

hard choices

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addressing
the future

BCG

THE BOSTON CONSULTING GROUP

*Northern Sights:
The future of tourism in Iceland*



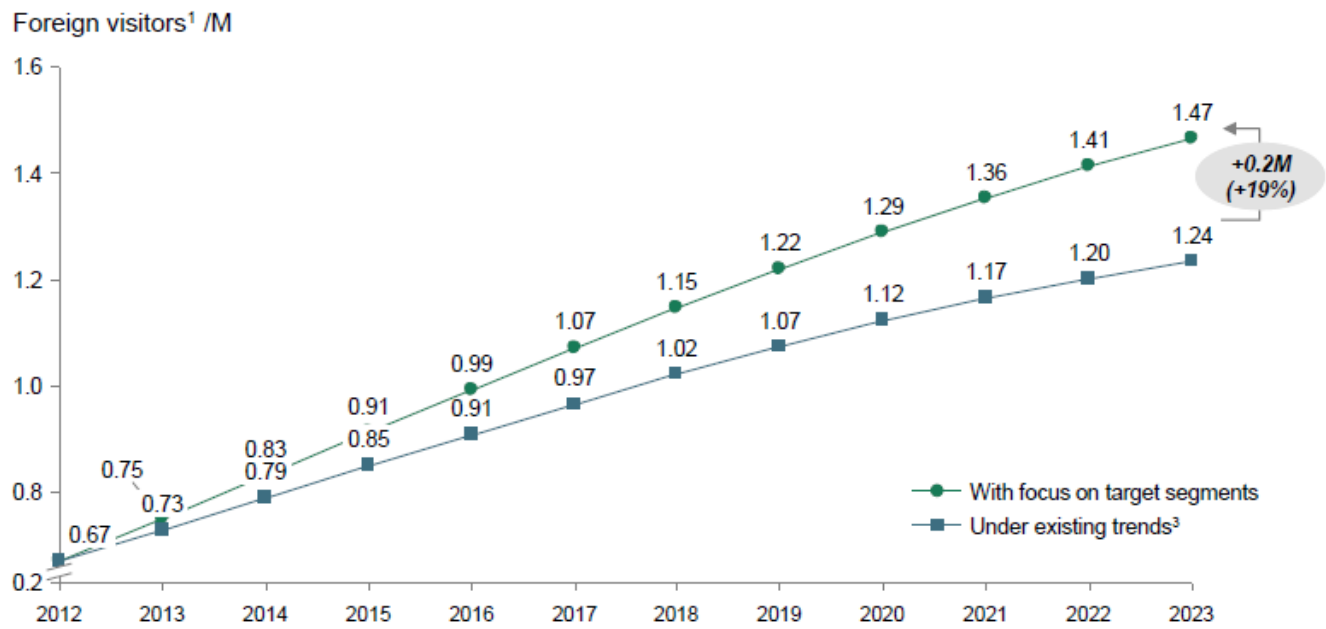
A perspective from The Boston Consulting Group

September 2013

opportunity

Foreign visitor numbers could reach 1.2 – 1.5M by 2023

Note: Foreign visitor projection shown here does not include cruise



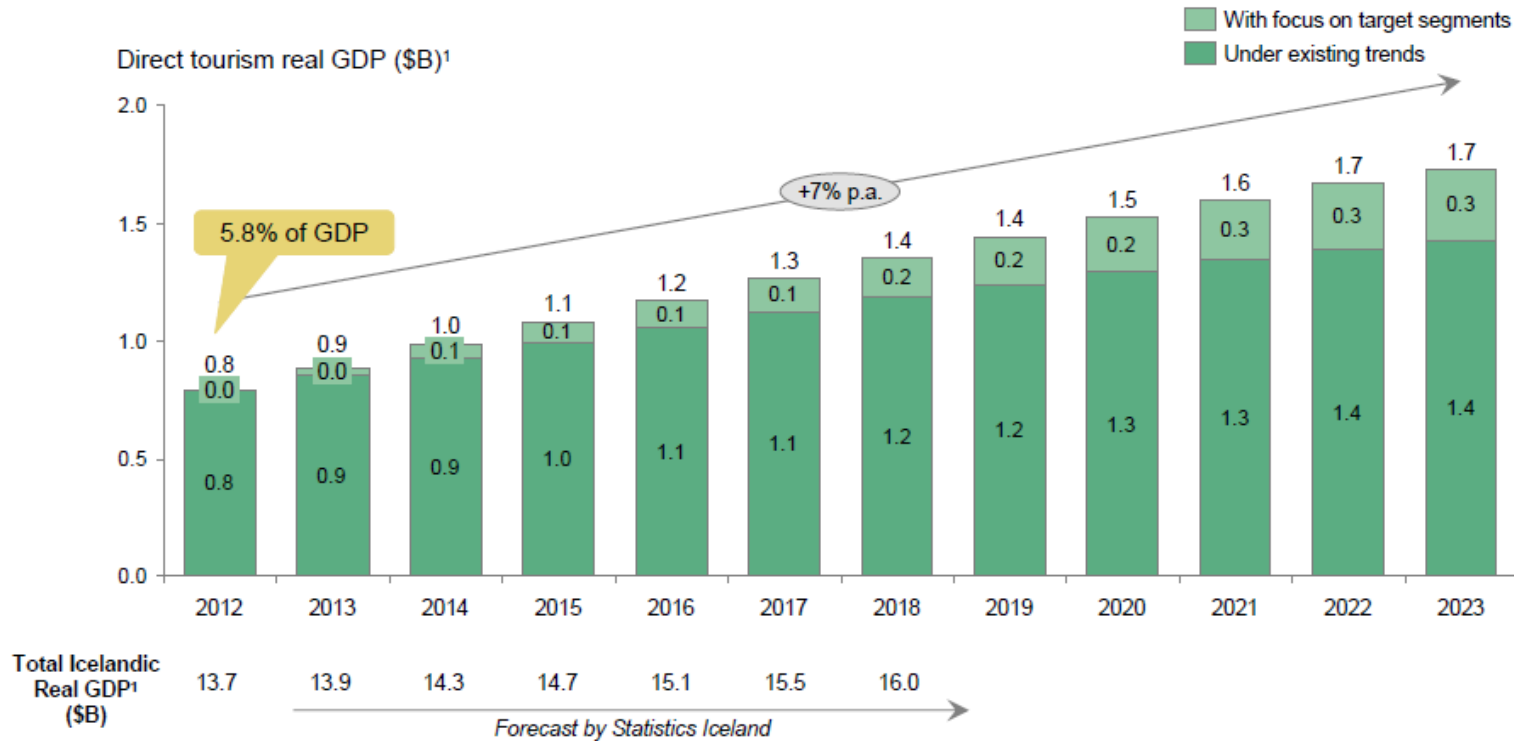
Domestic tourists /K²

2012	280	285	288	290	293	296	299	302	305	308	311	313
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1. Not including cruise passengers; 2. Projected to grow in line with population; 3. Continue on current trajectory with growth in overall volume
 Source: Icelandic tourism board, Isavia, EIU, Euromonitor, UNWTO; BCG analysis

2

Tourism could directly contribute \$1.7B (ISK 215 B) to GDP in real terms by 2023, more than double today



1. 2012 prices, 2012 USD: ISK exchange rate applied

Note: Domestic tourists' incremental spend on tourism and cruise passengers' spend in Iceland are included in calculation

Source: Icelandic tourism board, Isavia, EIU, Euromonitor, UNWTO, Statistis Iceland, Qanda, HVS, Icelandic Road Administration, BGG analysis

Navigation icons: Save, Print, Home, Back, Forward, 12 / 28, Search, Refresh, Download

Over the next 10 years, focused growth of tourism could deliver a number of benefits for Iceland's economy

+4.2M

Additional foreign visitor overnight stays annually

150%

Increase in visitor nights in regions outside the south

**215B
ISK**

Annual direct tourism GDP contribution in 2023
(+105B ISK increase from 2013)

7%

Growth in tourism's direct GDP contribution p.a. since 2013
• Double the rate reported for other sectors

+4.5k

Additional tourism jobs created over 10 years
~ double the number of tourism jobs outside the south today

+16 B ISK

Incremental direct tax contribution from tourism since 2013
Equivalent to ~120K ISK per Icelandic household per year

01.France	83m
02.USA	67m
03.China	58m
04.Spain	57m
05.Italy	46m
06.Turkey	36m
07.Germany	31m
08.UK	29m
09.Russia	26m
10.Malaysia	25m

Iceland 23	1.5m (high)
Iceland 23	1.2m (low)
Iceland 13	0.7m

tourism volumes

France	128%
Spain	123%
Malaysia	83%
Italy	79%
Turkey	48%
UK	47%
Germany	38%
USA	21%
Russia	18%
China	4%

tourism numbers/population

Macau	2250%
Iceland 23	400% (high)
Iceland 23	293% (low)
Iceland 13	171%
France	128%
Spain	123%
Malaysia	83%
Italy	79%
Turkey	48%
UK	47%
Germany	38%
USA	21%
Russia	18%
China	4%

tourism numbers/population



What could this mean?

Possible that in summer 60-70% of the people in the country will be tourists?

Peaking when Icelanders want to enjoy their own Country?

Who will fill the 4,500 jobs created?

Does the rise continue at the same rate after 2023?



nature & heritage



stonehenge



2500 bc



1885

.....an enterprising restaurateur has built the Stonehenge Cafe, within hail of the stones, though happily just out of sight of them. The conditions of modern transport make it extremely likely that this structure, if no preventative measures be adopted, will be the first of many, and that the monoliths will in time be surrounded by all the accessories of a popular holiday resort.

The Stonehenge ring, as every British child has learnt to picture it from his earliest years, will no longer exist.

The solitude of Stonehenge should be restored, and precautions taken to ensure that our posterity will see it against the sky in the lonely majesty before which our ancestors have stood in awe throughout all our recorded history.



1927



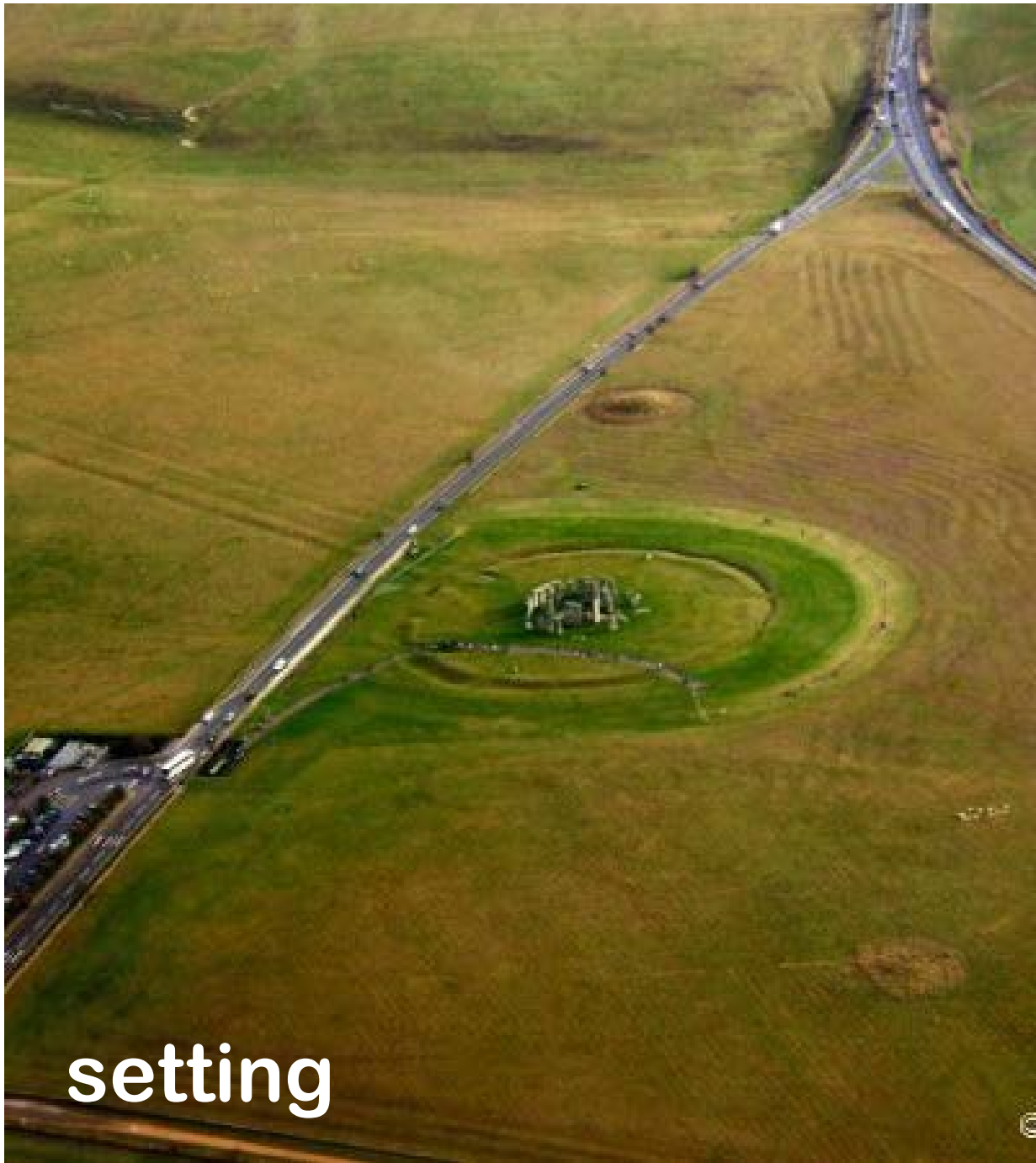
1980



“a national disgrace”

Parliamentary Public Accounts Committee

1989

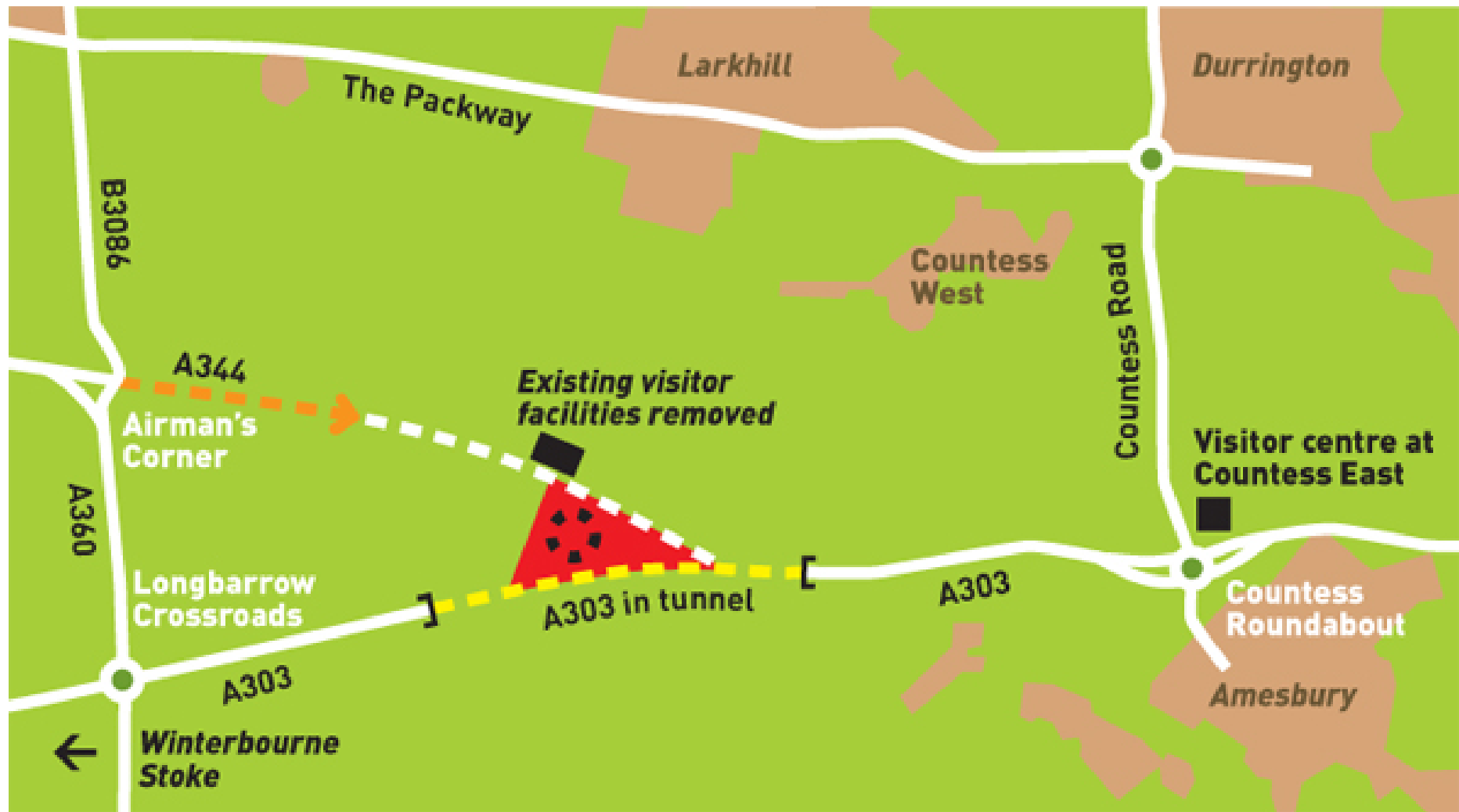


setting





facilities



recovery



visitor centre



setting



after



before



Heritage Management

- Restoration of Setting
- Opening of Wider Landscape
- Low visual impact

Environmental Management

- Landscape management
- Land train
- Sustainable facilities

Experience Management

- Journey/effort/anticipation
- Interpretation/wider context
- Journey (effort/anticipation/value)
- Appreciation/Emotional response
- 3 Experiences

Struggle

- Political short termism
- Land Acquisition/road closures
- Funding
- Conservation Lobby vs Access



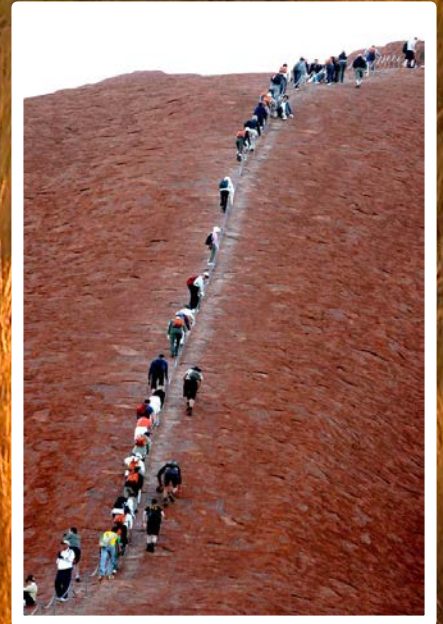
achievements



uluru

74% (1990)

20% (2010)





hyperion



49,500,000

Sustainable tourism

Learn from mistakes of others

Capitalise on quality of visitors to Iceland

Build on external view of Iceland as pristine environment

Set sensible limits

Become the world leader in sustainable tourism

Make this the reason people come

Be great hosts but let them pay for it

real opportunity



Example: Many possible ideas to leverage glacier asset to develop attractive products...

Illustrative example

Potential product development at glacier
3-4 hours from Reykjavik

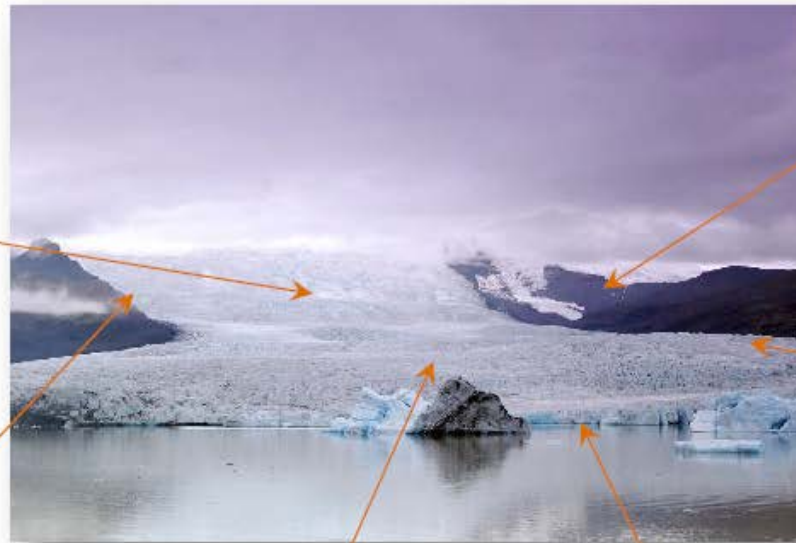
1 Mass market ice cave

2 Exclusive ice cave

3 Mid-market ice cave



4 Ice climbing



8 Snowmobiling



7 Glacier museum



5 Ice walking



6 Viewing platform



urban setting

Magnets

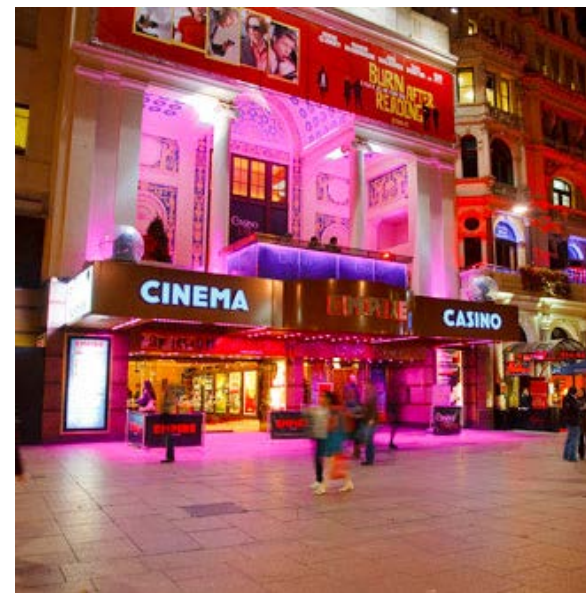
£1.99 each

3 for £5.00



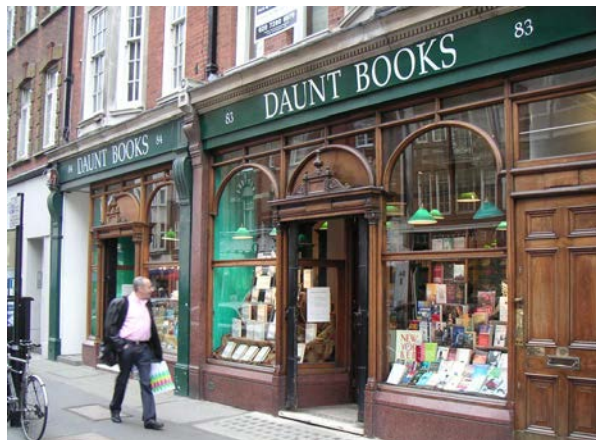
Leicester Square
Oxford Street
Carnaby Street
Madame Tussauds
County Hall

past the
tipping
point



Southbank
Regents Park
Greenwich
Southwark
Clerkenwell
Little Venice
Hyde Park
Marylebone

still
london



Covent Garden
Brick Lane
Portobello
Borough Market
Camden Town

under
threat





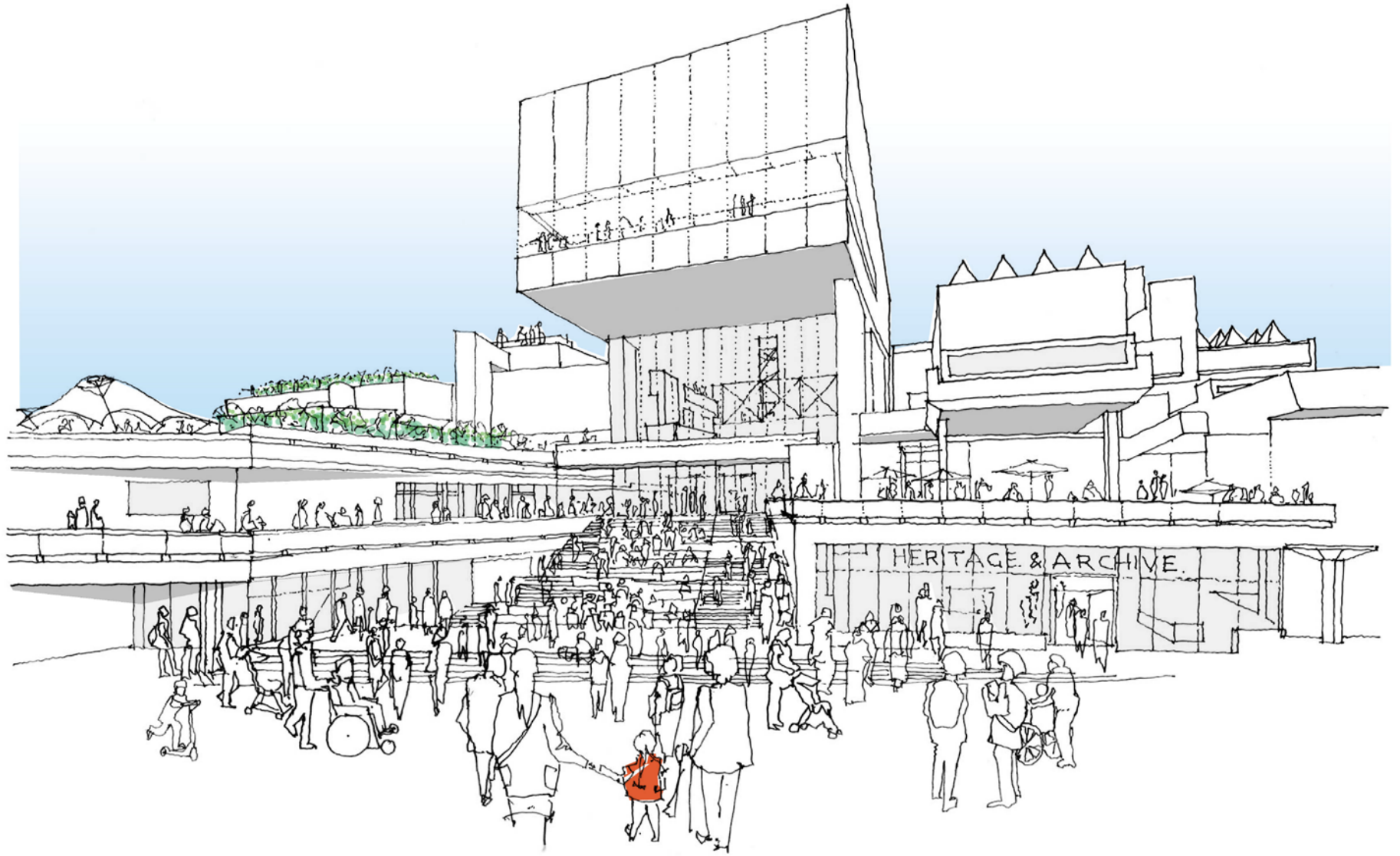
southbank centre



phase 1: royal festival hall

phase 2: festival wing









**LONG
LIVE
SOUTH
BANK.**

you can't move history.

BEFORE



AFTER?



Long Live Southbank: Don't replace street culture with commercial units.





Ingolfstorg: site of contestation



city planning



tourism planning



city planning



Government
Employment
Housing
Education

Citizens
Everyday Icelandic life

Urban Environment

Visitors*

Tourism Industry
Business Objectives
Profit
Tax & Employment







Government

Employment
Housing
Education

Citizens

Everyday life

Urban Environment

Visitors*

Authentic Experiences
not
Tourist Environments

Tourism Industry

Business Objectives
Profit
Tax & Employment



keep it real (authenticity)

symbiotic
(wrasse)





knowledge exchange:conference



ICELAND
AIRLINES
October 1
FOUNDING SPONSOR

cultural exchange:music



education



Independents



nature



neighbourhood
hotel

Learn from mistakes of others

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Make this the reason people come

Be great hosts but let them pay for it

real opportunity

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Make everything benefit Icelanders

real opportunity



parasitic
(*cymothoa-exigua*)

A wide-angle landscape photograph showing a lush green valley with a winding river. In the background, there are dark, rugged mountains with patches of snow or ice. The sky is filled with dramatic, grey and white clouds. The overall scene is a mix of natural beauty and potential environmental concern.

**When greed overpowers conservation,
tourism becomes destructive,
consuming the sites upon which it depends**