



NORWEGIAN MINISTRY
OF TRADE AND INDUSTRY

Action plan

Action plan for the travel and tourism industry





Preface by the Minister of Trade and Industry, Børge Brende



The travel and tourism industry in Norway has a large growth potential. The number of travellers worldwide is expected to double within 2020. The competition to attract tourists is increasing as there are large choice of destination, distances become smaller and the cost of travelling is reduced.

Norway has unique qualities as a destination, not least in connection with its nature and culture. More and more people are looking for experiences involving beautiful, unspoilt nature. This gives us a competitive advantage in terms of attracting tourists. It is also important that the growing utilisation of natural resources is carried out in a sustainable manner. Activities related to tourism shall be a source of economic development for generations to come.

A healthy economic policy is an important precondition for a profitable business sector. Interest rates are relatively low in Norway, and this has contributed to lower investment costs for the travel and tourism industry. The reduction in taxes of almost

NOK 23 billion implemented in the present parliamentary period, which includes the abolition of seat tax on air travel, has contributed to the positive trend. Liberalisation of the transport sector has resulted in increased competition and contributed to the present record-low airfares.

The action plan focuses on four areas in which greater efforts could increase the competitiveness and profitability of the travel and tourism industry. We would like to see an increase in the number of quality-conscious travellers in Norway. If we are to achieve that, we must strengthen the profiling of Norway as a destination abroad. Norway must offer products that tourists are willing to pay for. The actions in the action plan are intended, through increased competence, greater focus on innovation and increased collaboration, to contribute to enhance the travel and tourism industry's ability to meet the expectations of present and future tourists.

12 July 2005



Børge Brende
Minister of Trade and Industry



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Part I: The starting point



A. Introduction

The travel and tourism industry is a generic term for business sectors in which sales to travellers account for a major share of production. Travellers include holiday and leisure travellers (tourists), persons travelling for business purposes and travellers attending courses and conferences.

The travel and tourism industry meets travellers' demand for a varied product. It is characterised by its diversity. Many different sectors are involved. Through their choices, customers also play an active part in defining the final travel and tourism product.

The travel and tourism industry can be divided into three main areas of activity:

- Within production such as transport, accommodation and catering enterprises
- Within agency and distribution such as travel agents and tour operators
- Within refining such as travel organisers and experience/event suppliers.

Many players operate in more than one of the areas of activities. The areas of activities are mutually dependent, and together they form a value chain that constitutes the total travel and tourism product.

The travel and tourism industry is among the world's fastest growing industries. According to the World Tourism Organization (WTO), the travel and tourism industry is growing by an average of between three and four per cent per year measured in terms of the number of arrivals. The industry accounts for approximately seven per cent of the world's total export of products and services and almost four per cent of the world's GDP.

Figures from the WTO show that there were 760 million arrivals in 2004 worldwide, an increase of as much as 10 per cent compared to 2003. The growth in the number of arrivals was greatest in Asia, while Europe's share of the total number of arrivals fell. With a growth of four per cent, Europe was the region with the lowest growth. The total number of arrivals in Europe in 2004 was 414 million. Worldwide, the number of arrivals by leisure travellers increased slightly more than arrivals by business travellers in 2004. The growth in the number of travellers is, among other things due to increased economic prosperity, increased leisure time, population growth and increasing life expectancy. This triggers an increase in demand for travel

and tourism services. Moreover, distance means less today than previously as a result of the greater availability of means of communication.

1. Vision and goals

The vision for the Norwegian travel and tourism industry is: Norway shall secure an increased share of the international growth in travel and tourism by being one of the preferred destinations for quality-conscious travellers.

In that connection a target has been set that the number of foreign travellers to Norway shall increase by one million, from 3.5 million in 2004 to 4.5 million in 2010. This corresponds to an increase of approximately 30 per cent in the number of arrivals to Norway.

The goal of the action plan for the travel and tourism industry is to stimulate increased value creation and innovation in the Norwegian travel and tourism industry in order to ensure its competitiveness and long-term viability. Value creation should take place in a manner that is not detrimental to the environment and this should be used as a competitive advantage.

The action plan focuses on four priority areas: Profiling, innovation, competence and collaboration. These four priority areas will be crucial to the travel and tourism industry's ability to achieve competitiveness and good profitability in coming years. The action plan proposes concrete actions within each of the four priority areas.

The action plan shall help stimulate

- a recognised and positive profile for Norway abroad
- more innovative high-quality products for which there is a demand in the market
- increased competence in the travel and tourism industry through business-oriented research and market-adapted competence development
- increased collaboration to make better use of resources and coordination between tourism enterprises.

The action plan encompasses all traveller segments. Leisure travel is the fastest growing segment, while business, course and conference travel is important to large sectors of the travel and tourism industry outside the high season for tourism. Demand for business travel is governed by economic trends in the business sector and its needs.



This demand can only be indirectly influenced through improving the quality and accessibility of Norwegian travel and tourism products. The action plan is therefore primarily aimed at the holiday and leisure segments and at the course and conference market.

The action plan deals with those parts of the travel and tourism industry that offer travel and tourism products to foreign and Norwegian travellers travelling in Norway. The action plan does not deal with travellers who travel from Norway. The latter are nonetheless included in Statistics Norway's satellite accounts for tourism and are part of the Norwegian travel and tourism industry. Domestic travellers are still the largest customer group for the Norwegian travel and tourism industry. In 2003, Norwegians accounted for almost 80 per cent of the total number of guest nights at Norwegian hotels and accommodation enterprises. It is among international travellers, however, that the greatest growth potential lies.

The travel and tourism industry is responsible for its own development. The purpose of the action plan is to coordinate and strengthen the authorities' efforts on behalf of the travel and tourism industry. The action plan shall at the same time serve as a guideline and contribute to making the travel and tourism industry capable of dealing successfully with new challenges and seizing new opportunities.

2. The place of the travel and tourism industry in the overall policy for business and industry

The goal of the Government's policy for business and industry is to maximise value creation in the Norwegian economy. Value creation takes place in each and every enterprise in the country when the value of what is produced is greater than the costs of producing it.

The overall framework conditions within which the business community has to operate are crucial to value creation. For most enterprises, the decisive factors in terms of profitability are macroeconomic stability, competition policy, direct and indirect taxes, the availability of competent capital, the educational level, competence of the workforce and the quality of the infrastructure. Moreover, agricultural and regional development prioritisations, cultural policy¹, the regulations concerning build-

ing and planning permissions and considerations relating to the natural and cultural heritage will constitute important framework conditions for tourism enterprises.

The business and industry policy also has the specific task of facilitating innovation and restructuring in Norwegian business and industry. Rapid changes in markets, know-how and technology necessitate more active restructuring in order to achieve competitiveness and profitability. Increasing the value of what we produce is primarily achieved through product development, inventions and improvements, and by developing new markets. This requires an innovation policy that promotes business-oriented, applicable research and increases business and industry's ability to commercialise. It also requires a policy for entrepreneurship that means that enterprises can be founded more easily and quickly.

As in all other industries, value creation in the travel and tourism industry is driven by private sector investments and efforts. The role of the authorities is to facilitate value creation irrespective of industry or sector. The travel and tourism industry must develop attractive and profitable products in order to attract the capital and resources required to ensure long-term growth and profitability.

Innovation Norway is an amalgamation of the former Norwegian Industrial and Regional Development Fund, the Norwegian Trade Council, the Norwegian Tourist Board and the Government Consultative Office for Inventors. Innovation Norway administers a number of government funding schemes, has regional offices in all Norwegian counties and has a large apparatus at its disposal abroad. By integrating its domestic offices and offices abroad it has improved its utilisation of resources, and contact between producers and the markets has been strengthened. Innovation Norway also focuses on the exchange of know-how and technology between Norway and other countries and it helps to create networks between Norwegian and foreign enterprises. The Norwegian travel and tourism industry has the same access to Innovation Norway schemes and programmes as other industries and sectors in Norway.

B. Trends



There are a number of international trends that have an impact on the competitiveness of the Norwegian travel and tourism industry. The travel and tourism industry is influenced by developments and changes in demand. Suppliers on their part are developing their tourism products. Some trends are of particular relevance to Norway as a tourist destination, and thereby to the development of a forward-looking tourism policy. The Norwegian travel and tourism industry must adapt to these trends if it is to increase its value creation.

1. Trends in demand

One important factor in the development of demand for foreign travel in Norway's biggest markets (Germany, Sweden, Denmark, the United Kingdom and the Netherlands) is the changed demographic profile. The number of people in

older age groups is increasing. It is a general trend that travellers are of better health, are financially better off, are more used to travelling and are using the Internet more actively than previously. This results in a quantitative change in terms of the different age groups and a qualitative change in the demand for products. The products must be increasingly adapted to suit the requirements of this group of experienced and quality-conscious travellers.

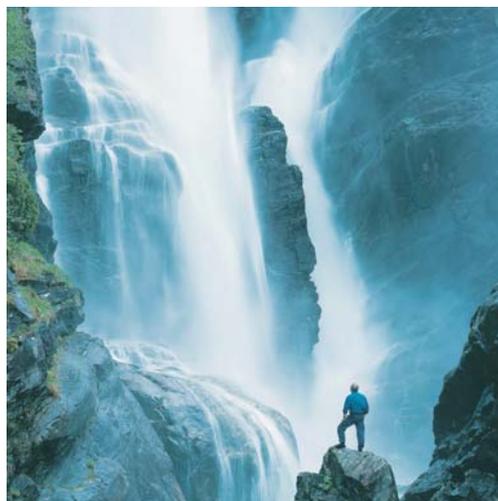
Another trend is that tourists to a greater extent choose the experience first and then the destination. It is important for tourists to be able to tell stories from their holidays. Tourists want more personal and individual treatment. The choice of experiences is contingent on the situation, and the trend is towards more varied holiday behaviour. The same tourist can stay in a tent on one holiday

and in a first-class hotel on the next. The length of the holiday and season also influence the tourist's choices. Tourists tend to take longer holidays in the high season. In this context, the trend is more in the direction of round trips in which the motives are nature, landscape, activities, culture and an element of city holiday. At other times of the year, the trend is towards shorter and more frequent breaks. The demand has been made possible by low-fare airlines and the Internet, which has made travel quicker, easier and cheaper. This means that many tourists decide their destination at a late stage. On short breaks, experiences, activities and relaxation must be compressed into the shortest possible space of time. That is why many people choose to make use of tailor-made package deals. Short holidays also mean that tourists often choose city breaks and destinations that are not far from their home countries.

Tourists are becoming more and more experienced travellers and consequently they demand higher quality. This is a result, among other things, of increased prosperity, the fact that there is more to choose from in the market and the generally higher level of education. Demand is tending more in the direction of holidays which focus on both relaxation and knowledge. Tourists want meaningful holidays with elements of culture, history, entertainment and activities. Tourists no longer want to just see unspoilt nature and beautiful cultural landscapes, they want to make active use of the landscape and come into contact with local people. They want the real thing, including food and culture. The increased focus on health means that tourists are now more interested in fresh air, exercise and the restorative effect of holidays. Many tourists have become increasingly aware of the fact that increased travel can lead to wear and tear on the nature. They want activities that are based on sustainable utilisation of the natural environment.

2. Trends in supply

For the travel and tourism industry these trends in demand mean greater and greater demands in terms of service, flexibility, competence and innovation. The role of the host in particular is becoming more important in sectors where people put their stamp on the quality of the product. Enterprises must be capable of offering packages



that include unique experiences and meaningful holidays.

The competition for tourists is becoming keener as a result of the increasing number of suppliers of tourism products, and more and more accessible destinations, such as the new EU countries. Moreover, tourists are becoming less loyal to destinations to which they previously tended to return.

The increased competition is also a result of globalisation, mass communications and e-commerce. Access to larger groups of customers spread over wide geographical areas results in both new opportunities and keener competition in terms of price and quality. On the other hand, it is in the international markets that the greatest growth potential lies. Potential new groups of tourists come from markets such as China and Russia. The Norwegian tourist industry must actively position itself if it is to win market shares in these new markets.

The development of new distribution tools has resulted in far-reaching changes in the way tourism products reach customers. In parallel with this development, commercial changes in the travel and tourism industry have resulted in a shift of market power from the producer to the consumer. The use of new information technology has opened up new possibilities such as cost-cutting tools that simplify communication, distribution and sales. New technology can also create arenas for the development of competence and exchange of experiences. The Internet is a much used tool in the travel and tourism industry for communicating with tourists. The use of the Internet to obtain information and make bookings is increasing in all markets. The Internet also requires swifter response times and makes it easier to compare competing offers. This makes more stringent demands on suppliers' competence and technology.

C. The Norwegian travel and tourism industry

In Norway, the travel and tourism industry accounts for approximately four per cent of the gross domestic product (GDP) and creates values for approximately NOK 60 billion (gross product).²

accounted for NOK 37 billion and business travellers for NOK 17 billion. A total of 70 per cent of tourist consumption in 2003 consisted of expenditure on goods and services defined as tourism



The travel and tourism industry comprises businesses that are to a large extent engaged in tourism but that also sell goods and services to other groups. Tourists for their part also purchase goods and services from other sectors. The actual contribution to GDP generated by tourism is thus not necessarily identical with the travel and tourism industry's share of GDP.

Measured in terms of the total number of normal man-years, the travel and tourism industry employed a total of 125,800 people in 2003. The travel and tourism industry's share of total employment was 6.4 per cent. The travel and tourism industry is particularly important in terms of regional employment. Tourism is the basis industry in many local communities and it generates many ripple effects in other local business sectors.

Travellers spent a total of NOK 76 billion in Norway in 2003³, of which foreign tourists accounted for NOK 22 billion. Norwegian tourists

products. This share has decreased somewhat in recent years.

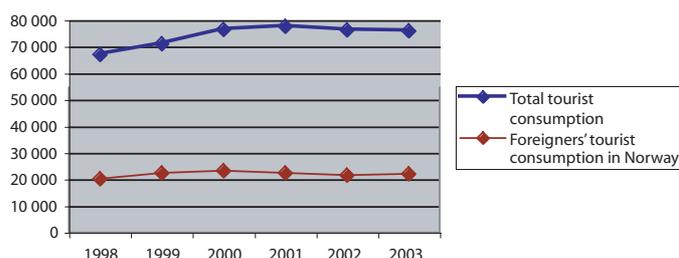
Almost 30 per cent of the total tourist consumption in Norway takes place in Oslo and the county of Akershus. Outside the Oslo region, the counties Hordaland, Oppland and Rogaland have the largest tourist consumption.

1. Challenges facing the Norwegian travel and tourism industry

One of the main tasks involved in the development of the travel and tourism industry is to ensure that further growth is converted into increased value creation and greater profitability. This is primarily the responsibility of the tourism enterprises themselves.

The travel and tourism industry is characterised by the fact that it is the customers that come to the product and that the product is consumed where it is produced. In Norway, the travel and tourism

Change in total tourist consumption in Norway: 1998-2003
NOK million, nominal prices.
Source: SSB



industry is largely based on local comparative advantages relating to Norwegian nature and culture. Developing and adapting its total product in increasingly keen competition with other destina-

area. It can also generate efficiency gains in all stages of production. Utilising the technological possibilities represents a challenge for small companies in particular.



tions is the challenge facing the travel and tourism industry.

The travel and tourism industry is labour intensive and it needs a stable, competent workforce. It is characterised by high labour turnover because of the strong seasonal fluctuations in employment. Attracting staff with the required competence at all levels is therefore a challenge for tourism enterprises.⁴

It is also a challenge to develop a profitable travel and tourism industry. The industry is characterised by strong fluctuations in demand, as it is highly seasonal. The development of year-round tourism may therefore be the correct strategy in certain cases for improving profitability.

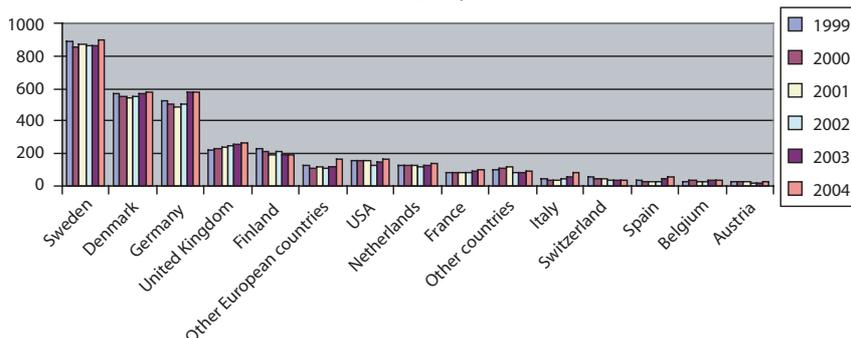
The use of information technology is important to the travel and tourism industry. Information technology enables information to be communicated swiftly and efficiently and it enables the sale of tourism products over a larger geographical

Since nature is an important part of the Norwegian tourism product, the adaptation of activities to nature, culture and the environment is particularly challenging. Knowledge about sustainable use is important if the resources on which tourism is based are to be preserved and developed. The Government has laid down a framework for more active use of outlying land and protection areas in the tourism context in White Paper no. 21 (2004-2005) «Regjeringens miljøvernpolitikk og rikets miljøtilstand» (The Government's environmental protection policy and the environmental state of the realm) and in the so-called «mountain statement».⁵

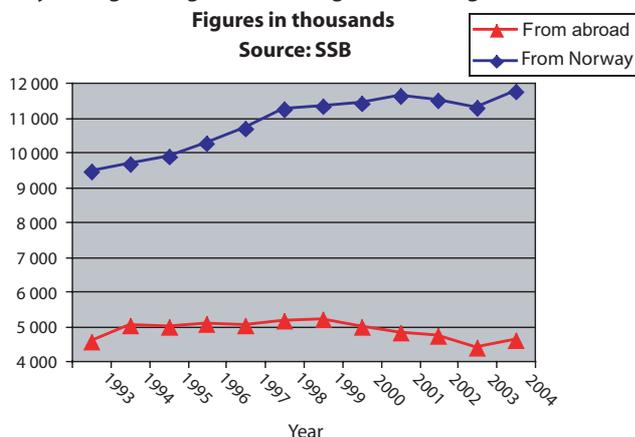
2. Trends in the Norwegian travel and tourism industry

Developments were positive during the first half of the 1990s, both with respect to the number of international tourist arrivals and the number of

Number of arrivals in Norway from foreign markets by country 1999-2004
(At least one overnight stay, tourist and business travellers, figures in thousands)
Source: TØI



Yearly hotel guest nights for Norwegian and foreign travellers.



hotel guest nights in Norway. This trend stagnated in the late 1990s. Between 1998 and 2003, the number of arrivals from abroad fell by 17 per cent. During the same period, the total number of hotel guest nights fell by 5 per cent while the number of Norwegian guest nights at Norwegian hotels remained unchanged from 1998 to 2003. However, the total number of guest nights in Norway (hotels, campsites, cabins and holiday cabin letting agencies) fell by 2.5 per cent from 1999 to 2003.

This trend was reversed in 2004, and the number of foreign tourists who came to Norway increased. The total number of hotel guest nights reached the same level in 2004 as in 1998. The influx of tourists from Asian countries increased by as much as 93 per cent, although from a low level originally. At 24 per cent, Germany has the

largest proportion of foreign tourists. After the Germans it was the Danes, Swedish, British and Dutch who most frequently choose to holiday in Norway. These countries accounted for almost half of all the foreign guest nights. The number of foreign guest nights increased by slightly more than the number of guest nights by Norwegians.⁶ In all, the number of Norwegian guest nights in hotels and accommodation enterprises increased by six per cent and foreign guest nights by seven per cent from 2003 to 2004. Norway is the most important holiday destination for Norwegians. Almost eight out of every ten Norwegians, or 78 per cent of the population, took a holiday trip in Norway with at least four overnight stays in 2003.

¹ White Paper no. 22 (2004-2005) "Kultur og næring" (Culture and business)

² Industries' gross product shows their contribution to Norway's total value creation. The figures in the section «on the Norwegian travel and travel and tourism industry» are from Statistics Norway (SSB). Statistics Norway includes accommodation enterprises (hotels, campsites and other accommodation enterprises), the catering/restaurant sector, the transport sector, travel agents and tour operators and the experience sector in its satellite accounts for tourism.

³ Tourists' consumer expenditure (tourist consumption) in Norway is broken down into different goods and services. It is possible to distinguish between foreigners' consumption, Norwegian households' tourist consumption and Norwegian enterprises' expenditure on business travel. Norwegians' tourist consumption relates primarily to travel and activities in Norway, but tourist consumption also includes expenditure paid for in Norway in connection with travel abroad, for example expenditure on package tours and transport to and from abroad. Norwegians' expenditure while abroad, on the other hand, is not included.

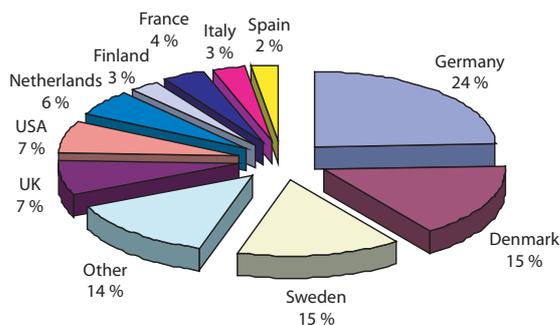
⁴ White Paper no. 15 (1999-2000)

⁵ Proposition no. 65 to the Storting (2002-2003)

⁶ "Norsk Hotellnæring 2004" (Norwegian Hotel Industry 2004), Horwath Consulting

Total number of guest nights (overnight stays) in Norway, by percentage and country, 2004.

Source: TØI 2004



Part II: Priority areas



1. Priority area: Profiling



Goal: **To create a recognised and positive profile for Norway abroad.**

Profiling and marketing are required if Norwegian tourism products are to be visible and well-known in the markets. International profiling and marketing of Norway as a destination is crucial if the travel and tourism industry is to succeed in realising the potential that lies in foreign markets.

In the overriding profiling of Norway as a destination abroad individual tourism enterprises often lack the required financial strength or incentive to finance marketing on their own. The Government therefore allocates funds through the Ministry of Trade and Industry to Innovation Norway for international profiling and marketing of Norway as a destination.

The marketing of individual products is the responsibility of the travel and tourism industry itself. Marketing in the domestic market primarily takes place at the industry's own initiative. However, the Ministry of Agriculture, for example, provides financial support for the marketing of rural tourism, both in Norway and abroad. This support is channelled through Innovation Norway, which takes an overall view of the marketing of Norway as a destination and coordinates activities.



A. **The general profiling of Norway**

Several players and individual enterprises profile Norway abroad. The Ministry of Foreign Affairs is responsible for the general profiling of Norway abroad, including the promotion of Norwegian culture. The Norwegian Seafood Export Council (EFF) profiles Norwegian seafood, focusing on its high quality, good taste, and the clean sea and fjords. Many of the major Norwegian enterprises also contribute to projecting an national image of Norway through their activities abroad. It is important to view these marketing efforts in conjunction, with a view to exploiting synergies. The integration of Innovation Norway's offices abroad with the foreign service contributed to greater coordination between the general profiling of Norway and the profiling of Norway as a destination.

The Ministry of Foreign Affairs is currently working on an overriding national image strategy for Norway. The goal is that other ministries and subordinate agencies will bring their profiling efforts abroad into line with the overriding guidelines of the strategy. This also applies to the Ministry of Trade and Industry's efforts to promote Norway as a destination abroad.

Work on Norway's national image under the auspices of the Ministry of Foreign Affairs

A number of ministries and public sector players are participating in a working group which has been given a mandate to develop a national image strategy. Innovation Norway acts as the secretariat for this work. A country's national image can be defined as the position the country has in the consciousness of people abroad. A positive national image can strengthen our possibilities for exercising political influence and creating understanding for Norwegian interests. It could also improve the competitiveness of Norwegian export industries and result in increased growth in the travel and tourism industry, create new arenas for Norwegian culture and attract networks of international partners in a variety of fields. A clear and uniform national profile is a prerequisite for a good national image. A shared framework in the form of a national image strategy in which private and public sector players pull together in the same direction could lend greater weight to the profiling of the nation, the regions, products and services.

B. Profiling Norway as a destination abroad

In this context, profiling is defined as the building of the brand «Norway as a destination» abroad, as well as marketing efforts aimed at selected markets and market segments.

The promotion of the Norwegian travel and tourism industry and of Norway as a destination is one of Innovation Norway's core tasks. The intention behind the incorporation of the Norwegian Tourist Board into Innovation Norway was to strengthen profiling efforts. There is a great potential and great possibilities for synergies now that all the schemes intended to support Norwegian business and industry have been concentrated in one institution. The profiling of the Norwegian travel and tourism industry is now coordinated with the general profiling of Norway and Norwegian business and industry abroad.

The objective of allocating funds for profiling Norway abroad is to inform about, profile and market Norway as a destination. Travel and tourism industry players are expected to cooperate with Innovation Norway on international marketing initiatives. Moreover, Innovation Norway communicates information about international markets to travel and tourism industry players in Norway. It is also important that the travel and tourism industry provides Innovation Norway with feedback about its own experiences in these markets.

Synergies can be achieved in Innovation Norway's profiling work through collaboration between Innovation Norway and organisations that use Norway and Norwegian values in the marketing of their products.

In markets that are not prioritised in profiling efforts, there is not enough information available about Norway and what Norway has to offer. There is a need, therefore, for dynamic and comprehensive material containing information about Norway.

Action:

Produce dynamic and comprehensive information material containing general information about Norway and about Norway as a destination. The material should reflect the current visual profile used by both the foreign service and Innovation Norway. It should be distributed to the network of offices abroad, tour operators and via the Internet. The material will be financed within the limits of the financial resources at Innovation Norway's disposal.

Responsible:

Innovation Norway.

1. Building Norway as a brand abroad

A brand is a commodity, product or service that stands out from the crowd and which is chosen by consumers because they associate something special with it. «The Norway brand» must give as positive and attractive an impression as possible. The aim of brand building is to increase familiarity with and knowledge about Norway, and to influence potential tourists to form a positive picture of Norway so that they choose to holiday here.

Many countries are working on strengthening their brand identity. Several of them have succeeded. Spain with «Everything under the sun» and Ireland as «The emerald isle» are examples of countries that have attracted attention and created a positive profile in the consciousness of large population groups. It is important to learn from these countries' experience.

The main target group for the brand strategy consists of people in search of nature-based experiences. The core value statements in the existing brand strategy are that Norway is genuine, friendly, beautiful, healthy and well-organised. The intention is that tourists should feel at one with nature and culture, and that they should experience serenity and a «recharging of their batteries». After a holiday in Norway, tourists will have gained new energy through enriching holiday experiences.

Close collaboration between the travel and tourism industry and Innovation Norway is a prerequisite if the brand strategy is to succeed. Tourism enterprises must be capable of delivering products that are in line with the brand concept. They must also be loyal to the overriding brand



strategy for Norway in their own marketing. This will ensure consistency and give greater force to the marketing of Norway abroad.

Great changes have taken place in global travel and tourism since the brand strategy was launched, both in the Norwegian travel and tourism industry and, not least, in tourists' preferences. A revision of the brand strategy is therefore required.

The building of Norway as a brand shall focus more on themes. This means that Norway will profile itself in terms of concepts that are unique to Norway, and which the market sees as attractive. The assessment and choice of themes will take place in connection with the revision of the brand strategy.

Examples of themes:

- Norway north of the Arctic Circle
- Winter activities
- National parks
- Coastal and fjord holidays
- City holidays
- Conferences

The travel and tourism industry must be represented in the work on revising the brand strategy. The strategy must have the industry's support. In that connection, a consultative forum should be established consisting of representatives of the travel and tourism industry. The forum will discuss issues relating to the brand strategy and result in ownership of the strategy both by the industry and the authorities.

Actions:

NOK 3.5 million will be made available for a revision of the strategy for building Norway as a brand. The work shall focus more on themes to be used in profiling Norway as a destination abroad.

Responsible:

Innovation Norway.

Establish a consultative forum with the aim of contributing to the revision of the brand-building strategy, and of ensuring continuity and follow-up of the brand strategy in the travel and tourism industry. The consultative forum will be broad-based and will consist of various representatives of the travel and tourism industry in Norway.

Responsible:

Innovation Norway.

2. Campaign marketing and work on foreign markets

The Norwegian travel and tourism industry largely consists of small and medium-sized businesses. There are few individual enterprises that have the means to market themselves abroad. There are therefore a number of undertakings that engage in joint marketing of destinations, regions

or themes. Innovation Norway is trusted with the task of bringing together travel and tourism industry players with a view to working together towards a common goal. Innovation Norway conducts marketing campaigns in selected markets. It is a requirement on the Storting's (Parliament's) part that the travel and tourism industry's financial participation in campaigns abroad be as great as possible. The travel and tourism industry's participation in campaigns under the auspices of the Norwegian Tourist Board/ Innovation Norway varied between 40 and 50 per cent during the period 1995 to 2005.

The choice of which markets are to be targeted is made on the basis of criteria such as Norway's market position, the return on each krone spent on marketing, the number of arrivals in Norway and the development of market shares.

It is important that those who participate in marketing campaigns gain substantially from their participation. Therefore very good communication is necessary, between Innovation Norway and industry players – before, during and after such campaigns. In order to ensure good communication, it will be expedient to establish user forums for campaign participants.

The city of Trondheim's targeting of the conference market

In 1992, the travel and tourism industry in Trondheim set up the destination company Trondheim Aktivum AS, primarily with the aim of marketing Trondheim as a course and conference city. The company also runs the city's tourist information office. It is owned and financed by a wide range of enterprises and organisations, several of them from outside the

travel and tourism industry. Trondheim municipality has a small shareholding of 3.5 per cent, and contributes an annual grant to the operation of the company.

The company's activities have not been focused on general marketing aimed at the holiday and leisure market, but have instead focused on motivating enterprises and organisations to choose Trondheim as the venue for their meetings and congresses. One of the reasons for the

success of this strategy is the close links that exist with the research and technology milieu in the city. Today, the business and conference market accounts for almost 70 per cent of occupancy at the city's hotels.

While the conference market fell by 9 per cent nationally during the period 1999-2003, the number of conference guest nights in Trondheim increased by 12.6 per cent during the same period.



Action:

Establish user forums for participants in Innovation Norway's marketing campaigns abroad.

Responsible: Innovation Norway.

Marketing Norway in its near markets

In the near markets of Sweden and Denmark, decisions on where to spend summer holidays are made late. A marketing campaign during the summer months can have a positive effect on the number of visitors from Sweden and Denmark during the 2005 summer season.

Action:

An extra investment of NOK 1 million will be made in marketing Norway as a destination in Sweden and Denmark during summer 2005.

Responsible:
Innovation Norway.

Marketing Norway as a winter destination in the main markets: Sweden, Denmark, Germany and the United Kingdom

The winter campaigns in the most important markets for winter tourism in Norway, Sweden, Denmark, Germany and the United Kingdom start at the end of August/beginning of September. Norway has experienced a steady growth in the number of ski tourists from these countries in recent years. A strengthening of the winter campaigns in these markets can result in more tourists in Norway during the skiing season.

Action:

An extra NOK 2 million will be spent on marketing Norway as a winter destination in Sweden, Denmark, Germany and the United Kingdom in 2005.

Responsible:
Innovation Norway.

3. New markets

Work on developing new markets is a long-term process with a relatively high risk attached. It is difficult to predict the response to marketing actions in new markets, and in consequence little is invested in them by the tourism enterprises. On the other hand, there is great potential in precisely these markets. Economic growth in many countries has made it possible for new groups to travel, and developments in the transport sector have made Norway more accessible than previously. Part of the public funds available to Innovation Norway shall therefore be spent in selected new markets in the time to come. Surveys have shown that Russia, China, India and Poland are particularly interesting in terms of potential tourism to Norway, not least because of their large populations and increase in disposable income.

Action:

Innovation Norway will focus on profiling Norway as a destination in new markets. In 2005, the Russian, Chinese, Indian and Polish markets have been chosen. NOK 5 million has been allocated to developing these markets in 2005.

Responsible:
Innovation Norway.

New markets

In 2004, Norway signed an Authorised Destination Status agreement with China. The agreement means that Chinese tourists can travel to Norway in organised groups. As a result of the agreement the number of

Chinese people coming to Norway on holiday increased in 2004. Increased marketing efforts in China could have a major effect.

In Russia, Innovation Norway has endeavoured for a long time to get distribution enterprises to

include Norway. This has proved a success, and the proportion of Russian tourists who come to Norway has increased. Work on this market is now entering a new phase in which campaigns will target Russian consumers.

The approach taken to foreign markets can be thematic rather than geographical. One example of this is the market for so-called geotourism. The term geotourism is used about the destination as a whole, everything that makes a place unique, such as its flora and fauna, history, beautiful landscapes, traditional architecture, local culture and food. Sustainability and conservation are central concepts, since the value of the destination is linked to its authenticity and genuineness. The National Geographic Society defines geotourism as: «...tourism that supports the geographical character of a place - its environment, culture, heritage, aesthetics, and the well-being of its citizens». One form of geotourism could be to take the cultural heritage as the starting point for the development of tourism products.

Action:

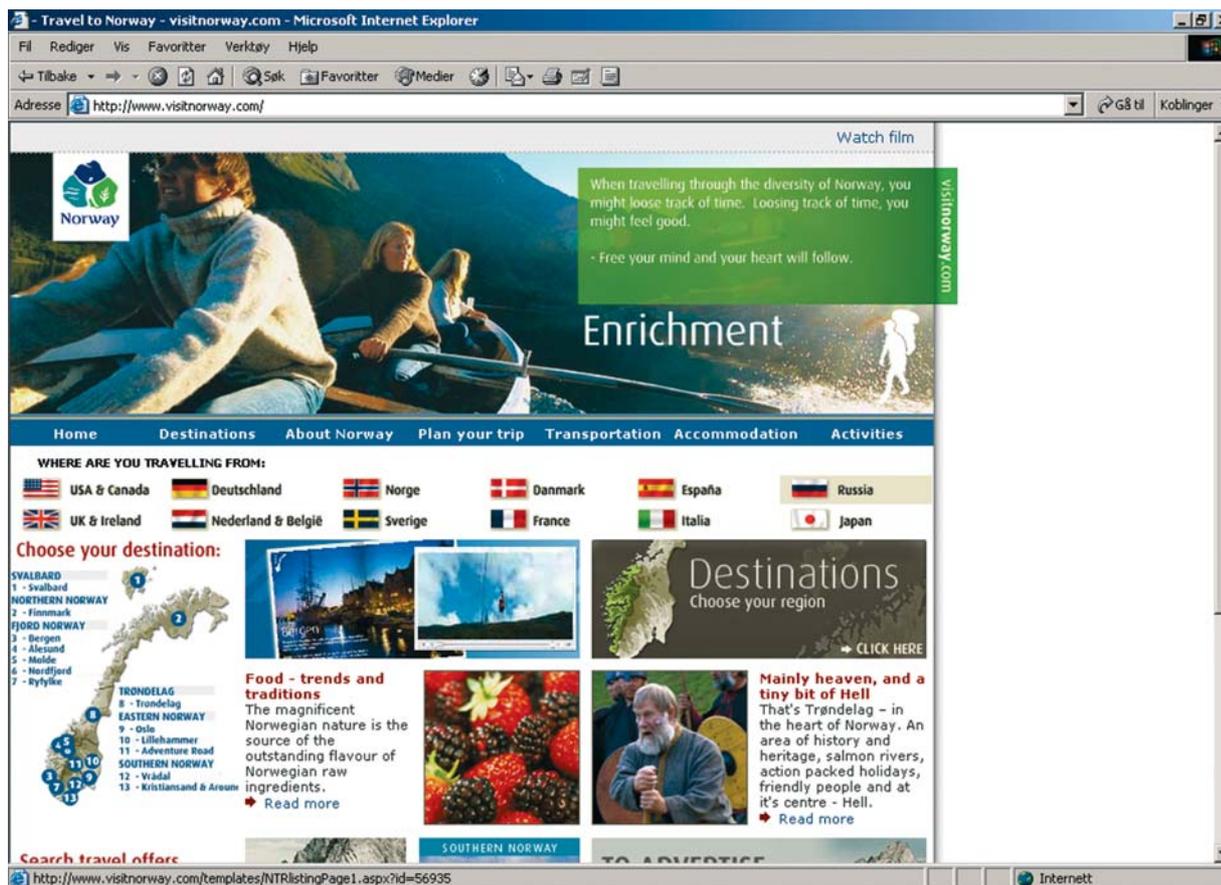
NOK 1 million will be earmarked in 2005 for marketing geotourism. The Geirangerfjord and the Nærøysfjord are in a good position to be included on UNESCO's World Heritage List. These fjord areas can be used actively in the marketing of Norwegian geotourism products.

Responsible:

Innovation Norway.



C. Visitnorway.com



The most important electronic gateway to Norway as a destination is visitnorway.com.

Visitnorway.com is, and shall continue to be, an Internet portal for potential tourists who wish to find out what Norway has to offer.

The portal has approximately 20,000 pages in 11 different languages. It had 6.5 million visitors between 2001 and 2004, as many as 2.9 million of them in 2004 alone. The media agency OMD has estimated the value of the visits to visitnorway.com at NOK 85 million for the period 2001 to 2004. In 2004, the Government paid approximately 70 per cent of the website's operating costs. The travel and tourism industry covered approximately 30 per cent through the purchase of advertising banners on the website and through separate presentations on the Internet portal.

Visitnorway.com is the most important response channel for Innovation Norway's marketing campaigns abroad. It is not possible to make bookings directly via the portal. There is a well-functioning commercial market for making bookings, and the website therefore has no need for such a function. However, the website should facilitate booking by including links to individual products and booking enterprises. It will also be natural for

visitnorway.com to include links to other portals containing official information about Norway. This assumes that collaboration is established with the public bodies that are responsible for the portals to which links are included.

Visitnorway.com is intended to contribute to more tourists choosing to holiday in Norway. Moreover, it should also be a goal for Norwegian tourism enterprises to find it worth paying an annual user subscription in order to be represented. Endeavours shall be made to recruit more paying partners from the travel and tourism industry in connection with campaigns on the website.

A revision of visitnorway.com is required in order to make it more informative and user-friendly for potential tourists in Norway. All information on the website must be continuously quality assured.

Action:

Revise visitnorway.com in consultation with the travel and tourism industry. The work will be financed within the limits of Innovation Norway's current financial resources.

Responsible:

Innovation Norway.

2. Priority area: Innovation



Goal: To stimulate travel and tourism enterprises to develop innovative high-quality products for which there is market demand.

The foundation of profitability in Norwegian tourism enterprises lies in their ability to develop attractive products which tourists demand. Future value creation in the travel and tourism industry therefore depends on good innovative abilities.

Innovation as a priority area must be seen in conjunction with the other priority areas in the plan: competence, collaboration and profiling. A good collaborative project can, for example, form the basis for developing a new, profitable tourism product. Moreover, competence is an important input factor in innovation.



A. On innovation and product development

Innovation can be defined as a new product, new processes, forms of utilisation or organisation that are launched or applied in the market in order to generate economic values.⁷ There is often a gradual transition between what is regarded as ordinary rationalisation and what can be regarded as innovation. Simple, small adjustments can also be innovation.

Competition in the market is a driving force behind innovation. For an individual enterprise, innovation can be a means of survival in competition with others. In many cases, innovations will be the result of changed customer requirements. This also applies to the travel and tourism industry, where the road to success lies in creating products that tourists and other travellers are willing to pay for.

A broad definition of innovation has been chosen in the action plan for the travel and tourism industry. Innovation takes place in all parts of the value chain in the Norwegian travel and tourism industry. Innovation can be everything from the development of completely new tourism concepts to small, step-by-step improvements in existing products. Adapting tourism products to suit different customer groups can also be a kind of innovation. For example, adapting a product to suit families with children or the disabled can make a product more accessible in new markets.

Innovation in the travel and tourism industry can take the form of combining several individual services to form a tailor-made concept or package deal. Offering packages that provide a rich variety of experiences is one of the challenges facing tourism enterprises in Norway. Increased competition for tourists will reinforce the significance of this.

Innovation is a learning process which builds on new and existing knowledge. The efforts and competence of staff are thus important factors in terms of innovation. Competence has been chosen as one of the other priority areas in the plan, and the actions discussed in the chapter on competence must be seen in conjunction with the tourism enterprises' ability to innovate and develop attractive tourism products.

Collaboration with other types of enterprise and institutions can help foster innovation.⁸ In many cases, product development and innovations in



tourism are based on developments in other areas of society. An example of this is the developments in information technology which have resulted in major efficiency gains for both customers and producers, particularly in connection with the booking of journeys and hotel bookings. Bringing in expertise from other fields such as marketing, financial management, design, cultural history and natural history can form the basis for new, profitable tourism concepts.

1. Innovation in service industries

A Danish survey from 2001 showed that tourism enterprises display a relatively low degree of innovation.⁹ A large proportion of tourism enterprises fall under the definition service industries. Statistics Norway's innovation survey for 2001 shows that the ability to innovate is somewhat lower in service industries than in goods-producing industries. In the survey, innovation was defined as enterprises that have introduced new or significantly altered products and/or processes during the period 1999 to 2001. The fact that service industries score lower in many instances in terms of innovation activity is probably connected to how innovation is defined. In service industries, innovation often takes the form of step-by-step improvements to existing products. Moreover,

the development of technological solutions feature to a lesser extent in service-related innovation processes than in other sectors. These forms of innovation may be difficult to measure.

The Ministry of Trade and Industry has instigated a project which will examine innovation in service industries. The project will analyse what it is that characterises innovation in service industries, and what factors are important to the ability to innovate. The project shall also identify driving forces and bottlenecks in order to provide a basis for evaluating concrete actions that can help to increase innovation activity in the service sector. In order to throw light on how innovation takes place in the travel and tourism industry, the Ministry of Trade and Industry will include tourism enterprises in the current study.

Action:

The Ministry of Trade and Industry will carry out a project on innovation in service industries that will examine in more detail how innovation takes place in the travel and tourism industry. Case studies will be performed on a selection of tourism enterprises.

Responsible:

The Ministry of Trade and Industry.

Innovative mountain tourism and the development of year-round products:

Innovative mountain tourism is a project under the auspices of seven mountain destinations in the counties of Buskerud, Telemark and Aust-Agder (Geilo, Hemsedal, Golsfjellet, Vrådal, Gausta/Rjukan, Rauland and Hovden) in cooperation with Innovation Norway, SIVA (the Industrial Development Corporation of Norway), the Research Council of Norway and the county authorities in Aust-Agder, Buskerud and Telemark. The project addresses the challenges that mountain tourism as an international industry faces during the summer season, and its vision is to turn mountain tourism into a profitable, year-round industry with great attractiveness in selected international tourist markets. Attractiveness in the international market can be increased by fostering innovation and entrepreneurship in the destinations, and by making the available experiences more accessible and easier to book.

2. Innovative tourism products

Innovation in the travel and tourism industry can consist of identifying alternative areas of application for new and existing products through extending the season. Attracting the competence required to strengthen an enterprise's ability to restructure and develop is a challenge for tourism enterprises. For some tourism enterprises an extension of the season can mean increased utilisation of capacity, improved profitability and more stable jobs. Moreover, an extension of the tourist season can make it easier for enterprises to retain personnel with competence and contribute to increased innovation.

Action:

Projects will be initiated with a view to developing and marketing new, innovative tourism products focused on year-round tourism. NOK 2 million has been allocated for this purpose in 2005.

Responsible:

Innovation Norway in close cooperation with the travel and tourism industry

Innovation 2010: Best-practice examples in inland Norway

Inland Norway 2010 is one of ten projects that are part of the Government's Innovation 2010 project. The report «Innlandet 2010» (Inland Norway 2010) was presented to the Minister of Agriculture and Food Mr. Lars Sponheim in March this year. Tourism has been chosen as one of six focus areas in this project. The report emphasises projects or campaigns that can succeed and act as role models for the travel and tourism industry, so-called «best-practice examples». The best-practice examples that are highlighted are:

- National Park country: Rondane, Dovrefjell and Jotunheimen
- The skiing destinations: Trysil, Lillehammer Ski Resort and Beitostølen
- Regional brands: Gudbrandsdalen, Valdres - summer pasture country, Kongsvinger fortress and the history of the armed forces in areas near the border
- Hunting, fishing and other nature-based tourism developments
- Food and culinary experiences

Tourism, experiences and agriculture in Inland Norway

The pilot project «Tourism, experiences and agriculture in inland Norway» is linked to the Inland Norway 2010 project. The pilot project aims to unleash a potential for increased innovation and value creation in agriculture through dedicated efforts at developing tourism in 10 enterprises. The project is scheduled to conclude at the end of 2005.



Examples of profitable innovation in the Norwegian travel and tourism industry

There are many good examples of tourism enterprises that have made profitable innovations, and which have developed good tourism products and concepts. The following is an overview of exciting projects in various segments of the travel and tourism industry:

Agriculture and tourism:

In 2002, Storaas Gjestegaard invested in an activity kitchen where guests prepare their own food together with a chef. The investment was made on the basis of increased customer and market demand for cultural experiences and interesting activities, and it took Storaas' agricultural roots as its starting point. According to Storaas, the investment has resulted in increased turnover. So far, more than 2,000 food-enthusiasts have availed themselves of the service.

The coast and fishing:

Tourism products based on marine traditions and coastal culture can form the basis for inno-

vation. In recent years, there have been examples of enterprises starting up on the basis of combining tourism with the coast and fishing as their common denominator. Lofoten Rorbuerie in Kabelvåg and Korshamn Rorbuer are examples of enterprises that have made fishing experiences available to tourists by combining accommodation in traditional fishermen's style accommodation (rorbuer) with the opportunity to hire boats or go on deep-sea fishing trips.

In Northern Norway, innovative projects have been initiated that aim to develop a market for winter tourism. The Hurtigruten coastal express cooperates with land-based tourism enterprises in Finnmark and Lofoten, with the goal of developing high-standard products for winter tourists. In Finnmark, the focus is on various kinds of active holidays in particular, and it has already resulted in a doubling of the number of visitors this winter compared with last year. In Lofoten, work is being done on a concept linked to the Lofoten fisheries, killer whales and whale safaris. The Hurtigruten coastal express has traditionally had winter as its low-

price season, but it now wishes to turn this around and instead offer exciting packages to the high-price segment. The destinations hope to develop year-round tourism through these initiatives.

Culture-based tourism:

The cultural landscape is the starting point for Inderøy municipality's most important tourism effort, «The Golden Detour». The golden detour is a cooperative undertaking consisting of 17 enterprises, including a ceramics studio, a farm cheese factory, accommodation enterprises and restaurants, churches and other attractions.

Nature and tourism:

Moskus Safari Dovrefjell is an enterprise that was started in winter 2003. It was the first company to be granted an official licence for organising musk oxen safaris in the Dovrefjell National Park. Moskus Safari Dovrefjell organises regular guided tours as well as tailor-made tours for large parties. It has organised more than 250 tours since its inception.

B. How can the Norwegian travel and tourism industry's innovative ability be improved?

The responsibility for every innovation process must lie with the tourism enterprises themselves, and they must also be the driving force behind innovation. However, the authorities have a role to play in facilitating value creation in general and for innovation in particular.

Good, general framework conditions form an important foundation for profitable innovation. Important factors for enterprises include the macroeconomic stabilisation policy, competition policy, the policy on direct and indirect taxation, trade policy, capital market, labour market and energy policies, regional policy and transport policy. These factors will have a bearing on enterprises' ability to innovate.

In addition to good, general framework conditions, the Government believes that a business and industry policy that stimulates innovation in particular is necessary. This includes arrangements that promote applied research and the commercialisation of research. The research programmes, the Skattefunn tax incentive scheme for innovations, the Technology Transfer Offices (TTO) at universities and university colleges and the FORNY (RENEWAL) program¹⁰ are all schemes intended to stimulate greater R&D efforts in the business community. These schemes do not target individual industries, but are open to all kinds of enterprises.

Many tourism enterprises have made use of the Skattefunn scheme. Examples of approved Skattefunn projects in the field of tourism include a new e-commerce solution for tourism enterprises in Gudbrandsdalen and the development of a sales and customer support system for Gålå Ski og Sommer Arena AS.

Innovation Norway also has a number of financial support schemes that are open to all kinds of enterprises. Innovation Norway's financial support schemes mainly comprise:

- Loans (low-risk and high-risk loans) for physical investments and product and service development
- Grants for business development (competence, product and service development)

Most of Innovation Norway's financial support

schemes can be utilised throughout Norway. As an overriding strategy for the travel and tourism industry, Innovation Norway shall contribute to the realisation of projects which:

- stimulate entrepreneurship in the travel and tourism industry
- promote innovation and increase competence in the travel and tourism industry
- increase the profitability of existing enterprises through market-oriented product development
- promote development and the utilisation of new technology
- foster the development of collaboration/ networks in the travel and tourism industry
- promote Norway as a destination

In order to put innovation, the need for greater competence and research on the agenda, the Ministry of Trade and Industry, Innovation Norway and the Norwegian Hospitality Association (RBL) are planning to organise a conference on these topics.

Action:

A national tourism conference will be organised focusing on innovation, competence and research. It is proposed that a prize will be awarded at the conference to a tourism enterprise or tourism destination that has developed a financially well-founded and creative tourism product. The Ministry of Trade and Industry will allocate NOK 500,000 for the event.

Responsible:

Innovation Norway, the Ministry of Trade and Industry and the Norwegian Hospitality Association (RBL).

⁷ From the Action plan for an innovation policy – «Fra idé til verdi» (From ideas to values), NHD 2003.

⁸ Jensen, C.F., Mattsson, J. and Sundbo J. (2001), *Innovasjonstendenser i dansk turisme (Innovation tendencies in Danish tourism)*, research report 01:1, Centre for Service Studies, Roskilde University Centre.

⁹ See preceding footnote.

¹⁰ FORNY, which is administered by the Research Council of Norway, is intended to contribute to the commercialisation of R&D results at universities and university colleges.

3. Priority area: Competence



Goal: To stimulate business-related research and market-adjusted competence development in the travel and tourism industry.

Tourists are making greater demands of suppliers in terms of service, knowledge and competence. In the travel and tourism industry, the suppliers' knowledge is inextricably linked to the tourism product. Human capital is therefore important in the travel and tourism industry and it has a lot to say for the quality of the product. In a niche market like Norway, which cannot compete primarily on price in the international context, it is necessary to invest in competence development. Investment by tourism enterprises in the necessary competence is a precondition for success and an important input factor in innovation and product development.



A. Competence development

1. Education

There are approximately 200 further and higher education institutions in Norway that offer education in tourism. Vocational training includes the cookery and waiting trades, natural resource management and outdoor recreation, and service with social studies as well as tourism-related vocational training. Higher education includes financial/administrative subjects, languages, natural resource management and the cultural heritage. There are also a number of specialised educational courses in tourism at university colleges throughout the country.

The education offered should reflect the travel and tourism industry's competence requirements. Trends and developments in the market affect the travel and tourism industry's competence requirements. Changes in the travel and tourism industry's competence requirements should be reflected in the education offered in order to ensure that the industry has access to personnel with relevant qualifications of a high standard. In this connection, close collaboration has been established between the industry and the education sector.

For many Norwegian tourism enterprises, natural and cultural assets constitute a major part of the products they offer. The Norwegian University of Life Sciences has established a master's degree course in business development based on outlying land with the possibility of specialising in outlying land and nature-based tourism. One of the main focuses of this course of education is the connection between good biological management of natural resources and their exploitation through tourism activities.

2. Competence development in tourism enterprises

Many tourism enterprises are small and have few employees. This means that each employee often fills many roles and carries out a number of different tasks. There may be little room for specialisation in one particular discipline or area of activity. Some of the tourism enterprises are also seasonal with a high turnover of staff. A high turnover of staff can make it less attractive for an enterprise to develop competence.

Tourism enterprises are themselves responsible for their staff having the competence required at

Research into and education in tourism

At present, the following universities, university colleges and research institutes have competence in the teaching of tourism subjects and research into tourism:

- BI Norwegian School of Management
- Finnmark University College
- Harstad University College
- Lillehammer University College
- Sogn og Fjordane University College
- Telemark University College

- The Norwegian School of Economics and Business Administration (NHH)
- The Norwegian Institute for Nature Research (NINA)
- The Norwegian College of Tourism
- The Institute of Transport Economics (TØI)
- The Norwegian University of Life Sciences
- The University of Stavanger
- The Western Norway Research Institute
- The Eastern Norway Research Institute

all times. However, the state contributes to competence development through concrete schemes aimed at strengthening competence in Norwegian business and industry. Innovation Norway's programmes include financing, competence development, marketing and network building. The programmes have been put together to meet the shared needs of many small and medium-sized businesses which are not met by the market. These schemes do not target individual industries.

Through surveys it has conducted and through its offices abroad, Innovation Norway has extensive insight into trends and market information. It is important that this information reaches individual players in the travel and tourism industry so that it can form the basis for increased innovation and value creation. Innovation Norway also has extensive experience from a variety of competence and network programmes. By utilising this experience in focusing on the challenges facing the travel and tourism industry, Innovation Norway can offer a competence-development programme that is tailor-made to meet the needs of the travel and tourism industry.

Action:

NOK 2 million will be allocated to the development and instigation of a competence-development programme adapted to the needs of and challenges facing the travel and tourism industry. Such a programme should be based to a large extent on existing programmes and could include modules for product development, product packaging, marketing, brand management, environmental management and the role of host.

Responsible:

Innovation Norway in cooperation with the travel and tourism industry.

3. Quality assurance and certification

Quality standards and certification are methods of increasing the quality of tourism products and ensuring competence in the Norwegian travel and tourism industry. Through certification schemes, requirements are defined for certain standards to which products must conform, and they make it possible for customers to compare suppliers. The certification programmes are intended to contribute to quality assuring and classifying tourism products with a view to offering better products to tourists.

Competence-development programmes under the auspices of Innovation Norway

Entrepreneur networks and world-class entrepreneurship:

Increase entrepreneurs' implementation ability and ambition to grow through providing added competence, networks and financing.

The export School:

- International marketing for the travel and tourism industry
- The brand-building school

SMBs with international growth ambitions (SMB-I):

Create profitable exports and internationalisation through Innovation Norway's offices abroad providing assistance to individual enterprises in the internationalisation process.

FRAM – Management and strategy development for increased competitiveness and profitability:

Increasing competence in strategy and management development

iVEL - (Innovation through growth, Ability and learning):

Increase the competitiveness of Norwegian enterprises through

increasing the ability to innovate and the innovation rate.

Design:

Foster understanding for, and the use of, business-oriented design as a tool in value creation, innovation and competitiveness in Norwegian business and industry.

ARENA:

Increase value creation in regional business environments through strengthening collaboration between business players, players with expertise and the authorities.

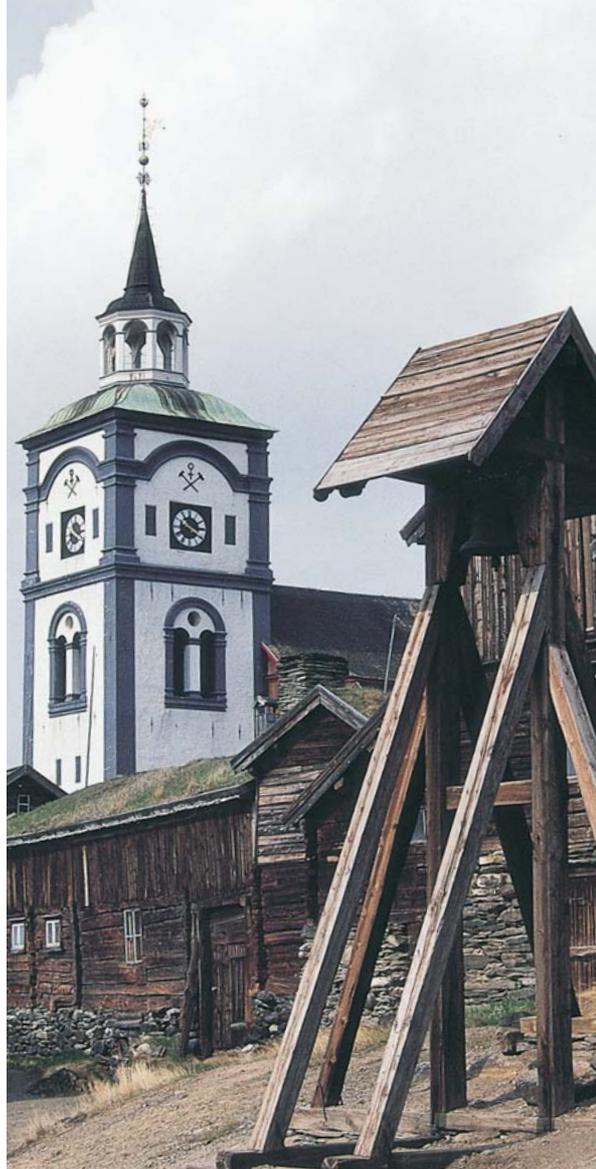
Certification of the use and preservation of the cultural heritage in the tourism context

Norwegian Heritage's certification scheme is linked to the use and preservation of the cultural heritage in the tourism context. Qualified destinations are awarded the Olav's Rose. A guide has been produced for holders of the Olav's Rose.

Certification systems should be developed at the national or multinational level. It should primarily be considered whether existing certification schemes can be used and whether it is necessary to adapt them to new niches in the travel and tourism industry. The development of new certification schemes is time-consuming, but it should be a goal that the schemes are handled by commercial players.

Environmental considerations, safety and accessibility are important components of certification systems.¹¹ Many other countries with nature-based tourism have developed certification schemes in order to ensure the quality of tourism products. Sweden has established a certification scheme «Naturens bästa» (Nature's best) and New Zealand has established «Qualmark».

Market trends show that there is growing environmental awareness in Norway. In the so-called «Mountain statement»¹² the Government refers to the need for "more detailed guidelines for the increased use by tourists of outlying land and mountain areas in Norway". In order for Norway to maintain a tourism product with a strong focus on natural and cultural assets, all those involved at the local, regional and national level must have expertise with respect to the quality and sustainable development of tourism products. Together with the World Wildlife Fund (WWF) and Innovation Norway, the GRIP Foundation¹³ for sustainable production and consumption has established a project group in order to help enable tourism enterprises to conduct their business in as sustainable and nature-friendly a manner as possible. The goal of the project is to establish ecotourism as a concept, network and market. Both ecotourism and geotourism can be regarded as tourism on nature's own terms. Through initiatives



in geotourism, ecotourism and nature-based tourism focus will be placed on safeguarding the environment and actively turning this into a competitive advantage.

Action:

In 2005, NOK 500,000 will be allocated to the establishment of ecotourism as a concept. The project will include product and profile development of small-scale, nature-based tourism enterprises focusing on the environment and quality, and connecting them to relevant markets.

Responsible:

The GRIP Foundation in cooperation with Innovation Norway and WWF

B. Research

1. Research into tourism

Research into tourism provides knowledge that is a prerequisite for developing good, market-adjusted and innovative tourism products. This will help towards the development of profitable tourist enterprises in Norway. Much of the research should be conducted in collaboration between research milieus and the travel and tourism industry to ensure that the results can to a greater extent be applied by the industry.

Since 2002, the public funding of universities and university colleges has consisted of three components: one basis component, one tuition component and one research component. Endeavours are now being made to develop and define indicators that can be included in a new dissemination component in the funding system. The introduction of a performance-based component linked to the dissemination of competence, including research results, will contribute to closer links between the travel and tourism industry and universities and university colleges with competence in the tourism field.

Public efforts aimed at future research-based value creation will provide the highest returns through schemes that encourage the business community, institutes and the academic world to collaborate. The Government has implemented a number of measures intended to promote the flow of knowledge between business and industry on the one hand and knowledge and competence institutions on the other. The focus provided by the Skattefunn tax incentive scheme and the investment in programmes for the mobilisation of competence in small and medium-sized businesses under the auspices of the Research Council of Norway and Innovation Norway are central to these endeavours.

The business-oriented university college programme (nHS) is a programme under the auspices of the Research Council of Norway that is intended to strengthen collaboration between the state university colleges and the business community. The university colleges shall work closely with

regional enterprises, the county authorities, other R&D milieus and the bodies that administer support schemes. Of 68 participating enterprises in 2004, 7 were from the hotel and restaurant sectors and 13 from service industries. Seventy-four per cent of the enterprises that took part in nHS in 2004 have reported increased turnover or reduced costs. Sixty-seven per cent have reported new products or considerably improved production technology.

2. Research into nature-based tourism

The development of sustainable, nature-based tourism in Norway requires a knowledgeable travel and tourism industry. Environmental changes and the effects on the natural resources are fields in which more knowledge is required in order to predict the consequences of business and management measures. The need for increased knowledge about nature-based tourism is very relevant in connection with the establishment of national parks and the desire to develop business activities in areas bordering national parks.¹⁴ The «Mountain statement» states that the Government's goal is to «make manifest the potential for increased use by tourists of the mountain areas, both in and outside protection areas, without destroying natural and cultural-historical assets».¹⁵

Action:

NOK 400,000 will be allocated to a programme for strategic research into tourism, focusing on nature-based tourism in Norway. The research programme shall generate new knowledge and disseminate this knowledge to the travel and tourism industry for the purpose of establishing nature and culture-based and knowledge-intensive tourism as a cornerstone of Norwegian tourism.

Responsible:

The Ministry of Trade and Industry in cooperation with the Research Council of Norway

3. The need for statistics

It is important for research into Norwegian tourism that figures and statistics are publicly available.

The Institute of Transport Economics conducts a so-called guest survey every year. The survey is based on statistics from transport companies, licence plate registrations on the roads and interviews with people travelling by car, ferry, train and plane. This forms the basis for overviews of the total tourist traffic to Norway and for commercial and non-commercial overnight stays. Innovation Norway financed this guest survey for 2005.

Statistics Norway bases its accommodation statistics on figures sent in by commercial accommodation enterprises. This is done on a monthly basis. The statistics include hotels and other accommodation enterprises with 20 beds or more, campsites, cabin letting enterprises and members of Hostelling International Norway.

Statistics Norway's satellite accounts for tourism

document the economic importance of the travel and tourism industry in Norway. Satellite accounts are prepared in accordance with the template from the European Commission's statistics office (EUROSTAT) and they make it possible to compare Norway with other countries.

Action:

NOK 250,000 will be allocated for the preparation of satellite accounts for the travel and tourism industry.

Responsible:

The Ministry of Trade and Industry

¹¹ *The Government's action plan for increased accessibility for persons with disabilities. 2004*

¹² *Proposition no. 65 to the Storting (2002-2003)*

¹³ *The GRIP Foundation's goal is to contribute to increased environmental efficiency in Norwegian enterprises, i.e. to achieve higher value creation with less negative environmental impact.*

¹⁴ *NINA report 72 on the use and management of national parks in mountain areas*

¹⁵ *Proposition no. 65 to the Storting (2002-2003)*



4. Priority area: Collaboration



Goal:

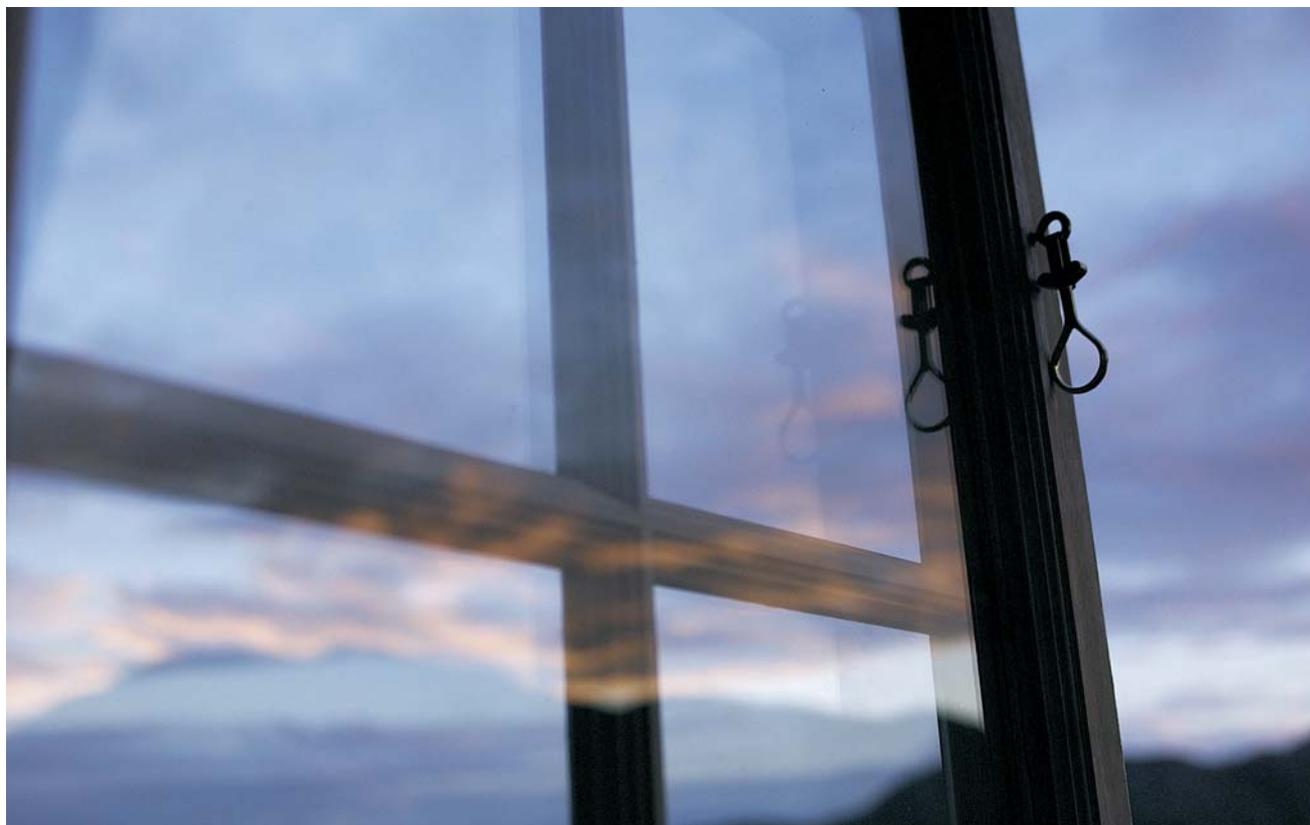
To stimulate better coordination and utilisation of resources in the travel and tourism industry through collaboration between tourism enterprises, other tourism players and local, regional and central authorities.

Collaboration is crucial if the Norwegian travel and tourism industry is to achieve the goal of increased value creation and innovation. Collaboration between players in the travel and tourism industry is becoming more and more important because trends in demand are moving in the direction of round trips containing a variety of elements:

nature, activities, culture and city holidays. This requires the different parts of the value chain to collaborate in order to offer a good total product to tourists. Moreover, collaboration between tourism enterprises, various public bodies and other private players may be important to the overall product.



A. The importance of collaboration in the travel and tourism industry



The tourism sector does not consist of just one industry but many different industries which create the tourism product together. There are many, often small and disparate, suppliers who compete against each other on the market.

At the same time customers demand a composite product comprising a variety of services from different suppliers. Tourists demand transport, accommodation, food and refreshments and experiences on one and the same journey. The tourism product is complex, and the customer's experience of the total product depends on the quality of each individual part-product. If the quality of the total product is to meet customer requirements, the individual suppliers must collaborate on the organisation and marketing of the total product.

Collaboration between tourism enterprises may

involve creating a broader and more market-adjusted total product, establishing a joint sales channel or creating a new product in connection with which several different enterprises are suppliers.

Collaboration can also involve performing services relating to assets that are part of the national heritage. Such national or public assets are often at the core of tourism products. Examples of such assets are mountains, fjords, national parks, public parks, museums, the cultural heritage and cultural events. It is a characteristic of such assets that their use and enjoyment cannot be the exclusive right of those who invest in, or pay for, their upkeep or for their accessibility.¹⁶ Ensuring that such national assets are accessible for tourists in the best possible way requires the performance of a range of services relating to organisation, information, utilisation and maintenance.

B. The current collaboration between players in the travel and tourism industry

The chief task of many players such as tourist boards, regional companies and destination companies is to promote collaboration and the production of joint services. Such players have often been partly publicly financed and have often been linked to a specific geographical destination. Tasks on which it has been normal to collaborate include tourist information, the host function, product marketing and various types of infrastructure measures.

In recent years, the trend has moved in the direction of theme-based networks in which the theme is at the core of the collaboration, not the destination. Examples of such networks include Norske Fjell (Norwegian mountains), Norske Spor (Norwegian tracks), Hest i Turistnæringen (Horse in the tourism industry) and Cycle Tourism in Norway (STIN). These networks primarily work on marketing, product development and quality assurance.

Thematic collaboration of this kind will probably increase in importance as tourists become more mobile and take more round trips.

Chain affiliation has also emerged in recent years as an alternative means of collaboration, particularly in the hospitality and transport sectors. The chains organise and finance tasks such as marketing, purchasing and distribution.

Previously, the authorities often initiated collaboration in the travel and tourism industry. White Paper no. 15 (1999-2000), "A profitable and competitive travel and tourism industry", points out that the great local variations in demand and in the basis for tourism mean that central authorities should not bind players too much to specific organisational solutions. Collaboration must be voluntary and be at the initiative of the tourism players themselves.

The authorities nonetheless have an important role to play in fostering collaboration. In White Paper no. 25 (2004-2005) "On regional policy", which was presented last year, the role of the county authorities in regional development is emphasised. As a player in regional development the county authorities shall establish regional



partnerships with a clear remit to clarify and coordinate the direction of efforts on the basis of national and regional goals and strategies. The Government will facilitate increased collaboration between municipalities, county authorities, state bodies, the business community, R&D milieu and higher education.

Municipal responsibilities such as zoning also have a bearing on business development and require collaboration between municipalities and between municipalities and the travel and tourism industry.¹⁷

Cooperation is also increasing between players in the primary sector and the travel and tourism industry. White Paper no. 19 (2004-2005) on marine business development – The blue fields, focuses on collaboration between the travel and tourism industry and the fisheries and aquaculture industries. There may also be a basis for strengthening the collaboration between rural tourism and other tourism-related activities.

C. Successful collaboration

Some destinations have succeeded in establishing a well-functioning collaboration between a variety of players. Views differ with respect to what is required to establish successful collaboration. It appears to be easier to cooperate if a destination is geographically compact, if there are few landowners and/or there is a core product about which it is natural to collaborate. Destinations which have managed to mobilise the local community to participate in the collaboration, not just tourism players, have had the greatest success.

A study project will further elucidate the success criteria for successful collaboration. A lot of research has been done into individual destinations in Norway with respect to organisation and destination development, but a more comparative analysis has not yet been carried out.

Action:

NOK 500,000 will be allocated for the initiation of a study aimed at identifying the success criteria for collaboration in the travel and tourism industry. The goal is that the success criteria shall be communicated to the travel and tourism industry and other relevant players and serve as an inspiration in their endeavours.

Responsible:

The Ministry of Trade and Industry will commission appropriate experts to carry out the study.

Good examples of collaboration

Trysil

In Trysil, collaboration is centred around the core asset, namely the Trysilfjellet mountain area as a winter sports destination. Trysilfjellet is Norway's biggest winter sports destination, and the alpine ski centre is Norway's most popular destination, with 757,000 visitor days in 2003 (Arena Reiseliv, 2004). There are two important collaborating constellations in Trysil:

1:

Trysilfjellet BA is a company that unites several of the most important landowners and tourism enterprises in the area. Trysilfjellet BA's task is to facilitate further development in the Trysilfjellet area in addition to operating the alpine ski centre and booking and operating a large number of accommodation units. The building of Trysil golf course started in 2000, and the 18-hole course was opened in 2003. In May 2005, Trysilfjellet BA was acquired by the Swedish Skistar group.

2:

Trysil Ferie og Fritid AS (TFF) is a destination company formed in 1984. TFF's main tasks comprise marketing and product/destination development. TFF cooperates closely with Trysilfjellet BA. TFF also runs Trysil Tourist Information Office. TFF has succeeded in getting the enterprises in the municipality to take part in a joint effort aimed at further developing the destination as a year-round concept. The company has 140 members from a wide range of business sectors. Members of TFF include the village's plumber, hairdresser, public accountant, the building trade and equipment outlets and grocery shops. These members enter into three-year contracts with the destination company and contribute financially according to their degree of dependence on tourism and based on a share of their turnover. This enables TFF to direct its efforts at long-term development tasks including competence development, profiling, product development and further network building. The

municipality, county authorities and Innovation Norway are also important contributors.

Fjord Norway

Fjord Norge AS (Fjord Norway) is one of two remaining regional companies. The company was formed in 1993. Fjord Norway works primarily on marketing the West Norwegian fjords to tour operators and the public in the international market. The company is owned by public and private players. Bergen Tourist Board is the biggest shareholder. The four counties in the region also have major shareholdings. The West Norwegian fjords, perhaps Norway's best known and popular tourism product, are at the core of the collaboration. Fjord Norge AS also assists members with competence development and the development of products and destinations. Fjord Norway cooperates closely with Innovation Norway in order to ensure a national perspective.

There are examples of new, innovative, collaborative projects that bring together important players also from outside the travel and tourism industry. They can serve as a source of inspiration for others and act as «best practise» for the travel and tourism industry.

Action:

A project showing best practise will be established in order to focus on good examples of collaboration on development and marketing of thematic or geographical tourism products. By a «best practise example» is meant a good example that can be highlighted and communicated to the industry.

Responsible:

Innovation Norway



D. Financing of national or public assets

Many people experience the financing of joint tasks in connection with the development and marketing of tourism products as a challenge even though the enterprises agree that collaboration is necessary. It is more difficult to establish binding collaboration when enterprises compete amongst themselves.¹⁸

Collaboration on joint tasks in connection with the development and marketing of tourism products must be voluntary. Such collaboration is primarily the responsibility of the industry itself, and the best forms of collaboration arise when the players involved believe they will benefit from participation.

The authorities – the state authorities, county authorities and municipalities – devote consider-

able resources to looking after national or public assets such as the cultural heritage, outdoor recreation areas and national parks. In Norway, the public right of access means that everyone has unrestricted access to outlying land. Tasks relating to infrastructure are attended to by the public sector. Private players will in many instances benefit from entering into binding collaboration with public bodies and other private players in order to exploit the potential that joint product development and marketing can provide. A coordinated effort in the form of collaboration between the private and public sector has proved to be one of the success criteria in regions and countries where efforts in the tourism sector have been a success, for example Scotland and New Zealand.



«National Park Country», a good example of interdisciplinary collaboration

The National Park Country is a collaborative project involving many different parties, including private landowners, tourism enterprises, tourism organisations and executive committees for mountain areas, the Regional Council in Nord-Gudbrandsdal, the Oppland county authorities and the Norwegian State Forest

and Land Corporation (Statskog) for Southern Norway. The Ministry of Agriculture and Food, the Directorate for Nature Management and the Ministry of the Environment are also involved in the project. The project's vision is to develop Nord-Gudbrandsdal into Northern Europe's leading national park region with the goal of increasing value creation both in tourism in the region and in associated

sectors. The project shall also contribute to increased competence in national park management. The «spearhead» element in the concept is the national parks, but the goal is also to include and coordinate other elements such as listed buildings, the cultural landscape, local food traditions and activities to form complete packages aimed at defined target groups.

The Value Creation Programme (Verdiskapningsprogrammet)¹⁹ focused on taking a broad, professional approach to collaboration between players. The travel and tourism industry is a relevant player in connection with the protection and use of the cultural heritage and the cultural landscape. The Value Creation Programme could include projects relating to destination development.

Challenges relating to the financing of national or public assets are not peculiar to Norway. In Denmark, attempts have been made to meet this challenge by stimulating players to make voluntarily efforts. The Danish Government contributed financially in order to stimulate the formation of new alliances in the travel and tourism industry within what are defined as the most important priority areas (business areas).²⁰

State part-financing of concrete projects could stimulate increased collaboration and greater understanding of the importance of collaboration for value creation. It can act as a carrot in the endeavours to ensure more effective utilisation of resources and stimulate strategic collaboration, for example with a view to establishing innovative projects that spearhead developments.

Action

NOK 3 million will be allocated to stimulate increased collaboration in the travel and tourism industry. The funds will be used for the part-financing of new, innovative collaborative projects in the tourism sector. The collaborative projects shall have a geographical or thematic basis. It is a precondition that they are based on a binding, long-term collaboration (partnership) between the players involved, also in relation to financing.

Responsible:

Innovation Norway

¹⁶ Eivind Farstad, Ole Skalpe and Sigurd V. Troye: «Finansieringssystem for dekning av fellesgoder i reiselivet» (Financing system for expenditure on national and public assets in tourism), SNF report no. 53/01

¹⁷ The Ministry of the Environment and Ministry of Agriculture and Food's guide «Plan- og bygningsloven og Landbruk Pluss» (The Planning and Building Act and Agriculture Plus)

¹⁸ See the discussion about the financing of national or public assets in White Paper no. 15 (1999-2000) and SWF-report no. 53/01

¹⁹ White Paper no. 16 (2004-2005) «Leve med kulturminner» (Living with the cultural heritage)

²⁰ «Dansk Turisme - handlingsplan for vækst» (Danish tourism – action plan for growth), Danish Ministry of Economic and Business Affairs, 2002≈

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