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Exploring Domestic Tourism in the Nordics

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The Project

- Exploring Domestic Tourism in the Nordics (EDTiN) – is a research project funded by the Nordic Council of Ministers and coordinated by the Ministry of Economic Affairs and Employment of Finland
 - Steering group included members from Iceland and Åland in addition to MEAE of Finland.
- Main aim is to explore the significance and future of domestic tourism in the Nordic countries and autonomous areas (Greenland, Faroe Islands and Åland) light of Covid-19 pandemic in
 - Give practical examples of best cases in Nordic countries to support development of domestic tourism.
- The research group was led by Innolink Research oy and included researchers from different Nordic countries
 - Innolink Research formed the core of the project team and conducted the country case study in Finland and Åland
 - Oxford Research AB was responsible for conducting the country case studies in Sweden, Norway, Denmark, Greenland and Faroe Islands.
 - Icelandic Tourism Research Center was responsible for the Icelandic country case

Contents of the project

- Desk study of Nordic level literacy and statistical comparisons.
- Country cases in Nordic countries and autonomous areas
 - These included case studies of best practices – two in each Nordic country
 - Desk study and 4–5 interviews in each Nordic country and an interview in each autonomous area
- Survey directed at tourism enterprises and organisations in all the Nordic countries and autonomous areas.
 - 480 responses: Iceland: 150 responses; Sweden: 137; Finland: 123, Denmark: 33; Norway: 31; Åland: 4, Greenland: 2; Faroe Islands: 0.
 - Private enterprises 72%, DMOs 11%, Other 11%, Business support organisations 5 %
- Workshop held in 26.10.2022 with about 20 participants, 9 additional interviews with business support organisations and 2 interviews in the border regions (Tornedalen and Öresund).

Outputs of the project

- Main report (to be published in near future) – contents:
 1. Introduction
 2. Domestic tourism in the Nordic and effects of Covid-19 pandemic
 3. Domestic tourism target groups and preferences
 4. Developing domestic tourism in the Nordics
 5. Future of domestic tourism in the Nordics
 6. Conclusions
- Individual country reports from Nordic countries and autonomous areas including the best practice cases
- Survey results

Who is domestic tourist and what is domestic tourism?

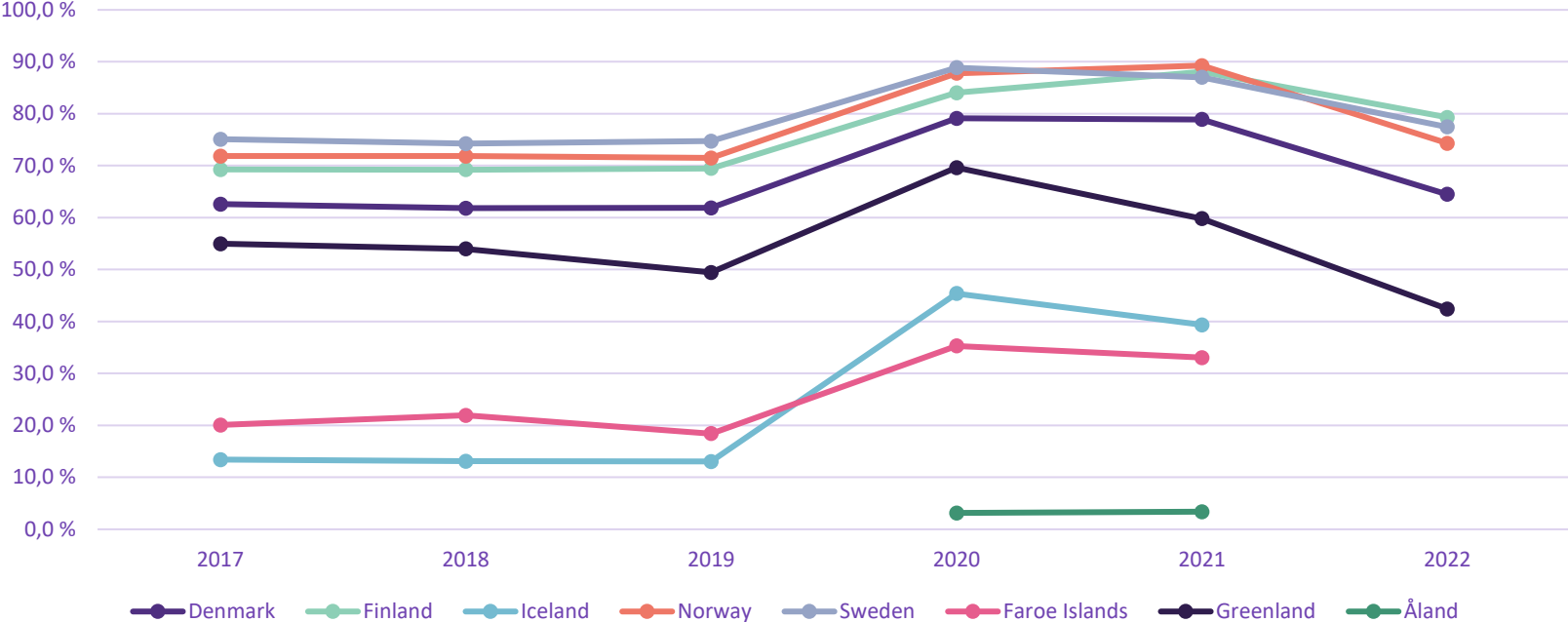
- World Tourism Organisation's definitions:
 - A **visitor** is a traveler taking a trip to a main destination outside his/her usual environment
 - **Domestic visitor** is a traveler who is on a tourism trip and is a resident travelling within the country of reference.
 - A **tourist** as a visitor whose trip includes an overnight stay. If a visitor does not stay overnight, the visitor is labelled a **same-day visitor** or **excursionist**.
 - **Tourism** as an activity includes all visitors, tourists and same-day visitors alike.
- In practice, however, these definitions are not absolute. When we are talking about, for example, targeting marketing to domestic tourists the same-day visitors are not excluded from this.
- Domestic tourists in autonomous areas include only residents of the area travelling within the area.

Main results of the study

Significance and value of domestic tourism in the Nordic countries 1/2

- Our findings indicate that domestic tourism is very significant in all continental Nordic countries regardless of the indicator examined.
- In Denmark, Finland, Norway and Sweden domestic tourists already counted for well over 60% of all nights spent before Covid-19 pandemic and the share risen to over 80 per cent during the pandemic.
- In Iceland and the autonomous areas, the share of domestic tourism in overnights and its direct economic impact is smaller compared to continental Nordic countries.

Domestic tourists' share of overnights in hotels, holiday resorts, youth hostels and camping sites in the Nordic countries and autonomous areas, 2017–2022



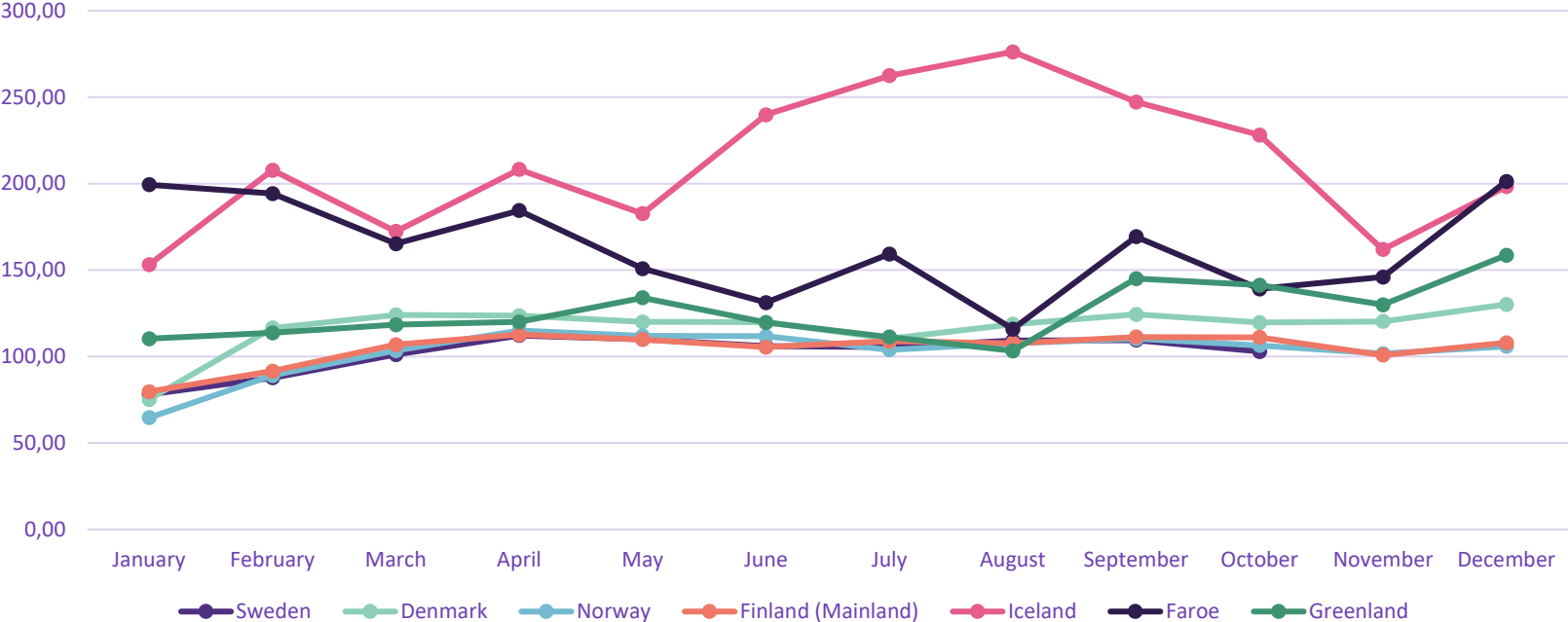
Significance and value of domestic tourism in the Nordic countries 2/2

- Domestic tourism constituted 2/3 of tourism consumption in continental Nordic countries and rose to 75-90 percent during Covid-19 pandemic.
 - This includes the share of same-day visitors.
- In Iceland, domestic tourism made one fourth of tourism consumption before the pandemic, but over a half during the pandemic.
- According to our research material, the significance of domestic tourism in Iceland and autonomous areas larger than the numbers indicate.
 - Domestic travellers in all Nordic countries and autonomous areas use tourism services during off-seasons for international tourism.
 - Domestic tourism also increases the acceptability of the tourism industry amongst the local population in general.

The potential of domestic tourism in the Nordic area in a post-Covid world 1/3

- The Covid-19 pandemic showed the immense potential of domestic tourism in the Nordic countries.
- Looking at data on overnights, the number of domestic tourists in all Nordic countries and autonomous areas has stabilised to a level that is at least slightly higher than before the pandemic.

Level of domestic overnights in hotels, holiday resorts, youth hostels and camping sites in the Nordic countries and autonomous areas (excl. Åland) in 2022 compared to 2019 (month in 2019 = 100)



The potential of domestic tourism in the Nordic area in a post-Covid world 2/3

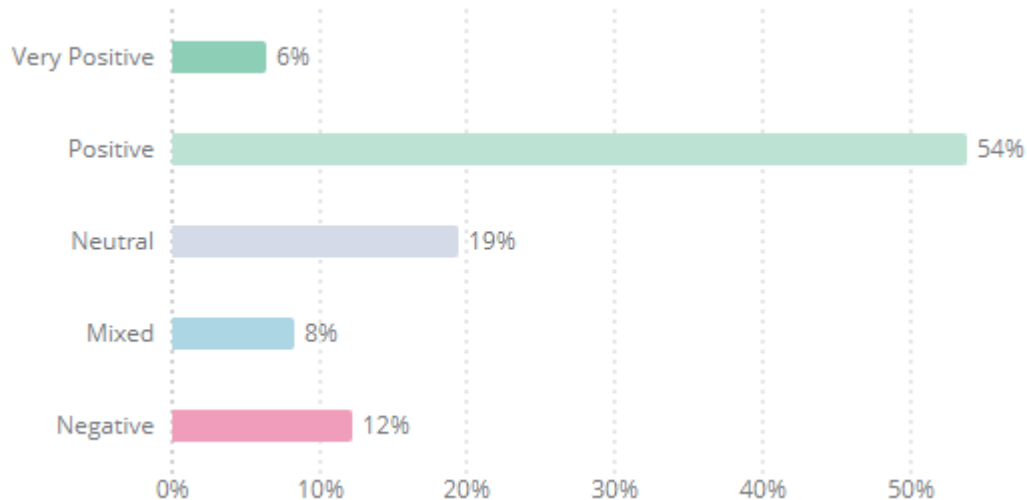
- The survey respondents and the experts we interviewed had differing views of the future.
 - Most saw high potential in domestic tourism.
 - 73% of enterprises that responded the survey were interested in attracting more domestic tourists in the future and only 9% were not interested.
 - Still, recovery of outbound tourism after Covid-19 decreases interest towards domestic tourism.
 - Some variation between countries: In Iceland the potential was seen smaller, in Finland larger.

How do you see the potential of domestic tourism in the Nordic countries?

Sentiment analysis.

Sentiment analysis classifies responses automatically to positive, neutral, negative or mixed classes.

The model is trained on a large and diverse set of real experience data to substantially increase classification quality and minimize uncertainties when the sentiment is not expressed as strongly / clearly. Classification is automatically made by artificial intelligence (other response languages than English have been automatically translated).



Very positive / positive: (excerpts)

- *It is a market that has great potential, especially in relation to ski holidays*
- *Good opportunities for nature tourism*
- *Good potential. There is much that is not found in other countries. No need to go far. Comfortable.*
- *Domestic tourism have a positive potential in Nordic countries in light of their appetite to explore nature*

Very negative / negative: (excerpts)

- *The biggest threat is the economic situation*
- *Expensive vacations in Norway*
- *Not the best possible*

The potential of domestic tourism in the Nordic area in a post-Covid world 3/3

- In the survey, enterprises that have been able to increase the number of domestic customers compared to the pre-pandemic situation
 - 60% of those enterprises that reported to have more domestic customers also reported to have higher revenue, where only 29% of those that have the same number or less domestic customers reported to have higher revenue.
- Investing in domestic tourism had increased the number of domestic customers:
 - 58 per cent of those companies that have invested more into domestic tourism also reported to have more domestic customers compared to 22 percent of those who have not invested more.

Seven key findings 1/7

- Based on analysis of all the different research material, we summarised the results into seven key findings on how to support organisations to realise the potential.
- 1. There is a need for more research focusing on domestic tourism in the Nordic countries.**
 - Our research gives insight into the issue of domestic tourism in the Nordic context, but more detailed national research and aggregated comparable statistics are required.
 - In case studies, one of the key lessons was the importance of utilising data in product development and marketing campaigns.

Seven key findings 2/7

2. **Domestic tourists in the Nordics love nature and value quality over quantity.**

- There are differences between the preferences of domestic tourists in the Nordics, but they are overshadowed by similarities.
- Love of nature and nature tourism as well as appreciation of good products and services are things most commonly connecting domestic tourists throughout the Nordic countries and autonomous areas.
- Domestic tourists in the Nordic countries are cost conscious at times, but are willing to pay for a service or product they see fitting for their needs.
- There seem to be quite similar niche markets in all the Nordic countries
- Given the similarities of preferences of domestic tourists, products developed to fit domestic tourists in one Nordic country can quite readily be marketed to similar target groups in other Nordic countries as well.

Seven key findings 3/7

- 3. Developing tourism products and services for the domestic market can support international tourism.**
- Traditionally, the development of tourism services and products has been done first and foremost with international tourists in mind.
 - This could also be conceptualised in reverse: creating products and services that fit domestic tourists in the Nordic countries could support international tourism as well.
 - Given that sustainability and digitalization are rising trends of the tourism sector in all the Nordic countries, tourism's services and products developed for the domestic market are also well suited for travellers from other Nordic countries.

Seven key findings 4/7

4. Increasing marketing to domestic tourists and two ways to do it.

- Marketing was by far the most often mentioned item in our survey, when asked for measures that would either help tourism enterprises to better meet the needs of domestic tourists or that would benefit domestic tourism regionally.
- The behavioural patterns of domestic tourists observed in country cases and interviews reveal that there are two types of marketing
- Firstly, marketing to domestic tourists can be done in the short term to take advantage of the quick decision times of domestic tourists. This type of marketing would mostly be done on a local level and by the tourism enterprises.
- Secondly, there is a need for more long-term marketing to promote domestic traveling in general. This can be done on a regional level, where DMOs can promote their own destinations. On the other hand, there is also a need for national marketing campaigns to increase the number of people who decide to travel domestically.

Seven key findings 5/7

5. More cooperation on the local and regional level is needed to realise the potential of domestic tourism in the Nordic countries and autonomous areas.

- The Covid-19 pandemic made the significance of domestic tourism in the Nordic countries clear. It also made coordination in developing the domestic tourism sector, or rather the lack of it, visible.
- Before the pandemic, the domestic market was mostly overlooked in favour of the international market when developing tourism marketing, services, and products.
- Loss of international tourism served as a catalyst for a breakthrough of domestic tourism to the agendas of local and regional actors across the Nordic countries and autonomous areas. The tourism sector organisations in the survey and the experts interviewed also saw a need for further future coordination and cooperation in domestic tourism development, especially on a regional level.

Seven key findings 6/7

6. National development of domestic tourism is needed to strengthen the resilience of the tourism sector.

- Before the pandemic, the main national tourism development organisations in all the Nordic countries and autonomous areas were focused in promoting the country to international tourists.
- During the pandemic, national efforts to increase domestic tourism were activated in all Nordic countries. Additionally, many Nordic countries expanded the mandate of the main tourism promotion organisations to include domestic markets as well.
- The national structures created during the pandemic can serve as platforms for further cooperation and should at least remain in a state where they can be activated in case of loss of international tourism. This would enhance the resilience of the tourism sector to sudden crisis.

Seven key findings 7/7

7. Nordic level cooperation in developing domestic tourism should be initiated to share experiences.

- Domestic tourism is Nordic cooperation raised interest in our interviews as well as in the survey.
- Information sharing about domestic tourism and developing new ideas could also be done in Nordic-wide networks.
- This is especially true in border regions, like Tornedalen or Öresund region, where domestic tourists come from several Nordic countries. Here, the national borders are hindering the development of domestic tourism.

Best practice cases

Case studies

Each country expert identified several possible cases about practices that were developed during COVID-19 pandemic to develop domestic tourism.

Together with the steering group we selected 2 cases from FI, SE, NO, DK and IS for closer study with the aim to present wide range of different practices - country researchers then conducted an interview and desk study about those cases and lessons learned.

National level cases:

- Kickstart Danish Tourism 2020 project (DK)
- Summer package (DK)
- Innovation Norway's transition package UT-OMS-REISELIV (NO)
- Svemester (SE)
- Travel gift to residents in Iceland from the government (IS)

Regional and local level cases:

- Destination Sápmi (NO)
- Kurbits Omställning (SE)
- Cooperation between nature services of Metsähallitus and tourism enterprises (FI)
- Dirty placenames -campaign (FI)
- Álfheimar Country Hotel's luxurious guided hiking tours in Borgarfjörður eystri (IS)

Case studies - Finland:

1. Cooperation between nature services of Metsähallitus and tourism enterprises

- The cooperation has long roots, but during the pandemic it more than doubled in scale.
- Need for support grew significantly, as the domestic nature destinations such as national parks became very popular.
- Metsähallitus supported enterprises by renovating the premises at most popular destinations, producing new material e.g. on sustainability, smoothing the bureaucracy around the cooperation and making their own material bank available for partner enterprises.
- Main lessons:
 - Long-term gathering of data and active contacts to international colleagues eased forecasting of future developments and the needs of the partner enterprises.
 - Importance of communications grew in a situation where some of the partners endured serious troubles and others were doing really well.

2. Dirty placenames -campaign

- Ruka-Kuusamo tourist association's campaign combined the beautiful scenery of region with "dirty" (sexual and/or expletive-themed) local toponyms, which are numerous in the region.
- The campaign made the region's destinations popular among Finns also in summer and won an award in 2021 Finnish gala of radio advertisements
- Main lessons:
 - Distinguishable style of campaign made it viral during the pandemic when people used a lot of social media.
 - Another strength was that it leaned on the local peculiarities, not any externally superimposed theme.

Case studies - Iceland

1. Travel gift to residents in Iceland from the government

- ISK 5.000 digital grant to residents delivered in the form of a bar code via a smart device application that was displayed by the customer when paying for services
- 1,5 billion ISK allocated by the parliament to the project – 2020 and 2021
- Main lessons:
 - Created incentive for consumption, the tourism industry received an injection
 - Digital solution was considered innovative and in line with the government's aims for digital services. The Travel gift was one of the tools that tourism business could use to attract domestic tourists with special offers, adapt a range of product to the domestic market
 - Statistics on use updated on Tourism Dashboard

2. Álfheimar Country Hotel's luxurious guided hiking tours in Borgarfjörður eystri

- Luxury hiking tour with all amenities
- Main lessons:
 - There is a niche domestic market that exists and is willing, ready, and able to buy these products

Case studies - Norway

1. Innovation Norway's transition package UT-OMS-REISELIV

- National support package that, among other things, aimed at helping companies to change their markets from international to domestic tourists.
- Three application deadlines for companies: 2020 (NOK 250 million), 2021 (NOK 600 million) and 2021 (NOK 850 million).
- Innovation Norway coordinated the support, but activities were chosen and carried out by companies themselves.
- Results are that companies were able to transition and adjust their products and services in respect of market segments and sustainability, as well as could survive the pandemic.

2. Sapmi Naeringsshages digital platform Destination Sápmi in Kautokeino

- Five municipalities in the Troms and Finnmark region are included on the platform (case study focus on the region Kautokeino).
- Budget was roughly NOK 800 000 (50% funding from Sapmi Naeringsshage and 50% from the Sápmi Parliament in Norway).
- Destination Sápmi functioned as a tool to market Sápmi and Kautokeino in particular as tourist destinations for domestic tourists during the pandemic. Additional marketing campaigns were also conducted in e.g. newspapers.
- Results are no bankruptcy applications in Kautokeino, and very mild effects of the pandemic on the industry.

Case studies - Denmark

1. Kickstart Danish Tourism 2020

- The Kickstart project was a nationwide project, using decentralised business promotion funds to kickstart and stimulate Danish tourism considering the COVID-19 pandemic, with a focus on managing changing visitor behavior and the need for extra safety and security.
- The project has strengthened cooperation between participating destinations, knowledge sharing, increasing digital transformation among DMO:s and more.

2. Summer package

- The summer package project was initiated by the government and a large majority of the parties in the Danish Folketing. The aim of the package was to stimulate Danish tourism consumption during the corona crisis
- The package increased domestic island visitors and museum visitors
- Summer package was relaunched in 2021

Case studies - Sweden

1. Svemester

Activities:

- A pre-study investigating Swedes as a target group. Their preferences, habits, and likings.
- A webinar series on knowledge, information, inspiration and dialogue regarding Swedes as a tourism target group.
- Marketing campaign based on the concept to let outsiders inspire Swedes to discover new parts of the country and create a desire to travel domestically.
- Carried out by Visit Sweden with expanded mandate to promote domestic tourism

Results:

- Effects currently under evaluation.
- Good outreach on digital platforms.
- Most valuable and important lesson: to create long-time effects and values there is a need to continue this work over a long time period.

2. Kurbits omställning

Activities:

- 2-4 weeklong programme consisting of 4 digital workshops and 1 individual session of coaching.
- Conducted by a Kurbits process manager with extensive experience in the tourism industry.
- Businesses within tourism and the hospitality industry participates

Results:

- The programme is still conducted, and it has gathered attention both nationally and internationally, indicates its success.
- Has provided tourism companies with the capacity to retool.
- One important lesson concerned the possibility to speed up the programme process to help companies faster than during normal times.



Thank you!

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Panel discussion: How do the results help us to develop tourism in the Nordics?

Panelists:

Lotta Berner Sjölund
Managing Director, Visit Åland

Jóhannes Þór Skúlason
Managing Director, The Icelandic Travel Industry Association

Juho-Matti Paavola
Research Manager, Innolink Research

Chair:

Jaakko Tuominen, Innolink Research