

# Business nets in the development of a tourist destination (Visit Sompio)

## **MAKKE**

Matkailualueen kohdekokemuksen  
kehittämismalli

Authors: Matti Liimatta & Marjo Harjula

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Networks and networking are an integral part of today's successful tourism business and its development. However, the concepts related to networking and the network economy are still quite diverse, discussing macro-networks or industries as networks, business networks and nets, value nets, strategic networks or nets (Möller, Rajala & Svahn 2009, 8–9). In this article, we discuss business nets in developing a tourist destination.

A tourist destination is the place that tourists visit to gain experiences. A tourist destination can be defined from many different perspectives; here we approach the tourist destination mainly from the perspective of social sciences (marketing) research, where the various actors of the destination together build a total tourism product (total offer) for both tourists and local population. (Ritalahti & Holmberg 2017, 48–49.)

A business net usually consists of a wide range of organizations, and its operations and development are guided by common goals and objectives as well as the individual goals of each actor. A well-functioning business net is usually goal-oriented and built consciously. In a business net, members have pre-agreed roles from the perspective of responsibility sharing, risk-taking and earnings logic. (Möller et al. 2009, 10.)

The cooperative relationship of two companies forms the basic element of networking. Every company usually has numerous business relationships. Such a set of dependencies forms a network that almost always includes non-profit organizations (e.g., the municipality, government institutions, and educational and research organizations).

When companies rely on each other's core competencies, their interrelationships become more diverse and interactive, i.e., the business is heavily networked. It can be challenging to analyse a networked operating environment (business ecosystem) due to many overlapping and interacting forces, such as the ever-increasing complexity of business environments, the speed of change in technology and consumption cycles, and business globalization. (Möller et al. 2009, 18–20.)

Value functions refer to all the measures that are needed to make product offerings available to the final consumer. Coordination and renewal of value functions through business nets (strategic nets) is becoming an increasingly central way of operating in a successful business. (Möller et al. 2009, 18.) Companies seek diverse benefits through different business nets. For example, supplier nets aim for cost efficiency, fast delivery and flexibility. On the other hand, the development of product offerings and business processes can be enhanced through affiliate nets that create and combine knowledge. Competitive nets aim for market power and greater customer demand. Competitive power can be sought by combining the product and service offerings of local companies, i.e. their special expertise is expanded into entities. (Möller et al. 2009, 22–23.) Such local nets have been formed especially for the tourism industry, where networking has been necessary for a long time.

Business nets usually seek one of the following benefits, or a combination thereof:

- developing business processes and offerings
- increasing operational flexibility and agility
- increasing market power by pooling resources
- creating new technologies and new business (Möller et al. 2009, 24–26).

In particular, micro-enterprise networking has a number of significant tangible and intangible benefits. The goals of networking are often the company's growth goals, cost efficiency, competence development and obtaining information. Together, small businesses are more than everyone alone. By networking, small actors can achieve greater visibility, better and more diverse service provision, and, if necessary, expertise and resourcing. (Toivola 2006, 13; Fyall 2008, 334.)

The condition for networking is the entrepreneur's own desire to cooperate and actively participate in the creation of cooperation and network. Mutual trust, maintaining trust and transparency form a solid foundation for long-term cooperation. When networking, a micro-entrepreneur must be realistic in their own expectations, and not immediately expect too much from the budding cooperation. The entrepreneur must also make their own contribution to the development of cooperation. Lack of transparency and outright secrecy may slow down the flow of information and impair the functioning of the network. (Turunen 2011, 36–39.) A micro-entrepreneur often has difficulty finding time for non-core business processes, so the time spent on joint development must be used efficiently.

Visit Sompio was founded by entrepreneurs in November 2016. The purpose of the association is to promote the cooperation and networking of companies operating in the northern part of Sodankylä municipality and its vicinity, and to increase the region's international and national attractiveness and reputation as a tourist destination. The association also acts as an advocate for companies in the region. Members of Visit Sompio include companies, event organizers and other actors operating in the region as well as the municipality of Sodankylä. The main responsibility for the association's operations lies with the entrepreneurs, and the municipality of Sodankylä mainly takes care of the financial marketing investment to enable the association to operate. (Pohjois-Sodankylän matkailuyhdistys 2017.) The local destination, area and company are considered as their own entity, where everyone has their own significant role in the task and role as a network developer. The various parties need to understand this division of roles in order to successfully develop the local tourism industry together. The actors need to internalize that networks are an important part of everyday business. Successful cooperation can also bring about new products and development in general. Different individuals have different perceptions, experiences, skills and competencies that should be utilized in the development of networks, and each should give these strengths to the use of the networks. (Comas, Guia & Prats 2006, 63.)

Personal relationships are an integral part of the cooperation network. Cooperation and social relations succeed when the common rules of the game are clear, the activities are open and honest, and the common goal and goal state are clearly defined. (Niemelä 2002, 71.) Entrepreneurs are also more committed to the network when everyone is able to influence their activities equally and they feel that their opinions are valued. Committed actors are eager to participate in the network and actively interact with each other. (Toivola 2006, 98–99.) In Visit Sompio, each member has a good opportunity to influence the present and the future. Due to the small number of actors, the commitment and activity of the individual member in developing the joint activities is emphasized.

Trust among actors is strongly linked to successful networking. An effective network is based on trust and the interaction between people is emphasized in the activities. Networks with an equal structure and clear objectives often promote trust in the network system. Networking is a current trend, and the benefits of collaboration outweigh the investments made. (Korkala 2010, 160.)

Trust is built gradually and each network actor must be able to show other actors that it is worthy of their trust. It is not always possible to be the direct beneficiary, but it is also necessary to accept the fact that the proceeds may sometimes go to someone else. Reciprocally, later on, it may be otherwise, in which case you yourself get a greater benefit than someone else in the network. Trust and trust building also benefit the entire network financially. (Niemelä 2002, 77–79; Valkokari et al. 2009, 6; Fyall 2008, 335, 342.) It can be said that loyalty, solidarity, trust, equality and receiving support are very important in networks. It must be possible to discuss even difficult issues constructively and seeking solutions.

Networks are very important for entrepreneurs and companies in the tourism sector. Well-functioning networks make everyday life easier for the entrepreneur, save time and reduce costs, and improve the operating conditions in general. On the other hand, successful companies and trusting cooperation also increase the vitality of the surrounding areas. Especially in remote regions, the importance of co-operation in business and its development is further emphasized. The various workshops and study trips carried out within the framework of the Destination Experience Development Model project have intensified the internal cooperation of Visit Sompio as well as facilitated the networking of Visit Sompio members with small tourism companies in Utsjoki and Ranua. The interaction and networking of entrepreneurs has certainly strengthened the belief in the actors' own doing and in strengthening the specific features of their own tourist destination when doing business successfully in the future.

Key takeaways:

- 1 Business nets are formed by a variety of organizations and actors.
- 2 Functional business networks are organized and goal-oriented.
- 3 The importance of good personal relationships and seamless cooperation is emphasized in successful business nets.

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