



The Icelandic Horse Industry

- Structure, Extent and Competitiveness

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The presentation

- Horses and horsemanship in Iceland
- The research
- The horse industry
- Framework of competitiveness
- The Porter's Diamond theory applied to the Icelandic horse industry
- Conclusion

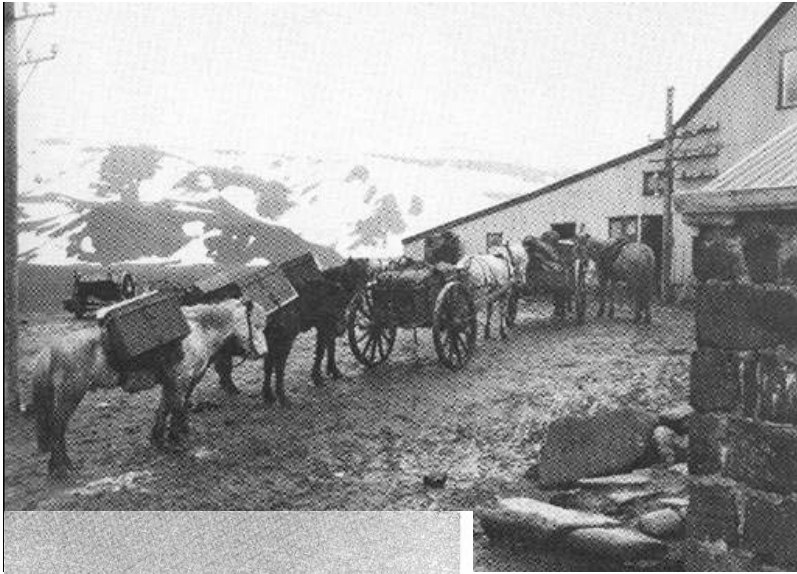


The Icelandic horse breed

- Was brought to Iceland by permanent settlers between 860 and 934
- No crossing with other breeds
- The only breed in Iceland
- Is famous for it's:
 - Five gaits (walk, trot, tölt, pace, gallop)
 - Variety of colors (eleven main colors)
 - Good temperament



The horse in labor and transport



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The Icelandic horse today



<http://hestafrettir.is/stodhestar>



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Photos 2,3,4, from: <http://www.siggisig.is/default.asp>



Horses and horsemanship in Iceland

- 77.500 horses in Iceland
- 226.300 Icelandic horses abroad
- A basis of multifarious business operation
- Important for tourism services
- Widely practiced sport
- A lifestyle
- 24,4 horses per 100 people
- Unknown economical importance
- Lack of reaserach



The research

- Aim:
 - To provide empirical and practical ways to improve competitiveness of horsemanship as an industry and leisure activity
- Research questions:
 - ***Can theories and models of industries competitiveness be used to analyze and improve Icelandic horsemanship as an industry and leisure activity?***
 - ***What is the economical importance of the Icelandic horse industry?***



Methods

- *Research plan is on an early stage*

1. Litterature research (introduced here)

- Horses and horse industries
- Competitiveness

2. Qualitative research

- Interviews of selected people connected to the industry

3. Quantitative research

- Surveys among business operators



What is the horse industry?

- No Icelandic definition
- Definitions:
 - The Henley Center (UK) “defines the horse industry as encompassing all activity that has the horse as its focus and activity that, in some reasonable capacity, caters for such an industry” (The Henley Center, 2004, p. 9).
 - The industry is “diverse, involving agriculture, business, sport, gaming entertainment and recreation” (The American Horse Council Foundation, 2005).



Characteristics of the horse industry

- Joint characteristics, according to references:
 - Lack of statistics
 - Limited reaserch
 - Clear need for further research
 - Fragmented industry
 - Strong base in agriculture
 - Lifestyle
 - Operators focus is more on horsemanship than business
 - Low profit
 - Increased focus on diversification and quality



Framework of competitiveness

- Numerous academic papers, models and theories
- No accepted definition of the term ‘competitiveness’
 - Ketels, C.H.M. (2006), points out that a definition of the term will never be true or false in an absolute sense, but it can be judged whether it is appropriate for a specific research or policy question.



Competitiveness

- According to number of references, competitiveness is about:
 - Producing quality goods and services
 - Marketing it successfully
 - Providing high paying jobs
 - Providing high standard of living for present and coming generations



Industry competitiveness

- Competitiveness from three levels:
 - Country
 - Industry
 - Firm
- Theories and models have been applied to various industries
 - ***Can the Icelandic horse industry be analyzed by methods of industry competitiveness?***



Porter's diamond theory

- An analytical tool to capture quality of business environment at a given location
- Combines four attributes of a nation, making a 'playing field' of industries:
 1. *Factor conditions*
 2. *Demand conditions*
 3. *Related and supporting industries*
 4. *Firm strategy, structure and rivalry*
- Two affecting variables:
 - *Governments and change events*



Horsemanship and 'the diamond'

1. *Factor Conditions*

- *Skilled labor, education in horse riding available, good accessibility of land, water and hay, improved facilities for indoor training*
- *Lack of organized official support to the industry*

2. *Demand Conditions*

- *Growing export market*
- *Domestic market has not been evaluated*



Horsemanship and the 'diamond'

3. *Related and Supporting Industries*

- *The core of the Icelandic industry has not been defined*
- *Therefore related and supporting industries have not been declared*

4. *Firm Strategy, Structure, and Rivalry*

- *Structure and management of horse based businesses in Iceland, need to become more professional*
- *Informal economy?*



The two affecting factors

- Government
 - Affect industries and business environment e.g. by setting law and regulations
- Chance events (an example from a tourism destination)
 - “The outbreak of a deadly virus, the collapse of a currency, or environmental catastrophes such as hurricanes and earthquakes can create sudden discontinuities in the pattern of tourist flows. How an industry reacts to these chance events [...], either to exploit an opportunity or overcome a threat, can be critically important.” (Crouch, G.I. and Ritchie, J.R.B., 1999, p. 141).



Crises in the Icelandic horse industry

- Collapse of the Icelandic krona (2008)
 - Raised price of imported inputs
 - Value of exported horses increased
- Volcanic eruption in Eyjafjallajökull (2010)
 - Disorganized air transport including export of horses and arrival of tourist
 - Volcanic ash fall affected horse based activities
- Unknown virus/bacteria in the horse stock (2010)
 - Horse based activities were nearly paralyzed for months
 - Considerable economical damage



Conclusions

- Important for the Icelandic horse industry:
 - Define and conceptualize the industry
 - Evaluating economical importance
 - Make an official strategy
 - Increase focus on business matters and profit
 - **Evaluate and improve industry competitiveness**



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Thank you...

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