THESIS

ANNA-RIIKKA LEPPÄNEN 2012
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DEVELOPMENT POSSIBILITIES OF TOURISM IN PELLO

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Degree Programme in Tourism

Thesis

DEVELOPMENT POSSIBILITIES OF TOURISM IN PELLO

Anna-Riikka Leppänen, Elina Korpi

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Comissioned by: Tornionlaakson Yrityspalvelu Oy

Supervisor: Teija Tekoniemi-Selkälä

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Abstract of Thesis

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The purpose of the thesis was to examine the current situation and development needs of tourism industry in Pello in order to provide development tools and knowledge for the local Destination Management Organisation (DMO). Additionally it sets also relevant example for other small communities in Lapland how to benefit from tourism industry as a livelihood.

Business to Business co-operation (B2B) and public-private partnerships (PPP) are generally recognized to increase the competitive advantage in destination management. In Fell Lapland as in many other tourism destinations those are the key issues modifying the daily operations of small and medium size enterprises.The research question was how to increase the competitive advantage of Pello as a tourism destination by creating co-operation and public-private partnership?

In this analytical thesis process the research methods used included content analysis in making an analysis of the destinations' operating environment, semi-structured theme interviews in gathering information from the enterprises and benchmarking in comparing the two destinations and learning from best practice.

The research proved a lack of resources in developing tourism in Pello. As financial resources and proper marketing are often key issues, there is also lack of co-operation among companies and between the public and private sector. Destination management is not holistic and in order to increase the competitiveness in the destination, a much deeper understanding of the destination needs to be accomplished before directing planning and finances to marketing the destination. However, the attitudes and grounds for development are open and development suggestions for the future were firmly justified.

Key words Competitive advantage, Destination management, DMO, Business to Business co-operation, public-private partnership, benchmarking, Pello, Levi-Ylläs, Fell Lapland

School of Tourism and Hospitality Management

Abstract of Thesis

Degree Programme in Tourism

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Opinnäytetyön tarkoitus oli tutkia Pellon kunnan matkailun elinkeinon nykytilaa ja kehitysmahdollisuuksia, sekä ehdottaa sopivia kehityksen työkaluja ja tietoa Pellon matkailunkehitysorganisaatiolle. Tämän lisäksi opinnäytetyömme tarjoaa hyvän esimerkin muille samankaltaisille pienille kunnille Lapissa matkailun toimialan hyödyntämisestä elinkeinona. Yksityisten yritysten yhteistyö sekä julkisen- ja yksityisen sektorin kumppanuus ovat yleisiä kilpailukykyyn vaikuttavia tekijöitä. Tunturi-Lapissa ja monissa yksittäisissä matkailukeskuksissa yhteistyö on avainasemassa pienten- ja keskisuurten yritysten jokapäiväisissä toimissa. Tästä syystä pyrimme selvittämään kuinka julkisen- ja yksityisen sektorin kumppanuudella sekä yritysten välisellä yhteistyöllä voitaisiin parantaa Pellon kunnan kilpailukykyä matkakohteena.

Tutkimusmenetelminä käytimme sisällönanalyysia, puolistrukturoituja teemahaastatteluja sekä benchmarkkausta. Sisällönanalyysilla pyrimme ymmärtämään kohteen kilpailukykyyn vaikuttavia tekijöitä tutustumalla yleiseen kilpailukyvyn teoriaan sekä kohteemme toimintaympäristöön. Puoli-strukturoidulla teemahaastattelulla taas kartoitimme yrittäjien näkemyksiä matkailuelinkeinon tämän hetkisestä tilasta ja tarpeista. Benchmarkkaamalla haastattelumme kvalitatiivisia tuloksia sekä Tunturi-Lapin että Pellon toimintaympäristön kuvauksia pyrimme saavuttamaan mahdollisimman yksityiskohtaista tietoa.

Kohteen kilpailukykyä kehittäessä on tarpeellista tutustua perusteellisesti kohteen ominaispiirteisiin ennen kehityssuunnitelman luomista tai rahoituksen suuntaamisesta. Pellon matkailun kehittämistä vaikeuttaa yleinen resurssipula. Taloudellisten resurssien niukkuus sekä kunnollisen kohdemarkkinoinnin puuttuminen ovat elinkeinon näkyvimpiä heikkouksia. Resursseja säästävien yhteistyökanavien ja kumppanuuksien näkyvyys yrittäjien toiminnassa taas on vähäistä. Julkisen- ja yksityisen sektorin kumppanuus sekä yritysten välinen yhteistyö ovat alueita joihin tulevaisuudessa tulisi panostaa vahvasti. Tutkimuksemme todisti Pellon kunnan olevan sekä avoin että vastaanottavainen näille uusille kehityslinjauksille.

Avainsanoja: Kilpailukyky, Matkailun kehittämisorganisaatio, Yritysten välinen yhteistyö, Julkisen- ja Yksityisen sektorin kumppanuus

CONTENTS

1 INTRODUCTION

The rapid growth of tourism in Fell Lapland has made many old tourism related destinations in Lapland to seem amateurish even though the basis and conditions for tourism development were more and less homogeneous in all destinations 30 years ago. The smaller destinations on the route sense the growth in tourism flow but feel powerless in catching the tourists to approach their services and products. We became interested to compare Fell Lapland and Pello as tourism destinations because of their close geographical location, similar nature conditions, different current tourism industry situation, and particularly Pello because it is the home village of one of us. As both of us authors have lived in Pello, we see the great potential for tourism to develop, but also many obstacles. Pello is a small rural municipality in Finnish western Lapland and even though it has not got plenty to offer to its visitors, the place is an authentic Lappish village with many activities. The main attractions of Pello are the local life, the atmosphere and different events, where people are drawn to come back repeatedly.

The purpose of the thesis is to examine the currents situation of Pello as a tourist destination and survey its development needs and potential. Work is built upon theories of competitiveness researched by Elina Korpi, and Business to Business co-operation (B2B) as well as Public-Private Partnership (PPP) researched by Anna Leppänen. In addition there is a review of the Small and Medium size Tourism enterprises' (SMTE) operating environment in Lapland introduced by Anna Leppänen. The research includes also benchmarking the best practices, in this case Fell Lapland. The research work of these two areas was divided in two so that Elina Korpi was responsible for the collection and sorting out of the interview and other data collected in Pello whereas Anna Leppänen was responsible for the Fell Lapland. Environment analysis of Pello and Fell Lapland is based on content analysis of destination management and competitiveness theories. Thematic interviews of SMTE's representatives were carried out in order to collect perceptions of current state and development needs and benchmarking was used to compare the results of the two destinations. Through the thesis project we aim to give development suggestions to the local DMO in order to continue its work in progress.

We have been eager to add this expertise to our professional skills and acquire experience on researching not just tourism companies, but a tourism destination as a whole. Smaller rural municipalities in Lapland have plenty to offer to tourists arriving in Lapland and we also would like to set an example with our thesis project to other municipalities struggling with similar issues as Pello. Studying the destination in depth and identifying the suitable development needs is a key factor in destination management. By identifying the comparative advantage of the destination and managing the destination properly, we believe even a destination like Pello can become competitive.

2 CHARACTERISTICS OF A COMPETITIVE DESTINATION

2.1 Competitiveness in the Travel Trade

Travel trade occurs when people from generating regions travel to tourist destinations and spend money on services and products that generate income for the receiving region (Zhang–Jensen 2006, 224). The tourism product consists of various variables and factors which add up to the destination experience. Destinations market and emphasize the desired features in order to attract tourists and thus increase the income of the destination. The challenge is to manage all the elements of the destination, since the tourist's perception of the entire destination is responsive. The basic elements of comparative advantage and the advanced elements forming the competitive advantage are essential to consider in order to understand the competitiveness of a tourism destination. (Ritchie–Crouch 2003, 19–20.)

Existing trade theories need to be adapted to services, in both economic and tourism research. The empirical analyses of tourism flows are still inadequate, and comprehension on trade in services is essential in order to answer various important questions concerning the destination and its competitiveness. The variables measured in analyses rarely answer all the questions, and commonly analyses only include one or few destinations. For example, the traditional demand-model explains how "income changes in originating countries or changes in relative price, transportation costs and exchange rates between them and destinations are affecting the tourist flows to the latter". The demand model has a few disadvantages, one of them being ignorance of the comparative advantage of destination and another is its important role in attracting tourism flows. (Zhang–Jensen 2006, 223–225.)

Measuring competitiveness is challenging, because it is both relative and, more often, a multidimensional concept. As Scott and Lodge explain national competitiveness, "We believe it is the performance pattern measured in several dimensions that is the key, not performance in a single dimension." (Scott–Lodge 1985, according to Ritchie–Crouch 2003, 12). Ritchie and Crouch have gathered various definitions of competitiveness, which are all outcomes of, and help to identify, a competitive economy. Understanding the competitiveness in the tourism sector also demands comprehension of the general nature of competitiveness in other fields of business than tourism. The traditional views of competitiveness have primarily concentrated on the tourism destination’s strength and performance in economic dimensions, and although economic dimensions are essential, it is only one aspect among others. The multidimensional strengths of a destination also include environmental, technological, political, cultural and social dimensions. In short, the characteristics which make the destination competitive are “-- its ability to increase tourism expenditure, to increasingly attract visitors while providing them satisfying, memorable experiences, and to do so in a profitable way, while enhancing the well-being of destination residents and preserving the natural capital of the destination for future generations.” (Ritchie–Crouch 2003, 1–2.)

2.2 Competitiveness Models for Tourism Destinations

Michael Porter’s “Diamond Model” of national competitiveness (Figure 1) is widely known and recognized, among his other accomplishments (Kim–Wicks, 2010). The model is based on four elements of competitive advantage and in the four elements’ interactions. The four elements include factor (input) conditions, related and supporting industries, demand conditions and

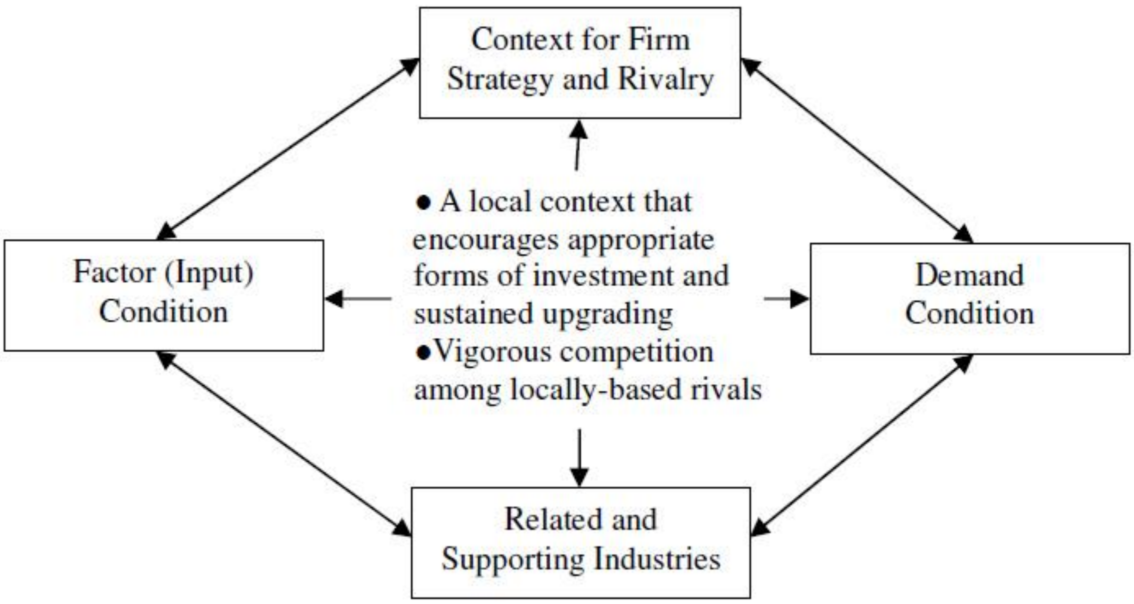

Figure1. Porter’s Diamond Model of National Competitiveness (Porter 1990, according to Kim–Wicks 2010, 2).

firm strategy (Porter 1990, according to Kim–Wicks 2010). In any given field, the diamond model works towards economic dynamism. In the field of tourism, the model is a useful strategy especially in developing regions (Kim–Wicks, 2010).

Existing destination competitiveness models have different approaches towards the research of the competitiveness of a destination. Gomezelj and Mihalic introduce a number of authors with an understanding of and research input into competitiveness factors. Integrated quality management and price-based promotion was defined by Go and Govers as a strategy increasing the value of the destination while Pearce concentrated on the systematic analysis of comparable indicators and techniques evaluating the destination. Mihalic, as well as Hassan approached competitiveness from an environmental perspective, but Hassan also adds comparative advantage, industry structure and demand factors in the model. Hassan's terms in the model were used differently by De Keyser and Vanhove, who introduced five factors of competitiveness to be taken into consideration. These five groups are tourism policy, macroeconomic environment, supply, transportation and demand factors. The most relevant elements in general literature of destination competitiveness were combined by Dwyer, Livaic and Mellor into an Integrated model by researchers, which argues the most important competitiveness determinants to be inherited resources, created resources, supporting factors and resources, destination management, situational conditions and demand conditions. (Gomezelj–Mihalic 2008, 295.)

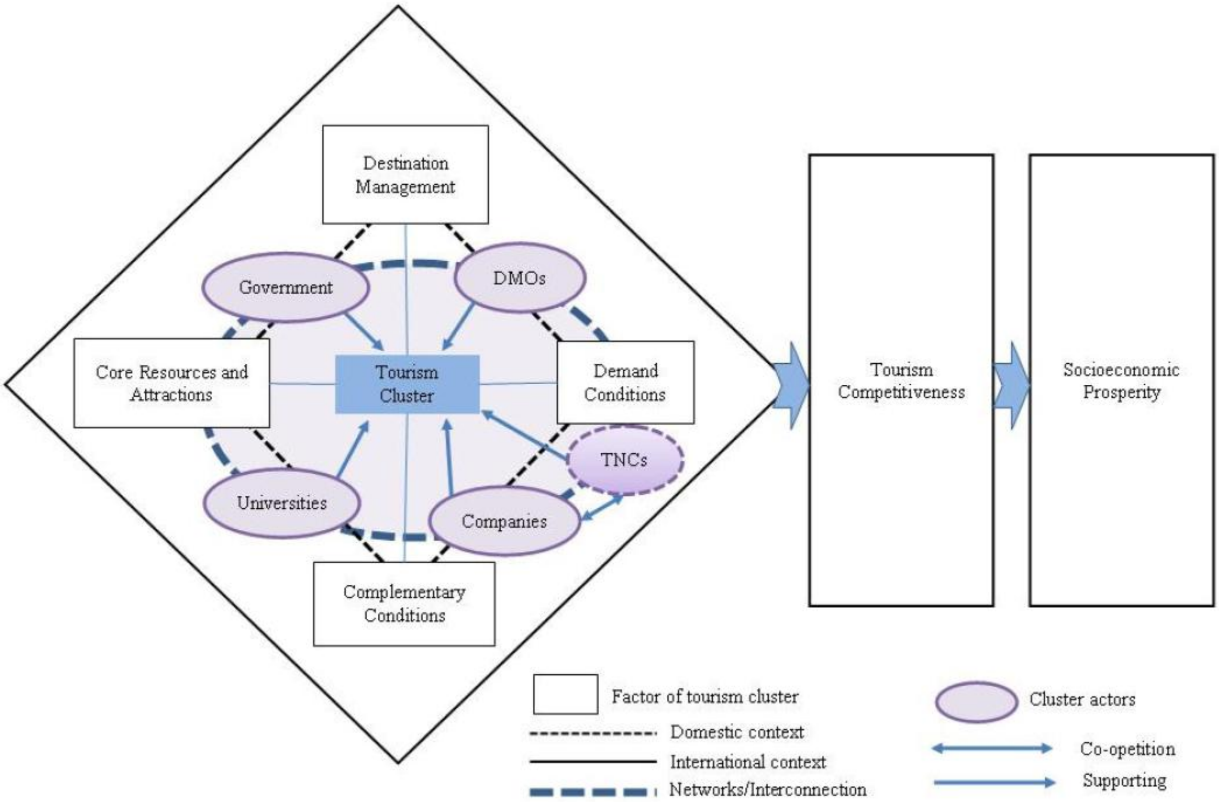

Figure 2. Kim and Wick's Destination Cluster Development Model (Kim–Wicks 2010)

Kim and Wicks also developed their Tourism Cluster Development Model (Figure 2) based on Porter's diamond, Ritchie and Crouch's conceptual model and in Dwyer and Kim's models. In Dwyer and Kim's model factors of tourism clusters (destination management, core resources and attractions, demand and complementary conditions) and cluster actors (DMOs, government, universities and companies) are interacting or integrated with domestic and international context, networks, co-operating and supporting. (Kim–Wicks 2010, 1–5.)

Based on Porter's diamond, Ritchie and Crouch developed the competitive destination model is which is a comprehensive, holistic and conceptual model, with a sustainable development perspective. It combines Porter's general Competitiveness Strategy (adaptable in any given industry) and general literature related to tourism destinations. The model holds for basic components including qualifying determinants, destination management, core resources and attractors and supporting factors and resources. (Kim–Wicks 2010, 2-3.)

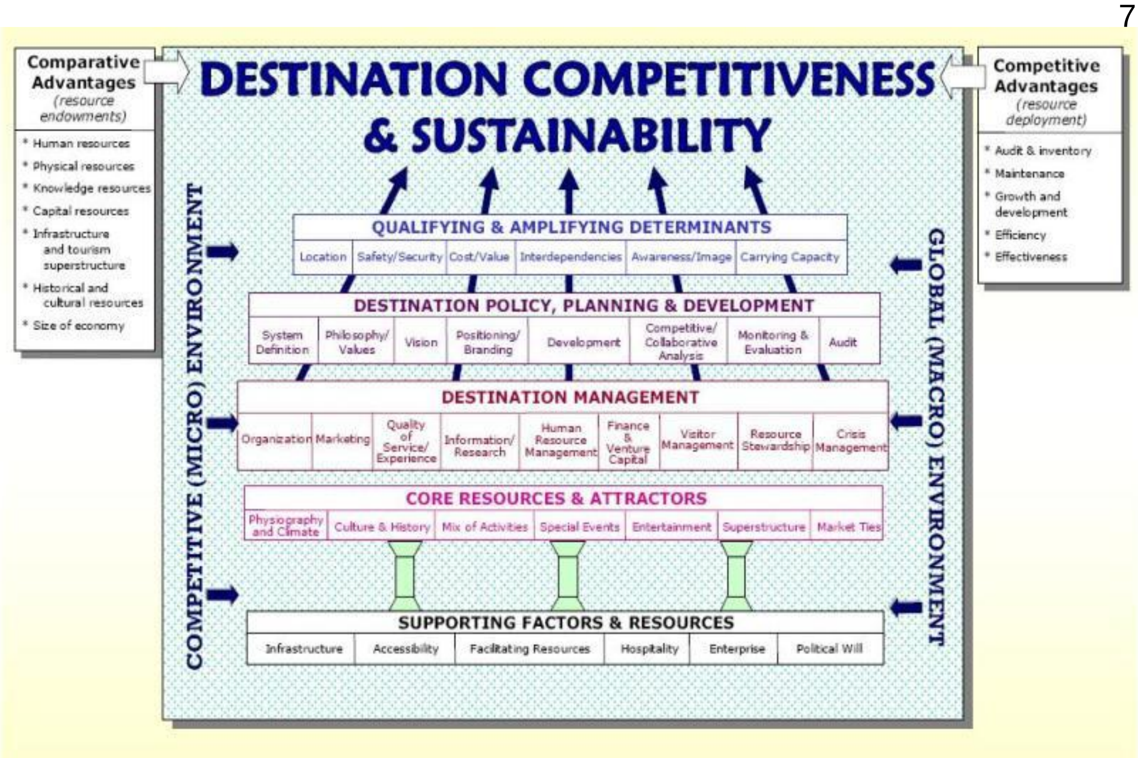

Figure 3. The Ritchie & Crouch Competitive Destination Management Model (Ritchie–Crouch 2003, 68)

Supporting factors and resources are the main reasons for the tourist to visit the destination. Core resources and attractors provide the basis where tourism industry can be built on. Destination policy, planning and development are the framework for successful, holistic tourism development. Qualifying and amplifying determinants define the tourist destination's scale, limit and potential and these determinants “filter the influence of the other three groups of factors” (Ritchie–Crouch 2003, 68–75.)

Destination management plays a fundamental role in implementing the destination policy, planning and development, improving the core resources and attractors, strengthen supporting factors and resources and adapt the best practices presented by the qualifying and amplifying determinants. (Ritchie–Crouch 2003, 73.)

The main components are influenced by (competitive) micro and (global) macro environment along with comparative advantage (resource endowments) and competitive advantage (resource deployment). Altogether the different factors and components of the conceptual model of destination competitiveness are forming the destination's competitiveness and sustainability. (Ritchie–Crouch 2003, 63.)

The Ritchie and Crouch's conceptual model supports strongly the role of DMO as a balancing factor between profitable tourism businesses, an effective market position, an attractive environment, positive visitor experiences and supportive local residents. (Pike 2008, 103.)

Ritchie and Crouch's competitive destination model is applied as the main theory of the thesis research since it has been noted to be a remarkably comprehensive theory and been used as a source in literature, various lectures and even in planning courses in our university. Tourism is such a complex industry with a number of factors affecting a destination's success in the market, a model considering all those factors is needed when analyzing a destination's competitiveness thoroughly and particularly in developing future directions for the destination.

2.3 The Important Role of DMO

2.3.1 DMOs in General

The first Destination Management Organizations were established over a century ago and a larger number of DMOs emerged in the 1970s and 1980s. Early DMOs were strongly oriented in promotion and in boosting policies, but currently it is becoming increasingly important to the destination's competitiveness to have an organization establishing the partnership between individual stakeholders and lead them in a holistic, long-term approach. (Pike 2008, 37.)

DMOs exist in different levels, whereas each level has its own area of responsibilities (Pike 2008, 38). The United Nations World Tourism Organization plays a central role globally in promoting the development of responsible, sustainable and universally accessible tourism, and it includes 155 member states (UNWTO 2012). The member states have a NTO (National Tourism Office) representing them in the UNWTO. There are also STOs (State Tourism Organizations) and RTOs (Regional Tourism Organizations) which have functions as well. In addition, convention and visitor bureaus are considered as DMOs as well. (Pike 2008, 40.)

Proper destination management involves stakeholders and strategic planning. All activities of the DMO should consider the changing environment and sustainability of tourism industry. DMO’s activity is done in co-operation with local SMTE’s and residents, but aims to fulfill the tourist’s expectations of the destination experience. Proper management and marketing also offers ground for PPP. (Osmanković–Kenjić–Zrnić 2010, 513-514.)

2.3.2 DMO’s Role in Competitiveness

The DMO’s role in all levels is to enhance destination competitiveness. Pike introduces a list of topics highlighting the multidimensional nature of destination competitiveness:

- sustainable competitiveness
- price competitiveness
- managed destinations
- response to competition
- the destination product and its impact on traveler perceptions
- the role of public transport in destination development
- environmental management
- integrated quality management
- regional positioning
- marketing the competitive destination of the future

(Tourism Management: The Competitive destination 2000, according to Pike 2008, 40).

Pike also presents other sources leading to the conclusion that there is no widely accepted model of destination management. There is, however, agreement that the concept includes all economic, social, cultural and environmental dimensions. “A competitive destination is one that features profitable tourism businesses, an effective market position, an attractive environment, satisfactory visitor experiences, and supportive local residents”. (Pike 2008, 41.)

With the multidimensional nature of competitiveness in a destination it is needless to say that sustaining and attaining competitiveness is almost impossible without an effective organization. Whatever the nature of the DMO is, it is clear that its actions of enhancing the market competitiveness of a destination are not achieved by individual stakeholders by themselves alone. (Pike 2008, 42.) DMOs attempt to play a proactive role in fostering and managing tourism development's benefits is increasing. Competition between destinations has emerged DMO's in all levels to take action. Co-operation between the different levels of DMO's is needed in order to increase the overall attractiveness of an area. (Ritchie–Crouch 2003, 104-105.)

Several factors affect the competitiveness of a destination. "A balance between profitable tourism businesses, an effective marketing position, an attractive environment, positive visitor experiences and supportive local residents" are all important factors the DMO should concentrate in. However, the variety of factors has lead to DMO stand more for Destination Management Organization, more than to the original meaning, Destination Marketing Organization, especially within the academics (Pike 2008, 98). Destination Marketing Organization is referring to narrower aspect, whereas Destination Management Organization takes into account a larger number of responsibilities in the destination. Although the thinking is shifting into perceiving DMO as a management organization, the fact might not apply to actual destination marketers. (Pike 2008, 98-100.) The competitive destination management model of Ritchie and Crouch discusses the meaning of "M" in DMO and chooses to refer to management instead of marketing, since they believe the trend of DMOs' expanded perspective beyond marketing activities is increasing as competition between destinations also increases the interest in tourism's wider economic, socio-cultural and ecological impacts. (Ritchie–Crouch 2003, 105.) The competitiveness of a destination requires enhancing many other factors than only marketing and sales (Pike 2008, 100).

Multi-attributed destinations bring in a challenge for DMOs in having many suppliers who make up the tourism product in the destination. It is important for DMOs to improve the local businesses, even though they would not be paid members. Establishing an effective market position is an essential objective of marketing, especially the strengthening of the brand's position in the minds of the target groups. Maintaining an effective environment is about the protection of sources in the community and environment. Sustainability in development clearly remains as an important factor in long-term planning. Positive visitor experiences are a key factor in sustainable development planning (Hall 1998, according to Pike 2008, 105). Their needs are taken into careful consideration in quality management and product development. Local host community should be included in the DMO's tourism planning. Advising on important developments, communicating and problem issues handled are all functions to deal with the locals. (Pike 2008, 103-112.)

2.4 Destination Success

2.4.1 Destination Success in General

Baker and Cameron collected various destination success factors from their literature review, from which 33 factors fall under the important main categories; strategic orientation, destination identity and image, stakeholder involvement and implementation, monitoring and review (Baker–Cameron 2008, 93).

The implementation of the strategy results in the actual achievements that can be compared with the planned goals. Objectives of the destination need to be broken down to smaller steps in order to achieve the wider long-haul goals. Strategy and plans need proper monitoring when executed, however, challenges arise if too many goals are tried to achieve at once. This also challenges the assessment of the performance. (Ritchie–Crouch 2003, 28.)

The resources of the comparative advantage should be deployed successfully to carefully chosen target markets, competitors are taken into consideration and desired objectives are determined. After this, the strategy is applied, it is compared to the goals of strategic plan, and if goals have been met, it can be announced the destination to be successful. While in most cases the economic success is the only indicator, also other achieved goals should be focused when talking about destination success. The various stakeholders are all involved with their own goals in the process and “in brief, the achievement of destination success is the shared responsibility of everyone”. (Ritchie–Crouch 2003, 29.)

2.4.2 Comparative Advantage of a Destination

Resources of the destination (human, physical, knowledge, capital, infrastructure, historical, cultural, size of economy), the changing comparative advantage (renewable and non-renewable resources)

It has been discussed whether comparative advantages consists of only natural resources or both natural and created resources. Ritchie and Crouch follow Porter in categorizing the comparative advantage elements into both natural and created resources as follows: human resources, physical resources, knowledge resources, capital resources and infrastructure. Also historical and cultural resources are essential comparative advantages when discussing tourism. (Ritchie–Crouch 2003, 20.)

Inevitably, natural resources are a strong, clearly important factor in comparative advantage, regardless of the industry. In tourism industry, the consequences cherishing of nation’s natural resources of comparative advantage can be more positive and sustainable than in other industries. For example, pumping up oil from a non-renewable source is less sustainable and more hazardous to the environment and economy of the nation than cherishing beautiful scenery in sustainable terms, and adding ongoing value to it by sharing the experience in the originating nation. However, natural resources should not be used short-term, with a long-term cost, but to apply sustainable development practices to all tourism industry activity. The natural scenery itself can be of comparative advantage, but it is only after a road has been build to the scenery that it turns into a resource of competitive advantage. (Ritchie–Crouch 2003, 22–23.)

Factors of comparative advantage are closely related to the same factors listed in the dimensions of tourism competitiveness, see Table 1.

Table 1. Comparative Advantage and Dimensions of Tourism Competitiveness (Ritchie-Crouch 2003).

COMPARATIVE ADVANTAGE OF A DESTINATION

- **Human resources**
  - The cost, quality and quantity of labor available
  - Customer service is essential in tourism services
- **Physical resources**
  - Destination attractiveness
  - Natural circumstances (e.g. lakes, mountains, beaches)
  - Effects on travel decisions
- **Knowledge resources**
  - Know-how in managing, planning, marketing etc.
- **Capital resources**
  - Condition for tourism superstructure
  - Capital does not guarantee success
- **Infrastructure and tourism superstructure**
- Infrastructure includes all the necessities for economic activity to exist
- The tourism superstructure includes all necessities for tourism industry to exist in the destination
- **Historical cultural resources**
  - Public sector organs responsible for preserving
  - Tangible or intangible
  - Include various factors of attractiveness, e.g. culture of the nation, museums, literature etc.
- **Size of economy**
  - Big economies lower the cost of other resources and local demand for tourism is bigger.
  - Variety in services and products in larger economies is higher
- **Variability in resources**
  - Resources of comparative advantage change during time
  - The natural resources are renewable or non-renewable, created resources can also include non-renewable resources
  - Preserving resources of comparative advantage is critical for the competitive advantage

THE DIMENSIONS OF TOURISM COMPETITIVENESS

- **Economic competitiveness**
  - Factor conditions
  - Demand conditions
  - Related and supporting industries
  - Firm strategy, structure and rivalry
- **Political competitiveness**
  - Political stability and strength important
  - Macro and micro context both are important
  - Political control can affect to attraction's accessibility.
- **Socio-cultural competitiveness**
  - Hardly managed or created on their own.
  - Can provide an experience to the tourist that is not found anywhere else
  - Socio-cultural dimensions might be the dominating determinant of competitiveness. For example Israel is suffering from unstable political competitions, but the socio-cultural dimensions attract tourists worldwide to visit the nation
- **Technological competitiveness**
  - Remarkable changes in the past decades and continue to change onwards.
  - A major factor in marketing the industry, destination information research and broadening the selection amongst smaller destinations, which have not been available for tourists before
  - Extreme changes evolve around reservation systems
- **Environmental competitiveness**
  - Instead of calculating the economic performance, environmental economists emphasize full cost accounting when calculating the economic liabilities of a destination
  - It is essential to consider the environmental costs of tourism in order to keep the competitive factors from ruining into non-competitive factors. This should also have an impact in tourism management.

2.4.3 Competitive Advantage of a Destination

The deployment of a tourism destination's resources (comparative advantage) includes five elements. First, the audit and inventory of resources explained the resources of comparative advantage available, after that the maintenance of resources. The third element is the growth, and the forth element is the development or the resources. The last element is the efficiency and effectiveness of the deployment of the resources, which in the end creates the competitive advantage of the tourism destination. (Ritchie–Crouch 2003, 24.)

Competitive advantage is the ability of the destination to use its comparative advantage in the long haul plans in order to make them the destination's competitive advantage, or as Ritchie and Crouch emphasize: "Utilizing effectively is the key to competition". Porter describes competitiveness in "overcoming comparative weaknesses by developing competitive strengths" (Porter 1990, according to Ritchie and Crouch 2003, 23). Above all, the list of comparative and competitive advantages is not adequate, but further, the interplay and relationship between all the factors is to be comprehended. (Ritchie–Crouch 2003, 23-26.)

Competition usually exists for many important reasons, but the most essential of them being the economical benefits. Economic benefits are also recognized as a reliable indicator in the long term when measuring competitiveness. The concept of competitiveness in the tourism sector is hard to define since the industry is involves so many different stakeholders, and thus, different goals. Resources of the destination could be shifted in the destination between other industries, but as an industry, tourism is not as persuasive as for example agriculture in influencing public policies. For the competitiveness and success of the destination it is essential to be aware of all the tourism markets, determine the destination's own target market and develop a strategy for it with long haul goals. (Ritchie–Crouch 2003, 25-28.)

Poon suggests that the ”new tourists” are different from the "old" mass tourism tourists. New tourists are individuals with green values and more demands. This is why competitive strategies are so vital and comparative advantage does not come from just natural resources anymore. Not only is the industry sensitive and changes rapidly, the competition in the markets is hard. In order to be competitive in the industry, the destination needs to put the environment first, make tourism the lead sector, strengthen the distribution channels in the market and build a dynamic private sector. (Poon 1993, according to Ritchie–Crouch 2003, 25.) Ritchie and Crouch add to these somewhat wide and general and thus cannot be used in management. A comprehensive understanding of the competitiveness of a destination is crucial.

Different levels of government are involved in different roles of the destination's tourism activity, for example in the promotion, regulation, presentation and planning. Along with public organizations, also industry associations play a remarkable role in the destination's functions and competitiveness. However, with all the different organizations affecting on the tourism industry of a destination, still the single tourism related companies have the strongest effect and decide how the resources, the comparative advantage of a destination is deployed. (Ritchie–Crouch 2003, 23–24).

3 FROM COOPERATION TO COOPETITION

3.1 B2B Partnerships

The comparative advantage is in effective use when different modes of deployment share a common view for destination strategy and development. Communication between the different stakeholders, such as suppliers, tourism and hospitality enterprises and related and supporting industries is a crucial part in strategic planning and more importantly, in attaining the destination's course set in strategic plans. (Ritchie–Crouch 2003, 24) The importance of effective communication has on destination level inspired the birth of concepts such as Business to Business partnership (B2B) and Public-Private partnership (PPP).

B2B refers to a model of cooperation including two or more privately owned companies or organizations. Partnerships and cooperation especially in small and medium size enterprises (SME) have become today an important tool increasing a company's competitiveness (Watkins–Bell 2002, 15). Lynch (1990, according to Wang–Krakover 2007, 127) stated already in the 1990s that cooperation exists when organizations get together to increase their ability to compete in the markets. The topic of cooperation between companies and even competitors first rose in the manufacturing industries (clustering) but today also the tourism branch has started to seek for possibilities to share risk, costs and rewards (Marshal 1920, according to Kim–Wicks 2010, 1; Bund 2004, 2).

There is a great amount of research literature available concerning business cooperation but next to this viewpoint there are terms such as competition and coopetition also gaining interest especially in tourism field. With destination perspective Wang and Krakover (2007, 128) keep both concepts, competition and cooperation, vital for the destination success but also see the balance between these two as a necessity. This "balance" is named in research literature as coopetition. Bengtson and Kock (2000, 411) characterize the phenomenon as follows: "…the most complex but also the most advantageous relationship between competitors is "coopetition" where two competitors both compete and cooperate with each other". The same companies may cooperate in some areas while in others they still might perform as competitors. Co-operation tends to exist in activities which take part when the actual customer is far whereas competition appears when the customer is near. From the tourism destination point of view, coopetition is an obvious answer. Competitors may first cooperate for example in marketing in order to gather more demand and then compete from the same tourists inside the destination. (Koza–Lewin 1998, according to Wang–Krakover 2007, 128)

Partnering arrangements can exist whether between same or different sector operators and the ways and forms to cooperate exists almost as many as there are cooperators (Table 2) (Kylänen–Ruusko 2011, 194).

Table 2. Definitions and Types of Partnerships by Canadian Tourism Commission (1995, according to Bund 2004,2)

TYPE	DEFINITION
Consortium	Pooling of resources to gain a benefit that they could not afford on their own
Joint venture	Co-operative project (typically bringing different skills/resources) pursue an opportunity. The initiative is often given a corporate entity of its own
Strategic alliance	Generally a longer-term agreement to achieve common objectives. Termed “strategic” because the objectives are of critical importance to the overall business/market development strategy of the partner
Co-operative marketing	An agreement to market partners’ products or services through joint promotion. Often relates to maximizing the potential of distribution networks of various partners and gaining familiarity with target markets through an “in-market” partner
Value-chain relationship	Where organizations in different industries with unique but complementary skills link their capabilities to create value. The relationship is very tightly knit with joint or overlapping activities occurring in many areas.
Organization network	A multi.organization alliance in which member businesses collaborate to meet common objectives
Outsourcing	Contracting of non-core services to third-party providers

Ritchie and Crouch (2003, 106–107) state that the type of partnering arrangement in a destination is influenced by the practices, traditions and values of the destination. The key to successful utilization of the Business to Business partnership is in attitudes and styles of managers since they are the pulling force behind partnerships. It is extremely important for any kind of partnership to reach the win-win situation for all parties. This situation is rarely reachable without common tourism policies regulated by regional DMO whether private or public driven (Ritchie–Crouch 2003, 174).

3.2 Public-Private Partnership

On the level of destination management, destinations have already started to invest in collaborative strategies managed by public DMOs resulting for example in comprehensive value-added networks and increase of competitive advantage (Wang–Krakover 2007, 139). On destination level, the importance of managing and monitoring party is great and often this party is publicly run (Ritchie–Crouch 2003, 106–107).

The Public-Private Partnership as a term refers to a form of co-operation including a local, regional or national public sector actor working together with a private actor such as a company, consortium of businesses or an industry. The use of the term is common and often it is necessary to connect it with more comprehensive description about the level and magnitude of the relationship in order to give a precise insight. (Rouse 2009.)

PPP in tourism was already a discussed form of co-operation over 40 years ago. The importance of public sector involvement in tourism development was risen simply from the need of an unifying actor working for the good of the whole structure as well as from the need of an investor supporting for example the development of SME's operating infrastructure (Bund 2004, 2). During the 21st century the partnership between public and private sector has been more and more recognized as a vital topic of research and development also by larger international bodies such as The United Nations' World Tourism Organization (UNWTO). The reason for the wide interest is tourism industry's importance for the socio-economical development in multiple destinations all over the world and due to the wide privatization of many traditionally public areas. The tourism industry has become one of the biggest players of international commerce representing approximately twelfth of the jobs available in the world. (UNWTO 2012.)

There exist examples of various destinations and small communities which have succeeded in benefitting from the rise of the tourism business through broader community involvement in the process. As an international example a very popular coastal area Red Sea Riviera in Egypt including destinations such as Hurghada and El Gouna were twenty years ago only a draft on a bigger scale strategy. The creation of these tourism destinations started from the establishment of publicly run Tourist Development Authority (TDA) which researched and created a product to be promoted to the possible investors. The tourism investor received an area from the government and took also the responsibility for the development process of the becoming destination while public bodies such as the TDA and the Ministry of Tourism provided investors with the needed knowledge, assistance and ready-made plans including also sustainable tourism related regulations. In addition the public authorities took also part in financing and building up parts of the infrastructure that traditionally belonged to the overall national system such as water and sewage networks; all the infrastructure built for the sake of the resort was the investors' duty. This particular PPP has made sparsely populated areas into bustling tourism centers with more than 400 investors and 156 000 job places not to mention the daily tourists in the area. (Bund 2004, 46–49.)

A closer example of successful utilization of PPP is the Pyhä-Luosto tourism destination in the middle of Lapland known mainly from the winter-time activities and natural park. Pyhä-Luosto was until the 2000s two entirely separate destinations next to each other in three different municipalities: Sodankylä, Kemijärvi and Pelkosenniemi. The two destinations started to interact first in a cooperative way through road and transportation projects in the 1990s. After these two successful projects the destinations continued working together in a ground breaking project resulting in a concrete tourism strategy for the area. Good experiences encouraged the destinations to continue working for the common good and finally after twenty years resulting a joint semi-public DMO and one unified destination to market. (Kylänen–Rusko 2011, 196–198.)

Today the Pyhä-Luosto area co-operates strongly in competencies, marketing and strategic regional development. Because of the location in three different municipalities, the public voice has always been important in the development processes (e.g. land-use planning and national park) especially on strategic level. On the strategic level, public involvement is vital especially in order to gain long-term achievements and to capitalize fairly publicly owned assets. (Kylänen–Rusko 2011, 199–201.)

Ritchie and Crouch (2003, 106) indicate public involvement as follows: “The role of Publics in a destination competitiveness is critical one. With the right communication, and interaction between the industry and the publics a mutually supportive relationship can exist which ensures that , over the long term a destination can develop its tourism industry in a way that benefits all stakeholders. The case studies published in 2004 in the UNWTO’s report Co-operation and Partnership in Tourism: A Global perspective gives understanding about the various efforts partnership of public and private sector can bring:

- Service level and infrastructure development
- Possibilities to share risk
- Access to new sources of capital and resources
- Improvement of public health, sanitation, safety and security
- Widened market reach and coverage
- Realization of under-utilized assets (mainly Public assets)
- Image and destination enhancement
- socio-economical benefits

(Bund 2004, 4, 21).

Through the years the public sector has been more or less a body regulating, leading and shaping the operating environment of tourism destinations aiming to exceed the wide expectations and conformity of the whole community (Heeley 2001, 274). Public organizations work in close co-operation with the destinations, and their strategies and decisions shape the operational environment of SMEs in the destination the most. The government can either encourage or hinder sustainable development and the growth of a tourism destination for example through the infrastructure and public facilities it administers, and a destination with well functioning PPP attracts greatly investors (Ritchie–Crouch 2003, 107).

4 SMTE'S OPERATING ENVIRONMENT IN LAPLAND

4.1 Economical Structure and Observations of the Economy

The operating environment of a certain area can be scrutinized with different viewpoints. In general the term operating environment includes economical, political and social factors affecting the subject under the scrutiny (QFinance 2009).

The Regional Council of Lapland and The Centre for Economic Development, Transportation and Environment together with Regional State Administrative Agencies have drawn up a publication about relevant analyses concerning the current situation of Lapland's operating environment and its development sights till the year 2015. The report was produced in order to understand better the areas which require most focus and improvements in the future development strategies. To understand SMEs' operational environment in Lapland, it is necessary to combine the economy related information with the social and habitat related information from the report. (Lapin ELY – Lapin AVI – Lapin Liitto 2011, 1.)

Lapland is an entrepreneurship oriented province where 12% of the total workforce are entrepreneurs surpassing the percentage of the whole country. A vast majority of the companies are small or medium size enterprises employing a maximum of 10 full-time workers and therefore networking and different variations of co-operation between companies have become a necessity. (Lapin ELY et al. 2011, 9–10.) However, there also exist exceptions owing to certain traditionally remarkable or growing industries such as noble metal mining and stainless steel which are mostly owned by large foreign or international companies (Uusisuo 2012). The symbiosis of for example SMTEs and mining in Lapland is continuously wretched with contentions about land-use or ecological sustainability although both industries are important for the economy of the province and the general endeavor is to reconcile these two interests. (Lappi Työryhmä 2008, 5.)

The economical structure of Lapland has been under great change during the past twelve years, while traditionally strong employment sectors such as paper industry and public sector have decreased their share significantly whereas the share of private sector has increased strongly. The growth in the private sector has been especially visible in mining and tourism industry which again have fostered other private areas such as construction and transportation markets. (Lapin ELY et al. 2011, 7–8.) It is problematic that the impacts of the growing private sector and the shrinking public sector have not ended up effecting all sub regions equally.

From the six sub regions of the province only three regions have succeeded in strong development; the region of Rovaniemi, Kemi-Tornio and Fell Lapland, while Northern Lapland and The valley of Tornio have made slow growth leaving East Lapland to take the last place in development measures (LAPPI Työryhmä 2008, 4). In leading sub regions the operating environment according to the virulence of the area is more than adequate while in many others it is less than satisfying (Lapin ELY-keskus et al. 2011, 7-10).

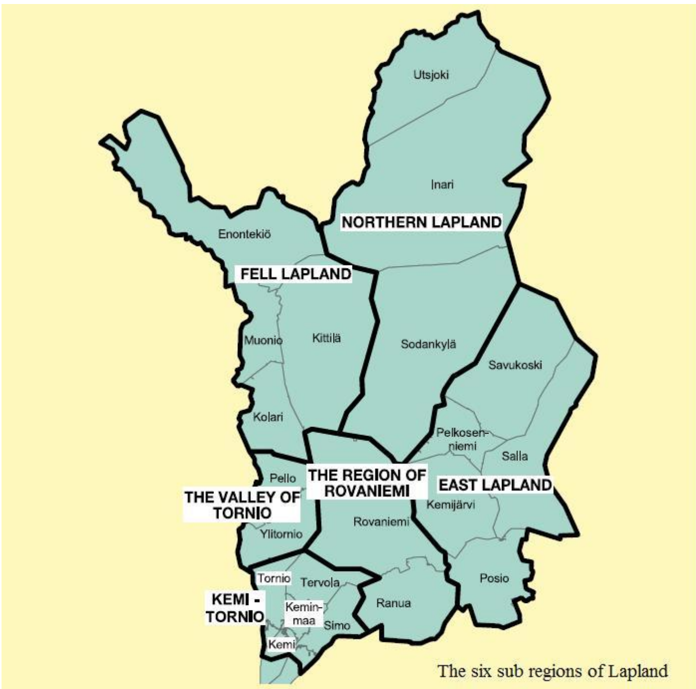

Figure 4. Sub regions of Lapland (The Regional Council of Lapland 2010)

Most of the leading industries in Lapland are directly influenced by the changes in global economy due to their strong dependence on the foreign demand. On the other hand, the strong relation to international markets creates priceless possibilities for businesses run in such rural and distant areas as Lapland is while on the other hand it creates uncertainty and challenges due to its rapid changes. Generally Lapland experiences the same changes as the whole country: the international target market is shifting towards Asia instead of traditional Russia, Sweden and Germany. (Lapin ELY et al. 2011, 9.)

4.2 Employment and Availability of Professional Working Force

The Change of demand, unbalanced global economy and tightening competition have during the past few years created tension especially for the company owners who have invested remarkably in their businesses and even delayed some large development schemes and construction plans. (Lapin Liitto 2010b, 12.) The employment situation improved systematically till the year 2008 when the rate of unemployment was only 12,5%. Now the situation has rapidly gone worse ending up to the rate of 14,4% which is over 12000 job seekers. It is noteworthy that at the same time with the growing number of the unemployed, the number of available working places has increased remarkably. (Lapin ELY et al. 2011, 4; Ruokangas 2012.)

However, the region has quickly started to answer to the challenges for example by supporting and encouraging innovative, growing businesses and modifying the educational offerings to answer better into the current and future needs of the region. At the moment there is still some deficiency as for the availability of professional working force but mostly because of the seasonality, wage related issues or distant location of the positions. According to a research conducted in 2011, in Lapland more than one third of the enterprises deemed working force markets weak and only fourth ranked them as good. The problem is worst in the area of construction business, commerce, and of course seasonal tourism related business. (Lapin ELY et al. 2011, 3–11.)

4.3 Accessibility and Transportation

Challenging characteristics in Lapland are accessibility and communications. Long distances, sparsely populated areas and varying weather conditions create high logistical expenses especially if compared to average expenses in the rest of Finland or in Europe. However, the road connections are comprehensive, mostly in satisfying condition and traffic jam free. Road transportation is accurate and the province has also been able to answer to the increasing utilization rate of some road connections due to the mining operations. (Lapin ELY et al. 2011, 11.)

As for public transportation, the situation varies. Basically the only areas which offer a satisfactory public transportation network even for commuters are Rovaniemi and Kemi-Tornio and other locations have only few bus connections and mainly from outside the location, towards bigger towns. The situation is worst during school holidays or in winter time although it must be mentioned that in some tourism driven communities (e.g. Fell Lapland) locals are fortunate to enjoy at least part of the year of the transportation organized in order to satisfy the tourists. (Lapin ELY et al. 2011, 11–16)

Other public transportation methods available in Lapland are airplane and train. Train connections are limited while there are currently only connections from southern and western Lapland and no direct connections for example to neighboring countries at all (Lapin Lapin ELY et al. 2011, 11). However, airplane connections are on an excellent base including six different locations of airports distributed evenly around Lapland: Kuusamo, Kemi, Rovaniemi, Kittilä, Enontekiö and Ivalo. During the tourism seasons in winter time the ticket prices might be much lower since there are four airline companies in the markets at the same time and the variety in connections is wider. During the summer in some airports there are only one or two airline companies operating and lesser competition increases the prices. (Finavia 2009.)

4.4 Attractiveness and Other Factors Related to Habitat

Lapland is a challenging region with long distances and sparsely populated areas. According to the briefing of ELY Centre the health of citizens in Lapland is clearly affected by living conditions, unemployment and alienation. However the habitat offers plenty of pure and safe space to live to residents, and indeed these two factors, safety and pureness are highly appreciated in the programs and strategies of the region. (Lapin ELY et al. 2011, 2–16.)

The sustainable development of environment use (both land and water) has been a priority for long time and the region has great possibilities to offer land for instance for organic local food production: reindeer husbandry, picking of forest berries and mushrooms. Until now the social, health and education related public services have been on good or satisfactory level although the overall health of the inhabitants is traditionally worse when compared to the whole country. In the topic of security it is notable that the merging municipalities and the centralization of, for instance, healthcare and police services strongly challenge the issue of safety now and in the near future. (Lapin ELY et al. 2011, 13–19.)

Moving from place to place is considered to be safe and functional although some road connections might be crowded ones in a while. ELY Centre's publication estimates still that because of the tight money politics the speed limits will be lowered in many road connections and the road maintenance in winter time may suffer. Public transportation possibilities for individuals in Lapland are weak even though basically all the transportation possibilities exist. Train and plane connections are on a good basis but traditionally strong transportation such as bus connections have decreased to unsubstantial. The inhabitants living outside the town centres are forced to use private vehicles in daily routines. (Lapin ELY et al. 2011, 11–14 .)

4.5 Tourism Strategy – Lapland PURE LIFE FORCE Near You

The current official tourism strategy of Lapland is a four-year plan produced by the Regional Council of Lapland. The strategy strongly supports both the National Tourism Strategy 2020 as well as the Regional Development Plan 2030, which are long-term strategies guiding the overall development work of the nation and the region. The tourism strategy of Lapland for the period 2011–2014 provides essential information concerning the common vision, development aims and emphasis of the Lapland tourism related processes both for the public and private sector. In the strategy the most important development areas have been introduced and investigated extensively without forgetting the audience and beneficiaries of the actual briefing. (Lapin Liitto 2010b, 6.)

The tourism economy of Lapland emphasizes nature tourism and experience technology where values such as uniqueness, authenticity, quality, security and accessibility are factors to be focused on. By following these values and developing, monitoring and managing important factors, the Tourism strategy of Lapland aims to guide the industry to sustainable growth reaching finally great economical goals such as doubled employment effect and tripled tourism revenues in next twenty years. (Lapin Liitto 2010b, 38.) The factors and the strategy of tourism concerns many different shareholders and actors:

- Entrepreneurs
- Municipalities
- Regional DMOs
- Lapland Institute for Multidimensional Tourism Institute
- Lapland Centre of Expertise for the Experience Industry
- The Regional Council of Lapland and
- Metsähallitus
- The Finnish Forest Research Institute
- Regional State Administrative Agencies
- Centre for Economic Development, Transport and the Environment
- Different financing related actors
- Institute for Northern Culture

(Lapin Liitto 2010b, 64).

The public input towards tourism industry seems to be high according to the list above but in the tourism strategy of Lapland the public and private sector are estimated to have equal importance. Public funding is divided to the areas where private input is high and the development plans are clear as for example to the leading tourism centers Fell Lapland and the region of Rovaniemi. Private funding is mainly targeted to the top projects of tourism centers, projects contributing to seasonality and general attractiveness, and networking and co-operation development. In addition funding is also distributed towards the development of operational environment of tourism related companies and entrepreneurship. (Lapin Liitto 2010b, 38.)

The highlighted factors of the current tourism strategy are marketing, accessibility and seasonality. Other supporting topics discussed in the strategy are for example ICT development, product development, quality and security. (Lapin Liitto 2010b, 66.)

5 THESIS PROCESS AND RESEARCH METHODS

5.1 Commissioner - Tornionlaakson Yrityspalvelu Oy

Tornionlaakson Yrityspalvelu Oy is a consulting company for local businesses in the municipality of Pello. It offers free consulting, advice, development help and other non-financial support to businesses regardless of the field of business or in which stage of the life cycle the company is in. The owners of Tornionlaakson Yrityspalvelu Oy are the municipality of Pello and Pellon Yrittäjät Ry (Pello's Entrepreneurs' registered organization). (Tornionlaakson Yrityspalvelu Oy 2012a.)

The company aims to offer consulting from early stages on to starting businesses in order for them to start a business with a firm ground. As Tornionlaakson Yrityspalvelu's support is non-financial support, it has professional knowledge on the different ways to receive financial support and start finance for a business. Consulting is also offered for companies which are changing entrepreneur either inside or outside the original entrepreneur's family. (Tornionlaakson Yrityspalvelu Oy 2012b.)

Tornionlaakson Yrityspalvelu Oy is involved in international actions towards Sweden and Russia. One of its main principles is to develop the local business towards international trade. The international partners in Övertorneå, Pajala and Murmansk offer consulting on their areas to the entrepreneurs and companies in Pello. Information and possibilities for subcontracting in the areas is available through Tornionlaakson Yrityspalvelu Oy. (Tornionlaakson Yrityspalvelu Oy 2012c.)

Tornionlaaksn Yrityspalvelu Oy is also the administrator of the new tourism info on-line portal, travelpello.fi, where Pello is presented as a tourist destination with all its features (Tornionlaakson Yrityspalvelu Oy 2012a.)

5.2 Thesis Process

The purpose of the project was to examine the currents situation of Pello as a tourist destination and survey its development needs. The methods used were content analyses, thematic interviews and benchmarking, which together formed reliable, comprehensive results. In the beginning of the process it was important to first study the competitiveness theory and especially with the Ritchie and Crouch's model (Figure 3) in order to understand which key words would be vital for the project. The thematic interviews were then conducted also in Pello in June 2012 among six head officers of tourism related companies. The interviews of Fell Lapland were conducted in January 2012 as a part of BART project interviews. It was extremely interesting to interview such sincere interviewees as the head officers were, and as a result we recieved almost 100 hours of rare material to sort by using the analytical framework and the key words. Finally we used benchmarking in order to create an understanding about the best practices in the field. The whole process started in January 2012 and was planned to end in December 2012. The time used in each process is more precisely presented in Table 3.

Table 3. Thesis Process

Time Period in 2012	Phase of the thesis process	Research method
January	BART project interviews in Fell Lapland	Thematic interviews
March	Starting the thesis project	
April	Interviews in Pello	Thematic interviews
May	Planning seminar	
June–August	Research of sources and writing the theory	Content analysis
August–October	Littering the results of interviews and analyzing the operational environment of case destinations	Thematic interviews, content analysis
October–November	Comparing the results of interviews and finishing the thesis	Benchmarking
November–December	Finalizing the thesis project	

5.3 Research Methods

5.3.1 Content Analysis

Content analysis is “a research technique for making replicable and valid interferences from data to their context” (Krippendorf 1980, according to Hall–Valentin 2005, 191). It is an observational research method used systematically in the evaluating process and is often used in multi-method studies as a companion research method in order to achieve results with minimized bias. Content analysis can also be used as a single research method on its own. (Hall–Valentin 2005, 191.)

As there are many advantages in content analysis, there are some setbacks also, one of them being the researcher’s own influence and interpretation in analyses to create the hypotheses. However, the research process does not vary remarkably from other social science research methods, hence the method’s reliability depends on the professionalism and skills of the researcher and the research process. (Hall–Valentin 2005, 191.) In order to avoid the researcher’s influence on the interpretation, at least two judges should be used to decrease the reliability questions (Kassarjian 1977, according to Hall–Valentin 2005, 191).

Content analysis has been used in tourism when, for instance, analyzing different data from newspaper addressed to certain political issues, to identify various conceptual issues, to identify main research areas in a long-haul time period and to research the text produced visitors of a destination. Content analysis has also been popular among tourism research papers in journals and theses. Various content analyses in tourism field are centered on marketing and can also be used in image analysis. In addition, the popularity of using content analysis to examine web-sites has been increasing and it can be undertaken in several methods. (Hall–Valentin 2005, 192–193 .)

We use content analysis research method in our thesis to form holistic analyses of the operational environment of the destinations we refer to in our thesis, Pello and Fell Lapland. We examined the whole Lapland’s operational environment, the comparative destination’s, Fell Lapland’s operational environment and finally, the subject of our thesis, Pello's operational environment. All analyses were researched from the tourism point of view, with also the Ritchie and Crouch destination competitiveness model as a theoretical framework. The operational environment analyses are important for the thesis work, in order to understand the comparative advantage and basic information of the destination.

5.3.2 Thematic Interviews

Theme interview is a method of qualitative research. Methodologically, theme interview interprets the interviewee's perceptions of issues, the meanings they have given to issues and how they are formed in interaction. The object of theme interview is to find meaningful results concerning the research question or mission. The themes discussed in the interview are based on the theoretical background already known of the researched field. (Tuomi–Sarajärvi 2002, 77–78.)

The analysis of qualitative data can be divided into four main steps. First, it has to be determined, what interests in these research findings. Secondly, the data is processed and desired findings are assorted, all other data is left out of the research. Thirdly, the findings are themed or divided into different types of research findings, which the phase, where actual analysis occurs. Forth, the conclusions of the findings are written. (Tuomi–Sarajärvi 2002, 94.)

There are different types of qualitative research forms, from which deductive model is a theory-based analysis. It refers to a certain theory, model or a thought presented by an authority. In the research, the model is described and based on the particular model, and the points of interest in the research are defined. (Tuomi–Sarajärvi 2002, 97-101.)

In our thesis we used semi-structured thematic interviews in finding out the current state and areas of development from the tourism entrepreneurs' point of view. In all, 12 interviews were carried out, from which six were done in different tourism related companies of Pello and the other six were done in the area of fell Lapland (Levi, Ylläs, Kolari and Muonio). The average duration of an interview was 45 minutes and the questions were not handed out beforehand, although the basic idea and subject of the interview was shortly explained. The structure and questions for the theme interviews were provided by a project of the Public- Private Partnership of Barents region, managed by Lapland Institute for Tourism Research and Education, which was also the beneficiary of our thesis. The questions included many themes, from which we chose to analyze the following themes;

- interviewee's company's current state and level of operations
- role of DMO
- co-operation and coopetition
- public-private partnership

After littering and transcribing, we analyzed the results and made a summary of the findings and moved on to the next step, benchmarking, in our research process.

5.3.3 Benchmarking

Benchmarking is basically learning from best practices available. It is used as a technique to improve competitiveness and performance for ages although it was widely acknowledged as a professional concept not before than 25 years ago. "The insights gained from benchmarking provide an organization with a foundation for building operational plans to meet and surpass the standard and promote an overall awareness of business improvement opportunities". (Wöber 2002, 2–11.) It is often linked into the total quality management of a company enabling businesses to locate and understand weaknesses in their performance and consequently improve their total competitiveness (Zairi 1992, 178–182). Smith, Ritter and Tuggle stated in 1993 that benchmarking can also encourage businesses to set high but realistic goals which may lift companies and organizations on completely new levels of performance. By learning from the best ones whether inside or outside of own branch, managers can evaluate and improve their operations, achieve totally new levels of performance and succeed on markets. (Smith–Ritter–Tuggle 1993, 43.)

Benchmarking has been recognized today as an important tool of Total Quality Management in all branches, from manufacturing to services.

Additionally, it is applied likewise by more complex entities than only companies or organizations, for instance, by tourism destinations. (Wöber 2002, 12.) The concept is divided in two main categories based on the focus of the activities. The focus can be found either on inside (Internal) or outside (External) of the organization or company and both of these approaches have their pros and cons with them (Zairi 1992, 178). In the hierarchy below there is also the main categories of external benchmarking introduced: Best practice, competitive and sector benchmarking (Wöber 2002,11–22).

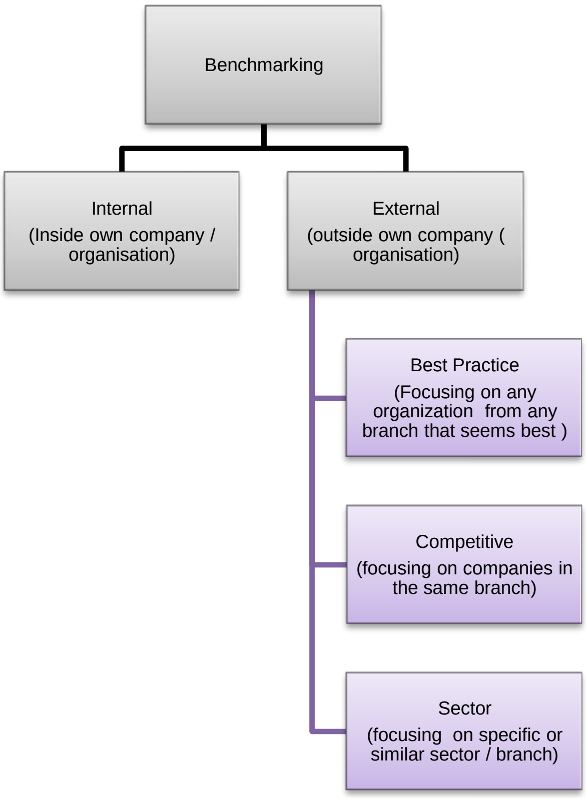

Figure 5. Different Types of Benchmarking (and scope) (Wöber 2002,11–22)

While utilizing the survey data we are using competitive and sector benchmarking concepts together in order to answer into the needs of case destination. Competitive benchmarking focuses on learning from one's competitors by evaluating objectives, strategies and customs towards own. This type of benchmarking is relatively simple to run through because of the similar methodologies and technical terms used but sometimes easiness might end-up to far obvious results. To avoid shallow conclusions, it is important to get access into enough comprehensive data. In sector benchmarking the scope is similar sector or branch. In our case we focused on tourism related sector involving the operational environment related factors such as private and public stakeholders, DMOs and un-profit organizations. The aim of sector benchmarking is to evaluate and compare strategies and compositions of specific branch in order to define best practices according to the whole system. (Wöber 2002, 12–13.)

The scope of our benchmarking process is two-fold because in tourism branch many times the ones that were competitors traditionally could actually be more like supportive partners to each other nowadays. For example many of the interviewees mentioned a destination located outside Finland as their toughest competitor instead of mentioning other tourism centers in the region. This is obvious if we take a look at the total number of 5.7 million international tourists visiting Finland in 2009 (Finland's Tourism Strategy 2020.10) and compare it with the total population of Finland, which were about 5.4 million in August 2012.

According to Kozak and Rimmington (1999, 273–274.) the Benchmarking concept has not gained much popularity in destination / region development even though it is used widely in tourism companies such as hotels. This might be due to the complexity of a tourism destination's architecture which combines multiple different actors from different areas such as private companies, public authorities and non-profit organizations.

5.3.4 Reliability and Validity

When discussing reliability and validity in qualitative research, questions of reality and objective information arise. Also the perceptions of reality's nature affect on how the reliability and validity questions are dealt with. There are no simple guidelines of evaluating the reliability and validity of qualitative research, although there are several reality theories, which can be used in the evaluation if needed. (Tuomi–Sarajärvi 2002, 131–135.)

When conducting the interviews, we had guidelines from the BART Project how to act in the interview in order to reach a neutral appearance and minimize the possible effect on the interviewee. The reliability and validity in other research methods is secured with the proper phases of analyzing.

6 DEVELOPMENT NEEDS OF TOURISM IN PELLO

6.1 Current State of Tourism in Pello

6.1.1 Pello as a Tourism Destination

Pello is an independent municipality under the laws and restrictions of Finnish government. It is situated in the middle of the Tornio river valley in Finish Lapland. The Tornio River is official border line which has separated Finnish Pello from Swedish Pello since the beginning of Russian occupation in the early years of 19th century. (Pellon Kunta 2012a; Pellon Kunta 2012b.) Before the occupation the Swedish and Finnish side of the river formed one big village together with one culture and one language, “Meänkieli”. (Boström 1928; Viitala 2011)

The village is only 97 kilometers away from the city of Rovaniemi and the other surrounding communities are Kolari and Ylitornio. On the other side of the river, on Sweden side, the neighboring communities are Övertorneå and Pajala. The population of the destination decreases year by year following current trend in Lapland. Currently there are around 3900 inhabitants and the population density is only 2,3 inhabitants / km² .About six percent of the surface area is water. (Pellon Kunta 2012a; Tunturi-Lapin Kehitys ry. 2009, 3.)

Figure 6. The Boarder Between Sweden and Finland in Pello (Korpi 2011a).

The intercourse over boarders is something unique, a heritage, which has been cherished up to present days. Daily intercourse with Sweden side is important for many companies in the area. There are also many organizations, such as Tornionlaakson Kehitys Oy, that are working over boarders aiming to develop enterprises on the area of Tornio River valley, though the tourism sector has not been co-operative in the meaningful way (Tornionlaakson Yrityspalvelu Oy, 2012c). The total amount of enterprises in Pello is 300 (Tilastokeskus 2011b), which is a high amount when compared to the amount of inhabitants. Companies such as wood (Pellopuu, Lappset, Pellon Saha), film plastics (Pelloplast), carrier companies and many others are mainly situated in the industrial area which is located five kilometers away from the village center.

In the summertime a pull factor of tourism is the river which is the only European, freely streaming big river. Mainly the river attracts fishermen which are interested on the freely grown salmons. During autumn the hunting tourism and the variety of booty in the forests are gathering hunters all around the Finland. (Tornionlaakson Yrityspalvelu 2011, 6.)

Tourism in the area of Pello is related highly to location. The main road E75 goes through village center and various tourist groups and individuals passing by on their way to Fell Lapland and to Northern Norway are bringing every year notable amount of money to the roadside enterprises. The customers are staying overnight in the accommodations or otherwise spending money for example in gas stations or stores (Tornionlaakson Yrityspalvelu 2011, 4). The closest airport is located in Rovaniemi, 100Kilometers away (Pellonhovi 2009). Also train tracks go through Pello, but trains depart and arrive only six times in a week (Tornionlaakson Yrityspalvelu 2011, 10).

The tourism in Pello is characterized by the culture, nature and events organized in the area. Rally tourism, fishing tourism, winter sports related tourism are pull factors when the particular, main destination of a trip is Pello. Some traditional events, as “Jokkis”-rally competitions, are continuously the big factor in gathering travelers in the village (Pellon Moottorikerho ry 2012). In the wintertime natural resources as snowy skiing paths and downhill skiing centers are a tempting possibility to enjoy about one’s hobbies on the paths and slopes that are not as crowded as in bigger skiing centers (Tornionlaakson yrityspalvelu Oy 2012d) .

The tourism in Pello is and has always been utilizing the village's natural and cultural resources. The core nature of the products offered has not notably been developed during the past 20 years due to the importance of the cultural and traditional flavors of tourism. Rapid growth of the big winter sport centers in Fell Lapland, have increased the amount of visitors in Pello but benefiting only the roadside enterprises. Pello fell behind in the growth of tourism when compared to the average rates in Lapland's tourism development. Through this the locals and public sectors benefiting from tourism noted the need of development planning in order to make Pello interesting as a destination itself. (Tornionlaakson Yrityspalvelu 2011, 4)

6.1.2 Tourist Flows During Recent Years

The tourist flows in Pello are not huge in numbers, but reflect well the development of tourism in Pello. The volumes and percentages measured are very sensitive, since only a few hundred tourists can drastically to the percentages, for instance when comparing changes to previous years. The tourist flow vary when comparing different years, months, originating countries, but the general trend of tourism has been decreasing, from 2001 to 2011 with almost 10 000 tourists in a year. (Lapin Liitto 2012c.)

The recent change in the tourism flows of Pello has been somewhat remarkable. As the trend during past decade has been decreasing number of tourists, between the first half of 2011 and the first half of the 2012, the number of tourists has increased by 24,9 %, while the whole nation's tourist flows increased by average 7,4 %. In Pello, the numbers were extremely pleasing, since the change in percentages compared from 2010 to 2011 was 7,2 %. (Lapin Liitto 2012c.)

Figure 7. At Noon in March at Lankojärvi, Pello (Korpi 2012a).

The greater emphasis of arrivals in is in domestic travelers, since an average 20 % of all the tourists in Pello are from abroad, but some international arrivals play a big role in some main seasons that also dominate the rest of Lapland, for instance the arrivals of Russian tourists in January. The most noticeable generating countries are Russia, Germany, France, Italy and Finland's neighboring countries Sweden and Norway. It is a well known fact that the importance of Russian tourists increases in Lapland. Pello “lost” its Russian tourists in 2011, but gained them back in 2012, when the amount increased with drastic 109, 3 %. (Lapin Liitto 2012c.)

The average price of accommodation in Pello is 31,57 euro and the usage percent is 18,8 % in 2012 (the first half of the year). In the first half of 2012, from all the tourists in Pello, 15,7 % were travelling for business, from domestic tourists 18,1 % and from international tourists 16,2 %. The statistics also show that in 2012, with 738 beds available, the capacity is the highest since 2004. In statistics published by Lapin Liitto, the regional council of Lapland, the tourism centers in Lapland include all ski resorts and other areas, where Pello is combined with the rest of the Tornio river valley. In the number of arriving tourists this area is the last one and has been holding only a small percentage of Lapland s tourism arrivals in the past decades. (Lapin Liitto 2012c.)

6.1.3 Tourism Marketing Strategy of Pello 2011-2014

Previously, before the year 2011 Pello was working together with the neighbor municipality Ylitornio and Övertorneå in tourism development. Tourism was considered in all actions as tourism of Tornio river valley (Ylitornio + Pello + Övertorneå) without municipality boarders. Co-operation ended and the action plan was not followed anymore after year 2010 without meaningful results. In the beginning of year 2011 village's new tourism marketing unit was established by the effort of Tornionlaakson Yrityspalvelu, The new tourism policy in Pello was developed in the work shop of tourism marketing unit allowing high entrepreneur involvement in the planning and decision making processes. (Tornionlaakson Yrityspalvelu 2011, 3.)

New tourism policy is now bringing forward Pello particularly as a destination of a vacation, not as a place of Tornio river valley area or as a passage-by village where to refill the gas tanks. The new strategy aims to strike into markets as a traditional, pure and stress-free domestic tourism destination with sustainable values. Products and services offered are following the general guidelines of the county, municipality and economic development organizations supporting the same sustainable goals e.g. securing the employment. (Tornionlaakson Yrityspalvelu 2011, 3-9.)

Figure 8. Summer in Orhinselänniemi, Pello (Korpi 2011b).

The DMO and the tourism marketing strategy define tourism as a common issue of the whole village ("Koko kylän yhteinen asia"). DMO aims to guide SMEs' and organizations' co-operation in tourism order to generate the living in village as it has done for example in Kolari. Pello has started to use interactive planning where the stakeholders influence plan and development strongly. (Tornionlaakson Yrityspalvelu 2011.)

6.2 Fell Lapland as Comparative Tourism Destination to Pello

6.2.1. Fell Lapland as a Tourist Destination

According to The Regional Council of Lapland, Fell Lapland is an area including four separate tourism destinations with supporting services in four different municipalities: Kittilä, Muonio, Kolari and Enontekiö. The area is located in the north-west Lapland and it can be reached by road, air and railroads.

In the west the area reaches the border of Sweden whereas in the north-east the area extends to the border of Norway. The number of inhabitants in the area is 14377 whereas the average population density is only 0,9. As a region Fell Lapland has succeeded in increasing its population whereas almost all neighboring counties resulted on the negative side.

The area is dominated by multiple fells and small rivers, which are the strength of the region. The culture in the area is characterized by the Sami culture and North Ostrobothnian culture. Both of these nuances are visible daily especially in arts and tourism related services. The climate in the area is favorable for tourism due to the clear differences between seasons. Some marketing material of the region even divide the year in eight different seasons but the main seasons are sunny spring, verdant summer, colorful autumn and snowy winter **(**Northwest Lapland Tourist Association 2012).

A survey conducted in the end of the year 2011 shows that the three most important reasons of tourists to visit Fell Lapland are 1.) Nature & Environment, 2.) Outdoor- and other activities, and 3.) Hillside activities (Ohtonen 2011). Winter and spring are the top tourism seasons but the area offers activities around the year for example fishing, hunting, skiing, husky safaris, snowmobiling, hiking, gold-washing, golfing, art museums, fairs and events. In addition, one of the seven national parks of Lapland is situated in Fell Lapland ("Pallas-Ylläs National Park") and it covers approximately 1000 km² and is visited by 400 000 people in a year (Tunturi-Lapin kehitys ry 2012a). In the national park a visitor can for example photograph one of the country's national landscapes: the fell chain of Pallas (Metsähallitus 2012)

Figure 9. The Village of Levi, Sirkka (Korpi 2012b).

Additionally for the nature based products and services

Fell Lapland has also wide range of other products to offer. Levi.fi site gives a comprehensive view about other services available in the destination (Levi Tourist office in Lapland Finland 2012 a).

6.2.2 Destination Management and Supporting Factors and Resources

The first tourists found the area in the 1930s but the actual mass tourism started in the early 1980s when the airport of Kittilä opened its doors. After the1990s the area has developed its services and products quickly resulting today over 700 000 overnight stays per year (Tunturi-Lapin kehitys Oy, 2012a). The development of the tourism industry in the area has supported existing services and created new services to the area and for the locals.

For instance the first airline operating from Helsinki to Kittilä (Finnair) started to operate regularly due to tourism companies which committed to compensating the losses if the flights were not fully booked (Finnair Oyj. 2003).Today more than 230 000 customers use airport Kittilä yearly (Finavia 2011.)

The number of enterprises in the region is high: 1404 (Tilastokeskus 2011a) and co-operative actions and strategic alliances as well as public participation are strong in the area (Tunturi-Lapin Kehitys ry 2012a). Joint marketing is widely recognized mode of co-operation among the companies and it is often led by DMO’s. For instance Levi Tourist Office in Lapland Finland states that it is exactly the co-operative efforts which have resulted the overall destination competitiveness and success. Co-operative actions are also made across

Levi in brief

6 hotels
6 apartment hotels
Thousands of holiday apartments
23 500 beds

38 restaurants and 9 piste restaurants
Spa and indoor fitness centre
Beauty treament and well-being services
Bowling alley
Supermarkets
Specialised shops including clothes,

sports equipment, jewellers, wine
Souvenir shops
Chapel
Post office
Chemist
Medical services
6 equipment rental shops for year-round activities
50 programme service providers
2 caravan areas
Service station

Figure 10. Services Available in Levi (Levi Tourist office in Lapland Finland 2012 a)

the nation boarders (Tunturi-Lapin Kehitys ry 2012b; Levi tourist office in Lapland Finland 2012b; Northwest Lapland Tourist Association 2012b).“One of the key foundations of building an attractive year-round resort is good inter-company co-operation. Through single-minded ‘pulling together’, we have created an extensive network in Levi, the services of which are mutually supporting” (Levi tourist office in Lapland Finland 2012b).

Two of the four tourism destinations of Fell Lapland are the fastest growing destinations of the province when measured by sales: Levi (Kittilä) and Ylläs (Lapin Liitto 2010a, 89-92). These two have won the title of the best skiing center of the year several times and are excellent examples of areas living from tourism (Oy Levi Ski Resort Ltd. 2012) (Ylläs Tourist Information 2012). In a decade tourism industry together with mining industry has created over than 1000 new job places in Fell Lapland and the unemployment rate of the region has decreased remarkable (Tunturi-Lapin Kehitys Ry 2012a) For example in Kittilä unemployment rate competes with the lowest ones in the whole country being only 8,7 in the end of 2010 while the rate of whole country was over 10 (Tilastokeskus 2011a). The rate is also comparable with the strongest regions of Lapland Kemi-Tornio and Rovaniemi.

Tourism boosts also the other industries in the Fell Lapland such as construction and retail industries. It is already noticed to be an important

Figure 11. Trees on Top Levitunturi During Winter (Korpi 2012c).

industry both county, national and EU level due to its various positive economical and social effects. Because of these reasons the development of tourism industry is strongly acknowledged and supported by the public sector through various funds, strategies and legal co-ordinations. (Lapin Liitto 2010b, 13, 61.) Public funding in Fell Lapland has been and will be coordinated into projects or organizations concerning the contribution of tourism industry development as for the DMO's and public facilities. It has already resulted strengths particularly in accessibility, infrastructure, education, marketing, brand recognition and sustainability. (Tunturi-Lapin Kehitys ry 2009). Even though Public sector is seen as an important factor in monitoring and managing tourism policies and development, it is important to understand that public sector funding forms anyhow only 3% of the total investments of tourism sector in Fell Lapland. (Lapin Liitto 2010b, 13.)

6.3 Entrepreneurial Perspective to Tourism Development

6.3.1 Current State of Companies

In both destinations majority of the interviewees describe their customer base to be national and international, however in Pello locals are also an important target group, for some companies more than others. The customer base in the destinations varies depending on seasons, which is natural for tourism related companies. In all, the companies operate in different levels of operational environment though the volume is quite different.

Companies in Pello describe the current situation to be good, although they have noticed the prevailing circumstances of unstable economical situation. Customer flows and turnover has increased. During recent years, the population of the village has decreased and some businesses that depend on locals have been affected by this in a negative way. However the general viewpoint to the current situation is rather positive, when considering the circumstances, although there is room for development.

In Pello, as future obstacles the interviewees mentioned the traffic trends, decrease in bus traffic in particular, on the route E8, which leads to the popular ski resorts in Fell Lapland. Also infrastructure and tourism superstructure (accommodation capacity in particular) were subjects of future obstacles. Human resources are also a main subject of concern, since qualified personnel is hard to find in this area. In addition, several times in the interviews, in different stages, marketing was mentioned and how time, skills and financial resources are inadequate. Many of the future obstacles are factors of comparative advantage, which cannot be managed by the companies alone by themselves. Interviewees also see many possibilities for the destination and business as well. Some interviewees feel their services would not satisfy Russian guests, but would see possible customer flows from Sweden and Norway when others express great interest towards Russian guests, especially for winter season. Among the interviewees common is the interest in international guests and seeing possibilities in the market, but there is a lack of resources and information available.

In Fell Lapland entrepreneurs are seeing the current situation of their businesses challenging though generally they feel that the worst downshift of the economy is over. Customer flows and sales has started to increase already. The industry has started to recover but the customers are in a state of abeyance when making the purchase decisions. The reservations are made on a last minute and entrepreneurs need to be constantly focused.

Every each of the companies in Fell Lapland mentions international and especially European tourists as a big customer group. Mostly the international tourists are forming 50% or more. The interviewees would be interested to also focus some of the marketing efforts to neighboring countries: Sweden, Norway and Russia instead of focusing only in middle Europe and outside Europe. Especially MICE-sector is seen as a possible development field. Tourism industry's susceptibility towards shifts in global economy is seen as a major threat in the future and the changes effect directly particularly international customer groups.

Because of the remote location of the destination the entrepreneurs of Fell Lapland are keeping accessibility as a possible threat of the future. The changes for example in fuel prices or in flying companies operating to the area can have tremendous impacts for the successfulness of the whole region. Also some of the entrepreneurs are seeing the operating environment of SMEs and entrepreneurship in Lapland challenging stating that entrepreneurship and especially tourism entrepreneurship is not well understood in national or regional offices. Great share of the entrepreneurs are also seeing the bureaucratic way of the Finish entrepreneur life as a factor hindering the development work.

6.3.2 Marketing and DMO

As future obstacles the interviewees in Pello see the lack of financial resources towards marketing, the challenges in achieving more contacts to customers and travel agencies and the absence of qualified and professional employees with language skills. When asking about training and development needs, the entrepreneurs on Pello felt strong need for professional staff and expertise in marketing as well. For the interviewees, the question was not about lack of innovation or plans for the future, but to have force to implement these ideas. More customer flows are needed. For these reasons, help and coordination from the local DMO is essential in marketing, knowledge training and development. Knowledge of tourism industry is felt necessary.

The companies in Pello do not actively search for partners internationally, but see the whole situation with positive perspective. Some companies have cross-border co-operation with close neighbor Sweden, but there is a desire to create contacts beyond borders and to travel agencies as well. Joint marketing was highlighted in this context also and entrepreneurs are open to new possibilities, however some are more open than others.

The interviewees of the companies in Pello perceive the role of regional development organization as necessary and the organization having a meaning to exist. They see the organization helpful in achieving information and to perform research, which would take precious time from their schedule to do themselves. The role of marketing help from the DMO is brought up constantly, in this theme as well. Also regional development organization, The council of Lapland, was mentioned to play a big part in tourism organizations’ operations, though help from the local DMO is more concrete.

The interviews conducted in Fell Lapland reveal that marketing and particularly marketing development as topic concern entrepreneurs the most. The marketing actions are mainly focused outside own destination and region: in southern Lapland and abroad. The financial support for international tourism marketing given by Finnish tourist board has decreased in major way and at the same time neighbor countries Sweden and Norway have doubled or even tripled their budgets. Some see that the development and innovations of tourism industry has started to slacken in Fell Lapland as well as in whole Finland. The marketing co-operation in joint networks is seen as one tool which can help the companies to succeed through the uncertain times especially after the public-sector started to economize. Marketing is an area which can never be focused enough and marketing research should be done more.

The interviewees see that the DMO is the actor which should run the cooperative projects and networks in the region. Some already existing DMO's in Fell Lapland have already important and big role as leader of some long-term strategies which aim to improve brand recognition and destination success. Especially the DMO's have performed in the field of joint marketing. The DMO is also seen as an informing body and as an actor which can co-ordinate and manage common projects. Noteworthy is that the role of DMO's is seen vital for the destination success but the interviewees see that none of the projects will succeed without entrepreneur execution. Sometimes projects are not interesting entrepreneurs but are still organized and public money is wasted.

6.3.3 Co-operation

The companies from Pello involved in our research had different lines of business and each company had different kind of co-operating partners. In all, the variety of co-operation reflects the different possibilities seen by entrepreneurs in co-operation and using of local resources. The key partners and co-operative actions of the companies include, for instance, DMO, travel agencies, local businesses and other organizations, sports clubs, ski centers in the north of Lapland, retailers, the entrepreneurs of Pello (Pellon Yrittäjät Ry) and the municipality of Pello.

In cross-border co-operation Sweden is the most common partner with the companies of Pello, though co-operation with other countries, such as Norway does exists. Sweden might be an area of co-operation because of its close location, not necessarily because of it is a different nation. However, interest towards crossing borders in co-operation is noticeable and customers are also desired from neighboring countries, mainly planned to reach through joint marketing. An example worth mentioning is Svanstein, a ski center in Sweden, 50 kilometers from Pello, which has co-operation with the DMO and companies in Pello, but also is a competitor.

The perceptions of the future of Pello vary between interviewees. A few see the future very positively, as contrast to others who see more threats in the operating environment and in its exchanges. Some interviewees have very concrete examples of good development projects, but the audit of the project and measurement of results have been neglected or financial resources have been put to unprofitable projects. Otherwise, the companies have realistic expectations of future possibilities, for instance, they realize the fact that when planning to co-operate with Russian companies, they will have to operate and plan together, starting from public sector partners. Also the importance of events is noticed and the possibility that lies in them.

In Fell Lapland co-operation is likewise in Pello done in all levels: locally, regionally, nationally and internationally. Locally the co-operative actions are mainly made in strategic alliances, joint ventures, co-operative marketing or through outsourcing. Regionally co-operation is done with the Regional council of Lapland, with some tourism destinations in the region and with some companies. Nationally it is done with some tour operators and with Finish tourism board as well as with some organizations and labor unions. Internationally the actions happen mainly with tour operators and rarely with some companies operating in the same field of tourism (e.g. program services). Internationally companies have mainly acted in projects in the field of regional development and regional marketing for instance with Norwegian and Swedish associates. Some cooperation has been done also due enforcement of exporting alliance, tour operators and buss companies.

The interviewees of Fell Lapland do not see the companies only as partners but also slightly as competing actors even though they believe that good co-operation or co-opetition overrides competition. In the future entrepreneurs would see great possibilities in co-operation between neighbor countries, for instance roundtrips build and marketed jointly might have potential in the markets. The core resources and conditions of the environment is seen to be similar (pure nature, safety etc.) but at the same time enough different so that co-operation can override competition. Interviewees trust in the strength of their regions infrastructure and other comparative advantages as well as in their tourism product. Russia has rarely been involved in cooperative actions though company owner's would be interested especially in order to reach customers from Barents region.

In Fell Lapland, all the interviewees see that joint marketing especially with Norway and Sweden could be vital at least for the summer seasons. Co-operative actions are seen beneficial in order to gain savings for example by sharing services and knowledge, and combining forces in order to reach destination level undertakings. Event tourism is one great factor encouraging partnering arrangements. As a conclusion it can be said that cooperative actions appear each day in every level.

Interviews made in Fell Lapland introduced us also with negative aspects of co-operation. Sometimes entrepreneurs feel that the meaning of co-operation is not understood truly by all partners and the balance is unequal: Some might consider a project as a long-term commitment and others only as a free-time hobby. Also generally some entrepreneurs have noticed that there are a bunch of projects aiming to same goals but none of those have the perseverance to succeed. When asked from challenges of international co-operation interviewees list the cultural differences, week accessibility and transportation routes and also differences in the levels of tourism infrastructure.

6.3.4 Public-Private Partnership

From the Pello's interviewees' of point of view, the public sector is relied on to produce help to companies to operate in their business. Realtime information and results of researches is valued and aid in marketing as well as information of cross-border possibilities is needed. In addition, information of different cultures, co-operation possibilities, fairs, retailers and basically all trustworthy information is valued among the entrepreneurs. In all, referring to all development actions of tourism companies in Pello, there are less questions of “who” and “why” would they co-operate and expand their business, but more often it is asked “how” could they gain prospective partners in their business operations.

Although problems are identified partly by the interviewees, the operations are not directed necessarily to productive solutions. Public and private sector separately are not mentioned many times, but aid needed for certain areas of development or business actions are recognized. However, there is no access to the related information, which would help them to achieve success in the particular areas of development issues.

Currently the private side of Fell Lapland would need knowledge and training support in issues such as profitable networking, maintaining of service level and quality and marketing. Also there are discussions about professional working force in the field of program services and about creating a degree program for Safari guides in Lapland. The trend of safety and security grows especially abroad and often foreign tour operators are requiring official certificates from the safari workers. Public side has been contacted already for this issue.

Public-Private partnership is characterized crucial for the tourism industry in Fell Lapland. Enterprises of tourism industry have plenty of common needs which could be fulfilled cost- and time-effective way by nonaligned and fair public organizations. The entrepreneurs in Fell Lapland see public quarter especially needful in managing and monitoring the destination policies, planning and development. The importance of public-private partnership arises immediately when discussion goes on to the destination level and especially issues such as development of infrastructure or accessibility factors are year by year creating discussions between Public and private sides. Of course also nationwide issues concerning for example entrepreneur law, regulations and for example taxations are another topic which arises continuous intercourse. In Fell Lapland many successful projects and achievements in tourism destinations are result of public-private efforts.

7 DISCUSSION AND FURTHER RECOMMENDATIONS

Pello has great potential to become a competitive destination. It has similar comparative advantage as Fell Lapland more than 30 years ago, but has been unable to develop its tourism industry. The aim of our thesis project was to survey the key issues hindering the growth of tourism business in Pello by comparing it to Fell Lapland. As a result, the endeavor was to give development suggestions to our commissioner, the local DMO, Tornionlaakson Yrityspalvelu Oy.

We have considered here the theory of destination competitiveness in order to research and evaluate the possible issues making Fell Lapland more competitive than the case destination Pello. The benchmarking activity is targeted into researching the operational environment of tourism branch in a destination and as main interests we have focused in a) public-private partnership and b) B2B partnership. A tourism destination is an entity including various different determinants which all have their own part in creating destination success including for example comparative and competitive advantages, destination management and core resources and attractors. In the research work we applied the model of Ritchie and Crouch's (2003) competitive destination which gave a good structure both for the benchmarking practices as well as for interview analyses.

Two of the four tourism destinations of Fell Lapland are the fastest growing destinations of the province. The general atmosphere towards tourism industry in the region seems to be most pleasant. The supporting factors and resources such as infrastructure, facilitating resources and tourism superstructure are the strengths of the industry groundings in Fell Lapland whereas in Pello these were considered to be undeveloped to answer into the needs of new customers. Additionally entrepreneurs of Pello feel weak in marketing and reaching new partner's or customer groups (e.g. Tour operators) whereas in Fell Lapland joint marketing and various co-operative channels are a daily routine.

Co-operation and public-private partnership both have a significant role in the operations of DMOs in Fell Lapland. Also entrepreneurs' point of view to these actions is positive, though there is room for development. In Pello, there is plenty of potential and enthusiasm towards development, but the problem lies in the absence of joint operations with other companies and public sector. The entrepreneurs of Pello have made co-operative efforts, mainly short-term, when the need for co-operation has been clear. There is a great lack of long-term strategic co-operation made in partnership with public side which could result achievements such as in Fell Lapland. Event tourism was mentioned in both destinations' interviews and the co-operation related to events could be productive in the future.

Different levels of government are involved in different roles of the destination's tourism activity, for example in the promotion, regulation, presentation and planning. The public private partnership as one alignment of the thesis was chosen due to its wide incidence in the interview material collected for the BART and due to various case studies explored. The interviewees highlighted the strengths and weaknesses of the PPP currently in Finland and it was easy to understand the great efficacy of active and continuous co-operation between these two sides. In Pello, PPP could produce training and knowledge sources for companies, because when talking about development procedures, the question in Pello does not appear to be "why" or "who", but "how". Also the role of the monitoring and managing body focusing on tourism policies and strategies could be a result of a well functioning PPP.

Both Pello and Fell Lapland operate on different levels of operating environment, and both have customer base from different countries. In Pello also locals are vital for businesses and a big threat is the decreasing population. As tourism industry is not as large as it is in Fell Lapland, locals contribute remarkably to businesses not only as customers but also as human resources, since in Pello professional personnel are needed but the village does not necessarily attract new residents. Comparative advantage in Fell Lapland has been utilized effectively to serve the tourism industry whereas in Pello the situation is opposite. Entrepreneurs feel that in the current situation there is lack of time, money and knowledge.

We consider the DMOs role as comprehensive, since only marketing the destination might not lead into a holistic, sustainable tourist success. It would be extremely essential for destination’s development to first create simple but enough inclusive tourism policy and secondly engage all stakeholders to follow it. By managing the destination with strategic plans and by taking the entire operational environment and comparative advantage of the destination into account, effective projects also in public-private partnership and in co-operation can be achieved. Partnering arrangements could provide solution for the lack of money and time. In the interviews, Pello showed us the great potential, but also the lack of information on the industry. Each of the interviewees mentioned the importance of marketing, however, the marketing will be ineffectual, if blueprinted products and destination management plans do not exist behind the marketing.

This thesis process was made for case destination purposes. It can be applied as an example of destination competitiveness research to inspire similar case destinations but the results of this particular research alone are not applicable for any other destination than Pello. The competitiveness of a destination measured with the methods of this thesis process is always dependent on the context, and the development recommendations work case-by-case. Further complementary studies concerning the development possibilities of the tourism industry in Pello would be studies whether examining the exact co-operation models applicable to the destination’s need or more functional approach including product development for example creating a total tourist product. Also benchmarking is recommended to be used as a tool in further plans of destination development.

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