in order to cope with the changing environment. The overall number of stakeholders in DMOs have tendency to progress. In the early days DMOs were often public entities with a single public stakeholder. Today, the stakeholders are often multiple and fragmented (including private ones), each with a separate agenda, a fact that constitutes serious challenges for the DMOs and incentive for strategic planning (Gretzel *et al.* 2006: 119). It is therefore important to discuss the strategic marketing planning and its impact on destination marketing.

Kotler *et al.* (1993) presents the *strategic market planning process* (SMPP), which incorporate related questions to each five stages of the process. The questions are related to: 1. *Place audit*; 2. *Vision and goals*; 3. *Strategy formulation*; 4. *Action plan*; and 5. *Implementation and control* (Kotler *et al.* 1993: 81). However, in later years Fyall & Garrod (2005) have presented the *strategic marketing planning process*, which includes an enhanced collaborative approach for organizations. Their contribution only comprises three subdivided stages and is relatively similar to the SMPP (Fyall & Garrod 2005: 323-4). The initiated stage refers to *strategic* or *situational analysis* similar to stage 1-3 of the SMPP. The situational analysis is of great importance for strategic marketing because it emphasizes the business model of corporate strategic plan. The corporate strategic plan consists of vision and mission statements, goals and objectives, which

inevitable influences marketing efforts. Marketing is for that reason dependent on other aspects of an organization (Fyall & Garrod 2005: 54). The following function is *strategic choice* and last but not least *strategic implementation, evaluation, and control* comparable to stages 3-5 presented in the SMPP. Evans *et al.* (2003) recognize three facts of strategic choice: ‘formulating options for further development; evaluating the available options; and selecting which options should be chosen’ (Evans *et al.* 2003; in Fyall & Garrod 2005: 88). Implementing, evaluating and controlling marketing strategies are restricted to the organizations’ market position and marketing objectives (Fyall & Garrod 2005). Nevertheless, DMOs that define their core business to strategic marketing are, as one might expect, merely considered to market a destination.

ICT has, as mentioned previously, proven to be an important tool for DMOs in order to communicate and address customers in a more personalized style that embraces customized messages and reflects individual preferences (Gretzel *et al.* 2006: 119). In order to achieve success it is crucial to integrate customer knowledge and information in the marketing process. This is a task that has become more and more ungrateful for marketers, as customers tend to value their privacy to a greater extent. Customized and individual marketing are costly activities that require funding, thus requiring greater efficiency in allocating available resources for DMOs (Gretzel *et al.* 2006: 119). In this context the modern tasks of DMOs have undergone great changes since the days when they simply had to advertise and supply guiding services. In light of the SMPP, one might discuss if the approach still is suitable for DMOs when managing expectations. To effectively market and deliver the quality a destination may offer, superior authority and ability of managing the specific destination is required. Gretzel *et al.* (2006) states that DMOs are now assisting:

‘(...) in the development of attractions, events, and other components of the service industry while searching for the lodging services that make the destination the best are now as much part of the bureau’s job as the traditional advertising tasks. Consequently, economic development and bricks-and-mortar tourism development are increasingly part of the activity mix of DMOs.’ (Gretzel *et al.* 2006: 119).

### 2.3.3 DESTINATION MANAGEMENT AND THE IMPORTANCE OF STRATEGIC MANAGEMENT

The main purpose of a DMO is shifting from a destination marketing function to more of a destination management function with responsibility for customers and local stakeholders. Acknowledging this, these organizations are now more focused on managing the development and the planning process of strategic decisions' concerning a destination's future condition (Gretzel *et al.* 2006: 119). It is therefore important to distinguish between strategic marketing planning and strategic management and its influence on destination management.

According to King (2002), DMOs need to engage in promoting the destination more effectively and provide costumers with the preferred and expected experience. Consequently, this will require a major change (King 2002: 105). Facing greater responsibility DMOs would be more better off by integrating the strategic marketing planning process with other aspects of the organization and the tourism industry, resulting in a supreme strategic effort to manage a destination. Murphy & Murphy (2004) present the very foundation of tourism strategic management in their book *Strategic Management for Tourism Communities*. They advocate the following:

'To operate tourism management strategies along business lines at the community level requires a strategic approach operating within an open system that can incorporate as many considerations as possible with input from different stakeholder groups.' (Murphy & Murphy 2004: 61)

*Strategic management* is the business method or instrument used to gain and maintain competitive advantage (David 2007: 5). The central distinction between the strategic marketing planning process and the strategic management process in tourism is that the former business method is incorporated in the latter. This means that marketing is one of many functional aspects in strategic management. Other important strategic and functional management issues in tourism are *human resource management*, *financial management*, *operational management*, and *quality management* (Moutinho 2000: ix).

The structure or process of strategic marketing planning is similar to that of strategic management mainly because they are interdependent (see Fyall & Garrod 2005: 54; and David 2007: 15). David's (2007) *Strategic Management Model* is exemplified to highlight this similarity. The strategic management process also consists

of three major stages: strategy formulation; strategy implementation; and strategy evaluation. *First*, the external and the internal audit are processed. They are the very basis for generating, selecting and choosing strategies throughout the formulation stage. *Second*, the formulated strategy has to be implemented successfully. This requires the strategist to take organizational and managerial measures into consideration. *Third*, strategists have to systematically evaluate the implemented strategy by reviewing the bases of the formulated strategy (reviewing the external and the internal audit) or through various management control systems (David 2007: 15).

While the strategic marketing planning process only relate to one functional aspect, the strategic management process put across multi-functional aspects of DMOs when facing greater responsibility. Therefore the strategic management process is more applicable when managing destinations. This transformation of organizational purpose and function will strengthen DMOs. As a result of moving from strategic marketing planning processes to strategic management processes, these organizations are more adept to gain and maintain competitive advantage for the future of the destination. The criticality and significance of strategic management to DMOs when facing new responsibilities, such as managing a destination, should therefore also be conferred in this thesis.

### 2.3.4 COUNTERACTING DIVERSE LEVELS OF COMPETITION

A key challenge for places or destinations is the number of competitors with similar efforts to attract scarce resources (Kotler *et al.* 1993: 315). On a global, regional and local scale, the tourism industry competition is all about gaining market share. Sinclair & Stabler (1998) declare that:

‘(...) the vast majority of international tourist flows are relatively short distance, involving travel between geographically proximate countries for business and holiday purposes’ (Sinclair & Stabler 1998: 125).

This view develops an assumption that regions with enclosing multiple destinations can experience high levels of competition among major destinations. Confirming this assumption are the new levels of competition that are emerging, due to decline in travel

within some destination forcing them to compete with other destinations (Gretzel *et al.* 2006: 120).

Competition within the tourism industry is achieved through research, development, innovation and imitation. The main goal is to engage in research and development to enhance and lead over domestic and foreign competitors (Sinclair & Stabler 1998: 132). It is therefore advisory for DMOs to face this challenge and allocate resources to engage research and development to compete with other destinations. When allocating resources, places or destinations are to rely on their own local ones to face the growing competition. Therefore destinations have to define what they have or can acquire to supply various stakeholders' needs. Throughout this mindset DMOs can obtain advantages to compete with others (Kotler *et al.* 1993: 316). However, competition of resources among internal firms and organizations within the marketed destination is intensifying. One example is DMOs opposition to profit-organizations and consulting firms, struggling over financial resources obtained through public and private funds (Gretzel *et al.* 2006: 120).

Firms within the tourism industry have countered this competitive problem by means of integration (Sinclair & Stabler 1998: 133). DMOs must for that reason integrate and coordinate different industry actors to cooperate and collectively contribute to the development of the tourism product within the marketed destination (Prideaux & Cooper 2002: 37-8). These integrative and coordinative efforts will be used to compete with other firms and organizations within the destination and with other destinations. The new levels of competition are confronted by DMOs, both from other external destinations and other internal competitors within the destination.

### 2.3.5 RECOGNIZING CREATIVE PARTNERING AS THE WAY OF LIFE

Is the competitive approach or the collaborative approach most successful for DMOs when facing new levels of competition due to scarce resources and emerging competing destinations? When acting in an industry environment the competitive approach is not the only way to go. In the case of the fragmented tourism industry, there are forms of collaboration such as *co-opetition*, which can bring different actors together and collaborate in some areas while being competitive in others. This is however not as easy to achieve, since entrepreneurs in the local community are pervaded by traditional

competitive thinking (Gretzel 2006: 120-1). The point of a collaborative relationship is to get the different parties to share information and resources which would ideally benefit all parties and should also be directed towards a common goal (Fyall & Garrod 2005: 154-5). The collaborative side of co-opetition may be illustrated in the form of commonly agreed policies, pricing mechanisms, environmental and health concerns (Grant 2008: 120).

In a network of actors for example, which can be considered the most loosely form of collaboration (Himmelman 1996; in Fyall & Garrod 2005: 154), the involved actors will gain access to more resources than they could have gained on their own, may it be capital, relationships or information (Høpner 2002: 217-9). An example of this is the agglomeration effect caused by similar business located in proximity to each other and working together, which can provide the tourist with a perception of a mixed range of services and facilities suiting their needs (Jones & Simmons 1987; in Murphy & Murphy 2004: 205).

Also collaboration can help individual actors to gain a holistic perspective thus limiting self-gaining actions taken by local entrepreneurs that might be of little use to the destination as a whole (Fyall & Garrod 2005: 143-4). In her study of how networking is essential to destination marketing, Grängsjö *et al.* (2003) argues that local entrepreneurs at a destination either perceives that their business is benefitting the destination or the destination is benefitting their business, either way the two are often mutually exclusive in the mind of the entrepreneur. Further, the reason to why local entrepreneurs may be unwilling to cooperate with others may be due to a fear of loosing control of the way they conduct their business, and that a dominant leader will make the main decisions (Grängsjö *et al.* 2003: 438-9, 444).

However, to avoid companies to break out from ongoing collaboration whenever they please and disrupt the beneficial aspects of collaboration some sort of tool is needed to coordinate wishes of both the DMOs and the service/facility stakeholders, thus achieving *goal congruence* (Anthony & Govindarajan 2007: 98-9). The principal-agent theory does touch upon this subject since it assumes two things: for one that actors (such as the owners service providers and facilities at a destination) only posses limited rationality, basing their decisions on limited knowledge and second, that they required some sort of transaction for their efforts (Ravn *et al.* 2002: 82-3). When the DMO is responsible for managing and not only marketing a destination, it should then consider

what drives the actors to take the self-interest actions they do, than evaluate how these are compatible with the more holistic view.

### 2.3.6 DISCOVERING MEASURES OF SUCCESS

Since DMOs are often left with scarce resources, there is a tendency to evaluate performance almost exclusively on how well the financial resources are administrated. While being relevant, the downsides of using solely financial evaluation are among others short-sighted actions undertaken by DMO managers to show a result pleasing to stakeholders and collaborative partners as well as the dismissal of long-term investments that may impose any type of cost (see Anthony & Govindarajan 2007: 460-1). In the case of the tourism industry, funding received from the individual communities is in direct relation to the frequency of which the destinations name is being marketed in tourism brochures (Gretzel 2006: 121). This causes a problem for DMO managers when on the one side they need to meet with the demands of the stakeholders and on the other side look for new ways to attract or promote their destination.

Within independent companies, the literature generally suggests that combinations of financial and non-financial measurements are used to counter the mentioned issues with financial measurements. Anthony & Govindarjan (2007) argues that: ‘(...) a performance measurement system attempts to address the needs of the different stakeholders of the organization by creating a blend of strategic measures’ (Anthony & Govindarjan 2007: 463). If performance measurement systems can help to align the interests of *one* organisation, then with modifications it could be possible to create a similar system to align the interest of interdependent companies at one destination. But, can destinations be seen as one organization with loosely connected divisions or units?

## 3. METHODOLOGY

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*In this part we will explain the structure and methods used to take on our research. This includes giving insight in our motivation for studying this phenomenon in a Scandinavian context. Then the main empirical method, qualitative interview, is discussed and finally complications, limitations, and general reasoning around the thesis.*

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### 3.1 MOTIVATION OF RESEARCH SUBJECT

Influenced by the studies of place and destination marketing, we the authors were seeking knowledge in the field to understand how this is accomplished and practically done. The authors were previously aware of Destination Marketing Organizations, but wished to deepen this knowledge. Different geographical regions were considered to give a qualitative empirical knowledge base, and we finally decided to exam from a Scandinavian perspective.

After reviewing the article on challenges faced by American DMOs written by Gretzel *et al.* (2006), we found it suitable and decided to use it as the foundation for our research. The theoretical framework was then built around this article with different scholars' and other authors' views on the actions brought up. The intention has been to produce a rich theoretical material on which to hold an academic discussion on the future studies of DMOs and their challenges.

### 3.2 RESEARCH PROCESS

This section will elaborate on the relationship between theoretical and empirical issues of the research process. First however, there is a need to define the very notion of *theory* and *empyry*. The concept of theory can be defined and thought of as:

‘(...) a system of related concepts which together portray an understanding. The theory expose in which way the concepts are related to each other that explains and foretells the understanding and the understanding of its significance.’  
(Authors' translation from Patel & Davidson 2003: 22).

According to Patel & Davidson (2003) the *concept of experience* can function as a synonym to empery. They also distinguish between empirical and non-empirical studies and states that empirical studies are characterized with the belief that knowledge is based on observing the reality (Patel & Davidson 2003: 18).

The very foundation of processing theories is the relation between theories and data information of the studied reality also known as empery (Patel & Davidson 2003: 23). In this thesis, our choice of method by integrating theory and empery is of an *adductive nature*. This use of method serves as a combination between inductive and deductive research when relating theory and empery. The deductive research process is drawn from theory and confirmed by the result from empery. Inductive research processes, on the other hand, are drained from empery to purpose as generalized when established as a theory, thus drawn from empery and confirmed as a theory (Bryman 2006: 22).

Our motivation for using an adductive research process is based on the theories of DMO challenges, which have been derived from an article by Gretzel *et al.* (2006), and the ambition to contribute with a higher understanding. This contribution is established through the confirmation where these DMO challenges can be generalized or not in a wider perspective.

### 3.3 THE SCANDINAVIAN CONTEXT

From our point of view, these identified issues and challenges should be addressed in a Scandinavian context, something that this thesis will examine for mainly two reasons. First, these challenges are already documented in an American context, and are therefore not in need of being addressed in that context a second time. Directing these challenges to other organizations within a different region will surely confirm if these issues can be regarded as common challenges for DMOs despite of geographical location. It is therefore inspiring, important and relevant to apply these issues to a Scandinavian context to prove the degree of generalization. Second, the chosen organizations that are presented in this thesis are DMO representatives and managers of cities within a cultural and geographical region known as Scandinavia. This is comparable to the organizations presented by Gretzel *et al.* (2006), which shared a cultural and geographical common

between each other through their national heritage. This resemblance can be said to enforce the validity of using selected DMOs.

Our primary intention with the thesis was to investigate Copenhagen, Oslo, Stockholm and DMOs operating within these destinations, hence delimitating the thesis to a Scandinavian context. The explicit geographical definition refers to Scandinavia as Sweden, Denmark, Norway and northern Finland (National Encyclopaedia). The foundation of the thesis highlighted capitals therefore we excluded Finland due to a capital absence within the region. As a result of research complications with gaining interviews from the Copenhagen office we chose Malmö, while not being a capital it is located in close proximity to Copenhagen and is a dynamic city that has undergone several developments with regards to infrastructure, events and attractions within the last decade, making it a suitable city to include in the study.

### 3.4 THE EMPIRICAL DATA

To gain the empirical data, qualitative interviews have been chosen as the method of research. This approach gains a deeper and more thorough knowledge with a few respondents than other approaches, such as quantitative questionnaire surveys that might lack in some instances. Such relevant data from the responders facilitates the conceptualization of information that is embedded within the studied organisations.

In addition this method also enables the identification of patterns such as the concepts, which are related to each other within our thesis' different themes. Further, the qualitative approach focus on the linguistic context, thus the method poses as a tool that provides the researchers potential to investigate the subject in a greater depth (Bryman 2002: 35). The interview questions and the empirical data have been derived from the theoretical framework and the respondents, which are presented in the appendix as theoretical themes and transcription (Appendix 1 & 2).

### 3.5 INTERVIEW – A QUALITATIVE APPROACH

The interviews have been conducted in a *semi-structured* manner, a combination of predetermined questions with spontaneous remarks relating to their respective subject. Consequently, this will give room for both the interviewer and the respondent to talk freely and come with insightful knowledge (Bryman 2002: 301), which will give

strength to the thesis. The aim of the interviews is to gather qualitative and versatile information of DMOs operating in a Scandinavian setting. Further the interviews will aspire to identify unfamiliar characteristics and phenomena on the subject (Kvale, 1997: 36).

### 3.5.1 THE RESPONDENTS – SELECTION AND RELEVANCE

The respondents have been chosen to give insight both by giving an overview of the organization and how processes relevant for the thesis are conducted. Therefore we have sought high-level managers within the DMOs that could be said to represent the organization and that possesses useful knowledge.

We established contact with Per Palm, Area Manager for the American/Asian market for SVB, through Britta Persson coordinator for Tourism and Hospitality at the Institution of Service Management, Lund University. An interview was then scheduled and conducted on the 25<sup>th</sup> of April in 2008.

Two of the authors' had previously visited the organization *Visit Oresund*, which proclaimed to be a DMO for the Oresund region. By browsing the organization's website, a few key words were crystallized regarding how they titled themselves, 'official travel guide to (...)' was one of them. Thus we searched the web for those keywords while adding 'Oslo', thus *Visit Oslo* was identified. Different attempts to contact the organization lead to Tor Sannerud, Director of Tourism for Visit Oslo, who was interviewed on the 9<sup>th</sup> of May 2008.

The instructors for this thesis suggested the organization Malmo Tourism and our third respondent to us during one meeting. The respondent in question was Lars Carmén, Director of Tourism. This was both convenient against the knowledge that a lot of development had been implemented in Malmo, especially since the construction of the Oresund Bridge. This interview was done on the 7<sup>th</sup> of May 2008.

### 3.6 GENERALIZATION OF DMO CHALLENGES

Proceeding with the thesis, one hypothesis on the subjected of generalizing DMO challenges have been created. According to Patel & Davidson (2003) problematic fields where the theoretical knowledge is overwhelmed can form a conducted research into a test of hypotheses. The reason for using a hypothesis is to test empirics if they constitute a truthful description of reality (Patel & Davidson 2003: 13, 21). The definition of a hypothesis is:

‘(...) a linguistic proposition in which different concepts are related to each other.’ (Authors’ translation from Patel & Davidsson 2003: 20)

Körner & Wahlgren (2005) states that a hypothesis is a kind of assumption. In general they suggest that within any test of hypotheses it is optional to formulate a hypothesis, i.e. confirmed or not confirmed afterwards. To decide on the confirmation one must first formulate a counter responsive hypothesis that discards the former hypothesis (Körner & Wahlgren 2005: 122). As a result of formulating different theoretical concepts accordingly, the questions are interrelated to the interviews of this research. Establishing this nature of formulation and design the hypothesis are proven to be reliable.

Along with the hypothesis we are able to reach a significant level of research that will enable us to develop and test a proposition, thus constructing an explanatory thesis, which is consistent with Carney’s (1990) *Ladder of Analytical Abstraction*. Meaning that our research is designed for testing a hypothesis and reducing the variety of the data for analysis of any tendency (Carney 1990; in Miles & Huberman 1994: 92). Following are the hypothesis and the counter responsive hypothesis.

- \* Scandinavian DMOs are facing similar challenges as American DMOs, thus can be viewed as generalized challenges.
  
- \* Scandinavian DMOs aren’t facing similar challenges as American DMOs, thus cannot be viewed as generalized challenges.

### 3.7 INTERPRETING EXISTENCE

Our theories, empirics, and hypothesis that have been presented must in some way be studied, interpreted and understood in a scientific manner. The perspective of hermeneutics or inter-pretivism enables researchers to understand other human beings and the life situation through the interpretation of existence that comes to exist in speech, script, human behavior, and perception (Patel & Davidson 2003: 29; Bryman 2006: 25).

As mentioned earlier, it is our ambition to contribute with a greater understanding of the perception of Scandinavian DMOs regarding the theatrical issues presented in this thesis. When giving this insight we will hopefully confirm if these challenges can be generalized or not. These achievements require that we as researchers interpret the perception of the studied DMOs. Therefore it is appropriate to perform our thesis through a hermeneutic perception.

### 3.8 RESEARCH COMPLICATIONS

Inasmuch the chosen perception to interpret existence is through a hermeneutic view, we are aware of understanding our interviews in the most reliable manner as possible. This can in many cases create difficulties that are crucial for our research, which has significance to this thesis. Because of the importance to understand and to interpret in a hermeneutic perception (Patel & Davidson 2003: 29; Bryman 2002: 25), we as researchers face complications regarding the mutual understanding of the theoretical themes in our interview questions between our interview respondents and us. We might also face complications when the interview respondent's replies are interpreted by us as researchers.

To eliminate and reduce these complications, we as interpreters and interviewers must have an aim to communicate openly to the interview respondents, and give a straight interpretation of the studied DMOs in our research. As mentioned earlier the interviews for testing our thesis' research questions are conducted in a *semi-structured* manner (Bryman 2002: 301), resulting into discussions with the respondents where misunderstandings are straightened when interviewing, and insightful knowledge is generated. This will implement a mutual understanding between the interview

respondents and us, but also have a positive spill-over effect i.e. reducing the complications regarding our reliable interpretation of the interview respondent's replies.

### 3.9 METHODOLOGICAL LIMITATIONS

Considering that every qualitative research process is unique in its kind, Patel & Davidson (2003) however recognizes a general problem regarding validity. Within qualitative approaches one might find problems when gathering information; analysing information; and communicating and presenting the result. To enhance the quality of validity within a qualitative approach they suggest researchers to use the method triangulation. Triangulation can be applied e.g. for gathering empirical data, meaning that information is gained from three sources, resulting into triangulating the research phenomenon (Patel & Davidson 2003: 104). When this is achieved the qualitative approach have established a high level of quality and validity.

Despite the understanding of the importance to establish a greater level of quality and validity within our qualitative research approach we have concluded upon to not fully use the method of triangulation that is mainly motivated through the limited time frame in which this thesis have been written in. Instead we have suggested to overview other sources such as: *printed material, which have been gained from brochures, strategic material, and marketing material*. This determination will compensate for not fully using the method of triangulation, and function as an effort for establishing a high level of quality and validity within our thesis.

## 4. ANALYSIS

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*In this part we will examine the selected DMOs perceptions of the challenges presented in the previous parts as well as their efforts regarding them will be analyzed here. The organizations' views have been interpreted through statements of the representatives for the respective DMOs of Stockholm Visitors Board (SVB), Visit Oslo (VO), and Malmo Tourism (MT). Each challenge begins with a short recapitulation of the issue, followed by the actual analysis of the three DMOs relation with the issue and concluded with a summary.*

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### 4.1 THE CHALLENGE OF ADAPTING TO CHANGE

When adapting to external changes different types of resources are combined and used to cope with the fluctuant environment. In the theoretical framework we mentioned that adaptation is crucial when overcoming changes. This is achieved by combining different resources that results into specific organizational capabilities, which has to be adopted by Scandinavian DMOs.

#### 4.1.1 STOCKHOLM VISITORS BOARD

SVB's most important resource can be distinguished as human resources. This is recognized by the competence of their workforce, their ability and knowledge to forecast and analyze different markets (Palm 2008). Other resources, such as tangible and intangible, have also been measured by the organization. When SVB is conducting marketing efforts financial resources, i.e. tangible, are needed. Marketing efforts are often conducted with their partners, and each participant have to contribute financially, which grant them exclusive demands (Palm 2008). Brands e.g. are intangible resources. The thriving branding of the city, Stockholm – The Capital of Scandinavia, is acknowledged by SVB as a significant resource (Palm 2008). When combining these resources SVB has the capability to analyze and forecast different markets, and engage local partners to participate in marketing efforts. Hence they are able to respond to local market needs and increase competitiveness through international activities together with their local partners.

SVB's valuable analyzing and forecasting skills enables them to identify external changes, where corrective actions through marketing efforts can help to overcome external changes. The resources that have been identified by SVB enable them to adapt when changes are expected.

However their partners might influence these attempts to a greater extent, thus making SVB less flexible to match local and global needs when adapting to external changes, which is crucial for the organizations competitive advantage (see Go & Moutinho 2000: 324). The organization is therefore facing a great challenge when convincing their partners to participate with conventional activities such as events and workshops. Their partners are nowadays more willing to participate in unconventional marketing campaigns through the web (Palm 2008).

#### 4.1.2 VISIT OSLO

Present changes have shown that the number of private shareholders has doubled since the establishment of the organization. The new partners pay a yearly fee, which is referred to as 'market aid'. The market aid represents 33% of the total funding, another 33% is a public aid and the remaining funding resides from sales of services that VO produces (Sannerud 2008). The Private Public Partnership (PPP) provides VO with great insight on the various markets that the shareholders operate in (Sannerud 2008). Further, the PPP provides a solid financial platform for, a crucial resource for conducting destination marketing.

Another vital component for the organization is skilled labor often referred to as human resources. According to VO the organization consists of a professional, knowledgeable and dedicated staff (VO 2008: 4). The product oriented organization scheme, focusing on various segments and markets is an intangible resource that stimulates the efficiency and hence a tool to cope with its fluctuant environment. However, it is noted that Oslo as a destination is the primary resource (Sannerud 2008). The attributes and qualities of the destination constitute the essence of the organizations marketing efforts. When combining these resources value is added to the organization and simplifies analyzes of local market forecasts, hence a valuable tool to manage external change and take corrective actions. VO is for that reason perceived as well adapted to deal with external changes should these become problematic.

We believe that the fragmented ownership suggests that the organization face possible struggle with conflicting goals. If accurate, this is created by the high number of private shareholders alongside the public owner. Hence posing as a possible disadvantage since a straggling agenda aggravates goal congruence when adapting to change. Nonetheless, this is not the case according to VO, since even though there is rivalry on the local market and stakeholders with individual agendas, this is no obstacle for VO to perform changes if necessary (Sannerud 2008).

#### 4.1.3 MALMO TOURISM

'Tourism is a part of the total commercial and industrial life. (Tourism) is put into a societal/comprehensive perspective – in a destination perspective and not as a narrow sector grouping.' (Authors' translation from Carmén 2008)

Funding can in a worst-case scenario be fluctuant and unreliable and as a logical result, prevent certain investment actions from being taken (Carmén 2008). A current project that is ongoing in Malmo, mainly between business entrepreneurs and MT, is the *Destination Concurrence (DC)*. The Destination Concurrence is an economic association that is to be run as a business unit with the overlapping aim to develop Malmo as an attractive destination and experience city for visitors and Malmo's residents (MT 2007: 3 & Carmén 2008).

It is still under development and is estimated to achieve its final stages in 2009 (being self-sufficient) (MT 2007: 6-7). The purpose of the DC is to enlist more events aimed at chosen segments (Carmén). To achieve this, emphasis is put on development, and long-term planning, rather than short term financial revenue from the event. An example of how DC relates to development is that to be successful with the event, MT considers that a supporting infrastructure in terms of accessibility is present and has to be provided for. The DC is also intended to give coordinated resources and coordinated efforts with regards to marketing (MT 2007: 3). The financial resources for a three years period are concluded upon in this business unit (Carmén 2008), some of the financing is derived from shareholder emission, the City of Malmo and in the final stages, from results based on the activities/events performed (MT 2007: 7)

What is revealed during the analysis is that changes and uncertainties are in ways dealt with through MT's close ties with urban development, while focusing on tourism activities it is recognized that other sectors affect the tourism industry and vice versa. This may be the result of the public ownership model (as a branch of the City Office) and one that helps the organization to see the bigger picture in development instead of just their own efforts. The above concludes that knowledge and financial resource pooling occurs at the destination level through the mentioned project, though it is difficult to say to which extent.

There is no exclusive definition of whom the organization's stakeholders are, basically it involves everyone who are willing to work in line with the goals of developing the city with surroundings to attract more visitors (Carmén 2008). One can then assume that while financial or economic reasons may be of great interest to the stakeholders, they are inclined to participate in the co-competitive processes to gain the destination as a whole.

The City of Malmo also provides funding and resources, mainly through an events budget, where MT is gaining sales revenue at different events. Many of the marketing efforts seem to be done with the intention to put the destination on the map, thus creating an image. One type of resource that is particularly important is the human resources, mainly because of the structure of the industry with a lot of cross-boarder relationships. Employees of the organization thus need to be outgoing and to possess what Carmén (2008) referred to during the interview as *a network perspective*. This capability can be helpful for MT when responding to the diverse local market needs, where stakeholder demands can be problematic for the DMO.

According to if the challenge of adapting to change is perceived by these Scandinavian DMOs, one can make a distinction that VO aren't sharing the same perception of SVB and MT. It could even be a fact that the DMO in Oslo is not facing similar problems. On the other hand, the similarity between the DMOs is that they share some characteristics of important capabilities that can be helpful when overcoming this challenge and adapting to change. MT and the related the Destination Concurrence project that will hopefully integrate business knowledge and resources pooling through as still undergoing and it is yet difficult to see the fruits of this labour. Capabilities that are crucial for any tourism operation has been recommended by Go & Moutinho (2000), i.e.: *the multi flexibility to respond to diverse, local market needs; the global competitiveness to capture efficiencies of scale; the international learning ability that results in worldwide innovation* (Go & Moutinho 2000: 324). SVB, VO and MT have some of these capabilities, but to be able to master changes within in the tourism industry organizations need more then one strong point.

## 4.2 THE CHALLENGE OF MANAGING EXPECTATIONS

Managing expectations have become more and more significant as a result of external changes. Differentiated segments and fragmented stockholders with separated needs and agendas make it more challenging for DMOs when managing expectations. Therefore the Strategic Marketing Planning Process (SMPP) turns out to be of great importance. We will therefore examine if these DMOs are facing any challenges when managing expectations.

### 4.2.1 STOCKHOLM VISITORS BOARD

As described earlier the organization has a major strength regarding analyzing and forecasting different markets. This major advantage is crucial for SVB and can be used to grasp the SMPP. However, the strategic marketing of SVB regarding segmentation, positioning, and marketing efforts are not independently performed. Their segmentation e.g. is influenced by Visit Sweden (VS) and they have followed the organizations approach of segmentation (Palm 2008). When asked if SVB does position themselves differently in relation to their Scandinavian peers, it gave the impression that the organization's perception of their customer bases incorporated similar views.

‘We often have similar views of our customers. So I do not think that they vary so much. However in some countries and other markets we only promote Sweden and Stockholm, but in Asian countries we promote together because we know that these visitors come to Scandinavia and first visit Copenhagen, Stockholm, and then the Norwegian fjords.’  
(Authors’ translation from Palm 2008)

SVB are cooperating with other DMOs because of newly emerging consumer behaviors and demands. Marketing efforts are mainly spread through web campaigns. Besides the web, SVB participates in workshops and activities with VS. Because of scarce financial resources SVB are not enabled to produce commercial films, i.e. distribution through media (Palm 2008). This emphasizes the significance of collaboration within strategic marketing for tourism businesses (Fyall & Garrod 2005: 323-4). Having this said, SVB are reliant to face these challenges presently with cooperative and collaborative means, which is facilitated with other DMOs, public-, and private partners. These approaches can be thought of as highly motivated by SVB to minimize the hardship of strategic marketing efforts when managing expectations, despite the organizations main advantage analyzing and forecasting different markets.

Even with this major strength that fulfills the first stage within the SMPP, the organizations unwillingness to conduct strategic marketing efforts solely might be explained through their lack of resources. The capabilities of SVB should also be emphasized on other stages within the SMPP but are complemented through collaborative and cooperative actions.

#### 4.2.2 VISIT OSLO

Marketing is as any other economical activity a method to maximize return. The general idea of destination marketing is no different. Though the techniques and agendas differ from the traditional marketing field, VO states its primary goal:

‘Contribute to increase the number of visitors to the Oslo region enabling our shareholders and partners to achieve a higher turnover.’ (VO 2008)

‘(VO) has dualistic responsibility towards the destination. Firstly, organize the tourism information in a professional and qualitative manner. Secondly, to supply information that is congruent with the attributes and qualities of the destination.’ (Authors’ translation from Sannerud 2008)

In order to enhance marketing efforts VO has established a database containing 8000 documents of facts relating to the destination. All data is then used first and foremost by the front personal as a tool to manage expectations through information provided to visitors. On a higher level within the organization, individual educational programs are held to manage the human resources within the organization. This is an activity that stimulates the process of managing expectations (Sannerud 2008).

‘The different tasks and specific knowledge required by each staff member is the motive behind individual educational programs.’ (Authors’ translation from Sannerud 2008)

VO is reluctant to exhaust resources on promoting the destination in relation to its competitors Stockholm and Copenhagen. Instead they focus on three markets. The primary market consists of Scandinavia, England, Germany and middle and southern Europe as well as the US. The secondary markets constitute of China and Japan and the third market is referred to as the developing market consisting of Russia and Poland. These markets are segmented in to leisure tourism and congress tourism. The different segment requires specific knowledge, hence VO have subunits or divisions within the organization that focuses on the two segments. The leisure unit work 6-12 months ahead of time, the congress unit has a greater time horizon and work 4-8 years ahead to attract business. The tourist information unit has the overall responsibility to organize and communicate qualitative information to visitors. Hence they have the daily contact with the customer and conduct their work in present (Sannerud 2008). The overall concern when divisionalizing the segments is special skills to conduct the SMPP. Apparently VO has analyzing skills to initiate strategic marketing efforts, but it is difficult to say to what extent this is thriving the organization.

#### 4.2.3 MALMO TOURISM

The market segmentation is quite wide, basically it encompasses every one who can be considered a visitor/tourist and that posses a buying power that can create revenue (Carmén 2008). MT has however divided the visitors into three markets: *Sweden*, *Denmark* and *International*. The knowledge about the Swedes is quite good as goes for the Danish segments, where most of the strategic marketing actions are directed. The International market then is very wide, with the most important customers coming from either Germany or Great Britain (MT 2007: 37).

One of the wishes that the organization has, if there were enough resources, was to more in detail map the international visitors using qualitative research such as interviews. This would be conducted to identify who the visitors/tourists are, how they perceive Malmo (Carmén 2008). Thus adapting marketing efforts. Then to spread the word of Malmo, the DMO uses a variety of marketing channels – primarily cost effective ones such as PR with the media to get magazines and papers to write about the destination as well as the use of ICTs such as the web, which is of an informative nature. More expensive advertising such as TV ads are not likely due to the high cost and the relative budget of the DMO. This demonstrates that MT doesn't have the resources to engage in the initial face of the SMPP, which requires the capabilities to analyze and forecast the external environment.

An example of how processes are adapted to fit a certain segment is a campaign, which is aimed to attract Danish customers to Sweden. There is a saying “When Denmark is closed, Sweden is open” that exploit the laws that in Denmark that regulated the Danish store opening hours, making the stores close earlier than in Sweden especially on weekends. By broadcasting to the Danish audience that Sweden has longer opening hours, they can simply cross the bridge and continue consumption across the ocean inlet that separates the two countries.

To encourage this behaviour, free parking is offered for Danish registered cars, and this also highlight the importance of communicating this exception in parking rules to the traffic authorities hand the tourist a ticket and indirectly discourage them from the visiting Malmö. Regardless of the importance of the SMPP one can distinguish that MT emphasizes on carrying out tactical- instead of strategic marketing actions. Through the SMPP the organization is taking actions of familiar markets. But this is not the same regarding other markets with a wide set. This can be seen as problematic when facing the challenge of managing expectations.

What has become clear is that market segmentation is relatively similar in all the DMOs SMPPs. Joint-campaigns are sometimes done to create a greater image of their specific city through the image of Scandinavia. This is on the other hand conducted differently, but similarities do consists when promoting to customers who are living outside Scandinavia. This is likely to produce a feeling of added value to the customer with a wide selection of activates and attractions of a region rather than one single city. Knowledge on international visitors varies in among the different DMOs in spite of some sufficient analyzing and forecasting skills. SVB relies on by another organization (VS) for background information, at MT there is some knowledge but they are lacking a satisfactory mapping of the international visitors, and in VO the mapping of tourists/visitors seem to be generally satisfactory, but difficult to measure to which extent. These indications might generate problems when facing the challenge of managing expectations.

### **4.3 THE CHALLENGE OF DESTINATION MANAGEMENT**

The main purpose of a DMO according to the literature is shifting from a destination marketing purpose to a more destination management responsibility. Increasing quality management and control e.g. when managing expectation have increased attempts of strategic management. Strategic management incorporates marketing and other managerial issues (Moutinho 2000: ix). We will therefore underline if the chosen Scandinavian DMOs are facing this challenge in core activity.

#### 4.3.1 STOCKHOLM VISITORS BOARD

The organization is reluctant to act as developers, entrepreneurs or operators of tourism, but admit that they are influencing and advising politicians to take corrective actions when developments on the destination are carried out (Palm 2008). From this perspective one can make a distinction that SVB have not changed their way of work over time mainly because of the organizations unwillingness and lack of resources to take these responsibilities into consideration. However these reluctant procedures, SVB have a major role when promoting tourism developments to entrepreneurs, operators, and politicians.

‘In Stockholm we have a liberal governance, which has stated that the county shall not compete with entrepreneurs and the functioning business environment. Meaning that we are not going to use tax money to compete with entrepreneurs (...) However we can do other things, such as influencing political figures by means of debate. Yesterday, I took part in a seminar about cultural attractions in Stockholm. We emphasized on putting forward our Swedish tradition to visitors from abroad.’ (Authors’ translation from Palm 2008)

It has been stated before that tourism management strategies at the community level needs to incorporate a strategic approach that incorporate inputs from different stakeholders (Murphy & Murphy 2004: 61). SVB gives the belief of establishing this environment and open system regarding the strategic management of the destination. The organization has defined their core responsibility and activity to market and develop the destination. This is however not accomplished through greater strategic management efforts, but can be accomplished with more conventional procedures, i.e. influencing stakeholders in form of collaborations.

‘There has also been a great demand of hotel rooms here in Stockholm resulting in higher prices. This can have a negative effect on Stockholm’s reputation. Meaning that we are engaged to take up this with the politicians. Kristina Axéna Olin that is the chairman of SVB, which to whom we put forward our suggestions. This can influence which buildings or places are given to establish these hotels.’ (Authors’ translation from Palm 2008)

#### 4.3.2 VISIT OSLO

Through continuous dialogues with municipal and governmental organizations VO discusses non-economical matters, such as security and environmental issues, which directly affect the quality of the destination (Sannerud 2008). Their bargaining power in these dialogs with governmental institutions are unidentified, the fact that they participate however indicates that VO feel an obligation to coordinate and influence activities that stretches beyond marketing efforts and incorporate other managerial issues.

In order to enhance the service provided and to cope with the blustery market place VO has found it beneficial to integrate its efforts with other industry actors both horizontal and vertical. A specific campaign that was conducted was of collaborative nature where the DMO cooperated with Norwegian Air in order to promote a new flight route connecting St. Petersburg with the Norwegian capital. By incorporating specific knowledge in the campaign provided by multiple actors the quality increased and the result was beneficial for all involved partners. Norwegian stimulated revenues and Oslo got a foothold on the development market and secured the availability to the destination. VO uses a wide range of channels to promote the city and its shareholders.

#### 4.3.3 MALMÖ TOURISM

As development and management is a central issue of MT, it proves interesting to see what lies behind it and what affects it. One is the organizational history of MT, that of a not a primarily revenue gaining unit, but a public entity with other priorities than some of the traditional, private businesses. This has shaped and influenced the paths of thinking and reasoning with tourism businesses in the city of Malmö. It is vital that there is an infrastructure that supports developments, such as clean public spaces that do not discourage the visitor. That is because MT is not only communicating their own operations and developments but also that of the city: *they are interlinked* (Carmén 2008). The organization is to an extent involved in marketing towards customers, but also involved to another extent in urban development. If not the case MT conducts marketing seminars taking place 2-3 times per year, which functions as a forum and networking base for different actors of the industry (MT 2007: 23).

The perception of MT regarding managing the destination is nonetheless more development oriented and is motivated through the vast changes and developments that are currently taking place in Malmö today. However it is difficult to examine to what extent strategic management efforts are used by the DMO and how these efforts are embedded in the city's urban developments.

Facing these greater responsibilities, DMOs would be better off by integrating the strategic market planning process with other managerial issues within a strategic context. As a result of this, the studied DMOs would gain a supreme strategic effort to manage a destination. Murphy & Murphy (2004) presented the very foundation of strategic management of a destination. Conversely, the nature of strategic management of the destination is not carried out solely, but together with other stakeholders (Murphy & Murphy 2004: 61). The analysis shows that the relationship with the public authorities responsible for development and their party color are only some of the influences apart

from the DMOs themselves that may shape their management qualities and action taking.

With regards to the literature of Gretzel *et al* (2006), it is not as easy to say that DMOs works exclusively with either destination marketing or management in their purest forms. The DMOs in this thesis are performing seemingly well despite of not being fully dedicated to strategic management when managing the destination. Perhaps it is more theoretically relevant to discuss different degrees of destination management than anything similar of a pure managing entity. Strategic management is more than just influencing stakeholders, thus contributing to the development of the specific city when managing the destination.

#### 4.4 THE CHALLENGE OF COMPETITION

DMOs are facing new levels of competition, within the destination and with other destinations. Scandinavian DMOs must for that reason engage in research and development to compete with other destinations, which implies the capabilities of various stakeholders and their needs, resulting into competitive advantages over domestic and foreign competitors.

##### 4.4.1 STOCKHOLM VISITORS BOARD

The perception of that increased competition within the destination could be damaging for the DMO's main goal is not shared by SVB nor is the rivalry considered to be problematic. On the subject of increasing visitors to Stockholm, the industry actors are aware of that they are better off working together to achieve this progress. When conducting their events and activities it is intended to invite them to Stockholm and offer them the value of the city (Palm 2008). This acknowledges that competition within the destination is not an appropriate form of action to achieve a competitive advantage for the destination as a whole.

However the cooperative willingness by the industry actors *within* the destination, it has been confirmed that SVB uses competitive or collaborative approaches on different levels in relation to other destinations in Scandinavia. Besides the branding of Stockholm, these approaches contribute to the destinations attractiveness. The collaborative approaches will be highlighted later in this thesis. The way SVB competes with other destinations is through profiling the city.

‘(...) we want to make them (visitors) stay longer at the place. To compete with the other cities and making the visitors to stay longer SVB invites 700 journalists and 2000 agents, which we take care of, and show the best of Stockholm to ensure that they portray the very best. Different nationalities can be famous for their price sensitivity thus making it crucial when marketing.’ (Authors’ translation from Palm 2008)

#### 4.4.2 VISIT OSLO

The authors believe that the fragmented ownership suggests that the organization face possible struggle with conflicting aims. If accurate this is resulted through the high number of private shareholders alongside the public owners. Hence a possible disadvantage, since a straggling agenda aggravates goal congruence. Nonetheless this is not the case, even though there is rivalry on the market among shareholders with individual agendas, this is no obstacle for VO to perform their task (Sannerud 2008). One explanation is the mutual ownership between public and private shareholders.

The organization has different strategic approaches, both competitive and collaborative, to increase competitiveness. When VO competes with their Scandinavian counterparts they suggest profiling as the most successful method.

‘For 2008 we will conduct profiling and marketing of Oslo both nationally and internationally.’ (Authors’ translation from VO 2008)

As many other destination, Oslo has constructed a brand and a slogan that refers to the destination in a unique fashion (Sannerud 2008). VO inventoried the destinations qualities and found that the natural and cultural settings, was well suited as components in the process of branding the destination. These attributes distilled into the campaign “Oslo - the Capital of Culture and Nature”. Which by itself is considered a valuable resource (Sannerud 2008). The organizations resources hence constitute a fine postulation for marketing activities when competing with other destination.

#### 4.4.3 MALMÖ TOURISM

While competition occurs within the destination, it is more or less recognized by industry actors that if customers will not come to the destination, there will be nothing to compete about. Businesses compete for their own survival and use their sellers to gain customers. But when looking e.g. at the hospitality industry MT indicates that this is not enough since:

‘No one goes to a destination to stay at a hotel, you go there to do something, may it be leisure activities or business travel’ (Authors’ translation from Carmén 2008)

When referring to competition through research and development, MT stands oppositely to what is theoretically proven to be successful. The organization advocates for mechanisms of efficiency within the tourism industry as a more major point.

‘It is better to first see functions and functional efficiency and then build up an organization around that instead of first setting up an organization and then filling that up with contents.’  
(Authors’ translation from Carmén 2008)

The two faced challenge of new levels of competition can cause many problems for destinations. In spite of the intensity this challenge is not as difficult for the studied DMOs. The organizations in these Scandinavian cities aren’t expressing any concerns regarding the rivalry within the destination. Meaning that the industry actors and stakeholders are aware of the value when working together. Inevitably competition between the destinations does occur, but these competitive behaviors are characterized differently and with different aims. The way to perform competitive actions can be assumed to be restricted to the resources and organizational capabilities of the DMO. It can also be seen as problematic to conduct competitive actions when most of the marketing efforts of these DMOs are managed through collaboration and cooperation.

#### 4.5 THE CHALLENGE OF COLLABORATION

What have been examined and proved above is that when acting in an industry environment the competitive approach is not the only approach when conducting business. The industry actors within the tourism environment has often other ways, such as *co-opetition*, which can bring different actors together and collaborate in some areas while being competitive in others. This is however not as easy to achieve, since entrepreneurs in the local community are pervaded by traditional competitive thinking (Gretzel 2006: 120-1).

#### 4.5.1 STOCKHOLM VISITORS BOARD

‘(...) in some countries and markets we only promote Sweden and Stockholm, but in Asian countries we promote together because we know that these visitors come to Scandinavia and first visit Copenhagen, Stockholm and then the Norwegian fjords.’ (Authors’ translation from Palm 2008)

When conducting marketing events with their counterparts, SVB is aware that it is more effective to collaborate. This contributes to portray Scandinavia as a region, which sounds more interesting and exiting. As a result of this, each visitor will end up in the respective cities (Palm 2008). This view signifies that collaborative methods are more effective than competitive methods when attracting visitors to Scandinavia and therefore successful. However, competitive approaches do exist, but with a separate aim. This does not mean that competition or collaboration is the best approach, rather that they can be used for different purposes.

The most important challenge that SVB is facing today is to gain value for money (Palm 2008), meaning that it is crucial for the organization, the partners, and the politicians to feel that the work and the relations between these parts are valuable. SVB also has an optimistic view regarding this challenge, stating that they are pleased with the politicians’ efforts to refer positively of the tourism industry and its economic benefits (Palm 2008), signifying the importance of collaborative and cooperative approaches.

#### 4.5.2 VISIT OSLO

‘The new tourism is vegetating, such as the big city breaks. In such a context the arena of the holiday are less important, the mechanisms of price and accessibility are crucial to attract tourists. The unique attributes of the destination are not important if the mechanisms are poor.’ (Authors’ translation from Tor Sannerud 2008)

VO’s approach to enable private partners, e.g. the transport sector to generate greater accessibility, is stimulating the organizations capabilities to cope with the fluctuant tourism industry. The importance of the mechanisms suggests that the leisure segment is in favor, e.g. a tourism experience big city breaks, which is easy to access and price sensitivity. In order to perform these marketing efforts effectively, VO must engage in collaborative actions.

A few years back, major cities in Scandinavia joined forces at a Japanese tourism fair with the agenda to attract Asian tourists to the region under the Scandinavian representation. The collaboration proved unsuccessful except for a greater amount of Asian journalist’s visiting the Oslo region. The campaign might have had been more successful if held in the US, due to a more individual tourist culture, and is presently suggesting a new attempt on the American market (Sannerud 2008). The cooperation that the campaign resulted in proves that there is a collaborative aspect amongst geographical connected DMOs when positioning themselves to foreign, secondary markets.

#### 4.5.3 MALMO TOURISM

Naturally, there is competition going between destinations on a national-intra Scandinavian level, but collaboration is constant. In the case of MT, there is collaboration with the DMOs in Stockholm and Gothenburg concerning aviation transportation. The three cities work on a collaborative basis to put Sweden on the map for international tourists and from the point that the visitors arrived in the country, competitive actions are taken to attract them to their respective region (Carmén 2008).

Therefore accessibility to Malmo is of great importance. Undoubtedly, Stockholm and Oslo have somewhat of an exclusive on proximity to the capital's airport while most visitors to the region surrounding Malmo are likely to fly to the major international airport in the area, that of Copenhagen. This campaign can seem to be ineffective, where Malmo then has to compete with Copenhagen when cooperating with Swedish cities to attract tourist flows. The question is how much Malmo is benefitting from the joint marketing of Swedish Cities, rather than perhaps just aligning with Copenhagen.

As a result of collaboration and strategic partnering different parties can share information and resources, which would ideally benefit all parties and coordinating common goal (Fyall & Garrod 2005: 154-5). These Scandinavian DMOs proves to be more willing to collaborate within the destination. The organizations are also involved in co-opetition with other destinations. Meaning that the collaborative side of co-opetition highlights the collective efforts to attract visitors and businesses to the region Scandinavia.

Even within the most loosely forms of collaboration the involved actors will gain access to more resources than they could have gained on their own (Høpner 2002: 217-9). However, this has not proven to be constant, where visitors emphasized more on Copenhagen and Stockholm then Oslo, but did visit the Norwegian fjord within the collaboration of these cities. The different outcomes signify the importance of strategic- and creative partnering for DMOs to be conducted carefully. Nonetheless, this is an example of the agglomeration effect caused by similar destination and organizations located in proximity to each other, working together, collaborating, and cooperating (Jones & Simmons 1987; in Murphy & Murphy 2004: 205).

## 4.6 THE CHALLENGE OF PERFORMANCE MEASUREMENT

DMOs face a complexity when dealing with performance measurements tied to resource intensive activities, such as marketing. DMOs in these Scandinavian cities must for that reason engage themselves in combining different methods of measurements that are suitable given this situation. This is crucial for DMOs who has the responsibility to communicate the successes and outcomes of different activities that are conducted with the organization's stakeholders and strategic partners.

### 4.6.1 STOCKHOLM VISITORS BOARD

Regarding SVB's method for measuring success, the organization has various approaches to examine their performance. When evaluating the invited journalists SVB's Press section can measure if different PR and media attempts have been successful (Palm 2008). Having a close contact and communicating with these journalists and their work measures this kind of performance. However, the evaluation of the travel agents that promotes Stockholm is measured through their customers overnight stays in the cities hotels (Palm 2008). Meaning that SVB can calculate the contribution of each travel agent. Having this said SVB is facilitating diverse approaches for measuring their performance through PR and media attempts, which cannot be seen as only non-financial.

As mentioned earlier performance measurement system engages different stakeholders of the organization as a result of combining strategic measures. It is important for SVB to evaluate the outcome of each performance and share it with their stakeholders, specifically if they have contributed financially within a particular project (Palm 2008). Furthermore, the organization often measures the performance of the destination through overnights, which is portrayed as efforts conducted by the destination as a whole despite its complexity. This following statement has shown the responsibility and relation of DMOs with regards to the destination and its industry actors. It has also proven that goal congruence can be adapted to the circumstances of a destination.

'(...) in general throughout our operation we try to increase the number of business meetings, and international congresses to Stockholm. The hardest to measure is leisure travellers and their overnight stops in the city. This is mainly because of the economic situation, trade conditions, and differences currency from a global perspective. (...) When different congresses are held in Stockholm there are some congress operators that are in charge of it. (...) We supply these companies with information material and help them to portray the right message. This is a close and important cooperation between the industry actors.' (Authors' translation from Palm 2008)

#### 4.6.2 VISIT OSLO

In order to measure external performance VO generally measures hotel nights and occupancy, the webpage is equipped with a booking portal that supplies shareholders with confidential information describing various customer data. The number of flight seats sold to the destination for a period of time is another performance measurement used by VO.

VO beholds the number of international congress held within Oslo's region as an internal benchmark. This is regarded as a suitable performance measurement since VO has the overall responsibility to attract congress related events; hence these events are a product of the organizations marketing efforts (Sannerud 2008). The number of visitors and of bookings on their webpage is closely monitored and supplies VO with valuable information in regards to numbers of users for a period of time (Sannerud 2008).

'Our Internet platform has been in operation since 1996 and attracts approximately 120-150 thousand unique users that visit the web page per month, 60 % of these users are of foreign nationality.' (Authors' translation from Sannerud 2008)

The monitoring of these users and shifts in numbers can be benchmarked in relation to marketing efforts for a period of time, hence a correlation efforts performed by VO and frequency of users on the web constitutes a internal measurement to evaluate the organizations performance. Visiting journalists from international media and coverage in international press is also monitored and evaluated in relation to the organizations PR efforts (Sannerud 2008). The performance measurement adopted by VO supplies indicators that they are coherent with the organizations core activities, signaling the organizations efforts from an internal and external perspective with a mix of financial and non-financial measures. The systems that are used for performance measurement is however not conducted without difficulties (Sannerud 2008).

#### 4.6.3 MALMO TOURISM

MT evaluates projects and activities against a checklist background, and there is generally a great uncertainty when interpreting the results since other project may have spill-off effects on the results. Hotels, for example, evaluate if investments in projects will give a certain number of bookings.

There is an also qualitative measure used by stakeholders, which looks to how the processes have been conducted on a project (Carmén 2008). This suggests that the DMO can gain a consulting and influence in a business-like manner from entrepreneurs who are used to doing business, therefore in some ways shaping the DMO to think more business-like. This does not have to be a negative aspect. When referring to the destination as a whole MT is facing difficulties when summarizing the overall efforts of the destination and how their stakeholders and partners contributes to the destination.

‘This is very difficult to capture. Since everyone has their own product and other producers’ products could be influenced this it is difficult to have any reliable measurements. The only way possible is with specific segments with specific collaborations.’ (Authors’ translation from Carmén)

According to Anthony & Govindarjan (2007) performance measurement system engages different stakeholders of the organization as a result of combining strategic measures. It has also been suggested that if a performance measurement systems can help to align the interests of *one* organisation, then with modifications it could be possible to create a similar system to align the interest of interdependent companies at one destination.

However this is not always conducted by all of the studied DMOs in Scandinavia. MT e.g. has more of a checklist oriented performance measurement system related to different project outcomes. MT’s performance measurement systems differ from SVB and VO, which have a more holistic perception of measuring success. This is achieved by the DMOs through measurements of the destinations hospitality and aviation channels. The numbers of international congresses held within these destinations are closely monitored, as they are an outcome of the DMOs effort, hence easily benchmarked. VO does this measuring autonomously in contrast to SVB which incorporate other organizations in the process.

The Scandinavian DMOs in this thesis have indicated that they are facing problems when measuring performance. Further, there also seem to be a correlation between the responsibility of the DMO with regards to the destination and performance measurement. Suggesting that the greater the responsibility the greater the need for a more holistic performance measurement system.

## 4.7 GENERALIZING DMO CHALLENGES

At this point of the thesis we have captured the perceptions of the chosen Scandinavian DMOs regarding the six theoretical themes that have been presented and generated from Gretzel *et al.* (2006) article about challenges faced by American DMOs. It is therefore motivating to examine if these challenges with a Scandinavian context are in some way consistent with the outcomes of the previous study. This thesis will therefore test a hypothesis on the subjected of generalizing DMO challenges. Following are the hypothesis and the counter responsive hypothesis.

- \* Scandinavian DMOs are facing similar challenges as American DMOs, thus can be viewed as generalized challenges.
  
- \* Scandinavian DMOs aren't facing similar challenges as American DMOs, thus cannot be viewed as generalized challenges.

### 4.7.1 HYPOTHESIS

The hypothesis will confirm if these challenges can be thought in a generalized manner. Upon this confirmation the challenge of adapting to change is faced by SVB and MT due to difficulties when coping with fluctuant influences from different stakeholder. VO on the other hand has a great advantage through their unique private and public ownership, which shortens the gap between the markets and the organization making them more adapted to overcome changes (Appendix 1: Theme 1).

However, the lack of individuality when conducting strategic marketing efforts can facilitate problems for SVB when VS conduct some parts of the SMPP such as segmentation. Making it difficult to manage and precise efforts of expectations to solely Stockholm. MT face difficulties when analyzing international tourist behaviours, hence they are performing the SMPP inadequately. VO performs these attempts generally satisfactory. This is resulted from their product and market oriented *modus operandi*, but it is hard to encapsulate how successful this is conducted (Appendix 1: Theme 2).

Regarding the challenge of new responsibilities where DMOs face problems when managing a destination, none of the examined organizations had any affiliation to conduct strategic management attempts. Meaning that these Scandinavian DMOs are referred as destination marketers and not managers, hence this challenge cannot be generalized in a wider context because of the inconsistency when managing a destination (Appendix 1: Theme 3).

The rivalry between the industry actors is inevitable, but this seems not to be problematic for none of the studied DMOs. Within the destination these actors are well aware of the importance to collaborate for the better of the destination. Another dimension of competition is among the destinations. The representatives for the studied DMOs acknowledge that they compete and collaborate within different levels. The collaborative nature of the Scandinavian DMOs aggravates the realization of competitive strategies (Appendix 1: Theme 4).

Regarding the challenge of creative partnering it has been confirmed that the DMOs are willing to collaborate and cooperate within the destination and with other destinations. However, this has proven to be problematic for DMOs to gain a balanced outcome between the strategic partners, which is the case for VO and MT. Even if this reveals that SVB has had a positive experience, such collaborations are complex and therefore problematic (Appendix 1: Theme 5).

The final challenge that DMOs might face today and in the future is that of performance measurement. SVB, VO, and MT use different performance measurement systems and are presently facing different problems when measuring success. One major discovery is that the greater the responsibility the greater the need for a more holistic performance measurement system (Appendix 1: Theme 6).

From an academic perspective it has been proven that the perception of Scandinavian DMOs is inconsistent with American DMOs regarding the challenges, hence constrains the ability to generalize these challenges in a wider context. Meaning that in a formal manner we as researchers must reject the assumption of that: *Scandinavian DMOs are facing similar challenges as American DMOs, thus can be viewed as generalized challenges*. This will then result in that the counter responsive hypothesis being confirmed. Implicating that: *Scandinavian DMOs aren't facing similar challenges as American DMOs, thus cannot be viewed as generalized challenges*. This is motivated through the challenge of: *destination management; and different levels of competitions*. The analysis proves that none of the examined organizations had any affiliation to conduct strategic management attempts when managing the destination and had a collaborative nature, which aggravated the realization of competitive strategies (Appendix 1: Theme 3 & 4).

On the other hand, the academic field does not always portray reality in a precise manner, suggesting that everything is neither black nor white. When looking closer at the analysis and the rejected hypothesis, we can distinguish that these Scandinavian DMOs face some complexity referring to the challenges of *adapting to change*; *managing expectations*; *collaborations*; and *performance measurement* (Appendix 1: Theme 1, 2, 5, 6). This does not mean that the results are neither interesting nor important enough to be taken into consideration.

## 5. CONCLUSIONS

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*Finally, the conclusions of the thesis will be presented in this part. This part will highlight the statement of purpose and the issues off matter, combined with the results from our analysis regarding the challenges of Scandinavian DMOs.*

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### 5.1 SCANDINAVIAN DMOS

- \* *What are the perceptions of Scandinavian Destination Marketing Organizations when facing major challenges?*

The above research question is subjected to the first part of the thesis' statement of purpose and issues of matter, which is intended to highlight whether Scandinavian DMOs are facing the presented challenges.

*The challenge of adapting to change:* Recourses that are imbedded within the organization combined with external relationship, i.e. the stakeholders from the destination are beneficial when adapting to external changes. However, this can institute difficulties due to individual needs from the stakeholders, thus facilitating challenging influences. This tension can be drawn from both private and public stakeholders. Addressing the challenge of adapting to change, the studied Scandinavian DMOs have some of these beneficial capabilities, but to master changes within the tourism industry organizations need more then one strong point (see Go & Moutinho 2000: 324).

*The challenge of managing expectations:* The DMOs ability to manage expectation is crucial for strategically marketing the destination. This challenge has intensified due to external changes in the environment of the DMO, which highlights the fragmented tourism industry. The Scandinavian organizations in our thesis do not seem to market any differently from each other i.e. conducting joint marketing activities primary to enhance the image of the Scandinavian region. Accordingly they implement a more collaborative Strategic Marketing Planning Process (SMPP) (see Fyall & Garrod 2005: 323-4). However, due to the interdependence between the Scandinavian DMOs certain activities, such as segmentation and positioning, constitute a challenge when strategic marketing efforts aren't solely focused on the respective city, such as in the

case of SVB. This can result in a poor attempt to manage expectations, which have been the case for some DMOs.

*The challenge of destination management:* According to Gretzel *et al.* (2006) the core activities of the DMOs are shifting from destination marketing to destination management, incorporating marketing and other managerial issues (see Gretzel *et al.* 2006: 119; Moutinho 2000: ix). However, these assumptions are not proven to be accurate for the studied DMOs. Conversely, the nature of strategically managing the destinations is not carried out solely, but together with other stakeholders (Murphy & Murphy 2004: 61). We also suggest that strategic management is more than just influencing stakeholders. Hence it is not easy to claim that DMOs works exclusively with either destination marketing or management in their purest forms.

*The challenge of competition:* The diverse levels of competition, such as the one accruing within the destination and the one with other destinations, institute a major challenge for DMOs. However, the organizations in the studied Scandinavian cities aren't expressing any concerns regarding the rivalry within the destination nor between the destinations. The general motive behind competitive efforts relates to differentiation between destinations. Within the studied Scandinavian DMOs such efforts are difficult to fulfill, since collaborative methods are embedded among the DMOs. This is mainly due to the awareness of DMOs and their stakeholders that the collaborative approach is more beneficial than the competitive.

*The challenge of collaboration:* When acting in an industry environment the collaborative approach can be seen as a complement when conducting business. Actors within the tourism industry often collaborate in some areas while being competitive in others. As a result of collaboration and strategic partnering different parties can share information and resources, which would ideally benefit all parties and coordinating common goal (see Fyall & Garrod 2005: 154-5). However, the outcome of such activities has proven disadvantageous and problematic for the collaborators, hence the rate of return differs among the DMOs and constitutes an unjust incidence of the marketing efforts.

*The challenge of performance measurement:* DMOs that are engage in resource intensive activities, such as marketing constitutes a great demand for holistic performance measurement, i.e. communicated effectively to the organizations different stakeholders. A holistic performance measurement system can help to align the interest

of interdependent companies and stakeholders at one destination. However this is not always conducted by all of the studied DMOs in Scandinavia. The Scandinavian DMOs in this thesis have indicated that they are facing problems when measuring performance. Further, there also seem to be a correlation between the responsibility of the DMO with regards to the destination and performance measurement. Suggesting that the greater the responsibility the greater the need for a more holistic performance measurement system.

## 5.2 THE GENERALIZATION OF DMO CHALLENGES

\* *Can these challenges be generalized in a wider global context?*

This research question is subjected to the second part of the thesis' statement of purpose and issues of matter, which is intended to see whether the challenges can be generalized in a wider context. The generalization is executed by putting the analyzed challenges to each of the selected Scandinavian DMO against a hypothesis.

Since that the hypothesis that confirms the generalization of DMO challenges have been rejected, one can distinguish that inconsistency is affirmative between American and the studied Scandinavian DMOs regarding the presented challenges. The conclusion is motivated when acknowledging differences regarding the perception of some challenges, such as the challenge of destination management, and the challenge of competition. The analysis highlights that these organizations had no affiliation to strategic management attempts when managing the destination, and that the collaborative nature of the studied DMOs aggravated the realization of competitive strategies. Therefore the generalization of DMO challenges in a wider context is constrained, hence it is suggested that the counter responsive hypothesis is confirmed, implying that: *Scandinavian DMOs aren't facing similar challenges as American DMOs, thus cannot be viewed as generalized challenges.*

However, it is vital to acknowledge that theoretical theories and academic fields do not always expose the natural world in a precise manner. When further reviewing the rejected hypothesis and the analysis, we can recognize that these Scandinavian DMOs face some complications regarding the challenges of: *adapting to change; managing expectations; collaboration; and performance measurement*, emphasizing that they are important and interesting for Scandinavian DMOs.

### 5.3 FUTURE RESEARCH

Throughout the thesis the authors' have discovered potential substratum for future research. The first suggestive research subject relates to the assumption that there is a correlation between the degree of performance measurement adopted by a DMO and the level of responsibility to the destination. However, this is difficult to measure to which extent this is accurate. Another discovery is that the amount of collaboration aggravates the implementation of competitive strategies. Finally, the thesis has emphasized on the notion of destination management, which for some researchers is loosely defined as influencing different tourism actors within the destination. This way of thinking can compose problems for strategists', when strategic management efforts aren't only conducted in this manner. Due to the limitation of these subjects and the equal division of the thesis theoretical themes it is interesting to see how these different subjects are submitted solely and scientifically. It is therefore of great importance to change reality into theory, and theory into reality. This is motivated by the quote of the unidentified medieval Taoist philosopher, which continues with:

'(...) by deep knowledge of principle, one can change disturbance into order, change danger into safety, change destruction into survival, change calamity into fortune' (Cleary 1988: 3)

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## APPENDIX 1 – THEORETICAL THEMES AND THE GENERALIZATION OF DMO CHALLENGES

### 1. The Challenge of Adapting to Change

The first theme aims to investigate if different types of resources are combined and used to cope with the fluctuant external environment. When examining this topic, the role of the organizational capabilities in creating positive competitive and collaborative predispositions will be considered. This theoretical theme will hopefully shed some light on the relevance of organizational capabilities when gaining and maintaining DMOs competitive advantages.

#### 1.1 Conclusion

1. Hypothesis	2. Hypothesis
<ul style="list-style-type: none"> <li>● Stockholm Visitors Board</li> <li>● Malmo Tourism</li> </ul>	<ul style="list-style-type: none"> <li>● Visit Oslo</li> </ul>

The challenge of adapting to change is faced by SVB and MT because of difficulties when coping with fluctuant influences from different stakeholder. VO on the other hand has a great advantage through their unique private and public ownership, which shortens the gap between the markets and the organization making them more adapted to overcome changes.

## 2. The Challenge of Managing Expectations

This theoretical theme will examine whether the traditional *modus operandi* that DMOs have used in the past are still relevant in the setting they are facing today. What will be highlighted primarily is not the customer's point of view, but how the organization deals with these issues. The weight of this subject will be on how DMOs are targeting different *segments*, *positioning* their marketing efforts in comparison to competitors, and choosing their *marketing channels*.

Our aim is to observe if the strategic marketing planning process (SMPP) still is appropriate for DMOs when managing expectations. Kotler *et al.* (1993); and Fyall & Garrod (2005) advocate for marketing efforts conducted by the SMPP. However, the latter authors suggest a more collaborative approach to achieve and maintain success. The theoretical theme answers for if DMOs are sufficient and successful enough when their core activity only is to strategically market the destination and manage expectations.

### 2.1 Conclusion

1. Hypothesis	2. Hypothesis
<ul style="list-style-type: none"> <li>● Stockholm Visitors Board</li> <li>● Visit Oslo</li> <li>● Malmo Tourism</li> </ul>	

The lack of individuality when conducting strategic marketing efforts can facilitate problems for SVB when VS conduct some parts of the SMPP such as segmentation. Making it difficult to manage and precise efforts of expectations to solely Stockholm. MT face difficulties when analyzing international tourist behaviours, hence they are performing the SMPP inadequately. VO performs these attempts generally satisfactory. This is resulted from their product and market oriented *modus operandi*, but it is hard to encapsulate how successful this is conducted.

### 3. The Challenge of Destination Management

The intention for constructing this theme is to elaborate on the issue of “new” ways that DMOs operate in with regards to their newly acquired responsibilities. DMOs therefore require superior managerial authority of the destination, to be able and follow the new trends of the tourism economy. These organizations will consequently face many functional aspects in strategic management, which have to be mastered.

Strategic management incorporates the SMPP and other managerial issues. According to Moutinho (2000) other important strategic and functional management issues besides marketing are human resource management, financial management, operational management, and quality management. This theoretical theme will present if the core activities of DMOs have shifted, if other responsibilities have emerged, and if strategic management efforts are used when managing the destination.

#### 3.1 Conclusion

1. Hypothesis	2. Hypothesis
	<ul style="list-style-type: none"> <li>● Stockholm Visitors Board</li> <li>● Visit Oslo</li> <li>● Malmo Tourism</li> </ul>

Regarding the challenge of new responsibilities where DMOs face problems when managing a destination, none of the examined organizations had any affiliation to conduct strategic management attempts. Meaning that these Scandinavian DMOs are referred as destination marketers and not managers, hence this challenge cannot be generalized in a wider context because of the inconsistency when managing a destination.

#### 4. The Challenge of Competition

This theoretical theme will contribute to our research by means of declaring if competitive behaviors have forged success for DMOs and if it is the very source of competitive advantage. According to Sinclair & Stabler (1998) competition within the tourism industry is recognized through research, development, innovation and imitation efforts. For instance, to be competitive firms or organizations must engage in research and development to enhance and lead over domestic and foreign competitors (Sinclair & Stabler 1998: 132).

Expectantly any significance of high competition that occurs between different industry actors and how DMOs use their destination to compete with others will be the main focus of this subject. When this elements are understood our thesis can with confident ornament if competitive approaches are successful for DMOs when facing new levels of competition.

##### 4.1 Conclusion

1. Hypothesis	2. Hypothesis
	<ul style="list-style-type: none"> <li>● Stockholm Visitors Board</li> <li>● Visit Oslo</li> <li>● Malmo Tourism</li> </ul>

The rivalry between the industry actors is inevitable, but this seems not to be problematic for none of the studied DMOs. Within the destination these actors are well aware of the importance to collaborate for the better of the destination. Another dimension of competition is among the destinations. The representatives for the studied DMOs acknowledge that they compete and collaborate within different levels. The collaborative nature of the Scandinavian DMOs aggravates the realization of competitive strategies.

## 5. Recognizing creative partnering as the way of life

On the other hand, when acting in an industry environment the competitive approach is not the only way to go. This theoretical theme will, with contrivers to theme 4, determine if collaborative approaches are more successful for DMOs. Firms within the tourism industry have countered this problem by means of integration (Sinclair & Stabler 1998: 133). Integrating information and resources can be seen as the core source for creating relationships.

Fyall & Garrod (2005) discusses the point of a collaborative relationship between industry actors, and encourage different parties to share information and resources that would ideally benefit all parties and should also be directed towards a common goal. Anticipating collaborative approaches that arises between different industry actors and how DMOs use their resources to collaborate with other DMOs will be the main issue of this subject.

### 5.1 Conclusion

1. Hypothesis	2. Hypothesis
<ul style="list-style-type: none"> <li>● Visit Oslo</li> <li>● Malmo Tourism</li> </ul>	<ul style="list-style-type: none"> <li>● Stockholm Visitors Board</li> </ul>

Regarding the challenge of creative partnering it has been confirmed that the DMOs are willing to collaborate and cooperate within the destination and with other destinations. However, this has proven to be problematic for DMOs to gain a balanced outcome between the strategic partners, which is the case for VO and MT. Even if this reveals that SVB has had a positive experience, such collaborations are complex and therefore problematic.

## 6. The Challenge of Performance Measurement

This theoretical theme has been chosen to address the complexity when dealing with performance measurements tied to resource consumption in a fragmented industry. It will investigate what mix of measurements is most suitable given this situation. DMOs have scarce resources, and there is a tendency to only evaluate performance on administrated financial resources.

While being relevant, the downsides of using solely financial evaluation are among others shortsighted actions undertaken by DMO managers to show a pleasing result to stakeholders and collaborative partners. It may also dismiss long-term investments that may impose any type of cost (Anthony & Govindarajan: 460-1). The presented subject is intended to examine which methods for performance measurement is used, and how a stakeholder evaluates the performance of the DMO.

According to Anthony & Govindarjan (2005) performance measurement system engages different stakeholders of the organization as a result of combining strategic measures. This subject will question the view, responsibility and relation of DMOs with regards to the destination and if the traditional organizational perspectives of divisions and goal congruence can be adapted to a destination context?

### 6.1 Conclusion

1. Hypothesis	2. Hypothesis
<ul style="list-style-type: none"> <li>● Stockholm Visitors Board</li> <li>● Visit Oslo</li> <li>● Malmo Tourism</li> </ul>	

The final challenge that DMOs might face today and in the future is that of performance measurement. SVB, VO, and MT use different performance measurement systems and are presently facing different problems when measuring success. One major discovery is that the greater the responsibility the greater the need for a more holistic performance measurement system.

## APPENDIX 2 – INTERVIEW QUESTION AND TRANSCRIPTION OF RESPONDENTS

### 1. Interview of Scandinavian DMOs Mr. Pehr Palm, Stockholm Visitors Board (SVB) Conducted in Stockholm on 2008-04-25

#### 1.1 The challenge of adapting to change

\* Who are your stakeholders?

- Public
- Private funding
- Private-public partnership

*Translated from Mr. Palm 2008-04-25:*

The stakeholders who are public can be referred as the taxpayers and the residents, making this organization publicly owned. These are all the taxpayers in Stockholm. Stockholm city is behind the whole organization.

The activities that we conduct are amounted to 100 workshops and events in Sweden and internationally, where we promote Stockholm to increase our visitors, events, and congresses. We also produce lots of material that is used when spreading out our message. We also have a web site where pictures and movies can be downloaded. Brochures can be ordered as well. We also help and provide others if they want to carry out an event.

Absolutely (SVB can be seen as a Private-public partnership), because when these 100 workshops and events are conducted the private stakeholders often contributed financially to be represented. We also conduct forms of activities such as the one in Washington, or Tokyo with [visitsweden.com](http://visitsweden.com). Where the Wasa museum, Grand Hotel, Skansen, other hotels, and Arlanda Express are represented with us in our showcase and engage with costumers on sight.

\* Have you experienced any changes regarding the trends with your organizations stakeholders?

*Translated from Mr. Palm 2008-04-25:*

Not particularly, most of the international events that we represent are conducted by [visitsweden.com](http://visitsweden.com), where SVB is an exhibitor. Through these events we try to engage our private partners into participating. Some time ago, there were only a few partners that participated in these events free of charge. What have changed during the last years is that despite which partner is participating, they all have to make a payment if they wish to be presented in such activities. They also have to take up the one time offered opportunity where the partner company has exclusive influences, which we take into consideration.

Successively, there are less and less partners that are willing to participate in such activities, but are more motivated to conduct different add campaigns on the web. For example, hotels prefer that the customer books the hotel room with the hotel and not through an organization or an agent that charges commission fees. This customer preference however, differs from market to market; Americans for example often prefer to travel through travel agents. Therefore it is important to adapt to each market's demand.

We have limited resources, thus do not have time and finances to conduct campaigns through TV, radio, posters in major international capital cities such as Tokyo and New York.

- \* What are your resources?
  - Intangible (goodwill, destination as a brand).
  - Tangible (financial, destination) and
  - Human resources

*Translated from Mr. Palm 2008-04-25:*

The most important resource we have is the competence of our workforce, and their ability and knowledge to forecast and analyze different markets to make sure which activities to be conducted in these markets. These activities are conducted with or brand: Stockholm – The capital of Scandinavia.

Administrative costs are financed by Stockholm city through public funds, but the partners are co-funders of the activities that we conduct together. Our organization therefore takes a risk when engaging in such activities, and because of that we have a cost, which varies depending on how many companies are represented. If there are any activities that the private partners do not want to participate in will lead to closer of that specific activity. Thus the market is not interested in that specific activity.

- \* How do you work with them to produce a greater value?
  - Can you please give an example when you have utilized these organizations capabilities?

*Translated from Mr. Palm 2008-04-25:*

We could take a web campaign for example, which have been conducted in USA. In that campaign SAS, Luftfartsverket, SVB (Visitors Board), SBR (Business Region), some hotels, and museums were represented. The more partners that are represented in a web campaign, the more clicks or impressions the site can purchase. Therefore these web campaigns are easy to measure regarding to the end result.

## 1.2 The Challenge of Managing Expectations

- \* What segments are you targeting?

*Translated from Mr. Palm 2008-04-25:*

We follow visitsweden.com segments, Ops, DINKS, Gay segment, family segment and so on. So you can say that this is one way to segment the market. For example we have one person that is responsible for the Gay segment, another person that is responsible for the Cruiser segment, which signify the explicit responsibilities of our organization towards each segment.

- \* How do you position yourself in relation to your competitors, such as other Scandinavian DMOs?
  - Does the positioning effort differ depending on the segments?

*Translated from Mr. Palm 2008-04-25:*

We often have similar views of our customers. So I do not think that they vary so much. However in some countries and other markets we only promote Sweden and Stockholm, but in Asian countries we promote together because we know that these visitors come to Scandinavia and first visit Copenhagen, Stockholm and then the Norwegian fjords. Visitsweden.com has offices in 13 different countries, but in Japan for example, we have a Scandinavian office together with Norway and Denmark, where the marketing efforts are conducted together.

- \* What marketing channels do you use?
  - For example Internet.

*Translated from Mr. Palm 2008-04-25:*

Beside Internet campaigns we also use channels through Visitsweden.com, activities and workshops within the international market. There is no budget for film commercials. One of the web campaigns that we call Stockholm - The musical, targets the British market. This various campaign that have gained lots of prestige and prices internationally. The campaign consists of that the web visitor can insert his or her friends name and email. Afterwards, the friend receives an e-mail, which plays a musical with songs about the friend and his name in Stockholm. This campaign have preformed really well on the British market, because it was adapted to their sense of humor. The campaigns that we conduct have preformed relatively well and we are satisfied.

- \* Are there any particular marketing campaigns that you would like to mention?
  - Was there any complication regarding the expectations of this effort, such as the lack in quality?

*Translated from Mr. Palm 2008-04-25:*

We had a campaign called Swedish Cities that was targeted at the USA, Spain and Germany. In this campaign Malmö, SAS, Gothenburg, and Stockholm were represented. They financially contributed equally. What is interesting is that the results differed from city to city, and from country to country. However in general, the campaign was successful.

### **1.3 The Challenge of Destination Management**

- \* What kind of responsibilities do you have towards the destination?
  - Do you perceive it as the organizations work activities and responsibilities have changed over time?

*Translated from Mr. Palm 2008-04-25:*

First and foremost in Sweden, for example, there are different counties and political figures that control their specific city. In Gothenburg the municipal administration owns, among other, Liseberg, sport facilities and the largest hotel in Sweden. They own a lot and the municipal therefore controls many things through Göteborg & Co. This can be thought of as good or bad.

In Stockholm we have a liberal governance, which has stated that the municipal shall not compete with entrepreneurs and the functioning business environment. Meaning that we are not going to use tax money to compete with entrepreneurs. With the constellation Gothenburg has, it can accomplish other things than Stockholm can. However, we can do much other such as influencing political figures by means of debate. Yesterday I took part in a seminar about cultural attractions in Stockholm. We emphasized on putting forward our Swedish traditions for visitors coming from abroad. Viking museum, among others.

We as SVB cannot act as organizers for these kind of developments, but can influence politicians in a positive manner, for example the ABBA museum that will start here next year. And some times these developments stretch over a long period.

- \* What is the organization core activity?
  - Is it marketing or rather managing the destination?

*Translated from Mr. Palm 2008-04-25:*

These responsibilities or control aspects lay on a thin red line, which differs from city to city.

- \* How does the organization relate to other functional management issues, such as human resources, finance, operations and quality?

*Translated from Mr. Palm 2008-04-25:*

In Stockholm we have something that is called "What's On" describing different happenings in Stockholm, which is a monthly magazine and is financed by ads that we control. Even Copenhagen has this kind of magazine. However, their last pages have advertisements for adult entertainment. This is why we take this responsibility for the sake of quality and control.

There has also been a great demand of hotel rooms here in Stockholm resulting in higher prices. This can have a negative effect on Stockholm's reputation. Meaning that we are engaged to take up this with the politician. Kristina Axéna Olin (m), which is chairman for SVB to whom we put forward our suggestions on hotels. This can influence which buildings or places are given to establish these hotels.

- \* How has this changed your work in the destination as a whole?

*Translated from Mr. Palm 2008-04-25:*

Until four years ago there were only politicians or retired politicians who were been CEOs for SVB. However 3,5 years ago, we got a new CEO, which had served in the private sector and was experienced within the tourism industry. Martin Rosborg was more commercial than previous CEOs. This has resulted in more confidence in our organization from the private sector. The CEO is of great importance to SVB when engaging in political influences, alignment and development.

#### **1.4 The Challenge of Competition, 1.5 The Challenge of Collaboration**

- \* What types of competition occurs at the destination between the industry actors?

*Translated from Mr. Palm 2008-04-25:*

Not in a problematic manner. The industry actors are aware of that they are better off working together. When conducting activities and events it is meant to invite them to Stockholm and the value of the city.

Hotels know for example that there are not any visitors that are willing to visit them simply because of fancy hotel rooms and great conference facilities. It is everything around it. Stockholm consists of a third of water, a third of green areas, and a third of a historical city center. Different attractions are also an important part of Stockholm. Therefore I think that it works well together.

- \* What types of collaborations are there at the destination?

*Translated from Mr. Palm 2008-04-25:*

Collaborative approaches do exist. One example is between Scandinavian cities where we share the marketing efforts in Asia. From previous knowledge there is a fact that we all will benefit from this.

At the destination level, SVB invites 700 journalists and 2000 agents to whom we take care of and show the city to. It is important to show them the right image of Stockholm. This consists of guided tours with our partners, attractions, museums, shopping, restaurants, and hotels.

- \* Which role, if any, does the DMO play in competition and collaboration?
  - Coordination of efforts?

*Translated from Mr. Palm 2008-04-25:*

We have the role of coordinating the marketing efforts.

- \* Do you and how do you compete with other destinations?
  - Research & Development
  - Innovation
  - Imitation

*Translated from Mr. Palm 2008-04-25:*

When we conduct events with our Scandinavian counterparts we are aware of that it is more effective to market together. The aim is to make Scandinavia interesting, sexy, and exiting. As a result of this, visitors will end up in each city.

After the visitors have been attracted to the destination, there is an ambition that we have in common, which is to make them stay longer at the place. To compete with the other cities and making the visitors to stay longer SVB invites 700 journalists and 2000 agents, which we take care of, and show the best of Stockholm to ensure that they portray the very best. Different nationalities can be famous for their price sensitivity thus making it crucial when marketing.

Establishing more hotels to decrease the price of hotel rooms, promoting for new direct flights to Stockholm, and creating unique attractions will contribute to the length of stay for our visitors.

We are quite informed through the membership of European Cities, and it is hard to say that we were influenced by these specific places. It is also not our responsibility to innovate new attractions it is all up to the entrepreneurs in the city. Some attractions are unique that cannot be imitated, but there are many

entrepreneurs that get influences from other places. One example is the plan of a Viking museum. In Norway they have a Viking ship, which we don't in Stockholm and Copenhagen.

- \* If, lets say, the financial resources had been greater how would that have affected collaborative or competitive efforts?
  - Research & Development
  - Innovation
  - Imitation

*Translated from Mr. Palm 2008-04-25:*

At SVB we are in great need of movie clips and photo banks, because lots of the marketing is through the Internet so these resources would end up there. Then the distribution through campaigns of these tools would also be costly.

To producing large TV campaigns requires lots of financial resources. These countries that engage in these marketing channels have large budgets for this because the industry has a great impact on the specific place. In Spain the tourism industry accounts for 17 % of the GDP, but in Sweden it is only 3 %. The media is also an important tool for DMOs that creates credibility (TV shows, journalists, media groups).

## **1.6 The challenge of Performance Measurement**

- \* What types of performance measurements dose the organization use for their own performance?

*Translated from Mr. Palm 2008-04-25:*

We of course have different types of measurements to various performances. The Press division of SVB can concretely give when different PR or media have been successful or not. But this can take more than one year to measure the result form journalists and agents.

The travel agents are then evaluated, when their customers stay overnight in different hotels. If we perform a web campaign the number of visitants could measure the performance.

- \* Which types of performance measurements does your stakeholders use to evaluate the organizations efforts?

*Translated from Mr. Palm 2008-04-25:*

If our stakeholders have financed a project (activity, campaign, or event) they are surely interested in its outcome. The politicians are aware of that the tourism industry creates new openings, job opportunities, and taxes.

- \* Are there any common performance measurements used for the destination as a whole?

*Translated from Mr. Palm 2008-04-25:*

However in general throughout our operation we try to increase the number of business meetings, and international congresses to Stockholm. The hardest things to measure are leisure travelers and their overnight stops in the city. This is mainly because of the economic situation, trade conditions, and differences currency from a global perspective.

- \* How do you view the destination?
  - As one unit or fragmented?

*Translated from Mr. Palm 2008-04-25:*

I do not think that there are any hotels or attractions that has a great force of attraction in Stockholm like the Ice hotel in Jukkasjärvi. Visitors visit the Ice hotel not the city. However, I'm convinced that we will receive more than thousands Australians visitors because of the ABBA museum. These visitors will only come to see the museum.

There are different congresses that are held in Stockholm. The Heart and Doctor congress with 25 000 participants have a huge impact on the number of visitors. I think that the interest of different visitor groups does differ. But the majority of leisure visitors do come to experience Stockholm as a city and a whole.

- \* What are your responsibilities?

*Translated from Mr. Palm 2008-04-25:*

When different congresses are held in Stockholm there are some congress operators that are in charge of it. In Stockholm these are Congrex and MCI. In Gothenburg they have Göteborg & Co. We also have smaller companies that arrange smaller national or international meetings.

It is these companies that delegates useful information to their guests on the amount of something available and interesting. They often arrange pre-stay, post-stay schedules and accompanier programs for the accompanied close relative of the participant. The congress arrangers can therefore receive commissions from different attractions and hotels.

- \* How suitable are these in relation to your organization?

*Translated from Mr. Palm 2008-04-25:*

We supply these companies with information material and help them to portray the right message. This is a close and important cooperation between the industry actors.

### 1.7 Final part – Relating the theoretical themes.

- \* Of the presented challenges, which of them do you believe to be the greatest challenge for your organization?

*Translated from Mr. Palm 2008-04-25:*

Gaining value for money. That we as an organization with our partners feel that the work we do is valuable. It is important that we keep on having good relations with the politicians. The politicians have to eliminate the thin line of our core activity by being very explicit.

- \* Do you believe that the organization is facing this challenge well?
  - If so, in which way is this accomplished?
  - If not, what do you consider to be the most appropriate suggestion for facing this challenge?

*Translated from Mr. Palm 2008-04-25:*

Up to now it have functioned very well. We are very pleased with Kristina Axén Olin's (m) involvement and engagement as our chairman; and her communication to the citizens of Stockholm and with other politicians. However we have not been successful to raise more funding, but she has expressed herself positively in regards to the tourism industry and its economic benefits, which is important.

- \* Are collaborative or competitive approaches most significant for your organization?

*Translated from Mr. Palm 2008-04-25:*

One challenge is that we have to engage our partners to participate with us in activities, campaigns, and events. We are always stronger if we work together to produce a greater value.

- \* Is the SMPP or general strategic management effort's most significant for your organization?

*Translated from Mr. Palm 2008-04-25:*

We are a marketing company, and our mission is related to marketing not to develop the destination. Our organization does engage on influencing different developments within the destination. But we don't invent or arrange different events, attractions, or businesses.

## 2. Interview of Scandinavian DMOs Mr. Tor Sannerud, Visit Oslo (VO) Conducted in Oslo on 2008-05-09

### 2.1 The Challenge of Adapting to Change

\* Who are your stakeholders?

- Public
- Private funding
- Private-public partnership

*Translated from Mr. Sannerud 2008-05-09:*

The public owners are the municipal and city of Oslo. From the 1928 when the organization was established to 1988, it was been publicly owned and operated.

In 1991 we restructured the organization and owners became various companies within the Oslo tourism industry. The motive behind the re-structuring was to become more efficient. Today, some 120 actors constitute the private stakeholders. Together they contribute with 33 % of the total funding, another 33 % is made up from public contribution, that of the city, and the final third are revenues from sales of services that Visit Oslo produce.

The organizational form is today constituted on a Private Public Partnership.

\* Have you experienced any changes regarding the trends with your organizations stakeholders?

*Translated from Mr. Sannerud 2008-05-09:*

Yes. At the start of operations, there were 60 stakeholders while there today are 120. The amount of stakeholders has hence doubled. Also the organization transformed from a public organization to a PPP in 1988. Each and every company is now obliged to pay a fee “market aid” to contribute to the work of this DMO.

\* What are your resources?

*Translated from Mr. Sannerud 2008-05-09:*

The destination itself is our primary resource. Its cultural and natural setting constitutes the resources that are distilled into the campaign “Oslo - Capital of Culture and Nature”, which is how we brand ourselves.

## 2.2 The Challenge of Managing Expectations

- \* What segments are you targeting?

*Translated from Mr. Sannerud 2008-05-09:*

The markets or segments are divided into three categories, depending on the activity: Information, Leisure and Congress related tourism.

The leisure tourism market is divided into three markets as well as the Congress unit, hence the primary market consist of England, Germany, Scandinavia, middle and south Europe and the US. The second market consists of China and Japan. The third market is referred to as the developing or emerging markets Russia and Poland.

- \* How do you position yourself in relation to your competitors, such as other Scandinavian DMOs?

*Translated from Mr. Sannerud 2008-05-09:*

We do not directly position ourselves in relation to Stockholm or Malmo/Copenhagen e.g. as a response to the campaign: "Stockholm - the Capital of Scandinavia". A survey on that campaign was performed by VO which indicated that generally, people think that campaign is foolish. Hence, Visit Oslo do not have the urge to participate in similar campaigns. Actually, the surveyed people present Oslo as the Cultural and Natural capital of Scandinavia.

Visit Oslo instead of positioning works with a method that identifies the destination 's uniqueness, referred to as the Unique Selling Position, which is a supply-focused strategy.

- \* Does the positioning effort differ depending on the segments?

*Translated from Mr. Sannerud 2008-05-09:*

The market is divided into a primary, secondary market and developing/emerging market. What differs in the efforts are the activities such as tourist information, leisure tourism and congress events.

- \* What marketing channels do you use?
  - For example, the Internet?

*Translated from Mr. Sannerud 2008-05-09:*

We use a few main channels, such as magazines, news journals, television, radio with international media being the most important. Some 1040 international journalists visited Oslo last year, to whom which Visit Oslo supplied with different inputs.

The organization's role in this matter is thus also supplying journalists with information that portrays Oslo in certain way. One of the most important channels are supplements to news journals, that is travel and cultural appendices. The majority of the journalists are visiting Oslo without an invitation. Some are however invited, when promoting special events e.g. The web which is operated by [www.visitoslo.se](http://www.visitoslo.se), a unit within the organization.

- \* Are there any particular marketing campaigns that you would like to mention?
  - Was there any complication regarding the expectations of this effort, such as the lack in quality?

*Translated from Mr. Sannerud 2008-05-09:*

Yes, there are two campaigns I would like to mention. The first was launched last year in London and the arena for the campaign was the subway. We received excellent feedback. The second one was launched in order to promote the new route between St. Petersburg and Oslo, operated by one of the stakeholders (Norwegian Air). The two campaigns were successful and so was the quality, good feedback etc.

### **2.3 The Challenge of Destination Management**

- \* What kind of responsibilities do you have towards the destination?
  - Do you perceive it as the organizations work activities and responsibilities have changed over time?

*Translated from Mr. Sannerud 2008-05-09:*

We have a dualistic responsibility towards the destination. The first one being to organize the tourist information in an optimal fashion and to make the information easily accessible and qualitative. Secondly, there is a responsibility to pass along knowledge that corresponds with the destinations and stakeholders qualities.

- \* What is the organization core activity?
  - Is it marketing or rather managing the destination?

*Translated from Mr. Sannerud 2008-05-09:*

Two things, marketing and supplying information. Marketing Oslo is done in order to attract customers and stimulate sales. Regarding the information aspect, there is the activity of presenting solid information to visitors that is corresponding with the destinations attributes.

- \* How does the organization relate to other functional management issues, such as human resources, finance, operations and quality?

*Translated from Mr. Sannerud 2008-05-09:*

Visit Oslo has established a database containing some 8000 pages of information, the database is widely used by front staff, e.g. tourist informers. On a management level there are individual educational programs. This is because the different employees are involved in different, various tasks. The people working with information to tourists have one time horizon – present time. The people involved with leisure tourism a second (6-12 months) and the ones involved with congress related businesses a third (4-8 years).

- \* How has this changed your work in the destination as a whole?

*Translated from Mr. Sannerud 2008-05-09:*

The quality of information has increased, by that said it is easier to manage expectations.

## **2.4 The Challenge of Competition, 2.5 The Challenge of Collaboration**

- \* What types of competition occurs at the destination between the industry actors?

*Translated from Mr. Sannerud 2008-05-09:*

There is fierce competition among the stakeholders; the rivalry between hotels is one example. However, the competition among the stakeholders does not constitute a problem for the Visit Oslo organization. The new transport structure (e.g. low cost carriers) has also influenced the marketing process.

Accessibility and price are two major mechanisms that one must consider in order to create an efficient destination marketing campaign. In order to bely accessibility, Visit Oslo have ventured with transport operators and constructed campaigns that secure transport to the destination. The “new” tourism is evolving, such as the big city breaks. In such a context the arena of the holiday are less important, the mechanisms of price and accessibility are crucial to attract tourists. The unique attributes of the destination are not important if the mechanisms are poor.

- \* What types of collaborations are there at the destination?

*Translated from Mr. Sannerud 2008-05-09:*

We are involved in many types of collaborations, at a variety of levels Examples are the Norwegian Council of Tourism, Oslo Cruise, Baltic Cruise, Norway Convention Bureau the latter is of networking nature. One of the collaboration that sticks out is a project called ”Ostlands samarbeidet” which involves actors from various industries and institutions. This is a mix of private and public actors on local, regional, operational and executive level collaborate in order to gain synergies and stimulate the tourism for the region.

Between the DMOs oneform of collaboration have taken place according. A few years back Stockholm, Copenhagen and Oslo joined forces at a Japanese tourism fair with the agenda to attract Asian tourists to the region under the Scandinavian capitals flag. The collaboration proved unsuccessful in general, except for a greater amount of Asian journalists visiting the Oslo region. I think the campaign might had been more successful in the e.g. the US due to a more individual tourist culture. This is because Asian tourists often prefer tour operated travels. So we are open to a new attempt, this time on the American market.

- \* Which role, if any, does the DMO play in competition and collaboration?
  - Coordination of efforts?

*Translated from Mr. Sannerud 2008-05-09:*

A part of the marketing activity is to coordinate, an activity that seem to be greater over time.

- \* Do you and how do you compete with other destinations?

*Translated from Mr. Sannerud 2008-05-09:*

(For more information, see previous questions)

Of course there is a competition, but the Oslo office promotes the unique attributes of the destination.

- \* If, let's say, the financial resources had been greater how would that have affected collaborative or competitive efforts?

*Translated from Mr. Sannerud 2008-05-09:*

We would have displaced vaster resources on the congress segment, which is a long term activity. Further the establishing of a new unit within the office that focus on various forms of event. I'd like to say that the daily operation is working smoothly, the tourist information offices are open 365 days/year.

Our Internet platform that is in use today has been in operation since 1996 (we were the first Scandinavian city to launch a website). The web page has improved the information flow and the quality of information regarding Oslo. Also, some 120-150 thousand unique users visit the web page per month, 60 % of these users are of foreign nationality.

## **2.6 The Challenge of Performance Measurement**

- \* What types of performance measurements dose the organization use for their own performance?

*Translated from Mr. Sannerud 2008-05-09:*

The most commonly used performance measurement are the ones that measure hotel nights per month, flights in to Oslo and the number of people that in some extent uses the tourism information. It indicates the number of visitors, and can somewhat easily be benchmarked.

The questions of performance measurements are complex and problematic for a DMO like ours, that is to measure the organization's performance and what has been achieved from an internal perspective. In order to do that we measure the number of international and national congresses held in the region each year, the motive behind this activity is that Visit Oslo is responsible for attracting these events. Another internal measurement is the booking portal that registers hotel bookings on the web.

- \* Which types of performance measurements does your stakeholders use to evaluate the organizations efforts?

*Translated from Mr. Sannerud 2008-05-09:*

Hotel nights and number of flight seats as well as the number of congresses.

- \* Are there any common performance measurements used for the destination as a whole?  
(N/A)

- \* How do you view the destination?
  - As one unit or fragmented?

*Translated from Mr. Sannerud 2008-05-09:*

Me and my co-workers view the destination as rather fragmented: there are many dimensions of quality that attracts certain segments. The destination has several "faces" as a ski destination a cultural destination etcetera.

- \* What are your responsibilities?

*Translated from Mr. Sannerud 2008-05-09:*

As mentioned previously, the overall responsible is dualistic.

- \* How suitable are these in relation to your organization?

*Translated from Mr. Sannerud 2008-05-09:*

Since our core activity is marketing these responsibilities are indeed suitable.

## 2.7 Final part - Relating the theoretical themes.

- \* Of the presented challenges, which of them do you believe to be the greatest challenge for your organization?

*Translated from Mr. Sannerud 2008-05-09:*

The greatest challenge is to establish a more formal structure for the region; the strength of the Oslo office and its relationships could be used by other actor within the region who wish to use this. Today these small actors voices are seldom heard. It's a challenge for Visit Oslo to coordinate these efforts under one umbrella. There are projects of similar dimensions in Scandinavia in Gothenburg, Copenhagen, Stockholm. There is a tough role of coordination, and this requires a formal approval to be able to do something for the Oslo region.

- \* Do you believe that the organization is facing this challenge well?
  - If so, in which way is this accomplished?
  - If not, what do you consider to be the most appropriate suggestion for facing this challenge?

(N/A)

- \* Are collaborative or competitive approaches most significant for your organization?

*Translated from Mr. Sannerud 2008-05-09:*

The collaborative approach is suitable for Visit Oslo since it suits in the field of gathering information and knowledge. We are often involved in projects of collaborative form. One example is raising money for financial platforms such as the "Ostland project". This is creating an economical foundation.

- \* Is the SMPP or general strategic management effort's most significant for your organization?

*Translated from Mr. Sannerud 2008-05-09:*

We have said that we are going to relate to the city we are currently in and that involves continuous meetings with governmental institutions in order to shield the destinations quality and also to correspond with e.g. the police, and political.

### **3. Interview of Scandinavian DMOs Mr. Lars Carmén, Malmo Tourism (MT) Conducted in Malmo on 2008-05-07**

#### **3.1 The Challenge of Adapting to Change**

\* Who are your stakeholders?

- Public
- Private funding
- Private-public partnership

*Translated from Lars Carmén 2008-05-07:*

The City of Malmo is our public stakeholder. Malmo Tourism has previously been a small branch under the City Office of at Malmo Stad (the municipal administration). During the start-up period in 1999 the branch had a functional structure to see quick results. There was no focus on organisational issues in the beginning of the start-up, since people frankly thought that was tiresome. My job has been to get tourism to be a part of the rest of the commercial and economic life integrated to Malmo City, since knowledge was previously lacking in this area. Today tourism bureau activities are only one part of what we are doing, among other things there are leisure and business travel.

We started networking with commercial actors and have thus gone from a functional to organizational issues. Now there is the Destination Concurrence (Destinationssamverkan), an economic communion with the purpose is to enlist more MICE and public events to Malmo. This is based on the resources available. There are many formalized actors and separate actors. The point is to have a secured amount of resources for a period of three years so there will be a guaranteed amount of money available.

Without a doubt where there is a good collaboration between the public and the private actors are the winners.

\* Have you experienced any changes regarding the trends with your organizations stakeholders?

*Translated from Lars Carmén 2008-05-07:*

Change is the organizational one – from the City Office to several actors.

\* What are your resources?

- Intangible (goodwill, destination as a brand),
- Tangible (financial, destination) and
- Human resources

*Translated from Lars Carmén 2008-05-07:*

Under the policy of Malmo City we have worked with the brand of Malmo (includes 1000s of actors), facilitates the development of the destination. The brand is in a way associated with events in peoples minds which can be used as a resource. To work with this we use the four guiding words: *visibility, clearness, availability (physical or digital), attractiveness*. One way of reaching out the visibility is for example to more than previously focus on PR communications. There has also been redesign of our website like in those in Gothenburg and Stockholm. We also try to spread the word through Sweden and international media exposure.

As a part of the total business operation of Malmo city department we to extent receive funding. An events budget is also received from Malmo City. There is also revenue form our sales of services and events. Strategic decisions on how to use the capital are dealt by a branch called the MINT (Marknad, Information, Näring, Turism) group (constituted of representatives from Malmo City that deals with public, outlooking operations. This consists of the Directors of Culture, Business/Commercial Life, Leisure, Tourism. This gives an overview perspective of development.

Tourism is a part of the total commercial and industrial life, (tourism) is put into a societal/comprehensive perspective – in a destination perspective and not as a narrow sector grouping.

Regarding the human resources, one has to be aware of that this is a relationship-based industry so individuals ought to have a network perspective very relevant.

- \* How do you work with them to produce a greater value?
  - Can you please give an example when you have utilized these organizations capabilities?

*Translated from Lars Carmén 2008-05-07:*

It is important, for example with events, to see the whole picture – not to focus simply on specific activity but also to see that there are supporting activities that supports the event, what consequences it will have on the destination.

### **3.2 The Challenge of Managing Expectations**

- \* What segments are you targeting?

*Translated from Lars Carmén 2008-05-07:*

The marketing-activity plan states the segments and is a mix of what different stakeholders consider to be important. DINKs are one example.

- \* How do you position yourself in relation to your competitors, such as other Scandinavian DMOs?
  - o Does the positioning effort differ depending on the segments?

*Translated from Lars Carmén 2008-05-07:*

There are some collaboration, mainly regarding international transportation (aviation) with other DMOs in Sweden via VisitSweden and Swedish Cities projects. When the customer has arrived can choose the most suitable city for his/her needs. Leisured-focus marketing, city breaks, Double Income No Kids, experience.

The market segment must be reachable to be relevant for directed campaigns.

- \* What marketing channels do you use?
  - o For example Internet.

*Translated from Lars Carmén 2008-05-07:*

We use the web, PR and onsite information – a wide spectrum. The idea with PR is to put Malmo on the map and be informative of the destination in international and national newspapers and this is cost effective. Also repeat-visits (return customers) also word-of-mouth are powerful most powerful). Farest down are traditional marketing channels.

- \* Are there any particular marketing campaigns that you would like to mention?
  - o Was their any complication regarding the expectations of this effort, such as the lack in quality?

*Translated from Lars Carmén 2008-05-07:*

There was the Weather Guarantee Campaign, which broadcasted that if there was a rainy day in the summer, customers could attain a Malmo Card free of charge as compensation. This gained massive attention in the press (50 Swedish newspapers) and gave high credibility.

“When Denmark is closed, Sweden is open” targeted to the Danish customers to attract them since store opening hours there are more strictly regulated than in Sweden. Free parking for Danish registred cars, important for parking guards not give tickets!

### 3.3 The Challenge of Destination Management

- \* What kind of responsibilities do you have towards the destination?
  - o Do you perceive it as the organizations work activities and responsibilities have changed over time?

*Translated from Lars Carmén 2008-05-07:*

Yes we have, to the highest extent. There are policies and it is important to remember that we are not only communicating our own business of operations but also that of Malmo City. Activities are cross-functional in that way. An example of work activities could be the branding and marketing of the city.

As development in Malmo and the Oresund region has taken place during the past years work activities have changed. The work with Malmo Arena which is partially made possible due to investments in city infrastructure (Malmotunneln) is a conscious move of branding, making the arena synonymous with the city. Collaborative effort.

- \* What is the organization core activity?
  - o Is it marketing or rather managing the destination?

*Translated from Lars Carmén 2008-05-07:*

The core activity is to attract as many temporary visitors to Malmo as possible (and the processes behind this). This also involves prioritizing – which markets to aim for (Russia is for example excluded).

- \* How does the organization relate to other functional management issues, such as human resources, finance, operations and quality?

*Translated from Lars Carmén 2008-05-07:*

You have to see the big picture. It is not enough to look at isolated actions.

- \* How has this changed your work in the destination as a whole?  
(N/A)

### 3.4 The Challenge of Competition, 3.5 The Challenge of Collaboration

- \* What types of competition occurs at the destination between the industry actors?

*Translated from Lars Carmén 2008-05-07:*

Competition exist explicitly and non-explicit in many different context. But the main point is yet that if customers to not come to the destination non of the business will have anything to compete about. For example with regards to hotels, people don't visit a destination to stay at the hotel, but to actually do something there. This has been realised by the businesses.

- \* What types of collaborations are there at the destination?

See the Destination Concurrence entity.

- \* Which role, if any, does the DMO play in competition and collaboration?
  - o Coordination of efforts?

*Translated from Lars Carmén 2008-05-07:*

Yes, mediation in conflicts between business have occurred at times. But relationships seem to be generally better when a more positive (economic, relationship) atmosphere is in existence.

- \* Do you and how do you compete with other destinations?
  - o Research & Development
  - o Innovation
  - o Imitation

*Translated from Lars Carmén 2008-05-07:*

The industry is generally not interested in research and development to be honest, but more on operational know-how. We believe that the city has to be made as attractive as possible – urban renewal, public spaces are examples. In the industry there can occur a Follow John mentality, but that is not the main issue here.

It is not as easy as just to copy and imitate since you have to look into the geographical and practical premises and have them as a point of origin. It is better to first see functions and functional efficiency and then build up an organization around that instead of first setting up an organization and then filling that up with contents.

- \* If, lets say, the financial resources had been greater how would that have affected collaborative or competitive efforts?
  - Research & Development
  - Innovation
  - Imitation

*Translated from Lars Carmén 2008-05-07:*

We would have liked to have shed more light on international day-visitors in Malmo through interviews to determine who they are, how many of them and their preferences. There is generally a lack of knowledge in Sweden regarding the international segments.

### **3.6 The Challenge of Performance Measurement**

- \* What types of performance measurements does the organization use for their own performance?

*Translated from Lars Carmén 2008-05-07:*

Everything that is in our market and activities plan are project-based, these are evaluated through checklists (both qualitative and quantitative goals, situation related). The qualitative (interviews) are expensive to use. The economic flow is one of the more important points. We also receive feedback from customers during events.

Internally, there are monthly reviews of completed or non-completed projects. There are difficulties with performance measurements since spill-offs effects from other project are hard to detect. Sometimes there are direct connections with booking and a certain event. In a way, hotel booking can be seen as an indicator of the general economic progression.

- \* Which types of performance measurements does your stakeholders use to evaluate the organizations efforts?

*Translated from Lars Carmén 2008-05-07:*

Hotels, for instance, measures if a project will generate x number of bookings to determine if the investment is profitable (financial). But they also look on how the project has been conducted. Stakeholders within the media do not look at Malmo Tourism business of operation, but they come to experience the supply in Malmo. There are also oral, informal reviews.

- \* Are there any common performance measurements used for the destination as a whole?

*Translated from Lars Carmén 2008-05-07:*

This is very difficult to capture. Since everyone has their own product and this could be influenced by other producers' products it is difficult to have any reliable measurements. The only way possible is with specific segments with specific collaborations.

The view of a destination as one organization with loosely connected divisions or units.

- \* How do you view the destination?
  - o As one unit or fragmented?

*Translated from Lars Carmén 2008-05-07:*

The structure of the tourism sector is different from other sectors. It is the customer that moves instead of the product. Many different customers consume different products from different actors that don't have any relations with each other.

The flip side is that if a customer has had a negative experience it could effect her/his perception of the entire destination.

- \* What are your responsibilities?

(N/A)

- \* How suitable are these in relation to your organization?

(N/A)

### 3.7 Final part – Relating the theoretical themes.

- \* Of the presented challenges, which of them do you believe to be the greatest challenge for your organization?

*Translated from Lars Carmén 2008-05-07:*

The constant challenge is to have “dual vision” to both see your own business of operation as well as the operations of the collective efforts at the destination. Also to get the people who should be interested in a cause is difficult even if they are involved in the industry, they are seldom informed/seem to read the newspaper. Challenge to change the view on tourism activities as more than a visit to a tourism bureau.

Politicians have realized regardless of party color, that tourism is beneficial and should be invested in. This message has to be conveyed to several actors. 1.25 h

- \* Do you believe that the organization is facing this challenge well?
  - If so, in which way is this accomplished?
  - If not, what do you consider to be the most appropriate suggestion for facing this challenge?

(N/A)

- \* Are collaborative or competitive approaches most significant for your organization?

(N/A)

- \* Is the SMPP or general strategic management effort's most significant for your organization?

*Translated from Lars Carmén 2008-05-07:*

You have to look at the whole picture and do everything.

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