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The Main Challenges Facing Leisure-time Tourism in Norway

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Summary

In the period after the Second World War, that part of Norwegian tourism industry which is exposed to competition has gone from being an industry with increasing competitiveness¹ to being an industry with rapidly declining competitiveness. The competitiveness reached its highest point in 1966. In that year, the export value was 120% of the import value. In 2007, the export value was only 30% of the import value.

The most important export markets for Norwegian tourism are the same today as they were at the end of the 19th century: Great Britain, Germany, USA, Sweden, Denmark, and the Netherlands. In other words, the adjacent markets remain the most important.

At first sight, this may seem surprising. The aeroplane has shortened distances and globalized the tourist industry. The growth in prosperity in every part of the world has enabled new large groups of people to travel internationally, and an enormous simplification of the rules about visas, passports and money transfer, beside other time-space shrinking technologies, has greatly simplified intercontinental transfers.

The principal explanation of the development in the Norwegian tourist industry has three aspects:

1. Competition has increased greatly. New, large-scale and competent suppliers have emerged in every part of the world. The global supply has increased more quickly than the demand. The large-scale producers are active product developers who invest heavily in the creation of new demand.
2. The growth in prosperity in Norway has been exceptionally high in the last two decades. The growth in purchasing power means that most Norwegians can make their choices on a global basis.
3. At the same time, Norwegian tourism industry has been left behind, both in an academic and in a professional sense.

Key words: 1. *Operationalization of the concepts, hypothesis, models, and theories of production theory for use in the field of tourism.* 2. *The importance of knowledge.* 3. *Documenting the crucial importance that the nature of high quality plays for the leisure time tourism in Norway.*

About the author

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¹ See the list of definitions p. 21.

Foreword

I completed my doctoral dissertation in 1992. Its title was: LOKALISERING AV REISELIV. Om ressursanalyser, den romlige fordeling og lokal innpassing. (if you translate: *LOCALIZATION OF TOURISM. The evaluation of resources, spatial distribution, and integration to local society.*) This dissertation led me on to the study of new and very fascinating problems.

As soon as the work on my dissertation was finished, therefore, I began the project: “*Mapping resources on regional level and analyzing the possibilities for profitable leisure-related tourism*” One of the challenges was to develop my work on the phenomenon of resources, and more specifically on the resource basis for tourism. *The sociological method for the investigation and evaluation of resources for tourism and recreation*, as I had described this in my dissertation, was to be further elaborated by means of concrete cases.

The second challenge was to develop a method for qualitative analyses of products. It is absolutely necessary to possess a systematic method which allows us to isolate individual products, “hold them up to the light,” and determine what qualitative aspects they have, or can be made to have.

In a high-cost country like Norway, this is vitally important if we are to avoid choosing productions in a situation of trial and error. A high level of costs always requires niche productions that demand knowledge. A low level of costs, on the other hand, generally indicates mass-produced standard wares (or productions that demand little competence). Exceptions may however occur if a country has a monopoly situations on key resources, and this is an essential factor in the explanation of the development of Norwegian tourism industry in the post-War period.

The project was organized as a collaborative endeavor between Lillehammer University College, the Office of Regional Planning and Regional Development in Buskerud County (at present an integrated part of: Department of Regional Development), and the Department for Economic Development and Transport in Nordland County. Aust-Agder County Council, Office of Regional Development, the Business Section also participated in the final part of the project period. The Counties identified the areas of field study, and an average of between eight and ten analyses on the local-authority level were carried out annually in this period.

The project continued until summer 1997, when I moved to Berne University Research Institute for Leisure and Tourism, Switzerland. The academic project had now reached the point where I could begin the next stage.

The second stage was entitled: “*The nature of resources for tourism and recreation.*” The focus here was on the fact that the most essential aspect of the resource basis is something relative: in other words, that the resource basis can be further developed quantitatively, or qualitatively, or in both directions. In the tourism sector, this perspective opens the door to numerous interesting challenges in the mid- and longterm, and this can offer interesting impulses for work on carrying capacity research and sustainable development.

This understanding is central to the task of directing changes on individual products and the attraction basis for tourism and recreation in general. This project continued until 2003, and was followed by work on *operationalizing the concepts, models, and theories of production theory for use in the field of tourism*. This stage began in the spring semester of 2003, when I had the full responsibility for the course “*The tourism production system*” in Tourism Studies at the Baltic Business School in Kalmar in Sweden. For part of that semester, I commuted

between Kalmar and Lillehammer University College. Academically speaking, this period as a whole became extremely interesting, but also more demanding than I had thought at the outset.

The present analysis has its basis in the professional understanding of reality to which the three projects have led me. The analysis is brief, and many of the arguments presuppose that the reader is familiar with *resource theory*, *localization theory*, and *production theory* in order to follow all the shortcuts I take *en route*. It is also necessary to know the dynamic at work in those forces that restructure those parts of the industry which are exposed to competition on the global level. For a vividly written guide to globalizing processes, see Dicken, 2007.

What knowledge specific to this sector is presupposed? The reader should be familiar with basic *models of segmentation* and with the ongoing *globalization* of leisure-related tourism. Much information about the globalization of tourism and global restructuring in the tourist industry will be found in Theobald, 2005. One should also be familiar with the broad lines of development in Norwegian tourism from the mid-nineteenth century down to the present day. The historical dimension is necessary, if one is to say something well-founded about the *qualitative changes that have occurred in Norwegian tourism, and about the place occupied by this sector in today's competitive situation*.

My close colleagues both in Norway and abroad who are researching into parallel or related problems have helped me greatly through continuous contacts, seminars, field trips, comments, tips about important sources and references, etc. You have made the international research scene more easily accessible and applicable. Openness and closeness have been a great inspiration and encouragement, and have given me new energy in my daily work. I am deeply grateful to each one of you, and I shall do my best to intensify our collaboration in the years that lie ahead.

Everything in the report can be checked and in this way exposed to comments and criticisms. The reference material is intended to indicate clearly my own academic standpoint. All points of view, comments and questions, whatever form these may take, will be valuable. I therefore appreciate these gratefully, and I shall respond to them.

I am very grateful to Dr. Brian McNeil (Munich) who has translated the text to English, revised the English text, and has made helpful suggestions about the choice of English words, formulations, and expressions.

Lillehammer, November 2008
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PART I: THE PRESENT SITUATION

If you wish to influence on a situation or a challenge, you have to face the reality.

I wish to take you on a lightning tour of an understanding of reality which is of decisive importance, if we intend our activity to have an effect on the extent and the direction of the leisure time tourism which exists here today, and can serve us well in the future. I have appended some models and mainstream definitions to my text. These are sufficient to show how my professional academic understanding of reality is constituted; at the same time, you are given the materials to draw your own independent conclusion.

Tourism is production, and is formed by the same laws which govern other economic activities. In terms of production, tourism is made up of a protected part and a part that is exposed to competition. The protected part includes all work related and locally determined demand. The production exposed to competition is linked to the leisure-determined demand. Roughly speaking, the protected production is localized in towns, industrial sites, and nodal traffic points, while the production exposed to competition in our part of the world² is oriented to the rural areas.

In the present study, I have chosen to use the external trade balance in the tourism industry as the main indicator of how the competitiveness has developed during the post-War period. The export and import figures include both journeys linked to work (a part of the protected production) and journeys linked to holidays and leisure (the production exposed to competition).

Since the 1970's, the volume of foreigners' work-linked journeys to Norway has increased, relatively speaking, more than foreigners' visits related to holidays and leisure. This means that the decline in the competitiveness of the holiday- and leisure-linked part of Norwegian tourism is even more dramatic than the sum totals indicate (See: Enclosure 1, p. 32).

An overview article like the present study seeks to present the principal patterns and structures, not to go into details or discuss alternative indicators which could be employed in the analysis.

I have chosen the export and import figures because these are easily understood and are available in the form of reports for each individual year, and not least because the sources are authoritative (Central Bank of Norway and Statistics Norway/SSB). This makes it easy to compare the course of development with corresponding data from a large number of countries throughout the world.

The following supplementary, alternative, or independent indicators could have been chosen to show the development of competitiveness in the Norwegian tourism industry:

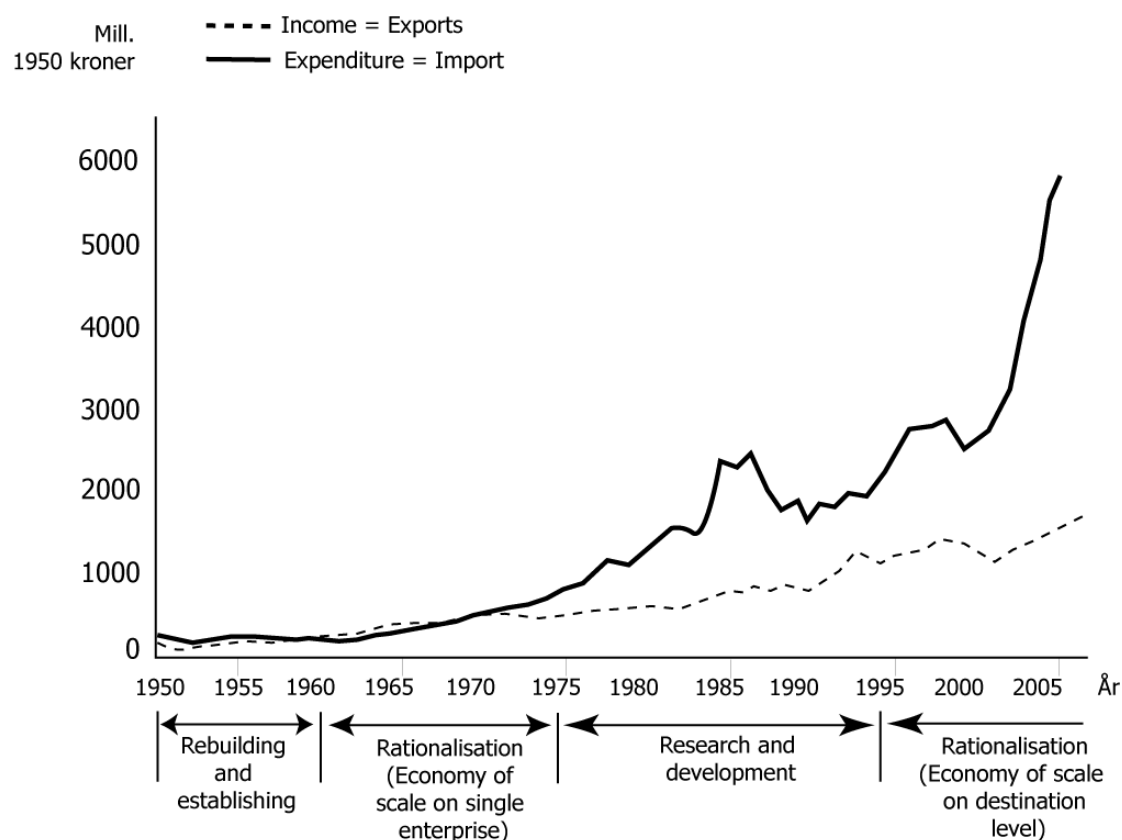
1. A survey of where the most important markets are located, and of possible changes over the course of time. In other words, the effects of localization.

2 In Norway (and the Nordic countries) and most of the cultural periphery as a whole, leisure time tourism is basically oriented to the qualities in the basic natural resources. In Mediterranean regions such as Italy, Greece, Turkey, Israel, Jordan, Egypt, etc., where our culture was born, the opposite is the case. Here, leisure time tourism is largely oriented to culture, and is principally oriented to towns.

2. Qualitative analyses of products could have been carried out, to see whether the quality has kept pace with the development of wages and prices.
3. A third alternative could be to carry out an analysis of changes in the industry's ability to create value (value added) and the net returns on capital.

All three methods corroborate what the export-imports diagram shows (See *Figure 1* below). The Norwegian tourism industry has never had such a low level of competitiveness as in the present decade.

Figure 1: The Norwegian tourism import and export balance 1950 - 2007 converted to 1950 kroner*



*Norwegian tourism income reflects foreign tourists' expenditure while travelling in Norway, (both with work and on holiday), and Norwegian tourism expenditure reflects Norwegians' expenditure while travelling abroad.

An adapted version of Svalastog 1992 "Tourism in a changing Norway" The Norwegian Journal of Geography no. 2.

1. The competitiveness in leisure time tourism in Norway has never been weaker than in the last ten to fifteen years.

This is primarily because

- Competition on the supply side has become much greater, and the big-scale actors on the supply side are active product developers who invest heavily in the creation of new demand.
- Thanks to the growth in purchasing power, Norwegians can make their choices on a global basis.
- An increasingly imbalance between the development of knowledge and the growth in salaries and costs.

The only points which lie within our control are:

1. Those connected with the situation of our *knowledge*.
2. The priority given to *particular parts of the industry*, and
3. To *specific regions*. Porter says in one of his works that “we must abandon the whole notion of a “competitive nation” as a term having much meaning for economic prosperity” (Porter, M.E. 1990, p. 6).

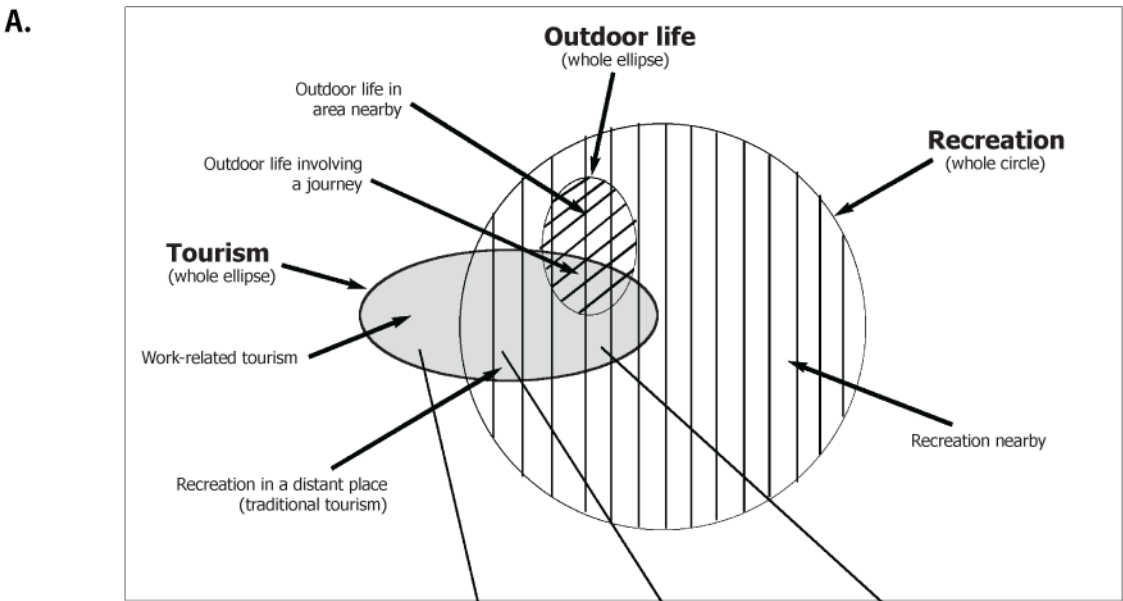
PART II: MAIN ELEMENTS IN THE ANALYSIS

2. Main forms of tourism.

In order to attain an analytic standpoint, we must distinguish between three main categories of tourism:

- a) **Work-related tourism** is mainly oriented to densely populated areas, and demand for tourist services occurs where people have tasks to perform. This demand is linked to individuals who carry out specific commissions, to self-employed persons who make use of a variety of services offered to them (e.g. legal, economic and other kinds of professional expertise), to political and diplomatic delegations, and to participants in courses, meetings and conferences linked to the exercise of their own profession and to the tasks involved in their work.
- b) The leisure sphere provides the other two main forms.
 - I prefer the concept **network-based tourism**, or the tourism of visits for the first category from the leisure sphere. This is linked to personal networks, i.e. to the fact that people have family, acquaintances and friends with whom they wish to maintain contacts. In geographical terms, the distribution of network-based tourism corresponds broadly to the pattern of residence.
 - The other main form within the leisure sphere is here called **resource-based tourism**. This is that part of tourism which is governed by the possibilities of *recreation, activity and specific experiences* offered by an area. To some extent, we can equate *resources* with *attractions* (Swarbrooke, 2002).

Figure 2. The main forms of tourism segmented in a localization perspective



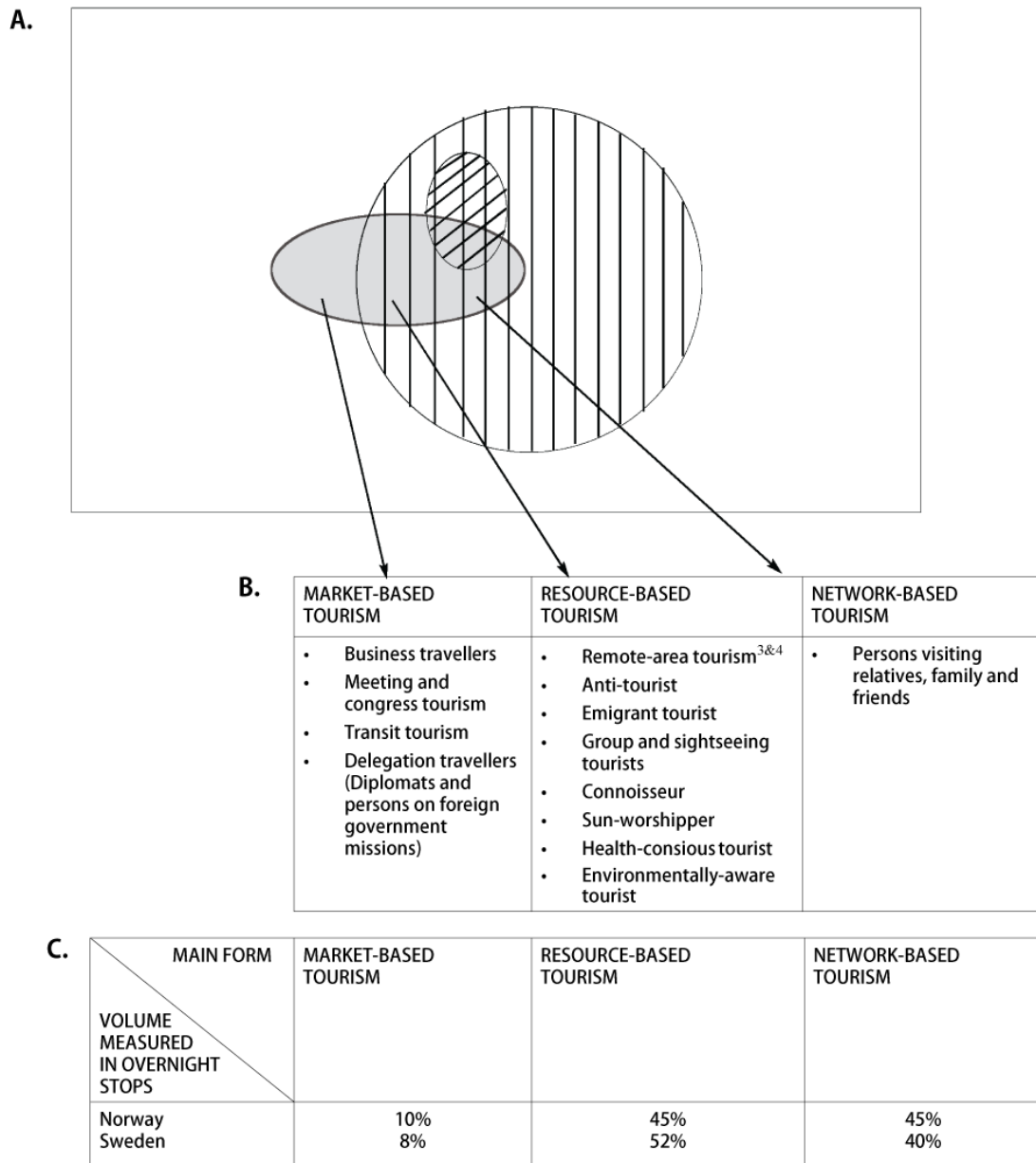
B.

	MAIN FORM	MARKET-BASED TOURISM	RESOURCE-BASED TOURISM	NETWORK-BASED TOURISM
VOLUME MEASURED IN OVERNIGHT STOPS				
Norway		10%	45%	45%
Sweden		8%	52%	40%

Source for part A: Flognfeldt jr., 1976:16
 Source for part B: Svalastog, 1987:26-27 and 53

If we measure the relative size of these three main forms, we find roughly the same distribution in Norway and in Sweden: market-based tourism accounts for c. 10%, resource-based for c. 45%, and network-based for c. 45% measured by overnight stays. In this paper, we concentrate our attention on the resource-based part, which accounts for c. 45% of the total volume of travel, measured as above.
 (For more about the definition: See Notes in Svalastog 1992, p 115).

Figure 3. Tourism segmented according to localization



Source for part A: Flognfeldt jr, 1976:16
 Source for part B: Svalastog, 1985:5
 Source for part C: Svalastog, 1987:26-27 and 53

3 The first six tourist categories in the classification below are from V. Aubert, 1991: 113-140.

4 The two last categories in the classification below are from J. Swarbrooke, 2002: 79-80.

3. The basis of leisure time tourism is free goods.

Professor Dr. Yngvar Nielsen wrote in 1886:

“Norway has enough mountains, glaciers, waterfalls and fjords to satisfy virtually the entire curious public of Europe and America . . . Norway can never expect to become fully the equal of Switzerland and Italy, which are located in such a way that they are easily accessible from many of Europe’s largest and richest lands. This gives them considerable advantages over us. We cannot ever aspire to become more than nr. 3 – but even that is something!” (Nielsen, 1886 pp. 54 – 55).

The key variables in the analysis by the geographer Yngvar Nielsen are the *basis in nature*, as the decisive attraction (free good/resource), and a peripheral *location* as a limitation (a central localization factor).

See: *Figure 4*. The main factors of localization in details, p. 12.

In the introduction to a 240-page Swedish book about Norway as a country for holidays, published in 1957, we read:

“Norwegian nature is mountains, fjords, and - - -. Here we have natural scenery which is as different from Swedish nature as one can imagine, and it is so majestic that it is easy to understand why many English and American guidebooks give Norway more stars for natural scenery than any other country in Europe. It is not surprising that we Swedes travel so much to Norway – which is so close to us, and yet so different from us.” (Strømberg, A. editor, 1957).

The *basic natural resources* (free goods) of high quality are still the main reason for choosing Norway as a country for vacation, and the distance between market (Sweden) and place of production (Norway) is small (both in time and in money), and is not spoken of as a direct disadvantage for the English and American market.

Fifty years later, in 2005, a large-scale analysis of the German market shows that “Germans do not travel to Norway because of the food or the culture. *Nature* is almost the only factor that draws the tourists northwards” (Anda i Dagens Næringsliv, Friday 13 January 2006).

Only 1% indicate “eating well” and another 1% indicate “culture” as the main factor in their choice of Norway as a holiday country – **in all, 2%**.

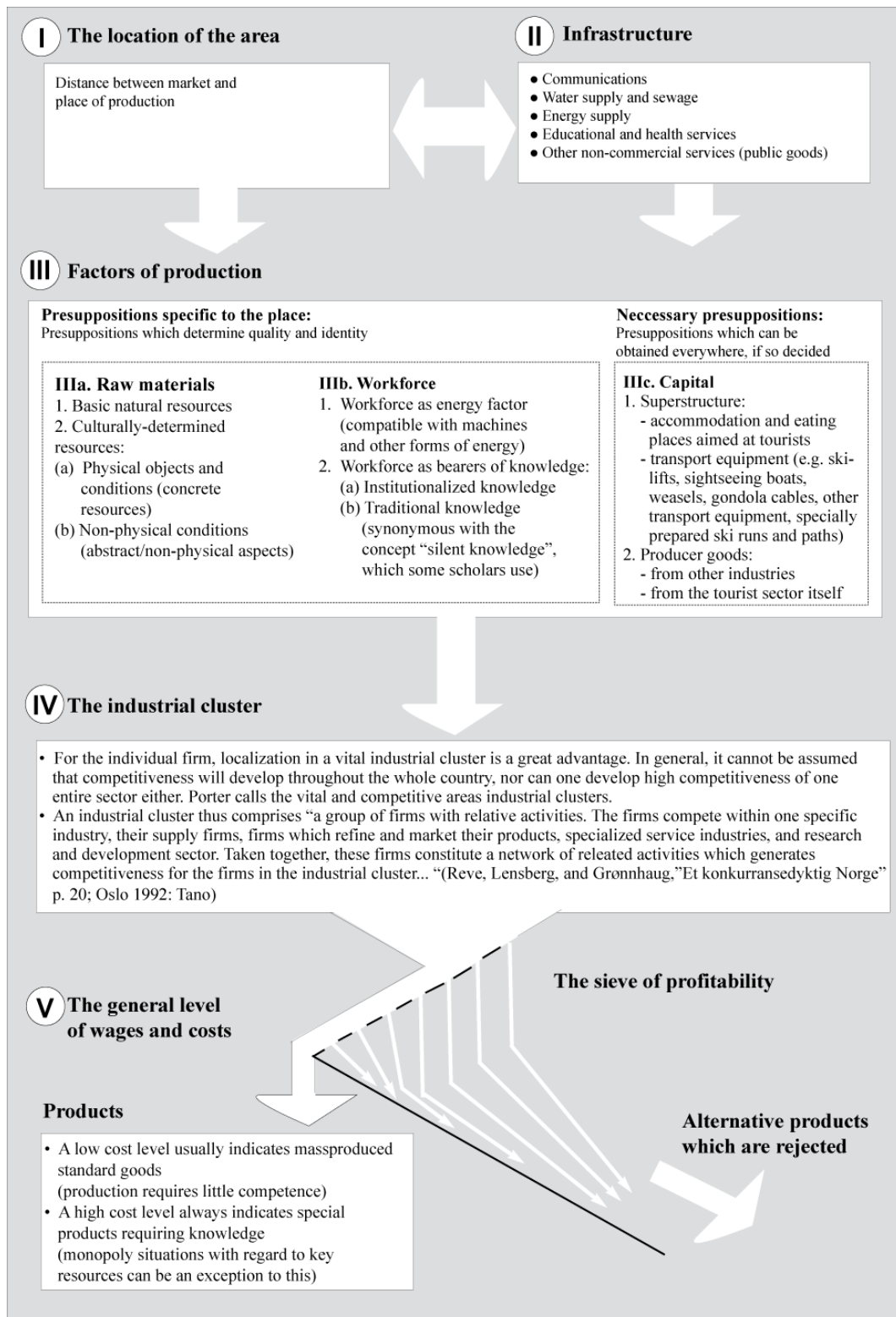
“**To experience nature and landscape**⁵ (in general)” is the decisive motivation factor for 60%; the fjords 9%; midnight sun/North Cape/Nordkalotten 5%; fishing 5% (mostly fishing for food in the sea); to experience peace and quietness 4%; sightseeing tourists 4%; walking tours 3%; other possibilities for outdoor activities 3%. **In all, 93%**.

The network-based share amounts in all to **3%** (family reasons 2%; visiting parents who live there 1%).

It is difficult to fit the others into specific categories. (A. Enger/ANIARA - markedsanalyse for reiselivet, 2005).

5 The tourist himself to a large extent includes cultural landscape in the concept of nature. So we face a discrepancy in the sources referred to above. On the other hand, it is pretty common to say: “Nature also includes culture in those cases where cultural activities are directly based on natural conditions --” (Aronsson, p. 43). As scholars we have to be aware of these two different ways of using the concept, otherwise we misinterpret!

Figure 4. The main factors of localization in details

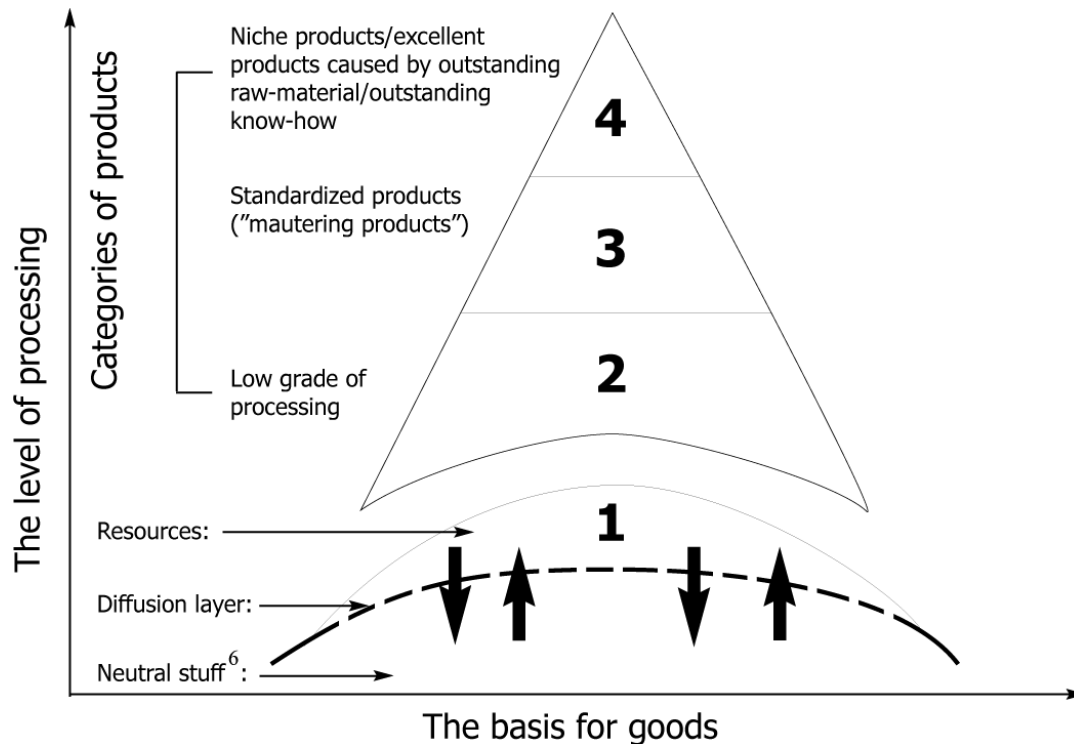


Adapted from Svalastog: "Reiselivsnæringens ressursgrunnlag" in Jacobsen and Viken (eds.) "TURISME. Fenomen og næring", p. 179. Oslo 2002: Gyldendal Akademiske.

The basic natural presuppositions are still equally dominant, and although the material does not explicitly state this, there are good reasons to assume that *distance as a localization factor* has become an advantage rather than as a disadvantage. Norway is easily accessible, but it is also exotic in the German market.

Accordingly, free goods have been, and will continue to be, the main base of Norwegian leisure time tourism. See Figure 5:

Figure 5. From free to processed goods



- 1.**
 - Sightseeing tours to the Hardanger Fjord region during the fruit-blossoming season
 - All kinds of fishing in salt water
 - All kinds of hiking tours, outdoor life inclusive of all kinds of water sports in salt and (most frequently) fresh water
 - Visiting tourist attractions like the World Heritage Town of Røros on one's own (without commercial guiding)
 - Ordinary sightseeing tours by car, bus, etc.
- 2.**
 - Hunting areas that are open to the tourist market
 - Fishing rights that are open to the tourist market
- 3.**
 - Most forms of artificially made attractions like indoor bathing complex, amusement parks, put-and-take fishing, etc.
 - The predominant part of farm tourism
 - The predominant part of what the tourist on vacation is offered at Norwegian destinations both summer and winter, etc.
- 4.**
 - Some Norwegian winter-products such as alpine- and cross-country slopes and landscapes
 - The gastronomic cluster in Lom municipality around Arne Brimi, Fossheim Tourist Hotel, etc.
 - Guided rafting and wildlife in chosen areas (see as an example: www.nwr.no)
 - Know-how-based farm tourism (see as an example: www.fiskebekk.no)
 - Safaris such as Andøy Whale Safari (www.whalesafari.com), etc.

6 As the concept is coined by E.W. Zimmerman in Peach and Constantin.

4. Free goods are resources which can be used by people in general, and which do not have a market price.

Free goods must not be confused with **products**. Products are output from a “transformation process which are directed by human beings, or which human beings are interested in, namely a transformation which a certain group⁷ of people consider desirable. The term indicates that there are certain things (goods or services) which enter into the process, and lose their identity in it, i.e. cease to exist in their original form, while other things (goods or services) come into being in that they emerge from the process”⁸ (Frisch, R., 1965 p 3) For a main survey of the resource basis for tourism and recreation, see enclosure 2, p. 33.

5. The manufacturing plants in the tourism business are primarily accommodation (lodging- and dining places).

The scientific concept for this is *superstructure*. The *superstructure* is sold to the tourist in the form of products, but it is highly exceptional for the *superstructure* itself to be an attraction that determines the tourist’s choice of travel. In terms of the theory of production, the tourist is the *producer*, because generally it is the tourist himself who puts together the contents of his holiday or weekend trip. The various industries in this sector are principally suppliers of *raw material* and *partial components*. The *superstructure* should not be confused with the concept of *infrastructure*⁹.

6. The main challenges against this background

If it is true to affirm that the basis of our leisure time tourism lies in *free goods*, then a decisive longterm role is played by the *competence* we commit to *caring* for and *developing those parts of the basic resources* (both natural and cultural) which constitute these free goods.

7 In the formulation “which a certain group of people consider desirable” lies the justification for segmenting the tourist market into demand groups, or categories of tourists. A sociological approach is necessary when we analyze what is “desirable” and to what extent a good is capable of satisfying needs. These are the simple realities behind my work on developing an alternative method for mapping tourist and recreation resources. I call this method: “The sociological method for mapping and evaluating resources” (cf. for example my doctoral dissertation: “Lokalisering av reiseliv. Om ressursanalyser, den romlige fordeling og lokal innpassing” and ch. 4: ”Om ressursanalyser” (pp. 83-119). Svalastog, 1994).

8 For the explanation of the concept of resources and products see definition list.

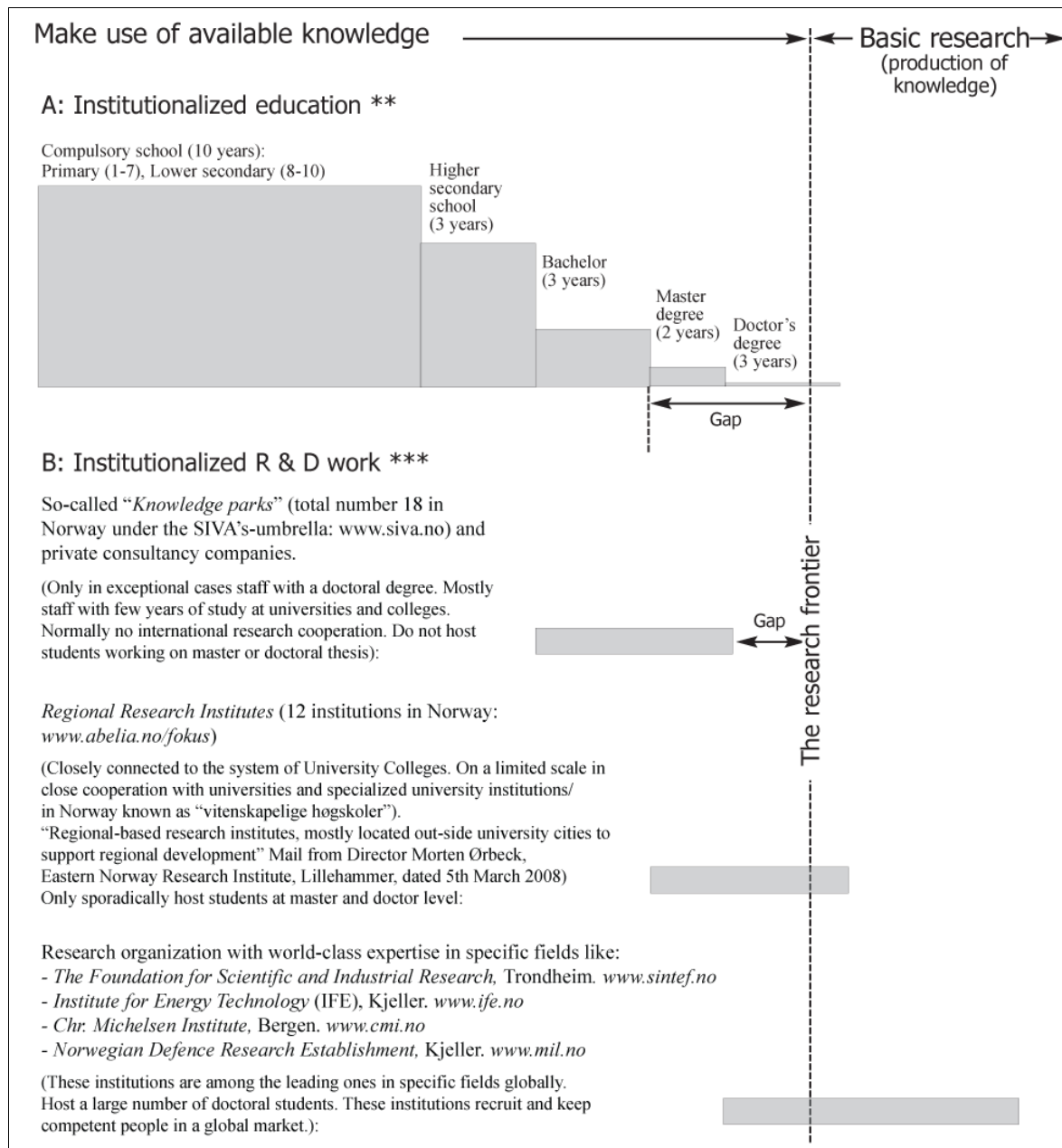
9 For the explanation of the concepts of superstructure and infrastructure see definition list and enclosure 2, p. 33.

As one example of important resources (and tourist attraction/free goods), Norway today has eight “monuments and sites” on UNESCO’s World Heritage List (<http://www.ra.no>):

1. Bryggen in Bergen (monument). Inscribed on UNESCO’s World Heritage List in 1979.
2. Urnes stave church (monument) inscribed in 1979.
3. The mining town of Røros (site). Inscribed in 1980.
4. The rock carvings (monument) in Alta inscribed in 1985.
5. The Vega Archipelago (site) in Nordland county, inscribed in 2004.
6. The Struve arc of the meridian (monument), inscribed 2005 stretches from the Black Sea in south to the town of Hammerfest in north. Four locations in Norway.
7. The Geiranger Fjord (site) in Møre and Romsdal county, inscribed in 2006.
8. The Nærøy Fjord (site) in Sogn and Fjordane county in 2006.
(See: <http://whc.unesco.org/en/list>)

Secondly, there is a striking disproportion between the level to which the traditional studies in this branch lead the students in purely academic terms, and the gap which remains before they catch up with the international level of knowledge and can become active users of this knowledge. See *Figure 6* p. 16.

Figure 6. The model for the communication and production of knowledge*



* An adaptation of Sondre Svalastog: 3.04.1989, Geografisk institutt; Bergen/ Landbruksdepartementet 1990, Norsk bygdeturisme. Ei næring med framtid. NOU 1990: 14. Oslo: Forvaltningstjenesten - Statens trykningskontor.

**** Number of people who completed:**

Compulsory school (2007): 63.240 persons; Higher secondary school (2007): 53.897 www.SSB.no/english/subjects/04/main.html
Bachelor (2007): 18.795 persons; Master degree (2007): 8876 persons.
Doctor's degree (2007): 1030. <http://DBH.NSD.UiB.no>.

*** The following criteria have been used for the division of Research and Development institutions into the principal categories:

1. Formal competence, i.e. the average length of higher education of those who work at the institution.
- 2- The extent to which the institution has a close collaboration with universities and specialized university institutions, and the presence of students studying for the degrees of Master and Doctor.
3. The extent of the collaboration with professional milieus outside the country - or the absence of such collaboration.
4. The extent to which the institution is part of the international labour market in the relevant fields.

In principle, we face a hierarchy of tourist attractions which consist of free goods and which cannot to any meaningful degree be turned into wares, divided into units, and sold.

I do not in the least mean by this that sector-determined product development is unimportant. But this first consideration is incomparably more crucial!

The tourist industries are among the most demanding in the world to deal with, because:

1. The sector is so complex.
2. Academically speaking, it is a young field of study, so that professional depth is very limited in most areas.
3. Most of those who commission work are unprofessional and uncritical, and do not pay attention to their consultants' level of academic competence.

The majority of consultants are far from the international cutting edge of knowledge, and are therefore unable to make use of this knowledge. Those who commission their work receive advice in keeping with this state of affairs. The great majority of consultants and advisers in this field work on the basis of an understanding of reality which is woefully inadequate in academic terms. *Figure 1* cannot be explained unless one adduces a simple lack of knowledge as the main cause.

7. The situation as a theoretical model

The post-War period transformed Norway from a low-cost to a high-cost country. This entails a radical change in the presuppositions for production in that part of the Norwegian tourist industry which is exposed to competition. In the low-cost situation, a country can produce standard wares and be competitive in the export markets, but it must switch to productions which demand competence, if the international competitiveness is to be maintained in a high-cost situation such as that to which the age of oil and gas has brought Norway.

Even if all other *factors of localization* and quality of and the access to *factors of production* had remained unchanged throughout the post-War period, the changes in *the level of wages and prices* in Norway would have sufficed on their own to pose very great challenges to that part of the Norwegian tourist industry which is exposed to competition.

If we look only at the development in *the level of wages and prices* in a country, we find the following connection:

1. "The level of knowledge must follow the development of wages and prices in a country, if the conditions for international competitiveness are to be maintained.
2. If the real level of competence in a nation is raised more quickly, in an international perspective, than the level of wages and prices, competitiveness in the relevant sector will also be raised. The same principle applies *vice versa*, if the level of competence is in decline from an international perspective." (Svalastog, 1994, pp.120 – 123).

In addition to the development of wages and prices, competition for the Norwegian tourist industry has been further intensified in the post-War period by factors such as *the emergence of the charter companies from the end of the 1950's onwards, the fall of the Berlin Wall and the opening of Eastern Europe* for tourism from the end of the 1980's, and a *rapid globalization of the tourist market* thanks to the budget companies which in reality opened up every part of the world for global tourism from the end of the 1990's onwards.

As a theoretical model:

- H1: In a high-cost situation such as the Norwegian context, those industries which are exposed to competition must be in possession of *high* and relevant competence. Otherwise, they lose competitiveness.
- H2: The tourist sector consists of a protected part and a part which is *exposed to competition*.
- H3: There is a *strikingly ineffective structure for training and for the production of knowledge* in the tourist sector in Norway¹⁰. *There is a large volume on an elementary level*. There is little (if any) competence in the sector, seen globally.

10 A number of important factors indicate that the presuppositions for competent advising, administration, product development, and operations within the tourist sector in Norway reached their highest level in the post-War period, relatively speaking, from the early 1960's to the early 1970's. The factors supporting this hypothesis are inter alia:

- In 1965, the "Mountain Plan Team" presented its report *Fjellbygd og feriefjell* (Rural Mountain Districts and Mountain Tourism). The work was headed by Axel Sømme, a geography professor who chaired the Institute for Geography at the Norwegian School of Economics and Business Administration, Bergen. The other members of the team were "people with various academic backgrounds; most of them were young researchers in posts for up-and-coming academics ...". In the course of the first few years after the close of this work, most of the members had become professors. The project had taken several years, and made a very important contribution to the topics of localization and the administration of the key resource land. The main focus was on the private holiday cottage.

- The Regional Development Fund, Oslo, with secretaries in the individual counties, was at its best as an organ of professional competence in this period, and gave advice throughout the country on questions of localization, development of production units (superstructure), and financing. The activities of the Regional Development Fund in the tourist sector were based on nationwide empirical material. In this period, the Fund cooperated with the Norwegian Technical University of Applied Sciences in Trondheim and other institutions in order to develop new operative concepts in the hotel and restaurant sector.

- The hotel and tourist Directorate was still intact, and helped ensure the quality of the professional level in hotels and restaurants in the industry. In this period, the Directorate also had a special responsibility for providing guidance in the camping sector. At the most the Directorate employed twentyone persons.

- A comprehensive field study of farm tourism, which had great importance in academic professional terms, was launched in 1964. The Agriculture Society of Telemark (Telemark landbruksselskap, Skien); the Norwegian Institute of Agricultural Economic Research, Oslo, under its director Finn Reiseegg, and the Institute for Architecture at Norway's University of Agricultural Sciences collaborated in large-scale study concerning practical farm tourism. The Agriculture Society of Telemark selected the farms. The Institute for Architecture at Norway's University of Agricultural Sciences drew up plans for a new generation of holiday cottages for hire, while the Institute of Agricultural Economic Research kept the financial accounts of the operations and analysed these. In addition to presenting a new concept for the standard of holiday cottages, the main challenge was to analyse the connections between profitability, localization, the resources present in a place, and the challenge of skill. Professor Halvor Nordbø initiated the project and was its ideological driving force. He headed the Institute for Architecture at Norway's University of Agricultural Sciences (now: Norwegian University of Life Sciences/www.umb.no). Cf. For exmple: *LANDBRUKSNÆRINGANE I TELEMARKE OG TURISTFERDSLÅ*. Innstilling frå ei nemd sett ned av Telemark bondelag, Telemark bonde- og småbrukarlag og Telemark landbruksselskap. mai 1964, (if you translate: *THE AGRICULTURE SECTOR IN TELEMARKE AND THE TOURIST TRADE*. Recommendation submitted by a committee appointed by The Norwegian Farmers' Union in Telemark County, The Norwegian Farmers' and Smallholders Union in Telemark County and The Agriculture Society of Telemark. May 1964) and the first report on the tests by the Institute of Agricultural Economic Research: "Nye driftsformer i landbruket. Undersøkelse over vilkår og økonomi ved drift av utleiehytter og camping-plasser" Oslo 1967: Norges landbruksøkonomiske institutt. (Strømsnes, O, 1967).

- In summer 1971, the report "Forslag til en offentlig reiselivspolitik i Norge" ("Suggestions for a public tourism policy in Norway") was published. This document was drawn up by the "Council for the Tourist Industry in Norway," a panel appointed by the Ministry. This document was intended to serve as the basis for further work in formalizing a public tourism policy in this sphere. The report was "to emphasize society's interest in creating economically profitable firms in the tourist industry ... One step in this work was the

- H4: Even if all the other factors of localization and production for the tourist sector had remained unchanged globally throughout the post-War period, the export volume for Norwegian tourist would have declined strongly in the high-cost period, relatively speaking.
- H5: This means that Norwegian tourism has never competed so poorly on the international level as in the last ten to fifteen years.

In the light of the analysis we may ask:

1. Have we sufficient confidence in what we think we know (or teach)?
2. Are we willing to accept the challenges which this entails?
3. Are we willing to give priority to the resources which are required in order to establish systems that can give results (or: Are we able to convince the persons who determine priorities with regard to resources)?
4. And do we agree in Porter's postulate when he says that "it is naivety to think that a nation is able to develop high competitiveness in the whole industry, and over the whole country"?

contact that the Council took with a group of leading academics, researchers, and civil servants who made ... a valuable contribution to the preparation of the present document ..." (from the Foreword to "Forslag til en offentlig reiselivspolitik i Norge"). This group consisted of a professor of Resource Theory and Politics at the Norwegian University of Life Sciences in Ås and two professors from the Norwegian School of Economics and Business Administration in Bergen. One was professor of Geography and head of the Geographical Institute; the other was professor of Economics and head of the Institute for Shipping Research. Another member was professor of Botany at the Norwegian University of Science and Technology in Trondheim, and played a central role in the setting up of the Ministry of the Environment in 1972. There was also a deputy undersecretary of State in the Ministry of Local Government and Regional Development, and a young man who had taken his degree in Economics at the University of Oslo, where he became a professor of Economics shortly afterwards. In addition to great professional expertise, all the members had a genuine commitment towards society. This period can appropriately be describe as a national mobilization of knowledge in the tourist sector in Norway, and it was initiated by leading persons in academic institutions. The work had clear goals and an empirical basis, and there was an extensive professional collaboration between the agencies mentioned above! For one testimony to this collaboration, cf. e.g.: Ouren, T.; 1969.

PART III: SUMMING UP

- *Norway is a country with high costs*¹¹, but we should note: “The development of prices in a country can for a time make it either hard or easy for firms to emerge which are competitive in the international market, but it is other factors (both in the firm itself and in the region) which make it competitive in the long term” (Erngren and Strandell, 1998, p 46).
- The *golden age* of mainland leisure time tourism in Norway was the fifty years from c. mid-1860’s to the First World War. (Se inter alia: in Svalastog, Editor, 2004).
- The *golden age* for Norwegian leisure time tourism at sea (the cruise ship business) was the thirty years from c. mid-1960’s to the mid-1990’s. In that period Norwegian ship owners had a global lead in product development, organizing and developing new markets.
- The leisure tourism sector in Norway is based *on free goods*¹², *not on products*¹³ specific to this branch.
It is not by means of marketing that one maintains and develops free goods, but by means of a prudent and long-term administration and care of the basic resources.
- The international competitiveness in the Norwegian tourist industry has never been weaker than in the past ten years.
- There is a huge knowledge-gap with regard both to the judicious and long-term administration of our free goods and to product development. This affects in a serious way the ability of the Norwegian tourist industry to adapt to new circumstances and thereby improve its competitiveness.

11 See the list of definitions and the concept: *National level of costs*.

12 See the list of definitions and Fig. 5.

13 See the list of definitions.

PART IV: THE CONCEPTUAL UNIVERSE WHICH HAS BEEN EMPLOYED IN THE TEXT

CAPITAL/CAPITAL GOODS: “Goods intended for use in production, rather than by consumers. Some goods, such as power-stations and oil-drilling equipment, can clearly only be capital goods. Many goods are in fact capable of being used either for production or consumption: cars, for example, may be used for business purposes or privately, and furniture may be used in private homes or for business purposes in hotels and restaurants” (Black, J. p. 48).

The next step in operationalization of the concept is to divided into the two subgroups 1. Superstructure and 2. Producer goods (See: Enclosure 2, p. 33).

COMPETITIVENESS: “The ability to compete in markets for goods and services. This is based on a combination of *price* and *quality*. With equal *quality* and an established *reputation*, suppliers are competitive only if their *prices* are as low as those of rivals. A new supplier without an established *reputation* may need a lower price than rivals to compete. With lower quality than rivals, a firm may not be competitive even with a low price; with a *reputation* for *superior quality*, a supplier may be competitive even with a higher price than rivals. Similar propositions apply to a country’s exports.” (Black, J. p. 72).

NATIONAL LEVEL OF COSTS: In the absence of a definition which has been accepted as standard, the author chooses to make the question of the level of costs an empirical question, and draws up the classification against the background of the following criteria:

1. I choose *the costs of the workforce* as the main indicator of the level of wages and prices in a country.
2. I limit myself geographically to *those countries with which the industry in question competes*.
This entails that both low-cost and high-cost countries outside the relevant area of competition are insignificant; but the size of the region of competition can change over time, e.g. because of changes in the means of communication, political changes, economic changes, etc. At least three-quarters of the export-import volume must take place within the *competitor region*.
3. I group the countries within the relevant competitor region in the following three categories:
the low-cost countries are those that lie in the bottom third of the scale; *the countries with a medium level of wages and prices* constitute the next third; and *the high-cost countries* constitute the upper third.

CULTURE: “If we look at all the definitions and ways of using this concept, there appear to be two different but important main forms in western linguistic usage. One way to use this word, on its own or in combination with other terms, might be called *value-oriented*, while the other might be called *descriptive*.

The value-oriented way of using the concept is connected to the original meaning of the word, viz. to *cultivate* or to *improve*. In agriculture, plants are improved on the

basis of a scale of values. One can develop wheat with lower stalks and larger ears, i.e. wheat that is more valuable when measured in economic terms. In the realm of the spirit, the word is used in a similar manner: it always involves a criterion of quality. Ibsen and Shakespeare score high points, but the short stories in women's magazines do not perform so well. There may indeed be people who would not use the word *culture* at all when speaking of such short stories. Recently, however, these short stories have been evaluated differently: they are accepted at any rate as a form of subculture ...

Such criteria exist in every society. In some places, there is one particular societal group which determines the criteria. They can legitimate this right by appealing to various sources of power: tradition, money, military power, or even something divine. Most other groups in society accept this, more or less willingly ...

The descriptive concept of culture is not identical with society; it is the contents in the fellowship which constitute the society. This conceptual distinction is important and useful. We can therefore define the descriptive concept of culture precisely as follows: *the ideas, values, rules, norms, codes, and symbols which a person adopts from the preceding generation and attempts to hand on – often with some changes – to the next generation ...*

In other words, culture in this sense is everything we teach about right and wrong, ugly and beautiful, useful and useless, about daily conduct and the meaning of life. We can say that this definition emphasises the intellectual or cognitive fellowship. It has sometimes been called a cognitive concept of culture ... ” (Klausen, 1992 pp. 25–27).

When we carry out analyses which are relevant to tourism and leisure activities, we need both interpretations of this concept. Cf. the classic tourist attraction in the form of *museums, concerts and festivals*. Here, it is the *level of what is on offer* that will give an attraction its ranking. To take the example of *regions where indigenous peoples live*, these are interesting in the tourist context because of their contents, i.e. “the ideas, values, rules, norms, codes, and symbols” around which the society has organized its material and its non-material reality.

LEISURE EXPERIENCE: Leisure “*Experience* is self-conscious living. We do more than act and react. We are constantly perceiving, assimilating, processing, storing, and interpreting information. That information is about our environment and our interaction with that environment. Our interaction is mental, physical, and emotional. We feel as well as think, act as well as interpret. We employ our linguistic categories and symbols to make sense of what we do and what is going on around us. We remember, respond, and act towards the future. *Experience*, then, is our interpretive consciousness of an event or action.” (Kelly, J.R., 1996 pp. 415-416)
“ the experience itself may be identified as the real substance of leisure” (ibid, p. 416).

FACTORS OF LOCALIZATION: In the context of localization and production, we use two concepts of factors or determinants: factors or determinants of *localization* and *production*. Every analysis of localization and production must be anchored in these two sets of determinants. The factors of localization are the total parameters around an economic activity, while the cluster of production factors is limited to the concrete input in production or economic activity. The cluster of production factors is per se a central localization factor, but as such, it is treated as a composite unit. (Cf. for example the section “The location factors” in Smith, 1981: 45 – 67).

FACTORS OF PRODUCTION: “The ingredients necessary to the production process, i.e. those things that must be assembled at one place before production can begin. The three broad headings conventionally adopted are *land, labour and capital*. Sometimes the fourth factor of “enterprise” is added, to recognize the contribution of the “entrepreneur” or risk-taker and the legitimacy of a special return to this particular participant in the productive process. However, in the current complexity of economic organization it is hard to distinguish enterprise from general management functions, so this factor is more appropriately subsumed under labour. The combination of factors of production reflects the state of technology applied in the activity in question, e.g. whether it is capital-intensive or labour-intensive.

Land is necessary for any productive activity, whether it is agriculture, mining, manufacturing or services. Land may be a direct source of a raw material, as is the case with mining, or it may be required for the cultivation of a crop or to support the physical plant of manufacturing activity. Modern industry requires increasing quantities of land, as factory sites and for such associated uses as storage, roadways and parking.

Labour requirements vary with the nature of the activity in question. Some need numerous unskilled workers while others require more skilled operatives, technicians, office personnel, etc.

The availability of particular types of labour can have an important bearing on the location of economic activity. Despite the growing capital intensity of modern industry, cheap labour with a record of stability is still an attraction. That the value of production can ultimately be traced to the factor of labour is central to the **LABOUR THEORY OF VALUE**.

Capital includes all things deliberately created by humans for the purpose of production. This includes the physical plant, buildings, and machinery, i.e. fixed capital, plus the circulating capital in the form of stocks of raw materials, components, semi-finished goods, etc. Private ownership of capital and land is the major distinguishing feature of the capitalist mode of production, which carries with it important implications for the distribution of income and wealth (see **MARXIAN ECONOMICS; NEO-CLASSICAL ECONOMICS**).

The conventional categories of *land, labour and capital* (and enterprise) can serve an ideological role in legitimizing the differential rewards of the various contributors to production under capitalism. The concept of **PRODUCTIVE FORCES** is preferred in **SOCIALIST** economics. In any event, for practical purposes these broad categories tend to be subdivided into the individual inputs actually required in particular productive activities” (Smith, D.M. 2002 pp. 252–253).

Factors of production can always be described as *resources*, but *many resources* do not become *factors of production*, since many resources can be used directly without first undergoing a refinement by means of production. *Factors of production are therefore a sub-group of the concept of resources*.

FREE GOODS: “A good which is not scarce, so that its availability is not an effective constraint on economic activity. A good is not a free good merely because its market price is zero: it may in fact be scarce, but be underpriced by the market because of a lack of enforceable property rights over it. A really free good has a shadow price of zero. A good may be free under some but not all circumstances: “free as air” is a proverbial expression, but in mines and other confined spaces air has to be provided at great expense” (Black, J. p.186).

The concept of free goods for *resource based tourism* means: goods without a market price. They are not scarce and do not require the use of scarce factors of production to create them for the recreational purpose, for example, fresh air, sunshine, the rural landscape, the urban landscape, opportunities for salt water fishing, etc.

The concept of resources is a wider concept than that of free goods. Resources include both resources that have a market price and resources that do not have a market price.

INDUSTRIAL GOODS: See producer goods p. 25.

INFRASTRUCTURE: “All forms of construction required by an inhabited area in communication with the outside world, which support and make economic development possible. It includes roads and railways, harbours and *airports*, as well as *public utility services* of water supply, drainage and sewage disposal, power supply and telecommunications. The infrastructure has to precede other development and has to be adequate to serve the needs of both *residents* and *visitors*; it is commonly provided by the *public sector*” (Medlik, S., p. 93).

INNOVATION: “The economic application of a new idea. *Product innovation* involves new or modified products; *process innovation* involves a new or modified way of making a product. Innovation sometimes consists of a new or modified method of business organization. Many cases, for example the introduction of the credit card, have involved all these types of innovation” (Black, J. p. 237).

KNOWLEDGE: “Incomparably greatest among human resources is *knowledge*. It is greatest because it is the mother of other resources ... ” “Not only is *knowledge* the greatest of resources, it is also the resource that we have counted upon to grow richer with every decade. The cumulative expansion of science and of its practical application has emboldened us to expect that each generation of our descendants will discover new resources and more efficient ways of using old ones ... ” (Mitchell, W. C., 1941, pp. 1, 2).

“Knowledge is truly the mother of all other resources. To be sure, not even omniscience can create matter or energy out of nothing. Nor can any science, no matter how skillful and advanced, ever restore to human use the energy once locked up in coal, oil, or gas, but now spent. The difference between Neolithic man, who roamed the earth in misery and fear, and man today, who lives in relative comfort and security, is knowledge - - ” (Peach, W.N. and Constantin, J.A., 1972 p. 11).

LEISURE: “Leisure is activity chosen in *relative freedom* for its *qualities of Satisfaction*” ... “The real question is what happens in *time* and *place* that are relatively free from necessity and are oriented primary towards the *experience*” ... “Finally, leisure is both *existential* and *social*. It is a social creation, of its culture and yet re-creating the culture. From a dialectical perspective, it is creative: existentially creative of the self and socially creative of the culture. It is both being and becoming” (Kelly, J.R., 1996 pp. 8; 431 and 432).

MARKETING: “The process of getting customers to buy a firm’s products. This involves making arrangements for distribution and advertising current products. It also covers *market research to discover likely customer reaction to potential new products*, and whether *possible modifications to existing products* would improve their appeal. In the long run, *no amount of marketing skill can sell products customers do not like*, but poor marketing can make a product fail even though consumers might have liked it” (Black, J. p. 291).

PRODUCER GOODS: “A commodity used in the production of other goods and services as distinct from final or consumer goods. Whether or not a good is a producer or consumer good will depend not upon the good but upon the use to which it is put. For example, a pencil bought for use in a drawing-office is a producer good, but one bought for a child is a consumer good. Producer goods are also known as ‘intermediate goods’” (Black, J. p. 370).

PRODUCT: Products are output from “any transformation process which can be directed by human¹⁴ beings, or which human beings are interested in, namely a transformation which a certain group of people consider desirable. The term indicates that there are certain things (goods or services) which enter into the process, and lose their identity in it, i.e. cease to exist in their original form, while other things (goods or services) come into being in that they emerge from the process . . .” (Frisch, R., 1965 p. 3).

- “To avoid needless repetition, the term ‘product’ rather than ‘product or service’ will be used to refer to the output of an industry, even though the principles of structural analyses developed here apply equally to product and service business. Structural analysis also applies to diagnosing industry competition in any country or in an international market, though some of the institutional circumstances may differ” (Porter 1980 p. 5).

- The following four characteristics are found in every product (whether goods or services):

1. By means of an active process of production *it is developed for a market*.
2. It must be *capable of division into units*, e.g. kilograms, number, extent, duration, etc.
3. *It is destined to feature in a relation of exchange* – in our society, this usually takes the form of the exchange of goods for money.
4. In the private sector, *the production of goods (wares) aims to earn money*.

PRODUCTION: When we study the phenomenon of *production* and *product development*, we need to study the challenges which are linked to the process on two distinct levels.

1. Production in the technical sense is: “any transformation process which can be directed by human beings, or which human beings are interested in. Loss of identity by the production factors. Movement, selection, conservation. To a certain extent the distinction between production factors and product is conventional, depending on the particular aspect of the problem in question” (Frisch, 1965 p. 346).

See table 2 p. 26.

The character of a product will change when:

- A. A change occurs in the quantitative relationship between the relevant production factors (input elements), or

14 In the formulation “which a certain group of people consider desirable” lies the justification for segmenting the tourist market into demand groups, or categories of tourists. A sociological approach is necessary when we analyze what is “desirable” and to what extent a good is capable of satisfying needs. These are the simple realities behind my work on developing an alternative method for mapping tourist and recreation resources. I call this method: “The sociological method for mapping and evaluating resources” (cf. for example my doctoral dissertation: “Lokalisering av reiseliv. Om ressursanalyser, den romlige fordeling og lokal innpassing” and ch. 4: “Om ressursanalyser” (pp. 83–119). Svalastog, 1993).

- B. Qualities in one or more of these factors are changed, or
 - C. The production process itself undergoes changes, or
 - D. A combination of the changes in A–B–C takes place.
2. The aim of all production in the private sector is the economic profitability of the firm, or added value. The production process is therefore meant to result in an output for which the market is willing to pay a higher price than the sum of the value of the production factors.

Table 2: The basic model for production in a technical sense:

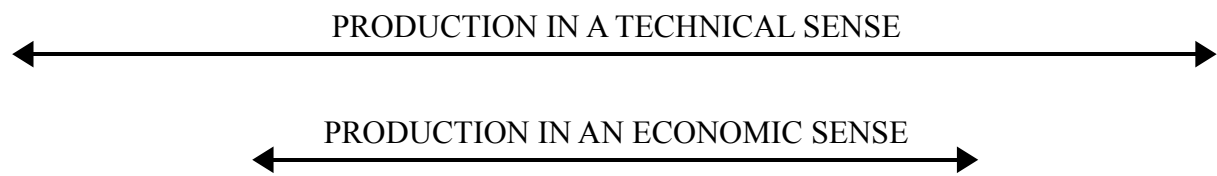
Factors of production¹⁵ (input) ==>	The process of production (value added) ==>	Products (output)
I a. Land b. Culture ¹⁶ II. Labour/workforce III. Capital	Determined by: <ul style="list-style-type: none"> • Localization • The state of technology • Logistics • The milieu in the field of business/industry • The political mode of production, etc. 	Main categories: <ul style="list-style-type: none"> • Raw material/low grade of processing • Components • Complex products

When we study production in the *economic sense*, we have to put the focus on the connection between what we call here “the background presuppositions” and the market, *until the product is sold*. When we focus on production in the economic sense, therefore, it is correct to say that “wares are not produced before they have been sold”.

15 The first step of bringing the concept of resources from an abstract to a functional form is the traditional division into the subgroups: land; labour and capital.

16 When we work with the sector of tourism and apply theory of production we have to add culture as a factor equal to that of land. These two factors of production constitute the raw material part of input.

Table 3: The model of production in an economic sense



The decisive condition (capability) ==>	Factors of production (input) ==>	The process of production (value added) ==>	Products (output) ==>	Marketing (the connection between product and market) ==>
<p>With this we mean understanding and know-how that are decisive for:</p> <p>The idea about the product (The concept)</p> <p>The understanding of the market by means of reports from the market and market surveys¹⁷</p> <p>Understanding of the market from within. Acquired through understanding of the goods, values and the sociological signification. “The conspicuous consumption” (The consumption as an important means in the establishing of an individual image)¹⁸</p>	<p>I. a. Land b. Culture</p> <p>II. Labour/ workforce</p> <p>III. Capital</p>	<p>Determined by:</p> <ul style="list-style-type: none"> • Localization • The state of technology • Logistics • The milieu in the field of business/ industry • The political mode of production, etc 	<p>Main categories:</p> <ul style="list-style-type: none"> • Raw material/ low grade of processing • Components • Complex products 	<p>The capability in connecting product and market depend mainly on:</p> <ul style="list-style-type: none"> • The understanding of the product itself • The capability in communication with the market depends for the most part on: • Sociological understanding of the consumption • Understanding of the geographical dimension. • Cultural understanding • Knowing about the history. • Language skill, etc

Cf. the way in which the concept of resources is made operational in ch. ... of the present book.

¹⁷ Most important, relatively speaking in countries with low or moderate level of costs.

¹⁸ Of crucial importance in high cost countries. In high cost countries the product developer must have the capacity to give the consumer a product-answer that the consumer himself is not able to express or formulate. That is the main difference between the low cost level and the high cost level. The product differences have to be in quality.

PUBLIC GOODS: “Goods or services which, if they are provided at all, are open to use by all members of society. Examples include defense, law and order, and *public parks* and *monuments*. As nobody can be excluded from using them, public goods cannot be provided for private profit. Public goods can be and frequently are provided privately, by individuals and voluntary organization, from motives of altruism or ostentation. Really expensive public goods such as defense are necessarily provided by government bodies, which alone have the power to raise the taxes needed to pay for them” (Black, J. p. 379).

“Commodities the consumption of which has to be decided by society as a whole, rather than by each individual. Public goods have three characteristics: (a) they yield non-rivalrous consumption – one person’s use of them does not deprive others from using them; (b) they are non-excludable – if one person consumes them it is impossible to restrict others from consuming them, e.g. public television is non-excludable although, if devices are made for scrambling television pictures, except to those who own picture decoding cards, television becomes an excludable service, and (c) public goods are often non-rejectable – individuals cannot abstain from their consumption even if they want to. National defence is a public good of this sort, although television is not. Nonexcludability and non-rejectability mean that no market can exist and provision must be made by government, financed by taxation” (Bannock, Baxter and Davis, 2003 p. 316).

Public goods are thus a result of active behavior (production), whereas *free goods* do not require the use of scarce factors of production to create them. For most industries, the raw material consists of *land*, but this is not the case with the tourism and leisure sections. For these sectors, cultural expressions are a part of the raw materials, in the same way as land. Cf. here the importance of the cultural landscape for the sightseeing tourist, and world-heritage sites which can be experienced at first hand, e.g. Røros Mining Town, Bryggen in Bergen, Norway, or the Vega archipelago in Nordland www.verdensarvvega.no etc.

The free goods which are culturally determined and are of interest in connection with tourism and leisure activities are thus man-made, but not for *this* particular purpose. This is why they should be grouped under free goods.

QUALITY: “Quality often means high quality – but high in relation to what? High in relation to competing products, in relation to expectations, or in relation to the return one gets for one’s money? Quality must also be linked to prices, for otherwise the concept is meaningless. And who is to evaluate quality? Is this a task for ‘experts’ who are to assess it, or does the consumer do this? ...”

“Often, a product is found to be good because ‘someone’ has said that it is good – good wine is good because someone has said so. Good art is good because someone has said that too ...”

“The quality of a product is not unambiguous ...” (Framnes, Pettersen og Thjømøe, 2006, pp. 349 and 350).

The concept of quality is “a parameter of action which indicates characteristics in the product which are decisive for the purchaser’s perception of the product and his preference for it” (Nørgaard, Borud og Engevi, 2003, p. 190).

A practicable distinction is made between: (a) *objective quality*; (b) *intersubjective quality*; and (c) *subjective quality*. We have chosen this categorization for our book project. See below.

Objective quality is described and evaluated on the basis of quantitative measurements. Here, uniformity and standardization are possible. A salmon-fishing river and areas for big game hunting can serve as examples of products or partial products where the quality can be described objectively. Here, the areas are ranked according to size and to the probability of getting a catch.

Intersubjective quality arises when quality is measured with standards about which a general consensus exists, e.g. among experts. Olympic sites for slalom and downhill skiing can be taken as examples here. The characteristics of such sites are laid down by a group of experts, and future users accept the product which the experts have elaborated as outstanding.

Subjective quality is the counterpart to the two categories described above. Subjective quality goes beyond those characteristics about which a general consensus exists. Conversations with customers and questionnaires are important sources of information when one wishes to learn something about the subjective quality of a product. Subjective quality is assessed on the basis of the individual's criteria of quality. Night clubs and a large segment of the festivals on offer are successful in the market because of their ability to "fit" the taste of a limited group of people. Tourist ghettos which have been developed for a young market, and have an image linked to *sun, sand, sex, and drugs* can be financial successes despite the low quality of those elements created by human beings. Measured by *objective criteria or expert standards*, the products which are successful in the subjective market will often score low marks, qualitatively speaking.

(For a more detailed account, see: Troye and Ødegaard 1997, pp. 321–334).

RESOURCES: a) The concept step by step:

- "Resources are the bases of both security and opulence; they are the foundation of power and wealth ..." (Peach and Constantin, 1972 p. 3).
- "There is a strong tendency, easily understandable but nonetheless unfortunate, to identify resources with substances or tangible things. To be sure, substances can function as resources, and indeed they play a tremendous part as resources. One has but to think of coal, iron, petroleum, or copper to realize this ..." (op. cit. p. 8).
- "This preoccupation with single tangible phenomena in nature creates the false impression of resources as things static, fixed, whereas actually they are as dynamic as civilization itself" (ibid.).
- "Less patent invisible and intangible aspects – such as health, social harmony, wise policies, knowledge, freedom – are ignored, even though these latter are possibly more important than all coal, iron, gold, and silver in the world put together. In fact, resources evolve out of the dynamic interaction of all these factors ..." (ibid.).
- "Resources are living phenomena, expanding and contracting in response to human effort and behavior. They thrive under rational harmonious treatment ... To a large extent, they are man's own creation ..." (ibid.).

- “Incomparably greatest among human resources is knowledge ... Not only is knowledge the greatest of resources, it is also the resources that we have counted upon to grow richer with every decade ... Knowledge is truly the mother of all other resources ...” (Wesley C. Mitchell in Peach and Constantin, 1972, p. 11).

b) A summary of the concept:

- “Our conclusion may be clearly drawn. *The word ‘resources’ does not refer to a thing or a substance, but to a function that a thing or a substance may perform, or to an operation¹⁹ in which it may take part*, namely, the function or operation of attaining **a given end such as satisfying a want**. In other words, the word “resources” is an abstraction reflecting human appraisal and relating to a function or operation. As such, it is akin to such words as food, property, or capital, but is much wider in its sweep than any of these ...” (ibid.).

SUPERSTRUCTURE: “Physical facilities and services specific to particular types of development as, e.g. farms to agriculture, factories to manufacturing, **hotels** and other short-term **accommodation** to tourism and hospitality. (Particular facilities and services provided for the use of **tourists** are sometimes also referred to as tourism infrastructure, but see under **infrastructure** for the accepted meaning of that term)” (Medlik, S., 2003, p. 158).

SUSTAINABLE DEVELOPMENT: This concept has the following two main dimensions:

- A resource dimension linked to the long-term use and development of local nature and local culture.
- A dimension linked to jobs and material remuneration. The return must be sufficient to provide a basis for establishing families and ensuring life for the next generation.

In practice, this means: The largest possible use of resources over time, but bearing in mind:

- a) the preservation of the variety in local nature and culture, because this variety is necessary in order to ensure *survival, stability, and a wealth of experience* in the long term;
- b) the use of resources must also be seen in a global context. A high level of use in some parts of the world cannot be accepted, if this level of use contributes to the destruction of the environment in a *global context*, or entails damage to *societies in other parts* of the world;
- c) a high level of use in some parts of the world is indefensible, if this is due to the fact that those areas which supply raw materials are underpaid for their exports, or suffer through the establishing in their regions of industrial activity which destroys the environment, and which is unacceptable in the rich countries themselves.

In other words, our basic definition can be described as *oriented to solidarity*. This definition of the concept ensures solidarity with *the environment, other societies* on earth, and *future generations*. (Summary from: Svalastog, in L. Aronsson, 2000, pp. 33–34).

19 The word “operation” means the same here as production.

TOURISM SECTOR: “The part of the economy which has a common function of meeting *tourist* needs, consisting of *tourism-related industries* to the extent to which they supply tourist rather than local and neighbourhood *markets*” (Medlik, 2003 p. 166).

TOURIST: “For statistical purposes, ‘a *visitor* whose visit is for at least one night and whose main *purpose of visit* may be classified under one of the following three groups: (a) *leisure and holidays*; (b) business and professional; (c) other tourism purposes” (Medlik, 2003 p. 167).

Enclosure 1. The specification of tourism expenditure (exports and imports) for the period 1950 - 2007 in nominal value

Year	Exports)	Imports	Net	Year	Export)s	Imports	Net	Year	Export)s	Imports	Net
1950	125	186	-61	1970	1128	1014	114	1990	9662	21713	-12051
1951	115	215	-100	1971	1227	1194	33	1991	10751	20320	-9569
1952	145	221	-76	1972	1368	1402	-34	1992	12650	23066	-10416
1953	170	225	-55	1973	1420	1655	-235	1993	13757	23840	-10083
1954	190	264	-74	1974	1491	2001	-510	1994	15741	26206	-10465
1955	220	314	-94	1975	1924	2908	-984	1995	15022	26923	-11901
1956	250	310	-60	1976	2223	3522	-1299	1996	15564	29214	-13650
1957	245	320	-75	1977	2586	4639	-2053	1997	16233	31977	-15744
1958	290	343	-53	1978	3018	5661	-2643	1998	16950	35940	-18990
1959	310	350	-49	1979	3228	6042	-2814	1999	18776	38181	-19405
1960	367	380	-13	1980	3716	6486	-2770	2000	19040	40873	-21833
1961	400	400	0	1981	4430	8470	-4040	2001	18619	39957	-21338
1962	432	380	52	1982	4727	10583	-5856	2002	18273	41031	-22758
1963	513	418	95	1983	4910	11586	-6676	2003	18775	48014	-29239
1964	560	475	85	1984	5388	12143	-6755	2004	21138	59420	-38282
1965	599	504	95	1985	6493	14812	-8319	2005	22516	67381	-44865
1966	682	541	141	1986	7836	18582	-10746	2006	24113	77946	-53833
1967	732	623	109	1987	8459	20672	-12213	2007	25654	86082	-60428
1968	774	691	83	1988	9558	22422	-12884				
1969	914	824	90	1989	9218	19698	-10480				

Source: For the period 1950-2004: Statistical Year Book of Norway. For the period 2005-2007: National Account (SSB).

Enclosure 2. The resource basis for tourism and recreation – a main survey

- I. Raw material - presuppositions specific to the area:**
- 1. Natural resources**
 - climate
 - air
 - flora
 - fauna
 - salt and fresh-water lakes, rivers, waterfalls, etc.
 - geological conditions
 - topographical conditions
 - the scale of the landscape
 - 2. Cultural resources**
 - a) Physical objects and conditions (concrete resources)
 - relics of the past
 - buildings and installations of a monumental nature
 - other buildings and installations with potential for experiences or substantial (cultural) information
 - cultural landscape (the ways in which man has adapted to the local conditions for production (making a living) and manifestation of their life, etc.)
 - b) non-physical conditions (abstract/non-physical aspects)
 - the starting point (cradle) of cultures
 - places where important events have taken place (e.g. religious or political)
 - cultural creator of our time
 - cultural conditions as a result of social life, values and cultural activities
- II. Workforce²⁰ – presuppositions specific to the area:**
- 1. Workforce as bearers of knowledge**
 - a) Institutionalized knowledge
 - some few possessing leading competence for development of new products, consultancy, communication with the market, etc.
 - the common level of education (determine the quality of the workforce)
 - b) Traditional knowledge (synonymous with the concept “ silent knowledge,” which some scholars use)
 - 2. The culturally determined condition for innovation in the area or nation**
- III. Capital/capital goods – can be obtained everywhere according to demand:**
- 1. Superstructure:**
 - accommodation and eating places aimed at tourists
 - transport equipment (e.g. ski lifts, sightseeing boats, weasels, gondola sightseeing boats, weasels, gondola cables, other transport equipment, specially prepared ski runs and paths)
 - 2. Producer goods:**
 - from other industries e.g. museums, zoos, utopian visions of the future, glass blowing, breweries, wine cellars, distilleries, power plants, etc.
 - from the tourist sector itself e.g. bathing complexes, amusement parks, play-grounds. etc.

Adapted from Svalastog: “Reiselivsnæringens ressursgrunnlag” in Jacobsen and Viken (eds.) “TURISME. Fenomen og næring”, p. 182 (second edition) Oslo, 2002: Gyldendal Akademiske.

²⁰ In this context we do not take into account the workforce as an energy factor.

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The Main Challenges Facing Leisure-time Tourism in Norway

“This is a well thought-out and clearly written study. Its specific originality and its importance lie in its unambiguous use of concepts and its clear conceptual definitions; it emphasizes that the tourist industry needs an enhanced knowledge; and it underlines quality as a determinative dimension.

In this field, it is important that studies and books are published which give priority to a theoretical and fundamental clarification of situations and factors which have not been in focus hitherto. This will facilitate the development of an intellectual process with regard to the ideas on which the tourist industry is based.”

(Arnljot Strømme Svendsen, Emeritus Professor of Economics at the Institute of Economics, Norwegian School of Economics and Business Administration, Bergen.

<Arnljot.Stromme-Svendsen@nhh.no >www.nhh.no/

(From his statement to Lillehammer University College, dated October 16, in connection with the approbation of this study for publishing.)

“Naturally, your message that we need fewer centers of teaching and research, with stronger resources, in the Norwegian tourist sector, is correct ...”

(Strømme Svendsen, in a letter dated June 25, 2008)

“It is excellent that you so strongly emphasize the importance of clarifying concepts. This is particularly important in a multidisciplinary project such as the one you are carrying out. It is extraordinarily how much unclear verbiage there is, so many confusing evaluations and sheer disinformation in the social sciences, because the content of the concepts is unclear ...”

(Vidar Ringstad, Ph.D., senior researcher in Economics in Telemark Research, Bø Department, in a letter dated May 31, 2007.

<v-ring@online.no> ww.telemarkforskning.no

He is a prominent Norwegian author of textbooks in economics.)

“This was interesting reading. The study has an extremely good structure in its presentation of the problems and challenges. You analyze the situation in such a way that I recognize it ... The centers of professional education ought to offer courses with a greater strategic appropriateness. This would give future workers in the tourist sector the competence they will need ... It was inspiring to read what you have written ...”

(Stein Storsul, economist and consultant, resident in Steinkjer, in a letter dated June 18, 2008.

stein@storsul.no

He chaired the committee which reviewed: Om behovet for forskning og utvikling innenfor bygdeturisme. (if you translate: The need for research and development in the field of rural tourism). NLVF (Norwegian Research Council for Agricultural Science), Report nr. 146.)

“The development in the Norwegian import and export figures in the tourist sector is alarming ... The quality of some of our raw materials is very high, but the industry is faced with a high-cost situation – which must be met with outstanding competence on a global basis. This would also contribute to a tourist policy which is more based on knowledge, with the focus more on the specific character, the viability, and the quality of the resource basis. – If the Norwegian holiday and leisure tourist sector is to win a stronger international position, we must grasp that the country cannot ‘market itself’ out of this difficult terrain.”

(Torjus Nordbø, tourism entrepreneur with a Master of Forestry, resident in Vrådal, in a letter dated November 12, 2008.

Nordbø chaired the Public Committee which presented the report: Norsk bygdeturisme. Ei næring med framtid. (if you translate: Norwegian rural tourism. An industry with a future [NOU 1990:14. Ministry of Agriculture and Food].

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