



# PROJECT MARSTRAND

Future Tourism Management - A benchmarking of the  
organizational configurations of 3 marinas

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## *Project Summary and Recommendations*

This project is ordered by Kungälv kommun and concerns the harbor area Marstrand, within the same municipality. It is written for and delivered to the municipality as a consultative benchmarking project in light of the EU project “Future Coasts” and order to investigate preferential operational configurations beneficial for future tourism growth. The report first presents the issue at hand, as specified by Noel Corner, information officer at Kungälv municipality and as comprehended by the project group. The report then specifies the delivery in accordance with client expectations, given time frames and intensions for report usage.

Marstrand, a part of Kungälv municipality and also an ancient tourist destination, has been experiencing a decreasing business climate and pertaining dilemmas. A basic assumption is that the present situation is a consequence of several years of a downward spiral of negative events causing the tourism profitability to suffer. The question whether the operational configuration of the marina is an issue for further tourism development should be investigated in light of earlier research and the recent disappearance of facilities and necessities such as ATMs or adequate hotels.

Initially, this report presents a benchmark of alternative operational configurations in Stenungsund and Skagen, in order to give insight in other modes of operation and possible opportunities and constraints of these cases in relation to Marstrand. These are investigated with regards to specifically six areas of concern; background, effect on seasonality, business life and employment, local consensus management and finally Key Success Factors.

Skagen port, has adopted the operation of the marina and the tourism brought in buy the sea during peak seasons. The port organizes much like a corporation, although municipality owned, and hence manages to keep flexible and profitable. The major focus on professional marine firms has attracted entrepreneurs and year around facilities, such as restaurants. Showing up heritage through museums and lighthouses also benefits them.

Stenungsund marina is run by the municipality as well but has cooperates on a wide scale with the entrepreneurs of the shopping center through a joint organization, hosting events etc. During low seasons they leave the facility maintenance to year-around citizens and these factors create synergies. Stenungsund has also been the center of petro-chemical industry on the west coast, which allows infra- and suprastructure to remain.

When benchmarking is applied to the Marstrand case we find that Marstrand is in need of a clear tourism offer, packaged and organized to be viewed from the tourist perspective, with its on tourism developer and organization that promotes entrepreneurial cooperation and growth. This report further highlights the present issue and suggests other areas of investigation, such as communication and cooperation between municipality, county and government.

# 1

## Part ONE

### Introduction and Clarification of Project

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1. Project Background - Client Needs
2. Project Focus – Contribution to Needs
3. Project Objectives – Delivery Specification
4. Six Aspects from Which Success in Harbors Could be Measured
5. Previous Lessons – Summary of Previous Projects Contributions

## 1. Project Background – *Client Need*

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Marstrand, a destination located around 40 min Northwest of Gothenburg, is today an island that is part of Kungälv municipality. It was founded as its own, separate city during the 13th Century but became a part of the bigger municipality Kungälv in 1971.

The island is today a resort and vacation spot for sailors and summer guests. The number of guests to the island, around 500 000 people yearly, has its extreme peak during 6 weeks of summer and 5000 people yearly choose to stay for the entire summer while only a total of 1400 people live there during the winter. The long and vital tradition of boat life also makes for a troubling fluctuation of business activity due to weather and season. The harbor on the island is a waterway in the middle of the unique west coast archipelago and because of its age, landmarked as a cultural heritage making transaction of ownership and renovations a bit problematic. Furthermore while the area is crowded during summer, it is almost empty during winter and days of bad weather. This fluctuation is troubling in many ways, mainly because it discourages new business ventures, but also because it is hard to balance demand and capacity when it comes to facilities. The major events and the crowded summer culture also attract big groups of daily visitors who stay in their boats and create disturbances. (Kungälv.se 2010-11-20 and interview with Noel)

Kungälv municipality is today concerned about the business climate and future development and prosperity of the harbor. Marstrand is not as an attractive location for tourism businesses anymore and there are no longer even gas stations or ATMs in the area. All of the above eventually result in few job opportunities, poorly stimulated markets, and at the same time a local population very hesitant to stimulate further activity in the summer. These conditions hence create a spiral of negative developments, decreasing business activity, further discouraging new ventures and naturally influencing the year around facilities and living conditions for the local population in Marstrand.

On account of the EU-project future costs, special light is aimed at preserving and enhancing the island and the marina included. The municipality hence wants to review the mode of operation and ownership in order to improve the preconditions for developing attractive services for future visitors.

## 2. Project Focus – *Contribution to Needs*

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On account of the recent development on Marstrand, specifically within the harbor area, with regards to tourism, this report hence includes a benchmarking of the ownership and operational mode at Skagen and Stenungsund harbor to *highlight constraints and possibilities for Marstrand marina*. The project focus is mainly how the mode of ownership and operation in the marina affect the development of attractive services to marina visitors and what can possibly be changed, based on benchmarking results.

*"What mode of ownership and operation in the marina would be best for future development of visitor services?"*

The ownership and operational mode of Skagen and Stenungsund is evaluated and analyzed in accordance with Marstrand constraints and possibilities and with focus on establishing below specified consequences. With the desirable effects that the municipality hope to achieve by the development of harbor tourism in mind, the report investigates and compares alternatives for ownership and operational configurations.

## 3. Project Objectives – *Delivery Specification*

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### Project Objective 1

To establish a possible picture of the advantages and drawbacks resulting from the marina ownership and operational mode of Skagen and Stenungsund

*Following focus areas are assessed as possible consequences of different operational configurations:*

- *Background contribution to present situation, such as historical and cultural heritage*
- *Effect on seasonal vulnerability*
- *Effect on job creation and employment*
- *Effect on business creation and increased sales of current activities*
- *Local consensus management*
- *Key Success Factors of management configuration*



## Project Objective 2

Based on previous benchmarking this report also identifies, among the operational configurations of Skagen and Stenungsund, a future recommendation for Marstrand, taking internal constraints and capabilities in account.

## 4. Six Aspects from Which Success in Harbor Development Could be Measured

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As described in the objectives, following areas of interest will be addressed with the regards to the investigation of the harbor areas in Skagen and Stenungsund operational configurations.

**1. Background contribution to present situation**, such as historical and cultural heritage

How historical and cultural heritage contribute to ownership and operational structure

**2. Effect on seasonal vulnerability**

How management configurations have influenced and contributed to smoothing the seasonality issue.

**3. Effect on job creation/employment**

How management configurations contribute to or influence job creation.

**4. Effect on business activity/increased sales of current activities**

How management configuration can help increase the increment of sales.

**5. Local consensus management**

The politicians will not approve any project that could destroy local consensus, and jeopardize their reelection. How can the operational and ownership structures affect local consensus issues?

**6. Key Success Factors of management configuration**

Success in maximizing positive externalities (job creation + increased sales) via seasonality management, while handling local consensus, heavily depends on local municipality constraints and capabilities. The two benchmarking examples do have certain key issues, closely related to constraints and capabilities that made the success possible. These will help assess whether or not the application of such a success is likely to happen in Kungälv municipality given Marstrands own capabilities and constraints.

## 5. Previous Lessons – *Summary of Earlier Projects Contributions*

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### Earlier Project Results

The decreasing activity on Marstrand cannot be analyzed and diagnosed easily with regards to one reason or cause. There has been several attempts to understand the dynamics of the harbor area and to finding the keys to a prosperous turnaround. The absence of one specific problem is evident when you go through earlier attempts to pinpoint the issue and you notice how earlier projects try to rebuild the Marstrand harbor ecosystem with quick fixes and solutions that is meant to make everyone happy. Within the hundreds of pages written about the problematic situation on Marstrand you can however find valuable insights and information into what could be considered a fundamental solution to growing a prosperous eco-system in the harbor.

### Tourism Considered a Possibility

From earlier research, such as bachelor theses and independent studies Marstrand is viewed as an opportunity for tourism development. During the beginning of 2000, when the problem was highlighted, Noel Corner was appointed responsible for the issue and information was produced on visitors attitudes, the future prognosis and possibilities. The Marstrand island has commonly been treated as a part of Kungälv and hence any analysis of visitors etc. will be influenced by the entire municipality interests.

In the study "Tourism – threat or possibility?", the author investigates the local populations resistance to tourism. The thesis then concludes that local rootedness within the Marstrand area is positively correlated with a positive attitude towards tourist while the summer guests view tourism as imposing on the calm and quiet of the area. The majority of the respondents however welcomed more tourism to the island. The director of Social Structure Monica Wincentsson declares how she believes that building more houses on and around Marstrand will attract more residents and hence that the future development start with building residential homes both in and near Marstrand (since there is limited space on the island) and hence attract year-around facilities, a precondition for tourism ventures.

### Tourism Planning

Furthermore, the study "Resorts in Bohuslän" investigates how similar resorts to Marstrand incorporate and commercialize history in their tourist offer. Most importantly she clarifies what it takes to develop a successful destination. First and foremost a (1) *broad and genuine local commitment* is fundamental. Inhabitants needs to take responsibility for their domicile, this also goes for public officials as well as entrepreneurs. Tourism will influence the

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entire society and hence everyone contributes and everyone can enjoy the rewards. Second, (2) *you need to be aware that people do not travel in order to spend money*, they usually do not buy, they only want to watch and experience. Because of this fact, (3) *the tourist also view their trip as a package*, regardless of the different elements. Hence, it is difficult to control to whole tourism product unless you cooperate. Entrepreneurial clusters should therefore not be seen as separate competitors but as creators of synergy and as common tourist attractors. The tourist attraction needs to provide the tourist with what it wants, requiring to (4) *know your tourist*. The tourist also has to be informed of the option, through marketing for example. Because tourism has such profound effects on a society it is hence (5) *important to plan for tourism*. This in order to avoid negative effects and reap the rewards of tourism. These are rewards such as work opportunities, increased income, incitement for improving infrastructure, improving image, providing entertainment for locals, investments in nature and culture. At the same time however, you need to be aware to plan against problems such as culture crashes, with consequential social issues, resentment towards reinvesting in tourist instead of schools etc., cultural integrity issues, vulnerability to sudden political or economical changes and increased inflation. The study then went on to discuss multiple ways of planning destinations and recommended a particular way to plan resorts of similar sizes.

# 2

## Part TWO

### Benchmarking of Three Harbors

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#### 5. Benchmarking objects

##### 5.1 Reference Case – Marstrand

##### 5.2 Case 1 – Skagen

##### 5.3 Case 2 – Stenungsund



## 5. Benchmarking Objects

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### 5.1 Reference Case - *Marstrand*

#### 5.1.1 Operational Structure

Marstrand is fully run by Kungälv Municipality. Decisions regarding the island are taken on a political level and executed by the Head of Municipality Kenth Johansson, and with him, different institution officials. Marstrand harbor office is part of the entire islands Social Structure Office, one of several specific institutions on Marstrand in charge of maintaining and developing island infrastructure and facilities. Noel Cornér describes the municipality service as extended and Monica Wincentsson describes the activity within the municipality as well functioning and with several future plans. Lars Remler, harbormaster at the harbor office, handles three areas, the guest harbor, the year-around spaces and the professional quay. Other parts of the area are run privately. Botellet, an older hotel with belonging restaurant and the new venture, Havshotellet, a newly built hotel and spa that hopefully will serve as the hub for future tourism growth. In light of this structure, and the previous stated demand for a specific package deal from the tourists' perspective a fair question if whether there is room and need for a new and cross-functional organization in the harbor area that covers the whole tourism package and creates unity from the visitors' point of view?

Marstrand has today no separate tourist association, mainly because this kind of organization is more directed towards service than development and planning. Furthermore the tourism promotion in on the island was earlier coordinated through the organization Team Marstrand, a joining of Marstrandsföretagarna&co among others. This configuration has been desolved and the resonsibility for marketing has been left to the umbrella organization Södra Bohuslän, an organization in charge of promotion for the major harbors in the area. This organization has nothing to do with the facilities or the structures, nor the tourist offer, they only provide conjoined marketing campaigns.

#### 5.1.2 Marstrand Constraints and Possibilities

Today, the remaining business life on Marstrand is according to Noel **totally dependent on the closeness to Gothenburg**, both considering tourism and year around business activity as well as market prices for houses etc. Something that could be considered both an opportunity and a constraint, considering the closeness to the city will both attract people but still normally not during longer periods.

For many years, the professional fishing in the area has been stacking and the **traditional industry that used to provide the area with a lively dynamics is not longer feasible**. Vessels today are also bigger which means that the inner harbor can no longer provide adequate depth and volume. The attempt of maintaining the fishing has been troubled by the lack of infrastructure, such as good roads and railroads needed to transport supporting goods etc. In connection to the investment in the shipyard, a bridge was built, only to be completed when the industry bubble burst.

Furthermore the inadequate infrastructure, beaches, bathing platforms, piping and strolling and bicycling paths is paid for by the government and they will not invest unless they consider it a prioritized area. Hence the **starting point must entail developing an attractive area and then providing the government and county with good reason to improve further infrastructure**. This also goes for the development of public transport, another possible area of development to increase tourism.

For these reasons it is important to **look at the future development of tourism from the customer/visitor point of view**. As stated earlier, the visitor views the entire experience as a package deal and collaboration and unity is of utmost importance. One of those possible visiting groups is Gothenburg residents, both looking for a summer location and a weekend getaway, with family or with the company.

On the other hand, Marstrand has a vivid and dynamic history, easily reproduced and commercialized. This provides an **opportunity for theaters, museums, souvenir sales and other things associated**. Historical tourism is also investigated in the earlier research as a core opportunity for developing tourism and building a brand. This however is now in the hands of the joint venture Södra Bohuslän, but can with benefit be reinforced through a strong local organization of activities and offerings.

#### 5.1.3 Key issues of Concern

For future development, Marstrand is limited in certain aspects and hope to minimize these .

*Characteristic issues of concern can be defined as:*

- **Resistance against present tourists among part of local population.** Some local inhabitants feel that peaks of tourists leaves them without parking and facilities. For these reason building processes and ventures are slowed down by red tape
- **Tourism feeding on boat tourists and summer guests exposes the business climate to extreme seasonality.** In order to make room for extreme tourism peaks supply and demand during other periods are completely unbalanced.
- **Marstrand is only an hour drive from Gothenburg, this brings tourists that cannot go away over**

- night but it also allows people go home, instead of paying for room and board.
- **Marstrand has a long history of being a resort for the wealthy and its historical** image prevents any attempt to rebrand on a short-term. This fact also gets people involved in tourism development take the brand for granted, instead of trying to create one voice, one clear offer.
- **Marstrand is coupled with the rest of the municipality** and hence is not treated with special attention on the side of other important municipality functions.
- There is a lot of unnatural friction within the municipality when developing the island. Business owners have to go through a lot of red tape in order to realize their ventures. **At the moment there are no clear incitements for locating on the island.**
- **There is a lack of key people inspiring and encouraging change** that are also prepared to implement and follow through.

## 5.2 Case 1 – *Skagen* (major case)

### 5.2.1 Skagen Background

Skagen has over 100year's history starting in 1903. From 1903 to 1931, Skagen was owned by national government. Due to many stakeholders' efforts, the Parliament passed the bill of constructing a double harbor near Skagen. Later on, they built up a fishing harbor as well as harbor master residence, the fish warehouses and the Danish architect Hack Kamp Mann's custom house. 1907, the harbor was opened by King Frederik VIII. On the harbor, Carl Locher, the marine painter, had erected an impressive triumphal arch decorated with herring warp and bobbers. All the business, as well as the possibility to be a successful destination, started there.

From 1933 to 2010, they kept expanding the area of harbor and adapted to the demands from fishing professionals and their businesses. In 2001, Port of Skagen was sold to the Municipality of Skagen. In 2007, the harbor celebrated its centenary, just like his great-great-grandfather King Frederik VIII before him, Crown Prince Frederik opened the festivities which comprised various events such as a centennial exhibition, the inauguration of Pelagic Skagen A/S; Dexia FARR 40 Skagen Race; the official inauguration of the new harbor expansion; the presentation of Port of Skagen's centennial anniversary book; and a lot more.

Skagen is today the northernmost area of Denmark, a town and a piece of land located in Nordjylland, and connected to Fredrikshavn municipality, with a population of 8631 average year-around inhabitants. The Skagen port, the harbor area in Skagen is located at the very peak of Denmark, only a few miles from the Swedish west coast line and in right between Skagerak (separating Denmark from Norway) and Kattegat (separating Denmark from Sweden). Skagen is also a natural passing point on the way to the Baltic Sea from the Atlantic Ocean.

### 5.2.2 Description of Organizational Structure

Organizationally, Port of Skagen is a municipal autonomously governed harbor owned by Frederikshavn Municipality. A 7-member harbor administration is responsible for the overall management. The Harbor Master heads the daily management. The harbor is operated as an independent business entity, which has been separated from the municipality – administratively as financially. The Harbor is continuously investing in the development of the harbor, comprising projects for the purpose of improving both infra and supra structure.

**The Marina in Skagen is developed in following unities:**

- Skagen Lystbådehavn – the Marina is open to visiting sailors from April 1 to September 30.
- Skagen Sejlklub (Skagen Yachting Club) - has an additional number of mooring accommodations for visiting sailors at their disposal in connection with their jetties in the seining basin.

Pursuant to the Danish Harbor Act, Port of Skagen is not allowed to operate a marina. According to agreement, Port of Skagen is responsible for the supervision of Skagen Lystbådehavn during the marina season. In the off-season, the central basins of Port of Skagen will be used for the purposes of business activities – comprising berthing space for fishing boats registered in Port of Skagen. Thus, it is referred to the Frederikshavn Municipality who is the lessee and administrator of Skagen Lystbådehavn – the Marina.

### Investment Areas:

The harbor wishes to strengthen its position as Denmark's leading fishing harbor. In addition, Port of Skagen intends to develop new business areas; thus, the most recent extension of the harbor represents a total of 75,000 square meters vacant for commercial purposes –with direct access to the quay. There are no plans to discontinue to arrange with Skagen Lystbådehavn.

For promoting Skagen for entrepreneurs, the municipality Fredrikshavn market Skagen, Jutland, Funen, Sealand, and Bornholm as a whole, instead of just focus on the harbor of Skagen, by this they give the existing and potential entrepreneurs more possibilities and flexibilities. They treat the guest harbor as a kind of service extension, as a first station for the tourist to come in the area, spending money and time. Three areas are seen as key for developing the area further.

### **1. Fishing Industry:**

In the Skagen port the fish-processing industry; the shipyard and service industries play a major role. Skagen business area covers a wide area and they are open to new business around the area. Now the business area contains: Pelagic Center, Fish Terminal, Cargo, Cruises, Marines and so on. They all operate individually but also cooperate with each other in some area.

Skagen (the skaw) is signified as the symbol of Scandinavian summer for many sailors but is also an important business centre for professional maritime corporations such as the fish-processing industry. The industry is major factors that attract professionals to the island, the shipyard and the service industries, such as crude and oil refill and cleaning, provided in the area. The town also provides stores and facilities for the ship-personal, hence it is a good place to stop to service and refill the boats. For example, fine fishmeal and oil for feeding salmon in Norway. A precondition for this industry is the cleaning facilities and the infrastructure connected to the harbor, such as railways.

Moreover, since the harbor is used for professional purposes the Harbor Master of Skagen Port said they market the area as delivering good service, black smiths, fishing de-load areas, mills and fine cleaning facilities for these bigger boats.

### **2. Shopping:**

Skagen is also famous when it comes to Scandinavian maritime shopping. They have boutiques that sell exclusive and luxury brands, both global and local (Ralph Lauren) and they also profit from the exchange rate between Denmark and neighboring countries such as Norway.

The firms own all buildings for shopping trade that locate in the harbor but the firms don't own the land and ways in to the ports. By this companies can easily move and relocate when they expand and they rent contracts for 10-20 and renew them if everything has gone well.

### **3. Accommodation:**

As mentioned, the municipality market the whole area, not just the harbor, in the big area (Skagen, Jutland, Funen, Sealand, and Bornholm), they offer 8 different choice of accommodation, including Camping sites, Camps an cabins, Holiday house agencies, Holiday resorts, Hostels, Inns, Private accommodation, and Tent sites, which give guests very broad choices.

### **Event planning:**

Skagen manages to attract different types of tourists; children, families and young people; by arranging different kind of events and activities, and also arrange events during low season to attract more tourist, such as Skagen literature festival in October, Nordic show hits in February, and also Christmas events. (<http://www.skagen.net/>)(<http://www.skagen-tourist.dk>)

There are only 100 summer days in Skagen but they use their own brand Skagen365, to promote Skagen year around and so the visitors can enjoy a day in Skagen all around the year even when it is freezing. Therefore they support their retailers and businesses open year-round, and market Skagen as a four seasons venue.

**They also advertise Skagen as Land of Light** as the unique northern light around the area has attracted artists for a century. Furthermore there are a lot of other activities in Skagen that attract tourists such as tour around the Skagen area, horse riding, bowling clubs, and boat trips. They also host events, such as music event: live music in June, July and August, but also an annual music festival take place from 1st July until 4th July, and further sports festivals in may; Hovdan Skagen race, motorcykler Skagen race for vintage motorcycles , Skagen Havfisker Festival , Skagen Bird Festival, Dive Gathering in Skawdyk. On the other hand the museum arranges some cultural event around the year such as art galleries, art school for children, workshops, etc.

Behind the development of Port of Skagen, there are several Associations and supportive programs:

- **Skagen Tourist Association**, founded in 1906, and open year-round welcoming visitors from all parts of the world.
- **Skagen Chamber of Commerce** was established in 1906. A vast majority of Skagen's retailers are members of the Association, which creates the framework for an active and effective retail trade. Whilst Skagen has the status of a tourist resort, a wide range of shops and companies stay open for business all year round.
- **'Skagen 365'**  
Skagen Tourist Association, Skagen Museum, Port of Skagen, and Skagen Chamber of Commerce created

the brand called 'Skagen 365.' They support business that are part of their campaigns and they welcome the new business to use Skagen365 logo by some rules:

They should fulfill the following criteria:

- - Be open for business all 12 months a year (not necessarily every day)
- - Your postal address must be in the 9982 - 9990 region
- - Businesses may close max. 30 consecutive days p.a

### 5.2.3 Skagen Success Factors

- *The benefit from the special ownership* we mentioned before, the port has its own accounts, own director, own board and hence it runs like a company and this allows Harbor Master to spend money on better service and enhancing offers, repairs and expansion instead of sharing budget with the rest of the community which would force us to give money to other parts of the business. Moreover, no one are allowed to live year around as a private inhabitant in Skagen port area, or if you are not involved in the maritime life.
- *Skagen Tourist Association* works with all different sectors in the area such as: restaurants, Camping sites, Shops, Museums and so on, all the sectors and Skagen Tourist Association plan together to market and run business in Skagen every year. They also work with Frederikshavn Tourist, Hirtshals Tourist, Hjørring Tourist, Læsø Tourist, Loop Tourist, Lønstrup Tourist, Sindal Development, Sæby Tourist, Tversted Tourist, and Aalbæk Tourist create the 'Lysetsland' theme and 'Lysetsland' website Site that advertise tourism in Skagen too.
- *Skagen constantly works to expand and focuses on attracting business through a number of ways.* Even though the surroundings attract around 15-16000 visitors everyday during summer months, they are only allowed maritime professional to rent land and based on 10-20 year contracts. Because Skagen does not sell the land to the businesses, so entrepreneurs can easily move to a new location when they grow out of the old one and they can be replaced if they are not profitable. The long leases however ensure a long-term commitment and relationship. The organization of renting the guest harbor between the municipality liaisons has contributed to a dynamic area. Also the configuration of a separate board for the harbor shortens decision-making processes and freedom as well as responsibility. The increment of money in the area also has a great effect on tourism since you develop a fundamental society that is only partly dependent on tourists, and hence you can develop year-around facilities etc.
- *During two months of the peak summer season the port rents out 2 basins to another part of the municipality,* which runs the guest harbor. Due to EU-regulation you cannot run the port and the guest harbor under the same organization. The harbor master clarifies that the guest harbor does not produce any income to the municipality, even though they charge 100-420 dk/24 h, but that it rather costs money due to the need for water, electricity and the loose of income from the fishing industry that otherwise occupy the area year-around.

## 5.3 Case 2 – *Stenungsund* (minor case)

### 5.2.1 Location and background of Stenungsund

Stenungsund lies in the west coast, just next to the islands Tjörn and Orust and around 50 kilometers from Gothenburg. Stenungsund has in only 50 years grown from a small coast town to a regional business centre with almost 24.000 inhabitants in the municipality. The harbor lies on the mainland right next to Stenungsön. It's located not very far from road E6 and the railway station of Stenungsund, and it also lies just next to the shopping mall Stenungstorg.

A couple of thousand years ago, fisher men and farmers lived in the area, but it was in the 18<sup>th</sup> and 19<sup>th</sup> century that the society started to grow since the position of Stenungsund made it very suitable for trade. The city also became a place for wealthy people from Gothenburg to buy summerhouses in for relaxing and swimming in the ocean. In 1960, bridges to the islands Tjörn and Orust were opened which made Stenungsund even more suitable as a trade centre. Now, the citizens of Tjörn and Orust also could do their shopping in Stenungsund, and 1970 the mall "Stenungstorg" was opened.

Because of the closeness to the highway and the railroad, it is a very easily visited harbor, and the nearby mall also heightens the attractiveness. Even though it is desirable from both the municipality point of view and in tourism perspective, expansions of the port are not possible because of lack of space. The one thing most responsible for the expansion of Stenungsund is all of the industrial companies that now lie in the municipality. This "industrialization" of the city started in 1944 when Svenska Bandfabriken was established in Stenungsund, and accelerated in 1954 when Statens Vattenfallsverk placed a large steam power industry in the city. Since then, a huge amount of industrial companies have been placed in Stenungsund and it is now called the centre of Swedish petro-chemical industry.

### 5.3.2 Description of Organizational Structure

Stenungsund has one major harbor with one part rented out to boat owners and one part being a guest harbor. **The harbor is fully owned and operated by the municipality except a smaller part being rented out to compounds.** The operation of the every day harbor activities are being done by the harbor office with the chief of the harbor, Tomas Alexandersson, and administration responsible, Anne-Charlotte Gunnarsdotter and Sandra Laypold. The office is open only during summer but it is possible to get in touch with the chief of the harbor or any of the administration responsible all year round for questions. The harbor office is responsible for everything in the harbor, such as cleaning toilets, reparations of the bridge, co-operation with the mall when event happenings and so on. In order for certain guest boats to be allowed to stay during winter and low seasons they have arranged to care for toilets and so on, instead of the harbor office managing maintenance.

Just next to the harbor lies a mall, Stenungstorg, which is one of the reasons why many people visit the area. The stores in the mall have joined together in a merchant association. There are a lot of co-operation between the harbor and this merchant association since they all benefit from more visitors.

### 5.3.3 How Stenungsunds harbor structure affects the six areas of concern

In Stenungsund municipality as a whole, **seasonality is not as big of a problem** as it is in Marstrand. Stenungsund has a lot of things to do and to see except the harbor, including **shopping, swimming in the ocean, visit the Molekylverkstaden, go to the cinema, or just study the beautiful nature.**

Because of numerous reasons, they do not care that much about seasonality in the harbor. The main reasons for this are that **the marina is not the thing that "keeps the city living"**, it is the petrochemical industry, the mall and other stores as well as happenings and events in the city during the whole year. **Stenungsund is so large in number of inhabitants** (compared to Marstrand) that the inhabitants themselves keep the area living all year round, and are not that dependent on tourism.

Still, there is no getting away from the fact that **the harbor itself faces major seasonality variations.** Totally 2000 boats visit the guest harbor every summer, meaning it is full most of the time in the summer, and the part of the harbor that is rented out to boat owners has a queue time from two to six years, depending on boat size. In comparison, 8 boats lie in the harbor in the rest of the year.

**If the harbor was owned or operated by a private actor, this would probably have been a problem,** because of private companies wishes to make as much profit as possible. But because of the harbor being municipally owned and run, the profit motive is not as central. **For a municipality it is more important to see the big picture** and ensure that the area is alive all year round, and that everything needed by the inhabitants is in place.. According to Thomas Alexandersson, the company that owns the mall also prefers working together with the municipality. Therefore, in order to have a successful co-operation between the harbor and the mall, municipally ownership is essential. **Most of the jobs in the absolute nearby area are the jobs in the stores of the mall Stenungstorg.** The store owners run a merchant association together, in which they co-operate in order to get the mall as attractive

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as possible and to attract more customers. The harbor co-operate with this association and the company that owns the mall on a wide scale when it comes to questions relating the whole area and tourist attraction. **According to Thomas Alexandersson, the mall is not interested at all in working together with another partner than the municipality.** If the municipality suddenly started to rent out the harbor to a private actor, the co-operation with the mall would get hurt which ultimately could harm the companies in it and then also their ability to create jobs. On the other hand, **if a private actor would operate the harbor, it might be able to be more entrepreneurial and efficient than the municipality,** which in the long run could create more jobs. Anyway, this is not an alternative for Stenungsund when they are very clear on how they want to own and run the harbor. One alternative here, according to Tomas Alexandersson, could be to **put the harbor in a municipal corporation.** This in turn would increase the possibilities to have more events in the harbor, sell products in the harbor office, and rent out boats, bicycles or other things.

In the area around the harbor, there are a **lot of activities for inhabitants as well as tourists,** but Tomas Alexandersson admits that there is **room for improvements in the amount of activities provided in the harbor.** As mentioned above, **the harbor could have been operated by a municipal corporation, which would increase the sales.** They could have a kiosk, or renting out boats, bicycles or other things. A private actor would in this sense be more willing to implement changes like this, which in the long run also might have increase the sales.

**Compared to Marstrand, the municipally of Stenungsund faces less complaints about the harbor area.** In Stenungsund, the guest harbor does not seem to be that problematic for the inhabitants. The part of the harbor rented out to boat owners is more problematic because of the long queue time for getting a boat plats during peak seasons. Thomas Alexandersson claims that he would love to be able to expand the marina in that part of the harbor but that it is impossible due to lack of space. This is a problem that cannot be solved by management structure changes, so having a private actor would not change this. This is not just a problem in Stenungsund, but in most western Swedish harbors, and a problem hard to solve.

#### 5.3.4 Stenungsund Success Factors

- Since Stenungsund municipality owns the harbor they get to *keep the control.* If something needs to be changed, or if the local inhabitants demand something, it is relatively easy for the municipality to implement that, compared to if a private actor had owned and/or ran the harbor and it was up to the municipality to convince them to do the changes.
- Of course the municipally cannot implement all changes demanded anyhow, but *since they do not have to be profit-oriented, they do have larger possibilities to implement changes that does not create any specific profit* but that makes inhabitants and tourists more satisfied, and have other effects, such as job creation.
- Because they are a municipality, and by the way they are organized *they can easily co-operate with the nearby merchant association of the mall,* in order to attract visitors. They do in fact co-operate when it comes to events, and both of them do gain from the cooperation. Since the merchant association do not want to co-operate with other private actors, a municipally owned and driven harbor is important for the co-operation to work out.
- The municipality has also in the past co-operated with other harbors, in order to get all harbors more successful. Although it was closed down a few years ago, it gave a major positive impact on the number of visitors. These kind of *co-operation with other harbors are easiest to implement between municipalities.*
- *Finally Stenungsund is largely supported by the great number of year around citizens living there.* And as stated before these are in need of facilities and infrastructure which is supplied to them by the municipality. Both the inhabitants and tourists can then use these facilities and infrastructure.

# 3

## Part THREE

### Benchmarking of Three Harbors

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- 6. Benchmarking Results
- 7. Recommendation



## 6. Benchmarking results

### 6.1 Summary of benchmarking results

	Skagen (major case)	Stenungsunds (minor case)
<b>Operational Configuration</b>	<ul style="list-style-type: none"> <li>The port and the marina is owned by the municipality but is run much like a corporation since the harbor has their own accounts, their own board and their own director.</li> <li>The municipality however, markets the area for professionals, while private PR-firms, speaking for cooperatives of local businesses, as well as the government, market the area for tourists.</li> </ul>	<ul style="list-style-type: none"> <li>The harbor is owned and operated by the municipality</li> <li>The harbor office takes care of the daily activities during the summer and for the boat owners that stays over winter, an agreement between the port office and boat owners makes the boat owners take care of some chores during the winter, such as taking care of the showers and toilets.</li> </ul>
<b>Key Success Factors</b> for an attractive destination	<ul style="list-style-type: none"> <li>Strong destination brand. Every year they have events such as Skagen365, cruise of Denmark and so on and on average 20 cruise ships lay anchor here.</li> <li>Scandinavian maritime shopping and preconditions for tourist organizations are year-around business.</li> <li>Skagen does not sell the land to the businesses they can easily move to a new location or replaced if they are not profitable.</li> <li>Skagen takes advantage of cultural heritage and runs museums etc.</li> </ul>	<ul style="list-style-type: none"> <li>Stenungsunds has a central location; so easily visited by both boats and people travelling in cars.</li> <li>They have placed benches and tables in order for people to sit down and look at the boats and the sea, they have a long and nice beach walk, and they have high security and service for the boat owners.</li> <li>Stenungsunds configuration, owned by the municipality, permits that profit is not the central goal. In this way some elements, such as landscape and ensuring that the area is alive all year around, are aloud.</li> </ul>
<b>Effect on seasonality</b>	<ul style="list-style-type: none"> <li>Organizing event, for both high and low demand seasons, and shift to attracting cultural tourist.</li> <li>Even when the weather is bad, has a lot to do, go to museums and shop for example. So during autumn, winter or also in other seasons when maybe it's raining, tourists can find a reason to go there.</li> </ul>	<ul style="list-style-type: none"> <li>Effects are less evident than in Marstrand and Skagen, because of Stenungsund harbor lies in the centre of Stenungsund, that's gets visited often anyway.</li> <li>The shopping mall makes the place interesting for visitors in the cold months of the year as well as in rainy days during the summer, and it also provides a lot of activities except for the shopping itself.</li> </ul>
<b>Job creation</b>	<ul style="list-style-type: none"> <li>Expansion in offering services related to fish industry (their main competitive advantage). The town also provides stores and facilities for the ship-personal, one of the major industries is the fine fish-meal and oil for feeding salmon</li> </ul>	<ul style="list-style-type: none"> <li>Jobs in the stores of the mall and other surrounding stores and businesses.</li> <li>Some summer jobs in kiosks and similar.</li> </ul>
<b>Local consensus</b>	<ul style="list-style-type: none"> <li>Great recognition of the business going on. This works as a crucial factor for agreement for all stakeholders.</li> <li>Since it is forbidden for non-maritime businesses and households to live in the harbor area the issue of consensus is minimal.</li> </ul>	<ul style="list-style-type: none"> <li>The particular configuration permits that the municipality take care of inhabitants needs, in this way it's easier to achieve local consensus.</li> <li>Since profit is not the overall goal, but instead that the inhabitants thrives, not many problems with the inhabitants occur.</li> </ul>

## 7. Recommendation of Operational Configuration and Further Tourism Planning

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Based on the examples of Skagen and Stenungsunds, we have noted some successful tendencies accompanied with the development of a supporting organizational structure and the development of an attractive tourist destination. Nevertheless, these two cases are a bit different from the reference case, Skagen, more similar to Marstrand, but both revealing important possible success factors.

From the both benchmarking examples, it has been implied that a municipality owned corporation is a good alternative for creating a dynamic environment, however, due to the eco-systematical nature of Marstrand, and the conflicts associated with separating the marina from the other parts of the island, could be a somewhat unnatural solution, not providing the unity and clear offer we call for.

Starting with the assumption that tourism would be the most profitable source of income and dynamics in the future it becomes clear that tourism should be prioritized. Based on the benchmarking example we believe it is crucial that Marstrand then launches a renewed brand, exploiting its “point of difference” but also “points of parity” with the west coast and display Marstrand as get away close to the city. For this reason we believe that Marstrand needs an own director, which deals directly and personally with the tourism offer. The marina, as the entire island, is dependent on developing an organization that reflects a clear tourism offer, such as Skagen offers the Land of Light. The marina hence need to appoint someone responsible for developing the Marstrand tourism offer and coordinate the providers/entrepreneurs in order to create synergies. The appointed person should support and promote any new initiative or any new change possible for local entrepreneurs. In addition, this tourism developer could cooperate directly with a particular marketing office or with a private PR-firm, because Marstrand deserves a specific tourism development organization, whether completely within the Kungälv municipality, or as a cooperation between municipality and private actors.

### Shopping Centre Administration Configuration

An extended and more extreme variation of this configuration would be to keep the maintenance and infra-structure issues with the municipality, to let private actors rent land and simultaneously build an organization much like a shopping center administration, where every tenant are allowed to work under similar terms, including the precondition of providing a year around offer to tourists, and in exchange provide the entire community of entrepreneurs with a marketing and planning administration, dealing with similar things as a shopping centre manager would, including expansion, marketing, leasing planning and so on. Maintenance and facilities could then be “outsourced” to municipality according to a suiting deal.

### Further Tourism Planning

Marstrand is completely dependent on the closeness to Gothenburg which implies that you have to adapt to the fact private tourists will spend only a day. Three possible ways to utilize this tourism follows: one concerns the history of the city, one concern shopping and therefore encouraging new entrepreneurs to open new businesses in the small town, and finally the last is about opening a new restaurant with an entirely new idea.

1. **Exploiting the historical past of the city** is a major possibility for Kungälv municipality. Souvenir shops, but also new events that could represent a show about Marstrand past can be good attraction for tourist. The municipality could attract and utilize tourists during for example particular event regarding the historical past, or organizing a day in summer completely dedicated to the town where they can show to the tourists which is the culture and the tradition of the town. This way they could also inspire the part of the inhabitants resistant to change. This has been proven in Skagen, when citizens see that the business is working, and they are part of it, they will be less resistant.

A good place where the tourist developer could enhance the beautiful history of Marstrand is the castle, a perfect



place where he/she can locate events but also a new museum, a public place that can help to go over seasonality problem: in fact in Skagen, even if the weather is bad, tourists can go to the museum spending some hours, in Marstrand it could happen the same situation, and the historical past is surely a great tourists attraction.

2. **Building a shopping brand will attract new entrepreneurs to the island.**

This should be the most difficult part, because it cannot be completely under own director's control. Surely great marketing campaigns can help to achieve this goal, but new entrepreneurs need to see that tourism is increasing in Marstrand, so we cannot anticipate that the situation will turnaround suddenly. On the other hand, as we have already said, we know that building more houses on Marstrand will attract more residents and hence that the future development start with building residential homes both in and near Marstrand, hence entrepreneurs can be attracted through building homes, but also through advertising the new hotel.

Shopping is a necessary source of tourism, not only souvenirs or material regarding sailors, but also other type of shopping. Skagen and Stenungsunds teach us that being a branded destination can be profitable in two different ways: firstly as an attractive tourist destination and secondly for new entrepreneurs that can open their own shop in a growing area. The best solution for this alternative will be renting space to the private actors. This will attract risk takers and allow expansion, and new entrepreneurs can evaluate if this activity is profitable in few years, not requiring an initial investment. At the same time the tourist developer can control the tourism offer.



3. In the end, the last suggestion is to open some kind of art institution on the island. Marstrand surely has an artistic heritage and the benefit of the same light as artists in Skagen. A haven for artists would attract entrepreneurs that work as a hobby or because they have vision, and we suspect that these can be attracted through a promise of a gallery etc. These artists would not be dependant on a certain fundamental number of tourists initially but could instead arrange exhibitions and company events and they would also benefit hugely from the cultural surroundings. This type of business climate would not only provide Marstrand with a sustainable brand but also help seasonality fluctuations.



## 8. Sources Used

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### **Stenungsund**

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