

Understanding the challenges and opportunities of Skåne's tourism ecosystem

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This paper aims to map challenges and opportunities as perceived by small- and medium-sized tourism businesses in Skåne, the southernmost region of Sweden. It does so through semi-structured interviews with representatives of a wide range of tourism businesses in Skåne, coding statements into an emergent framework of categories and providing a detailed understanding of different perspectives on the challenges and opportunities the region's tourism industry is facing. A workshop is used to verify and evaluate the findings of the interviews and to identify the most pressing challenges. This paper contributes to the literature by giving an account of the challenges faced by the tourism industry in the region under study, and helps practitioners by pinpointing opportunities perceived by tourism businesses.

Keywords: Tourism industry; SMEs

1. Introduction and previous literature

Previous research has identified a number of challenges facing the tourism industry. Some of these challenges have emerged as a result of broad trends, such as the development of a mass tourism market (Higham & Hinch, 2002), the growing awareness of environmental boundaries and climate change (Hassan, 2000; Tosun, 2001; Ruhanen & Shakeela, 2013), and the rise of information technology (Pease et al., 2007; Poon, 1993). Specific challenges include the emergence of new destinations competing for consumers' attention (Smeral, 1998), more experienced and discerning consumers (Poon, 1993), the impact of natural and other disasters (Ritchie, 2004), the entrance of online-based intermediaries in the distribution chain (Wynne et al., 2001), and seasonality (Higham & Hinch, 2002), for example in relation to human resources (Jolliffe & Farnsworth, 2003).

Such challenges are particularly acute to SMEs, which are highly vulnerable to crises and change (Sullivan-Taylor & Branicki, 2011). Indeed, scholars have argued that increasing market pressure and fragmentation mean that SMEs need to go beyond continuous improvement to stay competitive in the context of rapid change

(McAdam et al., 2000).

The literature also describes opportunities for the tourism industry brought about by some of the same broad trends. Research has particularly pointed to information and communication technologies as a source of new opportunities in the tourism industry, including for organizational efficiency and process re-engineering (Buhalis, 1998), direct marketing (Walle, 1996; Silberberg, 1995), and consumer interaction (Buhalis, 2003).

However, no attempt has been made to systematically map the challenges and opportunities facing the SMEs in the tourism industry in the context of a changing contextual environment. Herein lies the gap that this paper aims to address, taking an exploratory approach to study the challenges and opportunities perceived by small- and medium-sized tourism industry actors in Skåne, Sweden.

The paper proceeds as follows. Section 2 describes the empirical setting of this study. Section 3 outlines the data collection and methods of analysis. In Section 4, the results of the study are presented. Section 5 discusses the findings of the study and proposes further research directions.

2. Empirical setting

The region of Skåne in southern Sweden constitutes the empirical setting for this study. There are two reasons for this choice of empirical setting.

First, Skåne is a large, varied, and dynamic tourism destination. It registered nearly 5.9 million guest nights in 2017 (Tourism in Skåne, 2017). This makes Skåne the third largest destination in Sweden by number of guest nights, surpassed only by Stockholm (14 million guest nights) and Västra Götaland (10 million guest nights). Skåne offers its visitors a wide array of experiences, spanning world-class culinary experiences, remote natural attractions as well as castles, churches, cultural festivals, museums, and manor houses (Lordkipanidze et al., 2005). As a result, Skåne's tourism industry is diverse and can be expected to be exposed to many of the challenges that changes in the contextual environment bring.

Second, though not unique to Skåne, the region's tourism industry is entirely dominated by SMEs. Among 4,356 businesses registered as hotels or restaurants in Skåne, 79% have fewer than 5 employees, 18% have 5-19 employees, and only 3% have 20 employees or more (Alla bolag, 2018). Every single one of these business is an SME based on the European Commission's definition, which draws the line

between ‘medium’ and ‘large’ at 250 employees and a turnover of €50 million.

Third, Skåne’s proximity to mainland Europe and its well-developed tourism infrastructure has made it a popular destination among international tourists. In 2017, the region registered 1.4 million guest nights by international travelers, 25% of all guest nights (Tourism in Skåne, 2017). The greatest numbers were from Germany, followed by Denmark, Great Britain, and the Netherlands. This makes Skåne a good setting for studying challenges and opportunities facing tourism businesses in an international destination.

Fourth, collaboration with Tourism in Skåne, the state-owned regional tourism organization of Skåne, provided significant help in accessing interviewees for the research. As part of their purpose to develop and improve Skåne as a tourist destination, Tourism in Skåne is involved in advertising, public relations and media programs, trade shows, consumer promotions, online communications, and consumer research.

These factors mean that tourism businesses in Skåne are likely to face many of the same issues that other medium-sized, internationalized European tourism destinations do.

3. Methodology

This study adopts a qualitative research approach. The research process contains three parts. First, semi-structured interviews were conducted with representatives of a wide range of tourism businesses in Skåne, seeking their perspectives on challenges and opportunities. Second the interviews were analyzed by coding statements into an emergent structure of categories. Third, a workshop with a smaller number of tourism industry stakeholders was held in order to validate and evaluate the challenges and opportunities identified during the interviews. The workshop also aimed to translate the challenges and opportunities into concrete action points for developing the tourism industry in Skåne.

3.1. Interviews with tourism industry actors in Skåne

Interviews with a diverse set of tourism industry actors in Skåne were conducted in September and October 2017. Businesses were selected through the vast network of Tourism in Skåne, with the aim of covering many different types of businesses. A total of 24 businesses were contacted, with 18 of them agreeing to be interviewed. A

19th interview was held with Tourism in Skåne. All interviews were conducted over telephone or Skype and lasted 30 to 45 minutes. Interviews were recorded and then transcribed.

The 19 semi-structured interviews conducted covered 9 types of organizations. Table 1 provides information about each type of organization and its number of interviewees.

Table 1. Overview of interviewee organization types

Type of organization	Number of interviews
Museum/museum management company	2
Hotel	4
Travel agency	2
Heritage site	3
Zoo	1
Restaurant	3
Conference center	1
Shop	1
Art center	1
Regional tourism organization	1

Areas of primary investigation were (a) key challenges that interviewees experience in their business; (b) biggest threats and opportunities to their industry; (c) advantages/disadvantages of being located in Skåne; and (d) how they use technology for their business.

At the beginning of each interview, the purpose of our study was explained and consent was received to audio-record the interview and use the interview material for the research. Anonymity was guaranteed all interviewees. Thus, no information that can be used to identify the interviewees has been included in this paper.

3.2 Analysis of interviews

The answers to the interviews were structured as a table, with interviewees as column and questions as rows. The answers were coded with the challenges and opportunities contained in the statements. Rather than using predefined categories, categories emerged from the study by clustering conceptually similar challenges and

opportunities into broader categories. During the process of coding, therefore, additional categories were added when meaningful statements did not fit into the existing categories. This resulted in a new matrix structure with interviewees as columns, categories as rows, and the specific quotes in the cells. The matrix enabled a description of the challenges and opportunities facing SMEs in Skåne, as perceived by the interviewees. The findings were validated through an interview with Tourism in Skåne and a workshop with representatives from the tourism industry in Skåne, described below.

3.3. Workshop for validation and evaluation

In order to validate and evaluate the results of the interviews, a workshop was organized in Ideon Science Park in Lund, Skåne on October 6th, 2017. The workshop was directed by two consultants with extensive experience in conducting workshops with tourism industry actors and one academic researcher. The participants consisted of representatives from the tourism industry and from Tourism in Skåne.

The workshop process proceeded as follows. First, challenge areas that were synthesized from the interviews were presented to the workshop participants. The challenge areas were discussed in smaller groups. Each group then rated the challenge areas based on the perceived severity of the challenge ('impact') and the difficulty with which it could be solved ('solvability'). By aggregating the smaller groups' scores for impact and solvability, a description was reached of the whole group's perception of the challenges facing the tourism industry in Skåne. The workshop participants brainstormed about possible solutions to the different challenges. The workshop resulted in the selection of a single challenge, with high impact but also high chance of being solvable, for a possible action.

4. Results

The specific challenges and opportunities mentioned by the interviewees were categorized into the higher-level categories shown in Table 2.

Table 2. Summary of problems & challenges and opportunities

CHALLENGES EXPRESSED BY THE INTERVIEWEES
Insufficiency of the existing online tourism platforms
Lack of cooperation between players in the tourism industry
Difficulty reaching out to potential customers

Insufficient consumer insight
A need to develop the region by “doing more with what we have”
Have not come far enough with digitalization
Problems with labor, competency and mindset
Infrastructure and communications related problems
OPPORTUNITIES EXPRESSED BY THE INTERVIEWEES
Digitalization
New formats
Tourism ecosystem and cooperation
Making use of under-exploited resources

4.1. Problems and challenges expressed by the interviewees

The challenge and opportunity categories are outlined in the subsequent sections, along with concrete examples from the interviews.

Insufficiency of the existing online tourism platforms

Perceived problems with existing online tourism platforms, such as Tripadvisor and Bookings.com, were widespread among the interviewees. One of the interviewees pointed out the difficulties in getting in touch with Tripadvisor.com for support and feedback due to the fact that there is only a single employee responsible for the Nordic market at Tripadvisor. Another interviewee, who has a company offering digital guided tours in Skåne, complained about the inflexibility of Tripadvisor. The company offers digital guided tours on several sites, which can range from a small ruin to an island on a lake, with some of them lacking an exact address. The fact that Tripadvisor is constructed on the assumption that every business has a single address, makes it impossible for the company to mark and link different sites in Skåne with their profile on the platform. Another interviewee highlighted the shortcomings of both Bookings.com and Tripadvisor since it is not possible for users of these platform to tailor a full package for their trip by combining different tourism products in a seamless manner.

Lack of cooperation between players in the tourism industry

The interviewees mentioned the fragmented landscape of the tourism ecosystem in Skåne, with little collaboration between companies, as a challenge. It was noted that most small tourism businesses have little to offer consumers individually, but that by combining several different products, an enticing package can be produced. Currently,

according to one of the interviewees, collaboration is restricted by administrative boundaries; businesses within a municipality are more likely to know each other and cooperate than those in different municipalities. Yet this distinction is irrelevant to consumers. Another interviewee stated that “everyone is doing their own stuff”. Two interviewees advocated pooling of marketing resources as a way for small businesses have greater impact. Currently, she said, there are many individual tourism businesses with tiny marketing budgets, unable to do anything substantial. The work done by the regional tourism organization helps attracting tourists to the region, but there is room for many constellations between the individual company and the region as a whole.

Difficulty reaching out to potential customers

Many of the difficulties mentioned in the interviews relate to the difficulties of reaching out to potential customers. Overcrowded and noisy online and offline channels make it difficult for small tourism businesses to get through. A constantly evolving media landscape makes it increasingly difficult to find and select the right channels for targeting different groups of consumers. This is further complicated for a few of the interviewees by the fact that they have large and growing shares of visitors from different markets abroad, each with potentially a different set of channels. Other interviewees felt that their lack of international customers signals that the region is not known well enough internationally, despite its proximity to continental Europe. In their view, reaching foreign tourists is a key challenge. One interviewee commented on what she felt was a lack of big ‘pull’ attractions in the region that could bring in more tourists and generate spill-over effects to other tourism products in the region. Instead, she perceived Skåne as offering a wide variety of less known tourist attractions. One interviewee was upset about the bad online reviews he got which he said influenced his business negatively.

Insufficient consumer insight

A related but distinct set of challenges relate to the lack of consumer insight. Understanding the preferences of the target group, whether foodies or adventure travelers or any other group, is difficult for a small company. One interviewee said he would have liked to do more tracking and evaluation of information about consumers, but did not have the time or the knowledge to do so. Interviewees felt they miss important trends and have difficulties understanding international markets. One

interviewee pointed out that the increasing competition for families' time makes it especially important to engage in consumer insight.

A need to develop the region by “doing more with what we have”

The interviewees provided several challenges related to “doing more with what we have” by way of developing the offerings of the region. This includes developing concepts for the international market and attracting higher-value tourists. Reaching new target groups was also mentioned, with foodies singled out as a particularly interesting target group since Skåne was considered to have many restaurants of international standing. One problem perceived by multiple interviewees was the relatively short tourism season. Thus, extending the season was mentioned as an important challenge. The challenge of catering to growing tourist demands, particularly sustainability and environmental friendliness, also falls into this category.

Have not come far enough with digitalization – not doing enough of the new opportunities

Asked about their use of technologies, most of the interviewees acknowledged that they use old systems, whether for customer relations management, human resources, or accounting, and are suffering from limited system integration. They also mentioned that it is difficult to know what systems to use and what digital platforms to be on. Should they, for example, invest in a good website or would it be better to have a strong presence on online travel agency platforms? Several interviewees also felt they could do much more with new technologies to enhance the customer experience, such as digital guides and interactive maps.

Problems with labor, competency and mindset

Three of the interviews pointed to the rising labor costs and shortage in the region as their key challenge. Several interviewees felt that finding staff with the right competency and mindset is difficult, especially given the seasonality of tourism in the region. One interviewee provided as an example a failed recruitment processes recently experienced by her business, in which the only qualified candidates were unwilling to accept the conditions of the offer. Besides the loss of time on the process, this led to an opportunity cost as the lack of personnel meant that the company was unable to cope with the consumer demand.

Infrastructure & communication related problems

Several of the interviewees brought up issues around infrastructure and communications. One of them, the owner of an estate in the countryside of Skåne, explained that the remote location means that it is not possible to get broadband internet service to the estate, and that the 4G service provided by the telecom operator frequently has too weak signal. Other interviewees discussed how, despite Skåne having a well-developed public transportation infrastructure that reaches every corner of the region, the schedule and routes of public transportation is mainly adapted for commuters and not for tourists. This limits the access to their businesses, requiring prospective tourist to arrange expensive private transportation. Despite having communicated these issues to the authorities, there was little hope among the interviewees that the situation would change.

4.2. Opportunities expressed by the interviewees

The interviewees expressed a wide range of opportunities, which we classified under four emergent categories. A significant portion of the opportunities were raised by the interviewees as potential solutions to some of the challenges discussed during the interviews.

Digitalization

The most frequently mentioned opportunity area in the interviews was digitalization. Suggestions were made on how digitalization can improve the visitor experience and aid the business operations. Specific suggestions included digital guides, interactive maps and virtual signs to make it easier for visitors to navigate trails and tourism spots. Booking systems with more user-friendly interfaces than the ones that are currently available were also suggested as a significant opportunity. Addressing the rising focus on environmental sustainability, one of the interviewees suggested the creation of an application that would make it possible for tourists to track their CO2 emissions, depending on the modes of transportation they choose. Other suggestions included tools that can offer personalized itineraries in the region by helping tourists to create tailored packages. This was mentioned as a way to address the challenge of lack of coordination between tourism businesses and combined offerings containing

multiple tourism products. Others discussed the possible usefulness of virtual tours and experiences to promote both specific attractions and the destination as a whole.

New formats

New formats, both for reaching consumers and for enhancing tourism experiences, were another opportunity area held forth by the interviewees. Interactive maps of attractions and visual recommendations were ideas mentioned by one of the interviewees. Another interviewee suggested that films, for example recorded using head-mounted cameras, could be used to convey to prospective visitors what a tourism sight looks like. A third opportunity mentioned was the use of gamification to promote visitor engagement.

Tourism ecosystem and cooperation

Several interviewees discussed ways of addressing the challenge of a lack of big ‘pull’ attractions in the region hampering the tourism potential of Skåne. One suggestion was to divide attractions into different tiers, where the first tier of strong attractions is aggressively promoted to tourist, creating spillover effects for weaker attractions on lower tiers. As one interviewee expressed it, “we need to dare to cherry pick”. Other interviewees were more interested in creating thematic and time-based constellations and packages by combining different tourism products. This would make it possible to pool marketing resources and make it easy to experiment with different constellations until one proves successful. This could, for example, take the form of selling tickets to multiple attractions at a discount and to provide information about how to get around. One interviewee suggested that a digital platform should be created with the purpose of bundling products offered by different businesses in a personalized manner. It was felt that such combinations would save prospective travelers much time and be more attractive to consumers.

Making use of under-exploited resources

The interviews indicated that significant gains could be made by making use of under-exploited resources in the region. Among such resources is the region’s strong culinary scene, considered by the interviewees as being on par with well-known

international food destinations. Other under-exploited resources mentioned included Skåne's 'hygge' culture, relating to the genuine, authentic, and cozy social and physical environment of the region. One interviewee added that the people in Skåne have the reputation of being nice and friendly, which could be considered a social resource that could attract tourists. The region was also considered to offer the potential to combine the urban and rural, vibrant and tranquil, cultural and natural in new interesting ways. A resource that most interviewees pointed to is Skåne's geographical proximity to European markets and the ease of accessing the region from mainland Europe and other parts of Scandinavia. In their view, internationalization can go much further.

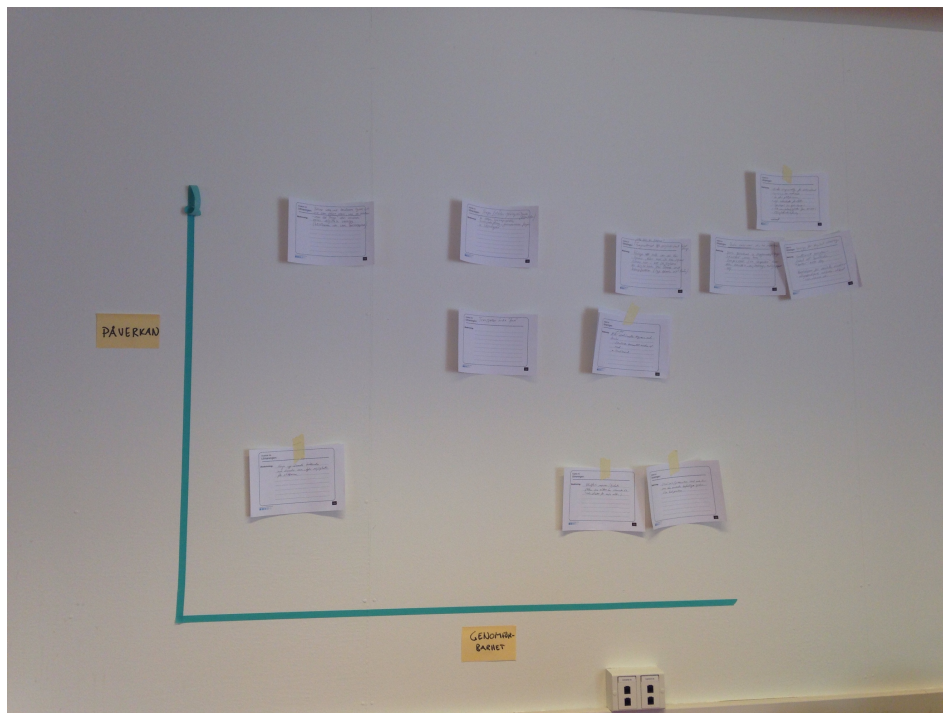
4.3. Validation and evaluation of categories

The challenges and opportunities identified through the interviews were presented at a workshop with representatives from the tourism industry in Skåne in October 2017.

The workshop participants did not disagree with any of the challenge and opportunity areas identified through the interviewees. While the workshop resulted in additional examples and specific challenges, these all fell within the categories identified through the interviews. The workshop thus provided some degree of validation to the interview results.

Through the process described in section 3.3, each challenge category was rated based on the severity of that challenge and its solvability. For example, problems related to lacking transportation and communications was considered important, but difficult to do anything about. The participants then proceeded by brainstorming solutions to the challenges. Figure 1 shows how challenge areas and their solutions were finally organized based on the potential impact and ease of realization of the solutions. The diagram incorporates the subjective views of all workshop participants. The top-right corner of the chart contains solutions with high impact and high realizability.

Figure 1. Evaluation of challenges and their solutions



Solutions positioned as high impact, high possibility to realize:

- Develop a diagnostics tool for international export/visitor readiness, providing individual tourism businesses with information about what actions they should consider taking based on their individual conditions. This should integrate information about activities on the big platform, for example resulting in suggestions about platforms where a given business should consider opening an account. It could also highlight trends and seasonal variations, for example letting businesses know that the German season is about to start. The tool could also identify other businesses to collaborate with as well as identify product development opportunities. This opportunity was selected as the single most interesting one.
- Develop a tool for digital strategy, which identifies consumer tribes and niche markets, identifies appropriate digital channels for marketing, and searches for consumer insight in social channels online.
- Pooling of resources in a digital platform, which could take the form of an app that tourism businesses in Skåne use to share their knowledge, advice, and pool marketing resources.

- A digital, interactive map of tourism businesses and products in Skåne, through which visitors can book, fully owned and controlled by the tourism businesses in Skåne. This would decrease the dependence on dominant online travel agencies such as Tripadvisor, while providing visitors with a comprehensive picture of what could be done in the region and how different products could be combined.
- Identify and create non-traditional triggers and channels to reach consumers. This could be done by aggregating the ‘wisdom of the crowd’ by using social media data, GPS coordinates, bookings and other data generated by visitors. Visualizing this data could provide insights into how to reach consumers in new ways.

Solutions positioned as high impact, low possibility to realize:

- Solutions for being relevant to the future consumer and assisting them without intrusive digital tools.
- Create thematic tourism business networks for lobbying, knowledge sharing, marketing, and other shared challenges and interests.
- Transportation solutions all the way to the tourism spots, for example Uber-like shared transportation for tourists.

Solutions positioned as low impact, high possibility to realize:

- Capture emerging and growing consumer trends and share among tourism actors in Skåne.

Solutions positioned as low impact, low possibility to realize:

- Share best practices on how to use existing IT systems. The participants considered this difficult due to the fact that a large number of different systems are being used.
- Identify resources and tourism flows that tourism businesses can connect to, making the results individual for each business.

5. Discussion and contributions

This paper has mapped the challenges and opportunities perceived by tourism actors in Skåne, Sweden. It contributes to the literature in several ways.

First, challenges identified in the literature, for example related to seasonality, human resources, and information technology, are pinpointed in this study as well. However, the results of this study include a number of challenge and opportunity areas not discussed in previous literature.

Second, by using semi-structured interviews with tourism actors in Skåne, as well as a workshop with representatives from the tourism industry in Skåne, this study has mapped and aggregated the *subjective opinions* about the challenges and opportunities, as perceived by tourism actors in Skåne. Tourism businesses' own perspective on challenges and opportunities is important in order to address them.

Third, this study has contributed to the development of Skåne's tourism industry by facilitating a discussion between tourism industry stakeholders about the region's challenges and opportunities. The workshop resulted in several concrete ideas that could be used to deal with some of the challenges that the industry faces. The single most promising opportunity, along with a concrete idea on how to realize it, was identified by the workshop participants.

Many of the challenges and opportunities identified in this study are likely to be present not only in Skåne, but among tourism businesses globally. Further research could examine this assumption and add challenges and opportunities perceived in other parts of the world, but not present in Skåne.

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