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## FOREWORD

### **Dear Authors and Esteemed Readers**

It is with deep satisfaction that I write this Foreword to the Proceedings of the 2<sup>nd</sup> International Conference on the Future of Tourism (ICFT) held in Arusha, Tanzania, April 16 - 17, 2019.

ICFT continues a tradition of bringing together researchers, academics and professionals from all over the world, experts in tourism and hospitality. The conference particularly encouraged the interaction of research students and developing academics with the more established academic community in an informal setting to present and to discuss new and current work. Their contributions helped to make the Conference as outstanding as it has been. The papers contributed the most recent scientific knowledge known in the field of Sustainability of Tourism; Domestic Tourism and SMEs Development; Tourism and Economic Development; Culture and Tourism; Innovation in Tourism; Customer Care in Tourism; Methods of Measuring Tourism; and National Tourism Policy.

In addition to the contributed papers, two invited keynote presentations were given: by Mr. Richald Rugimbana, the Executive Secretary of Tourism Confederation of Tanzania who spoke about the Issues for future tourism development with special focus of Tanzania; and Prof. Zororo Muranda, Pro-Vice Chancellor, Chinhoyi University of Technology in Zimbabwe who gave presentation on the Future of tourism: Tourism of the future.

The Conference was preceded by a tailor made training in *e-Tourism and Management of World Heritage sites*. The facilitators of training were: Prof. George Oreku, a professor of ICT from the Open University of Tanzania and Mr. Erick Kajiru, an expert of Management of UNESCO World Sites from the UNESCO Commission in Tanzania.

These Proceedings will furnish the scientists of the world with an excellent reference book. I trust also that this will be an impetus to stimulate further study and research in all these areas.

We thank all authors and participants for their contributions.

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## THE IMPORTANCE OF DESTINATION NETWORKS IN THE TOURISM INDUSTRY

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### **Abstract**

*Organizational cooperation has obvious benefits in the tourism industry since the supply is fragmented and the consumption of tourism products are often bundled. In tourism networks, the interactions go beyond organizational boundaries and the boundaries of these strategic networks are simultaneously open and closed. This paper consists of a literature review and one case example from Swedish Lapland. The tourism offering (the "product") is a combination of outputs from many tourism firms (service providers) which demands coordination of activities in time and among the actors. The coordination in the case of Swedish Lapland involves actors from different organizations within and outside the formal network (national organizations, regional and local organizations as well as the activity based SMEs, providing the tourism experience). The process of arranging activities and connecting actor resources in this tourism business network was a challenge taken by the regional Tourism Board – Swedish Lapland Tourism. The main success activities were the new brand and the partnership for export. The economic support from regional actors was a significant factor for network formation and development.*

**Keywords:** Destination network, network, tourism, cooperation, Swedish Lapland

### **Introduction**

The international tourism industry has gone through a tremendous development in the latest decades with some trends affecting it, as for example, globalization of traveling and the technological development with the internet as a communication channel. Tourism is an export business and it is important for countries, regions, destinations, cities and local villages in rural areas. The objective of this paper is to analyze the importance of destination networks in the tourism industry with one case.

This chapter starts with a short presentation of the tourism industry, a discussion of destination networks followed by a case presentation with an analysis. The data for the case study was collected during six years of action research.

### **The tourism industry**

The industry is important for the socio-economic development in countries since it generates export income (foreign currency), the growth of SME's and

creation of jobs. Worldwide, one of eleven jobs is directly or indirectly dependent on the tourism industry. (UNWTO, 2015).

Since the industry generates foreign exchange it is considered to be an export industry (Hjalager, 2007) and in Sweden, it generates more export earnings than the export of cars, wood and minerals. In Sweden most people take a domestic holiday, so to gain market shares in the domestic market is hard and the profit is also lower than in international markets. Therefore the interest has shifted from domestic competition to more of international competition with all its opportunities threats. According to Figure 1, the statistics for guest nights show that Swedish Lapland has increased their guests nights more than the country as a whole and especially concerning international guest nights. The international guest nights (export) has increased by 37.9% during a ten year period, which is a very high growth, compared to Sweden as a whole which increased by 35.3% which also is a very good figure.

**Table 1. Statistics for guest nights in Sweden and in Swedish Lapland 2008-2017 (SCB database)**

TOTAL	2008	2017	% increase
Sweden	50.097.388	63.208.164	26.1
Swedish Lapland	1.897.897	2.410.053	26.9

EXPORT	2008	2017	% increase
Sweden	11.963.917	16.190.730	35.3
Swedish Lapland	520.595	717.920	37.9

### **Methodology**

This paper is based on a literature review with the key words: tourism, developing countries, networks, destination management, and cooperation in different combinations. The databases/Journals used for this was: Elsevier, Business Source Premier and Emerald Journals.

One model of cooperation will also be presented obtained from action research made during six years. The researcher was deeply involved in the creation and development of the brand “Swedish Lapland” and also involved in different groups forming a model to cooperate within the tourism industry in Sweden. One of the results of that work is presented in this paper.

Action research is a reflective process during which problems are solved in working with others to get a community of practice among the participants. The method seeks knowledge for social action among the people involved to find new solutions for arising/existing problems. The aim is to accomplish change in

social actions. In this case the research has been a participatory action research where the researcher has interacted heavily with the different stakeholders. (Lewin 1946; Ozanne and Saatcioglu 2008).

The researcher was employed as the Marketing Manager of the regional Tourism Board, Swedish Lapland Tourism, during six years (2006-2012). The possibilities to work as a change agent and to develop and implement strategies were substantial. Several projects took place during the research period and in this paper one of them is discussed.

## **Networks**

Business networks are increasingly important for cooperation, business growth, employment, internationalization and socio-economic development (Rutashobya and Jaensson, 2004; Williams and Shaw, 2011). At a regional and destination level, tourism networks have a potentially significant contribution to make towards sustainable tourism including community and commercial interests.

## **Managing destination networks**

Inter-organizational cooperation has obvious benefits in the tourism industry since the supply is fragmented, the consumption of tourism products are often bundled and many SMEs are active in the industry (Coviello, and Munro, H. 1997; Fyall et al., 2012; Scott et al., 2008). In most literature, destination management is viewed as an intra-organizational phenomenon and the destination is seen as a geographical area (Merilainen and Lemmetyinen, 2011). In tourism networks, the interactions go beyond organizational boundaries and the boundaries of these strategic networks are simultaneously open and closed. Because of this, the destination as a strategic network could be defined as "an inter-organizational, goal-oriented network embedded in the destination, comprising value-creating activities that are linked to each other through tourism business relationships, and that require the resources of tourism companies or other organizations" (Merilainen and Lemmetyinen, 2011: 26).

The tourism offering (the "product") is a combination of outputs from many tourism firms (service providers) and other organizations which demands coordination of activities in time and among the actors. The coordination in the case of Swedish Lapland involves actors from different organizations within and outside the formal network (public organizations, national organizations, regional and local organizations as well as the activity based SMEs providing the tourism experience). The process of arranging activities and connecting actor resources in this tourism business network was a challenge taken by the regional Tourism Board – Swedish Lapland Tourism.

## **The Swedish Lapland Case**

### **The formal network organization**

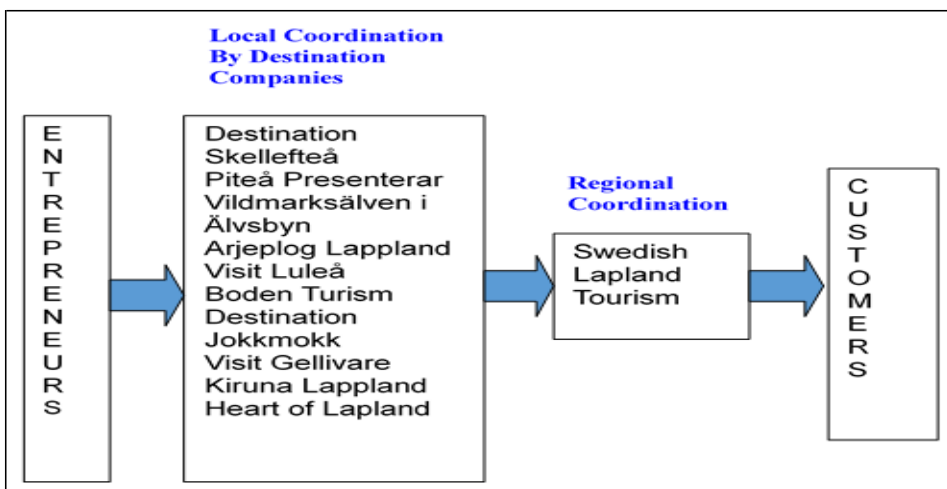
In 2002-2005 a process of organizing the touristic geographic area took place. It was a time consuming and sometimes difficult process. Many stakeholders had different opinions on how to organize it and how to allocate resources (money). However, the stakeholders finally agreed upon creating geographical destinations within the area of Swedish Lapland.

Privately owned destination companies were started with a mix of private and public money (the local Governments and the regional Government organizations supported this organization process with financial resources and it was topped up with money from the European Union Structural Funds). The private money came from the tourist entrepreneurs which became shareholders of the destination companies. The board of the destination companies consisted of tourist entrepreneurs (the majority) and one or two from the local Government.

The regional tourist board Swedish Lapland Tourism was also a private organization owned by the destination companies. In that way, there was an obvious link between the regional organization, the destination organizations and the entrepreneurs. The entrepreneurs felt ownership over the strategies and actions from both their destination company and the regional company. The governing of this network was through private organizations.

Figure 1 shows how the formal network organization worked from a marketing perspective. The marketing strategies at the destination companies were discussed and anchored among the tourist entrepreneurs. The regional marketing strategy was discussed and anchored among the destination companies. It was of course an iterative process to ensure that all strategies were linked to each other. The anchoring process took a long time, but in the end, almost all tourist entrepreneurs knew what to do to align with the common marketing strategies.

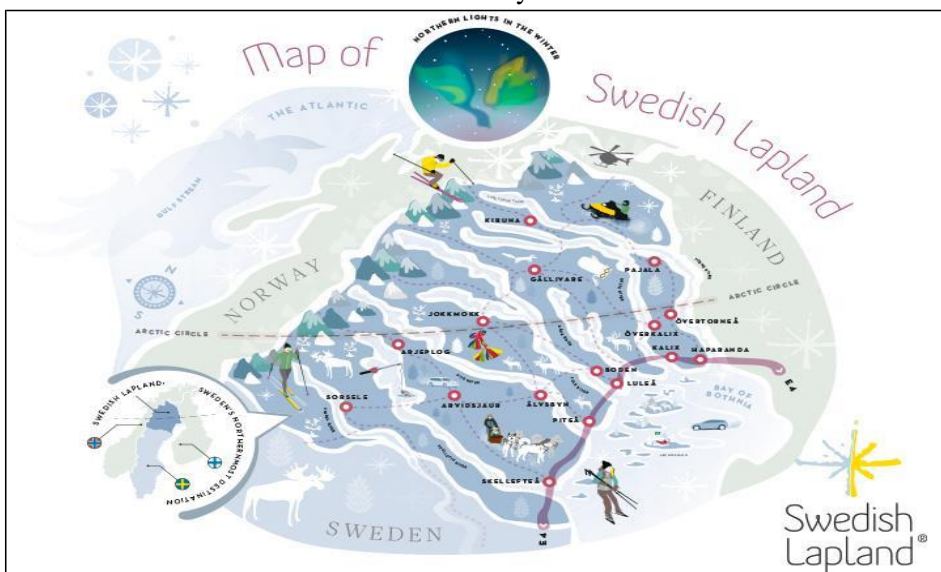
The figure also shows the ten destination companies (organizing about 600 tourism entrepreneurs, mostly SMEs) constituting the region Swedish Lapland. The destination companies coordinate their members (the tourism entrepreneurs' activities) and the regional coordination among the destinations is done by Swedish Lapland Tourism.



**Figure 1. Organization of the domestic marketing of the tourism industry in Swedish Lapland (source: Internal document from Swedish Lapland Tourism)**

### **Brand introduction and internationalization from 2006-2012**

The Swedish Lapland brand was born in 2007 as an international attractive brand needed for internationalization of the tourism industry to attract more international guests. Swedish Lapland is about 25% of the surface in Sweden and it is the northernmost area in the country.



**Figure 2. Map of Swedish Lapland (source: Swedish Lapland Visitors Board web.)**

During this period the focus for the destination management organization (DMO) Swedish Lapland Tourism (the DMO also changed the name from Norrbotten/Lapland at the same time) shifted from organizing, to create activities to enhance the number of incoming tourists. This was made partly through a marketing budget where all destination companies together with Swedish Lapland Tourism discussed how to use the money most effective to increase tourism in the region. One other significant activity was the construction and implementation of a marketing strategy for the whole destination Swedish Lapland using the brand "Swedish Lapland".

The creation of the common brand "Swedish Lapland" was a very important strategic activity. The implementation and education about the importance of a joint brand took place through many seminars around the region and the distribution of a brand book to let the entrepreneurs be a part of the brand. The "new" brand made tourism entrepreneurs to cooperate more instead of competing. This is extremely important for all international market activities. The basic idea was to provide a joint internationally strong brand which the entrepreneurs could use in combination with their own brand. Two of the logotypes are shown below where the symbol is a snowflake. The blue part is for the winter and the yellow part is for summer.



**Figure 2. Swedish Lapland logotypes (Swedish Lapland internal material)**

Swedish Lapland Tourism acquired market knowledge from both the national tourism organization VisitSweden, The Swedish Trade Council, tourism entrepreneurs already involved in export, from seminars, and from written materials. Workshops were arranged to disseminate the knowledge to entrepreneurs in the network interested in foreign markets.

Knowledge dissemination and capacity building in internationalization through the Swedish Trade Council and VisitSweden took place in a series of seminars hosted by Swedish Lapland Tourism. This knowledge building in the tourism network was summed up in a study visit to one of Europe's most important trade shows (EIBTM in Barcelona 2010) with ten of those entrepreneurs. After the study visit, some of them realized that this was too difficult for them in the

stage they were in at the moment, but some of them pursued the entrance into foreign markets.

### **Internationalization activities**

The tourism industry in Sweden was from 2006 organized so active partners could work together in specific projects from the national to the local entrepreneurial level in a “partnership model”. This was an innovation to help tourist companies to internationalize. All partners contribute with resources to the projects. To start a new partnership all organizations must be committed to working together for at least three years.

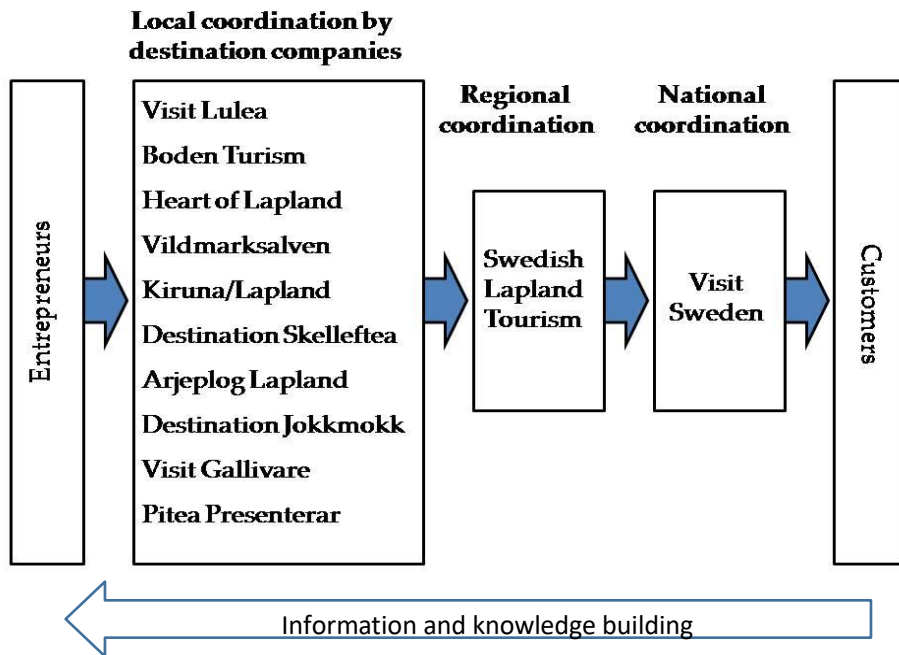
The initiative came from the national Swedish tourism organization “VisitSweden” in 2006. Since resources are scarce they came up with a suggestion to build cooperation in partnerships.

The partnership model is built upon some pillars (VisitSweden, 2012):

- Participation must be from VisitSweden, the regional tourism organization, the local tourism destination organization, and the local tourism entrepreneurs (and others if appropriate).
- The project should have at least a three-year horizon
- The project should have a budget of at least \$150.000 per year from all participants (VisitSweden contributes with up to 50% of the budget)
- There should be a steering committee and a marketing group working with the projects market plan (activities, dates, and responsibility), budget, and follow up of the results

The goal with these partnership projects was to build more export mature destinations and to increase incoming foreign tourists to Sweden through cooperation between all levels in the national touristic network – to internationalize.

The network system of organizing the tourism industry in Swedish Lapland will then look as in Figure 3 (marketing, information and knowledge building). At the national level, VisitSweden is the organization helping the tourism industry with its international marketing and knowledge sharing. Visit Sweden is owned by the Swedish Government and the tourism industry jointly.



**Figure 3. Organization of the international network for marketing, information, and knowledge sharing in Swedish Lapland (source: Internal document from Swedish Lapland Tourism)**

### *Activities*

#### **A) Destination Kiruna in Swedish Lapland - Direct flights from London**

One key factor for foreign tourists is to get to the final destination as easy as possible. The largest international touristic icon in Sweden is the ICEHOTEL in Jukkasjärvi, Swedish Lapland. To increase the number of tourists to the hotel they felt a need to make it easier for customers from the UK (London) to get there. Before they had to travel from London to Stockholm and wait for a connection from Stockholm to Kiruna. The goal, in this case, was to establish a direct flight from London to Kiruna, which would save about 3-4 hours of traveling time in each direction!

A partnership was made in 2007 with the participants: VisitSweden, Swedish Lapland Tourism (regional tourist board), Kiruna Lapland tourism (local tourist destination organization), ICEHOTEL (One of the major tourist attractions in Sweden), a number of other small and medium-sized tourist companies, and the Swedish airport authority SWEDAVIA.

A market plan was created based on the experiences the destination Swedish Lapland had to offer using the Swedish Lapland brand.

Within one year a direct flight was established together with the tour operator discover the World. It became a seasonal flight starting in December and ending in March, in all between 10-14 return flights. The airline serving the route was Scandinavian Airlines (SAS). The project was extended to four years and the direct flight is still working. The project generated a profit and an understanding that cooperation in a network could make even the SMEs internationalize even if they had very limited resources.

### **B) Swedish Lapland – tourists from Germany**

Germany was identified as one priority market for Swedish Lapland. The partners in this project were: VisitSweden, Swedish Lapland Tourism, Destinations within Swedish Lapland, tourist entrepreneurs with export mature products and SWEDAVIA.

The marketing model above was the starting point for the project in 2010, and the budget was \$150.000 here also, from the beginning. The Swedish Lapland brand was used also in this activity. Already after one year, an interesting opportunity was arising – to get the prestigious Der Tour Academy to place its yearly event in Swedish Lapland! It was more than ten years since Der Tour Academy visited Scandinavia and there is a fierce competition among the destinations in the world to host this event.

With common efforts and an increased budget (public organizations in the region also contributed to the project budget) for this event of \$1.1 million, Der Tour Academy came to Swedish Lapland in November/December 2011! Already after one year, the number of tourists from Germany increased by 25%, and the project was a big success!

### **Analysis and conclusion**

Through these activities of cooperation, the importance of SMEs in the tourism industry to participate in a destination network is obvious. The main activities in the case of Swedish Lapland were the creation of a mutual brand and the new way of cooperating in the national network to reach an international market. The marketing process became visible and possible to participate in also for the SMEs with limited resources of capital and knowledge about export business. It motivated many SMEs to start their internationalization process.

The destination management was in this case handled by Swedish Lapland Tourism. One reason for this was that the organization got a lot of its financing from public organizations and the European Union Structural Funds. Money talks and this was a strong incentive for the tourism destinations and

entrepreneurs to cooperate since the financial resources were channelized to the regional tourism board. Thanks to the strategic thinking from the regional public organizations (the financing organizations) the regional network in Swedish Lapland was able to start and develop in a very positive way.

These public actors, external to the tourism network, played a significant role in the development of the destination network. They were always involved in the overall strategic discussions about the development of the tourism industry.

*NOTE: Swedish Lapland Tourism has now changed the name to Swedish Lapland Visitors Board*

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