How inbound tourism has developed in Iceland since 2008 and what has challenged the destination?

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Abstract

This Thesis is concentrated about the Tourism in Iceland and how it has developed since 2008. The Global Financial Crisis (GFC) had a huge effect on Iceland and the hole financial sector in Iceland with a near bankruptcy of the Banks in Iceland. The Thesis is concerned with the GFC’s impact on the Tourism in Iceland where it turned out that the GFC also had a positive effect concerning the tourism industry. The main positive effect is the devaluated ISK. International tourists now choose value-for-money destinations and due to the favorable exchange rate for inbound tourists, Iceland becomes an attractive choice. In line with this, Iceland is nominated as one of the most attractive destinations in 2009 by Lonely Planet, due to their reasons for the rise in inbound tourism Iceland is to experience in the following years. This positive outcome of GFC on inbound tourism in Iceland can turn into to be of the long-lasting kind.

In the Thesis there is a presentation concerning the impact of the volcanic eruption in March 2010. The eruption and its impact on international aviation is massively covered by international medias. While most of the reporters struggle to call the volcano by its name and highlight all the consequences it causes, beautiful pictures of Iceland’s great nature are displayed in the background. This together with a well-organized campaign is leading to a Tourist Boom that have continued ever since. But these high amounts of international tourist are the reason why it can be argued that Iceland as a tourist destination are on its way to experience over tourism and their carrying capacities might be heavily overloaded.
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**Introduction**

Though, in the last decade, Iceland as a travel destination has experience a massive travel boom.

First, in 2008 the global financial crisis hit first in Iceland. Their banking and financial industry had been bold and where globally involved. When the financial crisis began, Iceland’s banks and financial institutes were the first to crack hard. It left the country in massive debts and with a hole sector in ruins (Luis and Huijbens 2017).

Second, in (month) 2010 one of Iceland’s biggest volcanos Eyjafjallajokull erupted. The ash clouds from this eruption paralysed the air travel for weeks. But the explosion put Iceland on the map.

“The foreign news media descended on the island, beaming images around the world of spectacular landscapes, even as journalists struggled to pronounce the volcano’s name” (Freytas-Tamura, 2016).

These two events mean that Iceland as a travel destination was highly exposed and placed on the map, and the devaluated Icelandic Krona made it a cheap visit.

As hotel owner Fridrik Palsson states in an interview, “Iceland has been saved by the crash and eruption” (Freytas-Tamura, 2016).

**Research Questions**

*How inbound tourism has developed in Iceland since 2008 and what challenged the destination?*

**Methodology**

This methodology section show how data and theory is conducted and applied in order to answer the research questions. First part is an introduction of mixed method as a frame and the thesis’ point of view. Next, is a presentation of the different types of methods. What they are and can do, and their limits. Then, the structure of the analysis is presented in terms of what methods, data and theory used to create the foundation of each part of the analysis. Last, credibility, reliability and validity are presented.
Mixed method

Mixed method is used as a frame for the ontological and epistemological viewpoints, and choice of relevant methods. This is chosen while mixed method is “... about knowledge creation, the nature of reality, and the values that underpin such knowledge.” (Prayag 2018, 364). In Shoonenboom (2019) are shared perception of the strength of using mixed method is presented as;

“In practice, mixed method educational inquiry includes multiple and diverse methods for gathering, analysing, and representing educational phenomena within a framework that intentionally engages with the different ways of knowing and valuing that the different methods embody” (10).

Mixed Methodology

I do not believe in a universal truth. Though I do believe that we exist in this world and that things we can see and touch, do exist. That is also the reason that I do believe that statistics are a valuable method to explain parts of the world. For instance, you can count how many people who crosses the street per hour. That is a fact! But what you cannot tell by this is, why they are there, where they are going, and with what purpose, if they have any at all. How we see, observe or make believes of the world are based on predominant understandings which are different from person to person. One person’s reality can be so diverse from another. Though I do believe that knowledge and views shared by a majority can be seen as the leading discourse. And to some extent the research of the research questions has stumbled into this.

The approach to gain in-depth knowledge about my research field and with the purpose of answering my research questions is to be found within the use of the hermeneutic circle. I know that I as a researcher is biased, but by entering the hermeneutic circle with every new gained knowledge, a broader and more nuanced knowledge is gained, and so forth.

Case study

Case study method is primarily used when a research aim is to create understanding of a real-world circumstance/issue/situation (Yin 2014). The case study will be used to “gain in-depth understanding of a contemporary phenomenon in its real-life context, using multiple sources of evidence” (Beaton 2005, 59). Zucker (2010) stress how method and analysis by this ‘occur simultaneously’ and enables the findings of the research to emerge into themes, based on the
knowledge-gaining process and the raw data.

Case study research can be of exploratory, descriptive, interpretive and exploratory character and can draw on a pallet of “evidence, from documents, artefacts, interviews and observations” (Yin 2014, 12).

The case study design is based on five components, according to Yin (2014);” The research question(s); its propositions; its unit(s) of analysis; a determination of how the data are linked to the propositions; and criteria to interpret the findings” (p. 29).

“How” and “why” questions are most likely to lead up to the use of case study method (Zucker 2010, Yin 2014). The propositions reflect themes/areas/terms etc. that will be examined in the case study. These are helping the research to aim in the right directions, stay on track within the case study and help to guide toward relevant evidence, data (Yin 2014). The unit(s) of analysis, is explicit directed by the main research question(s). This include bounding the case. What is the chosen case about and what is not included in the research? Linking data to propositions, requires that the collection and choice of data and the analysis of these, are in line with the intentions of the case study. This will help to “create a more solid foundation for the latter analysis” (Yin 2014, 35). Criteria for interpreting a case study’s findings, include the importance of identifying rival explanation in the data collection and data analysis. “The more rivals that has been addressed and rejected, the stronger will be your findings” (Yin 2014, 36).

In order to create a coherent case study, the above-mentioned components of the design have to interact in a way that bounds and guide the case study research. Then, as Zucker (2010) outlines,

> “The submission of careful analysis combined with reason and logic enables the researcher to obtain place-specific theoretical insights that may then be tested for broader applicability through further case studies or the use of additional methodologies creating a multimethod case study” (175)

**Document review**

Document review is a “systematic collection, documentation, analysis and interpretation and organisation of data” method (Bretschneider et al. 2017, 5).

First step in doing document review is to make a guideline for the data to collect. This will qualify; what databases and sources to gain knowledge from; the relevance of the documents; and “when to stop looking” (Bretschneider et al. 2017, 7). The research questions to be answered will be used as search criteria. Where different variations of the essence in the questions are used as search
In the collection phase, a systematic approach and documentation of the documents are vital to sort the information and documents that are relevant. Therefore, an important part of the method is to fill the found documents into a template, see example below.

<table>
<thead>
<tr>
<th>Date</th>
<th>Source</th>
<th>Author(s)</th>
<th>Peer-reviewed document</th>
<th>Any bias event</th>
<th>Other comments.</th>
</tr>
</thead>
</table>

Table 1. (based on example in Bretschneider et al 2017, 9).

By organising the found documents in such templates, an overview of information and documents is created. The outcome of this process is ‘information and insights’ to the topic (Bretschneider et al. 2017). After collection, the documents are to be read, compared and analysed. By this together with the systematic collection and documentation, major themes, sub-topics, and branches of opinions are beginning to reveal themselves. Then “You will write up your findings from your document review. Your complete list will be your guideline” (Bretschneider et al. 2017, 10).

This method is useful when the data and document collection is desired to provide a more comprehensive knowledge of a topic and from which data are searched to be included in the analysis. This method seeks to include all relevant documents related to the research questions. The main concern is to let the documents and the content of them speak for themselves, whether they are relevant to include or not. There is a risk of bias when the process of choosing what documents to include. This bias is, together with most research methods, are reduced by triangulating the data with other methods (Bretschneider et al. 2017).

**Quantitative data**

Quantitative method “deals with quantifying and analysis variables in order to get results” (Apuke 2017, 40). An important thing to remember when working within the quantitative data, is that it is not just about collecting or apply quantitative data upon the field of research, but what make quantitative method eligible is the interpretation of data that generates “understanding of an event, happening, fact, or situation” (Apuke, 40).
Triangulation

Performing triangulation is a way to cross check your findings, whether they are based in qualitative or quantitative methods, in order to validate them. If the statistics says there is a rise in numbers and the collected data says the direct opposite, the reason for this has to be found. This will also limit the amount of bias in the research. When divergent facts etc show itself and these are investigated, then reliability and credibility get to become higher. “By triangulation different methods are combined to support the validation of the situation/topic researched” (Beaton 2005, 39). A lot of research and methods states the importance of triangulation (Yin 2014, Zucker 2010, Bretschneider et al. 2017, Beaton 2005, Prayag 2018, Shoonenboom 2019).

Primary and secondary data

Primary data is defined as “… data that are collected for the specific research problem at hand…” , whereas secondary data is “… material created by other researchers made available for reuse…” (Hox & Boeije 2005, 593). This mean, that primary data generates new data, whereas secondary data gains knowledge based on other findings. The researcher can choose to “collect their own data or to search for existing data relevant for the problem in hand” (Hox & Boeije 2005, 594). The advantages of primary data are created specifically in line with the research questions, and thereby guarantees that the findings are relevant and underline the purpose and content of the analysis. Unless the secondary data is highly relevant to the research, the advantages of using primary data substantiates the downsides of using secondary data. In order to make useful use of secondary data a systematic collection process is required. The quality of the findings coming from secondary data can be validated, by securing that the source itself is valid, and that the intentions and methods of conduct is available in the documents (Hox & Boeije 2005). This applies to all secondary data, whether it is surveys, statistics, observations etc.

Secondary statements

It has shown itself to be rather impossible to collect interviews from relevant officials, scientists, organisations etc. Therefore, the choice to use secondary statements were made. These are collected from documents, such as; scientific peer-reviewed articles, newspaper articles, research

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1 (see part of Document Review).
done by others etc. when the content of them has shown themselves to be useful in relation to the research questions and the analysis. These are referenced too, as (quoted in ... the relevant sender, year, page).

**Analysis Design**

**Visual analysis design**
Iceland as a tourist destination
Global financial impact on inbound tourism in Iceland
Natural disaster’s impact on inbound tourism
‘Inspired by Iceland’ as a tool of support the image of Iceland in the aftermath of the crises
Tourism boom
Discussion
Conclusion

In order to answer the research question: ‘**How inbound tourism has developed in Iceland since 2008 and what has challenged the destination?**’ a case study is used as a frame.

In the knowledge research face, main events that had recognised influence on the reasons why tourism in Iceland developed as they did emerge. These are the units that the case study analysis is built upon. These include, how Iceland as a destination is assessed prior the major peak in inbound tourists’ arrivals, the global financial crisis and its impact on tourism, Iceland and inbound tourism in Iceland, the launched campaign Inspired by Iceland and the inbound tourism boom in these events’ aftermath. The case does not include analysis of domestic tourism or management strategies to develop Iceland as a tourist destination. Tourists experiences and perceptions of the events or campaigns has only been included to underpin registered tendencies or as a part of validating and/or triangulation of the data.

**Iceland as a tourist destination 2008** – by the use of the geography-oriented approach in defining tourist destinations, Iceland as a destination and its five elements; attraction, facilities, accessibility, images and price, is analysed to assess Iceland as a tourist destination in the time
leading up to the crisis. This is also a choice to support the crisis theory’s analytic points, being pre-crisis, crisis, and post-crisis. A survey is included to support the image perception, (see appendix). Statistical data is used to show the number of inbound tourist and seasonality and facts explaining the and perceptions of the state of Iceland are used from scientific articles.

The analysis of the Financial Global crisis and the natural disasters’ impacts on international tourism, Iceland and inbound tourism are for most part analysed by the same frame of crisis theory. Where their consequences and impacts divert in sense of, length of crisis and how they impact, different data is used. By using scientific articles, survey, secondary statements from other documents, the facts, tendencies and claims are sought validated by triangulating the data and information. This is vital, to validate the findings and the analysis of these. The analysis is biased, even though, triangulation has been done. This is inevitable while the data rest so heavily upon secondary data. Though, the dominant telling of the events and their impact on inbound tourism and how it has developed, is detected from the data.

The analysis of the campaign Inspired by Iceland aim is combined. The campaign shows how Iceland as a tourist destination choose to react upon the natural disaster. The theory section tourist destination in crisis situation is only a small pinch to explain the events but is part of a huge research field of crisis management, strategic management and crisis communication. The reason why these were not fully rolled out is that the case isn’t about tourism development but on how inbound tourism has developed. Management do play a big role in this too, and an analysis could not have been done without including the response from the government and important player of the tourism industry, but it is not the main focus. Theory about image is included to analyse the advertising and re-created image that the campaign created and following campaigns as well.

Analysis of tourism boom and the time up until now –

The theory of over tourism is put in place to classify the possible implications that such high amount of inbound tourism happens in a relatively small destination, especially in the case of Iceland’s small population number. Statistics are used to qualify the development within inbound tourists arrivals, the difference between summer and winter season and from what entry point they enter Iceland in, in way of clarify in which areas there can be high concentrations of inbound tourists. Two other campaigns being ‘Stopover Buddy’ and Ask Gudmundur, coming from two
different actors in the tourism sector and how it inflicts on the development of inbound tourism, but also how distribution are sought through a campaign that highlights the different regions.

In the end the further challenges are discussed based on the theory of over tourism and the challenges that both international medias and the researchers of which knowledge about Iceland is gained from.

Conclusion sums up the different part of the case study. Including all the relevant findings in relation to the research question How inbound tourism has developed in Iceland since 2008 and what has challenged the destination?

What is this thesis about and what can it tell?
The thesis about the different challenges Iceland as a tourist destination has experienced since 2008 and until now. The period from 2012 and until know are summed up, first in the way it has developed in numbers and how the development is predicted to continue and what challenges the mass tourism and over tourism that Iceland as a destination will experience, if the steep curve of inbound tourists arriving to the destination is not sought either broken or allocated more around the entire destination instead of being so concentrated about the Capital Reykjavik and it its surrounding areas.

It can tell that unplanned and unlimited focus on the number of tourist arrivals will raise challenges to the destination in the end. Problems tends to stay unsolved until someone throws them out or are chosen to be dealt with in a thorough management and strategy. Riding the wave on tourism can be done in a short while, but then it has to be handled to stay or it will leave you.

Validity

Mixed Methodology

The entire process of writing this thesis has been done by entering and re-entering the hermeneutic circle in order to find the leading discourse within the chosen boundaries of my case and study field. I know that I won’t be able to find the ultimate truth, but by continually re-entering the hermeneutic circle a more nuanced picture of the field in questions is gained and the
leading discourse, of what is seen as the general events that has inflicted and influenced the
development of tourism in Iceland and the found challenges this causes as well, is sought found,
to analyse and triangulate these with theory and data. This was the main way to answer the
research questions, and it was a struggle at times, that there was not much new added knowledge
to the field. That was frustrating at times.

Case study

Case study method is in this thesis used to answer the research question “How tourism has
developed since 2008? The propositions of the case showed that tourist destination and inbound
tourism in Iceland was the first topics to follow. Then the themes crisis, being the financial crisis
and the natural disaster, in this case a volcanic eruption arises, together with the campaign
Inspired by Iceland that is launch directly after the last crisis. Tourism Boom was bound from the
departure of this study, as it is the foundation and cause the first curiosity of the topic of the
thesis. In line with handling topic and themes like these, destination theory, crisis theory and
image theory became relevant to include to the case. Due to the lack of access to primary data
collection, the main data and findings supporting this case is found in documents, scientific
research articles, newspaper articles, including other researcher primary data. It could have
qualified these findings if a new case study could have been made, where the facilities and the
destination could have experienced, observed and talked with. In order to justify the choice of
data, triangulation has played a major part and will be explicit outline later in this section.

Document review

Document review method is used to create insight of the topic of the research question’s part of
“How has tourism developed in Iceland since 2008...”. A systematic approach to peer-reviewed
scientific article and book, that are engaged in topics related to economic crisis and environmental
crisis, and in particular concerning those documents that are directly engaged with Iceland as a
case, are shown in schedules in the appendix. The narrative based on the knowledge gained from
this knowledge collection are written up directly in the analysis section and will function as
empirical data. The narratives are thereby not to be found in the appendix, while this would
become somewhat of a duplication. The reason of this choice of approach, is that the senders
agree upon the development and it’s causes, for them for the most part. When they do not agree
or their view may divert, these will therefore be outlined in the analysis as well.

Quantitative data

The statistics used in this thesis are fairly basic and for most part they show numbers of arrivals and such. Iceland’s Tourism Board and their annual Tourism in Figures reports are commonly used. These was chosen for several reasons. First of all, they are made purely from data concerning tourism in Iceland. Second, they are easy to access. Third, they were used in the triangulation process to underpin the finding from other sources of data. There were sometimes small differences, but so small that their size wasn’t really worth mentioning. Though, the largest one is shown in the appendix, and it created a difference in numbers of 0.4 %, so as claimed, nothing major. The disadvantage of using these reports, is that the content differs from year to year, and that makes it harder to compare numbers. It caused some frustration, especially because the research is about development and the exact numbers do tell a lot about this on a year to year basis.

The last use of underpinning the development of inbound tourism from year 2010 and onwards are only based on numbers until 2018. The reason is that the final Tourism in figures -2020 has not been realised yet.

Triangulation

Triangulation was used all the time given the structure and use of data. It provided a certainty that a claim development or trend, in most cases, could be proven by other data and/or statistical facts. The only times the triangulation could not justify and validate the numbers and claimed result was in relation to the report Inspired by Iceland. Their numbers and statements seemed a little too good in the last part of the report, and this was discussed.
Credibility
As stated above triangulation was a much used throughout the process of writing this thesis, and thereby are most of the findings and theories that are used to gain knowledge and for some of the documents that are directly applied to do the analysis sought mainly in peer-reviewed articles and reliable sources. The small sample made to analyse and show what the campaign Inspired by Iceland, is not made in a way that the findings can be used as anything but describing minor trends and the researcher perception of them. But it enables the possibility to visualise the campaigns small campaign view. The use of secondary statements from news media was a way to gain any quote and a mean to hear the voices of relevancy to the thesis, though it can be difficult to entirely read through how much the answers are biased by the way the article are build up and in some cases these kind of source was left out, in order to limit the bias in the findings. Rather have a little less to say than be totally misguided is major sections.

Reliability
The findings are based primarily upon other findings and for the most of them, they are collected from peer-reviewed scientific research articles. This create some kind of trustworthiness to the findings and the analysis of these using triangulation as a way to check fact the content of the documents do, that I strongly believe that most of the findings are valid and reliable. Given the massive use of secondary data. Just the amount of times these words has been spelled in this section do, that something must be too bias and left hanging a little bit.

Theory

Tourist destination
The following part will discuss the term destination in order to define the use of it.
The term destination is used widespread in all sort of tourism research, with different content, and is often taken for granted (Framke 2002, Jovicic 2016). As Framke (2002) asks; “is the destination an attraction, or a geographical unit, or ... a place where tourism happens?” (p. 98).

There most conventional views of tourism destinations in tourism research, can be divided into three broad branches, being the; economic geography – oriented, the management-oriented, and the customer-oriented research (p.134f). The most popular and commonly used definition of destination is found in the economic geography-oriented approach. The destination is based on five elements, being; “destination attractions, facilities, accessibility, images and price” (Seraniemi and Kylänen 2011, 134).

There has been a development in tourism research toward more dynamic, holistic, and integrative approaches to the term destination.

Framke (2002) presents the concept of dynamic destinations, where “a destination can thus be described as a dynamic hole, consisting of three resource bases: the attraction base, the facility base, and the demand base” (98). The ground principles for understanding the destination is still primarily based in economic-oriented views but socio-cultural oriented views are included.

Saraniemi and Kylänen (2011) aim towards a holistic view of the understanding of a tourism destination. The concept should contain both business-oriented and socio-cultural perspectives, to include and cover a more complex view of a destination.

Pearce (2014) argue that it is the conceptualisation of destinations that determines and shape research design and method and will affect the outcome of the research findings. He argues that much can be gained, with

“... a more integrative approach that identifies and synthesises common or complementary elements to develop a more comprehensive picture and understanding of the phenomenon in question [e.g. destination]” (Pearce 2014, 141).

In the integrative framework relevant elements that impact the destination and the researched phenomenon, are systematically identified. The elements are depicted and grouped within three major dimensions of the tourism destination; geographic, mode of production and dynamic (Pearce 2014, 147).
A shared understanding when it comes the use of destination, is that all seem to agree upon on the aspect, that there is no destination without tourists and that the destination is in somewhat defined geographical area (Framke 2002, Pearce 2014, Jovicic 2016, and Seraniemi & Kylänen 2011). Jovicic (2016) state, that “the geographical dimension (i.e. space and place attributes) is an essential component of destinations that affects their market attractiveness and contributes to the significant differences between destinations and districts” (448).

The above mentioned approaches are included to show the variety of definition and research of the tourist destination. What kind of theory to choose, depends of the field of research. That is the reason why the geography-oriented approach, is chosen to make an assessment of Iceland as a tourist destination. The most popular one.

Jovicic (2016) states that no matter what approach that the research choose, a destination main attributes, such as “quality, well-preserved, and attractive geographical areas, whit physical and human attributes that can satisfy the needs of tourists” are the most important to preserve and plan to maintain and develop upon (454). It is by these a and a heightening of these if necessary, that are the foundation to make a destination attractive.

Jovicic (2016) outlines that the, “Natural and cultural attractions, because of its attributes, are key pull factors encouraging the tourist clientele to make movements ... The unique physical and human characteristics of certain destinations are the basis for shaping successful tourism brands, and leveraging a position on the market. These factors should be borne in mind in future conceptualisation of destinations” (454).

Tourism Crisis

A broad definition of a tourism crisis is; “an unexpected event that lowers the confidence of tourists in the destination affected by the crisis and interferes with the possibility of carrying out activities normally” (quoted in Mazila et al., 289).

There are different types of crises, being; Economic, political, technological, tourism and health, socio-cultural, terrorism, Environment crises (Henderson 2007, Jurdana et al 2020, Gil-Alana & Huijbens 2018).

Common for all the different types of crisis are that they have the ability to impact inbound tourism both on local, national, regional and international level, depending on the content and effect of the concrete crisis (Henderson 2007). Jurdana et al. (2020) argue, that the impact of a crisis on tourism has a tendency to be more severe on a local or a tourist destination level. They state that,
“Often crises can cause tourist destinations many loses i.e. drastically reducing number of visitors and consequently their expenditures, moreover, it can damage a tourist destination’s overall reputation and safety” (Jurdana et al. 2020, 474).

When a crisis appears, it is crucial to look into the “the course and source” of the crisis (Henderson 2007). These will help to analyse the crisis situation; determine the reason(s) why the crisis appear and whether the consequence(s) will have short – or long-term effect. The progress of a concrete crisis can be divided into three intervals; “pre-crisis, crisis and post-crisis which are likely to be of varying length” (Henderson 2007, 9).

The circumstances before a crisis appear is different. In some cases, there have been few or no warnings signs in advance, for instance in the case of a volcanic eruption (Jurdana et al. 2020). In other cases, the warning signs can more evident, but are either overlooked or not dealt with (Hall 2013). As Henderson (2007) states,

“Some crises have been likened to cobras when they erupt without warning and pythons if they reveal themselves more stealthily” (5).

As stated, there are different types of crisis. The two types of crisis included in the analysis is economic and environmental crises. Henderson (2007) define economic crisis as “… a crisis for the tourism industry which arises from economic changes within the tourism industry or wider economy” (29), and can be caused by; “Economic downturns and recession, fluctuating exchange rates, loss of market confidence and withdrawal of investment funds can all engender a tourism crisis” (4). Tax regulation and devaluation, within the tourism industry or in finances itself, are also mentioned as being potential reasons for economic crises for tourist destinations (Henderson 2007, Hall 2013).

Environmental crisis is defined as “… a crisis for the tourism industry originated in conditions in the natural environment” (Henderson 2007, 100). Most environmental crisis are caused by natural events, such as earthquakes and volcanic eruptions, and are among researchers, classified as natural disasters (Hall 2010/2013, Henderson (2007), Mazila et al …). Furthermore, environmental issues, for instance global warming’s impact on a tourist attraction, can affect the number of inbound tourists and the ‘image’ of the destination and by that lead to a crisis (Hall 2010).
The impact of a crisis depends on its content and duration. In relation to economic crisis the effect can either “… stimulate or depress demand in source markets and make destination more or less attractive regarding prices and products” (Henderson 2007, 18). In a lot of cases concerning natural disasters, “the industry has always managed to resume or exceed its former production values within a period of just one or two years” (Wang 2009, 75). Regarding some crisis, the effect of it can be of long-term character and thereby “it becomes part of ‘normal’ affairs” (Hall 2013, 13). Overall, in the event of a crisis, a “… crisis can be seen as a turning point that create both, loss and opportunity” (Jurdana et al. 2020, 473).

Tourist destinations in crisis situations

Given the nature of crisis and its effect, it will either, “… stimulate or depress demand in source markets and make destination more or less attractive regarding prices and products” (Henderson 2007, 18). In terms of a global economic crisis, the destinations expect the decline in tourism worldwide, and “… a destination may react to a decrease in arrivals with a decrease in tourism prices” (Eugino-Martin & Campos-Soria 2013, 54). It is observed that destinations tend to lower their prices in times of crisis (Eugino-Martin & Campos-Soria 2013, Sheldon & Dwyer 2010). This is done to stay competitive.

Consequences caused by crises to a tourist destination, depends on the character and length of the specific crisis. What is further important for the tourist destination is how the crisis is handled. As Henderson (2007) states, “The way a crisis is handled can affect the ‘extent and life’ of the crisis” (9). It is thereby important that the crisis is sought to be contained, and an effort to limit the damages is done and a plan is made to pursue recovery (Henderson 2007, Vargas-Sánchez 2018).

In terms of a natural disaster, the most important thing for a tourist destination to do, is to restore their image and reposition itself as a ‘safe destination’ (Vargas-Sánchez 2018). This is done by communication and promotion. The Destination Marketing Organisations (DMOs) and the main players in the tourism industry are seen joining hands in these efforts. This action can also be riding a wave of international attention, while a lot of natural disasters are massively covered by news media’s worldwide, and while tourist destinations have no means to prevent most natural disasters, sympathy for the destination arise during the crisis (Vargas-Sánchez 2018). In the aftermath of most natural disasters, the impact is not longer than the time it takes to come back
to `business as usual´ (Hall 2013). Besides that, a natural disaster when it becomes global, can be covered by the international medias to an extent that it can contribute to lower the duration time for the crisis in hand.

Image

The most quoted definition about the image of a destination, is Crompton’s definition, “the sum of beliefs, ideas and impressions that a person has of a destination” (quoted Jenkins 1999, quoted in Gudlaugsson and Magnússon 2012, 116). The quoting of the quote proves the point. Another used definition is based on the assumption that, “that destination image is an interactive system of thoughts, opinions, feelings, visualisations and intentions toward a destination” (magnum 16). These definitions are valuable when marketing is made. Though, it is important to remember that other factors due engage in the election phase of a destination. (Díaz-Rodriguez et al. 2013, 87), these being “fundamental costs (discounts and payment possibilities or debt), temporal (seasonality, coincidence with non-labour or school periods), and incidental (person of old or young age, weather, safety, time or travel)”.

The image of a tourist destination is vital, while it is the main or only thing the destination competes with in the international tourism market (magnum). That is the reason why costly marketing efforts and campaign are turned to, in regards to aim and target the segment of choice in the best possible manner(magnum). This is also the case if an image of a destination is negative or the destination has been victim of a change that influences the existing image. Then a new image can be sought to create by advertising- or re-created campaigns can be launched. Though, it is important to state, that this might not influence or erase former impressions of the image.

In some cases, a promotion with a divergent image to the already advertised image can be launched in a non-homogenously way if other players in the market seek to alter the image to their benefits. This happens rarely. Though, campaign such as these can “modify, positively or negatively, the images an impression that he/she may have created about the destination so far” (Díaz-Rodriguez et al 2013, 87).
How the images are sought presented originates from various variable or codes, that can be divided into four categories:

“(i) functional (mobility, infrastructures, possibilities of relation or activity); (ii) picturesque and grandiose (peculiar scenes with artistic qualities, monumentality and landscape architecture); (iii) emotional (evocation of feelings); and (iv) unique (tangible or intangible being; psychological, aesthetical, unconscious, mythical, strategic, geographical/human or infrastructural codes)” (Díaz-Rodriguez et al 2013, 88).

Overtourism

Overtourism is one of the new buzz words and is still to be fully investigated in tourism research. The background for its origin is the massive rise of international tourists worldwide. The high number of visitors generates high pressure to already established destinations, having a real difficult time in handling this pressure (Gowreesunkar and Seraphin 2019). In some cases the pressure can be explained by the rising population on earth and this withhold the rising number of people in the middle class, who suddenly have the means to travel. But in other, as stated in the definition of overtourism, being “a large influx of visitors going to the same place at the same time”, where various factors such as price, accessibility, facilities and promotion, encourage the tourists to choose certain destinations (Gowreesunkar and Seraphin 2019, 486). Though, there is a maximum of how many tourists a “destination can accommodate at the same time without impacting negatively on the life of locals and their perception of tourism as well as damaging the experience of the visitors”, and is the definition of a destination’s ‘carrying capacity’ (Gowreesunkar and Seraphin 2019, 486f). By this, overtourism and carrying capacity are entangled and intertwined. Sometimes it can be easy to tell whether a destination is pressured and experience overtourism, while “a destination that is a victim of overtourism can be visually identified by the fact that the number of tourists is higher than the number of locals” (Gowreesunkar and Seraphin 2019, 487).

Causes of overtourism, can as explained earlier, be caused by various factors, though a important one to remember is the impact the internet and online communication has on international tourist
behaviour. By these channels a successful campaign of a tourist destination, spread the image worldwide and people can book their stay online.

A last factor worth mentioning is the tourism industries multiple stakeholders which interest may either be “compatible or conflicting”.

Embedded in the tourism industry, if development of tourism is seen as a quick fix the Janus-faced character that are embedded in quick fix strategies will show itself. “The industry has potentially counterproductive effects that can undermine a developing country’s national aspirations” Gowreesunker and Seraphin 2019, 486).

How tourism has developed since 2008?

Iceland as a tourist destination

Iceland is located in the Atlantic Sea and its capital Reykjavik is the most northern placed capital in the world. The country’s size of 103.000 square km and its population number of a little more than 300.000 people makes it one of the worlds scarcely populated countries. One-third of the population live in the capital Reykjavik and its surroundings in the Southwest area of Iceland (Legutko 2017).

Iceland is located in the middle of the Mid-Atlantic Ridge, were the two continental plates, the North American and the Eurasian plates separates (Tweed 2019). This means that Iceland is made by volcanic activity and continues to grow with every eruption. Iceland has approximately 130 volcanoes, registered in over 30 volcanic systems and experience one major eruption every fifth year, in average (ibid.).

Iceland has a variety of phenomenal natural attraction. “Glaciers, volcanoes, geysers, waterfalls, mountains, coastal cliffs, black sandy beaches, rivers and geothermal activity... all within a relatively small country” (Tweed 2019, 125). An attraction worth adding is the hot springs, that derives from the volcanic systems, are spread on different location and are highly visited. The local population is just about 300.000. They cultural heritage is strong, based on the Vikings settlement and their strong direct democracy. Altinget, the place for the assembly of the Viking to vote and rest disagreements are a main attraction. Given the location of the main airport Keflavik based not
far from the capital Reykjavik, the surrounding area with its Golden Circle, is the main attraction route to follow. Inbound tourism in Iceland is not evenly divided over the year. The most visited period (high season) is from May to September.

Figure 1

![International Visitors by Month 2008](image)

(Source: Tourism in Figures – 2009. Made by Icelandic Tourism Board)

Iceland’s location being in the middle of the Atlantic Ocean, does that the destination is highly dependent on transport by flight (Jóhannesson & Huijbens 2010). Since the Second World War, where Iceland is occupied by the British, infrastructure in Iceland is modernised. The British establishes the first ring road in Iceland and built the airbase, that are to become the location for Kaflavik airport. In line with the airbase, Iceland becomes a natural connection point between North America and Europe. Iceland’s largest airline company, Icelandair, is the first airline to offer low-costs flights between the two continents in 1953 (G & Huijbens 2017). By 2008 they connect more than 30 destinations.

From the beginning of 2008 the tourism sector moved from the Ministry of Transport to the Ministry of Industry. Jóhannesson and Huijbens (2010) argue that it seems like an “… recognition of it (tourism) being an employment sector, rather than a beneficial side-effect of transport infrastructure” (427). And in 2008 a committee is assembled to determine the international image of Iceland. In the report ‘The Image of Iceland – Strength, Policy and Status’ from 2008, their findings show that the image of Iceland is important regarding three main areas, where Iceland as a tourist destination for international tourist is pointed out as one of them (Gudlaugsson &
Magnússon 2012). In a survey-based research of the image of Iceland as a tourist destination is conducted in 2008, by Gudlaugsson and Magnússon (2012) who find;

“Iceland has a strong and clear image in people’s mind. People connect Iceland most to the attribute safe place to visit. Iceland also has strong connections to the attribute friendly and hospitable, scenic and natural beauty and opportunity for adventure” (119)

In the functional image group, the most dominant group is ´nature and scenery´ and unique places, the three most noted attraction is ´Geysir, Blue Lagoon and Gullfoss/waterfalls´ (Gudlaugsson & Magnússon 2012, 118).

From 2004-2008 the Icelandic Krona (ISK) is really strong (Gil-Alana & Huijbens 2018, Legutko 2017). This make Iceland as a travel destination “... a prohibitively pricey destination in comparison to neighbouring destinations” (Gil-Alana & Huijbens 2018, 21). Though, Iceland experience a rise in inbound tourists in that period.

Figure 2.

![International Visitors to Iceland](image)

(Source: Tourism in figures – 2009. Made by Iceland Tourism Board)

**Global Financial Crisis (GFC)**

The rising numbers of inbound tourist despite Iceland being a relatively expensive destination, might be under influence of a huge economic uprising in almost all economies worldwide. The
economic prospects for the future are extremely positive and everyone acts like it will never end. This does that both private and businesses obtain loans on rather loose financial grounds. Other than that, a lot of profit is made based on stock speculation and fast deals of these. This is the beginning to an overheated market. GFC departures when Goldman Stacks in US collapses in 2007. This starts an avalanche of businesses going bankrupt and leaves financial institutions and sectors in deep financial crises. The GFC is in the literature mentioned as the biggest global recession since the Great Depression in the 1930s (Smearal 2010, Legutko 2017).

**GFCs impact on Iceland’s economy**
From the beginning of October 2008, it becomes clear that the Icelandic banks are in trouble. The European Central Bank demands that one of the central Icelandic banks has to make a margin call of 400 million US dollars (Legutko 2017). This action influences the perception of the Bank’s branch in England among its customers, and create panic and distrust against the entire Iceland’s financial sector, which causes a major downfall to Iceland’s stock market. The downfall in the Icelandic financial sector is so crucial that the Icelandic stock market is suspended. When it reopens, five days later, the Icelandic stocks have fallen 70% on the index and Iceland is close to bankruptcy (Legutko 2017). As a last resort, Iceland turns to IMF (International Monetary fund) for a loan. A loan of 2.1 billion US dollars is granted and by that “Iceland becomes the first Western European Country to receive an IMF loan since 1976” (Legutko 2017, 120). The Icelandic government manage to secure the inner financial market by buying 75% of the stocks from the three banks and then let the banks flunk on the global market (OECD 2009). Though, the consequences on the Icelandic economy are severe; “the national currency plummeted, inflation rose steeply, and soon the unemployment rate increased dramatically” (Jóhannesson & Huijbens 2013, 138).

**GFCs impact on international tourism**
International tourism declines in the aftermath of the GFC, “... becoming one of the latest sectors to feel the effects of the global recession” (Papatheodorou et al. 2010, 39). Smearal (2010) displays how the numbers of international arrivals worldwide experience a minor decline during 2008, for then to plunge by 8% in the first semester of 2009. This cements GFCs negative influence on international tourism arrivals and trends in changed behaviour among international tourists are observed as well. They (Eugenio-Martin & Campos-Soria 2013, Hall 2013, Papatheodorou et al
2010, Smeral 2010, Coles 2013) all register trends, such as; the chosen travel destination is closer to home, the length of a stay (travel) is reduced, and the amount of money spent on accommodation is, in general, lowered. Tourists also tend to choose “… value-for-money destinations (e.g. places with favourable exchange rates)” (Papatheodorou et al. 2010, 49). Last minute bookings are also seen more and more, “… partly because of their (tourists) own economic situation and partly because they hope to profit from last-minute bargains and cheaper deals” (Smeral 2010, 32). All the researcher states, that the impact of GFC on international tourists’ arrivals and behaviour differentiates from region to region, country to country, and from tourist destination to tourist destination. Thereby, an investigation of the impacts of GFC on tourism has to be individually investigated for each of them (Coles 2013).

GFCs impact on inbound tourism in Iceland

Given GFCs tremendous impact on Iceland’s economy, it could be assumed that it would be likewise when it comes to the impacts on international tourism in Iceland. Though, this is far from the case. Figure 3 shows international tourists arrival development from 2000-2010.

Figure 3

![International Visitors to Iceland](image)

(Source Icelandic Tourism Board 2009, 6)
A look at the numbers from 2007-2010, shows that there is a slight increase in arrivals from 2007 to 2008. Then, when international tourism plunges by 8% globally in 2008, the decline in international arrivals in Iceland is only 1.7%. Which means that a total number of arrivals fell with 8,359 international tourists in 2009. From 2009 to 2010, an insignificant rise of 0.2% is registered. Thereby, it is fairly to conclude that the inbound tourism in Iceland is stabilised, and that negative impact of GFC on inbound tourism in Iceland are minimal, if not only barely.

On the contrary, GFCs impact on tourism in Iceland are found elsewhere and in some concerns with, in somewhat, unforeseen outcomes.

Firstly, tourism become a recognised pillar of Iceland’s economy. On the 20 November 2008, the minister for tourism\(^2\) outlines this direction;

“We Icelanders are fortunate that the founding pillars of our economy are strong... We have beautiful fishing grounds, unique sources of energy and we have nature and culture, upon which we build tourism, a sector I strongly believe in as a growing pillar of our employment and export”

(quoted in Jóhannesson & Huijbens 2010, 430).

Prior to this, the export business of Iceland is based on fisheries and hydropower, with the aluminium production as a rising contributor (Jóhannesson & Huijbens 2010, Legutko 2017), but now tourism will be a recognised part of the production economy. Jóhannesson and Huijbens (2013) explains this development as;

”... a reality check in the sense, refocusing public attention toward the sector of the economy which generated foreign revenues from direct sales of goods and/or services instead of speculated profits”

(139).

Then, the government started to invest in projects linked to tourism, especially those of infrastructural character (ibid.).

Secondly, the Icelandic krona is highly devaluated. The exchange rate before the crisis is 1 euro = 90 ISK, and after the crisis it is 1 euro = 340 ISK (Legutko 2017). This means that the ISK is devaluated by 277.8%. The favourable exchange rate, from inbound tourists’ point of view, make Iceland a value -for-money destination. This is pointed out by the Minister of Tourism, “Now all of

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\(^2\) At the Annual Icelandic Tourism Conference held in Reykjavik 2008, the Minister of Tourism held a speech, from where the quotes are depicted in Jóhannesson & Huijbens 2010.
a sudden Iceland is a cheap destination and foreign tourists see benefit in coming here” (quoted in Jóhannesson & Huijbens 2010, 430). In 2009 Iceland is nominated as “one of the hottest destinations”, which is directly linked to the profitable exchange rate.

The reason Iceland becomes an attractive travel destination, can be explained by the observation; that sometimes it takes a crisis to wipe another one out. Gil-Alana and Huijbens (2018) substantiates this, while they define the strong ISK before GFC as an economic crisis for inbound tourism in Iceland. Iceland is back then an expensive destination to choose compared to other destinations. Gil-Alana & Huijbens (2018) summarise it as, “This devaluing compounded with ever cheaper airfares in an increasingly more competitive global aviation market, made it cheaper for people to travel to Iceland and stay there” (22). The conclusion of this is, that Iceland becomes a highly attractive travel destination.

The general impact of GFC

The consequences of GFC on Iceland’s economy is severe and are foreseen to have long-term impacts. The country is close to bankruptcy and barely manage to secure its internal financial sector. The Icelandic government turns to a strategy where the income of foreign revenues is based on direct sales of goods/and or services. Therefore, tourism is chosen to be one of the main pillars of the economy. Globally GFC impacts international tourism negatively. The numbers drop by 8% globally in 2009. New trends in tourists’ behaviour is detected; amongst these the rising attention to value-for money destinations.

The international tourism is foreseen to start to recover from 2010, where the process will differ from region to region. Europe seems to be most affected and their recovery time might be longer, whereas tourism in Asia could recover quit rapidly (Papatheodorou et al. 2010). The crisis has then lasted at least two years with various levels of impact from one destination to another. For some the outcome has been crucial for their tourism industry, some has experienced smaller consequences and for others the changes caused by the GFC, has positive and progressive outcomes for their tourism industry.

In Iceland the inbound tourist arrivals drop by 1.7% in 2008, which is a fairly small change and in 2009 the number of arrivals is stabilised, with an almost unmentionable rise of 0.2%. On the contrary, Iceland experience positive effects in the aftermath of GFC. The main positive effect is
the devaluated ISK. International tourists now choose *value-for money destinations* and due to the favourable exchange rate for inbound tourists, Iceland becomes an attractive choice. In line with this, Iceland is nominated as one of the most attractive destinations in 2009 by Lonely Planet, due to their reasons for the rise in inbound tourism Iceland is to experience in the following years. This positive outcome of GFC on inbound tourism in Iceland can turn into to be of the long-lasting kind.

**Environmental crisis**

In 2010, when the numbers of inbound tourists’ arrivals are stabilised after GFC, a natural disaster hits Iceland. Eyjafjallajökull’s erupts from the 14th of April due to the 23rd of May 2010. The following section will present events prior to the eruption and then the eruption itself. This is followed by an assessment of the following impacts on international tourism and inbound tourism in Iceland. Lastly, an overall assessment of the general impact during and in the aftermath of the natural disaster is made.

**The eruption of Eyjafjallajökull**

The 20th of March 2010, a volcanic eruption begins. It is located between two volcanoes, Mýrdalsjökull and Eyjafjallajökull, in the southern part of Iceland (Tweed 2019, Gertisser 2010, and Benediktsson et al. 2011). Hundred-meter-high fire fountains rise up from an approximately 500 m-long volcanic fissure and creates beautiful lava flows and ‘lava falls’ (Gertisser 2010). A new eruption ten days later, just few hundred meters away, do that the lava flows continues and now coming from two outlets. Both inbound and domestic tourists flock to the location of event. While some tourists make food on the hot stones and others just hike along the lava, withhold no traces of danger to the event, Benediktsson et al. (2011) labels this, a ‘tourist-friendly eruption’. When the eruption comes to an end, more than 25,000 people visit the scene (Gertisser 2010). Then, a few days later, underground volcanic activity is detected in the area, once again. The 14th of April 2010 the volcano Eyjafjallajökull erupts. The combination of magma and the 200m glacier ice cap on top of the volcano, creates a great explosion and an 8km high ash cloud rise up from the volcano (Gertisser 2010, Benediktsson et al. 2011, and Tweed 2019). The eruption, measured against other eruptions, is not of massive proportion. Though, during the eruption, that last a little more than a month, the direction of the wind, *“an unusually stable jet stream”* is what cause trouble (Budd et. al. 2011, 31). The ash cloud is blown into the trans-Atlantic airspace and
interrupts a lot of the air traffic in Europe and North Atlantic (Tweed 2019, Legutko 2017, Gertisser 2010, Benediktsson et al. 2010/2011, Budd et al. 2011). This is when the ash cloud from the eruption becomes a global natural disaster.

**The impact on international tourism**

The European Aviation Authorities react to the ash cloud with caution and late at night the day of the eruption, they decide to close big areas of the European airspace down (Budd et al. 2011). More and more countries and flight routes are affected in the following days. Four days after Eyjafjallajökull erupts, “... airspace and airports from Ireland to Ukraine, and Norway to the Canary Islands, were effectively closed and less than a fifth of scheduled flights were able to operate” (Budd et al. 2011, 32).

Tweed (2019) presents the estimated consequences hereof;

“It is estimated that aviation industry losses of US$ 200-400 million per day were incurred, with 10 million passengers affected and more than 100.000 flights were cancelled“ (127).

The closed airspace and cancelled flights generates a loss of US$ 1.7 billion in total, for the aviation industry (Budd et al. 2011). Even though the airspace opens again, cancellations of flights keep happening because of the ash clouds and this continues until the eruption ends 23rd of May 2010. During the closedown, it is clear that there is not enough empirical knowledge of how much concentration of particles different aircraft can fly safely in. Airlines such as KLM and British Airways, do test flying to create this knowledge and a formula for the concentration of particles safe aviation can handle is made (Budd et al. 2011). In the aftermath of this natural disaster, it is argued that it is the lack of knowledge and the attitude ‘better safe than sorry’, which is the reason behind the decision to close the airspaces. At the Keflavik conference in 2010 the debate is flying; the aviation industry blame government officials their lack of strategical plans based on scientific knowledge; the scientist blames bad technology, and the quality of built aircrafts are also issued (Hohnholz 2010b). By some, this event is stated as a ‘policy fiasco’ rather than a natural disaster (Budd. et al 2011).

Whether the event is called a global natural disaster or a policy fiasco, thousands of thousands of international tourists and passengers are stranded all over the world. The uncertainties of when the crisis would be over and when the determined destination would be able to be reached, create chaotic atmospheres. A lot of the passengers starts to search for alternative means of
transportation. “Thousands of people unable to travel by air jammed trains stations or hired long-haul taxis in a desperate search for alternative ways to reach their destinations” (Cowell et al 2010). People stood in line by thousands to buy train tickets. The number of rental cars in Europe grew rapidly as well.

The eruption and its impact on international aviation is massively covered by international medias. While most of the reporters struggle to call the volcano by its name and highlight all the consequences it causes, beautiful pictures of Iceland’s great nature are displayed in the background. Records from google search show “on one day alone, there were over 16,000 stories about the eruption” and “You couldn’t turn on the news or watch a comedy show without seeing a reference to Iceland’s virtually unpronounceable volcano” (Hohnholz 2010a).

The impact on inbound tourism in Iceland

Already on the 14th of April Iceland’s tourism industry starts to feel the consequences of the eruption. The number of cancellations and changes of travel plans rise quickly. As Guöjón Arngrímsson, vice president of corporate communication at Icelandair, tells,

“When it (the eruption) started naturally all booking stopped completely. It just stopped. ... then it started to flow out... People cancelled flights, changed plans and such” (quoted in Jónsdottir 2011, 30).

Guöjón Arngrímsson argues, that the choice to change or cancel ones bookings are based upon different reasons; it can directly be caused by the cancellation of the tourists’ flights; for some it is the concern of safety that triggers the decision; but for the majority “the main purpose for cancellations was fear of vacations getting ruined” (Jónsdottir 2011, 30). The unstable flight schedule does that tourists fear to get stuck, cause delays during their holidays or prevent them of getting home in time (ibid.) When the airports open up again and the eruption ends, “cancellations halted and bookings started picking up again” (Jónsdottir 2011, 31).

Figure 4 shows the number of inbound tourist arrival in Keflavik Airport, which is the biggest and most used airport in Iceland. The decrease during April and Maj are visual. By June, the number of arrivals matches the ones from 2009 and it is fair to conclude that the natural disaster’s impact has run out and the situation is stabilised.
Despite the declining number of inbound tourists’ arrival in those affected months, there is an annual rise of 15.7% from 2010-2011 (Appendix).

In Iceland the eruption causes blocked roads and evacuation of the surrounding areas of the volcano. Regarding the tourists which already are situated in Iceland during the eruption, Einar Gustavsson, director of the Icelandic Tourist, says, “Thankfully the damage of the volcano was minimal and the Icelandic travel community was able to work together to ensure that every traveller’s experience went as smoothly as possible” (Hohnholz 2010a).

Benediktsson et al (2010) report, ‘The impact of the Eyjafjallajökull eruption on international tourists in Iceland’ aims to figure out the volcano eruption’s impact on these inbound tourists in Iceland. Based on surveys, they investigate, whether the eruption has any impact on the inbound tourists at all. Different topics are asked about, such as; if the travel plans before and/or during the tourists’ visit has been influenced; the tourists’ overall opinion about Iceland as a tourist destination, and; the tourists’ knowledge about potential risks and eventual precaution taken hereof. The surveys were conducted in June 2010, a little less than two months after the eruption. The responders are inbound tourists “… who did visit Iceland despite the eruption. Or perhaps
The eruption did not seem to have deterred the tourists from travelling along the south coast, 68% of the tourists passed through Vik i Myrdal. Only 10% had changed their travelling plans. Mainly because flights had been delayed; or those who had planned to go to Dórsmörk were unable to do so; or some tourist had changed their plans slightly – “not to avoid the area affected by the eruption, but to see it for themselves” (p. 152).

The majority of the responses indicated that the eruption had in fact increased the attraction of Iceland as an adventurous destination. Given that most of the tourist had planned their visit prior the eruption most of the tourists answered that “the event had only made the trip more exiting”.

20% answer that they have experienced impacts of the eruption during their trip. Most were related to ash; having to wear a mask; walking or driving through and ash cloud; or walking on ash. This added extra value to their travel experience.

All the respondents were aware of the presence of volcanic risk in Iceland. Only 38% had searched specific information about volcanoes before they arrived. Some sought information about; its effects on aviation; possible health hazards; and the condition of the roads and hiking paths in the vicinity of the volcano. Only 6% had specifically looked for health advice related to the eruption before embarking on the trip and only 3% had taken some precaution measures (mostly the bringing of masks).

This indicate that the inbound tourists mostly change their travel plans to get a peak of the eruption. Almost 3 out of 4 make trips in the affected area, even though all the recipients are aware of the situation and the potential risks. A majority of the recipients see the event as an added attraction to their stay.

**General impacts of the eruption**

Eyjafjallajökull eruption’s impact international tourists travelling by flights and the aviation industry is heavy the month the eruption lasts. The aviation industry loses billions of dollars. Other industries, such as different tourism industries lose a great amount of income as well. The reason to the major effect of the ash cloud has, are explained by the globalised world. Hall (2010) explains, that it;

“... illustrate the way in which the world’s economies, transport systems, media and communication networks have become more integrated that, when one destination or region has been affected, then the impacts can reverberate through the entire system” (401).

(Based on the findings in Benediktsson et al. 2010, p. 151-154).
The number of rental cars in Europe rises and tourists are standing in line by the thousand to get train tickets, as alternative means of transportation become the possibility to get from a to b.

In Iceland, the eruption causes blocked roads and evacuation of the surrounding areas of the volcano, besides that, there are no particular change or impacts internally in Iceland, other than stranded tourist and passenger in the airport as other places.

The eruption’s disturbance to inbound tourists are more evident. Already in the beginning of the eruption the Icelandic tourism industry experience high numbers of cancellations and changes of pre-booked visits and no new bookings are made. This stabilises in line with the ending of the eruption.

Jóhannesson and Huijbens (2018) state that “it created a temporary setback in inbound tourism for the month the eruption lasted” (21). This is supported by the statistics, that shows that the number of international arrivals is back to normal already in June. (LOST NUMBERS)

The tourism industry and its providers work hard to secure the settings for inbound tourists already situated in Iceland. The survey result, that are related to the experiences and choices of these tourists, indicate that the eruptions has not changed the majorities travel plans or enjoyment of their trip. On the other hand, the changes that often by the fact that the tourists want to have a peak on the volcanic activity. This, together with the ‘tourist friendly eruption´ prior to Eyjafjallajökull’s eruption, rather indicate that a volcanic eruption can be experienced as a tourist attraction. Only a fairly small number of recipients are concerned about safety issues that could be related to a natural disaster. No one, luckily, got seriously injured in relation to the eruption.

Iceland’s response to the natural disaster

Seen in the light that the number of inbound tourists is stabilised, after the small decline in line with GFCs impact on international tourism and the fact that Iceland bets tourism as one of their ground economic pillars to help the country out of its deep financial crisis, the event of the eruption could not have had a more inferior timing. The ash clouds consequences for international aviation, the rising numbers of cancellations and the falling numbers of bookings from inbound tourists, did that “the whole sector (tourism), Icelanders feared, could suffocate” (Benediktsson et
The Icelandic government and its tourism bodies join hands with the main players\(^3\) in the tourism sector to make action plans, to prevent this from happening. As Guðjón Arngrímsson, vice president of corporate communication at Icelandair tells, “the project was really to quickly stop the outflow and much effort was spent to speak with travel agencies and such out in the world” (quoted in Jónsdóttir 2011, 30). A marketing campaign is one of the main outcomes of this collaboration, called Inspired by Iceland (Benediktsson et al. 2011, Jóhannesson & Huijbens 2018, Lund et al. 2018).

**Campaign Inspired by Iceland**


The campaign has two main objectives; “Increase tourism in Iceland and turn the tide of negative opinion” (Springate et al. 2011, 5). In fear of making a campaign that would smell to much as propaganda, the campaigners decide a new strategy and they choose to wake a social movement. Instead of targeting the tourist directly, they turn to address Icelanders as media. The goal is to unite the Icelandic people and make them participate in the campaign, by sharing their stories on social medias (Springate et al 2011).

The campaign with the phrase “Iceland has never been more awake and there has never been a more exciting time to visit the country”, is launched the 3\(^{rd}\) of June 2010 in real ‘Iceland hour’ (Gore, 2010). ‘Iceland hour’ is the based in real time and for an hour, more than a third Icelanders go online with the message “how much they love their country, why people should visit and how they can also be ‘Inspired by Iceland’” on social media, such as Facebook, Twitter and Vimeo (Springate 2011, 8).

Based on a small sample of videos uploaded on Youtube, under the title Inspired by Iceland, these locals’ point of view is viewed (Appendix). The different displayed images that these ‘smal’ marketing campaign themselves generates will be coded by Diaz-Rodrigues et al (2013) four categories; functionality, picturesque and grandiose; emotional and unique. 15 videos were watch of various length, from 1 and a half minute to approximately 3 minutes. They were all launched in

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\(^3\) Being, the airlines Icelandair and Iceland Express and 80 other tourism-related companies (Gore 2010).
2010 and had at least 5,000 views. What the sample show is that 11 of the videos are basically alike. The theme song `Jungle Drum` is used in all of them and people are dancing from site to site in a relatively fast tempo. This support the image of gained (if ever disturbed) infrastructures and thereby fully gained mobility, and the pace of the shifting sites could support the image of easy transport from one place to another. The sites where mostly landscapes or different places in Reykjavik. Waterfalls (10), mountains (10), Geysir (9), hot springs (10), Ocean (9) and volcano/volcanic activity (8). The videos generate images of the beautiful and diverse landscapes. The mood is mostly light and almost a little foolish, which other might percept like excitement of being in Iceland. And for some, it could create nostalgia, when visited places are shown. The most unique image created from these videos are that the diversity of natural landscapes are quit unique for a country of this size. Based on a really tiny analysis of these `small campaigns displayed images contribute to the image of Iceland, as a tourist destination, has a lot to offer and a lot of spectacular landscapes to see in a short amount of time.

Celebrities such as Viggo Mortensen and Yoko ono, joins the campaign and Stephen Fry tweets “Despite what you might think, Iceland is as alive and charming as ever” (Gore 2010).

More than 1.5 million people watch and download these videos during the first day.

Simultaneously, webcams are placed on different location and casted on big screens in major cities across Europe and North America. Benediktsson et al (2011) tell that, “moving images of Icelandic landscapes appeared on giant billboards ... encouraging viewers to go to the campaign website and be inspired to visit the country” and by that “people thus see that `life goes on` for hosts as well as guest” (80).

The activity on the social media raised by the campaign was great;

“on Facebook alone we recruited over 45,000 fans and over 2 million stories were seen and sent out by fans on our webpage, emails and social media channel ... our fans were twice as active as the average Facebook fans. Between June and august the live webcams were viewed 60 million times” (Springate et al. 2011, 20).

The message is clear. The campaign, the first to assemble more than half of a population to participate in a social movement is successful. Table 5 which show positive change in regard to

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4 These numbers indicate how many of the 15 videos they where shown, not the number of times, which was the case in more than half the watched videos.
Iceland being as safe as any other travel destination, could tell that one of the main objectives, being to change the negative perception of Iceland as a travel destination has also succeeded.

Table 5

![Figure 34: Positive change in perceptions toward Iceland as a safe travel destination post campaign](image)

Source: Market and Media Research Ltd 2010, conducted in three key markets of Denmark, UK and Germany

It is impossible to tell whether it is only the campaign leading up to this change of perception. As mentioned earlier, a natural disaster, given that there has been no major damage to the tourist destination, will have a fairly short recovery time. As shown in table (number of arrivals in 2010)? the number of inbound tourists is stabilised already in June and since the campaign is launch in the beginning of June, it is not possible to subtract the one from the other. Their effect and impact coexist, and together with the fact that no one got seriously injured and Iceland and aviation are back to normal, the number of inbound tourists’ arrivals in Iceland rises.

As Jóhannesson and Huijbens (2018) states “When awareness of Iceland and its destination qualities became global, infrastructure was in place and aviation routes already well established” (22). This is the departure that spins Iceland as a tourist destination into experience what is to be called a “Tourism Boom” and as Einar Gustavsson, director of the Icelandic Tourist Board states, “as a result of the worldwide attention, volcanic tourism has become, if you’ll excuse the expression, explosively popular” (Hohnholz 2010a).

**Tourist Boom**

The rise in inbound tourists, table 2, support that statement. The number show inbound tourists’ arrivals has grown by no less than 16% annually since the eruption in 2010. In 2012 the number of inbound tourists is double of the local population. Even by having the Icelandic fairly small population in mind, or maybe because, the numbers seem high.
Medias are slowly paying attention to what is to be framed as a ‘tourism boom’ happening in Iceland. In December 2012, CNN Wire present the headline, ‘Iceland: bouncing back on tourism boom’. The Icelandic president Grimsson is interview about the benefits from the rising number of tourists. He is excited about the development, as it has helped the country’s economy back on track. Grimsson explains;

“Because (in) tourism structure of Iceland we have many small and medium-sized companies in the north, east and the west, the economic benefits spread through the economy and all over the country in a way that no other sector actually does”, (CNN Wire, 14/12 2012).

One of the main reasons for the tourism boom is further explained by their geographical position and this provides inbound tourists the opportunity to make hub visits. Grimsson are optimistic about the future for tourism in the country and are not frightened or utterly concerned, even though forecast showing a potential rise to become more that 2 million visitors by 2020. Though, he states, “We have to plan for this” (CNN Wire 2012).

This shows that, before Iceland can handle this pressure, management and investment in the industry has to be made. You can not oppose to this, though, the forecast shows itself to come true three years before estimated.

Table 3 below show that a little less than 7.000 inbound tourists out of 2.224.603 million arrive to a different airport that Keflavik. This create a bulk of incoming tourists in the area surrounding Reykjavik. And by the look of it, the are a long way to solve this problem. Yes, it rose with 49.1 %, but that is only a rise of 2.099 inbound tourist and in the bigger picture this is close to nothing.
A better distribution of inbound tourists in Iceland is known by the tourism industry and to ease the problem, another campaign is launched by Inspired by Iceland\(^5\), in April 2015. The campaign called ‘Ask Gúdmundur’, aim yet again to target the inbound tourists by using locals as media. This time the different Gudmundurs’ are from the different regions of Iceland, each with the in-depth knowledge about the area. The purpose the campaign is to “increase awareness of Iceland as a year-round destination and to stimulate tourists to do more, travel further and stay longer” (Think with Google 2015). The campaign is a first again, of what Inspired by Iceland call, “the world’s first human search engine”. As a tourist you were invited to ask as many questions about the Iceland as you desired. The campaign used YouTube TrueView to make it feel more real and present (Think with Google 2015). The videos are watched and in the beginning of the videos, they ask “Want to know Iceland’s secrets?”. By applying displayed images to this campaign, the code unique is a successful outcome of this. One of the videos starts with Barrack Obama stumbling into pronouncing the name and in the of the video, Gudmundur states;

“No. I don’t use google for my research. If I don’t know it, I call by brother Jogge. And if Jogge doesn’t know it, I call my wife Anna. And if Anna doesn’t know it, I call my friend Junne. And if Jonne doesn’t know it, then nobody knows!”\(^6\)

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\(^5\) Now the name of the official tourism information site.

\(^6\) [https://www.youtube.com/watch?v=IO-y3ZF0k8E](https://www.youtube.com/watch?v=IO-y3ZF0k8E)
The male name Gudmundur is one of the most common names in Iceland. And different Gudmundurs are sat at tables in various location around main cities in North America and Europe. Ready to answer your question. The outcome of the campaign is that 1.4 million has paid to watch the videos on youtube with than 1.5 million views in total and “an 164% increase on “Iceland” search term for Inspired by Iceland” (Thnik with Google 2015).

By the looking at the table 4 it seems like the effect of the campaign are to be slightly detected in the summer and winter months. The arrivals during summer is falling approximately 2% each year. even though the total number of arrivals are rising.

Table 4

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td>Number</td>
</tr>
<tr>
<td>Winter</td>
<td>369,558</td>
<td>29.3</td>
<td>550,612</td>
</tr>
<tr>
<td>Spring</td>
<td>162,631</td>
<td>12.9</td>
<td>219,124</td>
</tr>
<tr>
<td>Summer</td>
<td>507,423</td>
<td>40.2</td>
<td>664,113</td>
</tr>
<tr>
<td>Autumn</td>
<td>222,326</td>
<td>17.6</td>
<td>333,877</td>
</tr>
<tr>
<td>Total</td>
<td>1,261,938</td>
<td>100</td>
<td>1,767,726</td>
</tr>
</tbody>
</table>

Source: Tourism in figures – 2018. Made by Icelandic Tourism Board

Given the high rating, views and google searched, there could be another explanation behind the lack of results. Namely that Icelandair early in March 2016 launches the campaign ‘Stopover Buddy. This is an added travel service provided by Icelandair, where you as a passenger making a stopover in Iceland could ask for a travel buddy. This travel buddy works for Icelandair. Icelandair is thereby providing and extra service.

This can be viewed as an act of trying to alter the already created image of a destination, given by the campaign Ask Gudmundur launched by the official tourist information site. Icelandair is one of the major the tourism sector in Iceland, given by the fact that they are the country’s biggest airline. Accessibility to Iceland are mainly provided through Keflavik airport, this route and mean
of transportation “is the lifeline of tourism” Jóhannesson et al (2010). This is why Icelandairs position in the industry is so strong. Icelandair re-uses a lot of the same instrument that was used in the campaign Inspired by Iceland five years earlier. Lund et al (2017), describes the scenery where trains connecting New Jersey and New York are made into this interactive picture show of the stunning nature of Iceland, with the phrase ‘nonstop to the northern lights’. (145). The actions behind launching this campaign could be argued as being in the branch of deliberate, even though it seldomly happens. But seen in the context of the short time between the launch of a sizable campaign to same destination, it seems like a deliberate way to alter the image to fit Icelandair better. As a flight company you are more interested in the number of arrivals and departures that on the length of stay. But by their name Icelandair and the fact that they are the first the tourist’s meat. Lund et al (2017) states how “In Iceland’s case, the image of the convenience of a layover in route to Europe or north America and similarly, the exoticisation of the northern landscape are the only able to exits because of Icelandair particular target market who seek to get a glimpse into elsewhere”. There are tensions in their research toward Icelandair and it is based on the knowledge, that for the first time that Iceland as a destination tried to divert, distribute and manage more of the content and routes of the country, these initiatives are reacted upon with supremacy to be all about the highest number once again. But these high amounts of international tourist are the reason why it can be argued that Iceland as a tourist destination are on its way to experience over tourism and their carrying capacities might be heavily overloaded. Seen in this light, how Iceland is affected and influence by the two crisis and how they tried to prevent the negative image perception of Iceland in fright of their new found industry that prospected them with the opportunity to recover from their economic crash are all factors that are seen as textbook reasons for this to happen. To state this out; The ISK drastic devaluation made Iceland be among the most popular travel destination in 2009, as a place to get great value for your money. This added to the fact that the destination was highly exposed on all international news media for more than a month the eruption lasted, with article including Iceland, were produced of the number of 16,000 only in one. And while the negative effect of this, was feared to impact inbound tourism. The first of a kind, campaign was launched with the aim of addressing the whole population of Iceland as media. The success of this where shown in high rates, doable activity compared to anything else on Facebook. At last, but not least, Iceland is
highly accessible from both North America and Europe. If the plans of controlling, taming and wisely administration of this sector are not done with long-term aims in mind. This will almost certainly end up in a heavy over tourism situation where their carrying capacity will be maxed out, completely.

**Discussion**

In the 2020 Annual Research: Key highlights the main numbers of tourism relevance to a country’s economy is assembled. It shows key data from 2019, being; that travel and tourism make out for 22% of Iceland’s total economy. It shows a small drop of -2.7% compared to 2018. Furthermore, it shows that 44.1% of jobs are situated within the tourism industry and in total the industry employs 21.9% of total employment. By a number as high ISK 453.3BN inbound tourist stands for 30% of total exports. This cement the huge impact inbound tourism has on Iceland in terms of finance.

These number show how reliant Iceland’s economy are of tourism and how inbound tourism has provided an outing from the financial crisis. But in cases where tourism is used as a tool to create economic development. critical voices around the industry roar itself. Often, these kinds of decision do not go hand in hand with prober planning strategies or financial plans of how to support the tourism sector and spend the necessary amount of money to build infrastructure and/or other required services. By this the view is to exploit tourism until steady financial ground are found and then either tourism tends to be a neglected sector, again, or become a more integrated stable part of the economy (Hall 2013, Coles 2010).

In line with the above mentioned approach or the lack of approach, Henderson (2007) among many others, observes how harmful and severe this short-sighted vision can have on the country, both in terms of experienced negative impact as a tourist destination but also how resources and natural resources are exploited, and can by the end of this, be so destroyed that the recovery time will have long-term consequences and by then, the country don’t have the tourism industry to fall back on.
Another reason not to make this kind of choice as a tourist destination or country, is that there is an embedded disfunctions in using tourism as what they state as quick fixes. This is somewhat what the different medias are starting to observe and question mark, whether it will happen and to what extent it will happen or if Iceland manage to ride the way and implement sustainable solutions, in such, as there economy isn't based on such narrow pillars as they are. From the over tourism’ point of view Iceland as a travel destination has maxed out their carrying capacity.

Challenges of certain characteristics are often viewed as warning sign in situations like these. The rising prices in the housing market, seen in various article concerning Iceland, where they all tell the same story of how the young Icelanders has no possibilities to enter the market and often they have to stay at home at their parent’s place. In some cases, where the house prices get so high, the younger population tends to seek other possibilities, the outcome can be that a destination loses a vital part of their demographic balance.

Social movement turn against the massive number of tourists and another reality are sought created. In one article a woman told that yesterday she knew everybody in town, but today, she couldn’t find a friendly face among the crowds.

It is going to be interesting to see and follow if the warning sign are just warning or if they will burst into yet another crisis.

Conclusion

Iceland is a country with stunning landscapes made from volcanic eruption that are in the mindset of the local population. In 2008 Iceland is a fairly pricey destination to visit. But they experience rising number from 2003 and onwards. Its tourism industry is moved under the Mintriy of industry and the precepted image of Iceland internationally is by a committee sought to find. Iceland as a tourist destination is among the found perception. Iceland's experience a financial growth that are based on a speculative financial and recently privatised sector. In line with the global recession that starts to hit in 2007, it is Iceland in 2008, being the first European country, which economy is ruined because of it.

To find a way out of this crisis, tourism is chosen as one of Iceland's main pillar of income. And because of the severe hit Iceland got from the crisis the devaluation of its ISK had suddenly placed it as an attractive place to visit and a ‘value-for-money’ destination. This newly found pillar are
suddenly not even a year after the crisis a natural disaster hit. The ash cloud from the eruption disturbed the international aviation in Europe and North America for a little more than a week and Iceland was by the coverage in the international medias a global well-known place.

The fear of this knowledge should convert into negative perception of the image of Iceland and campaign Inspired by Iceland was launched in June 2010. The success was measurable. And since 2010, the number of inbound tourists has risen fast and maybe too fast. A distribution campaign, based on the human search engine, Ask gudmundur was launched, as a way to pursue this.

Though, only a little less than a year later Icelandair, the main airline in Iceland launched of what could seem like a re-created campaign in order to get tourists back on track and come as a stay over.

By the looks of it, Iceland as a destination is and if not, really close to have maxed their carrying capacity.
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**Appendix**

**Statistical numbers: Global Financial Crisis**
Divergent numbers – from Tourism in figures report from 2011 says 495,000 inbound tourist arrivals, the one from 2012 says 489,000 arrivals.

Source – Tourism in Figures - 2011

The annual increase of visitors to Iceland has been 5.3% on average over the past ten years.

In 2010, there were approx. 495,000 visitors to Iceland, an increase of 200,000 from 2000.

Source: Icelandic Tourist Board, Austur, Isafjordur.

\[
\text{decrease: } \frac{488,622 - 502,300}{502,300} \times 100 = \frac{13,678}{5023} \approx -2.7\%
\]

from 2008 to 2010

- 2012

Source: Tourism in figures - 2009

\[
\begin{array}{c|c|c|c}
\text{INTEGRAL VISITORS TO ICELAND VS 2010} \\
\text{The total number of foreign visitors was just under 566,000 in 2011, a 15.8% increase from 2010 when foreign visitors numbered just under 489,000.}
\end{array}
\]

The majority came by air through Keflavik Airport (95.6%), 2.2% came with Norraena through Seydisfjordur and 2.2% by air through Reykjavik, Akureyri or Egilsstadir airports. It should be noted that figures for places other than Keflavik Airport are not based on counts but from assessments based on sales and passenger figures.

Just under 541,000 visitors came to Iceland through Keflavik Airport in 2011, 17.8% more than in 2010. Visitor departures from Keflavik Airport broke records in all months except March, when a similar number passed through as in 2010.

Source: Tourism in figures

\[
\begin{array}{c|c|c|c|c}
\text{INTEGRAL VISITORS BY POINT OF ENTRY} \\
\hline
\text{Year} & \text{Number} & \text{Increase/decrease} & \% \\
\hline
\text{2010} & \text{2011} & \\
\text{Keflavik airport} & 459,252 & 540,824 & 81,572 & 17.8 \\
\text{Seydisfjordur seaport} & 15,336 & 12,505 & -2,831 & -18.5 \\
\text{Other airports} & 14,034 & 12,282 & -1,752 & -12.5 \\
\text{Total} & 488,622 & 565,611 & 76,989 & 15.7 \\
\end{array}
\]

Statistical numbers: Eyjafjallajökull’s eruption
Appendix – secondary surveys used in the analysis

<table>
<thead>
<tr>
<th>Number of visitors</th>
<th>Increase/decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>302,900</td>
</tr>
<tr>
<td>2001</td>
<td>296,000</td>
</tr>
<tr>
<td>2002</td>
<td>277,900</td>
</tr>
<tr>
<td>2003</td>
<td>320,000</td>
</tr>
<tr>
<td>2004</td>
<td>360,400</td>
</tr>
<tr>
<td>2005</td>
<td>374,100</td>
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<tr>
<td>2006</td>
<td>422,300</td>
</tr>
<tr>
<td>2007</td>
<td>485,000</td>
</tr>
<tr>
<td>2008</td>
<td>502,000</td>
</tr>
<tr>
<td>2009</td>
<td>493,900</td>
</tr>
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</tr>
<tr>
<td>'00 - '01</td>
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<td>'10 - '11</td>
<td>15.7%</td>
</tr>
<tr>
<td>'00 - '11</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

Gudlaugsson, T. and Magnússon, G. 2010 – North Atlantic island destinations in tourists

The research uses two measurement scales; an unstructured scale to find the holistic image of Iceland and a structured scale to find the image of Iceland according to attributes. The unstructured scale (open-ended questions) allows participants to answer freely what their image of Iceland as a tourist destination is. The designed questionnaire employs three open-ended questions by Echtert and Ritchie (1993) along with three additional questions about participants' gender and travel behavior. The three open-ended questions are:

1. What images or characteristics come to mind when you think of Iceland as a tourist destination?
2. How would you describe the atmosphere or mood that you would expect to experience while visiting Iceland?
3. Please list any distinctive or unique tourist attractions that you can think of in Iceland.

Question one aims to find a functional holistic image, question two to find a psychological holistic image and question three to find a unique image of Iceland as a destination, coding the answers from the unstructured survey according to qualitative methodology.

The specific survey questions are not presented in the document—only the main topics within the questions are made and for what purpose are presented. But given the fact that these findings are reused in a peer-reviewed scientific journal the year after, their findings and their way to get there, seems to be in some way validated.