

VISIT ARCTIC EUROPE

Cross-border cooperation -

An analysis of challenges and obstacles for cross-border cooperation in the Visit Arctic Europe area

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Foreword

International travellers arriving in Northern Scandinavia are often interested in experiencing wilderness-type nature and indigenous culture. Hence, to these tourists the borders between the three countries are not important. After years of preparation, tourism actors from the region started the joint project, Visit Arctic Europe (VAE), to enhance international tourism. The Finnish Lapland Tourist Board, the Northern Norway Tourist Board and the Swedish Lapland Visitor Board manage the VAE project. It is financed by Interreg Nord for the years 2015-2017. The VAE project consists of partners from the public sector, 90 tourism companies from the VAE area and several international tour operators.

The aim of the VAE project is to develop Arctic Europe into a cross-border, high-quality tourist area that is an internationally competitive and well-known destination. The project focuses on tourism marketing, joint product development and improvement in accessibility. In order to ensure the efficiency of the project and to reach its established objectives, four R&D missions have been undertaken and reported. First, relevant indicators and measurement tools for the success of the VAE project have been developed. Second, analysis of future travel trends and third, digital trends in tourism and customer digital and mobile behaviour have been mapped. Fourth, challenges, obstacles and barriers that can undermine the development and implementation of VAE cross-border packages have been reported.

This report, commissioned by the project, addresses the fourth mission by analyzing challenges, obstacles and barriers to a successful development of VAE cross-border packages. The study draws on qualitative interviews with service providers, transportation companies, international tour operators and international tourists. Researchers from UIT – The Arctic University of Norway, University of Lapland and Luleå University of Technology have conducted this study. We hope you enjoy reading the report and we encourage you to join the discussion regarding the future of tourism in Arctic Europe.

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Introduction

As tourism destinations, Northern Norway, Finnish and Swedish Lapland attract millions of visitors every year, generating billions of euro and providing thousands of jobs. To date many of these visitors have travelled to one of these three destinations and did not cross the national borders. The aim of the VAE project is to help establish cooperation between small and medium-sized enterprises (SMEs) in Finnish and Swedish Lapland, Northern Norway and Sápmi. Through networking, development and marketing efforts, the project further aims to increase the level of business collaboration across borders, with the goal of improving joint competitiveness in a global market. The project seeks to cultivate the common strengths and values of the region with a view to developing new and innovative cross-border tourism concepts for distribution in selected markets. Based on the notion that future travellers will be diverse and in search of self-actualization, comfort and hassle-free quality in genuine destinations, there is a need to ensure that cross-border travel is possible in Arctic Europe.

The aim of mission four is to identify challenges and obstacles for cross-border cooperation in the VAE area by studying cross-border travel packages. To that end, qualitative interviews were conducted with 24 service providers (eight per country), six transportation companies (two per country), eight foreign tour operators, two tour operators' local representatives and eight travellers. In the interviews, the researchers used interview guides with questions adapted to suit the different actors included in the sample. In all interviews, we first asked the interviewees to name three major obstacles for cross-border cooperation in the VAE area. Then, we asked them several questions covering the following themes: accessibility, product, service delivery, cooperation, cultural issues, seasonality, sustainability, marketing, financial issues, capacity, safety and legislation and the VAE project. We conducted the study from September 2016 until March 2017.

In this report, we present the results of the interviews. First, we introduce the results of the interviews conducted with the service providers and the transportation companies in Norway, Sweden and Finland. Second, we explore the results of the interviews with the foreign tour operators and their local representatives. Third, we present the findings of the interviews with the cross-border tourists. Finally, we provide a summary of the identified challenges, obstacles and barriers to the development of cross-border packages in the VAE area.

Norwegian service providers and transportation companies

We interviewed ten service providers in Norway that were partners in the VAE project. Three were providers of guided tours (GuideGunnar, Tromsø Safari, Whale Safari Andenes), one company offered guided tours and accommodation (Kirkenes Snowhotel), one company offered accommodation (Scandic, North Cape), one was running a ski resort (Narvikfjellet) and one a museum (Lofotr Viking Museum). Moreover, we also interviewed one incoming tour operator (North Adventure), one company that was a combined transport company and tour operator (Polar Tours) and, finally one car rental company (Avis).

Three main obstacles

The Norwegian service providers named three main obstacles that could undermine the success of cross-border packages in the VAE area (Table 1). First, they pointed to *transportation issues*: lack of direct flight connections between the three countries; lack of road-based cross-border public transportation and Arctic travel pass; and rental car prices and legislation. Second, they talked about *lack of knowledge about the other providers*; in particular, knowledge of those providers located in another country or in different tourism industry cultures and the language barriers that this could entail. They also mentioned lack of market knowledge as a main obstacle. Third, they identified *issues related to working with international tour operators*: the providers' ability to make saleable and attractive packages; competing with tour operators by developing their own packages; and having enough time to build relationships with tour operators.

Table 1 Three main challenges from the perspective of Norwegian service providers.

	1	2	3
Service provider 1	Lack of product knowledge	Challenges with making packages	Afraid of the unknown
Service provider 2	Cultural differences	Long distances	Lack of flight connections
Service provider 3	Long distances, expensive	Lack of product knowledge	Lack of market knowledge
Service provider 4	Lack of public transportation	Cultural differences	Lack of capital
Service provider 5	Lack of public transportation	Lack of time and resources	Lack of market knowledge
Service provider 6	Lack of public transportation	Long distances	Different tax legislation
Service provider 7	Wrong pricing strategy	Lack of market knowledge	Cooperation issues
Service provider 8	Packages not saleable through tour operators	Lack of public transportation	Lack of Arctic travel pass
Service provider 9	Lack of two-way traffic	Rental car legislation	Lack of time remaining in VAE project
Service provider 10	Cooperation between tour operators	Building relationships with tour operators	Lack of product knowledge
Summary	Lack of public transportation	Lack of knowledge	Cooperation and cultural differences

Fourth, a few main obstacles were linked to having one's own company and were therefore about *lack of capital and lack of time and human resources* to be involved in developing cross-border packages. This could undermine the cooperation between the providers. Fifth, one main obstacle was also related to cross-border packages in the sense that they were constrained by the need for *travelling long distances*, which also limited the number of activities that could be included in the packages. Finally, one of the providers talked about how *different tax systems* in the three countries was a huge obstacle for cross-border cooperation and another focused on the *VAE project soon running out of time*. We will elaborate on several of these issues below.

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Accessibility

The service providers identified several issues related to accessibility that could undermine the success of cross-border packages in the VAE area, in particular related to the travel within the borders. Here, the location of the provider influenced the challenges, for instance, that *those based in Lofoten/Vesterålen were constrained by lack of connectivity to Sweden and those in Finnmark to Finland*. First, we discuss challenges of travelling to and from the VAE area before we continue with the travel within the area.

To and from VAE

The service providers mainly talked about three issues. First they saw the *low number of (direct) flights* to Northern Norway (from Europe) as a challenge, in the sense that it today was ‘too time-consuming for international tourists to come here, the more flight changes there are, the more demanding it is for the customer’. A provider located in the county of Nordland also complained about the train connectivity from Stockholm and claimed that this is ‘a huge obstacle and an enormous unused potential’. One provider located in the county of Finnmark talked about the challenge of finding optimal flights to Ivalo and Rovaniemi from Central Europe, as it is difficult to find the right days for arrivals and departure; here also finding flights at ‘the right price is a challenge’. Second, a provider who also produced package tours, argued that *the main challenge was to find tour operators to cooperate with on charter flights* from Germany, Austria and the Netherlands, despite the fact that that ‘we all struggle with filling the seats’. The third issue was in relation to scheduled flights via Gardermoen, and that the tourists must *clear their baggage at customs there*. This often led to confused tourists who did not understand the procedures.

Within VAE

The Norwegian providers pointed to a *lack of public transportation* as the main accessibility challenge, not only when travelling across borders, but also within Northern Norway. They appreciated that the VAE project has put this issue on the agenda and that one bus route has been developed. Regarding public transportation, they identified the *need to increase the frequency of cross-border scheduled buses and flight connections*: ‘today everybody is flying Kirkenes to Oslo, nobody is flying to Finland, and we need a route there. The main problem is to get permission’. They also pointed to the necessity of *adjusting bus and flight schedules and bus and train schedules* in order to succeed on the individual market. As voiced by one provider, we have ‘a problem if individual guests are travelling with public transportation ... when they want to cross the border from Finland there are no buses from there to Kautokeino ... the problem is not within Finland and Sweden, but across the borders’. According to the providers, this was the case for all borders in Northern Norway. However, the providers also acknowledged their responsibility for success, that they needed to cooperate to create the volume necessary for economical sustainable scheduled cross-border bus and air transportation:

The problem is, who takes the risk that there will not be enough guests on scheduled buses? There is no doubt that the bus companies could do a lot quickly in setting up routes. There must be customers; it is like the chicken and the egg. On public buses, however, there are plenty of problems from county to county. Between countries. I think there is a long way to go to get this done cross-border.

This economical risk was even higher for airlines, as mentioned by one of the providers. Another provider talked about the *barrier of chartering planes for cross-border packages in that only Norway has a charter fund*. A package involving flying in/out in Sweden or Finland would not have the same seat guarantee as if the package started and ended in Northern Norway. This limited the creativity of cross-border packages as

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time and distance restricted the itinerary and forced the project to focus on selected destinations and providers.

Additionally, one provider in Lofoten had realized that it was possible to travel to the Swedish border by public bus from the island; the challenge, however, was that *getting this information was time-consuming* as you 'have to look at many bus tables to find this out'. Another challenge with accessibility was rental cars. We will return to this issue in several of the proceeding headings. *One main challenge with rental cars is that 'you have to return it to the same country'*, otherwise it would be very expensive. The challenge was thus *the return fees*. Moreover, one provider talked about the lack of available rental cars, and another about tourists' fears of driving in the winter. To one of the providers, an incoming tour operator, the challenges with individual package tourists travelling by scheduled bus or rental car was the low volume, which would be 'work intensive, but not give much income'.

Product

In this section, we describe the main product-related challenges that can undermine the success of cross-border packages in the VAE area. On one level, the product was the package, but on another level it was all the parts of the package; transportation, accommodation, food, activity, landscape and so on, delivered by different providers in the three countries. We will first address the challenges perceived on the package level.

Regarding the package as a product, one of the providers identified the *challenge of producing two-way packages, thus the arrival and departure are in two different countries*. This would affect the transportation to and from the VAE area as mentioned above. To this provider, solving this issue was important in order to make it easier to rent a car: 'we want to reduce the prices on rental cars. Tour operators have to work with two-way packages so that tourists travel in and out of different countries. Otherwise we will not succeed'. In order for this to happen, this provider also pointed to the challenge of *convincing all the tour operators, in the first phase of the project, to focus on selected arrival and departure destinations* such as: 'Luleå, Kiruna, Rovaniemi and Tromsø as it is easy to build up car pools here. If we get too many varieties, the fleet structure will be too difficult ... and the financial risk for us too high ... we need to use cars that are already there'. On shorter package holidays, however, this would geographically limit the use of local providers. Tourists can only drive for a limited number of hours, as mentioned by several providers. Moreover, one of the car rental companies' fears was of tourists that burn miles. Each rental car has a maximum of kilometres or time (24 months): 'if the car uses its kilometres in three months, it is an expensive car for the company'. Other providers talked about the *challenges of making attractive packages and to think outside the box*, for instance to turn the transportation into 'a meaningful experience'.

Regarding the single products in the package, the provider addressed various challenges: *providers' different notions of quality*. We will address this more in the next section where we discuss the service delivery. They also pointed to *the lack of knowledge about each others' products (in particular in Sweden and Finland)*, which will be explored more under the heading cooperation. Other challenges that they mentioned were *lack of human resources to invest in product development, lack of information in tourists' own language, activity products that are too similar, and how to combine mass tourism products and tourists in Finland with small-scale products and tourists in Norway*. One of the providers argued that 'Alta is marketed as a unique place where you can meet people. Those who travel to Rovaniemi go there because it is cheap ... they do not want to experience the authentic Alta ... I am happy that we have small-scale activities. Then you have providers that love their job. We do not want big-scale coach tourism'.

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Service delivery

The service delivery is part of the product, thus when discussing challenges with service delivery, most of the providers talked about how to *secure a similar quality and a similar understanding of quality across the providers from three countries*, which also worked in different markets. One of the providers argued that 'breakfast in chain hotels in Sweden and Finland are of a lower quality than in Norway'. Moreover, distance, and *lack of control of and knowledge about providers in another country* posed a challenge. For instance, one of the providers claimed that 'it could be that one of the dog-sledding companies cannot deliver the quality that you expect'; another said that 'when I make packages I need to know that everything is working, that they are able to deliver'. One provider considered that the *service delivery in Norway did not always match the higher quality in Finland* and one provider argued that 'the service level still has to be developed in Norway'. *Seasonal employment and understaffing* were two factors that challenged the quality of the service delivery, not only in Norway but also in Sweden and Finland, according to one of the providers, who argued that they would become more 'professional through full-year guiding positions ... and by recruiting locally'.

Cooperation

The providers identified six categories of cooperation obstacles that could undermine the success of cross-border packages in the VAE area. First, seven of the service providers were concerned about how *rivalry and competition among the VAE members and the tour operators* could hinder cooperation. In three statements, this rivalry was towards the Finns, for instance, that they 'have public money that supports the company and therefore do not need to live on commission ... when we compete for a group the Finns will get it'. In others it was directed towards individually-owned companies which are often 'more concerned with themselves; it is a fight to survive' on a daily basis'. Thus, a second obstacle for cooperation, mentioned by five service providers, was about *lack of time, human resources and capacity*. One provider said that 'I have not worked on cooperation yet. I do not have the time' to invest in this. A third obstacle, mentioned by four providers, was *lack of knowledge about each other's products, people and destinations*, in particular in Sweden and Finland: 'I do not know about the products and how they work. We need to know each other's product; we need to know each other well'.

Therefore, a fourth obstacle for cooperation, mentioned by five service providers, was about *lack of trust, openness and respect*. One argued that 'it is important to create trust in your partners, to respect each other's territory. This is profound ... if they make tours here (in Norway), the cooperation is dead ... we need to send guests to each other'. Another claimed that 'it has to be mutual trust, that if you give something you must get something back. We have to establish an understanding of openness ... it is important that we talk about difficult situations, that we are open, trusting and dare to ask questions'. This quote also pointed to the fifth obstacle, unforeseen incidents, which was also mentioned by two service providers. This obstacle was about *cooperation during a tour, if something went wrong* (e.g. due to bad weather) then 'the companies must share responsibility, if something happens in Ivalo there has to be a number to call, it could be one number in each country ... it is about logistics'.

Finally, the sixth obstacle, identified by two providers, was about how *different objectives could affect cross-border cooperation in negative ways*. For instance, one of the providers claimed that 'I will never deal with companies selling cheap packages ... some would want big groups; I work with small groups ... most people only think of money, I only think of pleasure'. The second provider argued that 'the Finns are interested in developing the summer and the Norwegians the shoulder seasons; I am unsure about the drivers in each country'.

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Cultural issues

The service providers identified two cultural issues that could undermine the success of cross-border packages in the VAE area. The first issue was about *different tourism industry cultures*, although some claimed that they knew little about how they worked in Finland and/or Sweden. In particular, the Finns were considered more professional and cynical than the Norwegians and that they were 'clever at getting public support. In Norway we stand more with the hat in hand, we do not seize the opportunities' in the same way. Moreover, the providers also perceived the *Finns to be more proud of their profession*: 'in Norway you have bus drivers who hate their jobs ... in Finland they carry your suitcase and are guiding and contributing in a different way'. One of the service providers argued that the *Swedes also were more professional than the Norwegians were*, as 'we are a little more leisurely' in our disposition. Thus, another provider summed this up 'the Finns are ten years ahead, the Swedes five years, we are last, less creative, more awkward, we dare not follow our ideas through'.

To some of the providers it was a challenge that the *tourism industry in Finland was about mass tourism, in contrast to the more authentic products in Norway*. In line with this, one service provider, how had cooperated long-term with Finnish tourism companies, pointed to the different ways of running a company; in Finland bigger companies often run them and the employees do not have the same authority to make decisions as they in Norway, where the companies are smaller and run by entrepreneurs. 'If you are employed in a big company, you will never meet those who make decisions ... they sit in Rovaniemi or Helsinki ... the Finns have a commando culture, a military structure ... in Norway it is much freer and there is less public control', for instance, if you want to open an ice hotel. Moreover, one of the providers argued that the Norwegians were very open and used to sharing knowledge and experiences; one claimed that they were better at service delivery, compared to the Finns, and a third noted that Swedes and Finns often perceive Norwegians as 'overconfident'.

The second cultural issue was about *language*, in particular the challenge of talking with Finns.

Seasonality

In this section, we describe the ways seasonality was a challenge for successful cross-border packages in the VAE area. We address issues related to bed capacity more under the 'capacity' heading. None of the service providers identified any challenges in the summer season. *In the early winter/late autumn it was a challenge to increase the traffic to Lofoten, due to little day light and less-attractive outdoor products*. Moreover, warmer winters had made it more difficult to sell snow-based activities throughout the winter in Tromsø. *Unpredictable snow conditions* in the late autumn also made it hard to sell dog-sledding tours here in this season. Regarding cross-border cooperation, one service provider wanted to develop products in the autumn, but was constrained by '*ruska* (autumn holiday in Finland); then everybody in South Finland is travelling to see autumn'. The same provider also considered developing packages in the spring and again the *bed capacity in Levi and Saariselkä was sold* to the domestic market. Other constraining factors were lack of time to develop the potential in the spring and autumn due to weather conditions in winter and seasonal (summer) ferry connections in Lofoten/Vesterålen.

Sustainability

When reflecting upon the main obstacles related to sustainable cross-border packages in the VAE area, the service providers talked about environmental, economic and social sustainability. First, *environmental sustainability* was about transport emission and the need for public facilitation of planes and rental cars. Here they addressed that some tour operators demanded the use of new buses (not older than four years);

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that rental car return fees made tourists drive more than they needed because it was cheaper: 'this type of empty running is not sustainable'; and that it was important to fill all seats in a vehicle. Moreover, a few of the providers only sold packages that were CO2 neutral and thus only wanted to cooperate with the likeminded. A few others admitted that, *due to long-distance tours, their business was difficult to eco-label* and that it would be 'difficult to cooperate with those who are'. Moreover, one provider was critical towards some Finnish products, such as day charters to see Santa Claus.

Second, three providers mentioned *economic sustainability* and the need to 'use the local work force, to spread the value added locally ... then you can create work places locally'. Furthermore, an argument for cross-border packages entails spreading tourists to new areas, thus also securing more work places in remote places. In order for this to happen, according to one service provider, you needed to 'guarantee that the providers can deliver packages that are profitable, that they are not only delivered once'. Third, one service provider talked about *social sustainability* and the importance of the company's awareness of its contribution to the local area and its people: 'I am not sure if we share the same understanding of this'.

Marketing

The service providers identified three main marketing obstacles that could undermine the success of cross-border packages in the VAE area. First, they pointed to *the need for a joint brand*, one that they all could agree upon and that could attract new tourists. The challenges were that several branding strategies used by tour operators and regional DMOs already existed and that all the companies did not feel ownership of existing brands. One provider argued that 'we need to study how the market perceives the region before naming it; we need a set of measures to strengthen this brand, and we need an overarching brand which functions as a trademark that will mean something to the tourists'. Second, there was *a need to agree upon markets, messages and the distribution of costs*: 'it will be challenging to reach agreement, to feel ownership', according to one provider. Another claimed that it could happen that the marketing was directed towards the 'wrong types of customers; we might fail in the marketing'. A third provider claimed that the obstacle was to 'find the right customers' and also 'the right tour operators to sell the packages', hence those who knew the customers and how to find them. Regarding the message, one provider claimed that an obstacle was in communicating for cross-border tours in the autumn that distance was not a hindrance for visiting the region: 'the tourists must see that there is a point in visiting the entire area at once'. Third, a marketing obstacle was *to identify travel trends and implement this knowledge to reach new markets*: 'we need to think about future trends; we cannot make decisions on today's tourists, and we need to know the drivers in remote markets'. Lack of market knowledge could thus undermine the success of cross-border packages in the future.

Financial issues

The service providers identified several financial challenges that could undermine the success of cross-border packages in the VAE area. One main challenge was the *Norwegian companies' lack of capital or 'economic muscle' to be part of a three-year project*. Thus, some did not have the resources for developing new tours, travelling to meet their cross-border partners, continuing to be a partner in the project and being able to afford the lack of income if the tours were unsuccessful at the beginning. As an example, one provider argued that 'I would lose money in the start if the tour is not fully booked; I have to calculate a minimum of four guests, and I will lose money if there are only two'. Another service provider argued that there was *more risk-willing capital in Finland* as the companies there were bigger and the tourism volumes higher, thus it 'required a certain size to be part of the project'. A third provider called for the public to take more responsibility, in particular in investing public money on marketing.

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Another financial challenge was *the companies' different pricing structures*: 'we give 10 to 15 percent commission to tour operators, but some companies do not have the right pricing structure, they do not have more than 10 percent', as argued by one provider. Another talked about the challenge of correctly estimating the markets' price sensitivity and a third claimed that there was a risk of making packages too expensive by 'including too many products', and that different seasonality profiles in the three countries could be difficult to explain to potential tourists, as what they may perceive as travel during low season would not affect the price. A third challenge was about *the distribution of income*, there was thus a need for a system that could give an 'accurate distribution of work, costs and income'. An incoming tour operator argued that it would be difficult for them to make money on cross-border packages as they spent little time at the destination, 'they are only visiting the Ice Hotel and North Cape before they move on; we do not make money on that, we earn NOK 20. It is a lot of work compared to the income'. Moreover, for this company, whose income was based on commission, *the Norwegian tax legislation requires specification on sums* also when selling to foreign providers. Thus, a challenge would be to establish an understandable system for this.

Finally, one service provider talked about *rental cars* that crossed the borders: 'it is a challenge if they are stuck in one place, then we have to order a truck. The rental car companies have burnt their fingers to bring home cars. It is expensive'. A second provider raised the issue of *vouchers* that could be difficult to use in Norway, in particular on scheduled buses, and a third identified *currency* as a challenge: 'we need to make the package one year ahead and take exchange rates into consideration ... to control the currency will be the biggest challenge'.

Capacity

The service providers did not identify many capacity challenges that could undermine the success of cross-border packages in the VAE area. However, *some of them pointed to lack of seasonal accommodation in Lofoten, Vesterålen and North Cape in the summer, and Tromsø and partly Alta (mainly March) and Vesterålen (general low capacity) in the winter*. Moreover, one of the providers involved in a cross-border package this winter said that the tour operator had 'to limit the number of tourists' to 25, as one of the destinations did not have enough beds. Another provider said that accommodation at the North Cape could not be part of a cross-border package in the summer, as it was difficult to get allotments. Regarding the situation in Tromsø, one provider reflected:

We have discussed whether there are too few or too many hotels in Tromsø. Last winter it was full for four weeks. All the planes were full; therefore, we have 40 new charter flights this year ... if we get 200,000 more guests there are going to be challenges in every aspect of the tour. This can happen if the VAE becomes a successful destination ... then you have to increase the capacity in flights, accommodation and activities.

To date the service providers did not identify many capacity challenges regarding activities, only that small-scale providers such as dog-sledding companies did not take groups over the size of 30, and that March was a problem in Vesterålen, when many tourism companies close down to take holidays. Two other capacity challenges addressed were *lack of staff to tackle more traffic and too few rental cars in the summer*: 'we could increase the fleet in the summer if cross-border tourism becomes a success, however, the utilization the rest of the year is too low'.

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Safety

The service providers did not identify many safety challenges that could undermine the success of cross-border packages in the VAE area, as all the companies followed Norwegian legislation regarding HSE (Health and Work strategy plans) and industry-specific requirements. Still, *weather could be a challenge in the winter*, in particular when crossing the borders over Bjørnefjellet and Kilpisjärvi. If the roads are closed due to weather conditions, you needed to 'add an extra night, sometimes even cancel the tour'. One service provider argued that 'not everybody is used to driving on winter roads, or convoy driving buses. We therefore will give driving instruction and limit the number of cars. We will not allow tourists to rent an A or B car – only four-wheel drive. We have to make this assessment for the customer ... we need to develop a communication system for if the road is closed'. This provider also pointed to the fact that the unforeseen always can happen if you 'get uncontrolled tourism in wilderness areas ... language issues, currency, security, customs ... there will be a need for information that the project has to facilitate and secure'.

Legislation

The service providers did not identify many legislation barriers that could undermine the success of cross-border packages in the VAE area. They only raised a few issues. Different *interpretations of turløyve* (licence to traffic tourists) for nine-seat minibuses in Sweden compared to Norway. *Different laws for rental cars*, according to one of the providers:

There are rules for who is allowed to drive vehicles with foreign registration in different countries. A foreigner going to Finland can rent a Norwegian or Finnish registered car. If we have many Finnish and Norwegian cars and the foreign customer is going to Sweden, then he can only hire a Norwegian car, not the Finnish. ... We want an exception to this law in the north, to get a better flow. ... They (government) are afraid that we (rental companies) will only use cars from Sweden, where it is cheaper to buy one.

A third issue, raised by one provider, is *EU's free labour market policy* and how this might affect the tourism industry in Northern Norway in the future: if foreign tour operators bring their own buses and the taxes are raised in Norway, then Norwegian transportation companies will lose in the competition with foreign transportation companies.

VAE project

Finally, the Norwegian service providers reflected upon challenges with the VAE project. One issue, raised by six providers, was *a sense of running out of time* 'to develop packages when people from three countries have to agree' and that they feared that 'the foundation was not strong enough' to continue the cooperation after the project ended. One of the providers hoped that 'we do not give up, but have the endurance of a marathon runner ... we just lay the foundation for the future, it is not finished in three years, we need many years'. *They thus feared that the cooperation would stop with the VAE project*. 'It is an illusion to think that the companies will take over the responsibility', was noted by one provider.

Another issue, raised by five providers, was *the need for more action and concrete results* such as committed cooperation with tour operators and income for the businesses, not bureaucratic procedures. This is to avoid having companies lose interest in the project. 'If you lose the participants' interest, I have talked to four, five who are thinking about quitting because nothing is happening', as mentioned by one provider. Another provider claimed that it was '*lots of paper, many emails and reminders ... companies do not like paper and talk ... the project needs to prove why it is important*'. Two of the providers addressed

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the necessity for the VAE project to prioritize measures such as selecting a few attractive destinations and the easiest saleable season: 'it is important that the project put all effort in selling the easiest season first, if you strengthen this we have a platform. You need to take it step by step so that we become so strong that we later can develop three or four seasons'. In a similar vein, the second provider argued that the project needed to focus on:

Low hangings ... we work too broadly ... the project works more with the heavy stuff such as cross-border public transportation and new flight routes that is difficult to achieve ... we need to work on measures that give quick results ... to decide on three destinations and develop packages between the three ... everybody has wishes and demands, but we are getting nowhere if do not start somewhere.

However, a third provider argued that the VAE project needed to work towards changing the policy framework, with regard to railway and flight routes. 'The project is not good enough on this'. This also means to use its impact to address changes in rental car legislation, as it is more influential than a commercial actor is.

Summary of Norwegian service providers and transportation companies

Table 2 summarizes the challenges, obstacles and barriers as identified by the Norwegian service providers and transportation companies related to the main headings, but not in a ranked order.

Table 2 Summary of three main challenges identified in each category from the perspective of Norwegian service providers

	1	2	3
Accessibility	Few direct international flights; few train connections from Stockholm	Lack of local transportation; lack of adjusted schedules; lack of accessible information	Rental car return fees; lack of available rental cars
Product	Challenge of producing two-way packages	Many arrival/departure airports limit rental car pools	Lack of product knowledge and human resources; mass tourism versus small-scale
Service delivery	Lack of similar quality/ understanding of quality	Lack of control of other providers' quality	Seasonal employment and understaffing
Cooperation	Rivalry and competition; lack of trust, openness and respect	Lack of time, human resources and capacity	Lack of knowledge about products, people and destinations
Cultural issues	Different tourism industry cultures	Finns more professional than Swedes, with Norwegians coming last	Finland = mass tourism, Norway = authentic products; language
Seasonality	Unpredictable snow conditions, warmer winters	Early winter/late autumn less-attractive outdoor products	Lack of beds in Finland, Lofoten and North Cape
Sustainability	Transport emissions; travelling long distances	Different stands on sustainability	Lack of volume for economically sustainable work places
Marketing	Agreement on joint branding, too many existing brands	Agree upon markets, messages and distribution of costs	Identifying new markets
Financial issues	Lack of capital/ human resources to participate in VAE project	Different pricing structures; packages too expensive	Lack of systems for distributing work, costs and income
Capacity	Lack of beds in key destinations in high season	Lack of staff to deal with more traffic	Lack of rental cars in summer
Safety	Winter weather conditions	-	-
Legislation	Different interpretations of licences for traffic tourists	Different laws for rental cars	EU's free labour market policy (transportation companies)

VAE project	Running out of time, cooperation ending with the VAE project	Lack of action and concrete results; too much bureaucracy	Lack of priorities of measures
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Swedish service providers and transportation companies

We interviewed ten service providers and transportation companies from Swedish Lapland that were partners in the VAE project. Three companies, Kukkolaforsten Turist & Konferens, Camp Ripan and Icehotel were mainly lodging companies and hotels, but also provide restaurants, activities and experiences. Lapland Resorts AB provides hotels in addition to running ski-resorts. Sápmi Nature AB is a Sami company providing a small-scale *lavvu* tent camp for lodging and experiences. We also interviewed one DMC, Vida Nord DMC, one DMO, Kiruna Lapland DMO, and one incoming tour operator/DMC, Arctic Connection Travel Group. Arctic Airlinik and Arctic Connection Travel Group are transportation companies, the former an airline company within Arctic Europe and the other arranges bus transportation within the area.

Three main obstacles

The Swedish companies started by naming three main obstacles that could undermine the success of cross-border packages in the VAE area. The main obstacle identified (Table 3), which was mentioned by all Swedish companies except one, was the *logistic transportation challenge*, created by the *huge distances and lack of proper transportation infrastructure* between destinations and countries. One company explained that most public transportation systems are geared towards south-north, thus direction towards the capitals of the countries and not east-west between the countries. For packages aimed at small groups that are transported by public transportation, lack of those, and *challenges to get access to timetables* and different transport systems where *timetables are not synchronized* were a major obstacle to cross-border packages. This communication problem and distances were, according to several companies, also an obstacle for communication between companies within the VAE project and for gaining knowledge of other countries and destinations and their companies and products, which created a challenge for cooperation.

Table 3 Three main challenges from the perspective of Swedish service providers.

	1	2	3
Service provider 1	Currency handling	Language	Lack of knowledge of others' products
Service provider 2	Transportation within the area	Misuse of Sami culture	Sustainability versus mass tourism
Service provider 3	Transportation within the area	Distance	Infrastructure
Service provider 4	Transportation within the area	Packages	-
Service provider 5	Lack of knowledge of others' products	Distance	Language
Service provider 6	Logistics	Competition	Language
Service provider 7	Resistance to sharing	Communication within the area	-
Service provider 8	Infrastructure for communication	Lack of information	Language
Service provider 9	Taxes	Mental obstacles	Distance and transport
Service provider 10	Infrastructure for communication	Language	Lack of information
Summary	Transportation infrastructure	Language	Lack of information

Four companies also mentioned *language as a challenge for cooperation*, where the common English language would be the second or third language to be spoken. One company also mentioned *cultural*

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differences, mainly in hostmanship. One company mentioned cultural differences between the countries in the *misuse of Sami values and use of Sami culture in marketing of the area*, and the *challenge of combining small-scale sustainable Sami products with big actors and mass tourism.*

Two companies mentioned *mental hesitation to cooperation* in cross-border business relations between small companies, and a third mentioned *hesitation to share customers with other companies.* One company mentioned *currency and the challenge of handling three different currencies* and setting up prices for several years with currency changes.

Two companies had problems with identifying three different challenges for cross-border packages, and came up with only two challenges. In the following sections, we will go into more details about the obstacles, barriers and challenges faced by the providers.

Accessibility

For the Swedish service providers, *accessibility was one of the major challenges* for the successful development of VAE cross-border packages. One company stressed that the whole chain from the market to the destination was a major challenge, and four companies stressed *incoming to the VAE as an accessibility challenge*, while all companies stressed the *challenge of distance and transportation within the VAE area* as the major challenge.

To and from VAE

Three companies mentioned *incoming flights to Sweden as a big challenge*, noting that Northern Sweden has fewer airports compared to Norway and Finland. Although Luleå airport has good connections to Stockholm through SAS and Norwegian, compared to Rovaniemi it has no direct connections to Asia or other markets. Even if other airports such as Arvidsjaur and Skellefteå have direct flights from some markets, other airports such as Kiruna have none. One company also mentioned that all air traffic from the rest of Sweden such as Gothenburg must go through Stockholm to reach the area. It was, however, mentioned that in total, there are many gates within Arctic Europe that are open to different parts of the world, which is good for cross-border packages, as guests can arrive at one airport and leave from another country. Kiruna was mentioned to be blessed as it is located between Tromsø and Rovaniemi, cities with good flight connections. However, this advantage with many airports within VAE was contradicted by the poor communication within the area. Another company saw Sweden as having a *huge competitive disadvantage, especially towards Finland*, by having such limited direct access to the markets. In addition, the airport in Kiruna has limited capacity, thus reducing the access to this area. Only one company mentioned access to the VAE area by *train, and that this communication channel was a major problem*, as trains going up to Gällivare – Kiruna - Narvik sometimes do not run, and that it is embarrassing to sell travel trips with inferior transportation systems that do not work.

Within VAE

Local transfer within the VAE area was regarded by all companies to be the *most critical challenge for the development of cross-border packages* due to the long distances and *inferior local public transportation.* One company therefore concluded that all transportation must be chartered, which is expensive, and another company solved this problem by having their own buses. One company also saw it as a *sustainability problem that guests must drive their own car or be transported in small minibuses*, and another described that this *accessibility challenge decreased the incentive to cooperate* in cross-border product development and that it was very difficult to get started without a working transportation

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infrastructure. One company reported that they had *difficulty in allocating time and resources for cross-border products* and cooperation, if such limited access persists within the VAE area. As the distances are long and ground transportation is time-consuming and expensive, there is a need for more flights between the destinations within VAE area. In addition, the *synchronization of timetables of existing public transportation* and lack of access to such timetables was experienced as a limiting factor for developing packages within the area.

Product

The Swedish service providers pointed to several issues related to the products that were challenging the successful development and implementation of cross-border packages in the VAE area. Regarding product development, no consensus exists among these companies, although six of them regarded *distance and transportation as a challenge for developing products*. One company mentioned that it was easy to create cross-border roundtrips, as overseas guests would like to see the whole area, but the problem was how to transport them. For larger groups, there was no problem in arranging charter buses, but for single guests, it was very difficult. Another company did not see any major problems in creating cross-border products as they had their own buses for transportation, but saw the *long distances to be a challenge*, as it required many days of transportation and thus was an expensive product.

One company mentioned that there was also a *challenge with cross-border bus transports*, as not all bus companies wanted to drive in other countries. In addition, the *marketing aspects of products with long-distance transports was a challenge*, as guests might have difficulty understanding what they were buying when transfers might take many hours. One company mentioned that a challenge was that there *are similar products within the area*, which was not a major obstacle, as we have different environments for the products, but the *challenge was to differentiate the areas and motivate cross-border travel if products were the same*. The challenge was to *explain the differences for potential visitors* and to explain why they should visit all three countries.

Several companies mentioned *allotment challenges*. One lodging company mentioned the problem of providing allotments to several partners, reducing their capacity to sell their own product themselves. Another company had a *challenge in high season to compete with larger companies for allotments on Lofoten*, and it was a challenge to obtain guaranteed lodging in cross-border packages in some cases. When developing packages, several saw *problems with ownership of products or who was going to create the package*, or *risk-sharing issues*, and some experienced *challenges in building relationships and trust with providers*. Two mentioned *varying quality between products* in the region – and requested the need for standards of the products to get quality that was more similar for the guests, and that some products needed upgrading to meet international standards. Another company expressed similar concerns about quality issues, as it was difficult to visit facilities of partners due to distances, and another company explained that it was a *challenge to find other companies with the same level of quality* and direction and target groups, while another mentioned the security of products among different providers. Only two companies had no challenges in implementing their cross-border products, but saw challenges mentioned under the heading of ‘product’.

Service delivery

The Swedish service providers all pointed out the *challenge of the quality in the service delivery* in the VAE area. Some saw a challenge in *lack of knowledge and trust* about each other’s quality in the service delivery, and felt insecure that *partners may not deliver promised service*, and not deliver that extra unexpected

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service. This lack of trust in service quality was especially directed towards companies in Finnish Lapland with their focus on volume over a quality experience, but also volume-driven experiences by Hurtigruten and other cruise ship operators was mentioned. One company strongly pointed out they *could not cooperate with companies that give priority to economical sustainability over environmental and social sustainability*. The challenge of meeting similar service quality was also expressed in the *standards of hospitality and hostmanship*, where again doubts were expressed towards Finland, stating that they had good control of service delivery and hostmanship in Sweden but *lacked knowledge about the other countries*, thus that they must send their own guide with groups to ensure service delivery quality and hostmanship. Another saw a challenge with taking over a group from another service deliverer, without knowing the group's experiences, history and preferences, with the risk of repeating problems over and over again, ensuring that the guests did not experience a homogenous delivery of service.

One of the larger companies expressed concerns that small companies had much to learn from each other, how to be service minded, and *deliver good hospitality and hostmanship*. They also needed to learn how to develop the ability to meet specific guests from different markets and their requirements. This company also expressed misgivings that many small companies were not aware of *the necessity to adapt service delivery and service quality to the specific guest*. For high-level customers, the highest quality must be in the whole experience from standard of living, to food and activities. Another company expressed a similar concern with the *different food cultures* in the three countries, and that it was difficult to know the food culture and the quality of the food experiences in the other countries, and to be sure of what was regarded as good food. Two companies had, however, not experienced any problems or challenges in service delivery quality, and had experienced that the companies had the same high service level in the area, while a third company stated that they had experienced *complaints from guests about bad service delivery*, making this a challenge for cross-border packages.

Cooperation

Among the ten Swedish service providers, only three did not see any major challenges in cooperation across the borders. Three companies identified *trust as a challenge*, to get enough *knowledge of others* to trust that they will deliver what they promise, and how to share 'the cake', *how to share both the guests and their money*. One company expressed that trust and openness were essential for cooperation, thus that partners could not protect 'my guests' from others to make money from them. There must be an open atmosphere in business relations, which could be a challenge for many. Thus, it was important to let others in and *not see each other as competitors*. One company expressed that there should be the same challenges to cooperate within the VAE as to cooperate locally, that you must be on the same level regarding good planning of prices and making proper preparations. One company felt there was a *challenge in 'breaking the ice'*, especially among small companies. There was a lot of talk in meetings, but with *limited results*, and the small outcomes so far had been directly related to individual interest areas, as it *costs too much to take the initiative and push new products*. Thus, most will dig where they stand, in their own area, or some *single-to-single cross-border cooperation will develop*, such as Abisko - Narvik, or Kalix - Rovaniemi.

More complex cooperation in *complex products were limited by logistics, capacity and limited resources* to change, but also limited by the question of *if the market needs such complex products*. Again, several companies emphasized the *challenge for cooperation by the huge geographical distances*, and the *challenge to arrange smooth, easy transportation* between countries. One expressed that if we could solve the transportation problem, we would be world class in cooperation and products. Some said that it was challenging enough to cooperate within the vast Swedish Lapland, let alone the larger VAE area. Several

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stressed the *time aspect to get to learn to know each other* to develop trust for cooperation, and that the *project timeline was too short* for this, and one mentioned again differences in levels of service-mindedness. In addition, several companies raised language as a challenge for cooperation. One also raised the *limitations for cooperation by present structures*, such as national tourism boards, that have limited interest in spending money on marketing other countries' destinations. In the implementation of cooperation, one company said that if a product was in place, there should not be any major challenges for cooperation, but that *companies with only a small share of a product would not work as hard for the product and the cooperation programme* as a company with a big part or their own cross-border product. Therefore, the *level of cooperation and effort put into it can be a challenge*. Those who already had worked with cross-border products had experienced that, again, long transport distances were the major obstacle, and that it was important to plan for regular stops between destinations, with no more than two hours of transfer between them. One company felt *resistance towards cooperation in cross-border products*, having worked in VAE groups, and felt that the project time was too short for thinking big and new.

Cultural issues

Initially almost all ten Swedish service providers concluded that there were no, or *only minor cultural differences between the three countries*. One claimed that such differences were not as big as differences between different individuals, and that it was *more an issue of working together with the right people*. Another company with experience with cross-border cooperation explained that those companies they had cooperated with shared the same values and aims, and any differences did not affect the guests. However, one company warned against a basic approach that claims 'we are all alike and think the same' – and the *inability to recognize and act on cultural differences*, and the view that one did not need to adapt to each other's business cultures, which could result in missed opportunities and businesses. In the same way, one company saw *challenging cultural differences in food culture, in hostmanship*, and in addition observed *differences in hotel standards*, with confusing grading of hotels between the countries.

More serious cultural challenges identified included differences in *focus on different tourism segments*, where some high-end products such as Icehotel could have challenges finding similar high-end products in other regions such as Rovaniemi, where the focus is more on mass tourism and low-end products, thus having *cultural differences in customer segments*. Another company noted *differences in how well tourism was developed between areas and countries*, with Finland having more big-scale tourism than Sweden, with Norway somewhere between. However, they noted that these differences may not be cultural, and could even be strengths for the VAE area. A third company addressed the same issues by noting the *differences in mass tourism versus sustainability*, both social and ecological, and *how the Sami culture was treated*, especially by some actors in Finland. The company said its brand should not be connected in any way with that kind of businesses, and thus they needed to be very careful in choosing companies to cooperate with.

Seasonality

All ten Swedish service providers recognized *big challenges in extending from high season into low seasons*, although also recognizing *possibilities in cooperation on seasonal extensions*. Different companies had different high seasons, some in winter and some in summer, but several companies saw the great possibility for cooperating during low seasons, and *learning from each other* when they have specialized in different high seasons. By using common packages over different specialized areas, they saw the possibility of extending their seasons. One company stated that the high season was the same in the three countries, (the winter season), and suggested that there is a *need to put together packages for the three low seasons*,

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but saw a challenge in that this would *become low priority products with quality and delivery capacity challenges*. Co-packing in high season would only result in capacity problems.

Another company saw some differentiation between the countries with some specialization for different seasons, but with some overlap. Several saw *autumn with ruska as fairly easy to develop common cross-border products*, while *late winter such as October - November was more difficult*. *Destinations specializing in winter* such as Finland and parts of Norway, as well as mountainous areas in Sweden, *could co-produce with destinations that have summer products*. Most saw *late winter - early summer as the most challenging season to develop*. Some companies saw the need for seasonal extensions, but expressed a *lack of knowledge* about what was offered in other countries during low seasons, and one company expressed concerns about the fact that different companies had specialized for different seasons, and *may not be interested in cooperating in off-seasons* as they needed vacations and recovery time during low seasons. In the implementation of products outside the high season, several companies experienced that *facilities such as restaurants, museums, etc. may not be open during low season*, resulting in a bad experience of the VAE area, even if the product was good. Thus, *open and closing times beyond high season appeared to be an obstacle* to send guests to off-season destinations.

Sustainability

Among the Swedish service providers, only two companies had the feeling there were no challenges regarding sustainability in developing cross-border products. One of these stated that the three countries were very similar and that most companies thought in the same way, and were good at this. The second company, however, suspected there *might be differences in how far companies have come, especially in environmental sustainability*, but that most had it in their mind. One company expressed that *there was a sustainability problem in mass tourism*, both environmental and, in the case of Finland, the *social sustainability regarding commercialization of the Sami culture*, and not letting the locals take part in or get their share of tourism. One company felt there was *different legislation in the different countries that may be a challenge*, and the importance of sustainability involving more than just 'green washing' and superficial actions such as waste handling. Several *wanted joint platforms* across the VAE area for sustainability, or some sort of *certification*, and one company pointed out the *Swedish eco-tourism certification 'Nature's Best'* as a good platform. Several companies pointed to the sustainability strategy that the destination Kiruna had developed in a three-year project, where snowmobile companies now used green fuel; many had gender-policies, etc., although one was not sure if these sustainability strategies were fully implemented in their actions yet.

One regarded Sweden as world leading in sustainability issues and expressed, as several other companies did, the *challenge of finding partners in Finland and Norway on the same level of sustainability development*. One expressed this challenge as the *danger of putting their brand name on a product that did not hold the sustainability standards they had in Sweden*. Another company took the guest's perspective in a cross-border package where *the whole Arctic Europe experience could be influenced by one negative experience of sustainability issues*. Four of the Swedish companies, however, expressed that they did *not have enough knowledge of the sustainability standards* in Norway and Finland, but most believed they had not reached the standards of Sweden, and one was hoping the *planned inspection trips* within the VAE project would improve the knowledge of each other.

Regarding financial sustainability, one expressed concerns of *high costs due to distances*, another expressed *concern for new taxes and fuel costs in Sweden* as a threat for economical sustainability. One company was

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concerned about *pricing differences and their influence on competition*, especially between Finland and Sweden. One of the small companies expressed that it was a general challenge for small businesses to find *economical sustainability for the small enterprises*, expressing a sustainability disharmony with very good social and environmental sustainability, but problems with a sustainable economy for the business. One company also raised the challenge in Sweden with *the questioning of 'Allemansrätten'* (everyone's free access to nature) by landowners, as more and more they have been questioning the commercial use in tourism of their land and demanding compensation for land damage by tourism.

Marketing

Five of the ten Swedish service providers saw some challenges or obstacles in marketing cross-border products for the VAE area internationally. The main marketing challenge identified by several companies was in *explaining why it was worth visiting all three countries*, especially with the long distances and time-consuming transfers that existed. *If the transportation challenges could be solved*, this marketing challenge would be dismissed. Several also raised the challenge of the *confusing brands involved in marketing Arctic Europe*. According to one company, it was not always clear what guests were buying, as the *concept of Lapland was fuzzy* for many; what would the guest get when visiting Lapland? In contrast, another company said the concept of Lapland was important and well-established, regardless of if the visitor ended up in Finland or Sweden. This was supported by another company who said that *long-distance guests do not see any differences between the counties*; for them we are Scandinavia without borders. Finland has marketed the brand Lapland for a long time, and many believe that Lapland is located in Finland, so there were *some challenges in marketing Swedish Lapland*. The company also claimed that it was *a challenge to explain Sápmi and its cross-border area*, and therefore felt it was a very positive move to market the brand Arctic Europe instead of Scandinavia for this area, as the latter also included southern parts and bigger cities.

Other challenges identified in marketing the VAE area included *differences in booking and cancellation practices* between the countries, and *who owned the product and did the main marketing?* On a micro-scale the issues of legislation and law differences such as using pictures from other countries for marketing, and *language challenges*, such as if one translated from Norwegian or Finnish when they were sending information about the providers. Other challenges included *how to pay taxes when working with many providers*, *how to use and explain three currencies for the guests*, and hesitation to put one's own brand on a product they might only in part be responsible for and could not guarantee the quality all the way.

Other challenges were the *cultural differences between the countries in marketing strategies*; such as in which forum to market in, *how web pages and social media were used* in the national and local marketing, which *target groups* were marketed to in the different countries, etc. One company *wanted to see a common marketing strategy*, but developing this would be a major challenge. In addition, *structural challenges* were identified, such as when marketing was financially dependent on *partnerships with regional or national DMOs*, such as Visit Sweden. Then it could be difficult to promote the two other countries. It would be a challenge to get Visit Sweden, Visit Finland and Visit Norway on the same campaign as partners, without specific platform resources for this, especially when establishing new markets with fierce competition. In addition, if one country's area is marketed by another country DMO, how could one be sure it would be communicated in the same way or on the same premise as with their own area?

Marketing the destinations on a DMO level would be challenging, especially when promoting a product where *some areas might get better exposure*. As there were huge distances, there was always the *risk that the visitor would not go to the full distance of the product*, and stay longer where it looked better, creating

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a *competition within the product*, especially as the trend now is towards travelling and booking by oneself. Also, for natural reasons, there is competition between the countries and as one company said, it would be difficult to market ‘fly to Rovaniemi- come to Kiruna – and fly home from Tromsø.’

Financial issues

Among the Swedish service providers, four companies saw *no financial challenges* in developing cross-border products. One said that it was often a tour operator that did the packaging and marketing, thus there would be no risk for the company, rather, they claimed that you needed to choose carefully among all the different projects and marketing channels to take part in, to *get return on investment*, thus many would be most interested in filling the low season. In contrast, a *small company* raised the challenge of *lacking financial resources needed for cooperation*: the VAE project costs a lot for a small company, especially in its upstart phase. This provider expressed that VAE should have had differentiated prices according to the size of the company. There was a big difference in cash flow and liquidity in managing a hotel compared to a small activity company.

Another company expressed that a *small company with limited bed capacity cannot hold allotments*, and had difficulty to get resources to expand bed capacity. Thus, it was a *challenge to sort out how to share provision* in packages. Another company expressed the same uncertainty of how to work in this new way, *who was doing what in a package and cooperative venture*; many wanted to cooperate, but transportation infrastructure prohibited it. Another company gave an example of the economic challenge offered by the *different taxation* requirements in the different countries, where when they made a package for Lofoten, they did not have to account for profit margin tax in Norway and outside the EU, but had to account for this taxation in the EU, i.e. in Sweden and Finland.

Another company pointed out that there is a financial *challenge if you needed to do investments for cooperation* in cross-border packages that were dependent on delivery of guests from other international companies. In such products, you had little or no control or you were dependent on the capacity of others, and other company’s sustainability, such as the risk that they closed down or disappeared; it would be *difficult to get risk investments and bank loans or other financial support and security*. For risk investors, such investments were very risky, thus from an expansion and financial perspective, cross-border products were a challenge. One of the transportation companies explained that for a *larger transport company*, it would take time to gain financial return on investment from cooperation projects such as VAE, as the project time was too short for a transportation company’s economical horizon, as there was a challenge in economic sustainability until visitor volumes gain momentum and give economic effect. They suggested that the *project should find business systems with tour operators for small volumes*, solved by bundled tickets.

Capacity

Only one of the ten Swedish service providers saw no challenges with capacity except in high season. Five companies regarded *high season capacity as a general challenge within tourism*, and by co-packing during that season, there would be capacity problems. Some facilities would thus *not be interested in new products during high season* such as Christmas and New Year. So, most regarded low seasons without capacity problems, although one smaller company raised the challenge of limited capacity at their facility, and thus being less interested in being part of packages. Again, *transfer solutions were regarded as more limiting than capacity at facilities*. One company raised the problem of *lack of knowledge* about the

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capacity of facilities in the other countries, especially for larger groups, and would like to have a list of facilities and their capacity for larger groups.

One company raised the issue of *giving enough priority to cross-border products during low seasons*, especially when dependent on others' capacity, that was, if you had nine of your own products and one cross-border product, it may be difficult to give it enough priority for service quality, despite low revenue. One company identified the challenge with limited capacity because *many facilities were used for refugees*, such as in Tornedalen, which influenced the possibility to get access to room capacity. One company mentioned the *limited flight capacity to Kiruna* and Northern Sweden in general compared to Norway and Finland, and *problems with connecting flights from abroad*, but also *connections from other towns in Sweden* such as Gothenburg. One transportation company, however, pointed to the challenge of *fluctuations in visiting numbers*, especially by air companies, with the challenge of knowing which size of airplane to book during a certain period.

Safety

Among eight of the ten Swedish service provider companies, safety was not a major challenge for cross-border packages. Most regarded the three countries as having the *same value foundation about safety*, although four companies expressed that they *had no knowledge of the regulations in the other countries*, but believed that they were much the same. On the destination level, the *area was regarded as a safe* such as from terrorism, etc. but from the guest's perspective, which would involve unfamiliarity with the area and its survival habits, the area could be experienced as barren and inhospitable and challenging, which should be considered in marketing and service provision. The safety and quietness of the destinations should be better pointed out in our market communication according to one company. Those that already worked with cross-border packages always scanned activity companies' *activity insurance*. Some companies expressed *uncertainty about the implementation of insurance and responsibility insurance for cross-border products*, their limits and applications in other countries, and if they were valid everywhere. This needed to be sorted out in detail. *Who in a multiple company product was responsible if an accident happens?* In addition, laws and legislation must be carefully controlled for cross-border packages, and all this might be a challenge for starting cross-border cooperation, as it all takes time. This was also important to communicate to the guests. One company raised the concern of *different levels of education in first aid in the field* as well as evacuation and medical rescue among activity providers in the different areas.

Legislation

Three of the ten Swedish service provider companies did not see any legislation challenges for cross-border packages. One stated that since they bought the services from a tour operator that managed all licences, taxes, etc., they had no problems at all. Six companies mentioned *taxation as a challenge*, as there were differences between activity taxation in Sweden and Finland, resulting in different pricing for the same products. One company was wondering *where to pay tax, in which country*, something that they experienced as complicated to figure out. If this administration challenge was too complicated, there was a risk that the companies would avoid cooperation. Again, several companies expressed that they did *not know the taxation legislation in the other countries*. One company said it would be *good if we had the same rules and laws in the region*, as that would be an important competitive advantage over other regions. Several companies raised the issue of *differences in legislation and culture towards smoking and drinking and driving*, especially when driving snowmobiles, especially evening driving after dinner with alcohol. Here Finland had a more relaxed legislation than Sweden. One company mentioned that *time zone differences* could be a challenge when planning time schedules, if you were not used to this. One company mentioned

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challenges when *transporting snowmobiles across borders* and one company mentioned the *different rules of snowmobile driving* between Sweden and Norway, as Swedes were restricted from driving in Norway.

VAE project

At the end of each interview, the ten Swedish service providers were asked if they saw any challenges with the VAE project itself. Seven of them were *very positive to the project*, although many had *doubts about the concrete results*. One company claimed to not yet have seen any results, but was looking forward to show-trips so that something concrete emerges, stating, as also more than half of the companies, that *the time span for the project was too short* for return on investment. Building trust and setting up cooperation between businesses takes time. Many were concerned about *what will happen when the project ends*, as they felt a good process had started, that had opened the eyes among the participants to cooperate across borders, but it would not reach far enough for concrete results. One company saw a few simple nearby products, such as Abisko-Narvik, but as several said, the long physical distances were a hindrance both for the process of cooperation, and for the implementation of products due to lack of infrastructure.

One company predicted that *longer product packages would be one-timers*, as the trend is for people to book trips themselves through the internet. Maybe the Asian market had a potential for such cross-border round-tour products. Most companies *would see an extensions or continuation of the project* to reach conclusions and cooperation. Several stated that they had *become closer to the partners from the other countries*, and that they had *learned more about each other*. One company identified the *lack of knowledge about each other* as a major hindrance for cooperation, and suggested a *kind of handbook from the VAE project* with information about the countries, how it works there, what one can expect and to do, about the legislation and laws, culture, etc. and what the tour operators expect from the companies. The company also suggested that if there were no extensions of the project, it would be good if someone took *charge of some cluster cooperation after the project*. Even without external money, some may feel it would be so valuable they would be prepared to invest time and money to travel and learn about each other, or develop some sort of sharing platform or forum, to share information that can facilitate cooperation and product development. However, someone must administer this, but maybe this could be shared and move between participants.

Several companies expressed that it was *very positive that the tour operators were part of the VAE project*, but believed that also tour operators were challenged by lack of infrastructure, and that the *mapping of the infrastructure and all traffic and time tables* by the VAE project would be a great tool for travelling between the countries. One company was wondering about the *tour operator's role in the project*, as they already worked with many of them. One company was expecting more feedback from the tour operators, as they so far had been very quiet and showed little initiative. This company concluded that the participants should put some more demands on the tour operators in the process of developing cross-border packages. Another company that agreed with this, was sceptical of the process and of the issues that were not created by the market; they felt that the project would create products that there was a demand for.

One of the more sceptical companies, however, admitted that it was a big and complex project, with many actors and a big project organization, and involving three countries, and that there was a lot going on backstage that the companies did not see. One company admitted an internal challenge within their company, reorganizing it so they could better work with VAE and cross-border packaging, and learn to go from national marketing to international marketing. One company explained a very important positive effect of the VAE project; it has raised a *political awareness of the brand Arctic*. Thus, it has increased the

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politicians' awareness of the different aspects of the Arctic as an interesting area for different resources such as tourism, natural resources (forestry, minerals, oil, gas, fishing etc.), energy, healthy lifestyle, four seasons, etc. In addition, they have also become aware that in the Arctic much was still not done in regard to research and development, and that the three universities of Tromsø, Luleå, and Oulu/Rovaniemi were an important driver in the development. Swedish politicians have now developed an Arctic platform for development, which was positive and which also might gain tourism development.

Summary of Swedish service providers and transportation companies

Table 4 summarizes the challenges, obstacles and barriers as identified by the Swedish service providers and transportation companies related to the main headings, but not in a ranked order.

Table 4 Summary of three main challenges identified in each category in the perspective of Swedish service providers

	1	2	3
Accessibility	Infrastructure for transportation between destinations	More flights between destinations	Too few international flights to Swedish airports
Product	Transport and distance	Knowledge of others' products	Quality of products
Service delivery	Quality and standard of service	Knowledge of each other	Standard of hostmanship
Cooperation	Distance	Language	Trust and knowledge
Cultural issues	Special versus mass tourism	Differences in involving locals	Food culture differences
Seasonality	Lack of knowledge about off-season in other countries	Open facilities on low seasons	Quality of delivery and delivery capacity of low season products
Sustainability	Lack of knowledge of other countries	Different level of developed sustainability	Lack of common platform - certification
Marketing	Difficulties to market other destinations	Lack of common market strategy	Unequal marketing within cross-border products
Financial issues	Challenges for small companies with limited financial resources	Difficulties for risk investments and bank loans for cross-border products	
Capacity	Knowledge about others' capacity	Transport capacity between destinations	High season versus low season capacity
Safety	No major challenges	Lack of knowledge about the other countries' legislation	Validity of insurance across borders
Legislation	Different taxation systems	Knowledge about other countries' legislation	
VAE project	Time to short, what's next? How to continue cooperation	Unclear role of tour operators in the project	Few developed cross-border products within the project

Finnish service providers and transportation companies

We interviewed ten service providers (incl. two transportation companies) in Finland that were partners in the VAE project. The companies involved in the interviews were: three destination management organizations (Lapland Safaris Group, Kemi Tourism Ltd., WildNordic), one destination marketing organization (Pyhä-Luosto Resort Association), one nature-based tourism company (Visamix), one dog-sledding company (CAPE Lapland), one hotel (Wilderness Hotel Nellim), one accommodation and programme services company (Harriniva Hotels and Safaris). Among the companies interviewed were also one line service and chartered coach company (J.M. Eskelisen Lapin Linja) and one car rental company (Europcar).

Three main obstacles

The Finnish service providers named three main obstacles that could undermine the success of cross-border packages in the VAE area (Table 5). First, *accessibility* was one of the major obstacles. In particular, attention was drawn to poor internal accessibility in and within the countries of the VAE area. According to the interviewees, there was not only a lack of land-based cross-border public transportation in the VAE area, but also a poorly developed transport network in Finnish Lapland (incl. infrastructure, lack of coordination between different transport mode schedules). In addition, a lack of flight connections to Finnish Lapland and the long distances to the borders of Norway and Sweden were pointed out as obstacles worth consideration. Second, interviewees drew attention to *market research and region-/company-related obstacles*. A lack of market knowledge, lack of cooperation within the VAE area, the smallness of VAE tourism companies, their different level of business development and internationalization and limited accommodation capacity were critical factors that could compromise the development of successful cross-border packages in the VAE area.

Table 5 Three main challenges from the perspective of Finnish service providers.

	1	2	3
Service provider 1	Weak internal accessibility	Lack of flight connections	Different level of business development and internationalization
Service provider 2	Weak internal accessibility	Lack of time and resources	Lack of cooperation within the VAE area
Service provider 3	Weak internal accessibility	Long distances to the borders of Norway and Sweden	Lack of market knowledge
Service provider 4	Long distances to the borders of Norway and Sweden	Weak internal accessibility	Lack of market knowledge
Service provider 5	Lack of flight connections	Lack of accommodation capacity	Different level of business development and internationalization
Service provider 6	Weak internal accessibility	Lack of market knowledge	Lack of cooperation within the VAE area
Service provider 7	Different vehicle-tax legislation	Differences in driving licence legislation	Differences in car fleets (incl. purchasing/leasing conditions)
Service provider 8	Lack of coordination between the schedules of different transport modes	Road safety	Lack of time and resources
Service provider 9	Customs regulations for animals	National legislation restricting the use of routes	Weak internal accessibility
Service provider 10	Lack of market knowledge	Lack of time and resources	Weak internal accessibility
Summary	Weak internal accessibility	Lack of market knowledge	Different legislation

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Third, companies working with animals and motorized vehicles saw *differences in the legislation* of VAE countries as the foremost obstacle. For example, vehicle taxation, recognition and validity of driving licences and regulations for the movement of animals were the main hurdles for the implementation of cross-border packages in the VAE area. In addition, attention to the differences in car fleet preferences and the conditions for purchasing/leasing cars used by rental car companies.

Accessibility

As was discussed in the previous section, Finnish service providers saw accessibility as one of the major obstacles that could undermine the success of cross-border packages in the VAE area. Throughout the interviews, several accessibility-related issues were identified. In particular, Finnish service providers drew attention to *accessibility challenges within Finnish Lapland and the VAE area*. In addition, the lack of flight connections to and from the VAE area (Finnish Lapland in particular) was pointed out by the interviewees. We discuss these challenges in more detail below.

To and from VAE

The Finnish service providers mainly talked about the *low number of flights to and from Finnish Lapland*. According to them, there were not enough flights connecting Helsinki and other European destinations to the Finnish part of the VAE area. This issue had significant implications for the selling of tourism services. As one of the services providers claimed, the lack of flight connections has a direct impact on their sales. Indeed, it was common that services providers started planning the programmes for their customers once they had confirmed the booking of their flight tickets. ‘When we get an offer request for a particular group, we first need to confirm that they already have air tickets and accommodation. Once these two issues have been confirmed we begin working on the programme’.

Nevertheless, the challenge was not only restricted to Finnish Lapland, but it also concerned flight connections to and from other countries to the VAE area. In particular, attention was directed to the *limitations in organizing flights with arrivals and departures taking place in airports located in different VAE countries*. As the excerpt below indicates, different airline alliances operating in the VAE area were one of the causes for such constraints.

The main accessibility problem is that we have two national airlines that belong to different alliances. Because Finnair operates with Oneworld and SAS with Star Alliance, it is not possible to smartly combine air tickets so that one flight is with Oneworld and the return flight with Star Alliance... In practice, it is not possible as the air ticket price increases dramatically.

The unfavourable conditions for combining air tickets were particularly problematic for individual travellers – a customer group that is growing in number in the VAE area.

Within VAE

The Finnish service providers pointed to *lack of public transportation* as the main accessibility challenge when travelling in Finnish Lapland and through the national borders of the VAE area. Although the Finnish railway reaches different destinations in Finnish Lapland, it does not reach to the northern parts of the region. The railway ends in Kemijärvi (Eastern Lapland) and Kolari (Western Lapland). In order to reach destinations further north, travellers had to switch to buses. Although bus connections were available through Finnish Lapland, they were planned for the needs of local inhabitants and not travellers. By limiting the bus connections to a few times during the days or even during the week, the schedules neglected the needs of individual travellers. Furthermore, it was highlighted that *information about bus connections was*

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not easily accessible to travellers. Although information was currently available from Matkahuolto (the company selling bus tickets in Finland), it was still difficult for an individual traveller to get the help needed to coordinate all bus connections and schedules. In addition, there was still a *lack of coordination between the bus lines and the flights landing in Finnish Lapland.*

The problem of accessibility was not only limited to travelling between different destinations in Finnish Lapland, but also within one particular city or town. Indeed, *the public transportation in urban areas had not been designed to serve the needs of travellers.* One example was the case of Kemi, where there was no public transport to Kemi-Tornio Airport despite the fact that there was a public bus line operating just 300 metres from the airport. In addition, information about how to get around in towns in Finnish Lapland was not easily accessible to travellers.

The accessibility challenge could also be experienced when travelling across the borders of the VAE area. Indeed, it also refers to the difficulties found by travellers who wanted to move from a destination in Finnish Lapland to a destination located in Swedish Lapland or Northern Norway. The Finnish railway was completely disconnected from the Swedish and Norwegian railway. *Although Finnish service providers acknowledged that there were bus connections that make it possible to travel across the national borders of the VAE area, they lacked joint coordination.* Matkahuolto only sold tickets for trips in Finland. For example, a bus ticket from Rovaniemi to Norkapp could not be bought through Matkahuolto's online shop. It was only sold on the bus.

This is challenging not just for travellers, but even for locals. If I would need to go to the Swedish side and continue my trip from there, then, I need to get information from different places. First, how to do the first stage of the trip and then when I try to find information about the next stage and carry on in the same way. It is not planned in a practical way.

In addition, it was pointed out that *road accessibility can be negatively affected during the winter season.* For example, travelling time on the roads connecting Finnish Lapland and Northern Norway could increase considerably due to unfavourable winter conditions or heavy snowfall. This had a direct impact on the schedules of travel packages. Finally, Finnish service providers pointed out the *lack of flight connections between the airports in the VAE area.* All flights were South-North-South. There was a lack of connection going West-East-West. As one interviewee said, there were customers who have time and do not mind spending time on the road or train. Nonetheless, there were also travellers with a short amount of time who would like to visit e.g. Rovaniemi, Tromsø and Kiruna within a short period. This was not possible without air connections. Due to the lack of flight connections in the VAE area, some companies had taken the initiative to arrange their own flights for transporting their customers within the VAE area.

Product

In this section, we describe the main product-related challenges that, according to the Finnish service providers, can undermine the success of cross-border packages in the VAE area. The product was discussed in terms of an *entire package* and in terms of *different elements part of the package* (transportation, accommodation, food, activities), delivered by different service providers located in the three countries of the VAE area. We will first discuss the challenges related to the entire package.

One of the main challenges pointed out in the interviews was the *inability to develop packages that were unique in nature.* Most interviewees agreed that VAE travel packages could only be successful if they were different to the products already available in the countries in the VAE area. Therefore, there was a need to

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identify and use differentiating elements in the development of VAE travel packages: 'There is a need to find a certain level of differentiation between these destinations [referring to the VAE area]. Only so we can wake up interest among our customers and offer them greater product diversity'.

Most interviewees agreed that developing unique packages was challenging because tourism companies in the VAE area *lacked awareness and knowledge about operating environments located beyond their national borders*. In addition, the *lack of an organization taking responsibility for the development of VAE travel packages* was as a major challenge. Based on the interviews, Finnish service providers seemed to agree that somebody should take the main responsibility for the development and assembly of VAE travel packages. Tour operators were suggested as suitable actors for assuming such responsibility, in particular, due to the fact that tour operators had a better overview of the entire VAE area. From this perspective, tour operators could play a key role in identifying elements that could develop new and attractive travel packages.

Particular elements of the VAE-packages seemed to face challenges when implemented in a cross-border context. For instance, some service providers drew attention to the *challenge of planning VAE travel packages, which keep a balance in the number of rental cars flowing in and out of VAE airports*. A failure to find a balance would not only lead to a logistic problem, but also to the increase of costs in the service provision: 'It is not good for us if cars are flowing in one direction, that is, from Finland to Norway or the other way around. It's important to find a balance. Here tour operators need to take responsibility for making sure that the flow of cars is equal in both directions'.

Some companies pointed out *restrictions in the use of snowmobile routes when crossing national borders*. For example, in Norway snowmobile routes were disconnected due to the boundaries of municipalities. Because the route officially lacked a connection, Finnish services providers were not allowed to cross Norwegian municipalities on snowmobiles. In addition, dog-sledding companies faced *restrictions due to animal-related EU-legislation*. Crossing the Swedish border with more than five dogs was considered import of animals, which required special documentation (these challenges will be discussed later in relation to legislation). Also *long travel distances in the VAE area* were seen as challenge for VAE travel packages unless companies were able to turn travelling (in bus, train, and car) into an experience rather than a simple compulsory transport activity.

Service delivery

Service delivery was perceived as an issue that deserved particular consideration in the development and implementation of VAE travel packages. Finnish service providers drew special attention to *the challenge of keeping a certain quality level across the different services included in a cross-border package*. There was a common agreement that there were different levels of quality in the VAE area. In addition, attention was given to the different kind of quality certifications used in Finland, Sweden and Norway. Although this variety showed that quality was taken seriously in the VAE area, it also indicated that quality management was based on different national or regional guidelines. Some of the companies already offering cross-border packages highlighted the need for internal mechanisms that contribute to assuring the quality of cross-border packages.

It's particularly challenging when implementing cross-border products. In order to ensure the quality of our product we send someone who checks that the food is ok, the reservations have been made, and who takes care of small details. This person makes sure that the information has reached our partners and everything is ok.

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Therefore, the fact that there were *no common quality standards or understanding of quality among services providers* in the VAE area was viewed as a major challenge when making selling propositions and service promises to the customers. Another aspect stressed by some service providers was *the challenges of coordinating schedules* when service providers from different countries were involved in the packages. This was particularly challenging for companies with schedules based on the rhythm of nature (e.g. wild watching)

Cooperation

Although the Finnish service providers saw a strong willingness for cross-border cooperation, they identified five obstacles that could undermine such efforts. First, a *lack of knowledge about the Swedish and Norwegian parts of the VAE area* was an impediment for starting cooperation. Most interviewees expressed their lack of familiarity with the offerings of Swedish and Norwegian tourism companies and the destinations where they were located. As some interviewees pointed out, this unfamiliarity leads also to unawareness of regulation, legislation and tourism related policies. Second, Finnish service providers agreed that *cooperation was extremely difficult when one did not know or have contacts with the companies on the other side of the Finnish border*.

I don't really know these areas [referring to Swedish and Norwegian parts of VAE area] and their companies and services. I should know better. This lack of awareness has direct consequences on what we are able to develop and implement. If you don't know potential business partners, it's difficult to think about who to include in the package.

Third, *lack of trust* also seemed to be an obstacle that could undermine the successful development of cross-border packages in the VAE area. While some interviewees referred to trust in relation to the need to start establishing ties to Swedish and Norwegian companies, others discussed it in terms of a fair game play. In fact, some Finnish DMOs were particularly concerned about the possibility of being withdrawn from the travel packages once they were developed. This uncertainty could make some service providers cautious when participating in product development initiatives.

It's a question of trust when we bring our customers to Sweden or Norway. It could happen that the Swedish service provider decides to drop the DMO and suggest the tour operator to do business directly. The tour operator may accept the offer, because it brings cost benefits. The final customer doesn't benefit from the deal; neither does the Swedish service provider. Only the tour operator's share grows. This is something we think about.

Fourth, *language barriers* were an obstacle for cross-border cooperation. Although the English skills of service providers had improved considerably over the past years, there were still tourism professionals who were not able to communicate in English. This became a problem when trying to reach agreements and develop joint travel packages. Fifth, some service providers drew attention to *animal-welfare-related-biases* as an obstacle for cooperation. According to them, Norwegian companies believed that animal standards were higher in Norway than in Finland. This assumption might discourage some Norwegian companies from cooperating with Finnish mushers.

Cultural issues

According to the Finnish interviewees, there were no significant cultural differences between Finland, Sweden and Norway. Nevertheless, they pointed out three main cultural aspects that should be considered when developing and implementing cross-border travel packages in the VAE area. The first cultural aspect

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was *Swedish decision-making*, which was viewed as slow and requiring consensus among different actors. Finnish service providers felt that product development, cooperation and other initiatives might take longer than in Finland.

A Finn is straightforward, they take a component from here and one from there, so and so, and here is the package and now let's price and start selling it. A Swede doesn't work in the same way. They will say ok let see, probably it will work, but let's talk later or have a meeting to discuss it further.

The second cultural aspect was about *communication*. Some Finnish providers felt that Swedish and Norwegian service providers were not replying to emails and answering phone calls. This was not only challenging from a business partner perspective but also from a customer perspective. According to some interviewees, some customers had shared their experiences with Swedish and Norwegian service providers who had failed to answer their messages and phone calls. It was also pointed out that this cultural aspect could have a negative impact on service delivery related to VAE travel packages.

Seasonality

In this part, we discuss seasonality-related challenges that can undermine the success of cross-border packages in the VAE area. All the interviewees understood that one of the main objectives of the VAE project was to find a balance between the low and high seasons of the different regions of the VAE area. Although they welcomed this initiative, they expressed concerns about a failure to do so. For example, some of the Finnish services providers felt that *Norwegian companies did not show any interest in developing summer tourism packages*: 'Seasonality is a challenge if we consider that Norwegians are not interested in further developing summer tourism, something we are interested in. We haven't yet found a common working ground'.

As a result, some interviewees were concerned about an increase in customer flow during the winter season. If Norwegian companies started developing winter tourism with the help of Finnish products, it would be challenging due to the limited capacity of Finnish destinations during the winter season. *The lack of services in some destinations in Finnish Lapland during the summer* was also seen as challenge for the development of summer tourism. One of the interviewees stressed that balancing low and high seasons required good selling propositions. If there were not convincing reasons for visiting Finnish Lapland in the summer, companies would not be able to attract visitors to the area. Some of the Finnish service providers saw also *challenges in finding the time for developing summer tourism products*: 'It demands a lot of work. The main challenge for us is that this work has to be done in winter, just when we are extremely busy. It would put a lot pressure on our employees and other people around. But we have to do it'.

One of the interviewees pointed out that one seasonality challenge was the *incompatibility that exists between tourism seasons and school holidays* in the VAE area. Seasonality was also a challenge when *human resources were fixed within one particular destination* and there were no mechanism for relocating them within the VAE area according to seasonal needs of different destinations. For example, having the staff working in Finland during the winter season and in Norway during the summer season would contribute considerably to improving job security and making the industry less vulnerable to seasonal cycles.

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Sustainability

When considering the main obstacles related to sustainable cross-border travel packages in the VAE area, the Finnish service providers drew attention to environmental, economic and social aspects of sustainability. First, *environmental sustainability* was about transport emissions and the need for aviation services to reach the VAE area. An increase in the number of travellers would contribute to an *increase of carbon emissions due to transportation*. In this regard, some interviewees pointed out that the failure to find a balance in the routes used in the VAE travel packages including rental cars would contribute to production of unnecessary emissions – emissions that could be avoided through good planning. Second, it was stressed that *sustainability in the VAE area should be an issue that should be defined by local and not external stakeholders* such as tour operators or other international actors. According to some Finnish service providers, letting external stakeholders decide what sustainability in the VAE area was could lead to an emphasis of environmental conservation over the social and economic aspects of sustainability. Local stakeholders should have the right to decide to what extent they would like to use the environment in order to support the local economy and social objectives. Third, some interviewees drew attention to foreign investment in the VAE area. *Foreign companies establishing and developing service operations in the VAE area were viewed as a potential obstacle to promote sustainability if no regulation or control mechanisms were implemented.*

Marketing

The Finnish service providers identified three main marketing obstacles that could undermine the success of cross-border packages in the VAE area. First, they drew attention to the existence of *different brand strategies in the VAE area (national and regional brands)*. A lack of coordination and planning between these brands could cause a negative impact on the positioning of VAE travel packages in the tourism market. Although interviewees did not have anything against the use of the term ‘Arctic’, they agreed on the fact that ‘Lapland’ was a more valuable brand name for Finnish service providers. For example, the term ‘Lapland’ was well-established in international media channels such as Lonely Planet and the Financial Times. Second, *a lack of knowledge about the market and potential customers* for cross-border tourism was a major obstacle for the success of VAE travel packages. ‘There is a need to focus on the content of the product and to find the right customers. To whom we are selling these products, to which market? Are we selling them to the final customers or to the tour operators? It is not yet clear who the buyers are’.

The interviewees seemed to agree that the successful development of VAE travel packages lies in the ability to identify and understand suitable markets and consumers. Third, another major obstacle was the *uncertainty about who was the organization responsible for selling the products*. For most service providers it was unclear who would take responsibility for selling the VAE travel packages. While some agreed that each company could take responsibility for this, most interviewees saw the tour operators as the best suitable actor for assuming this task. Close collaboration with tour operators was viewed as necessary for the selling of VAE travel packages. Nonetheless, it was also stressed that service providers and tour operators need to develop marketing strategies for reaching the growing segment of individual travellers together. A Finnish service provider also emphasized once more that marketing initiatives should support the selling of different packages (round trips). A failure to do so would lead to a disequilibrium in the flow of rental cars between destinations in the VAE area and undermine the competitiveness of travel packages.

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Financial issues

The Finnish service providers identified several financial challenges that could undermine the success of cross-border packages in the VAE area. One main challenge was *the small size of VAE companies and their limited amount of capital and human resources*. Nevertheless, the interviewees stressed that financial resources could always be allocated if a positive return on investment was identified. Human resources, on the other hand, were the main challenge or bottleneck. Indeed, the number of staff suitable for working on the development of VAE travel packages was not only limited, but also needed in vital tactical and operational functions. Some of the service providers admitted that their participation in the VAE project was considerably affected by their limited amount of staff members. 'To a certain extent it is much easier to find financial than human resources. In particular, when one talks about companies with one or two staff members. This staff number is characteristic of our reindeer farms and activity companies operating in our destination'.

Another issue related to service delivery was *the pricing of the services of single companies*. According to some of the interviewees, there were companies in the VAE area that failed to understand that the prices to end consumer, DMO and tour operators could not be the same. Pricing, which disregarded the supply chain, could indeed erode customer trust. It was also pointed out that there was a *lack of flexibility in the pricing policies of Norwegian companies*. Some Finnish service providers close to the Norwegian border saw pricing adjustments in Norwegian companies as essential criteria for a more competitive service delivery. This was particularly important when the travel package was bought in Finland and included visits to Norway.

One Finnish service provider drew attention to the *challenge of parking spaces for rental cars* at airports. The need for parking increased considerably with charter flights. While the renting of parking spaces was flexible in Finnish Lapland, it was inflexible in Norway. For example, one charter flight could mean 30 cars parked at the airport. Therefore, for the period of two hours a week a car rental company would need 30 parking spaces. Despite the fact that the need for parking spaces was temporary, a car rental company would need to rent 30 parking spaces for the whole year. This lack of flexibility in Norwegian airports might lead to an increase in the costs of the service and the entire travel package.

Capacity

The Finnish service providers did not identify significant capacity challenges that could undermine the success of cross-border packages in the VAE area. The main challenge seems to be the *number of beds in Finnish destinations*. Although there were a good number of accommodations in Finnish Lapland, they could be increased. As one of the interviewees claimed, in some occasions they had to refuse offers due to lack of accommodation. In this regard, they were some concerns about an increase in demand in the winter season due to the VAE travel packages. For Finnish service providers it was important that the packages contributed to increasing the use of the accommodation capacity during the summer season.

Safety

All Finnish service providers agree that Finnish Lapland, as well as other regions of the VAE area, were safe places to visit and travel. Nevertheless, they recognized some safety challenges related to the increasing amount of individual travellers visiting the VAE area. *The growing number of individual travellers driving rental cars was a challenge for road safety*. Lack of winter driving experience and long distances in the VAE area could increase the number of accidents if appropriate measures were not taken. This challenge was not only limited to the winter season.

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We have extraordinary weather conditions in the winter. Not all our customers have the experience to drive under heavy snowfall or extreme winter weather conditions. But it is also the case in summer. Our customers need to understand that even if it doesn't become dark, they need to rest. We had a case where one of our customers decided to drive until night fall. As it never became dark, he continued driving until he just fell asleep at the wheel.

The increasing number of individual travellers entering wilderness spaces without any experience was a safety challenge that could put pressure on rescue services. In addition, attention was given to the *different safety regulations* existent in the VAE area. For example, Sweden and Finland have different regulations concerning the wearing of helmets on snowmobiles.

Legislation

The Finnish service providers interviewed drew attention to a number of national regulations and laws that that could undermine the success of cross-border packages in the VAE area. First, *different national vehicles tax legislation* caused logistic challenges for car rental companies. For example, rental cars with Finnish registration cannot be rented in Norway. Therefore, the cars have to wait until someone planning to travel to Finland rents them or they have to be brought back by company staff. For example, a rental car with Swedish registration needs a temporal register in order to be brought to the car wash in Finland. As a result of different national vehicles tax legislation, cars cannot be allocated where they are needed within the VAE area. Second, *differences in driving licence legislation* created a major obstacle for the success of travel packages including rental cars: 'A major obstacle in the driving licence legislation in the EU. Chinese tourists are a potential customer group. The Finnish government has taken the position that Chinese licences are not valid in Finland. In Norway, one can drive with a Chinese licence, as it is not part of the EU'.

Third, *Norwegian legislation concerning the maintenance of snowmobile tracks* could have a negative impact on the functionality of VAE travel packages relying on snowmobiles.

In Norway, the snow mobile tracks end at the municipal borders. The snow mobile track continues on the other side of the border in the other municipality. However, between both municipalities there is 100-metre of nobody's land, which means that none of the municipalities take responsibility for its maintenance. The solution in Norway has been that driving there is not permitted, since there is a 100-metre missing track. The locals drive on it, but we as a Finnish company cannot do so. The fine can be 1,000 euro per snowmobile.

Fourth, *animal-related customs regulations* created some challenges for the movement of animals across the borders of the VAE area. In particular, sled dog companies were affected by customs regulations, which were created for the import of animals. For example, crossing the border to Sweden with five or more sled dogs was considered animal import, thus requiring particular documentation and customs procedures. Although these European-wide laws had a good intention, they failed to consider the needs of dog-sled companies.

VAE project

Finally, the Finnish service providers were asked to reflect on the VAE project and any possible challenges. All interviewees viewed the VAE project as an excellent forum for taking real steps in terms of cross-border cooperation. The project also brought critical issues hindering cooperation into the spotlight. According to the Finnish service providers, the project had succeeded in bringing not only companies from the VAE area, but also international tour operators around the same table. Despite this positive view, *Finnish service*

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providers stressed that a project alone does not create the packages. The project has started a process, but now it is up to the VAE companies and tour operators to bring this process forward: ‘This project is a good means for promoting [cross-border] cooperation, but this project cannot develop successful cross-border travel packages. To that end, we need to do more’.

It was also pointed out that the size of the project was both an opportunity and a challenge. An opportunity due to the amount of resources that could be used for promoting cross-border cooperation in the VAE area, and *a challenge because they were many actors involved, which made it difficult to find specific areas in which the efforts of single companies could concentrate.* The main challenge for future efforts would be to identify a more concrete focus of cooperation that could lead to the creation of concrete VAE travel packages.

Summary of Finnish service providers and transportation companies

Table 6 summarizes the challenges, obstacles and barriers as identified by the Finnish service providers and transportation companies related to the main headings, but not in a ranked order.

Table 6 Summary of three main challenges identified in each category in the perspective of Finnish service providers.

	1	2	3
Accessibility	Too few international flights to Finnish airports; lack of flight connections between VAE airports	Lack of public transportation, information and coordination in VAE region	Demanding winter driving conditions
Product	Inability to differentiate due to lack of knowledge about the VAE area	Lack of balance in the number of rental cars flowing in and out of VAE airports	Restrictions due to legislation concerning snowmobile routes and the movement of animals
Service delivery	Different quality levels	Lack of common quality standards/understanding of quality	Coordination of programme schedules
Cooperation	Lack of knowledge about the Norwegian and Swedish partners	Lack of contact with Norwegian and Swedish companies	Lack of trust/language barrier
Cultural issues	Slow decision-making process in Sweden	Slow communication in Sweden and Norway	Finns more flexible than Swedes and Norwegians
Seasonality	Norwegian companies lack interest in developing summer travel packages	Lack of services in Finnish Lapland in summer	Incompatibility between tourism seasons and school holidays
Sustainability	Long distances/increase of carbon emissions	Letting external actors define sustainability in the VAE area	Lack of regulation for foreign tourism investments
Marketing	Different brand strategies (regional and national)	Lack of market and customer knowledge	Uncertainty about the organizations responsible for selling VAE travel packages
Financial issues	Limited amount of capital and human resources	Lack of understanding of pricing	Lack of flexibility in renting parking spaces in Norwegian airports
Capacity	Lack of beds in Finnish destinations (winter)		
Safety	Individual travellers lacking driving experience under VAE road conditions	Lack of experience among individual travellers entering wilderness areas	Different safety regulations in the VAE area
Legislation	Different vehicle-tax legislation	Differences in driving licence legislation	Norwegian legislation concerning the maintenance of snow mobile tracks

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VAE project	Activating companies to continue the process started by the project	Too many actors involved	Lack of a specific focus of development
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Tour operators

We interviewed eight international tour operators that were partners in the VAE project. Two companies were selling package tours to the VAE area in the Netherlands (Buro Scanbrit, Voigt Travel) and in the UK (Discover the World, Off the Map Travel) and one in Switzerland (Kontiki Reisen AG), Belgium (Nordic) and Austria (Prima Reisen). We also interviewed one incoming tour operator (Tumlare Corporation) that worked as a European destination management specialist in 20 European countries. In addition to the tour operators, we interviewed one experienced tour leader (Voigt Travel) who worked in the VAE area and we conducted one interview with a local representative (Kontiki Reisen AG). In this latter interview, we mainly talked about challenges with accessibility, service delivery and cooperation.

Three main obstacles

The tour operators started by naming three main obstacles that could undermine the success of cross-border packages in the VAE area. Table 7 shows that these obstacles were mainly about *accessibility to and from the area, as well as within the area*. Regarding accessibility to and from the area, the tour operators talked about capacity issues such as *lack of scheduled flights* and that there could be problems with *checked-in luggage* if a plane were delayed and if the trip involved flights with more than one airline chain. Within the area, several of the tour operators were concerned about the *lack of cross-border public transportation*, including seasonal ferry connections in Norway. Still, one of the tour operators claimed that the focus on public transport was wrong; ‘if they produce more public transport, it is not useful. All tour operators will book this himself’. This tour operator’s concern was that too much focus was on individual tourists, those who plan and book cross-border tours by themselves, which would undermine their chances of selling package tours.

Table 7 Three main challenges from the perspective of tour operators.

	1	2	3
Tour operator 1	Lack of scheduled flights in summer	Lack of ferry connections in off-season (to Vesterålen)	Cross-border car rental fees and regulations
Tour operator 2	Different transportation structures in the three countries	Countries’ and companies’ different objectives	Lack of patience
Tour operator 3	Ground transportation	Lack of cross-border transportation	Lack of scheduled flights
Tour operator 4	Lack of cross-border infrastructure	Lack of direct flights from key airports within UK	Market’s lack of knowledge about VAE
Tour operator 5	Too much focus on cross-border infrastructure	Lack of bed capacity in Norway and Sweden	Low standard of accommodation in Sweden
Tour operator 6	Connectivity in the area	Lack of time to sell and promote to agents in long haul markets	Connectivity between airline chains
Tour operator 7	Long distances between destinations	Lack of cross-border public transport	High cross-border car rental fees
Tour operator 8	Transportation	Different tourism industry cultures	Cross-border packages are expensive
Tour leader	Lack of language skills	Low information availability	Marketing promises vs. reality
Summary	Transportation infrastructure	Accommodation	Marketing issues

Related to travel within the VAE area, two tour operators also mentioned the obstacles of *cross-border car rental fees and regulations*. Other obstacles were: that the providers and DMOs in the three countries had different reasons for participating in the project; that some of the providers might expect instant success;

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that there was little awareness of the VAE area in the market place; that it takes a lot of time to create such awareness; and the long distances in the area. One of the tour operators also mentioned the differences in accommodation capacity and standards in the three countries. The former was a challenge for Norwegian and Swedish providers, whereas the latter was an issue in Sweden.

According to the tour leader, one of the main obstacles was a lack of English language skills. Information was usually not available in English or it was difficult to understand due to the language level (e.g. museums, information signs, hotels, restaurants). The lack of language skills also contributed to slowing down the communication between the tour leaders and the companies. While this obstacle was present in the whole VAE area, it was most common in Finland due to the unique characteristics of the Finnish language. In addition, access to information was not only difficult for tourists, but also for tour leaders. Information in the VAE was not always available. Another obstacle identified by the tour leader was the mismatch between marketing promises and reality. As most marketing material emphasizes natural phenomena like northern lights and whales, it was difficult to fulfil these promises in practice.

In the following sections, we will go into more details about the obstacles, barriers and challenges faced by the tour operators.

Accessibility

From the point of view of the tour operators, accessibility was one very important issue for the successful development of VAE cross-border packages. First, we describe factors that relate to travel to and from the VAE area and second we investigate the travel within the area.

To and from VAE

One of the tour operators mentioned the *lack of direct flights* to the VAE area and three talked about the *lack of capacity on scheduled flights* from key airports in the Netherlands and Belgium. This resulted in higher prices, more time spent on travelling due to several flight changes and late arrival times. For instance, one of these tour operators claimed that 'If we do not have the morning flight then we cannot bring the tourists to Arctic Europe in one day, or they have an evening flight and a very late arrival in Tromsø'. One of the tour operators also claimed that *Northern Sweden and Northern Finland were less accessible in the summer* as there were not yet enough tourists coming in and the number of business travellers was low. There was thus a need for charter flights to start boosting this season. However, chartering flights constituted a big economic risk for the tour operator, in particular in low seasons. It was a challenge that *only Norway had a charter fund* to minimize the risk of empty seats, which also made it more difficult to develop packages with arrival in one country and departure in another. To do this on scheduled flights was also a barrier if Finnair was used. *Booking one way tickets with Finnair was particularly expensive*; 'It is not the interest of the company. They want both ways'. Additionally, one of the tour operators working with long haul flights identified the *lack of cooperation between airline chains* as an obstacle when flights were delayed and the handling of luggage became more challenging.

The local representative had experienced that Tromsø airport was not prepared for handling the increased traffic on Saturdays when four international flights were scheduled for departure in the afternoon. Thus, the departure area was full of queuing tourists checking in and going through security. The tour operator received complaints from tourists who said that 'we would have expected this in Greece, but not in Norway'. With the exception of one Saturday (the last before the interview), this had been the case all winter. The reason the situation improved was because of a meeting the airliner had with the airport

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management, then the airport started to monitor the situation and brought in more staff to handle the traffic.

Within VAE

‘We would like to do a cross-border package, combining Finland and huskies with the Norwegian coast line, the whales, which would be great. Then the challenge is transportation within’. Several of the tour operators talked about the *lack of public transportation systems within the VAE area*, in particular by road. Several of the tour operators saw the need for better connectivity between the three countries and from airports to central destination, in particular in the winter and in Northern Finland and Northern Sweden. For some tour operators it was only about matching existing timetables to flight arrivals. For others it was about developing scheduled cross-border public transportation on a daily basis. One of the tour operators said that ‘trains and buses are well developed for national routing. However, they stop at the border or even do not go to the border. In Norway, it is better than in Sweden as not so many people live there. There are huge differences in infrastructures within the countries’. *Tourist-friendly public transportation in terms of adjusted timetables would help the tour operators in linking cross-border destinations in a package tour and improve their ability to cluster tourists, in particular individual tourists.* However, as mentioned earlier, one tour operator was critical about the huge focus on public transportation, as

It is not needed in winter. People are just going to one place and stay there. ... The project is focusing on public transportation, but the tour operator will make this himself, they will decide that they want to connect a with b, maybe the project would like to connect c and b ... Tour operators that have charter flights will always book a bus – it is cheaper because they can fill up this bus themselves.

Related to travel within the VAE area, one tour operator raised the barrier of *seasonal ferry connections in coastal Norway*. Moreover, several of them talked about barriers related to *rental cars, in particular the costs of picking one up in one country and dropping it off in another*. This return fee is much higher in Scandinavia than in other parts of Europe. One of the tour operators claimed that the ‘challenge is that some offices are run by the rental company, some by partner companies. The different ownerships make this a technical problem’. This limitation of rental cars made it more difficult to sell cross-border packages to individual tourists as there was ‘not enough time to go to all three countries and then go back to where they started’. However, one tour operator argued that renting a car was not an option for many tourists in the winter as *winter driving in this area is challenging*’

The tour leader pointed out to the lack of communication between national authorities in the VAE area. Information about closed roads, closed borders and snow storms are not shared across the borders. This lack of information exchange negatively affected VAE’s internal accessibility, delaying tour schedules and putting travellers in an uncomfortable situation. The local representative had also experienced how bad weather affected the customers’ itinerary negatively. Here the examples were about Hurtigruten’s changes in ships, from one where it was possible to bring a car to one where this was not possible. The local representative had also experienced that a storm forced Hurtigruten to seek emergency port, which made the individual customers’ cross-border package more difficult for the tour operator to deliver and the customers were less satisfied.

Product

The tour operators pointed to several issues related to the products that challenged the successful development and implementation of cross-border packages in the VAE area. In particular, *Northern Sweden was challenged by there being only a few choices in accommodation and a generally low standard*. As an example, one of the tour operators compared the accommodation in the three countries:

Another issue I see is the standard of accommodation in Sweden. I can bring clients to a lot of places in Norway. All the hotels in Tromsø, Lofoten and Bodø have good standards. The North Cape

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has low standard, but you can explain that to client. You are at the end of the world. Finland has a good standard. In Sweden I am scared to send tourists because I face low standard accommodation.

This did not mean that the standard of all accommodation in Northern Sweden was low, the Icehotel and the Tree hotel were excellent. However, they were very expensive and thus only used for a night or two in a package. Moreover, one tour operator claimed that that *'the cabin beds in Northern Sweden are not always made and that there is a love for bunk beds'*, both of which disappoint tourists and were difficult for tour operators to explain to clients.

According to one of the tour operators, *Northern Finnish hotels were challenged by the low quality of food and that they mainly developed packages that entailed a full week's stay*. The latter made it more difficult to produce cross-border packages, as explored later. Regarding the quality of the food, this tour operator argued that *'the Finns say we are full anyway, so the standard of the food can be lower, because people will come anyway'*.

Other product-related challenges raised by the tour operators were: some whale watching companies went too close to the whales; in some areas, the landscape was too similar to justify cross-border travel (Luleå to North Cape); the local providers had little knowledge about how to make package tours; and the tour operators needed to offer packages with unique selling points. Some of the tour operators also pointed to the *challenge of selling small providers' products due to a lengthy response time* *'the same person who checks the mail and responds to bookings, is out feeding the animals and guiding the tours. They do everything. However, this makes it a challenge for us. We have a max 48-hour reply time'*.

Finally, the products were challenged by *small international tourist volumes*. According to one tour operator, most local providers had developed products for domestic markets and should focus more on the needs of international tourists. A bigger focus on international tourists, through more charter flights and a clustering of tourists would make it easier to sell economically sustainable products also in summer in Sweden and Finland: *'in the summer time there are hardly any places open in Sweden and Finland, they drive like crazy to Norway. I ask them to develop products and they say, I am not going to do this, there is only one or two a day passing by and that is not enough'*.

Service delivery

The tour operators in particular pointed to two challenges related to the service delivery in the VAE area. First, they mentioned that the *service delivered did not always match the price charged for the products*. One of the tour operators working with Asian markets claimed that: *'the expectations of customers are very high and the level of service is not as in other parts of the world ... It can be a shock to the customers'*. Another tour operator selling package tours in the Netherlands said that the local providers *'need to realize that the tourists have taken lots of time and money to get there. They need personal attention, not only beautiful views and good meals, but also to feel welcome'*. Second, and partly in relation to the first point, they claimed that *the quality of the service delivery was challenged by seasonality and the use of seasonal staff, which often led to a lower service quality*, as *'students are not always customer-oriented'* and *'they do not have the right knowledge about service'*. One of the tour operators pointed to the challenge of mixing family owned businesses with bigger companies in the same package:

Once we had four days Malangen and three days Tromsø in one week. People came back and said this was disappointing because after four days of friendly people in Malangen, we came to a big hotel in Tromsø with foreign staff and they were not friendly. In some hotels they are friendly, but if you have these seasonal staff, then you can sometimes see the difference.

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In addition to the mismatch between price and quality of the service delivery, one of the tour operators argued that the service delivery in most of the VAE area was *lacking storytelling*, although there have been some improvements in Finland and Norway (Lofotr Viking museum):

In Finland if you have a beautiful area with a husky safari, if the musher is not telling you about what he is doing, giving you the feeling to be a unique guest. It is not only seeing and doing, but also about storytelling. This is mostly missing in the entire area. ... It is not expensive; it just takes time and effort. ... The story telling has developed it a bit more in Finland. In Finland, it is rather dull, not so much to see. They have seen that storytelling gives added value. I have good examples of Norway in the summer, in Borg, not only showing but also good telling of Vikings stories.

The tour leader drew attention to differences in the level of flexibility in the service attitude in the VAE area. For example, Finnish service providers were more flexible and accommodating than Norwegian ones. The tour leader also identified some challenges in keeping the same level of quality. For example, the quality of accommodation in Northern Norway was lower than in Finnish Lapland – something that travellers perceived when they crossed the border. Additionally, the tour leader pointed out the lack of resting places and toilet services on the roads of the VAE. Although companies included in the travel packages did not cause this lack of services, it had a negative impact on the quality of the travel package as a whole. The local representative had noticed that not all the companies in Norway were prepared for increased international traffic and that they had not developed their service quality accordingly. For instance, that they were not prepared for Swiss customers' need for transparency on activity programme: 'we had customers staying in a lodge who did not know which activities were on the programme for the next morning. They would have wanted this information so that they did not have to ask many questions. Swiss people need a programme, otherwise they get confused'.

Cooperation

When talking about challenges related to cooperation, the tour operators mainly pointed to the issues important to them. However, a few also reflected upon challenges related to cooperation between the providers in the VAE area. The most important challenge was *accommodation allotments*. Six of the tour operators mentioned this. When doing this they defined challenging areas (Andenes, Lofoten, Norway), challenging providers (Norlandia, Hurtigruten) and challenging seasons (Finland in winter, Lofoten in summer). If the tour operators did not get allotments, the packages were 'more difficult to sell' and the local providers signalled that they wanted to 'sell directly to customers who pay more'. One tour operator also feared that the providers would work with bigger tour operators only: 'The charter flights might have the effect that a lot of the capacity is given to big tour operators. And the smaller will not get it' and another tour operator felt it was a challenge that Chinese companies were blocking the accommodation capacity (Igloo hotel) in Finland. One tour operator selling tailor-made tours, however, claimed that allotments made it more difficult to sell packages to 'customers with money, I want to book, it is an allotment, come back 30 days before. Then it is too late for the customer'.

Time was thus another challenge, which four of the tour operators talked about. This was not only about concrete bookings, but also the production of packages. One of the tour operators said 'if we develop a product for next winter, you need the price now. You get it in Norway but not in Sweden', here using Sweden as an example only. One explanation for this time constraint was the large number of small providers, without the capacity to deal with requests and bookings promptly.

The tour operators also identified other issues that challenged their cooperation with local providers. One tour operator was concerned with the providers/VAE project's *lack of insight in tour operators' innovation processes*: 'they cannot have two tour operators from the same country when discussing packages and

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cooperation. We invest in innovation. The providers need to know that there are certain themes that we do not discuss with competitors, such as product development'. One tour operator was constrained by the *VAE projects' prerequisite to sell providers in the project only* as 'we have worked hard to develop a relationship' with other providers in the VAE area. One tour operator disliked that *providers produced packages without involving the tour operators* in the project, as this made them competitors:

I see it happening; some have created a package in Narvik across the border. That really annoys a tour operator. If I am honest. Our job is the packages. I don't want the hotel to make a cheaper package. ... My expertise is packages; they know how to run a hotel. They have to be good in doing that so that I can sell them. This makes them a competitor for at tour operator. This does not make us happy. Difficult to cooperate. ... They have given each other good prices, why sell through me, if they can do it directly? Some are good at doing it, but it is not the best use of their time to make packages. They should do things that they are good at.

In addition to identifying challenges related to the cooperation between the tour operators and the providers, some of the tour operators talked about challenges constraining the providers in the development and implementation of successful cross-border packages. One of the tour operators summed this up as a *lack of common objectives and a lack of patience*. Lack of common objectives, for instance, was about which season to develop: 'Sweden wants guests in winter, and in particular, summer, Finland wants summer. Norway wants less guests in summer and more in winter ... the bigger hotels in Finland do not want any tourists in their main conference season'. It was also about accepting that well-developed providers would profit earlier than others would, and that they might not need the VAE project to succeed. These providers were also those who lacked the patience and claims that the project is not:

Going fast enough, they want results. Their objectives are different, they may have the structures, they need action... The emotional part of the project is that people are envying each other, they see big numbers at certain places, they want the same. None of, not all of them realize that it takes lot of time and cooperation to get there... If the partners mention their individual objectives and their time frame, that will make it easier to tell them you need to be patient. It is not realistic to expect results right away.

Another tour operator talked about the importance of not 'competing against each other' and only 'think about themselves'. One example was given by a third tour operator who *questioned the Finns willingness to develop cross-border packages in the winter*. 'At this moment there are so many charter flights to Finland, at all those flights are on Saturday and Sunday, automatically you have an eight-day package ... I am not so sure that the Finns are so eager to give up these weekly packages. And they are full anyway in the winter'.

The local representative claimed that the cooperation between the companies mainly worked well. However, there was one incident when a group of customers were transferred from one lodge to another by two providers who had not communicated properly. The result was that the customers were left alone waiting in the middle of nowhere for the next provider to arrive. This representative also had an example when the cooperation between the supplier and the tour operator was challenged. The tour operator had booked a tour that was suddenly cancelled as the guide was unable to do the tour. Although, the representative acknowledged that unforeseen incidents could happen and that some providers are small-scale, there was an expectation that the suppliers were professional and had systems for solving this without involving the tour operator. After a lot of discussion between the representative and the provider, in the afternoon, just before the tour was to take place, the providers were able to find a replacement.

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Cultural issues

The tour operators did not consider cultural differences between Norway, Sweden and Finland as an important obstacle for the development and implementation of successful cross-border packages in the VAE area. The only factor that they identified was the *differences in tourism industry cultures*. The Finns were more professional than the Swedes and the Norwegians were in-between. As an example, one tour operator meant that ‘the Norwegians were a little bit less flexible in trying new things compared to Finland’ and that the Swedes did not want to renegotiate an agreement. Moreover, Finland was associated with mass tourism and a well-developed tourism infrastructure, whereas Norway and Sweden were more small-scale destinations with fewer facilities. One consequence of this difference was that *you could not send the same tourists to all three destinations*: ‘I know if they are Finland customers or not. They accept more people on dog tours, those who do not want this go to Norway and Sweden’.

Seasonality

When talking about the ways seasonality was a challenge for the development and implementation of successful VAE cross-border packages, the tour operators identified various issues.

Winter

One tour operator claimed that due to shorter holidays tourists preferred to stay in *one destination in winter and that they did not want to drive themselves*. Expanding on this issue, another tour operator claimed that the tourists lacked the rationale to cross-border in winter: ‘the darkness and similarity of activities in winter make it so it does not make sense for them to cross-borders’. A third tour operator mentioned that it could be a problem to find *accommodation in Tromsø* in the winter season and a fourth claimed that from ‘20 September to 15 December there is little daylight; people prefer to travel later when there is more day light, to see the northern lights then instead. *There are not so many things to do when there is little light*’. Finally, to a fifth tour operator it did not make sense to charter flights in the winter due to the *low market demand*, and consequently, lack of public transportation constrained this tour operator’s development of packages in the winter season.

Spring

Three tour operators talked about challenges of selling cross-border packages in the spring. Firstly, the scenery was not at its finest, secondly, it could still be winter, but the ‘demand for winter products was over’ and thirdly, it was a challenge to be active outdoors.

Summer

As mentioned under the heading of ‘products’, *lack of accommodation in key destinations* was a challenge in the summer. This was mainly a concern with packages that included Norway. Here, one tour operator also mentioned a *shortage of rental cars*, ‘we literally had to stop selling Northern Norway in the summer, since there are not enough car rentals’. A second tour operator claimed that it was difficult to sell packages including *Sweden and Finland in this season as they ‘do not have as a strong an appeal as in the winter*’. A third tour operator was challenged by the lack of variety in the summer products, which in her experience, was often limited to hiking.

Autumn

In the autumn, two of the tour operators found it a challenge to sell package tours including Finland as the ‘bigger hotels in *Rovaniemi and Levi do not want any tourists in their main conference seasons*’ and that accommodation ‘gets more expensive in September’ due to this. Moreover, some of the tour operators

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were constrained by the lack of adequate ferry connections in Norway and that ‘in Finland everything is closed after summer, which makes autumn impossible to visit’. One of the tour operators saw the opportunity to develop more packages in the autumn, but felt that this required the development of thematic tours.

Sustainability

In particular, three of the tour operators saw issues related to sustainability as an obstacle in selling cross-border packages in the VAE area, as they preferred to ‘cooperate with sustainable operators’. One of these companies claimed that they were constrained by the *lack of sustainable* Swedish providers in the project and that this made it impossible to market an environmentally friendly package. A second tour operator mentioned that Rovaniemi was called the Las Vegas of the north and questioned *the Finns willingness to preserve nature*. In a similar vein, a third tour operator found *mass tourism in Finland unsustainable* compared to the small-scale tourism in Norway and Sweden:

When it comes to Finland, you have a lot of big hotels and big ski areas where they take the whole hill and put slopes on it. You don’t have any nature anymore ... There is no character there anymore. It is too late, in some places in Finland. In some places, when you book a snow scooter trip, you think you are in a small group, but in the end, it is 24 snow scooters in one row. And when the tourists arrive, they feel they are just a number. That is not sustainable tourism anymore ... In Norway and Sweden, you still have the chance to do it the sustainable way.

Moreover, two of these tour operators also considered cross-border travelling unsustainable as it involved *travelling long distances*: ‘more cross-border travel is against the ecological way of thinking, it makes you to drive a long way, to see a parts of Norway and Finland. We aim for sustainable growth in our office, which means slow travel, to explore one area in detail. ... We say to clients, “do not travel the American way in Scandinavia”’.

Several of the tour operators expected that the market would demand more environmentally friendly packages in the future and one found it a challenge that some of the *providers were more concerned with economic than environmental sustainability*, such as the use of electrical cars and local produce.

Marketing

When discussing obstacles related to the marketing of cross-border packages in the VAE area, most of the tour operators talked about *the need to create awareness of the area and the products*. One of the tour operators argued for the need to create ‘a tipping point’ so that ‘people want to come and you cannot stop them’, thus giving them a reason to go. When doing this they saw *the risk of targeting the same tourists already coming* to the area and that cross-border packages was *a niche product*. There was also a need to create a demand for cross-border travelling, to convince those who only wanted to stay in one place that the VAE area had more to offer. This could be an obstacle as ‘you have to think outside the box, on how you deliver that message to people, to title the box, that they are doing three countries in one trip’. Moreover, in the marketplace, the *VAE area was often perceived as very far away*, so ‘we need to tell them that they can travel there in three hours with a charter flight’. As creating awareness for a niche destination is very expensive, it was essential to identify and use tourist ambassadors in the marketing, including social media. This, however, was only possible if the quality of the products met the tourists’ expectations, otherwise it would be ‘a nightmare’, in particular on social media where you cannot stop the spreading of negative attention.

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Another obstacle, raised by one of the tour operators, one that also was about cooperation, was a *joint understanding of the content of the message* that we all are: 'shooting in the same direction. Otherwise, the market is confused and the clients are not happy. If we are selling authenticity, it has to be that. If it is Las Vegas of the north, it has to be that. If we are building on the uniqueness, we are selling a drive to see this uniqueness'.

It was also important that the providers and tourist boards *understood the difference between long haul and short haul destinations*, for instance that long haul marketing was more time-consuming and seldom directed at end consumers. Then the obstacle was finding resources and timing the generic marketing made by the tourist boards in order to generate attention and interest.

One tour operator who used journalists as a way of promoting packages, commented that doing this for cross-border packages would be a challenge due to time: 'a longer journey over seven days and more distance you will struggle to have a journalist doing this ... they are short of time'.

Another obstacle, identified by several tour operators, was the *lack of long-term funding and cooperation between them, providers and tourist boards*. One of the tour operators had been involved in a previous project and experienced that 'we saw results, but the funding stopped, then the demands from the market were not pulled' any more. As the tour operators had limited resources for marketing, it was essential 'to share marketing costs; they have to help us promote the area', to jointly tell the market that 'you can have lunch in one country and dinner in another country'. However, in order to succeed with this, *tour operators needed to develop a relationship with the tourist boards*. Lack of this was an issue for one of the tour operators who worked 'closely with the Swedish tourist board. I have a massive issue with working with the Finnish tourist board; I do not know who to contact, to help logistically or with ideas or contacts. This is a reason we do not sell Finland. We never are invited on trips; we do not know the products. It is a circle of never selling it'.

Finally, another marketing obstacle identified by some of the *tour operators was to be left out*, thus that the providers only wanted to market their own packages directly to the tourists. As the tour operators were closer to the end clients, they spent a lot of time and effort on explaining the products. One of the tour operators used an example with the Icehotel 'we explain carefully what to expect, in all the rooms except suites you change in a common room. We prepare them, they are shy. If you arrive without knowing ... if you see the website you get the wrong impression, so you might be disappointed'.

The local representative drew attention to how the heavy marketing of glorious northern lights resulted in dissatisfied customers on nights with no show, as they come with high expectations of seeing lights as they are represented in marketing.

Markets

As the tour operators are close to the marketplace, they were also asked 'what could cause tourists to not buy VAE cross-border packages in your country/in the countries where you are selling your products?' Some of the answers to this question were reported earlier. For instance, that *the market disliked travelling on shorter breaks in the winter, that few hours of daylight in the winter limited tourists' possibilities for outdoor activities and that the quality of the service was not always in accordance with the price*. Tourists were also constrained by the fact that too much travelling reduced the opportunity to relax or to be active. The tour operators also identified a *language barrier*, for instance especially for German and Asian tourists; they also found that that cross-border packages were more expensive and not suitable for low budget

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customers; that cross-border package tours to the VAE area was a *niche product*, and that potential tourist did not know what to expect. 'They do not have the full conception of a holiday in this area and what it entails'. Moreover, they were not aware of the uniqueness of the area, 'what can we offer that they cannot buy in Alaska or other winter destination? Iceland is a big threat'.

Three of the tour operators were concerned with offering tourists the right package, for instance, to sell Levi to skiers only, not to clients who are 'typical Lapland tourists' who want nature and the quietness. Another tour operator claimed that in order to attract tourists, the *providers needed to understand different markets, and thus develop products that were attractive to them*. In Asian markets, for instance, this means to adjust the level of activities: 'they want adventure, but soft experience. Just to pat a reindeer is an adventure. Sitting in by the fire, going out in the snow. Companies like the ice breaker, its wow, but very soft, but it is this type of things they would see as very attractive'. Thus, a fifth tour operator claimed 'if we are getting them there, *the biggest challenge is to bring them home with satisfied feelings*. We need to meet their expectations. This is the risk. Good experiences travel fast, but bad experiences travel even faster'. In relation to this, the tour leader drew attention to the mismatch between marketing promises and customers' experiences. Since most promotion material highlights natural phenomena, it is not always easy to meet the marketing promises.

Financial issues

Five of the tour operators identified the *risk of losing money* as a financial challenge. To some of these tour operators this risk involved themselves in the sense that chartering flights was perceived as a huge risk, that creating new products also involved 'potential to lose a lot of money', that they did not have unlimited resources for marketing, and also that they risked their 'reputation and image. If we do not choose the right partners or if we screw up, the guests will not travel any more with our company'. Four of the tour operators talked about *how changes in exchange rates* have made holidays to the VAE area more expensive, and thus made those who did not adjust to such changes lose money. Other talked about the *risks involved for local transportation providers* as there was 'not a fund to help with this sort of operation' and that the providers would not earn any money in the first year.

Many of the tour operators also talked about challenges of financial issues that affected the price of the package tour and thus, which could constrain potential buyers. Some of them claimed that '*costs are high with products that cover three countries*', in particular with the extra transport involved and that you need more days for a tour. Moreover, *cross-border tours involving Norway made them more expensive*, due to higher prices for accommodation at key destinations and for rental cars. Finally, one of the tour operators pointed to '*the pricing of Finnair*, which is sometimes very high' as a financial challenge.

Capacity

The main challenge with capacity was linked to *accommodation in key destinations such as Lofoten, Andenes, Tromsø, North Cape, Hurtigruten, Levi, Rovaniemi, Kiruna and Abisko*, in particular for those who made late bookings, mainly in the summer in Norway and in the winter in Finland, as mentioned earlier. In Sweden the challenge was that too much *accommodation was 'clustered around Kiruna and Abisko'*, in places 'where there is not that much to do'.

One tour operator also pointed to the need for a greater variety in the types of accommodation to keep the prices down. This tour operator summed up the challenges of capacity:

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If you have 200 seats filled, you need accommodation for them. In winter, it is very packed. In summer Lofoten, North Cape and Tromsø (also in winter) are a challenge to get rooms. There is a need for greater variety in types of accommodation; the competition will keep the prices lower. In Finland Levi is a challenge in February. Lofoten in June and July, there are just a few 3- or 4-star hotels. In the North Cape, there are only a few hotels all owned by the same company. You have to reserve well in advance, which makes it less flexible. The demand is higher than the number of beds. There are no new hotels planned in Lofoten and North Cape. There is more competition as more tour operators want beds. In Tromsø there are new hotels, but availability is still tricky.

One tour operator was concerned with the difference in accommodation scales in the VAE area and how this could affect the project:

I see a big potential in combining Lofoten with Sweden and Finland, but Lofoten is such a small place regarding number of beds: 3-4,000 beds. *If you want to attract these people to come to Finland, after Lofoten they will disappear in the big beds in Finland.* If bring many people from Finland in the winter, then Lofoten will be full in a few years. The other way around, bring from Lofoten in summer to Finland you will not see it. In total they have 100,000 beds.

Moreover, this tour operator also claimed that accommodation capacity would be increasingly challenging in the future, as 'the VAE area will soon be fully booked'.

Safety

Most of the tour operators did not see any security/safety challenges that could undermine the success of cross-border package tours in the VAE area. The only issues that were raised by three tour operators was related to the winter season; *the challenge of driving and that tourists from some destinations did not have the right clothing*: 'important that we have rented clothing'. This tour operator had also chartered flights from Turkey and experienced that 'the pilots were not trained to land on icy road as in Lapland' and thus needed extra training in landing a plane.

Legislation

For the tour operators the only legislation barrier that could undermine the success of cross-border packages in the VAE area was in relation to *rental cars*. Six of the tour operators addressed that 'you cannot rent a Finnish car in Norway' or in Sweden as 'the licence plate is related to the country where you rented it'.

VAE project

At the end of each interview, the tour operators were asked if they saw any challenges with the VAE project itself. Four tour operators had reflected on this. The first tour operator claimed that '*I don't think that the Swedes will be as happy as the Norwegians and Finns*' with the outcome of the project. The second tour operator argued that the *participation fee was too high* and thus excluded some of their previous local partners, who they now had to use as second option in a package: 'we have worked hard with some small providers that create products for our company. They can be part of a package, but I need to use the providers in the project first ... I don't want to be forced to use certain providers; we have worked hard to develop a relationship'. The third tour operator raised the issue of being part of an *EU project and how such projects lack flexibility*: 'You have to prove how you use the funding. How we invest in marketing is very

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flexible, it is difficult to know what we will do in advance. The EU needs to approve it. This cannot always be done. We make decisions within minutes. This is a challenge’.

The fourth tour operator saw time as a challenge: *‘I know it is only a few years’ project; once it is finished, we did not get the success so we shut it down.* Then the visiting boards will stop. When we see the money it will be closed’. This tour operator also pointed to the need to keep focus: *‘it is a lot of different things to consider, choosing the priority of development, those who tick most boxes and markets’.* In order to succeed with the VAE project, according to this tour operator, it was important that the projected focused on:

Developing small rings so that people in few days can see more than only one place. These rings need to be well connected by roads and transportation. Logistically, I can join the rings, to scale up and down those rings. That will suit everybody, short holidays, longer holiday, and medium. You can join one, two or three circles. Creating something that is easy to sell ... Create something similar to Norway in a nutshell, for instance, Arctic in the nutshell ... This could be a success, easy to sell over the desk, and also give the operator the opportunity to make it unique ... We can personalize without being expensive ... It involves matching the time table and involving the companies, synchronize bookings, create structure, lots of politics and different interests. They (VAE project) need to push it, otherwise it will never work. ... Can only fly if they get organized.

Summary tour operators

Table 8 summarizes the challenges, obstacles and barriers as identified by tour operators related to the main headings, but not in a ranked order.

Table 8 Summary of three main challenges identified in each category in the perspective of tour operators.

	1	2	3
Accessibility	Lack of direct flights, lack of capacity of scheduled flights	Lack of public transportation systems within the VAE area; seasonal ferry connections	Lack of adjusted timetables
Product	Few choices in accommodation and a general low standard (Northern Sweden)	Low quality of food and develop packages that entails a full week stay (Finnish Lapland)	Lack of focus on the needs of international tourists
Service delivery	Mismatched price and quality	Quality challenged by seasonal staff	Lack of storytelling (Northern Norway and Northern Sweden)
Cooperation	Allotments in key destinations	Small providers not responding in time	Lack of joint objectives and lack of patience
Cultural issues	Different tourism industry cultures	Mass tourism and small-scale tourism destinations require different customers	
Seasonality	Cross-border packages not in demand in winter	Spring difficult to sell as nature is not at its best	Lack of accommodation in key destinations in summer and autumn (Northern Norway and Finnish Lapland)
Sustainability	Lack of sustainable Swedish providers	Sustainability and mass tourism not compatible	Travelling long distances
Marketing	Lack of awareness of VAE area; need to develop joint messages	Lack of long-term funding and cooperation	Fear of being left out
Markets	Dislike travelling long distances in winter; limited time for outdoor activities in winter	Mismatched quality and price	Lack of understanding that different markets have different preferences

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Financial issues	Risk of losing money	Exchange rates	Cross-border packages are expensive
Capacity	Lack of accommodation in key destinations	Lack in variety in types of accommodation	Different capacity in VAE area makes it difficult to make packages
Safety	Winter weather conditions and driving	Customers not wearing right clothing in winter	
Legislation	Different rental car legislation in VAE area		
VAE project	Less success in Sweden	EU projects are inflexible and limited for time to succeed	Lack of prioritizing certain measures

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Tourists

We interviewed eight tourists of which four were living in the Netherlands and four in Switzerland. Of the four Dutch tourists, three were female and one was male. They participated in two different 7-day tours between Finland and Norway, and we contacted them after returning home. They preferred to answer the interview questions by mail. One of them, a male, had no complaints and saw no challenges or difficulties on his tour, thus he had no answers to our questions. The male was travelling in a family group of three: three females with partner. The four Swiss participants consisted of two couples (two men and two women), one of which was originally from Hong Kong, but was now a Swiss resident. The interview took place in Tromsø on the final day of their cross-border tour, which involved six nights in Norway and one in Sweden, as well as transfer through Finland. Due to a tight schedule, we interviewed the four tourists as a group. The group interview lasted one hour. The lack of time to interview the tourists separately had the disadvantage that it was not possible for all participants to elaborate on their answers and it also left less time for the interviewer to probe. The advantage was that the group discussed joint experiences with each other. Because these four tourists were very satisfied with the tour, the limited time to talk about challenges, obstacles and barriers was not a problem.

Three main obstacles

Of the three Dutch tourists, only one mentioned a main obstacle, the *hassle of having to exchange money* between Finland and Norway (Table 9). The second tourist had two issues, again relating to *differences in currency*. She liked the fact that Finland has the same currency, Euro, while Norway has its own currency, making them pay for everything only by credit card. She would like to see at least one trip where the currency would be the same everywhere. Her second issue was that *not everyone speaks proper English*, but she concluded that this was not a real problem. The third female saw no real problems, but came up with three issues; the first was a *too high pricing of excursions*, like snowmobile tours, reindeer farm visits and husky safaris, but she could understand why husky safaris were pricy. Secondly, her *visit to a reindeer farm was beneath her expectations*, and she mentioned that also her tour guide was of that opinion. Thirdly, she thought the *hotel dinners with a fixed menu were not too good*, while hotels with a dinner buffet were excellent.

Table 9 Three main challenges from the perspective of tourists.

	1	2	3
Tourist 1	Money exchange between Finland and Norway	-	-
Tourist 2	Differences in currency	Language problems	-
Tourist 3	High pricing	Low quality of experience at a reindeer farm	Bad dinners at hotels
Tourist 4	-	-	-
Tourist 5	Lack of knowledge on how to clear a restaurant table	-	-
Tourist 6	Low skills in gastronomy	-	-
Tourist 7	Lack of warm dinner plates	-	-
Tourist 8	Lower service for groups in restaurants	-	-
Summary	Currency and hospitality issues	Language and one activity	Food

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The group of Swiss tourists were mainly very satisfied with their cross-border package in the VAE area. So when naming three main challenges, they were only able to come up with one each. For all of them this challenge was about the *service delivery in restaurants*. They acknowledged that they were pointing at small details. Their concern was the way the restaurant staff served food, that they did not seem aware of the proper protocol; sometimes they served the plates from the left, other times from the right. Moreover, the plates were always cold, which in winter did not keep the food warm for a long time. Another issue they raised was the staff's lack of a system when clearing the table. One of the Swiss tourists also wondered if restaurant staff *treated group tour tourists different from individual tourists*, in the sense that the food experience felt a bit hectic. These tourists expected a Swiss restaurant standard and felt that the staff lacked proper skills and training.

Accessibility

One of the three Dutch tourists was wondering how the walking conditions would be with more snow, as she expressed the feeling that they were lucky they did not *experience heavy snowstorms*. One had no opinion on this issue and the third wished that the *efficiency at the airports could be better*. At Tromsø airport, on their way home, everything had to be done by hand and there were big line-ups at the luggage drop off, and no opportunity to check in the day before.

The Swiss tourists who had arrived on a charter flight from Switzerland were very happy about the direct flight. They were also pleased with the bus and the bus driver during the tour.

Product

One of the three Dutch tourists mentioned the *necessity of having good guides* that had good knowledge of all the countries. Then cross-border packages would work fine. Another Dutch tourist mentioned that there *was very little snow* (due to climate change?) which influenced her experience. She also mentioned again, that the *different currency* in Norway was an inconvenience, although with credit cards she could pay for almost everything.

The four Swiss tourists were very satisfied with their cross-border package; in particular, they praised the guide who was very skilful and experienced. They were also pleased with the accommodation and the activities (such as dog sledding, snowshoeing, Polar Zoo, northern lights, Sami Parliament and city sightseeing). One reason these tourists were so pleased with their cross-border package was about the weather: 'we have experienced very nice weather from the first day. In Tromsø we had perfect weather. It was snowing a bit at night, but the rest of the time, it was good. If it had been foggy as it was on Sunday (first day), then it would have been a completely different experience'.

Service delivery

One of the three Dutch tourists noticed the *differences in checking in at hotels* in Finland and Norway. In Finland, they got the keys to the rooms or apartments from the tour guide who smoothly distributed the keys. In Norway, they had to line up at the reception to get the keys, which took a lot of time. She thought that the different routines must annoy travel guides and tour operators. Another tourist saw no service delivery problems, but rather felt that *service was excellent*. Only the *reindeer farm experience did not meet her expectations*. The feeding of reindeer was nice, but after that, she felt like they had to be entertained by the Sami, and it was not a good presentation. Luckily, she explained that they were 'saved' by the northern lights. This tourist also mentioned that during their ice fishing tour the *organizers didn't speak any English*, and had to communicate with hands and feet and pointing to things, and in that way made the

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guests aware they had got a fish. She felt the guide's lack of skills in English would be a serious problem in an instance of emergency. The third Dutch tourist had no complaints on service delivery.

Again, the Swiss tourists were mainly satisfied with the service delivery. As mentioned above the main challenge that they identified was the *catering in restaurants*. In addition to the issues already described above, one of the tourists complained about the *lack of other types of coffees* beside American, which was described as 'like water'. This tourist would happily have paid for a stronger type of coffee in restaurants, but had found that this was not possible. This tourist pointed out the fact that many international visitors drink different types of coffee at home and would expect this on holiday. Moreover, regarding the accommodation, this tourist also raised the issue of hotel staff not giving older people *help with carrying their luggage* from the bus to the hotel room. In their group there was an older woman travelling alone who needed help with this. In general, they also noted that the service providers were mainly *young people, who, in their opinion lacked hospitality skills*. In Switzerland they were used to meeting older staff members and felt that age and experience secured credibility in the service delivery.

Cooperation

Among the three Dutch tourists, only one had an issue with cooperation. She mentioned that there was a *big difference in ideas about efficiency* between the Finnish/Norwegian people and the Dutch/Belgian. She thinks that Dutch and Belgian people are more efficient, so when the people of Lapland arrange things, she thought they were *waiting longer than necessary*. In addition, she mentioned that as long as her guide stayed calm, everything would come out fine.

The Swiss tourist did not identify any problems related to cooperation between the service providers in their cross-border package. One reason for this, she felt, was the skilful tour guide, a senior woman who had everything under control.

Cultural issues

The Dutch tourist who mentioned the cultural difference between the more efficient Dutch/Belgian people and the people of the north, again explained that Dutch/Belgian people *prepare better*, so you don't have to arrange many things when you are on the spot, which could irritate the tourists. The two other tourists who gave post-tour responses saw no cultural issues.

The Swiss tourists did not identify many cultural issues that could challenge cross-border travelling in the VAE area. This could be because they spent most of their time in Norway. The only thing that they talked about was when they stopped in Finland at a gas station and a souvenir shop. In general, they felt that people they met were very friendly; however, *at the souvenir shop the staff was not welcoming*. They believed that they were not interested in tourists and made comparison to experiences from Russia and China.

Seasonality

One of the three Dutch tourists saw no issues with seasonality, but mentioned that you have to be *lucky to have good weather* in summertime. However, the roads are good and the people friendly. The two other tourists saw no problems with seasonality.

The Swiss tourists were positive towards returning on a cross-border package in a different season, however, they saw *autumn and early winter as a challenge because of darkness and colder weather*. They thought that there were fewer things to do in the autumn. The tourists originating from Hong Kong were

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less interested in coming back in another season. They *lacked knowledge about what to do in the summer and in the springtime*, and asked whether it was possible to do dog sledding then. The main reason they all had travelled in the winter was to see the northern lights and they had chosen March because it was closer to spring and less dark and cold. Although they lived in Switzerland, they did not want to travel to a destination where it was much colder.

Sustainability

One of the three Dutch tourists expressed that making use of the service of locals is never negative, while the second had no opinion on this issues. The third mentioned that seeing the northern lights attracts more and more tourists, and that *too many tourists might have a negative impact* on the natural environment. However, on the other hand, it means more income for the local people.

Only one of the Swiss tourists had any concerns about sustainability; the driver started the bus one hour before departure in order to *warm up the bus* for tourists who disliked freezing.

Marketing

One of the three Dutch tourists expressed concerns about what *climate change* would mean for the region, and that the *different currencies* might be an inconvenience, one which should be clearly expressed in the marketing materials. One said she wanted packages with all the highlights of the countries. The third tourist thought that they could *advertise like 'Like Canada, but closer'*, as the VAE area has the same kind of landscapes. According to her, many people are talking about Canada, but do not know that Norway has the same scenery. She thinks many people just go to Spain or Italy every year. They do not consider travelling to Norway or Finland because there are fewer chances of sunny days in summer. During winter, the northern lights were definitively the thing to advertise, and for the summer, it could be the Canada landscape close by. She continued by recommending that for advertising holidays in Norway/Finland/Sweden, you had *to speak to a specific group of travellers*, ones who really like nature, but noted that these were a small group of all travellers.

The Swiss tourists talked about how the image of the North has changed over the last 20 years and that more people are now talking about travelling; it is no longer only 'the crazy people that go'. Still one of the couples had noticed that the tour operator had *problems with filling the tours*. They had received a letter about vacancies on tours with departures prior to their tour. They found it strange that with all the 'marketing in Switzerland, they are not able to find 15 people who wanted to travel here for a week. This is a surprise to me'. When discussing reasons for this lack of interest they talked about *competing destinations such as Alaska*, that Swiss people might *not be that interested in travelling to cold destinations*, and that they did *not know about the uniqueness of the VAE area*. Moreover, one of the Swiss tourists also mentioned that *Finland in winter was marketed much more than Norway and Sweden*. Another of the Swiss tourists asked for new ways of selling Arctic landscapes.

Financial issues

Of the three Dutch tourists, one mentioned that *drinks and food are expensive*. She thought the Netherlands was not cheap, but Norway and Finland were even more expensive. Fortunately, in her package all meals were included in the package, but if someone travelled on their own, they would really have to think before booking the trip as eating out would not be cheap. In addition, a second tourist mentioned the *high cost of living*, and that *the excursions*, like snow scooter tours, husky safari and

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reindeer experiences *have a high price* (between 100-200 EUR), and again the currency exchange was mentioned.

None of the Swiss tourists had experienced any financial problems on their cross-border travel in the VAE area. One of them was rather pleased that they could use credit cards for all purchases.

Capacity

None of the three Dutch tourists saw any capacity problems at all in any place they visited. The same was the case with the four Swiss tourists.

Safety

None of the three Dutch tourists saw any safety issues, and one mentioned that there was no border control between Finland and Norway. The same was the case with the four Swiss tourists, who had been instructed to use seat belts in the bus.

Legislation

None of the three Dutch tourists saw any legislation issues. The same was the case with the four Swiss tourists.

Summary of tourists

Table 10 summarizes the challenges, obstacles and barriers as identified by tourists related to the main headings, but not in a ranked order.

Table 10 Summary of three main challenges identified in each category in the perspective of tourists.

	1	2	3
Accessibility	Fear of snowstorms	Efficiency at Tromsø airport	-
Product	Lack of snow	Different currencies	-
Service delivery	Different check-in routines at hotels, lack of help with luggage	Lack of English skills	Low skills of hospitality in restaurants
Cooperation	Lack of efficiency	-	-
Cultural issues	Lack of preparation	Unwelcoming staff in Finland	
Seasonality	Bad weather in summer	Autumn/early winter involve too much darkness and cold weather	Lack of knowledge of what to do except in winter
Sustainability	Too many tourists impact environment	Idling bus	-
Marketing	Create awareness of uniqueness	Developing brands for different seasons	Do not appeal to target markets
Financial issues	Expensive food, drinks and excursions	Different currencies	-
Capacity	-	-	-
Safety	-	-	-
Legislation	-	-	-

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Recommendations and general overview of challenges and obstacles

In this section of the report, we first give recommendations of various measures that the VAE project should focus on in order to secure successful development and implementation of cross-border packages in the VAE region. Second, we compare the results from this study with the Public-Private Partnership in Barents Tourism (BART) project. Finally, we summarize the main challenges identified in the VAE study.

We would recommend the *VAE project* to focus on the following measures:

- ✓ Creating a continuation project that allows the consolidation and continuance of the work done in the VAE project
- ✓ Deepening partnerships with local educational and research organizations to promote cross-border tourism develop in the VAE area
- ✓ Defining short and long-term measures together with VAE partners
 - Identifying and prioritizing routes for the development of cross-border regional public transportation
 - Identifying and prioritizing arrival and departure destinations for the facilitation of car rental practices
 - Giving priority to the development of summer and winter cross-border packages
 - Encouraging tour operators to develop cross-border packages with different arrival and departure destinations
 - Defining short- and long-term goals regarding volume and turnover
- ✓ Developing measures to address the challenges of combining mass tourism with small-scale companies and destinations
- ✓ Continuing the facilitation of trust-building and cooperation among partners through meetings and workshops
 - Making sure that all partners agree on common objectives and are willing to be patient
 - Building platforms and processes for facilitating mutual learning and knowledge exchange
 - Developing information hubs for each VAE region with appropriate facilities and resources to promote inter-regional learning and cooperation
 - Securing continuation of business networking after the project
- ✓ Developing pilot projects where companies exchange staff in low seasons
- ✓ Developing a system for securing similar quality standard among partners
 - Educating partners on cross-border tourists' service delivery expectations
- ✓ Developing a system for facilitating and standardizing financial transactions and pricing policies among VAE business partners
- ✓ Developing a system for facilitating and standardizing sustainability requirements among VAE business partners

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- ✓ Developing a system for securing and monitoring tourists' itineraries
 - Call centre
 - Manual
- ✓ Working towards a joint brand name with VAE business partners
- ✓ Lobbying for a charter fund in Northern Sweden and Northern Finland
- ✓ Lobbying for facilitating cross-border car rental practices in the entire VAE area
- ✓ Lobbying for promoting direct flight connections to the VAE area

We would recommend the *VAE project together with local DMOs* to focus on the following measures:

- ✓ Lack of knowledge
 - Build common learning platforms for cultural, legislation, communication and tourism resources within the VAE region
- ✓ Trust and cooperation
 - Focus VAE 2.0 on networking and mutual learning about culture, praxis and legislations
- ✓ Marketing
 - Develop joint brand strategy between the different regional DMO and national visitors boards

We would recommend the *VAE project to engage national agencies and public stakeholders* in focusing on the following measures:

- ✓ Transportation infrastructure
 - Synchronize and make easily available time tables for different public transportation means
 - Open up more easy east-west transportation options within the VAE region
 - Support infrastructure investments in transportation
- ✓ Taxation
 - Synchronize tourism taxation between the different countries
- ✓ Different legislation
 - Strive to streamline legislations issues between the VAE countries

We would recommend the *VAE partners* to focus on the following measures:

- ✓ Lack of knowledge about each other:
 - Engage in future networking, study trips, workshops and other events promoting inter-regional learning and knowledge exchange
- ✓ Building trust
 - Actively engage and communicate with potential partners from other VAE areas
- ✓ Dealing with cultural differences
 - Take opportunities to learn business and overall culture of partner countries
- ✓ Language issues
 - Engage actively in international language skill development, especially in English
- ✓ Service quality and food
 - Engage in skill development regarding food quality, safety and risk management , hospitality and hostmanship, sustainability and other service and experience quality issues

Comparison of results from VAE study and BART-project

The BART-project was an EU-funded project aiming to strengthen cross-border cooperation between the public and private tourism sector in the Barents Region. This project was funded by the Kolarctic ENPI CBC Programme 2007-2013¹. The Barents Region consists of 13 municipalities located in the northernmost parts of Sweden, Norway, Finland and Northwest Russia. In this regard, the VAE study presented in this report covers the same region, with the exception of the Russian municipalities. One of the aims of the BART-project was to critically evaluate the current state of the tourism industry in the Barents Region. This was done by focusing on five different areas for cross-border tourism development: *cooperation, education and knowledge, accessibility and transportation infrastructure, product development and place identity*. In the BART-project a total of 71 interviews were conducted among small and medium-sized Barents tourism companies between September 2011 and April 2012. These companies were located in Finnish Lapland, Swedish Lapland, Northern Norway, Arkhangelsk and Murmansk. The study was planned, coordinated and implemented by universities situated in the Barents Region. The University of Lapland, Luleå University of Technology and University of Tromsø were among these universities.

Based on a brief comparison of the results of the two studies, we conclude that the outcomes share many similarities. In particular, for challenges related to accessibility, cooperation and product development. For example, the lack of direct flight connections, different legal regulations and work cultures, lack of centralized tourist information about the region and lack of knowledge about business partners are some of the challenges and obstacles identified in both studies. Although the results of both studies share similarities, the VAE study contributes to a deeper understanding of the main obstacles and challenges for cross-border tourism development. This was possible due to the participation of José-Carlos García-Rosell and Hans Gelter, who were leading researchers in the study conducted in the BART-project. With their experience, we were able to focus the VAE study on issues (e.g. seasonality, marketing, service delivery and financial issues) that needed to further investigation in order to gain a more comprehensive understanding of cross-border tourism development.

Some of the new challenges emerging through the VAE study were about legislation, in particular the differences in legislation concerning driving licences and the limitations in the use of rental cars outside the country of registration. In addition, legislation related to the transport of animals (e.g. huskies) between the borders of the VAE countries gave also new insights. Moreover, the parking space challenges in VAE airports faced by car rental companies were not spotted in the previous study. In the VAE study, we were also able to identify other challenges related to rental cars, in particular those faced by inexperienced tourist drivers. In the BART-project, the challenges with service delivery were an issue of Russian companies. The VAE study, however, also shows that differences in quality, service attitude and pricing exist between Finnish, Swedish and Norwegian partners. Furthermore, the VAE study provides insights into the views of tour operators and tourists – a perspective that was not considered in the BART-project. As a whole, both studies complement each other and provide useful information for the future development of cross-border tourism in the VAE area.

¹ The results of the BART-project are available in the Barents Tourism Action Plan, accessed through the following link: <http://matkailu.luc.fi/loader.aspx?id=342500b8-ce7c-4319-997a-25fa3e0bdb0d>.

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Summary of VAE study

In the tables below, we present a summary of the challenges and obstacles discussed in the previous sections of the report.

Table 11 summarizes the main challenges, obstacles and barriers as identified by the service providers in Norway, Sweden and Finland, tour operators and tourists, but not in a ranked order.

Table 11 Three main challenges identified in each studied group.

	1	2	3
Norwegian service providers <i>Table 1</i>	Transportation infrastructure	Lack of knowledge	Cooperation and cultural differences
Swedish Service providers, <i>Table 3</i>	Transportation infrastructure	Language	Lack of information
Finnish service providers, <i>Table 5</i>	Weak internal accessibility	Lack of market knowledge	Different legislation
Tour operators, <i>Table 7</i>	Transportation infrastructure	Accommodation	Marketing issues
Tourists, <i>Table 9</i>	Food and hospitality issues	Language and one activity	Currency

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Table 12 summarizes the main challenges identified in each category by the service providers in Norway, Sweden and Finland, tour operators and tourists, but not in a ranked order.

Table 12 Main challenges identified in each category in each studied group.

	Norwegian service providers <i>Table 2</i>	Swedish Service providers, <i>Table 4</i>	Finnish service providers, <i>Table 6</i>	Tour operators, <i>Table 8</i>	Tourists, <i>Table 10</i>
Accessibility	<ul style="list-style-type: none"> - Few direct international flights. Fee train connections from Stockholm. - Lack of local transportation. Lack of adjusted schedules. Lack of accessible information. – - Rental car return fees. - Lack of available rental cars. 	<ul style="list-style-type: none"> - Infrastructure for transportation between destinations. - More flights between destinations. - Too few international flights to Swedish airports. 	<ul style="list-style-type: none"> - Too few international flights to Finnish airports. - Lack of public transportation and flights between VAE airports. - Demanding winter driving conditions. 	<ul style="list-style-type: none"> - Lack of direct flights, lack of capacity of scheduled flights. - Lack of public transportation systems within the VAE area. - Seasonal ferry connections (Lofoten). - Lack of adjusted timetables. 	<ul style="list-style-type: none"> - Fear of snowstorms. - Inefficiency at Tromsø airport.
Product	<ul style="list-style-type: none"> - Challenge of producing two-way packages. - Many arrival/departure airports limit rental car pools. - Lack of product knowledge and human resources. Mass tourism versus small-scale. 	<ul style="list-style-type: none"> - Transportation and distances. - Knowledge of others' products. - Quality of products. 	<ul style="list-style-type: none"> - Inability to differentiate due to lack of knowledge about the VAE area. - Lack of balance in the number of rental cars flowing in and out of VAE airports. - Restrictions due to legislations concerning snowmobile routes and the movement of animals. 	<ul style="list-style-type: none"> - Few choices in accommodation and a generally low standard (Northern Sweden). - Low quality of food and development of packages that entail a full week stay (Finnish Lapland). - Lack of focus on the needs of international tourists. 	<ul style="list-style-type: none"> - Lack of snow. - Different currencies.
Service delivery	<ul style="list-style-type: none"> - Lack of similar quality/ understanding of quality. - Lack of control of other providers' quality. - Seasonal employment and understaffing. 	<ul style="list-style-type: none"> - Quality and standard of service. - Knowledge of each other. - Standard of hostmanship. 	<ul style="list-style-type: none"> - Different quality levels. - Lack of joint quality standards. - Coordination of programme schedule. 	<ul style="list-style-type: none"> - Mismatched price and quality. - Quality challenged by seasonal staff. - Lack of storytelling (Northern Norway and Northern Sweden). 	<ul style="list-style-type: none"> - Different check-in routines at hotels, lack of help with luggage. - Lack of English skills. - Low hospitality in restaurants.

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Table 13 continues

Cooperation	<ul style="list-style-type: none"> - Rivalry and competition. Lack of trust, openness and respect. - Lack of time, human resources and capacity - Lack of knowledge about products, people, and destinations. 	<ul style="list-style-type: none"> - Distances. - Language. - Trust and knowledge. 	<ul style="list-style-type: none"> - Lack of knowledge about the VAE area. - Lack of contact with Norwegian and Swedish companies. - Trust and language. 	<ul style="list-style-type: none"> - Allotments in key destinations. - Small providers not responding in time. - Lack of common objectives and lack of patience. 	<ul style="list-style-type: none"> - Lack of efficiency.
Cultural issues	<ul style="list-style-type: none"> - Different tourism industry cultures. - Finns more professional, then Swedes with Norwegians last. - Finland's mass tourism, Norway's authentic products. - Language. 	<ul style="list-style-type: none"> - Special versus mass tourism. - Differences in involving locals. - Food culture differences. 	<ul style="list-style-type: none"> - Different decision-making practices. - Slow communication in Sweden and Norway. - Finns more flexible than Swedes and Norwegians. 	<ul style="list-style-type: none"> - Different tourism industry cultures. - Mass tourism and small-scale tourism destinations require different customers. 	<ul style="list-style-type: none"> - Lack of preparation. - Unwelcoming staff in Finland.
Seasonality	<ul style="list-style-type: none"> - Unpredictable snow conditions, warmer winters. - Early winter/late autumn less-attractive outdoor products. - Lack of beds in Finland, Lofoten and North Cape. 	<ul style="list-style-type: none"> - Lack of knowledge about off-seasons in other countries. - Open facilities on low seasons. - Quality of delivery and delivery capacity of low season products. 	<ul style="list-style-type: none"> - Norwegian companies lack interest in developing summer travel packages. - Lack of services in Finnish Lapland in summer. - Incompatibility between tourism seasons and school holidays. 	<ul style="list-style-type: none"> - Cross-border packages not in demand in winter. - Spring difficult to sell as nature is not at its best. - Lack of accommodation in key destinations in summer and autumn (Northern Norway and Finnish Lapland). 	<ul style="list-style-type: none"> - Bad weather in summer. - Autumn/early winter too much darkness and cold weather. - Lack of knowledge of what to do except in winter.
Sustainability	<ul style="list-style-type: none"> - Transport emissions. - Travelling long distances. - Different stands on sustainability - Lack of volume for economic sustainability work places. 	<ul style="list-style-type: none"> - Lack of knowledge of other countries. - Different level of developed sustainability. - Lack of common platform/certification. 	<ul style="list-style-type: none"> - Long distances/increase of carbon emissions. - Letting external actors define sustainability in the VAE area. - Lack of regulation for foreign tourism investment. 	<ul style="list-style-type: none"> - Lack of sustainable Swedish providers. - Sustainability and mass tourism not compatible. - Travelling long distances. 	<ul style="list-style-type: none"> - Too many tourists impact upon environment. - Idling bus.

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Table 12 continues

Marketing	<ul style="list-style-type: none"> - Agree on joint brand, too many existing brands. - Agree upon markets, messages and distribution of costs. - Identifying new markets. 	<ul style="list-style-type: none"> - Difficulties to market other destinations. - Lack of common market strategy. - Unequal marketing within cross-border products. 	<ul style="list-style-type: none"> - Different brand strategies (regional and national). - Lack of market and customer knowledge. - Uncertainty about the organizations responsible for selling VAE travel packages. 	<ul style="list-style-type: none"> - Lack of awareness of VAE area. Need to develop joint messages. - Lack of long-term funding and cooperation. - Fear of being left out. 	<ul style="list-style-type: none"> - Create awareness of uniqueness. - Developing brand for different seasons. - Do not appeal to target markets.
Financial issues	<ul style="list-style-type: none"> - Lack of capital/ human resources to participate in VAE project. - Different pricing structures. Packages too expensive. - Lack of system for distributing work, costs and income. 	<ul style="list-style-type: none"> - Challenges for small companies with financial resources. - Difficulties for risk investments and bank loans for cross-border products. 	<ul style="list-style-type: none"> - Limited amount of capital and human resources. - Lack of understanding of pricing. - Lack of flexibility in the renting of parking spaces in Norwegian airports. 	<ul style="list-style-type: none"> - Risk of losing money. - Exchange rates. - Cross-border packages are expensive. 	<ul style="list-style-type: none"> - Expensive food, drinks and excursions. - Different currencies.
Capacity	<ul style="list-style-type: none"> - Lack of beds in key destinations in high season. - Lack of staff to tackle more traffic. - Lack of rental cars in summer. 	<ul style="list-style-type: none"> - Knowledge about others' capacity. - Transport capacity between destinations. - High season versus low season capacity. 	<ul style="list-style-type: none"> - Lack of beds in Finnish destinations. 	<ul style="list-style-type: none"> - Lack of accommodation in key destinations. - Lack in variety in types of accommodation. - Different capacity in VAE area makes it difficult to make packages. 	<ul style="list-style-type: none"> - No challenges.
Safety	<ul style="list-style-type: none"> - Winter weather conditions. 	<ul style="list-style-type: none"> - Lack of knowledge about the other countries' legislation. - Validity of insurance cross-borders. 	<ul style="list-style-type: none"> - Individual travellers lacking driving experience under VAE road conditions. - Lack of experience among individual travellers. - Entering wilderness areas. - Different safety regulations in the VAE area. 	<ul style="list-style-type: none"> - Winter weather conditions and driving. - Customers not wearing right clothing in winter. 	<ul style="list-style-type: none"> - No challenges.

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Table 14 continues

Legislation	<ul style="list-style-type: none"> - Different interpretations of licence for traffic tourists. - Different laws for rental cars. - EU's free labour market policy (transportation companies). 	<ul style="list-style-type: none"> - Different taxation systems. - Knowledge about other countries' legislation. 	<ul style="list-style-type: none"> - Different vehicle-tax legislation. - Differences in driving licence legislation. - Norwegian legislation concerning the maintenance of snow mobile tracks. 	Different rental car legislation in VAE area.	- No challenges.
VAE project	<ul style="list-style-type: none"> - Running out of time, cooperation ending with the VAE project. - Lack of action and concrete results. Too much bureaucracy. - Lack of priorities of measures. 	<ul style="list-style-type: none"> - Time too short, what is next? How to continue cooperation. - Unclear role of tour operators in the project. - Few developed cross-border products within the project. 	<ul style="list-style-type: none"> - Activating companies to continue the process started by the project. - Too many actors involved. - Lack of a specific focus of development. 	<ul style="list-style-type: none"> - Less success in Sweden. - EU projects are inflexible and limited for time to succeed. - Lack of prioritizing certain measures. 	- No challenges.
Markets				<ul style="list-style-type: none"> - Dislike travelling long distances in winter. Limited time for outdoor activities in winter. - Mismatched quality and price. - Lack of understanding that different markets have different preferences. 	