Cluster development and innovation in equestrian tourism in North West of Iceland

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The presentation

• The research
  - Purpose and aims
  - Research methods
  - Theoretical background

• The study area – North West of Iceland
  - The geographical area
  - The image - horses and equestrianism

• Cluster development
  - The development of equestrianism
  - The horse industry in NW Iceland – cluster mapping
  - Operators view and experience: business development, competition vs. collaboration, resource utilization, flow of knowledge, specialisation and innovation

• Conclusion
The study

• The purpose
  – To analyze regional cluster development in relation to horse based businesses in North West of Iceland
    • An emphasis on innovation in equestrian tourism

• Research questions
  – Can a growing horse related activity in North West of Iceland be seen as a manifestation of an emerging cluster in the equestrian field in the area?
  – If so, how is the competition and cooperation within the cluster affecting resource utilization, knowledge transfer and innovation?
Methods

• Analysis of secondary data on:
  • The development of equestrianism in the NW area
  • The distribution of horse based businesses and support system in terms of; co-location, development of relations etc.
  • The characteristic of the horse industry in the area and it’s competitive environment; number and profile of businesses, size, growth, exports, rivalry, cooperation etc.

• Open ended interviews
  • With horse based business operators

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What is a cluster?

- Actors related to an industry or industries...
- Actors that are service providers in a specific way for the cluster...
- Actors related to media that are affecting the cluster...
- Actors that come from the government...
- Actors that are involved in relevant research and education...
- Actors that operate in between

Source: Örjan Sölvell (2009)

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Dynamic clusters contribute to...

- Clusters have an **impact on productivity and prosperity**...
  - Improve access to factors of production...
  - Make communication and trade easier...
  - Contribute to knowledge dissemination...
  - Help in benchmarking and positioning...

- Clusters **affect ways of thinking and innovation**...
  - Fosters interdependence and increase opportunities...
  - Furthers cooperation in knowledge sharing...
  - Enables joint efforts of experimentation...
  - Contributes to development and birth of new companies...

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North West of Iceland - the study area

2.6 horses per inhabitant

24% of the horse stock in Iceland
2.3% of Iceland’s residents

http://commons.wikimedia.org/wiki/File:Nor%C3%B0urland_vestra_in_Iceland.svg
The three regions:
- West-Húnavatnssýsla
- East-Húnavatnssýsla
- Skagafjörður
The image - *findings from a pilot study*

- Long history of breeding and horsemanship
- A huge number of horses
- Common participation in horsemanship
- Various horse related activities
- “The Mecca of the Icelandic horsemanship”
- Easy access to horse related education
- Beautiful nature
- Good riding trails
- Relaxed atmosphere
- Operator’s little emphasis on profit
- Horse round ups

(Sigurðardóttir, 2011a; Sigurðardóttir, 2011b)

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Development of equestrianism 1870-2014 - a long standing development

1879 A committee on horse breeding in every parish in Skagafjörður region

1882 Holar Agricultural College

1891 The first horse breeding law

The first fences for horse breeding (Skagafjörður region)

1900 The first equestrian association

1920 The first breeding consultant hired

1922 The first equestrian association

1923 The first equestrian association in the north west

1933 The first equestrian association in the north west

1940 The first breeding consultant hired

1943 A state breeding farmin Holar, Skagafjörður

1949 The Icelandic Equestrian Association (LH)

1969 Laxnes horserental - the first one in Iceland

1950 The first Icelandic national horse show

1970 The Icelandic Horse Trainer’s Association (FT)

1974 The first long riding tour planned for tourists (Skag)

1975 The Horse Breeders Association of Iceland (FHB)

1979 Hestamöstað Islands [The Icelandic horse centre] (Skag)

1999 Hestamöstað Islands [The Icelandic horse centre] (Skag)

2000 Laxnes horserental - the first one in Iceland

2007 University Equine science department, Holar

2001 The Icelandic horse history centre (Skag)

1969 Víðheimamælar, Icelandic national horse show arena

1949 The Icelandic Equestrian Association (LH)

1970 The Icelandic Horse Trainer’s Association (FT)

1975 The Horse Breeders Association of Iceland (FHB)

1950 The first Icelandic national horse show

1969 Laxnes horserental - the first one in Iceland

1974 The first long riding tour planned for tourists (Skag)

2001 The Icelandic horse history centre (Skag)
Distribution of horse based businesses in Skagafjordur region

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The horse industry in NW Iceland

Number of businesses
- Breeding – 212
  - In the last 6 years – at least one horse from the farm has reached 7,5 in average as a breeding horse
- Training – 60
  - At least one man-year
- Horse tourism – 16
- Farriers – 4
- Veterinarians – 3

Other business operation
- Meet and blood production, tack repairing, riding instruction, goods for horses and riders, pasture and hay, transport......

Associations
- Associations within LH/FEIF – 6
- Horse breeders associations – 3

Education
- Holar University College
  - Equine science and rural tourism
- FNV – Secondary school
  - Equine program
- Independent riding instructors

Other
- The horse history centre - Hólar
- Events; Landsmót, breeding shows, KS Master class, „Hrossablót“......
- Activities for kids

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The cluster of equestrianism in the NW

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<thead>
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<th>Fences</th>
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<th>Tending</th>
<th>Computer service</th>
<th>Photos and news</th>
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<td>Pastures</td>
<td>Horse shoe making</td>
<td>Shoeing</td>
<td>Evaluation</td>
<td>Tackle shops</td>
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<td>Feed</td>
<td>Breeding – riding/sport horses</td>
<td>Taming and training</td>
<td>Shows and courses</td>
<td>Landsmót</td>
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<td>Bedding</td>
<td>Breeding for meet production</td>
<td>Blood, horse hair, handcraft</td>
<td>Leisure riding</td>
<td>KS master class</td>
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<td>Soil preparation</td>
<td>Butchery</td>
<td>Veterinarian</td>
<td>Guides</td>
<td>Competitions</td>
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<td>Metal construction</td>
<td>Meet processing</td>
<td>Transport</td>
<td>Insurance</td>
<td>Round-ups</td>
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<td>Hours building</td>
<td>Education and research</td>
<td>Public services</td>
<td>Social activity</td>
<td>The horse history centre</td>
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<td>Electricity</td>
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Agricultural cluster

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Public services

Social activity

Tourism cluster
Operators -> competition vs. collaboration

• A considerable focus on collaboration within the industry
  - However some operators mention that more unity is needed

• Operators emphasis the importance of collaboration between farms/operators e.g. in breeding and tourism development
  - Tourism operators do e.g. borrow horses from horse farmers for the high tourism season in the summer -> farmers get their horses shoed and trained for the sheep gathering season in the fall...
Operators -> resource utilization

• The interviews indicate that it has been hard in the recent years to run a business solely focusing on horse breeding and selling
• Variable streams of income are needed
• Operators emphasis better utilization of horses, land, buildings, equipment and labor
  – Tourism is commonly seen as a solution for horse breeders to increase income and utilization of existing resources
• Interviewee 19, e.g. said:
  – *The greatest income is when you sell an expensive horse, but then the smaller factors also count, like selling a bit of tourism, riding instruction, horse caring and feeding and so on, it all matters as we get small amounts from different sources*
Operators \(\rightarrow\) flow of knowledge

- Operators seem aware of the importance of knowledge and skills in equestrianism for developing businesses and the industry
  - They did mention:
    - hiring graduates/students from Holar University
    - sending horses to Holar University for training
    - the importance of getting knowledge from local institutions
    - gaining working experience from abroad before starting own businesses
Operators -> specialisation and innovation

• Specialisation seem to be increasing
  – Operators claim they have started to get farriers to shoe their horses and expert trainers to show breeding horses instead of doing it all by themselves

• Discussing competition, interviewee 1 said she has the dream that all operators in the industry have the same vision for the industry to increase collaboration, but she also claimed:
  – I think there is space for everyone, each and everyone only needs to think about how to specialise
Conclusions

• A horse based business cluster exists in North West Iceland as there has been/is:
  - A long standing development of equestrianism in the area
  - A variable activity and businesses
  - Increasing competition
  - A favourable environment for equestrian cluster development
  - Horse based activity existing in all levels of the value chain
Conclusions

• The co-location of businesses within the equestrian industry seem to stimulate resource utilization, knowledge flow, specialization and innovation in the NW of Iceland
  - > Start up of new businesses
  - > Development of existing businesses

• Most companies are small lifestyle businesses
  -> *might affect their capability of innovation and product development*
References


Thank you...

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