



North Iceland Culinary Experience: Innovate,

Develop, Taste

October 2015



Authors:

Clare Gemmell

Grace Lobb

Stuart Fraser

Johnny Stanford

Sandra Reid

Darlene Young

Loch Lomond Shores

Cornwall Food and Drink

Oak Tree Inn & Balmaha Brewing Co.

The Pass Restaurant, Cornwall

Fare Consulting

City of Glasgow College

Background:

Settled by Norwegian and Celtic (Scottish and Irish) immigrants during the late 9th and 10th centuries A.D., Iceland boasts the world's oldest functioning legislative assembly, the Althing, established in 930.

Independent for over 300 years, Iceland was subsequently ruled by Norway and Denmark.

Fallout from the Askja volcano of 1875 devastated the Icelandic economy and caused widespread famine. Over the next quarter century, 20% of the island's population emigrated, mostly to Canada and the United States.

Limited home rule from Denmark was granted in 1874 and complete independence attained in 1944.

Literacy, longevity, income, and social cohesion are first-rate by world standards.

(Source: CIA - The World Factbook)



Past and Current Position

A sparsely-populated North Atlantic island, Iceland is famous for its hot springs, geysers and active volcanoes. Lava fields cover much of the land and hot water is pumped from under the ground to supply much of the country's heating.

Iceland became an independent republic in 1944 and went on to become one of the world's most prosperous economies. However, the collapse of the banking system in 2008 exposed that prosperity as having been built on a dangerously vulnerable economic model.

The affluence enjoyed by Icelanders before 2008 initially rested on the fishing industry, but with the gradual contraction of this sector the Icelandic economy developed into new areas

By the beginning of the 21st century, Iceland had come to epitomise the global credit boom. Its banks expanded dramatically overseas and foreign money poured into the country, fuelling exceptional growth.

Before the global credit crunch took hold, Icelandic banks had foreign assets worth about 10 times the country's GDP, with debts to match, and Icelandic businesses also made major investments abroad.

The global financial crisis of 2008 exposed the Icelandic economy's dependence on the banking sector, leaving it particularly vulnerable to collapse.

In October 2008, the government took over control of all three of the country's major banks in an effort to stabilise the financial system. Shortly after this, Iceland became the first western country to apply to the International Monetary Fund (IMF) for emergency financial aid since 1976.

The economy shrank by 6.8% in 2009, although since the end of 2010 it has recovered steadily, with growth averaging 2.5% per annum and unemployment falling to just below 5%

Environmental issues

In the long term, Iceland's well educated workforce and its extensive and as yet largely untapped natural resources are likely to provide the key to its recovery from the economic crisis, though concerns have been raised over the potential environmental impact of developing the latter.

The country has extended its territorial waters several times since the end of the 1950s to protect its fishermen and their main catch of Atlantic cod from foreign fleets.

Traditionally a whaling nation, Iceland abandoned the practice in 1989 in line with an international moratorium. It later resumed scientific whaling, intended to investigate the impact of whales on fish stocks, and in 2006 it announced a return to commercial hunts. The move was condemned by environmental groups.

(Source; www.bbc.c.uk/news/world-europe-17383525)

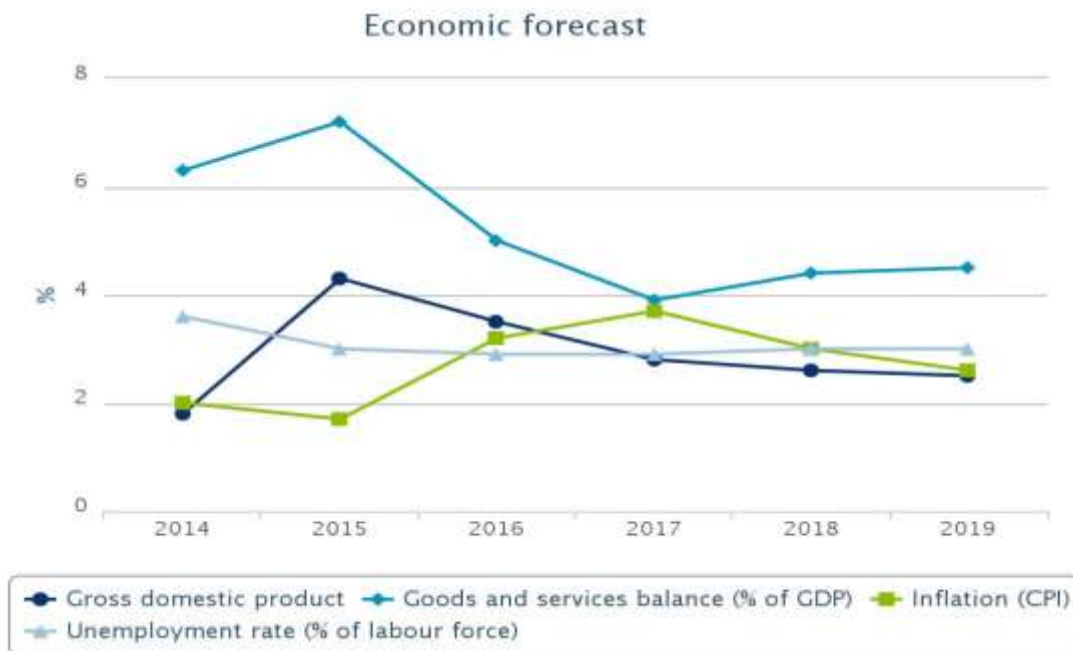


Key Figures

Population	2015	329,100
Economic Growth	2014	1.9%
Unemployment	2015	3.5%
Inflation	2015	2.0%

Statistics Iceland produces the National economic forecast. The forecast includes estimates on major economic figures such as GDP growth, investment, inflation and labour market developments.

According to the most recent issue of national accounts the Icelandic economy grew by 1.9% in 2014. National expenditure growth was a robust 5.3% mainly due to 3.7% growth in private consumption and 13.7% investment growth. Growth in imports in excess of exports was the main reason for the subdued GDP increase. Continued consumption and investment growth is expected during 2015 and 2016, when private consumption is predicted to increase 3.8% and 3.3% respectively.



(Source: www.statice.is/statistics)

Iceland

Iceland is a truly inspiring destination with great potential to further develop the unique and authentic experiences the island has to offer.

It has already achieved considerable success which provides a platform on which to build.

“Tourism in Iceland needs to embrace all relevant government departments and private sector stakeholders to work together to achieve the long term strategies for Tourism for the future” (Tourism in Iceland in figures April 2015)

The successful evolution of the tourism sector in Iceland is in large part due to the success of the ‘hub and spoke’ model which was introduced by Iceland air in 1998 using Keflavik airport as its main hub. This has allowed Iceland to attract international visitors from a number of key geographic source markets by offering direct flights to an increasing number of destinations.

Ministry of Industries and Innovation

The Ministry of Industries and Innovation (MII) covers all sectors of ordinary business and economic activity. It opened on 1 September 2012 following the amalgamation of the Ministry of Fisheries and Agriculture, the Ministry of Industry, Energy and Tourism and part of the Ministry of Economic Affairs.

With the establishment of the new ministry, state supervision and involvement in industry and innovation are brought together and coordinated in one place, the aim being to pave the way for a vigorous and forward-looking economy.

The Icelandic Tourist Board

The Icelandic Tourist Board is an independent authority under the Ministry of Industries and Innovation. Its activities are regulated through the Tourism Administration Act, which purpose is to promote the development of tourism as an economic sector and an important facet of Icelandic economic and societal activity.

North Iceland

Our programme of activities and visits took place in the North of the island. North Iceland has a population of 36,000 including Akureyri, the largest town outside Reykjavik. North Iceland lies just south of the Arctic Circle.

One of the Iceland's most visited places is the Lake Myvatn region with hot springs, craters, geothermal nature baths and the amazing lava formations. Whale watching is yet another unique visitor attraction in Eyjafjorour or Husavik the whale watching capital.

There are 27 towns and villages in the North

Activities in North Iceland

Rafting	Jeep tours	Sailing
Horseback riding	Hike and bike	Boat Tours
Mountain climbing	Health and well being	Whale watching
Multi day tours	Northern Lights	Sea Angling

Visit North Iceland

Visit North Iceland is the official marketing office for Tourism in North Iceland .The activities focus on marketing and promotion of the North Iceland via www.northiceland.is and Social Media, by publications and participation in workshops and trade shows. The goal of Visit Iceland is to strengthen the image of North Iceland and promote it as an ideal tourist destination for visitors to Iceland.

Case Studies

The review of the following businesses was to explore the key theme of **Innovation**. This was one of four key themes embedded in the structured visit to Iceland in October 2015. This visit involved twenty professionals with a variety of backgrounds and expertise.

The authors of this report have high level skills and knowledge of the Hospitality Industry, Visitors Attractions, Professional Cookery, Education, and consultancy in the delivery of food service.

Innovation: Definition

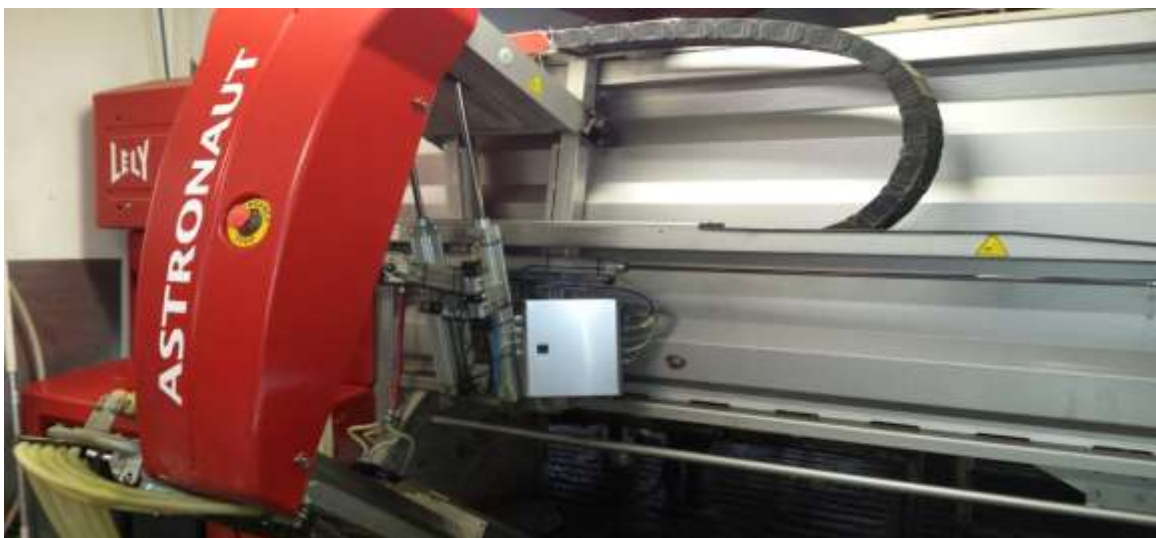
The process of translating an idea or invention into a good or service that creates value or for which customers will pay.

To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products. In business, innovation often results when ideas are applied by the company in order to further satisfy the needs and expectations of the customers. (<http://www.businessdictionary.com>)



Specific Examples of Innovation from our North Iceland Culinary Experience

Kaffi Ku – a working cattle farm using innovative technology where milking is a 24/7 operation performed by robots, with the complete co-operation of the cows. A visitor experience



Attraction	<p>The robotic milking of dairy herd can be seen from a viewing gallery within café and retail area. The Menu at Kaffi Ku includes farm produce and an emphasis on local items</p> <p>The cows are the main attraction and effectively 'self-milk' to a maximum of 4 times per day. Cleaning and other duties are also undertaken by 'robots' The café space is bright and pleasant, making good use of wood and other natural materials</p>
What has the journey been?	<p>This was the first totally automated milking shed in Iceland. Despite high start-up costs, the dairy now achieves a significantly higher yield and has reduced both labour and other costs, specifically Veterinary bills.</p>
How do they innovate?	<p>In addition to the main innovation of robotic milking, the business has innovated via:</p> <ol style="list-style-type: none"> 1. Developing the café area as a destination for tourists and locals 2. Developing mail order beef sales (bull calves) in a variety of sizes, utilising the whole carcass and reducing waste 3. Developing "boxes" to sell smaller portions 4. The location has added a novel element to local food culture
Recommendations	<p>Our first impressions were that this business had embraced technologies for innovation. However, there is a danger that the full opportunity will not be realised here. The business faces threats of competition as other farms innovate and exceed standards here. Milk margins are reducing and government aid may not always be at the same levels for dairy farms.</p> <p>Marketing activities were weak, both in terms of customer facing materials (brands were confused with a mix of styles and materials in use) and social media where Facebook only was in use. There was an over-reliance on word of mouth referral and marketing needs to be more proactive.</p> <p>There is an opportunity within the wider North Iceland tourism network to create relationships and innovate with other complementary products for example farm house holidays. to extend visitor stay</p>
Website/contact	<p>http://kaffiku.is/</p>

Arcticus Sea Products



Attraction	Fish processing facility
What was the journey?	This business has turned a fish by-product into a 'fish snack' with appeal to the health and niche foods market
How do they innovate?	<p>The company has demonstrated innovation in use of technology to make best use of what was previously wasted fish flesh</p> <p>Geothermal water energy dries the fish product, making best use of natural resources and making this a most economical process.</p>
Recommendations	<p>The business needs to better 'tell the story' on its packaging and marketing materials as well as by direct engagement with the public. For example and in stark contrast, a later visit to Ektafiskur was highly entertaining with a very natural tour guide on site and a 'fun' element of the 'Rotten Shark Club'.</p> <p>The product is a good fit with the food tourism scene in North Iceland and could easily be part of a culinary tour.</p> <p>Links to restaurants and chef or other personality endorsement is recommended e.g. the high protein feature of the product could be a good fit with a sports team or personality</p> <p>Social media is used but not necessarily maintained up to date. If this company were to consider exporting this product and its packaging would require further development for different markets.</p>
Website/contact	http://arcticus.is/

Skjaldarvik Guest House



Attraction

Boutique guest house and associated activities (horse riding) A husband and wife team combining their talents, love of horses and design.

This was a quirky and design-led business delivering a consistent 'wow' factor using recycled and upcycled items in highly creative and unique fashion The accommodation was of a very high standard. The guests experience original foods and environment.

<p>What has the journey been?</p>	<p>The owners have made excellent use of negligible resources – there was little capital to renovate what was previously a care home. This has been done with donated items recycled and upcycled.</p> <p>In food and drink, while not chefs, the owners have learned as they go along and consistently operate on the principle that ‘the bin is my enemy’. Cooking is from scratch and is passionate and innovative. For self-trained individuals the quality and range of food that we sampled was first class.</p>
<p>How do they innovate?</p>	<p>This is a guest house at a different level – an artistic eye has delivered unique and creative influences in every area of the business. Service is individual and adaptable for different groups, looking at opportunities for day tours, evening meals and all other audiences. Business owners play to strengths and passions – art, craft, interiors, food, horses, gardening and plants</p> <p>Specific initiatives:</p> <ul style="list-style-type: none"> • Honesty bar • Wake up call for northern Lights • Secret soup! <p>We were particularly impressed with the businesses approach to recruitment and training which can be a challenge in this part of Iceland. To build a staff base and consistency in service Skjaldarvik developed a training initiative whereby staff have accommodation and board in return for training in service delivery. Staff return year on year and there are now no seasonal challenges on recruitment. We think it helps that these must be amazing people to work with and highly inspirational!</p>
<p>Recommendations</p>	<p>Keep doing what you are doing to stay ahead of competition. While additional rooms would benefit the business it would lose some of its individuality if growth was excessive. Getting visitors to site is often a challenge and a vintage bus could be a good fit for transportation. Make more of ‘home made’ products for retail sales e.g. preserves, soups, breads, bakery goods.</p>
<p>Website/contact</p>	<p>http://www.skjaldarvik.is</p>

Akureyri Food Festival.



<p>Attraction</p>	<p>Bi-annual free food exhibition and competition to promote the North as Iceland's largest food production area. Attracts up to 15,000 people. This features local and national food producers. A significant element was the 'salon culinaire' style competition, which attracted a large audience.</p>
<p>What has been the journey?</p>	<p>This festival has developed over the years and is now beginning to feature more local foods. A shell scheme is now installed for exhibitors which is potentially more appropriate for a trade show and could be expensive for smaller operators to engage with.</p>
<p>How do they innovate?</p>	<p>This is the only food festival in North Iceland and is innovative in that respect solely. A great deal of 'free' food and samples are distributed, potentially not attracting the appropriate level of customer. As such there was limited engagement with customers. The down side of this free event is that customers are of course attracted by free food and perhaps do not attend to be educated with regards to food and what Iceland has to offer. It was good a positive for local restaurants using the event as an opportunity for promotion.</p>
<p>Recommendations</p>	<p>There was limited information on the 'food story' and a lack of Festival-specific promotional material. The event needs a clearer identity and focus. It was hard to determine what the goal of the event was. A number of ideas are provided to assist:</p> <ul style="list-style-type: none"> • Establishment of 'zones' e.g. restaurant zone, farmers' market zone, larger manufacturers etc. • Two separate events of the "Salon Culinaire" type aspect of the festival and public-facing show might work better and attract

	<p>relevant audiences to each.</p> <ul style="list-style-type: none">• Rather than technical challenges for chef in public facing sphere, a series of short demonstrations by chefs on display could have broader appeal. This could take place in front of the tiered seating area, allowing better viewing than at present. This is sending a mixed message is this aspect of the festival for Industry or to encourage and educate consumers• Salon Culinaire could be better supported by larger scale industries rather than the latter just providing 'freebies'• Greater presence on local, new and emerging businesses
Website/contact	http://www.northiceland.is/en/what-to-see-do/events/event-calendar/north-iceland-food-festival-local-food



Kaldi Micro-Brewery



Attraction	This is Iceland's first micro-brewery. Using a sterile filter which means the beer is longer lasting than via pasteurisation.
What was the journey	<p>Development of the brewery was born out of family circumstances, whereby staying in the fishing industry was no longer an option due to health. Research was robust, with the owners travelling to Denmark to learn processes and employing a Czech trainer to develop the Kaldi product.</p> <p>Growth has been rapid and current demand is not able to be met, making expansion necessary.</p>
How do they innovate?	<p>A number of innovations in place and planned:</p> <ul style="list-style-type: none"> • Seasonal products • Development of a beer spa, linking two Icelandic passions • Good merchandising materials branded glassware, beer mats, table talkers
Recommendations	<ul style="list-style-type: none"> • There is a need to prioritise a strategy for growth – to match demand by expanding or remain as they are concentrating on tourism businesses. Some other more specific suggestions: • Investigation of on line sales e.g. Beers of Europe/Amazon could solve distribution issues • Offer education and training to other businesses • Offer consultancy to burgeoning micro-brewery market in Iceland and elsewhere as this is a centre of excellence • Sponsorship of events and sports teams
Website/contact	http://www.bruggsmidjan.is/default/page/about_bruggsmidjan

The Tannery Centre



<p>Attraction</p>	<p>The Tannery Visitor Centre is the only tannery in Europe which makes fish leather. The Visitor Centre provides visitors with guided tours of the tannery, where fish-skin is expertly processed to make high-quality leather.</p> <p>Leathers and hides can also be purchased from the retail shop.</p>
<p>What was the journey?</p>	<p>Fish skin leather was experimented with following a dip in the sheepskin market during the 1990s. After much trial and error, a successful process was developed. Fish is seven times stronger than sheepskin and requires a completely different process.</p> <p>While tanning is not an environmentally friendly process the tannery uses environmentally friendly products, dyes, natural colourings etc.</p>
<p>How do they innovate?</p>	<p>Aside from fish skins, a number of other skins are used – even udders which have been developed into designer handbags.</p> <p>The fish skin tanning process means that as opposed to 30% of the fish being utilised after catch, now 98% is used.</p> <p>There has been engagement with major designers including Prada, Dolce and Gabbana</p> <p>The tannery also works with a development team of designers to creatively use the product and also works with local crafters, allowing them to use factory space to develop designs.</p> <p>The products have been taken to international trade shows. The tannery is award-winning on an international scale</p> <p>The Visitor Centre shop featured a great variety of innovative products including jewellery, buttons, handbags, purses, ties, belts, bowties and other accessories made from fish and other skins.</p>

Recommendations	<p>This was a great experience and genuinely unique. The retail shop is stylish and invites purchase. The visitor experience might be enhanced further with</p> <ul style="list-style-type: none">• Greater information on the 'story' and environmental bonuses of these product• Local designer and craft makers' products showcased/exhibited to make more of the collaborative work that is clearly in place• Café with local food and drink• Expand range of leather goods
Website/contact	gestastofa@sutarinn.is



Accommodation and Culinary Experience

Our party stayed at two very different guest houses; The Lamb Inn and the Hofstaddir guesthouse.

Lamb Inn.

The inn is set on a former farm; this Öngulsstadir property has an outdoor hot tub offering views of the surrounding valley. All rooms feature a private bathroom and views of Eyjafjörður Fjord. The accommodation is very basic but incredibly warm!

The family run Inn had a great deal to offer. The location is idyllic and totally undisturbed views of the valley. The father and son-in-law team were very attentive and genuinely friendly. They both were committed to guest care and the improvement of their business. This business is dedicated to serving traditional Icelandic lamb.

During our stay, the Lamb Inn hosted an evening with some of the top chefs from Iceland. The traditional meal was superb. Our party enjoyed the evening which also gave us the opportunity to talk to the local chefs to discuss the next day's activity – Akureyri Food Festival.

In general the Chefs were particularly passionate about the training they had received in their careers and the importance of Education and training for the future of developing Iceland's' culinary focus.



The Hofsstadir Guesthouse.

This guesthouse has a very unique spot in the north of Iceland, offering comfortable well equipped rooms cabins with breath-taking views of Skagafjörður

A stunning natural setting with the river Héraðsvötn floats peacefully by, only a short distance away from the guesthouse. The area is rich in birdlife and ideal for bird watchers and other nature lovers. It was a pleasure to stay in this tranquil setting.

The midnight Artic sun can be seen from Hofsstadir is it an unforgettable place .The husband and wife team were keen to impress and did not disappoint with the end of the trip gala dinner.

This was a once in a life time experience of foods and flavours that perhaps we will never get the opportunity again to have. Puffin, swan to name a few.

Breakfast was a feast of local produce and homemade accompaniments. Truly any foodie's haven.



Vogafjos Guesthouse

The family-run Vogafjos Guesthouse is set in a unique natural environment on the eastern shore of Lake Myvatn. The owner went out of her way to take us to her lava bread making area and to the traditional smoke house which has been in her family for generations.

The experience of seeing the lava bread coming from the ground was memorable. Each family / business has their own space to make their bread .Rather like lava bread allotments!

After seeing the bread making and been taking to the smoke house we were then given the most memorable lunch of the whole trip. The freshness of the simple local ingredients and the flavours were incredible.



Conclusions

Iceland has clear long term strategies to overcome the bad press of previous years. The people and government of Iceland are working together to promote this island as a unique place to visit.

Our experience of the commitment of the local people was inspiring. The consistent and imaginative use of local produced and ingredients was to be applauded. Their innovation with regards to food and drink is the natural progression from these traditions which are unique.

All the business people we met were committed to making their service and products offered better and were keen to hear our feedback for improvement. The majority were family originated business and tradition is very important to these extraordinary people.

What we took from this incredible visit was the simple but effective use and promotion of local ingredients. Also very little or no use of processed foods and the genuine commitment to providing memorable experiences

There is no do doubt that if Icelanders continue in this path that they will be successful in further developing and increasing visitor numbers .A further expansion of airline companies and routes would support this.