



HÁSKÓLI ÍSLANDS

Iceland:

A Potential Destination for
Incentive Travelers

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HÁSKÓLI ÍSLANDS
LÍF- OG UMHVERFISVÍSINDAEILD

STATEMENT

I hereby declare that this research is from my own own observations and findings. These words are all my own and all interviews were executed, translated and transcribed by me. This thesis has not been assessed to a BS or higher.

Jóhanna Gilsdorf

ABSTRACT

This thesis explores the question of whether or not Iceland can be considered a good potential destination for the incentive travel market.

The research concluded that Iceland is a good potential destination for the incentive travel market because of its unusual natural wonders, its ability to provide quality nature experiences to travelers, the close proximity of its location to the eastern United States, Canada and to Europe, not to mention the ease of travel within the country to desirable nature sites, the availability of good quality hotels and restaurants and its moderate climate.

The research also concluded that there are areas Iceland needs to improve upon in order to make itself fully competitive in the incentive travel industry. This includes its delivery of services to clients, its need to be more aware of the cultural orientation of its clients and how best to deliver services effectively and efficiently, its need to provide more luxury accommodations for clients seeking exclusivity, and finally its need to offer some new activities, particularly in regards to special events and evening entertainment.

The primary research for this project was done by conducting face to face interviews with seven travel professionals in Iceland who work or have worked with incentive travel clientele. The interviewees were both similar and different in their professional backgrounds which enabled them to approach the research questions from different perspectives. A supplementary questionnaire was used to obtain information from three incentive travel professionals located outside Iceland in different European countries, all of which make regular use of incentive travel business to Iceland. These agents offered insights to supplement those obtained from the face to face interviews as well as providing a perspective on the subject matter of the research from outside of Iceland.

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1 INTRODUCTION

Tourism is one of the largest industries in the world today. The World Tourism Organization even 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 (United Nations World Tourism Organization, 2009).

Incentive travel is an important segment of the travel and tourism industry. Some analysts even go so far as saying that it is one of the fastest growing sectors in the travel industry (Stolovitch, 2002). According to the Iceland Convention & Incentive Bureau, an increasing number of companies and corporations are choosing Iceland as a destination to hold meetings and conferences as well as for team-building activities because of its uniqueness, diversity of activities, raw volcanic landscape, and closeness to nature.

When it comes to incentive tours or team-building activities, it is hard to imagine a place more suitable than Iceland. With an array of activities such as skidooring, white-water rafting, horse riding, hiking, glacier tours and whale-watching, not to mention exploring caves, playing golf in the midnight sun or touring the highlands in super jeeps... how could such a tour possibly miss its mark? And with tour operators who have years of experience in Icelandic conditions, you can rest assured that every precaution is taken to ensure the safety and enjoyment of the participants (Iceland Convention&Incentive Bureau, 2009).

The research in this paper examines Iceland as a desirable location for incentive travel by exploring the factors that make it attractive as well as those that need to be improved upon in order for it to be an ideal incentive travel destination. A definition of incentive travel and an explanation of the factors that make a location desirable for incentive travelers is provided as background to help make the research and its results understandable. The research itself offers insight into what makes Iceland attractive to incentive travel groups and what factors Iceland can improve upon in order to make it more attractive as a destination for this kind of market. Among the factors assessed in the research are:

- Interesting and unusual recreational activities and tourist attractions available only in Iceland
- The availability and quality of amenities, comfort, convenience, and service provided by travel service institutions and workers in Iceland
- Conceptions and misconceptions about the climate, location, travel distance, and ease of travel to Iceland from the United States, Europe, and other locations
- Factors that have been used to market Iceland to incentive travelers
- Factors that need to be improved in order to make Iceland more marketable to incentive travelers

2 BACKGROUND: THE PHENOMENON OF INCENTIVE TRAVEL

Incentive travel is an all expense paid trip to an interesting destination offered by a company to its employees for the purpose of increasing their loyalty to the company and motivating them to work harder. According to the Incentive Federation, incentive travel is

...a management tool that utilizes exceptional travel experiences to motivate and/or recognize participants for superior performance in support of organizational goals. The purpose of the trip is for participants' enjoyment and not for business "(Incentive Federation, 2007).

An incentive is a gift from the corporation to the employee that pushes the employee to reach a final outcome desired by the employer, similar to a prize at the end of a race. Incentives are one of the ways managers and supervisors can get those who work under them to do what they want them to do (Grant, 2009; p. 136).

There are many types of incentives companies use to reward employees. These include gift certificates/gift cards, merchandise (e.g. luggage, or books), discounts, rebates and even cash awards. Travel awards are a type of incentive.

According to the 2007 study conducted by the Incentive Federation, approximately four of every five respondents (78%) believe that travel awards and/or merchandise awards are remembered longer than cash awards. Approximately 2/3 of respondents feel that cash is remembered for the shortest amount of time. Three-fourths of respondents feel that a more exciting or memorable experience can be built around travel or merchandise rather than cash (Incentive Federation, 2007).

Many companies around the world use incentive travel to reward and to motivate outstanding employees. There are different categories of winners that may receive travel as reward for their hard work. These include sales employees, non-sales employees, management, dealers and consumers. The most frequent target groups are, however, sales employees. Some goals of incentive travel are said to be increasing sales, stimulating morale and even decreasing absenteeism (Sheldon, 1994, 1995).

An incentive is an offer of something of value, sometimes with a cash equivalent and sometimes not, meant to influence the payoff structure of utility calculation so as to alter a person's course of action. In other words, the person offering the incentive means to make one choice more attractive to the person responding to the incentive than any other alternative. Both parties stand to gain from the resulting choice ...a form of trade (Grant, 2002).

An incentive trip usually takes people to unique destinations where the employees themselves might never think of going. It is designed to be an experience of a lifetime, either as an individual or with a significant other. A study conducted by the Incentive Federation in 2007 reported that among companies in the United States that use incentive travel, 81% gear this travel towards sales incentives. Those who sell the most and work the hardest, get the trip of a lifetime (Incentive Federation, 2007).

According to authors Ricci and Holland (1992), the historical roots of incentive travel can be traced back to the Industrial Revolution. At that time the first highly productive managers were beginning to be rewarded by their companies with vacations. In 1906 the National Cash Registers Company of Dayton, Ohio awarded 70 sales people with diamond-studded pins and a trip to the company headquarters. Trends and developments in incentive travel are said to have originated in the United States and then spread globally. The United States is still the largest consumer and supplier of incentive travel products in the world (Ricci & Holland, 1992).

In the 1970's incentive travel developed in Europe beginning in the United Kingdom followed by mainland Europe about 10 years later. The United Kingdom is the largest generator of incentive travel activity in Europe, followed closely by France, Germany, and Italy, Spain, Belgium, Austria and the Scandinavian countries (Davidson and Cope, 2003).

Despite these developments in Europe, the United States remains the largest consumer and supplier of incentive travel as a motivator of employees.

In 2001 the incentive travel industry was said to be one of the fastest growing sectors of the tourism industry contributing over \$27 billion to the global economy in 2001 (Stolovitch, 2002).

2.1 TRADITIONAL AND DEVELOPING INCENTIVE TRAVEL DESTINATIONS

In 2006 author Donna M. Airoidi did extensive research from a variety of sources to determine top incentive destinations for that year. She put these destinations into five different categories:

1. Proven Destinations: According to Airoidi, “proven destinations” are known to offer plenty of interesting recreational activities, a variety of comfortable accommodations and good restaurants, interesting tourist attractions, and pleasant weather. An example is Scottsdale, Arizona, which is located in the Sonora desert. Scottsdale has plenty to offer in terms of outdoor activities. There are numerous five star resorts and nearly 200 golf courses. Las Vegas, Hawaii, and Florida are other American locations considered to be “proven destinations” for incentive travelers. Rome and London were on the list of proven destinations in Europe.
2. Start Destinations: “Start destinations” are similar to “proven destinations” but in addition to having a variety of good quality accommodations, restaurants, and recreational activities, “start destinations” provide something different and unexpected to corporations that are offering travel rewards to their employees for the first time. Sometimes this takes the form of offering first time incentive travelers some special discounts or free bonus packages that travelers would otherwise pay for. Orlando, Florida, for example, is considered a good “start destination” because first time incentive travelers are given discount ticket packages to attractions at, for example, Disney World.
3. New Frontier Destinations: “New frontier destinations are for people who have traveled extensively and visited many places that are well traveled by tourists. These destinations are often locations that had been closed to travelers because of political unrest or are simply off the beaten track of conventional travelers. In the United States, Montana, Utah, and Alaska have recently become more popular for tourists. In Europe, since the dissolution of the Soviet Union, the

Baltic States (Lithuania, Latvia, and Estonia) have opened up more to tourists. Their unique medieval architecture, their culture, and the attractive summer resorts located on the Baltic Sea that had been popular prior to World War II make these long neglected locations prime “new frontier” tourist attractions.

4. Kid Friendly Destinations: Many incentive travelers specifically seek out locations where there are special organized activities for children. This allows for an incentive vacation to double as family vacation. In some locations, the child-friendly atmosphere enables parents to do things on their own while their children are occupied with stimulating and enjoyable supervised activities with other children. Hawaii, Australia, and some Caribbean islands are well known as “kid friendly destinations”. Cruises are especially attractive because so many cruise lines offer a range of programs for children and teenagers.

5. Adventurous Locales: “Adventurous locales” are places that provide exciting, stimulating activities that are usually nature-based. Safaris in Africa; botanical, zoological, and geological tours of distant and unique environments such as those of Australia and New Zealand, and wilderness excursions throughout Alaska are just a few of the more popular “adventurous locales” that have become attractive to incentive travelers (Airoldi, 2006).

In 2008 author Jeanie Casison added some new territories to the top incentive travel destinations list. Her list includes Malta, Portugal, Northern Ireland, Argentina, Chile, Panama, Vietnam and Dubai. Casison believes that people want to explore new territories, something beyond the classic incentive destinations.

In both Croatia and Northern Ireland struggles with peace and stability once kept their tourism industries from booming (Casison, 2008). Today, both countries have seen a surge in tourism. Portugal, with its climate, culture and scenery, has been gaining ground with incentive travel groups for a few years now. Portugal, not only has a lot to offer in its capital city of Lisbon, it also has over 57 tourism related projects in the works in smaller coastal areas throughout the country (Casison, 2008).

Both Argentina and Chile are considered to be exotic destinations. For travelers coming from the United States the value of the American dollar against Latin American currencies has made travel throughout Latin America a bargain destination. Panama also seems to be developing a promising future in tourism (Casison, 2008). With culture, rain forests and beaches fronting on two oceans, Panama is the ideal incentive destination. Vietnam boasts culture, history, and spectacular landscapes. Dubai is a young country that offers the ultimate in luxury attractions for discerning travelers that seek exclusivity and high quality service. All these countries are seeing an increase in tourism (Casison, 2008).

2.2 ICELAND: THE NEWEST INCENTIVE TRAVEL DESTINATION

Iceland is on Casison's list of new incentive travel territories. According to Casison, Iceland is also likely a country that people have had misconceptions about, especially concerning its climate, its isolation on the world map, and its distance in travel time from the United States, Canada, and Europe.

Despite its name, Iceland is not a freezing island in the North Atlantic that sits in isolation from the rest of the world. In fact, the Gulf Stream generates warmer temperatures than most might expect, and travel time from some major East Coast cities is under five hours – faster than to many other parts of Europe (Casison, 2008).

Iceland has many factors that position it well to become a potential destination for incentive travelers. Iceland fits into two and possibly three of the incentive travel destination categories cited by Donna M. Airoidi. They are “Adventurous Locales” and “New Frontiers”, with the third possibility being “Start Destinations”.

Some promotional literature written by the Iceland Convention & Incentive Bureau (IC&IB, 2009) offers some insight into how the tourist industry itself perceives Iceland's ability to attract incentive travelers. While this is promotional literature and therefore paints only a positive picture of Iceland's attractions, it is useful to some extent as a reality check upon which to assess the results derived from the research done to create this thesis. The following information is contained in promotional literature created by the Iceland Convention and Incentive Bureau:

[...] few places can match Iceland when it comes to uniqueness and diversity of activities, hence the country's popularity among planners of incentive tours. Iceland is famed for its breathtaking beauty and unspoiled nature and this is true even in Reykjavík: what other capital offers salmon fishing within the city limits? Geothermal baths and the famed Blue Lagoon are a must for anyone wanting to recharge their batteries – after all, with sixteen geothermal pools in the Greater Reykjavík Area, the capital is a veritable 'Spa City'. Drive out of the city and in no time you will be in the presence of awe-inspiring glaciers, erupting geysers, amazing waterfalls, rushing rivers, magnificent mountains, bubbling hot springs, colorful geological formations, and much more. Experienced tour operators and other travel professionals can help plan unforgettable trips tailored to every requirement, whether they are activity-filled adventures or simple tours for relaxation or pleasure.

Research conducted for this thesis supports the potential for Iceland as an incentive travel destination. Iceland has unusual volcanic landscape, natural hot springs, glaciers and other impressive geological formations that can be seen nowhere else in the world. Its landscape and natural wonders are also located close to Reykjavik, Iceland's capital city. Although it does not have any five-star hotels, Iceland does offer an abundance of four star hotels and over 170 restaurants in Reykjavik alone (Iceland Tourist Board, 2009). Pure, healthy, and natural Icelandic ingredients make the culinary experience in Iceland second to none.

There are also factors that emerged in the research that revealed things Iceland needs to improve upon in order for it to effectively position itself as an incentive travel destination. These include more efficient and conscientious delivery of service, more attention to details that enable customers to feel comfortable and satisfied with their vacation experiences and the development of exciting new activities and evening entertainment.

2.3 EFFECTIVE PLANNING AND ORGANIZATION TO ACCCOMODATE THE INCENTIVE TRAVELER

Organization and planning are among the most important factors in executing an incentive trip. The effectiveness of planning as well as how well each day is organized will impact everything that happens when the trip actually takes place (Davidson and Cope, 2003). How well planned and organized the details are will positively or negatively impact the experience for participants. The planning and organization of an incentive trip can be a lengthy process. Although it is not uncommon for these trips to be planned up to 24 months in advance, most incentive trips are planned approximately one year prior to the actual event. There are four features that are taken into account when planning and organizing most incentive trips. They are: uniqueness, use of fantasy or exotic experiences, exclusivity, and activities (Davidson and Cope, 2003).

Experiencing Something Unique

An incentive program needs to be unique; no two incentive trips can be the same. This is because participants need to feel that they are special to their company and that it has created an experience that is unusual, unique, and specially planned for them alone and for no one else. The experience needs to include an element of surprise—one that makes participants feel “Wowed” and impressed every step of the way (Davidson and Cope, 2003). It is the surprise elements that make the participants feel they are experiencing something different and unusual that has been planned and organized specifically for them. If the participants feel special at the end of their incentive travel experience, the client (in this case the corporation that is paying the cost of the trip) will more likely achieve its objectives of increasing employee performance and employee loyalty to the company. If a company is made to “feel special” it will likely come back again and give repeat business to the host destination with a different group of employees (Davidson and Cope, 2003).

Fulfilling One’s Fantasies

Most people fantasize about experiences they think will give them pleasure. For some it is getting away to a beautiful, exotic tropical island. For others it is climbing a high mountain, seeing a volcano erupt, or a geyser shoot a jet of water into the air. For others it

is an enjoyable experiencing relaxing, playing their favorite sport, or learning a new sport that they haven't yet tried. Others are enticed by seeing some of the world's natural or man-created wonders. By using fantasy and/or the exotic in incentive travel, participants are offered a chance to experience something that they have never had the opportunity to experience before but have always wanted to (Davidson and Cope, 2003). In Iceland these can include golfing in the midnight sun, ice-climbing on a glacier, or relaxing their joints and muscles by bathing in a natural hot spring.

Being Pampered and Being Treated as "Exclusive" Royalty

Incentive planners often add an element of exclusivity to an incentive program. Exclusivity helps make participants feel privileged, as if very few others will be given the opportunity to experience that which they are experiencing (Davidson and Cope, 2003). This can be spending time in a luxurious hotel with every imaginable form of comfort and a staff that is ready, able, and always willing to be attentive to their personal needs. Exclusivity can take the form of being a guest at a private art exhibition, a private tour of a famous historic home, the exclusive performance of a popular and well known entertainer, dining at an exclusive gourmet restaurant run by a prominent chef, or the opportunity to meet and be photographed with a celebrity (Davidson and Cope, 2003).

Having Fun Doing Pleasurable Activities

Activities are a very important aspect of most incentive travel programs. Activities can be fun and exciting forms of recreation that provide pleasure and help employees relax and simply enjoy themselves. They can also be something new and different, an activity that most people have not tried before "The choice of activities should appeal to all, with a flexible range of options to accommodate the tastes of the age range described" (Anonymous, 2008; p. 30).

Some activities are deliberately planned and designed by managers and supervisors to be competitive in nature in order to enhance and strengthen the competitive spirit of a group of employees. The intention is that the competitive spirit will be carried forward into the attitudes employees bring into the workplace, inspiring them to work hard and make their company profitable. "Given that award winners are, almost by definition, competitive by

nature, much use is made of competitions and team games, such as beach Olympics, mini-hovercraft races and talent competitions” (Davidson and Cope, 2003; p.169). Employees who see themselves as “winners” in a competitive environment will likely also see themselves as members of a “winning team”—in this case the corporation that they work for.

Others activities might be decidedly non-competitive and chosen by the managers and supervisors to help them build team spirit among their employees, with the hope that the spirit of cooperation developed through the team-building activities will be brought into the work place. Like competitiveness, cooperation is a factor that corporate leaders might seek to enhance and deepen in order to create a safe, happy, and stress-free environment for their employees, thus making them more productive for the company. According to authors Kimberly J. Shinew and Sheila J. Backman (1995), incentive trips can often build camaraderie and company loyalty among those who have traveled to a selected destination. They come back to work with a sense of rejuvenation and sometimes a renewed sense of commitment to the company.

Whether activities are centered on building team spirit or enhancing competitive spirit, a well planned and well organized incentive trip can help employees develop their job skills and also acquire the opportunity to go on another incentive trip with the company at some future date.

On the delivery of services and products end, those working for incentive travel clients need to be aware of and sensitive to the goals and objectives of their clients in planning activities. A successful program of activities for incentive travel clients will practically always contribute to a successful campaign to attract repeat business (Davidson and Cope, 2003).

Lawson’s Rules that Govern the Success or Failure of an Incentive Travel Trip

According to J. Lawson in his article “Make an Incentive Trip Matter”, there are eight rules that must be followed in order to make an incentive trip succeed and have a positive impact on the client.

1. Knowing and understanding the audience. The destination has to be the right fit for as many as possible in the group. Lawson suggests looking first at gender and age. Thirty men aged 20 and thirty men aged 60 are not necessarily going to enjoy the same type of incentive trip.
2. Selecting the right destination. Not every destination is suitable for all incentive groups. The choice of destination and what it has to offer must meet the needs of the travelers, make them motivated to go on the trip, and help fulfill their hopes and expectations for an enjoyable and interesting experience.
3. Avoiding the tried and tested. “Sticking to trusted formats is tempting, but poses a risk. If a destination is popular and an activity has been used before, will people be as motivated to work to go there again? There are plenty of examples that show if a marketing activity is repeated, it won’t always achieve the same level of success the second time around (Lawson, 2008; p.A3).”
4. Offering the unattainable. Most people desire an incentive trip to be something that they themselves would not be able to arrange if they were traveling on their own.
5. Communicating with employees. Employees need to be told about the incentive trip well in advance and be reminded of it regularly. This is generally done by using posters, banners or short events that highlight and explain the upcoming trip.
6. Making the trip self-financing. Costs are always a factor because most corporations, except for non-profit corporations, are in business and seek to make a profit. The long term benefits of an incentive trip are seen in the increased motivation of employees and increased loyalty to the company. However, the trip will cost the corporation money that does not have an immediate return on its investment, so costs need to be contained. If a trip can be made self-financing and still be successful, it is the ideal situation for a corporate client.
7. Being mindful of the return on the investment of an incentive trip. Since the primary objective of an incentive trip for corporate leaders is to increase staff loyalty and motivation, these goals should always be kept in mind as well as evaluated after the trip is over.
8. Quality preparation. Planning and organization are extremely important in ensuring that an incentive trip will be successful. “Every detail – reservations, visa checking, flights, hotel bookings, check-in, meals, transfers and transport has

to be thoroughly researched, checked, organized and executed perfectly” (Lawson, 2008; p. A3).

2.4 EXPECTATIONS OF INCENTIVE TRAVEL PROVIDERS

The incentive travel market is highly competitive. To be competitive, the provider must clearly understand the expectations of clients and be able to fulfill those expectations.

Standards of Service

Impeccable standards of service are always something to be expected of every service provider in the travel industry, but this expectation is higher for incentive travel clients than for any other type of client. Davidson and Cope and be quoted as saying “...perhaps far more than any other form of business tourism, it is vital for incentive travel suppliers to fulfill the very high expectations of their clients, with faultless standards of service and attention to detail (Davidson and Cope, 2003; p. 169). Incentive travel is only one type of business expense for corporate clients. Corporations will also travel to various locations for meetings, conferences, exhibitions, and trade shows. However, incentive travel trips, unlike meetings, conferences, exhibitions, and trade shows, do not have any specific needs related to the hosting of an event that have to be accommodated by a provider. With most incentive trips, the success or failure of the delivery of goods and services is almost entirely dependent on the normal factors of tourism, which is primarily the delivery of services at every stage of the trip. Even if a destination fulfills other important incentive travel criteria (e.g. newness and exoticism of destination, interesting tourist attractions, wide range of activities), the professional level, attentiveness, and efficient delivery of services plays an extremely important role in determining the success or failure of an incentive trip.

Incentive travel comes in contact with every sector of the tourism industry. These include recreational resources, accommodation, transportation, food, and tourist attractions. For providers to successfully compete in this market, flawless service and in particular, attention to detail is a must (Davidson and Cope, 2003). This includes ensuring that clients are comfortable in their surroundings, making sure that their needs are being met efficiently and quickly without any complications or delays.

The Special Qualities of the Destination

The destination itself is an important aspect of the incentive travel experience. When putting together an incentive program, there are thousands of places to choose from. “Every destination has something to offer, be it upscale luxury or adventure experiences. Group needs and desires are as varied as the individual participants themselves - especially when size, budget, airlift, travel history, demographics and other important factors are taken into consideration” (Airoldi, 2006). All incentive travelers are ready for either full days of action packed adventure or full days of rest and relaxation in a pleasant and perhaps exotic and unusual location. Each destination must be a suitable match for that particular incentive group and its needs and desires (Airoldi, 2006).

The Hotel

Hotels are a significant aspect of all travel, but sometimes more so in the case of incentive travel, because “exclusivity” is a factor that makes an incentive trip attractive. Even when clients do not spend much time in the hotel itself except to sleep and perhaps to eat, the hotel is often a traveler’s first impression of a destination. While some incentive travelers are looking for isolation in a natural setting rather than for a luxurious surrounding with a lot of modern conveniences, many incentive travel clients request five star hotels for their groups. Some hotels are perfect incentive travel hotels only because they are in unique or exotic locations. Sometimes a hotel is chosen by an incentive travel group because it is part of a luxury hotel chain (e.g. Ritz Carlton or Hilton). Sometimes a newly renovated independent hotel is desirable to an incentive travel client because of its cleanliness, new smell and feel, or its modern, up-to-date conveniences. In all instances, however, incentive travel clients will choose a hotel because its service is up to par and the extra attention and effort to detail are met (Davidson and Cope, 2003).

Ease of Travel and Efficiency of Transportation

Ease of travel and efficiency of ground transportation is another factor of great importance to incentive travel clients. Even when a location might be attractively exotic and unusual, if it is difficult or complicated to get to, incentive travel clients might not be motivated to travel there. They will more often seek out locations to which travel is direct and simple and in which the time spent traveling to the destination is minimized. Some locations, such as

Australia and New Zealand or South Africa take a long time to get to from the United States, Canada, or Europe, but the flights are direct and uncomplicated, so they are exceptions to this rule. Incentive travel clients also want travel within their destination to be efficient and flawless. In Iceland this can, for example, come in the form of transportation using a Super Jeep. A Super Jeep is a modified jeep with tires anywhere from 38 to 48 inches. These vehicles are used for traveling off the beaten path and getting travelers to places that most normal vehicles cannot travel. A helicopter ride is another form of transport that might exceed a traveler's expectations because of its uniqueness or even fulfill some travelers' personal fantasies. A ride in a hot air balloon is another unique, fantasy-fulfilling possibility. Private jets have the quality of "exclusivity". The most important issues to bear in mind when planning for an incentive travel client are efficiency, comfort, exclusivity, and uniqueness.

2.5 MICE and DMC's

MICE is an acronym for meetings, incentives, conferences and exhibitions. MICE, according to Mistilis and Dwyer (1999), is one of the fastest growing segments in tourism. MICE tourism refers to large groups of people traveling together for a particular purpose, i.e. conferences, meetings and/or incentives. In relation to incentive travel, a MICE agency would help with all services needed at the destination.

Meetings, conferences, and exhibitions/events require a very professional and specialized level of service and products by hotels and /or conference centers, including specialized and attentive service by the staff of the institution. As authors Saleh and Ryan point out,

Service quality is an important determinant of success in attracting repeat business for a hotel. While the reasons for the initial visit to a hotel may be due to factors partly outside the control of management, the ability to create a satisfactory experience for the guest will rest to a considerable degree within the hands of both management and hotel staff.

Rooms need to be conveniently located, fully available, and constantly kept clean and orderly. Snack, refreshments, and meals need to be attended to in a timely, efficient, expedient, and friendly manner. Technology must be up-to-date and fully functional. Staff must always be ready at the call of a client to respond to unanticipated needs and to

solve problems. These must be attended to quickly and efficiently in order for the meeting, conference, and exhibition to be successful. Sometimes incentive travel clients will include meetings and special events as part of the plan for their groups. A destination that desires to attract incentive travel business must anticipate that sometimes their clients will require specialized services for a meeting or for an event.

Destination Management Companies or DMCs are a type of service agency that helps make destinations a perfect fit for incentive travel groups. DMC staff, sometimes called “ground handlers,” assist the corporate staff responsible for the incentive trip to plan and organize their programs and are also work with them as needed during the time the trip takes place in order to ensure that all services are provided in a timely, efficient, and friendly manner (Davidson and Cope, 2003). Sheldon claims that Destination Management Companies have increased with the increased growth of incentive travel (Sheldon, 1994). DMCs have intricate personal knowledge of the destination and can organize everything from transfers and hotel accommodation to unique themed dinners and even celebrity appearances. “...in short, take care of all local arrangements essential to the success of the event” (Davidson and Cope, 2003; p. 116).

3 THESIS QUESTION: CAN ICELAND BE CONSIDERED A GOOD POTENTIAL DESTINATION FOR INCENTIVE TRAVEL?

This thesis explores the question of whether or not Iceland can be seen as a good potential incentive travel destination. The research done for this thesis established Iceland's unique advantages that can be used to help it to become a desirable incentive travel destination. The research also identified some problems and areas needing improvement that need to be addressed in order for Iceland to achieve its potential in the incentive travel market. The conclusion, based upon the data gathered, is that Iceland does have the potential to become an ideal incentive travel destination. However, Iceland does need to address some problems that are inhibiting this achievement.

4 RESEARCH METHODS

The qualitative research method was used instead of the quantitative method while conducting this research. Qualitative research enables the researcher to develop a level of interaction with the subjects being interviewed that results in a broader understanding of human behavior and human choice that is not as easily attained through the collection of data derived from answers to specific written questions. Qualitative research involves asking questions centered on “why?” and “how?” rather than on “where?” and “when?” (Taylor and Bogdan, 199). Qualitative research allows for a dialogue between interviewer and interviewee that generates a free flowing exchange of information. Because researchers using qualitative methods are interested in people and behavior in everyday life, they get to know their subjects very well. “Qualitative research is a means to really get to know your subjects. ... they say that when we study people qualitatively we get to know and understand them personally, we experience what they experience” (Taylor and Bogdan, 1998).

Qualitative research methods enable the interviewee to comment more freely, to ask questions of the interviewer, and to establish a comfortable personal connection that can release unexpected insights from the interviewee about the issues being studied. The interviewer is able to see the situation being researched from the perspective of the interviewee. This process allows the revelation of new and important pieces of information.

Two different methods of qualitative research were used. The primary method was face to face interviews. There was a second method employing e-mail questionnaires which was used to obtain supplementary information to that obtained through the face to face interviews.

A total of seven semi-structured face to face interviews were conducted in March 2009. Each interview lasted approximately one hour.

In a semi-structured interview, the researcher has a basic idea of where he or she wants to lead the interview and a set of questions in mind to direct the interview. However, the interviewee's responses also are used to direct the flow of question-and-answer during the interview (Esterberg, 2002). Sometimes new information is released during the interview that allows it to go in a different direction. The free flow of information shapes the end result of the interview. The semi-structured interview allows the interviewees to express themselves in their own words (Esterberg, 2002). In a semi-structured interview the researcher may only have a few questions in mind to begin with but from the responses given by the interviewee, the researcher is able to probe deeper into the subject at hand. This interviewing technique is also known to be more informal. The interview tends to be more like a conversation rather than taking on a question and answer form.

For this research project, all of the interviews were recorded on a Dictaphone. At the conclusion of each interview the information recorded was transcribed to enable the researcher to see each and every word that the interviewee said without having to rely on memory. The transcriptions also ensured that there are no misunderstandings or confusion about what the interviewee said.

4.1 THE INTERVIEWEES: THEIR INSIGHTS AND PERSPECTIVES ON ICELAND AS AN INCENTIVE TRAVEL DESTINATION

The seven face to face interviews were done of professionals who work in the tourism sector of Iceland. Each professional interviewed shared his/her insights and perspectives about Iceland's potential to be an incentive travel destination. The graph below summarizes the important points made by each interviewee about Iceland's advantages and disadvantages as an incentive destination.

Table 1: Interviewees selected

<p>Anna Valdimarsdóttir:</p> <p>Advantages: We are only 5 hours from the east coast of the United States and only 3 hours from most capital cities in Europe.</p> <p>Areas of Improvement: We need 5 star hotels and of course we really need to improve on our quality of service.</p>
<p>Þóra Björg Þórhallsdóttir:</p> <p>Advantages: Iceland is a hot new destination, it is unique with a variety of activities available right next to nature.</p> <p>Areas of Improvement: Evening entertainment is lacking. We can find great musicians, actors etc... however nothing that would really “WOW” the clients.</p>
<p>Olivier Didonna:</p> <p>Advantages: Iceland is unspoiled and unexplored, it’s new idea... like an unknown place...we have here an opportunity to make people feel special.</p> <p>Areas of Improvement: Quality of service and dedication.</p>
<p>Laufey Gunnarsdóttir:</p> <p>Advantages: The Icelandic nature attracts many incentive groups to Iceland. You can be in the middle of nowhere within an hours drive from the city</p> <p>Areas of Improvement: The Icelandic mentality with regards to service is something that needs to be improved upon. This mentality is just not suitable for incentive travelers.</p>
<p>Ýr Káradóttir:</p> <p>Advantages: The recreation that Iceland has to offer is something that attracts these groups to Iceland. Iceland has it all from culture and nightlife to adventurous activities and spas for those looking to relax.</p> <p>Areas of Improvement: Iceland needs to have a wider range of hotels to offer incentive groups. We are also restricted in recreation with regards to service for larger groups, often times these groups need to be split up.</p>
<p>Kristín Sigurðardóttir:</p> <p>Advantages: In Iceland, it is the nature...nature as a playground. We have the lakes, rivers, glaciers, mountains, and Icelandic horses...there are so many places that can offer all kinds of recreation.</p> <p>Areas of Improvement: With regards to the recreation suppliers, there needs to be improvement or fine tuning of the quality of service offered.</p>
<p>Ásgeir Eiriksson:</p> <p>Advantages: The competitive edge that Iceland has is that we offer a destination that is completely different from others. The activities offered are unusual and that is what these groups are looking for.</p> <p>Areas of Improvement: Overall, the work ethic here needs to be more professional from all of our suppliers of service</p>

The first interview was with Anna Valdimarsdóttir. Anna is a project manager for the Iceland Convention and Incentive Bureau (IC&IB). Anna was selected because of her experience in the many aspects of tourism in Iceland. She is especially knowledgeable about incentive travel in Iceland, since the IC&IB is a collaborative endeavor of the Federal Government, the city of Reykjavik, Icelandair, and a group of travel agents that specialize in incentive travel. The interview with Anna was taken on March 11, 2009. It lasted approximately 30 minutes and was executed in Anna's office in center city Reykjavík.

The second interview was of Þóra Björg Þórhallsdóttir, the manager of the MICE (meetings, incentives, conferences, and events) department at Nordic Visitor, a destination management company and has been in business since 2002. Þóra began her career in tourism in 2003. Þóra offers the perspective of "ground handlers", who interact directly with incentive travel clients. She has over five years of experience working extensively with incentive travel groups in Iceland. The interview lasted approximately 30 minutes and was executed in a coffee shop in center city Reykjavík.

The next three interviews were taken on March 13, 2009 with employees of Iceland Travel, a leading tour operator in Iceland that offers a full range of travel services for clients from around the world, including services for individuals, specialized groups/tours, conferences, events, incentives, series management and receptions for cruise ships.

Olivier Didonna, born and raised in Paris, France, is the only interviewee for this project that is not of Icelandic descent. Olivier owned and managed his own travel business in 1997 and has worked at Iceland Travel in the MICE department and Southern Europe department since 2006. He has brought many groups of tourists of 100 or more to Iceland. Olivier offers a variety of perspectives on Iceland as an incentive travel destination including that of a private travel businessman and that of a non-Icelander. The interview lasted approximately 25 minutes and was executed at the offices of Iceland Travel.

Laufey Gunnarsdóttir has worked in the tourist industry since 1997. Laufey has extensive experience working with incentive travel groups as well as the perspective of the hotel industry. She received her University degree in travel and tourism from the International

School of Tourism in Zurich, Switzerland and after returning to Iceland in 2003, she worked in the hotel sector of tourism. At the same time, she began her work within the MICE department working with specialized and incentive groups. Her work involves everything from booking accommodation, activities and restaurants to assisting groups the entire time they are in the country. The interview lasted for 20 minutes and was executed at the offices of Iceland Travel. The interview was recorded on a dictaphone and later transcribed.

Ýr Káradóttir, began her career in tourism at the young age of 18. Ýr was chosen to obtain a different view of the incentive business in Iceland. Ýr is the youngest interviewee, fresh out of University, and yet has gained enough experience in this industry to give valuable input on the subject of incentive travel. She graduated with a BS in Travel and Tourism in 2006 and got her first job working for a tour operating company called Reykjavik Excursions. In fall 2007 she has worked at Iceland Travel in the MICE department as a project manager and successfully sold and organized many incentive trips to Iceland. Since fall of 2008 Ýr has been a project manager for the cruise department. The interview lasted 25 minutes and was executed in the offices at Iceland Travel.

Kristín Sigurðardóttir, the director of incentives and special interests groups for a company in Iceland called Atlantik, was interviewed on March 18, 2009. Atlantik is a destination management company that was established in 1978. It is one of Iceland's leading DMC's which specialize in incentives, meetings and special interest tours within Iceland (Atlantik, 2009). Kristín has been with Atlantik since 2003. Her insights into incentive travel in Iceland includes the perspective of someone who worked long term in the incentive travel industry as well as before this in the hotel industry. The interview lasted approximately 35 minutes and was executed in Kristín's office at Atlantik.

The seventh interview was of Ásgeir Eriksson, who began his career in tourism approximately 10 years ago as a freelance guide. In 2007 he worked as manager of the MICE department at Iceland Travel. Like the others, Ásgeir offers insights from an extensive career in the tourist industry including working with incentive travel clients. The interview with Ásgeir lasted 25 minutes and was executed in his office at Iceland Travel.

To supplement and add to the information acquired in the face to face interviews, three interviews were done of travel agents located outside Iceland using questionnaires. The questionnaires were sent via e-mail in February 2009. The respondents were asked to answer a few questions in as detailed and thorough a manner as possible.

The first respondent was Stephanie Waiten, who works for a company called Hagen Invent in Germany. Stephanie sold Iceland to clients and has been responsible for organizing incentive trips to Iceland. She was therefore in a position to receive feedback from the incentive travel clients about their experiences in Iceland. (Stephanie Waiten, e-mail, March 10, 2009). Stephanie's response came on March 10, 2009.

The second respondent was Caroline Demas, who works for a tour operator called Exocet in France. She has 5 years experience working in the field of incentive travel. Like Stephanie, Caroline has experience with Iceland and has organized incentive trips to Iceland from France. Caroline's response came on March 12, 2009.

The third respondent was Carolien Brink, who works for an incentive travel company called Incentive-Direct based in the Netherlands. Incentive-Direct sells only set packages on the internet. However Carolien claims that 75% of their packages are tailor-made for each client. Incentive-Direct was the first on-line incentive travel company in the Netherlands. The response was, therefore, useful as a supplement to what was learned from the other respondents. Carolien's response came on April 1, 2009.

5 CONCLUSION OF RESEARCH

Iceland has many qualities that incentive travelers find attractive. These attractions position Iceland well as a potentially desirable incentive travel destination for corporate clients around the world. Research revealed that there are misconceptions about Iceland, particularly concerning its climate and its economic and technological development, that need to be addressed more aggressively by those marketing the country. In addition, there are some areas related to the delivery of services and availability of large, luxury hotels that halter the potential of Iceland to serve incentive travel clientele. In order to maximize the potential of their country, Iceland's tourism industry needs to address the areas that need improvement and then be more active in promoting Iceland to the incentive travel market.

5.1 ICELAND'S ATTRACTIONS FOR INCENTIVE TRAVELERS

Landscape and Nature

One of Iceland's strongest features is its unusual landscape and natural wonders. This includes a volcanic landscape with active volcanoes, glaciers, and geothermal features such as geysers and healthy, natural thermal baths. The ocean that surrounds Iceland provides additional interesting wilderness and nature experiences such as whale watching, bird watching, and seal watching. Iceland is remote and at the same time, not very far away from continental Europe and the eastern part of North America. Outdoor adventures and nature-related excursions are particularly attractive to incentive travel groups because they create opportunities for bonding and team building among co-workers.

When asked what it is about Iceland's nature and landscape that is attractive to incentive groups travelers, four travel agents who were interviewed offered the following perspectives:

- 1) Iceland is only about a 3 hour flight and once you get there you are in a completely different world with lava beaches, ice glaciers and whales.

2) Iceland is fascinating with the clients because of its nature and authenticity. Nature and culture are the highlights of Iceland and the program can be described as “back to the roots”- this is what fascinated the clients about Iceland.

3) Iceland is becoming a very fashionable destination, thus focusing on nature and the open landscape. It is a destination that is not very well known and clients see this as a novelty. The clients are normally seduced by the large open areas, the beautiful landscape.

4) In Iceland it is the nature, nature as a playground. There are so many places in Iceland where activities can be offered. There are the glaciers, glacier-fed rivers, rivers for kayaking and canoeing, and of course the Icelandic horses in the Icelandic nature. It is unique with Iceland that it is possible to be in unspoiled nature within an hour drive from the city. You can be in the middle of city with all its culture and restaurants but also take advantage of what nature has to offer less than an hour away.

Natural settings are places where groups of people can be alone with each other without the distractions that are always present in urban settings. Some nature-based activities like ice climbing and mountain climbing are team-dependent. Those participating in these activities are required to assist one another in order for the activity to succeed. Many non-competitive team building games are also best played in isolated natural settings because the isolated environment as well as the separation from other distractions helps form the development of bonds among those participants.

An Exotic and New Destination

Iceland is still in the process of being discovered as an interesting travel destination. Iceland has not been visited as much by travelers as other, more familiar and more popular destinations. Because fewer travelers have been there, Iceland becomes more valuable as a place that is exotic and “off the beaten track”. “Newness” is a significant factor with incentive travelers because it makes the experience of receiving a travel award more attractive than a trip to a destination that is more familiar and better known. Iceland’s newness and freshness is especially appealing to the incentive travel market, where part of the “Wow!” factor of presenting a travel award is offering an employee the opportunity to go somewhere

he/she has never been before and would never think of visiting on their own. When thinking about a trip to Iceland as an award, an employee might become more excited about going there because it is a place where he/she has never been before. One of the travel professionals interviewed states:

Most clients have “been there and done that.” Iceland is a hot new destination. It offers something uniquely different from typical destinations such as Italy, Spain or Las Vegas. Our selling point is “Reykjavik, next door to nature.”

Close Proximity to Other Countries

Iceland is located in close proximity to both Europe and the eastern part of North America. It is also located directly on the travel route normally flown by all cross-Atlantic carriers that travel between the United States, Canada, and Europe. Because Icelandair offers its travelers a free stop in Reykjavik, some first-time travelers to Iceland get acquainted with the country because it is a free stop on their flight. All these are reasons that make flying to Iceland easy, manageable, and attractive to clients coming from North America and Europe. Some travel professionals who were interviewed said:

Iceland is a short flight from mainland Europe, approximately 3 hours. Iceland is unspoiled and unexplored; it's a new idea like an unknown place. It always surprises people prior and during their trip. We have here an opportunity to make people feel special, by not being surrounded by coach tours filled with Japanese photographers. Green and renewable energy has been a factor for corporations to choose Iceland, our pure energy and clean environment is a parallel to today's modern company policies and products.

Closeness of Nature

Travelers to Iceland interested in visiting its natural wonders do not have to travel far once inside the country. Most are located a short distance from Reykjavik, Iceland's capital city. Many are day excursions rather than overnight excursions and some are located as close as 30 minutes away from the center of Reykjavik. The closeness of Iceland's nature attractions reduce travel time considerably for visitors. This is particularly attractive to

incentive travel clients as the time spent getting to a destination takes time away from the actual activities organizers of the trip have planned for their guests to enjoy. The more travel time can be shortened, the more time can be devoted to the activities at hand. One travel professional stated:

Icelandic nature is not only unique but also accessible for incentive groups without having to downgrade accommodation or standard of restaurants. Within an hours drive you can be in the middle of nowhere while also being in a bustling city with all the fashionable comfort that a person could want. It is also possible to say that some groups are attracted to the legendary nightlife that Reykjavik has to offer.

Iceland's Range of Activities

Because of its vast, unspoiled nature and varied landscape, Iceland has many exciting activities to offer incentive groups. Activities range from snorkeling (unexpected in a country at such high northern latitude) to Super Jeep off-roading. The possibilities are endless. According to travel agents there are a handful of activities that really seem to be popular with their clients.

1) Activities like snowmobiling on the glaciers and ice-climbing are good options to offer incentive groups. The combination of nature and landscape with these activities is a good selling point for Iceland. It is a highlight for everyone to be able to explore the glaciers. Horseback riding on Icelandic horses is also something that the clients are interested in.

2) Snowmobiling was a "must" activity about 2 or 3 years ago, however that seems to be changing. The corporative social responsibility policy is rearing its head. Instead of everyone riding loud, polluting snowmobiles people are asking... what else can we offer? For example, glacier hiking instead of snowmobiling. These activities were offered as a back-up plan in the past however now they are chosen alternatively to snowmobiling. Our main activities are however four-wheeling, river rafting and kayaking in the summer, whale watching, glacier hiking, ice-climbing and Super Jeep tours.

3) The activities chosen differ from group to group. It is of course classic to go on the glaciers and drive snowmobiles. Recent emphasis has been on more exciting events where there is a lot of action. This includes snowmobiling, four-wheeling and driving Super Jeeps. That is what has been really hot the past few years. Most of these incentive groups choose the more physical activities. Groups of this nature are often younger people and the core focus of incentive trips is to offer something unusual and different. The main activities that stand out are, ice-climbing, Super Jeep tours, whale watching, horseback riding, sea angling and then there is also something that is very important in all of this, the restaurants. They have to be better than people are anticipating, beyond their expectations.

5.2 COMMON MISCONCEPTIONS ABOUT ICELAND

There are still many misconceptions people have about Iceland They are centered on three different issues:

1. Climate and weather
2. Travel distance
3. Standard of economic and technological development

Misconceptions about the Climate

One major misconception is about Iceland's climate. Because it is located in the North Atlantic, and because of its name, many people think that Iceland is one huge block of ice. Due to the warm Gulf Stream currents that moderate land temperatures, Iceland actually has mild winters and cool, comfortable summers.

Misconceptions about Travel to Iceland

As discussed previously, there are many misconceptions about Iceland's location and its travel distance from population centers around the world. It was earlier noted that one of Iceland's main attractions is its closeness to Europe and eastern North America. One travel agent stated:

One thing that most people don't realize and are surprised by is that we are a lot closer and more centralized than people think. We often remind people of

the old slogan, “Iceland, the mid-Atlantic meeting point.” It is a great meeting point for those for example coming from the United States and those coming from Europe. The travel time is similar. This is something that may not be a misconception but that people either don’t know or realize. I think that people are also surprised by how modern things are here. Again, something that they just didn’t take the time to consider.

Misconceptions about Iceland as a Developed Country

Iceland is as modern and technologically developed as the United States and Canada as well as any country in Western, Central, and Northern Europe. Its population is almost entirely Scandinavian, descended from the original Viking explorers who traveled by sea from Northern Europe across the Atlantic Ocean. Iceland is as technologically, economically, socially, and culturally developed as Norway, Sweden, Denmark, and Finland. Its government is democratic and supportive of all areas of cultural, social, economic, and technological development. One interviewee commented:

It is very common that people believe that the standard (of living) here is much lower than it really is. I have also noticed that people seemed to be surprised by the infrastructure here as well. The social system, health and education systems often appear to be in a totally different class than many visitors expect them to be. Another thing that comes up often is the standard of cuisine. It is usually on a higher level than what people had originally expected.

Another misconception, and it depends on where people are coming from, is that people just don’t realize how small this nation really is. People think that we are at least one or two million. With the entire infrastructure, people just don’t understand how all of this works being such a small country.

6 AREAS OF IMPROVEMENT

Research revealed that there are several areas in need of improvement in order for Iceland to make itself fully attractive to the incentive travel market. These include:

1. Improvement in the delivery of services
2. Sensitivity to client culture and client needs
3. Availability of more upscale and larger hotels
4. Special event evening entertainment
5. Awareness of the constant need to develop new and exciting activities

6.1 IMPROVEMENT IN THE DELIVERY OF SERVICES

The most serious problem uncovered in the research was the need for improvement in the delivery of services. The service industry in Iceland is in great need of improving its level, quality, and speed in the delivery of services to its tourist clients. This was an issue about which there was universal agreement among the interviewees.

Many of the interviewees made specific references to problems with the delivery of services in Iceland:

The quality of service in Iceland really needs to be improved upon. We also need to be able to maintain consistent good quality service. In Iceland, you can take one group one night to a certain restaurant with the service being 150% and the next night take another group to the same restaurant and it is a totally different experience. This is what needs to be worked on both in restaurants as well as in hotels.

As Icelanders, we don't have that luxury element inside of us. For example most restaurants offer 1 waiter per 20 guests. That is just not acceptable. There is a real need for professionalism within the service sector.

I think that Iceland needs to increase its service level, especially for the high-end incentives market. The service and attention to detail provided is not up to high-end standards.

We need to increase the service level here, especially with regards to hotels and restaurants. It is so hard to promise a certain level of service when you don't

know what you will get. It often depends on who is working that night. The same thing can be said about our recreational suppliers. We have to be sure that what we are selling is 100% and in my opinion it is difficult to promise 100% service from many of our suppliers.

One interviewee remembered an incident with a group a few years ago. On a cold winter's day the group was scheduled to go four-wheeling. This activity had been booked for months however when the group showed up, the suppliers were still in the process of taking the bikes out of the shed and nothing was ready. The riding suits were wet and even frozen from the group that had been there the previous day. This kind of ill preparation cannot be tolerated with incentive groups. She stated:

This shows lack of preparation. They should have been there an hour before the group with everything ready. This is our problem; to get people to realize that incentive groups have different needs and expectations than the average tourist. They have to be treated at a different level. These are groups that are paying much more for this kind of product and should be treated accordingly. This is what we are hearing from incentive organizers, that our service providers are not prepared and that travel agencies have to specifically employ someone to oversee these groups in order to double check everything. Suppliers are just not trusted. This in turn increases the cost which makes the trip more expensive than it really needs to be.

6.2 SENSITIVITY TO CLIENT CULTURE AND CLIENT NEEDS

One of the complications to be addressed concerning the delivery of services is the casual approach Icelanders have to living life and how this gets unintentionally transmitted to the clients. Icelanders are not easily flustered by problems. There is a saying in Iceland, "Þetta reddast," (thetta – reddast). Translated into English this means "it will work out," or "everything will be alright." This is a saying that everyone uses at one time or another. It is often used when something is about to happen and there may be a certain level of stress involved. It is then meant more as, "don't worry, things will work out." It is a common expression used in Iceland when service providers are addressing problems that cause delays in the delivery of service. Tourists, but especially companies that offer incentive travel as an award to their top employees spend a lot of money on their travel packages

and expect service to be provided in an attentive, caring, concerned, and efficient way. Delays and other types of problems that reflect a casual rather than serious attitude towards the delivery of service are major sources of irritation to these clients.

Most of the interviewees were in agreement about the negative impact of the “Thetta reddast” mentality of Icelanders towards the delivery of service. To be a successful provider of service to incentive travel clients, the needs of the client have to be fulfilled in a quick and efficient manner, with complete attention to details. In addition, the service must be delivered in a friendly and caring, yet professionally responsible manner. Friendliness alone, without efficiency and speed, has a negative impact on the success of an incentive trip.

One comment from a travel professional offers a lot of insight into the problem of “Thetta reddast”:

We (Icelanders) need to be better organized and the “thetta reddast” attitude that is so embedded in us is something that just doesn’t work with incentive groups. Icelandic suppliers often start a project with much enthusiasm but then don’t seem to finish it in the same way. In other words, the end or finished product is often inadequate. For example, when a new restaurant opens, everything is very nice on the inside however the outside is all a mess. People need to start taking everything into account.

Another issue related to understanding client culture is being aware of the type of clientele that is now attracted to Iceland. The tourist industry, especially the sector focused on incentive travel, needs to focus seriously on what makes the country attractive to current incentive travel visitors. The research made a beginning in this direction by defining the demographic profile of Iceland’s current incentive travel market. Several travel professionals offered the following profile of current incentive travelers to Iceland:

- 1) The Norwegians are in first place with us, that is the last five years –there are however fluctuations from year to year. Sweden is in second place and Germany in third. Belgium, Britain, and Holland have always been pretty

strong as well as France. The US is an especially low number considering the population. Denmark is also notably low.

2) At this time, groups from Holland stand out. For the Dutch it is like Iceland is the “in” country. I would like to see more groups come from the east coast of the United States as well as Canada. I feel like we really need more clients from these countries. It seems to be a problem for some reason for groups to leave their countries (i.e. US and Canada), than it is for those groups on mainland Europe. Although it doesn’t differ much in flight time, the difference is maybe one hour. If you fly from Frankfurt it takes four hours and a flight from Boston is five. There is really no difference; there is great potential on the east coast. However our biggest markets have always been the Scandinavian countries and Britain.

3) Nationality varies, now for example, a lot depends on the economies of each country. Sweden for example seems to be worse off than Norway. We have been hearing that there are cut backs in Norway and that people are canceling their incentive trips to Iceland. We tend to see most groups coming from England and Scandinavia, Germany as well. Groups have also been coming from Hungary and Russia. It is very much tied to Icelandair’s and Iceland Express’ direct flights. That being said, however, we just recently had a group here from South Africa.

4) The ages can range from 30 up to 60. It often depends on the type of company. If it is for example a software company, the ages tend to be on the younger scale. If it is an insurance company of sorts, then the ages tend to go up as far as 60. Unfortunately most of these groups are all male. Even in groups that include both sexes, men are in the majority. It is very sad that with women’s incentive groups, their budgets are usually very restricted. Equality in the workplace, or lack thereof, seems to be directly reflected in these incentive trips.

This information is useful to begin the process of analysis of the current incentive travel market as well as planning for the marketing of future incentive trips. However, a deeper survey and analysis needs to be done to specifically identify what factors about Iceland

have been most important and attractive to this client base. From there this information can be used to develop future marketing plans for incentive travel to Iceland.

6.3 THE NEED FOR MORE EXCLUSIVE AND LARGER HOTELS

Exclusivity is one of the things that make a destination attractive to the incentive travel market. Although Iceland has a variety of four-star hotels, it does not have a five-star hotel. Another area that impacts the “exclusivity” factor in the incentive travel market is the availability of hotels that are part of well known luxury hotel chains. Name recognition of a hotel (e.g. Ritz Carlton or Hilton) is connected in the minds of many travelers with an image of comfort, quality professional service, and “exclusivity”. Some luxury hotel chains offer special deals to certain types of corporate clients and, as Lawson pointed out, making a trip self-financing is one of the eight factors in organizing a successful incentive trip.

One interviewee spoke directly about the need for a five-star hotel in Iceland, which would make the country more competitive with other destinations that offer this type of service:

A five star hotel is something that is really needed here in Iceland. It would open up a completely different market for us. Even though we have great four star hotels, there are just too many people that don't even give us a chance because five star hotels don't exist here. I think that this is a big problem.

Another interviewee disagreed:

In 2007 I would have said that we needed a five star hotel being that there are certain clients that do not even look at anything else, however much has changed since 2007. Pharmaceutical companies have adopted the protocol that, in most cases, it is not allowed to book groups at five star hotels. Four stars have been set as the max. This is so that these companies are not criticized for spending exorbitant amounts of money while their clients are often overburdened with prescription drug costs. Our four star hotels are very close to the standard of many five star hotels.

She also commented:

I have heard that Iceland needs another known hotel chain. Iceland would be taken more seriously as a tourist destination if there were more known hotel chains like the Four Seasons or the Ritz Carlton that say more about the destination, however I believe that the market here is too small for this.

Another agent made some general observations about hotels in Iceland that reflected the same problem:

The hotel industry is a bit rare in Iceland. I can only write about Reykjavik because I do not know other parts of Iceland but you cannot bring big groups to Iceland because there are not very many lodging options. The Hilton is the only acceptable hotel for bigger German groups. There are nice little design hotels but they are only for small groups. If Iceland wants to attract bigger groups this needs to be improved upon.

6.4 THE NEED FOR NEW ACTIVITIES, INCLUDING SPECIAL EVENT EVENING ENTERTAINMENT

The constant need to develop new activities, especially evening entertainment, was another unmet need noted by interviewees. Although Iceland offers a wide range of interesting and fun daytime activities, especially for nature lovers, evening entertainment is in great need of improvement. Evening entertainment, especially performances of known entertainers, is one of the main attractions at many incentive travel destinations (e.g. Las Vegas and Orlando Florida). To be fully competitive, Iceland needs to be constantly developing new and attractive activities in order to be fully competitive with other destinations in the incentive travel market.

One interviewee observed:

Event evening entertainment is something that is needed in Iceland. It is no problem to find musicians, actors or even the national dance company but there is no real “WOW” show available. There needs to be something like flamingo dancers, river dance something that is out of this world. The strongest man and Icelandic wrestling are options but we have no real “WOW” show.

Another stated:

What I think is needed for incentive groups over the past few years is development of new and exciting activities. There has been very little development in this field over the past 5 years. We often talk to old clients we meet at trade shows and have worked with in the past and they always ask “What’s new?” We have few answers for them.

7 CONCLUSIONS

Research indicates that Iceland is an excellent potential destination for the incentive travel market. It contains many significant elements that incentive travel organizers are looking for in a host country. These include unusual natural wonders, close proximity and easy travel to interesting and beautiful nature sites, close proximity to population centers in North America and Europe with convenience of travel. Iceland also has a balanced and moderate climate, good quality four-star hotels and gourmet restaurants, and a high level of cultural, economic, and technological development, not to mention, a stable democratic form of government comparable to the United States, Canada, and countries in Western and Northern Europe.

Research also reveals that there are significant areas that Iceland needs to improve in its delivery of service and in its service products in order to make itself fully competitive in the incentive travel market.

The tourism industry in Iceland needs to take a more proactive position about how it will market itself to incentive travel tourists. It has been recommended that a full and more detailed survey and analysis of its current incentive travel clientele be undertaken. This would include a detailed look into the needs and desires of the clients, a further study of what has worked well to keep attracting repeat incentive travel business to Iceland, and what has failed and discouraged clients from coming back. Following this study, a campaign to potential new incentive travel markets, especially in the United States and Canada, can be something that Iceland could look into. With further study on the subject of incentive travel to Iceland the results can help Iceland determine what will consistently attract new clients to the country and what will help maintain ongoing clients.

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APPENDIX A: THE RESEARCH QUESTIONS

Two separate sets of questions were used to conduct the research for this project.

Questions Used in Face to Face Interviews with Travel Professionals:

1). *What in your opinion, is it about Iceland that is/has been attracting incentive groups to Iceland.*

This question was asked in order to understand what it is that attracts these groups to Iceland.

2). *What do you think is something that can make us more competitive as a destination for incentive groups?*

The reason for this question was to find out why this destination is chosen over other destinations.

3) *What is something that is needed in order to attract more groups to Iceland?*

This question was asked in order to find out if there is something else that is needed. Something other destinations have but Iceland doesn't.

4). *What do you think needs to be improved on as far as incentive groups are concerned?*

Again, the reason for this question was to understand what needs to be improved upon.

5). *What are some complaints that you have received from tour leaders, if any?*

This question helps in answering the question above: identifying specific complaints from clients helps us better understand what needs to be worked on and/or adjusted.

6). *What in your opinion are common misunderstandings that people have about Iceland?*

This question was asked in order to learn more about people's initial thoughts and perceptions of Iceland.

7). *Do you think that we need more "over the top attractions" for incentive groups or do you believe that groups come to Iceland for a different kind of experience?*

This question was asked in order to get professional opinion of whether or not Iceland needs something more extreme or excessive like Las Vegas or Dubai.

8). *What are the prime demographics of incentive groups to Iceland? Where are most groups coming from?*

These questions help the reader understand exactly who the people are that come to Iceland for the incentive experience.

Questions Used in Written E-mail Questionnaire to Travel Professionals Located Outside Iceland

1). *What is it about Iceland that initially attracted your client's attention?*

This question was asked in order to find out what is attracting incentive groups to Iceland.

2). *What in your opinion is attractive about Iceland?*

The reason for this questions was to get an idea of what the agents themselves feel is attractive about the country.

3). *What would you say is something that Iceland doesn't have or needs to improve on in order to attract more incentive groups??*

This question dives right into the main objective of this research. What needs to be improved on?

4). *Have you received any complaints from groups about things that may have gone wrong here in Iceland?*

This is a question that when answered, again, gives an idea of what it is that needs to be improved here in Iceland.

5). *What kind of positive feedback have you received from groups that have come to Iceland?*

This reason for this question was to find out what it is that groups and clients are satisfied with.