# Branding of destinations

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## Preface

This thesis is a final assignment, written by Árni Friðberg Helgason and Svavar Sigurðarson, for a bachelor degree in business by the faculty of business at Reykjavík University.

The assessment of this thesis is 12 ECTS credits. The work was performed during the period of January until May 2012. The subject of this thesis is branding of destinations. Theoretical perspective of the research material is covered and a research case study was performed to verify the academics and to increase the understanding of the subject.

The authors would like to thank the instructor, Friðrik Rafn Larsen lector at Reykjavik University, for the cooperation during the process of this writing. The authors, the undersigned, have done this thesis on their own and fully according to the regulations and demands of Reykjavik University regarding work of final assignments in undergraduate studies.

Reykjavík, May 18, 2012

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## Abstract

Differentiation between Iceland and Norway can be hard for international tourists with limited knowledge of the Nordic countries. The primary objective of this research is to obtain a better understanding on what it is that international tourists perceive as differential factors between Iceland and Norway as destinations. To do so, a research question was laid out asking how destinations with natural and other common characteristics, can work to differentiate themselves through promotional imagery. A theoretical framework discussing theory related to destination branding and destination image is presented to provide a foundation for the research of this thesis. The thesis reports results from a structured questionnaire survey, which aimed to analyze if tourist could distinguish between Iceland and Norway by looking at images from both countries. Results from the survey indicate that tourists are only able to distinguish between the two countries to a certain extent. Results also indicate that people from countries that are closer to Iceland and Norway have a stronger image and more knowledge about the two countries.

# 1 Introduction

Although the concept of branding has been applied extensively to products and services, destination branding is a relatively new concept. Generally speaking, destination branding is the marketing of tourist destination with its objective to promote and sell the attributes of the destination.

Every tourism destination around the world, including resorts, cities and countries, seek to attract tourists. Most tourism destinations use their history, culture, people, leisure and recreation, known landmarks and generally natural characteristics as a source of attraction in strengthening their tourism marketing, by launching branding campaigns and promoting their image in a way to differentiate themselves from their competitors. This thesis looks specifically at branding of the destinations between Iceland and Norway.

## 1.1 Objective

Differentiation between Iceland and Norway can be hard for international tourists with limited knowledge of the Nordic countries. The branding of nature and landscapes is a central element of the branding of both Norway and Iceland as destinations as visible through their branding campaigns.

The primary objective of this research is to obtain a better understanding on what it is that international tourists perceive as differential factors between the two countries. International tourists were shown images that were particularly chosen in terms of the branding campaigns of Visit Iceland and Visit Norway. The aim was to analyze if the tourists could distinguish which images are from Iceland and which are from Norway. Thus, the research question of this thesis can be stated as:

*How can destinations with similar natural and other common characteristics,*
*work to differentiate themselves through promotional imagery?*

## 1.2 Methodology

Empirical research methods were employed to collect primary data. Data was collected by a structured questionnaire, and meeting with international tourists in Iceland, where they were shown images, which were chosen in terms of the branding campaigns of Iceland and Norway through their national destination marketing organization´s (DMO´s), Visit Iceland and Visit Norway. Secondary data is mainly based on articles in journals, books, statistics and information on the Internet.

# 2 Literature review

## 2.1 Introduction

Today, we live in a world of globalization, where the world is one market. One of the often-cited drivers of globalization is the improvement in new technologies that have essentially enabled the growth and movement of international tourists (Cooper & Hall, 2008). According to Shaw & Williams (2002), the process of globalization has essentially been through technological improvements in the fields of transport and communications, particularly long-range aircrafts, the Internet and e-commerce.

Since the mid 20th century the aviation industry has grown dramatically when airline companies adopted technological improvements and commercial air travel became faster and more comfortable for the general public (Towner, 1995). The ordinary people could finally afford to fly almost anywhere in their country or even going abroad to foreign countries. In such a global marketplace, tourism has experienced continuous growth with deepening diversification to become one of the fastest growing economic sectors in the world (World Tourism Organization, 2011). That puts tourism on the list of the 20th century´s most economic and social phenomena of the past century. From 1950 to 2010, international tourism arrivals have expanded tremendously growing from 25 million in 1950 to 940 million in 2010, which corresponds to an average annual growth rate of 6,2% (World Tourism Organization, 2012).

The Internet is the most important innovation since the development of the printing press (Hoffman, 2000). The Internet has fundamentally changed the way tourism-related information is spread and the way people plan for and consume travel (Buhalis & Law, 2008). In recent years, social media has noticeably emerged on the Internet, highlighting changes that can substantially affect tourism.

Social media websites, such as blogs, virtual communities, wikis, social media networks (i.e. Facebook and Twitter), collaborative tagging and media files shared like YouTube and Flickr have created extensive opportunities for personalized communication and have gained great popularity in online traveler´s use of the Internet (Pan, MacLaurin, & Crotts, 2007). It has never been easier for people to post and share their opinions and personal experiences which then serve as information for others.

According to the Internet World Stats (2011) there were an estimated 2.267.233.742 Internet users worldwide at year end 2011. This represented about 32.7% of the population worldwide and a 528.1% growth compared to the year 2000. Europe accounts for just under a quarter (22.1%) of overall user numbers, compared with Asia Pacific (44.8%) and North America (12%).

With the evolvement of increasing globalization, which is accelerated by less cost, more frequent and faster transport, improved access to information technologies and freer movement of capital, goods and people, will continue to create vast opportunities for the expansion of tourism (Cooper & Hall, 2008).

Shaw and Williams (2002) say that tourism is one of the most powerful exemplars of globalization as the geographical standard of tourism and commerce has become much superior than it used to be, with transactions taking place over greater distances and wider area. Thus, globalization has contributed substantially to the spread of tourists to the furthest reaches of the earth. Destinations, such as countries, cities and regions face intense global competition in the tourism industry when trying to attract consumers, tourists, investors, and inhabitants to their region or to promote exports. Therefore, destinations have to develop strong and unique competitive identity in order to reach the marketing level of the target audience (Anholt, 2007).

### 2.1.1 Tourism

Tourism has been around for a very long time but it is only lately that the tourism industry has been taken seriously (Pike, 2008). When searching on the Internet for the word "tourism" using Google search engine, it results over 953 million references. Defining the term tourism is a challenge due to its complex nature. There have been almost as many definitions as there are researchers, and it has been suggested that it is almost conceptually impossible to define. Tourism is a service and as with all services, the production and consumption occur simultaneously. Tourism is increasingly about experiences rather than about places and things (Pike, 2008).

Pike (2008) explains that of the origin of the word "tour" as originating from the Latin tornus, which came from the Greek word for a "tool describing a circle". This represents the circular journey away from home, from place to place, and then returning back home (Shaffer & Shaffer, 2001). Many definitions of tourism have arisen but there is still no universal accepted definition of tourism. The most current and prominent is the World Tourism Organization (1995) definition, which says:

> “The activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.”

The World Tourism Organization (2011) vision forecasts predicts that by the year 2020 1.6 billion people will travel annually and of these 1.2 billion will be intraregional while 378 million will be long-haul travellers. The total tourist arrivals by region show that by 2020 the top three regions will be Europe (717 million tourists), East Asia and the Pacific (397 million) and the Americas (282 million).

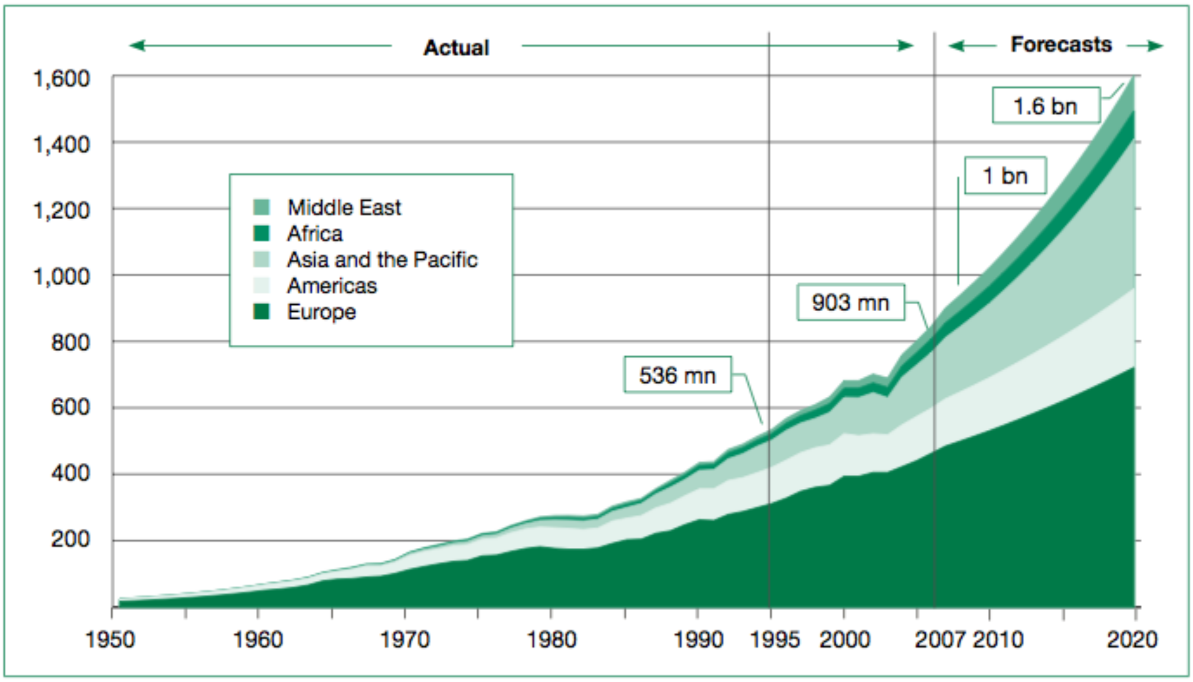


**Figure 1. International tourism, 1950-2020 (World Tourism Organization, 2011)**

### 2.1.2 Tourism in Iceland

When it comes to marketing in tourism, especially at a country level, there are three types of tourism bodies, with interest in destination tourism development. The destination marketing organization (DMO), that is responsible for the marketing and promotion, a government ministry, which has to provide policy advices for the government, and a private sector umbrella industry association for the private sector, thus it is responsible for the causes of member organizations (Pike, 2008). The national tourism office (NTO) in Iceland is the Icelandic Tourist Board (Ferðamálastofa), while the local DMO is Visit Iceland.

Tourism is an important industry in Iceland and can be viewed as a rather new phenomenon. Iceland has experienced a remarkable growth in tourism for the last decade. The annual increase of foreign visitors to Iceland has been 5.3 percent on average over the past ten years (Icelandic Tourist Board, 2011).

Approximately 566 thousand people visited Iceland in 2011, which is 15.8 percent increase of foreign visitors from 2010. The Icelandic Tourist Board (2012a) predicts that 2012 will be record breaking in terms of foreign tourists coming to Iceland. Latest data from the Icelandic Tourist Board shows that the foreign tourists traveling to Iceland has increased by 20.4% in the first quarter of 2012 compared to same period in 2011. So far there have been 125.333 tourists visiting Iceland in 2012, compared to 104.068 in 2011 (Icelandic Tourist Board, 2012b). The total number is expected to exceed well over 600 thousand, which means that the number of foreign tourists in Iceland has doubled since 2000 (Icelandic Tourist Board, 2012a).

### 2.1.3 Destinations

Most tourism activities take place at a particular destination. Destinations are places that attract visitors for a temporary stay, and range from continents to countries, to cities to towns, to resort areas, to uninhabited islands (Pike, 2008). However, it is increasingly recognized that a destination can also be a perceptual concept, construed individually by tourists depending on the purpose of their visit, cultural background, educational level and past experience. A tourist from Germany may look at London as his destination while a Japanese tourist visiting six European countries, may consider Europe as his destination (Buhalis, 2000).

Buhalis (2000) further defines destinations as the focus of facilities and services designed to meet the needs of tourists. Destinations can be regarded as a composition of all products, services and experiences that is provided locally and are all branded together under the name of that destination. According to Buhalis, a destination can be characterized as the “Six As Framework” illustrates in Table 1.

**Table 1. Six As Framework for the Analysis of Tourism Destinations**

- **Attractions** (natural, man-made, artificial, purpose built, heritage, special events)
- **Accessibility** (entire transportation system comprising of routes, terminals and vehicles)
- **Amenities** (accommodation and catering facilities, retailing, other tourist services)
- **Available packages** (pre-arranged packages by intermediaries and principals)
- **Activities** (all activities available at the destination and what consumers will do during their visit)
- **Ancillary services** (services used by tourists such as banks, telecommunications, post, newsagents, hospitals, etc.)

The different approaches of understanding of a tourism destination discussed above appear to be summarized by the World Tourism Organization (WTO) working definition of local tourism destination. According to WTO (2002):

> “A local tourism destination is a physical space in which a visitor spends at least one overnight. It includes tourism products such as support services and attractions and tourism resources within one day´s return travel time. It has physical and administrative boundaries defining its management, and images and perceptions defining its market competitiveness. Local destinations incorporate various stakeholders, often including a host community, and can nest and network to form larger destinations.”

The WTO definition associates the concept of a stakeholder together with physical and non-physical elements of the tourism destination and therefore incorporates the different perscectives offered by the literature about the concept of tourism destination.

### 2.1.4 Marketing of destinations

One of the early tourism marketing definitions was introduced by Wahab, Crampon, and Rothfield (1976), who outlined the scope of tourism destination marketing. Marketing can be seen as an exchange process between the supply-side and the demand-side, which concerns the basic market forces (Pike, 2004). American Marketing Association (2012) defines marketing as “an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders”.

A market is any place where buyers and sellers meet to trade or transact over products and services. Markets can be physical or non-physical places, such as tourism souvenir shops or tourism websites. For destinations, the supply-side is the travel and tourism industry, which seeks to activate demand products and services for tourists. The demand-side represents the tourists, who seek products and services to satisfy certain needs (Kotler & Keller, 2011).

Marketing can be considered as representing the process of matching destination resources with environment opportunities, with wider interest of society in mind. For destinations however, it is not directly profit which is a priority but rather to be competitive on a sustainable level and to offer unique experiences which distinguish themselves from other destinations (Pike 2008).

Every destination is likely to be in competition with other destinations offering similar products, services and experiences. To be competitive, destinations must develop the right marketing strategy, which is carried out by selecting a segment of the market as a target market and by meeting the wants and needs of tourists within the target market better than the competitors (Burns & Bush, 2006; Hooley, Sounders, & Piercy, 1998).

Markets are always changing and are therefore very dynamic. Destinations must be well aware of market trends and evolving customer requirements caused by new fashions or changing economic conditions (Kotler & Keller, 2011). The core of marketing is all about identifying the customer, satisfying the customer and keeping the customer. Thus, marketing is the process of identifying and meeting human and social needs of individuals and groups, by creating and exchanging products, services and other values. This process involves researching, promoting, selling and distributing the core values (Kotler & Keller, 2011).

Destination marketing is an essential part of developing and retaining particular destination popularity. The desire to become a recognizable destination presents a marketing challenge. Too often, however, tourism marketers focus only on destination developments without paying attention to preserving the attributes that attracted tourists to the destination in the first place (Kotler, Bowen, & Makens, 2006).

For marketers, branding is possibly the most powerful marketing tool available to destination marketers who are faced with tourists who are increasingly seeking more lifestyle fulfillment and experience rather than recognizing differentiation in the more tangible elements of the destination, such as accommodation and attractions (Morgan, Pritchard, & Pride, 2004).

## 2.2 What is a brand?

The American marketing association defines brand as a name, term, design symbol or any other feature that identifies one seller´s goods or services as distinct from those of other sellers (Keller, Apéria, & Georgson, 2008). According to the Oxford English dictionary the word is derived from the Teutonic word "*brinnn-an*", which in English means to burn. The word has evolved from act of marking something with fire to denote the mark itself (Berthon, Chakarabarti, Berthon, & Leyland, 2011). Because in today´s markets, products can be almost identical, the emphasis on branding has become more important (Hans, 2008). It is important to understand the difference between a product and a brand. A product might satisfy a customer´s need or want through attention, acquisition, use or consumption. A product might be a physical item, service, a shop, person, organization, place or an idea. In contrast a brand is what adds other dimensions that differentiate a product from other products that are designed to satisfy the same need (Keller et al., 2008). The construct of a brand and how a brand is established have been key questions since the mid-20th century (Hans, 2008).

### 2.2.1 Differentiation

Differentiation is regarded as one of the core principles of marketing theory and practice and the academic literature asserts that marketers should try to differentiate their brands from others so that they face less direct competition (Romaniuk, Sharp, & Ehrenberg, 2007). The differentiations that are often the most compelling to customers are the ones related to the aspect of the product or service. Along these obvious dimensions of differentiation there are many others that marketers can use to differentiate their market offerings (Kotler & Keller, 2012). Through differentiation companies can gain competitive advantage by offering consumers greater value or by providing more benefits (Kotler, Wong, Saunders, & Armstrong, 2005).

Differentiation opportunities for products and services can both be tangible and intangible. The tangible differentiation is to be found with the observable characteristics of the product to costumer´s preferences. Opportunities for differentiation can also be intangible and those differentiations arise because the value that costumers perceive in a product or service does not only depend on the tangible aspects of the offering (Grant, 2005).

### 2.2.2 Brand identity

Brand identity originates from the company that is responsible for creating a differential product with unique features. It is how a company seeks to identify itself (Marguiles, 1977).

David A. Aaker defines brand identity as a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to costumers from the organization members (Aaker, 1996). Harris and de Chernatony (2001) proposed a model of brand management building on Karpferer´s brand-based view of identity.

According to Harris and de Chernatony brand identity consists of six components:

- Brand vision
- Brand culture
- Positioning
- Personality
- Relationships
- Presentation

*Brand vision* encompasses the brand´s core purpose and values which along *brand culture* provide a system of guiding principles. Brand *positioning* seeks to emphasise the characheteristics and attributes that make it unique (Harris & de Chernatony, 2001). *Brand personality* the set of human characteristics associated with a given brand (Aaker, 1996). Brand *personality* can help to create a *relationship* between the brand and the consumer. The final component involves the identification of *presentation* styles to present the brand´s identity (Harris & de Chernatony, 2001).

### 2.2.3 Brand image

Brand image can provide useful and even necessary background information when developing brand identity (Aaker, 1996). According to Herzog (1963), a brand image is the total sum of impressions that consumers receive from many sources, all of which combine to form a brand personality. Keller (1993) however defines brand image as perceptions about a brand as reflected by brand associations held in customer memory. According to Keller it is the dimensions; favorability, strength and the uniqueness of the brand associations that distinguish the brand knowledge that plays an important role in determining the differential response that creates brand equity (Keller, 1993). If looked at from a communications perspective brand image and brand identity are different. The key difference is that brand identity stems from the source of the company and image is received by the consumer, that is identity represents the firm´s reality, while image represents the perception of the consumer (Nandan, 2005).

### 2.2.4 Positioning

Positioning, as the name implies, involves finding the proper location in the minds of a group of costumers or market segment so that they will think about the product or service in the "right" desired way. Brand positioning is the act of designing a companies offer and image so that it occupies a distinct and valued place in the target costumers mind and this act is the heart of marketing strategy (Keller et al., 2008). Two advertising executives, Al Ries and Jack Trout state that positioning starts with a product. According to them, positioning is not what you do to the product itself. It is how you position the product in the prospects mind (Kotler, 2008). If the brand positioning is done properly it can help to guide the marketing strategy. What a good brand positioning does is that it clarifies what the brand is all about, how it is unique, and how it is similar to competitive brands and why consumers should purchase and use the brand (Keller et al., 2008).

## 2.3 Imagery

At the most fundamental level, image and how it is formed and measured is derived from the study of imagery in psychology (Echtner & Ritchie, 1991). Imagery has been defined:

> "As a process by which sensory information is represented in working memory." (MacInnes & Price, 1987)

Images serve many functions at many different levels, thus creating different meanings. In general they are used in a number of practical ways to convey ideas and messages. In psychology the meaning of an image refers to a visual representation, whereas in behavioral geography the concept of image is more holistic where it includes all of the associated impressions, knowledge, emotions, values and beliefs. From marketing perspective, however, definitions point to the attributes that underlie image and relate image to consumer behavior (Jenkins, 1999).

An often-cited definition of the concept of image comes from Barich and Kotler (1991):

> “The sum of beliefs, attitudes, and impressions that a person or group has of an object. The object may be a company, product, brand, place, or person. The impressions may be true or false, real or imagined.”

MacInnes and Price (1987) suggest that products are distinguished both in terms of individual attributes (unconnected processing) and holistic image (imagery processing) and that both these factors are used when consumer evaluates a product before his purchase.

Consumers can create an exhaustive image of a product through simple assumption. This can occur through plot value where certain attributes are seen by an individual to go together. In this way we construct a plot from a small amount of knowledge. Knowledge of a destination´s location may enable the composition of an image including likely climate and geography (Reynolds, 1965). For example, Iceland´s location in the Atlantic Ocean may incorrectly stimulate an image of an ice-cold climate. A similar phenomenon may occur through the halo effect where a product that is rated highly on one attribute is then also assumed to rate highly on others and vice versa. People feel that certain attributes go together and they make assumptions about the attributes of the products based on a single aspect. Sometimes one attribute attracts the attention of most consumers and plays a large role in the image of the product (Reynolds, 1965).

### 2.3.1 Destination image

Research on destination images began in the early 1970s with Gunn´s work in 1972 on how destination image is formed (Gunn, 1988), and Hunt´s work (1975) on how destination images are measured (Gallarza, Gil, & Calderón, 2002). The topic has become one of the most popular in the tourism research literature. For example, between 1973 and 2000, there were at least 142 categorized and published papers that investigated destination image topics (Pike, 2002). Over half of the 142 Pike´s (2002) reviews, measured the perceptions of only one destination, without any association or reference to competing destination. Images of tourist destinations, such as sites and attractions, can be found on the Internet, on television, films, tourist brochures, guidebooks, advertisements and newspapers. Tourism images communicate information and messages about destinations, their attractions, and have been used in marketing, branding and promotion of tourism for the last decades (Echtner & Ritchie, 1991; Pike, 2008).

There are many definitions available about the concept of destination image and many authors have tried to get to the core of it (Gallarza et al., 2002). Some authors have examined how the destination image concept has been defined in the literature (e.g. Echtner & Ritchie, 1991; Gallarza et al., 2002).

Hunt (1975) defines image as:

> "Perception held by potential visitors about an area."

The most cited definition of destination image in tourism research is however from Crompton (1979), which states that an image is:

> "The sum of beliefs, ideas and impressions that a person has of a destination."

The term destination image is used frequently in the tourism industry and a precise definition of the term is often avoided. Pearce (1988), a known tourism researcher states:

> "Image is one of those terms that will not go away ... a term with vague and shifting meanings."

Further, destination image studies show that destination image:

> "Has a crucial role in an individual´s travel purchase related decision making and the individual traveler´s satisfaction/dissatisfaction with a travel purchase largely depends on a comparison of his expectation about a destination, or a previously held destination image, and his perceived performance of the destination." (Chon, 1990)

Images represent the tourist´s propensity to choose or deny a given destination. Thus, images influence the attitude that tourists form towards destinations, which ultimately influences the buying decision process. Mayo examined images and regional travel behavior, and stated that the image of a destination is an essential factor when a tourist chooses a travel destination. Image is therefore the most significant concept for interpreting the choices made by tourists (Mayo, 1973). Jenkins (1999) stresses the main reason marketers are interested in the concept of tourist destination, is mostly because it is connected directly to decision making and sales of tourist products and services.

Lawson and Baud Bovy (1977) on the other hand define the concept of destination image as the expression of all objective knowledge, prejudices, imagination and emotional thoughts of an individual or group about a particular location. Park and Petrick (2006) however state that destinations should attempt to build competitive brand images for products, events and destinations, while researchers Aaker (1991) and Kapferer (1997) argue that image is the essential part of powerful brands.

### 2.3.2 Destination image frameworks

Several authors have written about conceptual framework for the destination image research, (e.g. Echtner & Ritchie, 1991; Gallarza et al., 2002; Tasci, Gartner, & Cavusgil, 2007). Many researchers agree that Echtner & Ritchie (1991) have contributed greatly to the framing of destination image (Gallarza et al., 2002; Tasci et al., 2007).

In their article "The meaning and measurement of destination image", Echtner and Ritchie (1991) examined the conceptualization and operationalization of 15 previous studies. They noted that many of the definitions used in previous studies were quite undefined. They wrote about a limited conceptual framework and came to the conclusion that researchers had not yet been effective enough in operationalizing destination image. Echtner and Ritchie (1991) also examined that researchers had stronger interests for quantitative studies with structured questionnaires and few involving consumers in unstructured methods. They said that structured questionnaires measured only the cognitive component of the destination image, with emphasis on a list of destination attributes. They suggested that destination image should be measured and fined along three dimensions: 1) attributes – holistic, 2) functional – psychological, 3) common – unique. They introduced a conceptual framework along these dimensions to view and measure the image of destinations. The framework can be seen in figure 2.

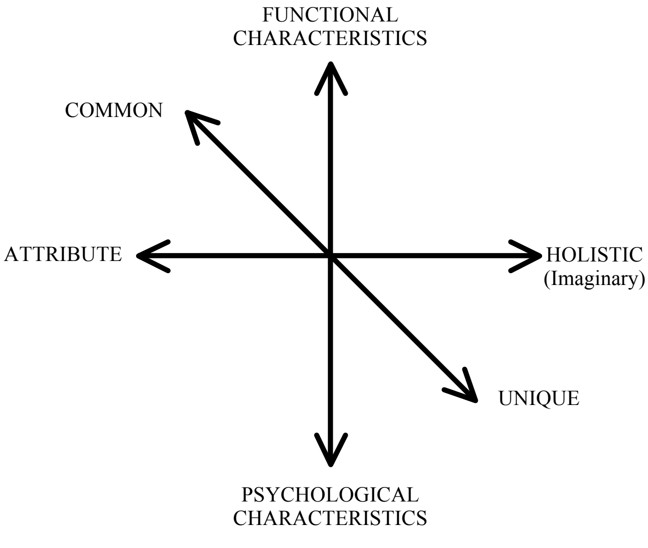


**Figure 2. The components of destination image (Echtner & Ritchie, 1991)**

Echtner and Ritchie (1991) further stress that:

> "The process of destination image formation highlights two important points. Firstly, it suggests that individuals can have an image of a destination even if they have never visited it or even been exposed to more commercial forms of information."

Destination image can both be considered as an attribute-based component and holistic component. Some images of destinations can be observable or measurable characteristics (e.g. scenery, attraction), while others could be more intangible characteristics (e.g. friendliness, safety), and are difficult to measure. When components functional – psychological and attributes – holistic are related, it comes clear that attributes image and a holistic image of a destination can be functional or psychological. Destination image can include ratings on common functional characteristics, like price levels, transportation infrastructure, climate and so forth. The destination can also be rated on psychological characteristics such as level of friendliness, safety and quality of service. Unique features and events (functional characteristics) are for example China and the Great Wall and while on the psychological uniqueness destination image can include the romantic atmosphere of Paris (Echtner & Ritchie, 1991).

### 2.3.3 Destination image formation

Destination image studies reveal three sources of image formation agents: (1) supply-side or destination, (2) independent or autonomous, and (3) demand-side or image receivers. The projected image is not always the same as the received image because of modification of the message. Image formation arises through personal experience and they can only be formed through information sources or even in the absence of any commercial information (Tasci & Gartner, 2007).

Gunn was one of the first, in 1972, to divide the image formation process into different parts. Gunn (1988) suggested that the image formation would take part in seven stages:

1. Accumulation of mental images about vacation experiences (organic image)
2. Modification of images by further information (induced image)
3. Decision to travel to the destination
4. Travel to the destination
5. Participation or experience at the destination
6. Return travel
7. New accumulation of images based on the experience

Gunn also pointed out that images were formed at two levels, organic image (informal) and induced image (formal). Gunn´s organic and induced images have been the most cited destination image formation concepts. Organic images are based on informational messages that are not linked in any way to the destination. Such information may be transmitted either via television, radio, books, newspapers, magazines, or people living at a tourist destination. Induced images are persuasive messages, directed by marketers that are formed by the promotions and communications of the organization, like travel brochures and advertisements. Gunn emphasized that destination marketers should focus on modifying the induced image since they can do little to change the organic image (Gunn, 1988).

### 2.3.4 Destination image studies

Destination image can be enquired at three different phases; pre-visit, during visit and post-visit and according to Tasci and Gartner (2007), more studies on during and post-visit are needed to the literature. The image of destinations has been measured both with qualitative and quantitative methods (Pike, 2002). Studies measuring only the cognitive component of the destination image use only quantitative methods, whereas those measuring affective or both affective and cognitive components use a combination of both methods (Tasci et al., 2007). Echtner and Ritchie (1991) refer to questionnaires, which measures destination image as a structured methods, for example having people guess where a particular image is taken, as well as methods where people are freely allowed to express their views about the destinations, as unstructured methods.

## 2.4 Nation branding

The practice and theory of nation branding is a relatively new area with no more than 15 years of experience. Anholt (2007) describes nation branding as:

> “A standard product promotion, public relations and corporate identity, where the product just happens to be a country rather than a bank or a running shoe.”

There is a general acceptance that Simon Anholt first coined the term “nation branding” in 1996. Anholt observed that the reputations of countries are just like brand images of companies and products, and equally important, and he is beyond doubt, the author of reference on nation branding (Kaneva, 2009).

Another “founding father” of nation branding is Wally Olins (Kaneva, 2009), who argues that countries have always branded and rebranded themselves and therefore nation branding is not a novel concept, simply a new term for image management (Olins, 2002). Still, there is no single definition of nation branding and only a few scholars have attempted to define the term.

Every nation has a certain image to its international audience and some nations can suffer from image problems. Nations also have to deal with competition and therefore need to differentiate themselves from their competitors. The following definition makes a reference to the nation´s culture as well as the target audiences by stressing that a nation brand is the:

> “Unique, multi-dimensional blend of elements that provide the nation with culturally grounded differentiation and relevance for all its target audiences.” (Dinnie, 2008)

According to Keith Dinnie (2008), the concept of applying branding techniques to countries are constantly growing and developing. There are five objectives for nation branding. These objectives are (1) to attract tourists, (2) stimulate inward investment, (3) increase export growth, (4) enhance political influence internationally and (5) manage negative stereotypes (Dinnie, 2008).

Nation branding can be defined in two different ways. In its simplest form, it is a synonym of product country image, were the purpose is using the nation´s image to promote sales and exports. The second form is to promote the country as a destination for tourism (Fan, 2006).

As the following definition of nation branding is given by Fan:

> “Nation branding concerns applying branding and marketing communications techniques to promote a nation’s image.” (Fan, 2006)

This definition highlights that nation branding is concerned with image promotion and nation´s image promotion is identified as the primary objective. Fan (2006) further states that a nation brand can be defined as the total sum of all mental associations about a nation in the mind of international stakeholders. Gudjonsson (2005) however defines nation branding as the process of building positive platforms and an effective environment for nation´s brands to compete in the global marketplace. He also argues that:

> “Nation branding occurs when a government or a private company uses its power to persuade whoever has the ability to change a nation’s image. Nation branding uses the tools of branding to alter or change the behavior, attitudes, identity or image of a nation in a positive way.” (Gudjonsson, 2005)

This highlights the view that a nation cannot be branded as any other corporation, product or service due to its complexity and lack of control. However, governments and other public institutions can use the techniques of branding.

### 2.4.1 Competitive identity

Anholt has moved away from the idea of nation branding, although it´s still an important part of his work, but shifting the approach upon „Competitive identity‟. Anholt developed the Nation Brands Index in 2005 as a way to measure the image and reputation of the world's nations. Anholt uses the term to describe the “synthesis of brand management with public diplomacy and with trade, investment, tourism and export promotion”. For Anholt, this field of study has to do much more with national identity, politics and economics of the competitiveness, than with branding, as it is usually perceived (Anholt, 2007).

Having a positive image can make a huge of difference to a country, city or region, just as it does for companies and their products. Places can’t construct or control their images with advertisements, PR, slogans or logos, although some governments spend large amounts of money trying to do that, there is absolutely no proof that it works (Anholt, 2012).

The hexagon of Competitive identity can be seen in figure 3.

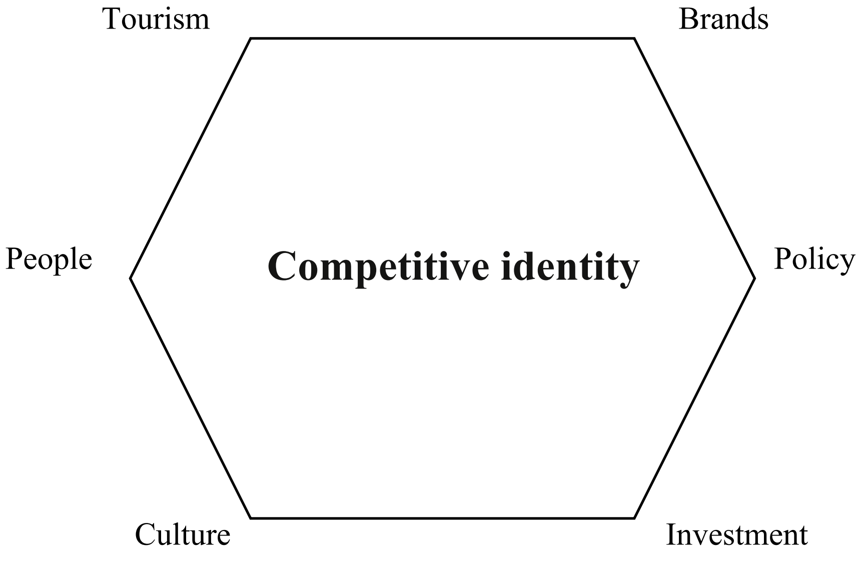


**Figure 3. The hexagon of Competitive identity (Anholt, 2007)**

His hexagon of Competitive identity where six factors represents and measures each country’s brand image by combining the six dimensions:

1. Country´s tourism promotion
2. Country´s export brands
3. The policy decisions of the country´s government
4. For business audiences, the way the country solicits investment
5. Through cultural exchange, cultural activities and exports
6. The people of the country themselves

The basic theory behind the Competitive identity is when an understanding of what the country really is, what it represents and which direction it is going. Anholt (2007) believes through managing the actions of all six factors of the hexagon, governments can develop and stand a good change of building and maintaining competitive national identity. In order to achieve this mutual goal requires all stakeholders at each point of the hexagon to work together, meet together, and align their efforts with the common national strategy (Anholt, 2007).

As the figure of hexagon of Competitive identity shows, tourism is in many cases the most significant and most influential player of the strategy, for the main reason that it has the approval to brand the country directly. The tourism industry can promote and build the country´s national reputation since the stakeholders in the industry are qualified to brand the country directly. In so doing, the respective target audiences are exposed to new information, and most importantly new images about the people, climate, culture, food, history and development of the country (Anholt, 2007).

Tourism is also one of the reasons why a country should develop a nation branding or Competitive identity strategy. According to Anholt, a country’s requirement to stand out amongst competitors is the:

> “Falling cost of international travel, the rising spending power of a growing international middle class and its constant search for new experiences compels more and more places to market themselves as tourist destinations.” (Anholt, 2007)

## 2.5 Place branding

Place marketing has a long tradition. The need for place branding can be explained as an evolution from place marketing. Strategic place marketing, a concept developed by Kotler and others, were amongst the first to stress that places needed to act like businesses, and market themselves like ones, if they were going to respond the ever going threats of global competition, technological changes and urban regression (Anholt, 2010a). Places have been marketing tourism, investments and export for a long time, and it is acknowledged that positive place image is a presumption for successful tourism (Anholt, 2010b).

Place branding, is often related to positioning strategies in the tourism industry. Place branding is defined as marketing activities to promote positive destination image in order to influence the tourists destination choice (Blain, Levy, & Ritchie, 2005). The purpose of place branding is to establish a clear and distinctive place image that is different from the competitors, to build relationship with tourists, and to deliver long-term competitive advantages (Morgan et al., 2004). Additionally, place branding has the main goal to kill off the negative image associated with certain places (Medway & Warnaby, 2008). In general, place branding intends to establish a positive connection between a place and tourists.

Throughout history there are plenty of places that have been promoted and branded in order to attract settlers, customers and visitors. According to the Icelandic Sagas, Greenland was given it´s name in 982 AD by Erik the Red who was exiled from Iceland for murder. In order to attract settlers, he deliberatively gave the place the impression of greater fertility than the place actually was (Anholt, 2010; "Erik the Red - The discovery of Greenland," 2012).

Unfortunately there is no universal accepted definition of place branding. Various scholars in the marketing field have different definitions for place branding, which can be defined as:

> "Extremely complex and highly political activity that can enhance a nation's economy, national self-image and identity" (Morgan et al., 2004)

Simon Anholt on the other hand defines place branding as:

> "The practice of applying brand strategy and other marketing techniques and disciplines to the economic, social, political and cultural developments of cities, regions and countries" (Anholt, 2004)

The success of product branding and mostly the emergence of corporate marketing and corporate branding are the main reasons of how place branding has evolved (Kavaratzis, 2005). Place branding is merely the usage of product branding to places, although places cannot suddenly acquire a new identity like products, with a nice slogan or a memorable logo. Place branding is relatively new umbrella brand encompassing nation branding, region branding and city branding and is also known as an “umbrella term” for destination branding (Pike, 2008).

## 2.6 Destination branding

Destination branding is very similar to place branding, but in theory it remains the most develop specialization of place branding with it´s predominant focus on tourism (Szondi, 2007). In general, destination branding is the marketing of a particular destination, regardless of geographical, political or social scale, with it´s aims to promote and sell the attributes of the destination. Many definitions have been suggested for destination branding due to a lack of agreement among scholars. While tourism has been around, in an organized form, since the late 19th century, researches relating to destination branding have only emerged since the late 1990‘s (Pike, 2008).

As mentioned before, “Brand” and “Brand equity” provides the underlying theory of branding and the holistic definitions of branding in order to derive a definition for destination branding. One of the most cited definitions is introduced by Ritchie and Ritchie (1998). They discuss the importance of destination branding and suggest more rounded definition that specifically identifies the unique nature of tourism marketing and destination management. Thus, based on Aaker´s definition of a brand (1991), Ritchie and Ritchie (1998) defined a destination brand as:

> “A name symbol, logo, word mark or other graphic that both identifies and differentiates the destination; furthermore, it conveys the promise of a memorable travel experience that is uniquely associated with the destination; it also serves to consolidate and reinforce the recollection of pleasurable memories of the destination experience.” (Ritchie & Ritchie, 1998)

Their definition addressed Aaker’s (1991) core branding concepts (identification and differentiation) in describing what a destination brand is and what it does, but on the other hand they do not explain the process of using or implementing the brand.

Anholt (2009) states that a destination brand refers to the characteristics of a place that is attractive to visit. Initially, a destination brand needs to communicate its “sense of place” and create an emotional connection with its audience. Furthermore, Anholt states it is similar as telling a story that provides an insight into the place, its people, its history and the way it views the world and how it relates to its environment. It is really about bringing the place to life and making it relevant to people today (Anholt, 2010c).

The core of destination branding is to build a positive destination image that identifies and differentiates the destination by selecting a brand-mix. The image of a destination brand can be described as "perceptions about the place as reflected by the associations held in tourist memory" (Cai, 2002).

Tasci and Kozak (2006) argue that destination branding is a selection and strategic combination of a consistent mix of brand elements to identify and distinguish a destination through positive image development. They further assert that the current empirical studies on branding in the tourism destinations context are usually conceptualized at smaller levels, especially at resort, city and country levels.

### 2.6.1 Destination brand competitiveness

In order for a destination to attract tourists, it has to compete with similar destinations around the world. The most recognized definition of destination competitiveness is:

> "The ability to increase tourism expenditure, to increasingly attract visitors while providing them with satisfying, memorable experiences, and to do so in a profitable way, while enhancing the well-being of destination residents and preserving the natural capital of the destination for future generations"
> (Ritchie & Crouch, 2003)

Destination branding should include the concepts of destination image and attractiveness. Together, these activities serve to create a destination image that positively influences consumer destination choice (Blain et al., 2005). In order for a destination brand to be successful and competitive, destination brands must go past the communication of an image and make the brand assurance a reality. To do this the destination must maintain a competitive supremacy in its presentation of a quality visitor experience (Hankinson, 2009; Morgan, Pritchard, & Piggot, 2003).

In order to develop an effective destination brand, it requires sophisticated brand management. Five phases have been recognized in destination brand building. The key elements are that the desired image must be close to reality, believable, simple, appealing, and distinctive (Morgan et al., 2004).

**Five phases in destination brand building**

1. Market investigation, analysis and strategic recommendations
2. Brand identity development

3. Brand launch and introduction: communicating the vision
4. Brand implementation
5. Monitoring, evaluation and review

The first phase involves market investigation, analysis and strategic recommendations. During this phase, the authors emphasize the core values should be established and those values should be durable, relevant, communicable, and hold saliency. The second phase is brand identity. According to the authors, once the brand´s core values have been established, they should strengthen and pervade every component of the brand identity, from photography, color, typography and tone of voice to the brand pavilion, so that the brand values are coherently communicated. Phase three is brand launch and introduction: communicating the vision. It is important that the overall perception of the brand is shared by all stakeholders, and reinforced through the product and in all marketing communications, every execution in all media contributes to maintaining the brand presence. The fourth phase is brand implementation, transforming, and executing the uncovered values into the world where every step taken through any form of media contributes to maintaining the brand presence. The fifth and final phase concerns monitoring, evaluation and review to measure the outcome of the brand building and to conclude on the efforts (Morgan et al., 2004).

Furthermore, Morgan, Pritchard and Pride (2004) stress that a destination brand must be designed to satisfy the six requirements, mentioned below, in order to create an emotional connection with the tourists, thus becoming a competitive brand.

**The six criteria**

- Credible
- Deliverable
- Differentiating
- Conveying powerful ideas
- Enthusing for partners and stakeholders
- Resonating with visitors

Tasci and Gartner (2009) add that a successful destination brand should signal "good value, quality, trust, assurance, and anticipation to consumers" as well as a positive and strong image.

### The destination brand benefit pyramid

Morgan, Pritchard and Pride (2004) introduced the pyramid, that sums up consumer´s relationships with a brand and are frequently established during the consumer research process where consumers are asked to describe what features a destination offers and what a particular place means to them. The pyramid consists of five levels that are each posing a question. These questions help distil the essence of a destination brand's advertising proposition. Furthermore, the questions seek to inspire considerations about the destination brand and its benefits. The "Destination brand benefit pyramid" can be seen in figure 4.

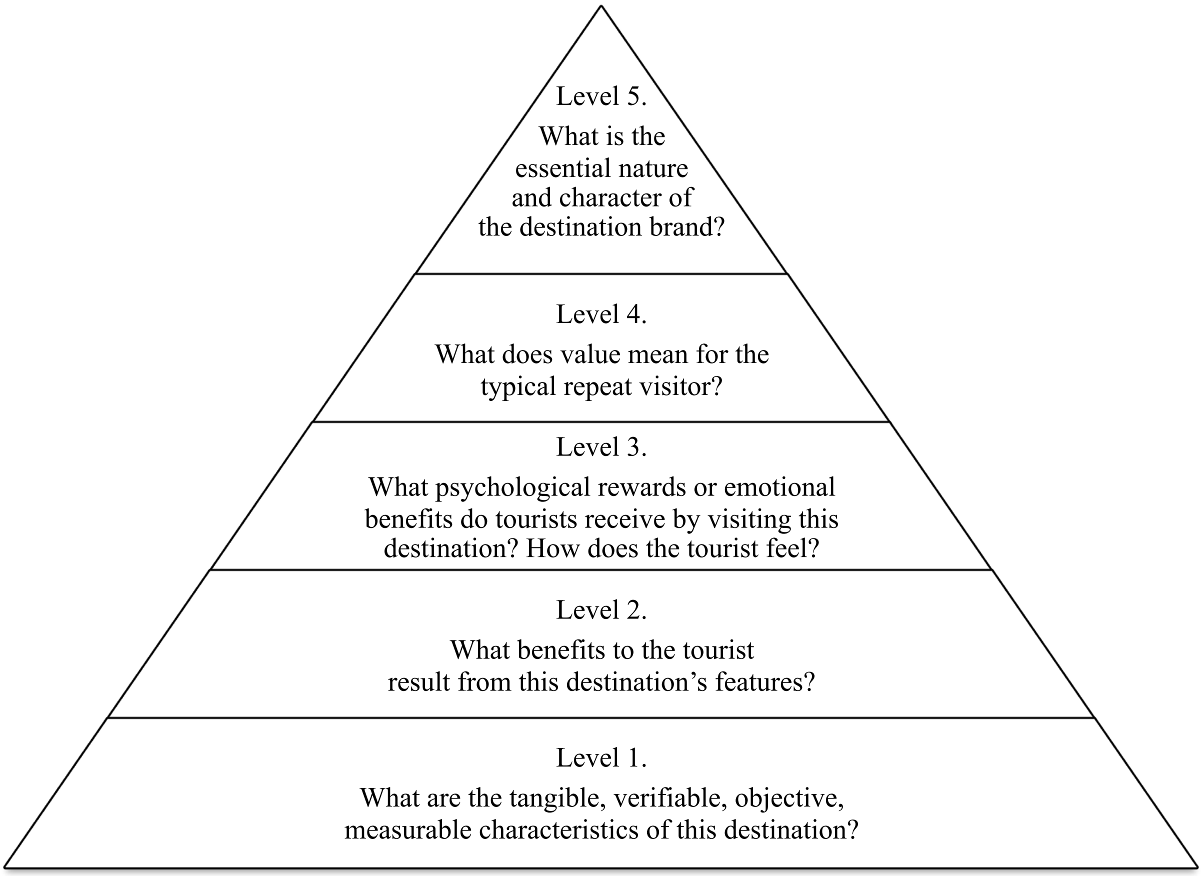

Level 5.
What is the essential nature and character of the destination brand?
Level 4.
What does value mean for the typical repeat visitor?
Level 3.
What psychological rewards or emotional benefits do tourists receive by visiting this destination? How does the tourist feel?
Level 2.
What benefits to the tourist result from this destination's features?
Level 1.
What are the tangible, verifiable, objective, measurable characteristics of this destination?

**Figure 4. The destination brand benefit pyramid (Morgan et al., 2004)**

### 2.6.2 Success factors of destination branding

Baker and Cameron (2008) collected critical success factors from extensive review of both academic and practitioner literature on destination branding, and divided the factors into the different steps in the destination marketing process as defined by them: *strategic orientation, destination identity and image, stakeholder involvement,* and *implementation, monitoring and review.* Their review confirmed the importance of branding and as well highlighting the complexity that relates to the destination branding process.

**Table 2. Critical success factors in destination marketing (Baker & Cameron, 2008)**

*Strategic orientation*
1. Visitation statistics are included and the destination's main markets are quantified and segmented
2. The main competition is identified
3. Tourism trends are identified
4. A long-term orientation is adopted
5. The importance of international competitiveness is recognized
6. The need for infrastructure improvements is highlighted
7. The need for integration with national/regional tourism plans is recognized
8. Residents attitudes to tourism are considered
9. Local cultures, values and lifestyles are considered
10. Wealth and job creation and quality of life for residents are primary aims
11. The issue of overcrowding is addressed
12. The issue of environmental problems is addressed
13. The issue of seasonality is addressed
14. The benefit of tourism to the destination is quantified
15. Scenarios are developed

*Destination identity and image*
16. The need to develop brand identity is recognized
17. Brand associations are identified
18. The need for image development is recognized
19. Positioning is discussed
20. The need for coordination of industry promotional material is recognized
21. Recognition to ensuring the promises made in marketing communications are conveyed to visitors
22. New and innovative forms of communication channels are addressed
23. The need to improve branding and brand awareness is recognized
24. The importance of experiences to tourists as opposed to tangible propositions is recognized

*Stakeholder involvement*
25. National government agencies are involved in planning
26. Local government agencies were involved in planning
27. The area tourist board/area tourist office was involved in planning
28. Local residents were involved in planning
29. Local businesses were involved in planning
30. The need to improve communication between stakeholders (public, private & residents) is recognized
31. Leadership is addressed to give greater guidance to stakeholders.

*Implementation, monitoring and review*
32. The timescale for each task is included
33. The need for monitoring and review is established

### 2.6.3 Problems in destination branding

The main problems and complexities in destination branding is that destinations cannot be treated as single products, because of different factors of the destination mix, and therefore it can be difficult to convert all the values of the destination into a few solid values that can represent a holistic image. More problems and complexities are listed in table 3 below, that were collected from Morgan, Pritchard, Pride (2004) and Pike (2005).

**Table 3. Problems and complexities involving destination branding**

- DMO´s lack direct control over the actual delivery of the brand promise
- Most of the DMO´s budgets are quite small
- Brand loyalty can be a challenge for DMO´s due to lack of access of tourists information
- It is time-consuming to change an image of a destination
- Identity doesn´t have to correlate with the received image
- There are diverse group of active stakeholders involved
- One person, brand or incident can ruin the entire representation of the destination
- Destinations are far more multidimensional than consumer goods and services
- Political influences can be felt, in terms of new laws and legislations

## 2.7 Example of successful destination brand

Tourism in New Zealand has seen a distinct growth over the last few decades. New Zealand has built up a global reputation as a destination brand. With a unique landscape and tourist experiences, the recent growth in tourism can be linked to New Zealand´s first international marketing campaign “100% Pure New Zealand”. The branding of New Zealand as a 100% pure nation, does not only promote their images, but the brand holds a deeper message which invites nature-loving tourists to visit and see the country. The campaign was first launched between July 1999 and February 2000, and was mainly intended to recover some of the ground lost to Australia in the tourism marketplace. Their marketing campaign, continues to be effectively advertised internationally, mainly on television, web and print (magazines), and has promoted the country as a unique tourism destination, with its diverse landscapes, people, culture and tourism activities (Morgan, Pritchard, & Piggot, 2002).

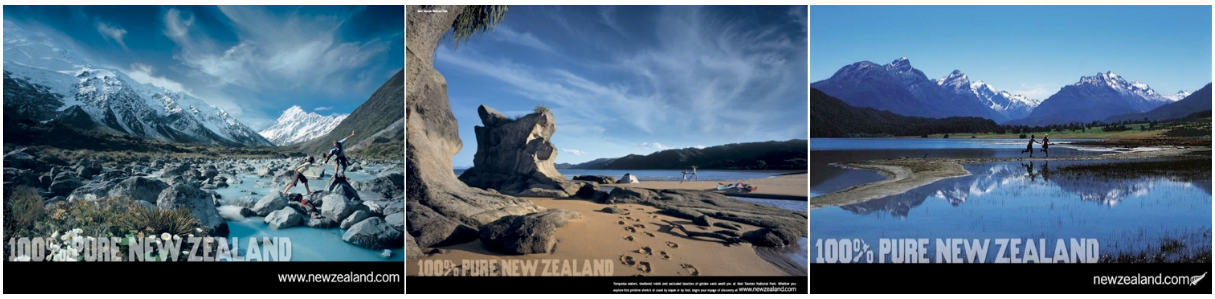


**Figure 5. New Zealand 100% pure advertisements**

In the case of New Zealand, the theme of the campaign is connecting the nature to the nation´s image were the “pure” nature is portrayed as a metaphor of identity. The destination brand does not only sell „100% Pure‟ nature to the outside world, but frames the perception, response and experience of the country (Bell, 2005).

The 100% logo associates an image of the country´s two islands (North & South), while the strap line “100% Pure New Zealand” seeks to qualify a number of experiences and scenes as being “authentically” or “100% Pure New Zealand”.

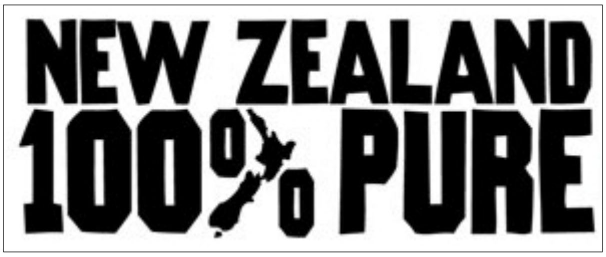


**Figure 6. New Zealand 100% pure logo**

What the New Zealand images describes as a place of “awesome sights, breathtaking vistas, indelible experiences – that´s New Zealand” (Morgan et al., 2002). It has been stated that the most influential promotion was through the release of the “Lord of the Rings” trilogy, which most of the scenes were shot in the South Island. New Zealand utilized images from Lord of the Rings, and complemented them with induced images in advertising and on the Tourism New Zealand website (Bell, 2008; Morgan et al., 2003).

In 1999, 1.61 million international visitors came to New Zealand. By the end of 2008 this number had increased by 52% to 2.45 million visitors, an average annual growth rate of 4.8% (10 years young, 2012).

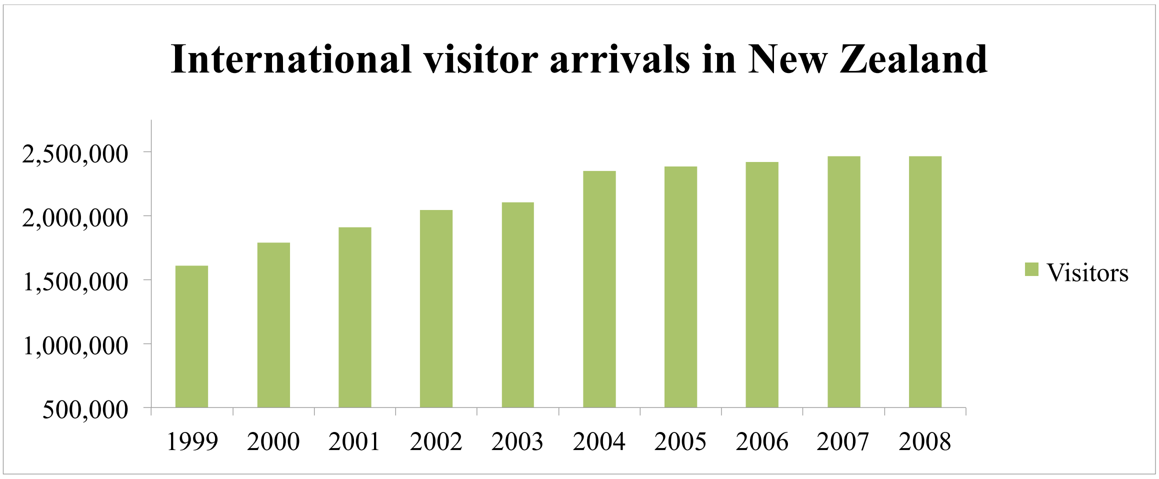


**Figure 7. International visitor arrivals in New Zeland from 1999-2008**

When the marketing campaign celebrated 10-year anniversary, the total users sessions on www.newzealand.com had gone from 1.4 million in 2002 to over 10 million a year in 2009. Foreign exchange earnings for New Zealand from tourism went from NZ $3.5 billion to NZ $5.9 billion. A report by InterBrand in 2005 analyzed the 100% Pure New Zealand brand in comparison to other global corporate and consumer brands and calculated the 100% Pure New Zealand brand being worth around US $13.6 billion (10 years young, 2012). This shows how a well-implemented marketing strategy in tourism can be beneficial for countries and their economies.

### 2.7.1 Best at destination branding

United Nations World Tourism Organization (UNWTO) and European Travel Commission (ETC) asked 165 National Tourism Organizations (NTO´s) what countries they considered to be best at destination branding. The survey was part of a wider study on what NTO´s perceive is important in destination branding. The results were published in the 2010 ETC/UNWTO Handbook on Tourism Destination Branding. New Zealand received the most nominations, ranking the country as “best” at destination branding, ahead of India, Spain, Australia, Dubai and Ireland. Survey respondents cited the consistency and credibility of 100% Pure New Zealand. They said the strong imagery of the campaign, the instantly recognizable brand and the strong positioning statement ("100% Pure") set New Zealand ahead of other destinations. Respondents praised New Zealand for addressing the country´s isolated location, at the edge of the world and turning that into a positive phenomenon (UNWTO & ETC, 2010).

## 2.8 Literature review summary

As the literature review demonstrates, the continuous growth in tourism has made the industry the fastest growing economic sectors in the world. Tourism in Iceland is also experiencing a remarkable growth. Latest data indicate that there will be a record-breaking year, in terms of number of foreign tourists visiting Iceland and the numbers could exceed the prior forecast of 600 thousand tourists to 680 thousand tourists if everything goes according to plan.

The literature review also defined the constructs, based on conceptualization and previous empirical and theoretical studies, how destinations can use branding techniques to develop a unique identity and image that is different from all competitive destinations. The literature does support the assumption that branding benefits a destination by describing destinations that have put branding into practice, by reviewing the case of New Zealand, which is one of the most successful destination brands in the world.

Since branding is in practice and can benefit a destination, the aim and objective of the research is to analyze how Iceland and Norway, which have very similar natural characteristics, can differentiate through promotional imagery and to obtain a better understanding on what international tourists perceive as differential factors.

# 3 Methodology

The purpose of chapter 3 is to describe how the study was conducted. In the chapter, participants, measurements, implementation and data analysis will be described. The quantitative research method that was used will also be explained.

## 3.1 Participants

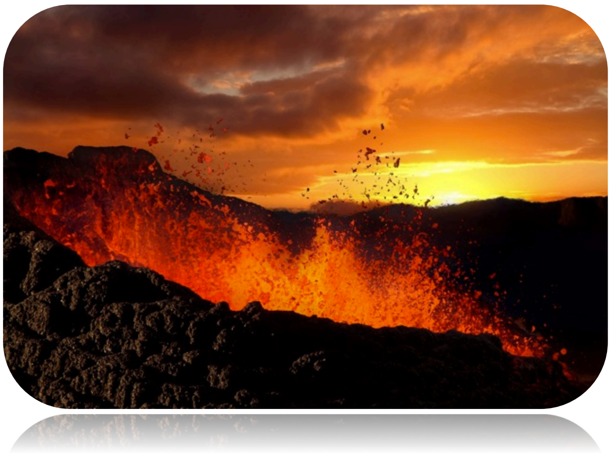
The participants were foreign tourists, traveling in Iceland. The total number of participants was 101, 51 female and 50 male. Little less than 60% of the participants were between 21 and 40 years of age, 5% were 20 years old or younger, 9,9 % were aged between 41 and 50, 19,8% were aged between 51 and 60 and 7 % were older the 61 years old. Participants came from 22 countries and 4 continents. Convenience sample was used for gathering information, participation was optional and participants could quit at any point and did not receive any compensation. Convenience samples are non-probability samples that are unrestricted and are normally the cheapest and the easiest to conduct, but also the least reliable design (Blumberg, Schindler, & Cooper, 2008).

## 3.2 Measurement

Data was gathered through a structured survey that was created by the researchers, under the guidance of an instructor. Quantitative research is concerned with the collection and analysis of data in numeric form and it also tends to emphasize large-scale and representative sets of data (Burns, 2000). The survey consisted of 14 images, 7 images taken in Iceland and 7 images taken in Norway and an answer sheet for the participants to fill out. The reason for using 14 images was built on a pre-test that was administrated before the main research was conducted and the test confirmed that this number of images was relevant regarding to time. The images were laminated and put into a folder in a random order and the answer sheet was a single A4 paper. The images that were used were both promotional images from the DMO´s, Visit Iceland and Visit Norway as well as images that researchers selected out of 138 images that they had collected, which they thought would provide the best results. All the images from Iceland and Norway were paired, for example, when an image had been chosen from Norway a similar image from Iceland was found and paired with the image from Norway. The images were also arranged in a difficulty order, the easier images came first and then they would get more difficult. The answer sheet consisted of six background questions and 14 questions, with 3 answering options, “Iceland”, “Norway” and “Other”. A decision was made to include the “Other” option to prevent participants from guessing and also to make the results more accurate. All 14 questions were the same, where do you think the image is taken? The background questions were “Age”, “Gender”, “Education”, “Country”, “Profession” and “Interests”. The collected data was analyzed with Excel and SPSS 19.

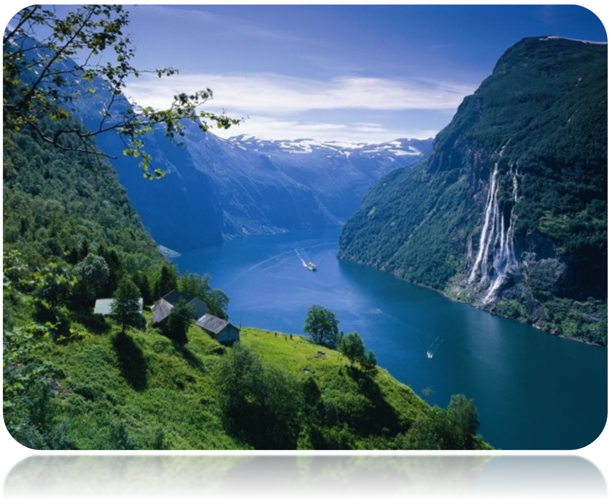
## 3.3 The images

**Image 1**. Volcano in Iceland



Iceland has many geologically active volcanoes and is well known around the world for volcanic eruptions. Over thirty volcanoes have erupted in the past two centuries (Icelandic Tourist Board, 2012c).

**Image 2**. Geirangerfjord in Norway



The Geirangerfjord is a 15 km long fjord with more than 600 meters of depth and is visited by 150 - 200 cruise ships and more than 700.000 tourists each year (Visit Norway, 2012a).

**Image 3**. Whale watching in Norway

WHALESAFARI

Both Iceland and Norway offer whale-watching tours. It is one of the most popular tourist activities in Iceland and it is also very popular in northern Norway (Icelandic Tourist Board, 2012d; Visit Norway, 2012b).

**Image 4**. Northern lights in Iceland

Northern lights can be seen in several countries, and both Iceland and Norway offer tourists to experience the northern lights and the midnight sun (Visit Iceland, 2012a; Visit Norway, 2012c).

**Image 5**. Geyser in Iceland

The Golden Circle is a 300 kilometers long route, which encompasses many of Iceland´s most visited attractions. One of these attractions is Geysir, which is one of the most famous landmarks in Iceland (Icelandic Tourist Board, 2012e).

**Image 6**. Valley in Iceland

Typical deciduous valley in Iceland with green grass and moss.

**Image 7.** Preikestolen rock in Norway

The Pulpit Rock (Preikestolen), one of the most famous tourist attractions in Norway that towers an impressive 604 meters over the fjord (Visit Norway, 2012d).

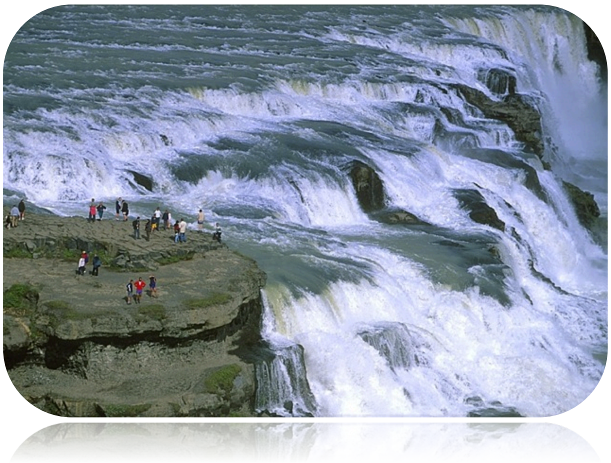
**Image 8.** Horseback riding in Iceland

Horses are historically the most common form of transportation in Iceland. Today horseback riding is a very popular sport in Iceland and also popular amongst tourists (Horse Breeders Association of Iceland, 2012a).

**Image 9.** Glacier in Norway

Numerous glaciers are both found in Iceland and Norway and both countries offer tourists glacier tours. More than 2.600 square kilometers of Norway´s land area is covered by glaciers and 11.330 square kilometers covers the land area in Iceland (Icelandic Tourist Board, 2012c; Visit Norway, 2012e).

**Image 10.** Gullfoss waterfall in Iceland



Iceland and Norway both have outstanding waterfalls. Gullfoss is a part of The Golden Circle and is one of the most popular tourist attractions in Iceland (Icelandic Tourist Board, 2012e).

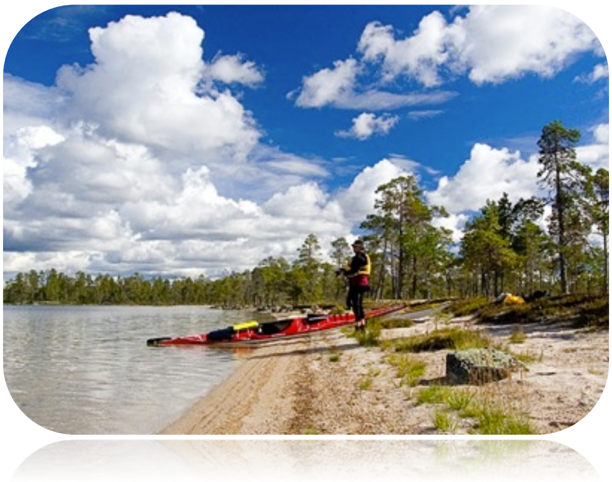
**Image 11**. Snowmobiling in Iceland

Both Iceland and Norway offer outstanding snowmobile rides around their countries (Visit Iceland, 2012b; Visit Norway, 2012f).

**Image 12.** Valley in Norway

Typical valley in Norway with deciduous forests.

**Image 13.** Kayaking in Norway



Canoeing and kayaking are both very popular in Norway (Visit Norway, 2012g).

**Image 14**. Dogsledding in Norway

Dogsledding tours are both offered in Norway and Iceland. Norway, however hosts two world-famous races that are both World Cup events (Visit Norway, 2012h).

## 3.4 Implementation

The research was conducted at Keflavík Airport, Iceland´s national airport and at the Blue Lagoon, one of the most visited tourist attractions in Iceland. The research at Keflavik Airport was administered on the 20th of April 2012. The research at the Blue Lagoon was administered on the 20th and the 24th of April 2012. Permission was granted by Isavia, which provides services at Keflavik Airport, both in the air and on the ground. Isavia advised the researchers to arrive at the airport at 05:00, in order to reach the tourists before they took off. The research at Keflavík Airport was conducted between 05:00 and 09:00. Permission for doing the research at the Blue Lagoon was granted by the Blue Lagoon´s director of public relations, Magnea Guðmundsdóttir. The Blue Lagoon opens at 10 o´clock and the most traffic is between 10:00 and 14:00 (Blue Lagoon, 2012), therefore Magnea advised researchers to do the research during that time period. Table 4 shows where and at what time the research was conducted.

**Table 4. Date, place and time slot of the questionnaire survey**

| Date: | Place: | Time: | Response rate: |
|---|---|---|---|
| 20.4.2012 | Keflavík airport | 05:00-09:00 | 26 |
| 20.4.2012 | Blue Lagoon | 10:00-15:00 | 35 |
| 24.4.2012 | Blue Lagoon | 10:00-14:00 | 40 |

The reason for the low response rate at Keflavík Airport was that people were in a hurry to get to the terminal and therefore it was hard for researchers to reach them. It would have been a good approach to ask people while they were waiting in line for the check in, but it turned out to be hard because the lines were so congested.

Participants were asked if they were willing to take part in a survey, after the researchers had introduced themselves and the survey to the participants the researchers would ask the background questions and write down the answers. After the background questions had been answered researchers would hand the participant the answer sheet. Researchers gave the participants instructions on how to fill out the form. Researchers showed the participants the 14 images and their job was to answer where they thought the image was taken, in Iceland, Norway or if they could not relate the image to neither Iceland nor Norway they could answer “Other”. The time that it took the participants to take the survey varied from 2 to 5 minutes. In most cases participants were very willing to take part in the survey and only a few people chose not to take part. Of those who took part, most were very interested and wanted to know more about the research.

# 4 Results

The purpose of chapter 4 is to elaborate on the results. In the chapter, descriptive analysis, cross tabulations and results from questions are explained.

## 4.1 Descriptive analysis

Table 5 shows the distribution of the participants, gender, age and education. Distribution of the genders was almost even, or women were 50.5% of participants and men were 49.5%. Most participants were aged between 21 and 31, or 33.7%.

**Table 5. Demographic information of participants**

| | | Frequency | % |
|---|---|---|---|
| **Gender** | | | |
| | Male | 50 | 49.5% |
| | Female | 51 | 50.5% |
| **Age** | | | |
| | 20 or younger | 5 | 5.0% |
| | 21-30 | 34 | 33.7% |
| | 31-40 | 25 | 24.8% |
| | 41-50 | 10 | 9.9% |
| | 51-60 | 20 | 19.8% |
| | 61-70 | 5 | 5.0% |
| | 71 or older | 2 | 2.0% |
| **Education** | | | |
| | High School | 17 | 16.8% |
| | College | 25 | 24.8% |
| | BS/BA degree | 26 | 25.7% |
| | Masters degree | 26 | 25.7% |
| | PhD degree | 6 | 5.9% |
| | Higher | 1 | 1.0% |

Table 6 shows the distribution on what countries participants came from. The majority of the participants came from Europe or 66.3% and the fewest came from Asia or 5%. Most participants came from the United Kingdom and the United States, 18.8 % from the United Kingdom and 17.8% from the United States.

**Table 6. Distribution of the countries that participants came from**

| Continent | Country | Frequency | % |
|---|---|---|---|
| **Europe** | | | |
| | Denmark | 6 | 5.9% |
| | Sweden | 2 | 2.0% |
| | Finland | 6 | 5.9% |
| | Germany | 6 | 5.9% |
| | Belgium | 2 | 2.0% |
| | France | 13 | 12.9% |
| | Netherlands | 4 | 4.0% |
| | Switzerland | 2 | 2.0% |
| | United Kingdom | 19 | 18.8% |
| | Portugal | 2 | 2.0% |
| | Slovakia | 2 | 2.0% |
| | Serbia | 1 | 1.0% |
| | Kosovo | 1 | 1.0% |
| | Poland | 1 | 1.0% |
| | **Total** | **67** | **66.3%** |
| **America** | | | |
| | USA | 18 | 17.8% |
| | Canada | 5 | 5.0% |
| | **Total** | **23** | **22.8%** |
| **Asia** | | | |
| | Singapore | 2 | 2.0% |
| | Philippines | 1 | 1.0% |
| | Thailand | 1 | 1.0% |
| | China | 1 | 1.0% |
| | **Total** | **5** | **5.0%** |
| **Australia** | | | |
| | Australia | 6 | 5.9% |
| | **Total** | **6** | **5.9%** |

Table 7 shows the comparison on the top 10 countries that visited Iceland through Keflavík Airport in April 2012, and the top 10 countries from the sample that was collected for the survey.

**Table 7. Comparison of tourists visiting Iceland and the sample collected for the survey**

| | **Tourists in April 2012** | **Sample in April 2012** |
|---|---|---|
| 1. | United Kingdom, 22.4% | United Kingdom, 18.8% |
| 2. | America, 11.8% | America, 17.8% |
| 3. | Norway, 10.3% | France, 12.9% |
| 4. | Denmark, 7.6% | Denmark, 5.9% |
| 5. | Sweden, 7.0% | Sweden, 5.9% |
| 6. | Germany, 6.8% | Germany, 5,9% |
| 7. | France, 5.9% | Australia, 5.9% |
| 8. | Canada, 3.4% | Finland, 5.9% |
| 9. | Netherlands, 3.1% | Canada, 4.9% |
| 10. | Finland 2.9% | Netherlands, 4.0% |

About 37 thousand international tourists visited Iceland, through Keflavik airport in April 2012, which are about five thousand more tourists than in April 2011. These ten countries represent 81.2% of the total number of tourists that visited Iceland in April 2012. The top ten countries from the survey represent 84.16% of the sample. Since the research included images from Norway, Norwegian tourists were excluded from taking part in the survey because they were not eligible (Icelandic Tourist Board, 2012b).

## 4.2 Research results

### 4.2.1 Cross tabulations

Figure 8 shows the difference in answers by gender. Male participants had 454 correct answers or 65% and 246 incorrect answers or 35%. Female participants had 454 correct answers or 64% and 260 incorrect answers or 36%.

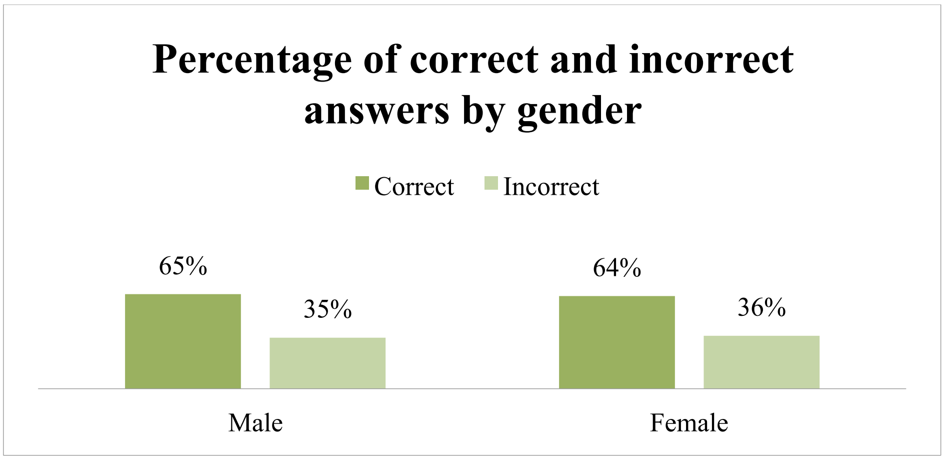


**Figure 8. Percentage of correct and incorrect answers by gender**

Figure 9 shows the difference in answers by age. Participants that were 20 years old and younger had 41 correct answers or 59% and 29 incorrect answers or 41%. Participants aged between 21 and 30 had 300 correct answers or 63% and 176 incorrect answers or 37%. Participants aged between 31 and 40 had 228 correct answers or 65% and 122 incorrect answers or 35%. Participants aged between 41 and 50 had 89 correct answers or 64% and 51 incorrect answers or 36%. Participants aged between 51 and 60 had 186 correct answers or 66% and 94 incorrect answers or 34%. Participants aged between 61 and 70 had 43 correct answers or 61% and 27 incorrect answers or 39%. Participants 70 years old and older had 21 correct answers or 75% and 7 incorrect answers or 25%.

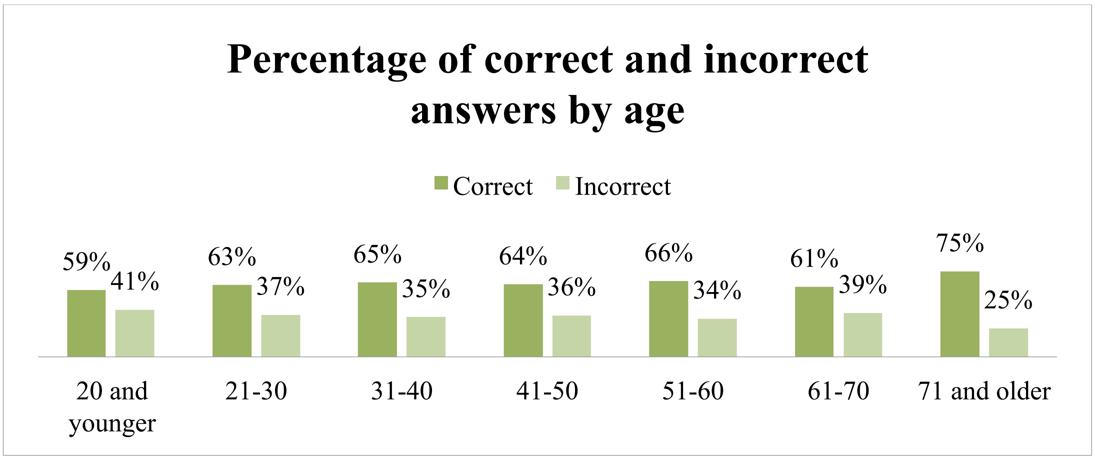


**Figure 9. Percentage of correct and incorrect answers by age**

Figure 10 shows how participants from different regions answered. Participants from America had 203 correct answers or 60.4% and 133 incorrect answers or 39.6%. Participants from Asia had 48 correct answers or 68.6% and 22 incorrect answers or 31.4%. Participants from Europe had 452 correct answers or 64.6% and 248 incorrect answers or 35.4%. Participants from Australia had 52 correct answers or 61.9% and 32 incorrect answers or 38.1%. Participants from Scandinavia had 138 correct answers or 70.4% and 58 incorrect answers or 29.6%.

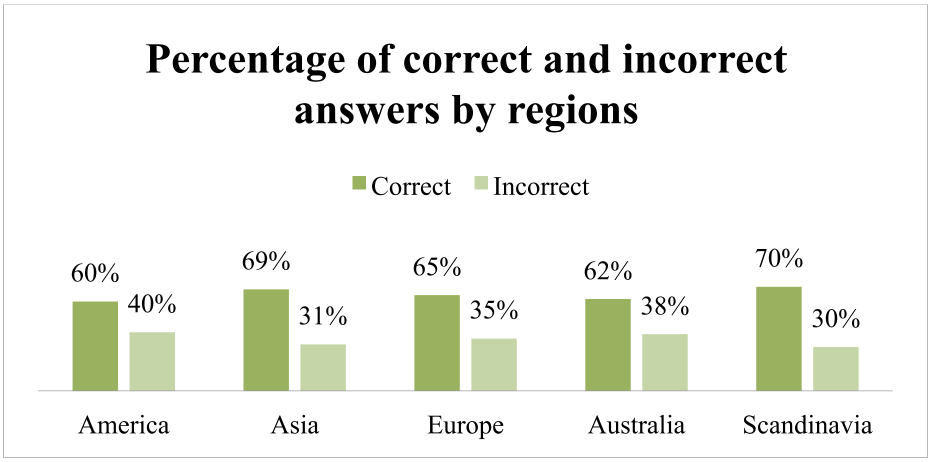


**Figure 10. Percentage of correct and incorrect answers by regions**

### 4.2.2 Answers to questions

Figure 11 shows how participants answered question 1. 97 participants said the image was taken in Iceland or 96%, 4 participants said that the image was taken somewhere else than in Norway or Iceland.

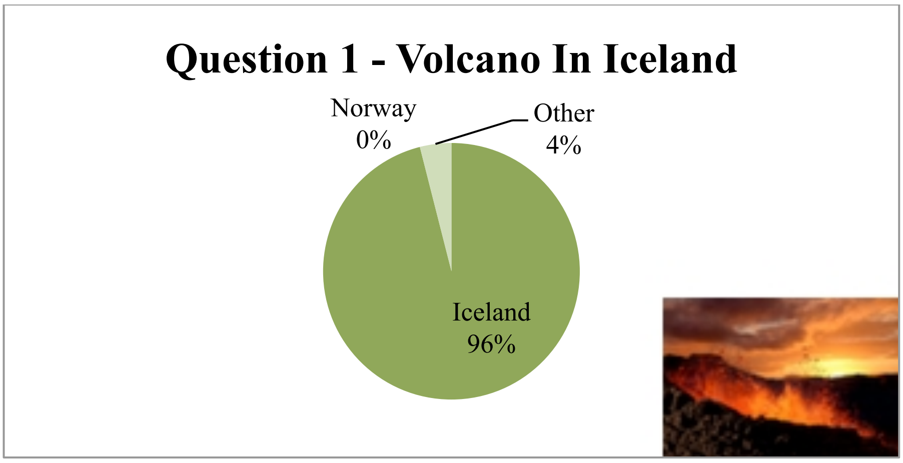


Figure 11. Answers to question 1

Figure 12 shows how participants answered question number 2. 79 participants said that the image was taken in Norway or 78%, 14 participants said that the image was taken somewhere else than Norway or Iceland or 14%, 8 participants said that the image was taken in Iceland or 8%.

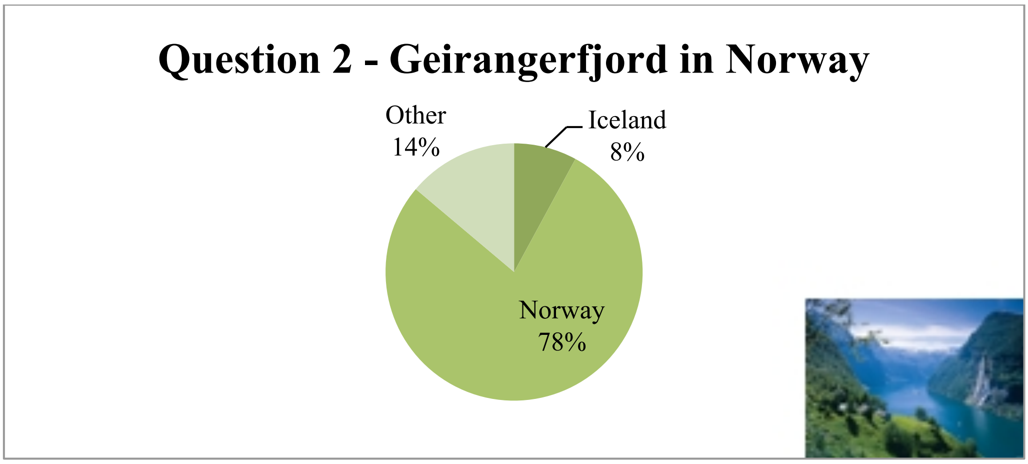


Figure 12. Answers to question 2

Figure 13 shows how participants answered question number 3. 85 participants said that the image was taken in Iceland or 85%, 9 of the participants said that the image was taken in Norway or 9%, 7 participants said that the image was taken somewhere else than Iceland or Norway.

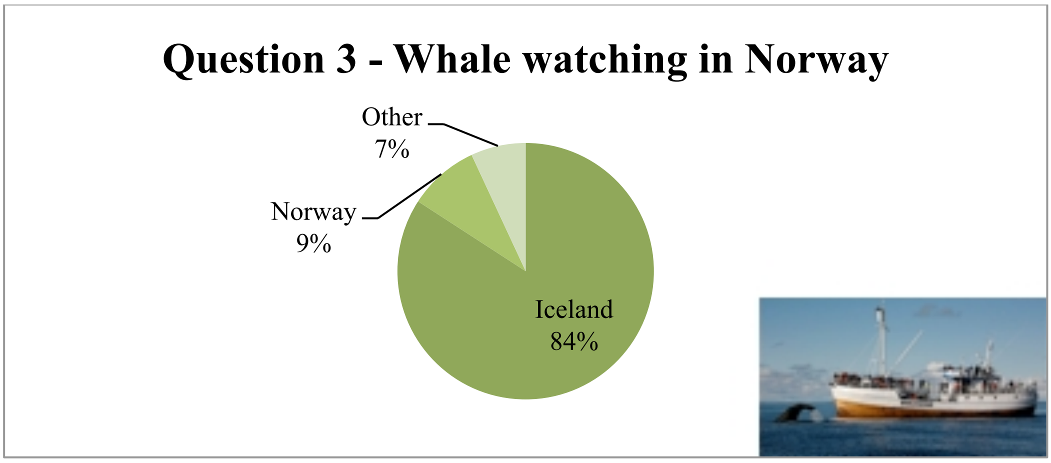


Figure 13. Answers to question 3

Figure 14 shows how participants answered question number 4. 95 participants said that the image was taken in Iceland or 94%, 5 participants said that the image was taken in Norway or 5% and 1 participant said that the image was taken somewhere else then in Iceland or Norway or 1%.

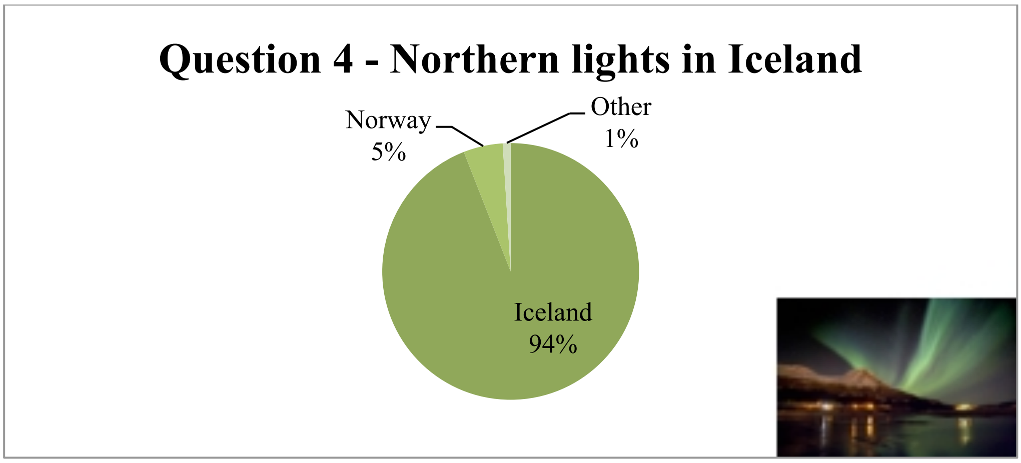


Figure 14. Answers to question 4

Figure 15 shows how participants answered question number 5. 100 participants said that the image was taken in Iceland or 99%, 1 participant said that the image was taken somewhere else than in Iceland or Norway.

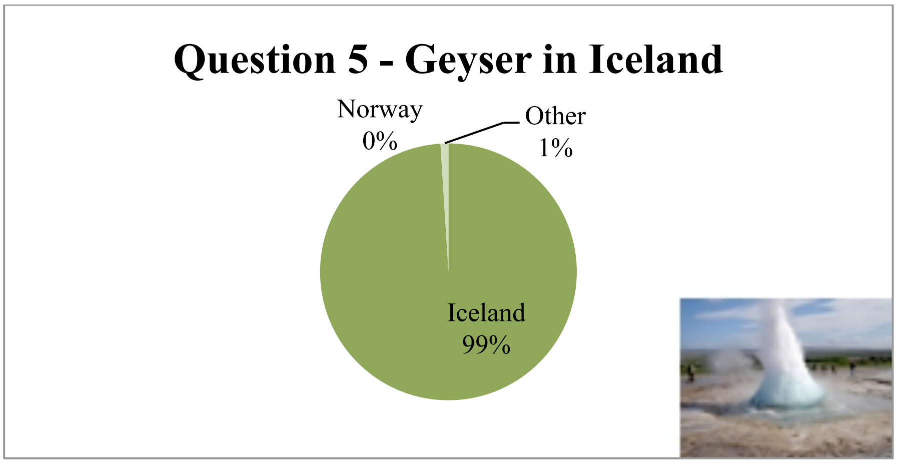


**Figure 15. Answers to question 5**

Figure 16 shows how participants answered question number 6. 71 participants said that the image was taken in Iceland or 70%, 20 participants said that the image was taken in Norway or 20% and 10 participants said that the image was taken somewhere else than in Iceland or Norway.

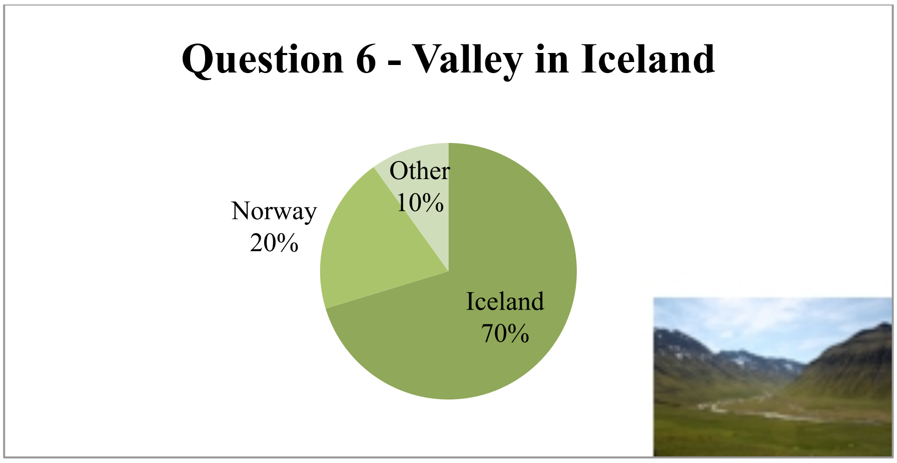


**Figure 16. Answers to question 6**

Figure 17 shows how participants answered question number 7. 57 participants said that the image was taken in Norway or 56%, 29 participants said that the image was taken somewhere else than in Iceland or Norway or 29% and 15 participants said that image was taken in Iceland or 15%.

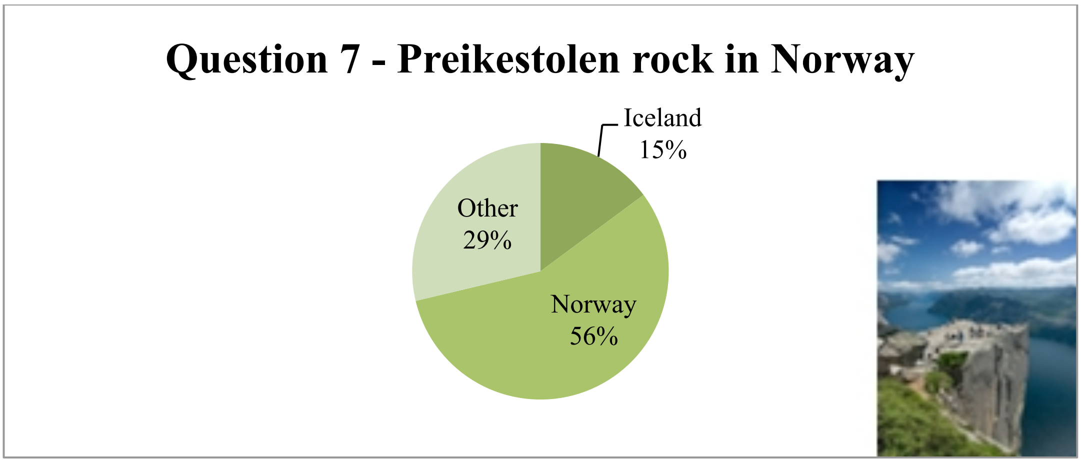


**Figure 17. Answers to question 7**

Figure 18 shows how participants answered question number 8. 96 participants said that the image was taken in Iceland or 95%, 4 participants said that the image was taken in Norway or 4% and 1 partcipant said that the image was taken somewhere else than in Iceland or Norway.

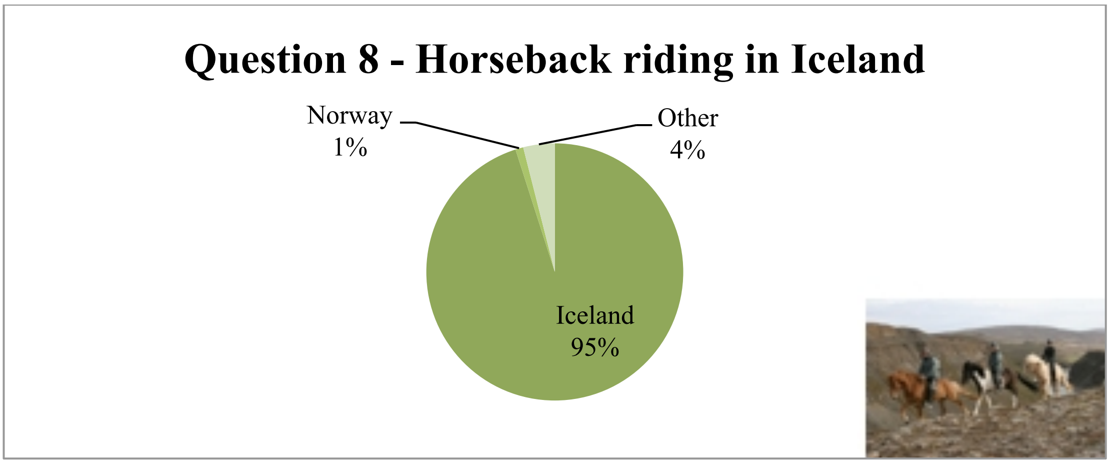


**Figure 18. Answers to question 8**

Figure 19 shows how participants answered question number 9. 75 participants said that the image was taken in Iceland or 74%, 16 participants said that the image was taken in Norway or 16% and 10 participants said that the image was takan somewhere else than in Iceland or Norway.

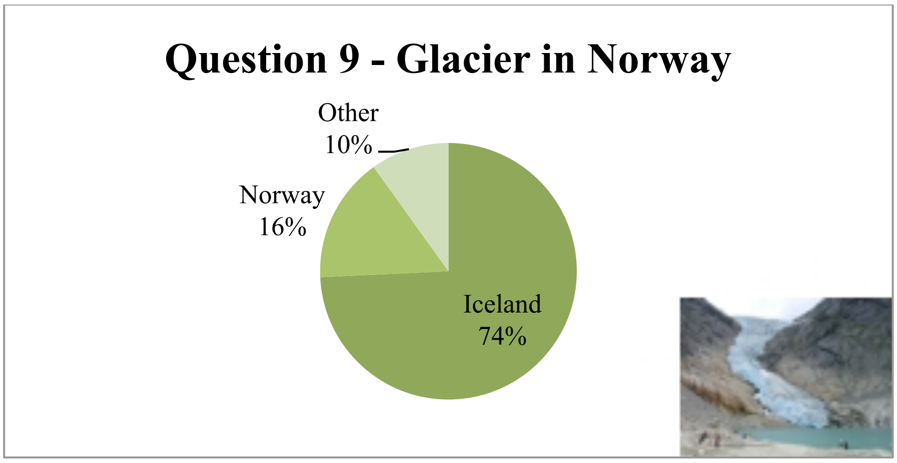


**Figure 19. Answers to question 9**

Figure 20 shows how participants answered question number 10. 88 participants said that the image was taken in Iceland or 87%, 10 participants said that the image was taken somewhere else than in Iceland or Norwayor 10% and 3 participants said that the image was taken in Norway.

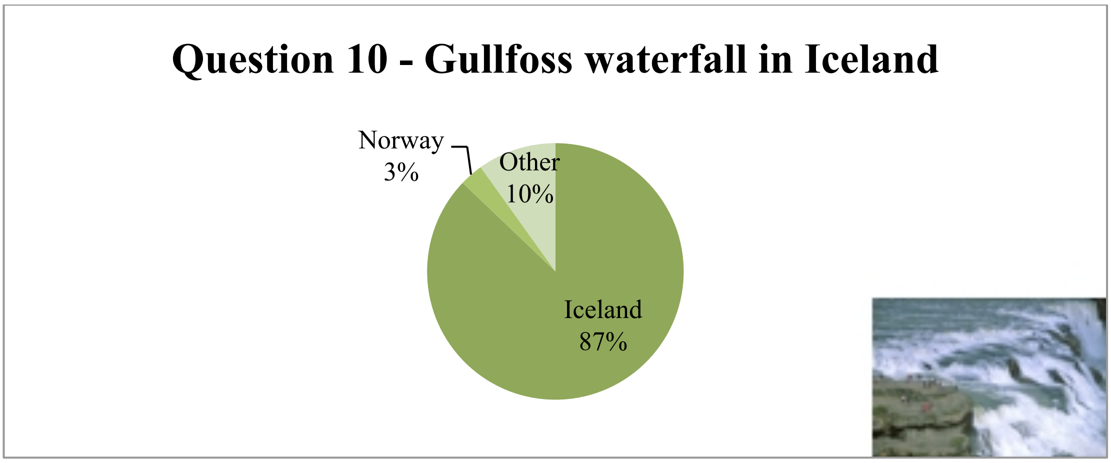


**Figure 20. Answers to question 10**

Figure 21 shows how participants answered question number 11. 75 participants said that the image was taken in Iceland or 74%, 14 participants said that the image was taken in Norway, or 14% and 12 participants said that the image was taken somewhere else than in Iceland or Norway or 12%.

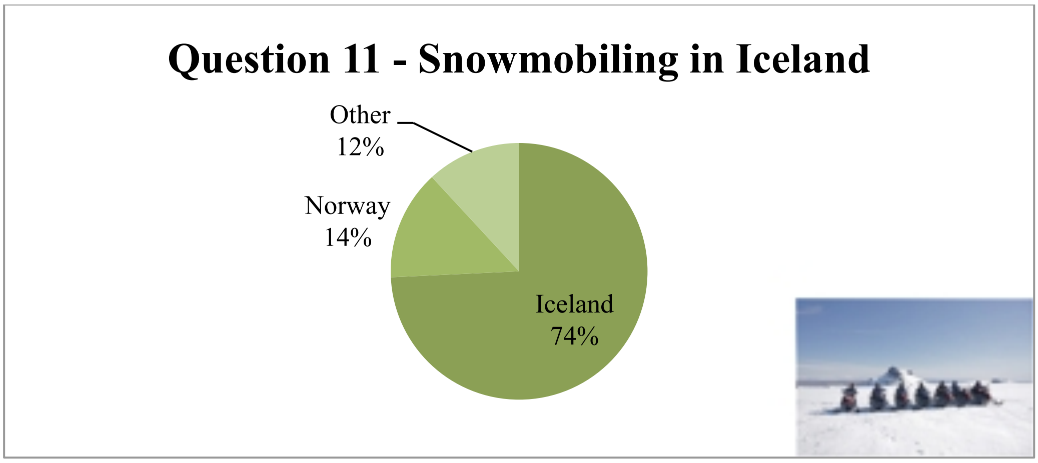


**Figure 21. Answers to question 11**

Figure 22 shows how participants answered question number 11. 56 participants said that the image was taken in Norway or 55%, 34 participants said that the image was taken somewhere else than in Iceland or Norway or 34% and 11 participants said that the image was taken in Iceland or 11%.

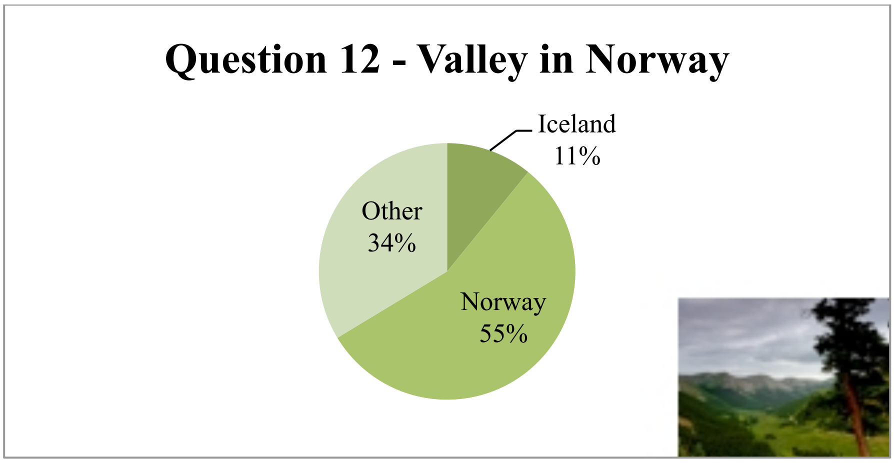


**Figure 22. Answers to question 12**

Figure 23 shows how participants answered question number 13. 47 participants said that the image was taken somewhere else than in Norway or Iceland or 46%, 44 participants said that the image was taken in Norway or 44% and 10 said that the image was taken in Iceland or 10%.

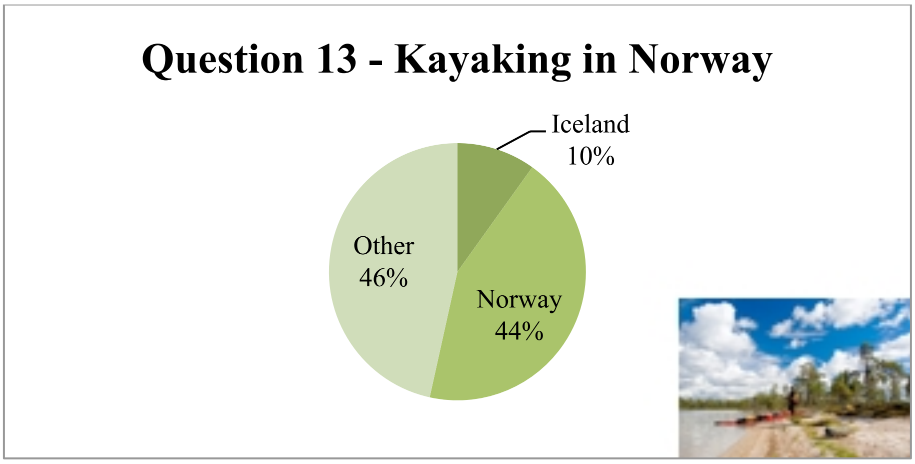


**Figure 23. Answers to question 13**

Figure 24 shows how participants answered question number 14. 36 participants said that the image was taken in Iceland or 35%, 33 participants said that the image was taken in Norway or 33% and 32 participants said that the image was taken somewhere else than in Iceland or Norway.

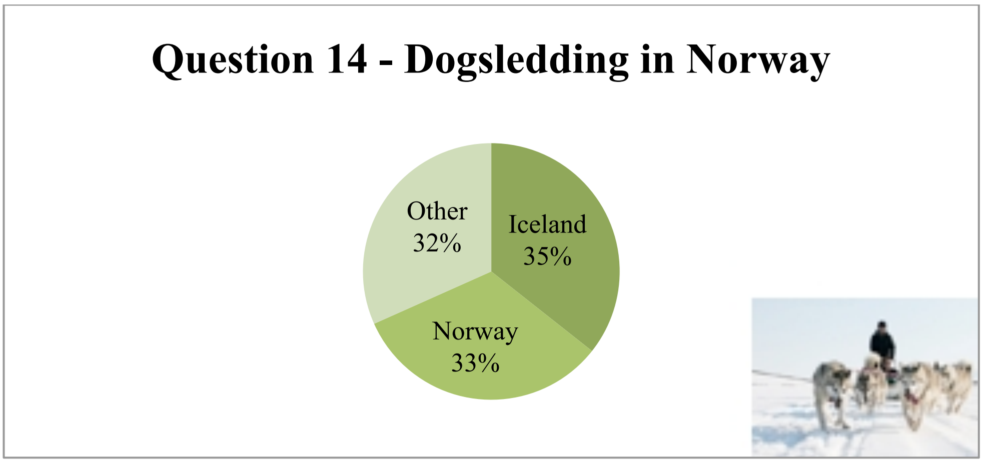


**Figure 24. Answers to question 14**

# 5 Discussion

International tourists in Iceland were asked to participate in a structured survey, to find out what natural features could be used as differentiated factors in the countries promotional purposes. All 14 images and questions were designed to answer the same question, what is it that the tourists relate to Iceland and what do they relate to Norway.

The results indicate that participants are only able to distinguish between Iceland and Norway to a certain extent. The images that were presented varied in difficulty and therefore the answers were very different, depending on which image was shown. Some images were very significant for either country and therefore easier to recognize. For images that had significant features from either country the results were more unilateral, but for those images that were of a higher difficulty level the results varied more.

Iceland is known around the world for its active volcanoes (Icelandic Tourist Board, 2012c). Since Norway doesn´t have any volcanic activity and Iceland has such a strong association to volcanic activity, volcanoes should be used as point of difference, in promotion for Iceland. The results to question 1, where an image of an erupting volcano in Iceland was shown, support the idea of volcanoes being a differentiation factor for Iceland.

The Golden Circle tour is one of Iceland´s most visited attractions (Icelandic Tourist Board, 2012e). Question 6 and 10 included images of Gullfoss and Geysir that are both attractions included in The Golden Circle. The results from question 6 were almost unilateral and every participant except one said that the image was taken in Iceland. Results from question 10 were not as profound as the results from question 6, but over 85% of the participants associated the image to Iceland. These profound results indicate that these two factors should be used as a point of difference in promotion for Iceland as a tourist destination. Since The Golden Circle is a very popular tour in Iceland, many participants had recently visited the attractions and knew that they were located in Iceland, thus the results were skewed.

The Icelandic Horse is the most colorful breed in the world, with over 40 different colors and over 100 variations (Horse Breeders Association of Iceland, 2012b). Results from question 8 were unilateral, 95% of participants associated the image to Iceland and only 1% to Norway. The results indicate that the Icelandic Horse could be used as a point of difference in promotion for Iceland.

Echtner and Ritchie (1991), suggests that a destination image should be measured along three dimensions: Attribute-holistic, functional-psychological and attribute-holistic. Since all the features that are mentioned above cannot be seen in Norway, these features are unique for Iceland and therefore they are points of difference that should be used by Visit Iceland.

Questions 2 and 7 included images of two of the most visited tourist attractions in Norway, question 2 included an image from Geirangerfjord, which is visited by more than 700.000 tourists a year and images of the fjord are used by Norway as promotional imagery (Visit Norway, 2012a). Question 7 included an image of Preikestolen, which is one of most famous tourist attractions in Norway (Visit Norway, 2012d). Even though these two features are significant for Norway and used by Visit Norway for promotional purposes the results were not as decisive as the researchers expected.

Questions 3, 4 and 9 included images that could be from either Iceland or Norway. The images showed; whale watching in Norway, northern lights in Iceland and a glacier in Norway. Because these three features are points of parity for the countries the results are interesting. In all cases over 74% of participants related the images to Iceland and the results strongly indicate that tourists associate these features more to Iceland, rather than Norway. Furthermore, it is even more interesting that tourists relate the northern lights so strongly to Iceland, since Visit Norway, emphasizes that Norway is "the land of the northern lights" in their marketing campaign (Visit Norway, 2012c).

Questions 6 and 12 included images that showed typical landscape from Iceland and Norway. The questions were aimed to see if nature in its simplest form could be used as a point of difference for the countries and the results supported the idea.

Three images were chosen to see if participants related certain of activities stronger to one country than the other. Questions 11, 13 and 14 showed people engaging in three different activities. It varied between questions how strongly people associated the activities to the countries. Only one activity had a strong association to Iceland and that was an image of a group of people snowmobiling on a glacier. People did not relate kayaking or dog sledding to either country and often said during the survey that the image could have been taken in various places of the earth.

Cross tabulations show that there was almost no difference in how male and female participants answered. Cross tabulations also show that participants from Scandinavia could better distinguish between Iceland and Norway than participants from other regions. According to Crompton (1979), a destination image is the sum of beliefs, ideas and impressions that a person has of a destination and the results from the cross tabulations indicate that it could benefit both Visit Iceland and Visit Norway to use different promotional imagery for tourists in different regions.

These findings here above do not answer the research question in full but they do give an idea on what features could be used as points of difference in the countries marketing campaigns. The main research question is very comprehensive and will probably not be answered in full at this stage of the research. It is vital to the research that the same research will be conducted in Norway and the results compared.

## 5.1 Limitations

All researches have limitations and several limitations were faced during the research. The structured survey was administered to a convenience sample that was conducted at Keflavík Airport and at the Blue Lagoon where participants were selected on the basis of their availability. The main weakness of convenience sample, regardless of it´s size is that some members of the population have no chance of being sampled and therefore the actual representation of the entire population cannot be known. The convenience sample was relatively small, with 101 participants, which is also a limitation of the research.

The results should however give a good idea about the image tourists have of Iceland and Norway as tourist destinations and how they see as differential factors in promotional imagery. The tourists who participated in the survey were already in Iceland, which could influence their perception of it in comparison to Norway and other countries. It is also possible that participants did not know the comparison destinations well enough to be able to make an informed decision when faced with the questions and that could have skewed the results.

Maybe some other result would have emerged if the survey had been administered to tourists in Norway, showing the same images. Also, because the participants had gone through the process of placing Iceland in their “mind set” and putting it in their “decision set”, they may have chosen Iceland in front of other options. This could have influenced the image tourists have of Iceland. Some participants may have thought that there was some kind of trick involved, because some of them asked if all of the images were from Iceland.

Participants were not asked for how long they had stayed in Iceland and if they had ever visited Norway. It´s more likely that tourists could better distinguish which images were from Norway if they had visited the country before. Also, there could be a seasonal difference in the perception amongst tourists. Tourists may have a different image of Iceland and Norway, during spring, summer, fall and winter.

Despite these limitations, the results should give some ideas about what tourists see as differential factors between the two destinations, and especially how their image of Iceland as a tourist destination is.

## 5.2 Suggestions for further research

The initial idea was a research project between Reykjavik University (Fridrik Rafn Larsen) in Iceland and Telemark University College (Ingeborg Nordbø) in Norway. The aim was to conduct the research in the respective countries at the same time, by using and presenting the same promotional images through a structured questionnaire. Furthermore, by asking participants, through a semi-structured questionnaire to elaborate on how one could differentiate the two destinations. However the research in Norway was put on hold, and the semi-structured questionnaire was therefore canceled.

This research is in a way half-finished because the results are skewed. Thus, it is critical to compare the results to a research that would be done in Norway. However, it would be better to administrate the survey in a neutral place, neither in Iceland nor Norway. Several countries should be explored, for example, in central Europe. Researchers also suggest that the image of Iceland and Norway as a tourist destination should be examined at three levels. It should be investigated at pre-travel level, during-visit level and post-visit level that would reveal more accurate results (Tasci & Gartner 2007).

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# 7 Appendix: The research questions and answer sheet

This research is a part of a final thesis in the school of business at Reykjavik University. The purpose of the research is to provide an idea on how countries with similar natural characteristics can differentiate from one another. Tourists will be shown images and asked to answer where they think the image is taken, in Iceland, Norway or somewhere else.

**Age:**

- ☐ 20 and younger
- ☐ 21-30 years old
- ☐ 31-40 years old
- ☐ 41-50 years old
- ☐ 51-60 years old
- ☐ 61-70 years old
- ☐ 71 and older

**Sex:**

- ☐ Male
- ☐ Female

**What is the highest level of education that you have finished?**

- ☐ Elementary school
- ☐ High school
- ☐ College
- ☐ BS/BA degree
- ☐ Masters degree
- ☐ PhD degree
- ☐ Higher

**Where are you from?** ____________________________

**What is your profession?** ___________________________

**What are your hobbies/interests?** ___________________

| | | | |
|---|---|---|---|
| **Image 1.** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 2.** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 3** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 4.** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 5.** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 6.** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 7.** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 8.** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 9** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 10.** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 11.** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 12.** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 13.** | ☐ Iceland | ☐ Norway | ☐ Other |
| **Image 14**. | ☐ Iceland | ☐ Norway | ☐ Other |