



## **MSc in Marketing**

# How to Consolidate and Diversify Tourism Activity in North Iceland

Cases of Siglufjörður and Dalvík

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## Declaration of Research Work Integrity

This work has not previously been accepted in substance for any degree and is not concurrently submitted in the candidature of any degree. This thesis is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

By signing the present document, I confirm and agree that I have read RU's Ethics Code of Conduct and fully understand the consequences of violating these rules in regards of my thesis.

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## **Abstract**

Tourism in rural areas in Iceland has not been researched to a great extent. Previous research on the subject has focused mainly on the tourists themselves, and how they experience the country and their overall satisfaction. This Master's thesis aims to identify the key-factors in tourism marketing in rural areas in Iceland, with focus on two rural towns, Siglufjörður and Dalvík, and how these methods can be implemented to other rural areas of the country. The research question therefore is *How do the remote towns Siglufjörður and Dalvík attract tourists? What are the challenges they face and what opportunities do they have?* In the thesis data will be collected through interviews with people in the tourism industry that have, in one way or another, been involved in marketing of these rural areas. The results of this study will hopefully be helpful for other rural areas in the country that lack knowledge on tourism marketing.

*Keywords: Tourism marketing, Tourism industry, Iceland tourism marketing, Rural areas in Iceland.*

## Útdráttur

Ferðamannaíðnaðurinn hefur ekki verið mikið rannsakaður í smærri bæjum á Íslandi. Fyrri rannsóknir á viðfangsefninu hafa einblínt á upplifun ferðamanna á landinu og almenna ánægju þeirra. Í meistararitgerð þessari verður reynt að bera kennsl á lykilþætti í markaðsetningu ferðamannaíðnaðarins í smærri bæjum á Íslandi og þá sérstaklega á Siglufirði og Dalvík og hvernig hægt er að yfirfæra þessa þætti á aðra smærri bæji á landinu. Rannsóknarspurningin er þar af leiðandi: *Hvað hefur verið gert til að markaðssetja Sigluffjörð og Dalvík? Hvaða áskoranir standa bæjirnir frammi fyrir og hvaða tækifæri standa þeim til boða?* Upplýsingum var aflað með viðtölum við einstaklinga sem starfa í iðnaðinum og hafa á einn eða annan hátt tekið þátt í markaðssetningu á Siglufirði og Dalvík. Niðurstöður ritgerðarinnar geta mögulega sýnt fram á hvaða þættir það eru sem skýra vinsældir bæjanna og geta vonandi aðrir staðir á landsbyggðinni nýtt sér þá þekkingu í markaðssetningu á ferðamannastöðum.

*Efnisorð: Markaðssetning ferðaþjónustunnar, Markaðssetning á ferðaþjónustu á Íslandi, Landsbyggðin á Íslandi..*

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# 1 Introduction

Tourism in Iceland is a relatively new industry. In the years since the economic crisis in 2008, tourism has become the number one linchpin in the Icelandic economy. Low-cost airline tickets, music festivals, and the beautiful landscape are the main reasons why tourists want to visit the country. Iceland has become more internationally recognized because of the economic crisis in 2008 as well as the volcanic eruption of Eyjafjallajökull in 2010. The Game of Thrones television series and various Hollywood blockbuster films from Star Wars to Interstellar have sparked interest in the otherworldly landscapes, and the Icelandic football team's success in France at the UEFA Euro 2016 has also played an important role in representing the country. The tourism industry has been beneficial to the Icelandic community, with decreased rates of unemployment because of multiple jobs in the tourism industry (Tryggvason, 2017).

There are parts of Iceland that experience significant seasonal variation in terms of attracting tourists. The wintertime and late winter months remain extremely difficult for business. A report published in 2017 showed results from vehicle traffic counters that were distributed to 22 tourist targets all over the country. The results show that there is heavy tourist traffic in the South with Reynisfjara, Dyrhólaey, Seljalandsfoss, Skógarfoss and Gullfoss and Geysir being the most popular destinations. It is obvious from the report that Þingvellir, Geysir, Jökulsárlón and Námaskarð are destinations that all tourists seem to be visiting (Ólafsson & Þórhallsdóttir, 2017).

Distributing tourists more evenly around the country is an important issue in the tourism industry. The situation that's facing the industry at the moment is that tourists, or most of the tourist traffic is in Reykjavík, and in the south of Iceland. This study will be focused on the tourism industry in Iceland and how rural areas like Siglufjörður and Dalvík market themselves, and what can be learned from these cases.

Some rural areas in Iceland are attracting foreign visitors while other areas do not seem to be as attractive or lack what it takes to be attractive to foreigners that are visiting the country. By looking into how the marketing of rural areas like Siglufjörður and Dalvík, other rural areas in Iceland could possibly learn from these cases how to attract foreign visitors.

The growing tourism industry in Iceland has had both negative and positive effects that are worth looking into. There must be ways to entice tourists to visit other parts of Iceland and alleviate the volume of tourists in the south of Iceland. Spreading tourists out across the country will reduce the ecological footprint of tourism and the erosion caused by the foot traffic. It will also increase the overall satisfaction of the tourists, making the tours less congested and busy.

Predictions have also been made on whether it is a good or a bad thing to restrict the number of tourists in certain areas by charging them, creating an economic incentive to visit more remote areas. However there should be other ways to get better control of the situation. The main tourist attraction is the unspoiled nature, and therefore it is very important to protect areas that are sensitive. Because of how the country is situated globally, the fragile nature is in danger because of increased tourism. The vegetation can easily be damaged, but will not be repaired easily (Þingskjal 649, 2014-2015).

This thesis will be based on interviews from individuals that all work in the tourism industry. The research question of this study is:

*How do the remote towns Siglufjörður and Dalvík attract tourists? What are the challenges they face and what opportunities do they have?*

The researcher's aim is therefore to inquire what the marketing situation is in the rural areas being researched. The researcher aims to see what tools and methods have been used to market the rural areas and what are the main reasons for the rural area popularity. In order to answer the thesis question an inductive approach for qualitative data analysis was conducted by in depth interviews where key elements for success in rural areas was examined.

The purpose is to explore what has been done in terms of marketing in rural areas of Iceland, with Siglufjörður and Dalvík being the main subject matter. The research questions were open-ended questions allowing the interviews to flow freely.

Six semi-structured interviews were conducted with individuals working in the tourism industry in the North of Iceland. The interviews were conducted to get an idea of how

much emphasis they were putting into the marketing of the places and events, and what is done to attract more visitors, what are the challenges they face, and what do they have to change.

With tourism being among the fastest-growing industries in Iceland in recent years, it is important and useful to research all aspects of the industry. Such as the country's infrastructure, professionalism in the industry, policy formulation and structure to name a few aspects. By interviewing individuals that all thrive in the industry as well as live in rural areas that have been successful in attracting tourists the researcher seeks to gain better knowledge of the matter.

## **1.1 Justification**

As stated before this thesis will consist of interviews with people that work in the tourist industry, and people that have been involved in tourism marketing in rural areas of Iceland. The focus will be on Siglufjörður and Dalvík and what has been done in these rural areas in terms of marketing.

The purpose of this study is to get a better idea of what these areas have in common and how the marketing of these areas has been done. What are the key factors a town or a village must have to be attractive and interesting? This study took place in winter 2018. Interviews were taken with interviewees that are in one way or the other connected to the tourism industry in Siglufjörður and Dalvík.

The aims of this research will hopefully shed a light on tourism marketing of rural areas in Iceland that are successful, and permit to get deeper understanding of how marketing in Siglufjörður and Dalvík is practiced, and what are the key aspects for success in the tourism industry. More specifically, the research will focus on the tourist industry in Iceland. Enticing tourists to rural areas has not been researched and so far research has mainly been focused on the tourists and their attitude towards the country and the effects of growing tourism. Knowing the point of view from the experts within the tourism industry could give insight into the possible ways to have better control of the growing tourism and an opportunity to make the tourists enjoy their stay even more.

This information could be used in rural areas that want to attract foreign visitors but lack any research on how to implement it.

## **1.2 Thesis Structure**

In the first chapter the thesis is introduced and the main research question is presented. The justification and explanation for the research is also presented as well as the thesis' structure. The second chapter explores review of relevant literature with theoretical framework. The Icelandic tourism industry's status is explained as well as tourism marketing in rural areas, success in rural tourism development, social media marketing, and models that have been used in tourism marketing. In the third chapter the qualitative research method of the thesis is discussed, and the interview procedure. In the fourth chapter the interviews are summarized. The fifth chapter presents the results of this study in relation to the literature review. In the sixth chapter the thesis conclusion is explained and further research opportunities are recommended.

## **2 The Impact of Tourism in Iceland**

In this second chapter the rapid growth of the tourism industry in Iceland in numbers is examined as well as tourists' satisfaction and attitude. The literature on the aspect will be reviewed as well as the models that have been used when explaining tourism marketing. There are numbers of important factors that convince tourists to choose one country over another when travelling, with one of them being the destination image. Positive destination image will result in attracting more tourists. However, it is also important that actual experience meets the tourists expectations (Echtner & Ritchie, 1993).

Rural areas in Iceland have not been researched thoroughly and hopefully this thesis will contribute to the tourism industry in Iceland by looking at what the key aspects of successful marketing in rural areas are.

### **2.1 Tourism in Iceland**

With increased marketing over the years the tourism industry in Iceland has grown rapidly, and that growth does not seem to be stopping (Unnarsson, 2017). The total number of foreign overnight visitors to Iceland was around 1.8 million in 2016. That is a 40.1% increase from 2015, when foreign overnight visitors were around 1.3 million (Óladóttir, 2017). In 2017 almost 2.2 million foreign passengers departed from Iceland through Keflavík International Airport. However, the number of departures of foreigners is only one indicator of the trend in tourism in Iceland, since it does not tell the number of overnight stays and travel expenditures (Ferðamálastofa, 2018).

The Icelandic Tourist Board and Maskína carried out an internet survey among international visitors in the period October 2015 to August 2016, that was based on e-mail addresses that had been collected at Keflavik Airport. The final sample was 9,286 people, with a response rate of 45% (Óladóttir, 2017).

As in earlier surveys performed by the Tourist Board the majority of visitors answer that the Icelandic nature was the main reason for them coming to Iceland with 74% of winter tourists answering the Icelandic nature influenced their decision to come to

Iceland and 84% of visitors travelling in summertime answered they were influenced by the Icelandic nature (Óladóttir, 2017).

Foreign visitors during summer and wintertime were asked what could be improved in Icelandic tourism. Numerous aspects were mentioned in this regard, e.g. road conditions, restriction on the number of tourists, (with 16.9% of tourists travelling in summertime answering that there should be limitation of number of tourists), more public toilets were needed, food costs were too high, nature conservation should be taken into account along with the high prices and the lack of road sign in some places. However the most frequently needed improvements mentioned were road conditions. Most of the foreign visitors travelling in winter and summertime felt that road conditions could be improved, 10.3% winter travellers and 18.6% summer travellers. Summer travellers, 16.9% thought that limiting the number of tourists was something that could be improved, while 7.1% winter tourists felt that way (Óladóttir, 2017).

According to the survey, foreign tourists were overall satisfied with their trip to Iceland with 95% of respondents answering that the trip exceeded expectations in the winter and summer. Approximately 90% of winter visitors and 80% of summer visitors thought it or very likely or likely that they would return to Iceland (Óladóttir, 2017).

In another survey that was conducted by Gallup (2017), tourists were not as happy with their visit as they were in previous years. According to the survey the reason for that seems to be a reduced satisfaction due to prices. According to Gallup's (2018), the most recent survey, tourists travelling from the U.S. were most satisfied with their stay in Iceland, scoring 84.5 points out of 100. Tourists travelling from China were on the other hand less satisfied scoring 74.7 points out of 100. In order to survey overall happiness among tourists travelling to Iceland, tourists travelling through Keflavik airport are asked five questions on whether the trip to Iceland was worth it, if they thought that the trip was worth the money, if the trip lived up to their expectations, how likely they were to recommend the country and how hospitable they thought that inhabitants were.

Iceland's destination image perceived by tourists before they visit the country has been formed through multiple processes of communication of particular stereotypes, narratives and images. Some of the images relate specifically to Iceland where as others

are a reference to a broader discourse that involves Iceland, for example as a country of the North, a Scandinavian country or as an island. A positive destination image attracts more visitors (Hermans, 2016).

### **2.1.1 Tourism Distribution in Iceland**

When tourists arrive to the country 98% of them arrive at Keflavik airport, Leifstöð. It is very likely that because of the airport's location in the South of Iceland that tourists arriving to Iceland are more likely to travel to the South rather than the North, or other parts of the island. The researcher believes that directing tourists throughout the whole country would be beneficial for everyone involved in the industry. Rural areas in the North of the country suffer because of Leifstöð being the main landing place and accessing the North is more difficult and costly.

Distributing tourists is important for a number of reasons. One of them being the distribution of both sociological and environmental pressure. Spreading the tourists out will decrease the pressure and damage on the Iceland's nature. Whereas, sociologically, too many tourists at the same place at the same time can also have a negative effect on the tourists' overall experience and their satisfaction when visiting these destinations (Alegre & Garau, 2008).

### **2.1.2 Super Break in Iceland**

In January 2018 there was a turnover in tourism in the North of Iceland when 185 passengers arrived to Akureyri from Cardiff, Wales. The tourists were the first passengers in a plane from the British tourist office Super Break, that offered nonstop flights twice a week to Akureyri in January and February. It was estimated that around 2500 tourists from Great Britain were expected to exploit this new non-stop flight in January and February 2018 with 95% of the seats already booked in January 2018 (Isavia, 2018). In the beginning Super Break was going to offer summer flights from 11th of June till 6th of July (Jóhannesson, 2017). However these plans have changed. According to Hagan, a spokesman Super Break it turned out that hotel rooms were limited in the North of Iceland in summertime. Another reason for these changes was that it was difficult to supply planes because of the FIFA World Cup. Therefore, Super

Break will not offer direct flights in summer 2018 to the North of Iceland as was originally planned (Ólafsson, 2018).

## **2.2 Maine Tourism Compared to Tourism in Iceland**

In March 2018, Reykjavík University hosted an open meeting where the main topic of discussion was tourism management. The purpose of the event was to get a better understanding of the tourism industry in Iceland and how important it is to prepare managers for work in the tourism industry predicting and preempting the challenges that will face. Iceland needs to compare and contrast itself to other countries that have been successful in attracting tourists and apply what attracts tourists to Iceland's specific situation.

In the discussion, the State of Maine in the U.S. was presented as a destination with a long history of tourism reaching as far back as the 1800's. Even though Maine has been involved in the tourism industry for substantially longer than Iceland, their current issues are somewhat similar to those facing Icelandic tourism, with roads being rudimentary and a lack of mass transit. In 2017, 37 million visitors came to Maine with tourism being the number one industry in the transitioning from forestry and fishing economy. Another issue is the infrastructure and natural resources that can be overcrowded at times and especially in rural areas. These are issues that the tourism industry in Iceland is facing (Michaud & Ghezzi, 2018).

The similarities between the two destinations consist in, Maine being the easternmost state in the contiguous United States, and the northernmost area east of the Great Lakes. Iceland is located near the Arctic Circle, between Greenland and Norway. Maine has had a much longer history with tourism and, therefore, has had a longer time to adjust to changes and difficulties. However, they are facing similar issues like Iceland, with much more visitors in summer time than in winter, and difficulties in distributing the tourists around the area. There is also labor shortage in Maine with the industry being known for low-pay, difficult working conditions and an aging workforce (Michaud & Ghezzi, 2018).

*Table 1 - Comparison of tourism in Maine and tourism in Iceland*

*Source: (Michaud & Ghezzi, 2018)*

<b>Maine (USA) Tourism</b>	<b>Iceland Tourism</b>
Tourism #1 industry - Entrepreneurial	Tourism #1 industry - Entrepreneurial
Transit from forestry/fishing economy	Transit from fishing economy
Portland but mostly rural areas	Reykjavík but mostly rural areas
Nature tourism <ul style="list-style-type: none"> <li>• South coast-OOB, York Beach</li> <li>• "Wild" interior/little access: Maine Woods</li> </ul>	Nature tourism <ul style="list-style-type: none"> <li>• South coast - Golden circle, Vík</li> <li>• "Wild" interior/little access. Highlands</li> </ul>
Viewed as authentic, safe, unspoiled <ul style="list-style-type: none"> <li>• Rapid growth</li> </ul>	Viewed as authentic, safe, unspoiled <ul style="list-style-type: none"> <li>• Rapid growth</li> </ul>
Issues <ul style="list-style-type: none"> <li>• Mass tourism sustainability, destination dev, seasonality</li> </ul>	Issues <ul style="list-style-type: none"> <li>• Mass tourism sustainability, destination dev, seasonality</li> </ul>

Therefore even though Maine has been in the industry much longer than Iceland has, they still have issues. Because of that the researcher wonders, if because there always seem to be new resources for tourists to be interested in, if it shouldn't be necessary to make sure the nature doesn't suffer from it. What is also interesting is how Maine has kept its status as an attractive destination to visit. That is something that the tourism industry in Iceland could also learn from the tourism industry in Maine.

### **2.3 Tourists' Attitude**

Iceland has been promoted by the tourist industry as 'Europe's last wilderness' where the wilderness is used as an image and a brand to promote the country and its goods. (Sæþórsdóttir, 2010). Roderick Nash helped define the field of environmental history when he came out with the book *Wilderness and the American Mind* in 1967. In the book Nash examines the transitions of American attitudes toward wilderness from the initial hostility to the eventual recognition that these areas need to be protected as a place humans may go to but should not stay in (McDonald, 2001). However, when

wilderness areas become known and busy tourist destinations, it becomes difficult to maintain its wilderness conditions (Sæþórsdóttir, 2013).

Anna Dóra Sæþórsdóttir, a professor of tourism, has researched tourists attitude towards Landmannalaugar, the most popular tourist destination in the Highlands. Her research was quantitative using the answers from questionnaires she distributed and received from 546 guests in the year 2000 and 1105 in 2009. Her main conclusion was that in the year 2000, 20% of the visitors responded that there were too many tourists in the area, but by 2009, the number of responses claiming the area was too busy had increased to one third, or 33%. According to her research the area now appeals to visitors with less nature-oriented attitudes, as the proportion of visitors who prefer solitude or are looking for more authentic or secluded experiences in nature has declined from 29% in 2000 to 20% in 2009 (Sæþórsdóttir, 2013).

Tourists' expectations can influence the decisions as well as perceptions of what their experience will be and because of that managing the expectations is an important factor in tourism management (Bosque et al., 2009).

Because of changes in the tourism sector, such as greater competition among products and destinations as well as changes in tourists' expectations and habits, the most strategic management point of view is to conceive destinations as brands according to Beerli and Martín (2004). From that viewpoint the brand image plays a fundamental role in the success of tourist destination. The brand image, seen as a mental picture formed by a set of attributes that define the destination and its variety, have a great impact on the consumers behaviour in the tourism sector. Usually tourists have limited knowledge of destinations they have not visited before, the images play an important role because tourists are more likely to choose destinations that portray inviting environment. The image perceived post-visit also influences tourist satisfaction as to whether the tourist is likely to visit again in the future. That depends on how the destination fulfilled the tourist expectation and if it fits the image they had of the destination (Beerli & Martín, 2004).

## **2.4 The Tourism Area Life Cycle**

The tourism area life cycle model (TALC) is one of the most cited and contentious areas of tourism knowledge. More than three decades ago the first TALC article appeared, but unlike most models, the TALC model is still being cited and used in tourism research. The model attempts to portray a pattern that seems to be common all over the world of the development of tourist resorts (Butler, 2009).

The TALC model concept implies that destinations follow a relatively consistent process of development as well as a recognizable cycle of evolution. The model in its abstract form includes the assumption that sooner or later a threshold is reached after which a tourist destination is perceived to decline in desirability. The TALC model discusses the development of destination in terms in six stages that are defined by the number of visitors and the level of infrastructure as indicators of development.

The models purpose was to draw attention to the dynamic nature of destinations and propose a generalized process of development and potential decline which could be avoided by appropriate interventions of planning, management and development or the management of resources. The TALC model did this by proposing a common pattern of development of resorts that had multiple stages: exploration, involvement, development, consolidation, stagnation, and then a range of possibilities from rejuvenation to decline. In the first stage, exploration, there is little to no infrastructure and the tourist is in unspoiled nature. In the second stage, involvement, the number of tourists is growing and the government realizes that there is need for infrastructure. In the third stage, development, there is no service but the number of tourists is consistently growing. The fourth stage, consolidation, is when the tourism growth is slowing down but the number of tourists exceeds the local population and the area's economy is tied to tourism. The fifth stage, stagnation is when visitor number has reached their peak and the carrying capacity has been reached or exceeded. There are also environmental, social and economic problems caused by tourists. The final stage according to Butler (2013), has two possibilities. The decline scenario where the destination would be unable to compete with newer tourism attractions and holidaymakers are replaced by weekend or day-trippers. In the end the area may become a tourism slum or drop out of the tourism market completely. The other possibility is rejuvenation scenario that requires a complete change in tourism attractions. Previously untapped tourism resources maybe

found. The concept of carrying capacity was the key, in the sense that Butler (2013) argued that if the carrying capacity of the resort was exceeded, the attractiveness of the resort would decline. The resort wouldn't be as competitive and would see a decline in the number of visitors, investment and development. In order to ensure that the various carrying capacities (economic, social-cultural and environmental) of the resort were not exceeded, the appropriate interventions mentioned above would be increased to meet growing pressures. The evolution of the development of a tourist destination can be seen around the Mediterranean as a good example of the pattern that was explained earlier. Where resorts are spread from southern France to Italy, to Spain, to Greece and the Balkans to Turkey and to North Africa over 50 year time period.

In Sæþórsdóttir (2013)'s research on changes in tourist attitudes towards Landmannalaugar, the author argues that Landmannalaugar is moving along TALC as the number of visitors rises and the carrying capacity of the destination is exceeded. However, what is not clear in this model is whether it could be used to predict at what point in time a destination might begin to experience decline in visitation or when new destinations might be developed in the region that might be in competition with the original destination (Butler, 2009).

## **2.5 Sustainable Tourism and Natural Resources Management**

In 2011 Nissan, Galindo and Mendez analysed the relationship between tourism and economic growth from the period 2000-2005. The countries that were analysed were Denmark, Finland, France, Germany, Italy, Japan, The Netherlands, Spain, Sweden, the UK and the USA. In these cases the supply model was estimated, which included the tourism sector as a productivity factor in the productive function as well as other factors or variables that had relevant effect on tourism. What was particularly examined was the feedback effect of income on tourism, as well as entrepreneurship activity and money supply. According to the results it was suggested that tourism, being measured as tourism expenditure in the country, enhances economic growth. It also suggested that entrepreneurship and income have a positive effect on tourism. In addition, the authors concluded that an expansive monetary policy would have a negative effect on tourism, because it involves increases in prices (Nissan et al, 2011).

Sustainable tourism indicators are frequently used to evaluate tourism sustainability in a destination. The indicators are defined as the set of measures that provide the necessary information to better understand the links between the impact of tourism on the cultural and natural setting in which this takes place and on which it is strongly dependent. Information provided by an indicator system is a helpful tool to understand the situation of the tourist sector in order to detect and prevent problems that may occur in the beginning and design corrective measures (Blancas et al, 2011).

Blancas et al (2011) proposed a system that aimed to provide tourist managers and policy makers with information to better understand the transition to sustainability at specific destinations as well as encourage them to carry out corresponding policy and management responses. The paper illustrates how indicators can be quantified and gives practical guidelines on how to use the statistical information that is already available.

## **2.6 Success in Rural Tourism Development**

Compared to other rural economic development strategies such as manufacturing, rural tourism is less costly and in most cases easier to establish. However tourism can be expensive to develop in certain cases, for example in cases of large resort areas. Therefore it depends on what the area is being used for. Rural tourism can be developed with relatively little investment credit, training and capital. Rural tourism provides a base for small businesses like hotels/motels as well as gas stations and grocery stores. Existing rural enterprises such as farms can also work well with rural tourism and generate important secondary income for farm households. Despite the benefits that rural tourism does have there are some disadvantages. Similar to rural manufacturing, rural tourism can turn rural communities in competition against one another (Wilson et al., 2001).

One of the issues however with tourism is the industry employment. Like many other service sector positions, there are low paid jobs and often seasonal. As mentioned previously this is an issue in Maine where it has become increasingly difficult over the years to get employees (Wilson et al., 2001).

Rural tourism requires several components to be successful. Firstly, tourism development involves attractions: the natural and man made features both within and adjacent to a community. Secondly, tourism requires promotion: the marketing of the community and its tourism attractions to potential tourists. Thirdly, tourism requires infrastructure: access to facilities like roads, airports, trains and buses, water and power services, parking, signs, and recreation facilities. Fourthly, tourism it has to have service, lodging, restaurants and various retail businesses meant to take care of the tourists' needs. And last, but not least, there has to be hospitality. The tourist has to be well-treated by the community residents and employees in the tourism business and attractions. It is also necessary to highlight the importance of tourism entrepreneurs and their role in fostering these components (Wilson et al., 2001).

Wilson et al (2001) did research on factors for success in rural tourism development by getting a focus group of participants working in a successful and unsuccessful community in each region of Illinois. Each of the six selected communities was involved in tourism development for at least 10 years and had a major natural and/or cultural tourist attraction. The focus groups were divided into two, with community leaders and members knowledgeable about the community and the other being local businesspersons associated with tourism.

The results from this research indicated the importance of the community context and rural tourism entrepreneurs role in tourism development. There were 10 factors the focus groups mentioned as the most important factors for successful tourism development in rural area.

- 1.) As a start, it is crucial to put together a complete tourism package in a community that is appealing to tourists.
- 2.) Good community leadership, with people who understand the importance of tourism.
- 3.) Support and participation of local government that should cooperate and help local tourist industries and tourism development.

4.) Sufficient funds for tourism development. The participants both from successful and unsuccessful communities named inadequate funding as one of the biggest obstacles to tourism development and promotion in Illinois.

5.) Strategic planning. The participants found that strategic planning was fundamental for the efficiency and effective use of resources and funds.

6.) Coordination and cooperation between businesspersons and local leadership is crucial, according to the participants since the public officials control funds that are key elements in tourism development and infrastructure.

7.) Coordination and cooperation between rural tourism entrepreneurs. One of the most significant findings in the research is that cooperation between businesspersons is perceived to be an important key when it comes to being successful in tourism development.

8.) Information and technical assistance for tourism development and promotion. Making brochures, technical assistance and knowledge about tourism development are the types of information the focus group found necessary especially in rural tourism development since it might be more difficult for small communities to afford to hire experts or professional grant writers.

9.) Good convention and visitors bureaus. The responsibilities of convention and visitors bureaus are to market local tourism, to encourage persons to start a business in the industry, design brochures and so on and so fourth.

10.) Widespread community support for tourism. Community support for tourism and their attitude towards tourists is an important factor as regards the tourists' impression of the rural area (Wilson et al., 2001).

## **2.7 Social Media in Tourism**

Social media plays a key role in many aspects of tourism especially in information searchability and decision-making behavior, tourism promotion and how to interact

with consumers. Leveraging off social media to market tourism products has proven to be successful with information on social media such as Facebook, Twitter and Instagram changing the way individuals plan and consume travel. With the help from social media, potential tourists can rely on others' experiences for their decision making (Zeng & Gerritsen, 2014).

## **2.8 Foreign Visitors in Siglufjörður**

In 2015, a survey was carried out by the Icelandic Tourism Research Centre in Siglufjörður. The aim of the survey was to examine the effect the rising tourism has on the inhabitants, culture and daily life in regards to Siglufjörður as a community. In this survey, the main focus was on the tourists that visited Siglufjörður, where they came from and the reason for their visit. The project was carried out in parallel to other projects under the auspice of The Icelandic Tourism Research Centre on the effects rising tourism has on communities in Höfn, Siglufjörður and Mývatnssveit (Rögnvaldsdóttir, 2016).

According to the main research findings the reasons tourists gave for why they wanted to visit Siglufjörður were varied and so was the time when each decision was made. However 93% of respondents were on a vacation. In comparison with the other rural areas mentioned before, the length of stay in Siglufjörður was considerably shorter, with average time spent there being 6,4 hours (Rögnvaldsdóttir, 2016).

For the year 2015 it was estimated that around 48 thousand people would visit Siglufjörður (Rögnvaldsdóttir, 2016).

In the survey visitors were asked for the main reason why they chose Siglufjörður as a destination. The question was open ended and some respondents named a few reasons for their decision. In most cases, 34%, of respondents answered that the main reason was that it was part of an organized trip. While 22% said they were visiting the museums. Thirteen percent said that they travelled to Siglufjörður because of recommendations from travel agencies, travel books or other people. Siglufjörður's nature and landscape attracted 13% of visitors as well since 9% of visitors mentioned the prettiness of the place being the reason for their visit. People's interest in the North and the area's location was the reason for a visit for 5% of respondents, the trails 2%,

the harbor 2%. Around 16% of respondents named other reasons for their visit: restaurants, events, school trips, photography, weather, whale-watching, connection with the area and other (Rögnvaldsdóttir, 2016).

Most of the visitors, 61% got information about Siglufjörður from a travelling agency. In 19% of the cases, a trip to Siglufjörður was part of an organized trip. Around 13% got information through books, or travel books and 11% from friends and family. A little less than 7% named websites, like TripAdvisor and Lonely Planet and 10% named other things (Rögnvaldsdóttir, 2016).

The tourists were asked to specify what sort of entertainment they would look into in the trip and most of the respondents, 64%, planned to visit The Herring Era Museum, 44% were going to take photographs and around 33% wanted to taste the food from the area. Around 26% wanted to go for a walk and 21% were interested in sight-seeing. Of the 7% that named other things 5% were planning to go to a coffee house or a restaurant (Rögnvaldsdóttir, 2016).

### **3 Methodology**

In previous chapter the researcher explored previous studies on tourism marketing as well as looking into theories related to tourism marketing. The current status of the tourism industry in Iceland was also explored in order to understand status of tourism marketing.

The aim of this thesis is as stated above in the introduction chapter to get a better understanding of how tourism marketing is practiced in rural areas of Iceland, by looking into marketing practices in Siglufjörður and Dalvík. In order to do so suitable research methods were used in order to gather data. A qualitative research method with qualitative interviewing. The purpose of this thesis is not to understand the marketing of the tourism industry as a whole in Iceland, but rather to see what is being done in Siglufjörður and Dalvík as representing parts of Iceland.

This chapter will introduce the research methods used in the study, the research objective, the chosen participants as well as an introduction of the rural areas that are being researched.

#### **3.1 Research Objective**

This research will focus on tourism marketing in rural areas in Iceland, especially in Siglufjörður and Dalvík. As stated previously the main objective of this research is to identify the key factors in tourism marketing in rural areas in Iceland and how previous knowledge can be implemented to other rural areas of the country.

The tourism industry and rural areas in Iceland will benefit from this study since the study will give them a better understanding of those rural areas that marketing wise have been successful in attracting tourists using tourism marketing. The theoretical implications of this research are that it will give important insights to assist and guide others in the tourism industry with marketing rural areas. Another key finding this research is aiming for is how rural areas in Iceland benefit from marketing. The study attempts to answer *How do the remote towns Siglufjörður and Dalvík attract tourists? What are the challenges they face and what opportunities do they have?*

The objective is to provide more information regarding tourism marketing in rural areas and how the information can be used to assist other rural areas in Iceland, showing what it takes to attract foreign visitors.

Foreign visitors seem to be very interested in travelling to Iceland but there have to be some changes in how we welcome our guest because tourists seem to be getting less satisfied with their visits. The data will be collected through interviews with people in the industry that have in one way or another been involved in marketing these rural areas. The result of this study will hopefully be helpful for other rural areas in the country that lack previous research and knowledge on tourism marketing.

### **3.2 Research Design**

This research uses a case study approach as a research design for this exploratory study. A case study is a way of investigating an empirical topic that is followed by a set of prespecified procedures (Yin, 2003). Therefore the research lacks statistical reliability. However a qualitative approach can help to get a deeper understanding of the subject being researched. It also gives the researcher possible additional information from the interviewees that might be interesting for the interviewer (Duffy, 1985).

The focus will be on six individuals that are working in the tourism industry, and in-depth study of qualitative answers will be coded and analyzed.

The research will rely on a combination of primary and secondary data. Secondary data will be used to understand key tools in tourism marketing as well as looking into samples of tourism marketing in rural areas. Previous research findings on the areas that are subject in this thesis will also be used in order to understand the area better.

Secondary data will be obtained through the Reykjavik University library databases, such as trade journals, peer reviewed journals and books in areas of tourist limitations.

### **3.3 Time and Cost Estimates**

The thesis runs from January to May when the final project will be handed in. The only resources that will be spent are the time the researcher will dedicate to the thesis. In addition, meetings will be scheduled with the instructor to coordinate along the way and

get necessary approval on the thesis. The thesis is divided into primary and secondary data on the matter. Gathering of empirical data should be completed before 1st of March. The data will then be analyzed and interpreted to bring forward recommendations on how tourism marketing in rural areas has worked in some cases, and how it can be implemented.

### **3.4 Methods of Data Analysis**

The data collected for the study from qualitative interviews comes from an inductive approach. The researcher discovers recurrent phenomena in the flow of the field experiences and finds out if there are recurrent relations among them. In the fieldwork progress these working hypotheses are modified and refined progressively. The analysis has a causal network with regularity and pattern (Miles et al, 2014).

#### **3.4.1 Qualitative Research**

Interviews are the primary data collection technique for gathering data in qualitative methodologies. An individual interview approach was used in gathering information with open semi-structured questions that then followed the interviewees tangents of thought with interviewer probes (Cooper & Schindler, 2006).

Qualitative methods rely on developing a dialog between interviewer and interviewee. The method requires creativity on the part of the interviewer. The semi-structured interviews use the skill of the interviewer to extract more and a greater variety of data. Thus they use the interviewers experience and skill to achieve greater clarity and elaboration of answers. Data was gathered by interviewing six individuals that are working in the tourism industry in rural areas that attract tourists.

According to Aaker et al (2013) the qualitative research method is exploratory, i.e. it define problems in more detail and the number of respondents is small and only partially representative of any target population and therefore the participants must be carefully selected in order to get the most useful answers. The results from this research should be new knowledge on marketing of rural areas in Iceland. The researcher will

know what methods are used in marketing of the rural areas and what are the key aspects of success in the rural areas.

### **3.5 Interview Procedure**

This study employs semi-structured interviews as the main method of data collection. An enquiring qualitative analysis technique was used, which involved a two-phase protocol strategy where the open-ended questions were sometimes narrowed down further by asking probing questions that focus the interview and lay the ground for subsequent discussions. A semi-structured interview was put in form with questions that were informed by the literature review.

In order to get the most beneficial answers for the interviewee a list of open ended questions was formed. The reason for that was that the researcher did not want the interviews to be too structured and preferred that the interviewee would be able to express themselves freely.

The interviews were recorded with prior permission of each respondent. They were then transcribed for the purpose of this study.

Interview times and location were agreed upon in e-mails and in some cases by phone. The interviews took place in Siglufjörður, Dalvík and Akureyri. A suitable location for where the interviews took place was decided by the interviewee.

A couple of interviews were conducted at some company's office in Dalvík and Akureyri, though one was carried out in the Herring Era Museum in Siglufjörður, one in Sigló Hótel in Siglufjörður and two in Berg culture house in Dalvík. The researcher made sure the interview settings were quiet and relaxed, allowing the interviewee to speak openly about each question.

Before each interview the researcher made a brief overview of the questions to ensure that the interviewee felt comfortable with answering them. The researcher also shared some irrelevant information in order to help ease the setting which made both parties more relaxed during the interview. The duration of the interviews ranged from around

35-minutes to little over an hour. Even though the interviews duration differed all topics were covered and some additional ones.

The interviews were conducted in Icelandic, and afterwards the researcher translated the answers into English, correcting all grammar and leaving out extra fill in words. In order for the quotes to be relevant the researcher made sure that the meaning behind each answer did not get lost in translation.

### **3.6 Analysis of Qualitative Data**

The interviewees gave the researcher permission to record the interviews and transcribe them afterwards. After the transcription the interviews were coded. The core idea behind coding is that the text containing the raw data is indexed. Codes are used to categorize and connect the units, or phrases, and by grouping them the researcher can look for a certain pattern or theme in the interviewees answers. By coding the answers, the interviews are structured and the researchers are in a better position to analyze the research findings (Gläser & Laudel, 2013). The researcher used an inductive approach and therefore the analysis where theories are proposed towards the end of the research process as a result of observations. The inductive approach searches for pattern when coding and through the process a research question or hypotheses is formulated. Therefore the researcher regularly re-examined the research question or hypotheses through the process, trying to make sense of the gathered data (Maxwell, 2005).

### **3.7 Choosing Interviewees**

All the interviewees were involved one way or another with marketing of the places being researched. Before deciding what interviewees were best fit for this research, the researcher contacted some people that the researcher knew had been involved in marketing of these places and moved on from there. Everyone that the researcher contacted, three men and three women were willing to participate and assist the researcher. The researcher needed to interview individuals that were involved in marketing of the rural areas that were being researched.

The researcher begun by sending Facebook messages to some sources to get information on who to contact in order to get the best possible answers. After getting

some information the researcher made a call to one of the key individual in marketing of one of the rural area being researched. That individual was able to give me information and guide the researcher in a right direction. Based on that information the researcher began to send e-mails to eligible interviewees, which all responded positively. In the e-mail the researcher described in a few words the aim of the research, writing that the purpose was to look into the marketing strategies of each place. The interviewees did not get the questions beforehand, only the theme of the interview in order to allow the discussions to be more open and in order to prevent prepared or practiced answers from the interviewees. Not revealing the questions beforehand was also done to avoid any biases.

### **3.8 Interviewees Criteria**

In order to get the best answers to the researchers questions the interviewees all have to be somehow connected to marketing in the rural areas being researched.

The participants in the sample were contacted through e-mail that the researcher found online, by using social media or a company's website, and by making phone calls. Everyone the researcher reached out to responded positively about participating in the study and without any complications.

### **3.9 Overview of the Participants**

The six participants that were willing to be interviewed were involved in the marketing of the places being researched. Some of the participants were running a business in the tourism industry while other participants worked for marketing agencies or as public relations officers. It was important for the researcher to interview individuals that were not all looking at the matter from the same angle. Although the main reason for why these individuals were selected was that they all have been working in the industry for many years and therefore have better insights on the matter.

### 3.9.1 Siglufjörður

Few towns have a story as eventful as Siglufjörður. In the beginning of the 20th century, Siglufjörður was a small village that was half Norwegian. Following rapid growth the village got municipal rights in 1918 and became an independent town and around the mid-century the village had become one of the biggest fish market towns in Iceland. In some ways the town still carries marks indicating that it was the capital of herring fisheries in the North Atlantic over a long period of time. Siglufjörður is the northernmost town in Iceland, and is situated in a small fjord, under large mountains. There are 1300 inhabitants and through the years the fishing industry has been the main source of employment in the area because of its geographical location and the marina. However, over the years rapid changes have occurred and work related to fisheries have decreased tremendously, losing 300 jobs and diminishing the population. A variety of service jobs and teleprocessing is now an important factor in the town's economy (Fjallabyggð. n.d.).

Service to tourists has increased over the past years and with the opening of the tunnel, Héðinsfjarðargöng more tourists visit Siglufjörður. The town offers variety of museums, coffee houses, restaurants and outdoor activities and other tourist attractions (Fjallabyggð. n.d.).

However it would be unfair to write about Siglufjörður and its growth without talking about Róbert Guðfinnsson, who has been the key figure in Siglufjörður's development, both in the tourist industry as well as by opening a biotechnology company called Genis. Guðfinnsson invested three billions of his own money into Siglufjörður by developing the biotechnology company, a nine hole golf course and ski slopes (Unnarsson, 2014). Guðfinnsson, moved from Iceland in 2005 and started doing business abroad, but had made a decision to return if he was successful there. Guðfinnsson said in an interview in 2015 that:

*"There was never any doubt that the people behind the business Þormóður Rammi in Siglufjörður were thinking about building up and wanted to built up the community in Siglufjörður, Ólafsfjörður and Fjallabyggð even though I moved in abroad for ten years there wasn't anything that changed in the way of thinking."*

Guðfinnsson's way of thinking explains how you can in collaboration with the town council build up a community that furnishes the living conditions that attracts young people and has a future. In that sense it is the combination of tourism and biotechnology.

*"I have sometimes said that there have to be four substances in the community. There is the good and old fishing industry, there will be tourism, there will be biotechnology, and then there will be the service around it. If this will be successful there will be versatile jobs in a small community, because in Fjallabyggð there are only 2000 inhabitants, and versatile jobs and living conditions attract young people."*

The aim is to develop the most fascinating skiing area in Iceland, and to attract tourists all year around. Because it is challenging to run a business like Sigló Hótel all year around, when there are not many guests booking a room during winter (Jónsson, 2015).

The researcher spent two days in February in Siglufjörður interviewing the chosen participants.

### **3.9.2 Dalvíkurbyggð**

Dalvíkurbyggð is a municipality situated along the west coast of Eyjafjörður. The municipality was formed when Dalvíkurbær, Svarfaðadalshreppur and Árskógshreppur united. The municipality sign is a picture of three mountains that all stand for the municipality heritage (Dalvíkurbyggð. n.d).

A little more than 100 years ago a densely populated area started to form on Böggvisstaðasandi, like Dalvík was often called at that time. Before the only thing you could find in town were the huts of fishermen, poor cabins and other man made facilities that were associated with small fisheries. The fisheries were small as the farmers fished alongside farming. The first houses that inhabitants lived in were turf houses, and the first wooden house was built in Dalvík in 1899. In 1909 Dalvík got their municipal rights and the town grew rapidly over the next years (Dalvíkurbyggð. n.d).

Just like in Siglufjörður herring fisheries were the main industry, with Dalvík being the third largest herring salting harbor in Iceland for a period of time (Dalvikurbyggd. n.d).

The population of Dalvík is 1885. Work in the fishing industry and other industries connected to fisheries is the main livelihood today. However, Dalvík also has a powerful industrial establishment and a food company that create jobs for number of inhabitants. Then there are many that have livelihood from other kinds of service, business and jobs in the tourism industry (Dalvikurbyggd. n.d).

Research findings will be presented in the next chapter. The interviewees answers will be analyzed and categorized according to each theme.

### **3.10 Discussion on Interview Proceeding**

The semi-structured format of the interview allowed the researcher to ask questions that came to mind during the interview and were not necessarily thought of before the interview. Still a certain guideline was used to prepare the interview questions. The interviews often took a different and unplanned direction which frequently helped to get a better understanding on the subject being answered each time. Therefore the discussions flowed freely making the interviewee feel more comfortable as well as the researcher. Below is an overview of the interviewees.

#### **3.10.1 Overview of Interviewees in Siglufjörður**

The chosen interviewees in Siglufjörður have all worked in the tourism industry for six years or longer. What they also have in common is that they are born in Siglufjörður and therefore have a deeper connection to the town having witnessed the town's development over the years.

### **3.10.2 Sigríður María Róbertsdóttir - CEO at Sigló Hótel**

Sigríður María Róbertsdóttir, CEO at Sigló Hótel was one of the chosen interviewees because of her experience in the industry. Róbertsdóttir, has been one of the pioneers in Siglufjörður's development and has along with her husband, built up the hotel as well as other businesses that are in the area. Sigló Hótel in Siglufjörður is a two-floor building that consists of 68 bedrooms that all have in common a view over the surrounding mountains and marina. The hotel was opened for guests in July 2015 after renovation. Sigló Hótel offers three restaurants. Restaurant Sunna, located within the hotel, that's said to be one of the most ambitious restaurants in North Iceland. Hannes Boy is open during summer and Kaffi Rauðka that is open all year around (Sigló Hótel, n.d.).

Sigló Hótel does not only focus on foreign tourists. The focus is also on the Icelander that is travelling through the country. According to Guðfinnsson, the hotel management has tried to appeal to the Icelander, that is travelling and trying to connect to the herring heritage of the town. The transport system has been improved over the years making it easier to travel to Siglufjörður through the tunnel Héðinsfjarðargöng. If the tunnels would not have been made it would have been very difficult and problematic to execute the development of Siglufjörður (Jónsson, 2015).

### **3.10.3 Anita Elefsen - Director at The Herring Era Museum**

Anita Elefsen, was born and raised in Siglufjörður, and works as a director at The Herring Era Museum. Elefsen's background is a master's degree in history. Elefsen has worked in The Herring Era Museum since 2010 as the marketing manager and director of the museum. The Herring Era Museum in Siglufjörður has a long history reaching back to the year 1957, when five new members were elected in a Town Council meeting in Siglufjörður to create a Heritage Museum. For the first years not much happened in the development of the museum, except 28 objects were found that were connected to fisheries and preserved in storage at three locations (The Herring Era Museum, n.d.).

In the year 1977 a new chapter began with the hiring of Frosti Jóhannsson. His role was to explore the possibility of launching the new Museum and build up a collection of items and artifacts connected to fisheries (The Herring Era Museum, n.d.).

Collection of items began that same summer with a primary focus on herring monuments tools, boats and fishing gear. Also, three houses designated to serve as the Museum were preserved. The Old Norwegian Sailors home (1915) was to host the Heritage Museum; Róaldsbakki (1907), would host the herring history; and Sæbyshús (1886) was preserved as a typical Icelandic home (The Herring Era Museum, n.d.).

Jóhannsson laid out ambitious plans for the Herring Museum. His plans however could not be accomplished without much more detailed historical research. He also needed significant funding for the renovations to the buildings which he couldn't get. He ended up resigning in 1980 (The Herring Era Museum, n.d.).

Not much happened over the next decades. Volunteers reconstructed Róaldsbakki with support from the Cultural Heritage Agency of Iceland and various donors and an official opening ceremony for Róaldsbakki was held in 1994. Finally reconstruction of Róaldsbakki was completed in 1996 (The Herring Era Museum, n.d.).

The next project was Grána, the herring factory. The municipality donated 10 million ISK to the development of the Herring Era Museum. Construction was completed in 2000. That same year the Museum was awarded the first Icelandic Museum Award (The Herring Era Museum, n.d.).

In 2004 the Boathouse was completed, and in 2005, after 15 years of work, restoration and construction work for the Herring Era Museum was completed (The Herring Era Museum, n.d.).

#### **3.10.4 Overview of Interviewees in Dalvík**

The interviewees in Dalvík were either born in Dalvík or the neighboring towns. The reason why these interviewees were asked to participate in this research was because of their knowledge of the industry, having been involved in for at least six years. These interviewees also witnessed the town's development and because of that they are

possibly more qualified to answer questions regarding the changes they themselves have experienced over the years.

### **3.10.5 Jökull Bergmann - Founder of Bergmenn Mountain Guides**

Jökull Bergmann, the founder and lead guide for Bergmenn Mountain Guides was born and raised in Dalvík. In 1999 he started working as a mountain guide. For the first six to seven years he was the only guide offering trips to Tröllaskagi, where tourists would walk up a mountain and ski downwards. Bergmenn Mountain Guides is a company situated in Dalvík that specializes in custom-made mountain adventures in Iceland, Greenland and around the globe. What differentiates Bergmenn Mountain Guides from other companies in Iceland that are competing in the same industry is that Bergmenn Mountain Guides is the only guiding company in Iceland and Greenland that offers services that are certified by UIAGM-IFMGA (The International Federation of Mountain Guides Associations) and Mountain Guides. Jökull Bergmann the founder and lead guide, is Iceland's first and only UIAGM-IFMGA certified mountain guide. The company specializes in ski-touring, ski mountaineering, heli-skiing, ice-climbing, and alpine-climbing. Bergmenn also teaches courses and does consulting work in the mountain guiding, mountain rescue and the adventure tourism industry (Bergmenn, n.d.).

### **3.10.6 Júlíus Júlíusson - CEO of The Great Fish Day**

Júlíus Júlíusson, the CEO of The Great Fish Day has lived in Dalvík all his life. His resume involves participation in almost all of the events the town has offered. He is obviously a very active person in the community. He has been honored several times for his work on the town's behalf. The Great Fish Day is an annual festival in Dalvíkurbyggð that's held the first or the second Saturday in August. Fish producers and inhabitants invite guests to a sea food buffet during the day at the Dalvík harbor. The aim of the festival is to recommend to offer as many people as possible a chance to taste fish dishes and enjoy a good day in Dalvík (Fiskidagurinn Mikli, n.d).

The Great Fish Day has been very successful over the years with guests travelling from all over the country to experience this special event. What is so special about this event

is that guests enjoy free fish-dishes and various entertainment at the harbor. The menu is versatile with new and traditional dishes (Fiskidagurinn Mikli, n.d)

### **3.10.7 Margrét Víkingsdóttir - Public Relation Officer at Dalvíkurbyggð**

Margrét Víkingsdóttir, the public relation officer at Dalvíkurbyggð, has been working on and off for the town since 2004 and has a bachelor degree in Operation Management. Dalvíkurbyggð is a community in Eyjafjörður. A group of people have created many versatile jobs in the town and with that made a thrifty environment for everyone (Dalvíkurbyggð. n.d.).

Tourism in Dalvíkurbyggð is a growing sector with tourists being able to choose from various activities and entertainments. There are also multiple accommodations in the area (Dalvíkurbyggð. n.d.).

Unemployment has not been an issue in Dalvíkurbyggð and young adults have been able to find work during the summer in the fishing industry and service jobs (Dalvíkurbyggð. n.d.).

The interviewee, Margrét Víkingsdóttir was hired in 2004 as the public relation officer at Dalvíkurbyggð. Víkingsdóttir has a degree in Operations Management with an emphasis on marketing from the University of Akureyri (Dalvíkurbyggð. n.d.).

### **3.10.8 Halldór Óli Kjartansson - Project Manager at Visit North Iceland**

Halldór Óli Kjartansson has worked as a project manager at Visit North Iceland since 2012. It was important to interview Kjartansson because he was able to present the researcher with the key elements that were used when attracting tourists to this side of the country. Visit North Iceland is the official marketing office for tourism in North Iceland, situated in Akureyri. North Iceland has a population of 36,000 and, of those, 18,000 are situated in Akureyri, the largest town outside Reykjavík. The goal of Visit

North Iceland is to strengthen the image of North Iceland and to promote the area as the ideal tourist destination for visitors to Iceland. Thereby enabling companies to grow tourism in North Iceland in a sustainable way (Visit North Iceland, 2017).

### **3.11 Discussion on the Participants**

The companies and the interviewees that participated in this research all are connected to the tourist industry in Iceland. The interviewees looked at the idea of tourism marketing in the North of Iceland from different viewpoints. Some of the interviewees made a livelihood from the tourism industry, while others worked in industries that were involved in the tourism industry but were not directly dependent on tourism. It was also different how long the interviewees had worked in the tourism industry and their business situation and status.

In this previous chapter the researcher had introduced the thesis methodology. This thesis is a case study research and is an example of a single case and therefore does not provide reliable information about the broader class (Flyvberg, 2006). The research question, *How do the remote towns Siglufjörður and Dalvík attract tourists? What are the challenges they face and what opportunities do they have?* is based on qualitative interviews with individuals working in the tourism industry in Siglufjörður and Dalvík.

The theoretical implications of this research are that it will give important insights to the rural areas in Iceland, and can be used as a guide for successful tourism marketing practices. This thesis's results will give insight into what the key elements are in successful tourism rural areas.

In previous chapter the researcher has explained the research process and how the chosen participants were presented. When analyzing the data the researcher noticed certain themes that were in line with the research question that was being formed during the process. The results were somewhat in accordance with the literature review on the matter, however there were some things that were different and unique for the towns begin researched.

The next chapter will present the research findings and the interviewees answers will be analyzed, codified and categorized according to each theme that was being formulated during the research process.

## **4 Results**

This section of the thesis reports the findings from the interviews that were conducted with the six interviewees that all are involved one way or another in the tourism industry in Siglufjörður and Dalvík. The research was carried out to get a better understanding of the tourism in Siglufjörður and Dalvík. In this chapter, the main research findings will be conducted. The research findings will be identified and described. Selected quotes from the respondents will also be included in this chapter.

The interviewees discussed their views on both the tourism industry in Iceland in general but more importantly the tourism in Siglufjörður and Dalvík and how marketing of those towns has been implemented. By analyzing the interviews it deepens the understanding of what makes a rural area successful in tourism. The results, presented below are categorized by each town separately and then compared to each other.

### **4.1 Marketing Practice**

In order to get a better understanding of how marketing is practiced in the rural areas interviewees were asked questions about how they utilize marketing and what tools have been used to attract tourists to the areas. They were also asked the ideology behind the marketing of the companies or the rural area in general.

The answers were different between interviewees but there were similarities in some answers.

#### **4.1.1 Efficient Value Creation**

In order to be successful it is important to create efficient value. It takes time to build up a business and it doesn't happen over night. For a company to use content to market their business, it has to be in it for the long haul. In order to blossom in the industry, value creation and a comprehensive understanding of the consumer's needs is necessary. The interviewees that the researcher interviewed have worked in the industry for some time. All of the interviewees that the researcher spoke to were aware that the value creation can make a tourist's overall experience more enjoyable.

#### 4.1.2 Efficient Value Creation in Siglufjörður

The Herring Era Museum has been running for more than 20 years in Siglufjörður. In the beginning there was no marketing strategy, and the focus was more on Icelanders with radio advertising, and a few printed brochures that were distributed to tourists. Around 2010 three employees were hired, one of them being Anita Elefsen that took over the marketing of The Herring Era Museum.

*"At that time we focused on direct marketing, I went to the travel agencies and I built up a very good relationship with them and then in collaboration with the traveling agencies we developed all kinds of package deals both for buses and cruise ships. There had always been cruise ships that stopped at Siglufjörður since 2000 but no one was trying to reach out to them, it just happened. But I felt that the travelling agencies were very interested in sending cruise ships to Siglufjörður and I think that this basic work of building a personal relationship with the people working at agencies has given us the best results."*

The Herring Era Museum has also advertised in printing media, television and, more recently, through social media. The museum has advertised on Facebook and Instagram. The museum has been in collaboration with Nordic Visitor that has sent foreign journalists to the museum and Elefsen said that the tunnel Héðinsfjarðagöng, made a difference, because it was easier for tourists to visit Siglufjörður.

In 2017, Elefsen made a decision to stop spending money on advertising. The museum is not in a strong financial position but when they decreased the spending, more guests still came compared to 2016 with 27.000 guests visiting the museum. Sponsored ads on Facebook are used to attract visitors.

*"You do not pay a lot for each post on Facebook, and it seems like reducing advertisements in print media doesn't affect how many visitors we have. I made a Google business profile about a year ago, and all year around there are people writing reviews, adding pictures from their visit, and the same goes with Trip*

*Advisor and Facebook. Also National Geographic came here by sea and posted pictures. Many people comment under the pictures that they have visited the museum or that its on their wish list, and it is very amusing to see their comments."*

Sigló Hótel is a four star hotel that leaves the guest feeling as if he was staying at a five-star hotel. Sigríður María Róbertsdóttir the CEO of Sigló Hótel says that the marketing of the hotel is long term labour not just restricted to the next few years but will instead continue through the next generations.

*"We realize that building a hotel is not something that happens in one day, but a lot has happened over the last few years. Our goal is that Siglufjörður will blossom like in the Herring Era. ...you could say that our success has in a way just happened. We had a plan but we didn't really have a major marketing strategy, everything we have built has just kind of wound up."*

In the beginning, the restaurant Hannes Boy was reconstructed from 2009-10 and the idea was to built a small guesthouse. Then they decided to build a hotel and the overall vision became bigger. They saw that the place had so much more to offer than just one restaurant. Therefore overtime this idea has developed.

Sigló Hótel advertises in papers and magazines and they do online marketing, as well as social media marketing.

*"But I would say that the indirect advertising has given us the most. The positive image the municipally has and the positive word of mouth gets you far especially in a small island like Iceland."*

These findings suggest that the interviewees are conscious of the fact that efficient value creation is important for a business to develop further and to attract tourists. Although it is interesting to note from the interviewees answers that the businesses do not spend much money on advertising. What is creating value for the businesses is the relationship the businesses have with their customers. The customers are advertising the

businesses by writing reviews online as well as talking about their positive experience. It is the intangible value that attracts tourists to come visit.

### **4.1.3 Efficient Value Creation in Dalvík**

Bergmenn Mountain Guides in Dalvík specializes in ski touring, ski mountaineering, heli-skiing, ice-climbing, and alpine-climbing in Tröllaskagi. The founder and lead guide for Bergmenn Mountain Guides, Jökull Bergmann, started on a small scale. In the beginning Bergmann was the only employee at the company offering guided tours in Tröllaskagi.

Around 2004 he started to expand by hiring other guides and in 2008 the company blossomed, but at that time Bergmann moved to Iceland from Canada.

*"When I was studying to be a mountain guide, I took a two-year diploma in marketing and business and marketing connected to activity-based service. The program finished with a complete business plan and a marketing schedule in the business that you wanted to work in."*

Therefore when Bergmann moved back to Dalvík he had some knowledge and a plan on how to become successful. His main focus has been on getting journalists and photographers every year and in return the company has been featured in all the biggest magazines in the world including National Geographic, Financial Times and Washington Post. Early on Bergmann had to reach out to the major players in the market to come to Tröllaskagi and shoot some material for skiing movies, film-projects and extreme-skiing that would later be broadcasted all over the world. Today however, there are many requests from companies that are interested in Bergmenn Mountain Guides, and therefore they can be more selective.

The Great Fish Day is an event that has been held every year for 18 years and in that time the organization has not spent any money on advertising. Even though the organizations turnover is great, the organization publishes a paper that is sent out with Morgunblaðið around the country as well as sending postcards to inhabitants and

patrons to invite them to the event. But the organizations revenue comes from the paper that is published with information about the event.

*"The idea of the paper is that it's not sent as an advertisement. We have a website where we only have the basic information is in English because the event is so big and therefore it makes no difference for us if there are 5.000 or 25.000 people that attend, our way of thinking is just different compared to many others."*

Júliusson, the event manager even said that the musicians that play at the event are told not to advertise they are playing at the festival. The event gets most of its visitors through word of mouth.

*"Many might think that we spend some money on advertisements in English because in the last ten, five or three years depends on how you look at it, there has been an enormous increase in foreign guests."*

The event does not have any specific marketing plan. It runs just one year at a time with the help from sponsors. Júliusson is the only paid employ, everyone else volunteers.

*"The whole community participates in the event."*

However, the event also depends on sponsorship from organizations that support the event every year.

When Margrét Vikingsdóttir, took over as the public relations officer at Dalvíkurbyggð in 2004 a certain marketing strategy in the tourism industry had already been made.

*"The tourist industry is just one sector in marketing a municipality but you could say that there has over time always been some forceful companies in the municipality that have been the driving force in the industry and built up a certain image and the municipality has been more of a participant in all kinds of projects with the tourist industry."*

Walking trails in the summertime and skiing in the wintertime have been developed in collaboration with the tourism industry without the municipality having the initiative.

*"We support ideas that are developed in the industry."*

The municipality buys adverts in the basic brochures that are handed out to tourists that are visiting the country, and a few years ago Dalvíkurbyggð decided to run a concept work or a branding project to see what people saw as the Dalvík image. The project started at the town office where the employees began to wonder what it was that came to mind when inhabitants thought of Dalvíkurbyggð. They wanted to know how the inhabitants as well as other people saw their community.

*"The best marketing practice for a community is the people that live at the place. If the inhabitants are happy and talk positively about the community then that is the best marketing. If the word of mouth is negative on the other hand, it does not matter what you spend on advertising."*

A survey was carried out to the inhabitants and the results showed that inhabitants were happy to live in the community and were positive and these results will be used in the future advertising of the rural area.

Bergmann's strategy has been on getting journalist's, photographers and producers to shoot some material or write about his company. It is an interesting method that has worked. On the other hand, Júlíusson has not been focused on advertising The Great Fish Day and most of guests hear about the event from someone. The inhabitants are very proud of the event, and it is a symbol of unity in the town.

The official marketing office for tourism in North Iceland, Visit North Iceland is situated in Akureyri. Halldór Óli Kjartansson, project manager and head of marketing and PR at Visit North Iceland said that in 2011 the first strategic conference was held when the Flugklasinn Air 66N project started. This is a collaborative project between companies working in the tourist industry in the North. The aim of the project is to get a better connection with the airport and get tourists in direct flights to the North.

*"Before the marketing agencies were rather weak since they were in a construction mode. Their main goals, which are part of our goals, was to combine marketing and promotions companies in the tourism industry and the municipally where people were representing the same things but the information just needed to be delivered."*

The people that were involved in the industry were asked what they thought was lacking and it was obvious by the answers that there were underutilized opportunities during wintertime in the North. Then Bergmenn Mountain Guides were getting bigger and through this work the marketing office formed brand guidelines that were experience, energy tranquility and magic. That is how the marketing office represents the area and this is their message when working in business to business marketing. What is difficult in marketing this area is that it is one third of Iceland. The area is huge, 28 densely populated areas. What Visit North Iceland did was to divide the area into different themes and set up how a tour would be from West to East and vice versa.

*"We use what is already available and support it."*

Visit North Iceland has over the years tried to get rid of borders and instead focused on collaboration and make people in the industry work together.

*"We are developing a tourist trail that is called the Artic Coast Way, and it is the first tourist trail in Iceland. (...) this is a trail that will be focused on the coast. Therefore if you like to participate you have to offer an oceanic experience in the North of Iceland. With that we are underlining the uniqueness that people are looking for because we notice in the surveys that people want to experience Iceland, not just other tourists and then we make the rural areas more prominent and the tourists have to drive roads that are less busy."*

When comparing Siglufjörður and Dalvík one has to take into account that it is important to make something of value that drives traffic and attracts tourists to the area. The businesses being examined both in Siglufjörður and Dalvík have created efficient value by inviting journalists, photographers, social media influencers and major players

in the field they're working in. The interviewees have all been working in the industry for some time and are aware that successful and efficient value creation is something that happens when there is a long-term commitment. It is interesting that a lot of the value that has been created in order to attract tourists has been in some cases in the hands of other tourists that write about their experience. Elefsen mentioned for example that there is a lot of traffic on Google, Trip Advisor and Facebook where individuals that have been to the museum recommend it to others and are therefore indirectly advertising the museum. The Great Fish Day is unique in many aspects. First off there is not much money spent on advertising, but instead the word of mouth is something that the manager relies on. It is also interesting that the interviewees in Dalvík all mentioned The Great Fish Day as something that is one of a kind and the inhabitants are very proud of the event and to be a part of it.

## **4.2 The Rural Area Unique Attributes**

Interviewees were asked what they thought were their advantages when attracting tourists. There are numbers of things that make a destination unique and special. Some factors are obvious and tangible while other factors are not as obvious and intangible. The interviewees answers were similar in most parts with interviewees naming the same factors as the reason for the rural area advantage.

### **4.2.1 Local Image**

The local image is the way residents look at their history, heritage and how they developed their own community. When looking into the interviewees answers it is obvious that these factors are important when attracting tourists.

As previously mentioned, the advantage Dalvíkurbyggð has is the positive image inhabitants have of their community. According to a survey that was carried out by the town council inhabitants said they thought that living in Dalvík was nice, the environment was beautiful, you were able to walk everywhere and the service that was provided was good considering the size of the place. That was something that inhabitants and others that answered the survey thought of the place.

Both Bergmann and Víkingsdóttir, mentioned that The Great Fish Day in Dalvík is something that was an important event in the community with everyone participating. As Víkingsdóttir put it:

*"Everyone is proud of this day and proud of what is happening and I think that it is also positive for us as a community and therefore reflects well on us."*

In Siglufjörður the interviewees thought that the most important aspect of marketing a rural area is its inhabitants, and the fact that they are proud of their community. In The Herring Era Museum, the town's history and heritage is an important feature. Guests can book salting performances. The fact that the museum offers those demonstrations shows that they are treasuring the old salting practices.

### **4.3 Infrastructure**

The rural area infrastructure has improved over the years with the tunnel Héðinsfjarðargöng opening in 2010. Héðinsfjarðargöng are two road tunnels in northern Iceland that connect Ólafsfjörður and Siglufjörður. The tunnels were crucial for Siglufjörður, making the trips to Siglufjörður a lot shorter. There has also been reconstruction work in many of the old houses in Siglufjörður, that has changed the towns overall appearance like mentioned before.

When comparing Siglufjörður and Dalvík the interviewees thought that the inhabitants were the key aspect in marketing of the rural area. Both of the towns celebrate their heritage and the inhabitants were proud of it. There are many houses in Siglufjörður that have been renovated over the years and therefore the towns environment is very beautiful, with old renovated houses in different colors. It is important to note that the inhabitants of these rural areas also gain from the tourism industry since the service gets better in some cases. For example in Siglufjörður the inhabitants are now in a position where they have a variety of restaurants to choose from.

## 4.4 Challenges

In an industry that has blossomed in a short time like what has happened with the tourism industry in Iceland, there will obviously be some challenges. There will be competition with similar and dissimilar companies trying to reach out to the foreign visitors with some of them failing and others succeeding. There are also economic issues, fluctuations in currency rates, the industry is heavily dependent on the weather, especially when it comes to companies that offer winter related tours or trips.

According to the interviewees' answers, all agreed that the winter season was a slow season in the industry, with late winter from October to March being challenging for the individuals working in it. Another challenge is the fact that there are only a few direct flights a year to Akureyri available, which makes it more difficult to attract tourists to the area. It is obvious that the interviewees are however very interested and keen on getting more visitors in the winter season.

### 4.4.1 Challenges in Siglufjörður

The Herring Era Museum is open seven days a week for five months. The other seven months from 1st of October to 1st of May the museum is open on demand because the winter season is not stable enough in Siglufjörður.

*"We can't hire an employee and keep the museum open, because he would feel very lonely (she says laughing). We are at the office, situated at the museum, during the week to research and work on other projects that are connected to tourism. When guests arrive during the months we are closed, they just ring the bell and we open the museum for them."*

Therefore, even though the museum is closed they are in fact open and the employees have sacrificed themselves in winter season by being flexible in order to attract more tourists during the slow season. According to Elfesen, the reason why tourists are not visiting the rural areas as much during winter is the lack of direct flights to the North and how expensive it is to travel domestically, either by car or plane.

*"I think we have to simplify our transportation so it isn't so expensive, and maybe the first step is direct flights from abroad to Akureyri."*

Sigló Hótel and the marketing office Visit North Iceland, are trying to reach out to tourists in summer and winter time. Hotel rooms during the week in winter are not fully booked but Róbertsdóttir said it was something that they will be working on in the next years, attracting tourists during the week.

*"It is just something that takes a longer time."*

The Northern lights and skiing have been the main focus in winter tourism in the marketing office as was mentioned before in connection with the underutilized opportunities in the North. However it is obvious from the interviewees answers that direct flights to the North would make a difference for the tourism industry.

*"You see the difference when you look at numbers from the summer of 2012 that had a connection flight to Denmark and then we have the same group in Keflavik. The tourists that landed in Keflavik on their way North were staying on average 1.6 nights in the North while tourists that landed in Akureyri were staying for 7.8 nights."*

Therefore, if the average tourist in Iceland spends around 35.000 ISK a day, then it is in the interest of the North to increase the numbers of days the tourist spends there.

#### **4.4.2 Challenges in Dalvík**

Bergmann, mentioned that the professionalism in the industry is lacking.

*"It is frustrating for me to move back home after being abroad for 10 years studying for some degrees and trying to sell a product I've been trained to sell. Only for guy next door to open a business doing the exact same thing as I'm doing with no experience, no education, who just copies what I'm doing."*

What is challenging for this type of business is the weather, with on average one day out of five per season when it is not possible to do heli-skiing. What is also a challenge is the competition with Canada, being the main competitor with 80% of the revenue in mountain-skiing. The Canadian dollar has been historically low over the last three years, and weather conditions have been very good for few years in a row. However, in Iceland the weather has not been propitious and the Icelandic króna has been getting stronger. Because of these reasons, and others, Bergmann believes that the next seasons or years will be difficult to manage.

The challenges the rural areas are facing are similar in the same ways: they need to attract more tourists during the winter season. Also, the strong value of the Icelandic króna can have a negative affect on the tourism industry, making it more expensive for tourists to visit the country. Another important factor is how fragile the skiing industry is towards changes in weather and natural disasters like a volcano eruption etc.

## **4.5 Opportunities for Development**

Since the tourism industry is fairly new in Iceland there are endless opportunities for development. In the rural areas that are being researched a lot has happened over a short period of time with renovation and rising job opportunities that are all in one way or another connected to the tourism industry.

### **4.5.1 Opportunities for Development in Siglufjörður**

In Siglufjörður there have been major renovations in the town making it more attractive. People that used to live in Siglufjörður are seeing the opportunity in renovating old houses and spending their holidays in Siglufjörður. When asked, Róbertsdóttir said that she felt that it was a good thing, that former inhabitants were buying old houses for them to use as summer residences. Because of that the town looked better and the inhabitants were proud of the progress. The hotel as well as the restaurants that have been opened over the years in Siglufjörður have also changed the overall view of the town, and it is obvious that the inhabitants see the interest in developing the towns structure and make the most of the opportunities that present themselves with more tourists visiting the rural area.

Another example of the development that has been taking place in Siglufjörður is The Herring Era Museum that has been running for more than 20 years with construction work that took 15 years. It is an example of how an opportunity was captured and the museum was renovated under the town's key signature.

Siglufjörður's advantage according to Elfesen is how small it is.

*"...that's what I gather especially from the cruise ships guests when they arrive at the harbor, they are pleased that there aren't twenty buses waiting for them, and they don't have to start their tour in an hour's bus-ride. Instead they are welcomed by a jolly guide on foot."*

The town also offers many different activities, and you can go everywhere by foot. What Elfesen also mentions is that everyone that's working in the industry in the town work together and help each other.

Sigló Hótel offers a more personal service where they put together packages for individuals and groups that are staying at the hotel.

*"We do a little bit more than many hotels because we feel the need for it. People aren't sure what to do here so we plan a tour for our guests where they get to experience what the town has to offer."*

#### **4.5.2 Opportunities for Development in Dalvík**

What makes Dalvík a unique place for skiing is the combination of snow, mountains and sea. Like Bergmann said:

*"That is what brings people from Switzerland here every year. (...) here you have this combination of mountains, snow and you ski with a view over the ocean. That is very unique. Then you add the Northern lights during in the first part of winter and then the midnight sun in summer and you have an element that people don't get anywhere else, and that sells."*

Bergmenn Mountain Guides advantage is that its the only company in Iceland that offers certified Mountain Guides that specializes in alpine ski touring, ice climbing, heli-skiing and other mountain activities.

*"...we have to import almost all of our guides because there are is no one here that has the qualifications to work as mountain guides. So even though I say it myself we are light-years ahead when it comes to professionalism in Iceland in the recreation tourism when it comes to standards. That partly is the reason why we have done well (...) and that is really the key to our success."*

As mentioned previously, Visit North Iceland's marketing office covers one third of the country. After some research, the winter season, the nature and the local culture became the basis for their principal selling point. The Northern lights and winter sports became their focus. The weather in the North is different from that in the South. Because of bigger mountains there is less cloud cover, and because of that the marketing office can say that it is more likely that tourists travelling in the North will be able to see northern lights.

*"We have statistics from people in the industry that specializes in northern lights trips or offer wake up calls. When this statistic is put together then we can say that if you stay for three nights here there is a 65% chances you will see the northern lights and if you stay for five nights that chances go to 95% if you are travelling anywhere between September and April."*

All of the respondents felt that their personal service was their main advantage. It also became clear that their specialty lies in being small. Thus their customers get personal service and the companies put a lot of effort into that.

## **4.6 Future Vision**

It is no surprise that the interviewees working in the tourism industry in the North all agreed that direct flights to the North would be beneficial for the tourism in the area.

Like Kjartansson pointed out in previous chapter, tourists spend more nights in the area when flying directly to the North. Interviewees also mentioned like previously touched upon that attracting more tourists during winter time is something they are strive for.

#### **4.6.1 Future Vision in Siglufjörður**

The Herring Era Museum wants to keep their good status, and they have the ability to welcome many more tourists than they already do. But the problem is they would like to attract visitors during the whole year not just in summertime.

*"We are fully equipped to welcome guests all year around."*

They are also running a museum and therefore they have to deal with the tourism part as well as the professional part. What would be ideal is if they were able to have full time employees all year around at the museum not just seasonal.

Sigló Hótel is struggling like mentioned before to attract tourists during the week in the wintertime. In the next years they are hoping to be able to book more rooms in the first half of winter.

*"I believe that we will only go upwards I don't think that it will affect us that much if tourists traffic could decrease because everything that goes up, goes down."*

The future vision or long-term goal is that there will be steady connections with international markets through direct flights to the area. That will encourage equable utilization of lodging facilities and recreation all year around.

#### **4.6.2 Future Vision in Dalvík**

It can be tough to run a company in Iceland, especially one of the kind that depends on the weather as much as Bergmenn does. As previously mentioned the high valued Icelandic króna is not working in the company's favor at the moment and therefore this

is quite a fragile business. However, despite externalities and last winter being very bad, with very little snow, they still managed to survive.

*"... there are many things that have to go wrong to mess everything up, but nevertheless a volcano eruption with ashes coming this way, would terminate the season because snow on ashes is not a good thing."*

In the highly competitive market, Bergmann's goal is to continue finding strategic and efficient value creating solutions to the problems his company faces.

The long-term goals, or vision for Dalvíkurbyggð is to strengthen what they already have. There are companies that are growing fast in the industry in the rural area. What could be beneficial is if the tourism industry in Dalvíkurbyggð wouldn't be so seasonal but providing year-round employment.

*"There is a good collaboration between the companies in the industry and they work well together."*

Both of the towns would like to offer service all year around. The businesses are fully equipped to do so. The only problem is that they need to attract more visitors during the winter season to be able to hire an employee all year around. The hotel is hoping that in the future they would be able to fully use the hotel rooms in the first half of winter. Bergmann is in a position where he is dealing with much competition as well as other factors he's unable to have any effect on, like the country's economy and the weather. His future vision is to stay in the game and hope that the weather will be in his favor in coming years, and that the Icelandic króna will not continue to rise.

## 5 Findings and Discussion

It was obvious when analyzing the interviewees' answers that the tourism marketing in the rural areas is something that is built on many different factors, both tangible and intangible, as well as externalities that can make a lot of difference if a rural area is to be successful. One of them being the infrastructure and transportation.

The interviewees mentioned the tunnel, Héðinsfjarðagöng, as something that made a big difference in making Siglufjörður attractive with the number of tourists increasing by 50% in the three years after the tunnels were opened (Bjarnason & Huijbens, 2014). Another factor is the fact that 98% of foreign tourists arrive at the airport in the South, Leifsstöð, in the beginning of their trip. It was obvious that by offering direct flights to Akureyri, the number of tourists in the North would increase and the tourists would spend more time in the area. Tourists' visit should be spread out more evenly over the whole country.

When discussing marketing of the rural areas in general, the interviewees mentioned that the inhabitants attitude towards their town was an important aspect when attracting tourists. Making the guests feel welcomed and make the stay memorable with personal service, by offering something extra, was something that was mentioned as one of the main reasons for the rural area success.

It seems like indirect advertising and positive word of mouth is something that the interviewees see as the main advantage of the rural areas and the main reason for the success. Róbertsdóttir mentioned that their success has kind of happened. There was no major strategy behind their development. Their vision just became bigger. The Great Fish Day an event that has over the years become more popular with enormous increase in foreign guests attending the event. However The Great Fish Day management has not been spending money on English advertisements. These results are in accordance with Wilson et al (2001) findings where community support for tourism and their attitude towards tourism was seen as an important factor in rural areas success.

Coordination and cooperation between rural tourism entrepreneurs was perceived to be an important key when it comes to being successful in tourism development and was one of the most significant findings in Wilson et al (2011). When comparing those

findings to this thesis' findings, the results are similar to those coming from the interviewees in Siglufjörður and Dalvík that stressed the importance of cooperation between the businesses and the fact that everyone was willing to help each other. Another factor in Wilson et al (2011) that was mentioned as being crucial was support and participation of the local government to help local tourism industries and tourism development. In the case being examined in this thesis the marketing office Visit North Iceland helps local tourism industries and local businesses working in the industry by advertising them, as well as supporting them in their development.

From these research findings the inhabitants positive attitude and word of mouth is the main advantage of the rural areas. It is in accordance with Wilson et al (2001) findings where the tourism attitude towards tourism was seen as important. The cooperation between the tourism entrepreneurs was also seen as a key factor in the rural areas success. In the researcher opinion a combination of these key factors are what make the rural areas so unique and popular for tourists.

Attracting tourists in wintertime is something that interviewees mentioned as the main challenge. It is more difficult to attract tourists during winter in Maine just like in Iceland. Maine's advantage is however that they are not new to the industry like Iceland and there are some things that we could learn from them and one of them is how to host events in winter.

The microbrewery industry in Maine has blossomed over the years with large and small breweries popping up (Fishell, 2017). In order to attract tourists during winter events like the Maine Brewers' Guild Beer Festival, Portland Beer Week and Maine Restaurant Week are all events that take place during winter. It is an interesting approach to attract tourists since it brings life to businesses that are slow during the winter season (Maine Restaurant Week, n.d.).

Reykjavík Food and Fun Festival in Iceland is an example that is similar to Maine Restaurant Week. The Reykjavík Food Festival that runs for a week with renowned chefs from both sides of the Atlantic paired with Reykjavík's best restaurants. The reason why this event was made was because of the slow season in the Icelandic tourism industry in the late winter months of February and March. The festival has

become very popular in Iceland, with many restaurants in Reykjavík participating. The main purpose of the festival has been to attract tourists to Iceland and to gain media coverage of the many different aspects of the country (Food and Fun, n.d.).

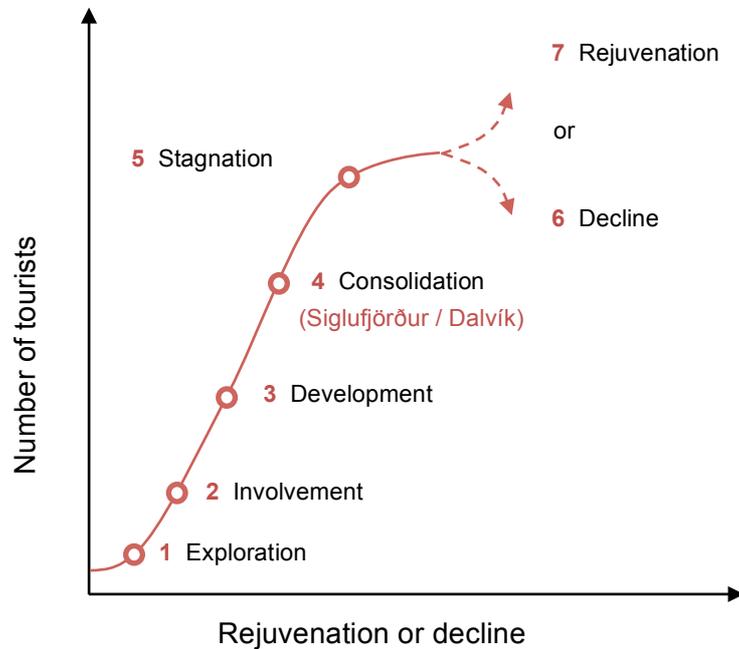
The Icelandic Beer Festival is a different example of another event with the aim to attract tourists during the low-season in the industry. Independent micro-brewers from a variety of countries take part in the event that has been running for seven years (Visit Reykjavik, 2018).

Maine and Iceland have many things in common like mentioned before. However in some instances it is obvious that the tourism industry in Maine is more developed and it is possible that their way of thinking is different over there. For example when looking into what is being done as regards of tourism in Maine, it seems like there are many different things that are seen as opportunities to attract tourists, like the beer festivals that are hosted in winter season. The researcher sees opportunities in hosting more events connected to the Icelandic microbrewing scene with participants from all over the country. As well as expanding Reykjavik Food and Fun, rural areas in Iceland could benefit from these events and participate by attracting tourists from other sides of the country since there are many different and unique restaurants all over Iceland. When the researcher was in Siglufjörður taking interviews in late February many of the restaurants were closed due to the fact that late winter is a slow-season in the industry. Participating in Reykjavík Food and Fun could possibly bring tourists to the area and would also mean that inhabitants could benefit from it as well.

The TALC model is a model that is used to describe and predict the future patterns of how tourist areas may grow (Butler, 2009). According to the TALC model Siglufjörður and Dalvík are in the researchers' opinion in the consolidation stage with tourism growing slowly but the number of tourists exceeds the local population, and the area's economy is tied to tourism. In this stage the marketing and advertising will be wide-reaching and efforts will be made to extend the visitor season and market area. Franchises and chains in the tourist industry will be represented, however not many additions will be made. In this stage it is possible that the number of visitors and the facilities provided for them can meet some opposition and discontent among permanent

residents, especially those who are not involved in the tourism industry in any way. That can result in some deprivation and restrictions upon their activities.

Figure 1. Butler TALC model.



In the next stage of the TALC model the area goes into the stagnation stage where visitors have reached their peak and are causing environmental, social and economic problems. The area will have a well-established image but will no longer be in fashion. After the fourth stage the area can go in three different directions. The area can either stagnate, rejuvenate or decline. If the area declines it will not be able to compete with newer attractions and therefore will face a declining market. That would mean the area would no longer appeal to tourists and people would lose their jobs and the area suffer from it. Dalvík could also go into the rejuvenation stage, like Siglufjörður where investment and modernization may occur which leads to improvements and visitor numbers may increase again (Butler, 2013).

The interviewees mentioned the development and maintenance of tourist sites and the various services that are necessary for the tourism industry to grow in Iceland with the increase in the number of tourists visiting the country. Rural areas and municipalities are the places that are responsible for the necessary service with accommodation, sewage, maintenance of parks as well as the nature resources. In a research conducted by Karlsson et al, (2017) municipalities income was researched, with the aim to find out

if the municipalities' income augmented with increased number of tourists, and also what types of costs arose.

Municipalities have some legal obligations and therefore less latitude to change the service they are providing. Most of the municipalities' revenue goes straight to these constitutional projects, service to schools and social services being the two biggest projects. Because of that, there is not much latitude for the municipality to offer more service. Therefore according to the researcher the tourism industry could improve the country's welfare by strengthening the municipalities financial status. If the financial status of the municipalities would be invigorated in a relatively even way everywhere that would mean that they would be better prepared to innovate and create their own uniqueness (Karlsson et al., 2017).

In the research Karlsson et al (2017) it was acknowledged that the number of tourists had an impact on the municipalities total cost through cleaning fees, high command and organization matters. Other things are uncertain. However it was clear that revenues involved were very much different between municipalities, and that made the overall view obscure. Therefore the effects the tourism industry has on tax revenue seem to be none or even negative. That can only happen when those who make themselves available to jobs in the industry get lower salaries and their former jobs no longer exist. The other option is that new employees are still inhabitants in another municipality or that the salaries are paid under the table.

According to research findings (Karlsson et al, 2017) the municipality have more overhead than revenue from the tourism industry. Compared to Wilson et al (2011) support from the local government is one of the key factors in successful tourism development in rural areas.

Like mentioned before, the tunnel, Héðinsfjarðagöng made a big difference for Siglufjörður. The number of tourists increased by 50% in three years after the tunnels were opened. However, it was considered unlikely that revenue from the tourism industry had increased accordingly (Bjarnason & Huijbens, 2014).

With the international airport in the South of Iceland, Leifsstöð, being the only airport that receives air-traffic from international airplanes, there is less chance that the tourists will travel to the North for many reasons. One of them being that when travelling in the wintertime the roads and the weather are not something that tourists travelling to the country are used to. Driving in extreme weather in a rental car that might not be suited for those circumstances is not a pleasant experience. The other option to travel to the North is by flying domestically. In Iceland that is quite expensive and as one of the interviewees pointed out:

*"If the tourist is travelling to Iceland for 7.000 ISK, then why would they pay 20.000-25.000 for a domestic flight?"*

Tourists that arrive by flight directly to the North are more likely to stay at the area than tourists arriving first at Keflavík on their way to the North. Tourists arriving directly in the North stay on average for 6.2 night longer (Kjartansson, personal communication). These numbers indicate that offering a direct flight to the North would most definitely distribute tourists to other parts of the island with positive effects on rural areas.

## 6 Conclusion

This study explores how marketing has been practiced in rural areas in Siglufjörður and Dalvík. The focus of this study was on what is the main reason for the rural areas success in terms of marketing and what are the challenges that these towns are facing. The thesis results are in accordance with previous studies on the matter and existing theories of tourism marketing practices. In order for a rural area to be successful it is important that the inhabitants are positive towards the tourists and welcome them. What seems to be another key factor is support from a marketing office like Visit North Iceland in this case. The marketing office supports the companies that are working in the business by sending influencers, journalists, and photographers to the areas and by doing that the rural areas get more attention. What is also done by the marketing office, Visit North Iceland, is that the area is mapped in a way that makes it easier for the traveller to look for activities that seem interesting to them.

According to the interviewees' answers the most important next step is to attract tourists during winter and especially late winter. Almost everyone that the researcher interviewed agreed that there is too much seasonal fluctuation in the tourism industry. It has a negative affect on businesses. Rooms at hotels are not fully used and the museum cannot hire an employee to work full-time and keep the museum open every day.

A direct flight to the North would also make a lot of difference, making it easier for tourists to travel to that part of the island. The marketing office needs to work on getting more tourist offices plan direct flights to the North.

The government could also do more in financially supporting the municipalities that are welcoming tourists. Because, for example, in the Siglufjörður's case the success of that town has much to do with the individual pioneering effort. The towns overall development in recent years has been done by individuals who invested their own money and time in the rural area, making the town more attractive for tourists to come and visit.

The lack of infrastructure and strategy in the tourism industry in Iceland is something that needs to be improved and the Icelandic government should be more willing to

support the rural areas in their development in the industry. Relying on the individual pioneering effort is not sufficient.

When summarizing the question how do remote towns Siglufjörður and Dalvík attract tourists? Challenges and opportunities, the answer is that there are many factors that lead to some rural areas being more successful than others. However, positive word of mouth and the rural area inhabitants are what makes these towns, Siglufjörður and Dalvík as popular as they are. The interviewees

## **6.1 Future Research and Limitations**

Rural areas, other than Siglufjörður and Dalvík should be researched in terms of how they market themselves. It might also be interesting to look further into rural areas in Iceland that are not as successful. Another intriguing aspect to look into would be rural areas that get more support from the local government. The individual effort seems to be necessary when building up a rural area in Iceland that is attractive for others to come visit. The tourism industry in Iceland in general could also be more researched, to get a better understanding of what is done right and what could be done better. Researching the tourists' view on the towns being researched would also be beneficial in order to see the tourist's perspective on what drew them to these rural areas and if the expectations were met. Due to a limited time span of only five months the researcher could not go into a deeper and more comprehensive research where tourists would be interviewed during high season for example. In the researcher opinion further research on the tourism industry in Iceland is important to understand and to be better prepared to react to challenges the industry might bring.

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## Appendix A

### Questionnaire - Icelandic

1. Hvaða hugmyndafræði liggur að baki markaðsetningu á Siglufirði/Dalvík?
2. Hvernig hefur staðurinn verið markaðsettur?
3. Hvað er það sem þið teljið að skipti mestu máli í markaðssetningu lítilla bæja?
4. Hvernig skýrið þið vinsældir bæjarins?
5. Ferðamenn staldra að meðaltali styttra við á Siglufirði miðað við Djúpavog og Dalvík, er það eitthvað sem á að reyna breyta?
  - i. Hver er möguleg skýring á því?
6. Hvernig myndu þið lýsa ferðamannaíðnaðinum á Íslandi?
7. Er eitthvað gert til að ýta undir frekari uppbyggingu á svæðinu?
8. Hvað er það sem Siglufjörður/Dalvík hefur umfram önnur smærri bæjarfélög á Íslandi?
9. Hver er framtíðarsýnin?
10. Hverjar eru helstu hindranirnar?
11. Hvað þarf að gerast í ferðamannaíðnaðinum á Íslandi næstu árum?
  - Hvað er aðkallandi?

## Appendix B

### Questionnaire English

1. What ideology lies behind the marketing of Siglufjörður/Dalvík?
2. What has been done in terms of marketing of the places?
3. What is the most important aspect in rural area marketing?
4. How would you explain the rural area popularity?
5. Tourists stay for a shorter period of time in Siglufirði compared to Djúpivogur and Dalvík, is that something that you are trying to change?
  - i. Possible explanation for that.
6. How would you describe the tourism industry in Iceland?
7. Is something done to encourage further development in the area?
8. What is it that Siglufjörður/Dalvík has that makes the place unique?
9. What is the future mission/vision?
10. What are the main obstacles?
11. What has to be done in the tourism industry in Iceland in the next years?
  - i. What is urgent?