

Service industries experiencing strong growth in Lapland

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The development of tourism in Lapland has been steady in the first part of the decade. Excluding a few weaker years, the growth rates were clearly over 5% in Lapland. In 2016, an unforeseen growth leap began in the tourism sector with no end in sight. Asia, especially China, has become a clear engine of growth. Many travellers have also come from the traditional Central European countries and Britain, so the growth percentages are now in double figures.

January of this year was a huge surprise with a 40% growth over the preceding year. Recent air traffic statistics also show frenzied growth figures. Last Christmas season, the traveller volumes of the airports of Lapland grew 20.3% over the preceding year. The growth percentage of +167% of the number of Chinese travellers visiting Lapland via Helsinki Airport is beyond compare. According to all the forecasts, those figures will continue to grow during this year.

The strengthening development of tourism has also reflected on, besides hotels, restaurants and programme services, the other service industries. Its positive effects on the commerce of Lapland have been known for a long time. The trend in the turnover of commerce has been descending in Finland in recent years due to the structural change caused by digitalisation. Lapland, however, has been a clear exception since, according to the most recent review of business conditions of Lapland, the turnover of the region's shops has shown steady growth since 2013 when compared to the rest of Finland. The statistics of this winter have not yet been compiled in terms of commerce, but the tourism sector can already claim a super winter and it is very likely that the commerce figures are also on the rise at least at the touristic locations.

Besides commerce, the impacts of strong growth in tourism are seen nearly in all services before long. New actors keep entering the field. Airbnb has already arrived in Rovaniemi at

least and also the Uber taxi services are likely to extend to Lapland in the upcoming years. This, of course, depends on the development of the legislation. According to the most recent data, Airbnb has already impacted housing investments. In Rovaniemi, a part of the flats offered traditionally for rental have been converted for tourism use. Car renting has also turned into a growth industry in Lapland, since Asian tourists want to follow the aurora borealis around the region and even to the neighbouring countries.

A strong demand for services also creates challenges. If the current development continues at nearly the same pace, tourism is becoming an all-year industry in Lapland and the other services must follow. Companies must have the courage to grow and make investments in fairly uncertain times. Besides clean nature and the related experiences, the appeal of Lapland has been increased by the area's safety compared to many other traditional tourism centres. There will also be a shortage of professional workforce very soon. In fact, the shortage of workforce is already a reality during the winter season. On the other hand, all-year tourism can also enable the remigration of approximately 20,000 people who have moved away from Lapland during the past two decades, if new work opportunities present themselves.

New work opportunities are also likely to be provided as the result of the much discussed Health and Social Services Reform. At least at this point, it seems that the possibility of choosing the provider of social and health services will increase the number of companies providing such services also in Lapland. In any case, the region's growth possibilities and ensuring the availability of all services must be taken into consideration in connection with the reform. This absolutely requires the observance of the population increase introduced by tourism, especially during seasonal peaks, with regard to the other services of society, such as the number of police officers, border guards and other officials, because their current level is not sufficient in possible problem situations. In the upcoming years, the services of Lapland must be able to respond to the continuously growing international demand. On the one hand, it is a challenge, but above all else it is a great opportunity.

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