

Coordinating the Co-Evolution of Brand Identity: The Cruise Baltic Project Case

Arja I. Lemmetyinen

Turku School of Economics and Business Administration
Rehtorinpellonkatu 3, 20500 Turku
Finland
arja.lemmetyinen@tse.fi

Frank M. Go

Erasmus University of Rotterdam

Marjolijn van der Horst

Erasmus University of Rotterdam

Abstract

The purpose of this study is to examine how to coordinate the collaboration within a tourism network and enhance the value creation process through the pursuit of a brand strategy for the cruise sector in the Baltic region. The complexity of the task, due to the interdependence of the multiple stakeholders and the fragmentation of resources dispersed across various destinations in the Baltic region render strategic planning an obsolete tool. Instead, the interactive and dynamic nature of tourism destination marketing, especially on the transnational level requires an approach which offers insight into the interaction process aimed toward innovation at the micro level (firm), meso level (network) and macro level (global). As the dynamics of the innovation process are determined by the structure of the system, that is the set of stakeholders, the present study builds on the industrial network theory (IMP school) as a means of enhancing the value creation process in the tourism network and by extension of the regional development within the Baltic basin.

In this study the qualitative methods and narrative approach are seen as keys in order to know how the actors in different parts of the Cruise Baltic Project network experience coordination of the cooperation. The Baltic Cruise Project Case represents a rich array of international actors from the ten countries around the Baltic Sea. The empirical evidence of the Cruise Baltic Project Case shows the need for the coordination to be able to manage the strategic goals of the brand building by leading the actors into the visional direction. Firstly, from the local actors' perspective the study shows that the cooperation in the regional level gives the partners the experience and the know-how to manage the co-evolution process of the brand identity in the local context. Secondly, analyzed from the viewpoint of the network the visionary abilities of the leading partners have been implied in the means of coordination. The empirical evidence from the case analysis describes the dynamic process of the brand building where all the partners could give their input. Finally, at the macro level, globally, the cooperation between the actors in the Baltic Sea region seems to make the region as a Cruise Destination Brand a competitive and actually one of the world's fastest growing cruise destinations. This demands, however, that the brand identity has to be cohesive despite the heterogeneous group of the stakeholders. The actors have to be able to agree on the brand ideology and the visual experience of the brand.

Keywords: brand identity co-evolution, coordination, tourism business network

Introduction

The purpose of the paper is to examine how to coordinate the collaboration within a tourism network so as to enhance the value creation process through the pursuit of a brand strategy for the cruise sector in the Baltic region. Hence, the project is transnational in nature and involves different stakeholders, who represent both the public and in the private sector. Due to intense global competition the stakeholders, destinations and bodies developing and providing the infrastructure for the development, transfer and application of knowledge and competences, which 'feed' the innovation process and, in turn, value creation, are forced to collaborate effectively.

From a theoretical perspective, many tourism researchers have emphasized the importance of cooperation and effective networking in the tourism business context (de Araujo & Bramwell 2002; Bramwell & Sharman 1999; Buckley & Witt 1989; Buhalis 2000; Holder 1992; Jamal & Getz, 1995; Kendell 1987.) Also Go and Williams (1993, 229) indicate that cooperation through a network approach is key to gaining a competitive edge in the marketing of tourism (Kendell, 1987). Paradoxically, he also indicated that to become more competitive, the various stakeholders, including planners, developers and marketers should coordinate their activities. Other researchers, notably Buckley and Witt (1989), Holder (1992) and Carey, Gountas and Gilbert (1997, 425) corroborated Kendell's findings. In particular, Holder (1992) stated that sustainable tourism and considerable job generation are dependent on the effective cooperation of all the stakeholders in the industry, for example, suppliers, intermediaries, public sector and consumers.

The complexity of the task, due to the interdependence of the multiple stakeholders and the fragmentation of resources dispersed across various destinations in the Baltic region render strategic planning an obsolete tool. Instead, the interactive and dynamic nature of tourism destination marketing, especially on the transnational level requires an approach which offers insight into the interaction process aimed toward innovation at the micro level (firm), meso level (network) and macro level (global). As the dynamics of the innovation process are determined by the structure of the system, that is the set of stakeholders, whose interaction plays a determining role in generating, implementing and diffusing innovation, the present study builds on the industrial network theory (IMP school) as a means of enhancing the value creation process in the tourism network and by extension of the regional development within the Baltic basin. It, furthermore, draws on Prahalad and Ramaswamy (2000, 81) who demonstrate how organizations must, increasingly, include consumers as part of the extended enterprise.

In summary, the research focuses on inter-organizational innovation systems and particularly the interactions between three types of stakeholders, private business, public agency and knowledge centre in the tourism network. Moreover, the project seeks to establish an innovation platform which can be positioned with the aid of branding the Baltic basin as a tourist region throughout the lifecycle in order to contribute to the transformation and innovation management of current business networks in global competition.

This article comprises six sections beginning with the introductory section. The second section emphasizes the coordination of cooperation in tourism networks as a dynamic process-oriented strategy. Studying this, the value net thinking offers an interesting and up to date viewpoint in destination marketing research. In the third section of this article, value creation process is considered to enhance the building of the network brand identity. In the fourth section, the research methodology is presented and in the fifth section the Cruise Baltic Project case is described and analyzed. The overlapping themes in the analysis have been, firstly, how the transnational issues are bridged in the Baltic network context and, secondly, how the stakeholders of the network are bonded through a Baltic Destination Brand Identity. The sixth section concludes the paper by discussing the main theoretical and managerial contributions.

Cooperation as a dynamic process-oriented strategy

In addition to aiding public-private sector interactions, cooperation may provide an effective mechanism for community involvement in tourism planning through the selection of key stakeholders to represent the various public interests (Jamal & Getz, 1995). Also Buhalis argues that the enhancement of local cooperation, such as e.g. developing partnerships between the public and

private sector, is a necessary step to achieve the strategic goals for all stakeholders in destination marketing (Buhalis, 2000). The partnerships in planning for regional development can bring together stakeholders representing interests at national, regional, and local levels (de Araujo & Bramwell, 2002).

Cooperation, as a dynamic process-oriented strategy, may be a suitable means to manage turbulent planning domains at the local as well as the regional, national and international level. Also, the relationship between the active tourism network and the wider, passive community requires management. The private sector tends to use a market-oriented approach, while the public sector tends to take a supply-oriented (resource-based) approach (Font & Ahjem, 1999). There is no single best way of action for the European tourist sector, and a single element or problem is rarely sufficient to facilitate the analysis of the relationship between public and private tourist sectors (Marino, 2001).

Tourist destinations have become increasingly integrated into global tourist networks. The twin dynamics of globalization and e-commerce have made knowledge and information the most important production factors instead of capital (Go, 2004). An emerging shift in the global tourism paradigm demands greater cooperation at the local and regional levels to ensure a quality tourist product that can compete effectively at the global level (Crouch & Ritchie, 1999). The coordination of the tourism network needs to involve working with the members of the network to enable them to recognize, from their core values, what types of relationships are appropriate between the actors, and also between actors and customers, and between actors and other stakeholders. What is important is regularly assessing the relationships, since they change over time. Actors in a tourism network should be involved in evaluating how well their relationships reinforce the values, personality and positioning of the network brand identity. Any modern production requires specialization in order to be efficient and specialization causes exchange among stakeholders. The transaction technology such as contracts and legal systems is imperfect and therefore any exchange is associated with transaction costs. The better the transaction cost technology the fewer transaction costs and the more it pays to specialize further. (www.encycogov.com.) In the case of tourism networks where the actors represent countries with different cultures and legal systems it is important that the actors are able to collaborate around a "standard platform" since imperfect exchange adds to transaction cost.

Coordination of tourism networks processes

In traditional economy theory actors are assumed to be independent of each other while in the network approach actors are regarded as being embedded in a social and industrial structure of relationships. The concept of being embedded in the network context refers to the notion that organizations and the economy are part of larger institutional and inter-organizational structures, and that the context of human and organizational action shapes rational choice in market situations. (Baum 2002; Lundgren 1992.) Baum (2002) sees the network perspective as phenomenological in the sense that it focuses on the content of networks of interpersonal and inter-organizational relations and the meaning of action as defined by the network. Actors are related to each others in a network where industrial activities are carried out by interacting actors combining and coordinating heterogeneous resources. (Lundgren 1992.)

By combining resources new knowledge can emerge through interaction which creates possibilities for new and improved product combinations. Anderson, Havila, Andersen and Halinen (1998), addressing this question in particular in their industrial network research, suggest a more elaborate framework for a better understanding of business dynamics as a social process, containing both a stability and a change dimension. The network assumption of interdependence between the actors and activities means that planning and control are not the only means of achieving coordination. Coordination in the network perspective is a process of mutual adaptation and learning and it both changes the structure of, and affects the distribution of power in, networks. Knowledge and experience of resources are important. (Lundgren 1992.)

In Figure 1 the concepts of the study are represented in relationship to each other. The structure of the theoretical framework of the study is illustrated as the levels in the triangle where the concept of the Coordination of the cooperation is seen as the starting point of the study. The interaction and the dialogue between the actors in the network are considered as the prerequisites for the development of

a common network brand identity. Such a network brand identity in turn, contributes to enhancing the mutual value creation process of the actors in the network.

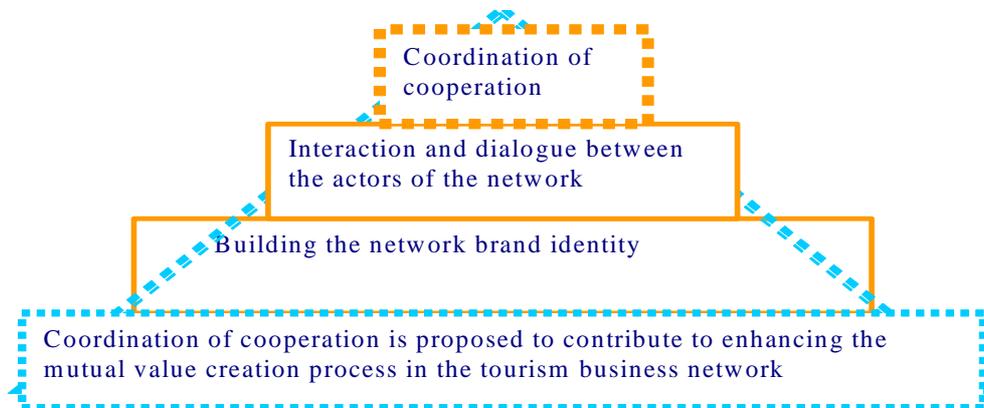


Figure 1 Coordination on cooperation contributing to enhancing the mutual value creation process in the tourism business network

In the following chapters the concepts of the value creation process and the network brand identity are covered in the context of tourism business network.

Dialogue as Value Creation Process in tourism networks

Ballantyne (2004a) explores dialogue as an interactive process of learning together. Dialogue also brings opportunities for generating new business knowledge between the actors in the network, in the form of creative solutions to marketing and supply problems, thus enhancing the mutual value creation. According to Tzokas and Saren (2004) dialogue allows participants in a relationship to reach a shared mental model, which assists not only the embodiment of shared knowledge but also actual utilization. Both of the former articles are published in the special issue of *Journal of Business & Industrial Marketing* opening up the topic of how value might be created in a business network context from a relationship marketing perspective. The special interest is to explore the concepts of interaction, dialogue and knowledge generation in the business-to-business context. (Ballantyne 2004b.) A dialogue can be seen as an interactive process of reasoning together, so a common knowledge platform is possible (Grönroos 2004). Grönroos states that traditionally value has been used in the marketing and consumer behavior literature as “the value of customers for a firm”.

Cambell and Wilson propose a descriptive model of the value-creating network development process where the purpose of the cooperation between independent actors along a value-added chain is to create strategic advantage for the entire group. This orientation implies that actors recognize and define the boundaries of their networks to encompass only the direct linkages that help them capture value (Campbell & Wilson, 1996). Cambell and Wilson point out that managing the relationships in the network is a critical core capability for the coordination. From a business-to-business relationship perspective, cooperative behaviour includes the coordination tasks which are undertaken to develop and maintain the relationship according to common and compatible goals (Woo & Ennew, 2004). Svahn has analyzed and compared the value system characteristics in different types of business nets by validating and evaluating the Value System Continuum framework (Svahn, 2004). As a result, new characteristics of emergence and added understanding on dynamics of the framework were identified. The findings also indicated that all the ideal types of nets can be seen as hybrid forms having several value system characteristics, not only efficiency or effectiveness. The Value System

continuum can be modified and applied in emerging tourism business networks to define the capabilities needed for managing and coordinating the cooperation in the tourism business network. In constructing the analysis of a business system, Redding analyses the concept of coordination. It refers to the patterns of connection, of bringing things together, which have become stable and comprehensible. Specifically, these are as follows (Redding, 2005):

“Ownership: This is the structure that first places a boundary around what are to be coordinated, in terms of being gathered together under identifiable and controlling ownership. *Networks:* The second domain is that of the links across the economy, whereby firms connect (or do not) among themselves, in this case using mechanisms other than ownership. These can include stable subcontracting or sourcing relationships, agreements to cooperate on market behavior, informal and formal alliances of many kinds. *Management:* This third form of coordination occurs within the organizations, and it represents the work of managers in bringing together into cooperative relations the necessary human, technical, and financial components of economic action.”

In this paper the network is defined as ‘a structure where a number of nodes are related to each other by specific threads (Ford, Gadde, Håkansson, & Snehota, 2003)’ and the coordination is defined as arranging activities in tourism networks. The focus in this study is in the coordination of the cooperation between independent stakeholders representing both public and private sector in tourism business, that have agreed on cooperation for a common purpose. Based on the business system analysis of Redding the relevant form of the coordination here is network because the actors connect themselves using mechanisms other than ownership. Nor is the coordination in this case occurring within the organizations.

Cooperation between organizations leads to different formations such as alliances, dyadic partnerships, supply chains, marketing or distribution networks, product-development networks, different competitive coalitions and strategic or value nets (Svahn, 2004). At its best the cooperative, inter-organizational action produces innovative, synergistic solutions, and balances divergent stakeholder concerns (Hardy, Lawrence, & Grant, 2005). The network approach is highly relevant to studies of tourism destinations, as they are constructed from multiple supplier activities crossing many types of businesses and sectors (Pavlovich, 2003). Regional development projects and the criteria for the EU subsidies have made networking and cooperation the key words in tourism industry (Komppula, 2000). Marchi and Martinelli (2003) emphasise a positive, identity-congruent industrial district image as a crucial competitive factor at an international level.

Analysis of the value-creating network development process can be applied in the context of tourism business network in order to find the critical success and value adding factors in a provider performance of a tourism network: why and how are the actors motivated into cooperation in the network; what is the value the actors in the network receive from the inter-organizational relationships; and how does the stakeholder cooperation contribute to fostering the staged authenticity, which in turn results in deeper experiences and customer satisfaction? Also, examining the strategic meaning of the knowledge factor for building trust is a prerequisite for developing authentic identity. It illustrates how strategic knowledge objectives can be laid down in the knowledge ambition of the actors who are part of the network. The knowledge ambition gives answers to the expectations and questions which the actors in the tourism network have “Are we doing the right things?” The second basic question is: Are we doing the right things right?” The role of the coordination in enhancing the value creation process in provider performance is very important. By intensifying the communication and the dialogue between the actors, the coordinated cooperation would be made more motivating for the members of the tourism network. The level of motivation would increase if high-level learning in the network could be facilitated.

Brand identity (in the context of tourism business)

The tourism destination branding is a relatively recent phenomenon and still too narrowly defined. Blain, Levy and Ritchie (2005, 328–338) state that the definition of destination branding should include the concepts of destination image and competitiveness. In this paper we argue that in the discussion of tourism destination branding, the contexts of brand image and brand identity should be separated as well as the supply-side, the demand-side and the interaction orientation. Figure 2 illustrates the

relationship between the supply-side orientation, the demand-side orientation and the interaction orientation of the concept of brand identity in the context of tourism business networks. The input of the network actors represents the supply-side orientation of the destination brand identity. The interface between the supply-side and demand-side represents the interaction orientation. The image of the destination, again, can be regarded as an external projection of the destination's identity (Marchi and Martinelli 2005). This is represented in Figure 2 as the demand-side orientation.

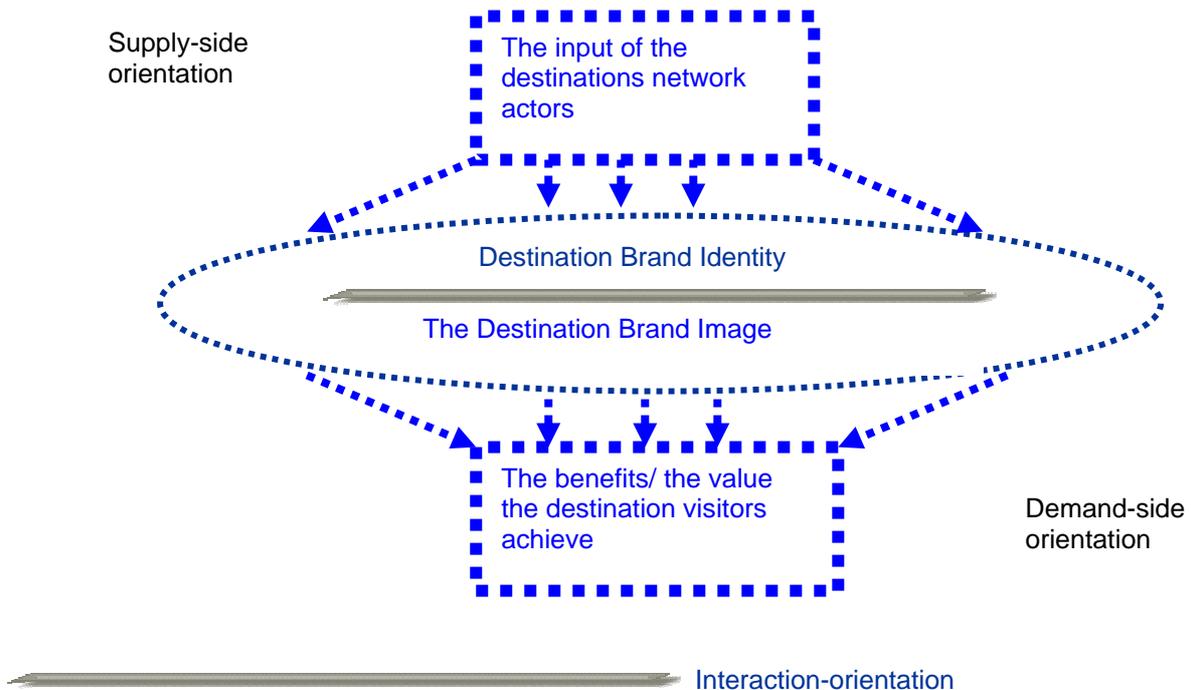


Figure 2 Destination Brand Identity

Demand-side orientation

According to Cai (2002) the previous tourism research emphasizes either how perceptions of a destination are formed on the part of tourists, or what factors affect formation of a destination image. Cai (2002) defines destination branding as selecting a consistent mix of brand elements in order to identify and distinguish a destination through positive image building. The findings of the research suggest that cooperative branding results in a consistent attributes-based image across multiple rural communities perceived by tourists, but builds stronger linkages of the image to the brand identity and more favorable affective and attitudes-based associations for a region than for individual communities. Kim and Kim (2004) examined dimensions of brand equity and how they affect firms' performance in the hospitality industry, in particular luxury hotels and chain restaurants and found a positive relationship to exist between the components of customer-based brand equity and the firms' performance.

Interaction orientation

The corporate brand, also in a network, will increasingly become ideological. People have a fundamental human need to belong to something they can feel proud of. To build a brand personality, also the network management considerations must steep into most aspects of general management: issues ranging from IT and human resources strategy through to the need for business leadership and network vision and values. (Macrae 1999.) When exploiting intangibles, the branding model emphasizes the value through the involvement in relationship of the actors in a destination network. Balmer (2001) defines an organization's identity as a summation of those tangibles and intangible elements that make any corporate entity distinct. It is multidisciplinary in scope and is a melding of

strategy, structure, communication and culture. Govers and Go (2003) see the challenge of projecting the (brand) identity of host communities in a way that meets the perceived tourist experience. The level, to which the tourist's expectations are met, is what is referred to as tourist (or customer) satisfaction. Therefore, it is crucial that both the design of a shared cultural identity and the construction of tourist scripts are rooted in a sense of place.

The brand can be seen as a cluster of values, which emanate from different members, entrepreneurs, in the network. In view of the key role the actors play in shaping a brand's values, more emphasis needs to be placed in network internal aspects of branding. It is important to appreciate how each member of the brand assesses its positioning. Therefore, the participation and commitment to delivering a coherent set of values of each member have to be enlisted. By auditing the gaps between brand identity and brand reputation, managers can identify strategies to minimize incongruence and develop more powerful brands. (de Chernatony 1999.) Effective leaders know how to connect the goals and actions of each key player in a network for mutual benefit, by understanding and meeting with their needs, by motivating and inspiring them. (Macrae, 1999.)

Hall (1999) underscores the significance of the coordination between the actors of a network in order to project a clear, positive tourism brand image. Also Crockett and Wood (1999) argue that an integrative and inclusive approach to destination branding is elementary in ensuring the promise of marketing and, in crafting the strong identity for the destination. Williams and Palmer (1999) emphasize the impact of electronic commerce on the development of strong tourism destination brands. It is evident that there is a fundamental need for an overall architecture for e-commerce. In that work the role of the coordinator is very important. Within a multi-layered and complex network, the coordinator of the network has to be able to create a responsive network community with its own identity. A relevant question is whether and to what extent the entrepreneurs have knowledge of relevant information about a site and are involved in sharing it with other entrepreneurs and customers. (Lemmetynen & Go, 2005). The Internet offers a fast highway of knowledge and its diffusion amongst the nodes of a network. The access to common network data sources, via virtual information desks, would help the individual entrepreneurs to plan and implement their activities in more effective and efficient ways (e.g. reduced transaction costs) and simultaneously support their common network goals.

The narratives of the actors in the Baltic Cruise network mirror the brand of the network. The coordinators have to raise the awareness amongst the stakeholders of the network's overarching vision and enable stakeholders through their actions to move towards the vision. Go, Lee and Russo (2003) point out how stories of entrepreneurs can strengthen social capital and brand identity. Cultural identity as an asset for development depends crucially on the establishment of an "ethics of the heritage". All the actors in the network must be fully aware of the risks of an unbalanced use of their cultural assets. Knowledge of and pride in their own heritage, as well as the recognition of opportunities that the encounter with guests offer, result from greater awareness. Information is an underlying factor of both education and ethics in developing the identity of a place for visitors.

In the travel and tourism sector the brand is likely to be intangible, which further complicates the brand building process requiring patience, commitment and clear vision. (Anholt 1999) Tourism products, in general, are a complex and dynamic amalgam of various components, which adds the extra dimension to any marketing strategy involving the building of a strong, identifiable tourism brand. (Westwood, Morgan, Pritchard and Ineson, 1999.) According to Macrae (1999), the modern branders are in debt to the leadership thinking in the service sector, because it is the people who serve the brand's lifestyle. De Chernatony and Riley (1999) argue that branding principles are common between products and services at the conceptual level. Yet, the current inconsistency of services delivery is regarded as a critical challenge, demanding greater emphasis on the issue of internal marketing, both in practice and in theory.

Supply-side orientation

In this paper the branding focus is on a network consisting of several independent entrepreneurs. The coordinator of the network needs to work with the members of the network to enable them to recognize, from their core values, what types of relationships are appropriate between the actors, and also between actors and customers and between actors and other stakeholders. What is important is regularly assessing the relationships, since these tend to change over time. The network coordinator

should encourage members to be involved in monitoring and evaluating how their perceived relationships reinforce their joint brand's values, personality and position in their network.

The coordination of service provider performance in tourism networks entails enhancing the value creation process towards a vision and cohesiveness of a network, and building, jointly, the authentic brand identity of the network. The latter provides a central viewpoint which is necessary in order to pinpoint the network's strengths and weaknesses, and undertake the actions which are needed to ensure the network's continuity. In order to be able to move towards the vision, to a common identity, it is important to perceive the present stage. By analyzing the gaps between the aspired and the present stage of the brand identity in tourism network, the resources can be steered accordingly. Educational resources, in particular, are important in the building of the identity. Equally, the role of the coordination is crucial in steering the resources towards the strategic goals.

A corporate brand proposition requires total corporate commitment (Balmer 2001). Also, in tourism business network it is essential that the actors are well aware of the values that the umbrella brand is communicating. Also, they should have a common idea of the brand identity. In learning the values of the brand and the identity of the brand, the role of coordination is essential.

Research Methodology

Qualitative, narrative approach in form of interviews

For an increasingly influential number of organizational theorists the primacy and autonomy of individual actors are taken as a given starting point. Organizational realities are thus very much a product of the subjective enactments or social constructions of individual actors. They do not exist independent of our perceptions. Chia (2002) points out that because of this the organizational studies, instead of focusing on the larger organizational unit should instead concentrate on individual meanings and intentions, interpretations, and sense making, in order to throw fresh light onto the reality of organizational life. Ethnographies, narratives, discourse analysis, and storytelling therefore provide the rich tapestry of inputs for this type of organizational theorizing. (Chia 2002.) Also Gummesson (2001) questions the mainstream choice of approaches and suggests alternative directions with qualitative rather than quantitative inquiry in focus. Gummesson emphasizes four basic strategies in the research of marketing: curiosity, courage, reflection, and dialogue noticing that the rest of the research is technical support.

In this study the qualitative methods in form of interviews have been chosen as a way to gather the empirical data. The interviews have been conducted by using the narrative approach meaning that the informants are encouraged to tell their stories as the participants in the network, and also about their relationship to the other actors. The qualitative methods and narrative approach are seen as keys in order to know how the actors in different parts of the network experience the brand identity. When the identity is communicated as a cohesive one, it may also be experienced as a cohesive image by the tourists. Gummesson (2002) has chosen the name of the interactive research for his current methodology-in-use. He based his choice on the conviction that interaction and communication play a crucial role in the research process. This finding helped one of the authors to see her research process in a wider perspective. The current research is based on her longtime interest in the activities of the regional destination marketing organizer that was founded as an enterprise (where the city is a major owner) at the end of the 90's. Since that the activities of this particular DMO has extended considerably encompassing nowadays an outstanding amount of different projects, where the personnel of the DMO is acting as a regional coordinator.

The Baltic Cruise Project has aroused the interest of the authors, in particular, because of the rich array of international actors, who represent the ten countries around the Baltic Sea. The focus of this study is on the coordinators based in Copenhagen, Stockholm and Riga, respectively, and their interaction with the regional coordinator in Turku. It investigates several queries in some depth. The research questions in this study are, first, how the respondents characterize their cooperation in the network; and secondly, whether the coordination of the cooperation enhances in their perception both the value creation process and brand identity building process in the network.

The interviews of the actors were following:

The Interviews:

1. In Turku, October 2005, Leena Lindholm
2. In Stockholm, December 2005, Maria Guggenberger and Claudia Quas
3. In Copenhagen, April 2006, Mette Holdt and Tina Lund Jensen.
4. In Riga, April 2006, Zane Mace

The sample selection process

In this study the criteria of choosing Stockholm and Copenhagen as respondents is justified with the fact that these cities are the two major partners of the project and also because of their leading position in the development of the region's cruise sector already before the project itself was launched. Especially Copenhagen as the coordinator of the project was recommended as the most important interviewee by both the Turku and the Stockholm representatives. Stockholm's role as the initiative partner couldn't either be denied and therefore it was important to choose Stockholm as a respondent as well. Turku and Riga, again, represent the minor partners in the cooperation project.

Turku as the first choice of the informants in this study was quite natural, because of the interest of one of the authors in following the development of Turku as a destination, and also the way in which it coordinates its own local network as part of a larger network, e.g. the Baltic region. As to the choice of Riga as one of the informants in the present study, it can be justified with the fact that the growth percentage in the amount of passengers to Riga is extremely high, all in all 60 % of the annual growth during the time period from 2000 to 2004.

The Cruise Baltic Project case

Case description

Cruise Baltic is a collaborative development project aimed at integrating the Baltic Region's cruise tourism industry into a sustainable 3-year growth strategy. Participating members in the project represent the 10 countries that surround the Baltic Sea, of which some are represented by several destinations, thus totaling 17 destinations and 30 partners. The Baltic cruise industry has grown at a phenomenal rate - over 50 percent since 2000. To face this challenge more effectively, 17 destinations and 30 partners in 10 countries around the Baltic Sea have joined together to form the Cruise Baltic Project. The aim is jointly to improve the destinations' facilities and to coordinate the international marketing of the Baltic cruise product. The three-year project began in September 2004 and is partly financed by EU. The goal is an average 20 % increase in cruise ship passengers coming to the region. (www.cruisebaltic.com.)

Overall administration will be managed in Copenhagen. Cruise Baltic Project is a guarantee of high quality. The logo is the most visible part of the marketing. It illustrates the participating destinations as pearls on a string. Besides Finland also Sweden, Denmark, Germany, Poland, Estonia, Latvia, Lithuania, Russia and Norway take part in the project. The Baltic area offers a broad range of experiences for visitors. There is also plenty of different themes for a traveler to choose from, for example "Kings and Tsars" and "Modern Architecture and design". The Cruise Baltic Project's website www.cruisebaltic.com serves the international cruise industry as well as the prospective cruise passengers. (www.cruisebaltic.com.)

The driving force in the Cruise Baltic Project is the project's activities. The activities involve all participating destinations and partners. The activities are grouped in four Work Packages. Work Package 1 stands for the service standards and local cruise networks. Stockholm is responsible for this work package which means that all destinations and parts involved in the Cruise Baltic Project are responsible for implementing common standards for service and port facilities. Copenhagen is responsible for the Work Packages 2, 3 and 4. In Work Package 2 the branding and product development issues are in focus, whereas in Work Package 3 the emphasis is on the press and PR – issues and in Work Package 4 in marketing. The branding platform is applied by all Baltic Sea Region cruise destinations both individually and through joint promotional campaigns and materials. The Press & PR goal again, is to increase awareness of the Baltic Sea region as a top-class cruise

destination through presswork and PR targeted at the international cruise media and the life style and travel trade media. The professional cruise segment is the main target marketing group of the project.

Data analysis

The informants were interviewed and asked to take part in the discussion about the different means of the coordination of cooperation. For the first the informants were asked how the co-evolution process had started from their point of view and did they have earlier contacts with the other actors of the network. They were also asked what was the perceived value and benefit they were getting of the coordinated cooperation. They should also discuss the role of the coordinator in the network in product development, and brand identity building. The perception of the informants considering the relationship with the actors both in the regional and the local network was asked, as well. Furthermore, the informants were asked about the commitment of the actors to the network. They should also consider whether the co-evolution process in the network enhances the development of the local network cooperation.

In the following the coordination of the cooperation in the Cruise Baltic Project is analyzed in themes emerging from the interviews. Firstly, the theme of the bridging the transnational aspects in the Baltic Sea region is discussed presenting the rich array of the actors from ten different countries representing the whole of 17 different destinations, with historically, culturally and politically different backgrounds. Secondly the theme of catalyzing the co-evolution process among the stakeholders is discussed shedding light on when and how the cooperation between the actors in the network started and how it turned into the co-evolution process, where the actors began to build the cohesive umbrella brand for the whole Baltic Sea region. Finally, the theme of how the stakeholders are committed to continue the cooperation is discussed.

Bridging transnational issues in the Baltic network context

From a generic perspective Cruise Baltic is part of a continuing process of political regionalization within the Baltic Sea Region, a process that has persisted following the period of East-West confrontation – post 1989. The Baltic Sea Region has been formed as the result of mutual interest and networking among states and sub-regions surrounding the Baltic Sea. (Interview MH, 11.4.2006.)

The informants in Copenhagen in April 2006 were the project coordinator Mette Holdt (MH) and Tina Lund Jensen (TLJ). At the moment TLJ is not involved with this project but she has experience from it from previous time. TLJ has also completed her Master's Thesis by studying the barriers the actors of the network were facing at the start of the project. Both of them had started in the project at the time the project was officially launched, in August 2004. Both of them were aware of the fact that the process actually started many years before the official kick off. The key partners from big ports, as Copenhagen and Stockholm had realized the need for several cruise destinations to join together. One of these early visionary actors was Maria Guggenberger (MG), who was interviewed for this paper in Stockholm in December 2005. Also Claudia Quas (GQ), the project leader was present in the interview.

Discussions for the cooperation had initiated as early as at the end of the 90's when Stockholm and Copenhagen as the big cruise sector destinations realized that in order to be successful and growing the cruise product in the Baltic Sea had to be developed to encompass several destinations for the cruise passengers to choose from. This flash of genius, together with the demand for the regional cooperation from EU:s side, led then to concrete activities, when the leaders parts of the project, Stockholm and Copenhagen, applied for funding from the EU year 2000. They were obliged to make the application two times, because of the new rules that came into force as the new EU-countries entered membership of the EU.

The perceived values and the benefits of the coordinated cooperation are different for the different stakeholders. The more emancipated cruise tourism providers, Stockholm and Copenhagen, see the value of diversity in the supply as a product development issue. Riga, being relatively new in the industry, again appreciates the value of cooperation with experienced partners. Since 2000 the annual growth in the number of cruise passengers in the Baltic Sea has been 16 %. The fastest growing destination has been Riga. In Riga the annual growth of cruise passengers has, in 2000–2004, been

the highest of the ports in the Baltic Cruise Project. The number of the passengers has risen from 18.843 to 124.655, which means a 60 % growth per year. According to Zane Mace (ZM), the cooperation in the BCP helps the coordinating of the local network, giving the know-how and experience of the benefits of working together. She regards the membership in the GBP as a benefit and value that reflects positively for the building of the local cruise cluster building.

Stockholm, that has been a strong destination in cruise business for a longer time, has been able to increase the passenger amount of 157.000 in 2000 to 304.638 in 2004, which means 21% growth per year. For Copenhagen/Malmö the respective increase is from 166.000 in 2000 to 304.638 in 2004 meaning 22% growth in the number of passengers per year. For Turku in Finland the growth percentage has been 21 % from 5.654 in 2000 to 12.132 in 2004.

When the project started in 2004 in the autumn there were 12 partners, and at the beginning of the 2005 the amount of the destination partners had risen to 16. From Sweden there are five destinations, in addition to Stockholm also Malmö, Visby, Helsingborg/Elsinore Denmark, Kalmar and Karlskrona. From Finland there are two destinations, Helsinki and Turku, and as newest the partner Mariehamn from the autonomous island of Åland. There are also two commercial partners in the cooperation project, Radisson SAS and SAS, which means that the EU Interreg funding is 40 % and the remaining 60 % is provided by the members themselves.

The members of the network see the diversity of the partners as strength. The two biggest destinations, Stockholm and Copenhagen have had a network of their own and they have been able to provide a high level cruise product by themselves. The question in the globalizing market of the cruise sector was how to diversify the product, and to enlarge the product to encompass several destinations around the Baltic Sea. It was not enough that Stockholm and Copenhagen were able to reach the standard the passengers of the cruise liners were demanding for. Also the other ports and destinations were expected to be at a minimum level. This means that the partners of the destination region, the Cruise Baltic Project members, had to be able to negotiate the conditions that would assure the acceptable service level.

It was not an easy task to coordinate of the cooperation between ten different countries, 12-17 destinations or ports and cities in these countries representing different historical and political cultures, different laws, different positions as new or old EU countries, different languages and different ways of doing things. However, it was manageable and the cooperation has developed from the personal contacts of the leading partners, Stockholm and Copenhagen to cover all the countries in the region of the Baltic Sea despite their earlier level of activities in the cruise business. The Baltic Sea region is now one of the world's fastest growing cruise destinations. The trend is that cruise companies are merging and need to differentiate their products. The Baltic Sea region has a great deal to offer, from a rich and varied cultural history to modern city life and natural beauty. This offers possibilities for the development of new cruise products, including new destinations and new thematic cruises.

Stockholm is responsible for the Work Package of service standard and cruise networks. The common standards include establishment of a local cruise network in all participating destinations. These will advance a positive dialogue among all cruise partners and promote the Baltic Sea Region as a player on the international cruise market. The standards will be specified in a handbook. The cooperation towards this goal demands, despite diplomacy, also the decision making abilities. Despite of the exotic nuances in the cooperation, both Swedish informants see the variety of cultures as a distinctive benefit that enriches the choice of the customers and makes the product more attractive and also more difficult to imitate.

It can be concluded that the earlier good (personal) contacts between the leading partners was the catalyzing factor for the cooperation between the 10 countries around the Baltic Sea. The pioneers were able to see the possibility to diversify the cruise project in the Baltic Sea region in the direction that potential target customers, the American cruise passengers would prefer. One of the push factors was also the aim of the EU to fund the projects that could have a positive influence in the regional development. The leading partners were already strongly established in the cruise business, and they were able to make the start smoother for the newcomers: Stockholm and Copenhagen assisted the pro-projects costs by giving the time and employee -resources without charging the rest of members. Also the Russian partner participated in the arrangements before the project itself started.

Turning the cooperation into the co-evolution process

The coordination of a network entails various tasks, including the coordination of a vision and cohesiveness of a network, furthermore the coordination of common knowledge and lastly the coordination of building, jointly, the authentic identity of the network. The latter provides a central viewpoint which is necessary to pinpoint the network's strengths and weaknesses, and undertake the actions which are needed to ensure the network's continuity. The question of managing and coordinating the network is a fundamental problem. Somebody has to provide the leadership and set the goals albeit in cooperation with other actors.

The fact that the leading partners had strong faith in the project even before it really started, comes evident from an episode regarding the brand building process. The actors of the future network were asked to make a kind of SWOT-analysis already BEFORE the project was started and before the decision from EU was clear. The partners were asked to make a list of the strengths and weaknesses of their own destination and the whole Baltic Sea region. Thus, when the project started the brand building process could be started immediately and the process was very short and intensive resulting in the brand ideology and visual experience that all the members were satisfied with and could accept as the cohesive brand.

The members of the network are able to distinguish the Baltic Cruise project brand identity from the identity of the destination they represent. MG mentioned that the brand identity of Stockholm differs from the CBP brand identity, and she doesn't see this as something surprising. For the customer, the brand of CBP should represent a quality label, providing a service level all the actors in the network are committed to. For the actors, the visual brand is usable both in the region, the Baltic Sea, as well as at the level of the individual destination.

Bonding stakeholders through a Baltic Destination Brand identity

For the members of the project the coordinated cooperation gives the feeling of benefiting the whole region, together they can get "a bigger cake and a bigger piece of the cake for everyone". The members get everything organized, and again more visibility,. What they get depends on what level they are in the business: the cooperation gives more knowledge and know-how for the newcomers in the business. The role of the coordinator is to make the project visible, to get new partners into the network and to represent the network before the media, e.g. at the cruise fairs, the most important of which are the annual fair in Miami and the fair in Hamburg every other year.

As to the product development, the coordinator has to be aware of the plans in different theme groups, but the initiatives from the groups themselves are more than welcome. Working in the groups seems to be an efficient way of working and preparing suggestions for the annual meetings to resolve and make decisions about. Both MH and TJ emphasized the objectivity of Copenhagen as the project coordinator towards each of the different destinations and the 10 different countries. MH as the active coordinator is making a big effort in representing the Baltic Sea region as a whole. The project secretariat has to be neutral and objective. As an example she gave the press releases, which must always be project related.

In the leading group of the project secretariat there are the despite MH also her chef, who is the managing director of the project. The role of the coordinator can be seen as both operative and strategic. It is operative in the sense of organizing the meetings three times a year, offering secretariat facilities, planning for the Work Package meetings. But the role of the coordinator is a more strategic one in leading the network, taking initiatives and making sure that things are getting done and also, thinking ahead, being visionary. The members of the network can feel safe and have faith in the coordination, giving the coordinators the freedom to decide. The network is also democratic in a way that all the members can be active and give their input, listen to customers and make suggestions for new activities. The fact that the members of the network are, despite of being partners, also competitors, is something the coordinator must be very aware of.

ZM in Riga was not working for the project at its very start. As the nearest partners she mentioned Copenhagen as the coordinative actor, and Tallinn and Klaipeda and Gdynia as the destinations Riga had had earlier contacts with. The coordinator's work is very professional, structured, easy to go along with and the coordination is almost perfect. The work is organized in working groups, which hold

telephone conferences, use e-mail and extranet. ZM is working for the local network and finds her work easier now that there are good experiences from the CBP. Each partner in the CPP should have their own local networks, which some of them already have acquired in beforehand while others haven't. ZM is convinced that the development of the network of the CBP also develops the local network and the destination of Riga. The niche of the cruise sector has been very poor but now it has developed strongly, partly because of the good experiences from the CBP: for a small country like Latvia it is better to be in a union, it gives you resources. "If we are not a part of something, we are out of the business, it just that simple" (ZM, 7.4.2006).

According to ZM, the brand is logical, she feels very comfortable about it, and likes it. "It was a long process, proposals, the partners checked it, it was not a short process, but we could agree" (ZM, 7.4.2006). The role of the coordinator is to link the partners together, to build a community and to draw the guidelines for the activities. The coordinator of CBP is visionary and they are experts in the business. As to the role of Riga as a partner, "we should do our input; take part of the decision making" (ZM, 7.4.2006). It is much easier to have contacts with persons, whom you have met; everything goes much faster now.

As well as the other informants also Riga sees the future of the network as positive. If the funding is not achieved from the EU then the partners are probably organizing the funding themselves. The members of the network are committed to the cooperation and seem to be interested in continuing even if the funding from EU wouldn't be assured. Also the visitor numbers on the web site are rising, which gives hope for a growing interest. ZM sees the role of Riga as a member of the network as an important and active partner taking part in the decision making in working groups. Riga as a cruise destination differs distinctly from e.g. the Nordic destinations, the location of the port is good, in the middle of the town and the old town is a very compact attraction.

The way the working groups are developing the different themes is time and money saving, because of the telephone conferences and the extranet. All the members have been able to take part in brand building, and at the meetings the actors can discuss and make decisions together if they want to make some changes in themes, product development or brand ideology.

Conclusions and Discussion

The research was focused on inter-organizational innovation systems and particularly the interactions between the stakeholders in a tourism business network. The theoretical discussion referred in the paper showed the evident need for the coordinated cooperation in the tourism business networks. As a conclusion from the theoretical discussion it could be proposed that by combining their resources into a dynamic process-oriented strategy the dialogue between the actors in the network brings opportunities for generating new business knowledge thus enhancing the mutual value creation.

In this study the analysis of the value creation process was applied in a tourism business context in order to find out the critical success and value adding factors in a provider performance. The coordination of service provider performance in tourism business networks entails the value creation process towards a vision and cohesiveness of a network, and building the brand identity of the network.

The research questions in this study were, first, how the actors in the tourism business network characterize their cooperation in the network; and secondly, whether the coordination of the cooperation enhances in their perception both the value creation process and brand identity building process in the network. The empirical evidence from the chosen interviews of the Cruise Baltic Project Case shows the need for the coordination to be able to manage the strategic goals of the brand building by leading the actors into the visional direction by motivating them in the co-evolution process of the Brand Identity. The coordination tasks involve also the more operational side of the management by offering the partners effective ways of organizing the social and technical structures of the cooperation, such as the annual meetings, the time and money saving telephone conferences, and the use of the extranet as an information and material bank.

The main contribution of the study analysis is viewed from three different angles. Firstly, seen from the local actors' perspective the study shows that the cooperation in the regional level gives the partners the experience and the know-how to manage the co-evolution process of the brand identity in the local context. The experienced and well coordinated cooperation in the regional network, the Baltic Sea destination, works as an example for the actors of how the local network might be coordinated. The project management at the micro level (firms) has demanded innovative thinking in the sense that the leading partners of the project have been well ahead of the increasing interest in cruise products. They have been able to see the trends of merging cruise companies and the need for differentiated products.

Secondly, analyzed from the viewpoint of the network (meso level) the visionary abilities of the leading partners have been implied in the means of coordination. The empirical evidence from the case analysis describes the dynamic process of the brand building where all the partners could give their input. This process was started even before the funding from the EU was clear. The cooperation was then coordinated effectively in work packages where the main responsibility was divided between the two biggest partners, Copenhagen and Stockholm. All the partners are active in the work groups and they are able to have an impact on the product development. The telephone conferences and the extranet are time and money saving, efficient tools for the coordinating of the cooperation.

Finally, at the macro level, globally, the cooperation between the actors in the Baltic Sea region seems to make the region as a Cruise Destination Brand a competitive and actually one of the world's fastest growing cruise destinations. This demands, however, that the brand identity has to be cohesive despite the heterogeneous group of the stakeholders. The actors have to be able to agree on the brand ideology and the visual experience of the brand. From the viewpoint of the customers, whether the customer is a b-to-b -customer, a cruise liner and the agency selling cruise products, or whether the customer is the final user of the product, in any case the projected image will affect their decision making process. And this image is an external projection of the identity of the brand, the brand of the destination region as a whole.

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