

Iceland on the German Market – News from your Potential Guests

Based on the full report for



Reykjavik, November 15, 2012

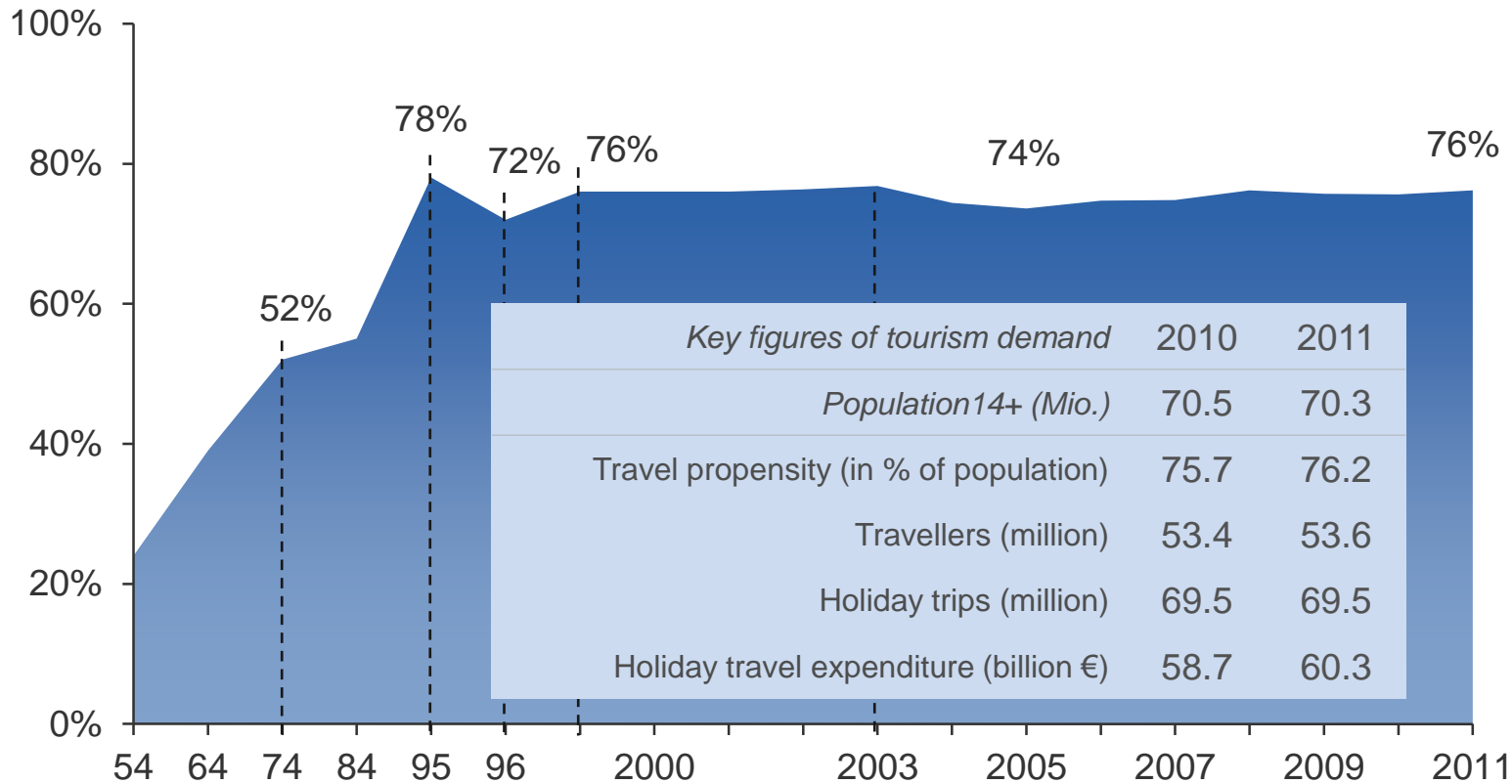
Ulf Sonntag, NIT/FUR

Agenda

- » Market **Overview**
- » **Competition** on the German Market
- » Potential German Guests: **Volume**
- » **Image** of the Iceland on the German Market
- » Potential German Guests: **Development and Structure**
- » Potential German Guests: **Holiday Interests**
- » Focus: **Nature Holidays**
- » Focus: **Holiday in the low Season**

Holiday travel propensity (holidays = 5+ days)

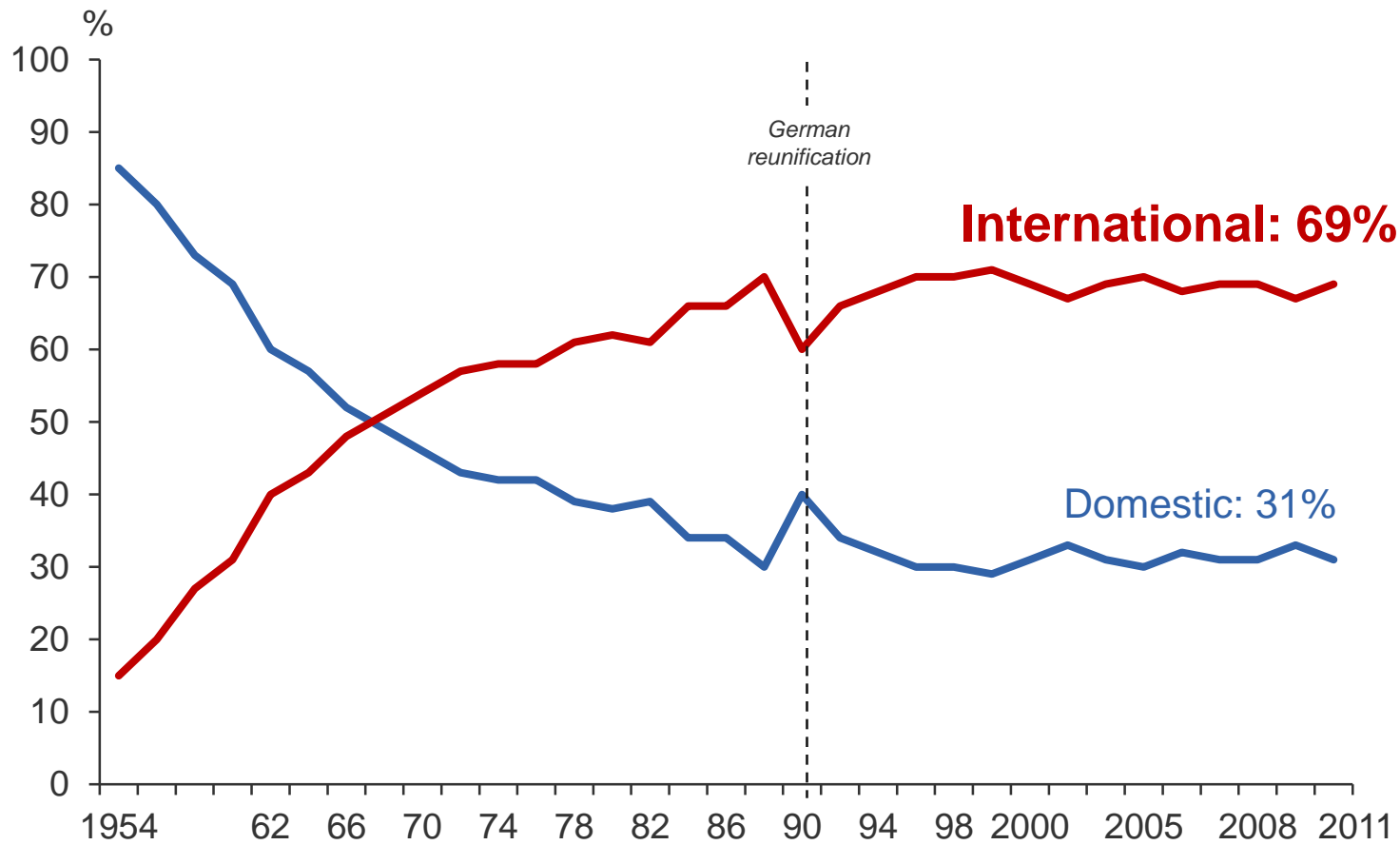
Stable demand on high level



Share (in % of the population), who went on at least one holiday trip (5+ days) per year
 Basis: German-speaking population 14+ years; until 1990 only West Germany;
 until 2009 only Germans 14+ years



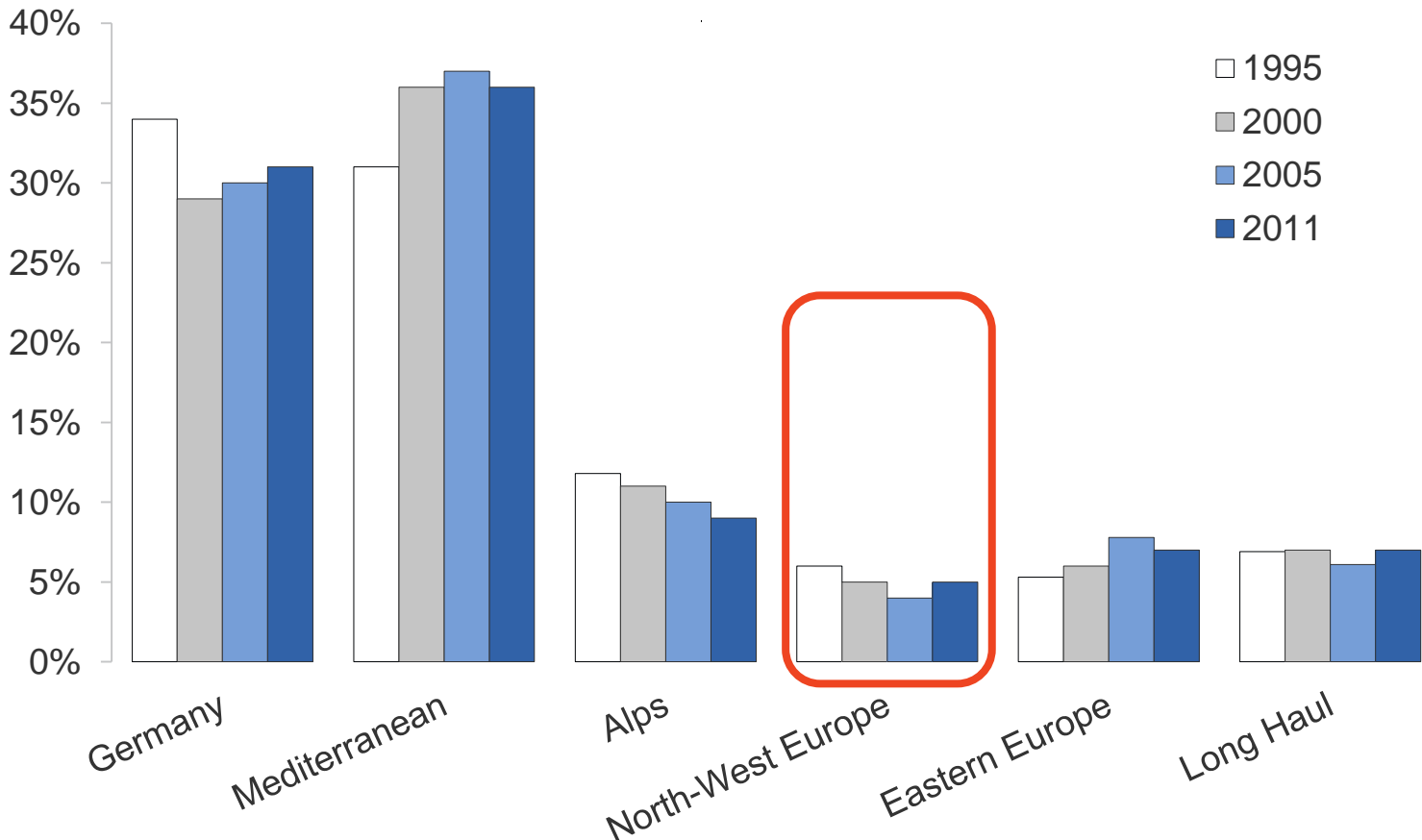
Holiday destinations 1954 until 2011: In the past 15 years quite stable on today's level of 69% international and 31% domestic holidays



Basis: All holiday trips (5+ days) of the German-speaking population 14+ years; until 1990 only West Germany; until 2009 only Germans 14+ years



Holiday destinations 2011: about 1/3 Germany, 1/3 Mediterranean, 1/3 „Rest of the World“



Explanation:

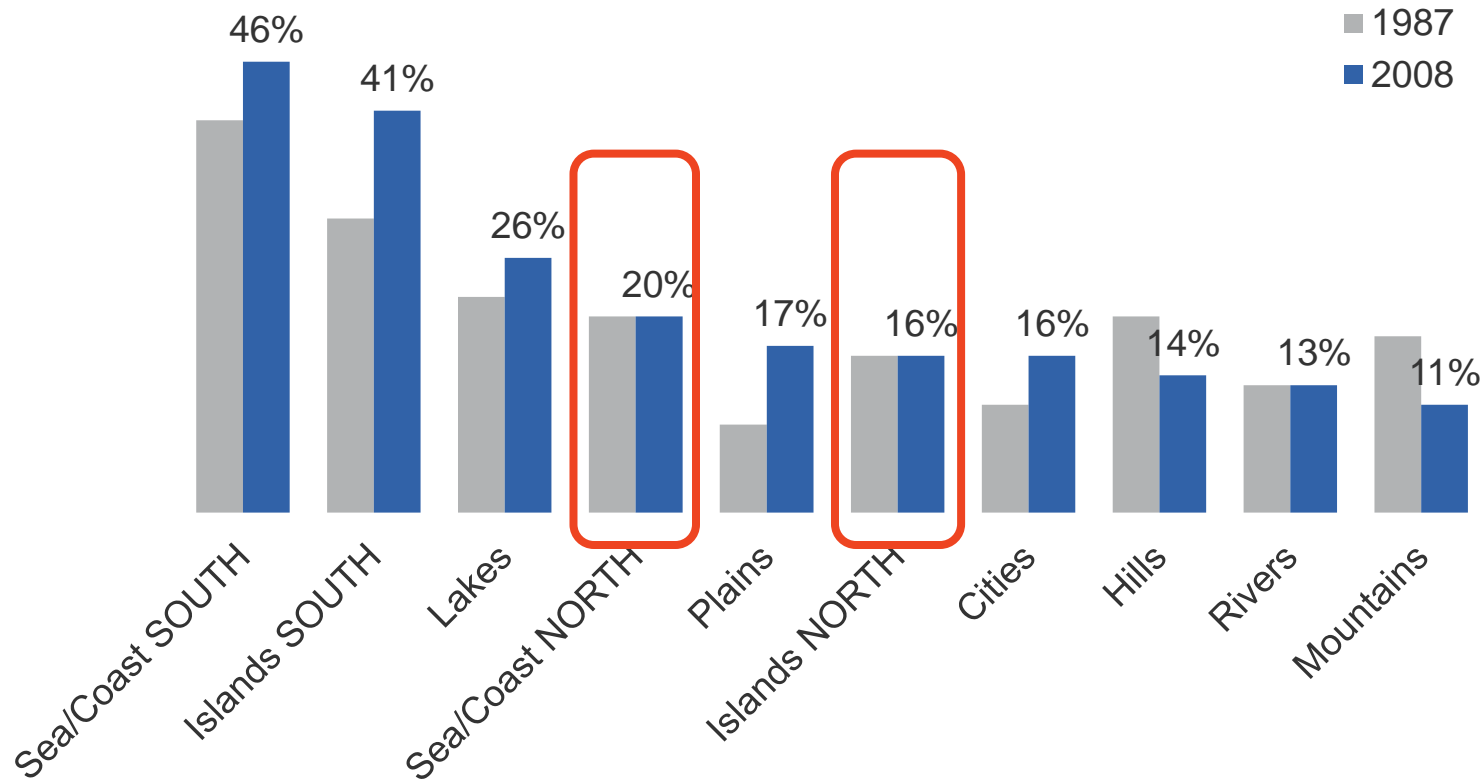
Alps = Regions of the Alps in CH, AT, FR, IT und DE

North-West Europe = NO, SE, FI, DK, IE, UK, IS, GL

Basis: All holiday trips (5+ days) of the German-speaking population 14+ years; until 2009 only Germans.



Holiday landscape preferences: 20% prefer Sea/Coast and 16% Islands in the NORTH – stable over the past 20 years



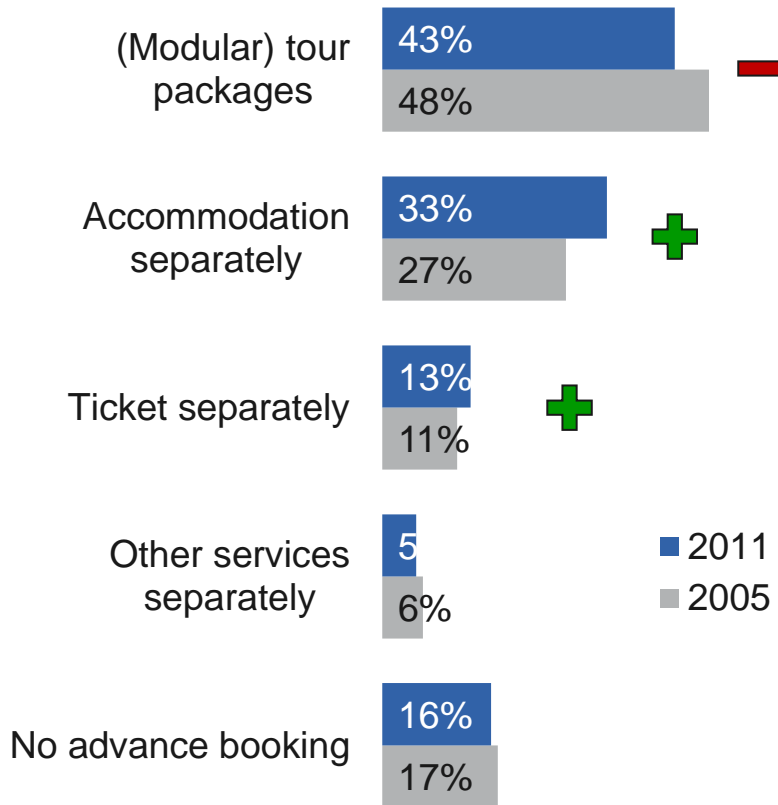
Question: Which of the following landscapes/sceneries do you prefer for a holiday?

Basis: German population 14+ years



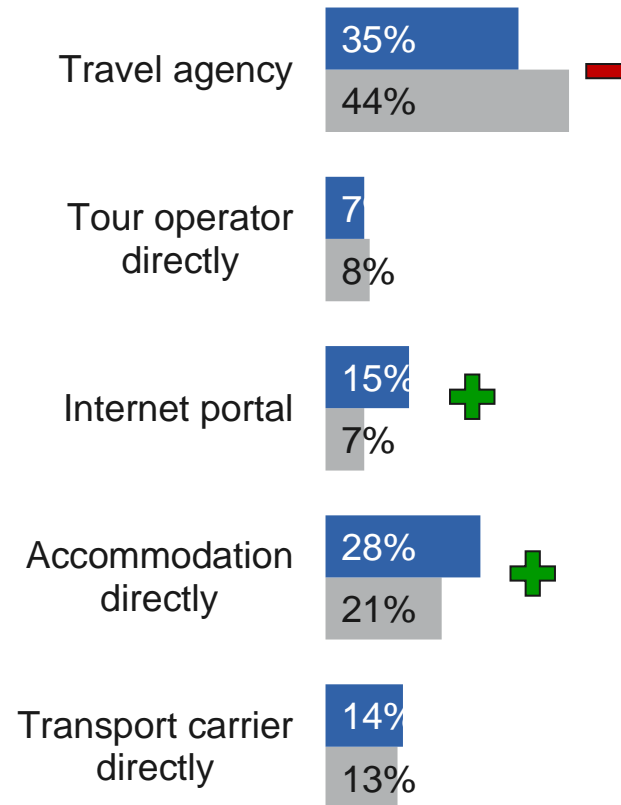
Holiday organisation and booking: Structural change!

Holiday organisation („how?“)



Basis: Holiday trips (5+ days) of the German-speaking population 14+ yrs., 2005 only Germans

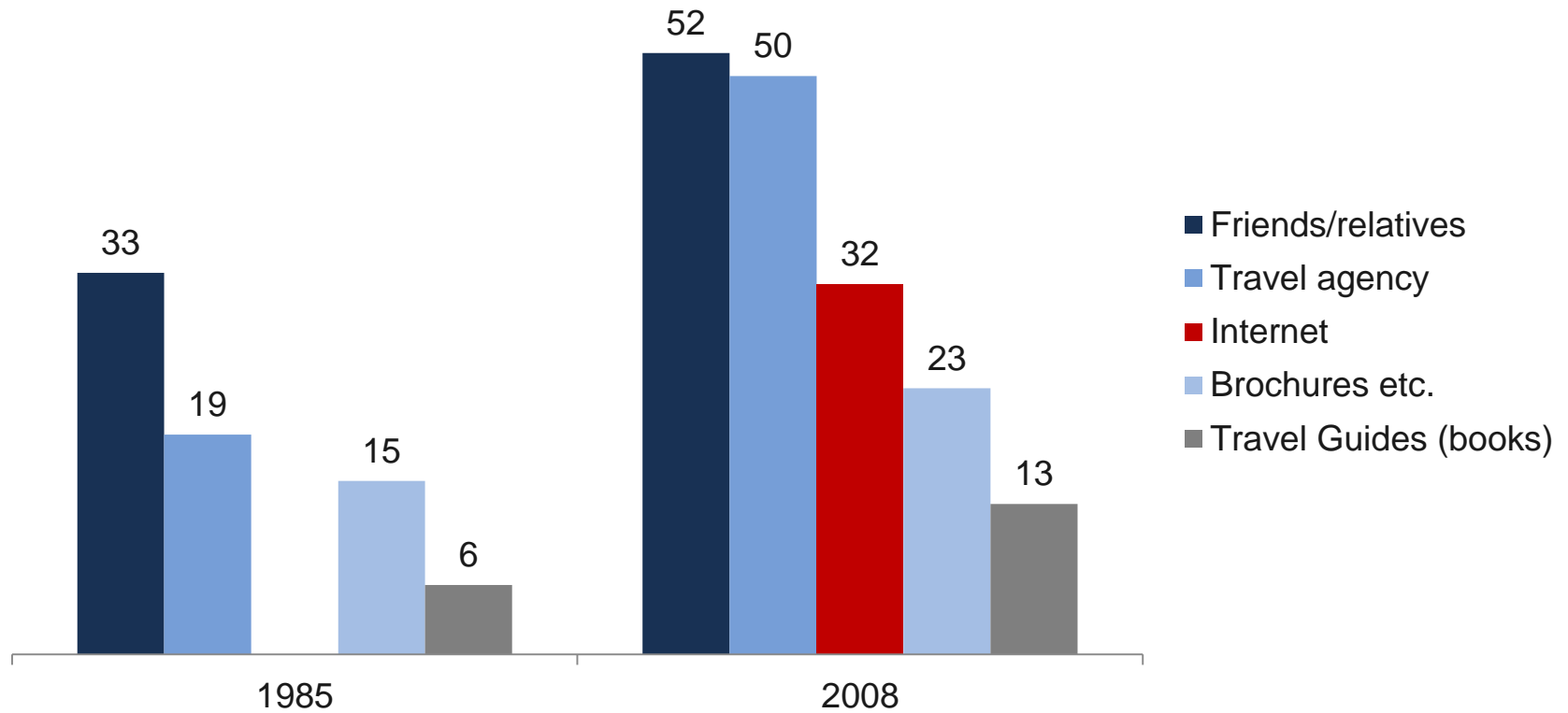
Booking channels („where?“)



Basis: Holiday trips (5+ days) with advance booking of the German-speaking population 14+ yrs., 2005 only Germans

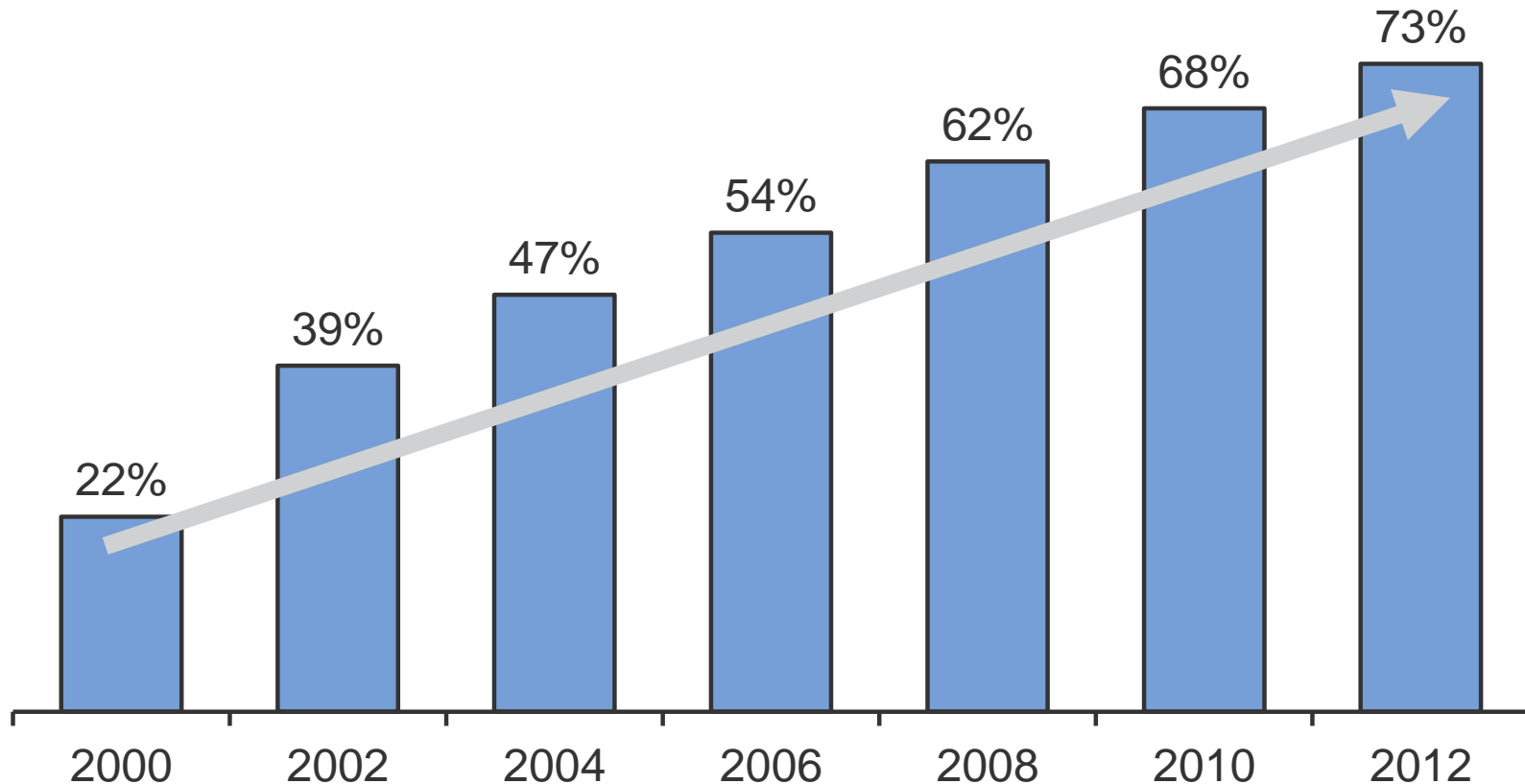


Means of information for holiday planning: More sources, less detail



Note: "Internet" was not in the question of 1985
Basis: Holiday travellers (5+ days) in Germany

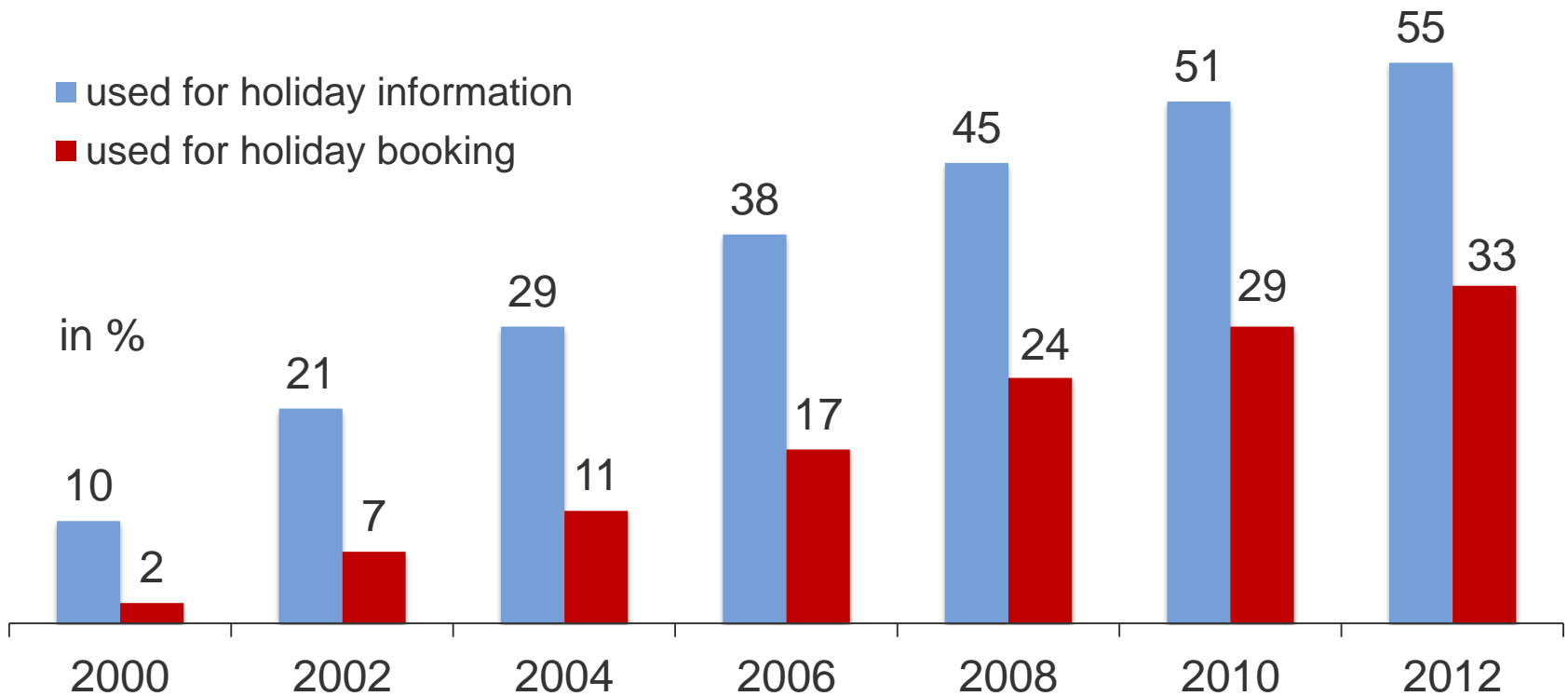
Internet Access: ¾ of the population, 3x since 2000



Basis: German-speaking population 14+ years; until 2009 only Germans

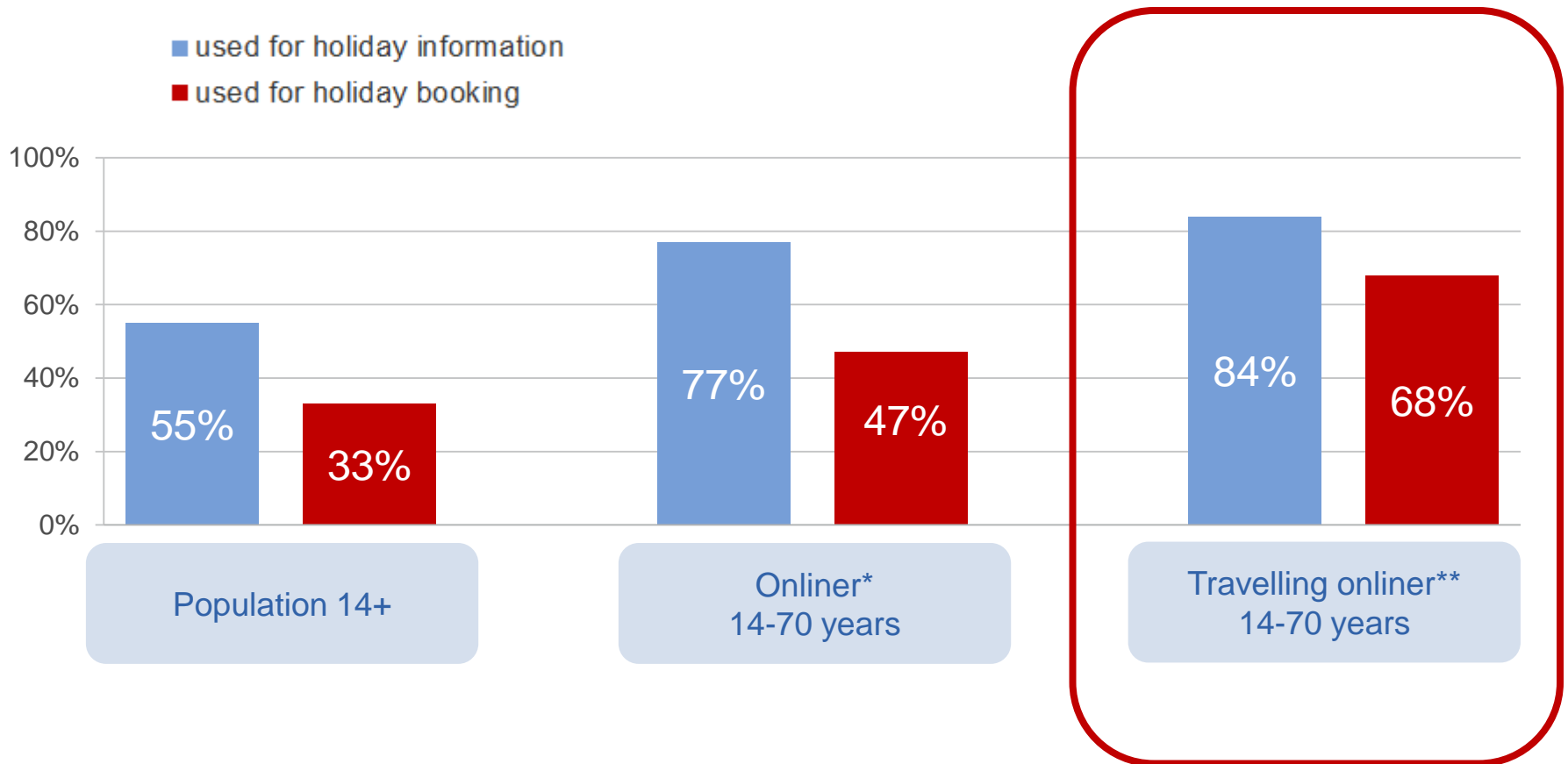


Rising importance of the internet in holiday planning: 55% of the population have used the internet for information, 33% for booking



Basis: German-speaking population 14+ years; until 2009 only Germans

Almost everybody who is online and travels uses the internet for holiday planning!



Basis: German-speaking population 14+ years

What does this mean for you?

- » In Germany, you have a very stable demand for holiday travel
- » The Germans like to travel abroad
- » The biggest holiday destinations are Germany (1/3) and the Mediterranean (1/3).
- » Market share of North-Western Europe around 5%.
- » Stable interest for “Nordic” landscapes.
- » Domination of package holidays and travel agency booking – BUT structural change towards more individual and internet booking
- » 75% Internet access; 55% Holiday-Info; 33% Holiday-booking

Good: You can count on the German traveller

Bad: You cannot count on more Germans from a growing market.

→ If you want more Germans, you have „take“ them from other destinations

Source of our findings: Reiseanalyse 2012

RA 2012 face-to-face

*field time: January 2012;
7,703 personal interviews;
representative for the German-speaking
population 14+ years in Germany*

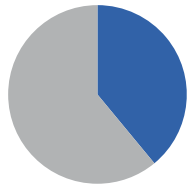
- » Market overview and trends
- » Development of volume and structure of the potential guests
- » Attitudes and interests of potential guests
- » Competitive Situation
- » Focus: nature holidays

RA online 5/2012

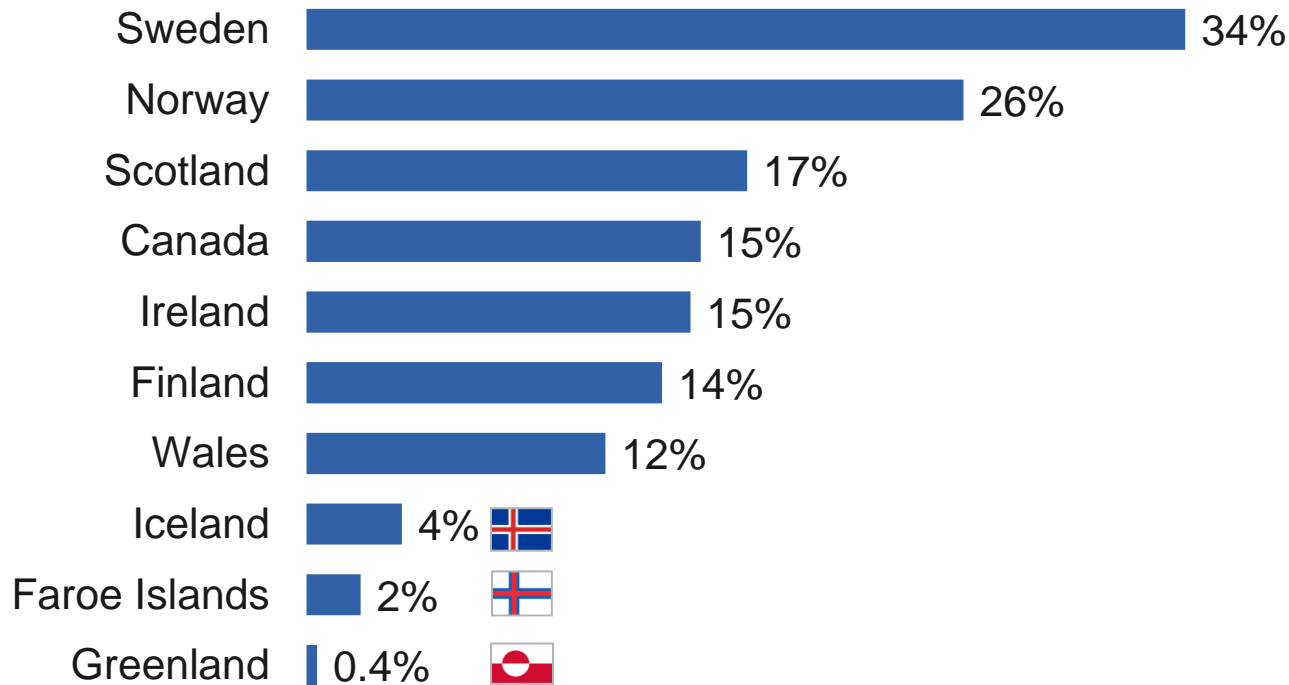
*field time: May 2012;
2,515 online interviews;
representative for the German-speaking
population 14-70 years in Germany*

- » Awareness, interest and experience with Faroe Islands, Greenland and Iceland
- » Structure of potential guests
- » Image
- » Competition Nordic destinations
- » Reasons against travelling to Iceland in the low seasons

Nordic destinations: Almost 40% have ever been to “the North”.
Most popular are Sweden and Norway.

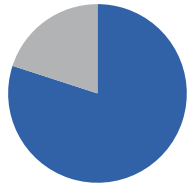


39% of the German population have been at least to one of these ten Nordic destinations at least once in their life (= 100%)

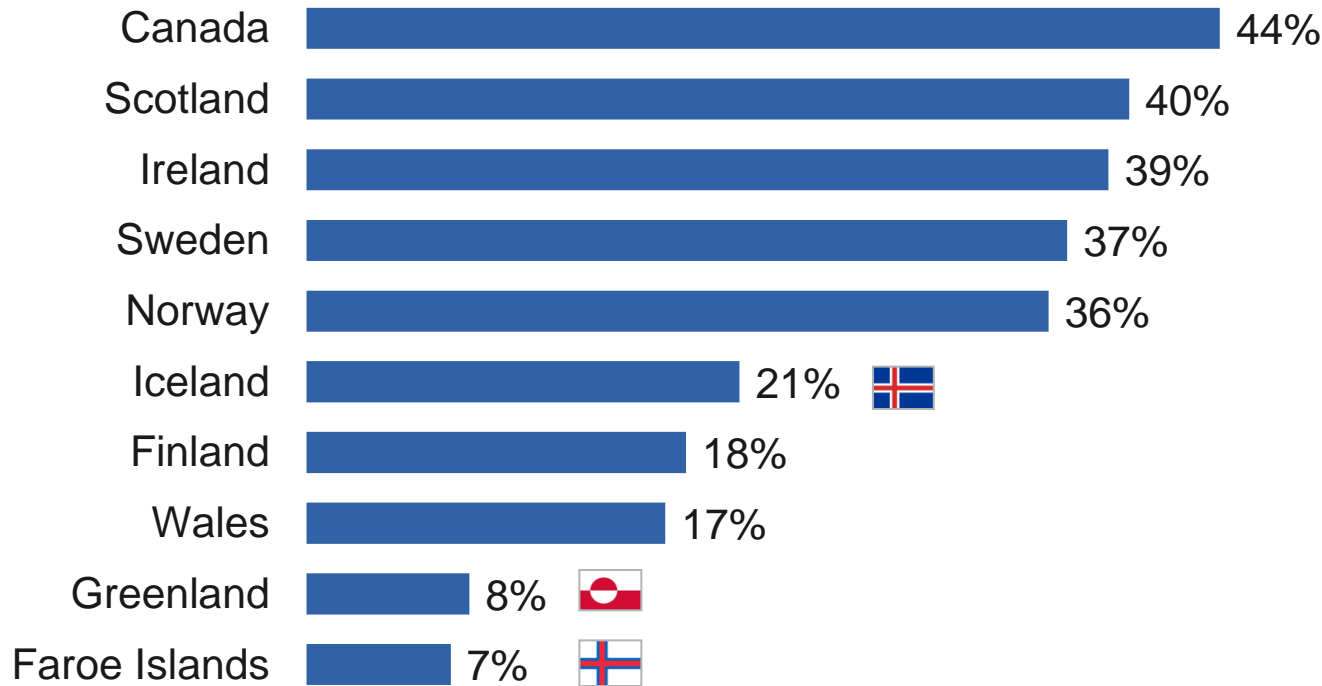


Source: RA online 5/2012
Basis: German-speaking population 14-70 years;
All-time travellers to 10 Nordic destinations

Nordic destinations: 80% would like to go “North”. Iceland more popular than Finland and Wales. Greenland in front of Faroe Islands



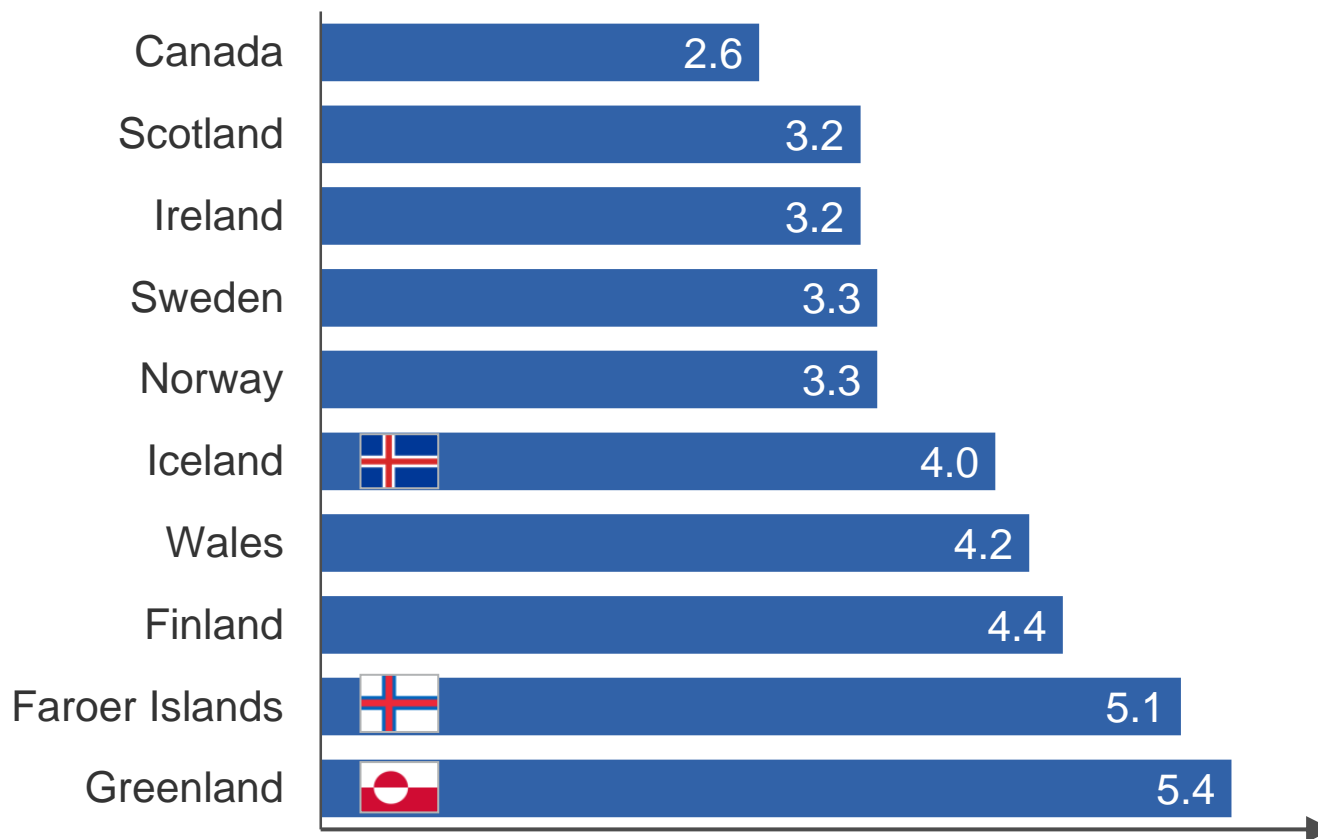
80% of the German population would like to go to at least one of these ten Nordic destinations in the next 5 years (= 100%)



Source: RA online 5/2012
 Basis: German-speaking population 14-70 years;
 Prospective travellers to 10 Nordic destinations

Nordic destinations: In the German mind Canada is the least, Greenland the most “exchangeable” destination.

Interest next three years for ...



Exchangeability = Number of alternative Nordic destinations

Number of alternative Nordic destinations [Basis: Interest for the 10 shown destinations] among persons interested those 10 destinations

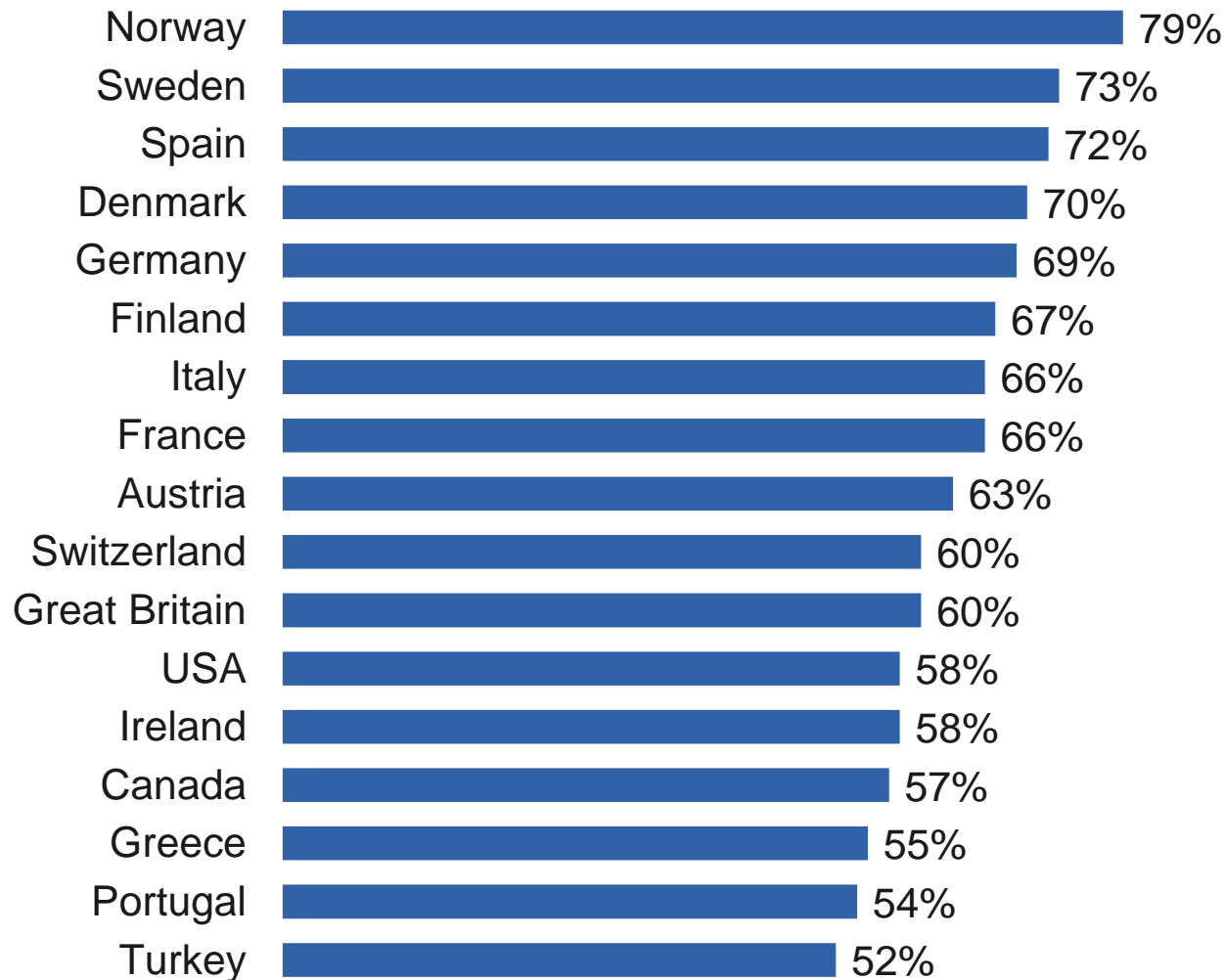
Source: RA online 5/2012
Basis: German-speaking population 14-70 years;
Prospective travellers to 10 Nordic destinations

Fierce competitive situation for Iceland/Greenland: Potential guests have also many, many other travel options in mind



Source: RA 2012 face-to-face. Basis: German-speaking population 14+ years; Persons interested in Iceland/Greenland 2012-2014 ("almost definitely planning" or "generally considering"); Set of 59 destinations abroad.

Potential guests to Iceland/Greenland:
They also like to go basically everywhere else on holiday.

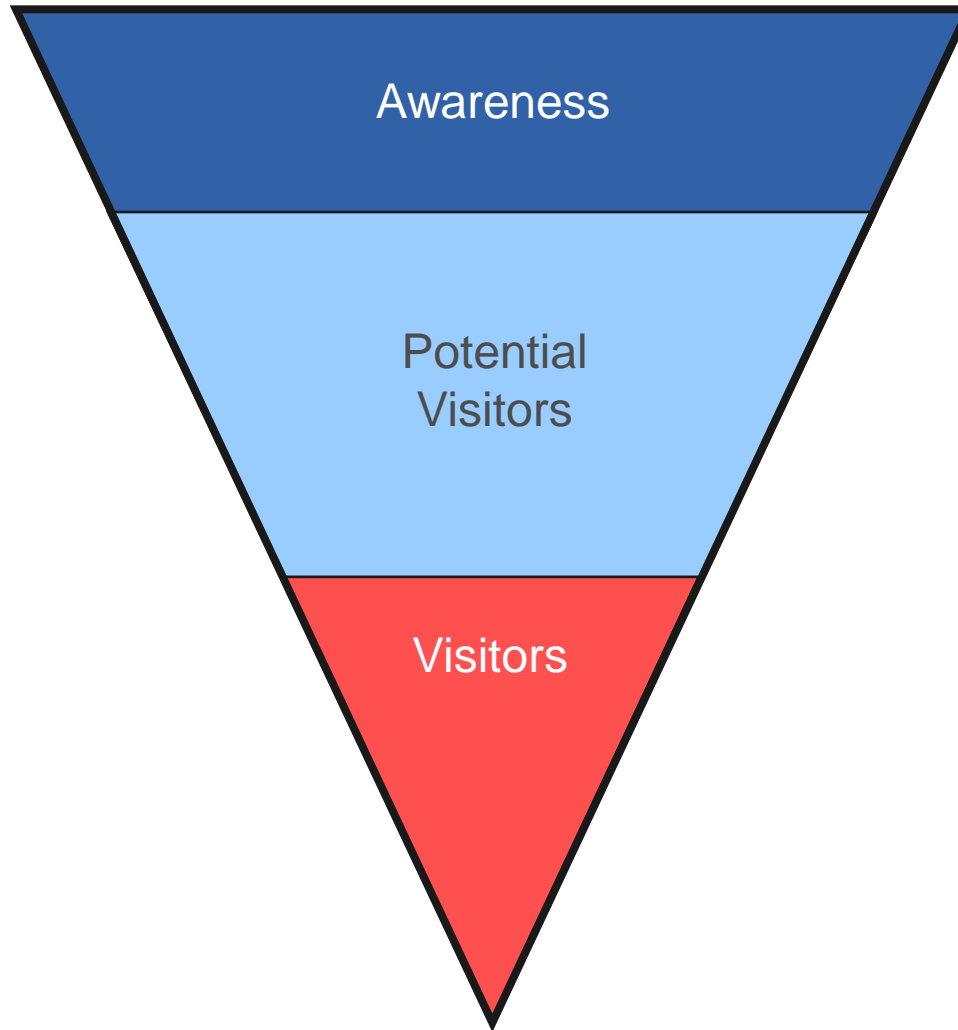


Source: RA 2012 face-to-face. Basis: German-speaking population 14+ years; Persons interested in Iceland/Greenland 2012-2014 ("almost definitely planning" or "generally considering"); Set of 59 destinations abroad.

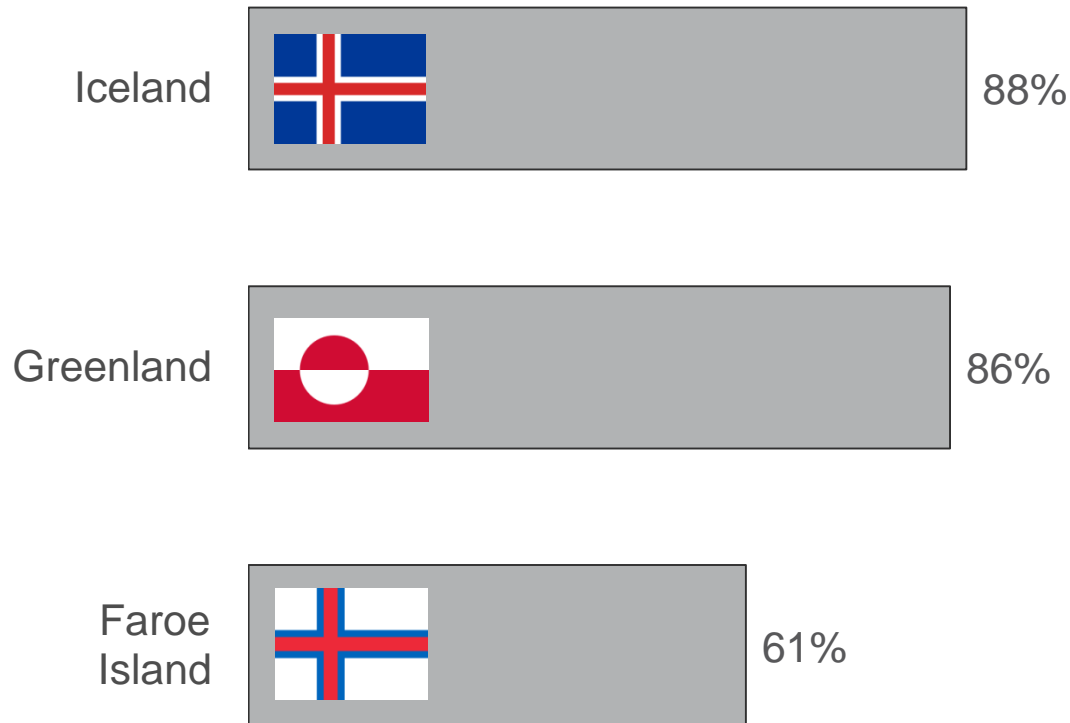
What does this mean for you?

- » Iceland, Greenland and the Faroe Islands are facing a very fierce competition on the German market.
- » Potential guests to the three destinations also would like to go basically everywhere else in the world.
- » This makes it very hard to reach and convince these potential guests and is probably the main reason for the big gap between potential and actual visitors from Germany.
- » Within the „Nordic“ countries, there are differences in the positioning of Iceland, Greenland and the Faroe Islands.

The concept to measure awareness, interest and actual demand for Greenland, Iceland and Faroe Islands in the Reiseanalyse



Awareness for Greenland, Iceland, Faroe Islands as holiday destinations: Almost everybody knows Iceland and Greenland.

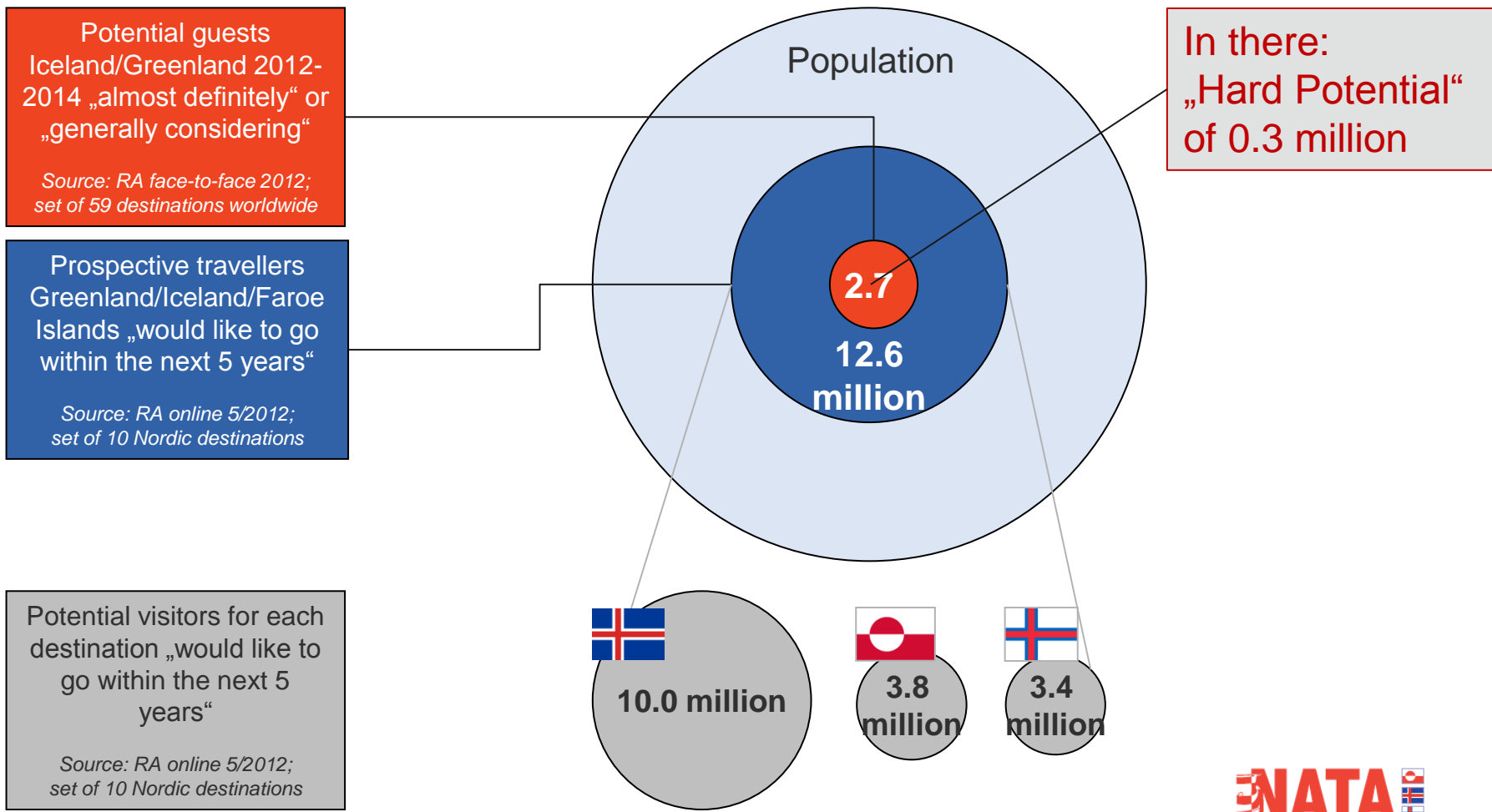


Question: Now we are talking about holiday destinations in the North. Using this list, please tell me which of these holiday destinations do you know, if only by name?

Source: RA online 5/2012
Basis: German-speaking population 14-70 years



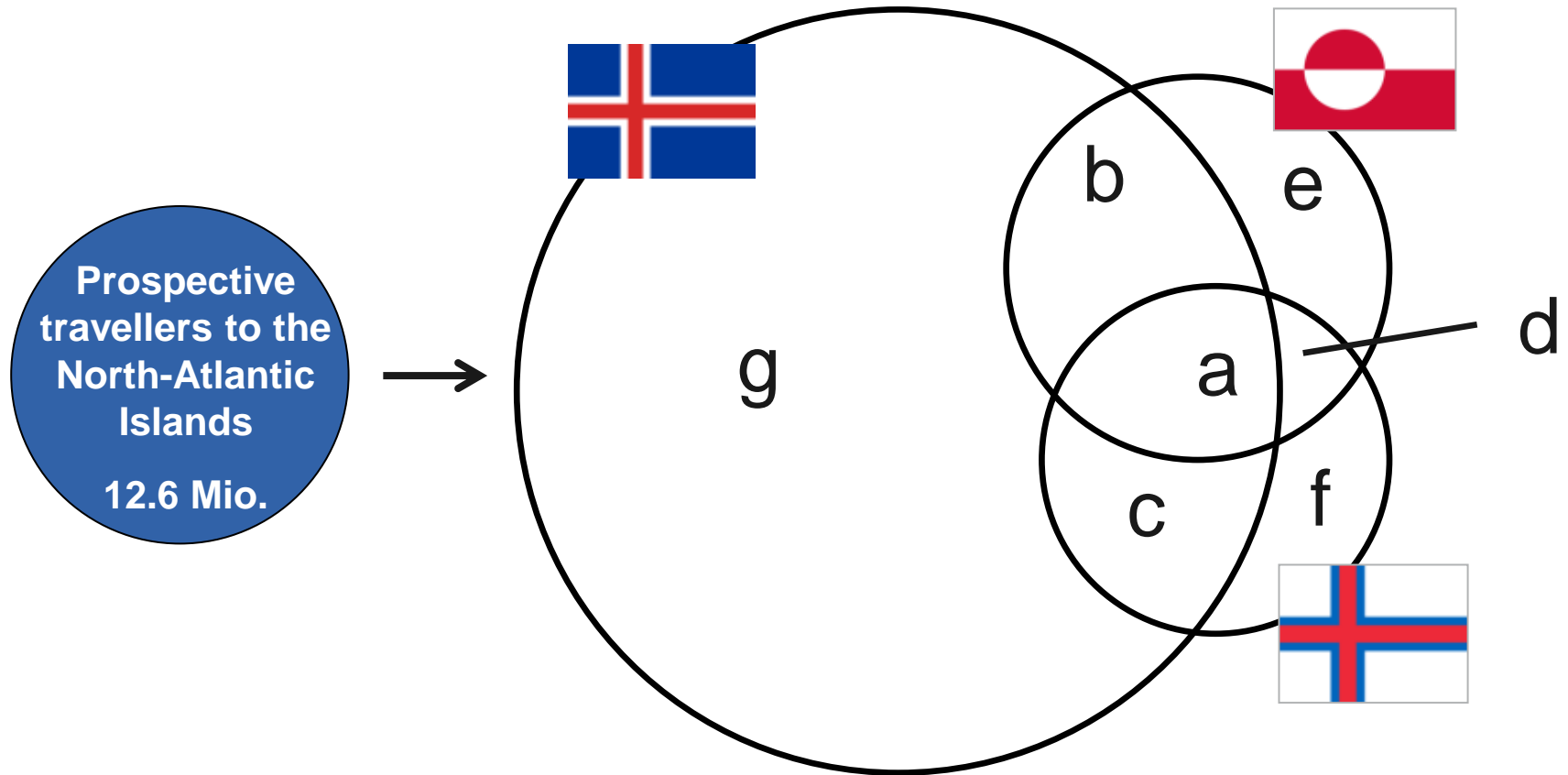
Interest for Greenland, Iceland, Faroe Islands as holiday destinations in the future



Source: RA 2012 face-to-face; RA online 5/2012
Basis: German-speaking population 14+ years resp. 14-70 years



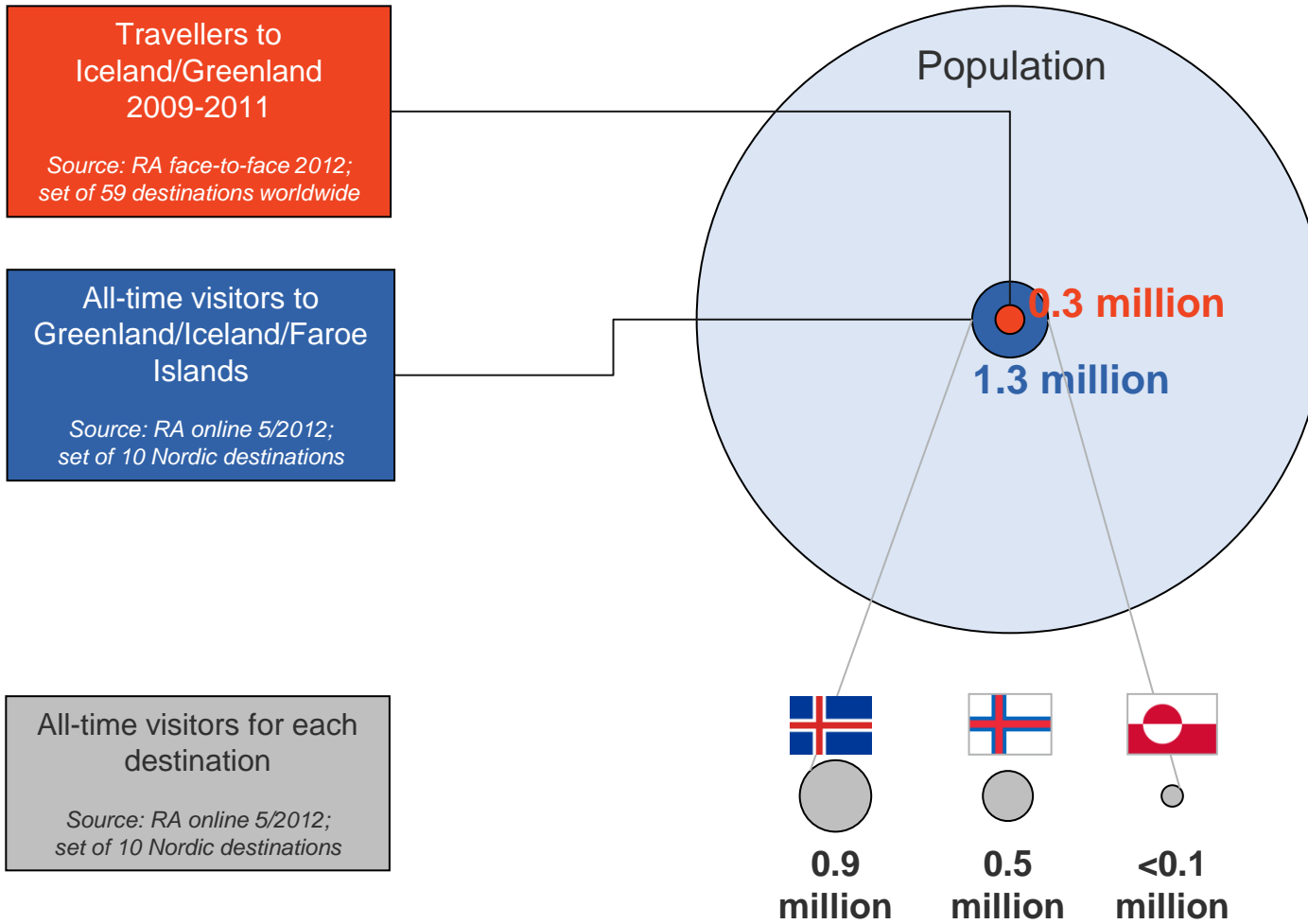
Interest for Greenland, Iceland, Faroe Islands as holiday destinations in the next 5 years: Overlapping and ratios



Source: RA online 5/2012
Basis: German-speaking population 14-70 years



Travellers to Greenland, Iceland, Faroe Islands in the past



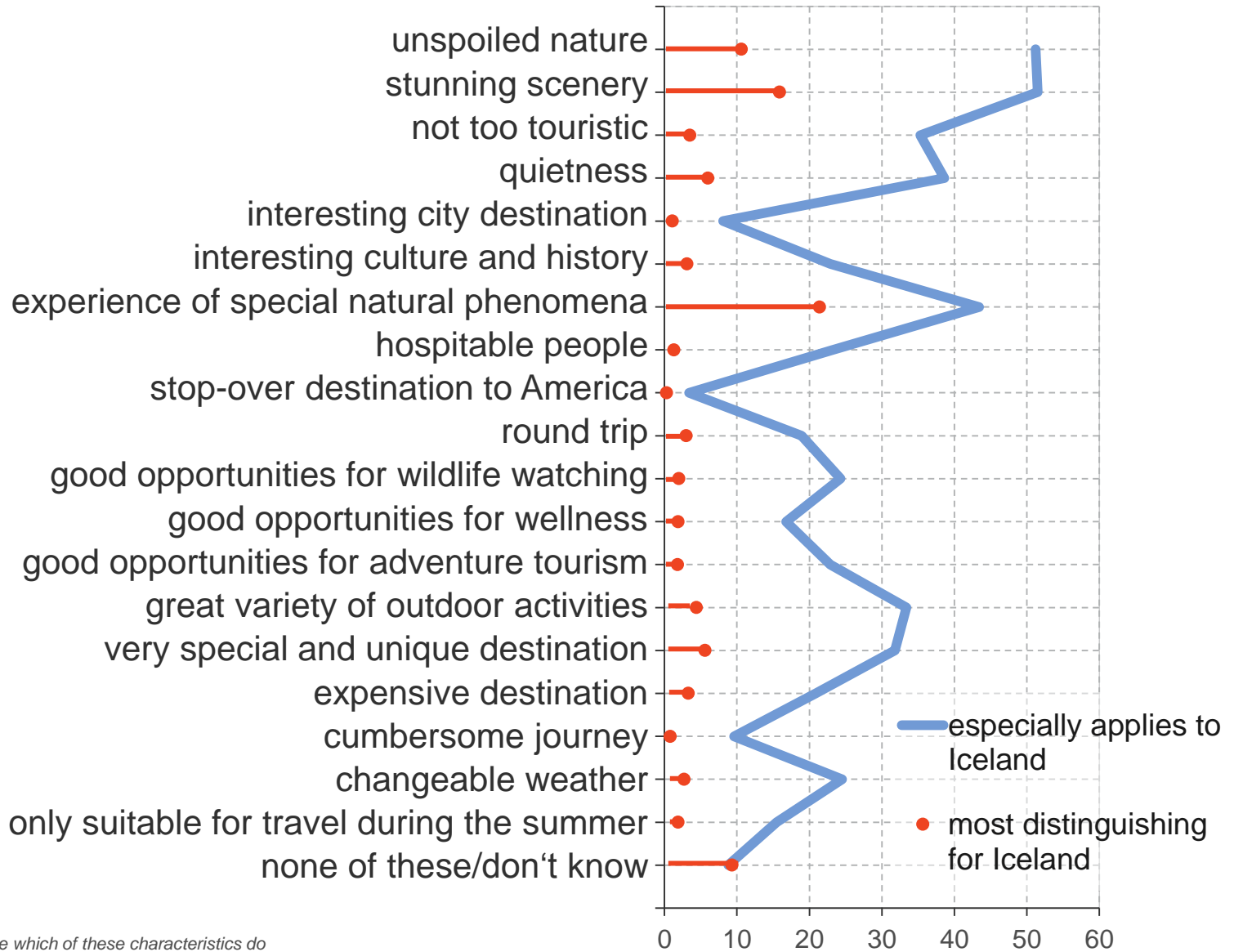
Source: RA 2012 face-to-face; RA online 5/2012
 Basis: German-speaking population 14+ years resp. 14-70 years



What does this mean for you?

- » You have no problem concerning the awareness of your destinations!
 - » You have plenty of potential guests.
 - » You have heavy overlapping of the potential guests of Iceland, Greenland and Faroe → Cooperation/Coordination makes sense.
 - » As other “exotic” and comparatively small destinations you have quite poor transfer rates from Awareness to Potential to Actual Travellers.
- There is room for your marketing on the German market!

Image Iceland: Destination to experience nature and scenery



Question:

a. Please tell me which of these characteristics do you think particularly apply to Iceland?

b. And which of these is in your opinion the most distinguishing characteristic of Iceland?

Source: RA online 5/2012

Basis: German-speaking population 14-70 years, aware of Iceland as a holiday destination

Image Iceland at one glance



CHARACTER:

natural
phenomena
stunning scenery
quietness

NOT WELL- KNOWN FOR:

stop-over to
North-America
city destination
cumbersome to
reach.

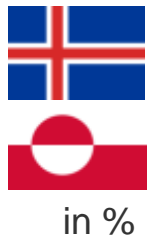
POTENTIAL GUESTS:

uniqueness,
unspoiled nature,
stunning scenery
and natural
phenomena

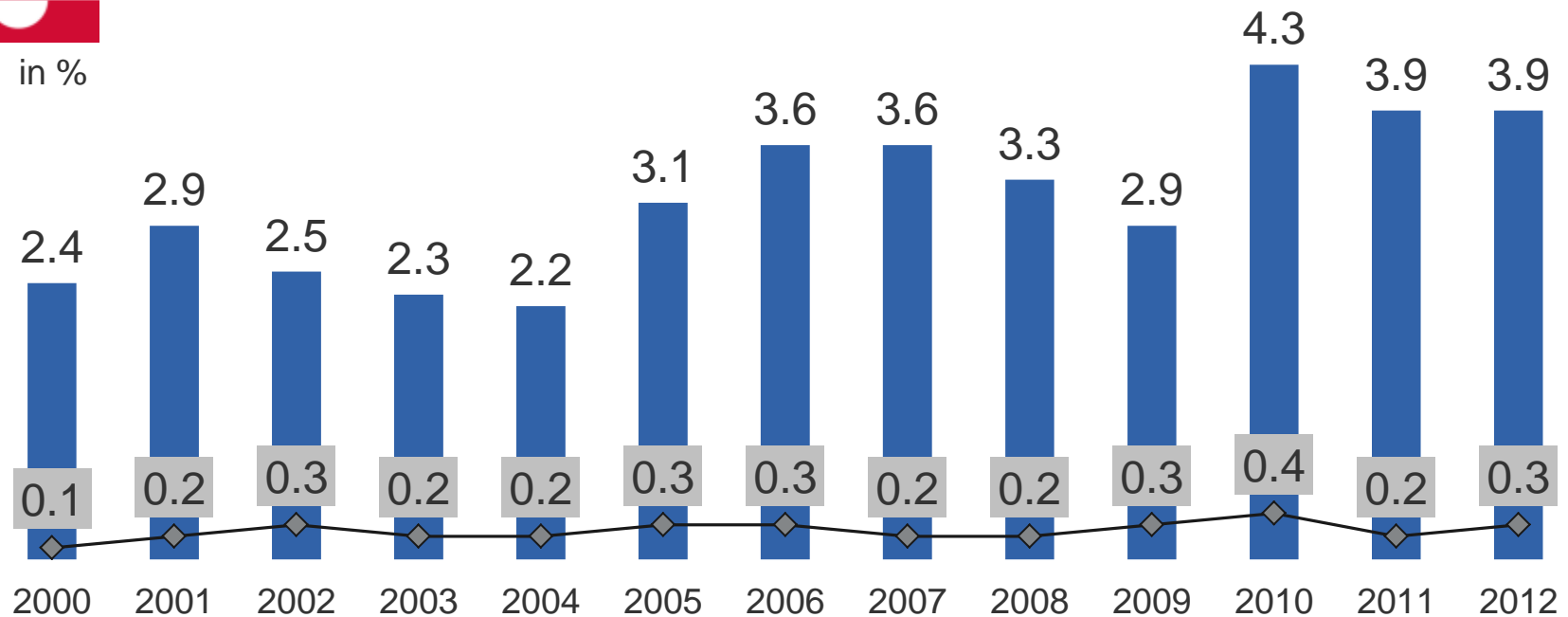
Images of Iceland, Greenland and Faroe Islands: Comparison

- » Iceland gets the highest nominations for outdoor activities and a variety of secondary characteristics, e.g. wellness, city destination, round trip.
 - » The images of the three destinations are quite similar.
Key image factors of all three destinations are nature and scenery:
 - » Greenland is seen as most unique and with good wildlife watching.
 - » The Faroe Islands' figures are always below at least one of the other destinations; within its image “quietness” and “not touristic” are striking.
- This fits quite well with the distinguishing holiday motivations and activities of your potential guests.
- It tells you what the potential guests expect at your destinations and gives hints about common topics as well as differences between the three destinations.

Long term development of interest and experience with Iceland/Greenland: Upward trend with some setbacks in the past



■ interest next 3 years ◆ experience last 3 years



Explanation:

Interest = "almost definitely planning" or "generally considering"

Source: RA 2012 face-to-face
Basis: German-speaking population 14+ years





Potential guests Iceland/Greenland: Young and mature persons without kids, from all over Germany with high income

most important

relative to population

2005 → 2012

Life Cycle:

20-39 years and
40-59 years
no kids (70%)

Focus Segments
above average!

Stability compared
to 2005

Residence:

35% West
28% South
21% East
16% NW

East above
South/NW below
West around
average

Growth of the South
on cost of the West

Social Class:

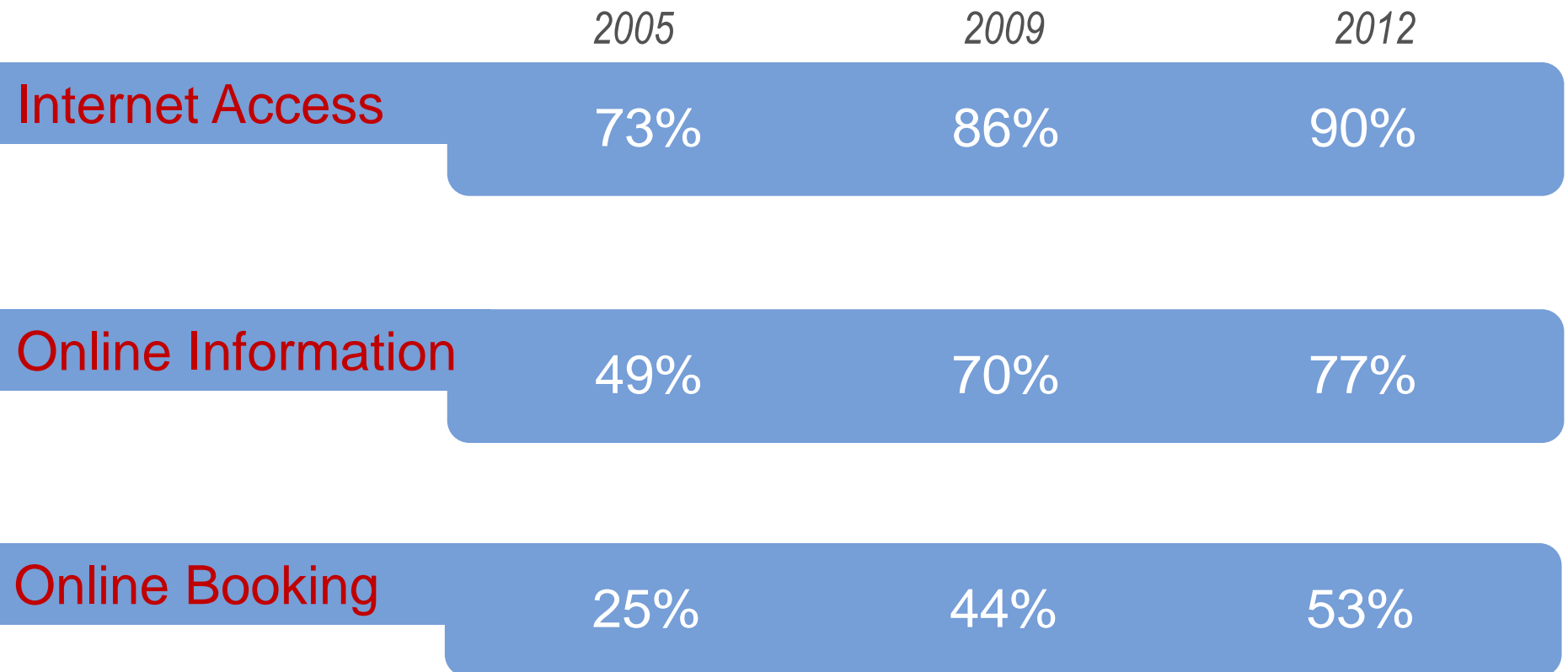
40% Class 1+2
40% Class 3+4

Class 1+2 above
Class 3+4 around
average

Small decline of
Class 1, increase of
Class 4

Source: RA 2012 face-to-face
Basis: Persons interested in Iceland/Greenland 2012-2014 ("almost definitely planning"
or "generally considering"), German-speaking population 14+ years

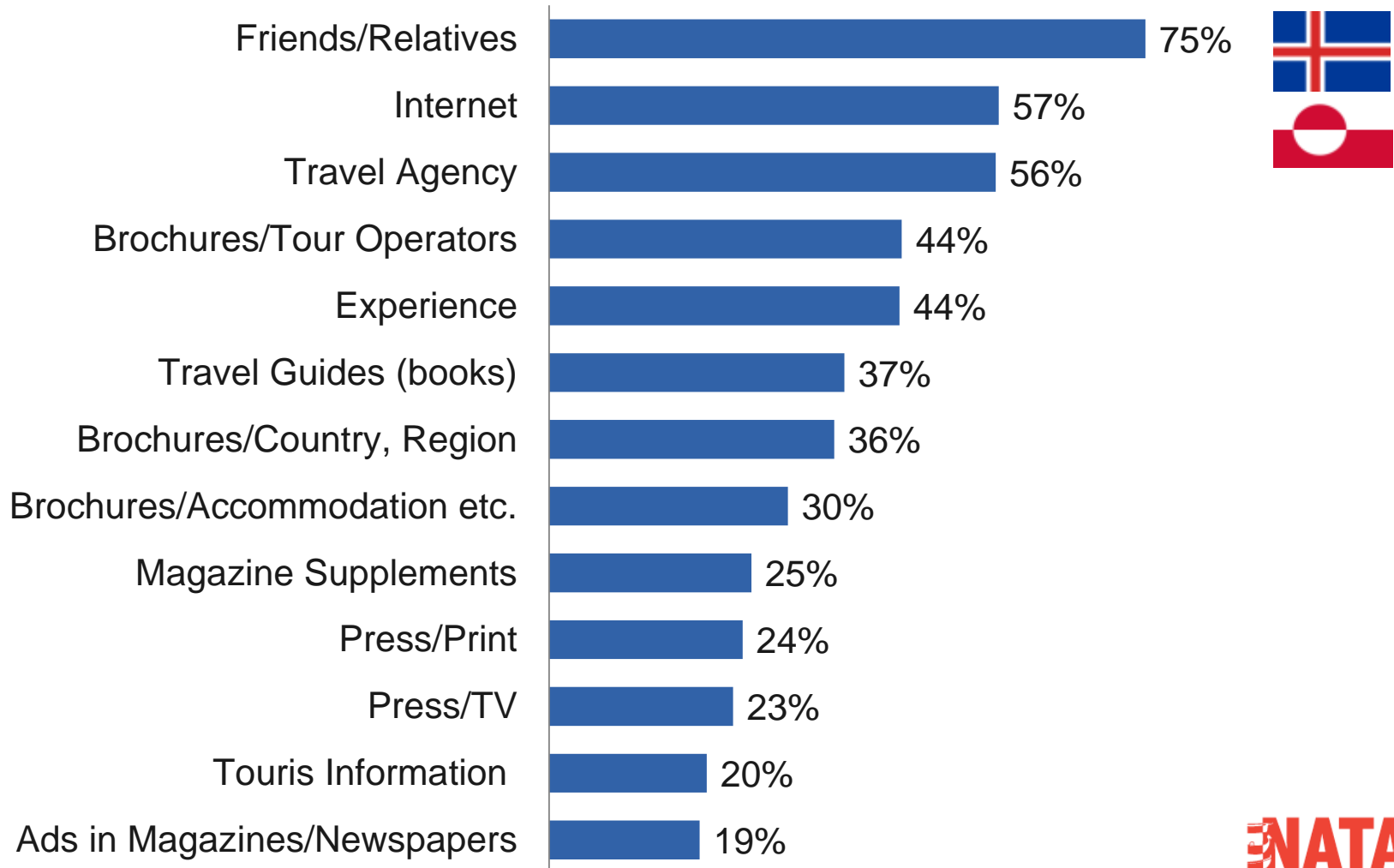
Potential guests to Iceland/Greenland: Internet access and use in travel planning way above average



Source: RA 2012 face-to-face
Basis: Persons interested in Iceland/Greenland 2012-2014 ("almost definitely planning" or "generally considering"), German-speaking population 14+ years



Potential guests to Iceland/Greenland: Means of information 2008 – Lots of sources!



Source: RA 2012 face-to-face. Basis: German-speaking population 14+ years; Persons interested in Iceland/Greenland 2012-2014 ("almost definitely planning" or "generally considering"); Set of 59 destinations abroad.



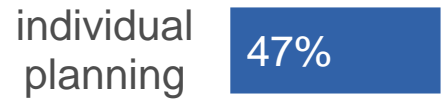
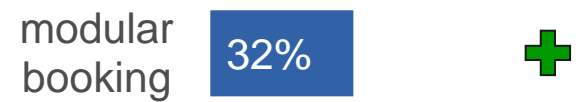
What does this mean for you?

- » There is a growing interest for Iceland/Greenland on the German market.
 - » Most important segments within your potential guests:
 - » „Young Singles“ (14-39 yrs.) and „Mature Couples“ (40-59 yrs.)
 - » The Top2 or 3 „Social Classes“
 - » Almost everybody with internet access and internet use for travel planning.
- These are the people you should try to address in the first place.

Potential guests Iceland/Greenland: Preferences concerning holiday organisation and comfort



Preferences concerning the **organisation** of a holiday [figures for “totally agree” and “agree”].



Preferences concerning the **holiday accommodation comfort** [figures for “totally agree” and “agree”].



Source: RA 2012 face-to-face
Basis: Persons interested in Iceland/Greenland 2012-2014 (“almost definitely planning” or “generally considering”), German-speaking population 14+ years



Potential guests Iceland/Greenland: Holiday motivations

BASIC:

Relaxation
Freedom
Recuperate
Get away from daily
routine
Fun/enjoy myself

NATURE

DISTINGUISHING:

Adventure
Sports
Culture
Curiosity
Be on the move

Source: RA 2012 face-to-face
Basis: Persons interested in Iceland/Greenland 2012-2014 ("almost definitely planning"
or "generally considering"), German-speaking population 14+ years

Potential guests Iceland/Greenland: Holiday activities

BASIC:

Excursions
Swimming
Local Food
Shopping

DISTINGUISHING:

Sports
(Golf, Cycling, Skiing)
Fishing
Cultural/Natural
Attractions

Source: RA 2012 face-to-face
Basis: Persons interested in Iceland/Greenland 2012-2014 ("almost definitely planning"
or "generally considering"), German-speaking population 14+ years

Potential guests Iceland/Greenland: Types of holiday

OPPORTUNITIES:

Adventure
Study/Culture/Nature
Camping
Farm Holidays
Relax/Wellness/
Fitness/Health

THREATS:

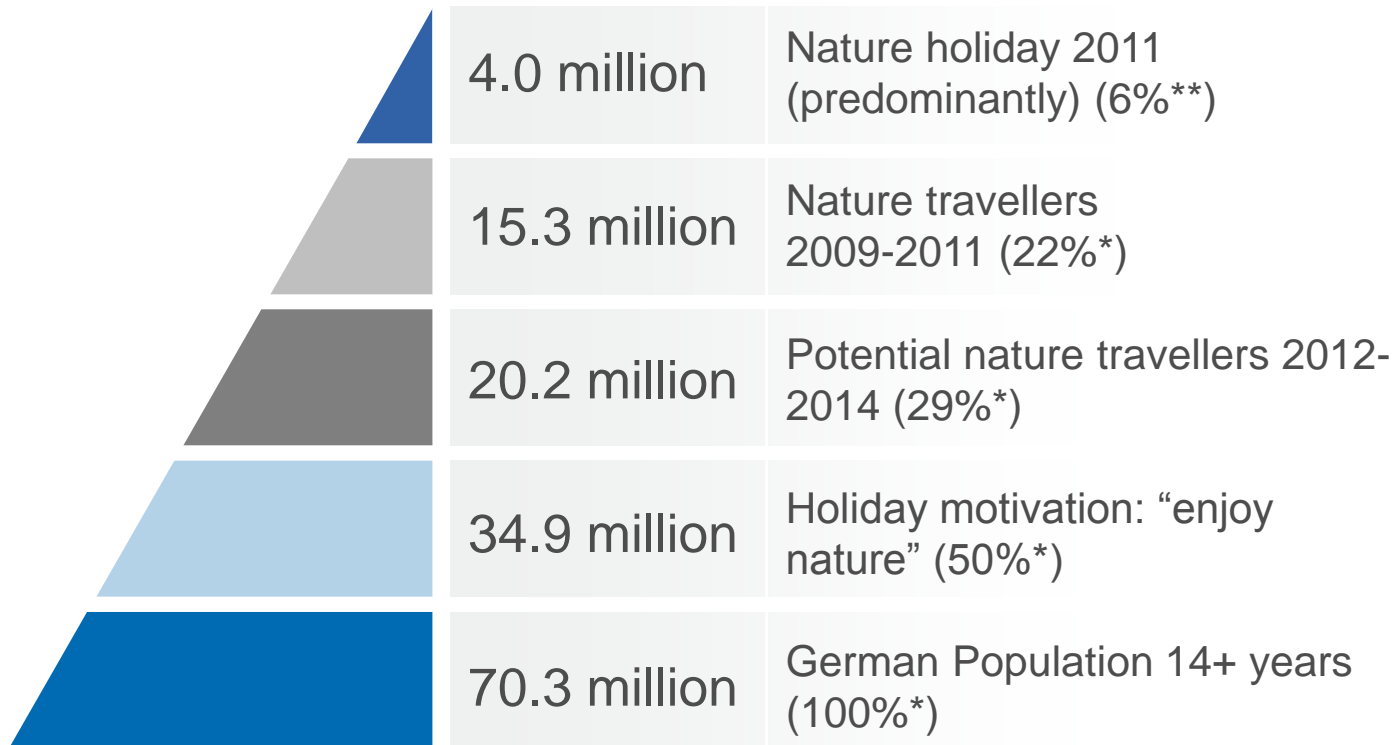
Sun+Beach
Winter in the sun
Club holiday
Cruise
Family holiday
City trip

Source: RA 2012 face-to-face
Basis: Persons interested in Iceland/Greenland 2012-2014 ("almost definitely planning"
or "generally considering"), German-speaking population 14+ years

What does this mean for you?

- » 50% of potential guests prefer package, 50% individual holidays
 - » Most potential guests want reasonable comfort – 22% like luxury
 - » The Eco-friendliness of holidays is quite important.
 - » Holiday motivations + activities:
 - » You have to meet the basic requirements – but convince the potential guests with fulfilment of the distinguishing motivations.
 - » Adventure, Sports, Nature, Culture are potentially distinguishing topics
 - » The interest in different types of holiday shows at the same time opportunities and threats: Opportunities can be found in types of holidays that fit with the distinguishing holiday motivations and activities.
- These topics should be addressed in the communication with your potential guests!

Nature holiday: Key figures about the German market

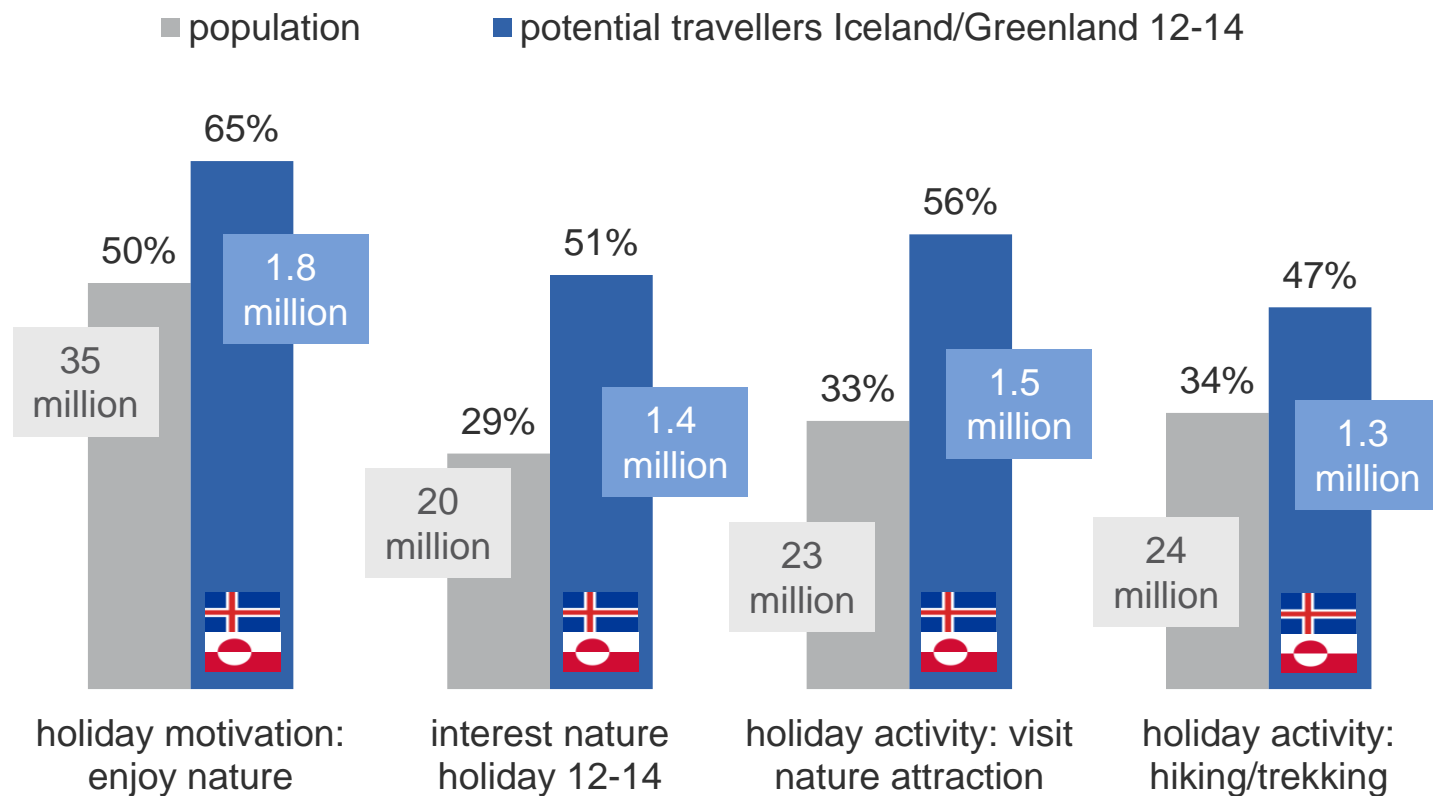


Source: RA 2012 face-to-face

Basis: *German-speaking population 14+ years;

**Holiday-tips (5+days) of the German-speaking population 14+ years

The destination „Iceland/Greenland“ and the topic „nature“ fit together very well



Explanation:

Interest = "almost definitely planning" or "generally considering"

Source: RA 2012 face-to-face

Basis: German-speaking population 14+ years; Persons interested in Iceland/Greenland 2012-2014 ("almost definitely planning" or "generally considering")



Product requirements nature holiday of the potential guests to Iceland/Greenland

BASIC:

Pristine Nature
Exercise in Nature
Tranquility
Rest/Relax
Health Climate

DISTINGUISHING:

Natural Attractions
Unusual Activities
Local Food
Money should stay in
the region

Source: RA 2012 face-to-face
Basis: Persons interested in Iceland/Greenland 2012-2014 ("almost definitely planning"
or "generally considering"), German-speaking population 14+ years

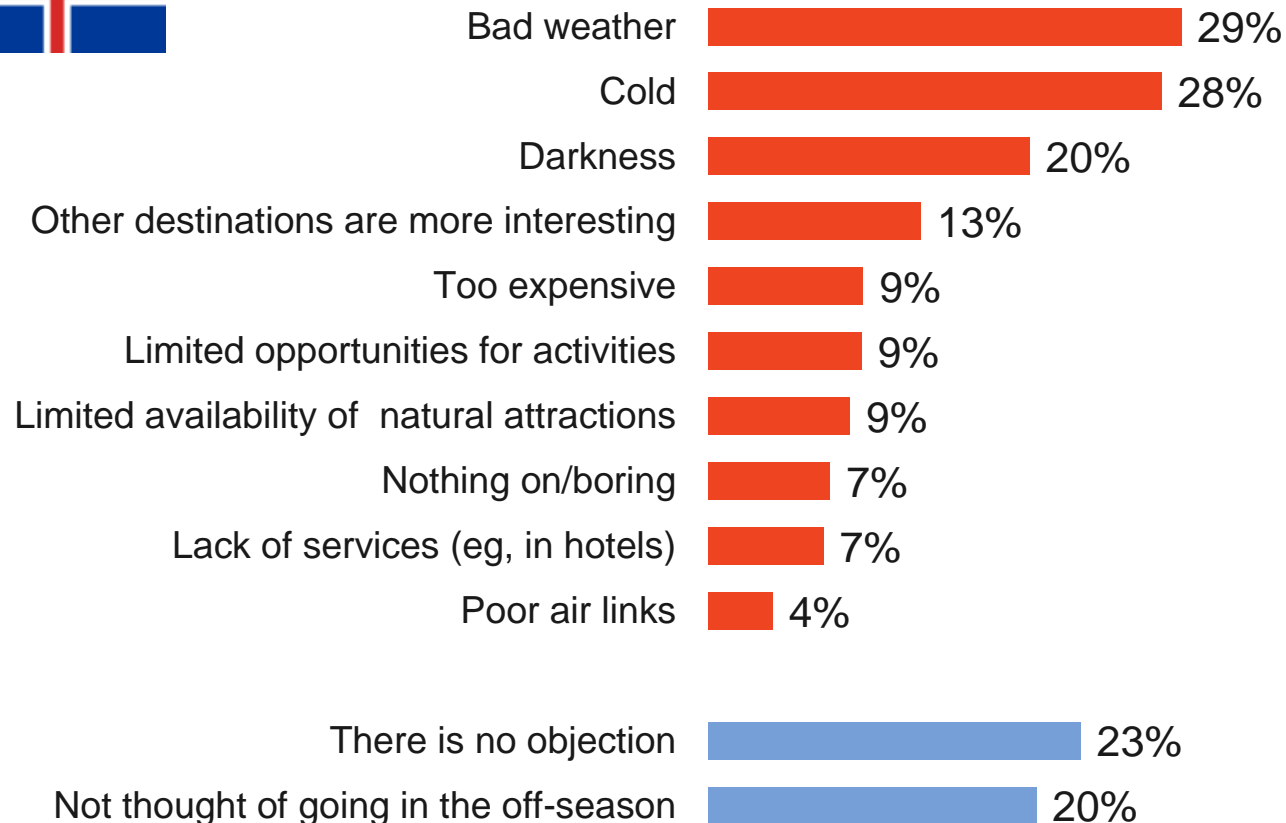
What does this mean for you?

- » As nature has such a big significance in the holiday interest of your potential guests and in the image profiles of the three destinations it is worth to take a closer look at the “nature holiday”.
 - » Quite stable and big holiday segment (about 1/3 in Germany is interested).
 - » Defined by distinct environment, scenery and activities.
 - » „Nature“-figures of potential guests are way above the German average.
 - » Product requirements: As above – meet the basics (pristine nature, exercise, tranquility) and convince with the „specials“ (attractions, activities, food).
- This further refines the knowledge about your potential guests and how to address them.



Iceland – a country for all seasons!?

Reasons against travelling to Iceland in the low season: Bad weather, coldness and darkness

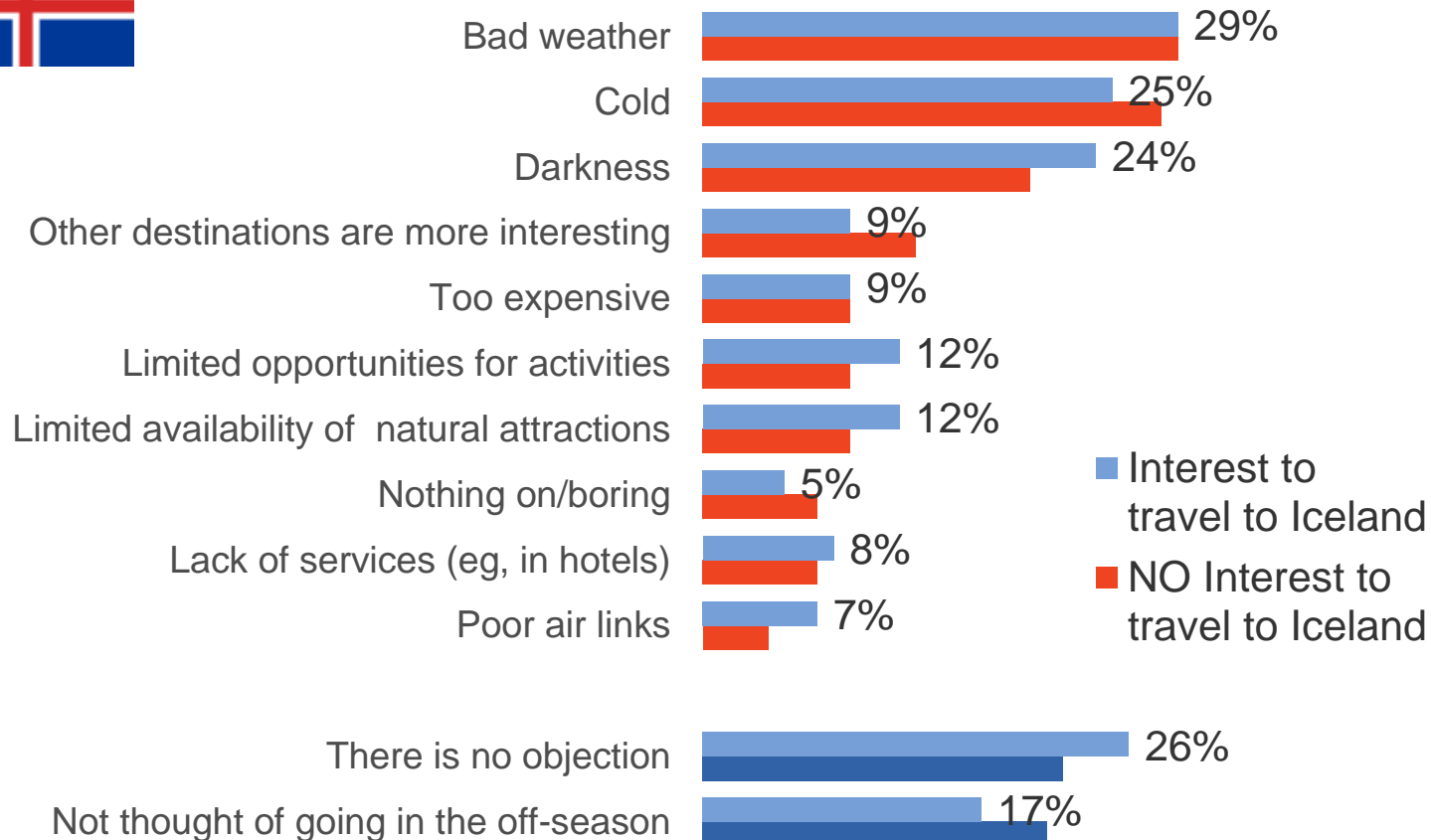


Question: What, in your view, are reasons against a vacation to Iceland in the off-season (ie not in June/July/August)?

Source: RA online 5/2012

Basis: German-speaking population 14-70 years, aware of Iceland as a holiday destination

Reasons against travelling to Iceland in the low season: High similarities between potential guests and not interested persons



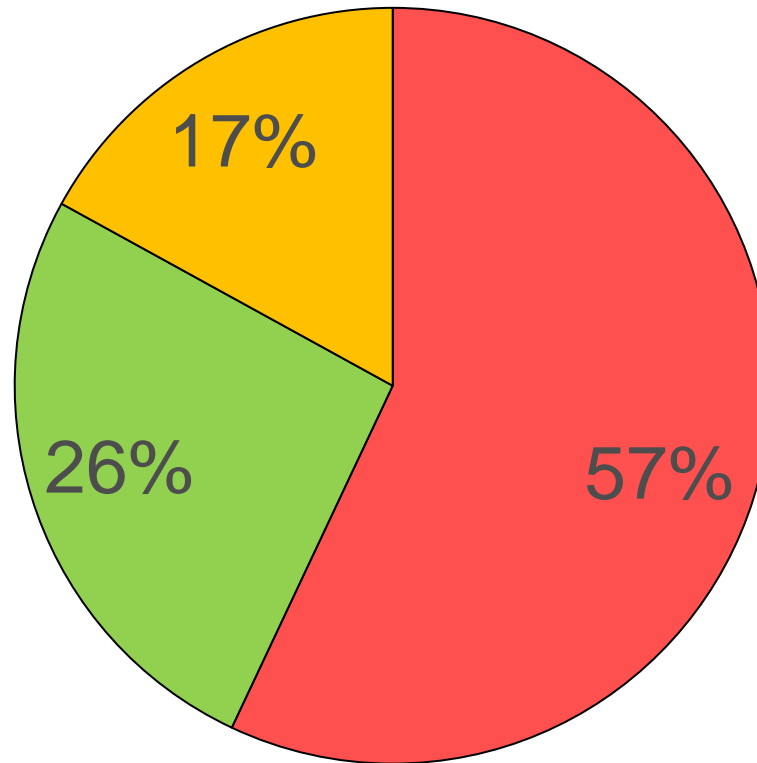
Question: What, in your view, are reasons against a vacation to Iceland in the off-season (ie not in June/July/August)?

Source: RA online 5/2012
Basis: German-speaking population 14-70 years, aware of Iceland as a holiday destination



Potential Travellers to Iceland:

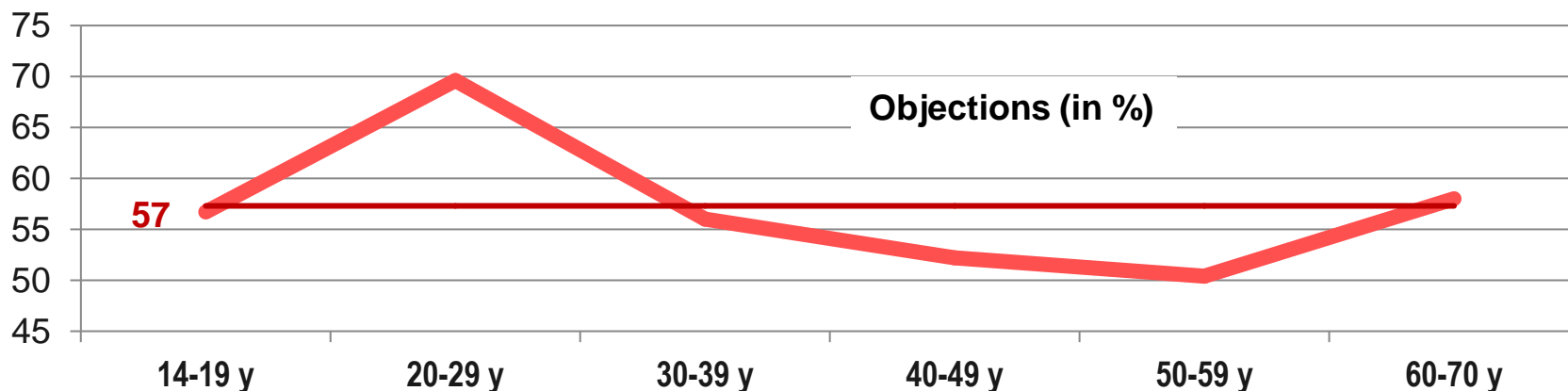
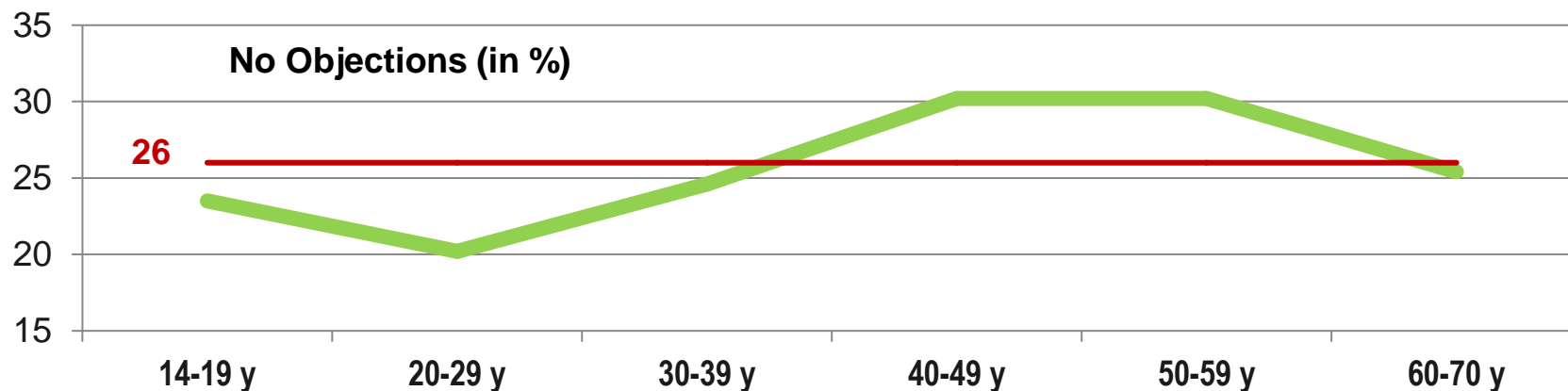
57% with objections to travel there in the low season, 26% without.



Question: What, in your view, are reasons against a vacation to Iceland in the off-season (ie not in June/July/August)?

Source: RA online 5/2012
Basis: potential travellers to Iceland

Reasons against travelling to Iceland in the low season: 40-59 year old with the least objections!



Question: What, in your view, are reasons against a vacation to Iceland in the off-season (ie not in June/July/August)?

Source: RA online 5/2012
Basis: potential travellers to Iceland



Segmentation of potential Iceland guests by age: Reasons against travelling to Iceland in the low season



14-39 years, no kids

Coldness
Other Destinations
Nothing on
Bad Flight Connections

40-59 years, no kids

Too expensive

Question: What, in your view, are reasons against a vacation to Iceland in the off-season (ie not in June/July/August)?

Source: RA online 5/2012
Basis: potential travellers to Iceland

Segmentation of potential Iceland guests by age: Holiday motivations, activities and attitude towards nature holiday



14-39 years, no kids

Fun
Experience/Exploring
Meet new people
Flirt
Sports

40-59 years, no kids

Relaxation/Recuperate
Nature/Healthy climate
Culture
Spoil yourself
Excursions/Hiking
Good local food

Question: What, in your view, are reasons against a vacation to Iceland in the off-season (ie not in June/July/August)?

Source: RA online 5/2012
Basis: potential travellers to Iceland

Segmentation of potential Iceland guests by age: Socio-demographics



14-39 years, no kids

67% male
Middle income
NRW, Baden-W.,
Lower-S., Saxony

40-59 years, no kids

55% male
High income
NRW, Bavaria,
Berlin/Brandenburg

Question: What, in your view, are reasons against a vacation to Iceland in the off-season (ie not in June/July/August)?

Source: RA online 5/2012
Basis: potential travellers to Iceland

What does this mean for you?

- » There are quite a lot of objections of going to Iceland in the off season.
 - » The main reasons are climate related – but there are also objections concerning the tourism product as such.
 - » The „degree of objection“ varies with age: The 40-59 year old tend to have the least objections.
 - » As seen earlier a segmentation of the potential guest in 14-39 years and 40-59 years with no kids makes sense.
 - » Both segments have a similar image about Iceland, but different wishes how to spend their holidays.
- Concerning marketing Iceland in the low season it might be worthwhile addressing the older segment according to its holiday needs and wishes.

Study profile: Reiseanalyse 2012

RA 2012 *face-to-face*

Universe 70.33 million German speakers over 14 years in private households in Germany

Net sample 7,703 people from the universe

Selection method Random sample (Random route)

Data collection method Oral questioning as single study / survey which covers not only subjects directly linked to holidays, but also related subject areas

Period of data collection January/February 2012

Responsible for study FUR - Forschungsgemeinschaft Urlaub und Reisen e.V.

Field work Ipsos GmbH, Hamburg/Mölln

Scientific partner and organisation NIT - Institut für Tourismus- und Bäderforschung in Nordeuropa GmbH, Kiel

RA 2012 *online 5/2012*

Universe 60.3 million German speakers over 14 to 70 years in private households in Germany

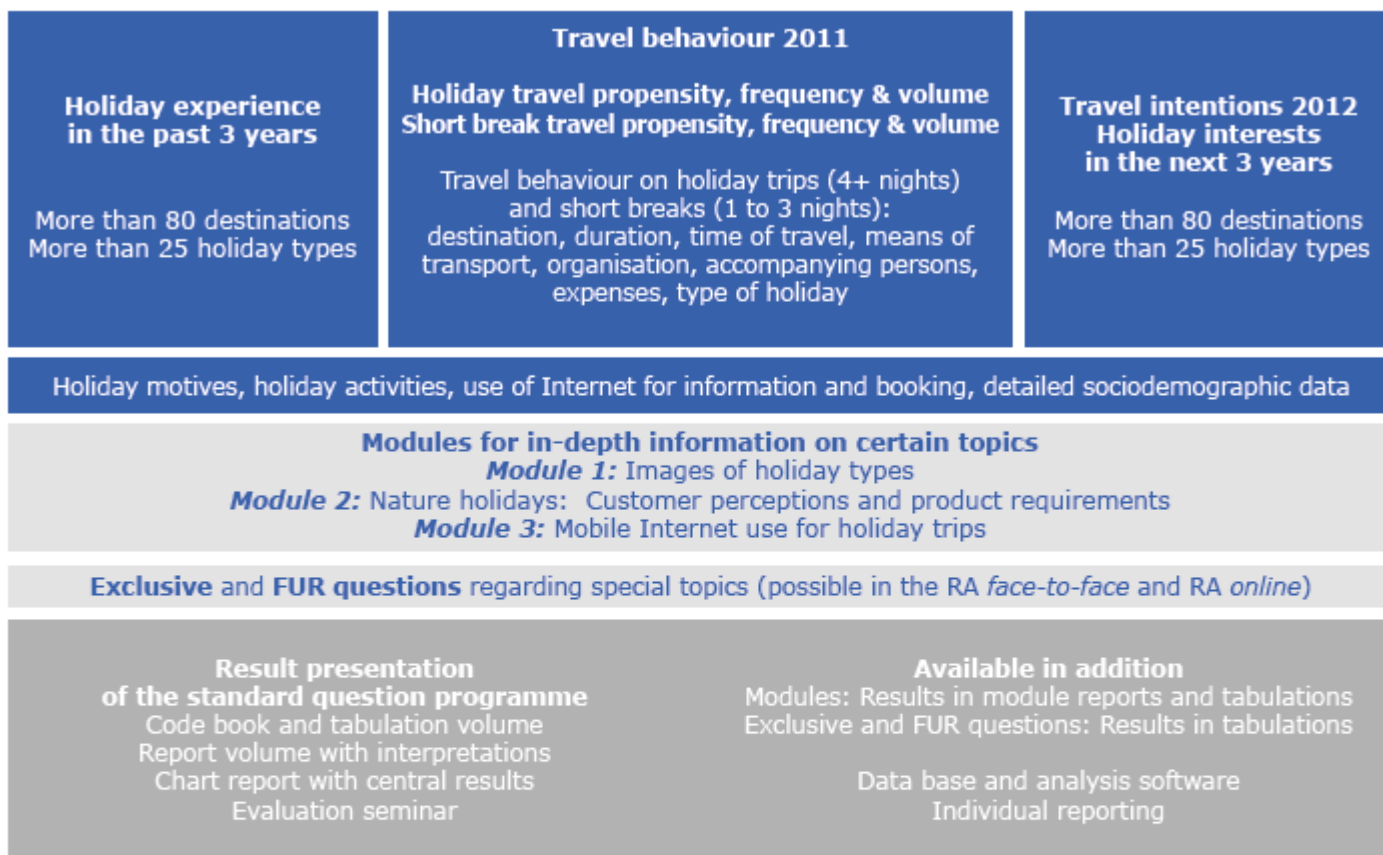
Net sample 2,515 people from the universe

Selection method Random sample (Online Access Panel)

Data collection method Online survey as part of the Reiseanalyse 2012

Period of data collection May 2012

Reiseanalyse 2012: Modular concept



Standard question programme

- Basis: RA *face-to-face* and RA *online* (travel behaviour on short breaks)
- Remains the same every year
- For key data, long-term comparisons of more than 35 years can be made.

Additional question programme

- Basis: RA *face-to-face* and/or RA *online*
- Changes every year
- Some modules topics are repeated every few years.

Reiseanalyse 2012: further characteristics



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- » Annually since 1972
- » Vast data basis for analysing developments and trends
- » extensive experience and methodological competence
- » Non profit: Run by tourism industry association: FUR e.V.
- » Multi client: 30 institutions share the costs (around EUR 750.000 per year)
- » User influence on RA developments
- » Very flexible: Exclusive questions and Modules fit the survey to your needs

