

**Mapping exercise:**  
How could creative industries foster innovation  
in tourism in the Northern Dimension area?



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## Country Report – Iceland

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### LIST OF ABBREVIATIONS

Acronym/abbreviation	Meaning
CCIs	Cultural and Creative Industry
CCS	Cultural and Creative Sector
CEU	Council of European Union
DCMS	Department for Culture, Media and Sport
EC	European Commission
EEC	European Economic Community
EP	European Parliament
EU	European Union
FWC	Framework Contract
LC	Lead Consulting
ND	Northern Dimension
NDPC	Northern Dimension Partnership on Culture
OECD	Organisation for Economic Co-operation and Development
OTA	Online Travel Agency
SAF	Icelandic Travel Industry Association
SME	Small and Medium Enterprise
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organisation
WTO	World Trade Organization

## **1. INTRODUCTION AND KEY COUNTRY POINTS**

This is one of eleven reports on the countries of the Northern Dimension (ND) and should be read in conjunction with a twelfth 'regional/cross-country' report. The reports have been produced under the EU BENEf Lot 9 FWC contract 'Mapping exercise: How could creative industries foster innovation in tourism in the northern dimension area?' in line with the terms of reference for that contract. The reports follow what was agreed at the inception report stage. Throughout the period during which the work has been done there has been close and positive liaison with the executive of the Northern Dimension Partnership on Culture (NDPC). The reports that have been produced are based on extensive consultation and research involving a large range of people. These people included country specialists and officials to whom we are very much indebted.

Under the terms of reference the timetable for the work started in February 2016 with completion scheduled for December 2016. The allocation of time for the work was 105 days, split between the two team members, 55 days for Lila Skarveli and 50 days for Terry Sandell, the Team Leader<sup>1</sup>. Given the number of countries, and their diversity, and given the very wide subject matter involving three very dynamic and currently fashionable areas - Cultural and Creative Industries, Tourism and Innovation - the time constraint was a very real challenge indeed. Amongst other things, it meant that while country visits of about five working days to all of the countries took place, it was physically only possible in most cases to visit one city, usually the capital. That said, every effort was made to secure a country overview which took into account at least some of the important developments taking place in the regions.

Quite soon after starting our work various interesting, sometimes challenging, questions arose, such as:

- Is there any reason why tourism itself is not considered one of the creative industries?
- In all three cases, the definitions of CCIs, tourism and innovation are various, unstable and contested. Is this because the necessary action to define them precisely and consistently at a European level has not been taken or is it because we are in a 'post-definitional' era with certain areas of human social and economic activity having become too diverse and complex to categorise easily?
- Tourism is a high priority for most Northern Dimension countries yet there were protests against tourism recently in Barcelona, arguably the most successful European city in terms of its tourism development and city brand. What does this signal about sustainability and local community engagement with/in tourism?
- When they do talk, do the tourism industry and the cultural and creative sectors speak the same language?
- Is the tourism industry's use of culture and heritage because of real engagement with the cultural and creative sectors or in spite of it? Even when they are moving in the same direction are they in reality on parallel but essentially separate tracks?
- Should tourism businesses be engaging with CCIs or vice versa, in which direction is the demand and in which direction the supply?

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<sup>1</sup> Terry Sandell took responsibility for the Estonia, Finland, Latvia, Lithuania and Russian Federation reports and Lila Skarveli for the Denmark, Germany, Iceland, Norway, Poland and Sweden reports.

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- Given that both sectors are to a large extent highly fragmented with a numerical predominance of SMEs, to what extent do the actors involved have the time and capacity to engage with each other innovatively or otherwise?
- Do the bridges that need to be built between CCIs and the tourism sector include new intermediaries who can identify, interpret, broker and manage tourism-CCI/CCI-tourism synergies?

In the last couple of years there has been increasing interest in looking at the existing and potential linkage of the cultural and creative industries to tourism development. It however throws up considerable practical and methodological challenges and problems for various reasons and explains why relatively little progress seems to have been made. The major first hurdle is that the definition of cultural and creative industries is constantly evolving and, moreover, it differs from country to country<sup>2</sup>. This has been particularly evident in the case of the eleven Northern Dimension countries, even in the case of those countries which work very closely together, for example in the case of Denmark, Norway and Sweden. There can also be conceptually quite different national approaches. For example in one country cultural and creative industries may be seen as a distinct sector and be supported on that basis. In another country they may not even be seen as a sector but as part of something wider or cross-cutting such as one part of the creative economy, or as a part of national innovation, entrepreneurship or SME policies. The third issue flows from the other two. Because of an evolving and differing understanding in country terms of what the CCIs constitute, there is no common statistical base which allows clear comparisons or benchmarking, something which is urgently needed and is beginning to start being explored at European level.

If one turns to the tourism sector, there are similar parallel problems. The collection of statistics (e.g. number of nights' accommodation) may be firmly in place but those statistics are partial and beginning to look increasingly inadequate as they are often not taking account of revolutionary changes affecting the tourism and travel industries. The continuing, growing importance of OTAs<sup>3</sup> and an emerging peer-to-peer and sharing economy affecting such areas as traditional tourism accommodation are often not being captured by the traditional industry information systems.

Tourism categorisation is also constantly evolving with the existence of an increasing number of sub-sectors. Even cultural tourism, a sub-sector itself, can be broken down into possibly a dozen or more sub-sectors such as heritage tourism, arts tourism, creative tourism, urban cultural tourism, rural cultural tourism, indigenous cultural tourism, experiential and gastronomic tourism, 'dark' tourism<sup>4</sup>, often with overlaps with other forms of tourism e.g. adventure tourism, health and well-being tourism and so on<sup>5</sup>. Again there are definitional differences from one country to another and certain types of tourism may be more developed or be more of a national tourism priority in one country compared to another.

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<sup>2</sup> Committee on Industry, Research and Energy and Committee on Culture and Education of the European Parliament Draft Report (23 June 2016) 'On a coherent EU policy for cultural and creative industries' (2016/2072(INI): 'Alongside a clear definition that takes into account all sectors related to CCIs, the co-rapporteurs believe it equally necessary to have comparable and reliable statistical data. Each Member State has, in fact, its own classification of CCIs. It is therefore essential to adopt at EU level an updated framework for the sector and to map changes over time. The objective should be to identify specific indicators to measure the results of policies for the promotion of the sector.'

<sup>3</sup> Online travel agencies (such as Expedia, Booking.com etc)

<sup>4</sup> Tourism in which visits are made to sites, attractions or exhibitions connected with suffering, death, disaster and negative or macabre events.

<sup>5</sup> Melanie K. Smith in her 'Issues in Cultural Tourism Studies' (Routledge, 2009) pp. 18-19 lists thirteen categories of cultural tourism which she reduces to nine and later seven broad sub-sectors. See Appendix X of the Regional Report for a detailed 'Typology of Cultural Tourism'.

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The complications of identifying at a general level the existing and potential linkage of CCIs to the tourism sector is exacerbated by certain tourism sub-sectors being in their own right part of the cultural sector itself, for example in the case of heritage tourism. Both the CCIs and the tourism sector are not in reality clearly demarcated - both are imprecise, fluidly-defined, fast-changing and dynamic areas of complex and important economic and social activity. In the case of CCIs there are other complications. For example the arts 'lobbying industry' has for many years ubiquitously used the terms cultural industries and creative industries interchangeably in order to protect or bolster publicly-funded culture budgets. Although things have moved on and in many countries the importance of the arts, for example, is recognised and understood as a part of the creative industries value chain, there is still often a lot of blurring and definitional confusion<sup>6</sup>.

Perhaps naively, we had the intention at the outset of our work of trying to bring some clear and overarching, definitional discipline to our subject. This brave intention was eliminated as a result of almost the first day of the first country visit where it was clear that there were very local and legitimate interests, debates and specificities and that it would be artificial to impose on countries definitions and categories that might work for some but not for others. Imposing definitions would in some cases have been positively distorting to an understanding of the local CCI situation. It should also be mentioned, as will be seen from the two footnote references above to a very recent European Parliament report, that even at EU level, where the cultural and creative industries have soared to a position of highest importance in terms of policy, terminology is often loose, for example with both the terms Cultural and Creative Sectors (CCS) and Cultural and Creative Industries (CCI) being used.

In the context of our work we therefore felt there was no alternative but to assess the cultural and creative industries and the tourism sector in the individual countries in their own terms and then with the regional/cross-country report to try to bring them together.

Although it is right to look at ways of increasing the synergies between the tourism industry and CCIs it is important to recognise that there is already a substantial level of engagement. For example even a superficial listing of the main CCIs illustrates how they are already contributing to the tourism sector:

- Software and digitalisation - this has had a revolutionary impact on many aspects of the tourism industry, not least in the role that OTAs<sup>7</sup> play (e.g. TripAdvisor, booking.com, Expedia, Airbnb etc.)
- Design, especially graphic design but also right the way through all aspects of design including 'son et lumière' spectacles, light festivals and events etc.
- Music for place branding, ambience, open-air concerts etc.
- Advertising and broadcasting - the importance of these areas to the tourism industry are self-evident
- Film and cinema - promos, travelogues, film location tourism
- Theatre - use of actors as animators or for audio guides, staged events etc.

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<sup>6</sup> Committee on Industry, Research and Energy and Committee on Culture and Education of the European Parliament Draft Report (23 June 2016) 'On a coherent EU policy for cultural and creative industries' (2016/2072(INI): [The European Parliament] 'Calls on the Commission to design its future policies based on the following definition of CCIs: 'cultural and creative industries are those industries that are based on cultural values, individual creativity, skills and talent with the potential to create wealth and jobs through generating value from intellectual property. They include the following sectors relying on cultural and creative inputs: architecture, archives and libraries, artistic crafts, audio-visual (including film, television, video games and multimedia), cultural heritage, design, creativity-driven high-end industries and fashion, festivals, music, performing arts, books and publishing, radio and visual arts'.

<sup>7</sup> Online travel agencies

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- Festivals - a major element in event tourism and place branding
- Crafts and antiques - as part of shopping and souvenirs
- Architecture - tourism industry's use of heritage and use/commissioning of significant buildings (including as hotels)
- Publishing - travel and guide books are still very popular
- Fashion - place image and branding, folk costumes etc.
- Gaming, augmented reality and VR - perhaps still at an early stage but already being used even by big, traditional tourism operators such as Thomas Cook
- Food and local natural products - food festivals, branding ('appellation') and gastrotourism in both urban and rural contexts

So the question is really could, and should there, be more interaction? Is there either 'market failure' or under-utilised potential/resources? Out of which flow other questions, for example, is existing CCI-Tourism interaction because of effective (vertical) policies or in spite of them?

Does a (horizontal) common language exist with regular dialogue and the development of shared interests between the CCI and Tourism sectors? Are there particular tourism sub-sectors and CCI sub-sectors more suited for innovative interaction and more able to produce new cooperation models and paradigms? If there is 'market failure' or under-utilised potential/resources, what kind of intervention or incentivisation is required to make the CCI sector and tourism industry interact more effectively?

As illustrated above, a lot is going on between the various CCI sub-sectors and the tourism industry so there is not classic 'market failure' but rather of 'under-utilisation' which warrants intervention. Tourism and the CCIs share many characteristics. They are fragmented, dynamic, numerically dominated by SMEs and micro-businesses, preoccupied with themselves and often chaotic. They each have their own agendas. There is lack of a common language between them, probably attributable in part simply to lack of time. In general there does also seem to be a lack of 'savoir faire' in terms of their engaging with each other, innovatively or otherwise. For CCI developing clustering appears to be very helpful but CCIs and tourism actors have so far not naturally clustered. Most importantly there have been few practical measures (although there are some good exceptions) to bring tourism professionals and CCI actors together which requires active policy-maker interest, 'interpreters', some funding and participative commitment.

A very important question is to what extent any synergies currently taking place between the cultural and creative sectors and the travel and tourism industry are because of or in spite of current 'vertical' policies. While mention of CCIs contributing to other sectors is frequent, including sometimes in policy documents, it tends not to be targeted in any practical way. There is probably more than one reason for this but the fact that the concept of the CCIs is still relatively new (even if one traces it back to the 1990s) is possibly part of the explanation. One suspects that although the role of the CCIs in terms of their economic and social benefits is increasingly being recognised by European governments there is probably still fairly widespread an issue of real understanding of the CCI phenomenon and the nature of their potential. This is then greatly exacerbated by the problem of poorly 'joined-up' government/administration which particularly affects areas which need to be politically and economically managed in a cross-cutting way. A further issue in some countries is that governments often are not imaginative at working with and for the private sector especially in relation to SMEs, micro businesses and sole traders. There is also an issue of ownership. Which ministry or administration is responsible for CCI development: Culture? Economy? Industry? Innovation? Business?...Shared? Or are the CCIs themselves responsible for their own development?



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In the case of the other side of the equation - tourism - who is responsible for developing tourism services, products and events especially in relation to an area like cultural tourism? In most cases, it is not government but SMEs, independent commercial and non-commercial entrepreneurs and cultural institutions acting entrepreneurially or imaginatively, not in fact the Ministries of Tourism. Traditionally policy-makers focus on what they directly control and manage unless lobbied to do otherwise. Leadership and representation in the CCI sub-sectors in many countries is not very well-developed so lobbying is weak. The CCIs have not been noticeably lobbying for more engagement with the tourism industry and the tourism industry although much better organised in terms of sector and sub-sector representation has not been noticeably developing an agenda for greater joint dialogue and exploration with the CCI sector.

Again one needs to ask a question, this time why such an agenda has not been developed in the past? It would seem that it may simply be to do with the complexity and chaotic nature of the two sectors. For example, how many sub-sectors does the tourism industry have? If one takes just one of those numerous sub-sectors, for example, cultural tourism, how many sub-sub-sectors does it in turn have? As for the CCIs - how many are they? It depends on the country but in most cases about a dozen? But again if one looks at one of them such as design, one can see that in one ND country it has about 25 defined sub-sectors.

In looking at how the creative industries could foster innovation in tourism in the Northern Dimension area one needs to take into account all the factors mentioned above. It has seemed very clear from our work that to get the two chaotic and fragmented sectors to begin to work better together and feed off each other it will be impossible to identify a single unified interface or find a 'magic bullet'. If progress is to be achieved there is a need to be selective, realistically focussed and take a segmental approach if trying to develop effective models and paradigms for CCI-Tourism cooperation and interaction.

Our work suggests that in being selective and in relation to the Northern Dimension region the most productive tourism target areas are probably going to be heritage tourism, creative tourism (including routes and trails, gastronomy and rural tourism) and events tourism. Heritage tourism is in many of the countries well developed. There are plenty of sites, many museums...but how many apps? Creative tourism which we define more clearly below is a natural ground for all types of CCI involvement. Cultural routes and trails open up innovative opportunities as visitors are there for the experience and need to move, learn, eat, sleep and interact. Cultural routes can of course also be cross-border and multi-country projects. Rural tourism's special challenges - information, communication and access - are also fields of opportunity for CCIs. Events tourism, a priority in many of the ND countries, is still not a saturated area and new festivals of all types are mushrooming in the region and are natural meeting grounds for the CCIs and tourism development. In the case of festivals, the CCIs could be encouraged to provide the linkage and continuity to festivals and events that are often one-off, narrowly-focussed, sometimes self-absorbed and usually of short duration. Why not classical music festivals (with their dying audiences!) linked to co-located youth-oriented fashion pop-ups? CCIs as linkage or continuity is already happening in some places.

Accepting that the creative industries already contribute a lot to the travel and tourism industry but that there could be a more developed relationship especially if targeted at a few very specific tourism sub-sectors, what kind of intervention is needed? At a policy level the first steps would seem to be increased awareness, understanding and interest, in fact the classic 'Hawthorne Effect'. Policy encouragement of 'bottom-up' initiatives and 'horizontal' engagement combined with 'top-led' imaginative and sensitive strategic place branding and effective destination management marketing are also needed. Awareness of the potential of the CCI-tourism relationship needs to be actively promoted in particular by encouraging it to be put on tourism industry agendas and feature as a discussion topic at industry fairs, conferences, events and through industry information channels. Awareness-raising is also needed in the opposite direction by making CCIs more aware of the importance and potential of the tourism sector as a partner and market for creative industries' goods and services. This needs to be done through making it a practical

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agenda item at CCI events and gatherings and through ‘word of mouth’. There is also a need simply to bring tourism and CCI professionals together to create some new and practical bridges. As mentioned earlier, there is little evidence of a common language and probably a need for an intermediary cadre of industry ‘producer-interpreters’ from both sectors.<sup>8</sup>

While in many of the Northern Dimension countries past problems are beginning to be addressed related to finance and investment for CCIs given their non-traditional industry attributes, this is usually manifesting itself in facilitating their access to existing innovation or SME funding schemes which are very general in nature. If real progress is going to be made in drawing the CCI and tourism sectors closer together then there is probably going to be a need for there to be specific and narrowly targeted encouragement and support opportunities and schemes. In practice this probably means that there is a need for specialised agencies (e.g. Innovation Norway, Swedish Agency for Economic and Regional Growth, Enterprise Estonia, Finland's Tekes etc.) to focus on this. The CCIs and the tourism sector are often travelling in the same direction but on parallel rails and not on the same track with shared (but perhaps different) ‘win-win’ goals, something which the specialised agencies could address. The fact is, as already mentioned, the CCI and tourism sectors are dynamic, chaotic sectors and so fragmented that even within each individual sector there are awareness problems, knowledge deficits and communication gaps.

As suggested above a focus should be on heritage tourism, creative tourism (including routes and trails, gastronomy and rural tourism) and events tourism as these areas seem to be the most fruitful for synergistic and innovative engagement with the CCI sector. Heritage and events tourism are self-evidently understandable but the important and still emerging area of ‘creative tourism’ which we believe perhaps has the most relevance and potential for many of the CCIs, needs some explanation.

It is important to elaborate a little on what creative tourism is, or rather what it is becoming. The concept of creative tourism emerged about fifteen years ago but in the narrow context of people travelling to destinations to follow a course or learn something in a structured setting e.g. to do a cookery course or to learn a language. In recent times, influenced by the dynamism of the CCI sector, creative tourism development has taken on a much wider meaning and includes any tourism experience which involves not only formal but also non-formal or informal learning. Creative tourism is a ‘work-in-progress’ in that it is seen by some as also having an important co-creation dimension to it i.e. where the tourism provider and the tourism consumer co-create the tourism experience. It is also often seen as embracing all experiences and learning related to a specific place, even those that have not been traditionally perceived as ‘tourism’ experiences. The local dimension and active participation by ‘locals’ is also often considered another essential ingredient. Unlike traditional cultural/heritage tourism, creative tourism embraces not only historical culture but also very much contemporary culture. Finally creative tourism can be seen as a reaction to traditional cultural tourism that has sometimes turned into ‘serial reproduction’<sup>9</sup> or ‘Gettysation’<sup>10</sup>. There is a demand for distinctively individualised and active experience, not passive consumption of, for example, a franchised Getty museum. Recognition of the importance of this new form of tourism came in 2014 with OECD commissioning the first serious non-academic study of it.<sup>11</sup>

This already important discernible movement to a new form of individualised, co-created tourism opens up real and innovative opportunities for the cultural and creative sectors to explore and establish new and active relationships with the tourism sector. As is made clear in the regional/cross-country report it will

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<sup>8</sup> A particularly interesting project, Luova Matka, is currently taking place in Finland which is addressing this issue.

<sup>9</sup> Greg Richards and Julie Wilson: *Developing Creativity in tourist experiences: A solution to the reproduction of culture?* in *Tourism Management* 27 (2006), pp 1209-1223.

<sup>10</sup> A phenomenon sometimes referred to as ‘Macdonaldisation’

<sup>11</sup> OECD (2014), *Tourism and the Creative Economy*, OECD Publishing, Paris.

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require practical intervention and certain types of support as for all their similarities in terms of being quintessential post-industrial economic sectors, the CCIs and the tourism industry do not speak the same language. Focussing on how bridges can be built between CCIs on the one hand and creative tourism and traditional cultural tourism on the other is probably the best way to start to get the wider tourism industry and the cultural and creative sectors travelling more often and more productively on the same track and with mutually-beneficial and genuinely shared agendas rather than on separate, parallel paths as seems so often the case.

In the country reports we try to take stock of the current state of the CCIs, of the tourism sector, the general climate of interaction between them, and the general degree of the country's interaction with other Northern Dimension countries plus some country case studies. In the regional/cross-country report we bring things together, present an analysis, draw some conclusions and make recommendations which we hope may help to take things forward.

#### Key points for Iceland include:

- The Icelandic government sees it as its role to create the appropriate conditions for fostering diversity, innovation and initiative in the field of the arts and cultural heritage.
- The creative industries in Iceland are considered as situated at the crossroads of the arts, culture, business and technology. The definition used refers to the “cycle of creation, production and distribution of goods and services that use intellectual capital as their primary input.
- In order to support the successful development of tourism in Iceland, the minister of Industries and Commerce, who is also the minister of Tourism, and the Icelandic Travel Industry Association joined forces to shape a long-term tourism strategy with an emphasis on sustainable development (Roadmap for Tourism)
- The most prominent link between Tourism and CCIs - be it indirectly - is the initiative “Promote Iceland”: a public-private partnership established to improve the competitiveness of Icelandic companies in foreign markets and to stimulate economic growth through increased export.

## 2. BASIC COUNTRY INFORMATION

### *Cultural policy evolution*

Iceland possesses a rich cultural and artistic life characterized, in a variety of fields, by worthwhile original creative work which is of importance both to its inhabitants and to the world at large. In the sphere of cultural heritage the government has a key role to play since an understanding of the nation's cultural history is one of the prerequisites for active participation in society and an important part of each individual's personal identity. A varied cultural life is considered in Iceland as a contribution to general well-being in society and promotion of equality. Participating in cultural activities is conducive to a full life and stimulates positive interaction between different social groups and generations. Cultural activities have been considered by definition also as a key factor in the development of tourism in Iceland.

On 6 March 2013, the Minister of Education, Science and Culture was mandated to implement a policy on the arts and the cultural heritage – the National Cultural Policy<sup>12</sup>. This is the first time a specific public policy is drawn up in this domain.

The policy document describes government's involvement in matters relating to the arts and the cultural heritage. The terminology used should be viewed in light of this demarcation, considering that the policy does not address issues relating to particular artistic disciplines or individual cultural heritage stakeholders. The policy is intended as an aid for government and lawmakers in future debates, in policy-making in specified areas and in decision-making. The National Cultural Policy has been drawn up in the hope that it will serve as an incentive for the large number of people and institutions active on the Icelandic cultural scene to focus on quality and look to future in their decision-making and planning. It should prove useful to politicians and government officials, employees at cultural institutions, researchers, committees responsible for the allocation of funds, artists and artists' associations, media employees and anyone taking part in cultural life. A number of the government's partners in the field of culture, such as local authorities and private actors, should also be able to use it as a point of reference.

There has been a long-standing call for the Icelandic government to draw up a specific National Cultural Policy. The Ministry of Education, Science and Culture started work on the policy in 2009, consulting extensively with those involved in the cultural scene. For this purpose, the Ministry in 2010 organized a conference entitled "The Land of Culture" (*Menningarlandið*) to discuss how the policy should be shaped.

The following four factors are the cornerstones of the National Cultural Policy:

- Creative work and participation in cultural life.
- Easy access to the arts and to the cultural heritage.
- Cooperation between the government and the large number of people and institutions which are active in the field of culture.
- Participation by children and young people in cultural life.

Legislators in Iceland consider as imperative for the cultural policy to be at all times a dynamic part of further policy-making, legislation and decision-making in this field, and for its different aspects and priorities to be allowed "to evolve in harmony with social changes, technical innovation and international currents".

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<sup>12</sup> National Cultural Policy, Ministry of Education, Science and Culture, Iceland 2013 - ISBN: 978-9935-436-13-9

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#### *Definitions and priorities*

The Icelandic government sees it as its role to create the appropriate conditions for fostering diversity, innovation and initiative in the field of the arts and cultural heritage. The government considers adequate access to cultural activities and awareness of the nation's cultural heritage to be important components of the social fabric: "research into the cultural heritage and the dissemination thereof lead to a heightened sense of historical continuity and strengthen the national identity"<sup>13</sup>. The Icelandic language is a crucial part of that identity and should be reinforced in every possible sphere of society in accordance with Icelandic language policy, whilst it wishes to promote the increased participation and improved access of every citizen to cultural activities supported by public funds.

Government involvement in cultural life is structured by legal provisions and by the support measures implemented. Government support is primarily directed at professional activity in the arts as well as at the preservation and dissemination of cultural heritage.

Iceland considers a diverse cultural scene to be an important part of the national economy, and one which is likely to carry even further weight in the future. The cultural life in Iceland has a wide-reaching derivative economic impact, including in the tourism and technology sectors, in education, and in trade and services. While recognizing the independence of public institutions in the field of culture, the government expects their directors and employees to maintain a high degree of professionalism. The government is not directly involved in the programming and daily activities of any of the public cultural institutions or of other recipients of public financial support. However, it carries out performance assessments for these activities and enforces the accountability of directors, board members and others responsible for the management of public funds.

The government places special priority on promoting the culture of children and young people throughout the country and enabling them to become active participants in cultural life. Publicly funded cultural institutions and other recipients of public support are encouraged to plan their programming having due regard, inter alia, to the needs of children and young people, and to organize their activities so as to allow them easier access to the arts and to culture, irrespective of their financial standing.

One of the National Cultural Policy's priorities is cooperating efficiently with local authorities and their regional associations on cultural issues, and encouraging them to collaborate between themselves on individual cultural projects. Cultural contracts are drawn up with regional associations with the purpose of supporting cultural activities outside the capital region. Cooperation with the City of Reykjavik, the country's capital, is very important.

At the heart of the Icelandic government's vision is to support cultural and artistic life in harmony with contemporary trends with due regard to diversity, continuity, and the language, heritage and history of Iceland. Under this vision, the government aims to support the high-quality promotion of Icelandic culture abroad as well as international cultural cooperation.

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<sup>13</sup> Ibid

### **3. CULTURAL AND CREATIVE SECTORS/CCIS IN ICELAND**

#### *The Icelandic cultural policy model*

The National Cultural Policy document is intended as a broad description of the government's involvement in matters relating to the arts and cultural heritage, and as an aid for the government and parliament in future debates, in policy-making in specified areas and in decision-making. The terminology used should be viewed in light of this demarcation, considering that the policy does not address issues relating to particular artistic disciplines or individual cultural heritage stakeholders.

The policy is expected to serve as an incentive for the large number of individuals and institutions active on the Icelandic cultural scene to focus on quality and look to future in their decision-making and planning. It is meant to prove useful to politicians and government officials, employees at cultural institutions, researchers, committees responsible for the allocation of funds, artists and artists' associations, media employees and anyone taking part in cultural life. A number of the government's partners in the field of culture, such as local authorities and private actors, should also be able to use the policy as a point of reference.

The principal role of the state in matters of culture is to create the appropriate conditions for fostering diversity, innovation and initiative in the field of the arts and cultural heritage, and to safeguard the latter. This entails, for instance, the creation, through legislative, administrative and budgetary means, of a framework for cultural life that allows it to flourish and encourages the participation of the public. It is important for this framework to be shaped in a way that avoids any direct influence on the content of artistic and cultural activities, and that the independence of artists and cultural institutions is fully respected.

In practice, public cultural policy also manifests itself in various pieces of legislation as well as in regulations and other administrative provisions. This includes in particular:

- The state budget, which contains provisions on public funding for cultural activities
- Legislative and regulatory provisions on cultural issues, for example regarding institutions, project funds, artists' stipend funds, copyright, media, etc.
- Cultural contracts drawn up with regional associations of local authorities, performance management contracts signed with institutions, as well as the terms of reference of the directors of those institutions, and cooperation agreements drawn up with various parties regarding specific projects and operations.
- Other policy documents, such as the Icelandic language policy, the policy of the Ministry of Education, Science and Culture's on sports and youth-related affairs, museum policy as regards national treasures, and cultural policy in relation to infrastructure.
- Various other measures by the Ministry of Education, Science and Culture and other ministries in the domain of culture.

#### *Cultural and creative industries*

The creative industries in Iceland are considered as situated at the crossroads of the arts, culture, business and technology. The definition used refers to the "cycle of creation, production and distribution of goods and services that use intellectual capital as their primary input"<sup>14</sup>. The creative industries are grounded on

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<sup>14</sup> Ministry of Industry and Innovation <https://eng.atvinnuvegaraduneyti.is/>

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the formulation of new ideas, and the application of those ideas to produce original works of art and cultural products, functional creations, scientific inventions and technological innovations.

Creative industries are burgeoning sector of Icelandic economy that ranges from fine arts to gaming and software development, and everything in between. Icelandic designers, filmmakers, authors and musicians draw inspiration from the rich cultural heritage and the extreme natural environment, while enjoying the advantages of close ties to global cultural trends.

Many local designers are heavily influenced by the stark contrasts of Iceland's nature. This is clearly reflected by the use of unusual textiles and raw materials among designers of fashion- and footwear. Significant elements of nature are also reflected in modern architecture.

A specific large-scope Programme/Campaign entitled “Promote Iceland”<sup>15</sup> has been conceived around the promotion of its cultural and creative industries focusing on Iceland’s cultural and natural heritage. Promote Iceland aims to enhance Iceland’s good image and reputation, to support the competitive standing of Icelandic industries in foreign markets, to attract foreign tourists and investments to the country, and assist in the promotion of Icelandic culture abroad. Promote Iceland deploys efforts to support this relatively young export trade by organizing or participating in various ventures within Iceland and abroad.

### *Creative industries’ priority in Iceland: Design*

The Icelandic Government adopted a strategy on Design Policy<sup>16</sup>, based on recommendations from a steering group appointed by the Minister of Industries and Innovation in collaboration with the Minister of Education, Science, and Culture in early 2011. The policy was meant to be revised in 2016 and has as initial scope until 2018.

Its main philosophy derives from the following principles:

- Design is one of the drivers of increased value creation, enhanced quality of life, and sustainability.
- Design is a methodology, a way of thinking, and a process that attempt to bridge the gap between creativity and innovation, between technology and the user, and between sciences and market-centred sectors.
- Design touches upon on all areas of our existence, from the development of business, society, and the economy to the development of ideas, projects, products, services, processes, and events.
- Design belongs to administration, institutions, politics, businesses, and homes.
- Design draws strength from Iceland’s uniqueness as a country and a people.
- Everything man-made in our environment – cities, buildings, systems, and objects – is designed.

The report draws also conclusions based on the European Commission’s 2009 report Design as a driver of user-centred innovation<sup>17</sup>.

In order to unleash the power of design, a number of factors are announced as imperatives to work together. This Design Policy emphasizes namely three pillars:

- Education and knowledge – good schools, sound practical training, and a strong research community.

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<sup>15</sup> <http://www.islandsstofa.is/en>

<sup>16</sup> Iceland Design Centre <http://www.icelanddesign.is/OURPROJECTS/DesignPolicy/>

<sup>17</sup> EU Commission: Design as a driver of user-centred innovation April 2009, SEC (2009) 50.

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- Designers' work environment and support system – effective and conducive to dialogue among designers, other sectors, and the business support network.
- Awakening – in companies, the public sector, and society at large, concerning the potential that design represents.

This Government Design Policy is presented for a period of five years, in broad consultation between the authorities and the design community. In order to ensure the Policy's success, a steering group has been established, with members appointed by the Ministry of Industries and Innovation, in consultation with the Ministry of Education, Science, and Culture. The steering group comprises stakeholders whose role is to assess the status of the initiatives defined in the Policy and to facilitate the necessary communications among the parties concerned.

The Ministry of Industries and Innovation, in collaboration with the Ministry of Education, Science, and Culture, is responsible for the work carried out by this consultation and execution group.

### *Inter-ministerial cooperation*

To ensure optimal operating conditions and the success of the Icelandic tourism industry in harmony with the country and its people, a cross-ministerial approach has been set-up for effective coordination with an integral vision and shared responsibility. Under an agreement between the Icelandic government, the Icelandic Travel Industry Association, and the Icelandic Association of Local Authorities for the strengthening of the Icelandic tourism industry, which was signed in October 2015, the Tourism Task Force will coordinate the forces of the government, the tourism industry and municipalities to implement the Road Map for Tourism.

Administration will be simplified and its effectiveness increased in order to simplify the management of tourism entities by, among other things, coordinating institutions, streamlining work procedures, simplifying and harmonizing legislation and regulations and setting up a single portal for the issuance of licenses and support documents.

Tourism will also be given more weight within the Ministry of Industries and Innovation and the role of the Tourism Department will be better defined in relation to, among other things, policy-making, the harmonization of the legal framework, funding and the enhancement of the working environment in the sector.



## **4. TOURISM SECTOR IN ICELAND**

Similar to the rest of the economy, albeit as a late-comer, tourism has grown with remarkable speed during the last twenty years and has become one of the central pillars of the Icelandic economy. However, it has only recently been adopted as an economic development option in public discourse and has yet to be promoted as such in any coherent manner.

Nevertheless, the country has a long history as a destination for travellers and explorers drawn by its reputation as a place of natural extremes (Isleifsson 1996). The travelogues of many of the early visitors embellished this narrative, contributing to the construction of a particular place-myth of Iceland as an extreme environment which, according to Gossling (2006), still persists<sup>18</sup>. In the late nineteenth century, with the modernization of Iceland and increasing affluence in Europe, people started visiting Iceland in growing numbers.

As a result of the global financial crisis that has driven almost the entire Icelandic banking system into bankruptcy, tourism has been identified as a potential tool for economic and regional development. Key tourism stakeholders proclaim it as one of the most important pillars of the national economy and political rhetoric reflects this shift. Tourism is described as a flexible sector which may be boosted quickly to bring urgently needed foreign currency into the national economy. Thus, the Icelandic Tourist Board, in collaboration with the Icelandic Travel Industry Association (SAF), has called for more investment in marketing and infrastructure.

To summarize, during the twentieth century a regulatory framework was built up around tourism in Iceland. The authorities played a mostly passive role and it was only in the early 1970s that a general tourism policy first emerged. Since then, the authorities have acknowledged the economic potential of tourism and the state has become more active in policy making and planning of the tourism sector.

Tourism has thus become the principal driving force behind economic growth in Iceland since 2011 and generated 8,000 new jobs in its core sectors. The sustained growth in this industry is expected to create opportunities to enhance prosperity and positive regional development in Iceland.

### ***Policy priorities***

In order to support the successful development of tourism in Iceland, the minister of Industries and Commerce, who is also the minister of Tourism, and the Icelandic Travel Industry Association joined forces to shape a long-term tourism strategy with an emphasis on sustainable development, based on the setting-up and the conclusions of a specific Steering Group.

The conclusion of the steering group was that there was a need to lay the foundations for the prosperous and sustainable development of tourism over the next five years. These foundations are considered as a prerequisite for the shaping of a long-term strategy. A new Tourism Task Force<sup>19</sup> will play a key role in this regard. The Tourism Task Force will operate until the end of 2020. Its board is made up of ministers from the four main areas connected to the tourism industry, as well as four representatives from the sector and two representatives from local municipalities. The Tourism Task Force will ensure that the next five years are used to tackle the tasks required to lay the solid foundations that are needed in the Icelandic tourism industry. Its function is to coordinate measures and find solutions in collaboration with government administrations, municipalities, the support framework for this sector throughout the country, the sector itself and other interested parties.

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<sup>18</sup> Icelandic Tourism: Past Directions—Future Challenges Article in *Tourism Geographies* · June 2010

<sup>19</sup> Information gathered in situ

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The Road Map for Tourism emphasizes the following seven key elements:

- coordination
- providing a positive visitor experience
- reliable data
- nature conservation
- skills and quality
- increased profitability
- better distribution of tourists

This is clearly an immense task since it entails, among other things, the integration and simplification of the administrative system, financing of infrastructures, nature conservation, professional development of the sector, quality control and coordinated measures – and all of this calls for the involvement of everyone engaged in the tourism industry. For this purpose, the Government of Iceland, the Icelandic Travel Industry Association and the Icelandic Association of Local Authorities have made an agreement to bolster the Icelandic tourism industry until the end of 2020<sup>20</sup>. The main slogan of Icelandic tourism is “Inspired by Iceland” which is revelatory of the will to enhance and promote the country’s unique identity linked to nature and to its geographic position.

The objective is to lay sound foundations between 2015-2020, after which the focus will shift to securing of the framework of the sector, is dynamically structured which is crucial to enable the potential of the tourism industry to be fully tapped.

In the long term, the goal is to ensure that tourism in Iceland becomes exemplary and to firmly establish the country as an attractive and sustainable destination for tourists in harmony with the landscape and its people.

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<sup>20</sup> Tourism Board of Iceland – tourism in Iceland In figures, May 2016 (paper document)

## **5. CCI AND TOURISM SECTOR COOPERATION IN ICELAND**

The most prominent link between Tourism and CCIs - be it indirectly - is the initiative “Promote Iceland”: a public-private partnership established to improve the competitiveness of Icelandic companies in foreign markets and to stimulate economic growth through increased export.

The goals of Promote Iceland<sup>21</sup> are promoting Iceland as a tourism destination, assisting in the promotion of Icelandic culture abroad, and introducing Iceland as an attractive option for foreign direct investment.

Promote Iceland also assists Icelandic companies seeking to grow internationally through competence building programs as well as international events, such as trade fairs, press trips, and trade delegations. This is done in close cooperation with Icelandic embassies and consulates abroad, as well as bilateral chambers of commerce.

Direct exports of culture and recreation do not represent a significant factor yet in economic figures, at less than one billion Icelandic crowns. Another aspect of this emerges, however, if one looks at foreign visitors who visit Iceland as a result of indirect impact. An example of this could be a young tourist coming from the United Kingdom to visit the home of Björk, which also happens to have been promoted by IcelandAir as the scene of an entertaining night life.

Another example of an export industry which is rarely mentioned is the game of chess. Numerous foreign chess players visit Iceland each year and spend considerable amounts of money. These individuals have almost invariably been fascinated by the country and praised it abroad, which in turn has an impact on the exposure of Iceland and creates a positive image of the country.

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<sup>21</sup> <http://www.islandsstofa.is/>

## **6. ICELAND'S BILATERAL AND MULTILATERAL CCS/CCI AND TOURISM COOPERATION WITH OTHER ND COUNTRIES**

One of the roles of government in the domain of the arts and culture is to promote participation in international relations and cooperation with objectives based on the following guidelines:

- To increase international cooperation, including through the promotion of Icelandic culture abroad by professional means with the active collaboration of everyone concerned. To bolster, for this purpose, the activities of the information centres for the arts and induce them to seek closer cooperation with their sister organizations in the other Nordic countries and elsewhere in the world.
- To ensure that participation in international cooperation in the domains of the arts and the promotion of Icelandic arts abroad takes place on the terms of art itself. The information centres for the arts, Promote Iceland, the Ministry of Education, Science and Culture, and the Ministry for Foreign Affairs have important roles in this.
- To make it easier for Icelandic artists to participate in artistic activities in other countries and to strengthen the role of the information centres for the arts in this respect.
- To take advantage of a variety of ways to disseminate the Icelandic cultural heritage, prioritizing participation, learning and own experience.
- To promote active cooperation on cultural affairs between the government and international organizations.

### **Certified Cultural Routes of the Council of Europe crossing Iceland:**

- The Santiago De Compostela Pilgrim Routes
- The Hansa
- The Viking Routes

### **World Heritage Sites: 2**

- *Cultural*: Þingvellir (Thingvellir) National Park (2004)
- *Natural*: Surtsey (a volcanic island) (2008)

### **Tentative List: 7 properties**

- Breiðafjörður Nature Reserve (2011)
- Mývatn and Laxá (2011)
- Viking Monuments and Sites / Þingvellir National Park (2011)
- Þingvellir National Park (2011)
- The Turf House Tradition (2011)
- Vatnajökull National Park (2011)
- Torfajökull Volcanic System / Fjallabak Nature Reserve (2013)

### **Intangible Heritage Lists: no elements**

### **Creative Cities Network: Reykjavik, City of Literature (since August 2011)**

### **Memory of the World Register: 2 inscriptions**

- The Arnarnagnæan Manuscript Collection (2009, submitted jointly with Denmark)
- 1703 Census of Iceland (2013)

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**Legal instruments:** 11 ratified and 29 non-ratified

- Convention on the Safeguarding of the Intangible Cultural Heritage: ratification (23 November 2005)
- Convention on the Protection and Promotion of the Diversity of Cultural Expressions: acceptance (1 February 2007)
- International Convention against Doping in Sport: accession (10 February 2006)
- Convention on the Protection of the Underwater Cultural Heritage: non-ratified

## 7. COUNTRY CASE STUDIES

Case studies have been selected either as proposals by our interlocutors during country missions, and/or identified *in situ* by the experts or through deskwork and study of existing literature. It has been particularly difficult in certain cases to identify relevant case-studies focused on the theme of this assignment for reasons that are further developed in the cross-country report.

### 7.1. *Inspired by Iceland – how social media saved Icelandic tourism*

In April 2010, the now-famous Eyjafjallajökull volcano erupted in Iceland. This event not only turned air travel upside down (briefly), but also did some longer-term damage to Iceland's image as a safe travel destination.

Projections indicated that Iceland might see a 20% decrease in tourism in summer 2010 against earlier projections. In light of these projections, the government and stakeholders in tourism established Inspired by Iceland, not as a long-term campaign, but originally as a three month burst to save summer of 2010. It was not focused on rebranding the country, but mainly to show prospective tourists that everything was OK in Iceland, and the eruption did not disrupt tourism except in a very small region.

A long-term (or at least, longer) campaign was established the following year, after the success of the initial campaign. This was a three-year program, established to enhance the image of Iceland as a winter destination. It had completely different goals from the initial campaign, but worked with the brand recognition that had already been established through Inspired by Iceland.

As if the global financial crisis were not bad enough, Iceland had to now combat the erupting volcano and its impact on tourism. The numbers of flights and tourists were rapidly decreasing. Iceland had previously been a top travel destination for foreign tourists. The Iceland travel industry chiefs decided that something had to be done fast, and a traditional tourism campaign would not be enough. So the industry and the Iceland Government joined forces. "It was actually the first time so many companies joined forces. This was a bit of a sense of pride for them as well. The government had put so much money into it: more money than we had ever seen before. So the companies decided to put the same amount as well. They almost felt as if it was their campaign," recalls Inga Hlín Pálsdóttir, Director, Tourism & Creative Industries at Íslandsstofa- Promote Iceland.

All the parties agreed on a campaign based around the concept of 'Inspired by Iceland'. Ad agencies were also involved. As a safety check on the international messaging, the UK agency The Brooklyn Brothers were brought in. The idea was to invite Icelanders and tourists to tell a story about the beautiful country of Iceland. The 'big idea' was to harness all that pride for the nation and visitors' positive feedback about how they had been 'Inspired By Iceland'.

In 2010 the first task was to overcome the tide of negative opinions surrounding Iceland. A traditional tourism campaign would have seen as a desperate propaganda effort from a struggling country. Instead, they used Icelanders as advocates and created a virtual social movement. People around the world posted stories on Facebook, Twitter and Vimeo. The 'Inspired by Iceland' website featured videos of famous Icelanders (and famous friends of the country) and live webcam streams from top tourist destinations locations thank the loyal community (for 1.5 million video downloads within 1 day), the team held a live web concert featuring singer-songwriter, musician and record producer Damien Rice and many others.

The next year, the goal was to boost tourism during the winter period. During the winter, every visitor became an 'Honorary Islander'. In order to kick-start the campaign, the team called on every Icelanders to open the doors into their lives for visitors. Even the president invited guests to visit his residence and

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have pancakes with him! These video invitations showcased real people and real human experiences. It gave the campaign a very personal touch.

The Promote Iceland team partnered with AOL and The Huffington Post. Together they created a unique content platform to share stories with their fans – the Huffington Post UK's 'Inspiration' section, which allows brands to communicate with consumers through video, blogs and social media. An exclusive 11-minute documentary called 'Islander' was published via this platform. A 60-second trailer was first released across go viral's network to promote the documentary.

Video, visual and digital content reaches a younger audience very effectively, but for Iceland, targeting the older generation was equally important. Traditional posters and other offline advertising were used across key European and US markets. The campaign relied quite heavily on Icelanders' national pride and willingness to become 'brand ambassadors' for their beloved country. Of course, they were proud to contribute. The 'Honorary Islander' campaign attracted global interest, convincing people from 57 markets that Iceland is a truly great winter destination. In fact, this was the country's most successful winter ever for inbound tourism. On a relatively modest spend of £1.25m, the campaign generated a ROI of 61:1, contributing an additional £71m to the Icelandic economy. This story attracted global media coverage, driving further visits.

'Inspired by Iceland' is still going strong. In 2012-2013, the main goal was to embrace the uniqueness of Iceland as a destination, and work with the idea what Iceland would be called if it were discovered today. Over 5 months, an extensive line outreach campaign encouraged fans to 'give Iceland a new distinctive name', which would describe the country's best assets. The Mayor of Reykjavik announced the winner as "Isle of Awe Land". They focused heavily on cultural events in the country. A special event, 'The Little House of Music' had 16 of Iceland's biggest perform live on a tiny stage to an audience of four people (!). However the concert's live webcast reached 10 million people in 22 countries. 'The World's Largest Supper Club' went the opposite way, bringing together some of Iceland's best performers and chefs to entertain and feed 300 guests.

"Inspired By Iceland is the campaign, but every year we do something different in terms of strategy, to create attention and focus our work. Of course it gets more difficult every year. We are actually doing very well with tourism in Iceland at the moment and have 20% increase. It's a fun challenge to think about keeping the attention and that is the job of all marketers," says Inga Hlín Pálsdóttir regarding the future.

One can argue that this type of tourism campaign could only work with a relatively small country and very democratic government prepared to get involved and fund unusual initiatives. Essentially, however, 'Inspired by Iceland' is really about the willingness to share one's country's story and work together for a better future. The only 'must-have' is a sense of pride in one's homeland. To this extent, any country could do it.

'Inspired by Iceland' served as a good example to prove that one strong message can work across multiple geographic markets. They also took different age groups into consideration by partnering with tour operators, attending trade shows and putting up posters. The innovative online content effectively engaged the younger target, featuring bands, celebrities and a distinctive minimalist design. It was also a smart move to work with agencies from several countries who provided a 'visitor's viewpoint' of the Iceland campaign.

Importantly, this ongoing campaign has been truly media-neutral, blending offline and digital channels to deliver the most appropriate experience to the various audiences at every touchpoint.

Some final words from Inga Hlín Pálsdóttir, Director, Tourism & Creative Industries at Íslandsstofa – Promote Iceland: "Find ways to measure what you are doing. In the same sense, don't over-analyse it. We went against all strategy rules in the beginning. Therefore, it has taken us a bit of time to get back on track

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with the strategy and keep the consistency. In a dream world you would have more time for organising and figuring out the strategy.”

### **7.2. *The Cycle Music and Art Festival***<sup>22</sup>

The Festival (which held its second edition in 2016) serves as an international and local platform for contemporary art music and visual arts and the intersection between both disciplines. Deeply rooted in Iceland’s exceptional cultural scene, it uses the unique natural environment as an echo chamber in order to explore questions of deep time and peak futures. With an exhibition at Geroarsafn Museum and other venues in Kópavogur and a rich programme of performances and concerts, Cycle initiates collaborations and experimentation, and forges interdisciplinary productions which revolve around “iterations, structured time, and eternal returns” as the 2016 theme announced.

The festival takes place in the municipality of Kópavogur, outside of the cultural hot-spot of Reykjavík. The area of Hamraborg creates the perfect backdrop for the festival where Kópavogur’s cultural institutions are all gathered in the same spot. There the Cycle festival creates an international community in the weeks before and during the festival. The performances, the exhibition and the Concourse are documented and entered in an online archive, opening up a chance for all interested to be a part of the small – but important – community of Kópavogur.

Cycle Music and Art Festival is held in cooperation with the Cultural Houses in Kópavogur. It is organized in collaboration with Curated Place and is a partner of Moving Classics - European Network for New Music, co-funded by the Creative Europe programme of the European Union.

### **7.3. *Traditional turf buildings and historic landscapes: the core of cultural tourism in rural Iceland***<sup>23</sup>

Iceland is known for its magnificent nature. The history of Iceland’s resettlement is unique, too. The turf buildings are an important contribution to the vernacular architecture of the world. The harmony between nature and buildings is impressive, and the historical reference to the Iron Age makes them perhaps quite unique. It is therefore of no surprise that these old turf buildings play a major role in cultural tourism in Iceland. From the time of settlement in Iceland in the late 9th century until the late 19th century, the chief building materials were wood, turf and stone.

Towns and villages started to grow only in the late-19th century. Around 1900 more than half of the population lived in turf-built farmhouses. In the 1930s the first turf houses were legally protected as cultural heritage. Since 1970 almost all of them have been abandoned as dwellings. Now the most remarkable turfbuilt farmhouses and churches are listed and under the protection of the National Museum and the Architectural Heritage Board. Turf buildings in Iceland belong to the North Atlantic building tradition that derives from the late Iron Age. The most common type was the so-called longhouses. They are wooden buildings surrounded by protective turf walls and have roofs of turf and stone. Driftwood was used for the main construction because of lack of wood. The majority of the nation was extremely poor through the ages and importing of building materials was impossible. In a cold climate, turf and stone were the only available building

Although living in a country with geothermal energy, Icelanders did not have the technical knowledge to use it properly until the last century. The longhouse evolved gradually into the turf farm. It was a cluster

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<sup>22</sup> Information gathered in situ – reference <http://www.iceland.is/press-media/events/cycle-music-and-art-festival/301/>

<sup>23</sup> Extract from EDEN, European Excellence Destinations



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of houses which were arranged symmetrically along a central passage or corridor. The individual houses lay alongside an outdoor yard. A storehouse, a blacksmith's workshop, a wooden shed with open splits between the boards and houses for livestock were then built right up against the farm houses or a short distance away. The turf farms have been in use up to the middle of the 20th century and are now in use as museums playing an important role in cultural tourism in Iceland. The future use of these farms might be for bed and breakfast accommodation but this has not been realized as yet. Turf churches were until the 19th century the most common ecclesiastical edifices in Iceland.

The turf farm's most important transformation occurred at the beginning of the 19th century, when a clergyman wrote an article advocating a new arrangement of the diverse dwellings that made up the turf farm. He proposed moving both the rooms and adjoining houses around so that they would all face the yard, each with its own wooden facade. There was usually no panelling in the individual room of the turf farm, though more prosperous farmers would make a point of having their common room and bathroom paneled. Turf churches were of a similar type and construction as the turf farms, though their interiors were considerably more elaborate. For a start they would have timber gables at the back and front. They were tarred on the outside but left unpainted on the inside and had glass windows as well as a small aperture in the roof, right above the pulpit. In the earliest churches the naves were largely without benches or chairs, but in time they became more numerous until they occupied the whole of the nave. An altar-screen with doors, pillars and pulpit divided the chancel from the nave. The church bells were placed either on the inside of the church, on a crossbeam outside on the front gable or on the gate to the oval-shaped graveyard, the so-called gate of souls.

#### 7.4. *Storytelling and literature as an incentive for Tourism - The Settlement Centre of Iceland*<sup>24</sup>

The Settlement Centre of Iceland (I. Landnámssetur, [www.landnam.is](http://www.landnam.is)) is in Borgarnes, a town of two thousand inhabitants in West Iceland, approximately 75 km drive from the capital, Reykjavík. The centre presents the story of the settlement in Iceland in the ninth century. It also tells the story of the Viking and Iceland's first poet Egill Skallagrímsson.

These stories are told focusing on two old books, *The Book of Icelanders* and *Egil's Saga*. The Book of Icelanders (I. Íslendingabók) is the first book written in Icelandic by Ari "the wise" in the early 12th century. It is a historical work telling who settled where and under what conditions. Egil's Saga is one of forty Sagas which are prose histories mostly describing events that took place in Iceland in the 10th and early 11th centuries, in all likelihood written on either side of the year 1200. Egil's Saga takes place in Borgarfjörður valley in West Iceland but Borgarnes sits at the mouth of the valley. It profiles a person that both appears as a violent Viking and sensitive poet and the story of his family's pioneering and the settlement in the Borgarfjörður region which provides an insight into the tumultuous years of settlement.

The story telling tradition of Iceland draws on the unique literary heritage, the stories that in medieval times were written on parchment by educated men. The myths and legends of the ancient Scandinavians survived better than those of any other Germanic people thanks to the extensive vernacular literature, preserved in Iceland (Andersen, 2010). The literary treasure is unique in many ways but mainly because many forms of literature and studies that survived in Iceland have no contemporary equals in European culture.

The idea for the Settlement Centre was born in 2003 to a well-known, thespian couple living in Reykjavík. They had travelled the country as tour guides in summer experiencing the incipient culture-based tourist

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<sup>24</sup> Storytelling and Destination Development – NORDEN, 2010

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services currently sprouting in manifold forms. The couple had long standing experience in telling stories, each in their own way; him as an actor, director and play write; her as an actress, who has doubled as a television news reporter and as a public relations person. For various reasons the couple chose Borgarnes but both locals and the municipal authorities received them open-heartedly. The municipality proved invaluable in providing the fiscal foundation whilst the entrepreneurs lead the way with professionalism and passion. At the opening of the centre in 2006 the municipality owned 80% of the centre compared to the entrepreneur's 20%, but four years later the percentages have been turned around. Like most other privately-owned cultural bodies the Settlement Centre receives some governmental funds but needs to apply for it every year. The goal is to for the Centre is to receive a permanent subsidy from the State.

The Settlement Centre also participates in regional tourism development in co-operation with other Western Iceland tourist services. Their collaboration emerged from the introduction of cluster thinking by the Icelandic Trade Council, through a series of workshops around Iceland in 2005-2009. The region to host the first workshop was West Iceland and the result was a cluster called All Senses, working under the motto *Competition through Co-operation*. The Settlement Centre has been awarded numerous prizes and awards for various facets of the operation, starting with the design of the logo, the renovation of the house and facilities, to the Gríma-award for best leading actor and best leading actress. Furthermore, it has received a recommendation for its part in preserving the Icelandic language.

### 7.5. *The project North*<sup>25</sup>

The objective of The Project North is to place Air 66 cluster on the worlds tourist map as a great destination that provides added value to traditional activities, as well as developing new opportunities for participants.

The Project North is a part of a European project, Train the Trainers, which is a course for trainers of cluster management in Europe.

The project is at its very initial phase and although promising, we lack of data.

### 7.6. *Exploring the national tastes of Iceland*<sup>26</sup> - *Elfsi Dalur farm dairy*

This is an innovative entrepreneurial activity by a family owned business diversifying from farming into tourism/hospitality: dairy using milk from cows (seen through viewing gallery from café and restaurant on different levels), restaurant (using meat from farm, butchered off site).

- An innovative view of the cow shed, which is located next to restaurant and visitor area – viewing gallery from restaurant of cow shed.
- Imaginative use of former hay storage area which had become redundant and sensitive farm building extension to improve tourism offering
- The entrepreneurial activity by the family is commended.
- Complementary food items for menu are sourced locally.
- Site is very well signposted from the main road with good use of logo on round bale and messages at various location on site.
- Real effort to play to family strengths with use of musical instruments and storytelling which should play well with the group market
- Traditional Live Icelandic music offered as part of the visitor experience.

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<sup>25</sup> Innovation Centre Iceland <http://www.nmi.is/partnership/the-project-north/>

<sup>26</sup> Education and Culture DG, European Commission, Lifelong Learning Programme

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## 8. COUNTRY CONCLUSIONS AND OBSERVATIONS

### 8.1. General conclusion

The views and data collected during this exercise highlight how the understanding of CCIs in the 11 NDPC countries is a continuous negotiation between three key dimensions:

- the definition of CCIs itself
- the way CCIs are seen in the economy in relation to public, private and not for profit sectors;
- the complex intersection of European, national but also regional and urban policy frameworks

Both the ToR of our assignment and the approved Inception Report underlined a challenge which is also an essential finding of the study “11 Dimensions - Trends and Challenges in Cultural and Creative Industry Policy Development within the Northern Dimension Area”, commissioned by the NDPC and published in May 2015 which states that:

*"The ND countries comprise a very heterogeneous region in terms of CCIs. This heterogeneity stems largely from the fact that the countries are at different stages of development considering the CCIs. Depending on the stage of development, there are considerable differences in how the CCIs are viewed ranging from traditional arts and culture to focus on creative economy. Similarly, there are differences in which sub-sectors are included under the CCIs. Furthermore, the CCIs are only beginning to have a national policy status throughout the region, and the focus and real actions taken to develop the sector are varied".*

This finding has been greatly confirmed by the field missions and the deskwork done during the study phase. The inter-related dynamic environment of policy making for the specific field concerned by our mission underlines the necessity for constant transnational exchange of information and knowledge in the field of cultural research. This aspect is more concretely illustrated in the cross-country report and respective recommendations.

### 8.2. Country conclusions - Iceland

1. The Icelandic government sees it as its role to create the appropriate conditions for fostering diversity, innovation and initiative in the field of the arts and cultural heritage.
2. The creative industries in Iceland are considered as situated at the crossroads of the arts, culture, business and technology. The definition used refers to the “cycle of creation, production and distribution of goods and services that use intellectual capital as their primary input”. There is a predominant theory underlying the Icelandic cultural policy that culture itself belongs to creative industries, although it is not evident to see its application through concrete cases.
3. A varied cultural life is considered in Iceland as a contribution to general well-being in society and promotion of equality. Participating in cultural activities is conducive to a full life and stimulates positive interaction between different social groups and generations. Cultural activities have been considered by definition also as a key factor in the development of tourism in Iceland.
4. The Icelandic concept of culture is based on identity and natural heritage. Iceland defines itself as the only cold-water island with an exceptional natural scenery which must be the main protagonist also in attracting tourists and affirm itself as a unique tourist destination.
5. In order to support the successful development of tourism in Iceland, the minister of Industries and Commerce, who is also the minister of Tourism, and the Icelandic Travel Industry Association joined forces to shape a long-term tourism strategy with an emphasis on sustainable development (Roadmap for Tourism). Tourism has indeed grown with remarkable speed during

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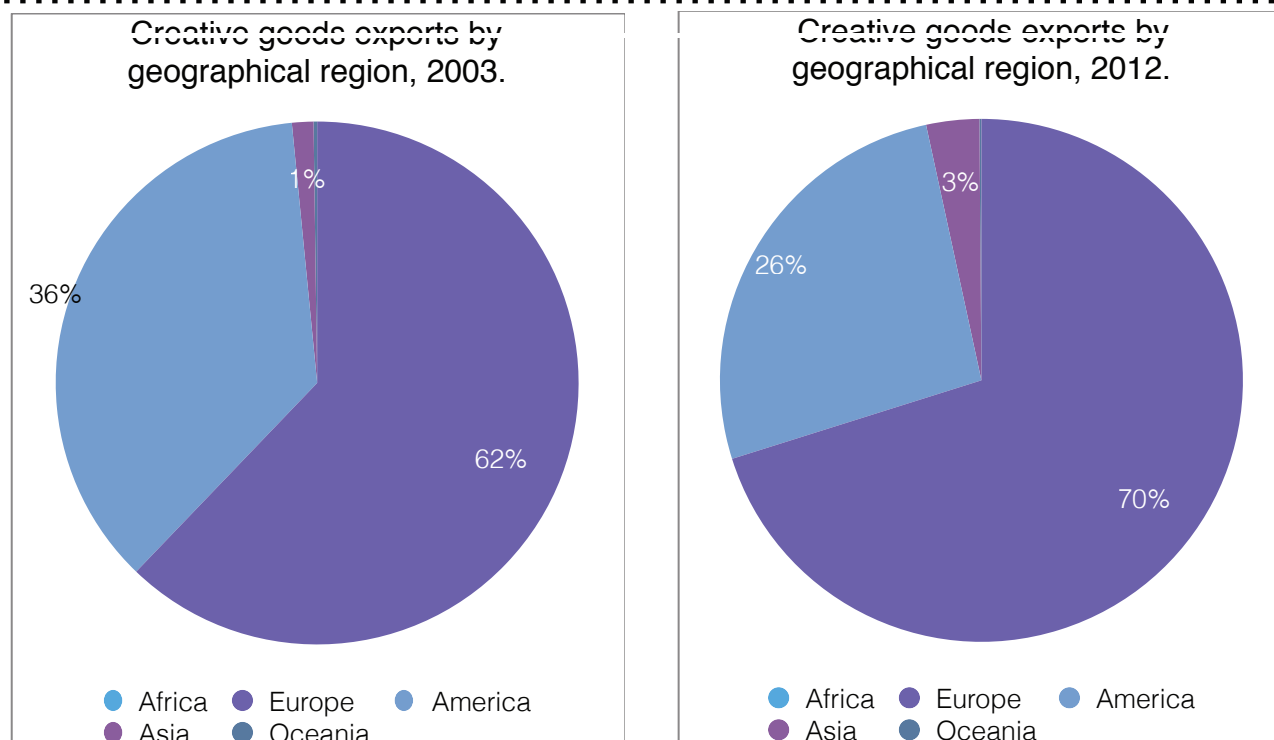
the last twenty years and has become one of the central pillars of the Icelandic economy. However, it has only recently been adopted as an economic development option in public discourse and has yet to be promoted as such in any coherent manner.

6. The most prominent link between Tourism and CCI - be it indirectly - is the initiative “Promote Iceland”: a public-private partnership established to improve the competitiveness of Icelandic companies in foreign markets and to stimulate economic growth through increased export.
7. At the heart of the Icelandic government’s vision is to support cultural and artistic life in harmony with contemporary trends with due regard to diversity, continuity, and the language, heritage and history of Iceland. Under this vision, the government aims to support the high-quality promotion of Icelandic culture abroad as well as international cultural cooperation.

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### Appendix A. Key Facts and Figures



TOP 10 EXPORT PARTNERS FOR CREATIVE GOODS, 2003 AND 2012								
2003					2012			
Values in Million US \$					Values in Million US \$			
Rank	Country	Exports	Imports	Balance	Country	Exports	Imports	Balance
1	United States	1.39	7.98	6.58	Denmark	2.01	9.71	7.70
2	Germany	0.63	10.56	9.93	United States	1.90	8.98	7.07
3	Norway	0.59	8.23	7.65	Sweden	1.45	5.33	3.89
4	Russian Federation	0.56	0.12	0.45	United Kingdom	0.72	11.09	10.38
5	Faeroe Islands	0.36	0.01	0.36	Norway	0.47	1.47	1.01
6	Denmark	0.31	16.24	15.93	Netherlands	0.36	2.52	2.16
7	Spain	0.27	2.65	2.39	Germany	0.31	10.63	10.32
8	Greenland	0.19	0.02	0.18	Greenland	0.22	0.00	0.22
9	United Kingdom	0.14	13.56	13.42	China, Hong Kong S	0.16	1.51	1.35
10	Sweden	0.13	6.84	6.71	Faeroe Islands	0.16	0.03	0.13

Source: [http://unctad.org/en/PublicationsLibrary/webditcted2016d5\\_en.pdf](http://unctad.org/en/PublicationsLibrary/webditcted2016d5_en.pdf)

## Appendix B. Key documents and sources

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Ministry of Industries and Innovation

Icelandic Tourist Board

Cycle arts and music Festival

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# NOTES

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