



# Target Group Analysis for Iceland tourism

2022

 Business Iceland

Visit  
Iceland

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# PROLOGUE

Determining Target groups for Icelandic Tourism is part of knowledge-building within the tourism industry and building a solid foundation for tourism in Iceland. This project aims to develop tools for targeted and effective marketing of Icelandic destinations abroad. Companies and other stakeholders within the tourism industry can refer to these target groups in their marketing and product development. Last but not least, this project will assist travel agents, tour operators, marketers, support staff, the government, and investors in making more informed decisions to increase Iceland's long-term profitability and sustainability. This project is a continuation of the target group work presented in 2017 for Iceland as a destination.





# METHODOLOGY

The target groups were segmented by a statistical method called factor analysis. This methodology is based on how different answers are correlated to each other. The segments are then prioritized by the likelihood of choosing Iceland as a destination, sustainability motivations, and willingness to travel off-season and to different regions.

Seven thousand travelers in seven markets (The United States of America, Canada, United Kingdom, France, Germany, Sweden, and Denmark) were researched by Maskina with an online survey in March 2022. Business Iceland also conducted stakeholder workshops and interviews from January to March 2022.





# HOW TO USE THIS DOCUMENT

This document will help you confirm your ideas and guesses about the market and your clients. Before we start, it is essential to understand how best to use the analysis of target groups for your product's development, marketing, and sales. It is good to keep the following in mind:

## 01

### **Define your ideal clients**

Write down a description of your current clients, products, and unique selling points. On page six, you will find an exercise that will help you determine what target groups best suit the experience you offer.

## 02

### **Develop high value experience**

Rate your company's current services based on the needs and values of your target group and suggest improvements and additions. Maximizing the experience you can offer your clients will increase their satisfaction and your company's competitive edge.

## 03

### **Deliver the right marketing**

It is essential that the target group understands what you offer and finds it desirable. Describe how your product solves your audience's needs, specify how you are different from the others, and how they can buy it. Adjust your content and promotion to the media the audience uses, further illustrated in the analysis.

# 01 DEFINE YOUR IDEAL CLIENTS

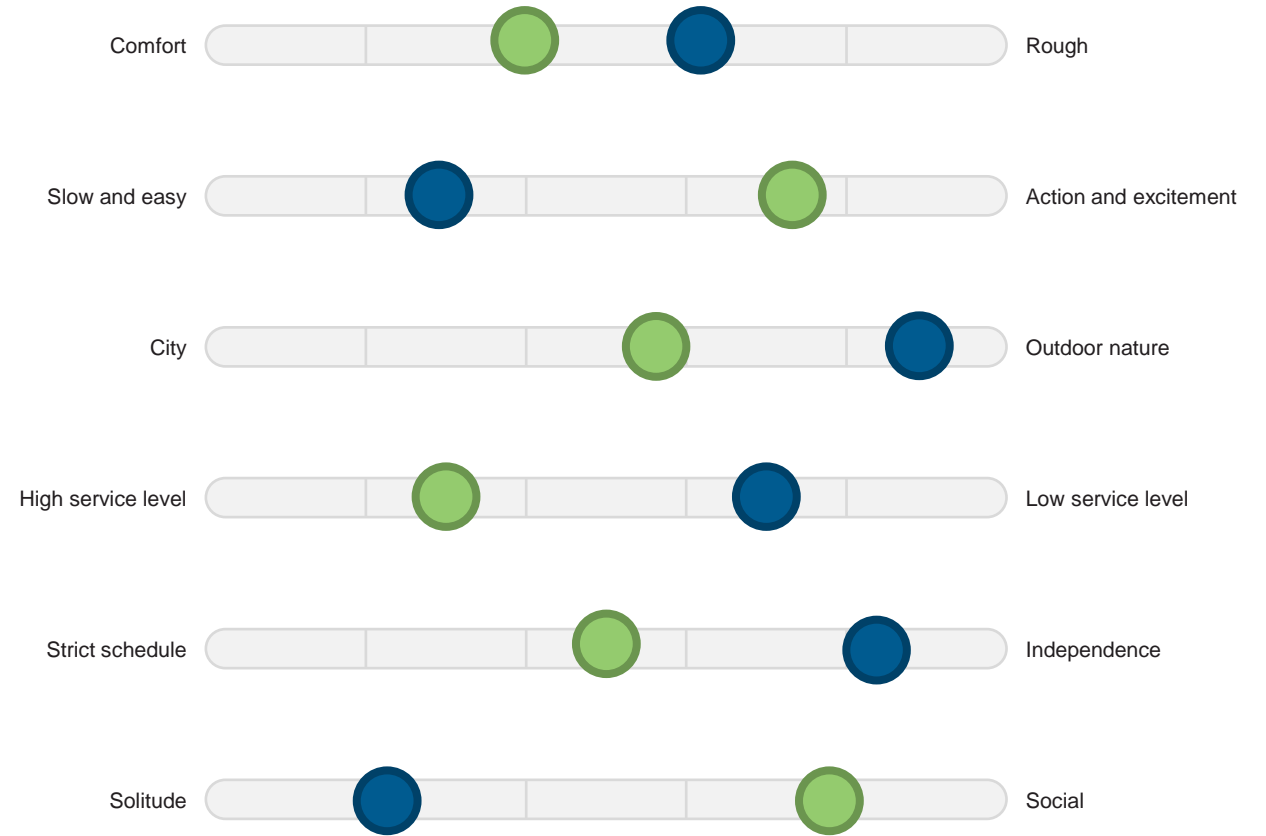
Use this simple exercise to compare your products and services with the target groups. Each target group (represented by a corresponding color) is placed on a range with opposite motivational factors. Choose how each factor applies to your product or service and notice what target groups align with that conclusion. By the end of the exercise, you should have a better sense of which target groups are more motivated to experience what you have to offer.



**FUN-LOVING  
GLOBETROTTER**



**INDEPENDENT  
EXPLORER**



## 02 DEVELOP HIGH VALUE EXPERIENCE

Examine your target groups and try to answer the following questions:

- What are their needs and aspirations when they travel?
- What does my business offer better than others that meet those needs and aspirations?
- What can my business cut out that is not adding more value to their experience, and what can it improve?
- Are there similarities in your customers' background (e.g., age range, income level, education, culture)?

Restructure your product or service offering, considering the answers to the questions above. Decide what type of package you want to offer (the size of the group, accommodation, recreation, food, partner companies) and the price.

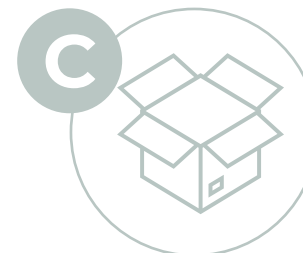
Try to stand out from the competition and focus on the things your company does better than anyone.



**Go through the report and examine and understand your ideal clients' needs and aspirations**



**“Bridge the gap” between your customer’s needs and what you can offer better than competitors**



**Package the experience and decide the appropriate price**

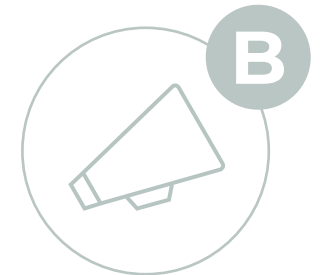
## 03 DELIVER THE RIGHT MARKETING

The target group must understand what your company offers and find it desirable. Describe the experience and explain why it suits the target group and how you are different from the competition. Adjust your content and promotion to the media the audience uses, further illustrated in this report.

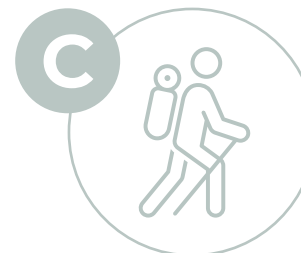
For example, it is often best for social media to keep the text concise and build trust instead of being too sales-driven and detailed. On the other hand, you want to focus on sales conversion and give details about the product and how to buy it on your company's website. Look at the customer journey from the first time they notice your company to the end of the travel when they've returned home. Each step of their trip gives different opportunities and mediums for your company to communicate and connect with your customers.



**Bring your product to life with rich description that connects with your customer's needs and values**



**Adjust your content and promotion to the media the audience is using**



**Build a communication strategy looking at the whole customer journey**



# Guiding light in marketing

The following is the guiding light in marketing for Iceland as a destination that Visit Iceland uses to develop strategic and creative work for its marketing.

Iceland.

It's not a destination. It's an idea.

The idea that there's more to travel than a stamp in your passport.

It's an investment in ourselves. A key to our well-being.  
An opportunity to grow.

Iceland is the idea that no matter the season or region you can always forge your own route, one where the unexpected is to be expected around every corner.

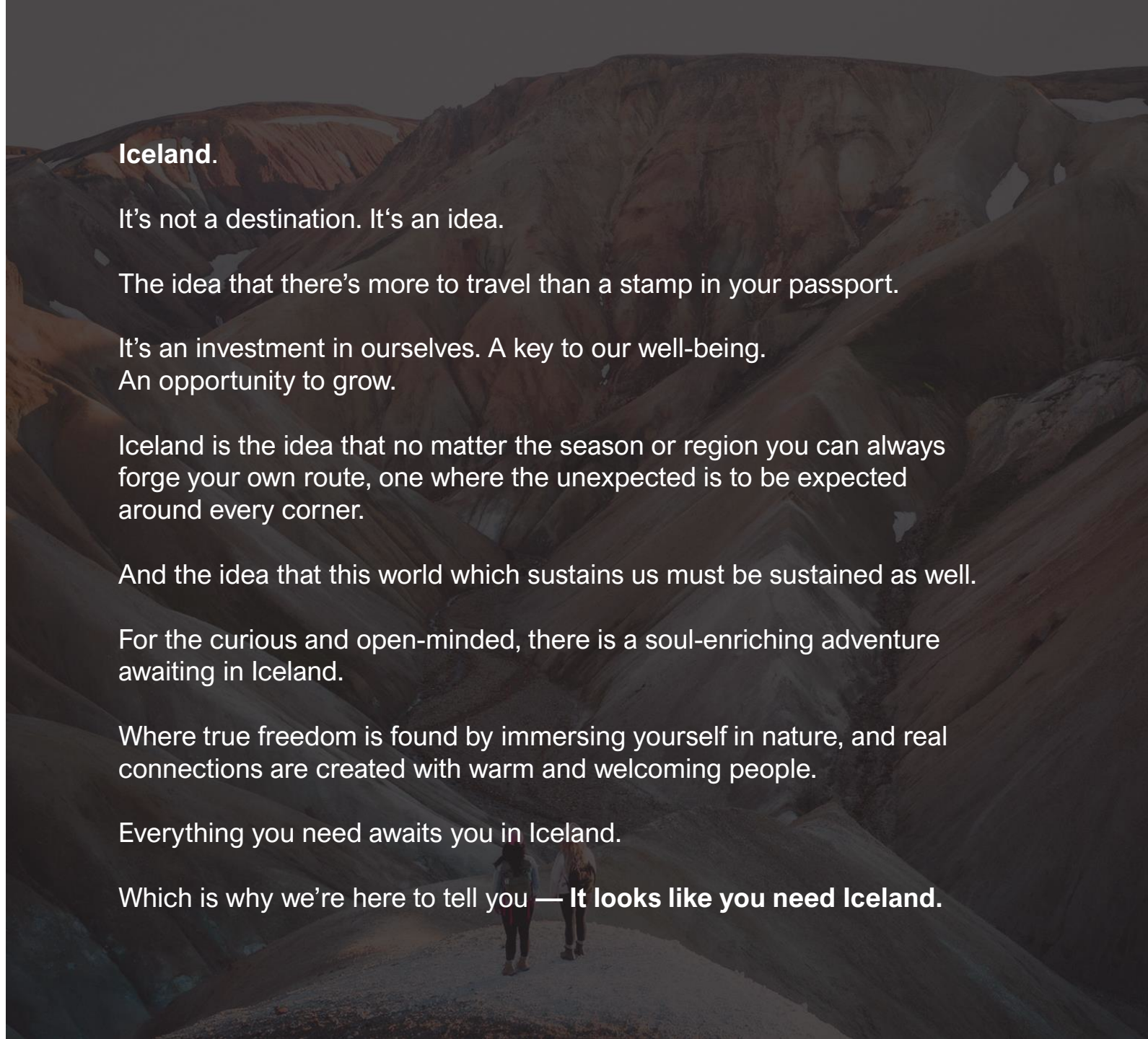
And the idea that this world which sustains us must be sustained as well.

For the curious and open-minded, there is a soul-enriching adventure awaiting in Iceland.

Where true freedom is found by immersing yourself in nature, and real connections are created with warm and welcoming people.

Everything you need awaits you in Iceland.

Which is why we're here to tell you — **It looks like you need Iceland.**

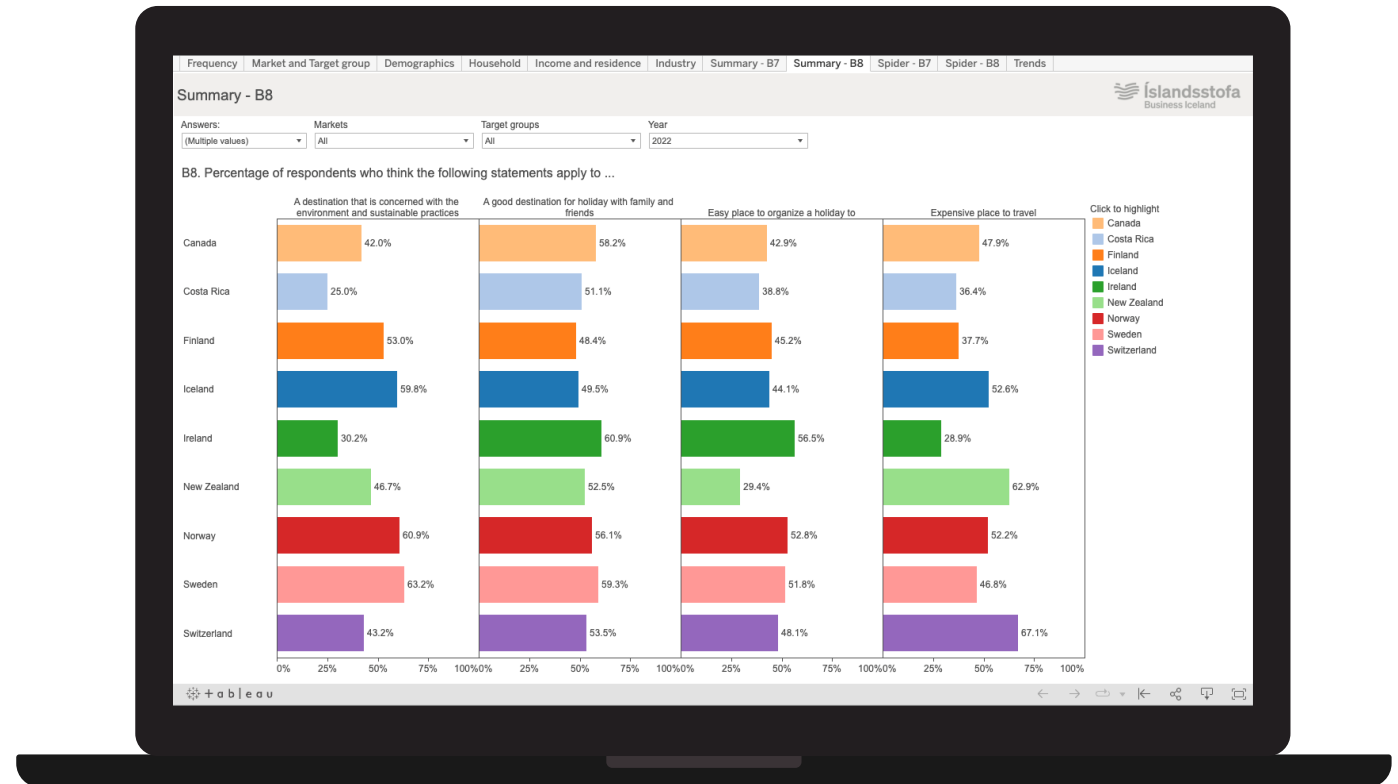




# Market research

Business Iceland conducts market research amongst consumers annually in seven markets (USA, Canada, UK, Germany, France, Denmark, and Sweden). The results include over 30 questions about Iceland and Icelandic products and services and are available online, which can be filtered by market and target group.

You can view the research [here](#).



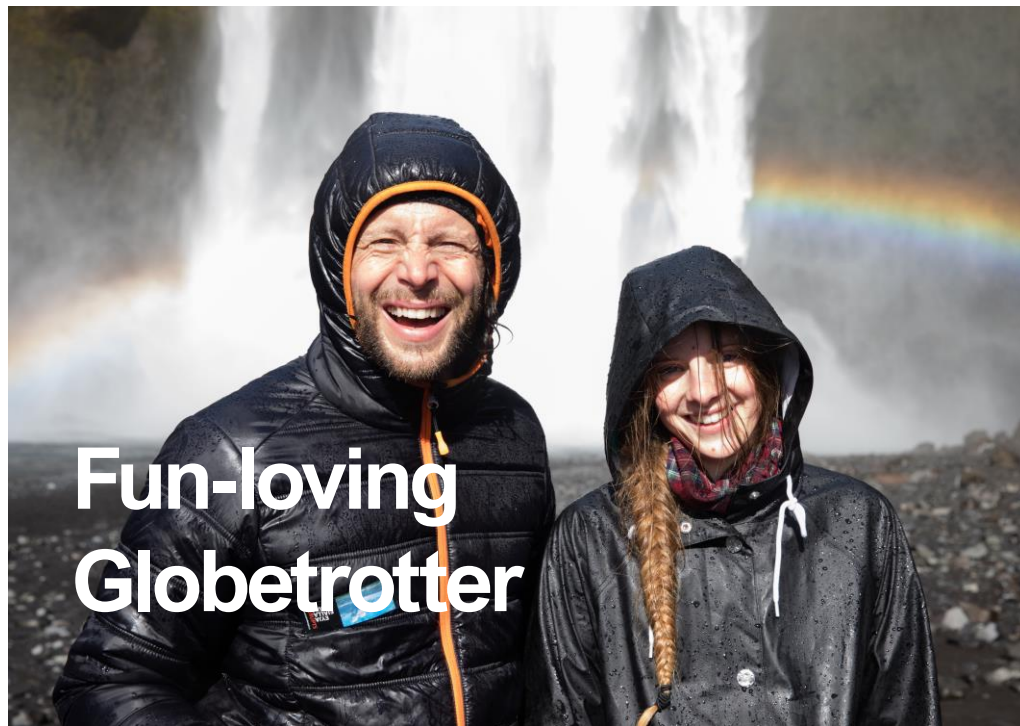


# TARGET GROUPS



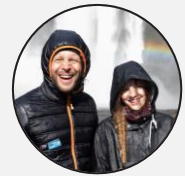
# TWO INTERNATIONAL TARGET GROUPS

This document outlines the preferred target groups of global travelers for the Icelandic tourism industry: The Fun-loving Globetrotter and the Independent Explorer. The target groups have been analyzed depending on their lifestyle, personality, and how they meet the needs and goals of Icelandic tourism. These are primarily travelers with higher salaries that travel at least once per year and are always searching for new experiences and destinations. They want to connect to the local culture and respect the environment. Although they are different in many ways, they can be defined by the experiences they search for and their lifestyles. Hereafter, we shall draw up a clear picture of each target group. The later part of this document will give a general overview of each source market.



# MARKET OVERVIEW

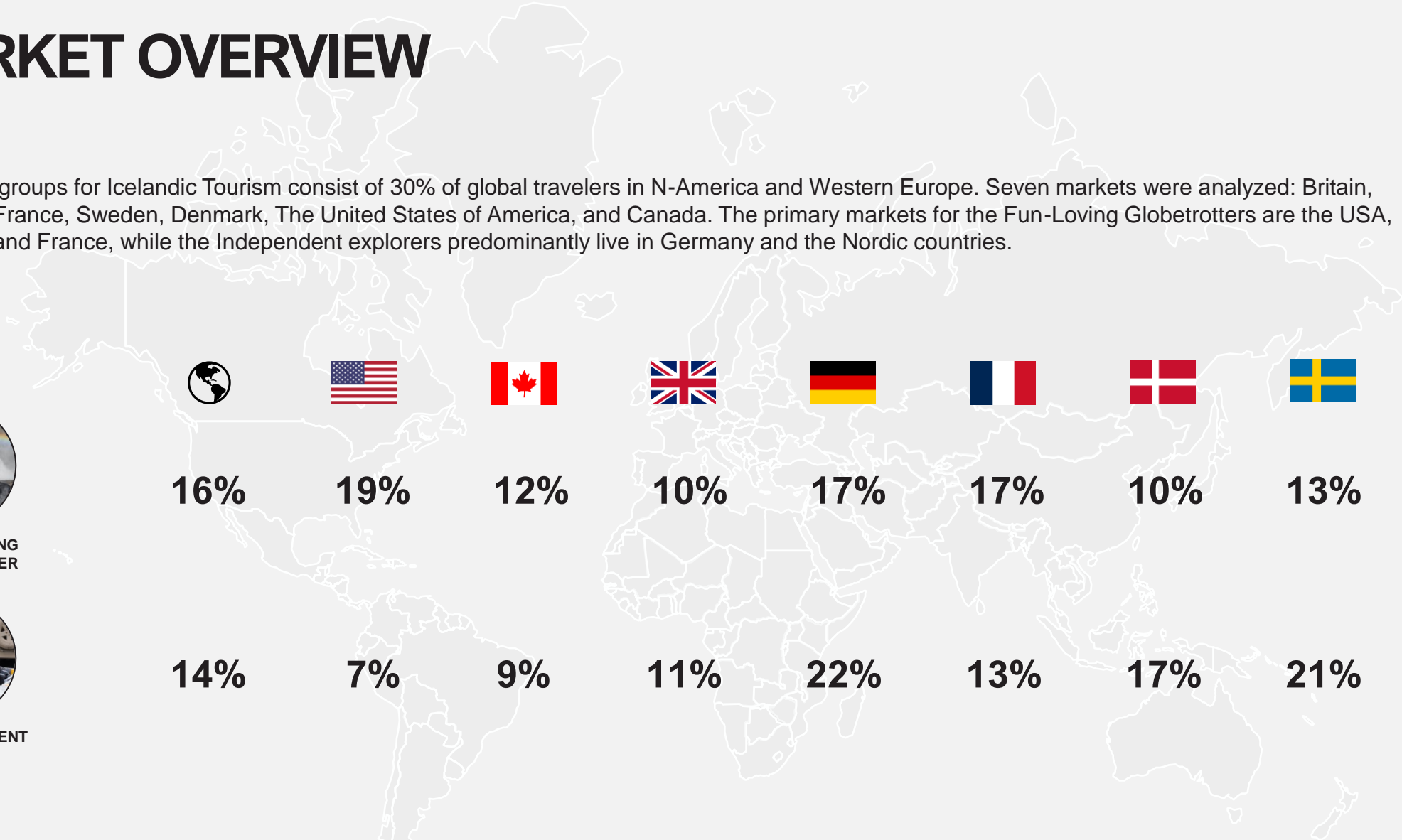
The target groups for Icelandic Tourism consist of 30% of global travelers in N-America and Western Europe. Seven markets were analyzed: Britain, Germany, France, Sweden, Denmark, The United States of America, and Canada. The primary markets for the Fun-Loving Globetrotters are the USA, Germany, and France, while the Independent explorers predominantly live in Germany and the Nordic countries.



THE FUN-LOVING  
GLOBETROTTER



THE INDEPENDENT  
EXPLORER

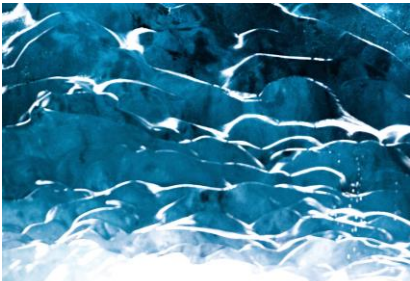




# FUN LOVING GLOBETROTTER

16% of global travelers

Young (concentrated U40), less limited by possible health risks of travel and more confident in their ability to navigate new risks and restrictions. Passionate about travel and tech-savvy. Affluent and willing to purchase vacations ahead of time, prioritizing vacations with natural beauty, hiking, and eco-tourism. They are significantly less likely to prefer a beach or busy city vacation and are more likely to vacation in the Nordics. Adventurous within sensible limits. Travels in the present and seeks to experience the authentic local atmosphere and culture first-hand. Authenticity is also essential to them when it comes to messaging.







# FUN LOVING GLOBETROTTER

## TRAVEL BEHAVIOUR



### Type

I love traveling and appreciate a challenge. I enjoy experiencing new things and seeing the world. Traveling is a lifestyle, and I like socializing with other people in-person and online. The journey is stimulating, and unfamiliar destinations fascinate me. I enjoy learning about each destination I visit and connecting with the locals. I like to keep up with what is fashionable when it comes to clothing and style, and I buy brands that other people would recognize as aspirational.



### Planning

I'm tech-savvy and will use online travel agencies and booking sites to research prices and good deals. I like to browse through social media and online travel sites for inspiration. Recommendations from other travelers are essential to me during decision-making, and I use TripAdvisor and similar websites. I'm looking to travel to Iceland with my family or partner.



### Experiences

I prefer holidays that are full of action and excitement. Spending time in the outdoors and natural landscapes thrills me. I am happy to "rough it" on holiday to have a more authentic experience. My friends would describe me as sensible, but I love to be out of my comfort zone and experience new things. I enjoy tasting local cuisine and talking to the locals to see the world in a new way with their eyes.



### Accommodation

I choose quality and modern accommodation, but the adventure and story of the journey have the final say about where I spend each night. I enjoy staying somewhere that has a special connection with the area or is part of its history, and I enjoy meeting other travelers.



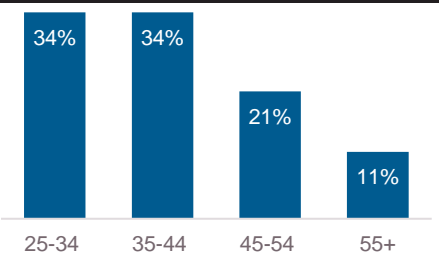
# FUN LOVING GLOBETROTTER

## DEMOGRAPHICS AND BEHAVIOUR STATISTICS

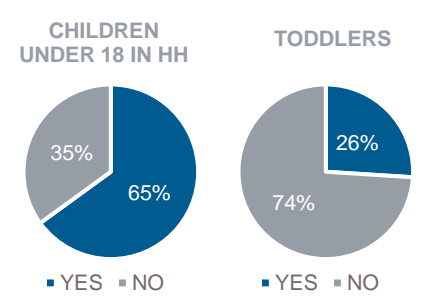
### GENDER



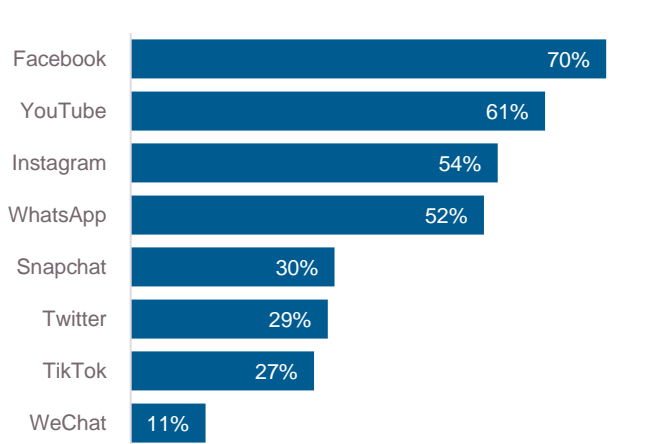
### AGE



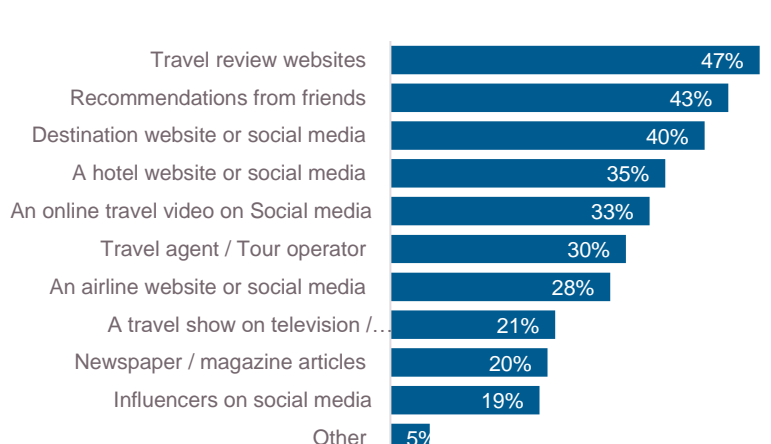
### HOUSEHOLD



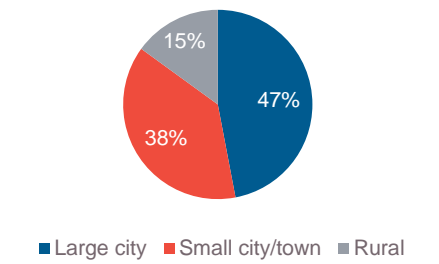
### SOCIAL MEDIA DAILY CONSUMPTION



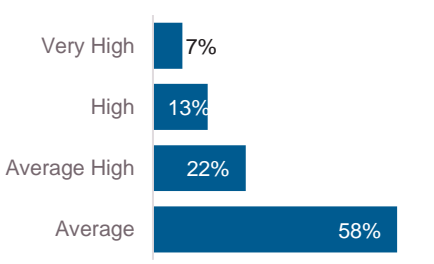
### TRAVEL INSPIRATION



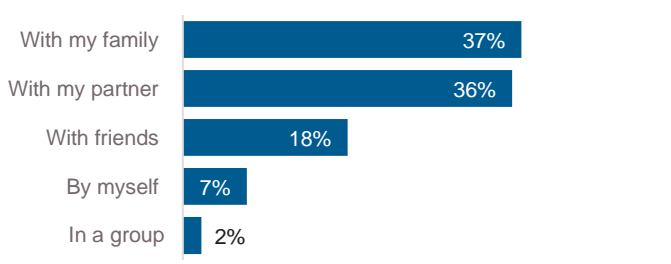
### TOWNSHIP



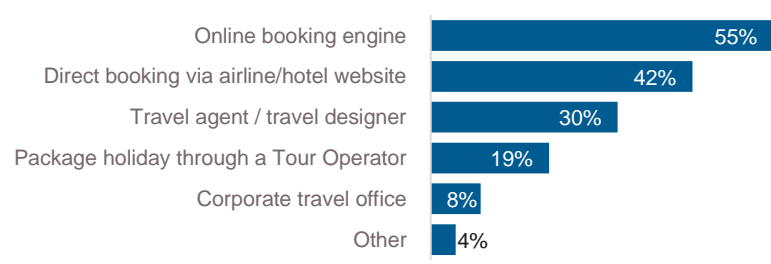
### INCOME



### TRAVEL GROUP TYPE



### TRAVEL BOOKING



# INDEPENDENT EXPLORER

14% of global travelers

Seasoned traveler (40 years or older). Does not want a typical or over-planned itinerary and are happy to put in more effort than other travelers to have authentic and new experiences. The Independent explorer chooses to travel in a smaller group, most likely with their partner, where genuine Icelandic experiences matter. Seeks out opportunities to learn about the culture and history of the destination and travel in an eco-friendly way. Is much less likely to use social media for communication.







# INDEPENDENT EXPLORER

## TRAVEL BEHAVIOUR



### Type

I desire to get away from my daily routine and experience something new. I travel to see different and unfamiliar things. I find destinations in the North charming and do not need warm days and sunshine. I like to learn about the destination I visit and prefer to blend in with the locals than feel like a "tourist." I like "real" communication instead of "social media." I am not concerned about others' opinions on what brands I use.



### Planning

I prefer to travel in a small group, most likely with my partner and do not like being surrounded by tourists. I want free time, do not appreciate an over-planned schedule, and do not need much guidance. I dislike being in a hurry or under pressure when I am traveling. I am ready to pay for goods and services that meet my needs and have practical value. I'm open to doing a stop-over in Iceland while I travel to other countries on a connecting flight.



### Experiences

I want to experience something different that is off the beaten track but not something too challenging physically. I want to travel on my terms, get in touch with nature, and have enough time to learn at a museum or place of historical interest. I like to get to know the local culture and traditions, taste the food, chat with the locals and see the world in a new light from a local point of view.



### Accommodation

I am pragmatic and don't want to spend more than necessary. Smaller hotels or guesthouses with a unique or historical connection to the area appeal to me.



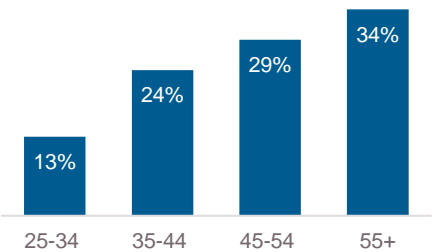
# INDEPENDENT EXPLORER

## DEMOGRAPHICS AND BEHAVIOUR STATISTICS

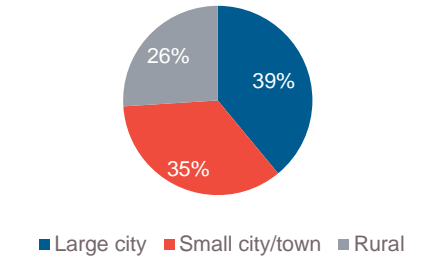
### GENDER



### AGE



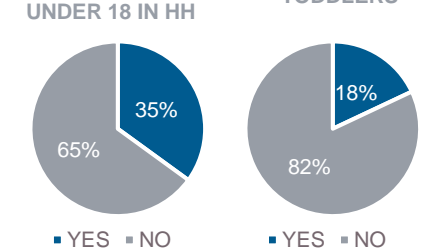
### TOWNSHIP



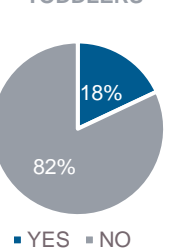
### HOUSEHOLD



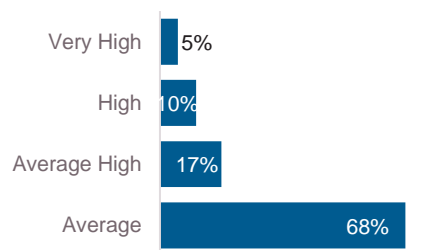
### CHILDREN UNDER 18 IN HH



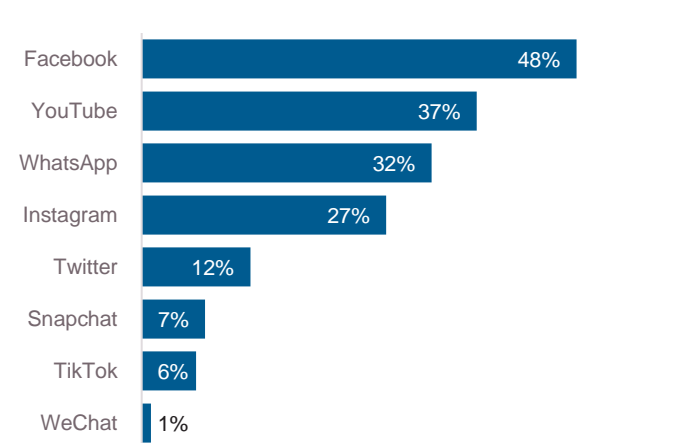
### TODDLERS



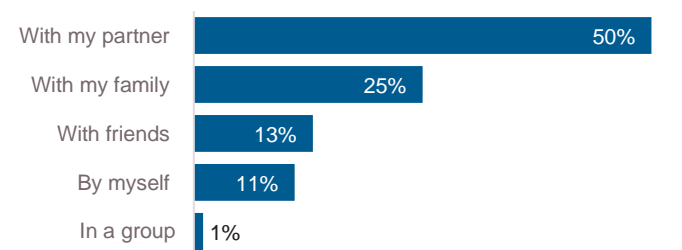
### INCOME



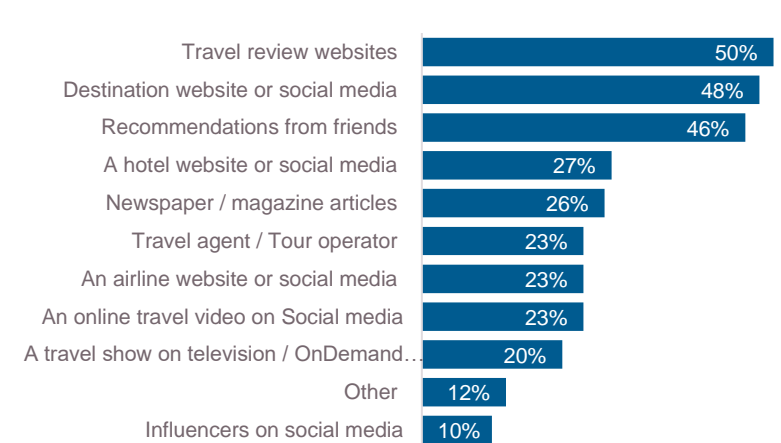
### SOCIAL MEDIA DAILY CONSUMPTION



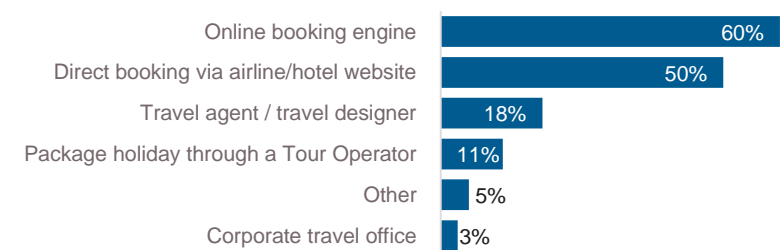
### TRAVEL GROUP TYPE



### TRAVEL INSPIRATION



### TRAVEL BOOKING





# TARGET MARKETS





# USA

Source market profile

## Average length of stay



5.2 nights  
29% YOY 2019-2020

## Likelihood of return visit



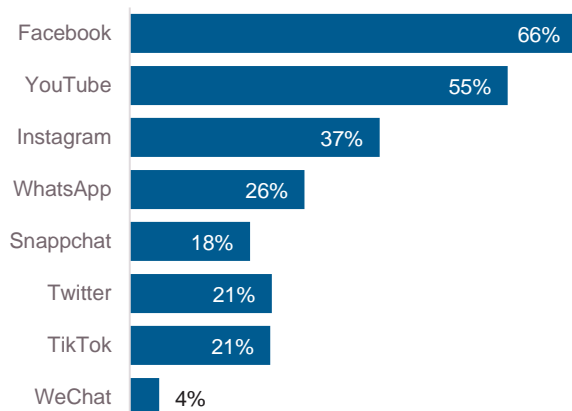
84%  
of visitors in 2020

## Main Iceland travel months

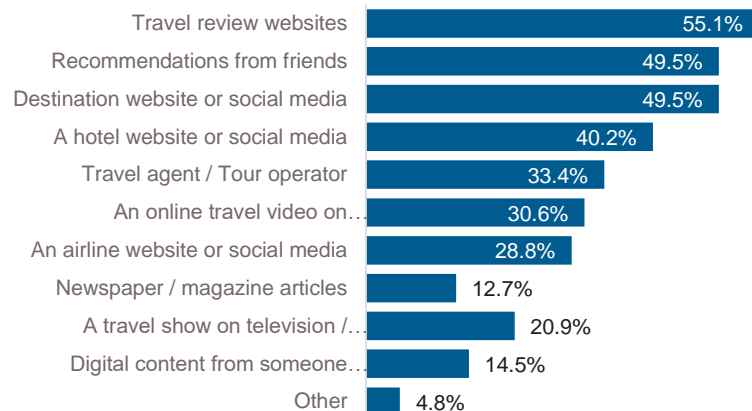


Jun-Oct  
Average 2017-2019

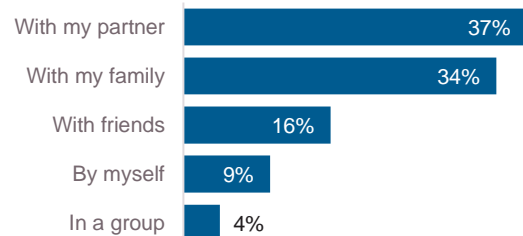
### SOCIAL MEDIA DAILY CONSUMPTION



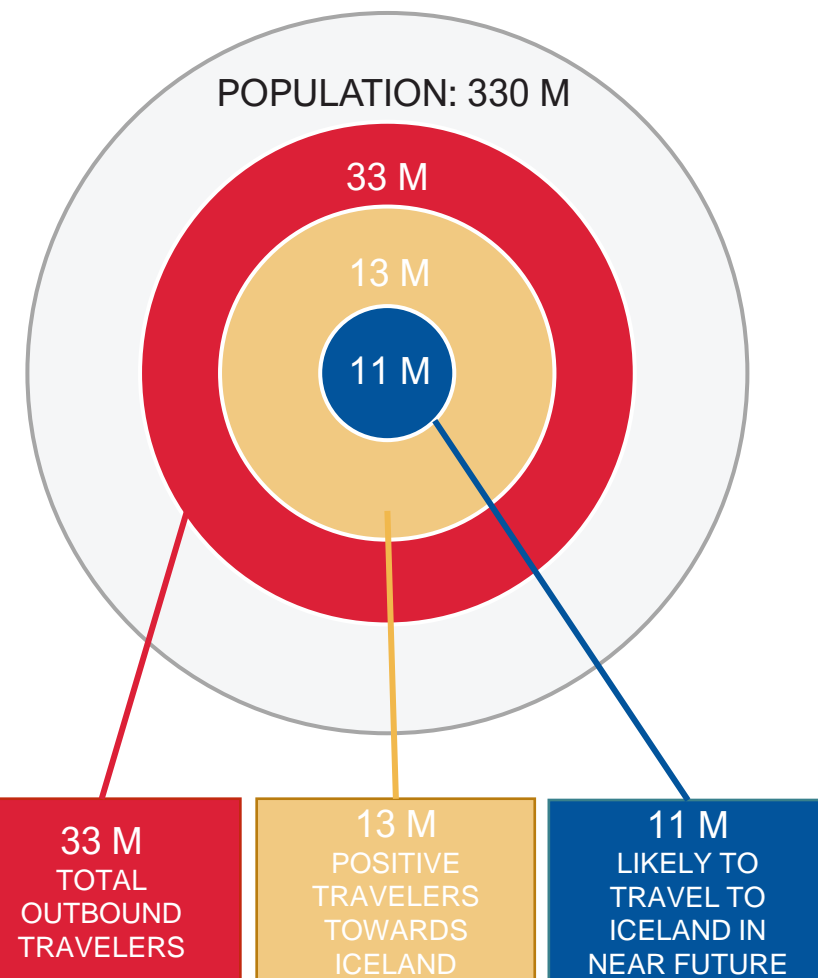
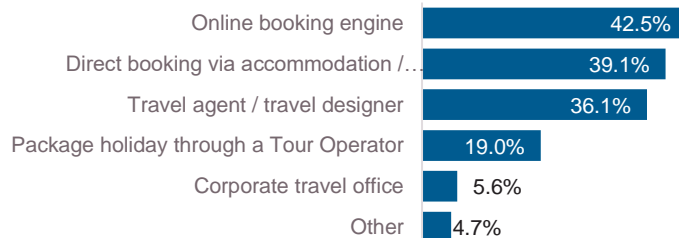
### TRAVEL INSPIRATION



### ICELAND TRAVEL GROUP TYPE



### TRAVEL BOOKING





# Canada

Source market profile

## Average length of stay



2.6 nights  
1% YOY 2019-2020

## Likelihood of return visit



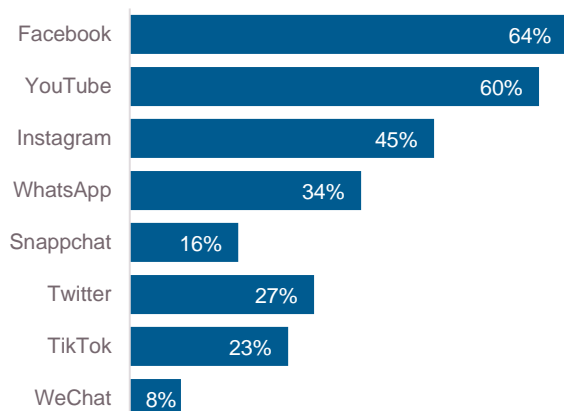
82%  
of visitors in 2020

## Main Iceland travel months

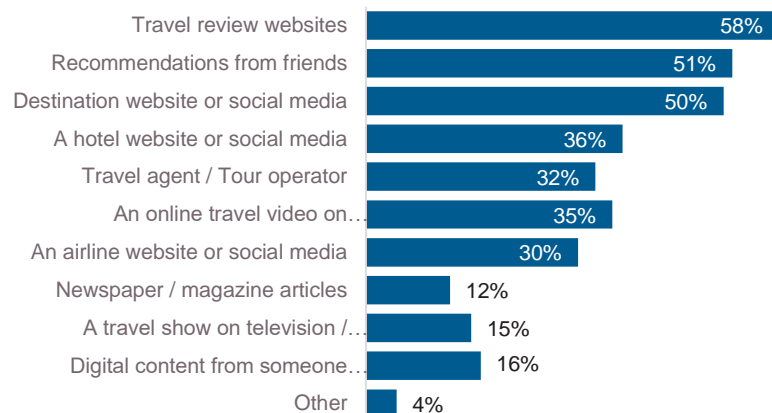


May-Oct  
Average 2017-2019

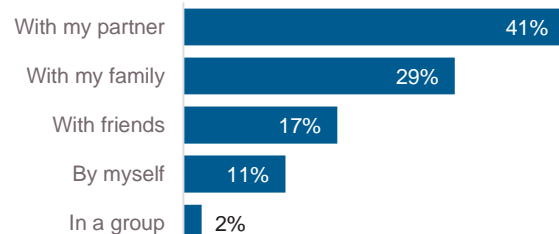
### SOCIAL MEDIA DAILY CONSUMPTION



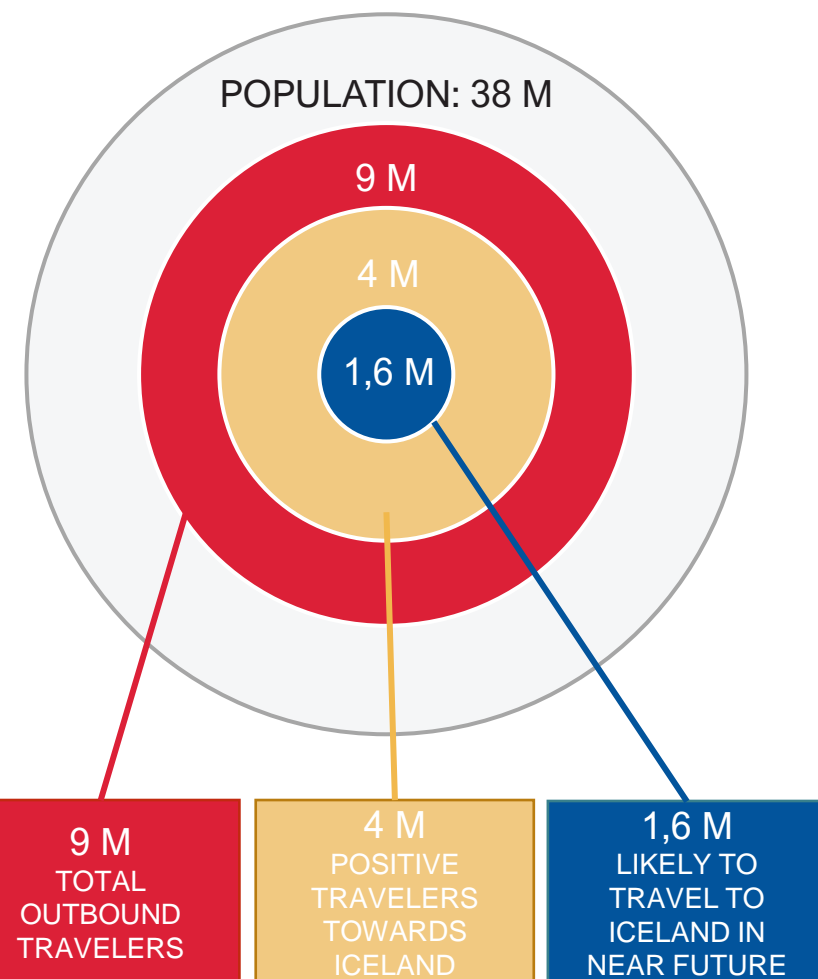
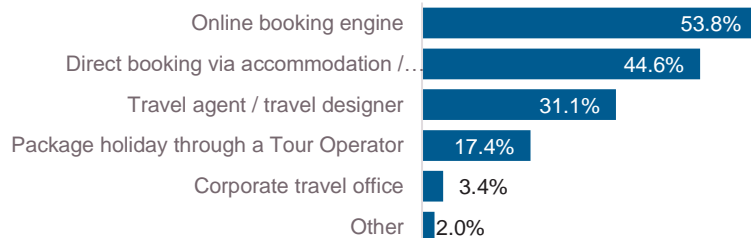
### TRAVEL INSPIRATION



### ICELAND TRAVEL GROUP TYPE



### TRAVEL BOOKING





UK

Source market profile

## Average length of stay



3.4 nights

-1% YOY 2019-2020

## Likelihood of return visit



79.2%

of visitors in 2020

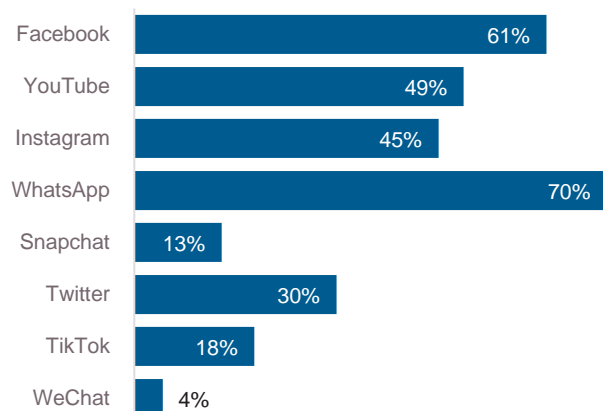
## Main Iceland travel months



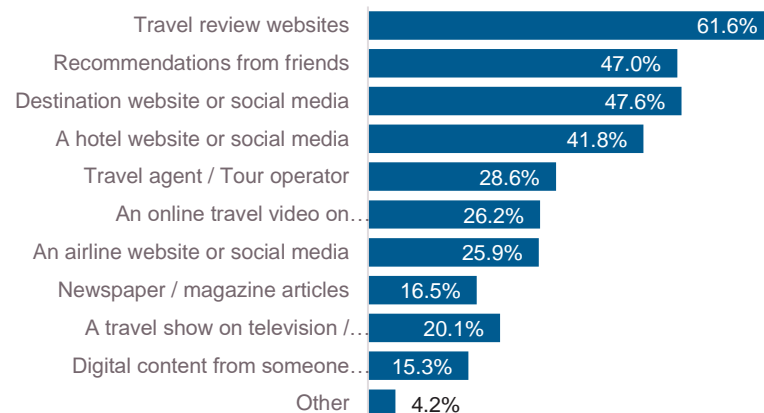
Jan-Mar; Oct-Dec

Average 2017-2019

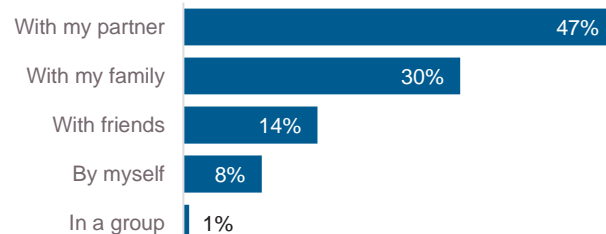
### SOCIAL MEDIA DAILY CONSUMPTION



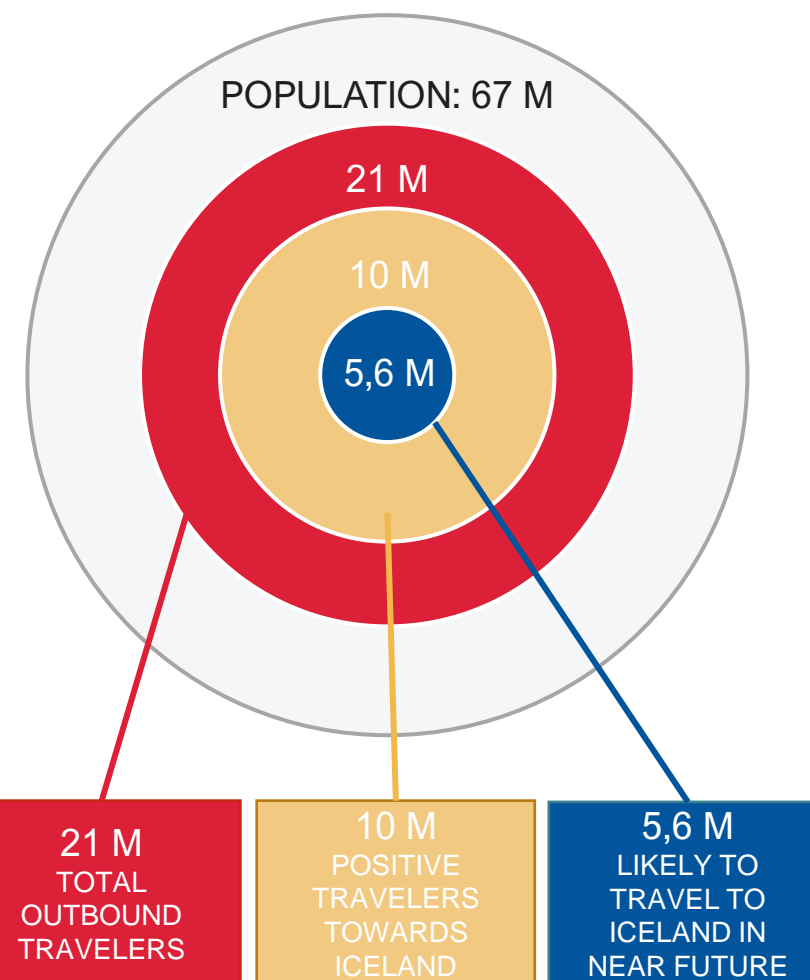
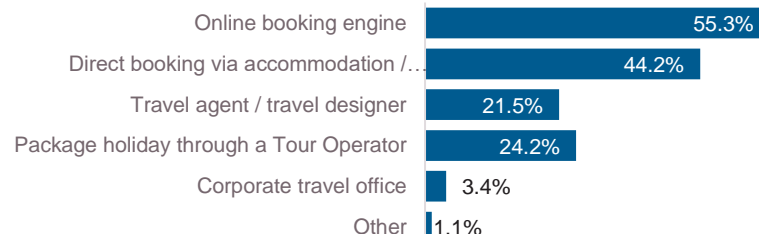
### TRAVEL INSPIRATION



### ICELAND TRAVEL GROUP TYPE



### TRAVEL BOOKING







# Germany

Source market profile

## Average length of stay



5,2 nights  
29% YOY 2019-2020

## Likelihood of return visit



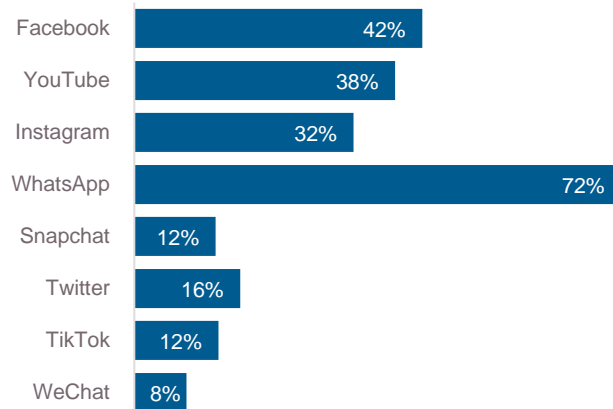
84%  
of visitors in 2020

## Main Iceland travel months

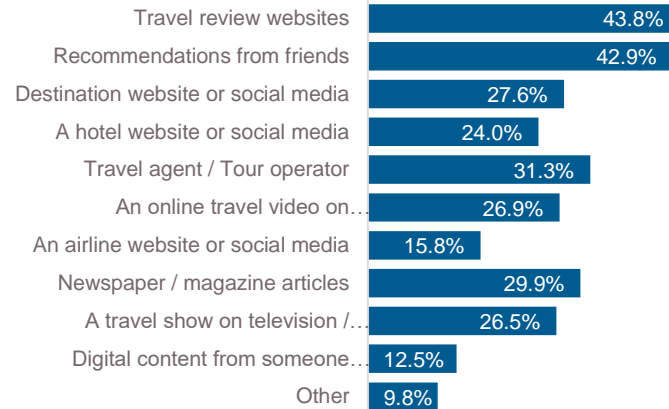


Jun-Oct  
Average 2017-2019

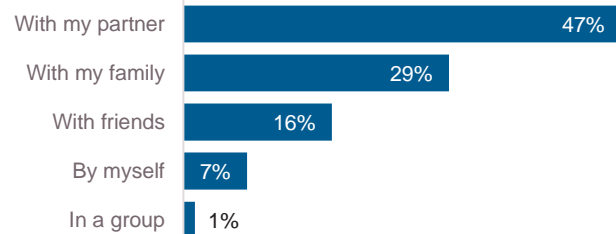
### SOCIAL MEDIA DAILY CONSUMPTION



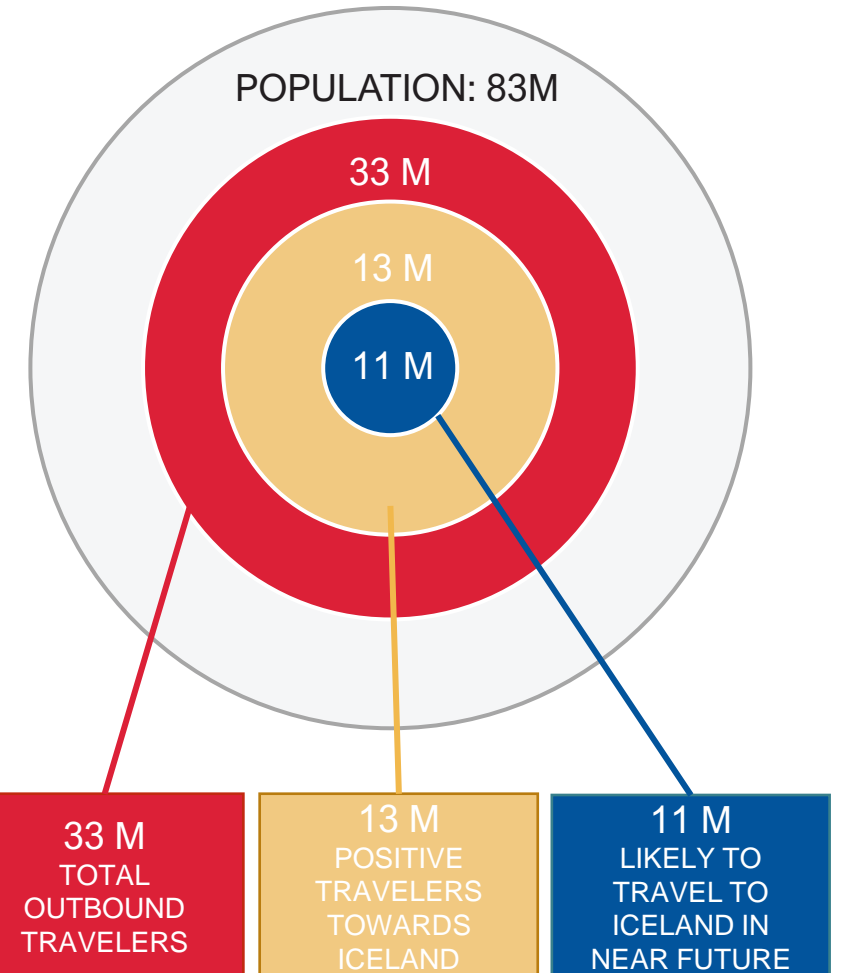
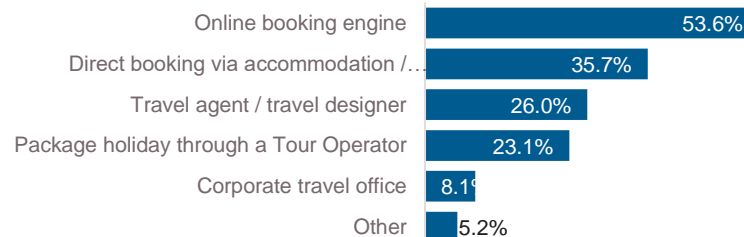
### TRAVEL INSPIRATION



### ICELAND TRAVEL GROUP TYPE



### TRAVEL BOOKING





# France

Source market profile

## Average length of stay



4.8 nights  
1% YOY 2019-2020

## Likelihood of return visit



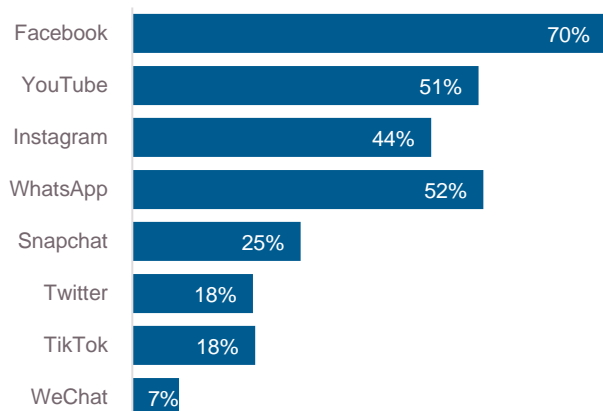
76%  
of visitors in 2020

## Main Iceland travel months

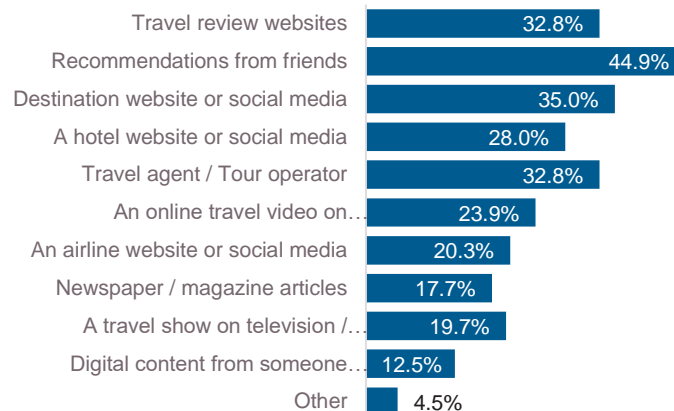


Jun-Aug  
Average 2017-2019

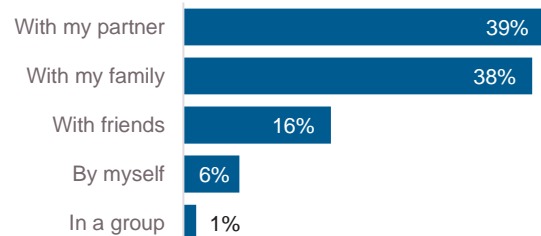
### SOCIAL MEDIA DAILY CONSUMPTION



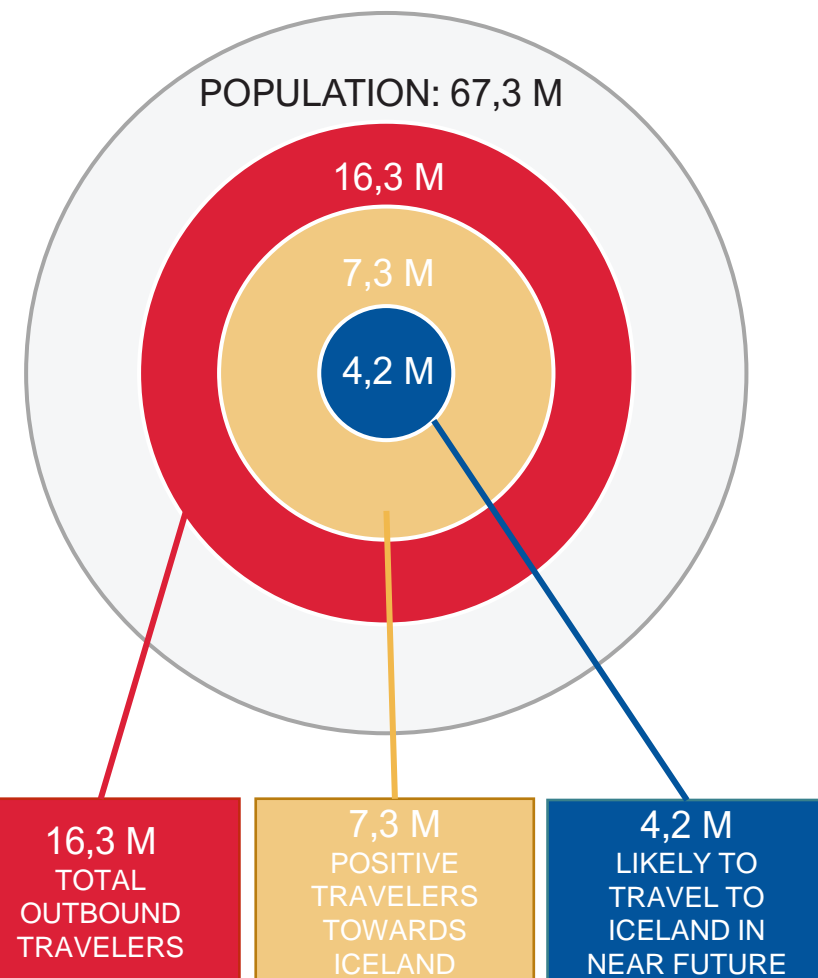
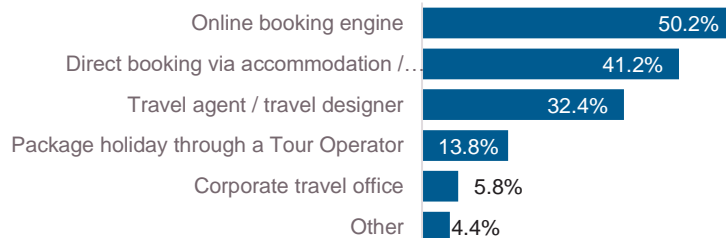
### TRAVEL INSPIRATION



### ICELAND TRAVEL GROUP TYPE



### TRAVEL BOOKING





# Denmark

Source market profile

## Average length of stay



2.2 nights  
16% YOY 2019-2020

## Likelihood of return visit



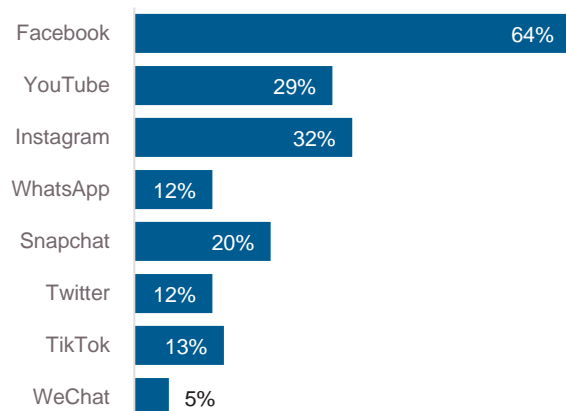
89%  
of visitors in 2020

## Main Iceland travel months

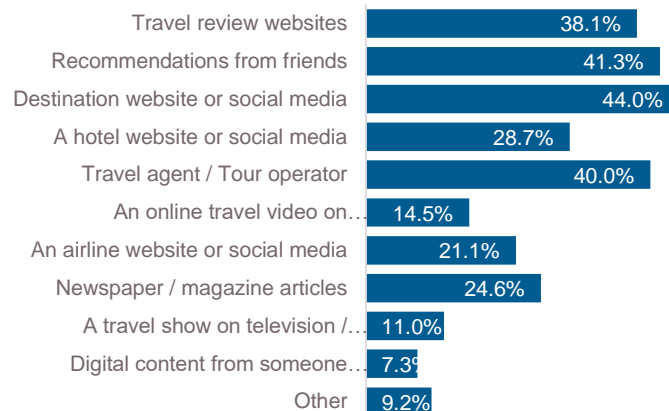


Mar-Oct  
Average 2017-2019

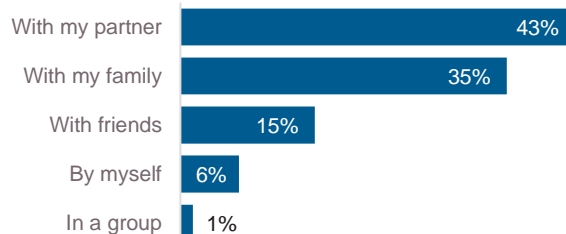
### SOCIAL MEDIA DAILY CONSUMPTION



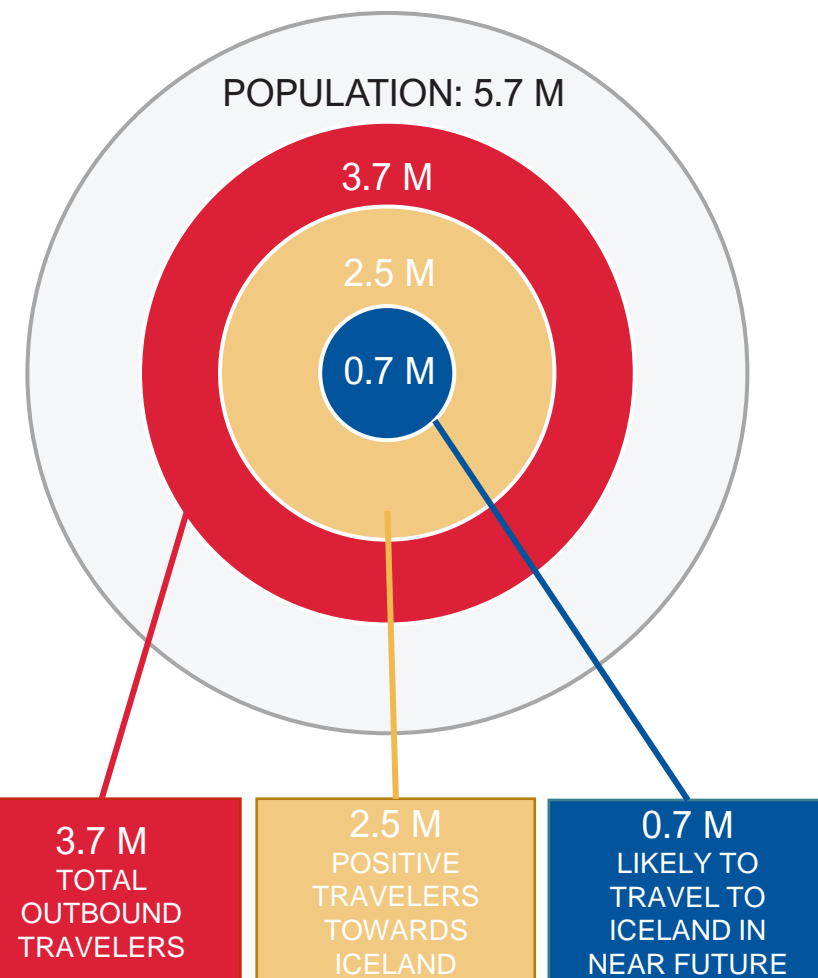
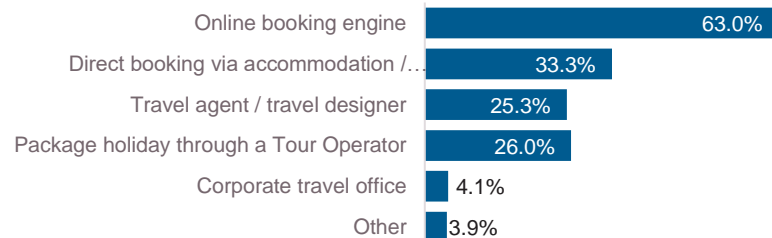
### TRAVEL INSPIRATION



### ICELAND TRAVEL GROUP TYPE



### TRAVEL BOOKING







# Sweden

Source market profile

## Average length of stay



3.8 nights  
31% YOY 2019-2020

## Likelihood of return visit



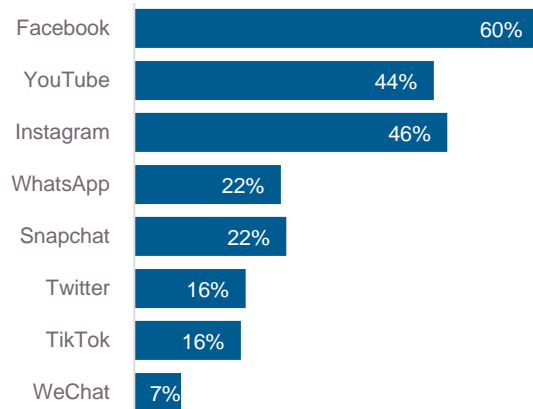
80%  
of visitors in 2020

## Main Iceland travel months



Apr-Nov  
Average 2017-2019

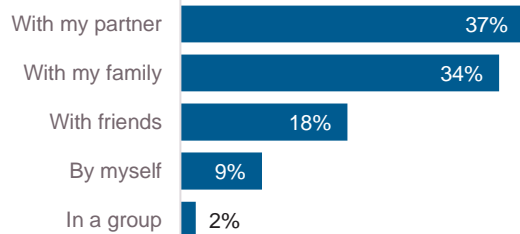
### SOCIAL MEDIA DAILY CONSUMPTION



### TRAVEL INSPIRATION



### ICELAND TRAVEL GROUP TYPE



### TRAVEL BOOKING

