EUSBSR
EU STRATEGY
FOR THE BALTIC
SEA REGION
POLICY AREA 'TOURISM'

Transnational Destination Branding for the BSR

Political Aspiration & Practical Application

PA Tourism Discussion Paper Series
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This discussion paper series is an initiative of Policy Area Tourism within the framework of the EU Strategy for the Baltic Sea region. It aims at improving the dialogue and exchange between tourism stakeholders in the Baltic Sea region, particularly those who are actively engaged or interested in transnational cooperation in tourism matters. We are convinced that in several respects transnational cooperation is indispensable and thus can be beneficial for the whole Baltic Sea rim, if coordinated smartly and effectively.

Since the Strategy follows a multilevel governance approach, we would like to link and combine views as well as activities at the transnational, national, regional and local levels in order to foster the implementation and the impact of the EU Strategy for the Baltic Sea Region in the area of tourism. The fact that tourism has become a policy area in the Strategy is a clear chance for the sector to raise our voice, to increase our visibility and to advocate a sustainable tourism development in the Baltic Sea region. Let's use this chance wisely.

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Ministry of Economics, Construction and Tourism
Johannes-Stelling-Straße 14
D 19053 Schwerin

Tel. +49 385 588 5246
Coordinator@baltic-sea-strategy-tourism.eu
www.baltic-sea-strategy-tourism.eu

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Transnational Destination Branding for the BSR

Political Aspiration & Practical Application

Björn P. Jacobsen*
Anja Gelzer#

* Corresponding author: Prof. Dr. Björn P. Jacobsen, Stralsund University of Applied Sciences, bjoern.jacobsen@fh-stralsund.de.
# Dr. Anja Gelzer, Ministry of Economics, Construction and Tourism Mecklenburg-Vorpommern, a.gelzer@wm.mv-regierung.de.

1. Management Summary

What this discussion paper is about - and what not to be expected

This discussion paper tries to combine current knowledge and the state of discussion on

- transnational (destination) branding in general and their potential applicability for the BSR,
- national destination images and identities in the BSR,
- current key markets of (trans-)national tourism promotion in the BSR,
- processes to develop (transnational) destination brands ("roadmapping").

It should assist in finding and defining a common ground and a potential way forward towards creating a transnational destination brand for the BSR.

To make sure we are talking about the same thing:
A word on marketing, advertising, public relations versus (destination) branding

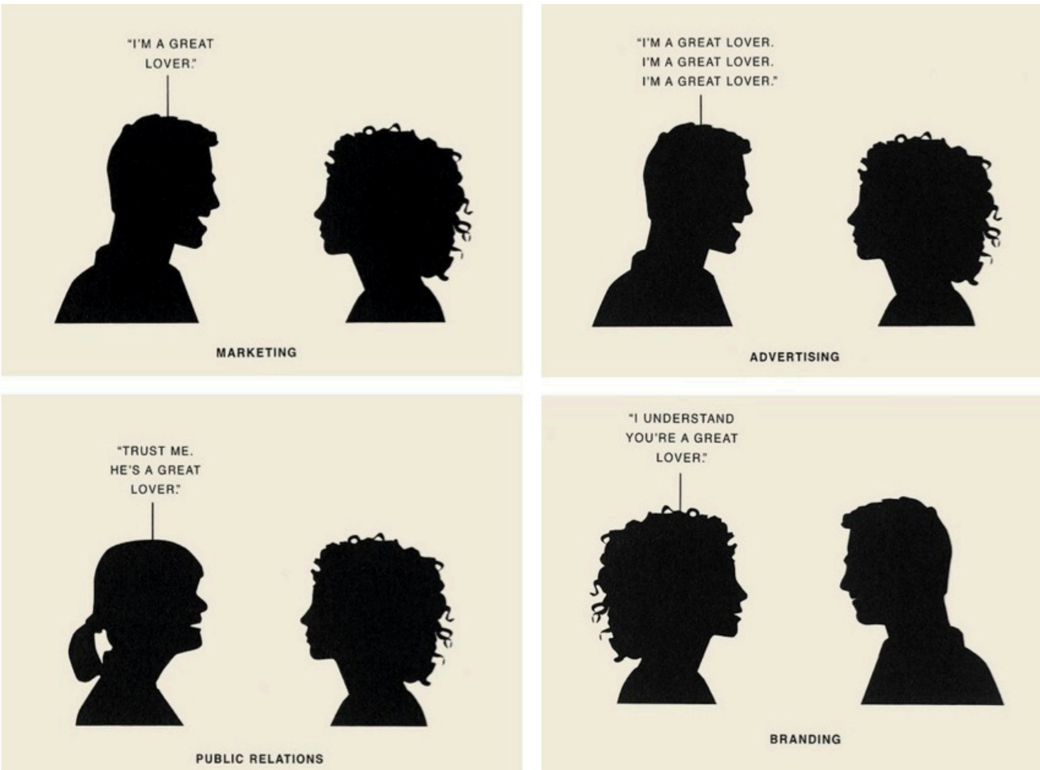

Figure-1: Marketing, Advertising, PR and Branding in a Nutshell

It is beneficial to first consider the concept of marketing, advertising, PR and branding in the context of this discussion paper (cp. Figure-1). While especially marketing, advertising and to a certain degree PR are closely related to short-term, operational promotional (and sales) activities, branding is a more long-term strategic approach to build a lasting image (i.e. reputation) in the mind of the customers.

The functions of destination brands when making travel decisions can be summarized as follows:

- *orientation and information function* - addressing the requirement for convenience and efficiency when searching, interpreting and digesting destination information.
- *confidence building function* - destination brands avoid uncertainty, reduce the perceived investment risk and the associated transaction costs.
- *symbolic function* - destination brands transfer their prestige and distinction to the traveler.

In short: destination brands have a "value" both for the traveler as well as for the destination.

Reasoning

PA Tourism and the Steering Group have an ongoing discussion about how – on the level of the member states – to operationalize the overall objective set in the Action Plan of policy area tourism: “establish the Baltic Sea region (BSR) as a common and coherent tourism destination”. A comparison of the national tourism strategies revealed that there is some common ground in terms of thematic foci. Moreover, it was agreed that further advancement in this respect requires a market (demand) study. However, in order to reconcile supply oriented tourism strategies and market demand, a study focusing on both sides might be more beneficial. Since branding combines aspects of both supply and demand, an analysis of the transnational destination branding potential is the right choice here.
Given experts’ belief that there is still an untapped potential for the transnational positioning of the BSR as a tourist destination, this initiative is a good starting point for turning aspirations into actual competitive advantage for the whole BSR. Ultimately, viable results could lead to policy recommendations for joint political action at the transnational level, in order to strengthen the global competitive position of the Baltic Sea region as a tourism destination.

A Sound Basis

As has been illustrated above, a brand is a potential powerful tool to position a destination. However, each brand - being it a product, service or destination brand - needs a sound basis on which it can be built. Brands are built on two pillars: the identity (or self image) of a destination and the image (or reputation) of a destination, in other words: how a destination is perceived by its target group.

Research has confirmed that a sound basis for a transnational destination brand in the BSR exists, both in terms of building the destination identity as well as building the destination image. Destination identity is - among others - based on geography (*Coastal & Maritime*) and themes (*Nature, Culture, Heritage, Religion, Food & Gastronomy, Health & Spa, Activity & Adventure*). On the other hand the perception is based on *Nature > Climate > Cold*, *Culture > High level of education*, *People > Blond hair*, *Shopping > Expensive*, *Nature > Animals > Elks* and *Nature > Landscape > Archipelago / Sea*. Reconciling the high-level destination identity and destination image, points into the direction of how to build a transnational destination brand for the BSR and on which themes to focus.

Key Markets

An integral part of analyzing transnational destination branding is the question of key markets. Previous research by national tourism organizations in the BSR revealed that currently there is a focus on more traditional source markets. Apparently, Germany and Sweden are the top source markets for the BSR. Against this background, transnational branding is a challenging task.

However, experience has shown that transnational and/or cooperative approaches often work best in more distant markets where competition between individual stakeholders is limited. In this context key markets such as Russia, China or the US - despite relatively low absolute numbers - might be good “test” key markets for a transnational destination brand.

From Idea to Action

As has been mentioned above, the main idea of this discussion paper is to move the topic from the idea phase to the action phase. This requires both decisions regarding the strategic approach and the operational steps to be taken.

Regarding the strategic approach it is suggested to move from a network brand, to a B2B brand and finally to a B2C brand. How this could be realized on an operational level is presented in an outline of a possible roadmap. Mutual agreement on this approach would not only constitute a first major step towards the true operationalization of the topic, but also towards progressing in the implementation of policy area tourism in the EU Strategy for the Baltic Sea region.

2. Reasoning

Transnational destination branding for the BSR has been discussed for some years - at different occasions and possibly even with different intentions. From the point of view of PA Tourism there are a number of good reasons to (re-)address this topic in a systematic approach. Consequently this chapter highlights some of these reasons, presents arguments and should help to introduce the topic as well as put it in an overall context.

What is the overall intention of taking this initiative by PA Tourism?

"The creation of tourism brands of the Baltic States has always been an ambitious task, especially for Lithuania, but still there is no common regional tourism brand due to the willingness to emphasize the importance and attractiveness of every country taken separately." (Spiriajevas, 2012).

Why advocate transnational tourism cooperation at the level of the Baltic Sea region?

- tourism has to compete with other, much more innovative sectors in the global economy,
- globally increasing tourism calls for joint action in a nonetheless highly competitive sector,
- at the European level there is increasing competition from now three other macro-regional strategies and their objectives in the field of tourism,
- Interreg and other EU funding is limited, especially for tourism projects; this fact requires smart action from a coordination point of view.

Smart joint action raises the overall visibility of the region and increases the economic and political strength of individual players. The EU Strategy for the Baltic Sea Region (EUSBSR) and the fact that tourism was declared one of the policy areas both provide *the* chance to systematically build the preconditions for such joint action in the field of tourism. The coordinator of PA Tourism and the Steering Group – staffed with representatives from national tourism ministries and national tourist boards – supervise and coordinate the implementation of the action plan in PA Tourism and try to reconcile the ongoing actions at the various levels of transnational cooperation in the BSR. Such coordination is essential and can build a "frame" for all the pieces of the BSR tourism cooperation "puzzle". Still, these pieces need to be put together, i.e. our objectives require operationalization.

Discussing the potential for transnational destination branding contributes to this operationalization imperative, i.e. entering the path towards the overall objective of policy area tourism: "establish the BSR as a common and coherent tourism destination".

In addition, and despite its relevance in the context of the high-level BSR political debate, it has been found that so far actual transnational tourism products are exceptional in the BSR - in the light of the political debate this has to / should be changed. Transnational destination branding for the BSR might accelerate this process and contributes to reconciling political aspirations, strategic considerations and the project implementation level.

To work (further) on a transnational destination branding for the BSR, developing a common understanding (and possibly agreement) about the past, current and future handling of the topic seems to be a feasible first step. This should be supported by the discussion paper at hand.

If agreement can be reached on how to deal with the topic, a common understanding of the potential (next) operational steps can be developed. This again should be supported by presenting a possible way forward.

… and what is the Intention of this Discussion Paper?

It has already been mentioned how this discussion paper can support the process of moving towards a transnational destination branding for the BSR. Based on a desktop research analysis this paper will be the basis for a stakeholder workshop at the level of the PA Tourism Steering Group, 10 June 2016, in Copenhagen, Denmark. It aims at

- summarizing the status quo of the discussion as well as the applied research on a "BSR Destination Brand".

- providing a high-level inventory of the key building blocks (“identity” and “image”) for a “BSR Destination Brand” to answer the question of whether there is a potential for a common destination brand at all.
- providing a sound basis for discussing / agreeing on the next potential steps to be taken.

… and who should be addressed by this Discussion Paper?

“The variety of marketing organizations results both in a confusion with as well as a lack of clarity about what the region is supposed to be, because the marketing efforts of the sub-regions and nations are often different.” (Hess, 2011)

Discussing transnational destination branding for the BSR also requires agreement / development of a common understanding at which spatial level the topic should be discussed (national, regional, local). Only if this is known the relevant stakeholders could be addressed in the further process.

As the statement at the beginning of this sub-chapter indicates, there are different branding sources at work. To move the topic to the more operational level, it is suggested to work on a national level first; and once the direction of the potential project becomes clearer, the regional level should be included. There might be an exception to this rule for Germany and Poland, due to the specific interest of the coastal regions in these countries.

Why is a BSR Destination Brand on the Agenda *now*?

As has been indicated above, the topic of a transnational destination branding for the BSR is not new. So, why has this initiative been taken by PA Tourism *now*?

In this context, revisiting the discussion of the Steering Group (22.09.2015, Gdansk) is helpful. While discussing the topic, there was tentative agreement that the starting point for a transnational destination branding for the BSR should be a market study analyzing both consumer demands and potential themes. However, in the discussion it became clear, that Denmark does not want a single BSR brand, while Poland stated that a BSR brand is a good objective. Due to the mixed opinions, it could be concluded that conducting a market study before agreeing on the direction of the process / project might not be the natural first step - rather agreement on the direction among the major stakeholders should come first.

Consequently, from the point of view of PA Tourism, the fruitful but controversial discussion initiated in Gdansk should be continued and a common and well-informed understanding should be developed, in order

- to move ahead with the topic or not,
- to discuss the (most feasible) way to move ahead,
- to ensure that the Steering Group is fully supporting the topic and (the most feasible) next steps.

In this context it should also be noted that the start of the new Interreg program period potentially offers the opportunity for PA Tourism / the Steering Committee to evaluate proposed transnational tourism projects regarding their contribution to a common BSR destination brand; experience in previous program periods has shown that the contribution of tourism projects to a (BSR) destination brand have been more the exception than the rule. (Rare) examples include:

- Cruise Baltic,
- Cultural Routes, such as Amber, TransRomanica, EuRoB, Viking Route,
- BaltMet Promo (“One of the most demanding target groups: Japanese; if we make it there, we can make it anywhere”; live like locals theme)
- BaltMet Brand-ID (continuing the efforts in regional branding and identity building: In tourism this means prolonging seasonality into winter, maritime city profile development) - just a project idea.

Why is it worthwhile / vital to discuss Transnational Destination Branding for the BSR at all?

… because BSR tourism operates in a highly competitive environment

In his work on the BSR place branding for the Baltic Development Forum, Andersson (2010, p. 10) states that "(…) this low visibility [of the BSR] comes at a price: at a time when global competition between countries and regions is heating up, being unknown or having a weak image becomes a serious handicap."

This argument was stressed in the context of the conference „Building A Baltic Sea Tourism Region" (03-04 May 2012 in Warnemünde, Germany; jointly organized by the Council of the Baltic Sea States, represented by the Federal Foreign Office as its chair, and the State Chancellery of the federal State Mecklenburg-Vorpommern in its then role as Coordinator of PA Tourism). The conference report highlights that "an increasing global competition makes a worldwide visibility for the whole BSR more advisable as individual countries have less marketing potential. Accordingly, cooperation should be one of the priorities of the individual tourism stakeholders in the BSR".

Apart from these more general findings and statements, competition is at work in very practical ways. On a transnational level this can be witnessed in …

- coastal regions in Europe (North Sea, Atlantic Coast, Western and Eastern Mediterranean, Black Sea),
- coastal and non-coastal cross-border destinations - consisting of the *Adria* as a distinct unit of *Mediterranean Sea*, the *Alps* as an established cultural landscape and destination, and *Scandinavia* as an established strong destination brand,
- *Danube* and *Lake Constance* which might serve as benchmark regarding best practice in marketing. However, they are small and homogenous (Lake Constance) or else cannot be soundly defined in terms of statistical units (Danube area).

This potential competition is intense as experts assume that 90 per cent of all destination advantages are not unique. Consequently destination marketers "need to take advantage of the 10 per cent of that place that is different" (Jacobsen, 2012). To do so, there is broad consensus that a brand is a potentially powerful tool for creating much needed differentiation. Once accomplished, differentiation is an important competitive marketing strategy.

In addition to the competition from other regions and the homogeneity of the offering, Pike and Page (2014) highlight that it is estimated that National Tourism Offices are competing for only 30 per cent of the total of international travelers because the remaining 70 per cent are visiting only ten countries.

… because scare (public) resources need to be spent (more) wisely

This is not a new argument, but one which is gaining in importance continuously. Tourism professionals are under pressure to justify their resource needs as well as the sustainability of their activities from an economic point of view.

To do so, (destination) branding is an appropriate approach since it helps to minimize the homogeneity of destinations ("commodity" product) and avoid marketing hypes (new logos, slogans, websites etc.). This is achieved by creating functional differentiation through superior tourism products and ultimately by emotionally differentiating destinations through branding (cp. Figure-2).

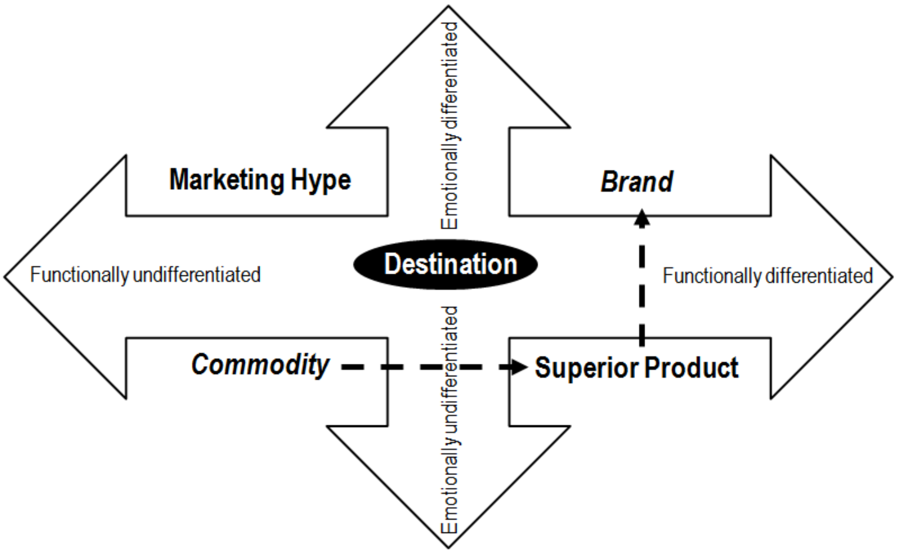

Figure-2: Developing a Commodity Product/Service into a Brand

… because there seems to be untapped potential

Preliminary research shows that the BSR has potential for creating a transnational destination brand. First of all, a general perception of the BSR as a comprehensive tourism destination exists. In addition, marketing studies state that there is potential for joint products and marketing - but no agreement on this has yet been reached among major stakeholders. And there is a very practical obstacle: That of limited funding.

… because the status quo calls for action - in one way or the other

As it has been indicated above, a joint image or brand concerning the BSR does not yet exist and the brand development process is - at best - ongoing. Frequently, the Baltic Sea Tourism Forum or the EU Tourism Strategy for the Baltic Sea are stated in this context. But exchanging opinions might not be enough, there might be an expectation to move the topic forward.

However, the topic lacks an identified strategic unit and consequent commitment of financial resources for a sustainable brand development process. It seems feasible to reach agreement on how to deal with this open question before starting activities such as marketing studies.

Last but not least, the development of the brand Baltic Sea might interfere with established brands, such as the brand “Scandinavia”. Thus, relevant stakeholders have not yet decided positively on their participation in a cooperative marketing of “Baltic Sea” (dwif, 2012). Again, this open issue should be addressed and a common understanding being developed based on this discussion paper.

3. Does the Basis for a BSR Destination Brand exist?

The pre-condition to work on a transnational destination branding for the BSR is a common basis of the product to be branded. To evaluate this pre-condition, detailed research is required. However, to gain a better understanding about the potential basis for a transnational destination brand, a high-level inventory of the current status of the topic should be presented as part of this discussion paper.

To do so, the two main building blocks of the destination band - the identity and the image - should be analyzed. When comparing the current destination identities and images, potential overlapping areas point to a brand positioning.

What is a BSR Destination Brand? - "Brand = Identity + Image"

Before we start to discuss a transnational destination brand for the BSR, it should be agreed what is meant by it (cp. Figure-3). In a nutshell:

- A destination brand is considered a combination of destination identity (or: self image of the destination - "How do we present our destination?") and the destination image ("How is our destination image perceived by our customers and industry experts?").
- If destination identity and destination image overlap, a brand starts to develop. A destination brand is effective if its image fully matches the identity promoted.

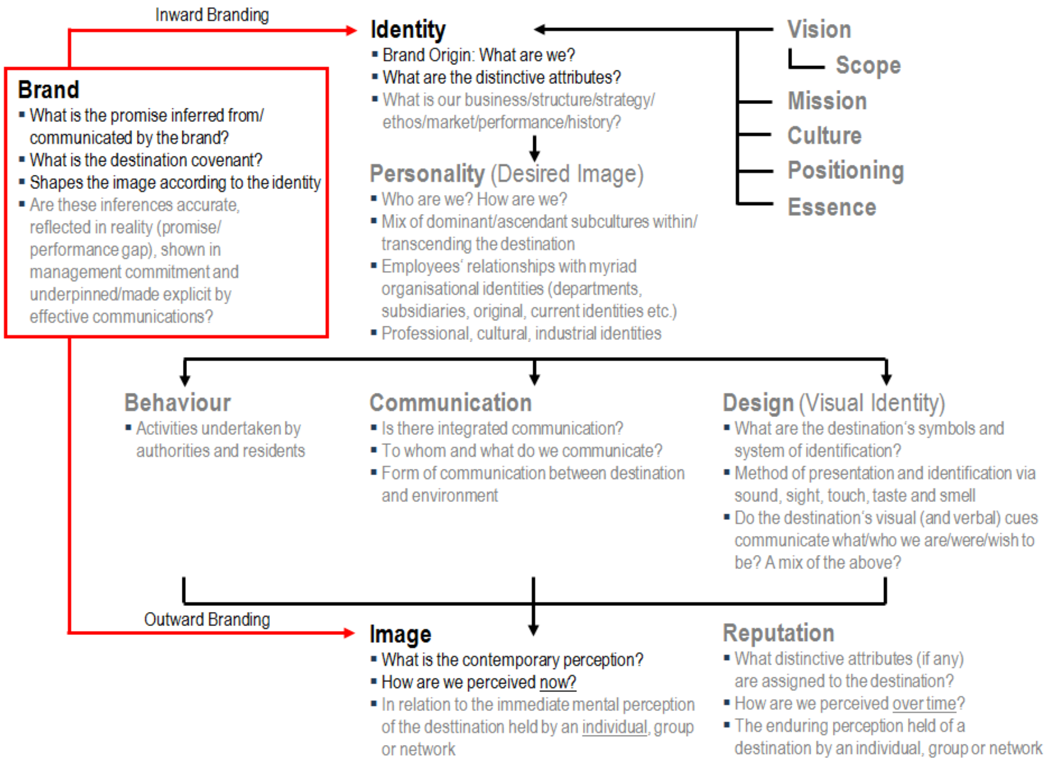

Figure-3: Brand Components

To identify if such an overlap currently exists (or can be created),

- the current tourism identities in the BSR on a national level are identified; these tourism identities are called *supply side based BSR tourism themes* (identity),
- the current tourism images of the BSR on a (trans-)national level are identified; these tourism images are called *demand side based BSR tourism themes* (image).

Finally, a matching analysis of current destination identities and images to identify the (potential) basis for a BSR Destination Brand is carried out.

3.1 Supply Side based BSR Tourism Themes (Identity)

The importance of discussing theme-based tourism as a starting point for transnational destination branding in the BSR has been emphasized by the PA Tourism Steering Group (22.09.2015, Gdansk). It requires agreement on those themes which promise to be the best marketable solutions. And only then one should focus on key markets. Consequently, the discussion paper tries to identify those "themes" based on the identity and image of national destination brands in the BSR.

What is Brand Identity?

Brand identity "represents the vision of how the destination should be perceived in the marketplace, with the aim of achieving differentiation" (Pike and Page, 2014, p. 211). It should refer to what the country really is and how it chooses to be defined. Branding experts (Hankinson, 2009; Kapferer, 2012) agree on the importance of working on the identity first, as it turns into the most effective tool for the formulation of a powerful branding strategy, and the differentiation of the destination. At this level *uniqueness* plays a fundamental role in creating a comparative and durable advantage.

Success stories frequently mentioned in the literature are Australia, Spain, Ireland, New Zealand, Virginia ("Virginia is for Lovers") or New York ("I love NY").

What is Destination Identity?

Destination identity is a concept expressing the affinity of destination representatives with their nation, region or city. With the internal focus of the destination identity, it can be described as the *self image* of the destination while the image is the perception of the external audience. A destination identity is shaped by many factors, which are summarized in Figure-4.

Figure-4: Components of Destination Identity

This is also referred to by Hess (2011) who states that a common identity is the prerequisite for an image of the BSR that is perceived inside and outside the region. In turn, attempts to market the image of the BSR can help to build the identity of the BSR (Winkler *et al.*, 2011).

What is the Status Quo of a BSR Destination Identity

To establish the status quo of a BSR destination identity, a research into the scientific literature - and probably even more important - into applied research on BSR identities has been performed.

Within the scientific literature, *no evidence for a homogenous BSR identity* has been found. On the contrary: the potential for an identity is seen in the heterogeneity of the BSR. The *Baltic Sea* is not considered as a denominator for a common identity since it does not bring the nations closer together. In addition the willingness of Russia for cooperation is put into question (Hess, 2011).

Kalunzynska (2009) states that “the people around the Baltic Sea *do not have a strong regional identity*, and they do not know very much about each other”. This lack of knowledge can also be considered as one of the reasons for the lack of a shared identity among BSR residents.

Considering the question of a BSR identity, the term “Baltic” is less used for tourism promotion than the terms “Nordic” and “Scandinavian", with transnational tourism products still being an exception („Building A Baltic Sea Tourism Region“ conference, 03-04 May 2012, Warnemünde, Germany).

While there is obviously doubt on an already existing BSR identity, it is stressed that there are good reasons for a common Baltic Sea identity from the tourism point of view. To ensure a continuous growth, the BSR must strengthen its position on the international markets. To do so, a common identity is considered as the pre-condition (TMV, 2008).

The findings from scientific research should be complemented by an analysis of the (trans-)national destination branding literature. Based on various freely accessible sources, the national destination identities of Denmark, Estonia, Finland, Germany, Lithuania and Latvia have been identified while no data was available on Poland and Sweden. In addition, the identity of the BSR as well as a sub-region (SBSR South Baltic Sea Region) have been established.

Identities have been built / should be built around “Geographies”, “Themes” and/or “Means of Travel”.

Accordingly, the most frequently communicated identities include

- Geography
    - *Coastal & Maritime*
- Themes
    - *Nature*
    - *Culture, Heritage, Religion*
    - *Food & Gastronomy*
    - *Health & Spa*
    - *Activity & Adventure*

Probably not surprising, research carried out as part of the BaltMet Promo project suggests a conception of the Baltic Sea Region according to three sub-themes:

- *nature, design* (Scandinavian Cities)
- *the Historic Centre / World Heritage* (Three Baltic Cities)
- *history like war, architects* (Berlin and Warsaw)

More details are presented in Table-1. However, it should be noted that this is a high-level inventory using a limited number of publications and further research is required to verify the findings.

	BSR	SBSR	Denmark	Estonia	Finland	Germany	Latvia	Lithuania	Poland	Sweden	Σ
LEISURE | RECREATION | HOLIDAYS											
… by Geography											
City / Urban			1	1			1				3
Coastal & Maritime	1	1	1		1		1				**5**
Archipelago					1						1
Islands	1										1
Rural	1						1				2
… by Theme											
Activity & Adventure	1	1			1		1				**4**
General											0
Trekking & Hiking	1				1						2
Biking & Mountain Biking	1				1			1			3
Hunting	1										1
Fishing	1										1
Horse Riding	1						1				2
Skydiving/Parachuting							1				1
Orienteering							1				1
Water related	1	1			1						3
Non-beach related Tourism	1										1
Beach-based Recreational Tourism	1						1				2
Nautical Sports	1										1
(Sport) Boating & Yachting	1						1				2
Traditional Sailing	1										1
Canoeing, Kayaking and White Water Rafting	1				1						2
Jet Skiing					1						1
Windsurfing/Kite Surfing							1				1
Winter-related Activities					1						1
Skiing & Snowboarding					1		1				2
Snowmobiling					1						1
Husky / Reindeers Sledding					1						1
Culture, Heritage & Religion	1	1			1	1	1	1			**6**
Food, Wine & Gastronomy	1			1	1	1	1				**5**
Eco-Products	1										1
Gastro Tours	1										1
Cultural Heritage				1	1		1				3
Hanseatic Cities / Brick Gothic	1	1									2
Castles & Manour Houses	1							1			2
Romanesque Heritage	1										1
Routes & Roads											0
Pope John Paul II Road								1			1
Architecture & Design	1			1							2
Creative Industries							1				1
Museums					1						1
Festivals					1						1
Exhibitions					1						1
Health, Spa		1		1	1		1	1			**5**
Rehabilitation											0
Wellbeing/Anti-Aging (Preventive)	1	1			1		1				4
Nature	1		1	1	1	1	1	1			**7**
Eco Tourism	1				1						2
Eco Education	1										1
Natural Resources	1										1
Amber (Route / Road)	1							1			2
(Chalk-)stone	1										1
Forests	1										1
Sand (Dunes)	1										1
… by Means											
Cruises	1				1		1				3
River Cruising					1						1
Sea Cruising					1						1
Fjord Cruising					1						1
Camping											0
Stopover					1						1

Table-1: High-level Inventory of BSR Destination Identities

3.2 Demand Side based BSR Tourism Themes (Image)

When developing / marketing tourism destinations on an international scale, city, region and nation images play an increasingly important role. According to branding expert Simon Anholt, to create such an image and to anchor it in the minds of people, a unique and unifying story of the BSR is essential (Hess, 2011).

What is a Brand Image?

The image reflects how the public perceive the country; it might or might not match reality or identity. In addition, it varies from person to person.

What is the Status Quo of a BSR Destination Image?

In his research for the Baltic Development Forum, Andersson (2011, p. 86) concluded that "(…) there is little evidence to support that there is a clear image of the region [i.e. BSR] in the public mind: the surveys and studies that have been carried out point in the same direction - there is no clear brand image, either internally or externally".

One such study is the Nation Brand Index (NBI) which tries to measure the image and reputation of a country in a range of areas. In different countries, data on the country images (i.e. subjective perceptions) are identified. The index is established on an annual basis by interviewing 20,000 people across 20 different countries. By doing so, the image of 50 countries is determined. The index is based on the "Nation Brand Hexagon", basically a collection of images covering six different aspects (Export, Governance, Culture and Heritage, People, Investment and Immigration, and *Tourism*).

A number of BSR countries can be found within the TOP 20 list of the NBI: Germany (1), Sweden (10), Norway (13), Denmark (15) and Finland (18). However, when considering the aspect „Tourism", only Germany can make it in the TOP 10 list (rank 10).

As indicated above, destination images obviously also differ by the country in which they are perceived. From a *US perspective*, the BSR destination image can be summarized as follows:

- there is no clear image of the entire BSR - if at all, it is partly known for cruises;
- the region as a whole does not evoke any clear or uniform associations. However, some individual cities or areas such as "Scandinavia" have developed their own image.
- Heterogeneous perceptions of the different BSR countries or areas exist (dwif, 2013).

From a *German perspective*, some general remarks regarding the national destination images can be identified, such as:

- Denmark is widely perceived as a cozy family and summer destination "next to Germany". Lots of associations are related to the topics sea, beach, sand, islands, and holidays. The most common free associations were Copenhagen, Lego, neighbor, beach, holidays.
- Norway is perceived as a particularly attractive tourist destination with great nature and cold climate.

From a *UK expert perspective*, the term "Baltic Region" is often used synonymously for the "Baltic Sea Region". In Anholt's view the English term "Baltic" carries negative connotations, since it does not stand for a dynamic upswing in the IT sector, but more for a culture-poor, gray wasteland of the former Eastern Bloc. Moreover it only covers the Baltic States (Collier, 2008b).

These "snapshots" should illustrate that a comprehensive research into the images of the target group (by geography) needs to be performed, before embarking on a destination branding project.

Based on a high-level inventory of image studies, which are presented in Table-2, the national destination images of Denmark, Estonia, Finland, and Sweden have been identified while no data was available on Germany, Latvia, Lithuania and Poland. In addition the image of the BSR as well as of the region "Nordic" have been established.

	Perception by ...	BSR	Nordic	Denmark	Estonia	Finland	Germany	Latvia	Lithuania	Poland	Sweden	Σ
... "Software"												
(Culture)	US Travel Industry Experts	1										1
Architecture					1							1
Manor Houses	Brand Experts				1							1
Mermaid	(German) Students			1								1
Art	Brand Experts				1							1
Cultural Highlights	Scientific Community	1										1
Xmas Market	Brand Experts				1							1
Legoland	(German) Students			1								1
Song Festival	Brand Experts				1							1
(High) level of education	Scientific / (German Students)	1	1	0,5		1,5					0,5	4,5
Missing language competences	BSR Industry Experts	2										2
Royal Family	(German) Students		1	1							1	3
Soccer	(German) Students		0,5	1		0,5					1	3
(History)	US Travel Industry Experts	1			1							2
Baltic Amber	Scientific Community	1										1
Beauty of its cities	Scientific Community	1										1
Hanseatic League	Scientific Community	1										1
History of cooperation and conflict	Scientific Community	1										1
Political and economic Transformation	Scientific Community	1										1
Red brick gothic	Scientific Community	1										1
Nature	Scientific / (German Students)	1	1	0,5		0,5					1	4
Animals												0
Elks	(German) Students		1	0,5		0,5					1,5	3,5
Climate	Scientific Community	1										1
Cold	(German) Students		1,5	1		2					1	5,5
Dark	(German) Students		1	0,5		1					0,5	3
Snow	(German) Students; Branding Experts		1	0,5	1	1					0,5	4
Landscape	Scientific Community	1										1
Archipelago	(German) Students	1		1		0,5					1	3,5
Beach	(German) Students; Branding Experts			1	1							2
Forest	(German) Students		1	0,5		1					0,5	3
Islands	(German) Students; Branding Experts			1	1							2
Lakes	(German) Students		1	0,5		1,5					1	4
Sand Dunes	(German) Students			1								1
Sea	(German) Students		1	1,5		0,5					0,5	3,5
North Sea	(German) Students			1								1
Baltic Sea	(German) Students			1								1
Swamps	Brand Experts				1							1
People												0
Blond Hair	(German) Students	1		0,5		0,5					2	4
(Shopping)	US Travel Industry Experts	1										1
Expensive	(German) Students		1	1		0,5					1,5	4
Value for Money	Brand Experts				1							1
(Gastronomy)	US Travel Industry Experts	1										1
Fish	(German) Students		0,5	0,5		0,5					0,5	2
... "Hardware"												
Places												0
Copenhagen	(German Students)			1								1
Helsinki	(German Students)					1						1
Lapland	(German Students)					1						1
Stockholm	(German Students)										1	1
Tallinn	Brand Experts				1							1
Infrastructure	Brand Experts				1							1
Airport	Brand Experts				1							1
Different service and quality level	BSR Industry Experts	2										2
Gaps in infrastructure	BSR Industry Experts	2										2
Harbour	(Germany Studies)			1								1
Insufficient int. Accessibility	BSR Industry Experts	2										2
Lacks in regional transport	BSR Industry Experts	2										2
Ferry	(Germany Studies)		0,5	1		0,5					0,5	2,5
(0,5) = not perceived but expected image.												

Table-2: High-level Inventory of BSR Destination Images

According to the limited number of available studies, the most frequently perceived images include:

- Nature > Climate > Cold
- Culture > High level of education
- People > Blond hair
- Shopping > Expensive
- Nature > Animals > Elks
- Nature > Landscape > Archipelago / Sea.

More details are presented in the table above.

3.3 Reconciliation

“A brand Baltic Sea should become a synonym for a certain way of life, cuisine, life style, clothing equaling Mediterranean or Alpine.” (dwif, 2013)

What is the basis for Transnational Destination Branding for the BSR?

From the reconciliation of the high-level (and most likely incomplete) national destination identities and images, the following basis could be identified:

Identity (TOP mentions)	Image (Top mentions)	Remark
Coastal & Maritime	Nature > Landscape > Archipelago	Potential Match
Coastal & Maritime	Nature > Landscape > Sea	Potential Match
Nature	Nature > Landscape > Archipelago	Potential Match
Nature	Nature > Landscape > Sea	Potential Match
Nature	Nature > Climate > Cold	Potential Match
Nature	Nature > Animals > Elks	Potential Match
Culture, Heritage, Religion	Culture > High Level Education	Potential Match
Food & Gastronomy		No Match
Health & Spa	(Nature > Landscape > Sea)	Potential Match
Activity & Adventure	Nature > Landscape > Archipelago	Potential Match
Activity & Adventure	Nature > Landscape > Sea	Potential Match
Activity & Adventure	(Nature > Climate > Cold)	Potential Match
Activity & Adventure	(Nature > Animals > Elks)	Potential Match
	People > Blond hair	No Match
	Expensive > Shopping	No Match

Table-3: Reconciliation of high-level Destination Identity and Destination Image

Taking into account research among similar competing destinations / comparable transnational marketing associations (dwif, 2011), it has been recommended to combine the findings on the unique selling points (USPs) for the Baltic Sea and the results on travel topics within a modular system, where regional partners could summarize their specific topics under a selection of connecting umbrellas.

Such a modular system should

- highlight *maritime* and “Baltic Sea” aspects,
- integrate aspects of *active tourism* as most important tourism growth segment and
- be open for Baltic Sea regions to integrate “*must see*” destinations (e.g. St. Petersburg) and
- prepare ground for a holistic destination “Baltic”.

Suggestions for such a modular thematic system include …

- Baltic Sea SPAs and Resorts,
- maritime cities and culture,
- Baltic way of life,
- active Baltic sailing and biking,
- Baltic treasures and natural heritage,
- Baltic spirit and history.

Tourism experts have pointed out that - depending on the key source markets - the BSR and its cities should concentrate on selected niche or affinity markets as the BSR and its cities are *no destination for the mass market* (dwif, 2013).

4. A Word on Key Markets

As has been mentioned above, Transnational Destination Branding for the BSR will need to keep the target audience in mind: Should the travel industry as an important intermediary (B2B branding) be targeted or should the traveler be targeted (B2C branding)? In case of B2C branding approaches, a distinction needs to be made according to the specific target group(s) - at a minimum in terms of travel reasons, in terms of geographic origins and certainly in terms of demographics.

Agreement on this approach needs to be reached before embarking on a transnational destination branding for the BSR. And therefore some initial information of key markets should be presented as part of this discussion paper.

What is known about Consumers?

Considering the demographics of BSR travelers, growth opportunities within the target group *families* are rated considerably lower. However, families are among the most important three target groups *at the moment*. Taking into account future developments, *best agers, DINKS* and *international tourists* are among the TOP 3 *future growth segments* identified. Within best agers and silver agers / retired demographic prognosis underlines a more dynamic growth of the older population (dwif, 2011).

Looking at a specific source markets such as the US, the average US tourist to Europe is almost 50 years old, with male travelers skewing slightly older (49 years) and female travelers slightly younger (47 years) (dwif, 2013).

This is only a short and limited snapshot of travelers to the BSR. However, it should point to the fact that transnational branding needs to consider fairly different demographics. Despite a concentration on B2B-activities (first stage), it is still vital to build up awareness for the BSR and its cities among consumers (market pull) at the same time (dwif, 2013).

Whom to address in the Travel Industry?

As indicated in the introduction to this chapter, transnational destination branding for the BSR also needs to consider intermediaries such as the travel industry as a target group. As with travelers, also the travel industry is fragmented into tour operators or travel agents. This needs to be taken into consideration when planning the branding process.

Research into the perception of the BSR as a tourism destination among US travel trade has shown that these intermediaries are mostly indifferent and only react to the tourists' demand.

What is the "geographic" target group (of a joint branding)?

Apart from demographics, transnational destination branding for the BSR needs to consider the key source markets - now and in the future.

Past / Current Key Markets

Apart from domestic markets, especially regions in the South Baltic Sea focus on *Germany* and *Scandinavia*, the *Netherlands*, *United Kingdom* and *overseas markets such as the USA and Asia*. In addition limited efforts are spent on countries in *South-West Europe*, *Switzerland*, *Austria*, *Belarus* and *Ukraine.*

Based on research initiated by PA Tourism following the meeting of the Steering Committee (22.09.2015, Gdansk) as well as additional research conducted in the scope of this discussion paper, the following key markets for national tourism organizations in the BSR have been identified (Table-3):

Target Market ->	Australia	Austria	Belarus	Belgium	Brazil	China	Czech Republic	Denmark	Estonia	Finland	France	Germany	Hungary	India	Italy	Japan	Latvia	Lithuania	The Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	UK	Ukraine	US	Σ
TOP ...								3		3		1							3	2		2		1		2			
DK	1				1	1					1	1		1	1	1			1	1		1		1		1		1	10
EST										1		1					1			1			1	1		1			7
FIN						1					1	1			1	1						1				1			7
D																													
MV								1											1		1			1	1				5
SH								1											1	1	1			1	1				6
LV									1	1		1						1				1		1					6
LT			1					1		1		1					1			1	1	1		1		1			10
PL		1		1		1	1	1		1	1	1	1	1	1	1			1	1		1	1	1		1	1	1	20
S						1		1		1	1	1			1				1	1		1	1			1		1	12

Table-3: Key Target Markets of National Tourism Organizations in the BSR

When analyzing the key markets, *Germany* and *Sweden* can be identified as the TOP 1 source markets, followed by *Norway*, *Russia* and the *UK* as TOP 2 and *Denmark*, *Finland* as well as the *Netherlands* as TOP 3. This is a “traditional” set of key markets reflecting the long established tourism markets in the BSR.

It also needs to be considered that some national tourism organizations do focus on a relatively large set of key markets. That is the case in *Poland*, *Sweden*, *Denmark* as well as *Lithuania*. This requires careful consideration when planning for a transnational destination brand - it obviously needs to work in very different markets.

Future Key Markets

Apart from looking at the status quo of key markets, transnational destination branding for the BSR needs to consider future key markets.

Joint international marketing might facilitate the process for a common destination brand. It seems to be easier to promote “Baltic” jointly and internationally *in more distant markets* than to overcome prejudices between neighboring Baltic Sea countries (dwif, 2011).

First of all it needs to be realized that all traditional intraregional top markets like *Germany*, *Denmark*, *Poland* and *Sweden* - despite their quantitative importance - have shown only low dynamic in the past.

Top-Ranking - excluding intraregional - markets from a quantitative point of view are: *UK*, *Switzerland* and *Austria*, the *Netherlands* and *France.* Top-ranked overseas markets are *USA* and *Russia*.

The dynamic ranking (key markets showing the greatest dynamic) includes new emerging markets like *China* and *Czech Republic* as well as some top-ranked markets such as *Russia*, *Switzerland* and again *France*.

Based on these findings a typical key market approach could be:

- market set 1 with *Switzerland, Netherlands, Russia* or *China* as the more challenging one, laying focus on extra-regional and dynamic markets as *Russia* or *China*.
- market set 2 with the *UK*, the (nearly-)intra-regional market *Norway, USA* or *Japan*, as a more conservative alternative building upon established markets (*USA* and *Japan* as traditional overseas markets for Europe) and allowing neighboring markets (*Norway*) to be part of marketing action.

Which Intermediaries need to be involved?

Regardless of how well planned, structured and financed a transnational destination branding project for the BSR is, it will largely depend on the support of further intermediary institutions. This needs to be considered when planning potential next steps.

Depending on the key markets, typical intermediaries relevant for the successful implementation of a transnational destination branding for the BSR include (but are not limited to):

- National Tourist Boards (DZT, German Convention Bureau GCB, Visit Finland, VisitDenmark, VisitSweden, Visit-Stockholm, Innovation Norway, VisitOslo, ...)
- Supranational Cooperations (e.g. Scandinavian Tourism Incorporation)
- Airlines (Iceland Air, SAS, ...) – helping to develop new markets for the local tourism industries and new target groups (spontaneous trips, short breaks) and help smoothing the seasonality (such as witnessed at Salzburg Airport).
- Media

Are there “Strong Partners” which could be used?

Apart from involving tourism-related intermediaries into the transnational destination branding, it might be appropriate to involve well known BSR product and service brands to support the implementation of a BSR destination brand.

In this context potential strong partners which might be involved in the branding process include (but are not limited to):

- food & beverage industry, such as Absolut, Almondy, Finlandia, Laima, Marabou
- home furnishing and design industry, such as Georg Jensen, IKEA; Maarimekko
- textile industry, such as H&M
- transport industry, such as Volvo

5. Proposal on Next Steps

The proposal on next steps is split into *strategic steps* to develop the topic from a network brand to a B2C brand. This is a long-term approach requiring a number of concrete steps. A proposal for such concrete *operational steps* is also included in the form of a roadmap.

5.1 Strategic Steps: From Cooperation to Transnational Destination Branding

To proceed with the topic of "Transnational Destination Branding for the BSR" it is recommended that the current informal cooperation of the Steering Group develops in a three-step process from a tourism cluster support network towards a business-to-business brand (B2B brand) supporting closer cooperation between the national destination branding organizations towards a customer oriented business-to-consumers brand (B2C brand).

Network Brand

The recommended first development step encompasses the strengthening of the network activities, including the agreement on joint values and goals (a common purpose), an agreement amongst the partners about the recommended mid-term strategy, a potential broadening of the partner base with a special focus on the involvement of the regional level, and enhanced exchange about future opportunities and the definition of a potential vision for the cooperation.

B2B Brand

The recommended second development step encompasses, depending on the agreement about the future vision of the cooperation, the development of a framework of objectives and cooperation guidelines. It also includes the formulation of future scenarios how an organizational set-up for a B2B destination brand could look like and how it could be realized. This second development step also includes the agreement amongst partners on the vision and the strategy for a B2B brand and the formulation of a support catalogue of activities, the formulation of criteria for joining the B2B brand and policy rules. Finally this step includes the widening of the partner base amongst the regional partners.

B2C Brand

The recommended third development step encompasses, depending on the agreement of the partners, the development of a transnational B2C brand, an organizational set-up and the establishment of an international marketing agency and management board for this brand. Conceptually an organizational setup that is self-funding and run by the industry partners is recommended. In this context it is also recommended to explore an initial step as a public-private partnership (PPP) model.

5.2 Operational Steps: Development of a Roadmap

The operational steps includes the development of a *roadmap* “Transnational Destination Branding in the BSR: From Idea to Action”. As part of such a road-mapping process, at the least the following steps should be taken:

Short-term

Step ❶ - Initiative Vision

- Vision is about the need for a transnational brand, and for the goals to be achieved with the branding.
- Identification of stakeholders, based on (assigned) responsibility / mandate, competences, available resources (time, finances) etc.
- Offer a stakeholder workshop to develop a common understanding of a transnational destination branding for the BSR - and the steps necessary.

Step ❷ - Set-up of Working Group

- A working group, which guides and coordinates the development of the transnational brand, has to be set up.
- The working group must be responsible for developing, launching and managing the brand, e.g.
    - conduct a detailed research of existing material on transnational destination branding for the BSR (image studies, identity studies, brand manuals, evaluation reports) to be supplied by working group members;
    - establish the state of research into the subject (e.g. by a call for papers, a conference);
    - agree on a project charter (What is the intention of the road-mapping process, what is expected from this process in terms of deliverables?);
    - develop a project plan (scope, requirements, schedule, budget) for the road-mapping process.

Step ❸ - Internal & External Research

- Research has to be conducted from both perspectives - internal and external - where goals of the research should be to identify the common set from both perspectives, i.e. what the country can offer (internally) and what foreigners need and demand (externally).

    Product:
    - Identification / agreement on promising themes
        - Refine Identity Analysis
        - Build Inventory on Image Analysis
        - Perform Image Analysis based on Social Media (Expedia, Trip Advisor, MapQuest, …)

    Market:
    - Identification / agreement on key markets for which a market research should be conducted.

    Competition:
    - Benchmarking of transnational destination branding approaches of coastal (and non-coastal) cross-border destinations (*Adria,* the *Alps, Danube* and *Lake Constance*)

    Structure:
    - Economic sustainability of the approach
    - Timeline: (…) taking into account the weak image and low awareness of the Baltic Sea Region, a successful promotion of the BSR cities requires a serious, long-term, continuous commitment and respective funding. (dwif, 2013)

Midterm

Step ❹ - Formulation of Central Idea

- A reasonable outcome of the research should be the formulation of the central idea.
- The working group together with involved experts has to formulate the central idea of the brand, based on which further strategy and brand are then developed.
- Define the brand objectives; the essence; the positioning; …
    - agree if / on how to profile the region
    - basis for a common communication strategy (PA Tourism, 2012)

Step ❺ - Visualization

- The visualization process includes creation of a logo and slogan that have to respond to definite criteria in order to be successful. Visualization involves also leveraging or creating brand extensions. Here by the brand extensions it is meant to create slightly different logos and/or slogans, e.g. for branding different tourism products.
- Moreover, when creating a visual brand different sources of national and cultural differences have to be taken into account. Arts professionals and advertising agencies have to be involved in the creation process.

Step ❻ - Testing

- The message should be tested in order to ensure that the target audience understands the communicated message in the same way as the creator of the brand.

Step ❼ - Execution Plan

- Then the execution plan must be prepared. This includes not only activities to communicate the message, but also appointing a so-called brand manager who coordinates the development process and the launch of the visual message, and who has the necessary information on what has happened so far.

Step ❽ - Implementation

- Implementation or launch of the created brand is the next step. After the launch the brand must be adjusted, updated and coordinated over time.

Long-term

Step ❾ - Evaluation

- Evaluation is the last step; it is important to assess the process and the success of the branding after the launch. Moreover, after the first national campaigns a thorough evaluation of the branding should follow, although the first results might be seen only five years after its establishment at the earliest.
    - Creation of a criteria set to evaluate the branding approach (effectiveness and efficiency)

In addition to the road-mapping process outlined above, immediate action can be taken in the following area:

- Development of a *Criteria Set* to evaluate if / how proposed BSR Interreg tourism projects contribute to a transnational destination branding in the BSR.
- Offer an annual workshop for project applicants to acquaint them with the transnational destination branding for the BSR approach.

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ANNEX
Results from the Steering Group workshop on **»Transnational Destination Branding for the BSR: Political Aspiration & Practical Application«** 10 June 2016, Copenhagen

SUMMARY

1. "Identity rather than branding" - a content-based view

Based on the discussion paper, agreement was reached that from the point of view of the tourism sector the BSR has

- no clear or focused identity,
- a blurred image.

As a consequence, it was considered appropriate to rather focus the discussion of the Steering Group on the transnational destination *identity* (rather than on the transnational destination branding) as a point of departure. The rationale behind this decision was, that without a common identity, branding is rather a waste of resources than a contributor to a competitive advantage.

The term identity has been described in detail in the discussion paper. During the workshop the term identity was used interchangeably with "product", so one question to be addressed in the further work is:

Which common tourism products are suitable for creating a transnational destination identity?

While the discussion of the specific transnational destination identity was out of the scope of this meeting, there are some criteria which – according to the participants – a transnational destination identity or related products should meet or reflect:

- Innovativeness,
- Sustainability,
- High quality.

An initial brainstorming revealed that a transnational destination identity could be based on "sea | maritime | coastal | (climate)" including both land- and sea-based activities. In addition, "well-being and culture (linked to food and design)" are worth consideration.

In identifying potential identities, it was further suggested to start with existing products, like cruise tourism. In this context, the discussion paper revealed a very limited set of existing products, cruises being an exception to the rule.

Apart from the content-based question ("which products"), it was discussed who should be targeted with a common (set of) product(s). Agreement was reached that the *end user* | *consumer* can be the target of a transnational destination identity. Considering this target group, it was agreed that a transnational destination identity can be best applied in distant markets, not in traditional markets (see also the summary of key markets in the discussion paper).

In addition (but not as a priority), political stakeholders, mainly within the EU administration, are seen as a target group to balance the dominance of South European tourism.

Furthermore, the question was raised which parts of the participating countries actually should be part of such a transnational identity. Examples included Germany and Poland where mainly the coastal provinces should be included while this was also mentioned relevant for Latvia. Thus, the second question to be answered is:

Which geographic entities should be covered by a transnational destination identity?

2. “Identity rather than branding” - a process-based view

Apart from discussing the subject of “branding | identity” from a content-based view, the Steering Group also considered *how* a transnational destination identity can be built or worked on considering limited resources.

Suggestions were to

- organize an **expert workshop** on the topic including stakeholders from completed projects (OneBSR, BDF project) which dealt with BSR branding | identity;
- initiate a flagship devoted to the contribution of tourism on BSR identity building; organized as an **umbrella flagship**, individual projects contributing to the overall idea in different ways (to be defined) could be gathered under this umbrella; the challenge would then be to secure funding for them;
- more specifically discuss how Interreg projects can more explicitly contribute to the PA Tourism Action Plan in general and to building a BSR identity in particular; this suggestion is related to the discussion started at the Steering Group meeting in Rostock (27 April 2016). There, the participants agreed that in order to raise PA Tourism’s effectiveness, the **project assessment has to be objectified**. However, preconditions for such process were said to be a substantiation of the Actions and a predefined set of targets and indicators which measure the progress of implementation of the policy area. PA Tourism proposed to write a **discussion paper** dealing with these issues which currently is under preparation.

NEXT STEPS

1. Publication and dissemination of the discussion paper “Transnational Destination Branding for the BSR: Political Aspiration and Practical Application” as a first in the newly established PA Tourism Discussion Paper Series, including this ANNEX – PA Tourism website, EUSBSR website, other.
2. Decision of Steering Group regarding suggestions under “SUMMARY” at Steering Group meeting back to back to 9th Baltic Sea Tourism Forum, 19 October 2016 in Pärnu | Estonia, that is expert workshop (date, venue, preliminary agenda) and | or umbrella flagship (title, description, objectives, lead etc.).

PA Tourism

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