Growth and Vitality: The Promise and Risk of Iceland's Tourism Industry

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Introduction

The tourism industry in Iceland has been significantly expanding since the 1980s and has become an important player in Iceland’s economy, ranked third for generation of foreign revenue. Since the country’s banking crisis and global economic recession in 2008, tourism has held a special place in the economy as one of the few industries that has continued to grow, maximizing profits from the country’s devalued currency. Even as the economy was failing, the tourism industry was introducing new attractions to increase its markets both worldwide and domestically. Several shortcomings and inherent risks of the tourism industry as a whole, and some specific to Iceland itself, pose a threat to further expansion of and dependence on this industry if not dealt with delicately; effective advertising is a key factor in this endeavor.

During a trip to Iceland in May 2010, I witnessed the natural beauty and cultural individuality of Iceland first-hand. With an exceptional tourist guide, BörkurHrólfsson, the Martindale Center Student Associates from Lehigh University completed the Golden Circle tour, and I was intrigued by the country’s history and its new dependence on tourism. This article presents an overview of the tourism industry in Iceland, detailing some of the issues confronting the industry: its dependence on the global economy, the effects of natural disasters, the whaling debate, and, most important, its problems with seasonality. Past advertising efforts are reviewed as is the recent Inspired by Iceland campaign, which brought together the industry and the public sector in an unprecedented union that began as an effort to prevent detrimental effects to the industry from the eruption of Eyjafjallajökull and strives to continue the industry’s growth. This advertising movement is a positive step in the direction of further expansion of tourism in Iceland, but the issues and inherent volatility that affect this industry in Iceland may limit that expansion.
Background

Although legislation in 1936 created the State’s Travel Agency (Johannesson et al., p. 284), it took the tourism industry more than half a century to become an important sector of the Icelandic economy. World War II and its aftermath in Europe made for a slow beginning to official tourism in Iceland. Nevertheless, the occupation of Iceland by first British, then American, soldiers during WW II demonstrated that Iceland was an ideal halfway point between North America and Europe. Because of this, the United States established the Keflavik International Airport in the midst of the war. In 1964, the Icelandic Tourist Board was founded, taking the place of the State’s Travel Agency. The Board is primarily responsible for advertising the island to tourist markets at home and abroad. Even so, serious dedication to the industry’s growth did not occur until the 1980s and 1990s when other sectors, such as fishing, were in crisis. (Johannesson et al., pp. 284-85) Since then, Iceland’s tourism industry has been rapidly growing, peaking at 5.3 percent of Iceland’s GDP in 2002 compared with 1.5 percent in 1980. (“Tourism in Iceland…,” p. 3; “International Tourist…”) Since the banking crisis in 2008, tourism has been one of the only sectors of Iceland’s economy that has continued to grow, providing jobs and economic development.

Types of Tourism

Two-thirds of Iceland’s population of 320,000 is centered around the capital city Reykjavík, leaving much of Iceland’s 103,000 km² to give visitors a unique “untouched” glimpse of nature. Diverse landscapes ranging from glaciers to volcanic lava fields to breathtaking waterfalls can be seen in one day. In 2007, the Icelandic Tourist Board found that 71 percent of visitors listed “nature” as an incentive to visit Iceland (“Tourism in Iceland…,” p. 12); thus, nature tourism is the largest draw of visitors to Iceland. The Golden Circle, Iceland’s leading tour circuit, leads visitors through the southwestern corner of Iceland, which includes the famous Gullfoss waterfall and the two most-visited regions of the country after Reykjavík: Geysir and Thingvellir. Fully 75.4 percent and 67.3 percent of visitors travel to these two areas, respectively. (“Tourism in Iceland…,” p. 12) Geysir boasts numerous hot springs and geysers, notably Geysir, from which the word geyser was born, and Strokkur, which blasts water and steam 30 meters into the air every five minutes. (“Geysir Area”) Less than an hour away is Thingvellir, a location of historical and cultural significance also known for its natural phenomena. This national park contains the original meeting place of the Icelandic parliament, Alþingi. This tranquil and beautiful site remained in use from 930 to 1798 and is celebrated in many traditional Icelandic sagas. (“History”) Iceland sits directly over the interface of the Atlantic and Eurasian tectonic plates, called the Mid-Atlantic Ridge. The fissure caused by the separation of these plates runs through the entire country, with its widest point extending through the Alþingi meeting place. This area expands as the plates gradually move; estimates suggest that the Thingvellir plain has widened by 70 meters in the last 10,000 years. (Saemundsson; “Nature”) While on the meeting place of the Alþingi parliament, visitors can connect to Iceland’s past historically and geographically as the country continues to widen.

In addition to Iceland’s geological phenomena, tourists take advantage of Iceland’s unique fauna. Humpback, blue, minke, and orca whales, white-beaked dolphins, and harbor porpoises can all be seen close to the Icelandic coast, as can sperm whales, typically found in deeper waters, making whale watching a popular tourist activity. (Parsons and Rawles, pp. 444-45) Iceland also boasts the world’s largest Atlantic puffin population, one of 300 bird species that bird watchers can enjoy. (“Iceland Wildlife”) Boat excursions take visitors to nesting sites along the coast and in bays and inlets around the island. Many of these boats also trawl during their return, catching fresh scallops and sea urchins that passengers enjoy raw, an experience not many can have elsewhere.

In the past decade, cultural tourism has become a larger draw. In 2007, 40 percent of visitors to Iceland listed “culture, history” as an incentive to visit Iceland whereas just over 20 percent listed those in 2004. (“Tourism in Iceland…,” p. 12) Thingvellir is only one of many historical and cultural sites. Icelanders are proud of their heritage, with festivals revolv-
ing around their Nordic and Celtic legacy, such as Þorrbálótt, the midwinter month-long celebration of Thor, and the Viking Festival in Hafnarfjörður, a traditional celebration of the summer solstice. Icelanders are also proud of current arts movements in Iceland. (“Icelandic Holidays”; “Viking…”) Icelandic singers and bands, such as Björk and SigurRós, are popular worldwide, and several renowned arts festivals are held throughout Iceland annually. The largest is Iceland Airwaves, which began in 1999. This four-day celebration, held each October in Reykjavík, features Iceland’s top musicians and international bands, drawing visitors from North America and Europe during the off-peak season. (“Iceland Airwaves”) Many Icelandic artists pull inspiration from historical roots and styles, giving their music a unique sound. (For information on Icelandic music and its style, see article and composition by Rule in this issue.)

With more area covered by glaciers than on all of continental Europe (“Europe: Iceland”), Iceland provides not only a source of beauty and wonder but also areas for adventure tourism. SUV tours take visitors across the country in all seasons to place them atop the magnificent glaciers while allowing glimpses of the aurora borealis. Iceland has become one of the leading destinations for horseback riding, allowing visitors a unique perspective during the warmer months (Ollenburg, p. 51): 15 percent to 18 percent of visitors ride during their trip. (Hélagadóttir and Sigurjardóttir, p. 105) Kayak and bicycle tours, skiing sites, ice climbing, ice fishing, and hunting also attract those seeking adventure. (“Visit Iceland…”)

New destinations developed over the past decade are bringing greater numbers of visitors to Iceland. Although they have been popular with the Icelanders for centuries, Iceland’s natural hot springs have become a hotspot for tourists, especially those interested in health tourism. The Blue Lagoon is Iceland’s renowned spa and natural hot spring. Located just outside Reykjavik, it attracts more than 400,000 visitors a year, boasting the medicinal qualities of its mineral-rich waters and selling skincare products made with these ingredients worldwide. (“Blue Lagoon…” ) To increase health tourism to Iceland, a portion of the former NATO airbase on the Reykjanes peninsula, which was closed in 2006, has been transformed into the Ásbrú fitness and health village. This initiative, begun by Iceland Health, “aims to boost specialist treatment options and begin substantial medical tourism…” and will include joint and obesity surgeries as well as rehabilitation and detoxification centers. (“Ásbrú Aims…”; “Ásbrú Fitness…”) Beyond health tourism is the new field of business tourism in Iceland. Iceland not only is a place for travelers to stop between continents but also is ideal for international businesses to hold conferences. The brand-new Harpa Concert Hall and Conference Centre, opened to the public in May 2011, provides ample space—a main concert hall holding 1,700 people together with several additional convention areas (“Conference Facilities”)—for visitors traveling to Iceland for business, who already made up over 10 percent of all visitors as of 2007 (“Tourism in Iceland…”, p. 12). Harpa can allow further expansion into this realm of tourism.

**The Impact of Tourism**

With its multitude of tourist attractions, it is no wonder that tourism plays an integral part in Iceland’s economy today. According to the Icelandic Tourist Board, the tourism sector accounted for 4.3 percent of Iceland’s GDP in 2007 and is growing. In 2008, tourism was responsible for 16.9 percent of Iceland’s total export revenue, placing it third in this measure behind aluminum and ferrosilicon (30 percent) and marine products (26 percent). This percentage peaked as high as 19.5 percent in 2005, has averaged above 17 percent since 2000, and is increasing again in light of the economic crash and currency devaluation of 2008. (“Tourism in Iceland…,” p. 3; “Tourist Industry”) The increase is also seen in foreign visitors’ spending; the first two quarters of 2008 had revenue of 23 billion ISK. In comparison, the first two quarters of 2009 had revenue of 42 billion ISK, showing the overall increase in tourist spending that occurred immediately following the crash of October 2008. (“Tourism in Iceland…,” pp. 3-4)

Even before the crash, tourism had increased. This translated to 8,400 jobs in 2007 (approximately 5.6 percent of employ-
ment), an increase of approximately 200 jobs (2.4 percent) from 2006. These jobs came both from industries characteristic of tourism, such as “accommodation and catering services, passenger transport services and travel agency occupations,” and those connected to tourism, such as “retail sales, entertainment, shops, culture, recreational activities and services in connection with passenger transport.” (“Tourism in Iceland....,” p. 3) One of the most important of these careers is that of tourist guide. Icelandic tourist guides must be certified through a tourist guide education program, deepening the guides’ knowledge of the geology, history, and culture, including sagas, of Iceland. Following the banking crisis, tourist guiding became a popular career choice. In 2008, 45 tourist guides graduated from the Iceland Tourist Guide School and the Iceland School of Tourism; in 2009, 57 tourist guides graduated, and in 2010, 133 guides were trained at these schools and a third school, the University of Iceland’s Continued Education Institute, which opened that year. (Valsson) However, jobs created by the tourism industry are transient due to the inherent seasonality of Iceland’s tourism market. Occupancy rates in hotels and guesthouses throughout the country plummet from almost 70 percent in the summer months to less than 20 percent during the winter months, making this a difficult industry in which to develop a career. Many Icelanders who hold tourism-related jobs do so during the peak tourist season, June through August, and maintain separate careers during the off season.

The Tourists

In order to maximize tourism’s economic impact, it is important to understand where visitors to Iceland are coming from and when they come. The majority of visitors to the island come through Keflavik airport (472,700 of 502,300 total visitors in 2008) between June and August. The average stay in the country is 9 days. (“Tourism in Iceland....” pp. 5, 6, 13)

Between January and September 2009, a total of 395,573 visitors entered Iceland by way of Keflavik Airport. This was a 4.3 percent increase from 2007, despite the recession. Considering market areas, the Icelandic Tourist Board categorizes visitors by the regions from which they come: the Nordic countries, the United Kingdom, central/south Europe, North America, and other. Typically (as of 2007), the largest proportion of visitors came from the Nordic countries, and this number remained fairly constant, ranging between 96,000 and 100,000 visitors between January and September each year from 2007 to 2009. However, by 2009 central/south Europe surpassed the Nordic countries as the largest source of visitors to Iceland during these months. North America and the UK each typically provide about half of the visitors that the Nordic countries do, and the numbers coming from the UK dropped by 15 percent in 2009 to 46,800. (“Tourism in Iceland....,” p. 6)

Visitors traveling to Iceland from central/south Europe, the Nordic countries, and other destinations show the greatest seasonality in their visits, primarily coming in the summer months (June through August). In contrast, visitors from North America and the UK are spread more evenly throughout the year, reflecting Iceland’s placement as a midpoint between North America and Europe for business professionals who travel year-round. (“Tourism in Iceland....,” p. 9)

Issues in the Tourism Industry

Because tourism was growing substantially for years before the banking crisis in 2008, it has become a factor in re-stabilizing Iceland’s economy post-crisis. With the devaluation of the Icelandic króna, tourism in Iceland has become less expensive for European and North American tourists. Thus, tourism is one of the few industries that have continued to grow since the crash, and Iceland is now focusing on maximizing this growth and, therefore, tourism’s effect on the economy. However, the tourism industry is subject to many factors beyond the country’s control, therefore a volatile and economically risky industry on which to become too dependent.

Dependence on the Global Economy

The global economy has a large impact on tourism as a whole, as seen during the global economic downturn at the end of 2008. As the global economy failed, individuals were faced
with job loss and lower incomes, making it difficult for many people around the world to travel. This downturn led to a 4 percent decrease in tourism worldwide during 2009. (UNWTO…, p. 1) Because Iceland’s crisis was so extreme (see articles by Giglia and Glass-Hardenbergh in this issue), the decrease in the value of the króna allowed Iceland to become, for the first time, a less-expensive destination for tourists, and the industry grew after the crisis. This situation is not typical, however. If Iceland had not experienced such a large crash in comparison to the global downturn, its currency would not have devalued to the same extent, possibly leading to a decrease in tourism to Iceland mirroring that of the world tourism industry.

Although the króna is unlikely to return to pre-crash levels in the near future, there is some question as to whether the tourism industry will suffer if the króna gains strength; in this case, Iceland may no longer be considered an inexpensive tourist destination. However, Iceland did not hold this distinction prior to the fall of 2008, and levels of tourism and revenue generated by this industry were increasing before the crash.

**Natural Disasters**

Tourism is subject to numerous threats in addition to susceptibility to the global economy. For example, natural disasters—some of which, such as volcanic eruptions and earthquakes, are not uncommon in Iceland—have a huge impact on tourism. The eruption of Eyjafjallajökull in April 2010 caused disturbances to airports in Iceland as well as in Europe, causing delays and cancellations for travelers into and out of Iceland and the rest of Europe. Due to these travel problems and false media reports stating that unsafe levels of volcanic ash were covering the island, many travelers cancelled pre-booked trips for the summer months. Despite these cancellations, newfound volcano tourism (Bly, p. 1) led to an overall 16 percent increase in tourism to Iceland in 2010 compared to 2009. (“Volcano Leads...”) As with the economic downturn, such increases may not always be the case with natural disasters. The eruption of a volcano or other natural disasters, either within Iceland or external to the country, could easily have a negative impact on the tourism industry. Tourism’s susceptibility to the global economy and natural disasters is a constant threat to all economies reliant on tourism, and Iceland must consider these as it works to make tourism a larger sector of its economy.

**Seasonality**

Historically, tourism peaks in Iceland between June and August, when the weather is warmest and the days are long, allowing tourists extended daylight to sightsee and explore all that Iceland has to offer.

In an effort to attract more winter tourists, Iceland’s Parliament pledged that “all promotions shall emphasise the dispersion of traffic/strain over numerous time periods and geographical areas.” (“Tourism Strategy…,” p. 5) Promotion of winter attractions has increased year-round, most notably the aurora borealis, or northern lights, which can be seen throughout the fall and winter months in Iceland, and winter sports such as cross-country skiing. However, when daylight hours are shortest in December and January, southern Iceland, including Reykjavík, receives only 5 hours of sunlight each day. This means that many travelers seeking winter sports opportunities opt for other locations where they can enjoy more hours of daylight, despite Iceland’s increased promotion of these sports. Simultaneously, Iceland’s natural hot springs, health spas, arts festivals, and convention center remain attractions through the winter season, providing newer sources of year-round tourism to draw visitors.

A dramatic increase in winter tourism—although it would help to promote jobs and stabilize Iceland’s economy—could pose problems to the island. Because Iceland is used to uneven amounts of tourism throughout the year, its infrastructure may not be prepared for a leap in numbers of winter tourists. These tourists would require transportation through hazardous weather conditions, and tourist attractions would need to remain open and accessible during the winter months. These issues have been acknowledged by the Icelandic Parliament in its “Tourism Strategy 2006-2015,” but the ways they will be resolved are unclear. In addition to promoting Iceland worldwide as a winter tourist destination, marketing has also
aimed at increasing the amount of in-country travel during the winter months. ("Auðlindin...," p. 1) Until the necessary infrastructure is in place, however, even the best advertisement could not result in a large influx of out-of-country or in-country travelers. Iceland’s infrastructure must grow alongside the advertising campaign for winter tourists to ensure a safe and pleasant trip for all travelers.

**Whaling**

In the past decade, Iceland’s resumption of whaling clashed with one of its leading tourist attractions, whale watching. The debate about whether whaling practices were ethical brought global media to Iceland’s doorstep. Nonetheless, whaling for research purposes resumed in 2003, and commercial whaling followed soon after in 2006. When this debate began, many involved in the tourism industry felt that whaling and whale watching could not coexist. (Kirby, p. 1) But in 2010, reports show that these industries can indeed grow alongside each other—at least on paper.

By 2002, the whale-watching industry’s 250 percent annual growth had made it a valuable part of Icelandic tourism, worth more than $12 million. (Parsons and Rawles, pp. 444-45) Cited as “one of the most popular tourist activities in Iceland,” (Kirby, p. 1) whale watching allows Icelanders and foreign visitors an introduction to several whale, dolphin, and porpoise species that inhabit Iceland’s Atlantic coastline. Whale watching’s growth as an attraction to nature, environmental, and cultural tourists is no surprise. To protect the potential continued growth of the industry, the Icelandic Tourist Industry Association, composed of companies representing the majority of revenue from tourism, strongly opposed the resumption of whaling in 2002. (Kirby, p. 1)

Before whaling could be resumed, Iceland sought to rejoin the International Whaling Commission, which it left in 1992. Without membership, Iceland would not be able to sell whale meat to any member countries. After several failed attempts, Iceland regained its membership in October 2002 (“Iceland: Iceland...”), and its first scientific whaling missions began a year later. As of this volume’s publication, commercial whaling is planned to continue until at least 2013. (“New Report...” p. 1)

In 2010, the whaling industry was examined for the Ministry of Fisheries and Agriculture by the University of Iceland Institute for Economic Studies. Its report concluded that whaling could be beneficial for Iceland not only through profits made from whaling itself but also from increased income in the form of higher fishing quotas for fish species typically preyed on by the whales. These additional fishing quotas “could deliver ISK 12.1 billion [$94 million] in additional profits for the fishing industry.” (“New Report...” p. 1) The whaling industry could also provide 80 to 90 year-round jobs, safe from the pressures of seasonality felt by careers in the tourism industry, which radiate into the whale-watching industry as well. Even so, the 40 to 50 year-round jobs and 120 peak-season jobs offered by just the top four of ten companies providing whale-watching tours continue to play a substantial part in Icelandic tourism and Iceland’s economy. (Veal, p. 1)

Despite whaling’s monetary benefits, the shadow cast on Iceland due to protests and negative media worldwide could have significant and lasting effects on tourism. As the University of Iceland’s report concluded, these effects need to be examined closely with further research before a decision to extend the whaling program beyond 2013 is made. (Veal, p. 1) Because Icelandic tourism depends heavily on its image of clean, untouched nature, the image of destruction posed by the whaling industry could affect tourism beyond whale watching alone, damaging the industry, its revenue, and Iceland’s global image.

**Other Industries**

As with whaling, Iceland’s dependence on tourism must be kept in a delicate balance with the other industries on which Iceland subsists. Iceland’s abundance of geothermal energy and hydropower provides efficient, clean (although not always eco-friendly) power for most of the country’s needs and allows the country to remain mostly independent of foreign energy sources. These energy sources are also attractive to energy-intensive industries, such as aluminum smelting and, more recently, data farming (see article by Grande in this issue). Iceland has welcomed smelters as necessary job
sources, but many Icelanders protest smelters’ practices due to the damage they cause the environment. (Kanter) One of the most famous ongoing protests is led by the singer Björk. Beyond the smelters, however, is the energy industry itself. Although hydropower is sustainable, clean energy, it can have serious effects on the environment. Dams pose a potential threat to Iceland’s world-famous waterfalls and can negatively affect ecosystems, potentially damaging draws for tourists. For example, the Hvítá River, which feeds a major tourist attraction, the Gullfoss Falls, was almost dammed in 1920—today it is protected as a nature reserve. (Parnell and O’Carroll, p. 121) Conversely, these industries may aid the tourism industry by creating an infrastructure—building and maintaining roads throughout all seasons—that allows tourists easier travel to the interior of the country. Geothermal power plants and aluminum smelters can even serve as their own tourist attractions by giving tours to those interested in these energy sources and production processes. One of these plants, Reykjanesvirkjun, boasts an interactive exhibit exploring the paths through which energy travels and different energy sources and technologies through time.

**Advertising**

Because of its vital economic role, advertisement of Icelandic tourism is essential to the industry’s expansion. Icelandic tourism is marketed worldwide, and several target markets have come into play in the past decade. Prior to the eruption of Eyjafjallajökull in 2010, Iceland’s primary target markets were North America and Western Europe, in particular the Nordic countries. Additionally, central/south European markets as well as those in Asia were growing and beginning to play a larger role, aiding the industry’s growth during the second half of the decade. Traditional marketing strategies advertised Iceland as a beautiful, clean, and safe country in which to travel. Even after the banking crisis in 2008, these factors remained the primary focus of foreign advertising, with the addition of promoting the affordability of Icelandic vacations due to the collapse of the króna.

Eyjafjallajökull’s eruption on April 14, 2010, changed Iceland’s traditional marketing strategies. International press painted Iceland as a dangerous place to travel due to volcanic ash spreading from Eyjafjallajökull and reaching across Europe. These press claims were not completely unfounded, as flights across Europe were grounded at many times during the month-long eruption, but for the most part, the ash left the Keflavik Airport functioning at normal capacity, with only a few groundings and delays. Only the southeastern region of Iceland itself was severely affected by the eruption, with the majority of the country, including Reykjavík and locations composing the Golden Circle, left safe and functioning normally. This discrepancy between media reports and actual conditions motivated the inception of an international advertising campaign—Inspired by Iceland—that took action to portray Iceland as a dynamic, living place, of which Eyjafjallajökull’s eruption was only the latest installment.

The Inspired by Iceland campaign was the product of several players, combining the tourism industry and public sector in a novel way. Icelandair, Iceland’s largest airline, initiated this maneuver and was quickly joined by the Icelandic government, Iceland Express (Iceland’s second-largest airline), the City of Reykjavik, Promote Iceland, and 80 leading companies in the tourism industry. (“Come and Be...,” pp. 1-2) This unprecedented union created the campaign with direction from a crisis management group comprising members of several ministries, including the Ministry of Industry, Energy, and Tourism and the Ministry of Foreign Affairs. (“Come and Be...,” p. 2) With an overall budget of €1.5 million (“Come and Be...,” p. 4), the campaign was built on the idea that, “Iceland has never been more awake and this was not the time to stay away but rather there has never been a more exciting time to visit the country.” (“Come and Be...,” p. 1) Rather than attempting to increase the number of tourists visiting Iceland from the previous year, the focus shifted to maintaining comparable tourist numbers in 2010 to those of 2009. This meant a shift in key markets as well; instead of focusing on the newest European and Asian markets, the campaign targeted eight of the least seasonal market areas, each with focal cities: the UK (London, Manchester, and Glasgow), Netherlands (Amsterdam and Rotterdam), Germany (Berlin, Dusseldorf, and Frankfurt), France (Paris), Denmark (Copenhagen), Sweden (Stockholm and Gote-
borg), Norway (Oslo), and the US (New York, Seattle, and Boston. (“Come and Be...,” p. 3)

Only 6 weeks after the eruption began, the Inspired by Iceland campaign was launched. Its primary delivery was through its website, which features videos of celebrities endorsing Iceland and encourages visitors to post their own videos of their experiences. The goal was to allow individuals to narrate their journey and allow people worldwide to see that Iceland was indeed safe and more interesting than ever. With over 500 visitor stories and videos (as of April 2011), live nature cameras, and links to social media such as Facebook and Twitter, the campaign has made Iceland more accessible worldwide. The campaign’s short-term success achieved numbers of summer visitors in 2010 that matched those of 2009 (“Come and Be...,” p. 8), dispelling fears that the eruption would significantly damage the tourism industry.

Icelandair has an integral role in global advertisement of Iceland alongside the Icelandic Tourist Board and Promote Iceland. Promote Iceland works to “…[strengthen] Iceland’s good image and reputation abroad” (“Promote Iceland”) and is managed by a board including both private sector and government-appointed members. Icelandair depends on three main markets: “via” (i.e., passengers passing through Iceland during travel between North America and Europe); “from,” based on the home market in Iceland; and “to,” comprised of tourists and other visitors coming into the country. (Óskarsson) This dependence on the “to” market links Icelandair closely to the tourism industry, so rather than simply promoting its operations in the countries it services, the airline promotes Iceland itself. Through its website, travelers can book vacation packages that vary by country of origin, and its annual Travel Planner provides vacation ideas for every season. The airline even offers stopover promotions, allowing travelers to extend layovers in Reykjavík for an opportunity to visit Iceland on their way between the continents. (Óskarsson) By advertising Iceland as a destination that travelers should not miss no matter their ultimate destination, Icelandair provides an amplification of the government’s and other agencies’ advertisements worldwide.

Conclusion

Tourism’s importance to the Icelandic economy is evident in the country’s dedication to fostering its continued growth through new sources of tourism and re-vamping its advertising campaign. However, the issue of seasonality poses a problem not only for those employed by the tourism industry but also for the economy at large, causing fluctuations in tourist visits and spending. Advertising and infrastructure improvements notwithstanding, Iceland will always encounter this problem due to its geographic location and short daylight hours in winter months. Although summer tourism has room for growth, this seasonality, along with natural disasters and other threats to the tourism industry, illustrates that the tourism industry cannot be relied on singly for economic growth. Although the industry may continue to grow and provide income for years to come, it is a volatile industry that could take a major downturn overnight.

The past few years have shown that Iceland was able to turn several catastrophes to tourism’s advantage. The banking crisis made Iceland a more affordable and accessible tourist destination for travelers. The launch of Inspired by Iceland in response to Eyjafjalljökull’s eruption validated Iceland’s advertising prowess and its determination to turn potentially damaging situations into tourist attractions. Through these actions, Iceland’s status as a tourist destination has been secured, providing a source of reassurance in the face of pressing issues as Iceland recovers from the banking crisis.


