Interreg Baltic Sea Region

Co-funded by the European Union

RESILIENT ECONOMIES AND COMMUNITIES

Light in the Dark

How to prolong the tourism season?

Challenge Inventory study among small and medium-sized entrepreneurs in the Northern Baltic Sea region

Photo: Max Belchenko / Adobe Stock.

Executive summary

This challenge inventory report gives an insight into how entrepreneurs perceive challenges and opportunities in regards to seasonal variation in tourism business in coastal areas of Finland, Sweden, Åland Islands, Estonia, Latvia and Lithuania. The purpose of the Light in the Dark SME Challenge Inventory is to find out which challenges small and medium-sized enterprises (SMEs) in the Northern Baltic Sea Region face and to find out what kind of visions businesses have about future tourism products and activities, especially during off-season. Which solutions or new ideas can the entrepreneurs foresee? The challenge inventory also seeks to identify activities needed by key stakeholders like destination managements organizations (DMOs), business support organisations and other supporting service providers, in order for the SMEs to create new successful service products outside the traditional summer season.

Data collection took place 1.3-28.3.2024 and 239 respondents answered the survey. In addition to the survey 36 structured interviews with selected SMEs were conducted.

The most common challenges that SMEs in the Northern Baltic Sea Region face are:

- current brand of the destination is focusing on the traditional summer season
- finding and retaining staff and difficulties to adjust staff to seasonal changes
- other companies are closing down
- difficult accessibility for tourists
- customer demand is too low
- low profitability and a lack of capital
- difficulties in accessing international markets

A majority of companies are open from April to the end of October. Even in the months typically regarded as off-season (January, February, March, November and December) 38-46% of the SMEs state that they are open. January is the month with the fewest SME's up and running, 38% of all respondents are open. The willingness to expand opening hours in future concerns the months April and October.

The biggest source markets are Finland and Sweden, followed by Germany, also Latvia and Lithuania are important source markets for the region as a whole. Direct sales is the most common way of selling the services. Various online booking platforms and tour operators or travel agencies as well as regional DMOs are also widely used for selling the services. Most common promotional tools are companies' own websites, word-of-mouth referrals and Facebook as well as working with local or regional DMOs.

Utö Island. Photo: Anna Gröning / Novia University of Applied Sciences.

The SMEs see a lot of potential in prolonging the tourism season and suggest a broad portfolio of nature based outdoor activities and events as well as services related to wellness and relaxation. The SMEs highlight the importance of collaboration between service providers, DMOs and other key actors in the region and nationally. They wish for a shift in marketing strategies to better communicate about the regions' attractiveness also outside the traditional summer season. Improved infrastructure and communication about timetables during off-season would significantly increase the accessibility and awareness about the Northern Baltic Sea Region as a tourism destination also outside the traditional summer season.

How to prolong the tourism season? Challenge inventory study among small and medium sized entrepreneurs in the Northern Baltic Sea region.
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Photo: Tobias Henriksson / Åland University of Applied Sciences.

01

Introduction

This challenge inventory report is part of the Light in the Dark project and gives an insight into how entrepreneurs perceive challenges and opportunities in regards to seasonal variation in tourism. The purpose of the Light in the Dark SME Challenge Inventory is to find out which challenges small and medium-sized enterprises (SMEs) in the Northern Baltic Sea Region face and to find out what kind of visions businesses have about future tourism products and activities, especially during off-season. Which solutions or new ideas can the entrepreneurs foresee? The challenge inventory also seeks to identify activities needed by key stakeholders, e.g. DMOs and business support organisations and other supporting service providers, in order for the SMEs to create new successful service products outside the traditional summer season.

Seasonality in tourism is a widely recognised, complex and researched area. Already in the 1990s tourism professor Richard Butler defined (1994) tourism seasonality as a "temporal imbalance in the phenomenon of tourism, which may be expressed in terms of the number of visitors, traffic on the highways, employment and admission to attractions."

The phenomenon of seasonality in tourism include income fluctuation, unemployment during off-season, difficulties in retaining staff, infrastructure strain, overcrowding vs dissertation, over-consumption of water during peak season, dependence on specific attractions and events, limited economic diversification and challenges in business planning.

In this report we are highlighting the challenges caused by seasonality in the Northern Baltic Sea region and the SMEs' perception of how seasonality affects their business, based on survey data as well as interviews. The report sheds light on the specific characteristics of SMEs operating in archipelago areas, providing a nuanced understanding of their perspectives on issues like distribution channels, access to capital, and cooperation.

The introductory chapters sets the stage by presenting the Light in the Dark project, its regional scope, and the participating countries and partners. It further introduces the operational environment of SMEs in the Northern Baltic Sea Region, outlining the seasonal dependence challenges they grapple with. In chapter 4 the research methods employed are presented, including the selection of respondents and the timeline for data collection as well as description of the data analysis. Following this, the results gained from surveys and interviews are presented. The report culminates in a section of conclusions, encapsulating the key takeaways and implications for SMEs and key stakeholders like business support organisations and destination management organisations as well as policy makers in the Northern Baltic Sea Region.

Utö Island. Photo: Jasmin Yuchun / Visit Pargas / Novia University of Applied Sciences.

02

Light in the Dark project

The project Light in the Dark helps small and medium-sized enterprises in the tourism sector create an off-season nature-based offer to attract tourists to rural and coastal areas of the Northern Baltic Sea region all year long. The off-season period; fall, winter and spring in the Northern Baltic Sea Region is dark and cold, and often without snow because of proximity to and humidity from the sea. This causes challenges for tourism and the problem is especially profound in rural and coastal areas in the Northern Baltic Sea Region.

One type of the modern traveler are called nature explorers, natural wonder hunters, they are tourists belonging to the nature tribe. They are looking to avoid crowds by traveling off-season. They expect customized experiences, efficient service, they value nature and are willing to extend their stay.

The project Light in the Dark responds to this need, and supports the ability to prolong the tourism season by developing a transnational northern Baltic archipelago concept for nature-based tourism. The aim is to create a fall-winter-spring package consisting of three product experience packages under the concept Light in the Dark for SMEs and Destination Management Organisations in tourism to attract travelers during off season. Transnational collaboration between universities, SMEs and Business Support Organizations promote coherent and synergistic implementation of the solution and add value by connecting all relevant stakeholders and businesses from different countries.

The project Light in the Dark is funded by Interreg Baltic Sea Region and implementation time is from November 2023 to October 2026. More information about the project can be found here:

https://interreg-baltic.eu/project/light-in-the-dark/

Pargas. Photo: Lotta Tamminen / Visit Pargas / Novia University of Applied Sciences.

St Olav Waterway. Photo: Rania Rönntoft / Visit Pargas / Novia University of Applied Sciences.

The participating regions in the Light in the Dark project are situated along the coastline of the Northern Baltic Sea. The participating countries are Finland, Sweden, Åland Islands, Estonia, Latvia and Lithuania and the project partners represent higher education institutions, regional business development organisations and destination management organisations:

- Novia University of Applied Sciences, Finland
- Åland University of Applied Sciences, Finland
- Visit Åland, Finland
- Cursor Oy, Kotka-Hamina Regional Development Company, Finland
- Business Region Stockholm/Stockholm Archipelago, Sweden
- Hiiumaa Development Center, Estonia
- Estonian University of Life Sciences, Estonia
- Estonian Rural Tourism NGO (ERTO), Estonia
- Kurzeme Planning region, Latvia
- Klaipeda University, Lithuania
- Nida Culture and Tourism Information Centre “Agila”, Lithuania

Photo: Visit Åland.

Photo: Light in the Dark project partners' locations

03

Seasonality in the tourism sector

This chapter provides general information about challenges of entrepreneurs operating in rural and coastal areas in regards to tourism seasonality. Causes and implications of seasonality are described as well as strategies to mitigate seasonality in tourism.

03.1 Causes of seasonality

Causes of seasonality can be roughly categorized into natural and institutional factors. Natural factors influencing seasonality are tied to weather and climate, for example seasonal variation in hours of daylight, temperature, snowfall, ice cover, wind. Whereas institutional factors are related to calendar effects and timing decisions, like religious festivals such as Christmas, Easter, Eid etc and also school and industry vacations. One common form of institutionalized seasonality is public holidays, often single days off, but in recent times with more flexibility on the job market these have been expanded into long weekends and have become longer off work breaks. (Corluka 2018)

There are also some additional causes for seasonality like social pressure or fashion as well as tradition or inertia. Social pressure refers to participation in certain fashionable activities at certain destinations at particular times of the year, a kind of imitation of other travelers' behaviour and fear of missing out or not to be seen hunting, golfing, skiing or surfing when everybody else does so. Tradition or inertia means that someone who no longer is restricted by holiday seasons still decides to go on a trip at a specific time of the year even if they do not have to. This for the simple reason because they have always done so and old habits tend to die hard. (Corluka 2018)

Some major global natural and institutional changes will have an impact on seasonality and can be contributing to mitigation of the challenges. Climate change and increasing high temperatures is already influencing travelers to avoid certain destinations at certain popular travel times. The aging population will change the institutional tourism seasonality because the elderly population is less restricted by timing limitations. Another group that is more flexible in their timing of traveling are single households or households without children, a segment which is also growing rapidly. Another institutional change that will have an impact on travel patterns and seasonality is connected to modern work life with distance work, remote office and a possibility to combine business and leisure during business trips, so called bleisure trips. (Corluka 2018)

Photo: Tobias Henriksson / Åland University of Applied Sciences.

03.2 Implications of seasonality in tourism

There are three main types of seasonality implications: economic impacts, Impacts on employment and on the environment. The impacts are manifested on both destination and enterprise level.

IMPACTS ON ECONOMY	IMPACTS ON EMPLOYMENT	IMPACTS ON ENVIRONMENT
Limited economic returns for the local community	Youth migration to urban centers	Pressure on limited carrying capacity
Added value of offered services is low	Repeated fixed costs for training of seasonal staff	Wild-life disturbance
Poor investment capacity	Difficulties in recruiting and retaining staff	Sewage disposal problems
Struggle to generate revenue throughout the year	Tendency to attract less educated staff	Water shortage
Loss of profit due to insufficient use of resources and facilities in off-season	High turnover of staff	Waste management issues
Lack of capital and access to financing		Littering
Low return on capital		Waste management issues
Cash-flow discontinuity		Overcrowding and queues have negative impact on local residents

Seasonality in tourism, especially prevalent in coastal and rural areas of the Northern Baltic Sea Region, brings forth multifaceted implications touching upon economic, environmental, and employment spheres at both destination and enterprise levels.

Economically, the seasonal nature of tourism engenders limited returns for local communities. During off-peak seasons, small businesses struggle to sustain consistent revenue streams, leading to financial instability. This discontinuity in cash flow amplifies challenges such as poor investment capacity and the inability to capitalize on resources and facilities, resulting in low returns on capital. Furthermore, the reliance on natural attractions exacerbates vulnerability to unpredictable events, which can adversely affect profitability. Moreover, small enterprises face constraints in marketing resources, hindering their ability to compete with larger destinations and reach a wider audience. (Corluka 2018)

On the employment front, seasonality triggers an abundance of challenges. Youth migration to urban centers for better opportunities depletes the pool of skilled workers in rural areas, leading to skill shortages. Consequently, small tourism companies struggle with recruitment and retention, often attracting less educated staff. The high staff turnover further compounds the issue, as repeated fixed costs for training of seasonal staff become burdensome. This turnover also affects service quality, impacting customer satisfaction and long-term viability. (Corluka 2018)

From an environmental perspective, the strain on limited carrying capacity leads to a plethora of issues, including overcrowding, waste management problems, and sewage disposal issues. Fragile ecosystems in coastal and rural areas are particularly vulnerable to the adverse impacts of tourism activities, such as physical erosion, wildlife disturbance, and water shortage. Small businesses, often lacking the resources to implement sustainable practices, grapple with balancing tourism growth with environmental preservation. Additionally, the dependence on natural attractions renders enterprises susceptible to changes in weather patterns and ecological conditions. (Corluka 2018)

Infrastructure deficiencies further exacerbate these challenges, impeding accessibility for tourists and inhibiting the growth of small businesses. The lack of transportation links, accommodation facilities, and recreational amenities constrains the region's tourism potential. Digital connectivity issues compound the problem, limiting the adoption of technology-dependent services and hindering competitiveness.

Moreover, small tourism companies are highly dependent on government policies, which can significantly impact their operations. Changes in regulations related to tourism, environmental conservation, and infrastructure development can either facilitate or impede business activities. (Corluka 2018)

In light of these challenges, a strategic and collaborative approach is imperative. Small tourism companies must collaborate with local communities, adopt sustainable practices, and innovate to enhance resilience. This entails investing in infrastructure development, addressing skill shortages through training programs, leveraging digital technologies for marketing and operations, and formulating crisis preparedness plans. By addressing these issues holistically, small tourism enterprises can mitigate the adverse effects of seasonality and contribute to the sustainable development of the Northern Baltic Sea Region's tourism industry.

Photo: Visit Åland.

03.3 Strategies to address seasonality

Seasonal patterns in tourism cannot be eliminated, but by implementing certain strategies the negative impacts can be reduced. These strategies to prolong the season need the full support of the host communities, since the off-peak time also gives a chance to the local residents and for the environment to fully recover from a very intensive peak season.

The strategies can be grouped into four main categories:

1. **Diversifying the offer and markets**
2. **Collabroating**
3. **Marketing**
4. **Developing infrastructure**

(Corluka 2018)

In this section we will have a closer look at these strategies and in the conclusion chapter reflect on which seasonal prolonging strategies could be the most effective in the Northern Baltic Sea Region.

03.3.1 Strategy 1: Diversifying the offer and markets

Diversifying both products and customer segments is an important strategy to prolong the tourism season and even create new demand during traditional off-season times. It's crucial to match the tourist market segment needs with tailored destination products. The Light in the Dark project has conducted a vaste market research where visitors' motives and needs have been analysed. This Light in the Dark Visitor analysis report can be found on the project website and the results thereof serve as a starting point for the concept development of new nature-based off-season experiences.

To extend the tourism season effectively, destinations must align their offerings with the diverse needs of market segments. This entails diversifying the attraction or product mix. By introducing new products tailored to different market segments, destinations and businesses can capture interest year-round. Niche products and off-season holiday packages cater to specific preferences and motivations. To succeed in product portfolio diversification there is a need for collaboration within the destination. By leveraging the strengths of local enterprises, destinations can create unique experiences that resonate with various market segments. The potential market segments should be evaluated and analysed, identifying and tapping into new market segments ensures sustained demand. Different seasons call for alternative products, presentation styles, and pricing strategies to meet evolving consumer preferences. (Corluka 2018)

03.3.2 Strategy 2: Collaboration

Achieving a prolonged tourism season requires coordinated collaboration efforts between public bodies and tourism enterprises. Joint initiatives enable the development of cohesive tourism systems. By aligning policies and resources, stakeholders can enhance destination attractiveness and accessibility all-year round. Government support through promotion activities and investment in transportation infrastructure enhances destination visibility and accessibility during the off-season. Tax incentives can further incentivize collaboration and innovation. (Corluka 2018)

Local cooperation also ensures that economic benefits stay and are shared in the local community. Visitors are increasingly searching for added-value products and services that best match the local social, cultural and environmental potentials and the local communities suffer if economic activities are disconnected from local entrepreneurship. Therefore it is crucial to create and promote services and products that strongly reflect local values. Strategic cooperation models are needed so that revenues from tourism accruing to locally-owned companies. (European commission 2016)

03.3.3 Strategy 3: Marketing

Effective marketing is essential for promoting off-season products and stimulating demand. Traditional summer holiday destinations need to consider rebranding the destination to better match the offer outside of the traditional summer season. Targeted marketing campaigns highlight the advantages and availability of off-season offerings, enticing visitors with unique experiences and value propositions like silence, less crowds and more personalized service during off-season. Hosting year-round events diversifies the tourism calendar, attracting visitors during traditionally quieter periods. Festivals and cultural celebrations showcase destination vibrancy and create memorable experiences.

Group booking offers can encourage group travel visitation and drive off-season bookings. These tailored packages appeal to diverse traveler groups, from families to corporate clients and seniors as well as wellness and wellbeing seeking tourist groups. Promoting domestic travel during the off-season boosts local economies and reduces dependence on international visitors. Tailored promotions and incentives incentivize residents to explore their own backyard year-round. (Corluka 2018)

Outdated marketing approaches are limiting the attraction of new visitors. Relevant new niches of visitors with high spending capacity and an interest in experiencing sustainable products and destinations throughout the year are consistently identified. To attract this new sustainable mix of visitors coordinated and targeted marketing initiatives are needed as well as critical examination of current marketing strategies. (European Commission 2016)

03.3.4 Strategy 4: Developing infrastructure

Enhancing transportation networks and amenities improves destination accessibility and visitor experience. Expanded infrastructure caters to growing demand and supports off-season visitation. Public transport schedules for ferries and buses should meet the demands of travelers and enable year-round travel. Establishing and maintaining nature trails for walking and cycling attracts visitors and can be experienced during all seasons. Responsible tourism initiatives enhance destination appeal and mitigate seasonality challenges. (European Commission 2016)

These four strategies to reduce the negative impacts of seasonality need coordinated action on destination level. By adopting a holistic approach that integrates these four strategies, destinations can achieve prolonged tourism seasons, foster sustainable growth, and enhance visitor experiences year-round.

Photo: Sander Rannakivi / Visit Estonia.

04

Research method

Selection of respondents

The Light in the Dark challenge inventory targets SMEs operating in the Northern Baltic Sea Region. The survey population consists of entrepreneurs operating in the project partner countries in the Northern Baltic Sea Region, both tourism companies and companies who as their side business offer services for a tourist segment.

Data collection

The survey was created in co-operation with all project partners in January-February 2024. The survey was tested by several test-users in various stages and improved. The Swedish and English versions of the survey were created by Åland UAS, whereas the other language versions were translated by project partners. The data collection tool used is Webropol and Åland University of Applied Sciences is data controller and in charge of data collection and analysis. The survey link was sent out through various email-listings and newsletters of local and regional Destination Management Organisations and Business Development Organisations in the project partner regions. The survey link was also distributed to tourism themed groups on social media and sent to local municipalities for distribution to local SMEs. Also personal calls and direct e-mails were used to inform about the importance of answering the survey. Data collection took place 1.3-28.3.2024 and 239 respondents answered the survey. The survey questions can be found as appendix to this report.

In addition to the survey structured interviews with selected SMEs were conducted. The aim of the interviews is to deepen the understanding of challenges that companies experience in regards to seasonality as well as collect ideas and solutions for new products for off-season in the various regions represented in the project. The interviews also serve as a way to identify potential companies for the Light in the Dark service development process in GoA 1.3, starting in autumn 2024.

The structured interview guide was likewise created together with all project partners by working on a shared document on Google Drive. The questions are organised in a number of topics: background information of the company, managing seasonality, development of the company, challenges and solutions as well as next steps in the project. The project partners were responsible for finding and contacting suitable SMEs to interview. The interviews were conducted in March and beginning of April 2024 either by visiting the SMEs in person or interviewing online. In total 36 SMEs were interviewed and responses were documented in written form. One interview lasted approximately 60 minutes. The interview guide can be found as an appendix to this report.

Data analysis

The survey data was analysed by using filtering, cross-tabulation and visualisation tools of Webropol. Open-ended questions were processed manually and thematized. The interview data was examined in excel and categorized according to themes. Entrepreneur personas were created based on the collected company and entrepreneur data. Chat GPT 3.5 was used to analyse two questions in the interview data. AI generated a list of the years when companies had started their operations and categorized the SMEs customer segments. All other questions were processed and analysed manually using word and excel. Chat GPT 3.5 has also been used to translate direct quotes from source languages into English.

Mariehamn. Photo: Visit Åland.

05

Results

The results are presented in themes. First the external and internal challenges faced by SMEs operating the Northern Baltic Sea Region are presented, followed by their company backgrounds and marketing and sales channels. The results presentation is then followed by services SMEs are willing to sell and solutions to mitigate seasonality challenges suggested by SMEs.

Photo: Tobias Henriksson / Åland University of Applied Sciences.

Photo: Visit Åland.

05.1 Challenges faced by SMEs

The SMEs were first asked to rate the external and internal challenges influencing their business during off-season on a scale from 1-5 (1= this is not at all a challenge for me 5= this is a very big challenge for me).

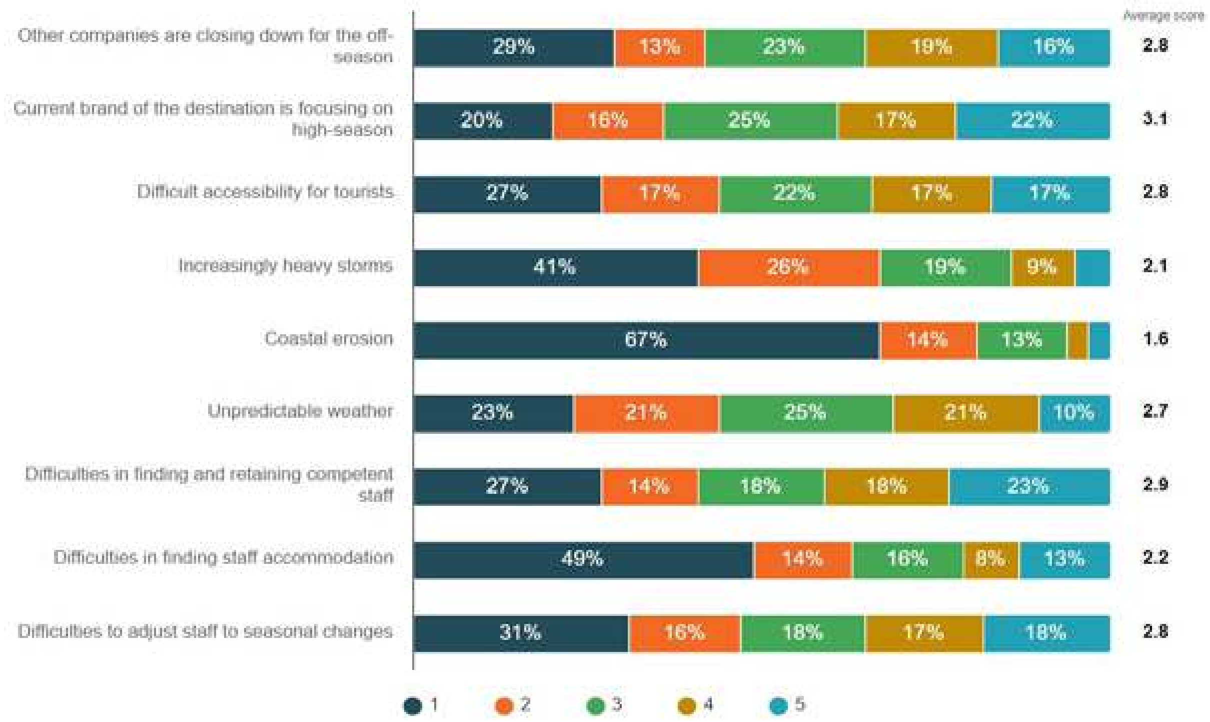

Figure 1. External challenges faced by SMEs (n=239)

Biggest perceived challenge among SMEs in the Northern Baltic Sea Region is that the current brand of the destination is focusing on the traditional summer season. With an average score of 3,1 and 39% of all respondents think that this is a big or very big challenge for the company. Second biggest challenge is difficulties in finding and retaining staff, average score 2,9, and 41% of the respondents think that this is a big or very big challenge. On shared third place with an average score of 2,8 there are three challenges: the fact that other companies are closing down (35% regards this as a big or very big challenge), difficult accessibility for tourists (34% consider this a big or very big challenge) and difficulties to adjust staff to seasonal changes (35% of the respondents think this is a big or very big challenge).

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TOP 3 Biggest external challenges:

1. **Current brand of the destination is focusing on the summer season**
2. **Difficulties in finding and retaining staff**
3. **Other companies are closing down and difficult accessibility for tourists**

The SMEs were then asked to rate the internal challenges influencing their business during off-season on the scale from 1-5 (1= this is not at all a challenge for me 5= this is a very big challenge for me).

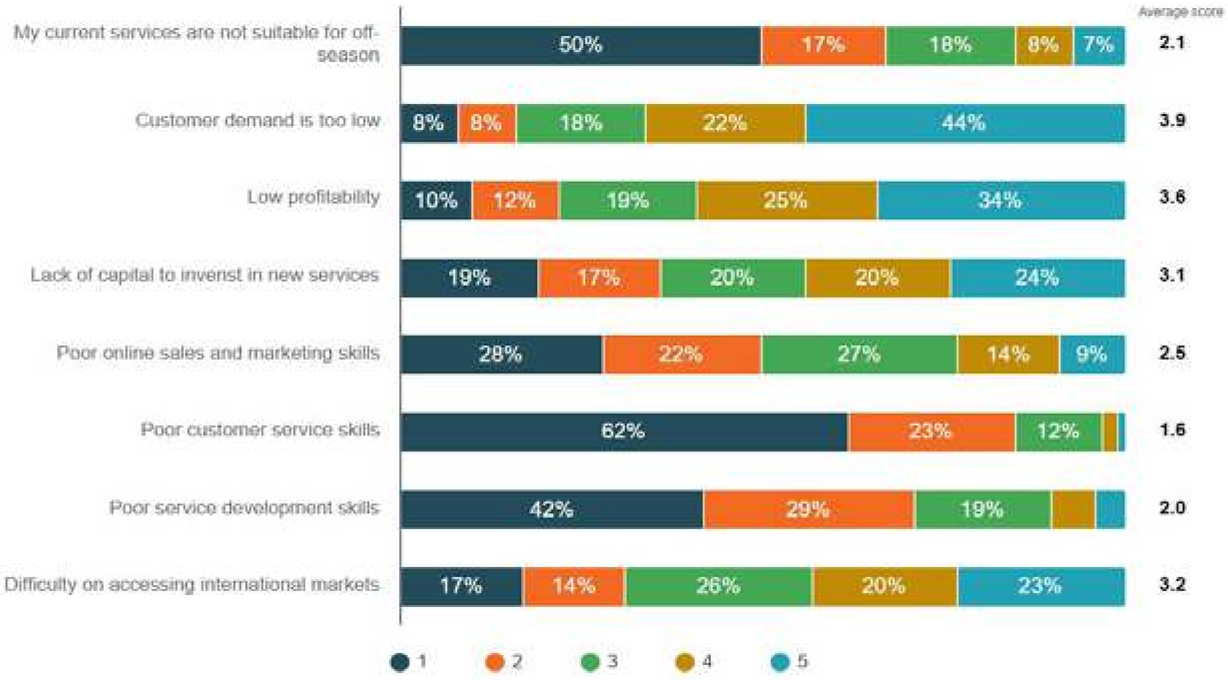


Figure 2. Internal challenges faced by SMEs (n=239)

The biggest perceived internal challenge among the SMEs is customer demand being too low with an average score of 3,9. 66% of the respondents say this is the biggest internal challenge. Low profitability is the second biggest internal challenge with an average score of 3.6, 59% of the respondents say that low profitability is a major challenge for them. Difficulties in accessing international markets is the third biggest challenge with an average score of 3.2 and 43% of the respondents say this is a big or very big challenge for them.

TOP 3 Biggest internal challenges:

1. **Cusomer demand is too low**
2. **Low profitability**
3. **Difficulties in accessing international markets**

What other challenges do you experience in regards to seasonality?

In the open ended question regarding other challenges of SMEs there were 138 answers, 29% of the respondents shared more information about their perceived challenges. Most answers were connected to low demand as well as to accessibility and infrastructure. Low demand is seen as the main challenge, not only lack of tourists is mentioned but also the local inhabitants are too few or they do not consume the services meant for tourists.

The second biggest challenge mentioned in the open ended answers are related to accessibility and infrastructure. Many respondents mention school holidays as a big challenge:

> *The BIGGEST challenge is that the school holidays end when the season is still ongoing. Comparing for example June with August we have 20-25% better sales in August than in June. This speaks for postponing the school holidays to start the week before Midsummer and be extended in August.*

Another challenge frequently mentioned is the ferry lines' timetables. Timetables for the winter season are published late in some regions, which makes timely planning difficult. Also there is a wish that summer timetables would be extended to at least Mid-September. Communication about the schedules needs to be improved and finding the right information is challenging, especially for foreign visitors:

> *The single biggest challenge are the transports during off season and how these are communicated. Foremost the communication about communal transport solutions to Swedish and foreign visitors. To find the different means: subway, bus, boat/ferry is not logical and easily accessible for visitors. Language versions are missing.*

Other mentions in regards to infrastructure and accessibility were restrictions in using nature areas, bad roads and no timely snow clearance, as well as lack of indoor facilities like swimming pools, saunas, indoor sports fields that could be used in any kind of weather conditions. The weather conditions were frequently mentioned. Lack of snow makes the landscape less aesthetic, outdoor activities are more risky and safety equipment costly, driving to the venue is challenging and activities on the ice are totally weather dependent and hard to foresee.

> *The prevalent image is that winter is only in Lapland. Selling Winter tourism in Southern Finland is difficult. Sometimes we have winters without snow or strong ice cover, which takes away the prerequisites for many winter activities and ruins the landscape.*

Another big challenge is the lack of activities during off-season. SMEs mentioned lack of events during off-season (and too many of them during peak season), lack of meaningful things to do and difficulties in arranging outdoor activities due to sudden changes in weather. Profitability issues are mentioned a lot, heating costs for accommodation facilities during cold winter months are simply too high.

> *To provide the same high level of service in the off-season, the house needs to be warm. Clients expect lower prices in the off-season. But our costs to keep the house warm are much higher today, with all the price increases.*

Another challenge mentioned is retaining staff between the peak seasons as well as finding temporary staff for shorter periods during off-season. Many SMEs pointed out in the open-ended answers that one of the major challenges is the strong focus on the traditional summer season in marketing and branding and how this influences the image visitors have about the destination. SMEs feel they do not have the resources needed to communicate to the public about their offering during low-season.

> *Seasonality, or the low season, is sometimes also "in the head" of clients, i.e. the preconception that services should be used in the summer and/or at Christmas.*
>
> *There is a widespread belief that people do not travel in the dark. However, it is nice to wander around Estonia in winter.*
>
> *The region doesn't believe in its own strengths. What we have to offer is of interest to European and other international tourists. It's peaceful, quiet, and has a pleasant climate. With the right functional clothing, every season works, and there are simple, enjoyable nature experiences.*

Lack of collaboration and communication between SMEs is seen as a challenge. Some entrepreneurs in the supply chain close down, and then it's even harder for the rest to provide a good service to the guests. The second biggest challenge mentioned in the open ended answers are related to accessibility and infrastructure. Many respondents mention school holidays as a big challenge:

> *It's difficult to know in advance what one will be able to offer the guests during their visit because we don't know if and when other business owners will be open. Even if there is communication and collaboration, it's difficult for small or seasonal businesses to know in advance.*

Other challenges that were mentioned are legislation issues affecting fishing, VAT taxes that should be reduced during low season, planned windmills that affect the landscape as well as personal health issues among the entrepreneurs.

In addition to the survey, 36 structured interviews with SMEs were conducted. According to these interviewed entrepreneurs the biggest challenges are other companies closing down for off-season, unpredictable weather, low customer demand, difficult accessibility for tourists and difficulties in finding and retaining staff. Many entrepreneurs also mention lack of time and skills for online sales and digital marketing, destination's brand focusing too much only on the summer season and difficulties in accessing international markets.

What are the main obstacles for operating during off-season?

Main obstacles for operating during off-season are low demand and low profitability, challenging weather conditions, lack of activities, staffing issues, problems with infrastructure and accessibility, difficulty in reaching out to visitors about off-season offering and attitudes among visitors who think that "the archipelago is closed" during off-season.

Stockholm. Photo: Henrik Trygg

05.2 Company background

In this chapter the company profiles are presented, their location and opening hours, line of business, their most important source market areas, number of employees during peak season and off-season as well as key performance indicators like turnover and profitability as well as information about certifications SMEs hold.

In the chart the company locations of the respondents are shown. Åland Islands in Finland and Kurzeme coastal region in Latvia were the most active project areas to answer the survey. In the category Other there are companies situated outside the given areas both from Finland (mainly Hanko and Raasepori), Sweden as well as Estonia.

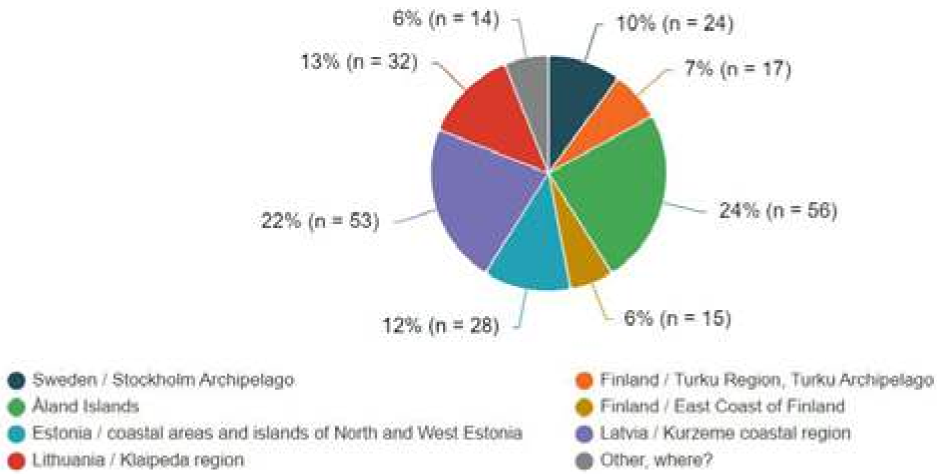


Figure 3. Location of SMEs (n=239)

This chart gives us insights into the current situation regarding the opening hours of SMEs operating in the Northern Baltic Sea Region as well as their willingness to expand opening hours in future.

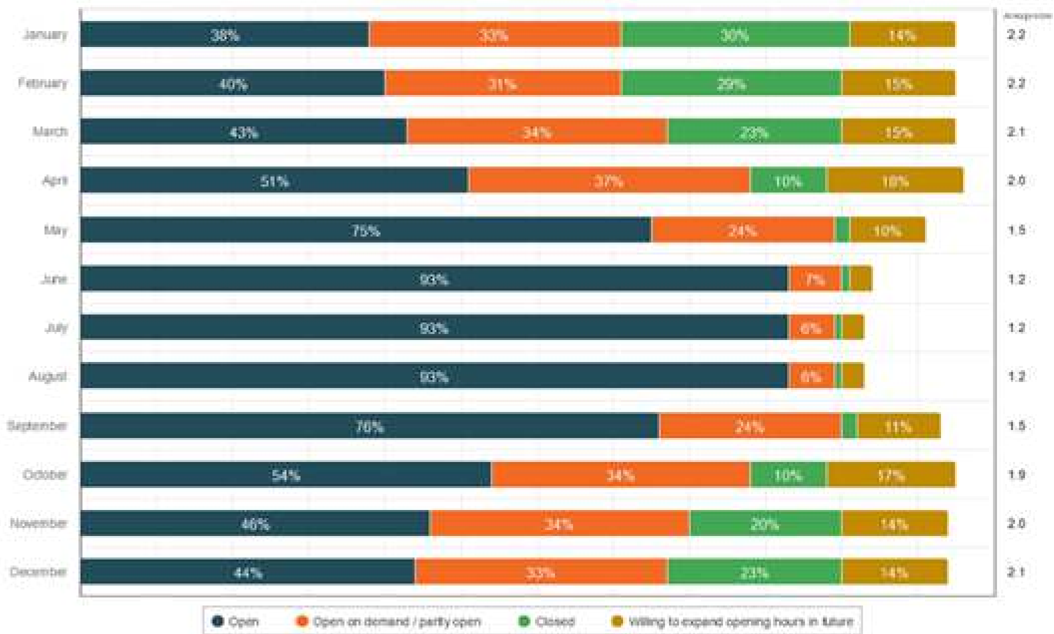


Figure 4. Operating months per year (n=239)

A majority of companies are open from April to the end of October. Even in the months typically regarded as off-season (January, February, March, November and December) 38-46% of the SMEs state that they are open. January is the month with fewest SME's up and running, 38% of all respondents are open. The most active months for SMEs are May (75% are open), June (93% are open), July (93% are open), August (93% are open) and September (76% are open). Months during which SMEs are mostly closed are January (30 % of SMEs are closed), February (29% are closed), March (23% are closed) and November (20% closed) December (23% closed).

Around one third of the respondents are opening up on demand or are partly open during the shouldermonths from September to May. April is the month when most SME's or 37% of all respondents are open on demand / partly open. The willingness to expand opening hours in future concerns mostly the months April and October, where 18% of respondents are willing to expand opening hours in April and 17% in October. 14-15% of the respondents are also willing to expand opening hours in January, February, March and November-December.

According to the interview data most SMEs consider January, February, March and November as the off-season months and also a number of SMEs regard October, December and April (16 to 20 mentions) as off-season.

As part of the interviews we also wanted to know which months SMEs consider have the greatest potential when it comes to prolonging the season and establishing new seasons. A majority of the SMEs mention October as the most interesting and potential month for prolonging the season. Also December is seen as potential due to the holiday season and Christmas festivities. Companies offering fishing tours mention that their season is very dependent on certain fish and fishing conditions, like ice. September is mentioned by 10 out of 36 interviewees.

The Spring season's most potential month is April with 8 mentions, followed by March and May both mentioned by 7 SMEs. January and February are considered least potential, although 3 SMEs mention the sports vacation around weeks 8 and 9 as interesting for themed active holidays.

MONTH REGARDED AS OFF-SEASON	NUMBER OF MENTIONS
January	29
February	28
March	25
April	16
May	3
September	2
October	19
November	26
December	20

Table 1. Interviewed SME opinions about which months are off-season for them

Line of business

The biggest group of respondents offer accommodation services, 36 %. In second place with 13% of respondents we have catering companies and in third place are companies offering nature based activities, 10%. Among the nature based activities we can find bird excursions, kayaking, hiking, cycling and packaged nature excursions.

29% of the respondents selected the option other and by analysing the answers one can see that this category is typical multibusiness company profile with many types of services they offer and they could not identify themselves in the pre-defined given options. This category includes among other guest harbors, master classes and workshops, events, expert services/ consultation, food artisan products of various kinds, sauna experiences, cultural events and musical performances, retreats, yoga camps, shop, arts and crafts, guided tours, massage, hairdresser, farms with shops offering local products, textile trading, photoshoots, boat rental and boat taxi services, golf, fish and bakery products, rental of outdoor equipment and bikes. There was also one distinct tourism retail group offering incoming travel services, booking services and organisers of tourism programs and packages.

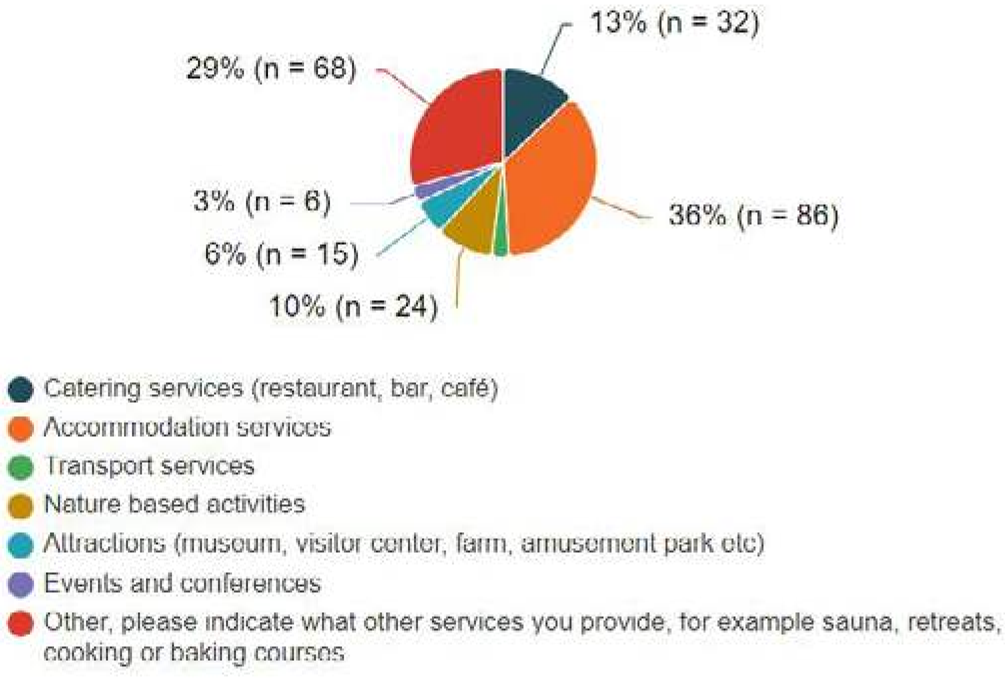
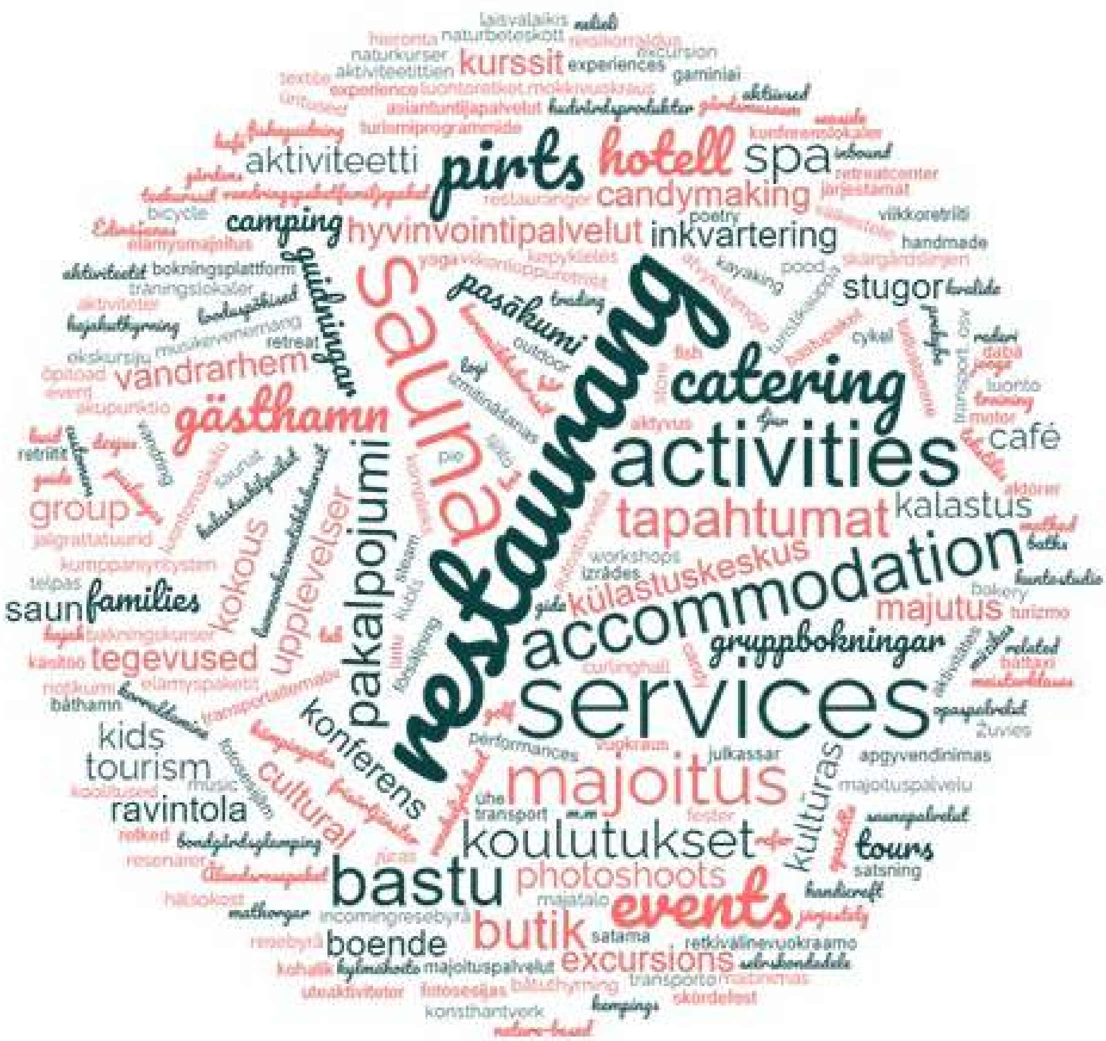


Figure 5. Line of business (n=239)

The interviewed entrepreneurs offer a variety of services. These interviewed SME represent a wide range of businesses in tourism: accommodation, hospitality, outdoor adventure, food and beverage, event planning services and product development / packaging.

ACCOMODATION	FOOD AND BEVERAGE	OUTDOOR ACTIVITIES AND EXPERIENCES	EVENT PLANNING	SERVICE AND PRODUCT DEVELOPMENT
• Bed & Breakfast accommodation • Hotel, restaurant, and guest harbor • Homestay with additional hiking activities and sauna • Accommodation services with various options such as summer homes, guest houses, tent sites, etc. • 4-star hotel with spa, restaurant, bar, conference hall, and event space • Summer café in an old fish smokehouse • Mini summer resort with activities, food, and accommodation	• Brewery and experiences with food and drink, farm shop, and events • Restaurant and café services • Café / restaurant services with apple orchard • Fish products and appreciation of local fish and food • Catering services	• Recreational boating and fishing guide services • Various outdoor activities like kayaking, canoeing, archery, sauna, and nature adventures • Organizing activities and transportation with a boat taxi service • Nature school offering different events for kids • Co-working space activities and business tourism • Nature-based tourism with activities like guided tours, outdoor food services, kayak rentals, and trips • Fishing, fishing trips, and workshops	• Hosting summer events on an island • Hosting weddings and other events at a Viking village museum • Offering event spaces in an old fish smokehouse	• Package holiday assembling • Customized experience production • Guided fishing trips • Guided and self-guided tours in the Stockholm archipelago • Productizing services like wellness weekends and relaxation in nature • Developing new products like a nature school and a summer café in a historic setting

Table 2. Interviewed SMEs' lines of business (n=36)



Picture 2 .Word cloud SME’s lines of business

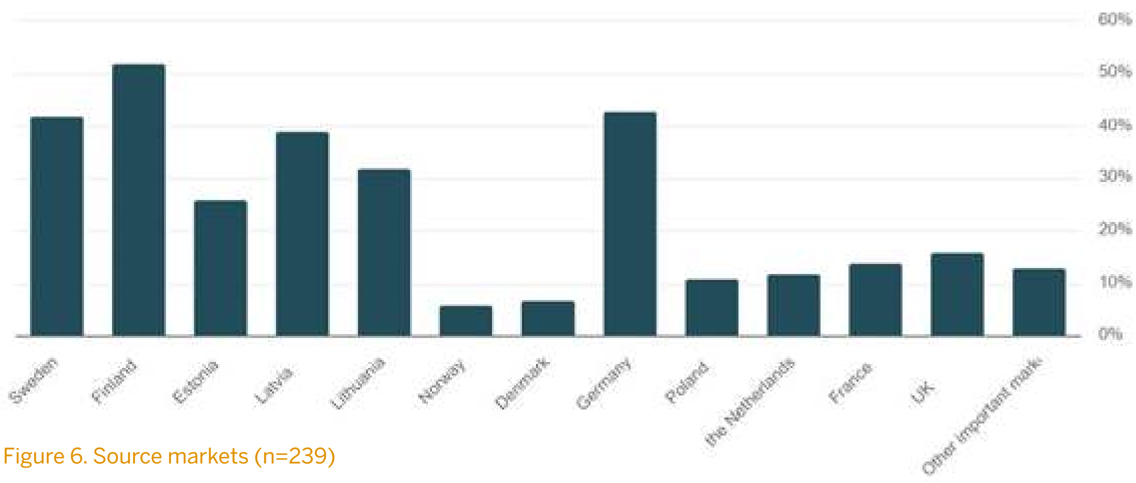


Figure 6. Source markets (n=239)

Current markets and customer segments

The biggest source markets are neighboring countries. Finland and Sweden, followed by Germany, also Latvia and Lithuania are important source markets for the region as a whole. Other important markets mentioned are Austria, Switzerland, Poland, Czech republic, Spain, Ukraine, Italy, Belgium, Israel, and even overseas visitors from Australia, Asia, Canada and USA, Peru, Brasil. The cruise ship passengers are also mentioned as an important group.

So who are the customers coming to the Northern Baltic Sea Region? According to the interviewed SMEs they serve a variety of customer segments. There is a slightly bigger focus on domestic travelers than international travelers, but both markets are considered important. Some SMEs have exclusively international visitors. Among the domestic tourists there are B2B customers, families with children, couples without children often aged 50+, groups of friends seeking nature experiences and relaxation, local residents seeking nature experiences and school classes as well as groups of seniors.

The international tourists mainly arrive from neighboring countries and Central Europe (Germany, Poland, Switzerland, Netherlands, Belgium, UK, France) but also some from North America (USA, Canada), Australia, and other English-speaking countries. Among the international visitors there are varied demographics: couples, families, groups of friends, individuals and both leisure and business travelers.

The age demographics show a variation of age groups, with a focus on:

- **Couples (35-60)**
- **Older couples without children (50+)**
- **Families with children**
- **Young adults (28-40) traveling as couple or with group of friends**
- **Seniors traveling in groups**

Looking at motives of visitors we can note the following special interest groups:

- **Nature enthusiasts**
- **Tourist arriving with their own boats**
- **Kayakers and outdoor adventurers**
- **Climbers seeking adventure experiences, bouldering enthusiasts**
- **Yoga, dance and meditation retreats**
- **Courses and master classes**
- **Sustainable tourism advocates**
- **Tourists looking for relaxation and shorter weekend get-aways**
- **Architecture fans**
- **Some prefer sustainable and eco-friendly options**
- **Others seek luxury experiences or spa packages**
- **Pet-friendly accommodations are appreciated by some visitors**

Employees during peak and off-season

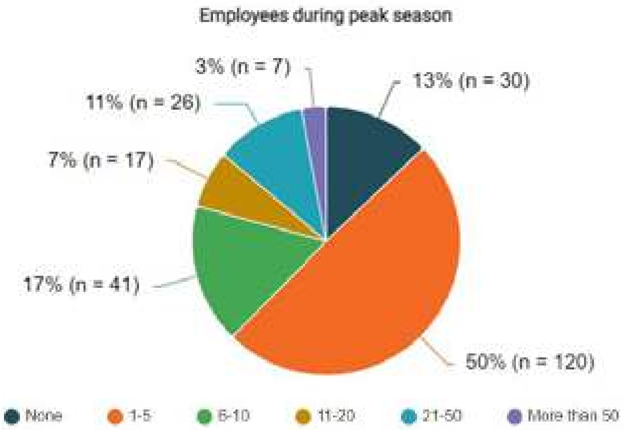


Figure 7. Employees during peak season (n=239)

During peak season half of the respondents have 1-5 employees, 17% employ 6-11 persons and 20 procent employ more than 11. During peak season 13 % of the respondents do not employ anyone.

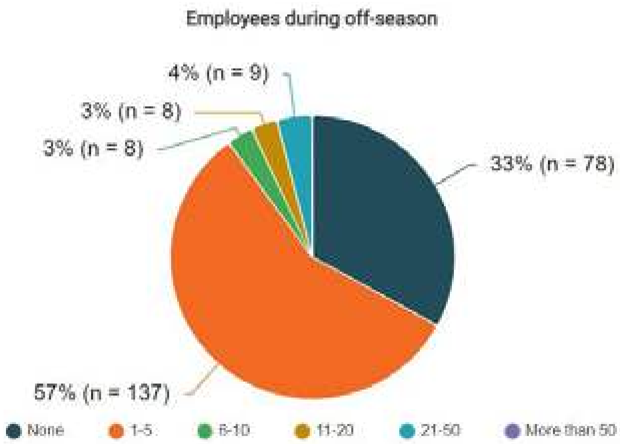


Figure 8. Employees during off-season (n=239)

During off-season the amount of companies hiring more than 6 persons drops to 10 % compared to 27% during high-season. During off-season the most common amount of employees is 1-5 and 33% do not employ anyone during off-season. In the interviews we also asked the entrepreneurs if they are operating all year round. 19 of 36 interviewed SMEs are operating during off season, 11 partly or on demand and 6 SMEs do not.

Reasons for no operations are mostly tied to ice and weather/ outdoor conditions. Other reasons are that other companies in the supply chain are closed and winter timetables for ferries are inconvenient, also difficulties in finding staff is mentioned. Two SMEs said that it's crucial to be open throughout the year in order to maintain staff.

One third of the 36 interviewed SMEs do not employ anyone, neither in peak-season nor off-season, only owners and family members help out. Occasionally contracted staff is recruited, especially for events, and freelancers are used as guides. 10 out of 36 companies say that they have employees during off-season, the number of employees ranges from 1 to 15. During peak season most of the companies have employees.

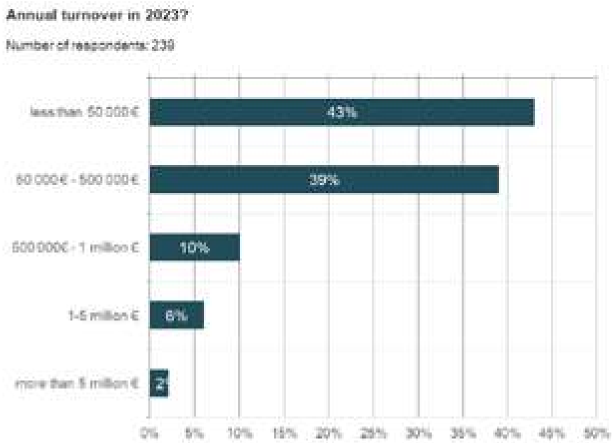


Figure 9. Annual turnover (n=239)

The annual turnover of 43% of SMEs in the Northern Baltic Sea Region is under 50 000 € and 39 % of the respondents say they have an annual turnover between 50 000 € and 500 000€. 10 % have a turnover of 500 000 to one Million € and 6 % of the respondents turnover is 1-5 Million €, 2 % or 4 companies have more than 5 Million € in turnover.

Figure 10. Profitability of SMEs (n=239)

When asked about how profitable the operations were in the year 2023 we can see that 23 % are not profitable, 36% state they make 0-10% profit of sales and 18% of the respondents have more than 10% profit of sales. 23% do not know or do not want to disclose their profitability.

By comparing not profitable and profitable (0-10% and more than 10 % profit of sales) we can state that profitable SMEs are less open in January, February, March and more open in May and September compared to non-profitable SMEs. Profitable SMEs also experience less challenges with accessibility for tourists and accessing international markets and they mention DMO cooperation as sales and promotion tools more frequently than non-profitable SMEs. Lastly profitable SMEs mention Germans as one of the main source markets more frequently than not profitable SMEs.

The interview data (36 interviewees) reveals that almost all interviewed SMEs started their business after year 2000. Only two started their business earlier, in 1990 and 1997. In the 2000's 8 companies were established, in the 2010's 16 companies and since 2020 10 companies started their business.

20 of the interviewed SME work full time in their business and 16 of them only part-time / part of the year.

Kymi river. Photo: Julia Kivelä / Visit Kotka-Hamina / Cursor oy

Certifications the SMEs hold

15 of the 36 interviewed respondents do not have any sustainability or quality certifications. Lithuanian SMEs do not mention any certifications. There are 27 mentions of different certifications across the studied regions, many entrepreneurs hold several certifications. Most certifications had single mentions, the only more frequently mentioned was Sustainable Travel Finland (one SME holds this certificate and 3 are on the path towards it).

These certifications are mentioned in the interviews: Sustainable Travel Finland, Gay friendly, Biosphere certification, Unesco Biosphere Partner, Håll skärgården ren / Keep the Archipelago clean, Green activities certification path, National Park partner, Eko Kompassi, Sälle -hamn / Roope satama (certified quest harbor), Green key, Blue flag, Certified artisan food, Inhemskt rent (Pure domestic), Hjärtmärkt (Good for your heart), Nature's best, Godkänd kanotcentral (approved canoeing center) Authorised canoeing instructor (issued by Swedish canoeing association), Swedish Welcome, Gold standard, Sustainable meet Stockholm, Pedestrian friendly, QLatvia, National (Latvian) Green certificate, EHE certificate, EuroParc, Green destination, Hiiumaa eco label.

Gathering customer feedback

The interviewed SMEs mostly rely on direct face to face feedback or observation, 22 of 36 SME collect feedback in this way. More systematic ways of gathering customer feedback include surveys sent out after the visit or guided tour, feedback form on their own website or on a booking platform. 14 entrepreneurs mention that they ask guests to write reviews on Tripadvisor, Google or social media platforms.

Co-operation

The interviewed entrepreneurs mostly cooperate with other tourism service providers (22 out of 36 mentions). There needs to be the same quality standards, shared values and mutual trust for the cooperation to work. 7 entrepreneurs have close cooperation with tourism information centers and Visit organisations. 5 entrepreneurs mention travel agencies as their most important co-operation partner. Other cooperation partners mentioned are local farmers and fishers, municipalities, creative industries like theater, actors and artists, event marketing agencies, ERTO (Estonian Rural tourism Organisation), museums and attractions, Hiiumaa Tourism Cluster, Estonian Nature Tourism association, Estonian University of Life Sciences, Environmental Board, State Forest Management Centre, LEADER action groups, Nature Tourism association, Gauja and Soomaa national parks, Finnish network in Estonia. One entrepreneur mention cooperation with influencers:

> ***We have had some influencer marketing and it worked well. Influencers posted some reals, and we immediately got new followers and bookings.***

To conclude we can summarize the most common features of an tourist entrepreneur in the Northern Baltic Sea Region:

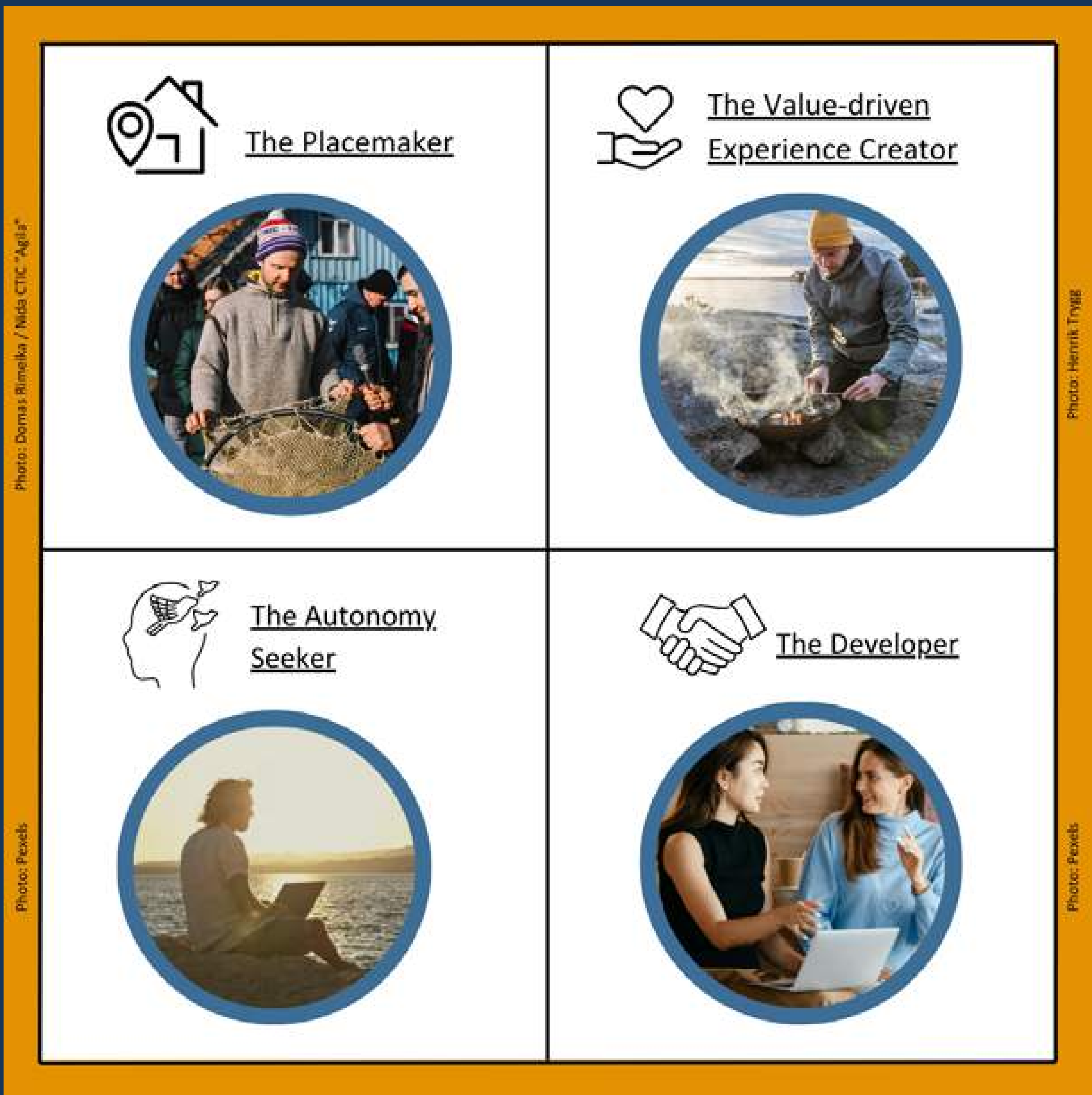
- **Is in the accommodation business and offers lots of other activities and services as side business**
- **Has 1-5 employees**
- **Less than 50 000 € turnover**
- **0-10 % profit of sales**
- **Was established in the 2000s**
- **Uses mostly direct sales and online booking platforms to sell their services**
- **Relies on own website, Facebook and word-of-mouth referrals in marketing**
- **Has some certification of sustainability and / or quality**
- **Co-operates mostly with other tourism companies and service providers**
- **Collects customer feedback face to face**

Nagliai strict nature reserve. Photo: Andrius Pelakauskas / Nida CTIC "Agila"

Puhtulaid islet. Photo: Visit Pärnu.

Entrepreneur personas

Based on the interview data we were able to create entrepreneur personas. Most SMEs fall under the type of The Place Maker and least SMEs belong to the Developer type of entrepreneur. Entrepreneurs can naturally have characteristics from several personas.



The Place Maker (1)	The value-driven experience Creator (2)
Preserving living conditions Local community and traditions Upholds family tradition/family business Contributes to community development Will to live in a beautiful, nature environment Love for the home region Will to develop the destination Working for a living archipelago	The value-driven experience Creator (2) Delivering memorable experiences Values happy customers Enjoys customer encounters Sharing knowledge and skills Teaching / Educating sustainability Making people value the nature Transmitting your own values to the visitors
The autonomy Seeker (3) Driven by independence and autonomy Pride in making your own living Freedom, versatility, deciding your schedule You do what you love Living my dream Hobby as work Fulfilling when you notice the results of your work Not having to work 9-5	**The Developer (4)** Innovation Collaboration Networking Wants to develop as an entrepreneur Wants to develop the business and create new products Will to create something new Delivering quality Desire to promote tourism

The Place Maker

> *As an entrepreneur, my driving force is deeply rooted in the desire to uphold and continue our family tradition in our business.*
> *It's rewarding to be an entrepreneur, we are a significant part of society, indirectly employing many locals, and I have the support of the local community here.*

Experience Creator

> *I see that I do good to people and society: my purpose is to bring them to nature and make them value it; to inspire people to be active.*
> *My driving force as an entrepreneur is to create memorable experiences, the loveliest thing is when happy customers give you a hug or bring you flowers for Christmas.*

The autonomy Seeker

> *As an entrepreneur, my primary driving force is the opportunity to work for myself. Working for myself allows me the freedom to make decisions, set goals, and shape the direction of my business according to my vision and values.*
> *Not having to work 9-5 and to bring my own ideas forward.*
> *A pride in supporting oneself, one can do things that others cannot. Stand on one's own two feet, you know.*

The Developer

> *The desire to develop as an entrepreneur, to be able to offer great experiences/products.*
> *To create something new, meet people's needs, networking, collaboration.*

05.3 How SMEs sell and market their services?

Direct sales is the most common way (89%) of selling the services. In second place there are various online booking platforms (57%). Around 20 % of the respondents sell their services through tour operators or travel agencies and 27% cooperate with regional DMOs.

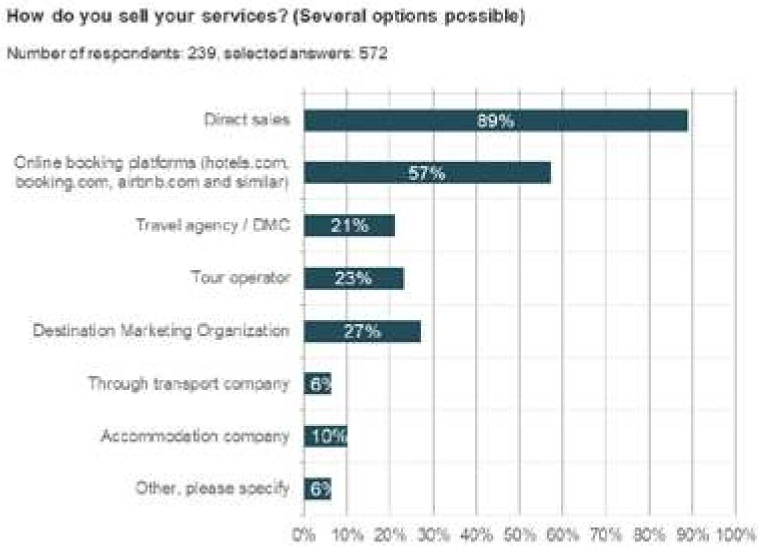


Figure 11. Sales channels of SMEs (n= 239)

Most common promotional tools are their own website, word-of-mouth referrals and Facebook. 49 % of SME work with local or regional DMOs for promoting their services and 28% cooperate with tour operators or travel agencies. Least common of the given options is TikTok and own blog as well as sponsoring. Other ways of promoting services mentioned were Booking.com, Airbnb, LinkedIn, Eckerö Line, Svenska Turistföreningen (Swedish Tourism Board), Cultural events, Seminars, discussions, Business cards, study tours, and promotional events.

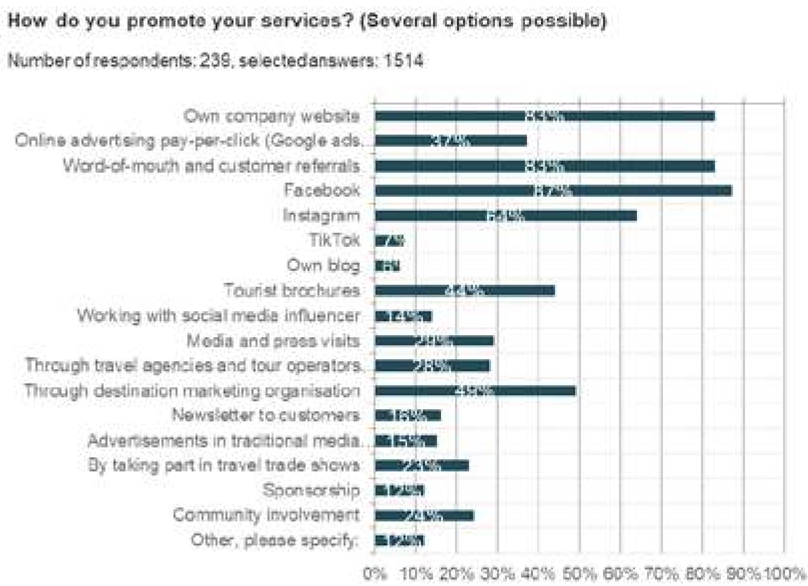


Figure 12. Marketing channels of SMEs (n_239)

According to the interviews, SMEs use a variety of tools and channels to sell and market their products and services. Most common channel for marketing is social media. Most commonly used is Facebook, followed by Instagram. One respondent mentioned LinkedIn, and no SME mentioned TikTok or other social media channels. Own website, word-of-mouth and cooperation with DMOs are most popular. Using Google ads and google maps as marketing was mentioned by 7 respondents. 6 respondents mention direct personal sales through calls and e-mails. Travel agency as a sales channel is mentioned by 6 respondents and going to fairs, events and markets is equally mentioned by 6 respondents. Digital platforms are used as well, 5 respondents mention using Booking.com and 2 mention Airbnb. Booking is seen as an important tool, however its provision fees are regarded problematic. One respondent mentioned Airbnb Experiences as a potentially interesting sales channel for his/her services. Other digital platforms mentioned are DataHub and Bokun. 3 respondents mentioned brochures and 3 respondents mentioned ads or articles in local press.

Single mentions of other marketing and sales channels were:

- **working with influencers**
- **sending out newsletter**
- **hotels as sales channel**
- **advertising in local course centers and venues**
- **online gift vouchers**
- **taking part in projects**
- **marketing in conference website**
- **TV shows**
- **branded products as gifts**

Utö. Photo: Jasmin Yuchun / Visit Pargas / Novia University of Applied Sciences

05.4 Services SMEs are willing to sell during off-season

In the survey SMEs were asked to list services they are currently selling or would be willing to sell in future. SMEs are willing to sell the following types of services:

- **Wellness services like spa, sauna and services related to the sauna experience, treatments, relaxing nature experiences, yoga retreats, different kinds of relaxation in nature and calming down packages were mentioned 20 times in the open ended answers.**
- **A major category of services SMEs are willing to sell during off-season (30 mentions) are outdoor nature based activities. In this category SMEs mention excursions, adventure trips, horseback riding, cycling, photography, birds, nature master classes, cross country skiing, sailing with windsurfers, fishing, canoeing, walking, school camps, hunting, wildlife observation, seal safari and snowmobile safaris.**
- **Other types of experiences mentioned are different kinds of events and themed parties, escape games, experiences that can be adapted to the season, wine and beer tastings, poetry nights, masterclasses and workshops in cooking or handicrafts.**
- **SMEs are also willing to sell catering services to events and conferences or private parties during the off-season.**
- **There are also mentions about packaged tours, for example weekend get-aways, sauna packages, all inclusive stays for seniors, couples without children and foreign guests and also packaging together with other companies in the region.**
- **Transportation services are also mentioned, guided tours for groups with bus transport and taxi services.**
- **Many accommodation providers are willing to sell a variety of packages in combination to accommodation: meetings and conferences, private events and celebrations, spa and sauna services, excursions into nature and yoga camps.**
- **Other types of services include selling products like sheep fur, meat, souvenirs at markets, expert services for product development and marketing and food tours.**

What services and products do you offer during the off-season?

Most of the interviewees say that their service offering can be adapted to off-season. The SMEs do however point out that the experience is totally different in off-season, the service is more personalized and the entrepreneur has more time for each customer encounter. The current off-season offering consists of Outdoor nature-based activities, Events and Courses, Wellness and sauna products. Other services that SMEs offer during off-season are product development and packaging, guided tours, karting, cleaning services for locals and food related products like smoked fish. Accommodation providers also offer services and experiences like sauna rental, trolley sauna rental, old car safari, art workshops and guided tours.

Erämys Keisarin Kosket. Photo: Annika Ruohonen / Visit Kotka-Hamina / Cursor Oy.

NATURE BASED ACTIVITIES	EVENTS AND COURSES	WELLNESS AND SAUNA PRODUCTS
River adventures	Escape room	Retreat
Excursions into the forest with snow shoes	School programs / Nature school	Yoga (2 mentions)
Hiking (5 mentions) Also night hikes in darkness with lantern, and hiking with kick-sleds	Themed weekends	Sauna, also jurta sauna
Fatbike	Events and conferences	Heated outdoor pool/hot tub
Ice fishing	Outdoor events	Wellbeing packages
Cross-country ski rental	Courses	
Mushroom and berry picking	Private parties and celebrations	
Ice skating		
Canoeing		

Table 3: Current off-season offering of SMEs in the Northern Baltic Sea Region based on interview data n=36

What would make your current customers come also during off-season?

In order for current visitors to come also during off-season there needs to be strong and long-term marketing efforts to change the perceptions of current customers. Current customers have specific reasons to visit the Northern Baltic Sea destinations during the peak season and to attract this target audience also during off-season there needs to be information about companies that are operating also outside peak-season at the destination. Companies need to actively tell their current customers about their offering during off-season and attract them with package deals, themed offerings, loyalty programs and pre-booking benefits. SMEs also suggest marketing about nature phenomena during off-season, to promote fog, storms, frost, snow, moonlight, darkness etc. It would be important to turn the dark, quiet and calm period into something positive and take away the fear of the cold and dark. Information about winter timetables of ferrylines is important as well as cooperation among those SMEs who can serve customers off-season is crucial in order to have a broad service offering.

Opening hours is mentioned as a prerequisite for current customers to visit the destination during off-season, more focus should be put on marketing other types of nature based activities than sunbathing and swimming.

> ***Outside of the season, the customer base consists of different customers compared to during the season. Reaching them requires a new approach to product development, marketing, and sales efforts. Resources are needed to get everything started, but there is no investment capital available.***

The respondents listed a lot of activities that could be offered to current customers, many of which are mentioned earlier in the report. Events are again mentioned several times (21 mentions). Many SMEs pointed out that it might not at all be the same visitors we are supposed to target during high and low season, since the offering and the experience is very different in summer versus the dark season.

> ***Every season has its own customers.***

Understanding tourist motives is seen as a key factor in offering services during off-season.

> ***The current ones are unlikely to do so (come during off-season), as they have their own interests in our holiday complex - relaxing by the sea, fishing.***
>
> ***We should attract new customers who just want to enjoy peace and quiet or celebrate a holiday in a beautiful place by the sea.***

It's important to reach out and offer services for people who value peace and quiet, who don't like the peak season's hustle and crowds, for those who enjoy spending free time in nature, strolling around without too many activities. To create the perfect surrounding for relaxation.

There were also mentions about bigger investments like SPA facilities that would attract current customers to visit in off-season, or the possibility to upgrade accommodation facilities to be winterproof. SMEs also pointed out that they need to change the way they think about diversifying markets and being brave enough to try out new services.

What are your strengths and resources when it comes to operating off-season?

The interviewed entrepreneurs show a variety of strengths and resources in operating off-season. They mention networks and collaboration as a strength as well as having suitable infrastructure like heated indoor areas, sauna and heated pools, equipment for outdoor activities.

> ***Our indoor pool area allows swimming and sunbathing in a climate-controlled environment with exposure to sunlight. OTTO´s Sun – lamp that simulates the entire spectrum of Sun`s rays – for the rest of the year.***

The natural surroundings and seasonal variation in the landscape, the local connection of the entrepreneur and knowledge about for example fishing areas and places to pick berries and mushrooms are seen as resources. Living in the destination year-round is seen as a strength, it makes it easier to serve clients when you are located in the area.

> ***September in Hiiumaa is warmer than in the rest of Estonia. You can pick berries, mushrooms, fish etc. You can have events outside. We see September as a possibility, not an obstacle. Many summer businesses can still operate in September.***

Flexibility as a resource is mentioned several times, and the capacity to adapt your activities to different seasons. Being able to keep staff all-year round is seen as a major strength.

> *Despite all (off-season) being able to give full service to the clients, breakfast and meals can be served, we have staff. Even if we have only few customers we can offer breakfast, the guests don't need to prepare it themselves. We have sauna, jacuzzi and dinner, that's already enough. Our location is beautiful, the landscape is always great. Storm watching from the dining area or from the rooms.*

Entrepreneurs also mention mindset as a strength, the ability to think outside of the box and being brave to try new things. Also available marketing material for all seasons as well as being able to offer packages at more attractive prices in off-season are seen as a resource.

What are the main obstacles for operating during off-season?

The most commonly mentioned obstacles for operating during off-season are low demand, image as a summer destination, lack of capital to invest, high heating costs, difficulties in retaining staff, the weather conditions and lack of suitable indoor facilities to use as an alternative space. Despite obstacles, there are SMEs who see ways of working around these:

> *The space we have now is only suitable for the summer, developing it for the off-season requires a big investment, but we plan to do it and work all year round in the next few years.*
>
> *Outside activities aren't as attractive during this time and clients pick safer options. We could make outside activities a trend during this time too.*
>
> *The weather can be unpredictable, but we want to show that wind and storm are also cool. The biggest challenge is to convince the entrepreneurs, because they are used to operating only in the summer.*

Photo: Latvia Travel / Kurzeme Planning Region.

05.5 Regional comparison

There are some significant differences among the SMEs across the studied regions. Especially when it comes to challenges like branding focussing on the summer season, accessibility, staffing and accessing international markets. In this chapter certain significant differences are described, in cases where regional differences are relevant and varied compared to the total results.

The situation that the current brand of the destination is focusing in the summer season seems to be most challenging among SMEs in Turku region (53% of respondent agree or strongly agree), in the Åland Island (48 %), and Lithuania (43%), whereas SMEs in Finnish East coast (Kotka-Hamina region) are least concerned with this challenge (27% of respondents agree).

The perceived challenges in regards to accessibility varies naturally according to the geographical location. Among SMEs from Sweden, Stockholm archipelago 58% agree or strongly agree that accessibility is difficult for tourists, on Åland Islands 53% and in Turku region 42 % agree or strongly agree with this statement. SMEs in Estonia agree the least with this statement, only 11% of SMEs in Estonia agree or strongly agree that accessibility is difficult for tourists.

Finding and retaining competent staff also varies across regions. The staffing issue seems to be most problematic in Lithuania (Klaipeda and Neringa regions) where 72% of SMEs agree or strongly agree that this poses a challenge for their business, also SMEs in Latvia (Kurzeme planning region) see staffing as a challenge, 47% agree or strongly agree.

To conclude we can state that challenges are more universal and common across the regions than varied and differing. Most SMEs in the studied regions are facing similar challenges and struggles when it comes to prolonging the season.

05.6 Innovative responses and solutions suggested by SMEs

The interviewed entrepreneurs were asked if they think it's a good idea to invest time and money to develop products and market the off-season. 30 entrepreneurs out of 36 were positive about prolonging the season, 3 were hesitant and 3 did not think investing in off-season development is a good idea.

For this to succeed they point out the importance of product development, joint marketing efforts, collaboration and regional development.

> ***Firmly believe that there is potential, people are always on the move, it is important to understand the needs of customers and to package new products that are interesting. Costs run in the property all year round, so it's worth developing.***

Collaboration is seen as another key to succeed in prolonging the tourism season:

> ***Yes, but it needs to be done in cooperation with other businesses in the region. There's no point in doing it alone, because you won't have the results you want. We need to make it a trend at a national level to attract enough customers.***
>
> ***Yes, absolutely! We need new products, we need to do the packaging together, more entrepreneurs and other actors should join in.***

The role of tourism in preserving the local communities is also mentioned in the responses:

> ***Yes, to develop the local community, retain staff, and develop the destination. I understand those who close; you're completely exhausted by September after the season. The tourist season in Åland is extreme; it exhausts the entrepreneur.***
>
> ***Untapped potential in the winter; there is capacity, and all customers who come in the winter are satisfied.***

The interview responses show an abundance of innovative ideas ranging from AI driven marketing efforts to electric small airplanes for passenger traffic. The entrepreneur ideas for prolonging the season can be grouped in three categories: information and marketing, infrastructure improvements and product development. The entrepreneurs mention mostly ideas connected to product development.

There is a need to raise awareness among customers that the nature areas are open all year round and that nature offers beautiful scenery in all seasons. The off season needs to be communicated with other types of imagery and stories, silence should be used more efficiently as a selling point.

Ideas regarding infrastructure improvements like bicycle paths and parking lots at tourist attractions as well as one single information system for public transport and outdoor paths for cycling and hiking are mentioned. Most ideas are related to new products, new ways of packaging products and collaborating more actively with other service providers.

> *Packaging with other accommodation facilities and service providers so that the guest can experience more and stay longer in the region.*

Events of various kinds are the most common type of ideas for managing and mitigating seasonal variation: yoga, retreats, master classes, cooking classes, workshops, wellness and motivational days for business clients. Other concrete ideas for off-season activities were:

- **Summer restaurants as pop-up in city centers during winter time**
- **Outdoor cooking**
- **Birdwatching**
- **Ruska hikes**
- **Berry and mushroom picking**
- **Incentive travel**
- **Moonlight kayaking and winter kayaking**
- **Themed evenings in restaurants**
- **Trail run in the darkness**
- **Ice swimming**
- **Fishing under the ice**
- **Lighting up the outdoor surroundings**

The interviewed SME's mention the unique nature offering as the biggest reason to visit the areas in the Northern Baltic Sea Region during off-season. Improved tourism infrastructure, spa and wellness services as well as high-quality accommodation were also seen as important factors to attract visitors. SMEs frequently mention authenticity and local traditions or cultural heritage, history, storytelling, the local people and their way of living as important assets.

Improved accessibility is also regarded as a key to attract more visitors, it should be easy to plan your trip and find schedules, better connections to/from Arlanda airport to the Stockholm archipelago are requested.

A lot of SMEs mention promotion of off-season and rebranding the destination as crucial. Promotion on a national level is needed to change the image from a purely summer destination into a versatile region with special offers around the year. Common joint marketing efforts and collaboration in the region are mentioned. International visitors are seen as most potential for growth and there is a big interest in attracting the MICE segment.

Developing unique experiences will increase the attractiveness of the region during off-season. SMEs mention more events and activities like master classes in cooking, yoga retreats, suitable activities for seniors. There is a need for themed packages for different segments, mini-vacations, weekend get-aways, different kinds of unique one-time-only experiences, also for bigger groups. Special offers and cheaper prices could attract visitors. Good food, local products like berries and mushrooms and artisan food products add to the visitor experience. Concrete activities like cycling and hiking with sauna are mentioned as potential attractions. As key selling points for the off-season SMEs mention silence and peace, darkness, storms as well as safety and security.

Future plans

As part of the interviews the SMEs were asked to present their plans for the future and they mentioned plans regarding product development, intensified cooperation, finding new segments and new markets as well as business development. There are plans to create new, improved packages, also wellness packages, and creating unusual services, such as a musical tour. Special offers with theatre and accommodation are being planned.

Events like open water swimming, and master classes are looked into. Establishing cooperation with event organisers is underway. One SME is participating in a training programme to develop nature based products. SMEs are interested in finding new segments:

> *We want to attract the MICE segment and corporate clients. In addition to offering nature tourism services, we want to meet customers with whom our values and preferences are aligned.*

SMEs are planning to intensify the cooperation with other businesses in the same region, as an example a cooperation with a clothing company selling recreational outdoor clothing is mentioned. Going to international trade fairs together with others and creating joint marketing campaigns is also mentioned. Working with DMOs, travel agencies and tour operators is part of the SMEs planned activities, they want to meet travel agents and find new clients through the regional DMOs, and SMEs are on the look for new distribution channels. The SMEs want access to international markets.

> *Netherlands is important to look into.*
>
> *The most important thing for us as a rural and coastal entrepreneur is to get international tourists. It is important at the national level, not just for us. At the national level, they promote just a few cities that don't offer rural areas, just places that are close to Riga. International tourists can't find offers in rural areas.*

There needs to be a long-term promotion plan to promote not just the big cities, but also rural areas.

Marketing to USA, marketing towards Estonia, we see a potential there

customers with whom our values and preferences are aligned.

The interviewed SMEs are actively developing their businesses by following trends, being more active on social media and adding language versions to their websites to attract foreign visitors. They also invest in their facilities and equipment (building a bigger sauna, buying a second boat), plans to set up a camping van area and make better use of their outdoor surroundings by establishing a nature trail with information signs and finding new routes for boat tours.

How do you see tourism seasonality developing in the future?

The interviewed SMEs mostly see the potential in the off-season development and think positively about the future.

I think we are on a right track: community, cooperation and cultural traditions. We have to keep working with these. Tourists have to feel that they are part of that community. We don't need masses of tourists, but the right tourists, that value our nature and heritage and who also leave money here.

The off season has become shorter and will continue to do so. Hiiumaa is visited all year round.

The SMEs point out the importance of cooperation and joint efforts, packaging together with other service providers and think that businesses need to work together

There is a need for a common destination organisation working for a common goal, to reduce competition among operators and to promote cooperation.

The business must want the change, and for the change to happen someone needs to take the lead show that it's possible.

Several SMEs also mention the need for a shift in marketing, to make the off-season a part of the total offering. They wish for better wording, to avoid talking about off-season, instead increase awareness about destination's potential also outside summer season. Many SMEs mention that they believe mostly in developing the autumn season.

Need to change the marketing so that it communicates year-round tourism

Marketing requires resources, autumn is good, we have good experiences, sales has been growing, there is potential.

In marketing you need to point out the things you can do during the dark season: stars in the sky and peaceful hikes.

Autumn packages for Stockholm visitors added with archipelago nature experience.

Activities and events will attract visitors in future and finding the right segments is seen as a key for future. Business travelers is mentioned by some SMEs

Incredible potential, quality, not quantity, the key is to find the right customer segment.

We want to focus on VIP customers who won't have to worry about how they will get here by public transport, rent a chauffeur-driven car or fly in by helicopter. They take a 2 or 3 day full package with meals, activities and overnight stays in the forest. For us, it's much better and we earn more than with some families who come to shoot a bow and ask for a discount.

Some SMEs are more hesitant, there is a need for more economic stability and security in order to invest. Island destinations are dependent on the ferry schedules, these need to be improved.

It's a closed circle of supply vs demand. If local authorities invest in the measures of seasonality it could be possible to support the demand side of things.

If the general economic situation improves, then it will develop.

Stockholm. Photo: Lars Sjöqvist.

Stintap kis fest. Photo: Domas Rimeika / Nida CTIC "Agila".

06

Conclusions

The conclusions are presented towards the SMEs, the DMOs and business support organisations and regional/national policy makers.

Recommendations

For SMEs

1. Collaboration with other companies and stakeholders in tourism in form of co-packaging products and joint marketing efforts is needed to create a more versatile service offering targeting new segments.
2. Many SMEs sell their products directly to the customer and the share of SMEs working with travel agencies, tour operators and DMOs remain low. This does not enhance accessing international markets.
3. SMEs need to know opening hours of service providers in the region in order to better serve an inform customers. It's important to keep the customer in the region and offering them the whole tourism package.

For DMOs and business support organisations

1. One of the main challenges facing businesses in the Northern Baltic Sea region is low customer demand during off-season. There is a need for a more diverse marketing strategy, showing all the seasons and highlighting off-season experiences ian inspiring way.
2. It's important to focus on other types of customer segments than the traditional sun and sea lovers, instead looking at special interest groups who are into different kinds of outdoor nature-based activities, wellness tourists, tourist who want to learn new skills in master classes and segments valuing the peace and tranquility, silence and darkness of the region.
3. Tourists need easily accessible information about opening hours and schedules for public transport and ferry connections.

For policy makers and transport companies

1. Difficult accessibility during off-season is considered a main obstacle for increasing the number of visitors outside the traditional summer season. It is of vital importance to continue developing public transport, especially ferry connections to island destinations, but also to maintain roads and guarantee timely snow clearance during winter time.
2. Making the timetables more user friendly and develop route planners across regions makes it easier for tourists to find schedules and plan their trips.
3. The tourist SMEs are facing low profitability and lack of capital to invest. This creates a need for public investments and subsidies. EU as well as national co-funding are needed to spark investments and destination development.

Prolonging the tourist season is a long and joint journey requiring both a renewed marketing strategy with more focus on other seasons than the traditional summer peak season as well as targeting an audience who is less dependent on holiday seasons and are attracted by nature, peace and quiet and wants to avoid crowds. The endeavor to prolong the season requires product development and collaboration on destination level as well as investments in accessibility throughout the year. When successfully managed, prolonging the season has various positive effects on retaining staff, profitability, customer demand and community development. The measures taken in the Light in the Dark project in the form of tailor made research about market demand and supply, product development and creation of marketing materials will enhance the process of prolonging the season and hopefully contribute to a broader understanding of the importance of this matter.

Nida lighthouse. Photo: Andrius Kundrotas / Nida CTIC “Agila”

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Photo: Max Belchenko / Adobe Stock.

Sandhamn. Photo: Henrik Trygg.

Appendix

Webropol survey How to prolong the tourism season?

Dear entrepreneur operating in the Northern Baltic Sea Region!

The Light in the Dark project team wants to understand your off-season business challenges and we'd like to hear about your ideas on how to prolong the tourism season or create new seasons in the Northern Baltic Sea Region. We appreciate your time and input, it takes less than 10 minutes to fill in this survey. The results will be used to create an off-season nature-based offer to attract tourists to our region.

The data that we collect from you is confidential and meant for use in the project Light in the Dark. Data controller: Åland University of Applied Sciences, Navigationsskolegränd 2, 22100 Mariehamn. The data controller is responsible for the appropriate and lawful processing of the personal data in the research.

1. What are the biggest external challenges for your company during off-season?

Please rate on a scale of 1-5 how important these challenges are for you.

1 = This is not at all a challenge for me **5 = This is a very big challenge for me**
1= not important **5= very important**

- **Other companies are closing down for the off-season:**
- **Current brand of the destination is focusing on high-season:**
- **Difficult accessibility for tourists:**
- **Increasingly heavy storms:**
- **Coastal erosion:**
- **Unpredictable weather:**
- **Difficulties in finding and retaining competent staff:**
- **Difficulties in finding staff accommodation:**
- **Difficulties to adjust staff to seasonal changes:**

2. What are the biggest company internal challenges during off-season?

Please rate on a scale of 1-5 how important these challenges are for you.

1 = This is not at all a challenge for me **5 = This is a very big challenge for me**
1= not important **5= very important**

- **My current services are not suitable for off-season:**
- **Customer demand is too low:**
- **Low profitability:**
- **Lack of capital to invest in new services:**
- **Poor online sales and marketing skills:**
- **Poor customer service skills:**
- **Poor service development skills:**
- **Difficulty in accessing international markets:**

3. What other challenges do you experience in regards to seasonality in tourism?

4. What services would you be willing to sell during the off-season?

5. What would make your current customers come also during off-season?

6. What are the main obstacles for operating during off-season?

Thank you for sharing your ideas and challenges regarding seasonality in tourism!

Now let's move on to some background information of your company!

7. Where is your company located? *

- **Sweden / Stockholm Archipelago**
- **Finland / Turku Region, Turku Archipelago**
- **Åland Islands**
- **Finland / East Coast of Finland**
- **Estonia / coastal areas and islands of North and West Estonia**
- **Latvia / Kurzeme coastal region**
- **Lithuania / Klaipeda region**
- **Other, where?** ________________________________

8. Operating months per year. Please indicate which months your business is open for customers and your willingness to expand opening hours during off-season.

	Open	Open on demand only / partly open	Closed	Willing to expand opening hours in future
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				

9. How do you promote your services? (several options possible)

a. Own company website
b. Online advertising pay-per-click (Google ads or similar)
c. Word-of-mouth and customer referrals
d. Facebook
e. Instagram
f. TikTok
g. Own blog
h. Tourist brochures
i. Working with social media influencer
j. Media and press visits
k. Through travel agencies and tour operators (FAM trips)
l. Through destination marketing organisation
m. Newsletter to customers
n. Advertisements in traditional media (newspaper, TV, radio)
o. By taking part in travel trade shows
p. Sponsorship
q. Community involvement
r. Other, please specify:

10. What is your line of business? *

- Catering services (restaurant, bar, café)
- Accommodation services
- Transport services
- Nature based activities
- Attractions (museum, visitor center, farm, amusement park etc)
- Events and conferences
- Other, please indicate what other services you provide, for example sauna, retreats, cooking or baking courses

11. How do you sell your services? (several options possible)

- Direct sales
- Online booking platforms (hotels.com, booking.com, airbnb.com and similar)
- Travel agency / DMC
- Tour operator
- Destination Marketing Organization
- Transport company
- Accommodation company
- Other, please specify

12. Where do your customers mainly come from? (several options possible)

- Sweden
- Finland
- Estonia
- Latvia
- Lithuania
- Norway
- Denmark
- Germany
- Poland
- the Netherlands
- France
- UK
- Other important markets, please specify:

13. How many employees did you have during high and off-season in year 2023?

High-season	Off-season
None	None
1-5	1-5
6-10	6-10
11-20	11-20
21-50	21-50
more than 50	more than 50

14. Annual turnover in 2023

- less than 50 000 €
- 50 000 € - 500 000€
- 500 000€ - 1 million €
- 1-5 million €
- more than 5 million €

15. How profitable were your operations in 2023?

- not profitable
- 0-10 % profit of sales
- more than 10 % profit of sales
- I don’t know/ I don’t want to disclose

Thank you for participating in this survey regarding challenges of SMEs operating in the Northern Baltic Sea Region!

Project website: https://interreg-baltic.eu/project/light-in-the-dark/

Photo: Visit Estonia / Remo Savisaar.

Photo: Nida CTIC “Agila” / Andrius Kundrotas.

For more information about the Light in the Dark project,

[Visit Interreg Baltic Sea Region's website here]

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RESILIENT ECONOMIES AND COMMUNITIES

Light in the Dark

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