NORWEGIAN MINISTRY
OF TRADE AND INDUSTRY

The government's tourism strategy

Destination Norway

National strategy for the tourism industry

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Foreword

The tourism industry is one of the world's fastest growing business sectors, and Norway is well placed to capture its share of this global growth. In view of the tourism industry's potential for future value creation, the natural advantages that Norway has, and the industry's considerable importance to the rural economy, the Norwegian government has chosen to give a high priority to the sector. Consequently, the government intends to pursue a particularly vigorous policy for the promotion of tourism in Norway.

Norway has the wherewithal to offer extremely attractive tourism products. The Norwegian landscape is unique, and forms the basis for a wealth of experiences. By exploiting our natural competitive advantages and providing an exceptional, high-quality experience, Norwegian tourism companies will be able to justify the price level necessary to increase the sector's profitability.

Many important players within the tourism industry have already developed products and methods of collaboration whose example points the way. The government's strategy is entitled *Destination Norway*. We have formulated three main objectives for our efforts in the field of tourism:

Increase value creation and productivity within the tourism industry.

Increase the number of year-round jobs and develop more robust companies, particularly in rural areas. Increase the number of unique, good-quality experiences that attract more guests with a high willingness to pay.

These objectives can be achieved through long-term and effective efforts to boost the tourism industry, promote sustainable development and increase collaboration.

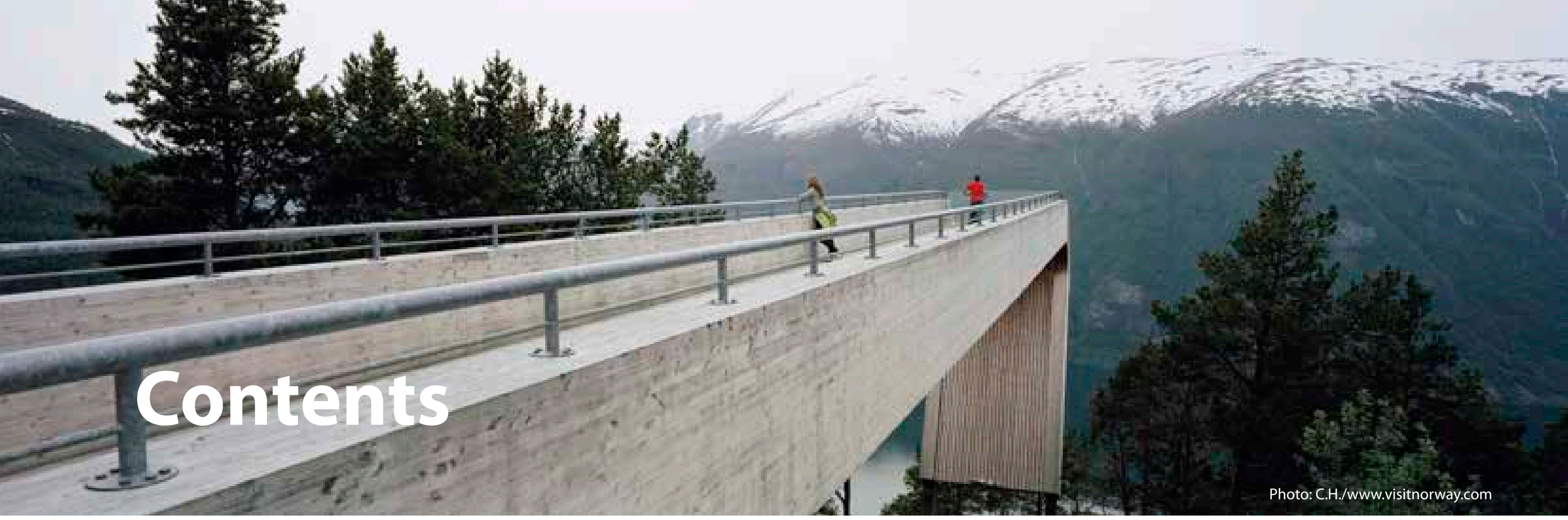
The tourism industry is one of the business sectors that will contribute to Norway's future economic success. The government's tourism policy will contribute to the development of a highly productive, knowledge-based industry.

The Royal Norwegian Ministry of Trade and Industry will work closely with the tourism sector on the implementation of this strategy.

10 April 2012

Trond Giske
Minister of Trade and Industry

Photo: Terje Borud/www.visitnorway.com



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1 A knowledge-based strategy

The government is launching a new strategy for the tourism industry entitled *Destination Norway*. The strategy is based on new, empirical and documented knowledge, and concentrates the focus of public sector efforts to reach the government's overall objectives. The term sustainability is used throughout, and its meaning defined in the new strategy. The term sustainability includes protection of the environment, social development and economic value creation.

The government's political platform states that it has chosen to continue its emphasis on the tourism industry because Norway is particularly well placed to succeed in this area, and because the industry is extremely important to business development throughout the country. However, in order for a special emphasis on the tourism industry to be profitable from a socio-economic point of view, the industry's earnings capacity must be adequate. This requires systematic cooperation, innovation and investment.

Since the government published the previous national tourism strategy, the industry has been through a financial crisis and a volcanic-ash crisis that have created new challenges and given us a new understanding. We have also gained new insight and expertise through the measures and activities that have been implemented, e.g. pilot projects that give us practical experience and identify new opportunities. We have also been in regular contact with industry stakeholders regarding the sector's requirements and how public sector efforts can be targeted as accurately as possible.

The new strategy is based on knowledge. It has been drawn up on the basis of what we know about the needs of the tourism industry and the opportunities facing it. Knowledge will also be one of the most important input factors for tomorrow's competitive tourism industry.

1.1 New knowledge and new experience

In recent years the Ministry of Trade and Industry has acquired new knowledge and expertise through a number of analyses, reports and pilot projects. A brief account of these is presented below.

Tourism industry billion, Oxford Research (2009)

Oxford Research has analysed how much the Norwegian tourism industry receives in public funding. The analysis shows a considerable increase in the period 2004–2007. NOK 693 million was allocated to the tourism industry in 2004. The corresponding figure in 2007 was NOK 1.085 billion – a nominal increase of 56 per cent compared with 2004. State agencies provided NOK 524 million, with grants from Innovation Norway making up around 60 per cent of state funding. Local authorities allocated NOK 322 million to the tourism industry, while county councils and county governors allocated NOK 219 million and NOK 21 million respectively. Seen in relation to the industry's share of the national economy, grants to this sector are given a high priority.

The largest share of the funds was allocated to the category "profiling of Norway or the region as a tourism destination" (NOK 318 million). Of the NOK 755 million that can be broken down by county, the tourism industry in Nordland was the largest recipient of public funds (NOK 95 million). The regional development aspect of the funding is plain. Administrative costs associated with grants to the tourism industry totalled NOK 117 million.

Since the data was collected by means of a questionnaire, care should be taken when interpreting the findings. Furthermore, it is important to note that the data collected is restricted to *direct* public appropriations. The public administration assists the tourism industry in many ways other than direct financial allocations. For example, local authorities assist the tourism industry through the development of infrastructures and services. The state sponsors a variety of cultural activities, which represent important tourist attractions, while government transport policy is also important for the tourism industry.

A knowledge-based Norway, Torger Reve and Amir Sasson (2011)

In the study "A knowledge-based Norway", the tourism industry was one of 13 sectors to be analysed. The report places the tourism industry under the heading "Major industries that stayed at home", along with the retail and construction sectors. The study shows that the tourism industry has a relatively low level of value

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creation per employee, low cluster attractiveness, low investor attractiveness, low educational attractiveness, low talent attractiveness, and low research and innovation attractiveness. The industry also scores poorly with respect to knowledge attractiveness, given that it is widely dispersed, fragmented and not particularly interested in developing as a business community. The report also points out that the quality of Norwegian tourism products is variable and that Norway is a high-cost country.

The study states that although the Norwegian tourism industry has been an international business for more than a century, it has not managed to strengthen its international competitive position to any great extent. The most profitable portion of the Norwegian tourism industry remains that which is located in the major cities. The report points out that the tourism industry has a cost and/or market problem, in that it is unable to create products that provide a satisfactory profit margin. Compared with the other business sectors studied, the tourism industry appears to be a low-competence sector, generating low profit margins and struggling to attract staff with the competence and service-mindedness that it depends on. In this light, says the report, it may seem rather strange that so many of the country's regions are going in for developing the tourism and experience industry as an important business area.

The analysis of the tourism industry was undertaken as an independent study entitled "A knowledge-based tourism industry", cf. below.

A knowledge-based tourism industry, Menon Business Economics (2010)

Menon documents the fact that Norway's revenues from foreign tourists have trebled since 1970 (measured at fixed NOK). At the same time the Norwegian tourism industry has lost market share – from 0.9 per cent of global tourist exports in 1970 to 0.5 per cent today. Menon points out that high salary and cost levels have put Norwegian tourism enterprises at a disadvantage in the competition for foreign (and Norwegian) tourists. The tourism industry is, moreover, extremely labour intensive: 30 per cent of the industry's revenues go on salaries, compared with 14 per cent for Norwegian businesses as a whole.

Norway's high salary and cost levels have resulted in many labour-intensive companies losing their competitiveness and going out of business. Those that have survived have skewed their output in a more knowledge-based direction, with the focus on high quality and innovation rather than price. According to Menon, the tourism industry has only to a limited extent followed the same path.

At the same time there are strong indications that Norway's tourism industry is changing for the better. Menon documents that the industry has become less fragmented, ownership is being concentrated in fewer hands, and the industry is becoming more integrated, which increases its long-term investment capability and in-house competence, while reducing conflicts relating to the funding of collective benefits. The bulk of this integration can be found within individual segments, e.g. hotel chains which take an increasing share of the total market, as well as a few, large transport companies, tour operators and travel agencies.

Another development trend is the steady rise in competence levels within the industry, particularly among experience providers. Stronger cluster attributes, e.g. closer links between the various types of businesses, also contribute to knowledge acquisition and dissemination. A third development trend is that cultural and other experiences are assuming an ever more significant position within the industry.

Socio-economic analysis of industrial policy measures with respect to the tourism industry, SNF (2011)

In this report SNF (the Institute for Research in Economics and Business Administration) assesses the extent to which public industrial policy with respect to the tourism industry can be said to have a socio-economic justification. A key premise for this review is that publicly funded measures must seek to redress some form of market failure, since any such failure of the market may lead to the industry being unable to exploit its potential for socio-economic value creation.

SNF has conducted a survey of companies within the tourism industry. The survey showed that a majority of industry players feel they are dependent on publicly funded measures, since private institutions have failed to provide enough schemes such as venture loans, investment subsidies and stipends. SNF's main conclusion is that publicly funded measures must have a socio-economic justification. That the tourism industry itself is keen for industrial policy measures to be implemented is not reason enough to pursue such a policy.

The SNF report asserts that the tourism industry, more than other business sectors, seems to be suffering from a particular failure to coordinate its efforts, due to the fact that it is more fragmented than most other sectors in Norway. As a result more factors in the tourism industry may be characterised as collective benefits than in other business sectors. The main message is that industrial policy must be designed such that it corrects this and other forms of market failure, and in this way influences private enterprises within the tourism industry to move in the direction that the authorities want.

Destination management bodies in Norway, report by the Norwegian Hospitality Association's Structural Committee (2011)

In this report the term destination management bodies is used collectively to describe the established tourism sector: associations and councils for the promotion of tourism, destination management organisations, county and regional tourism boards, tourist information offices, etc.

How the established tourism industry should be organised and financed has been a matter for debate between private and public sector entities "from time immemorial". An analysis of today's structure (ownership, management, funding, tasks and competence) shows that there are a vast number of small destination management organisations and a high level of fragmentation. Most such bodies perform a large number of tasks, which means they are heavily dependent on a few individuals with considerable, specialised expertise, and are vulnerable to change. While lines of collaboration seem to work well, the challenge lies in the clarification of roles, funding and the prioritising of tasks.

Thematic tourism bodies fit well within a strategy for higher-end niche products at specialised destinations, while geographically based destination management bodies often have a more wide-ranging responsibility for generic marketing aimed at the volume market. The two types of organisation are therefore complementary. However, synergies are not always realised. There is a higher degree of satisfaction with thematic tourism bodies. One challenge is that many of the geographically based bodies are financed at county/local authority level, while most thematic bodies are financed at the national level. This means that demands for collaboration must be made more explicit.

It is widely recognised that destination management bodies have a funding problem. Private investors point out that this is linked to the fact that the organisations engaged in this field are too many and too small. At the same time the report reveals that there are almost as many financing models as there are destination management bodies, which prevents opportunities for economies of scale. Many also fear that having a smaller number of larger entities will weaken their ties to the local tourism industry.

The report supports a move to develop a smaller number of larger entities, with a clear focus on prioritised tasks. This will require both private and public sector owners to clarify their demands with respect to the services and tasks these bodies perform. Local branches can carry out day-to-day activities, while larger units can perform more challenging tasks. This will ensure close ties at local level, while affording greater operational efficiency. The report also proposes the establishment of a committee charged with resolving the financing situation.

The role of local authorities in developing tourism destinations, report by Mimir for the Centre of Competence on Rural Development (2011)

The report examines the role of local authorities in the development of tourism destinations through case studies in nine selected regions. Common to all tourism destination development is the need to create an all-inclusive package that makes the destination more attractive to visitors, and in this way strengthens business activity, competitiveness and the range of products being offered. This starting point provides important guidance for interaction between the local authority and all those engaged in tourism. The report shows that tourism companies have wide-ranging expectations with respect to local authorities' contribution to the development of tourism destinations. With these expectations stretching from the performance of their statutory obligations to political decisions, a holistic local authority engagement cannot be undertaken through destination management bodies alone. The range of activities that local authorities are expected to engage in means that they must possess broad competence. The report points to challenges relating to the local authorities' competence rather than their level of engagement. Local authority competence in the field of tourism must be assessed in light of the scale of tourism in the area, and what is the most expedient allocation of roles and responsibilities between the various players at local and regional level. Mimir believes that enhanced local authority competence, a clearer allocation of roles and responsibilities between those involved, more formal collaboration models and requirements with respect to strategic planning and a long-term perspective for the effort could result in greater effectiveness and improved resource utilisation.

A transport boost for the tourism industry – a tourism-oriented transport policy, Norwegian Hospitality Association (2010)

The report is the Norwegian Hospitality Association's input to the counties' regional planning strategies and the government's National Transport Plan for the period 2014–2023, as well as the government's new tourism strategy. The Norwegian Hospitality Association believes that inadequate investment to upgrade the standard and capacity of the country's transport infrastructure is weakening the competitiveness and capacity for growth of the tourism industry, an industry that accounts for many jobs in rural areas.

The association calls for cooperation between the Ministry of Agriculture and Food, the Ministry of Transport and the Ministry of Trade and Industry in order to integrate tourism more fully into the National Transport Plan. Furthermore, while inter-departmental cooperation is necessary for the development of a national tourism strategy, the association wishes to see better coordination between the transport and tourism sectors at regional and local level. With respect to development efforts, the association envisages partnership solutions between the public and private sectors.

Evaluation of Innovation Norway, Econ Pöyry (2010)

The Ministry of Trade and Industry has evaluated Innovation Norway's performance to see whether it is reaching its targets in an effective manner and assess how the company's organisation operates internally and in partnership with other stakeholders. The evaluation was also intended to provide advice on how Innovation Norway should be organised in the future. According to Econ Pöyry, which was responsible for the evaluation, it is more likely than not that – overall – Innovation Norway's various schemes do contribute to increased value creation in the companies that receive support. However, there are no grounds for concluding that *all* Innovation Norway's measures contribute to increased value creation.

Econ Pöyry believes that Innovation Norway allocates financial support in a professional and well-founded manner. At the same time Econ Pöyry believes that Innovation Norway has failed to adequately develop itself as a knowledge-based organisation and shaper of Norwegian industrial policy.

Furthermore, in Econ Pöyry's assessment the link between desired outcome and measures implemented is imprecise and there is a need to make this link more clear-cut. The organisation should improve the way it structures its goals and its management should be based more on overarching frameworks than today's micro-level control. A larger proportion of the measures implemented should support projects whose key objective is innovation of a national or international nature. And a larger proportion of the funds granted should be made available to companies located in or near the country's major urban centres. The evaluation did not uncover any need to change Innovation Norway's organisational structure.

Survey of passengers on cruise-based tourism (Grontmij Carl Bro, 2010)

To provide itself with greater insight into the importance of cruise-based tourism in Norway the Ministry of Trade and Industry commissioned a survey of cruise passengers at stopovers along the Norwegian coast. The analysis is based on information gathered from 2,073 cruise passengers and 206 businesses. The report concludes that cruise-based tourism is of great significance for the Norwegian economy and employment in Norway, particularly in the towns and villages along the west coast.

Overall the cruise sector contributes NOK 2 billion a year to the economy and provides jobs for around 1,600 people during the tourist season and 1,100 in the rest of the year. If indirect contributions are included, the sector is estimated to generate gross revenues of NOK 4 billion, and employ some 3,200 people during the season and 2,200 in the rest of the year (2009 figures). The impact on employment is largest in the small ports.

Tourists' consumption when they go ashore has more to do with the duration of the stopover and the physical accessibility of the town centre than the town's size and range of products and services. The analysis shows that tourists are both prepared to spend more money and that they spend less than planned.

This special form of tourism can create logistical and capacity problems in many Norwegian harbour towns, because many visitors arrive at the destination at the same time. Cruise-based tourism nevertheless provides a considerable socio-economic benefit under current operating conditions. However, the report indicates that the effect could be further enhanced by structuring the cruise sector in a better way, e.g. by obtaining a better overview of which ships will be putting into the various cruise destinations and when, and improved collaboration between the cruise sector and the onshore tourism industry.

Sustainable Destination Norway 2025, Vestlandsforskning (2011)

Sustainable Destination Norway (SDN) is one of three research projects financed by the Ministry of Trade

Photo: Vierli Turistsenter

and Industry and the Research Council of Norway between 2008 and 2011 to enhance the factual basis for developing policies for a more sustainable tourism industry in Norway. SND developed a scenario model based on research in three areas: dialogue processes to develop sustainable tourism; the link between climate policy, climate change and tourism; and the link between food and sustainable tourism.

The scenario model shows that, all in all, an ambitious climate policy can be combined with rising profitability in the tourism industry and an increase in the number of foreign tourists coming to Norway. An important point here is that all the various global socio-economic development and climate policy scenarios will lead to a two-fold increase in both the number of international tourist arrivals and profitability. SDN nevertheless points out that stronger measures will be needed to reach the goal of a more sustainable tourism industry.

Pilot project – Sustainable Tourism 2015

Innovation Norway plays a key role in helping the Norwegian tourism industry to become more sustainable. Innovation Norway has been mandated to develop sustainable tourism goals and initiatives, performance indicators and pilot schemes. The framework for this effort is "Sustainable Tourism 2015", an initiative in which Innovation Norway has invited the tourism industry to participate in a process to further define and operationalise these goals. At the same time trials are underway at five selected destinations (Trysil, Røros, Vega, Lærdal and Geilo Fjellandsby). These destinations are working to identify appropriate goals and methods for greater sustainability. These pioneers are demonstrating how the Norwegian tourism industry can focus on sustainability, and as a group convey that the industry is taking responsibility for the local community, culture and environment. The sustainability pilots will run until the end of 2012.

Trysil (Hedmark) aims to transform itself from a strong winter destination into a year-round destination focusing on sustainable development in the areas of nature, culture and the environment, infrastructure and competence. In the summertime the Trysil countryside has many outstanding qualities that may be developed and thus exploit vacant capacity.

Lærdal (Sogn og Fjordane) aims to extend the season and resolve challenges such as pollution and the preservation of the area's natural and cultural heritage for tourists and residents alike.

Røros (Sør-Trøndelag) wants to use environmental certification of tourism companies as a tool for increased sustainability, and will implement new initiatives to reduce the industry's environmental footprint and increase its profitability.

Vega (Nordland) is focusing on nature-based experiences, and will use an impact assessment to underpin the design of activities for tourists. The local authority also plans to develop its own commercial concepts and is focusing on developing its role as host.

Results from industry conferences organised as part of the Sustainable Tourism 2015 project, Innovation Norway (2010)

Six tourism industry groups held a series of meetings in 2009 to discuss what it would take for them to help move Norwegian tourism in a more sustainable direction. Over the course of the process the industry groups developed a set of specific proposals. A more systematic focus on the environmental certification of tourism companies, competence-enhancement programmes, development funds for sustainable tourism, as well as national and segment-specific indicators to monitor the tourism industry's sustainability were some of the measures proposed.

Pilot project – Voluntary funding of collective benefits

Measure no. 54 of the national tourism strategy entitled "Valuable Experiences" from 2007 states that: 'The government accepts that Innovation Norway may contribute financially to one or more projects whose funding includes voluntary funding of collective benefits.' In October 2008 Innovation Norway announced it was seeking destinations to participate in a three-year project to follow-up measure no. 54 through the establishment of a scheme for the voluntary funding of collective benefits. 42 applications were received, five pilots were selected and initiated. These were in Trysil, Stryn and Nordfjord, Valdres, Narvik and Lofoten.

The object of the project is to establish a voluntary scheme for the funding of collective benefits. The pilots must define the collective benefits in question, define who is to fund the scheme, set up an organisation to administer the scheme, test and evaluate the scheme, and, finally, put the scheme into operation. The project will be concluded at the close of 2012.

Narvik – 20,000 inhabitants, 77,000 commercial overnight stays. Prioritised segments are round trips (individuals and groups), courses and conferences (preferably spiced up with activities/experiences), skiing (spectacular opportunities for skiing in the middle of town) and the cruise market.

Trysil – almost 7,000 inhabitants. One of Norway's largest winter sports destinations, with 900,000 skiing days. A total of 370,000 overnight stays in commercial accommodation, 800,000 overnight stays in private holiday accommodation. Tourists spend an estimated NOK 800 million, of which the retail sector, hotels/restaurants and miscellaneous service providers each receive about NOK 230 million. A substantial 46 per cent of the employed population work in the tourism industry.

Nordfjord – around 3,000 inhabitants. Classic fjord destination, with summer tourism linked to countryside pursuits. Almost 300,000 overnight stays, of which about 125,000 in hotels and 100,000 at camp sites. Foreign visitors account for 30 per cent of the overnight stays. Tourists spend approx. NOK 600 million, NOK 150 million of which goes on accommodation, NOK 150 million is spent in the retail sector and around NOK 120 million in restaurants/cafes/bars.

Valdres – 6 local authorities, just under 18,000 inhabitants, and almost as many holiday homes. Commercial tourism primarily at Beitostølen. The number of overnight stays per year estimated at 2.5 million, about 600,000 of which in commercial accommodation, the remainder in holiday homes. Tourist spending totals NOK 1.2 billion per year, almost NOK 500 million of which goes to hotels/restaurants and the same amount to retailers.

Lofoten – 6 local authorities, around 25,000 inhabitants and 600,000 overnight stays per year (incl. free camping). An icon in Norwegian tourism, but also known internationally. The destination in Nordland with the highest number of overnight stays by international visitors. According to figures from 2004, Lofoten was also the region in Nordland with the highest spending rate per overnight stay.

Pilot project – Comprehensive package deals

On 11 September 2009 the Ministry of Trade and Industry granted four pilot projects NOK 600,000 each to fund the development of a comprehensive tourism package in their specific regions. The pilot projects – Comprehensive package deals in Oslo Fjord, The best of the Arctic, Finse 1222 – Visit Rallarvegen, and Complete experience of Helgeland – were concluded in 2011.

The objective of the pilot projects was to encourage tourism companies to work together to create attractive package deals for tourists. In choosing who was to receive financial support the ministry gave priority to those projects that would be able to build a broad regional network of collaborating entities. A broad collaborative effort provides great potential for the creation of additional year-round jobs in an industry that is highly seasonal. It was also important that the projects were capable of putting their own region on the map of Norway, and Norway on the world map, and that the financial support could have a lasting impact not only for the recipients, but for other parts of the tourism industry as well.

Finnmark Reiselivsklynge – "The best of the Arctic"

- The project is intended to develop and establish destination-specific and round-trip packages throughout Finnmark.
- Finnmark Reiselivsklynge is an alliance between Rica Finnmark AS, Nordkapphallen, Sápmi Park, Incoming Kirkenes, Via Alta Tours, Hurtigruten AS and Sorrisniva AS. These companies will invite local service providers throughout the county to participate in the packages being developed.

Opplev Fredrikstad AS – "Comprehensive package deals in Oslo Fjord"

- The project is intended to develop and establish experience packages to ensure that domestic and foreign tourists who come to Oslo also visit other places within the region.
- The project is being carried out as an alliance between the county councils around Oslo Fjord, Visit Oslo, Visit Follo and Opplev Fredrikstad (owned by the local authorities and retailers in Fredrikstad), with the region's local companies providing the services included in the packages.

Finse 1222 – "Visit Rallarvegen"

- The project is intended to develop and integrate the

region's characteristic features: snow/ice, fjords and mountains. The Rallarvegen trail through Buskerud, Hordaland and Sogn og Fjordane is used as a starting point for a raft of different experiences and the link between them.
- The project is being carried out as an alliance between hospitality service providers and tour/activity organisers along the Rallarvegen trail, as well as the national railway company NSB and other relevant transport companies.

Polarsirkelen Reiseliv – "Complete experience of Helgeland!"
- The project is intended to develop, market and sell complete themed packages and round-trips in the extremely varied Helgeland region. These include island-hopping by bike, hiking 'The Great National Park Route', sea-fishing and around the coast by kayak.
- The project is being carried out as an alliance between the region's three destination management bodies, Polarsirkelen Reiseliv, Helgelandskystens Reiseliv and Destinasjon Helgeland AS, and also includes a number of local hospitality, experience and transport service providers.

Trial project – Tourism Development Centre

Many of those who currently work in the tourism industry during the high season are unemployed and receive unemployment benefits from the Norwegian Labour and Welfare Administration (NAV) during the periods when the tourism companies do not have the financial wherewithal to keep them employed. This is an unsatisfactory situation for the individual employee, since it results in an unpredictable working life and little personal development. It is also unsatisfactory for the companies themselves because it leads to an unstable workforce, poor motivation and inadequate opportunities to increase staff competence.

A trial project has been established as a partnership between the local authority, the tourism industry and NAV. The objective is to obtain a higher return on the public funds that are spent each year on unemployment benefits for seasonal workers in the tourism industry in order to reduce the number of people unemployed during the industry's low season. The trial project is developing a model for a "Tourism Development Centre", and a model for how those made redundant can be used to perform tasks that may be considered of collective benefit to the tourism industry.

Tourism companies enter into a permanent employment contract with an individual, but the tasks that employee is to perform for the company are seasonal. At the end of the season the employee is transferred to a "development centre", which is responsible for keeping them occupied by means of attendance at training courses that meet the company/industry's needs, or through experience of working in another business operation. At the start of the season the employee is transferred back to his or her own employer. This scheme would give employees both job and earnings security, relevant competence enhancement and stronger ties to the industry.

Four trial projects have been initiated to test this new partnership model. Since the four projects encompass different challenges they will overall provide a reliable indication of whether this is a model whose roll-out to the rest of the country should be encouraged.

Trysil – A winter destination that faces major challenges with respect to the sizing of both its transport infrastructure and health services. The district has a great many seasonal jobs linked to tourism in the winter season, and recruits many young people from Sweden, for example. The large proportion of seasonal workers represents a challenge for tourism companies with regard to competence development and stability.

Vågan – Primarily a summer destination, but is currently developing a winter programme, for which there is growing demand. A large proportion of seasonal jobs in the tourism industry. Few alternative jobs within reasonable commuting distance of the district. Challenges are linked to competence enhancement and year-round operation of tourism companies.

Lillehammer – Both a summer and winter destination, but since many tourism companies operate seasonally, the challenges associated with seasonal workers are nevertheless present. There are good opportunities to try out year-round working in the tourism industry, but this would involve working at different companies. Proximity to the research environment at Lillehammer Knowledge Park gives this trial project an added dimension.

Hemsedal – Primarily a winter destination, but efforts have recently been made to develop new products that make Hemsedal an attractive year-round tourism destination. A large number of seasonal workers move into the Hemsedal district during the high season and stay on through the rest of the year despite having no work. This creates a large number of unemployed tourism-industry workers, and consequent challenges for NAV.

International cooperation

The Ministry of Trade and Industry is a member of the United Nations World Tourism Organisation (UNWTO) and the OECD's Tourism Committee, and has entered into a cooperation agreement with Russia's tourism authorities. The Ministry of Trade and Industry also works extensively with its Nordic counterparts.

2 Developments and key trends in the tourism industry

The tourism industry is growing both in Norway and worldwide.

Increased private purchasing power, more leisure time, cheaper transport and increased internationalisation are some of the trends that affect the tourism industry.

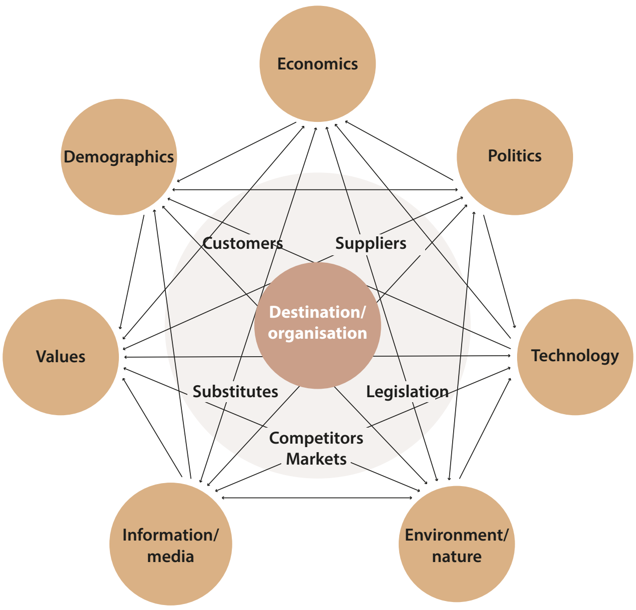
Sections of the Norwegian tourism industry focus solely on a local, regional or national market. Other parts of the industry operate in a global market. It is therefore vital for companies to be competitive both nationally and globally. Mobility is increasing, and global competition is growing steadily more intense. Information about developments and trends in demand is extremely important for Norwegian tourism companies' ability to provide tomorrow's market with attractive products.

Norway is a high-cost country. The tourism industry is special in that it is labour intensive and depends on a large number of employees often having direct contact with customers. The quality of the product being sold is therefore highly sensitive to the employees' qualifications.

Norway is a diverse country, and the experiences which can be offered to guests in the various parts of the country vary considerably. This represents a significant opportunity for Norway as a destination, since we have the chance to tailor experiences to many different customer groups. Evidence suggests that willingness to pay is highest for tailor-made experiences.

We must, however, acknowledge that the development of Norway's tourism industry has not been adequate. A huge effort from all concerned is required to justify the tourism industry's continued place as an area of particular focus in the future.

Tourism is affected by trends at both the macro and micro level

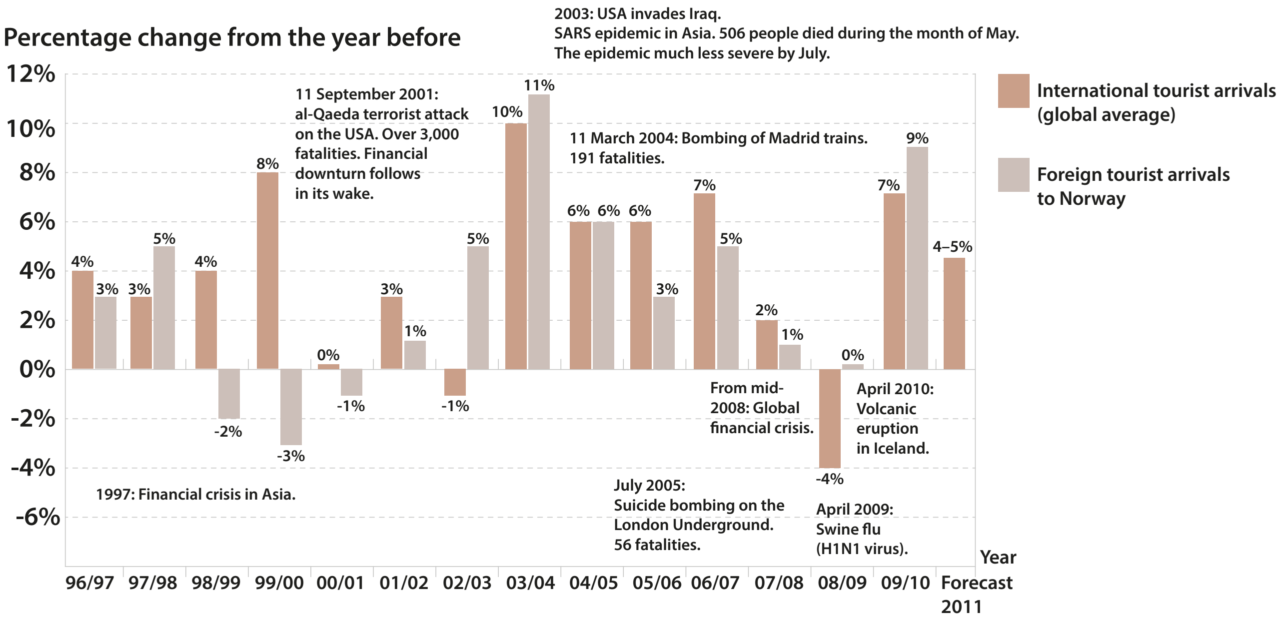


2.1 Global developments

In 2010 the number of tourist arrivals worldwide rose by 7 per cent. Although all parts of the world saw an increase in 2010, this rise was strongly driven by developing countries. Growth in Europe was unevenly distributed. The figures for 2010 show that the number of tourist arrivals in Northern Europe fell by 0.1 per cent. For 2011 the estimates indicated an overall global increase in the number of tourist arrivals of 4–5 per cent.

Photo: Nils-Erik Bjørholt/www.visitnorway.com

Norwegian and international tourist arrivals

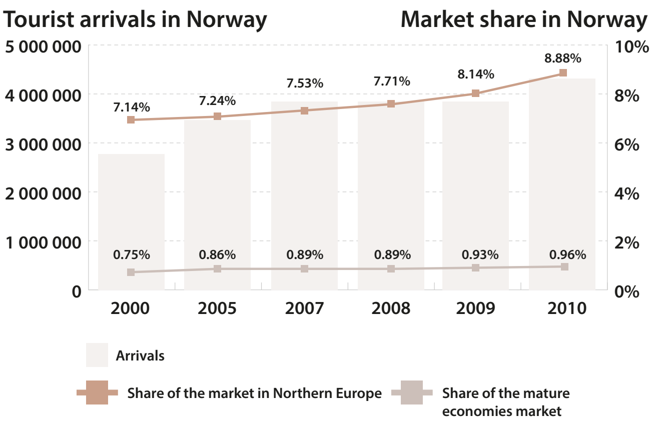


Tourist arrivals with at least one overnight stay. Preliminary figures for 2010.
Source: World Tourism Organization (UNWTO)

Norway captures market share

Figures from the World Tourism Organization (UNWTO) show that the number of tourist arrivals in Norway rose by 9 per cent in 2010. Norway's share of the tourist traffic in Northern Europe also rose by 9 per cent in 2010. During the same period Norway's share of the market among the so-called mature economies, such as Japan, Canada and Germany, rose by 3 per cent (Source: UNWTO).

Over the past decade Norway's share of the tourist traffic in Northern Europe has risen by 24 per cent, while Norway's share of the market among mature economies has risen by 28 per cent.

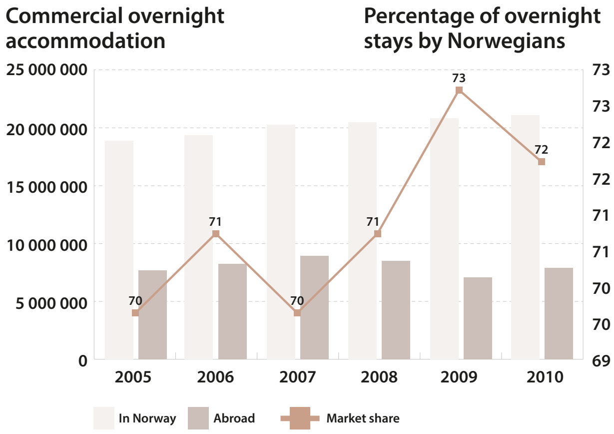


Tourist arrivals with at least one overnight stay. Provisional figures for 2010.
Source: World Tourism Organization (UNWTO)

2.2 Developments in Norway

Composition of commercial overnight stays

The bulk of Norway's tourism industry caters for the domestic market. From 2005 to 2010 commercial overnight stays made by Norwegians in Norway has accounted for a relatively stable 70 per cent or so of market share, though this figure is tending to rise slightly (72 per cent in 2010).

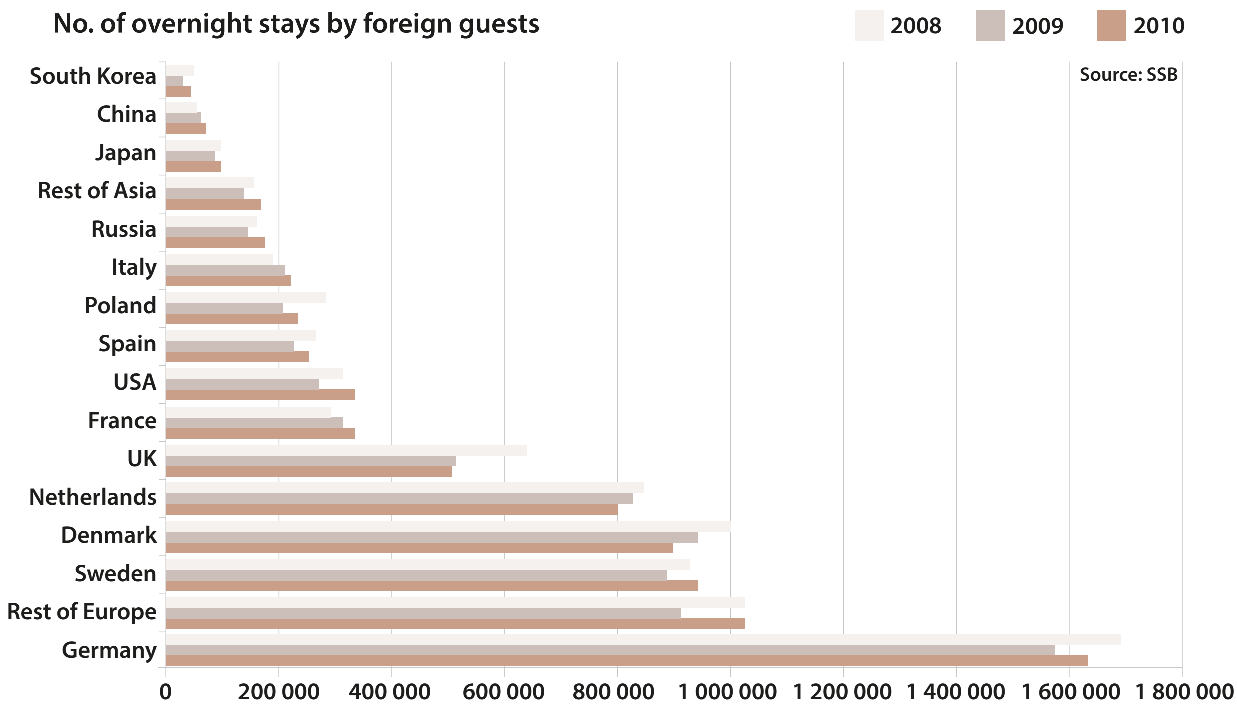


Commercial overnight accommodation includes overnight stays at hotels, camp sites, holiday villages and youth hostels.
Source: SSB

Commercial overnight stays by non-Norwegians

The composition of commercial overnight stays made by non-Norwegians has remained relatively stable in recent years. Germany is the most important foreign market, followed by Sweden and Denmark. In 2010 these three markets accounted for 43 per cent of all overnight stays made by foreigners in Norway.

Breakdown of commercial overnight stays made by non-Norwegians



Uneven distribution of the tourist traffic

As previously mentioned Norway has increased its share of international tourist arrivals in the last decade. However, this growth is unevenly distributed across the country. While urban areas and their surrounding hinterlands are succeeding competitively, certain rural areas are struggling in the market. This development may be putting some companies offering overnight accommodation in particularly out-of-the-way destinations in a precarious position. The figures below illustrate the situation for the country's rural hotels in more detail.

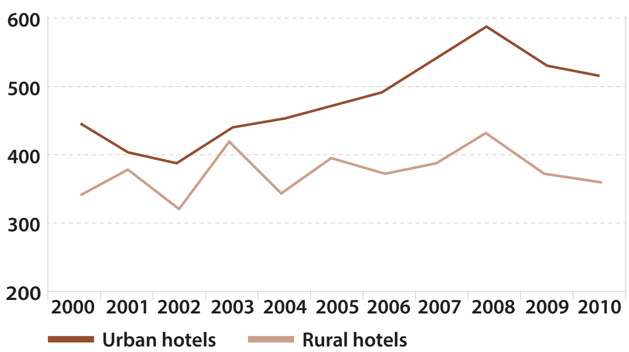
Rural hotels as a group have a negative bottom line

Operating profit in %	Total	Urban hotels	Rural hotels	Airport hotels
Net sales revenues	100%	100%	100%	100%
Operating expenses	68.0%	66.6%	78.7%	59.3%
Operating profit 2	**32.4%**	**33.8%**	**21.8%**	**40.7%**
Total "fixed" costs	28.2%	29.5%	22.5%	30.7%
Operating profit/loss 3	**3.9%**	**4.3%**	**-0.7%**	**10.0%**

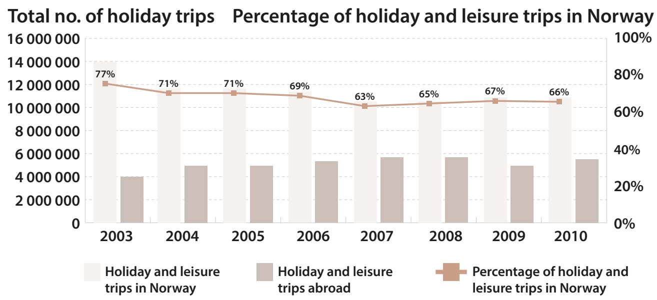
Operating profit 2: Profit before rental and financial costs

Norwegian Hospitality Industry 2011, Chapter 3

Falling demand rural hotels = fall in RevPAR



Falling occupancy rates produce a weaker RevPAR.
Source: Norwegian Hospitality Industry 2011.



Source: Travel survey, 4th quarter 2010. SSB

Norwegians on holiday

Figures from Statistics Norway show that Norwegians made 17.55 million holiday and leisure trips in Norway and abroad in 2010. This is a rise of 4 per cent from 2009. The number of holiday and leisure trips abroad increased by 9 per cent, but this rise must be seen in light of a 7 per cent decrease in 2009. The number of holiday and leisure trips within Norway rose by 2 per cent in 2010. However, the extent to which Norwegians are holidaying in Norway is falling. In 2003 domestic holidays accounted for 77 per cent, while this had dropped to 66 per cent in 2010.

Norwegians are also spending far less money on holiday and leisure travel in Norway than abroad. Although Norwegians spent 49 per cent more on holidays in 2010 compared with 2002, the increase – corresponding to NOK 25 billion – has for the most part gone on foreign holidays. Norwegians' spending on holiday and leisure trips in Norway rose by 13 per cent, which corresponds to the general level of inflation during the period. In contrast, Norwegians' spending on holiday and leisure trips abroad rose by 74 per cent.

2.3 Key trends globally and in Norway

Other changes are also affecting the tourism industry. Demographic changes are one example of this. A report prepared by the European Travel Commission (ETC) and UNWTO shows that the world's population will increase from 6.9 billion in 2009 to 8.3 billion in 2030. Population growth will be strongest in China and India. At the same time the number of inhabitants in Europe is expected to fall by 1 per cent. Demographic forecasts indicate that the average age in Europe will rise, while it will remain low in Asia.

UNWTO gathers data for international tourist arrivals. In 1995 Europe and America together accounted for 78 per cent of all arrivals. This share had fallen to 66 per cent in 2010. Destinations in the Asia/Pacific region have, in particular, captured a larger share of the international tourist traffic. Projections for economic development in various parts of the world show that the Asian countries will probably become relatively more important for Norwegian tourism destinations in the years ahead, both as source countries and as competitors.

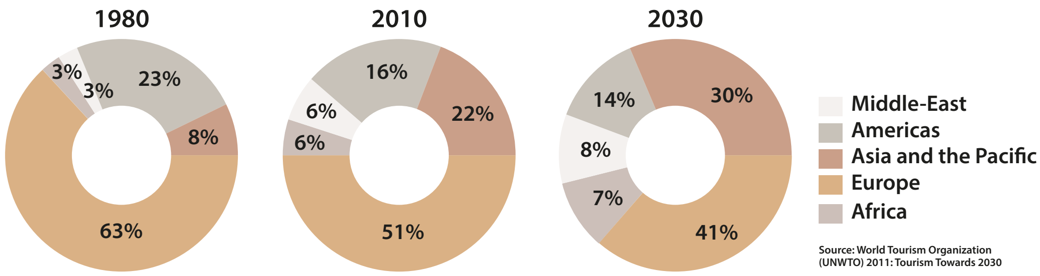
Sustainable development is high on the political agenda in large parts of the world. Interest in sustainable tourism is growing among both service providers and customers, as evidenced by the level of interest in environmental certification at visitnorway.com. Norway is well placed to develop its tourism industry in a sustainable direction, and systematic efforts in this area have been made since the previous tourism strategy was launched in 2007. The environmental certificates we encounter most often in the Norwegian tourism industry are the Nordic Ecolabel (Swan), Environment Beacon, ISO 14001 and Ecotourism Norway. All four organisations report growing interest in their certification schemes.

It is important that such global trends are taken into consideration in connection with product development and the marketing of Norwegian tourism products.

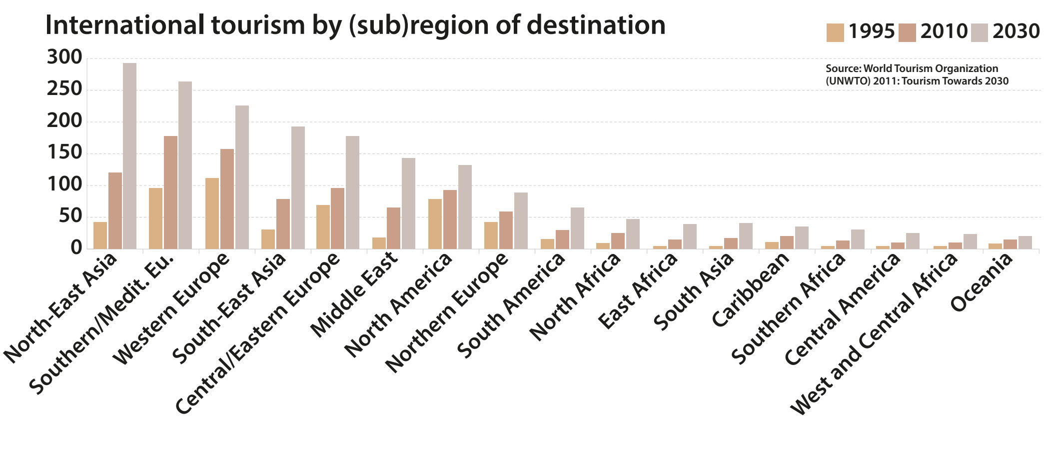
New record for tourist traffic, but growth not evenly distributed

Tourist arrivals totalled 935 million in 2010, according to figures published by UNWTO. This is the highest level of traffic ever recorded, and represents a rise of 7 per cent from 2009. Although all parts of the world reported a rise, growth was largely driven by developing countries. With a modest 3 per cent rise, Europe is the region that is struggling hardest to recover from the financial crisis. During the same period the total number of arrivals to Northern Europe fell by 0.1 per

Asia and the Pacific, Middle-East and Africa are growing



Northeast Asia will be the most visited region in 2030



cent. The trend in the past decade has been for Northern Europe to lose market share to Southern Europe, while Europe and America have lost market share to the rest of the world.

Budget airlines, whose business models have slashed the cost of flying, have radically changed the air transport sector in recent years. This has also put pressure on traditional airlines to cut fares. The number of routes has risen sharply, and good flight connections are one of the most important success factors for many destinations. Budget airlines have also included new destinations in their schedules.

Attracting consumers' attention in the international media environment is a challenge. Among other things, Norway is competing with new and exotic destinations available at relatively reasonable prices.

While many developing countries can point to solid economic growth after the financial crisis, several of the mature economies are struggling to cope with severe debt problems. Considerable uncertainty attaches to economic developments in many of Norway's most important markets, such as Germany, Spain, the UK, France and the USA.

Consumption after the financial crisis

Average spending per holiday has not picked up again after the financial crisis. In fact Euromonitor International claims that the average spend will not increase until 2015. This is a global average, with substantial regional differences. North America, together with Asia and the Pacific countries, are the areas that will benefit from an increase in the amount tourists spend.

During the financial crisis we saw a change in people's travel patterns. At that time many people elected to take shorter holidays at destinations closer to home. Low prices were important. There are strong indications that this pattern of consumption has changed after the financial crisis. The new aspect is that expensive and non-expensive elements are being combined. Many people may choose to fly with a budget airline and then stay at a 5-star hotel. Figures from Euromonitor International show that demand for luxury hotels has risen.

In our neighbouring markets, which are also the most important markets from a volume point of view, the economic situation remains dominated by debt crises and economic uncertainty, a situation that looks set to continue for some time to come.

The experiential economy

In several areas we are seeing a move towards increased individualisation and greater freedom of choice with respect to lifestyle and consumption. The trend towards greater prosperity and higher levels of education leads to a stronger demand for and willingness to spend on culture, new experiences and travel. In response to such development trends the tourism industry can seek to create a set of experiences in which content, authenticity and communication form a unified whole. The experiential economy is about meeting the needs of the tourists. The need to be surprised, entertained and delighted is satisfied through experiences. Entertainment, culture and the arts become more important.

New information and distribution channels demand new types of competence

In a short pace of time the internet has become an important tool for tourist information, the distribution of tourism products and contact between customers and companies. The importance of social media is growing steadily.

Constantly improving broadband access, mobile networks and smart phones have formed the basis for a whole host of new applications within the tourism industry, particularly with respect to the distribution of information. This changes the way many people take their holidays. Where tourist information used to be provided before the trip started or at a tourist information office along the way, many people now expect to have access to updated and reliable tourist information at all times during their trip. On the one hand this affords opportunities to provide more focused tourist information through location-based services. On the other hand this requires much more frequent updates of location-relevant product information.

An associated trend is that tourism products are increasingly being sold through online booking services. In the same way as above, this requires that the product information provided by the various destination and booking services is as up-to-date and reliable as possible. The growth in popularity of this kind of service is also increasing expectations that an ever larger number of elements relating to the trip may be booked online – everything from flights and accommodation to activities and experience-based products.

Interactive online services and social media make it easier for customers to make direct contact with the producers of tourism products. Many tourists choose to use the internet to voice their opinion on the tourism products they have tried out. Online consumer comments affect the reputation of the company or product concerned. Competence is required to successfully manage these online services. This development represents an opportunity for those tourism companies that master this method of communicating with customers, but can also be a challenge for those that fail to do so.

3 Tourism policy goals and focus areas

The tourism industry is a major source of employment throughout the country. It is an industry that is growing internationally, and the industry at home still has considerable potential to increase the amount of value it creates. As a small country Norway cannot excel in every area. The government has chosen to focus particularly on the tourism industry. Underpinning this choice is the tourism industry's potential for further value creation, particularly in rural areas, and the natural advantages Norway has with respect to further developing the country as a tourism destination. The government will therefore pursue a particularly active policy in the field of tourism.

The tourism industry is a highly diverse sector, comprising a large number of small and medium-sized firms. Common to the vast majority of those engaged in the tourism industry is that what is being sold by the individual vendor does not by itself represent an all-inclusive product. For customers to get what they want, the individual products must be combined into a complete experience. It is often an advantage to a tourism company that other similar firms offer services nearby. For example, the fjordside restaurant depends on the existence of adequate transport infrastructure/services; the ski area becomes more attractive if there are hotels beside the slopes. The individual provider of tourism experiences will therefore depend on companies that satisfactorily complement their own services and quality.

The tourism industry's 'output' must be consumed at the location it is produced. Customers must be convinced that it is worth seeking out the product. Norway's landscape and natural beauty may have topped several international rankings of the world's best travel destinations, but that does not mean Norwegian tourism products are well known internationally. Nor does it mean that they are more attractive than other countries' tourism products, or that they sell themselves.

Like other business sectors, the tourism industry is responsible for its own commercial development. The government's tourism policy is intended to point the way and help enable companies to realise their full potential for value creation. Harmonisation of public-administration involvement in the industry will contribute to effective resource utilisation. The industry itself must innovate and create high-quality, all-round products that give visitors an experience they will value. This presumes close collaboration between all parts of the industry and other parties that provide a framework for tourism experiences.

Photo: Susan Fraser/www.visitnorway.com

3.1 Active tourism policy

It is important for the government that the active policy steps it takes with respect to the tourism industry are designed such that they can be implemented effectively and that they help stimulate development in those areas where the industry cannot realise its potential unaided. Only in this way will the goals and initiatives presented in this strategy remain robust over time. In 2011 the Institute for Research in Economics and Business Administration (SNF) carried out a socio-economic analysis of industrial policy measures vis-à-vis the tourism industry. The analysis examines whether national, county and local authority industrial tourism policies can be said to have any socio-economic justification, i.e. that industrial policy measures address some form of market failure. The existence of a market failure within certain parts of the tourism industry could prevent the industry from realising its full potential for value creation.

The analysis concludes that in an overarching socio-economic perspective there does seem to be a need for the implementation of measures by the public authorities to enable the tourism industry to realise its potential. The analysis does not say which industrial policy measures should be implemented and how, but does indicate which measures are most likely to assist the industry's future value creation. The measures linked to particular areas of focus in the coming chapters are largely derived from this analysis.

The Competition Act provides a framework for the kinds of collaborative arrangements it is possible to enter into. As a rule new collaborative constellations between entities which are in principle not competitors may be established without coming into conflict with the Competition Act. For example, collaboration between entities that offer complementary products and/or services would be permitted, e.g. between a provider of overnight accommodation and a company offering experiences at the same destination. The establishment of collaborative constellations comprising entities that complement each other in this way is broadly in line with the recommendations of several reports on the background to future tourism policies.

3.2 Tourism policy goals

The government wants Norway to be a leading, innovative, dynamic and knowledge-based economy, with particular emphasis on those areas where we enjoy specific advantages. An active industrial policy is important for innovation and change. The government facilitates this through both general framework conditions and more focused industrial policy steps.

The tourism industry must change course from the provision of individual, traditional tourism products, to the collaborative creation of all-round experience packages that include transport and accommodation, food and beverages, cultural and natural heritage, and participation in activities. Our vision is that by offering valuable experiences we will create value for visitors, companies, employees, local communities and Norway as a whole. This requires us to sharpen the focus of our tourism policy in order to help increase value creation within Norway's tourism industry.

3.2.1 Sustainability as a premise

The government's previous national tourism strategy, *Valuable Experiences*, includes the development of Norway as a sustainable tourism destination as one of three main objectives. This ambition has now been further reinforced, with sustainability now an overarching premise in the new tourism strategy. This means that development of Norway as a sustainable tourism destination is a fundamental premise of the government's tourism policies.

Sustainable tourism requires that the industry develop in a way that supports vibrant local communities, good and stable jobs, and financially viable tourism companies. It also requires that the environmental perspective is taken into account. The tourism industry must assume a share of the responsibility for protecting our natural heritage and cultural landscape for future generations, and strive to achieve low levels of greenhouse gas emissions and waste from its operations. The government builds its understanding of the term sustainable tourism on three equally important pillars: the environment, social responsibility and profitability. All three aspects must be addressed for tourism to be sustainable. Moving forward emphasis will be placed on finding good indicators for sustainable tourism, so that we can determine the extent to which developments are going in the right direction. This effort has been initiated through Innovation Norway's *Sustainable Tourism 2015* project.

Photo: CH//www.visitnorway.com

Sustainability as a premise must mean that consideration for the sustainable development of the Norwegian tourism industry guides decision making and is clearly integrated into all operational areas. This also underpins the specific measures presented later in this strategy.

3.2.2 Increased value creation, qualitatively good experiences and vibrant rural areas

The two other objectives of the government's tourism strategy from 2007, *Valuable Experiences*, remain in place, while a third goal – relating to the quality of the experiences – has been added.

Goal 1: Increased value creation and productivity in the tourism industry

The objective of the government's industrial policies is the generation of as high an overall level of value creation as possible. The government will pursue industrial policies that promote innovative, knowledge-based and environment-friendly business activity, providing jobs nationwide.

The government's goal is a significant increase in the level of value being created by the tourism industry in Norway. This will in large part have to occur through the strengthening of collaboration within the industry and interaction between relevant bodies. Increased innovation and enhanced competence requires networks and collaboration at all levels. The uniform marketing of Norway as a tourism destination may be accomplished only through close cooperation between organisations in both the public and private sectors.

The level of profitability within the tourism industry is too low. Increasing the industry's productivity is therefore an objective. The *Tourism Billion* showed that the tourism industry received NOK 1.085 billion in public funding in 2007. To reach the goal of increased value creation and productivity it is important that public funding is allocated in an effective and targeted fashion.

Goal 2: More year-round jobs and more financially robust companies, particularly in rural areas

Tourism is an important business sector in rural areas, and contributes to attractive local communities. However, the tourism industry is strongly affected by seasonal variations, which has a particular impact in rural areas. The creation of more year-round jobs would help to increase quality and stabilise rural population levels and labour resources. It is a precondition that both companies and associated jobs are inherently profitable.

The challenges posed by the issue of year-round jobs in the tourism industry must be taken seriously. Many Norwegian tourism destinations remain seasonal, their customer base large enough to maintain a complete range of services for only a few months of the year. At the company level this represents a challenge, since the firm's entire financial foundation must be generated during the course of a brief, hectic season. Furthermore, it also means that companies must spend time and money recruiting and training a constant stream of new employees, who only intend to stay with the company for a short period. Companies also find that staff competence often is and remains low due to the temporary nature of their employment.

There are companies that do not wish to operate all year round, and the need for seasonal staff will remain. If the alternative is not to operate a tourism business at all, it is better to have a few months of profitable operations than a year-round business whose financial platform is unsound. The existence of such seasonal players, who in sum can offer year-round experiences, may, for example, be crucial to a hotel's ability to stay open all year.

Local communities often find it challenging when the size of the population fluctuates significantly from one season to the next. At some large tourism destinations the population can be several times higher during the tourist season than at other times of the year. Under such conditions it is difficult for local authorities to provide the right level of services. More year-round tourism jobs would make it more attractive to choose tourism as a career path, would contribute to higher competence levels among tourism industry employees, and would provide greater population stability at typical tourism destinations.

Goal 3: More unique, good-quality experiences that attract more visitors with a high willingness to pay

As a tourism destination Norway is characterised by two important factors: we have a unique natural heritage, and we are a high-cost country. These factors represent both a competitive advantage and a competitive challenge. One of the objectives of the government's tourism policy is for the Norwegian tourism industry to provide products of a sufficiently high quality to attract greater numbers of quality-conscious tourists who are willing to pay. By supplying high-quality products, Norwegian tourism companies will be able to justify the price levels necessary to increase the industry's profitability.

The goal must be to use our unique natural and cultural heritage as the basis for innovation and product development, so that we can create tourism products that command a high price in national and international markets. This is primarily the industry's own responsibility. The public administration can, however, make a contribution by supporting innovation and knowledge-building, collaboration and networking, new market opportunities and effective image building.

3.3 Stronger coordination gives better results

SNF's socio-economic analysis points out that the tourism industry may suffer from a more extensive failure of coordination than is the case in many other business sectors. The fact that many small players must cooperate to develop comprehensive tourism experiences means that many issues must be resolved through collaboration between entities with somewhat different interests and different owners. If we base our tourism policy on this overarching observation, much of its substance should aim to resolve the issues relating to coordination between different stakeholders.

A great many people and organisations in both the public and private sectors are involved in the tourism industry and its development. All these entities must pull in the same direction if the tourism policy's overarching goals are to be achieved. It is therefore necessary to remedy the coordination failure by clarifying the allocation of roles, responsibilities and tasks – both within the authorities and various industry players, and between them.

3.3.1 Public sector coordination

The responsibilities of many public bodies touch on aspects that are important for value creation by the tourism industry. The coordination challenges pointed out in the socio-economic analysis exist not only among tourism service providers themselves. Better coordination of the authorities' overall use of resources vis-à-vis the tourism industry is just as important as measures aimed directly at those engaged in tourism.

The *Tourism Billion* analysis and the *Tourism Management Bodies in Norw*ay report by the Norwegian Hospitality Association's Structural Committee from May 2011 point out that better coordination between various levels of the public administration could help

Photo: Terje Rakke/Nordic Life AS/www.visitnorway.com

Photo: CH/www.visitnorway.com

to resolve some of the coordination failure experienced by the industry. Better public sector coordination could pave the way for increased value creation by Norway's tourism industry. One of the reasons tourists come to Norway is to experience the country's natural heritage, and tourism-related value creation based on our natural and cultural heritage can be increased. However, any such enterprise would require close co-operation between a number of government ministries.

Financial support for the tourism industry by the national authorities comes in addition to the fact that various ministries and sector-specific public bodies are responsible for other framework conditions that affect the overall development of tourism and the tourism industry. For example, infrastructure and transport policies are important for the tourism industry. Since the tourism industry is labour intensive, and has extensive operations in rural areas, the government's overall rural development policy will impact the tourism industry's development. General framework conditions, such as taxes and public charges, are important for the tourism industry, as for all other business sectors.

The tourism industry deals with many different public bodies on a day-to-day basis. This may complicate the overall picture that it needs to see in order to forge ahead with its efforts to increase value creation. It therefore makes sound industrial policy sense to improve coordination between public bodies.

3.3.2 Coordination in the tourism industry

Compared with many other business sectors in Norway, the tourism industry is fragmented. In its report entitled *A knowledge-based tourism industry*, Menon Business Economics suggests that the industry is financially weak and only in small measure knowledge-based. According to Menon, the Norwegian tourism industry has lost international market share since 1970, partly because it has not managed to adapt after the discovery of oil led to a sharp increase in the Norwegian standard of living and made Norway one of the world's richest countries. Since the 1970s the Norwegian tourism industry's international competitive position has worsened. However, due to stronger domestic demand and economic growth it has expanded substantially in what Menon describes as the protected domestic market. Other business sectors which have experienced similar changes around them, e.g. the supermarket sector, have undergone several rounds of consolidation and adjustment. According to Menon, however, changes in the tourism industry have not kept pace with changes in Norway's welfare society. The industry has – with certain important exceptions – remained fragmented, financially weak and only in small measure knowledge-based.

In its report *A knowledge-based tourism industry,* Menon suggests that Norway's tourism industry must appreciate that Norway is one of the world's richest and most expensive countries. To realise the goal of increased value creation and productivity, Norway's tourism industry must become more knowledge-based and innovative. It must be sustainable and build on Norway's unique qualities. Furthermore, ownership of tourism companies must become more professional and concentrated in fewer hands.

The tourism industry is largely export-oriented, and its products sold in a highly competitive market. The industry's production costs are largely determined by domestic cost levels, which are considered high in the international market. Within the tourism industry profitability varies from segment to segment, within individual segments and over time. Menon argues in its report that those engaged in tourism develop strategies to increase volume, reduce costs and/or demand higher prices in the market. In Menon's terms the strategies are summarised thus:

- Industrialisation – large-scale and effective logistics aimed at the price-sensitive mass market.
- Self-service – digital solutions and self-service concepts to reduce labour intensiveness.
- Exclusive experiences – niche products aimed at a small but price-insensitive international market segment.

3.3.3 Coordination between the authorities and the tourism industry

Several trend and generational analyses show that the need for innovation in the tourism industry will grow over the next few years, while the level of innovation is lower in this industry than in other service sectors. Although Norway offers distinctive, high-quality tourism products, one of the challenges is to package them in a way that makes Norway an attractive tourism destination, available all year round. Furthermore, extending the tourism season, which in turn increases profitability and value creation within the industry, represents a substantial challenge for parts of the country.

Implementing one or a combination of Menon's strategies is a matter for the individual tourism com-

Photo: Dyreparken

pany. As SNF's report A *Socio-Economic Analysis of Industrial Policy Measures with Respect to the Tourism Industry* shows, the public sector can play a role in correcting market failure within and in connection with a business sector.

With respect to the tourism industry, for example, the national authorities can provide support for the establishment of networks of complementary operations which work together to develop comprehensive products.

Such networks can help to initiate collaboration between various entities to develop comprehensive products. Networks will also be able to help resolve potential conflicts of interest between different players by providing an arena where they can meet to work out the best way to develop comprehensive products in partnership. This will also increase the probability of the various entities finding ways to share out the costs and revenues associated with such collaborative projects.

SNF emphasises that if the tourism industry can be said to be suffering from a market failure, the failure is one of coordination. Conflicts of interest often arise when different entities must determine how to share the costs and revenues deriving from a collaborative effort. Such conflicts of interests often appear in the form of a failure of coordination.

3.4 New priority areas

Based on the goals, premises and desire for coordination underpinning the development of the government's tourism policy, three priority areas have been selected for its efforts vis-à-vis the tourism industry in the time ahead. These areas cover: a more effective organisation of the various entities engaged in and in connection with the tourism industry; criteria for success in the necessary development of products and destinations; and methods for the sale and marketing of Norwegian tourism products.

Priority area 1: Organisation

A great many of the country's local authorities wish to go in for tourism. That such a high proportion of local authorities wish to develop tourism products is good, but in a national industrial policy perspective it is important to take into account that not all investments in local tourism activities may be profitable. This risk must be considered, for example, when the development of year-round jobs is being discussed.

Tourists demand a complete experience, with the possibility of combining products from various segments of the tourism industry into a comprehensive package. The development of all-inclusive tourism products and Norwegian destinations requires that separate entities coordinate their efforts. This will allow the Norwegian tourism industry to strengthen its position in the ever more intense international competition to attract tourists. Such new collaborative constellations between entities that already define themselves as belonging to the tourism industry should be stimulated. However, it is also important to include other business sectors so that investments made in these areas can be exploited for the purposes of tourism as well.

Destination management bodies should play an important role in coordinating the industry and the tourism activities being undertaken at local and regional level. There are a great many destination management bodies in Norway today. Roles, responsibilities and tasks need to be clearly allocated between these organisations.

Increasing the effectiveness of the efforts being made and the use of private and public sector resources requires clarification of who should do what, and who should finance the various activities. A process of this kind must include both public bodies and the tourism industry itself.

Photo: C H/www.visitnorway.com

Priority area 2: Experience and destination development

Fundamentally, Norway as a tourism product is made up of the positive and valuable experiences being offered. The tourism industry itself must take overall responsibility for the production of these experiences through the development of the individual destinations. At the same time this is affected by a large number of public initiatives and activities. The government's contribution is to pursue policies which equip the tourism industry as well as possible to undertake the necessary product development.

Since product development is affected by many factors it is important to identify the ones that are of greatest significance to the tourism industry's success in this area. The most important critical success factors are:

- Collaboration – within the tourism industry and between the tourism industry and other business sectors.
- Use of existing infrastructure – investments made in other areas of society must be reused in the development of tourism products.
- Competence – the employees are the most important resource for the development of the tourism industry.
- Quality – a precondition for Norwegian tourism products' international competitiveness.
- Collective benefits – agreement on how they should be used and financed.
- Access to capital – funding for the good projects.
- Accessible destinations – tourists must be able to locate the experiences without difficulty.

Priority area 3: Sales and marketing

Norwegian tourism products compete with a vast array of foreign tourism products. But before a customer can select a Norwegian service provider and Norwegian experiences, they have to know what is available. Marketing is therefore fundamental to customers acquiring any interest at all in considering Norway as a travel destination. Marketing is carried out at several levels and through a variety of channels. Use of public funds to market Norway as a tourism destination has increased during the past decade.

International regulations govern the kind of marketing that may be financed through public funds. The marketing collaboration that currently exists between the tourism industry and the public administration is built on these regulations.

Online solutions have made it far easier to sell experiences direct to the consumer. Use of online solutions is therefore a natural part of any such sales plan. Building relations with tour operators and travel agencies is also important. Today, these account for the sale of a considerable volume of holiday experiences in Norway. For tour operators to recommend Norway to their customers they must know about Norway and Norwegian tourism products.

Many people have pointed to a short distance between product information and the "buy button" for the same product as a success factor in triggering sales. Good electronic solutions for booking and payment are therefore vital elements in maintaining and increasing customer motivation to choose Norwegian destinations. The booking solution that was launched on visitnorway.com in 2011 represents a key milestone in the effort to make Norwegian tourism products

easier to buy. It is important that this solution is used and further developed in the time ahead. It is of particular importance that more and more tourism service providers make their products available for booking through this site.

Sales and marketing are also about giving customers the information they need, when they need it. Several organisations are working to develop solutions that can provide customers with constantly updated information about selected experiences during the course of their trip. Such information could include tips on where to eat, cultural events or other items the individual has previously selected from a menu. The basic idea is that actively updated information about relevant offers contributes to increased sales.

4 A coordinated tourism policy

The tourism industry generates much employment nationwide, and is important for rural areas. As a result the sector is not only a designated priority area for industrial policy at the national level, it is also of great interest to local and regional authorities. Historically, agencies at all levels of the public administration have been involved in development of the tourism industry, at local and regional levels through destination management organisations in particular. This is a good starting point for further value creation and an active tourism policy. The large number of public bodies with interests in the tourism industry makes improved coordination between them a sound policy move.

4.1 Policy design

Like other sectors, the tourism industry depends on the overall framework conditions applicable to business operations in Norway. This includes, for example, the tax system, monetary policy, labour market policy, rural development policy, environment policy, infrastructure and general industrial policies. In addition to policies addressing the tourism industry directly, sector-specific policies on areas such as cultural affairs, fisheries, agriculture and transport have a major impact on the tourism industry. Many ministries' underlying agencies and organisations work in fields that are of significance for tourism in Norway.

Tourism falls within the remit of a number of different ministries and other public bodies at multiple levels in the public administration. The government is keen for tourism policies and efforts relating to tourism to be coordinated within and between all levels, both national and regional, with respect to the measures being implemented, and in the division of labour between the authorities and the tourism industry.

It is the ministries' responsibility to obtain and assess the basis for political decisions. Operationalising the policies is often left up to organisations such as Innovation Norway, directorates or other public agencies.

4.1.1 Strengthening the coordinating role of the Ministry of Trade and Industry

In the previous national tourism strategy entitled *Valuable Experiences* which was published in 2007 the Ministry of Trade and Industry was given responsibility for coordinating the government's efforts to draw up an overall tourism policy. It was also decided at that time to establish a dedicated tourism section at the Ministry of Trade and Industry. The effort to improve coordination of the government's overall tourism policy has not been fully concluded. Several of the measures which will be proposed later in this strategy require a high level of policy coordination by the authorities if they are to succeed.

The government's tourism strategy does not involve the relocation of responsibility for policy areas between ministries. What is crucial is to achieve stronger coordination. The government therefore wishes to reinforce the Ministry of Trade and Industry's efforts to coordinate its tourism policy through the establishment of an inter-ministerial coordination forum.

A brief overview of the various ministries' tourism-related activities is presented below.

- *The Ministry of Agriculture and Food* contributes to the overall marketing of Norway as a tourism destination both at home and abroad through the Green Tourism scheme, and its focus on building the reputation of Norwegian food production and culinary culture through the Local Food Programme.
- *The Ministry of Local Government and Regional De-*

Photo: Terje Rakke/Nordic life/www.visitnorway.com

Photo: AuroraBorealis.no/www.visitnorway.com

velopment supports tourism through grants to local and county authorities, and to Innovation Norway.

- *The Ministry of Transport and Communications* facilitates infrastructures, such as the National Tourist Routes, and strengthens public transport services through public procurement of passenger transport on the railways, short-haul flights and the Norwegian Coastal Voyage (Hurtigruten).
- *The Ministry of the Environment* is responsible for managing natural and cultural heritage sites, pristine and cultural landscapes, land-use planning and outdoor leisure activities.
- *The Ministry of Education and Research* is responsible for education and knowledge-development within the tourism industry.
- *The Ministry of Fisheries and Coastal Affairs* is responsible for efforts to develop marine tourism and coastal culture, as well as use of Norwegian seafood.
- *The Ministry of Cultural Affairs* is responsible for promoting quality, availability and diversity in the cultural sector through contributions to cultural institutions and activities, which represent an important factor with respect to tourism.
- *The Ministry of Foreign Affairs* is responsible for the promotion of Norway in general, and for promoting Norwegian business interests, including the tourism industry, abroad.

The Ministry of Trade and Industry has launched a specific goal for simplification. By the close of 2015 the costs companies incur to follow up the authorities' reporting requirements shall be reduced by NOK 10 billion. Many of the suggested simplification measures that the ministry has received will also apply to businesses engaged in the tourism industry. At the same time many of the measures relate to other ministries' areas of responsibility. A dedicated simplification project for the tourism industry will be established to follow up both the simplification effort and the goal of strengthening coordination of the authorities' overall tourism policy. The project is intended to arrive at specific simplification measures for those engaged in the tourism industry.

4.2 Operationalisation

Individual ministries play different roles with respect to initiating and implementing tourism policy, as do local and county authorities.

Central government funding for tourism-related purposes is largely channelled through Innovation

Norway. Innovation Norway will be given operational responsibility for the implementation of several of the measures resulting from this strategy. However, Innovation Norway is not the only means through which the government's tourism policy is exercised. Other bodies administer areas that have an impact on the business sector in general and the tourism industry in particular. For example, the Norwegian Public Roads Administration, the Research Council of Norway, the Norwegian Design Council, Investinor, the Industrial Development Corporation of Norway (SIVA), the Directorate for Cultural Heritage and the Norwegian Directorate for Nature Management are all of significance for the development of the tourism industry. Their efforts must also be included in a more coordinated tourism policy.

4.2.1 Innovation Norway's engagement in tourism

Innovation Norway's engagement in tourism is intended to promote increased profitability within the various segments of the tourism industry and increase Norway's share of the international market. This will be achieved partly through brand building and marketing.

Innovation Norway's Tourism Department has overall responsibility for the organisation's engagement in the tourism sector. Among its tasks are analysis, development of image-building campaigns and education/training programmes. The implementation of marketing campaigns and sales activities is among the tasks carried out by Innovation Norway's offices abroad, while the assessment of various forms of support for specific tourism projects in Norway is generally undertaken by the organisation's regional offices.

To achieve the overall goal of increased profitability and a larger share of the tourism sector's international growth, Norway as a travel destination must be made more widely known internationally and a cohesive Norwegian tourism product developed. International market surveys show that knowledge of Norway is poor and there is little awareness of the country as a travel destination. Innovation Norway will develop and strengthen opportunities for Norwegian tourism companies in external markets, through long-term brand and image building, operational market-related measures and sales facilitation. This is currently carried out primarily through:

1. **Consumer marketing:** Summer and winter campaigns are developed for prioritised markets. These campaigns are based on the Brand Strategy (from 2006), and are undertaken through the channels relevant to the various markets. The campaigns are implemented at different levels, from the promotion of Norway in general to more specific sales-triggering materials. Innovation Norway launched a new and improved marketing concept in the summer of 2011, which has achieved good results in communications surveys.
2. **Online marketing:** Norway's official tourism portal, visitnorway.com, is currently available in 14 languages, and has partnership agreements with around 90 per cent of Norway's destinations and tourist information offices. The portal is constantly being developed in terms of both content and technology, with BookNorway being integrated as late as 2011. Use of social media has been integrated into the online concept. Visitnorway.com had 9.5 million visitors in 2010, rising to 11.9 million in 2011.
3. **Relationship-building:** Each year Innovation Norway contacts more than 1,000 international tour operators who sell Norway to establish and maintain good relations. Activities involve making sales visits, training tour operator staff, local workshops and the organisation's flagship event, the Norwegian Travel Workshop (NTW). Staged annually, the NTW brings together Norwegian tourism companies and foreign tour operators, and is an example of how Innovation Norway creates arenas for the sale of Norwegian tourism products abroad.
4. **PR:** The media are an important target group for Innovation Norway's tourism-related activities. The organisation actively facilitates opportunities for journalists from prioritised markets to write about Norway as an interesting travel destination. Each year over 1,000 journalists are brought to Norway. A cautious estimate of the PR effort with respect to the print media showed that in 2010 it was worth the equivalent of NOK 413 million in advertising, to which sum must also be added the value of radio and television coverage.
5. **Market analysis and statistics:** Innovation Norway collects and collates statistics, carries out market surveys and produces market data, other analyses and documentation that are relevant for the tourism industry and the individual entity's efforts in national and international markets. The material is made easily available and is kept updated through a dedicated website.
6. **Destination development:** Various elements from Innovation Norway's service portfolio, e.g. consult-

Photo: Anders Gjengedal/www.visitnorway.com ing, network programmes, competence-building and financing, are combined as required to assist individual enterprises and tourism destinations. This also includes the provision of loans and grants to the tourism industry based on funds deriving from the Ministry of Local Government and Regional Development, the Ministry of Agriculture and Food and the Ministry of Trade and Industry. Spearheading this effort are programmes such as NCE and Arena.

NORWEGIAN TRAVEL WORKSHOP (NTW)

Each year Innovation Norway stages the NTW, Norway's largest B2B event for the tourism industry. The NTW is the most important sales arena for meetings between Norwegian and international tourism companies.

Participation in the NTW provides a unique opportunity for direct negotiations, contract signings and relationship building. With more than 320 qualified tour operators attending the event, participants have an excellent opportunity to sell Norwegian tourism products, maintain business contacts and find new ones.

The event is largely organised around prearranged meetings. Some 8,000 such meetings are arranged, on the basis of the participants' own wishes. This makes it possible for sellers and buyers to negotiate directly and effectively.

Beforehand, both sellers and buyers have the chance to present their products in accordance with the product and marketing manual, which makes it easier to decide who to negotiate with. The Norwegian companies have their own stands, which is where the negotiations take place.

The entire tourism industry participates in the NTW: regional marketing companies, destination management bodies, transport companies, hotels and other providers of accommodation, incoming tour operators and activity companies are among those taking part.

Each year Innovation Norway assesses where it ought to focus its international efforts to market Norway as a travel destination. The assessment is based on macro-economic considerations (GDP, exchange rates, economic growth forecasts), Norway's accessibility (flights, ferries), knowledge of Norway as a travel destination, the market's current size (no. of overnight stays), expected growth in outgoing traffic, internet penetration, and the tourism industry's willingness to invest in the market (participation in market-related activities). Its decision is endorsed by a Market Strategy Council made up of representatives from Norway's largest tourism industry players.

Innovation Norway has overall responsibility for marketing, destination development and competence enhancement within the country's tourism industry. In addition, the organisation administers various ministries' grant and lending schemes at national and regional level, which tourism companies can apply to for funding.

The government believes that Innovation Norway should continue to undertake activities in the markets that are most important for the Norwegian tourism industry. Publicly funded marketing of Norway as a travel destination is meant to complement and reinforce the tourism industry's own marketing efforts. The choice of countries in which to maintain a presence, and the structuring of the activities in the individual markets must therefore be determined in consultation with the industry.

The Market Strategy Council shall operate at an overarching strategic level in relation to Innovation Norway's engagement in the tourism sector, and shall be chaired by Innovation Norway. The Market Strategy Council is a professional forum which discusses and endorses Innovation Norway's efforts in the field of tourism. It is not an arena for industrial policy debate.

On this basis the Market Strategy Council shall contribute to the development of strategies, market priorities, activities and budgets for Innovation Norway's tourism-related market activities, which it then recommends to Innovation Norway's administrative and governing bodies. The council's members will provide important support in the dialogue between Innovation Norway and the tourism industry's various segments. It is therefore a precondition that they come from companies that make use of Innovation Norway's services.

INNOVATION NORWAY CURRENTLY CONDUCTS TOURISM-RELATED ACTIVITIES IN THE FOLLOWING MARKETS:

- Nearby markets: Norway, Sweden, Denmark, Germany, Netherlands and the UK
- Growth markets: Russia, Poland, France, Spain, Italy, the USA, South Korea, China and Japan
- Developing markets: Projects aimed at the media and tour operators in conjunction with Avinor and airlines operating overseas routes to Norway

The government will continue to support networks and the establishment and growth of tourism clusters. In conjunction with the Research Council of Norway and the Industrial Development Corporation of Norway (SIVA), Innovation Norway has developed the Arena programme and the Norwegian Centre of Expertise (NCE) scheme. Arena and the NCE are national, sector-independent programmes, which are funded by the Ministry of Trade and Industry and the Ministry of Local Government and Regional Development. The programmes are intended to help develop interaction between individual business enterprises and between enterprises, research institutions and the public sector within a region, and represent a good example of the benefits to be gained through a structured and coordinated way of working.

NCE Tourism Fjord Norway was established in 2009, and is the result of the longest and most successful collaboration in the field of tourism in Norway. Ahead of it the Fjord Norway cluster now has a decade filled with unique opportunities for innovation, strategy development and creativity. As a national centre of expertise the cluster also has a responsibility to share its experience with tourism operations throughout the country. The objective is for the Fjord Norway region to become a world leader in the field of thematic tourism, thus ensuring that the tourism industry along Norway's west coast is even better positioned to win the battle for tomorrow's tourists.

SUCCESSFUL NETWORK BUILDING – THE ARENA PROGRAMME

The Arena programme was established in 2003. It currently has 22 ongoing projects, five of which are in the field of tourism. The programme offers financial and professional support for the development of regional business clusters and innovation schemes that have been or are in the process of being established.

Arena USUS – In the spring of 2010 Arena Usus (use, experience, skill, advantage, profit) was granted the status of an Arena programme. Arena Usus is a cluster of companies within the cultural and experience segment in southern Norway, which are pursuing the vision "Southern Norway – best for repeat business".

Arena Innovative Experiences – Arena Innovative Experiences is a collaboration between the businesses belonging to the cluster, the public administration and research and educational institutions. The businesses that make up the cluster are located in the north of Nordland, i.e. the regions Lofoten, Vesterålen, Ofoten and Salten, as well as Svalbard.

Arena Profitable Winter Experiences – The members of this cluster are made up of tourism companies and experience providers in Troms and Nordland. They share the same challenge: year-round operation with a sufficient number of customers in the winter months.

The government's goal is that the funds it allocates to tourism in the annual national budget should produce tangible results. A new method for measuring Innovation Norway's engagement in the field of tourism has therefore been developed and implemented. The table below provides a general description of what is measured and how.

IN's activities	Method of measurement
Marketing campaigns	Measurement of campaign effectiveness, new method implemented in 2010.
Media relations & PR	Measurement of column inches, surveys in connection with press tours, develop new method for measuring effectiveness modelled on that for marketing campaigns.
Development and operation of visitnorway.com	Tracking of clicks and users, measurement of no. of bookings performed via the system (once the booking solution has been launched).
Courses and competence enhancement	Survey of participants' level of satisfaction, customer impact survey – extent to which the course affects profitability.
Establishment of networks and stimulation of collaboration	User survey: impact on participants in relation to product and work-process development and profitability.
Market data and analysis	User surveys: impact on participants in relation to the production and distribution of market data and analyses.
Innovation support	Innovation rate, customer impact surveys: type of innovation, which companies, innovations and significance for the companies' profitability.

It is important that the effect of Innovation Norway's marketing efforts be continuously assessed. The Ministry of Trade and Industry will therefore follow this up with respect to Innovation Norway.

The way Innovation Norway's engagement in the field of tourism is organised should be reviewed and evaluated at regular intervals. In the forthcoming

Photo: © Marco - Fotolia.com

report to the Norwegian Storting (parliament) on Innovation Norway and the Industrial Development Corporation of Norway (SIVA), Innovation Norway's offices abroad will be reviewed. This may also have consequences for Innovation Norway's international tourism-related activities.

4.2.2 Other public administrative bodies of major importance to the tourism industry

A number of underlying agencies administer areas of significance to the business community in general and tourism in particular, and must also be included in the coordination of tourism policy. The list below provides a brief presentation of the most important public administrative agencies and their tourism-related activities.

- *The Norwegian Public Roads Administration* is the agency responsible at national and county level for roads and road traffic, and therefore plays an important role for the accessibility of tourism destinations throughout the country.
- *The Research Council of Norway* identifies areas in need of research, and makes proposals with regard to the prioritisation of the research effort.
- *The Norwegian Design Council* promotes the use of design as a strategic tool for innovation in order to achieve improved competitiveness and profitability in Norwegian business and industry, including matters of importance for the attractiveness of Norwegian destinations.
- *Investinor* contributes to increased value creation by investing venture capital and acting as an active and competent shareholder in internationally oriented and competitive Norwegian companies in an early growth and expansion phase. The tourism industry is one of Investinor's focus areas.
- The main task of the *Industrial Development Corporation of Norway (SIVA)* is to contribute to innovation and business development in all parts of the country. The organisation has a particular responsibility for the promotion of growth-oriented enterprise in rural areas, and is involved in several tourism-related projects.
- *The Directorate for Cultural Heritage* is responsible for implementing the government's policy in the field of cultural heritage, which is an important aspect of many Norwegian destinations.
- *The Directorate for Nature Management* works to preserve and enhance bio-diversity, facilitate outdoor leisure pursuits, and realise the government's environmental policy. This affects the development of many Norwegian tourism destinations.
- *The Centre of Competence on Rural Development* is a national body that works primarily to collect, collate and disseminate knowledge and expertise relating to local development measures. The centre is also a source of competence for, and acts as an advisor and contributor to national, regional and local authorities.

The tourism industry is, moreover, influenced by policies that are adopted at regional and local level, such as appropriations, land regulation and conservation plans. It is important that regional and local policy making also covers the tourism industry, in the form of regional tourism plans, for example, and that it is well coordinated with national authorities' tourism policies.

4.3 The authorities' collaboration with the tourism industry

The individual sectoral authority is responsible for assessing the impact on the business sector of the regulations it administers. Organisations engaged in the tourism industry are best placed to assess the consequences of the framework conditions that the authorities implement. Contact between the industry and the authorities is therefore important to both sides. As the coordinating national authority for tourism policy, the Ministry of Trade and Industry has a particular responsibility to maintain an ongoing dialogue with the tourism industry, such that the industry's views regarding the various sectoral authorities' areas of responsibility can be seen in a wider perspective.

The government's formalised collaboration with the tourism industry has to date been organised through a Strategic Council for Tourism and a Working Committee on Tourism.

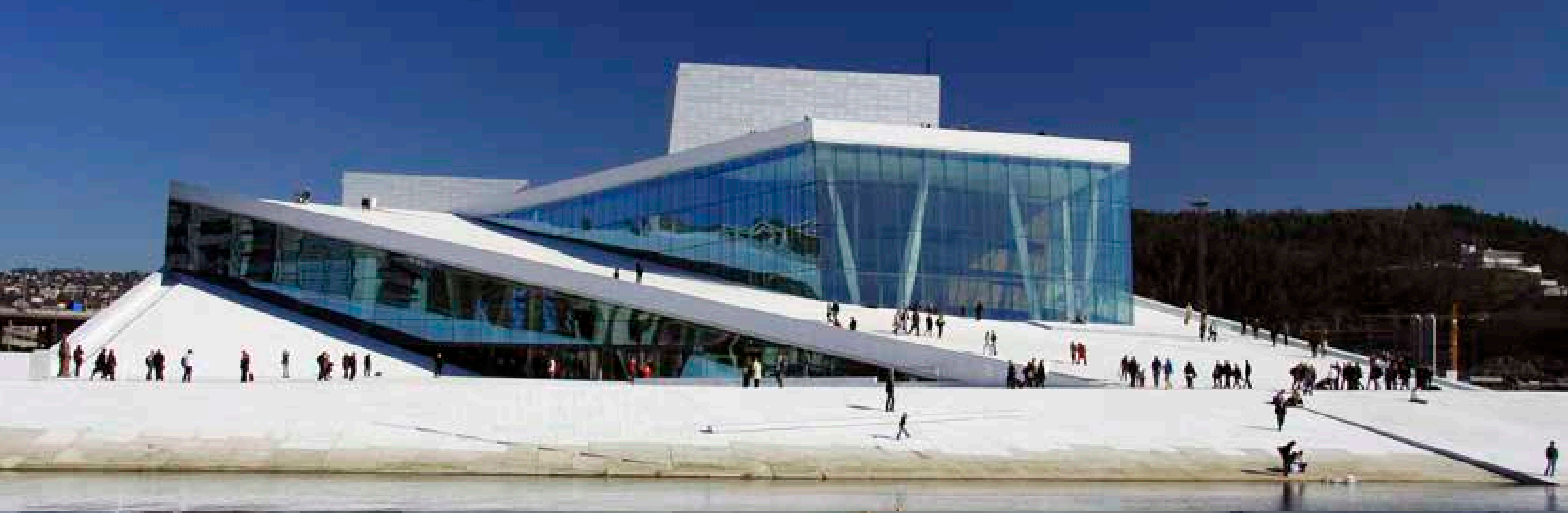


Photo: Bjørn Eirik Østbakken/www.visitnorway.com

- The purpose of the *Strategic Council for Tourism* has been to enhance the dialogue on tourism-related issues between the industry and the authorities, and to generate input from the industry on tourism policy and policies in other administrative sectors that affect tourism. The Strategic Council for Tourism meets two to three times a year. Emphasis has been placed on the meetings producing clear, prioritised advice from a unified industry, with a view to changing or adjusting tourism policy. The council, which is made up of around 20 business leaders from all parts of the tourism industry, has been chaired by the Minister of Trade and Industry.
- The task of the *Working Committee on Tourism* is to facilitate and prepare the meetings of the Strategic Council for Tourism, as well as meet the need for ongoing dialogue and coordination between the industry, the trade's union movement, public administrative agencies and affected ministries. Meetings of the working committee are intended to act as a dialogue forum between public administrative agencies and organisations within the field of tourism in Norway. In recent years the working committee has been chaired by the Ministry of Trade and Industry's Tourism Section. It is made up of representatives from Innovation Norway, The Confederation of Norwegian Enterprise (NHO)'s Tourism Panel, the Enterprise Federation of Norway's Travel and Tourism Section, Norwegian Rural Tourism, the Forum for Norwegian Tourism, the Norwegian Confederation of Trade Unions (LO) and the trade union Fellesforbundet. The Working Committee on Tourism meets at six to eight-week intervals.

The tourism industry is a diverse business, made up of enterprises and agencies from a number of different sectors, between whom conflicts of interest will almost inevitably arise. The purpose of the Strategic Council for Tourism has been to discuss the most important policy issues and attempt to arrive at a set of mutually agreeable priorities for the tourism industry. Experience from recent years shows that the council has acted as an arena for input and discussion in identifying the issues that are of significance to the tourism industry. In so doing, the Strategic Council for Tourism has performed an important function for the development of the authorities' tourism-related policies. The shaping of tomorrow's tourism policy will also require the authorities to continue facilitating the existence of such input arenas. However, the government is keen to obtain input on policy from all the tourism industry's various stakeholders, and wishes therefore to replace the existing Strategic Council for Tourism with a broader-based arena. The Ministry of Trade and Industry has been pleased with the outcome of previously staged tourism-policy input conferences, and aims to organise an annual conference for the exchange of views to replace the meetings of the Strategic Council for Tourism.

The Working Committee on Tourism represents the most important forum for ongoing tourism policy discussions between the authorities and the tourism industry. This is where permanent officials from the Ministry of Trade and Industry and representatives from organisations with interests in the tourism industry meet regularly to discuss tourism policy issues. Although the committee struggles at times to agree on tourism policy priorities, experience over recent years shows that it is this committee's discussions that result in the clearest advice from the tourism industry with respect to changes and adjustments in tourism policy. This way of working has also proved useful for the mutual exchange of information on relevant matters and the progress of ongoing processes, and the government deems it essential that the Working Committee on Tourism continue to operate, though it will now be called the Tourism Committee.

NORWEGIAN TOURISM INDUSTRY ORGANISATIONS

The authorities' collaboration with the tourism industry is largely channelled through the following industry organisations:

- **NHOs Reiselivsråd:** A committee of the Confederation of Norwegian Enterprise (NHO) made up of the organisation's four tourism-related national associations: the

Norwegian Hospitality Association, NHO Transport, the Federation of Norwegian Aviation Industries and the Federation of Norwegian Coastal Shipping (RLF).

- **NHO Reiseliv: With a membership of around 2,300 tourism companies, the Norwegian Hospitality Association** is Norway's largest business association for the tourism industry.
- **Virke Reise: The Enterprise Federation of Norway's Travel and Tourism Section, which represents traditional tourism companies, travel agencies and the museum sector.**
- **Den norske økoturismeforening:** Ecotourism Norway's members are certified ecotourism companies. The organisation currently has 19 such members. Ecotourism Norway is part of the Enterprise Federation of Norway.
- **Hanen:** Norwegian Rural Tourism is an industry and marketing organisation that represents some 500 companies operating in the field of rural tourism, farm-produced food and inland fishing.
- **Forum for Reiseliv:** An industrial policy forum comprising the tourism industry's 12 largest companies.

Norwegian Confederation of Trade Unions (LO) and Fellesforbundet, which represent tourism-industry employees, are also included in the authorities' collaboration with organisations linked to Norwegian tourism.

The government also wishes to involve the tourism industry's organisations more fully in discussions revolving around which tasks the various public administrative bodies should be responsible for in the operationalisation of tourism policy. The Tourism Committee is the most effective venue for such discussions. Commissioning letters and other ministerial directives that are imposed on Innovation Norway and other key agencies within the public administration will be discussed by the Tourism Committee. The final wording of such commissioning letters, etc, will remain the ministries' responsibility. Such involvement will strengthen the Tourism Committee as an arena for tourism policy discussions. At the same time tourism policy priorities will gain broader endorsement within the industry, whose organisations will thereby assume greater responsibility for the priorities they are helping to set. The Ministry of Trade and Industry will assess the committee's membership.

The Ministry of Trade and Industry is also keen for individual entities to provide direct input to the shaping of tourism policy. It is therefore important to maintain close contacts with the industry's various players.

4.4 Knowledge as the basis for tourism policy

Policies relating to tourism are intended to help achieve the goals set and realise the industry's potential. This requires extensive knowledge of developments within the tourism industry, from overarching international trends to national, regional and local developments. It also presumes that both goals and measures to reach those goals are specific.

The further development of statistics and relevant analyses to provide a sound basis for decision making, both with respect to goals and tourism policy initiatives, is a critical success factor. Such knowledge is also an important factor in the tourism industry's own development efforts. In order to measure more effectively the extent to which the initiatives proposed in this strategy work as intended, and verify whether the goals are being met, efforts will be made to obtain more detailed knowledge of the tourist streams in Norway, including tourists' spending levels and the industry's development in various parts of the country.

4.5 Measures to establish a more coordinated tourism policy

An overview of the measures proposed by the government in this area are presented below.

- The Ministry of Trade and Industry's engagement in the tourism sector and coordination of tourism policies will be reinforced.
- A tourism policy coordination forum comprising relevant permanent officials will be established, and political coordination will be strengthened.
- A simplification project will be established specifically for the tourism industry.
- An annual conference will be staged to obtain input for the development of the government's tourism policy. This conference will replace the Strategic Council for Tourism.
- The Working Committee on Tourism will become the Tourism Committee, and will be given a broader role in coordinating the implementation of tourism policy. The Ministry of Trade and Industry will assess the committee's membership.
- Better insight into the tourist streams in Norway will be obtained. This includes tourists' spending levels and the tourism industry's development in various parts of the country.

5 An improved tourism structure

The tourism industry is a diverse business sector, comprising many, often small, companies operating in different segments. Both Menon and SNF emphasise the fragmented nature of the tourism industry. Menon suggests that while other industries have transformed themselves in line with social developments, the tourism industry has remained structurally unchanged for the past 30 years. SNF's socio-economic analysis also indicates that the tourism industry is not necessarily organised as it should be. Among other things, SNF points out that to the extent the tourism industry can be said to be facing a market failure, that failure is one of coordination. According to SNF, this coordination failure may be linked to the fact that the tourism industry needs to coordinate more of the activities of autonomous service providers than is the case in many other business sectors.

The public funds that are channelled into the tourism industry are often referred to as the *Tourism Billion*. This term derives from an analysis carried out by Oxford Research in 2009 of public funding for the tourism sector in Norway. The analysis showed that public administrative bodies granted the tourism industry NOK 1,085 million in 2007. Just under half of this amount was channelled through Innovation Norway to fund marketing, competence-raising and destination development activities, company networks, projects, loans and grants. The remainder was largely made up of funds granted by county and local authorities to regional tourism boards, tourism councils, destination management bodies and local tourism associations.

**THE "TOURISM BILLION"
– WHERE THE NOK 1,085 MILLION CAME FROM:**

- State-administered agencies – NOK 523.8 million
- of which from Innovation Norway – NOK 395.0 million
- Local authorities – NOK 321.5 million
- County authorities – NOK 218.5 million
- County Governors – NOK 21.4 million
- Of the NOK 754.6 million that it is possible to attribute to individual counties, Nordland received the largest amount of public money for tourism (NOK 94.5 million).
- The largest amount of money was allocated to "marketing Norway or the region as a travel destination" (NOK 317.8 million).
- Administrative costs linked to the allocation of tourism-related funds totalled NOK 117.3 million.

(All figures from 2007: Source: Oxford Research, "The Tourism Billion", 2009).

The tourism industry's organisation has been a matter for discussion for many years. The government is keen to ensure that funds allocated from public budgets should be used as effectively as possible. This also applies to money which is used, directly or indirectly, to finance various parts of Norway's destination management structure. To ensure a more efficient

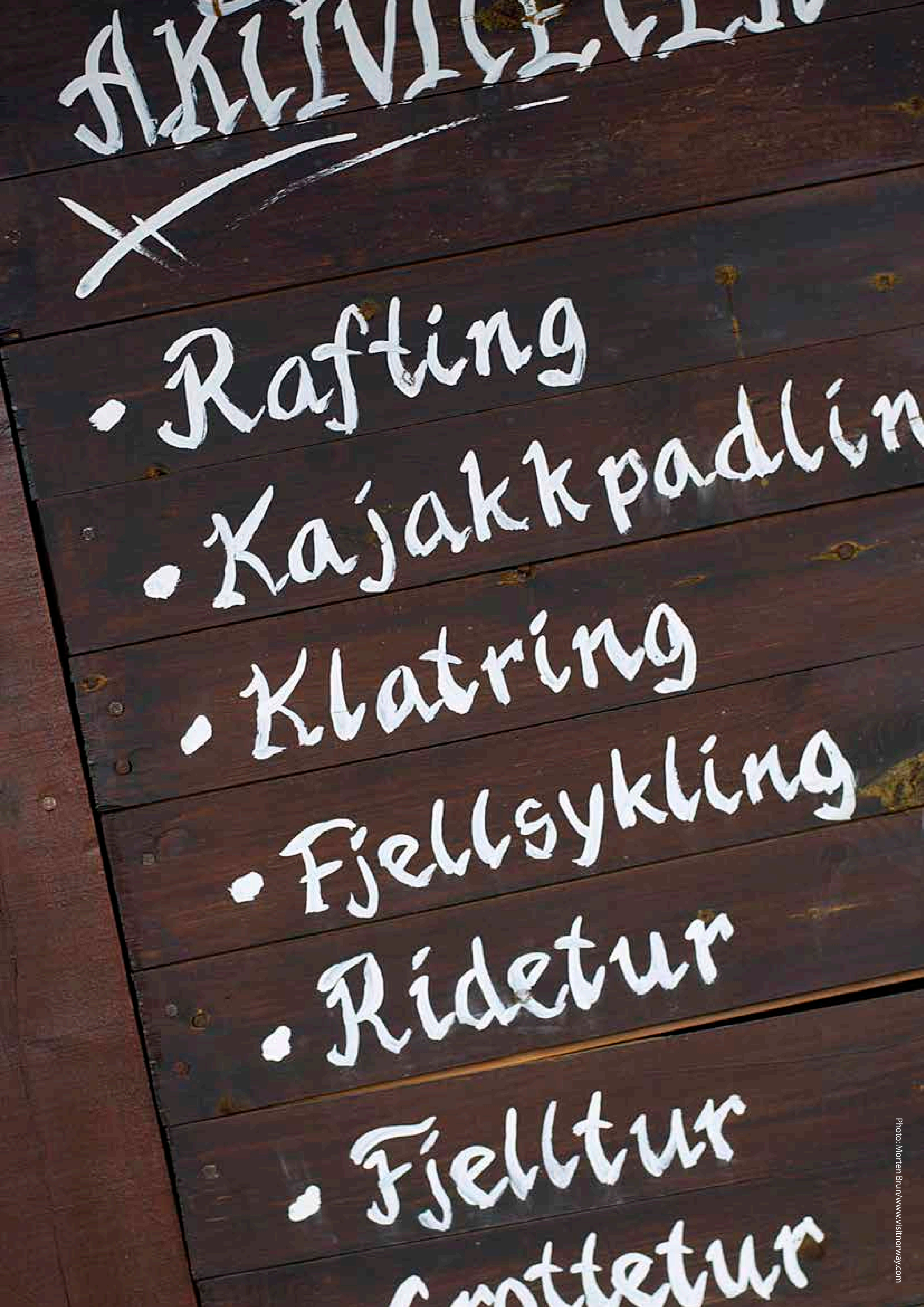


Photo: Morten Brun/www.visitnorway.com

use of resources, it is necessary to change the way the tourism industry is structured.

5.1 The current structure of tourism management

In most areas of the country tourism is organised in accordance with a model made up of regional tourism boards and destination management organisations. The regional tourism boards' focus is on marketing the region internationally, while the destination management organisations work both internationally and nationally to market a specific destination. A destination may encompass one or more local authorities, often grouped together within a geographic area that naturally forms one travel destination.

The regional tourist boards are organised as limited companies, whose shares are owned by the county authorities and representatives of the tourism industry. The destination management organisations are local and their shareholder structure varies. However, they are generally owned by local authorities and local tourism businesses. On the whole, regional tourist boards and destination management organisations have different owners and sources of finance, but to some extent the tasks they perform must be said to overlap.

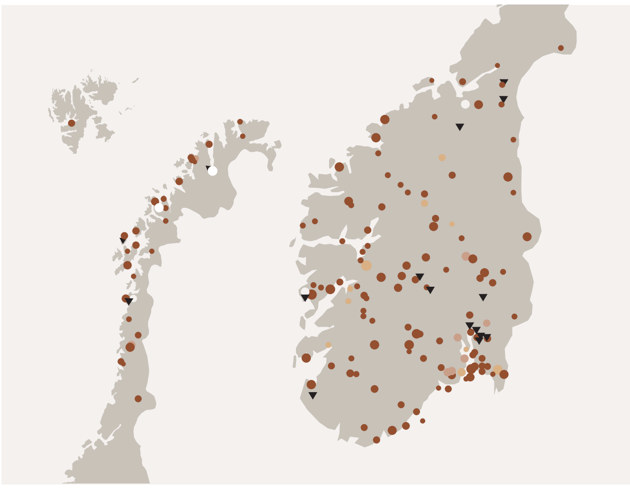
In areas where no regional tourism board exists, marketing coordination within the county concerned is most often undertaken by agencies under the county authority, i.e. tourism councils. However, in several areas which do have regional tourism boards and destination management organisations, there are also county and local-authority operated enterprises engaged in tourism-related activities.

The current structure of publically (co-)financed regional tourism boards, destination management organisations, tourism councils, etc, is confusing. This was one of the reasons why, in May 2011, the Norwegian Hospitality Association's Structural Committee published the report *Destination Management Bodies in Norway*. The report examines the current structure of what it collectively calls destination management bodies. The report compares the way the country's tourism industry is organised, and concludes that there are around 150 regional and local tourism organisations in Norway. Together they receive a total of about NOK 600 million in revenues and employ more than 500 people.

5.2 The challenges posed by today's structure

According to the Norwegian Hospitality Association's analysis, the tourism industry in Norway – as in most countries – has developed a geographically based marketing organisation. Destination management bodies perform a wide range of tasks. In their own eyes the most important of these is often to engage in marketing activities. Innovation Norway is the country's national marketing body, while the organisations at regional and destination level market themselves both nationally and internationally. Other tasks performed by the destination management bodies include destination development, tourist information services, hosting events, bookings and sales.

Up until the 1990s the Norwegian tourism industry was organised on three levels: local authority tourism councils, county-wide tourism boards and a national level for international marketing. During the 1990s a number of regional and multi-authority destination management organisations, as well as five regional tourism boards were established. These were organised as limited companies and administered by the tourism industry itself. The organisational model was launched by the national authorities at the start of the 1990s, and was meant to replace the old system. However, many of the old organisations continued to exist, with the result that, today, activities are operated on as many as five geographic levels.



Geographic location of destination management bodies in Norway
Source: Destination management bodies in Norway (Norwegian Hospitality Association, 2011)

Here lies some of the reason for the confusing organisational structure we see today, and the lack of uniformity in the allocation of roles, responsibilities and tasks between the various parts of the system. In connection with its report *Destination Management Bodies in Norway*, the Norwegian Hospitality Association's Structural Committee undertook a survey of destination management bodies in Norway. The survey's main findings show that:

- There are a great many small destination management bodies, and no one has a complete overview of who they all are and what areas of responsibility they have.
- Most of the owners/members and managers of the destination management bodies believe there are currently too many such organisations.
- Owners/members who felt there were too many such organisations also think it would be a good idea for their own organisation to join a larger entity.
- The organisations perform a large number of tasks, and there is a limited correlation between an organisation's size and the number of tasks it performs. A small number of people must therefore have a high level of competence in an extremely wide variety of areas, such as marketing, destination development, competence enhancement and industrial policy development.
- The destination management bodies receive a relatively good assessment. The larger the organisation, the better its evaluation. Regions with a small number of stable organisations score highest.
- Thematic networks and organisations are growing, and these receive better scores than the geographically based organisations.

The survey confirms that the organisations' managers spend a lot of time on fund-raising. On the whole, the higher the percentage of public funding an organisation receives, the lower the amount of money it spends on operative activities.

Surveys show that too many people are doing too many of the same things. At the same time certain tasks are neglected. This leads to ineffective use of the public funding this kind of organisation receives. Better organisation will help to get more out of the funds allocated.

THE REPORT OF THE NORWEGIAN HOSPITALITY ASSOCIATION'S STRUCTURAL COMMITTEE

In brief the report concludes as follows:

- The committee believes that the number of destination management bodies/tourist information offices could be reduced by as much as 50 per cent over the next five years through a programme of mergers/closures.
- The committee believes that the industry should both be majority shareholder and have a majority on the boards of the destination management bodies.
- The destination management bodies must be financially robust and have an equity base of at least 10 per cent of gross revenues. Companies generating gross revenues of approx. NOK 10 million must have a stronger equity base than this.
- The destination management bodies must be large enough to meet the entire range of competences that they are dependent on.

Local authorities are heavily engaged in the tourism sector. However, according to the report *Local Authorities' Role in Destination Development*, the average local authority in Norway does not have sufficient knowledge of what is required to successfully develop the tourism industry. The report concludes that enhanced local-authority competence, a clearer allocation of roles and responsibilities between the entities concerned, more collaborative organisational models, strategic planning requirements and a long-term perspective with regard to initiatives could improve the efficacy of the existing engagement, including better resource utilisation.

5.3 An organisational model for tomorrow's tourism industry

Tomorrow's tourism industry requires an organisational model that utilises both public and private resources more effectively. The purpose of adjusting the destination management structure is to make the tourism industry more efficient and get more out of the public funds allocated to the sector. It is also intended to enable the local authorities to more fully meet the tourism industry's need in the development of all-inclusive and attractive destinations.

Based on the input received in connection with the work to revise the tourism strategy, three areas in particular must be examined in more detail before an

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Photo: Terje Rakke/Nordic life/www.visitnorway.com

organisational model for tomorrow's tourism industry can be drawn up. We must:

- define which organisational structures are desirable, possible and appropriate.
- allocate roles and responsibilities more clearly.
- come up with a robust and long-term funding model for the new organisational solution.

5.3.1 Same structure nationwide

In its report, the Norwegian Hospitality Association's Structural Committee recommends the consolidation and harmonisation of today's destination management bodies. The committee believes that it is possible to reduce the number of destination management bodies and tourist information offices by up to 50 per cent over the next five years. While this would require many to be merged or closed entirely, in some areas it would mean a limited increase in the number of such bodies.

The tourism industry is currently organised such that different parts of the country have differing numbers of levels and differing funding models. This is a challenge for the development of a national tourism policy. As the Norwegian Hospitality Association's Structural Committee points out, many people in and around the tourism industry feel it is important to establish a clearer allocation of roles and responsibilities between the various entities involved. Establishing a uniform structure for the entire country is therefore an objective.

As in most other countries, the existing organisational structure is geographically based. Geographical factors should continue to be the starting point for the way tourism is organised. The geographic area covered by a destination management body must be of a certain size in relation to market volume and scale of activity.

A three-tier organisational structure, comprising a regional tourism enterprise, destination management organisation and local office, is sensible. This is the structure that scored highest in the analysis carried out by the Norwegian Hospitality Association's Structural Committee. The regional tourism enterprises should collaborate closely with Innovation Norway on those issues that require nationwide coordination.

An appropriate structure may be as follows:

- The entire country is covered by the new regional structure. How many regional tourism enterprises are needed to best serve the purpose has not yet been finalised. However, one possible solution could be: Northern Norway, Central Norway, Western Norway, Southern Norway, Eastern Norway, Mountain Norway (covering the mountain belt in the triangle Oppdal – Trysil – Setesdal).
- A new regional tourism enterprise is established for each region. The objective is for these enterprises to be given the role of parent company in a group comprising a number of subsidiaries (destination management organisations) in their particular region.
- In turn each destination management organisation is responsible for organising the local tourist information service and other local activities, based on a defined allocation of roles and responsibilities.

The regional tourism enterprises should be given more influence and control of the destination management organisations' operations than is currently the case. Although the number of destination management organisations under the regional tourism enterprise should be determined by regional factors, experience indicates that there should be no more than three to eight destination management organisations in each region. Their area of operations should cover a naturally delimited tourism destination, independent of local authority borders. Such a structural change would make the regional tourism enterprises more competent to lead Arena projects and other major innovation and development projects.

Since the organisation of destination management bodies is determined by the tourism industry in conjunction with local and regional authorities, the government feels that county and local councils should play a key role in the implementation of this structure. In consultation with county and local councils, therefore, the government will develop an incentive scheme to stimulate the implementation of a new organisational structure.

To ensure that the structure remains robust over time, it is desirable that funding allocated from public budgets follow the same pattern. A project will be set up to manage the restructuring of the tourism sector. The industry, as well as county and local authorities will be included in the forthcoming effort to design the model and implement the changes. An incentive scheme will be established to stimulate restructuring. County councils wishing to be included in the incentive scheme should therefore channel the funds currently allocated to the various destination management bodies through the regional tourism enterprises that will to be set up.

The tourism industry in some regions is already well underway in establishing this kind of structure, cf. the section on Southern Norway and Trøndelag below. Northern Norway and Fjord Norway also have functioning regional tourism enterprises which provide a good starting point for a new structure.

REGIONAL COLLABORATION – VISIT SØRLANDET

Visit Sørlandet was established as a regional tourism enterprise for Aust-Agder and Vest-Agder in the spring of 2010. The company is owned by the county and local authorities, and some key industry players such as Color Line, Fjord Line, Kristiansand Zoo and Amusement Park, etc. The main object of the company is to undertake marketing activities for the region. The aim is that focusing particularly on a few spearhead attractions will have a trickle-down effect/benefit on all the region's districts, and will contribute to business development (outside the major towns and cities as well).

Strong support from both the county councils and key businesses strengthened Visit Sørlandet's restructuring process. In the autumn of 2010 the first phase of the planned programme to extend ownership of the company was completed, with 27 of the region's 30 local authorities becoming shareholders. The tourism industry also joined the list of shareholders, among them the three main visitor attractions, the most important transport companies, a selection of accommodation providers and other important industry players. The county councils now channel all their marketing funding through Visit Sørlandet, which enables it to be deployed more effectively.

HISTORIC TRØNDELAG

To boost Trøndelag as a tourism destination Trøndelagsrådet commissioned Kontaktforum Reiseliv to draw up a tourism strategy for the region. The strategy, entitled *Valuable Experiences in Trøndelag – a strategy for developing the tourism industry in Trøndelag in the period to 2020*, was adopted by the county councils of both Nord-Trøndelag and Sør-Trøndelag in June 2008. Kontaktforum Reiseliv comprises the following organisations: Nord-Trøndelag County Council, Sør-Trøndelag County Council, the Norwegian Hospitality Association, Trøndelag Reiseliv AS, Innovation Norway (Nord-Trøndelag and Sør-Trøndelag), the Nord-Trøndelag County Governor, the Sør-Trøndelag County Governor, and Norwegian Rural Tourism.

The local authorities within the region see the benefits of collaboration across municipal borders, and jointly carry out tourism-related activities. Trøndelag Reiseliv has pushed hard to involve county and local authorities in the development of tourism. Trøndelag Reiseliv has now positioned the region as "historic, uninhibited, adventurous and creative". These concepts make use of the following spearhead themes respectively: "Olav's heritage and the Viking age", "Coast and coastal culture", "World Heritage site Røros" and "Trondheim".

The report produced by the Norwegian Hospitality Association's Structural Committee compares the outcomes of various organisational models over the past 20 years. The evidence shows that ownership and the composition of the boards of destination management bodies is important to the role they play and the tasks they perform. Based on the experience described in the Norwegian Hospitality Association's report, county councils and the tourism industry should hold a majority of the shares in the regional tourism enterprises, at least for as long as the restructuring process is ongoing. In the longer term the industry should be the majority shareholder in both regional tourism enterprises and destination management organisations. Membership of these companies' boards should reflect the shareholder situation.

The analysis carried out by the Norwegian Hospitality Association's Structural Committee shows that the burgeoning thematic companies have been very successful. Where the shared interests of entities across geographical boundaries are so strong that it is appropriate to enter into a formalised thematic collaboration, good communication between such thematically organised bodies and those with a geographic foundation must be safeguarded.

5.3.2 A clear allocation of roles and responsibilities

Today, most of the companies and organisations perform many different tasks. The companies' limited size thus makes them highly dependent on a few people. This also makes them more vulnerable to staff churn and organisational changes. Lines of cooperation may appear to function smoothly, but the challenge lies in the clarification of roles, financing and the prioritisation of tasks within the resources allotted.

The government will help to clarify the destination management organisations' responsibilities and the allocation of roles. With fewer, larger companies the work may be organised in a better way, with tasks more clearly prioritised. At the same time the companies' local roots must be maintained. Good coordination between the companies, both horizontally and vertically, is also important.

Innovation Norway has national responsibility for marketing Norway as a tourism destination both at home and abroad, for destination development and competence enhancement, and for loan and grant schemes. Closer cooperation between the regional tourism enterprises and Innovation Norway's district offices will ensure a more coherent development of tourism in the region – in areas such as destination development, sustainable tourism and competence enhancement. It is important that the regional tourism enterprises' international activities are coordinated with Innovation Norway. It is also important that international marketing campaigns comply with whatever national branding strategy is in effect at the time.

The regional tourism enterprises should assume the role of umbrella organisation and competence base for the region, and coordinate both the region's participation in Innovation Norway's activities and the development effort for which the region's destination management organisations are responsible.

The individual destination management organisation should be responsible primarily for the area's development as a tourism destination, including concept development and the packaging of comprehensive products, as well as being a 'service provider' for the regional tourism enterprise. The role of host should be undertaken at location/local authority level, with activities coordinated closely with the destination management organisation. This division of labour also gives the local authority a clearer role. The outline on the following page illustrates the allocation of roles and responsibilities in more detail.

5.3.3. Implementation of the structural changes

The country's various destination management organisations can play an important role in coordinating the tourism industry and the tourism-related activities undertaken locally and regionally. Norway currently has a great many destination management bodies, and a degree of uncertainty attaches to the allocation of roles, responsibilities and tasks between them. The prioritisation and organisation of tasks is often governed by considerations other than those deriving from a strictly market-related assessment. This may weaken the effectiveness of the efforts being made to promote tourism.

To increase the impact of the efforts being made and the private and public resources being deployed, the government will establish a project to implement the structure outlined on the following page.

- Propose a specific organisational structure, with associated tasks and responsibilities.
- Define how many entities are needed and their geographic coverage, as well as assist in the merger of existing destination management bodies.
- Propose a robust financing model that will make this structure sustainable over time.

The project aims to:

- Establish an appropriate number of regional tourism enterprises within 2 years.
- Establish a sustainable financing system for the structure within 2 years.
- The structure of at least one regional tourism enterprise, with underlying destination management organisations, should be in place within 2 years.
- The restructuring process should be completed nationwide within 5 years.

To succeed this project must be given a high priority by and involve a variety of different organisations within and linked to the tourism industry, including local and county councils. The government will therefore establish the structural committee as a project under the Ministry of Trade and Industry. The project group will be made up of representatives from across the country and from different segments within the tourism industry.

5.4 Measures to organise the tourism industry more effectively

An overview of the measures the government is proposing to implement in this area is presented below:

- The government proposes a change in the way destination management bodies in Norway are structured. This involves the establishment of regional tourism enterprises which will assume the role of parent company in a group. Local and county councils will play a key role in the restructuring process.
- An incentive scheme will be established to stimulate structural changes. The plan is for the proposed incentive scheme to be laid before the Norwegian Storting (parliament).
- A project will be established for the restructuring of the tourism industry. As well as the industry itself, local and county councils will be included in the forthcoming effort to design the model and implement the changes.

6 Destination and experience development

The positive and valuable experiences that represent the heart of Norway as a tourism product must be developed and produced. Developing the individual tourism products is something the tourism industry itself has overall responsibility for. The government's contribution is to pursue policies that enable the tourism industry to undertake the necessary product development, and strengthen the value creation that helps increase market share. In order to do this, it is important to identify those factors that are key to the tourism industry's success.

In this chapter we focus on the critical success factors for product development within the tourism industry:

- Collaboration – within the tourism industry, between the tourism industry and associated business sectors, and between the tourism industry and shapers of tourism policy.
- Use of existing infrastructure – investments made in other areas of society must be used in the development of tourism products.
- Competence – employees are the industry's most important resource.
- Quality – a precondition for Norwegian tourism products' competitiveness in international markets.
- Funding and realisation of collective benefits.
- Access to capital – financing the good projects.
- Accessible destinations – tourists must be able to easily locate the experiences on offer.

6.1 Increased collaboration within the tourism industry and with other business sectors

To increase its value creation, the industry must become more collaborative and succeed in developing high-quality, innovative products.

THE GOLDEN DETOUR

"The Golden Detour" is an association of farm-made food producers, artisans, providers of overnight accommodation, etc, in Inderøya, Nord-Trøndelag. It is frequently used as an example of good collaboration within the tourism industry. The project won Innovation Norway's Rural Development Award in 2005.

Collaboration between those engaged in the tourism industry has grown substantially in recent years. A number of tourism-based business networks and Arena projects have been established, and a Norwegian Centre of Expertise (NCE) for the tourism industry has been created, cf. Chapter 4. Further benefits may be derived from the establishment of additional col-

Photo: Yngve Ask/www.visitnorway.com

Photo: Nancy Bundt/www.visitnorway.com

laborative projects within the tourism industry. At the same time it is necessary to look upward and outward, and increase the extent to which other business sectors are involved in the development of the tourism industry. For example, new tourism opportunities may arise when the tourism industry comes together with the agriculture, fisheries and cultural sectors.

The government places great emphasis on the establishment of new networks and collaborative constellations, not only between those who are already defined as players in the tourism industry, but also between the tourism industry and other business sectors that deliver content to the tourism industry. One example of such partnership is the Enterprise Federation of Norway's efforts to foster collaboration between the museum sector and the tourism industry.

Involving the cruise sector

Cruise traffic in Europe has risen sharply in the past decade. We are also seeing a growing number of cruise ships coming to Norway. The cruise sector depends on having a wide range of activities to offer its passengers. But those offering onshore tourism products must meet high standards with regard to both the quality of the product and its organisation (product packaging, transport, information).

CRUISE TRAFFIC IN NORWAY

- No. of ship arrivals at Norwegian ports rose from 1,504 in 2006 to 1,652 in 2010.
- No. of cruise passengers rose from 355,000 in 2006 to 430,000 in 2009.
- No. of cruise-based visitors rose from 1.18 million in 2006 to 1.89 million in 2010.
- On average cruise passengers go ashore 4.4 times during their trip to Norway.

The Ministry of Trade and Industry carried out a survey of cruise passengers in 2010. The report indicates that cruise passengers expect to spend 25 per cent more money ashore than they actually do. The approx. 500,000 cruise passengers who come to Norway seem to expect to take part in more activities and spend more money than they actually do. According to the survey the difference between actual and expected spending corresponds to some NOK 440 million per year. This could mean a lot to local service providers. The passenger survey points to several measures which could help to increase onshore value creation deriving from cruise tourism. On the whole these are measures that could be implemented by the individual destination and/or company offering products and services to cruise passengers.

PRODUCTS SPECIFICALLY FOR CRUISE TOURISTS

In 2011 Romsdal experienced a sharp increase in the number of cruise ships putting into the ports of Molde and Åndalsnes. The onshore sector has succeeded in developing attractive products. These include round-trip tours to visit Trollstigen or a trip on the Rauma railway line. Developing products specifically for cruise tourists poses a number of challenges, with transport and logistics being important elements. Collaboration between various organisations in the region and product packaging are therefore necessary in order to offer attractive, high-quality products.

Trollstigen. Source: http://www.visitandalsnes.com

Norway has 35 cruise ports, nine of which had more than 50 ship arrivals in 2009. The ports' pricing, marketing and sales, as well as relationship-building, are among the factors affecting the number of cruise-ship arrivals at the ports. Collaboration and communication at regional level are important when discussing the use of existing cruise ports and the construction of new ones. It is important to be equipped to receive the cruise passengers that such an investment brings with it, and requires onshore service providers to meet high standards with regard to the packaging of products and the dissemination of information about them.

Starting this year Innovation Norway is implementing a cruise project. The objective is to exploit the already growing amount of cruise traffic coming to Norway, with the aim of increasing onshore value creation by the country's tourism industry. The project will run for at least three years, and is being undertaken in close collaboration with the tourism industry and the cruise lines operating in Norway. The project will not focus on sales-triggering activities aimed at either cruise lines or tourists.

The project will focus on these four areas:
1. To develop saleable onshore experiences specifically for cruise tourists and others visiting the destination.
2. To develop training courses for tourism-industry employees, with the emphasis on the sustainable development of cruise tourism in Norway.
3. To work towards the long-term goal of getting more of the cruise ships sailing in Norwegian waters to use Norwegian towns as turnaround ports.
4. To stimulate the supply industry to work more closely with the cruise lines to develop opportunities for Norwegian foods to be served on board.

Involvement of the cultural sector

Norway has an active cultural sector, which can help provide content for tourism products in different ways. The government's culture programme is a wide-ranging effort in the field of culture and the arts, whose goal is for 1 per cent of the national budget to be allocated to cultural purposes by 2014. This extensive investment in culture also helps to provide content for the effort to boost tourism. Ibsen, Bjørnson, Munch, folk music, black metal, Rockheim and the Opera House, and a rich cultural history are among the elements the cultural sector can contribute to help make Norway more widely known and attractive as a travel destination.

Reference is made to section 4.4.5 of the Report to the Storting No. 49 (2008–2009) The Museum of the Future, entitled The Museums and Tourism, which points out that 96 per cent of museums define themselves as an important element in the local tourism industry. The Bergen International Festival, the Øya Festival in Oslo and the Riddu Riddu Festival in Kåfjord are examples of cultural events that attract tourists from at home and abroad, and have a major impact on the local tourism industry.

COLOR LINE, OPERA AND CYCLING TOURISM

Photo: Krister Brandser

Nationally and internationally Color Line wishes to focus on large, high-profile projects in the fields of culture, nature and the environment, experiences and sport. Financial support is given to local sporting and cultural activities that can help foster greater involvement, innovation and value creation. Opera and cycling tourism are among the successful collaborative projects that Color Line has initiated.

- As a member of the Norwegian Shipowners' Guild Color Line is one of the Norwegian National Opera and Ballet's partners. The agreement involves collaboration with the Norwegian National Opera and Ballet as an institution and its performing artists, including the choir, orchestra, touring performance activities, corps de ballet and guest performances/concerts arranged by the institution. The partnership is intended to be mutually beneficial with respect to each other's competence, communications, reputation and customer base. The Norwegian Shipowners' Guild is made up of the Norwegian Shipowners' Association and individual Norwegian shipowners.
- Color Line is the main sponsor of Kristiansand Cykleklubb and the annual Color Line Setesdal Tour cycle race. This 210 km event from the centre of Kristiansand to Hovden attracts over 1,000 participants each May. Both professional cyclists and amateurs from Norway and abroad take part, and draw crowds of enthusiastic onlookers along the route. The organiser offers a range of activities for all those interested in cycling for recreation or sport. Color Line has sponsored the club since 2002.

Photo: Nancy Bundt/www.visitnorway.com

Narratives are being used with increasing frequency within experience-based tourism to create something special, attract visitors and build a coherent framework around the experience itself. Book and film-based tourism is one example of this.

Books, television shows and films can help to make an attraction, destination or place more widely known, and create the motivation to go there in a way that normal marketing activities cannot achieve as easily. The combination of book and film is considered particularly favourable, since the media reach somewhat different target groups. It also provides twice the exposure to those who both read the book and see the film. Television series provide longer lasting exposure that can prompt the desire to visit a location. At the same time a concerted effort is required to develop a good product, and the sales organisation must be well informed and of sufficient size to handle the growing demand. The tourism industry and its partners must exploit the opportunities available if film and literature are to provide increased value creation in the tourism sector.

Cultural events can make an important contribution to increased visitor numbers, also in off-peak seasons. The tourism industry and the cultural sector should work together to identify potential contributions that culture can make to tourism, such that cultural elements can be included in the development of a comprehensive portfolio of tourism products and experiences. This will require the establishment of routines and networks to facilitate connections and contact between those engaged in tourism and those, both commercial and non-profit organisations, engaged in the cultural sphere. This will be specified in more detail in the follow-up to the strategy, particularly in the government's action plan for culture and business.

6.2 Natural and cultural heritage as the basis for value creation

The combination of magnificent scenery and cultural heritage represents an important cornerstone and advantage for Norway as a destination. The government will reinforce its focus on natural and cultural heritage-based tourism. The Norwegian landscape and countryside is exceptional, and is one of the main reasons that many people choose to visit Norway. The potential for value creation based on the country's natural and cultural heritage is therefore considerable. World heritage areas, the fjords and other areas of natural beauty along coast and inland, national parks and other wilderness areas, bird and animal life, and the Arctic environment are examples of areas which, together with food and architectural history, represent high-value experiences.

Norway's pristine and cultivated landscapes are important resources and collective benefits that the tourism industry makes use of. It is particularly important that good collaborative relations are developed between commercial entities, agencies responsible for environmental and agricultural administration, as well as local and county authorities. Farmers and forest owners manage much of this social capital and are important in facilitating the creation of tourism products based on Norway's natural and cultural heritage. Several important areas of the country's cultivated landscape – including world heritage areas – have been left to grow wild. This is unfortunate for the tourism industry as well. Stronger cooperation between the bodies responsible for agricultural, natural and cultural heritage administration on the one hand and the tourism industry on the other is needed to meet such challenges.

National parks and other conservation areas can play an important role as tourist attractions. National park centres and other natural heritage information centres are important channels through which to reach the general public. The centres may be used more actively to inform, organise activities and provide experiences in and around these areas, and may act as a knowledge base/cluster for activity organisers. Furthermore, 33 Norwegian local authorities have been granted the status of national park districts, while five local authorities have been designated national park villages. This scheme has been set up to make the national parks more widely known and boost value creation in the local community.

Local authority planning and administration that is based on local knowledge and tradition can be important for the management of unique environmental, cultural, social and economic assets, and the effective coordination of activities. These distinctive assets can form the foundation on which local and regional development is achieved through coordination, knowledge development and dissemination. It is important for the government to support local and regional initiatives, and a more coordinated and systematic effort is needed to increase value creation based on the country's natural and cultural heritage. A working committee led by the Ministry of the Environment will develop a national strategy for this area.

A number of programmes and projects based on this perspective are currently being implemented. The National Heritage Value Creation Programme has 15 projects working to ensure that the country's natural heritage is an important resource for social development. Emphasis is placed on considering environmental, cultural, social and financial value creation as a whole. Moving forward it will be possible to use the experience gained through the now concluded Cultural Heritage Value Creation Programme, which included efforts to promote the country's cultural heritage and cultural history, to develop information schemes in conjunction with the tourism industry. The development of world heritage centres in certain world heritage areas can play an important role in the development of tourism in and around these destinations. The Heritage Here project (a partnership between the Norwegian Directorate for Nature Management, Arts Council Norway, the Directorate for Cultural Heritage and the Norwegian Mapping Authority) is an example of a joint effort at the national administrative level to provide natural and cultural heritage information in digital format to tourists and businesses. Furthermore, systematic cooperation with regard to cultural heritage sites and nature management initiatives may potentially afford greater opportunities for year-round employment in the tourism industry.

NORWAY'S CULTURAL HERITAGE

The development of business activities based on Norway's cultural heritage can help to boost the tourism industry's value creation. Such business development can also help to preserve the diversity of the country's cultural heritage. Norwegian Heritage is a non-profit foundation, whose objective is to help preserve Norway's cultural heritage through sustainable use. The foundation's motto is "Preservation through utilisation". Norwegian Heritage operates nationwide, and implements practical measures in conjunction with public and private sector organisations. Norwegian Heritage awards the prestigious St Olav's Rose to sites of particular cultural or historical quality.

In an attempt to meet the demand by tourists to do more than simply view the magnificent scenery, Norwegian tourism companies have increasingly made arrangements to use the Norwegian landscape and natural environment as the framework for tourist activities and experiences. Guests are offered the chance to experience nature at close quarters through participation in a variety of activities.

CULTURE AS A PART OF THE TOURISM PRODUCT

In Nordkyn, Arctic Coast is an example of an experience provider offering cultural heritage experiences to tourists. The company offers the concept "A taste of Lappland", in which tourists are taken to meet Davvi Siida and the Utsis, a Sami family. Guests are invited into the lavvo (a typical Sami tent), where a crackling fire, steaming meat broth and traditional joik (Sami song) create a magical atmosphere in which to learn about the Sami culture and way of life. The products are also marketed as onshore excursions for passengers of the Norwegian Coastal Voyage (Hurtigruten).


Source: http://www.arcticcoast.no/nor/Arktiske-opplevelser/En-smak-av-Lappland

There is a growing demand for experience-based products linked to the Sami way of life, which includes the sale of food and duodji handicrafts. Various businesses, often small, have been set up to meet this demand both along the coast and inland. Sami tourism is often seasonal and service providers frequently combine it with other business activities, particularly in the primary industries. Sami tourism is characterised by the inclusion of the natural environment, Sami cultural traditions and food, as well as typically "Sami experi-


Photo: © Maihaugen, Jørgen Skaug


Photo: Marte Kopperud/www.visitnorway.com

ences" in a concept based on cultural and environmental sustainability. This makes further efforts to develop tourism in Sami areas particularly relevant.

In order for Norway to continue being able to utilise our strategic advantage as a country that offers unique experiences, we must ensure that the natural environment is well taken care of. The tourism industry is one of the business sectors that is particularly well placed to use the countryside in a way that protects it at the same time. By taking special care when facilitating the use of the natural environment as an input factor in tourism products, we can ensure that the traffic generated and outdoor activities staged are not at the expense of environmental considerations. The government will improve conditions for the development of tourism products in association with the major conservation areas, so that they can be an arena for activities and experiences within the individual area's conservation framework.

Business development along the national tourist routes

In recent years the Ministry of Transport has invested considerable resources in the development of 18 national tourist routes. It is probable that these tourist routes will generate large numbers of visitors taking driving holidays and coach tours.

JUVET LANDSCAPE HOTEL

Some businesses have shown the way forward. The Juvet Landscape Hotel near the Gudbrandsjuvet gorge represents a bold blend of ultra-modern design and seamless integration with the natural environment. The concept has attracted international admiration, and the hotel won Innovation Norway's award for innovation in the tourism industry in 2010.

A public initiative like the national tourist routes is a good starting point for the further development of tourism in rural areas. The challenge facing the industry is to build the tourist routes into complete attractions, including overnight accommodation and places to eat.

Coastal culture as a factor for tourist development

There is growing interest in the use of historic fishing villages, traditional boathouses and other coastal heritage sites for commercial activities linked to recreational fishing and fishing tourism. In this connection a working group has proposed measures to make recreational fishing tourism more sustainable and clarify boat-hire liabilities, with particular focus on the safety of the person hiring the boat.

According to a survey carried out by Innovation Norway a few years ago, fishing is the activity most associated with Norway by overseas respondents. The Ministry of Fisheries and Coastal Affairs has put mechanisms in place to ensure that local fishermen can deliver high-quality, fresh-caught fish and other seafood directly to local cafes and restaurants. The coast is one of Norway's main tourist attractions. The fisheries and aquaculture industries can contribute to the attractiveness of coastal tourism and can also increase their own value creation if interest in coastal tourism increases. Leveraging local advantages and utilising resources in a sustainable and environment-friendly way, affords excellent development opportunities for both the tourism and marine sectors. Few businesses complement each other better than tourism and the marine sector. Closer ties between them can generate new jobs and provide a more varied business base in many coastal communities.

Photo: Samfoto

STEILNESET CONTRIBUTES TO BUSINESS DEVELOPMENT IN VARDØ

The Steilneset Memorial, which was opened by HM the Queen on 23 June 2011, has already contributed to business development in the area. Both Vardø Hotel and Varanger Museum have seen record numbers of guests and visitors.

"For us this season was the best in the hotel's history," says Vardø Hotel's general manager Tove Mette Antonsen. "We have seen a 25 per cent increase in business volume, both in room occupancy and restaurant guests, compared with 2010, which was also a good year for us," says Antonsen.

The Steilneset Memorial was built under the auspices of the Norwegian Public Roads Administration's national tourist route scheme to commemorate the 91 people who were condemned to death for sorcery/witchcraft in 17th century Finnmark. The memorial was designed by architect Peter Zumthor, and includes an installation by the artist and sculptor Louise Bourgeois.

"Never in my 10 years at the hotel have we had three chefs at work at the same time, like we did this summer. As a direct result of the record-breaking season, we are now upgrading the rooms with new floors, paintwork and furniture," says Antonsen.

The head of the Varanger Museum's Vardø department, Monica Dahl, has also noted a sharp rise in the number of visitors to the museum, perhaps as much as 25 per cent compared with the year before.

Source: vegvesen.no

Vardø hotel and its restaurant have had their best ever season after the Steilneset Memorial was opened in the summer of 2011. Here Tor Emil Sivertsen is preparing the lunch held in honour of Queen Sonja in the summer of 2011.

Collaboration with Norway's tradition of pilgrimage

Norway's pilgrimage routes are national cultural heritage sites that still remain in use. The pilgrimage routes represent well prepared paths through Norway's natural and cultural heritage, shaped by values that are fundamental to human existence and which open the way to an inner journey. The pilgrimage routes are being preserved as an important part of Europe's cultural heritage, and provide a unique opportunity not only for reflection but also to experience Norway's landscape, culture and faith.

Norway's pilgrimage routes are hiking trails based on the tradition of pilgrimage. The routes are tied together by natural and cultural heritage sites linked to the Middle Ages, as well as sites associated with St Olav. The mapping, clearing and marking of the pilgrimage routes started in 1994. The first route, from Oslo to Trondheim and Stiklestad, was opened in 1997. The network of pilgrimage routes now extends over 2,000 km in Norway alone, and is being discovered by a growing number of modern pilgrims and hikers from Norway and abroad.

Five regional pilgrimage centres were opened in 2009. Located in Oslo, Gran, Hamar, Hundorp and Dovre, they provide information and guidance on how to make a pilgrimage, and contribute to development in their regions. In 2011 the Directorate for Cultural Heritage set up a temporary national pilgrimage centre in Trondheim. This centre has continued much of the work undertaken in the Pilgrimage Routes Pilot Project, which was one of the projects in the Ministry of the Environment's Cultural Heritage Value Creation Programme (2007–2010). The government is currently preparing a separate pilgrimage strategy, which will present overarching goals and initiatives for the efforts being made in this area. Along the route pilgrims require places to eat and spend the night, a requirement that is not necessarily met by traditional tourism initiatives. Pilgrimage routes can therefore contribute to the further development of sustainable tourism, increased value creation and productivity, and a larger number of economically viable rural areas.

Photo: Nicolai Prebensen

Photo: Terje Rakke/Nordic Life AS/www.visitnorway.com

NORWEGIAN PETROLEUM MUSEUM

The Norwegian Petroleum Museum is a museum for everyone. Its exhibits explain how oil and gas are formed, found and produced, and what these resources are used for. The museum also provides an insight into technological innovations and the impact petroleum resources have had on Norwegian society. Original artefacts, models, films and interactive displays present everything from daily life to technology and dramatic events.

Photo: Helle Navratil Photography © 2010

Involvement of the agricultural and food sector

Food is an important element in a comprehensive tourism product. Culinary experiences can be the objective of a journey for many people. Demand for restaurants/cafes that serve home-made food using local ingredients and with a local identity is growing steadily.

Green Tourism is the agricultural sector's contribution to the government's tourism policy, and offers a range of activities and experiences rooted in the agricultural sector. According to a survey carried out by the Centre for Rural Research, farm tourism generated revenues totalling some NOK 1 billion, and employed some 2,500 full-time job equivalents in 2008, while farm-produced food generated NOK 370 million in sales revenues, and employed around 1,000 full-time job equivalents.

LOCAL COOPERATION IN NES, HEDMARK

Hoel Gård is an agricultural estate with rich traditions, located in beautiful rural surroundings in Nes, Hedmark. The estate's owners have, in recent years, developed the property into a distinctive tourism business. Hoel Gård offers more than good food and overnight accommodation in exquisite surroundings. It also offers cultural experiences. In collaboration with a variety of cultural institutions the ballroom in the main house itself is used for chamber music recitals, small-scale theatre performances and ballroom dances. The collaboration entered into in 2011 between the Prøysen Festival and Hoel Gård means that visitors can cruise the Mjøsa lake in the paddle steamer *Skibladner* to Hoel Gård and attend concert performances there. In conjunction with a local company, guests are offered the chance to participate in a variety of activities. For larger events, such as weddings, Hoel Gård also collaborates with other providers of overnight accommodation in the vicinity.

Linking tourism and culinary experiences affords great potential for increased value creation. Local food and cuisine helps to enhance the reputations of Norwegian communities and Norway as a place for food lovers. Stimulating business development within the food tourism segment is therefore of strategic importance. The Ministry of Agriculture and Food's "Development Programme for Green Tourism" takes care of this to a large extent. The local-food programme, funded through the Ministry of Agriculture and Food's budgets, reinforces the importance of food and culinary traditions as an element in attracting tourists to the regions. Better availability, quality and expertise at supermarkets, roadside cafes and restaurants, hotels and filling stations along the way will play a key role in this effort. Annual participation in the "Internationale Grüne Woche" food and tourism fair in Berlin helps to market Norway as a tourism destination through Norwegian food, culinary traditions and cooking skills at home and abroad.

In collaboration with the Norwegian Farmers' Union and Norwegian Rural Tourism, Innovation Norway has developed an independent marketing channel for high-quality Norwegian eateries. The scheme has been dubbed "Norwegian Foodprints". Strict criteria must be met in order to gain approval as a Norwegian Foodprint company. Emphasis is placed on the food being made from scratch, using Norwegian and local ingredients, and on excellent local expertise on food and cuisine. Tourists can navigate their way to first-rate eating experiences through a digital map at visitnorway.com.

FJORDSTREIF TRAVEL ROUTE

Norwegian Rural Tourism has brought together 16 of its member companies in Møre & Romsdal in an online portal, where the companies are presented, along with travel routes in their local areas. The portal also allows users to search for information on a variety of topics.

Fjordstreif is a travel route project comprising 16 unique companies offering food, overnight accommodation and activities in Møre & Romsdal. The travel route project was established in 2011 under the auspices of Norwegian Rural Tourism, the organisation dedicated to the promotion of rural tourism, farm-produced food and inland fishing in Norway. Distinctiveness, proximity and credibility are important characteristics shared by the participating companies, who wish in this way to stand out from the crowd.

Several of the companies are family-owned, and the family home and farm is often used as the location for the activity. Genuine personal service from those who run the companies is another important characteristic.

The companies are located along four separate routes that together make up a complete round trip:

- From Trollheimen to the Atlantic Road
- From the Atlantic Road to Trollstigen
- From Trollstigen to the Stad Sea
- From the Stad Sea to Trollheimen

Events

In connection with Innovation Norway's city project, PricewaterhouseCoopers has examined the opportunities for increasing visitor numbers that may be derived from the staging of events. A white paper for towns and cities wishing to use sporting and cultural events to attract more tourists has been prepared as part of the project. In addition, Norway Convention Bureau (NCB) will use its experience from the course and conference market to help towns and cities identify international sporting and cultural events which do not require major infrastructure investments before they can be staged. The white paper and NCB as a national competence centre will help to professionalise the efforts of towns and cities with regard to event tourism, both by narrowing the focus to the most profitable events, and by building up more robust event management entities and networks in the host cities.

NORWAY CONVENTION BUREAU (NCB)

NCB's main task is to market Norway as a potential location for future international congresses, conferences and events. In 1989 a report to the Storting designated five Norwegian cities as focus areas for international congresses. Following this, in 1990, NORTRA, as it was then, initiated a project dubbed Norway Convention Bureau. The project was undertaken in conjunction with the five cities mentioned in the report – Tromsø, Trondheim, Bergen, Stavanger and Oslo. These five cities were chosen because of their status as university cities or because they had special qualities with respect to an international market. Eventually, Scandinavian Airlines also joined the project. During the period from 1990 to 2003 NCB worked only in the field of international congresses.

Thanks to this effort the number of congresses held in Norway doubled, and Norway is currently ranked 21st in the world in terms of the number of congresses held by international organisations. This corresponds to 1.4 per cent of the world market. Each year Norway hosts around 120 international congresses/conferences arranged by an international organisation on a regular basis and rotating between at least three countries. In addition, Norway hosts other international meetings that do not necessarily follow a rotation pattern.

With effect from 2009 NCB and Innovation Norway has worked together in a joint Norwegian effort in the international congress and conference market. In 2009 they created a new official conference portal for international conference planners at visitnorway.com/meetings. The portal was launched in February 2010. NCB is a cooperative venture, which currently has 24 members. These are leading congress/conference cities in Norway, key hotel chains, congress centres and transport companies.


Photo: Jens Henrik Nybo/www.visitnorway.com

6.3 Competence

Competence in and about the tourism industry is crucial if the overarching objectives of the strategy are to be reached. The industry's employees are its most important resource. Retaining competent staff from year to year is a challenge in the face of major seasonal fluctuations. 66 per cent of tourism companies consider staff competence to be the largest challenge facing them in the years ahead. More apprenticeships, challenging tasks, training and attractive salary levels are important measures for the recruitment and retention of skilled labour.

6.3.1 Year-round jobs preserve competence

A look at demographic developments in selected tourism districts shows that local areas which succeed in reducing seasonal fluctuations in the tourism sector (e.g. Hemsedal, Østre Slidre and Øyer) have increased their populations in recent years. Areas with major seasonal variations in the tourism sector (e.g. Trysil, Sel and Aurland) have seen their populations drop. Tourism districts with stable populations at adequate levels are more able to maintain and develop their general infrastructures and make themselves attractive to both employees and tourists.

The tourism industry is characterised by major seasonal fluctuations. Tourism companies find it hard to recruit competent staff, particularly in districts with limited access to alternative employment opportunities. Major seasonal variations mean that many tourism companies earn the bulk of their revenues in brief periods of the year. Tourism is an extremely labour-intensive enterprise, and salaries make up a large portion of the costs involved.

The business is indicating that an increase in the level of competence within the tourism industry is sorely needed. Much valuable expertise is lost to the tourism industry due to its seasonal nature. In addition to company-related competence, this also applies to knowledge of the local area, local conditions and local history. With a preponderance of small companies struggling to make a profit, finding the time and resources for major competence enhancement measures is a challenge – particularly for employees who are going to be with the company for only a short time. Seasonal fluctuations mean that companies often cannot offer year-round jobs, so maintaining a stable workforce is difficult. For this reason some companies spend few resources on staff training and have little focus on competence enhancement. Efforts to facilitate year-round tourism could help to increase competence levels within the industry. Facilitating staff-driven innovation can also foster motivation and development among employees. A greater number of year-round jobs would also contribute to improved quality and more stable population and labour levels, particularly in rural areas. With more of the workforce employed throughout the year, or at least if they stay in the same area all year round, much of the important local knowledge will be preserved from year to year. Work to create year-round jobs in and in association with the tourism industry will help to raise competence levels within the sector.

The work of the "Tourism Development Centre" will continue. The project's main aim is to try out measures that can turn seasonal workers into year-round employees. The project is being undertaken as a partnership between the main employer and employee organisations, the Norwegian Labour and Welfare Administration (NAV), local councils and the tourism industry. A development centre shall combine various measures, such as competence enhancement, staff-driven innovation, collaboration between several local employers, alternative workplaces and participation in destination development. Analysis of the basis for a new model is currently underway in Trysil, Hemsedal, Lillehammer and Vågan.

6.3.2 Recruiting for education and business

To secure competent labour we need educational establishments that have a high level of expertise in tourism-related subjects. It is necessary to stimulated clever young people to work in the tourism industry. This requires that the tourism industry is an attractive place to work. It is important that the industry exerts itself to attract competent staff, including the recruitment of apprentices.

NORWEGIAN HOSPITALITY ASSOCIATION'S RECRUITMENT CAMPAIGN

In 2009 the Norwegian Hospitality Association launched the recruitment campaign "The World is Yours", with the aim of increasing the number of students choosing tourism-related subjects. The Ministry of Trade and Industry has supported the campaign since its inception. 2011/2012 is the third year running that the authorities and the industry join forces on measures that aim to boost recruitment to the tourism industry.

The recruitment and training of guides is important for the quality of the experience tourists have. Guides with local knowledge and good communication skills will help to raise the quality of the tourism product, which in turn will lead to more satisfied guests. This is also an opportunity to teach visitors something, which can help to clarify issues that may arise out of cultural differences. For example, in addition to helping ensure the safety of tourists, Svalbard Guide Opplæring also informs them about the fragility of Svalbard's environment and helps ensure that they show consideration for the environment during their stay in the archipelago.

As a follow-up to Report No. 44 to the Storting on Education, all universities and university colleges are now establishing Councils for Cooperation between Higher Education and Business Life (RSA). Among the issues discussed by these councils is the development of further educational and competence-enhancing opportunities for the tourism industry.

In collaboration with those concerned, the Ministry of Trade and Industry will work at the strategic level to raise competence within the industry.

BUSKERUD COUNTY COUNCIL'S TRAINEE SCHEME

The trainee scheme is an extension of the earlier company stipend scheme administered by Buskerud County Council, Lillehammer University College and Buskerud University College. The objective of the scheme is to strengthen the competence of the company, trainee and college.

For companies: Provides input from academic experts in the field of tourism that can increase the company's professionalism, adaptability, development and profitability.

For trainees: Provides good opportunities to apply theory in practice, obtain valuable work experience and develop networks within the tourism industry.

For the colleges: Provides better insight into the industry's practical problems and valuable input from the industry which can be used in an educational context.

Buskerud County Council provides trainees with a bursary, and finances academic guidance from Lillehammer and Buskerud University Colleges during the project period. Students also have the chance to write their bachelor's thesis on the project before joining the trainee scheme itself. This will be under the guidance of the colleges in conjunction with the project owner. A similar scheme can also be found in Oppland, Hedmark and Telemark.

Source: http://www.bfk.no

TOURISM RELATED COURSES OF HIGHER EDUCATION	
Subject	**Location**
ONE-YEAR COURSES	
Tourism	Lillehammer University College
Tourism and the travel industry	Sogn og Fjordane University College – Sogndal
Tourism	Finnmark University College – Alta
BACHELOR	
Tourism, majoring in hotel management	Finnmark University College – Alta
Hotel management	University of Stavanger
Tourism management	University of Stavanger
Hotel management	Oslo School of Management Campus Kristiania
Facility and service management	Akershus University College
Institutional catering management and nutrition	Akershus University College
Experience-based tourism	University of Agder – Kristiansand
Tourism management	Lillehammer University College
Tourism management	Sogn og Fjordane University College
Tourism management	Oslo School of Management Campus Kristiania
Tourism management, majoring in experiential tourism	Finnmark University College – Alta
Tourism management	BI Norwegian Business School, Bergen Trondheim Oslo
Tourism studies	Buskerud University College – Hønefoss
Natural heritage and ecotourism	Hedmark University College – Evenstad
Experience and attraction development	Lillehammer University College
Vocational teacher training: hospitality and catering sector	Sør-Trøndelag University College
Vocational teacher training: hospitality and catering sector	Akershus University College
Food science	Norwegian University of Life Sciences (UMB)
Food technology	Sør-Trøndelag University College
Nutrition	University of Oslo
MASTER	
International hotel and tourism management	University of Stavanger
Service management	University of Stavanger
Natural heritage-based tourism	Norwegian University of Life Sciences (UMB)
Tourism	Finnmark University College – Alta
Food science	Norwegian University of Life Sciences (UMB)
Food science – food and health	Norwegian University of Life Sciences (UMB)
Clinical nutrition	University of Oslo
VOCATIONAL COLLEGES	
Tourism coordinator	Reiselivfagskolen Folkeuniversitetet Sør-Øst
Tourism coordinator	Imente Fagskole
Tourism coordinator	Fagskolen Treider College – Oslo
Tourism coordinator	Næringsakademiet Bergen, Fredrikstad

Tourism-related courses at the higher educational level. The Ministry of Trade and Industry makes no guarantee as to the completeness of the list.

6.3.3 Competence enhancement

Innovation Norway creates competence programmes aimed at those who are already working in the tourism industry. The courses are generally held over a short period of time, and target supervisors and middle-managers in the tourism industry. All Innovation Norway's courses are practical in orientation and aim to give participants relevant tools and advice that they can apply in their own companies once the course is finished.

Photo: Anniken C. Mohr/Destinasjon Røros

Since it should be easy to find available tourism training courses, Innovation Norway has created a database of the competence-enhancing courses it offers. This database should be further developed to include courses offered by other establishments.

INNOVATION NORWAY CURRENTLY OFFERS THE FOLLOWING COMPETENCE PROGRAMMES FOR THE TOURISM INDUSTRY:

- Sustainable tourism
- Being a good host
- Producing experiences
- Packaging, sales and distribution
- How to succeed online
- FRAM Tourism, business development programme (FRAM = Understood, Realistic, Accepted, Measurable)
- Mentoring for women leaders
- Traditional Norwegian food
- International marketing for the tourism industry (new for 2012)
- How to work in the international congress and conference market (new for 2012)

6.3.4 Innovation and entrepreneurship in the tourism industry

The government wishes to foster service innovation and staff-driven innovation in the tourism industry. The short distance between the provider of a tourism product and its consumer represents both a challenge and an opportunity. It is in this link in the chain that valuable information is obtained for the development of existing tourism products and the creation of new ones. Existing tools within the areas covered by Innovation Norway and Industrial Development Corporation of Norway (SIVA) are available to those engaged in the tourism sector, in the same way as those engaged in other business sectors. These are tools which are relevant for projects intended to improve collaboration within the tourism industry and between the industry and other business sectors. It is up to the tourism industry to take the initiative for such projects.

Only when an idea has been processed and commercialised does it become an innovation. The innovations implemented by the tourism industry are generally (small) incremental improvements rather than major, radical advances. For example, it would be an innovation for a farmer to switch part of his/her farming operation to tourism-related activities, such as experience production or the provision of accommodation.

The Industrial Development Corporation of Norway (SIVA) started providing incubator services in 2000, and now supports entrepreneurs in a variety of business sectors. R&D incubators are located in connection with university and research environments, as well as regional university colleges and innovation environments. An incubator offers the entrepreneur physical infrastructure, such as premises and support services, in addition to advice and networks which can help the individual develop promising business ideas. A dedicated tourism incubator will be established.

INDUSTRIAL DEVELOPMENT CORPORATION OF NORWAY (SIVA)

The purpose of the Industrial Development Corporation of Norway (SIVA) is to contribute to innovation and business development through property management and the development of strong regional environments for innovation and value creation across the country. The company's operations are divided into two core segments: property and innovation. The property segment invests in buildings and physical infrastructures, providing risk and capital relief for businesses. In the field of innovation SIVA invests in various types of innovation companies and runs funding programmes for these environments. The programmes are targeted at activities in business gardens, R&D and industrial incubators.

INNOVATION AND ENTREPRENEURSHIP IN THE TOURISM INDUSTRY

Stokkøya Sjøsenter, Source: www.stokkoya.no

Stokkøya Sjøsenter is owned and run by Torild Langklopp and Roar Svenning. Stokkøya Sjøsenter comprises a restaurant and various types of accommodation, such as subterranean accommodation (SUB) units, rooms in the centre itself, a camp site and self-contained holiday cottages. Perhaps the most spectacular accommodation is afforded by the SUB units. With their exciting design and concrete-and-glass construction, these units have been sunk into the sand to lessen their impact on the landscape. Expertise on local marine produce led Roar Svenning to start supplying seafood to quality restaurants in Oslo and Trondheim, and later to export markets in Japan and France. These experiences, combined with personal interest and extensive network of skilled cooks and food enthusiasts have led to culinary considerations being a key factor in the development of Stokkøya Sjøsenter.

SOGNDAL MOUNTAIN SPORTS FESTIVAL

Photo: Vegard Breie / fjellsportfestivalen.no

The festival is organised by Bratt Moro AS in Sogndal.

6.3.5 Research

The exploitation of knowledge has provided the basis for value creation and welfare in all societies since time immemorial. If Norwegian businesses are to emerge strengthened from the globalisation trend and the increasingly intense competition in international markets, we must make use of new knowledge. Investment in business-related research is crucial.

RESEARCH COUNCIL OF NORWAY

The Research Council of Norway is the key tool through which the government's research policy is implemented. The Research Council of Norway's remit covers all disciplines, and the organisation carries out a wide range of activities in the fields of basic research, applied research and the commercialisation of research results.

As a consequence of the previous national tourism strategy, a total of NOK 16 million was allocated to three research projects within the field of tourism during the period 2008–2011: the University of Stavanger's "Tourism Yield", on profitability in the tourism industry; Vestlandsforsking's "Sustainable Destination Norway 2025", on the development of sustainable tourism; and the Institute of Transport Economics (TØI)'s "Tourimpact", on statistics for tourism's local and regional economic impact. These projects were concluded in 2011.

In recent years several of those engaged in tourism have pointed to rural tourism's dependence on a well-kept cultivated landscape. The research project "Tourism and the cultivated landscape – characteristics, management and experiences" will be concluded in 2012. Preliminary findings support, with some reservations, the tourism industry's concerns.

In its report "A knowledge-based tourism industry" from 2010, Menon Business Economics claims that current research on tourism-related issues does not lead to innovation within the industry. Although much research is being carried out in the field of tourism, the tourism industry does not seem to make use of the results to any great degree.

The government will continue to invest in tourism-related research. Public funding for research projects within the field of tourism presumes that they are user-driven, i.e. research that the industry prioritises, will benefit from and will apply in an appropriate manner.

NOVADIS – NORWEGIAN RESEARCH CENTRE FOR EXPERIENCE-BASED TOURISM

At the request of the tourism industry, centres of expertise and the public administration, Nordlandsforskning and the University of Nordland have established Novadis, a Norwegian research centre for experiential tourism.

Novadis is intended to be a leading centre for knowledge acquisition and dissemination, a development partner and guide for those engaged in the growth and development of experience-based business sectors.

Novadis makes research-derived knowledge available in applicable form, and can link companies with relevant centres of expertise/researchers or public bodies. Through dialogue with the industry, new knowledge will be produced, existing knowledge made available, centres of expertise identified, and meeting places established where new issues can be picked up on.

To make tourism research more relevant it is vital that business and research environments work well together. More information is needed about the relationship between the tourism industry and the research institutions, and about the tourism industry's requirements with regard to competence and research-based knowledge. An analysis of these issues could make a valuable contribution to the establishment of more tourism-related research projects that are also more relevant to the industry.

Existing research results must also be communicated to the tourism industry. This applies not only to specifically tourism-related research, but also to general, non-sector specific research that may be of use to the tourism industry.

PROJECT: IMPACT RESEARCH – COLLABORATION BETWEEN DESTINATION MANAGEMENT BODIES IN HELGELAND

Nordland County Council granted researchers at the University of Nordland NOK 400,000 to study the Helgeland process.

Destination management bodies are increasingly merging to become more visible and increase their potency in the tourism market. The destination management bodies Destinasjon Helgeland, Helgelandskysten Reiseliv and Polarsirkelen Reiseliv have recently completed such a process, which, in January 2012, resulted in the establishment of a joint tourism company in Helgeland.

"Has Helgeland become one single tourism region?"

"Helgeland is a complex region with three destination management bodies, 18 local authorities, as well as regional development councils all participating in the decision-making process. In addition, of course, the region's tourism companies and the tourists themselves are important interest groups," explain researchers Dorthe Eide and Anneke Leenheer.

How are the parties affected by the change and involved in its adoption? The picture is further complicated when relations with key players outside the region, e.g. the county council and Nordnorsk Reiseliv AS, are included.

Nordland County Council granted tourism researchers at the Bodø Graduate School of Business (University of Nordland) NOK 400,000 to track the process leading up to the unification of Helgeland as a tourism destination.

"The destination management bodies see the value of research, and have entered into a collaboration with the University of Nordland. Researching a change and restructuring process with so many different parties involved can provide valuable insight into what obstructs and what promotes such processes. The study can help to make critical factors and processes more visible, and insight into the process can help destination management organisations work better – regardless of the outcome of the Helgeland process," say researchers Dorthe Eide and Anneke Leenheer.

Source: Bodø University College

Photo: C.H./www.visitnorway.com

6.4 Quality assurance and quality enhancement

To be competitive destinations must ensure that the products and services provided meet the quality expectations raised in the marketing materials.

Various types of labelling – a kind of recognisable stamp, which tells buyers that a certain level of quality has been met – helps tourists to choose quality-assured products. At the same time, this easily available information about quality stimulates producers to keep up with their competitors. Labelling schemes can therefore be a way of promoting higher quality and minimising the risk of there being a shortfall between expected and experienced quality.

An important justification for various labelling schemes is that customers should quickly be able to obtain information about the products and services they cover. The object of each individual scheme must therefore be easily understood. At the same time, it is important that labelling schemes actually do simplify the information flow to the public. The establishment of too many separate schemes, each providing more or less the same information, should therefore be avoided.

Star rating for providers of overnight accommodation

During the first half of 2012 a star-rating scheme for providers of overnight accommodation in Norway will be launched. Norwegian Accreditation has been commissioned by the Ministry of Trade and Industry to administer the scheme, whereby hotels are awarded stars on the basis of a set of quality indicators. A standardised system for customer evaluations will also be included in the star-rating scheme.

In addition to the basic star rating, additional performance criteria covering the environment, universal access and type of market segment the hotel is operating in will also be adopted. These criteria may lead to supplementary labelling as eco-friendly, accessible in accordance with NS 11010, and designation as a conference hotel, business hotel or holiday hotel.

The star-rating scheme has been designed such that the method and system used can easily be extended to cover new market segments, e.g. ecotourism certification.

Sustainability as a fundamental element in the labelling schemes

The sustainable development of Norway as a tourism destination is a premise for the government's efforts to support the tourism industry. The government will therefore focus on increasing the scope of the labelling and certification schemes that encourage companies to develop in a sustainable way, while telling customers – visitors – that Norway is a destination that takes sustainability seriously.

In January 2011 a new label was launched on visitnorway.com to help customers wishing to choose eco-labelled products. A tuft of green grass appears beside the product description of all eco-certified products on visitnorway.com, as a symbol for Green Travel. The label, which can also be used as a sort criterion, makes it easier to find companies that have a conscious attitude to the environment. In the longer term, environmental certification may become a requirement for companies covered by Innovation Norway's initiatives. However, any such move must be preceded by training/education courses and information campaigns.

Efforts are being made to develop an eco-labelling scheme at the destination level, under the auspices of Innovation Norway's Sustainable Tourism 2015 project. A destination-labelling scheme would be internationally ground-breaking, and would make Norway a pioneer for a type of labelling that other countries are interested in. An eco-labelling scheme for destinations would make an important contribution to the government's efforts to make sustainability the overarching strategy for the development of Norwegian tourism.

ENVIRONMENTAL CERTIFICATION

Norwegian environmental certification schemes are the visible proof of sustainability. Five main schemes are used within the tourism sector in Norway.

Nordic Ecolabel – www.ecolabel.no
Certified Nordic Ecolabel companies include restaurants, hotels and other providers of overnight accommodation. Nordic Ecolabel companies must meet stringent criteria for energy and water consumption, waste sorting and use of chemicals.

Eco-Lighthouse – www.miljofyrtarn.no
Certified Eco-Lighthouse companies include hotels, activity companies, alpine skiing facilities, transport companies, etc. Companies must meet specific requirements in areas such as waste, energy, transport and use of chemicals.

Ecotourism Norway – www.ecotourismnorway.no
Most Ecotourism Norway companies are activity providers, who must meet stringent requirements with regard to internal environmental systems, use of the natural and cultural heritage, the way they perform their duties as host, and their positive contribution to the local environment.

ISO 14001 www.standard.no
The ISO 14001 standard is a tool to provide companies with good routines, organisation and control of their environment-protection activities. The majority of ISO 14001 certified companies in Norway are hotels.

Blue Flag – www.blueflag.no
Environmental certification for beaches and marinas. A Blue Flag beach offers good water quality, sanitation, waste management, public transport information, and a generally environment-friendly operation.

6.5 Collective benefits

What are often termed “collective benefits” are an important part of the overall service offered to tourists at the majority of destinations. This is also true of Norway. A collective benefit is characterised by the fact that the item – or the benefit deriving from it – cannot be made exclusive to the person paying for it. Depending on the nature of the collective benefit, it can be difficult to demand payment from those making use of it. Footpaths, skiing trails, open festivals, tourist information and cosmetic improvements are examples of typical collective benefits. They are open to all. Collective benefits are produced because they increase the destination’s competitiveness. The opposite of a collective benefit is a private benefit, e.g. an activity centre or guided tour, where those wishing to make use of the benefit must pay for it, while those who do not pay are kept outside.

There is an overlap between collective benefits which are useful for service providers and those which are useful for guests. Both types of collective benefits can strengthen a destination’s competitive position and attractiveness. The difference between them is nevertheless important when it comes to planning, development, financing and operations.

It is important that the tourism sector takes responsibility for finding ways to provide the collective benefits that are necessary to its sphere of activity. At the same time it is important that the tourism sector does not have to take responsibility for collective benefits that clearly fall within the remit of other parties. Collective benefits such as cosmetic improvements and the maintenance of public spaces, preparation of skiing trails, signage and the marking of footpaths are important both for the tourism sector and the local inhabitants. In other words, there is a strong link between developing an attractive destination and a nice place to live. The local authority and the tourism sector are therefore both served by cooperating closely on the production of collective benefits.

The challenge represented by collective benefits is often larger where the number of tourists is substantial in relation to the size of the population. In towns and villages the inhabitants' needs lead to the production of important collective benefits, such as internal transport services, cosmetic improvements, signage and marking. In places with a small local population and a large tourism sector it can be the tourists' needs that prompt the production of collective benefits. In this case, too, the collective benefits will enhance the quality of the local community, thereby making it more attractive as a place to live and work.

COLLECTIVE BENEFITS IN THE TOURISM SECTOR

Collective benefits in the tourism sector can be divided into two main types:

- Collective benefits that are useful and visible to the parties operating at the destination, e.g.:
  - Shared marketing/destination profiling
  - Training/education courses and competence-raising measures
  - Booking systems
  - Knowledge, e.g. visitor surveys
- Collective benefits that are useful and visible to guests, e.g.:
  - Open festivals and events
  - Preparation of skiing trails
  - Signage and marking of footpaths
  - Maps
  - Cosmetic improvements and maintenance of shared spaces
  - Public conveniences, car parks, roadside rest stops

Each destination has its own (unique) set of collective benefits. Footpaths, skiing trails, cosmetic improvements to outdoor areas and local knowledge are just a few examples of what could be a collective benefit for a destination. In many places collective benefits form the foundation for much of the business activity taking place there. When the local population and the local business community, in addition to holiday-home owners, tourists and the tourism industry, find the collective benefits useful, it is not unnatural that everyone must contribute to their upkeep and further development. Impairment of a location's collective benefits will have a knock-on effect, impacting the local population's quality of life and the local business community's commercial foundation.

In many destinations the development of tourism products depends on collective benefits being facilitated in such a way that individual entities can create different experiences. This means that collective benefits must be produced and made accessible. This is often a resource-intensive process. Since users and companies that do not contribute to the financing of a collective benefit can often derive as much use from it as those who do, individual private enterprises have too little incentive to spend their own money on the creation of collective benefits (the so-called free-rider problem). It can therefore often be appropriate for the production of major collective benefits to be funded collectively.

However, it may not be entirely obvious who this 'collective' is made up of. It could be the public administration, e.g. the local authority/authorities in which the destination is located. It could also be all the business enterprises that enjoy the collective benefits at a particular destination. Or it could be all the users of the collective benefits. Regardless of the answer, how collective benefits are to be financed should form a fundamental premise when a destination decides to develop the tourism industry in its area. This challenge will be resolved through good cooperation, with all those involved at a destination recognising that they must contribute if they are to share in the gains that the development of collective benefits brings with it.

For this reason the Ministry of Trade and Industry has commissioned Innovation Norway to initiate a project to identify and test various models for the voluntary financing of collective benefits through pilot schemes at five destinations in Norway: Valdres, Nordfjord, Trysil, Narvik and Lofoten. The pilot projects will be completed by the end of 2012.

The Ministry of Trade and Industry will continue working on the issue of collective-benefit financing.

Photo: Nancy Bundt/www.visitnorway.com

6.6 Access to capital

Menon's publication no. 12/2010 "An empirical analysis of service innovation in Norwegian business and the challenges facing innovation policy in the service sector" points out that capital markets are largely unwilling to finance innovation in the majority of service categories. According to Menon, service companies lack either financial security for loan financing or the scalability needed to provide an adequate return on equity investments.

The SNF report "Socio-economic analysis of industrial policy measures with respect to the tourism industry" draws some of the same conclusions. The report claims that the degree of asymmetric information between projects in the tourism sector and the capital market is greater than it seems to be in other business sectors. SNF points out that the tourism industry's many, small enterprises – with correspondingly many and small projects – could produce an effect of this kind.

MÅLSELV FJELLANDSBY

Målselv Fjellandsby is a family-oriented destination, located close to Bardufoss Airport in Troms. The flight time from Oslo is just under two hours. Målselv Fjellandsby offers alpine skiing, a terrain park and a pleasant nursery area during the winter, and a wide range of experiences during the summer. A theme park, "Blånisselandet", based on a popular children's television series is part of the Målselv Fjellandsby complex.

It is widely felt that the tourism industry needs access to risk capital to finance innovation and development. Report No. 13 to the Storting (2010–2011) *Active ownership – Norwegian state ownership in a global economy* states that: "To promote greater investment in the seed-capital phase, and therefore the emergence of new companies, the government will table proposals for the establishment of new nationwide seed-capital funds. In connection with new seed-capital funds an assessment will be made of how incentives can be designed to ensure the best possible management of state assets." The same report to the Storting says of Investinor: "The government will table a proposal for the injection of additional investment capital in Investinor to safeguard the company's continued ability to contribute towards the establishment of new, internationally competitive companies." Investinor received NOK 1.5 billion in new investment capital in 2012.

In principle financing for tourism industry investments, as for investments in other business sectors, is offered through the ordinary financial markets. A number of state-run schemes already exist which can contribute in this area and take some of the risk. However, there is a presumption that private investors will also participate in the development of the tourism industry, and that tourism projects make the grade in competition with other projects.

Innovation Norway's funding schemes include low-risk loans, innovation loans/rural venture loans, funding grants and guarantees. Low-risk loans can part-finance investments in buildings and operating assets, while innovation and rural venture loans can be used to part-finance construction, restructuring, development and start-up projects for which it is difficult to find sufficient risk appetite in the private capital market. Innovation Norway's grant schemes cover a number of different target groups and purposes. Through its nationwide guarantee scheme Innovation Norway can provide overdraft guarantees to small and medium-sized companies that are struggling to obtain loan financing from the banks, due to a large assumed risk or lack of collateral. In 2012 a regional guarantee scheme will also be set up to provide projects with a realistic chance of achieving future profitability with loan guarantees for fixed-capital investments in areas covered by the government's regional development policy.

The existing capital support measures that Innovation Norway and Investinor have at their disposal are considered adequate for large parts of Norwegian business. In the same way there are a number of local authority business development funds that are also adapted to the needs of the tourism industry. Companies which are themselves able to find investors, may also gain access to capital through established state-run schemes.

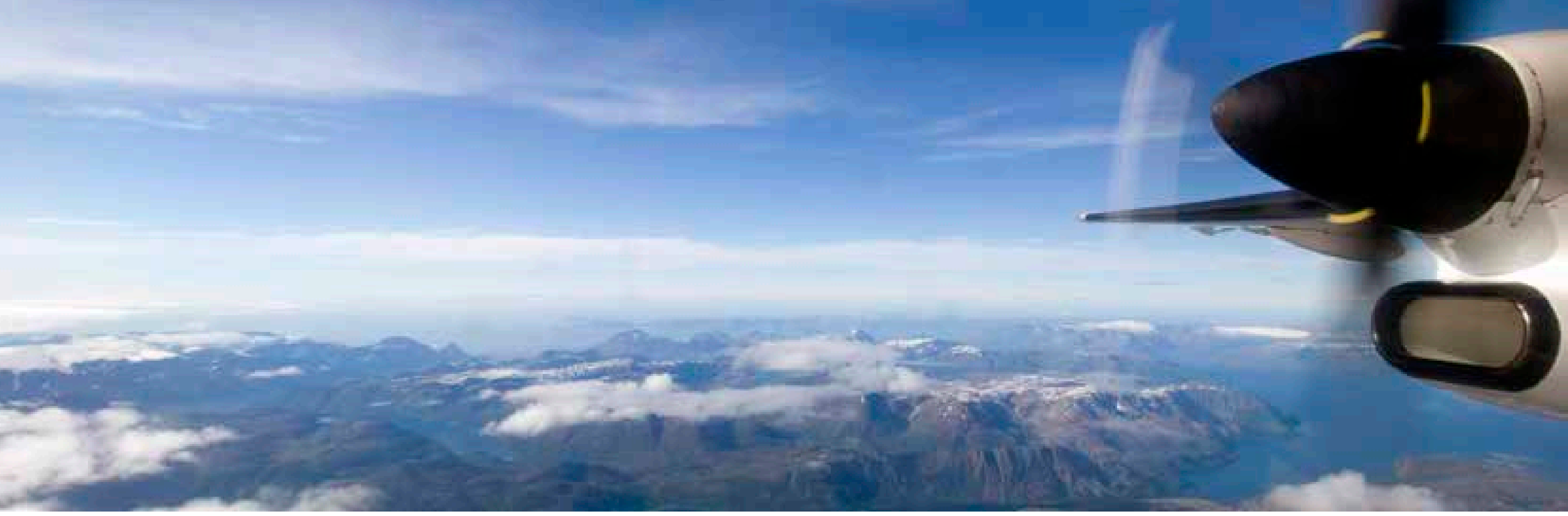


Photo: Johan Wildhagen/www.visitnorway.com

INVESTINOR

Investinor AS was established in 2008 as a wholly owned subsidiary of Innovation Norway. The object of the company is to help increase value creation by offering venture capital to internationally oriented, competitive companies – primarily start-ups. In addition, the company acts as a competent and active shareholder in the companies in which it invests. Investinor was granted an initial equity of NOK 2.2 billion in the 2008 national budget, and received a further NOK 1.5 billion in the 2012 national budget.

The company has a particular focus on the environment, energy, tourism, the marine and maritime sectors, and places special emphasis on climate and environment-related projects. Investinor can also invest in profitable projects in other industries and sectors. The government will consider expanding the company's field of operations.

Investinor has invested in the following tourism-related projects:
- Målselv utvikling AS
- BookNorway AS
- Alpinco AS

RECORD TOURISM INVESTMENT – ALPINCO AS

In 2011 Investinor agreed to invest NOK 95 million in a newly established Norwegian tourism group, provisionally dubbed Alpinco AS. Other investors include PASAB Eiendomsutvikling AS (Petter Stordalen and Anders Buchardt) and the bank DNB. This is Investinor's largest single investment since it started operating in January 2009.

Alpinco focuses on centrally located skiing destinations, with opportunities for year-round operation outside the skiing season. The first destination is Hafjell Alpinsenter, currently Norway's third-largest ski resort, with an average of 350,000 visitors per year. In the long term Alpinco aims to acquire 3–5 destinations.

Investinor has evaluated a total of 19 Norwegian alpine resorts, and has drawn up a business plan to integrate destinations into a larger commercial group that may, at some future date, be floated on the stock exchange.

Sound analyses from several contributors conclude that opportunities for a good return on investment are high. Foreign commercial groups such as Skistar and Vail Resorts have also shown that this business model works.

6.7 Accessible destinations

While the development of attractive, all-round tourism products is fundamental to the tourism industry, it is equally important that they are easily accessible for tourists at home and abroad. People often have to travel further to come to Norway than to alternative destinations. Norwegian tourism products may therefore be less geographically accessible than many others. This is a disadvantage when competing internationally.

The allocation of public funds to transport infrastructures is prioritised through the National Transport Plan (NTP), with the Ministry of Transport as the government body responsible. The NTP presents the broad outline of the government's transport policy, and provides the foundation for overarching political assessments, the deployment of effective measures and the reinforcement of integration between the various forms of transport. Wide-ranging processes involving many parties, including the tourism industry, underpin the NTP. As part of its work on the NTP 2014–2023, the Ministry of Transport has consulted business interests across the country. Representatives from the tourism sector also took part in this consultation exercise.

6.7.1 National Tourist Routes

The National Tourist Routes scheme is a major product development project within the Norwegian tourism sector. The national tourist routes are 18 selected stretches of road from Varanger in the north to Jæren in the south that take motoring tourists through some of Norway's most spectacular scenery. By 2020 the Norwegian Public Roads Administration will have developed these routes into a genuine international attraction.

SUBSTANTIAL TRAFFIC GROWTH IN RONDANE

The National Tourist Route – Rondane, between Enden and Folldal, is 42 km long. The stretch was designated a National Tourist Route in 2008.

Traffic on the National Tourist Route – Rondane has increased steadily year on year, and has grown by almost 17,000 vehicles a year since 2007. Peak season is in the summer. In the 2007 summer season an average of 622 vehicles a day passed the Norwegian Public Roads Administration's counting station at Straumbu. This figure had risen to 721 in 2010. The summer season is also getting longer.

However, local people have told the Norwegian Public Roads Administration that many motorists drive up from the south to the Sohlbergplassen viewing point and the Atnasjø Cafe, and then return the same way. These visitors do not pass the counting station, so the numbers are probably higher than the counts show.

(Source: vegvesen.no)

	2007	2010	Difference
Annual daily traffic (ADT)	317	363	+ 46
Vehicles per year (average)	115 705	132 495	+ 16 790
Summer daily traffic* (SDT)	622	721	+ 99
Vehicles per summer season (average)	57 224	66 332	+ 9108

* June, July and August

Strømbu Rest Area, National Tourist Route – Rondane. Architect: Carl-Viggo Hølmebakk.

The national tourist routes combine spectacular scenery with modern architectural design in a novel way. The project has prompted a great deal of interest in the media, both nationally and internationally, and has been featured by Wallpaper, Der Spiegel and The Guardian, among others. The National Tourist Route project was also highlighted in connection with Norway's participation at the World Expo 2010 in Shanghai.

Traffic using the national tourist routes is expected to increase in the years ahead. It is therefore crucial that they are well signposted and that the attractions and stopping points along the way are maintained.

6.7.2 Greater opportunities for the use of public transport in a tourism context

According to the UNWTO, the number of travellers globally and in Europe is expected to rise in the years ahead. Tourism requires passenger transport, and is thus part of the environmental challenge. As the report *Sustainable Destination Norway 2025* by Vestlandsforskning (2011) points out, a good way to meet this challenge is to increase the extent to which tourists travel by public transport.

An objective for the government's coordinated transport and tourism policies is to facilitate opportunities for this growth to take place within an environmentally sound framework. The government therefore wishes to propose measures to make travelling to and within Norway more efficient, and increase awareness and use of public transport solutions.

Reliable schedules

Innovation Norway regularly receives feedback from international tour operators and tourists on a variety of issues relating to public transport schedules. One challenge is that coordination between the various means of transport is sometimes inadequate, particularly across county borders.

For the tourism industry it is a challenge that forthcoming schedules are published too late – often only one or two months before the tourist season opens. International tour operators planning package tours in Norway often have a planning horizon of up to two years. This means that scheduled transport in Norway represents a significant uncertainty for the tour operators. Good routines for continuous dialogue between regional tourism boards and the county transport authorities will reduce this uncertainty. Issues that should be clarified through such a dialogue include, for example, how far ahead of time future timetable changes should be decided and made known, and at what point during the year any such changes should be implemented.

Photo: Ute foto/www.visitnorway.com

Photo: Terje Rakke / Nordic Life AS / www.visitnorway.com

Photo: Marte Kopperud/www.visitnorway.com

National public transport route planner

Reliable and easily available travel information is an important factor in making a holiday in Norway more accessible, and to strengthen public transport's competitiveness with respect to private motoring. Many people currently experience barriers due to inadequate information and coordination between various types of tickets, means of transport, transport companies and public authorities. This can make travelling by public transport unnecessarily complicated and time-consuming.

A joint scheduled traffic portal is currently under construction, and is due to be launched in the first half of 2012. Initially it will be a pilot project for Norway's eastern region, but a nationwide service is being prepared for launch in 2014.

6.7.3 Air travel and tourism

Norway lies at the periphery of Europe. The country is sparsely populated and has a difficult topography. Consequently, air travel plays a more important role in Norway than in other European countries. A decentralised airport structure, and the fact that the state authorities buy scheduled airline services on a number of regional routes in Norway which would otherwise not be commercially viable, ensure that both private and business travellers have a wide range of flights to choose from nationwide. The government's engagement on the infrastructure side is exercised through the wholly state-owned limited company Avinor AS, which is responsible for investment in and operation of 46 airports in Norway and a unified air-safety service.

In close cooperation with various airlines, Innovation Norway, destination management bodies, tourism companies, local and county authorities, and local business interests, Avinor works continuously to facilitate increased traffic and new routes to and from Norwegian airports. This effort is ongoing, both locally and centrally in Avinor. Airports compete both nationally and internationally to attract new airlines and/or increase the frequency of flights by existing airlines and the establishment of new routes.

Furthermore, along with organisations such as Innovation Norway, Fjord Norway, the Northern Norway Tourist Board and various destination management bodies, Avinor is engaged in a long-term effort to put Norway more clearly on the map as a travel destination in selected markets where future growth is expected. Strategies for both Asia and the USA have been drawn up, and NOK 8–10 million is allocated annually to this effort. Despite the global economic crisis these markets picked up again in 2010, measured in the number of overnight stays in Norway.

Avinor is establishing "Northern Light Airports" as a unified brand for the largest airports in Northern Norway. This links the airports to Innovation Norway's marketing profile through use of the northern lights as a "beacon" in their marketing communications aimed at international markets.

Avinor supports the Charter Fund for Northern Norway, which is run by a separate interim board led by the Norwegian Hospitality Association Northern Norway. This kind of charter fund is intended to promote charter tours to the region. Feedback from the industry indicates that this will be an important initiative to encourage new traffic.

Experience derived from the collaboration on incoming tourism is being developed with Innovation Norway for use in Europe. A pilot project addressing the British market is planned for 2012, and the experience obtained from here will form the basis for similar efforts in other countries.

Avinor's investments in the promotion of scheduled and charter traffic, and tourism in general, provide not only financial benefits. Close collaboration with local business interests, the tourism industry and political authorities also has a positive impact on the company's reputation, and provides a sound basis for developing the airports in line with future needs.

Photo: Terje Rakke/Nordic Life/www.visitnorway.com


Photo: Nancy Bundt/www.visitnorway.com


Photo: Terje Rakke/Nordic life/www.visitnorway.com

6.8 Svalbard

Report No. 22 to the Storting (2008–2009) on Svalbard states that the tourism industry should be one of the three cornerstones for social development in Svalbard, along with coal mining and research. The overarching goals of the government's policy on Svalbard are:

- Consistent and firm exercise of Norwegian sovereignty
- Strict compliance with the Svalbard Treaty, and verification that the treaty is being abided by
- Preservation of peace and stability in the region
- Preservation of the region's unique wilderness environment
- Maintenance of a Norwegian community in the archipelago

There is broad political agreement on these goals, which have remained in effect for a long time. History has shown that administration of the archipelago in accordance with these objectives has been successful. The tourism industry is currently an important basis for population settlement and activity in Longyearbyen, and through a systematic focus on developing year-round operations, the sector will be able to increase its importance. Tourism also helps to spread knowledge of the Arctic's fragile environment and the environmental challenges facing the region. The government wishes to facilitate the further development of tourism as a primary industry in Svalbard, within strict environmental and safety parameters.

While the government is working to further develop tourism in Svalbard, it is an overarching objective that Svalbard be one of the world's best managed wilderness areas, and the best preserved high-Arctic destination in the world. Particularly stringent environmental targets apply in Svalbard, and there is a dedicated environment-protection act whose aim is to preserve the archipelago's pristine natural heritage.

A broad process has been initiated to draw up management plans for conservation areas in Svalbard. These plans will expand on the conservation provisions and provide detailed regulations for travel/transport. The management plans will be an important tool in balancing the needs of the tourism and research sectors and other user groups on the one hand, with the objective of conservation on the other. All user groups, including the tourism industry, are involved in this process.

The government will initiate efforts to nominate parts of Svalbard for inclusion on UNESCO's World Heritage List. This could have a positive effect on the further development of tourism in Svalbard.

To maintain Svalbard's attractiveness to tourists it is particularly important to successfully address the safety and environmental challenges facing the archipelago. The dissemination of information on eco-friendly travel in Svalbard, the encouragement of environmental certification for tourism companies, and the collection of statistics about field activities and travel are examples of measures that promote Svalbard's environmental profile.

Svalbard Reiseliv AS is currently the only destination management body to receive annual financial support directly from the Ministry of Trade and Industry. This unique situation is due to the location's extraordinary safety and environmental challenges, the tourism industry's relatively key position as one of Svalbard's three dominant business sectors (along with coal mining and research), and the desire to maintain a well-balanced, permanent Norwegian population in Svalbard. In other words, industrial development is just one of several reasons for providing support for Svalbard's tourism sector. Other key objectives are to support a continued Norwegian presence in the archipelago and management of its environment.

The government will continue to support Svalbard Reiseliv AS. Svalbard's position in the government's tourism policy will continue in accordance with the guidelines laid out in Report No. 22 to the Storting (2008–2009) on Svalbard.

6.9 Product and destination development measures

Presented below is a complete overview of the measures proposed by the government in this area.

Measures to improve collaboration with the tourism industry and between the tourism industry and other business sectors:

- Better maps and signposting of and at destinations, including cruise destinations.
- Innovation Norway to carry out a cruise project.
- Better coordination between the cultural sector and the tourism industry.
- Better utilisation of the food-producing sector for tourism purposes.

Measures to increase use of the country's natural and cultural heritage for tourism purposes:

- National park and natural heritage information centres to be further developed so they can play a more important role in the development of tourism.
- Development of a brand/communications strategy for Norway's national parks, including the continuation of the national park villages and national park districts schemes.
- Natural and cultural heritage tours to be further developed.
- Better development of tourism products linked to major conservation areas, so that they can be arenas for experiences/activities within the individual area's conservation framework.
- Coordination between culture and tourism to be followed up particularly in the government's action plan for culture and business.

Measures to improve development of tourism products along the national tourist routes:

- Establish an operative market collaboration between the Norwegian Public Roads Administration, Innovation Norway and the regional tourism boards.
- Invite Norwegian tourism companies to enter a competition to propose ways in which the national tourist routes can be utilised in the best possible way by the industry.
- Continue the Ministry of Agriculture and Food's programme to focus on food along the national tourist routes.

Measures to improve utilisation of the country's coastal culture for tourism purposes.

Measures to improve utilisation of the country's pilgrimage traditions for tourism purposes.

Measures to increase levels of competence within the tourism industry:

- The "Tourism Industry Development Centre" project to be continued and reinforced.
- Support for measures to improve recruitment of staff to the tourism industry to be given priority.
- Ensure that a complete overview of training/education courses, etc, is available to the tourism industry.
- Increase the number of courses offered by Innovation Norway.

Measures to improve innovation in the tourism industry:

- Establish a dedicated incubator for the tourism industry under the auspices of the Industrial Development Corporation of Norway (SIVA).
- Promote more entrepreneurship in the tourism industry.
- Promote increased use of new technology by the tourism industry.
- Undertake pilot projects covering technology development at the point where tourism, culture and the IT sector meet. The main objective of the projects is to arrive at partnerships and new solutions across the three sectors.

Establishment of a new research project entitled "User-driven tourism research".

- The main objectives of the research project are to identify what kind of competence and research-based knowledge the tourism industry needs, to survey and communicate tourism research, and propose measures that will increase the usefulness of research to the tourism industry.

Implementation and development of the star-rating scheme for providers of overnight accommodation.

Continue efforts to increase knowledge of sustainable tourism, and increase the number of eco-certified companies.

Continue efforts to develop an eco-labelling scheme for tourism destinations.

Continue and evaluate ongoing pilot schemes for the voluntary financing of collective benefits.

Draw up proposals for the establishment of new seed-capital funds, which are also available to the tourism industry.

Investinor will continue to offer capital to the tourism industry.

Measures to increase the accessibility of Norwegian destinations:

- Continue the National Tourist Routes scheme.
- Develop a national public transport route planner.
- Improve collaboration between the counties' transport administrations to increase the predictability of public transport schedules.
- Continue Avinor's efforts to develop new air routes, while the state authorities continue to ensure flights are available to all parts of the country by purchasing air routes that would otherwise not be commercially viable.

Continue the tourism industry's designation as one of the cornerstones of social development in Svalbard.

7 Sales and marketing

Companies themselves have a responsibility to ensure they have a product that the market wants at a price that generates an adequate profit, and that the market is aware that the product exists.

Nevertheless, the authorities devote substantial resources to marketing Norway as a tourism destination, not only to make the market aware that many valuable experiences are to be had throughout the country, but also because marketing Norway internationally benefits the tourism industry as a whole. The objective is primarily to present Norway as an attractive destination and achieve greater value creation in the tourism industry. To maximise the effectiveness of the marketing effort, it must be sustained at a stable level over time. Since obtaining funding for such image-building activities, both at the national and regional level, is a challenge, the Norwegian authorities, like those of other countries, contribute to this type of marketing.

The authorities also wish to help establish an infrastructure to make it easier for the market to buy Norwegian tourism products. This is a shared infrastructure that all Norwegian tourism companies can make use of.

Sales is a key focus area of this strategy because it is a vital element if the main objective of increased value creation and productivity in the tourism industry is to be achieved.

7.1 Norway's reputation

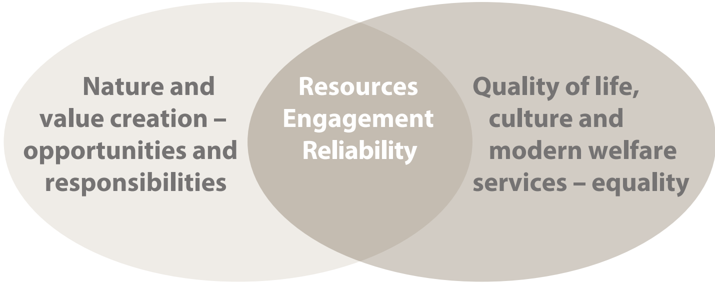
A good reputation increases Norway's visibility and influence. This is advantageous for Norwegian businesses and for Norway as a tourism destination.

A strategic platform has been formulated for the impression we wish our long-term communications activities about Norway to leave. The strategy has been developed by a broadly composed Reputation Forum (2007–2010), whose members were drawn from the business, cultural and tourism sectors. They were asked to identify new challenges and draw up a plan for how to meet them.

The overarching objective is for Norway to be perceived as a resource-rich, committed and reliable partner in our contacts with the outside world. Our culture and our relationship with the natural environment is a fundamental value underpinning this position.

Shared narratives and values are a major source of inspiration for the creation of a positive and distinctive image of Norway in the world. What we offer must be seen as relevant, up-to-date, realistic and credible. It must be something that both tourists to Norway and our international contacts wish to be a part of, learn more about and relate to. To have the desired effect, the way Norway is marketed must, not least, be tailored to the countries and target groups that we wish to reach.

Photo: Susan Fraser/www.visitnorway.com



Resources
Norway has substantial natural resources (energy, water, fish, forests), substantial economic resources (GDP per capita, Government Pension Fund Global) and human resources (high education level, high level of participation in the labour force, high-tech business sector).

Engagement
Norwegian society emphasises engagement on behalf of others, active leisure pursuits, social responsibility and an open and active engagement abroad.

Reliability
Norway is a politically stable country whose inhabitants have great confidence in the social system. Our foreign policy remains unwavering over time. We keep our promises and we are a stable supplier of natural resources.

This is what we want our contacts to think of us:
Norway is a resource-rich, engaged and reliable partner

Source: Ministry of Foreign Affairs

The Reputation Forum has also looked at ways in which Norway's communications activities abroad can be better coordinated, e.g. between the country's foreign service stations and Innovation Norway/the tourism industry. An important measure here is to improve coordination in the planning and communications processes undertaken in the countries in which we have interests. In this way the government wishes to act as a door-opener and contribute to a more strategic way of thinking, in order to promote and strengthen our interests through the country's good reputation.

Norway's official website abroad, www.norway.info, is an important online information channel through which to reach target groups abroad. The website attracts around 400,000 discrete users each month, and the Visit Norway section is one of the most popular categories. Collaboration with visitnorway.com will be continued.

7.2 Marketing Norway as a destination

The reason for marketing Norway as a destination is to generate sales by Norwegian tourism companies. The government will therefore increase these marketing initiatives. For several years Innovation Norway has carried out a variety of activities, both at home and abroad, to promote Norway as a tourism destination. Since there are many different ways in which Norway may be highlighted as a tourism destination, the marketing effort is the subject of a continuous assessment.

Comprehensive marketing campaigns extending from image-building to sales, are intended to give Norway a distinctive and relevant position in the eyes of the target group, and help to increase the campaign partners' sales. Innovation Norway divides its financing of the campaigns into two categories. Innovation Norway is responsible for generating awareness of Norway and for building interest in travelling to Norway (reasons to go) through clear-cut and easily recognised messages in all channels. The tourism industry itself is responsible for measures to increase sales of products tailored to the market (go).

Promotional activities must form cohesive, holistic campaigns, and industry funding must be channelled through Innovation Norway. All reasons-to-go activities must comply with the national brand strategy and communications concept. Although bilateral reasons-to-go activities, e.g. with regional tourism boards and destination management organisations, must comply with the national brand strategy, they can also integrate the region's own needs and desires with regard to "spearheads" and messages, where these are in line with and reinforce the national brand strategy.

Funds from commercial enterprises, e.g. tour operators, holiday rental companies, hotel chains, airlines and shipping lines, which sell tourism services and experiences directly in the market, are to be used for sales-triggering activities. Sales-triggering activities are measures that prompt consumers to purchase specific products and/or experience packages. They are not meant to profile a particular region or destination, but sell products in or for travel to a region or destination. As a rule Innovation Norway pays for the general-profiling aspect of such marketing efforts, while the service provider pays for the product-related part. The relative size of the general-profiling and product-related parts is determined by agreement between the parties.

The impact of Innovation Norway's marketing activities must be the subject of continuous evaluation. The Ministry of Trade and Industry will follow this up with Innovation Norway. It is also important that Innovation Norway regularly reviews how the matching principle is working and what the matching funds are being spent on.

Image-building and sales campaigns

Innovation Norway bases its marketing activities on in-depth knowledge of potential customers' preferences. This insight has been acquired through a series of Optima projects.

OPTIMA

The Optima projects aim to optimise the market strategy adopted in the selected focus areas. Greater insight into various stakeholders' preferences and needs increases the likelihood that the way Norway is marketed as a tourism destination at home and abroad actually hits the target. The information can also provide important input to destination and product development projects.

The surveys identify:

- Various categories of potential tourists to Norway
- Interest in various types of holiday in Norway
- Activities that are of interest to tourists
- The most important motivating factors for tourists
- Perceived barriers to holidaying in Norway

Furthermore, an assessment is made of Norway's attractiveness as a holiday destination compared with other countries.

General profiling and sales campaigns are consumer oriented, and address the individual tourist. The platforms used are print media, catalogues and online media, as well as visitnorway.com in a variety of language versions.

Emphasis is placed on establishing a stronger marketing collaboration between commercial Norwegian and international operations, to allow the campaigns to feature a greater number of bookable products that are tailored to the market. Apart from general profiling activities featuring partner products, sales-triggering campaign initiatives will be developed in consultation with the parties concerned. By exploiting their in-depth knowledge of sales-triggering communication, an optimal mix of general profiling and sales campaigns can be developed to generate consumer awareness and boost partner sales.

The campaigns are financed by Innovation Norway and commercial tourism companies, with general profiling campaigns being paid for by Innovation Norway and sales campaigns by the industry. That part of the profiling element which presents a specific product is paid for by the business entities concerned. That part of the sales element which includes the "Norway. Powered by nature" logo and visitnorway.com will be paid for by Innovation Norway.

Innovation Norway NOK 1 million	Overall budget for the partnership: NOK 4 million	Profiling (reasons to go): NOK 1.5 million
Avinor NOK 1 million		
Oslo Airport Gardermoen NOK 1 million		Products/sales (go): NOK 2.5 million
Norwegian NOK 1 million		

Example funding breakdown for a campaign.

This example shows how a funding partnership can result in a higher level of both general profiling and sales-triggering initiatives in a market than would be the case if the individual stakeholders operated separately.

Photo: Morten Brun/www.visitnorway.com

MEASURING THE EFFECT OF THE MARKETING EFFORT

Measuring IN's consumer-oriented campaigns and their impact on brand strength and attitudes to Norway as a destination

- Innovation Norway has commissioned Synovate to carry out surveys to measure the effect of consumer-oriented campaigns in all those markets in which substantial investments have been made.
- The objective is to measure the extent to which the campaigns help strengthen the brand of the various holiday experiences being marketed.
- The surveys also test consumers' immediate reactions to and understanding of the advertising, the connection between consumers' assessment of Norway as a tourism destination and their assessment of the various elements shown in the advert, as well as Norway's brand personality as a tourism destination.

Do the campaigns help strengthen Norway's brand identity as a destination?

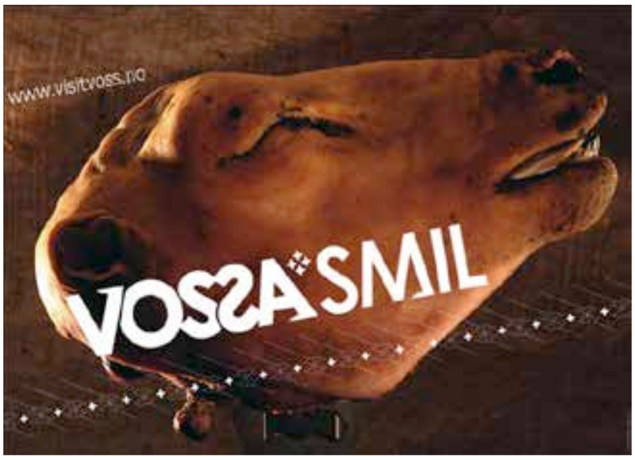
- Does the advert help to strengthen the brand?
- Vis-à-vis which target groups does the advert strengthen the brand?
- Both the maintenance and increase of brand strength must be seen as positive effects of the advert. This means that the target group is maintained, and that new groups of potential buyers have been successfully reached.

The target group for the survey comprises people who have been on holiday (abroad) in the past three years, with at least one overnight stay, and where the trip was not paid for by the individual's employer. Furthermore, they must be interested in holidaying somewhere where they can experience the natural environment and nature-based activities, and/or local cultures and customs.

The role of design in the communication of comprehensive tourism products

A great many tourism companies are located in rural areas where access to the vital raw material – Norway's spectacular natural heritage – is good. Some enterprises have also elected to develop and use design elements in their service production. We see this not least in connection with the marketing of products and destinations. Use of design elements in the development of comprehensive tourism experiences can help to clarify communication of a destination's integrated service portfolio through good visualisation of the experiences being offered.

VOSSA PROFILE



In 2009 Destinasjon Voss, in conjunction with the Norwegian Design Council, developed the new VOSSA profile. This is a brand that is not only a representation of what Voss is, it is also conceptualised and articulated in a way that makes it easy to act on. The profile is simultaneously marketable and flexible, and can exist independently as a brand in Voss. The profile has given Destinasjon Voss a new leg to stand on in its marketing of the village – it is used consistently in the marketing of major events, such as the Norwegian national skiing championship, the Landskappleiken folk music festival and the Freestyle Ski World Cup in 2013.


Photo: Terje Rakke/Nordic life/www.visitnorway.com


Photo: Terje Rakke/Nordic Life AS/www.visitnorway.com

Media tours
Innovation Norway works with the Norwegian tourism industry to attract and coordinate international media tours in Norway. Such tours provide good results in the form of articles and media coverage of Norway as a tourism destination, and of specific destinations, in well-reputed international newspapers, magazines, radio and television programmes, as well as online. Media tours can be organised as a group visit to Norway, or by coordinating itineraries and facilitating interviewees for individual media representatives. International media relations are supported by means of press conferences and the distribution of press releases. A report detailing the results of these activities is prepared annually.

Cultivating international media relations is important for the Norwegian tourism industry. This is an area that will be prioritised, with initiatives emphasising the brand strategy and communications concept for Norway as a tourism destination.

Major events
Major events such as the Nordic World Ski Championships and the Eurovision Song Contest cause many people to become interested in Norway. A large number of foreign journalists are always in attendance at major events with an international profile. These journalists are not only concerned about the event they are there to cover, but are also keen to produce reports on the host country and its distinctive features that they feel will have entertainment value back home.

Both event organisers and the tourism industry should be aware of how major events can be used to promote Norway as a tourism destination. Events are a good opportunity to inform foreign audiences, who are potential tourists, about Norway.

Visitnorway.com and BookNorway
In recent years visitnorway.com has trebled the amount of traffic it receives, and has won a number of awards for both contents and design. User satisfaction and industry satisfaction have risen significantly to 86 per cent and 79 per cent respectively. Repeat visits have risen by 9 per cent, which shows that tourists are increasingly coming back. Around 55 per cent of the traffic comes from search engines like Google.

To capitalise on this it is essential that efforts continue to improve the user experience and the quality of the contents, functionality and design.

BookNorway enables tourists to book and pay for Norwegian tourism products in one place. Developments to visitnorway.com should therefore be designed to stimulate sales through BookNorway.

Experience show that tourists come to visitnorway.com primarily to seek inspiration and get answers to specific questions, not to make bookings. The public's need for information and answers to their questions is growing, also through new channels such as mobile phones, tablets and social media. These channels afford marketing and sales opportunities that must also be developed.

Now that BookNorway is implemented at visitnorway.com, Innovation Norway's efforts with the website will largely focus on measures to increase the volume of relevant, qualified traffic being sluiced into the booking solution.

To achieve a sufficient volume of bookings it is necessary that BookNorway obtains a critical mass of content that is not marketed in one place anywhere else. In particular, it must include accommodation such as holiday cottages and apartments, campsites, youth hostels, independent hotels and activities and experiences. It is also important that BookNorway is available in all the same relevant language versions as visitnorway.com. Relevant languages in this context means languages used in those markets where online booking is an important or potentially important purchasing channel for consumers.

The purchasing cycle in the holiday and leisure market is long, often two to three months or more. Visitnorway.com and BookNorway must jointly develop solutions that ensure tourists choose to book through BookNorway and do not end up using visitnorway.com for planning, while the actual trip is purchased through channels other than BookNorway. It is therefore important that BookNorway can offer the best prices to the consumer.

All sales through BookNorway can be measured, which can be used to show how suitable visitnorway.com is as a channel for sales through BookNorway. The website as a whole is measured in the same way as all other marketing communications, so the results are comparable with respect to the effect it has on the desire to travel.

Based on previous figures for developments in recent years we can expect annual traffic growth of 20–25 per cent, and a rise in the number of page views of around 30–40 per cent, i.e. 14.5 million visits in 2012 and 18 million in 2013.

Product packaging

Potential visitors are increasingly demanding a comprehensive portfolio of tourism services. In response, the industry must improve its ability to offer attractive package solutions to visitors, and present them more fully in connection with both sales and marketing. The fact that the tourism industry is made up of many, small entities with a variety of ownership interests is an obstacle to the coordination of the various product elements.

The travel distribution sector generates revenues for the tourism industry, both in Norway and abroad. Segments of the sector specialise in the distribution of travel services in the domestic market, while other segments specialise in sending Norwegian tourists out of the country. Foreign travel agencies, tour operators and incoming travel operators play a significant role with regard to foreigners' travel to and holidays in Norway.

INCOMING OPERATOR/TOUR OPERATOR

An incoming operator is an enterprise that packages Norwegian tourism products for onward sale to foreign tour operators. Tumlare Corporation AS is an example of an incoming tour operator. Tumlare Corporation AS organises tours to Norway from abroad. They specialise in group and themed tours, and conferences.

It is interesting to examine which product packages are the most attractive, and how these have succeeded internationally, in order to establish a set of best-practices that can be used in the development of comparable packages and collaborative solutions.

7.2.1 Use of existing awards when marketing Norway

In recent years Norwegian destinations have been featured in many different international magazines, and have won several prestigious international awards. This has helped to raise awareness of Norway as an attractive destination for tourists, and is increasingly being used as part of the country's international profiling effort.

A SELECTION OF INTERNATIONAL AWARDS THAT INNOVATION NORWAY AND THE NORWEGIAN TOURISM INDUSTRY HAVE WON IN RECENT YEARS:

- National Geographic has chosen Norway (including the Norwegian fjords) the world's best destination three times
- Lonely Planet (Blue List, etc)
- Norway – Best ecological travel destination (Travel Weekly, China 2011)
- Norway – Best ski destination (National Geographic Traveller Awards 2011)
- Norway – Best country in which to experience the Northern Lights (FODORS 2011)
- Norway – Second best European adventure destination (The Sunday Times Travel Readers' Awards 2011)
- Scandinavian Tourism Board – Best MICE destination (2011 Gold List Award of China Tourism)
- Røros – Best Destination Award (Virgin Holidays Responsible Tourism Award 2011)
- Tromsø – Top Cruise Destination 2012 (Frommers 2011)
- Tromsø – Best destination in which to experience the Northern Lights (FODORS 2011)
- Preikestolen (Pulpit Rock) – One of the world's ten most spectacular viewing points (Lonely Planet 2011)
- Preikestolen (Pulpit Rock) – No. 1 of the Top 50 Natural Wonders – The Ultimate List of Scenic Splendor (CNN International 2011)
- Geiranger and Nærøyfjord – No. 10 of the Top 50 Natural Wonders – The Ultimate List of Scenic Splendor (CNN International 2011)
- Visitnorway.com – Best website 2010 (HSMAI 2010)
- Visitnorway.fr – Best website – Le trophee de l'e-tourisme 2010

Several Norwegian natural and cultural heritage sites, including individual buildings and collections of buildings, have been included in international lists of places with distinctive qualities that both can and should be used for tourism purposes.

World Heritage: As at July 2010 UNESCO's list of places (both natural and cultural) that are of particular significance to humanity comprised 890 sites, of which 689 were cultural heritage sites, 176 natural heritage sites and 25 a mixture of the two. To be included as a World Heritage site, an area must represent a unique cultural or natural environment that can say something about human history or the history of the Earth.

World Heritage sites included in UNESCO's list must be preserved. UNESCO's World Heritage list is the most widespread environment protection agreement in the world. World Heritage sites are attractive travel destinations. Increased awareness and knowledge of an area's history and development inspires tourists who are interested in nature, culture and history to want to visit it.

Norway has six World Heritage sites and four points on the Struve Geodetic Arc. One of the sites, the West Norwegian Fjords, covers an area encompassing three counties and six local authorities. Bryggen in Bergen and Urnes Stave Church were the first Norwegian sites to be included in the World Heritage list, both in 1979. The latest additions, the West Norwegian Fjords and the Stuve Geodetic Arc, were included in 2005. Several Norwegian locations have been placed on the tentative list, and are currently being evaluated.

Struve Geodetic Arc was the first techno-scientific cultural object to be included in UNESCO's World Heritage List. The Geodetic Arc was the first large-scale scientific survey carried out in Europe, and was undertaken in the period 1816–1852 to finally determine the Earth's size and shape. UNESCO's decision involves the preservation of 34 points stretching from Hammerfest to the Black Sea, and passes through 10 countries. All the points are marked in some form or another: a hole drilled into the rock, an iron bolt, a scree of stones (originally a cairn) or an obelisk.

Rock art in Alta is special because the petroglyphs and paintings are so varied. There are more than 5,000 different figures. The most characteristic images are of animals, particularly reindeer and elk. They are located in five areas at the head of the Alta Fjord: Hjemmeluft, Kåfjord, Storsteinen, Amtmannsnes and Transfarelv.

The Vega Archipelago on the Helgeland coast is the first cultivated landscape area in Norway to be included in the World Heritage list. The 1,037 km2 area is an open cultivated landscape comprising about 6,500 islands, islets and skerries, 59 of which have been inhabited. The Vega Archipelago has been a location for hunting and fishing for the past 10,000 years. After the first settlers came to the islands, the cultivated landscape was formed through the interaction of fishermen/farmers and an inhospitable, but rich natural environment. Eiderdown production has been a commercial venture pursued by women, and the archipelago's inclusion in the World Heritage list is a tribute to their efforts.


Photo: © Lofotr Vikingmuseum

Photo: Andrea Giubelli/www.visitnorway.com

Source: www.verdensarvenialta.no/

Røros Mining Town is a unique town, located high on a mountain plateau that has been strongly influenced by 333 years of mining operations and urban agriculture. Røros has preserved much of its original flavour, with a street pattern laid out in the 17th century and wooden buildings from the 18th and 19th centuries. In 2010 the area surrounding the mining town – the so-called Circumference – was also included in the World Heritage list.

West Norwegian Fjords comprise the two areas covering Geiranger Fjord and Nærøy Fjord. The areas cover 1,227 km2, of which 107 km2 is water. The two fjords are considered by scientists to be classic examples of this type of landscape. With immense differences in height and short distances between sea and mountain top, the areas' biodiversity is considerable. Neither area has suffered from major technical intervention, and the natural processes linked to the formation and development of fjords has not been affected by human activity.

Urnes Stave Church is unique among the remaining 28 stave churches in Norway, from an architectural and art history point of view, and as a source of knowledge. Urnes Stave Church was built during the second half of the 12th century, and is one of the oldest and best preserved stave churches. It is an example of exquisite craftsmanship, and features exceptionally fine wood carvings. The church's interior is particularly richly decorated. Urnes Stave Church was built in a pure Romanesque style, with arched columns and embellishments developed in early 12th century Europe. The style is fully developed in Urnes Stave Church, but has been adapted to the Norwegian tradition of hand-crafted wooden buildings.

Bryggen in Bergen, with its traditional wooden buildings, was a lively centre for international trade in the Middle Ages. Bryggen is the only trading station outside the Hanseatic League to have preserved its original structure within the main city-centre landscape. Bergen was founded in the 11th century, and is considered to be one of the oldest major trading ports in Northern Europe. The characteristic rows of houses, whose gable-ends face the sea, are an example of a kind of architecture that has existed for almost 900 years. The buildings of Bryggen were built in parallel rows at 90 degrees to the quayside, on one or both sides of a shared passageway. This layout has lasted since the Middle Ages. The buildings housed both living quarters, offices and warehouses for an international trade in dried fish.

7.3 Coordination between marketing activities and the sales organisation

It is important that the overall effort currently being undertaken to sell Norway as a tourism destination abroad is well coordinated with the marketing partnership led by Innovation Norway.

Norwegian incoming operators sell trips to Norway to agents abroad. Several of these operators have salespeople stationed abroad, who have an extensive network of contacts with tour operators and travel agencies. The potential for mobilising and coordinating this sales organisation more effectively with the existing marketing activities being implemented by Innovation Norway has not yet been fully exploited.

The sales organisation comprises major producers, tour operators, travel agencies, incentive agencies/PCOs (Professional Congress Organisers), etc. Awareness of and the level of attention paid to this part of the value chain could be increased. It is desirable that more entities "sell" Norway abroad.

Each year Innovation Norway works to build relations with over 1,000 international tour operators that sell Norway. This is undertaken through sales visits and the provision of training for tour operators' staff. A number of workshops are also held, which provide an opportunity for tourism service providers to meet tour operators. In connection with the Norwegian Travel Workshop (NTW) a number of inspection tours are arranged nationwide for those tour operators taking part.

To improve coordination of the sales effort an overview should initially be drawn up of the parties involved, how they work, what subcategories/business models exist, what would simplify their sales efforts, which products they need and what they experience as the greatest obstacles to increasing sales of Norway. These are issues which must be examined in order to increase sales of trips to Norway and ensure that a larger proportion of the products, destinations and services offered by the Norwegian tourism industry are sold in international markets.

7.4 Measures to improve the marketing and sale of Norway as a tourism destination

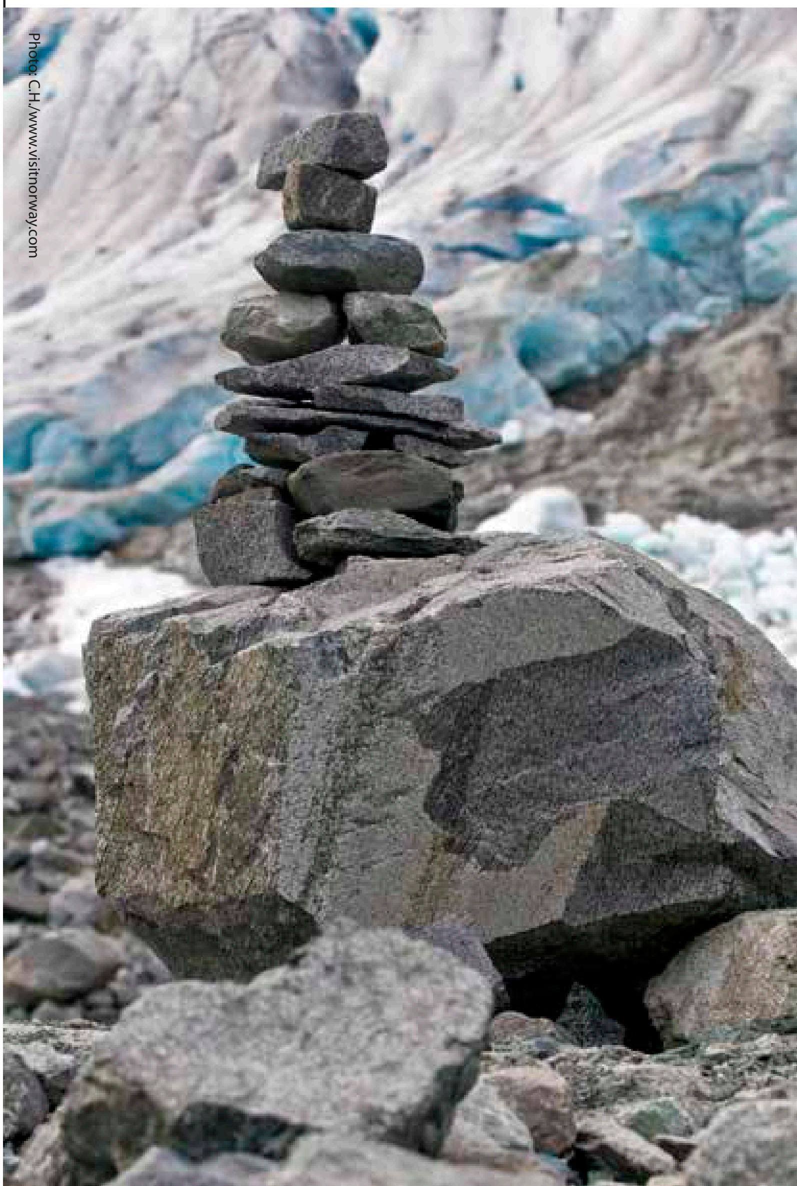
A complete overview of the measures the government is proposing in this area is presented below.

- Continue the collaboration between the Ministry of Foreign Affairs and Innovation Norway to strengthen Norway's international reputation.
- Use design elements to reinforce the presentation of destinations as unified entities.
- Develop versions of the BookNorway booking solution in all the same relevant languages that visitnorway.com is available in.
- Expand BookNorway's contents to include more products and services, including comprehensive packages.
- Make better use of tourism-related awards and Norway's other natural and cultural advantages in international marketing activities.
- Strengthen the distribution of the comprehensive product packages that are available, and promote the development of additional packages.
- In conjunction with the industry develop an action plan to improve coordination between the sales and distribution side and activities to market Norway as a tourism destination.
- Include incoming operators in the development of the new action plan.
- Evaluate Innovation Norway's marketing activities.
- Ensure that the impact on sales of the marketing effort is evaluated at regular intervals.
- Use the industry's own experience in the development of marketing strategies.

Published by:
Ministry of Trade and Industry

Public institutions may order additional copies from:
Norwegian Government Administration Services
Distribution Services
Internet: www.publikasjoner.dep.no
E-mail: publikasjonsbestilling@dss.dep.no
Telephone: + 47 22 24 20 00

Publication number: K-0720 E
Design: Melkeveien Designkontor AS
Front cover photo: C.H./www.visitnorway.com
Print: Government Administration Services
06/2012 - Impression 200



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