



Policy Action Plan for the Marketing of the Baltic Sea Region – *between competition and co-operation*

Executive summary

Joint marketing of the Baltic Sea Region offers concrete benefits

The BaltMet Promo project created this Policy Action Plan, but the Plan's recommendations are based on a range of different sources and experiences, some of which stem from the BaltMet Promo project and some from other projects and initiatives aimed at marketing the Baltic Sea Region (BSR).

There are positive framework conditions for joint marketing of the BSR:

- The Baltic Sea Region's status as the first recognised macro-region in the EU adds to the region's political identity. However, there is a need to transfer this mainly political concept into an economic and business context.
- After being hit by the economic and financial crisis, the region has regained its internationally strong economic position, which provides a good basis for attracting interest for what it has to offer the world.
- The crisis in southern Europe has raised awareness of the regionalisation process in Europe and of differing economic situations throughout Europe.

There are several benefits of joint marketing of the BSR, which all in all can help the BSR countries compete globally for investments, tourists and talents:

- A larger market and more opportunities can be marketed, which gives more impact and more outreach internationally.
- Places that are less well known or with less positive images can benefit from tagging onto the more positive or better known images of other places in the region.
- By pooling resources, BSR countries can leverage economics of scale to achieve synergies and added value, as well as reduce costs.
- The possibility of transnational product development, e.g. thematic tours or networks of supporting clusters covering several countries.

Policy recommendations:

- A *common basic brand and communication platform* needs to be created, i.e. a set of values and overall messages that can be utilized for different purposes and products in the marketing of the region. This would make it easier to co-



ordinate activities and convey coherent messages.

- To create a brand platform, *research on how the region is perceived*, both internally and externally, is necessary. Additionally, an inclusive consultation process with the regional key stakeholders is needed.
- Prioritising focus areas, based on strengths and focus sectors of the region, needs to be done in order to unlock considerable synergies and complementarities.
- As for **investment promotion**, there are clear-cut economic benefits of joint investment promotion, especially in distant markets. The last few years, the global share of FDI inflows that comes to the Baltic Sea Region is falling, increasing the challenge to market the Region as an attractive FDI destination in an increasingly crowded global market.
- To increase the flow of investments to the Baltic Sea Region, the Policy Action Plan recommends the following:
 - Dedicated and separate EU and national resources and top-down policy support to complement bottom-up activities. EU funding needs to better take into account needs and realities of investment promotion agencies.
 - Prioritize and focus on critical mass with clearly defined sectors and clusters that are internationally strong in the region. These could be cleantech, renewable energies, ICT, life science / biotech and logistics.
 - Hold regular meetings among the investment promotion stakeholders in the Baltic Sea Region to discuss practical co-operation opportunities, such as updating the *BSR investor's guide*.
- As for **tourism promotion**, there is an imminent need to develop a tourism strategy for the Baltic Sea Region as a whole in order to unlock benefits in marketing and product development.
 - *Development of new international markets*: The National Tourism organisations in the BSR need to jointly discuss how the region can reach more international markets.



- A *common Internet platform* should be developed to ensure that tourism offers become more systematic and comprehensive to cover the entire Baltic Sea region. Promising steps have lately been taken in this regard.
- To **attract talents** to the Baltic Sea Region, the Policy Action Plan recommends the following:
 - Market the Baltic Sea Region as one of the most innovative areas in the world, which is characterised by a highly educated workforce and as having first-class higher education institutions.
 - Launch new initiatives to market the area to creative talents in design, film, music etc. internationally, supported by training and education
- It is clear that **EU funding** plays an important role in supporting different BSR marketing projects. Many projects would never even have been launched, had EU funding not been available. However, one learning from the BaltMet Promo project is that two-year project funding is not sufficient when working with marketing and branding, as long-term and sustained focus is needed to achieve sustainable impact. Easier and faster tendering procedures are also needed to suit marketing organisations.

Background

The overall aim of the Policy Action Plan is to demonstrate the benefits of regional co-operation in promotional and marketing activities, to encourage policy makers in national ministries and government agencies and EU institutions to take dimensions of regional marketing into account, and, ultimately, to create conditions conducive to an improvement in this particular field of regional co-operation.

The Policy Action Plan has been created by the BaltMet Promo project, but its recommendations are based on a multitude of different sources and experiences, some of which stem from the BaltMet Promo project and others from projects and initiatives aimed at marketing the Baltic Sea Region (BSR). On the one hand, it is summary of experiences drawn throughout the BaltMet Promo project period in 2010-2011 and, on the other hand, lessons learned from a range of projects and policy initiatives that aim to market or discuss the marketing of the Baltic Sea Region.

In particular, the input stems from the following:



- Practical experiences from the three pilot projects of BaltMet Promo focusing on promotion the Baltic Sea Region (BSR) to tourists, talents and investors globally;
- The policy dialogue part of the project, where four policy roundtables have been held with stakeholders from national promotion agencies, regional and city governments, EU projects, pan-Baltic organisations, academia and business. Baltic Development Forum (BDF) has been in charge of organising these roundtable meetings;
- Several conferences, including the BDF Summits 2010 and 2011, the “Green Growth in the Baltic Sea Region” conference, the 3rd Baltic Sea Tourism Forum and the Baltic Nature Tourism conference, where issues surrounding building a brand for the BSR in general and BaltMet Promo in particular were discussed;
- Three reports: 1.) The analysis of the Place Branding and Place Promotion in Baltic Sea Region report, mapping different marketing initiatives in the region, 2.) “On identity – no Identity”, both produced as a part of the BaltMet Promo project and 3.) Promotion of Trade and Investments in the Baltic Sea Region. Interviews with a range of regional, city and national marketing stakeholders have been important parts of these reports.

In addition, the EU Strategy for the Baltic Sea Region (EUSBSR), which was launched in 2010, includes many components of region marketing and identity building. These are most pronounced in the policy areas of investment promotion, tourism, culture and innovation, research and cluster development. The EUSBSR Action Plan has also contributed with input to the Policy Action Plan. Moreover, the initiators of BaltMet Promo, the Baltic Metropolises Network and BDF, have been mandated by the European Commission to co-ordinate a horizontal EUSBSR action on regional identity building, and this Action Plan also aims to contribute to this mission. The Strategy has, in itself, also contributed to making the region more distinct in a European perspective.

The BaltMet Promo project produced three concrete BSR pilot marketing projects that were designed, executed and evaluated in selected global markets. The Tourism Pilot produced a “Live like locals” package, offering a new way to experience the BSR. The Investment Pilot aimed to increase the awareness level of the BSR as a preferred investment area. One concrete output from this pilot was a common investor’s guide for the BSR. The concrete product of the Film Talent Pilot was a co-operation event for BSR and Japanese film professionals, which aims to attract Japanese film talents to the region and advance co-operation in the creative industries.

It is important to underline that the Policy Action Plan is a living document and its realisation is not the responsibility of a single country, institution or agency. It is for inspiration and implementation by all the marketing stakeholders of the region and other projects and initiatives are urged to continue to update and disseminate it after BaltMet Promo ends in December 2011.



The Policy Action Plan is comprised of four thematic areas – overall marketing and branding, tourism promotion, investment promotion and talent attraction, as well as a section on EU funding.

Overall marketing and branding

Current situation:

As the report “Place Branding and Place Promotion in the BSR” shows, it is not from lack of initiative or activity that the BSR has not succeeded in developing a coherent and differentiated brand or image. In fact, there are many activities, networks and organisations working to brand and market the Baltic Sea Region, considerable parts of it, or sectors within it. In addition, the countries and main cities of the region are also active in trying to build their own brands, and promote inward investment, tourism and attraction of talent.

All of this provides a useful point of departure for the promotion of a visible and attractive Baltic Sea Region, as there is an increasing desire among stakeholders for branding and promotion. There is, however, a fragmentation and lack of long-term perspective. At this point, there are very few attempts to coordinate the various activities so as to convey a coherent and consistent message, or to pool resources in order to maximise the outcome of the efforts. A multitude of actors are creating different and disjointed narratives for the region, which is making long-term reputation management very difficult. National rivalry and competition between national government agencies contribute to making supra-national place branding efforts difficult to initiate and execute. In addition, the lack of a single decision-making authority and linguistic, political and cultural differences in the region create great challenges for region branding. As the “On identity – no identity” report points out, it is very difficult to argue that there is a common identity in the BSR, adding to the challenges to build a single, somewhat coherent BSR brand image.

It is clear that countries, sub-regions and cities in the BSR stand to benefit considerably from joint marketing – if more joint marketing efforts took place, the relatively small actors with scarce promotional resources could achieve both more impact and greater outreach internationally. There are at least four arguments in favour of more BSR-level marketing:

- *Market size argument* – most of the countries in the region are small in size and markets but jointly they represent a larger market volume and more opportunities can be marketed, potentially giving more impact in the marketing communications.
- *Image transfer argument* – places that are less known and/or with less positive images can benefit from tagging onto the more positive or known images of other places in the region.
- *Economies of scale argument* – international marketing is costly, but by pooling resources, BSR countries can employ economies of scale to reach synergies and cut costs.



- *Product development argument* – the possibility of transnational product development – e.g. thematic tours for tourists that cover several countries, a network of universities whose course supply and research complement and support each other, or a network of complementary clusters for investment attraction – that make product resources of other places available, is an advantage considered by national and other branding organisations when considering joining supra-national branding efforts.

Competition and rivalry between the nations, sub-regions and cities within the BSR is natural and a fact of life. BSR-level marketing must embrace this fact and clearly specify where co-operation ends and competition begins. BaltMet Promo serves as an example of a partnership in which competition was successfully overcome even though some project partners were clearly rivals in nation and/or city branding. Recipes for success included clearly defined common goals, de-centralised team building and a reliance on research that formed the basis for common product development. The project also focused on supra-national product-building processes instead of trying to build a common brand identity applicable to all the three chosen product areas. One conclusion is that, in the absence of a strong common identity, aiming to build sub-brands can be a way forward in BSR marketing. The case of BaltMet Promo also emphasises that local, national and supra-national branding are not necessarily in competition if the product target markets are carefully defined and differentiated.

Policy recommendations:

- *Common basic brand and communication platform:* The region needs a common communication and marketing platform that represents a set of values and overall messages that can be drawn on by, and provide strategic direction for, various projects and efforts. This will make it easier to co-ordinate activities and convey coherent messages. The platform will have an open source philosophy, i.e. it should be accessible to everyone in the region who wants to use it.
 - Who is doing what?
 - One organisation or project, or a working group of several stakeholders should take on hosting, communicating and updating the platform.
 - Initiatives and networks such as the *Baltic Sea Region Investment Promotion Agencies*, the *Baltic Sea Tourism Forum*, the *BSR Stars programme* and the *tourism flagship projects in the EUSBSR*, need to be involved in this work, and or take the lead in initiating it. Businesses and other marketing stakeholders need to be involved.



- *Perception research and inclusive consultation:* A comprehensive brand platform needs ongoing research on how the region is perceived, both internally and externally, and be based on a wide and inclusive consultation process with regional stakeholders.
 - Who is doing what?
 - One organisation, network or project needs to take the lead in creating a platform, or a working group of several projects and organisations can be formed to facilitate this work. It is crucial for national and city marketing organisations to be represented in some way –for both the legitimacy and quality of the platform.
 - Initiatives such as the *Baltic Sea Region Investment Promotion Agencies*, the *Baltic Sea Tourism Forum*, the *BSR Stars programme* and the *tourism flagship projects in the EUSBSR* need to be involved. Stakeholders from national marketing organisations, businesses, pan-Baltic organisations, citizen and youth organisations and academia shall be included in the consultation process.
- *Prioritisation:* Considerable synergies and complementarities could be harnessed and the impact of marketing activities could be maximized if regional actors in the future could jointly identify and agree on a set of priority areas and sectors that could serve to focus the activities. Such prioritisation would need to be aligned with the strengths and focus sectors of the region’s countries and cities.
 - Who is doing what?
 - Stakeholders, especially from national marketing organisations, but also BSR-wide EU projects, businesses, pan-Baltic organisations and academia need to be included in the process to prioritise “place products” (sectors, clusters, themes etc.).
 - Platforms such as the *Baltic Sea Region Investment Promotion Agencies*, the *Baltic Sea Tourism Forum*, the *BSR Stars programme* and the *tourism flagship projects in the EUSBSR*, gathering some of these stakeholders, need to be involved, not to exclude other initiatives.

On investment promotion

Current situation:



There are clear-cut economic benefits to joint investment promotion, especially in distant markets. One of the main learnings of the investment promotion part of the BaltMet Promo project is that it makes economic sense to bundle investment opportunities in the Baltic Sea Region, and engage in co-operative promotional activities. This is especially true for investors from geographically distant markets like North America and Asia. If more joint investment efforts took place, the relatively small actors in the BSR with limited promotional resources could achieve both more impact and more outreach internationally.

As the State of the Region Reports of 2010 and 2011 have pointed out, the global share of FDI inflows that comes to the Baltic Sea Region has been falling the last few years, a process that is slowly eroding the Region's share in the global inward FDI stock. This is not necessarily negative for the economies in the Region, as it is primarily reflecting the growth of other parts of the world economy. It is, however, increasing the challenge to market the Region as an attractive FDI destination in an increasingly crowded global market, which ought to be an additional argument justifying regional co-operation in investment promotion.

Another strong argument for increased regional co-operation in investment promotion is the high levels of intra-regional FDI and trade taking place in the region, and lower levels of extra-regional trade and investments.

Policy recommendations:

- *Dedicated resources and top-down policy support needed:* One of the main learnings of the BaltMet Promo project is that dedicated resources are needed to do investment promotion at the BSR-level. These resources must be separate from investment promotion resources at the national or sub-regional level. Top-down political support must exist for BSR-level investment promotion in order to compliment bottom-up activities and create a sustainable community of BSR-level investment promotion enthusiasts. This is especially important because investment promotion is a “marathon and not a sprint”, and return on investment is not necessarily achieved for years.

In addition, very few EU funded co-operation initiatives exist in investment promotion (compared to, for example, tourism promotion, innovation policy and cluster development, indicating that EU funding schemes are ill-adapted to the realities of investment promotion agencies).

- Who is doing what?
- National governments need to set aside resources for BSR promotion and show support for joint BSR investment promotion.



- EU funding schemes (possibly especially the Territorial Co-operation programmes [“INTERREG”]) need to take into account the organisational specificities and work-mode of investment promotion agencies.
- The newly initiated *Baltic Sea Region Investment Promotion Agencies* initiative, initiated by *Invest Sweden*, the *Danish Construction and Enterprise Authority* and *Baltic Development Forum*, can form a platform on which this dialogue can be organised.
- *Prioritisation of sectors and clusters*: The BSR countries’ investment promotion agencies (IPAs) need to focus their co-operation efforts in investment promotion where there is critical mass, and there are more opportunities for agencies to jointly identify and prioritise sectors and clusters that are strong across the region and have dense networks between them. Looking at the current priorities of IPAs in the BSR, the sectors of ICT, cleantech / renewable energies, life science / biotech and logistics are the most frequently prioritised ones.
 - Who is doing what?
 - Stakeholders from IPAs, but also BSR-wide EU projects, businesses and pan-Baltic organisations should be included in a process to prioritise “place products” (sectors, clusters, promotional themes etc.).
 - The *Baltic Sea Region Investment Promotion Agencies* initiative, the *ScanBalt network* and/or the *BSR stars programme*, can help form a platform on which this dialogue can be organised.
- *Green region*: Even though the region is strong in many sectors, there is considerable room – both in terms of performance and perception – to credibly position the BSR as a green region and a global frontrunner in the green sectors, facilitating investment in cleantech and renewable energies.
 - Who is doing what?
 - The *Baltic Sea Region Investment Promotion Agencies* initiative, *BSR stars programme* and/or the *ScanBalt network* can help form a platform on which this dialogue can be organised.
- *Co-location of offices*: There are opportunities for co-location of foreign offices in some markets to achieve information synergies and cost savings.



- Who is doing what?
- *Baltic Sea Region Investment Promotion Agencies* initiative can be a viable format for these discussions.
- *Collaboration in non-competitive areas:* Collaboration aimed at increasing efficiency of operations in non-competitive areas – such as benchmarking operations and jointly developing impact assessment tools – could be a way forward to overcome the lack of institutional incentives for collaboration.
 - Who is doing what?
 - Again, the *Baltic Sea Region Investment Promotion Agencies* initiative can be a viable format for these discussions.
- *EU funding for EUSBSR can better reflect needs of IPAs:* As many of the EU Member States in the BSR are currently modifying their EU funding programmes to better reflect the objectives of the EUSBSR, the Member States should be encouraged to take into account the needs of IPAs.
- *Regular meetings, investor's guide and EU projects:* Ministries of the region in charge of trade and investment promotion and/or heads of the investment agencies in the BSR should meet regularly to discuss practical collaboration. There is a need for a neutral platform, acting as an honest broker, to help identify common interests.
 - Who is doing what?
 - The IPAs in the region should continue to meet regularly under the *Baltic Sea Region Investment Promotion Agencies* initiative, continue their efforts to update the common investor's guide for the BSR created by the BaltMet Promo project and investigate the opportunities to launch a common application for EU funding in 2012. BDF has been asked the IPAs participating in the initiative be a non-partisan, honest broker that can help coordinate this collaboration effort.

On tourism promotion

Current situation:

Policy makers of the Baltic Sea Strategy are beginning to realize the significance that tourism has in maintaining and reinforcing the attractiveness of the Baltic Sea Region, calling for a



number of measures in this field to achieve further progress. The tourism industry in the BSR is in an upward growth trend. More than 200 million passengers use Baltic Sea ferries every year; 37 cruise ships traverse the Baltic Sea. In the sub-regions along the Baltic Sea, 100 millions tourism arrivals can be counted each year. However, compared to, for example, the Mediterranean Sea region, there are clear development potentials: the Mediterranean Sea countries receive about 250 million tourists; and almost 100 ships cruise the Mediterranean Sea.

Tourism co-operation in the Baltic Sea region is characterised by EU funded projects in a number of different fields. Although they are important projects for the development of the tourism potential in the BSR, they cannot guarantee continuous, strategic and long-term co-operation. With the end of single projects, co-operation usually ends as well. At present there is no forum for tourism co-operation in the Baltic Sea region that continuously focuses on developing tourism and marketing in the area.

One important learning from the BaltMet Promo project and other projects is that it makes the most economic sense to engage in co-operative promotional activities, especially in geographically distant markets.

Policy recommendations:

- *Common tourism strategy:* There is a need to develop a tourism strategy for the Baltic Sea Region as a whole in order to realise benefits in marketing and product development. Serving as an umbrella function for tourism-related activities in the region, the strategy could provide the basis to create common Baltic Sea tourism products to be marketed outside the region.
 - Who is doing what?
 - Tourism stakeholders on city, sub-regional and national levels need to carry out research on how the region is perceived, both internally and externally, and set in motion a wide and inclusive consultation process with regional stakeholders. It is essential that National Tourism Organisations (NTOs) and city tourism organisations be represented in this work, alongside tourism businesses.
- *Development of new international markets:* The NTOs and other tourism stakeholders in the BSR need to jointly discuss how the region can reach more international markets.
 - Who is doing what?
 - A continuous dialogue between the NTOs needs to be organised. A neutral third party, such as a BSR-wide EU project or pan-Baltic organisation, can act as a



platform for this dialogue. The Baltic Sea Tourism Forum or a consortium of the four tourism flagship projects in the EUSBSR are platforms on which this dialogue could be organised.

- *Common Internet platform:* A common Internet platform needs to be developed to ensure that offers become more systematic and comprehensive to cover the entire Baltic Sea Region. A first, promising attempt to create a tourism portal for the BSR has been made with the “landing page” www.balticseatourism.eu, initiated by the Tourism Board of German state Mecklenburg-Vorpommern as a part of the Baltic Sea Tourism Forum initiative. However, so far only a few regions in Germany, Finland and Russia have joined this initiative.
 - Who is doing what?
 - More regional, city and national tourism boards need to support the initiative to run a common portal for the region. The Internet platform could become a sub-page to the www.visiteurope.com portal (today the Baltic States and Scandinavia are two separate regions).

On talent attraction

Current situation:

In terms of talent attraction, there is considerable room to promote the Baltic Sea Region (BSR) globally as, among other things, an area of top-quality, innovative higher education and to initiate co-operation and promotion projects aimed at attracting young, creative talent.

The area around the Baltic Sea can be called a region of higher education. Since 1990, universities and research institutions have joined forces and actively engaged in creating new networks for transnational co-operation. The EUSBSR includes priority areas focusing on increasing the mobility of talent – such as researchers and students – in the region.

The Baltic Sea Region thus has much to offer both students and teachers, but these opportunities need to be communicated. Despite the currently high level of unemployment in some parts of the region, it is still crucial to attract and retain highly educated talent. In addition, the region needs to promote open, friendly and safe welfare systems to attract high-level professionals, top talent and scientists. There are, however, no active examples of projects or initiatives aimed at promoting the region as a higher education area globally (the BalticStudyNet, active until 2009, had this objective).

The BaltMet Promo project ran a pilot project on international co-operation in film-making, with the ultimate aim being to attract creative talent to the BSR. In the pilot project, a special



focus has been set on collaboration activities between the BSR and Japan, especially from the viewpoint of attracting young talent to international projects.

The project's research phase could conclude that international co-operation is very active among filmmaking organisations and the most common type of collaboration is coproduction. However, despite the relatively long track record of international co-operation in the film-making sector in general, there appears to be substantial need for education and training in order to open new growth potential, new target countries, and more demanding forms of co-operation. International workshops in which young talent and established film professionals interact and initiate new projects were considered an attractive method to support the process of internationalization.

Policy recommendations:

- *Initiate efforts to market the Baltic Sea Region as one of the most innovative areas in the world, which is characterised by a highly educated workforce and as having first-class higher education institutions.*
 - Who is doing what?
 - Universities and city and national organisation responsible for promoting higher education internationally need to organise a dialogue on collaboration. Networks such as the Baltic Sea Region University Network (BSRUN) and Baltic University Programme need to be involved in this dialogue.
- *Launch more efforts to market the BSR to creative talents internationally.*
 - Who is doing what?
 - City marketing and national promotion organisations and other stakeholders, such as organisations and networks dealing with design, film, the arts, music etc., should initiate a dialogue on collaboration in the field, and launch concerted initiatives to support training and education.
 - A concrete step is to explore the possibility of launching a common BSR initiative in connection with Helsinki's appointment to the World Design Capital in 2012 or when two BSR cities, Umea and Riga, hold the European Capital of Culture in 2012.
- *Improve the mobility of talent, students and researchers within the region, both between countries and sectors within the region and between business and university and vice versa.*



- Who is doing what?
- Universities and city and national organisation responsible for promoting higher education internationally need to organise a dialogue on mobility. Networks such as the Baltic Sea Region University Network (BSRUN) and Baltic University Programme need to be involved in this dialogue.
- *Increase talent and business cooperation through e.g. internship programmes.*
 - Who is doing what?
 - To create a joint BSR project gathering city and national organisation in charge of attraction of talent could be a way forward. To apply for EU funding could be one way forward to launch such a project.

Role of EU funding

Current situation:

It is clear that EU funding plays an important role in supporting different BSR marketing and branding projects. Many projects would probably never even have been launched, had EU funding not been available.

There are a lot of well-designed and professional EU projects aimed at marketing the Baltic Sea Region and its parts, but in many cases they are “just” projects, i.e. they only last for a few years and their long-term impact is in many cases probably limited. One learning from the BaltMet Promo project is that two-year project funding is not sufficient when working with marketing and branding, as long term and sustained focus is needed to achieve any sustainable impact. Another conclusion is that the administrative burden and planning requirements that come with EU funding are not well-suited to the reality of organisations working with promotional efforts, as these are very often acting on commercial market conditions, working with or target private companies, and have to act fast to seize opportunities and tackle changing market conditions.

Policy recommendations:

- Easier and faster tendering procedures are needed.
- Funding needs to be more long term to provide consistency and longevity to projects.
- More alignment of funding – it needs to be easier to utilise different funding sources in order to create long-term conditions for marketing and branding the BSR.