Assessing stakeholder needs and expectations for tourism development in the Barents Region – an analysis.

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Abbreviations

DMC: Destination Management Company
MICE: Meetings-Incentives-Conferences-Events

1 Introduction

This analysis is based on the completion of activity 2.3 of Public – Private Partnership in Barents Tourism project. For task 2.3 participants were asked to assess stakeholder needs and expectations for tourism development in the Barents Region. The report displays data collected by means of interviews amongst tourism entrepreneurs in Northern Norway, North-West Russia and Swedish and Finnish Lapland with the purpose of gathering information needed for future tourism development in the region and strengthening cooperation between the public and the private sector in Barents tourism as well as creating a research and training Action plan for tourism development in public-private partnership cooperation on a later stage of the project. All the stakeholders interviewed are involved in organizations or activities directly linked to the local tourism sector. The main results of the study covering the background of the companies and tourism issues related to Barents region and MICE tourism were presented by partners during the third project workshop in Murmansk.

2 Stakeholder needs and expectations in Finnish Lapland[1]

2.1 Background information of tourism companies

In Finnish Lapland, a total of 15 companies were interviewed. Companies were located all over Finnish Lapland, with 3 from Rovaniemi, 2 from Salla, 3 from Levi/Kittilä, 2 from Ylläs, 3 from Inari (Ivalo/Saariselkä) as well as 2 organizations operating in several local destinations. Additionally, the research process continued in a form of Bachelor Thesis and as a result seven additional interviews were conducted in Western Lapland (Pello) and Utsjoki during late spring 2012.

The information that follows briefly profiles the companies interviewed for the research in terms of business sector, company size and years of operation.

Companies represent various business sectors within tourism. Among 6 main sectors highlighted by interviewees, accommodation services, program services and DMC/Multi-service enterprises (incl. accommodation, catering, program service and meetings) were represented by 4 companies in each sector, congress and meetings services, transportation services and regional tourism marketing organization were represented by 1 company in each sector.

All interviewed companies have different experience of operating in the tourism market. The majority, 9 companies, operates 25 years and more; 4 companies have experience of 14-24 years; 2 companies had been in business from 1 to 5 years.

Respondents were asked about a range of turnover describing their last financial year operations. Based on the interviewees' responses, their business turnover is as following: 2 companies' turnover equals 10-50 million €, 5 companies have 2-10 million, the majority, 7 companies, has the turnover under 2 million € and the turnover of 1 company is unknown.

[1] cf Multidimensional Tourism Institute, 2012

The number of staff (as full time equivalents) is also an important factor in defining the profile of tourism companies. Companies range in size from 2 members of staff to over 50 staff, specifically, 2 businesses have over 50 employees, 4 companies provide employment from 10 to 49 people, 7 companies have 3-9 staff and 2 enterprises employ 2 or less people.

Additionally, the companies operate mostly on domestic and international levels providing tourist services for corporate clients, leisure groups and leisure FIT customers.

Among the main business opportunities in Finnish Lapland, interviewees stated relatively positive business prospects for the near future (2-3 years) even though the recession of 2008 was a tough period for their businesses. Even though the level of business activities of 2007 has not been reached yet, Lapland becomes an attractive, international, and authentic tourism region. Another positive moment is a growth of e-business in Finland and Lapland in particular where e-commerce expertise was brought in order to develop online marketing for the benefits of tourism and experience industry. Moreover, joining of efforts of the members of the Barents region for the purpose of tourism development brings up new strategic partners and provides new opportunities for cooperation.

On the other hand, Finnish Lapland faces many challenges:

- Accessibility and good transport connection are critical for the region. Great distances between locations multiplied on severe weather conditions, lack of railway and air transportation within Finland and Lapland particularly as well as with neighbor countries serve as a serious obstacle for tourism development in the region.
- There exists a widely recognized challenge for cohabitation and development of mining and tourism as current growth in interest for mineral resources challenges tourism and nature preservation in rich-for-minerals Finnish Lapland. It is especially important for Lapland which is recognized as nature-based tourism destination.
- When doing business with big tour operators, a number of the interviewees pointed out that more knowledge in risk management and legal issues would be needed.
- As many tourism companies in Lapland are operating only in the winter season, the optimization of staff is an important aspect for them.
- There is a need of cooperation among service providers and other actors in the tourism business of the Barents region but no clarity concerning practical issues of cooperation was brought up in order to assist in building new networks and gaining maximum value from them. A comprehensive approach to planning and cooperation is needed so to demonstrate the characteristics of and steps toward an interregional and cross-border joint work for tourism development.
- Another significant aspect is to keep up with quality asking at the same time reasonable prices; otherwise highly competitive European destinations will be more advantageous.
- As the cooperation will open up and provide opportunities for all parties involved, tourism actors will be able to penetrate into new tourism markets resulting in new consumers. Therefore, there will be a strong need to study and predict their needs, expectations of travel experience, attitudes and behaviors.

- Another challenge faced by tourism entrepreneurs according to the interviewees is that pre-requisites for entrepreneurship need to be created and improved by the public sector.
- Tourism is still a very specific sector and requires specific knowledge; hence, multiplied on globalization influence and new trends and prospects, it becomes more demanding in terms of new skills and knowledge. New tendencies not only affect products and services in tourism, but also challenge work of people providing those services, for ex., requiring knowledge of a new foreign language, management and marketing skills in relation with e-commerce and cooperation etc.

2.2 Barents region perception

As a part of the research, a perception of the Barents region among tourism companies operating in the region was examined. According to collected data, most of the companies display positive attitudes towards Barents region, meaning that the Barents region was perceived mostly in its original meaning; however, accurate definition could not be given by any of the interviewees. The definitions of the Barents region were given mostly from geographical and political points of view including: ”The northernmost parts of Finland, Russia, Norway and Sweden ” and ”Enlarged North-Calotte” or ”Northern Scandinavia + Kola peninsula”. Thereby, a conclusion can be made that the Barents region is difficult to perceive as a unified international destination since there is a considerable lack of general and tourism related knowledge among stakeholders.

Although, the Barents region is not recognized as an integral tourism destination but separate well-known destinations within the region, it has good qualifications for tourism development. First of all, the Barents region has potential as an international tourism destination due to its unique Arctic nature, exotic cultures, and regional diversity. Given the low population in a vast landscape in all Barents territories, low influence of a human being on nature and nature experiences of snow and ice settings, such places provide outstanding experience for visitors. Finnish Lapland as well as each of the tourist destinations in the Barents region offers a range of tourist attractions and activities based at great extent on nature qualities and activities in the Arctic nature. Also, fragile northern cultural heritage and exotic cultural diversity are a part of the tourist attractions of the whole area. Sami people who are still living in their original habitats including parts of far northern Sweden, Norway, Finland, the Kola Peninsula of Russia represent indigenous culture and moreover, preserve and maintain traditions and lifestyles of their forefathers by practicing them in every-day life as well as implementing in tourism activities. From the perspective of the tourism of the Barents region, Sami is considered as a significant element. Next important aspect is that the Barents region at the same time performs the functions of generating tourists to other destinations and hosting incoming tourists. From this perspective, neighboring markets present another opportunity for tourism development in the region that has favorable geographic location in regard to wealthy European markets.
Although, the Barents member countries are mainly associated with cold weather conditions and hence winter tourism activities, in this area, there are all preconditions for summer tourism development. Nowadays, summer tourism is revitalizing though designing and promoting travel offers for summer time which is a suitable period for a variety of outdoor activities. Additionally, developing around-the-year tourism, it will be possible to reduce an effect of seasonality in the Barents tourism as its focus has been remaining outside the summer season as well as non-snow seasons for long time.

Another important opportunity for the Barents region tourism development lies in inter-regional co-operation between its members. So far, tourism organizations in Finnish Lapland have currently more co-operation with Russian than with Swedish or Norwegian tour operators/stakeholders which has a reason that Russians represent a majority of incoming tourists in the region. Nevertheless, the Barents region creates good conditions for inter-regional activity among all 4 countries as they have common ground and interests.

On the other hand, the Barents region is facing serious challenges which can be an obstacle for the tourism development. Firstly, there is a problem of limited accessibility which holds true within each member country as well as for the Barents region entirely. EU and Russia have strict visa regime as Russia is not a part of Schengen zone. Moreover, it is rather complicated and time-consuming process for the both sides and seems for many people a barrier for travelling. Another issue is transportation system and its infrastructure. The transport infrastructure of Norway, Sweden and Finland are generally of a high standard. Maintenance of the road infrastructure in Russian part of the Barents Region has been severely neglected during the last decades, which has had a negative effect on transport costs. Additionally, the current railway connection is not efficient enough to increase accessibility generally in the Barents region and to make transports more efficient by shortening transport distances which affect travel time and transport costs. However, the Barents Region has a large transport network of roads, railways, inland water canals, harbours and airports, remote destinations are not sufficiently connected with the transport nodal points, which makes it difficult and rather expensive to get there. Furthermore, budget airlines cause some uncertainty by not setting permanent schedule for flights to the destinations of the Barents region.

In addition, although travel from North to South and vice versa is possible by plane and train, the travel connections between West and East lacking both in method of transport and frequency.
Also, the problem of accessibility holds true for information concerning practical travel issues as so often is the case when right information at the right time on practical issues is unavailable.

Secondly, interviewed companies pointed out cultural differences in business practices as a potential challenge for joint activity. As companies in all four counties do business according to their national and cultural standards, cross cultural differences impact upon businesses and people in many aspects: cooperation practices, decision-making process, business security issues, tackling business risks etc. In addition, legislation in one county does not apply to rules of another country and is constantly evolving which makes doing business even more complicated. Furthermore, a large number of tourism development projects have been carried out and are currently ongoing in Finnish Lapland, tourism entrepreneurs are not always interested in taking part in them. In their own words “we make products – not projects”, which refers to the fact that projects only have a limited duration and their results sometimes are not practical enough for tourism entrepreneurs. Also, imbalance in development resources between regions plays a crucial role in establishing cooperation according to interviewees. In this respect, Russia is a country with less developed economy in comparison with Finland, Sweden and Norway affecting greatly on the quality and price level of tourism sector. Likewise, to market the Barents region as one tourism destination under unified brand appears a relatively difficult task as the tourism stakeholders cannot agree on one common name for the region. Moreover, the name “Barents region” is mainly associated with a political union rather than tourist destination. Instead, “Arctic Lapland” can be a suitable brand name for the Barents region.

2.3 MICE tourism perception

In the following section, perception of MICE tourism in Barents region is described based on the companies' answers. The majority of the tourism organizations in Finnish Lapland (67%) have connections to MICE related tourism. Although, there were some challenges in understanding MICE tourism among tourism stakeholders, they recognize MICE as a potential form of the tourism in the Barents region especially in summer or during "non-snow" seasons. One of the most important points is that exoticism and diversity of the member regions are perceived as significant attractions for MICE tourism in the Barents region. As MICE tourism is very demanding form of tourism, it requires from companies to have a sufficient capacity, high quality services and service infrastructure in order to be able to provide full specter of MICE services which include providing facilities, managing all arrangements, organizing incentive program for corporate as well as organizing meetings of wide level etc. Besides, MICE customers are in average more demanding than leisure customers. As corporate programs are tailor-made to suit clients' need and travel purpose differs from leisure, there is more demand on quality, services and hardware.

In the last section of the interview, the companies were asked to answer the questions related to regional tourism specificity. The interviewees in Finnish Lapland point out increasing importance and need for development of cooperation-coopetition relationships among tourism businesses not only within their own region but also in the Barents region. As to internal Finnish Lapland situation, cooperation and coopetition in service production is local and regional. Micro and small enterprises need to cooperate and form networks for the purposes of cooperating with large tourism organizations and at the same time competing against them. Although, today co-operation in marketing and sales is in most cases international.

DMOs (Destination Management/ Marketing Organizations) have a significant role for developing tourism industry in Finnish Lapland through developing and marketing the destination brand, creating pre-requisites for companies and destinations, serving prospects and visitors, empowering and serving tourism providers, supporting partners and as a result bringing benefits to the host region.

Moreover, cooperation and coopetition within the whole Barents regions will serve the purpose of unifying efforts of different tourism stakeholders of all counties involved in order to create a competitive destination under one brand.
Approx. 70% of tourism organizations in Finnish Lapland have small scale cross-border co-operation in the Barents region. Main channels of performing cooperation are connections through own customers from Barents region, own service production in other parts of the Barents region in co-operation with local stakeholders and connections through international projects in the Barents region. Closer cooperation between different interests is a more effective way rather than independent approaches to issues.

One of the favorable conditions for promoting cooperation-coopetition relationships among tourism stakeholders in Finnish Lapland is that stakeholders in other parts of Barents region are seen more as potential co-operators than competitors; meaning that they realize the benefits of working together. Despite the imbalance in development resources in different counties of the region, there is strong general agreement on the importance of the cooperative efforts among all participating counties.

3 Stakeholder needs and expectations in Swedish Lapland [2]

3.1 Background information of tourism companies

A total of 13 tourism companies were interviewed in Swedish Lapland. However, 2 more companies were planned to be included in the survey but refused to participate as well as 4 companies out of a total number of interviewees did not answer some of the questions. All companies were located in overall Swedish Lapland, specifically 2 in Kiruna, 2 in Gällivare, 5 in Luleå, and 4 in Piteå including one which has also divisions in Luleå, Arvidsjare, and Älvsbyn.

The first part of the interview contained information on general performance measures reported by businesses. The information that follows briefly profiles the companies interviewed for the research in terms of a business sector, company size, years of operation, and customer groups.

Survey respondents provide a variety of services and products to the tourism market. Namely, 6 of them are involved in providing accommodation services, 7 are working in catering services, 6 provide program activities, 3 organize travels, and 1 company provides other services. Moreover, among interviewed companies an absolute majority represents a private sector (12 out of 13) and only 1 organization is publicly owned.

Interview modules requiring answers about years of operation, a turnover, personnel, customers and MICE tourism were partly answered by an average of 9 companies. Therefore, this part of the analysis relies 100% on 9 companies' answers. Experience of tourism companies operating in Swedish tourism market is so that 2 companies operate over 30 years, 2 companies have experience of 20-30 years, 1 company operates 10 years and the rest of 4 organizations are in the business less than 10 years.

The annual turnover of the companies is as following: 2 companies have the turnover over 100 million €, 2 companies make 50-80 million € annually, 1 organization has a little over 20 million €, 1 company makes up to 5-6 million € and finally the turnover of 2 companies does not exceed 1 million €.

By employment size, the companies vary from 1 to 60 people according to current year data. Specifically, 1 business has over 50 full-time staff, 2 companies are in the range 20-49 staff, 1 organization employs a little over 10 people, and finally 5 companies have less than 10 full-time staff. As to seasonal employment, 1 company has more than 200 people of part-time personnel, 1 company attracts in a high season over 100 staff, 2 organizations employ 10-15 staff, and the rest of 5 companies have less than 5 people on a part-time basis.

Among all respondents, only 6 of them are dealing with leisure-related tourism; at the same time, all of the respondents (9) provide work-related tourist services.

As to the level of operation, interviewed organizations operating on a local level constitute the majority of the respondents (8), 6 companies operate on a wider level of a region, 5 companies deal with customers all over the country working on a national level, and 6 international companies also work with tourists outside the

[2] cf Luleå University of Technology, 2012

country. It is important to note that only 3 out of 10 responded organizations have their business operations on all 4 levels, while others represent one or several levels.

Moreover, a total of 6 companies out of 9 operate in a niche of the MICE sector with only 2 companies dealing with MICE tourism components closely than others by providing a whole range of services according to its abbreviation, 1 company offering customers meeting-incentive-conference services, and 3 of them working only with 2 different components of MICE tourism.

3.2 Barents region and MICE tourism perception

A perception of the Barents region among the tourism stakeholders was examined in order to get an overall picture of the region from their perspective. According to the results, most of the interviewees' opinions come to a common point that there is no or very little knowledge about the Barents region as such. Moreover, it holds true not only for the companies that know business environment mostly in their own region but also for tourists who do not have enough information about the Barents region as a destination. Also, some of the companies (4) state that they are familiar with the region due to their previous business activity. In the opinion of 2 respondents, the region is perceived as consisting of different cultures and regulations. Other single opinions were that the the Barents region is seen as undeveloped and rather remote, implying great distances between destinations within the region itself as well as from other geographical locations outside of it.

In the last years, tourism business has faced a lot of challenges and changes that affected their operating environment. According to the respondents, there are several obstacles for Barents tourism development. First of all, most of them (4) state a distance as a difficulty that in turn leads to a limited accessibility of the region and influences tourist flows. Secondly, as the Barents region consists of four different countries, common language is becoming a critical problem. Next, differences in cultures and legislations prevent doing business on an equal ground. Additionally, low awareness about the neighbor counties results greatly on the business sector because they have no information about potential partners and therefore do not trust them. Moreover, bureaucracy is also pointed out as e.g., Russia has very high level of bureaucracy comparing with the Barents members which is one of the biggest obstacles not only in tourism but every sector of economy. It was mentioned by one respondent that his company is entirely focused on the domestic market which means the company does not aim to gain other niches.

Despite obstacles, there is a high potential for development of the Barents region as a future destination. First of all, to promote the Barents region as a single destination require a single tourist brand of the region. In this respect, the interviewees state that at the moment the name of the Barents region is unknown in the international destination market which implies that it requires launching a proper name for the region and doing a lot of promotion work. Also, they add that it should not be a responsibility of one country – all four countries need to brand the Barents region. Along with it, each destination within the Barents region has already own tourist brands so attempts to promote one common name for all counties that compose the region might lead to a confusion of names and competition of brands within one area, e.g. there can be confusion of different Lapland areas. At the same time, having well-known tourism brands, the overall tourism situation in the region remains immature and developing. It has potential due to tourism resources which are namely nature, culture, scarcity of population, quietness etc. and can be a starting point for tourism industry growth including MICE tourism. As some of the respondents note

that remoteness is a disadvantage, in contrary, a large part of them believes that it can be turned into attractive exotic feature and unique experience of high service in the remote area for the tourists. On the other hands, a part of the business owners are not optimistic about a bright future for the Barents region when talking about strong international competition in the tourism market and high international standards and quality requirements that are not met in the Barents region counties. In addition, the respondents mention difficulties to "sell" the whole area as MICE tours do not imply around-the-region tours but travelling to one place. Above all, the current Barents region is ready for joint tourism development but requires first to fill a gap of knowledge, trust between entrepreneurs from different regions and learning about each other.
In general, the respondents are optimistic about future tourism development but realistic about the MICE potential in respect to global competition due to costs (time) and distances (travel).

In the conclusion of the interview, the respondents stated their training and other needs in a foreseeable future for effective tourism cooperation. First of all, they point a need for greater knowledge on the Barents Region, i.e. that to work together one should know well other players in the market, for instance, Sweden and Finland have more active business cooperation but Russia is an unknown unit for both of them. Specifically, a suggestion was to launch learning trips to other member regions to see what the area has to offer and to sell. Next, a lack of practical information about tourism facilities in each region needs to be filled out and eliminated.
Additionally, an important aspect for the Swedish respondents of the interviews was to receive training readying them to sell their products also to an international market. Another vital area for improvement is a language competence for workers in the tourism industry of each region; even though English is a common language in most cases, there is still a need for Russian language as Russian customers form a solid part of overall tourism flow in the Barents region directions. Moreover, most of the interview participants come to a common opinion that there is also a need for top-down initiative for cooperation and learning of each other that should come from higher organizations, not from companies due to lack of time and resources.

4 Stakeholder needs and expectations in Northern Norway [3]

4.1 Background information of tourism companies

A total of 10 tourism companies were interviewed in Northern Norway. Tour-operators, hotels and tourism development organizations interviewed are located in Finnmark and Tromsø. In the first section, a profile of the tourism organizations is described according to the information provided by interviewees.

The number of staff (as full time equivalents) is important in assessment of the size of the companies and is as follows: 4 companies out of 10 have 1-5 employees; 3 companies have 5-10 employees, and other companies refused answering.

Respondents were asked about a range of turnover describing their last financial year operations. According to answers, 4 companies have annually 1-5 million NOK and 2 businesses make more than 20 million NOK. Moreover, the majority of them (8) described their economic situation as "good" or "very good" as well as 3

[3] cf Barents Institute, 2012

businesses characterized themselves as being in a vulnerable situation from an economic point of view.

As to the level of operation, 6 of 10 interviewed organizations operate on all 4 operational levels including local, regional, national and international levels.

Next, there are mainly two large target groups of the interviewed companies: the majority, 5 companies, offers both leisure- and work-related tourism services and products. 2 companies deal mainly with people aged 50+ as "…because those who are younger do not have either time or money to come here; our excursions are quite expensive…".

Additionally, the companies were asked about the extent of the cooperation which they are involved in. Important cooperation at the local level is being practiced by 8 companies out of 10 interviewed. A part of the interviewees of 5 companies (out of a total of 10) have considerable cross-border cooperation within the Barents Region as well as 3 companies have little cross-border cooperation. Although, given not very large extent of involvement into interregional and international cooperation, the majority represented by 6 companies sees a great potential and many possibilities in developing now and in the future Barents cross-border cooperation:

> *"I think the market is interested in experiencing the whole Barents Region"*
> *"To develop dialogue in order to be able to sell a cross-border product"*

Among challenges and obstacles for tourism development in Northern Norway, the respondents state the most crucial:

- Insufficient regional infrastructure especially in a vulnerable situation. In this respect, the region is highly dependent on the airports and Hurtigruten cruise ships;
- Difficult cooperation on all levels;
- A lack of financial resources;
- The global economic and financial crisis as tourism business is very vulnerable to any economic recession.
- High price level. It is hard for Scandinavian cities to compete with low cost destinations, where the competition is hard, and where the access is good. There are no low cost airlines flying in to many destinations in Northern Norway.
- A lack of promotion and economic backing of tourism development at the national level.

4.2 Barents region perception

In the interviews, an understanding of the Barents region among tourism companies operating in the region was examined. According to collected data, four companies have quite clear perception of the region's members and its geographic location. One respondent see the region as purely political union related to petroleum industry. Almost all the respondents express the same idea that a term of the Barents region is not well known outside the region and therefore is not use in marketing of destinations. In other words, there is an obvious problem with recognition of the term of the Barents region and using it in any tourism development work. According to the respondents, a half of them do not use the Barents region identity in their advertisement and development of tourism; another half uses it seldom:

> *"From the point of view of tourism, no one understands what the Barents Region is"*
> *"Barents Region is a non-concept when it comes to tourism"*

Instead, the interviewees (8 out of 10) identify themselves more with Arctic and High North location that is as well actively used in advertising and promotion of a destination.

Nevertheless, the majority of the respondents (9 out of 10) consider the Barents region a tourism destination with a potential for development in the future. The main attractive features now and in the future are winter-tourism activities and related natural activities. Others state that potential development is caused by emerging Asian market.

Along the perspectives, the cooperation in the Barents region is facing serious challenges which can be an obstacle for the tourism development. First of all, one third of them state language as a main difficulty on the way of the cooperation as all 4 countries that form the Barents region speak different languages and there is no a common language for all of them. Next challenge lies in bureaucracy and political obstacles which can be caused due to different political courses of the member countries as well as different legislation system. Strict border regime between Norway and Russia is also a big barrier for tourism development:

> *"There are more Russian tourists coming to Northern Finland than to Norway (...) the Finns have been much better in removing border-related obstacles"*

However, they look positively in the future and believe that over time the visa-barrier will be gone:

> *"What could happen in the near future is that it will become easier to cross the Russian border, and that will be very beneficial to the region".*

In addition, not only Barents cooperation is challenging to implement but also Russian-Norwegian cooperation in particular. 4 companies out of 10 state that it is difficult to cooperate with Russia; although, the reasons for that are not provided. Another four companies have no or little cooperation with Russia, but want to develop it:

> *"It's a pity to live in a border-region without fully using the potential it has"*

Finally, two respondents find it important to follow the political development in Russia and of Russian-Norwegian relations in order to develop up-to-date cooperation. So far, the respondents in Northern Norway are interested in establishing and advancing cross-border tourism development work and are actively using the region's border to Russia in their advertising (7 out 10 respondents).

4.3 MICE tourism perception

In the following section, perception of MICE tourism in Barents region is described based on the companies' answers. All interviewed tourism organizations in Northern Norway are familiar with the MICE concept and interested in developing it further. Moreover, 8 companies are already involved in MICE tourism in different degrees. Accordingly, Norwegian tourism businesses believe in MICE-potential in the Barents

Region as an expanding MICE market brings benefits not just for various events' organizers but for the region as well.

On the other hand, however attractive MICE tourism is seen by tourism companies, there are several obstacles for its development in the Barents region. First, there is a problem of high travel costs to get to the Barents region and do travelling within it. Second, tourism companies that are mainly micro- and small enterprises do not have enough capacity (flight, hotel capacity etc.) and resources to provide all of services related to MICE. At the same time with providing work-related services, MICE customers also require various activities, and this is a weak spot for local tourism companies:

> *"We need new attractions in order to increase the volume of tourism in the region"*

According to the majority of the respondents (8 out of 10), a role of regional development organizations in tourism development is highly significant as they see a communication with a public sector an absolute necessity. Indeed, regional and local authorities play a key role in policy-making thus coordination between them and businesses would increase the benefits of policies and strategies. Small tourism companies want and need external support; although, the companies do not experience enough support actions from either authorities or regional development organizations.

With respect to the needs of the companies, only those tourism organizations will succeed that will change to meet the challenges and opportunities to match the needs of an expanded tourism market. This requires first of all bringing innovations and professionalism into their operations. All respondents indicate their need in additional competences for their staff i.e. training sessions for personnel in sales and marketing, information technologies, international competence and experience and project management. In order to effectively participate in the Barents region tourism development, the companies need a set of intercultural competences including cultural knowledge and knowledge of the Russian market as well as foreign language competence, e.g. Russian language is of high demand among tourism staff. Moreover, competence on other Barents countries' tourism activities, businesses, market and economies is needed:

> *"If I had a better knowledge of what they did in the other countries, of their best destinations and products (...) I could more easily sell our region as a whole"*

In other words, there is a great potential and many possibilities in developing further Barents cross-border cooperation as well as promoting the entire region as an international tourism destination.
In spite of the fact that today the Barents region identity is of little use in tourism development by the companies, in opinions of the respondents, the region has strong pre-conditions for its future tourism growth. Likewise, the growth of tourism in Troms and Finnmark is based on other factors than Barents identity; though such identities as Arctic and High North are rather popular among the companies in advertisement. Although, the current state of regional infrastructure of Northern Norway as an obstacle to further development and cooperation on the basis of tourism that can be overcome though the support of municipalities and tourism development organizations that play very important role in a process of tourism development in Norway regions.

There are two directions for improving operations of the tourism companies that are added up to development of internal state of a company and development of cross-border cooperation. In a first case, these are needs in sales and marketing, the second direction requires better knowledge of Russia and Russian market. Additionally, all companies are familiar with MICE concept and strongly believe in the Barents Regions' MICE-potential. In particular, there is a great MICE-potential for small tourist operators in Troms and Finnmark.

5 Stakeholder needs and expectations in Murmansk region [4]

5.1 Background information of tourism companies

In Murmansk region, 22 organizations located in Murmansk, Kirovsk and Monchegorsk participated in the interview survey. Interviewees were directors of organizations and top managers. In the first section, a profile of the tourism organizations is described according to the information provided by interviewees.

All surveyed companies operate in the tourism market in the region. Specifically, 5 of them are tour operators, 3 belong to Tourism Development Organizations, 3 companies are transport service providers, 3 companies provide software services, 2 companies are in accommodation business, 2 companies are restaurants/cafes, 1 organization provides a venue for meetings, 1 provides comprehensive services and 2 companies provide language and other services.

Length of work of each organization is different – it varies from 1 year to over 50 years. Namely, 6 companies have experience of 1 to 5 years and 6 to 10 years. 3 organizations operate from 11 to 15 years; 2 to 16 to 20 years and 3 companies had been in the tourism business for over 21 years. From the point of view of the services provided, the least experienced ones are TICs (Tourist Information Centers) (1-5 years) and tour operators (4-10 years); state-owned companies working in general on creating a cultural and historical image of the region (museums) and providing transport services have a wide experience of operation.
The staff number of the surveyed companies is heterogeneous. 11 of them account full-time workers from 1 to 10 people. Generally, those are companies like TICs (1-3 people) and tour operators (3-10 people). From 11 to 50 employees work in 4 organizations - 2 travel agencies, a transportation company and 1 restaurant. Staff of 51 to 250 people is typical for 5 survey participants: hotels, transport companies and a major museum. In addition, one third of the companies have out-of-staff members. The number of freelance employees reaches up to 20, and in some companies up to 50 employees (mechanics, translators, drivers, guides, etc.). These workers are usually involved in a high season or work freelance. 4 participating organizations refused to provide information concerning their staff.

The main type of organization form of the tourist organizations that took part in the survey (18 out of 22 surveyed organizations) is private company.

Each company clearly defines its own special niche in the market: children's tourism, skiing, aqua-park services, translation services, organization of thematic musical entertainment parties, active tourism, expeditionary tourism, visual arts, and visa and insurance services.
According to the respondents, four major types of expertise can be highlighted (by frequency of mentioning):

[4] cf Murmansk State Humanities University, 2012

- An exclusivity of service / product:
  "The fact that we do not have on the Kola Peninsula any similar to us organizations, we are the only tour operator throughout the Kola Peninsula, which offers package tours ..."
  "We are, perhaps, the only company that makes expedition tours, perhaps" "Icebreaker" Lenin "only exists in Russia. No place in the world has nuclear-powered icebreakers ".
- A quality of a product:
  "My business is mostly oriented to providing quality and demanded services".
  "Quality of our services is invariably high because we must keep up ourselves on the level of high European standards".
- Economic indicators (price, turnover, demand etc.):
  "We have to offer a competitive price"
  "Advertising campaign plus safety plus turnover. Three components"
- Security and stability:
  "We believe our advantage is that we are serious about safety and quality of tourism product "
  "We believe that to save on security is wrong"

Majority of the respondents (15 out of 22) reported that they work on regional and local level; specifically, 6 at the local, 7 at regional and 2 at local-regional level. 8 companies implement their activity at international level; moreover, 4 of them indicated that they work both locally and internationally.
Outside Russia, the cooperation is carried out with the Finnish TIC, TIC in Sweden, museums and hotels in Finland, Norway and Sweden. Additionally, such countries as Spain, Turkey, Egypt, Thailand, Italy, Czech Republic and England were listed as partner countries.
At the regional level, museums, libraries, cultural and recreational facilities, centers of folk art, creative workshops, transportation companies, resorts and other tourist, and research organizations were marked as partners.

A considerable part of the respondents mentioned no specific type of the activity of the partner organizations but their location:

> *"...In every town, every village of the Kola Peninsula, we have our partners as well..."*
> *"...Our company cooperate with the companies-providers in Murmansk..."*
> *"...Companies in Lovozerovo, Kirovsk, Apatity..."*

A question concerning the annual turnover was perceived by the respondents ambiguously, so only 10 of them provided such information. Others pleaded to a lack of information and too commercially classified information. However, 2 organizations have the annual turnover of € 10 million, 4 companies reach up to € 2 million annually and 4 companies have less than € 1 million.

The majority of the interviewees (20 out of 22) estimate a current state of their organizations as stable. 5 companies point out the growth of their activity and plan to expand their services:

> *"...The enthusiasm, of course, is all related with the Shtokman ... due to the increasing relevance of cross-border issues, all of these conferences, followed by some projects ..."*
> *"... We can say that for the last 3 years ... term dynamic development is hardly appropriate, but, nevertheless, development is happening. In other words, we develop a new tourism product, are investing, buying machinery and equipment ... "*

The range of the problems faced by companies in a process of service providing is quite diverse. According to the frequency of mentioning:

- Staff problems;
- Financial problems;
- Lack of information, its untimely updating;
- Imperfection of the laws;
- Lack of assistance from the Government;
- Seasonal decline in demand for services of the organization;
- Language problems;
- Undeveloped infrastructure;
- Lack of advertising to attract tourists.

As noted by the respondents, in the process of providing tourist services, variety of information is used - historical sources, the media, partner resources, the Internet, personal communication, advertising, etc. Most information is obtained independently. According to respondents, there is a lot of information, but it is fragmented, "a single information field on the Kola Peninsula" is missing. Therefore, the main requirement to the information is its authenticity. For the development of the tourism organizations in the region, information is highly needed.

When asked about target groups, the tour operators responded quite indistinctly:

> "Today, we have to be omnivorous. If suddenly a trend does not work out - vacation or business meeting ... "
> "... All the people who are interested in Russia ... People who are still seeking for adventure ..."

5.2 Barents region perception

The part of the interview questions had an aim to define how the Barents region is perceived by the tourism companies operating in it. According to the responses, most often, the Barents region is considered as a commonwealth of the countries which is:

- geographically located on the Kola Peninsula,
- having a well-developed system of tourist and business links and contacts at national, organizational and individual levels, and
- having similar natural living conditions. Differences between countries are related to the level of life, history and ethnographic characteristics (population, culture etc.).

It is important to mention that the responses of 6 informants did not contain a clear idea of the length of the borders, countries and territories belonging to the Barents region. In addition to Murmansk and Arkhangelsk regions of Russia, Finland, Norway and Sweden, some of the respondents added Karelia, "the entire Arctic region, including Chukotka" and Denmark. Also, one respond contained such countries as Iceland, Greenland, USA and United Kingdom.

Outside Russia, 8 organizations practice cooperation with organizations of the Barents region. Key areas of cooperation are business trips, exhibitions, trade fairs and joint international projects.
Almost all organizations (21) indicated that the Barents region provides opportunities for the development of both the organizations and cross-border cooperation. The most desirable form of cooperation for the survey participants is to promote organization development which includes education, training and development of new forms of tourism.

According to the respondents, the Barents region is very attractive to tourists. It is associated with:

- Safety of stay (first of all, political and environmental);
- The preservation of wildlife nature in the region;
- For the development of international tourism a proximity of the borders is important,
- For tourists from other regions of Russia, special natural conditions are of great interest.
  "The Barents region is interesting. It is clear that it is cold here and there are some disadvantages. But these disadvantages can turn into advantages. And at the same time, they also unite the region".
  "... People who come from the European part are tired from discos and trendy restaurants ... They want to return to the indigenous sources of life ... It is just here - on the Kola Peninsula".

Promising areas for tourism development in the Murmansk region are those that partly are being implemented already and those that are still a plan: ecotourism, recreation (skiing, adventure tourism), the historical and cultural tourism, fishing (diving); MICE-tourism, different forms of individual and family tourism.

Obstacles to tourism development in the Barents region include:

- Lack of tourism infrastructure
  "... The problem of urban infrastructure: in high season everything is booked and in low season everything is totally free ... "
  "As for the obstacles, it is the almost complete lack of infrastructure ... Our small aviation is not developed at all; roads, hotels, campgrounds - we have nothing ..."
- Visa
  "It is very difficult for tourists to cross the border because of the visa regime ..."
- Legal framework and legislation
  "Customs legislation is a very strong barrier. It cannot be solved without regional authorities"
  "For the whole of Russia, I see three problems. Legal framework, loans, training guides"
- Lack of development and the unavailability of unique tourist attractions (Closed administrative-territorial unit)
  "The status of the region as a residence as our armed forces is preventing tourism development. The structure of the closed units is completely out of date ..."
- Low level of linguistic competence
- Opportunities in the region are underrepresented in advertising and other information products
  "The Barents region is described only in fishing. I do not know any other info blocks about tourism here, in the Kola Peninsula".
  "It is essential that we get assistance not in carrying out activities, but in promotion of our capabilities"
- Low staff competence level, lack of self-presentation
  "Our entrepreneurs do not have enough knowledge, skills and marketing, they just do not know how to present themselves"
- There is no single (regional) reliable information base
  "In order to navigate in tourism field one must have information about the types of tourism, which are present in each region"

During the interview, respondents were asked about the role of regional authorities and regional organizations in tourism development in the Barents region in general and the Murmansk region in particular. It is interesting that there are quite a variety of opinions. As to bureaucracy, some respondents stress that the main task of the government is not to hinder tourism business but rather support it and unite all the participants from the top down which will lead to consolidation of efforts of all tourism stakeholders. Another important opinion is that regional organizations can be an intermediary between entrepreneurs and authorities.

5.3 MICE tourism perception

The following section is providing analysis of the perception of MICE tourism in the region and prospects for its development according to the opinions of the respondents. It should be noted that there is some differences in understanding of MICE-tourism by respondents. MICE-tourism is considered as a form of providing tourism services, and as a way of working with the staff of the company that includes organization of corporate events, recreation, training, etc. Significance of this area of tourism for tourism companies and the region as well as problems in its development is interpreted in line with the perception of MICE tourism.

According to interviewees, development of MICE-tourism is important for the region and for companies from both an economic and a social point of view. MICE-tourism contributes to:

- Increase in tax revenues from tourism activities;
- Development of international relations;
- Development of new directions of tourism services;
- Development of tolerance towards members of another culture and country as a whole.

Overall, the companies noted the high level of involvement in the MICE-activities. 13 out of 22 organizations implement various kinds of MICE-public services: information, software, transportation services, accommodation services, and organizing business events.
These are the participants in MICE tourism:
- tourism development organizations – TICs;
- tour operators;
- accommodation companies;
- transport companies;
- Organizations providing program services in the tourist market.

Although, all companies do not associate their activity with the focused development of MICE services and do not tend to convert companies into MICE service providing organization. More often, their interest in this sector is based on capabilities to develop new additional form of their work.

Also, the respondents stated the main problems in this area:

- A lack of communication between companies providing MICE services and potential businesses-customers.
- A lack of centralized management of MICE-tourism in the region;
- A lack of information about MICE-tourism services and organizations.

It should be noted that, despite quite wide range of issues, the respondents keep a strong interest in the development of new directions of tourist activities (including MICE-tourism), improvement of staff, information, and other potentials of their organizations.

Questions about possibilities for tourism development in the Barents region and in Murmansk region, assessment of the Barents region as an international tourist destination, and prospects for the Barents region as a MICE-destination caused certain difficulties. Above all, this shows an absence of a clear understanding of the Barents region as a tourist area; in addition, most interviewees' answers contained limited opinions limited by the perspectives of their own companies.

6 Stakeholder needs and expectation in Arkhangelsk region[5]

6.1 Background information of tourism companies

In Arkhangelsk region, all selected companies are typical members of the local tourism business community that provide services and products in the field of tourism and have almost similar competitive advantages. Due to various reasons, the initial number of 30 companies to be interviewed was downsized to 11 companies providing tourism services. These are 5 tour operators, 2 travel agencies, 2 hotels, 1 tourism association and 1 tourism info web portal. The reasons for the reduction of the number of respondents were their refusal to share financial information, busyness and the impossibility of meeting with the interviewers personally. Additionally, one company has provided incomplete data; hence, the results of the survey rely on the data from the remaining 10 organizations (100%). All the responding companies are based in Arkhangelsk and Arkhangelsk Region.
The following section contains information on general performance measures reported by businesses. The information that follows briefly profiles the companies interviewed for the research in terms of a business sector, company size, years of operation, and customer groups.

Statistically speaking, Arkhangelsk Region is currently witnessing the steady growth in tourist flows which in 2011 numbered the total of 325 thousand people including 8213 foreign tourists. The major part of tourist flow arrived in (59%) and the Solovetsky Islands (31%). The number of the tourist companies is growing likewise (93 in 2009 and 125 in 2011) and so does their total turnover (1.6 billion RUR in 2011).

The activity of tourist companies target different markets – local, regional, national and international. As their main services vary slightly, the companies have approximately even market distribution; to be more specific, they work more closely with the customers on the regional level while international segment is the least explored but nevertheless there is no large gap between two operational levels.

Experience in providing tourist services varies in the following way: 70% of the companies are rather new and operate less than 10 years and 30% have operation experience exceeding 10 years. According to interview results, the number of tourists annually serviced by one company is 500-6000 people. Moreover, about 30% of the companies annually service far more customers than that. With the exception of seasonal tourist companies and those arranging individual tours, the demand for services is all-the-year-round.

[5] Northern Arctic Federal University, 2012

The majority of customers – aged 20 to 60 – are residents of neighboring towns and other parts of Russia. The percentage of those over 60 is less than 5%. The percentage of those over 60 is less than 5%. Students and retirees, who tend to travel in small groups of 3 to 6 people, or book individual tours, account for minor portion. School-children normally travel in large groups. These figures have been confirmed in the study by both the group data and correlation dependences. Incoming foreign tourists account for 13% of the total but their number generally tends to increase.

About 10% of the companies express an opinion that they are almost surviving in the market, another 10% say they are actively developing their companies and around 80% claim they think they are viable in the market. With 90% of the companies, the average annual tourist product turnover does not exceed 10 million RUR. Given the current market conditions, some of the companies stated they do not think very long-term; their longest time perspective is 3 to 4 years. Another part of the respondents, however, state that they plan for at least 10-year perspective and target new infrastructure and new tourist products development.

As to the staff structure, female personnel of the age 18-35 dominate in the companies. As a rule, they may have different professional backgrounds and participate in various advanced training programs. The major part of employees (more than one third) is dealing with tourist products sales and management (up to 35%) and marketing (up to 15%). Other activities including tour guiding are dealt with by 20% of manpower. Many employees speak foreign languages (80% of the companies interviewed). Staff turnover is mainly caused in the region by low wages, change of place of residence and lack of special knowledge and skills. Staff turnover is the highest among operating personnel. The number of full-time employees varies between 2 and 20 people and may increase ten-folds in summer (up to 100-150 employees).

A range of business activities of the interviewed companies is also rich in content. The main tourism lines are tour operator activities, full-package tourist services, incoming and domestic tourism embracing the Russian North, travel agency activities, and tour routes development. According to the respondents, only one third of the companies are interested in promoting Arkhangelsk Region from the point of view of tourism. The key services offered include educational tourism (70%); ecotourism, event tourism, health-improving tourism, travels, sport tourism, fishing and hunting tours (40-50%); active tourism, business, rural, water, beach and pilgrim tourist trips are a core business for 20% of tourist companies. Snowmobile and all-terrain-vehicle safaris are becoming popular too but due to their seasonality and costly maintenance of infrastructure, over 80% of the companies do not see safaris worth promoting. Another interesting opinion expressed by a majority of the tourism companies is that they support an idea of social tourism and are willing to develop it with the support from regional authorities. The discount they are ready to offer to children, retirees and physically challenged customers do not exceed 20%. In general, tourism companies working in the market are many-profiled and still open for new business activities to be undertaken to develop their companies.

6.2 Barents region perception

In this section an understanding of the Barents region as a geographic unit and tourism destination region and MICE tourism situation in the tourism market of Arkhangelsk region as well as difficulties and possibilities for the development of the region and MICE as a specific tourism business type will be examined according to the responses given in the course of the interview.

A clear and extended definition of the Barents Region was given by about fifty per cent of the respondents - they are aware of which e countries comprise the Barents Region. Some of the companies refrained from answering the question. Majority pointed they have been involved in joint international and interregional tourism-related projects. However, they are still very interested in the cooperation to expand their contacts and even exchange groups of tourists to promote the recreation in the Russian North.

Among the basic challenges of tourism development in the Barents Region, high cost of tours was stressed. It is interesting to note that the price level is so high that tourists in the Russian part of the Barents Region normally choose Turkey or Egypt offering full-service leisure tourism for the same costs while tourist trips to Scandinavian countries are more expensive and affordable to richer people. Another crucial point is cross-border formalities, visas and customs for foreigners to enter Russia and for Russians to go any place in the Barents region. Moreover, a lack of knowledge and services that meet international requirements brings up a certain level of complication.

At the same time, the Barents Region's touristic potential can be developed due to its natural landscapes, environmental safety, proximity to the Arctic, possibilities of sport and extreme tourism. Indeed, the interest to the region is expected to grow in the near future and so is the demand in cultural, pilgrim and research tours (Lomonosov tour, for instance). It is also important for Arkhangelsk to cooperate with neighbor regions (Karelia, Komi Republic, Vologda Region, Murmansk region, Leningrad Region, Nenets Autonomous Okrug).

To develop further, tourist companies will definitely require know-how and resources such as market evaluation and forecast, new tourist product development (like cruises, Arctic, industrial tourism in Arkhangelsk Region, ethnic tourism in Nenets Autonomous Area), larger use of information technologies and innovations, enhancing of service quality, and tourism infrastructure development.

6.3 MICE tourism perception

It is important to note that all the respondents state that they would be very interested in promoting business tourism, arranging international conferences, seminars and business meetings. Additionally, almost all of them are willing to deal with MICE tourism components in various ways. Nevertheless, this type of tourism cannot be developed rapidly as the infrastructure and technical facilities available in Arkhangelsk Region do not meet current international requirements (exhibition halls, conference halls for 400 people, simultaneous interpretation equipment).

According to the respondents, the development of MICE tourism is complicated by the following factors:

- economic decline in the region;
- institutional challenges influencing that tourism is not viewed upon as a self-sustaining economic sector;
- shortage of integral conference infrastructure;
- underdeveloped transportation potential;
- weak tourism-related educational system;
- low-standard servicing of business events, and

- insufficient number of businesses engaged in MICE tourism.

Despite challenges, there are wide opportunities for development of MICE activities in the region. First of all, what MICE tourism can evolve around in Arkhangelsk are Arctic-related events, specific features of the Russian North, northern nature and culture of indigenous minorities; annual business-focused activities (Margaritinskaya Trade Fair, International Forest Forum, International Tourism Forum). Efficient development will, in turn, require the refurbishment of an international terminal in Talagi airport, Arkhangelsk, and at least two trade fair operators. In their everyday operations, the tourist companies resort to internet-based resources and tour operator mailings (70%). Only 30% said they participate in trade fairs, arrange business meetings and advertise in the media.

Furthermore, the companies meet a lot of challenges in their everyday activity that should be taken into account in order to improve their operations. The key challenges relate to weak legal framework in the tourism sector, cut-throat competition between the tourism companies as a result of unprincipled behavior of certain members of the local tourism business community, shortage of investment and personnel competency (especially in rural districts), weak infrastructure of the tourist service sector and transport organization (road network, seasonal access), high transportation tariffs and low-quality service. Also, border and customs formalities are a matter of serious concern.

During the interview, the directors of the companies pointed out the weak spots and room for improvement in their companies. Generally, they believe that their staff qualifications meet current market situation and needs. One of the most important points stated by them is that the majority of everyday activities require practical skills and knowledge that are gained through everyday performance, rather than university education. Some of the companies state they need marketing specialists and development managers. In high season, they also require qualified guides. In the long term perspective (5-10 years), they may also need interpreters, specialists in information technologies and marketing, tour managers and PR managers.
Among the things, service marketing (also with use of technologies), personnel training, joint international projects, niche strategy and knowledge specialization in certain services was mentioned as means to stimulate regional tourism growth. The growth of tourism companies could be further fostered by the practical training of employees in stress resistance, forecasting and other skills valuable for everyday operation. The companies would also like to experience more cooperation with Arkhangelsk Region's executive authorities. Some of the companies believe it is important for their employees to upgrade skills through self-education - personnel often need the knowledge of the laws and accounting. The sustainability of tourism is associated with partnership relations in the industry and application of e-marketing tools when developing new tourist products.

Although, there is a potential for development of the Barents region as a destination. The interviewees state first of all that the name of the Barents region is unknown in the international destination market. Along with it, each destination within the Barents region has already own tourist brand so attempts to promote one common name for all counties that compose it will lead to a confusion of names and competition of brands within one area.
At the same time, having well-known tourism brands, the overall tourism situation in the region remains immature and developing. It has potential due to tourism resources which are namely nature, culture, scarcity of population, quietness etc. and can be a starting point for tourism growth.

As some of the respondents note that remoteness is a disadvantage, in contrary, many of them believe that it can be turned into attractive feature and unique experience of high service in the remote area for the tourists. On the other hands, a part of the owners of the businesses are not that optimistic about bright future of the Barents region when talking about strong international competition in the tourism market

7 Overall analysis of needs and expectations in the Barents region

For many countries tourism is seen as a main instrument for regional development; for the Barents region it is of no exception. The study carried out during the project shows that Finnish Lapland, Swedish Lapland, Northern Norway as well as such parts of Russia as Murmansk region and Arkhangelsk region have a lot in common as well as face challenges and opportunities typical for the area which cause specific needs for tourism development.

First of all, it was very important to identify an image of the Barents region that companies operating in its tourism market have. Summarizing the results from each county, the Barents region is only perceived as a political or geographical union; it does not have a reputation of an integral tourism destination in both local and international markets due to considerable lack of general and tourism related knowledge among stakeholders. In Russian parts the Barents region is less known as an international commonwealth. Moreover, in Norway none of the companies use Barents identity in advertising and business development. Nowadays, tourism development in the Barents region has a character of localized development meaning that in some parts of the region there is a growth of tourism flows while other parts remain unknown by wide range of international tourists. Although, the tourism market players go along with an idea of opportunities of promoting this area as an entire destination and, moreover, indicate a potential that can be turned into tourism advantages for successful tourism development.
Common advantages of the area, according to all companies, are as follows:

1. Unique Arctic nature is represented by fascinating landscapes and severe climate which in turn, this influence on the way of life and culture of local people that is also one of the main attractive features of the north territories.
2. Exotic cultures and regional diversity make each region distinct and attractive tourism-wise as well as contribute to attractiveness of the Barents region.
3. The Barents region offers an abundance of travel-related events the year around, even though there is a seasonal division of tourism activities in every region. Winter and snow profile of most parts of the Barents region as well as activities typical for winter season and northern lifestyle bring annually a lot of travelers as they can hardly get such kind of experience in anywhere in the world. Additionally, summer tourism is rather developed in Norway, for ex., Hurtigruten cruises are very popular during summer months.

Above all, among most important opportunities for further tourism development low population level, extreme experience of snow and cold, preconditions for summer tourism, neighboring location to wealthy European market and existing and potential interregional cooperation between member countries of the Barents region are pointed out by Finnish Lapland entrepreneurs. In line with it, companies in Swedish Lapland add that creation of a common name for the region and joint promotion campaigns will make the region more recognized in the world tourism market; also, remoteness is highlighted as a competitive advantage that can be sold as an extreme experience for tourists. Entrepreneurs in Northern Norway bring up important point that new emerging Asian market will create demand for tourism services in the Barents region. Russian regions add to the list of opportunities safety of environment in the member counties and possibilities for sport and extreme activities. It is important to note that in Murmansk region interviewees limited own answers by focus on their own companies that speaks about clear understanding and little knowledge about the Barents region.

Common disadvantages of the area, according to all companies, are as follows:

- Border formalities and regulation changes on the Russian side of the region appear an obvious obstacle. A visa-free regime would simplify accessibility from Russia to the countries of the Barents region resulting in growing tourism flow.
- Legislation differs in all 4 countries to more or less extent meaning in particular that different rules apply to business. Thus, regular business procedures in one country do not work in others or should be done in a more complicated way. As a result, bureaucracy level goes high.
- Accessibility of each region and the entire Barents region is a pitfall for tourism development due to remoteness, great distances to overcome to get to a destination and inefficient transportation system. Transportation infrastructure needs improvement in order to provide both efficient linkages to the regional system and internal connectivity.
- Companies do not possess both knowledge about neighbor regions from business perspective and practical tourism information. It is important to understand the consumer, the business and the marketplace where they will be offering tourism services and products.
- Cultural differences are an important issue to take into account as fist of all understanding cultural differences is essential for companies involved in international business and second language plays great role in communication with both partners and customers.
- Tourism market is every region is mainly presented by micro- and small tourism enterprises with limited resources and capacity to accommodate and serve large tourist flows. In addition, financial resources are scarce, for ex., for marketing purposes.

As to specific obstacles in tourism development, legislation in Russia has complicated structures and undeveloped character which in turn creates obstacles for tourism development in the whole country and thus at international level, e.g. existence of so-called Close Administrative Territorial Units, which are related to former military activities, do not allow doing tourism business on their territories while they are of high interest among foreign tourists. Additionally, both Russian parts state low staff competence and thus low level of services provided. More specifically, Murmansk region stresses importance of basic tourism infrastructure that has very fragmental character in Russian territory, and Arkhangelsk region points high costs of tourist services in Russia which affect tourists to go abroad rather than spend vacation in the country. Finnish Lapland indicates also such transportation problems as bad road condition in Russian part of the Barents region, inefficient railway connection within the whole Barents region and unreliable schedule of budgetary airlines. Indeed, Russian road infrastructure needs lots of serious improvements to match European standards, provided that Russia intends to become a popular international travel direction. Additionally, in Finnish region there is a problem that entrepreneurs are not really interested in participating in projects when results of those are not very practical for businesses. Other obstacle in the opinion of Finnish Lapland entrepreneurs are imbalance in development resources among member regions and difficulties in agreeing on a common brand name for the Barents region.

In line with the idea of a common brand, Swedish Lapland entrepreneurs have fears that it will lead to brand names confusion that already exist within the Barents region. Also, they highlight strong international competition when European destinations offer better service quality and lower prices than Nordic counties. Norwegian companies add a lack of cooperation with Russia that negatively influences on tourist flow because Russians as a potential group of travelers are not dealt closely.

One of the challenges for each region within the Barents region is to attract tourists from abroad as well as in off-season periods. A cure for this could be MICE tourism as it is whole-year activity and therefore creates sustainable tourism flows during the low season of leisure tourism. According to the responses of all companies participated in the interview, MICE tourism is familiar to the tourism businesses and is a desirable area to improve companies' positions. Moreover, about 50-70% of tourism businesses have a connection to MICE related tourism or actively participate in providing services. Although, in Russia a share of companies involved in MICE tourism is less than in other countries. A common opinion is that MICE is a promising type of tourism and companies believe in its potential. Moreover, it is understood that business related tourism is very demanding in terms of service quality, facilities etc. In addition, Swedish Lapland companies remain realistic about MICE potential due to large number of global destinations-competitors providing less expensive services and more conveniently located. Also, they stress that to "sell" the whole Barents region is impossible as MICE tourism implies going to one place, not around-the-regions trips. Companies in Norway point high travel costs and limited capacities of the regions as a challenge for MICE tourism development; although Tromsø and Finnmark have great potential to develop it. Russian parts have more or less common problems for development of MICE tourism which are a lack of information about services and companies providing those, infrastructure and transportation problems, low number of companies involved in MICE tourism and weak tourism related education. Moreover, Arkhangelsk region sees a potential for developing business tourism due to big number of business related activities happening in there such as forums and fairs.

Beside all problems, potential for attracting business tourists in the Barents region lay in uniqueness of nature, exotic cultures and other diversities of the member regions which are also considered as opportunities for overall tourism development in the Barents region.

Competitive, competent and flexible companies in the tourism sector are important to generate sustained growth of this important sector. To improve current situation in the tourism market and to establish effective cooperation among tourism stakeholders, the most important task is to meet their current and future needs. The respondents stressed the necessity for the variety types of knowledge. One of the most pressing needs is general knowledge about other regions within the Barents region as well as business-oriented information for the companies to identify potential partners and target groups. In addition, the companies state a lack of practical traveling knowledge in each region. In this respect, Murmansk companies suggested to create a common database containing traveling information about each region.
Analyzing the areas of training needs of companies the general skills and cross-cultural skills both were considered. On general skills side the training needs are concentrated on management, marketing skills as well as IT and project management skills. For cross-cultural skills, the highest needs are to provide cultural knowledge about member regions of the Barents region and to develop language competences; particularly, Russian language skills are very needed in the market now. Although, Russian entrepreneurs report that education system does not provide qualified specialist for tourism work; they teach their staff practical skills already

during employment period. Also, they add the growth of tourism companies could be further fostered by the practical training of employees in stress resistance, forecasting and other skills valuable for everyday operation.

At the same time when companies comprehend their needs, they expect and seek support actions from public authorities and regional development organizations. All regions agree that those organizations have a significant role in tourism development as they see a communication with a public sector an absolute necessity. Additionally, Finnish entrepreneurs see a great potential in DMO's (Destination Management/Marketing Organizations) and thus in cooperation with them. Also, they stress importance of promoting and practicing cooperation-coopetition model when tourism companies are not only competitors but also partners with common goals. Although, companies expect that cooperation can happen due to top down initiative as they do not possess enough resources, time and knowledge.

8 Conclusion

Tourism itself has a significant role in the economics of each county in the Barents region. The results of the study indicate that it is a growing sector in each particular region but the tourism growth is not associated anyhow with the Barents region as a popular tourism destination. On the one hand regions have own problems and challenges in developing tourism that certainly affect negatively on the development of overall tourism in the Barents region. On the other hand there is a potential that is currently not implemented and sometimes underestimated including MICE tourism prospects and realities. Such potential is significantly correlated with an urgent need to overcome challenges that the Barents region is facing. While the problems and needs differ across the counties, there is a strong need is knowledge about neighbor regions in all respects. This is where cooperation may have a starting point in terms of communication and getting to know each other.

The nature of tourism sector itself is fragmented as it is made of many service providers such as different companies, authorities, travel agencies, regional tourism boards, numerous local tourism organizations and many other stakeholders having a wide range of weaknesses and strengths that can have a major impact on the image of a destination. Therefore, further development in cross-border tourism depends on consolidation of efforts of all stakeholders as well as public organizations to provide them support. It is important to create a strategic cooperation among destinations for regional promotion provided that all parties are highly interested and committed to the goals of cooperation.

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