Nordic Council of Ministers

Exploring Domestic Tourism in the Nordics

The untapped potential of the domestic tourism market in the Nordic countries and what Covid-19 pandemic taught us about how to realise it

Content

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Summary

The project Exploring Domestic Tourism in the Nordics aimed to increase the understanding of the value of domestic tourism in the Nordic countries and autonomous areas. Additionally, the project mapped the potential of increasing domestic tourism in the Nordics in the future. Research material includes literature review, statistical review, interviews with tourism sector experts, a survey directed to people working in tourism sector enterprises, destination management organisations and business support organisations and a workshop with participants across the Nordic countries.

According to the results, Covid-19 pandemic and related restrictions on international tourism – both outbound and inbound – served as an eye-opener to the significance of domestic tourism in the Nordic countries and autonomous areas. Before pandemic, domestic tourists counted for over two thirds of overnights in hotels, holiday resorts, youth hostels and camping sites and tourism consumption in Denmark, Finland, Iceland and Sweden. During the pandemic, the share of domestic tourism was even higher, up to 90 per cent of consumption in some Nordic countries. In Iceland and autonomous areas, the domestic tourism market is considerably smaller, but pandemic and reduction of inbound tourism highlighted how important it is for the industry.

The pandemic related restrictions have been lifted in all Nordic countries, but the inbound tourism has not fully recovered except in the autonomous areas. According to overnight statistics, in 2022 the domestic tourism stabilised to a slightly higher level compared to pre-pandemic situation enhancing its significance in the recovery. Additionally, survey results indicate that increasing the number of domestic customers during the pandemic has meant better economic performance for enterprises. Investing in domestic tourism during the pandemic has helped tourism enterprises in the Nordic countries not only to survive the crisis, but also to be able to grow during it.

The study also aimed to provide perspectives on the preferences of domestic

tourists in the Nordics. Domestic tourists as a target group is underexplored, but based on the findings in the literature, survey and interviews, preferences of the domestic tourists in Nordic countries and autonomous areas countries are very similar. Appreciation of nature and nature experiences and quality over quantity are a common interest of domestic tourists in the Nordic countries. Given similar preferences of the domestic tourists on the Nordic countries, products created to serve domestic markets in any Nordic country can be readily marketed in other Nordic countries as well.

Development of the domestic tourism sector was a low-priority effort compared to development of inbound tourism in all the Nordic countries before the pandemic. Loss of inbound tourism during the pandemic served as a catalyst for a breakthrough of domestic tourism to the agendas of tourism developers in local, regional, and national level. This study examined ten best practice cases of developing domestic tourism created during the pandemic. They share four lessons learned: importance of utilizing data, quick and agile actions, and the significance of active communication.

The future of domestic tourism is generally seen as positive in the Nordic countries. The pandemic increased the interest of tourism sector actors towards the domestic market in all the Nordic countries and autonomous areas. Financial situation of consumers and recovery of outbound tourism are challenging the future of domestic tourism. Yet, more coordinated development of the domestic market is seen necessary to enhance the resilience of tourism sector to both sudden crisis and long-term developments towards more sustainable and responsible modes of tourism, digitalisation and interest towards nature tourism destinations.

In the end, the main results of the study are summarised into seven key findings on how the tourism sector actors could realise the potential of domestic tourism:

1. There is a need for more research focusing on domestic tourism in the Nordic countries.
2. Domestic tourists in the Nordics love nature and value quality over quantity.
3. Developing tourism products and services for the domestic market can support inbound tourism development.
4. Increasing marketing to domestic tourists in the short term and in the long term.
5. More cooperation on the local and regional level is required to realise the potential of domestic tourism in the Nordic countries and autonomous areas.
6. National development of domestic tourism should utilise structures created during the pandemic to strengthen the resilience of the tourism sector.

7. Nordic level cooperation in developing domestic tourism should be initiated to share experiences.

1. Introduction

Covid-19 pandemic was a shock to the tourism industry in the Nordic countries. In the years before the pandemic, the number of tourists had grown in all the Nordic countries and autonomous areas, in some cases so much that there were concerns over tourism and visible decay in most popular tourism destinations.[1] The focus of the sector was on increasing the number of inbound tourists, and developing domestic tourism was mostly low on list of priorities. The closure of borders in the Nordic countries in early 2020 and in subsequent loss of inbound tourists sent ripples through the tourism sector. Suddenly, the domestic tourists overlooked earlier were the most important target group for the tourism enterprises and organisations. With the international traveling being severely restricted during the 2020 and 2021, the tourism enterprises and development organisations had to adapt their products and services to meet the needs of domestic travellers.

In this report, we examine the domestic tourism sector, its significance and future in the Nordic countries, autonomous areas and in selected border regions between the Nordic countries. This is the final report of the research project 'Exploring Domestic Tourism in the Nordics', initiated by the Nordic Council of Ministers. The project stems from the increased role of domestic tourism during the Covid-19 pandemic and aims to gather insights into the recent and future developments in the Nordic domestic travel markets. This is done by exploring the best practices of developing and promoting domestic tourism in the Nordic countries during the Covid-19 pandemic in years 2020-2021. The purpose is to identify and describe operating models developed during the crisis that would be useful for developing both domestic and inbound tourism in the Nordic countries in the longer run and to strengthen the Nordic tourism cooperation.

The study was conducted by a research group with researchers from different

1. Karlsdóttir and Bogason, 2022.

Nordic countries. The group was led by research manager Juho-Matti Paavola from Innolink Research Oy. Paavola and research consultant Ilkka Tiensuu formed the core team of this project, and they were responsible for coordination of the project, organisation of the final report and the writing process. They were assisted in different parts of the study by Jens Holm, Simo Saari, Inna Jauhiainen, Maria Levola, and Mikael Rautamo from Innolink Research. Additionally, the research team included country researchers from different Nordic countries. Oxford Research AB was responsible for the country cases for Denmark, Norway, Sweden, the Faroe Islands and Greenland with a team consisting of Thomas Westerberg, Roe Langaas, Louise Fabricius, Klaramaria Pollak, Maja von Beckerath and Sally Andersson. Eyrún Jenný Bjarnadóttir, from the Icelandic Tourism Research Centre, was responsible for the Iceland case.

The project was funded by the Nordic Council of Ministers and coordinated by the Ministry of Economic Affairs and Employment of Finland. After the tendering process, a steering group was formed to guide the work in this study. The steering group was chaired by Sini Markoff and Ida Honkanen from the Ministry of Economic Affairs and Employment, and its other members included project manager Guðný Hrafnkelsdóttir (05/22-12/22) and Director of Development Elías Bj. Gíslason (12/22-04/23) from the Icelandic Tourism Board and Linnea Johansson from the regional government of Åland. Invitation to join the steering group was sent to all Nordic countries and autonomous areas, but no representation outside Finland, Iceland and Åland was received. The steering group discussed and commented on research questions, materials, initial findings and final form of this report. The main authors of this report were responsible for the incorporation of the comments into the report and the views represented in this report are only theirs. We want to thank the steering group for invaluable support throughout the process.

1.1. Methods and sources

The basis for this project is mixed-methods approach, where both qualitative and quantitative research methods are utilised extensively. This allows the triangulation of data in order to ensure higher validity and reliability of the conclusions. The methods utilised included a desk study, where relevant existing literature about domestic tourism on the Nordic level is analysed. The desk research also included statistical analysis of key indicators in each Nordic country. In addition to the statistical analysis, the quantitative research methods of the project included an online survey directed to SMEs and other tourism sector stakeholders.

Data received through quantitative methods were enriched with qualitative interviews with representatives of the business support organisations, that can be non-profit, public, or for-profit resource organizations that serve tourism sector businesses and support their growth and success. In addition, country case studies in each Nordic country and autonomous areas were conducted by local researchers, who interviewed key stakeholder representatives and conducted a desk study of the national literature and statistic. Finally, a workshop was organised online to engage and gather views from a wider network of stakeholders.

The Nordic literature review and the contextual framework of the study

At the beginning of the project, we conducted a literature review to form a basis for the study and its design. There is an ample number of empirical studies that have been done in the past two years about the impact of Covid-19 pandemic on tourism. The literature reviewed focused mostly on the effects of the decline in international tourism, but there are several studies that examine, for example, the impact of the Covid-19 pandemic or quarantine decisions had on the domestic tourism travel flows,[2] the effect of interventions made to increase domestic tourism during the pandemic,[3] the impact of domestic tourism on the economy during the Covid-19 pandemic[4] or the effect of the pandemic on domestic tourism preferences and views.[5] The empirical parts of these studies were mostly conducted with data gathered from outside Nordic countries.[6] Review of the academic literature revealed some interesting theoretical insights. However, in this research project, our main aim was to find practical information about domestic tourism's development in the Nordic countries and we were more interested in the Nordic perspective on the issue of domestic tourism and the Covid-19 pandemic.

There are a number of reports, policy papers and other grey literature found in each Nordic country that deal with domestic tourism nationally. These are included in the country reports. For the main report, we examined recent studies that covered all or most of the Nordic countries. Most of these wider reports have been mainly interested in inbound tourism, especially before the Covid-19 pandemic. For example, the Nordic Council of Minister's report *Nordic Tourism Policy Analysis* offered insight into organisational frameworks and common thematic areas – digitalisation, sustainability and seasonality – in the Nordic countries and autonomous areas.[7] Yet, the focus in the report is on inbound tourism and Nordic cooperation to promote it, and as such it was not very useful for our work, which is focused on domestic tourism.

After the Covid-19 pandemic domestic tourism, alongside inbound tourism, has

2. Altuntas & Sahin Gok, 2021, Falk et al., 2022.
3. Volgger et al., 2021.
4. Wu et al., 2022.
5. Mkono et al., 2022; Wendt et al., 2022.
6. The study by Wendt et al. (2022) is the exception to the rule since they examine domestic nature tourism in Iceland during the pandemic.
7. Árnadóttir, 2019.

been more prominent issue in the tourism-related literature covering several Nordic countries. In the *State of the Nordic Region 2022* report, Karlsdóttir and Bogason[8] make a statistics-based review about the impact of the pandemic on tourism, the decline of inbound tourism and the rise of domestic tourism, which inspired our statistical investigations. They also pointed out the possibility of a more transformative change in the tourism industry, a shift from high volume business model with inherent risk of overtourism towards a more moderate and less consuming mode of operation in the Nordics. Shorter traveling distances and increasing domestic tourism are part of this change.

This transformation and the role of domestic tourism in it are echoed in other recent reports examining the Arctic area. *Arctic Tourism in Times of Change*,[9] a report issued by the Nordic Council of Ministers, calls for not only restarting or recovering tourism but also for reconsidering tourism in order to make it more sustainable by focusing on individualised services for smaller groups and on the domestic market. In the future, the report envisions normative tourism in the arctic, increased interest in nature-based tourism and an increased role for local, regional and domestic tourism in the industry.

In addition, the *Ethical Tourism Recovery in Arctic Communities* research programme – a collaboration between the University of the Highland and Islands, the University of Lapland and Karelia University of Applied Sciences – provides practical research-based tools for tourism entrepreneurs to develop more sustainable business models. In their survey-based study and strategy for ethical tourism recovery, an 'increased focus on domestic tourism was identified as a potential pathway towards responsible and ethical tourism, with a focus on nature and cultural tourism'.[10]

Another report looking into sustainable tourism development is Nordregio's project *Planning for sustainable tourism in the Nordic region*.[11] It focuses on exploring regional tourism development plans which are written before the pandemic. Hence, domestic tourism is less visible in the report, but the report still provided important insights into the economic significance of tourism, the collaboration and organisation of tourism development, and sustainability concerns in the Nordic countries.

Looking at the recent literature, we can summarise that there is a lack of comparative information about the domestic tourism in the Nordic countries in general and especially a need for more information about domestic tourism target groups, behaviour and how the Covid-19 pandemic affected the development and

8. Karlsdóttir and Bogason, 2022.
9. Jóhannesson et al., 2022.
10. Macaulay et al., 2022, p. 5.
11. Bogason et al., 2020.

future outlook of domestic tourism in the Nordics. In this report, we aim to provide practical insights into the domestic tourism in the Nordic countries and how to develop it in the future. Yet, earlier research into the issue provides a contextual framework and starting point for our exploration. We will be examining domestic tourism in the time of a (possible)[12] transformation of the industry and business models. Covid-19 served as a catalyst for change, but it was not the beginning nor the end of it.

Country reports

Five country reports were conducted in the autumn of 2022. They form the backbone of this study and were the main method of gathering the research material. The reports cover each Nordic country in detail. Additionally, country studies were conducted in autonomous areas.

The country reports were conducted by local research team members. A team consisting of Thomas Westerberg, Roe Langaas, Louise Fabricius, Klaramaria Pollak, Maja von Beckerath and Sally Andersson from Oxford Research AB were responsible for the country cases for Denmark, Norway, Sweden, the Faroe Islands and Greenland. Eyrún Jenný Bjarnadóttir, from the Icelandic Tourism Research Centre, was responsible for the Iceland case. Innolink Research Oy and a team consisting of Inna Jauhiainen and Ilkka Tiensuu conducted the Finnish country case and Mikael Rautamo the Åland case.

The country reports are based on a report template provided by the core team from Innolink Research in September 2022. The steering group also commented on the template before it was finalised. The country researchers then conducted desk research of literature and statistics and interviewed a minimum of three experts – and in some cases, several more – per country to answer the research questions posted in the template. The interviewees included representatives from the central government agency responsible for the development of domestic tourism, as well as representatives of national or regional business support organisations and destination management organisations (DMOs) and, in some cases, representatives from tourism enterprises. For the autonomous areas, a desk study and an interview with a representative of the main tourism development organisation per area were conducted. In total, 24 interviews were conducted for the country reports.

The initial findings and first drafts were presented to the steering group by the country researchers in a mid-way seminar in October 2022. The steering group and

12. There is some debate amongst the research community and tourism industry about the magnitude and timeframe of the transformation, see e.g. Mkono et al., 2022.

the core team from Innolink Research commented on the draft versions and then the country researchers made amendments to them. The finalised country reports were received in November 2022.

The country reports cover three main areas:

1. **A general overview of domestic tourism in the country**
   This section aims to give an overview of the domestic tourism in the country – its size, share, significance and how domestic tourism has changed during Covid-19. A short section about same-day visitors is included. Additionally, this part also includes a short review of restrictions affecting tourism industry that were introduced during pandemic – including both restrictions in the borders and inside the country.

   Additionally, this section includes subchapters about domestic tourism preferences and the future of tourism.
2. **The main stakeholders and coordination of domestic tourism activities**
   This part explores the coordination and financing of domestic tourism activities in the country and maps the main stakeholders involved in developing domestic tourism.
3. **Best practices**
   Each country researcher identified several concrete examples of good practices/programmes/activities/etc. that have been successfully used (or that are new and innovative approaches) in developing domestic tourism in the country in answer to the Covid-19-induced crisis. Then, in cooperation with the steering group, the core team chose two cases from each country for closer examination. Then the country researchers conducted a desk study and an interview with a case representative in order to fill out the description of the case, the activities included and the lessons learned. These cases are described in detail in the country reports.

The country reports are mainly used as source material in this final report. In some parts, especially in Chapter 2, we use direct excerpts from the country reports. Elsewhere information in country reports is used as research material and analysed together with other sources in this study. The full country reports are annexed to this main report, so for more detailed information about individual countries and autonomous areas, readers can refer to the original country reports.

The survey

In addition to the country cases, we conducted a survey directed at tourism companies and organisations in all the Nordic countries and autonomous areas. The main aim was to explore how the companies and the organisations working with companies in different Nordic countries see the potential and future of domestic tourism and what kind of support they need in order to better operate in the domestic tourism market. The survey was conducted from November 2022 to January 2023 and it received 480 responses. The most responses were collected from Iceland (150 responses), Sweden (137) and Finland (123). The number of responses were considerably lower from Denmark (33) and Norway (31). Two autonomous areas collected a few responses as well: Åland (4) and Greenland (2), but from Faroe Islands no responses was received.

The responses were collected via an open internet link that was distributed with the help of stakeholders in different countries and in social media groups. The survey link was shared in the countries' tourism networks (for example, through the DMOs and business support organisations). The link was also distributed in social media through paid for marketing targeting tourism industry actors. Additionally, since the initial distribution gave low number of responses in some countries, additional responses were also collected from an internet panel where the survey was directed to people working in the tourism sector. The number of responses that came from the distributed link was 295. The number of responses collected from the internet survey panel as 185. In all countries expect Iceland the sample include both responses from distributed link and from the internet panel. In Iceland, all the responses were received from distributed link. We cross-checked the responses from panel and link for quality control and concluded that on most background variables and response distributions the two samples resemble each other. There were slight variations, but given the explorative nature of our research and that we were not looking for representative sample, no major quality issues were detected.

The most responses were from people working in private enterprises (72% of all the responses). Other types of enterprise and DMOs represented 11 per cent of the responses, and business support organisations were represented by five responses. Micro-sized companies formed the largest group of enterprises, since 50 per cent of responded enterprises had 0–9 employees. Additionally, 28 per cent of the companies had 10–49 employees and 11 per cent had 50–249 employees and 11 per cent 250 or more employees. Accommodation was the organisations' main line of business (with a share of 37% of respondents). Serving food and beverages was the second most popular line of business, with a share of 22 per cent. Accommodation collected the most answers in the three countries with the most responses, but from Denmark, there were no answers from accommodation companies. Full information about response distributions is included in the appendix 1 of this report.

The focus of the survey was to map the needs of companies in regard to domestic tourism, emphasising an explorative approach; therefore, representative sampling was not the key priority while conducting the survey. In this report, we mostly examine the results of the survey in a more general fashion, giving insights into the issues related to domestic tourism and its development from the viewpoint of tourism enterprises. The viewpoint in the survey questions is that of an organisation, but we did not restrict the respondents by, for example, allowing only top management to respond the survey questions. The results should be viewed as the opinions of the collected sample of people working in the tourism industry, and they are not representative of the whole tourism industry. In particular, the low number of responses from Denmark, Norway and the autonomous areas have to be taken into account. Hence, we mostly refrain from doing country comparisons or examining differences between countries based solely on the survey results especially in cases where results of one country is clearly different from others. Instead, we highlight cases where the results of the survey are similar across the countries and other research material.

The workshop and interviews

In addition to the previously mentioned modules of the project, information was also gathered in numerous interviews and a stakeholder workshop. The workshop was held via Teams in October 2022 with around 16 participants representing various private enterprises, DMOs, business support organisations and government agencies from Denmark, Finland, Åland, Iceland and Sweden. The workshop mainly consisted of group sessions mapping the potential of domestic tourism in the Nordics and how to realise its potential. Questions discussed in the group sessions were:

- Question 1: What is the potential of the domestic tourism in the Nordics in the future?
- Question 2: What are the preferences of domestic tourists in the Nordics?
- Question 3: How tourism sector can adapt to better serve domestic markets and what kind of support would tourism companies need?
- Question 4: What information is needed about the domestic tourism market?
- Question 5: Nordic perspective - Could we create "Nordic domestic tourism"? What would this need?

In addition to the interviews conducted within the country reports, additional interviews were carried out in order to enrich the results of the survey and contextualise them. These interviews were conducted with 9 representatives of business support organisations in all Nordic countries. In addition, 2 people working on tourism within the border regions (the Öresund region and Tornedalen) were interviewed to shed light on the somewhat ambiguous role of domestic tourism in the areas where local populations regularly cross borders as part of their everyday lives.

Note on the definition of domestic tourist and domestic tourism

Definition of tourist and tourism is not straightforward. Especially in the context of domestic tourism, the definitions can be elusive and might vary in different sources. In this report, we mostly apply definitions recommended by United Nation's World Tourism Organization. The WTO defines *tourism* through the concept of *visitor:*

"A visitor is a traveller taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited. These trips taken by visitors qualify as tourism trips. Tourism refers to the activity of visitors."[13]

Domestic visitor is a traveller who is on a tourism trip and is a resident travelling within the country of reference outside his/her usual environment where an individual conducts his/her regular life routines.[14] Given this definition, the domestic tourism in autonomous areas is considered to include only residents of the area in question traveling withing the area's borders.

In WTOs definition a *tourist* as a visitor whose trip includes an overnight stay. If a visitor does not stay overnight, the visitor is labelled a *same-day visitor* or *excursionist*. Tourists and same-day visitors can be either inbound or domestic.[15] In this report this is reflected in that the most used data when examining the numbers of domestic tourists and comparing it to the number of inbound tourists is overnight data. This choice is partly driven by practicality: overnight data is by far the most available, comparable, and up-to-date data about tourism, both domestic and inbound, across the Nordic countries.

13. UN Department of Economic and Social Affairs 2010a, p. 10.
14. Ibid., p. 16.
15. Ibid. p. 10.

However, especially in the context of domestic tourism, same-day visitors constitute significant part of visitors. In WTOs definition, *tourism* as an activity includes all visitors. Hence, when examining the data about *domestic tourism*, especially its economic impact, both domestic tourists and domestic same-day visitors are included. [16] Same-day visitors and their significance are examined in separate chapter of the report, but in general, when talking about domestic tourism, domestic tourists and domestic same-day visitors are included in the concept.

Additionally, the WTO definition *domestic tourism* includes activities of a resident visitor within the country of reference not only as part of a domestic tourism trip, but also as part of an outbound tourism trip.[17] Following this definition, Tourism Satellite Accounts (TSAs), the most comparable dataset about economic impact of tourism, in most Nordic countries include domestic share of outbound tourism in domestic tourism. In Finland, domestic share of outbound tourism is aggregated in TSA, but in other countries it is not.[18] Additionally, overnight statistics are based on nationality of the traveller, hence aggregation between domestic tourists on outbound trips and domestic trips is not made. Given these limitations, our statistical overview includes both trips that are done completely within the visitor's country of residence as well as domestic share of outbound trips.

In the case of domestic tourism and tourists, above mentioned definitions are applied in the statistics, but often not in practice. As WTO notes about the scope of domestic tourism, "the term "domestic" has different connotations in the context of tourism and the national accounts. In tourism, "domestic" retains its original marketing connotations, that is, it refers to the activities of resident visitors within the country of reference."[19] It is evident that many of the literal sources, survey respondents and interviewed experts do not draw strict distinction between domestic tourists and domestic same-day visitors, when, for example, talking about measures to increase the number of domestic tourists. On the other hand, it can be assumed, that in many contexts the sources do not consider domestic share of outbound trips as domestic tourism, especially if it includes just using domestic travel agency to reserve the outbound trip and perhaps transportation to an airport. For example, when domestic tourism is discussed in the context of increasing sustainability of tourism industry, it implicitly includes the idea of replacing outbound trips with domestic trips. Increasing the domestic share of outbound trips does not easily fit in this picture.

Hence, outside the parts of the report that are based on statistical data, the

16. Ibid, p. 15.
17. UN Department of Economic and Social Affairs 2010a, p. 15.
18. In the Finland, domestic share of outbound trips formed approximately one fifth of total domestic tourism demand before Covid-19 pandemic. For more details, see the Finnish country case annexed to this report.
19. UN Department of Economic and Social Affairs 2010a, p. 15.

concepts of domestic tourist and domestic tourism are mostly used in mixed manner, since that is how they are used in the source materials. What is included in domestic tourism is dependent on the context. For example, when we write about short term marketing directed to domestic tourists, same-day visitors are not excluded from these efforts, but they are rarely directed to domestic travellers on outbound trips. Domestic visitors on overnight trips within the country's borders are often the most more sought-after target group, since they do have the largest individual economic impact. But especially at the level of individual tourism enterprises offering services to visitors, making distinctions between domestic tourist, domestic traveller on outbound trip (especially if the trip includes several overnights in the country of residence) or same-day visitor is often unfeasible and unpractical.

1.2. The structure of the report

The report is thematically divided into five main chapters in addition to the Chapter 1 which is this introduction. Chapter 2 gives an overview of domestic tourism in the Nordics before, during and after the Covid-19 pandemic. It is mostly based on statistical analysis but is enriched by findings from the interviews, survey and written sources. This concerns especially the situation of tourism in the post-pandemic times, where the statistical data is still scarce.

In Chapter 3 the focus shifts onto the different profiles and preferences of domestic tourists. These are examined both by going through the existing material on domestic tourism profiles in different Nordic countries and the views of domestic tourist preferences presented by the respondents of the survey. Also, the general patterns of behaviour that separate domestic tourists and inbound tourists are discussed.

Chapter 4 aims to identify domestic tourism development needs and the solutions found thus far. The section on development needs is mainly based on the results of the survey, while the solutions include both those mentioned in the survey and the best practices presented in the country reports. The chapter ends with an examination of two special themes: the development of domestic tourism in the Nordic autonomous areas and the special situation of tourism in the regions on the border of two or more Nordic countries.

Chapter 5 deals with the future of domestic tourism in the Nordics. It is based on the responses gathered in the survey, workshop and the interviews. First, the views of the future of domestic tourism in general are discussed, followed by discussion of the more specific treatment of pull factors and challenges of the domestic tourism in the Nordic countries.

In chapter 6, the findings of the study are summed up in conclusions. These include seven findings on how to support organisations operating in the domestic tourism market to realise the potential of domestic tourism.

In addition to this final report, the output of the project includes six country reports, and a report on the results of the survey conducted during the project. They are annexed to this report, providing more insights for those interested in more specific details. However, this final report can be read as an independent product without consulting the annexed reports.

2. Domestic tourism in the Nordics and effects of Covid-19 pandemic

This chapter presents an overview of the domestic tourism in the Nordic countries before, during and after the Covid -19 pandemic. The overview is mostly based on statistical analysis and enriched by findings from the country cases, the interviews, and the survey. The chapter begins with an overview of domestic tourism in the Nordic countries, followed by a more specific examination of the situation of each country. After this, we take a closer look at domestic tourism in the autonomous areas in the Nordics: the Faroe Islands, Greenland and Åland. Another sub-chapter deals with the issue of domestic same-day visitors, a group that is significant in the domestic tourism market. The chapter ends with an examination of the situation of domestic tourism in the Nordic countries and autonomous areas in the current, post-pandemic times.

Main findings in this chapter are:

- Domestic tourism is important for the Nordic countries. In the continental Nordic countries, domestic tourists' share of all the tourist overnights has been over 60 per cent before, during and after the Covid-19 pandemic. In Iceland and autonomous areas, the share is smaller, but domestic tourism has still been significant for the industry especially during the pandemic.
- The increased volume of domestic tourism was a remarkable factor in keeping the tourism industry in the Nordic countries and autonomous areas afloat during the zenith of pandemic in 2020 and 2021.

- According to the overnight statistics, the year 2022 was an exceptionally good year for Nordic tourism, and domestic tourism played a role here, as the number of domestic tourists was higher than before the pandemic in both relative and absolute terms.
- Before the pandemic, domestic tourism was not paid much attention in comparison to inbound tourism. The pandemic emphasized domestic tourism's significance, but the methods of its governance are still quite basic and vary greatly by country.
- Those tourism enterprises that have been able to increase number of domestic customers compared to pre-pandemic situation are also twice as likely to be doing better economically in terms of revenue, number of employees and number of customers in general compared to enterprises that have the same number or less domestic customers than before the pandemic.
- Investing in domestic tourism has helped tourism enterprises in the Nordic countries not only to survive the Covid-19 crisis, but also to be able to grow during it. In the survey, 58 per cent of those companies that have invested more into domestic tourism compared to pre-Covid situation also reported to have more domestic customers, whereas only 22 per cent of those companies who have not invested more report to have more domestic customers.

2.1. Domestic tourism in the Nordic countries

This chapter provides a short overview of domestic tourism and its significance in each Nordic country. In these overviews, the most comparable data available on overnights and tourism consumption will be used. In addition, a summary of the main features of domestic tourism governance in each country will be made. For more detailed information and additional statistical indicators the reader is encouraged to look up the individual country reports included in the annexes.

The overlook of domestic tourism in the Nordic countries is mainly based on statistical analysis. There are some differences between how each country records their statistics; therefore, the examination focuses on country- and region-specific statistics instead of comparing them with each other too heavily. The most widely available and comparable data is accommodation statistics. Data on overnight stays is compiled in all the Nordic countries and autonomous areas, and it is more up to date compared to other types of tourism-related statistical data.

At the time of writing this report, the latest statistical data about overnights available from most Nordic countries was from December 2022 with the exception of Sweden, which only had data available until October 2022. As a source of overnight data, we mainly use a Nordic-wide data set compiled by Visit Finland, since it gives the most comparable view of overnights in all the Nordic countries[20]. The dataset includes overnight data from national statistical services in all the Nordic countries starting from year 2016. Data from earlier years in comparison (2010 and 2015) in this study is gathered directly from the national statistical services. Additionally, for autonomous areas, we use overnight data obtained from local statistical services.

In order to have more comparable data from each country, Visit Finland has only included the number of registered overnights in hotels, holiday resorts, youth hostels and camping sites. This data offers the best indicator to measure the differences in the Nordic countries, but it excludes overnights in commercial holiday cottages and commercially arranged rentals in private cottages and apartments. These can be significant for domestic tourism in some countries, but the data available and methods of estimating the numbers of these overnights vary significantly between Nordic countries.[21]

This data also excludes the nights spent in private dwellings, for example, when people stay with friends or relatives or in private cottages. In the case of domestic tourism, these stays can form a significant share of the tourism volume. Unfortunately, since they are not registered, there is very little data available about non-commercial overnights in any of the Nordic countries and comparisons cannot be reliably made. Additionally, same-day visitors make up a sizable part of domestic tourism, but only little data on this group is available. The same-day domestic visitors is examined in Chapter 2.3.

There are also different types of tourism-related data available in the Nordic countries through both official statistical services and individual research projects creating data that is often published in separate reports or journal articles. In these, the methods, timespans and definitions vary, and their comparability is often questionable at best. The most comparable data is presented in Tourism Satellite Accounts (TSAs). The TSA is a standard statistical framework and the main tool for the economic measurement of tourism. The TSA has been developed by the United Nation's World Tourism Organization (UNWTO), the Organisation for Economic Co-operation and Development (OECD), the Statistical Office of the European Communities (Eurostat) and the United Nations Statistics Division.[22]

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20. Database can be accessed here: https://www.visitfinland.fi/suomen-matkailudata/matkailun-kehitys-pohjoismaissa
21. Visit Finland site also includes an interactive PowerBI tool with which to examine the data. For more information about the data and what is included in it, see the glossary on the tool slide 7 here: https://app.powerbi.com/view?r=eyJrIjoiNDY3YzA2YTgtYzE0YS00YTg4LTk0NjItZDcxMWIwYzBkNTA2IiwidCI6IjdjOTRhMjQ4LWVjZjItNDFiNi05YjQyLTkyMzY1MTExNGIwNCIsImMiOjh9
22. For more, see the publication by the UN Department of Economic and Social Affairs (2010b).

In principle, TSAs should only include standardised and comparable data, yet there are still a number of issues and discrepancies between the Nordic countries[23]. The type of data and the years for which it is available vary from country to country. With domestic tourism in focus, the comparisons are even harder since the data used needs to be aggregated into domestic and inbound components. Hence, in this chapter, we mainly use one key TSA indicator – tourism consumption – to examine the economic importance of domestic tourism. The indicator is available mostly through statistics services, though in Sweden and Denmark these statistics are reported in separate publications. Additionally, in Finland, only tourism demand (not tourism consumption data) and in Iceland tourism expenditure is available in a form that makes any reasonable comparisons possible. Autonomous areas do not have TSAs or consumption data available.

Even with their limitations TSAs provide the best available data with which to examine the economic significance of domestic tourism. They are therefore used in this chapter to illustrate the differences between the Nordic countries but are presented on a country-specific level. Additionally, the examination of economic data in this report is on most parts limited to the years 2019–2020 since those are the years for which data is available from all the Nordic countries. Fortunately, this still allows to see the effect of the Covid-19 pandemic in tourism consumption.

2.1.1. Comparison of domestic tourism in overnights in the Nordic countries and autonomous areas

It is possible to examine the similarities and differences in the significance of the domestic tourism in different Nordic countries through the overnight data. The developments of tourism in mainland Nordic countries resemble one another quite closely. Domestic tourism's share of nights spent in each country held steady before the pandemic and rose clearly in all the Nordic countries during the Covid-19 crisis. In Denmark, the share of domestic tourists has been somewhat lower than in Finland, Norway and Sweden. This might be attributed to geography, which makes Denmark more accessible from mainland Europe. Iceland and the autonomous areas have more variance in their trends. In Åland, the small population and geographical area makes it a rather unique case in regards of domestic tourism and the domestic tourists' share of the total nights spent is just a fraction of the total number of nights.

23. These discrepancies which are discussed in detail in a recent Nordregio report *Regional Tourism Satellite Accounts for the Nordic Countries* (Karlsdóttir & Sánchez Gassen, 2021).

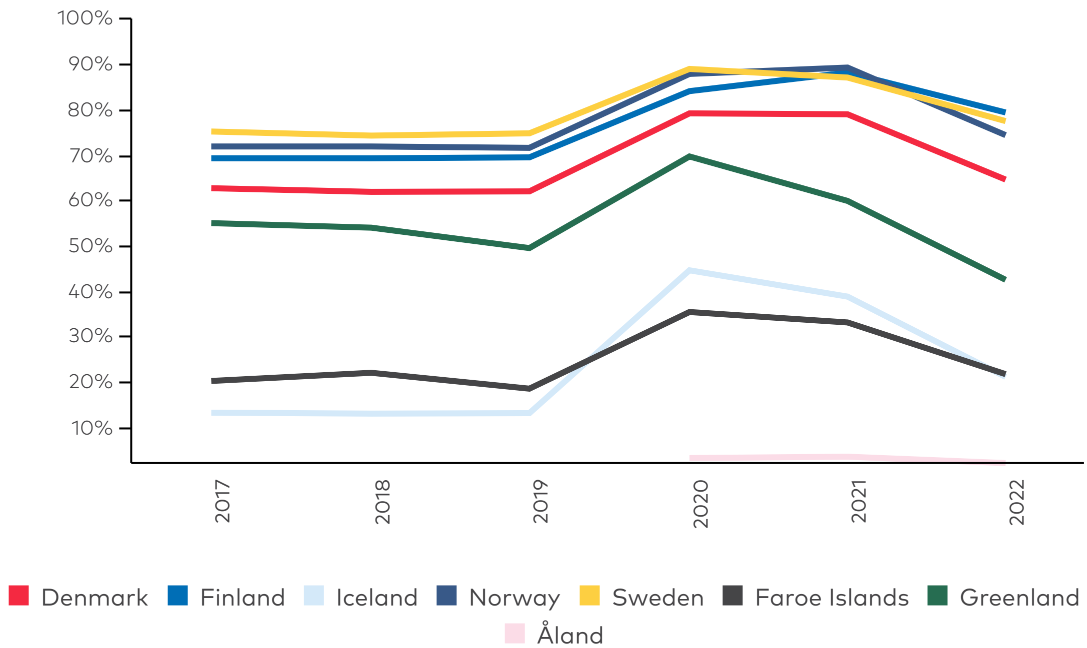

Figure 1. Domestic tourists' share of overnights in hotels, holiday resorts, youth hostels and camping sites in the Nordic countries and autonomous areas during 2017–2022. (Source: Statistics Denmark, Statistics Greenland, Statistics Faroe Islands, Statistics Finland, Statistics Iceland, Statistics Norway, Statistics Sweden, Statistics Åland).

2.1.2. Denmark

Domestic tourism is very significant for the Danish tourism industry. Before the pandemic, in 2019, tourism accounted for DKK 139.1 billion (EUR 18.7 billion), representing 4.2 per cent of GDP. Domestic tourism consumption constituted 55.8 per cent of total tourism consumption. After the steep drop in the number of inbound tourists in 2020, domestic tourism's share of total tourism consumption rose to 74.0 per cent. (Figure 2).

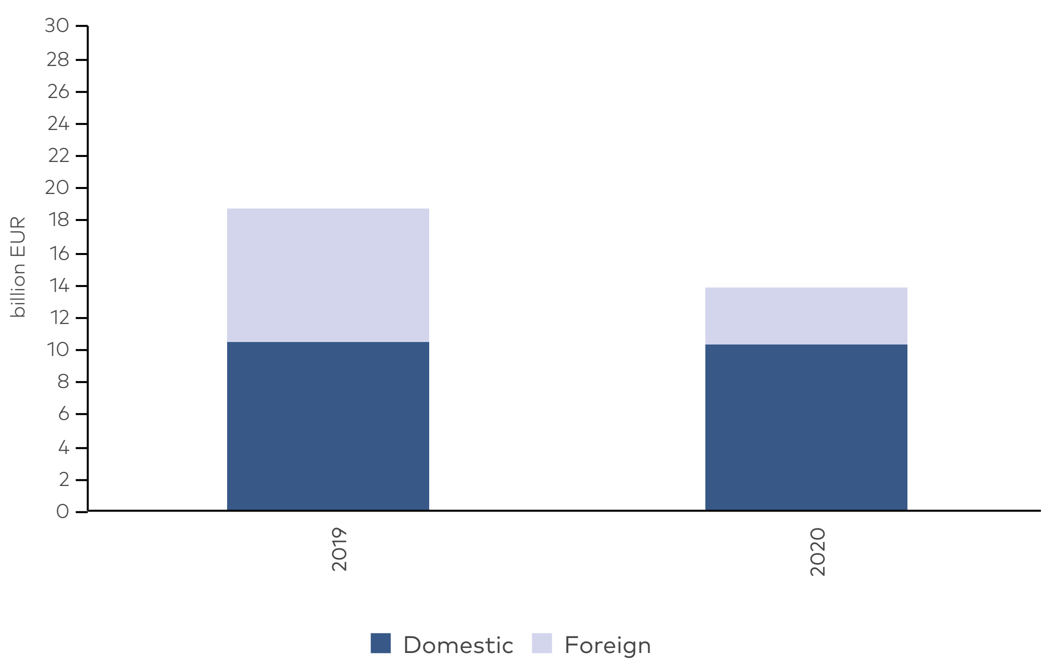

Figure 2. Tourist consumption in Denmark, 2019–2020 (in billion EUR). (Source: Fonnesbech-Sandberg & Runge 2022).

When examining the nights spent in Denmark, it may be observed that the number of nights spent by tourists rose slowly during the 2010s. During the Covid-19 pandemic, the number of nights spent declined but rebounded rather quickly. The total number of nights spent in Denmark by tourists not only reached 2019 levels in the second half of 2021 but has surpassed them in 2022. (Figure 3). This is largely due to an increase in domestic tourism.

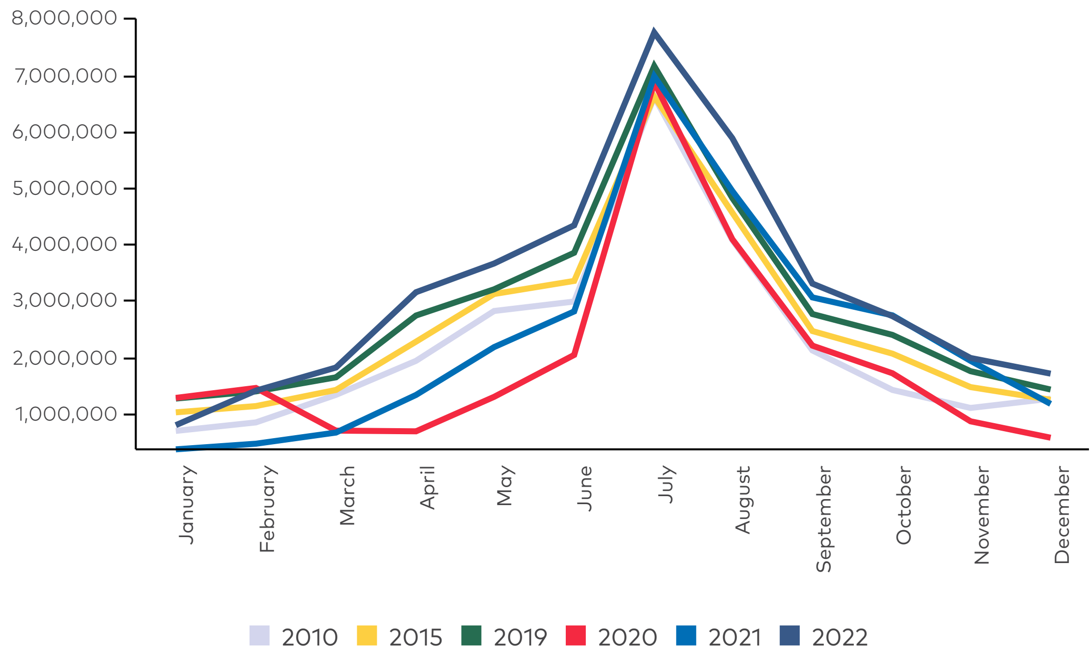

Figure 3. Total nights spent in hotels, holiday resorts, youth hostels and camping sites in Denmark by all tourists. (Source: Statistics Denmark).

Before the pandemic, the share of domestic tourists was on a slow decline. As the amount of nights spent by inbound tourists in Denmark declined in 2020 and 2021, the share of nights spent by domestic tourists increased vastly. During the springs of 2020 and 2021, domestic tourists' share of nights spent was over 90 per cent while in 2019 it was roughly 66 per cent. The distribution has been steadying toward the pre-Covid levels as, in the summer season of 2022, the shares of nights spent by foreign and domestic people in Denmark was at the same level as in 2019. (Figure 4).

Regionally, Danish domestic tourists head outwards from big urban centres, though the capital region is particularly important for all types of tourism, domestic tourism included. Yet, data shows that the region that had the highest number of domestic overnight stays in 2019, 2020 and 2021 was the Syddanmark region in the south of Jutland, the continental area of Denmark, and the lowest number of domestic overnight stays for the three years is for Sjaelland region that includes the Sjaelland and adjacent islands outside the capital region.[24] An interviewee highlighted that the coastal areas of Denmark saw rise in domestic tourists according to the overnight stays data. There is also evidence that remote rural areas in some Danish regions became popular summer destinations in 2020 and 2021.[25]

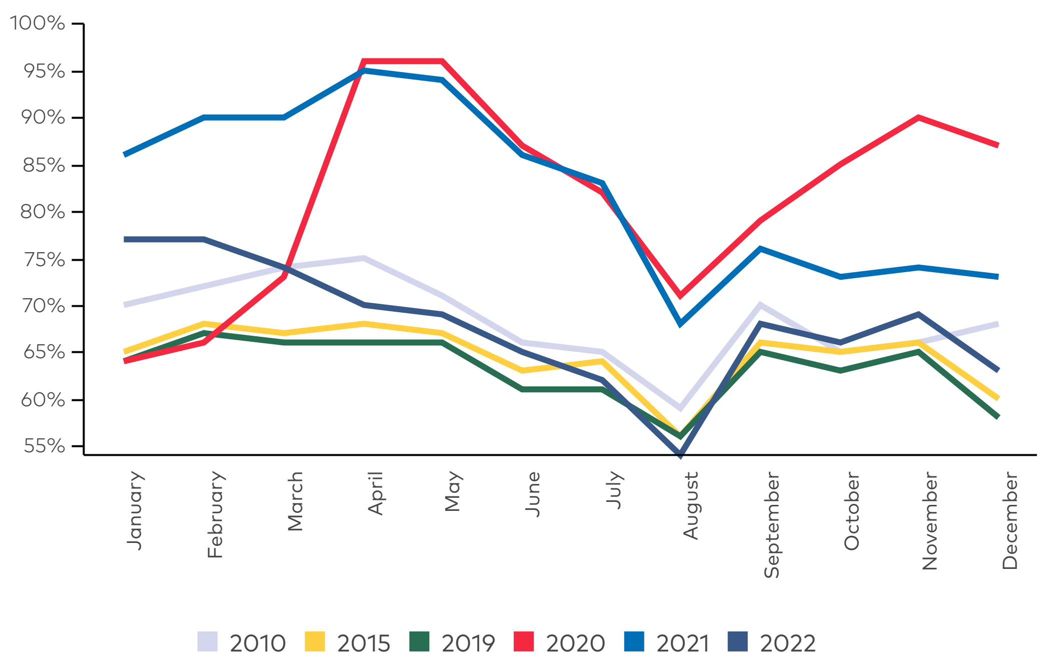

Figure 4. Domestic tourists' share of nights spent in hotels, holiday resorts, youth hostels and camping sites in Denmark in 2010, 2015 and during 2019–2022. (Source: Statistics Denmark).

2.1.2.1. The effects of Covid-19 pandemic in Denmark

During Covid-19, Denmark closed its borders around mid-March 2020 and had restrictions that applied to inbound tourists from March 2020 until the end of 2021. During this period, the restrictions varied from screening arrivals, quarantines for some or all geographical regions, banning arrivals from some geographical regions to total border closure. Even if there were no longer any general restrictions in Denmark in the autumn of 2022, one might still be met with a requirement to show one's Covid-19 certificate onboard airplanes. Also, some Covid-19 restrictions and requirements (such as using face masks) apply in certain premises as Danish businesses and private cultural institutions are allowed to enforce their own requirements regarding measures taken to mitigate the spread of infections.

24. StatBank Denmark, 2022.
25. Karlsdottir and Bogason, 2022.

Due to the restrictions, the number of inbound tourists declined dramatically compared with 2019. However, the number of domestic tourists did not suffer such a steep decline and their number was already higher in the summer of 2020 compared with 2019. Ever since the summer of 2021, apart from the end of the year, the number of monthly overnight stays by domestic tourists has been around 20 per cent higher compared to same month in 2019. The number of overnight stays made by foreign tourists was at a lower level for quite some time but had returned to its 2019 levels in the spring of 2022. (Figure 5).

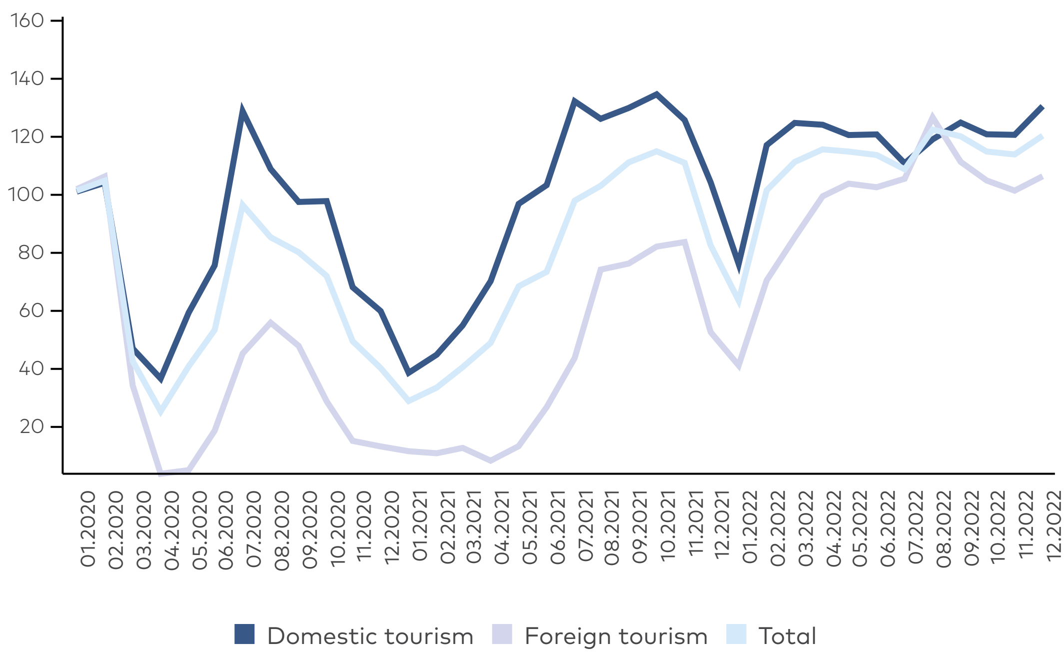

Figure 5. Level of monthly nights spent in hotels, holiday resorts, youth hostels and camping sites in Denmark, by nationality (2020-2022 compared with the same month in 2019). (Source: Statistics Denmark).

2.1.2.2. Domestic tourism governance in Denmark

In Denmark, the Ministry of Industry, Business and Financial Affairs oversees the tourism industry. The ministry collaborates with several other ministries (namely the Ministry of Environment and Food; the Ministry of Transport, Building and Housing; the Foreign Ministry; and the Ministry of Culture) in issues concerning the tourism sector.

The multi-level governance system for coordinating domestic tourism activities in

Denmark can be viewed as a hierarchy. On top is the Ministry of Industry, Business and Financial Affairs, along with the Danish National Tourism Forum and the Danish Tourism Board. The Danish Tourism Board can best be understood as different task force groups that, for example, are in charge of developing the national tourism strategy. Below the top level are four national bodies: three development organisations and one organisation that focuses on marketing. These are the Danish Coastal and Nature Tourism Organisation, the Danish City Tourism Organisation, Meet Denmark and Visit Denmark. At the local level, the coordination is centralised through Danish Destinations.

According to an interview, Denmark focused mostly on inbound tourism before the pandemic and the domestic tourism market was neglected before the pandemic. During the pandemic, greater interest was given to domestic tourism as the domestic tourism market grew bigger. Visit Denmark and Danish Destinations had a shared responsibility for domestic tourism marketing in 2020, and in 2021, Danish Destinations took over most of the responsibility for domestic tourism marketing. The higher priority of domestic tourism in a post-Covid world is evident in Denmark's strategy for tourism, published in 2022, as the siginificance of the domestic market is highlighted in the strategy.[26]

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26. Erhvervsministeriet, 2022.

2.1.3. Finland

Tourism has a significant effect on the Finnish economy and employment, and domestic tourism is an important part of the tourism economy in Finland. In 2019, the direct share of tourism of the Finnish GDP was 2.7 per cent and the total demand for tourism was EUR 16,3 billion. The share of domestic tourism of the total demand of tourism in Finland was 67.4 per cent. In 2020, the GDP share of tourism decreased to 1.7 per cent and the total demand decreased to EUR 9.7 billion due to the pandemic. However, the share of domestic tourism of the total tourism demand increased to 84.1 per cent in 2020. (Figure 6). According to the estimates of the 2021 trends, the total demand recovered to EUR 11.2 billion, mainly thanks to the growth in domestic tourism. The share of the domestic tourism of total demand is expected to rise to almost 90 per cent in 2021.[27]

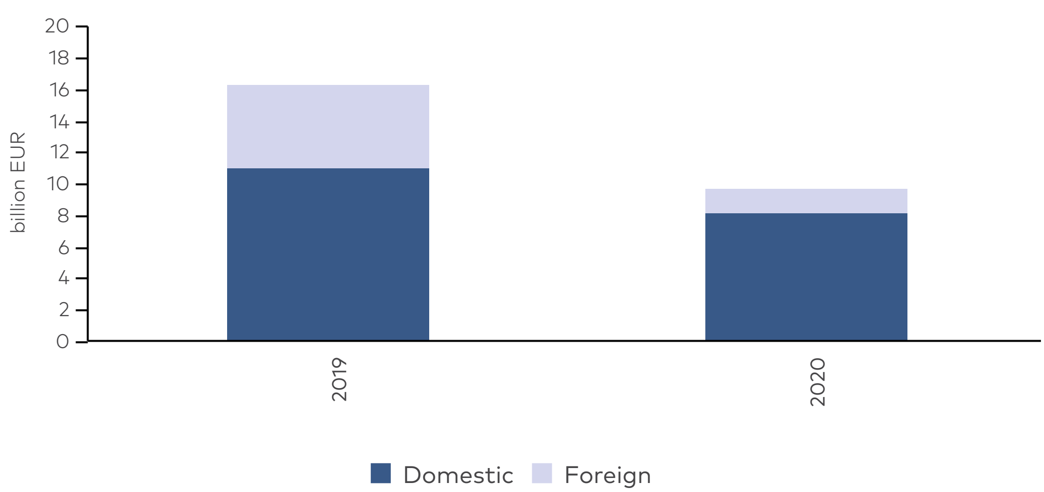

Figure 6. Tourism demand in Finland (in billion EUR). (Source: Statistics Finland).

The total nights spent by tourists in Finland was rising slowly throughout the 2010s,

27. Ministry of Economic Affairs and Employment of Finland, n.d.

mostly due to rise in inbound tourism.[28] During the pandemic, the number of overnights spent in Finland decreased steeply. The total nights spent in Finland have been steadying ever since the summer season of 2021 and has reached pre-pandemic levels. (Figure 7). However, the number of nights spent by foreign tourists has been greatly lacking. Domestic tourism has been doing well (when examining nights spent) since the summer of 2020, despite some downturns.

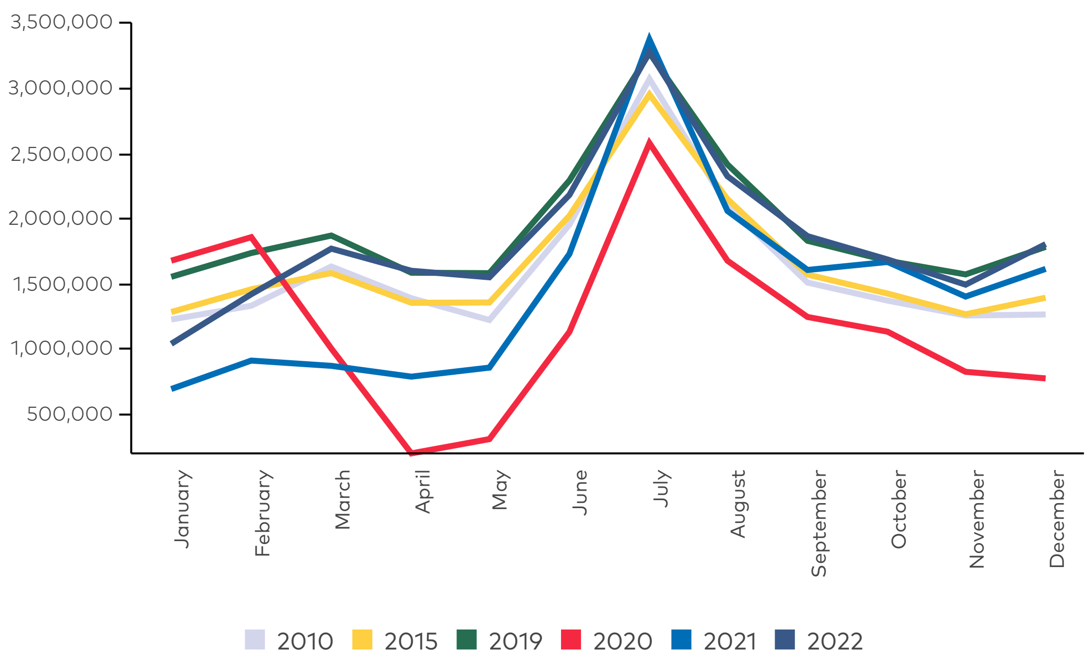

Figure 7. The total nights spent in hotels, holiday resorts, youth hostels and camping sites in mainland Finland, all tourists. (Source: Statistics Finland).

As in the other Nordic countries examined, the share of nights spent by domestic tourists has been higher in 2020 and 2021 than it was in 2019, but the gap has narrowed greatly in 2022. It is evident that the Finnish tourism industry relies more heavily on inbound tourism in the winter seasons, and it may be observed that the share of inbound tourism in overnights has increased closer towards its 2019 level during the 2021–2022 winter, though it has yet to reach the pre-pandemic level. (Figure 8).

Regional differences in the domestic tourists' share of all tourists were also visible before the pandemic. In more rural areas in Eastern and Central Finland, the share of the domestic tourists was above average, whereas the share of domestic tourists was lowest in Lapland where the main season is

28. Ministry of Economic Affairs and Employment of Finland, n.d.

winter.[29] The regional differences in the trends of domestic overnights during the pandemic are significant in Finland. The number of domestic overnights increased between 2020 and July 2022 in all but three of the Finnish regions. The growth of the number of domestic tourists has been greatest in Lapland, Southwest Finland, Kuusamo and Pirkanmaa.[30]

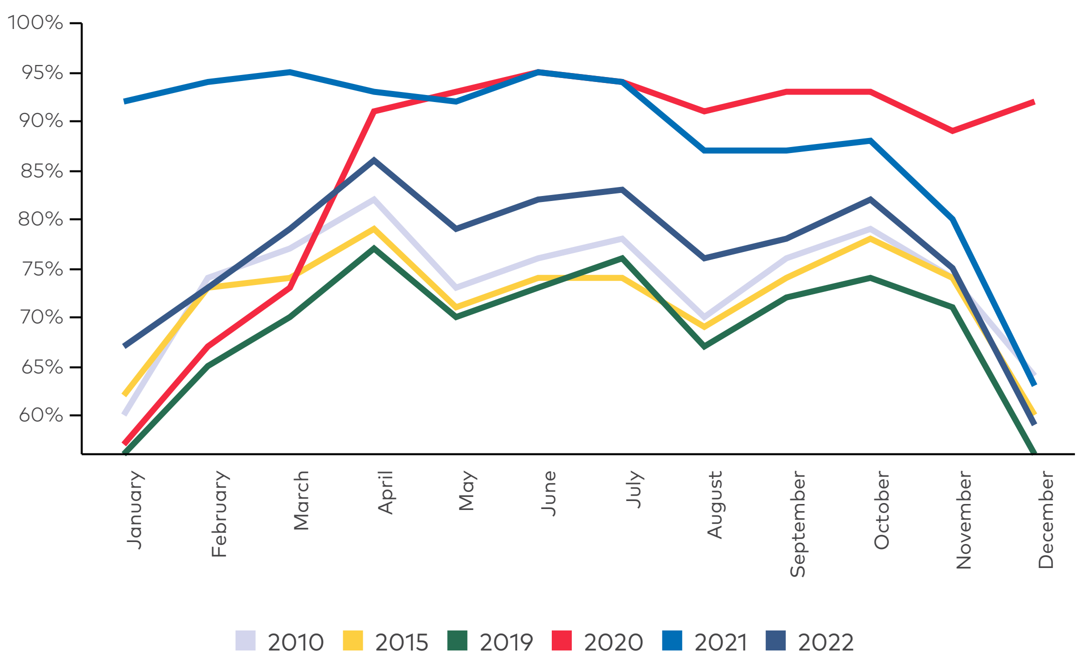

Figure 8. Domestic tourists' share of nights spent in hotels, holiday resorts, youth hostels and camping sites in mainland Finland in 2010, 2015 and during 2019–2022. (Source: Statistics Finland).

2.1.3.1. The effects of Covid-19 pandemic in Finland

After the beginning of the Covid-19 pandemic, the Finnish borders were closed to foreign tourists in March 2020. The gradual opening of borders began in summer 2020: in June, entry was permitted from Norway, Denmark, Iceland and the Baltic countries (but not Sweden), and in July 2020, entry was permitted from 24 other countries. After this, the conditions of entry were alternately tightened and loosened, depending on the current pandemic situation in different countries. In January 2021, all non-essential inbound travel was prohibited, and traveling was limited to essential work-related travel and visiting relatives for 30 days. After this, the travel restrictions were again gradually dismantled during 2021. All border

29. Ministry of Economic Affairs and Employment of Finland,2019.
30. Data obtained directly from the Ministry of Economic Affairs and Employment of Finland.

controls in the internal borders of the Schengen area ceased on 31 January 2022, and all health security measures and restrictions on external border traffic were lifted by 30 June 2022. After June 2022, travellers entering Finland were no longer required to present Covid-related documents or to have had a Covid test. Domestically there were also restrictions in traveling, number of people gathering and for example in the opening hours of restaurants and bars. These fluctuated according to the pandemic situation in 2020 and 2021 from mandated restrictions to recommendations to avoid crowds. In March 2020, the government restricted traveling from the capital region and surrounding counties to elsewhere in the country for three weeks. Later, there were recommendations to avoid unnecessary traveling within the country, which are probable causes for lower numbers of domestic tourism overnights in 2020.

The restrictions are visible when examining the monthly overnight data in Finland from 2020 to 2022 with year 2019 as comparison point. The number of nights spent by inbound and domestic tourists decreased significantly in the spring of 2020. The number of domestic overnights rose close to the 2019 level already in the summer of 2020 and increased by one fifth in the summer of 2021. The number of overnights by inbound tourists, however, has not reached pre-pandemic levels. This is partly explained by the decrease of tourists from Russia in 2022. Russian citizens have been a sizable segment in the Finnish tourism economy, but due to the Russia's invasion of Ukraine, Finland closed its borders to Russian tourism in September 2022. However, the loss of inbound tourists has been offset by the increase in domestic tourism and the total number of monthly overnights spent in Finland was very close to the 2019 levels in the summer and autumn 2022. (Figure 9).

Figure 9. Level of monthly nights spent in hotels, holiday resorts, youth hostels and camping sites in mainland Finland by nationality (2020-2022 compared with the same month in 2019). (Source: Statistics Finland).

2.1.3.2. Domestic tourism governance in Finland

There is not a single operative responsible for national-level coordination of the development of domestic tourism in Finland. The interviewees considered the most important operatives in terms of domestic tourism development at the moment to be the Ministry of Economic Affairs and Employment and High-Level Working Group on Tourism (Matkailufoorumi in Finnish), serving as an expert advisory body on strategy related to tourism development, appointed by the Ministry of Economic Affairs and Employment and chaired by the Minister of Economic Affairs. The Ministry of Economic Affairs and Employment oversees tourism development and supports the development of domestic tourism. The ministry has conducted several studies on domestic tourism and has supported financially the national-level domestic tourism marketing campaign for several years. The main national tourism development and promotion organisation Visit Finland is responsible for implementation of the national tourism strategy and is financed from the government budget, but its mandate explicitly excludes promoting domestic tourism. Unlike similar organisations in other Nordic countries, its mandate was not expanded during the Covid-19.

Below the national level, domestic tourism development is mainly carried out by regional tourism organisations and tourism companies. According to a 2019 report on the operational models of the Finnish tourism organisations, the procedures of tourism development vary greatly on an organisational level in their emphasis on either domestic or inbound tourism. In certain regions, the organisations were solely concentrating their efforts on increasing the international demand; in other regions, there was more emphasis on increasing domestic demand.[31] There are more than 70 regional tourism organisations, and their regional coverage and working procedures vary. There are also several regional development companies whose responsibilities include providing services for local businesses (tourism businesses and others). In addition, a role in domestic tourism development is played by Centres for Economic Development, Transport and the Environment; municipalities; Metsähallitus[32]; and various national and regional associations.

31. Ministry of Economic Affairs and Employment of Finland, 2019.
32. Metsähallitus is a Finnish state-owned enterprise that produces environmental services.

2.1.4. Iceland

Regarding domestic tourism, Iceland differs somewhat from continental Nordic countries. Tourism became Iceland's most important export industry after the 2008–2011 financial crisis. Before the Covid-19 pandemic in 2016-2019, tourism's average share of GDP was 8.1 per cent. In 2020, the share of tourism fell to 3.6 per cent of the GDP. According to preliminary results in the Icelandic TSA, in 2021 it recovered slightly to 4.2 per cent of the GDP. Total internal tourism consumption was ISK 556 billion (EUR 3.7 billion) in 2019. This includes inbound tourism expenditure (ISK 385 billion, EUR 2.5 billion) domestic tourism expenditure (ISK 143 billion, EUR 0.9 billion) and other components of tourism consumption (ISK 28 billion, EUR 0.2 billion)[33].

Expenditure of domestic tourism in Iceland was approximately ISK 143 billion (EUR 0.9 billion) or about 27.1 per cent of the total internal tourism expenditure. Both inbound and domestic tourism expenditure decreased considerably in 2020. However, domestic tourism expenditure's share of total internal tourism expenditure rose to 54.9 per cent in 2020 and has never been higher since the beginning of the time series (in 2009). (Figure 10). The share of domestic tourism in internal tourism consumption grew significantly in 2020 and 2021 compared with 2019, especially in the fields of accommodation and food and beverages. In comparison, the outbound consumption of Icelanders is normally higher than domestic consumption; it was ISK 185 billion (EUR 1.2 billion) in 2019 but it decreased during the pandemic to ISK 69 billion (EUR 450 million) in 2020 and ISK 98 billion (EUR 640 million) in 2021, parallel to fewer outbound trips.[34]

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33. Statistics Iceland 2023. Other components include imputed rental value of summer houses and employers' expenses for business trips of their employees that form around 5 percent of total consumption.
34. Statistics Iceland 2023.

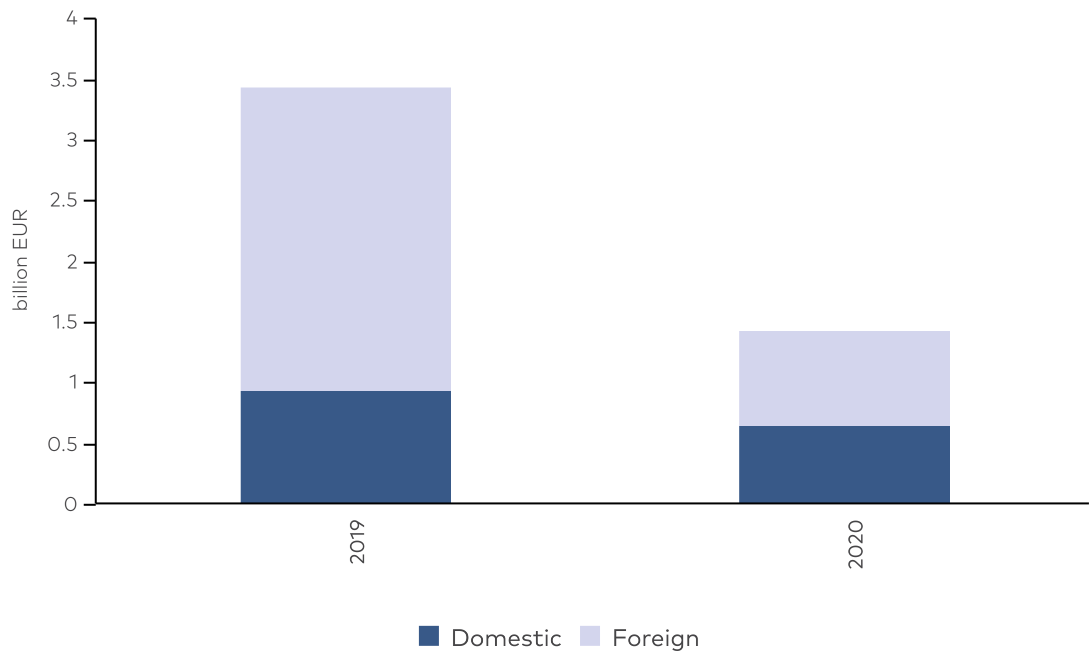

Figure 10. Tourist expenditure in Iceland 2019–2020 (in billion EUR). (Source: Statistics Iceland).

The number of nights spent in hospitality services in Iceland fell into a steep and long-lasting slump from the spring of 2020 until the spring of 2022, despite a huge rise in nights spent by domestic tourists when compared with pre-pandemic levels. The number of nights spent by domestic tourists compared with those of foreign tourists was so low that, despite the huge relative increase in nights spent by domestic tourists, the effect on the total nights spent was rather low. (Figure 11).

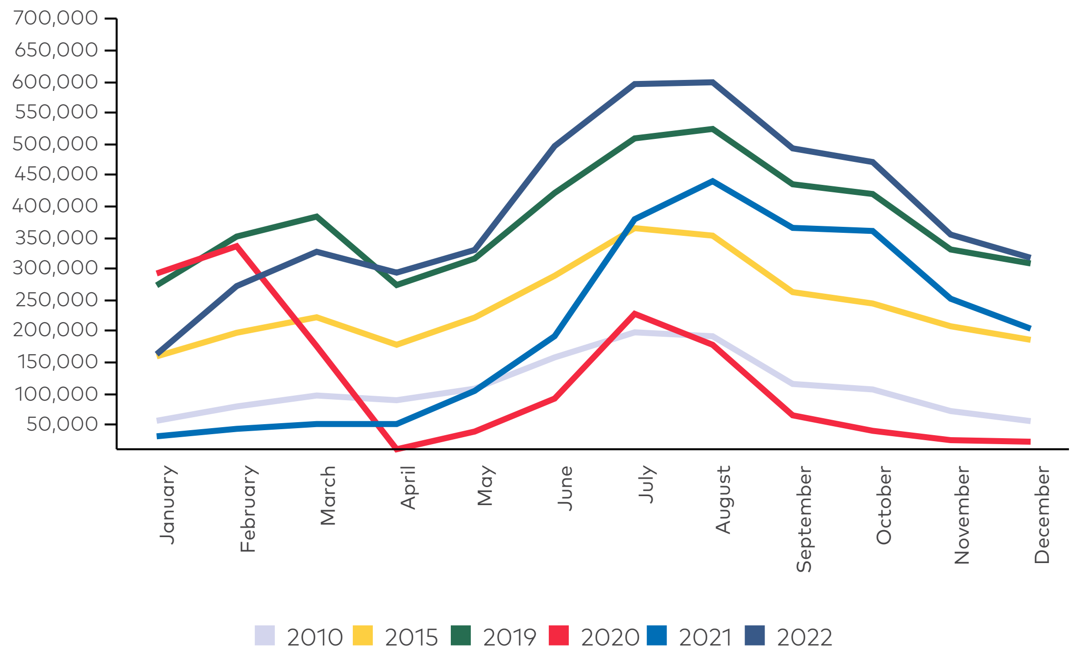

Figure 11. The total nights spent in hotels[35] in Iceland, all tourists. (Source: Statistics Iceland).

Domestic travel has been a regular habit for a large proportion of the population for a long time as the ratio of domestic travellers has remained stable. During the pandemic, the number of outbound trips decreased dramatically (by 69%) and the number of outbound trips had never been lower.[36] Instead, the share of the domestic tourists increased when looking at the nights spent in Iceland in 2020. The distribution of nights spent in Iceland between domestic and foreign tourists began to return to previous levels in early 2021. This is mostly due to the recovery of inbound tourism, though according to the overnight data the number of domestic tourists has also stayed significantly higher compared to the pre-pandemic levels. (Figure 12).

The regional share of domestic overnight stays is not equally distributed. The capital area and south Iceland each accounted for 26 per cent of domestic overnight stays in 2019 and 18 per cent of domestic overnights stays were in North-East Iceland. A smaller share of overnights was attributed to other regions. During the pandemic, the share of overnights decreased significantly in the capital area but increased in North-East, East and South Iceland. The difference in the share of the domestic tourism may be even greater between municipalities. For instance,

35. Icelandic monthly data includes only overnights in hotels.
36. Gallup, 2022; Icelandic Tourist Board, 2022a; 2022b.

the north Icelandic municipality of Akureyri (the largest town outside the more populated south-west corner, with 19,000 inhabitants) has long been one of Iceland's most popular domestic destinations. In places like Akureyri, seasonal fluctuations in the overnight stays of inbound tourism can be considerable, although seasonality had decreased in the years before the pandemic. Even if domestic overnight stays in Akureyri have been considerably fewer than those of inbound tourists, their numbers have remained stable, especially in the late-winter season and early spring, with the number of domestic overnight stays ranging from 5–6,000 each month.[37] Stakeholder interviews confirmed that, in some cases, like in the north or in the Westfjords, the domestic winter tourism can decrease seasonality fluctuations and make a significant difference for tourism companies that may be able to provide services all year-round.

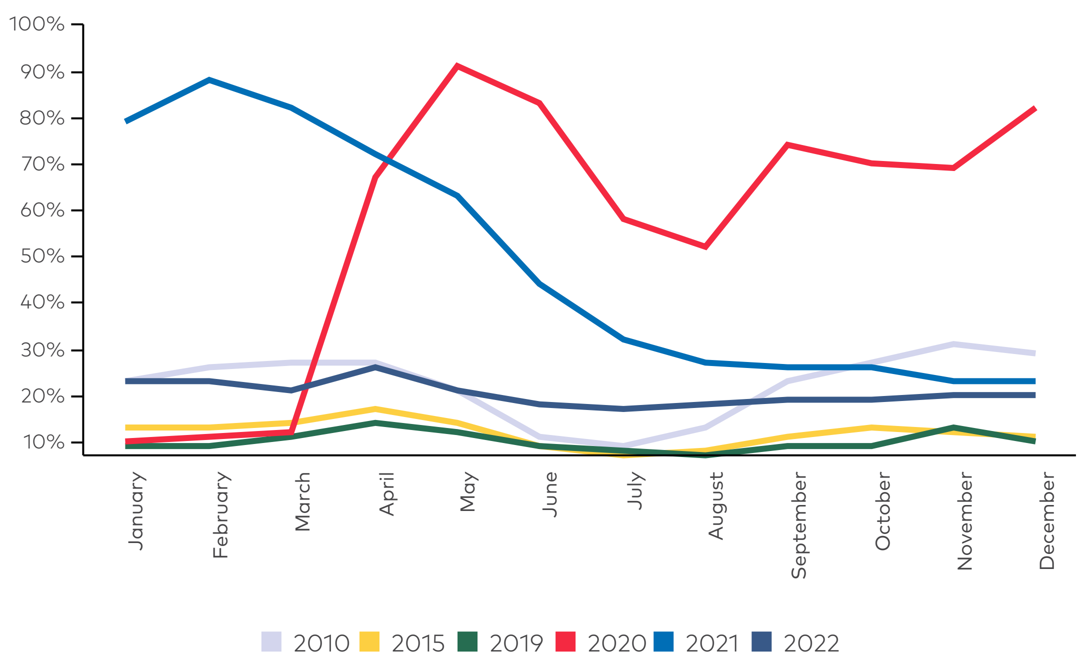

Figure 12. Domestic tourists' share of nights spent hotels in Iceland in 2010, 2015 and during 2019–2022. (Source: Statistics Iceland).

2.1.4.1. The effects of the Covid-19 pandemic in Iceland

The Icelandic border remained open throughout the pandemic, although with some restrictions. In March 2020, Iceland implemented temporary travel restrictions until July, imposed for the Schengen Area and the European Union. Quarantine measures of up to 14 days quarantine and PCR testing were implemented for

37. Bjarnadóttir, 2021.

international arrivals. The rules on quarantine, isolation and screening at the border changed concurrently as the pandemic and vaccinations progressed. As of February 2022, all infection prevention rules for Covid-19 were lifted at the Icelandic border, regardless of tourists' vaccination status. Domestically, the government kept requirements on social distancing and gatherings since autumn 2020, but the domestic restrictions varied during the Covid-19 pandemic in accordance with the circumstances. Looking at the overnight data, they have probably impacted domestic tourism during spring and fall 2020 and early 2021. All domestic restrictions were lifted in summer of 2021.

The number of nights spent in Iceland by tourists plummeted in 2020. Given the higher share of inbound tourists in overnights, the decrease in monthly overnights due to the pandemic was steeper in Iceland compared to mainland Nordic countries. The situation began to improve in summer of 2022. The number of monthly overnights finally reached and surpassed pre-pandemic levels in the spring of 2022. Even if the number of monthly nights spent by domestic tourists have remained much higher after the pandemic compared to 2019, the most important factor has been the recovery of inbound tourism. (Figure 13).

Figure 13. Level of monthly overnights spent in hotels in Iceland by nationality (2020-2022 compared with the same month in 2019). (Source: Statistics Iceland).

2.1.4.2. Domestic tourism governance in Iceland

The Ministry of Culture and Business Affairs of Iceland is responsible for developing overall tourism policy and coordinating governmental bodies' work. The Department of Business Affairs and Tourism is the lead department and oversees the operation and performance of the Icelandic Tourist Board (ITB), an independent authority under the auspices of the Ministry of Culture and Business Affairs. The ITB's responsibilities include implementing government tourism policy, planning and supporting regional development, licensing and monitoring licensed activities, data collection, processing and presentation, safety, quality and consumer protection in tourism, and administration of the Tourist Site Protection Fund. In 2021, on behalf of the government, the ITB and the regional authorities committed to operating special destination management and marketing offices (DMMOs) in each region of Iceland. In addition, there is the Tourism Cluster Initiative, a network of travel agents, tour operators, hotels, attractions and activities, restaurants, airlines, public relations etc. Its main objective is to promote competitiveness and value creation within the Icelandic tourism industry and to develop a co-operating forum for different stakeholders in which the main focus is on linking them together and opening up interaction between them.

However, interviews with stakeholders confirmed that specifically when it comes to the development of domestic tourism, the responsibility for management and marketing is at present not formally in anyone's hands. From 2015 to 2019, no funding was allocated to domestic marketing, but in 2020 and 2021, the minister of tourism allocated ISK 40 million (EUR 270 000) to the ITB to encourage Icelanders to travel domestically and buy domestic goods and services. Beyond this, stakeholders identified the DMMOs as possible backers for the domestic tourism developement and some stakeholders pointed out that it was critical to put domestic tourism development better on the agenda. The domestic market has only had a small part in some projects by ITB and DMMOs earlier and no special focus has been placed on it. It was pointed out in a stakeholder interview that tourism marketing does not always have the purpose of selling something, it is also an educational tool regarding Icelandic tourism. The current agreements between ITB and the DMMOs do not mention obligations towards the domestic market and ITB or DMMOs have no funding is allocated to the domestic market. However, some DMMOs have expressed interest to manage the domestic tourism marketing and development within their operating area, but since they have no funding to do it, they have settled for promoting domestic tourism on their websites and social media.

2.1.5. Norway

Domestic tourism is an important part of the tourism industry in Norway. Before the pandemic, economic contribution of the whole tourism sector was steadily growing and was 3.6 per cent of total GDP in 2019[38]. According to the Norway's TSA, the total tourism consumption amounted to NOK 194.3 billion (EUR 17.6 billion) and the share of domestic tourists was 69.4 per cent of total consumption. Due to the pandemic, in 2020 the total consumption decreased by one third to NOK 129.8 billion (EUR 11.8 billion), but the share of domestic tourism rose to 85,3 per cent. (Figure 14).

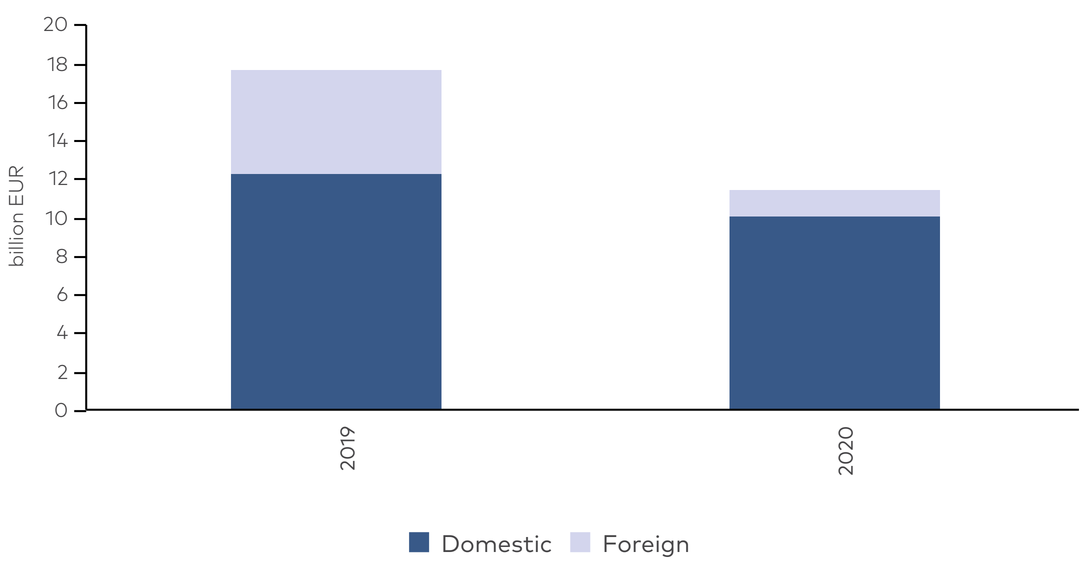

Figure 14. Tourist consumption in Norway 2019–2020 (in billion EUR). (Source: Statistics Norway).

38. OECD, 2022.

When looking at the overnight data from Norway, it is possible to see the growth of the tourism sector especially in the second half of the last decade. In the peak month of July, there were almost a million more overnights in 2019 compared to 2015. Covid-19 pandemic affected the tourism sector in Norway heavily. The initial drop in nights spent by tourists in Norway in the spring of 2020 was drastic as in April 2020 it was only 15.5 per cent of the number of nights spent just a year earlier. The nights spent in Norway by all tourists already reached pre-pandemic levels in the summer of 2021, though there was a significant decrease later in the year. The nights spent in Norway by foreign tourists had not yet reached the pre-pandemic levels by the end of 2022, but the slightly increased share of nights spent by domestic tourists is keeping the total values at their 2019 levels. (Figure 15).

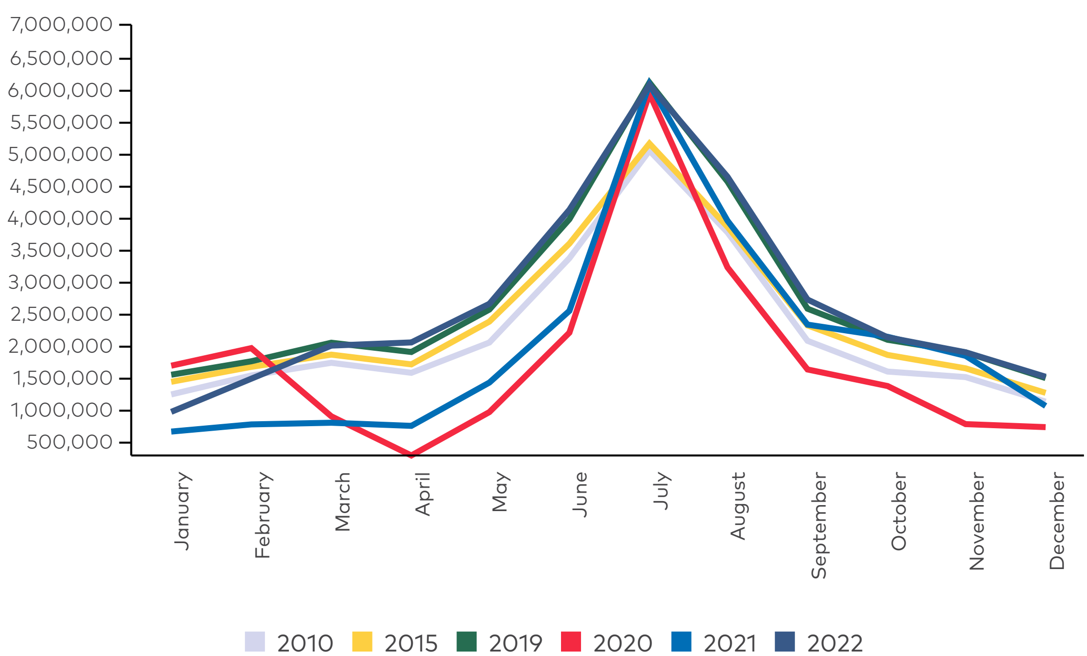

Figure 15. The total nights spent in hotels and camping sites[39] in Norway, all tourists. (Source: Statistics Norway).

Before the pandemic, domestic tourists' share of overnights was around four fifths outside the peak season in the summer, when the share usually decreases below 70 per cent. In the pandemic affected years of 2020 and 2021, the share of domestic tourists was around 90 per cent for most of the year. (Figure 16). High volume of domestic tourism during the summer seasons of 2020 and 2021 helped to keep the total numbers of overnights in the summer months close to the same levels they

39. Norwegian overnight statistics does not include nights spent in youth hostels and holiday dwellings. Additionally, given the changes in production of statistics, data before 2013 is not fully comparable to data after 2013.

were before the pandemic even though on annual level the total number of overnights was clearly lower.

There are regional differences in the size and share of domestic tourism in Norway. According to an interviewee, domestic tourism is concentrated in the south of Norway and the larger cities and relatively fewer domestic tourists visit northern Norway. Looking at the overnight data, the difference in the number of domestic visitors staying overnight in commercial establishments in Norway between 2019 and 2020 varied between regions. Southern Norway recorded an increase in domestic visitors and so did the southern part of Northern Norway and the northern part of Western Norway. The rest of the country recorded an overall decrease in the number of domestic visitors staying overnight between 2019 and 2020. In a Nordic comparison, Norway stood out as the only country in which the capital region experienced an increase of overnight stays by domestic visitors in 2020 compared with 2019.[40]

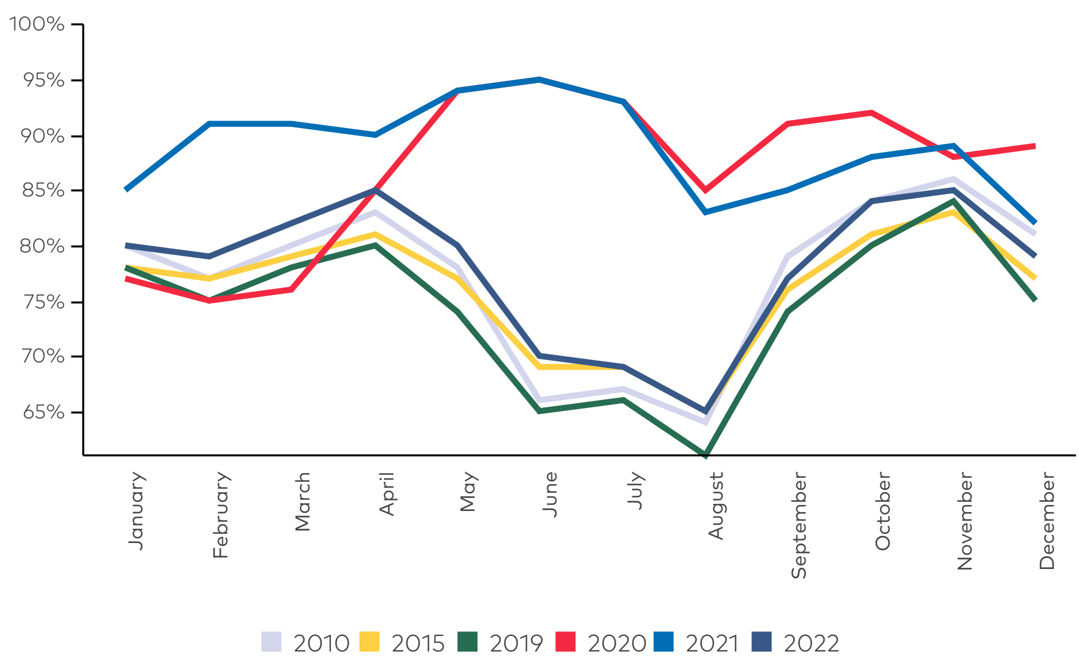

Figure 16. Domestic tourists' share of nights spent in hotels and camping sites in Norway in 2010, 2015 and during 2019–2022. (Source: Statistics Norway).

40. Nordregio, 2022.

2.1.5.1. The effects of the Covid-19 pandemic in Norway

General restrictions to mitigate the spread of the Covid-19 infection were enforced in Norway for about two years, with the first restrictions being introduced on 12 March 2020. Throughout the pandemic, restrictions in Norway included, for example, quarantine for all visitors coming into the country, the closing of all educational institutions and the discontinuation of sport events. During certain periods, inbound travellers and aircrafts from locations with expansive outbreaks of Covid-19 were prohibited from landing or traveling in Norway. Leisure travel was discouraged, and Norwegians were prohibited from travelling domestically to their country houses during parts of the pandemic. Norway removed most restrictions on 25 September 2021, though some restrictions remained in place until 12 February 2022. Restrictions in Svalbard were lifted on 1 March 2022. In October 2022, there were no longer any restrictions applying to domestic traveling or international tourists travelling to Norway.

When comparing the monthly numbers overnights by all tourists to 2019, they reached the pre-Covid levels in 2022, signalling a recovery process from the slump caused by the pandemic. Domestic tourism played significant part in the recovery. Foreign tourists' share of nights spent in Norway has not yet reached the 2019 levels, though the gap between the 2019 level has been narrowing since the second half of 2021. On the other hand, number of monthly overnights by domestic tourists stabilised in the spring 2022 to a slightly higher level compared to per-Covid levels. (Figure 17).

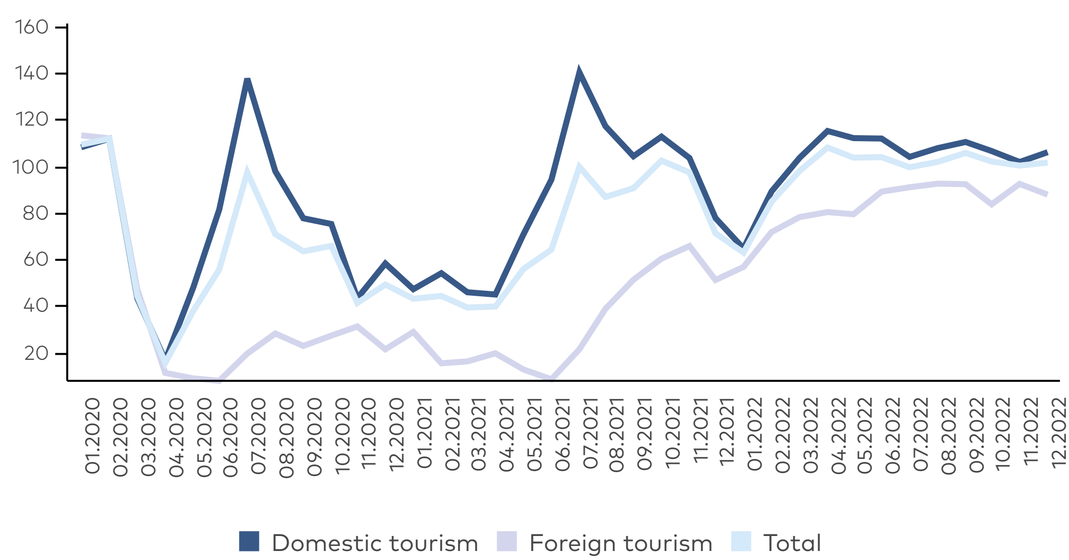

Figure 17. Level of monthly nights spent in hotels and camping sites in Norway by nationality (2020-2022 compared with the same month in 2019). (Source: Statistics

Norway).

2.1.5.2. Domestic tourism governance in Norway

In Norway, no government agency is tasked with overseeing and coordinating activities aimed at developing domestic tourism specifically. However, during 2020 and 2021, due to the pandemic, these activities were included in the overall coordination of international tourism activities through Innovation Norway, a government agency functioning as an international tourism administration body.[41] The Ministry of Trade, Industry and Fisheries Matters is responsible for matters related to tourism industry.[42] Innovation Norway then cooperates closely with industry stakeholders in development efforts. These efforts include, among other things, loans, grants, consulting, promotion, and networking. Funding for Innovation Norway is allocated via the state budget on a yearly basis. Activities aimed at promoting and developing domestic tourism were included in the budget for 2020 and 2021 because of the pandemic and its impact to the tourism industry. Since 2021, Innovation Norway has not continued to include domestic tourism in its mission.

Regions and municipalities are important stakeholders for developing domestic tourism in Norway. They are responsible for local regulations and planning, infrastructure, national parks and attractions. Norway's regions and municipalities often have their own tourism strategies, outlining activities and goals related to tourism development. These are rarely aimed at domestic tourism specifically but rather aim at promoting tourism in general. It is common for Norwegian regions and municipalities to support regional or local tourism organisations.[43] These are accompanied by a few important national organisations, such as Norway's largest outdoor organisation and DMO, the Norwegian Tourism Organisation.

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41. Visit Norway, 2022.
42. Árnadóttir, 2019.
43. OECD, 2022.

2.1.6. Sweden

In Sweden, domestic tourism constitutes an important portion of the tourism sector.[44] Total tourism contribution to the economy in Sweden before the pandemic was relatively stable at around 2.6 per cent of GDP, but dropped to 1.7 per cent in 2020, with a small increase in 2021 to 1.9 per cent.[45] Majority of this economic effect comes from domestic tourism. When looking at the impact of the Covid-19 pandemic, domestic tourism has come to play an even more prominent role compared to pre-pandemic times.

The tourism-related consumption in Sweden in 2019 amounted to SEK 306 billion (EUR 27.3 billion). Domestic tourists accounted for 70,0 per cent of this total consumption. In 2020, the consumption decreased by a third to SEK 215 billion (EUR 19.2 billion) and at the same time share of domestic tourism rose to 77,7 per cent of the total consumption. (Figure 18). The latest available number show a slow recovery, and in 2021 the tourism consumption rose to SEK 249 billion (EUR 22.2 billion). The recovery was driven by increased domestic consumption, since domestic tourism still accounted for two thirds of the total consumption illustrating its significance for the sector and the economy as a whole.[46] It is worth noting that Sweden's net export of tourism has been negative for long, which means that Swedes consume more via tourism abroad than foreign tourists consume in Sweden.[47] Thus, there is potential for increasing the revenues from domestic tourism if Swedes redirect their tourism domestically.

44. Tillväxtverket, 2022.
45. OECD 2022.
46. Tillväxtverket, n.d..
47. Tillväxtverket, 2022.

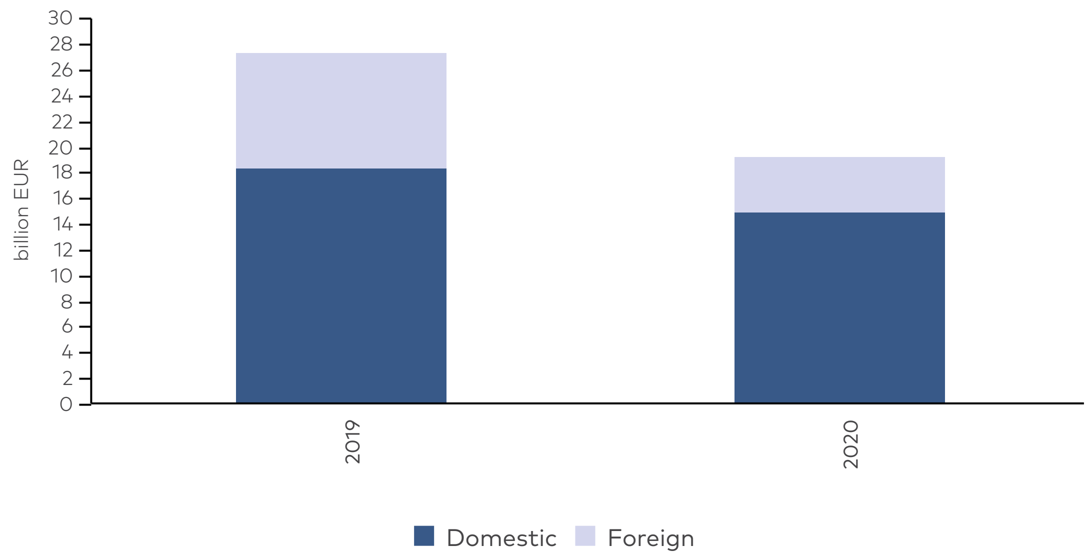

Figure 18. Tourist consumption in Sweden in 2019 and 2020 (in billion EUR). (Source: Tillväxtverket, 2022).

When examining the total nights spent by all tourists in Sweden during the previous decade, it can be observed that there was a steady rise in the amount of tourist overnights from 2010 to 2015 and from 2015 to 2019. During the pandemic, the numbers lowered significantly in 2020 and the first half of 2021, but after that rose soon to the pre-pandemic levels. Summer, especially July, remained the high season throughout the examined period. (Figure 19).

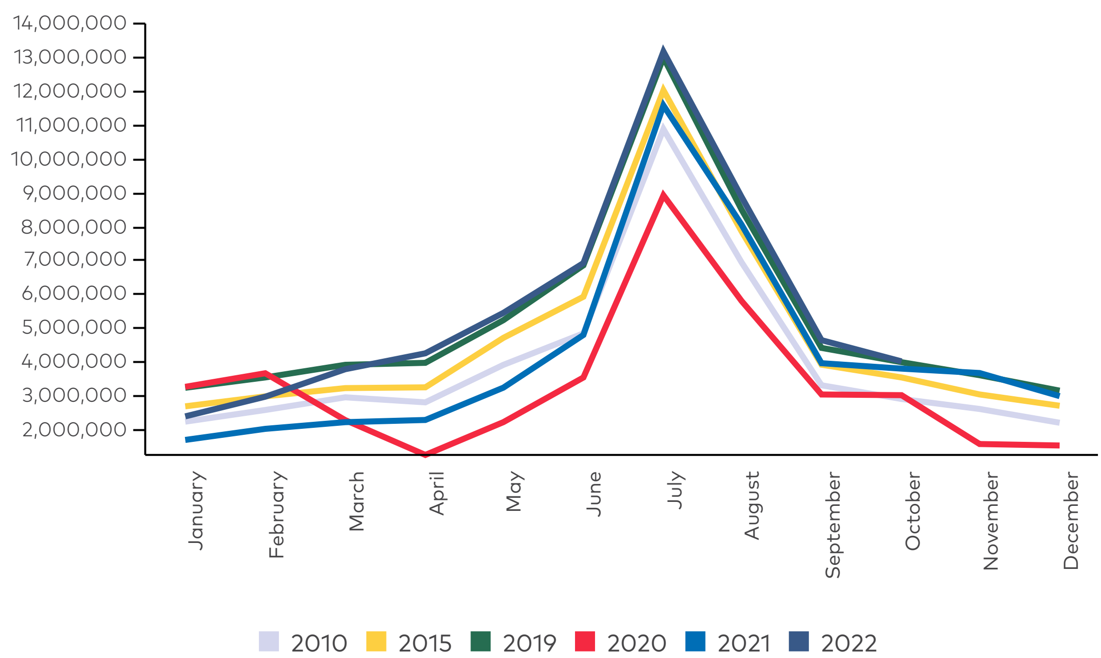

Figure 19. The total nights spent in hotels, holiday resorts, youth hostels and camping sites in Sweden, all tourists. (Source: Statistics Sweden).

As mentioned earlier, the role of domestic tourists in maintaining tourism levels, when measured in nights spent, rose to importance when inbound tourism dwindled. The share of domestic tourism of the total overnights was elevated in both 2020 and 2021compared with the pre-pandemic levels of 2019. In 2022, the share of nights spent by domestic tourists returned close to the level of 2019. (Figure 20).

There are regional variations in the share of domestic tourism. In 2021, the largest shares of domestic overnights were in Västmanland, Dalarna and Halland counties, and smallest in the capital region, southern counties of Kronberg and Blekinge and, on the other hand two northernmost regions with high tourism, Norrbotten and Västerbotten.[48] Interestingly, these counties have very few common features that could explain the high or low share of the domestic tourism. According to the interviews, poor international accessibility is one factor growing the share of domestic tourism, but in general, there is a lack of information about what attracts domestic tourists to certain areas of Sweden. The interest in various destinations in Sweden has increased among Swedes, and Swedes have become more inclined to visit new destinations rather than the most popular and crowded destinations.

48. Tillväxverket, 2022.

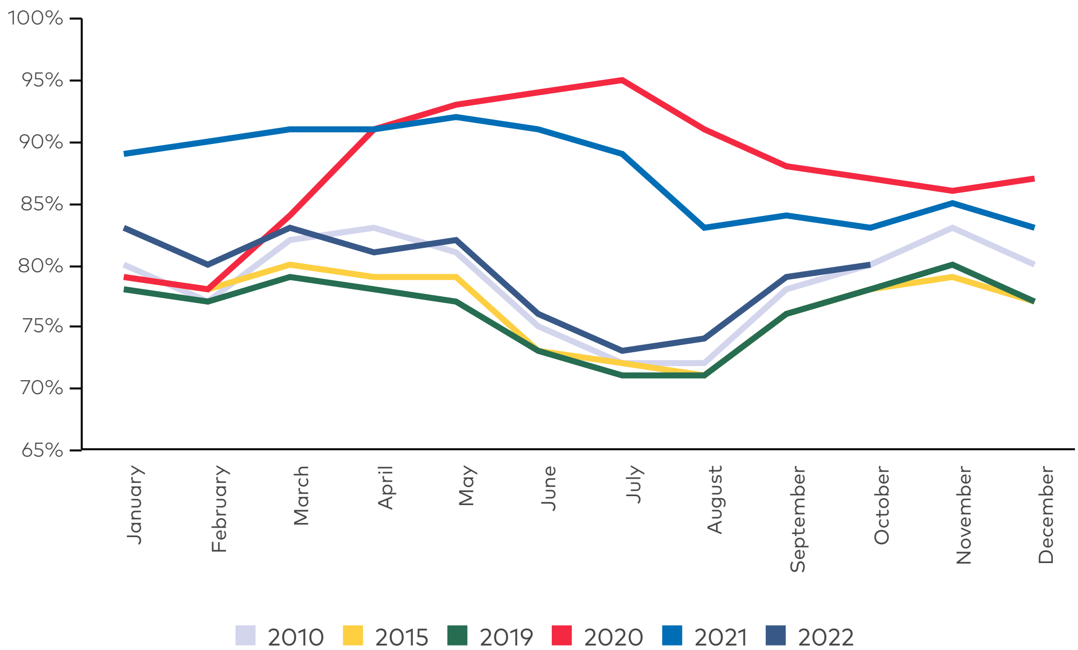

Figure 20. Domestic tourists' share of nights spent in hotels, holiday resorts, youth hostels and camping sites in Sweden in 2010, 2015 and during 2019–2022. (Source: Statistics Sweden).

2.1.6.1. The effects of the Covid-19 pandemic in Sweden

The tourism sector in Sweden was heavily impacted by the Covid-19 pandemic. In March 2020, the government introduced entry ban form outside the EU on non-essential traveling. This ban clearly decreased the number of inbound tourists. Travel restrictions were modified several times especially during 2021 according to the pandemic situation in country of origin and the progress of vaccine coverage. As of 1 April 2022, there were no longer an entry ban to Sweden.[49] Domestically, the Covid-19-related restrictions affecting the tourism industry were temporary infection control measures in serving establishments with associated regulations and general guidance, prohibition of holding public gatherings and public events, limitations on the serving of alcohol and special restrictions to prevent the spread of Covid-19 by banning public gatherings with varying number of participants.[50] Domestic traveling was restricted during the spring of 2020. However, Sweden opted against tighter lockdown efforts that were regularly used in other European and Nordic countries. Majority of Covid-19 restrictions and recommendations were removed in February 2022.[51]

49. Visit Sweden, 2023.
50. Tillväxtanalys, 2021.
51. Government offices of Sweden, 2022

The initial impact of the Covid-19 pandemic and restrictions to tourism industry is noticeable in Sweden when examining the overnight data. Yet, it is not as drastic as in other Nordic countries and regions. When comparing the monthly nights spent in 2020 with that of the monthly data in 2019, the nights spent in Sweden's hospitality services were under 50 per cent of pre-pandemic levels only for two months. Domestic tourism played its part in maintaining tourism levels measured in nights spent, as foreign tourists took until the summer and autumn of 2021 to return to Sweden. As of October 2022, the nights spent by foreign tourists in Sweden were still behind the pre-pandemic levels of 2019. (Figure 21).

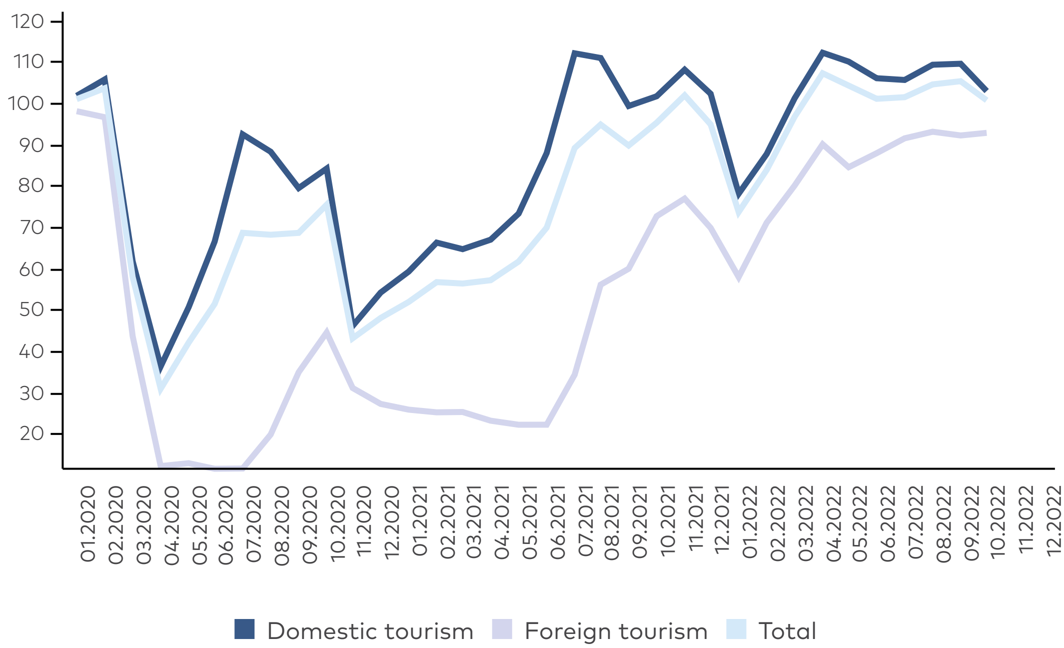

Figure 21. Level of monthly overnights spent in hotels, holiday resorts, youth hostels and camping sites in Sweden by nationality (2020-2022 compared with the same month in 2019). (Source: Statistics Sweden).

2.1.6.2. Domestic tourism governance in Sweden

The system of stakeholders that coordinate, finance and promote domestic tourism in Sweden is, generally speaking, the same as for the sector in general. As such, there is no formal distinction between the actors coordinating and funding domestic tourism activities and international tourism activities respectively on a national level.

At the national level, the Swedish Agency for Economic and Regional Growth is the main government agency responsible for developing the tourism sector. Visit Sweden, a state-owned company, is responsible for marketing the country as a tourism destination internationally. In response to the pandemic, the company was given a formal, extended mandate by the Swedish parliament to market Sweden to Swedes, accompanied by extra funding. It is the only activity mentioned in the Swedish Government's tourism strategy as an activity aimed specifically to developing domestic tourism.[52]

Visit Sweden and the Swedish Agency for Economic and Regional Growth both report to the Ministry of Enterprise and Innovation. The Swedish Agency for Economic and Regional Growth has a significant role in distributing EU funds (e.g. European Structural and Investment Funds), which constitute a large proportion of the development funding going to tourism sector development. Furthermore, the agency is responsible for the production and dissemination of tourism knowledge, official tourism statistics and for collaborating with other government agencies. In addition, the agency's mission includes supporting the country's twenty-one regions in developing their respective tourism industries.[53]

With regard to regional and local arrangements, the Swedish Association of Local Authorities and Regions is a key actor, providing a network with which to share knowledge and coordinate tourism development activities. The regions, with their legal responsibility for regional development in Sweden, play a crucial role in the regional development of the tourism industry. The twenty-one regions are organised in several tourism-specific networks under the coordination of the Swedish Association of Local Authorities and Regions, and the Swedish Agency for Economic and Regional Growth, respectively. The municipalities are also important actors in marketing and supporting tourism sector development through their municipality-owned DMOs.

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52. Swedish Ministry of Enterprise and Innovation, 2022.
53. Ordinance (2009:145) instructing the Swedish Agency for Economic and Regional Growth.

2.2. Domestic tourism in the autonomous areas

In this chapter, we examine the domestic tourism and effect of Covid-19 pandemic on it in autonomous areas. Domestic tourism in autonomous areas is very different from the mainland Nordic countries. Additionally, they all have unique characteristics regarding their domestic tourism market. Greenland is the world's largest non-continental island and covers over one and a half times more land area than all the other Nordic countries combined. Yet, the population of Greenland is a little over 56,500, a mere 4000 more than the population of the Faroe Islands. Hence, due to the much smaller area of the Faroe Islands, the population density in the Faroe Islands is more than a thousand times higher than in Greenland. Åland resembles the Faroe Islands in its population density, but its geographical location is completely different. Whereas both Greenland and the Faroe Islands are secluded and far away from their mainland of Denmark – and far away from any other destination for that matter – Åland is located in between Sweden and Finland with easy access from both countries. These differences give a very different context to domestic tourism in each autonomous area.

It is important to note how we use the concept of a domestic tourism in autonomous areas. Often when looking at autonomous areas, domestic tourism is thought to include tourism from the mainland, especially in the case of Åland. Yet, to be consistent with the use of the concept in this report, we will explore the internal tourism in the autonomous areas (i.e. Faroese traveling in the Faroe Islands, Greenlanders traveling in Greenland and Ålanders traveling in Åland). Given the small population in each autonomous area, the possible target group here is, by definition, small.

Yet, according to the country reports conducted for this study, domestic tourism is much more important in all the autonomous areas than the mere size of the target group suggests. Even though their preferences differ somewhat, domestic tourists still mainly use the same services that inbound tourists use. Hence, domestic tourists can help tourism companies stay in operation during off-seasons or in times of crisis when the number of inbound tourists is lower than usual. Moreover, when domestic tourists can utilise the same services as inbound tourists, it makes the tourism industry more socially acceptable amongst the local people. Both these effects were pronounced during the Covid-19 pandemic when the number of domestic tourists multiplied in the autonomous areas.

Next, we provide an overview of domestic tourism in each of the autonomous areas. Statistical data on tourism aggregated to inbound and domestic components is not widely available for autonomous areas. Most available data is about registered overnight stays. Especially in the case of the Faroe Islands and Åland, overnight data leaves much information about the domestic tourism invisible. Given their small geographical size, a lot of domestic tourism happens in day trips or via staying at a relatives' or friend's house, or via privately owned cottages. However, looking at the data available, we can examine the main trends in domestic tourism in the autonomous areas.

2.2.1. The Faroe Islands

Data on domestic tourism in the Faroe Islands is limited since the Faroe Islands have not yet developed TSA. However, data is available for the number of overnight stays, the turnaround rate and the tourism workforce. The tourism sector in the Faroe Islands was rising in importance before the pandemic. In 2019, the direct contribution of tourism was 1.9 per cent of the GDP of the region, rising from 1.2 per cent at the beginning of the 2010s. During the pandemic, the share of tourism declined to 0.6 per cent in 2020 and recovered to 0.9 percent in 2021.[54]

This is reflected in the nights spent in the Faroe Islands. The total number of nights spent in the Faroe Islands' commercial accommodation almost doubled from 2013 to 2019. The Covid-19 pandemic interrupted the growth, though only temporarily, and the number of total nights topped pre-pandemic levels in the summer of 2021 and has since been noticeably higher than before. (Figure 22).

54. Statistics Faroe Islands 2023.

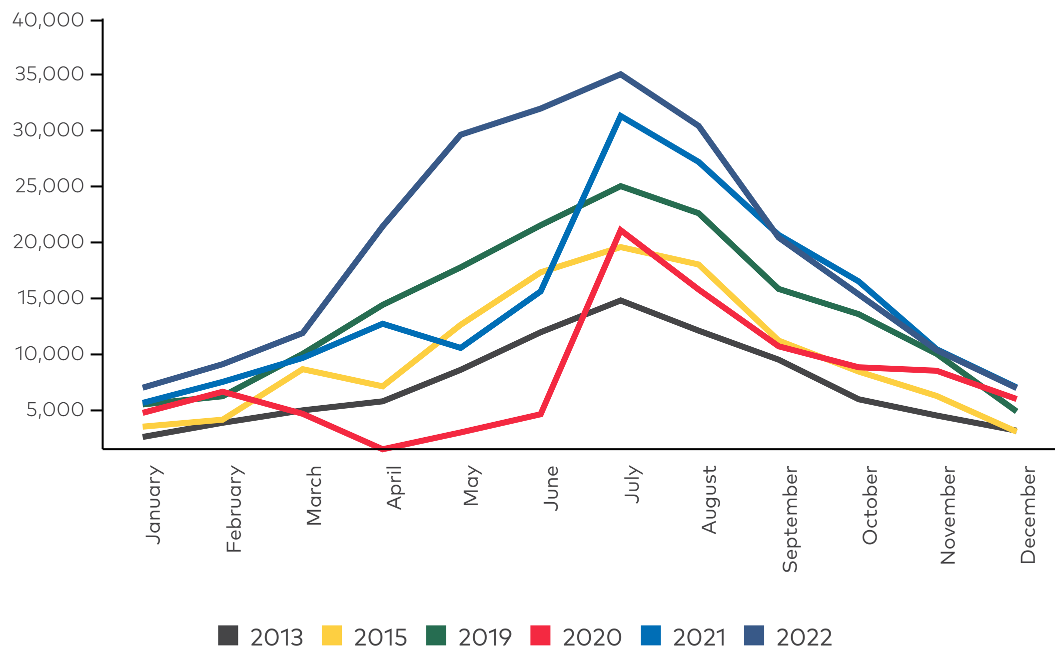

Figure 22. Total nights spent in the Faroe Islands in hotels, hostels and guest houses [55] by all tourists in 2013, 2015 and during 2019–2022. (Source: Statistics Faroe Islands).

Just by looking the overnight statistics, the significance of domestic tourism in the Faroe Islands looks quite small. However, this is due to the Faroe Islands being a small island region, where overnight stays in commercial accommodations among the locals are rare in comparison to same-day trips. According to an interviewee, domestic same-day visitors have great economic importance, along with summer cottage rentals.

Yet, even in the overnight statistics, domestic tourism rose in significance during the Covid-19 pandemic. Domestic overnight stays in the Faroe Islands accounted for approximately 18 per cent of the total number of overnight stays in 2019. The number of domestic visitors staying overnight in commercial establishments increased between 2019 and 2020. The number of domestic overnight stays was 33 496, accounting for a share of 35 per cent of all nights spent. There was a steep increase in domestic tourism in 2021, where the number of overnight stays amounted to 57 454 making 33 per cent of the total number of overnight stays. (Figure 23).

55. Overnight data from Faroe Islands does not include camping sites.

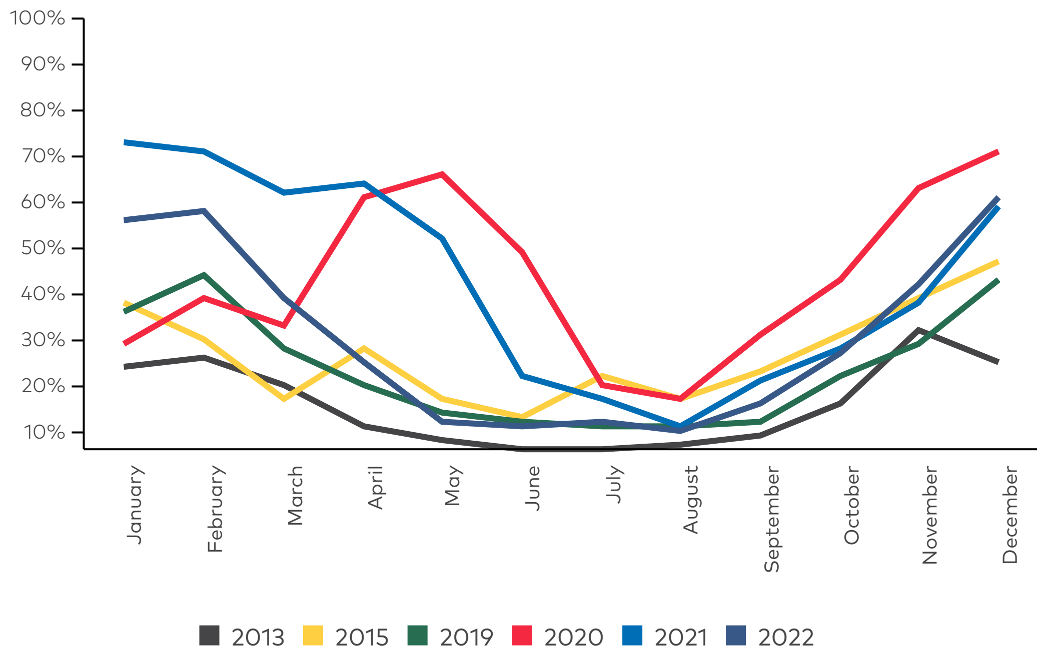

Figure 23. Domestic tourists' share of monthly nights spent in hotels, hostels and guest houses in the Faroe Islands in 2013, 2015 and during 2019–2022. (Source: Statistics Faroe Islands).

2.2.1.1. The effects of the Covid-19 pandemic in the Faroe Islands

The Faroe Islands had international travel restrictions in place from March 2020 until March 2022. The restrictions varied from screening arrivals, quarantines for some or all regions, banning arrivals from some regions and a ban on all regions or total border closure. The Faroe Islands only had a short period at the beginning of the pandemic when travellers from all regions were banned or when a total border closure was enforced. All Covid-19-related restrictions were removed by the Faroese Government as of 1 March 2022.

The number of nights spent in the Faroe Islands by tourists decreased in the beginning of 2020 compared with 2019 but rebounded quickly. Domestic tourism played a large part in the recovery, as can be seen in the large relative increase of nights spent by domestic tourists in Faroe Islands. The summertime appears to be an important time for Faroe Islands' inbound tourism as the share of nights spent by foreign tourists was not dramatically reduced, even in the summers of 2020 or 2021. Otherwise, the share of nights spent by domestic tourists rose to higher levels than previously. The distribution between these two groups was back to a normal in 2022, though the total number of nights was considerably higher compared with pre-pandemic levels. (Figure 24).

Figure 24. Level of monthly nights spent in the Faroe Islands in hotels, hostels and guest houses by nationality (2020-2022 compared with the same month in 2019). (Source: Statistics Faroe Islands).

2.2.1.2. Domestic tourism governance in the Faroe Islands

Given the small size of the tourism economy in the Faroe Islands, there is no separate governmental organisations for domestic tourism governance or development. Domestic tourism is administered as a part of the general tourism governance structure. The Ministry of Foreign Affairs and Trade oversees tourism in the Faroe Islands. In specific issues, there are collaborations with other ministries, such as the Ministry of Culture and the Ministry of Environment. In certain matters, such as transportation and aviation, the tourism sector falls under Danish regulations. At the local level, regional tourist agencies are responsible for promoting growth in the tourism industry. The Visit Faroe Islands Tourist Board oversees the development of the travel industry in the Faroe Islands through its subsidiary, Visit Faroe Islands. In 2018, a new development department was set up and integrated within Visit Faroe Islands. The main task of this department is to better organise the tourism industry in the Faroe Islands. In addition, the development department oversees national campaigns, such as a webpage that was set up to highlight new travel packages specifically for domestic tourists. The North Atlantic Tourism Association is another relevant organisation, with a mission of promoting tourism in the west Nordic nations of the Faroe Islands, Greenland and Iceland

2.2.2. Greenland

Data on domestic tourism in Greenland is limited as Greenland has not yet developed TSAs. Available statistics regarding domestic tourism concern the number of rented rooms, number of overnight stays, occupancy rate, capacity and the number of guests.

The summer seasons clearly play a large role in tourism for Greenland. Overnight data reveals high peaks during the summer months before the pandemic. There was a clear growth in overnights from 2015 to 2019. Covid-19 affected the emerging tourism sector and the night spent decreased steeply in 2020 and 2021. However, the recovery from the pandemic has been fast and nights spent in 2022 already surpassed those of 2019. (Figure 25).

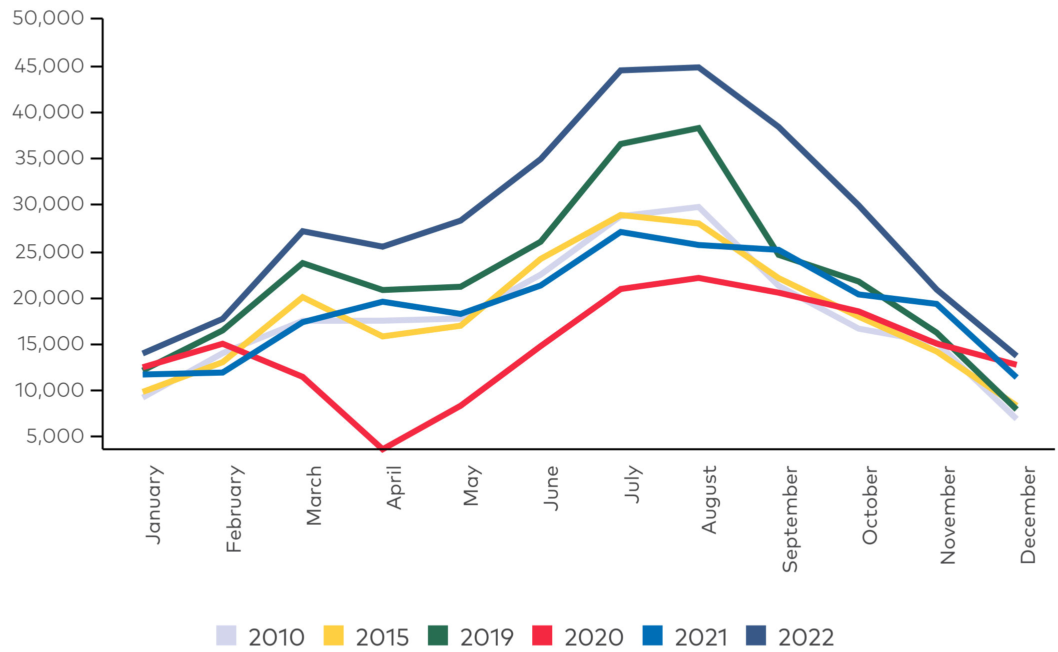

Figure 25. Total nights spent in the Greenland in hotels, hostels and other tourist accommodations[56] by all tourists in 2010, 2015 and during 2019–2022. (Source: Statistics Greenland).

There were fewer inbound tourists in Greenland during the pandemic, but the decrease seems to be temporary. In 2019, domestic tourism's share of nights spent in paid accommodation was 64 per cent. In 2020, the domestic share was 79 per cent and in 2021 the share was back to 63 per cent. (Figure 26). Even though there was an increase in the domestic share of overnight stays in 2020, the total number of overnight stays decreased from 2019 to 2020. However, there was a 20 per cent increase of domestic overnight stays between 2020 to 2021, even if their share of total overnights did not grow due to the recovery of the inbound tourism latter part of the 2021.

There are regional differences in the domestic number of overnight stays in Greenland. The region with the highest domestic number of overnight stays in 2021 was the capital region (with 51 915 overnight stays). The region with the lowest domestic (and overall) number of overnight stays in 2021 was East Greenland (with 603 domestic overnight stays). Looking at the changes from 2020 to 2021, the greatest increase in domestic overnight stays was in South Greenland, where the increase of domestic overnight stays was 30 per

56. Statistics Greenland describes the data to include "overnight stays at the 51 hostels and other tourist accommodations in Greenland that Statistics Greenland receive reports from." It is not clear if this includes, for example, camping sites.

cent.[57]

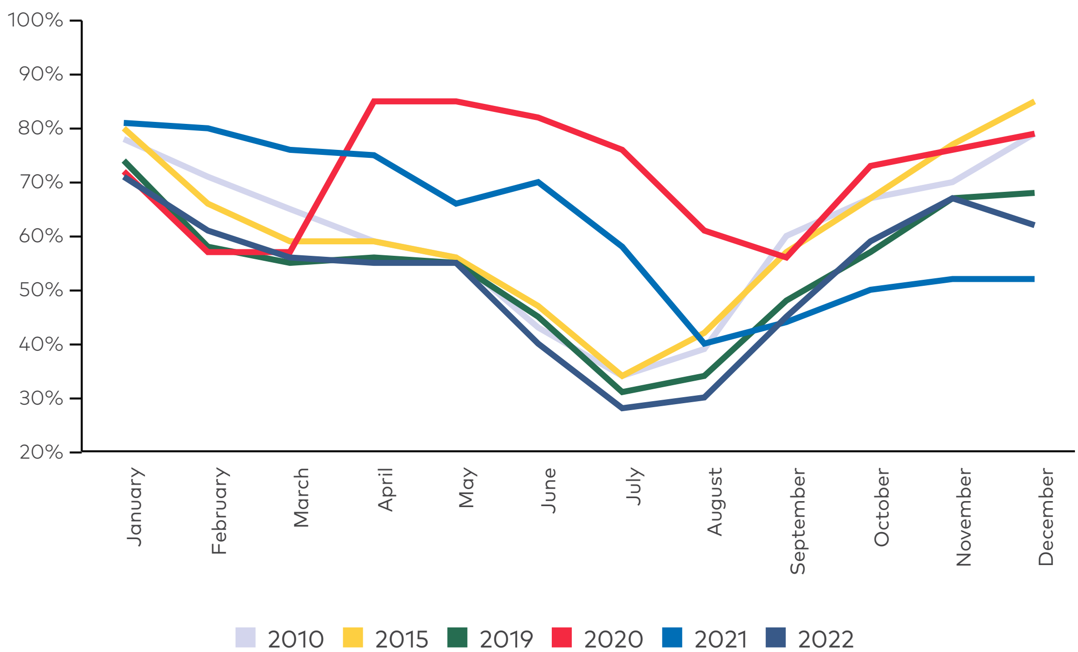

Figure 26. Domestic tourists' share of monthly nights spent in hotels, hostels and other tourist accommodations in Greenland in 2010, 2015 and during 2019–2022. (Source: Statistics Greenland).

2.2.2.1. The effects of the Covid-19 pandemic in Greenland

Greenland had international travel restrictions from March 2020 until May 2022. The restrictions varied from screening arrivals, quarantines for some or all regions, banning arrivals from some regions to a total border closure. In the early stages of the Covid-19 pandemic, as well as from December 2020 to June 2021, Greenland banned arrivals from all regions or had a total border closure. In the later stages of the pandemic, Greenland switched to screening arrivals. In May 2022, all travel restrictions relating to the pandemic were lifted.

The larger slump in nights spent in Greenland by tourists due to the Covid-19 restrictions was short lived. This can be seen when observing the monthly number of nights spent there compared with those of 2019. However, it took until the autumn of 2021 to surpass the number of monthly nights spent in Greenland in 2019. The role of domestic tourism was higher than normal during 2020 and 2021. It took until the winter of 2021–2022 for inbound tourism to return to its former,

57. Visit Greenland, 2022. Tourism Statistics report 2021 Greenland.

pre-pandemic levels. In 2022, overnight data show a clear growth for both domestic and inbound tourism compared to pre-pandemic situation and the number of overnights is trending upwards. (Figure 27).

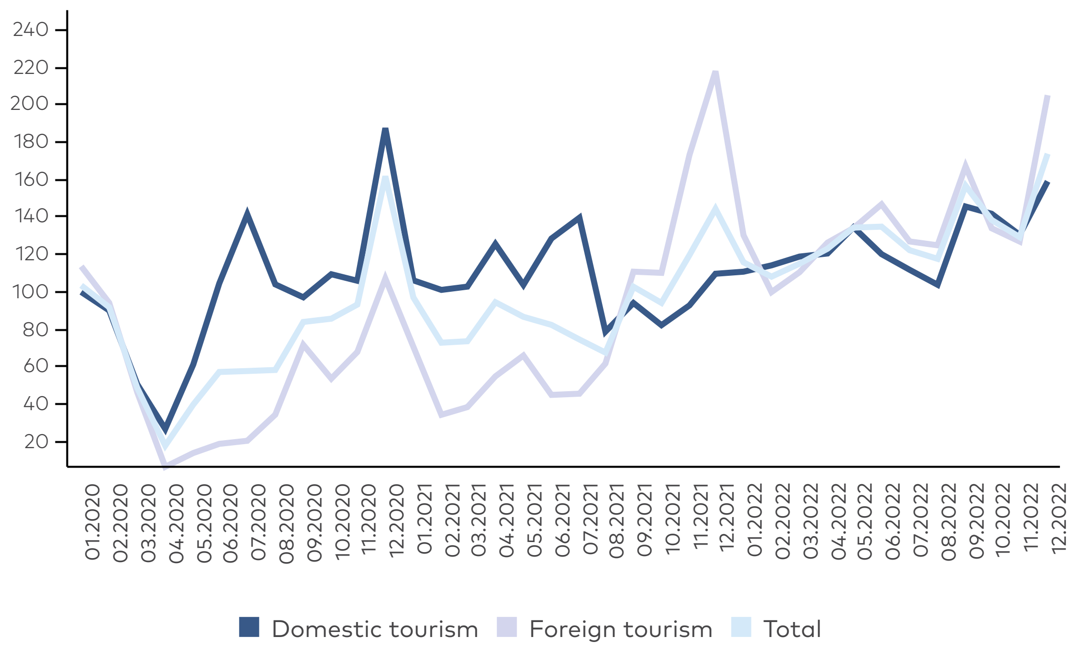

Figure 27. Level of monthly nights spent in hotels, hostels and other tourist accommodations in Greenland by nationality (2020-2022 compared with the same month in 2019). (Source: Statistics Greenland).

2.2.2.2. Domestic tourism governance in Greenland

The Ministry of Industry and Energy oversees the tourism sector in Greenland. Greenland's tourism sector also falls under some Danish regulations, for example, regulations concerning transportation and aviation. The task of marketing Greenland as a tourism destination is under the purview of Visit Greenland, which is a national tourist board and government-owned organisation. Visit Greenland also monitors domestic tourism and serves as a national tourism resource centre for Greenland. The North Atlantic Tourism Association is another relevant organisation for Greenlandic tourism.

2.2.3. Åland

Åland has a limited amount of data available on the domestic tourism of Åland residents. The autonomous island region is part of the TSAs of Finland, but in these statistics, the domestic tourism includes tourists from mainland Finland as well. To be consistent with the use of concept of a domestic tourist in this report, we examine Ålanders travelling within Åland. The only aggregated data about Ålanders is available from Statistics Åland and concerns overnight statistics, beginning from the year 2019.

Despite these limitations, there are some more general data available about tourism in Åland. Tourism is extremely important for the autonomous area. In 2019, tourism constituted 20.8 per cent of Åland's GDP and 21.5 per cent of all employed persons worked in tourism industries.[58] An interviewee described tourism as the Åland's biggest export industry and just as important for Åland as it is for Spain or the Mediterranean countries. Hence, the impact of Covid-19 pandemic was severe.

Tourism has been important economic sector for Åland for long. This is also visible in overnight statistics, where the number of nights spent in Åland stayed quite stable from 2010 until 2019. As there was very little domestic tourism to buffer the effects of the pandemic, the total nights spent in Åland by tourists halved in 2020 and stayed well below average in 2021. The number surpassed pre-pandemic levels in spring 2022 by a small margin, displaying recovery from the slump seen in 2020 and 2021 during the most acute phases of the pandemic. (Figure 28).

58. Statistcis Åland, 2022.

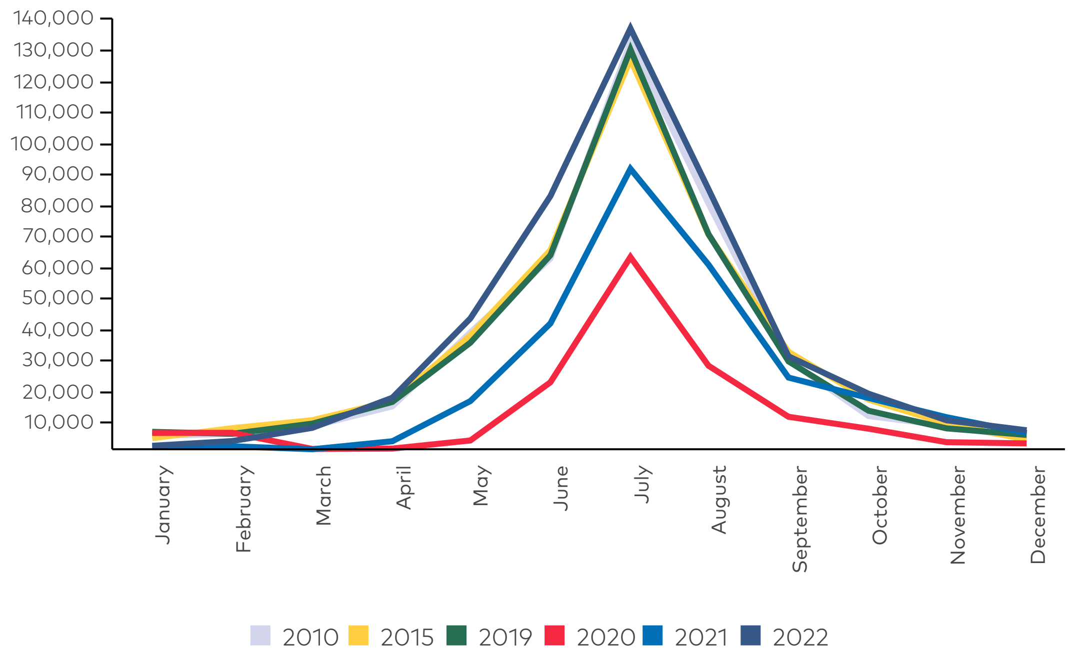

Figure 28. Total nights spent in hotels, holiday resorts, youth hostels and camping sites in Åland by all tourists in 2010, 2015 and during 2019–2022[59]

Since there are only about 30,000 inhabitants in Åland, the share of domestic tourism is very small, and the tourism industry in the region is very dependent on inbound tourism – especially tourists from Finland and Sweden. According to an interview, local Ålanders usually say that there is no domestic tourism, though this is not completely true. There is no data available about domestic same-day visitors, but the significance of day trips on such a geographically small area can be assumed to be higher than domestic tourists making overnight trips. For example, domestic tourism is extremely important for restaurants in the off-season. According to an interview, in the wintertime the restaurants in Åland survive thanks to the local people.

This is reflected in the share of domestic nights spent in Åland. In 2019, before the Covid-19 pandemic, there were 189 490 overnight tourists in Åland's commercial accommodation (including hotels, guesthouses, cottage villages and campsites). Of these, 2073 were domestic overnight tourists, which represents a mere 1.1 per cent of all overnights in Åland. In the midst of the Covid-19 pandemic in 2020 and 2021, there was a surge in the domestic tourism and the number of domestic tourists' overnights increased three-fold. Especially at the times of severe travel restrictions that were in place in the spring of 2020 and 2021, the share of domestic tourists

59. Figures for 2022 are preliminary.. (Source: Statistics Finland).

rose to over 20 per cent of total monthly overnights. (Figure 29). Sill, annually, domestic tourism constituted little over 4 per cent on total overnights in both 2020 and 2021.

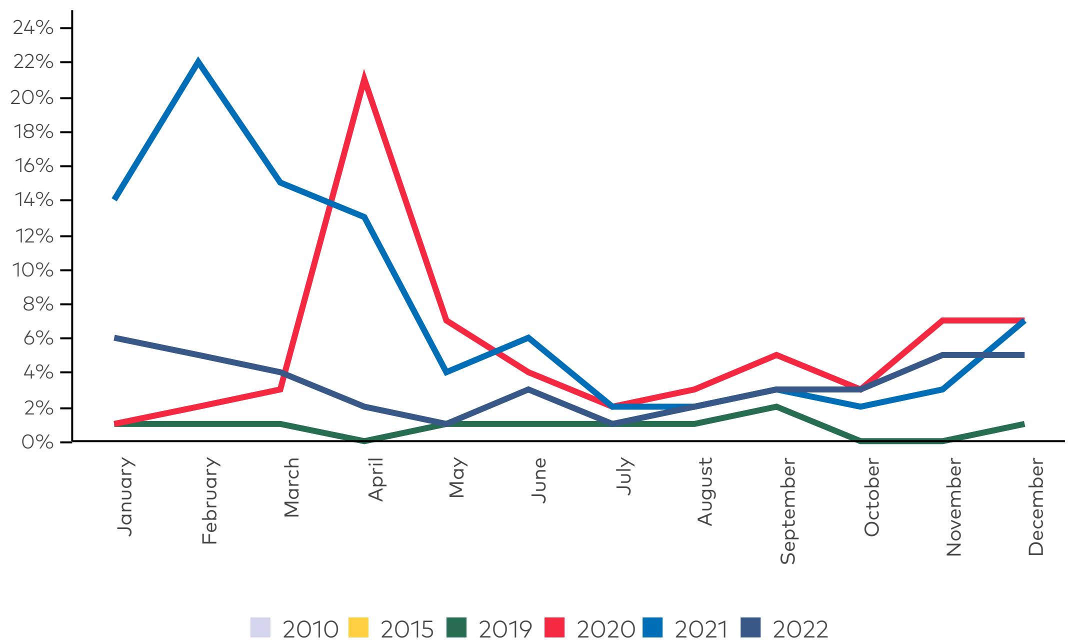

Figure 29. Domestic tourists' monthly share of nights spent in hotels, holiday resorts, youth hostels and camping sites in Åland in 2010, 2015 and during 2019–2022[60]. (Source: Statistics Åland).

2.2.3.1. The effects of Covid-19 pandemic in Åland

The number of overnights spent in Åland was low from March 2020 until the spring of 2022, despite a sudden rise at the end of 2021 relative to the end of 2019. By 2022, nights spent by inbound tourists had stabilised to a somewhat higher level compared with pre-pandemic times. For domestic tourism the very small number of domestic overnights before the pandemic makes comparisons with 2019 quite infeasible. When comparing pre- and post-pandemic domestic monthly overnights, the results vary wildly month by month. On some months, the number of domestic overnights has been over 15 times higher compared to the same month in 2019. It seems that Covid-19 pandemic started bit of a boom in domestic tourism in Åland. Yet, even with exponential growth, domestic tourism overnights form just a fraction of total nights spent in Åland. Figure 30 illustrates this. When comparing the differences in overnights by nationality to 2019, the line for foreign overnights and

60. Figures for 2022 are preliminary.

total overnights overlap almost completely and are indistinguishable from each other in the given scale. This is due to the low volume of domestic tourism in Åland compared to inbound tourism in overnight data. (Figure 30).

Figure 30. Level of monthly nights spent in hotels, holiday resorts, youth hostels and camping sites in Åland by nationality (2020-2022 compared with the same month in 2019)[61]. (Source: Statistics Åland).

2.2.3.2. Domestic tourism governance in Åland

Legislation on tourism in Åland stems both from Åland local legislation as well as Finnish laws and regulations. Finnish legislation that affects the Åland tourism sector includes tax policies and labour laws.[62] Tourism in Åland falls under the responsibility of the Ministry of Industry, Trade and Environment. The provincial government in Åland supports tourism companies considerably given its importance to the economy of the autonomous area. The tourism enterprises are mainly small, and according to an interview the industry would never come up with the sums needed to market services with the width that is needed without the help of the provincial government. Visit Åland, a public-private forum, is responsible for tourism development in the area. It manages and coordinates the tourism activities and finances, branding and marketing and product development. Visit Åland's

61. Figures for 2022 are preliminary.
62. Arnadóttir, 2019.

activities, including the efforts to develop and market domestic tourism during the Covid-19 pandemic, are financed by the provincial government.

2.3. Domestic same-day visitors

In the domestic market, the same-day visitors make up a considerable portion of both trips for leisure and for business, but the aggregated information about them is rarely collected. TSAs should include same-day visitors in the numbers of visitors and spending by same-day visitors in tourism consumption (both inbound and domestic) data, but they rarely give aggregate data on tourists and same-day visitors. One of the key recommendations in the recent Nordregio report about the Nordic TSAs was to break down the information into *overnight tourists* and *same-day visitors* in key statistics.[63]

No aggregated data about same-day visitors was found for Norway and the autonomous areas. In Iceland[64], Finland, Denmark and Sweden, there was some data available. Based on this data and insights from the interviewees, same-day visitors form a sizable share of tourism, especially in the domestic market. Their significance for the domestic tourism market is higher in the smaller autonomous areas. Hence, there is a clear need for more data and more specific research on the preferences and behaviour of same-day visitors in the Nordics.

Due to the lack of data available, it is not possible to make direct comparisons about the significance of domestic same-day visitors in the Nordic countries and autonomous areas. Even less is known about the impact of the pandemic on domestic same-day visitors in different Nordic countries. The data that is available is usually created in separate projects with varying methods. Typically, these studies do not include data sets that span over time but are more of a snapshot of the situation at the time of the study. Additionally, definition of a *same-day visitor*, the method used to estimate number of same-day visitors and the sources of data vary. Keeping these limitations in mind, the numbers available can reveal some general patterns about the significance of same-day visitors in the domestic market in the Nordic countries.

2.3.1. The number of same-day trips

The number and share of the trips made domestically by same-day visitors is very significant. The most comprehensive data on domestic same-day visitors is

63. Karlsdóttir & Sánchez Gassen 2021, p. 36.
64. In Iceland, the TSAs separate between *tourists* and *excursionists* (same-day visitors) in the number of trips and overnights, but this only applies to inbound tourism. All domestic and outbound tourists are categorised as *excursionists*.

available from Finland. Statistics Finland's database includes information about the number of same-day trips for two years: 2018 and 2021. In 2018 there were 16.2 million same-day trips, both for leisure and business, in Finland (2.9 trips per person). In the year 2021, the amount was almost doubled to 31.9 million same-day trips (5.8 trips per person).[65] This can be contrasted with the number of trips made by domestic overnight visitors, which was 29.1 million in 2018 and 29.3 million in 2021.[66] The dramatic growth of same-day trips was contributed solely by leisure traveling, which went up by over 130 per cent from 12.2 million trips in 2018 to 28.6 million trips in 2021. At the same time, the number of business-related same-day trips decreased by 16 per cent from 3.9 million in 2018 to 3.3 million in 2021, and the number of business-related overnight trips was more than halved from 3.5 million in 2018 to 1.6 million in 2021. This very large shift coincides with the travel restrictions introduced during the Covid-19 pandemic, but since data from years in between is missing, the relation between the pandemic and the rapid growth of same-day leisure visits in Finland cannot be firmly established. However, survey-based estimations from Iceland support the notion that the Covid-19 crisis contributed to a significant rise in the number of domestic same-day trips. According to the annual traveller survey in Iceland, the average number of domestic same-day trips per Icelander rose by over 50 per cent during the pandemic from 4.1 trips per person in 2019 to 6.2 trips per person in 2021.[67]

In 2021, same-day visits constituted 51 per cent of all domestic trips for leisure in Finland and 68 per cent of all domestic trips for business in Finland. This is comparable to same-day visits' share of domestic trips in Sweden in the same year: 54 per cent of domestic trips for leisure were done by same-day visitors and 76 per cent of the business-related trips were same-day trips in 2021. In absolute terms, the number of same-day trips in Sweden was considerably larger comapred to Finland. In 2021, Swedes made 123 million trips domestically. 58 per cent of these domestic trips were made by same-day visitors. This amounts to 71 million trips (6.8 trips per person).[68] (Figure 31). Same-day visitors make an approximaltey equal share of total domestic tourism trips in Finland and Sweden, which gives credibility to these figures and the significant effect of Covid-19 pandemic had on the number of same-day visits. However, since there is no earlier data from Sweden, it cannot be confirmed if there has been similar rise in domestic same-day leisure trips during the pandemic as there has been in Finland.

65. Statistics Finland, 2022a.
66. Statistics Finland, 2023.
67. Gallup, 2022.
68. Tillväxtverket, 2022.

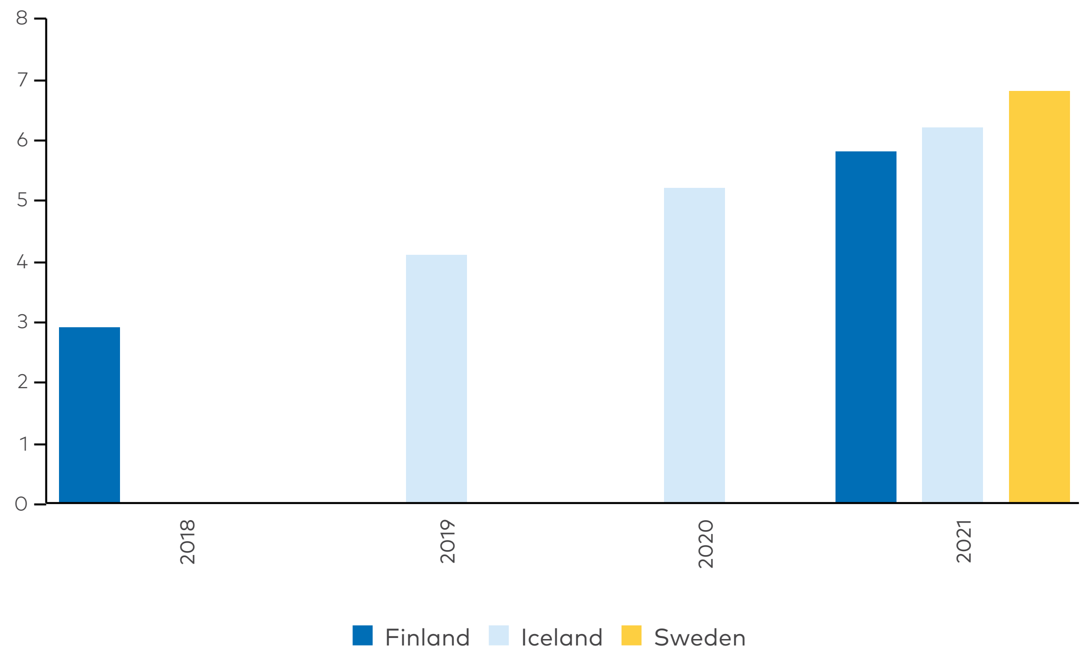

Figure 31. Annual number of same-day trips per person in Finland, Iceland and Sweden in years when data is available. (Source: Statistics Finland, Gallup 2022, Tillväxverket 2022).

2.3.2. Domestic same-day visitors' contribution to the economy

The contribution to the economy by the same-day visitors is relatively smaller than their share of the trips. It seems that domestic same-day visitors spend less money on their trips than domestic overnight visitors which comes as a no surprise, since they use less services (for example, they do not need accommodation). Yet, the share of same-day visitors in economic terms is far from negligible. Statistics Finland aggregates same-day visitors and overnight visitors in their data about domestic tourism expenditure. Unfortunately, this data is only available up until 2019, so the effects of the Covid-19 pandemic cannot be seen. In the year 2018, there is also data about the number of trips of same-day visitors in Finland, according to which 35.7 per cent of all domestic trips were made by same-day visitors. In the same year, same-day visitors' share of total domestic tourism expenditure was 19.5 per cent, and they spent EUR 1.67 billion in products and services on their trips. In 2019, the year before the pandemic changed the tourism market, the expenditure of domestic same-day visitors rose to EUR 1.72 billion, but its share was the same: 19.5 per cent of total domestic tourism expenditure.[69]

Additionally, Denmark has data available about domestic same-day visitors' share of consumption. In 2020, domestic same-day trips for leisure contributed DKK 15.3 billion (EUR 2.1 billion), which constitutes 20 per cent of total domestic tourism consumption in Denmark. Business-related domestic same-day visitors contributed DKK 12.9 billion (EUR 1.7 billion) or 17 per cent of total domestic tourism consumption. In total, the consumption of all same-day visitors (including inbound and domestic) on leisure trips decreased 20 per cent and the consumption of those on business trips decreased 12 per cent from 2019 to 2020.[70] However, there is no data available regarding how much of this decline was due to a decrease in inbound same-day visitors and how much was due to a decrease in domestic same-day visitors. It is plausible that the decrease was larger in inbound same-day visitors consumption as there were severe travel restrictions for inbound visitors in place in Denmark in 2020 due to the Covid-19 pandemic. However, without more comprehensive data it is impossible to verify this. The total share of domestic consumption of same-day visitors in 2020 in Denmark, 37 per cent, is considerably larger than their share of domestic expenditure in 2019 in Finland, 19.5 per cent. While there is a clear difference between these numbers, they are measuring two different things on two very different years, so it is again not possible to make any conclusions about the difference of the size and significance of domestic same-day visitors in Denmark and Finland based on this data.

2.4. Domestic tourism in the Nordic countries after Covid-19 pandemic

During the pandemic, the number of domestic tourists grew significantly in the Nordic countries and autonomous areas. In Iceland and the autonomous areas, the number of domestic overnights multiplied many times over compared to pre-pandemic times, which is due to the small initial number before the pandemic. In Norway and Denmark, the level of domestic overnights topped pre-pandemic levels already in the summer of 2020 and in Finland and Sweden, the pre-pandemic level was reached during summer of 2021. Given the simultaneous drop in the number of inbound tourists, the rise in the relative share of domestic tourists was even greater. However, the surge in the number of domestic tourists was not reported to be enough to entirely compensate for the decrease of the inbound tourists in the early phases of pandemic in any of the Nordic countries or autonomous areas. Likewise, according to all the country reports, the tourism industry has not yet

69. Visit Finland, 2022a.
70. Fonnesbech-Sandberg, & Runge, 2022, p. 10.

entirely recuperated from the pandemic, although the number of inbound tourists has been rising. Meanwhile, in late 2022 the number of domestic tourists in the Nordic countries and autonomous areas is, in both relative and absolute terms, higher than before the pandemic but lower than during the most pandemic-affected years of 2020 and 2021.

An interesting aspect here is that, according to the results of the survey, the effects of the Covid-19 pandemic on a company level seem far more ambivalent. Both in revenue and in the numbers of employees and customers, the share of those respondents reporting their situation as better than before the pandemic is at quite the same as that of those reporting their situation is worse. This at the first glance seems contradictory to the situation of the tourism industry in the Nordic countries, which seems generally weaker compared to the pre-pandemic situation. However, we still don't have full picture of the recovery. Additionally, the survey results may be explained by the fact that it includes only respondents whose company has survived the pandemic, not respondents whose company went bankrupt. Even though the time during the pandemic was rough, especially for enterprises serving mostly inbound tourists, it forced companies to develop new practices with which to cope with the crisis, for example, digitalisation and new marketing solutions for domestic tourism. Additionally, given that the sample of enterprises who answered the survey is not representative, in the survey those companies that are doing better and are more interested in domestic tourism can be overrepresented and hence the results can give overtly positive outlook. On the other hand, both the survey and the country reports indicate an increased interest in the domestic tourism markets.

In the survey, the tourism enterprises in the Nordic region were asked how their situation has changed in comparison with before the Covid-19 pandemic across six different categories. These include three indicators measuring the economic success of the company: revenue, number of employees and number of customers. Additionally, there were three indicators for measuring the significance of domestic tourism after the pandemic: number of domestic customers, investment in domestic tourism and interest towards domestic tourism.

In most categories the share of 'smaller/fewer' and 'larger' responses combined is roughly equal. This implies that, while some respondents have exceeded the pre-pandemic levels in many categories, some are still struggling with the negative effects of the pandemic. (Figure 32). Regionally, the proportion of 'it is significantly larger' responses are notably higher in the categories 'Revenue' and 'Number of customers' in Iceland and 'Investment in domestic tourism' in Finland. In Sweden the share of 'somewhat smaller/fewer' responses in the category 'Number of employees' is significantly higher compared to average.

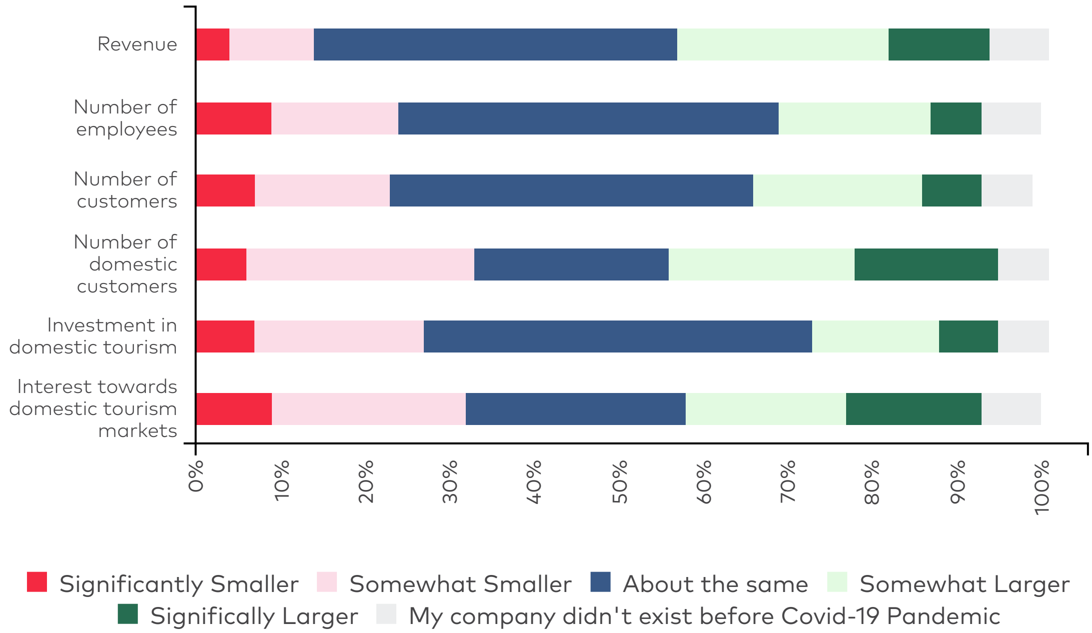

Figure 32. The effects of the Covid-19 Pandemic in tourism companies (private enterprises only, N=343).

Closer examination of the survey results reveals a strong correlation between the changes in number of domestic customers and indicators measuring the success of the company. Those tourism enterprises that have been able to increase the number of domestic customers compared to pre-Covid situation have more often also been able to increase their revenue, number of employees and number of total customers. Of enterprises responding that the number of domestic customers is somewhat or significantly larger, 60 per cent reported that their revenue was also larger compared to time before Covid-19 pandemic. This is significantly higher share compared to those who report that the number of domestic customers has stayed the same of is smaller, since only 29 per cent of these enterprises reported that their revenue was higher. The same pattern can be observed in number of employees, where 41 per cent of enterprises who have increased number of domestic customers have also more employees, over twice the share compared to those enterprises that don’t have more domestic customers (18%). Unsurprisingly, larger share (61%) of companies who have more domestic customers compared to pre-pandemic situation also report that total number of customers is somewhat or significantly larger compared to the companies who report not to have more domestic customers (31%). These results suggest that the companies that were successful in attracting more domestic customers during the pandemic are now in better shape economically.

Another interesting correlation can be observed between investment in domestic tourism and number of domestic customers. The enterprises reporting somewhat or significantly larger investment in domestic tourism compared to pre-pandemic times also report more often that the number of domestic customers is higher. Well over half, 58 per cent of those companies that have invested more into domestic tourism also reported to have more domestic customers, whereas only 22 per cent of those companies who have not invested more reported to have more domestic customers. Investing in the domestic tourism thus mostly seems to have had desired impact and had attracted more domestic customers. Increasing the number of domestic customers during the pandemic have meant better economic performance for enterprises, so our results indicate that investing in domestic tourism has helped tourism enterprises in the Nordic countries not only to survive the Covid-19 crisis, but also to be able to grow during it. Given the explorative nature of our research and possible biases in our sample of enterprises, this result is not conclusive, but at the least observation merits more research. If this observation is validated in further studies, it would be interesting to examine for example what the companies that have been successful in increasing the number of domestic tourists have in common.

Additionally, the DMOs were asked to compare the situation now with time before Covid-19 in their region. A significant proportion of the respondents reported either somewhat larger or significantly larger change in the 'Number of domestic tourists' and 'Interest in domestic tourism markets' categories. According to the answers, investment in domestic tourism has not changed significantly and the share of 'smaller/fewer' and 'larger' answers are somewhat equal. (Figure 33).

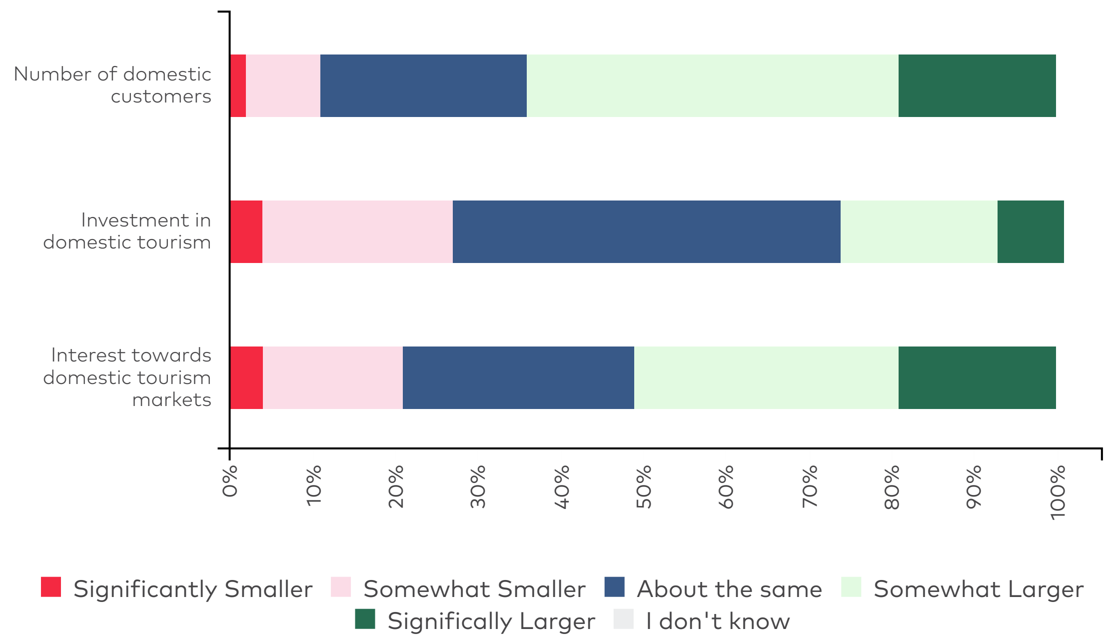

Figure 33. The effects of the Covid-19 pandemic in the region (destination management organisations only, N=53).

When comparing the responses of private enterprises and DMOs, it can be observed that, in general, the DMOs see the number of domestic tourists and interest towards domestic tourism markets to have grown in the region significantly more than private enterprises saw them to have grown in their own business. Interestingly, there is much smaller difference between DMOs and private enterprises when asking about investment in domestic tourism: 27 per cent of DMOs thought that there is more investment in domestic tourism in the region compared to 25 per cent of private enterprises (excluding those companies that did not exists before the pandemic) think they have invested more into domestic tourism. It seems that the respondents working in DMOs think that the number of domestic tourists has grown more organically without significant additional investments in the region compared to the experiences of respondents working in private enterprises, who more often think that growing the number of domestic customers has required more investments in domestic tourism.

3. Domestic tourism target groups and preferences

One aim of this study was to provide perspectives on the preferences of domestic tourists. This chapter explores the preferences of domestic tourists from three different viewpoints. First, the chapter presents existing profiles of domestic tourism target groups from those Nordic countries where such profiles have been created. It also includes results from other surveys asking about the preferences of domestic tourists. After this, the focus shifts onto the results of the survey included in this research project. There, the results concentrate on what kind of views the respondents of the survey (i.e. people working in tourism business, DMOs and business support organisations) have on the profiles and preferences of Nordic domestic tourists. The last sub-chapter deals with the patterns of behaviour that separate domestic tourists from inbound tourists.

The main findings in this chapter are:

- The target groups and preferences of the domestic tourists in the Nordic countries are underexplored, but based on the findings in the literature, survey and interviews, preferences of the domestic tourists in Nordic countries and autonomous areas countries are quite similar.
- Appreciation of nature and nature experiences is a common feature of domestic tourists in the Nordic countries. Price is an important factor in all the Nordic countries, but domestic tourists also appreciate good quality in services and products they consume. Domestic tourists can be seen as cost conscious. They are willing to spend money but only when they feel they get expected quality in return.

- Given similar preferences of the domestic tourists on the Nordic countries, products created to serve domestic markets in any Nordic country can be readily marketed in other Nordic countries as well.
- Behavioral factors make domestic tourism more volatile compared to inbound tourism in the in the short term and from the viewpoint of an individual company. In the long term and from the viewpoint of the whole tourism industry, however, demand of domestic tourism is more stable compared to inbound tourism that is more prone to fluctuations caused by shifts in international environment.

3.1. Domestic tourism target groups

There are very few target group analyses about domestic tourists conducted in the Nordic countries. The most comprehensive recent research was done in Finland, where the Ministry of Economic Affairs and Employment published a report on the target groups of domestic tourism in 2021. In the report, based on the survey responses of 1000 individuals, five different profiles of domestic tourists with varying needs and expectations were identified. These groups represent a very similar share of the respondents. *City tourists* (20 per cent of respondents) are interested in food and restaurants, sightseeing, theatres, museums and other cultural services. *Visitors and cottage dwellers* (16 per cent of respondents) are interested in visiting relatives and friends and going to their or their relatives' summer cottages and might not be considered tourists in the traditional sense of the term. *Active holidaymakers* (19 per cent of respondents) have the most interests compared with the other profiles and the members of this group are interested in outdoor activities (such as golf, paddling, cycling), events, summer cottages, spas, restaurants and shopping. They are more interested in activities in nature than the people represented by the other profiles. *Comfort-seekers* (20 per cent of respondents) value more spas, wellness services, shopping, food and restaurants, and amusement parks or theme parks, than the people represented by the other tourist profiles. *Those interested in culture and nature* (24 per cent of respondents) are into hiking, national parks, sightseeing and culture. They do not see nature and culture as opposites but are equally interested of both. Additionally, the report concludes that remote workers and families with small children have potential in the domestic market and need to be addressed as forming groups of their own.[71]

Additionally, in 2021, Visit Sweden conducted a target group analysis of domestic tourists and asked 1179 Swedes about their preferences for travelling in Sweden.

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71. Ministry of Economic Affairs and Employment, 2021.

This analysis divided potential domestic tourists into three segments. The segment for *an everyday-life escaping bon vivant* was by far the largest segment, constituting 60 per cent of the respondents. The drivers and activities that are particularly important for the domestic tourists in this segment are having fun with travel companions, enjoying good food and drinks, and getting away from their everyday routine. All age groups are represented, but the domestic tourists belonging to this group are less likely to have children compared with the other two groups. *Active nature lovers* (18% of the respondents) want to spend time in nature more than any other group. They want to spend their travels in Sweden relaxing, spending time in nature and enjoying the peace and quiet. *Curious explorers* (17% of the respondents) form a group representing people who like to discover new things and who are particularly curious about local contexts.[72] This is a much more common group for inbound tourists than domestic tourists in Sweden since it amounts to 43 per cent of all inbound tourists.[73]

For Denmark, Norway, Iceland and the autonomous areas, we did not find any studies with domestic tourist profiling. Yet there are annual surveys about traveling in Denmark and Iceland that give insights about the preferences of domestic tourists. In Denmark, both Visit Denmark and the Danish Coastal and Nature Tourism foundation conduct annual image and potential analyses in which they ask Danes about their holidays last year and their plans for the coming year. The survey includes a section about reasons for choosing a particular destination and aggregates the information between the respondents, whose primary destination was either domestic or international. In a 2022 survey, for the Danes travelling domestically, the two most important reasons informing their choice of destination were *the opportunity to relax in nature* (67% of the respondents whose primary destination in 2021 was a domestic destination chose this option) and *nature (beaches, coasts and the sea)* (63% of the respondents chose this option). These motivations and other nature- and outdoors-related motivations were clearly more important motivations for Danes on domestic trips than they are for Danes on outbound trips. Experiences, culture and food were more important motivations for the Danes who travelled aboard, though a sizable number of domestic tourists go for city breaks too: one in three respondents who had travelled domestically chose *local city life and experiences* as important motivation for choosing her or his destination. *A safe destination* was more important to Danes travelling domestically (34%) than it was for those travelling internationally (28%). The *opportunity to relax and recharge* was an important motivation for Danes, regardless of if they travelled domestically or went aboard. Of domestic tourists, 62 per cent chose this option compared to 60 per cent of outbound

72. Visit Sweden, 2021.
73. Visit Sweden, 2022.

tourists.[74]

In Iceland, somewhat similar annual survey is conducted, but it does not ask about motivations or preferences of people travelling domestically. Yet, according to the results, outdoor recreation is popular among Icelanders during their domestic travels. In 2019, 2020 and 2021, more than half of the respondents engaged in outdoor recreation, hot and cold baths, hiking, and cycling and mountain biking. Of the paid forms of recreation, nature baths is the most popular form, with museums and exhibitions coming second.[75]

3.2. Views of domestic tourist preferences

We also mapped the preferences of domestic tourists in the survey by asking tourism enterprises, DMOs and business support organisations to describe three most typical preferences of domestic tourists in their respective countries in one or two words in open-ended text. Results were then checked for the most often mentioned words. The survey results support the notion that there are more similarities than differences in the preferences of the domestic tourists of the Nordic countries. It also echoes the themes raised in the interviews in different countries.

The common strong interest in nature tourism in the Nordics was very evident in the survey results. *Nature*, *nature experiences* and/or *the outdoors* were in the top 4 most-mentioned words in all the countries responses, when describing the most typical preference of domestic tourist. The share of the respondents who mentioned some form of nature ranged from 13 per cent in Iceland to 35 per cent in Denmark. The inclination towards activity tourism is also visible in the survey, where *experiences* or *activities* are among the most-often mentioned words in all the countries. Here, the mentions range from 8 per cent of the respondents in Iceland to 23 per cent of the respondents in Norway. On the other hand, 13 per cent of the Finnish respondents also mentioned *peace* and *tranquillity* and 9 per cent of the Danish respondents mentioned *relaxation* when describing the most typical preferences of a domestic tourist, which highlights the tension between activity-oriented nature tourism and tranquillity-seeking nature tourism.

Food (and also *drink* in Sweden) were also among the most-mentioned words in all the Nordic countries with mentions ranging from being made by 9 per cent of the respondents in Finland to 26 per cent of the respondents in Sweden, often accompanied with some form of adjective, such as *good*. Another word accompanying *good* which was among the most often mentioned words in all but

74. VisitDenmark and Dansk Kyst- og Naturturisme, 2022, pp. 13–14.
75. Gallup, 2022.

one country was *service*. This supports the notion gained from the interviews and workshops that domestic tourists in the Nordics have expectation of the level of service that is on a par with (or even higher than) that of inbound tourists.

On the other hand, the cost-conscious nature of domestic tourists is also visible in the survey, where all but the Danish respondents mention *price* (often associated with the word *low*), *inexpensive* or *affordability* as one of the top priorities of domestic tourists (mentions ranging from being made by 9 per cent of the respondents in Norway and Sweden to 26 per cent of the respondents in Iceland). *Culture* and *entertainment* or *events* were also among the most-mentioned words in all the Nordic countries except Finland. In Denmark 26 per cent of the respondents mentioned some form of culture. *Culture* was also often associated with *local* or *cultural heritage*, which gives credibility to the notion gained from interviews and workshops that authentic experiences are important for Nordic domestic tourists. (Table 1).

Analysing literacy, interviews and insights from the workshop and survey results reveal some subtle differences between the domestic tourists in the Nordic countries. In general, Swedish, and perhaps Danish, domestic tourists seem to be more inclined towards breaking away from their routines and relaxing with food, drinks and socialising while, in the other Nordics, domestic tourists more often seek activities or secluded getaways. Price is an important factor for domestic tourists all over the Nordics, but it is more pronounced in Finland, which might also be partly explained by the fact that Finnish GDP per capita is the lowest of the Nordic countries.[76] This does not mean that domestic tourists are not willing to pay for their services but that they expect to receive suitable, good quality products and services for their money. Nordic citizens travelling in their own country are not willing to settle for second-class service or inauthentic products. Yet, there were some mentions about differing expectations in different countries regarding what is included in the service. Some interviewees and workshop participants, especially those from Norway and Sweden, mentioned that the Covid-19 pandemic made luxury services more sought after for domestic tourists and service providers have had to readjust their offerings accordingly. On the other hand, in the interviews and workshops, a do-it-yourself mentality was more often associated with the Finns, who want to do things more independently, whereas guided tours might work better for other Nordic nationalities. Still, quality seems to be important for domestic tourists in all the Nordics, and if companies want domestic tourists to buy their services, the offering must match the price tag.

Concerning the preferences of domestic tourists in the autonomous areas, there are very few sources of information. In the survey, there were too few responses

76. OECD, 2023.

from Greenland and Åland to analyse them as separate groups and there were no responses from the Faroe Islands. Yet, according to interviewed tourism experts in each autonomous area, the preferences of domestic tourists in the autonomous areas resemble those in the other Nordic countries rather closely. In the Faroe Islands, recreational activities and food tourism were highlighted as general trends by the interviewee. The interest in nature-based tourism and food tourism has increased among domestic tourists over the years, partly because there are also more services available related to these due to the growth in the number of inbound tourists. Regarding the preferences of domestic tourists in Greenland, it is plausible that they differ from the preferences of inbound tourists coming to Greenland. For example, it is hard to sell the local Arctic way of living to Greenlanders, since they already know about the local culture of Greenland. With domestic tourists demonstrating relatively less interest in the local culture and history, marketing efforts targeting domestic tourists have focused more on promoting national parks, ice caps, fjords and UNESCO world heritage sites in Greenland. Additionally, according to an interview, domestic tourists in Åland prefer activities in nature, like hiking on trails and paths. Other outdoor activities, like frisbee golf, have gained popularity especially during Covid-19 pandemic.

In the end, the similarities between Nordic countries and autonomous areas are stronger than the differences. In particular, the love of nature and appreciation of good services and products connects Nordic domestic tourists. Based on these findings, it seems that tourism products created to serve domestic audiences in any Nordic country could be marketed to tourists from other Nordic countries without much need of adjusting them. However, differences in the income level between the countries must be accounted for since the Nordic domestic tourists are cost conscious and actively look for good price–quality ratios. Additionally, alongside the larger audiences looking to go out into nature to relax, there seems to be a lot of similar niche markets in Nordic countries (for example, the markets for food aficionados or culture travellers) that are formed of people who could be interested in similar services in other Nordic countries as well.

Table 1. Views of domestic tourism preferences per country. The most-mentioned words by country, share of responses mentioning the word (in %). Table includes ten most-mentioned words for Finland, Iceland and Sweden and all words mentioned more than once for Denmark and Norway. Only countries and autonomous areas with 5 or more answers are shown.

Denmark (*n* = 23)		Finland (*n* = 99)		Iceland (*n* = 128)		Norway (*n* = 22)		Sweden (*n* = 90)	
Word (Translation)	%	Word (Translation)	%	Word (Translation)	%	Word (Translation)	%	Word (Translation)	%
Natur, naturen, naturoplevelser (Nature)	35	Luonto (Nature)	28	Gott, góða, góð, góðan (Good)	40	Opplevelse (Experience)	23	Mat, matupplevelser (Food)	26
Kultur, kulturoplevelser, kulturarv (Culture)	26	Hinta, hinnoittelu, edullinen, edullisuus (Price, inexpensive)	18	Verð, odýrt, odýra (Price, inexpensive)	26	Mat, spisegjester (Food)	23	Natur, naturupplevelser (Nature)	18
Mad (Food)	17	Hyvä, hyvät (Good)	15	Þjónustu, Þjónusta (Services)	21	Natur, naturopplevelser (Nature)	18	Bra, god, gott (Good)	17
Gode, god (Good)	17	Rauha, rauhallisuus (Tranquility)	13	Mat, mautr (Food)	15	Lokal (Local)	9	Upplevelse (Experience)	9
Outdoor (Outdoors)	13	Elämykset, elämys (Experiences)	13	Náttúra, náttúru (Nature)	13	Pris (Price)	9	Prisvärt, pris (Affordable, price)	9
Afslapning (Relaxation)	9	Helppous, helppo (Easy)	13	Afþreying, afþreyingu (Entertainment)	12			Dryck (Drink)	8
Oplevelser (Experience)	9	Palvelut, palvelu (Services)	10	Veður (Weather)	8			Service (Service)	8

Tryghed (Safety)	9	Ruoka (Food)	9	Gistingu (Accommodation)	8			Evenemang (Event)	6
		Aktiviteetit, aktiviteetti (Activities)	8	Upplifun (Experience)	8			Kultur (Culture)	4
		Sijainti (Location)	6	Gæði (Quality)	5			Kvalitet (Quality)	4

3.3. Domestic tourism behaviour

In addition to preferences, several interviewees and workshop participants from different Nordic countries pointed out behavioural factors that separate domestic tourists from inbound tourists. Inbound tourists tend often to reserve their travel packages several months or even years beforehand. They plan their trips and reserve services in advance, often with the help of travel agencies. Domestic tourists in the Nordics, on the other hand, tend to arrange their trips themselves, travel more often in smaller companies of friends or relatives, typically decide their travel destinations in a shorter time span and use services in a more impromptu fashion. This also means that domestic tourism is more susceptible to quick changes in volume due to external factors. In particular, the weather was mentioned on several occasions as an important factor affecting the movement of domestic tourists in the Nordic countries. Inbound tourists go out on their long-awaited trips no matter what the weather is, whereas domestic tourists may more freely choose their destinations and/or activities according to weather forecasts.

Together, these behavioural patterns make the domestic tourism market in the Nordics more volatile when compared with the inbound tourism market in the short term and from the viewpoint of an individual company offering services to tourists. Domestic tourists requiring a shorter time span for making decisions raises an important question for companies interested in increasing the amount of domestic tourists using their services: How can one make larger share of the domestic tourists commit to certain services well in advance? On the other hand, the volatility of the domestic tourism market can also be seen as an asset for companies serving both inbound and domestic tourists. They can use domestic market to balance short-term differences in the volume of inbound tourists, especially with the help of digital marketing tools that can target selected domestic audiences with precision and at short notice. For example, companies could create and market special offers for domestic tourists (perhaps for persons with whom they have had a client relationship before) when the volume of inbound reservations is low. Additionally, the marketing directed to domestic tourists could be responsive to changes in the environment, weather conditions being the most obvious example. The marketing could be more active when the weather forecast looks promising, and the domestic tourists are expected to be moving.

However, when looking at the longer term and from the perspective of the whole tourism industry, the tables are turned, and domestic tourism and the demand created by it can been seen as more stable than inbound tourism. International tourism, both inbound and outbound, is more susceptible to downturns caused by economic recessions, international crisis, and other sudden changes in the international circumstances. Covid-19 pandemic and the loss of inbound travelers highlighted this, and the domestic market has been the lifeline of the industry in all the Nordic countries during the years of pandemic and travel restrictions. Additionally, if the trend of sustainable tourism identified in the literature and by most interviewees will keep growing and/or costs of transportation, especially through air, will grow substantially, this would also increase the significance of domestic market for the tourism industry in the future. For these reasons, many interviewees pointed out how important domestic tourism is for the resilience of tourism industry and developing the domestic market is essential to strengthen the industry's capability to cope with both anticipated and unforeseen changes.

Some interviewees pointed to another way how domestic tourism increases the resilience of the tourism industry: having a functioning domestic market makes the tourism industry more societally acceptable when local populace use the same services as inbound tourists. Additionally, since the domestic tourists often appreciate more sustainable and individualised services and products, the types of development efforts directed (also) to serving domestic markets are often less taxing on the local environment compared to inbound tourism development efforts that often try to maximize the number of customers in short seasonal peaks. These effects mean that if there is well functioning domestic market, there can be less resistance to tourism development efforts in general.

4. Developing domestic tourism in the Nordics

The following chapter aims to identify needs for the development of domestic tourism and the solutions found thus far. First, the development needs are examined based on the results of the survey and the useful practices created during the pandemic are presented.

After this, the focus shifts to another sub-group of useful practices, namely those brought forth by the country reports. Two cases from each country were presented in the reports as examples of the best practices of developing domestic tourism during the pandemic. Common patterns of these ten cases are first analysed, after which a short summary of each of the cases is presented. The chapter ends with a short treatment of two special themes: the development of domestic tourism in the autonomous areas and the regions on the border of two or more Nordic countries, where the concept of 'domestic' tourism somewhat blurs.

Main findings in this chapter are:

- Increased marketing to domestic tourists (both by companies themselves and by the supporting organisations) is seen as the most important method in increasing domestic tourism.
- Coordination of domestic tourism development is considered important. However, views differ on which level it should be done.
- Useful practices of developing domestic tourism created during the pandemic share many of the lessons learned, such as importance of utilizing data, quick and agile actions, and the significance of active communication.

- The border regions where cross-border travel is common are a somewhat special case regarding domestic tourism. The pandemic created specific types of problems for domestic tourism in the border regions and the nationally earmarked support for tourism industry causes challenges.

4.1. The needs of tourism enterprises

According to the country reports, there are various factors speaking for the growing potential of the domestic tourism in the Nordics. These include increasing interest in the ecological aspects of tourism and emerging consciousness of the potential hazards of travel abroad, such as its environmental footprint and the risks of travel in volatile times. However, knowledge of how to best support the domestic tourism companies in actualising that potential is a lot scarcer, and some of the stakeholders interviewed for the country reports pointed out that there are various segments in the domestic markets that are unknown. Also, initiatives on the development of domestic tourism have not been very frequent. Several interviewees agreed that more and better domestic tourism products (e.g. in the cultural sector) are needed in order to develop the domestic tourism sector.

In the survey, there were three questions either directly or indirectly handling the theme of the development of domestic tourism. In the first of them, the respondents representing private companies were given a list of alternatives and asked to choose the best ways of developing their companies' offering in order for it to better meet the needs of domestic tourists. In the second question, all the respondents were given a list of different developmental measures and asked to choose those that they deemed to most benefit domestic tourism in their region. The last question asked if the domestic tourism development between different organisations should be coordinated and, if so, on what levels this should be done.

According to the respondents representing the private companies, the best way to enhance their offering to domestic tourists is by increased marketing. This option was chosen by 50 per cent of all the respondents, and it was the most-commonly chosen option (or in the shared first place) in the responses of all the countries. In the second and third places for the options, were 'the development of current services and products offered' and 'innovating entirely new kinds of services and products' (accounting for 34% and 32% respectively); the sum of the answers is more than 100 per cent as the respondents were able to choose more than one option. (Figure 34).

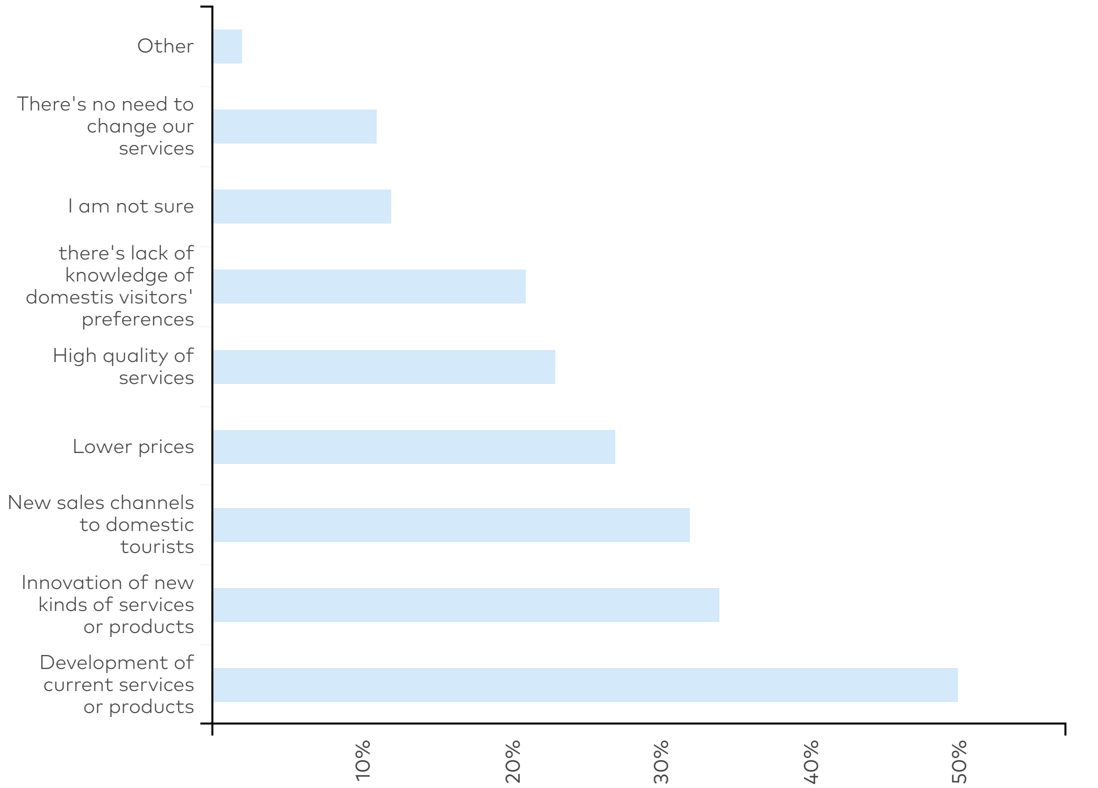

Figure 34. Measures to develop the offering of the company for domestic market, percentage of respondents choosing an alternative.

Likewise, when all the respondents of the survey were asked which measures most benefit domestic tourism in their region, the option getting the most support concerned marketing (the option 'marketing campaigns to increase domestic tourism' was chosen by 44% of the respondents). Almost as many respondents also chose 'opportunities to collaborate and network with other businesses and organisations' and 'developing the local infrastructure, transportation and accessibility', which were both chosen by 40 per cent of the respondents. In the interviews, development infrastructure (especially concerning traffic and transportation) was also a theme mentioned by various interviewees. Another theme that came across in many interviews was continuous development of digital services.

When examining the answers by type of respondent, some differences can be observed. The majority of private enterprises and business support organisations consider marketing campaigns to benefit domestic tourism, while this factor is less important for DMOs. On the other hand, DMOs place a higher value on the option

‘Collaborating and networking with other businesses and organisations’ than the other types of organisations, especially when compared with business support organisations.

The development of local infrastructure, transportation and accessibility is seen as important by all types of organisations, but the proportion of respondents who consider it important varies somewhat between the different types of organisations. The importance of the development of alternative tourism products for domestic markets is notably higher among business support organisations, especially when compared with DMOs. However, DMOs and business support organisations place a higher importance on opportunities for training and skills development for the local enterprises when compared with private enterprises and other organisations. (Figure 35). In general, these differences can be seen to represent the different functions of organisations. Private enterprises are more interested in direct actions to increase number of domestic tourists whereas DMOs and business support organisations have higher inclination towards skills development and information gathering that support the long-term growth.

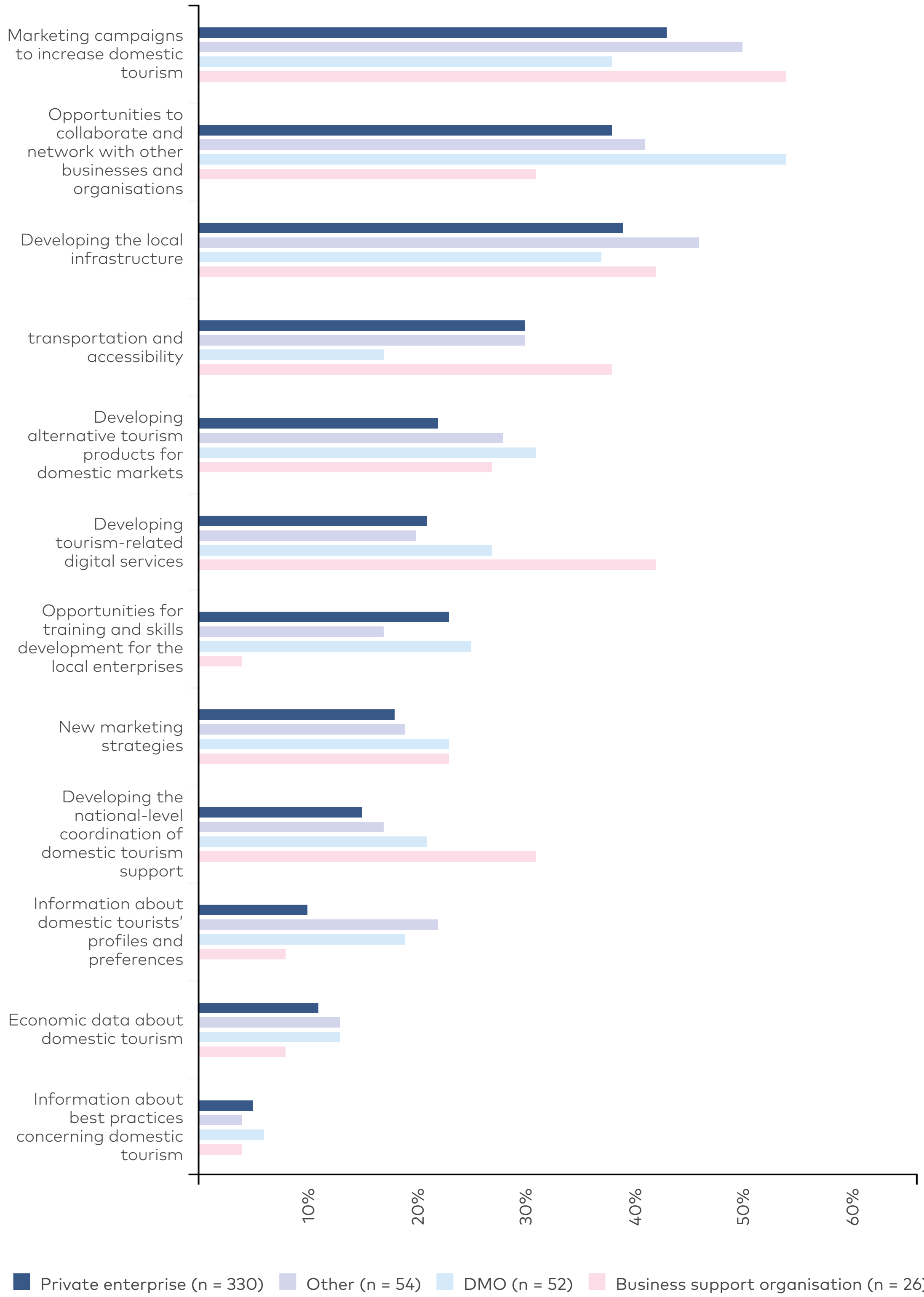

Figure 35. Measures to enhance domestic tourism in the region, percentage of respondents choosing an alternative by organisation type.

A noteworthy aspect about the answers to both of these questions is that a majority of the most popular options ('Marketing campaigns', 'The development and innovation of products and services' and 'Collaboration and networking opportunities') were all well represented in the case studies of best practices developed during the pandemic (cf. Subsection 4.3). Thus, the results of the survey are supported here by the measures already executed during the pandemic and vice versa.

The need for the coordination of domestic tourism development was widely recognised both in the survey and in the interviews. In the survey, only five per cent of the respondents saw no need to coordinate domestic tourism development between different organisations. The most preferred level for the coordination of the development activities was the regional level (it was chosen by 55% of the respondents), although both national- and local-level coordination (i.e. one level lower or higher than the regional level) also gained quite a lot of support. (Figure 36).

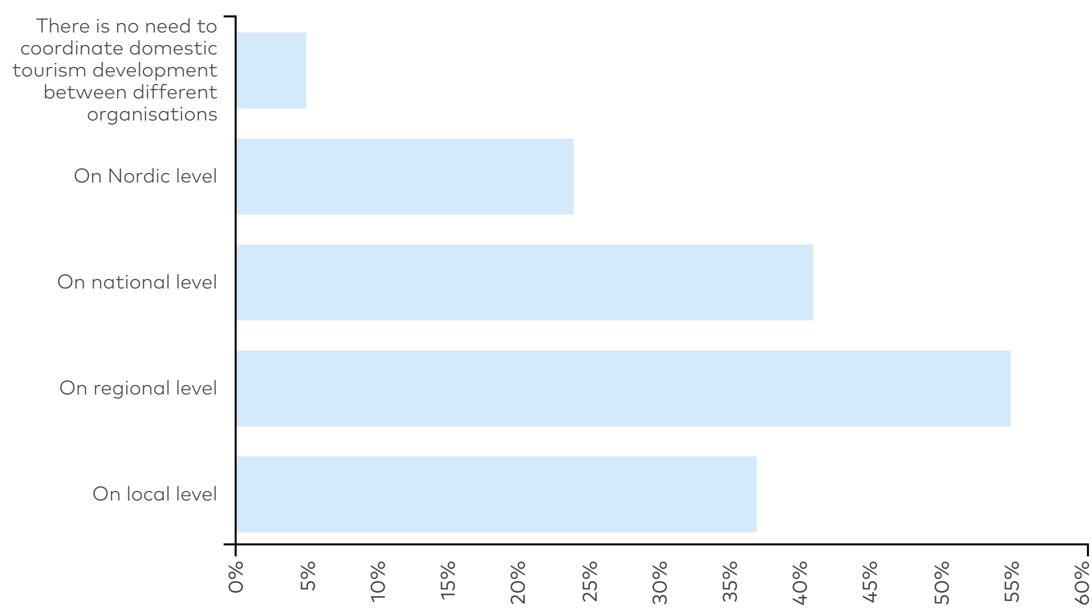

Figure 36. Preferred level of domestic tourism development coordination, share of respondents choosing an alternative.

Regional-level coordination was the most-often mentioned in the interviews and workshops as well. It was seen as the most natural level at which to coordinate domestic tourism since, for the domestic tourists, the regional differences often matter more than they do for inbound tourists. Developing inbound tourism was more often seen as a national effort due to the nature of the international market, where countries compete against other countries to make themselves interesting travel destinations. Yet, the national level was still seen as important, especially in efforts to promote domestic traveling as an alternative to outbound trips for national audiences. In all the Nordic countries, there are national-level structures in place for international tourism development. These could also be utilised in domestic-level development as has been the case during the Covid-19 pandemic in Norway and Sweden.

Nordic-level coordination and cooperation concerning domestic tourism development did gain support in the survey as well as in the workshop and interview. The similarities in the tourist preferences in the Nordic countries – especially the common interest in nature and outdoor activities – were seen as a great base on which to build cooperation. Hence, sharing information and developing new ideas on a Nordic level could help develop domestic tourism in all countries. Still, as many workshop participants noted, before the information can be shared, it must be created. There is a severe lack of information – especially comparable information – about the trends and preferences of domestic tourists in the Nordic countries and autonomous areas.

In the workshop the idea of creating 'Nordic domestic tourism' was also presented, since tourists from other Nordic countries are a potential target group in all countries. This wider view of domestic tourism that includes traveling both within and across the Nordic countries also gained support in the survey (see chapter 5.1.). It is not domestic tourism in traditional sense and falls outside the scope of this study, but the tourism industry actors in the workshop and in the survey saw the possibilities of wider Nordic approach to concept of domestic tourism.

The Covid-19 pandemic demonstrated that, during unforeseen crisis that restrict international tourism, it might still be easier to keep borders between Nordic countries open for traveling. The workshop participants saw this as a great opportunity to build Nordic cooperation since in the post-pandemic situation, the feeling of safety is more important than before. This could lead to heightened interest in domestic tourism in each country internally as well as to more interest in traveling to other Nordic countries instead of more distant destinations. Travelling within and across the Nordic countries could be promoted as the tourism for a sustainable future that is easy, accessible, and safe. Nordic countries have common cultural heritage on the one hand and the unique nature of each country on the other. New concepts, such as 'Nordic accommodation', could be created to support existing ones, such as 'Nordic cuisine'. This would also enhance the resilience of the tourism sector in the Nordic countries. Travelers from other Nordic countries could help the tourism industry to counterbalance the negative effects of possible future crises.

4.2. Practices created during the Covid-19 pandemic

The soaring numbers of domestic tourists during the pandemic have also helped to create new practices that enhance domestic tourism. According to the survey, 43 per cent of the respondents had ‘created, developed or received useful practices to enhance domestic tourism’ in their enterprise or organisation during the pandemic. As there is no comparable data on the issue for the same period of years before the pandemic, it is hard to estimate if these numbers indicate a higher or lower level of development in comparison with usual, although the country reports seem to suggest the former. Also noteworthy is that when comparing different segments of respondents, of those respondents with a background in DMOs, 66 per cent responded that they had created, developed or received useful practices, while the equivalent proportion of those respondents with a background in private enterprises was only 41 per cent. This seems to imply that some of the developmental practices have not trickled down to the enterprise-level from the DMOs. (Table 2).

Table 2. Share of organisations that have created, developed or received practices to enhance domestic tourism by organisation type.

By organisation type:	Private enterprise (*n* = 347)	Other (*n* = 54)	DMOs (*n* = 53)	Business support organisation (*n* = 26)
Yes	41%	30%	66%	50%
No	59%	70%	34%	50%

The respondents were also asked to give examples of these useful practices. According to the open-ended answers, many have developed various digital practices in marketing and communication. Digitalisation has grown the networks around domestic tourism and increased collaboration between local businesses. Also, there was a shift in the marketing focus towards domestic tourism, and different campaigns, product development and content creation have been especially targeted at domestic markets. In the accommodation sector, the most evident new practice developed is adopting online booking and payment platforms. Some respondents reported having adopted more analytical and research-based approach to the tourism market. The development of outdoor and nature-based tourism products also increased. (Table 3).

Table 3. Examples of practices created, developed or received during the Covid-19 pandemic.

Country	Type of respondent	Practice
Denmark	Business support organisation	*"Targeted marketing on the Danish market and product development aimed at Danish target groups"*
	DMO	*"Partnerships and company agreements with large companies in Denmark"*
Finland	Business support organisation	*"Various projects have been started especially for the development of tourism in the Saimaa region, e.g. the development of tourism products and tourist routes, the promotion of nature tourism and the development of tourism-related food products"*
	Private enterprise	*"New productised travel packages"*
Iceland	Private enterprise	*"Different tours were designed that would interest Icelandic tourists"*
	Private enterprise	*"Special discounts for domestic tourists, gift cards, dinner and drink offers"*
Norway	Private enterprise	*"We have a new website, carried out a thorough survey where we have analysed customer segments, we believe we should focus on."*
Sweden	DMO	*"More digital [services] and larger networks via the digital [platforms]"*
	Private enterprise	*"Booking platforms, increased activity on social media, some profile-oriented marketing."*
Åland	Other	*"An increased and improved marketing effort aimed at domestic tourists as others were prevented from traveling to us and a clearer message about the destination and how it is "like being abroad, but domestic""*
Greenland	Private enterprise	*"We have achieved a setup so that it is easy to market domestic products. On the other hand, the earnings on domestic products are quite a bit lower so, purely measured in terms of working time, it does not make much sense."*

4.3. Case examples of the practices for developing domestic tourism in the Nordics

The country reports done as part of this project include two case studies of best practices that have been successfully used in developing domestic tourism in the country in answer to the Covid-19 crisis. They were chosen from a list of cases identified with the help of interviewees to represent good practices in each Nordic country. The full description of the case studies within the country reports include descriptions of activities, ways of organising, stakeholders and project funding, as well as a review of lessons learned. The comparison of relevant findings from the cases is presented below, followed by summaries of the cases in country-specific sub-chapters. More detailed descriptions of the cases can be found in the annexed country reports.

The ten case studies presented in the country reports form a diverse group that can be further classified into smaller groups in various ways. The first way to do this is by scope: the cases vary from enterprise-specific cases (e.g. Álfheimar Country Hotel's product development in Iceland) to local or regional cases (the Destination Sápmi campaign in Norway and the Ruka-Kuusamo Tourist Association's 'Dirty Placenames' marketing campaign in Finland) and further onto national-level programmes (Kickstart Danish Tourism, Svemester in Sweden).

Another method of grouping them is to use the field of the project: some of them are centred around marketing (Destination Sápmi, the Dirty Placenames campaign), others on product development (Kurbts Omställning in Sweden, Álfheimar Country Hotel in Iceland) and some on governmental support of the domestic tourism industry (travel gifts for residents in Iceland from the government). These groups are not mutually exclusive as one project could simultaneously develop both a product and its marketing, and governmental support could also ease marketing and/or product development (e.g. cooperation between Parks & Wildlife Finland and tourism enterprises in Finland or the Svemester campaign in Sweden).

The third way to group the cases concentrates on their relation to the Covid-19 pandemic. Some of the projects (especially many of those centring on governmental support) were directly developed as a temporary response to the worst phase of the pandemic and travel restrictions (the summer package in Denmark, the travel gift to residents in Iceland). Other projects were created during the pandemic but have been identified as also being useful in post-pandemic times (Destination Sápmi, Kurbits Omställning). There are also projects that were designed before the pandemic but gained remarkably more weight during the pandemic (the Dirty Placenames campaign in Finland).

Even though the cases presented were diverse in scope, field, and their relation to the pandemic, they share many of the lessons learned. We identified four key lessons that were shared in several best practice cases:

1. Importance of the data utilised. The data can be either already gathered before the start of the project (e.g. in the Parks & Wildlife Finland cooperation in Finland) or gathered in a pre-study phase of the project (Svemester in Sweden).
2. Importance of active communication. Clear communication with affiliates and stakeholders and the utilisation of networks is key to success. They can give valuable information that helps in terms of foresight and planning (Kickstart Danish Tourism, the Parks & Wildlife Finland case) and in the marketing and product development identifying new target groups and redirecting businesses (Kurbits Omställning).
3. Quick and agile actions. Agile development as well as speeding up the project processes, were an important factor in several best practice cases (e.g. Kurbits Omställning).
4. Tailoring products to fit the needs and interests of the domestic tourists. It is possible to retailor various products or services originally planned with the inbound tourists in mind to fit the needs and interests of the domestic tourists (cf. Álfheimar Country Hotel, Destination Sápmi). With innovation and good knowledge of local peculiarities, it is also possible to compose wholly new approaches with a domestic market in mind (e.g. the Dirty placenames campaign).

According to the case reports, the projects have also produced new information on domestic tourism in the Nordics. The national-level projects (e.g. Innovation Norway's transition campaign, the Danish summer package) were reported to point out that the potential for domestic tourism is greater than anticipated, both in the absolute volume and in the number of different target groups. By altering the pre-existing views on domestic tourism, the projects have created more interest in developing domestic tourism, which is in turn expected to be valuable in the near future due to various pull factors towards domestic tourism (e.g. increased interest in sustainability, the uncertain economic and international situation etc). Also, the more local cases (e.g. the Álfheimar Country Hotel) can generate new information on domestic tourism (e.g. by pointing out new niche-market groups among the domestic tourists for whom there have not been products on the domestic market and who had thus remained undetected earlier). The last thing to be pointed out is that the pandemic-related projects in many (though not in all) of the countries have given the main national tourism promotion organisations (especially Visit Sweden) more of a role in the development of domestic tourism.

4.3.1. Denmark

The Kickstart Danish Tourism 2020 project was a national-level programme, executed by various Danish tourism organisations from May 2020 until January 2022. It focused both on solving challenges during Covid-19 and on strengthening the long-time competitiveness of the tourism industry by preparing Danish tourism for the new needs of domestic tourists in the wake of the Covid-19 pandemic and possible future crises.

Within the programme, businesses and products were developed to be attractive to domestic tourists and to generate knowledge that can help companies and tourist organisations to understand domestic travel and behaviour patterns, such as holiday preferences, trends, visitor spending and visitor behaviour. In addition, decentralised business promotion funds were used to kickstart and stimulate Danish tourism during the Covid-19 pandemic, with a focus on managing changing visitor behaviour and the need for extra safety and security. The project also produced and delivered new knowledge on tools for managing travel and behaviour patterns, tools and concepts for business development and product adaptation, market testing new concepts and products and marketing efforts. It also contributed to effects such as the growth in the number of domestic overnight stays, growth in tourism turnover and the creation and retention of jobs. Tight and focused project management, knowledge-sharing between different parts of the country and collaborations on digital platforms played important roles in the implementation of the project. The Kickstart Danish Tourism project continued after its original programme, and the next phase of the project started in 2022.

A summer package project was launched nationally in the summer of 2020 as a recovery package for different areas of the culture sector, an initiative of the government and the majority of the parties in the Danish Parliament. The package successfully boosted the Danish economy after the pandemic by nudging domestic tourism consumption through, for example, reduced prices for museums and free ferry rides. The project used tools – such as subsidisation, infrastructure development and expanding the opening hours of centres – in order to reach their aim.

The summer package practice included multiple initiatives that were divided into three main categories: (i) summer in the countryside and islands, (ii) cultural experiences in the Danish summer and (iii) summer activities for elderly and vulnerable groups. The first summer package was planned and implemented during the summer of 2020 and a new one was planned and implemented the next summer. The second summer package was based on the success of the first one, although it included larger funds, more focus areas and a broader target group. More Danes took part in the initiative's outputs than expected: for example, there was a steep increase in domestic museum visits and domestic small-island travelling. There also seem to be long-term effects of the summer packages, and certain activities (e.g. summer transport tickets) that are still being implemented outside of the package.

4.3.2. Finland

Cooperation between Parks & Wildlife Finland[77] and tourism enterprises has a more than 20-year-old history, but during the pandemic, the number of partner enterprises in the cooperation more than doubled. The pandemic also gave an impulse for developing new methods of cooperation. After the beginning of the pandemic, it was soon realised that the situation would lead to a rush of domestic tourists to various nature tourism destinations. In order to guarantee the functioning of the destinations, extra resources were directed to infrastructure and to renovation of the facilities in the most popular destinations. In addition, various kinds of support material were created for the local tourist enterprises. Another important part of the development of the cooperation during the pandemic centred on easing and smoothing the bureaucracy around the cooperation. These activities supported both those enterprises receiving an unexpected surge of domestic tourists and those suffering from the lack of foreign tourists.

One reason why the activities were so successful was that the number of visitors to the national parks had been well monitored for a long time, giving data from a long time back that supports forecasts and gives some historical perspective. Because of this, the estimates for the coming events were quite right from the beginning, which eased the planning of the actions. Another thing that eased forecasting was active communication to colleagues abroad. Also, the partner enterprises valued Parks & Wildlife Finland's ability to see the big picture and both successfully forecast the upcoming developments and base their activities on that.

The Dirty Placenames campaign is a marketing project by the Ruka-Kuusamo Tourism Association. The campaign originally already started in 2019 but gained more value during the pandemic-activated boom of domestic tourism. In the Kuusamo region, there are more 'dirty' (i.e. expletive and/or sexual-themed) toponyms than anywhere else in Finland, and the idea of a marketing campaign focused on the 'dirty' placenames, on one hand, and on the beautiful nature and landscapes of the region, on the other. The campaign in social media and on the radio was a remarkable success: the tourism in the Kuusamo region in summertime reached all-time record levels in 2020 and 2021, and in 2021, the campaign also won an award at the Finnish annual gala of radio advertisements.

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77. Parks & Wildlife Finland is a unit within Metsähallitus, comprising of National Parks Finland and Wildlife Service Finland. Metsähallitus is a Finnish state-owned enterprise that produces environmental services.

Behind the success of the campaign were the humorous message of the campaign, the well-executed advertisements and the fact that during the pandemic people spent much more time than usual on social media and in other online environments. Because of this, the advertisements on the web gained lots of popularity and were widely shared by social media users. Another reason was that the nature destinations that were the object of the campaign were among those tourism destinations whose popularity grew in the pandemic years. In addition, the theme of the campaign also stems from actual peculiarities of the region, instead of being superimposed by some external operative. Thus, it has showed that the specific local characteristics and a hearty dose of humour can be mixed together in a successful way to reach the domestic tourists.

4.3.3. Iceland

The government gave a travel gift to residents in Iceland as part of the March 2020 Icelandic government action plan to mitigate the economic effects of the pandemic. The government provided gift certificates to the residents of Iceland aged 18 or older. The gift was delivered in the form of a barcode via a smart device application that was displayed by the customer when paying for services, such as accommodation, transportation, dining and activities within the tourism industry. The digital solution was considered innovative and in line with the government's aims for digital services. As the pandemic progressed, the government decided to renew the travel gift for the year 2021.

The goal was to boost domestic consumption by encouraging residents in Iceland to travel domestically and experience new things all around Iceland and thus support the tourism industry (which had been drastically affected by the pandemic). By creating an incentive for consumption, the tourism industry received a vital injection. Surveys among Icelandic tourists indicate that approximately 48 per cent of recipients used their travel gift during their travels in Iceland.

Álfheimar Country Hotel's luxurious guided hiking tours stem from providing guided hiking and walking tours to inbound tourists in deserted coves and the surrounding mountains around a remote fishing village of 130 inhabitants in North-East Iceland. Due to the sharp decline in inbound tourist during the pandemic, the owners of the hotel decided to offer it on the domestic market with Icelandic-speaking guides. A supporting factor for the decision was that in the spring of 2020, a few friends and acquaintances of the owners had inquired about tours in the area because they were not able to go on tours abroad. The tours were first available in the summer of 2020 and were continued in the subsequent summers. Álfheimar plans to continue with the tours on the domestic market for the coming seasons.

Bringing the tour to the domestic market was considered a success. Over the course of the summer 2020, Álfheimar provided approximately 20 tours for more than 200 domestic tourists, some of whom had never been to East Iceland. In the summer of 2020, the owners of Álfheimar discovered that many of their customers, both groups and individuals, had previously booked full-service outdoor and/or activity tours abroad that were cancelled because of the pandemic. Pre-planned full-package tours with all the amenities had long been available for inbound tourists in Iceland, but they had not been easily available on the domestic market before the pandemic. Álfheimar discovered a niche domestic market in great need of such products since Icelanders could not travel abroad during the pandemic as they normally did. They also realised that after the pandemic, Icelanders, as tourists, can choose to go anywhere in their world. In that sense, Álfheimar are now competing against other possible destinations in the world for Icelanders as tourists and their products must be put together in such a way that it stands up to the comparison.

4.3.4. Norway

Innovation Norway's transition package UT-OMS-REISELIV, introduced in 2020, aimed at helping companies in the Norwegian tourism industry to change their markets from inbound tourist markets to domestic tourist markets. The aims of the initiative were to keep the tourism industry afloat and the workforce in pay, help companies transition to the domestic market and support companies in increasing their sustainability practices.

The packages were successful as they changed the mindset on market segments and sustainability of both companies and the regional offices of Visit Norway, and they are perceived as crucial for helping Norwegian tourism companies survive the Covid-19 pandemic. The companies that received support from the package are believed to continue to benefit from the activities related to the transition to domestic market segments in the coming years. Also, the regional offices of Visit Norway are seen to have become more interested in developing domestic tourism in contrast to focusing their marketing activities on international markets.

Destination Sápmi is a Sámi tourism platform launched in 2020 by the Business Centre of Sápmi with the aim to provide digital Norwegian tourist information for five municipalities in the Troms and Finnmark region. It was initially thought that is would apply to the inbound tourism market as well as to the domestic tourism market, however, during the Covid-19 pandemic and its travel restrictions it functioned as a tool for marketing Sápmi, the municipality of Kautokeino in particular, to domestic tourists. In addition to the website, Destination Sápmi implemented marketing campaigns targeting domestic tourists and supported Sámi entrepreneurs in adapting and developing products and services, such as rebranding products to fit the preferences of domestic tourists. This included making products more authentic as domestic tourists have a higher prior knowledge of Sápmi. The aim of the activities was long term.

Destination Sápmi's website presents an oversight of all the tourism opportunities in the five municipalities, including 'hidden treasures', such as local shops and boutiques and places where the local population resides. The 'hidden treasures' offer is targeted at tourists who enjoy experiencing local life while travelling. The feature corresponds to domestic tourists' higher demands for authenticity. Destination Sápmi is seen to be crucial for the survival of tourist companies in the municipalities in general and for Kautokeino in particular. The domestic tourism market is expected to remain important for the tourism industry in Sápmi in the future, and the platform will continue to function online. There are plans to turn the platform into an independent organisation – as well as thoughts on collaborations with Sápmi areas across national borders.

4.3.5. Sweden

Svemester is a marketing campaign which aims to inspire Swedes about parts of Sweden that are new to them and to create a desire to travel within the country. The campaign was the result of Visit Sweden (the official marketing company of Sweden) receiving (at the beginning of 2021) an expanded mission from the Swedish government to market Sweden as a visitor destination not only for foreign target groups but also for domestic target groups. The campaign used material generated from foreign tourists in Sweden who got stuck in the country when the borders closed in 2020 and showcased their experiences of Sweden through a foreign lens under the slogan: 'The involuntary tourists' guide to Sweden'.

Before the campaign, a pre-study investigating Swedes as a target group (investigating their preferences, habits and likings) was carried out, following a webinar series on knowledge, information, inspiration and dialogue regarding Swedes as a tourism target group. This was followed by the marketing campaign itself. The mission as a whole had two target groups: the potential domestic tourists (Swedes) and the stakeholders in the sector (such as the regions and DMOs) to whom the webinars were targeted. The webinar series continued to run throughout 2022 and have been important in establishing a knowledge base on which to build marketing campaigns. The marketing campaign ran through 2021 and was followed up in 2022 by a new campaign with the same aim of getting Swedes to look at Sweden in a new way. The campaign was called Cover Sweden and focuses on music. It included a digital 'tour' of Sweden based on album covers. The mission has been seen as a success considering the short time it had for preparation, and it won the Swedish National Marketing Competition.

Kurbits Omställning is a programme aiming to helping tourism-related businesses adapt to the domestic market, originating from Region Dalarna and planned out by business development company Kurbits. The programme was set up as an entirely online-based programme planned to be 'Business development in instant format' and helping the participants to refocus and target the domestic market. The programme is 2–4 weeks long (quicker than the regular six-week length of these type of programmes) and includes product and concept development, smart communication and the development of an action plan. During implementation, good examples of companies that have transformed and/or adapted their business are used. The programme started as an initiative from one region but has since spread across the nation and also received international interest from Switzerland (however, the restrictions to tourism were lifted before the material was translated).

The target groups were tourism-related businesses (foremost, SMEs), and the beneficiaries were domestic tourists. As a short-term intervention, the programme supported tourism-related businesses in transitioning towards the domestic tourism market. In addition, it offered the tourism companies an opportunity to meet with one another, which has in some instances resulted in joint package deals, developed in cooperation amongst the participants with a focus on domestic target groups and proving that discussions and cooperation between tourism-related businesses can be valuable for identifying new target groups and redirecting businesses. The programme has also strengthened the knowledge and adaptability of SMEs and business support actors, providing better preparedness for future crises. The programme is still ongoing, and the idea is to bring parts of it into other programmes run by Kurbits.

4.3.6. The autonomous areas

In the autonomous areas, the public sector also took steps to enhance domestic tourism during the Covid-19 pandemic. In the Faroe Islands, the government took measures to increase domestic tourism during the pandemic. One example was that the development department launched a new website where they created holiday packages for domestic tourists. There were around 30 packages, and they aimed to be an eye-opener for Faroe Islanders about what is available in the Faroe Islands.

In Greenland, the government supported domestic tourism during the pandemic by implemented tourism packages and mobility initiatives. A tourism aid package introduced in June included the possibility for hotels and tour operators to offer discounts to domestic tourists that could be reclaimed from the government. The aid for hotels was for sums up to DKK 500 (EUR 67) and the discount for one tour experience per day was up to DKK 300 (EUR 40). The package was quickly expanded to include compensation for more than one trip and to also allow those temporarily residing in Greenland for work to offer and then claim the Covid-19 discounts. Additional expansion of the package allowed tourism operators to offer discounts on internal routes within Greenland.[78]

In Åland, the successful efforts to promote domestic tourism had four main focal points according to the interview. First, there was centralised but flexible public governance of the efforts to answer the crisis by increasing domestic tourism. This ensured that there were the resources and quick decision-making required to run campaigns to raise and create awareness within the domestic market. Secondly, Visit Åland was given free rein to do what it could with the additional budget to increase domestic tourism. It created the 'Tillsammans för Åland' campaign[79] that aimed to spread the word about experiencing Åland first hand, built a promotion page and created hygiene information in order to create a feeling that it is safe for Ålanders to use tourism services in Åland. Thirdly, information about how to get around was gathered, translated into Swedish in collaboration between tourism companies, other stakeholders and authorities. Fourthly, there were efforts made towards destination development. Since domestic tourists in Ålands prefer to be outdoors a lot, hiking trails were updated. Additionally, new digital channels with which to market and spread information were created. This all made Ålanders travel more locally during and after the Covid-19 pandemic.

4.4. Border area cases

The border regions between Nordic countries represent a special case in the field of Nordic domestic tourism as cross-border traffic is common, thus making the 'domesticity' of the travels in the region a somewhat ambiguous concept. This is especially the case in those border regions where the cross-border cooperation has been formalised, such as the Öresund region in Denmark and Sweden, consisting of the Zealand Region and Capital Region of Denmark, and Scania in Sweden, or the Tornedalen Region, which consists of six Finnish, four Swedish and four Norwegian municipalities in the Torne Valley on the Finnish–Swedish border and the Norwegian area lying north of the valley.

As the cross-border traffic in the region is constant, the difference between inbound and domestic tourism is somewhat indistinct. It is quite common for the inhabitants of the regions to make short-term tourist trips to another country to visit some local tourist attraction which is geographically close but in another country. Thus, for example, in the Tornedalen Region the Swedes might come to Finland in order to enjoy the quality cross-country biking routes or ski resorts there, whereas the Finnish locals go to Sweden to, e.g. visit the Jukkasjärvi ice hotel. Likewise, the Norwegians might go shopping in the Haparanda IKEA in Sweden or have an all-inclusive hotel holiday in Levi or Ylläs in Finland, whereas the Finns go to

78. Quinn, 2020.
79. See more on campaign's website: https://campaign.visitaland.com/tillsammans/

Northern Norway as the slopes there are better for freeriding than anywhere in Finland. Also, the changing exchange rates of currencies play a role in the cross-border tourist trips in these regions: as an example, one interviewee told that the amount of Danish tourists in Malmö has increased remarkably in 2022 due to the exceptionally low exchange rate of Swedish krona.

On the other hand, the closing of borders due to Covid-19 was very significant for the people living in these regions and the tourism there as it contained not only the inbound tourists in the traditional sense of the word but also the cross-border traffic of the local people. The effects of border closure and later restrictions were diverse, including creating problems for those used to fly to Scania via Kastrup Airport in Copenhagen or the prohibition of ice fishing on the Torne river in spring 2020.

The special position of the border regions has also caused some troubles for the local tourism sector regardless of the pandemic. An example of this is that national support of the tourism industry is often earmarked for national targets, rendering cross-border co-operation in such cases practically impossible. As an example, Swedish participants could not participate in a training session for cultural tourism funded by Visit Finland and held in the Tornedalen region, even though the local organisations were willing to pay the costs of interpretation. There are certain programmes designed for funding the international cooperation (e.g. cross-border marketing projects), but they cannot wholly offset the challenges brought by the strictly nationally designated funding. This is problematic especially for the Tornedalen region, as it has a distinct brand of its own regardless of the country, whereas in the Öresund region both the Danish and Swedish side of the region have their own strong brands making joint marketing project less feasible.

5. Future of domestic tourism in the Nordics

This chapter charts the potential of domestic tourism in the Nordics in future. The chapter begins with a presentation of the views on the future of domestic tourism in the Nordics in general: what kind of expectations are there towards domestic tourism in the Nordic countries and among Nordic tourism enterprises? Are the companies interested in attracting more domestic tourists in the future? In which direction do they expect domestic tourism's share of their revenue to go?

After this initial presentation, the chapter looks at the reasons behind the expected trends. The country reports and the results of the workshop included views on both potential pull factors and the challenges of domestic tourism in the Nordics. As part of the survey, the participants were asked to identify the most important of those pull factors and challenges. Here, the results are presented and compared with additional insights gained from the interviews in order to gain a comprehensive view of the future of the domestic tourism in the Nordics as well as its advantages and hindrances.

Main findings in this chapter are:

- The expectations of the future of domestic tourism in the Nordics are generally positive.
- The Covid-19 pandemic has been an eye-opener for the potential that domestic tourism has in the Nordic countries.
- Increased interest in sustainable and responsible modes of tourism, as well as to nature tourism destinations is seen to benefit the domestic tourism in the Nordics.

- Most relevant challenges for domestic tourism are seen to be the financial situation and recovered interest in tourism abroad.

5.1. Expectations of future of domestic tourism

According to the interviewees, there is strong interest in developing domestic tourism in all the Nordic countries and autonomous areas. Covid-19 was described as an eye-opener for the potential that domestic tourism has in the countries. For the future, sustainability and improving the digitalisation of the tourism industry were identified as common themes across the Nordic countries. According to the country reports, tourism industry in the Nordic countries will rely on nature-based tourism products as well as culture-related activities. These are very suitable development trends for increasing domestic tourism in the future. However, country reports raise individual issues such as economic trends and exchange rates of currency, accessibility and weather that affect the views about the growth of domestic tourism.

According to country reports, in Sweden, the future of domestic tourism has not been main interest of the relevant agencies and it is difficult to find sources analysing the matter further. Interviewees point out that economic developments can affect the growth of domestic tourism significantly – if the economy deteriorates, travelling locally will increase. Yet, despite the economic situation, interviewees saw potential for growth in domestic tourism due to hesitation regarding long-distance travel and climate change induced warmer weather in southern Europe during the summer months. Additionally, the trend of nature-based tourism is well recognised in Sweden and can help domestic market to grow.

In Denmark, the volume of domestic tourism has stayed in a higher level after the Covid-19 pandemic. In a survey conducted in the spring 2022, 25 per cent of the respondents said they will travel more in Denmark in the future due to the corona crisis[80]. According to the interviews, partly as a consequence of the pandemic, domestic tourism became higher priority to different stakeholders in tourism industry. Many innovative tourism products were created, and marketing was targeted to domestic tourists. More importantly, according to the interviews, domestic tourism sector has become part of national tourism strategies. This increased interest will probably mean that the domestic sector will grow in the future as well.

Finland also focuses on sustainability and digitalisation, but its forecasted growth in domestic tourism is moderate and faces challenges with accessibility and

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80. VisitDenmark and Dansk Kyst- og Naturturisme, 2022, p. 40

economic instability due to the inflation. Interviewees pointed out the need to develop train and flight connections in Finland, though most of the domestic trips are made by car. Also, interviewees pointed out that the instability, both in household economies and in the general security situation in Europe, makes forecasting challenging and radical negative changes in these themes will inevitably have an effect on domestic tourism in Finland and all over the Nordics. In Finland and in Sweden, the recession and inflation were mentioned as major impact factors for domestic tourism in the interviews.

In Iceland, the interviewees highlighted the shift caused by the Covid-19 pandemic in how significant domestic tourism was perceived, but its market share compared with inbound tourism is still small. There is no analysis of the future of the domestic market, but interviewees pointed out that stakeholder learned much about domestic market during the pandemic. It is still early to say what is the full impact of the Covid-19 induced shift towards domestic tourism, but the interviewees agreed that domestic market will be important in the future for sustainability in the tourism industry and destination development, since domestic tourism tends to be less taxing to the environment and it makes the whole industry more socially acceptable.

In Norway, a forecast expect 45 per cent growth until 2030 for the tourism industry as a whole and that the domestic tourism, especially by local same-day visitors, will be growing a little faster than inbound tourism.[81] Recovery of outbound tourism has lowered the number of domestic tourists after the pandemic, though one interviewee pointed out that activities, products and experiences related to food, cultural and historic tourism as well as outdoor activities such as cycling, fishing and archery are thought to be trending in the coming years amongst the Norwegian domestic tourists.

In terms of the future outlook of domestic tourism in the autonomous areas the interviewees emphasised a growing interest, though the possible volume of the domestic market is much smaller compared to other Nordic countries. In Greenland, the long distances within the region challenge the growth of the domestic tourism, but there are initiatives to enhance the infrastructure and build new airports for better access for domestic travellers as well[82]. In the Faroe Islands, an interviewee saw future potential in domestic tourism as a consequence of price shocks and climate change. On the other hand, he emphasised that there will probably always be a demand to go to other countries among people in the Faroe Islands because of the warmer weather abroad. According to the interviewee, in Åland, domestic tourism will be higher on the agenda in the future, and campaigns created during

81. Menon Economics, 2022, 27.
82. Høegh Stigsen, 2022.

Covid-19 pandemic, promoting Åland to Ålanders, will continue. The pandemic emphasised that domestic tourism is more important than its small share of total tourism indicates. The residents are a very important target group, and domestic tourists are Åland's ambassadors outside Åland as well.

The survey results support the generally positive outlook about the future of domestic tourism in the Nordic countries expressed in the interviews and workshop. The open-ended question 'How do you see the potential of domestic tourism in the Nordic countries?' was analysed with the help of artificial intelligence classifying the comments' sentiments as *very positive, positive, neutral, negative, very negative* or *mixed*. Overall, 60 per cent of the comments were positive and only 12 per cent were negative. When comparing the share of sentiments in different countries, the results are consistent with the overall results for all the Nordic countries except for Iceland, where the percentage of negative comments was slightly higher (17%), and the percentage of positive comments lower (34%) compared to other countries. (Figure 37). This probably reflects the lower volume of domestic tourism in proprotion to inbound tourism in Iceland compared to continental Nordic countries.

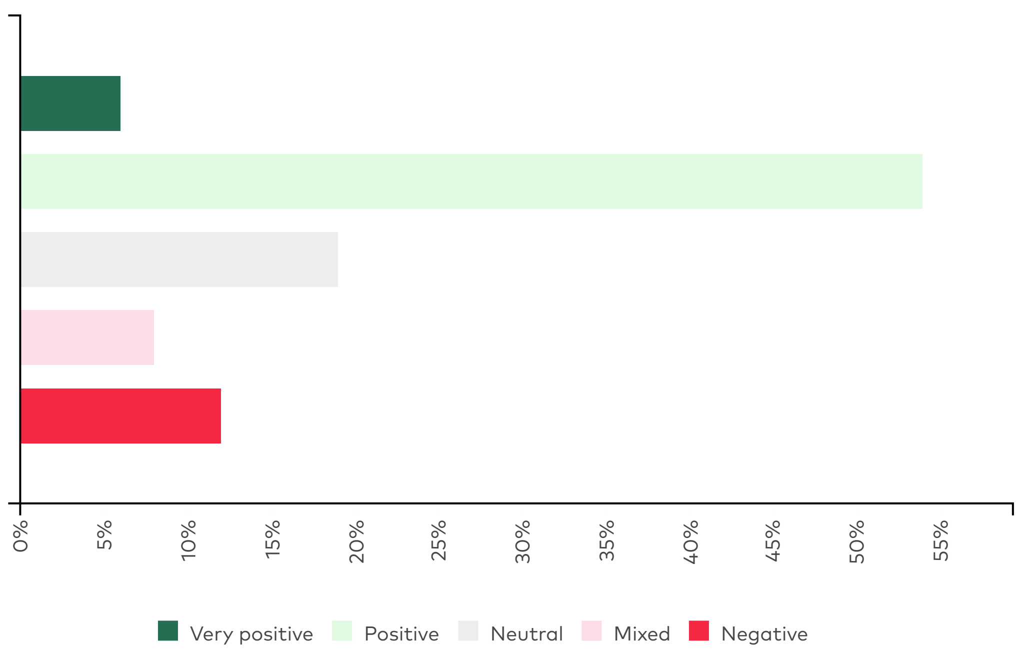

Figure 37. Sentiment analysis of the views about potential of domestic tourists in the Nordic countries.

When analysing the responses in more detail, most respondents recognised many opportunities for growth and development of the domestic tourism in the Nordic countries. The main themes that emerged from the comments include the great potential for growth, especially in relation to nature tourism, culture, and the experience industry. However, the respondents think there is a need for increased marketing and awareness of the destinations and services available, as well as a need for improved accessibility of the destinations.

Nature tourism and the experience industry on that side have good opportunities to grow and develop. Sustainable and summer tourism are on the rise... – Finland, a representative of a business support organisation

There is good potential. There is much that is not found in other countries. There is no need to go far. Comfortable. – Sweden, a representative of a category "other"

Domestic tourism in the Nordic countries is also considered to be somewhat forgotten or undiscovered by locals and vacations abroad in other parts of Europe are seen as more popular:

There is great potential – people of the younger generation are more open minded to unusual destinations for their travels. Iceland, a representative of a private enterprise

The potential is there, but it seems difficult to shift interest from abroad to the interior. Currently, the economic situation is worrying for tourism. – Norway, a representative of a private enterprise

Some respondents pointed out the need for more extensive collaboration with local entrepreneurs and the government. Also, the trend of sustainable tourism is well recognised, and it should be utilised in the domestic tourisms promotion for example highlighting the shorter travelling distances:

The role of the government should be more extensive. Marketing domestic tourism as a tourism of the future is the way to go. Cross-marketing between local entrepreneurs. More possibility for small companies to advertise themselves through official sites. – Sweden, a representative of a private enterprise

The potential is great as the cultural barriers are smaller and as more responsible and sustainable travel will be required – we need to reduce the longer journeys by air, for example. – Sweden, a representative of a DMO

Additionally, some respondents to this question understood domestic tourism in the Nordics to include cross-border travelling to other Nordic countries as well and saw potential in the development of 'Nordic domestic tourism' as a common endeavour between different Nordic countries:

There is plenty of untapped potential for domestic tourism within the Nordic region. Why do Norwegians, Danes, Swedes, Finns and Icelanders travel to Southern Europe and many other places when the Nordic region has so much to offer? We forget our common cultural and historical cohesion. It has been diluted over the past 50 years. And now, it must be recovered. – Denmark, a representative of a business support organisation

There is good potential, but we need more information sharing, marketing, common market platforms and especially networking, as well as a larger coordinating body that would promote this cooperation and gather information (e.g. customer preferences). Perhaps clearer products are also needed – why would Swedes want to go to Finland or the other way around? ... To deal with these big questions, a large organisation is needed, which has the resources to analyse and develop services together with tourism operators. Some common Nordic tourism strategy or goals – for example, strategies or goals from the perspective of sustainable development – would bring a new impetus to both tourists and operators. Finland, a representative of a private enterprise

The potential of domestic tourism was also reflected in the survey, where there was a strong interest in attracting more domestic tourists. When tourism enterprises in the Nordic region were asked about their interest in attracting more domestic tourists in the future, the majority of the companies expressed interest, with 72 per cent of the respondents choosing the 'Definitely yes' and 'Probably yes' categories. Only a small proportion of companies expressed disinterest, with 9 per cent of the responses falling into the 'Probably no' and 'Definitely no' categories. A significant proportion of companies were unsure, with 18 per cent of responses categorised as 'Hard to say / I don't know.' The results show no significant differences at the regional level. (Figure 38).

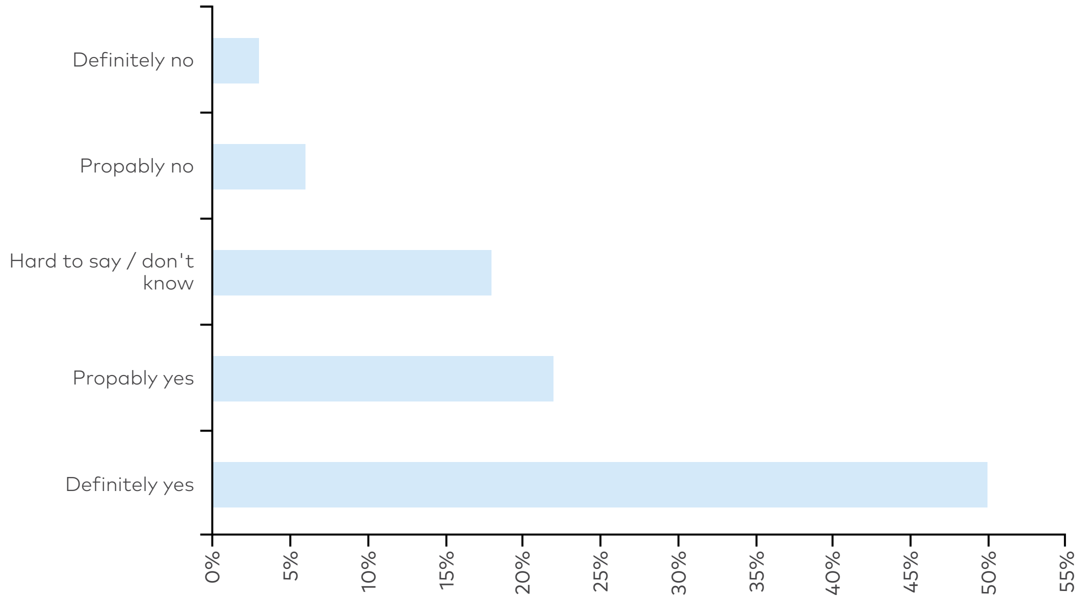

Figure 38. Interest in attracting more domestic tourists in the future.

A third of the responding private enterprises also expected domestic tourism's share of their revenue to grow in the next three years. The share of respondents who expect the share of domestic tourism to decrease is only 19 per cent. Comparing different regions, Icelandic companies had a higher share in the category indicating that domestic tourism's share of revenue will 'stay on the current level'. This reflects the smaller size of the domestic market in Iceland. In Finland the number of respondents who except domestic tourism's share of their revenue to increase was the highest (Figure 39). This might reflect the fact that the Finnish enterprises responding the survey also showed more interest towards domestic markets and were investing more to development of domestic tourism compared to the pre-Covid situation than enterprises in other Nordic countries.

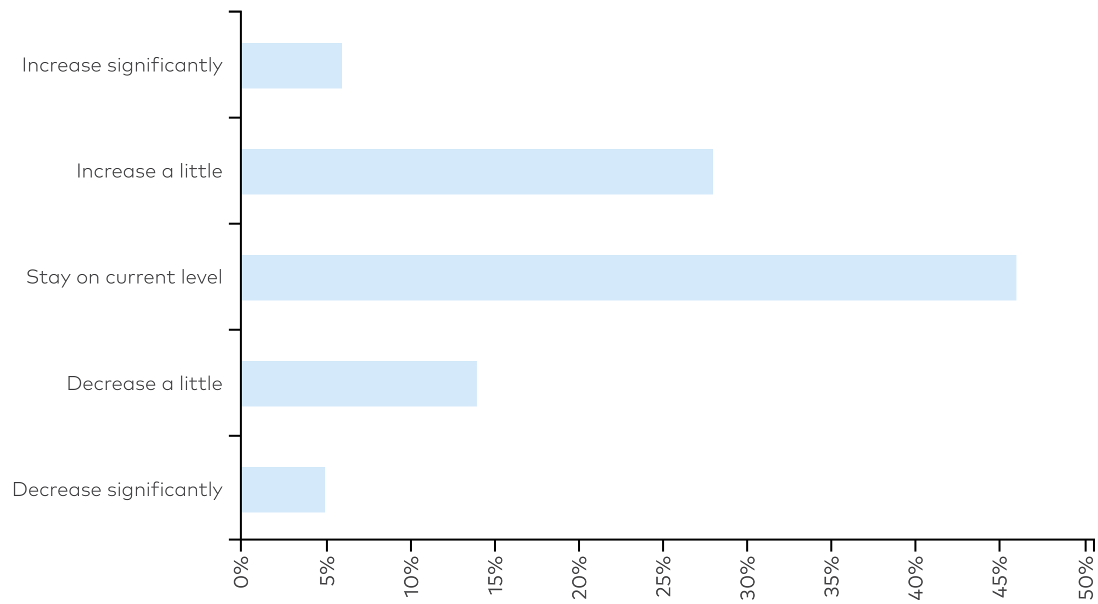

Figure 39. Expectations of growth of the share of domestic tourism.

5.2 Pull factors and challenges

According to the interviews, workshop and the survey, there is an increase in interest in sustainable and responsible modes of tourism and in nature tourism destinations. This aligns well with the Nordic region's unique nature sites, making it an attractive destination for domestic tourists seeking eco-friendly travel experiences. The Covid-19 pandemic has affected international travel, resulting in many people opting for domestic travel and shorter travelling distances instead. This trend is expected to continue even after the pandemic has subsided, though the recovery of outbound tourism means that there is decline compared to the peak levels of domestic tourism experienced during the pandemic. Sustainable development and growth are also recognised as objectives for common Nordic tourism development in Plan for Nordic Tourism Co-operation 2019–2023 -strategy alongside competitiveness, digitalisation and attractiveness[83].

According to the survey results, the most significant pull factors for domestic tourism in the next three years will be an increase of interest in nature tourism destinations (chosen by 51% of respondents), followed closely by an increase of

83. Nordic Council of Ministers 2019.

interest in sustainable and responsible modes of tourism (chosen by 49% of respondents). These two are clearly the most mentioned pull factors. Other factors, such as increase of interest in traveling that is shorter in time, safety and ease of traveling were chosen by one third to one fourth of the respondents. (Figure 40).

There were minor differences between countries. Respondents from Iceland and Finland emphasised the interest towards nature tourism more often than other countries. Sustainability and responsible modes of tourism was the most mentioned pull factor in Denmark and Norway and tied for first place in Finland. When looking at the country-specific responses, the low number of responses from Denmark and Norway must be kept in mind. The question was mistranslated in the Swedish survey form and thus the results are presented without the respondents who answered the survey in Swedish. Yet, the similarity of issues risen across the countries in the survey and in the interviews give credibility to the results even if the number of responses is low in some countries.

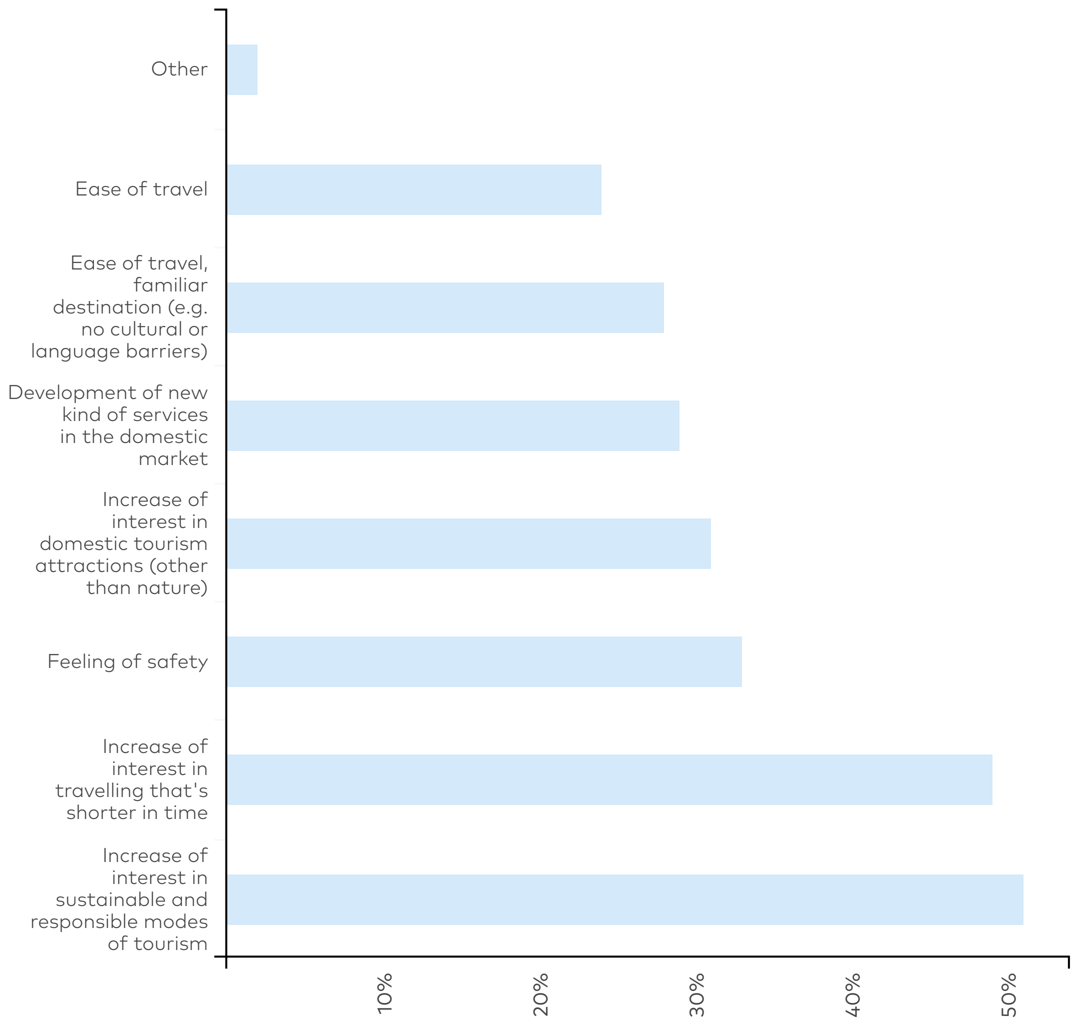

Figure 40. Most significant pull factors for domestic tourism in the Nordic countries, share of respondents choosing an alternative.

When asked about the most significant challenges for domestic tourism in the next three years, the most chosen response with 59 per cent was 'The financial situation of consumers'. Other frequently chosen challenges include 'Recovered interest in tourism abroad' at 41 per cent, 'The quality–price ratio of domestic tourism' at 34 per cent and 'A shortage of qualified staff' at 31 per cent. Challenges such as 'A lack of know-how in product development or marketing' and 'Relatively low market volume/potential' were chosen by a smaller percentage of respondents, at 13 per cent and 17 per cent respectively. (Figure 41).

When comparing different Nordic countries, 'The financial situation of consumers' is the most chosen response in all countries except Iceland, where only 38 per cent of the respondents chose this option compared to 79 per cent in Finland, 68 per cent in Sweden, 62 per cent in Norway and 42 per cent in Denmark. The most chosen response in Iceland is 'Recovered interest in tourism abroad' followed by 'The quality–price ratio of domestic tourism'. Research material does not provide reasons for this difference, but this could be due to the geography of Iceland. Smaller size of the land mass makes travelling domestically less expensive and on the other hand travelling aboard always requires substantial investment in traveling either by air or by water, and hence the economic situation and the exchange rate of krona affect outbound tourism more than domestic tourism.

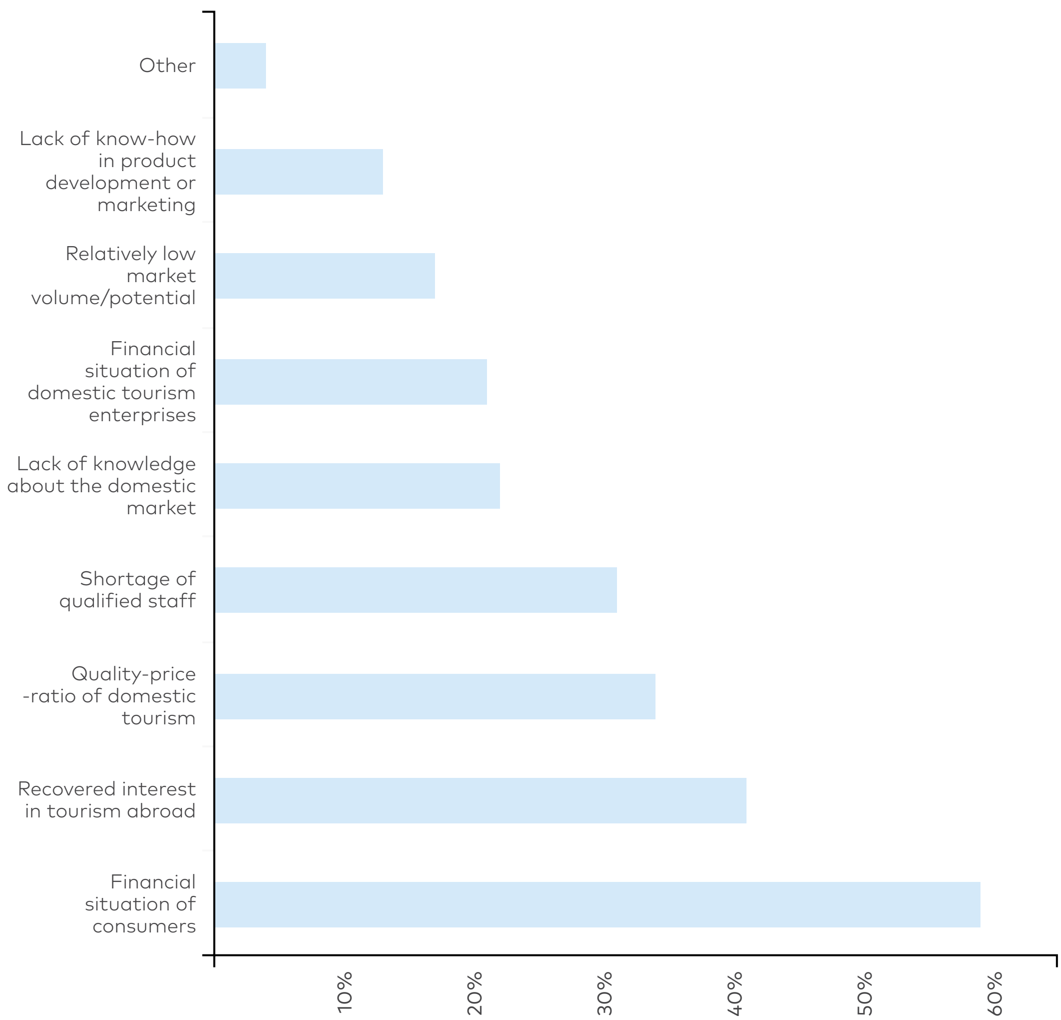

Figure 41. The most significant challenges for domestic tourism, share of respondents choosing an alternative.

Regarding the challenges, the themes mentioned by the interviewees were quite similar to the results of the survey. Financial uncertainty, high quality-price ratio expectations of domestic tourists, and shortage of staff (especially outside the high season) were themes that came across in many interviews. Another theme somewhat related to the financial situation is the VAT level, which was mentioned to be high especially in Norway and Denmark. In addition, the strict policies and practices regarding alcohol gained some mentions, and some of the interviewees pondered if the peak of high season could be levelled to longer period by altering the current domestic holiday periods.

6. Conclusions

For this study, we gathered a sizable amount of research material consisting of 35 interviews with tourism experts from different Nordic countries and autonomous areas, 10 case studies of best practices, a workshop with 16 participants from across the Nordic countries and autonomous areas, a survey with 480 responses from tourism sector enterprises and organizations and a desk study of research and statistics of domestic tourism in the Nordic countries. This extensive research material enables us to explore the issues related to domestic tourism and its development in the Nordic countries and autonomous areas by triangulating several types of evidence. In the conclusions, we present findings that are based on insights gained from different research materials and/or different countries. This adds the validity of our findings but limits the extent of our conclusions to a more general level.

The lack of research literature and comparable statistical data of domestic tourism in the Nordic countries means that there was a limited amount of material available for country level comparisons. Additionally, given the pan-Nordic explorative nature of this project, we did not attempt to gather a representative sample of tourism organisations in our survey. The small number of responses, especially from Norway, Denmark and autonomous areas, makes country or regional level comparisons of the survey data unreliable and cross-tabulations by, for example, the business sector of the enterprise impossible. All in all, our survey results do not give a representative view of the individual countries and represent the opinions of the respondents, not necessarily the industry as a whole. Hence, we have mainly refrained from doing detailed country comparisons of survey results and if country comparisons are done, we add insights from other materials as well. Additionally, a target group analysis with a survey for consumers in each Nordic country would have strengthened the results but was beyond the scope of this project.

For these reasons, our conclusions in this report are on a more general level, and we cannot give clear country-specific policy recommendations. Yet, there is much more detailed country and case-specific information contained in the country reports that are annexed to this report. This information can be useful for tourism sector organisations in specific situations or specific countries, and we encourage interested readers to take a closer look. Additionally, the survey results, aggregated to a country level, are included in the annex, although when looking at these, one must bear in mind the low number of responses especially from certain countries and autonomous areas.

6.1. The value of domestic tourism in the Nordic countries

In this study, we set out to increase the understanding of the value of domestic tourism in the Nordic countries. This is achieved mostly through looking at statistical information. Our findings indicate that domestic tourism is very significant in all continental Nordic countries regardless of the indicator examined. When looking at the most widely available and comparable statistic, nights spent in hotels, holiday resorts, youth hostels and camping sites, in Denmark, Finland, Norway and Sweden domestic tourists already counted for around two thirds of all overnights before Covid-19 pandemic and the share rose to over 80 per cent during the pandemic. Overnight data used do not include holiday cottages and commercially arranged rentals in private cottages and apartments, which can be significant in the context of domestic tourism. Moreover, same-day trips or visitors spending nights at a friend's house, or a privately owned summer cottage are not included in overnight data, and, in the case of domestic tourism, these groups form a large share of all visitors. Hence, the total volume of domestic tourism is even higher than the overnight statistics indicate.

High volume of domestic tourism in the continental Nordic countries is reflected in its economic impact. Domestic tourists tend to spend less money individually, but in total they made up around two thirds of tourism consumption before the pandemic in continental Nordic countries. During the Covid-19 crisis, the share rose to three quarters in Denmark and Sweden and close to 90 per cent in Norway and Finland in 2020 and, according to available preliminary results, is expected to stay on these higher levels in 2021. The difference between the continental Nordic countries could be partly explained by the geography and accessibility from Europe in Denmark and less strict pandemic-related restrictions in the case of Sweden, though verifying this would need additional country-specific research.

In Iceland and the autonomous areas, the share of domestic tourism in overnights and its direct economic impact is smaller compared to continental Nordic countries. Yet, according to our research material, the significance of domestic tourism is larger than the numbers indicate. Domestic travellers in all Nordic countries and autonomous areas use tourism services during off-seasons for inbound tourism. Even if the volume of domestic tourism is lower than during the main season, this helps tourism companies to retain key staff members and a part of the revenue during times when there are fewer inbound tourists. Loss of inbound tourism during the Covid-19 pandemic highlighted this effect also in Iceland and autonomous areas where the significance of domestic tourism market was smaller before the pandemic. According to our material, domestic tourism also makes tourism industry more familiar and socially acceptable amongst the local population in general.

6.2 The potential of domestic tourism in the Nordic area in a post-Covid world

Additionally, this study aimed to map the potential of increasing domestic tourism in the Nordics and explore the value that the tourism sector actors give domestic tourism in the post-Covid world. For these aims, our research material does not allow for very specific quantitative predictions and the findings are more general in nature. Additional research, in the form of foresight and scenario building for example, could enhance our results. Unfortunately, it was beyond the scope of this study.

The Covid-19 pandemic showed the immense potential of domestic tourism in the Nordic countries. Looking at our data on overnights, the number of domestic tourists in all Nordic countries and autonomous areas has stabilised to a level that is at least slightly higher than before the pandemic. However, the survey respondents and the experts we interviewed had differing views of the future. Most interviewees and survey respondents saw the potential of domestic tourism and thought that it will grow in the future. Yet, as some interviewees pointed out, this depends on future developments. Recovery of outbound tourism after Covid-19 decreases interest towards domestic tourism, but on the other hand, the worsening economic situation might increase it again. Additionally, many interviewees recognised the transformation of the tourism industry towards a more sustainable mode of operation identified in research literature as one reason to expect domestic tourism to grow in the future.

What almost everyone agreed on was that the Covid-19 pandemic served as an eye opener for the significance of domestic tourism in the Nordic countries and autonomous areas. Interest towards the domestic market has grown, though in the survey tourism enterprises show less interest than business support organisations and DMOs. Pandemic also highlighted the significance of coordinated development of the domestic tourism sector. Only a handful of survey respondents thought that there is no need to coordinate domestic tourism development.

6.3 Key findings

Our main findings in this report are based on the analysing the different research material gathered in this project together. Below we summarise the results into seven key findings on how the tourism sector actors could realise the potential of domestic tourism. Given the scope of the study, these findings are rather general in nature and their application in individual countries or cases still needs a more concrete plan from the tourism sector actors on different levels. However, they should help both private and public sector actors in planning and coordinating domestic tourism development.

Whenever possible, we indicate if the action should take place in local, regional, national, or Nordic level. Yet, nature of our research does not allow to make country-specific recommendations with clearly stated responsible actors in each country. Individual country reports and case studies can offer detailed insights for organisations in certain countries or situations. In this final report, we present the more general findings applicable in different Nordic countries and autonomous areas.

1. There is a need for more research focusing on domestic tourism in the Nordic countries.

The Covid-19 pandemic made the domestic tourists the main target group for the tourism sector. This sudden change revealed the lack of information about and research on domestic markets in the Nordic countries. There is a need for more data that is aggregated to domestic and inbound components and an even more dire need for research that uses and interprets this data. Our research gives insight into the issue of domestic tourism in the Nordic context, but more detailed national information about the needs and flows of domestic tourists, especially same-day visitors, is needed. This could be done by making more aggregated data in tourism satellite accounts available or by conducting target group surveys targeted at consumers, preferably in a way that the data is comparable across the Nordic countries and autonomous areas. Additionally, domestic tourism development on a larger scale could be supported with the creation of scenario-based foresight studies of future developments.

In our study, the lack of information about domestic tourism target groups and preferences was especially highlighted by DMOs and business support organisations. Developing the products and marketing is not possible without knowledge of the preferences of domestic tourists. Hence, to better support tourism enterprises to increase the number of domestic tourists using their services, more research is required.

This was also made clear in our case studies, where one of the key lessons was the importance of utilising data in product development and marketing campaigns. This can be done by using pre-existing data, if it is available, or it can be gathered as a pre-study phase for a project. These data gathering projects could therefore be attached to larger national marketing projects.

2. Domestic tourists in the Nordics love nature and value quality over quantity.

Our results indicate that there are some subtle differences between the preferences of domestic tourists in the Nordics, but they are overshadowed by strong similarities. Survey results as well as interviewed experts point out that love of nature and nature tourism as well as appreciation of good products and services are things most commonly connecting domestic tourists throughout the Nordic countries and autonomous areas.

Additionally, domestic tourists in the Nordic countries can be cost conscious at times. Closer examination of our research material indicates that this does not necessarily mean domestic tourists are not willing to pay for a service or product they see fitting their needs, but that domestic tourists are more aware of the cost-quality ratio and the general price level. Domestic tourists expect the quality of the service or product to match the price and to suit their needs.

Hence, when developing services or products for domestic tourists – or for tourists from other Nordic countries – there needs to be an emphasis on quality over quantity. The content of the service or product needs to befit the target group. In addition to the general interest towards nature tourism, there seem to be quite similar niche markets in all the Nordic countries. Given the similarities of preferences of domestic tourists, products developed to fit domestic market in one Nordic country can quite readily be marketed to similar target groups in other Nordic countries as well.

3. Developing tourism products and services for the domestic market can support inbound tourism development.

Traditionally, the development of tourism services and products has been done first and foremost with inbound tourists in mind. These services and products can then be adapted to fit the domestic market as well, as was seen during the Covid-19 crisis, often by rebranding, adding a more individualised service or creating a more authentic product. According to our results, this could also be conceptualised in reverse: creating products and services that fit domestic tourists in the Nordic countries could support inbound tourism development as well.

According to our interviews and case studies, nature, authenticity, and culture are important for domestic tourists in all the Nordic countries and autonomous areas. The services and products developed for domestic tourists should reflect these preferences. Creating high quality services that emphasize quality over quantity also accommodates the increased interest towards sustainable and responsible modes of tourism that was identified as one of the key pull factors for domestic tourism in the survey as well as in the interviews. Additionally, Nordic domestic tourists are also tech savvy and accustomed to using digital services. The coverage of high-capacity telecommunications networks is good in the Nordic countries, and the cost of connecting is low. Domestic markets can thus be used as testbeds for creating new digital solutions for the tourism industry, as is evident in our case studies.

Given that sustainability and digitalization are rising trends of the tourism sector in all the Nordic countries, tourisms services and products developed for the domestic market are also well suited for travellers from other Nordic countries. These products and services also fit the wider transformation of the tourism industry from business models based on high volume with inherent risk of overtourism towards a more sustainable mode of operation identified in the research literature.

4. Increasing marketing to domestic tourists in the short term and in the long term.

Marketing was clearly the most often mentioned measure in the survey, when asked for measures that would either help tourism enterprises to better meet the needs of domestic tourists or that would benefit domestic tourism regionally. Marketing was the preferred method to develop domestic market of both tourism enterprises and business support organisations and second on the list for DMOs as well.

The behavioural patterns of domestic tourists observed in country cases and interviews reveal that there are two types of marketing that could be done to increase the number of domestic tourists. Firstly, marketing to domestic tourists can be done in the short term to take advantage of the quick decision times of domestic tourists. This could mean narrowly targeted digital campaigns that can be quickly launched based on weather patterns or the availability of services. This type of marketing would mostly be done on a local level and by the tourism enterprises.

Secondly, there is a need for more long-term marketing to promote domestic traveling in general. This can be done on a regional level, where DMOs can promote their own destinations. On the other hand, there is also a need for national marketing campaigns to increase the number of people who decide to travel domestically. These marketing campaigns should utilize the pull factors identified in our survey and interviews, of which interest towards nature tourism and sustainable and responsible modes of tourism were the most visible.

5. More cooperation on the local and regional level is required to realise the potential of domestic tourism in the Nordic countries and autonomous areas.

The Covid-19 pandemic made the significance of domestic tourism abundantly clear in all the Nordic countries and autonomous areas. With the travel restrictions introduced during the Covid-19 crisis, domestic tourists were suddenly the most important target group for the whole tourism industry. This also made coordination in developing the domestic tourism sector, or rather the lack of it, visible.

According to interviews, before the pandemic, domestic tourism was mostly overlooked in favour of the inbound tourism when developing tourism marketing, services, and products. Even in rural areas, where larger share of visitors is typically domestic, the development efforts were mostly directed towards increasing inbound tourism. In Iceland and autonomous areas this lack of interest can be explained by the much higher volume of the inbound tourism market, but in Denmark, Finland, Norway, and Sweden the domestic market was responsible for most of the economic impact of the tourism sector already before the pandemic. Our research material does not offer specific reasons why developing domestic market was a low priority effort in continental Nordic countries as well, but the interviews suggest that domestic tourism was seen as an everyday phenomenon developing on its own and inbound tourism was thought to be more a lucrative target for development. Additionally, inbound tourism can be thought of as an export industry that enhances the trade balance of national economy and hence public support for developing inbound tourism is easier to justify.

There was some cooperation in domestic tourism development on a sub-national level in different Nordic countries before the pandemic, but the loss of inbound tourists due to the travel restrictions during the Covid-19 pandemic served as a catalyst for a breakthrough of domestic tourism to the agendas of local and regional actors across the Nordic countries and autonomous areas. The tourism sector organisations in the survey and the experts interviewed also saw a need for further coordination and cooperation in domestic tourism development, especially on a regional level. The companies who responded the survey identified a need for creating regional opportunities for collaboration and the sharing of experiences as well as for creating offerings for the domestic market. Our case studies include several examples of successful regional development programs, typically initiated by regional DMOs.

6. National development of domestic tourism should utilise structures created during the pandemic to strengthen the resilience of the tourism sector.

The lack of coordination of domestic tourism development was especially clear on the national level. Before the pandemic, the main national tourism development organisations in all the Nordic countries and autonomous areas were focused in promoting the country to inbound tourists. There were some nascent attempts of creating national level coordination in developing domestic tourism before the pandemic in some Nordic countries, but the border closures and travel restrictions served as a starting point for more concentrated national efforts.

During the pandemic, national efforts to increase domestic tourism were activated in all Nordic countries and autonomous areas. National marketing campaigns were created, often including some support mechanisms for enterprises or economic incentives for travellers. Our case studies include several examples of these types of practices. Additionally, many Nordic countries expanded the mandate of the main tourism promotion organisations to include domestic markets as well. Campaigns created during the pandemic were, however, typically temporary in nature. At the time of this study, it is unclear if this change on the national level towards the domestic market will produce lasting structures for domestic tourism development.

According to our results, the interest of tourism sector organisations towards the domestic market has risen in all the Nordic countries and autonomous areas, although the recovery of international tourism – both outbound and inbound – might affect this. Most interviewed experts and survey respondents expressed views that domestic tourism should remain in the agenda of the tourism sector developers in all the Nordic countries. The national structures created during the pandemic can serve as platforms for further cooperation and should at least remain in a state where they can be activated in case of loss of inbound tourism. This would enhance the resilience of the tourism sector to sudden crisis. Our research suggests that increasing the number of domestic tourists helped the companies to survive and even grow during the pandemic.

Additionally, national level coordination structures could help tourism sector to manage the consequences of the possible transformation of the industry caused by long-term trends like rising costs of transportation and the rise of sustainable traveling. Also, when domestic travellers use tourism services, it makes the whole industry more acceptable nationally, thus increasing the possibilities of developing the industry in the future.

7. Nordic level cooperation in developing domestic tourism should be initiated to share experiences.

Even if developing domestic tourism is mostly seen as a national endeavour, Nordic cooperation raised interest in our interviews as well as in the survey. Information sharing and developing new ideas could also be done in Nordic-wide networks. The similarities in the tourist preferences in the Nordic countries – especially the common interest in nature and outdoor activities – were seen as a great base on which to build cooperation.

This is especially true in border regions, like Tornedalen or Öresund region, where domestic tourists come from several Nordic countries. According to the interviews, national borders have been hindering the development of domestic tourism in the border regions and Covid-19 was especially disruptive of the normal movement of tourists over the borders, thus increasing the need for cross-border cooperation in case of future crisis.

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Interviewed organisations

List includes interviewed organisations. There can be more than one person interviewed per organisation.

Bílaleiga Höldur

City of Helsinki

City of Malmö

Danske Destinationer

Icelandic Tourist Board

Innovation Norway

Íslandshótel

Kurbits

Lapland Safaries

Malmö Stad

Metsähallitus / Parks & Wildlife Finland

Ministry of Industry, Business and Financial Affairs of Denmark

Ministry of Trade, Industry and Fisheries of Norway

NHO Reiseliv

Regional Council of Lapland / House of Lapland

Ruka-Kuusamo Tourist Association

Sapmí Naeringshage

Statistics Finland

Svensk Turism

Swedish Agency for Economic and Regional Growth

The Finnish Hospitality Association Mara

The Icelandic Travel Industry Association

Tornedalen Council

Tyréns

Virke Travel

Visit Aarhus

Visit Denmark

Visit Faroe Islands

Visit Karelia

Visit North Iceland

Visit Rovaniemi

Visit Sweden

Visita

Annex 1. Survey responses

This annex includes the response distributions of survey conducted as part of Exploring Domestic Tourism in the Nordics -project.

Question 2 - Country or autonomous region

Q2 - Country or autonomous region	%	N
Åland	1 %	4
Denmark	7 %	33
Finland	26 %	123
Greenland	0 %	2
Iceland	31 %	150
Norway	6 %	31
Sweden	29 %	137

Question 3 - What type of organisation do you represent?

What type of organisation do you represent?	%	N
Business support organisation	5 %	26
Destination Management Organisation (DMO)	11 %	53
Other (please specify)	11 %	54
Private enterprise	72 %	347

What type of organisation do you represent?	Iceland	Sweden	Finland	Norway	Denmark
	(n=150)	(n=137)	(n=123)	(n=31)	(n=33)
Private enterprise	80 %	74 %	67 %	71 %	61 %
Other	9 %	11 %	18 %	6 %	0 %
Destination Management Organisation (DMO)	7 %	14 %	8 %	19 %	24 %
Business support organisation	5 %	1 %	7 %	3 %	15 %

Question 4 - What is the (peak level) number of employees in your organisation?

What is the (peak level) number of employees in your organisation?	%	N
0-9	50 %	241
9-49	28 %	135
50-249	11 %	52
250+	11 %	52

What is the (peak level) number of employees in your company?	Iceland	Sweden	Finland	Norway	Denmark
	(n=150)	(n=137)	(n=123)	(n=31)	(n=33)
0-9	71 %	35 %	51 %	39 %	27 %
10-49	23 %	39 %	20 %	32 %	36 %
50-249	4 %	14 %	11 %	13 %	24 %
250+	2 %	12 %	17 %	16 %	12 %

Question 5 - Does your organization mainly operate on

Does your organization mainly operate on	%	N
International level	15 %	70
Local level	41 %	198
National level	21 %	101
Regional level	23 %	109

Does your organization mainly operate on...	Iceland	Sweden	Finland	Norway	Denmark
	(n=150)	(n=137)	(n=123)	(n=31)	(n=31)
Local level	49 %	51 %	25 %	42 %	29 %
Regional level	21 %	19 %	30 %	19 %	23 %
National level	18 %	16 %	27 %	19 %	32 %
International level	12 %	14 %	18 %	19 %	16 %

Question 6 - Please select your organisation's main line of business.

Asked only if respondent represents private enterprise.

Please select your organisation's main line of business.	%	N
Accommodation	37 %	128
Cultural services	4 %	14
Destination management	1 %	5
Destination marketing	1 %	3
Food and beverage serving	22 %	76

Other (please specify)	8 %	29
Passenger transport	9 %	31
Sports and recreation (and other activities)	9 %	31
Travel agency or reservation services	9 %	30

Please select your organisation's main line of business	Iceland	Sweden	Finland	Norway	Denmark
	(n=120)	(n=101)	(n=82)	(n=22)	(n=20)
Accommodation	40 %	42 %	38 %	27 %	0 %
Food and beverage serving	6 %	27 %	27 %	59 %	35 %
Passenger transport	17 %	2 %	7 %	0 %	15 %
Sports and recreation (and other activities)	8 %	10 %	10 %	9 %	5 %
Travel agency or reservation services	14 %	2 %	4 %	5 %	30 %
Other (please specify)	9 %	9 %	10 %	0 %	5 %
Cultural services	6 %	5 %	1 %	0 %	5 %
Destination management	0 %	3 %	1 %	0 %	5 %
Destination marketing	0 %	1 %	2 %	0 %	0 %

Question 7 - Is your organisation engaged in other lines of businesses?

Asked only if respondent represents private enterprise.

Q7 - Is your organisation engaged in other lines of businesses?	%	N
Accommodation	17 %	43
Cultural services	12 %	30
Destination management	5 %	12
Destination marketing	7 %	19
Food and beverage serving	40 %	104
Other (please specify)	12 %	32
Passenger transport	11 %	27
Sports and recreation (and other activities)	13 %	34
Travel agency or reservation services	16 %	40

Question 8 - What is approximately the share of tourism in general of your revenue?

Asked only if respondent represents private enterprise.

What is approximately the share of tourism in general of your revenue?	Local level	Regional level	National level	International level
	(n=139)	(n=71)	(n=78)	(n=57)
0-20 %	24 %	10 %	19 %	12 %
21-40%	14 %	31 %	17 %	11 %
41-60%	10 %	18 %	8 %	11 %
61-80%	13 %	7 %	13 %	21 %
81-100%	39 %	34 %	44 %	46 %

Question 9 - What is approximately domestic tourism's share of your revenue?

Asked only if respondent represents private enterprise.

What is approximately domestic tourism's share of your revenue?	%	N
0-20 %	45 %	155
21-40%	22 %	75
41-60%	14 %	49
61-80%	12 %	42
81-100%	7 %	26

What is approximately domestic tourism's share of your revenue?	Iceland	Sweden	Finland	Norway	Denmark
	(n=120)	(n=101)	(n=82)	(n=22)	(n=20)
0-20 %	72 %	27 %	28 %	41 %	45 %
21-40%	19 %	30 %	17 %	23 %	15 %
41-60%	6 %	21 %	16 %	18 %	20 %
61-80%	2 %	18 %	20 %	5 %	20 %
81-100%	2 %	5 %	20 %	14 %	0 %

Question 10 - In the next three years, do you expect the share of the domestic tourism of...

Asked only if respondent represents private enterprise.

In the next three years, do you expect the share of the domestic tourism of...	%	N
Decrease significantly	5 %	18
Decrease a little	14 %	48
Stay on the current level	46 %	160
Increase a little	28 %	98
Increase significantly	6 %	21

In the next three years, do you expect the share of the domestic tourism of your revenue to...	Iceland	Sweden	Finland	Norway	Denmark
	(n=120)	(n=101)	(n=80)	(n=22)	(n=20)
Decrease significantly	8 %	4 %	1 %	9 %	5 %
Decrease a little	8 %	14 %	14 %	23 %	40 %
Stay on the current level	56 %	46 %	38 %	41 %	40 %
Increase a little	22 %	32 %	41 %	23 %	10 %
Increase significantly	7 %	5 %	6 %	5 %	5 %

In the next three years, do you expect the share of the domestic tourism of your revenue to...	Local level	Regional level	National level	International level
	(n=138)	(n=70)	(n=78)	(n=57)
Decrease significantly	8 %	7 %	0 %	4 %
Decrease a little	17 %	19 %	8 %	9 %

Stay on the current level	49 %	39 %	50 %	47 %
Increase a little	22 %	33 %	31 %	33 %
Increase significantly	4 %	3 %	12 %	7 %

Question 11 - In general, are you interested in attracting more domestic tourists in the future?

Asked only if respondent represents private enterprise.

In general, are you interested in attracting more domestic tourists in the future?	%	N
Definitely yes	50 %	174
Probably yes	22 %	77
Hard to say / don't know	18 %	63
Probably no	6 %	20
Definitely no	3 %	11

In general, are you interested in attracting more domestic tourists in the future?	Iceland	Sweden	Finland	Norway	Denmark
	(n=120)	(n=101)	(n=80)	(n=22)	(n=20)
Definitely yes	47 %	56 %	51 %	50 %	42 %
Probably yes	23 %	15 %	29 %	18 %	32 %
Hard to say / don't know	16 %	23 %	15 %	23 %	16 %
Probably no	10 %	1 %	5 %	9 %	5 %
Definitely no	4 %	5 %	0 %	0 %	5 %

Question 12 - Please describe the three most typical preferences for domestic tourists in one or two words

Please describe the three most typical preferences for domestic tourists in one or two words: The most mentioned words by country.				
Iceland (n=128):	**Sweden (n=90):**	**Finland (n=99):**	**Norway (n=22):**	**Denmark (n=23):**
Gott / Góða / Góð / Góðan: 40 %	Mat / Matupplevelser: 26 %	Luonto: 28 %	Opplevelse: 23 %	Natur / Naturen / Naturoplevelser: 35 %
Þjónustu / Þjónusta: 21 %	Natur / Naturupplevelser: 18 %	Hinta / Edullinen / Edullisuus / Hinnoittelu: 18 %	Mat / Spisegjester: 23 %	Kultur / Kulturoplevelser / Kulturarv: 26 %
Verð: 16 %	Bra / God / Gott: 17 %	Hyvä / Hyvät: 15 %	Natur / Naturopplevelser: 18 %	Mad: 17 %
Náttúra / Náttúru: 13 %	Upplevelse: 9 %	Rauha / Rauhallisuus: 13 %	Lokal: 9 %	Gode / God: 17 %
Afþreying / Afþreyingu: 12 %	Prisvärt / Pris: 9 %	Elämykset / Elämys: 13 %	Pris: 9 %	Outdoor: 13 %
Mat: 10 %	Dryck: 8 %	Helppous / Helppo: 13 %		Afslapning: 9 %
Ódýrt / Ódýra: 10 %	Service: 8 %	Palvelut / Palvelu: 10 %		Oplevelser: 9 %
Veður: 8 %	Evenemang: 6 %	Ruoka: 9 %		Tryghed: 9 %
Gistingu: 8 %	Kultur: 4 %	Aktiviteetit / Aktiviteetti: 8 %		
Upplifun : 8 %	Kvalitet: 4 %	Sijainti: 6 %		

Question 13 - In comparison to time before Covid-19 pandemic, what is the situation in your company now?

Asked only if respondent represents private enterprise.

In comparison to time before Covid-19 pandemic, what is the situation in your company now?	Significant Smaller	Somewhat Smaller	About the same	Somewhat Larger	Significant Larger	Did not exist
Revenue	9 %	23 %	26 %	19 %	16 %	7 %
Number of Employees	7 %	20 %	46 %	15 %	7 %	6 %
Number of customers	6 %	27 %	23 %	22 %	17 %	6 %
Number of domestic customers	7 %	16 %	43 %	20 %	7 %	6 %
Investment in domestic tourism	9 %	15 %	45 %	18 %	6 %	7 %
Interest towards domestic tourism markets	4 %	10 %	43 %	25 %	12 %	7 %

Question 14 - In comparison to time before Covid-19 pandemic, what is the situation in your region now?

Asked only if respondent represents destination management organisation, business support organisation or other.

In comparison to time before Covid-19 pandemic, what is the situation in your region now?	Significantly Smaller	Somewhat Smaller	About the same	Somewhat Larger	Significantly Larger
Number of domestic tourists	4 %	17 %	28 %	32 %	19 %
Investment in domestic tourism	4 %	23 %	47 %	19 %	8 %
Interest towards domestic tourism markets	2 %	9 %	25 %	45 %	19 %

Question 15 - During the pandemic, have you created, developed or received useful practices to enhance domestic tourism in your enterprise or organization?

During the pandemic, have you created, developed or received useful practices to enhance domestic tourism in your enterprise or organization?	%	N
No	57 %	273
Yes	43 %	207

During the pandemic, have you created, developed or received useful practices to enhance domestic tourism in your enterprise or organization?	Iceland	Sweden	Finland	Norway	Denmark
	(n=150)	(n=137)	(n=123)	(n=31)	(n=33)
No	64 %	61 %	50 %	45 %	48 %
Yes	36 %	39 %	50 %	55 %	52 %

During the pandemic, have you created, developed or received useful practices to enhance domestic tourism in your enterprise or organization?	Private enterprise	Other	Destination Management Organisation (DMO)	Business support organisation
	(n=347)	(n=54)	(n=53)	(n=26)
No	59 %	70 %	34 %	50 %
Yes	41 %	30 %	66 %	50 %

Question 17 - How do you think the offering of your company could be developed to better meet the needs of domestic tourists? (Choose up to 3 alternatives)

Asked only if respondent represents private enterprise.

How do you think the offering of your company could be developed to better meet the needs of domestic tourists?	%	N
Development of current services or products	34 %	109
Higher quality of service	21 %	67
I am not sure, there's lack of knowledge of domestic visitors' preferences	12 %	37
Innovation of new kinds of services or products	32 %	102
Lower prices	23 %	75
More marketing to domestic tourists	50 %	159
New sales channels to domestic tourists	27 %	85
Other (please specify)	2 %	5
There’s no need to change our services	11 %	35

How do you think the offering of your company could be developed to better meet the needs of domestic tourists?	Iceland	Sweden	Finland	Norway	Denmark
	(n=117)	(n=96)	(n=66)	(n=19)	(n=20)
More marketing to domestic tourists	52 %	50 %	45 %	47 %	45 %
Development of current services or products	32 %	32 %	41 %	21 %	45 %
Innovation of new kinds of services or products	27 %	25 %	45 %	26 %	45 %
New sales channels to domestic tourists	28 %	25 %	24 %	47 %	15 %

Lower prices	23 %	25 %	18 %	26 %	35 %
Higher quality of service	12 %	30 %	21 %	21 %	30 %
I am not sure, there's lack of knowledge of domestic visitors' preferences	17 %	8 %	11 %	11 %	0 %
There's no need to change our services	15 %	10 %	6 %	0 %	15 %
Other	3 %	1 %	0 %	0 %	0 %

How do you think the offering of your company could be developed to better meet the needs of domestic tourists?	Local level	Regional level	National level	International level
	(n=132)	(n=65)	(n=65)	(n=56)
More marketing to domestic tourists	55 %	46 %	45 %	46 %
Development of current services or products	33 %	32 %	35 %	38 %
Innovation of new kinds of services or products	23 %	45 %	28 %	43 %
New sales channels to domestic tourists	29 %	22 %	31 %	23 %
Lower prices	20 %	34 %	15 %	25 %
Higher quality of service	17 %	15 %	25 %	30 %
I am not sure, there's lack of knowledge of domestic visitors' preferences	11 %	14 %	14 %	7 %
There's no need to change our services	13 %	9 %	11 %	9 %
Other	2 %	2 %	2 %	0 %

Question 18 - In your opinion, which are the most significant challenges for domestic tourism in the next three years? (Choose up to 3 answers)

In your opinion, which are the most significant challenges for domestic tourism in the next three years?	%	N
Financial situation of consumers	59 %	278
Financial situation of domestic tourism enterprises	21 %	96
Lack of know-how in product development or marketing	13 %	62
Lack of knowledge about the domestic market	22 %	103
Other (please specify)	4 %	20
Quality-price -ratio of domestic tourism	34 %	159
Recovered interest in tourism abroad	41 %	194
Relatively low market volume/ potential	17 %	80
Shortage of qualified staff	31 %	145

In your opinion, which are the most significant challenges for domestic tourism in the next three years?	Iceland	Sweden	Finland	Norway	Denmark
	(n=146)	(n=133)	(n=121)	(n=29)	(n=33)
Financial situation of consumers	38 %	68 %	79 %	62 %	42 %
Recovered interest in tourism abroad	51 %	40 %	36 %	34 %	30 %
Quality-price -ratio of domestic tourism	40 %	24 %	37 %	34 %	39 %
Shortage of qualified staff	23 %	31 %	40 %	38 %	24 %
Lack of knowledge about the domestic market	30 %	22 %	14 %	14 %	27 %

Financial situation of domestic tourism enterprises	18 %	21 %	17 %	24 %	39 %
Relatively low market volume/ potential	24 %	11 %	16 %	17 %	15 %
Lack of know-how in product development or marketing	16 %	11 %	12 %	7 %	21 %
Other	7 %	2 %	2 %	10 %	6 %

In your opinion, which are the most significant challenges for domestic tourism in the next three years?	**Private enter**	**Other**	**Destination Management Organisation (DMO)**	**Business sup organisation**
	(n=336)	(n=54)	(n=52)	(n=26)
Financial situation of consumers	58 %	61 %	67 %	54 %
Recovered interest in tourism abroad	40 %	37 %	44 %	62 %
Quality-price -ratio of domestic tourism	35 %	37 %	27 %	31 %
Shortage of qualified staff	27 %	30 %	52 %	42 %
Lack of knowledge about the domestic market	22 %	33 %	12 %	23 %
Financial situation of domestic tourism enterprises	20 %	28 %	17 %	23 %
Relatively low market volume/ potential	18 %	17 %	19 %	8 %
Lack of know-how in product development or marketing	11 %	13 %	23 %	19 %
Other	4 %	6 %	6 %	0 %

Question 19 - In your opinion, which are the most significant pull factors for domestic tourism in the next three years? (Choose up to 3 answers)

Sweden is excluded from these results because of an error in translated survey form.

Q19 - In your opinion, which are the most significant pull factors for domestic tourism in the next three years?	%	N
Development of new kind of services in the domestic market	28 %	94
Ease of travel, familiar destination (e.g. no cultural or language barriers)	24 %	79
Feeling of safety	31 %	103
Increase of interest in domestic tourism attractions (other than nature)	29 %	96
Increase of interest in nature tourism destinations	51 %	170
Increase of interest in sustainable and responsible modes of tourism	49 %	164
Increase of interest in travelling that´s shorter in time	33 %	110
Other	2 %	7

In your opinion, which are the most significant pull factors for domestic tourism in the next three years?	Iceland	Finland	Norway	Denmark
	(n=147)	(n=119)	(n=31)	(n=33)
Increase of interest in nature tourism destinations	50 %	54 %	45 %	45 %
Increase of interest in sustainable and responsible modes of tourism	45 %	54 %	52 %	52 %
Increase of interest in travelling that´s shorter in time	29 %	34 %	42 %	33 %

Feeling of safety	28 %	38 %	26 %	21 %
Increase of interest in domestic tourism attractions (other than nature)	33 %	24 %	29 %	30 %
Development of new kind of services in the domestic market	33 %	21 %	19 %	39 %
Ease of travel, familiar destination (e.g. no cultural or language barriers)	22 %	26 %	19 %	24 %
Other	4 %	1 %	0 %	0 %

In your opinion, which are the most significant pull factors for domestic tourism in the next three years?	**Private enterprise**	**Other**	**Destination Management Organisation (DMO)**	**Business support organisation**
	(n=242)	(n=39)	(n=33)	(n=22)
Increase of interest in nature tourism destinations	51 %	46 %	48 %	59 %
Increase of interest in sustainable and responsible modes of tourism	46 %	56 %	55 %	55 %
Increase of interest in travelling that´s shorter in time	30 %	38 %	45 %	32 %
Feeling of safety	29 %	36 %	30 %	36 %
Increase of interest in domestic tourism attractions (other than nature)	28 %	23 %	36 %	36 %
Development of new kind of services in the domestic market	28 %	28 %	30 %	27 %
Ease of travel, familiar destination (e.g. no cultural or language barriers)	23 %	33 %	18 %	18 %
Other	3 %	0 %	0 %	0 %

Question 20 - What would benefit domestic tourism in your region? (Choose up to 4 answers)

What would benefit domestic tourism in your region? (Choose up to 4 answers)	%	N
Developing the local infrastructure, transportation, and accessibility	40 %	184
Developing the national-level coordination of domestic tourism support	19 %	89
Developing tourism-related digital services	24 %	111
Development of alternative tourism products for domestic markets	29 %	134
Economic data about domestic tourism	12 %	57
Information about best practices concerning domestic tourism	11 %	53
Information about domestic tourists' profiles and preferences	17 %	77
Marketing campaigns to increase domestic tourism	44 %	203
New marketing strategies	21 %	99
Opportunities for training and skills development for the local enterprises	23 %	104
Opportunities to collaborate and network with other businesses and organizations	40 %	185
Other (please specify)	5 %	21

What would benefit domestic tourism in your region?	Iceland	Sweden	Finland	Norway	Denmark
	(n=141)	(n=132)	(n=119)	(n=31)	(n=33)
Marketing campaigns to increase domestic tourism	49 %	39 %	49 %	42 %	27 %
Opportunities to collaborate and network with other businesses and organizations	43 %	32 %	40 %	48 %	52 %
Developing the local infrastructure, transportation, and accessibility	52 %	33 %	35 %	39 %	30 %
Development of alternative tourism products for domestic markets	35 %	21 %	31 %	23 %	30 %
Developing tourism-related digital services	24 %	24 %	27 %	32 %	6 %
Opportunities for training and skills development for the local enterprises	20 %	24 %	20 %	23 %	27 %
New marketing strategies	17 %	27 %	19 %	26 %	24 %
Developing the national-level coordination of domestic tourism support	22 %	18 %	17 %	23 %	18 %
Information about domestic tourists' profiles and preferences	13 %	20 %	18 %	6 %	15 %
Economic data about domestic tourism	5 %	21 %	9 %	6 %	24 %
Information about best practices concerning domestic tourism	12 %	9 %	12 %	16 %	15 %
Other	7 %	5 %	4 %	0 %	0 %

What would benefit domestic tourism in your region?	Private enterprise	Other	Destination Management Organisation (DMO)	Business support organisation
	(n=330)	(n=54)	(n=52)	(n=26)
Marketing campaigns to increase domestic tourism	43 %	50 %	38 %	54 %
Opportunities to collaborate and network with other businesses and organizations	38 %	41 %	54 %	31 %
Developing the local infrastructure, transportation, and accessibility	39 %	46 %	37 %	42 %
Development of alternative tourism products for domestic markets	30 %	30 %	17 %	38 %
Developing tourism-related digital services	22 %	28 %	31 %	27 %
Opportunities for training and skills development for the local enterprises	21 %	20 %	27 %	42 %
New marketing strategies	23 %	17 %	25 %	4 %
Developing the national-level coordination of domestic tourism support	18 %	19 %	23 %	23 %
Information about domestic tourists' profiles and preferences	15 %	17 %	21 %	31 %
Economic data about domestic tourism	10 %	22 %	19 %	8 %
Information about best practices concerning domestic tourism	11 %	13 %	13 %	8 %
Other	5 %	4 %	6 %	4 %

Question 21 - Do you think domestic tourism development should be coordinated between different organisations (You can choose multiple answers)

Do you think domestic tourism development should be coordinated between different organisations	%	N
On local level	37 %	172
On national level	41 %	190
On Nordic level	24 %	109
On regional level	55 %	252
There is no need to coordinate domestic tourism development between different organisations	5 %	22

Do you think domestic tourism development should be coordinated between different organisations	Iceland	Sweden	Finland	Norway	Denmark
	(n=141)	(n=132)	(n=119)	(n=31)	(n=33)
On local level	28 %	49 %	33 %	55 %	31 %
On regional level	55 %	50 %	66 %	48 %	38 %
On national level	38 %	37 %	45 %	45 %	47 %
On Nordic level	30 %	20 %	20 %	29 %	13 %
There is no need to coordinate domestic tourism development between different organisations	9 %	5 %	2 %	0 %	6 %

Do you think domestic tourism development should be coordinated between different organisations	Private enterprise	Other	Destination Management Organisation (DMO)	Business support organisation
	(n=330)	(n=54)	(n=52)	(n=26)
On local level	37 %	41 %	37 %	36 %
On regional level	54 %	56 %	51 %	64 %
On national level	36 %	50 %	57 %	56 %
On Nordic level	21 %	33 %	25 %	28 %
There is no need to coordinate domestic tourism development between different organisations	6 %	4 %	2 %	0 %

Annex 2. Country report Denmark

1. Domestic tourism in Denmark

1.1 Importance of domestic tourism

Share of domestic tourism measured in share of consumption

Domestic tourism makes up a considerable share of tourism consumption, as its share has increased from 2019 to 2021. The total tourism consumption in Denmark was DKK 139.2 billion in 2019, with its domestic share totalling 56 per cent. In 2020, the total tourism consumption in Denmark was DKK 103.7 billion[84]. Domestic tourism consumption made up 74 per cent of the total tourism consumption in Denmark in 2020[85]. According to the preliminary calculations based on overnight stays, domestic tourism will make up 75 per cent of the total tourism consumption in Denmark in 2021[86].

Share of domestic tourism measured in share of income

The tourism industry is an important part of the Danish economy; in 2019, tourism accounted for DKK 139.1 billion (4.2%) of the GDP[87]. Domestic tourism accounted for DKK 78.9 billion during the same year. Between 2019 and 2020, the total added value of tourism decreased from DDK 86.1 billion to DDK 54.4 billion. In 2020, the tourism added value was 1.6 per cent of the total added value in Denmark, which can be seen as the tourism sector's direct share of the GDP[88].

Share of domestic tourism measured in share of overnights

An increase has been observed in the share of domestic overnight stays in Denmark from 2019 to 2021 due to the Covid-19 crisis and loss of inbound tourism. Initially 48

84. Fonnesbech-Sandberg & Runge,. 2022.
85. Ibid
86. Ibid
87. Ibid
88. Ibid

per cent in 2019, the share of domestic overnight stays subsequently increased to 64 per cent in 2020 and 67 per cent in 2021[89]. Fewer Danes spent their holiday in Denmark in 2019 than in 2020. As reflected in the total holiday trips for 2020, not the number of overnight stays, every other Dane holidayed in Denmark. In other terms, 50 per cent of Danes who went on an overnight holiday in 2020 had one or more overnight stays in Denmark[90]. However, these statistics were higher in 2018 and 2019. A notable uptick was seen in 2021, as 56 per cent of Danes who went on an overnight holiday had one or more overnight stays in Denmark[91].

Regional differences in the importance of domestic tourism

Tourism is concentrated in a relatively small number of municipalities in Denmark. In 2020, the ten largest tourism municipalities made up 41 per cent of the total tourism consumption in the country. In 2019, the number was 48 per cent.[92] As the municipal overnight stays data is not available through Statbank, we can only show the differences on a regional level. Through the regional data, we can observe unequal distribution in the share of regional domestic overnight stays, as there is a considerable difference between the largest number and the second largest number. As shown in the regional data, Region Syddanmark had the highest number of domestic overnight stays in 2019, 2020, and 2021; conversely, Region Sjaelland had the lowest number of domestic overnight stays for these three years [93]. The interviewee gives us further insights, highlighting that the coastal areas of Denmark had many domestic tourists according to the overnight stays data.

There is evidence that remote rural areas in some Danish regions became popular summer destinations for domestic tourists in 2020 and 2021[11]. All regions in Denmark (except the Capital region) experienced an increase in domestic visitors in 2021 compared to 2019. Looking at the tourism consumption growth, however, only 19 out of 98 Danish municipalities experienced a growth in tourism consumption in 2020 compared to 2019. The 19 municipalities that experienced growth are characterised by having a higher amount of domestic tourism than other municipalities[94].

Significance of same-day visitors in the country

There is no data available through StatBank concerning same-day visitors, but the data is described in the report *Turismens Ökonomiske Betydning.* Same-day trips corresponded to an average of 8.6 trips per Dane per year in 2019 and 2020.

89. StatBank Denmark, 2022.
90. Römer Rassing, & Mölgaard Hansen, 2021.
91. Römer Rassing, & Mölgaard Hansen, 2022.
92. Fonnesbech-Sandberg & Runge, 2022.
93. StatBank Denmark, 2022.

94. Fonnesbech-Sandberg & Runge, 2022.

VisitDenmark's calculation of Danish same-day tourism includes only same-day trips outside the tourist's municipality of residence. However, it has been decided that citizens from Frederiksberg going to the municipality of Copenhagen are not tourists and vice versa. Furthermore, same-day visits are defined as a minimum of three hours, including transport and with a minimum of a one-hour stay at the destination. In 2020, domestic same-day trips for leisure generated consumption of DKK 15.3 billion, which constitutes 20 per cent of the total domestic tourism consumption in Denmark. Business-related domestic same-day visits yielded consumption of DKK 12.9 billion, 17 per cent of the total domestic tourism consumption. From 2019 to 2020, the consumption of all inbound and domestic same-day visitors on leisure trips decreased by 20 per cent and consumption of same-day visitors on nusiness trips decreased by 12 per cent. However, there is no data available on how much this was due to the decrease in inbound same-day visitors and how much it was due to the decrease in domestic same-day visitors.[95]

Changes in the importance and share of domestic tourism during COVID-19

The COVID-19 pandemic interrupted six years of annual growth in the Danish tourism industry. On the other hand, all regions in Denmark, except the Capital region, experienced an increase in the number of domestic tourists in 2020 compared to 2019. This can be observed when looking at the relative change in domestic tourist overnight stays at tourist accommodations from January 2020 to August 2021 compared to the same months in 2019.

Denmark closed its border around mid-March 2020, and applied restrictions to international tourists from March 2020 until the end of 2021. During this period, restrictions varied from screening arrivals, quarantine for some or all regions, banning arrivals from some regions, a ban on all regions, to a total border closure. Even if there are no longer any general restrictions applying in Denmark, in time of the writing in autumn 2022 individuals onboard aeroplanes may still be met with a requirement to show their COVID-19 certificate. Furthermore, when visiting homes for the elderly, social institutions and hospitals, individuals may be met with a requirement to wear face masks. Notably, Danish businesses and private cultural institutions are allowed to enforce their own requirements regarding face masks, shields, COVID-19 certificates, and other measures to mitigate infection.

95. Fonnesbech-Sandberg & Runge, 2022.

1.2 Domestic tourist preferences in Denmark

As shown in the tables below, tourism consumption was higher in 2019 than in 2020. In terms of tourism-specific products in Table 1 and Table 2, we can observe that domestic tourists in Denmark spent most of their money on transport, followed by restaurants, and culture and entertainment, in 2019 and 2020.

Table 1. Domestic tourism consumption in 2019. (Source: Turismens Ökonomiske Betydning 2019).

(2019, DKK million)	Same-day visitors	Overnight tourists	Tourism in total
A. Tourism-specific products	30 362	39 876	70 238
A.1 Tourism products	23 309	23 205	46 514
Accommodation	0	9 179	9 179
Restaurant	4 729	7 036	11 765
Transport	13 542	2 803	16 345
Travel service	1 105	2 202	3 307
Culture and entertainment	3 933	1 913	5 846
Marinas	0	72	72
A.2 Tourism-related products	7 053	16 671	23 724
Food, beverages and tobacco	1 042	7 657	8 699
Petrol and other fuels	5 488	4 473	9 961
Other	523	4 541	5 064
B. Non-tourism specific products	2 958	5 685	8 643
I total	33 320	45 561	78 880

Table 2. Domestic tourism consumption in 2020. (Source: Turismens Ökonomiske Betydning 2020).

(2020, DKK million)	Same-day visitors	Overnight tourists	Tourism in total
A. Tourism-specific products	25 634	40 867	66 500
A.1 Tourism products	19 750	20 348	40 098
Accommodation	0	7 534	7 534
Restaurant	4 130	6 951	11 081
Transport	11 426	2 071	13 497
Travel service	1 001	1 797	2 798
Culture and entertainment	3 194	1 899	5 093
Marinas	0	96	96
A.2 Tourism-related products	5 884	20 519	26 403
Food, beverages and tobacco	900	10 230	11 129
Petrol and other fuels	4 517	4 790	9 307
Other	467	5 499	5 967
B. Non-tourism specific products	2.576	7 658	10 234
I total	28 210	48 525	76 734

Even though most Danes are interested in Danish destinations that offer nature, only a small share have sustainable solutions as a travel motive when choosing their destination. Looking at the preferences of domestic tourists, during the holidays in 2020, every other Dane said that relaxation and the opportunity to recharge were important to them when choosing their destination in Denmark. Furthermore, 28 per cent of domestic tourists sought safe and easily accessible destinations. Only a small share of domestic tourists (6%) prioritised green and sustainable solutions as a travel motive. This contrasts with the types of destinations that domestic tourists in Denmark are interested in since nature was a crucial travel motive for the Danes' choice of their holiday destination in 2020. 61 per cent of Danes chose holiday destinations based on nature, beaches, and coasts. Moreover, one in three Danes saw the possibility to hike and take long walks in nature as an important factor when choosing their destination[96].

The COVID-19 pandemic has been an eye-opener for many Danes in terms of possibilities for domestic tourism, according to the interviewee. COVID-19 has entailed a higher interest in new aspects of Denmark and being a tourist in Denmark. The interviewee explains that there is a possible trend of higher prestige in staying in Denmark and spending holidays at home.

1.3 Future of domestic tourism in Denmark

According to the interviewee, it is predicted that Denmark will achieve an all-time high in the number of domestic overnight stays in 2022, with a significantly higher number compared to the pre-pandemic years. In addition to the COVID-19 pandemic, the following factors may have contributed to the high number of domestic overnight stays in 2022: the SAS strike, Russia's invasion of Ukraine, and price shocks on products and services.

As for the future of domestic tourism in Denmark, the interviewee highlights two influential factors. Firstly, the pandemic has been an eye-opener for Danish tourists regarding the potential disadvantages of travelling abroad, including the uncertainty of being on holiday in other countries during times of international crises. Consequently, the COVID-19 pandemic increased the attractiveness of travelling domestically and experiencing Denmark.

Secondly, the sustainability aspect may also influence the outlook for domestic tourism. The COVID-19 pandemic has reinforced the trend where people have started to consider the necessity of long-distance travel in correlation to its climate and environmental impact.

According to the interviewee, there is good potential for domestic tourism in

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96. Römer Rassing & Mölgaard Hansen, 2021.

Denmark. The pandemic has brought forth many innovative tourism products, making domestic tourism a higher priority for different stakeholders in the tourism industry. For example, Danish Destinations is active in marketing Denmark to domestic tourists. As the Danish national tourism strategy underlines the strategic importance of domestic tourism, it points to the need for more and better domestic tourism products to develop Denmark's national tourism sector.

2. Main stakeholders and coordination of domestic tourism activities

In Denmark, the Ministry of Industry, Business, and Financial Affairs oversee the tourism industry. The Ministry collaborates with several other ministries in issues concerning the tourism sector, namely the Ministry of Environment and Food, the Ministry of Transport, Building and Housing, the Foreign Ministry, and the Ministry of Culture.

The multi-level governance system for coordinating domestic tourism activities in Denmark can be viewed as a hierarchy. On top is the Ministry of Industry, Business and Financial Affairs, along with the Danish National Tourism Forum and the Danish Tourism Board. The latter can be best understood as different task force groups that, e.g., are in charge of developing the national tourism strategy. Below the top level are four national bodies – three development organisations and one marketing organisation. These are The Danish Coastal and Nature Tourism Organisation, the Danish City Tourism Organisation, Meet Denmark, and Visit Denmark. At the local level, the coordination is centralised through Danish Destinations.

According to the interviewee, Denmark primarily focused on inbound tourism prior to the COVID-19 pandemic. The interviewee goes as far as to state that the domestic tourism market was neglected before the pandemic. During the pandemic, greater interest was given to domestic tourism, as the domestic tourism market grew bigger. In 2020, Visit Denmark and Danish Destinations had a shared responsibility for domestic tourism marketing. In 2021, Danish Destinations took over most of the responsibility for domestic tourism marketing. In Denmark's strategy for tourism, it becomes evident that domestic tourism is prioritised going ahead, as the domestic market is specifically mentioned as an important market[97]
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97. Erhvervsministeriet, 2022.

When looking at funding, the two main public funding bodies are the government and the Danish Board of Business Development. Via the Danish Board of Business Development, destinations can apply for public funding in support of development activities.

3. Best practices

This chapter presents two best practice case examples of efforts aimed at recovering and strengthening the Danish tourism industry, including the promotion of domestic tourism, namely the *Kickstart Danish Tourism 2020 project* (case 1) and a *summer package initiative* (case 2).

3.1 Case 1: Kickstart Danish Tourism 2020 project

The Kickstart project was a national effort that was active from May 2020 until January 2022. The project was time-limited, but the director of Danish Coastal and Nature Tourism has emphasised that the project also focuses on the post-pandemic period as it strengthens the long-term competitiveness of the tourism industry[98]. The project can therefore be seen as an approach to solving challenges during COVID-19, as well as a long-term focus on strengthening companies; both in terms of resilience during a possible future crisis, but also in terms of competitiveness in the market.

The effort aimed to help kickstart revenue in the Danish tourism industry, and at the same time, to prepare the industry for the new needs of tourists in the wake of the COVID-19 pandemic. The needs of tourists changed during the pandemic, as domestic tourists tend to have different preferences than international tourists. Therefore, businesses needed to reshape their offers to prepare for the tourists' new needs. This was done by, e.g., developing attractive businesses and products for domestic tourists. The project utilised data that can help companies and tourist organisations to better understand domestic travel- and behaviour patterns, such as holiday preferences, trends, visitor spending, and visitor behaviour. In this instance, knowledge was generated concerning (i) festivals and events during and after the pandemic, (ii) if near-cation would be a one-off phenomenon or the way forward, and (iii) innovation on food scenes during and after corona.

The target group was tourism-linked businesses and destinations around the country. The beneficiaries were domestic tourists.

98. Danmarks Erhvervsfremmebestyrelse, 2020.

Regarding the project's background, the Danish Board of Business Development, which focuses on all types of tourism, decided that the secretariat of the Danish Board of Business Development should initiate dialogue with the tourism industry about how the tourism funds should be implemented in 2020. The dialogue aimed to ensure that the earmarked funds for tourism in 2020 considered the new situation caused by the pandemic, and that they met the needs of the tourism industry as relevant and as quickly as possible.

The secretariat of the Danish Board of Business Development met with key stakeholders in the tourism industry, such as Visit Denmark, the national tourism development organisations (i.e., The Danish Coastal and Nature Tourism Organisation, the Danish City Tourism Organisation and Meet Denmark), local DMOs, Local Government Denmark, and relevant trade and industry associations. In summary, the main messages from these actors were:

- The tourism industry has been hit hard, and it will take time to get the industry back on its feet. Especially small tourism companies experience great risk.
- Speed is essential, which is why there is a desire for a fast process to get the funds to work, preferably before the summer holidays of 2020.
- The Danish domestic market is the *only* market for the tourism industry in the short term. There is a desire from all actors for one joint national marketing project with a focus on holidaying in Denmark.
- It is difficult to find co-financing from private actors, so it is proposed to raise the subsidy rate for marketing from 25 per cent to 50 per cent or higher.
- The Danish Board of Business Development must continue to focus on destination development to ensure new tourism products and services that benefit companies, including supporting the consolidation of DMOs.

The Danish Board of Business Development decided to support two actions in response to the above points, namely a common marketing campaign across the 19 DMOs and Visit Denmark, and the Kickstart project that is in focus here.

3.1.1 Activities

The Kickstart project was a nationwide project, using decentralised business promotion funds to kickstart and stimulate Danish tourism in light of the COVID-19 pandemic, with a focus on managing the shift in visitor behaviour and the need for extra safety and security. The project included the following 11 initiatives with the common aim of helping tourism operators to kickstart tourism consumption in coastal and nature tourism, city tourism, and business and meeting tourism in Denmark:

- Knowledge for Kickstart.
- Reframe and more-sales on the West Coast.
- Back to Business – back on track.
- Upgrading and training of the tourism profession (e-learning).
- Digital solutions and tourist information initiatives.
- Tourist Stay Safe.
- Outdoor and nature-based experience development.
- Kickstart of Danish business and meeting tourism.
- Kickstart cultural tourism.
- Kickstart innovations.
- World-class digital infrastructure.

All of the planned initiatives were implemented according to the interviewee. In terms of results, the project produced and delivered new knowledge on tools for managing travel and behaviour patterns, tools and concepts for business development and product adaptation, market testing of new concepts and products, as well as marketing efforts.

According to the project report, the project has contributed to effects, such as growth in the number of domestic overnight stays, growth in tourism turnover, and the creation and retention of jobs. Outside the project period, growth in international overnight stays is also expected.

3.1.2 Organisation and stakeholders

Visit Aarhus was the project owner and provided the overall project management. The project partners were Danish Destinations, Danish Coastal and Nature Tourism, Danish Metropolitan Tourism, and Meet Denmark. Each partner was represented in the project steering committee. In addition, there were several collaborative partners, including Visit Denmark, the country's business houses, knowledge institutions, and interest organisations.

3.1.3 Funding

The project was co-financed by the decentralised business promotion funds (DEM). A total of DKK 15 million was allocated from the DEM. The total project funding amounted to approximately DKK 33 million. The rest of the funds were announced as a part of the ordinary application round on the yearly fund for local tourism development projects.

3.1.4 Lessons learned

Although an external evaluation of the Kickstart project is not planned, there is a final report[99]. The project can be regarded as a success due to its impact on strengthening cooperation between participating destinations[100]. The project's final report emphasises that the project has contributed to the growth of domestic overnight stays, growth in tourism turnover, and the creation and retention of jobs. After the project period, the project group also expects a growth in inbound overnight stays as well[101].

The main takeaways and lessons learned from the projects were:

- Even though it was expected that the COVID-19 pandemic would prove to be a challenge, it proved more difficult to navigate than expected. Not only did the pandemic create unpredictability with restrictions being enforced and lifted with short notice, but it also made it more difficult to plan activities. However, the pandemic also strengthened project participants' abilities in navigating unfamiliar situations, their digital skills, and their competence in digital transformation.
- Tight and focused project management in cases where several destinations were involved was essential for the successful completion of activities within the 11 initiatives.
- Knowledge-sharing has been crucial in such a geographically wide and large project as the Kickstart project. The ongoing sharing of knowledge has been important to ensure that the experiences and results from activities could be used as lessons learned in the planning and implementation of new activities.
- New values and collaborations in digital platforms were a takeaway. Through this project, digital opportunities in the form of hybrid meetings, e.g., have become a new competitive parameter.
- A takeaway regarding Kickstart outdoor is that outdoor activities have been a means of learning. The ambition of this activity has been to equip small companies to exploit their development potential within the outdoor area. Since smaller companies have not had the opportunity to make time for new thinking, the size of companies has been a factor in whether COVID-19 has become a catalyst for innovation or not. The project has shown that there is potential in combining outdoor tourism with other business areas, and thereby targeting new domestic target groups.

99. Danmarks Erhvervsfremmebestyrelse, 2021
100.Ibid
101. Ibid

- A lesson learned from the initiative "tourist stay safe" was the new reality of guests during and after the pandemic. The Director of Visit Nordsjælland highlights that they are navigating a new reality for guests, where safety and hygiene are strong competitive parameters. In this context, new digital aids, and new planning at hotels have been created, so that, e.g., cleaning is undertaken at times when the guests are not present.

Beyond its intital scope, the next phase of the Kickstart project has started in 2022 with four initiatives. The initiatives include (i) Kickstart Danish business and meeting tourism 2.0, (ii) Outdoor- and nature-based experience development 2.0, (iii) Reframe and additional sales on the West coast 2.0, and (iv) Knowledge on time 2.0.

3.2 Case 2: Summer package

The summer package project was initiated by the government and a large majority of the parties in the Danish Folketing. It was launched nationally in the summer of 2020 as a recovery package for different areas of culture. The package aimed to boost the Danish economy after the pandemic as part of a larger effort to phase out the COVID-19 bailout packages and replace them with comprehensive recovery packages. The aim was reached by nudging domestic tourism consumption through, e.g., reduced prices for museums and free ferry rides.

The target group for the project was cultural institutions, transport organisations, sports associations, and more. The beneficiaries of the project were domestic tourists. As the aim was to boost the Danish economy, the project had mainly a short-term approach where the initiatives were meant to directly affect, e.g., visitors to the islands.

The project used tools, such as subsidisation, infrastructure development, and expanding the opening hours of centres to reach their aim.

3.2.1 Activities

The summer package practice included multiple initiatives that were divided into three main categories: (i) Summer in the countryside and on the islands, (ii) Culture experiences in the Danish summer, and (iii) Summer activities for elderly and vulnerable groups. The following activities were planned and implemented within (i) Summer in the countryside and on the islands:

- Free domestic ferries in July for pedestrians and cyclists.
- Subsidy for price reduction on ferries to small islands, as well as Fanø, Læsø, Ærø, and Samsø in August and September.
- Reduced ticket prices on the Ystad-Rønne ferry service in August and September.
- Travel pass – 8 days of free travel ticket with public transport. 50,000 tickets are offered.
- EUR 1 million Orange tickets across Storebælt during the school summer holidays.
- Temporary increase in the basic deduction for the rental of holiday homes.
- Strengthened efforts to restart tourism in the Capital via Wonderful Copenhagen.
- Strengthened efforts to restart tourism in coastal and nature tourism via Danish Coastal and Nature Tourism.
- Boosting the Island Pass and island tourism.
- Food cultural summer events and experiences across the country.
- Better conditions for bike tourism in Denmark.

The following activities were planned and implemented within (ii) Culture experiences during the Danish summer:

- More association and sports experiences for the Danes.
- Expansion of pool for local sports and scout associations.
- Discount on tickets for cultural experiences.
- Activity pool for cultural activities.

The following activities were planned and implemented within (iii) Summer activities for elderly and vulnerable groups:

- Free local activities for older people over 65.
- Day trips for nursing home residents.
- Day trips for residents of social psychiatric residential facilities.
- Free disabled transport during the summer holidays.

3.2.2 Organisation and stakeholders

The practice and the planned activities were decided on by the government, as well as the parties not in government[102]. The practice was carried out through a collaboration between the Ministry for Industry, Business and Financial Affairs, the Ministry of Transport, the Ministry of Culture, and the Ministry of Social Affairs and Senior Citizens, according to the interviewee. The interviewee continues explaining that the coordination was done by the Ministry for Industry, Business and Financial Affairs, but the different activities were conducted by each party. This means that, e.g., activities that concerned transport was conducted by the Ministry of Transport. There wasn't strong coordination between the activities according to the interviewee. This was mainly because of the urgency to start implementing the activities, as the package was finalised in late June 2020.

3.2.3 Funding

The funding allocations were decided on by the government, as well as the parties not in government[103]. The government's total summer package contains initiatives totalling DKK 700 million. Approximately 39 per cent of the funds were allocated toward the activities within Summer in the countryside and on the islands. Approximately 46 per cent of the funds were allocated toward activities within Culture experiences during the Danish summer. Approximately 15 per cent of the funds were allocated toward activities within Summer activities for elderly and vulnerable groups.

3.2.4 Lessons learned

An external evaluation of the summer package has not yet been conducted, but the project can still, in some respects, be regarded as a success due to its impact on the survival of businesses, sustainable active initiatives and higher-than-intended results.

The first summer package was planned and implemented during the summer of 2020. In the fall, there was a general sense that the lockdowns would not come

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102. The parties not in government: *Venstre, Radikale Venstre, Socialistisk Folkeparti, Enhedslisten, Det Konservative Folkeparti* and *Alternativet*
103. Danmarks Erhvervsfremmebestyrelse, 2020.

back, but in December 2020, the new lockdowns were a fact. This meant that a new summer package was decided upon. The second summer package was based on the success of the first one. The major difference was that the second package included larger funds, more areas of priority, and a broader target group.

The main takeaway regarding developing domestic tourism markets was that more Danes took part in the initiative's outputs than what was initially expected. There was a steep increase in domestic museum visits and domestic small island travelling. The Minister for Social Affairs and Senior Citizens highlights that she is pleased with the results, as so many domestic tourists have been out and experienced the many small and larger islands in Denmark. She emphasises that that is exactly what the government wanted with the Summer Package. Many Danes have been able to experience Denmark in new ways, while the Summer Package also supported hotels and restaurants in the smaller island communities. [104]

As for the long-term effects, sectors that would have been shut down have survived, and they are at higher levels today than in 2019. Another takeaway is the long-term effects of the summer packages, as well as certain activities still being implemented outside of the Summer Package, such as the transport summer tickets.

104.Transportministeriet, 2020.

Annex 3. Country report Finland

1. Domestic Tourism in Finland

The Finnish tourism industry endured the COVID-19 crisis rather well, and this was largely due to domestic tourism. Domestic tourism has protected and stabilised the Finnish tourism sector, especially during the pandemic and changing political developments. It also plays an important role on making the sector year-round and increasing its volume. The current trends, such as climate change and the growth of sustainability, responsibility, and the popularity of local tourism, also have positive effects on domestic tourism.

1.1 Domestic tourism's significance

Tourism has a significant effect on the Finnish economy and employment. The direct share of tourism of the Finnish GDP was 2.7 per cent in 2019. The total demand of tourism was more than 16 billion EUR, and the revenue of tourism business totalled almost 21 billion EUR in 2019. In 2020, the GDP share went down to 1.7 per cent, the total demand dropped to 9.7 billion EUR due to the pandemic, and the revenue of tourism business decreased to a bit more than 13 billion EUR. According to the estimates of the trends in 2021, the total demand recovered to 11.2 billion EUR thanks to the growth in domestic tourism.[105]

In 2019, before the pandemic, the share of domestic demand within the total demand of tourism in Finland was 53 per cent.[106] Due to the pandemic, there has been an increase in Finland's corresponding share of domestic tourism demand within the total demand of tourism, and it is estimated to have been 84 per cent in 2021.[107]

105. Ministry of Economic Affairs and Employment (s.a.).
106. In the share of demand, only money spent on domestic tourism is included, i.e., the share of the Finnish businesses of Finnish tourism abroad is not counted.
107. Statistics Finland & Visit Finland / matkailutilinpito.

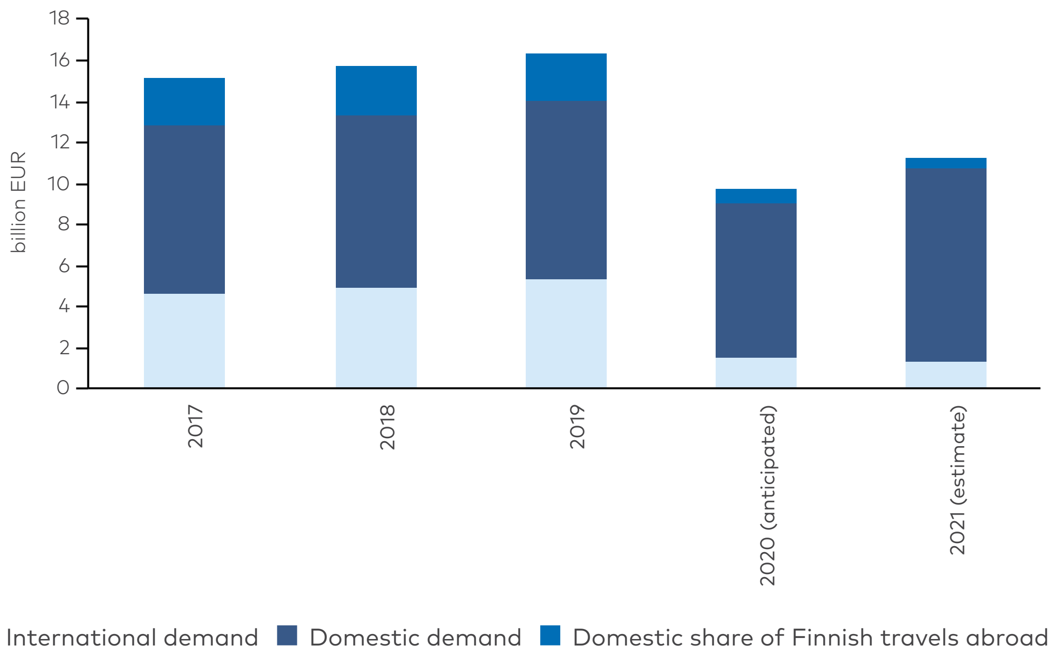

Figure 1. Tourism Demand in Finland 2017–2021. (Source: Statistics Finland & Visit Finland).

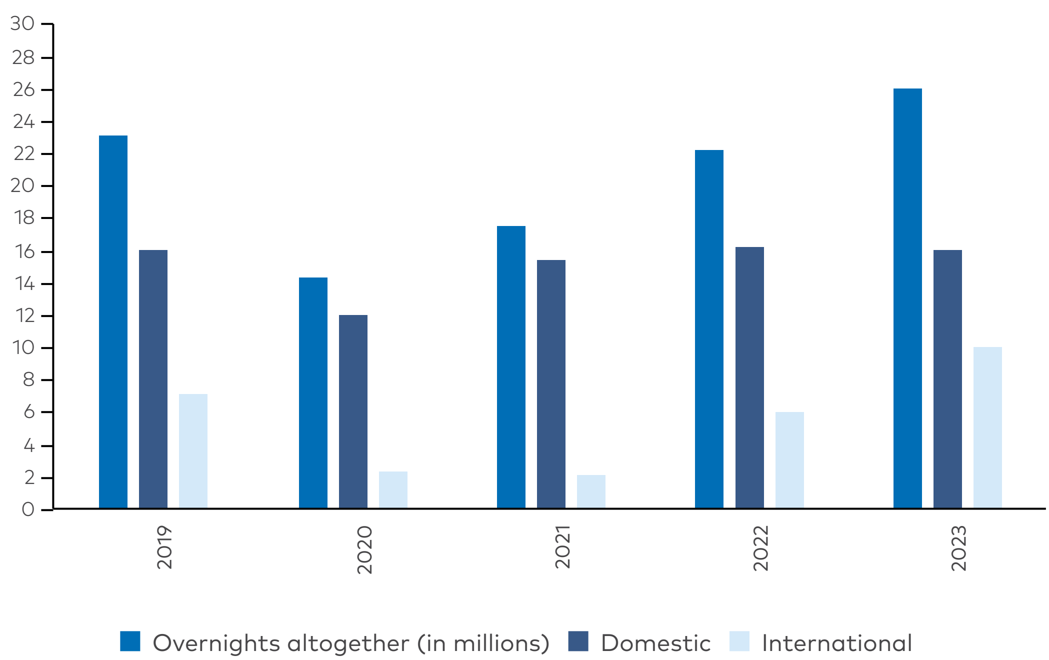

Figure 2. Domestic and foreign overnight stays in 2019-21 and the targets for years 2023 and 2028. Millions of overnights. (Source: Statistics Finland).

In 2019, the amount of registered overnight stays in Finland was 23.1 million, of which the share of domestic travelers was 16 million (69%). In 2021, the amount of domestic overnight stays registered was 15.4 million out of 17.5 million total (88%). The number of domestic overnight stays went down by 4 per cent from the pre-pandemic levels, whereas the foreign overnight stays decreased by 70 per cent. During the first eight months of 2022, the domestic share of overnight stays has been 79 per cent.[108]

1.1.1 Regional differences

The regional differences in the trends of domestic overnights during the pandemic are significant in Finland. The number of domestic overnights increased between 2020 and July 2022 in all but three of the Finnish regions. The growth of the number of domestic tourists has been the greatest in Lapland, Southwest Finland, and Pirkanmaa.[109]

108.Statistics Finland / Majoitustilasto.
109.Data received from Ministry of Economic Affairs and Employment.

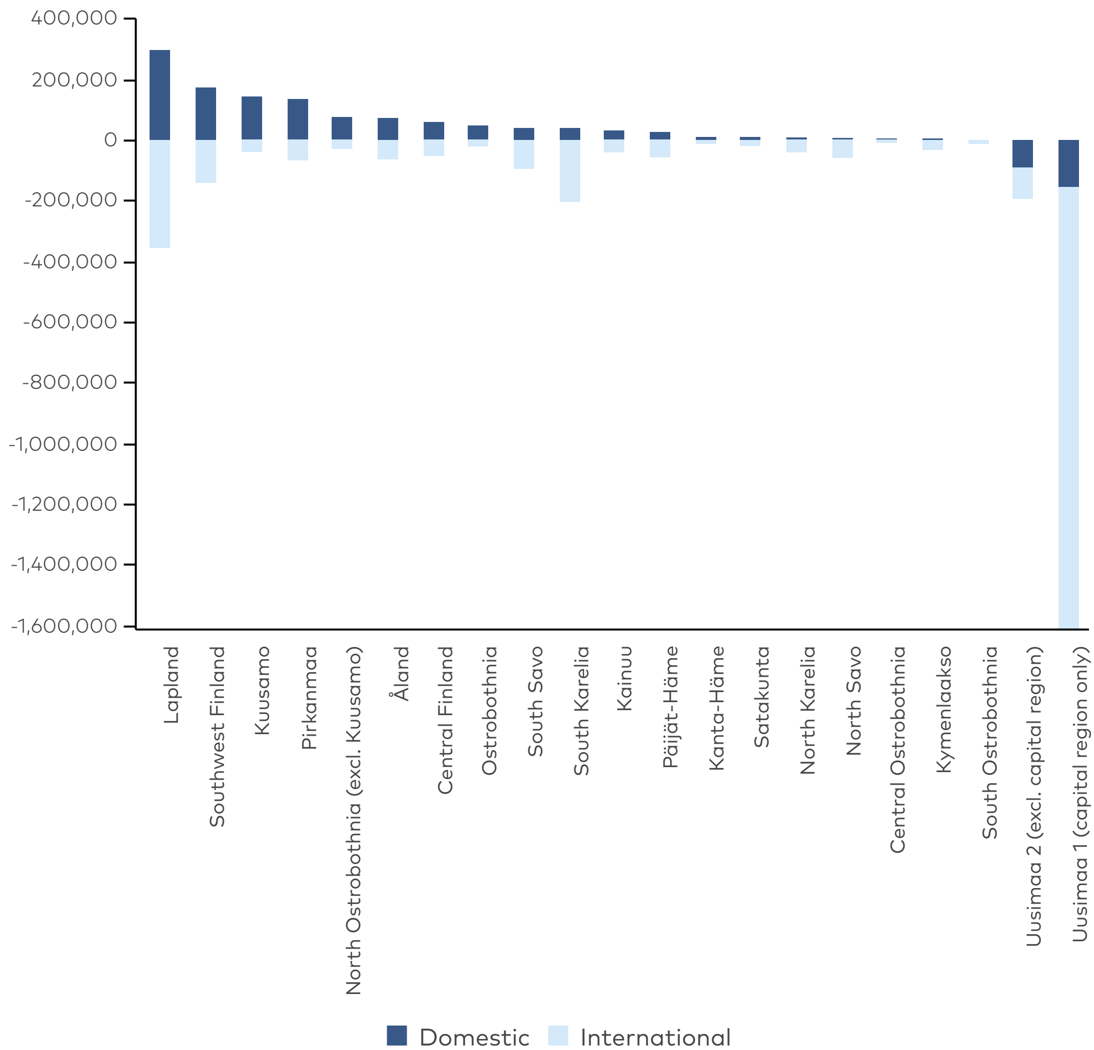

Figure 3. Changes in the domestic and international overnight stays in Finland between 2020-7/2022 by region. (Source: Ministry of Economic Affairs and Employment).

The regional differences in the share of the domestic tourists of all tourists were also visible before the pandemic. In Eastern and Central Finland, the share of the domestic tourists was above average, whereas the share of the total number of tourists was the lowest in Lapland.[110]

110. Ministry of Economic Affairs and Employment 2019.

1.1.2 Significance of same-day visits

According to the experts interviewed, the same-day visits are an important form of domestic tourism in Finland. Not only do same-day visits ensure success in specific tourism destinations, but they also contribute to the amount of money staying in the region. The number of the same-day leisure visits increased significantly during the pandemic: as an example, the number of same-day leisure visits from May to August 2021 was 12 million, which was almost the same as the number of same-day leisure visits in 2018 as a whole year (12.2 million). The most popular regions were Uusimaa, Pirkanmaa, and Southwest Finland.[111]

1.1.3 Restrictions due to tourism during 2020-21

After the beginning of the COVID-19 pandemic, the Finnish borders were closed from foreign tourists in March 2020. The borders began to gradually open in the summer of 2020: in June, entry was permitted from Norway, Denmark, Iceland, and the Baltic Countries (but not Sweden), and in July 2020, from 24 other countries. After opening the borders, the conditions of entry were alternately tightened and loosened, depending on the current pandemic situation in different countries, as well as the emergence of new virus variants in them. In January 2021, travels were restricted for 30 days to essential work-related travel and visiting relatives. Later in 2021, the travel restrictions began to gradually unravel once again. All border controls in the internal borders of the Schengen area ceased on 31st January 2022, and all health security measures and restrictions on external border traffic were lifted by 30th June 2022. After June 2022, the travelers entering Finland are no longer required to present Covid-related documents or to take a Covid test.

1.2 Domestic tourist preferences

The research on Finnish domestic tourists is quite limited. According to the summer tourism barometer in 2021, Finnish domestic tourists' preferred criterion in the choice of accommodation on summer holidays is the quality-price ratio. Additionally, breakfast, rooms, and service matter, whereas uniqueness or responsibility have lesser weight. Specific profiles were identified through the accommodations they selected. For instance, some tourists were interested in all the most popular accommodations; others used mostly their own summer cottages, and sometimes visited their friends and relatives, and sometimes stayed in the most popular hotel chains; some of them used their holidays only to visit their

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111. Statistics Finland / Kotimaan päivämatkat kohdemaakunnittain.

friends and relatives; and a certain amount of the tourists were interested in all the alternatives.[112]

1.2.1 Profiles of domestic tourists

In 2020, the Ministry of Economic Affairs and Employment commissioned a report of the target groups of domestic tourism in Finland.[113] The report focused on studying the current situation and potential regarding domestic tourism, as well as the target groups of domestic tourists. In addition, several product development proposals regarding the tourism business were composed.

In the report, five different profiles of domestic tourists with various needs and expectations were identified: city tourists; visitors and cottagers; active vacationers; comfort-seekers; and those interested in culture and nature.

City tourists (20% of Finns) have an interest in food and nourishment services, sightseeing, theatres, museums, and other cultural services. However, they are quite passive tourists, and none of the fields of their interest were on the highest level of the profiles compared.

Visitors and cottagers (16% of Finns) are interested in visiting relatives and friends, and going to their own or their relatives' summer cottages. They do not have much interest in anything else, and it is perhaps erroneous to see them as tourists in the traditional sense of the concept.

Active vacationers (19% of Finns) have the most interests out of all the groups compared: outdoor activities, such as golf, paddling, or cycling; different kinds of events; summer cottages; spas, restaurants, and shopping. They are more interested in the activities in nature than the other profiles.

Comfort-seekers (20% of Finns) hold more value toward spas, wellness services, shopping, food and nourishment services, and amusement or theme parks than other tourist profiles.

Those interested in culture and nature (24% of Finns) are immersed in hiking, national parks, sightseeing, and culture. They do not see nature and culture as opposites, considering their equal interest in both. Like active vacationers and comfort-seekers, they are also interested in summer cottaging and visiting relatives and friends.[114]

In addition to these profiles, the report also brings forth remote workers and families with small children as groups that have potential, and need to be

112. University of Eastern Finland 2021.
113. Ministry of Economic Affairs and Employment 2021a.
114. Ministry of Economic Affairs and Employment 2021a.

addressed as their own target groups.[115] The experts interviewed also see these as important focus groups.

The families with children between 0 to 6 years have somewhat different routines than the average population. The trips are planned in such a way that the children have something to do. Spas are often given as an example of destinations for these families, as they provide services and activities for all the members of the family and ensure that all the members of the family are satisfied.

Also, the remote workers are sometimes seen as a group of their own, uniting working with leisure activities. Due to the changes in working life and the positive attitudes of employers toward remote work, there is a post-pandemic demand for these types of services.

Preferences of domestic tourists and differences to international tourists

According to the experts interviewed, nature tourism, and especially biking tourism, was remarkable in Finland during the pandemic, and is expected to remain as a permanent trend. During the pandemic, the travel destinations in Finland found new domestic customer groups, including those who have traditionally spent their holidays abroad.

The national parks have been a special pull factor for domestic tourists during the pandemic, but the consumers are also interested in other types of nature tourism. Nature, such as forests or bodies of water in the vicinity of the accommodation, offer a chance for nature exploration. Due to the diversity in Finnish nature, domestic tourists can participate in various activities (e.g., cycling, fishing, hunting) throughout the year. Developing sustainable nature tourism (including hunting and fishing) and utilising outdoor recreational areas play a central role in increasing the tourism demand. In addition to nature, domestic tourists are also interested in various types of wellness services.

The Finnish cultural life, including museums, cultural heritage sites, creative businesses, and cultural environments, create a diverse foundation for strengthening the sustainable, year-round cultural tourism around Finland. According to the experts interviewed, the scope of cultural tourism in Finland is quite small, but there is a strong need for far more active fields of cultural tourism.

When it comes to the similarities and differences between Finnish and international tourists, the experts interviewed see that an average Finnish tourist expects the providers of tourism services to offer sustainability, and their quality expectations are on the same level with international tourists. A typical Finnish tourist spends easily more money abroad than in Finland, even if they could afford to spend more.

115. Ibid.

When it comes to the quality-price ratio, Finnish tourists are seen as more demanding than international ones.[116]

Among them, there are differences between domestic and international tourists in using the services provided. The Finns use less money on service than inbound tourists. One difference perceived is that Finnish tourists buy services only when they feel they are unable to do the thing in question independently. According to one interviewee, during the pandemic, guided trips gave way to skiing technic courses and husky rides. The Finnish way of thinking is encapsulated in the following citation: "Finns rather use 20 euros to rent snowshoes than buy a guided snowshoeing tour with 15 euros".

On the other hand, another interviewee reminds, that even though Finns are not willing to buy guided tours, some Finnish tourists' hiking- and camping-related know-how can be quite limited, so basic instructions are still needed. Several suitable services, especially for domestic tourists, have also become available, e.g., car transfer services on trekking routes, or taxi services from the final stops of public transport services to national parks. Also, rental hiking and camping equipment have been in demand among domestic tourists.

Other differences between Finnish and international tourists are: that the Finns have less interest in package tours, prefer to use a car, and buy their travels within a shorter timeframe.

Furthermore, the market searches show differences between Finnish and international tourists. The most searched single topics show that the Finnish domestic market searches typically mention summer markets, whereas international searches are more focused on winter markets. The domestic market searches for activities are related mostly to summer, such as national parks, lakes, camping, castles and fortresses, cycling, golf, amusement parks, and islands.[117]

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116. Cf. also TAK Research 2020.
117. Visit Finland 2021.

Table 1. The most searched travel-related single topics for Finland in January-December 2021. Words in bold indicate differences between domestic and international searches. (Source: Visit Finland 2021).

	Domestic searches	International searches
1.	Cities	**Saunas**
2.	**National Parks**	Cities
3.	**Spa Resorts**	Travel
4.	Travel Restrictions	**Northern Lights**
5.	Lakes	Travel Restrictions
6.	Camping	**Glass Cabins**
7.	**Castles and Fortresses**	Tourism
8.	Spa Hotels	**Santa Claus**
9.	Hotels	Places to Visit
10.	**Cycling**	Hotels
11.	Holiday Packages	Lakes
12.	**Golf**	Holiday Packages
13.	**Amusement Parks**	Vacation Packages
14.	**Islands**	Camping
15.	Tourism	**Ice Hotels**

1.2.2 Future of domestic tourism in Finland

The COVID-19 pandemic, and Russia's invasion of Ukraine in 2022, as well as the current inflation trends, have challenged the tourism business. With the lack of far-reaching forecasts, there is great uncertainty towards the future. Even though the deteriorating economic situation is going to affect consumers' choices, there still seems to be trust regarding the future of domestic tourism. In uncertain circumstances, travelling domestically can be seen as a more flexible and secure alternative. In addition to geopolitical factors, tourism in the homeland or nearby regions may be boosted in the future by climate-related concerns.

The COVID-19 pandemic increased the relative importance of domestic tourism in Finland. However, the growth of its demand is forecasted to diminish from the trend of the pandemic years. Before the pandemic, the demand of domestic tourism grew by 3 per cent per annum, and the growth for 2022 is expected to be the same. The inflation, especially on the fuel prices, will affect the future development of domestic tourism. From 2023 onwards, the growth trend of domestic tourism is expected to be moderate: the forecast is 1 per cent growth per year on domestic tourism in general, and 2 per cent on overnight stays.

The increased challenges in the availability of the workforce will complicate the recovery and growth of Finnish tourism industry. Part of the workforce was furloughed or laid off permanently during the pandemic, which has changed tourism and may never return to its original state of business. It is also very challenging to find new skilled labour in a situation where the future perspectives are vague. According to one interviewee, during the furloughs, more effort should have been put into the care and communication towards the personnel, along with the organisation of more training to maintain skills and expertise. Many employers were too quiet and inactive, which may have contributed to the number of career changes.

The tourism strategy of Finland has identified five key priorities that will enable sustainable growth and renewal of the tourism sector: supporting activities that foster its sustainable development, responding to digital change, improving accessibility to cater to the needs of the tourism sector, and ensuring an operating environment that supports competitiveness. Additionally, the fifth priority is cross-cutting cooperation.[118]

Also, the experts interviewed had comments on these themes: both the customers and service providers pay more and more attention to sustainability. It has become

118. Ministry of Economic Affairs and Employment 2022b.

a basic requirement rather than a way of distinguishing. However, if service providers are able to verify their commitment to sustainability (i.e., via a carbon footprint calculator), it can still give a competitive advantage.

During the pandemic, some of the tourism businesses have taken giant digital leaps. Digitality is seen as a tool that requires constant development. Moreover, the Finnish tourism strategy sees that future digital services require more individuality, automation, intelligence, and customisation.

According to another expert interviewed, the most important themes in the future are developing and improving accessibility and ensuring that the environment supports competition. When it comes to accessibility, interviewee identified that especially train and flight connections in Finland need to be further developed. In order to ensure the stability of a business environment, it is essential to create a political and economic environment that encourages investments beyond the pandemic.

The interviewees also remarked that advancing domestic tourism requires constant regeneration of the tourism sector (e.g. enhancing the cultural sector supply) in order to preserve the interest of Finnish tourists, as the Finnish tourism destinations compete with foreign ones. In this case, the current situation makes it challenging to give forecasts: if the households are in an economically dire position or the general security situation is problematic, tourism will decrease no matter how well its services has been developed.

2. Main stakeholders and coordination of domestic tourism activities

Roles and responsibilities on tourism development

According to the 2019 report regarding the operational models of the Finnish tourism organisations, the procedures of tourism development varied greatly on an organisational level when it came to their emphasis on domestic and international tourism. In certain regions, tourism organsiations solely concentrated their efforts on increasing the inbound demand; in other regions, the emphasis pertained to the increasement of domestic demand.

There is not a single operative responsible for a national-level coordination of the development of domestic tourism in Finland. However, the need for a national-level coordination has come up in different circumstances. In the autumn of 2021, a series of workshops on the development of domestic tourism was organised and commissioned by the Ministry of Economic Affairs and Employment. One of the objectives of the workshops was to discuss the need for national-level coordination. The participants of the workshops included operators, specialists, and entrepreneurs in the field of tourism from different regions of Finland. According to the final report, there is a need for the national-level coordination and development of the domestic tourism brand, along with a wider promotion of interests and the development of communication. The hopes expressed were that the arrangement of a national-level coordination of domestic tourism would come about top-down, and simultaneously utilise the pre-existing structures, organisations, and procedures in the field.[119]

Also, the experts interviewed noted that the organisation of tourism development needs improvement and bigger shoulders. The interviewees called for a common top priority project on regional level, such as the development of year-round services, into which all sectors of the tourism field would pledge and invest. There is also a need for sharpening cooperation between the actors. The most important roles of a national-level coordination are seen to be in the fields of communication and intertwinement of different development initiatives into a larger project entity.

In terms of developing domestic tourism, the interviewees considered the most important operatives to be the Ministry of Economic Affairs and Employment and Matkailufoorumi, a high-level working group on tourism that serves as an expert advisory body on the strategy related to tourism development; this working group is appointed by the Ministry of Economic Affairs and Employment and chaired by the Minister of Economic Affairs. In addition, various regional organisations, the Parks & Wildlife Finland of Metsähallitus[120] (Finnish forest administration), various associations of tourism resorts, camping sites, and ski resorts all play a central role.

The development of domestic tourism is seen as an important issue that has not been paid enough attention. However, according to one interviewee, there is no need to divide the development of domestic and international tourism, as all developments of tourism are important. Tourism-related products should be interesting from both the domestic and foreign viewpoints, and most of the growth is seen to come from the international market.

Some of the relevant organisations, as well as their general roles in the current tourism development are listed below:

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119. Ministry of Economic Affairs and Employment 2021b.
120. The Finnish name is the official one, also in English.

Regional tourism organisations have carried most of the responsibility in developing domestic tourism in Finland. They have a strong role in the tourism development in their own regions. However, there are more than 70 regional tourism organisations, and their regional coverage and working procedures vary. Generally speaking, their roles and scope have increased during the last years. They spur the digital development, observe the quality of the services, and execute the regional development strategies. They also pass on information, collect the regional tourism supply into larger and vendible products, organise the joint marketing of regional tourism services, and work as a forum of cooperation between local service providers. Their role in the successful promotion of regional tourism is essential, especially when it comes to domestic markets and promoting international tourism to Finland in their own regions.[121] Additionally, there are several regional **development companies**, whose responsibilities include providing services for local businesses (tourism and others).

Among the **public sector actors** in the field of tourism development are various ministries, Centres for Economic Development, Transport and the Environment, regional organisations, municipalities, and Metsähallitus. The role of the public sector is to create an operational environment that supports the sustainable growth of tourism, ensures fair competition, provides adequate support and financing instruments for the enterprises and other actors, improves relevant legislation, allocates investments toward relevant infrastructure, and strengthens the Finnish country brand, etc. Already mentioned above, Matkailufoorumi is a high-level working group on tourism that serves as an expert advisory body on the strategy related to tourism development. Visit Finland, operating as a part of Business Finland (a public organisation under the Ministry of Economic Affairs and Employment), is a unit whose task is promoting inbound tourism to Finland.

Other actors include the **tourism enterprises**, who develop their businesses and competencies, and participate in the costs related to the actions of the development of their business activities, and they are also often members of various interest groups of their sectors. In addition, the **trade unions** of the tourism sector employees are relevant actors in the field, as well as different **research and educational bodies**, whose tasks include training the personnel through degree-providing, updating education, and offering relevant and up-to-date research findings in order to promote the sustainable growth and renewal of the tourism industry. Additionally, there are a number of associations with both companies and private individuals as active members in the field of tourism and tourism development.

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121. Visit Finland 2019

Funding of the tourism sector

The public funding of the tourism sector in its entirety between the years 2014 and 2020 was around 694 million EUR, of which the share of the project activities was around 368 million EUR (EU funding: 339 million EUR; national funding: 29 million EUR). As the project funding includes shares of developing both domestic and international tourism, it is not possible to give an exact number of the share of domestic tourism development.

In 2020, the tourism sector received COVID-19-related funding, totalling more than 263 million EUR. In the public project funding, the most important sources of funding have been the European Regional Development Fund (ERDF) and European Social Fund (ESF). In addition, fundings from various ministries and their administrative sectors, and regional organizations, cities, and municipalities have also played a role.

On a regional level, the project funding has concentrated primarily on Northern Finland, especially in Lapland. Most of the funding was received in the form of corporate subsidies (especially subsidies on investments) and support for the development of operative activities within the tourism sector (e.g., tourism marketing and product development). The allocation of fundings has been done through different strategies, focus points of various development programs, and policies concerning the sources of funding. Although the funding has been utilised to enhance inbound tourism, the investments have also often promoted domestic tourism.[122]

3. Best practices

3.1 Case 1: Cooperation between Parks & Wildlife Finland of Metsähallitus and tourism enterprises

The cooperation between the Parks & Wildlife Finland of Metsähallitus[123] (Finnish forestry administration) and local tourism enterprises around the country has a long history spanning more than 20 years. Throughout this history, the cooperation has been based on the principles of sustainability and responsibility. As the values have been shared, it has been fairly easy to develop the cooperation. In order to

122. Ministry of Economic Affairs and Employment, 2022.
123. The Finnish name is the official one, also in English.

ensure the conservation of national parks and other nature reserves, principles of sustainable tourism have been created. The same principles are nowadays used in tourism related to the UNESCO World Heritage Sites in Finland.

However, during the pandemic, the number of cooperating partner enterprises have more than doubled. Prior to the pandemic, the number totalled around 500-600; after the pandemic, it was more than 1200. The pandemic also gave an impulse for developing new methods of cooperation.

3.1.1 Activities

Shortly after the pandemic began, it was realised that the situation would lead to a rush of domestic tourists to various nature tourism destinations. First, the Parks & Wildlife Finland of Metsähallitus ensured that their own organisation would be ready for the extra workload in order to support the partner enterprises. Strengthened by the supplementary budget of the state, the resources were thereafter directed among others to the renovation of the facilities in the most popular destinations. In addition, various kinds of material were created for the enterprises, e.g., electronical material regarding sustainability and responsibility in order to keep those themes visible during the times of remarkable growth in the number of visitors.

During the pandemic, the national parks and other nature destinations received several new visitors, many of them first-timers. This was a boost for the partner enterprises of Metsähallitus that focused on the national park visitors. Meanwhile, various partners (especially in Northern Finland) with clienteles primarily comprised of foreign tourists struggled due to the decrease in the number of clients. This imbalance also created challenges for the Parks & Wildlife Finland of Metsähallitus, as they needed to cooperate with both groups of partners: those experiencing an exceptional bonanza of customers, and those struggling for their survival.

Another challenge was that in addition to the most popular nature destinations, the more tranquil and isolated ones also had a remarkable growth of demand, as many people specifically looked for solitude. However, in general, the services provided were adequate and the development of the destinations was a success, which is demonstrated, e.g., by the fact that there were no known chains of infection in any of the nature destinations in Finland.

Another important part of developing cooperation during the pandemic centered on easing and smoothing the bureaucracy around the cooperation, as there used to be various types of licences and contracts between those involved. Also, the material bank of Metsähallitus was made available to the cooperation partners, giving them access to a great number of high-level resources.

3.1.2 Organisation and stakeholders

The organisation of the Parks & Wildlife Finland of Metsähallitus is quite lean. There are around 15 officials, some of them having other tasks in addition to cooperating with partners. Finland has been divided into eight different zones, each of them having their own officials in charge. Additionally, one of the officials also has the responsibility of a national-level coordination, and there are other actors in charge of cross-cutting themes, such as equality or sustainable development. However, most of the cooperation happens on a local level, as it is the level of operation of the partner enterprises. As a public organisation, Metsähallitus also offers various services to those enterprises that do not have the official partner status.

Among other stakeholders involved are regional tourism organisations, Visit Finland, and various public sector operatives, such as ministries. There has been cooperation between the Finnish World Heritage Sites and the research sector as well.

3.1.3 Funding

It is hard to estimate the entire amount of money used in the cooperation and development during the pandemic years, as some of the projects were carried out as part of the continuous operations of Metsähallitus, or by channeling pre-existing funding to new targets, whereas some other projects received separate funding. Altogether, the money used in, e.g., the development of infrastructure, is several million euros, which also includes some repair deficits.

3.1.4 Lessons learned

There are various reasons why the development and support activities during the pandemic were so successful. For instance, the number of visitors to the national parks had been well-monitored for a long time, producing a long history of data that supported the forecasts and gave some historical perspective. Because of this, the estimates of the following developments were quite right from the beginning, which eased the planning of the actions. Another thing that eased forecasting was active communication to colleagues abroad, such as the National Park Service in the United States. In addition, the division of work functioned well: as an example, communication towards the tourists was largely left to the partner enterprises, as they were anyway in contact with them, which allowed the resources of Metsähallitus to be concentrated to other efforts.

Some of the activities have been evaluated, but a wholesome approach to all of the projects remains to be conducted, although they have been covered in the annual reports and other similar materials. However, various takeaways can be brought forth based on these materials and organisational memory.

One main takeaway is the importance of communications. In a situation where some of the partner enterprises were doing extremely well and others were in serious troubles, the messages sent needed to be delicate and take the differences into account. At the same time, the activities needed to be carried out quickly, whether they were about offering services or spreading information, as they had to be ready when they were needed. The partner enterprises also valued the ability of Metsähallitus to see the big picture and succesfully forecast the upcoming developments, and base their acitivities on that.

3.2 Case 2: Dirty placenames -campaign

The Dirty Placenames -campaign started in 2019, a year before the pandemic. It was inspired by an article in the Finnish media about the weirdest toponyms in Finland, and the fact that the Kuusamo region had more of them than any other region in Finland. This gave the local Ruka-Kuusamo tourist association an idea of launching an advertising campaign focusing on those placenames and targeted it to domestic tourists. The concept focused on "dirty" (sexual and/or expletive-themed) placenames on one hand, and the beautiful nature and landscapes of the region on the other.

The campaign was already successful in 2019, but it was during the pandemic years when the campaign really became a hit for various reasons. Firstly, there was the humorous message of the campaign and well-executed advertisements, such as short video clips with messages like *Näin lorisee Kusipuro* ("That's how the gurgle of Piss Stream sounds like"), showing the stream of water in a small creek. Secondly, during the pandemic, people spent much more time on social media and other online sites than usual. Because of this, the web advertisements gained a great deal of popularity, and were widely shared by the social media users, which is fairly uncommon for commercial content. Thirdly, the nature destinations that were the object of the campaign were among those tourism destinations whose popularity grew in the pandemic years.

All in all, the campaign was a remarkable success. It was distributed only in the summertime, as the Kuusamo region has for years been a top destination for winter travels, meaning that the role of advertisement is very different during winters and summers. Tourism in the Kuusamo region reached all-time record levels in the summers of 2020 and 2021. During the summer of 2022, the number of tourists was still higher than in 2019.

3.2.1 Activities

The innovative campaign was not the only thing where the tourism sector in the Kuusamo region succeeded during the pandemic. After the onset of the pandemic, the tourism association used different sources and branches of the industry to quickly make some scenarios and roadmaps for local enterprises to utilise, and to guide them how to react to different developments. Soon, it was realised that nothing needed to be shut down entirely, and by actively investing in marketing, the sector was able to remain viable. Because of this, when tourism was again possible at least on a domestic level, the region was ready for it and had all the necessary preconditions for success.

Also, the advertisement campaign was developed during the pandemic. The advertisements were also broadcast in radio, and the visibility of "dirty" places was increased by signposts directing interested tourists to the places. New ways of developing the campaign are currently in the works, as the campaign will take place in the summer of 2023.

3.2.2 Organization and stakeholders

The campaign itself is produced by the three-person marketing team of the region's tourism association, together with a Finnish advertising agency. The campaign has also been in cooperation with Finnish travel organisations' association Suoma ry, and its "100 reasons to travel in Finland" campaign.

3.2.3 Funding

The tourism association has around 150 member enterprises that fund the campaign. Also, the local municipalities' taskforce for regional development has given some support. The annual budget of the campaigns has been around 1500 00 EUR.

3.2.4 Lessons learned

The main reason behind the success of the campaign has been the situation created by the pandemic. Due to the situation, the Kuusamo region was able to offer lots of services and destinations that Finnish tourists were interested in. By daring to invest in advertising during the early stages of the pandemic, the region gained an upper hand to many other homeland destinations. The advertisement campaign has also utilised optimisation methods in order to gain maximum weight for the ads.

In addition, one factor of success was naturally the discernible style of the campaign, which has gained the attention of the audience. The theme of the campaign also stems from actual peculiarities of the region, instead of being superimposed by some external operative. At the beginning of the campaign, it also gained some critical responses, especially from the locals who did not want their home region to become known in such a way; later, during the pandemic years, they have grown more accustomed to it, and the campaign doesn't raise as much emotions as it did at the beginning. The 2021 campaign was also awarded in the Finnish annual gala of radio advertisements and succeeded in getting the media and individual consumers to continue the advertisement.

No actual evaluation has been done to the campaign, but an attitude survey about the Kuusamo region as a destination of summer tourism is currently taking place. This may also give insights on how big of a role the campaign has played in increasing the region's popularity as a summertime destination.

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Annex 4. Country report Iceland

1. Domestic tourism's significance and changes during COVID-19

Tourism became Iceland's most important export industry after the financial crisis in 2008. In 2017, tourism made 42 per cent of the total exports; a number that can be compared to other industries like fisheries (17% of total exports) and aluminum (16% of total exports). International tourist numbers rose from approximately 500.000 in 2010 to 2.3 million in 2019 (Table 1), with an annual increase of 19-39 per cent. Compared to the international tourism of up to 2.3 million visitors, the domestic market of 376.000 inhabitants in Iceland[124] is relatively small. Despite that, domestic travel has been a steady part for a large proportion of the population for a long time as the ratio of domestic travellers has remained stable. It is also worth noting that domestic travel did not decrease significantly at the same time as inbound tourism was booming. The total number of outbound trips of Icelanders has increased every year from 2009 through 2018. During the pandemic, the number of outbound trips decreased dramatically by 69 per cent, and the number of outbound trips had never been lower.

124. Statistics Iceland, 2022a.

Table 1 International and domestic tourists in Iceland, number of domestic trips and overnight stays 2009-2021. (Source: Gallup, 2022 and Icelandic Tourist Board, 2022a; 2022b).

Yea	Total number of internatio tourists (inbound)	Percenta change	Total number of outbound trips	Percentag change	Ratio of Icelanders travelling domesticc	Percentag change	Average number of domestic trips	Average number of domestic overnight stays
2009	493 900	-2%	254 537	-	88%	-	-	14.3
2010	488 600	-1%	293 770	15%	90%	2%	-	14.8
2011	565 600	16%	341 091	16%	88%	-2%	-	14.0
2012	672 880	19%	358 201	5%	88%	0%	6.9	15.0
2013	807 300	20%	364 912	1%	88%	0%	5.7	15.4
2014	997 300	24%	400 002	10%	87%	-1%	6.6	15.7
2015	1 289 100	29%	450 274	13%	85%	-2%	6.0	14.7
2016	1 792 200	39%	536 257	19%	84%	-1%	5.9	14.5
2017	2 224 600	24%	618 952	15%	84%	0%	6.2	13.5
2018	2 343 800	5%	668 093	8%	85%	1%	6.2	12.9
2019	2 013 200	-14%	611 383	-9%	85%	0%	6.7	14.0
2020	486 308	-76%	130 183	-79%	86%	1%	5.7	16.6
2021	698 181	44%	219 415	69%	84%	-2%	6.5	17.1

According to the Icelandic Tourism Satellite Accounts's preliminary results, the share of tourism in Iceland's GDP was 4.2 per cent in 2021, compared to 3.6 per cent in 2020.[125] Between 2016 and 2019, before the COVID-19 pandemic, the average share of tourism in GDP was 8.1 per cent. The total internal tourism consumption, inbound and domestic, was 556 billion ISK in 2019 at current prices (Fig.1). The expenditure or consumption of inbound tourism was approximately 385 billion ISK, or about 73 per cent of the total internal tourism expenditure. Inbound and domestic tourism consumption decreased considerably in 2020. The share of domestic tourism expenditure of the total internal tourism was 55 per cent in 2020, and has never been higher since the beginning of the time series in 2009. In 2019, the domestic tourist expenditure was 31 per cent of the total tourist expenditure, 58 per cent in 2020, and 46 per cent in 2021. The share of domestic tourism in internal tourism consumption grew significantly in 2020 and 2021 compared to 2019, especially in accommodation and food and beverage (Fig.3). Domestic tourism expenditure was 149 billion ISK in 2021, a 24 per cent increase from the previous year. In comparison, the outbound consumption of Icelanders is normally higher than domestic consumption; 185 billion ISK in 2019 but decreased during the pandemic to 69 billion ISK in 2020, and 98 billion ISK in 2021, parallel to fewer outbound trips.

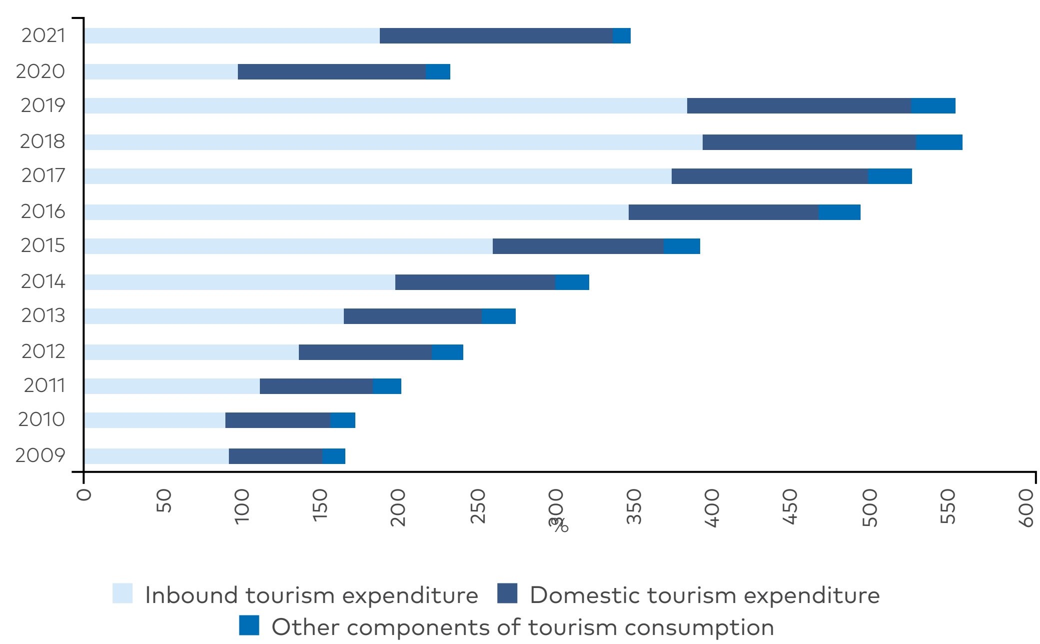

Figure 1. Internal tourism consumption 2009-2021. (Source: Statistics Iceland 2022b).

125. Statistics Iceland, 2022b.

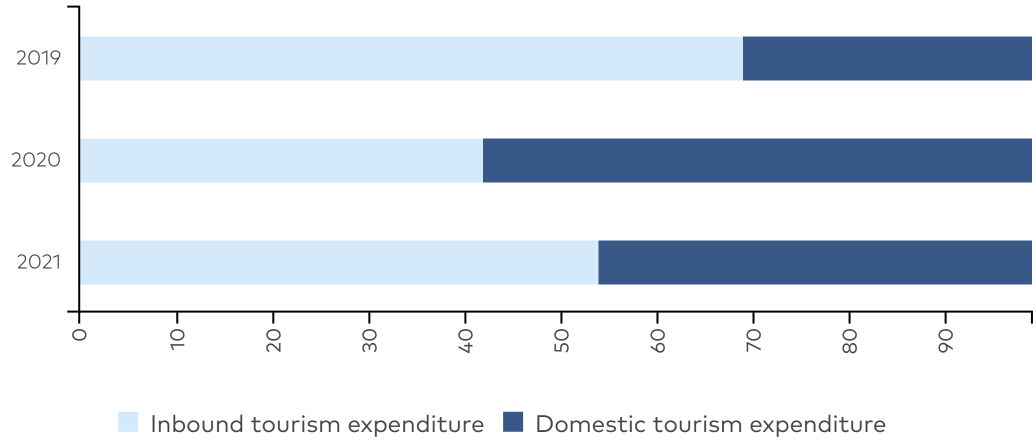

Figure 2. Internal tourism expenditure by type of tourism 2019-2021. (Source: Statistics Iceland 2022b).

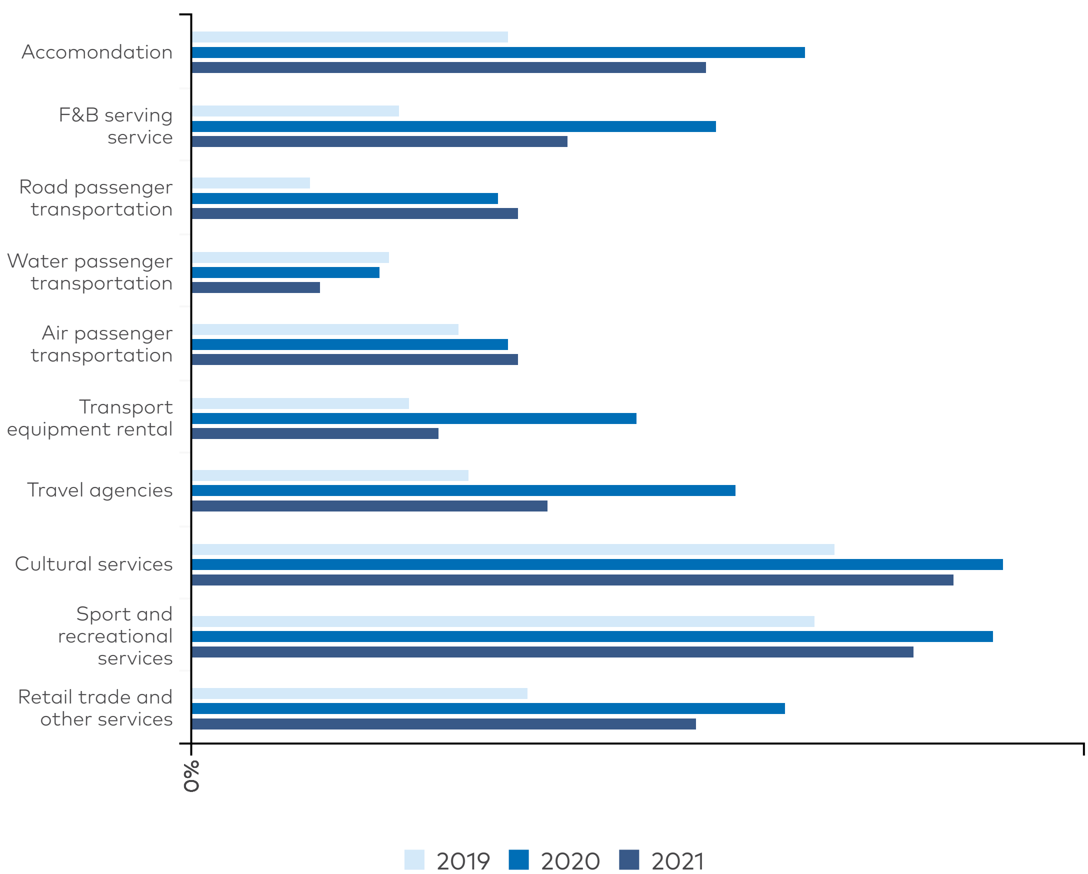

Figure 3. Domestic tourism expenditure. (Source: Statistics Iceland 2022c).

Statistics on the expenditure of domestic tourists are based on estimates and are generally more difficult to estimate than the expenditure of foreign tourists.[126] Thus, domestic tourists are more likely to use their own vehicle for travels and stay in privately-owned housing, which makes it harder to distinguish their private consumption of inheritance from the private consumption of daily life. No data is available on the significance of same-day visitors in Iceland.

In total, there were 8.4 million overnight stays in Iceland in 2019, of which the share of domestic tourism was 13 per cent or approximately 1.1 million (Fig.4). A decade before, in 2009, the domestic tourism share in overnight stays was 29 per cent and slowly decreased year by year, as the inbound tourism overnight stays increased. The share of domestic tourism was even throughout 2019, but in April 2020, the pandemic's impact on overnight stays was visible in the sharp decline in inbound tourism overnight stays, and the domestic share increased (Fig.5). During the pandemic, the share of domestic overnight stays increased by 35 per cent between 2019 and 2020, and by 32 per cent between 2020 and 2021. The number of domestic overnight stays during the summer months, June-August 2015-2019 was approximately 550.000-570.000 nights. During the Covid summers of 2020 and 2021, the number of domestic overnights doubled to 1-1.1 million in total. The offical data on overnight stays in Iceland does not include information on overnight stays in privately-owned summer houses or cottages, nor houses owned by trade unions, NGOs, or companies. Unions in Iceland have, for decades, offered their members low-cost rental vacation homes during their holiday. The demand for these vacation homes is usually high.

126. Statistics Iceland, 2022b.

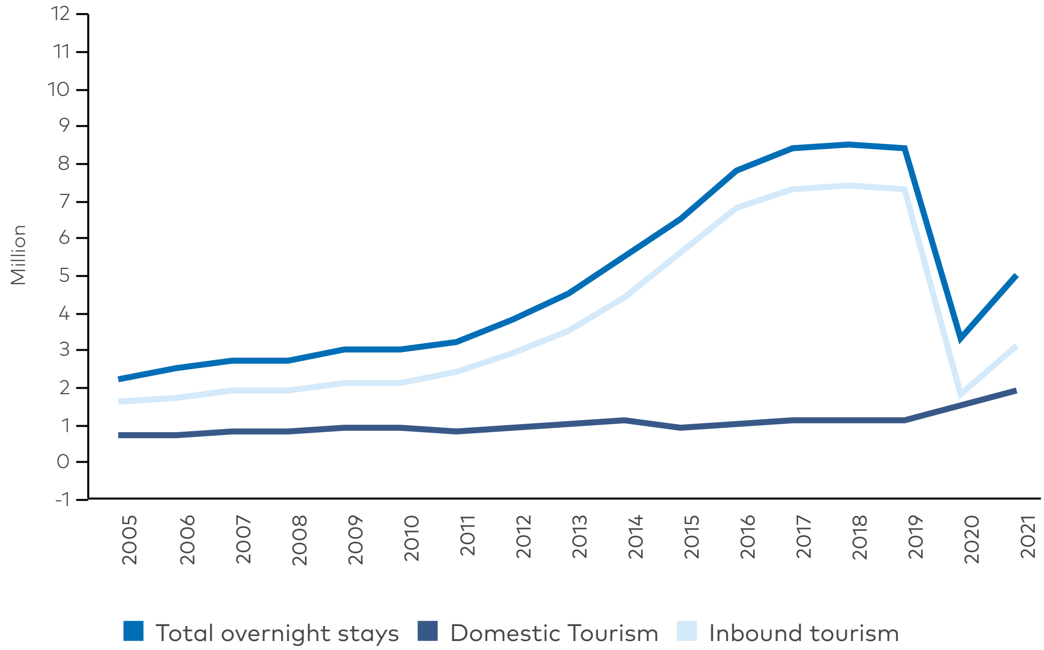

Figure 4 Overnight stays in Iceland 2005-2021. (Soiurce: Statistics Iceland 2022b).

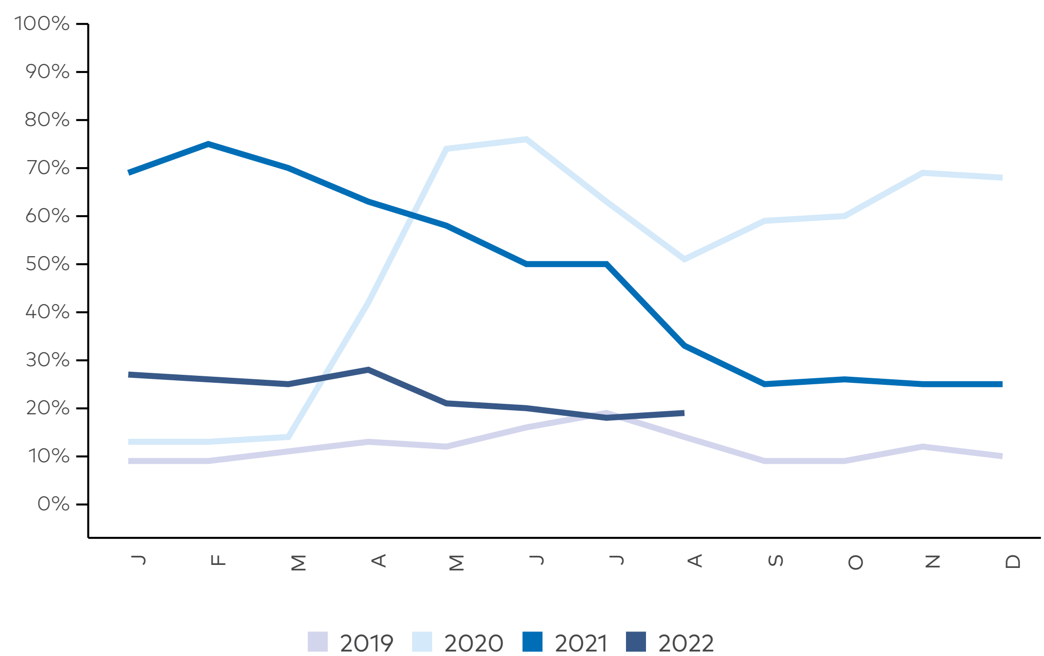

Figure 5 Share of domestic tourist in overnight stays in Iceland. (Source: Statistics Iceland, 2022e).

1.1 Regional differences

The share of regional domestic overnight stays is not equally distributed. The Capital area and South Iceland each had 26 per cent of domestic overnight stays in 2019, 18 per cent of domestic overnights stays were in North-east Iceland, and a smaller share of overnights was in other regions (Fig.6). During the pandemic, the share of overnights decreased significantly in the Capital area, but increased in Northeast, East, and South Iceland. The difference in the share of the domestic market may be even greater between municipalities. For instance, the North-Icelandic municipality of Akureyri, the largest town outside the more populated southwest corner with 19.000 inhabitants, has long been one of Iceland's most popular domestic destinations. In places like Akureyri, seasonal fluctuations in overnight stays of inbound tourism can be considerable, although it has decreased in the pre-pandemic years. Even if domestic overnight stays in Akureyri have been considerably fewer than of international tourists, their numbers have remained stable, especially in late-winter-season/early spring, with domestic overnight stays ranging from 5 000 to 6 000 each month.[127] Stakeholder interviews confirmed that in some cases, like in the North or in the Westfjords, domestic winter tourism can decrease seasonality fluctuations and make a significant difference for tourism companies that may be able to provide services all year-round.

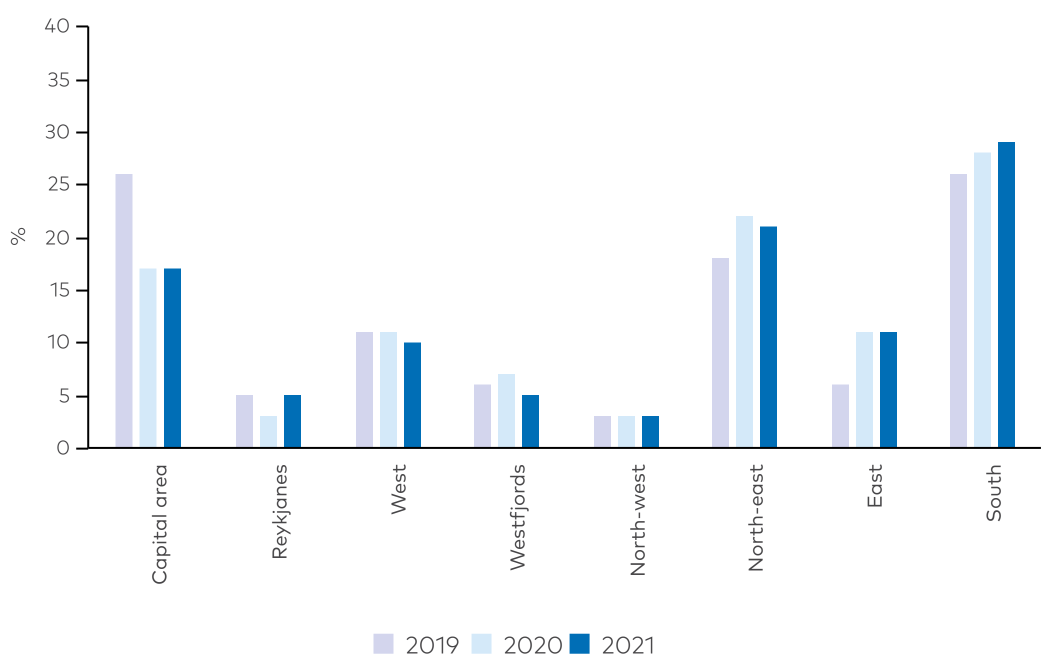

Figure 6. Share of regional domestic overnight stays 2019-2021. (Source: Statistics Iceland 2022e).

127. Bjarnadóttir, 2021.

1.2 Restrictions on the Icelandic border during the pandemic

The Icelandic border remained open throughout the pandemic, although with some restrictions. In March 2020, Iceland implemented temporary travel restrictions until July, imposed for the Schengen Area and the European Union, where foreign nationals - except EU/EEA, EFTA or UK nationals - were not allowed to enter Iceland unless they could demonstrate that their travel was essential.[128] Quarantine measures for up to 14 days and PCR-testing was implemented for international arrival.[129] Rules on quarantine, isolation, and screening at the border changed concurrently, as the pandemic and vaccinations progressed according to regulation no. 1100/2021.

As of February 2022, all infection prevention rules for COVID-19 have been lifted at the Icelandic border, regardless of tourists' vaccination status. From January through June 2022, approximately 640.000 international tourists arrived in Iceland, which is 92 per cent of the total number of inbound tourists the year before.[130] During the summer of 2022, domestic overnight stays were 792.000, which is lower than the year before, but more than in 2019.[131] However, the share of domestic tourism in the total overnight stays this year is slowly decreasing (Fig.5). In July 2022, the share was almost the same as in July 2019. Data on tourism consumption in 2022 will not be available until 2023. Icelanders have been eager to travel abroad during this year; from January to August 2022, the total number of outbound trips was 380.000.[132]

1.3 Domestic tourist preferences

To date, target audience analyses have not been carried out in the domestic market and tourist profiles have not been developed. Since 2009, the Icelandic Tourist Board has conducted surveys in January among Icelanders on their domestic and international travels over the past year and their travel intentions the coming year. The surveys provide insight into the domestic market, and the following section is based on results from the years between 2019 and 2021.[133]

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128. Government of Iceland, 2020.

129. The Directorate of Health and The Department of Civil Protection and Emergency Management, n.d.

130. Icelandic Tourist Board, 2022.

131. Statistics Iceland, 2022e

132. Icelandic Tourist Board, 2022b.

133. Gallup, 2022.

Surveys show that every year, many Icelanders travel both abroad and domestically. Around 86 per cent of the population typically travels domestically every year. Approximately 71 per cent of the population travelled both within Iceland and overseas in 2019 (Fig.7). Before the pandemic, the average number of outbound trips per year was 2.6 (Fig.8). The average number of outbound trips dropped to 1.8 during the pandemic. Since 2009, the percentage of Icelanders who only travelled domestically has dropped from 48 per cent to 14 per cent in 2019. In 2020, 64 per cent travelled only within Iceland. Most domestic trips were for holidays, or outings for hobbies or leisure. Most domestic trips were taken during the high season, or in June, July, and August (Fig.9). Comparatively, more domestic trips were taken in July 2020 and 2021 than in 2019. The average number of day trips increased for almost one trip a year, from 4.1 in 2019 to 6.2 in 2021.

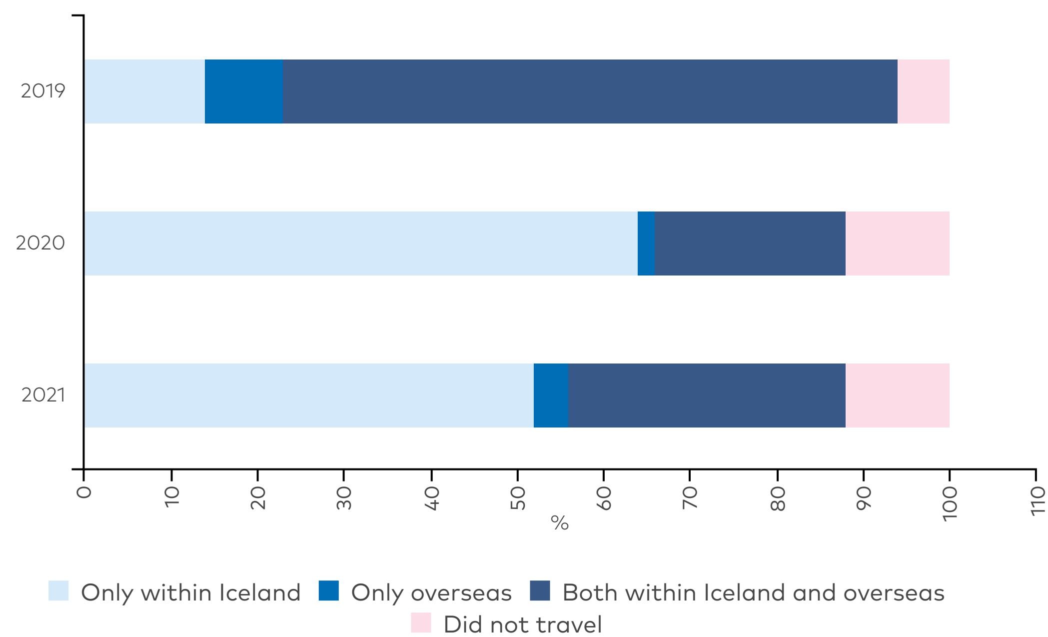

Figure 7. Travels in Iceland or abroad. (Source: Gallup, 2022).

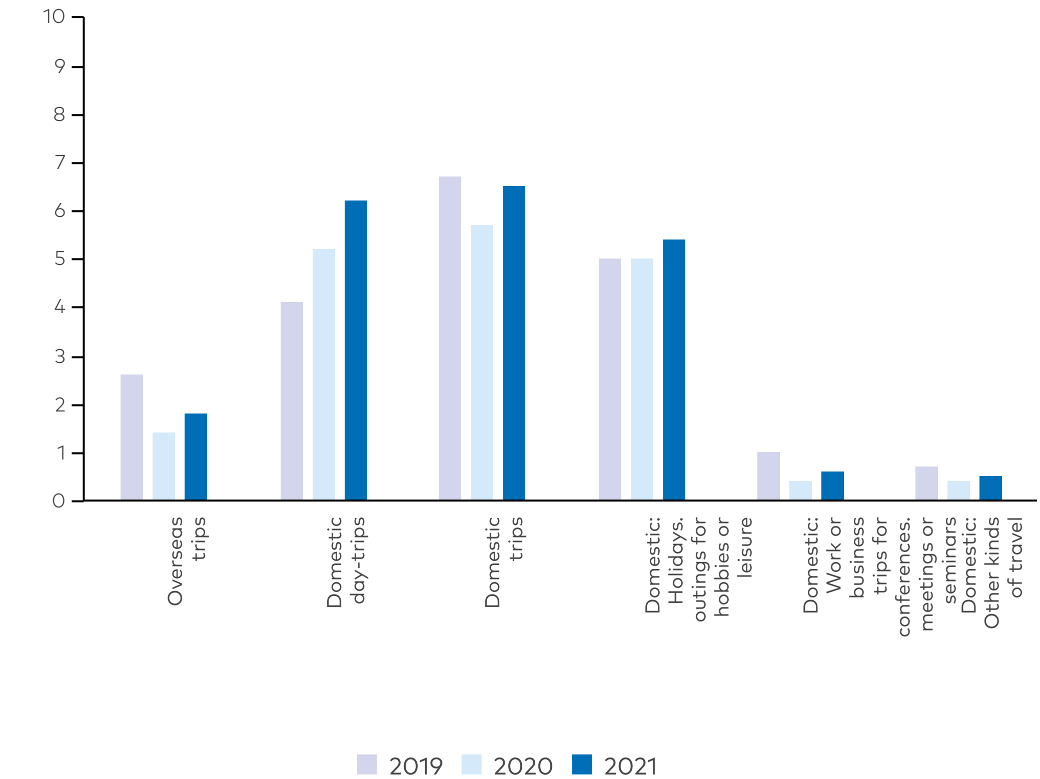

Figure 8 Average number of trips. (Source: Gallup, 2022)

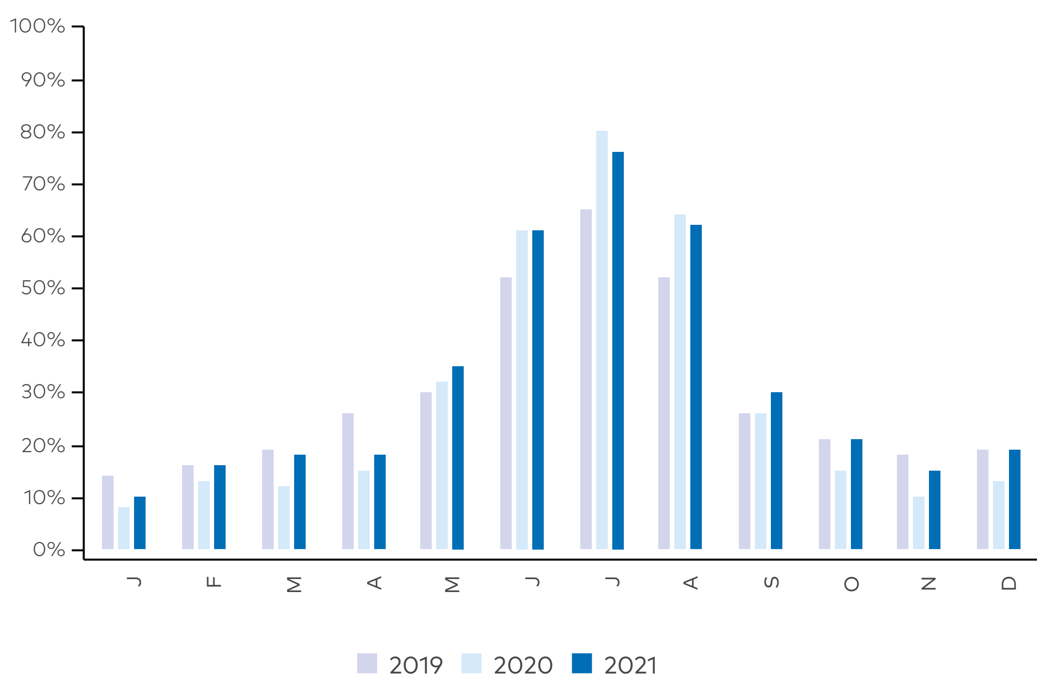

Figure 9. In which month was the domestic trip taken? (Source: Gallup, 2022).

In 2019, North Iceland was the most visited region by domestic tourists, and the region has had that status for years (Fig.10). However, in 2020, South Iceland was by far the most popular region. The ratio of visitations grew in all regions in 2020 and 2021 compared to 2019. The smallest growth was in the Capital area. Icelanders spent on average 14.0 nights on their travels in Iceland in 2019 (Fig.11). At the same time, the average number of trips per year decreased between 2019 and 2020, and the average domestic stay was prolonged. In 2021, the average number of overnight stays was 17.1 nights and has never been higher. Findings on the length of stay for each region show that Icelanders spent more nights in South Iceland and West Iceland in 2020 and 2021 than in 2019. The average number of overnight stays was steady in North Iceland and the Westfjords. Fewer nights were spent in the Capital area and Reykjanes in 2020 compared to 2019 and 2021.

The survey doesn't ask about accommodation options used by Icelanders. In 2020, 39 per cent of Icelanders stayed overnight in recreational housing/cottages owned by unions, NGOs, or companies, and the average length of stay was 2.5 nights; in 2021, the ratio was 47 per cent for 2.9 nights on average. Around 46 per cent of Icelanders stayed overnight in privately-owned cottages for 5.9 nights on average, and the ratio was 49 per cent for 5.5 nights in 2021. No data is available for 2019, and no further data is available about the tourism behaviour of those guests.

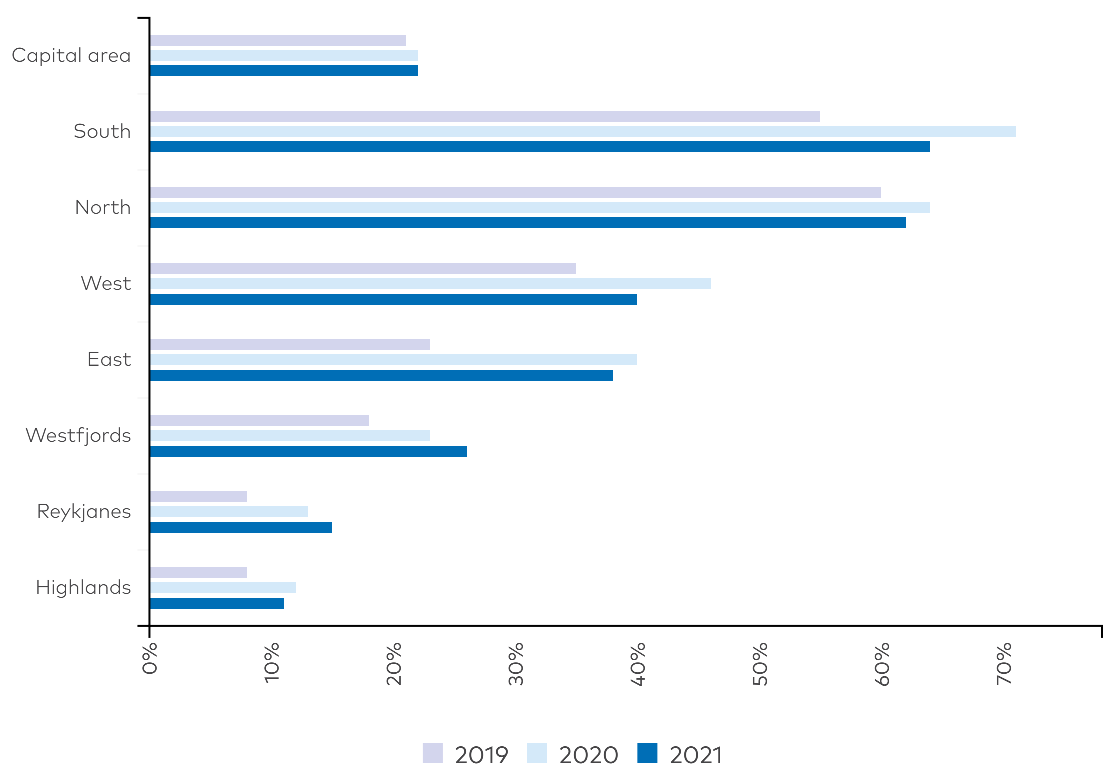

Figure 10. Regions visited by domestic tourists. (Source: Gallup, 2022).

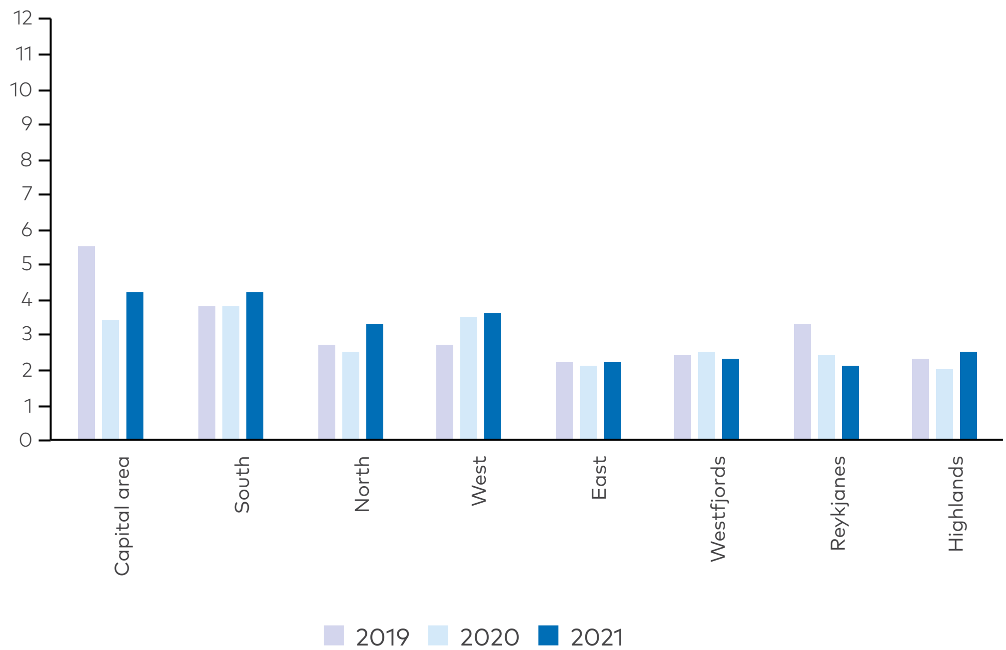

Figure 11. Average number of domestic overnight stays. (Source: Gallup, 2022).

General outdoor recreation was popular among Icelanders during their domestic travels in 2019, 2020, and 2021, but more than half of the respondents engaged in outdoor recreation, hot and cold baths, hiking, cycling, and mountain biking (Fig.12). The recreation that Icelanders paid the most for during their domestic travels has consistently been nature baths and swimming pools, followed by museums and exhibitions, with no exception in 2019-2021.

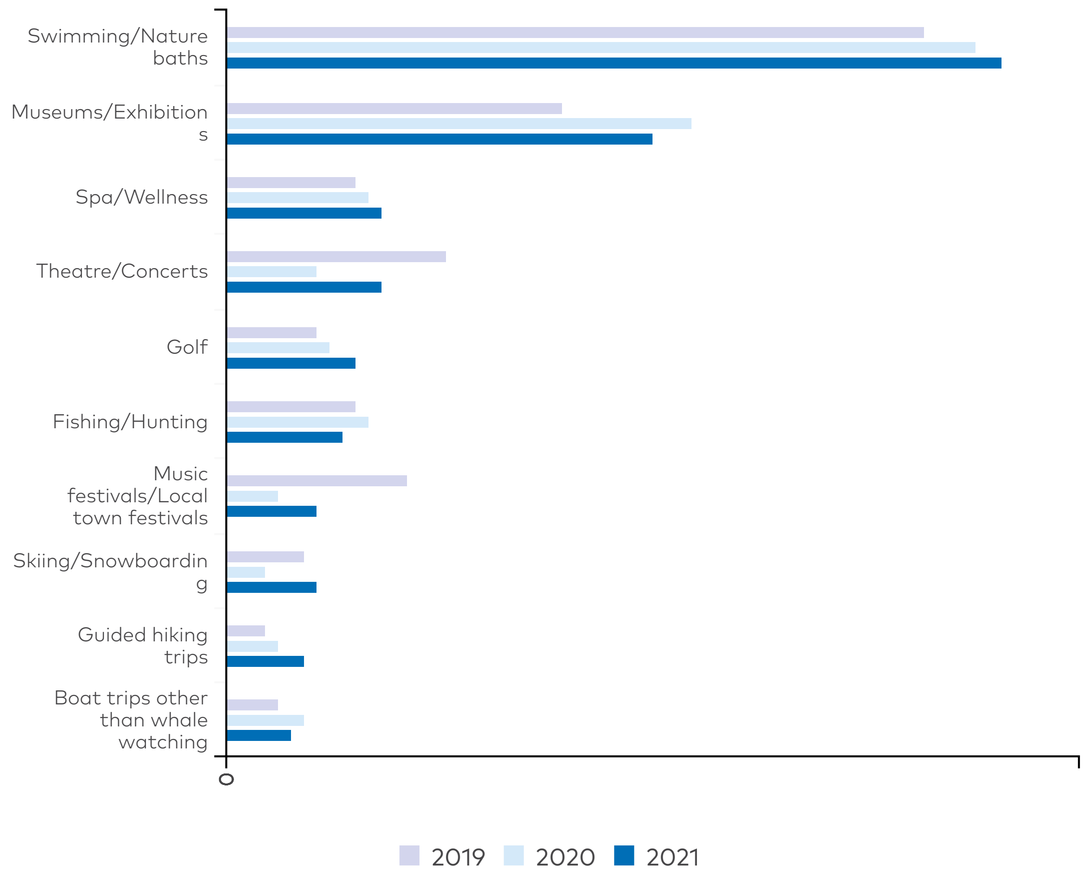

Figure 12 Recreational activities paid for by domestic tourists while travelling. (Source: Gallup, 2022).

1.4 Future of domestic tourism in Iceland

No analysis has been made on the future of the domestic market in Iceland. Nevertheless, stakeholder interviews revealed some ideas about potential future outlooks. All stakeholders agreed that the domestic market was small, albeit important to the tourism industry, but may not have received the attention it deserved in recent years when everyone's attention was on the booming inbound tourism. Everyone agreed that the COVID-19 pandemic has marked a turning point in how the domestic market is perceived. However, some of the stakeholders pointed out that it is still too early to predict the future since the tourist behaviour, consumption, and bookings of both inbound and domestic tourists are still not as they were before the pandemic. During the pandemic, countless inbound tourism bookings were moved from 2020 and 2021 to the year 2022. According to the stakeholders, some Icelanders willing to travel domestically during the summer of 2022, didn't realise that due to the increase in inbound tourism, they had to book their domestic travels in advance. One of the lessons learned was that domestic tourists will need to plan further ahead than usual when booking their future holidays in Iceland. Adding to that, the stakeholders explained that weather is an important factor for the domestic market; thus, there is no way to say where domestic tourists will go until they know what the weather is like. Another factor is the exchange rate of the Icelandic krona, which greatly affects whether Icelanders travel domestically or not, and if they do, and how many outbound trips they take.

Some of the stakeholders pointed out that many segments of the domestic market are unknown. For instance, the travel behaviour, preferences, and consumption of domestic tourists in second homes or holiday homes owned by the unions is under-researched. The same goes for domestic tourists travelling to the Capital area and many other areas. The interviewees were convinced that with further knowledge about the different segments of the domestic market, it would allow further product developments to take place and better utilise opportunities. Targeting high-value tourism markets is part of the future vision for Icelandic tourism. It was pointed out that increased value would also apply to the domestic market, as well as the inbound tourism market.[134]

As part of the Icelandic Government's counter efforts against the impact of the pandemic, Icelanders were, like the local population in many other countries, encouraged to travel domestically. Many tourism companies offered discounts, or had special offers to attract domestic tourists that stakeholders thought unlikely to continue in the future. The stakeholders pointed out that the tourism industry learned a lot about domestic tourists, and equally, so did the residents about the industry. Looking back to the pandemic 10 years from now, we might see a shift in how the domestic market views domestic tourism. The stakeholders were certain that the pandemic had raised awareness of residents in Iceland as potential customers alongside inbound tourists. Simultaneously, the pandemic strengthened our social understanding of how the industry works, and that domestic tourists will be more open to all sorts of future possibilities and offers in tourism in Iceland. This knowledge would be important for the future. It was pointed out that the domestic market would be more important for the tourism industry in the future when it comes to climate change and potential changes in how people travel. The domestic market would also be important for sustainability in the tourism industry and destination development. However, the attention that the domestic market received during the pandemic could fade out when the tourism industry re-shifts its focus to inbound tourism. Most Icelandic tourism companies are small or micro-sized, and are likely to have their hands full with servicing international tourists. It was pointed out that in regards to residents' satisfaction with tourism, when residents can be consumers of tourism services, they are more likely to be

134. Government of Iceland, n.d.a.

comfortable with tourism, which can directly impact residents' satisfaction with tourism.

2. Main stakeholders and coordination of domestic tourism activities

The Ministry of Culture and Business Affairs's role is to create an environment for cultural work, business, and tourism that promotes prosperity and value creation for society. The main issues that the ministry deals with are cultural issues and issues of the Icelandic language, consumer and competition issues, tourism, media, and creative industries, general business issues, and state aid. The Ministry of Culture and Business Affairs is responsible for developing tourism policy and coordinating governmental bodies' work. The Department of Business Affairs and Tourism is the lead department, and oversees the operation and performance of the Icelandic Tourist Board.

The Icelandic Tourist Board is an independent authority under the auspice of the Ministry of Culture and Business Affairs. Its activities are regulated through the act no. 96/2018 on the Icelandic Tourist Board, and the act no. 95/2018 on Package Travel and Linked Travel Arrangements. The Icelandic Tourist Board's responsibilities include implementing the government tourism policy, planning and support for regional development, licencing and monitoring licenced activities, data collection, processing and presentation, safety, quality, and consumer protection in tourism, and administration of the Tourist Site Protection Fund.

Six **regional destination marketing offices (DMO)** operate around Iceland outside the Capital area, and they are responsible for the marketing and promotion of the regions. The DMOs work for 900 tourism companies and 66 municipalities, and they are a forum for cooperation between the state, municipalities, tourism companies, and other stakeholders on tourism and the development of the region's tourism in the future.[135] Every DMO operates their own website and social media in English and Icelandic with information on tourism in the regions. The DMOs work with The Icelandic Tourist Board on destination management plans to coordinate the development and management of tourist flows in each region, in addition to strengthening the local tourism framework. In 2021, on behalf of the Government, the Icelandic Tourist Board and the regional authorities committed to operating a special Destination Management and Marketing Offices (DMMO) in each region of

135. Regional Marketing Offices of Iceland, n.d.

Iceland.[136] The Icelandic Tourist Board allocates, for three years, 33 million ISK to North Iceland's and South Iceland's DMMOs, and 22 million ISK to the other regions. In 2021, DMOs/DMMOs made three-year agreements with Business Iceland on cooperation with the international marketing of Iceland as a tourist destination.[137]

The Icelandic Travel Industry Association (SAF) is an association of Icelandic travel and tourism companies. The purpose of the Association is to promote and protect the common interests of its member companies, and support its members in the improvement of their services and operations.[138] To support a strong reconstruction, SAF published in 2021 a Roadmap on tourism resilience to 2025. SAF's roadmap summarises 11 important priorities of the industry and proposals for government actions to expedite and support economic recovery and limit negative and long-term societal impacts of the pandemic. One of the priorities is to strengthen the domestic market where the government is taking targeted steps to strengthen the domestic tourism market and increase its share in the overall scope of the industry. SAF claims that a stronger domestic market has a stabilising effect, boosts employment, and increases local people's knowledge and satisfaction with the growth of the industry through the increased use of the quality of life that the industry builds in local communities throughout the country.[139]

The Tourism Cluster Initiative is a cluster network of travel agents, tour operators, hotels, attractions and activities, restaurants, airlines, public relations, IT solutions, maintenance service, engineer service, banks, foreign exchange, law firms, educational institutions, and retail.[140] The Tourism Cluster Initiative's main objective is to promote competitiveness and value creation within the Icelandic tourism industry, and to develop a co-operating forum for different stakeholders where the main focus is on linking them together and opening up for interaction between them. Their main projects are investment in tourism, responsible tourism, and regional development and networking.[141]

The current future vision for Icelandic tourism till 2030 is that Icelandic tourism will be leading in sustainable development, and that the tourism industry is profitable and competitive in harmony with the country and its people.[142] The focus is on profitability above tourist numbers, benefits for locals in all regions, unique experiences, quality and professionalism, and balance between conservation and utilisation. This future vision is the foundation of the government's tourism policy-making plans for 2020-2025 and 2025-2030. Due to the pandemic, the policy has

136. Icelandic Tourist Board, n.d.
137. Íslandsstofa, 2021.
138. SAF, n.d.a.
139. SAF, n.d.b.
140. Iceland Tourism, n.d.
141. Iceland Tourism, n.d.
142. Government of Iceland, n.d.a.

not been finalised and no action plan exists.

Interviews with stakeholders confirmed that the responsibility for the development of domestic tourism, management and marketing is at present not formally at anyone's hands. According to act no. 73/2005 on tourism administration, The Icelandic Tourist Board (ITB) was responsible for the marketing and promotion of tourism in accordance with the tourism minister's decision at any given time. From the years 1994 through 2014, ITB supervised different marketing that focused on the domestic market. However, in 2010, all marketing activities for foreign tourists were transferred from ITB to Business Iceland, leaving the domestic market behind. The law was not changed concurrently until 2018, with Act No.96/2018 regarding ITB, when marketing and promotion was removed, and is therefore no longer ITB´s responsibility. From the years 2015 through 2019, no funding was allocated to domestic marketing, but in 2020 and 2021, the minister of tourism allocated 40 million ISK to the ITB to encourage Icelanders to travel domestically and buy domestic goods and services. The project was called "Ísland, komdu með" (Iceland, come along), and was operated in consultation with the DMMOs. Online traffic was redirected to the website www.ferdalag.is where information on the diverse services offered across the country is accessible.

Otherwise, stakeholders identified the DMMOs as possible patrons for the domestic market, and some stakeholders pointed out that it was critical to prioritise domestic tourism development better on the agenda. The domestic market has only been a small part of the projects, and no special focus has been placed on it. It was pointed out in a stakeholder interview that tourism marketing does not always have the purpose to sell; it is also an educational tool regarding Icelandic tourism.The current agreements between ITB and the DMMOs do not mention obligations towards the domestic market, and no funding is allocated to that matter.Some DMMOs, however, want to manage the domestic market, but since they have no funding to do it, they have settled with basic promotions on their website and social media.

3. Case studies

3.1 Case 1: Travel gift to residents in Iceland from the government

During the first wave of COVID-19 in March 2020, the Icelandic government put together an action plan to mitigate the economic effects of the pandemic. One of the measures taken to support the tourism industry was to provide gift certificates from the government to the residents of Iceland. The gift certificate was called Travel gift (isl. Ferðagjöf), and was an ISK 5.000 digital grant for persons aged 18 or older with an Icelandic social security number and a registered legal domicile in Iceland.

The overall goal was to boost domestic consumption by encouraging residents in Iceland to travel domestically, experience new things all around Iceland, and support the tourism industry, which had been drastically affected by the pandemic. The Travel gift was delivered in the form of a bar code via a smart device application that was displayed by the customer when paying for services, such as accommodation, transportation, dining, and activities within the tourism industry. The Travel gift was initially a temporary solution to aid businesses through the worst of the pandemic during the summer season. The first Travel gift was valid from 18 June – 31 December 2020. As the pandemic progressed, the government decided to renew the Travel gift until 30 September 2021.

3.1.1 Activities

The government's decision was based on legislation act no. 54/2020 on travel gifts, which was enforced on 23 June 2020. Icelandic tourism businesses and service providers were encouraged to enroll in the program to be eligible to receive Travel gifts. Consumers picked up their Travel gift at Ísland.is with their electronic ID before downloading the app called "Ferðagjöf" from the App Store or Play Store.

The Travel gift was a temporary solution to mitigate the economic impact of the pandemic in 2020 and 2021. The Travel gift was not available in 2022, and there are no plans to renew it in the coming future.

3.1.2 Organisation and stakeholders

The Travel gift was a collaborative project between The Ministry of Tourism, Industry and Innovation, The Icelandic Tourist Board and Digital Iceland, which is operated by the Ministry of Finance and Economic Affairs to fulfil the government's aims to make digital services the main means of communication between its agencies and the Icelandic people. The team first met in March 2020 to outline the task. They hired the consulting company Parallel, which specialises in digital opportunities and the management of IT-implementation, and the company YAY ehf. to develop the app.

In view of the circumstances due to the pandemic, great emphasis was placed on bringing the solution to realisation as soon as possible. The team held introductory meetings for companies to encourage participation and seminars to explain how to participate in the project. Companies were encouraged to create special offers related to the travel gift to attract customers and boost sales. Meanwhile, the legislation act was being developed and submitted to Parliament in late May 2020. The legislation act was accepted by the Parliament on 23 June 2020. The Icelandic Tourist Board supervised the implementation of the law, and hosted the project via their website focusing on domestic travels, organised by the Icelandic Tourist Board. Statistics on Travel gift amounts and its usage was updated daily by the Icelandic Tourist Board on the Icelandic Tourism Dashboard.

3.1.3 Funding

The Icelandic government undertook various measures to mitigate the economic and social effects of the pandemic in Iceland. The Travel gift was one of the key fiscal policy measures in response to the pandemic.[143] The Icelandic Government allocated ISK 1.5 billion to the travel gift in 2020 and the same amount in 2021. The budget was to cover the Travel gifts and other costs.

3.1.4 Lessons learned

The Travel gift was one of the tools that tourism businesses utilised to attract domestic tourists during the pandemic. According to the Icelandic Tourist Board, a total of 1029 businesses signed up for the project, of which approximately 940 received Travel gifts. In 2020, approx. 206.000 travel gifts were used, and 218.000 in 2021 (Fig. 13). Over ISK 1 billion worth of Travel gifts were used each of the two years. Most Travel gifts were used in restaurants, for accommodations or recreation and most of them were used in the Capital area, in nationwide companies, in South Iceland and Northeast Iceland (Fig. 14). The digital solution was considered innovative, and in line with the government's aims for digital services.

143. Government of Iceland, n.d.b.

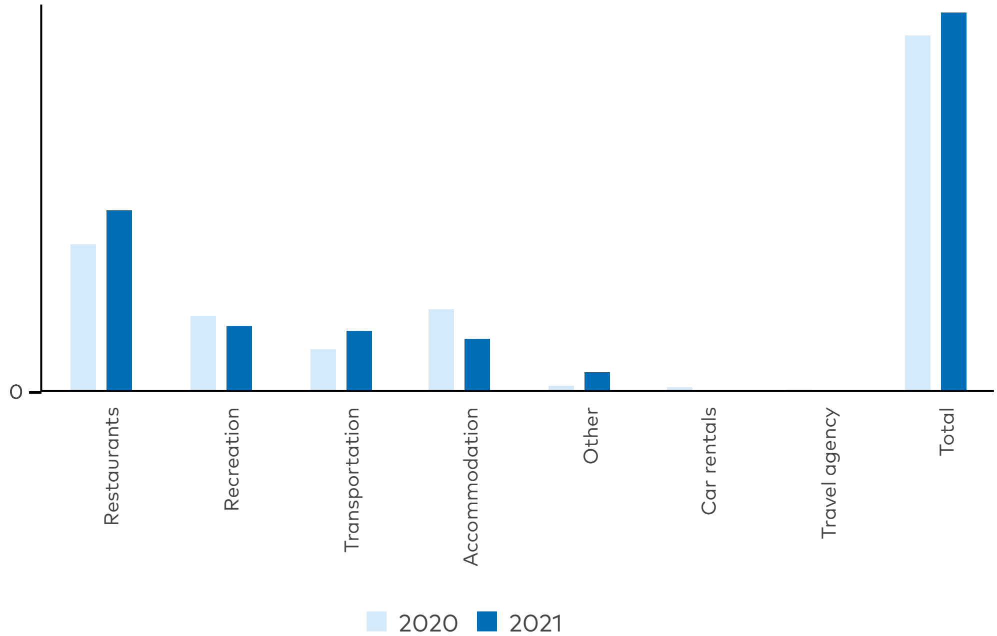

Figure 13. Amount of Travel gifts by business categories. (Source: Icelandic Tourism Dashboard, 2021)

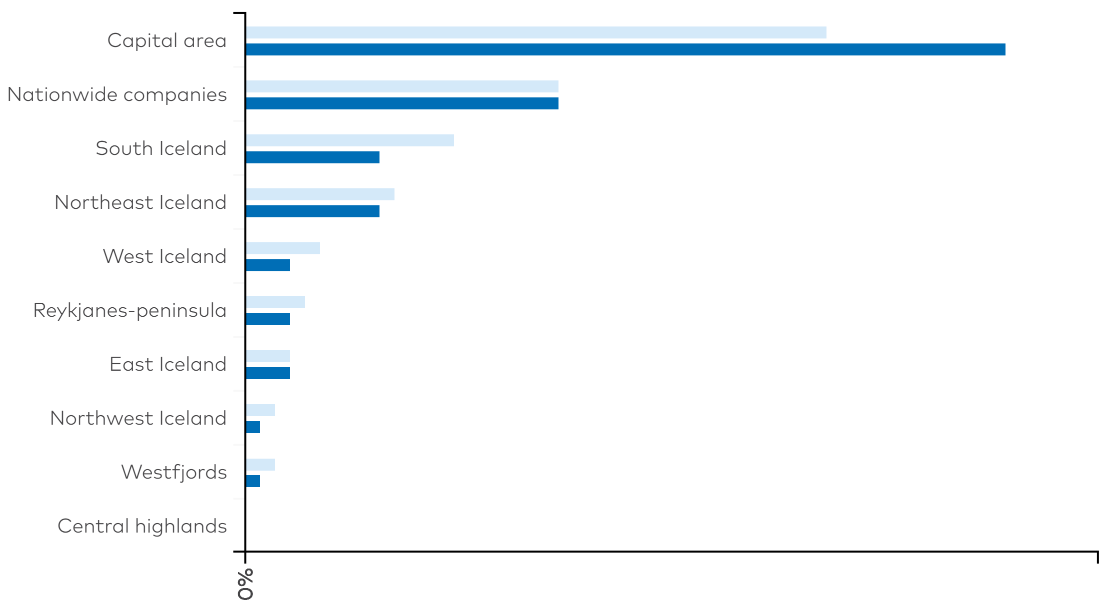

Figure 14. Ratio of Travel gifts used by region. (Source: Icelandic Tourism Dashboard, 2021).

Overall, the Travel gift did what it was supposed to do. By creating incentive for consumption, the tourism industry received a vital injection, which was the main goal all along. It was not possible to collect data on whether the Travel gift created an incentive regarding the domestic market. Surveys among Icelandic tourists indicate that approx. 48 per cent used their Travel gift during their travels in Iceland.[144]

3.2 Case 2: Álfheimar Country Hotel's luxurious guided hiking tours in Borgarfjörður eystri, Iceland

Álfheimar Country Hotel is located in a remote fishing village of 130 inhabitants in Northeast Iceland, approximately 670km from the Capital area and 70 km from the nearest regional airport in Egilsstaðir. Owned and run by locals, the hotel has 32 rooms and a restaurant. Since 2008, Álfheimar has offered guided hiking and walking tours along a vast net of well-marked and versatile hiking routes in the area, which the locals have maintained, in deserted coves and the surrounding mountains during the summer season. They offer a complete 3- and 5-day package to international tourists, which includes airport pick-up and drop-off, hotel accommodation, local restaurant dishes, and local guides. According to Álfheimar's sustainability policy, the company strives to have a positive influence on their surroundings, including nature, the economy, and the community. By allowing their guests to experience what it's like to live in a small community, they hope that they can motivate them to take back some part of that vision. The company places great emphasis on the fact that the guests are visiting a small community, as they want them to get to know the life there. Cooperation with other companies in the village is important, and the company considers its social responsibility to be great. They arrange company visits for their guests to taste local products, which may turn into sales and potential future customers.

Like many other tourism businesses during the pandemic, the owners of Álfheimar anticipated less business activity in the summer of 2020 due to the sharp decline in foreign tourist arrivals. Although this guided tour programme had existed for foreign tourists almost exclusively with over a decade of success, they decided to offer it on the domestic market with Icelandic-speaking guides. One of the reasons was that in the spring of 2020, a few friends and acquaintances of the owners had inquired about tours in the area because they were unable to go on tours abroad that they had already booked for the summer due to travel restrictions and the pandemic. Álfheimar's owners made the tour available in Icelandic on the hotel's website and via Travel East, an authorised travel agency of which the owners are

144. Gallup, 2022.

shareholders. They also made the tour available on Hey Iceland's website, a local Icelandic travel agent. They promoted the tours for one week at a national radio station and on a national TV-station, but according to Arngrímur Viðar Ásgeirsson, one of the owners of Álfheimar, word of mouth was probably one of the most effective forms of marketing these tours. The tours were available in the summer of 2020.

3.2.1 Activities

The package included a 3- or 5-day hike with local Icelandic-speaking guides, hotel accommodation, and all amenities. The guided tours were only available in the summer months, from early June to mid/late August. The tours were available to the domestic market in the summers of 2021 and 2022. Álfheimar plans to continue with the tours on the domestic market for the coming seasons.

3.2.2 Organisation and stakeholders

Álfheimar is a small and locally-run tourism business. The product's composition is simple and in the hands of the company; no sub-contracts, rentals, or bookings through a third party are necessary. They provide local Icelandic and English-speaking guides, and their hotel and restaurant.

3.2.3 Funding

No considerable funding was needed for adjusting this product to the domestic market.

3.2.4 Lessons learned

Bringing the tour to the domestic market was considered as a success. Over the course of the summer in 2020, Álfheimar provided approximately 20 tours for more than 200 domestic tourists, some of which had never been to East Iceland, with a turnover of approximately ISK 15 million. The highest demand was in July, and the lowest in the beginning of June and the end of August. The owners of Álfheimar discovered that many of their customers in the summer of 2020, both groups and individuals, had previously booked full-service outdoor and/or activity tours abroad that were cancelled due to the pandemic. Pre-planned full-package tours with all amenities had long been available for international tourists in Iceland, but they had not been easily available on the domestic market before the pandemic. Álfheimar discovered a niche domestic market in great need for such products since Icelanders could not travel abroad during the pandemic as they normally did. According to Ásgeirsson, the customers were high-end, on average over 50 years old, and willing to spend money on their tour during their holiday as if they were abroad.

Álfheimar continued offering the tours on the domestic market in 2021 and 2022, as there was still a demand for the tours. Last summer, approx. 10 tours accommodated around 100 domestic customers in early June and the end of August. Ásgeirsson claims that these tours were sold by reputation only on the domestic market, not because of advertisement or other marketing. He admitted that since foreign tourists have re-arrived, the demand during the summer months is greater than the supply.

The biggest lesson for the owners was that there is a niche domestic market that exists, and they are willing, ready, and able to buy these products for a fair price. Prior to the pandemic, the owners knew that this niche market probably existed, but the company was already operating at full capacity with international tourists. They also realised that Icelanders, as tourists, can choose to go anywhere in their world. In that sense, Álfheimar is competing against other possible destinations in the world for Icelanders as tourists, and according to Ásgeirsson, their products must be put together in such a way that it stands up to the comparison.

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Annex 5. Country report Norway

1. Domestic tourism in Norway

1.1 Importance of domestic tourism

Domestic tourism is an important part of the tourism industry in Norway. In 2019, the domestic tourism consumption amounted to over NOK 151 billion, or approximately 70 per cent of the total tourism consumption. While the domestic tourism consumption rose during the years prior to the COVID-19 pandemic, it showed lower numbers in 2020 (NOK 102 billion[145]) and 2021 (NOK 132 billion[146]). The domestic tourist consumption by Norwegian households as a share of total household consumption amounted to 7.3 per cent of their household expenditures in 2018, and 7.2 per cent in 2019.

In terms of spending, Norwegian tourists tend to spend less when travelling domestically than when travelling abroad. In 2018, 70 per cent of the Norwegians tourism took place in Norway, but only 33 per cent of the tourism budget was spent in Norway[147].

Another way of measuring the importance of domestic tourism is to measure the number of domestic overnight stays. During the years leading up to the COVID-19 pandemic, the number of domestic overnight stays in Norway increased with a total number of overnight stays in 2018 amounting to almost 19 million. This exceeded the previous record set in 2017 with three million[148]. Likewise, the overall domestic tourism increased by 18 per cent in 2018, compared to 2017[149]. The increase continued in 2020 when 3.6 million more domestic holiday trips were conducted compared to in 2019, which equals an increase of 32 per cent. The increase continued in 2021, when 20.5 million trips were made by Norwegians in Norway, which can be compared to the total number of trips of 22.3 million[150].

145. Statista 2022.
146. Ibid.
147. Innovation Norway 2018.
148. Statista 2022.
149. Innovation Norway 2018.
150. Ruralis 2022.

There are regional differences in the size and share of domestic tourism in Norway. An interviewee pointed out that domestic tourism is concentrated to the south of Norway and to the larger cities. On the other hand, relatively fewer domestic tourists visit northern Norway.

The difference in the number of domestic visitors staying overnight in commercial establishments in Norway between 2019 and 2020 varied between regions. Southern Norway recorded an increase in domestic visitors, and so did the southern part of Northern Norway and the Northwestern part of Norway. The rest of the country recorded an overall decrease in the number of domestic visitors staying overnight between 2019 and 2020. In a Nordic comparison, Norway stood out as the only country, in which the capital region experienced an increase of domestic overnight stays in 2020 compared to 2019[151].

General restrictions to mitigate the spread of the COVID-19 infection were enforced in Norway for about two years, with the first restrictions introduced on 12 March 2020. Throughout the pandemic, restrictions in Norway included, e.g., quarantine for all visitors coming into the country, irrespective of if they showed symptoms or not, and closing all educational institutions and discontinuing sporting events. During periods, international travellers, and aircrafts from locations with expansive outbreaks of COVID-19, were prohibited to land or travel into Norway. Leisure travel was discouraged, and Norwegians were prohibited from travelling domestically to their country houses during parts of the pandemic[152]. Norway removed most of the restrictions on 25 September 2021, but some restrictions remained in place, and were not lifted until 12 February 2022. Restrictions in Svalbard were lifted on 1 March 2022[153]. Presently, in October 2022, there are no longer any restrictions applying to international tourists travelling to Norway[154].

1.2 Domestic tourist preferences in Norway

To date, target audience analyses have not been carried out in the domestic market, and no tourist profiles have been developed. However, according to the interviewee of Innovation Norway, one defining characteristic of Norwegian tourists travelling domestically is that they book trips by themselves and arrive by themselves, in pairs or as small groups. In that sense, Norwegian tourists differ from most international tourists coming to Norway - which often book their travels via tourism agencies and more commonly travel in larger groups. Norwegian domestic tourists also spend less time at their destination compared to

151. Nordregio 2022.
152. HBL 2020.
153. Norway's Governmentv 2022.
154. Finish Foreign Ministry 2022.

international tourists[155].

Domestic tourists are perceived by the interviewee of Innovation Norway as having higher expectations on the standard of products and services compared to international tourists. Consequently, companies in the tourism industry had to readjust their offers during the pandemic. For example, some Sámi tourism entrepreneurs remodelled their products to fit domestic tourists by updating their accommodation to glamping and their food and beverage menus to become more luxurious[156]. In Northern Norway, luxurious accommodations, and other services, such as high-end restaurants, were a major trend during the pandemic[157].

According to the interviewee of the Norwegian Ministry of Trade, Industry and Fisheries, domestic tourists are weather-sensitive to a greater extent, when compared to international tourists. Domestic tourists usually avoid pre-booked packages and can choose to postpone if the weather is considered poorly. International tourists usually have pre-booked package products – and have less of a possibility to cancel. When it comes to the shift in domestic tourism preferences during the COVID-19 restrictions, the interviewee mentions that outdoor recreation grew in popularity.

1.3 Future of domestic tourism in Norway

Forecasts show that growth in tourism in Norway until 2030 will be the highest among local and Norwegian tourists. The growth in international tourism is expected to be strong in both 2022 and 2023, but it is not expected to reach its 2019 level until 2024[158].

In September 2022, 538 members of NHO Reiseliv responded to a market survey about the level of bookings for international and domestic tourism in the next three months compared to 2019. 21 per cent of the companies answered that booking levels were expected to be better; 32 per cent answered that they would be unchanged, whereas 31 per cent of the companies answered that they would be lower. 17 per cent of the companies answered that a loss of Norwegian domestic tourist could, in part, explain the lower level of bookings[159]. One interviewee pointed out that Norwegian tourists chose to go abroad to a greater extent in the summer of 2022 compared to 2020 and 2021 having spent their vacations in Norway during the first years of the pandemic. Another interviewee, however,

155. Ruralis 2022.
156. Arctisen 2022.

157. Ibid.
158. Menon Economics 2022.
159. NHO Reiseliv 2022.

stressed that domestic tourism preferences, activities, products, and experiences related to food, cultural, and historic tourism, as well as outdoor activities, such as cycling, fishing, and archery, are thought to be trending in the coming years.

2. Main stakeholders and coordination of domestic tourism activities

In Norway, no government agency is tasked with overseeing and coordinating activities aimed at promoting domestic tourism specifically. However, during the years 2020 and 2021, due to the pandemic, these activities were included in the overall coordination of international tourism activities through Innovation Norway, a government agency functioning as an international tourism administration[160]. Matters related to the tourism industry generally falls under the responsibility of the Ministry of Trade, Industry and Fisheries[161]. Innovation Norway then cooperates closely with industry stakeholders in development efforts. These efforts include, among other things, loans, grants, consulting, promotion, and networking. Funding is allocated via the state budget on a yearly basis. Activities aimed at promoting and developing domestic tourism were included in the budget for 2020 and 2021 in light of the pandemic. As of 2021, Innovation Norway will not continue to include domestic tourism in their mission.

In addition to the Ministry and Innovation Norway, regions and municipalities are important stakeholders for developing domestic tourism in Norway. Regions and municipalities are responsible for local regulations and planning, infrastructure, national parks, and attractions. Norway's regions and municipalities often have their own tourism strategies outlining activities and goals related to tourism development. These are rarely aimed at domestic tourism specifically, but rather at promoting tourism in general. It is common for Norwegian regions and municipalities to support regional or local tourism organisations[162]. These are accompanied by a few important national organisations, such as Norway's largest outdoor organisation and destination management organisation, the Norwegian Tourism Organisation.

160.Innovation Norway 2022.
161. Nordic Council of Ministers 2019
162. OECD 2022.

3. Best practices

This chapter presents two "best practice" examples of efforts aimed at recovering and strengthening the Norwegian tourism industry, including the promotion of domestic tourism, namely *Innovation Norway's transition package UT-OMS-REISELIV* (case 1) and *Destination Sápmi* (case 2).

3.1 Case 1: Innovation Norway's transition package UT-OMS-REISELIV

In response to the loss of 90 per cent in the total tourism in 2020, Innovation Norway introduced a support package that, among other things, aimed at helping companies in the Norwegian tourism industry to change their markets from international to domestic tourists. The overall aims of the initiative were to (i) keep the tourism industry afloat; (ii) enable companies to pay salaries to their employees; (iii) help companies transition to the domestic market; and (iv) support companies in increasing their sustainability practises.

3.1.1 Activities

The support package had three application deadlines for companies: in September 2020, January 2021, and September 2021. The disbursement in the respective packages amounted to NOK 250 million, NOK 600 million, and NOK 850 million. The target group were companies in the tourism industry, which could apply for financial support to carry out activities in line with the overall aims of the package. 2000 companies applied for the support. Below, Table 1 presents a financial and temporal overview of the package.

Table 1. Overview of the support package. (Source: Innovation Norway. 2022.)

	Round 1: UT-OMS-REISELIV 1219	Round 2:UT-OMS-REISELIV-II 1226	Round 3: UT-OMS-REISELIV-III 1231
Disbursement	NOK 250 million	NOK 600 million	NOK 850 million
Deadline for application	15 September 2020	8 January 2021	30 September 2021
Period which turnover was calculated upon	June – August 2020	September – October 2020	December 2020 – February 2021
Project period end date	June 2022 (adapted)	June 2022 (adapted)	June 2022 (adapted)
Calculated share of costs for employees	50%	No limit	No limit
Proportion of tangible and intangible assets:	Up to 20% of the approved support base	Up to 20% of the approved support base	Up to 50% of the approved support base
Maximum amount disbursed per corporation	NOK 5 million / corporation	NOK 5 million / corporation	NOK 5 million / corporation

The activities aimed both at the short-term development and long-term development – and was aimed at product- and service development in particular. As one of the aims focused on the transition to a domestic market segment, the package helped companies to transition and adjust their products and services to better suit Norwegian customers. The specific ways in which companies have adjusted have varied between companies. One of the results stressed by interviewees was that companies broadened their offers, and developed new products. Reports regarding the activities will be submitted to the Visit Norway offices during the autumn of 2022.

3.1.2 Organisation and stakeholders

The package was initiated by the Norwegian government and implemented by Innovation Norway that called for applications, reviewed these, decided which companies would receive support, and paid out the support. The companies that were granted money were requested to hand in reports on their activities to their respective Visit Norway office.

3.1.3 Funding

The total budget of the packages amounted to almost NOK 1.3 billion.

3.1.4 Lessons learned

According to the interviewee of Innovation Norway, the packages were successful in the way that they changed the mindset on market segments and sustainability of both the companies and the regional offices of Visit Norway. The packages are perceived by the interviewee as a crucial factor in helping Norwegian tourism companies survive the COVID-19 pandemic.

Both the interviewee of Innovation Norway and the interviewee of Ministry of Trade, Industry and Fisheries believe that the companies that received support from the package will continue to benefit from the activities related to transitioning to domestic market segments in the coming years. The interviewee of Innovation Norway stresses that this is particularly important in the light of insecurities relating to fluctuating electricity prices, Russia's invasion of Ukraine, continued COVID-19 restrictions in Asia, and fear of an imminent economic recession.

Regarding the regional offices of Visit Norway, they have, according to the interviewee, become more interested in developing domestic tourism in contrast to focusing their marketing activities on international markets.

No evaluation of the package has been conducted at this point, but according to the interviewee there are still lessons that can be learned for the future. Firstly, package three was regarded by Innovation Norway as having a more detailed and satisfactory design than the first two packages. This made the application process easier for the industry and improved Innovation Norway's reviewing process. Secondly, if hit with another major crisis like the COVID-19 pandemic, the tourism industry would benefit from a faster introduction of support packages compared to the pandemic. This would prevent companies from having to dismiss employees in the short-term.

3.2 Case 2: Destination Sápmi

The Sámi tourism platform Destination Sápmi was launched in 2020 by the Business Centre of Sápmi with the aim to serve as a digital Norwegian tourist information for five municipalities in the Troms and Finnmark region, namely Tana, Nesseby, Karasjok, Kautokeino, and Porsanger. During the COVID-19 pandemic, Destination Sápmi functioned as a tool to market Sápmi and Kautokeino in particular as tourist destinations for domestic tourists.

3.2.1 Activities

In response to the COVID-19 pandemic, Sápmi Business Centre, launched Destination Sápmi, a guide website, and various communication campaigns targeting Norwegian tourists, as well as providing support to Sámi entrepreneurs in adapting and developing products and services. The aim of the activities was long-term.

The platform was initially thought to apply to the international tourism market as well, but during the restrictions, it became an important tool to market Sápmi towards domestic tourists.

Destination Sápmi's website presents an oversight of all tourism opportunities in the five municipalities. In Kautokeino, this includes transportation, accommodation, activities for families, activities for friends, general information about the region, as well as "hidden treasures," such as local shops and boutiques and places where the local population resides. The "hidden treasures" offer is featured for tourists who enjoy experiencing local life while travelling. The feature corresponds to domestic tourists' higher demands on authenticity. The platform was structured by the municipality, rather than the activity since domestic tourists have greater prior knowledge of Kautokeino.

In addition to the website, Destination Sápmi implemented marketing campaigns targeting domestic tourists. The campaigns aimed to spread awareness of the platform, as well as to brand and revalue Sápmi as a relevant tourism destination. The marketing campaigns were implemented jointly with North Norwegian Tourism Board, the regional DMC for Northern Norway, and coordinated with Visit Norway and the National Destination Management Companies, and published in various Norwegian newspapers.

Destination Sápmi also supported and facilitated the development of products and services in regional tourism companies, including the rebranding of products to fit the preferences of domestic tourists. This included making products more authentic as domestic tourists have a higher prior knowledge of Sápmi.

3.2.2 Organisation and stakeholders

Sápmi Business Centre was the initiators of Destination Sápmi, and it is responsible for the coordination and implementation of its activities. The Sámi Parliament in Norway is an important stakeholder of the initiative.

3.2.3 Funding

The total yearly budget of the initiative is roughly NOK 800 000. The budget was initially NOK 400 000, funded by the Sápmi Parliament, with the Sápmi Business Centre adding NOK 400 000 when the original budget was exceeded.

3.2.4 Lessons learned

No evaluation has been carried out regarding Destination Sápmi's activities during the COVID-19 pandemic, but according to the opinion of the interviewees, the platform was important for supporting the regional tourism industry and for adapting the industry to the domestic tourism market.

When both international and domestic tourists disappeared during the first months of the COVID-19 pandemic, there was a worry that many tourist companies in the five Sámi municipalities that make up Destination Sápmi would have to file for bankruptcy. According to the interviewee, Destination Sápmi was crucial for the survival of tourist companies in these municipalities in general and Kautokeino in particular. Thanks to the platform, the marketing campaign carried out, and the support offered to companies in developing products and services, domestic tourists visited Kautokeino. There is no information on the exact number of domestic visitors during the pandemic, but as a matter of fact, no companies in Kautokeino had to file for bankruptcy during the pandemic; in general, the tourist companies experienced that the effects of the pandemic were smaller than feared. According to the interviewee, the Destination Sápmi platform, as well as the business models of companies in Sápmi, presents an alternative to the conventional strategy for development in tourism, that is short-term project-funding.

No study has yet been completed, collecting the local communities' experiences about the platform. However, according to the interviewee, local inhabitants, as well as local politicians, have been very positive towards the platform.

As for the future, with the Asian market still under restrictions in 2022, the domestic tourism market is expected to remain important for the tourism industry in Sápmi. As Destination Sápmi has been successful, the platform will continue to function online. There are plans to turn the platform into an organisation on its own, as well as thoughts on potential collaborations with Sápmi areas across national borders.

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Annex 6. Country report Sweden

1. Domestic tourism in Sweden

1.1 Importance of domestic tourism

Share of domestic tourism measured in the share of consumption

In Sweden, domestic tourism constitutes an important portion of the tourism sector[163]. This is evident when viewing the share of consumption, income, and overnights contributed to the sector by Swedish tourists compared to international tourists. When examining the effects of the COVID-19 pandemic and the pre-pandemic years, domestic tourism has come to play an even more prominent role. That said, it has not been able to compensate for the monetary loss that the sector has witnessed as a result of the decrease in international tourists during the pandemic[164].

The tourism-related expenditure in Sweden in 2021 amounted to SEK 249 billion. As shown in Table 1 below, SEK 192 billion (77%) of the expenditures was consumed by domestic tourists and SEK 57 billion (23%) was consumed by international tourists [165]. As such, domestic tourist consumption in Sweden accounted for more than two-thirds of the total consumption in tourism-related businesses, illustrating its significance for the sector and the economy as a whole. It is worth noting that Sweden has a negative net export of tourism, which means that Swedes consume more on tourism abroad than foreign tourists consume in Sweden[166]. Thus, there is potential for increasing the revenues from domestic tourism if Swedes redirects their tourism domestically.

163. Tillväxtverket 2022.
164. Ibid.
165. Tillväxtverket n.d..
166. Tillväxtverket 2022.

Table 1. Tourist consumption in Sweden in 2021. Source: Tillväxtverket. (n.d.).

	SEK (billion)	Per cent (%)
Domestic tourism	192	77
International tourism	57	23
Total	249	100

Share of domestic tourism measured

In recent years, the tourism share of Sweden's GDP has been around 2.5 per cent, but by 2021, it was down to 1.9 per cent as a result of the COVID-19 restrictions.

Concerning overnight stays, the total number amounted to around 54.2 million in 2021. Out of these, around 47 million (87%) were domestic overnight stays, with only 13 per cent of the overnight stays being international tourists (see Table 2 below for an overview)[167]. In 2021, 42 per cent of the overnight stays were registered in regions with larger cities, such as Stockholms län (9.2 million), Västra Götalands län (8.1 million), and Skåne län (5.4 million)[168].

Table 2. Overnights in Sweden in 2021. Source: Tillväxtverket. (n.d.).

	Number of nights	Per cent (%)
Swedish	46 946 086	87
International	6 853 771	13
Total	54 219 806	100

Regional differences in the importance of domestic tourism

According to the data available, the share of international overnights varied between regions in 2021. Kronoberg Region had by far the highest share of foreign guest nights (34%). This is mainly due to the relatively low number of Swedish overnights in the region. This is followed by Stockholm and Blekinge counties (18%

167. Tillväxtverket n.d.
168. Tillväxtverket 2022.

each). The two northernmost regions with high tourism, Norrbotten and Västerbotten, had a high proportion of foreign guest nights (18% and 16%).

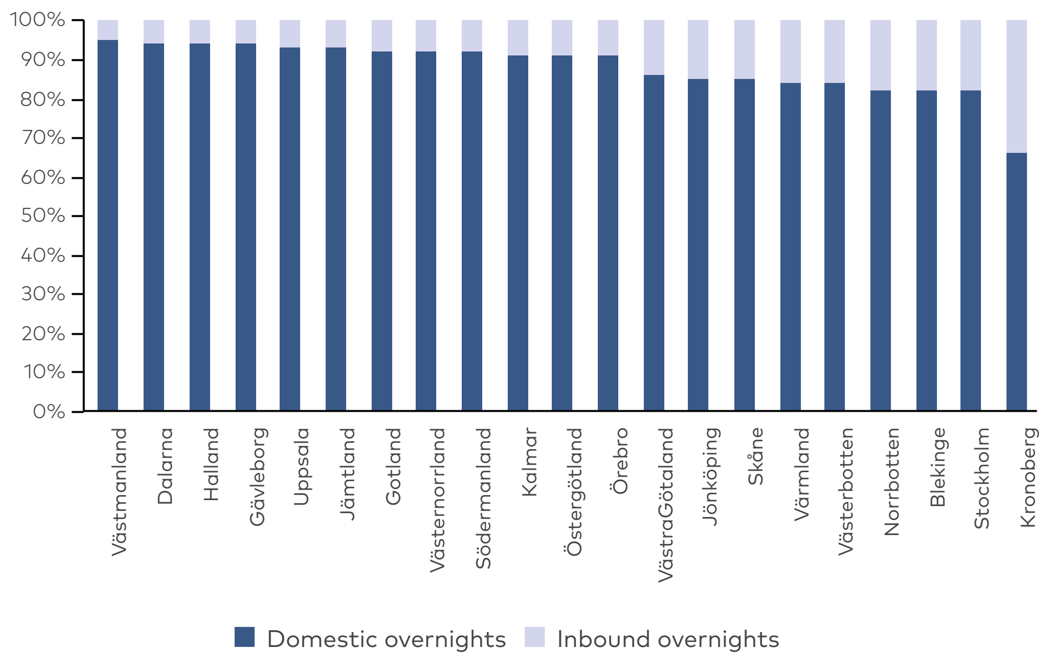

Figure 1. Share of overnights in the Swedish regions divided between domestic and international tourists. (Source: Tillväxtverket, 2022).

One prominent difference put forth in the interviews is that international tourists tend to focus on larger cities and border regions. As an example, American tourists visit Malmö and then cross the border to Copenhagen, Denmark. According to the respondents, what attracts domestic tourist is less known than the preferences of international tourists (see Section 1.2). According to the interviews, geographical differences and accessibility are important aspects of regional differences in tourism in Sweden. Different markets are available in different geographical locations, and the need and necessity to transition a business towards domestic tourism variates – regions with lower accessibility that does not meet international preferences become more dependent upon domestic tourism.

According to the interviewees, it is less known what attracts domestic tourists to certain areas of Sweden. Generally, the interest in various Swedish destinations has increased among Swedes, and Swedes have become more inclined to visit new destinations rather than the most popular and crowded destinations. As indicated by one interviewee, it is more common amongst Swedish tourists than international tourists to vacation in so-called vacation homes. During the pandemic, this meant that regions with a large share of vacation homes experienced an increase in tourism.

Significance of same-day visitors in the country

Out of the 123 million trips made by Swedes domestically in 2021, 71 million were day trips, representing 58 per cent of all domestic trips. 76 per cent of the work trips were day trips, whereas 54 per cent of the leisure trips were day trips. Thus, same-day trips were the most common type of trip for Swedes travelling domestically in 2021 regardless of whether the purpose of the trip was work or leisure[169].

Changes in the importance and share of domestic tourism during COVID-19

The tourism sector in Sweden was heavily impacted by the COVID-19 pandemic. Among the COVID-19-related restrictions affecting the tourism industry were[170]:

- The Act (2020:526) on temporary infection control measures in serving establishments with associated regulations and general guidance (HSLF-FS 2020:37).
- Regulation (2020:114) on the prohibition of holding public gatherings and public events.
- Ordinance (2020:956) on a temporary ban on serving alcohol and the following ban on serving alcoholic beverages between 22:00 and 11:00.
- Regulation (2021:8) on special restrictions to prevent the spread of the disease COVID-19 with the general rule that public gatherings and public gatherings with more than eight participants may not be held in Sweden.

The effects of the pandemic on the Swedish tourism sector can be distinguished in terms of consumption, income, and overnights, amongst other factors. In 2019, domestic tourists' consumption totalled SEK 299.3 billion. In 2020, it decreased by 38 per cent to SEK 184.1 billion. As already mentioned above, the consumption in 2021 was SEK 249 billion, which constitutes an increase of 16 per cent compared to 2020; the majority of the products and services was consumed by domestic tourists (see Figure 1 below). The domestic tourists' expenditure totalled SEK 192 billion, which is more than the tourist export (SEK 57 billion) and import (SEK 77 billion) together. However, the pandemic has left Sweden with a decrease in tourism-related expenditure, with the total consumption in 2021 only making up 81 per cent

169. Tillväxtverket 2022.
170. Tillväxtverket 2021.

of that in 2019[171].

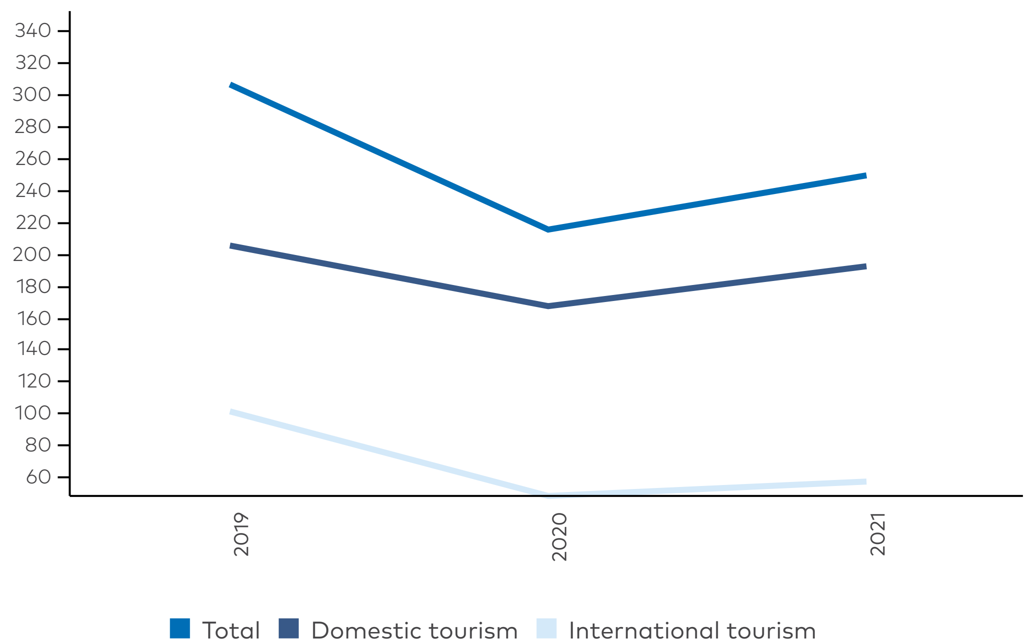

Figure 2. Tourist consumption between 2019 and 2021. (Source: Tillväxtverket. N.d.).

When looking at household tourism-related expenditure concerning their entire spending, Swedish households spent approximately 6 per cent of their total spending on domestic tourism before the pandemic. In 2020, the proportion that the households spent on tourism within Sweden decreased slightly to 5.9 per cent, rising again to 6.3 per cent in 2021[172]. Thus, the domestic spending pattern did not experience any larger changes during and after the pandemic. In comparison, Swedish household consumption abroad decreased by 44 per cent between 2019 and 2020. The travel restrictions enforced in response to the pandemic are the main explanation for this decline, but there has been a slight decline since 2017 (after an extended period of increase since 2008). Weather and flight taxes may be possible explanations for this, as well as more long-term changes in behavioural patterns.[173]

In terms of overnight stays, the number decreased drastically by 36 per cent from approximately 67 million overnight stays in 2019 to around 43 million in 2020. The data on turnover in the tourism industry in the first quarter of 2020 was 69 per

171. Tillväxtverket 2021.

172. Tillväxtverket 2022.

173. Holmberg, Sörum & Hansson 2021.

cent higher than in the corresponding quarter of 2021. However, it was still 10 per cent below the levels of the corresponding quarter of 2019[174]. In other words, the sector still has not returned to the pre-pandemic level of turnover, and domestic tourism has not been able to compensate for the loss in inbound tourists.

1.2 Domestic tourist preferences in Sweden

Generally, there has not been a large interest in the preferences of domestic tourists in Sweden, and a few studies have been conducted on the subject. The same goes for marketing Sweden as a destination for domestic tourists. In 2021, Visit Sweden conducted a target group analysis asking Swedes about their preferences for travelling in Sweden[175]. The study resulted in the division of potential domestic tourists into three different segments:

1. "*Everyday life escaping bon vivant*" ("vardagssmitande livsnjutare") represents the largest group of Swedes. The drivers and activities that are particularly important for tourists in this segment are to have fun with their travel companions, and to enjoy good food and drinks - and to get away from their everyday routine, which is the most important driver. All age groups are represented, although the traveller is less likely to have children compared to the other two groups.
2. "*Active nature lovers*" want to spend time in nature more than any other group. In this segment, it is common to be interested in spending time in nature, gardening, and health, and focusing on their well-being. They want to spend their travels in Sweden relaxing, spending time in nature, and enjoying the peace and quiet. This is particularly important for this segment compared to the other groups. It is the second most common group in Sweden. It also consists of all age groups.
3. "*Curious explorers*" are a group that likes to discover new things, and these travellers are particularly curious about the local context. While this segment consists of all age groups, it has a slightly higher share of singles and younger travellers compared to the other two segments. This is the least common group in Sweden.

In 2021, the segment "curious explorers" constituted 17 per cent and "active nature lovers" made up 18 per cent of the domestic tourist group in Sweden. The by far

174. Tillväxtverket 2022.

175. Visit Sweden 2021.

largest segment of domestic tourists is the "everyday life escaping bon vivant", constituting 60 per cent. In comparison, the "curious explorer" constitutes 30 per cent of international tourists, meaning that the segment is twice as common for inbound tourists than for domestic tourists. This also means that the "everyday life escaping bon vivant" is less common amongst international compared to domestic tourists, amounting to 43 per cent. The "active nature lovers"-segment is almost equally common when comparing the domestic tourists with the international tourists, where it amounts to 20 per cent[176]. Worth noting is the general importance of nature amongst Swedes. Nature was important as a place for recovery and recreation even before the pandemic and was further strengthened with the pandemic[177].

When looking at the consumption of both domestic and inbound tourists in Sweden in 2020 and 2021[178], there are similarities and differences in preferences. For instance, domestic tourists tend to spend more on visitor accommodation services and cultural services than inbound tourists. This is especially the case for expenditure on accommodation services in 2021, as this post witnessed a decrease in spending compared to 2020 for inbound tourists. The same pattern is found when looking at the expenditure on road transportation, where international tourists have decreased their spending from around 5 per cent in 2020 to 2 per cent in 2021. (Table 3).

176. Visit Sweden 2022.

177. Visit Sweden n.d.

178. No data available for 2019.

Table 3. Tourism-related expenditure according to product and service, in Sweden 2020 and 2021. (Source: Tillväxtverket)

(*) The value of Consumption products is the net of the gross service charges paid to travel agencies, tour operators and other reservation services.

(**) Swedish tourists' expenditure in Sweden includes expenditure in Sweden both in connection with a trip within Sweden and expenditure in Sweden in connection with a trip abroad.

	2021			2020		
Consumption products and services (*)	**Domestic tourists' expenditure (**).**	**Inbound tourists' expenditure.**	**Total tourist consumption**	**Domestic tourists' expenditure.**	**Inbound tourists' expenditure.**	**Total tourist consumption.**
Visitor accommodation services	29.47%	13.70%	25.85%	25.65%	18.65%	24.09%
Food and drink services	10,73%	11.61%	10,93%	9,82%	9,79%	9,82%
Railway transportation (passengers)	0,94%	1.36%	1.04%	1.06%	1.38%	1.13%
Road transportation (passengers)	6.07%	2.26%	5.20%	5.75%	5.32%	5.66%
Maritime transport (passengers)	1.00%	3.41%	1.55%	0,91%	3.56%	1.50%
Air transportation services	4.78%	6.60%	5.20%	5.39%	7.73%	5.91%
Rental services for means of transport	2.95%	3.22%	3.01%	3.34%	3.75%	3.43%
Travel agency and tour operator services	5.51%	2.33%	4.78%	5.54%	2.06%	4.76%
Cultural services	5.31%	0,91%	4.30%	5.67%	0,61%	4.55%
Sports and recreational services	1.56%	2.07%	1.68%	1.65%	1.89%	1.70%
Other consumption products	26.46%	44.66%	30,64%	30,12%	37.33%	31.73%
Other consumption services	5.22%	7.86%	5.82%	5.10%	7.93%	5.73%

Total (%)	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
Total (SEK)	**191745.60**	**57092.61**	**248838.21**	**163548.07**	**46759,88**	**210307.95**

1.3 Future of domestic tourism in Sweden

The future of domestic tourism is not something that has been largely debated in society, nor evaluated by authorities or other relevant agencies to a larger extent. Thus, it is difficult to find any source analysing and discussing the matter to a larger extent. As mentioned in the Swedish Government's *Strategy for sustainable tourism and a growing tourism industry*, marketing Sweden as a destination for tourists should be done for both the international and the domestic target groups [179].

According to the interviews, economic development is one aspect regarding the future of domestic tourism in Sweden. Tourism as a sector is highly affected by larger economic developments, such as inflation and recession. One respondent is therefore hesitant that Sweden will reach the same level of tourism revenues from 2019 (pre-pandemic year). One possibility here is that as the economy deteriorates, travelling to visit family or friends and owning a holiday home are trends that will increase. Due to the inexpensive costs, if this scenario comes true, domestic tourism will certainly increase in Sweden. Swedes are, however, keen to travel abroad after the pandemic, which counteracts this. It was apparent in the interviews that this is a complex matter and hard to predict, as it is dependent upon multiple factors.

Looking forward, both interviewees see the possibility for domestic tourism in Sweden to increase and become even more important. The interviewees emphasise a growing hesitation among Swedes to fly long distances and the increasingly warmer weather in southern Europe as two reasons why Swedes may tourist more in Sweden more rather than abroad in the future. According to one of the interviewees, there is also potential for growing domestic tourism if the recent trend of growing nature-based tourism continues.

179. Swedish Ministry of Enterprise and Innovation 2022.

2. Main stakeholders and coordination of domestic tourism activities

The system of stakeholders that coordinate, finance, and promote domestic tourism in Sweden is, generally speaking, the same for the sector. As such, there is no formal distinction between the actors coordinating and funding domestic tourism activities and international tourism activities respectively on a national level.

At the national level, the Swedish Agency for Economic and Regional Growth is the main government agency responsible for developing the tourism sector. Visit Sweden, a state-owned company, is responsible for marketing the country as a tourism destination internationally. In response to the pandemic, the company was given a formal, extended mandate by the Swedish parliament to market Sweden to Swedes, accompanied by extra funding. This constitutes the only national-level example during the pandemic where activities and funding were explicitly directed towards domestic tourism. It is the only activity mentioned in the Swedish Government's tourism strategy as an activity specifically for domestic tourism[180].

Visit Sweden and the Swedish Agency for Economic and Regional Growth both report to the Ministry of Enterprise and Innovation. The Swedish Agency for Economic and Regional Growth has a significant role in distributing EU funds (e.g., European Structural and Investment Funds) that constitute a large proportion of the development funding going to the tourism sector development. Furthermore, the Agency is responsible for the production and dissemination of tourism knowledge, collaborating with other government agencies, and official tourism statistics. In addition, the Agency's mission includes supporting the country's 21 regions in developing their respective tourism industries[181].

With regards to regional and local arrangements, the Swedish Association of Local Authorities and Regions is a key actor, providing a network to share knowledge and coordinate tourism development activities. The regions, with their legal responsibility for regional development in Sweden, play a crucial role in the regional development of the tourism industry. The 21 regions are organised in several tourism-specific networks under the coordination of the Swedish Association of Local Authorities and Regions, and the Swedish Agency for Economic and Regional

180.Swedish Ministry of Enterprise and Innovation 2022.
181. Regulation (2009:145) with instruction for the Swedish Agency for Economic and Regional Growth

Growth, respectively. The municipalities are also important actors in marketing and supporting the tourism sector development through their municipality-owned destination management organisations (DMOs).

3. Best practices

The chapter presents two "best practice" examples of efforts aimed at recovering and strengthening the Swedish tourism industry, including the promotion of domestic tourism, namely the marketing campaign *Svemester* (case 1) and the development support programme *Kurbits Omställning* (case 2).

3.1 Case 1: Svemester

As mentioned in the previous section of this chapter, Visit Sweden is the official marketing company of Sweden. Its mission is to market all of Sweden as a tourist destination and increase Sweden's attractiveness as a visitor destination. On 1 January 2021, the company received an expanded mission from the Swedish government to market Sweden as a visitor destination, not only to foreign target groups, but also to domestic target groups. The mission was a direct response to the tourism industry's impending crisis due to COVID-19.[182]

In response to the mission, Visit Sweden identified the following three areas of intervention:

- **Increased visibility.** Sharp and well-targeted communication creates visibility for sustainable tourism offers and strengthens the domestic desire for Sweden.
- **Increased innovation.** Digital innovation that drives actual behaviour. Smart digital solutions can reach the target group efficiently and at the place where they are.
- **Increased knowledge.** Deeper insights and analysis. Knowledge is made available and applicable to hospitality entrepreneurs.[183]

The result was a campaign using material generated from foreign tourists in Sweden who got stuck in the country when the borders closed. The material showcases their experiences of Sweden through a foreign lens under the brand:

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182. Visit Sweden n.d.a.
183. Ibid.

"The involuntary tourists' guide to Sweden". The idea for the campaign comes from the people who got stuck in Sweden when the borders closed in early 2020. The basic idea of the campaign is to let outsiders tell us what they like about Sweden in order to inspire Swedes to discover new parts of the country and especially create a desire to travel within the country. The campaign consists of different media formats: digital films available on social media platforms, editorial material in podcasts, and a web application where tips from the involuntary tourists are collected. On the same platform, the company launched a digital experience guide with a total of over 600 additional travel tips developed in collaboration with regional tourism organisations, destinations, and hospitality businesses[184].

3.1.1 Activities

The mission was carried out through the following activities[185]:

- **A pre-study** investigating Swedes as a target group. Their preferences, habits, and likings[186].
- **A webinar series** on knowledge, information, inspiration, and dialogue regarding Swedes as a tourism target group. Stakeholders, such as regions and destination organisations, could participate.
- **The marketing campaign,** "The involuntary tourists' guide to Sweden"[187], as mentioned above. In addition, an "experience guide" was launched with the intention of "teaching" Swedes about how to discover their local area. It encourages Swedes to consume in their local area in a way they haven't done before, which helps build the economy.

The mission is first and foremost a marketing campaign. It is also a knowledge-gathering and knowledge-sharing activity, establishing information on Swedes as a target group, which is then sharing with other sector stakeholders. The mission had two target groups: the potential domestic tourists (Swedes) and stakeholders in the sector, such as regions and DMOs. The webinar aimed at the stakeholders, where the domestic tourist constitutes the beneficiaries. The marketing campaign was specifically aimed at the Swedes, with the stakeholders and tourism-linked businesses as beneficiaries. The pre-study was necessary for Visit Sweden's campaign, but it also benefits businesses in the industry trying to market themselves to Swedes. The marketing campaign can be understood as both a

184. Visit Sweden n.d.b.
185. Ibid.

186. Visit Sweden n.d.a.

187. Visit Sweden 2021.

short-term and long-term exercise: the marketing campaign is time-limited and can have a short-term effect on Swedes deciding to travel domestically; the long-term effect is if there is a change in attitude amongst Swedes towards domestic travels. This is not only true for how Visit Sweden conducted their campaign since other stakeholders can use the knowledge base to market their region or business with the same possible effects.

As the webinar series continued to run throughout 2022, they have been important in establishing a knowledge base to build the marketing campaigns on. The marketing campaign ran through 2021, and it was followed up in 2022 with a new campaign that shared the same aim of getting Swedes to look at Sweden in a new way. The campaign was called Cover Sweden and focused on music.[188] It included a digital "tour" of Sweden based on album covers. Similar to the goal of the 2021 campaign, Cover Sweden aimed to get Swedes to look at Sweden in a new way. According to a respondent, it created a sense of "pride" for being in Sweden and experiencing Sweden.

3.1.2 Organisation and stakeholders

Visit Sweden coordinated and implemented the mission with the Swedish government as its principal. Visit Sweden worked together with regions and other actors in the sector. According to the interviewee, cooperation and collaboration with regions and other partners have worked very well. Most actors perceive it as important that a national actor brings together actors in the tourism sector.

3.1.3 Funding

The practice was funded by the Swedish government with an additional SEK 20 million budgeted to Visit Sweden for the expanded mission. According to the interviewee, none of the activities would have been undertaken without the extended mission and extra funds from the government.

3.1.4 Lessons learned

According to the interviewee, the mission was a success considering the short time for preparation they had. The effects of the programme are currently under evaluation, with a report being prepared for publication. Because of this, it is hard to estimate the results of the marketing campaigns and other parts of the mission of domestic tourism activities. In terms of the number of people reached with the marketing campaigns, benchmark targets were achieved. Based on this, a representative from the organisation working with the campaign believes that they

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188. Visit Sweden n.d.a.

have gotten their message out there. Furthermore, the campaign won the Swedish National Marketing Competition.

The most valuable and important lesson is that in order to create long-time effects and values, there is a need to continue this mission over a long time period. Another important lesson is to keep doing so-called "temperature measurements" of how tourists move to avoid the over-crowding of tourists in certain areas and at certain destinations.

As mentioned above, Visit Sweden launched an additional campaign in 2020. However, the formal expanded mission is yet to be extended, and the continuation of these activities is contingent upon the said mission. In the future, in order to retain and further develop Swedish domestic tourism, the interviewee believes that continued investments are necessary. If this will be the case, it is yet to be decided by the Swedish parliament. Furthermore, the interviewee states that marketing and developing domestic tourism should go together with destination development for those who live permanently in the areas where domestic tourists tend to travel or in the areas close to tourism destinations. A final important lesson from the case is that activities should take "tourism crowding" into consideration when planning activities, and that there is a need to find ways for tourists to be spread out over larger geographical areas.

3.2 Case 2: Kurbits Omställning

The COVID-19 pandemic has had major consequences for the tourism industry in Swedish regions. With the loss of foreign tourists, there was a need to rethink their approach, shifting their focus towards domestic tourists. As a response to this, Region Dalarna turned to Kurbits, who developed a specific programme called Kurbits Omställning. The programme was developed with the specific aim of helping tourism-related businesses adapt to the domestic market. The programme was set up as an entirely online-based programme, using the same pedagogical approach typically used in other support programmes. Established in 2020, it is to be understood as "Business development in instant format". The main difference between Kurbits Omställning and other Kurbits programmes is the digital format and compressed timeframe. The overall focus also differentiates from other programmes, even though various features and tools that are used are the same; these are translated to focus specifically on refocusing your business towards domestic tourists. In formatting the programme, a survey was conducted with tourism-related businesses in Region Kalmar, ensuring the programme would address and alleviate the right needs in relation to the pandemic and domestic tourism.

The programme started as an initiative from one region, but has since spread across the nation to Västerbotten, Sörmland, and Uppland, to name a few. Stockholm also participated, and according to the interviews, this was the first time the region ever paid for assistance with tourism and hospitality. Switzerland also expressed interest in the programme. However, the translation took too long and the restrictions were lifted.

3.2.1 Activities

The programme includes the development of products and concepts, smart communication, and the development of an action plan. During the implementation of the programme, good examples of companies that have transformed and/or adapted their business are used. Each programme is conducted by a Kurbits process manager and business coach with extensive experience in the tourism and/or cultural and creative industries. The programme takes 2-4 weeks in total for participating companies, and consists of four three-hour online workshops, as well as homework between the workshops. It provides a toolkit for participating companies and offers one session of individual coaching. Furthermore, the programme comes with an online tool where participants can disseminate information to domestic tourists about available deals[189]. The marketing can also be used by, e.g., the County, as was done by Kalmar County[190].

Another important element of the programme was to help the participants to refocus and target the domestic market, instead of focusing on the international market. According to the interviews, many of the participants had previously focused heavily on the international market. The redirection from international to national markets, and understanding new and different target groups, became easier for the participants when they were able to discuss with each other, and when they were trying to develop different "package experiences" aimed at domestic tourists[191].

The programme is to be understood as a method of conversion support, but in this, there are multiple constituents as the programme aids with product development, marketing, and collaboration. The target groups were tourism-related businesses (foremost SMEs), and the beneficiaries were domestic tourists. The programme is a short-term intervention, supporting tourism-related businesses in transitioning towards the domestic tourism market. From a long-term perspective, it has strengthened the knowledge and adaptability of SMEs and business support

189. Kurbits n.d.

190. Kurbits n.d.

191. Ibid.

actors, providing better preparedness for future crises.

The programme is still ongoing, and the idea is to bring parts of the programme into other programmes run by Kurbits. As it is highly adjustable, the interviewee believes it can be useful in other crises as well.

3.2.2 Organisation and stakeholders

Kurbits is the result of a collaboration between Region Dalarna, meNY, Dalarna University, and experienced business developers with roots in the tourism industry. The programme started as a project in Dalarna in 2008, and it was run as a regional structural fund project by Region Dalarna between 2009 and 2011. Since 2009, the working group has consisted of a mix of business developers with roots in the industry and representatives of Dalarna University. The development of each programme is preceded by a collaboration with colleges/universities, and the public and private sectors, which are actively involved in the development of content and materials[192]. According to the interviewee, Dalarna University's role is to ensure the quality of the programme. Also, meNY is a consortium developing adult education (the adult-pedagogic used), The Centre for Visitor Industry Research has a role as an expert, and as mentioned above, Visit Dalarna owns the toolbox.

3.2.3 Funding

The Kurbits Omställning programme can be procured from the Kurbits organisation by regions, private companies, and DMOs, among other procurers. The programme is, to some extent, adaptable to the preferences of the procurer, e.g., when determining the fees for participants. In 2020, all regions using the programme decided not to charge participating companies.

3.2.4 Lessons learned

Based on the feedback, Kurbits Omställning has provided tourism companies with the capacity to retool; that it has made them feel "less alone" in the hard times during the COVID-19 pandemic, and that knowledge-sharing through the programme has been greatly appreciated. Another reported benefit of the programme has been the opportunity to meet with other tourism companies. In some instances, this has resulted in joint package deals developed in cooperation amongst the participants with a focus on domestic target groups[193]. One lesson learned here is that discussions and cooperation between tourism-related

192. Kurbits n.d.

193. Kurbits n.d.

businesses can be valuable for identifying new target groups and redirecting the businesses.[194]

After conducting over ten programmes of Kurbits Omställning, the participating companies testified that there have been concrete changes, with new concepts and products adapted towards a more local and national market, new collaborations amongst the participants, and new ways to change everything from pricing to marketing communication[195]. A common theme throughout the programmes, according to the interview, has been nature experiences as a new service and means of transforming the tourism offer. Not only does it target the segment "active nature lover," but it also aims at domestic tourists in general, as the importance of nature has increased for Swedes during the pandemic[196].

With regards to the lessons learned, the COVID-19 pandemic proved that it was possible to speed up the programme process from six weeks to three weeks to help companies more quickly than usual. The fact that the programme is still used, and that it has gathered attention both nationally and internationally, should, according to the interviewee, be seen as indications of its success.

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Annex 7. Country report autonomous areas

1. Domestic tourism in Faroe Islands

Data on domestic tourism in Greenland are limited since the Faroe Islands have not yet developed their Tourism Satellite Accounts. However, there is data available for the number of overnight stays, turnaround rate, and workforce.

1.1. Domestic tourism in Faroe Islands during COVID-19

In terms of the domestic share of overnight stays in the Faroe Islands, there were 30 628 domestic overnight stays in the Faroe Islands in 2019, accounting for approximately 18 per cent of the total number of overnight stays in 2019. The number of domestic visitors staying overnight in commercial establishments increased between 2019 and 2020. The number of overnight stays was 33 496, accounting for a higher share than in 2019 of 35 per cent. There was a steep increase in domestic tourism in 2021, where the number of overnight stays amounted to 57 454, or 33 per cent of the total number of overnight stays.[197]

Being a small island region, intra-regional travel for day trips is easily undertaken. According to the interviewee, domestic same-day visitors have great economic importance, along with summer house rentals.

The government took measures to increase domestic tourism during the pandemic. One example was that the development department launched a new website where they created holiday packages for domestic tourists. There were around 30 packages, and they aimed to be an eye-opener for Faroe Islanders about what is available in the Faroe Islands. The Faroe Islands had international travel restrictions from March 2020 until March 2022. The restrictions varied from screening arrivals, quarantine for some or all regions, banning arrivals from some regions, a ban on all regions, to a total border closure. The Faroe Islands only had a short period at the

197. STATBANK 2022.

beginning of the pandemic when all regions were banned, or a total border closure was enforced. As of 1 March 2022, all COVID-19-related restrictions were removed by the Faroese Government.

1.2. Preferences of domestic tourists and the future of domestic tourism in Faroe Islands

Concerning the preferences of domestic tourists in the Faroe Islands, recreational activities and food tourism were highlighted by the interviewee as general trends. The interest in nature-based tourism and food tourism has increased among domestic tourists over the years, partly as a consequence of the growth in international tourism over the past 10 years where these types of preferences have been common for a long time. In terms of spending, the interviewee believes that domestic tourists probably consume more services than international tourists since they do not have to spend as much on transportation.

In terms of the future outlook regarding domestic tourism in the Faroe Islands, the interviewee sees future potential in domestic tourism as a consequence of price shocks and climate change. On the other hand, he emphasises that there will probably always be a demand to go to other countries among the Faroe Islanders because of the warmer weather abroad.

1.3. Domestic tourism governance in Faroe Islands

The Ministry of Foreign Affairs and Trade oversees tourism in the Faroe Islands. In specific issues, there are collaborations with other ministries, such as the Ministry of Culture and the Ministry of Environment. In certain matters, such as transportation and aviation, the tourism sector falls under Danish regulations. At the local level, regional tourist agencies are responsible for promoting growth in the tourism industry. Visit Faroe Islands Tourist Board, through its subsidiary Visit Faroe Island, oversees the development of the travel industry in the Faroe Islands. In 2018, a new development department was set up and integrated within Visit Faroe Island. The main task of this department is to better organise the tourism industry in the Faroe Islands. In addition, the development department oversees national campaigns, such as a webpage that was set up to highlight new travel packages for domestic tourists specifically. The North Atlantic Tourism Association is also a stakeholder.

2. Domestic tourism in Greenland

There is limited data on domestic tourism in Greenland. Greenland has not yet developed their Tourism Satellite Accounts.[198] Statistics for domestic tourism that are available concern the number of rented rooms, number of overnight stays, occupancy rate, capacity, and number of guests.[199]

2.1. Domestic tourism in Greenland during COVID-19

There were fewer domestic tourists in Greenland during the pandemic, but the decrease only seems to be temporary. In 2019, the domestic share of overnight stays in paid accommodations was 64 per cent. In 2020, the domestic share was 79 per cent, and in 2021, the share was 63 per cent. Even though the domestic share of overnight stays increased in 2020, the total number of overnight stays decreased from 264 830 in 2019 to 174 814 in 2020. There was an increase of 56 736 domestic overnight stays between 2020 and 2021, which is a 20 per cent increase.[200] In May of 2022, Visit Greenland was able to confirm that the number of total overnight stays will match or surpass the number in 2019.[201]

There are regional differences in the domestic number of overnight stays in Greenland. The region with the highest domestic number of overnight stays in 2021 was the Capital Region (51 915 overnight stays). The region with the lowest domestic (and overall) number of overnight stays in 2021 was East Greenland (603 domestic overnight stays). Looking at the changes from 2020 to 2021, the greatest increase in domestic overnight stays was in South Greenland, where there was a 30 per cent increase in domestic overnight stays.[202]

To bolster domestic tourism during the pandemic, Greenland's government implemented tourism packages and mobility initiatives.[203] Greenland had international travel restrictions from March 2020 until May 2022. The restrictions varied from screening arrivals, quarantine for some or all regions, banning arrivals from some regions, a ban on all regions, or a total border closure. In the early stages of the COVID-19 pandemic, as well as from December 2020 to June 2021, Greenland banned all regions or had a total border closure. In the later stages of

198. Karlsdóttir & Gassen 2021.
199. Greenland Tourism Statistics 2022.
200StatBank Greenland 2022.
201. Visit Greenland 2022.
202.Visit Greenland 2022.
203.Quinn 2020.

the pandemic, Greenland switched to screening arrivals. In May 2022, Greenland lifted all pandemic-related travel restrictions.

2.2. Preferences of domestic tourists and the future of domestic tourism in Greenland

Regarding the preferences of domestic tourists in Greenland, it is plausible to believe that they differ from the preferences of international tourists coming to Greenland. For example, it is hard to sell the local Arctic way of living to Greenlanders, since they already know about the local culture of Greenland. With domestic tourists demonstrating relatively less interest in the local culture and history, marketing efforts targeting domestic tourists have focused more on promoting national parks, ice caps, fjords, and UNESCO world heritage sites in Greenland.

2.3. Domestic tourism governance in Greenland

The Ministry of Industry and Energy oversees the tourism sector in Greenland. Greenland's tourism sector is also under some Danish regulations, concerning, e.g., transportation and aviation. The task of marketing Greenland as a tourism destination is under the purview of Visit Greenland, which is a national tourist board and government-owned organisation. Visit Greenland also serves as a national tourism resource centre of Greenland. The North Atlantic Tourism Association is another relevant organisation for Greenlandic tourism, with its mission of promoting tourism in the West Nordic nations of Greenland, the Faroe Islands, and Iceland.

3. Domestic tourism in Åland Islands

Åland has a limited amount of data available on the domestic tourism of Åland residents. The autonomous island region is part of the TSAs of Finland, but in these statistics, domestic tourism also includes tourists from mainland Finland. There is some aggregated data about domestic overnights and the general importance of its tourism sector, available through Statistics Åland.[204]

Tourism is Åland's biggest export industry. An interviewee described it to be just as important for Åland as it is for Spain and the Mediterranean countries. The tourism

204.Statistics Åland, n.d.

industry and the whole economy in Åland is very dependent on inbound tourism especially tourists from Finland and Sweden. According to an interviewee, Ålanders usually say locally that they have no internal tourism. With that said, they do understand that it´s a bit wrong because it's clear that it exists, but it's incredibly small compared to inbound tourism.

Since Åland is a small destination, domestic tourism is more based on experience than travelling far away from one's usual surroundings. Åland has, e.g., fantastic guesthouses that are new and nice, which is something domestic tourists might want to try in the neighboring municipality, even though the journey is only 10 km. Definition of domestic tourism that would include requirement of "traveling over 50 km" is a bit difficult in the context of Åland.

3.1. Domestic tourism in Åland during COVID-19

During the COVID-19 pandemic, different measures were targeted at Ålanders, and domestic tourists started to move more and use the tourism services. Domestic tourism campaigns during the pandemic focused on theme: You seek the experience, and you seek for the archipelago.

According to an interviewee, Åland won the European Excellence Award for its domestic tourism campaigns last year. Measures taken during the COVID-19 pandemic managed to create funding and to draw attention; above all, they managed to position the "domestic destination" higher on the minds of Ålanders. Campaigns found something that made Åland a little different from other destinations**.** Additionally, the drive for domestic tourism has been maintained to a high degree even after the pandemic.

An interviewee gave four main focus points on how the tourism sector in Åland succeeded during and after the COVID-19 pandemic:

1. Centralised but flexible public governance of the efforts to answer the crisis by increasing domestic tourism.
    i. Åland succeeded at the provincial government level. They ensured that there are funds in the budget, along with quick decisions to ensure that there is an opportunity to run campaigns to raise awareness and create awareness.

2. Visit Åland was given free rein to do what it could with the additional budget to increase tourism.
   Utilising campaigns to spread the word and idea of experiencing Åland, "Hemestra on Åland."

   i. Companies realised the potential and understood the collaboration effect with Visit Åland. A common promotion page was built, including information in Finnish. This was especially important for small companies that were not capable of making these types of developing and marketing efforts by themselves
   ii. "Hygiene campaign" - to create a feeling that it is safe to move about, go to a restaurant, and stay at a B&B, even if it is only on Åland. The campaign collected information about industries and made signs with the instructions "this is how you should behave; this is what you should do," so that the companies could post the information for the customer. The campaign was called "Together for Åland."
3. Information

   i. How to go around information was translated to Swedish. A collaboration between companies, stakeholders, and authorities was built. Helping each other had a big effect on getting Ålanders to move around, though the internal restrictions were not as tight as in mainland Finland, which also helped.
4. Destination development

   i. Domestic tourists in Åland went outdoors frequently. By updating the hiking trails, destionations were able to improve the experience.
   ii. Also, Visit Åland and the stakeholders succeeded in creating new digital solutions, i.e., getting information out in a different way that met customer needs and made people move more.

3.2. Preferences of domestic tourists and the future of domestic tourism in Åland

For the preferences of domestic tourists, one should compare Åland to more rural areas and smaller places in mainland Finland or Sweden. In Åland, people don´t go to theaters and restaurants as in mainland cities. Business travelers are the same as everywhere else; they consume restaurant services, especially in winter. Transportation issues are key for success, but otherwise, domestic tourism looks much like other rural destination.

Domestic tourism in Åland is extremely important for restaurants. They live on the people of Åland in winter. The selection of tourism services is not that big, but if there is something that Ålanders use more than restaurants, it is hiking trails and paths. A frisbee golf project has also started.

The future of domestic tourism

According to the interviewee, the pandemic had little impact on the number of tourism businesses. Tourism companies reacted and cut back on the business in order to save on costs. Profitability has gone down, and the companies they don't have the same resources to make investments. Companies are lagging behind compared to pre-pandemic times, but not on the verge of bankruptcy. Åland tourism industry is declining a little, but according to the interview this is mainly related to "generation changes".

During the summers, domestic tourism draws less internal attention. The summers are the high season for inbound tourism when Swedes and mainland Finns pour into Åland. Additionally, Ålanders are used to their own space and hence use less services when they are crowded by inbound tourists.

Still, the small size of the area creates a situation where tourism organisations need to stick together. Hence, the residents are considered as a very important target group, regardless of how big or small the internal tourism is. According to the interviewee, Åland will capitalize on this and will certainly work more for this especially after COVID-19 pandemic made domestic tourism more visible. Additionally, the tourism sector actors consider domestic tourists to be Åland's ambassadors when they travel outside the island, and this makes it important to continue working with domestic tourists.

"Togetherness" - Does it work*?*

According to the interviewee, tourism companies are mainly very small, and they find it difficult to do things alone. They don't have time to develop programmes, services, and products when they are stuck in everyday life. For them, Visit Åland has a very important role. Exactly what will be done in the future is not known, but the keyword is the "togetherness".

The pandemic served as a catalyst for cooperation in the tourism sector and created the idea of "togetherness". The tourism industry has become much more flexible, and there is more collaboration between companies and public sector actors. The meaning of collaboration has changed due to the pandemic. The lesson learned was that you can do more together. This applies to all plans, politicians, officials, companies, stakeholders, and the tourism industry.

During the pandemic, partner networks were created, where the stakeholder in the tourism industry has changed the ways of doing business. The networks are for sharing knowledge and creating business ideas together. Everyone can participate and hop onboard whenever they want to, and it is up to the companies if they want to participate.

Togetherness is about cooperation in these networks built around the same interests (boat tourism, golf, sport fishing, and so on). According to the interview, it has been realised that the networks work best when they are industry-driven, as they make relevant decisions for the tourism companies and for what is close to them. All hard questions come up, and there is a joint effort to solve them.

The companies are responsible for running the networks, and they have to learn to agree and compromise on issues. When they have a plan, they will also most likely get funding, usually from provincial government and administered through Visit Åland. The partner network idea has led to a situation where more and more companies have realised the benefits, and at the moment, the networks go beyond in popularity what Visit Åland can manage.

3.3. Domestic tourism governance in Åland

Visit Åland currently manages and coordinates the tourism activities and finances. It is financed by the province. **The provincial government** supports companies a lot, especially when one looks at the size of the companies. In fact, the Åland government supports tourism considerably because this industry would never come up with the sums needed to market tourism services with the width that is needed.

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