# 1.Introduction.

There are many wonderful places in the world. Various attractions make these places potential tourist destinations. Still, it is very seldom that some destinations become popular among tourists without a lot of planning work behind it. In order to optimise the benefits of tourism for a destination and prevent or at least mitigate any problems that might be generated, good planning and careful management of tourism are essential. (Inskeep 1991:16) To achieve success in destination development we should learn to analyse the situation. We should always think about what stage we are on now, where we want to go and how we can get there.

In this paper I will show the development over time of a small destination in Iceland. Myvatn area is a relatively new tourist destination but it has become successful due to the introduced innovations.

In the first chapter I will review the theory about destination development.

In the next chapters I will talk about the planning and development work which stood back Myvatn as a destination. I will also show the result of this development.

# 2. Destination development.

## 2.1 Butler’s concept

Several researchers have noticed that destinations go through definite phases in their development. The idea that destinations experience a process analogous to birth, growth, maturation, and perhaps decline or even death is embodied in the concept of the destination life cycle, suggested by Butler in 1980. Butler sequence is a S-shaped cycle model, which proposes that tourist destinations tend to experience five distinct stages of growth under free market and sustained-demand conditions (Weaver 2002:309):

* Exploration
* Involvement
* Development
* Consolidation
* Stagnation

Figure 1. The Butler sequence. Source: Weaver 2002:309

According to Butler, the exploration stage is characterised by very small numbers of visitors. The tourism “industry” as such is non-existent, no specialised services and facilities are established, not even accommodation for tourists. The tourists themselves are adventurous types who are drawn by what they perceive to be authentic cultural and natural attractions. These visitors arrive from a wide variety of sources, remain for an extended period of time and are not influenced significantly by any consideration of seasonality. (Weaver2002:310)

In the involvement stage the visitor numbers begin to increase slowly. The local entrepreneurs begin to provide services and facilities for tourists. They usually consist of small accommodation places, eating places, few small semi-commercial attractions and some simple guiding service. Still, at this stage the destination maintains local control over the situation. The economic status of tourism is insignificant for the destination. The impacts on the society and the environment are little. The area is just beginning to integrate into the tourism system. The factors that trigger a destination into the involvement stage can be either external or internal. Internal forces are the ideas and enthusiasm of the local entrepreneurs who realising the profit that tourists can bring start building and advertising facilities and services. External forces can be travel publications, recommendations of the tourists, who have been to the place, or just the promotion by tour agencies that for some reason begin to work with this new destination.

The development stage is characterised by rapid tourism growing and dramatic changes in all aspects of the tourism sector in the region over a short period of time. Local community loses control over the situation; larger, non-local companies gain control over the process, attracting tourists from all over the world. Large-scale accommodation places are built, attractions oriented for tourists appear. The destination is losing its authenticity and uniqueness.

The consolidation stage is characterised by a decline in the growth of the visitor arrivals and other tourism-related activity. The level of the tourism development begins to exceed the environmental, social and economic carrying capacities of the destination. The non-authentic attractions dominate, the tourism product is deteriorating. Tourists are losing interests for the destination.

Stagnation is characterised by further product deterioration. This stage can theoretically persist for an indefinite period, but it is more likely that the destination will experience either decline or rejuvenation. Decline happens when tourists are no longer satisfied with the product and the destination stakeholders do not make attempts to attract new groups of tourists or revitalise the product, or do not succeed in this. Besides, new competitors appear in the market. Scenarios of rejuvenation can be different. The most important is to change the product or to find other market segments for the existing product. In this paper I will not discuss the relevance and applicability of this model but I will use it to show the development over time of the destination Myvatn.

## 2.2 Planning process

Independent which stage the destination has reached, we need to plan thoroughly every next step. Tourism planning is necessary for the following reasons:

* Tourism has both positive and negative impacts on the economy, society and the environment.
* Tourism involves many other industries and planning is necessary to insure that every industry gets profit of its development.
* Tourism is still a new type of activity and many entrepreneurs have no experience in how to develop a destination.

In fact, according to Haywood, the evolution of tourist destinations can perhaps be anticipated and through planning, marketing and management techniques not necessarily decline. (Inskeep 1991:17)

The strategic planning is a complex process, which explains the steps a company should undertake to gain the desirable position. Here is a model illustrating it:

**The strategic planning process**

*The Mission*  Aims of the organisation What is it we want?

 *External analysis* Where

 Gathering information are

 *Internal analysis*  we now?

 *Strategic analysis and choice*  Decisions Where do we want to go?

 *Short term operating strategies*  How do we get there?

 *Implementing of strategies* Action

 *Control and evaluation* Did we get there?

**Figure 2.** Source: Lecture notes from Nordplus course in tourism planning, 2003, Iceland.

First of all we should formulate the aims of the organisation in a mission model. Then we should analyse the situation in the market and the product itself, or the resources we have if we don’t have any product yet. The following techniques are usually used to understand the present situation( lecture notes from NordPlus course in tourism planning):

* PEST analysis - political, economical, socio-cultural and technological uncontrollable factors in the macro environment.
* The analysis of the trends in the market
* The analysis of our competitors
* The product analysis with respect to the markets and the competition
* Consumer analysis- characteristics and behaviour of the customers and consumers.
* SWOT analysis (strength, weakness, opportunities and threats) –sums up and present the information collected and processed in the analytical process.

I will use these planning process models to show how the Sel Myvatn Hotel worked with the development of the destination Myvatn.

# 3. Development of the destination Myvatn

## 3.1 Presentation of the area

In my paper I want to study the development of the destination lake Myvatn in the Northern Iceland. We distinguish between point destinations, place destinations and region destinations(Sletvold 2000:267). Myvatn is rather a region because there is a lot of unique about the lake as well as in the surroundings. Lake Myvatn is the country’s fourth largest natural lake, 36.6 km² (www.goiceland.org). It is renowned for wildlife. This area is extremely volcanic, which explains the mountain formations around the lake. Nine eruptions took place there during the period 1975-1984; at that period there were a power station on the volcano. The lake area is known for its exceptionally many breeding duck species (15); it is thought to nest more species of duck than any other place in the world (www.nat.is/travelguideeng/myvatn). The lake’s surroundings show such variety in landscapes and amazing geological formations, that the visitors have to spend several days to enjoy them fully. Bubbling mud flats, lunaresque volcanic craters, newborn lava fields, and grassy shoals teeming with waterfowl; these are among the sights of Myvatn. Dimmuborgir, on the East side of the lake, is a badlands of lava pillars, some of which reach 65 feet in height. Just north is Hverfjall, a smooth, stadium-shaped volcanic cone that formed during eruptions 2,500 years ago. One of the most bizarre attractions in the region is the mud pits of Haverarond, which are so hot that they actually boil. Far cooler are the waters of Viti, an explosion crater nearby, which was formed in the 1724-1729. Another unforgettable sight near Myvatn is Eldhraun (“fire lava”), an absolutely barren lava field where the Apollo 11 crew came in the late 60’s to train for their impending moonwalks. There are also numerous bathing possibilities in Myvatnsveit. The most interesting ones are the Lagoon, which is similar to the Blue Lagoon near Reykjavik, and for rinsing off the clay afterwards there is a natural steambath in Jarðbaðshólar (www.nat.is/travelguideeng/myvatn). It is an old site where hot steam rushes out from the core of the earth and has been used for bathing for ages.

Myvatn has about 470 inhabitants, of which approximately 200 live in the village Reykjahlið. Before people used to live on the proceeds of the land farming and fishing for trout in the lake but it has changed radically in the last few decades. A diatomite factory was established in the late sixties and soon became the biggest source of employment in Myvatnssveit. The geothermal power plant at Krafla also provides for quite a few positions for the locals and tourism is a steadily growing business.

## 3.2 Development of the destination

In 1974 the lake was declared a national conservation area, and since then Icelandic tourists has begun to go there. The period of the exploration started then. The lake is very unique and there are lots of tourism resources. Still, at the beginning the region was not known. The few visitors, drawn to Myvatn by its natural attractions, were mostly geologists, biologists and other scientists. A number of Icelanders also came to the region to enjoy the nature. But the area was not adjusted for tourism. Accommodation could be only found in the nearest towns. Tourists had to arrange the trips on their own (from the interview with Sel Myvatn Hotel manager).

In the 1990’s the involvement stage began. I could not find any information about the outer trigger factors, like presentation of the area in media in that period. But I hold to the opinion, that the inner trigger factors were determinant. The local people saw the possibilities of tourism and started to build hotels, restaurants, camping sites. There were open car rentals, grocery shops, petrol stations with car washes, swimming pools. Simple sightseeing possibilities appeared. These are the first signs of the involvement stage in the destination development, according to the Butler’s model.

Although there are several companies offering accommodation, catering and sightseeing tours around Myvatn, I am going to base my study on the Sel-Myvatn Hotel. This company is the most responsible for the development of tourism in the region. I could say this company is the most successful one in the region. Their activities allow getting to know the whole area of Myvatn. So I believe the activity of this hotel and the statistics of their tourist arrivals reflect the development of the destination on the whole.

In 1997 the future management of the Sel-Myvatn Hotel in co-operation with Sport-Tours (Sportuð) in Akureyri, Northern Iceland, started to build the hotel and work with the activities to attract tourists to Myvatn region (from the interview with the hotel manager). From marketing we know the following four strategies:

Ansoff’s model

|  |  |  |
| --- | --- | --- |
|  | Existing markets | New markets |
| Existing products | Penetration | Market development |
| New products | Product development | Diversification |

**Figure 3.** Source: Kotler 2003:88

It is natural to start with product development if a completely new product is to appear. The work of Myvatn hotel staff is a part of the destination development because the activities they have introduced attracted tourists to Myvatn. Their mission was to attract tourists to Myvatn.

Having analysed the situation the company saw the following resources:

* Unique nature in the Myvatn area
* Snow and ice in winter season
* Northern Lights
* A special race of horses, Icelandic horses, which look like pony
* Spa resources like silica mud, clean air, hot springs.
* Marimo, unique lake balls which can only be found in Lake Myvatn and in Japan where they are sacred

As we see one can develop several tourist products based on these resources. The company’s strategy is formulated in this slogan “From hotel to activities”. They decided to become the best company offering activity tourism in Iceland. Since the year 1998 they have worked with different activities on Myvatn. In 2000 the hotel was open. The main focus has been on the Arctic Garden. This is a project run jointly by Sel-Hotel Myvatn and Sport-Tours. The resources that the project is based on are the nature of the lake Myvatn as well as the lake itself in wintertime. The aim is to develop some products that are based on those elements in order to attract tourists to the area during the low-season. The Arctic Garden is a collective term which includes the various kinds of winter recreation that Sel-Hotel Myvatn offers and that are primarily based on ice and snow (www.myvatn.is). The main theme for the Arctic Garden is to work with Lake Myvatn when frozen and therefore bowling, cricket, golf and go-cart have been developed as ice-sports. The location for these activities is a creek at Stakholstjorn which is related to Lake Myvatn. This winter, 2003, a restaurant seating 60 guests, will be built, using snow as building material. The restaurant will be built in cooperation with Absolut and is therefore called the Absolute Ice Restaurant. At first it will be a cocktail restaurant and a bar, but in the future it is going to be a restaurant which offers a number of specially designed meals.[[1]](#footnote-1)

Myvatnssveit, the neighbourhood of Lake Myvatn, offers some of the most spectacular scenery in Iceland which is highlighted even further by its snowy winter appearance.

It is possible to rent ice-skates, skis and snowmobiles at the hotel, where the headquarters of the Arctic Garden are. Diverse excursions are available either with jeeps or busses. All the security equipment is available at the hotel. The main emphasis of all these activities is recreation on the ice. Every winter weekend there is some arrangement on Myvatn. The main idea is to make people love winter.

## 3.3 Situation today

During the last 5 years the company has developed a number of tourist products both for the summer and winter seasons. (see attachment) The number of arrivals has increased significantly. The mission to attract tourists was fulfilled. The destination Myvatn is becoming popular. 85% of the hotel guests are foreign tourists, which is due to summer guests. In low season it is mostly Icelandic tourists, although there are coming more and more guests from France and the UK. The average length of staying is 2 nights in summer season and 2.5 nights in winter season. The company has been cooperating with Icelandic travel agencies from the very beginning. They take also part in travel fairs abroad. Scandic Tours, the second big tour operator in France, is selling Myvatn tourist products in France ||(from the interview with the hotel manager).

I presume that destination Myvatn is coming through the involvement stage, according to the Butler’s model. The following signs of this stage are obvious in the area:

* The rate of growth in visitation is relatively low for the region. The destination is still not widely-known in the world
* The attractions are mainly natural, authentic.
* The local actors are controlling the situation
* The tourism is a supplementary industry in the region. The most important industry for the region’s economy is still the silica fabric, producing silica algae.

I have also noticed some signs of the development stage, which means that the next stage is not far off. Although the main emphasis is the natural attractions of the lake Myvatn, the activity attractions are commercial. Myvatn is just used as arena for different sport activities and games. The environmental stress is still low; the tourism actors do not have any environmental policy. But the concern for the environment is increasing. The introduced activities can damage the nature on Myvatn, e.g. jeep driving, snow mobiles, go kart. In a short period of time the tourism actors on Myvatn will have to take into account the carrying capacity of the region.

To show the situation today I have made the SWOT analysis.

The **strength** of the destination:

* Myvatn is a unique area because of its nature and geology.
* There is a variety of tourism products in the area for different groups of people.
* The area is safe, quiet and relaxing
* The weather in summer is very mild
* The local people have knowledge of the area
* Myvatn is a new place for most people
* The service quality is good

The **weakness** of the destination:

* Accessibility: Myvatn is a far away place for foreigners. Lack of efficient transportation to the lake.
* Iceland is an expensive country
* The activities on Myvatn are not for everyone, because of the weather. This is more tough- guys- holidays than family holidays.
* The local actors are not well educated in tourism
* Changing weather in winter
* There is little cooperation between the local actors.
* The marketing is left to the travel agencies, lack of promotion from the local actors.
* There is no environmental policy in the region.
* The activities depend on snow too much

The **opportunities:**

* People today prefer activity tourism
* Icelandair is lowing prices for transportation from abroad
* Co-operation with the bus companies in the neighbouring Akureyri
* Holidays for Icelanders who are getting tired of the resorts near Reykjavik
* Using Icelandic history as a resource for new activities/games
* Japan is a potential new market. Marimo are valued a lot in Japan, but today there are few places in that country, where one can see them, and those places are strictly protected.

The **threats:**

* The policy of the Icelandair (cheap packages for foreigners including the flight and staying at a hotel in Reykjavik)
* Approaching the carrying capacity of the area, what will lead to extra protection in the region
* Changing weather and global warming. Last winter was almost without snow in the area. The winter activities were not possible.
* Competition with the destinations in the south Iceland

This is the situation for today. How the region will develop in the future is an open question.

# 4. Conclusion.

I have shown the development of the destination Myvatn over the time. The destination has come through definite changes, from a place known only to specialists to a popular tourist destination, especially in winter season. Still, tourism in the region has some problems. The competition is growing and the transportation to Myvatn is complicated. I think that the next step is to define market segments and offer them different product ranges. It will be another strategy according to the Ansoff’s model: market penetration. It is also possible to promote the product to new markets (market development), like business people or schoolchildren. Development of new products is an alternative as well. I suppose such activities as ice-hockey or curling in the open air would be popular. But how the destination will be developing depends on the tourism actors.

1. The restaurant was almost ready built last winter but all the snow melted off in the region due to the mild weather in February-March. [↑](#footnote-ref-1)