

# Pre-Visit Internet Use Analysis of Foreign Visitors to Iceland: The Case of Isafold Tour Operator

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**Abstract.** This empirical research on the pre-visit Internet use of foreign visitors to Iceland was made in 2001 with the purpose of providing Isafold Travel, a local tour operator in Iceland, with useful information for their Internet marketing efforts. It sheds light on some of the demographics of Internet users who travel to Iceland as well as the effect of their language of origin variable. It highlights their pre-visit Internet use, their opinion of Icelandic websites as a source of information, and most importantly for business, their readiness to buy a travel product via the Internet as well as what kind of travel product they are most likely to buy.

## Introduction

In the year 2000, the number of foreign visitors to Iceland exceeded its population of 282,000 for the first time in the country's history. This reflects the growth of tourism to the country, which started in the aftermath of World War II.

Jón Baldur Þorbjörnsson and his wife, Auðbjörg Bergsveinsdóttir, founded Isafold Travel in 1997 (hereinafter referred to as Isafold). The company focuses on touring services through its own modified vans, which can transport people into the Icelandic wilderness. Most of the company's customers (250 in 2000) came from Germany (50%), various English-speaking countries (40%) and Scandinavia (10%). Isafold's business is highly seasonal, a common characteristic of incoming tour operators in Iceland. Extra office staff and drivers/guides are employed during the busy summer season, but during winter, the owners manage most of the work themselves. In winter, the owners promote their business by exhibiting at trade shows and by nurturing their personal business contacts abroad, especially in Germany and in the Netherlands.

Isafold first set up a company Internet website in November 1999 with the initial purpose of selling tours. Until 2001, many queries were made via e-mail in response to the site, but no direct sales were made, as it did not feature an online facility. However, between 50% and 60% of Isafold's business enquiries came via e-mail.

### **The Internet's importance in travel marketing**

The advent of the Internet has empowered even the smallest tourism organisations, providing them with representation in the electronic marketplace and the capacity to network with consumers and partners alike. The Internet has facilitated the amalgamation of independently produced products and thus enabled the delivery of seamless tourism experiences through networks of small providers (Buhalis, 1999).

There are few economic activities where the generation, gathering, processing, application and communication of information is so important for day-to-day operations as in tourism (Buhalis, 1999). For regions located far away from major centres of economic activity [as Reykjavík is compared to e.g. Paris], the IT medium is incredibly important (Buhalis, 1999).

Small owner-managed tour operation businesses tend to have problems with using electronic distribution, as the majority of their existing business either books directly or comes through a few regular intermediaries. Much of their business comes from the existing GDS- and CRS-based systems (Archdale, 1993). Sheldon points out that small owner-managed companies [like Isafold], have limited resources, not only in terms of finance, but also in terms of management and staff time. Using electronic channels is (correctly or incorrectly) perceived as being complicated and unwieldy. The minimum sales required for justifying the added cost of paying subscription or joining fees are not always met by small companies. Most small tour operators have a low profit margin, and because they are small, their costs are proportionally greater than for their larger competitors (Sheldon, 1993).

Birna Þórunn Pálsdóttir conducted research on the Internet marketing efforts of twenty-five of the most prominent travel businesses in Iceland. The survey revealed that 65% of the companies in her sample used less than EUR 5,000 for their website start-up, 20% used EUR 5,000-10,000, 5% used EUR 20,000-30,000 and only 5% used more than EUR 30,000 (Pálsdóttir, 2000). According to these numbers and classification, Isafold falls into the largest group of companies (65%) that spent the least amount of money on their website development.

Pálsdóttir found that in 52% of the twenty-five companies surveyed, the owners/directors were unaware of just how much business the company generated over the Internet. Of the remaining 48%, 12% of the travel companies surveyed generated 0-5% of their business via the Internet (both through e-mail and online sales), 12% of the companies generated 5-10%, 12% generated 10-20% over the Internet, 8% generated 50-60% and only 4% generated between 70 and 80% of their business directly via the Internet. All respondents in Pálsdóttir's research unanimously agreed that more business was generated over the Internet than during the previous year, and all expected further increase in the coming years (Pálsdóttir, 2000).

As mentioned in the introduction, Isafold receives between 50-60% of its business via the Internet. This places Isafold among the group of companies that rely the most on the Internet according to Pálsdóttir's research.

### **Empirical Internet user research and analysis on its pre-visit use by foreign visitors to Iceland**

In spite of ample research into tourism, no empirical research was discovered on how visitors to Iceland use the Internet before arriving in the country. This information is of paramount importance for Icelandic tour operators when deciding how to manage their resources for websites. For this purpose, an Internet questionnaire survey was used. The survey's aim was to profile the typical Internet user and the manner in which he or she uses the Internet before travelling to Iceland. The 24 questions in the survey were directed at visitors already in the country. The number of subjects was 150. They were approached at hotels, guesthouses and a youth hostel in Reykjavík in September 2001.

The Iceland Tourism Board (ITB) has conducted some Internet-related research which provided a starting point for the present research. In ITB's winter 1998/9 research, it was discovered that 23% of all tourists visiting Iceland received some information about Iceland over the Internet before arrival (ITB [1] 1999).

An identical research study, conducted by ITB during the following summer, found that 29.5% of all tourists to Iceland obtained information about Iceland via the Internet before travelling (ITB [2] 1999). This constitutes an increase of 6.5% in only six months, which of course may have been influenced by the different characteristics of winter and summer visitors. ITB's research showed that the largest users of the Internet during the pre-visit stage were Americans and Canadians at 45.8% and the Finnish at 44.4% (ITB [1] 1999). The research also revealed that most Internet pre-visit investigation is made by people aged 26 to 35 (36.4%), and that a slightly higher percentage of women use the Internet for this purpose than men. The study also found that the higher qualifications and higher salary a person has, the more likely he/she is to use the Internet for pre-visit information.

ITB's research found that 41% of youth hostel guests had used the Internet for their pre-visit information search before arriving in Iceland compared to 37.1% of those using campers, 33.2% of those who stayed in guesthouses and 28.4% of those staying in hotels (ITB [1] 1999). Pálsdóttir (2000) concluded in her research on Internet marketing of Icelandic travel companies that increased research into user analysis was needed.

#### *Sample size and points of Internet access*

A total of 150 surveys were received, of which 142 subjects, or 94.6%, used the Internet. The results showed that 80.3% of the Internet users access the Internet from their home computers; 76.8% from their work computers and 35.2% from Internet café computers. These findings are in accordance with Jupiter MMXI's research on computer use in Britain. Their research also found that the most popular place to

access the Internet is from a home computer (61%) and from a work computer (32.2%).<sup>1</sup> The present research found that 47.9% use the Internet mostly at home, while 45.8% use it mostly at work and 6.3% use the Internet mostly at Internet cafés.

#### *Pre-visit Internet destination search*

A total of 40% of all 150 subjects in the survey looked up information about Iceland prior to their visit, while 42% of the 142 Internet users looked up information about Iceland. It was also discovered that 49% of the Internet users use the Internet either sometimes or always to look for information about unfamiliar places before travelling.

A chi squared test revealed a significant relationship between those who use the Internet to look up unfamiliar places and those who used the Internet to look up information on Iceland prior to the present trip ( $\chi^2 = 10.2, P < 0.01$ ). Eight out of 20 subjects (40%) who normally never use the Internet to look up information on unfamiliar places did so uncharacteristically this time. This is a far higher proportion than expected. Out of the 78 subjects who sometimes use the Internet to look up information about unfamiliar places before travelling, 19 (24.4%) did not look up information on Iceland before travelling. Finally, 3 out of the 44 (6.8%) who nearly always use the Internet to search the Web for pre-visit information on unfamiliar places did not use the Internet for details about Iceland. This was an unexpected finding, as it would have been logical to assume that those who always use the Internet for pre-visit information search would have done the same before travelling to Iceland.

#### *Internet user age distribution*

Seventy-three subjects out of the 142 Internet users were between 18 to 25 years of age, 33 were 26 to 35 years old, 17 were 36 to 45 years old, 12 were 46 to 55 years old, 7 were 56 to 65 years of age and none were over 65 (see Table 4). No subjects under 18 were included in this research to allow the findings of the present research to be compared more easily to that of ITB's.

#### *Purpose of using the Internet*

Of the 142 Internet users, 35.2% used the Internet mostly for pleasure, 15.5% used it mostly for work/study and the remaining 49.3% used it equally for pleasure and work/study.

#### *Number of previous visits to Iceland*

Most of the 142 Internet users were first-time visitors to Iceland (85.9%), 8.5% were on their second visit, 2.1% were on their third visit and 3.5% had been in Iceland more than three times before. The 8 subjects out of the total of 150 that did not use the Internet were all on their first visit in Iceland. Due to the sample's small size, these findings cannot be used to determine relationships.

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<sup>1</sup> Jupiter MMXI. 20/08/2001 [Http://www.uk.jupitermmxi.com/uk/press/releases/pr\\_082001.xml](http://www.uk.jupitermmxi.com/uk/press/releases/pr_082001.xml)

*Readiness to buy travel products via the Internet*

More than half of the 150 subjects in the sample (51.3%) claimed that it was likely that they would buy a travel product over the Internet within the next twelve months.

*Number of Icelandic Internet websites viewed before travelling*

The average Internet user in this study looked at a mean ( $\pm$ SD) of  $3.8\pm 3.8$  Internet sites on Iceland. One user reported having looked at 23 websites.

**Table 1** The subject's country of residence

<i>Country of residence</i>	<i>Number of subjects</i>
USA / Canada	13
GB / Ireland	29
Germany	29
Denmark	4
Sweden	5
Norway	3
Finland	1
Holland / Belgium	26
Switzerland	0
Austria	6
France	11
Spain	2
Italy	1
Other European Country	1
Other	16
Total	147

Note: three subjects did not enter their country of residence.

Table 1 gives an overview of the number of people included in this study and their respective countries. The reason why the USA/Canada, the Netherlands/Belgium and Great Britain/Ireland are grouped together in this table is to conform to the Icelandic Tourism Board's division of countries for ease of future comparisons. The table shows a disproportional high number of Dutch/Belgian subjects compared to ITB's figures on visitors from these countries. This may be explained by the fact that the study's sample includes a Dutch tourist group staying at a hotel where a part of this survey was made. The number of French tourists in this survey is also relatively high compared to ITB's data. The study's number of USA/Canadian subjects is relatively low compared to ITB's. The ratio of British/Irish and German subjects is as would be expected.

**Table 2** Respondents' knowledge of English

<i>English</i>	<i>Number of respondents</i>
Native language	47
Second language	85
Third language	15
At least three languages better than English	0
Total	147

Note: three subjects did not enter information about their language proficiency.

Table 2 shows the statistics for the subjects' knowledge of English. Forty-seven out of 147 (32%) are native speakers of English, 85 out of 147 (58%) have English as their second language and 15 out of 147 (10%) have English as their third language. No subjects reported speaking at least three languages better than English. The percentages are rounded off to the nearest whole figure.

**Table 3** Number of respondents who bought or reserved various types of travel services via the Internet before travelling to Iceland

<i>Travel service booked/reserved prior to travelling</i>	<i>Number of subjects</i>
Accommodation	36
Air travel	32
Car rental	5
Cultural events	3
Guided bus tours	3
Hiking tours	3
Horse ride tours	2
Restaurants	2
Other facilities	2
Ferries	1
Whale watching tours	0
Bicycle tours	0
Total number of services booked/reserved	89

Table 3 shows the number of respondents who bought or reserved various types of travel services through the Internet before travelling to Iceland. In total, there were 89 travel products booked or reserved by 52 individuals, or 46.5% of the Internet users. The finding suggests that the typical Internet user books or reserves 1.7 services over the Internet before travelling. As can be seen from Table 3, the most popular type of travel service to be booked over the Internet is accommodation. It amounts to 24% of the total survey sample of 150 people, and 32.1% of those who looked up information on Iceland before travelling. The second most popular travel service is air travel, at 21.3% and 28.6% respectively. Of particular interest in this study is the number of subjects who booked guided bus tours. Three subjects bought or reserved their tours before coming to Iceland. This represents 2% of the total sample of 150, and 5% of those who looked up information on Iceland before travelling.

Those who bought travel products via the Internet have a similar profile to those who looked up information on Iceland before travelling ( $\chi^2_1 = 1.5$ ,  $P > 0.05$ ). A high proportion (75%) of those who had not used the Internet to buy travel products did look up information on Iceland before travelling. Similarly, a high proportion (98.2%)

of those who bought travel products via the Internet did look up information on Iceland before travelling.

**Figure 1** Web users' opinion of the number and quality of Icelandic websites

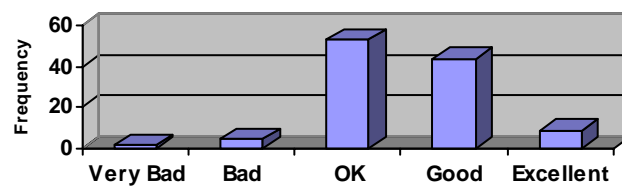


Figure 1 illustrates the opinions of 110 Web surfers who looked for information about Iceland on the Internet before travelling to the country. The result clearly shows that Web surfers are relatively happy with the number and quality of Icelandic travel websites. Only one subject rated the number and quality of Icelandic travel websites as very bad, 4 rated them bad, 53 rated them OK, 44 rated them good and 8 rated them excellent. The compounded total amounts to 95.5% of the subjects rating the Icelandic travel websites as OK, good or excellent.

However, out of the 110 subjects who had looked at Icelandic websites, only five reported that Icelandic travel websites had influenced their decision to visit the country. The rest reported that visiting Icelandic websites before travelling had given 29 subjects some idea about what to expect in Iceland, 18 a good idea of what to expect and 5 a great idea. Fifty-five subjects reported that websites had not influenced their decision to come to Iceland.

**Table 4** Age distribution of subjects that searched the Web for pre-visit information on Iceland

Age group	Internet information search before travelling to Iceland		
	No	Yes	Total
18 – 25	9	64	73
26 – 35	7	26	33
36 – 45	7	10	17
46 – 55	5	7	12
56 – 65	2	5	7
65+	0	0	0
Total	30	112	142

Table 4 shows that a higher proportion of subjects under 25 years of age used the Internet to look up Icelandic websites than from any other group. Age appeared to have a significant influence on whether subjects looked up information on Iceland on the Internet before their trip ( $\chi^2_4 = 10.8, P < 0.05$ ).

**Figure 2** Online pre-visit information search by age group, expressed in percentages

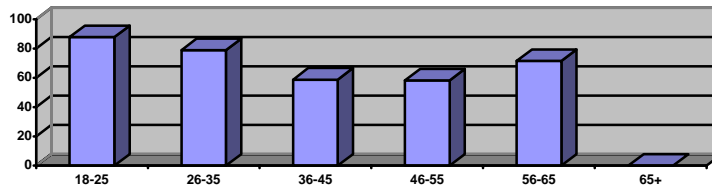


Figure 2 shows the extent of information collection within each age group, expressed in percentages. In the 18-25 years age group, 87.7% looked up information on the Internet before travelling, whereas 58.8% of the 46-55 years group looked up information before travelling to Iceland. No subjects in the survey were over 65 years of age.

**Table 5** Age distribution of subjects that bought travel products via the Internet before travelling to Iceland

Age group	Used the Internet to buy a travel product		
	No	Yes	Total
18 – 25	39	34	73
26 – 35	16	17	33
36 – 45	14	6	20
46 – 55	9	6	15
56 – 65	5	3	8
65+	0	0	0
Total	83	66	149

Note: one subject did not enter his age.

**Figure 3** Age distribution of subjects that bought travel products via the Internet before travelling to Iceland, expressed in percentages

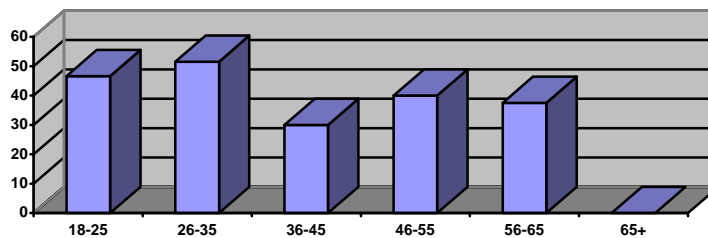


Figure 3 illustrates the percentages of subjects within each age group. The 26-35 years age group has the highest Internet purchasing rate at 51.5%, followed by the 18-25 years group at 46.5%. The 36-45 years group is least likely to buy travel products via the Internet, at 30%. Although age did make a difference to the statistics in Figure 3, the statistical difference was not large enough to be significant ( $\chi^2_4 = 2.8, P > 0.05$ ). No subjects older than 65 years were included in the sample.

**Table 6** Nationalities of Internet users that looked up information on Iceland on the Internet before travelling to Iceland

Country of residence	Looked up Iceland on the Internet		
	No	Yes	
USA / Canada	2	11	
GB / Ireland	7	21	
Germany	2	25	
Denmark	1	3	
Sweden	0	5	
Norway	2	1	
Finland	0	1	
Holland / Belgium	10	16	
Switzerland	0	0	
Austria	0	6	
France	2	9	
Spain	0	2	
Italy	0	1	
Other European Country	1	0	
Other	4	10	
<b>Total</b>	31	111	= Total 142

Table 6 shows the nationality of the survey subjects at a glance.

**Figure 4** Pre-visit information search on the Web before travelling to Iceland

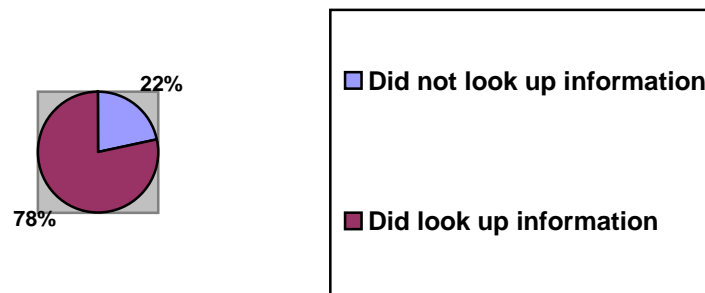


Figure 4 illustrates that a great majority, or 78.2%, of Internet users searched the Web for pre-visit information on Iceland. This statistic is indicative for Isafold and other tour operators. However, it is difficult to determine the data's significance for

individual countries, owing to the limited number of subjects in the sample. The percentages in the figure are rounded to the nearest whole figure.

**Table 7** English-language profile among general Internet users compared to subjects that searched the Web for pre-visit information before travelling to Iceland

<i>Knowledge of English</i>	<i>Looked up Iceland on the Internet</i>		
	No	Yes	Total
Native	9	37	46
Second language	18	63	81
Third language	3	12	15
Total	30	112	142

Knowledge of the English language bore no significant relation to whether subjects used the Internet to search for pre-visit information about Iceland ( $\chi^2_4 = 0.1$ ,  $P > 0.05$ ).

**Table 8** English-language profile of the total sample versus those subjects that bought travel products via the Internet before travelling to Iceland

<i>Knowledge of English</i>	<i>Used the Internet to buy a travel product</i>		
	No	Yes	Total
Native	17	30	47
Second language	55	30	85
Third language	9	6	15
Total	81	66	147

Note: three subjects did not answer this question

**Figure 5** The English-language profile influence on buying travel products via the Internet, expressed in percentages

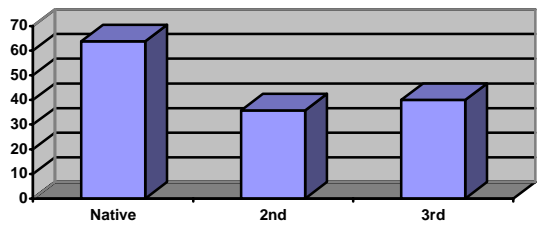


Figure 5 shows that the English-language profile appeared to be significantly linked to the extent to which subjects used the Internet to buy travel products ( $\chi^2_4 = 10.1$ ,  $P < 0.01$ ). The figure reflects 63.6% of native English speakers buying a travel product versus 35.3% who speak English as a second language and 40% who speak English as a third language.

*Influence of previous visits to Iceland*

The number of times subjects had been in Iceland before did not appear to have significant influence on the extent of a pre-visit information search on the Internet before travelling to Iceland ( $\chi^2_4 = 1.2, P > 0.05$ ). Neither was there a significant relationship recorded between the number of times subjects had been in Iceland before and whether they bought holiday products via the Internet ( $\chi^2_4 = 7.0, P > 0.05$ ).

*Influence of Internet user location on buying a travel product*

The location of Internet use (home, work, Internet café), appeared to have no significant relationship to the extent of their use of the Internet to search for pre-visit information about Iceland ( $\chi^2_2 = 1.0, P > 0.05$ ) or the extent of their purchase of travel products through the Internet ( $\chi^2_2 = 1.9, P > 0.05$ ).

*Time spent using the Internet*

Each week, the 142 Internet users spent an average of 4.7 days on the Internet (standard deviation of  $\pm 1.9$ ) and 8.0 hours online (standard deviation  $\pm 8.8$ ). An independent t-test recorded some group patterns as to the amount of time spent online. First, subjects that used the Internet to find information about Iceland spent significantly longer time online than other subjects, both in terms of days per week ( $4.9 \pm 1.8$  v  $3.9 \pm 2.2, t_{140} = 2.6, P < 0.05$ ) and hours per week ( $8.7 \pm 9.2$  v  $5.1 \pm 6.5, t_{140} = 2.0, P < 0.05$ ).

Second, subjects that bought travel products over the Internet spent significantly more time on the Internet than other subjects, both in terms of days per week ( $4.9 \pm 1.9$  v  $4.0 \pm 2.3, t_{148} = 2.6, P < 0.05$ ) and hours per week ( $9.7 \pm 10.9$  v  $5.8 \pm 6.3, t_{148} = 2.7, P < 0.01$ ).

*The relationship between age and time spent on the Internet*

A one-way ANOVA test revealed that age did not have a significant influence on the number of hours per week spent on the Internet ( $F_{4,144} = 1.8, P > 0.05$ ). However, there was a significant difference between age groups in terms of the number of days per week that the Internet was used ( $F_{4,144} = 3.6, P < 0.01$ ). Using adjusted Bonferroni, post hoc tests reveal that 46-55 year olds use the Internet on significantly fewer weekdays than 18-25 and 26-35 year olds ( $P < 0.05$ ). This suggests that younger subjects use the Internet for shorter periods at a time and more often than older subjects.

*Website preferences*

Three qualitative questions included in the questionnaire attempted to find out the subject's Web portal preferences. Tables 9, 10 and 11 list the top ten start pages, search engines and travel websites respectively.

**Table 9** The top-ten start pages

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*Top-ten start pages*

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Work start pages	15	Planet.nl	3
Yahoo.com	13	AltaVista.com	3
Hotmail.com	10	Google.com	2
Startpagina.nl	7	AOL.com	2
MSN.com	7	Freeserve.co.uk	2

Table 9 lists the top-ten start pages of the 142 Internet users in this survey. As can be seen in this table, many subjects who responded to this question log on to a set work start page that comes on automatically when they access the Internet. Work start pages are followed closely by Yahoo.com and Hotmail.com. Startpagina.nl is a popular choice in the Netherlands. Seven out of 26 subjects whose origins were in the Netherlands and in Belgium listed it as being their start page. Seven subjects listed MSN.com as their start page. Other start pages were listed less often.

**Table 10** The top-ten search engines

<i>Top-ten search engines</i>			
Yahoo.com	34	MSN.com	3
Google.com	29	AskJeeves.com	3
AltaVista.com	17	Viola.fr	2
Ilse.nl	8	AOL.com	2
Lycos.com	4	Hotbot.com	2

Table 10 lists the top-ten search engines used by the 142 Internet users in this survey. As can be seen from this table, most respondents use Yahoo.com for searching the Web, while 29 use Google.com and 17 use AltaVista.com. Other search engines received lower ratings.

**Table 11** The top-ten travel websites

<i>Top-ten travel websites</i>			
LonelyPlanet.com	10	RoughGuides.com	2
Go-Fly.co.uk	7	Counciltravel.com	2
Expedia.com	3	Lastminute.com	2
YahooTravel.com	2	KilroyTravels.com	2
Statravel.co.uk	2	Arukikata.com	1

Table 11 lists the top-ten travel websites of the 142 Internet users in this survey. As can be seen from this table, most respondents rate LonelyPlanet.com as their favourite travel website. Seven people listed Go-Fly.co.uk as their favourite travel website. The Lonely Planet travel guide provides travel information on destinations around the world, whereas Go Airlines operated, at the time, low-budget flights to Iceland sold via the Internet.

#### *Limitations of the research*

The most reliable way of collecting this kind of data, in terms of avoiding bias, would have been to approach the subjects at entry and exit points, i.e. airports and harbours.

In this survey, it was impossible to collect data at entry and exit points, as Iceland's customs did not grant the special permission required. The number of Dutch/Belgian subjects in this study is relatively higher than ITB's statistics show. And finally, the sample size is too small to provide significant results for the country of origin variable.

## Conclusions

The above empirical research achieved its purpose. It confirms that people are using the Internet to find pre-visit information on their destinations. Further, people are using the Internet at increasing rates to book and buy travel services on the Web before travelling. Perhaps the most striking finding in this research is that 94.6% of its subjects use the Internet. Out of these, 78.2% used the Internet to search for pre-visit information for Iceland. These proportions are significantly higher than those published by ITB in 1999. The large proportion of young subjects in the study may have influenced these results. However, the results are nonetheless indicative, as people already using the Internet will continue using the Internet and its popular adoption will continue among young people in the future. More than half of the 150 subjects in the sample (51.3%) claimed that it was likely that they would buy a travel product over the Internet within the next twelve months.

All respondents in the sample had English as their native-, second- or third language. Some visitors to Iceland do not speak any English. They tend to come on pre-arranged tours, accompanied by a tour manager who speaks English as well as their native language. However, these visitors are unlikely to use the Internet to buy travel products, as there are very few such sites available in languages other than English and German. English-language proficiency had no influence on whether people looked up information on Iceland before their trip. However, native speakers of English are more likely to buy travel products via the Internet.

A correlation exists between the amount of time spent on the Internet, in terms of number of days per week as well as hours per week, and the level of pre-visit information search before travelling to Iceland. There is also a correlation between spending significant time on the Internet and high levels of travel product purchasing online. Subjects in the up-to-25 age group and in the 26-35 age group are most likely to use the Internet both for pre-visit searching and for travel product purchase, as they spend most time online.

The qualitative questions confirmed that Yahoo.com is the most important Web portal for Isafold in terms of its marketing effort, as subjects listed Yahoo most often as their favourite start page in the questionnaire. Further, Yahoo.com was the most-used search engine together with Google.com. No particular trend was identified in the use of travel websites, as the sample was too small.

The Internet has become the world's largest travel agency, as it provides great reach at a relatively low cost. Its many mediums can all be used to promote, market and sell travel. No tour operator, big or small that wants to survive in today's marketplace should ignore the marketing and selling potential of the Internet.

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