Heyerdahl Refsum AS

Incoming 2019 Denmark and Sweden

Final Report

26.12.2019

Sidene

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1. The Norwegian National Incoming Project 2012 - 2019

Project owners:

Innovation Norway and Virke *
in cooperation with:

The regional tourist boards
Fjord Norway, Northern Norway,
Trøndelag/Central Norway, Sørlandet/Southern Norway
and VisitOslo Region

Project management since 2012 - Heyerdahl Refsum AS

***Virke** = The Enterprise Federation of Norway/ ECTAA Norway
(European Travel Agents' and Tour Operators' Association)

Background and main goals

The project was established in 2012 by **Innovation Norway,** together with **Virke,** to improve cooperation with, and among, incoming tour operators.

Its main goal is to support and stimulate the suppliers (SMB) to increase their international sales through providing practical knowledge on:

- how the international distribution system works and;
- the challenges and opportunities to address in relation to products and quality.

Tools

1. Company presentation
2. Kayaking – Paddling
3. Cycling
4. Hiking
5. Winter experiences
6. Climbing

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The Distribution System in the Tourist Industry

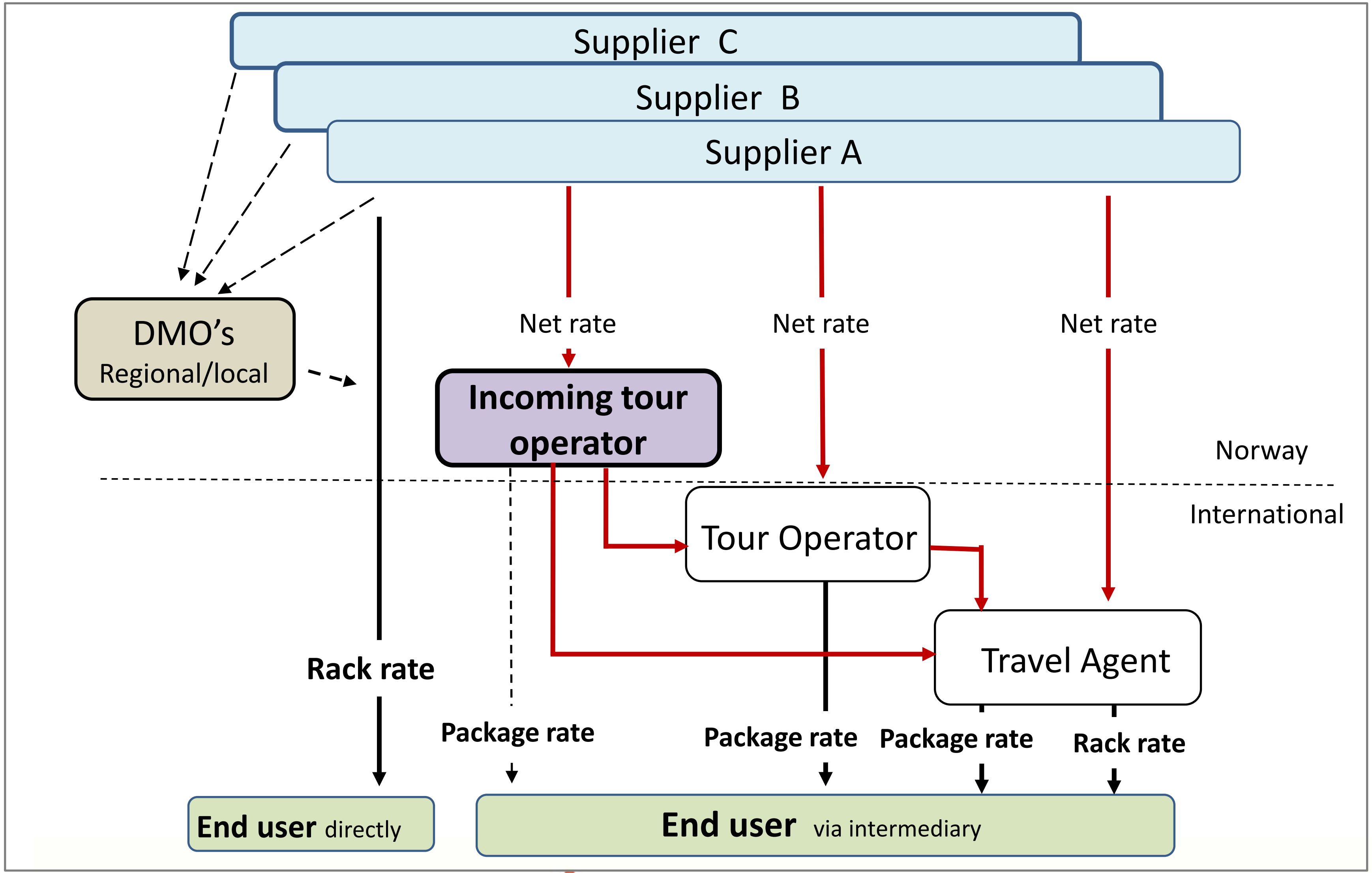

Fig. 1 – The Distribution System in the Tourist Industry

Why cooperate with the incoming tour operators?

Based on comments from Norwegian Suppliers (from a 2017 survey)

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1. They have the **knowledge** about the international markets and segments which we Norwegian suppliers do not have
2. They are always the first to identify and work with **new markets**
3. They give us a wide selection of **international contacts and guests** which we would not get on our own.
4. They take all the **financial risks** and have the **contracts** with international clients.
5. It’s easier to build **good relations** since they are established in Norway (Scandinavia)
6. Communication and negotiations can be carried out in **Norwegian/Scandinavian**.
7. Most of them **know Norway and us** very well
8. It is easy to get them on **study trips/site inspections**

2. Incoming 2019 Denmark and Sweden

Main goals, response and method

The main goals

To learn more about:

- **Key figures -** turnover and estimates for Norway
- **Products, markets, segments and distribution channels**
- **New products and services**
- **Sustainable tourism** – importance of products, services and certifications
- **Future travel trends**
- **Cooperation** with DMO's, suppliers and Innovation Norway and what's important to succeed in selling trips to Norway

Approach and Responses

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Table 1: Respondents - Denmark and Sweden			
	Survey Population	Responses	% responding
Denmark	**18**	**15**	**83**
Sweden	**21**	**15**	**71**

- A list of operators was provided by Innovation Norway's offices in Denmark and Sweden
- E-mails were sent to these respondents with information and a link to the online survey - May 2019
- Operators were reminded by e-mail and phone with an option to conduct the interview by phone - July – September 2019
- Survey closed - 13 September 2019
- Comparisons, where relevant are made with the Incoming Norway survey (2017)

Respondents – Incoming 2019

Denmark

1. Balder
2. BDP
3. CCMG – Congress Consulting Managment Group
4. Delta of Scandinavia
5. First United
6. Hadler DMC Scnadinavia
7. Kompas Nordic Star
8. Nordic Difference
9. Trans Nordic Tours
10. Travel Unplugged
11. Unique North AS
12. V.O.S. Aps
13. Weboort Limited T/A RTS Scandinavia
14. Your Scandinavian Partner
15. Anonymous

Sweden

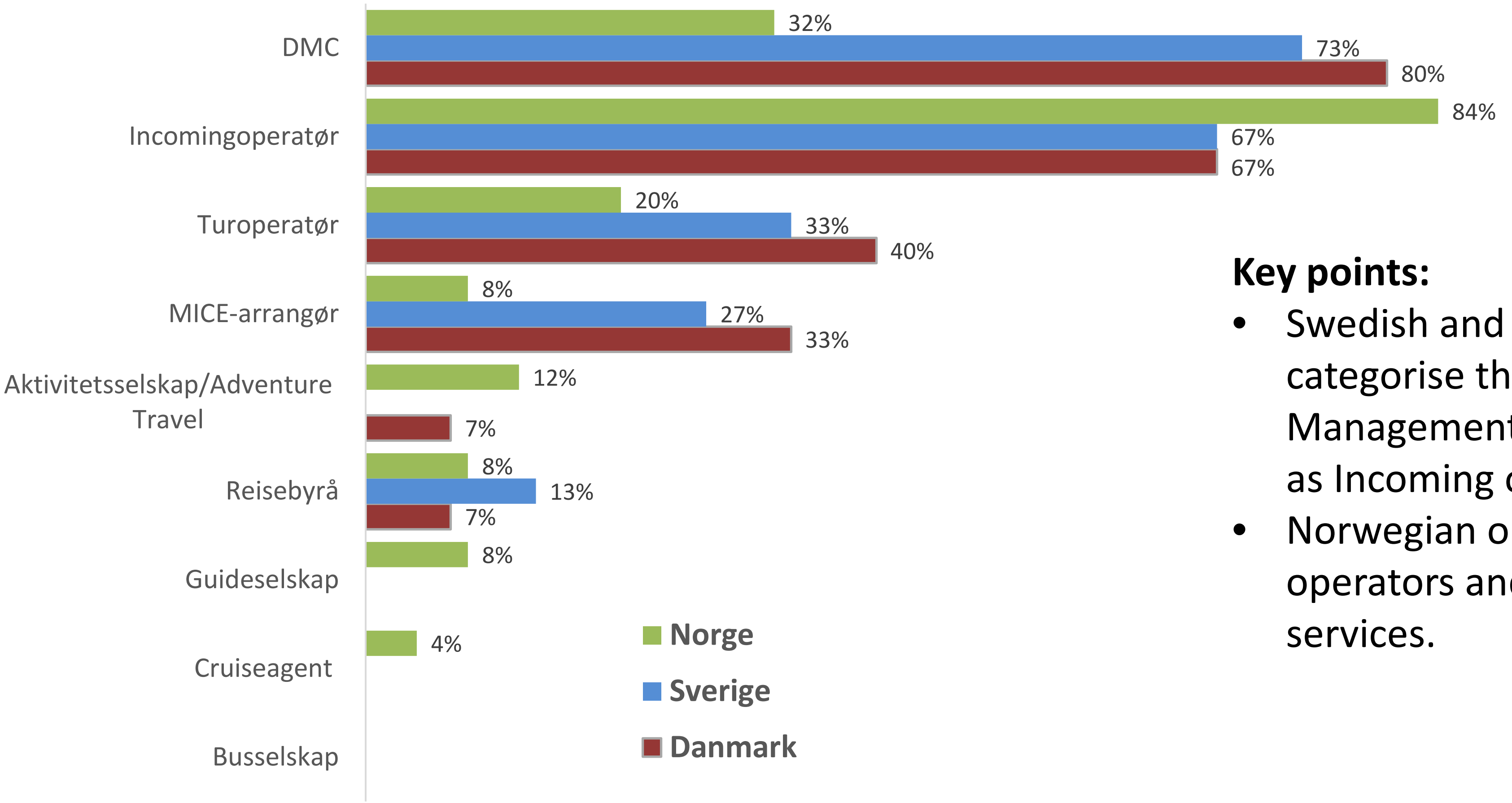
1. Best of Scandinavia Incoming AS
2. CA Travel Nordic/Cathomar AB
3. Get to Gether/DMC Scandinavian Incentives
4. Haman Scandinavia
5. InterVisit Scandinavia AB
6. Kuoni Tumlare
7. O.K. Travel AB
8. Ovation Scandinavia
9. Scandinavian Packages AB
10. Scandinavian Perspectives AB
11. Travel Gate Sweden/TG Sweden Incoming AB
12. Travel & Events Nordic Ways

13.– 15. Anonymous

Part A About the company

- Type of business
- Key figures

Type of Business



Key points:

- Swedish and Danish operators tended to categorise themselves as primarily Destination Management Companies (DMCs) and, secondly, as Incoming operators
- Norwegian operators were primarily incoming operators and less likely to provide other services.

Fig. 2 – Type of business
Sample: 15 respondents in DK and S, and 25 of 27 in N (2017)
Multiple choice question

Operator turnover

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Table 2 – Operator Turnover (Norway and Sweden)				
Turnover	Norway 2016 Turnover		Sweden 2018 Turnover	
	No. of respondents	%	No. of respondents	%
Less than 5 MNOK	3	14	5	45
5 – 20 MNOK	11	50	3	27
21 – 100 MNOK	5	22	3	27
Over 100 MNOK	3	14	0	0
Total	**22**	**100**	**11**	**100**

Sample: The sample from Danish operators was too small to publish (only 4 out of 15 responded). Feedback from Danish operators revealed a sensitivity to providing financial information.

Full-time employees

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Table 3: Full-time employees			
Full-time employees	**Denmark** (Sample=15) **%**	**Sweden** (Sample=15) **%**	**Norway (2017)** (Sample=23) **%**
Less than 5	20	53	65
5 – 20	47	40	35
More than 20	33	7	0
Total	**100**	**100**	**100**

Key points:

- The Danish operators were on average larger than the Swedish and Norwegian – they typically (80%) had 5 or more employees.
- Swedish and Norwegian operators were relatively small – generally less than 5 employees.

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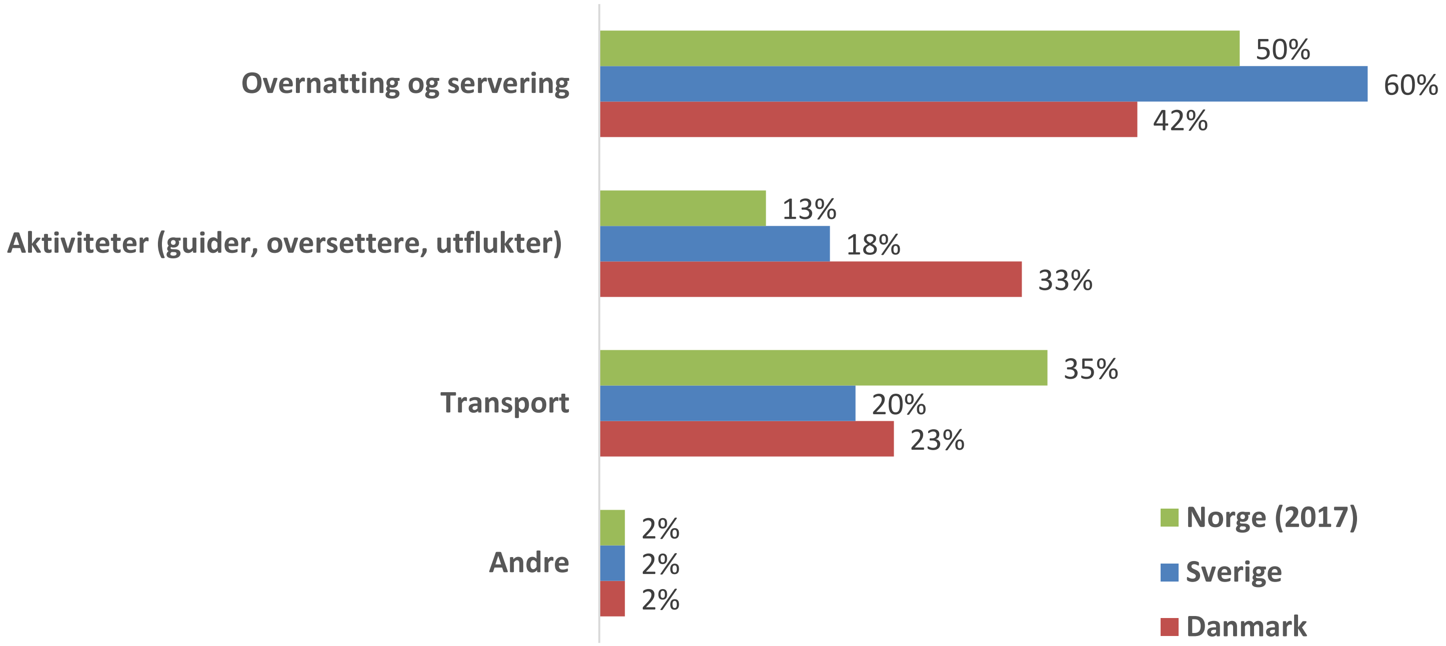
Part B Product and customers

- Turnover in Norway
- Distribution
- New products and services in Norway
- Future travel trends

Turnover in Norway on different products and services



Key points:

- Accommodation and restaurants were the main area of spend for operators in Norway.
- Danish operators tended to spend more on activities (possibly reflecting the higher proportions offering special interest tours).
- Norwegian operators spent more on transport.

Fig. 3 – Percentage of turnover in Norway on different products and services
Answered by 6 of 15 in DK, 12 of 15 in S and 22 of 25 in N
Question: Percentage of turnover in Norway relating to each of the following types of products and services (total 100%).

Regional Spend in Norway

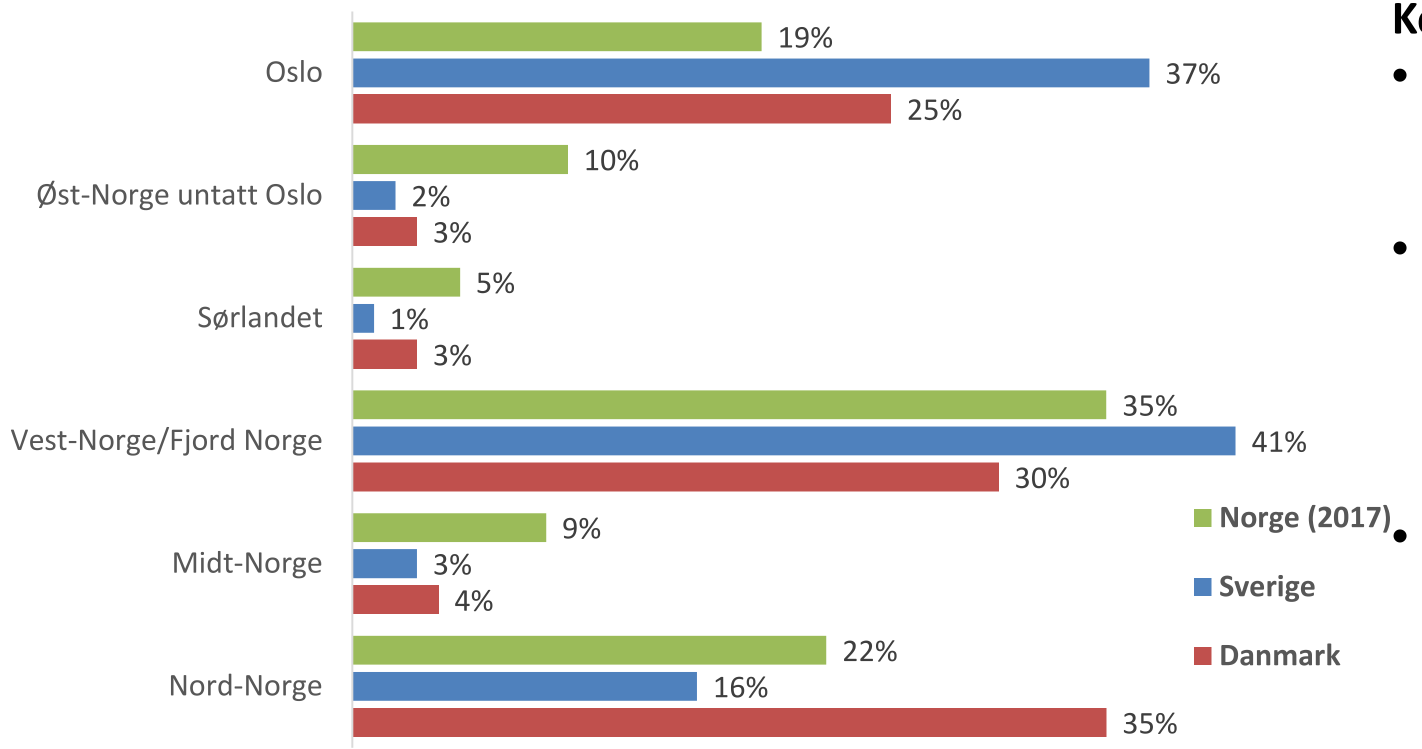


Fig. 4 – Regional Spend in Norway

Sample: 9 of 15 respondents in DK, 13 of 15 in S and 22 of 25 in N

Question: Please estimate the proportion of your turnover that relates products and services in these regions?

Key points:

- Western Norway/Fjord Norway attracted the highest proportion of spend among all operators.
- This was followed by Oslo (particularly important for Swedish operators), and Northern Norway (particularly important for Danish operators).
- Norwegian operators spent more in Eastern, Southern and Central Norway than Danish and Swedish operators. This was possibly a knowledge / familiarity issue among Danish and Swedish operators.

International markets into Norway

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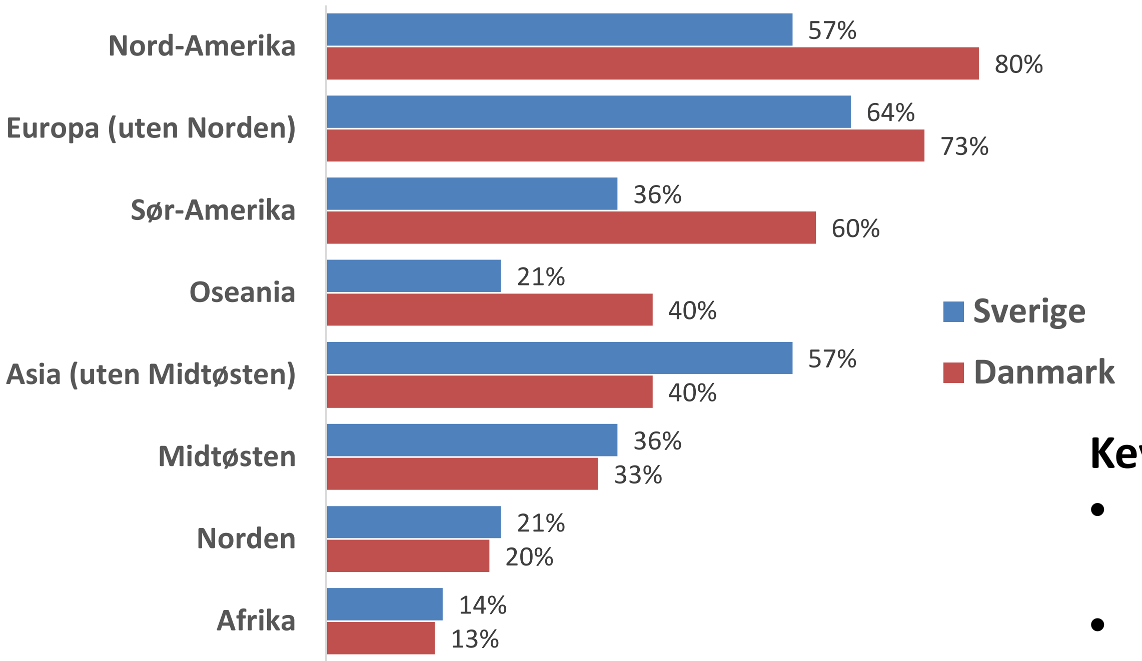

Fig. 5 – International Markets into Norway
Sample: all 15 respondents in DK and 14 of 15 in S
Question: In which international markets do you have distribution channels for trips to Norway (Multiple-choice)

Norwegian operators (2017)

- North America - 18 %
- Europe excl Nordic - 19 %
- South America - 10 %
- Oceania - 7 %
- Asia incl. ME - 14 %
- Nordic - 8 %
- Africa - 5 %

Key points:

- The commonest markets were North America and Europe
- Danish operators were the more proactive in America (North and South), European, and Oceanic markets. Possibly reflecting their larger organisational size.
- Norwegian operators tended to have distribution channels in fewer areas

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Sales channels through intermediaries

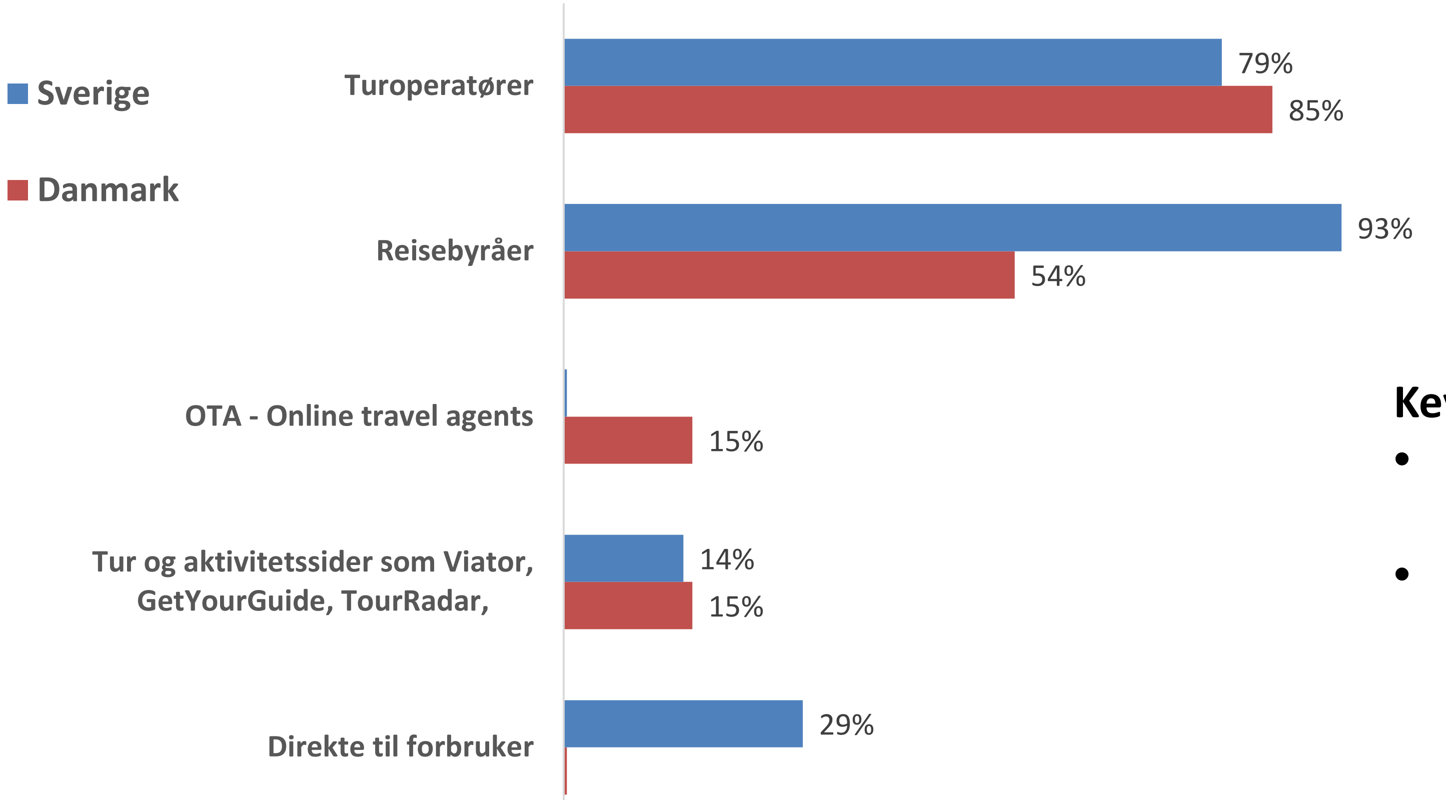

Fig. 6 – Sales channels through intermediaries
Sample: 13 of 15 respondents in DK, and all 15 in S
Question: Which of the following channels do you use – intermediaries (Multiple choice question)

Norwegian operators (2017)

- Tour operators - 21%
- Travel Agents - 13%
- OTA - 3%
- Own sales offices - 7%
- Other agents/offline - 7%

Key points:

- Most operators were selling through tour operators.
- However, Swedish operators were much more likely to sell through travel agents and direct to consumers but did not use OTAs.

Products offered by operators

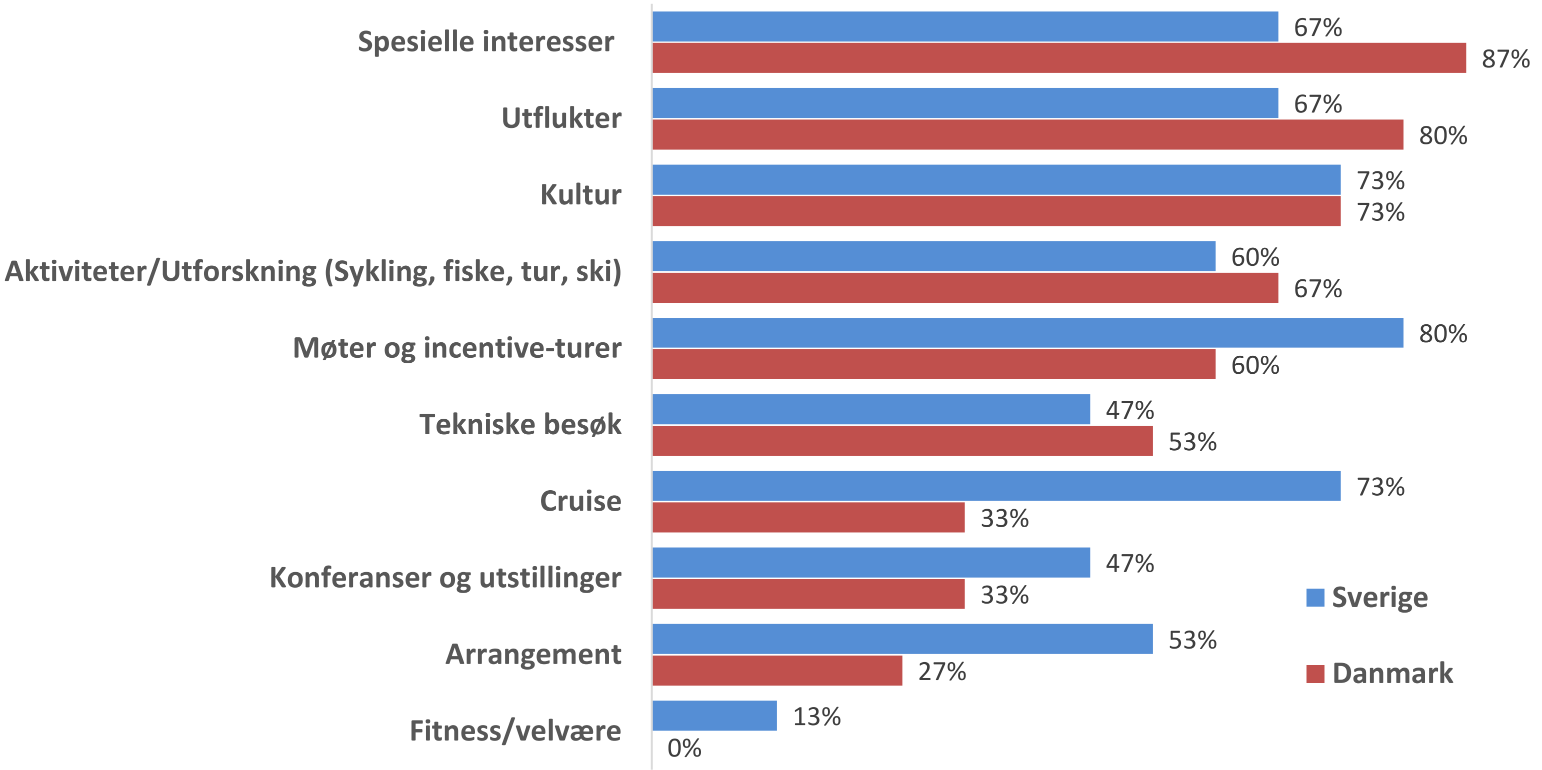

Fig. 7 – Products offered by operators
Sample: All 15 respondents in DK/S
Question: Which of the following products do you offer? (multiple choice)

Key points:

- Operators offered a wide range of products with over half offering special interest tours, excursions, culture, activities and meetings/incentives.
- There were differences with, e.g., Swedish operators more likely to offer cruise, MICE and events.

New products and services in Norway – Danish operators (1/2)

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Do you have any requests for products or services that are not offered by Norwegian suppliers?

YES

36%

Requests and comments included:

- 'Larger "international" properties with well known brands as Marriott, Sheraton, Shangri-La, as many of the Asian clients know these brands'
- 'It's a mismatch between the star classifications system, a 5 star hotel in Scandinavia is a 3 or 4 star in Asia'
- 'We don't even have the same hotel classification system; 5 stars in one country is not the same as in others. What is a 7star hotel?'
- 'Very many good product development projects. Often great ideas and excellent web pages, but no owner so who is responsible for our bookings? Innovation is not lacking, but ownership!'
- 'When we have meetings with Norwegian suppliers on international trade fairs around the world; they don't always follow up as promised…'

New products and services in Norway – Danish operators (2/2)

- ‘Easier and cheaper transport for FITs between places in the fjord area’
- ‘Our guests don’t have their own car; lacking transport possibilities to/from the hotel to the excursions’
- ‘Missing more unique activities/tours which can be booked and will be carried through even with only 2 people’
- ‘More good quality hotels in the Fjords area, (the ones that are there are fine, but we need more capacity)’
- ‘Alternative activities in Oslo specifically (incl. teambuilding)’
- ‘Lacking new products and services? No, you have everything everybody else have, you are just more expensive!’

New products and services in Norway – Swedish operators

Do you have any requests for products or services that are not offered by Norwegian suppliers today?

YES

67%

Requests and comments included:

- 'Wine/alcohol is very expensive in restaurants, maybe offer "bring-your-own"?'
- 'Sometimes it is very hard to find suppliers, especially for business visits and technical options'
- 'We don't know all suppliers'
- 'Everything new and hot'
- 'Travel by Hurtigbåt, coach etc - does not work everywhere'
- 'Activities for FIT- how to reach Geiranger?'

Future travel trends – Danish operators

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For which tourism products and services do you think there will be a large increase in demand over the next five years?

Comments from Danish operators included:

- ‘India – watch that market go bang! It will explode and will be huge in 5 years! They travel all year. The high seasons now will be fully booked.’
- ‘Gastro tours’
- ‘The Fjords, Cities, North Cape’
- ‘Northern Norway in autumn and winter’
- ‘Lofoten Island in summer, autumn and winter’
- ‘Cultural exchange’
- ‘Special interest, cruise, events & incentives’
- ‘Winter Tours and activities’
- ‘Northern lights’
- ‘Small boat cruise’
- ‘ECO tourism’

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Future travel trends – Swedish operators

For which tourism products and services do you think there will be a large increase in demand over the next five years?

Comments from Swedish operators included:

- ‘Increasing consciousness about environment and climate. The big challenge for the whole industry. Should one travel or not? Scandinavia is located so far away, how to get there?’

- ‘Winter travelling, theme tours (history, culture, food, wellness, active), travel with trains/local transport’

- ‘Open winter products - Northern Norway in combination with other Nordic countries; roundtrips bus or preferable train travels. Sustainable meetings and incentive trips (Fjords, Oslo)’

- ‘Activities to be purchased while guests are on the destination. This will require good capacity, flexibility, speed in communication and confirmation of the services’

Part C Sustainable tourism

- Certifications
- Importance

Awareness of international certifications for sustainability

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Table 4 – Awareness of international certifications			
International certificates for...	**Denmark** (Sample =13-14) - % aware	**Sweden** (Sample = 8-11) - % aware	**International certificates mentioned**
Suppliers	20	45	ISCC, Nordic Swan
Destinations	14	50	GSTC, Scandinavia, Europe Parcs/European Charter for ICCA sustainability Index
Incoming Operator	7	33	ISO
Tour Operators	15	38	Green Globe, ISO
Travel Agents	7	44	-

Question:

Do you know any international certifications for sustainability for…? If yes, which?

Key points:

- Awareness of international certificates for sustainability was not generally high among operators.
- However, Swedish operators were significantly more aware than Danish operators.

Certifications for sustainable tourism

(Eco-certification)

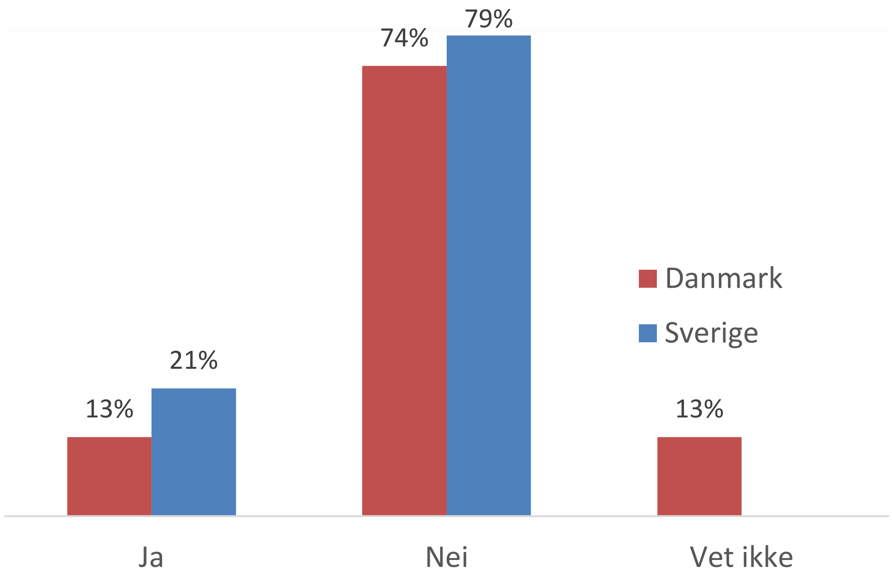


Fig. 8 – Levels of Eco-certification
Sample: 15 of 15 respondents in DK, and 14 of 15 in S
Question: Does your company hold any certifications for sustainable tourism (Eco-certification)?

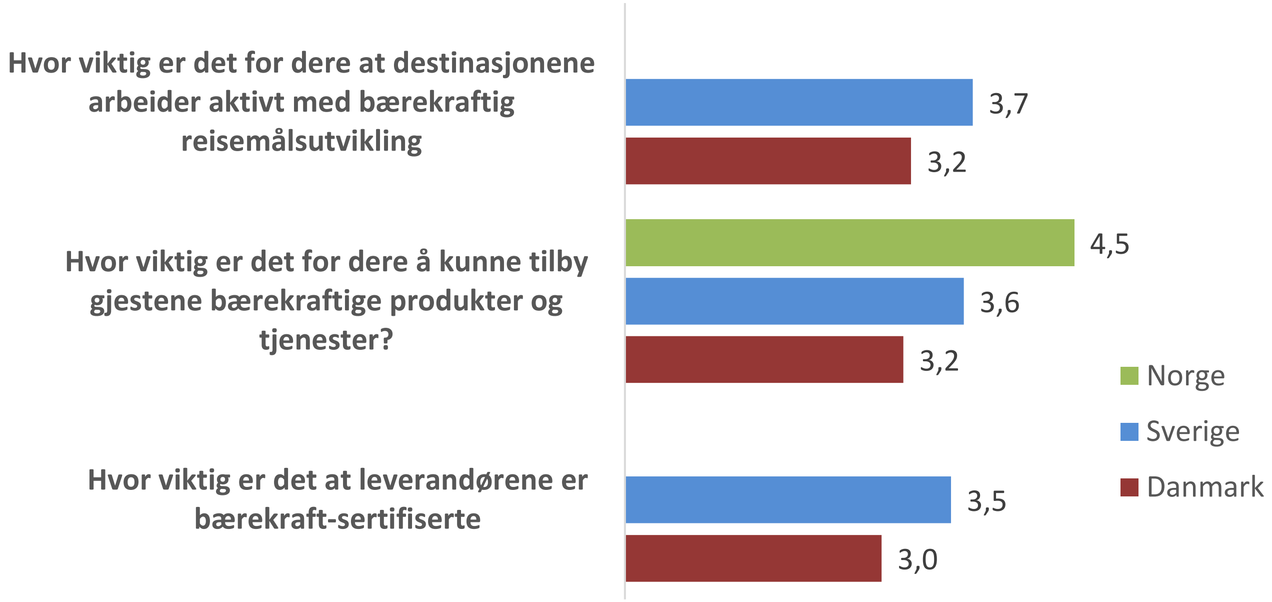
Certificates held that were highlighted:

- Travelife

Reasons for not holding certificates:

- Don´t have time
- Not necessary for a one person company working from home
- Working on it
- Don't know how to apply
- I don't know

Importance of sustainable destinations, products and services



Rated on a scale from 1-5, (where 1 = Not important and 5 Very important).

Key points:

- Operators generally rated the importance of sustainable destinations, products and services as medium.
- Sustainability was more important to Swedish operators than Danish operators.
- However, Norwegian operators saw sustainable products as very important.

Fig. 9 – Sustainable suppliers and destinations
Sample: 13 of 15 respondents in DK, 14 of 15 in S, and 24 of 25 in N

Comments - Sustainability (Danish operators)

- ‘Great idea, but it’s still a lot work. If India or China does something it really helps, but Scandinavia is just a drop in the ocean; it doesn’t matter what we do’

- ‘Increasing demand for sustainable products; both nature, food and travel’

- ‘I wish the EU could develop a joint certification to avoid all the different solutions. Now it’s mainly the hotels working with this, and it varies a lot’

- ‘We don’t have time to get a certification in sustainable tourism’

- ‘For me it is important but I have not had requests from clients about this yet’

- ‘There is more and more demand for eco-sustainable products but few offers from Norwegian Suppliers’

Comments - Sustainability (Swedish operators)

- 'There are various organizations offering workshops and certifications for sustainable business - not always especially for the tourism but mostly applicable on all sectors I guess. Also with the awareness of the climate crisis we need to think differently upon travelling. Perhaps the markets nearby will be more important in the future.'

- 'Would like to learn more about it.'

- 'It is very important today for all'

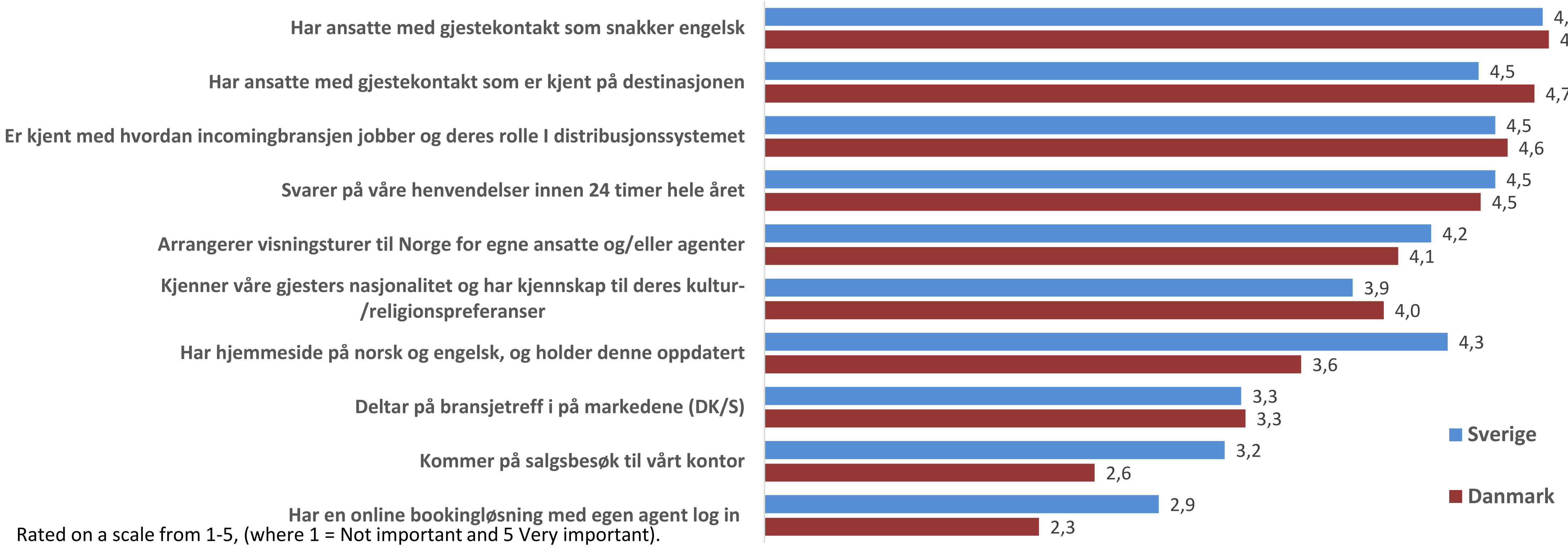
- '"Powered by nature" is a perfect slogan than could be "destroyed" by the cruise industries'

Part D Cooperation

With Norwegian suppliers and destinations companies (DMO)

Cooperation with Norwegian suppliers

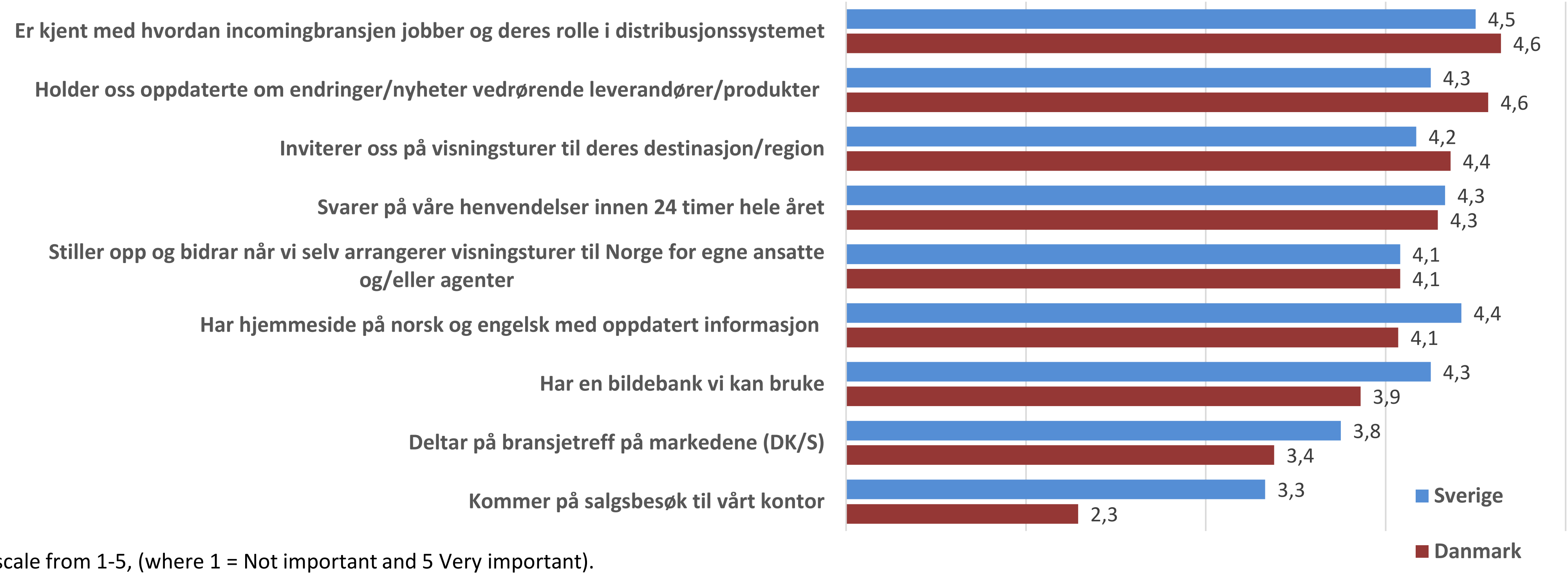
- important factors



Rated on a scale from 1-5, (where 1 = Not important and 5 Very important).

Fig. 10 – Cooperation with Norwegian Suppliers
Sample: all 15 respondents in DK and 13 of 15 in S
Question: To what degree are the following conditions important for to help you succeed in selling trips to Norway?

Cooperation with Norwegian Destination Companies (DMOs) - important factors



Rated on a scale from 1-5, (where 1 = Not important and 5 Very important).

Fig. 11 – Cooperation with Norwegian DMOs
Sample: all 15 respondents in DK, and 13 of 15 in S
Question: To what degree are the following conditions important for to help you succeed in selling trips to Norway?

Cooperation with Norwegian Suppliers and Destination Companies (DMOs) - important factors

- For operators, there were some commonalities in important factors for Norwegian supplies and destination companies. Key ones were:
  - Familiarity with incoming business and the incoming operator's role
  - Answering all requests in 24 hrs
  - Inviting operators to familiarisation trips.

- For suppliers, other important factors were seen as staff with English, local knowledge and (for Swedish operators) a website with the latest information on, and an on-line booking system.

- For destination organisation, important factors included updates on changes/news, an up-to-date website and an image library.

- These factors are reflected in Supplier and Destination Company checklists (see next page).

Check lists

The check lists were made in cooperation with the Norwegian operators in spring 2019. These priorities were based on a survey among the operators in 2018.

Check list – Destination Companies cooperation with Incoming operators

AS OF APRIL 2019

1. We are familiar with the incoming business and know its role in the distribution system. We make sure our members also know and understand the incoming operator's role.
2. We answer all requests within 24hrs – all year.
3. We frequently invite operators to fam trips and inspection trips to our region (and distinguish between incoming operators (IO) and tour operators (TOs).
4. We contribute when IOs arrange their own inspection trips or fam trips for their agents. This is important and at the same time cost saving marketing for us.
5. If there are changes concerning suppliers and products in our region, we will inform you about this immediately.
6. We have an image bank and offer access to images for IO to use in their sales material/product presentations.
7. Our web site is in Norwegian and English (as a minimum) – and is at all times updated with the latest info.
8. Incoming operators do not have to be a member of our destination company for us to be able to co-operate with them. We honour all Incoming operators sending guests to our region as a partner, as they contribute by undertaking valuable marketing through their own programmes.

The check list has been made in cooperation with:
50 Degrees North, Authentic Scandinavia, BNature, Bennett of Norway, Best of Scandinavia Incoming, Contrast Adventures, Discover Norway, Elan Norway, Fred. Olsen Travel, Haman Scandinavia, Hvitserk & Eventyrreiser, Iconic Norway, Merlot Reiser, Miki Travel Oslo, Moment Norway, Norwegian Adventure Company, Norway AdvenTURes, Oslo Guidebureau, Robinson Scandinavia, Pure Norway, Scandinavia Tours, Terra Nova, The Travel Designer, TimeOut Travel, Travel Traders, Try Norway, Tumlare Corporation, UP Norway.

The National Incoming project:

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Checklist – Suppliers cooperation with Incoming operators

AS OF APRIL 2019

1. **In general**
   - Our company is familiar with the incoming business and the incoming operator's role in the distribution system.
   - We answer all requests within 24hrs – all year.
   - We are familiar with the incoming operator's client groups and the preferences within the different guest group.
   - We make sure we know as much as possible about our guests nationality and their different cultural and religious preferences.
   - Our company has a website in minimum Norwegian and English.
   - All employees are informed about and understand all aspects of this check list.
2. **Agreement**
   Reservations are read, understood and registered correctly in our system, meaning:
   - Right price according to the contract and with correct VAT split in the confirmation and on the invoice.
   - Number of persons/rooms.
   - Arrival and departure date, and -time.
   - Any pre-booked meals/activities:
     A Time
     B Menu (number of courses and menu chosen)
     C For chosen activities – which ones, and dates/times
     D Free places
     E Any special needs (disabilities, allergies, honeymooners i.e.)
3. **Responsibility**
   - During high season, we have an emergency phone/duty phone which is served 24/7.
   - All employees in the business who have contact with guests understand and speak English.
   - All employees in the business who have contact with guests know our destination and are able to assist guests with local questions.
4. **Legislation**
   - The company has internal routines to comply with GDPR (The EU General Data Protection Regulation).
   - Only for hotels/restaurants/catering/cleaning: We follow Norwegian law, and confirm that by signing this agreement, we fulfill the incoming operators responsibility for ensuring compliance with applicable conditions according to §6 in the Norwegian Working Environment Act.

The check list has been made in cooperation with:
50 Degrees North, Authentic Scandinavia, BNature, Bennett of Norway, Best of Scandinavia Incoming, Contrast Adventures, Discover Norway, Elan Norway, Fred. Olsen Travel, Haman Scandinavia, Hvitserk & Eventyrreiser, Iconic Norway, Merlot Reiser, Miki Travel Oslo, Moment Norway, Norwegian Adventure Company, Norway AdvenTURes, Oslo Guidebureau, Robinson Scandinavia, Pure Norway, Scandinavia Tours, Terra Nova, The Travel Designer, TimeOut Travel, Travel Traders, Try Norway, Tumlare Corporation, UP Norway.

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Part E Main conclusions

Main conclusions (1/2)

- Swedish and Danish operators were most proactive in North American and European markets. Danish operators tended to be active in wider markets like South America, Asia and Oceania. Both Swedish and Danish had wider global distribution networks than Norwegian operators.
- Common products offered included special interest tours, excursions, culture and activities/adventures. Suppliers and destinations should focus their offer on these areas. MICE products and events tended to be featured more by Swedish operators.
- Spend by Swedish and Danish operators was lower (compared to Norwegian operators) in Eastern, Southern and Central Norway. Awareness raising and familiarisation by suppliers and destinations in these areas may be a priority.
- Potential improvements services and products included:
  - The need for someone / an organisation to take ownership and provide a booking mechanism for new products and ideas
  - Allied to this, ensuring follow-up from suppliers to trade contact with operators
  - Unique, new and alternative products – even if they are relatively small scale
  - Suppliers and hotels to ensure local transport arrangements are available for visitors.

Main conclusions (2/2)

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- Winter products were seen as having significant growth potential over the next five years.
- Awareness and importance of sustainability was greater among Norwegian and, to a lesser extent, Swedish operators. While supplier and destination sustainability accreditation is not important to operators at present, there are indications it will be become more important in the future (particularly among Swedish operators).
- The checklists for destination companies and suppliers remain valid and continue to reflect what is important to operators.
- However Swedish operators were more likely to see up-to-date websites, online booking systems, image libraries, and contact through trade fairs and sales calls as important.

More information about

Incoming Denmark and Sweden 2019?

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