Strategic tourism development in the Barents Region – an analysis

Marlene Kohllechner-Autto

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1 Introduction

This analysis is based on the completion of task 2.1. of the Public – Private Partnership in Barents Tourism project. For task 2.1 participants were asked to map the background of tourism development work in each region by giving a presentation on the findings during the kick off meeting.

2 Overall analysis of tourism in the Barents Region [1]

The Barents Region provides a varied and versatile area for tourism development. Not only does it comprise of well-known and already established tourism destinations and regions, but it also hosts still internationally rather undetected areas. The Barents Region as a region itself, however, is yet globally unknown as a tourism destination.

According to statistics, tourism in the Barents Region deals with globally significant figures as well as a global growth potential. However, the region at hand is made up of very diverse regions which are in different stages of tourism development. Nonetheless, one characteristic which is common to all are the significant seasonal changes and a low utilization rate.
What is more, numerous regional tourism development strategies can be found in the Barents region, ranging from the local to the international level. The public sector takes an active role in strategy development in the region and the development is often project-based.

Although the region is diverse in many aspects, certain common traits can be identified. Throughout the Barents Region, a similar view on tourism development is shared. The development of tourism entrepreneurship, in versatile forms, can be observed, though not everywhere from the same

[1] cf Lapland Institute for Tourism Research and Education, 2011

starting points. Another common characteristic of the Barents Region is its internationalized tourism. However, the Barents Region also shares common challenges, such as the need to increase the use of Research and Development knowledge as well the as the need to enhance technological development and communication networks. What is more, on a more general level, similarities can also be found in the region's accessibility, natural resources and amenities.

Nevertheless, within the Barents Region numerous differences can be found. Especially in view of the tourism development of the region, a clear difference in the availability and use of critical mass and different phases of development of destinations as well as organizations can be found. In addition, it can be observed that the level and/or the development resources of tourism infrastructure vary. Also, in terms of tourism development, the motor of development ranges from being government driven to business driven as well as a combination of those two. Likewise, the direction of development shows a discrepancy as both the top-down as well as the bottom-up approach. A clear dissimilarity also shows in the marketing and international tourism expertise within the region.

3 Tourism in Finnish Lapland [2]

Finnish Lapland boasts a strong destination image and attractive resorts, characterized by big investments and high quality products. The region is especially well known as winter destination, partly due to its Land of Santa Claus Christmas product range as well as its versatile programme services.

In terms of numbers, tourism in Finnish Lapland can be summarized as follows. In order to make all numbers comparable, year 2008 was used as a reference.

- Tourism industry business units: approx. 1200
- Tourism industry turnover / revenue: € 540 million
- Direct annual tourism industry income: € 594 million
- Total amount of annual tourist arrivals: 950000
- Registered tourist overnights (foreign, domestic, total): total 240000

In view of the strategic development of tourism, Finnish Lapland is rather advanced. The Public – Private Partnership is in good shape, with universities, the public sector and companies working in close cooperation. The next step, however, is to involve customers and industries beyond tourism. Tourism development work, apart from facility investment is mainly based on EU-funded projects. It has been shown, that strategic project have triggered development and attracted private funding as in the case of Ylläs.

Tourism in Finnish Lapland is mostly focused in resorts. These resorts are in different stages of their life cycle. In addition, tourism is characterised by its small and micro sized business structure with low resources as well as innovative entrepreneurs who are driven by both profit maximisation and life-style. So far, international ownership is still small, but on the rise.

Just as any other region, Finnish Lapland is defined through certain affirmative as well as challenging characteristics. A clear strength of tourism in Finnish Lapland is its international image, as Lapland as a destination is internationally known. In addition, while claiming well-developed and infrastructure and main destination, vast wilderness areas and pure nature in an urban environment can be found. What is more, a regional and destination focus in tourism development prevails, facilitating regionally organized destinations and activities. Moreover, public-private partnership in tourism has already been developed in the region.

Apart from seasonality and accessibility, tourism in Finnish Lapland will also face other challenges in the future. One challenge is the overall status of tourism among other industries or clusters. Tourism should in the future be recognized better on a national level, in order to obtain more re-

[2] cf Regional Council of Lapland, 2011

sources for development and marketing. A point that ties in with a challenge experienced all over the Barents Region is to create products and services with all-year-round availability. In addition, another challenge presented in the future will be the shift from provided merely services to providing customers with experiences. Also, the tourism in Finnish Lapland will have to create a new operational model for international tourism marketing in the future.

4 Tourism in Swedish Lapland [3]

Tourism in Swedish Lapland is similar to tourism in Finnish Lapland, as its structure consists of small sized companies, especially micros-sized companies. In Swedish Lapland, only few small and medium-sized enterprises and large companies can be found. Going hand in hand with the micro-size of the enterprises, many enterprises are mere “hobby” companies, with a low degree of education and low activity due to seasonality. Many of the products on offer are based on un-clear business plans and hence, are not ready for export. Nevertheless, tourism n Swedish Lapland is also characterized through cooperation between companies. As well as offering genuine experiences.

In terms of numbers, tourism in Swedish Lapland is depicted as follows. In order to make all numbers comparable, year 2009 was used as a reference.

- Tourism industry business units: approx. 550
- Tourism industry turnover / revenue: SEK 3,37 billion
- Tourism industry man-years: 2500
- Registered tourist overnights: 2,3 million

Strategic tourism development in Swedish Lapland is based on the Graffman Kraft Process, which has been completed in most destinations. In addition, the Swedish National Strategy is implemented, which aims at increasing tourism exports and doubling turnover in ten years (until year 2020). The focus of implementing this strategy is to increase the number of export ready products, tourism businesses and destinations. In order to increase the number of export ready products and tourism businesses, tourism business quality is improved (ie through certification).

The three most important strategic guidelines for tourism development in Swedish Lapland are to increase tourism expert and to increase coordination and effectives in cooperation between companies and between destinations in the region as well as to attract risk capital for investments in the tourism infrastructure.

When looking at the strength of Swedish Lapland in terms of tourism, its core values are of vital importance. These values are authenticity, contrast, hospitality and hostmanship, natural, considerate, informal, untamed, developer and limitless.

A common challenge that is faced all through the Barents Region and has already been highlighted by Finnish Lapland is accessibility. This is also a future challenge for tourism in Swedish Lapland. Hence, new infrastructure will have to be developed to facilitate the access to this part of Sweden. Another challenge for the region will be to avoid the disneyfication of its products and services. Innovation or the lack thereof, is another challenge that will be faced by tourism in Swedish Lapland in the future.

5 Tourism in Northern Norway [4]

Tourism in Northern Norway is similar to tourism in Finnish and Swedish Lapland as it heavily relies on its natural beauty and climate as attractor to tourists. The tourism infrastructure in Norway,

[3] cf Luleå University of Technology, 2011
[4] cf Barents Institute, 2011

however, is characterized by the prevalence of large industrialised hotel chains against a cluster of small scale enterprises providing food, accommodation and experiences.

Only statistics on tourism for the whole of Norway were available for analysis, hence, the numbers cannot be translated into comparison to the other countries.

Similar to Finnish Lapland's aim to move on from providing tourism services to creating meaningful experiences for the tourists, the Norwegian's government's vision for its tourism strategy is to provide valuable experiences. Hence, the government's three main objectives for its tourism strategy are to achieve greater wealth creation and productivity in the tourism industry, to create sustainable rural communities through year-round employment in tourism and to build up Norway as a sustainable destination.

The strength of tourism in Northern Norway lie in its location, as it provides opportunities for tourism products and services both summers and winters.
As pointed out already with both tourism in Finnish Lapland and Swedish Lapland, the challenge of accessibility exits also in Northern Norway. One of the challenges faced by Northern Norway in regard to its tourism industry is the discrepancy between big companies in the form of hotel chains and transporter companies and SME's. In particular the small scale actors have low profitability and they lack sufficient competence about tourism, the market and business economics. Often, these enterprises are too small to meet the demands of large companies. Furthermore, a lack of communication between small and large tour operators can be observed. Another challenge that has already been mentioned in Swedish Lapland is the lack of adequately trained staff in the tourism industry. Furthermore, communication between the tourism industry and the universities should be increased, as a discrepancy exists between what the industry needs and what institutes of higher education offer.

6 Tourism in Murmansk [5]

Tourism in the Murmansk area is, like in the rest of North West Russia still in its early phases. So far, the town of Murmansk attracts mostly business tourists and few international leisure tourists. Nevertheless, many different tourism projects are currently in planning the Murmansk region, such as several tourism and recreational territories (ie Kirovks and Lovozero).

Strategic tourism development in the Murmansk region is based on two strategic directives on a regional level, which are “Law of the Murmansk region on the state support of tourism development in the Murmansk region” and the long-term target program “tourism development n the Murmansk region for 2009 to 2011. The goal of these strategic directives is the export of tourism services in the Murmansk region and the increase of tourism related companies.

Unfortunately, no statistics were provided for analysis.

Like in all parts of the Barents region, the strength of the tourism industry in the Murmansk area lies in its natural resources as well as historical and cultural heritage. Especially its sea access is seen as a major factor for advancing the tourism industry by promoting cruise tourism to Murmansk port.

7 Tourism in Monchegorsk [6]

Currently, tourism in Monchegorsk is not as developed as in the European part of the Barents Region. Tourism infrastructure and services are still underdeveloped; a discrepancy of price and quality exists. So far, mostly public organizations are involved in the tourism industry in the town, as only a small share of business are involved due to lack of financing, management expertise and

[5] cf Ministry of Economic Development of Murmansk Region, 2011
[6] cf Monchegorsk Town Administration, 2011

entrepreneurial or leadership culture. Nevertheless, Monchegorsk offers a variety of tourism services for most types of tourism.
In terms of numbers, tourism in Monchegorsk is depicted as follows.

- Tourism industry business units: 81
- Tourism industry man-years: 508
- Total amount of annual tourist arrivals: 1525
- Registered tourist overnights: total 9498

Strategic tourism development in Monchegorsk is based both on strategies on a federal/regional as well as local level. The three most important strategic guidelines for tourism development in Monchegorsk are to provide training for delivering tourism services according to international standards, the development of information and tourism networks on all levels as well as the development of natural and recreational resources.

The strength of tourism in Monchegorsk lie in its nature, such as its climate and landscape as well as the developed transport and waterway system in the centre of the Kola Peninsula. Furthermore, regardless of its lesser state of development, activity, recreational and sport holidays are on offer.
The major future challenges of the region will be finding financial resources and investors for the town infrastructure and tourism industry. Also, the tourism industry will have to be understood as a real part of the economy by the population, so tourism services will be offered by registered companies rather than as part of the shadow economy. Furthermore, Monchegorsk is faced with the challenge to turn what seems ordinary to the locals into an original element of the tourists' consumer sensation.

8 Tourism in Arkhangelsk [7]

Tourism in Arkhangelsk is focusing mostly on business tourism, which makes up half of the visitors. The large majority of tourists only stay in the region for less than 4 days. Like in the Murmansk region, Arkhangelsk is developing several new tourism complexes and destinations.
The majority of companies working in the field of tourism in Arkhangelsk are relatively young and still developing. These companies are mostly small companies, with an average of 5 employees. The field of operation for tourism enterprises in the Arkhangelsk region is mainly travel agencies focusing on domestic tourism.
In terms of numbers, tourism in the Arkhangelsk region is depicted as follows. In order to make all numbers comparable, year 2009 was used as a reference.

- Tourism industry business units: 635
- Tourism industry turnover / revenue: RUB 1046,7 million

The Arkhangelsk region disposes of a short-term financial target program "internal and entry tourism development in Arkhangelsk region for the period of 2011 to 2013.

The strategic goal of tourism development for Arkhangelsk is to create and promote a positive image of Arkhangelsk as a region with comfortable conditions for rest and recreation of Russian and foreign tourists as well as the competitive recovery of regional tour products in the travel service market.

The Arkhangelsk region is rich in natural, cultural, archaeological and architectural heritage; therefore, nature tourism as well as cultural and educational tourism are fields of special interest for the tourism industry in the region. In addition, the direct access to the White Sea allows for the establishment of cruise tourism in the region, the geographical location enables Arkhangelsk to take part in the Barents interregional and international partnership in cruise travel.

[7] cf Ministry of Youth Affairs, Sports and Tourism Arkhangelsk Region, 2011

However, although the region is rich in natural and cultural potential for the development of certain types of tourism, Arkhangelsk also holds major factors that inhibit tourism development, such as poor infrastructure, worn-out material and technical resources. Furthermore, the absence of efficient tools for planning and regulating tourism development, unavailability of educational programs which meet the requirements of the tourism industry and a deficit of highly qualified personnel lead to a chaotic state of the tourism market development and its functioning. In addition, the lack of scientific and market research activities, which fails to forecast and create development scenarios is having negative effects on the tourism development in Arkhangelsk.

9 Discussion

Although all areas of the Barents Region have tourism strategies on levels ranging from national to regional and similar natural and geographical conditions, the state of tourism industry varies greatly amongst the different countries as can be seen by the varying numbers on tourism industry turnover and man-years, amongst others.
While in Norway, Sweden and Finland tourism is already well developed and based on established infrastructure and tourism destination both nationally and internationally, tourism development in the Murmansk and Arkhangelsk region in Russia is still in the beginning in view of international visitors.

However, regardless of the different stages of tourism development within the Barents region, certain common challenges can be observed. Not only is the Barents Region geographically remote and hard to access, also its climate leans itself to favour certain types of tourism. Especially in Finland and Sweden, the strong dominance of winter tourism with a relatively week summer season causes challenges in terms of all year round employment for the population of the region.
What is more, a common challenge described by almost all four countries is the lack of adequately qualified personnel as well as a discrepancy between what educational institutions offer and what the tourism industry needs.

While small and medium sized enterprises prevail in Swedish and Finnish Lapland and international ownership is still rare, entrepreneurs of small enterprises in Russia still lack the entrepreneurial spirit and leadership culture. Also, the discrepancy between SME's and large companies as can be observed in Norway leads to problems, as small actors lack the required size and volume to meet the demands of larger companies.

Nevertheless, what constitutes a challenge in one area of the Barents region might have already been successfully tackled in another. Hence, the exchange of experience and learning from each other's business practices within the Barents region holds the potential to tackle these challenges. While cruise tourism is already well established in Northern Norway, it is still in its beginnings in North West Russia where it is seen as a potential new form of tourism for the region. In addition, while Finnish and Swedish Lapland already possess internationally well-known destinations, North West Russia is still a rather blank slate in foreign tourists' mind. When looking at tourism in North West, the European part of the Barents region could benefit from its ability to turn the ordinary into experiences for tourists ie the Pomor Food Festival which offers traditional Pomor cuisine to its visitors.

10 Conclusion

In conclusion it is to say that although many differentiating characteristics can be found in the tourism development of the Barents region, also certain commonalities can be observed.

The different stages of tourism development the regions of the Barents region find themselves in can be seen as an opportunity to learn from each other and exchange practices. The diverse offer, both in terms of nature and culture, within the Barents region bear the potential to turn a so far unknown tourism destination into a new buzz phrase of places to travel to.

Hence, it is necessary to encourage the sharing of knowledge amongst tourism actors in the region and provide a platform for both the public and private sector to encourage further tourism development. Equally, academics, entrepreneurs and municipalities are required to provide input on where the Barents region as a tourism destination should be headed and what pre-requisites must be built up to succeed in the process.

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