The Digital Transformation of Tourism SMEs in the European Union: Challenges, Opportunities, and Support

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Abstract

Digitalisation and the increasing usage of digital technologies have brought significant transformation in people´s everyday life. In tourism, digitalisation revolutionized tourism experiences and products which affected the demand and the provides sides of tourism (Xiang, 2018; Dredge et al., 2018). While facilitating the entire vacation of the tourists, digitalisation possess a series of challenges for the European tourism SMEs, the later striving meet customers´ desires in a digital world (Tanti & Buhalis, 2017). As such, this thesis aims to investigate the challenges along with possible strategies for the sustainable development of tourism SMEs in a digitalised world. The paper will also emphasize the possible opportunities for SMEs to digitalisation in order to provide a more in-depth understanding of what digitalisation implies.

This research used qualitative methods as empirical data in the form of semi-structured interviews with various tourism stakeholders. The 16 semi-structured interviews held with various levels of DMOs, tourism boards, academics, and SMEs from the European Union with the intention of capturing the situation of the SMEs in their digital transformation. The research revealed that the conservative mindset of the SMEs may hinder their digital transformation and that various support in knowledge building could differ among member states, among country regions and even among SMEs at a destination level. Nevertheless, different collaborations among tourism stakeholders could enhance the digital transformation of tourism SMEs. As such, the local authorities role is identified as having a significant impact on the uptake of digitalisation by tourism SMEs. The collaboration and network creation at a destination level have been also identified as facilitating the development of smart tourism. Nevertheless, this thesis revealed that in order for the successful implementation of a Digital Single Market, the differences between individual SMEs, regions and member states, have to be taken in consideration, because, in some cases, one-size fits all solutions may not solve the challenges that the tourism SMEs are facing when it comes to digitalisation.

Chapter 1: Introduction

Tourism industry is being considered one of the fastest growing industries being a key driver of socio-economic progress around the world (UNWTO: European Union Tourism Trends, 2018). In 2018, Europe was the most visited destination in the world accounting for 50% of the world´s tourist arrivals, and in 2016 the 28 states from the European Union accounting for 40% of international tourist arrivals and 31% of international tourism receipts worldwide (Ibid). In 2014, there were 2.3 million tourism enterprises, most of them being small and medium-sized enterprises (SMEs) (Ibid, p. 55). SMEs are organisations that employ less than 250 people and have less than 50 million euro turnover or less than 43 million euro Balance Sheet in total (Buhalis & Deimezi, 2004). According to European Commission, an SMEs is: medium sized with less than 250 employees, small with less than 50 employees or micro with less than 10 employees (European Commission: What is an SME?, n.d.).

Tourism as an industry requires a diverse range of information (Buhalis & Deimezi, 2004) and during the past decades, tourism has faced multiple changes, the industry continuously striving to adapt to the new challenges. One of the changing that the tourism industry is facing is digitalisation and how to satisfy consumers needs and wants in a digitalising world by providing digital technologies (Tanti & Buhalis, 2017). With the new era of dgitalisation characterized by new business models (Zhang & Xu, 2012), the increase of interconnectivity between people and digitalisation (Brettel, Friederichsen, Keller & Rosenberg, 2014), and the very change of our lives (Miller, 2014), tourism industry and especially tourism SMEs are facing major challenges but in the same time benefits from digitalisation. While the main focus in tourism literature is put on the demand side (Xiang et al., 2015; Hao et al., 2015), the tourism literature regarding facilitation and support for digital adaption of tourism SMEs is quite scarce. This thesis suggests an approach that can contribute to this discussion. In this regard, the thesis assumes that a sustainable adoption of digitalisation by the tourism SMEs within the European Union might contribute to the development of destinations within Europe. Even though the challenges and opportunities that the SMEs are facing when it comes to digitalisation have been studied by scholars (Bocarando, Perez & Ovando, 2017) the tourism SMEs are still characterized as late adopters in the new digital era (Konstantinou, 2016).

As the global economy is digitalising and digital technology is transforming the way we live by becoming more integrated into economy and society (European Commission, 2015), European Commission has developed a strategy in order to form a European single market. The goal of the Digital Single Market is to ensure access to online activities for individuals and businesses removing geographic barriers (Ibid).

> *"A Digital Single Market is one in which the free movement of goods, persons, services and capital is ensured and where citizens, individuals, and businesses can seamlessly access and exercise online activities under conditions of fair competition, and a high level of consumer and personal data protection, irrespective of their nationality or place of residence."* (European Commision, 2015).

According to the European Commission, the Digital Single Market has three goals:

- **Access** by removing the differences between online and offline and by breaking the barriers to cross-border online activity in order to form a European market network;
- **Environment** by increasing the quality of infrastructure in order to provide support for digital networks and services;
- **Economy and Society** by investing in Information and Communication Technology (ICT) infrastructure, research and innovation in order to increase the European Digital Economy growth (European Commission, 2015).

European Commission is also focused on supporting tourism in its way to digitalisation having a series of programs to support tourism SMEs (see also European Commission: New opportunities for SMEs to go digital, 2017). In order to adapt in a digitalising world, European tourism SMEs need to be more competitive, to develop digital skills, and to increase visibility and growth (European Commission, 2015). Nevertheless, among the member states of the European Union, one may encounter different cultures, welfare regimes (Kammer, Niehues & Peichl, 2012) and even economic development (Balcerowicz et al., 2013). The aforementioned differentiation can also reflect in different levels of digitalisation among member states (see also: The Digital Economy and Society Index, 2018) which could result in different levels of digitalisation in tourism businesses. With this in mind one may argue that in order for the implementation of European policy regarding a single market, differences between the member states need to be taken into consideration.

1.1 Background and the challenge

The interest in the subject arose during the internship in which I gained more knowledge regarding tourism SMEs being able to study in a more in-depth way the challenges and opportunities that they are facing when it comes to digitalisation. In the new era of tourism where the consumers play an important role, being able to adopt digitalisation faster than tourism as an industry (Happ & Ivancsó-Horváth, 2018), the small entrepreneurs seem to lack behind in the adoption of new technologies, not being able to take full advantage of digitalisation (Bocarando, Perez & Ovando, 2017). The small business owners are put in the position of competing with the big players such as digital platforms, social media platforms, etc. in order to satisfy the needs and wants of the consumers (Konstantinou, 2016).

Digitalisation provides easier and more effective ways of travel (Buhalis and Law, 2008) and even though it is recognized that the tourism industry is one of the fastest growing industries (Zhang & Xu, 2012), we have to take in consideration all factors that can influence its growth and in the same time to consider growing the industry in a sustainable way. Currently, there are 28 member states in the European Union (the United Kingdom being considered) with different legislations and economies (Lanaerts, Beblavy & Kilhoffer, 2017) potraying an unequal playground for tourism SMEs from the member states which could result in uneven digital transformation. Nevertheless, in order for the European tourism SMEs to remain competitive in the global market, they need to adapt to the new digital era (Autio, 2017).

Research Question

Having presented the complex situation in which the tourism SMEs from European Union are situated, this thesis seeks to elaborate on the challenges and opportunities that the SMEs are facing when it comes to digitalisation, and in this context, this research paper intends to answer the following question:

How can tourism SMEs from the European Union better adapt in the digital world?

In order for a proper and conclusive answer to be given to this research question, there were identified the following sub-questions:

1. How is digitalisation in general and digitalisation in tourism perceived by different actors in the tourism sector?
2. What are the challenges for the digital transformation of tourism SMEs from the European Union?
3. What are the opportunities for the digital transformation of tourism SMEs from the European Union?
4. What can the stakeholders do to support tourism SMEs in their digital transformation?

1.2 Thesis outlines

The thesis is presented in the following chapters and they account for how the thesis will address the research question.

Literature Review: This chapter will present relevant theories about digitalisation in general, digitalisation in tourism, digital innovations, and the impact of digitalisation on tourism SMEs following a pivotal theoretical framework. From relevant literature, this chapter aims to define the pros and cons of digitalisation for tourism SMEs in a European Union context.

Methodology: This chapter will present the research approach where social constructionism is being highlighted alongside with the methods of analysis for the qualitative data, in particular, semi-structured interviews.

Challenges and opportunities of digitalisation for European tourism SMEs: This chapter focuses on analyzing and discussing the challenges and opportunities that digital transformation may posses on the tourism SMEs from the European Union. This chapter will make use of the empirical data and in relation to the relevant theories identified in the literature review chapter, will portray the findings of this thesis.

Towards the digital transformation of European tourism SMEs: Strategies and policy directions: This chapter will present possible strategies and policy actions that may be taken in consideration for the support needed by European tourism SMEs in their digital transformation.

Moreover, possible initiatives regarding a sustainable approach for a digital transformation will be presented discussed.

Conclusions: The last chapter of the thesis focuses on providing a relevant answer for the research question and the three sub-questions in order for a better understanding of the subject in case.

1.3 Significance of the project

Scholars argue that digitalisation can positively impact tourism. However, in order for this to happen, a better understanding of the tourism industry is needed. Even though the research on digitalisation in tourism have grown significantly in the last few decades, the situation of tourism SMEs, which makes the majority of tourism businesses from the European Union, and their uptake of new digital technologies is not satisfactory (Konstantinou, 2016). Most of the research regarding digitalisation in tourism focusing on the adoption of e-commerce by tourism SMEs (Hua, 2016; Van & Tu, 2016) whereas digitalisation may refer to more than e-commerce (Dredge et al., 2018). This demands more research on digitalisation and its impact on tourism SMEs. This thesis aims to provide an in-depth understanding of the challenges and opportunities provided by digitalisation, and at the same time, the support that may be provided to increase the uptake of digital technologies by tourism SMEs. The research may help future tourism actions and initiatives from a European Union level and to a local destination level, and at the same time, may enhance the academic world regarding digitalisation and tourism.

Chapter 2: Literature review

The purpose of this thesis is to address the factors influencing the adoption of new digital technologies by the tourism SMEs from the European Union.

The following chapter starts by presenting the transformations within tourism caused by digitalisation. Following this notion, the transformation of the very core of the tourism industry will be presented alongside with effects perceived when adopting new digital technologies. The existing literature on challenges and opportunities that the tourism SMEs face when it comes to digitalisation and factors affecting the digital transformation of the tourism SMEs will be

identified. Literature regarding various innovations occurring in tourism due to digitalisation will be also identified and presented.

2.1 Digitalisation and tourism

Digitalisation can be defined as the use of information technologies, or a more overarching definition is given by Autio which states that digitalisation is *„... the application of digital technologies and infrastructures in businesses, economy, and society."* (Autio, 2017). Digitalisation is also affecting the way we live and work, people presenting an increased dependency on technological devices which could result in a behavioral change (Miller, 2014). With the digital world replacing the physical one, the everyday experiences and interactions among people are reduced which could result in less human connectivity (The Conversation, 2018). Furthermore, digitalisation has driven a series of transformation in industry and economy and it is argued that the digital transformation of the European Union society and businesses is presenting an enormous growth potential for the continent (European Commission, 2016). Digitalisation of almost everything is considered to be one of the most important phenomena of the last few years, and that technological innovations are the key to future growth (Degryse, 2016). Nevertheless, digital skills are required in order to mitigate the economic and social risks that the EU is facing when adopting digitalisation. With this in mind, a clear understanding of the impacts of digitalisation upon the economy and society is needed.

Due to the increased usage of the Internet which facilitates the communication between humans and machines, a new industrial revolution arosed, namely Industry 4.0 (Brettel, Friederichsen, Keller & Rosenberg, 2014). Industry 4.0 or the new industrial revolution refers to transformations within manufacturing sector driven by digitalisation based on the interconnection and communication between devices along the value chain with increase management efficiency (Smit, Kreutzer, Moeller & Carlber, 2016) where information is synchronized between the physical and cyber systems (Lee, Bagheri & Kao, 2015). The new industrial revolution is having in focus the digital enhancement or re-engineering of products or services (Burmeister, Lüttgens & Piller, 2015). One of the key characteristics of Industry 4.0 is standardization which can only be possible with a collaboration between companies (Smit, Kreutzer, Moeller & Carlber, 2016). Though technological change is one of the main dimensions of change within Industry 4.0 there is

the need to adapt. While the big firms are more likely to adapt, in the case of SMEs there are a number of challenges in terms of risks and costs (Smit, Kreutzer, Moeller & Carlber, 2016), for example is stated that only 5% of the SMEs are networked due to lack of resources and knowledge (Schröder, 2016).

Even though the fourth industrial revolution had the main focus on digitalisation in the manufacturing sector (Liao et al., 2017) the impacts of it can also be felt in other sectors such as tourism. In tourism, digitalisation has played and it is continuously playing a key role, and this phenomenon can be felt on both sides of the tourism industry, namely the consumer and the provider. From the provider side or the tourism businesses, digitalisation has offered a transformation in their ecosystem offering new business models, new communication channels with the consumers and eventually economic growth (Dredge et al., 2018). As for the consumer side, we see an increase in the use of digital platforms which put the consumer in control of the planning and purchase of their vacation and in influencing other consumers (Ibid). The increasing integration of digitalisation in tourism resulted in a new phenomenon, namely e-tourism.

2.2 E-tourism

It is argued among scholars that ICT and tourism should be considered an interdisciplinary field (Gratzer, Winiwarter & Werthner, 2014), and in the tourism industry, the term can be referred to as e-tourism. E-tourism refers to the integration of ICT into the tourism industry. Buhalis defines e-tourism as the digitalisation of the value chains and processes within tourism in order to reach the maximum of effectiveness and efficiency of tourism organisations (Buhalis, 2003), or a more compact definition being the digitalisation of the tourism industry and infrastructure (Pitoska, 2013). This is the ideal impact of ICT in tourism, the dream being big, but, as mentioned above, the tourism SMEs may face challenges in the adoption of new technologies which could be in contrast with the above assumption of Buhalis. It is argued that e-tourism revolutionizes all business processes (Buhalis & Deimezi, 2004) enabling a more successful communication with the consumer (Pitoska, 2013), e-tourism being considered as the future of tourism (Buhalis and Law, 2008). Nevertheless, e-tourism came also with a range of challenges such as lack of suitable policies that promote training especially when it comes to the small enterprises within tourism and their ability to take advantage of the emerging technologies (Buhalis & Deimezi, 2004). Not being

able to take advantage of the emerging technologies, tourism SMEs may struggle to reach global markets. Furthermore, Buhalis and Deimezi in a study about e-tourism development in Greece identify tourism SMEs as late adapters to the transformations provided by digitalisation (Buhalis & Deimezi, 2004). Moreover, they identify the Destination Management Organisation (DMO) as a key stakeholder that can enhance the adoption of digitalisation at a destination level by encouraging public-private partnerships (Ibid). Nevertheless, in order for a better understanding of digitalisation and the changes that it possessed in the tourism industry, there is the need to identify specific phases that changed the tourism industry.

2.2 Changings occurring in tourism due to digitalisation

With the rapid change of technological development, it can be stated that tourism as an industry is facing significant changes. It is argued that in the last two decades the information technology and tourism have faced two major eras:

- Digitalisation (1997 - 2006) – The Internet is developed as an information tool. In this era, a wide variety of technologies have emerged such as www (World Wide Web), webpage, e-mail, e-commerce, etc. The main research made in this era focused on tourism marketing and business opportunities in order to understand the consumers´ behavior. Digitalisation era is also the time when e-tourism developed as a discipline (Xiang, 2018);
- Age of Acceleration (2007 - 2016) – This era is characterized by the emergence of Wi-Fi, Web 2.0, Internet of things, Crowdsourcing, artificial intelligence, etc. With the increase of user-generated content and the rise of collaborative tools such as Facebook and Instagram and the collaborative economy such as Airbnb and Uber (Ibid), the tourism industry is being disrupted from both sides, the consumer and the provider.

As described above, the tourism industry has faced two major changings which have implications for tourism businesses also. The first era can be categorized as an opportunity for tourism SMEs which could take advantage of the benefits of digitalisation to understand the consumers´ behavior through various information tools (Xiang, 2018). The second era may be seen as a disruption due to the emergence of new business models and the change in consumer behavior, the consumers becoming prosumers (Dredge et al., 2018). Furthermore, Dredge et al. identify three major phases produced in tourism due to technology development:

- Between 1990 - 2000 – Sales and marketing – in which destination organizations and tourism businesses use technology as a market tool - businesses within tourism could improve internal operations through supporting software and facilitate transactions through web-based reservation systems;

- Between 2000 – 2010 – Digital business ecosystem – Internet becomes a key source of information for travelers which resulted in the suppliers focusing on distributing more customized products. In this phase expansion in the global supply chains have developed being facilitated by tourists booking and completing electronic financial transactions online;

- From 2010 – Integration of systems – This phase is characterized as increase interconnectivity between digital and physical world facilitated by the increase integration and interoperability of digital systems, and the appearance of cloud computing, mobile technologies, augmented and virtual reality and GPS (Dredge et al., 2018).

As can be seen from above related eras identified by Xiang and phases identified by Dredge et al., tourism have faced multiple changing which have challenged the way the industry is perceived, the way that the tourism businesses operate, the shift in the customer perceptions and attributions, and the emergence of new and innovative business models (Xiang, 2018; Dredge et al., 2018). These changes facilitated the travel for consumers resulting in globalization. In this sense, tourism SMEs must adapt to these changes which may possess a challenge for them. For a more in-depth understanding of this assumption, the following pages, the digital journey of tourism will be presented following the figure developed by Dredge et al. bellow (Fig.1).

The journey towards digitalisation

Traditional operators
Traditional business practices, low levels of digitalisation focused on internal operations and creating value for tourists

E-business
Digitalisation improves internal operations, engage more effectively via digital marketing, online stores

E-commerce
Growing interconnectivity, incorporates diverse intermediaries, innovation across supply chains, B2B, B2C, C2C transactions

Smart tourism
SMEs buy into smart destination vision, high level of innovation, real time connections, new/innovative products, business models, connections into global value chains

Fig. 1 (Dredge et al., 2018)[1]

2.2.1 Traditional operators

The journey towards digitalisation starts in the first phase, namely traditional operators. Even though there could be identified in the tourism industry a series of innovations related to digitalisation, the traditional methods of creating and selling tourism products are still considered to play an important role in the tourism industry (Tfaily, 2018). Furthermore, tourism SMEs are perceived as having a low level of digital adoption, the small businesses preferring person-to-person interfaces (Konstantinou, 2016). This low level of digitalisation adoption by tourism SMEs could be a reflation of the lack of motivation of tourism SMEs to invest in digitalisation due to their conservative nature (Buhalis, & Deimezi, 2004). The conservative nature of the SMEs is perceived as having implications in their desire of maintaining a lifestyle instead of achieving growth (Thomas, Shaw & Page, 2011). But in order to maintain their lifestyle and to remain competitive on the tourism market, the tourism SMEs need to make use of digitalisation (Bocarando, Perez & Ovando, 2017). Moreover, tourism SMEs due to the lack of professional and economic resources represent a weakness in the competitiveness of European tourism as a whole

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[1] In this research for the European Commission regarding digitalisation and tourism SMEs which held place in 2018, I had the opportunity and the honor of being a co-author as an intern researcher.

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(TOURISMLink, 2012). A study demonstrated that the usage of ICT in Europe was quite low in 2011 with less than 13% of the tourism industry turnover being generated online (Ibid). Nevertheless, with the increasing usage of digital tools by the tourism SMEs, the tourism industry in European Union, which includes to a great extent the small businesses, needs to take in consideration the digital transformation of the whole industry.

2.2.2 E-business

E-business or electronic business describes the business conducted over the internet which has the potential of generating new wealth and in the same time transforming the rules of competition for the traditional businesses (Amit & Zott, 2001). A positive example of e-business could be considered Amazon (Smith, n.d.) which started as an online book store and became the largest online e-commerce retailer, facilitating a B2B (business to business) opportunity for businesses of all sizes, the latter having the advantage of consumer exposure and increase sale opportunities (Ibid).

It is argued that the decision to use technological innovation within businesses is driven by technology, organization, and environment (Fuchs, Scholochov & Höpken, 2010) which also can be characterized as the drivers of e-commerce (Intan Salwani et al., 2009). Furthermore, Oliveira and Martins describe three features that may affect the decision of adoption of technologies: technological context referring to existing and new technologies that may be relevant for a business, organizational context referring to the scope and size of the business, and the environment context referring to the industry competitors and government which exist in the near environment of the business (Oliveira & Martins, 2010). As such, the tourism SMEs need to be aware of the digital technologies which are relevant for their business, an argument that will be further discussed in the analysis phase of this thesis. In the same time, they have to be open-minded to adopt digitalisation and receive support from the competitors and government from their near environment. The support in the digital transformation of the European tourism SMEs is indented to be identified in this thesis, the paper trying to identify the different tourism stakeholders that could ease the transformation of SMEs.

Oliveira and Martins have identified some of the drivers for adopting e-business in tourism firms from the European Union as shown in the following table (Table 1):

Perceived benefits	Technology readiness	Competitive advantage and pressure
Tourism firms do not have enough knowledge regarding the benefits and obstacles of adopting e-business.	Tourism workers and managers do not have enough ICT skills and tourism firms do not have enough ICT infrastructure.	This is one of the most important drivers of adopting e-business in tourism. In this category forming networks and sharing of resources among firms could be an advantage in order to satisfy the customers.

Table 1 (Oliveira & Martins, 2010)

Even though Oliveira and Martins concluded that the adoption of e-business does not differ from a member state to the other (Oliveira & Martins, 2010), this paper will reveal that there is an uneven digital transformation among the European Union states. They also state that e-business is not a phenomenon dominated by large firms, the ability to adopt e-business being equal for both large and small companies (Oliveira & Martins, 2010). Nevertheless, the thesis will reveal that there is a tendency from tourism SMEs to be skeptical when adopting new digital technologies from various reasons which will be also presented in the next subchapter.

2.2.3 E-commerce

E-commerce refers to "*the business of buying and selling goods and services on the internet*" (Cambridge Dictionary, 2019), and in tourism, e-commerce can be defined as:

"*… tourism e-commerce is a business system which electronically operates tourist industry and its distribution system with the application of the network, based on the tourism database and e-commerce bank.*" (Wang, Wang & Wu, 2013)

E-commerce is disrupting the tourism industry by bringing new business opportunity to global travel (Mamaghani, 2009). Through collaboration, automation, flexibility, and accessibility, e-commerce is encouraging economic growth (Mamaghani, 2009). Nevertheless, the emergence of

e-commerce has changed the traditional tourism industry from its core by changing the behavior of tourism consumers and producers. From the consumers´ point of view, the e-commerce has changed consumer behavior from the searching of a trip stage to the payment stage, the information about a destination being collected prior the trip (Mamaghani, 2009). From a tourism business point of view, e-commerce has the potential of forming a global collaboration in order to increase efficiency and growth (Intan Salwani et al., 2009). Hence, e-commerce can improve the organization image and reputation of the SMEs on a global market (Hua, 2016) which could result in a more competitive nature of these small businesses (Hua, 2016). It is also argued that the e-commerce technology application could reduce operation costs (Hua, 2016). Nevertheless, the owners of this small businesses are playing a key role in the adoption of e-commerce, the owners not having the willingness to adopt these new forms of commerce due to their lack of understanding of the benefits of them on the long term (see also Abou-Shouk, Megicks & Lim, 2013). Take for example a study on e-commerce on SMEs from Malaysia in which was identified that 72.6% of these businesses did not have knowledge in e-commerce, and 69,6% did not have the knowledge of what could e-commerce bring to their businesses (Intan Salwani et al., 2009). This could hinder the adoption of e-commerce by the tourism SMEs, in the sense that these businesses not being able to perceive the importance of this new commerce form, may not be willing to invest in it. By not adopting these forms of commerce the tourism SMEs may not be able to take advantage of the interconnectivity and innovativeness mindset which is facilitated by e-commerce (see Fig. 1: Dredge et al., 2018).

2.2.4 Smart tourism

Due to the integration of ICT in tourism experiences, a new phenomenon arises, namely smart tourism. Smart tourism is:

> *"…a new buzzword applied to describe the increasing reliance of tourism destinations, their industries and their tourists on emerging forms of ICT that allow for massive amounts of data to be transformed into value propositions"* (Gretzel et al., 2015, p 179).

In this sense, the word "smart" refers to technological, economic and social development with the help of advanced information and communication technologies (Gretzel et al., 2015). According to Gretzel et al., smart tourism comprises of three layers: smart experiences, smart business

ecosystem and smart destination. *Smart experience* in which the tourists are active participants in its creation through technology-mediated tourism experiences (Ibid), take for example the user-generated platform Instagram on which the tourists are uploading their experiences and in the same time they are promoting the destination (Fotanti & Suyadnya, 2015).

Smart business is the business ecosystem that supports and creates the exchange of touristic resources and facilitates the co-creation of experiences (Gretzel el al.). The two aforementioned layers of smart tourism constitute a smart destination or city. A smart city or place is described as a community supported by ICT in which the collaboration between citizens, businesses, private and public sectors, and municipality can contribute to the improvement of quality of citizen´s life (Khan, Woo, Nam & Chathoth, 2017; Boes, Buhalis, Inversini, 2016). As a primary goal, sustainability is perceived as a strategic objective in tourism planning processes for a smart destination which can be achieved through the involvement of government, education institutions and other private and public sector stakeholders (Khan, Woo, Nam & Chathoth, 2017).

In this sense, all tourism-related stakeholders need to be involved in the achievement of a smart destination. Nevertheless, in order for a city to be smart, there are challenges in its transformation, take for example Dubai which is considered a smart city, succeeding in integrating smart technologies to build a city of the future, but the city still encounter challenges such as a better integration of tourism subsystem in the overall smart system of the city (Ibid).

Digitalisation has brought a series of changings in tourism, revolutionizing the tourism industry at its core. The tourists have become highly digitalised and new business opportunities have emerged in the tourism industry. Nevertheless, in order to become smart, businesses in tourism need first and foremost to develop a digital mindset. The literature regarding tourism and digitalisation is quite vast, but it fails in presenting actual support that the SMEs may benefit from in their digital transformation, such as the key stakeholders, various programs and knowledge building. This thesis aims to identify this gap and to provide information on how the digital transformation of the tourism SMEs may be eased.

In the next sub-chapter factors that may influence the digital transformation of the tourism SMEs will be identified, along with various innovations that occurred in the tourism industry in order for a better understanding of what digital transformation could imply.

2.3 Factors affecting tourism SMEs in the adoption of digitalisation

When it comes to digitalisation and the adoption of new technologies, there can be identified a series of factors that can affect tourism businesses. Two of the main factors are keeping up with the new business models and being able to make themselves visible for the consumers in order to maintain their place on the global market. The next sub-chapter will identify the benefits and challenges of digitalisation for tourism SMEs along with various innovations that occurred in tourism due to digitalisation.

2.3.1 Opportunities: Digital platforms and new tourism businesses models

Online platforms or intermediaries such as OTA (Online Travel Agency) like Expedia, Booking.com, TripAdvisor, etc. which represent a threat for the traditional tourism agencies offering the same quality products, and in some cases higher quality for less money. Due to their nature of user-generated content, these platforms contribute to the decision making of the consumers of the tourism products and, in the same time, having a significant impact on the tourism planning (Xiang et al., 2015). To this day TripAdvisor alone claims that there are 730 million reviews and opinions generated on the website covering 8.1 million accommodations, airlines, experiences, and restaurants claiming itself the world´s largest travel site (Media Center: TripAdvisor, 2018). The choice to book through an OTA instead of a traditional tour operator is due to the flexible nature of the online platforms which provides the consumers with all necessary ways to book a trip to the last detail (Coyle, 2016). Nevertheless, tourism SMEs may take advantage of the facilities provided by OTA. A study on the adoption of interoperability solutions for online tourism distribution identified some of the advantages that the tourism SMEs can encounter when considering collaborating with OTAs (see also Reino, Alcua-Sorzabal & Baggio, 2015). These advantages may be represented as cost-effectiveness (e.g. by adopting a new set of standards can be effective in terms of costs for tourism businesses), easy to use (e.g. Booking.com), and low level of security issues (Ibid). Moreover, online wholesalers can benefit the distribution of products and services on a global scale, and by promoting their businesses online, the owners may benefit from increasing visibility and exposure (Hua, 2016).

Sharing platforms or digital platforms and the sharing economy such as Airbnb and Uber are continuously disrupting the way in which the tourism stakeholders such as accommodation and

transportation providers are offering their services to the consumers (Dredge & Gyimóthy, 2015). Even though it is argued that they do not respect applicable legislation that register businesses have to follow (EFFAT, 2015), Airbnb has become a global community with hosts in more than 191 countries and 81.000 cities (Airbnb, 2019). Nevertheless, scholars argue that the rise of the sharing platforms may affect the tourism industry, but they may also be perceived as drivers for tourism businesses in the sense that the business owners may be more willing to innovate and to form collaborations in order to maintain their place on the market.

Generic search engines such as Google or YouTube and **social media platforms** such as Facebook or Instagram are being considered among scholars two of the main "megatrends" that have impacted the tourism system (Leung et al., 2013). Search engines are playing a key role in the tourism industry, being considered a tool to connect travelers and operators within tourism where tourism business owners can market their businesses online (Pan et al., 2010). Take for example Google My Business which is free of charge and could be a useful tool in maintaining customers and attracting new ones (Google My Business, n. d.). As for social media platforms, having a user-generated content is argued that can contribute to the tourism firms increase of online revenues through increased online presence (Leung et al., 2013). Take for example Instagram which is considered a current trend in the tourism industry, could improve the promotion and marketing of a destination (Hanan & Putit, 2014) and thus increase revenue through online presence.

With the emergence of Web 2.0 which refers to "… *the second generation of web-based services letting people collaborate and share information online in more sophisticated ways.*" (Goyal & Sharma, 2013, p 45), an increasing number of businesses make use of websites such as Facebook, TripAdvisor or YouTube in order to increase their competitiveness (Goyal & Sharma, 2013). The websites provide a cheaper and time-saving modality to interact with the consumer by increasing the enterprise-consumer relations, brand value and allow the creation of tourist image (Ibid). Nevertheless, as a small business there could be difficult to make contact with these big players and with regard to this assumption, the thesis seeks to identify the key stakeholders that could facilitate these dialogues.

2.3.2 Challenges of digitalisation for tourism SMEs

Digitalisation is not only limited for the e-business or digital start-ups, but it will also affect the small business which, in order to be competitive on the market, have to adapt in a changing world (Autio, 2017). In order for the already established SMEs to digitalise, Autio has identified two policy actions that can contribute to the digitalisation of small businesses namely: facilitating the reinvention and digital transformation of the already existing SMEs (Autio, 2017). In order for these policy actions to achieve their goals, a better understanding of the challenges perceived by SMEs when it comes to digitalisation need to be identified. Thus, this chapter identifies internal and external barriers that the tourism SMEs face when adopting new digital technologies. Internal barriers refer to barriers that arise inside the company and external barriers refer to the ones that arise from the external environment (Cordeiro & Vieira, 2012). Internal barriers include lack of time and money to invest in the reinvention of their business models (Jensen, Tofalleti, Thornley, & Murnane, 2016). Lack of financial resources is characterizing the slow adoption of new digital technologies by tourism SMEs resulting in small firms not being able to realize the benefits provided by digitalisation (Mbuyisa, & Leonard, 2017). This assumption relates to another challenge that SMEs face when it comes to digitalisation, namely the lack of knowledge. In relation to the internal barriers, another study demonstrates that low ICT infrastructure, lack of awareness of new technologies, and financial resources may affect SMEs in their digital transformation (Chiware & Dick, 2008). Moreover, Najda-Janoszka and Kopera argue that the tourism industry is characterized as being modest innovativeness due to the existing of a large proportion of SMEs in tourism, the latter struggling with the lack of resources and low awareness of the importance of adaptation of innovation (Najda-Janoszka & Kopera, 2014).

Considering that the tourism industry of the European Union is mostly comprised of SMEs, there is a need for awareness of the importance of digital transformation in order for the industry to better innovate. Nevertheless, a case study on SMEs conducted by McCamley and Gilmore concluded that SMEs have the potential to increase the innovativeness of the tourism industry by providing a sense of authenticity at a destination level when integrated into the tourism marketing system (McCamley & Gilmore, 2017).

When it comes to the external barriers, legal frameworks and ICT infrastructure can play a key role in the adoption of digitalisation by tourism SMEs (Mbuyisa, & Leonard, 2017). The legal

framework can play a significant role in the adoption of digitalisation which could reflect in barriers such as massive paperwork or different levels of legislation for tourism SMEs. Among European Union member states there could be identified differences on the regional and local government levels (European Committee of the Regions, 2018) which could result in a more in-depth struggle of the tourism SMEs in their digital transformation. Other external barriers for SMEs to digitalisation identified among scholars are environmental, industry and suppliers or consumer pressures as external challenges that can affect the uptake of digitalisation by tourism SMEs (Konstantinou, 2016). Environmental pressure and infrastructure can significantly impact the adoption of new digital technologies by tourism SMEs due to the very fragmentation of a country, for example, the SMEs situated in an urban environment may benefit from a better ICT infrastructure than the SMEs situated in rural or remote areas (Dredge et al., 2018).

In order to overcome these barriers, the European Commission is continuously launching strategies to support SMEs such as upskilling programs (e.g. Digital Single Market, 2018), offering tourism SMEs a better position in the global tourism market (TOURISMLink, 2012), raising the level of digital skills in the workforce (Jensen, Tofalleti, Thornley, & Murnane, 2016), just to name a few. Nevertheless, the strategies proposed by the European Commission are generalized for the entire European Union, and in this sense, there have to be taken in consideration that among member states one can encounter different ICT infrastructure, economic support, legislation and so on. Furthermore, the willingness and even unwillingness of the tourism SMEs to digitalise have to be taken into consideration. Buhalis and Deimezi identify that tourism SMEs may have short term profitability, they being characterized as having an individualistic behavior presenting the unwillingness to collaborate on a destination level (Buhalis, & Deimezi, 2004). Furthermore, it is argued that social and demographic factors play a key role in the willingness of business owners to adopt new digital technologies (Dredge et al., 2018). Hence, the individual mindset, the long-term perception, and the demographic factors may influence the uptake of digitalisation by tourism SMEs from the European Union. Thus, this thesis aims to identify the support which could be provided in order for the European SMEs to overcome the aforementioned challenges in their digital transformation.

Nevertheless, tourism SMEs may benefit from adopting digitalisation to innovate in the sense that various innovations occurred due to digitalisation that could play a significant role in the visibility

of the tourism SMEs on the international market place which could further result in reaching new customers and implicit in the economic growth of the tourism SMEs. In the next subchapter some of the digital innovations that have revolutionized the tourism industry will be identified.

2.3.3 Innovation & tourism SMEs

With the rapid pace of technological advancement, a series of innovations have emerged in tourism which affected both sides of the industry, namely the demand and the supply (Hjalager, 2010). Innovation refers to the process of bringing any new, problem-solving idea in order to create value (Hall & William, 2008). Among scholars there have been identified five categories of innovations (Hjalager, 2010):

- Product or service innovation refers to the changes observed by the customers and regarded as new for example introducing a new product or service in an already established tourism provider;
- Process innovation refers to initiatives aimed at increasing efficiency, productivity, and flow. A process innovation is ICT which is argued that can improve the productivity in tourism enterprises;
- Management innovations refer to the change identified in the communication and interaction between the consumer and provider through new marketing concepts;
- Managerial innovation refers to new ways of organizing internal operations in tourism enterprises which could also lead to internal competence and knowledge assets;
- Institutional innovation refers to a collaborative or organizational structure that could enhance the business in certain fields of tourism, with the forming of networks and alliances seem to foster the innovativeness of the small businesses in tourism (Hjalager, 2010).

In order for the tourism SMEs to strive in a digital world, these categories of innovation would have to be considered. Nevertheless, it seems that these categories fit better the large enterprises than the tourism SMEs, an example is given in managerial innovation regarding the communication among the consumer and provider (Blichfeldt, 2009). In the case of small tourism firms, this dialogue could take a different form due to the fact that the manager of the SME is often

also the owner of the business (Ibid). This assumption is also identified by most of the participants of the interview which will be further revealed in the analysis chapters of this thesis, denoting the conservative mindset of the SMEs. Furthermore, the importance of the role that the customer is playing in the implementation of new innovation in a company and also the significance of co-operation among businesses and forming of networks and alliances are argued as playing a significant role in the adoption of innovation within a business (Blichfeldt, 2009). In the same case study, the case of tourism SME is presented, which through networking and collaborations and taking into consideration the consumers´ desires have managed to become a successful business (Ibid).

The innovation process could be encountered on various levels from national and regional innovation systems to local innovation systems (Rodriguez, William & Hall, 2014). The national innovation system refers to the development of policies on research and development, technology, infrastructure and education which could be applied at a local, regional, state or even EU level (Ibid). Take for example Horizon 2020, a European Commission innovation and research program initiated in 2014 which has the main focus of enhancing the innovativeness in the European Union (Horizon, 2020 and SMEs, European Commission, n. b.). The national innovation system emphasizes the role of public-private collaboration and collaboration among businesses on a local, national or international level (Rodriguez, William & Hall, 2014). The local innovation system is the knowledge distribution and utilization within a region by organisations and institutions (Ibid), an example is given by Simmie et al. regarding the local network systems in Stuttgart which remained constant over the years (Simmie et al, 2004).

Lately, there is an increasing focus on innovations provided by digitalisation (Gandomi & Haider, 2015), even though some of the innovations were not specifically invented for tourism (Hjalager, 2015). Computer reservation systems, mobile phone or social media are just a few examples of digital innovations that have disrupted the tourism industry (Hjalager, 2015). These kinds of innovations have facilitated mostly the tourists, by providing them with easier and cost-effective ways to travel (Ibid). With smartphones becoming the principal guide travel, and social media which is utilized as communication and marketing channel (Ibid), the tourists are leaving behind a digital trace in the form of big data. The digital footprint left behind by tourists is argued that could provide indicators of tourism demand at a destination level (Onder, Koerbitz & Hubmann-

Haidvogel, 2014) which could facilitate the tourism SMEs when considering innovating through digitalisation. This thesis aims to investigate this assumption by opening a discussion about various digital innovations and how could different tourism stakeholders support tourism SMEs in their digital transformation. The aforementioned innovations could be used by tourism SMEs from European Union in order to facilitate the Digital Single Market strategy, in the sense that some of these innovations may increase visibility and growth for the SMEs which will make the key point of this thesis. The value creation of digital innovations for European tourism SMEs will be revealed in this thesis, the emphasis being put on how to innovate, when and what kind of innovations could better suit the tourism SMEs.

2.4 Literature review summary

Digitalisation has brought significant transformations to the tourism industry which have revolutionized the traditional role of the producers and consumers, with the consumers becoming prosumers, constantly consuming and producing the tourism services and products (Dredge et al., 2018). Even though technological innovation is perceived as being the key to future growth (Degryse, 2016) and the digital transformation of the European Union businesses represent potential growth for the continent (European Commission, 2016), the tourism SMEs are still lacking behind when it comes to digitalisation being considered late adopters of the new digital era (Konstantinou, 2016). This chapter revealed that there are internal and external challenges that the tourism SMEs have to deal with before considering adopting digitalisation. Nevertheless, digitalisation has also brought a series of benefits for tourism SMEs, but in order for these businesses to achieve their growth and visibility on a global market, they first and foremost have to overcome the challenging that they are facing when it comes to digitalisation. Some of the tourism stakeholders that could enhance the digital transformation of the SMEs have been also identified, such as DMOs (Buhalis & Deimezi, 2004), governments or education institutions (Khan, Woo, Nam & Chathoth, 2017).

This research study aims to provide an in-depth understanding of the challenges and opportunities for tourism SMEs from the European Union in a digitalised world. In the same time, the paper will try to provide potential support and actions that could be taken in consideration in order for the digital transformation of the tourism SMEs to be adopted in a sustainable way. In doing so, this

thesis will make use of 16 semi-structured interviews as empirical data, using thematic analysis as data analysis, having as philosophy of science social constructionism as will be further related in the next chapter.

Chapter 3: Methodology

This chapter presents the methodological perspective of the current thesis. The philosophy of science, the methodology to collect and analyze data, and a detailed interview guide will be presented.

3.1 Philosophy of science: Social Constructionism

Social constructionism asserts that the world of experience is socially constructed by people and groups, the concept focusing on the process by which the meaning is created and modified seeking the understanding of the world from the perspective of those who live it (Walker, 2015). The interaction among individuals is the primary mechanism, constructionists focusing on how knowledge emerges from society (Ibid). Constructionists are not concerned with the physical world (ontology) rather with how we perceive the world (epistemology) (Pernecky, 2012; Walker, 2015). It is argued that tourism is constructionism in action, the field not being able to maintain itself without being meaningfully constructed, and that there is a lot to learn about the voices and values in tourism and the motivations that sustain them (Pernecky, 2012). This thesis puts great emphasis on qualitative research, thus a constructivist approach is used in the research. Moreover, constructionists believe that knowledge is socially constructed and I intend to adopt this approach in order to provide an understanding regarding the knowledge that can be constructed among and between individuals and groups of people by creating networks in order to enhance the uptake of digitalisation by tourism SMEs.

3.2 Qualitative approach

In relation to the chosen paradigm of constructionism, this thesis employs a qualitative method. With increase acceptability of research as being a process rather than an activity, qualitative research is gaining popularity among social scientists in the last few decades, the qualitative

research is considered more acceptable in studying the social life than quantitative research (Phillimore & Goodson, 2004). Moreover, Phillimore and Goodson argue that:

> „*As a strategy, qualitative inquiry can generate theory out of research, should place emphasis on understanding the world from the perspective of its participants and should view sacial life as being the result of interaction and interpretations*." (Ibid, p. 4)

It is argued that the qualitative approach can provide more detailed information in the form of words (i.e. research interviews), images and sounds, the approach being based on the belief that the people involved in a situation are the proper ones to best explain their experiences and views in their own words (Veal, 2017). In tourism, qualitative approaches can provide a better understanding of the human dimensions of society with its social and cultural implications (Phillimore & Goodson, 2004).

This thesis aimed at identifying the challenges and opportunities that the tourism SMEs from European Union may face when it comes to digitalisation, and possible support that may be provided, by conducting semi-structured interviews with various stakeholders within tourism. Thus, the qualitative research was considered relevant for a more in-depth understanding of the possible problems that the SMEs encounter in the digital transformation, the quantitative research tending to be more limited in information (Veal, 2017).

Hence, to achieve the research objectives, interviews were conducted with 16 participants, the interviews aim being to capture a more real-life situation of the position in which the tourism SMEs have towards digitalisation. Indeed, the qualitative approach seemed relevant for this thesis giving the ability to understand the point of view of the participants. The interviews were collected during fall 2018, the interviews were also used in a European project (see also Dredge et al., 2018). A total number of 80 e-mails were sent to different stakeholders within tourism, the primary objective being to gather as many respondents from all member states of the European Union, unfortunately some of the countries did not respond to the request.

3.3 Inductive and deductive approaches

Qualitative research and social constructivism are in strong connections with an inductive approach to research. An inductive approach is a procedure for analyzing qualitative data, and it

is based on developing theories after the data has been collected, where deductive approach stands for using literature to identify theories and ideas that can be further tested using data (Thomas, 2006; Saunders, Lewis & Thornhill, 2009). Even though the two approaches seem to stand at opposite poles, in fact, we encounter both of them in most researches (Veal, 2017; Hannam & Knox, 2011). Moreover, Veal argue that most research is partly deductive and partly inductive; deductive because when collecting data, the researcher has already an explanatory model in mind, otherwise how can he/she know what data to collect, and inductive because the researcher has to collect information about the topic before developing hypotheses and theories (Vela, 2017). The present thesis can be argued that is partly deductive and partly inductive due to the fact the research process has been oscillating between the two approaches. The initial idea for the thesis was developed during the internship, in which I had the opportunity of being co-author at a European Commission project regarding digitalisation and tourism SMEs (see also Dredge et al., 2018). Thus, I started conducting desk research regarding the research area that I intended to pursuit, but when trying to apply my theoretical framework to the data collected, the structure of the project did not develop in the intended manner, the process of research desk being recalculated in the manner that could fit the empirical data. In other words, this thesis has benefit from both approaches in order for the desired result to be presented.

3.4 Data collection

For this thesis purposive sampling where used. Purposive or sampling allows the researcher to use judgement to select cases that will best answer the research question and achieve the study objectives (Saunders, Lewis & Thornhill, 2009). The goal of the purposive sample is to sample participants in a strategic manner with most of the researchers trying to cover a variety of sample members which differ from each other in terms of characteristics relevant to the research question (Bryman, 2012). I aimed to have a representative and diverse selection of interviewees representing the public and the private stakeholders within tourism alongside researchers and academic people with a focus on tourism. The participants of the interview were selected based on their contribution of unique insight in relation to tourism SMEs from the European Union. The selection of the participants was also made on the basis of the stakeholders that could help SMEs in their digital transformation as identified in the literature review chapter.

The method employed for this thesis is semi-structured interviews which give the liberty of follow-up questions based on the responses of the participants. The semi-structured interviews can be characterised by a predetermined set of questions but at the same time according flexibility to the interviewer and the enterviwee (Longhurst, 2016). In the sense that the questions can be asked in a different order and follow-up questions can be included in the interview as well, the pre-determined questions being of open-ended in nature, allowing the participants to use their own words rather than „yes" or „no" answers (Ibid). Furthermore, semi-structured interviews can be a usefull tool in exploring the perceptions and opinions of the respondents regarding complex and in some cases sensitive issues (Barriball & While, 1994). According to Cohen and Crabtree, semi-structured interviews have three characteristics:

- The interview is held in a formal manner;
- An interview guide is utilized by the interviewer which is a list of questions and topics that need to be covered during the interview;
- The interviewer follows the guide but has the liberty of pursuing topical trajectories (Cohen & Crabtree, 2006).

The interviews were held face-to-face, via Skype or via telephone, the respondents being either at home or at work, nonetheless, feeling comfortable and relaxed with the conversation. The suitability of a telephone interview is given by Sturges & Hanrahan which state that, the telephone interview is more suitable when it comes to costs, sensitive topics and access to hard-to-reach respondents (Sturges & Hanrahan, 2004). Due to the fact that the thesis focus is on European tourism SMEs, some of the interviewees not being from Denmark, the telephone was considered a useful tool to reach as many participants as possible.

The predetermined set of questions was sent prior the interview alongside with an information statement in which was stated the purpose of the interview, the liberty of redrawing from the interview, the liberty of asking questions, and the anonymity of the respondent.

The interview guide comprised 9 questions regarding the understanding of digitalisation in general and digitalisation in tourism, the challenges and opportunities of digitalisation for tourism SMEs, possible actions and policy responses, and what stakeholders may support SMEs in their digital transformation. The questions were with open-end in order to give the opportunity for an answer

from the respondents in their own words which also facilitated the follow-up questions (See Appendix A of the interview guide). The interviewees where selected on the base of the stakeholders that were identified in the literature review chapter (see also 2.4 Literature review summary). The total number of the participants at the interview will be summarised in the table (Table 2) bellow.

Interviewee	Institution/ Organization	Position	Member state/ Country	Date and time	Duration of the interview
I1	University	Associate professor and Head of the discipline of Tourism Studies	Sweden	07.09.2018 at 10 am	29 min.
I2	Official Guide	Project Manager	Denmark (Bornholm)	07.09.2018 at 1 pm	44 min.
I3	Local DMO	Project Manager - Development	Denmark (Copenhagen)	11.09.2018 at 9:30 am	40 min.
I4	Regional DMO	Digital Business Developer	Denmark (Nordsjælland)	13.09.2018 at 12 pm	25 min.
I5	National DMO	Head of Digital Media	Denmark	18.09.2018 at 4 pm	20 min.
I6	Municipality	Tourism Development Consultant	Denmark	19.09.2018 at 8:30 am	26 min
I7	University	Department of Service Management and Service Studies	Sweden	20.09.2018 at 10 am	26 min.
I8	Tourist Board	Future Business & New Technologies	Austria (Vienna)	21.09.2018 at 10:30 am	22 min.

		Business Development & Strategic partnerships			
I9	Destination Marketing Agency	Head of Insights and founder of Gen C Traveller	Netherlands (Amsterdam)	21.09.2018 at 12 pm 25 min	25 min.
I10	Research Institute	Senior Researcher - Institute for Regional Development	Italy (Tyrol)	24.09.2018 at 10 am	12 min.
I11	Research Institute	Researcher and Certified Project Manager	Italy (Tyrol)	02.10.2018 at 4 pm	23 min.
I12	Tourism Commercial foundation	Head of Digitalisation	Denmark	03.10.2018 at 9 am	38 min.
I13	Tourism Board	Manager Corporate Development	Sweden	09.10.2018 at 1 pm	22 min.
I14	Tourism Board	Manager Nordic Region (Copenhagen)	Ireland	25.10.2018 at 11 am	26 min.
I15	SME	Communication and Business Development Manager	Denmark	26.10.2018 at 10 am	47 min.
I16	University	Senior Research Fellow (Tourism)	School of Marketing	Australia	05.11.2018 at 8:30 am	38 min.

		Co-Director Tourism Research Cluster			

<div align="right">Table 2</div>

3.5 Data analysis

In this thesis, the data gathered from interviews will be analyzed through the lens of thematic analysis. Thematic analysis is defined as a method for identifying, analyzing and reporting patterns within the data and it offers organization and description of the data in detail (Braun & Clarke, 2006). Qualitative approaches are diverse and thematic analysis should be seen as a primary method for qualitative analysis, being considered to provide useful skills to the researchers for further conducting other forms of qualitative analysis (Braun & Clarke, 2006). Even though thematic analysis is a method widely used in qualitative research (Ibid), it remains relatively uncommon in the tourism field (Walters, 2016). The thematic analysis offers flexibility and due to its theoretical freedom, thematic analysis can provide detailed and in the same time complex account of data (Braun & Clarke, 2006). In tourism research, thematic analysis is most frequently used in the interpretation of written documents such as interview transcripts (Walters, 2016). Braun and Clarke suggest six phases of the thematic analysis as follows:

- Familiarizing yourself with your data – Having audio recordings of the interviews conducted, the first step was the transcription, which is a useful way to start familiarizing with your data (Braun & Clarke, 2006), followed by reading the data and looking for patterns.
- Generating initial codes – after familiarizing with the data, codes need to be generated in terms of words that appear interesting for the analysis. Most of the interviews collected presented the following codes (the table presents only a part of the sample):

Participant	Code	Data
I2	Lack of time, money and competences	So social media I don´t see it as a **money** problem, I can see it as a **time** and **lack of competencies** on actually how to do it

I4	DMO	Usually, the local **DMO** is working together with municipalities and with various different business partners
I7	Lack of resources	The challenge is knowing where to invest their time and effort. The problem with SMEs is always a **resource** constraint
I9	Guidance	the biggest challenge is time and being able to manage that time effectively… and a lot of **guidance**
I16	Airbnb, TripAdvisor	I think in a business model area, so Airbnb, Uber or sharing economy, platform economy, but slightly before TripAdvisor, so I think there is a lot of, or it has been a lot of business model innovation due to digital communication and then storage of information.

- Searching for themes – After the collection of codes within the data set, this phase involves sorting the codes into themes by identifying relationships and connections between codes. Whit the help of a mind map, themes emerged from the analysis of codes identified above. Major themes resulting where "development", "big players", "support", "collaboration" and "resources"

Participant	Theme	Data
I1	Development	I think that the SMEs need to be invited, interactive, engaging in various strategy **development** so that it actually concerns their daily lives of operating as businesses
I8	Big players	(There) are very big players in the market, and they have a lot of money to develop things, and everything, so it´s hard to compete with them, I think that´s the drawback.
I11	Support	Small enterprises don´t find the money, they need some **support** from regional, local institutions

I16	Collaboration, resources	Yes DMOs, and also industry bodies in the tourism sector, so some **collaborative** instances that could bring these small and medium-sized enterprises together, that could bundle a little bit of **resources** and therefore make it easier

- Reviewing themes – during this phase the relations between the themes where analyzed paying close attention to the meaningfulness resulted from the coherence between the themes, and in the same time acknowledging the distinctions between the themes.

- Defining and naming the themes - After carefully examining all the themes resulted from the analysis of the codes, this phase intends to find the essence of what each team is about by identifying the narrative emerging from the team and acknowledging what is interesting about the data. Hence, the following impactful themes emerged: "support for development", "collaboration to enhance network creation", "drawbacks and benefits of digitalisation" and "challenges and opportunities provided by big players".

- Producing the report – this final phase of a thematic analysis involves the final analysis and the write-up of the report, which is supposed to provide a coherent and interesting account of the story through data (Braun & Clarke, 2006).

Thematic analysis within this thesis did not necessarily follow a linear process, more a recursive process where you go back and forth through the phases (Braun & Clarke, 2006). During the writing process of the thesis, in some cases, by reanalyzing the data new codes emerged and hence new themes such as "sustainable strategies" and "bottom-up approaches".

3.6 Ethics

The research of this study would not be complete without addressing ethics. Researchers are ethically required to secure permission for their research from the participants, in which the participants must agree voluntarily to participate and to reveal the research aim to the participants (Christians, 2008). Furthermore, researchers should consider ensuring the anonymity of the participants with all personal data of the participants should be made public only behind a shield of anonymity (Ibid).

In regards to ethics consideration, the participants were first contacted via email which stated the purpose of the interview. An information statement was attached in the email where further explanations of the participants´ contributions to the research have been presented along with stating their anonymity, the right to withdraw at any point of the interview, and the freedom to ask any questions regarding the research before, after or during the interview. Thus the three core principles of ethics were achieved, namely: confidentiality, anonymity and informed consent (AcSS, 2013). Furthermore, the names of the organizations or institutions that the participants represented will also be confidential, and only the generalized extent of information will be revealed (see also 3.6 Data collection). Moreover, the data generated through interviews are being carefully stored in a secure area with limited access (e.g. personal computer) with regards to practical security measures, the confidential recordings being cleared of identifying information (Smith, 2003).

3.7 Trustworthiness of the research

Trustworthiness was introduced in the qualitative research studies which intended to address similar issues as the credibility and reliability which are presented in quantitative research (Lincoln & Guba, 1985). Lincoln and Guba propose four criteria which should be considered by qualitative researchers in order to ensure the trustworthiness of their research as follows:

- Credibility which refers to confidence in the truth of the findings. Lincoln and Guba argue that ensuring credibility is one of the main factors in establishing the trustworthiness of the research (Lincoln & Guba, 1985). Two of the main techniques to ensure credibility are prolonged engagement and triangulation (Ibid). In the current research project, the prolonged engagement was utilized by engaging with the participants and conducting interviews with them in order to form trust between the researcher and the participants. As for triangulation which requires multiple data sources, the questions for the interviews were inspired from a qualitative questionnaire provided by European Commission, and in addition this thesis is making use of secondary data in order to ensure the richness of the research.

- Transferability which refers to the applicability of the findings in another context (Lincoln & Guba, 1985). One of the main approaches that can ensure transferability is providing sufficient contextual information about the framework site by presenting, among others,

the data collection methods that the researcher employed, the number and length of the data collection sessions, and the time period over which the data was collected (Shenton, 2004).

- Dependability which refers to the fact that the findings can be repeated (Lincoln & Guba, 1985). In order for the dependability of the research to be achieved and a future researcher to repeat the work, the researcher has to present the process of the study in detail (Shenton, 2004).

- Confirmability involves steps to help ensure that the findings are the result of the ideas and experiences of the informants, rather than the preferences of the researcher (Ibid) offering a degree of neutrality to the study. Again a detailed methodological approach should be presented in order to achieve conformability.

In order to ensure the trustworthiness of the research, a researcher has to be aware of the limitations of the research project. Thus a limitation section will be presented in the following sub-chapter which relates the limitations of this project in terms of data collected and methodological approach.

3.8 Limitations

The most important limitation which has to be acknowledged is the sample size of the empirical data collected. The sample of the interviews is relatively small in size with only 16 participants reflecting that the research study may not be considered a general theme in the digitalisation and tourism SMEs research, but it can be seen as an extension or a beginning of the research with more impact in the tourism sector. Future research in the field is desired to take place, with a wider variety of respondents which preferably could engage all the member states of the European Union. The limitation can also be seen from the perspective of time and money, in which in order for a greater sample of the participants to be achieved, I would have been put in the position to travel to other countries, which was an impossibility at that time.

Another limitation could be the fact that most of the participants where representatives of the public sector (e.g. universities, DMOs or research institutes), the study probably could have been more precise with the involvement of more SMEs (the current research presenting only one participant to the interview) or professional associations. Nevertheless, the fact that this thesis made use of experienced academics could be seen as a strength for the research, and that could be

reflected in the project due to the fact that the participants may be the appropriate ones to contribute to a future change in the tourism sector.

3.9 Summary of the methodology chapter

The qualitative research utilized in this thesis gave the liberty of understanding the world from the participants at the interview point of view, they being the most suitable ones to explain their experiences and views over the problems (Veal, 2017) that the tourism SMEs have to face in a digital world. The social constructionism philosophy of science helped in identifying possible solutions that may be applied for the challenges of the SMEs through the social construction of knowledge (Walker, 2016). This thesis also made use of both deductive and inductive approaches by oscillating between them because the explanatory model was already known at the beginning of the research (i.e. the desk research regarding the project was made before the data collection), but the writing of the thesis began after the data was collected (Veal). In the data collection, purposive sampling was utilized in order to achieve the most relevant participants with unique insights regarding tourism SMEs and European Union. The participants were selected in order to reflect the stakeholders that could enhance the digital uptake of tourism SMEs as identified in the literature review chapter.

For 16 semi-structured interviews, ethics considerations were applied such as the anonymity of the respondents and the revealing of the interview´ purpose. In the end, by analyzing the data through thematic analysis, relevant themes regarding challenges, opportunities, and support for European tourism SMEs in a digital environment were identified which will be further analyzed and discussed in the next chapters.

Chapter 4: Challenges and opportunities of digitalisation for European tourism SMEs

This chapter presents the different ways in which the interviewee perceived digitalisation on an everyday life basis and in the context of tourism. Second, the opportunities and challenges of digitalisation in the tourism sector will be presented and discussed.

4.1 Digitalisation as new ways of life and travel

With the increase of digitalisation in our lives, there can be identified behavioral changes, and in some cases, people are spending more time using technology devices than sleeping (Miller, 2014) which could be seen as a new way of life due to the increasingly dependability of people on their technological devices. Likewise, most of the interviewee perceived digitalisation as a new "*way of life*" stating that new digital technologies are identified as having an important effect on various levels, even though, in some cases, they are not able to perceive them as digital tools as I2 stated:

> *"We use the internet, even though, maybe, we don´t even think of that as digitalisation ... So digitalisation is actually all around us, even when we read the newspapers on our phone, or when we play games or search for information in general."* (I2).

As I2 describes the various levels of digitalisation, and it can be stated that new digital technologies are changing the way we used to be accustomed to, in the way that digitalisation is everywhere in our lives, whether we acknowledge it or not. Furthermore, some of the interviewees perceive digitalisation as a massive change and challenge for the way we organize our lives and the way we communicate with each other.

> *"I think that digitalisation is changing the way we live our daily lives, the way we work, how we organize our spare time also including how we travel, and also how we communicate with each other, so digitalisation is an industry in itself with all these sectors, and I think that the way or the pace in which this change is happening is getting faster and faster which is a challenge for everybody."* (I8).

> *"Things are going fast, you always need to keep up, and also think not only about the stress on workplaces or on businesses but also in the way of life. People are more isolated, that´s what I see in Denmark at least, they don´t talk as much, they don´t meet as much..."* (I2).

In other words, digitalisation is not only facilitating a "new" way of life, but it also accelerates the pace of change and seems to create "anxiousness" and anxiety in people to keep up with these challenges. The anxiety can be a result of the fact that there could be encountered age differentiation and digital skills differentiation resulting in distrust in the beneficial effects of technology offering an anxious attitude towards the unknown ground of digitalisation (see also van Dijk, 2017).

The "*isolation*" identified by I2 is becoming quite a pronounced phenomenon, as we constantly encounter people which are more concerned by their virtual lives than the physical one, which may further result in even deeper isolation which can affect the tourism industry. The statements are similar with how digitalisation is perceived by Gray and Rumpe which argue that digitalisation is the integration of technologies into all aspect of daily life, affecting everything in our social lives (Gray & Rumpe, 2015).

In tourism, digitalisation has seriously disrupted the industry, with the new technologies facilitating the entire vacation of the tourists (see also Coyle, 2016). The tourism products and services have become more attractive, economically and environmentally sustainable with the help of new digital technologies that facilitate the innovation of processes and approaching also the challenges possess by seasonality and over tourism (UNWTO: Innovation, investment, and digital transformation, 2018). Digitalisation can have a benefic impact on tourism, especially on the demand side, but what about the provider? In the next sub-chapter, the differentiation between consumers and tourism businesses of which most of them are SMEs (UNWTO: European Union Tourism Trends, 2018) will be presented and discussed.

4.2 Highly digitalised tourists versus traditional tourism SMEs

This has significant implications for tourism and mobilities, leading to an increased focus on user-driven innovations and market-led tourism product development (Dredge et al, 2017). For instance, tourism consumers are demanding more individualized vacations, they are able to constantly produce and consume (e.g. the tourist is perceived as a prosumer) the tourism product through social media, and the tourism industry is facing the challenge of continuously providing new digital technologies in order to satisfy the needs and the wants of the consumers (Tanti & Buhalis, 2017; Bearne, 2016). The digitalisation of the tourism industry driven by the consumer is also identified by I1 and I4 which state:

> "*I think, right now, what goes on in digitalisation on a global level, it´s so unpredictable and it´s highly driven by the demand side*" (I1).

> "*Some say that tourists are the most digital people in the world, I actually don´t know who makes these assumptions, but let´s assume that it is true.*" (I4)

As digitalisation is leading the creation of new ways of life and travel, it raises the question on whether the traditional tourism SMEs can continue to maintain the status quo and stay outside the current waves of change. Moreover, I7 states that "*some of the SMEs are not interested in growing*" (I7), and they may not be interested in changing or risking to adopt something new, in this case, digital technologies. This can be a reflection of the traditional mindset of tourism SMEs (Matlay, 2004) but in the same time can also reflect the differentiation between tourism SMEs and their level of digitalisation (Buhalis & Deimezi, 2004) and even between the use of ICT among the member states of European Union (Ibid; The Digital Economy and Society Index, 2018).

The limited use of digital technologies by the tourism SMEs is also a prevalent view among the interviewees, the main purpose of the SMEs being to market themselves on Internet through various digital media channels which could facilitate the e-business model (see also Amit & Zott, 2001), but even so, there are still some SMEs that do not take advantage of the benefits provided by the Internet:

> "*Some of them (SMEs) are still advertising in the newspaper and no one can see that*" (I3).

I12 further identifies digitalisation as having implications in marketing, promotion, and improvement of the interaction with the consumers, where technology is utilized in the actual development of the businesses:

> "*… I think that the term digitalisation is more about marketing and the processes in which you are trying to sell or promote a destination, that is why I separate them between technology, which I think is more about business development, and digitalisation, which is more marketing oriented…*" (I12)

This correlates with the two eras identified by Xiang, namely the digitalisation era and the age of acceleration era (Xiang, 2018). In this context, the tourism SMEs may only take advantage, to a limited extent, of digitalisation situating themselves in the first phase identified by Dredge et al. (Dredge et al., 2018), namely "sales and marketing" which took place some 20 years ago.

What can that imply for the tourism SMEs? If the consumer is characterized as being highly digital (I4) playing a key role on the global market (I1) it can be assumed that tourists are highly using e-commerce reaching to the level of "smart destination" (see also 2.1.3. Smart tourism), whereas the tourism SMEs are lacking behind at least 20 years (assuming that they use any digital tools) which

situates the SMEs in the "Traditional operations" (Dredge et al., 2018) or the adopters of "Weak digitalisation" (Ibid) (see also Fig.1). For a better understanding of this late adoption of digitalisation by tourism SMEs, the challenges that they may encounter need to be acknowledged. As such, the next sub-chapter will present some of the drawbacks for SMEs to digitalisation.

4.3 Key challenges for SMEs to digitalisation

4.3.1 Nature of tourism SMEs: small and conservative

The nature of tourism SMEs is identified as a significant barrier in the uptake of technologies and digitalisation (Buhalis, & Deimezi, 2004). Most of the interviewees noted the small number of employees, often family business which led to lack of necessary resources such as money, time and employees to support digitalisation.

> *"... they don´t have time. A lot of the SMEs here, at our municipality, they are so small, that it´s only man and wife and maybe some temporary employees, so they don´t have time to go into details with all this…"* (I6)

I6 perceive the lack of time strongly related to the lack of human resources which is quite understandable in the case of the SMEs especially in the case of micro and self-employed companies (see also Getz & Carlsen, 2005). The issue is more pronounced in tourism SMEs as they are known as a conservative sector being willing to maintain their lifestyle rather than achieving growth (Thomas, Shaw & Page, 2011). This assumption is in correlation to the statement given by I3 which argue:

> *"...a lot of companies, you know, they stick to what they know because it works and they don´t want to jeopardize their business, so like, "This works so why do more?" on digitalisation because it seems a little bit, you know, dangerous."* (I3)

The "*dangerous*" (I3) digital environment could be a reflation of the lack of knowledge regarding digitalisation and appropriate digital tools to be adopted by the tourism SMEs (Dredge et al., 2018). By not understanding what kind of digital technologies could enhance their digital uptake and the lack of understanding the long term benefits that could arise by adopting digitalisation, tourism SMEs may feel skeptical regarding digitalisation.

An interesting assumption was made by I11 which argues that the biggest challenge that tourism SMEs can face is the lack of human resources, and in order for them to become more digitalised they need to "*become bigger*" (I11). Moreover, the same interviewee emphasized the importance of a professional team with various skills and areas of expertise, but in order to become bigger, the SMEs need first and foremost financial support. This assumption can be criticized from different perspectives, first of all, there may be other ways for SMEs to fully take advantage of digitalisation or to generate growth without becoming bigger. Secondly, it fails to take into account the conservative nature of the tourism SMEs, which often leads to a lack of motivation to invest in digitalisation and innovation (Buhalis, & Deimezi, 2004). The lack of motivation may be a characteristic of the risk that they perceive when adopting new digital technologies. Accordingly, Konstantinou identifies some of the drawbacks that the SMEs perceive when it comes to digitalisation, such as security and expertise and the lack of required IT skills by the business owners (Konstantinou, 2016). This may be seen as the lack of knowledge of tourism SMEs when it comes to digitalisation. In regard to this, various programs aiming at presenting (at least) the digital environment that could be favorable for the tourism SMEs could take place at a destination level.

4.3.2 Becoming digital ready: The knowledge gap of digitalisation

First and foremost, in order for the SMEs to overcome the lack of motivation that they present when adopting new digital technologies, they have to be aware of the implications of digitalisation. By not wanting to digitalise, the performance of the tourism SMEs on the global market may be affected (Bocarando, Perez & Ovando, 2017). The tourism SMEs from the European Union may often lack the motivation which could be a reflection of their lack of knowledge regarding digitalisation (Dredge et al. 2018). In this sense, various programs aiming at developing digital knowledge among SMEs could be of use here. Similarly, I16 identifies the importance of creating a digital mindset for the SMEs:

> "*I think a digital mindset is important, you said that, so we need to have the awareness, that´s definitely something. We need to educate and we need to train people to become digital ready…*" (I16)

The "*digital mindset*" (I16) could be developed by creating knowledge regarding the implications of digital technologies. Knowledge can be manifested in various steps such as:

- Basic knowledge: understanding first and foremost the new digital technologies and how can the SMEs benefit from them (North, Aramburu & Lorenzo, 2018);
- Strategic knowledge: understanding where, when and how to invest their time and money in order to achieve development and reach new markets (see also Dredge et al., 2018).

These types of knowledge may represent a challenging process for the SMEs due to their conservative mindset and the differentiation between countries and regions. The basic knowledge needs to be developed in order for a better understanding of what digital transformation implies for tourism SMEs. Nevertheless, Dredge et al. identifying a relatively important difference between the Nordic and the Continental regions of the European Union in terms of digitalisation and adoption of new technologies (Dredge et al., 2018). Indeed, in some regions, the SMEs may need more support due to historical and politico-institutional dynamics, less access to technologies and low public sector financial support (Ibid).

The strategic knowledge could be manifested through internal and external channels. The lifestyle characterizing the SMEs could play an important role in the digital transformation because most of the SMEs are content with the minimum usage of digital tools as I7 identifies:

> "*Some people aren´t necessarily after a growing business, they are after a stable business, for a lifestyle, and for those people, some of them get enough marketing, and that´s enough, but if you are looking to grow, I think challenges in marketing is knowing where to expand your resources, because you only have limited time.*" (I7).

The willingness of SMEs to digitalise is something that may affect their growth in a positive or negative way. Here programs presenting the positive examples of SMEs adopting digitalisation could be presented and especially explained in order for the adoption of digitalisation to be achieved. In doing so, local governments, local DMOs or other local tourism stakeholders could play a key role in developing a digital mindset among SMEs at the destination level. Moreover, I6 identifies the use of data after receiving evaluations on their digital adoption, I6 being enrolled in a project in which the SMEs are subjects on a digital ladder to identify their evolution and digital adoption:

"… and then the lack of understanding … it´s important, but then the strategic use of data afterwords, let´s say when they receive some evaluations, how do they use those evaluations strategically it could also... that´s also a key challenge." (I6)

From I6 and I7 perspectives, the understanding of what digitalisation and the implementation of new digital technologies by the SMEs can imply is emphasized in terms that the construction of understanding and knowledge and the co-creation of values are strongly related with knowledge. Educational programs implying where to invest their time and money are a necessity here, explanations and positive examples of how to apply new digital technologies, the benefits of digitalisation and the long-term opportunities should be included in order for a better understanding on what the adoption of digitalisation implies (see also Dredge et al., 2018).

The rapid pace of technological and digital advance may represent a challenge for the businesses (Morrison, 2017) and in the same time may affect the digital transformation of the tourism SMEs in the way that the existence of too many digital tools represents a challenge for the SMEs when trying to implement the right digital technology for their business. This continuous appearance of digital technologies could create anxiousness among SMEs which could further hinder their digital uptake. The knowledge gap and the existing of too many digital technologies on the market are heightened as there is an increasing number of digital options, which is seen by I15 as making tourism SMEs feel like in a "*jungle*":

"… it´s a jungle, it makes it a jungle, there´s so much out there, and it can be difficult for a small business to be loud enough, to be heard in that jungle, and to find the right platforms..." (I15).

The inability of a small business to be heard in the "*jungle*" denotes that the SMEs are characterized as having lack of power on the global market. What may be done in this case is that the SMEs by adopting digitalisation can enhance their opportunities to be heard on the market. This assumption is being in correlation to the findings of Bocarando, Perez and Ovando which argue that the tourism SMEs by overcoming the challenges that they face when adopting digitalisation may contribute to their permanence in the market (Bocarando, Perez & Ovando, 2017). Nevertheless, the challenges may be on various levels depending on the member state, region or even destination.

4.3.3 European Union and the digital transformation of the SMEs

The European Union comprises 28 member states which may vary in economic development (see also Balcerowicz et al., 2013) or may have different political frameworks. The differentiation between the member states of the European Union can also have an impact in their digital transformation. For example, one of the Nordic countries of Europe namely Denmark is ranched as being the most digital, whereas Romania, an Eastern country is having the lowest rate of digital tools usability (The Digital Economy and Society Index, 2018). On a European level could be identified differences among the member states when it comes to their digital uptake (Ibid). Furthermore, the differences do not include only the entire country, there could be identified different levels of digitalisation at a country level, take for example Amsterdam the capital region of the Netherlands which is categorized as being the headquarter of more than 170 ICT businesses due to its geographic location and good digital infrastructure (Enterprise, 2017). The location of the destination alongside the economic development and the willingness to invest in digitalisation could play an important role in the digital uptake. An example is given by I11 which state:

> *"... Tirol invests 0.7 % of its own budget on innovation and digitalisation, it´s unbelievable. Just to give you an example, Trentino that is really close to us invest 7.8 %. I leave in the richest region of Italy because south Tirol is really, really rich, so this it´s really unbelievable... My region does not invest... "* (I11)

Hence, the assumption that the SMEs may not take full advantage of digitalisation and digital technologies could be also a reflection of the unwillingness of the governments on all levels to invest in innovation and digital solutions for a destination. The government willingness to offer financial support or other kinds of support for the digital transformation of tourism SMEs may hinder their ability to adapt to the new digital world. Nevertheless, there are positive examples of government support for SMEs, take for example the Vienna Tourism Board which is being one of the most innovative European DMOs (Pomeroy, C., 2017). This local tourism board is working closely with technology providers and local SMEs succeeded in making Vienna a "smart city" (Ibid). The case of Vienna is a positive one, but in order to achieve smart tourism in a destination, the digital infrastructure plays a key role (Axelsson et al, 2017) and the infrastructure development may not be the same in all Europe (Digitaleurope, 2019). The investment in infrastructure to achieve digitalisation is also identified by I16:

"... we need to make sure that we fund the infrastructure, so I think there is also an infrastructure component that should not be forgotten" (I16).

I16 identifies infrastructure as an external barrier to digitalisation which is in correlation to the statement of Mbuyisa and Leonard which argue that the infrastructure could possess a threat for the SMEs especially those from the rural and remote areas or the developing countries (Mbuyisa, & Leonard, 2017). I16 further emphasizes the role played by governments in supporting the development of infrastructure on a local and on a global scale. With regard to this assumption, the capital regions or urban areas could be more privileged when adopting new digital technologies and the geographic location of an SME can contribute to its digital transformation in terms of infrastructure and access to the latest digital technologies. This assumption is also identified by I3 which agrees that the geographic location of an SME may play a significant role in the adoption of digitalisation. I3 argues that the implementation of digitalisation and new technologies and raising the level of innovation in tourism businesses may vary from urban to rural areas:

„Yes, it´s doable in the capital where everything is pretty smart already and the level (of digitalisation) is not so low, but as soon as you get outside the cities the story is just completely different, so you need something else…" (I3).

In this case, the digital transformation may vary at a country level, in this sense, the understanding by the governments and tourism stakeholders of different geographic locations of the SMEs may be imperative here in order for the right programs to be implemented depending on the level of digital tools and infrastructure encountered.

When it comes to another external barrier on a European level in implementing digitalisation in tourism SMEs (e.g. laws, legislation and European policies) an example is given by the representative of a Danish SME, namely I15 and the struggles that may occur when dealing with the General Data Protection Regulation or GDPR defined as „*Regulation on the protection of natural persons with regard to processing of personal data and on the free movement of such data*" (Official Journal of the European Union L119, 2016, p 1), the regulation being an essential step in clarifying rules for companies in the Digital Single Market (European Commission. Data protection in the EU, 2019). GDPR is perceived as being daunting for European SMEs (see also GDPR.EU – Complete guide to GDPR compliance, 2019). I15 presents the stressful situation that tourism SMEs are facing when implementing European policies such as GDPR. The lack of time

is emphasized here, and the lack of understanding of the regulation gave I15 a stressful sensation, the interviewee stating even that *„everybody got scared"* (I15) because of the lack of knowledge if they are obeying the law in the right way.

4.3.4 Key findings

The analysis of the challenges identified among European tourism SMEs regarding their digital transformation has brought to light a series of barriers in the SMEs´ digital adoption.

These challenges may affect the digital transformation of the SMEs in the sense that they may **lack behind in the learning process on digitalisation** due to the lack of necessary technical resources:

- The lack of *necessary technical tools* among the tourism SMEs which could be a result of the *lack of knowledge* in identifying the desired digital skills and tools that the SMEs may use in their digital transformation;
- The *lack of time* and the *limited human resources* which usually is a characteristic of the SMEs could play a key role in their ability to *learn useful digital processes* required in a digital transformation.

Some of the challenges have an **external environment nature** which could hinder the digital transformation of the tourism SMEs internally:

- The *geographic location* of the SME may affect their access to *reliable digital infrastructure*, for example, differences encounter among urban and rural areas;
- The *SMEs situated in an urban area* may also have better access to learning new digital skills due to their *proximity to the tourism sector representatives* (e.g. local DMOs), whereas the SMEs situated in a remote area may not have that facility;
- The *lack of understanding of different regulations* applied on a regional, national or even European level, and the different levels of *economic development* among member states could also imply that different actions have to be taken in consideration to fit the needs.

The **willingness of SMEs to further invest in digitalisation** has also been an important challenge that has to be taken into consideration, which could be manifested through:

- The *conservative nature of the SMEs* which are more interested in a lifestyle that growth;

- The *lack of long-term perspectives* with regards to their business and tourism sector as a whole.

The challenges identified above are in a strong correlation, as for example in order to develop the desire of the SMEs to adopt digitalisation, there is the possibility of overcoming these challenges. By providing knowledge about the usefulness of investing in digital innovation and by improving the digital infrastructure, the digital mindset of the SMEs could be developed. Consequently, in order for the digitalisation process to achieve the wanted result, the above-mentioned challenges have to be considered and solved separately and at the end as a whole, because in the end, all tourism SMEs from the European Union are part of the tourism sector.

There are multiple drawbacks for SMEs to digitalisation and the always updating and increasing appearance of new digital technologies can be an impediment for the tourism SMEs in their digital transformation (see also Dredge et al., 2019). Knowledge was emphasized in this sub-chapter, which appears to be at the very core of the decision of European SMEs to adapt to the new digital era. Knowledge regarding the benefits provided by digitalisation could play an important role in the development of the digital mindset of the SMEs (Oliveira & Martins, 2010). Nevertheless, in order to achieve knowledge, tourism SMEs need first and foremost to understand the implications of digitalisation and the consequences that may occur after implementing new digital tools. Furthermore, the SMEs need to have an overall understanding of where, when and how to invest their resources in order to adapt the digital tools that suit them best. By achieving these, sustainable digital development of the tourism SMEs could emerge as shown in the following figure, namely Fig.2 (own creation):

Understanding	Knowledge	Digital development
Understanding of digitalisation and how to apply digital tools to enhance the development of the SMEs internally and externally	Knowledge on how, where and when to invest their time and money	Overall understanding of how to apply digitalisation in order for the enhancement of long-term benefits provided by it in a sustainable way

Fig. 2 (own creation)

As identified in the previous subchapter, European tourism SMEs face a series of internal and external challenges in their digital transformation. Nevertheless, digitalisation could also provide various opportunities for SMEs as will be revealed in the next subchapter.

4.4 Key opportunities for SMEs to digitalisation

Tourism SMEs from the European Union have been affected by digitalisation in a negative and positive way. The opportunities and benefits provided by digitalisation will be analyzed and discussed in this subchapter in order for a better understanding of the changes that the tourism SMEs may face in a digital world.

4.4.1 Abundance of online marketing platforms

The increase of visibility of the tourism businesses on the global market appears to be in correlation with the use of digitalisation by the businesses (see also Foster, 2017). Online marketing is perceived as having significant importance in the success of a business with internet marketing allowing the expansion of visibility to a larger population (Kothiyal, 2018). Marketing and online communication could enhance the adoption of e-business by tourism SMEs (Oliveira & Martins, 2010). Furthermore, in internet marketing, social media platforms could play an important role, both in the satisfaction of the existing customers and in the acquisition of new customers (Leung, Bai & Stahura, 2015).

With the consumer constantly co-creating and co-producing the branding of a destination, not harvesting the benefits offered by these platforms can negatively contribute to the visibility on the tourism market of the businesses within tourism (Hua, 2016). Various social media platforms that could contribute to the development of online visibility and customer relationships for tourism SMEs were identified by the participants at the interview. Among them, Facebook was identified as providing free information sharing and communication with consumers, where Instagram could improve the image of a destination providing opportunities to tourism marketing online that could further result in providing growth (see also Hanan & Putit, 2014). In a European context, half of Europe uses Facebook and more than 50% of the Northern and Western countries from the European Union are utilizing this social media platform (De Best, 2018). As such, the advantages

of this social media platform could be fully achieved due to the popularity of Facebook among the member states.

"*Digitalisation hangs together with information*" (I2), and one way to inform the tourists could be through online marketing and harvesting the opportunities created by digital platforms. This online visibility is a necessity in a digital world (Hua, 2016), assumption which correlates with the statement of I2 with regards to the use of various social media by the tourism SMEs, and the ones that do not take advantage and are not on a social media platform:

> *"...then it´s a no-go for a success, you really need to be in that digital sphere to be visible to both tourists but also to businesses who are making the cooperation with the destination company."* (I2)

Furthermore, I2 perceive social media and digital methods a useful way of doing marketing for an SME, stating that these various social media platforms are free of charge. The low digital skills could also be the result of the lack of time that the SMEs are struggling with as I15 identifies time as being a barrier for further harvesting the benefits of social media. The representative of the SME from Denmark (I15) states that the average time spent on posting or interacting with customer is taking 20 % of the work time in a week, and in some cases, some of the other duties are being set aside or postponed in order for the customer to receive a rapid reply on a social media channel. Nevertheless, Denmark is quite accustomed to Facebook having a usability of 66.2% of citizens (De Best, 2018), but for an SME social media usage could be time-consuming as perceived by I15 states, but being cheap and easy to utilize (see also Absah, Muchtar & Qamariah, 2017) could be an advantage for the SMEs wanting to explore the digital world.

Hence, tourism SMEs need more knowledge creation and understanding of these marketing methods which could play a key role in the digital transformation of the SMEs and in their growth (Jagongo & Kinyua, 2013) and could result in the e-business adoption of tourism SMEs. This view is similar with the statement of I12 which argue that the businesses need first to understand the benefits of various digital platforms in order for them to be able to use them properly for their own benefits:

"... I think that the businesses don´t understand the needs of TripAdvisor, Hotel provider, Facebook, Instagram. If they don´t understand it today, I think we should try to make the companies understand them, because these people… they are out of reach." (I12)

As stated by the interviewee, digital solutions can positively affect the digital transformation of tourism SMEs, but in order for this to happen there is the need for understanding and knowledge of what digitalisation implies and then to choose the right platform to be on which may differ from business to business. With regard to this, the SME representative (I15) which represents a tourism guide from Copenhagen sees Airbnb as the right platform to be on, seeking collaboration with it:

"My dream platform would be something like Airbnb Experiences because it´s much more real in a sense, it´s much more related to my product here … we do want to be online, like a said before…" (I15)

Even though Airbnb Experience may be the right platform for I15 to be on, the inability to get in touch with Airbnb is also emphasized by I15 "*I don´t know how to get in touch with Airbnb*" (I15). The fact that the SMEs may lack in human and financial resources, makes this process a difficult one. Here support from various governments on different levels may be of help, but this will be further related in the next chapter.

This section discussed the abundance of platforms that could be encountered in a digital world and the necessity of tourism SMEs to be accustomed to these platforms in order to choose the right one. The rapid pace of digital technologies could be seen as a challenge in a digital world (Morrison, 2017), hence the tourism SMEs may get confused when trying to identify the platform and digital tools that suit them best. Furthermore, the open-mindedness of the SMEs poses a huge impact on their digital transformation and this could be seen from the assumption of I15 "*we don´t want to be online*", in this case, the accent being put on the authenticity of the product. Even so "*digitalisation hangs together with information*" (I2) and by not being informed, these conservative SMEs may face a downfall in a digital world. Nevertheless, the tourism SMEs are being perceived as flexible because they have few employees, the innovative solutions could be easily implemented due to their ability to adapt and their sensitiveness to changes (Bocarando, Perez & Ovando, 2017).

4.4.2 Digital online branding strategies

Tourism SMEs are mostly satisfied with maintaining their lifestyle, merely maintaining the business as it is, not being interested in growth (Thomas, Shaw & Page, 2011) but they have to take in consideration the fact that the customer behavior has changed due to digitalisation (Mamaghani, 2009). The tourism SMEs may be forced, in a way, to adopt digitalisation in order to even maintain their lifestyle. The fact that the consumer may not have access to the SMEs through digital platforms could have a negative impact on the retention of their customers or the acquisition of new ones. Here e-commerce strategies could play a key role in the visibility of the SMEs for their customers and in the same time improving the organization reputation and image of SMEs in the global market (Hua, 2016) which could further result in the acquisition of new customers. The acquisition of new customer could be made by marketing the business in the right way as stated by I9:

> *"If you use your brand in the right way, you can get exposure and you can really tell a story about your business in a way that was not really possible before."* (I9)

I9 further argues that there are various digital possibilities for the SMEs to expand their reach, but they will have to prioritize their work in a way that suits the consumer. In doing so, the understanding of the customer needs and wants is imperative here in order for the tourism businesses to reach the right tourists (Song & Liu, 2017). In order to keep the business running, tourism SMEs need to expand their market and this could be achieved by understanding what is the target market, what is the value proposition offered by the business, and if there are any gaps in the strategy (Harvey, 2018). Online presence and digital innovations could facilitate the identification of the tourist demand at a destination level (Onder, Koerbitz & Hubmann-Haidvogel, 2014) which could be a useful tool to develop strategies in this sense. By connecting online with various customers, tourism SMEs may increase the enterprise-customer relation and increase brand value as identified by Goyal & Sharma, 2013. Nevertheless, these kinds of online brandings should be strategically developed in order to avoid the branding of a popular destination which could result in mass tourism (The Guardian, n.d.). However, considering that the tourism SMEs need to adapt in a digital world, and maintain their status quo on the tourism market, branding relating to the popular areas could be useful to attract customers. One way to attract new customers

is described by I15 which make use of hashtag related to popular destinations to attract new customers through a social media platform:

"...when I try to attract new consumers on Instagram, for instance, I hashtag it with all the wonderful Copenhagen, beautiful Copenhagen, all these city tours, all these hashtags that are related to Copenhagen as a tourist city for the Danish tourists."

Indeed, tourists tend to visit places that are already popular and known to them (Smith, 2019) which could benefit the SMEs located in nearby popular destinations. They could present their uniqueness through social media platforms by identifying themselves with a popular destination. In doing so, they may attract new customers that are visiting the popular destination but choosing to make use of the services of other tourism-related businesses such as sharing economy platforms than SMEs due to their presence on the online market (European Parliament, 2017). In this sense, one of the possibilities of the SMEs to reach the desired competitiveness and to maintain their place on the tourism market is to seize the opportunities provided by digitalisation.

4.4.3 Big data analytics as a means to increase customer satisfaction

Buhalis argue that a destination is an amalgam of tourism experiences and services (Buhalis, 2000), and when at a destination the tourism consumers "*ask many questions*" (I3). In this sense, there have to be considered the individualization of tourism products. One of the most important benefits which is provided by digitalisation is the use of big data or the data left behind by tourists (Onder, Koerbitz & Hubmann-Haidvogel, 2014), the digital footprint providing indicators of tourism demand at a destination level (Ibid). Thus, big data could be a pillar for the tourism SMEs to elaborate strategies in order to achieve visitor´s satisfaction. The usefulness of the digital traces left behind by the consumers is also discussed among interviewees. These digital traces are perceived as benefits in attracting more tourists by shaping the business after the needs and wants of the consumers which can generate a more in-depth understanding of the consumer´s behavior. I1 argues that by identifying the digital trace left behind by the consumers, strategies could be developed to change the core product of the tourism SME:

"So not only reaching out to the tourist but also taking advantage of the digital traces in terms of analytics, and business intelligence, and market information in general, and then,

of course, also the aspect of how can digital tools, and devices and services be developed
that actually change the core product of the SME." (I1)

Hence, the tourism SMEs could make use of the digital footprint to expand their services, even though they are not changing the "*core product*" (I1). By doing so they are able to capture the patterns or individual desires of the consumers which could result in cost reductions and greater operational efficiencies (Song & Liu, 2017). Take for example micro businesses that may benefit from the authentic experiences that they can offer, only by presenting the local culture and traditions to the right audience. Thus, the use of big data analytics may enable tourism SMEs to offer individualized experiences by understanding the specific wants and needs of the consumers (Gandomi & Haider, 2015) and even to change the business into a smart business (see also Gretzel et al., 2015). Nevertheless, there are also challenges involved when utilizing big data such as misuse of the data or abuse of it, or privacy concerns regarding personal data of the consumers (Song & Liu, 2017). Even though these challenges could be solved, to an extent, with the new GDPR regulation by increasing data privacy (see also European Commission. Data protection in the EU, 2019), there is still another challenge with which the tourism SMEs may struggle. In this sense, Dredge et al. identify the lack of skills of the SMEs from the European Union to engage in big data analytics (Dredge et al., 2018). Thus, training programs regarding data analytics and cybersecurity to increase the skills in this new unknown domain for the tourism SMEs (Ibid). In doing so, big data analytics could be a pillar for the tourism SMEs to elaborate strategies in order to achieve visitor´s satisfaction and to increase innovation in European tourism SMEs. This could be done by considering product or process innovation which could enhance the internal business ecosystem, and process innovation which may increase efficiency, productivity, and flow in SMEs (Hjalager, 2010).

Innovation and development is the overall goal that is intended to be achieved in the new digital era, but in order for everyone to be on board in the digital transformation, a clear understanding of digitalisation is needed. As already identified, tourism SMEs tend to be more conservative, opting in maintaining their traditional way of operating on the tourism market (Matlay, 2004). Nevertheless, the need for innovation is orchestrated by the behavioral changes of the consumers of tourism products and services (Tanti & Buhalis, 2017). Hence, the next chapter aims to provide

a set of steps that may be taken into consideration for a sustainable development of the tourism SMEs from the European Union and their integration in the digital era.

4.5 Summary

This chapters´ aim was to present and discuss different ways in which the interviewee perceived digitalisation on an everyday life basis and in the context of tourism. In doing so, this chapter revealed that digitalisation and the increasing usage of digital technologies and tools could result in an "isolation" among people which could be seen in a behavioral change among people. The interaction and face-to-face dialogues seem to fade due to the increase in dependability and usage of digital technologies.

In the tourism SMEs context, the increasing appearance of digital tools possess an "anxiousness" feeling among tourism SMEs. The internal and external barriers encountered by tourism SMEs in their digital transformation where identified. Internal barriers such as lack of knowledge regarding digitalisation and lack of different resources could hinder the digital transformation of tourism SMEs. The external barriers seem to be more complicated due to the different levels of digitalisation, regulations and economic development among the member states. As such lack of knowledge and resources combined with poor digital infrastructure and different legal frameworks could result in a more in-depth conservative mindset of the tourism SMEs. The latter not having the knowledge and necessary resources within the business and outside it, may not consider to innovate through digitalisation.

Nevertheless, there are also opportunities for tourism SMEs when considering adopting digitalisation and new technologies. As such, different marketing platforms could enhance their visibility on the global market place which could further result in the acquisition of new customers and economic growth. By achieving marketing and online communication through different digital platforms, tourism SMEs could develop to the stage of e-business. Furthermore, the global interconnectivity among tourism actors and by digitally interconnecting in a destination, the e-commerce stage could be achieved, which could further result in ensuring the place of tourism SMEs on the global market and increase their competitiveness.

Chapter 5: Towards the digital transformation of European tourism SMEs: strategies and policy directions

This chapter addresses the main research question: "How can tourism SMEs from European Union better adapt in a digital world?". In particular, it stresses the support which may be provided for the digital transformation of European tourism SMEs. This chapter will also present and discuss possible strategies and policy actions that may be taken into consideration for a sustainable adoption of digitalisation by tourism SMEs.

The following chapter will reveal different **support** initiatives in terms of the development of knowledge and various support strategies that may be offered by different tourism stakeholders. Moreover, various **bottom-up strategies** and **sustainable development** actions that may be taken in consideration by tourism actors in order to enhance the digital transformation of the tourism SMEs will be discussed. And last but not least, different **collaboration** strategies that may be adopted to ease the process of integration of new digital technologies and to develop smart destinations in Europe will be presented.

5.1 Digital transformation of tourism SMEs: various levels of support

Support is identified as the key tool for tourism SMEs to succeed in a digitalising world (Khan, Woo, Nam & Chathoth, 2017; Dredge et al., 2018). Most of the interviewees argue that SMEs need support in finding their path to digitalisation. Support can be seen from different perspectives, there can be support for knowledge, understanding of new digital technologies or financial or technical support (Dredge et al., 2018). These various levels of support could enhance the uptake of digitalisation by tourism SMEs from the European Union. Different types of support may be provided by various tourism stakeholders which will be further presented and discussed.

5.1.1 Local authorities´ key role in digital transformation

Local authorities such as local public administrations have been identified as being the most appropriate to support SMEs in their digital transformation (Dredge et al., 2018). Due to their proximity to the local businesses, the local DMOs can facilitate coordination with SMEs and offer information services at a local destination level, a statement which is in correlation with the

assumption of Bieger, Beritelli and Laesser which state that (Bieger, Beritelli & Laesser, 2009). I2 discussed the support which could be provided by local authorities or municipalities when it comes to innovation: "…*local government, the municipality, they are in power to say that you do this or that*" (I2). Even though the tourism SMEs may find financial support from unions or professional associations within tourism, the local authorities need to agree with the implementation of the innovation: "*If you have the money but don´t have their acceptance, then nothing will happen*" (I2). Even so, there can be barriers or conflicts among these levels of governances, but in the end, there must be a compromise between local tourism representatives and the local governments.

> *"Then we need to find compromises, there will be some conflicts, and so we really need to have their support to do things, if the support is not there, then we can´t do anything."* (I2)

The collaboration among different levels of governance, and the importance of the acceptance of the local municipalities could affect the implementation of digital innovations, hence the importance of innovation needs to be recognized among all tourism stakeholders. By achieving digital interconnectivity and collaboration among all stakeholders and citizens at a destination level, the tourism industry may be able to develop smart destination (Khan, Woo, Nam & Chathoth, 2017).

Nevertheless, the interviewees identified that there must be dialogues and face-to-face meetings between local tourism boards and SMEs, in order for a better understanding of how to work with SMEs. This correlates with the findings of Morella which argue that the role of the DMOs is to create partnerships with the private sector, which also include the SMEs, at a destination level (Morella, 2006). Nevertheless, the fact that some of the SMEs are not being perceived as being part of the tourism industry "*operators of SMEs, don´t have any presence, except for one or two of them, with the regional tourism body*" (I7), could hinder the development of the European Single Market.

One of the most important challenges identified among tourism SMEs is the lack of knowledge regarding digitalisation (see also 4.3.2 Becoming digital ready: The knowledge gap of digitalisation). In order to develop the digital mindset among SMEs, the local authorities may need to develop a strategy identified in *4.3.4 Key findings*. By doing so, they could address the development of:

- Basic knowledge, which could be achieved through developing info sessions with the tourism SMEs in order to present the digital technologies that could fit them best
- Strategic knowledge facilitating hands-on exercises regarding where, when and how to adopt the digital technologies identified in the info sessions in order for the SMEs to develop individually and collectively on a destination level (see also Dredge et al., 2018).

With the abundance of online marketing platforms, by understanding what each platform implies and where, when and how could the SMEs adopt new digital technologies, they may be able to maintain their place on the global market by enhancing their visibility online (Kothiyal, 2018) and reaching global customers (Leung, Bai & Stahura, 2015). By achieving global integration, the European tourism SMEs may enhance the Europe profile globally which could further result in a successful Digital Single Market (European Commission, 2015). Nevertheless, this process needs to start from the bottom, and as identified *4.3.3 European Union and the digital transformation of the SMEs*, tourism SMEs may possess different challenges regarding digitalisation. Hence, there may be considered the individual SMEs development in order to achieve the European strategy.

5.1.2 Diversified types of support based on individual SMEs´ needs

Different levels of digitalisation could be encounter on a European Union level, among the member states (The Digital Economy and Society Index, 2018), among different regions of a country (e.g. rural or urban), and even among SMEs at a destination level which depend on the willingness of the specific SME to digitalise. Hence, a better understanding of different needs of the tourism SMEs is needed, and a useful way to identify the needs of the SMEs is by engaging in dialogues with them. The dialogue needs to take a different form in the case of tourism SMEs in which the manager could be also the owner (Blichfeldt) and this assumption is also made by I7 which argues:

"… when you talk to SMEs you are actually talking to people… if you want to engage with people you have to get to their level, and their level is: "I do this ... I make this ... I say this". It´s a much lower level and a much simple level, and that is the reality of what tourism is."
(I7)

The understanding of the tourism SMEs and the way to interact with them could result in an understanding of their needs and wants which could enhance the strategic knowledge. Some of the

businesses may be more willing to digitalise than others or may have a different level of digitalisation. In this sense training plans provided at a local level by different tourism bodies could be of help for the individual SMEs in identifying the digital technologies that could suit them best at an individual SME level (see also Dredge et al., 2018). By identifying the best suited digital technologies for the individual SME, then the public administrations within tourism could bring together the like-minded businesses to form a collective destination.

The differences between individual tourism SMEs are also identified by I2, which argue that there could be encountered different types of representatives of the SMEs: "*some are intimidating, some are more relaxing, some are more political*" (I2). Different types of Tourism SMEs may have different needs, and in this context the is the need to identify the right technologies for individual SMEs. This emphasizes the fact that support may be different from one SME to the other, and first and foremost there have to be an understanding of their nature in order for the right support to be given. In tourism, the focus is mostly put on the consumers even to the extent of defining and interpreting what a tourist is (Xiang, 2018), but this do not necessarily mean that there is understanding of the tourism industry as a whole, in this sense, there have to be taken into consideration the provider side also.

After understanding the needs of the SME, which could also result in a more sustainable overall approach, there could be developed a plan on how and where there could be implemented various actions. For example, the SMEs from the rural areas may need more reliable digital infrastructure and access to more information courses regarding digitalisation (see also Dredge et al., 2018). Furthermore, the SMEs situated in the remote areas were identified among the interviewees at having a low adoption of digital technologies, hence their digital transformation could be longer than in the case of urban SMEs. Moreover, there could be also identified tourism SMEs that are more willing to digitalise, and tourism SMEs that are more reticent regarding digitalisation (see also Buhalis & Deimezi, 2004). In this case, an example of a mixed program is identified by I2 which is developing a strategy to combine the digital and the traditional within tourism SMEs. As such, I2 is working closely with the SMEs in order to find the perfect symbiosis between traditional tourist maps and the new digital applications. Indeed, it appears that the perfect marketing in tourism is a combination of both traditional which have a lifespan that is easily defined and digital marketing which could target a much larger audience (Kvesic, 2018). Nevertheless, even for such

strategies there is still the need of developing a digital mindset among SMEs, because even though digitalisation is not everything and "*it´s good to have digitalisation and new technology as a direction*" (I13), there must be acknowledge this change in order to form a unified Digital Single Market.

Support from the local DMOs is perceived as being the most important one, but what can happen if the structure of the state is different. As we already identified, the European Union is comprised from member states that have different levels of digitalisation (The Digital Economy and Society Index, 2018) and economic development (Balcerowicz et al., (2013).) and in this case more investigation and research is needed for a better understanding how, where and what we need to focus on.

5.1.3 Support for SMEs to achieve a unified Digital Single Market

Support can be offered on different levels, but in order to achieve a Digital Single Market among tourism SMEs, they have to be considered and recognized. Above, the support that may be provided at a local level has been identified, but then remains the support that could be provided at a nation and even at a European level. At a European Union level, dialogues with the big players have been identified among the interviewees, which argue that this kind of dialogue could only take place at a European level or the most at a national level. The international European level has been identified by the interviewees at being the most appropriate to regulate digital platforms such as Airbnb. The regulations and policies conceived at the European level must accommodate the SMEs which are competing on a global market place to provide access to information and services through global players, nevertheless these actions have "*to address the situation which SMEs face*" (I1). Indeed, the tourism SMEs may not have the power, or they may not be loud enough in the "*jungle*" (I15) to engage in a dialogue with these players:

> "*... I don´t know how to get in touch with Airbnb, I spent some time on trying, it´s like Facebook, you know, you can´t find the people working there, it´s really, really difficult ...*"
> (I15)

At the national level, the power that the national tourism bodies have in forming dialogues with the big players have been also identified by I4 which argue:

"For me, as a local DMO, it´s impossible to have a proper dialogue with Instagram, with Facebook, with Hotels.com, or Airbnb." (I4)

From the assumptions of I15 and I4, the inability of a local tourism representative and an SME to get in touch with the big players is emphasized. In this sense, the national or even European representatives could form dialogues regarding the digital transformation of the European SMEs with the big players which may enhance the uptake of digitalisation in SMEs. The representatives could identify the desires of the SMEs with regards to a digital platform and by presenting these desires to the big players, they could develop a plan to overcome the "anxiousness" that the SMEs are facing.

Another challenge identified by the interviewees is the lack of reliable infrastructure (see also Oliveira & Martins, 2010) which if dealt with, could facilitate the adoption of e-business model by tourism SMEs (Ibid). The differentiation between digital infrastructure among the rural and urban areas (see also Dredge et al., 2018) has been identified as a challenge in adopting digitalisation by tourism SMEs (see also *4.3.4 Key findings*). In this sense, policy actions and initiatives regarding the development of infrastructure in the remote areas are needed because how could be a Digital Single Market achieved without the consideration of equal access to reliable digital infrastructure. This could be facilitated through European economic support in the needed areas. The economic support is playing a key role in the digital transformation of the SMEs (Schröder, 2016), and by identifying where this economic gap is in a destination or a member state, there may be seen more positive examples of digitalisation in tourism. Nevertheless, there are positive examples regarding the facilitation of tourism SMEs integration in the digital world as will be revealed under *5.3.4 Digital transformation of tourism SMEs through bottom-up and top-down approaches*.

5.2 Sustainable adoption of digitalisation for tourism SMEs

Here sustainable development is related to how can tourism SMEs from the European Union adopt digitalisation in a sustainable way. In the previous chapter there were identified various levels of support that could be provided for the facilitation of the digital transformation of tourism SMEs. The chapter revealed that in order to understand the needs and wants of the SMEs, dialogues and face-to-face meetings with local tourism bodies have been identified by the interviewees. The

tourism SMEs have to be invited and engaged in the development of strategies that concern them in order for programs of development and integration of digitalisation could be implemented. Hence, by identifying the right digital technologies for the tourism SMEs, and at the same time the right customers, the tourism SMEs may be able to develop in a sustainable way.

5.2.1 Spreading tourists to other parts of destinations

A way to sustainably adopt digitalisation is by avoiding mass tourism. As such, the focus could be put on the right consumer for tourism products and services. In order for this to be achieved, tourism SMEs could be more focused on the right consumers rather than all consumers as I14 states:

> *"The challenge is to get business to not think: I want every customer all the time, it´s to actually focus and say: I want the right customer for my business to grow sustainably."*(I14).

This could be a reflection of the challenges possessed by mass tourism in some of the European destinations (Colau, 2014). Indeed, with the massive flow of tourists visiting the popular places (Smith, 2019) there can be seen an increasing accent put on the benefits of the dispersion of tourists globally and at a destination level (see also The Guardian, n.d.). A good example of these kinds of strategies is given by I14 (the representative of a tourism board from Ireland) which states:

> *"...we have a sustainability policy now so our marketing communications .... we won´t be directly promoting attractions and locations in Ireland that are already experiencing sufficient visitor capacity. There are one or two that are actually over capacity, so, as a tourism board, we won´t be promoting them at all this year, but will use instead images of locations that are very well known or visited, they are also locations that have a similar aesthetic and appeal as the ones that have become too popular."* (I4)

The tourism boards are playing a key role in the adoption of sustainable strategies, as the example given by I4. These kind of examples could be shared among regions and states in order to increase the sustainability of the European Union tourismindustry. This could also facilitate the tourism SMEs in more remote areas in the way that, the national or regional tourism boards could develop a site to present the authenticity of the places that are not so popular, instead of presenting the already known destinations and locations. Even so, the national tourism boards are still focusing

on promoting popular destinations. Take for example france.fr which on the first page has an image of the Eiffel Tour (source France.fr) promoting Paris which was already the third most visited place on earth in 2016 (Khan et al., 2017). Instead, the site could have promoted other or at least also some of the remote areas of France. Hence, how could the tourism SMEs understand sustainable development, if the national tourism administrations still have an economic growth vision only? In order for a sustainable development of the European tourism industry, the sustainable development goals (see also UN: Sustainable Development Goals, n. d.) should be known and considered by each member state. This thesis is mostly interested in the digital transformation of the SMEs, but these kinds of lack of knowledge about sustainability seems to appear on all levels of a country and even globally.

In order to develop tourism industry in a sustainable way by attract the right tourists instead of all tourists in a destination, the use of big data analytics could be of help.

5.2.2 Sustainable development through big data analytics

In order for the tourism SMEs to develop in a sustainable way, there is a need for a better understanding of the tourism industry as a whole. The understanding of consumer desires could be achieved by utilizing the digital footprint left behind by tourists (Onder, Koerbitz & Hubmann-Haidvogel, 2014) which could also facilitate new business opportunities (Song & Liu, 2017) for tourism SMEs. Thus, tourism SMEs may benefit from big data to diversify and personalize their services and products. Nevertheless, tourism is a complex industry, and in order to see a digital innovation of tourism as a whole, the SMEs´ needs and wants need be in understood as identified in *5.1.2 Diversified types of support based on individual SMEs´ needs*.

The digital footprint left behind by the tourists could play a significant role in the digital transformation of the SMEs (Gandomi & Haider, 2015). These digital footprints could be transformed in knowledge creation for tourism SMEs by the tourism boards and further in collaboration with the SMEs implemented in their daily lives:

> *"As a regional tourism board, we can check the trends, and have a good knowledge about the needs… then we have to take that information, transform it, side by side with the company, and make them understand the need. And make them do the difference before we*

start marketing the region or try to sell stuff, because if you sell something with bad delivery then the whole system will collapse." (I13)

The "*difference*" identified by I13 could refer to the fact that every tourism SMEs have its own uniqueness, delivering services and products in different ways because "*When you talk to SMEs you are actually talking to people*" (I7). The unique nature of the destination and the businesses within it, seem to have an impact on the motivation and satisfaction of the consumers (Meng, Tepanon & Uysal, 2008). Hence, the face-to-face interaction, the exploration of a destination by the tourists has to be taken into consideration in order for the tourism SMEs to take full advantage of their uniqueness. Nevertheless, there may be digital solutions adopted by the SMEs in order to maintain their place on the market and even to achieve growth as identified in this thesis. And a sustainable way to achieve this is by identifying the right consumers, and big data analytics could facilitate this process. Nevertheless, training is needed for the tourism SMEs to be able to use bid data for their own benefits (Dredge et al., 2018). Thus, initiatives focusing on informing and training the European SMEs regarding data analytics and cybersecurity are needed (Ibid) in order for a sustainable development of tourism SMEs to be achieved. By training in the utilization of advanced communication and information technologies, in this case big data, the development of a destination in a technological and economic way (Gretzel et al., 2015) may provide the European Union with more smart destinations. Nevertheless, in a smart destination, the collaborations among all tourism stakeholders are emphasized (Gretzel et al., 2017).

5.2.3 Sustainable digital adoption through collaboration and knowledge creation

Collaboration may take different forms and may be on different geographic levels as will be further discussed. I7 argues that some of the important actors that can contribute to the digital transformation of the SMEs may be identified in educational institutions "*I would like to think, because I work in a university, that the university might have a role"* (I7). This could be achieved in the Nordic context where the adoption of digitalisation is higher (Dredge et al., 2018) which is also identified by I7. Nevertheless, educational institutions could, through collaboration, develop relevant courses for the SMEs in order to develop something special which could fit a particular SME as also identified by I6 "*Schools, they have to develop relevant courses for the SMEs*".

Through research and development practices targeting the development of digital skills to active learning and information dissemination (see also Dredge et al, p. 32) the specific needs of different SMEs may be identified and strategic plans could emerge.

Collaboration among businesses or sharing of knowledge is perceived as having a huge impact on the digital transformation of the SMEs. This assumption is also identified in a research about collaboration among startups which are usually digitalised but do not particularly know the market and SMEs which have a better understanding of the market on which they operate (Mercandetti, Larbig, Tuozzo & Steiner, 2017). Similarly, I3 identifies the exchange of knowledge between the tourism businesses as being the key tool in some cases to solve some of the problems that they may encounter in their digital transformation:

> *"... I think if you take Stromma ... that´s slightly bigger company and I think, what will help them is peering new ideas and initiatives from the smaller companies, the start-ups and so on with themselves ... I hear about different challenges that they have, but I also talk to the smaller ones, the start-ups that might have a solution to some problems."* (I3)

Furthermore, the collaboration among SMEs on a destination level seem to suit the SMEs in the sense that they feel more comfortable when talking among themselves:

> *" What I´ve noticed it´s that, most small enterprises seem to benefit from having some sort of human contact or collaborative networks, so when they work with other like-minded businesses, they share ideas about how to do things…"* (I7)

As a result of these discussions, like-minded businesses could collaborate in finding solutions to their challenges. This assumption is similar to the findings of Hjalager regarding institutional innovation in which forming networks and alliances seem to foster the innovativeness of SMEs (Hjalager, 2010). Furthermore, another interesting discussion identified among the interviewees is related to forming networks and collaborations among SMEs that have the same interest in terms of sharing knowledge regarding a product which is already on the market as identified by I8 "*it´s always good to have collaborations with other companies that have the same interest*". Thus collaboration of like-minded businesses with the same interest and willingness to adopt a specific digital technology could facilitate the tourism SMEs in terms of financial challenges that they are facing when trying to invest in new digital technology. Through digitalisation, these kinds of

collaborations could facilitate shifting the focus from authorities to tourism SMEs (Dredge et al., 2018) at a destination level. Nevertheless, these kind of bottom-up approaches could not stand alone as will be identified in the next section.

5.2.4 Digital transformation of tourism SMEs through bottom-up and top-down approaches

From the interview samples, an interesting input emerged such as collaboration could be strongly related to bottom-up approaches. Most of the interviewees identified that the digital transformation process may be made easier if the process is equally divided between tourism stakeholders at a destination level which is in correlation with the institutional innovation identified by Halager (see also Halager, 2010). Nevertheless, as the lack of financial resources was identified as being a significant challenge in the digital transformation of the SMEs (Tofalleti, Thornley & Murnane, 2016; Mbuisa & Leonard, 2017; Chiware & Dick, 2018), the financial support is needed in the digital development of tourism SMEs. Thus, even though these strategies may be implemented from the bottom, from the SMEs, there is acknowledged that the support must be also provided by the governments of different levels. From the people interviewed there could be identified various programs that are taking place to help the tourism SMEs from the European Union in their digital transformation. Take for example TourismX (see also tourismx.dk) in which I3 (the representative of a local DMO from Denmark) is currently involved in a partnership with a business foundation from Denmark with various universities contributing with their knowledge to ease the process. The project purpose is to strengthen innovation in Danish tourism with a focus on tourism businesses. Tourism X is funded by the EU, which provides 50% of the money needed. Furthermore, another project, namely "Professional SMEs in tourism – transnational development of skills acquisition" in which I6 is involved comprising three countries: Denmark, Portugal, and England. The project is co-funded by the European Union in which DMOs from these three countries are involved alongside universities. As such, the European Union is quite involved in developing strategies to support the digital transformation of the tourism SMEs, at least in the Nordic countries.

Most of the interviewees were involved in programs to support SMEs in their digital transformation and not surprisingly this programs were held in collaboration with the tourism SMEs. As identified above, for a successful result of this programs, strategies to implement

digitalisation in tourism SMEs must comprise both approaches: bottom-up and top-down. This assumption is in correlation with I4 and I1 statements, which at a question regarding what kind of approach is most appropriate bottom-up or top-down, they provided the following answers:

"I think definitely that it's a bit of both. I strongly believe that as a local DMO you should be able to lead the way and show how it could be done and show what kind of issues and problems we are working with on a daily basis, and present them to stakeholders on a local level and also on a national level. However, on the other hand, it's also important that the government or so should have a strong vision about what we are going to do based on inputs from DMOs." (I4)

"I think it's a combination. I think the top-down might be the only thing that has a possibility to change something significantly, radically in order to reach the opportunities to digitalisation globally and the sustainability goals, so therefore, a top-down approach is probably needed, where things are immediately changing for many SMEs on European level. At the same time, I think that the SMEs need to be invited, interactive, engaging in various strategy development so that it actually concerns their daily lives of operating as businesses…" (I1)

From the perceptions of I4 and I1, collaboration among SMEs and DMOs at a local level with the implications of European representatives could ensure the success in the digital transformation of European tourism SMEs. Nevertheless, in order for the digital transformation of tourism SMEs to succeed, collaborations among all stakeholders are needs. Dredge ae al. identifies collaborations among SME-SME, SME-DMO, DMO-DMO as having a significant impact in facilitating the digital transformation of the European tourism SMEs (see also Dredge et al. 2018, p 21).

Furthermore, considering the findings of this thesis the three goals of the European Single Market Strategies may be achieved. As such **access** could be achieved by enhancing the e-commerce adoption in tourism SMEs, **environment** by boosting the e-business practices in tourism and **economy and society** by creating smart destinations with the use of big data analytics.

5.3 Summary

This chapter addressed the main research question: "How can tourism SMEs from European Union better adapt in a digital world?". In finding the proper answer to the main research question, this chapter identified various levels of support which could be provided for a suitable adoption of digitalisation by tourism SMEs. The chapter revealed different support initiatives in terms of the development of knowledge and various support strategies that may be offered by tourism stakeholders. In doing so, the local tourism bodies were identified as being the key stakeholders that could support SMEs due to their proximity to the businesses (Bieger, Beritelli & Laesser, 2009) through various programs focusing on knowledge creation and development of a digital mindset.

This chapter also revealed that one-size fit all strategies may not be applicable in the case of the tourism SMEs from the European Union due to the complex situations identified at a European, national and even destination level (see also Dredge et al., 2018). Possible support and policy actions were also identified aiming at supporting SMEs in their digital transformation.

Moreover, the importance of combining bottom-up and top-down strategies in implementing a European digital strategy was stressed. Various sustainable development actions that could be considered by tourism stakeholders on all levels have been identified and discussed. And last but not least, different collaboration strategies such as DMO-DMO, DMO-SME and even SME-SME that could be adopted to ease the process of integration of new digital technologies in the tourism SMEs were presented. As such in order for the tourism SMEs to better adapt in a digital world, the collaboration at a destination level is imperative as the support provided from the international and national levels.

Chapter 6: Conclusion, recommendations, and future research directions

The tourism industry is a key driver of socio-economic development, being considered one of the fastest growing industry in Europe and around the world (UNWTO: European Union Tourism Trends, 2018). During the last few decades, tourism has faced a series of changings due to the rise of the Internet (Xiang, 2018). Digitalisation facilitates a series of innovations that contributed to the reshaping of tourism as an industry (Halager, 2010; Halager, 2015). Digitalisation has revolutionized tourism enterprises and destinations. The constant appearance of digital technologies has affected both sides of the tourism industry, namely the consumer and the provider. Nevertheless, the consumers of the tourism products and services facilitate the marketing of a destination by consuming and at the same time producing a destination (Dredge et al., 2018). As for the provider side, the tourism businesses are facing the challenge of achieving visitor satisfaction and at the same time trying to maintain their role in the global tourism market. The challenges possessed by digitalisation on the provider side of tourism are amplified for tourism SMEs due to their lack of knowledge and resources. Nevertheless, benefits are also provided by digitalisation, and by seizing them the tourism SMEs could strive in a digital environment. As such, this research sets out to answer the following question:

How can tourism SMEs from the European Union better adapt in the digital world?

In order for a proper answer to be provided to the main research question four sub-questions were utilized as follows:

1. *How is digitalisation in general and digitalisation in tourism perceived by different actors in the tourism industry?*
2. *What are the challenges for the digital transformation of tourism SMEs from the European Union?*
3. *What are the opportunities for the digital transformation of tourism SMEs from the European Union?*
4. *What can the stakeholders do to support tourism SMEs in their digital transformation?*

The next session discusses key findings and insights under each sub-question.

Sub-question one: *How is digitalisation in general and digitalisation in tourism perceived by different actors in the tourism industry?*

This thesis identified the complex nature of digitalisation and digitalisation in tourism. The new way of life in which we situate ourselves in a digital world creates isolation among people and the interaction and face-to-face dialogues seem to fade in a digital world (UNWTO: European Union Tourism Trends, 2018). The continuous appearance of digital technologies and the accelerated pace of change in a digital world seem to create anxiety in people, the latter struggling in keeping up with the rapid pace of digital technologies. The digital world is perceived as complex and challenging for the tourism sector also, as the tourism SMEs try to keep up and fulfill the ever-changing needs and wants of the tourism consumers.

Sub-question two: *What are the challenges for the digital transformation of tourism SMEs from the European Union?*

Digital transformation poses a treat for tourism SMEs due to their conservative nature (Thomas, Shaw & Page, 2011). As such, they tend to feel safer when maintaining what they have, and the unknown, which in this case is digitalisation, could be seen as a treat or as an unnecessary risk for the small businesses.

This research thus reveals that tourism SMEs often lack knowledge regarding digitalisation and the benefits that innovations through digital technologies could bring to their businesses. The digital mindset has to be developed in order for these benefits to be understood by the tourism SMEs and for them to invest in digital transformation. This study also showed that the tourism SMEs tend to be more reticent when considering introducing new digital technologies due to the lack of knowledge about digitalisation and lack of various resources such as financial, human and time. The limited number of employees could be manifested in the lack of time that could negatively affect the digital transformation of the SMEs. The differences between member states of the European Union in terms of economic and digital development and the different legislation and legal frameworks alongside with the infrastructure encounter differently among the member state could represent various levels of challenges among SMEs from the European Union. As for example, the tourism SMEs operating in a remote area may need more reliant infrastructure or more access to relevant courses regarding digitalisation.

Sub-question three: *What are the opportunities for the digital transformation of tourism SMEs from the European Union?*

Digitalisation of the tourism market represents a threat for the tourism SMEs, but at the same time benefits and opportunities of digitalisation could be encountered. One of the benefits identified in this research is the increasing of visibility online through various digital platforms which could result in more e-business practices (Gretzel et al., 2015). In a digitalised world, the consumers are highly digital and in a global market, they may not be able to make use of the services provided by tourism SMEs if these businesses are not visible for them. For developing visibility online, which could result in a place on the digital tourism market, the SMEs could take advantage of the various digital platforms such as social media, which are often free of charge. This could offer SMEs visibility for the customers and even enhance the acquisition of new customers and increase growth. By harvesting the digital footprint left behind by tourists on a destination level, the tourism SMEs also have the opportunity of understanding the specific needs and wants of the customers.

Sub-question four: *What can the stakeholders do to support tourism SMEs in their digital transformation?*

The support could be provided by various tourism stakeholders ranging from the international level such as the European Union to a local destination level. The European Union and the country level could open dialogues with different global players in order to ease the collaboration between the tourism SMEs and these far of reach global players. The financial support was also identified as support that could be facilitated by the European level, and examples have been given such as the TourismX program in Denmark. On a local destination level, various tourism bodies have been identified as playing a key role in the digital transformation of the tourism SMEs due to their proximity to the local businesses through facilitating the knowledge creation and understanding of digitalisation. Collaboration among SMEs at a destination level has also been identified as facilitating the enhancement and exchange of knowledge to facilitate the digital transformation.

Recommendations

First and foremost a digital mindset needs to be accomplished through various programs and focus groups in which the local tourism bodies such as local DMOs could present and explain the digital benefits alongside with positive example of the digital transformation. This was also the reason why this thesis stressed the need for knowledge creation regarding digitalisation (see also *3.4.3 Key findings*). Indeed, digitalisation has brought a series of challenges for tourism SMEs from the European Union, but at the same time, it also presents opportunities. Nevertheless, the support could be provided to enhance the digital uptake of SMEs as also revealed in this thesis. In the next two figures, the challenges and possible solutions or recommendations (Table 3) and opportunities and recommendations (Table 4) will be presented for the answer to the main research question to be given:

How can tourism SMEs from the European Union better adapt in a digital world?

Challenge	Recommendation
Lack of knowledge	Info sessions and hands-on exercises presenting the benefits of digitalisation could enhance the digital mindset of tourism SMEs.
Lack of reliable digital infrastructure	Financial assistance to develop the infrastructure in the remote areas of the European Union could facilitate the SMEs located in those areas.
The willingness of the SMEs to digitalise	The traditional mindset of the SMEs needs to be taken into consideration. If the tourism SMEs do not want to digitalise, symbiosis among traditional and digital could be accomplished. These models could facilitate the tourism SMEs and the European Union, the digital uptake being developed to the extent of facilitating the Digital Single Market.

Tourism SMEs recognition on the tourism market	As identified in this thesis, some of the SMEs are not recognized as being part of the tourism industry. As such, the identification and recognition of these tourism SMEs need to be accomplished in order to form a unified European Single Market.
Different levels of support based on the individual SMEs´ needs	This thesis identified that there could be encountered different kinds of SMEs, and as such, first and foremost, the individual SMEs´ desires have to be taken into consideration. This could be done through face-to-face dialogues with the SMEs at a destination level.
Different levels of digitalisation	European Union comprising 28 states with different economic and digital development, have to consider understanding each member state need in particular and afterward as a whole.

Table 3 (own creation)

Opportunities	Recommendations
Online branding and global exposure	By harvesting the facilitations provided by digitalisation in term of digital platforms, the tourism SMEs may reach the level of e-business which could enhance the communication with the existing consumers and the acquisition of new ones.
Collaboration and network creation	Digitalisation could facilitate the collaboration of tourism SMEs at a destination level, putting them around a "virtual table" (Dredge et al., 2018) which could facilitate interconnectivity

	and the adoption of e-commerce by tourism SMEs.
Big data analytics	With the help of the digital footprint left behind by the consumers, tourism SMEs could benefit of a better understanding of the consumers´ demands (Onder, Koerbitz & Hubmann-Haidvogel, 2014) which may result in achieving power on the global market.
Smart tourism	Collaboration among all private and tourism stakeholders at a destination could be facilitated by digitalisation which could further result in developing smart destinations in the European Union.

Table 4 (own creation)

Future research directions

As this thesis made use of only 16 semi-structured interviews, and the European context being quite wide, further research is needed for a more in-depth understanding of challenges and opportunities that the tourism SMEs may face in a digital world. Hence further research is needed to portray the different digital uptake of the member states as a whole with research focusing on each member state of the European Union in particular. The differences were identified in this thesis, but due to the generic research, there could be encountered different challenges that the SMEs from each member state face when it comes to digitalisation. Furthermore, further research could have to focus on the differences between rural and urban areas within a country and even differences among individual tourism SMEs.

This thesis, even though quite generic, could be utilized by future researchers or policy representative and public and private tourism stakeholders as a basis for developing strategies and initiatives to integrate the European tourism SMEs in the global digital market. Furthermore, it can be utilized as a mean to compare future findings regarding digitalisation and tourism SMEs.

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Appendix A. Interview guide

The interviews consisted of 9 questions as follows:

1. What is your overall understanding of digitalisation in general and digitalisation in tourism?

2. How do you feel about digitalisation in tourism? (Attitude or opinion)

3. What are the benefits/drawbacks of digitalisation for tourism SMEs?

4. Can you describe your vision for digitalisation in tourism (in relation to your organisation and in relation to the destination)?

5. How do we achieve the vision you describe? (What needs to happen to achieve this vision?)

6. From your perspective (in your role/job/position) what are the key opportunities for SMEs to digitalisation?

7. From your perspective (in your role/job/position) what are the key challenges for SMEs to digitalisation?

8. What policy responses and actions are appropriate?

9. What are the key stakeholders that can support SMEs to overcome these challenges? What initiatives or actions should they take?

Appendix B. Participants at the interview

I1 (Head of Discipline of Tourism Studies) – University - Sweden
07.09.2018

Introduction…

ESP: Thank you! What is your overall understanding of digitalisation in general and digitalisation in tourism?

I1: I am not sure what you mean when you say general understanding, but it´s a global change that affects the travel and tourism industry, primarily because information is such a vital factor in tourism.

ESP: How do you feel about digitalisation in tourism?

I1: You mean my own or my view on how SMEs perceive digitalisation?

ESP: Yes, your own and about SMEs also.

I1: Well I have been doing research on the implications of digitalisation in tourism for more than 20 years, and of course I have seen some significant changes in terms of what the research interest is mainly about, and I think that´s originally, of course, most of the research was about the Internet presence and internet use. And in the last 10 years, and even in the last very few years, we have actually started to see the significant changes in the industry structure due to digitalization. So what people expected to be the impact 20 years ago when the Internet was in its infancy, has only begun to show now. So the expected changes took a long time to appear and, of course, they also do not appear in the same way that people expected. But, I think, right now what goes on in digitalisation in general on a global level, it´s so unpredictable and it´s highly driven by the demand side. So the tourist, to a great extent uses multiple tools and devices and have various purposes for the use of digital services, and they are sort of a long way ahead of what small and medium enterprises can even imagine and due to the fact that the global players in digitalisation in general such as Facebook and Google of course impact all sectors in society, it means that the SMEs and any local, regional or small country stakeholder in tourism will have a difficult time understanding what to do, and when to do it, and how to actually play a meaningful role in the structure of tourism.

ESP: Thank you! What are the benefits or drawbacks of digitalisation for tourism SMEs?

I1: Well, I think the benefit is, of course, the reach, so local businesses can be easily found and evaluated by potential customers, visitors, tourists, however. I think the drawback is, of course, that they may lack competence, they may lack access to relevant tools, and they may lack negotiating power in terms of being represented in the digital channels where most tourists look for information or purchase tourism products. So these are important challenges which might actually be more difficult in the future because digitalisation has also driven structural changes in terms of global players who are not traditionally in tourism but they offer tourism services and

therefore the local level of stakeholders and SMEs is generally bypassed in the value chain. So this is of course challenging but yet a basic point in tourism is that people have to travel to a place and visit the place in any local, regional, national geography and that cannot be changed so therefore the relationship between the visitor and the local businesses once the visitors have arrived cannot be taken away by global players. So even though the information search and the purchase process in the value chain might be addressed by global players, the information provision and digital service in the local destination and through the visit cannot be provided by global players. So there is a bit of a potential gap in what digitalisation means and how it can be used as an opportunity for SMEs on the global and the local scale.

ESP: So if I understand correctly, let´s say for a policy action, it cannot be a general one for the entire Europe, it has to be on national, on regional or on local level.

I1: Well, it can of course be a policy at the European level but it has to address the situation which SMEs face. They locally provide tourism services to visitors and that is a different role than SMEs providing access to information and services on a global scale through global players, those are two different things. So yes, the policy would have to accommodate for SMEs both playing on a global market place and also on the local market where they mostly collaborate to offer a co-created experience for the visitor, but they compete on the global scale, of course to a much greater extent.

ESP: Thank you! Can you describe your vision for digitalisation in tourism?

I1: I think that the main challenge for digitalisation now is to try and understand what the implications are for growth in tourism and sustainability in society in general. So how can digitalisation mean something different than only growth in tourism arrivals by numbers, so volumes. So how can digitalisation be used to actually support, facilitate, change attitude, change behaviors locally and internationally for a sustainable development. And it means many things, it means how can digital services be developed that actually provide clear information to visitors when they consider various travel options, and how can they make choices that are good for the society but, in the same time, accommodate personal preferences etc. and fulfil their travel needs because we all know that the tourism industry will have to contribute to reaching the sustainability goals on a global level, and since travel is the basic component of tourism something has to be done in policy in terms of, perhaps, forcing digital services to include information and interventions which guide consumer choice towards more sustainable options.

ESP: Thank you! How do we achieve the vision that you describe? What needs to be done?

I1: Well I think that, first of all, SMEs need to understand and make some hard decisions about how can they remain profitable and competitive but yet attracting maybe a smaller number of tourists, and how can then, on a next level, destinations be organized, and how can they collaborate, how can they share resources more efficiently to offer good quality tourism products that are attractive to segments and markets worldwide, and, at the same time, policy and guidelines are

needed for the global players who provide international air travel, and hotel offerings etc. Where the information that they provide will have to include something that will support the development of sustainable choices by visitors. So it´s on many different levels and it´s about competence, it´s about campaigns for changing attitudes, it´s about consumer awareness in terms of what the implications of their choice is on the local and international level, so that it´s more transparent overall, the system of tourism is more transparent overall in terms of where are these environmental, social and economic impacts, so that this is understood by the tourist and also by the entire value chain in tourism.

ESP: Including SMEs?

I1: Yes, absolutely because I think that´s... the measure that SMEs take today is mainly about the marketing, using digital services to market themselves, and on the sustainability side they mostly work with offering carbon free products or local food or local transport which is environmental friendly etc., and that´s fine, but in the same time, their main goal is to increase the volume of visitors, to remain competitive and profitable, and I think that new business models which are based in collaboration, and which are based in actually charging the tourists for the actual cost including any environmental effects or other effects, is what it´s needed, so for instance, SMEs collaborate on a local destination level in most likely a DMO, and even on a regional level, but they do not share a common resource in terms of a fee from the visitor that can be used to build and protect the destination towards sustainability goals. So the money flows, the financial flows, but the business models for covering the costs that destroy the environment, the local, social culture are not there so there is a gap between the individual SME and the SMEs as a cluster businesses within the destination, and how the funding for taking action towards sustainability goals is not available because the money flows from the tourist to a single business and not to the DMO, and not every country, and especially not Sweden, have a tourism tax for the local level. So the taxation system and the taxation policy will have to be design to facilitate reaching the sustainability goals. So that´s definitely a challenge and of course it has to do with digitalisation in terms of how can this process be supported, how can information and communication be organized. So that´s very much on the agenda.

ESP: Thank you! From your perspective, in your position, what are the key opportunities for SMEs to digitalisation?

I1: Well I think it´s on many levels, as I said before, it´s about information provision on a global market, it´s about adapting to changing consumer needs, and wants, and wishes, so to be able to analyze the digital footprints that tourists leave behind, and traces that appear, and to improve their competence in collecting this knowledge in a meaningful way, take action based on this knowledge, that´s one aspect. So not only reaching out to the tourist but also taking advantage of the digital traces in terms of analytics, and business intelligence, and market information in general, and then, of course, also the aspect of how can digital tools, and devices, and services be developed that actually change the core product of the SME. So how can this be a value added

component of the tourism service, and anything from activities to guided tours to information to feedback to all the various processes that the SMEs are involved in regarding the creation of the core product and service, so the self-check in hotel, the self-serving restaurant, the augmented reality activity, the various information layers in a guided tour that are GPS based and touch points and, in general how the core activity of visiting a place can be changed due to new technology, and perhaps also therefore a better position to adapt the product to make a very small imprint on the environment where all the activity takes place.

ESP: In terms of sustainability.

I1: Yes.

ESP: From your perspective, in your position, what are the key challenges for SMEs to digitalisation?

I1: I think it´s competence, I think it´s access to experts, I think it is the SMEs´ general understanding of what their role in global tourism is. So they do not necessarily understand that they are part of a huge societal sector internationally, and I think that they operate very much as local businesses without really a professional support and the professional business model to act on the global market, and I think that, of course, the limited resources that they may have in terms of staff, or funding, or rules and regulations might challenge them to become more professional and to address the issue on a global scale. I think their vision is not on the international level, their vision is usually very limited to the local space where they actually provide and where they have their business.

ESP: Thank you! What policy responses and actions are appropriate to overcome these challenges?

I1: I am not a policy expert, but I think that anything where policy and interventions into how a destination can develop, and what a destination can and can´t do is important because rather than the acting towards problems that are already emerged, there needs to be an understanding on the long term plan, so I think the policies can both to intervene towards preventing major problems from appearing but it´s also about supporting SMEs in long terms strategy planning which covers the multi layers of societal development in general, so how does tourism development fit in within the development on local, regional, and national in terms of providing competence, funding, training, etc.

ESP: In your opinion this vision is limited in terms of geographic aspects?

I1: Yes.

ESP: So the SMEs need to understand that they have to think on a long term. Also about sustainability.

I1: Yes. Yes, long term in the sense that most businesses operate on a daily, weekly or at best monthly basis and the decisions that they make and the reality that they face has to be reference and related to long term development, and that´s where policy, guidelines, and, of course, also various plans of support is needed, and so that the actions and decisions that SMEs take do not contradict with the global sustainability goals and the opportunity to digitalisation. So I think that the long term is... you can never expect for any SME to, on their own, sort of take responsibility for the long term development. So they need to be able to do this in collaboration with others, and with guidance and support towards understanding the global goals, and the global opportunities.

ESP: What policy responses might be considered appropriate on a European level in terms of digitalisation and SMEs?

I1: I am not sure I can say very much about this because I think that you would have to be an expert on what kind of policy the EU can actually implement. I think, at the current moment it´s very much about supporting and understanding, investigating, and providing guidelines and goals, and planning between the nation states in terms of their tourism development. So I can´t really elaborate too much on what can be expected on the EU level.

ESP: Thank you so much! It was very helpful. I have an additional question. What are the key stakeholders that can support SMEs to overcome the challenges that we´ve talked about? What initiatives or actions should they take?

I1: I think the key stakeholders are the local authorities, local municipalities, etc. I think it´s also the national and European authorities and bodies that make decisions on single issues, but that may create a situation where businesses cannot operate efficiently. So the streamlining of various rules and regulations which SMEs have to follow needs to be improved and become less complex. So if you want to set-up and run a tourism business in a European country, you should not be subject to 500 different permits to do this, so that´s an important task and support that the policy makers can provide. I think also the stakeholders are, of course, any industry association, and it´s any destination organization irrespective on which level, that need to accommodate the needs and support the businesses on issues where they cannot alone act.

ESP: And maybe the collaboration between the stakeholders that you are talking about is also important.

I1: Yes, very much, very much.

ESP: What about the strategies... what kind of strategies? Should they be bottom-up from SMEs or top-down from the EU, for example?

I1: I think it´s a combination. I think the top-down might be the only thing that has a possibility to change something significantly, radically in order to reach the opportunities to digitalisation globally and the sustainability goals, so therefore a top-down approach is probably needed, where things are immediately changing for many SMEs on European level. At the same time, I think that

the SMEs need to be invited, interactive, engaging in various strategy development so that it actually concerns their daily lives of operating as businesses because usually policy is very general, but the specifics of the local tourism SME can actually, sometimes, be in conflict with the intentions of the policy. So I think that, in order to reduce the level of complexity in authorizing SMEs to operate as tourism businesses, you need to have a bottom-up approach as well. So I think generally both, and if you consider the level of tourism statistics, and analytics, and business intelligence as it is now, it´s completely useless and not meaningful for any SME, but the tourism digital traces that appear on a global level are a bottom-up approach because they are microdata, and this microdata can be organized and provided as a meaningful knowledge base for tourism businesses to develop and understand their visitors and to understand their own business in relation to others. So I think also the statistics of tourism is one area where significant changes are needed, where digitalisation can play an important role of identifying relevant data sources and provide matrix that are meaningful and reliable. So I think that´s an important area for a European policy actually.

I2 (Project Manager) – Official Guide – Denmark
07.09.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I2: That´s a big question. Digitalisation in general, I would say, it´s a way of life, if you could say it like that, it had infected our lives to the extreme, we are always online, we are always on social media, we always use Facebook, Instagram, Twitter, Snapchat. We use the internet, even though, maybe, we don´t even think of that as digitalisation, we also use radio, which is actually also digitalisation because many radio programs, they broadcast it from the internet and on different frequencies than actual old conservative broadcast methods. So digitalisation is actually all around us, even when we read the newspapers on our phone, or when we play games, or search for information in general. I think digitalisation in general, it´s a massive industry, which if you are a business, or SME, or something alike, if you don´t have digital media or digital marketing, branding, or whatsoever on social media you are totally off the grid of the consumers, you can´t be seen.

ESP: You are invisible for the consumer.

I2: Yes, exactly. And in tourism I would say that digitalisation hangs together with information, I mean if you are a tourism organization or a destination company one way or another and you are not into digitalisation, and not on social media, and use those methods and those tools, then it´s a no go for a success, you really need to be in that digital sphere to be visible to both tourists but also to businesses who are making the cooperation with the destination company. And

digitalisation is also, in tourism, a way of consumption, on Instagram for example, tourists use Instagram to get inspiration, they use Instagram to profile themselves, they use Instagram to subconsciously brand that area that they actually visited which it´s beneficial for the destination, and the same goes also to Facebook, and Snapchat, and Twitter, all these other social media platforms, but I would say Instagram is most valuable for the visualization of a destination, where Facebook is more the information of the destination and communications with the consumers and the tourist as well. I don´t know if that answers the question.

ESP: Yes, it does. Thank you so much! How do you feel about digitalisation in tourism?

I2: I think digitalisation is very important in a marketing perspective, and in a business perception of making it adds more value to the company and the tourism businesses, the small and medium enterprises that are inside tourism, but when I travel myself, I actually don´t use so much social media, I don´t post on Instagram, I don´t post on Facebook, actually when I am abroad and I am a tourist, I use my old school SLR camera which I… of course, I take the pictures home, I edit them and I put them on my portfolio, yes, but when I am in the moment, I want to be actually in the moment. I don´t want to use time on taking a picture, making a million hashtags and writing a minor story on social media, but that´s just me, that´s my personal opinion when I´m traveling. I know that there are millions of people who do this, some people even have it as a profession: bloggers, influencers, YouTubers for that matter. So it´s extremely important to focus on this digital media when doing the branding, and the marketing, and the whole cooperation with the businesses on a local level as well in a destination. But personally I don´t use much digitalisation when I am traveling, I use it for inspiration, but I don´t post myself.

ESP: Me neither, I am the same so I understand.

I2: Actually to supplement on this, I am right now working with outer tourism on Bornholm, where we are trying to develop commercial infrastructure and physical frames of developing tourism, that´s pass systems, maps, and so on, and we actually, at this moment, discussing if it should be a digital interactive map, or if it should be a conservative map, you know like a paper map because I went out to talk to different tourism information, and tourism bureaus, and their customers or their guests when they come in and seek information, they actually really much value folders and maps in print, that of course can say something about the segment. We didn´t talk about who´s doing that, but I can imagine that is, you know, higher age tourists, maybe some hikers that go with their sticks and everything. But on other outer tourism, the more extreme outer tourism cultures like mountain biking, kayaking, diving, and stuff like that, there are really many apps out there that you can go in, and you can track your roots, and you can find shelter places, you can find parking spots, you can find really good recorders from others and they recommend it in some way or another, so that´s also a part of the digitalisation that I´m working with and try to navigate into all these kind of applications that are out there and trying to make that beneficial for the more conservative consumer that is actually looking for the print. So we are trying right now to find a symbiosis between digitalisation and print, depending on the interests of different segments.

ESP: That´s very interesting, but, in your opinion, digitalisation is quite important, I mean now you can just travel with your phone, you don´t need a guided tour, you don´t even need to go there and book a room because you can do it on the internet.

I2: Exactly, and also last year in the summer I was in Rome and I was standing near the Trevi Fountain and I was trying to find this "El Greco" coffee shop where Mozard and H.C. Andersen and all kinds of celebrities have been drinking their caffee from the Renaissance and up, and I just took my phone out and I opened Google maps and I just followed the GPS and it was... it´s so simple, and also when I needed to find recommendations and stuff like that, I go on TripAdvisor and look up there what there is and what other consumers are looking into and what they like. So I actually... I use it (digitalisation) all the time but for different purposes, but again, I don´t post myself that much. It´s actually quite hypocritical but...

ESP: Yes, probably it´s not like that. Yes, you can do it but if you think that the people that you have on Facebook, probably half of them you know, and the other half don´t care about you being in Italy, or in Spain.

I2: Yes. To answer the question, I think that digitalisation is good, it´s highly beneficial for economy, but you also need to think about that it´s a different economy, I mean, it was also OK before that, it´s just technology has advanced so much that we change our organizational pattern and we change our way of doing things because of that, but if it wasn´t there, we would find a different way. That is also important to keep in mind that if digitalisation was not there, we would have done things otherwise.

ESP: So the SMEs also have to follow this path. If everything is digitalised, they also have to digitalise eventually, they have to adapt.

I2: Yes, and I´m not a professor in this so I can´t explain how the society works, yes it´s difficult to explain, but I really just think that the technology came, IT came, the internet came and people just grasp it because it was easy, and things could be done faster and more effective, and all of a sudden it became something that everybody owns.

ESP: What are the benefits or drawbacks of digitalisation for tourism SMEs?

I2: I would say that the benefits are that there is a faster channel of communication between the consumer and the business owner or the organization that offers the service. It´s faster, it´s more effective, and also the organization can maybe focus on making their value higher in some other ways than before because. Before they had to, maybe, focus more on the service, and now it´s... because it went through personal encounters, and now the services are more through phones, it´s through apps, it´s through chat, it´s through websites. When now the efficiency is higher so they can maybe focus more on other organizational advancements, if you can say that, or other assignments, but, on the other hand, it also stresses really much. Things are going fast, you always need to keep up, and also think not only about the stress on workplaces or on businesses, but also in the way of life. People are more isolated, that´s what I see in Denmark at least, they don´t talk

as much, they don´t meet as much... I mean if you go on a street in Copenhagen, I bet that 80 % of the people walking around, they are walking with the heads down in their phones and it´s... well it depends on what kind of values you see in life, but I don´t see it as a value, I definitely see it as a disadvantage, that there are less interactions between people. That´s also with the SMEs because everything can may be done quicker, when I´m sitting here in my office and there is an SME on the other side of Bornholm, on the island, than it´s quicker to write an email and make a call or just look up information on the website, than actually go out and have an interaction with them. I think that´s a disadvantage that are less interactions, and when there are less interactions you are also missing some intangible benefits, if you can say it like that. It´s not as personal, so cooperation is not as stable as before, this is just my own theory but...

ESP: It does make sense because the authenticity is fading.

I2: Exactly, yes. I´ve only been working on Destination Bornholm for one month now, so I´m quite new in this position, but when I started here, one of my first goals was to get out and say "Hi" to different tourism bureaus, and have meetings with local SMEs. So I did that, and it´s very valuable because you get a face on them, you know how they are, you know how to handle them in other situations, for example in meetings, some are intimidating, some are more relaxing, some are more political, so you get a sense of how to work with them in different contexts, and you don´t get that with digitalisation, you don´t get it if you... and also of course people are more able to express themselves dipper than actually putting information on a website. I went out to talk with them about outer tourism strategy and all that kind of stuff, and they don´t put that out on a website of course because then everybody could just take down the information and use it for their own benefit, and that way it´s beneficial to have that actual authentic real life interaction with people, and you can´t get that from digitalisation.

ESP: Can you describe your vision for digitalisation in tourism?

I2: That´s a tough one. Well, it´s quite difficult to say actually because one part of me wants to say that it would be best if everything is digitalised in information, like maps, hiking routes, biking routes, areas where you can do this and that in outer tourism, businesses where you can see ceramic being made, glass being made, restaurants where you can get this and that, but also when I went out to these SMEs talking about this, about this map for example, I said to them "What do you think about the idea of a map, maybe an interactive map, maybe digital on the website, where all this small tracks are made, so tourists, they can see where they are having the best mountain bike tracks, and the best hiking and everything?" and then one of them told me that "Sure, it´s a good idea but then I won´t get my guiding tours anymore". So there needs to be a balance, and I think that... of course it would be great if everything could be digitalised, but it will also cannibalize SMEs in one way or another, so I also think that we need to be careful that not everything is online because that will simply just eat up SMEs in one way or another. That´s maybe a quite extreme way of seeing it because, of course, there will always be some human interaction on a guided tour or something like that, and there are also segments that don´t even want the digitalised information,

they don´t download the apps, and they go and find the shelter themselves, and find the hiking routes and everything themselves, they actually want a guide to tell them more than they can actually find... I just think that it should be a balance where there is digitalisation as a supplement, so people can find their own way, but if they want something dipper, and a more unique experience, and dipper understanding of the track they are taking, of the product they are doing, or the tour they are doing, then they need to have a guide.

ESP: Thank you! How do we achieve this vision?

I2: I think that digitalisation should always be a supplement. It´s a hard question because there are so many different businesses that operate in their every own way and have different focuses on digitalisation and different strategies and so forth, but I think that how to achieve it is having digitalisation as a supplement but not the overall goal, if you can say it like that, because then you can also say like VR for example can be that good and that extreme, that you can experience walking in Grand Canyon at home in your living room...

ESP: What´s the point of that...

I2: Exactly, exactly. Just as an example, they already made 4D visuals and VR that you can actually walk while you are having these glasses on, you can walk around in an area and here is some water that splashes on you, there is some wind that blows on you, and everything, so it can also... I mean I also think that we need to be careful, it should be seen as an entertainment system, but maybe not as a marketing mechanism.

ESP: From your perspective, in your position, what are the key opportunities for SMEs to digitalisation?

I2: More branding I would say that in time will give them more sales, that´s the key opportunity, that can both be through social media, through video editing, graphic editing, picture editing, stuff like that. I would say that´s why it´s there for, to make, at least from the SMEs perspective, to make them sell more.

Elene: Are you familiar with European Commission´s strategy Digital Single Market?

I2: No.

ESP: The focus is on removing the barriers between the member states, for example, you are from Denmark and you want to buy from Spain, then you can do that without any extra costs. What is your opinion about that?

I2: So what you are asking me is if I think it´s a good idea that the barriers are taken away between member states of the European Union?

ESP: Yes.

I2: For example, if we, let´s say... SME would brand its mountain bike tours abroad to, let´s say, Spain for example, and when Spanish tourists buy something they don´t need to pay taxes or pay some extra fee because they are from abroad or whatever. Is that what you mean?

ESP: Yes.

I2: Well, I would say yes... I mean, I don´t have so much understanding of the program so I can´t say 100 %, but I would say who is it for? If for example the tourists decided to go to Bornholm they can just go and do the booking here or they will do it online, and they would just make a reservation so the trip won´t be taken of their hands when they arrive or they will be unavailable. So I think that we already did measurements so that won´t happen, so it´s actually quite easy, and taking away those barriers... well sure, I mean a free market would be good in some cases, but also think that are some SMEs that would simply die from it because I think the competition would be too great, it would be too big... they won´t handle the competition from bigger companies abroad. That´s just my overall thought, so it´s a yes and no answer. I can´t come with a 100 % yes or a 100% no. My biggest concern is that the competition would eat up small players.

ESP: Yes, because some of the member states are more digitalised, or more accustomed to digitalisation than some others. It depends of the culture also.

I2: Yes, but also about SMEs contra big organization, for example, if you´re a SME in Bornholm who´s doing a mountain bike trips, which is a one man show, so there is one guy in this organization who´s doing the phone calls, he´s doing his own branding, he´s doing his own video editing, yes, he´s doing his own booking platform, everything, and then you have an organization, let´s say in Lithuania or whatever, where are 20 employees, one is sitting only with marketing, one is sitting only with booking systems, one is sitting only with video editing or social media or whatever, and they also may have a huge mountain bike paradise, of course they will get maybe more success with these barriers gone, than the other would, and I´m afraid that, for example this Lithuanian company will simply eat up the small player because it simply doesn´t have the same resources that they do in some way or another, but that´s an extreme case because people also go to Bornholm for other reasons than only mountain biking, but if that what´s the only, single value that the tourists are looking for, then they would probably be more willing to go to Lithuania because they have had a bigger marketing, a bigger branding awareness, a bigger image, time and that also makes the whole support from the local government and everything, where they can build more tracks and more facilities than this one man show in Bornhom, for example, so just as an example, I think, in time we´re not talking about the next 5 years, we´re talking about the next 20 years, that this bigger destination with the bigger organizations would eat up the minors, that´s why.

ESP: So, the size of the SME is very important. I mean if we´re talking about a self-employed or of a medium sized enterprise, so it depends of the size also.

I2: Yes, and what resources they have, and also what support they have from the local government because there are some destinations in Denmark, for example Silkeborg, they have been quite successful getting public government to fund their mountain bike tracks, we also have that here but in smaller scale, so it also depends on the culture and the local governmental support of the whole development process, and if you have a larger organization, if you have more voices, if you have more money, if you have more man power, than it would probably be easier to get more governmental support.

ESP: Thank you so much! From your perspective what are the key challenges for SMEs to digitalisation?

I2: The challenges are knowledge and time.

ESP: And maybe financial resources?

I2: Not that much because many of the digital methods are free like, for example, Instagram is free, Snapchap, Facebook is not free because you need to pay like some boosting for some announcements or something like that. when you post something, when you have a business page you can boost it and... let´s say I have a business in Copenhagen and I want to bust it to all of Denmark, then I have to pay like, let´s 1500 kroner or something to have it boosted for a different period of time, but that´s still not a lot of money, that´s something that you can grab from something. So social media I don´t see it as a money problem, I can see it as a time and lack of competencies on actually how to do it. I once had a meeting with a hiker, an SME, and we were talking about... it´s a long time ago, in a different project... we were talking about social media, and I mentioned Instagram, and she was like "What is Instagram?", so, if you are there, there is a really long way to actually learn how to work with Instagram, and how it works, and how to use it for your SME benefits, or branding and image and that kind of stuff. I see both time and competencies as a problem but not money.

ESP: What policy responses and actions are appropriate to overcome these challenges?

I2: Money. We always want more money. We are right now having different funds from different partners and different foundations which actually help us a lot with doing the work, and that´s both for doing product development, I mean hours, but also in making actual physical things like prints, and also digital branding because it costs in man power hours, it´s not salary, as you can say it like that, but it´s our hours that we are working, and we are depending a lot on these funds. I am right now sitting in a project where we are still looking for funds to actually cover the hours that we need to spend on some product development, so it´s very important, money, money is the big game changer both in digitalisation and everything else.

ESP: Yes, and as we know, European Union doesn´t have the equality between member states when it comes to money, so probably some of them will be more digitalised, and the others will remain behind. Take for example Romania, it is the last one when it comes to

digitalisation, Denmark is the first one, so I don´t know what chances does Romania have in this context.

I2: Yes, and that´s again when we go to the barriers with European Union. If those barriers are put down, in one way you have bigger knowledge for other member states, but on the other hand the competition will be so great that, if you don´t have the money to actually overcome this challenge, or to develop digitalisation in your businesses, then the SMEs will die at the very end because of the competition.

ESP: We also talked about skills, the example with Instagram, maybe they are lacking in skills also. Most of them probably don´t even have an email address.

I2: Well, OK. If you need to start there, then it´s a long process.

ESP: Exactly, yes, so it depends on the policies and actions because you cannot put... I think that you cannot apply one action or policy for all of them, for all the member states because it depends on their evolution.

I2: Yes, it´s too big difference, both on digital infrastructure but also on the culture, if they are actually ready for it.

ESP: So they need more information in order to be able to digitalise properly.

I2: Yes.

ESP: What are the key stakeholders that can support SMEs to overcome these challenges?

I2: The key stakeholders, that´s our municipality.

ESP: What about the professional associations? Some of the SMEs are members of some professional association.

I2: Yes, but the professional associations, then I´m thinking about unions, if that´s what you mean... I mean we have... Sure I mean there are unions that can also fund, and also help with the development, but you need to overcome the regulations, you need to have support from the local government to actually do something because if we have the money it would be nice if we could go and just start building tracks and mountain bike tracks and everything, but we can´t do that because we don´t have the agreement from the local government, the municipality, they are in power to say that you do this or that. If you have the money but don´t have their acceptance then nothing will happen, and the same goes also to our Naturstyrelsen, is our Natural Agency, and they are really, really big player in developing outer tourism, in my case on Bornholm, and if they say no to something then we have a problem. Then we need to find compromises, there will be some conflicts, and so we really need to have their support to do things, if the support is not there, then we can´t do anything.

ESP: So the collaboration between these two different stakeholders is imperative in this case?

I2: Yes, and don´t misunderstand, we have a really good cooperation with them, but I am just saying that if it was not there, then it could be a problem.

ESP: If you could give me some examples of policy responses on a European level, on a wider picture, when it comes to digitalisation and SMEs.

I2: Well there is the GDPR that went on for some time now, I have absolutely no competencies on explaining what it is, but I know that many businesses are extremely frustrated about this new personal regulations, for example. Is that what you meant?

ESP: Yes.

I2: Small and medium sized enterprises, they don´t have man power or time to go into these things, and even larger organizations and businesses, they still don´t have a total knowledge about what this is, even though they send out emails "As you may know GDPR law or regulation say that we need to do this and that... you need to accept... click on this link etc.", some are still coming in to my inbox, even though that agreement got implemented in the regulation, and I heard from my previous manager that SMEs, organizations, actually all businesses, that, in some way or another, had something to do with the European Union and their standards and regulations, they actually got warning about this implementations of regulations two years ago, and it´s something that´s just drowned in bureaucracy because they want to use their time on something that meters, making value and making money. So some businesses got the warning but even so it came as a surprise, some businesses are still not ready and know what this actually is about.

ESP: So more information about the matter is necessary.

I2: Yes, guidelines and how to actually deal with it. I never sat with the regulation, I don´t know how they look like, I don´t know the guidelines, I just explained what I heard from the news and what I heard from when I talked to people.

I3 (Project Manager - Development) – local DMO – Denmark
11.09.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I3: So basically, I just wrote: to use digital possibilities to ease processes and create value for people, because it is about making like... I see it as a tool to ease all the, you know, challenges or possibilities that there are within a business or the meeting between a guest and the business, or the journey of a guest. There are different levels in terms of tourism, it´s like there is a single business that creates a value for the guest, but there is also a level where you need to get the guest to come there and that is not just to that individual business because it´s very rarely anyway that a

tourist goes far just to go to one place, like one business or one experience so there needs to be a wider pale of experiences. So for me that´s definitely like you can use digital tools to ease that process and make it, you know, easier for the guest to navigate and to get around, and also to, you know, easily understand the product portfolio of a company. Like a hotel with million solutions how do you combine these things to fit you? In tourism we are used to have really segment people: "ah you´re German you like Formula 1 and beers", we don´t do that anymore. Everybody are individuals, some like arts and mountain bikes, food… you know.

External: Just going down a little on the rabbit hole, I suppose, chatbots and instant online advice and thinks like that, is that taking off? Because that´s a way of customizing and ....

I3: The technology is not really sufficient enough, you do experience a lot of chatbot companies, like making... they have products, but there is just some dude sitting and writing, so it´s like you can use it for the absolute minimum, like QA, like question-answer.

External: But it´s still about connecting.

I3: I think, definitely, it´s a great possibility.

External: It´s just, I read about it but I haven´t really seen it in tourism as much as it is, you know, in the retail sector where it´s pretty easy: you want to buy a bed "what size?" you can answer to all these questions and go down the decision three and .... but with tourism is more difficult and I haven´t seen it.

I3: I´ve seen it in a few places, but the problem is, I think tourism is so big and visitors in the city will ask so many diverse questions. Not because there are complicated, but they just go in so many directions, like: "Where should I stay?", "Good place for coffee?", you know, "How is the weather and where can I go to...", it´s so all over the place, and I think it´s hard to make just one chatbot. We have been experimenting with it. We work with someone like tabbed in to Instagram pictures, like those experiences, so you should be able to say like: "I´m hungry" - "OK, what do you like?", "I´m vegetarian" and it goes like "OK" and then they would go into Instagram, and within that area find coffees and restaurants that guides you that way. We also try to use it for conferences, where again you narrow down the space and say: "OK within this conference ...." like if you just need basic information "Where are the toilets?", "Do you have a map of the place?", "When is dinner?" stuff like this.

External: That was a little side-question because I´m interested in the application of those, but anyway you go with your questions.

ESP: What are the benefits or drawbacks of digitalisation for tourism SMEs?

I3: I look first at the benefits, because the drawbacks I think it also comes down to.... there will be some drawbacks, but I don´t think we are there quite yet. Right now it´s more in terms of people not knowing which direction to go, and maybe then the digital solutions are confusing more than they are helpful. So basically, will help business be more stream line in their processes, and

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therefore be able to focus their tension on the guest. When you say that then it´s like, again because tourism is really wide it will differ, whether you´re like a guide or you´re a hotel, or if you are a restaurant, or a cruise ship. So it´s like, every time, you know, it´s always different solutions to each direction, I think. I also thought about, one of the benefits is definitely also connecting like the basic logistics, transportation and sleep-overs with experiences like shopping and seeing cultural institutions and so forth.

External: I think that we are talking about three broad levels: it´s the operational level of the SME, the kind of connection level in terms of product development and the supply chain, the value creation that´s going on with the visitor, and then there is the e-governance kind of level.

Jacob: Yes, but that is so true, it´s like three levels if you´re counting the public policy system.

External: I mean, even e-governance can actually happen through a Facebook page so it can be a private page where you´re... you´re not talking about the public sector, but certainly there is some mediation of your connections going on if you´re trying to manage in a region where it´s not the capital region, it´s a rural region. Facebook actually can be used as a kind of governance mechanism, just self-governance.

Jacob: Yes, exactly, that´s very true. The only drawback in terms of that is, and I guess that also comes down to a lot of the different solutions, is that someone else own the solution, and when is, for instance Facebook, you always have to keep in mind that, you know that it´s someone else and it seems without problems, but there are different problems, people gets too reliant on that, and then when Facebook closes down then the whole thing disappear, but it is the best solution at the moment.

External: And it´s the cheapest.

I3: It is the cheapest, but that is also where you can say like, if you have real time interaction, then Facebook is just a tool and if that disappears, well you still have that interaction going on. So, as long as it´s a tool, then it´s fine.

External: Yes, that´s really a good point.

ESP: Taking as a starting point the European Commission interest in growing a Digital Single Market, what policy responses might be appropriate at European level, national level…

I3: So, basically, I was looking at, again also from our discussion now but also from earlier, so what are the things that I think are really important for the small and medium-sized businesses is that they need some kind of aid to help them test and explore, because, right now it´s like, first they need to understand... so tourism is really conservative, it´s so traditional and it´s because, you know, you can almost take it down to like selling watermelon at the beach, you know it´s like there is a simple you know... you offer something, someone buys something, so it doesn´t have to be very complicated, and for the same reason we experience anyways is that a lot of companies,

you know, they stick to what they know because it works and they don´t want to jeopardize their business, so like, "This works so why do more?" on digitalisation because it seems a little bit, you know, dangerous. We talked about that there are so many solutions within digital....

External: The digital kind of tools out there a little are a bit overwhelming as well, so stick to what you know because if you cross over...

I3: Just think about it, if you want to go buy a stereo, it takes a while, but then think about if you want to buy a stereo and if you implement it in your living room, the whole living room can break.

External: Yes, that´s right.

I3: So basically, if you have a hotel, you know, say 50 rooms, you have a clerk and you have your shifts, and you have your cleaning staff, and so forth, and you do everything by the books, everything works, and you have a company saying "I have this digital system that can offer you a possibility to get a completely overview of all your rooms, when they are booked, when they need to be cleaned" and make those processes easier. At the first class that looks great, but does it work in reality? because a lot of the companies will be like: "Well, great I would love that, it cost me more than I´m using right now" and they don´t necessarily see the benefits strait away. The whole point is that they would be able to rent out rooms, they would be able to coordinate everything much easier, but... and now I am just talking from the business side, and I think their perspective is really that it is a danger implementing a system... like I talked to a guy which basically has a hotel and he felt that he needed to keep his books on a side as well because you hear that from the public system, when it gets bigger, like hospital system and so on, that doesn´t really work always, you have glitches in it, which means that it can be quite jeopardizing for small companies that suddenly for some reason their system goes down, then they don´t anywhere to navigate their rooms, or... does that make sense?

External: Yes.

I3: I think it´s just about that, you know, they have processes that work and why change.

External: Why change something that it´s not broken.

I3: Yes, exactly. That´s why, I think, from the business perspective, needs to be a tool... basically that is a long learning process implementing something new, and a lot of people within a hotel, I am just using that as an area, but it´s like they have been in that business for so long, maybe their mom and dad had the hotel, or they started really early, or that´s what they know, and then changing those really, like whole work ways would be like...

External: I was talking to somebody, I was in a conference about digitalisation in Ireland, and there was a hotel guy who run this hotel, it was, you know, in the family for long generations and he said: "To be quite honest, I don´t really care about digitalisation, but if digitalisation can tell me that the person in room number 32 is a French person and most likely would like hot milk with their coffee in the morning, then that´s why I can use it", so cutting through all

that scariness to go "That is what it will do for my clientele", I think that make a lot of sense to me.

I3: That´s in the essence of what I was looking into in terms of your questions.

External: In terms of policy, so what are the sorts of thinks... you know, we´ve been talking about education policies but I also thought that, probably, we could make some recommendations around supporting the sorts of programs that you are involved in.

I3: That is the strength of a program like that and that´s definitely… you got close to the company. Most of the companies I work with, and I go in and I can basically… like I know tourism and they know their business and their context, and then you could bring in experts and try to match the different areas, so knowing that the south of Sjælland, they would like more tourists from Copenhagen how do we get that? Well I represent Copenhagen to some extent and they represent their area and how could we connect this, and then you get that basic down and you can start looking at "How can we ease that process by bringing in digital?". So we don´t do marketing in this project but we can always help them understand the benefits of advertising online because not everybody does that. Some of them are still advertising in the newspaper and no one can see that.

External: So what I am hearing is that it´s really hand on. It´s about inspiring and growing and also the learning that goes on peer to peer.

I3: So the thing is like, you know, when you say small and medium-sized companies that´s like 99 % of all businesses in Europe, right? What I talk about now it´s probably in the smaller businesses, then you have slightly bigger ones, like if you have to go step up, I think if you take Stromma which are the ones doing that canal tours and like hop-on hop-off busses all over the North, that´s slightly bigger company and I think, what will help them is peering new ideas and initiatives from the smaller companies, the start-ups and so on with themselves. Like they have some challenges in their businesses and that´s why I come in again because I know the bigger companies will work together with them, they are part of our networks, and when I talk to them, I hear about different challenges that they have, but I also talk to the smaller ones, the start-ups that might have a solution to some problems.

External: One of the interesting things in this big document that we´ve got, we saw that there wasn´t a match with what was happening at the local level… but it´s more customized projects, and I think that actually, maybe, what you are saying… that´s the sort of thing that needs to happen more than sort of education awareness raising, this is the true reality.

I3: You have to because I think that´s the dangerous... that´s what we found out about projects, it´s like "We have to make a project that focus on digitalisation and new technologies raising the level of innovation in companies in tourism", and when we start out we found out quite quickly that that´s not doable. Yes, it´s doable in the capital where everything is pretty smart already and the level is not so low, but as soon as you get outside the cities the story is just completely different, so you need something else, you know. That´s why I think it´s good to have digitalisation and new

technology as a direction, but if you say that it can only be that, then I think you came out with the wrong solutions. It has to have a starting point with the businesses that need it.

External: The capacity building of the businesses with technology being a possibility within that, so not focusing just on...

I3: The thing is, we have to be aware that businesses are put in the world to create values for others and that´s basically the essence of it. Digitalisation and new technology need to help that process not the other way around.

External: Yes, Thank you! Sometimes, when you are given a project "How do we digitalise?", and we kind of think, OK we are so aware of this technology that you start to forget that, so it´s a really good grounding.

I3: So what we do in here is like I am the practical guy, so basically I look at the company and say "OK, what is your market, what you use?" and then we kind of map that out and then we try and put the concept of the business I work with into that to see how does this work, and then test it a lot to see how does this work, and then, maybe we put in some digitalisation, if that make sense.

External: Yes.

I3: On the other hand you can say like, again, in the capital region we have 8 companies, and they are all digital, so that´s a lot of apps and systems and so on, and they all relate to over tourism, you know " how do we spread the tourists around?", and then we basically again go back to saying "OK, so you found this neat way of getting the tourists to move around Copenhagen maybe through an app or so", but we go back to the market and the user again to say... not to be blinded by the technology but rather then say: "OK, so you know you create this value and you used this technology, how can we refine the technology to fit that value creation better". Yes, we always go back to market and user.

External: What are some of the apps? I am not even aware of some of those apps.

I3: Well, one of them is called MODES and it creates local stories. So they made a project for Copenhagen Municipality. They tab into this... that a lot of people want to have other stories told rather than just the professional cultural institution or the businesses. So they´ve create these small stories called MODES which, when you open your map or the app then you get this map and you can see, OK there is always dots around this area and when you MODE there you unlock this small stories based on

External: The geolocation or?

I3: Yes, exactly. So you get... if this is the MODE in like 5 meters you can unlick it, and then you can go to the exact point which is like a meter maybe and then there is a story, and the story can be one of us that will tell the story like this. If you go to cemetery and someone really wants to tell a story about some kirkegård or something like this, you know they can do that, and there can be

up to 48 hours, depending on how much people interact with the MODE. You can also as a professional institution put in more professional curated story, it could be like parts around the place.

External: I´ve heard of them, but I´ve not heard of them in Copenhagen though. What are some of the others?

I3: So you have someone who tab into the whole, like the receptionists being the new tourist information and they are creating a tour for the hotel to...

External: Like a concierge app, like a destination concierge?

I3: Yes, exactly because, you know, a lot of tourists come in and they ask the reception: "Where should I go out tonight?" and they don´t necessarily know, and also they might suggest something that is not in coherence with the hotel.

External: It could be seasonal workers too.

I3: Yes, exactly. So it´s basically how the hotels can get their suggestions out. Then you have someone who works with augmented reality sound, which is like 3D based sound.

External: Yes, I´ve actually heard of one of those, are these available?

I3: Yes, kind of. It´s called AWE, but if you want contacts to all these companies let me know.

External: I am super keep to learn more.

I3: Basically what they are doing is that, you know, if one of their stories... we are going to try and work with the guided tour, how can you chance the traditional guided tour, rather than sitting in the boat and get the same story in different languages, you can get a story that is interesting to you. Let´s say a canal boat than you can have a story that relates to the surroundings, and it could be, you know, it could be design architecture, it could be history, it could be ballet, it could be opera, you know staff like this, and the best way to explain it is that they made this app called 1807 when the British bombarded Copenhagen, and you have the story going on, and while he story is going on, they start bombarding the harbor, which is down there. But as you move around the sound stays in its location, so like you see everything and you move around, but the sound stays where is supposed to be. If you´re moving further away it stays behind you. It´s just a new sound picture which is really interesting in terms of guiding. Another part is like, you know, we need to... a lot of museums, cultural institutions and so on, in Denmark anyway, they are dependent on public support, but it can´t be like that forever, and they already started a few years ago saying: "You have to be 2 % more efficient per year" and kind of creates a problem for some of the cultural institutions because they are not used to this way of thinking. An app like this, for instance, can help spread their word about what´s going on in the opera right now. We are not saying that they have to put in commercials or such, but they are having a tool, and they hear about the architecture of the opera, they might well be told what´s going on in there right now because there might be

something they are interested in. So we don´t want to be like: "Come and see this" but it has to be related to some story. So it´s like, you know, sophisticated. That´s another part because we talked about hotels, restaurants and so on, but we also work with cultural institutions upgrading their cultural business models, and their digital solutions are also… can be a benefit to some extent.

External: Sorry, go back to your questions to make sure you cover them.

ESP: What are the key stakeholders that can support SMEs?

I3: Well, you know, basically it´s the business commerce, the team of commerce and the industries are one level because they are the businesses, they represent the businesses. So I think they are important players, and in relation to them I also see us, we are in the same kind of level, we are close to the businesses, we talk to them... yes close by, and then you have the municipality because they are very aware about what´s going on in their municipal area with problems and challenges that are important to focus on because, I think that´s also where digital needs to go in, it has to help finding solutions to problems, otherwise it´s not necessary. Then you have the state, and you have, of course the European Union, and if you take it the other way around you could say that we made this project TourismX focused on, I don´t know if you´ve got the website before, it´s called TourismX.dk.

External: I´ll have a look at that. Who´s the lead of that, are you the lead of that?

I3: Yes. We are two organizations, I´m in charge of the Eastern part of Denmark and our sister company almost, it´s called Danish Coast and Nature Tourism in the West, and they sit over there and take care of the rest of Denmark.

External: It seems that you have a really hands-on role and that´s really good, that´s what´s needed. What is the state doing?

I3: Basically, the European Union is facilitating though the state. So the Ministry of Business controls the means, you know, we have to report back to them, how we use the money and so forth. Once you get the money we also need to find 50 % ourselves also. So that´s also… there is a good connection between, let´s say: we´ve got the European Union and the state, and then you have the regional level which supports with 25% of the 50, and then we: Danish Coast and Nature Tourism and Wonderful Copenhagen plus the companies support the last 25 %. So it´s a bit, you know, everybody is working on this together.

External: So some of the policies need to be about providing incentives to develop the partnering because how do you know, how do you connect? I mean there are actually support policies that needed to create this environment.

I3: Exactly. That´s also an issue because, basically, you can only have one contract responsible in a project like this. We made the project together: Danish Coast and Nature Tourism and Wonderful Copenhagen, we did the project together, but only one of us can have the contract with the EU and that´s not very smart. It´s fine, but anyway we end up making contracts and saying that we are

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responsible for the entire East of Denmark, so if anything goes wrong it´s our fault, which is basically the same contract that the Danish Coast and Nature Tourism have with the EU, but it would just be easier for all parts if we have a common project that we work together on, but we are equal partners in it because otherwise it becomes very bureaucratic. A lot of processes that have to be in place and I don´t think it´s necessary. It´s just a shame, like we can handle it because we´re up to quite you know... professional organizations that have the tools to deal with this, and this is not the only EU project that we have, but it´s just... there are some things in this policies or this contract making with the EU that kind of makes it slightly difficult. Let´s just say that when you make a project that is just partnering, it´s also good that it kind of pushes people to become partners because it can also be very administrative hard to have a project with the EU, and that´s why some people back out, but if you can partner up on equal terms because in a sense you have DKNT (Dansk Kyst og Natur Turisme - Danish Coast and Nature Tourism), you know they don´t work with EU projects as much as we do and that creates a challenge for them, where it´s much easier for us and you say "Why didn´t you take the contract?" but that´s other politics that come into play. So it would be nice if it would focus on what´s needed.

External: What you´re describing is something that, at least in Denmark - in Nordic countries in general, you´ve got this kind of framework that you use but it´s very different in other parts of the EU as well. I think it would be good for us to actually look at these partnering arrangements.

I3: Yes, I will just double check but I don´t think that there is any problem in showing how our structure has been set up.

External: Yes, that would be interesting to see. Any other policies or support?

I3: Yes, you have all the accelerator programs and incubators and so on, and, like we are starting to look into... we know we have a role within that field of tourism because we have been contacted like almost daily by start-ups within tourism that seeks funds, help and so forth, and we are foundation here, we don´t give up money unless it´s part of a project. When it´s a EU project and have the money to give out and fits into this project, fine, that´s good, but to day to day business, it doesn´t make sense. What I am just seeing is that there is a need for knowledge, so our organization here is really strong on knowledge, we have analytical department that makes analysis of all kind of different areas of tourism industry because we work with everything from attracting cruise ships to flights, culture, you know, we are all over the place, so we have a lot of knowledge of how the entire tourism looks like, and not a lot of companies or people have that. That´s when we started to see our role as we need to be advisors, and you could say that it´s more like a supportive structure on policy, but for us to do that better would be nice, it would be something that we could part of.

External: Yes, this is what DMOs have traditionally done, and the new challenges means that there is a new renegotiation of the roles, and I can see that this...

I3: Well, we used to call ourselves as Destination Marketing Organizations but now we see ourselves as Destination Management Organizations, and that´s also why we started to work together, we started the conversation anyways with Paris & Co and like Israel and so on just to... because we can learn so much from each other, we are standing with the same possibilities, and the tourism market is changing, like Airbnb, it´s like 7 years old but it´s massive and it´s not disrupting or such it´s just creating further... basically you look at it as... if a city has X amount of hotels, it costs a lot to make new hotels, but Airbnb makes it more flexible.

I4 (Digital Business Developer) – Regional DMO – Denmark
13.09.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I4: Well, some say that tourists are the most digital people in the world, I actually don´t know who make these assumptions... but let´s assume that it´s true. So I see very much tourism as a digital playground for both the user and for the big tech companies, and a playground where you can see all kinds of small business ideas.

ESP: How do you fell about digitalisation in tourism?

I4: Well, I am a strong believer. I myself come from a digital background, so for me it´s quite natural, the only way to communicate, because you can measure, you can determine what are we supposed to be and to do next year based on last year results.

ESP: What about, in your opinion, the level of digitalisation in tourism is enough or...?

I4: It depends on the target groups, it depends on markets, it depends on the people you are trying to address. In my business it´s a common believe that the German and French are not that digital, however if you communicate to a Danish audience you can reach them by other tools and by other means of communication. We see the same if we talk about delivering a message to an audience in the Mediterranean area, they are not that digitalised as the English people or the Nordic ones, so it all depends who is the target group and then, of course, what kind of media do you use. So I don´t see old fashion paper as dead or magazines as part of the history, of course they have a value, maps, etc. of course have also a value, however it´s difficult to measure and it´s difficult to distribute these kind of material.

ESP: What are the benefits or drawbacks of digitalisation for tourism SMEs?

I4: The benefits are, of course, that you can measure, the benefits are that the media is changing, the benefits are that you can talk to a new audience rather rapidly.

ESP: So communication is easier…

I4: It´s easier. On the other hand, I believe it´s more difficult to talk about target groups, it´s also difficult to be a part of the world where big American companies are responsible for the agenda, I am talking about TripAdvisor, I am talking about Facebook, I am talking about Google etc., Hotels.com, and these companies tend to have special values that you have to apply to, and have to adjust to, and that is not always easy. I believe just within the last month I had 5 or 6 digital advertisements which were banned, not because they were offensive, but because the robots are determining if that is against their regulations or not, and the robots see the world in one perspective. I believe there was one commercial that was about an art exhibition and I think I used the word "romantic" I the text and it was labeled in a wrong way.... As I said I think I had 4 or 5 Facebook which were turned down because, by some means, they didn´t apply to the Facebook context. Then I claimed that it´s not assaulting, and then there was a person looking at it, and of course all the commercials were later on successfully put on Facebook and so on. But it´s just rather annoying, and it´s annoying that companies such as Facebook are trying to determine what is a proper content... and it´s just the robots doing their job. For example, one commercial was rather annoying. It was an event taking place on Saturday, and I put it on Wednesday, and then it was banned, and then I told Facebook that they have to look at it again, and Friday it was successfully put on Facebook, and there were two days of advertising that were lost due to robots that thought that it was offensive.

ESP: Can you describe your vision for digitalisation in tourism in relation to your organization and in relation to the destination?

I4: As an organization we are about to go from the old world, where you had brochures and maps and so on.... physical agencies where tourists could come and go and ask questions and so on, now we are beginning to be a digitalised DMO, meaning that I am the first employee with a digital background, and next month there is a new girl coming in and she is the number two and then we have two people with all digital background. So we are about to shift the way we are looking at content and how it should be told ... and not so much with paper anymore, but in a digital context.

ESP: How do we achieve this? Actually you already explained that...

I4: Well of course we have to... if you want to hire staff with a certain background, you have to... first of all the stakeholders have to be aware that there is a new agenda, the aim might be the same, that we want to bring tourists to a certain destination but we have to do it in another way. First of all, you have to inform the stakeholders, and then they have to understand that there is a new agenda, there is a new way of working, they have to understand, and not just understand, they also have to put in the money and say: "Let´s change and shift our behavior", and you have to look at how you prioritize, and inside the DMO how you are working with the resources.

ESP: From your perspective, in your position, what are the key opportunities for SMEs to digitalisation?

I4: The key opportunities, first of all, is that you can quickly tell stories, I am talking of course about story telling. You can quickly tell a story, however you have to be very specific what are you working on, what kind of content you are working on. You have to be focused on what you are trying to achieve. Of course it is always easy because we are not into selling products, we are not into e-commerce, we are telling stories about a destination and telling it in different ways. Sometimes it can be hard to be certain if this is the right way to do it or not.

ESP: What about the key challenges for SMEs to digitalisation?

I4: The key challenge is about prioritizing, being focus on your main story, what is the most important story. You can find beaches in pretty much every country, you can find beautiful forests in pretty much every country, and you can find places to eat in pretty much every country and so on, so you have to know exactly why do the people want to go to this beach, or this forest, or why do we want to go mountain biking here, or why do we want to go to play golf here or why do we have to go shopping or go out eating here with your girlfriend this weekend exactly.

ESP: Mostly why is this place more special than the others.

I4: Yes.

ESP: What policy responses and actions are appropriate?

I4: Of course there should be the trust in the DMO, trust the local DMO that they will do what they are doing best, be specific about their goals and what they are trying to achieve. I believe that would me my main concern.

ESP: We are talking now about the local DMOs, what about the national ones?

Jespet: First of all, they have to start a discussion with 3th part companies like Google, like Facebook, like the rest of them, what role do they play and how can we cooperate. For me, as a local DMO it´s impossible to have a proper dialogue with Instagram, with Facebook, with Hotels.com, or Airbnb. I can make projects, I can make cases that might turn out good or could be successful, but I am talking about a strategy, I am talking about a cooperation on a longer term, and as a national partner they should be a part of this dialogue.

ESP: Are you familiar with the European Digital Single Market?

I4: No

ESP: One of the goals that they are trying to achieve is to break down the barriers between the member states, for example: if you are from Germany, you can buy from Denmark without any extra costs, like you are buying from your own country. Their goal is to make a unified digital market. Taking as a starting point this strategy, what policy responses might be appropriate on a European, national and local level?

I4: I think that I have to look into it first to give a proper answer. It sounds like a good idea, it sounds like a great way to cooperate, but I have to look into it first, otherwise I´ll just be guessing.

ESP: Thank you so much anyway! What are the key stakeholders that can support SMEs to overcome the challenges that they are facing when it comes to digitalisation?

I4: If you look at it in a Danish context then, of course, you´ve got the government level, you´ve got organizations working with tourism as a whole, and you´ve got the local DMO. Usually the local DMO is working together with municipalities and with various different business partners. Of course there are some challenges working together with so many stakeholders as that.

ESP: In order for the SMEs to digitalise, do you think that it´s enough only a top-down, from the government initiative, or also a bottom-up, from the SMEs themselves?

I4: I think definitely that it´s a bit of both. I strongly believe that as a local DMO you should be able to lead the way and show how it could be done and show what kind of issues and problems we are working with on a daily basis, and present them to stakeholders on a local level and also on a national level. However, on the other hand, it´s also important that the government or so, should have a strong vision about what we are going to do based on inputs from DMOs.

ESP: Is there a gap between the support provided by the public administrations and professional associations and the need of the industry?

I4: Yes, I think there is, and I think that there will always be.

ESP: Why is that?

I4: Well, as a DMO, one of my main tasks is to work with these kind of issues, and there will always be a need for extra resources and extra hands and so on, and that will never change.

I5 (Head of Digital Media) – National DMO – Denmark
18.09.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I5: I think it´s a very broad question, because digitalisation, as an overall thing, is everything we do and the way we work, and that is one thing, and there is digitalisation in marketing and media usage etc. From my role, it´s marketing and it´s media usage, that is what I do. So the overall digitalisation of the businesses as in booking systems, as in the way that they operate, as in the way that they... you know, the hotels have the clean-up systems, all these sort of digital infrastructure, that it´s something that is in a different sphere, if you know what I mean, in the product development sphere, and not so much marketing, media side of things. But having said

that, I mean tourism is one of the most digitally advanced industry, you´ve got Booking.com, you´ve got Google, you´ve got all these huge players that are massive and are really far ahead and everything that is going on with that, and then you´ve got the small businesses which are... some of them are far ahead but some of them are really lacking behind. And that is a paradox, it´s a contradiction that we´ve got some of the most advanced players, but when you go down to the actual product, you have all sorts of players that are not on wagon what so ever.

ESP: Why do you think that some of the small businesses are lacking behind?

I5: Well, I think that is the nature of the businesses, it´s not just the small businesses in tourism, it´s the nature of small businesses, and I think that digitalisation is also an age thing, so having younger people is easy to make a home page, make a booking system, you get it done really quickly, but it might be a barrier to some of the older generation in order to do that. There are some of the old generation that are very digital, but there are some who aren´t, and this is a massive barrier, and if you have a business that is going all right as it is, you are not necessarily interested in more quests, you´re going well, there can be a little bit of "Why would I need to do that when it´s going fine as it is?". It´s not all of the businesses that have an expectation of a massive growth, but they need to keep going as it is.

ESP: How do you feel about digitalisation in tourism?

I5: I feel that we are getting there, and I feel that it´s going more and more digital, and it´s a really fast development, and I also think that when we look at the small players now, they are much more digital than 8 or 10 years ago. So I think that it´s a movement that it´s coming fast and I think, of course we need to get everybody on board, but I am also sure we will because it´s the natural movement in the way that people work and act and do their everyday life. There might be a late majority that is not the early adapters, but I am sure that everyone is going to get there in the next couple of years. So I don´t see it as a major challenge, I see a lot of good initiatives all around and I am sure we are going to get there both big and the small companies. But of course in tourism as an industry, there are people that are very good at it and people that are not, and I think, looking at it from our perspective, we would all like Denmark to be a front runner country because we are fairly digital advanced. That´s a way to go in order to become that.

ESP: Yes, Denmark is one of the most digitalised countries in Europe.

I5: Yes, not necessarily from a tourism perspective, but in all perspectives, you know, the Wi-Fi, the broadband, in the way that people use digital tools then we are, so that´s why I feel that we have basics also to become that in tourism, and why I think that we really want to become that because we have the infrastructure in order to become… Everyone knows that you have to be digital in order to do your Skat, in order to do anything that you need to do, there is no paper work left. So I think that the way that the Danish system work, everyone is sort of forced on board, and that, in some way, it´s good in order to be digitalised.

ESP: Do you think that, from a DMO perspective, tourism can be fully digitalised, can leave behind the paper work and so on?

I5: Yes, we only do digital marketing now, but in our German markets for instance, in Germany we still have brochures and we still have catalogues because that´s what they like. The Germans, they would like to see a catalogue, they would like to see... and it´s still cost effective in Germany, in the way that they are printing, in the way that they are bringing it out to the right consumer, it´s a cost effective way to meet people, and that is also something that they actually like. As long as the consumers, a big part of the consumers of those type of groups need the paper, then we need to make it. Also something that needs to be said is that we still have some areas that are not having a good Wi-Fi and cannot access everything and these are also part of the tourism process.

ESP: Does that happen in Denmark also, tourists asking for paper maps?

I5: Well, yes. The Germans that come here are still Germans even in Denmark, so if they prefer to have a catalogue, they will still prefer to have a catalogue when they are here.

ESP: What are the benefits or drawbacks of digitalisation for tourism SMEs?

I5: The benefits, I am sure that it´s going to make everything a lot more easier for them, for the small businesses, it´s cost effective and it´s going to make everything more easier, it´s going to make their work a lot easier, and a huge benefit is that they get visible online, that their consumers, before they get to Denmark, the way that they search is primarily online, so if you are not visible, if you don´t have a digital presence online then you are not really visible, you cannot be booked, but I am a little bit... when you call it digitalization, is it the infrastructure of the business in itself or is it digital marketing because they are two different things?

ESP: Both actually.

I5: OK, because I think that digital marketing is the only way that they can actually do something abroad, because they need to be present online in order to be seen, in order for their own digital infrastructure, that is not really my field, but the way that I see it is that it can only make things more effective and easy, having a booking system and all.

ESP: Can you describe your vision for digitalisation in tourism?

I5: Our vision is, of course, that everything is easily accessible digitally, so when we talk about digital marketing we have to have everyone on board, that all the players are digital visible, so you can actually find anything online, if you need to book something, you can do it online, that everything is visible and easy accessible to the consumer. So if they intend to come here, we have a major digital footprint in the market place especially for people abroad looking for where to go. In order for Denmark to come up when you search for things to do, we need to have a strong digital presence, we need to be attractive digitally as well because that is what we see that the people are searching and they are doing their research before going on holiday. So it´s important for us that also the small and medium businesses, that they understand this and they sort of try to come on

board in order to have a digital marketing presence. So, yes it´s important for us to help do that and there are different initiatives to help them, you know, to use TripAdvisor correctly, to use Google My Business correctly. If you have all the players in Google My Business, you are able to see what you can do in Denmark on Google Maps and all these kind of stuff. So we try and help the DMOs to understand that and what to do and they try again to help the small and medium businesses understand that and they should try and help them get online and do these things. For a lot of the small and medium business it´s easy, they will do it, and for some it´s a little struggle, and they need to be helped in order to do that, and understand that they need to be on Google Maps in order to be found. But first we do that through the local DMOs.

ESP: Thank you. The next question was how can we achieve the vision, but you already covered it...

I5: Through the local DMOs

ESP: What are the key opportunities for SMEs to digitalisation?

I5: But again digitalisation... I will call it digital marketing... something in the booking process and that is also something for them... primarily they need to understand that they need to be visible on third party platforms, third party platforms being TripAdvisor, being Google My Business, being all the different booking platforms that are actually visible there in the OTAs and all these different things that they make the effort to be on these platforms, and this is something that we help ... through the DMOs in different areas of the country.

ESP: What are the key challenges for SMEs to digitalisation?

I5: You need to have some people that are capable of making thigs happen and that are digital and it´s not a barrier to become digital, put everything online, and if you have a small or medium business which is exactly what you do at the moment and it´s going OK, and if you don´t have the resources, it´s a little bit like: "Well, everything it´s going well so why would you need to do that?" and it can be a challenge, it can be a barrier, their competences and their understanding are not always there, that´s why the support.

ESP: What policy responses and actions are appropriate to overcome these challenges.

I5: Policy responses and actions... I am not... that´s not my field.

ESP: Yes, no problem. Thank you! What are the key stakeholders that can support the SMEs to overcome these challenges?

I5: Well, I think that the local DMOs are very much the ones that can support, so we don´t work directly with the SMEs but the local DMOs, and what the local DMO does is very much working closely with their own small and medium businesses. So that is the responsibility of the local DMOs, and there are a lot of them that have seminars and they are calling them (the SMEs) for morning seminars etc. to give them an update.

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ESP: Actually I already interviewed two of them, so I know that they are very involved.

I5: That´s what they do, and some of them are out as well but some of them are doing on their own, but that is the role of the local DMO to have that relation with them and also the way they work is that they are partners, the small and medium businesses are partners of the local DMO.

ESP: Do you think that there is a gap between the support provided by the public administration and professional association and the need of the industry?

I5: If the DMOs can actually help them or not?

ESP: Yes, in the way that they need, the SMEs.

I5: I think that some of them have big barriers, they need the help in order to do it and you have to take into account that the local DMOs haven´t have a lot of resources. So I think you could say that it could always be more help, and some of the DMOs will say, "yes but they would need to act, they have to go for morning seminars, they want to have everything done in the same afternoon when they get back home". And there is also: as long as it´s going well, it´s not a burning platform for the individual business, and that of course can be a barrier for some businesses to do it. But I think it´s going to be leading by examples and we get more and more good examples of how people have done it well and what has happened since that, and I think that it´s a process, it´s not something that can happen over night, but there could always be more resources of course.

ESP: And if we are talking about actions that we can implement, it would be difficult on European wide, because the countries don´t have the same level of digitalisation

I5: Yes, exactly. That is why I mean that Denmark could be a leading country, because Denmark actually has some level of it.

I6 (Tourism Development Consultant) – Municipality – Denmark
19.09.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I6: The companies are getting better and better, but there is still some lack, mostly in the digital matter there is a lack.

ESP: The connection is a little bad, I think, I can hear you but not that good. How do you feel about digitalisatio in tourism?

I6: I feel that it´s getting better and better, actually we are doing this project, this EI6 Project, you know, yes?

ESP: I don´t know if I am familiar with it. Can you describe a little bit what is it about?

I6: Yes, it´s a project where we are trying to investigate the digital skills of the tourism SMEs. We have developed a questionnaire from where we can put in the SMEs in a matrix or a ladder where they can see their skills and they can see their competitors in the matrix also, of course they are anonymous, but they can see their own company and then they can, in terms of color, they can see how they are placed and for their competitors, and that we use for motivation to, for example, take courses or to get better. This questionnaire will also give us an idea, and give themselves an idea which courses they have to take, and then we can help them to, for example, take a course at a business school, or go to an academy, or we can develop a special course design directly to them. So it´s three dimensional, and then we receive a lot of sides with our university partner that we can use for destination.

ESP: This is on Denmark?

I6: Denmark, Portugal and UK, but we are the elite partner and we received the money. I think digital skills in general are OK, but only in basic. Then we have a few companies that are good and know how to do, and then we have a very, very big middle that are only there but don´t, maybe don´t know or, most likely don´t have time to work with digitalisation.

ESP: What are the benefits or drawbacks of digitalisation for tourism SMEs?

I6: Well, I think more efficiency.

ESP: Also less cost, I think...

I6: Yes, but depends also of the target group because the clients or the target group, they need to know also. So if the target groups are not familiar with digitalisation then of course... so it must be a combination also.

ESP: Combination of digital and traditional?

I6: Yes, because.... maybe to take the pyramid, for example, when the tourists have to decide where to go, then they are digital, but when they are at the destination, they are less digital. They are digital but they are less digital than before.

ESP: Thank you! Can you describe your vision for digitalisation in tourism?

I6: Actually we don´t have a vision specifically for digitalisation. We have a vision - we want to increase tourism in general due to overnight stay and due to tourism income where digitalisation can be a massive tool, but we don´t have a specific vision, that this and this need to be digitalised, but we are going into in our municipality in a new tourism process right now, a new politics process, we have to define some new goals, probably there could be some specific digitalisation goals, but I think they will be more in general, regarding that we need to raise the tourism income, that we need to be the biggest tourism destination in Denmark and stuff like that.

ESP: How do we achieve this vision?

I6: We need to do courses, and we need to have dialogue, face to face dialogues, that, in our experience is the best thing of.... right now we are, again, we are doing this questionnaire in our EI6 project and from there we can get an idea of how are the skills in general and which courses have to be developed, and then we need to do those courses and we need to have the dialogue with the SMEs, so they know, they have the understanding that maybe there is a lack of competencies.

ESP: So the face to face contact it´s...

I6: Yes, we do, we do.

ESP: From your prespective, in your position, what are the key opportunities for SMEs to digitalisation?

I6: Well, again they can get more efficiency and cost benefits.

ESP: What about the challenges for SMEs to digitalisation?

I6: That they don´t have time. A lot of the SMEs here, at our municipality, they are so small, that it´s only man and wife and maybe some temporary employees, so they don´t have time to go into details with all this, so it´s lack of time, I would say, it´s a key challenge, and then the lack of understanding of the... it´s important, but then the strategic use of data after words, let´s say, when they receive some evaluations, how do they use those evaluations strategically it could also... that´s also a key challenge.

ESP: What about the financial resources?

I6: Yes, so that´s a financial resources and then the GDPR is also, I think, it would be a challenge.

ESP: What policy responses and actions are appropriate to overcome these challenges?

I6: Policy responses?

ESP: Yes, I know that is a specific question.

I6: Depends on what you mean. I think that it could be on a national level or an international level, there could be something to make it easier to work with the GDPR, and it could also be some regulations of the sharing economy platforms.

ESP: What about on a local level?

I6: There it´s more a question of money, so we can invest more money in the DMOs to do the courses and to do the face to face dialogue. So on a local level, it´s more a question of money.

ESP: What are the key stakeholders that can support SMEs to overcome these challenges that we´ve talked about?

I6: The key stakeholders... business schools and the DMOs, I would say.

ESP: What actions should they take?

I6: Schools, they have to develop relevant courses for the SMEs, some of the courses are not... they need a course in strategic digitalisation, for example, then it´s... even if there is a bit complex for the SMEs to understand or it´s too simple, so they need to develop something special, and then the DMOs will go out and have a lot of coffee in the face to face dialogues so they can get an idea of what their (SMEs) needs are.

ESP: Some of the interviewees said that some of the SMEs are content with what they have: "If the business is going well, why digitalise?"

I6: Yes, exactly.

ESP: So this is applicable everywhere when it comes to the SMEs?

I6: Yes. Then the challenge is... they need to have the understanding why to digitalise, and then maybe, it can actually be better because then we have a common platform we have a common data, we share our data and together it can be all better, that kind of understanding we need to put.

ESP: Are you familiar with European Commission´s strategy of Digital Single Market?

I6: Not in details, but some, yes.

ESP: Then what policy responses might be appropriate at a European level

I6: Not sure.

ESP: What about on a national level?

I6: At a national level, yes. But that it could also be... in Denmark we don´t have Wi-Fi in all places. I think at a national level it would be to have good Wi-Fi in all levels so you don´t have to use Roaming. At a European level we need to do something about the Roaming… so it could be a matter of Wi-Fi. As long as it will be expensive to use cellphone while in vacation then it´s more difficult.

ESP: What about on a local level, what policy responses might be appropriate?

I6: It´s also money.

ESP: On a local level it´s always money.

I6: Yes, because we can put in the money for projects and all... so it´s more the development projects that we put the money in or invest, they come from national and international levels, and then we have, on local level, to find flexible solutions on the regulations that there are.

ESP: Is there a gap between the support provided by public administrations and professional association and the need of the industry?

I6: There could be, yes, that´s why we do the EI6 project. We know from the development that there is a lack of knowledge, we can also see that the SMEs are... their homepages are not updated, so we can see that there are some challenges, so we need to do the understanding and knowledge with them. The SMEs don´t always share their data with the DMOs, so I also see a gap there.

ESP: But why do you think that they are not sharing the data with the DMOs?

I6: It´s all a question about thrust, they say why should they give their data to a public authority. They say it´s not allowed to abuse the data, we don´t abuse it, but I think it´s also a question about dialogue and it´s a question about businesses. They don´t want to give their data for free, if you will pay for it they will give it to you.

I7 (Department of Service Management and Service Studies) – University – Sweden
20.09.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I7: Digitalisation is using digital media, both for information searching and for marketing purposes, it also has applications in experience design and use. In the context of experience design you see things like virtual reality, digital media projections, interactive technologies, in the context of marketing you see use of web 1, web 2 technology, social media, and in the context of information search you see increasing reliance on social media, but also use of digital information sources, websites and so on.

ESP: Thank you! I´m also taking notes.

I7: Yes, of course. I´ve done what you are doing many times, you don´t need to explain.

ESP: How do you feel about digitalisation in tourism? (your own opinion)

I7: That´s an interesting question. At a number of levels, I think it has benefits in terms of marketing, but it also has a dark side in respect to the information sources that are available on digital media in the market place, are also subject to potential manipulation, and it may, although, digital technologies are being posted as a democratizing market place to the consumer, we also see the potential for apparent balance to be replicated in terms of companies having the advantage and manipulating both the social media terrain and also just generally the digital media terrain, and consumer is not being aware of that. So, there is that aspect of balance that is potential, in terms of the small businesses I work with, they see digital media as a way to present their product to the market place in a cost effective way, so they see it as a benefit at this time.

ESP: In terms of marketing?

I7: Yes, in terms of marketing. What it does in terms of the producer, is that it´s democratizes the market place, it enables these long tale small niche producers to survive in a world where they can´t compete in advertising through traditional channels.

ESP: Thank you! What are the benefits or drawbacks of digitalisation for tourism SMEs?

I7: The people I work with, the benefit that they talk about is obviously marketing, on the other hand they perhaps lack skills in development of digital media, websites, probably they do better in social media, because it´s a common place, so they rely on that more, but they struggle a little bit with websites, and with YouTube and things like that, and that is a cost issue, they can´t afford to add source to get it produced, so they are doing it themselves. The two things are brought together, so it´s an advantage that they can use it, it´s a disadvantage that they can´t use it in an effective way, perhaps, and it gives them a chance to compete in a market with the people who have other resources, particularly social media, social media is beneficial because the consumers are doing the marketing for them.

ESP: Can you describe your vision for digitalisation in tourism (in relation to your organization and in relation to the destination, let´s say Sweden)?

I7: I would say, rather than a personal vision, I would say what my prediction to the future is. I think that we will see increasing use of digital media in tourism context and, in fact, in all consumer context. I would say that liability will increase of devices, so they will become more portable and more capable, allowing consumers to plan ahead if they want to, but generally consumer on the run, so to be informed in the process of travel. I think we will see planning horizons make shorter, there will be an increase reliance on social sources, it will be more difficult, I think, for companies to present their brands in a controlled manner. That is a new development that, I think, you will see increasing need for partnerships, for engagement in conversations with consumers. Perhaps big data and AI might provide possibility of a darker future where larger enterprises can afford to take more strategic control in the market place.

ESP: Compared to the smaller ones.

I7: Yes, I think that´s the harder part of aspect, and if you wanted to be a little bit blue-sky about it, I can perceive a time when we might even have some holidays, or vacations which are actually without travel. Let´s say we might have an increasing virtualization of travel experience, if you like. Second life and things like that, more applications of the VR and so forth. So the experience of getting away might become the experience of staying where you are while having digital consumption. That may take a while, but there are prospects for that, or possibilities for that.

ESP: You already described how we achieve the vision, or can you describe it more, the vision that you just talked about.

I7: I think it will just happen, I think what´s happening is that we see increasingly younger generations are more reliant on digital platforms as a way of communication, in everything and

that includes tourism, and I think you will also see that, because of social development, travel has become a common place. Perhaps the idea of traveling has become more of a need than a want, it´s become common place thing for people to do, but travel has escalated, social media and digitalisation provides new avenues for researching. One harmful aspect of that is the selfie-spot tourism, I think, because you see the potential private tourism base on consumer facts, so Norway has become a fashionable place to go and take Instagram shots, so you have three hour queues waiting to spend two minutes out on the spot, that type of thing. So, we don´t know for sure if weather it will be good or bad, but there are some signs for the future. If consumers´ trends continue, some areas will experience negative effects.

ESP: Thank you! From your perspective, what are the key opportunities for SMEs to digitalisation?

I7: I would think that the main place SMEs should invest their resources in social media, they need to be alert to changing trends in social media use and aligning their presence with the demographic shift of social media use. So, for instance, Facebook is increasingly becoming something that you will target in all the demographic using. I think that if people become better in understanding search engine optimization and social media trends, that´s a good place for SMEs to work. It´s cheap, they can do it themselves, it´s little harm in doing it, so long as they are not being offensive, there is no harm in having a go. It´s cheaper, simple, and I think that there will be more and more development of applications that enable that Instagram, to give a recent example, it´s something that provides a fantastic opportunity for tourism marketing, and that will be something I´ll recommend, because visual media is rising, and my other recommendation to enterprises will be YouTube. YouTube is rapidly overtaking Google as the preferred search engine.

ESP: What about the challenges for SMEs to digitalisation?

I7: The challenge is knowing where to invest their time and effort. The problem with SMEs is always a resource constrain. When you talk about running a business, it´s a question also of what they want to get from business. Some people aren´t necessarily after a growing business, they are after a stable business, for a lifestyle, and for those people, some of them get enough marketing, and that´s enough, but if you are looking to grow, I think challenge in marketing is knowing where to expend your resources, because you only have limited time. SMEs have, usually, less than five employees, or so, usually solo operators, so they have to decide whether they are making their product, whether they are dealing with their physical environment, whether they are dealing with orders, or whether they´re dealing with marketing. And within that marketing realm, they have to decide where to invest. Most of my SMEs collaborate, for that reason, so they are engaged in marketing collaborative, where somebody does some of that marketing work for them, but they aren´t relying on that exclusively, so they join networks.

ESP: There are also: "If the business is going well, why change anything?". If they have a level of digitalisation, why invest in more, if the business is going well?

I7: I think that´s true in all aspects of business. People don´t tend to change anything in less they are provoked. There are good examples of businesses that nearly went broke, from Australian context, and one Instagram photo saved their business. Turned their business from a failure into a success basically, and these are true stories. My view would be that people won´t chance unless they see that it´s beneficial, or unless they are provoked by process.

ESP: What policy responses and actions are appropriate?

I7: In terms of SMEs?

ESP: Yes.

I7: It´s difficult because there is this idea that SMEs need upskilling, as a fundamental starting point, and in fact, not all of them want to be upskilled. So I think, and this is off the top of my head, I think… the thing is to make available opportunities for learning that suit them and has them when needed, rather than top-down approaches.... you know, we can have a series of workshops about social media use, what might be more useful is internet massive online, open courses and things like that. The resources that people can access easily, self-help things which are available on the internet and promoting them as accessible any time, any place. That could be a helpful way. Talking to others as well, opportunities for collaboration. What I´ve noticed it´s that, most small enterprises seem to benefit from having some sort of human contact or collaborative networks, so when they work with other like-minded businesses, they share ideas about how to do things: "Well, I did this", "How do you use Instagram?" or "How do you use Facebook?" if you want to talk about digital aspects. It goes beyond that of course, it goes to running a business generally, having access to networks, support, collaboration. The businesses I deal with are also not generally business-minded growth-oriented businesses. They are generally satisfied with their general level of operation, they will like to make a little more money perhaps, but they are not working 20 hours a day to achieve that. So they would like to learn a little, enough to keep them going, and it´s important to qualify that, because at the top the businesses, may have different orientation to that. They will be more eager to take advantage of digital possibilities, or other marketing avenues.

ESP: What are the key stakeholders that can support SMEs to overcome the challenges that they are facing when it comes to digitalisation?

I7: With the SMEs that I work with… we talk a lot about local government, I think, and as I said, collaboration among the SMEs, so other SMEs. I would like to think, because I work in a university, that the university might have a role. Within the Swedish context, yes, perhaps in the Nordic context, yes, it seems to be less barriers between universities and society, that is my assumption, but whether that´s true in other areas..., it´s a confronting threshold. I like to use the term low threshold, so if you want people to participate in something you have to have a low threshold for participation, it´s not hard, it´s easy, it´s not confronting, it´s not off-putting. So, I think, other like-minded businesses fit that bill, as does local government to a lesser extent but still it´s local and they have contact with local government.

ESP: What about on European level?

I7: Well, you know, the broader stakeholders engaged in tourism planning exist, but, for the most part, when we talk about SMEs, they are not thinking about what´s happening at the EU level, they are not thinking about what´s happening in the OECD, they are not thinking about what´s happening at the national level even, they are primarily thinking about their local business, their family and how they run things. This is the level I am talking about. So, certainly, there are stakeholders in the classic definition of the term in the tourism system, but these people don´t see if that work. So, I am telling you how they see it.

ESP: From the SMEs prospective.

I7: When we talk about enterprise and business, we are using a particular type of language, when you talk to SMEs you are actually talking to people. They are running a business and they are seeing it as a way of life, as a way of working. They don´t see themselves often as business people, as well. So all of these terminologies are part of that threshold, if you want to engage to people you have to get to their level, and their level is: "I do this ... I make this ... I say this". It´s a much lower level and a much simple level, and that is the reality of what tourism is. So the policy stakeholders need to be reminded of the real fact about how tourism actually happens, that´s a practice that happens at that level, particularly with the SMEs, which make up the bulk of what we consider tourism product.

ESP: Is there a gap between the support provided by public administration and professional association and the need of the industry?

I7: Yes, absolutely. I can tell you for a fact, for instance, that my SMEs, or operators of SMEs, don´t have any presence, except for one or two of them, with the regional tourism body. They are not even considered by the regional tourism body to be part of the tourism system, even though they advertise to people who are tourists, and they do have tourists visit and locals, of course, but they are also tourism businesses. So, I think that there is a big gap in perception between what actually tourism is and what make tourism happen, and what DMOs and national government agencies think tourism is and what makes tourism happen. That creates a lot of problems in communication.

I8 (Future Business & New Technologies Business Development) – Tourist board – Austria 21.09.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I8: I think that digitalisation is changing the way we live our daily lives, the way we work, how we organize our spare time also including how we travel, and also how we communicate with each

other, so digitalisation is an industry in itself with all these sectors, and I think that the way or the pace in which this change is happening is getting faster and faster which is a challenge for everybody. In tourism, I guess, digitalisation is changing the way we organize, plan and experience our travel, how we organize our business and pleasure travel, and how we communicate before, during and after our travel experience. So that´s how I see digitalisation in general.

ESP: How do you feel about digitalisation in tourism?

I8: In many ways it´s a good thing because it makes things easier and faster, digitalisation has also opened new markets for many hotels and other tourism services, so that´s a good thing, but on the other hand it puts all these people, all these businesses under big pressure because they have to react faster than they used to, and everything is more transparent so it´s easier to criticize or to get like bed reviews or things like that, so that´s the downside of it in tourism.

ESP: What are the benefits and drawbacks of digitalisation for tourism SMEs?

I8: Well, as I said, the benefits of course are that it opens new markets to provide tourism services, it gives you new guests, new opportunities, and in this way you can also get more income in the end. The drawbacks are that you are very much depending on the big players like Google, Booking, Airbnb because they are now providing not just booking engines but they also interfere with the product and the experience at the destination for example Google Travel and Booking Experiences, they are offering discounts for the users in many fields and this interferes with, for example, gift cards that the tourism organizations have developed and which they provide, so all these providers of these services are under more pressure, and it makes things more difficult because Booking and Google, of course, are very big players in the market, and they have a lot of money to develop things, and everything, so it´s hard to compete with them, I think that´s the drawback.

ESP: Especially when you are a small business.

I8: Exactly, yes.

ESP: Can you describe your vision for digitalisation in tourism in relation to your organization and in relation to the destination, let´s say Austria?

I8: I don´t work for Austria, I work for Vienna, so I can only speak for Vienna Tourism Board.

ESP: Yes.

I8: Yes, so I think, my vision for digitalisation in tourism is that digitalisation should help to make things easier and quicker during all phases of the customer journey, so it should make booking planning, experiencing easier for the guest also for the providers of tourism services, at the same time it shouldn´t disturb or to distract the experience per say, by making it too volatile, or to distract from the real face to face experience in the destination, so we don´t want travelers to just look in their mobile phones all the time, but they should really experience the beauty of the city of Vienna, they should go into museums and do all these things that you do in order to get an impression and

to live the city life and everything, and, of course, digitalisation should help to make business better and not destroy it, and it shouldn´t give too much power to these few big companies that I mentioned.

ESP: How do we achieve the vision that you described?

I8: That´s a good question, I really don´t have a solution there, it´s not really in my hand personally, and also... Of course the Tourism Board tries to, we are very much linked to the city of Vienna which work on laws and try to, you know, make regulations to have a good environment for every small business and not to give all the power to the big ones, so we try to do like lobbying for tourism, and that´s what we do with the city of Vienna. For example, when it comes to Airbnb, if they develop like a law or something they would always come to us and ask for our opinion and how we can work on that, so we are involved in that, so that´s how we can influence, but I am not sure that the tourism board can really change all the things that are here.

ESP: So collaboration is the key eventually?

I8: Yes, absolutely and lobbying as well, lobbying for tourism, not just for the guests but also for the hotels and the products and services.

ESP: From your perspective, in your position, what are the key opportunities for SMEs to digitalisation?

I8: I guess that you have to focus on the benefits that digitalisation brings for you, you have to stay true to your product and you have to be authentic, and , as a small business, you should embrace digitalisation and make it work for you, so you shouldn´t be afraid of it or think that this is going to go away because it´s not going to go away, it´s going to get even faster, the development is going to be faster. So, I guess, you have to embrace it. and you have to focus on the benefits, and you always have to be better than your competitor, and, at the same time you should learn from the others, don´t make the same mistakes that others have done already, so look at the market, and of course you always have to listen to your customers what they really want, so you don´t have to... you know, digitalisation is a good thing but it´s not everything, and also, as I already mentioned at the question before, it´s always good to have collaborations with other companies that have the same interest, maybe there is a standard product on the market which you can use, you don´t have to invent everything by yourself, and, yes- find the right partners which have the same challenges as you have and work together, then I think it´s going to be easier and not as difficult for small and medium entrepreneurs to embrace digitalisation.

ESP: What about the challenges that the SMEs are facing when it comes to digitalisation?

I8: The challenge is that there is so many technologies coming up all the time, and it´s really hard to identify the technology that really works for you, and which are relevant for your services. So, you know, there is always like… there are always words like big data or block chain or whatever, and not everything is relevant for every company, so I think you really have to consider carefully

which technology you want to embrace, and if you embrace it you have to do it properly, so don´t do something just to... yes, you have to think it through and make it right, and I think it´s better to focus on a few things than trying to use all the technologies in digitalisation that are on the market, that´s going to be too expensive and it´s going to be too much work, and as a small or medium business, you have limited budget and you don´t have so much work power, so you really have to focus on the relevant technologies, and it´s always important to find the right partner in terms of who can help you implement the technologies because there is always many providers, and some of them are very professionals, some of them are not... yes, that´s a challenge.

ESP: So you´re saying that knowledge, education in terms of digitalisation is needed?

I8: Yes, training is always important as well.

ESP: What policy responses and actions are appropriate to overcome these challenges?

I8: On a European level, I guess, regulations for big companies like Airbnb, Google, Booking would be very helpful because, I think, it´s only the European Union that can face... I mean, that´s why the European Union is here for so that they represent all the nations and states, and, I think, if you want to deal with the international companies like these you really have to... it´s better to do it together at the European Level. On the national level, of course, there is always support for small and medium companies, in terms of, like in tourism we have the Austrian Hotelier Association, the Association of Austrian Hotelier which help the small businesses to... like in terms of training, or support, or standard products, product development, the promotion of the hotels and everything, and there is also the Austrian Tourism Board which does that as well, so that´s very helpful, and of course on a national level you also have to provide even law for everybody, so Airbnb shouldn´t have more rights or less regulations than small and medium companies. In Austria we don´t have that problem right now, but it could happen in the future. On a local level, there is always Destination Marketing Organizations which help the small businesses also in terms of training, promotion of their destination and that´s certainly helpful for them as well, so they don´t have to do everything by themselves.

ESP: What are the key stakeholders that can support SMEs to overcome these challenges?

I8: Yes, the Austrian Hotelier Association, the Austrian Tourism Board, and on a local level, I would say, that is the local DMOs, also the local tourism boards like the Vienna Tourism Board, and also the Austrian Chamber of Commerce, they also have like a section where they take care of small businesses in tourism, so they are also lobbying for their interest.

ESP: Is there a gap between the help provided by public administrations and the need of the industry, the need of the SMEs?

I8: I think that the needs are covered by the big associations, so the companies can turn to them… like to the Chamber of Commerce or the Vienna Tourism Board, or the local DMO. I think it´s just, sometimes, it´s a lack of time because they focus so much on providing the services for their

customers, and they are struggling to find like the staff, because we have a big problem with the staff in Austria in general in tourism, so sometimes they don´t even find the time to think at the bigger picture. I am sure that they, sometimes, might feel that there is not enough help for them and they are struggling with, you know, all the regulations that there are which they have to fulfill in order to run their business. There is sometimes too much here in Austria, so too may laws maybe that they have to obey, but I think in general we have a good structure here to help them to promote, like the destination and also help them in terms of digitalisation because you know there are a lot of... there are conferences, or local things where the people get together and they inform them about what´s happening, so small conferences and big conferences where they are informed but doing itself it´s always hard because not everybody is an expert in digitalisation, or in booking engines, or whatever there is, or Facebook or social media, and, I think, the smaller you are as a business, the harder it is for you to use all these digitalisation tools, and so it´s a bit overwhelming for the people.

ESP: Do you think that the SMEs should be more digitalise, or should there be a balance between traditional and digital skills?

I8: I think they should use digitalisation as far as it helps them, and makes things easier for them like, you know, to work with booking engines can be helpful because then you don´t have to do all the marketing for yourself and you get new guests, you get new markets, but, of course, you should always focus on what your key business is, so taking care of guests, and being a host, and providing accommodation and food, and everything because there is no point in being like fully digitalised but providing a bad service because it´s going to fall back on you. So you always have to focus on your product, what´s your key business and use the technology as far as it helps you to make your business better, not just to make it digital.

ESP: Being so limited in terms of financial resources and man power, then some of the SMEs don´t want to digitalise at all, if the business is going well as it is, then why change anything? Do you think that´s applicable?

I8: There is also the trend to the digital detox. I think for a certain time it would be OK because you would have your customers that come every year, but if you want to find new customers you would have to go and find new ways to get them and promote yourself

ESP: And you´ll have to be visible...

I8: Yes of course, some of the businesses, for them it might work to be like so special that people will ask for it anyway, but I think the more mainstream you are, the more you have to find a way to get new customers.

ESP: And in order to be visible for a broader number of customers...

I8: To get new market, new guests and everything, yes.

ESP: Then you need to be visible online.

I8: Yes, you need a proper website, it has to be responsive nowadays, and you need a good booking engine, no matter if it´s on your website or you are working with another booking engine, but you need to find guests. Of course there is word of mouth and everything, and, I guess, if you have a really very special product, you might be able to keep up with that as well, but you know people do expect, the guests do expect to have..., they want an easy way to inform themselves about the location, to book it, to get there, so there is no way around it. I think everybody should digitalise to a certain extent, not fully, but you have to... some of the aspects you have to embrace.

ESP: Especially nowadays when everybody is with the phone and they are talking on Facebook, not face to face, so you have to be visible online.

I8: Yes, everybody is expecting Wi-Fi. A lot of people don´t even book hotels where there isn´t free Wi-Fi because that´s like, they need it, it´s almost like a common need nowadays to have Wi-Fi, especially the young people.

I9 (Head of Insights) – Destination Marketing Agency – The Netherlands
21.09.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I9: You mean how skilled am I personally or how do I see the subject?

ESP: Yes, how do you see it.

I9: Well I see it as a fact of life. Digitalisation has effected every other area of life and in the tourism industry is giving that it crosses borders and small and medium sized businesses have to do business with those from other countries. It´s natural that digitalisation is helping that process and, I think, it opened a lot of possibilities for, in this case, small and medium sized businesses. Yes, it´s a fact of life, however, I think… in terms of the economic sector, I think that the tourism industry, because is made up of small businesses, has been relatively slow to take advantage of it and also to keep up with what is going on. People come into the tourism industry from all different directions, from all other different sectors, and I tend to find that the people are having more success in the digital area if they are not traditionally from a tourism background themselves, they´ve come from another area, another sector… so you look at the big businesses, they are really doing well in tourism. These people were not traditionally, they didn´t do tourism, they weren´t studying tourism, they didn´t come from a tourism background, they came from a different sector, and then they´ve started to apply their ideas to the tourism segment. I think that this kind of answers one and two (question one and two from the interview questions), so how I feel about digitalisation… It´s again, it´s a fact of life. Yes, that really is my view, it´s just a fact of life, and

it´s something which mean that those with the skills, and that usually means younger people, have the most potential to take advantage of that and they can position themselves better in the sector.

ESP: What are the benefits or drawbacks of digitalisation for tourism SMEs?

I9: Well the benefits are that, if you use, for example, social networks, or if you introduce some kind of payment technology... the digitalisation gives that exposure cross-borders that you never could have had 20, 30, 40 years ago. So it´s helping people to discover brands, discover new small businesses and even individuals who have their own business, like their own self-employed business, as a tour guide and things like that, it´s helping them to be found and be searchable and get exposure like never before, so opens up huge possibilities. As for the drawbacks, I kind of worry that a lot of… just like in the digital world in general… a lot of the power ends up in the hands of just a few people and just a few big platforms that seem to control everything, and if you are running a small business, let´s say you´re running a small hotel, or a hustle, in the end you have to end up working with an online travel agent and they will take a slice of your business, so you kind of end up being at the mercy of some big platform, so it kind of really got two sides, and I think that because the big platform have all the big data, they are the ones that have the power in that relationship.

ESP: Can you describe your vision for digitalisation in tourism?

I9: I don´t really understand the question, my vision as how I think it will be in the future or how I would like it to be?

ESP: Let´s say both.

I9: Tourism is going to continue to become more and more digitalised, partly because we are all addicted to our smartphones, so both consumers and businesses… business is being conducted more and more through smartphones with shorter and shorter lead times, so in other words rather than doing lots of research in advance of the trip, tourists are arriving at the destination and then just doing their planning and just finding tourism activities and things like that. That means that more and more tourism activities, they have to be online in some way, they have to have reviews, they have to be present on the big platforms, and I think that that is a process that only is going to continue as well. At the same time, when it comes to consumers, I think that it will be more and more important for businesses to help consumers disconnect from their devices, to help them find other activities, to help them interact with each other, and do all the things that, for example, you know more an in person meeting, and more of those personal connections which are being lost in the modern working world. People are becoming more and more lonely and isolated in their daily jobs, and I think that tourism has a possibility… and that tourism sector has that really nice possibility to bring people back into contact. In terms of how it´s affecting the industry, I just think it´s only going to continue to accelerate.

ESP: From your perspective, what are the key opportunities for SMEs to digitalisation?

I9: I think, first of all, you have to be ambitious. Before you even touch a computer or a mobile phone, you have to understand the power. If you use your brand in the right way, you can get exposure and you can really tell a story about your business in a way that was not really possible before. So, in many ways digitalisation, for example using social networks, using much more generated content from your own customers, gives you quite a lot of power to shape your own brand and shape your own activities as well. So, I think it does give small businesses owners a lot more power, hopefully it frees them up, it saves them time, as well. One of the key findings that I had from my strategy work in Scotland last year, was that small business owners are... you know people want to do tourism activities with individuals, not necessarily with the big companies, but they want to do tourism activities with individuals who can offer really personalized tours. However, the problem is that these people… when you want to contact them and you want a quick answer, and if you want to see if they are available tomorrow or this afternoon, well… they are busy, they are usually running their small businesses, and I´ve noticed, and many people said that the problem is that: "I really need help in managing this. The whole world of managing my social networks, managing inquiries online, has become a full time job", and people need a quick answer, and they expect a faster and faster answer all the time, and in the end it comes down to the individual. So, even if this individual is on a big platform selling their tourism activities and their guest house, or whatever, being online and being able to respond is a full time job in itself, and I think that this is the thing, it´s time, not necessarily even money or having the technology, I think it´s time that the small businesses owners have the biggest problem with.

ESP: What about the challenges, so it´s not a financial issue...

I9: Sure, obviously, it has a financial part, but many of the things, the applications that the small business owners are using are even on their own mobile phone. Maybe, for example, buying a software and things like that, but, I think, the biggest challenge is time and being able to manage that time effectively, and also kind of knowing... in the end you only have a limited amount of time, let´s say you have a day to get your staff in order, let´s say you take a weekend day on a Saturday or a Sunday to reorganize your business a bit, it´s knowing about really what activity can you do, for example upgrading your website or improving the photos on your account and things like that. What can you do that it´s going to be the most effective? I think that many people need some help in deciding, in prioritizing what they are doing, and they need a lot of guidance on this, and I think that the younger people can often do this faster, but the older you get... older business owners do find it quite a struggle to keep up with everything.

ESP: You talked about guidance, guidance from who… who can guide them?

I9: Well, this is where government organizations, and perhaps the European Union through funding and things can help. For example, there is a brilliant program called Digital Tourism Scotland which is like an educational program for small businesses, it possibly has European funding as well actually, I don´t know, but it´s likely… and that it´s like a college or university or series of courses that, on a really simple basics, help small business owners with all of this kind of

questions. They run courses in various locations around Scotland that you can go and visit in the evening, or you can take a week and do it, and they provide courses in all of these basics that I´ve been talking about on how to manage profiles, how to manage your social networks, how to manage staffing, like organizing your staff and things like that. And so, things like that, I think, can be very helpful, like online very simple refresher courses and helping people keep up with this. Let´s say they can take one morning and spend some time at their computer, and spend some time learning about it in their own time, I think that´s very useful. But, of course, it has to be very up to date. You know, even something two years old, it´s already old for this, but whoever is responsible with creating the course content, has to make sure that it´s really up to date.

ESP: What policy responses and actions might be appropriate?

I9: Well, I think that one of the responses is investing in education. I also think... if you look more at the area I´ve been working in, the collaborative economy… policy responses, well, we are seeing that there is the impact that the big platforms are having on the life of tourism destinations, in other words, it doesn´t matter if you are going to Iceland, or you are going to Portugal, or you are going to France on vacation, everybody is reserving in the same places, you know, they are booking with the same booking engines, and so searching in the same places. So the effect and the people are being often channeled into the same places, you know, TripAdvisor, inspirations for Instagram, in other words, it doesn´t matter from which country you come from, you are looking in the same places. That means that, very often, all tourists end up in the same place. I think digitalisation has had a role to play in over tourism, in the over tourism situation, I think it ended up channeling people to the same places, it raised awareness about what to visit among consumers in emerging markets, and everybody... there are many cases, for example, places with natural beauty which have been ruined because everybody wants the same Instagram photo, and that shows directly how a social network has affected real life in a destination, and also, some people has ended up having accidents and getting killed and taking selfies and all this kind of things. People often arrive and they have big expectations, because what they have seen online, and then they arrive in the real life destination and discover that it´s not always perfect as well. So, what are the policy responses to that, well it´s very difficult, but, I think that governments in destinations and tourism boards in particular, need to spend a lot more of their own time evaluating how their own destination appears online, so really understanding what type of experiences are being sold in terms of activities, because I have the feeling that, unless you are working in the PR and communication section of the tourism board, you never really spend much time thinking about it, so you never looking at it that much, but, in the end, if everybody is shopping online, it really matters how you are being presented online, and I think that there are opportunities for smaller destinations to improve their way in which they are sold as well.

ESP: This is on national level, what about on European level?

I9: Oh European level... Well, European level is definitely to monitor the growth of things like the collaborative economy, and to insure that member states... I think that it´s fine for member states

to make their own decisions in these things because, in some ways it can help, in some ways it can cause problems, but I think the European level can definitely help member states to keep up with what other members are doing and help them with really effective responses, so share best cases, for example, policy that seems to be working very well somewhere like Portugal, help countries like Estonia, or Lithuania, help them understand what´s happening… so share that information. I do think that European Union has a role to play in things like consumer protection and I thinks that is important in the basics of consumer protection, but I don´t think that they necessarily have to get involved in everything. I know that´s a very political statement, but I studied European studies and I am a big European fan, but I do think that sometimes there is a tendency for the European Union to try and step into everything, and that, sometimes, caused some of the problems.

ESP: What are the key stakeholders that can support the SMEs to overcome these challenges?

I9: I think that, if you look at a national level, look at the tourism department, and until now, they were really focused on marketing, and we are seeing a very, very important shift now away from marketing towards management, and this is one of the things that they can do. So when you are looking at how they´ve changed their activities, they need to stop things like spending huge amount of money on things like going to trade shows, like ITB and others, or printing brochures and maps and all these other stuff that people don´t really use these days, and they need to start dedicating their money instead on things like training on digital tourism management and thigs like that. Training on software and really helping in training in capacity building for small businesses. So the key stakeholders are the local government let´s say... there are thinks which can be done in a national program that is implemented at local level, just like in Scotland, for example, where you have the Scottish government is investing money in it, but it´s being implemented locally by consultancy and different colleges and local education establishment, so I think that the education sector has a big role to play here as well. It can be more collaboration in there, I think.

ESP: Is there a gap between the support provided by public administration and professional association and the need of the industry, the need of the SMEs?

I9: Yes, definitely. I think that the public administrations are playing catch-up, they struggle, and I do have some sympathy for them, because this is moving very fast, it´s an area which is traditional, they never really had to look at, they never had to worry about, but now it is, and this is the reality of the world, and when it comes to tourism this is definitely an area where they need to start shifting their budget away from some activities, like marketing, and towards activities like supporting small businesses, it´s essential. In the end, you are helping to activate the economic potential in destinations, by supporting small businesses, by helping get people into employment and things. So yes, I think there is a big gap, and I don´t think that the government can do it alone, because I don´t think that it´s necessary and it´s right, and I think that this is why they need to count on the support from things like educational sector, consultancy where necessary, and people who can help out.

ESP: What kind of strategies might be more appropriate: a bottom-up from the SMEs or a top-down one.

I9: Well, the SMEs of course need to be together, they need to be able to explain what their problems are and what their challenges are. Before I did the plan for Aberdeenshire, I did the consultation, and that was with small business associations, and people who were speaking in behalf of small businesses... but the response will be top-down because, in the end, is the government saying "OK what can we do to help out here". So, I think, more regular consultation on what is needed is very helpful. In a sense, you can see, in some countries like the UK where spending on tourism has dropped a lot, the government has cut a lot of funding to tourism boards and local tourism organization, and so, what has happened is... well in some places nothing is happening, they just stopped all the funding and that´s it, in other places you have local business networks, so something like a lot more of a modern approach, like a tourism business improvement district or like a foundation set-up. And those tend to be a lot more agile, and they are little bit more effective than the tourism board was, because it´s made of people from the businesses, they are very clear about exactly what they need. So rather than the government thinking what they need, there are the small businesses who very quickly say: "Well this is what must be done", and if they want to spend some money on something like hosting some influences or building a new website, they can do it very quickly because they can make that decision in a very fast way, where in the government you always have politicians getting involved who often don´t have any idea really about what is needed, and then the result is not always a very good one. So, I think it can be positive, the government does have a role in helping those businesses to get around the table, it´s a facilitator it´s not a manager in that process.

I10 (Senior Researcher) – Research institute – Italy
24.09.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I10: Actually not so much, I am an old style person, an old fashion. I was not used to that, especially in tourism, but I see that there is a great advance in that, and it actually can be a good opportunity also to provide more information to visitors in an easier way.

ESP: Perfect. I forgot to ask you, can I record the conversation?

I10: Sure.

ESP: Yes, perfect. Thank you! How do you feel about digitalisation in tourism?

I10: As I said, it can be good and it can be also... that can be even too much sometimes, you know, there are apps and stuff for everything and even continuously growing. I think it´s good and, as I

said, I am more an old fashion person, so I am still using maps, paper maps, but I think that it can be really useful, yes.

ESP: What are the benefits or drawbacks of digitalisation for tourism SMEs?

I10: They can save time and money to reach more people.

ESP: By creating networks.

I10: Yes, creating networks, and they can provide much more information, and also receive feedbacks, it´s a way also to speed up all the receivers and improvements to the offer.

ESP: Can you describe you vision for digitalisation in tourism in relation to your organization and in relation to the destination, let´s say Italy?

I10: Here in the Alps I can say that... I mean I don´t directly work in tourism, but many of us do, we see that there is a great advance here in the Alps, it´s used a lot, always more, and also now, in our organization, we study these processes and these phenomena, so we are up to date with that, and we provide our support in developing also these new forms of digitalisation.

ESP: What needs to happen to achieve the vision?

I10: I think that, first of all, we need to clarify if we need this kind of approach and if the actors, the stakeholders in a certain area are interested to join the network and to be also, I mean, presents in such output, in such tools. So I think that first of all we need to connect the people, first of all before we digitalise, we need to connect the people with the others. I don´t know if you understand what I mean.

ESP: Yes, to connect the SMEs, the small and medium-sized enterprises.

Fillipo: Yes, yes, the stakeholders between them.

ESP: From your perspective, in your position, what are the key opportunities for SMEs to digitalisation?

I10: The key opportunities... to be more easily reachable, and to provide much more information with no paper.

ESP: Information for who?

I10: Well, for the tourist, for example.

ESP: OK. What about the challenges that they are facing when it comes to digitalisation? The challenges that the SMEs are facing?

I10: Maybe to understand which are the important things to deliver. So sometimes there is the risk to use it even too much and provide too many information that cannot be understood, what is important to define, what is the important massage, or what do they want for the tourists to see.

ESP: So at the end we need to consult the SMEs to see what their needs are first, and then find proper policies or actions that can be applied.

I10: Yes because it´s the new approach from the bottom you know, it´s not more... so the SMEs or the stakeholders, I think they need to be, they want to be involved also in the development of new tools and... so it´s good to involve them from the beginning of new developments, and we see also in our projects when we have to develop a new tool or a new app for example, we do it together with the stakeholders, so we ask them what are their needs, what they want, and the people would see what can be useful for them.

ESP: Yes, that make sense.

I10: Yes, it makes sense.

ESP: I know that the next question is a specific one, but if you can give me an answer is perfect, if not it´s still OK. What policy responses and actions are appropriate?

I10: This is difficult, I don´t know exactly, and as I said this is not really my topic, but I think that if the policy makers will follow the process, and also discovering the needs of the stakeholders, I mean the stakeholders and the SMEs can also help in finding new policies that can support this process. So it´s very general, I know, but I don´t know exactly what kind of policies can be of support in this sense.

ESP: It´s perfect. So you say that bottom-up from the SMEs, and top-down approaches, from the government, let´s say, are needed in this case, so they have to collaborate somehow, it has to be a balance between these two.

I10: Yes, definitely yes.

ESP: Thank you! What are the key stakeholders that can support SMEs to overcome the challenges that we´ve talked about?

I10: Tourism organizations, first of all

ESP: DMOs?

I10: Yes.

ESP: The local ones also the national ones?

I10: Yes, I think that it can be both, so local, but also the local has to be connected with the wider view.

ESP: I have one more. Do you think that there is a gap between the support provided by public administrations and the need of the industry, the need of the SMEs? Actually, I think, that we covered it, like you said, we have to know first the needs of the SMEs and then collaborate with them to find the proper actions to...

I10: Yes. So it depends on the place, in some places there is more need, in others less. It´s still a very local process and it´s hot, but it´s good practices that can be then connected, this also is important - if something is done well to be known and to be spread in other areas.

ESP: OK, but why do you say that in some areas there is a need for more, and in some areas a need for less? Do you say that some areas are more digitalised than others?

I10: Yes, of course, but it depends on the local politicians, on the local policy makers, so it´s not equal everywhere in the same process, for example in Italy if you move from the Alps to the South it changes completely.

ESP: A factor is also the geographic position, I mean if it´s in the city they are probably more digitalised that in the rural areas, let´s say.

I10: Yes, but it depends where you are, if you see, in some areas there are digitalised, in other areas there is nothing, so it´s really... I don´t know what can it be the criteria, but it´s still not equal.

ESP: Yes, and especially in the whole Europe.

I10: Yes, exactly. That´s why we need to know where the good processes are, and the processes that work and spread them out in other areas.

I11 (Researcher and Certified Project Manager) – Research institute – Italy
02.10.2018

Introduction…

ESP: What is your understanding of digitalisation in general and digitalisation in tourism?

Digitalisation is a perfect instrument to save time in our everyday life, And, when it comes to tourism, the management of destination is completely changed because digitalisation in tourism change everything. You decide everything sitting on your sofa, it´s completely different in respect to 15 years ago.

ESP: Yes, it is. I forgot to ask you if I may record the conversation?

I11: Yes, sure. I hope I don´t say anything stupid.

ESP: Thank you! Any identifying information will be removed, it´s anonymous. Should we proceed?

I11: Yes, sure.

ESP: How do you feel about digitalisation in tourism?

I11: I see at this moment black and white, it´s a really good instrument or way to approach tourism, but it could be also a danger because, in the sense that it can be fake content, and some information

you find, not just on the web, but also in some messages on WatsApp or also on the main tourism platform, just think about Airbnb, there are a lot of fake information about apartments or houses. So, the problem I see at this moment, is deep control on digitalisation and also on how to manage all the possibilities that digitalisation can offer. From the other side, as I already told you, it´s a perfect instrument to save time in our busy life. Then depends, because I think that people can live without digitalised instruments. I work a lot in Carpathian area, with different landscapes and I think that this kind of approach and digitalisation is important, but not fundamental, in our life.

ESP: So we have to keep also the traditional way of doing things in tourism?

I11: Yes, not properly, I think that we have to find a balance, both are important.

ESP: What are the benefits or drawbacks of digitalisation for tourism SMEs?

I11: Benefits, I´ll just say something about my experience in EU projects, and there are a lot of benefits, because today digitalisation means especially innovation, and innovation is everyday an open door on tourism markets, and innovation and digitalisation let people work in several fields of research, and it´s really important, and I think that this kind of innovation can be also an opportunity to create some new places of work, just to make a simple example, and also to open some remote areas to a large public, but as I already said, this could also be a problem, because there are some sensitive areas that maybe are not able to support a lot of tourists. But, innovation is the first step for people working in digitalisation today, and every day we discover some new really amazing apps, especially to book rooms or to reserve vacations, so in this way it can helpful, but we have to find some balances in these approaches.

ESP: Do you think that the digital platforms like Airbnb can affect, in a way, the tourism SMEs?

I11: Yes, but not at all. All the markets in accommodation and booking systems must follow the trend, so... I could give you a really important content about this topic, it´s my former colleague, he is teaching digital tourism and also sustainable tourism in Australia and he worked a lot with Airbnb platform. Yes Airbnb change a lot of things, but it´s becoming everyday less trustable, and this is the problem this platform is facing. From the other hand, as you know, every day, Airbnb is growing, there are lots of private companies, SMEs that are accepting this market. I am still skeptical about this platform, because there is not an official control on it and a deep control. There is the black market that is undiscovered and this is not a good thing for the people working in the right way. I cannot say anything more, because there are some data that are still protected, but maybe next January I can say to you something more.

ESP: Thank you! Can you describe your vision for digitalisation in tourism, in relation to your organisation and in relation to the destination, Italy let´s say?

I11: Fantastic! My region or my country?

ESP: Let´s say your region, and maybe your country also.

I11: My region has a beautiful landscape, but south Tirol invest 0.7 % of its own budget on innovation and digitalisation, it´s unbelievable. Just to give you an example, Trentino that is really close to us invest 7.8 %. I leave in the richest region of Italy, because south Tirol is really, really rich, so this it´s really unbelievable… My region does not invest, as you understood. In Italy, I think, that there are really good realities, just in Milan, or there is a big company called H-Farm that invest a lot of money in digitalisation, but we are pretty far away from all the countries, I mean in respect to US, to Australia, also to Germany... we are really, really far.

ESP: How do we achieve the vision that you described, what needs to be done? More investments, more time invested in the matter?

I11: No, it´s not a question of time, it´s just a question of capacities. You know, we leave really close to mountains, local people live especially of tourism, out-door tourism. So sport activities, hunting, ski tourism. A lot of people, local people receive a lot for subsidiaries, for agriculture, and it´s really interesting because innovation and digitalisation of agriculture is really important, just think about how to control pesticides and fields, we have a lot of apples here, and it´s no machine able to control these activities, how to promote cycle tourism in protected areas, you cannot permit 2000 people to access some areas, you have to know how to limit, how to detect the current weight of capacity of certain areas. The fact that people here are so rich, probably they are not allowing to invest some money in something you need, you know, because people here have everything.

ESP: And they don´t need anything more.

I11: Exactly, but things are changing.

ESP: Yes, so we have to keep the pace.

I11: Sure, just think about climate change, agriculture is completely changing, farmers need to adapt to some changing in the weather, cultivation is changing, harvesting is completely changing and innovation and digitalisation can help people to afford these changing and also to permit the tourist to understand the territory.

ESP: From your perspective, in your position, what are the key opportunities for SMEs to digitalisation? It´s a specific question, I don´t know if your area of expertise is small and medium-sized enterprises...

I11: I work a lot with EU so I´m used to work with small enterprises when they are involved in some projects, so they have already an idea about the money they are receiving, you know, so is easier my work. Things are completely diverse if you think about small enterprises, when they have to decide to invest money in digitalisation and innovation. Small enterprises don´t find the money, they need some support from regional, local institutions. I Italy, especially in my region just big enterprises are able to invest in digitalisation and innovation. It´s really difficult for SMEs

to invest a lot of money because, you know, you need a lot of money, you cannot invest 10.000 per year.

ESP: Yes, exactly, especially when seasonality is also a challenge.

I11: Exactly, their challenge is to become bigger, unfortunately. Because you need, first of all, professional team that is really important, skills are really important, expertise is really important. I really like it because I work in a firm where just 30 % of people come from south Tirol, there are a lot of Indian, American people, so we can just share our expertise and rely on the competences. I think that if they can rely on good expertise and skills they can grow, but they need more money.

ESP: More more and, probably, more employees, because if you are running a self-employed, you are the only one...

Isidoto: Yes, exactly.

ESP: So we talked about the challenges also that the SMEs are facing. The next question is a specific one: What policy responses and actions are appropriate to overcome these challenges?

I11: OK, this is really difficult because it depends on the regulations of each country. If you check our regulation in Italy, it´s really, really complicated. We have a law for everything, and this is an obstacle for the implementation of innovation and digitalisation in Italy. To create something, you need a permit every time and this is a big problem to face, so I don´t have a proper answer to your question.

ESP: But you gave me the perfect one.

I11: OK

ESP: Yes, really. I understand what you are saying, because every country, every member state of the European Union has different laws, and there cannot be one policy action that can be applied for all of them. Yes, probably in the case of digital platforms, it can be on European level, but for every country and every need of the country, you have to have different policy responses and actions.

I11: Yes, I agree with you.

ESP: What are the key stakeholders that can support SMEs to overcome these challenges?

I11: Unfortunately, institutions, Universities, I think, because the real skills come out from real Universities, good Universities, of course. I think, also big enterprises, big firms.

ESP: Probably creating networks between big and small companies.

I11: Yes, but the real key is to communicate in a clear way between the private and the public sector, this is the real challenge. I think that if they are able to work together, it´s really easier to

reach the desired results. This is a big challenge, because from my experience it´s so complicated, but when we are able to do this, we will reach great results, because competences are integrated, and they (public and private sectors) need each other.

ESP: I have one more, if you still have about two minutes?

I11: Yes.

ESP: Do you think that there is a gap between the support provided by the public administration and the private sector and the need of the industry, the need of the SMEs?

I11: Probably yes, but... This is another complicated question…

ESP: Yes, this is not in the questions that I´ve sent you, I´m sorry. Like you said, probably collaboration between the public and the private sectors, between the SMEs and the big companies.

I11: Yes, sure, but also tentative to look to digitalisation and also to innovation, talking about institutions. But a concrete opportunity to put institutions in the condition to reach better results, and to put enterprises, and small enterprises in the condition to work for concrete purposes, it´s really important.

ESP: They need to have a clear view about what digitalisation means for the SMEs.

I11: Yes, sure. Just to give you an example, try to organize workshops with institutions to make them aware of what digitalisation is, what innovation is, it´s really useful. But, the first time, it´s always complicated, because they think that they already know everything, "don´t teach me anything". I think that the exchange of expertise is the new key to grow together, because the risk is to have two cars with two different motors (engines).

I12 (Head of Digitalisation) – Tourism Commercial Foundation – Denmark
03.10.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I12: In general, I thing that the term digitalisation is more about marketing and the processes in which you are trying to sell or promote a destination, that is why I separate them between technology, which I think is more about business development, and digitalisation, which is more marketing oriented, and then you have some technology behind but I understand that as IT, which is the commends and the processes behind... it´s another layer. That is also what I try to cover into tourism. From January I work with technology, it´s about business development, and we are

working with digitalisation, it´s about marketing and improvement of interaction with customers, and promotion.

ESP: That is an interesting insight. How do you feel about digitalisation in tourism? Your own opinion.

I12: I think it´s a week part of the chain, the tourism development chain, because we haven´t been focusing on that part, especially not in the small businesses. 80 % of the tourism industry is based on small businesses, and they don´t have the resources to also invest and work with this new layer of the business. When I try to analyze the businesses in the tourism sector, they are not necessarily educated in this field. There is not a standard education for a camping place owner or a hotel owner, so sometimes it´s not really coordinated, the kind of business that they are doing and the background education, and therefore they are busy to work with promotion, sale, law, human resource, all this kind of things, and therefore technology and digitalisation will be a new layer on that work pay. Therefore, I think that there is an issue, that we don´t really use the opportunities in the field of digitalisation, technology, to improve those services and return of investment.

ESP: You said that they lack in resources (the SMEs). What do you mean, What kind of resources: financial, human resources?

I12: No, not necessarily financial, because I think investment in digitalisation and technology would come back many times, so it would be a good investment, would be a high return on investment. The problem is that when we are doing programs towards tourism in all kind of organizations, DMOs, the national operators like VisitDenmark or Dansk Kyst og Natur Turisme, Wonderful Copenhagen, we are all do it in a way that we provide the business owners with new skills, and that is a good though but in reality you can´t make this multi-skilled person out of one person. They have to know some about law, some about human resources, some about communication, some about sale, and now, also some about technology, and that is the right thing to do. They are also so small that they don´t have the economy to invest in new employees who can empower them with these new skills, so therefore I think actually that the way we are doing skill development in the business of tourism, shouldn´t be skills for the existing employees but maybe support them with part-time employees with new skills which could show them the upside of an investment, and this persons´ particular skills so that they maybe after a project time of an year of two years would like to do the investment because they can see that they each year have improvement of the business with 10 % or something, and it would only cost about 8 % to employ this person.

ESP: So it´s mostly lack of human resources.

I12: Yes

ESP: What are the benefits or drawback of digitalisation for tourism SMEs?

I12: I have to understand how you understand digitalization when you ask.

ESP: It´s an easier way, especially in tourism, I think it´s an easier way than the traditional way of doing things. Imagine if you have an app you don´t really need a map, and of course you can reach the destination easier

I12: Than we agree that when we talk about digitalisation is also what I understand as technology. I see a huge space of possibilities for service improvement. For example, when you describe apps, I think that it could be some part of option, I wouldn´t say that is the right, but maybe a lecture course, person assists implementations. Imagine is in all of hotel rooms in Denmark we have a lecture Amazon Selection placed, so that you don´t need office employees to inform and navigate the tourists, they can just wake up in the morning and ask a lecture what to do today, it´s raining, I am interested in art or culture, what could you recommend? Or where is the nearest bakery, or when are the groceries closing? So we can put the information close to customer, and we can, at the same time, provide them with the information which raise their possibility to use money, and therefore raise the income and the businesses in tourism.

ESP: As you also mention at the beginning, digitalisation is also about marketing, and in tourism, especially the businesses in tourism, this is their main focus.

I12: Yes, that is right, they´ve been doing so for 10 years.

ESP: How to make themselves visible online, if you are not online then...

I12: Yes, that is right. Actually, maybe it´s a bit mean, but I think that the businesses don´t understand the needs of TripAdvisor, Hotel provider, Facebook, Instagram. If they don´t understand it today, I think we should try to make the companies to understand them, because these people… they are out of reach.

ESP: But there are also small businesses own by older people which don´t have enough knowledge about the matter.

I12: I don´t think that there is anyone in Denmark today that have not offered TripAdvisor, workshops, after-work meetings, conferences. I´m talking from the perspective of Denmark. So, in Denmark I don´t think that is necessary to focus on the future, because we have been doing that for 10 years, and therefore the companies that are at the level where they don´t understand it, I am not quite sure that they will ever understand it, so I think it will be lack of resources to invest further in that part. I was visiting some companies, restaurants at the west coast of Shælland and they were in a little holiday area, they have about 2000-3000 holiday homes in their local area, and they were this little summer destination with some ice-cream shops and these 4 restaurants. And these 4 restaurants only operate 2 and 3 months in the year, but they were not able to coordinate a flayer together. They need municipality to do that, and I actually think we are at that level, you aren´t really interested to improve your own business. I think that that´s also the example that there are small businesses which are willing to develop, and to invest in their future also, and then there are businesses which are doing the business because that´s the last year at the work and they are going for pension in a couple of years and they are not interested.

ESP: And it´s also the fact that: "If the business is going well, why change anything?"

I12: That is right. I think that we have an opportunity to do technology, digitalisation, investment to improve services, but also to improve return on investment, for example Issue Management Systems, I think that we could lower the cost in a lot of business sectors in tourism, for example adventure parks or animal parks, or we could make co-operation to develop new kind of management systems which automatize the operations in the opening time in the morning, so that if the cleaning at the toilet are not in good standard they will automatically send information to the cleaner, and the manager knows that the job was not done properly. I think that in the municipality also are a lot of options that, at the public toilets and the public service areas that there is an issue that could be automatically send to the municipality, which can inform the customer on this issues. My perspective on digitalisation and technology is that we should not develop new kind of technologies towards tourism, but we should incorporate technology and digitalisation from other kind of businesses, such as farming.

ESP: What is your vision for digitalisation in tourism, in relation to your organisation and in relation to the destination (Denmark)?

I12: I think the vision (my vision, own vision) is that by showing and developing best practice examples with small groups of similar businesses in tourism, we could make these practices examples for the rest of the businesses, and with these best practices examples we could make an improvement of at least 10 % in the services sector, or use of employees resources, and 10 % raise it´s very high towards what we are dealing with normally in the field of tourism. For example, the growth in bed nights is estimated to be 2.2 % a year and we would be satisfied with that. So 10 % raise it´s pretty good, but it´s also because we think that there is a huge lack, so with very few improvements, we can actually do huge difference.

ESP: You said that collaboration between similar businesses is needed. But what about the fact that the tourism industry is made of different sectors, you have accommodation, guiding, transportation, and so on. It has to be clusters of these sectors, or can it be a mixture between different sectors?

I12: It could probably be a mixture, but I think that we would start with clusters, for example accommodation, we will start with that, we will find 5 or 6 businesses which are representative and which are in the SME segment, and then we will analyze similar issues in the operations and try to develop some kind of system or some kind of improvement to that, and if that works, it can be applied for other businesses outside the cluster.

ESP: The next question was about how do we achieve this vision, but you answered to it, so it´s covered. From your perspective (in your position) what are the key opportunities for SMEs to digitalisation?

I12: I think that what are we seeing now it´s that the hole society is implementing and begins to understand the upside of digitalisation and technology. There are still some lacks, for example

Uber, it was not really received well in Denmark. But another example which went well is Airbnb, and actually it was disrupting the business of accommodations with a new way to understand and use accommodations, which put up a distance between the traditional operators and the new ones, and if you´ve seen the growth in the two kind of sectors, Airbnb is growing really well compered to summer holiday houses, ranching and so on. So I think, that there are some movements right now which can make a huge improvement for the business, there are a lot of opportunities, and they (the SMEs) have to see these opportunities, for example Amazon Selection which is developed for buying staff at Amazon.com, but I think actually is pretty smart we could incorporate the technology and the hardware into the field of tourism and use it as a new service provider at destination level. I think there are these opportunities and we have to see them and we have to use them, but we have to be open-minded. Actually, I am right now writing a report about digital transformation. These issues which we overweight when we are dealing with small businesses which aren´t really educated, they are focus on the traditional business, and it´s going well, so why improve it? I think that there will be an issue, but therefore I think that it´s also important that we find the businesses that want to improve and digitalise and make the best practice example with them, so we will show the way.

ESP: What about the ones (SMEs) that don´t want to digitalise?

I12: That´s fine, if they don´t want, it´s fine.

ESP: They will be left behind?

I12: Yes. I think, but I could be wrong. I think that if they don´t accept and don´t try to involve with digitalisation, they will lose in the long one, and they would be the businesses who close (stop operating).

ESP: So they have to think on the long run like you said.

I12: I think so, but of course if you are a couple years to your pension, that is not an issue for you, but I think that the most businesses that have more that 50 or 100 employees, they would need to think about digitalisation, or how to involve it in order to improve their business. With the ice-cream shop is a different story. It´s a small business and is a much simple business, but still, I think that you can make digitalisation and technology improvements in such kind of businesses, so there have to be open-minded owners in the ice-cream shops.

ESP: What about the key challenges for SMEs to digitalisation?

I12: I think the challenges that they are facing are the limitations of resources, not financial but human resources. I think that´s the issue, therefore in all businesses, or all organizations, we understand, or we imagine that we understand that technology, innovation and skill development, but there have to be operating coordinators, because we have to prepare the receiver of the information that we come with, to see the opportunities. If I meet up with information about technology, no one would necessarily be able to incorporate another standard, that´s why we have

to do a skill program development aside, and we have to operate also with general innovation which is not necessarily digitalisation.

ESP: What policy responses and actions are appropriate to overcome these challenges?

I12: I am not quite sure that there are any policy limitations for now, I think it´s about mind-set. Of course, if we have more opportunities to get investment for these kind of improvement (innovation improvement, technology improvement) it would be easier, but we have the resources now, so it´s not because we can´t do it, and it´s not because the businesses can´t involve in these kind of processes, so I don´t think the political environment can do anything else, but they should continue to support technology, digitalisation development agenda.

ESP: So, all the process has to be done by the DMOs?

I12: Yes, it could be done by the DMOs, I hope so, but I also hope that the interest organizations for the businesses (Dansk Industri, Dansk Erhverv and Horesta), that they involve their members in the future. I hope that we, as a national operation for business improvement in tourism, also will be able to make success with these clusters of businesses, so that we could show the rest of the industry that there are opportunities if they are willing to invest and improve their skills towards technology and digitalisation.

ESP: So clusters of businesses are needed and then these examples should be somehow posted so the other businesses can see them and follow them.

I12: Yes. When you show that your colleagues in the businesses are doing an improvement, I think that most of the businesses owner will often like to do it in the same way, not to lose market.

ESP: What are the key stakeholders that can support the SMEs to overcome this challenges? What initiatives or actions should they take?

I12: This is difficult question.

ESP: We talked about local DMOs and not so much about the overall picture.

I12: If I knew that, it would be easy to fix, but I think that the opportunity to get information and to get relevant information about digitalisation and technology it´s very limited today towards the businesses. Actually I think about myself that I´m quite innovative, in my way of seeing and understanding things, and I am able to transform an information from one kind of sector, for example farming, to see the opportunities towards tourism. But I don´t think everyone has the same ability, and therefore it´s somehow difficult to understand what technology and digitalisation is about. I can see that, around my colleagues, they see technology as some kind of IT programs, Mycrosoft, Office or computer hardware they are using, and that´s also right. That´s an issue with my colleagues, but also in the destinations, and the businesses, and every were in the society. So these information spread is very important, and this kind of mind-sets about technology and digitalisation are very important. Actually, next week, we have a seminar in our organization,

where we should discuss one of their technology, and that´s good. But I would like someone from outside the organization to come and inform us about technology in general, what is in development right now, what is the future, what can we see in other kind of industries, but I could not find this person, it´s very difficult. So, some kind of coordination where we are focusing on tourism, it could be in the universities, it could be in tourism organizations, it could be in our organization, but we have to form a kind of cooperation about technology towards this industry. Actually, it´s one of my own projects, but I hope that we, from next year, could make some kind of annual list about technology, with representatives from different kind of businesses, so that we, in tourism, could receive all the information outside our world and try after words to transform it into practice and improvement of businesses in tourism.

But the fact that I can´t find this person right now, it´s kind of opened my eyes that it´s an issue.

ESP: I have one more question, which is not in the questions that I´ve sent you, I am sorry.

ESP: Is there a lack between the support provided by the public administrations and professional associations and the need of the industry?

I12: No, I don´t think so. I think that we have quite good space for coordinating and collaboration with this agenda. Actually next week I shall discuss the opportunities with Sune from Dansk Industri. I don´t think that´s an issue.

ESP: Yes, probably not in Denmark.

I12: No, but that could be the reason.

ESP: What kind of strategies are more appropriate: top-down or bottom-up?

I12: What I am doing it´s a top-down process, at least I like to see that we are in the top at industry business in Denmark, because we are operating in a national context and digitalisation and technology will be my strategy to realize, and therefore would be a top-down process, because I don´t see the point for a bottom-up, but of course there are examples of industry and businesses which are working digital or for technology improvement. And if there are these kind of businesses, I think that we should catch them and work with them, and it´s very good that they are coming from bottom-up. But I think that for now, if we like to make some real improvements we have to, again, do the best practises, show them, give them the inspiration and then it would come the process. But, I hope, that in 5 years or so, it would be very natural that it´s a bottom-up process where businesses are thinking digital technology, innovation.

I13 (Manager Corporate Development) – Tourism Board – Sweden
09.10.2018

Introduction…

ESP: What is your overall understanding of digitalization in general and digitalisation in tourism?

I13: Yes, I think it´s good. Normally, I am responsible and working with development for the companies in tourism business, and, in this region, the west of Sweden, you need to have knowledge how to work with digital tools and what do you have to do in order to sell the product, what do you have to do to make someone dream to came to your place, and what do you have to do to make all that. So, I think, on a scale from 1 to 10, it´s 8. You also need to know the trends also, what are the trends on the market now.

ESP: Thank you! How do you feel about digitalisation in tourism?

I13: It´s necessary. The whole development in the world is going to digital area, and that means that the tourism also has to come there. It´s very, very important to make people travel from all over the world to come to, for example, Sweden to make that possible. And it´s important for everyone to know about it. Yes, it´s very important.

ESP: What are the benefits or drawbacks of digitalisation for tourism SMEs?

I13: The benefits are that, the product that normal small company had problems to sell before, it´s easy to sell now, it´s easy to start dreaming about coming to Sweden for hiking, for example, and it´s very easy to sit in the UK or Denmark, and actually being able to buy the product. That was not able before, before you should have had a big system behind, like a hotel. Now it´s very good because you can sell the product even if you are small (a SME).

ESP: Can you describe your vision for digitalisation in tourism (in relation to your organization and in relation to the destination)?

I13: Yes, I work in a regional tourism board and we need to know what´s coming up from around the corner, in the big platforms: Google, TripAdvisor, Facebook, for example, we need to know that before, when we have that knowledge we can transfer that knowledge to the company, to get a kind of system. So that´s the need part in my vision, it´s that we have to take the lead, and know what´s coming around the corner and we also have to keep in mind that we should help the company through its digital transformation, transforming high knowledge to high transformation to the company, and that is a part of the vision.

ESP: The next question was how to achieve the vision that you describe, but you probably covered that also.

I13: Yes, we as an organization we have 35 employees and one third of that is the marketing communication department. A part of their role is to see what´s the trend now that came up from around the corner, how is Google, TripAdvisor, Facebook, every part, how it´s working now, and then connect our work really, really tight. So, my department, we check the trends in the system and transform it to the company. I think that we have a quite good operating system to get it out to the company, because there it must happen. It does not matter, if we are a regional tourism board

or a national tourism board, and if it´s a good digital tool, if we don´t transform that to the company, because there is where it should happen.

ESP: From your perspective (in your position) what are the key opportunities for SMEs to digitalisation?

I13: As I said before, the possibility now for the small company out there to be in the market, that´s the main benefit, I think.

ESP: What about the challenges for SMEs to digitalisation?

I13: It´s mainly that the company get the transformation in the right place, so they not just understand what to do, because they have to do it, they have to change, have an upgraded webpage, work in booking systems in the right way, and also so they don´t put all the effort, all the strength to be digital, because the main part is that they should deliver something when it comes to the place, the human part of it, so it´s very, very important that we don´t say that everything should be digital. Yes, it´s good that you can plan your trip and book your trip but, after that, it´s very important to have a human delivery.

ESP: To interact with the place…

I13: It´s very, very important, so don´t put all the energy to be good on the homepage, if you can´t deliver in the human part after, you don´t get the customer back.

ESP: What policy responses and actions are appropriate to overcome these challenges?

I13: In our organization, our customer is the tourism company in the region. So it´s very important that the company grow, and grow in the sustainable way, it does not matter if we are growing, if the company is not growing. So it´s important, if the policies and actions stay in the regional and national board, then nothing happens out in the market. So it´s very important that we make the politicians and the system, regional and national system understand the difference that we can make, the positive side, when we make the company grow. So we have to remind ourselves all the time, we have to transform the knowledge. And I think that all the regional and national systems are sitting on the money, need to know that it´s out in the companies that we need to work, not in the regional homepage system, it has to be transformed out to the company.

ESP: What are the key stakeholders that can support SMEs to overcome these challenges? Like local, regional DMOs, national DMOs...

I13: In Sweden we don´t have we don´t have so much DMOs, we have quite different set-up compared to Italy or France, or something like that, so here is mostly that the customer buy the product and take part of the product directly from the company, we don´t have the part in between, but even if we had, it doesn´t matter if they are regional, sub-regional tourism board if we don´t have what we need out in the company (SME)… it´s very important to make the company good before we market to region, otherwise we will get customers here who are not pleased and they

will not come back. So, it´s very important to ask from the bottom-up not the top-down, otherwise it´s not going to be good.

ESP: Yes, the SMEs know better what they need, so probably the best strategy will be a bottom-up one, not a top-down.

I13: Always, and I´m discussing a lot with my partners here that we should have sustainability in our work, and the main important thing is that we work from the bottom. As a regional tourism board, we can check the trends, and have a good knowledge about the needs, and if the customer will come now, or the customer come tomorrow, then we have to take that information, transform it, side by side with the company, and make them understand the need. And make them do the difference before we start marketing the region or try to sell stuff, because if you sell something with bad delivery then the whole system will collapse.

ESP: That leads the conversation to the next question, if you still have five minutes more...

I13: Yes, no problem.

ESP: Is there a gap between the support provided by public administrations and professional associations and the need of the industry, the need of the SMEs?

I13: For me it´s logic sense. If I, for example, build a car, I need to understand what is the need, what kind of color they want, gear box and everything else. Then I build the car, and I sell the car to the customer that want it in this way. We, in the tourism industry, are really, really bad to ask the customer, what do they need and trying to make the companies deliver it before we try to sell it. We can´t sell anything if we can´t deliver what the customer want, otherwise the customer will say: "I don´t want to buy the product". And normally in the tourism industry, we are working in the national level, regional level, tell everyone what to do, but we don´t make the company do it. And we are always: "Come to Sweden... come to do this and that", and when the tourists come to the region, they cannot find anything open.... you can´t deliver the hiking tour in English, for example. We have to sit and show the delivery before we tell the world, and try to sell it to the world. It´s very, very important to work tight on this. In my department, the business development department, we make development before, with the knowledge about the trends and everything with the company, and when it´s finished with the company, then make it as we wanted, and as they wanted, then we tell the marketing department: "Now is right, now you can market the product", because then we get the circle to get around, we get the customer to dream about the product, to buy the product, to book the product, they experience the product, tell the world that they have experienced it, and tell their friends to come and experience it too. If it´s a failure somewhere in that circle, you don´t succeed. It´s very, important to have the company ready before we push the bottom to make the world come, and try to dream about hiking in Sweden, then we need to have the product ready before we do it. Otherwise it´s not sustainability, then we just loose national money or regional money from the top to the bottom. It´s more economic if we help the company to make changes before, then it´s easy to sell. It´s 2018 in the digital world, if I have the

knowledge how I should sell the product, in which channels, in which way and how I should do to make that product stand out instead of coming to Norway, for example, and hike there. It´s very easy from me now, if I have the knowledge to have the exact selling structure, to sell the hiking product. Years ago it was totally different, then was a normal marketing strategy that everyone could use, but if you know the digital now, and tell the world that we have tremendous good hiking, for example, then it´s easy to hit the right spot in the selling. It´s easier for a family from UK to sit on the plane tomorrow and come and visit it in the weekend. We talked a lot on that, we should not just market it, we should sell it, because if you do in the same way, you will tell the world come to Sweden and do hiking, try to sell it in the right way, so we need to have on the web page the attraction "Come to us and hike... you can book here... you can come actually tomorrow... you can come with the next plane." Then the product (the SME) has to be ready for that. It´s very easy to use digital channels for marketing and selling, now that it was before, and then stage the whole thing… but we need to go from the bottom. We also have customers that seek information about hiking in Sweden, so they can find it by themselves, but we have to take all the knowledge, all the power that is bookable: "Come tomorrow and actually experience it" not to tell the world, because the clients in the world can find information by themselves now, they have to stand out and we have to have the product (the SME) ready.

ESP: Thank you! I think that was it, or do you want to add something more?

I13: Call back if you need some more information. We have a lot of development tools and stuff like that, to help the company. Then it´s very easy to say that you come from the bottom and work your way up, but then you have to have the right tools.

I14 (Manager Nordic Region) – Tourism board – Ireland
25.10.2018

Introduction…

I14: So your first question is just the general understanding of digitalisation

ESP: Yes

I14: From my point of view, I think it´s being the single largest impact on mature destinations in the last, I would say, 20 years. Ever since the internet was invented and booking systems became live and then digital marketing began, social media took off. Those things have changed the travel industry forever, and I think, especially for the mature destinations who were possibly already receiving very good levels of tourism receipts, this is a way for them to either develop that further or control it in a more sustainable way. I suppose that kind of lead to the next question about my opinion. Digitalisation in tourism is a fabulous tool but it can be dangerous in the wrong hands.

ESP: Are we talking now about digital platforms like Airbnb?

I14: I think that is a separate conversation, but I suppose more generally what I´m saying is when businesses use digital channels at their disposal, they can use it in a way that develops tourism sustainably, economically beneficial, but it actually gives them a bigger, wider reach that maybe that they haven´t even though about, so therefore digitalisation and tourism development, can easily get out of control if it´s being used by someone who doesn´t know the wider impact of their actions on it.

ESP: So knowledge needs to be implemented.

I14: Yes, I think that there needs to be wider education and awareness. Wider individual tourism businesses who use digital platforms, but the Destination Management Organizations, the national tourism boards. I think that the national tourism boards have more a helicopter view of the impact, and it´s actually educating their stakeholders, where is probably the government bodies themselves who provide the funding for the national tourism boards, and then for that funding they expect returns and quite often those returns, in my experience, aren´t so align with social and community development factors. In relation to tourism they are some align with economic benefits, job creation, visitor revenue. Those things come at a cost, visitor revenue and certain jobs that are created, and within society they bring benefits clearly, but they also, by their existence create impacts.

ESP: Thank you! You are very prepared I can see.

I14: Not at all. I would love to spend more time on that. I studied myself, I understand what it´s like trying to get information from people, I try to help here... The benefits for small and medium businesses are that digital platforms are relatively cheap, social media for example can be free although the drawback is that it´s deceivingly time consuming so far, a sole trader starting a tour, operating business perhaps, the amount of time that they will have to invest in just maintaining their digital channels, communicating with their customers or communicating with their suppliers can be actually quite overwhelming, so as a tourism board, we actually see that the small businesses which are just in their start-up fears, struggle with this. They become really excited about getting involved in tourism, they see these free digital opportunities everywhere, they start to do this and they realize "Actually I don´t have enough hours in the day to do my digital work and also deliver my tours" So quite quickly businesses have to decide to take on someone else to do the digital, the marketing side and then, you know, have someone else delivering the actual product.

ESP: What about the financial resources, we talked about the human resources, the lack of human resources?

I14: Relatively cheap although if small businesses want to really get a share of the market. They are, by default, competing with bigger businesses that have bigger budgets, and the digital world is no different now than the off-line marketing world was 20 years ago, where the bigger money buys more air time. Facebook, for example, the classic example that everybody knows about, you know, Facebook provides free information sharing, connecting people and more and more it´s

developed into this business where you pay for the amount of people that will hear your voice and that is definitely a barrier for smaller businesses, depending on what their messages, how unique their proposition is, they will only get so far with organic reach on platforms like Facebook. There is a feeling and that feeling can be only broken by budget. So as tourism board we try to help small individual businesses to work through that so we would run collaborative marketing programs, we would join lots of small businesses together, we would work with, maybe, a partner like TripAdvisor to run a campaign, we would get the individual partners to submit offers, TripAdvisor would buy the media and we would join it all together so that we are joining small parts together big share of the voice. So that´s kind a bit of a role that we do for small businesses and is all very digitally alert. So are opportunities and challenges there for digitalisation. If you would ask me if it would be better off without digitalisation in tourism at all, I would say absolutely not. We have definitely made the right move to embrace it in the travel industry, it´s opened up a lot of new businesses that probably could not have started off on their own, but we do have things that we need to be careful of in the way it develops.

ESP: Do you think that everything should be digital or should we also some of the traditional ways of doing things?

I14: I do believe that it´s definitely important to have a mix of both, the marketing mix for on and offline it´s very, very true and it´s probably more true for the travel industry. Selling a destination like Ireland where one of our key selling points it´s the friendliness of our people, we feel that is very, very important that we maintain a good level of genuine face to face conversations. As a tourism board we don´t get to a lot of consumer offline activity, we would do more business to business activity, so meeting travel operators, tour operators and just meant to Irish tourism industry representatives. In certain markets, I know my German colleagues would tell me that they cannot do without print, so they must print brochures and maps still, in the Nordics here it´s very different. Our consumers are really happy with receiving digital information and actually don´t want to carry brochures around, so those vary from market to market. There is not much of a changing in Germany, by the way, they just love their books.

ESP: Yes, I heard about that from a Danish DMO also.

I14: Yes, absolutely, so that´s an interesting thing, but as a destination, I think, Ireland definitely needs to keep the face to face offline person to person conversational as well as all the digital stuff, but they should definitely link together.

ESP: How do we achieve the vision that you describe? I think that you already covered that also

I14: I mean I´ve given you the sort of tourism board point of view, I am working with businesses back in Ireland, but the biggest challenge for us, the tourism board, is, when something new that´s really good comes along, like certain digital platforms, it´s getting banned from the industry to use

it in the right way so I think that´s really important. You know, every Irish tourism business broadly speaking follows the strategy that we want Tourism Ireland to develop along.

ESP: We talked about opportunities and challenges also, what about policy responses and actions?

I14: I think, yes the opportunities are that digitalisation can be a very quick way for new operators to access the market. Quite often in Ireland we have tourism businesses who have had a very domestic focus so they just, for years have run their B&B with customers from Dublin coming to stay in the country side for a few days and that´s been a very nice business model, whenever maybe the next generation comes along, some of the younger people take the business over, and they´ve traveled the world and they´ve come back and they say "Actually tourism is a bit more than about people from Dublin coming for a weekend brake in the Irish country side, it´s about people from France and Germany and America coming to Ireland" that´s when digitalisation and sort of a newer approach comes at the play and that can really grow a business from being just a domestic tourism business to be an overseas tourism business. So that is the opportunity, the challenge is, again, just to do it in the right way, not going after every single customer you can reach, but focusing on the customers that are right for your business, so we would quite often say, you know anybody who is starting in to the international market place for the first time, which market is right for you, so for some businesses, the Americans are right, you know they have large rooms, and that is what the Americans want, and for some businesses, they have a very cozy fireplace but the rooms are small, but their staff are really willing to sit and talk with visitors, well maybe that´s going to sit the Nordics better because they don´t want big, glamorous hotel rooms, they want coziness and they want to get to know Irish people. The challenge is to get business to not think "I want every customer all the time" it´s to actually focus and say "I want the right customer for my business to grow sustainably"

ESP: So knowing the customer, knowing the consumer is also...

I14: Knowing the customer, knowing how to reach them, yes.

ESP: What about the policy responses and actions that are appropriate?

I14: Definitely I am really glad to see that there is a lot of new thinking in policies, being talked about the European Commission with regards to the sustainability in tourism. I think, as a destination, Ireland looks at places like Barcelona and Venice who have, you know, suffered greatly at this stage from tourism, and we don´t want to be there we need to safeguard the things that we have that have made us popular, but still a lot of access to them in a way that actually allows those things to survive and be authentic but does not harm the community and the actual nature, because a lot of these natural attractions are quite fragile. So that´s good, at a national level i suppose that´s where we come in as a tourism board, and we have a sustainability policy now so our marketing communications, all fall this .... we won´t be directly promoting attractions and locations in Ireland that are already experiencing sufficient visitor capacity. There are one or two

that are actually over capacity, so, as a tourism board, we won´t be promoting them at all this year, but will use instead images of locations that are very well known or visited, they are also locations that have a similar aesthetic and appeal as the ones that have become too popular.

ESP: OK, that´s smart.

I14: So we are trying to replace the ones that are popular with, let´s say, their understudies. This is for two reasons because the very popular attractions have enough customers, and the other attractions don´t have enough, and the other attractions are in locations where there is plenty of space for visitors to go so the visitor experience would be nicer as well. I hope in the next 5-10 years we should start to see better more spread out visitors´ flows, less pressure on Dublin, for example, because that´s where a lot of visitors, kind of stay and don´t leave so we need.... we´re all about trying to convince people that: "Just because you visited Dublin doesn´t mean you visited Ireland" you need to move out of Dublin to really see Ireland.

ESP: What are the key stakeholders that can support SMEs to overcome these challenges?

I14: I think the key stakeholders… depends on how a region is set up or a country runs their tourism sector. In my experience in Ireland, the local councils, the municipal councils, they all have a tourism implication to various degrees. Some of them can provide start up business funding, some of them can provide skills training and digital marketing, for example, or just general business planning, so that´s a really good support. Up above a layer, then the individual, sort of regional management companies that we have in Ireland, so we´ve got one for Dublin, the cities, we will have one for the Nord coast, the coastal route, we will have one for the West of Ireland, we will have one for the South-West, so within their regions… than they actually have another layer of support that they can offer in terms of joining businesses up together, so the councils kind of work with individual businesses, the regions can join businesses together regionally, and then as you move inside of that, in the tourism body within Ireland, one for Northern Ireland and one for the Republic of Ireland, they have the next layer which is a lot of tourism development in terms of building infrastructure, so funding for hotels and car parks, toilets facilities, even visitor centers. What is happening in Ireland, is that some of the natural attractions have become very, very popular to the stage where, actually, this location needs some more toilets, it needs some more places for visitors to buy food, so the tourism board would get involved then in a way to create something that will allow tourism to happen, but not harm the natural attractions. At visitor centers´ level it´s a really obvious "Well, it´s the natural attraction, visitors are going to come to that because it´s the UNESCO world heritage site, it´s pretty unique, there is nowhere like it in the world". The tourism board has to step in to say: "Actually we need to organize the space around this site so that people are not walking everywhere, we need to organize the visitor flow and also, by the way, make some money from these visitors" so create somewhere they can spend money, that can be invested into sustainably attractions, conserving that building pub, and that the nature isn´t destroyed etc.

ESP: Thank you! I have one more, if you still have 5 minutes.

I14: OK.

ESP: Do you think that there is a gap between the support provided by the public administrations and professional associations and the need of the industry?

I14: I think there is, yes, there always is. It´s not an easy question to answer because there are examples of really good practice where public and private have worked together brilliantly. The industry changes so fast, and new private enterprises come up, it´s difficult for the public sector to always keep-up with that because there is such a big established thing. The challenge is being able to have public sector, which is flexible enough to react to the needs, and sometimes the problems that the private sector create as well because, for example Airbnb you mentioned earlier, that´s a private sector enterprise that really changed everything, it did a lot of good work in some destinations, it allowed visitors to experience living in a community where really authentic… you know, what is it like to be a Spanish person, and you know, you can go and stay in someone´s house, wonderful, but we are not moved into actually: "I am going to stay in an Airbnb which used to be someone´s home "   but now it´s rented out to travelers because the person that owns it can make more money. The Spanish person that would have lived there does not have a house anymore, that´s when it´s bad, and it was difficult for the public sector to be able to quickly create legislation to be able to control and regulate that. It´s a difficult question and it´s never going to be perfect. I think, the important thing is the conversation between private businesses and the public sector keeps happening.

I15 (Communication and Business Development Manager)– SME – Denmark
26.10.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I15: When I think of that word I think very wide, it´s everything from different marketing platforms, it´s the handling of tickets that´s digitalised, and it could also be experiences that are digitalised, so it could be some virtual reality. When I read this questions this morning I thought when I was in San Francisco and I had an app and I could listen to some voices while I was walking around at Alcatraz, so it´s a tool but it´s also different possibilities of getting closer to the consumer, to the tourist from the company side, and it´s also new experiences. Yes, digitalisation is like… all the rest of the world is digitalised, and it´s good for small companies, I think, it´s easier to get the word out. Everybody knows Taj Mahal, they don´t need to get out there, but it´s easier for us to do it, but I also think that it´s a jungle, it´s also very important for small businesses to be on the right platforms. I´ve been contacted by a lot of different, I don´t know if it´s agencies, but companies who want to promote us, but for my company I haven´t found a match where I think "I want to be on that platform, I want you to..." because for our brand it´s going to lose too much, it´s

going to be too commercialized, it´s going to be too... but it´s also because we have a kind of experience here that needs to be on the right platforms. My dream platform would be something like Airbnb experiences because it´s much more real in a sense, it´s much more related to my product here. I think a lot of it is... yes, it´s a jungle also because when I think about tourism and as a tourist, as the consumer, you are always afraid on going in tourist traps, something that´s just there to take your money and isn´t real. Me, as a tourist, I want to get the real experience of a city, so sometimes I avoid the things that are on the wrong platform, if it makes sense.

ESP: Yes, it does. How do you feel about digitalisation in tourism?

I15: It´s good and it´s bad. For our product, for instance what I said with Alcatraz, I don´t want it to be too... our product can´t be too digitalised because what we sell, it´s a real life meeting. I don´t want the tourist or the consumer to get too much away from the guide, I think digitalisation doesn´t bring people together, it kind of more divides people, when there is a screen, and what we sell is real life meetings, so as a tool for the product, I don´t see it as beneficial, but as a tool that can reach consumers, it can be very beneficial.

ESP: So from the marketing side, it´s very beneficial?

I15: Yes, exactly, and it´s good also with reviews. We are on TripAdvisor, although TripAdvisor right now, or some weeks ago had some bad press because of fake reviews. A platform like TripAdvisor is great for a small company as us, and I think that´s great. You didn´t have that 25 years ago, the reviews or the whole review world, and it was more word of mouth, but I still see word of mouth as the most valuable marketing tool, it´s the most genuine and the most... but it still helps.

ESP: Thank you! What are the benefits or drawbacks of digitalisation for tourism SMEs?

I15: It´s kind of the same. It can be too... it´s a jungle, it makes it a jungle, there´s so much out there, and it can be difficult for a small business to be loud enough, to be heard in that jungle, and to find the right platforms...

ESP: What do you think that this happens?

I15: Because, I think, from my point of view, I think if you want to reach the consumers through digitalisation, you would need a marketing agency who deals with big data, and who can tell you where to be. I think you can easily spend money on trying to show that you are here, and get the consumers there, but I think at the end, that the ones who get first on the Google Search are the ones that pays, so that´s why I think it´s a jungle and it´s difficult for small businesses to be loud enough, and also find the right platform to be on. As I said before, I´ve been contacted by different companies who want to be on our tour operator side, and when I look at it it´s just "No, it´s a cluster, it´s too..." I think that there is so much out there. We´ve tried to get away from the digitalisation and try to do something with the Golden Keys, the hotel concierge, and by word of

mouth, by their word of mouth tell that we were there, but it didn´t take, it didn´t generate anything. What is the question again?

ESP: The benefits and drawbacks...

I15: The benefits and drawbacks of digitalisation... yes, so it´s difficult to navigate in, but again, there are also so many benefits if you get away from a third party. You have your own Facebook, it´s easier to connect with people there, you have your own Instagram, you can connect with people there as a company, and then you have a third party in TripAdvisor, but still, you have some channels now that you can manage yourself and where a lot of people are as well, so it´s more when you try to do partnership with other parties or you hire a marketing agency, I think it could be difficult, but I can also say... I´m giving conflicting answers because I´m saying "I don´t want to be in that big jungle and with the big data and stuff".

ESP: But maybe a mix of both...

I15: A mix could be good, but I also think that being in that market where you get out to a big group of people it could generate profit and we are still interested in profit, although we don´t want to sell out. Yes, so it´s kind of conflicting.

External: When you say you are controlling your own Facebook, Instagram, these platforms, how is that actually say "work" on it on a day to day basis? You know, do you have certain people dedicated to certain tasks, or is everyone uploading or...?

I15: I do it myself on an everyday basis, I haven´t... If we talk tourists, Danish tourists, I do things to attract them but not the international crowd because our platforms are Danish because we haven´t done a strategy to reach the international tourists, but the Danish tourists. So on a day to day basis, I have different story lines on Facebook and on Instagram, but when I try to attract new consumers on Instagram, for instance, I hashtag it with all the wonderful Copenhagen, beautiful Copenhagen, all these city tours, all these hashtags that are related to Copenhagen as a tourist city for the Danish tourists. Facebook not so much, I share reviews, I share our open tours, but our Facebook is much more about creating a community. We have quality followers, so it´s much more being, I call it "Gadens venner" (the friends of the street), so it´s much more about creating an inside community to a business, where Instagram is beautiful pictures, we do Instagram take overs as well, where other people do beautiful content to our Instagram, so it´s... that´s much more about the visual and Copenhagen as a city... showing Copenhagen.

External: Does it take a lot of your time?

I15: Social media?

External: Yes.

I15: I wish I could use more time, but no, I think 5 % of my work time during a work week, but the not so good things about digitalisation... this is more about my work life because I use 5 % of

my work time, but I have to cut down on checking our social media when I´m off because it´s fast pace and you want to... for instance Facebook they have this, if you answer late it will say publically on your Facebook that "The answering rate is this and that", so if somebody sends a message it´s about, you can´t wait two days because you get a bad answering rate. Maybe that´s more in general, on a work life, that digitalisation also, like every other thing, comes and invade your private space because you are always online, and you... We haven´t had it but I think also I´m always aware if there is some negativity out there from consumers or former guides, it´s difficult to control, but it´s something. The world is open, or the mike is open I think with digitalisation.

External: It´s just interesting to hear because, I think, a lot of smaller enterprises would have similar issues about... You´re always kind of wired to the matrix, so you can´t get away from it sometimes and puts, you know, pressure on other places... They just don´t have the capacities, the time, there is not so much that two or three people can do.

I15: Exactly and normally I give a Like or I give a heart on Instagram when people would write us, but for instance with this award, I think our biggest, when we did the post, our biggest likes and the most commented, I think there was between 150 and 200 comments, and because people, they wrote like "Congratulations" and so they were really feeling a lot, so I took it upon me as a business, to also give a personal answer to all of them. Last week I think I spent 20 % of I15 work time on social media just to let that ball roll and also to acknowledge people that they took the time to write those congratulations on our post, so yes, there are benefits and drawbacks.

ESP: Are you collaborating with other tourism SMEs?

I15: Not at the moment, not like directly, I would say, with networking, but we don´t do products... We´ve done, like I don´t know if this is a small business, but, for example last year, we did a donation tour where they ended up at a bar and had some gløgg (wine), is that...?

ESP: Ye, it can be.

I15: It´s not like a bar is a tourist...

ESP: It can be also.

I15: So, we´ve done but not so much, so we´ve done some tours where the visitors ended up at a venue where they were served some food, or some hot things to drink, and they could talk extra with the guide, but it´s minor what we´ve done, it´s not...

ESP: In the accommodation sector?

I15: No.

ESP: Probably because you only have Danish tourists.

I15: Yes, exactly, I´ve tried to reach out and do more than we´ve actually done, so it´s something I try when I can see "OK this would be a great product, this company would facilitate their

customers, and they can go in a tour with us", but it isn´t a big part of our product. It´s mainly just us doing the tours, and then of course other small businesses buy our tours, but not a lot of collaborations.

ESP: What about the local and national DMOs, do you collaborate with them?

I15: We´re on Wonderful Copenhagen site, but we don´t do anything with them. I haven´t reach out to do anything and they haven´t reached out to do anything. We´ve been contacted by this agency where people do conferences, it´s an agency who takes care of doing the conference and doing that business world and making all the bookings, I can´t remember the right word, but it´s an agency doing conferences for other businesses in Denmark, so they are the ones in charge of booking and then they make different tours, so we´ve been contacted by them because they want to have more CSR in their program. We´ve been contacted by another but that was a Danish agency where we did these bus tours where the guides guided a bus for an international consulting firm. So we´ve done different things where they attracted us, but I also, like right back at the beginning, when I started in ´16, I´ve tried to invite all the different players that do tours in Copenhagen, so it was like, I can remember like... not tours but Nordic Star, more like event planning agencies and also tour operators. Some of them came to the show case day and we haven´t got any business out of it unfortunately. I think it´s difficult to come in, also with our brand it´s a good product, but maybe we´re not enough commercialized in some sense. I think it´s a stand out product, but it´s... we´re also a small business and we are... I actually don´t know, that´s my theory why they didn´t reach out, but I would love to. We´ve also, I don´t know if it´s the right companies, but we had a collaboration with one of the cruise ship agencies also doing the tours, but they had trouble of getting their customers on the tours, so a lot of the tours they paid for it but nobody came, so it´s not a good experience for them because they couldn´t get enough people on the tours, so they paid for something that it wasn´t done, but I would love to like, especially to cruise ships, I would love to do more collaborations with them.

ESP: That probably implies that you need to have guided tours also for internationals.

I15: We have, we have 7. 7 guides can do it in English out of 12 because, I think in Denmark we have this, we are good at English actually, which is wonderful because we have it so early in schools, so they actually do English pretty good, and we have also a Spanish, and a German, and an Arabic guide. So we could do the tours in English and we do, but it´s with, for instance, a customer is the international schools or is the international departments at universities, so we do it and I would love to provide some more, but it isn´t, I think… I could get the data for you how many English tours we do, but it isn´t that much. We do 7 to 8 hundred tours per year and, I think, it´s around 25 to 30 that are English out of all those tours. are held in English, and sometimes international companies they want to have it in English because, right now we have a booking in from an international, or a Danish company with a big department that´s international, so we do it sometimes. I think we´re not that good at saying we could do it in English, I could also with the digitalisation be better at the Google app words and stuff. Right now, our website, you have to go

in on it and press on Google translate and then all of it translates into English, but if you are sitting in a different country and did homeless tours Copenhagen we wouldn´t pop up because we don´t have an English site, it´s something you have to activate, so I could also, as a company, do more to show it, but this is my trouble as a company, it´s not that much with digitalisation.

ESP: Are you on Google My Business?

I15: Yes, we are, but in Danish.

ESP: Can you describe your vision for digitalisation in tourism?

I15: For our company?

ESP: Yes.

I15: I would like to be one of the best reviewed here in Copenhagen, we´re climbing up the ladder and getting ready for ´19, we´re, right now, we... I think the next question is how do I get there, so I´m answering this.

ESP: Yes.

I15: So before, when we did a bill we told the customer "Please review us on Facebook afterwards", but now Facebook has changed their review system so you don´t get stars anymore, you just give a review, I don´t know why. We had 4.9 out of 5 before on Facebook, and we had like 300 or 400 reviews so I think that someday the 4.9 will disappear, so we´re going away from Facebook because of that, and now the link sais to our customer "Go to TripAdvisor" and give us there, and I think we have like around 10 reviews now but I can see slowly that people there, although it´s Danish, there is a translate button, so I can see that slowly we´re climbing up and I know from the Barcelona operator down there that does the same thing as us, that´s really what has helped them. Their main, I don´t want to say something that I don´t know because it´s 2 years ago I met her, but they have, I don´t know if that´s their main customer group any more, but they do a lot with tourists and they are like one of the top things on TripAdvisor, the same in Vienna also on TripAdvisor compared to tours, and I think, when you look at tours of the city it´s not that difficult to become number 1 because I don´t think the tours are that innovative, it´s more like historical tours, it´s difficult to say like: "Oh my God, I went to one of these tours and they told me about this church it was mind blowing", so it´s, I think it´s an easy market, and it´s easy to climb up the ladder to be one of the good tours, one of the best tours in the city, that´s one of our strategy and I´m really hopping that we can, by our Danish customers, climb up that ladder of " buy tours of Copenhagen and go see the cemeteries". I think we have a really good chance there. Also my vision for digitalisation is being on the right platforms, we do want to be online, like a said before, I also want to be on Airbnb Experiences, they´ve just launched the Airbnb Experiences site for Copenhagen and it´s... I don´t know how to get in touch with Airbnb, I spent some time on trying, it´s like Facebook, you know, you can´t find the people working there, it´s really, really difficult, it´s like Uber and stuff, I don´t know, you need to do some networking to find the people in charge

there, but, anyways, that´s also what I wish for, I don´t want to get anything digitalised in the product, as I said before. Right now we, actually from Aalborg University, we have some students here doing their candidate project. They are actually designers… but they look at something, say for instance a mug, and how you could design it even better and even more innovative but also sustainable, that´s the word I was looking for, so sustainable design something, and, right now, they are looking at our product and see how could they make it even better, being true to what we offer. So if there is anything, I wouldn´t take any other recommendations, and they also know that I don´t want it to be too digitalised, but maybe with some Q Cards or something to get. One of our problems out there is that our customers have difficulties in engaging in a dialogue, like our product is so not digitalised but I really hope for, and I don´t know if this is digitalised but something that can make the product even better in the way that we want more dialogue, maybe it could be something that´s also digitalised, maybe it could be an email or something before or something after the tour that´s digitalised. I wouldn´t say no to that, and so I´m not all the way against that, but maybe something with the product and also having good, real platforms or social media with great content. We don´t have any like: "We need to have 10.000 likes by the end of 2019", we don´t have strategies like that. my vision is that. I really hope to reach the consumers in a right way in 2019, on the right platforms and getting the tourists on our tours we really struggle with that, I haven´t cracked something to get them on the tours. I don´t know how to attract them without selling out and being on platforms that I don´t like.

ESP: Did you ever consider to work with Wonderful Copenhagen, let´s say, just to make this happen?

I15: Yes, I´ve considered, but I haven´t done anything. And also with that strategy for Copenhagen where they want to convey the city, we would be a magnificent product in that strategy. They want to have the local...

ESP: Localhood.

I15: Yes, exactly, it´s so much us. Maybe I should just sit down and write an email and say "Let´s have a mitting" because they would be, although they are big, they have authenticity and they are somebody I would work with to attract the customers. This isn´t digitalised, but I also had a mitting with this guy who sells the little apps, that are laying around at hotels, I didn´t want to buy that because I think that could actually damage our brand to be like, right there with all the others amber shops or the Hop on- Hop off people, that´s not the right place. We can´t be anywhere, it would take some of our authenticity away, I think, and we don´t want that, we want to be like real but we also need to be out there, but we don´t want to sell out because this isn´t a product like any other. We sell with our commercial partner here in Denmark, we sell our gift cards and people get a voucher and then they can turn it into a tour, and they don´t know who they are going on a tour with, and that´s the platform where we get the bad reviews because that´s very commercialized, they buy so many Google ads, they´re always on the top and they really sell products, and we are really a part of their site so on their TrustPilot, and on their website we have bad reviews because

people are like: "I didn´t get what I´ve bought", "I thought this person was homeless" or "The guide talked too much, the tickets are one and a half hour, but he talked for two and a half hours" and you know, of course we reacted to that with "Of course the guide should take the time" but there is no like: "Oh my God, this guy just opened up about his life, and he talked for two and a half hours, it was beautiful" it´s more like : "It was too much". So yes with our product it´s really a balance to find the right partners or the right collaborators to do this with and yes, that´s really important.

ESP: From your perspective what are the key opportunities for SMEs to digitalisation?

I15: The key opportunities are that you have so much control on how you want to convey yourself on your different social media platforms, also lose some control of course because people can write about you and they can give you reviews, but you still have a lot of control on how you want to show yourself and market yourself and it´s much easier to get out there, I think. It´s much easier to get out there on your own compared to before, we are so digitalised that with the right campaign, you can easier get out there, but it´s also difficult because now there´s so many people specking in the jungle but yes, so there are definitely opportunities.

ESP: And those are the challenges, the jungle? We´re not talking about policies because, as you said, you don´t have enough knowledge in that matter.

I15: Yes, I don´t know what the EU is doing with the policies. Like the GDPR policies, I don´t know if that´s anything with digitalisation, but that´s giving a small business like us a lot of struggles. Right now I´m making all the guides to sign that "Yes, I am aware that my company is sharing personal information about me", we live off show casing and telling personal information, and also showing the pictures of them, of course they´ve always known what they have got in to, I always tell them: "You have to be public, it has to be a picture of you on the website, but you write your own presentation" so every guide has written their own presentation by telling the world what they want to tell, and I always use that as a base for what I write on different platforms, I know: "OK, this guy is opened about drug abuse. This guy isn´t, you only hear about that on the tour". So the GDPR and all those regulations, I spent so many hours on them and I still have work to do about it, and I´m kind of bit stressed, I know it isn´t made for small businesses like us, but we still have to apply the law or follow the law. I´m stressed about somebody come and check on us, and I know I still haven´t got this, this, this and this done. Also the time I spent on trying to understand those regulations. I´ve used a lot of the spring on doing, and I´m still working on it, it´s just, I get it, but the people we want to hit by that Google and Facebook, and other companies who are harvesting information from consumers without them being aware of it. I don´t harvest, I actually do, but I don´t use the customers´ data that I have in any more than trying to be on Instagram on the right time, because I can see that´s when my consumers´ group is online. I thought that law was to hit some companies, but for all these small companies, it was just another big task that we had to do because everybody got so scared. I have been on a course and the fine, the amount

of the fine made everybody so scared: "Are we doing everything right?", I don´t even know how to do things right but I´m trying.

External: I can imagine. Again it´s like, with the small businesses, even at the university we had to watch all these videos and then answer questions afterwards, and the watch more videos to tell us things we didn´t say correctly and it was you know, it took like two hours of one morning, and you know Aalborg University is a large institute, and with a small enterprise the same requirements are there, but obviously how can you process all this information and get everyone on board?

I15: And I´m still not there, I know, for me is a long time ago and if they come and check me, I don´t know if we would get a fine, but they would definitely say "What about this... what about this?". Yes, that was really stressful.

ESP: It´s still a work in progress.

I15: It is, it is, yes, and I´ve known about it for a year, more than a year, we started working on it before the 25 of May and there are still things that we haven´t done. That was, yes, I don´t get it, I don´t get that there wasn´t some limitations, they didn´t define, they just said: "Everybody", I didn´t get why it´s everybody.

External: And it´s all your responsibility as the CEO.

I15: Yes. I am actually not the CEO. We have a CEO, he´s here every Tuesday now, so I´m the Communication and Business Development Manager, but I´m the daily leader here.

ESP: What are the key stakeholders that can support SMEs to overcome the challenges that they are facing when it comes to digitalisation?

I15: It´s governmental, I think, and also at an international European level that can help me, they can help by regulating the law, that´s how they can help me. That´s one of the task that I haven´t finished. One that I´m working together with the one who does our emails, I need to get everybody that I´m working with their GDPR because they are... there is this distinction between the data manager and the data, I can´t remember right now, but anyways I need to do those things and sign their agreement. The key stakeholders are just my stakeholders, I don´t see... of course I could go to a third party, I could pay a lot of money to help me get everything in check and look at what I´ve tried to do on my own and say: "You still need to do this", and I think a lot of businesses made a lot of money on doing so, like that could be a stakeholder, buying it from somebody else, buying their time to say: "OK, you are now..., you are totally in compliance with the law now", that could also be a stakeholder because I am still not in compliance with that, in particular law, so yes.

ESP: But yes, you´re probably lacking time and money to do that.

I15: Exactly, and it gets down prioritized on my to-do list, I have had it on my to-do list, but there are so many other stuff to do, so yes, I just hope everything it´s fine and then every 4th week I am

like "OK, now I really have to spend a half an hour on getting this and this done" and that´s how it´s been with that GDPR also because it´s something, always when you have a task and you are not trained in it it´s difficult to just do it, it´s much easier to do the tasks that you are... I´ve had to learn so much and I´ve had to read so much, so yes it gets down prioritized, and then sometimes my bad consciousness comes in and makes me do some work and I say "OK, three hours in this and I`ll see how much…". and sometimes I´m get backwards because I know this was not done, I still need to do this and this.

ESP: Do you think that the local government or the local DMO like Wonderful Copenhagen can help you more in this process?

I15: I don´t think Wonderful Copenhagen, but of course the government, the government could have done something. We were on a governmental site, I remember, where was easily explained or it was good explained compared to many other sites, so they have done something, and I remember taking a test, it was the government who made it, where you easily could see where are our company´s spots, where do we need to work and do something to be in compliance with the law, so the government did do something, but it´s just a frustrating situation to be in as a company, so I don´t know what they should have done more, but you can just feel that they should have done more because if somebody comes and drag something down on you, and you are just like "OK, I have to do this, this is the law" and it´s not making any money for me, it´s not making anything easier, and yes... I don´t know what they could have done, it´s just a frustrating thing that you don´t see the relevance because you´re not Google and you´re not Facebook and what you´ve done as a company so far, you haven´t done anything where you... it´s common sense, also like of course, you are not harvesting your customers´ information and calling them and try to sell stuff to them, you don´t do that as a business, I think some businesses maybe do, but it´s common sense I think.

I16 (Senior Research Fellow)– University – Australia
05.11.2018

Introduction…

ESP: What is your overall understanding of digitalisation in general and digitalisation in tourism?

I16: It´s a very generic question. As you may know, I´m sure you know, digitalisation is a process of bringing information increasingly into the digital space, so, obviously, it becomes increasingly computer based or computer store, if you like, so these are some technical properties, but I don´t think this is interesting at all here. It obviously influences, I think, all aspects of our live, that´s an important thing here, this includes perhaps firstly communication, so we communicate differently on different avenues this obviously influences also how we process information, how we work especially in academic institutions, but on actually every work place, and also how we store information, and these things, I think, they have also clear implications for behavior. So let me just

make one or two examples for that, so: one thing is obviously storing of information has become, and also multiplication of information, so reproducing information has become very, very easy, if you imagine a book, rewriting a book, reprinting a book that´s a bit... but just copying a file on your computer is very, very easy and this has very strong implication also for business models, so what we see today it´s what we call zero marginally cost economy because actually the production of the next unit, of service or a good has become almost without any cost. Just think about a song that you would like to download, whether there are 100 downloads or 101 downloads of the same song, it doesn´t make any difference, so that, I think, it´s very important because due to this different business models come up, the platform economy is striving with all the different implication it has, and this obviously have also implications for small and medium size, the business in general and in tourism specifically. So that´s a couple of things, obviously we have many other features on that, one feature that is quite critique that, is the speed of development as well, so maybe you know the law of Moore which says that the transistors that come from engineering side of things, but the number of transistors and chips will grow exponentially, and empirical evidence shows that this has been really the case, and this exponential growth we can see that with many phenomena in the digital economy, if you like, which led to the phenomena of very quick cycles of things where new things kind of disrupt the economy, and again how we consume music is a very, I think, telling example starting with music stored on vinyl or cassette, then the CD came through already, the digital media then we don´t use the CD anymore but we started simply storing our music on a computer and buying from the apple store or similar, and within just a couple of years this even became outdated, and we now stream music and have subscriptions, so I think the speed in this development, that´s quite an interesting phenomena as well. Yes, I think I can go on here, if you like. Obviously an aspect that should be mentioned is social media, that´s pretty much affecting marketing in general, but tourism marketing in particular, so this user generated content and understanding the rules of it, and how it even affects what is conceived as being a tourism attraction point, we have some very interesting examples. Even here in our area where new tourism attraction points come up, completely bottom up driven by consumer interest, driven by, sometimes, even just a photo that has been posted on Twitter and then generates a wave of visitations, and other posts, and has become kind of self-fulfilling prophecy. So I think social media is obviously also something that needs to be mentioned. So maybe just to summarize, I think it has a lot of impacts on products and services, so the types of things we consume, just think about music that I mentioned before, think about information books, now we read papers online and academic journals, and even more printed in most cases, think about the smart phones and so on, so with product and services, then I think it impacts on process so how do we work, not just what do we use but also how do we work, that´s has a lot to do with automation, we can think about robots in tourism, perhaps not in a too far future, but artificial intelligence and so on and so forth. So I think in the processes that´s also a lot of things ongoing and I´ve already mentioned it, I think in a business model area, so Airbnb, Uber or sharing economy, platform economy, but slightly before TripAdvisor, so I think there is a lot of, or it has

been a lot of business model innovation due to digital communication and then storage of information.

ESP: Thank you! How do you feel about digitalisation in tourism?

I16: How do I feel? I would say I´m neutral, I have no immediate feel about it. I think there are pros and cons, so a couple of your questions I´ve see, are circling around the benefits and the risks, obviously that´s something that´s interesting to discuss. I think the sphere of digital transformation, that´s, for a certain extent affect, it´s very hard to stop for us as an individual, it´s very hard to stop even as a sector: tourism. Obviously as an individual you can decide that you try to avoid getting involved in all this sphere, but it´s actually quite difficult not engaging, so let us consider it does affect I would say, and if we consider this affect, I think that is clear that it will affect tourism in different ways because, you know, so guests, visitors themselves, so the demand side is so strongly involved in it, and as a business or as a provider you can hardly neglect it or completely ignore it. Perhaps looking more at the tourism side of things, I think it´s very, very risky not to engage with digital transformation, at least think about what it may need, so in marketing I´ve already mentioned the social media, if you are not present I think in these platforms, if you are not present on the internet, then it will become difficult to be found actually, and here different markets even have different models, or different tastes, especially there is one big area which might be called the western area of social media and so on, but obviously, for instance China that´s quite relevant here (Australia), is a completely different situation with different platforms, so you actually need to understand both areas, so it´s not enough if you want to market into China, just to be present on Facebook or the western social media places, but you need to engage with the Chinese ones as well. So that´s all about story-telling, search engine optimization, that sort of things. So, I think, in marketing obviously it´s quite critical, but also in product development, I guess on the product side of things there are many aspects, this goes from information, again I am just thinking about experiences we have here in Australia, we have a lot of Asian visitors which are not always able to speak English, so the digital technologies give you an opportunity to communicate with them, this can be done by QR codes, or simply on the smart phone use translation mechanism, so it impacts there, then on payment, so increasingly, especially Asian, Chinese visitors they want to pay by smartphones, it´s incredible, so they have their own payment systems, high quality Wi-Fi, and all coverage, and that sort of things, so it´s quite important. We´ve already talked about the business models, so I don´t repeat that. Obviously Airbnb and the whole thing, that´s also linked to digital economy and it hugely impacts the tourism sector. One, let me make one last point on the work force, I think in a medium term this might become a very relevant question for many, many sectors including tourism, so what happens if the automation, especially with robotics goes forth, who will do the jobs, perhaps many robots will do, and lower skill jobs in tourism including, maybe when we talk to a robot in the reception we might have robots in the kitchen, we partially already have them, so this will also be an important aspect to consider.

ESP: Thank you! Wat are the benefits or drawbacks of digitalisation for tourism SMEs?

I16: Yes, I mentioned a few of the already, I think.

ESP: Yes.

I16: I think there a quite a lot of opportunities as well. One thing is, for a small tourism operator, or for a tourism operator that is quite remote or far away from everything, it becomes much easier to access the whole global market, it has never been as easy as today to be seen, if you are able to play the game out there. So I think that´s definitely an opportunity, the visibility you can generate. I also think you can have more choices in partners so perhaps back in the days you were limited to your regional situation, today if you want to, it´s much easier to have a conversation with someone in Denmark, or whatever, that´s obviously an opportunity as well, and as platforms such as Airbnb actually show us that there are now much lower barriers to entry, pretty much everyone can engage in tourism services... tourism has always been an industry, a sector with low barriers to entry, but I think with digital opportunities, especially as far as entrepreneurial activities are concerned, have become even more easy to access. Yes, you have opportunities, as I said in network in partnering, you can say "OK, I work with a platform and they can do all the marketing with me or for me, I just provide them with nice pictures", but it´s actually, normally, everything is framed, the same with translation services and so on and so forth. So there are a lot of opportunities, I think that the most important opportunity is that it´s getting much more difficult to cheat with the high transparency we have in the market, so the good product always wins, I think at least that´s what I hope for. You know, we have different mechanisms that have made it easier to tell stories or lies about a product, and that´s an opportunity for a good product, that´s obviously a problem for the bad product. I think overall that´s actually a main message that I would like to emphasize, is I think marketing has become slightly less important because with the user generated content a lot of the marketing is actually done by tourists and visitors themselves and it´s easier to be present, as long as you understand the system, but the emphasis is even more switched to the product, I think, and that sometimes is not understood that what wins in this digital game is really the good product and the good content, as long as you are able to provide that, you might be able to succeed. So good content is one goal, is a diamond let´s say in the visual economy, the other diamond or the other goal is data, so there are also opportunities around that, and if you are able to help smaller businesses with data analytics also, I think that can be a big opportunity that you can better understand what your customer do and how they engage with you. On the risk side of things, I already mentioned the product thing, that´s obviously a problem, if you have a bad product there might be a problem for you. Another thing has to do with the speed of changes in the economy, so it has become very difficult, I think, to keep pace with the changes that are going on.

ESP: That´s also what I´ve noticed. Well I interviewed some DMOs and they are saying that some of the SMEs are lacking behind when it comes to digitalisation because either there is an age problem and they don´t have the skills to use digitalization, or they don´t want to invest like: "If the business is going well, why digitalise?". So that´s the main problem the limited resources of financial resources or human resources in terms of SMEs because some of them are self-employed which is one person, so yes.

I16: Sure, I agree, it´s obviously a key point so the first and most important thing is that you have awareness of the whole transformation and what is going on, and once you have awareness you need to have willingness to do something about it, and obviously once you have willingness you also need to be able to fund it somehow. I think many investments pay off that you make, so you should be able to have a return on investment, but in a SME context there are so many different motivations why you´re running a tourism business, there is a lifestyle motivation, age plays a role, as you said, you don´t want to change at a certain point. I had recently two discussions at an event with two small, very small-sized tourism operators. I think both comments show the importance of the whole topic. One said, she has from one day to the other, she had much less inquiries, on email and so on, she is a tour operator, a regional tour operator, and she didn´t understand why is that happening so it dropped by 50 % or more from one day to the other, and then she understood that, I think Google or whoever, one of the platforms has changed the algorithm of ranking, then she realized that she was now ranked differently, down ranked somehow. So this shows you what an impact obviously also these different types of rankings when you come on a list, so that is pretty important. And the second one, in the same discussion actually, he was waiting for the big Chinese tourism wave to come and he said: "I am waiting for years now and everybody tells me that many Chinese will come, but none has ever booked with me", but, obviously, this will not happen if they cannot see you somewhere, and if they cannot find you on the internet, if you don´t have an website in Mandarin, but we are really talking about the very basics here, so he didn´t even know that some of the things from the internet cannot be accessed from China, he didn´t really think about that maybe they might not understand English website. So yes there are big gaps in knowledge I think sometimes, that´s obviously a problem. And in general, a more structure risk that should not be underestimated, I think is also that in the internet economy is this transparency, and also the zero cost economy, you know, when it´s easy to reproduce what you have, but there are investments involved as you mentioned, so there is a tendency towards bigger business.

ESP: Yes, exactly.

I16: A tendency that, what in the economy is called economy of scales, so being bigger pays off on the internet, so this can be a structure in challenge actually for small and medium-sized enterprises, it produces also dependence like from certain platforms. So there are some of the benefits and risks, I think.

ESP: Thank you! Can you describe your vision for digitalisation in tourism?

I16: I think, like I said before, it cannot be stopped, so we need to live with it to a certain extent and we need to adapt to it to a certain extent so there is obviously a part of the vision that we need to be able to cope with all these challenges. The challenges in particular are different depending on what type of business you are, what type of organization you are, I think. In general, on one hand you need to adapt, you need to learn, you need to understand, and you need to invest, I think, yes that´s for sure. On the other hand, we also need to be aware of the downsides of it, so we should not become dependent, I guess, we should also safe the human aspect, we should also be wise and

not simply implement things without thinking, so let me think about any remote location, if you like, in Scandinavia, in the European Alps, in the Carpathians, you know, the mountain environments, I think that there is often the idea that if you bring digital accessibility into these places you can get ripped a little bit of the remoteness, the physical remoteness of these places, so it might become more interesting for someone to travel there because we need to work on the weekend, we need to work nowadays almost always, you know, we need to check emails, so it has become difficult for some to completely be offline for a week or two or so. So some might say: "OK let´s bring this digital technology into all these places". This has almost been achieved in Europe, I would say, but if you go to Australia it´s not been achieved, so you still have quite a lot of spaces without phone coverage, without internet, so you cannot even access it. OK, we need to think, do we want to put this technology in there to track these visitors because people want that, or do we make a decision to not put it because there is a target group that wants digital detox, they really want to have two weeks without these technologies, a real nature experience. So we should always consider the downsides of it and the opportunities in not becoming completely dependent, we should be very cautious in implementing... yes, simply implementing without considering some of the technological changes. I was thinking at robots here as well, I think that they have quite a few problems, but then it really depends on the specific organization, so university as an education and research organization with interest in tourism obviously that´s also impacts us, so the vision in that field is pretty much on cross-roads. On one hand, obviously, you want to play the game, you want to use the different avenues, you increasingly offer courses, training online in addition to face to face contact, you obviously run research in that field, and the whole digital topic becomes an important component in almost all research projects, OK so you try to adapt. On the other hand, you also know that by doing that you might push yourself out of the market because perhaps others in a globalized market place are better placed to service the customer, if you like, in this case because it has become so easy to do an online lecture, to run a project with someone in LA. I think, in this vision forward, we need to be able to balance both things, adapt to a certain extent because otherwise we would be out of the market anyway, but on the other hand, be very strategic and wise, and how we position ourselves in that game. So as emphasizing things that cannot be digitalised, emphasizing the things that cannot be automatized, so the human aspect is particularly important for tourism, the face to face, human to human interaction and the creativity, that´s I think, that needs to be considered as well.

ESP: Yes, I think that you have covered the next question as well and also the opportunities and challenges, we´ve been talking about them, but if you can think about some other challenge or opportunity...

I16: Just to emphasize maybe some things we already said, we can repeat them. I think a digital mindset is important, you said that, so we need to have the awareness, that´s definitely something. We need to educate and we need to train people to become digital ready, that means also training the people there, we need to make sure that we fund the infrastructure, so I think there is also an

infrastructure component that should not be forgotten. In different parts of the world the infrastructure development is in different stages, so in Europe you might discussing about fiber...

ESP: Well, it depends of the country, yes.

I16: Yes, it very much depends actually, in Australia is really back to the basics in digital, communication, you have large areas without any phone coverage, so that´s very different levels. Yes, there is an infrastructure component in it as well. So I think it´s about data, so we have new opportunities in understanding and research, if you like, we have opportunities in product development because we can more easily cater to different countries, we can more easily deal with a multi-language situation, we can offer augmented reality, so we can add aspects to tourism experiences that has not been here before especially as far as... I think that can work particularly with cultural experiences for example, so think about archeological sites you can make it look with artificial reality devices as it was back in the days, so it becomes much more interesting and a stronger experience. So that´s one thing, and, as I mentioned before, I think the reflective approach to it, so not just adopting things without consideration, but we always need to think that there are also downsides. There´s some of the things, I guess, we should emphasize, and obviously in all this development it´s important to be resilient, so we should never depend, or become completely dependent on one operator, on one platform, so that´s important to tell to SMEs "It looks so interesting, OK, I put everything on one specific platform. The platform does a lot of work for me actually, I can outsource quite a few things and competencies and I do not need to cover these aspects" but if this platform has a problem one day or other platforms, you know, with this quick cycles come up, then myself as an operator, I will have a problem. So this dependence and resilience topic I think is also quite critical.

ESP: What policy responses and actions are appropriate to overcome this challenges?

I16: That´s an interesting and important question. Yes, always when we have these transformations in society and economy, there is a policy field as well, so policy needs to adapt regulations, introduce new regulations, if you want, and perhaps even remove some regulations, we should not forget about that option as well. As often happens when we have these quick changes, the change is quicker than the policy process, so policy processes are slower because, especially in democracies, you need to discuss different opinions, different interests. So having said that, I think that are actions needed in that space. One thing, as mentioned before, is infrastructure, so there is obviously a need for infrastructure development in digital communication. This is more of a pressing issue in some cases than in others, but it is a pressing issue especially for regional areas, for rural areas, so out of the urban space and there is a risk that the digital divide between the urban space and the rural space becomes even more bigger, you know. I think that should not be underestimated at all, so the equal opportunity thing. There is obviously a need for training and support, whether this is a policy issue or not, could be debated, but I think there is also a policy component in it, so making sure that education institutions including universities, train people to be ready for that space in a medium term, to develop the right skill set. As we speak about platform

economy, obviously most of these platform sit in Silicon Valley in the US, or some of them sit in China, that´s perhaps the biggest competitor in that space, and there is an issue of dependence on these platforms. So what some regions, some areas tried to do is to come up with parallel regional platforms, you might come across some of them, so regional booking platforms in order to avoid to pay the fees to Booking.com or Airbnb or the different platforms, weather it is successful or not... you can also think about a completely open source approach on the platform economy, you know, it is not said that there needs to be a business model behind necessarily, you can also, you know, as with any software, it can also be a free open source theoretically, but there is none in tourism, and that is a gap, if you like, but there are different models alternatives that could be conceived, I guess, and policy can play a role in that as well to insure that there is a region or is effort to not become completely dependent on global players. That´s something, and perhaps what you meant with the question could be that there is also an issue of rule of law I guess, insuring that everyone is treated by the same laws, whether this actor sit within a region or in Silicon Valley it should not make a difference on how we treat the law, but in practice it obviously does make a difference because we have so much power difference, yes difference in power, negotiation power, but also the fact that they sit in a different place. The globalization of law is not necessarily the same as the globalization of information. The thing here, there is probably some need for action, I am not arguing for over regulating anything actually, I think we should leave space for innovation, we should be as caution as possibly in regulating things, but on the other hand, obviously we need to make sure that the same rules apply for everyone. That´s I think a condicio sine qua non (Latin - indispensable and essential action) we would say in Latin, otherwise the whole economic system, as we have it, could become questioned actually. That´s obviously a key and it´s more easy said than done. It could be other aspects, also the role of the DMO, I don´t know whether this is a policy response, but obviously the role of the DMO can also be questioned in the digital economy. You can, today, establish destinations if you like almost online, so you promote the destination, you put the website up and almost the destination exists, if you like.

ESP: Yes, exactly, you don´t have to be in person. But if it´s going to be like this, we won´t have the face to face interaction which, like you said, is the basics of tourism.

I16: Yes, one is face to face, and I agree again, we need to be very cautions that´s just... we need to explore the opportunity space, we always need to do that. So we need to think about what could be the scenario, but that does not mean that we should go down this path, so we need to separate this, so one thing is brainstorming what is possible and the other thing is what we should really do. And the second thing we should be cautions, I totally agree, and here one is human to human interaction and the other thing is also place, specific. So I think there is also an opportunity in this digital environment where is so easy to operate things remotely, but one thing that is not so easily globalized, is obviously the local knowledge. So being able to provide this local, face to face, human to human experience, that is something that could be a unique selling proposition, even in a digitalised future.

ESP: Yes. Thank you! Very interesting. The last one if you still have like 5 minutes more?

I16: That´s fine, yes.

ESP: Thank you! What are the key stakeholders that can support SMEs to overcome the challenges that they are facing when it comes to digitalisation?

I16: I think we touched upon some of them. It´s universities, academic training, institutions, school in general, so preparing people for the digital environment, this without any question, so we need to do this. Obviously policy makers, we have mentioned them, so government on different levels...

ESP: DMOs also on different levels...

I16: Yes DMOs, and also industry bodies in the tourism sector so some collaborative instances that could bring these small and medium sized enterprises together, that could bundle a little bit of resources and therefore make it easier, on one hand to market things on the internet, as we said there is the economy of scales, so there is a strong point, as it was always been, also before the digital environment came up, but there is a point in bundling resources to market, and there is also a point in bundling resources to innovate and to train people. Someone needs to help an individual small and medium-sized enterprise, or especially micro-sized enterprise to get the knowledge and this is more easily done if everyone puts a little bit of money aside, then we can organize this and it´s easier than everyone trying to reinvent the wheel. So government, training institutions, and I think SMEs themselves, we should not remove any responsibility from them. Obviously in a liberalized economy, as we are mostly sitting in, there is a lot of responsibility also on yourself to keep up to date with some of these transformations and development, and to participate also in the offers, and to not just wait and see, I don´t know, like the Chinese wave. Yes, that´s some of the key stakeholders that come to my mind. government also plays a role in infrastructure development and it should not be forgotten. In some countries, in Australia for instance this infrastructure development is very privatized, so if you handle it in a very prioritized manner than it´s very little point in bringing digital technology or the basic infrastructure into regional areas, into rural area, so that becomes a critical issue as well.