Assessing cooperation in Arctic tourism on Svalbard

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Summary statement:

In this paper we present the results of research on the impact of tourism cooperation using multi-disciplinary tools in the Arctic archipelago of Svalbard and how this is affected by social, economic and environmental changes in the last five years.

Abstract

This presentation is based on research conducted in May 2012 in the community of Longyearbyen, situated on the Arctic archipelago of Svalbard and governed by Norway. The aim of the research was to assess the impact of cooperation between tourism actors, with the majority being small- and medium-sized enterprises (SMEs). This study demonstrates the use of multiple research tools in pursuing the goals of a social impact assessment (SIA) that could be applied for undertaking environmental, social and health impact assessment (ESHIA) in the Arctic.

The research methodology consisted of a three-stage process that produced two data sets. The first data set was gathered with desk study (stage 1) of tourism trends and a standardised survey sent to local tourism businesses in Longyearbyen. These produced quantitative results that allowed social network analysis (SNA) (stage 2) to show the number and strength of cooperative ties between actors. The second data set (that is the focus of this paper) was a result of qualitative interviews (stage 3) with tourism actors, who were asked about their perceptions of cooperation within the tourism sector.

The effects of climate change mean that the seasons are no longer predictable and this consequently affects how companies in the tourism sector operate. Over the last decade Svalbard has seen a dramatic growth in tourism. However, in recent years the numbers of tourists have flattened. In the context of Tourism Area Life Cycle (TALC) (Butler 1980), the results see Svalbard as being at a critical stage of stagnation. Cooperation between tourism actors could boost the trend towards rejuvenation, rather than decline.

Introduction

Svalbard is a geographically isolated archipelago in the Arctic. It lies 400 miles north of mainland Norway, the country that has sovereignty over the islands under the 1920 Svalbard Treaty. The main

island of Svalbard is Spitsbergen and its main settlement is Longyearbyen. The main industries are mining, tourism and higher education and research. The population is 2,600, people (with more resident in the summer months than the winter ones) (Statistics Norway, 2012). There is no indigenous community and the "residents" (defined as those staying more than 6 months) are considered temporary, as they must keep a fixed address outside of Svalbard by law.

Over the past 20 years there have been considerable social and economic changes in the settlement. Employment and population both grew steadily, and tourism became a major driver shaping the local economy and the makeup of the small but international resident population. Since 2008 there are signs that this sector is slowing down due to both global economic trends, and national economic changes and political decisions (Bjorsen & Johansen 2011).

Tourism businesses on Svalbard are all registered on the Norwegian mainland, and are also predominantly owned by Norwegians. As in many non-urban settings, the tourism sector is made up principally of SMEs that focus on a steady (seasonal) cashflow and often have minimal financial contingency (Beck and Demirguc-Kunt 2006). Many of those who set up a business on Svalbard came to the island with their own strong sense of adventure and a desire to experience nature in the North (Statistics Norway 2005). This is reflected in individual motivations that are not purely profit-driven, but may also display a preference for more leisure or family time (Kelman et al. 2012), with Arctic tourism SMEs mentioned as having these characteristics (Getz and Carlsen 2005).

The environmental changes over the last 20 years that are of interest to this research are the depletion of sea ice and the melting of the glaciers, and changes in seasonality, storminess, air and sea temperatures. Studies have shown that Svalbard is experiencing climate change at approximately twice the world average (IPCC 2007). The effects of climate change mean that the weather and seasons are no longer predictable and this consequently affects how companies in the tourism sector operate.

Methods

Curran et al. (1993) argued that ''the notions of 'network' and 'networking' are conceptually and methodologically poorly realized" and "tended to be over-reliant upon quantitative research approaches", resulting in plenty of information regarding frequency of contact within networks but little in terms of the content. This research responds to these criticisms by using a three-stage process to study the quality of tourism cooperation.

First, a desk study on tourism trends was carried out in order to understand the context and sample size of tourism actors on Svalbard. Second, a survey sent to local tourism businesses in Longyearbyen that produced quantitative results that allowed social network analysis (SNA) to show the number and strength of cooperative ties between actors (forthcoming Luthe et al). Third, qualitative interviews were undertaken in Longyearbyen with a selection of tourism actors using the SNA survey sample, who were asked about their perceptions of cooperation within the tourism sector.

The focus of this paper is on the results of qualitative interviews using a semi-structured survey questionnaire carried out with twenty tourism-related actors. The total potential sample size of 92 was identified through the public business registry, but only 83 were found to be still active. After regrouping based on recent ownership changes and buyouts, a list of 61 businesses were identified

as tourism-related actors and the sample of 20 therefore covers one-third of the full population of tourism actors.

This research focused only on local tourism actors based in Longyearbyen, therefore cruise companies based on the mainland of Norway and further afield were excluded. Most respondents were the owners or senior managers of small to medium-szied enterprises (SMEs), reflecting the fact that most businesses are small, employing one to nine person-years per annum (Longyearbyen Lokalstyre 2004, Kelman et al 2012).

Results and Discussion

When asked about their perceptions of major changes the last five years, twenty-five per cent of respondents (n=5) cited "creeping" environmental issues such as changes in seasonality, climate and weather. Thirty-seven per cent (n=7) cited the increase in environmental regulations affecting the tourism sector. However, the same number of respondents stated there were no major changes. This perception may be due to the fact that these people have not been resident on Svalbard for more than a few years.

Cooperation between tourism actors could be one way to deal with such market challenges to be able to move towards a rejuvenation scenario, rather than continued stagnation or decline. Respondents were asked specifically about their perceptions of the current state of cooperation within the tourism sector on Svalbard[1]. When asked what form increased cooperation takes, 50% (n=10) of respondents answered positively, citing a range of ways that increased cooperation can be beneficial, not only in terms of financial gain, but also in terms of coordination of activities.

"When I say it should be more cooperation here, still I think that compared to many other destinations there is a very good cooperation here. Because you have the tourist council [Reiselivsrådet] for example, which is quite the success story compared to other destinations. People understand that tourism is important so even the local shops are members."

There was a consensus that companies need to cooperate in a small community like Longyearbyen, where everyone knows each other, and wants to remain on good terms with each other:

"You have to behave if you want people to help you, you never know when you might need help".

A distinction was made between different types of cooperation - formal (written) and informal (friendly agreements) between tourism actors, as one respondent explained:

"One is written contracts, but you also work with 'cognac deals' that are very important. It is much more important in such a tight community up here…"

Respondents (35%, n=7) suggested the following methods as way of improving cooperation: product innovation, marketing, conferences, and an improved joint booking system. "Business as usual" was the response of 20% (n=4), revealing that they do not see that cooperation brings any improvement to the current situation.

[1] Innovation as a way to deal with these challenges is discussed in the paper by Martin Curran, Evers et al 2012.

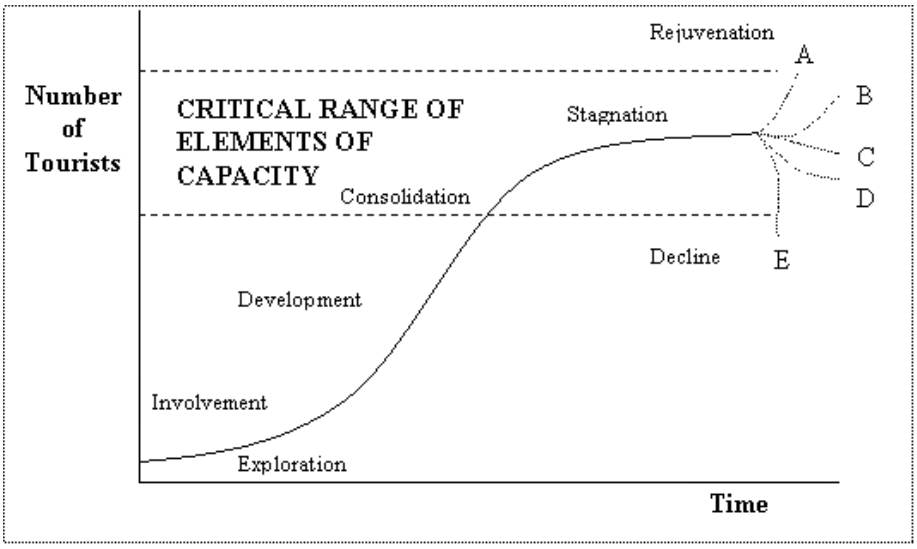
Networks and associations that businesses belong to on Svalbard were also cited by respondents. Fifty per cent (n=10) of respondents cited the tourism association Svalbard (*Reiselivsrådet*) as their main network in Svalbard, while 25% (n=5) also cited informal networks, and 25% (n=5) stated they did not belong to any networks or association.

When asked what networks are tourism businesses belong to beyond Svalbard, 45% (n=9) cited that they do not have any networks beyond Svalbard. Of those that do, Innovation Norway was the most frequently cited (15%, n=3) for providing business development services and marketing, as well as social media networks such as Facebook (10%, n=2).

Butler's (1980) Tourism Area Life Cycle model (TALC) (Figure 1.) is a useful way of looking at the tourism trends on Svalbard. The TALC stems from the belief that tourist destinations are essentially products, as such they follow a life cycle like other products. They are first desired and then "fall out of favour" as being outmoded (Butler, 2011).

However, in the case of Svalbard, the lack of favour is due to a variety of other factors. The statistics for Svalbard reflect a very rapid movement in 30 years from the exploration phase (1970) to the stagnation phase (2010). Statistics Norway reports that, while the local population has declined by 25% between 1990 and 2012 (from 3,544 to 2,642), the number of tourists has increased steadily. Guest nights in the main town of Longyearbyen have risen from 30,000 in 1995 to a peak of 93,000 in 2008, and have subsequently fallen to 85,000 in 2012.

Figure 1. Butler (1980) Tourism Area Lifecycle (TALC)



This stagnation could be due to both endogenous and exogenous factors. The 20 respondents were asked "what were the major changes affecting their businesses in the last five years?" Respondents were able to give several answers. The majority (65%, where there were 13 answers, n=13) cited external issues as major factors of change over the last 5 years such as the global financial crisis, the ash cloud of 2010, the cost of flights (which includes increase in oil prices) and the lack of growth of visitors (due to limited number of flights).

Over the last decade Svalbard has seen a dramatic growth in tourism. However, in recent years the numbers of tourists seems to have peaked. Tourism actors on Svalbard cited both economic and

environmental challenges to their business operations, particularly over the past five years, ranging from a decline in tourists following the financial crisis, to changes in seasonality, climate and weather. In the context of Tourism Area Life Cycle (Butler 1980), the results see Svalbard as being at a critical stage of stagnation. The effects of climate change mean that the seasons are no longer predictable and this consequently affects how companies in the tourism sector operate. Cooperation between tourism actors could boost the trend towards rejuvenation, rather than decline.

Cooperation in other contexts can lead to issues of competition between competing tourism SMEs. In a small isolated community such as Longyearbyen, there is perhaps enough business for everyone present on the island that cooperation can be entered into without anxiety about competition: *"We cooperate with others without being afraid of competition".* It is likely then that geographic isolation increases cooperation in a small community such as Longyearbyen, and at the same time the extent of cooperation can become "saturated", in other words, there are only so many entities that an SME can cooperate with.

Conclusions

To assess the impact of cooperation in tourism in the Arctic, data on the linkages and networks of tourism actors were gathered and analysed with multiple research tools (qualitative and quantitative SNA). While further analysis is on-going, the initial findings demonstrates that these tools could also be usefully applied in multidisciplinary approaches for undertaking ESHIA in the Arctic for other economic sectors.

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