Tor Arnesen & Kjell Overvåg

Increasing the Influx of Non-domestic Tourists to the Lillehammer Region

Elements of strategic importance

Østlandsforskning – ØF
Eastern Norway Research Institute - ENRI

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ØF-rapport nr. 10/2011

Increasing the Influx of Non-domestic Tourists to the Lillehammer Region

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by

Tor Arnesen & Kjell Overvåg

østlandsforskning

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Lillehammer Turist AS (LT) has as an expressed ambition to increase the volume of foreign tourists to the region with 175% from 2010 to 2020. This report deliver a knowledge basis for assessing and carry into effect ambitions. There are three main sources of information entering this analysis: Interviews with tourism firms in the Lillehammer region, interviews with tour-operators and Innovation Norway and a review of international research on winter- and ski destinations. The main issues addressed are the competitive advantages of the region, what markets/segments have the highest future potential, and what measures are necessary to achieve a stronger position in foreign markets. The report is fairly concrete and specific in advising on growth strategy elements.

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Preface

This report is part of an ongoing work in Lillehammer Turist (the Destination Management Organisation for the Lillehammer region) in order to increase and develop the tourist industry in the region. In this report the focus is on export of tourism, and to provide knowledge that is relevant in defining strategies directed at increasing the influx and creation of value from export of tourism. Parallel with this report we have also prepared a report on benchmarking of the Lillehammer region towards a number of Norwegian and foreign destinations in ØF-report nr. 9/2011 (Hagen et al. 2011). Both are part of a knowledge base for improving the tourism industry in Lillehammer. Lillehammer Turist and VRI-Innlandet have financed this project. Svein Erik Hagen has been project manager, while the project and report have been carried out by Tor Arnesen and Kjell Overvåg. We wish to thank the persons interviewed for contributing their time and knowledge, including Lillehammer Turist for good cooperation in producing this report.

Lillehammer, August 2011

Svein Erik Hagen

Svein Erik Hagen
project manager

Contents

1 Summary

Lillehammer Turist AS (LT) is the destination management organization for the Lillehammer region. LT has as an expressed ambition to increase influx and impact of foreign tourists to the region. The ambition is i.a. to increase the number of overnight stays by non-domestic guests with 175% from 2010 to 2020. The project “Snowball” is run by LT to promote innovations in products and markets for the tourist industry in the region, and this report is part of the knowledge development within the Snowball-project.

There are three main sources of information entering this analysis: interviews with tourism firms in Lillehammer, interviews with tour-operators and Innovation Norway and a review of international research on winter- and ski destinations. The main issues addressed in the interviews and the review are the competitive advantages of the region, what markets/segments have the highest future potential, and what measures are necessary to achieve a stronger position in foreign markets. The report is fairly concrete and specific in advising on growth strategy elements, and the answers/results from the three sources concerning necessary measures can be summarized in key-words as follows:

Tourist firms in the Lillehammer region:

<u>Product/infrastructure:</u>

- Improve internal transport.
- Activities/attractions: increase supply, improve security, “patience” and coordination.
- Improve Lillehammer town as a tourism product.
- Develop centre infrastructure and supply and the alpine ski destination.
- Develop better round-trip products in the summer season.
- Improve cooperation in the development of events.
- Improve quality at restaurants/cafes.

<u>Marketing, distribution and sales:</u>

- Stronger focus on selected themes/attractions in marketing, including a more specific summer profile.

- Stronger adaption of marketing, packaging, products etc. towards the different segments.
- More focus on direct marketing/booking.
- Offer packages for groups with a budget/price that is better adapted to the customers.
- Common marketing strategies must have its basis in the tourism industry itself.

<u>Cooperation within the region:</u>

- Recruit more members to Lillehammer Turist to improve joint efforts.
- A more differentiated role of Lillehammer Turist concerning different segments.
- Strengthen the knowledge-base for decision making for tourism development in the region.

Tour-operators and Innovation Norway:

- Improve distribution and sales:
  - Being present in main markets (the region have been absent from some important markets in several years).
  - Improve the knowledge of the tourism products (the name Lillehammer is quite well known, but not the products).
  - Look to e.g. how Skistar is working with distribution and marketing
- Winter season: make better use of a strong brand (the Winter Olympics) and competitive advantages (accessibility, the town Lillehammer, combination alpine/cross country etc.).
- Develop a more specific summer profile.
- Activities/attractions: improve supply in low-/shoulder seasons, price, flexibility and "patience" (a product must be present in the market for several years).

International research on winter- and ski destinations:

The effects of climate change on winter tourism and consumer behaviour is widely discussed within the research community. Even though effects are p.t. present or are expected to be seen in foreseeable future, they remain difficult to isolate from other major structural trends (demography, economy etc). Climate change is though deemed an important and business sensitive topic for the region. It is recommended that the region work up a knowledge base to monitor the developments within research on effects of climate change to be proactive rather than reactive in incorporating climate change in strategic deliberations.

At present research shows that most of the ski/winter destinations in North-America and Europe the last decades have experienced stagnation in demand and struggles with higher temperatures – not uncommonly and probably connected to climate changes. The measures taken to meet these challenges have among other been these:

- Product diversification:
  - Larger variation of activities, including snow-independent activities.
  - Developing of resort villages with “urban atmosphere”.
- Market differentiation, including a stronger prioritisation of some selected segments and a stronger adaption of the product towards these segments.
- Measures in order to recruit new and young skiers.
- Development of summer-activities and all-year tourism
- Development of new ski areas (generally at higher altitudes) and adaption of slopes to less snow.

On this background we recommend that the Lillehammer-region should focus on eight measures in order to develop strategies to meet its growth ambitions. These measures are connected to product development/diversification, market differentiation, market communication/organisation and external causes, and are illustrated in the figure below (this is figure 6 at page 77 in this report):

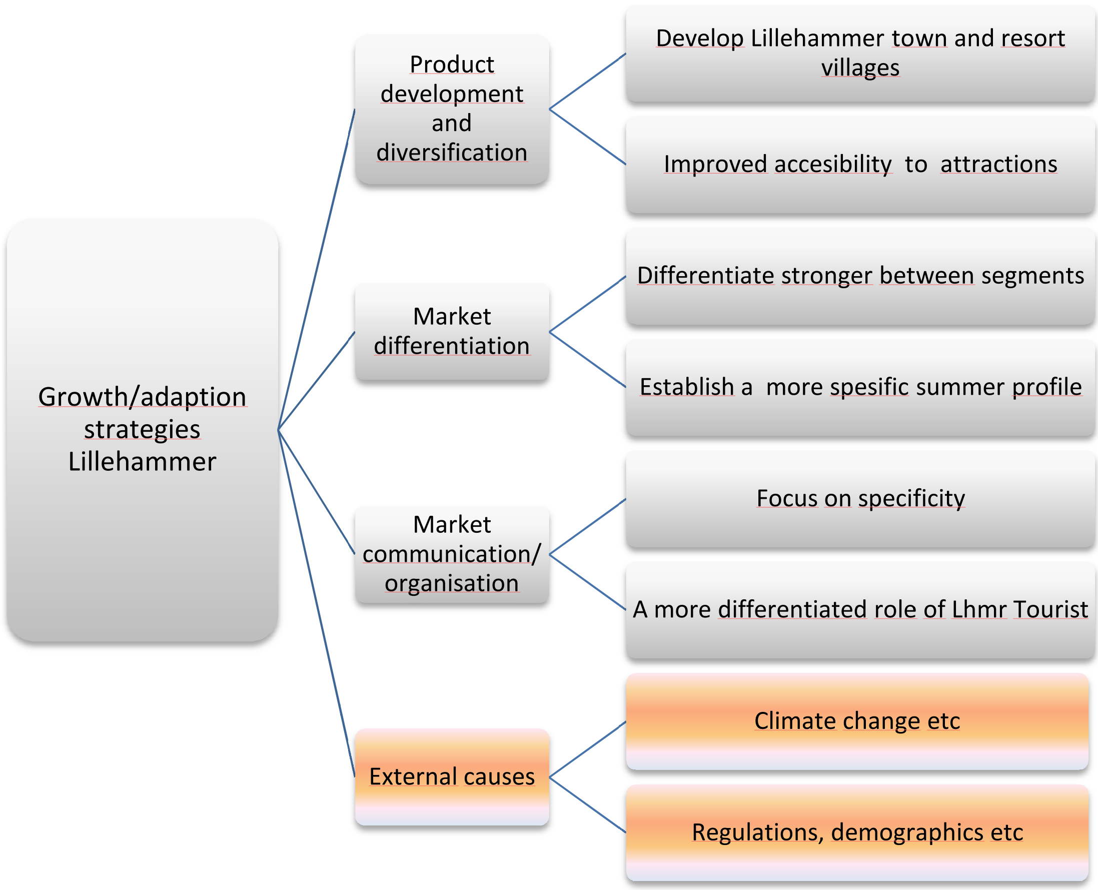

Figure 1: Growth and adaption strategies for an increase in non-domestic tourism to the Lillehammer region. Grey boxes relate to internal measures to promote growth, yellowish boxes relate to external events and incidents that defines the context the industry must adapt to and operate within.

The goals set for growth in the foreign markets are ambitious and it is certainly well-founded to ask if at all realistic? Our opinion is that as a minimum, major steps must be taken to make ambitions realistic, and not just optimistic. Major steps here means that measures taken and resources channeled into development and effectuation of measures – has to be proportional to realizing the goals. Traffic in both summer and winter season has to increase, but an initial priority should be given to the winter season. It is in winter the Lillehammer region has its strongest competitive advantages/brand/product, and the industry in the region is fully geared, trimmed ready to produce, and with available capacity. The summer season should have a secondary priority. The summer is more "unfinished business" and initially time should be used to design a strategy, which includes the question on how to build a more specific summer profile.

2 Introduction

Lillehammer Turist AS is the destination management organization for the Lillehammer region and is backed by main actors in the tourism industry. Lillehammer Turist has an expressed ambition to increase non-domestic tourism to the region. This report aims at delivering basic information to aid the formation of a growth strategy. A project given the name “Snowball” is set up to promote development of tourism products and markets, and this report is part of the development efforts in the Snowball-project. Snowball is run by Lillehammer Turist.

Lillehammer Turist/Snowball demanded an analysis of and discussion on how the tourism industry in the Lillehammer region operates and performs in non-domestic markets in relation to the aforementioned growth ambitions (see also chapter 2.1.) Two approaches are employed to solve this task:

- Involvement and interviews of tourism actors in the Lillehammer region, and extra-regional actors that distribute, market and sell tourism products from the region on foreing markets.
- Benchmarking of the Lillehammer region towards competitors/”industry leaders”, with a specific focus on export of tourism.

The project is communicated in two parts: 1) this report that include the first bullet point above, and 2) a separate report for benchmarking (Hagen et al. 2011). However, some results from the benchmarking are also presented also in this report (in chapter 2).

Figure 2 shows the location of the Lillehammer-region. Figure 3 presents a selection of basic structural data for the tourism industry in the region as a brief introduction to the context for this report.

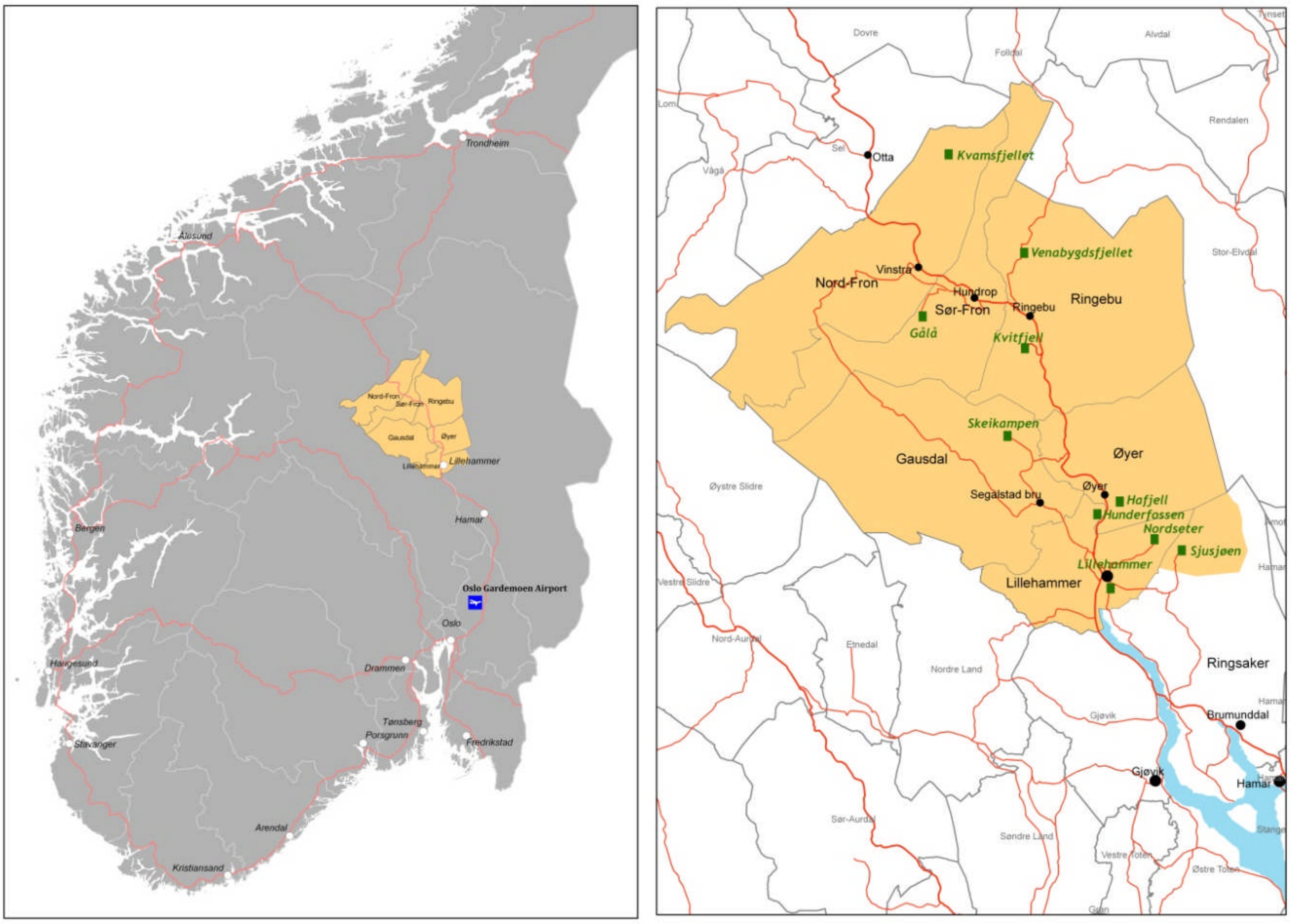

Figure 2: Map of the Lillehammer-region. The tourism industry in six municipalities plus the destination Sjusjøen (Ringsakerfjellet) in Ringsaker municipality constitute the Lillehammer Tourist region. Major destinations are marked with a green square/text.

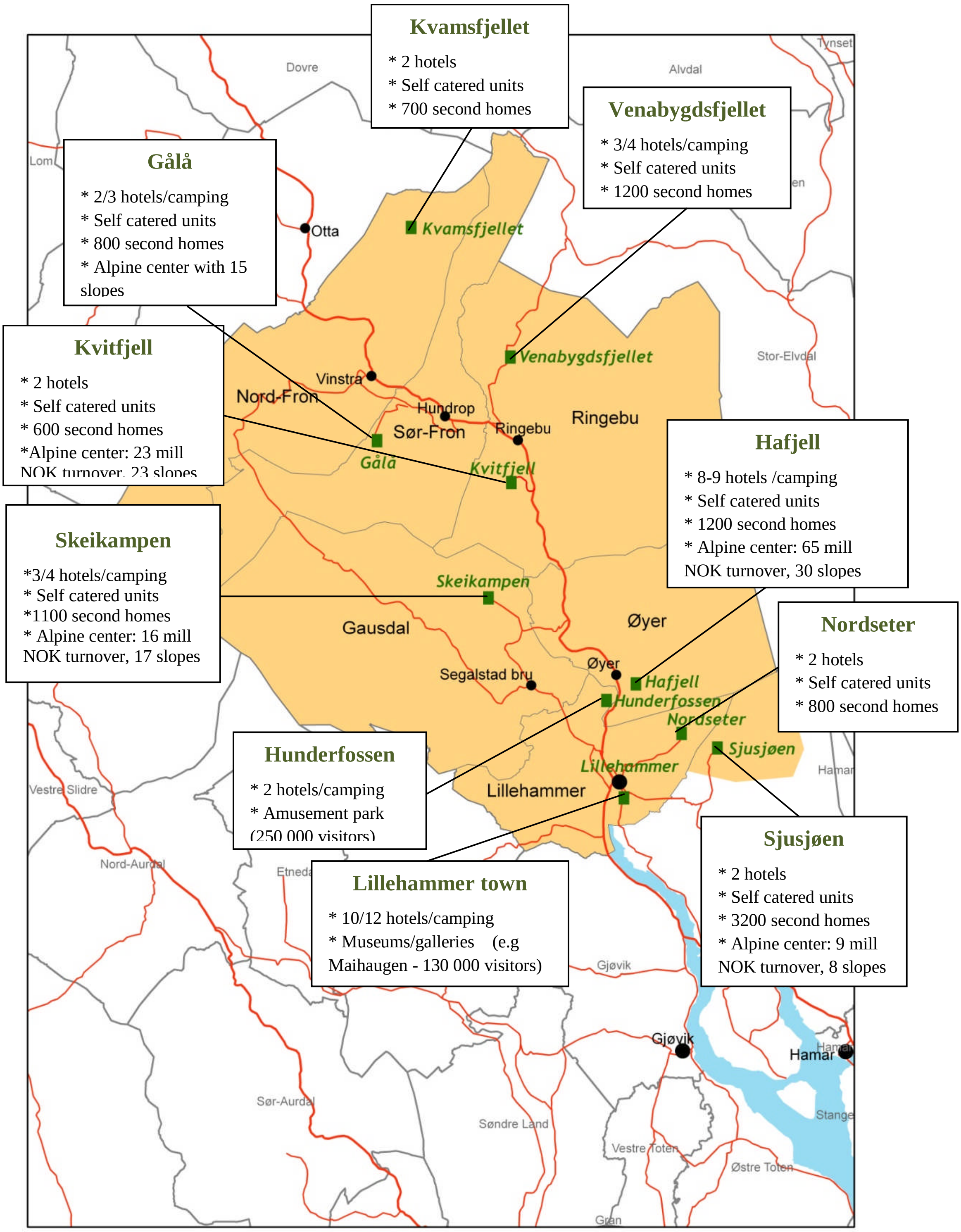

Figure 3: Selected structural data for important destinations within the Lillehammer region.

2.1 Growth ambitions

The growth ambitions raised by Snowball are defined in the following goals:

- To double the creation of value (defined as the sum of operating profit and personnel costs) from the tourism industry within 2020. 2/3 of this commercial growth shall come from increased influx of foreign visitors (export of tourism).
- To increase the number of overnight stays in the region by 2 million from the present level of about 4 millions, counting from 2010 until 2020. 1 million of the increase shall come in accommodation companies and 1 million in use of private second homes.

These ambitions are demanding to achieve, and requires a well founded strategy to be successful. The realism and consequences of these goals are discussed in the final chapter in the report (chapter 7).

2.2 Method

2.2.1 Information entering the analysis

In this report we focus on the following elements relevant to the export goal ambitions:

- Increasing the creation of value from foreign tourists
- Markets and product potential
- Competitive advantages

The report is mainly built on four sources of information:

1. A short hand presentation of the current status of tourism in the Lillehammer Region – chapter 3.
2. A review of international research on winter- and ski destinations - chapter 4.
3. Interviews with tourism firms in Lillehammer – chapter 4.
4. Interviews with actors outside the region who are working to distribute, sell and/or market Lillehammer in foreign markets – chapter 5.

2.2.2 Tourism firms in the Lillehammer region

In Lillehammer a total of 15 firms have been interviewed, and there is a mix of accommodation-, attraction-, and activity firms distributed on the main destination within Lillehammer. The director or marketing manager has been personally interviewed at their offices. The following firms have been interviewed:

- Sjusjøen Hytteutleie, Sjusjøen
- Ringsaker Almenning, Sjusjøen
- Nordseter Hyttegrend, Nordseter
- Radisson Blu Lillehammer Hotell, Lillehammer
- Birkebeineren Hotel & Apartments, Lillehammer
- Birkebeinerrennet, Lillehammer
- Maihaugen, Lillehammer
- Hafjell Alpinsenter, Hafjell
- Quality Hotel & Resort Hafjell, Hafjell
- Hunderfossen Familiepark, Hafjell
- Welle-gruppen, Hafjell
- Skeikampen Booking, Skeikampen
- Kvitfjell Alpinanlegg, Kvitfjell
- Wadahl Høgfjellshotell, Gålå
- Rondablikk Høyfjellshotell, Kvamsfjellet

2.2.3 Firms outside the region

The "external" respondents are of two categories:

1. Tour-operators in Norway and abroad that have products from the Lillehammer region in their portfolio (one or several destinations within the region), and
2. "Innovasjon Norge" (Innovation Norway - IN). IN are responsible for marketing Norway as a tourism destination abroad, and have offices in Norway's main foreign markets.

Respondents have either been personally interviewed on telephone, or they have responded in writing on a survey (three language options) with open questions and precoded question. The survey is annexed. Respondents not met personally were given the opportunity to choose how to respond, either by telephone interview or survey. 5 tour-operators have either been interviewed or have responded in writing, and IN in Germany and Netherlands has been interviewed. We did contact several other tour-operators and IN-offices without succeeding in getting a response.

In addition we have interviewed by telephone Norsk Reijsebureau, Denmark and Bengt-Martins, Sweden dating from 2009 in connection with a cluster analysis of the tourism industry in the Lillehammer region (Hagen et al. 2009). Some of the questions in these interviews were also relevant for this report. We have also studied webpages and catalogues to both the tour-operators we have response from, and from several others that have Lillehammer in their portfolio.

2.3 The structure of the report

Following this introduction we give the status and recent development of export of tourism in the Lillehammer region (chapter 2). A short review of relevant international research on winter-destinations is then given in chapter 3. Following this again we give summaries of the data collection from the firms in the Lillehammer region (chapter 4) and from the external actors (chapter 5), respectively. Finally we present the most important matches and mismatches between firms in Lillehammer and external actor (chapter 6), before we discuss what measures and strategies that must be implemented in order reach the region's growth ambitions in chapter 7.

3 Status - export of tourism from Lillehammer

In this section presents the status and the last 5-years of development in export of tourism from Lillehammer. Number of foreign guest nights in commercial accommodation is the only readily accessible indicator for the size of export in tourism, and is used also here. This includes statistics from hotels and similar establishments, camping sites and holiday dwellings, provided by Statistics Norway and published by Statistikknett. Owners use and rental of private second homes is thus not included, which means that the real number of foreign guest nights is higher (but unknown) than what is presented here.

2010 registered 380 000 foreign guest nights in the Lillehammer region, accounting for 29 % of the total number of commercial guest nights in the region (Table 1) and for about 5 % of the total number of foreign guest nights in Norway. The number and share of foreign guest nights in Lillehammer have been quite stable the last 5 years, and have had the same development as in Norway as a whole (table 2). The share of foreign guest nights is a little higher in Lillehammer than in Norway, but lower than in some of the most important competitors (see our report on benchmarking, Hagen et al. 2011). A very rough estimation is that the value of this export amounts to a turnover of 370 mill. and a value creation of 135 mill. NOK per year in the tourism sector in the Lillehammer region (not including retail trade etc). This calculation is based on estimations made in Hagen et al. 2011 on turnover and value creation in the tourism sector in Lillehammer, and on the assumption that foreign guests spend the same amount of money as Norwegian guests (which is a dubious assumption according to informants cited in this report, see chapter 4).

54 % of foreign guest nights in Lillehammer are in hotels and 46 % in holiday dwellings/camping sites. Since 2006 these shares have changed substantially, where hotels have decreased their share from 64 % in 2006 to now 54 %, and holiday dwelling/camping sites have increased its share of foreign guest nights from 36 % to 46 %.

Table 1. Number and share of guest nights in the Lillehammer-region (Lillehammer, Gausdal, Øyer, Ringebu, Sør-Fron and Nord-Fron) 2006-2010 (Statistikknett.com).

	2006		2007		2008		2009		2010		% change
	Number	%	Number	%	Number	%	Number	%	Number	%	2006-10
Total	1 325 608	100,0 %	1 358 773	100,0 %	1 297 310	100,0 %	1 308 583	100,0 %	1 312 087	100,0 %	-1,0 %
Norwegians	940 985	71,0 %	949 930	69,9 %	901 931	69,5 %	910 179	69,6 %	930 518	70,9 %	-1,1 %
Foreigners	384 623	29,0 %	408 843	30,1 %	395 379	30,5 %	398 404	30,4 %	381 569	29,1 %	-0,8 %

Table 2. Number and share of guest nights in Norway. 2006 and 2010 (Statistikknett.com).

	2 006		2010		% change
	Number	%	Number	%	2006-10
Total	27 164 889	100,0 %	28 165 190	100,0 %	3,7 %
Norwegians	19 395 942	71,4 %	20 460 219	72,6 %	5,5 %
Foreigners	7 768 947	28,6 %	7 704 971	27,4 %	-0,8 %

Regarding nationalities, Denmark supply 1/3 of all foreign guest nights and is the major foreign market segment in the Lillehammer region. The numbers for Denmark have slightly increased the last five years. Of other nationalities, Germany, Netherlands, Great Britain and USA have shrinked more than 10 % in the period, while Russia, Latvia, Poland and France have increase.

The winter season (October-April) produces the largest number and share of foreign guest nights in the Lillehammer region (Table 3). This in contrast from Norway as such, where the summer season have the largest number and major share of foreign guest nights. Since 2006 the winter season produce a larger number of guest nights than the summer season, and the share of non-domestic customers has increased. The summer season have seen a substantial downward trend, with a decrease of about 10 000 foreign guest nights.

Table 3. Number and share of guest nights winter (October-April) and summer (May-September) season in the Lillehammer-region. 2006 and 2010 (Statistikknett.com).

	2006		2010		% change	Share total
	Number	%	Number	%	2006-10	guest nights 2010
WINTER						
Total	709 085	100,0 %	736 239	100,0 %	3,8 %	56,1 %
Norwegians	473 932	66,8 %	494 172	67,1 %	4,3 %	37,7 %
Foreigners	235 153	33,2 %	242 067	32,9 %	2,9 %	18,4 %
SUMMER						
Total	616 523	100,0 %	575 848	100,0 %	-6,6 %	43,9 %
Norwegians	467 053	75,8 %	436 346	75,8 %	-6,6 %	33,3 %
Foreigners	149 470	24,2 %	139 502	24,2 %	-6,7 %	10,6 %

4 Research on development of ski destinations

In this section we will discuss recent research on mountain destinations where winter activities are the main attraction. Our concern is to relate to the discussions of importance to the region's international competitors, and to the trends on supply and demand that might affect the Lillehammer region and the Nordic winter destinations in the future. Geographically, international research on winter destinations has a focus on the Alps and North-America. Compared to the winter tourism industry in these regions, the Nordic winter tourism industry as a whole is small. Apart from the comparative larger scale and economic importance of the tourism industry in these regions, they have been more strongly influenced by structural and natural environment changes the latter decades than what is the case in the Nordic region.

Two topics are predominant in the research community:

- A maturing and somewhat non-resilient skiing industry facing changes in demand, and
- seasonal changes with several years of less favourable winter conditions possibly due to long term trends of climate changes (global warming).

These two factors are fundamental different in their essence, but have several similar effects due to impact on destination developments and adaption strategies (see also figure 3 below).

4.1 A maturing ski tourism industry

The problems facing the ski tourism industry is linked to stagnation or even decrease in demand for ski holidays since the apex in the mid and late 80s. This stagnation was caused by demographics: Those born in period extending a couple of decade's posterior to WW2, the so-called "baby boomers," were dropping out of skiing as they matured. In addition an across the board decrease in an interest for skiing developed as a result from a widespread decrease in the number of ski days. (Bieger et al. 2004, Hudson 2004). It summed up into less people to go on skiing holidays and even those who went skiing were skiing less.

The last 10 year the number of skiing days globally shows a quite stable development, with about 330 million per year in (figure 3). This stability however hides uneven developments between continents and countries, where the main pattern is: large decrease in Japan, large increase in "new" markets like South Korea and China, and a stable development in the "traditional" markets in Europe and North-America. Among the largest markets Austria and partly France have experienced a growth in skiing days (Austria: 2.25 % average yearly increase last ten years), while the other have had a stable (like Italy, USA, Canada) or even declining trend (like Switzerland and Andorra)(Vanant 2011)

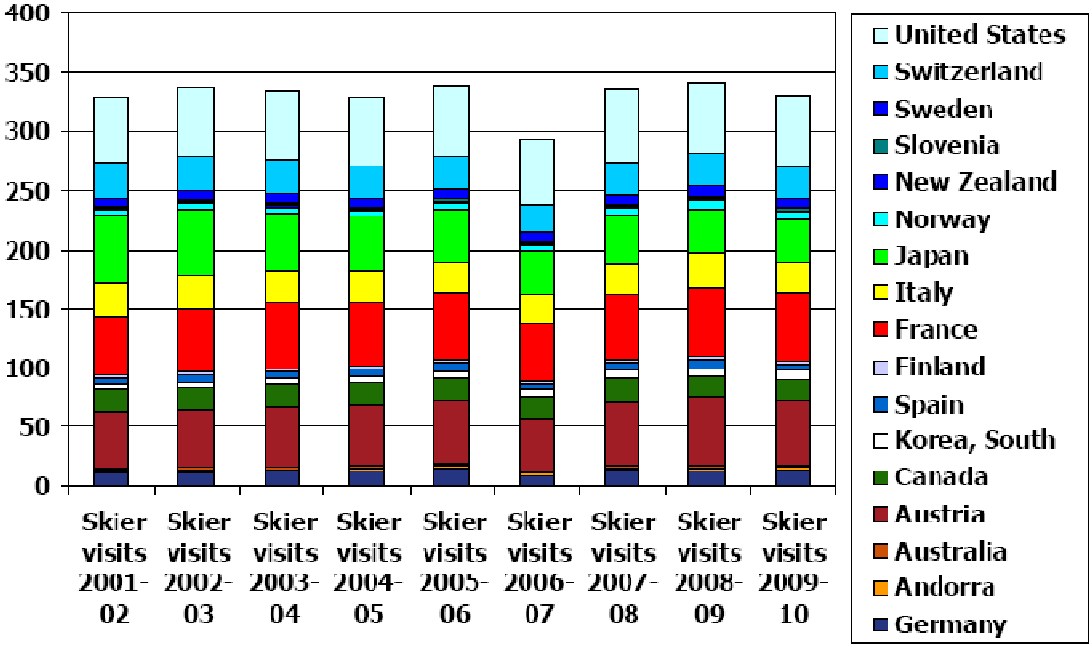

Figure 4: Number of skier visits in million in a selection of countries (Vanant 2011).

This stagnation and its repercussions are widely discussed and analysed, amongst other by Interski - the umbrella organization of skiing instructors. They are worried about the observed rising average age of skiers in Europe. In addition to unfavourable winter conditions this is also propelled by the change in people's age structure and by increase in competition from other leisure activities and destinations. Interski see the challenge as how to bring children back to the slopes. (Deutsche Presse Agentur 2011). In a similar vein Michael Berry, president of the National Ski Area Association (NSAA) in the USA stated in 2010 that *"We not only need to increase our success rate but also the volume of people we are introducing to skiing. With 3 million skiers leaving in the next 5 to 10 years, we will feel this exit in a dramatic fashion if nothing is done"* (Vanant 2010; 15). To meet this challenge NSAA have since 2000 developed a "model of growth" where the main goal is to attract and recruit new skiers/snowboarders from the American market (NSAA 2011).

In North-America the stagnation in market demand has enforced a restructuring of the industry. Capacity has been reduced mainly by a decrease in small destinations. At the same time the larger still are growing, but not necessarily in the ski segment. In both North-America and the Alps focus has rather been on the diversification in both the supply of tourism winter products and in market segments. This has lead to the development of a broader range of activities in the winter season and a focus on the "total alpine winter tourism experience" – to be read as "not only skiing". Further it has contributed to a revival of summer tourism in mountain destinations (Hudson 2004, Bourdeau et al. 2002).

The winter season diversification has included a number of different strategies. This development shows an interesting split in two distinct directions. One has been to turn big resorts into winter theme parks with a variety of winter activities. Focus has then been put on developing activities as low entry snow and ice fun, thus not based solely on advanced technical mastering of snow and ice activity as required when skiing, snowboarding, twintip etc. This represents an adaption to the fact that an increasing share of visitors in winter destinations has no ski experience. An additional adaption has been to develop resort villages with a broad offer of shopping, restaurants and with a "bustling off-slope atmosphere" (Hudson 2006). Ski and snow is still a main activity, but supply and demand for other activities are rising (Deutsche Presse Agentur 2011). Based on a study of demand patterns in Switzerland Bieger et al. (2004) states that one possible future success factor will be to offer an urban atmosphere, especially with regard to cultural activities/events (concerts, museums etc.).

Another strategy has been differentiation. Destinations have taken a more targeted approach and focused on certain products and market segments. One strategy here is to offer exclusive resorts with focus on yield rather than volume. This is seen in Tamarack Resort in Idaho and the "Familles Bienvenues" in Switzerland – both with a range of high quality services geared specifically to children and families (Hudson 2006). Another direction is an option open to smaller resorts with access to specific or niche types of resources. Randonnee skiing, snow kiting, heliskiing, xgames, gravity games etc are type of activities that require a high level of skills, specialized installations / slopes or certain types of terrain and snow conditions available. Add to this a specialization in offering highly adapted training facilities like ski jumping hills, tracks etc to attract the professional and semi professional and just very eager amateurs. In the larger tourism picture these kinds of activities have a fairly small number of participants, even if they may experience stunning growth rates. What is interesting though is that they may attract a disproportional number of spectators (including parents etc supporting ambitious youngsters) and thus add to what is labelled sports tourism, "*a sleeping giant of the global tourism industry*" (Coles 2009). So, one may easily and erroneously ignore sports tourism, while it rather could be approached as a form of business tourism. This is because beyond the admittedly few numbers of the athletes themselves, numbers swell as support teams, coaches, managers and promoters as well as teams of specialists, consultants, advisors and administrators travel to produce the spectacles people flock to see.

The development of non snow/ice activities and resort villages have also supported efforts to develop much needed all year tourism in mountain destinations. Many ski resorts have pursued strategies for development of summer traffic to pursue the goal of all-year tourism. Bourdeau et al. (2002) shows how the introduction of a whole range of revived or new leisure activities have radically increased the economic importance of the summer season in many French mountain destinations. Canoeing, trekking, rafting, biking (mountain, down-hill, cross country), rock climbing etc., have contributed to a summer tourism that brings in new user groups that gives longer stays on the destinations and a market for more commercial activities.

4.2 Climate changes

Whether or not a series of unfavourably mild winters on continental Europe and North America are observable effects of the long term trend of climate change – the global warming as described by the IPCC – international tourism research has either way shown that resorts are vulnerable to deteriorating snow conditions. But, taking on the full force of climate change rather than expelling the recent deteriorating snow conditions as a temporary adds new strategic issues to the agenda.

Climate changes may not only affect snow conditions. Most glaciers are already shrinking and some may disappear. Reduced permafrost has already been cited as cause for more frequent high altitude landslides. Such events are not only a problem for the inhabitants and the ecology, but it will probably also diminish the tourism-relevant attraction of the mountain landscape, and thus the tourism product (Scott 2006). Any strategic deliberation on recreational use of mountains will then have to take into account how climate change is affecting mountains, and in what different ways and on what different time scales climate challenge the tourism industry.

At the regional level, changes in temperature and precipitation results in changes in snow cover, glacier volume and extent, permafrost and surface runoff (EEA 2009). In the Alps, average temperature increased by approximately 2^0 C between late 19^{th} century and early 21^{st} century. This was more than twice the rate of change in the northern hemisphere in the same period (Auer et al 2007). This rise will decrease precipitation as snow and increase the ration falling as rain, resulting in more run-off in winter and less in spring and summer (EEA 2009).

The University of Highlands and Islands in Scotland, the Environmental Research Insitute, has carried out research on the effects of climate change on ski the skiing industry in the Cairngorms, Scotland. This analysis concludes that in the case of ski days (ie days on which one or more tows were open) there is a clear declining trend attributable to climate change[1].

Thus, increasing temperatures have already had consequences for ski tourism in many areas, and may likely be of greater importance in the future (Gössling and Hall 2006, Agrawala 2007, Fischer, Olefs and Abermann J. 2011). The most obvious consequences in areas like the Alps are an expected worsening of snow conditions, with shorter skiing seasons and even possible elimination of snow cover in destinations at lower altitudes. Glacier ski resorts must adapt to shrinking glacial area and falling glacier surface. A number of projections have been made. Scott (2006) has projected a 7-32% reduction in average ski season within 2050 in southern Ontario - with current snowmaking capabilities. For many other regions there are worse scenarios. Fisher et al concludes their study with the following advice to strategy makers:

"*... winter tourism requires strategies to cope with winters with less snow or shorter periods of snow cover*" (Fischer, Olefs and Abermann J. 2011 p95)

In Norway the effects in terms of failing snow conditions of climate change has so far not been reported as very visible. There are some indications that snow condition are worsening in Norway. The number of days with acceptable snow conditions in Nordmarka has been more than halved from 1970. The numbers of skiers have however not been influenced by this, and Aall and Høyer (2005) argues that one possible explanations is that skiers so far have found alternative locations and that the strategy of snowmaking has been successful.

There are studies addressing possible regional impacts (Norland mfl 2006; O'Brien mfl 2004; Næss mfl 2005) of climate change in Norway, but few studies on potential effects for the tourism industry as such. The NORKLIMA project "ALIANSE" has studied how climate change will affect the Norwegian economy, based on present knowledge (CICERO 2011). Findings from research conducted under the NorClim project the authors found that temperatures in Norway will rise slightly more than the global average – mostly in the winter, and especially in the northern part of the country. The greatest impacts are found for tourism and fisheries, while at the same time, these are the sectors for which the uncertainty is the greatest. The greatest challenge in this study was found to be how to determine the relationship between tourism and climate.

[1] Results presented by John McClatchey, Environmental Research Institute, University of Highlands and Islands in Scotland at at the "Cairngorms Knowledge Exchange Event, 15-16 November 2010, Aviemore, Scotland."

Not only the supply side of tourism may well be affected by climate change; also the demand side will react. A Swiss survey showed that during periods of snow-poor seasons, 49% of the skiers stated that they would change to a ski resort more snow-reliable, 32 % would ski less often, and 4 % would give up skiing. On this basis the study concluded that the most vulnerable ski resorts in the lower regions of the Alps would have to deal with a significant decrease of younger guests, day tourists and novice skiers (Bürki et al. 2005). A survey of skiers from Vienna shows that they have strong preferences for destinations that could promise sufficient (natural) snow conditions. Non-snow activities was found to be accepted as substitutions as a short time compensation, but not for the whole winter holiday. In winters with poor-snow conditions destinations at high altitude gain importance and travel distances lose some relevance, and the skiers are willing to spend some (but quite limited) additional costs and travel time to get to a snow secure destination. But a large proportion of the skiers would drop skiing totally if it becomes too expensive (Unbehaun 2008). And in addition to this one should keep in mind that a continued global warming may well drive up the costs of travelling with the effect that i.a. Nordic mountain areas may become more attractive from a snow perspective, but less attractive from a cost perspective.

Again, it is no straight forward matter to make predictions on the basis of actual and possible effects of climate change, even if one applies IPCC forecasts. There is though, no compelling reason to believe that IPCC predictions are too radical or to think that climate change will not happen or will happen slower or to a lesser extent than what is shown in the present analysis. If anything, the projections in IPCC have shown to be on the conservative side. It is, though, not a worst case scenario per se that is called for to be included in long term strategies for the development of the industry, but rather to incorporate as much resilience into the production systems as possible. Evidently, it is a complex matter to make projections on how this situation develops and what effects it increasingly will expose the mountain based tourism industry to. For one thing it will influence both preferences in the markets (demand) and the industry’s ability to deliver (supply).

4.3 Research on adaption strategies

The tourism industry is facing the challenges in a number of ways as illustrated in figure 3. Addressing them will imply applying several measures are simultaneously. The strategic options are not only related to climate changes, but also to a broader range of structural changes in the industry, as discussed in section 3.1.

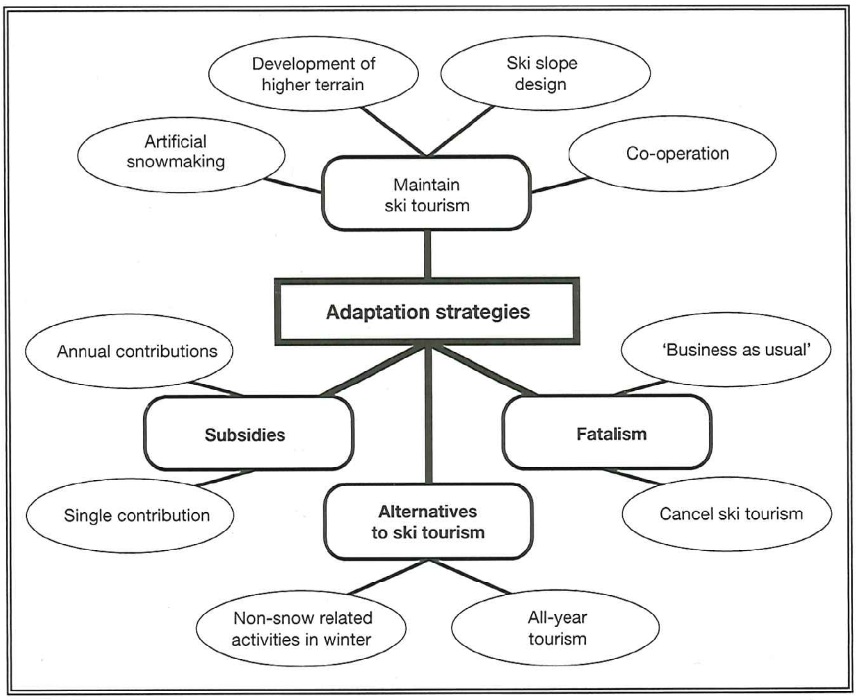

Figure 5: Adaption strategies (Bürki et al. 2005: 161)

Artificial snowmaking has been the most widespread strategy so far. It has proved to be important to offset the impact of climate change on snow reliability and shows synergies with other adaption strategies. By providing a more predictable and reliable ski season length, investments in larger resorts and second homes have become more feasible (Scott 2006). There is however both physical and economic limits to what extend snowmaking can be pursued. Snowmaking consumes considerable energy and water, and the costs increases disproportionately under warmer temperatures as not only larger quantities of snow are required, but also the energy costs increases with higher temperatures (Abegg et al. 2007).

In a study in Switzerland Bürki et al. (2005) have discussed adaption strategies and opinions on climate change among tourism firms, organizations, politicians etc. They found an ambivalent relationship to climate change. On the one hand they found among the actors a strong distrust towards the information on climate change and tendency to play down its potential consequences. Actors argued that the majority of ski resorts at medium and high altitudes would scarcely be affected by climate changes. On the other hand the actors use climate change threats to legitimate adaption strategies. Together with increased international competition, climate change have been used as the key argument for investing in snowmaking, as well as for extending existing ski slopes and to construct new ski slopes in higher altitudes.

In one study Aal and Høyer (2005) have analyzed the rationale supporting the fact that snowmaking facilities have been taken into use in almost all alpine ski destinations in Norway. This has, according to the authors not necessarily been directly related to climate change worries, but just as much to market changes; a longer ski season have made it profitable to invest in artificial snowmaking.

5 Tourism firms in Lillehammer: strategies and measures for increased export

In this section we address strategies adopted by tourism firms to improve performance in foreign markets. A total of 15 firms and 16 persons have been interviewed. We present a synopsis and synthesis of opinions that have been asserted by three or more firms. Due to the limited number of firms it is practical to present nominal scale:

- "most of": At least half of the firms,
- "several": 5-8 firms
- "some": 3-5 firms

Overlapping scales are treated depending on the specific question and answers, making this a nominal scale with qualitative assessments on limiting values.

The themes addressed are:

- All seasons:
    - The firms motivations to pursue improved performance in foreign markets
    - The Lillehammer region's competitive advantages in foreign markets
- Specified on two seasons: Winter season and summer season:
    - Current markets
    - The Lillehammer region's competitive advantages in foreign markets
    - Which foreign market segments will the firms prioritize in the near future?
- All seasons:
    - Which measures are necessary to improve the performance of the Lillehammer region in foreign markets?

5.1 Motivations to increase performance in foreign markets

To what extent are the tourism firms in the Lillehammer region interested in applying resources to attract more foreign visitors? The rationale for asking the question is simple enough: It is volume. The nondomestic market has, in contrast to our domestic market, a potential volume that for all practical purposes and for this region can be considered limitless. Thus tapping into even a small fraction of the nondomestic market could generate a rise in guest numbers that is considerable relative to the domestic market, and that in time might match the growth ambitions discussed in chapter 1. Still, the question of motivation and interest is highly relevant because:

- the domestic market is, vis-á-vis the non-domestic market, characterized by high spending power and willingness to pay,
- marketing campaigns in nondomestic domains are more resource and competence demanding.

So, the question is highly relevant: Is it more important for your firm to strengthen the position on the domestic market relative to the nondomestic market? The importance of the answer is easily appreciated: To be realistic, a strategy for increased export for the Lillehammer-region must have strong support in the tourism industry to be credible. If support in terms of motivation and interest is failing, this has to be addressed and sorted out before a strategy is being effective in guiding decision making at firm level, the level at which it has to unfold.

The main answer is that all firms we did interview are interested to pursue extra efforts to increase performance in foreign markets. Most do however stress that emphasis on foreign markets must not be done at the sacrifice of the domestic market. Norwegians generally pay higher prices and give better revenues, and this price difference is especially large in the summer season. But the picture is not without variation: foreign firms within the event/incentive segment give good revenues, and foreign visitors spend more money than Norwegians on attractions like Maihaugen.

Generally there are available capacities for more visitors in all seasons, especially in rented cottages/flats and attractions/activities. Foreign visitors are seen as crucial for filling up available capacity at the alpine destinations in mid-weeks, while the weekends are well visited from the Norwegian market. For hotels in Lillehammer town there can be a contradiction by giving allotments to foreign tour-operators for individual tourists in the winter, and their wish to fill the hotel by domestic guests attending the major annual ski events (Birkebeinerrennet, Inga-Låmi) and other events (EC Handball).

5.2 Competitive advantages in foreign markets

What, according to the firms, are the important competitive advantages of Lillehammer today? How does competition relate to location, attractions, competence, infrastructure etc? What measures could put the Lillehammer region in a favourable position toward competing destinations domestically and abroad?

The views on across-seasons advantages are presented below. Advantages relating to one season are presented in section 5.3 and 5.4.

According to the firms the main advantages are as follows:

- *Accessibility:* Easy access to the region by car (which are continually improved) and train from Oslo Airport (Gardermoen) and Oslo, which is the most important gateway for foreign tourists. Also centrally located stops on round-trips in Norway/Scandinavia. This advantage was mentioned by almost all firms.

- *Branding"Lillehammer":* The name Lillehammer is quite well known and has a brand quality. "Lillehammer" has high credibility especially within winter sports, but also in some degree within some summer sports (off-road bike, running). "Lillehammer" also has high all-year credibility within the event market. (Lillehammer town as a product, is discussed below with regards to the winter and summer season respectively).
- *Competence and good infrastructure/arenas for events:* Especially within sports (related to the Olympics, Birkebeineren etc), but also generally regarding packaging for groups demanding accommodated packages.
- *Access to nature amenities:* The region has a variety of nature amenities which from the perspective of personal interests, proficiency, outfit and equipment offer "something for all".
- *A variety in attractions and experiences:* The region offers a considerable variety of experiences within relatively short distances and different destination – ranging from the smaller mountain resorts to urbanized centres.
- *"Peace and quiet"– recreational atmosphere:* The tranquilly of the mountain destinations in the region is deemed important for attracting guests. But recreation has also been mentioned as an important factor for visitors in alpine destinations staying in rented cottages/flats in the winter. The accommodation offered in typical Nordic cottages with a variety of choices in standard, location and level of service is seen by some as a major advantage compared to the Alps.

5.3 Winter season

5.3.1 Current markets

In the winter season the lion's share of visits can be classified as *resort trips.* This is trips where the major part of the stay is at the accommodation location (Flognfeldt Jr. 1999). The following main visitor categories are identified:

- *Individual leisure travel:* Divides into activity groups:
    - *Alpine Skiing*: Alpine skiing is the main activity and accompanying conditions (snow, quantity and quality, slopes, a variety of entry levels etc) are most important for consumer's choice of destination. Ski-in / Ski-out – concepts or in general slope proximity of accommodation offers is highly favourable. Denmark is the definitely largest foreign market, followed by Sweden (mostly in low-price weeks) and Germany.

Cross-country as activity for parts of the family or as an alternate activity is considered of growing importance, partly for the Danish but mostly for other nationalities. These products are generally bought through tour-operators and travel agencies. These are the most important segments for the destinations Hafjell and Kvitfjell.

- *Combination of alpine skiing and cross-country skiing:* For this segment the alpine / cross-country combination is the main activity. Consumers in Denmark, Sweden, Germany and the Netherlands make up the largest nationalities. These products are also mostly bought through tour-operators and travel agencies. The products are the most important for the destinations Gålå and Skeikampen.
  - A segment within this group is tourists who reside in Lillehammer town - mostly booked directly or through hotel chains. Consumers from Germany, UK, Ireland and the Netherlands make up the largest nationalities in this town-residing combination segment (note: none from Denmark and Sweden). They arrive by plane & train, and prefer closeness to Lillehammer town.
- *Excursion in a mountain landscape*: This is a segment where excursions, mostly on cross-country skis but also on snowshoes, are the main activity. Our respondents have observed some increase in interests also for other winter activities as well. These guests prefer to reside in a mountain landscape, and arrive mostly from Germany, UK and Denmark. Again these are trips bought through tour-operators and directly. This segment is the most important for the destinations Nordseter, Sjusjøen and Kvamsfjellet – they offer spectacular cross country mountain terrain, a variety of well prepared ski tracks, a good supply of cottages to rent, but put low emphasis on alpine facilities.
- *Winter experiences:* This attracts a segment of guests who seek to experience winter and different winter activities, including ski (alpine and cross-country), dog sledging etc, but also want access to cultural experiences in a winter setting (museums, small winter town etc.). For a time now consumers from Russia has been the largest nationality. The product is mostly bought through tour-operators and also directly. The guests stay at hotels mostly in Lillehammer town and Hafjell. Interesting segment, but it is a small quantity.

- *Events/incentive:* This segment attracts firms and organizations who seek a combination of professional work (internal meetings etc.) and leisure activities for their employees and/or professional partners. The segment also includes other events, as launching of products and campaigns, and “pure” incentive trips as a reward to employees. Olympic sites and activities related to winter sports are the main attractions/activities. This is a segment where Germany, UK, Denmark, Sweden, the Netherlands, Benelux are the largest nationalities. The guests reside for the most part in Lillehammer town, and are booked either directly or through Norwegian Convention Bureau / Lillehammer Turist / Olympiaparken.

- *Sports:* This segment consists of professional and semi-professional sport teams/clubs that arrive to participate in events (WC Ski Jump), training camps (cross-country, ski jump, alpine skiing, bobsleigh, luge track etc.). This attracts a number of European nationalities. It is generally booked directly at the accommodation supplier or through the event or facility organizer. This is a relatively important segment for Lillehammer town, the destinations of Nordseter and Sjusjøen, especially early in the winter season (October – December), but also present at the other destinations.

Concerning these segments we can spatially and thematically split the winter season in the Lillehammer region in three sub regions:

Alpine destinations

Under this heading we subsume Gålå, Hafjell, Kvitfjell, Skeikampen, with main segments being:

- alpine skiing
- combination of alpine skiing and cross-country skiing

Mountain destinations

Under this heading we subsume Kvamsfjellet, Nordseter, Sjusjøen and Venabygdsfjellet, with main segments being:

- excursion in a mountain landscape - mainly cross-country skiing
- sports - mostly cross-country training

Lillehammer town

Lillehammer town, with main attractions being

- Events/incentive
- Sports (mostly events and training in the Olympic arenas)
- Winter experiences
- Combination alpine ski and cross country

We have not quantified the size of each of these segments, but based on our previous knowledge a likely way of sorting them according to the size of the segments, the one with the highest number of consumers from a non-domestic market is alpine skiing, followed by the combination alpine skiing and cross-country skiing, and then excursions in a mountain landscape.

5.3.2 Competitive advantages

The following factors were identified by our respondents as the most important competitive advantages for the winter season:

- *Combination of alpine ski and cross-country:* The region offers a product of high quality and with large variations both within alpine ski and cross-country. Especially the cross-country product is seen as much better than many other Nordic and non-Nordic destinations are able to offer.
- *The brand "Lillehammer Ski-resort":* By offering the common ski-pass the region presents alpine skiers a large variety of slopes, which in combination are larger than any other ski destination in the Nordic countries.
- *Snow reliability and snow conditions:* Compared to the Alps and central Europe, the region can offer a high grade of snow reliability and good snow conditions, with amongst others a large portion of natural snow in the alpine slopes.
- *Lillehammer town*: Lillehammer is the only major winter destination in the Nordic countries which includes a town of a decent size and urban facilities and offers. This gives the opportunities for combinations of skiing and urban/cultural experiences. Lillehammer town is at present primarily important for the segments events/incentives and sports. With the exception of guests residing at Sjusjøen, guests at other destinations probably do to a very low degree visit Lillehammer during their stay. Several firms do anyhow believe that Lillehammer is of some importance in promoting/sale of their destinations.
- *"Real" ski in/out:* A large proportion of the accommodation in the alpine destinations can offer "real" ski in/out. It is claimed that this is not the situation in several other destination in Norway, although they promote ski in/out.

5.3.3 Growth potential in non-domestic markets

Asking the firms what foreign markets they allocate the highest potential to grow in the winter season, a number of issues were carried forward:

- Geographically *Denmark* is seen as the country with largest growth potential. First of all within the alpine ski segment, but also, and increasingly, within combination alpine ski and cross-country. Germany, and more specific, *northern-Germany*, is considered as the second most important country. To a northern-Germany based consumer Lillehammer has easy accessibility, and a winter tourism product that is attractive to a broad spectre, and there is also a wide interest in nordic ski-sports. *Sweden* in seen as important, but several of the firms are doubtful about the potential in Sweden – not least due to the currency situation which is not likely to change in the near future. *The Netherlands* is mentioned by several firms as interesting. This is especially so because of a perceived fruitful cultural match between Dutch and Norwegian culture, facilitating involvement in organized activities, and enjoying mountain/forest landscapes. *Russia* and *UK/Ireland* are also mentioned by some firms, but at the same time several firms seem uncertain about the growth potential in these segments.

- The alpine ski segment is the main basis for the winter season in Lillehammer, and must have a high priority in future efforts on foreign markets. This opinion was held, not only by firms at alpine destination, but also by several others and should be understood as a general opinion across the region.
- Cross-country skiing is mentioned by many as an activity that should be more focused on in foreign market campaigns. Cross country skiing facilities, both in itself, in combination with alpine skiing, and as an essential element in the sport-segment is seen as one path to attract more non-domestic guests. The sport-segment in itself should develop a broader market communication than just teams / clubs etc, to include individuals. The pure and combined cross-country segments generate guests to all types of destination within the Lillehammer region.
- Within the MICE-market, “events with a sports profile” is judged to have a significant future growth potential. Especially interesting is customers that asks for “just a few meetings (professional content), and a lot of sport activities (leisure activities and team building)”.
- Mountain destinations points to Germany, the Netherlands and partly Denmark as the nationalities with most future potential for growth in the “excursion in a mountain landscape”-segment.
- Some firms in Lillehammer town points to “winter experiences” as an interesting future segment, and where Lillehammer has a special advantage. This segment is interesting for many firms, as the use a broad range of attractions and activities (including alpine skiing).

5.4 Summer season

5.4.1 Current markets

In the summer season most foreign visits are leisure travel. Events, incentive and sports are of much less importance. The travel pattern is generally much more extensive and covers larger areas / regions than in the winter season. The main function of the Lillehammer region is to offer an interesting stop on the way from the Oslo region to the fiords, high mountain regions and the northern part of the country. The following main categories are identified:

- *Tour operated round trips*:
  - *Group travels by coaches*: In this segment overnight stay normally limits to one night in Lillehammer on tour to or from the fiords and/or Northern-Norway. This unfolds either as a stop only for meals and accommodation, or in combination with attractions like Storgata and Maihaugen. Guests originate from a variety of European countries, USA and Japan. A trend in this segment is that attractions like Maihaugen no longer are included in the tours, but are only an option for the tourists. These groups reside in hotels in all destinations in the Lillehammer region, and make up the largest volume of foreign guests in the summer. Prices though are very low compared to other segments, giving a marginal contribution to the economy of the hotels.
  - *Individual round trips:* This is a segment where guests travel by their own or in a hired car from major traffic hubs (normally airports). Stays normally extends to 2-4 nights in Lillehammer. The typical behaviour is to spend one day at the accommodation location (and go hiking etc.), and the other days are spend doing day trips in the region for sightseeing, visiting museums and other attractions/activities both within and outside the Lillehammer region. The Netherland and Germany represent the major nationalities here. The major locations for residence is Nordseter and Skeikampen.
- *Individual base holiday trips*: In this segment the typical travel behaviour includes 3-7 nights stay in the Lillehammer region, either as a main destination or part of a multi-destination tour in Norway organized by the tourist themselves. A typical visit includes one or two days at the accommodation location to go hiking, elk safari, cycling etc., and then to do day trips in the region for sightseeing, visiting museums and other attractions/activities. Germans and Dutch people are the most frequent nationalities. The travellers reside in a number of destinations, amongst other Nordseter, Sjusjøen and Skeikampen.
- *Individual activity holidays*: This group is an activity hard core cutting from the previous segment. The actors are very picky on activity specifics, with activities like hiking, cycling in

mountain terrain and mountain dirt roads, and downhill cycling. Again, Germans and Dutch people are the most frequent nationalities. The travellers stay most of the time in a specific destination in the Lillehammer region (resort trip) and reside typically in Sjusjøen and Hafjell – the general concept being resorts close to where the activity plays out. This is a segment that benefits from the infrastructure, skills and attraction that major sports events like Birkebeinerrittet creates.

5.4.2 Competitive advantages

In the summer season competitive advantages are different from the winter season. On one hand firms emphasis that the Lillehammer region has a fair number of attractions and activities, but at the same time there are less advantages that separates the region from many other regions in Norway. The advantages that most firms mention are:

- *Lillehammer town* with its small town atmosphere, museums etc. - important for both round-trips, resort trips, and base holidays at all destinations within Lillehammer
- *Offering a variety of experiences* at various entry levels in terms of skills and addressing a fair dispersion of interests
- *Unlimited access to recreation/activities in mountain landscapes* and *cycling* (mountain dirt roads and tracks, cross country, downhill).

Hunderfossen Family Park is mentioned by many firms as a main attraction in the summer season, but first and foremost on the domestic market. Some firms discussed the possibility that Hunderfossen could be more developed and used as an attraction on some foreign markets, with for example “Troll” as a theme.

5.4.3 Growth potential in non-domestic markets

We asked the firms what foreign markets segments they would assign the highest growth potential in the summer season:

- Tour operated round trips is at present the largest segment in the summer, and is also by many firms seen as having the largest potential for growth. It should be focused on generating more stops in the Lillehammer region, and to increase the length of the stops (this concerns both group travels by coaches and individual round trips). Concerning individual round trips the Dutch traveller is seen as especially interesting, since they in particular seems to be attracted to the type of nature and culture that the region can offer. They are also particular frequent buyers of organized activities.

- Some firms think that Hunderfossen Family Park has a potential to attract families also outside the domestic market. This applies to families in the Nordic countries familiar with Trolls and fairytales - or has a cultural background which makes these theme/stories interesting for them.
- Mountain destinations points to people interested in cycling and other “soft adventures” as an important future segment for individual activity/base holidays. Guests from the Netherlands and Germany are seen as the most promising nationalities in terms of growth potential.
- Sports are seen as an important segment to develop more in the summer season. This segment demands high quality products, and continuous product development. The region has a good basis/infrastructure and competence in both the technical side and on handling this market. Bookings and contact primarily directly between teams and tourism firms.

Several firms state that their strategy for the summer season will partly be dependent on the strategy advices and decisions of Lillehammer Turist. They are motivated to follow up what is jointly decided concerning priority of market segments in the summer season. This is based on

- a recognition that it is necessary to join resources to be strong enough in these market segments
- the fact that travel pattern and behaviour is different in the summer from the winter season. In the summer season the region as a whole is more important as a tourist product
- some firms also express concerns of not having the necessary competence and financial mussels to penetrate these markets – thus a concerted effort is called for.

5.5 What measures are necessary to achieve a stronger position in non-domestic markets?

Firms were enquired about particular initiatives and measures necessary to achieve growth in the non-domestic markets that they want to prioritize. Most of the answers are of relevance across seasons and grouped in three sections:

1) products and infrastructure on and between destinations
2) marketing, distribution and sales
3) cooperation within the region

5.5.1 Products and infrastructure on and between destinations

- Improved *internal transport* between destinations within the Lillehammer region: This same initiative was also called for and highlighted in the cluster analysis of the tourism industry in the Lillehammer region (see ØF-rapport 05/2009). Improvements mean better supply and simplification of ticketing. This is fundamental for the region in order to facilitate access to a large variety of experiences that are used to brand the region. It is especially critical if the region wants to attracts more foreign tourists that do not bring their own cars, as is the case for a major part of the segments "combination alpine skiing and cross country skiing" and "winter experiences", who resides in Lillehammer town.
- *Activities and attractions:* There is an need to
  - increase the supply of activities to better adapt to target markets,
  - improve security of supply, opening hours, and patience (so that the industry can be sure that the activity will be in the market for at least 3-4 years)
  - opening hours and ticketing should be simplified and consistent across the region.
- Improving *Lillehammer* town as tourism product: Lillehammer town does not function well enough as a tourism product, neither for tourists who resides in town, nor for the tourists at the destinations in the proximity of the town. Opening hours and supply of activities must be improved and more adapted to tourism, especially in winter season.
- Developing the *centre infrastructure and supply at the alpine ski destinations:* This initiative should address the need to push on development of compact centres with a variety of activities, restaurants, shopping and atmosphere. This is especially vital concerning the segments "alpine skiing" and "combination alpine skiing and cross-country skiing". Guests in this segment tend to stay put at their destination for the whole holiday. Walking-distance to activities and services are an essential quality.
- Develop better *round-trip products in the summer season:* The aim of this would be to increase length of stays and use of activities and attractions within the whole region. In particular this is aimed at individual round trippers, allegedly a growing segment. Too little work has been done to work up this segment so far.
- *Events:* The region must continue and improve cooperation in the development of new events, and tourism firms must network tightly with the event-organizers both in marketing initiatives and in the actual operations.
- Guest satisfaction surveys show a trend among foreign tourists as least satisfied with the relation price / quality for *food at restaurants/cafes.* Restaurants and cafes got the lowest

quality-score among foreign tourists in a survey performed summer 2010 (Mehmetoglu 2010). These factors might be one explanation for the surprisingly low turnover in the restaurant industry in Lillehammer (Hagen 2011).

5.5.2 Marketing, distribution and sales

- Stronger focus on *selected themes/attractions* in marketing is called for. The considerable variety of experiences must be highlighted, but selected themes/attractions must be in the forefront of targeted marketing initiatives. What themes/attractions to be highlighted should depend on segments targeted, see next bullet point. The idea of a “complete region” is only of interest from a back-office point of view as it provides potential to address many market segments. But marketing itself must be segment targeted, resulting in pushing strict selections of activities / attractions in order to catch attention “out there”.
- *Stronger adaption of marketing, information, packaging and adaption of products towards the different segments*. This concerns different interests, skills and languages. The region should focus on different segments to increase performance in non-domestic markets. The segments should be specified/narrow, and marketing, sale, products targeted directly at these segments. In the face of this, the slogan of being “a complete region” is not hitting the bull’s eye.
- More focus on *direct marketing/booking* is called for, and also to further improve visibility on the internet. Web sites overloaded with untargeted ads does not bring home the message to the segments the region wants to communicate with. “Less gloss, more info” is also a good leitmotif for web communication. Thus more portals directed at different segments should be developed (cf the two bullet points above). Several firms state that Lillehammer Turist could have a central role in these efforts – that is not on booking, but on developing targeted portals. This connects to the next bullet point.
- Packaging for groups. The region must improve its ability to offer *packages with a budget/price that is better adapted to the customer in question.* Some customers have a high willingness to pay for activities and not for accommodation, while it is opposite for other customers. The region should have a strategy that could address such situations.
- Some firms stress that common marketing efforts and strategies/branding must have a basis in the tourism industry itself. Public initiatives are problematic, amongst other because the tourism industry does not know how long the strategies and funding will last (due to that branding strategies must be stable for several years to have any effect).

5.5.3 Cooperation within the region

- On the theme of recruiting more firms to become members in Lillehammer Turist, several points are mentioned. More tourism firms and retail firms who benefits significantly from tourism should be approached. Some firms also stress that it is a challenge to involve the hotels in Lillehammer who are part of chains, to participate more in joint efforts to improve tourism in the whole Lillehammer-region.
- Projects developed by Lillehammer Turist must not be vague and obscure in their goal structure – more focus should be put on the link between a project and the direct results for the firms. Economically relevant parameters should be more strongly communicated to the firms.
- The role Lillehammer Turist could have on different market segments/seasons should be analysed more carefully. Several firms think that Lillehammer Turist could have a more vital role to play concerning marketing targeted at certain segments, and a less central role on others (cf the discussion above on the role to Lillehammer Turist on prioritized markets in the summer season). Several firms also states that Lillehammer Turist should have high competence on export marketing, that either can supplement their own competence (for example regarding social medias and search engines), or play a leading role on some segments.
- *Knowledge and surveys*: Effective strategies depend on high quality information. The work done to analyse the industry and its guests in the Lillehammer region should be continued. The survey performed summer 2010 was a good start, but needs to be developed in order to function as a knowledge-base for decision making at the destinations within Lillehammer.

6 Operators in European markets.

In this section we present and comment on results from a survey of a selection of websites and interviews with actors marketing and selling products from the Lillehammer region in foreign markets. The actors may either operate on a wholesale market offering packets to traveller agency firms, themselves selling directly to the end user – or a combination of both. Some of the actors may represent single firms, while others may represent or be part of a company running a number of firms targeted at various markets within tourism.

We present the actors individually rather than on an aggregate level. A rationale for this is that the actors operate in quite different market segments and it is important to highlight the individual set-ups of their operations and the strategic issues that these various operations raise in the perspective of promoting growth in export in the Lillehammer region. In the entailing discussion section, we will use the information and issues from this section on an aggregate level addressing the overarching strategic questions.

In the deliberations that follows our information retrieval from this set of actors; we are first and foremost focussing on their experience with the region and selling the region in the markets they operate. We do not regard economic sustainability of their operations or the resources they put into their marketing efforts etc. What we are looking for is their qualitative judgements and how they sum up their experiences and professional relations with the region given the overarching question of growth potential.

Firms that are interviewed cannot be presented by their proper names – due respect has to be paid to potential sensitive business information. Some of the information given in interviews or surveys thus requires a mild form of anonymity as they might give insights to firm's specific strategies. For this reason some firms are presented as Firm 1, Firm 2 etc. For other firms information is restricted to analysing their websites – in which case the firm is presented by the name of the firm.

The interview guide and survey is annexed.

6.1 Procedure for contacting firms

For the actors contacted, the following procedure was applied:

- Firm web sites were analysed for information on products and marketing of products relating to the Lillehammer region.
- Firms were then contacted by email and asked for willingness to contribute with information either in a telephone interview or / and by completing a survey. The survey was offered in Norwegian, German or English.
- Firms not replying to our email was sent one reminder email, and then left alone.
- Firms where then followed up according to their reply.

6.1.1 Questions asked

The interview and survey was asking the following set of questions:

- What products are you marketing and / or selling from the Lillehammer region?
- What market groups is the firm targeting?
- Does the firm market the Lillehammer region in cooperation with firms in the Lillehammer region?
    - What destinations within the region are marketed cooperatively?
    - What firms do you cooperate with in marketing efforts?
- Does the firm market the Lillehammer region in cooperation with other firms outside the Lillehammer region?
    - What destinations within the region are marketed cooperatively?
    - What firms do you cooperate with in marketing efforts?
- Does the firm have plans or expressed intention to include more products / destinations from the Lillehammer region in the portfolio?
- What destinations does the firm see as the most competitive alternatives to visiting the Lillehammer region?
- When the Lillehammer region is chosen in a competitive market: What factors are decisive for choosing the Lillehammer region? (Snow guarantee? The mountains? Distance / Reach-

ability? Price? Service? Maihaugen open air museum? Olympic Games memories? Ski possibilities? Family friendliness? Major sport events etc?)

- Strengths / weaknesses attached to the Lillehammer-region as a tourist product – summer and winter.
- What level of knowledge or information exists about the Lillehammer region in the markets your firm operates?
- What is your opinion on what measures the Lillehammer region should take to improve the profile, improve level of knowledge and information about their products in the international market? What activities should be further developed and marketed, what target groups and what markets should be aimed at? (Summer and winter)
- What geographical area is best suited to market internationally - the region as a whole, the destinations within etc?
- In what way would your firm wish to develop the cooperation with the Lillehammer region (increased marketing, new markets, new products etc)?
    - What would be the type and extent of the efforts required (money, competence, booking and sales systems etc) from the Lillehammer region?
    - Does the tourism industry and main actors in the Lillehammer region today possess what is required to increase their sales / improve their competitiveness, and does your firm get the necessary assistance and support to operate successfully in an international market with Lillehammer region products?
- The Lillehammer region is in the process of creating a new market strategy. Which of the following six prioritized themes does your firm think have the best potential to cause a growth in demand? Culture and nature blends (round trips and on site stays in summer with focus on culture experiences in Gudbrandsdalen)? Active in nature (summer activities as cycling, trekking, paddling, etc)? Ski and snow (alpine, cross country, winter activities without skis etc)? Play and learn (family amusement and infotainment parks)? Events (culture, sports, both open to the general public and membership based)? MICE (special focus on events and incentives)?)

6.1.2 Structure of the chapter

Each firm is presented on its own merits, and with the basis in the available information. In this respect the approach is case oriented. To highlight issues lending themselves to comparative discussions across extra regional market actor experiences, each firm examination has a run-up summing up section.

Whenever we find it justified in the examination of a firm, we insert comments to be considered in a coherent context in the strategy discussion in later chapters.

6.2 Firm 1

6.2.1 Summary

- Firm 1 has the main office located outside the Lillehammer region, but still in Norway.
- Firm 1's customers are approx. 350 travel agencies and tour operators from "*all parts of the world*".
- Firm 1 offers a selection of services from readymade packages to tailor made trips to Scandinavia. Products are mainly summer season round trips with chartered busses, fiord trips and North Cape, king crab safari etc., with an overnight stop in the Lillehammer region – late arrival, late and early departure visiting some highlights in Lillehammer town. The firm is considering relocating the one overnight stop to Gjøvik.
- Attempts at developing a winter market have not been successful – no conclusive analysis why so.
- Market segment actors are in some 25 countries, by volume 50 % German speaking and the remaining BeNeLux, Italy, Eastern Europe, India and others.

Issues to be addressed on the basis of the experience with the region:

- While the products type offered by this firm is a girder in the Lillehammer Region summer sales – the Lillehammer Region is only a minor and easily substitutable element in the total package and experience into which it is embedded. This confronts the strategist in the region with the question how to upgrade their element in the package?
- Is there a growth potential in general sightseeing purpose roundtrip in summer?
- Why the failed attempt to develop a winter product?
- Firms producing traditional coach general sightseeing round trips with main destination being fiords and "north", and with a rest stop in the Lillehammer region and summer

season: Should and how can the Lillehammer Region develop a strategy to support them in developing (1) a winter product, and (2) activity based products?

6.2.2 Location

The firm is located with their headquarters outside the region, but still in Norway.

6.2.3 Web site analysis

Of 29 named destinations / places in their catalogue, Lillehammer is included together with Gjøvik, Hamar and Vinstra. Lillehammer is in their context shown as a summer product, and featured with pictures from the region, yes, but mainly from around Lillehammer:

- OL94
- Maihaugen, the Olympic Museum and Lillehammer Art Museum
- Restaurants and shopping
- Hunderfossen

Vinstra is also shown as a summer product, and is featured with pictures of Peer Gynt and mountains.

Beyond this, Beitostølen is presented as the gateway to Jotunheimen and the major trail head location for mountain trekking.

Nothing is said about winter products. The site also appeals to rather non-specific or rather general sightseeing interests.

6.2.4 Interview and survey

Representatives from the firm completed the survey, and the main results are summed up in the following paragraphs.

➢ **Products marketed and / or sold from the Lillehammer region?**

Firm 1 exclusively operate in the foreign market and *"kun fra utlandet"/ "exclusively from abroad".* They operate in 25 countries.

Their main segments though, are German speaking (Germany, Austria) customers making up for 50 % by volume. The remaining 50 % are originating from the remaining 23 countries, higlighting "*Nederland, Belgia, Øst-Europa, USA, India - satser sterkt på BeNeLux - ser også at Italia blir veldig spennende. Ikke minst Øst-Europa (Polen, Ungarn,Ukraina).*" | "*The Netherlands, Belgium, Eastern Europe, USA, India – stake a lot on BeNELux – Italy is also becoming very interesting. And then not least Eastern Europe (Poland, Hungary, Ukrain)*"|.

The point of gravity in the portfolio is summer products – as the firm phrase it and relating to the Lillehammer Region, they are *”størst om sommeren – i utgangspunktet kun en natt*”| *”the greater part in summer – basically only one night*”|. Basically one night – this is worth noting. Their interaction with the region represents a supporting girder in the regions summer market: Coach trips to fiords and northern Norway, passing through and with an intermediate short overnight stay in the region, mostly with a maximum of one night stay.

This summer segment is all about collective general sightseeing purpose round trips, to cite the firm: “(Det) *dreier seg om rundreiser – hovedmål er fjorder, Nordkapp, Hurtigruten – ankommer ettermiddag og reiser tidlig neste morgen – besøker Maihaugen og OL-anlegg”* | (It’s) *all about round trips – main destinations are fiords, North Cape, Hurtigruten – arrival(*the Lillehammer region) *afternoon and departure early next morning –visiting Maihaugen, OG-facilities.*| This represents a good summing up of this segment. The strategic question we have to ask eventually, is its potential in terms of growth.

The firm has made attempts to develop a winter product, but for now sum up the situation in the following manner:

Helt annet om vinter – her jobber vi med program – men sluttbruker greier ikke å selge produktet – skjønner ikke hvorfor? Utmerket produkt for tyskere. Det er vanskelig med gruppereiser om vinteren, men ikke om sommeren. Ikke et pris og tid-problem. Det har kanskje noe å gjøre med image som dyrt / kaldt / mørkt / alkoholpriser”|”*Completely different in winter – we are working on a program – but the end-user does not succeed in selling the product – we do not understand why? It is an excellent product for Germans. It is difficult with group travels in the winter season, but not in summer. It is not a price and time problem. It may have something to do with image as expensive/cold/dark/price on alcohol*.”|

The situation presents the firm with a very incoherent production line, with a need to develop a winter product to maintain more coherence in business. To cite the firm: The situation ”g*ir oss en topp i mai – august – deretter stille* ”|”*gives us a peak in May – August – thereafter stillness”*|. Understandably they aim at developing winter.

They have been working on this strategy for 3 to 4 years. The main product is to be a week in the region centering around Lillehammer, Hunderfossen, Maihaugen, etc. During the week various activities is to be offered. But, the firm underlines once more: *”får det ikke til om vinteren – … får ikke videresolgt*”|”*can’t make it happen in the winter - … no resale”*|

- **Target groups.**

The firm mainly targets pensioners. They have as a group little or no interest in trekking, mountain biking or other physically focused activities in summer.

A comment: Firms operating within the market segment of general interest pensioners needs to attract other segments to develop winter products, but also to expand into activity based summer products. Should, and how could the Lillehammer Region development strategies that address this challenge?

6.2.5 Cooperation with other firms in the Lillehammer region

The firm do cooperate indirectly with firms within the Lillehammer region – to quote, they *"bruker bedriftene, men ikke direkte samarbeid"|"use* (local) *firms, but there is no direct cooperation"*|.

What is more important is that when they use local firms, the experience is that "b*edriftene her stiller opp - det fungerer bra*"| "*the firms are there – and it all works well*"|.

6.2.6 Intention to include more products / destinations from the Lillehammer region in the portfolio

What are the current market trends and how does the Lillehammer Region fit into this?

The blinking cursor, so to speak, in the current market trend is according to the firm individual round trips. The firm has already compiled a package designed for an individual motor tour. It is module based, so that the costumer may decide on the full trip or elements in it. According to the firm they are *"mer og mer oppsøkt av individuelle reisende"|"increasingly being called on for individual travels"*|. Their strategy is to approach this segment by selling individual products to travel agencies. They are expecting this to represent an interesting segment *"kanskje om 5 - 10 år"|"in may be 5 – 10 years"*.

6.2.7 Most competitive alternatives to visiting the Lillehammer region

Commenting on the question of what the competitive alternatives to the Lillehammer Region are the firm has one plain message and one more complex message. For the winter season the message is:"*Lillehammer sterkest - tilbyr "alt""|"Lillehammer is the best – offers "everything"*|.

For the summer season the message is more complicated – one must keep in mind that while for the winter product, the main amenity is the Lillehammer Region (though hard to resell as discussed above), this is not the case for the summer product offered by the firm (and which is their main product). In the summer, the Lillehammer Region has enough attractions to be a good stop over location on their way to the main attractions, fiords and "north". But for this firm, barely so. The firm has, for practical reasons, under consideration to maketheir on-the-way-stop in Gjøvik, rather than Lillehammer: *"Lillehammer-regionen ligger bra i løypa for bussrundreiser.* (Vi) *Har jobbet med å få Gjøvik (Fjellhallen, Skibladner* – (det siste) *vanskelig med rutetider) på kartet fordi det er praktisk."|"The Lillehammer Region is conveniently located along the route for coach round trips.*(We) *have made an effort to get Gjøvik (Fjellhallen, Skibladner – (*the latter*) difficult due to time table) "*

6.2.8 Factors decisive for choosing the Lillehammer region

The firm points to snow security and family friendliness.

6.2.9 Strength and weaknesses

The firm makes the following self explanatory comments what they consider the strength and weaknesses relating to the Lillehammer region:

"*Åpningstider er viktig* - *men her er dere fleksible og det er viktig. Har snakket om å bruke gondolen mer, men det har ikke blitt noe av (pris og antall)* - *vi har mange grupper som overnatter i Øyer (pris og beliggenhet)."|" Opening hours is important – but you are flexible here and that is important. Have been talking about using the gondola more, but it has not come to anything yet (price and volume) – we have many groups that stays overnight in Øyer (price and location)"*

A comment: We will meet this statement again below from other actors that the production of activities and experiences is not flexible enough (though flexible in some respects) and priced to high. We think this calls for a careful strategic consideration – could the region somehow fine-tune the setup of activity production to better serve the markets?

6.2.10 Level of knowledge about the region in the markets.

The firm deems this as very good (5 on a scale of 1 to 5, where 5 is good, 1 is poorly) in the markets they operate (selling to travel agencies and tour operators – not the end user market).

6.2.11 Improving profile, knowledge, information and activities

What can be done – from the firms perspective – to improve the profile of the region, knowledge about the region and the activities it offers? In commenting on this one should keep in mind the development strategy the firm is touting: The growth of individual travellers demands. In line with this thinking, the firm makes the following comments on improvements in communicating with market segments:

- *”Målgrupper – sommer: familie, aktive folk (sykle, vandre osv)”| “Target groups – summer: family, active people (biking, hiking etc)”|*
- *”Målgrupper – vinter: individuelle reiser / grupper flere dager (potensial her)”| “Target groups - winter: Individual travelers / groups more days (potential here)”*
- *”men folk vil se fjordene …… rart med vinter - alle synes det er utrolig bra, men det er vanskelig å selge grupper på tross av utrolig bra produkt. |“but people want to see the fiords … funny with winter – everybody find is incredibly good, but it is hard to get a sale to groups in spite of a very good product.|*

The final question on this posed by the firm, is simply “*How can this be developed?”*. Indeed the question we have to address in the closing chapters of the report.

6.2.12 Ad market strategy: What themes should be given priority?

Presented with a list of possible priority programmes to enforce growth in the region, the firm points to the following areas:

- Culture and sports arrangements – both spectator and participant based is deemed fairly important
- MICE – with special focus on events and incentives is also deemed fairly important, but with the following comment:
    - *”Events: eks VM i Oslo - vi har gjort forsøk på å selge til våre kunder - men det har gått dårlig - 10 - 15 forespørsler som er bra, men til slutt ble det kun 1 gruppe med 10 - 15 personer. Det koster dem minst 1000€ før billetter. Dette må jobbes med, men vanskelig.*”|”*Events: i.a. WC in Oslo – we have made several attempts to sell this to our customers – but with little success – 10 – 15 requests that are good, but in the end only 1 group signed on with 10 – 15 persons. They will be charged at least 1000€ before tickets. This has to be addressed, but it is difficult*”

6.2.13 Open comment

As an open comment to the question of what it would take for the firm to double its market performance with products from the Lillehammer region, the firm once again emphasizes a now familiar strategic point to be made:

What is called for is to somehow develop the segment ”*grupper til vinter - men her er en kode som må knekkes .... Norge må forbindes med vinterferie. Prisnivået i Norge taper det tysktalende markedet - og det samme gjelder andre markeder - og rettet mot konkurrenter som Øst-Europa. Antall grupper gått betraktelig ned- for oss fordi det har blitt flere konkurrerende* *reiselivsoperatører, pluss at det er blitt flere konkurrerende reisemål utenfor Norge. Veldig skuffet over Eurovision Song Contest - skjedde ikke noe rundt om i byen - helt dødt. De folk som reiser med buss blir det mindre av - "|"Groups for the winter – but there is a code that needs to be broken … Norway should be associated with winter holidays. The price level in Norway lose on the German market – and the same goes for other markets – and towards competitors as Eastern Europe. The number of groups has declined considerably – for us because the number of travel operators has increased, in combination with an increase in competing travel destinations outside Norway. Very disappointed over Eurovision Song Contest – nothing happened around the city - completely dead. People travelling with coach diminish in numbers".|*

This calls for a comment: The firm is rare in the sense that they have made attempts at developing group tours in winter. Their experiences should be harvested in more detail, and be feed into the question of how to promote growth in the winter season.

6.3 Firm 2

6.3.1 Summary

- Firm 2 is located in Germany.
- The Lillehammer region is given a prominent position in their web site profile. The firm also have competing destinations in their profile.
- The firm offers a winter product and the Lillehammer region occupies top position as a ski&snow region in their product profile. The products aim at alpine and cross country skiers.
- The firm have no summer products
- The firm stresses the need for improving market communication (targeted information to identified market segments), from providing basic information to attract fresh arrivals to more information to returning guests
- The firm's advice on marketing is to take an offensive to show the many advantages this region has in contrast to competitors – both in terms of facilities and reachability.

Issues to be addressed on the basis of the experience with the region:

- In contrast to the previous firm (Firm 1), the region is the "main dish" in their product profile, and not merely a "side dish" – in more established tourism research terminology what we call "main dish" is a primary attraction, while a "side dish" is a secondary or even tertiary attraction. This is exactly the difference, the region as a summer product is a secondary or even tertiary attraction today, while it is a primary attraction as a winter product. Consequently the frame for posing strategy question is totally different. In summer it is the question of developing products, in winter it is primarily about market communication and analysis. That said, winter also needs product development and summer needs marketing, but the starting point is different for the two seasons.

- Is the growth potential in snow&ski primarily a market communication issue?
- What are the important differences between addressing the xcountry skiers and the alpine skiers?

6.3.2 Location

Firm 2 have their headquarters in Germany.

6.3.3 Web site analysis

The firm presents itself as:

> *„Der Reiseveranstalter für Skireisen nach Norwegen und Schweden"|"The travel organizer for skiing travels to Norway and Scandinavia"*

Of 13 top links on their home page 5 refer to the Lillehammer region. These are the named destinations: Skeikampen, Kvitfjell, Gålå, Hafjell, and Sjusjøen. A quite extensive description is given of each destination.

On the main map of Norway presented in their opening page, Lillehammer is marked together with Oslo, Bergen and Trondheim.

Lillehammer town itself is presented as an area that is "*Garantiert schneesicher*"|" *Guaranteed snow conditions*" and receives a thorough description. The head words are: "*Den Besuch in dieser Stadt sollten Sie nicht versäumen! Wo findet man sonst eine Skisprunganlage mitten in der Stadt?*"|"*You should not miss a visit to this town! Where do you find ski jumping hills in the midst of the town?*"|

On their home page there is also a function showing what links are most frequently clicked by visitors. The most popular are:

- *Winterurlaub Norwegen|Winter holidays in Norway|*
- *Familie Skireise / Skiurlaub mit dem Kindern|Family skiing travels/Skiing holidays with the children|*
- *Skireise(n)|skitravel(s)*
- *Hotel Øygardseter|Hotel Øygardseter*

6.3.4 Survey response

- **Products marketed and / or sold from the Lillehammer region**

Firm 2 is selling and marketing winter products, including hotel and catering, second homes and self catering. Their destinations within the region are Gålå, Skeikampen, Hafjell, Kvitfjell, Sjusjøen:

> *"Wir sind Skireiseveranstalter und bieten unseren Kunden Pakete mit Fährüberfahrt Kiel - Oslo - Kiel und Unterkunft (Hotel, App. oder Hütte) an." ... "zumeist aus Norddeutschland"* |"*We are skiing travel organizers and offer our clients package travel with ferry Kiel – Oslo - Kiel and accommodation (hotel, apartment or second home) to mostly Northern Germany*"

Their main customer group is „*überproporzional Familien*"|"*mostly families*"with snow and ski interests.

- **Cooperation with the Lillehammer region.**

The firm has developed cooperation with all the major destinations in the Lillehammer region. The cooperation is developed as a marketing campaign. Visit Lillehammer is also included in their marketing campaigns.

- **Most competitive alternatives**

What, according to the firm, is the most competitive alternative to visiting the Lillehammer region? According to the firm the most competitive alternatives are "*Hemsedal, Trysil, Geilo, Idre*". The firm also have these destinations in their product portfolio.

- **Factors decisive for choosing the region**

What then are, according to the firm, main factors decisive for choosing the Lillehammer region rather than competitive alternatives. The firm sums up some prominent reasons for choosing the Lillehammer region as follows: *"Lillehammer bietet viel mehr als die "Skidörfer" Hemsedal oder Trysil."*|"*Lillehammer offer a lot more than the „Skiing Villages" Hemsedal or Trysil"* – thus indicating that while Lillehammer and the Lillehammer region really offer some village qualities, it is a long stretch to call on this status for Hemsedal or Trysil.

The firm also points to a more specific, although related, arrangement that stands out as a destination quality: "*Die Idee des gemeinsamen Skipasses ist sehr gut"|"The idea of a joint ski* *pass is very good"*|.Seen in the perspective of a village quality, mutual ski pass strengthen the impression of getting access to "a lot more" when visiting any one destination in the region.

- **Level of knowledge or information about the region in the markets**

Firm 2 deem knowledge about the region (winter products) in foreign markets where they operate as poor (2 on a scale of 1 to 5, where 5 is good, 1 is poor). The firm adds the following comments on this issue: "*Stammgäste wissen natürlich viel, Neukunden gar nichts* "| "*Regular guests naturally knows a lot, newcomers nothing at all*".

Thus the firm underscores the need for a continues effort to address the market segments and spread information about the region – both at a basic level (newcomers know "*gar nichts*") and more elevated level to regulars (to ensure the much wanted resale). That said and to give room for a reflection on this topic to which we will return in detail in the next chapters, what counts as basic level information depends on who the newcomers are, or what fresh arrivals the region is attempting to attract. This should be seen as a question of market segmentation. Obviously a alpine skier look for other types of basic information than a xcountry skier.

So what should be done to improve the information flow, according to firm 2?

6.3.5 Improving profile, knowledge, information and activities

The firm is of the opinion that there is a pressing need to improve the knowledge about the region in foreign end user markets. The Lillehammer region has, as accentuated by the firm previously, a set of comparative advantages that give them an edge over competing destinations / regions in interesting market segments. These advantages must be communicated to the markets: "*Alle Möglichkeiten der Region mehr publik machen: Bobfahren, Winterpark.... Das können die anderen Skigebiete nicht bieten* "|"*All the possibilities in the region must be made more public: bobsleigh, winter park … The other ski destination cannot offer* (match) *this"*

Asked about what geographical unit or area should be used as a vehicle for communicating with the markets and in profiling towards the end user market, the firm is of the opinion that both the whole region as such (The Lillehammer region) and the various destinations (Sjusjøen, Kvitfjell, Skei, Hafjell etc) should be used in profiling winter products.

To commence on the theme in the previous reflection: Information is again stressed by the firm- but information must be tailor made to play a part in market communication. Just as you would fall asleep by being flooded with any odd series of slides from friends and families holidays, information must connect to personal interests. Thus the many possibilities in the region must be communicated to targeted segments. This again calls for a continued market surveillance and analysis, and enforcing a tight connection between the market analyst people and the market communication people.

- **... to double the turnover from the Lillehammer region**

The firm answers the call to respond to the question of what it would take to double the turnover of products from the Lillehammer region in their end user markets with the following comment: *"erhöhte Marketinganstrengungen und mehr Geld für den deutschen Markt"|"enhanced marketing efforts and more money to the German market"|*

- **Market strategy: What themes should be given priority?**

Presented with a list of 6 possible priority programmes to enforce growth in the region, the firm points to the following areas (on a scale of 1 to 6, 1 being small potential and 6 being large growth potential):

  - Culture in nature: 2
  - Active in nature: 2
  - Ski & snow: 6
  - Play and learn: 2
  - Arrangement: 1
  - MICE: 2

The firm offers a more general comment on this issue – again stressing the need for more information to the end user markets: *"Für meine Firma ist Lillehammer ein Topspot für Alpin und Langlauf Skisport. Das muss Lillehammer nach außen transportieren"|"To my firm Lillehammer is a top destination for alpine and cross country skiing. Lillehammer must mediate this to the outer world"|*

The message from the firm seems clear as crystalline – the product and product potentials are in the region, but a continued effort to communicate to the markets the ski&snow possibilities is very important and should be given priority way in front of other efforts to develop new segments.

6.3.6 Open comment

As an open comment on improving market performance with products from the Lillehammer region, the firm comments:

> *"Lillehammer muss sich als gut erreichbares Skizentrum besser vermarkten und dabei offensiv die Unterschiede zu den Skistar-Destinationen hervorheben: Gesamtlänge der*

*Pisten, Verbundskipass, Hafjell Gondel, Winterpark und sehr sehr sehr sehr wichtig: Der Fackelträger muß sich mal wieder die Beine rasieren !!!!! (Kein Scherz) Das positive Olympiaimage ist superwichtig für die Region und in Deutschland sind die Spiele noch in sehr guter Erinnerung."|"Lillehammer should do better in marketing itself as an easily reachable ski centre, and be offensive in emphasizing the contrast to Skistar destinations: Total length oft the pists, one ski pass, Hafjell gondola, winter park, and very very very important:The torch man must again shave his legs!!!!! (no joke) The positive Olympic games image is super important for the region and in Germany the games are still a very good (*dear*) memory."|*

6.4 Firm 3

6.4.1 Summary

- Firm 3 operate from Germany
- Product is mainly second home rental sold to travel agencies and tour operators, and not the end user market
- Summer and winter product
- Do offer individually based trips and round trips
- The Lillehammer region may well be the main attraction on the trip or an important part of a trip.

Another firm with a summer product, but one that rely on individual travellers – that makes them interesting from a strategic point of view:

- This represents another category of firms marketing summer products from the region – in this case second home rental. An interesting aspect of the apparatus and potential this kind of firm represents is that it communicates with and brings into the region a group of travellers thought to represent a growing number in many market segments: The individual travellers. So is there anything to be gained by teaming up with these firms and develop optional specific summer activity packages – i.a. culinary round trips in the region, horse riding, bike riding, hiking trails with overnight stay etc ?
- Is here growth potential in this segment – especially, can this segment somehow contribute to a expansion and product innovation relating to the summer season?

6.4.2 Location and background

Firm 3 operates from Germany.

”Gegründet im Jahre 1919 …, hat sich (Firm 3) früh auf die Urlaubsländer des Nordens spezialisiert. Seit den 60er und 70er Jahren entwickelte sich der Ferienhausurlaub zu einem wichtigen Produkt unseres Hauses. ... (Firm 3) profitieren vom umfassenden Know-how und der großen Auswahl eines Spezialisten mit einem klaren Bekenntnis zur Größe, Vielfalt und Qualität des führenden Touristikkonzerns Europas.”|“ Founded in 1919 on…, (Firm 3) has specialized early on the holiday in the North. Since the 60's and 70's of holidays holiday became an important product of our company. ... (Firm 3) benefit from the comprehensive know-how and a wide range of specialists with a clear commitment to the size, diversity and quality of the leading tourism company in Europe“|

6.4.3 Products

The products are mainly second home rental sold to travel agencies and tour operators, and not the end user market. Mainly summer, but holiday home rental is in principle an all year product.

Firm 3 is presents itself on the web site and highlights Norwegian fiords along with what we may conceive as exotic destinations: *”Bei (Firm 3) finden Sie Ferienhausurlaub in seiner ganzen Vielfalt. Wählen Sie aus 18.000 Ferienhäusern und Ferienwohnungen in 23 europäischen Ländern und Florida und Kalifornien/USA: von der Hütte am norwegischen Fjord bis zur Villa an der Côte d’Azur, vom Appartement in Paris bis zum Landgut in der Toskana. Gemeinsam mit der Familie und guten Freunden die schönste Zeit des Jahres verbringen, zwanglos und selbstbestimmt. Das ist Ferienhausurlaub mit (Firm 3)”|“In (Firm 3) you will find holiday house holiday in all its diversity. Select of 18,000 vacation homes and apartments in 23 European countries and Florida and California, from the hut on the Norwegian fjord to the villa on the Cote d'Azur, from the apartment in Paris to the country estate in Tuscany. Together with family and good friends to spend the best time of year, casual and self-determined”|*

The other buzz-words worth noticing in this passage is “*zwanglos und selbstbestimmt*” – which may well be seen as having an edge towards the coach & group travel market. This is of interest in our discussion of how to attract individual travelers.

Firm 3 has mainly Northern Europe in their product portfolio. They offer 21 readymade packages to Norway or where Norway is included. A few examples illustrate their products (only in our translation from German):

- *Norwegian Highlights - individualists*
    - *A wonderful tour to discover all the beauty of western and eastern Norway: skerries, fjords, glaciers and lakes. Stavanger and Bergen are additional "candy".*

- ...
- *By Gudbrandsdal you reach Lillehammer Olympic Museum and Maihaugen museum. On Mjøsa lake, take the destination of Gjøvik. Overnight at the Quality Hotel beach.*
- ...
- *"Spectacular scenic roads"* " – with Lillehammer as an element in the profiling: "*Travel with us on some of Norway's most beautiful streets in the picturesque Gudbrandsdal by fjords or on islands and shores and the Atlantic Road …. "*
  - *„1. Day Oslo - Bjorli (400 km). Individual arrival in Oslo. Continue northwards on Lake Mjøsa over the Olympic city of Lillehammer. Through the 300 km long Gudbrandsdal and the kingdom of Peer Gynt, you reach Bjorli. Overnight stay at the Bjorligard Hotell.* "
  - ...

A moment's reflection on this citation: This is a short excerpt from the structure of an individual round trip travel plan as marketed by the firm. What should be noticed is that while the assertion is that the travel is "*zwangslos und selbstbestimmt*" – it really does not introduce new elements or routes compared to the traditional coach & group on general sightseeing concept. The main difference is travelling individually. The question of interest from a strategic point of view, is if it is possible to add more segmented modules (activities, culture, nature etc) and a less predetermined round trip concept, and if so, what steps could be taken by the actors in the region to promote this kind of innovation process. If individual travellers are a target group, this primarily makes sense if they have more prolonged stays in the region and consume more goods and services.

6.4.4 Survey response

To recapitulate, the products' marketed and / or sold from the Lillehammer region includes summer products, winter products, hotel and food & drink, "hytte"/2nd house/self-housekeeping and transport. The target group is mainly 35+ families interested in Snow & Ski and Culture.

The firm has no marketing in cooperation with firms **in** the Lillehammer region.

The firm operates on a pan-Norwegian arena and destinations seen as the most competitive alternatives to the Lillehammer region are simply other Norwegian regions and on roundtrips routes and sights that shortcut the Lillehammer region.

When asked what the decisive factors when the Lillehammer region, the firm highlights distance / reachability, good infrastructure the ski offer and family friendliness. The firm counts the fact that the regions is "*Relatively close to ferry harbour and airport*" as a strength in winter season, and that it “*Is in suitable distance from Oslo on a roundtrip*” in the summer season. A weaknesses, the firm points to, is that region is “*Easy replaceable with other destinations*”.

The level of knowledge/information about the region in foreign markets, is according to the firm good (4 on a scale 1 = Low, 5=High).

The opinion of the firm as to what geographic area or unit to market is for winter products the region as a whole and summer products together with other regions in Norway.

Asked if the tourism industry and main actors in the Lillehammer region today possess what is required to increase their sales / improve their competitiveness, and whether the firm get the necessary assistance and support to operate successfully in an international market with Lillehammer region products – the answer is bluntly ”*No*”. No further elaboration is given, but it might be a point to follow up with the firm.

Asked which of six precategorized development strategies the firm think have the best potential to cause a growth in demand? (on a scale from 1= insignificant potential to 5 = considerable potential), this list can be generated (sorted from 5=considerable to 1=insignificant potential):

- ✓ 5: Culture and nature blends (round trips and on site stays in summer with focus on culture experiences in Gudbrandsdalen)
- ✓ 4: Ski and snow (alpine, cross country, winter activities without skis etc)
- ✓ 2: Active in nature (summer activities as cycling, trekking, paddling, etc)
- ✓ 2: Play and learn (family amusement and infotainment parks)
- ✓ 2: MICE
- ✓ 1: Arrangements (culture, sports, both open to the general public and membership based)

Asked what it would it take for the firm to double the volume of traffic to the Lillehammer region from an international market, the firm highlighted the following:”*Stronger support in marketing and perhaps one or two new product ideas*”.

6.5 Firm 4

6.5.1 Summing up

A Norwegian firm from outside the region. It offers summer and winter products to wholesellers and associations etc. The firm has operation in the Latin cultural and language sphaere and market. The firm stress the need for the region to become more professional in offering activities, both in terms of organization and price policy.

6.5.2 Location and customers

Firm 4 have headquarters in Oslo. It is a Norwegian firm.

The firm's clients are travel wholesalers, travel agencies, transport providers and non-profit associations and organizations.

The firm offer package tours and incoming services for the whole of Scandinavia.

As part of a larger group, Firm 4 is ranked as a leading "incoming" tour operator offering all categories of travel arrangements in Scandinavia.

6.5.3 Web site analysis

Not relevant here.

6.5.4 Survey response

Product portfolio from the Lillehammer region by the firm includes summer products, winter products, hotel and food & drink and activities / experiences. Their main markets are latin countries as France, Italy and Spain to groups, FIT and families, interested in Snow & Ski, Culture, and activities as snow scooters and dog sleigh.

Comment: It is worth noticing that this firm has its main operations in the Latin cultural sphere.

The firm highlights distance from Oslo, Maihaugen, the continued effect from being an Olympic town and region, and the general family friendliness as the decisive factors when the Lillehammer region is chosen as a destination.

The firm has plans to include more products / destinations from the Lillehammer region in the portfolio, especially "*hundekjøring, snøscooter til en billig pris*"|"*dog sleigh, snow scooter at a fair price*"|. The issue of price is by the firm raised as a weakness for the regions standing in foreign markets. The firm – a firm that is active in selling activities and experiences - highlight activities and experiences as being too expensive and offering their services with too little flexibility: "*Aktiviteter / Opplevelser: Ikke noe fleksibilitet. Veldig dyrt!"|"Activities / Experiences: No flexibility. Very expensive!"*|. When asked what it would take for the firm to double the volume of traffic to the Lillehammer region from an international market – they once again stress these two points, flexibility and price: *"Fleksibilitet og billig pris for vinteraktiviteter."* | "F*lexibility and a reasonable price for winter activities*"

We should point out that clearly, according to the firm, both price and organization of snow & ski activities and experiences are presently considered limiting growth in foreign markets.

What level of knowledge and information about he Lillehammer Region exists in their latin markets? On a 5-step scale (1 = Low, 5=High), the firm gives the mark 3. The firm also in this context comments on activities and experiences, and state that they have never been invited to a tour to get a demonstration of activities (“*Aldri vært invitert til visningstur for å prøve aktiviteter”*).

A comment: This is a signal worth noticing. Experiences and activities are run by a number of independent and generally small firms – small even by Norwegian standards. They have limited resources to arrange demonstration tours etc for those actors on whom they in reality are dependent to boost their sales – especially so for those who offer activities to more general market segments (like families, general groups etc). The strategic question to ask is the following: How can Lillehammer Tourist facilitate a more coherent and collected overview or inventory of activities and experiences that is available in the region to actors like this firm, and how can the production of these activities and experiences be fine tuned (opening hours, pricing, joint tickets etc) to better serve the market? This is an issue that must be dealt with in ensuing discussions on growth strategies.

What is the firm’s opinion on what measures the Lillehammer region should take to improve the profile, improve level of knowledge and information, about their products in the international market? What activities should be further developed and marketed, what target groups and markets should be aimed at? The firm was asked to put a priority on six precategorized themes that could have the best potential to cause a growth in demand? (1= insignificant potential, 5 = considerable potential). This is their list:

- ✓ 5: Culture and nature blends (round trips and on site stays in summer with focus on culture experiences in Gudbrandsdalen)
- ✓ 5: Ski and snow (alpine, cross country, winter activities without skis etc)
- ✓ 5: Active in nature (summer activities as cycling, trekking, paddling, etc)
- ✓ 5: Play and learn (family amusement and infotainment parks)

A comment: The list certainly is a signal that the potential for growth in latin markets is significant within the context of this firms business operation.

The firm was asked what geographical area is best suited to market internationally - the region as a whole, the destinations within etc? Their opinion is that the region as a whole is the best marketing concept for both summer and winter.

6.6 *Unique North*

6.6.1 Summing up

(no summing up needed here)

6.6.2 Location and markets

Unique North is a Danish firm, which according to their webpage "*... possess all the expertise that you need when packaging your group tours in the Nordic countries. ... Whether you seek tailor made packages or our standard roundtrips, we are the specialists you need to make your travels unique."*

Their primary market is Germany.

6.6.3 The presentation and involvement in the region

Norway is presented on their main menu under the heading "Norwegen", "Nordkap - Lofoten" and "Winterreisen".

Comment: The menu setup on any firm website is important in understanding how they communicate with their customers. The menu should communicate in an intuitive manner to their audience, and take them in as few clicks as possible to the information they are seeking to facilitate buyer decisions. Thus there is a message "hidden" in the menu setup – in this case it gives a clear indication of how the amenities in Norway are intuitively structured: Summer is north (and fiords), winter is a more open issue. This reflects a situation we have commented on above, in summer the Lillehammer region is today presented as mainly a convenient road stop on the way to north – a side dish if you will. But winter sets a new scene where competition is not "north", but rather alternative mountain regions in the south (and of course non-Norwegian destinations). One strategic question is how should the Lillehammer region communicate with the market to upgrade the status of the "side dish" – ultimately to get prolonged stays on the northern route?

The firm market group roundtrips, and on their list is: "Winterzauber Norwegen" – an 8 day roundtrip introduced as follows:

- 2nd and 3rd day is all about the Lillehammer -region:
  - "*Tag 2„Weiterfahrt nach Lillehammer, der Stadt, in welcher 1994 die Olympischen Winterspiele stattfanden.| Continue to Lillehammer, the town where 1994 Olympic Winter Games took place|*
  - *Tag 3: Lillehammer/Hundeschlittenfahrt/Fagernes 145 km.| Lillehammer / Dog Sledding / Fagernes 145 km."|*

- Apart from this they have a 6 day roundtrip on the menu:
    - *„Fjellferien am Peer Gynt Weg“ med Color-line fra Kiel:*
        - *Tag 2: Oslo/Gålå. … ”Reise entlang des Mjøsasees vorbei an Lillehammer zum Peer Gynt Weg und in das Wadahl Hotel. Drei Nächte im Gebirgshotel.”|” Travel along the Lake Mjøsa past Lillehammer to Peer Gynt road and into the Wadahl hotel. Three nights in a mountain hotel.”|*
        - *Tag 3: Ausflug Lillehammer … ”Nach dem Frühstück empfehlen wir einen Ausflug nach Lillehammer, Austragungsort der Winterolympiade 1994. Neben den sporteinrichtungen lohnt die Besichtigung des Freilichtmuseums Maihaugen. …”|“ After breakfast, we recommend a trip to Lillehammer, site of the 1994th Winter Olympics. Besides the sports facilities the open air museum Maihaugen is worth visiting. ...“|*

Comment: Again this is an example of how winter tour concepts means a prolonged stay in the region in contrast to most summer tour concepts.

6.7 Norwegian Convention Bureau

This – and the following sections – follows a somewhat different format. The information here has been collected in face-to-face interview.

6.7.1 Summing up

- NCB market segments are international / major congresses and corporate incentives and events.
- NCB is running a pilot study on plans to expand into the sports / culture segment targeting minor WC and EC sports events; a timescale 3 – 7 years is set for campaign to be launched
- The larger cities in Norway have all expressed an interest here – but NCB recons that there are several opportunities for the Lillehammer region here too.
- The Lillehammer region has a well renowned winter product, but should still be more targeted towards singled out market segments and persevering in their campaigns / bids. Targeted and lasting products are a must.

NCB has different market operations than the firms dealt with so far, targeting corporations and semi-professional and professional organisations / clubs. This provides a new perspective on factors of strategic relevance. One question is if this brings in new strategic elements, or if there is coherence in the kind of development processes called for that goes along with what have been comments above? NCB points to growth potential for the Lillehammer region – not on a wide front, but rather in narrowly targeted markets, both in terms of buyers and in terms of how to influence and adapt as a bidder. As such, NCB are on line with the previous firms running totally different market operations: A key to promote growth is identifying, targeting and adapting (flexibility and price policy) to very specific market segments, and be show perseverance in product profile once it is put into the markets.

6.7.2 Current markets

The Norwegian Convention Bureau has two main markets:

- One main market segment is international congresses. Location-wise these mainly include larger 6 cities in Norway, and also cooperation with SAS. Lillehammer is not one of these locations, but has still had the benefit of getting some congress activity. NCB targets the academic market segment in Norway
- The other main segment is corporate incentive or events. NCB targets firms and corporations internationally here – actors that have the world as such as their playground. The destinations really have to offer something unique to be a candidate here. Lillehammer Turist pay a fee to be represented on the menu offered to potential buyers.
- In the summer product markets the Lillehammer region has multiple competitors – and also lack an identifiable profile.
- NCB maintains that Corporate Social Responsibility (CSR) and being “green” (for real) will have an increasing penetration in the market, and the region should develop products that reflect this concern

6.7.3 Winter

The Lillehammer region has a well renowned winter product on the incentive and event market. The region has a clear winter profile (Olympics, Ice hotell etc) and they benefit from easy access. But – and according to NCB – should have been even more targeted and sharpened. For one thing there is no point in offering daring and neck breaking activities, but instead offer unique and ”soft adventures”.

Choices have to be made and activities developed and marketed. When chosen, it is important that activities are available to the market for several consecutive years – too many activities come into the market and then ejected again – probably as a function of the time span a project receive support from public funds.

A comment: Again the question of how to better organize and also finance activities and experiences on a regional level arises as a strategically important issue. What is added here to the topic addressed multiple times above is the importance of a consistent and sharpened targeting of the incentive market segment to keep the Lillehammer high up on the menu from where the buyers pick their "dishes".

Lillehammer is the most easily sold of the Norwegian winter destinations – especially when activities are more important than the meeting itself. Geilo and Røros are often deemed too far a distance to cover, and Hemsedal to have an inferior product. In terms of competitors, NCB is of the opinion that Oslo will increasingly become a stronger competitor in winter – Oslo stake a lot on developing winter activities.

Lillehammer Tourist has, according to NCB, so far done an excellent effort in the incentive market.

NCB underscores that cooperation between the various actors and firms at the destinations in the Lillehammer region is very important. It is absolute imperative to develop targeted products, to have an active market communication down to contacting potential customers to map their wishes and to have cooperation on and between destinations in the region and compile attractive packages. These are all lengthy processes to attract buyers, and trust has to be built step by step. There are many customers in this segment who are uncertain about what they are seeking – so any bidder, the Lillehammer region included, must put themselves in a position to be able to tell them what the region can offer. It is important to stake a lot on a selection of spearheads in the market communication, and not make offers across-the-board.

Comment: Market communication down to single potential buyers is called for. It follows by logic that spearheading is the way to go, and not blanketing – it is specificity and not completeness in market communication. Being specific requires good market knowledge, which again shows the importance of a continued market analysis and research program, and a staff at sale points that is dedicated to the task at a regional level (where packages have to be compiled).

When customers evaluate the many bids in the market, the concept itself is important, then accessibility and finally price. Norway – and the Lillehammer region – rarely suffer a loss on price alone.

Firms and corporations in the UK as frequent buyers of these kinds of products, and according to NCB the Lillehammer regions should have a substantial potential in this segment. There might also be some synergies in cooperation between locations / countries where Norway / Lillehammer has a well renowned brand on MICE campaigns. USA, Germany and the UK are the major markets internationally.

6.7.4 Summer

In the summer product markets the Lillehammer region has multiple competitors – and also lack an identifiable profile. This results in indistinct and diffuse reasons for why the region should be the chosen bidder. Why should one – apart from being a nice holiday spot, of which there are a lot others? What is needed is to develop concepts with a message: “if this is what you want, we got something unique”. ”Troll” is up for grabs and also somewhat known outside the Nordic region. But care has to be taken not to develop a “plastic product”. Local food is an important attractor in the markets.

6.7.5 Trends

NCB recons that CSR (Corporate Social Responsibility) will have an increased importance in the years ahead. Bidders, who manage to develop products related to this, will have an advantage in the markets. One way to go could be to relate products to charity etc.

Sustainability (– to be green) will increase in importance. In this respect other countries than Norway has taken the lead. It is importance that being green is not only a window dressing, but reflect real production set ups and priorities. Copenhagen is a good example. Copenhagen has decided to become a environmental friendly congress city. They develop dedicated arrangements to address this, and they weed out what is not environmental friendly according to their standards.

6.7.6 Sports / Culture

NCB is in a process of evaluating the culture / sports market segment. They are currently running a pilot study together with Innovation Norway (IN). The larger cities in Norway have stated that they welcome this initiative – an initiative which also should be relevant for the Lillehammer region. The operations towards the culture / sports sector would be parallell to the congress market segment sector, (direct contact with sports clubs / organizers in Norway – find out when / where / how rolling / repeating sport events take place – and assist them in organizing it in Norway). NCB target smaller and medium sized sport events – e.g. WC and EC in minor sports. The Lillehammer region should be highly relevant in such an initiative. If launched, an sports / culture campaign will get going in a 3-7 years perspective.

6.8 Innovasjon Norge – Innovation Norway – Germany office (IN/G)

6.8.1 Summing up

- The name Lillehammer is well known and renown in Germany – but the tourism product the region offers is poorly known
- Too many bidders are too fond of their product, and they lack a strategy for promoting sales.
- To succeed in Germany the destination needs a Germany based sales agency or tour operator channel, the volume of direct internet booking is very small.
- The Lillehammer region should not focus on competition with the other destinations in Norway – in the German market the challenge is "to bake a bigger cake" for all.
- An advantage enjoyed by the Lillehammer region is the well known name Lillehammer and the town itself – something the competitors cannot match.

6.8.2 About IN/G

Innovation Norway is the Norwegian Government's most important instrument for innovation and development of Norwegian enterprises and industry. IN support companies in developing their competitive advantage and to enhance innovation. Norwegian enterprises have access to a broad business support system as well as financial means. Innovation Norway aims as providing competence, advisory services, promotional services and network services. The marketing of Norway as a tourist destination is also considered one of the organizations important tasks.

This chapter rests on a face-to-face interview with a representative from the IN office in Germany (IN/G).

6.8.3 The Snowball region

IN/G is of the opinion that the region is a good container for launching initiatives in the market. The problem though is – as IN/G sees it – that Lillehammer Tourist will be confronted with considerable problems in making everybody in the region satisfied.

As seen from Germany, the Lillehammer region is not a region at all. From a German perspective, the main regions / places in Norway are the fiords, northern Norway, Oslo and finally Lillehammer OL (the latter well known). Recognition of the name Lillehammer is fairly good as a name, but information and knowledge about the products offered is poor.

6.8.4 IN market campaigns

Hemsedal, Trysil and the Lillehammer-region contribute economically to IN campaigns. The arguments and profile that IN wants to promote, are snow security, accessibility and reasonable ski passes. 95% of the tourists to these snow & ski destination travel from the continent to Norway with Color Line.

6.8.5 Summer

Fjell-Norge / Mountain Norway has developed to become the most important actor. There are as far as IN goes, no hindrances for developing summer product initiatives in the Lillehammer region.

The way Norway / Scandinavia is presented in Germany is generally according to this formula: German web sites offer stays in holiday houses and ”new adventures” on round trips. The stays in the Lillehammer region is normally confined to 3-4 nights as tourists head for other attractions.

6.8.6 How to increase traffic from Germany?

IN/G is of the opinion that the major challenge for the Lillehammer-region is to improve the distribution and sale of its products in the German market. Too many bidders are too fond of their product, and they lack a strategy for promoting sales. To succeed in Germany the destination need a Germany based agency or tour operator sales channel, the volume of direct internet booking is very small.

Skistar operates in a totally different league than Lillehammer – Skistar is very professional.

IN/G argues that the Lillehammer region should not focuss on competition with the other destinations in Norway – in the German market the challenge is rather “to bake a bigger cake”. An advantage enjoyed by the Lillehammer region is the well known name Lillehammer and the town itself – something the competitors cannot match. IN/G is of the opinion that the product “combination of alpine ski and cross-country” is especially interesting for the Danish and Swedish markets, and to some lesser degree in the German market.

6.8.7 Major tour operators on the German market:

- Ski und Mehr
- Color Line
- Wolters Reisen
- Tui – ferienhaus

6.9 Innovasjon Norge – the Netherlands office (IN/N)

6.9.1 Summing up

- The Lillehammer region has been absent from important Dutch market arenas for several year, and need to "come back" in order to generate traffic. Being present is the single most important step to take now.
- The Lillehammer region has amenities that are in demand in the Netherlands
- Internet sales are very important in the Netherlands, and professional websites is a very important sales channel here.

6.9.2 The Lillehammer region

IN/N has observed that The Lillehammer region has been absent from the market in the Netherlands for several years now, while they in earlier years was very much present in the market. Now, Mountain Norway has reentered the market, and this is a very positive development.

The Lillehammer region has a product of a type that is in demand by many consumers in the Netherlands: forest, somewhat inland (coast and beach is in ample supply in the Netherlands itself), open space and nature activities at a low entrance threshold.

In this perspective it is a good thing that the Lillehammer region has been united.

6.9.3 The market in the Netherlands

IN/N targets the 45+ age group – very often couples without children (at home) and in elevated income groups.

Sweden is a competitor for families with children – due to a more favorable price level, the Swedish market is more attractive to other groups than the Norwegian market.

IN/N market Norway in the Netherland with the following buzz-words:

- Silence and tranquility
- Snow security
- Idyll with access to your own "hytte" / holiday home
- No waiting lines
- Excellent for families with children

In the winter season almost all demand is about alpine holidays. A mere 4 % wishes to do cross country skiing, and an even smaller portion of the market demand other types of snow based activity. In the winter season 40 % reach Norway by boat, 60 % by air.

6.9.4 How to increase traffic from the Netherlands

According to IN/N analysis the main problem is that the region is not successful in communicating its offers to the market – thus the problem is distribution and sales.

Sales directly from the internet are an important sales channel in the Netherland (comment: in contrast to Germany). Professional and effective English language websites is vital for sales in the Netherlands where as much as 50-60% book their travels via the internet. It is also very common for Dutch people to compile their own travel based on internet searches.

The most important now is to reenter the market, e.g. by joining campaigns run by IN/N and cooperate with tour operators and agencies. In comparison, Hemsedal and Trysil both have pursued the market in the Netherlands, and this has generated a fair amount of traffic.

7 Match / mismatch analysis of the interviews/survey

This section compare the views from the Lillehammer region (chapter 5) with that of the actors outside the region (chapter 0) and identify the most important matches and mismatches on how to increase the influx and value added of foreign tourists in the Lillehammer region.

Matching views on growth strategy or strategic themes is *prima facie* a good indicator for supporting an argument or viewpoint on growth potential. It may of course still prove ineffective in actually promoting growth. Markets, willingness to pay, preference structure "out there" are all volatile and may on a surprisingly short time scale rewrite the rules of the game.

Mismatching views on growth issues should be viewed as a reason for looking closer at the arguments forwarded. Mismatching views means that bidders and demanders have relevant but differing views on how to operate in the markets and how to proceed to promote growth. When confronted with mismatching views, neither bidder nor the resale agent is a steward of the truth. There may be a number of perfectly reasonable arguments for the conflicting views. The point though is that mismatching views on growth potential is a good signal to both parties to scrutinise their understanding of the market and market penetration efforts. In many ways mismatch is where change commence and is an impetus for innovation: Something is not functioning, how to correct it?

7.1 Matching views

The following are the main points where shared views are identified between the two groups of respondents – the ones who bid (bid-group) and the ones who do the resale (resale-group).

7.1.1 Segments with growth potential

The following advantages and segments were pointed out as especially interesting by both groups:

- **Winter season: combination of alpine ski and cross-country.**

The bid and resale group seems united in viewing the combination of alpine ski and cross-country stands out as increasingly important. They also agree in the opinion that the Lillehammer region has a very good product in this respect and may benefit from an increasing interest. Snow security and the fact that snow quality translates into natural snow is considered an increasingly important advantage on foreign (continental) markets. Access to the alpine&Xcountry package is deemed increasingly important both to families, groups and individuals, especially in Germany and Netherlands.

Bidders underscores though, that the first step for the Lillehammer region is simply to be present and be seen in the market. Today Lillehammer is absent from important distribution channels in Germany and Netherlands.

- **Summer season: Individual tourists – Netherland.**

Individual tourists, whether on tour-operated round trips, base or activity holidays, constitute an increasing share in many market segments. Attracting and treating them is an underdeveloped function in the Lillehammer region. Individual travellers are especially attractive as they often stay several days, and generally roam extensively in the region to enjoy their targeted activities and attractions. Through the development of more leisure/sport activities, as has been done e.g. in a number of French mountain resorts (Bourdeau et al. 2002), the region could generate prolonged stays and more commercial activities also in the summer season. The Netherlands seems to be a particular interesting market for the region in the summer season: they are attracted to mountain/forest landscapes and are generally interesting to participate in organized commercial nature-based activities.

- **Events – with a sport profile.**

Lillehammer and the Lillehammer region have a strong competitive advantage within events, both events with a sport profile (in terms of arenas and competence) and culture (outdoor theatre, music festivals). This should receive strong focus in regional strategies, and can also be more connected to branding of the region.

On foreign markets the most interesting customer groups are companies and organizations carrying out teambuilding, costumer grooming etc activities and (to some lesser extent) professional meetings. If Norwegian Convention Bureau decides to go into the market for sports events, this could be a very interesting opportunity to develop the event-market further. The Lillehammer region is well positioned within this market in the winter season, with a strong Olympic/sport brand. A question of strategic importance is if, and how, the region could position itself in the summer season. In all dealings with these market segments – company and organization events - in market communication and event developments and productions must be tailor made. Customer needs must continuously be monitored. Competitors in these segments are many and some well organized. In order for the region to offer attractive products, cooperation between destinations and activity bidders in the region is a must.

- **More focus on selected themes/attractions**

Tourists choose the region for specific reason according to their specific interests, competence and resources, c.f. the definition of different market segments in section 4.1 and the segments identified in the bullet point above. To attract more tourists within these segments, the region must run through its inventory critically to identify and focus more on selected themes/attractions appealing to the segments and which can trigger off interest and sale in the market. Because the region is "complete" several different segments may be aimed at, both in summer and winter. It follows from this that there will be a need to think priority-setting. For the tourists 'complete' is of less importance, although it of course is an advantage that they can experience several other things other than what they basically came for. But unless the specifics are good, "side dishes" won't do (this point will be more elaborated in chapter 8).

- **The need to establish a summer-profile**

The Lillehammer region is well positioned in the winter season with a strong Olympic/sport brand. In the summer season the situation is very different, as there are no clear themes, activities or attractions that differentiates the region from other regions and which is well known or actively used in branding on foreign markets.

Today the region is a convenient stop – mostly a one night stand so to speak – on the way to the "real" attractions: Fiords and North. It is a major challenge to interfere and reconfigure this tour operator habit. Already mentioned is the potential with individual travellers which shows a travel behaviour deviating from this one-night-stand situation.

It is necessary to build more specific and focused profiles in the summer to position the region more clearly in the market. The regions basic potential must be defined, and then various profiles targeting specific segments offering activities/experiences that "talk to them" must be compiled. It must be kept in mind that that the basic potential is dynamic and fluid: The potential for rafting was not there until the technology, organization and skills reported and simultaneously identified the abundance of resources in the region. The same can be said for downhill biking, Xcountry biking, kite&ski (where this region have extraordinary amenities in a European perspective) etc.

Narratives are another way to go to profile the region. In this report "Trolls – fairytales" have been mentioned as a possibility. "Sport & Outdoors" is another to mention, and which could be linked to the legacy of the Olympics and the major annual sport events in the region (and it can also used both in summer and winter, just as Birkebeineren have developed into summer events).

- **Lillehammer town – a competitive regional advantage**

Lillehammer town, with its possibilities for shopping, nightlife, cultural attractions etc., is with no doubt a competitive advantage for the region, for example compared to most other winter destinations in the Nordic countries. The town is important in order to diversify the tourism product (inkl. "non-ski activities"), and to offer and "urban atmosphere", cf. Bieger et als (2004) study from Switzerland. It can however not replace the need for the development of "resort village structures / elements" at the destinations within Lillehammer. For destinations outside Lillehammer town, it is an additional and quite unique product, at least within winter tourism. To be a strong competitive advantage one must however develop more deliberate strategies on how to use this advantage on different segments, and Lillehammer town must improve its product of activities and opening hours etc.

- **Accessibility**

Lillehammers location along a main European road and the railway with good transportation from Oslo and Oslo Airport makes it relatively easy to access for foreign tourists compared to several other competing destinations. This is an advantage that should be more used in marketing of the region. It is also an advantage that Lillehammer is centrally located on the route on round-trips in Norway and Scandinavia, both concerning groups and individual round trips.

7.2 Mismatching views

The following points are identified as important mismatching views between bidders in the Lillehammer region and the resale group:

- **Growth potential in tour operated round trips by coaches**

Companies in the Lillehammer region identify tour agency operated round trips by coaches as having the largest potential for future growth. The foreign market tour operators seem to be of a different opinion – most expect the decline in groups on coaches to continue. Their main arguments for this assessment – and we find them rather compelling – is highlighting how underlying demographic, technological and societal development are recasting travel behaviour patterns: A more fit elderly population equipped with more pecuniary and technological resources (more comfortable personal vehicles running on better roads with better navigation and decision making aids). Simultaneously, today a substantial amount of coaches with foreign tourists do not have

Lillehammer as one of the stops on their journey through Gudbrandsdalen, and many who do stop have short stops including few services/attraction.

If the dominating view of the resale group is correct and the coach based general sightseeing market as we know it today is continuing its declining trend, there are only three ways for the Lillehammer region to have a growth in this segment:

1. Increase frequency on declining trend: The Lillehammer region has to seize an increasing share of a declining market. It is an uphill struggle, but established sales in Western Europe channels can be made more effective and energized.
2. Prolonged stays on declining frequency trend: There are those in the resale group who claim that there is potential for more and longer stops in the Lillehammer region if the region pursue deliberate strategies to achieve this[2]. Decrease in the number of coaches stopping may be compensated with those stopping staying for a longer period. This would require development of more activities and a pricing policy that attracts the coach group on general sightseeing to fiords and north. What are the odds for this to happen?
3. New territories: The Lillehammer region has to seize a share of new group travel markets that may materialize in new territories – mainly in Eastern Europe as the middle class here grow and want to "see the world". This means a reorientation of market communication and sales channels and working up an expertise on totally different language and cultural domains.

In this context we would also urge the Lillehammer region to carefully consider effects of better roads (E6 in particular) leading fiords & north bound coach traffic through the region: If Oslo is the starting point, will more effective roads through Gudbrandsdalen mean that overnight stops will be pushed further north? And if so, should the facilities for attracting these groups be developed with a point of gravity further north in the Lillehammer region?

- **More on tour operators: Those troublesome allotments**

Another contradiction brought up by one of the firms in Lillehammer, due to their own experiences with tour-operators (and thus not identified as contradictions in our own data), is relating to the hotels in Lillehammer town and in general to hotels. If the segments "winter experiences" and "combination alpine ski and cross country" is pursued in order to increase the influx of foreign tourists, and the target is to promote sales through tour-operators, hotels must give allotments to

[2] Speech by Steinar Aase, Fjord Tours, Snowball-conference, Lillehammer 30.11.2010.

foreign tour-operators. This will easy collide at times with their wish to fill the hotel by domestic guests attending the major annual ski events (Birkebeinerrennet, Inga-Låmi) and other events (EC Handball). If one decides to pursue these segments in question, this issue must be taken up for consideration and solved.

8 Discussions and conclusions

8.1 The region and the growth ambitions.

The parties making up Lillehammer Turist has signaled high growth ambitions concerning growth of value from foreign tourists. In this section we will take these ambitions as a starting point and discuss their realism. Subsequently we present, on the basis of the data and research presented in this report, strategic implications, measures and questions that should be considered and discussed to meet the growth ambitions. Figure 6 figure outlines a skeleton of the discussions topics we address in this chapter.

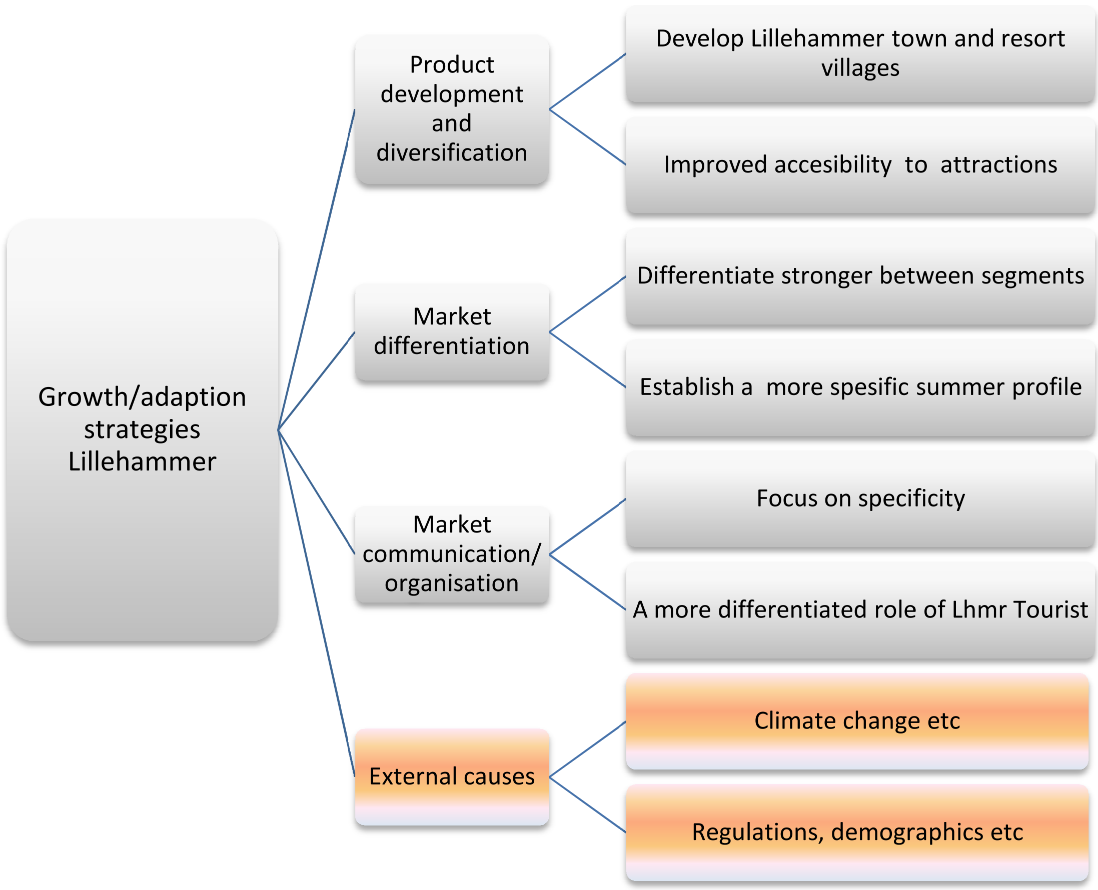

Figure 6: Growth and adaption strategies for increasing the influx of foreign tourists to Lillehammer. Grey boxes are about internal measures that could be taken to promote growth, yellowish boxes are about external events and incidents that influence the context the industry must adapt to.

The various topics in the figure are addressed in dedicated section in the text, or integrated into sections dedicated to a more comprehensive topic.

8.2 Growth ambitions

As referred in chapter one the growth ambitions raised by Snowball are defined in the following goals:

- To double the creation of value (defined as the sum of operating profit and personnel costs) from the tourism industry within 2020. 2/3 of this commercial growth shall come from increased influx of foreign visitors (export of tourism).
- To increase the number of overnight stays in the region by 2 million from the present level of about 4 millions, counting from 2010 until 2020. 1 million of the increase shall come in accommodation companies and 1 million in use of private second homes.

Linking the two sub goals we assume that value creation follows the development in commercial overnight stays. This means that 2/3 of the projected increase of 1 million guest nights should come from export of tourism. Alternatively the contribution margin per night from non-domestic guests might be assumed to grow more aggressively than from domestic guests. If so, the growth in number of non-domestic guest nights might be less than 2/3 of the projected total growth. But since no goals are formulated linking non-domestic overnight stays with contribution margin, we assume that this factor remains unchanged.

What this then means in terms of development in number of guest nights is illustrated in Figure 7. The figure shows the historical development in guest nights (total, domestic and non-domestic guest nights) the period 2006 to 2010 and a linear projection for the period 2011 to 2020. Other growth curves than linear growth might be just as relevant, as a development where growth rates are picking up speed as effects of various measures are having effect on traffic. As growth ambitions are formulated, nothing is said about the shape of the distribution curve in the period 2010 -2020. Thus, a linear development curve may do as an illustration.

The growth ambitions means that while the share of non-domestic in 2010 are 29 % of the total number of commercial guest nights, their share in 2020 should according to growth ambitions be 45 %. There are two growth ambitions buried here:

1. Growth in the number of overnight stays – for non-domestic guests the increase is projected to be 670 000 guests nights.

2. A shift in the guest night composition towards a substantially larger share of non-domestic guests. The share of non-domestic commercial overnight stays must increase from 29 % in 2010 to 45 % in 2020 to meet the growth ambitions.

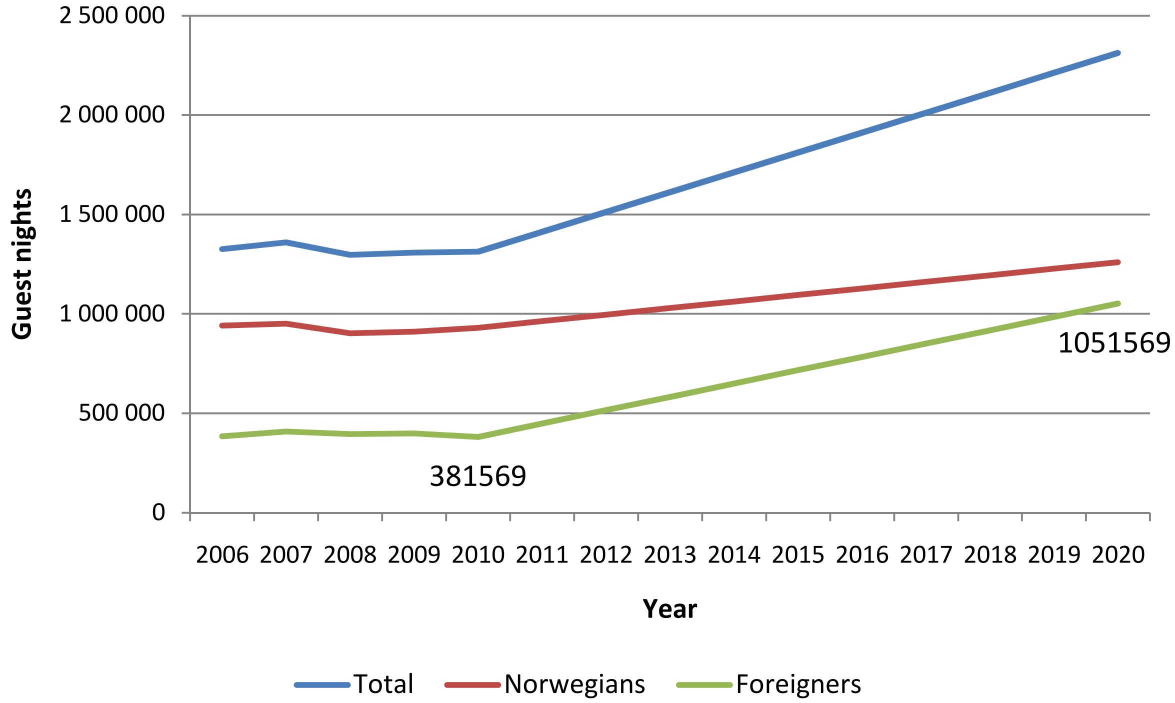

Figure 7: Development in guest nights. Historical development in the period 2006 - 2010 and linear projection in the period 2011 - 2020 to reach the goal for growth in guest nights by 2020.

Are these goals realistic? If we look at the historical record from 2006 to 2010 (Figure 7), there is no signal in the numbers that there is sound realism here. To be realistic a major shift in the current trend must be brought about. Somewhat simplified we may assume that such a major shift can come about in two ways:

- Internal causes where the industry and its allies in the region muster measures that generate a market penetration that is proportionate to the goals – no doubt a major undertaking.
- External causes – incidents and events in the environment that is not generated by actions taken by actors in the region, but that still have a considerable impact, negative or positive, on guest influx to the region (e.g. "financial crisis", terrorism, climate change, new regulations on air traffic etc). Some type of external causes might certainly report in the time span of 10 years which is relevant here.

A growth strategy is normally about what measures the industry can take (internal causes), and this is how we will pursue the discussions here. Tourism though, is highly susceptible to influence from external forces for good and for bad, which simply means the ability to adapt to an ever changing environment is an important quality of the organization of the industry.

8.3 Realism

8.3.1 Resources

There is no doubt that the goals set are very ambitious and it is certainly well-founded to ask if at all realistic? It might be, but only if major steps are taken to make it realistic and not just optimistic. Major steps here means that measures taken and resources – financial, personnel, competence etc - channeled into development and effectuation of measures – has to be proportional to realizing the goals. What this means in quantitative terms is not all that easy to assess. One way of looking at the numbers are to say that if non-domestic traffic is supposed to increase by a factor of 2,5 (from 381' to 1051' – see preceding figure), resources made available to developing and effectuate measures should at least be doubled from the present level.

8.3.2 Priorities

Traffic in summer season and winter season has to increase. In a discussion on the main approaches there will by necessity be many details, reservations and variations that eventually must be taken into account. Still this is not what we intend to do here. Rather it is our mission to have a birds eye perspective on the rough lines in a strategy to promote growth. In this perspective details may get subdued, at the expense of the main arguments. Strategy is seldom a matter of "one size fits all", so going from what we address here to the actual strategy formulation details and variations must be accounted for. Our assessment is - to sum it up brutally - in short and per season:

- **First: Winter season**

An initial priority should be given to major winter season development programs. The resale group signals that the growth potential is there, and in the region the industry is fully geared, trimmed ready to produce, and with available capacity.

Thus: The product is there (and it is "a main dish"), the market is there, the distribution channels are there and the manned up capacity is there. What is needed is simply (but not necessarily a simple task) to be present in the foreign markets. The difficulty with this translated into market communication: What segments and how to get into contact with them to attract their attention according to their interests and skills. This will be discussed in subsequent sections of the chapter.

- **Second: Summer season**

With a secondary priority, design a strategy to increase non-domestic summer traffic. This calls for cooperation both internally and externally, probably a trial and error approach, and persistence over time.

The industry in the region and the distributors in foreign markets recognised that Lillehammer has no clear themes, activities or attractions that differentiates the region from other regions and which is well known or actively used in branding on foreign markets. Thus the region has to build a more specific and focused summer profile or profiles to (1) defend its position to be high on the attraction list in the coach tourism and their need for “one night stands”; and (2) to develop a rationale for attracting prolonged stays by individuals or targeted groups in the region. (1) is about exploiting the fact that coaches pass through the region, and there are logistical reasons as well as amenity reasons for making a stop here. (2) is about developing something more, and define a profile that by attraction defines something unique in the region for targeted segments.

As discussed earlier, this should be something that “defines” the region and works as a “basic” profile, and which supports the more specific activities/experiences that attract the various segments. Narratives are one instrument to apply for this second profile. In this report “Trolls – fairytales” have been mentioned as a possibility. ”Sport” is another we will mention, and which could be linked to the legacy of the Olympics and the big annual sport events in the region (and it can also used both in summer and winter, just as Birkebeineren have developed into summer events)

So, for summer season the product profile is not there (and it is anyhow today mainly a “side dish”). The market is currently uncertain and must be found and defined. There are distribution channels but a number of producers in the region run on “the back burner” or is simply closed down. Some are not, and for major players like Hunderfossen Familiepark, Lilleputthammer and a few others, summer is thé season – but that is for domestic guests. For growth in the non-domestic markets in the summer season, it will be a painstaking job to balance cost and benefit for the industry in a development process.

8.3.3 Measures

Addressing measures we switch to a structural perspective on the industry and focus on topics that may relate to both winter and summer, albeit in different manners and with different content.

8.4 Market differentiation

Market differentiation means to separate strongly between different segments, to be more specialized in which segments one is pursuing (prioritisation) and to differentiate the product from other destinations.

8.4.1 Differentiate stronger between segments

The region needs to target segments to a larger extent than what is done today.

The Lillehammer region attracts different market segments, and different segments have to be found and ways to communicate with them has to be developed.

Each segment is attracted to the region on the basis of different and quite specific attractions/activities, and thus has different motivations for visiting the region. Nowhere is this more obvious than in the two of the main segments in the winter season, "alpine skiing" and "excursion in a winter landscape". Though both rely on snow conditions, the two groups of tourists come to the Lillehammer region for very different reasons, and should accordingly be treated as two separate markets when it comes to product development, distribution, marketing (including internet portals), sale etc. The present market strategy seems to operate with a segment called ski & snow. But this is too comprehensive because the communication within this too wide segment definition contains groups that must be treated differently and on their own merits and preferences.

The regional inventory definitely allows for both , "alpine skiing" and "excursion in a winter landscape" to be addressed, but it is a task for the back office to do the proper package development on the regional level, and for the various suppliers to market (put in the display window) together with Lillehammer Turist.

8.5 Product development and diversification

Concerning product development and diversification we have identified the following two strategies as especially important:

8.5.1 Develop Lillehammer town and resort villages

As discussed in 6.1 Lillehammer town is seen as a competitive advantage for the region, especially for the winter season. The town is important in order to diversify the tourism product (inkl. "non-ski activities"), and to offer and "urban atmosphere", cf. Bieger et als study from Switzerland (2004). It can however not replace the need for the development of "resort villages" at the destinations within Lillehammer. It is an additional product, but which is quite unique, at least within winter tourism. To be a strong competitive advantage one must however develop more deliberate strategies on how to use this advantage on different segments, and Lillehammer town must improve its product concerning activities, opening hours etc.

A part of this discussion is circling around the segment we have called "winter experiences": individual tourists who resides in Lillehammer town to experience a wide range of activities, and who do not travel with their own car. On one hand the Lillehammer region have strong competitive advantages on this segment, with Lillehammer town and a wide range of activities within the region. On the other hand it is uncertain how large this segment is (more knowledge is called for), and this segment is especially demanding concerning products and infrastructure (internal transport, opening hours, activities in the town etc.). If, and eventually how, to develop Lillehammer town into a strong competitive advantage, both for surrounding destination and for Lillehammer town itself, is thus a question of strategic importance

8.5.2 Improved accessibility to attractions and activities

In order achieve a quality tourism products it is fundamental to deliver a product that meet the customers' expectations. There must thus be correspondence between market communication and the product that is delivered on site. For Lillehammer this means that it must be able to deliver the depth and width of attractions and activities that exists in the region. Today the region is only partial able to do this, especially relating to individual tourists and tourists without own car. Attractions are also vital if the regions wants to pursue segments like "winter experiences" and individual tourists in the summer, whether on tour-operated round trips, base or activity holidays. Improved accessibility means better transport, improve opening hours and ticketing (on both transport and attractions) and improve the patience and security in the deliverance of activities.

8.5.3 Market communication/organization

8.5.4 Focus on specificity

Branding of the Lillehammer-region has lately emphasized to communicate to the markets that the region is 'complete' and have a very wide range of attractions and activities.

Due to the strong focus on market differentiation and more focus on some selected segments there is a need to raise the following question: Is 'completeness' a back office asset, or is 'completeness' a display window asset?

It is definitely a back office asset: The many offers and amenities packed into one region represent a pool of elements that can be assembled into a multitude of different integrated packages to be presented to various market segments. What packages to offer the market is also definite a back office task to sort out and decide on. Lillehammer Turist itself could be a strategic partner in packet assembly for the Lillehammer region in foreign markets. The actual and practical packet assembly is not what we have in mind here, but rather that Lillehammer Turist may take on a role as a strategic partner and an informal "clearing house" for actors in the region that want to put new products into the market. This is a way to operationalize 'completeness' to practical action. It should be noted though, that by logic it assigns a strategic back office packet assembly function to Lillehammer Turist. To fulfil such a role, Lillehammer Turist need to run an inventory of the "*array of adventures*" on the one hand, and specific market demands and opportunities on the other.

Why specific? This brings us to the second half of the question on the function of 'completeness': Is 'completeness' a display window asset? Not unconditionally. Our assertion – based on the information collected in this process – is that tourists come here for a reason, and 'completeness' is not a high ranking reason. They come to hike, to cross-country ski, to retreat in nature, to mountain bike etc - and period. That said, "completeness" of the region is more relevant on certain segments, and especially in the summer season (due to different travellers, travelling and activity patterns). And a complete inventory should not be mistaken for an extensive product: The fact that you for example can do XCountry mountain biking over an extensive areas, more or less the whole region, is more important than communicating that you also can do some nice shopping.

During the preparation of this report Lillehammer Turist have launched a new market strategy for the years 2011-2013 (the preparation of the strategy and of this report were partly parallel in time). A reading of the market strategy shows that the strategy in some respects meets the call in this report for more focus and specificity concerning segmentation and market communication. There is thus a partial merging of conclusions between this report and the present market strategy in Lillehammer Turist: Specificity is a key to market communication, and thus more important in the display window than completeness. A critical reading of the strategy however evokes the following comments, based on the response from both tourism companies in Lillehammer and external actors given in this report:

- Some of the six chosen themes are wide, and seems too little specific both concerning market communication (reasons for coming to Lillehammer) and chosen segments. This applies especially for the theme "Ski and snow". Due to our data there is a need to separate strongly for example between the segments "alpine skiing" and "excursion in a mountain landscape". As discussed in 7.3 it is further of strategic importance to discuss whether the regions should pursue the segment “winter experiences”, and the position and development of Lillehammer town as a competitive advantage in winter.

- “Culture in nature” and “active in nature” are the two chosen themes on foreign markets for the summer season. These themes are quite wide, but at the same time well adapted to what most foreign tourists are seeking from mountain and valley areas in Norway on their round-trips or base holidays. It could however be discussed whether this answer the call reported here for a more focused theme that could differentiate and position Lillehammer from other destinations in the summer. See the discussion in section 7.2 above.

8.5.5 A more differentiated role of Lillehammer Turist

The role of Lillehammer Turist should be different with regards to different market segments. On segments as “individual activity/base holidays” in the summer, Lillehammer Turist could have a central back office role in defining segments, develop packages and supply the various destinations with material to put in their display window. Preparing a marketing strategy for the region to attract “individual activity/base holidays” more than most segments call for developing an extensive product as “the individual market” is very “foot loose” and generally looks for options to roam the region and thus will benefit from tight network cooperation between suppliers in the region. Reaching out for this segment, a regional branding makes sense. Organization, product and branding are tightly connected here.

At other segment, for instance the segment “alpine skiing”, their role could be more as a facilitator for the alpine destinations. This also means that it is not a necessary tight relationship between how the tourism industry is organized in the Lillehammer region and how it is branded and marketed on different segments. Thus Skei, Hafjell and Kvitfjell are effective brands in themselves, and the organizational achievement manifest in “Lillehammer Ski Pass” just adds as a bonus.

The general comment rising is that for some segments the whole region is relevant as a brand and a networking organizational unit, others only parts of the region, a destination or a couple of destinations are relevant, and for others again it is the whole southern-Norway that is playground the tourist seeks. Concerning seasons it is clear from this report that Lillehammer Turist could have a more central role in defining segments and to work out market strategies for the whole region in the summer than for the winter season, where the travel pattern is more directed at the destinations within the Lillehammer-region. Trysil is an example of a destination where the role of the destination management company is strongly differentiated between summer and winter. In winter Skistar have the main responsibility for marketing and sale of the whole destination, while Destination Trysil has this responsibility for the summer season. Another example is Hallingdal Reiseliv who focus on developing and marketing of Hallingdalen (in cooperation with amongst other Norefjell, Hardanger and Sognefjorden through the Fjell & Fjord-concept) in spring, summer and autumn. In winter less marketing efforts is coordinated on a regional level but has focus on each of the destinations.

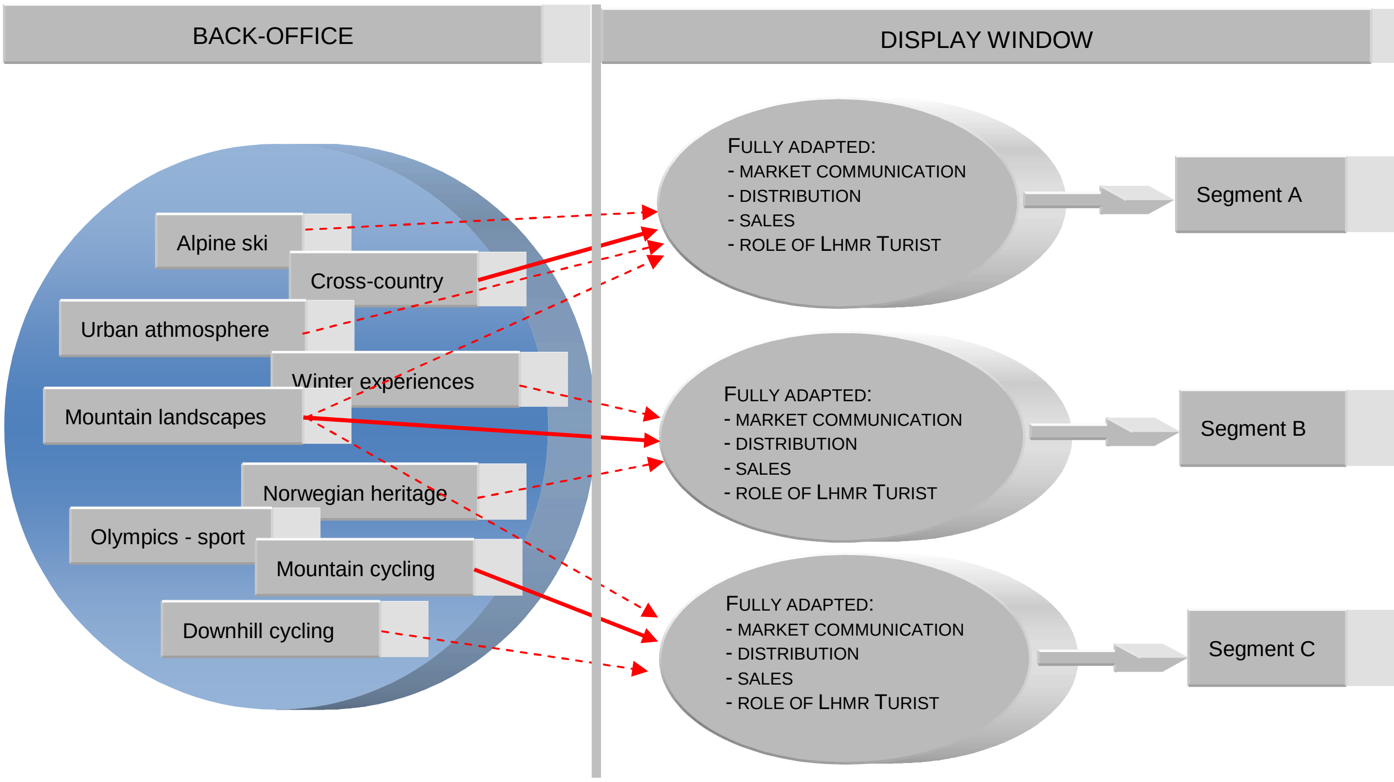

Figure 8: An illustration of the back office and display window(s) idea. In the back office completeness is an asset, while in the display window targeted products is the way to go. For more comments on this idea, see the text.

The idea is that the back office runs an inventory of products and development initiatives in the region – and the back office may even act as a clearing house for admitting activities etc into the portfolio available to be marketed. Then it is a process to compile product profiles that fit various targeted segments, and a job to be done to communicate with the targeted costumer groups (that is to put the offers in the display window). It is a persistent argument throughout this report that targeting market segments should be given more attention and more resources – and that growth in the magnitude that the ambitions call for cannot be had without upgrading this function to another level.

8.6 Climate change, societal change and the production environment

8.6.1 Climate change

Although there is a considerable uncertainty in how climate change may affect supply of tourism products the Lillehammer region and likewise how foreign demand for tourism products will develop due to climate change, it would be irrational and wishful thinking not to include climate change in strategic deliberations. How to do that obviously is dependent on the time span. To indicate the kind of time spans relevant, a time span of twenty to thirty years is relevant. This is a time span that is relevant when doing major physical investments in infrastructure, slopes etc, so it should be deemed highly relevant to ask the following question: How should the investment be made in order to maximize resilience towards a changing climate? Although this is a large and difficult question encumbered with uncertainty, it seems obvious that the alpine destinations in Lillehammer already at this point should learn from experiences from the Alps. In the Alps higher temperatures has meant development of higher terrain and a ski slope design adapted to less snow.

Climate change is an external force which should be closely monitored for effects on the industry. At the same time it seems premature to put too much effort into internalize dealing with climate change effects for the moment. Thus we will recommend that a climate change effect analysis on tourism in the region is performed once during the strategy period to keep the industry updated on one major external force.

8.6.2 Societal change

Such an analysis should probably be extended to a more general analysis of development in the influence of external causes – whether by nature or society - on the production environment that the industry in the region has to adapt to.

This is a task where the industry may make use of competence in universities and institutes and will be an important contribution to ensure that knowledge about the industry and its relations to the society is kept update and communicated.

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Increasing the Influx of Non-domestic Tourists to the Lillehammer-region.
Elements of strategic importance

Lillehammer Turist AS (LT) has as an expressed ambition to increase the volume of foreign tourists to the region with 175% from 2010 to 2020. This report deliver a knowledge basis for assessing and carry into effect ambitions. There are three main sources of information entering this analysis: Interviews with tourism firms in the Lillehammer region, interviews with tour-operators and Innovation Norway and a review of international research on winter- and ski destinations. The main issues addressed are the competitive advantages of the region, what markets/segments have the highest future potential, and what measures are necessary to achieve a stronger position in foreign markets. The report is fairly concrete and specific in advising on growth strategy elements.

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