

# Chapter 13

## Digital Transformation in the Tourism Industry: Insights on Practices, Opportunities, and Future Thoughts of Danish Tourism Stakeholders

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### **ABSTRACT**

*In this chapter, the authors address how Danish public tourism agents such as museums and destination agencies decide on the use of, embrace, and adopt digital technology. Based on interviews with four organizations in a peripheral region, they demonstrate the challenges and opportunities faced by SMEs in the Danish tourism industry. Building on current theory, they suggest that the SMEs could benefit in areas such as communication, customer management, and improved data quality for business development to adapt to market demands and shape their future. However, SMEs in general, and the tourism industry in particular, lack the knowledge, resources, and incentives to engage in fundamental digital transformation processes. Based on interviews, the authors end the chapter by providing suggestions for where to start digital transformation and how to tackle challenges in the process.*

### **INTRODUCTION**

#### **Contribution**

This chapter contributes to a better understanding of how digital transformation and business development is handled in the tourism industry in Denmark. The industry is in the process of adopting digital

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technology and finding ways to integrate information communication technology (ICT) into its business models. In public tourism development organizations, such as national and regional tourism boards, digitalization, Internet of things (IoT), and big data are playing a bigger role in recent strategies. Currently, various areas are under development, such as big data collection for the island of Rømø under the name of Destination: Digital by Danish Coast & Nature Tourism (Dansk Kyst-og Naturturisme, 2022) or fostering digital innovation in tourism like the partner network TourismX, which is taking digitalization to a strategic level. Internationally, digitalization and business model development are especially prevalent when it comes to integrating ICTs into the consumer experience or smoothing out booking processes (Law et al. 2014; Stankov & Filimonau, 2018). These examples are also visible in this case study, which is based on interviews with tourism representatives from Denmark. The respondents gave insight into the level and practices of digitalization in their organizations.

During the interview period, the Covid-19 pandemic started. Not only did that have an effect on how the respondents looked at their digital offers, e.g., around which markets to focus, but the pandemic also influenced the topics researched. Due to travel restrictions, there are now uncertainties of when—or whether—traveling will return to previous patterns. The pandemic is thus also a factor when it comes to how and how fast organizations have changed or accelerated digitalization and digital strategy.

The aim of the chapter is to demonstrate how digital technologies are adopted at the request of the market, including a potential restructuring of business models and objectives. Further, the chapter discusses the future of digitalization and the industry's view on digitalization as a necessity to adapt successfully to future demands. We identify attitudes and challenges related to digital processes that shape how the Danish hospitality industry, which consists largely of public organizations and small and medium-sized enterprises (SMEs), implements digital initiatives.

We end the chapter with tentative suggestions for what might impede tourism organizations and enterprises on their path to digital innovation and what could aid them on their way to changing their business models, thereby working toward digital transformation. We suggest that the chapter can serve as inspiration for managers in the tourism industry who are facing digitalization processes. Similarly, other destinations or tourism stakeholders might also look toward the concept of digital transformation to assess if their organizations are geared towards a digital future, when it comes to both prioritizing new solutions and reinventing internal organizational structures and processes around, e.g., setting aside resources and fostering innovation in the industry.

## **Previous Research**

### **The Focus on Digitalization**

When it comes to changes to the level of digitalization to meet stakeholders' expectations, the industry faces barriers such as lack of resources, skills, and knowledge. Research (Noma & Crosmaan, 2012; Li et al., 2016) also suggests that a change toward integrating digitalization into business structures requires a certain mindset or particular e-leadership skills. Moreover, a report from 2018 with participation from tourism SMEs in Northern Jutland, Denmark, suggests that Danish tourism stakeholders cannot implement digital technology and act on their new-found knowledge about digitalization at a pace that public bodies or private providers of digital solutions would see as the optimum to perform well (Kvistgaard & Hird, 2019). Thus, digital transformation in general requires businesses to learn new skills and competences and understand customer expectations. We investigate how this unfolds in the

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