**The development of Icelandic tourism**Terms of development and policy making. What can Greenland learn?

Dear guests, ministers etc…

In this talk I would like to outline the development of Icelandic tourism, upon which terms this development is premised and how this has translated into policy making. A key consideration is what Greenland can learn from our experience across the water as the country emerges as a tourist destination and tourism becomes identified as a possible future for Greenland.

In the 20 minutes I have I will focus specifically on the role of infrastructure and transport and the ways in which these need to be related to marketing practices and form the conditions which entrepreneurship needs to negotiate. Promote Iceland plays a leading role in marketing Iceland along with key industry players, such as Icelandair – the countries by far biggest tourism firm. Yet neither these nor other tourism executive bodies of governance have a role when it comes to infrastructure conditions and in terms of fostering entrepreneurship. I hope by the end of my time to have drawn up some lessons and suggestions from the state of affairs in Iceland for the joint future benefit of both Greenland and Iceland.

First to same basic statistics to paint you a picture of Icelandic tourism development. (KLIKK) This graph shows on the left with a green line the total number of registered overnights by foreign nationals in all accommodation establishments till end year 2014. On the right hand axis, represented with the blue columns, you can see the departure counts of all foreign nationals by the Icelandic Tourist Board at our key international airport, through which approximately 97% of all visitors come through. On the small inserted figure you can see the growth of tourism arrivals in all of Europe according to the World Travel and Tourism Commission, and Iceland tops that chart. Year on year growth has surpassed 20% in the years since the eruption of Eyjafjallajökull (KLIKK). However this event was not alone in precipitating the growth of tourism in Iceland. Indeed the eruption underlined in the minds of those who want to get close to the elements why they should visit the land of ice and fire. And also underlined in the minds of those not too keen on the elements why they should not visit this subarctic island. However, those wanting to come found it relatively easy. (KLIKK) Icelandair’s route network has since the signing of bilateral aviation agreements with Luxembourg and the US in the 50s played a key role in the development of tourism in the country. No surprise that the growth in passenger numbers of the airline is closely linked to the number of foreign visitors in Iceland (KLIKK). With growing available seat kilometres, so the number of passengers grows, as does their number into Iceland. The growth of total flown passenger kilometres of Icelandair is almost 20% year on year topping the 6% global average in international aviation. Moreover, the airline is part of Icelandair Group which also owns hotels, mainly in the SW corner of the country (KLIKK). The growth in airline passenger numbers seems to trickle fairly easily into these establishments (KLIKK), especially in the off-season.

But here is the rub. Seasonality is a common issue in tourism worldwide, but this issue is regionally augmented in Iceland (KLIKK). Most of the year up to 90% of the bednights in the country accrue in the capital region, whilst other regions only pick up pace at the height of our short summer. Although the growth in percentages is concentrated at the shoulder seasons, the fact remains that other regions go from very few nights to some more, and as we know going from 2 to 4 is a 100% increase. (KLIKK) Changes in seasonality are only occurring in the capital region on a sustained basis as these Gini coefficient calculations of mine demonstrate. So the tourism challenges (KLIKK) of seasonality in Iceland are as pronounced as regional demographic challenges more generally (KLIKK) and indeed reflect these. But why is this?

Let us quickly glance at the route network of Icelandair again (KLIKK). Note the hub is in the very SW corner of Iceland in Keflavík, where the Americans set up a naval base in 1951, only to leave it fully in our hands in 2006. The airline is transporting over 2.6 million passengers in 2014, of which almost half are only going via KEF. The rest go out of the terminal and have no actual means of getting anywhere apart from in a rental car (KLIKK). With no real options of getting around Iceland from Keflavík airport, apart from renting your own car, Europe’s most exorbitant prices can been charged. There is only now a public transport link to the terminal, no domestic flights and only a shuttle that takes you to a disconnected and almost disused bus depot in centre Reykjavík.

The disarticulated transport system is a major barrier to remedying the key challenges of Icelandic tourism. It can also be seen in the branch of tourism seemingly suffering during these boom years and that is the domestic airline Air Iceland, indeed part of the Icelandair Group (KLIKK). It is clear that the growth is not trickling their way through the veins of the corporate behemoth.

A key to tourism is transport and connectivity (KLIKK). From one mode of transport to the next, seamless operations must exist matching user demand and transport provider supply. This is what the tourism system (KLIKK) is all about, linking the destination and the source market. The resource (KLIKK) and the purchase decisions (KLIKK).

My suggestion to try and institutionally frame these concerns presents a role for three key institutions in Iceland. (KLIKK) Going from left to right, from resource to source market, I see it as imperative that you have a resource watch dog, in this case the Icelandic Tourist Board. On the other end you need innovative and productive ways of engaging with the source market from a resource based perspective. Therefore I place the Icelandic Innovation Centre on that end. In-between there is Promote Iceland, mediating the resource’s message to the source market having a say in the way those on the receiving end can get to the resource in question. This I have formulated in a policy memo to the consultancy currently formulating a future vision for Icelandic tourism at ministerial level (KLIKK). The focus of the memo was in this very order; promoting the institutional setup just depicted

* (KLIKK) Define the role of institutions and their communication pathways
* (KLIKK) Ensure coherent and quality data gathering on one neutral hand (Statistics Iceland)
* (KLIKK) Set up a resource inventory based land-use strategy
* (KLIKK) Define the role of education in tourism and its setup from vocational training to research work
* (KLIKK) Demand compliance in quality assurance schemes.
* (KLIKK) Define revenue sources for the public from the industry, using existing system of taxation to levy charges.
* (KLIKK) Join up transport infrastructure in the country.
* (KLIKK) Define industry success measures beyond quantitative and countable means.
* (KLIKK) Ensure third party review of policy making in the industry.

On each of these points I could talk at length and in detail, but as time is limited I will focus on the aforementioned crucial role of transport creating and sustaining a tourism destination and its flip-side communication.

From the source market perspective of the setup I have outlined, it is crucial to understand the tourist (KLIKK). Not just as a quantifiable measure, but who they are and what they expect to find at the destination and how that fits their own ambitions and aspirations. Hence the face with the waterfall. The resource reflected in the visitors and vice-versa. My colleagues have followed in the vein of psychographic segmentation in the tourism literature and come up with these types, visiting the polar regions. From the avid scientist to the trophy hunter – the last chance to see tourist to the conqueror traversing the ice-cap. (KLIKK) These can be formulated as adventure tourism products, nature based tourism products or eco-tourism products be it from land, sea or air.

A key to marketing these is to define (KLIKK) Strategy, Substance and Symbolic action. Anholt’s model outlines the preconditions for the emergence of a favourable reputation. Thus, the approach can also be considered as guidelines for regions and places wanting to be destinations. Strategy is, simply speaking, about knowing where to go and how and when to get there and my memo points could serve as strategy guidelines. Substance is the material and immaterial products, services and images that are basic features of a destination. Symbolic actions are by Anholt (2005) defined as a particular species of substance that happen to have an intrinsic communicative power. In order to ensure a comprehensive discussion in terms of tourism it is necessary to add an S (KLIKK): structure, which includes the legal and institutional infrastructures that regulate and manage the behaviour of many competing actors that constitute the tourism product – much like the image I proposed (KLIKK).

These four Ss need to be mediated in a world of communication undergoing rapid changes (KLIKK), where the tourists themselves have become much more active participants in creating the product and defining the destination. What we lack is comprehensive and informed customer research and analysis and a much more strategic and focused marketing efforts that draw on a plan for the tourism resources and how these are to be used.

Ultimately the question becomes what could the future look like, i.e. what vision could inform a strategy for tourism in Iceland and Greenland? Here I want to move back to the struggling airline Air Iceland. What they have been doing to remedy their failing revenue stream is create a regional airline in the NW Atlantic (KLIKK). This route network will be operated with a new fleet of Bombardiers Q400 (KLIKK), planes that will replace the old Fokker Friendship planes used for almost five decades and as you can see from my quick glance at distances in terms of cruising speed of these planes, they do open up a whole new region. Could this transport network be what will hold together a West Nordic region (KLIKK). As the scholars here cited make clear, the institutional set up is not functional for that region, but there are indeed matters of great common interest which could be a vision for a strategic focus. Tourism is one of those (KLIKK). The regions resources are joint as made clear in this quote from the 2013 NORA annual report and a West Nordic Development Strategy is currently being pursued endorsed by the Nordic council of ministers as of last November. Should tourism find a place therein? Could a regional institutional set-up be created as I propose for Iceland? One that would look towards defining a strategy, the substance and the symbolic actions necessary to make the region a tourism region? (KLIKK) Those producing salt from seawater in the Westfjords of Iceland seem to think in terms of a joint NW territory based on ocean current confluence sustaining the purity of their product.

I will argue that a strategy is imperative, one that is reflected in institutions, not least during times (KLIKK) when “The Arctic could slide into a new era featuring jurisdictional conflicts, increasingly severe clashes over the extraction of natural resources, and the emergence of a new ‘great game’ among the global powers” – a great game of which tourism is an integral part as Timothy makes clear.

With the polar regions part and parcel of what I have termed with my colleagues “monopoly imperialism” (KLIKK) of which tourism and the modern day experience economy play a part an informed strategy is needed. The lessons to be learned from Icelandic tourism are (KLIKK):

* (KLIKK) Strategically define tourism resources based on a resource based inventory and land use plan integrated with well articulated transport networks.
* (KLIKK) Selectively target the marketing message to defined market segments, based on in-depth research
* (KLIKK) Have a democratically led vision of tourism futures for the country – not industry interest driven.

I thank you for hearing my words …