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**STAKEHOLDER APPROACH TO
TOURISM PRODUCT DEVELOPMENT**

A Nordic Perspective

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Abstract:

Tourism strategies and policies are frequently calling for development of new, competitive and ever more innovative products. The significance of tourism product development (TPD) is recognized by both scholars and practitioners. Often TPD is illustrated as well-structured, linear process that is to take place within a stable environment. However, understanding TPD as such faces certain limitations when applied to small tourism business context characterized by complex and dynamic stakeholder relationships.

The aim of this study is to examine TPD as a proactive external process that is embedded in a web of multiple stakeholder relationships. This study contributes to research on tourism product development through stakeholder approach and foresight thinking. Theoretically this study draws on relational perspective on stakeholder theory and foresight thinking. In light of the findings, organizational improvisation was added to the theoretical framework hence it seemed to explain foresight emerging in relation to TPD. Also, contributions are made in practice by providing case examples from small business context in peripheral regions from the Nordic perspective. The empirical data consists of three in-depth interviews, participant observations and documentary data collected from three small tourism companies situated in Finnish and Swedish Lapland. This study aims to illustrate the role of stakeholder dynamics in triggering and continuously supporting tourism product development process. This thesis has been conducted as part of a Foresight Approach to Tourism Product Development - research project (FA-TPD, 2013–2014).

This study contributes to TPD theory by approaching TPD as an external process. I argue against TPD as a linear rational process that views stakeholders as knowledge providers. As the findings show, stakeholder relationships play an important role in stimulating a spontaneous TPD process that may lead firms into unforeseen results, new futures. Proactive TPD seems to emerge through organizational improvisation in small tourism companies when unexpected happenings or opportunities are presented. Second, two external factors, time and place, seems to play a crucial role in TPD process. Third, the study suggests that the success of TPD relies on the ability to develop an environment of teamwork and trust that promotes an open and experimental culture.

KEYWORDS: *Tourism product development, stakeholder approach, foresight, organizational improvisation, ethnography, Nordic Countries, Lapland*

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Matkailustrategiat ja -säännökset korostavat yhä enenevässä määrin uusien, kilpailukykyisten ja innovatiivisten tuotteiden kehittämistä. Matkailun tuotekehitysprosessien merkitys on tunnustettu sekä akateemisessa tutkimuksessa että matkailuyrittäjien keskuudessa. Usein matkailun tuotekehitystä kuvataan selkeärakenteisena ja lineaarisena prosessina, joka tapahtuu vakaassa ympäristössä. Kuitenkin tämä näkökulma sisältää tiettyjä rajoituksia, kun ilmiötä tarkastellaan pienissä matkailuyrityksissä, joilla on tyypillisesti hyvin monitahoisia ja alati muuttuvia suhteita eri sidosryhmiin.

Tutkimuksen tarkoitus on tarkastella ennakoivaa matkailun tuotekehitystä prosessina, jossa otetaan huomioon eri sidosryhmien laajat verkostot sekä moniulotteinen toimintaympäristö. Teoreettiselta viitekehykseltään tutkimus nojaa sidosryhmäteoriaan sosiaalisten suhteiden näkökulmasta ja ennakointiin. Tutkimuksen tulosten valossa, organisaatio improvisaatio lisättiin teoreettiseen viitekehykseen, sillä se näytti selittävän ennakoivaa toimintaa. Lisäksi tutkimuksen tavoitteena on havainnollistaa eri sidosryhmien keskinäisen dynamiikan rooli jatkuvien matkailun tuotekehitysprosessien laukaisijana. Empiirinen aineisto koostuu kolmesta syvähaastattelusta, osallistuvasta havainnoinnista ja kirjallisesta aineistosta. Etnografinen aineisto kerättiin talvikaudella 2013 - 2014 Suomen ja Ruotsin Lapissa, jossa tutkimuksen kolme pientä matkailuyritystä sijaitsevat. Tutkielmani on toteutettu osana Matkailun tuotekehityksen kansainvälistäminen -hanketta (MTK, 2013–2014).

Tämän tutkimuksen tulokset osoittavat, että perinteinen käsitys matkailun tuotekehityksestä lineaarisena prosessina, jossa eri sidosryhmät nähdään pelkinä tiedonlähteinä, on syytä unohtaa ja siirtyä tarkastelemaan tuotekehitysprosessia jatkuvana, toimintaympäristöön tukeutuvana toimintana. Tulokset osoittavat, miten eri sidosryhmäsuhteet ovat tärkeässä roolissa stimuloimaan spontaaneja matkailun tuotekehitysprosesseja, joilla voi olla odottamattomia vaikutuksia. Ennakoiva tuotekehitys näyttäisi ilmenevän yrityksissä tapahtuvan improvisaation kautta, kun yritys kohtaa muuttuvia tilanteita tai uusia mahdollisuuksia. Toiseksi ajan ja paikan rooli tuotekehitysprosessissa osoittautui erityisen tärkeäksi. Kolmanneksi tutkimuksen tulokset osoittavat, että menestyksekkäs tuotekehitys nojautuu myös yrityksen kykyyn kehittää työilmapiiri, jossa yhteistyö ja luottamus tukevat avointa ja kokeilevaa yrityskulttuuria.

Avainsanat: *Matkailun tuotekehitys, sidosryhmät, ennakointi, etnografia, organisaatio improvisaatio, Pohjoismaat, Lappi*

Suostun tutkielman luovuttamiseen kirjastossa käytettäväksi x

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1. INTRODUCTION

Tourism is a global phenomenon that influences people and regions worldwide. Tourism is not solely an economic activity but it has widespread impacts in the socio-cultural, political and environmental dimensions of life. In fact, tourism often has extensive impacts on social and cultural life, as well as on political and environmental decision making both globally and regionally (see Kilpijärvi & Aho, 2013, 30). Still, tourism as an economic force has continued to grow for example with an annual growth of 5% in 2013. Global tourism is expected to keep growing also in the future. (UNWTO, 2014). Often tourism is conceived as a great opportunity for peripheral, sparsely populated areas because tourism is known to have positive impacts on employment and economic prosperity. In this study, tourism is examined above all through its socio-cultural dimensions (see García-Rosell et al., in progress) in which multiple stakeholders are contributing to tourism product development, from now on called TPD.

TPD often plays a key role in tourism development initiatives. In academia TPD has been studied extensively, and continues to raise interest among academics. Product development and managing complex stakeholder relationships have become increasingly important for small tourism companies. The important role of product development has been recognized in tourism companies. There is a need for new approaches to address TPD whilst managing today's high demands in the market. In fact, through product development tourism companies can change the impacts of tourism which we know today (see García-Rosell, Kylänen, Pitkänen, Tekoniemi-Selkälä & Vanhala, 2011, 2). This study was created to examine TPD as a process in small business context to provide new approaches to TPD for both academics and practitioners.

1.1 Background of the Study

Product development can play a key role in a tourism company in the fierce competition. For example today's demand for sustainable business is often carried out through product development. In tourism marketing the focus has also been shifting from output orientation to elements such as information, knowledge, interactions and relationships. Tourism has become a dynamic business arena where services are constantly (re)created by the various parties who participate in both production and consumption of tourism products. (see García-Rosell, 2013,

40.) In fact, there is a need to shift the focus towards examining different stakeholder's roles and the process of value creation in relation to TPD (see Hoffman, 2007).

Lately, several European Union funded projects have addressed TPD in the Nordic Countries. In Finland several regional organizations and universities have taken TPD upon their research agenda. For example, in Lapland there are two projects, *Integrated Tourism Product Development* (ITPD, 2008-2011), and *Foresight Approach to Tourism Product Development* (FA-TPD, 2013-2014), which have focused on examining TPD in small tourism companies in the Lapland region. In Sweden, a project called *100 nya anledningar att besöka Swedish Lapland* (100 Nya Anledningar, 2013-2014) has addressed TPD in the peripheral regions of Northern Sweden. In addition, TPD is recognized as one of the most important key processes in national tourism strategies both in Sweden and Finland (Finland's tourism strategy, 2010; Sweden's tourism industrys', 2010).

This study was conducted as part of the FA-TPD -project which is coordinated by the Multidimensional Tourism Institute in Rovaniemi. FA-TPD -project is a continuation to the ITPD -project during which a handbook for tourism product developers in small tourism companies was developed (García-Rosell et al., 2011). One of the focus points of the project is to illustrate case examples of small tourism companies in which foresight approach or proactive actions appear to be integral part of the TPD process. The goals of this study were discussed together with my supervisor and other researchers involved in the FA-TPD project. The planning and implementation of the study took place during 2013–2014. The project financially supported the data collection of this study, and the research group supported me during the research process.

An increasing amount of product development and innovation handbooks have been published in Finland in the past few years for the service sector (Jääskeläinen et al., 2013, Komulainen, 2013; Paavola & Uusikylä, 2013) and other industries (Harmaakorpi et al., 2012; Carleton, Cockayne & Tahvanainen, 2013; Mindspace, 2013; Suntola & Matilainen, 2013). Both nationally and globally TPD has gained a lot of attention, and consequently several handbooks have been published to enhance knowledge on TPD (e.g. ETC & UNWTO, 2011; García-Rosell et al., 2013) What all of these handbooks seem to have in common is that they provide real-life case examples, instead of traditional theoretical models

and diagrams, for business practitioners. These projects and handbooks demonstrate the growing interest towards product development in tourism and the hospitality sector.

I focus on examining small tourism businesses operating in peripheral regions in the Nordic Countries where different tourism initiatives have been taken as an essential part of the regional development. In fact, in peripheral regions the role of small businesses has been recognized as an integral part of society, and an important source of employment especially (see García-Rosell, 2013). Tourism sector offers a great opportunity to examine small companies as economic and cultural actors (see Valtonen, 2009, 134) since majority of tourism companies in Europe and the Nordic countries are small or micro-sized companies (Fact and figures about, 2014). Still, most studies have examined TPD within large business context for example airlines (e.g. Jones, 1995; Gustafsson, Ekdahl & Edvardson, 1999) or big hotel chains (e.g. Sandvik, Arnett & Sandvik, 2011; Hassanien & Eid, 2014). Small companies often develop and grow their business based on the local culture and locally shared values which most TPD models disregard (García-Rosell, et al., 2007, 449). Instead of more TPD models and figures there is a growing demand for empirical case examples, and focus on the multi-stakeholder relations which play a crucial role in TPD in small tourism companies.

Tourism has become an increasingly important forward moving force in the peripheral regions in Finnish and Swedish Lapland. In these regions small tourism companies can have a significant role in regional development (see Komppula, 2014). Tourism often increases employment, and brings new business opportunities and hope for economic growth in the region (Hall et. all, 2009, 127). Moving from primary industries, forestry, fishing and farming to the blossoming of the service sector does not differ much when examining the urban areas or the peripheries. Still, the difference is in the magnitude and significance of this change which tourism can have in the community level to the individual tourism companies. In the peripheries, tourism might just be the only possibility for economic and socio-cultural wellbeing for the sparsely populated, vast territories.

The data was collected by using ethnographic approach throughout the research process. The ethnographic fieldwork was conducted in Finnish and Swedish Lapland during winter 2013–2014. Data consists of three in-depth interviews with Nordic tourism entrepreneurs, participant observations and documentary material mostly via online searches. The research setting is particularly promising because of the different methods used during the research

process. Three tourism companies, The Treehotel, The Icehotel and the Hotel Hetan Majatalo, are presented as case examples later in this paper. The three case examples represent small hotels operating in peripheral regions. In addition to the accommodation services the three companies provide restaurant services and tourism activities. The three case companies illustrate examples of companies who possess the ability to work proactively both in turbulent and stable conditions, and the skills to manage and take care of the multi-stakeholder relations in relation to TPD.

My own interests can be traced back to my early studies in tourism research and business management during which topics such as entrepreneurship, cooperation and networks, TPD and sustainable, regional development gained my attention. Also, working in a hotel and in other tourism companies both in Rovaniemi and overseas for several years has given me a general view on what is happening in tourism today. Experience in hotel work has given me much during this study. It has helped me better understand the changes and development in the hotels before and today. In my bachelor's thesis (Janhunen, 2013) I studied the nature of cooperation and tourism networks amongst small tourism companies in one peripheral region in Finnish Lapland. In a sense, this study is a continuation to my previous work while examining small tourism companies in peripheral regions, and the complex stakeholder relations these tourism companies engage with.

1.2 Purpose and Goals of the Study

I take part in a multidisciplinary discussion on TPD: Building the theoretical framework from tourism, business and future studies literature my aim is to achieve a more comprehensive discussion on TPD in small business context. Through this study I contribute to TPD discussion by taking upon the relational stakeholder approach to gain a better understanding on the complex multi-stakeholder relationships and interactions between different stakeholders. In addition, I add two fairly new approaches, foresight thinking and organizational improvisation into the theoretical discussion.

I examine TPD as an proactive, external process embedded in a web of multi-stakeholder relationships. To that end, I illustrate how foresight thinking appears in the three case examples of this study. Foresight thinking has been discussed little in relation to product development in tourism, and therefore it forms a new viewpoint to TPD (see Haanpää et al.,

2013). In academia, I hope to open the discussion from traditional ways of examining TPD towards new paradigms. In this study TPD, is understood as a process (García-Rosell, Haanpää, Kylänen and Markuksela, 2007) which is ongoing and often takes different forms through time. TPD is not an internal business process that takes place solely inside the tourism company but rather a process that involves multiple stakeholders in a specific operating environment. Thus, this study draws theoretically on the relational perspective on stakeholder theory (Buchholz & Rosenthal 2004, 2005), foresight thinking (Haanpää, García-Rosell & Kyyrä, 2013) which, in light of the findings of this study, seem to merge through organizational improvisation (Kamoche & Cunha 2001; Moorman & Miner 1998a; 1998b).

Proactive approach in TPD, which is examined through the theoretical concept strategic foresight, has offered new ways to react to the changing market flows. *Proactive TPD* refers to ‘a process in which the company shapes the market instead of simply following the market flow’ (Haanpää et al., 2013). Empirical cases offer useful practical examples for other small tourism companies operating in peripheral areas (see Komppula, 2014). Hence, I illustrate practical examples of TPD process from the three case companies which perhaps also provide important managerial implications to other small tourism companies operating in vast territories. Through this study my intention is to show that TPD can also be viewed as a flexible but orchestrated process constituted by multiple stakeholder relationships. Especially I want to emphasize the tourism companies’ ability to shape their own futures instead of simply following the market (see Haanpää et al., 2013).

This study aims to look into *TPD as a proactive external process based on multiple stakeholder relations*. To achieve the main objective of the study three sup-questions were formed: 1) Which stakeholder relations play a key role in contributing to TPD, 2) How do these stakeholder relations contribute to the TPD process, and 3) What is the role of strategic foresight thinking in TPD? I have taken a Nordic perspective to better illustrate the similarities in many peripheral regions within the Nordic Countries.

1.3 Structure of the Study

In *the second chapter* I introduce the main theoretical discussions. I provide an outlook on TPD by introducing the nature of tourism products, the current state of TPD research and the main research streams. Next I will discuss the stakeholder approach and foresight thinking in

relation to TPD. Also, in addition organizational improvisation was added to the framework after it seemed to appear from the empirical data in relation to strategic foresight thinking. These approaches form the theoretical framework.

In the *third chapter* I introduce the empirical context of this study. First I discuss the Nordic perspective through Nordic tourism and its main characteristics by focusing mainly on Finnish and Swedish Lapland tourism space. Finally, I introduce the three Nordic tourism companies, the Treehotel, Icehotel and Hotel Hetan Majatalo. In the *fourth chapter* I discuss the methodological choices I have made in this study. In the final report I have divided it into four sub-chapters which are: *before entering the field*, *participant observations*, *in-depth interviews* and *interpreting ethnographic data*. I also examine the ethical aspects, reflexivity and my own position as a researcher throughout the research process during the ethnographic fieldwork.

In the *fifth chapter* I introduce the findings of this study. The sub-chapters are structured to answer the research questions introduced earlier and illustrated by excerpts from the empirical data. Finally, in the *sixth chapter* the main conclusions of this study are presented. I evaluate how the study contributes both to academia and in practice, discuss the limitations of this study and assess some future research implications in relation to TPD.

2. THEORETICAL FRAMEWORK

In this chapter I introduce the main theoretical discussions through distinct but complementary theoretical concepts. The theoretical discussion is formed by examining the main concepts and the connections between them. By using terminology from tourism research, business and marketing research I construct a theoretical framework to provide a comprehensive view on TPD in the context Nordic tourism space. Tourism where the boundaries of production and consumption fade away, new ways of viewing the market may open up a broader understanding on the social process of TPD.

First, I take part in the discussion of *tourism products*, and *TPD*. Second, I draw attention to the *stakeholder approach* which I examine within tourism and TPD. Third, I discuss *foresight thinking* in relation to TPD. By adding theoretical discussion from future studies, foresight, my aim is to contribute to the proactive facets of TPD process. Based on the preliminary findings in which strategic foresight did not seem to be familiar among the tourism entrepreneurs interviewed, a fourth approach was added to the theoretical framework. Based on the collected data, I applied a concept originated from Jazz music and later adapted to business literature, *organizational improvisation*. Organizational improvisation was not part of the theoretical framework from the beginning but rather emerged from the data to explain better the role of foresight in TPD in the three case companies.

2.1 Tourism Product Development

In this sub-chapter, I first examine the nature of tourism products. I use *tourism product* as an umbrella concept that entails all tourism related goods; products, services and experiences which are produced for the consumption of a tourist (see Middleton, 1989; Middleton & Clarke, 2001; Komppula, 2001). Tourism products can be examined from different viewpoints which give these products variety of meanings. I take a general view on tourism products and the different viewpoints in both business and marketing literature in relation to tourism.

Tourism product can be a place - a hotel or theme park, or a service - sleeping in a snow hotel or a guided hiking safari (Komppula & Boxberg, 2002, 12). Tourism products seem to be complex knowledge-intensive, coordination-intensive and consumer-intensive experiences

(see García-Rosell et al, in progress). Tourism products entail several specialties such as often being produced and consumed simultaneously, placed in an experimental setting, being strongly connected to particular places and spaces (see Komppula & Boxberg, 2002, 10) and interactively shaped by multi-stakeholder-relations and interactions (see García-Rosell et al., 2007, 446). Tourism products often entail tangible and intangible elements (Komppula & Boxberg, 2002, 13) hence differ substantially from industrial products such as mobile phones which can be stored and consumed later.

Tourism products can be examined through traditional view from economics as transactions which happen between the service provider and the customer (Cooper & Hall, 2008, 27). For example Smith (1994) defines a tourism product as ‘an output of a production process, where the tourist utilizes the services to generate the final output, experience (Smith, 1994, 583). Smith has introduced his tourism product model through five elements; physical plant, services, hospitality, freedom of choice and involvement (Smith, 1994, 588-590). In his definition also the customers are actively involved in the production of the tourism product. Tourism products can be examined through places and spaces in which the physical plant, for example a destination or a tourist attraction, is the core where the transactions happen (Cooper & Hall, 2008, 26). Smith’s model is in line with this study through the importance of the operating environment (physical plant) and the customer involvement which is later extend to involve other stakeholders as well.

Witt and Moutinho (1989) have introduced the *total tourism product* model which entails attractions, services, accessibility, image and price in a specific destination (Witt and Moutinho, 1989, 573-574). A destination can be an entire country (Finland), a region (Lapland) or a destination (Santa Claus Village) (see Komppula & Boxberg, 2002, 12). In some models tourism product can be divided into different phases e.g. planning, booking, traveling and evaluation in line with process thinking (see Cooper & Hall, 2008, 27). Also, Komppula & Boxberg (2002) have introduced a total tourist product through an example of a package tour which includes different elements of the trip in one or a ‘tourism service package’. Through these views tourism products cannot be studied as a singular destination but rather as a total tourism product process being produced and consumed in a web of different stakeholders. Therefore tourism products can also be understood as an entity through the dimensions of demand and supply (Witt & Mohinho, 1989; Smith, 1994).

The viewpoints introduced above give a general view of how tourism products can be understood, through transactions in a specific destination or through the total tourism product process. Moving beyond the traditional, positivist approaches we can examine the relational aspects of tourism products. Tourism products can be examined based on the social structures between different actors who interact in a specific time and place. Often consumers see a tourism product, for example a guided hiking trip to the Pallas-Ylläs National Park, as a single product whilst they are actually produced by a web of stakeholders in constant interaction and discussions. (see García-Rosell et al., 2007.) Tourism products are typically produced and consumed simultaneously together with the service provider and the consumer (Komppula & Boxberg, 2002, 10). Today, new approaches emphasize the stakeholder involvement in the production and consumption of tourism products (García-Rosell, et al., 2007; Haanpää et al., 2013).

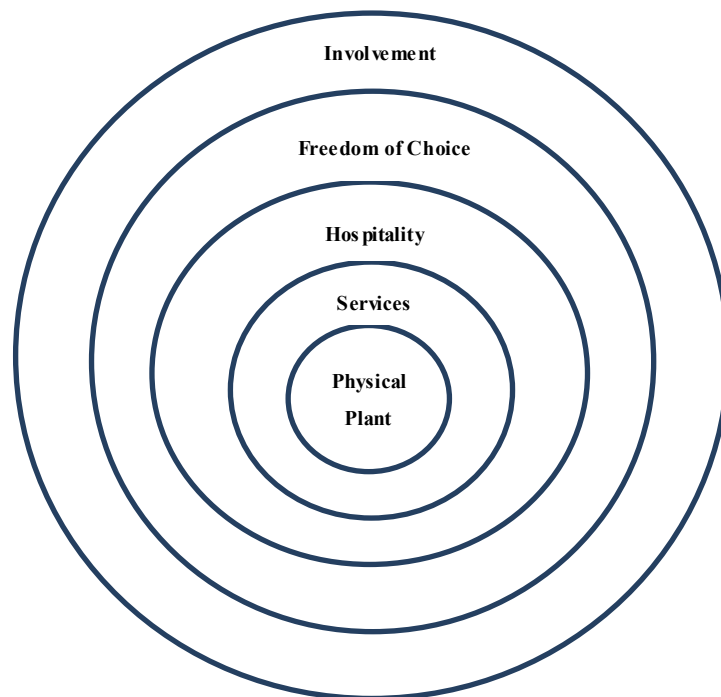


Figure 1. The Tourism Product. Source: Smith (1994)

In line with Smith's model Haanpää et al. (2013) have emphasized the meaning of the operating environment in TPD. Also, involvement even though it refers to customer involvement can be adapted to this study as well (Figure 1.) In this paper, tourism products are understood as goods that are based on the operating environment (see Smith, 1994) and the complex multi-stakeholder relations (see García-Rosell et al., 2007; García-Rosell, 2010; Haanpää et al., 2013). When I talk about the *operating environment* I refer to the physical

place where the tourism company operate but also to the extended markets (García-Rosell et al., 2007). After clarifying the nature of tourism products for the purpose of this study, I next examine the evolution and the main streams of research in TPD literature.

While playing a key role in tourism companies and while gaining extensive attention in academia, research on TPD has been scarce and fairly fragmented (see García-Rosell et al., in progress). In a literature review on TPD García-Rosell, Kylänen, Markuksela and Tekoniemi-Selkälä (in progress) determined four viewpoints from which TPD has been examined: in determining preconditions of TPD, addressing TPD practices, TPD as a process and finally, the implications of TPD in business context. The literature review on TPD research by García-Rosell et al. (in progress) inspired me to address some of these research gaps which were recognized by the authors. First, I examine TPD as a process. Second, through ethnographic approach I introduce case examples from Finnish and Swedish Lapland. Third, I examine TPD in small company context hence the majority of companies operating in tourism are small- and micro-sized companies, and since they seem to have a strong creative force in TPD. (García-Rosell et al., in progress.)

It is no surprise that more research on product development has been conducted on product-intensive services such as finance or telecommunications (see García-Rosell et al., in progress). Moving towards service-oriented sectors examining TPD attains more complexity and several external elements (e.g. media) which influence TPD process. Taking upon the task to study TPD can be both intriguing and challenging due to special characteristics in tourism, and the vast variety of products. Often there are no singular tourism products but instead an amalgam of services from different industries leading to production and consumption of these products. (see Kilpijärvi & Aho, 2013, 33-35). Still, the lack of research on TPD as a process especially in small company context is alarming (see García-Rosell et al., in progress).

Often TPD is demonstrated with models originating from business and marketing literature which tend to simplify TPD towards a more linear process. Although these models have been important for the evolution of TPD research in many ways, this way of viewing TPD might overlook some important socio-cultural elements in TPD. TPD is not merely developing new products but also improving already existing ones (Komppula & Boxberg, 2002, 93; García-Rosell et al., 2007, 449). In this paper, I focus on examining TPD as flexible process through

multi-stakeholder relations the tourism companies are embedded with. I examine TPD above all through its socio-cultural dimensions by adapting aspects of cultural marketing and critical tourism studies (see García-Rosell et al., 2007).

Three main research streams can be identified from TPD literature: *product- and customer -oriented research and co-creation approach* (Haanpää et al., 2013, 103-106). Later, I focus on examining the co-creation in more detail from the relational perspective of stakeholder involvement in TPD (see García-Rosell et al., 2007; García-Rosell 2013) in a specific operating environment (see Smith, 1994). I move beyond the traditional view on co-creation which is mostly interested in company-customer relations (see Haanpää et al., 2013).

In *product oriented* view, the core value is in the product and the production of it. Tourism products were determined through the elements which were recognized impacting the product but ignored for example the relational or socio-cultural aspects of tourism products. Smiths' (1994, 587) tourism product premised in a specific place was one of the first that was based on product oriented view. The value of the products was measured through transactions and sales. Often these product oriented models present TPD as a single activity detached from companies' everyday work. Product oriented view on TPD has gained some criticism because of this detachment. Due to this criticism academics commenced proposing that customer and their consumption habits were to put to the center of the TPD process. (Haanpää et al., 2013.)

Slowly *Customer -oriented* view on TPD grew in number among academics. This view originates from marketing discussion and leans on the core idea that a tourism company succeeds by developing products that are following the needs and wants of the customer (see Konu, Tuohino & Komppula, 2010). The customer value is seen as the starting point and the core of TPD (Komppula & Boxberg, 2002). To draw on the main idea of this view, the customer is seen as the most important stakeholder whereas other stakeholders are in a supportive role in TPD. Customer satisfaction is the measurement for successful TPD which makes it rather unilateral. Both product- and customer-oriented views present TPD as an activity with a fairly clear structure from the beginning to the end. Too many simplifications on TPD process leaves out the diverse nature of tourism products and the production e.g. tourism companies produce and tourists consume. (see Haanpää et al., 2013) Still, a question remains which are the different elements or external factors which influence TPD in tourism companies.

Bramwell (1998, 45) has introduced his own customer-oriented definition for product development as something that is needed 'if customers are dissatisfied with the product or if a product required attracting potential target users is unavailable or otherwise inadequate'. In line with García-Rosell et al. (2007) I argue that TPD is an ongoing process which never stops to exist. It is required always despite of the customer needs or wants rather focusing on the situation in the operating environment which entails tourism markets, variety of stakeholders, and can be extended beyond the physical environment of a tourism company and the extended markets (see García-Rosell et al., 2007)

Consumers have been increasingly involved in the planning and development of products during the past decades. The origin of *co-creation approach* can be traced back to marketing research (Prahalad & Ramaswamy, 2004; Ramaswamy & Gouillart, 2010). The core idea of co-creation is that consumers are taken into process of product development by utilizing the experiences and knowledge they possess (see Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2004; Haanpää et al, 2013, 105). Co-creation involves consumers in the process of production not only as knowledge providers but as active, participating stakeholders. Today co-creation approach has started involving other stakeholders than merely the customer. Indeed often the tourism products are developed and produced in cooperation with the customer and other stakeholders. The tourism products is constantly being created by the different parties participating in its production and consumption (García-Rosell, et. al., 2007, 449.)

Haanpää et al. (2013) have drawn attention to the importance of including other members in the co-creation process. They have emphasized the role of the operating environment in TPD. In my study, I am continuing this work by conducting an empirical study and examining TPD process in relation to the operating environment and other stakeholders. Implementing stakeholder approach and foresight into the TPD discussion I am able to examine TPD beyond the traditional views. I shift the focus from customer -oriented view to include not only other stakeholders such as the municipality and local community but also the operating environment as an important factor in TPD. This way TPD can be seen as a crosscutting process in the everyday activities of a tourism company (Haanpää et al., 2013, 105-106). There is a greater need for continuous product development that is firmly integrated into the

everyday activities of managers and employees, and multiple other stakeholders working in cooperation.

During the past few decades to the side of TPD *new product development* (NPD) and *new service development* (NSD) have opened new research streams. The attempt has been to clarify the difference between product development in hospitality and tourism compared to industrial sectors. Both the NPD and the NSD refer to the development of new products and services, product improvements and modifications, and new brands (Kotler & Armstrong, 2010, 282) After the rise of service-dominant logic (Vargo & Lush, 2004) there has been attempts to leave NPD on the background and to concentrate on co-production of services in tourism (Fitzsimmons & Fitzsimmons, 2000; Konu, Tuohino & Komppula, 2010). Still in tourism, NPD and NSD have gained little attention and have nearly been ignored (see Komppula, 2001, 1; García-Rosell, in progress). Perhaps tourism marketing has utilized most the basic principles of both NPD and NSD by providing new approaches in TPD from the marketing point of view (Kotler, Bowen & Makens, 1999; Fitzsimmons & Fitzsimmons, 2000; Komppula, 2001; Konu, Tuohino & Komppula, 2010).

In practice, TPD process is rarely as simple and linear as it is described in several product development models. Still, there is a need for more systematic way of conducting TPD process (Kotler et al., 1999) especially in small tourism companies where the decision making is often more rapid and flexible compared to large companies. Hence, TPD is closely linked to multiple stakeholders, external factors and expulsive elements in the operating environment (Haanpää et al, 2013, 102). One way of doing or one generalized model cannot be applied to every context therefore more flexible and proactive approaches would better serve both practitioners and academics. Through empirical case examples a more comprehensive view can be obtained on TPD and how TPD is actually formed and reformed in a specific time and place.

When discussing TPD also sustainability becomes a current topic of debate. TPD is examined as ongoing, proactive process in the operating environment of a tourism company which also demands for the examination of sustainable values in all operations of the company (Haanpää et al., 2013, 102). Sustainability has brought up new demands in tourism companies' operations, and TPD process for example to become more stakeholder-oriented (García-Rosell et al., 2007, 452). Sustainability in tourism thus often lies in the products and their

effects on the social and natural environment (García-Rosell, et. al., 2007, 446). Product development can therefore be examined also through a *five dimensional model of sustainability* in which all five dimensions are examined: environmental, economic, social, cultural and political (Veijola, Ilola & Edelheim, 2013, 21-24).

Sustainable development has a strong link on TPD discussion. Therefore TPD is considered having a key role in sustainable development from national and regional point of views. Sustainable development and corporate social responsibility (CSR) have been an emerging research stream in business management, also in relation to tourism (García-Rosell, et. al., 2007; García-Rosell, 2009; 2013; García-Rosell & Mäkinen, 2013). This has also been taken upon among practitioners who implement sustainable practices and environmental values into the everyday work. The five dimensional sustainability model (see Veijola, Ilola & Edelheim, 2013, 21-24) has some significant contributions into TPD process when developing not only products and services but also regions in a sustainable way. The five dimensional model for sustainable tourism development, takes a holistic view on any tourism issue.

In tourism, most research has not only looked into TPD as an internal process but also most studies examine TPD as a process in a large business context (Rusko, Kylänen & Saari, 2009, 72). As a result TPD is illustrated as a well-structured and rational process that is to take place within a stable and controllable environment (García-Rosell, et. al, 2007, 449). Therefore, it is important to fill this research gap especially when considering that the majority of tourism companies are micro or small companies. Also, by examining TPD as an external process that involves multiple stakeholders gives a more accurate view on the everyday work of tourism companies in the dynamic market. When examining TPD as a linear rational process some important dimensions and external factors in TPD can be ignored. It has become evident that understanding TPD as an internal process faces certain limitations when applied to a small business context characterized by complex and dynamic stakeholder relationships.

In the TPD literature there are models of tourism products, the production and consumption of these products but lack of attention on the actual TPD process (García-Rosell, et. al, 2007, 448-449). I examine the complex nature of TPD as a process (Komppula & Boxberg, 2002, 96; Haanpää et al., 2013, 105) and view it both as socio-cultural and economic phenomenon. When I talked about a process I refer to a flexible and ongoing continuation of TPD activities in an integrated part of tourism companies' every day work. I am turning away from the

traditional view on TPD as an internal activity, a single model or a detached part of the company's everyday work. I am shift the focus from the firm-centric view to incase all stakeholders involved in the TPD process, and challenge the disciplinary barriers between tourism research and business management.

2.2 Stakeholder Approach

In this sub-chapter, the stakeholder theory or as it is used in this study *the stakeholder approach* is discussed and different viewpoints are both examined and evaluated. Stakeholder approach was evolved in time to identify and evaluate the company's stakeholders and stakeholder relations (Freeman, 1984). These stakeholders can be also referred to as partners or interest groups. The stakeholder concept was chosen for this study due to its wide generalization in both management and tourism studies. In addition, the concept best portrays the complex nature of stakeholder approach. García-Rosell (2009) has taken a *multi-stakeholder perspective* on TPD which refers to an 'analytical perspective on the socio-cultural production of the meanings and values through the discourses and practices available in certain time and place' when examining the marketing point of view on TPD. Multi-stakeholder perspective also refers to the complex nature of these stakeholder relations which can change over time. (García-Rosell, 2009, 23.)

Prior to this study, I assumed that several stakeholders influence to and are influenced by a tourism company's product development process within a specific operating environment, a region or a place. The operating environment does not refer solely to the physical environment but also the time and space where the company operates. The operating environment consists of human and non-human environment, and tangible and intangible elements. The operating environment reaches much broader than the physical surroundings due to internet accessibility and global market development today. This can be referred to as the *extended markets*. (García-Rosel et al., 2007.) For example, nowadays internet and social media broadens the operating environment in which tourism companies, and the different stakeholders they have to consider, operate.

The stakeholder approach has its roots in the business literature (e.g. Freeman, 1984; Näsi, 1995; Vaara, 1995). Perhaps the most used definition for stakeholders has been Freeman's (1984, 46) when he states that a stakeholder is 'any group or individual who can affect or is

affected'. This definition is fairly wide-sense since the definition can involve both primary and secondary stakeholders, and supporting stakeholders (Akpınar, 2009, 33). Furthermore, Näsı (1995) introduced his own definition: 'The stakeholders constitute a set of interest groups interacting with the firm. The interests and the pattern of exchange as to the firm are related between the members within each group but different from one group to another'.

There has been several ways of introducing different stakeholder groups and also classifying them. Näsı (1995) has classified two groups of stakeholders, internal and external. Internal stakeholders are the groups who work in the company such as shareholders, managers and employees. External stakeholders are the groups such as customers, partners, and municipality among others. Stakeholders such as owners, employees, management, customers, suppliers, state, county and community are often highlighted in literature (see Näsı, 1995b, 99). They are perhaps the most often mentioned stakeholder groups in business management literature. Still, it is essential for the development of the discussion to explore further this question. Often in different stakeholder classifications the firm is in the center and stakeholders are in relation to the firm solely. Still, emphasizing that all stakeholder relations are different from one another. Entrepreneurs in tourism often give variety of meanings to these multi-stakeholder relations (Kujala, Heikkinen & Lehtimäki, 2012, 53) Also, Freeman (1984) argues that the stakeholder theory has multiple narratives rather than being a single theory. In this study, I apply Freeman's (1984) definition therefore it ensures a comprehensive view on TPD in relation to the multi-stakeholder relations. The core of the stakeholder approach is in the groups of interactive stakeholders who affect or are affected by the company.

In tourism, the stakeholder thinking has been addressed increasingly. Stakeholder thinking has been applied to research on tourism development (Byrd, 2007; Byrd & Gutke, 2011; Garlisle, Kunc, Jones & Tiffin, 2013; Walig, Clarke & Hawkins, 2013), sustainable marketing (García-Rosell, 2009), rural tourism development (Höckert, 2009), tourism product development (García-Rosell et al., 2007; García-Rosell & Mäkinen, 2013; Haanpää et al., 2013). In tourism stakeholders are often similar but can vary considerably when studying other sectors such as technology or finance. Still, tourism has always had the potential for cross-sectoral cooperation with companies from other sectors. These several stakeholder groups require more attention in academia as they do among tourism practitioners.

Whereas Kotler & Armstrong (2010) talk about internal and external idea sources as if solely the company is detecting actively new ideas from around them (Kotler & Armstrong, 2010, 284-286). Instead when these internal and external idea sources are seen as active and participatory stakeholders it is possible to obtain a more valuable insight to the complex TPD process of a tourism company. By identifying the different stakeholders it is possible first of all to provide new theoretical approaches to the discussion on TPD. And second, to shed light on the complex process for tourism practitioners who are constantly developing new products and managing the multi-stakeholder relations while surviving in the fierce market.

The need to identify, understand and cope with a variety of different stakeholders is an essential strategic decision (see Näsi, 1995a, 30-31). Partly, reasons for this can be found in internationalization and globalization of today's business world. The rapid development of communications has opened the world for more wide-spread business. Today, there is a need for extensive social theories in business management, and stakeholder thinking is one such approach on TPD (Näsi, 1995a, 30-31). By taking a stakeholder approach tourism companies can better perceive multiple issues related to TPD (see Byrd, 2007, 6). In this sense, there is a need to expand the stakeholder thinking beyond the geographic borders, to the extended markets (García-Rosel et al., 2007). To understand the various and ever changing multi-stakeholder relationships it is important to examine them further beyond the traditional stakeholder models. While organizations and firms have been required to act more openly and to follow the basic principles of sustainable business more emphasis has been put to the stakeholders to gain a more comprehensive view also on sustainable development through TPD (Byrd, 2007).

I take a more holistic view on company's stakeholders. The attempt is to broaden the stakeholder thinking beyond the classical stakeholder thinking to the dynamic tourism industry context. Being able to manage these complex stakeholder relations companies need a more systematic and cross-cutting view of the multi-stakeholder relations. This study draws theoretically on the relational perspective on stakeholder theory in which a tourism company can be seen as a part of a web of relations among other stakeholders (Buchholz & Rosenthal, 2004, 2005). By utilizing a broader social context in which to understand the company and its relationships the stakeholder approach can indeed be seen as relational in nature (Buchholz & Rosenthal, 2005, 142). A company cannot be isolated from its stakeholders but it is in fact

constituted by the multiple relationships that it is embedded with. Actually, these stakeholder relationships give the company its very being (Buchholz & Rosenthal, 2005, 147).

To clarify the existing conception on company-stakeholder relations I demonstrate a model by Donaldson and Preston (1995). They have presented a stakeholder model (Figure 2) by placing company in the middle and naming important stakeholders in relation with the single company. The model demonstrates the equal rights and all benefits for all stakeholders through two-way arrows (Figure 1). This is the input-output model that is often used in stakeholder approach in business management. (Donaldson & Preston, 1995, 68-69.)

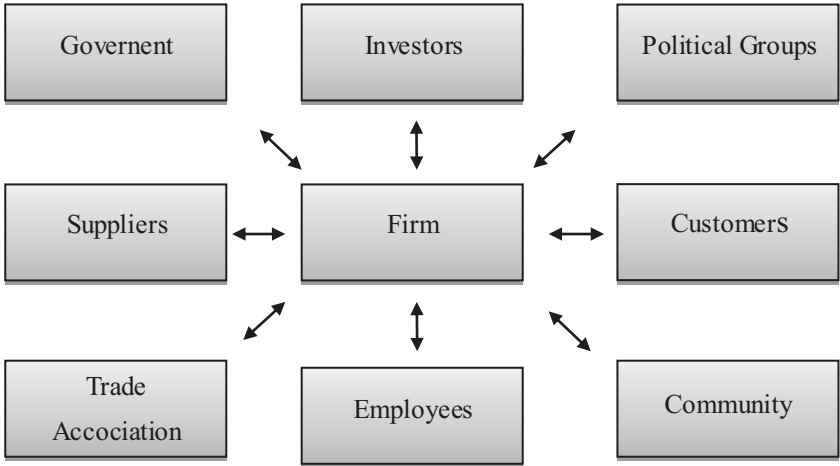


Figure 2. Contrasting models of corporation: The stakeholder model.
 Source: Donaldson & Preston (1995, 69)

In Figure 3, I have revised Donaldson and Preston’s (1995) model to better serve the purpose of this study. In the modified model, the company is not in the center but rather one of the stakeholders. Neither, I chose not to name these different stakeholders in the model therefore they can change in time. Also, when examining stakeholder relations in another context than tourism they can vary substantially. For example a design company is likely to have different stakeholder groups than a tourism company. Also, by not using two-way-arrows I want to emphasize the complex input-output relations towards a more flexible process. Relationships are not limited between a company and stakeholders hence there can be and usually are relationships between the different stakeholders as well. Often this is the case especially in the sparsely populated, peripheral areas where cooperation between local companies is preferred. Through this model I abandon a firm-centric view on stakeholder approach, and focus on all

stakeholders as groups in interrelated web. The amount of stakeholders in one model is not limited and can change in time

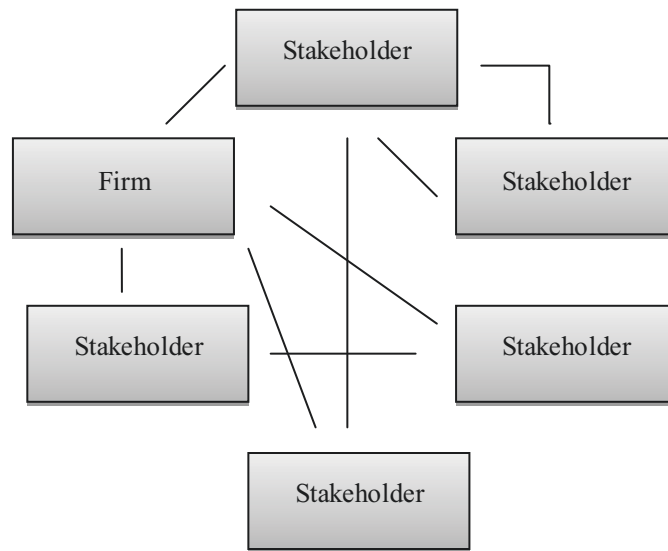


Figure 3. A modified stakeholder model. Source: Donaldson & Preston (1995, 69)

The idea of stakeholder is expanded to involve place elements, namely the operating environment as something that influences companies and is influenced by the companies. Starik (1995, 207-208) argues most stakeholder definitions include only human entities and leave outside all non-human entities. For example Freeman's (1984) definition does not include nor exclude any non-human entities. According to Starik (1995) non-human environment is a business environment in tourism as it is in other industries such as mining, forestry or fishing. Non-human environment is a political-economic entity (Starik, 1995, 209-213). To this extend Starik (1995) suggests a new definition for a stakeholder, 'any naturally occurring entity which affects or is affected by organizational performance' (Starik, 1995, 216). Therefore, in the operating environment of any company there are also non-human elements that play a crucial role in shaping the way companies perform and also the way the natural environment evolves in relation to TPD (see Smith, 1994).

In this study, the idea of co-creation is used to gain a more comprehensive view on TPD. Still, I have moved from the traditional view of not only focusing on the company-customer relations but rather examining the multi-stakeholder relations. By taking a multi-stakeholder perspective on TPD tourism companies can better face and be prepared for the unknown future since these stakeholders are involved in shaping the present with the company. In

organizational settings, one new approach to prepare for the future could be foresight thinking which involves multiple stakeholders (Hiltunen, 2010, 78-79).

2.3 Foresight Thinking

Future studies have been getting more attention in the tourism related research and also among practitioners during the last few years. For example, EU funded networks and projects such as Finnish Network of Tourism Foresight group (FNTF, 2012) and Foresight as a Competitive Advantage in Finnish Lapland -project (FCAFL, 2010-2013) have collected and developed foresight information in a tourism context. There was a project called “Foresight Study for the Northern Peripheral Sparsely Populated Areas” -project (Gloersen, 2009) included areas from Finland, Norway and Sweden. Future studies have been an emerging discussion in tourism research and education.

In future studies there are close related concepts such as foresight, forecast, foreseeing and foreshadow. All the concepts used frequently used in the future studies literature and journals such as Futures, Foresight, Technological Forecasting and Social Change and the Futurist. Renowned Finnish futurist Elina Hiltunen (e.g. 2010; 2007) has used the term foresight in her studies on organizational futures learning and strategic foresight. This study follows that path to describe the future-oriented, proactive way of thinking and doing as *foresight approach*. Also, studies in business, management science and commerce sectors have chosen to use the term foresight (Samet, 2011, 832) therefore to sustain a common understanding it is also chosen for this study.

Literature on organizational foresight can be found but it is primarily in the fields of technology, energy or automobile. There is a strong link between foresight and strategy work in organizational literature (e.g. Vecchiato, 2012; Rohrbeck, Mahdjour, Knab, & Frese, 2009; Hiltunen, 2010). For companies operating in peripheral regions preparing for the unknown future can be a decisive factor in determining the success or failure of any business. Hence, linking foresight to TPD can give practitioners new insights to how the future market demands should be approached to gain a competitive advantage.

Organizational or corporate foresight is a systematic effort to look into the far-reaching future of the developments in technology and/or science. There is also a strong conjunction with the

economic, political, environmental and social issues that happen in that time and place. In other words foresight in organizations or corporations is a way to look into a range of possible futures and taking action to avoid damaging situations. Organizations are struggling to deal with changes in their business environment. (Samet, 2011, 832; Hiltunen, 2010, 18.) Especially in product development the foresight approach and different methods such as scenario building can offer new ways of approaching challenging issues (Postma, Broekhuizen & van den Bosch, 2011).

There are some concepts and tools that have been developed in future studies that can also be helpful in working towards more proactive forms of TPD. Term weak signal was first introduced by Ansoff (1975) in strategy literature from where it was slowly implemented to business literature. It is useful for both academics and practitioners to familiarize themselves with concepts such weak signals, trends or megatrends. Also, some tools can be helpful such as scenario building, environment scanning or the use of futures window. (Hiltunen, 2010; Heinonen & Hiltunen, 2012.) Understanding the basic concepts and tools can help companies better prepare for the unknown future. Choosing a suitable tool for the exact purposes of the company in a specific operating environment can substantially better the performance capabilities of the company. For example, scenario planning has been extensively used in determining future tourism trends and in destination development (see MEK, 2006; TEM, 2013)

A review of the foresight and tourism related academic journals did not show a great number of tourism related foresight studies. There are articles that deal with some of the most popular foresight methods, Delphi Method (e.g. Kaynak & Kara, 2012) or the Scenario Design (Yeoman & McMahon-Beattie, 2005; Amorim Varum, Melo, Alvarenga & Soeiro de Calvarlho, 2010;). Also, foresight has been implemented to tourism safety (Iivari, 2012; Niemisalo & Iivari, 2013), destination development (Fernández-Güell & Collado, 2013), life cycles in tourism (Butler, 2009), TPD (Haanpää et al., 2013) and future of tourism industry (Cole & Razak, 2009; Chambers, 2009). In tourism, hospitality and leisure literature it is common to use well-known Scenario Design but foresight thinking as an approach has received little attention.

There is an increasing amount of literature on future tourism trends where tourism is examined from both global and national perspectives (e.g. Puhakka, 2011; TEM, 2014;

Draper et. all, 2009; Matkailun trendejä maailmalta, 2012). Scenario design has been used in Finland when reporting on tourism 2030 (TEM, 2014). In all reports tourism is expected to continue to grow and increase impacts on global economy. Due to these predictions more national and regional reports on tourism have been conducted. Some similar directions for the future tourism can be summarized from these future oriented reports. Globalization, vast networking, rapid technological development and changes in consumption are all recognized megatrends that will shape the future of tourism (Puhakka, 2011, 4.) Sustainability and environmental issues, aging and demographics and financial crisis are counted among the challenges in the future (Puhakka, 2011, 5; TEM, 2013, 19-20). In Finland, the importance of northern regions is recognized from environmental and political viewpoints due to growing interest toward them (TEM, 2013, 19-20). This trend can also be considered to affect other Nordic Countries and especially the northernmost parts of the countries.

Reports concerned with safety in tourism have, for example, discussed foresight in terms of risk analysis and security planning (e.g. Iivari, 2012). Managing safety in a proactive way is mentioned virtually in all tourism strategies as one of the most important cornerstones in tourism. Foresight is a way to get information to back up strategic planning and decision making also from the safety perspective (Iivari, 2012, 165). Safety is about being prepared to the changes and risks that come forth: It is all about foreseeing. Foresight should be present in everyday business because it supports the continuity and the sustainable development of the company. Thus, foresight should be seen as a built-in activity. (Iivari, 2012, 161.) Safety awareness has become one of the megatrends globally due to the increasing uncertainties that shake the business today (Niemisalo & Iivari, 2013, 129; 135).

Fernández-Güell & Collado (2013) have discussed foresight in relation to tourism destination development and introduced a framework for planning and designing tourist destinations. In their study the role of different stakeholders being involved in all stages is emphasized. There can be benefits such as systematized debate on future prospects, help in formulating viable, innovative tourism strategies, formation of expert networks and involving different stakeholders from public and private sectors to the foresight work. They also emphasize that foresight approach cannot tackle all social, environmental, economic and political challenges, it cannot impose consensus where there are deep disagreements among stakeholders, and it is not a quick solution but rather requires long analysis and formation of functional networks. (Fernández-Güell & Collado, 2013, 84.)

Despite the emerging literature on foresight and tourism, few studies have discussed the implications of foresight for TPD (e.g. Haanpää et al., 2013). There is research on tourism product development and foresight but these two concepts in tourism business studies have not been examined together (Haanpää et al., 2013). Foresight in TPD refers to ‘activities in which a company aims to control the ‘changing present’ by reflecting information available from the past, present and the future’ (Haanpää et al., 2013, 106).

Tourism companies need a more systematic TPD approaches to be able to follow the current trends and develop new products in order to succeed in the fierce competition (see Jones, 1995, 28; Sandvik, Amett & Sandvik, 2011, 648). Still, risks of new product development are high since many of the ideas fail or became average (Kotler, Bowen & Makens, 1999, 290-291). Systematic, strategic foresight could provide new tools for this demand in small tourism companies.). Kotler et al. (1999) have argued that all companies should have a systematic new-product development programs. Starting from the idea generation and the internal and external ideas sources (Kotler et al., 1999, 291-294) where companies can detect ideas, weak signals and trends (Hiltunen, 2010, 19). Towards idea screening during which good and potentially great ideas are separated from the not so good. After concept development and testing, and market research the product concept can move to the actual product development (Kotler et al., 1999, 299). But again, TPD is examined as linear process. By developing new, more flexible approaches and practices e.g. foresight, environmental scanning and future thinking, companies can also better validate strategic decisions (e.g. Rohrbeck, Mahdjour, Knab, & Frese, 2009; Hiltunen, 2010, 2012; Vecchiato, 2012).

There should be emphasis on foresight as an integrated part of the companies’ everyday practices or as an approach in tourism. Also, the involvement of different stakeholders in foresight is lacking attention in the academic literature. The same findings were made by Fernández-Güell & Collado (2013) in their study on foresight in designing and planning tourist destinations. Foresight approach is always both goal-directed and actor-oriented which means it always has an aim and it involves people to be actively part of it. Foresight in TPD brings clear advantages for companies to prepare themselves for changing situations or even creating desirable futures. (Haanpää et al., 2013, 106.) This way companies can move from reactive actions to proactive activities in the market.

One of the reasons foresight approach has not been applied more into practice is perhaps the fact that exact outcomes of such an approach cannot be determined in advance. Foresight is not merely a tool or a process but more of an attitude and a way of doing things. (Haanpää et al., 2013, 106.) Foresight approach to TPD brings new ways of examining issues combining unusual perspectives and breaking boundaries. Foresight, in a way, can be described as “looking outside of the box”. For example there are fields such as technology, art, design and science that can have a great impact on tourism businesses in the future. Taking this multidimensional and future-oriented thinking as an integrated part of TPD process can open new possibilities for tourism companies to extend to new markets.

Often people who work in tourism already possess tacit knowledge about some of the forthcoming changes in the field of business. In particular the tourism workers, who are in constant interaction with the tourists, represent an essential source of information for TPD. For example, an employee can play a critical role in detecting emerging weak signals early or verify rising trends. (Veijola et al., 2008, 42-43; Haanpää et al., 2013, 107.) Managers who have skills and the ability to utilize this knowledge can create an advantage for their company compared to competitors. It is the internal culture and established practices that define the use of this tacit knowledge and whether it is used to better the position of a company in the fierce market. In addition, tourism work often entails situations where improvisation rules over control and tourism workers must come up with creative solutions in changing conditions (Veijola et al., 2008, 41-42). Along with routines and the best practices employees and manager need the skills of improvise, innovate and prepare for the unexpected (Veijola et al., 2008, 53).

2.4 Organizational Improvisation

Organizational improvisation refers to working with the unexpected (Weick, 1998). Organizations need to be open to new ways of observing and listening, to accepting what they do not know and to asking good questions (Zack, 2000, 231). Despite tourism being characterized as dynamic, innovative and immense to improvisation organizational improvisation has not yet been discussed related to TPD. By taking organizational improvisation as a new approach to TPD in the context of small tourism companies it can open up new ways of thinking and new practical implementations to the everyday work of tourism practitioners.

The term, improvisation, comes from Jazz and theater (Moorman & Miner, 1998a; Weick, 1998; Zack, 2000) and has been implemented to new product development literature by Moorman & Miner (1998b). *Improvisation* has a strong future orientation but there is still a question how can organizations benefit from it (Kyriakopoulos, 2011, 1051). Weick (1998) defines improvisation as ‘the degree which composition and execution converge’ (Weick, 1998, 698). Instead of composition, a word perhaps more familiar in organizational research could be design or creation, and a word alongside with execution could be implementation. In tourism, composition is referring to the creation of a new product or modifying of an existing one, and execution to the production and consumption of these tourism products. Perhaps due to the origin of the word improvisation, coming from theatre and Jazz, it still holds the traditional view on being spontaneous and happening-on-the-spot activity that requires no training. However, in organizational settings effective improvisation requires a considerable amount of study and preparations. Improvisation is a mix of recomposed actions and spontaneity (Weick, 1998, 551).

It is not something to be taken for granted that companies can benefit from improvisation but at least it enables organizational flexibility and variation (Zack, 2000, 228). According to Zack (2000) organization can be seen as Jazz, and Jazz as conversation which in most times is improvisational when people interact with each other. Jazz as a metaphor gives new ways of opening up the discussion on both individual and organizational levels in business and organizational research. A growing number of management studies is addressing organizational improvisation as an important part of organizational process (Weick, 1998; Moorman & Miner, 1998a; 1998b; Zack, 2000; Baker, Miner & Eesley, 2003; Vera & Crossan, 200; Kyriakopoulos, 2011).

Empirical studies related also to this study have examined improvisation in fields such as new product development (Moorman & Miner, 1998a) and in entrepreneurial context (Baker, Miner & Eesley, 2003). Earlier research has shown that in business settings the value of improvisation has not automatically impact on the performance outcomes of the company. In fact, previous studies have demonstrated that information flows and memory have an influence on whether improvisation is valuable or not. (Moorman & Miner, 1998b, 14-15.) Hence, information flows which can be internal (e.g. employees, management) or external (e.g. customers, partners) play a crucial role in how market information shapes the value of

improvisation (Kyriakopoulos, 2011, 1052). Kyriakopoulos (2011) argues along with others that while information from internal source seems to be easier to process it is often less novel than information flows from external parties, which seem more difficult to use but extremely useful for companies (Kyriakopoulos, 2011, 1052).

In the light of these studies, (organizational) improvisation is not inherently good or bad (Vera & Crossan, 2005). Vera & Crossan (2005) elicit two misconceptions on improvisation in organizational settings: First, the spontaneous aspect of improvisation seem to be overemphasized, and second, there is a general assumption that organizational improvisation always leads to positive performance. Thus, they argue that improvisation skills can be developed on an individual, team and organizational levels through training and creating a behavioral change in organizations. (Vera & Crossan, 2005, 203-204.)

Improvisation can be distinguished from several distinct but related concepts such as creativity, learning and innovation (Moorman & Miner, 1998a, 705). However, all improvisation involves some degree of innovation because improvisation involves a creation of actions outside current routines or design. On the other hand there are other kinds of innovations beyond improvisation. (Moorman & Miner, 1998a, 4.) For example in organizational settings majority of products are produced by analyzing, studying, gathering information and planning when improvisation is not necessarily part of the process. This has implications to product development through similarities in these processes. Innovating is ongoing, systematic and purposeful not haphazard and coincidental (Solatie & Mäkeläinen, 2009, 59)

In this study, organizational improvisation refers partly to the company's ability to react on sudden events or changing situation and on the other hand being able improvise in a stable environment in long-term. The sudden changes or chains of events can happen in the market or in the operating environment. This requires tourism companies to have the readiness but also willingness to react. What makes other companies succeed and others fail in creating an open and experimental organizational culture? To answer this question Solatie and Mäkeläinen (2009) have provided some elements which can help in creating an innovative and creative ambience in organizations. First, the need of creative individuals, second the need of creator-producer dynamics, and third the need of obtaining an open and creative atmosphere (Solatie & Mäkeläinen, 299, 57-58).

Product development in small or large tourism companies often requires improvisation and the ability to adapt to fast-paced changes. The product development process is not perhaps as organized and systematic in small companies as it is in large ones. For example Hjalager et al. (2008, 8) emphasized the importance in developing awareness and development competences in small tourism companies. TPD can be viewed as a flexible and uncertain process that involves multiple stakeholders. TPD is a collaborative action (Hjalager et al., 2008, 11). For the tourism entrepreneurs improvisation may play a crucial role in TPD.

From this perspective, it can be argued that product development and entrepreneurship are strongly interrelated, emphasizing the role of entrepreneurs in TPD. In-line with Burns (2007) it can be claimed that product development and entrepreneurship are strongly linked together (Burns, 2007, 61-62). An entrepreneur initiates change and generates new opportunities. In addition, Burns (2007) proclaims that innovation and entrepreneurship are the heart of the success for the individual firm and of national advantage (Burns, 2007, 63). In some context such as peripheral regions or small villages where small entrepreneurial companies are the majority of businesses, this is indeed an adequate statement. Often, as in the case examples in this study regions are characterized by small or micro companies. Therefore one company with its business activities and new products can be a powerful development force for the entire region.

Earlier I introduced the theoretical concepts which I have used to build a more comprehensive view on TPD process in small tourism company context. By implementing the multi-stakeholder perspective, foresight thinking and organizational improvisation in TPD I demonstrate these complex and proactive processes that constantly take place in the three case examples. In the theoretical framework I have taken into account three dimensions which describe the complex TPD process in organizational settings. Firstly, the relational perspective on TPD is examined through the stakeholder approach. Secondly, the temporal perspective is presented by examining the past, present and future through foresight thinking. Thirdly, through organizational improvisation the role of internal culture and the ability to improvise is examined further. Combining these approaches into to the discussion on TPD has not been done before. Still, in the empirical cases of this study all dimensions of TPD are presented and therefore analyzed through the theoretical framework.

3. TOURISM WITHIN THE NORDIC CONTEXT

In this chapter, I introduce the context of this study. Nordic tourism context and the three empirical cases are introduced in more detail. I discuss Nordic tourism in general and in relation to tourism in Finnish and Swedish Lapland. Three case examples represent companies operating in the hotel sector therefore this will also be addressed in the chapter. The *Treehotel*, *Icehotel* and *Hotel Hetan Majatalo* are introduced in sub-chapters 4.2, 4.3 and 4.4.

In this study, I utilize terminology in line with Hall et al. (2009) using the term Nordic tourism when referring to tourism in the Nordic countries. This has to be clarified since Nordic or Nordic tourism might have different meanings and special characteristics for example in North America. In the recent years, Arctic tourism has been raised to the center of attention especially in the North of Europe and the Nordic countries. Still, during this study, taking part in the Arctic discussion would not further the purpose of this study and perhaps would diminish the focus of TPD discussion. Also, by discussing Nordic tourism context I will not exclude the similar regions to Finnish and Swedish Lapland in other Nordic Countries. However, tourism in Finnish and Swedish Lapland can be examined through both the lenses of Nordic tourism (see Hall et al., 2009) as well as Arctic tourism (see Müller, 2014). Therefore I have used the Nordic context referring to the Nordic Countries, and in this study, especially to the Finnish and Swedish Lapland. I focus on examining special characteristics in tourism in the context of Finnish and Swedish Lapland for a couple of reasons. First, three Nordic case examples operate in Lapland. Second, the elements of tourism vary between the north and south in the Nordic countries therefore the focus will be in tourism in the northern parts of the Nordic Countries.

Tourism in the Nordic countries and especially in the northern parts of Sweden and Finland is highly important for many reasons today. The operating environment both challenges and creates opportunities for small tourism companies. For example in the Nordic countries, seasonality and high concern on environmental issues have far-reaching impacts on the development possibilities in tourism. Still, there are good examples of tourism companies which have been able to change their business practices or even their operating environment to answer these challenges (see García-Rosell et al., 2011). The operating environment is, simultaneously, changing and staying the same. For tourism companies it is essential to know

the context in which TPD takes place and what are the main characteristics of a specific place or region.

The Nordic Countries is a geographical and cultural region in Northern Europe and North Atlantic. It consists of five countries: Iceland, Norway, Sweden, Finland and Denmark, and three autonomous regions, Greenland, Åland islands and Faroe Islands. (Picture 1.) The Nordic countries does not solely refer to the geographical space but is often viewed from its political, cultural, economic and historical linkages as well. (Hall et al., 2009, 248.) The Nordic countries have much in common in history, culture, climate and peoples' way of life. (Nordic council.) We can begin picturing the Nordic tourism space as what may seem challenging at first but by examining the various ways in which the Nordic idea is understood. (Hall, Müller & Saarinen, 2009, 1.)



Picture 1. The Nordic Countries. Source: Hall, Müller & Saarinen (2009, 20)

3.1 Tourism in Finnish and Swedish Lapland from a Nordic perspective

Tourism as an industry can be challenging to define or outline, and has led to a situation where tourism is not always identified as an industry. Still, some business elements that have direct or indirect impacts on tourism industry can be clearly recognized. For example tourism industry entails elements such as transportation, accommodation, restaurants, tour operators, attractions, national parks and a variety of tourism activity operators. (Hall et. al, 2009, 11; Harju-Autti, 2014, 8) By referring to hotel sector I am making a rather facile division inside the tourism industry. Still, this is done to clarify the vast variety of different service providers and their primary products. I focus my attention to accommodation operators in which I include hotels, motels, and camping grounds among others. The three case examples all are operating in the hotel sector and represent small tourism companies which dominate in number globally, nationally and regionally (e.g. UNWTO, 2014; Facts and Figures; Finnish enterprise; Harju-Autti, 2014).

In European context more than 99 % of all companies are small or medium sized enterprises, SME's (Facts and Figures) and in Finland 99, 8% of all businesses are SME's (Finnish enterprise). I examine tourism in small business context because small and micro-sized companies dominate in the service sector and in tourism especially in peripheral regions (Kilpijärvi & Aho, 2013, 32). According to the European Commission (2014), medium sized companies have less than 250 employees and a maximum turnover of 50 million euros whereas small companies have less than 50 employees and a maximum of 10 million euros (SME, 2014). Drawing on these numbers and other similar characteristics among the three case companies all can be identified as small tourism companies. In general, some characteristics can be found amongst small businesses such as being owner-managed and having a multi-tasking approach, personal relationships with partners and a limited cash-flow show that small service companies differ from large companies both in size and the organizational culture. Often small tourism companies are life-style oriented, home might also be the workplace and often knowledge is acquired by spending time in the area. (García-Rosell, 2013, 38.) Also, some special characteristics such as flexibility, seasonality and high-degree of stakeholder interaction are common for small tourism companies in the Nordic context (see García-Rosell et al., in progress).

Tourism in the north has a long history but the amount of visitors cannot be compared to other European countries such as Spain or France (Hjalager, 2008, 11). Not reaching the degree of mass tourism, aside from a few larger tourist destinations and resorts, tourism in the Nordic Countries has preserved to this day its unique characteristics and certain mysteriousness. For many, Nordic tourism is characterized by four seasons, extensive natural resources, unique socio-cultural communality and extensive wilderness. The entrepreneurs interviewed in this study described Nordic tourism being something real, pure and natural. Still, as Hall et al. (2009) have demonstrated it is not sufficient to examine the Nordic tourism space internally through political boundaries or cultural commonalities but also to pay attention to the external representations which are recreated for example by media (Hall et. al., 2009, 3.)

In general, neighboring countries Finland and Sweden have many similarities such as climate, business and economy, development, way of life, culture and landscape. For example during the rapid industrialization forest was the primary source of opportunities in both countries. In the recent decades there have been structural changes in the economic life putting emphasis more into the service sector and modern technology. (Business and the economy.) The structure of the tourism industry has been going through many changes in the Nordic countries. From a business point of view the Nordic countries have always been considered extremely innovative (see Hjalager et al, 2008) which could be utilized further especially in tourism. For tourism entrepreneurs, it is important to understand markets and factors that influence business performance in ways to stay competitive in the competitive market (Ottenbacher, Shaw & Lockwood, 2005, 115).

The elements of Nordic tourism have been reinforced through marketing and promoting in international media which challenges us to examine the Nordic identity defined both internally and externally. For centuries writers and explorers have drawn a picture of the north as a mythological space. This has had an impact on the image and representations of what the Nordic countries represent today. From the tourism perspective this has had a significant influence on Nordic tourism. (Hall, Müller & Saarinen, 2009, 243-44.)

Future of Nordic tourism faces many challenges but also possibilities. In the future climate change, technological development and even demographical changes will probably influence the Nordic tourism as well as tourism globally. Different EU regulations and national and regional policies are changing in time hence the environment and societies are going through

constant transformations. The Nordic Council of Ministers (Nordic Council) through the periphery policy among other addresses these issues in the future. Especially for the northernmost peripheries, for example in Finland or Sweden, these issues will most likely be raised to the local and regional development even further. For the peripheral regions the challenges are to offer destinations to visit which are both accessible and attractive. (Hall et al., 2009, 265.)

Hall et al. (2009) define *peripheral regions* as ‘geographically remote areas from mass markets’. Peripheries have issues that especially in tourism have been addressed such as accessibility, moving in peripheries, empowering local communities, migration flows from the periphery to the core, economic policies and lack of financing, and environmental issues (Müller & Jansson, 2007, 7-13). When everything goes well tourism can be a ‘saviour’ in some peripheral regions and perceive positive impacts (see Hall et al., 2009, 127). This said, especially in peripheral regions development requires sustainable and ethical principles and practices to achieve these positive socioeconomic impacts. To answer this demand a ‘periphery policy’ has been raised to these special circumstances in the north (Hall et al., 2009, 63).

Finnish Lapland and Swedish Lapland are both recognized as very important tourism destinations on the national level (Lapland the north; Visit Swedish Lapland). After the metropolitan areas of Helsinki and Stockholm, Lapland region is the busiest tourist center in both countries (Finland’s Tourism Strategy, 2010; Tourism industry’s national, 2010, 32-37). In marketing campaigns both regions have been represented as places where four seasons, arcticity, the Sámi culture, natural parks, reindeer and the northern lights delight the tourists in the far north. Lapland is a place where the silence, wilderness and free nature challenges tourists to adapt into the cultural beat of locals (Lapland the North; Visit Swedish Lapland.) Tourism strategies function as national tourism development guidelines which tourism practitioners at least known to exist. Still, often unique local phenomena play a more important role in TPD. It can be social, cultural, natural or economic resources that steer tourism in one direction or the other (Hjalager, 2008, 8).

Tourism has been widely recognized as an important instrument of economic development in Lapland both in Finland and in Sweden (Lapland’s tourism strategy, 2010; Sweden’s tourism industry’s, 2014). In Finnish Lapland, tourism has been and will continue to play an important

role in the economic and socio-cultural development in peripheral regions as well as in the more urban centers (Lapland's tourism strategy, 2010). Also, European Union involvement in rural development (European Commission, 2014) has been influencing both Sweden and Finland, especially in the peripheral regions, since they joined the EU in 1995. Both case examples from Sweden, the Treehotel and the Icehotel, are located in the Norrbotten, the northernmost county in Sweden. The case example in Finland, the Hotel Hetan Majatalo is located in the county of Lapland located in the northernmost Finland. (Picture 2.) In the Norrbotten county as well as in Finnish Lapland, there has been a reinforcement of peripheral areas in which tourism has been an important forward moving force for the region.



Picture 2. The Hotel Hetan Majatalo, Icehotel and Treehotel in Finnish and Swedish Lapland.
Source: Modified from Hall, Müller & Saarinen (2009, 20)

The hotel sector continues to change rapidly along with new streams in tourism. Today, there are more and more unique ways for accommodation to choose from when traveling. Tourism today is about experiencing something special, transformational and memorable. Today, there are hotels in the most unique locations worldwide where tourists can sleep for example in a bubble, in a snow igloo or even underwater. Sometimes a standard hotel room is not enough anymore when travelers are looking for experiences not solely in tourism activities but also in accommodation. In the future, the hotel sector requires more investments to achieve the

desired growth and regeneration (see Harju-Autti, 2012). Regardless of the large hotel chains that have a lot of capacity and volume in the market in Finland majority of hotels are small or micro-sized companies (see Harju-Autti, 2012).

As all case examples are small tourism companies, some similarities can be found. Firstly, they all provide accommodation as a primary product. Secondly, all the companies are located in small villages and in an area that can be considered a periphery according to the European definition. These peripheries share similarities in harsh climate conditions, sparseness of population and remoteness. (Gløersen, Dubois, Copus, & Schürmann., 2005, 3-4.) Thirdly, all the entrepreneurs, who were interviewed, were female. In fact, in Lapland more than half of small enterprises specializing in handicrafts, restaurants, hospitality or other services are led by women entrepreneurs (see Merenheimo, 2006) Fourthly, the entrepreneurs have been and are currently actively participating in the local tourism development and are part of the local village associations. All three entrepreneurs seem to have a belonging to the place, and a strong will to develop their region. Some of these similarities were also found in the work of Hjalager et al. (2008, 27).

Some differences can be found among the Treehotel, Icehotel and Hotel Hetan Majatalo. All three companies have different organizational structures. Treehotel has five shareholders including two owner-managers, the Hotel Hetan Majatalo is a family-owned and -operated business and the Icehotel has five shareholders who all have their own specific management areas. These differences in structure influence for example general decision making and financing. Another clear difference among the companies is the time which the companies have been operating in the current form. The Hotel Hetan Majatalo was founded in the 1920's and has been operating nearly a 100 years. The Icehotel was established in 1989 and celebrating its 25th anniversary during winter season 2014-2015. The Treehotel has been operating in its current form since 2010. In the next sub-chapters I introduce the three Nordic tourism companies in more detail.

3.2 The Treehotel

The Treehotel is located in Harads village. Harads is located in the municipality of Boden. Harads has a population of 600. Due to the remote location in the peripheral areas of Northern Sweden, only 50 kilometers south from the Arctic Circle most guests fly first to Luleå and

from there take a private car to Harads. (Treehotel). Luleå airport is about 100 kilometers from the village. The Treehotel is Harads' first tourist attraction. Today, it has been recognized as one of the main attractions in Swedish Lapland (Visit Swedish Lapland).

The Treehotel was established in 2010 and the same year the first treerooms were built. Currently, there are six tree rooms and two sauna buildings in the forest. The Treehotel has two owner-managers and three other shareholders who have different roles in the company. They all work together in marketing, economics and development. For the future the Treehotel is aiming for growth and planning to expand overseas. For the company there seems to be many possibilities in development and many plans for the future. The Treehotel employs 7 to 8 people year around. This does not include the partnering companies' employees such as architects and designers.

In addition to the Treehotel rooms and saunas there is Britta's guesthouse, a 1950's style house, providing accommodation and food services. It has been in its current form from 2004. In the guesthouse there are 23 beds, a sauna, a restaurant and a conference room. The first treeroom is only five minutes' walk from Britta's guesthouse. It is where the guests check-in and have breakfast, lunch and dinner. According to the owners, it is also a place where the guests like to spend time during their stay, meet other guests and chat with the staff. The house is idyllic and homely, and functions as a "heart of the Treehotel". Excerpt 1 from my field journal draws on my feelings when visiting Britta's guesthouse in December 2013.

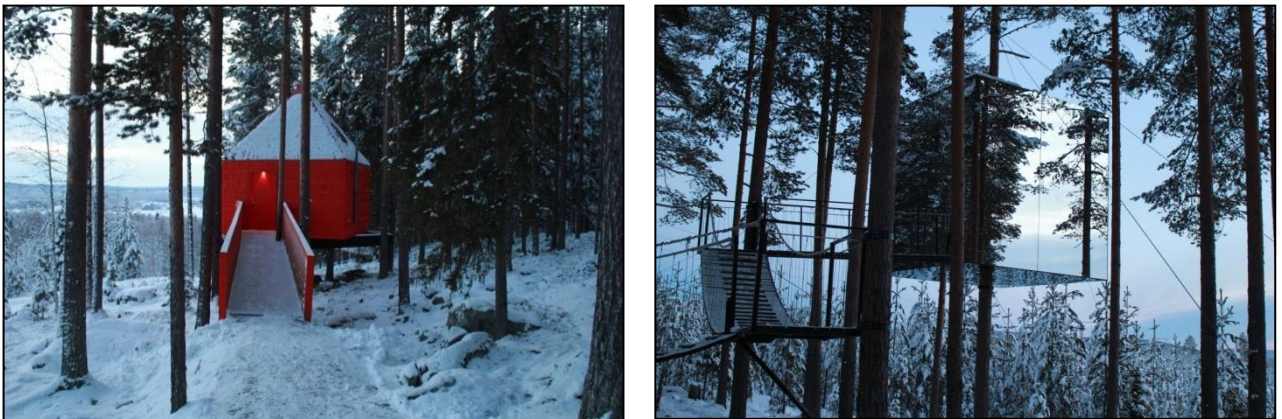
Stepping into the Britta's guesthouse was almost like stepping into the past. It reminded me of my grandparents' house, my mother's childhood home. The atmosphere was calm and cozy. It felt like the time had stopped which had an immediate effect on calming my body and mind.

(Excerpt 1, Field Journal)

The owner-managers are the founders and the developers of the Treehotel. The owners were inspired by the documentary "The tree lover" by Jonas Selberg-Augustsen (The Tree Lover). It is a story about three men from the city who want to go back to their roots and build a tree house together. (Treehotel.) The first tree house, from the documentary, was built about 8 kilometers where the hotel is situated today. During the building process the film maker spent a great amount of time in the guesthouse and became friends with the owners. Later, the tree house build for the documentary (The Tree Lover) was rented out and slowly the idea of a

Treehotel started evolving. It is not a new idea to build a hut in a tree hence it is something familiar from the childhood memories at least for people in the Nordic countries. In this case this well-known idea of a tree hut has been taken to a new level with elements such as sustainability, modern architecture, design and innovation and current tourism trends.

The main product at the Treehotel is to provide, according to the website, unique, memorable hotel experiences (Treehotel). All treerooms are in the forest and some of them are well hidden in the nature (excerpt 2). In the restaurant at Britta's guesthouse, there are no menus but the food is brought directly for guests. Also, activities such as a guided tour at the hotel, a village walk in Harads, ice dining, snowshoe walking among others can be reserved at the hotel. Some activities such as guided tour at the hotel are provided by the Treehotel, and some by partnering companies in the area.



Picture 3. The Blue Cone and the Mirrow Cube at the Treehotel. Photography: Jenny Janhunen

After the first Treehouse, the Cabin, I continued walking after the guide. Suddenly I noticed a giant bird's nest just above me. I had failed to spot the second treeroom before the guide stopped us just underneath it. Some of the rooms were well hidden and others like the Blue Cone and the Mirrow Cube (Picture 3) stand out clearly in the forest. (Excerpt 2, Field Journal)

According to the Treehotel representative, 35% of their guests are foreign and the rest of them come from Sweden. She said their guests are people 'who have done it all' and traveled a lot. Still, she emphasized that they have couples and singles as well as groups and families. From the beginning the hotel has gained great media attention from around the world from BBC to CNN. Numerous international newspapers have covered the story of the Treehotel, the unique

hotel in the peripheries and it has quickly been established as one of the most unique hotels globally. Treehotel is using their own website, Booking.com, Facebook and Trivago for online reservations. Treehotel can also be found in Youtube, Pinterest and Instagram.

3.3 The Icehotel

The Icehotel is located in Jukkasjärvi village in Northern Sweden. The village is located in the municipality of Kiruna. Jukkasjärvi has a population of 1000. Jukkasjärvi is located 200 km above the Arctic Circle, 15 kilometers from Kiruna airport and 17 kilometers from Kiruna train station (Visit Kiruna Lapland). Jukkasjärvi is located in the peripheral areas of Northern Sweden, the Swedish Lapland. Today the Icehotel is perhaps the most famous tourism attraction in the region. The Icehotel is the first hotel in the world made from only ice and snow. Visitors of the Icehotel normally fly or take a train or a bus to Kiruna where they make their way to Jukkasjärvi and the Icehotel. The journey to Jukkasjärvi is surely part of the experience as I demonstrate in Excerpt 3.

The drive from Kiruna to Jukkasjärvi took us about 20 minutes. After Kiruna there was nothing but trees, snow and the clear blue sky around us. I could imagine it being totally quiet looking outside apart from our bus and a few cars passing by. Soon I saw the sign on the left which said "Welcome to Jukkasjärvi and the Icehotel". (Excerpt 3, Field Journal)

At the beginning, the company was organizing summer tourism activities. The Icehotel was established in 1989 during when two Japanese artists visited Jukkasjärvi to make sculptures of ice. Later five entrepreneurial employees working together in the Icehotel began to work together and continued developing the Icehotel concept. Since the first winter in 1989 there has been igloos and snow art. The five entrepreneurs wanted to do something related to the Tornio -river and its natural flow. For 24 years now the Icehotel, a church and ice bars have been built with the help of several international artists.

Part of the business idea of the Icehotel is to provide something new for the guests every year. The hotel building stays the same but the rooms are designed and constructed according to designs by a variety of different artists from around the world. In addition to this a wedding chapel and an icebar are built in cooperation with the employees and the artists. There are 65 rooms divided into deluxe suits, art suites, ice rooms, snow rooms and group rooms but this

can vary from year to year. Yearly there are over around 150 people who are building the Icehotel. The main products of the company are accommodation both in the Icehotel (Picture 4) and in warm cabins. Also, activities such as guided tours and ice sculpting among others are organized by the company. For a variety of activities the Icehotel uses subcontractors and local partners. (Icehotel) Today, the guests of the Icehotel come from all over the world.

The Icehotel is located by the famous Tornio river. For the founders and employees, the river is seen as “the mother of the Icehotel”. The Tornio river provides the purest and clearest water in the world and enables the Icehotel to exist. All ice for the Icehotel comes from the Tornio river. The main product for the Icehotel is to provide accommodation, in cold and warm, food services and a variety of tourism activities with local partners. The surrounding nature provides fine conditions for a variety of nature activities such as hiking, skiing, sledging and fishing among others.



Picture 4. Icehotel rooms during winter 2013- 2014. Photography: Jenny Janhunnen

From a local attraction the Icehotel has become a global business in the past few decades. Interest among international media has been enormous during the 20 years that the hotel has been in its current form. Some globally known brands like Absolut Vodka and Mini have been partners for the Icehotel during the parst years. The Icehotel brand has established a reputation in many metropolises such as London, Paris and New York by building icebars. Partly, reason to this success has been the Icehotel being the ‘first hotel in the world made entirely of ice’ (Icehotel). The Icehotel uses the company website, Booking.com and Hotels.com as their booking channels. The Icehotel is actively promoted in Facebook, Twitter, Pinterest, Instagram and Youtube among other social media forums.

3.4 The Hotel Hetan Majatalo

The Hotel Hetan Majatalo is a family-run hotel in Hetta, located in the municipality of Enontekiö. Enontekiö is a municipality of the Northern most county in Finland, Lapland. In the municipality of Enontekiö there are 1877 inhabitants. Hetta is the most populated area in Enontekiö and has a population of 800. The main road of Enontekiö goes through the village and most services such as the school, bank, shops, church and hotels are located on the main road. (Welcome to Enontekiö.)

The Hotel Hetan Majatalo was established in 1924 and has been providing accommodation services since then. There has been four generations running the hotel to this day and the most recent change was in 2002. The core business idea of the hotel has stayed the same from the beginning. Upholding traditions and cherishing the core values have always been important to the owners from generation to generation (excerpt 4). Still, some changes and reconstruction have been done in the hotel premises. In 1980's the main hotel building was constructed which increased the amount of beds. Currently, the hotel can accommodate about 130 guests. During the peak seasons the hotel has 2 to 3 employees in addition to the three family members. Most of the guests in the Hotel Hetan Majatalo are Finnish groups who come every year but more and more foreign tourists visit the hotel especially during the winter season.

The owner family lives in the courtyard where the guests also accommodate. For me it felt like the family was in the center of the business, the heart of the business. Pictures and stories of the great-grandparents and grandparents were on display for the guest to see. The Hotel Hetan Majatalo has a story to tell. (Excerpt 4, Field Journal)

Tourism has had a central role in the village for decades. Hetta is only 40 kilometers from the boarder of Finland and Norway, and 30 kilometers from the boarder of Finland and Sweden. Throughout the history it has been a place where travelers stop on their way to Norway or vice versa. During its long history the hotel has had a central role in the economic life of the village. The hotel provides nearly all the tourism activities by subcontracting. The hotel owners works closely with other entrepreneurs in the area such as safari companies and food providers. The hotel restaurant is famous from its local products, traditional receipts and Lappish delicacies.



Picture 5. The Hotel Hetan Majatalo in Enontekiö, Finland. Photography: Jenny Janhunen

The Hotel Hetan Majatalo is using online reservation channels company websites and Booking.com. The hotel can be also found in Facebook, Twitter, YouTube, Tripadvisor and Acoda.com. Slowly the hotel has moved to using social media to maintain old customer relations and reach for new ones. Also, frequently guests and media promote the hotel in different forums. The Hotel Hetan Majatalo has gained much media attention nationally and regionally along the years and continues to do so.

4. ETHNOGRAPHIC FIELDWORK AND ANALYSIS

Ethnography can be traced back to nineteenth-century western anthropology where it refers to ‘a story about a foreign culture or peoples’ story that is told’. Due to the complex history, ethnography still to this day seems to lack a standard, well-defined meaning. (Hammersley & Atkinson, 2007, 1-2.) Ethnography is viewed more as an approach than a research method therefore in addition to ethnography several other methods can be used parallel. (Puuronen, 2007, 101-102.) In this study, ethnography is understood as an approach that first entails participating on the field in the natural environment of the research objects and second, it aims to produce a description of a specific socio-cultural phenomenon or a group in a specific context (Lappalainen, 2007, 9-10). I chose to use an ethnographic approach in this qualitative study to examine the complex relationship-based TPD process in small tourism companies embedded in a web of complex stakeholder relations in a specific operating environment. That is what I am at describing.

Although different styles of ethnography exist, all aim at the same: to observe how people interact with each other and their environment in order to understand their culture (Eriksson & Kovalainen, 2008 138). During my fieldwork I observed, listened, asked questions, documented and interacted with the participants in their natural business environment in order to better understand their organizational culture in relation to TPD. Among observing the field site and the people there I participated into guided tours organized by the companies. This research is closely related to ‘organizational ethnography’ (Eriksson & Kovalainen, 2008, 139) therefore the fieldwork was conducted partly in business settings, in the company premises.

Ethnographic approach has some basic elements that are easily recognized also in this study. First, the object of study is human activity and everyday life. In this case I have studied the TPD process in three small Nordic tourism companies. Second, observations are collected from a specific phenomenon, TPD in this case. I interviewed entrepreneurs and made observations onsite focusing on the tourism products and the operating environment of each company. Third, the data was collected onsite, namely on the premises of the companies involved in this study. In most cases an ethnographic study requires the researcher to travel to a particular location for the collection of the data. Fourth, my experiences as a researcher in

this study during the research process are included in the final report becoming an essential part of the data. (see Puuronen, 2007, 102-103.)

Ethnography is often viewed as a multidimensional approach that guides through the entire research process. Therefore, it is not a single method. (Hämeenaho & Koskinen-Koivisto, 2014, 7.) Often, ethnography is described as a human instrument hence the interpretations come into being first and foremost through the researcher's own choices and knowledge (Kiviniemi, 2010, 70). Ethnographic research is not merely a study of a specific phenomenon in a specific empirical area but also a reflective experience of one-self. The ethnographer, the researcher is an essential part of the study and in that sense the data contains self-reflective analysis of the researchers' position on the field.

The researcher is an essential part of the ethnographic research also in this study. Strangeness is often seen as a starting point when entering the field (Coffey, 1999, 23-24). However the line between familiarity and strangeness is blurry, and can shift from one to the other like a pendulum during the research process (Coffey, 1999, 22.) As a researcher the aim is to get insight information about something or someone by taking part of the participants' natural working environment. It was important to get access to the place where the research participants work and co-create the present. The ethnographer forms the framework for the study in some informational content, in some specific time and place. (Hakala & Hynninen, 2007, 213.)

Researcher is an inseparable part of the research process and therefore my self-examination and reflective approach have been an integral part of this research process and an essential part when using ethnography as a cross-sectional approach. To answer the ethical exigency of scientific research I entailed the ethical dimensions of business research to all stages of this study. To endorse this I wrote a journal throughout the entire process so it was easier to return to the feelings, realizations, ideas or challenges that I experienced during the process. This brought some otherwise forgotten notions to this final report.

I approach ethnography as a flexible process in which different phases are mixed and cannot be described linearly. Still, some phases can be illustrated as a well-structured process. First, I chose the research topic, formed research questions and looked for field sites where this specific phenomenon might be appearing. Second, I had to negotiate a permission to enter the

field and find the key participants. The FA-TPD - project group and researchers assisted me in this endeavor since they already had relations with some of the entrepreneurs participating in this study. These visits to the field were agreed via email with the entrepreneurs who agreed to partake in this research. Third, visits to the field were organized, interviews conducted and participatory observations made. Most of the analysis was conducted after the data collection but also before. Finally, the final report was written. Empirical data is supported by theory to gain wider meaning and relevance. (Eriksson & Kovalainen, 2008 141-142.) Empirical data and theory together portray the process of ethnographic fieldwork.

The ethnographic approach supported the aims of the study, and the methodological choices were carefully chosen to answer the research questions introduced earlier. During the process it was at times hard to say if the study was driven by theory or data. This demanded the ability to adapt when something surprising stands out from the data (see Kiviniemi, 2010, 70-85). In the next chapters I discuss ethnographic approach according to four different research stages.

First, I describe the methodological choices *before entering the field* (3.1) which included e.g. determining the research questions, forming the interview frame, choosing and contacting the research participants and conducting background search of the companies. Next phase, the *participant observations* (3.2), refers to the data collection which happened during the company visits entailing observations, photographs and recorded material. In chapter 3.3 I report on the conducted *interviews*, relationship between the interviewer and interviewee, and the interview situations. Finally in chapter 3.4 I introduce the *analysis* process which also contains the reporting and writing of this final research report.

4.1 Before Entering the Field

I stepped into the research process knowing that it was going to be an ongoing process which is quite common in qualitative research (Kiviniemi, 2010, 70-85). During the research it was difficult to say which one came first, theory or data since they seemed to co-exist but change roles in the course of the research. For example when something surprising emerged from the data I was compelled to look for new theoretical approaches to explain it. Before entering the field I had some assumptions about TPD and about stakeholder relationships through my bachelor's thesis (Janhunen, 2013) in which I took part in the discussion on cooperation and networking between tourism entrepreneurs in Finnish Lapland.

In addition to the physical operating environment, I considered the extended environment for example internet and media as essential part of the context of this study. I chose to take part in the discussion on TPD within a Nordic context (4.1) since the empirical case examples operate in Finnish and Swedish Lapland. By demonstrating a Nordic perspective I broaden the discussion to also other similar regions as the Finnish and Swedish Lapland in the Nordic Countries context for example in Norway or Iceland. As a researcher I constructed the field of this study: Where the specific phenomenon, TPD in this case, was presumed to occur or from a practical level where resources of this study were met. Therefore, research field is not always bound to a specific place: It can be a physical, textual or even mental. (see Hämeenaho & Koskinen-Koivisto, 2014, 12-13.)

A choice to include one and exclude another site, have an impact on the research. The three tourism companies were selected in the limits of the resources of this study and in line with the aims to demonstrate good examples of TPD in the Nordic context. I have been living in Finnish Lapland, Rovaniemi for four years now and studying tourism research and business management at the University of Lapland. My years of experience as a hotel receptionist have not only helped me to gain an insight into the hospitality industry but also to better understand the empirical field of this research. It was not predefined that all companies should represent the hotel sector. Still, now that all companies represented the same sector in tourism it was maybe easier to compare the cases and built a more cohesive analysis of TPD. All the visits were organized in a manner that there was time to observe the environment and to get acquainted with the tourism entrepreneurs but also with the companies' products and services.

Prior to the ethnographic fieldwork conducted in the company premises some information was collected from the company websites and from a variety of media reports. This documentary data, e.g. online search, collected from the internet is closely related to virtual ethnography. (see Eriksson & Kovalainen, 2008, 139.) For me as the researcher, it was essential to get some background information about the cases in order to focus primarily on TPD during the interviews with the entrepreneurs. There was a great amount of newspaper articles, interviews and other reports written about the three tourism companies. I noticed early in the research process that especially the Treehotel and Icehotel had gained a lot of media attention through the years. Getting familiar with the company narratives and several media representations, helped me to understand better how media has addressed the

companies or how was the public image of each company. However, I could only make my own interpretations since I had not asked the public or media representatives about the image of the companies.

Collecting information and media data was the first step in the ethnographic fieldwork for me. Later I had to step back from the media reports so they would not dominate in the analysis phase. Due to this, when analyzing the collected data I did not return to the media reports again from an analytic point of view rather I used them to attain a general picture of the companies at the beginning.

Before entering the field I was preparing for the interviews by forming themes which would be addressed during the interviews based on the preliminary information collected from the empirical cases and theories on TPD. Also, I participated to a meeting with the research group to discuss the aims for the project and the aims of my study. The meeting with the research group helped me carry out my study so that it was in line with the FA-TPD project (FA-TPD, 2013-2014)

4.2 Participant Observations

I visited the Treehotel, Icehotel and Hotel Hetan Majatalo during winter 2013 – 2014. The first visit, to the Treehotel, was made with two other project members to Harads, Sweden. The second visit, to the Icehotel, was arranged in cooperation with a study trip to Kiruna, Sweden organized within the cross-selected study unit “Arctic Tourism”. A cross-selective study unit belonging to the Lapland University of Applied Science, Arctic Tourism also included students from the University of Lapland. On the third visit, to the Hotel Hetan Majatalo, which took place in Enontekiö, Finland I was the only participant.

The purpose of the visits was first to conduct interviews with the representatives from the three selected companies, and second to observe the operating environment of the companies. Through participatory observations I gained information on action and behavior (Eriksson & Kovalainen, 2008, 146). During these visits I also gained a better understanding about the empirical context, meaning the companies’ business environment. Also traveling to the sites gave me a better understanding of how tourists travel there and it was an experience for me as it surely is for the hotel guests. In this case a multi-sited fieldwork was conducted since the

visits were made to three different locations. The visits were from two to four hours. Generally in ethnographic research this might be considered as relatively short time but there has also been critic towards this idea. Although ethnographic research can be and usually is long-term the time spent in the physical field can be relatively short for example when conducted as a part of a project (see Haanpää, Hakkarainen & García-Rosell, 2014.)

Observations make the ethnographic data deeper. Along with interviews and media reports, observations increased my knowledge about both the companies and the research participants. The ideology and values of the companies were easier to identify in interaction with the staff, the owner-managers and the environment. Through observations I gained a better understanding on the empirical context, which came very useful in the analysis phase. I was an active participant in the guided tours of each company and also non-participant observer while sitting in the restaurant of the Icehotel or walking around the premises in the Treehotel or the Hotel Hetan Majatalo. During each visit it was important to make field notes and write a field journal which I could return to during the writing process.

Observations were made by both me and the other members of the research group when they participated in the company visits. The research group consists of educators and researchers who are working in the FA-TPD -project. Each member wrote a short reflective travel summary after each visit which included thoughts, observations and feelings about the experience. The observations were solely subjective and linked to one particular visit therefore it was useful to have two or more reflections from a visit. This helped me when I was reflecting my own experiences to the observations in relation to others in relation to the organizational culture and the products. It made me more aware about the nature of knowledge formation and the interactional formation of interpretations when each paper was a demonstration of several internal and external factors influencing the individual experience. These reflective papers contributed to the analysis phase by making me more aware of the ontological and epistemological dimensions of the research process.

During each visit I took photos of the company premises and from the surrounding area. Photos were taken for example from the guided tours that were organized for us in all three places. This made it easier to memorize a particular experiences during the analysis. During the analyzing process I examined photos to recall feelings and thoughts that had risen during each visit. Photography was useful when I was analyzing the operating environment because

during the visits to the field it was hard to observe or notice everything while conducting an interview or participating in a guided tour.

Writing field notes before, during and after the site visits became an important part of the data. At times I wrote long narratives on how a visit went and what happened and at times I wrote brief sentences or single words at the field site. I used the written notes, questions that emerged in the field and thoughts to self-reflect on how the research process was evolving and what I knew about the research field. (see Eriksson & Kovalainen, 147-148.)

In spite of being from the same cultural background at times I felt like I was an outsider watching inside when entering the field. It was clear that to get an insight into the company culture I would have had to be a member of the work group. Still, I felt that for the purposes of this study the time spent on the field was adequate in many ways. Reflecting on everything I saw and heard as a researcher is a part of positioning oneself at the research field and in relation to the research objects. For the purpose of producing scientific knowledge this reflective approach in oneself, to the research context and to the research participants followed the ethical principles of conducting a qualitative research. Reflexivity and transparency of the research process were considered and realized in this final report. (see Eriksson & Kovalainen, 2008, 12.)

Different worldviews and belief systems, *paradigms* (see Eriksson & Kovalainen, 2008, 16-17) prevail in the surrounding world and also among researchers. No research is conducted without researchers own worldview or background influencing the interpretations made about the empirical field. From the philosophical point of view, the ontological assumption of this research is that reality is understood subjectively. Therefore, as a researcher I was depending on my own interpretations from the data. Subjectivity refers to reality being based on experiences and perceptions of the world which differ from each person or group, and can change over time and context. Early in the research process I was compelled to consider the question of which are the fundamental properties in the social world that both I am researching and also which I am part of. (see Eriksson & Kovalainen, 2008, 13.) During the research it became obvious that I was to include others beyond the company representative and myself. Therefore I wanted to address this question from the socio-cultural dimensions to include the local community and stakeholders both in in global and local level.

4.3 In-depth Interviews

Today, interviews are one of the most frequently used methods to collect data in a qualitative research (see Grönfors, 1982, 105). At the same time interviews are a complex social situation which entails various changing components from the interviewer to the interviewee and to the research field (Gubrium & Holstein, 2001, 3.) A research interview is always goal-directed and should be well-planned. When carried out well-planned interviews they can give insight about a social phenomenon from the chosen perspective. In this study, I gathered data conducting three in-depth interviews with the representatives of the Treehotel, Icehotel and Hotel Hetan Majatalo.

Metsämuuronen (2006, 233) has introduced some aspects when an interview is seen as a suitable method in a qualitative research. In this case, interview as a method suited well for at least three reasons. First, it was important for the results to examine a TPD in a specific context in this case tourism and in the chosen case examples. Second, it was essential to collect descriptive data to contribute to the main objectives in this study which was to identify the roles of the different stakeholders contributing to TPD. Third, some phenomenon or research topic simply cannot be studied by using quantitative and measurable methods. By conducting in-depth interviews I could collect descriptive data and gain a deeper understanding on TPD process in each case company.

Interview as a method to collect data can be classified in different ways. Interviews can be categorized by the readiness of the questions; structured, semi-structured and unstructured interviews (Ruusuvaori & Tiittula, 2005, 11). I used in-depth interview as an interview method because I was interested in the interviewees' perceptions on TPD. I had formed some of the questions and the research themes beforehand. Through the in-depth interviews I gained an understanding on how the company representatives perceive TPD in relation to the multi-stakeholder relations and the operating environment among other topics (see Eriksson & Kovalainen, 2008, 146-147). However, all interviews were not in line with each other in structure since some parallel and overlapping topics were discussed in a variety of forms and in different order with each interviewee. Still, the research themes guided all three interviews. In order to leave space for entrepreneurs' own point of views original interview frame was not strictly followed rather it worked as a guideline for me as the interviewer (see Eriksson & Kovalainen, 2008, 146-147). In the interviews the main interests was in TPD. Some guiding

questions were formed according to the themes: *Background information, tourism product development, stakeholder involvement, and foresight thinking* (Appendix 1). At the end some future development directions were discussed with each interviewee.

During the visits to the companies I met the interviewees for the first time (excerpt 5) which made the interview situation new both to me and the interviewees. All the interviewees were female entrepreneurs aged 30 to 55. As a researcher I felt that it was beneficial that I had preliminary knowledge on the research themes and the context through the ethnographic fieldwork and literature reviews. It was easier to achieve a common base early the interviews. Since I had worked in a hotel years and studied tourism research, it enabled us to discuss as equals or as colleagues with the interviewees. (see Tienari, Vaara & Meriläinen, 2005, 103-104.)

I was walking towards the reception not knowing where I was going to meet [Treehotel's representative]. So many thoughts were going through my head because I had never met them before. Except for the emails we had changed. I knew little about them and they knew almost nothing about me. I hope we can establish a good conversation. I could only hope for the best. (Excerpt 5, Field Journal)

There are some special characteristics in in-depth interviews. A strong emphasis is put on the interaction between the interviewer and the interviewee. The themes and questions formed prior to the interviews functioned as a guideline for me as a interviewer. Interviews were based on a relatively free discussion between the participants but at the same time guided by these specific themes (Eskola, 2007, 32). Often in qualitative research the number of interviews is small, the quality of data is deep and the effort put into the analysis phase is high (Metsämuuronen, 2006, 235), as it was in this study. I chose to conduct three interviews instead of for example collect a survey from a larger group because I was interested in illustrating specific case examples. Now I was able to visit each company, conduct interviews and make more detailed observations which would have not been possible if the amount of research participants would have been greater.

If during the interview, the discussion initiated going into unwanted direction or if it paused or stopped with the help of the themes or premeditated questions it was easier to get back to topic in hand. A loose frame of questions was composed beforehand already in the planning

phase of the research. More detailed questions were asked and explanations provided when needed during the interviews. For example in two of the interviews the word ‘stakeholder’ was clarified by using the word partner or interest group on the request of the entrepreneurs. Two of the interviews were done in English and one in Finnish which was later translated to English for the final research report. In this case it was important to take into a consideration the cultural and linguistic aspect during the interviews (Rastas, 2005, 78).

It was important to pay attention to the language and words that were used during the interviews (see Hakala & Hynninen, 2007, 214-215). Words could have different meanings to which ever perspective they are viewed. During the interviews it was important to achieve common interpretations on the main concepts of the study. To avoid any misunderstandings it was important to talk about the main concepts and discuss about them with the interviewees beforehand. Before the interviews I explained the research aims and the main topics of interest to the interviewees which also gave them a chance to ask for clarifications if needed.

The interview situations were interactive. It was important to establish rapport with the interviewees by listening and attempting to make the situation as socially comfortable as possible (see Eriksson & Kovalainen, 2008, 146). Often people in business settings have busy schedules and it can be hard to get them to participate in research interviews. Also, variety of internal and external factors can influence the interview situation such as personalities, past experiences, mood, the chosen time and place among other. In this case the place of the interview was not specified in advance which meant that it could have been in the lobby, in the office of the managers or somewhere else. All interviews were conducted in a quiet place where most of the external factors were minimized. This required the ability to adapt and prepare to rapid changes. However, the conducted interviews were not situation-specific as such (see Alvessen, 2011, 23-27) because the same interview could have been conducted in any place and likely same results would have been achieved. All the interviews were conducted in the premises of the companies due to the busy schedule of the entrepreneurs and so that the participatory observations were made possible during these visits.

The interviews aimed systematically to collect information to achieve the aims of the study. All interviews were recorded for later analysis. Interviews were transcribed which helped me in the analysis ensuring that the information was available throughout the entire research process. (see Ruusuvoori & Tiittula, 2005, 14.) There was approximately four hours of

recorded data and 39 pages of transcription. Only spoken language was transcribed because all the other gestures or for example pauses were not highly significant when analyzing the results. In addition to what was said, often it is interesting to explore what is not said or mentioned. What people say and what they keep silent about produce meaning and value in the social life (Eriksson & Kovalainen, 2008, 138). For example if one entrepreneur talked much about the value of a customer and one did not mention it once raised a question why. I made notes during the interviews which I could reflect on during the analysis.

One of the strengths of an ethnographic research is the reflection on the relationship between the interviewer and the interviewees. All three interviewees participated voluntarily in the study and gave consent to use the real names of the companies in the study. Still, to protect the identities of the interviewees, the names of the participants were not considered necessary to reveal in the final report. Also, all research participants were sent a draft of the final report before publishing. They had a chance to make necessary corrections in the written report. (see Eriksson & Kovalainen, 2008, 142-143.)

4.4 Interpreting Ethnographic Data

In analyzing the collected data I used two analysis approaches, ethnographic analysis and content analysis. By using a selective *ethnographic analysis*, I was able to detect the patterns and themes as well as the participant perceptions on TPD. (see Eriksson & Kovalainen, 2008, 187-188.) Through a more systematic approach, *the content analysis*, I examined for example the similarities, differences or frequencies of specific themes in how the interviewees talked about TPD. The analysis was conducted by using two distinct but parallel analysis approaches that cohered well within the methodological framework.

Ethnographic analysis is rarely systematic rather limited and selective. The aim of the ethnographic analysis is to represent the social world from the participant's perspective in a descriptive way. There is rarely a highly analytical point of view in ethnographic analysis. (see Eriksson & Kovalainen, 2008, 148-149, 187-188.) Qualitative content analysis was chosen for the analysis as it is a systematic research method for examining the collected data. Collected data was organized into themes, patterns and categories by detecting connections, similarities and contrastive points. Also, examining words, terms and concepts used in

interviews can give an interesting insight to the participant's worldview and perceptions. (see Eriksson & Kovalainen, 2008, 148-151).

The aims of this study led to the chosen analysis methods. For the purposes of this study it was important to find out how the participants talked about TPD and which stakeholders they involved into these process. Content analysis helped me focus on the content of the text such as frequencies of words or patterns within the text (see Eriksson & Kovalainen, 2008, 90). I used content analysis also as a sort of a loose theoretical framework (see Tuomi & Sarajärvi, 2009, 91.)

Throughout the analysis I was chattering the data into smaller parts, conceptualizing and organizing into new, themed entities. Data could have also be coded or tabulated which I did not do in this study since the research questions and themes guided me in the analysis (see Eskola, 2007, 43-44). When using content analysis it is essential to make detailed observations from the data and analyze them systematically. To gain an extensive understanding of the collected data, I was reviewing and organizing data several times during the research process. In qualitative research careful analysis phase takes the most time as it did in this study. The analysis can be conducted based on the collected data or the chosen theories, or in some case such as a pendulum movement from one to the other. (Tuomi & Sarajärvi 2002, 109-116.). At times it was hard to determine what which one was guiding me the theory or the data. Still, it was important to keep that freedom of movement between these two incase of unexpected or sudden outcomes emerged from the data.

In the first stage of the analysis I identified the different stakeholders who contribute to TPD in each case example. The purpose was not to enhance power inequality between different stakeholders by classifying them (see Mitchell, Agle & Wood, 1997, 187) but rather clarify the nature of the multi-stakeholder relationships (see García-Rosell, 2013). This brought more depth into understanding the company-stakeholder interactions. Next in the analysis, I shifted the focus to the TPD as a process. I was interested in finding how the different stakeholders contributed to TPD. Third, I examined the role of foresight thinking in TPD. First, it seemed as foresight did not appear in the case examples. Later in the analysis I noticed that foresight seemed to emerge through organizational improvisation. This was a good example of how sometimes surprising findings can emerge from the data during the analysis.

In many ways this part of the analysis followed the more systematic analysis method than ethnographic analysis usually does due to the influence of the content analysis. During the analysis I returned to the field through my research journal in which I had made notes and comments during the fieldwork. Also, recordings from the guided tours and photos from the company premises of each company enabled me to return to the field when needed.

There are excerpts from the ethnographic data throughout the final report. I have used direct excerpts from the three interviews, field journal and the guided tours. At the end of each excerpt the company name is written, “Treehotel”, “Icehotel” or “Hotel Hetan Majatalo” and which of the data is used from e.g. “field journal”, “guided tour” or “interview”. Names of the interviewees were not necessary to mention in the report therefore only company names are visible. The interview with representative from Hotel Hetan Majatalo was conducted in Finnish therefore I have translated the samples from Finnish to English. The excerpts from the Icehotel and the Treehotel interviews are direct quotes. All research participants gave their permission to use the company names in relation to this study. The letter of consent can be found in the latter part of this report (Appendix 2).

5. DEVELOPING TOURISM PRODUCTS THROUGH MULTI-STAKEHOLDER RELATIONS

In this chapter I introduce the main findings of this study by answering the three sub-questions introduced earlier. First, I examine which stakeholder relations play a key role in TPD and through this clarify who are the stakeholder's contributing to TPD. Second, I illustrate TPD as an external process and illustrate how these multiple stakeholders contribute to TPD process. Third, I examine the role of strategic foresight thinking in TPD. Drawing on the theoretical framework and the collected data, I present excerpts parallel to the analysis.

The aim is to illustrate TPD as an proactive external process driven by stakeholder relations and interactions in small business context. TPD is neither an internal business process nor a single business activity that can be isolated from other activities in a tourism company. In fact, TPD process can often be triggered by multiple stakeholders and external factors, and then put into practice by tourism entrepreneurs.

5.1 Stakeholders who contribute to TPD through time and place

In this chapter I introduce the stakeholders who contribute to the companies' TPD, sometimes even without knowing it. My intention was not to categorize the different stakeholders according to primary and secondary stakeholders (see Näsi, 1995). Instead I focused on examining all stakeholders who were mentioned in the interviews, and illustrate their roles in TPD. This way I shift the focus from traditional stakeholder thinking (e.g. Freeman, 1964; Näsi, 1995) towards examining multi-stakeholder relations as a more flexible process, that is also likely to change over time. As I illustrate later in the analysis, time and place seems to play an important role in TPD but also in the multi-stakeholder relations, and the roles of the different stakeholders.

By examining TPD based on multi-stakeholder relations I also avoid enhancing power inequality between different stakeholders and rather clarifying who were the stakeholders contributing to TPD in the three case examples. Since multi-stakeholder relations can change over time so can the power, legitimacy and the urgency of these stakeholder relationships (see Mitchell, Agle & Wood, 1997, 187). Neither the entrepreneurs could or were willing to categorize the stakeholder relations based on their degree of relevance when asked who the

most important stakeholders were. From the data I could recognize multiple stakeholders who influence TPD in the three tourism companies presented in this study. Some findings were in line with the pre-assumptions of mine such as the important role of the employees, managers and customers (see e.g. Näsi, 1995).

During the interviews all participants mentioned some of the same stakeholder groups when asked who were the stakeholders or partners in TPD. These stakeholders mentioned were owner-managers and shareholders, employees, customers, local community, municipality and media. In business literature, many of the same stakeholders have been recognized as the most important stakeholders in business settings (see Näsi, 1995b, 99). The stakeholder groups introduced in this chapter emerged from the three interviews and are examined according to the collected data. However, other stakeholder groups may exist in another business context.

Although many of the stakeholder groups mentioned were similar, the three tourism companies also seemed to have multiple varying partners both in tourism and other industries. All the tourism companies operate in the hotel sector and provide accommodation as a primary service. Often in tourism, multiple companies from parallel sectors cooperate in providing diverse tourism products and services. For example the Treehotel and the Icehotel have partners in other sectors such as design and architecture. These stakeholder relations extend beyond tourism to other fields of business. All the stakeholders mentioned during the interviews were examined as individuals or groups who take part in the TPD process of the companies.

Early in the analysis, it became clear that the company representatives did not see product development as being a detached part of their work but rather an ongoing process cross-cutting their everyday work. Since most often the interviewees talked about their work in general and not about TPD in particular. None of the interviewees used phrases such as ‘In our product development (...)’, or ‘In our product development process (...)’. In general, none of the interviewees made a clear distinction between everyday business activities and TPD therefore it is a fair assumption that TPD is seen as an integrated part of the everyday work in the companies. When asked how they would describe TPD in their company they answered only in few words (excerpt 6, 7 & 8).

Oh, lots of ideas. I do not think we are going to do everything because we have no time to do everything. There are a lot of ideas for product development. This is just the beginning: The Treehotel has just started its journey. (Excerpt 6, Treehotel Interview)

Ice. (Excerpt 7, Icehotel Interview)

It is something that happens automatically. (Excerpt 8, Hotel Hetan Majatalo Interview)

In line with some presumptions, the owner-managers and company shareholders were considered to play an important role in TPD. All the participants shared the same view on owner-manager and shareholder involvement being highly important. Five shareholders of the Icehotel share the responsibility as they share the freedom to innovate, present ideas, test new ideas and also deal with a potential failure. In the Hotel Hetan Majatalo, being a family-owned hotel, all family members have a strong input in TPD (excerpt 9). In the Treehotel, the two owner-managers and three other shareholders contribute to TPD although in different roles. The owner-managers seemed to play an important role in innovating and implementing new ideas, whereas the shareholders appeared to have bigger role in the background.

Everybody from the family contributes [to TPD] and everybody has a lot of ideas. (...) the ideas usually come from me and I also develop and bring them to practice.

(Excerpt 9, Hotel Hetan Majatalo Interview)

Also, employees seemed to have an essential role in triggering TPD in all three companies. Still, all companies gave different amount of emphasis on the employee involvement during the interviews. There could be several reasons for this such as the amount of employees being low or the interview question focusing on entities rather than single stakeholder involvement. Also, from all the interviews it became evident that employment turnover was low which meant that same people had been working in the company for a long time, and recruiting new staff was not frequent. This saves time from process such as recruiting, briefing and introduction of new employees. In this sense, employees who have been in the same company for years possess important tacit knowledge that is a valuable resource in TPD (see Valkonen & Veijola, 2008, 42-43). As illustrated in excerpt 10, the Icehotel representative describes the employees as a family in which everybody has an important role. Maybe the ability to

develop an environment of teamwork and trust that promotes an open and experimental organizational culture reflects on TPD process positively.

This company is a team who work together with different knowledge and experience. When I am at work I work very tight with my colleagues. It feels like we are a family. If I have a problem, I can get angry and they are still going to be here. I respect them and we have a good base here. (Excerpt 10, Icehotel Interview)

In addition to the internal stakeholders, the owner-managers, shareholders and employees, multiple external stakeholders seemed to play a key role in TPD process. In line with some presumptions, customer was considered as a vital actor in TPD process. Still, the customer was not mentioned as the most important or by far the only actor. Co-creation approach in product development emphasizes the importance of the customer and their contributions to TPD (see Komppula & Boxberg, 2002; Konu, Tuohino & Komppula, 2010). Based on the data, it appears that TPD process is not seen as an activity solely between the tourism company and the customer. Although, customer involvement was considered important when the companies innovate new products or improve existing ones. Still, according to the interviewees some initial ideas in TPD had been changed due to customer feedback. Even though the entrepreneurs were not willing to categorize stakeholders according to relevance, the Treehotel and the Hotel Hetan Majatalo representatives emphasized the role of the customer in contributing to TPD more compared to the Icehotel representative (excerpts 11 & 12).

We had the plan from the beginning that we should build 24 treehouses but then we changed our minds because we asked the guests and they did not want so many treehouses here. People came here because they did not want to meet so many people. They [the guests] want it to be quiet. (Excerpt 11, Treehotel Interview)

It [TPD] is important, ongoing and based on customer feedback. We know our guests so well that we know what they want and we also know that we cannot offer them whatever. (Excerpt 12, Hotel Hetan Majatalo Interview)

In the Hotel Hetan Majatalo, the role of customers in TPD appears to be prominent. The hotel has been operating nearly a 100 years and for the company it is important to know who the

customers are. The Hotel Hetan Majatalo is relying on the traditions but at the same time modernizing and developing their services according to the changing customer needs and wants. They focus their resources in developing products that they know the customer will appreciate (excerpt 13). Customer is involved in TPD mostly through face-to-face encounters during their visit and feedback. Having a prominent role in TPD process can also benefit the customer therefore the products are improved and developed according to customer feedback and face-to-face encounters with the entrepreneurs. The Hotel Hetan Majatalo, seems to have a customer-oriented approach to TPD (see Konu et al., 2010).

We know our customers well, and we cannot just do whatever. We try to provide them what we think they would appreciate. There is no point developing something that we know our customers will not like. (Excerpt 13, Hotel Hetan Majatalo Interview)

Whereas in co-creation approach the customers is an active participant in the TPD process in the three case examples the customer is seen perhaps more as an external source of information in developing new products. While the owner-manager and shareholders, employees and customers are discussed in the TPD literature, other stakeholders seem to play a role in TPD as well. In all three case examples the important role of the municipality was highlighted. Municipalities have been known to have an important role as facilitators of entrepreneurial environment (Rusko et al., 2009; Komppula, 2014). Perhaps the peripheral location and operating in a small village explains part of this since often small companies need and also prefer more support from the municipality in remote and peripheral regions. Excerpts below illustrate the important role of the municipality in all three companies.

We are part of the Kiruna Lapland Economic Association which is a local tourism organization in the municipality. Of course we are involved with that because it is highly important to us for in many things. For example for us it is important to find good tracks in the forest and have good bus connections to the village. These things are part of the tourism development that they do. (Excerpt 14, Icehotel Interview)

Our municipality helped us a lot. For example we never had to arrange a meeting. (Excerpt 15, Treehotel Interview)

We work a lot in cooperation with the municipality of Enontekiö. (Excerpt 16, Hotel Hetan Majatalo Interview)

The local community was valued high and mentioned as an important stakeholder in all three interviews. In this study, when I talk about the local community I refer to the local village or the region, and people living there. It is important to understand the local context when analyzing TPD process in a specific region or village (see Höckert, 2009, 14). For example for the Icehotel the local community constitutes of the Jukkasjärvi village but in many parts also the Kiruna municipality since they work closely with the people living there. Every community located in peripheral regions has their own unique characteristics but also have many similarities that can be explained through possibilities and challenges which small villages face.

Höckert (2009) studied rural community-based tourism in the context of Nicaragua, and argues that the experiences in presenting one's own culture can have positive impacts on local community. Empowering local community can therefore increase the local wellbeing and benefit the tourism companies. All entrepreneurs mentioned using local food as an important way to support the local businesses and people living in the area. Today local people are frequent visitors in all three companies for example using the restaurant services. For example the interviewees' emphasized constant cooperation and interaction with the local community as the excerpts below illustrate. From the data it was evident that the three companies are not solely developing products for tourists but contributing to the wellbeing of the local community.

I am a member of it [the local society]. If something happens we contact them and discuss with them for example what to do. If they can help us, or we can we help them. So we have a really good connection with the local society. (...) Yeah, it is important for many things to have a good connection with the people who live in the village. The society takes care of the visitors who go there. For example, every year in august we have a market in the village and a small party in the evening. There local producers sell bread and fish, we dance and spent time together. So, we do things together. (Excerpt 17, Icehotel Interview)

Before, we had more locals and no tourists. And they [local people] are very happy we got something here and they are very proud. (Excerpt 18, Treehotel Interview)

Well, we organize meetings for local reindeer herders. It's not a lot but it's something.

(Excerpt 19, Hotel Hetan Majatalo Interview)

Local companies were seen especially significant partners as suppliers and sub-contractors (excerpt 20). For example the tree companies use local food producers since they are all operating a restaurant in the company premises. Local food providers, local activity companies and local transportation were always chosen as primary partners if possible. Choosing local partners seemed to be one way of bringing locality and communality into TPD (excerpt 21). Tourism companies rarely provide all services single-handedly instead tourism companies provide services with a web of other companies. Especially in peripheral regions these cooperative relations are valuable or even necessary (see Komppula, 1996; 2014).

Of course we do [use local products]. For example we have local juice in the morning. All meat is from the local slaughter. We only serve reindeer, moose and fish in the restaurant because it is what we can provide from this area. Soon we also start serving local yoghurt and cheese from a local producer. It happens step by step. (Excerpt 20, Treehotel Interview)

For example we always try to use local fish and meat. We get our berries and mushrooms from the locals. This can be challenging during the winter but we always use local recipes in our restaurant. Lappish food and atmosphere is in the heart of our business.

(Excerpt 21, Hotel Hetan Majatalo Interview)

Some risks and challenges were recognized in operating in a small village where most of the companies are entrepreneurial and/or family-run businesses. In the Hotel Hetan Majatalo, the representative expressed a concern if one or two partnering companies would close down their business in the village (excerpt 22). A good example on this is the Sámi activity companies that operate in Lapland. Sámi people are the aboriginal people living in northern Finland, Sweden, Norway and Russia (Sami of Northern Europe, 2014). Introducing their traditional way of life is a popular tourism service in Lapland but is most often made solely by the Sámi people themselves. If a tourism activity company providing this marginal service would for some reason stop existing it could be hard to find a new partners from a specific region or village to replace it.

In Hetta most of the people who work in tourism here are entrepreneurs in small or micro sized companies. They are all our partners. There is one reindeer safari, one husky safari etc. So of course if one or two of them close down their business it is a threat for us. It is important that all of us have the energy and will to develop our businesses year after year.

(Excerpt 22, Hotel Hetan Majatalo Interview)

Also, cross-sectoral cooperation was recognized as highly important especially for the Icehotel and the Treehotel. In the Treehotel, every treeroom is different and designed by a variety of Nordic architects. The Treehotel concept relies strongly on Scandinavian architecture and design (Treehotel). The Treehotel has been working with one particular architecture firm but more and more attention is received from international architects who have expressed their interest in working with the Treehotel (excerpt 23). The main idea is that each room in the hotel is designed by a different architect to ensure the variation and uniqueness of the rooms. The interior design for the rooms has for the most parts been standardized. Every room has basic furniture elements, the Treehotel textiles and specific lightning from partnering design companies.

First we had Swedish and Scandinavian architects but now we have a lot of architects from all over the world. There are maybe 30 architects now waiting but we are not going to build 30 new rooms because it is not possible. (Excerpt 23, Treehotel Interview)

In the Icehotel many stakeholders such as artists and international sponsors are contributing to TPD. Different international artists are designing and realizing the Icehotel every year with the company employees. The Icehotel has been cooperating with brands such as Absolut Vodka and Mini through sponsorship contract which has brought the company visibility in the international markets and enabled expanding TPD towards external process (excerpt 24). For example building Icebars in cooperation with a variety of stakeholders globally has continued to challenge the company to develop and adapt their products beyond the traditional operating environment.

We have been working with Absolut Vodka and Mini for example. There has been a sponsorship contract with them. We have also participated in the Paris fashion week one year. (Excerpt 24, Icehotel Interview)

Universities and research institutes were discussed shortly with the interviewees. All companies have cooperated with universities in projects or by participating in students' thesis work in different disciplines such as tourism, business, arts and design. The entrepreneurs recognized the value in cooperating with education and research field. Also, conference groups are regular visitors in all hotels. The companies worked most frequently with the closest universities and schools located in the region (excerpt 25 & 26). The representative of the Hotel Hetan Majatalo mentioned the remote location as one reason for exiguous cooperation with educational institutions. Also, the role of an entrepreneur as an initiator for the potential cooperation was something she considered important for the future (excerpt 27).

We have worked a lot with the Luleå University. And we have also worked with some schools in nine-to-ten-year projects. So, yes we work with them and groups from the university are often here for a conference. (Excerpt 25, Treehotel Interview)

Mostly we work with Luleå University because they are the closest one. We normally have a few students here for doing their practice. We also work with the local high school in Kiruna. (Excerpt 26, Icehotel Interview)

I have been part of a few projects. In some joint projects, mostly related to the TosiLappi marketing cooperation, we have had university students working in the planning and execution of our image to different fairs and some trainees and a few students have been working with their thesis. I feel like we are a bit far and not often people find their way here. Also, maybe we have not really known how to use the students and the institutions to the full extend even though there is a lot of potential. (Excerpt 27, Hotel Hetan Majatalo Interview)

Media can have an important role as a facilitator in different development phases for tourism companies and connects different stakeholders. Media can take different forms such as a social actor, an instrument or content for example in newspapers or articles. In this study, media is perceived as one stakeholder in triggering or promoting tourism products. All three companies recognized media as an active stakeholder during the different development phases. For example in the Treehotel, media has played a crucial role in promoting the brand to the global markets in a rapid speed.

In addition to the frequently mentioned stakeholders, the nature in relation to the place was mentioned in all three interviews as an important partner or the core of the business. This view differs from traditional stakeholder thinking in which only human beings are considered relevant to the theory. For all companies the business idea had started from a natural resource in the area. For the Treehotel it was the forest and for the Icehotel it was the Tornio-river. For the Hotel Hetan Majatalo it was the forest, and the surrounding soundscape, the silence (see Haanpää and Veijola ed., 2006). In fact, when I asked who were the most important partners in TPD the Icehotel representative mentioned the Tornio-river (excerpt 28). Other interviewees could not specify but rather emphasized the importance of the place (see Smith, 1994) and the surrounding environment during the interviews.

I think it is the river [the most important partner]. That is the Tornio-river. The river is flowing all the time. It stops here for a few months but only the top of it. Then it continues, and it is like a company: You have to continue to move forward. We have the river and it gives us food and fresh water, fun, activities, art and good friends. It just gives us so much. The water is everything for the company. (Excerpt 28, Icehotel Interview)

Starik (1995) has discussed the role of nature and the role of non-human elements in a business context. He argues that these elements should be taken as a prominent part in the stakeholder discussion. Environmental issues, policies and requirements demand for more comprehensive outlook towards the non-human elements of the surrounding nature as being a prominent actor in a business context. These issues are especially highlighted in today's nature-based products and tourism services. All the interviewees considered natural resources important to their business and saw them as a fundamental part of TPD. Nature seemed to be more than simply part of the operating environment but rather an enabling element that is deeply respected and included in TPD. In excerpt below the company representatives emphasize the role of the nature as the core of business and through that in relation to TPD.

It's very important [nature]. If we did not have the nature, we would not have the Treehotel. All our activities are in the nature. It's very calm activities like just walking or snowshoeing or [pause]. So we have all the activities in the nature and our treerooms are in the nature. So it's (...) Yeah, without the nature we would have nothing. (Excerpt 29, Treehotel Interview)

Nature is the very important to us. It is the most important tourist attraction we have here. I have been thinking many times that we are very lucky that the hotel is located right here. We would not want to be more south or more north. (Excerpt 30, Hotel Hetan Majatalo Interview)

For us nature is 'life enriching moments' [the slogan of the Icehotel].
(Excerpt 31, Icehotel Interview)

Based on the interviews and observations conducted, I have identified the stakeholders who contribute to TPD in three case examples. Also, it seemed that time and place influence these multi-stakeholders relations. It was clear that the roles of different stakeholders can change over time. However, more research should be conducted especially on the role of time in TPD because that was not addressed to the extent it requires in this study. This further validates the assumption that TPD is ongoing process which cannot be described as a linear, well-structured process. Still, it is fair to say that owner-managers and employees have an essential role in innovating, planning, implementing and evaluating new products, as the literature on TPD tends to point out. According to the entrepreneurs most of the new ideas come from internal sources. However, many of the ideas originate from a variety of sources such as customer feedback, employee's ideas, from a friend or even media. Observing the surrounding environment, detecting weak signals and staying open minded seems to be characteristics that all the interviewees seem to possess. The trigger and the idea in TPD are clearly harder to trace. Still, it seems like a variety of stakeholders have a prominent role in TPD in all three case companies.

In this sub-chapter I have recognized several stakeholders who contribute to TPD, the owner-managers, shareholders, employees, customers, local community, municipality, partners and suppliers and media. Also, place with its human and non-human entities seemed to be considered as a stakeholder according to the interviewees. Furthermore, the interviewees' highlighted stakeholders outside the vicinity of their company and by doing so extended the meaning of operating environment to entail a web of stakeholders and external factors (see García-Rosell et al., 2007). The operating environment has extended substantially while the global market has been opened through new channels of communication such as the internet, and especially the social media forums. In the next sub-chapter I shift my attention to the idea of viewing TPD as an external process, and illustrate how the different stakeholders are contribute to TPD.

5.2 Stakeholder roles in triggering, supporting and promoting TPD

A traditional way of comprehending TPD has been to describe it as an internal business process or a single business activity that can be isolated from other business activities in a tourism company. Several TPD models have presented TPD as a detached business activity or as a linear process (e.g. Komppula & Boxberg, 2002). Still it has become obvious that the stakeholders introduced in sub-chapter 5.1 contribute to tourism companies' TPD process, sometimes even without knowing it. TPD is not something that is happening inside an office or in the company premises. Rather, TPD is influenced by multiple stakeholders and external factors which can trigger and enable or sometimes even obstruct the TPD process. In addition to the different stakeholders, some external factors seemed to influence TPD. Especially two factors, *time and place* gained unexpected importance in the TPD process of the three tourism companies.

Time we live in influences TPD. In fact, TPD is determined by the time we live in and world that is evolving around us. For example during the experience economy boom in which Pine & Gilmore's (1999) book *The Experience Economy* was among the first to address this new stream, also many new TPD processes were triggered in tourism companies. The Icehotel was established prior to the Experience economy boom which illustrates an example of proactive TPD. Therefore, the context of TPD often outlines the frames in which the multi-stakeholder relations and external factors appear. TPD takes place in an open space in which many external factors influence it in that time.

Since time and place was seen as having an important role in TPD they became an essential part of my analysis. I examine time in relation to the place where the tourism companies operate, and also in relation to the stakeholders who contribute to TPD. Time can be seen reflecting from global trends, weak signals or even political development in a specific context. In line with Haanpää et al., (2013) the operating environment (place) is seen as a starting point for TPD. TPD seems to interplay with time and place through the different multi-stakeholder relations. For this reason I examine how the different stakeholders take part in TPD through time and place in the three case companies.

Contrary to the Treehotel and Icehotel, the Hotel Hetan Majatalo is not attempting to innovate something new to the market but rather the opposite. The meaning of time can be seen

differently in the Hotel Hetan Majatalo. The Hotel Hetan Majatalo has been taking small steps in TPD from the beginning whereas in the Treehotel and the Icehotel a few significant happenings can be recognized as turning points. The Hotel Hetan Majatalo is relying on traditions and the history of the place but also being a genuine Lappish hotel (excerpt 32). Following the current day trends does not seem to be part of their agenda but still the trends such as wellbeing, re-creation, nature tourism and traveling to rural areas seem to be entailed in to their product. In this sense, the Hotel Hetan Majatalo differs from the other two case examples, the Treehotel and the Icehotel.

It has stayed the same [the core idea of the company]. We aim to provide our guests an unforgettable, genuine holiday in Lapland. That is how it has been from the beginning. We are relying on the basic things which are great service, good food and cleanliness.

(Excerpt 32, Hotel Hetan Majatalo Interview)

The Icehotel has been promoted as the first hotel in the world made of ice. According to the company representative there was no expertise on ice building at the beginning. The company had to learn by doing (excerpt 33). A hotel built entirely of ice would have probably not gained the same attention today but during that time, in the early 1990's, there was a demand for new tourism products which had not been seen before. Also today, tourists are looking for new transformational tourism products, something that has not been seen before. The time we live in has an impact on what can be done in TPD in a specific context.

What is interesting is that we were the first even in ice product development. We are the experts; we are the best in that. So you cannot go and look for expertise elsewhere but you have to teach them and show them by working with them. We are the expert today.

(Excerpt 33, Icehotel Interview)

Time can be seen as an external factor influencing TPD also in the Treehotel. The Treehotel representative used the phrase, 'being at the right place, at the right time' (excerpt 34). Before there was no tourism in Harads but along with the Treehotel the village has had a substantial increase in tourist flows. Still, not only being at the right place, at the right time ensures success of a particular tourism product. But rather time could be a managerial implication and something to be taken into account when developing new or modifying existing tourism products to the market.

This is the first time that people come to Harads, just to stay here. It has never happened before. I think, it's (...) We are a trendsetter and we got this just in time. We were at the right place at the right time. This is what people wanted. Now we can see many changes in the restaurant sector, we were also a trendsetter among restaurants. I can see more and more places where they have started doing things like we do it. (Excerpt 34, Treehotel Interview)

Place, as an important element, was introduced already by Smith (1994) in his tourism product model and also later it has been as an important factor in TPD (see García-Rosell et al., 2007, Haanpää et al., 2013). According to Xu (2010, 607) Smith's model is one of the clearest and still adaptable models. In this study, the interviewees further validated the important role of place in TPD. Starik (1995) has discussed place and its non-human elements in relation to the stakeholder approach. For the case examples, place seemed to play a particularly important role in TPD. For all three companies the core idea of the businesses originates from the operating environment which is in line with Smith's (1994) tourism product model introduced earlier. What could be done in a specific place was the initial stage for TPD in the Treehotel and the Icehotel. The business idea came from the natural resources available which were the forest and the Tornio river. For the Hotel Hetan Majatalo the business was established to answer a need to accommodate travelers close to the boarder of Finland and Norway in the 1920's and continues to this day (excerpt 35). The operating environment therefore has a vital role in TPD (see Smith, 1994; García-Rosell et. al., 2007; Haanpää et al., 2013).

Location is very important for us because we are only 40 kilometers from the boarder of Norway and 80 kilometers from there next village there. Most of the travelers want to drive as long as they can in Finland, stay here for the night and continuing to Norway.

(Excerpt 35, Hotel Hetan Majatalo Interview)

Views on whether environmental elements can be classified as stakeholders has not been discussed widely but has become a more current topic along with the emphasis on corporate social responsibility (CSR) and environmental values of today's business world. Based on empirical case companies and work done by Starik (1995) it has fast become a respectable view that the natural environment influences companies and is influenced by the companies. Therefore, also non-human elements in the operating environment can contribute to TPD. Still

the relationship between human and non-human elements in TPD requires more research in TPD in relation to stakeholder discussion in the future. All the interviewees seemed to have a deep respect towards the environment including human and non-human entities. For example the Treehotel idea started from the place (excerpt 36). The operating environment was considered as a starting point for TPD by the interviewees.

I said it must be something that is around this area. It must be something pure and real. We have no mountains, but we have the forest and we have not yet done anything with the forest.

(Excerpt 36, Treehotel Interview)

From a co-creation perspective, customer is often the first stakeholder considered when in the discussion of TPD (Komppula & Boxberg, 2002, 10-12; Konu, Tuohino & Komppula, 2010). Customers were established as one important stakeholder group influencing TPD among all interviewees. Customers are willing to share their knowledge and experiences to improve services and the quality of products by having their own personal interests as a motivator. Customers are stakeholders who are constantly involved in the companies' TPD process. In line with co-creation approach customers are participating in TPD since they seem to influence the process in a variety of ways. Customers give feedback and often provide tourism entrepreneurs new ideas how to improve or better the products. They are willing to participate in improving existing products and promoting them for example through social media.

The interviewees collect information for example through feedback, in face-to-face encounters and social media. Today, the role of social media as a channel for marketing and interaction can help detecting new ideas and attracting potential customers (excerpt 37). Still, this has not been recognized by far all tourism companies. Customers use social media to search for information, share experiences and give feedback. Through social media spread of new ideas and news is rapid, and this has been important for the companies. Social media forums (e.g. Facebook, Pinterest, Twitter and Instagram) have become useful tools to stay connected with customers and potential partners. During my preliminary online search on the three companies, I discovered that all companies are fairly visible in different social media forums. Not necessarily actively participating on discussions and interaction but mentioned rather frequently by customers while they share experiences. Also, according to the interviewees it is primarily customers who actively promote the company in the social media

forums (excerpt 38). Still, they recognize the need to take a more active role in the social media interactions in the future. Social media is a forum where TPD can be established as a more interactive and ongoing process through real time interaction with the customers.

I use social media such as Facebook frequently for the hotel. Usually I share photos and in that way try to keep a sort of a 'buzz' out there. I wish I had more time for it. I try to mediate the general atmosphere from the hotel. (Excerpt 37, Hotel Hetan Majatalo Interview)

Facebook is really good because people want to see what is happening. We don't use Twitter so often. There are a lot of tweets about the Treehotel. We are not so good at it because we must be more active there and we have not had time now. We are in many blogs also. We try to have something new every week in the social media forums. We also get bookings on Facebook when we have something special. (Excerpt 38, Treehotel Interview)

In the Treehotel, customers give feedback frequently which is then used in product development for example when planning new products or developing existing ones. For the Treehotel, some rather extensive changes have been made according to customer feedback (excerpt 39). The place can be a source of inspiration for the customer and while visiting the company through feedback they can contribute to TPD. Customers interact both in local and global level. They absorb global influences from their home country, media or while traveling, and bring it to the local level while arriving to for example to Harads. This way many stakeholders can actually be examined through the global and local dimensions.

We are not building so many [treerooms] as we initially wanted. And that is what the customer taught us when they said: "No, no. Keep it like this." So maybe we will have 10-15 or 10-12 [treerooms], no more. We want this house [Britta's guesthouse] to be enough for the guests. We don't want to build a new restaurant or nothing. (Excerpt 39, Treehotel Interview)

When customers bring forward their ideas the timing can have unexpected impacts on TPD. Whilst some ideas are ignored, some might be further developed in a rapid phase. For example staying overnight close to the nature and in a place which is surrounded by silence is something that many customers are looking for during their holiday (excerpt 40). Today, the tourism trends globally are closely linked to nature-based products and getting away from the

hectic big city lives. Customers are influenced by many global trends which they might implement to tourism companies TPD through feedback or face-to-face encounters.

It is not really luxury but for some people it is. Mostly we have young couples who are interested in architecture, want to be close to nature, seek for a quiet place and do not want to do much, and do not want to stay in a big place. I think it is mostly people from big cities around the world. In the rooms it is dark and quiet so people can have a good rest.

(Excerpt 40, Treehotel Interview)

In the Treehotel, customers' influence could be detected in many ways for example from the pile of guest books full of comment and drawings, or from the friendly guests who greeted each other and the owners as they would have known each other for a long time. It seems that by providing an open atmosphere not only for the employees but also for customers seems to promote TPD in practice. The Treehotel representative highlighted the importance of talking and interacting with the guests during their visits. They seemed to establish relationships with the guests as excerpt 41 illustrates.

We try to talk with every guest while they are here. We only have six rooms so we have time talk a lot with the guest. We get so close with the guests that they give us lots and lots of ideas how to change, what is not good and how could it be better. So the guests give us the most feedback when they are here. We are here and the Britta's guesthouse is open for the guests so they can talk to whenever. There is no barrier to say it to us. They can see that when they have been here for one day. It is also social media where we get feedback.

(Excerpt 41, Treehotel Interview)

In Hotel Hetan Majatalo, they know their customers well and develop tourism products often based on feedback. In the Icehotel, although customer has an important role in the TPD process there are other stakeholders such as employees and managers that were emphasized more whereas in the Hotel Hetan Majatalo, customers' needs and wants are often the starting point for the product development (excerpt 42). Detecting customers' wants and needs was emphasized.

When making new programs we tried to offer activities and event which our guests would enjoy. (...) There is no point using your energy on something that you already know no-one will participate. (Excerpt 42, Hotel Hetan Majatalo Interview)

All interviewees saw the role of the municipality highly important in supporting and enabling TPD. The role of municipality is clear in the strategic-level decisions of e.g. zoning policies land use, and also in investments in infrastructure (see Komppula, 2014, 363). Municipalities, in all three cases, have supported in networking, bureaucracy and by giving general support for the companies. Sometimes financial support is granted for individual companies or regions for development and marketing mostly through different projects. The decisions made in the municipality level can highly improve the possibilities in TPD and growth of individual tourism companies in one region. In this case, it seems as the municipalities have had a prominent role in the three case examples. In the Treehotel the municipality has an important role as an intermediary between different stakeholders (excerpt 43).

The municipality arranged every meeting and they just phoned us that now the bank is coming or the county council is coming. You just have to be here, they said. So we didn't have to sit down to meetings all the time rather we were just working and we saved a lot of our time. (Excerpt 43, Treehotel Interview)

Also, all the three interviewees have been actively taking part in different local projects and participating in the local development in the municipalities for several years. The municipality and EU funded projects seem to support and enable development in peripheral regions. In the recent years more EU funds have been directed to the peripheral regions in Europe. This has enabled many projects in rural development to focus on networking, creation and maintenance of employment and fostering competitiveness (Rural Development Gateway). Today, this has wide impacts on tourism development both for the regions as well as the individual companies.

The interviewees seemed to have a strong local knowledge and up-to-date information on what is happening in tourism and other related sectors regionally. This can substantially improve the ability to innovate and work proactively in TPD (see Hjalager, 2008, 7). Also, actively participating in local projects seemed to provide the interviewees an extensive network of partners and a central role in the regional development (excerpt 44). The networks

they have gained through a variety of projects seemed to have given them a solid base for TPD, extensive multi-stakeholder relations, and have enabled them to work proactively in the region (excerpt 45).

I have done a lot of things but also been part of the rural development in the village. During that work we worked with the development to create more jobs (...) I have worked with the local people for almost twelve years but now this is our own project [referring to the Treehotel]. (Excerpt 44, Treehotel Interview)

I work in a joint marketing group called TosiLappi where we concentrate on tourism marketing and image. Recently we also got a new forum, Visit Enontekiö which has the emphasis on marketing tourism products and services. This way we cooperate with the other local entrepreneurs. (Excerpt 45, Hotel Hetan Majatalo Interview)

The regional and national tourism organizations which for example produce the tourism strategies or administrate tourism related projects were recognized by the interviewees as important actors in the region. In the three cases, the tourism strategies most of all support and consolidate some elements in TPD such as nature-based tourism as a trend or challenges of accessibility in peripheries. Excerpt 46 demonstrates how the Treehotel representative follow trends both in tourism and other fields of business such as design. All in all, tourism strategies, both regional and national, were seen as beneficial and interesting in the light of TPD among the interviewees.

Yes we follow the regional and national strategies. We do it because we get a lot of reports from Sweden and the development of Swedish Lapland not only in tourism but also for example in design. (...) Now we follow also design (...). Something new is always coming. You know, for example recycling is very popular now. (Excerpt 46, Treehotel Interview)

Other companies, including competitors, can influence TPD by constantly providing ideas or triggers in TPD (see Kotler & Armstrong, 2010, 284). Competition was not seen as a challenge because most of the companies operating in the villages are providing supportive services or the same service with different concept. None of the entrepreneurs mentioned competitors as sources of information. Instead they gave more attention to companies working in parallel industries. . The interviewees seemed to be constantly looking forward,

and asking what are the new streams evolving in tourism and also other industries. Not only tourism trends but also the current development streams in the art and design field seemed to influence TPD. According to the Treehotel representative other companies from industries such as design provide ideas for the company (excerpt 47). The Treehotel receives several cooperation requests weekly from a variety of local and international companies. Different companies share their own ideas and input suggestions which are valued later among the owner-managers and other shareholders in the company.

From design companies we get interesting question which we have never even thought about. It is always a win-win situation. They want to see the Treehotel and they want to see us.(...) it is not other partners but other companies who are also thinking what we should do with the Treehotel. (Excerpt 47, Treehotel Interview)

Especially in the Treehotel and the Icehotel, partners from other fields of business have been highly important in TPD from the beginning. In TPD the companies have, to some extent, outsourced the expertise that involves art and design. In the Treehotel, architects and interior designers are constantly working in product development with the company. For example, every room in the Treehotel is unique and designed by a different architect (excerpt 48). When they arrive to the companies such as the Treehotel and Icehotel they are influenced by the place. Again, time and place are at the interplay of TPD. These case examples represent the *TPD as an external process* especially well.

Actually, originally the Blue Cone was suppose to be blue as it is named but when the architect came to see how it looks in the forest, he thought that it did not stand out enough from the other rooms. So because of that the Blue Cone is indeed bright red.

(Excerpt 48, Treehotel Guided Tour)

For the Icehotel, different artists and designers come every year to build a unique hotel room according to their own designs. This way the artists are part of the TPD process from the beginning. Yearly the company has outsourced product development to 30 or more individuals. By doing so, the Icehotel can offer a renewed hotel every year but still nurture the original Icehotel brand: The core idea of the business and the TPD process remains mainly the same. For the artists, to succeed in the design competition organized by the Icehotel they are compelled to present new and exceptionally unique ideas. Perhaps by involving different

stakeholders, the hotel is able to achieve a proactive approach to TPD yearly through the competition between the artists. The process of selecting the artists is demonstrated in excerpt 49.

They just go to our website, add a design there and click. It can be up to 150 ideas that we have to choose from every year. We decide which designs are the best, contact the artists, hire them here to work for two weeks and then we say good bye. They have to be professional and they have to know how to execute their design. (Excerpt 49, Icehotel Interview)

These partner-relations can be based on personal relationships or new business connections. For example according to the representative of the Treehotel, they were good friends with the architects already before the Treehotel was established (excerpt 50). In entrepreneurial settings strong personal relationships between professionals in can lead to tight business relations. Sometimes it can be a hobby or a common interest that brings professionals together as it was the case in the Treehotel (excerpt). Cooperation requires trust and commitment, and this is usually already there through personal relationships (Komppula, 1996, 46, 117; Janhunen, 2013, 25-28). In the Icehotel new business relations are formed yearly, by having an open search for new artists on the company website (excerpt 51).

My husband had a fishing activity company and he organized fishing trips to Russia. This became very important to the Treehotel because one time he had he's friends who were architects there with him. They have been friends for ten years and they go fishing one or two times a year. Being such good friends already it was easy to ask them to join the Treehotel project. (...) We were friends and we have known them for many years [with the architects]. And they asked their friends to join the project. (...) And now we are working with Sami Rintala, who is from Finland but lives in Norway. And he is also fishing. This is why he is here. (Excerpt 50, Treehotel Interview)

Anybody can send a design idea through our website. We work with different artists every year. (Excerpt 51, Icehotel Interview)

Media has played an essential role as a promoter in TPD especially for the Treehotel (excerpt 52) and the Icehotel. Both companies have products which have reached world-wide media attention. Both hotels have gained worldwide publicity due to their unique business ideas that

have been described as ‘first of its kind’, and perhaps partly also due to their exotic peripheral locations. Wide media attention has brought these companies to people’s homes through television, newspapers and social media. Media has influenced for example in expediting the pace of the development, the amount of visitors and the image of the companies. Also, the Hotel Hetan Majatalo has been salient part of the local media for nearly a century now. Media can play a role in driving the process of TPD and also connecting different stakeholders.

In 2008 we got the idea of the Treehotel. In April 2010 we had fixed the finance and in May 2010 we started building. We wanted to continue working but there was so much pressure from the media that we opened two rooms right away. The opening was in August 2010. The opening was on Saturday, Sunday was quiet and on Monday things got crazy. Phone started ringing and we got hundreds of emails that day. It was all from the international media.

(Excerpt 52, Treehotel Interview)

A vast majority of different triggering forces can be detected in a specific context, in tourism or other business sectors. In addition, international partners and events can promote TPD and enable growth and development. TPD process can be triggered by international events and gain wide international media attention. For example the Icehotel has participated in the Paris fashion week which has perhaps opened new channels in the global market. Also, extending the Icehotel operations to other cities globally has surely been promoting TPD in many ways. Excerpt 53 demonstrates how the Icehotel has been actively developing products in various forms throughout time.

We have tried a lot of different things. We have built room from ice to 800 people, had an ice theater for three years and concerts. We have had ice bars in New York, Stockholm and London, Milan, Istanbul, Tokio, Copenhagen and Oslo. We have also participated the Paris fashion week by building a part of a runway from ice. (Excerpt 53, Icehotel Interview)

Komppula (2014) argues that without innovative, committed and risk-taking entrepreneurs no destination is to flourish (Komppula, 2014). Significant number of studies shows how small tourism firms and entrepreneurs can make a crucial impact on the development and operation of a destination or a region (see Komppula, 2014). The empirical data show that the influence of one innovative tourism company can have a great impact for an entire village or region. For example the Treehotel in Harads and the Icehotel in Jukkasjärvi have been promoting not

only the company but the region as well (see Visit Swedish Lapland). Partly due to the tourism companies, the region and the municipality have gained a boom of tourist flows. In Enontekiö, several tourism entrepreneurs are developing the region along with their own companies in cooperation in local joint projects (Visit Enontekiö; TosiLappi). Still, as demonstrated earlier also a variety of stakeholders are part of TPD through which the companies have been developing their businesses. Also, empowering local entrepreneurs seem to boost the regional development in many ways (see also Höckert, 2009).

All the interviewees recognize tourism markets as being dynamic and prone to rapid changes. In the past, there has been a prevailing tendency to examine TPD as an internal business process within large tourism organizations. As a result TPD is illustrated as a well-structured and rational process that is to take place within a stable and controllable environment (García-Rosell, et al., 2007, 449). However, it has become evident that this way of understanding TPD faces certain limitations when applied to a small business context characterized by complex and dynamic stakeholder relationships. By identifying the complex multi-stakeholder relations in the three Nordic tourism companies it has become obvious that TPD cannot be examined as an internal process but rather *an external process that involves multiple stakeholders and some external factors such as time and place*. In the next sub-chapter I illustrate the role of foresight and examine how small tourism companies can proactively shape their own futures in relation to TPD for example through organizational improvisation.

5.3 Organizational improvisation as a way to realize foresight in TPD

The best way to foresee the future is to create it yourself (Hiltunen, 2010, 31).

In this sub-chapter I examine a fairly new research stream in tourism, strategic foresight thinking (e.g. Hiltunen, 2010) which seems to emerge through organizational improvisation. (see Moorman & Miner, 1998; Kyriakopoulos, 2011). As I start this sub-chapter with the words of a Finnish futurist Elina Hiltunen, ‘The best way to foresee the future is to create it yourself’ (2010, 31), I emphasize the central role of the tourism companies in applying foresight thinking to TPD. Improvisation in TPD requires an open organizational culture and a will to do things differently. During the visits to each company, some interpretations could be made of how open the companies were towards weak signals, trends and change through

examining what has happened in the past, what is happening today and how the future is viewed.

I have emphasized the need for a more comprehensive view on TPD. Still, an ongoing, proactive and forward-looking way of thinking in TPD lacks of profound research in tourism (see Haanpää et al., 2013.) Therefore, it is considered important to entail the idea of foresight thinking in this study. Foresight thinking is fairly new approach to both academics and practitioners in tourism. I was interested in finding out weather the entrepreneurs use foresight while developing new products or modifying existing ones, and if they use future studies methods, how do they implement them in TPD. However, soon it became clear that for the entrepreneurs term *foresight* was fairly unknown. The Hotel Hetan Majatalo entrepreneur was familiar with the concept in theory since she had participated in a project that was related to foresight in tourism (ITPD, 2008-2011). Still, foresight seemed to emerge through organizational improvisation especially in two of the companies, The Treehotel and the Icehotel.

Foresight in TPD refers to “activities in which a company aims to control the ‘changing present’ by reflecting information available from the past, present and the future” (Haanpää et al., 2013, 106). Applying foresight thinking to TPD can give practitioners new ways to approach the future market. I examined the past events and their coincidences to clarify the role of foresight and organizational improvisation among the companies. Preparing for the unknown future can be a decisive factor in succeeding or in failing for small tourism companies located in peripheral regions. Still, it appears especially in relation to organizational settings all the entrepreneurs have been in many ways implementing the idea of foresight in the TPD, often even without knowing it as it seemed to be the case in the Hotel Hetan Majatalo (excerpt 54).

You have to always be a little ahead of what the guest want and always be thinking quite far to the future. Still we have had our style of doing things for so long that we have decided not to follow any megatrends or such. I think it is something that large tourist destinations such as Levi ski resort do. Perhaps they have follow the travel trends more than we do because we have and always will have the same basic values in the of core business idea.

(Excerpt 54, Hotel Hetan Majatalo Interview)

Doing things which seem impossible appear to be rather normal for the tourism entrepreneurs especially in the Treehotel and the Icehotel. Excerpt 56 illustrates the open and experimental organizational culture in the Icehotel. Organizational improvisation gives us a functional framework for comprehending TPD as a proactive and sometimes even coincidental, sudden chain of events. Also, working in a dynamic environment where changes are rapid and improvisation is often forced, a need for new approaches such as organizational improvisation are necessary. To clarify, organizational improvisation is working with the unexpected (Weick, 1998) which has strong connections to the idea of foresight thinking. In particular, the companies appear to possess three factors which make improvisation flourish: creative individuals, creator-producer dynamics, and an open and creative atmosphere as described in the below excerpt (see Solatie & Mäkeläinen, 2009, 57-58).

We have done so many things together for so long time. Things that many other companies would have said no to, "We cannot do that". We always say yes. And I know if I say yes to something, no-one is alone. We are a team, we do it together. If we make a mistake, we have done it together. (Excerpt 56, Icehotel Interview)

I want to address the two misconceptions which Vera and Crossan (2005) present in their study. First, the spontaneous aspect of improvisation appears to be overemphasized. The ability to improvise and still work systematically is something that some companies are already doing and others can adapt to if they are willing to do so. Improvisation is a mix of recomposed actions and spontaneity (Weick, 1998, 551). Improvisation in organizational settings is often seen simply as adapting to changes or sudden incidents, and possessing the ability to change a challenge to a possibility. The Hotel Hetan Majatalo illustrates a good example of a tourism company in which spontaneity does not appear to be valued in relation to improvisational actions. Still, improvisation can be detected when examining the past events of the company (Excerpt 63).

Sometimes external factors influence TPD in such way that it puts the entire process upside down. At the beginning the Icehotel was providing solely summer activities. After the accident, which happened in the area the company had to change their core product river rafting to something else. The Icehotel was at the crossroads where they had to choose a new direction, a new path. Before the cold and dark winter season was seen impossible to develop (excerpt 57). After one company representative traveled to Japan to ice sculpting exhibition

and invited two Japanese ice-sculptors to visit Jukkasjärvi, the winter activities started evolving from ice sculpting towards the idea of the Icehotel.

First activity was to work with river rafting. Then there was an accident, not with our company, but it changed the whole activity in the area. We had to do something else. We had always thought that during the cold and dark winter months we could do nothing.

(Excerpt 57, Icehotel Interview)

Second, there is a general assumption that organizational improvisation always leads to positive performance (Vera & Crossan, 2005). There is still a question how can organizations benefit from it (see Kyriakopoulos, 2011, 1051). The ability to establish an open and experimental atmosphere cannot be taken for granted. There is always the element of uncertainty in TPD and in improvisation especially when developing something that has never been done before. The Icehotel and the Treehotel have been developing their businesses with intuition, cooperation with experts from different fields and improvisation to this day with no guarantee of a positive performance. These companies have been learning by doing and learning from their mistakes. Perhaps through multi-stakeholder relations this uncertainty of TPD can be managed better. In the Treehotel many stakeholders have supported and promoted the development (excerpt 58).

I do not know exactly how but we have people who help us. No-one has done this before: Make a hotel famous in a couple of years. It is very difficult because we met with some professionals about the development of this brand. They told us no-one has done this before.

(Excerpt 58, Treehotel Interview)

External factors can play an important role as a triggering force in TPD. These triggering forces can be for example different stakeholders or sudden events in the market or in the company. This is strongly linked to the idea of detecting weak signals (see Hiltunen, 2012) and observing the surrounding environment. In the case of the Treehotel, a documentary “The Tree Lover” (Selberg-Augustsén, 2008) had an important role in triggering the idea of the Treehotel. The documentary was filmed in Harads and the original treehouse build during filming, was left in the village. The time when the documentary was in the cinemas and television the Treehotel owner-managers started renting the treehouse during the summer months (excerpt 59). This is where the idea of the Treehotel started evolving.

We discussed with my husband for some years ago that we must find something to do so our business can grow. If you cannot grow your business you cannot hire people. I was thinking and thinking. It had to be something here. At that time first treehouse from the documentary [see 4.2] was already here so we started renting that for guests during the summer. The idea started from here. We rented out the first treehouse for a couple of season when it was warm outside, in June and July. Then we were thinking this is what we are going to do. (...) It was very easy. I did not do any marketing. The movie was in the cinemas and television. (...) I only put it on my little website for the Britta's guesthouse. And then we tested this, and they [the guests] we all very satisfied: It was the best thing they had ever done.

(Excerpt 59, Treehotel Interview)

The Icehotel has changed in many ways during the past years from organizing exhibitions and events to providing accommodation as a primary service. Multiple stakeholders and changes in the market have contributed to the chains of events. There has been several stakeholders and external factors which have triggered ideas to develop something new, something that there was a demand for. In this sense, the Treehotel and the Icehotel illustrate similar examples. The excerpt below demonstrates that the TPD process is rarely linear and well-structured rather fragmented and complex.

At the beginning we had there was an exhibition with big paintings. That was actually one of the reasons why we built the Icehotel because our friend had a friend who wanted to have an exhibition in a white room. We did not have a white room, so we built the first one of ice. There we had big paintings with strong colors in that room. And today we only have ice and snow [in the rooms] but it has not always been like that. (Excerpt 60, Icehotel Interview)

Product development requires the ability to improvise when an opportunity is presented. Internal factors play a crucial role in how the company reacts to these abrupt possibilities that can be triggered by customer feedback, a friend in need or potential partners. Kyriakopoulos (2011) argues along with others that while information from internal source seems to be easier to process it is often less novel than information flows from external parties, which appear to be more difficult to use but extremely useful for companies (Kyriakopoulos, 2011, 1052). New ideas and market information have been utilized from friends, partners, other companies and even media among others. As it is illustrated in the case of the Icehotel, an idea for a new

product or a trigger can come unexpectedly from an external source. In the Icehotel, a sudden external demand for accommodation when hotel was fully booked was utilized fairly successfully (excerpt 61).

One winter in 1992 I had a call from a friend who needed us to accommodate a big conference group. At that time we had 20 cabins and we were fully booked. To that they suggested if they could sleep in a snow building. First it seemed impossible, but they insisted. We fixed it and the guests even got a diploma after spending one night in the snow building. It all went great and there it all started – the idea of the Icehotel. (Excerpt 61, Icehotel Interview)

In the Treehotel, it was not the initial idea of the owner-managers to take outside shareholders into the company. Owner-managers are the original innovators whereas for example one shareholder owns the forest where the Treehotel is located today. The forest was essential for getting a loan from the bank and through that for the existence of the Treehotel. This is how the bank as a stakeholder and the encounter with the forest owner as an unexpected happening, resulted to organizational improvisation and changing some initial plans. In the case of the Treehotel an unexpected happening required improvisation, which lead to creating new futures for the company (excerpt 62).

We could have not got a loan from the bank without owning a land. One of our shareholder and our chairman owned the forest we are located today. We knew him from before and we asked if he wanted to join our project. He was very interested (...) At the time we were not able to buy the land so the forest owner so he invested into the Treehotel instead.

(Excerpt 62, Treehotel Interview)

The Hotel Hetan Majatalo has been able to maintain the original values from the beginning while the tourist demand and the market has changed over time. They have been able to adapt from being a central market place and a rest stop for trade people in the early 1920-40's and still answer to today's tourists' demands by offering accommodation close to the nature. Even though the case example differs from the two other examples, they all give a great insight to the TPD process and demonstrate the ability to improvise in an organizational setting. In the Hotel Hetan Majatalo improvisation has been ongoing and has been taking small steps into new futures through time and place. In the excerpt 63, I want to illustrate that improvisation is

not simply adapting to sudden or major events but also slowly proactively reacting to changes that happen in a long-period of time.

At the beginning at this hill there was a general store, a post, a phone center, gas station and a hotel. This was a central place in the village. During the war everything was destroyed. After, the war my great-grandparents built the houses we have here today. At that time they had the store, a restaurant and a hotel. In 1975 the store was closed and they decided to concentrate only in tourism. At the end of 1980's the newest hotel building was built.

(Excerpt 63, Hotel Hetan Majatalo Interview)

Improvisation enables organizational flexibility and variation (Zack, 2000, 228). In fact, previous studies have shown that information flows and memory has an influence whether improvisation is valuable or not (Moorman & Miner, 1998b, 14-15). Organizational memory, which refers e.g. to the routines and way of doing in a company, will not be examined in this study as such but rather it is studied in the frames of the routines and ways of working. The duration in which the company has operated, and the company structure among other influence organizational memory. The Hotel Hetan Majatalo has been operating nearly a 100 years, and has established a strong “the way we do things” -mentality (excerpt 64). The Icehotel, operating for over 20 years has learned by doing and formed the best practices along the way. In the past four years the Treehotel has built a strong brand, and continues to develop the company culture in the future.

We are used to doing things in a certain way. But the fact is that when the ways of doing certain things is good, why change it. If something requires change, we will change it.

(Excerpt 64, Hotel Hetan Majatalo Interview)

At the beginning there was no-one to ask how to make it or which tools to use on ice. So we made mistakes and learned a lot every year. We have been building the knowledge inside the company from the beginning to this day. Everybody takes part in the building process. It is team work and focus is on the respect towards your colleagues and their work.

(Excerpt 65, Icehotel Interview)

The emphasis is not solely in the ideas or the source of these ideas but rather the companies' ability to react and utilize the information. Improvisation in small tourism companies and in

peripheral regions can be easier when most companies are entrepreneurial and the amount of decision makers is fairly small. This increases the ability to tailor services according to the guests' needs and wants, to improvise and to emphasize the personal relationships between the guest and the host. Today, more value is put to the guest-host relationship and personalized products which require constant readiness to improvise from tourism entrepreneurs (excerpt 66).

There is a chance to tailor the tourism activities here because we do not have 'too much' tourism and all who provide tourism activities are entrepreneurs. A two-hour-safari can take four hours if the guests are interested and ask a lot of questions for example.

(Excerpt 66, Hotel Hetan Majatalo Interview)

In general, tourism as an industry is often being characterized as dynamic, innovative and prone to improvisation (see Hjalager, 2012). Tourism often links together several industries even ones that could seem rather farfetched. Connections between different industries that impact to or are impacted by tourism industry are therefore complex and multilateral (Kilpijärvi & Aho, 2013, 33). It is also the case especially in the Treehotel and the Icehotel. The Treehotel combines expertise from tourism, architecture and design whereas the Icehotel relies outside expertise from design and arts. Tourism often appears to be part of a larger operating environment beyond the physical environment. Cooperation with companies from other fields of business can be highlighted when examining TPD in different tourism context (see Kilpijärvi & Aho, 2013, 35).

It seems that through organizational improvisation companies create new paths and shape their own futures which are in line with the core idea of strategic foresight thinking. In this sub-chapter I have presented excerpts from the collected data to illustrate the role of foresight in small business context. Through examining the past events in all three companies I could determine that even though foresight was not recognized by the interviewees as part of TPD process as such it seemed to emerge through organizational improvisation. In the future, it would be beneficial to examine further the role of organizational improvisation, and how small tourism entrepreneurs could better integrate it to practice.

6. CONCLUSIONS

Tourism provides a rich platform for examining multi-stakeholder relations in product development. Beyond the traditional, mostly economic views on TPD new approaches are needed. In line with Haanpää et al., (2013) García-Rosell et al., (in progress) have identified research gaps in TPD literature which I introduced earlier in this paper such as addressing TPD as a process and the lack of empirical research in small business context. To contribute some of these research gaps I have taken upon the task to view TPD as a proactive, external process in small business context through relational stakeholder approach that happens in a specific context, the operating environment.

The findings of the study suggested that small tourism entrepreneurs play an important role in nurturing the process of TPD by skillfully managing the stakeholder relationships and other external factors. First, I addressed the question who are the stakeholders contributing in TPD. Many of the stakeholders who contribute to TPD in small tourism companies are in fact external stakeholders. Indeed, the study shows that in addition to the owner-managers, shareholders and employees other stakeholders such as customer, municipality, local community and even media assume a crucial role in TPD, in some cases without even knowing it. I examined the stakeholder involvement in both local and global level to clarify further the extent in which the stakeholders take part in TPD. Other similar characteristics among the cases in these two studies conducted were mobilizing key actors, public sector role, increasing global outreach and cross-sectoral outreach (see Hjalager et al., 2008, 27). Some findings were in line with preconceptions of mine such as the important role of customers, sub-contractors and employees. Whereas some surprising factors, time and place gained unexpected importance in TPD process in small business context.

Two external factors, time and place seem to play a key role in determining the degree of significance of certain stakeholder relationships over others. Time has been a relevant factor in TPD for all three companies although in different ways. In many ways TPD process is determined by the time we live in. For example the European Union had steered more funds on rural development projects in the past decade which has enabled many initiatives to address tourism development in the peripheral regions such as the ones in the empirical context of this study. This is just one example on how time and the world we live in influences small tourism companies. What makes other companies succeed while others fail?

This cannot be determined or explained by time but based on the findings it can be noted to have an important role in TPD. Therefore the role of time in TPD is hard to determine. Conducting more empirical research on the time factor in TPD is needed. Nevertheless, temporal elements in TPD should be taken into account for example by managers so that the impacts of time could be better evaluated.

According to the interviewees, place has a key role in determining what can be done within a particular operating environment especially when establishing a company but also when developing new products or improving already existing ones (see Smith, 1994). The entrepreneurs valued high the context where they operate, so that the products and services developed were something real and pure for that specific area. The Treehotel would not exist without the forest and the Icehotel depends on the Tornio river. The Hotel Hetan Majatalo has been in business nearly a 100 years partly because of their location. Hence I have presented some evidence to suggest that the operating environment is often the starting point for individual tourism companies, and continues to play a crucial role in TPD.

Second, I addressed the question on how TPD can be viewed as an external process. The three tourism companies presented in this study illustrate TPD as an external process especially well. TPD is a process in which tourism entrepreneurs are constantly managing complex multi-stakeholder relations. In the interviews none of the participants detached TPD from other business activities rather included TPD parallel to everyday work of the company. By examining TPD in small tourism companies through the relational approach on stakeholders enabled me to view TPD beyond the traditional way and examine how the different stakeholders contribute to TPD process. If I had used an existing TPD model as a theoretical starting point I could have overlooked some important elements of the TPD process. In a sense, a loose theoretical framework and the main approaches (stakeholders approach, foresight thinking and organizational improvisation) enabled me to rely on interpretations of the collected data. Still, through the empirical data I could find strong resemblance to for example Smith's (1994) tourism product model in relation to the importance of place in TPD. Excerpts from the data have illustrated that multiple stakeholders such as the customer, municipality and even media contribute to TPD by triggering, supporting and promoting the process. To that extend this study underlines the importance of examining TPD as an flexible, external process instead of a detached activity that happens inside the tourism company.

Third, I was interested in examining how foresight thinking appears in organizational settings. Based on the data, foresight thinking was not familiar to the interviewees as a systematic way to approach TPD. Rather it appears to be emerging through organizational improvisation through which appears in both turbulent and stable environments. Through organizational improvisation companies create new paths and shape their own future. From the data I could not see specific foresight activities but in many ways organizational improvisation explains foresight emerging in relation to TPD in the three tourism companies. Often improvisation in organizational settings is considered as impulsive and spontaneous when instead it should be seen as a systematic way of reacting to change, or in steady circumstances, a way to be proactive. In fact, foresight thinking seems to blossom through improvisation when a company possesses an open and experimental organization culture. Foresight is not simply a tool but rather an approach and a way of thinking. Foresight can help tourism practitioners approach TPD as a more flexible and ongoing process for example when something surprising happens in the market or in the company. Based on the findings of this study I want to emphasize the importance of foresight thinking in TPD. In the future more emphasis should be put on examining how organizational improvisation emerges, and how the strategic foresight thinking could be applied into practice. This could be next step for future research in proactive TPD.

The results of this study contribute to the ongoing discussion on TPD. By taking a multidisciplinary approach on TPD I could better illustrate the nature of TPD with less limitative factors. There are several benefits in taking upon a multidisciplinary approach. First, the focus was shifted from the industrial sectors to tourism as a phenomenon by taking a more holistic approach to TPD. This way I could start building a broader framework on TPD in which the multi-stakeholder relations were discussed into further extend. Second, by opening up the discussion from traditional views on TPD towards new paradigms, e.g. TPD as an external process, I could better illustrate TPD process in small tourism companies. Third, by implementing stakeholder approach and foresight thinking into TPD discussion I am looking beyond the disciplinary boundaries, and begin to build a rich platform in the interface of diverse but parallel disciplines.

Foresight continues to be a fairly unfamiliar concept for both tourism practitioners and academics. Still, more empirical research is required on strategic foresight in the tourism context. Organizational foresight has a strong link to the time we live in and to the place the

companies operate therefore conducting ethnographic research in the context of small tourism companies in the future would surely provide important insights on TPD. All the interviewees acknowledge the unknown future and aim actively to think forward. More comprehensive outlook on how to benefit from foresight thinking in organizational setting is to be addressed in the future. There are ways of implementing foresight in TPD such as detecting weak signals, building scenarios or simply observing the environment in a more systematic way. Scanning the future and reflecting it to the past and the present may provide tourism companies a competitive advantage.

In this study, I have focused on examining TPD process in small tourism companies operating in peripheral regions in Swedish and Finnish Lapland. Relying on the empirical data collected from three small tourism companies, this study illustrates the role of stakeholder dynamics in triggering and continuously supporting product development process. From the beginning of this research process my aim was to provide some conventions to tourism work. This study provides empirical examples of proactive, ongoing TPD process in small business context. The purpose of this study was to illustrate TPD as an external process rather than develop practices and tools for tourism practitioners. Still, some managerial implications such as the responsibility to examine TPD more widely through stakeholder thinking should be applied into tourism work.

Working in volatile environment where changes are rapid and the ability to improvise is often a necessity in TPD. However, it provides useful and potential approaches for ever more demanding global markets and new viewpoints to the future of tourism. Even though the results cannot be generalized as such, the findings of this study can perhaps provide some conventions to other context as well. Similar regions or tourism companies for example in the Nordic Countries may be able to identify some similarities in TPD process which could be further developed in that specific context. I hope to contribute especially into tourism work in the peripheral regions by illustrating the key role of tourism entrepreneurs as nurturing the multi-stakeholders relations. Also, I want to emphasize the possibilities of applying systematic foresight thinking in relation to TPD. This way small tourism companies operating in peripheral regions can achieve a competitive advantage, and simultaneously create positive impacts to the local community and region. Also, tourists and other stakeholders can participate actively in TPD processes, and move beyond solely being external sources of information to active stakeholders.

Methodological choices of this study support the aims that were created early in the research process. Through the collected data I answered the research questions presented earlier in this report. Ethnographic approach enabled me to use multiple sources of information such as interviews, participant observation, field journal and photography. Conducting three in-depth interviews with tourism entrepreneurs and making observations on the field were carefully evaluated at the beginning of this study to suit the purpose of this qualitative study. This helped me better understand the context of this study and the elements which seemed to influence the TPD in the three case examples. The choice of using ethnographic approach, as both the methodological and analytical framework was in line with the purpose of this study.

Some limitative factors are to be addressed which emerged during the research process most of which appeared during the ethnographic fieldwork. First, the time on the field was approximately two to four hours in each visit whereas in ethnographic research more time is often preferred. Still, the time spent on the field suited well in relation to the aims and resources of this study (see Haanpää, Hakkarainen, & García-Rosell, 2014). Second, I met the three interviewees for the first time on site and this required the ability to adapt to the situation and develop agency with the entrepreneurs in a rapid timetable. Still, when reflecting on the interviews, at the final stages of the research process, I am content how the data served the research aims. Third, there were some linguistic limitations when two of the interviews were made in English which was not the native language for the interviewer or the interviewees. Fourth, different results could have been achieved with more interviews from a variety of different tourism companies operating for example in tourism activities or transportation. Regardless, it seemed that the case examples, The Treehotel, Icehotel and Hotel Hetan Majatalo, who also offer restaurant services and tourism activities, demonstrate good examples when examining proactive TPD process in small business context. Hence, the theoretical framework, methodological choices and collected data created a valid standpoint for reliable findings and conclusions to answer the aims of the study.

For the future research there are several interesting viewpoints on TPD that should be further addressed. First, the company-stakeholder relationships could be examined further since one side of the relationship was viewed in this study. There is a research need to deepen the comprehension of the complex multi-stakeholder relations in small business context because the data constituted solely the point of view of the three interviewees and my interpretations

of them as a researcher. In the future, relational perspective on stakeholder approach on TPD should be studied more by including a web of stakeholders in the data collection. This would further unfold the complex multi-stakeholder relations and managerial dimensions of these relationships in relation to TPD. More research should be conducted about different stakeholder groups which form an amalgam of networks working in TPD as mentioned earlier. Second, in the future it would be interesting to examine further the role of organizational improvisation in TPD process through empirical cases and examine some possible practical implications. Also, the possibilities of linking foresight thinking and organizational improvisation in the context of tourism would further clear the blurry boundaries between different disciplinary fields. This way we could create a more extensive framework for the multidisciplinary discussion on TPD.

Finally, TPD is interactive, proactive and ongoing process whether in the peripheries or more urban areas. The three case examples in this study illustrate that TPD is often based on the operating environment (see Haanpää et al., 2013) and influenced by the past, the time we live in and even the future. Moreover, in addition to the internal stakeholders multiple external stakeholders such as the local community, the municipality or the media contribute to TPD in many ways and forms. In proactive TPD the different stakeholders influence and are influenced by the tourism company in constant discussions and interaction. Ultimately, TPD is an external process in which multiple stakeholders and external factors should be proactively involved, today and tomorrow.

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Appendix 1: The Interview Framework

Theme 1 Background Information

Theme 2 Tourism Product Development

Theme 3 Co-creation and Stakeholder Involvement

Theme 4 Foresight Thinking

Appendix 2: The Letter of Consent

Dear _____ owner,

My name is Jenny Janhunen. I am a Research Assistant and student at the Multidimensional Tourism Institute (MTI), University of Lapland under the supervision of Lecturer José-Carlos García-Rosell. You are invited to participate in a research project entitled “Foresight Approach to Tourism Product Development”. The purpose of the study is to investigate foresight thinking and product development within small tourism companies. The result of the study will be published as part of my master thesis and other academic publications (peer-reviewed articles, book-chapters and teaching cases).

By signing this letter, you give consent to the MTI to use the interview material confidentially and exclusively for research purposes. Since company name will be used as a case in the study, the data will not be analyzed anonymously. A draft of the text discussing company name will be sent to you before it is delivered to the publishing house. Company name reserves the right to ask for revisions and improvements where it feels such is necessary.

The research follows the principles for responsible conduct of research dictated by the Finnish Advisory Board on Research. Your participation is completely voluntary. You can withdraw your permission after signing this document, there will be no penalty.

Further information regarding the study and the use of the interview material can be obtained from my supervisor (contact details).

Sincerely,

Jenny Janhunen
Research Assistant, Tourism Research

I give consent to use the interview as data for the purpose mentioned above.

Signature

Date

Print Name