

# **INNOVATION IN NATURE-BASED TOURISM: THE CASE OF MARINE FISHING TOURISM IN NORTHERN NORWAY**

**Heidi Holmgren**

**Finnmark University College, Norway**

**ABSTRACT:** This article concerns the development of marine fishing tourism in the peripheral areas of northern Norway. Although fishing tourism is widely recognized as an instrument for local economic development, the value added by the industry is low. This results from the spatial organization of production, the knowledge bases surrounding the industry and the value chain coordination – none of which, in their current format, are conducive to promoting regional development and developing an innovative milieu. Through an analysis of the value chain of fishing tourism, this article demonstrates that different, but relational knowledge, restructuring of the industry and new attitudes are needed, in order to develop a dynamic economic environment based on marine fishing tourism; one where a fishing destination is created around an existing fishing village, using tourism to boost the local economy in innovative ways. **Keywords:** innovation, tourism global value chain, knowledge bases, fishing tourism

**RESUMEN:** Este artículo dice respeto al desarrollo del turismo de pesca marina en las áreas periféricas del norte de la Noruega. Aunque el turismo de pesca sea ampliamente reconocido como un instrumento para el desarrollo económico local, el valor añadido por la industria es bajo. Esto resulta de factores como la organización espacial de la producción, las bases de conocimiento relacionadas con la industria y la coordinación de la cadena de valor -ningún de los cuales, en su formato actual, se vuelve propicio a la promoción del desarrollo regional y al desarrollo de un medio innovador. A través de un análisis de la cadena de valor del turismo de pesca, este artículo demuestra que el conocimiento diferente, pero relacional, la reestructuración de la industria y nuevas actitudes son necesarias para el desarrollo de un ambiente económico dinámico basado en el turismo de pesca marina; en que un destino de pesca es creado alrededor de un pueblo de pescadores existente, usando el turismo para impulsar la economía local a través de formas innovadoras. **Palabras-clave:** innovación, cadena de valor global del turismo, bases de conocimiento, turismo de pesca marina.

**RESUMO:** Este artigo diz respeito ao desenvolvimento do turismo de pesca marinha nas áreas periféricas do norte da Noruega. Embora o turismo de pesca seja amplamente reconhecido como um instrumento para o desenvolvimento económico local, o valor acrescentado pela indústria é baixo. Isto resulta de fatores como a organização espacial da produção, as bases de conhecimento em torno da indústria e a coordenação da cadeia de valor - nenhum dos quais, no seu formato atual, se torna propício à promoção do desenvolvimento regional e ao desenvolvimento de um meio inovador. Através de uma análise da cadeia de valor do turismo de pesca, este artigo demonstra que, para o desenvolvimento de um ambiente económico dinâmico baseado no turismo de pesca marinha, são necessários novas atitudes, um conhecimento diferente e mais relacional e a reestruturação da indústria; em que um destino de pesca é criado em torno de uma aldeia de pescadores existente, usando o turismo para impulsionar a economia local através de formas inovadoras. **Palavras-chave:** inovação, cadeia de valor global do turismo, bases de conhecimento, turismo de pesca marinha.

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**Heidi Holmgren** is lecturer and researcher in the Department of Economy and Tourism at the Finnmark University College. Author's e-mail: heidi.holmgren@hifm.no

## INTRODUCTION

Nature has been a key attraction factor for tourism in the Nordic countries for decades. The demand for nature-based tourism has steadily grown and is the most rapidly expanding sector within tourism across Europe and elsewhere. This demand has created opportunities for nature-based tourism to become an economic development driver within regions rich in natural resources such as northern Europe (Fredman and Tyrväinen, 2011:5).

Nature-based tourism has likewise developed into an important economic activity for the northernmost coast of Norway (Prebensen and Lyngnes, 2011:38). Salt-water recreational fishing is the fastest growing segment of the nature-based tourism industry in Norway (Borch, Moilanen et al, 2011). The combination of such general trend changes in international tourism, followed by targeted marketing organized by Innovation Norway and reduced catching opportunities for passionate recreational fishermen in many other European countries, are likely explanations for the rise of the Norwegian marine fishing tourism starting in the late 19<sup>th</sup> century (Borch, Moilanen et al, 2011). Marine fishing tourism is regulated as part of recreational fishing in Norway, based upon public open access to the fishing resource – for Norwegians as well as foreigners. We define marine recreational fishing as: 1) not deemed to be commercial fishing, in that recreational fishers do not sell the fish they catch; 2) not undertaken for predominantly subsistence purposes; 3) not undertaken for primarily cultural or heritage purposes; and 4) often synonymous with angling - the activity of catching or attempting to catch fish on hooks, principally by rod and line or handheld line (Pawson, 2007:11). We understand a fishing tourist as a person who travels away from home in order to take part in recreational fishing and who purchases services from a diverse tourism industry (Borch, 2008:268). Most people choose a journey that focuses only on fishing that comes within the category of “special-interest tourism” (Inskip, 1991). These are designated specialists as compared to generalists, who combine fishing with other outdoor activities during their holidays (Wight, 1996).

The northernmost coast of Finnmark is an area where most of the regional centers are declining in population, and have vulnerable industrial structures. The reason for the setback of these coastal communities is found in significant structural changes in traditional fishing and fish-processing industries. This has made an infrastructure with houses and piers available for new economic activities. Only the integration of these ‘objects’ into a production system makes them productive (Crevoisier, 2004). Therefore, the open Norwegian public access to the recreational fishing resource and a growing demand in European markets for tourist involvement in marine fishing experiences have

resulted in an increased number of local suppliers of rental boats, accommodation and other facilities to be used in the new industry of fishing tourism.

Although fishing tourism is widely recognized as an instrument for local economic development, it nevertheless does not provide the profit and value (innovation) that several actors had expected (Prebensen and Lyngnes, 2011). In this paper I will put forward the viewpoint that the lack of substantial regional benefits from fishing tourism results from the spatial nature of the organization of production, the knowledge bases surrounding the industry and the value chain coordination - none of which, in their current format, are conducive to developing an innovative milieu which in turn might stimulate regional development. Through an analysis of the value chain of fishing tourism, I will argue that fresh knowledge, reorganization and new attitudes are needed, in order to develop a dynamic economic environment; one where a fishing destination can be created around an existing fishing village, using tourism to boost the local economy in innovative ways.

## THEORETICAL APPROACHES

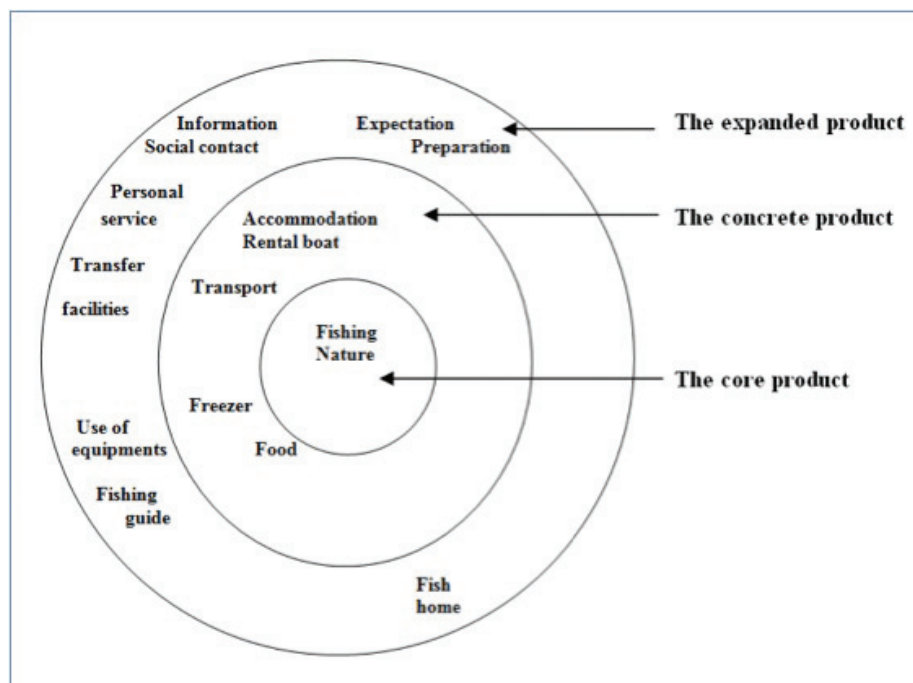
### *Fishing holiday as a nature-based tourist product*

In an analysis of the spatial or territorial nature of the organization of fishing tourism production, knowledge bases and value chain coordination, the definition of the tourist product itself is a necessary starting point. Fundamental to all nature-based tourism are natural resources attractive enough to be significant factors to trigger travel to destinations where the industry is located. Access and attractiveness of these resources are often supported by products and services provided by private tourism providers, public agencies and land owners (Fredman and Tyrväinen, 2011:6). A further discussion of the characteristics of nature-based tourism products in general may, thus, provide an understanding of the challenges for developing marine fishing tourism into a regional driver in a peripheral region. This challenge is connected to the actor's ability to produce the different parts of the product such as image, services and the concrete product.

A nature-based product consists, according to Swarbrooke (1995), of three different levels: the core product, the concrete product and the expanded product. The core product is the primary component of a nature-based tourism product and reflects the different needs of each tourist who buys a nature-based product at all. Based on the tourist's needs, the concrete product is established. The concrete product is, thus, a specific device that the customer acquires the right to use for payment. It may have several properties that include features, brand name, quality, design and composition. The expanded nature-

based tourism product also contains all of the other productive factors in addition to the formal offer. There are those elements such as service and knowledge that can be embedded in the concrete product offering to make it more attractive for the selected nature-based tourist segments (Mehmetoglu, 2007:75-80).

The content of the various product components of the natural product-based experience “fishing vacation” is illustrated in Figure 1. The core product of fishing tourism consists of the fishing experience. The concrete product includes transportation, boat rental, accommodation, meals, guiding and facilities to take care of the fish. The expanded product is characterized primarily by the fish that guests take home, loans of equipment, social events and the personal attention guests receive. The analysis of the total tourist product provides a basis for understanding how the value chain of the production of this experience is constructed and how it is coordinated. This provides a picture of how fishing tourism may contribute to an innovative milieu.



*Source: Mehmetoglu (2007)*

**Figure 1: The total product of fishing experience**

### *The Norwegian value chain of fishing tourism*

The analysis of tourism in a value chain perspective has been highlighted in recent years (Erkus-Öztürk and Terhorst, 2010; Christian, Fernandez-Stark et al, 2011). A value chain analysis allows, among other things, a better understanding of how the production of the various parts of the tourist product is organized and managed through inter-

firm relationships, and how production is geographically distributed. Normally, a value chain is not only considered as a linked value, adding functions from resources and production to market and with financial resources the other way (Dicken, 1997), but especially as “the process by which technology is combined with material and labor inputs, and then processed inputs are assembled, marketed, and distributed. A single firm may consist of only one link in this process, or it may be extensively vertically integrated...” (Kogut, 1985:15).

The theoretical framework around value chain analysis is primarily based on how international industrial commodity production and trade are organized. In contrast to this view, Christian (2010) shows how a tourist value chain starts with distribution as the first practical segment, rather than being one of the last stages, as in production-based value chains. “The first thing tourists do is bring their wants forward and to decide how they will purchase their tourism products or the components of their trip. The next step is international transport from home to the destination, often in cooperation with regional distribution and transport. While in the destination country, tourists engage in a number of events that include local transportation, lodging and excursions” (Christian, Fernandez-Stark et al, 2011:11). In this value chain, the international tourist is the focal point. By following a tourist’s “footprint” in a value chain, we detail the steps and the objectives within specific institutions and stations (Dicken, 1997) a tourist interacts with from the moment they decide to take a trip to the final completion of their international journey. Placing tourists in the center of the chain acknowledges how consumption and production take place simultaneously. Value chains are often presented as a linear causal relationship. Nevertheless, in the real world, value chains are, of course, more involved; there are numerous feedback effects along the chain (Tejada and Liñán, 2009:76).

The Norwegian fishing tourism value chain has been developed based on the tourism value chain by Christian (2010), see Table 1. Along with the various stages of the value chain, the different products produced appear. This value chain differs mainly in the chain extending back to the country of origin through the extended product of consumption of self-caught fish.

In this table, we see that the value chain consists of three spatial, a variety of functional and some specific product-oriented factors. In the country of departure, production begins through marketing and sales, anticipation, preparation and knowledge acquisition. The core product is produced at the fishing destination supported by the concrete and the extended product. Back in the tourist’s home country again, the expanded product of the experience through the consumption of fish takes place.

**Table 1: The Norwegian Fishing Tourism value chain**

Territory	Chain value		Product
Outbound Country	Distribution	Marketing/selling, Expectation, Preparation, Dialogue	Concrete Expanded
	Internal Transport	Transport	Concrete
Inbound Country	Regional Transport	Transport	Concrete
	Fishing	Experience, Big fish coping	Core
	Lodging & rental boat	Experience, Accommodation, Food, Rental boats, Equipments	Concrete
	Processing	Experience, Processing, Freeze	Expanded
	Service	Experience, Community, Information, Learning Other free activities (Crab), Service, Inclusion Social events	Expanded
Return Country	Consume	Experience, Consumption, Contact	Expanded

*Source: based on Christian (2010) and Mehmetoglu (2007)*

### *Knowledge bases*

In the production of a nature-based tourist experience, different types of competence are needed. As the total product consists of various sub-products produced in different stages of the value chain, access to various knowledge bases is required. This means that the various parts of the value chain innovate in different ways, as “different knowledge bases innovate in different ways” (Asheim, Boschma et al., 2011:899). Although most activities will include several knowledge bases, it is still a “specific knowledge base that will form the critical knowledge that innovation cannot be without” (Asheim, Moodysson et al., 2011:1135).

The concrete tourist product is developed on the basis of the synthetic knowledge base. This refers to “the knowledge required for activities involved in solving specific problems coming up in the interaction with customers and suppliers. This refers to economic activities where innovation takes place mainly through the application or novel combinations of existing knowledge, know-how, craft and practical skills” (Asheim et al., 2007:144). This implies that the concrete product has a rather incremental way of innovating, dominated by the modification of existing products and processes (Asheim, Boschma et al, 2011:897).

The development of the expanded product is based on the symbolic knowledge base, which in turn relates to the “creation of meaning and desire as well as to the aesthetic attributes of products, producing designs, images and symbols, and to the economic use of such forms of cultural artifacts” (Asheim, Boschma et al, 2011:897). This knowl-

edge is essential in tourism marketing, product branding and design of the total tourism product. Symbolic knowledge leads to creativity and new ideas, which in turn is innovation.

### *Governance of the fishing tourism global value chain*

How the value chain is finally managed or coordinated (Gereffi, 2005) is important for the opportunities that actors have to benefit from the tourist product that is produced through the value chain. This is largely determined by the roles that local providers have in the value chain.

Gereffi et al. (2005) defined governance of the value chain through the concept of coordination. This was a characterization of the inter-firm exchange at a specific node in the chain, between the lead firm and its first-tier supplier(s). He illustrated how governance forms vary systematically according to the values (either high or low) of three independent variables; the complexity of the information and knowledge required to sustain a particular transaction, the ease with which this information can be codified and efficiently transmitted between the parties and, finally, the existing capacities of potential supply bases in relation to the requirements of the transaction. He presents five different models of governance; market, modular value chain, relational value chain, captive value chain and hierarchy governance.

The understanding of the different modes of governance, and the forces that shape them, are necessary in cases of restructuring a value chain for the benefit of local actors in a tourist destination.

A typical feature of a tourism value chain is the central position of the tour operator (Erkus-Öztürk and Terhorst, 2010). When the tour operator controls several steps in the production of an experience, this value chain is characterized as *hierarchy*, with the tour operator as the lead firm. This is the value chain in which Gereffi et al. (2005) states that it is difficult to provide an accurate product because the products are complex and highly competent providers do not exist. Then, the leading firm is forced to develop and sell products themselves. This form of coordination is usually justified by the need to exchange tacit knowledge between value chain's various joints. In addition, the need to maintain control over resources, especially intellectual property, contributes to this coordination form. If the leading company is not local, this coordination results in value chain activities and functions that provide added value in the leading company and where it is located, and does not necessarily contribute to the local economy.

In cases where the tour operator does not take all the control of their own company, a *captive* value chain is developed. This occurs, according to Gereffi et al. (2005), when the lead company has a greater

ability to codify the detailed instructions, and the complexity of the product specification is high as well. The provider's capacity to develop complex codification is, however, low. With low competence among the suppliers, the lead firm also has to monitor and intervene when its product description is not followed. This situation stimulates the development of dependency relationship between the provider and the lead firm, and the leading firm attempts to exclude contact between suppliers and competitors. No competitors will reap the benefits of the leading company's preparations, arrangements and creativity. If providers still desire to change partners, the costs of such reorganizations are large. Captive inter-firm controlled bonding prevents opportunism from developing. The dominant leading firm offers, at the same time, enough resources and market access to providers, so that there is an attractive solution for the provider to secede. This occurs, for instance, when tour operators are taking a dominant and controlling role in relation to local providers.

When product specifications cannot be codified, the transactions are complex and the providers' capacity is high, a *relational* value chain governance is expected (Gereffi et al., 2005). In such cases, tacit knowledge is exchanged between the buyer and seller. Competent suppliers provide strong motivation to the leading firm to outsource to gain access to the provider's complementary skills. This interdependence, which then arises, is regulated through reputation, social and spatial proximity, family, ethicalities, etc. The exchange of complex tacit knowledge is often followed by regular face-to-face interaction. This coordination takes place, for example, in cases where local providers are included in reciprocal relationships with tour operators. The tour operator is often present in the destination for a long period.

With the ability to standardize production and the product itself, and with providers that are able to make a full package, a *modular* value chain develops, according to Gereffi et al. (2005). In these cases, the tour operator does not involve itself or participate directly in the production of a tourism product. Known and uniform standards make interaction easier. In this adaptation, there is a low cost to change partners.

When transactions are easy to codify, product specifications are simple and providers have the capacity to produce products with little input from the buyer, and a *market* value chain is developed (Gereffi et al., 2005). Buyers respond directly to the specifications and prices set by the seller. This occurs when the fishing tourists make direct contact with the provider without going through the tour operator. Because the complexity of the information exploited is low, the transactions are carried out with little explicit coordination.

Erkus-Öztürk and Terhorst (2010) illustrate, through the case study of the tourism value chain between the Netherlands and Turkey, a large



variety of modes of governance. These are not only within the same market segment, but are even within one firm. They show how an actor can have several adjustments depending upon the cooperation and market relationships that are established. A local actor's position in a value chain is controlled by the mode of coordination established in the value chain.

As shown, it is the degree of product complexity, the ability to transfer knowledge within the chain and skill inventory of the local actors that are the basis for developing a certain coordination form. A specific feature of a tourism product is that the complexity is defined by a customer's preferences and needs. Depending upon the customer's need for information and knowledge, the product is defined as rather complex or less complex. If a customer, for example, is well informed in advance with a lot of knowledge about the product, they might ask for less information. In these cases, the total product occurs close to the concrete product. Those without any knowledge about a tourism product will most likely seek it, and ask for a total product consisting of the core, concrete and expanded product. The complexity of the product is, therefore, dependent upon customer demand.

#### *Understanding the role played by space*

The territory connects actors such as companies, institutions and communities together in economic development (Crevoisier, 2004). While almost each region has innovation potential, the nature of it differs greatly between regions, due to different cognitive and institutional structures laid down in the past. There is, according to Asheim, Boschma and Cooke (2011), a strong need to account for such a variety of regional innovation potentials.

The innovative milieus approach shows that a territory as an organization can generate resources (e.g., know-how, competencies and capital) and the actors (e.g., companies, innovators and support institutions) that are necessary for the innovation. Local development capacities, such as entrepreneurial activity or strong links between the production system and the support institutions, are treated as local constructs on the basis of particular local conventions that permit the milieu to become constituted as such, and to respond in a more or less adequate way to changes in markets and techniques. According to the innovative milieus approach, territory is understood as an organization that links companies, institutions, and local populations within a process of economic development. This approach stresses an opposition between proximity and distance (Crevoisier, 2004:369-372).

The territory as economic actors currently operate in, is thus formed by the interaction among actors and between actors and their surround-

ings in the past. They design conventions, define knowledge bases and control the economic activity through values and sanctions. Territories are, thus, given certain collective purposes and functions. In this spatial and collectively developed understanding of economic activity, the fact that various territories are different is emphasized, yet with certain similarities to other territories. Thus, territories are compared, but studies of a territory must always understand the specific space based on its context.

Territory is, in other words, understood as a space made up of a set of relationships among players (individuals or collectives) and between players and their material environment. Territory is the result of the action of human beings in the space over time – a space as it has been handed down to us by the actions of men and women in the past (Crevoisier, 2004:368).

This theoretical discussion illustrates the relationship between product, organization of production over space, knowledge bases and the different modes of governance of a tourism value chain. This shapes the local actor's possibilities for higher value added activities, which in turn might affect the regional economic development.

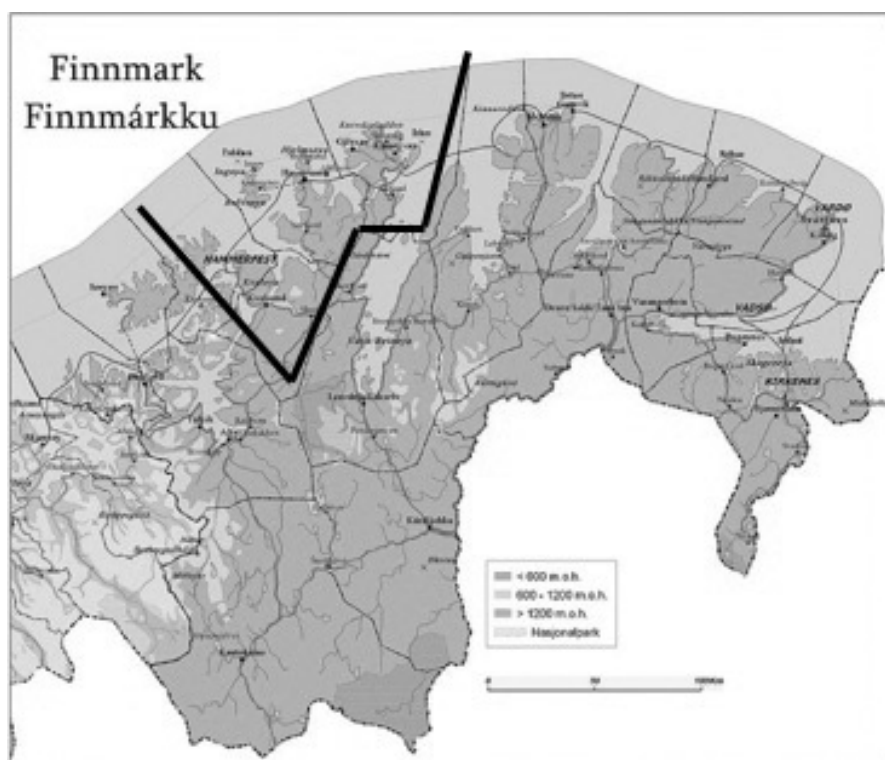
With the three-part nature-based tourist product as the starting point, it is the tourist's demands that define the complexity of the product in terms of needed information and knowledge to sustain a particular transaction. The ability to codify the different complex products, together with the knowledge bases in the supply base supporting these transactions, create the different modes of governance of the Norwegian fishing tourism value chain.

In cases where the local actors do not have symbolic knowledge supporting the development of the core and expanded product, the locals often concentrate on producing the concrete product. This is supported by know-how and practical skills developed in the area. If the tourism demand asks for a not-complex tourism product (only the concrete product), the market value chain coordination is likely to occur because of the ability to fulfill the tourist's expectations. Otherwise, if the demand is a complex product, the local actors often find themselves in different modes of governance depending on the cooperation structure with the leading tour operator(s). The different modes of coordination of the tourism value chain stimulate different modes of innovation in the fishing tourism industry.

### *Presentation of case*

The focus of this study is the four northernmost municipalities in Norway; Nordkapp, Måsøy, Kvalsund and Hammerfest, see Figure 2. This coastline faces the Barents Sea and consists of a range of

populated islands outside the mainland. The total population in these four municipalities is 15,415 inhabitants, spread throughout an area of 4,752 km<sup>2</sup>.



Source: <http://no.wikipedia.org/wiki/Finnmark> 07.05 2012

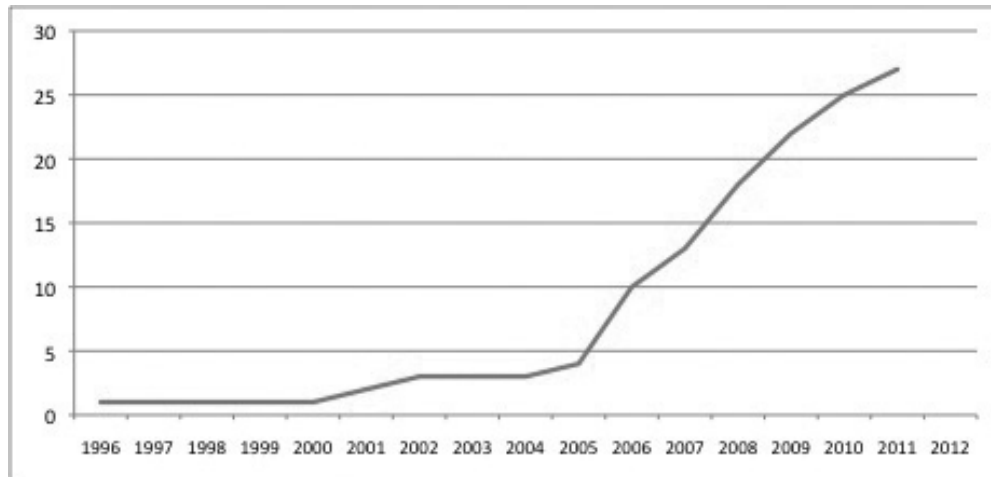
**Figure 2: West-Finnmark region, Northern Norway**

The total population has been negative for this region as a whole, although Hammerfest has experienced growth, as the oil and gas industry has developed. However, the total population decline has been around 40% for three of the four municipalities in the last 20 years.

The coastal fish resources have always been the fundamental basis of the local production systems in these coastal communities. The dominating local production system consisted traditionally of the local fishermen, but also of a considerable industry-managed trawler fleet, of the national or international owned fishing industry, global selling activity and, finally, transportation to the markets. Because of structural changes in the fishing industry, fewer local landings in coastal Finnmark have occurred. As this is a global trend, it is possible to say that globalization removed substantial parts of the benefits of fish production from the rural area. Some of these most peripheral coastal communities have, for this reason, wholly or partly lost their former positions as a part of the global value chain of the fishing industry. As a strategy to survive, fishing tourism has been introduced as a compensating, new and popular activity. This rural area has also experienced a decline in

other public and private jobs due to the mechanism of efficiency and centralization towards central places.

After the first establishment of fishing tourism in this region, in 1996, the total number of suppliers in the four municipalities has grown to 27 in 2011, see Figure 3.



*Source: Own investigation, 2011*

**Figure 3: Growth in number of suppliers in fishing tourism 1996-2011**

## METHODOLOGY AND DESIGN OF THE CASE STUDY

To analyze the product of fishing experience, the competence bases, and the modes of governance of the fishing tourism value chain from Europe to the region of West-Finnmark, a list of actors offering fishing tourism in this region was made. This was made on the basis of data from fieldwork, observations, internet, newspapers and information from the local municipal authorities. There are no official statistics registering this activity. On the basis of these data, 27 actors were found to offer fishing tourism experiences in this area. All of them are included in this study.

In addition to the questionnaire-based interviews with all actors, in-depth interviews were arranged with eight central marine fishing actors from July to August 2011. In addition, observations of a network of ten actors have been conducted over two years from a position of participating observation in one of the actors. Media and other relevant literature on fishing tourism in Northern Norway have also been reviewed.

The methodology built emphasizes both inductive and deductive methods and partly theoretical triangulation. The three main methodological elements of this research are an empirically based theory de-

velopment (grounded theory), both width and depth of research (of methods), and a continuous criticism and review (re-conceptualization) of the theoretical conclusions. The primary goal is to identify the causal powers creating development and lay the foundation for innovation and entrepreneurship in the target region.

## FINDINGS

This case study confirms the results presented by Erkus-Öztürk and Terhorst (2010) that actors in tourism value chains adapt to different modes of coordination of the chain at the same time. The same actor is, therefore, registered in more than one mode of coordination, see Table 2. Based on the fact that international operators, especially German tour operators, initiated fishing tourism in Northern Norway, they are among the leading firms in the Norwegian fishing tourism value chain. They had a long experience with fishing tourism in Southern Norway, and could easily move north, offering new fishing destinations to their clients. In contrast to the locals who had no knowledge of this way of fishing, the tour operators were specializing in sport fishing.

**Table 2: Different modes of value chain governance of the fishing tourism value chain**

Modes of governance	Distinguishing features of adaptation	Number of actors
Market	These actors are locally owned, have control over their own marketing and sales. The product is standardized and does not need much explanation.	17
Modular	These actors work with several tour operators without much involvement with them. The product is standardized and trade occurs without much communication. The local suppliers are not in personal contact with operators.	9
Relational	These are local actors that have entered into a relational and interdependent agreement with tour operator(s). Both contribute to each other's activity.	11
Captive	These companies have entered into binding agreements with a tour operator that controls the entire operation, including marketing, sales and operations. The local actor is partially present during the guest's stay.	9
Hierarchy	These actors are all foreign-owned and part of a company that controls all stages of the value chain. None of the activities around marketing, sales or operations are in contact with the local community.	4

### *Market value chain coordination*

This is the most common form of coordination among the actors in this study with seventeen cases. The local actors promote sales through their own websites, and tourists often repurchase from providers. One of the actors said, “*We have through the groups who have been here formed friendships, and in this way entered the markets both in Russia, Czech, Poland and Germany. We do not need any more marketing, really*”. This indicates no need for

complex information and knowledge around the product, as tourists are familiar with the sport and are experienced fishermen. In this adaptation, the competition is often focused on price related to the concrete product of house and rental boat. This standardization of products often makes it difficult to remove additional economic benefits associated with differences in quality, service level and the expanded product.

#### *Modular value chain coordination*

Nine actors combine market adaptation with the modular value chain, which means direct sales to the tour operator. The actors are offering independent packages that tour operators resell to their customers without involvement in the production of the product. The local supplier and the tour operator establish an independent and informal relationship with each other.

#### *Relational value chain coordination*

The second most common coordination of this value chain with eleven cases is the relational value chain coordination, where local actors establish an independent position towards the tour operator. One actor said, “*We made contact with two different tour operators when we bought the house and decided to start up. And so it went simply on the basis of what conditions they had set. How much we felt we had control over this. Then we cut pretty quickly out one because of their contract. They would decide everything. We had nothing we would have said*”. This form of coordination involves working closely with tour operators. Tour operators are present on the fishing destination for long periods as a guide for their customers. Once relationships are established between the operator and local actors, they provide the basis for knowledge transfer in both directions. This complex tacit knowledge exchanges data by regular face-to-face interactions between buyer and seller. Highly competent providers provide a strong motivation to the leading firm to outsource, in order to gain access to complementary skills such as local knowledge about local fishing banks, meteorological conditions and other local adjustments. This mutual dependence is regulated through reputation, social and spatial proximity, family and ethics.

#### *Captive value chain coordination*

Common to the nine actors that are part of a captive value chain, is that they have developed a low provider competence in relation to the complex product that is sold as a fishing holiday. This value chain encourages dependency among the leading operator and local provid-

ers. One actor explained their strategy as, *“We were looking for some real big actors who could help to lift us beyond. We were more interested in getting into these real good anglers who are looking for the great experience and little interested in the 15 kg. Through the network of contacts we had built up, we got in conversation with this major international player. For we thought if we got their name linked to a partnership with us in one way or ‘another we’ll get more deeply into the fishing communities. Thus we have, without having been out in the market, without having done anything, had to fight through the entry that we work with this company. Our cooperation with them gave us a 10-year plan, and we are in year 2 now only”*. These captive providers concentrate on a narrow range of tasks, depending upon the leading firm for complementary tasks such as design, logistics, booking and sales.

#### *Hierarchy value chain coordination*

In this example, there are four companies with foreign ownership, with two being in contact with the local community either through partial immigration or local contacts. The other two companies have no local ties. In these cases, the foreign operators bought houses on the site and carried their own boats into the country. The tour operator controls all stages in the value chain, and has chosen to develop and sell products themselves. Because these companies are foreign owned, they provide no value to the community.

#### *Customer’s demand and product complexity*

As pointed out earlier, tourist products are not standardized products. It is the customer’s demand that defines the product’s complexity by different customer groups having different requirements for the information and knowledge that must be exchanged in connection with the purchase that will meet their expectations. Some customers require custom-made programs and dialogue, while others buy an adventure holiday without further information than the standard description. In other words, it is the tourist’s advanced knowledge that determines the complexity of a fishing holiday product. Product complexity also adds guidance on whether the needed information can be easily codified and transferred between the parts, and whether the local providers have the skills available.

The fishing tourists in Finnmark are primarily categorized as specialized tourists, which in turn indicate that they know the sport and fishing practice very well. These customers require little knowledge in connection with the purchase of a fishing vacation, and stimulate to a market and modular coordination of the value chain. These value chains compete by lowest price, making it difficult to achieve profitability even if investments have raised the quality of the product. Cus-

tomers will pay the minimum for a concrete product, which is really just a facility for the core product of fishing experience.

In cases where the specialized tourist fisherman still requires a lot of knowledge to maximize the yield of fishing experience and hone their skills, they usually contact a tour operator who has specialized knowledge about fishing and the specific destination. Tour operators ensure knowledge in the production of the experience through a hierarchical, captive or relational value chain.

### *Information and knowledge transfer*

The coordination whose actors are included, is determined by the product's complexity, which also requires the value chain's ability to transfer knowledge through links in the chain and the requirements for the providers' competence. Information and knowledge transfer between the parts in a value chain occurs primarily through learning and personal contact. The local providers are in contact with both tourists and any cooperating tour operators. One of the actors said, *"I have much contact with them online. They often send a message or SMS that now they have started the count down, and that happens usually several months in advance. You get a different contact. At least I got it during those years. You remember them by name and face"*. The social contact between hosts and tourists was further described. *"Most gladly contact, and when it is bad weather so we sit there and take a beer. They are very social and would love to be together. For virtually every group we have a joint meeting where we barbecue and have a party. It is the first thing they ask when they come ashore, 'When is the party?' It's sort of standard. Then we are either here or there by the grill but that we have that are common to all"*.

The specialized fishing tourist and tour operator are sources of knowledge about the sport. As previously described, a large part of the product of a total tourism experience consists of the creative production of the expanded product, which includes social events and various additional services and adaptations. Through extensive contact between local actors and fishing tourists, the basis for knowledge transfer mechanisms are established. This survey illustrates how this contact stimulates the local actors to a more independent position in the value chain. In addition to being part of a captive chain, one of the actors said, *"We are trying to book more and more our self. We have a close relationship with one tour operator and have been there for almost 5 years. Without them we have not begun. But it is expensive. It costs. Now we are soon in a position that we can terminate the agreement with them"*. This illustrates that the expanded product (social events, contacts, etc.) provides the company with a good knowledge of the market through direct marketing contact, networking and personal relationships. This helps the operator detach from a leading tour operator.



*Local actor's knowledge bases*

The study indicates that local providers have limited knowledge and understanding of the fishing experience that tourists seek, in other words, the core product. They do not share the enthusiasm and the joy of the fishing itself, the use of sport fishing equipment and the fishing techniques practiced. This activity is new for the population along the coast. None of our informants and our observations, however, confirm that the local actors find it important to possess knowledge of the fishing activity itself. This symbolic knowledge about the core product is not valued as essential to become a fishing destination. Even though they are not able to fulfill the demand of a complex product, including advice on which equipment works in the various fishing grounds of the various fish species, this is not seen as a major problem because, as one said, *"The fish are everywhere and it is enough for everybody"*. With this attitude, local suppliers will not be able to break away from the dominating tour operators but depend on the continued market contact through them, according to a more complex product. Only a few of the local hosts have their own fishing rod and have tried the sport. The only example of locals appreciating the knowledge of sport fishing is the invitation of the president of the Norwegian Sea Fishing Association, who was invited to host fishing courses in the region for female hosts, on two occasions in 2010.

*Modes of governance and innovation ability*

The study indicates that, because of their little knowledge of the core product, local actors often end up in a market-driven value chain, or a modular value chain selling the concrete product to specialized anglers who ask for little information and knowledge about the product. These value chains compete on price and offer little fertile ground for innovative behavior among local providers. Because this is the most common coordination in Finnmark, there seems to be a need for more symbolic knowledge, stimulating the development of the core product.

A specialist tour operator is often a safe choice for tourists that do not know sport fishing very well, and ask for more information and knowledge about it. Then the operators with little knowledge of core products often end up in a captive value chain that is controlled by the tour operator. This value chain acts very unfavorably for innovative behavior among local providers as many core tasks are taken care of by the tour operator.

If the local provider, however, has knowledge of the product, our results show that the tour operator adapts in a relational value chain with the local supplier. This coordination provides the basis for a learn-

ing process between tour operators and local providers. This chain allows for an innovative behavior among local actors.

The local actor's level of competence, which relates to the different parts of the production of a fishing holiday, is the central mechanism that provides the framework for the actor's possibility of taking part in innovative processes. The different coordination forms offer different opportunities and openings for local businesses to contribute to an innovative environment that will increase local value added.

## CONCLUSION

To ensure that the capital, networks and knowledge extracted from fishing tourism are traced back to the local communities, a new locally controlled and independent production system must evolve. To do this, we need new knowledge and organization that will set a new imprint in the coastal communities' territory. This innovative environment will be able to set fishing tourism in a new setting, such that companies can achieve better prices for their products and achieve increased profitability and added value. The village must learn to be a fishing destination, that is, from food production to experience production. "Attitudes that reject innovation or new forms of organization of work, cultural or social differences, or simply a lack of imagination, can block the emergence of innovative processes" (Crevoisier, 2004:374). It is, therefore, necessary to have actors who are able to perceive the limitations and opportunities in the market, and can combine new techniques and ideas with existing resources in the region.

This article illustrates that fresh knowledge, reorganization and new attitudes seem to be needed in order to develop a dynamic economic environment; one where a fishing destination is created around an existing fishing village, using tourism to boost the local economy in innovative ways.

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