

What Kind of Future Do We Want for Iceland's Visitor Economy?

How Can We All Benefit from Destination
Management Planning?

Ferðamálastofa Tourism Conference
(30 Nov 2016)

Tom Buncle, Managing Director

What We Do:

- Destination branding
- Marketing strategy
- Destination management planning
- Tourism strategy and policy
- Crisis recovery

.....for countries, regions and cities

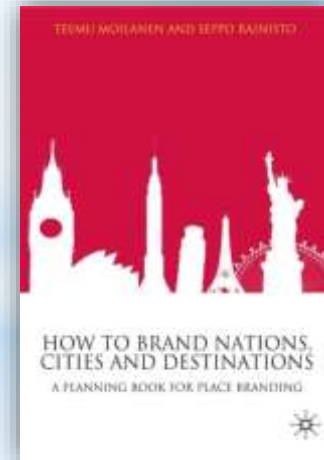
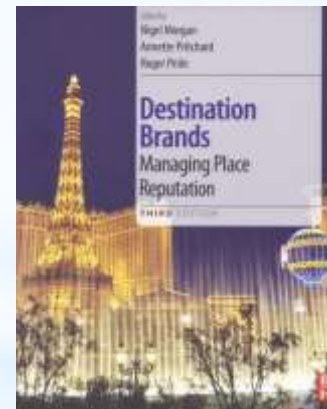


We put your destination on the map

Experience

Tom Buncle

- Managing Director, Yellow Railroad (since 2000)
- CEO, Scottish Tourist Board/Visit Scotland
- Visit Britain: USA, Canada, Norway, Southeast Asia
- Global destination consultancy:
 - UK / Europe
 - Africa & Middle East
 - North America & Caribbean
 - Asia
- Writer & lecturer:
 - destination branding & marketing
 - travel trends



Today

1. Global Trends: The Big Picture
2. Iceland: Impressions
3. Iceland: Future Challenges
4. Destination Management Planning: What? Why?
5. Case Studies: What Others Have Done
6. Iceland: The Way Forward

1.

Global Trends: The Big Picture



A Changing World

Just 35 years ago (1981).....

- * NASA space shuttle maiden flight
- * BMW 1st in-car computer
- * IBM launches 1st personal computer



A Changing World

In 10 years time (2026)



\$ 250,000

Pessimistic Scenario:

- ❖ Travel no longer a pleasure?
- ❖ Virtual reality?
- ❖ Cost of oil, energy, water

Optimistic Scenario:

- ❖ Escape - Change of scenery?
- ❖ Real vs. digital world?
- ❖ New experiences:
e.g. space travel, attractions, luxury

Global Trends: Future-Blind

A smartwatch advertisement featuring a clenched fist and a wrist with a smartwatch interface. The watch displays various data points: '1278' (Steps Completed), '800' (Calories), '64' (Heart Rate), and '5412 0012 3567' (Location). The background has the word 'TIME' in large letters.

Never Offline.

The Apple Watch is just the start. How wearable tech will change your life—like it or not.

BY LAY GROSSMAN AND MATT VELLA

Global Trends: Future-Blind

- “The horse is here to stay but the **automobile** is only a novelty—a fad.”
 - Michigan Savings Bank President, advising Henry Ford's lawyer not to invest in the Ford Motor Co., **1903**.
- “Heavier-than-air **flying machines** are impossible”
 - Lord Kelvin, President of Royal Society, **1895**
- "The Americans have need of the **telephone**, but we do not. We have plenty of messenger boys."
 - Sir William Preece, chief engineer of the General Post Office, **1876**
- “**Television** won't last because people will soon get tired of staring at a plywood box every night.”
 - Darryl Zanuck, movie producer, 20th Century Fox, **1946**
- “The **i-Phone** is nothing more than a luxury bauble that will appeal to a few gadget freaks.”
 - Matthew Lynn, Bloomberg, **2007**

Global Trends 1

Socio-Economic & Geo-Political



Global Trends

Socio-economic:

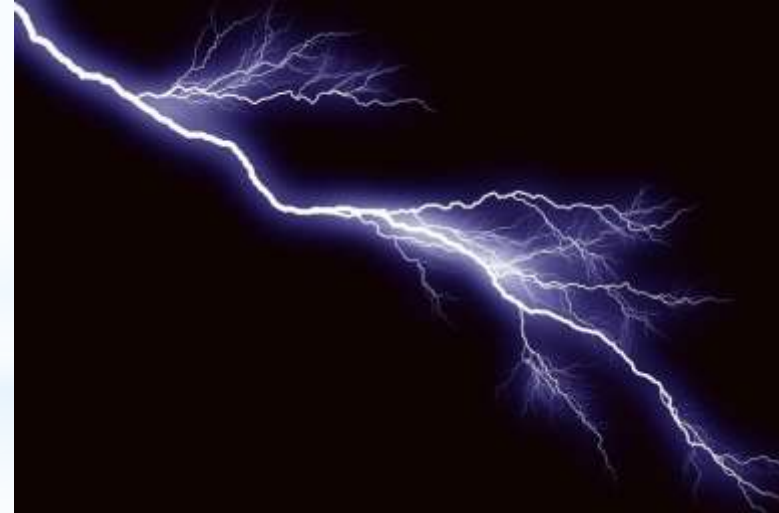
- Ageing society (traditional markets)
- New family structures
- Urbanisation: 70% in cities by 2050
- Economic uncertainty
- Climate change & energy price: fossil vs. alternative.....travel quota?
- Power of Gen Y & millenials (1981+)
- Growth of new marketsdifferent demands
- Pension age = less leisure time ?
- Globalisation = homogeneity → “desire for different”



Global Trends

Geo-political:

- Crisis as normality?.....terrorism, natural disaster, disease
- But.....safety fears = more cautious (staycation?)
- Sanctions (Russia)
- Brexit and EU reform?



Global Trends

Behaviour:

- Younger longer (“60 = new 40”) – “mid-youth”
- Personal fulfilment: new skills
- Health consciousness → wellness / leisure spa
- “Save & splurge”: luxury for less
- Low cost airlines → expect more for less = shrinking margins
- New markets (BRIC): more luxury
- Traditional markets: restrained consumption



Global Trends 2

Travel Motivation



Travel Motivation

- * “Feel Fulfilled”
- * “Fly and Flop”
- * “Bling and Buy”



Travel Motivation: “Feel Fulfilled”



- “Old”, western Europe
- North America
- Australasia & Japan

- Escape
- Undiscovered
- Authenticity
- Experience
- Personal fulfilment

Travel Motivation: “Feel Fulfilled”

Typical Products / Experiences:

- Nature & wildlife
- Culture & heritage
- Activity & adventure



Travel Motivation: “Fly & Flop”



“Sunticipation”

- Demographic profile
- Families
- Resort-based
- Price is important

- Northern Europe
- “New”, eastern Europe
- Russia

Travel Motivation: “Fly & Flop”

Typical Products / Experiences:

- Beach
- All-inclusive resort
- Theme parks



Travel Motivation: “Bling & Buy”



Main Source Markets:

- “New”, eastern Europe
- Middle East
- Asia
- South America

- Brand-driven
- Personal indulgence
- Social status
- Symbol of wealth
- Evidence of success
- “Eco-indifferent”

Travel Motivation: “Bling & Buy”

Typical Products / Experiences:

- Shopping



- 5-star hotels

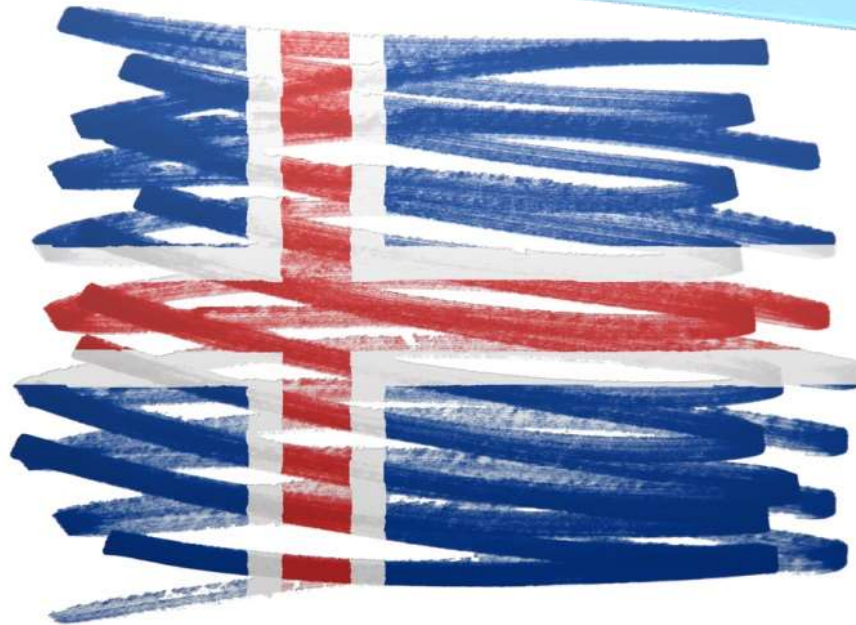


- Luxury brands



2.

Iceland: Impressions



Iceland: Impressions



Iceland: Impressions



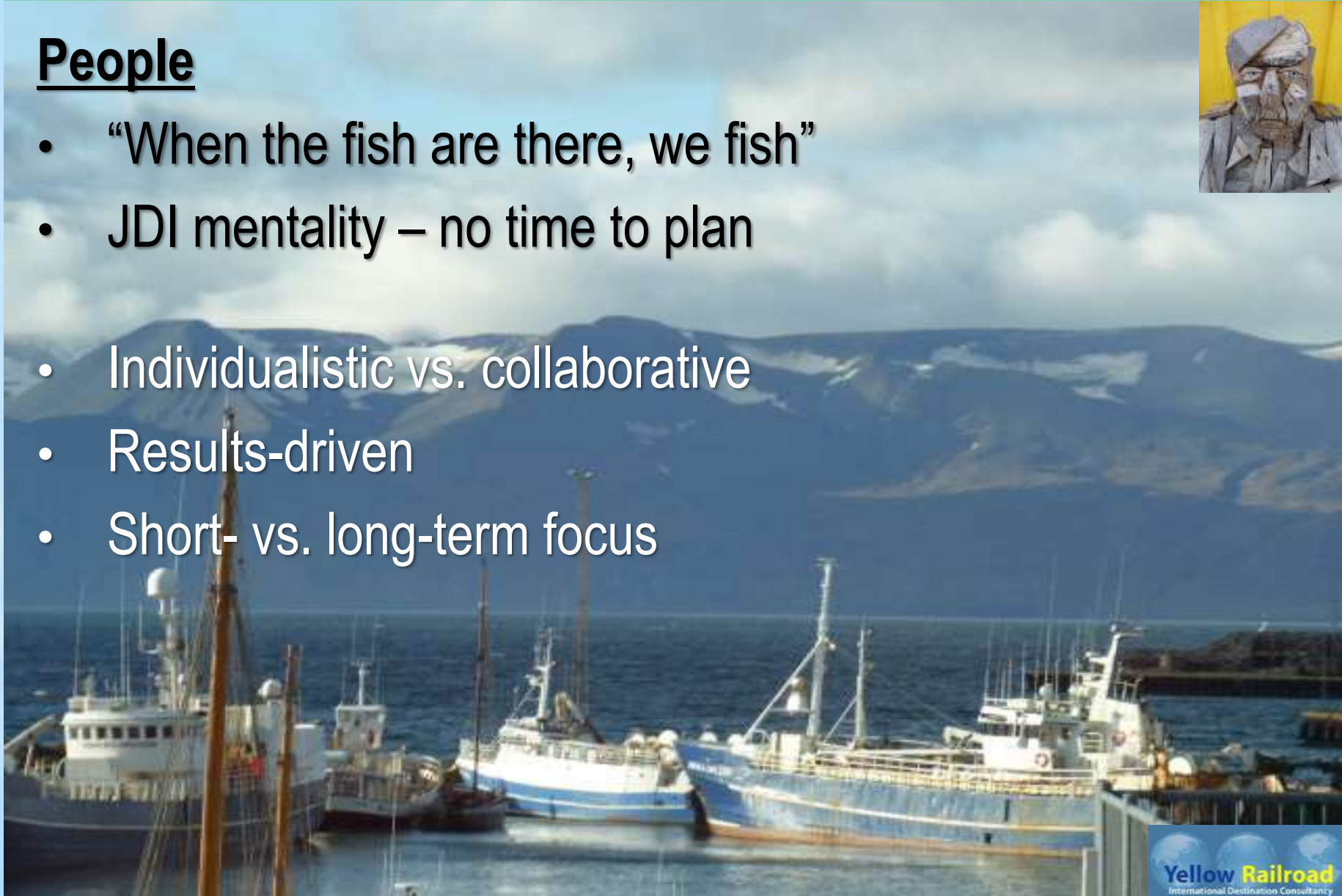
People

- Friendly
- Welcoming
- Open, straightforward
- Sense of humour
- Resilient
- Dynamic, energetic

Iceland: Impressions

People

- “When the fish are there, we fish”
- JDI mentality – no time to plan
- Individualistic vs. collaborative
- Results-driven
- Short- vs. long-term focus



Iceland: Impressions

Country

- Breathtakingly beautiful
- Pristine wilderness
- Geologically mind-blowing
- Clean, fresh, invigorating
- Tranquillity
- Serenity
- Emotional space

Iceland: Impressions

Country

- Congestion at pinch points
- Parking and toilet facilities
- Signage and design
- ‘Sense of place’
- Facts vs. stories
- Local distinctiveness
- Access to information

Iceland: Impressions

Risks

- Unfulfilled visitors
- Low spend in rural areas
- Unwilling to stray off the circle
- No reason to return – “seen all there is to see”
- Low repeat business
- Failure to maximise revenue opportunities
- Tourism underperforms

Iceland: Impressions

Opportunities

- **‘Release the pressure’:**
 - Manage access to congested areas
 - Spread the traffic more in off-season
- **‘Break the circle’**
 - Package and promote remoter areas
 - Develop regional diversity
- **Maintain sustainable growth**
 - Long-term marketing
 - Stress local distinctiveness

Iceland: Impressions

In 10 Years' Time.....?

- Sustainable, acceptable growth – of the kind desired
 - Medium-high spend visitors
 - Interested in the experience Iceland offers
 - Curious to see more and return

or.....

- Faded, one-time destination
 - “Been there, done that.....where next?”
 - Under-investment = decline

3.

Iceland:

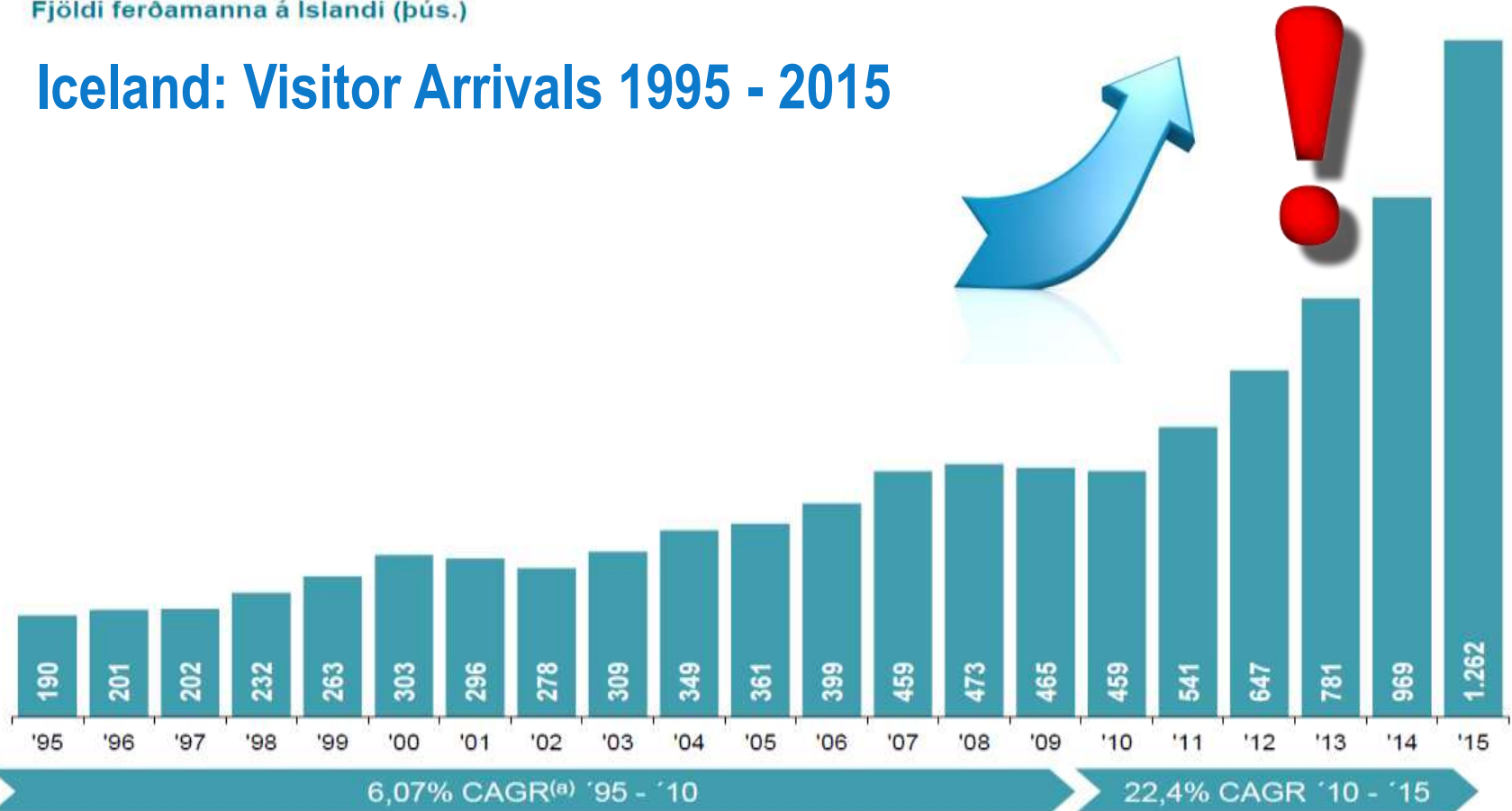
Future Challenges



Iceland: Relentless Growth

Fjöldi ferðamanna á Íslandi (þús.)

Iceland: Visitor Arrivals 1995 - 2015



Heimild: Ferðamálastofa og greining KPMG

ATH: (a) CAGR (e. cumulated annual growth rate) er árlegur jafnaðarvöxtur yfir tímabil

Iceland: 4 Scenarios

1. “Niceland”

- Flexibility in tolerance limit
 - Iceland is competitive

2. “Tourists – No thank you!” (Ferðamenn – Nei takk)

- Tolerance limit exceeded
 - Iceland is competitive

3. “Rooms available”

- Flexibility in tolerance limit
- Iceland is not competitive

4. “Over the Edge”

- Tolerance limit exceeded
- Iceland is not competitive

Iceland: Challenges Ahead?

- Economic recession (e.g. Brexit, USA) ?
- Airline routes – intercontinental
- Visitor fatigue – “been there, done that”
- Destination fatigue – maintaining a unique experience
- Congestion – visitor tolerance, environmental degradation
- Failure to inspire ‘beyond the circle’ – repeat visits
- Lack of awareness of product diversity – “no more to see”
- Risk to the natural environment & feel of Iceland
- Fashion

Destination Life Cycle



Iceland: Future Scenario?

Implications for Iceland?



.....or ?

4.

Destination Management Planning



- What is it?
- Why is it important?

Destination Management Planning

What is destination management?



- Making a plan
- People working together

 - for the benefit of visitors,
 - and the good of the community

Destination Management Planning

What is destination management?



“Destination Management is a process of **leading, influencing and coordinating** the management of **all the aspects of a destination** that contribute to a visitor’s experience, taking account of the **needs of visitors, local residents, businesses and the environment.**”

Destination Management Planning

Destination management: “the virtuous circle”



Destination Management Planning

What is a destination management plan?



“A Destination Management Plan (DMP) is a **shared statement of intent**

to **manage a destination** over a stated period of time, articulating the roles of the different **stakeholders** and identifying clear **actions** that they will take and the apportionment of **resources**.”

Visit England

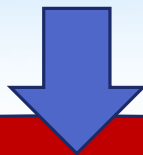
A DMP is a dynamic never-ending process!

Destination Management Planning

Key elements of a DMP



- Defined area
- Assessment of current tourism performance and impact (positive and negative)
- Destination appeal, access, infrastructure, landscape, built heritage, public realm, visitor facilities and services
- Destination image, brand and marketing - prioritised
- Visitor products and experiences + development priorities
- Skills needs
- Governance structure and communications
- Vision



5-year strategy + action plan

Destination Management Planning

Benefits of a DMP



- Regional cooperation
 - Stronger together
 - Shared resources
 - Efficiency/joined up approach
 - Local solutions
 - Focused approach - priorities
- 
- Mutually desired result (increase benefits & reduce negatives)
 - Better visitor experience
 - Enhanced quality of life
 - Improved competitiveness
 - Better business
 - Reduced costs

Destination Management Planning

The customer journey: from arrival to departure

Arrival,
Welcome,
Access,



'Sense of place'/
'Destination feel'



Destination Management Planning

The customer journey: from arrival to departure

Arrival,
Welcome,

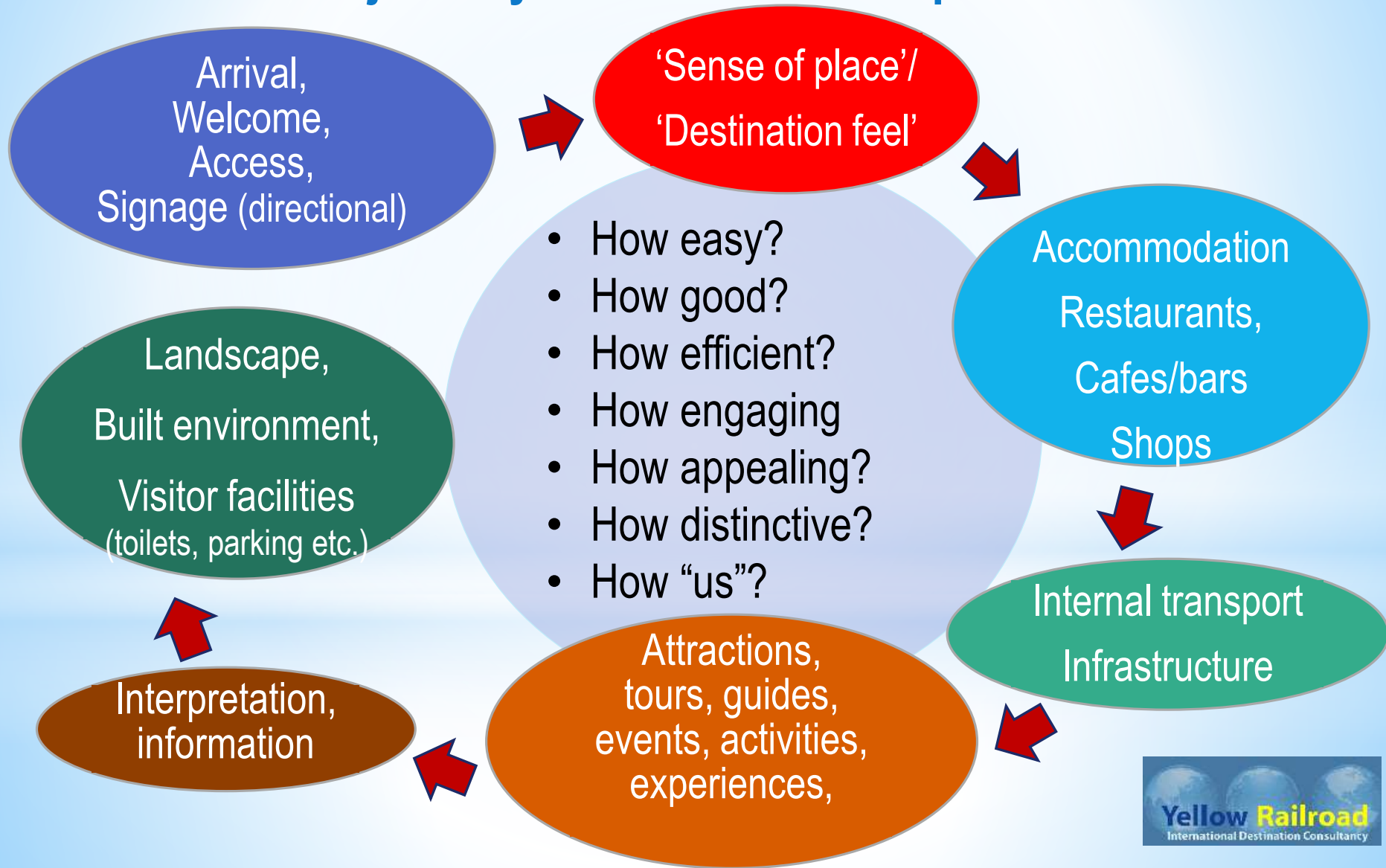
'Sense of place'
'Destination'



experiences,

Destination Management Planning

The customer journey: from arrival to departure



DMP: Details Matter

Unspoilt nature



DMP: Details Matter

Unspoilt nature



DMP: Details Matter

facebook Search for people, places and things



Tom Buncle

Update info Activity log

- M.D. at Yellow Railroad
- Add your school or university
- Add your current city
- Add your hometown

About

Status Photo Place Life events

What's on your mind?

Guess where I was

*"If you make customers unhappy in the physical world, they might each tell **6** friends. If you make customers unhappy on the internet, they can each tell **6,000** friends."*

- Jeff Bezos - CEO Amazon.com

52%

SHARE TRIP DETAILS BOTH WHILE TRAVELING AND AFTER RETURNING HOME

- 33% believe what a **brand** says about itself
 - 92% believe what **peers** say about a brand
- (Nielsen)



Decision due in Strauss-Kahn case
www.bbc.co.uk

A French court is to decide whether to send former IMF chief Dominique Strauss-Kahn to trial on pimping charges.



**“If you don’t know where
you’re going, any road will
take you there”**

Lewis Carroll,
author of ‘Alice in Wonderland’



.....or nowhere!

DMP: Critical Success Factors

- Clearly defined area
- Knowing what you (& the community) want
 - Volume vs. spend, quality vs. diversity, short-term vs. sustainability
 - Type of tourism = type of visitors
- Understanding your markets
 - Who they are/might be
 - Why they travel & what they want
- Honest appraisal of your product
 - Strengths & deficiencies
 - Development needs
- Leadership & governance
- Cooperation
 - Focus on common goal
 - Shared commitment = joint effort + pooled resources
 - Human relationships !!!

5.

Case Studies:

What Others Have Done



Dorset, England – Collaboration



Municipality structure:

- Dorset county council
- 2 unitary authorities: Bournemouth & Poole
- 6 districts
- Population: 412,905
- Area: 2,653 km²

Dorset, England – Collaboration

Challenges:

- Mixed business fortunes
- Need more off-peak business
- Spare capacity in high season
- Economic uncertainty
- Lack of capital to invest in refurbishment / upgrading
- Need better skills – training in marketing, customer care and product knowledge
- Inadequate basic visitor services (e.g. car parking / toilets)
- Improve marketing, market research and information services
- Recognition local authorities need to work together

Dorset, England – Collaboration

5 strategic objectives:

- Raise the profile of Dorset as a visitor destination
- Capitalise on Dorset's inherent resources – manage & enhance access to coast and countryside
- Enhance quality and distinctiveness: accommodation, attractions, customer service, food, culture, events, environment
- Support tourism businesses and human resource development
- Strengthen delivery structures and processes (DMO, DMP)

Dorset, England – Collaboration

Results:

- Shared vision
- Combined resources
- Clear focus
- Greater impact

Lochaber, Scotland: Season Extension

Challenge:

- Snow unreliable
- Ski days declining

Result:

- Year-round tourism
- 12 x host to Mountain Bike World Cup
- 1x host to Mountain Bike World Championships
- Also orienteering

Autumn

Cinque Terre, Italy: Visitor Management



Cinque Terre, Italy: Visitor Management

Challenge:

- 5 fishing villages – UNESCO – connected by cliff trails
- 2.5 m visitors in 2015 – cruise & coach pressure
- Environmental damage
- Congestion – residents' & visitor tolerance

Solution:

- Cinque Terre card: access to paths & sites + train & bus
- Conservation guidelines for tourists
- Limit = 1.5 m visitors (2016) – counter devices on roads
- Advance ticket sales
- App for visitors showing congestion levels

New Zealand: Destination Transformation

The Problem:

- NZ exports decline
- Distance from major markets
- Old-fashioned image

New Zealand: Destination Transformation

Solution:

- Distance: focus on Asia
- Distinctiveness: natural environment = quality
- Destination + products: tourism, food & drink

New Zealand: Destination Transformation

From faded to fresh



New Zealand: Destination Transformation

100% PURE NEW ZEALAND

Nature

+

Adventure

=

“World capital of
adventure
tourism”

Experiencing New Zealand's beauty all year round with a million uses strapped to your pack, you'll want to be your best of a hill in these parts. For many others, the same great locations are breathtaking enough in their own right.

100% PURE

Destination Transformation: New Zealand

Results:

- Differentiation on basis of quality
- Changed attitudes: from dull to 'cool'



- Competitiveness – increase in produce sales
- Rejuvenated tourism product
- Tourism growth
- Tourism image drives country image
- Synergy between tourism, produce, sport and diplomacy



Spain: New Image, New Products

EUROPEAN COMMUNITY
The European Regional Development Fund

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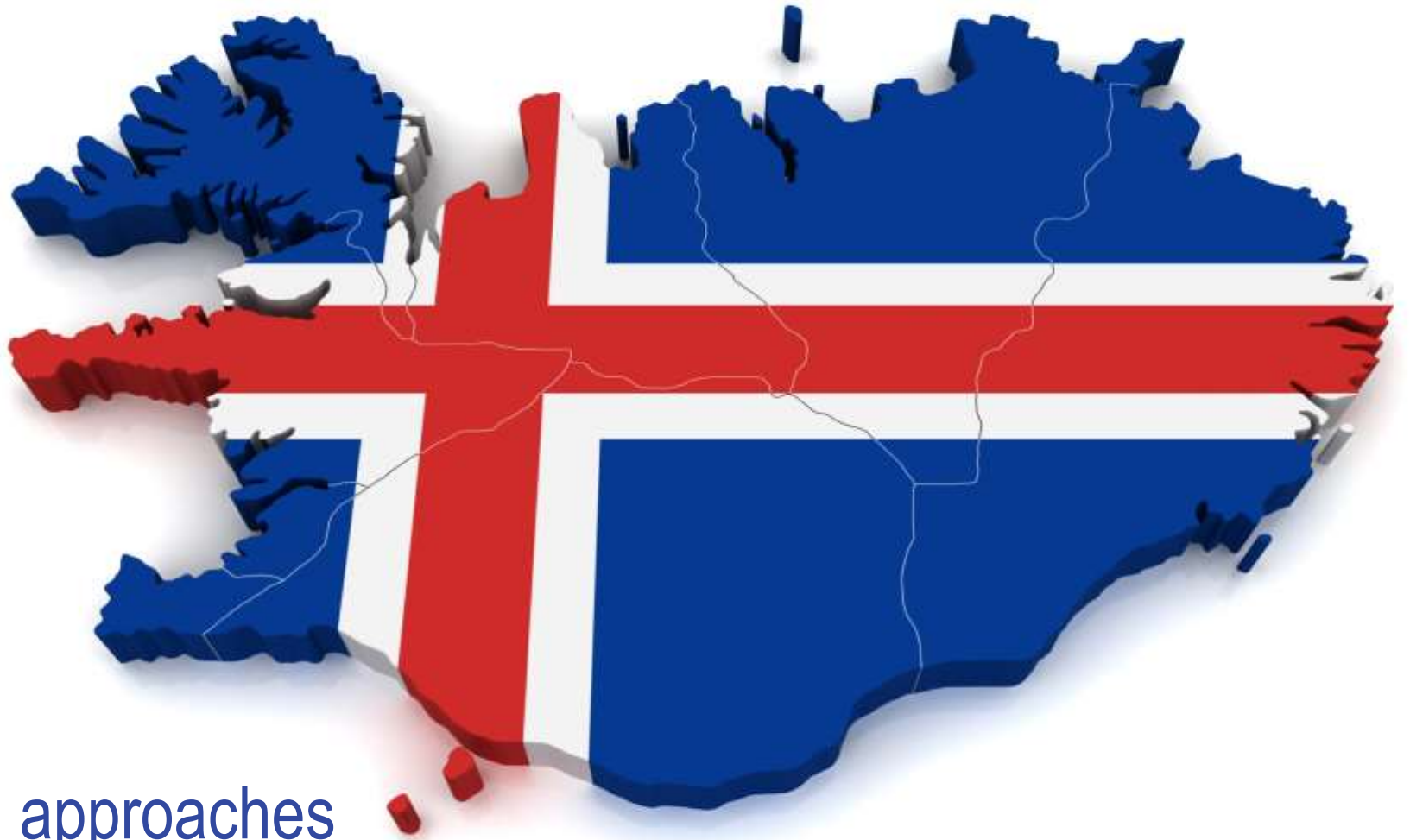
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24 hour information and brochure request line: 08458 400 180 e-mail: info.tourism@tourism.gov.es

Iceland: Progress at Home



4 approaches
to regional destination management

Iceland: Austurland

Challenge:

- To attract visitors “outside the circle”

Approach:

- Marketing
 - Brand
 - Market segmentation
 - Signage - design
 - Audit of municipalities’ investment (e.g. hiking trails, rest stops etc.)

EAST
ICELAND
WONDERS

THINK OUTSIDE THE CIRCLE

AUSTURLAND

Iceland: Snaefellsnes

Challenge:

- To manage visitors in a sensitive environment
- To attract visitors outside the main season
- Attitudes: traditional industries vs. tourism

Approach:

- Systems to reduce visitor congestion
- Traffic management
- Visitor management: 'welcome' vs. 'no-go' areas
- Brand development
- Link with other plans – 5 municipalities

Iceland: Katla Geopark

Challenge:

- To persuade visitors to stay longer and spend more
- To enable access while protecting the environment

Approach:

- Designate visitor sites
- Restrict access to others
 - Partnership
 - Geopark

Iceland: Reykjanes

Challenge:

- To address negative perceptions
- To attract visitors

Approach:

- Geopark
- Product development
- Signage and interpretation
- Partnership

6. Iceland: The Way Forward



Iceland: The Way Forward

“Been  here, done that”



“Let’s go back
.....and let’s see more of the country
off the beaten track”

Iceland: The Way Forward

- Shared vision of the future
- Collaborate on planning – at local & national levels
- Decide what kind of tourism you want
- Understand who will deliver this and what they want
- Develop suitable, sustainable, products & experiences
- Don't be afraid to manage access
- Monitor success and be alive to market trends
- Keep the faith..... the road will be Icelandic!

'Spirit of Iceland'



'Spirit of Iceland'

Takk fyrir!

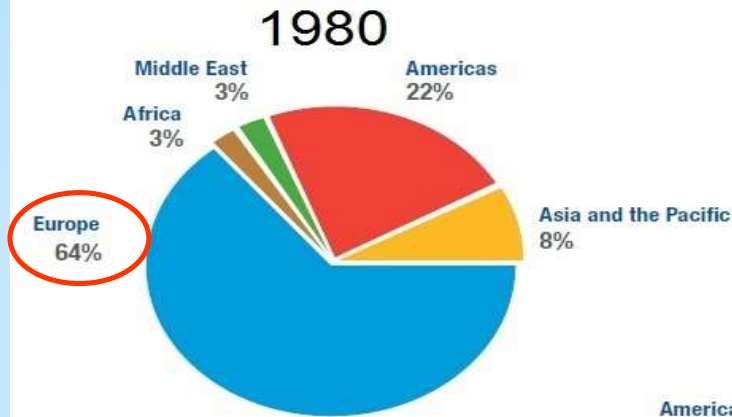
Tom Buncle
Managing Director

www.yellowrailroad.com

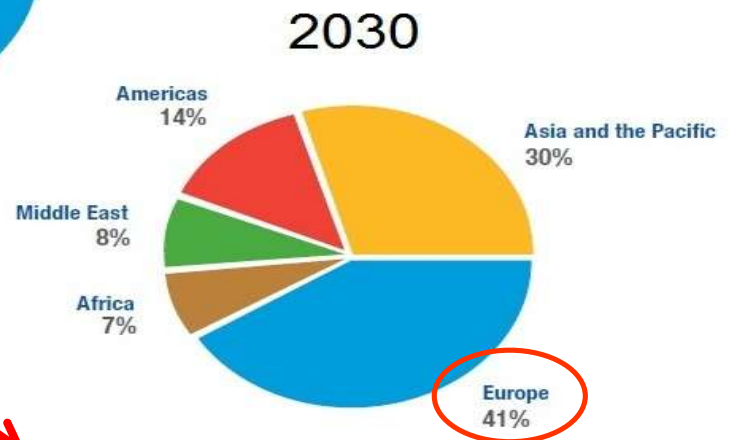
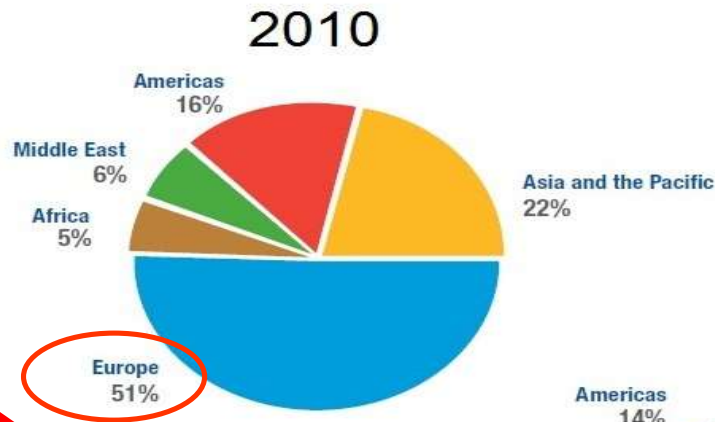


@TomYellowRail

Tourism Forecast - 2030



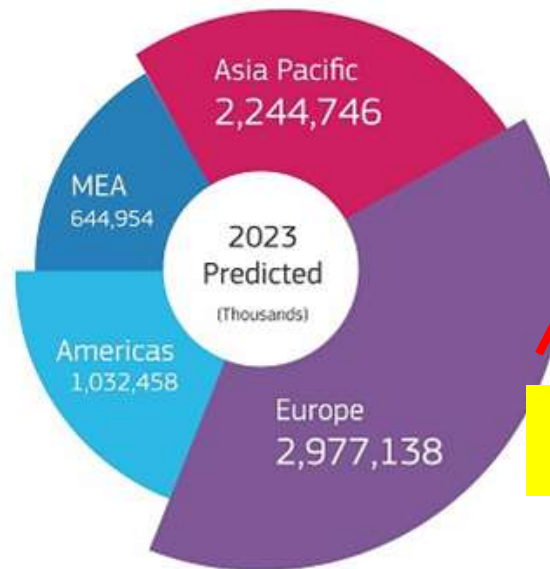
Asia and the Pacific, the Middle East, and Africa to increase their shares of international tourist arrivals



Source: World Tourism Organization (UNWTO) ©

Tourism Forecast

Overnight Tourism Flows By Region



But.....volume growth continues to Europe

Europe+ c. 50%

Brecon Beacons, Wales

- Private sector led
- Focus:
 - Area distinctiveness – brand
 - Marketing, esp. PR
 - Booking system

Result:

- Collaboration
- Business growth

Cumbria, England – DMP



Municipality structure:

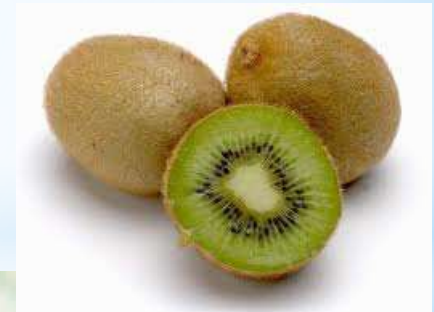
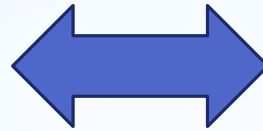
- Cumbria county council
- 6 districts
- Population: 498,000
- Area: 6,768 km²

Cumbria DMP: Approach

- Arts
- Food and drink
- Skills & business development
- Sustainable transport connections



Destination Transformation: New Zealand



Synergy: tourism + food

Travel Motivation: “Selfie-Sticker”



- Iconic destination collector
- “Look where I’ve been”
- “Been there done that”
- Low repeat tendency?