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"Linking products, industries and place"
- synergy effects from the interaction of tourism and
other local industries in Lofoten and Hardanger

by

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Image av norske reisemål

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Abstract

The overall theme of this working paper is how businesses within all industries in a region can make use of characteristics and special resources at their location to increase their long-term profit. The more specific topic focused on is what role tourism can play in other local industries' origin strategies. On the basis of a qualitative study in Lofoten and Hardanger, different synergy effects from the interaction of tourism and other local industries are categorised and exemplified. If, for instance, local food industries offer tourist products based on existing buildings, competence etc., product synergy may be a result. By market synergy is meant an increase in the customer base for for instance the local food industries. Marketing synergy is used as a concept that includes both the marketing effects of tourists visiting and tasting products, and joint advertising of the place. Further, tourism can be regarded important as a means to develop and strengthen the whole local society and tourists can be considered important since they are a part of a larger public opinion. The paper closes by relating the synergy effects to regional resources found in studies on regional innovation systems and to a common identity based on the nature, culture and history of the place.

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Preface and acknowledgement

In this working paper an ongoing analysis of business strategies in Lofoten and Hardanger will be presented. It is based on papers presented at the 3rd European Urban and Regional Studies Conference' at Voss, 14.-17. September 2000, and on a workshop arranged by MOST CCPP¹ in Joensuu, Finland 15.-19. november 2000. This work is a part of a larger research project at SNF/NHH regarding country image (Hvordan bygge effektive images av norske reisemål), financed by a program for tourism research in the Research Council of Norway. It is further related to a research project on use of country image and origin marketing in fish export (also financed by the Norwegian Research Council). Both these projects are lead by Ingeborg Kleppe, and I am grateful for her comments on earlier drafts of this working paper.

¹ The 'Circumpolar Coping Processes Project' (CCPP), within UNESCOs program for social science research 'Management of Social Transformations' (MOST)

1. Introduction

One trend in the age of globalisation is an increasing interest in local traditions and heritage. Heritage is widely used in shaping place images intended to further the economic goals of place management authority at all spatial scales, to attract residents and firms (Graham, Ashworth et al. 2000). Place marketing is also of interest in this respect, e.g. (Kotler, Haider et al. 1993). The place and its resources can further be used for economic development related to product differentiation and marketing, and here literature related to origin marketing is of interest, e.g. (Bilkey and Nes 1982; Erickson, Johansson et al. 1984; Whitelock and Sequeira 1991; MAHESWARAN 1994; Harris 1997; Iversen 1999). The recent situation in European agriculture has accelerated the concern about safe and traceable food, and together with the focus on traditions, heritage and origin, this may create new niche opportunities for local food industries. We find several examples of linking of food and place in Europe. Within EU it is possible to apply for PDOs and PGIs (protected designation of origin and protected designation of geographical indication). Culinary Heritage is also a project within EU/EEA-countries, and 'Origin Denominators' are examples of differentiating food and beverage products in Spain. In other words, there is a growing interest in what Ilbery and Kneafsey label 'authentic', 'traditional', 'wholesome' and 'traceable' food (Ilbery and Kneafsey 1998; Ilbery and Kneafsey 2000). Such changes in the market may represent an interesting possibility for product development within the food industries in rural regions also in Norway (Nygard and Storstad 1998).

The place and its natural resources, image, traditions and culture make up a basis for the tourist product. Also modern industrial actors especially within food industries might directly or indirectly make up an important part of the tourist product. These industries might for instance offer tourist attractions like fishing trips and garden visits, and/or make up an important part of the cultural landscape, the identity and the history of a place. In other words, tourism is often based on other viable local industries. However, with origin marketing as a starting point, the food industries might also depend on, and profit from, the tourist industry. On the basis of a qualitative study in Lofoten and

Hardanger, two of the most well-known rural regions and tourist destinations in Norway, the following research questions will be posed:

What kind of synergy effects² do business agents in Lofoten and Hardanger see in linking tourism and other local industries?

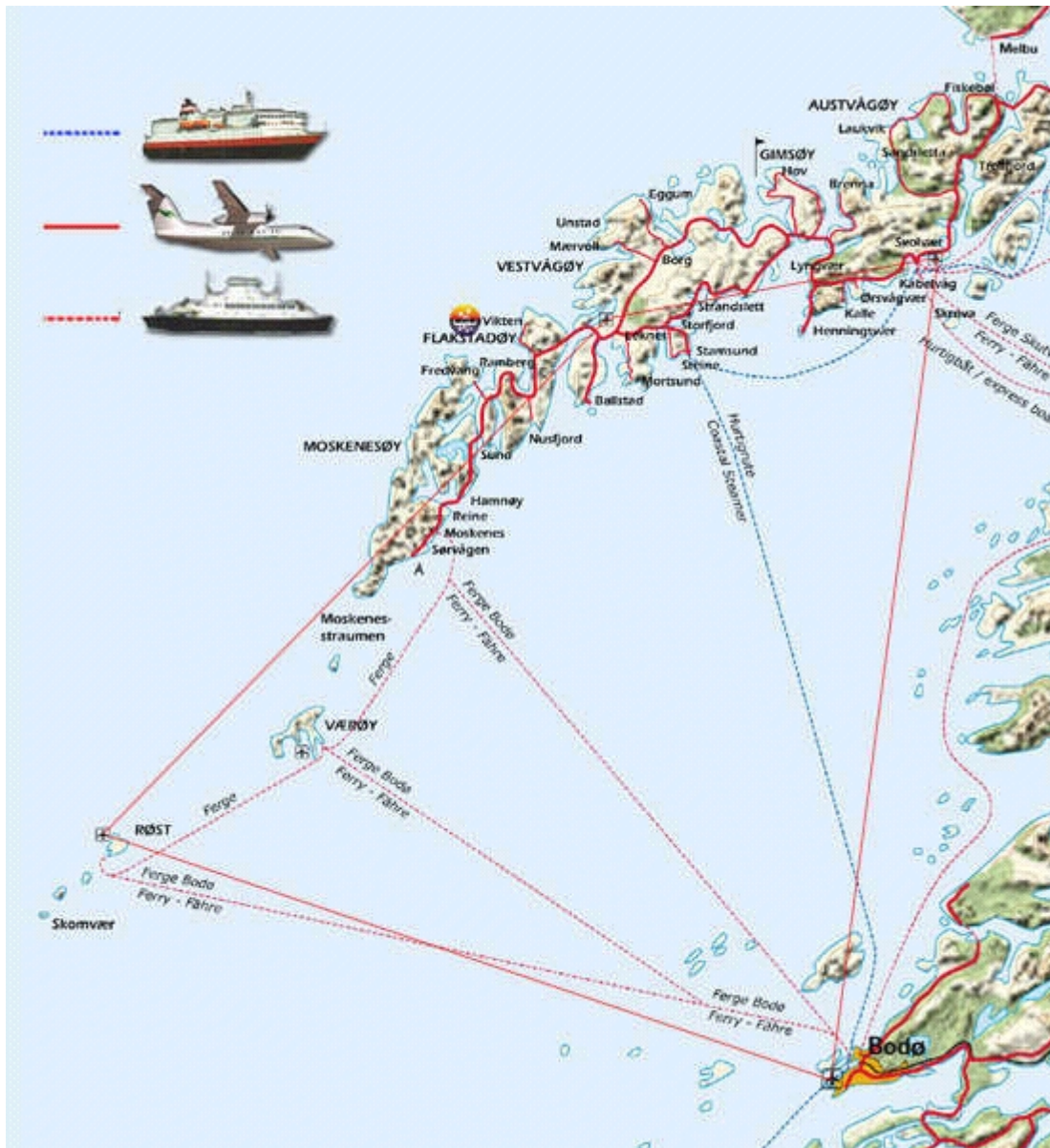
What regional resources are these synergy effects based on?

An important cue here is national and international exposition of the place. The nature and culture in both Lofoten and Hardanger have inspired different artists for centuries. Lofoten is famous for its mountainous islands, the rough ocean and the storied catch of spawning cod in the Lofot fisheries, which have exerted a pull on fishermen and fish buyers along the Norwegian coast for hundreds of years. The long tradition of exporting stockfish has put Lofoten on the world map, especially in the present most important market, Italy. British lords visited Hardanger already around 1900. Hardanger is now, as it was then, associated with the fiord, snow-capped mountains and fruit farming. The stockfish and fruit farming industries are dependent on quite unique or rare Norwegian climatic conditions, and both industries represent an important part of their regions' image.

The majority of businesses (including fishermen and farmers) in both Lofoten and Hardanger are small, and therefore hold relatively limited resources for marketing and product development. They are located in sparsely populated areas. However, they are increasingly facing competition both on the national and international market. Cooperation between local firms and industries may be a way to join forces to meet these challenges. Successful product development and marketing in both tourism and other industries may also compensate for some of the decline in employment within primary industries like fisheries and farming.

² The concept synergism originates from the Greek word *synergos*, meaning working together. Synergism is in dictionaries defined as the simultaneous action of separate agencies that, together, have greater total effect than the sum of their individual effects.

2. Description of the two regions



Picture 1 Map of Lofoten

Lofoten is an archipelago north of the Arctic Circle covering 1 227 sq. km, with about 24 500 inhabitants distributed on six municipalities. The islands are mountainous, and make up what is often described as the "Lofoten Wall", seen from the mainland on the other side of the Vestfjord. The whole Lofoten region has fisheries or related activities

as main sources of income. Vestvågøy and Vågan, the municipalities in which I have conducted interviews, are the largest in Lofoten, and represent 80 % of the population. They also contain the most diversified business activities, including a supply industry to the fisheries and the farming industry.



Picture 2 Map of Hardanger

The area defined as Hardanger, 6 099 sq. km, is surrounding the Hardangerfjord east of Bergen and has the same number of inhabitants as Lofoten, about 24 500, distributed on seven municipalities. The uninhabited mountain plateau Hardangervidda, makes up a substantial part of the total area. Around 50% of the total population in Hardanger is found within Ullensvang and Kvam - the two municipalities in which I conducted the interviews. The fruit industry is important for some of the municipalities in the inner parts of Hardanger, and Ullensvang has fruit farming and tourism as a main basis. Kvam is located in outer Hardanger, with its centre of population about one hour's drive from Bergen. Kvam has a diverse industrial base (metallurgical industry, ship building industry, furniture and other small scale manufacturing industries, farming, tourism, trade and fish farming).

The number of inhabitants in both Lofoten and Hardanger decreased from 1980 to 1990, but seems to have stabilised during the last decade:

Table 1 Number of inhabitants Lofoten and Hardanger from 1980-1998

Year	Inhabitants Lofoten	Inhabitants Hardanger
1980	26378	25595
1990	24471	24400
1998	24335	24621

(Source SSB, Statistics Norway)

There is, however, different development within the regions and within the municipalities (for instance a decline in the inner parts of Hardanger).

The tourist industry

Hardanger has long traditions for tourism, while Lofoten has experienced its main growth as a tourist destination the last decades, with the so-called 'Rorbu' vacation. The fish buyers – 'væreiere', owned most of the land, buildings and necessary equipment needed at the fishing stations from the 19th century and onwards (Mariussen, Karlsen et al. 1996), and rented out cabins and rooms to the fishermen. About 35-40 000 men lived like this during the fishery season in the 1920's and 1930's. However, as the number of

fishermen decreased (3 000-4 000 participate today) and they got covered boats, the cabins were left empty. The last 10-20 years, many of the present owners (usually family businesses descending from the earlier fish buyers) have restored and rented out the fishermen's cabins to tourists, an idea that has turned out to be a great success. As a result, 3-400 fishermen's cabins are offered today, of these 100 are completely newbuilt.

In table 2 we present a picture of the present tourist industry in Hardanger and Lofoten based on the official statistics covering guest nights at hotels and camping sites.

Table 2 Official statistics of guest nights at hotels and camping sites in Hardanger and Lofoten 1998/1999

Guest nights 1998	Hardanger		Lofoten		Total Norway	
	Number	Nations, %	Number	Nations, %	Number	Nations, %
Hotels a)	210 075	Norweg. 61 Germans 14 Britons 8	121 503	Norweg. 62 Germans 15 Swedes 4.5 Italians 4.5	16 420 700	Norweg. 68.5 Germans 5.9 Danes 5.2 Swedes 4.1 Britons 3.2
Camping sites b)	155 606	Norweg. 31 Germans 31 Netherl. 12	c) 118 868	c) Norweg. 45 c) Germans 26 c) Swedes 6.5 c) Netherl. 4	7 263 246	Norweg. 68 Germans 12.5 Swedes 4.7 Netherl. 4.7
Total	365 681		240 371		23 683 946	

a) All hotels and similar establishments with 20 beds or more

b) Camping sites with at least 8 rooms in cottages and houses, or 50 or more places for camping caravans

c) Data from 1999

The proportion of Norwegian visitors staying in the hotels in Hardanger and Lofoten is just below the national average, while there is a considerably higher number of foreign camping tourists in these regions than in Norway as a whole. The Germans represent the largest guest group at both hotels and camping sites in Hardanger and Lofoten with proportions well above the national average. Compared to the national average, there are more Britons in the hotels in Hardanger, and more Italians in the hotels in Lofoten.

In 1998, 52 per cent of the guest nights in Norwegian hotels were related to holidays or leisure, compared to 75% in Hardanger and 67% in Lofoten. There are especially few

individual business travellers in Hardanger and Lofoten, compared to what is seen in the cities and the eastern part of Norway.

Turbulent fisheries in Lofoten

There has been a considerable reduction in the number of fishermen in Lofoten during the whole period. In 1976, 1 985 fishermen were registered in the public records, in 1998, this number was reduced to 1 332 (Hauge 2000). There has also been a restructuring of the industry, with a concentration on fewer, but larger boats. In 1990, the industry experienced the so-called cod-crisis, where the catch was dramatically reduced, see table 3. This represented a serious challenge for the fishery dependent local society. However, the stock and the catch have increased again the last decade.

Table 3 Development within fisheries in Lofoten 1980-1998

Year	Fish landings Lofoten	Value of Fish landings Lofoten	Price per 1000 kg	Employed in fish processing industry Lofoten
1980	96 627	614 786	6 362	1 179
1990	47 814	448 604	9 382	577
1995	126 032	888 636	7 051	(1994) 715
1998	105 708	975 525	9 228	860

Source (Hauge 2000).

The fisheries in Lofoten have always been characterised by great fluctuations, and both fishermen, fish industry and households in Lofoten have been forced to cope with these variations. Stability is quite simply not the normal situation in Lofoten (Mariussen 1994).

Development in the fruit industry in Ullensvang

The total production of fruit and cherries in Ullensvang (the biggest fruit farming municipality of Hardanger) was about 6250 tons in 1963, 7930 tons in 1978, while the present average production is about 4500 tons (Source: Ullensvang Municipality). There have been two strategies – either to specialise and increase the amount of fruit farmed, or to continue as a part-time fruit farmer. The whole family (wife, husband and children) were usually engaged in the work earlier. Now the wife, or the husband, or both usually

hold other jobs in addition to the fruit farming. Typically, women work within public services, and men work in some of the nearby metallurgical or other industries. Some farms offer accommodation for tourists to add to the income of fruit farming. As a result the number of farms and the man-years in the fruit farming industry have decreased more than the production.

Regional policy plans

The possible benefit of tourism for other local industries is more explicitly mentioned in the regional policies for Nordland county (including Lofoten) than for Hordaland (including Hardanger). However, the plans for tourism in both regions include tourist projects related to important local industries. The plan for tourism in Nordland county (including Lofoten) lists eight areas of focus for the period, one of which is to create stronger alliances between tourism and other sectors in the county:

‘Some of the elements that can contribute to the development of good and unique tourist products in Nordland, will be found outside the traditional tourist sector. Culture, agriculture, fisheries, trade, recreation, ethnic organisation related to the Sami population, and last but not least the transport sector, are important elements here. The goal is to strengthen both product development and marketing, and to develop tourist products that are of reciprocal use for the different industries’ (Nordland-Fylkeskommune 1998:40).

In a strategic plan for the whole of northern Norway, developed by the Ministry of Local Government and Regional Development in 1996, one strategy is to increase profitability in the tourist industry by place development and coastal culture:

‘Development of places will lead to comprehensive tourist products and attractive places based on local culture, identity and important local industries’ (<http://simba-s.online.no/kad/publ/naeringsstrat/kap4.html>).

In spite of the implementation of the concept 'coastal culture' in many plans, there have been few successful practical co-operation projects between fisheries and tourism:

'No broader actions to exploit the potential for fisheries in tourism have taken place, but established tourism, for instance in Lofoten, can be characterised as founded on fisheries as the basis for settlement and culture' (Kommunal-og-regionaldepartementet 1999).

In the plan for the tourist industry in Hordaland for the period 1988-2002 (Hordaland-Fylkeskommune 1998), one of the strategies is to develop specific tourist products within the county, like the 'Vestnorsk Fruktsenter' (fruit centre of western Norway). Also in Lofoten, measures in the plans have resulted in existing projects, for instance the joint marketing organisation 'Tørrfisknæringens markedsutviklingsselskap' (The Norwegian Marketing Company of Stockfish Ltd.), see chapter 5. However, regional policy plans are not enough to secure co-operation between industries. It seems like each economic actor must spot a real economic profit to engage in the interaction. The question is: 'what's in it for me?'

3. Industrial districts, clusters and regional innovation systems

The concept *industrial district* is focusing on the social nature of production systems within related industries (Bellandi 1989). An industrial district can be defined as 'a socio-territorial entity which is characterised by the active presence of both a community of people and a population of firms in one naturally and historically bounded area'. In industrial districts, community and firms tend to merge (Becattini 1990:38).

An ever-increasing problem of placing its surplus on the external market, requires the development of a permanent network of links between the district and its suppliers and clients. These outward linkages are an important part of the place's resource base. Towards its market, there must be an 'image' of the district that is separated both from

that of the single firms that belong to it, and from that of the other districts. That is, there must be something behind the unifying symbol which is truly relevant for choice (Becattini 1990). The firms of an industrial district belong mainly to the same 'industrial branch', but this term must be defined in an especially broad sense. If a deep merging of productive activities and the daily life of the district is to occur, it is necessary that the branch is comprehensive enough to provide job opportunities to all sections of the population, or that the district is adequately multi-sectoral.

A related concept is *cluster*. Porter uses this concept both to describe a network of companies across distances, and in geographical terms. In an article from 2000, Porter defines clusters as 'geographic concentrations of interconnected firms, specialised suppliers, service providers, firms in related industries, and associated institutions in a particular field that compete but also co-operate' (Porter 2000). Cluster theory suggests that much of the competitive advantage can be found outside firms and even outside their industries, residing instead in the locations at which their business units are based. The health of the cluster is therefore important to the health of the firm. Clusters affect competition by increasing the current productivity (including complementary products or marketing), by increasing the cluster participants' capacity for innovation and productivity growth, and by stimulating new business formation (Porter 2000).

One way of viewing synergy effects between tourism and food industries, is to relate them to innovations within an industrial district or cluster. A general trend in innovation policy since around 1980 includes a broader perception of what innovation means, a greater focus on SMEs, and an increased focus on the regional dimension in the innovation policy. The increased focus on regional innovation is explained by the focus on innovation in industrial development, on the large differences between the various regions' innovation barriers and, last, but not least, that innovation is regarded partly as a territorial phenomenon. Innovative activity is stimulated by local co-operation between actors and resources that are locally embedded.

In a study of 10 small regional clusters in Norway, several important regional resources encouraging innovation were found (Isaksen, Asheim et al. 1999):

1. Specialised labour market
2. System of suppliers
3. Different combinations of various kinds of competence
4. Learning processes and spill-over effects
5. Co-operative spirit and innovative attitudes
6. Formal institutions
7. Presence of important customers and users

From the viewpoint of one single firm, the most relevant network is the set of organisations with which it has direct connection, like suppliers, customers and competitors. However, tourism and other local industries may function as one innovation system, and achieve synergy effects from interaction. The tourist-, food- and other local industries in Lofoten and Hardanger make use of several of the common resources listed above. This will be exemplified in chapter 5 and 6.

Most network models deal, implicitly, with strong ties, thus confining their applicability to small, well-defined groups. In contrast, Granovetter emphasises the weak ties. He defines the strength of a tie as a combination of the amount of time, the emotional intensity, the intimacy and the reciprocal services which characterize the tie (Granovetter 1973:1361). Further he uses the concept of a 'bridge', that is a line in a network which provides a path between two points in different networks. All bridges are defined as weak ties (if they were strong, the two parts would have been part of the same network). Whatever is to be diffused can reach a larger number of people, and travels a greater social distance, when passed through weak ties rather than strong. For a community to have many weak ties which bridge between different small groups, it must therefore have several distinct ways or contexts in which people may form such ties (Granovetter 1973). Crosscutting experiences provide a level of information and sensitivity that is vital when co-ordinated action is on the agenda. This exposure makes each participant a supplier of new ideas and solutions.

4. Categorisation of synergy effects

Synergy effects between tourism and other local industries can be categorised as illustrated in figure 1.

If for instance local food industries offer tourist products based on existing buildings, competence etc., PRODUCT SYNERGY may be a result. The resource base can be the basis for offering a better tourist product and/or produce it at lower costs.

By MARKET SYNERGY is meant an increase in the customer base for the local food industries. The market synergy includes the sale of food or other products to the tourists directly or through local stores, restaurants or hotels. Tourists may for instance add to the market for processed niche products to such a degree that it may become economically interesting.

This may also result in product development in the tourist industry. For instance, Italian tourists expect to find stockfish for sale in Lofoten, and the image of fruit farming in Hardanger is strengthened by the opportunity to buy fresh and relatively low-priced sweet cherries along the road.

MARKETING SYNERGY is used as a concept that includes both the marketing effects of tourists visiting and tasting products, and joint advertising of the place.

Exposing food or other local products to tourists may increase the awareness of the product, which again may change the attitude towards the product. This can have two effects. First, it may influence the purchase behaviour of the tourist himself. Hallberg shows through empirical studies in Sweden that tourism may lead to changes in attitudes and purchase behaviour regarding products from this country (Hallberg 1999). Second, it may influence the purchase behaviour of others through the tourist's role as an opinion leader. Word of mouth is recognised as one of the most influential channels of marketing.

Marketing synergy may also be a result of making use of the different industries' common links to the region in joint marketing of place, tourism and other products. Stereotype images of countries and their products simplify consumers' evaluations (Whitelock and Sequeira 1991).

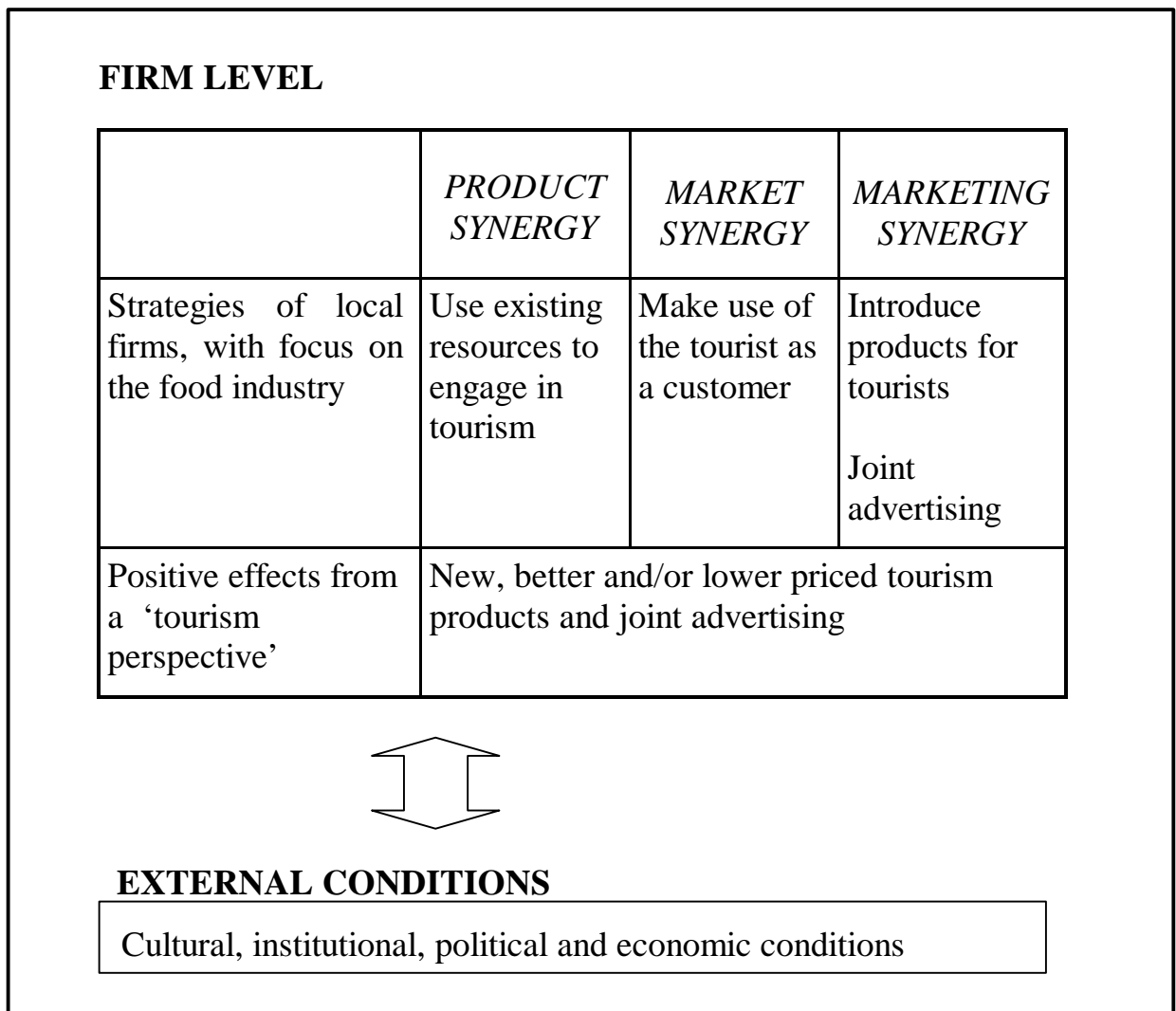


Figure 1 Categorisation of synergy effects between tourism and other local industries.

Even if food industries do not see any direct benefit from strengthening the tourist industry, tourism is by some regarded important as a means of developing and

strengthening the whole local society. This may in turn have positive effects for the other local industries. A strong tourist industry will for instance increase the number and diversity of available jobs in the region, and make it possible to offer more services to the local population. In turn, this may render it easier for other local industries to recruit skilled people.

Tourists can also be considered important since they are a part of a larger public opinion, and a positive image is needed to secure good external conditions for other local industries.

We will first show some examples of co-operation or co-ordination between tourism and fisheries in Lofoten, and then between tourism and other local industries in Hardanger. This is based on about 40 qualitative interviews with actors within tourism, the food industry and other important local industries in Lofoten and Hardanger, and regional organisations both within and across industries. We will focus on two municipalities in each region. In Lofoten, Vågan and Vestvågøy have been chosen, since they comprise 80% of the inhabitants and the most diverse industrial base. In Hardanger, we have chosen one municipality in the inner part, dependent on fruit farming and tourism – Ullensvang, and one municipality in the outer part, with a more diversified industrial structure – Kvam.

5. Examples of synergy effects in Lofoten

Use of existing resources to run tourist business (product synergy)

In Lofoten you find several tourist establishments built up by one of the old traditional firms producing stockfish and salted fish. One of them has restored and rents out about 30 fishermen's cabins. The old country store is used as a hotel reception, and the fish restaurant is located in the old boathouse. Italians made up nearly 9% of their customers in 1999, and represented the largest foreign group of customers. The owner relates this to the stockfish industry:

We are probably the overnight stop that has most Italians – 450 Italians are staying here every year. They are interested in stockfish, and they get to buy stockfish to bring back home. Also, occasionally I take them to the stockfish loft where the stockfish is classified.

The manager of the tourist business within this firm sees a useful synergy effect in marketing when acting in both industries. As he says:

We have a lot of Italian customers. And that is related to the export of stockfish to Italy. We kill two birds with one stone, we go down to Italy together, the manager of the fish industry sells stockfish, I sell tourism, and we visit tour operators etc.

Another example of product synergy is that fishermen offer guided fishing trips for tourists in the summer, which is their low season.

Tourists increase the customer base for other industries (market synergy)

In Lofoten, you find small packages of stockfish sold to tourists, and even though the main quantity of fish is sold elsewhere, sale of fish to restaurants and fishmongers in the tourist season can be an interesting business. Within the brand ‘Norsk Gardsmat’ (Norwegian farm food), we find examples of niche production of food combined with arranging visits for tourists at farms in Lofoten.

Products and industries presented to tourists, and joint marketing of place (marketing synergy)

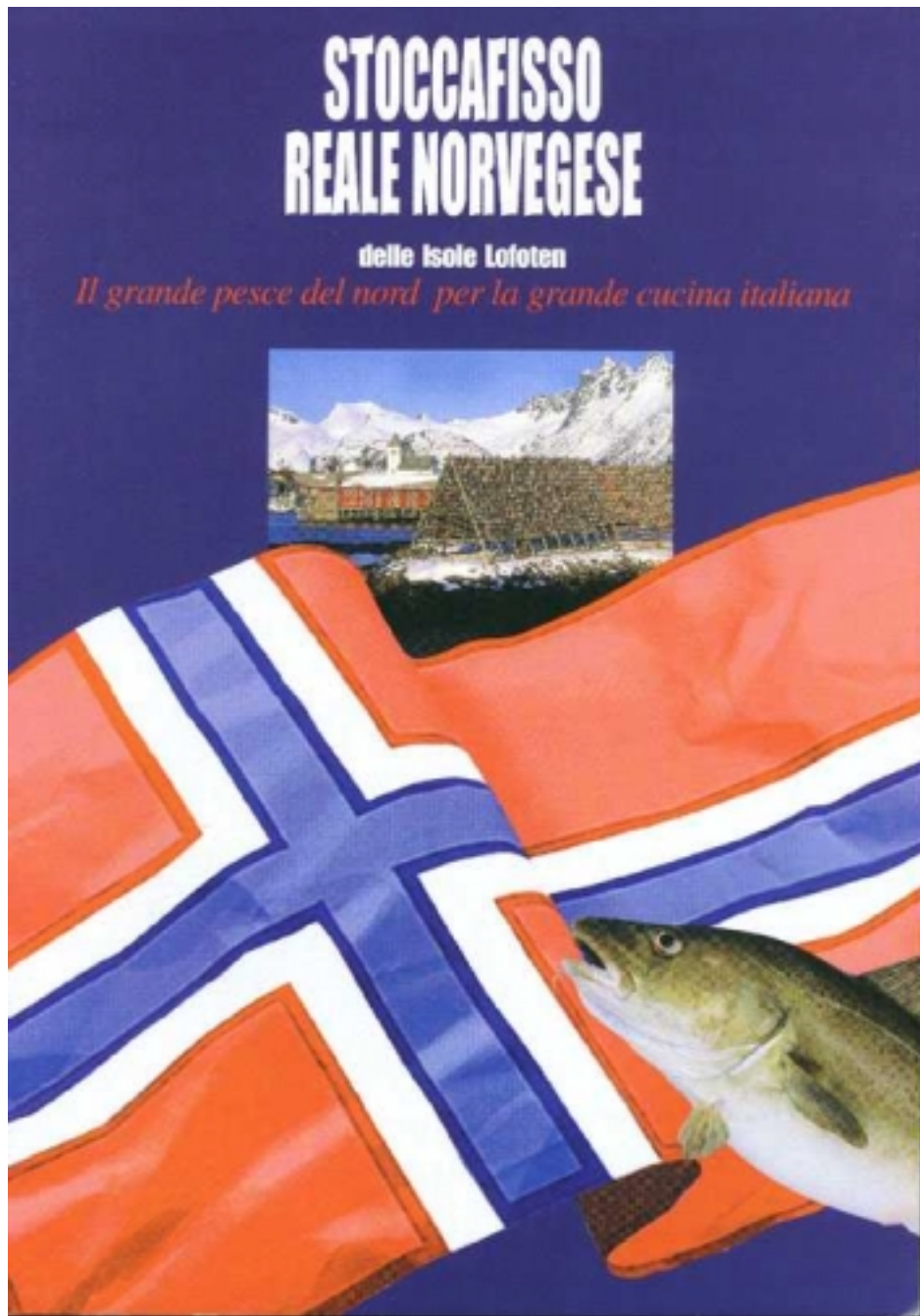
One firm has begun producing klipfish at a modern drying plant. Their customers are mainly supermarkets in Portugal, and rich illustrations related to place and origin are used on the packaging (a map of Europe pointing out Lofoten, a number of fishing boats, a swimming cod, birds, an old wooden boat from Lofoten etc.). Even though the sales manager did not envisage any scale on direct sale of klipfish to tourists, she was concerned that it should be possible for the tourists to buy their product at the local

fishmonger's. This is related to the thought that trying a product when on vacation may influence purchase preferences when they return back home. Several actors in Lofoten wanted to present their firm and products for tourists, for instance the stockfish producer who guides tourists without charging a fee:

We exploit every possibility to promote fish and stockfish. So when a busload of tourists comes here, we invite them into the production area and show them what we do, instead of letting them walk around and look merely at the scenery, wondering what the strange smell is....

The same firm was among the initiators of establishing the joint marketing organisation TMS (The Norwegian Marketing Company of Stockfish Ltd.) in 1998, consisting of 19 of the stockfish producers in Lofoten. The stockfish production in Lofoten (3 800 tons) accounts for 95% of the total stockfish export from Norway to Italy, and the 19 producers in TMS account for 65% of these 3 800 tons. There are limited traditions for co-operation between fish buyers in Lofoten, and after the deregulation of export of stockfish in 1992, the industry stood out as more fragmented than ever (Mariussen 1994; Mariussen, Karlsen et al. 1996). In other words, this co-operation can be described as quite unique historically.

TMS's main aim is to develop the stockfish markets in Italy through marketing, by trying to secure a more dominant place for stockfish in the modern distribution channels, and by getting access to restaurants' menus in order to introduce it to a larger public. Despite the longstanding personal relationship between exporters and importers of stockfish, it has been a relatively anonymous product in the end market. From now on, however, stockfish from TMS has been given its own brand name - 'Stoccafisso Reale Norwegese'. The aim is to communicate the link to Norway and Lofoten, the natural and real, and after a while be associated with quality stockfish (www.tms-as.no). In the brochure, the brand is presented like this:



Picture 3 Presentation of the new brand Stoccafisso Reale Norvegese

TMS has been in contact with Destination Lofoten regarding the possibilities of joint marketing of Lofoten in Italy.

Another way of conducting joint marketing of different Lofoten-based industries is by co-operating on conferences. 7-8 firms and the public administration in Vågan

municipality joined their efforts in a collective stand for Lofoten and shared arrangements on the 'Nor-fishing' conference in Trondheim in 1996 and 1998. 'Lofotstand AS' was established as a company in 1998. Today, four of the municipality administrations in Lofoten, firms within the fisheries, supply, service industries, some hotels, and the region's joint promotional body 'Destination Lofoten' are shareholders. The company arranged the exhibition 'LofotFishing' during the Lofot fisheries in the spring 1999 and 2001 and ascribes some of the success to the name Lofoten, and the attraction of going to Lofoten in the middle of the fisheries. As its logo, Lofotstand AS uses a stockfish rack.

Product development in the tourist industry (product, market and marketing synergy)

During the last few years several restaurants specialising in fish courses based on local resources have opened in Lofoten. If these are owned by, or related to the fish industry, both the quality and the price of the meals may be even more favourable.

A project called Arctic Menu, a co-operative venture of North Norwegian firms, 'Nordland Akademi for Kunst og Vitenskap' (Nordland Academy of Arts and Sciences, and 'Landsdelsutvalget' (the Regional Council for North Norway) advertise like this on the Internet (<http://www.melbu.vgs.no/dak/engelsk/frameindex.html>):

'The grandeur of North Norway's nature makes the area an attractive place to visit. From this pristine environment, Arctic Menu harvests its best and most fresh natural ingredients, gathered on land and in the sea. A network of firms throughout North Norway is currently making these culinary treasures available to both domestic and foreign guests.'

Arctic Menu is promoted as offering 'the fruits of the sea from Lofoten and the Barents Sea'. These 'fruits' include prawns, mussels, cod, catfish, saithe, haddock and arctic caviar. Of other products we find reindeer and grouse from the plains, and lamb from Lofoten.

Fishing tourism is another obvious link between the two industries. Fishing tourism can be divided into two – ‘fishing for fun’ and ‘fishing for food’. The first category includes arrangement such as the World Championship in cod fishing, and organised fishing trips guided by local fishermen. Typical examples of fishing for food are tourists who come in caravans with freezers, rent boats and bring a significant amount of fish back to their households.

The main growth in tourism from the 1960’s has taken place during the summer months, however, also the early spring is an attractive period for going to Lofoten. Scattered examples of winter tourism in Lofoten have been reported as early as in the 1930’s and the 1950’s (Puijk 1993). Most Norwegians have been exposed to the Lofot fisheries in the children’s song: ‘En ekte Lofottorsk jeg er, for jeg er født i Henningsvær’ (A real Lofot-cod I am, because I’m born in Henningsvær). Henningsvær is one of the most famous fishing stations in Lofoten. Furthermore, many have read the book – “The last Viking” (by J. Bojer), which describes the rough and masculine environment of the Lofot fisheries during the period of the sailing ships. In other words, we all get associations to fish and fisheries when we hear the name Lofoten. The prospect of experiencing the Lofot fisheries and going on the rough Vestfjord catching a cod of more than 10 kilos is therefore a nice incentive to visit Lofoten in the winter months. This potential has been spotted and sought developed during the last years, with Destination Lofoten as a co-ordinator in marketing incentive trips, courses and conferences at hotels and fishermen’s cabins all over the Lofoten islands.

Industry owners may offer guided trips to their factories, in order to exploit the marketing synergy or improve the political conditions of the industry. These ‘authentic’ tourist products may be difficult to offer if the entrance fees were the only return for the industries.

It is also possible to find a number of attractions in the intersection between industrial traditions, local culture and history. One example is the stockfish museum in Å, opened in the summer of 1993, where you can learn about the thousand-year old history of

stockfish as a trade commodity. In Å you also find the Norwegian Fishing Village Museum, where you can ‘join in on the activities, and appreciate the environment of a genuine traditional village’ (www.lofoten-tourist.no).

The Norwegian Telecom Museum, Sørsvågen Branch has ‘Cod and Communications’ as a theme. The exhibitions provide an answer as to why the Lofoten Islands were to play such an important role in Norwegian and European telecommunications history (www.lofoten-tourist.no).

Developing the local society (cultural and institutional conditions)

A strong desire to develop the local society can be found in many of the small fishing stations in Lofoten. Several of the people interviewed, could be called local entrepreneurs. One example is the fish farmer leading a local organisation for coastal culture. He has been a driving force in restoring buildings and quay structures, arranging a national coastal festival, developing clusters of attractions related to coastal culture etc. Within the tourist industry there are also local entrepreneurs, for instance a famous chef using fisheries and local food traditions to develop a ‘rorbu’ establishment and a restaurant.

Forming political and economic conditions

The Lofot Aquarium is one of the most visited attractions in Lofoten, with 55 000 visitors per year. They are planning to expand their exhibition on salmon farming. The chairman of the board, who is also a fish farmer, sees the Aquarium as an opportunity to open up the industry for the public. It is difficult to let people in on the fish farm during the everyday production, however it is important that the fish farming industry does not get a reputation as a closed or ‘suspicious’ industry.

In other words, several business agents and industries spot synergy effects, and use the Lofoten name actively in their marketing.

6. Examples of synergy effects in Hardanger

Use of existing resources to run tourist business (product synergy)

Several farmers in Hardanger rent out houses or build cottages on their farms to tourists for overnight stays for tourists. A few of these also offer experiences related to their farms or buildings. A fruit farmer in Ullensvang has restored an old juice and wine factory (built in 1898 and run until 1940) for accommodation. This accommodation has been awarded an architectural preservation prize from Ullensvang County and the Antiquities Association in Hordaland. It contains five self-catering lodgings for rent, each with its own style. There are also conference facilities, a museum and a wine cellar. Wooden boats are also available for hire.

Furthermore, there are fruit farmers offering guided visits in their fruit gardens. However, some of the farmers described this activity as something they do for fun more than for profit. One fruit farmer, however, sells his crop in a newly built café along the road from Bergen to Oslo, and has made appointments with busses to stop at the café. The passengers may use the toilets, buy coffee, home made apple pie and fresh fruit. He also offers guided tours in his fruit garden. He has adjusted his whole production in order to offer fruit and berries in the local and tourist market during the fruit season, and manages in that way to make a living out of producing fruit and berries outside the co-operation. He sees both a product and a market synergy in developing a tourist product.

Tourists increase the customer base for other industries (market synergy)

There have recently been two small scale attempts to make use of apples as raw material in the inner part of the Hardangerfjord, in the production of Hardanger Chips and Hardanger Cider. The new product Hardanger Chips never managed to get onto the supermarket shelves. The traditional Hardanger Cider is an alcoholic drink, and from 1999 a firm in Ullensvang received permission to produce cider with the same alcohol content as for wine. They are not allowed to sell it in ordinary shops (due to the State wine and liqueur monopoly), but are planning to focus on sale directly to restaurants and hotels.

Also in Hardanger, small-scale examples of producing niche products combined with arranging visits and selling food to tourists are found within the brand 'Norsk Gardsmat' (Norwegian farm food).

Products and industries presented to tourists, and joint marketing of place (marketing synergy)

A fruit farmer described the marketing effects of tourists visiting like this:

There are a lot of Norwegians here, from all parts of the country - I talk to them as they pass by my farm. In economical terms I do not make a profit on this. However, if I can talk to them and give them a positive impression - that this is a nice place to live, that the fruit is grown in a good way, and they are positive to buy Norwegian agricultural products - then of course I will profit on another occasion. Not here, but when they are at home, buying their everyday food.

However, this does not seem to be a strong incitement for actively finding ways to present himself to the tourists.

'Norwegian Fresh', a small export firm for fruit, established by one of the major fruit wholesalers, are focusing on the value of the Hardanger image. They are located in Oslo, and export sweet cherries from Hardanger, Sogn and Telemark (there is a small amount of Norwegian export of fruit like strawberries, sweet cherries and cloudberries). They market their products with pictures of the blossom in Hardanger, just like in the tourist brochures, and try to link product and place:

Imagine taking customers like Marks & Spencer or Sainsbury, or KDV in Germany or Italians to the hillside in Hardanger, eating waffles and drinking coffee - then you sell more than just sweet cherries – you sell experiences. Britons know very well that there are many tourists here. And you sell cleanness, ethics, long days, and much light that increases the absorption of nutrition and increase

the taste. You have rough winters preventing the problems of fungus and vermin, in other words – a cleaner product.

The firm that most actively uses the Hardanger name in its marketing, however, produces cutlery, and there is no direct link between their product or production and Hardanger. The firm's main customers are people buying gifts, and paintings of the fruit blossom in Hardanger is on many of their gift packages. In the tourist season plant visits are arranged to market the firm's factory and products. Furthermore, it is a main sponsor of 'Destination Hardanger Fjord'. The manager explained why:

The manager of Destination Hardanger Fjord has the same opinion as I have, and that is to use 'Hardanger' for what it is worth in marketing. (...) And since we have such a postcard nature, there is a large potential profit. Destination Hardangerfjord travel around, and the more famous they make Hardanger, the better it is for us, and the more we use Hardanger, the better for them. So we are well suited to each other.

They make extensive use of the value of the Hardanger name as a national symbol, to highlight the fact that their products are 'made in Norway'.

Product development in the tourist industry (product, market and marketing synergy)

'Vestnorsk Fruktcenter' (the fruit centre of western Norway) is an example of a new tourist product based on the traditional food production in the area. This project is motivated like this:

'One of the most important and vivid traditions in the region of Hardanger is fruit farming. The future tourist increasingly wants to get knowledge of the area he visits.' Hardanger Folkemuseum (folk museum) already possesses a basis for documentation on fruit farmers, the Norwegian Crop Research Institute's research station is one of the central national research institutions in this field, and

Hardanger is an attractive destination. Also artists who have been or are collecting inspiration from nature and culture in Hardanger can be included. Together with other central traditions, like the Hardanger forge, the Hardanger fiddle, the church boat, the production of Hardanger cider etc., this will make up a unique tourist attraction' (Hordaland-Fylkeskommune 1998).

The aim of the project is to make the 'fruit garden Hardanger' available in an interesting and informative way, so that it may strengthen the basis for both the activities of the Norwegian Crop Research Institute's research station in Ullensvang, and the tourist traffic in the region (Hordaland-Fylkeskommune 1998). Tourists are offered an excursion called 'Norway's fruit garden', where they can walk in a commercial fruit garden, receive information about the historical development of fruit farming in Hardanger, visit the research institution Planteforsk, and taste fruit.

Fruit farming is not the only industry with long traditions in Hardanger; the boat building industry and industries exploiting the hydropower also date back a hundred years or more. There is a wooden boatbuilding museum in Hardanger (in the early parts of the 20th century, Hardanger was an important area for the production of wooden slopes, much used for bringing cod from Lofoten to Bergen). There are also museums related to the industrialisation of the area due to the hydropower, like Tyssedal cultural historical museum.

Developing the local society (cultural and institutional conditions)

A central actor in the tourist industry in Ullensvang has been a key person both in arranging garden visits and the yearly event 'the sweet cherry festival' (arranged for the first time in 1996). The main reason she gives for engaging in this voluntary work is that the arrangement is enriching the small local society.

7. Areas of discussion

As this is an explorative study and the work is still in progress, no conclusions will be put forward. However, some ideas of why synergy effects are more easily spotted and utilised in some industries and regions than in others will be presented. Further, the synergy effects described will be related to regional resources found in studies on regional innovation systems. A common identity related to nature and culture is discussed as another regional resource.

Differences within and between industries and regions

Industries with a value chain that includes a number of intermediaries taking care of both quality and price considerations have less obvious incitement to make an effort in linking their products to place. For example, the value chain of the fruit industry looks like this:

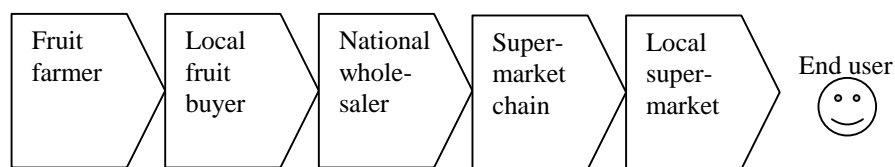


Figure 2 Fruit farming value chain within Norway

Fruit farmers have signed agreements to deliver most of their harvest to the ‘fruktlager’, that is the local co-operative fruit buyer. These usually have contracts with one of the national wholesalers, which sells their products within one of the major Norwegian supermarket chains. The fruit is not branded with regional origin - everything is marketed and sold as Norwegian fruit. In other words, the way the fruit sale is organised in Norway does not encourage the fruit farmers from Hardanger to develop regional origin as a marketing strategy within the co-operative. This has also been the case for most of the fish farming industry, as the ‘spot market’ has been dominating, but this is about to change.

The two dominating industries in Lofoten, i.e. fisheries and tourism, have separate high peak seasons, fisheries in the winter and tourism in the summer. This makes it possible for actors to engage in both. In contrast, the tourist season is the busiest season for the fruit farmers in Hardanger.

Another difference between the two regions is the position of the fisheries in Lofoten compared to the position of the fruit farming in Hardanger today. Both economically and culturally the fisheries dominate Lofoten, and the long and strong tradition of Lofot fisheries in the spring may be marketed as a unique historical and cultural happening. This makes it natural for the tourist industry in Lofoten to develop fisheries-related tourist products. Hardanger's economy is more diversified, however, and industry based on hydro power, shipbuilding industry, furniture industry and other generate more income than the fruit farming in several of the municipalities.

Further there are several possible links between fisheries and tourist products. For instance, anyone may participate in fishing and fish can make up the main part of the menu in restaurants.

Regional resources as basis for innovation

Synergy effects can be obtained due to some common regional resources described by different theories of industrial districts and clusters. Several of the regional resources that Isaksen et al. present as important for encouraging innovation (Isaksen, Asheim et al. 1999), can be linked to findings in our cases.

Spill-over effects of competence and learning processes

In Lofoten, hundreds of years of experience from the export-oriented stockfish industry and other fish export can be used in a new international business - tourism. Both the general competence of doing international business and more specific competence, such as knowledge about and contacts with the Italian culture and stockfish market can be exploited in the development and marketing of tourist products.

Presence of important customers and users

As mentioned above, the Italian stockfish-market can be exploited for marketing tourism. And tourism brings many potential customers to other locally produced products to a place. Businesses may look at this as a unique opportunity to present their firm and products for potential customers.

Co-operative spirit and innovative attitudes

In the fisheries, common resources are harvested without any property rights, and there is a tradition for opening up the local society to foreign people. In the winter and early spring Lofoten used to be ‘invaded’ by ‘foreigners’, and local inhabitants worked together with fishermen, fish buyers, equipment salesmen etc. from all over the country. Today the largest ‘invasion’ takes place during the summer months, by tourists.

In comparison, the fruit farming is closely bound to property rights and individual workers, and the fruit farming industry can be described as ‘closed’. Fruit farming has become more specialised and mechanised, making it a ‘lonely industry’, as one fruit farmer put it. Earlier, when fruit farming was combined with keeping animals, several workers were needed on a farm. Except for the short harvesting periods, a specialised fruit farm today is a one-man business within a fenced area. Furthermore, the tradition of allodium has been strong, making it difficult for outsiders to join the industry.

This may render it easier for a fisherman or a fish industry manager to meet with, engage in, or co-operate with the tourist industry in Lofoten than for fruit farmers in Hardanger.

Necessity is the mother of invention, it an expression, and one possible explanation for not spotting potential synergy effects is that the businesses are not usually faced by major challenges or problems. As several respondents in Hardanger said – ‘they are doing well as they are’. Both Hardanger and Lofoten are regions blessed with rich natural resources. However, maybe the awareness of how dependent they are on a fluctuating fish stock and a fluctuating international market render the people of Lofoten

more eager to develop an alternative income? The cod crisis in 1990 visualised the need to adjust to considerable fluctuations in their resource base.

Individual differences in innovative attitude were also found. Important individual characteristics are how wide-ranging perspectives the managers have with regard to potential customers, the tourist industry, and how to develop their own firm and the local society.

Further, the business managers' appraisal of the attraction value of their own industry and place seems dependent on their perception of the place. This may be related to the concept 'sense of place' and 'rootedness'. Olwig illustrates these concepts with reference to children. Children can only have a conscious attitude towards their home place (sense of place) if they distance themselves from it. In other words, you need to go from the inborn rootedness through decentring to recentring (Olwig 1995). Both in Lofoten and Hardanger, people who had either moved to the region, had been living somewhere else for a while, or had travelled much, seemed to be more engaged in developing tourist products based on local industries. Furthermore, managers who travelled much, more often expressed a belief in the marketing effect of tourism.

Different combinations of various kinds of competence

Links between the industries are important for tourist and food industries to co-operate and achieve synergy effects. The tradition for tourism dates further back in Hardanger than in Lofoten, but the tourists mostly stayed in the hotels by the fiord and did not mingle into the everyday life of the local population. The growth of tourism in Lofoten is related to the restoring of fishermen's cabins. These cabins are owned by businesses related to fisheries, and the 'rorbu' therefore makes up a concrete and crucial link between the two industries. These and other entrepreneurs acting both within tourism and fisheries can open up their networks to each other. Also in Hardanger, there is a considerable number of farmers renting out houses or cottages on their farms to tourists, but most of these are very small scale, and there is limited contact between these and the big professional hotel enterprises.

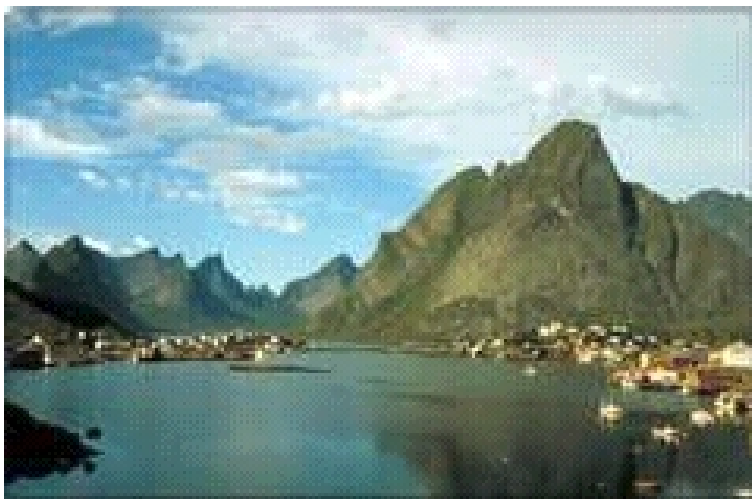
Both in Hardanger and Lofoten, the people who spotted the synergy effects were often engaged in different associations, and took an interest in the development of the local society and culture. In other words, it seems as if linkages between industries are of importance.

Image, nature and identity

In addition to these and other regional resources listed by Isaksen, a place's image, nature and identity can be important common resources for food industries and the tourist industry. Joint marketing requires that both tourism and other local industries can profit from the same place image. Fisheries represent a common denominator for most of the economic activity in Lofoten. As one of the inhabitants said:

If the Lofot fisheries were taken away, you would lose both the economic and cultural basis of Lofoten – it would be a catastrophe.

The tourist industry is marketing the same image as the fisheries, pure nature, small fishing vessels and fishing stations with red-painted boathouses and fishermen's cabins. This is how Lofoten is typically presented in the tourist brochures:



Picture 5 Lofoten on the web pages of Destination Lofoten
(<http://www.lofoten-tourist.no>)

Since a coastal fleet and a conventional fish industry dominate Lofoten, you will find many fishing stations similar to this one and, in general, a good match between the marketed image and the inhabitants' view of the place. However, we also found an example of a more industrialised place, Stamsund, where they do not feel that they can identify themselves with the tourist magazines:

You find a lot of local societies with a small, traditional fish industry, and with some boats lying about. Stamsund is in a way a more modern industrial society, at the same time as we have our roots in the Lofot tradition. So it does perhaps not give the same idyllic impression.

The large fish industry and the base for the trawlers that dominate Stamsund are not found in the tourist brochures.

Destination Hardangerfjord has contacted several industrial organisations and large firms in Hardanger and proposed a joint effort to market Hardanger. However, they have received little response. This has been explained by some business agents as a result of the mismatch between the presentation of Hardanger in tourist brochures and the differentiated and modern industrial structure. The traditional tourist image of Hardanger (see figure 6), focus on traditional farm landscape with fruit blossom and fruit, national customs, the Hardanger fiddle and traditional handcraft. This image may be a difficult one for the modern metallurgic or ship building industry to link to.

In Lofoten, the well-established image of the place based on the fisheries and the stockfish production can be exploited within the relatively new tourist industry. In Hardanger, it may be the other way around. Wholesalers, for instance, who want to introduce Norwegian fruit as a niche product on the British market can exploit the long traditions of tourism in Hardanger.



Picture 6 Brochure from Destination Hardangerfjord

The nature in Lofoten and Hardanger is important both for the tourists and the local inhabitants. According to the interviews, many local people both places appreciate the local nature – walking in the mountains, fishing in the sea, fishing and hunting at the mountain plateau Hardangervidda etc. When asked what they appreciated by living in Lofoten the answers from business agents resembled the descriptions in the tourist brochures. This makes it easier to link different products, industries and place.

The nature and everyday life both in Lofoten and Hardanger have for a long time been used as inspiration for artists like painters, writers, musicians and others. This has probably been important for the regional identities, and makes up a basis for developing cultural based tourist attractions. Some of this art is well known all over the country, and adds to the basis for using Hardanger and Lofoten as national symbols. Lofoten and Hardanger's value as national symbols makes it interesting to use origin in the marketing of food for export, like sweet cherries from Norwegian Fresh to England, and the export of stockfish from TMS to Italy (Stoccafisso Reale Norwegese). However, also industries that want to communicate 'Norwegian quality' and 'Norwegian work

places' to domestic consumers can focus on famous regions as national symbols, like Hardanger Bestikk has done.

Final remark

In this working paper, it is argued that tourism and other local industries can achieve synergy effects regarding product development and marketing due to common resources related to the place. Regional resources like common customers, co-operative spirit, innovative attitudes, different combinations of various kinds of competence and a common image/identity related to the nature, culture and history of the place are important to achieve such synergy effects. However, this requires some linkages between the industries, where the synergy effects can be spotted and put into practice.

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