PROTECTED NATURE TERRITORIES AND THE ECONOMIC DEVELOPMENT

North Vidzeme Biosphere Reserve 20th Anniversary Scientific-Practical Conference “Biosphere Reserve: Timeline and Life Line”

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Prof. Peter Fredman
Mid-Sweden University / ETOUR
Norwegian University of Life Sciences
PROTECTED NATURE TERRITORIES AND THE ECONOMIC DEVELOPMENT

1. Economics of protected areas
2. Characteristics of the nature-based tourism sector

Prof. Peter Fredman
Mid-Sweden University / ETOUR
Norwegian University of Life Sciences
“The world is near the end of the 150-year-long park creation phase. It must now move more efficiently into the long term management phase. A number of key questions arise. The numerous park sites must be politically and societally relevant if their conservation mandate is to be accomplished. They must be effectively managed. They must be financially secure. They almost certainly must forge links to tourism, yet not be dominated by tourism demands.”

PROTECTED AREAS IN SWEDEN

- First National Parks in Europe 1909
- Today: \approx 11\% \text{ of total land area protected}
  \approx 80\% \text{ in the mountains}

- National parks (29)
- Nature reserves (\approx 4000)
- Other protected areas/ protection of specific species (\approx 8000)
ECONOMIC VALUES AND IMPACTS

Economic value:
Use and non-use values

Economic impact:
Visitation and spending (flow of goods and services)
GLOBAL MAGNITUDE OF VISITS TO PROTECTED AREAS

- US$ 600 billion/y in direct in-country expenditure
- US$ 250 billion/y in consumer surplus

2663 studies in 51 countries

ECONOMIC IMPACTS OF TOURISM

- Tourist spending
  - Direct impacts
  - Indirect impacts

- Local tourism sector
  - Wages and profits
    - Induced impacts
  - Other local sectors
    - Indirect impacts

- Leakages (imports, taxes)
EXPERIENCE ECONOMY

Commodities

Products

Services

Experiences

Transformations

“Extract”

“Make”

“Deliver”

“Stage”

“Guide”

Pine & Gilmore (1999). The Experience Economy
DOES TOURISM MATTER TO LOCAL ACCEPTANCE OF PROTECTED AREAS?

Three Swedish case studies: (Kiruna, Funäsdalen, Fulufjället)

- Local context dependency
- Multi-level coalitions
- Multiple-use approach

CASE STUDY:
FULUFJÄLLET NATIONAL PARK, SWEDEN
FULUFJÄLLET NATIONAL PARK

- Inside-out process
- Gateway tourism project
- Zoning approach
- Visitor monitoring

“Fulufjället represents a more integrated approach to sustainable tourism in protected areas than has previously been the case in Sweden. An approach which look beyond park boundaries to spur more sustainable entrepreneurial activities that meet the needs of local communities”
GATEWAY REGION
I. Wilderness zone
II. Low-intensity activity zone
III. High-intensity activity zone
IV. Development zone

ZONING APPROACH
VISITOR MONITORING

2001  Visitor study → baseline data
2002  National park designation
2003  Visitor study → Short term effects of NP designation
2014  Visitor study → Long term effects of NP designation
SHORT TERM EFFECT ON VISITATION

Njupeskär waterfall old trail

+40%
LONG TERM EFFECT ON VISITATION

Visitors 2001-2014

- Visitors (Naturum)
- Visitors FNP
## Visitor Expenditures

<table>
<thead>
<tr>
<th>AREA</th>
<th>Average expenditure</th>
<th>Visitors reporting expenditure</th>
<th>Total expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fulufjället NP</td>
<td>208 SEK</td>
<td>45.5%</td>
<td>4.98 MSEK</td>
</tr>
<tr>
<td>Gateway area (outside FNP)</td>
<td>1022 SEK</td>
<td>31.6%</td>
<td>11.6 MSEK</td>
</tr>
<tr>
<td>Region (outside gateway area)</td>
<td>1985 SEK</td>
<td>52.8%</td>
<td>41.3 MSEK</td>
</tr>
<tr>
<td>Sweden (outside region)</td>
<td>4275 SEK</td>
<td>50.9%</td>
<td>74.4 MSEK</td>
</tr>
</tbody>
</table>

1 EUR ≈ 9 SEK
MODELING EXPENDITURE BEHAVIOR

Logistic regression:
Expenditure (yes/no) by area

Log-linear regression:
Expenditure level by area

CONCLUSION 1

• Less than half the visitors spend money in the National park (45%)
• Only one third of the visitors spend money in the gateway area (32%)
• International visitors (German) spend significantly more than domestic visitors (Swedes)
• ‘Length of stay’ is a key feature for both expenditure probability and expenditure level
• Expenditures in one area increase probability for expenditures in adjacent areas, but decrease the level of expenditure >> ‘budget constraint’
CONCLUSION 2

• In theory, gateway areas play a key role for economic development in protected nature territories

• In practise, the role of gateway areas is still to be defined and re-defined (based on local community needs)
<table>
<thead>
<tr>
<th>Fulufjället National Park</th>
<th>Fulufjället Gateway area</th>
<th>Fulufjället Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Food / groceries</td>
<td>• Food / groceries</td>
<td>• Food / groceries</td>
</tr>
<tr>
<td>• Restaurants</td>
<td>• Accommodation</td>
<td>• Accommodation</td>
</tr>
<tr>
<td>• Shopping</td>
<td>• Transport</td>
<td>• Transport</td>
</tr>
</tbody>
</table>

→ Less than 5 percent of the visitors spent money on *recreation activities* in the national park or gateway area
SUCCESS AND CONSTRAINTS IN THE SWEDISH NATURE-BASED TOURISM SECTOR

SUCCESS AND CONSTRAINTS IN THE SWEDISH NATURE-BASED TOURISM SECTOR

1. 12 ’Life story’ interviews
2. 176 telephone interviews
3. Follow-up ’critical incidence’ interviews

BUSINESS ACTIVITIES

Lodging 30%
Hiking, guiding etc. 27%
Hunting, fishing 26%
Kayak, canoe, sailing etc. 22%
Horse riding 21%
Conference, training, food etc. 19%
Other 18%
Dog-sledging, snowmobiling 12%
## SUCCESS FACTORS

<table>
<thead>
<tr>
<th>Factor</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers commitment</td>
<td>4.78</td>
</tr>
<tr>
<td>Access to natural resources</td>
<td>4.72</td>
</tr>
<tr>
<td>Manager competence</td>
<td>4.65</td>
</tr>
<tr>
<td>Life-style fits with the business</td>
<td>4.57</td>
</tr>
<tr>
<td>Own interest for outdoor recreation</td>
<td>4.51</td>
</tr>
<tr>
<td>Managers’ network</td>
<td>4.31</td>
</tr>
<tr>
<td>Bounds to the local region</td>
<td>4.25</td>
</tr>
<tr>
<td>Relations to important operators</td>
<td>4.22</td>
</tr>
<tr>
<td>Ownership/access to establishments/structures</td>
<td>4.2</td>
</tr>
<tr>
<td>Product development</td>
<td>4.03</td>
</tr>
<tr>
<td>Collaborators</td>
<td>3.88</td>
</tr>
<tr>
<td>Financial resources</td>
<td>3.82</td>
</tr>
<tr>
<td>Commitment to business by family members</td>
<td>3.79</td>
</tr>
<tr>
<td>Possibility to make large investments</td>
<td>3.65</td>
</tr>
<tr>
<td>Destination marketing</td>
<td>3.6</td>
</tr>
<tr>
<td>The Right of Public Access</td>
<td>3.57</td>
</tr>
<tr>
<td>Good examples / Inspirers</td>
<td>3.3</td>
</tr>
<tr>
<td>Human resources (education, competence, attitudes, commitment)</td>
<td>3.24</td>
</tr>
<tr>
<td>Training and education</td>
<td>3.16</td>
</tr>
<tr>
<td>Certification and standards</td>
<td>3.03</td>
</tr>
<tr>
<td>Cooperation with foreign agents</td>
<td>2.85</td>
</tr>
<tr>
<td>Previous work experience from tourism</td>
<td>2.82</td>
</tr>
<tr>
<td>Membership in trade organizations</td>
<td>2.8</td>
</tr>
<tr>
<td>Sole right to natural resources</td>
<td>2.62</td>
</tr>
<tr>
<td>The Protection of Public Access to Beaches</td>
<td>2.55</td>
</tr>
<tr>
<td>Economic subsidies</td>
<td>2.39</td>
</tr>
</tbody>
</table>
## CONSTRAINTS

<table>
<thead>
<tr>
<th>Constraint</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low profitability</td>
<td>3.28</td>
</tr>
<tr>
<td>Lack of capital for investments</td>
<td>3.13</td>
</tr>
<tr>
<td>Tax levels</td>
<td>2.96</td>
</tr>
<tr>
<td>Rules and regulations</td>
<td>2.86</td>
</tr>
<tr>
<td>Limited infrastructure</td>
<td>2.86</td>
</tr>
<tr>
<td>Exercise of public authority</td>
<td>2.83</td>
</tr>
<tr>
<td>Lack of destination marketing</td>
<td>2.51</td>
</tr>
<tr>
<td>Lack of knowledge</td>
<td>2.31</td>
</tr>
<tr>
<td>Land-owners</td>
<td>2.02</td>
</tr>
<tr>
<td>Recruitment of personnel</td>
<td>2.01</td>
</tr>
<tr>
<td>Education of personnel</td>
<td>1.83</td>
</tr>
<tr>
<td>Geographic location</td>
<td>1.83</td>
</tr>
<tr>
<td>The Protection of Public Access to Beaches</td>
<td>1.67</td>
</tr>
<tr>
<td>The Right of Public Access</td>
<td>1.59</td>
</tr>
<tr>
<td>Lack of access to natural resources (e.g. fishing grounds,</td>
<td>1.54</td>
</tr>
<tr>
<td>hunting grounds, nature areas)</td>
<td></td>
</tr>
</tbody>
</table>
We have re-analyzed the life story interviews (where pro-money opinions are almost completely absent) and suggest that the relationship between nature-based tourism operators and money is not fully understood.

The aim is to explore this topic further through the following propositions:

1. The identity of nature-based entrepreneurs is not compatible with profit and growth
2. Niche markets and limited market knowledge obstruct opportunity for growth
3. Dependence of natural resources put sustainability ahead of growth
4. Nature-based tourism firms have limited control over their production process

‘Getting in the gravy is absolutely nothing for me... success is about breaking even’.

‘We don’t count [success] in dollars and cents... it’s not about having a flashy car but rather to break even and to have a good life... even if people look at our finances and shake their heads’.
1. THE IDENTITY OF NATURE-BASED ENTREPRENEURS IS NOT COMPATIBLE WITH PROFIT AND GROWTH

• Support from literature (e.g. Marckett et al., 2006; Shaw & Williams, 2004; Ateljevic & Doorne, 2000)

• Many nature-based tourism entrepreneurs could be characterized as ideological lifestyle businesses (Thomas et al., 2011)

• Entrepreneurs have difficulties in merging the two identities of (1) being a creative artist and (2) being a manager of a small firm (Eikhof & Haunschild, 2006)

• In attempts to attract visitors, an image of being close to nature, natural, authentic and sustainable is often presented as the antithesis of the industrial society (Dann, 1996)
2. NICHE MARKETS AND LIMITED MARKET KNOWLEDGE OBSTRUCT OPPORTUNITY FOR GROWTH

• Many nature-based tourism businesses operate in niche markets, i.e. narrowly defined groups of potential customers characterized by the same specialized needs or interests.

• The term niche tourism is considered to be opposite of mass tourism, i.e. volume-oriented tourism (Robinson & Novelli, 2005), and thus undertaken by a limited number of tourists.

• Lifestyle entrepreneurs may even develop their own niches to limit the scope and scale of their business, for instance, due to concerns for the environment or local communities. This has been described as “staying within the fence” (Ateljevic & Doorne, 2000).

• Many niche markets are limited in volume and that a small niche means less volume, small economic margins and may limit opportunities of growth. To target the niche requires expensive market research and marketing.
3. DEPENDENCE OF NATURAL RESOURCES
PUT SUSTAINABILITY AHEAD OF GROWTH

• We propose that all serious nature-based tourism operators need to actively consider sustainability principles related with, but limited to, the physical environment.

• Disregarding this may in the long run not just threaten the foundations of the natural resources upon which the tourism supply depends (through, e.g. polluted and eroded environments), but also intimidate limits of acceptable change with respect to tourism demand, local communities and socio-cultural impacts.

• Providing tourism based upon natural resources with sustainability in the vanguard may limit growth, both through physical and value-oriented constraints.
4. NATURE-BASED TOURISM FIRMS HAVE LIMITED CONTROL OVER THEIR PRODUCTION PROCESS

- One feature which distinguishes nature-based tourism from most other forms of tourism is the high degree of dependence on landscape traits with **public good characteristics**

- Most nature-based tourism is heavily dependent on the consumption of non-market features such as sceneries, weather, wilderness, public access and facilities all of which are more or less **beyond the control of the firm**

- The Right of Public Access
SMALL IS BEAUTIFUL...
THANK YOU!

peter.fredman@miun.se