



TOURISM STATISTICS

REPORT 2016

VISIT GREENLAND



TOURISM STATISTICS REPORT

This report contains, in addition to the initial summary, the following information:

Key figures from tourism in Greenland 2016 (source: stat.gl)

- Air Passenger stats
- Cruise stats
- Accommodation statistics

Additional Data

- User data from greenland.com (source: Google Analytics)
- Market analytics data from surveys in Germany, Britain, France and USA (source: NIT Kiel)
- Latest figures from Iceland (source: statice.is)
- Recent international trends and tendencies (sources: Statista & Forbes)

INTRODUCTION

Visit Greenland has decided not to publish full tourism statistic reports for each quarter, as the number of tourists in Q1, Q2 and Q4 are so low that the statistical uncertainty becomes too great. It does not make sense to focus on quarters when the 'sample' is so small, as the data does not validly indicate the overall development of tourism.

Instead, this report uses data for the whole of 2016 and compares it to data gathered from 2015, including those from the most important third quarter. This third quarter represents the summer peak season when more than half of the tourists visit the country. In Q1, Q2 and Q4 2016 there was a total of 26,987 tourists in Greenland who visited (by air), compared to 29,922 tourists who visited in Q3-16.

Continued growth for tourism in Greenland

The year of 2015 was one of positive growth, as there were 23.8% more tourists arriving by air compared to 2014. This is after several years of negative growth. 2016 also showed very positive growth, with a 9.9% increase of tourists arriving by air - this excludes the 1,700 one-off guests who visited Nuuk in March in connection with the Arctic Winter Games.

This development is supported by overnight accommodation data, as we see a growth in the the total number of nights spent in Greenland by tourists has increased by 4.6% - a rather large percentage when compared to the 1.3% growth for the same period in 2015.

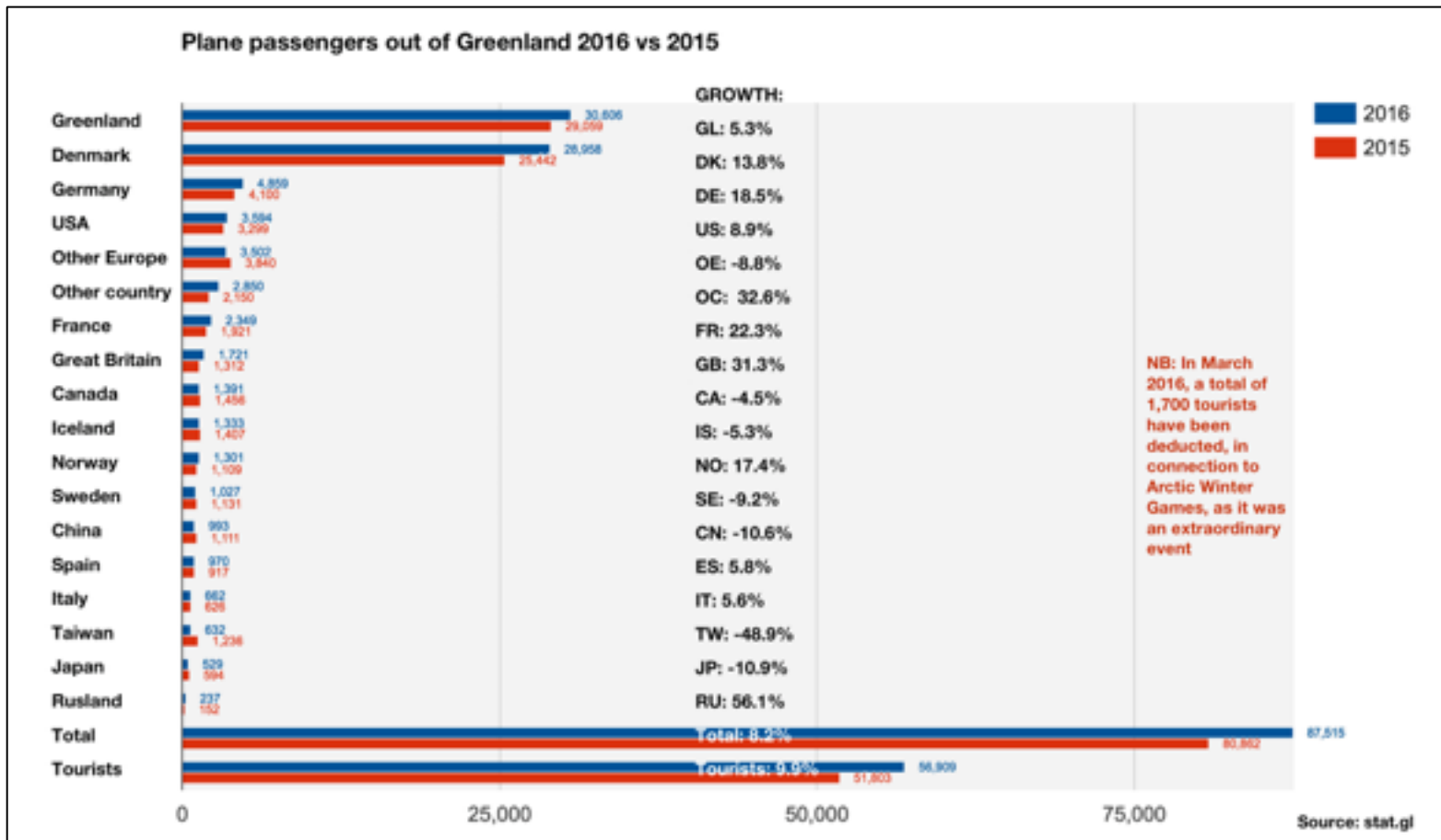
What growth should we expect in the coming years?

UNWTO (UN's tourism body) has forecasted an annual global tourism growth of 3.3% between 2010 and 2030. 2015 surpassed this rate with a global growth percentage of 4%, continuing at this rate the first 9 months of 2016.

The 23.8% growth rate of tourism in Greenland in 2015 is considered unusually high. While 9.9% growth for 2016 is significantly lower than the growth rate from 2014 to 2015, it is still 6 percent higher than the average global growth rate, so is in that perspective very satisfactory. Overall, it is likely that Greenland can continue to grow in the coming years, but it depends a lot on factors that will be highlighted in this report.

THE NUMBER OF TOURISTS BY AIR 2016 vs 2015

The most positive indicators for 2016 was the total increase of 9.9% more tourists travelling by air and high growth rates in the main markets of Denmark, Germany, USA, France and Britain. The actual growth percentage for Canada was probably higher, as 1,300 Canadian guests were taken out of the statistics due to the one-off event of the Arctic Winter Games in March 2016. The available data for Canada is therefore quite conservative, but we can assume that the number of guests is similar to March 2015. It should be taken into account that for countries where there is a growth rate of below 1.000 tourists (growth percentage in grey), the sample may be too minute to indicate clear trends.



Note: The data has been drawn from Greenland Statistic's database on stat.gl.

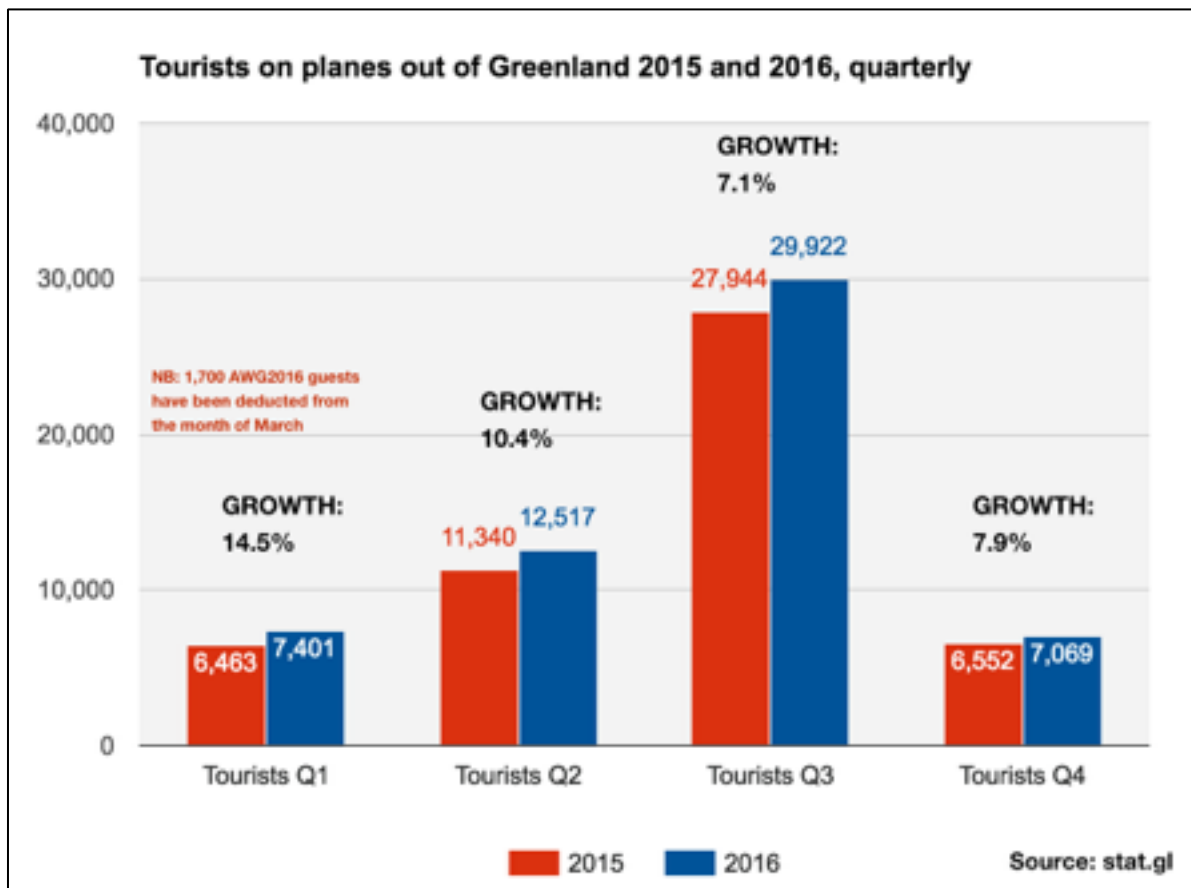
For unknown reasons, there have been insufficient registrations on the Ilulissat-Reykjavik (Air Iceland) and Ilulissat-Keflavik (Air Greenland) routes, which, according to the two airlines, lack approximately 792 tourists.

If one includes these figures, the tourism segment has grown by 11.4%.

THE NUMBER OF TOURISTS BY AIR - QUARTERLY GROWTH

As clearly shown in the diagram there is little tourism activity in Q1, Q2 and Q4 compared to Q3. This data set covers the whole of Greenland, and represents a large enough sample to indicate a quite positive trend for the shoulder seasons, which had two-digit growth rates in Q1 and Q2 - even with 1.700 AWG guests deducted in Q1-16.

Presently, over 50% of tourists who visit Greenland do so in Q3. In 2015 this proportion was 53.4%, but in 2016 the proportion was 52.6%. If this development continues, we will continue to expand the tourist season, and will expect more evenly spread visitations to Greenland over the years.



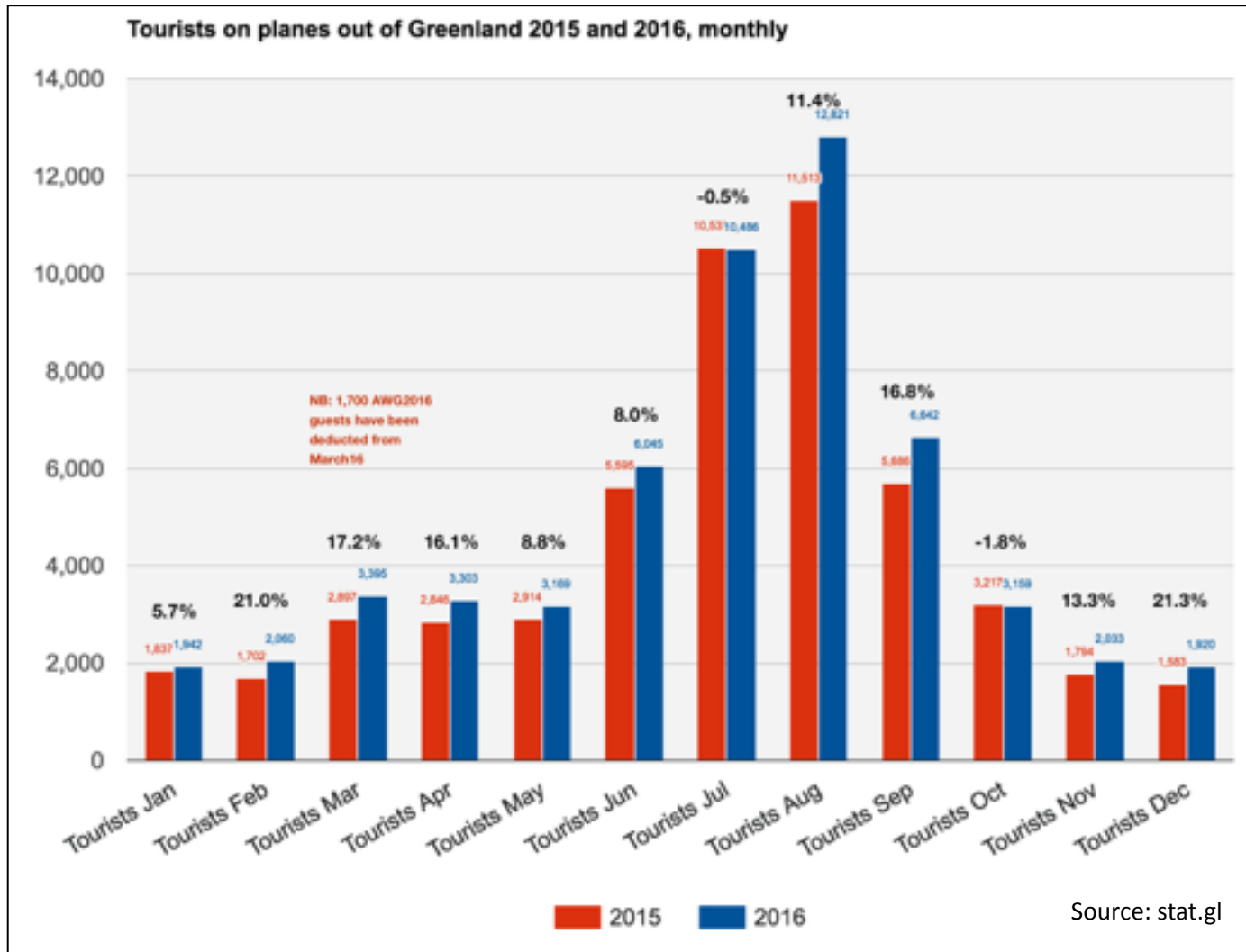
In order to utilise the limited hotel and flight seat capacity, it is important to expand tourism across the year (and all over the country where there is overnight capacity).

There are indications that Q3 is beginning to reach its tourism cap in popular destinations such as Ilulissat and Kangerlussuaq, as accommodation providers say that the entire Q3 is already sold out early in the season. In the case of the bigger city of Nuuk, there are still vacant beds available at accommodations in Q3.

As long as there aren't any new hotels or longer runways being built, and while there is still limited flight capacity, it makes sense to include season development as a central part of the tourism strategy.

THE NUMBER OF TOURISTS BY AIR - MONTHLY GROWTH

From a national perspective, when we look at tourism development in terms of months, we can observe a 2-digit growth in the shoulder seasons of February-March-April and November-December. In other words, season expansion is developing in the right direction.



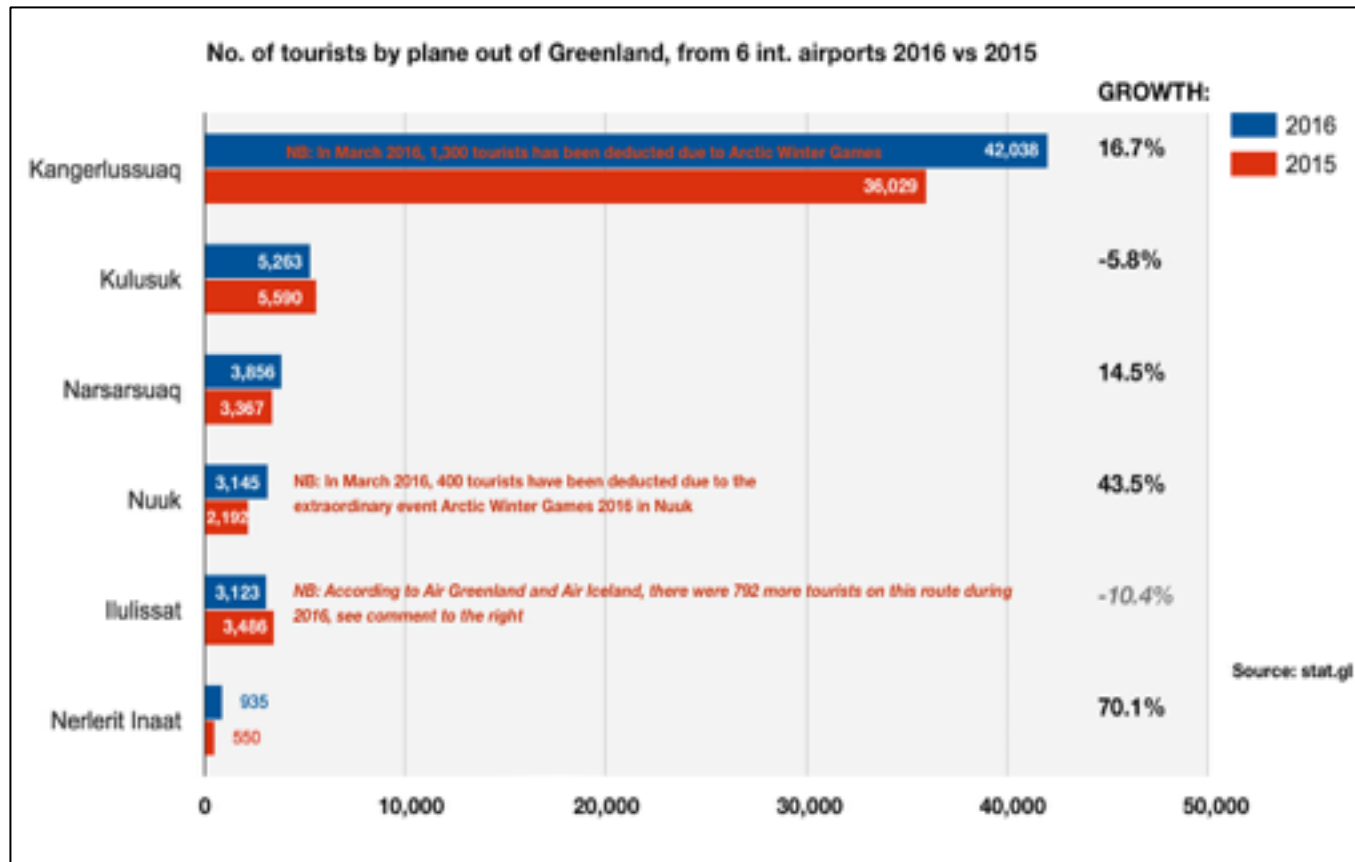
Mittarfeqarfiit, Greenland Airports, collects the total number of air passengers, however, the country of residence is not always registered. This creates a pool of 'unidentified' data, which is [proportionally divided](#) between tourists and residents registered by country.

There is a small built-in imprecision in this conversion method, resulting in slight differences in the percentage distribution between tourists and residents, depending on whether one analyses monthly, quarterly or for example 12 months at a time.

In short: if there are fewer passengers included in the statistics, while at the same time a large proportion of passengers are not being registered for their country of residence, there is greater chance for inaccuracy.

THE NUMBER OF TOURISTS BY AIR OUT OF THE 6 INT. AIRPORTS

70% of all tourists who fly out of Greenland are registered at Kangerlussuaq, but a great deal of them are transiting to and/or from another destination or to a cruise. Unfortunately, Visit Greenland does not have data about how many tourists registered in Kangerlussuaq are on the way home from a certain destination. We can however compare this information on page 11 with the existing overnight data from each of the 5 regions in Greenland: North region, Arctic Circle region, Capital region, South region and East region. It should be taken into account that 245 out of the 986 passengers were not registered for country of residence at Nerlerit Inaat. The unidentified passengers are proportionally divided between resident and tourist data, as described on the previous page.



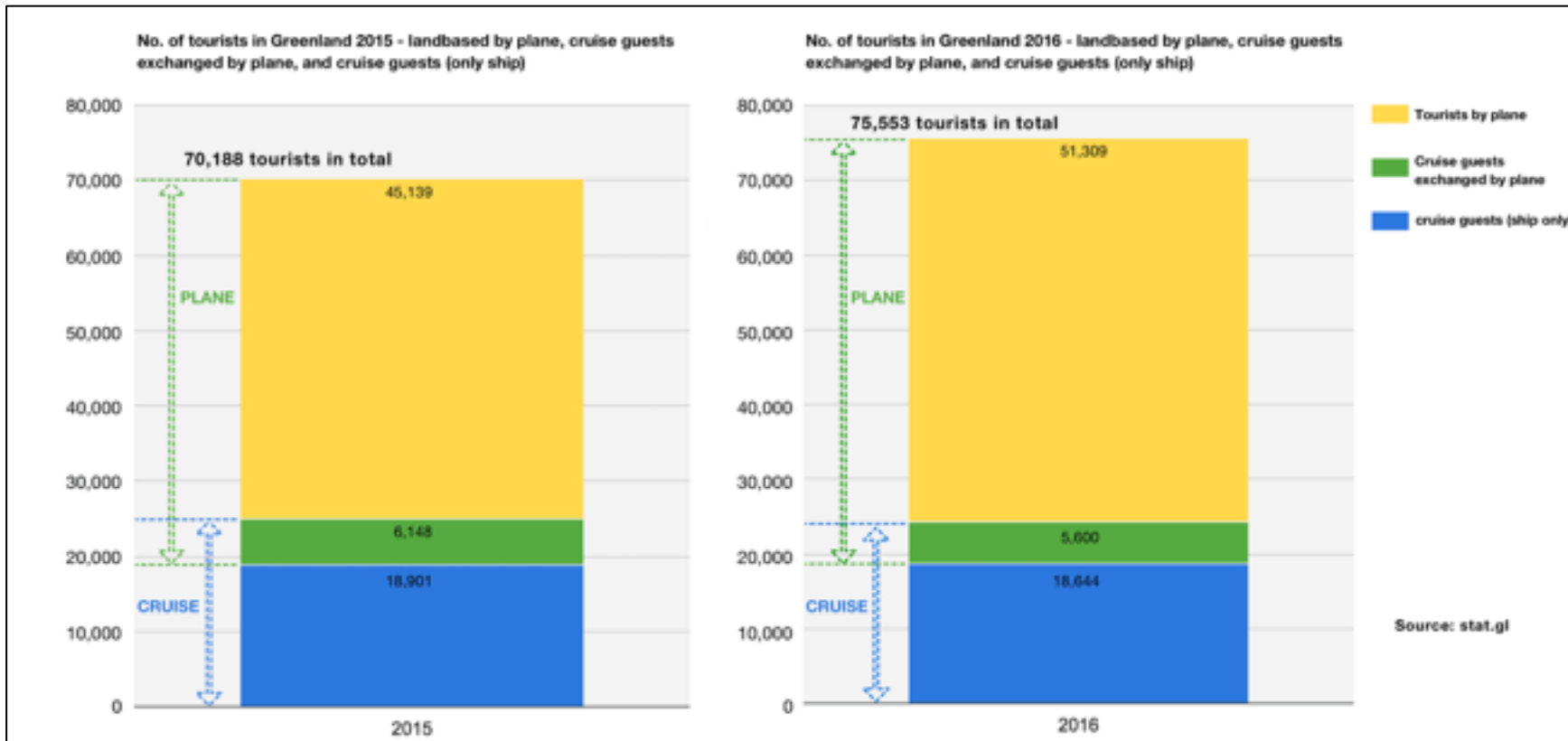
Note: For unknown reasons, there have been insufficient registrations on the Ilulissat-Reykjavik (Air Iceland) and Ilulissat-Keflavik (Air Greenland) routes, which, according to the two airlines, lack approximately 792 tourists. Therefore these figures are not included on stat.gl.

If one includes these figures, the Ilulissat route has a growth of 12.3% instead of negative growth of -10.4%, which is more plausible in view of the growth of tourist overnights.

THE TOTAL NUMBER OF TOURISTS COMPARED TO 2015

In 2016 there were overall 7.6% more tourists in Greenland compared to 2015, when one includes cruise guests. Although there were fewer cruise guests in 2016, more went onshore. Pages 14 - 17 looks closer at cruise tourism.

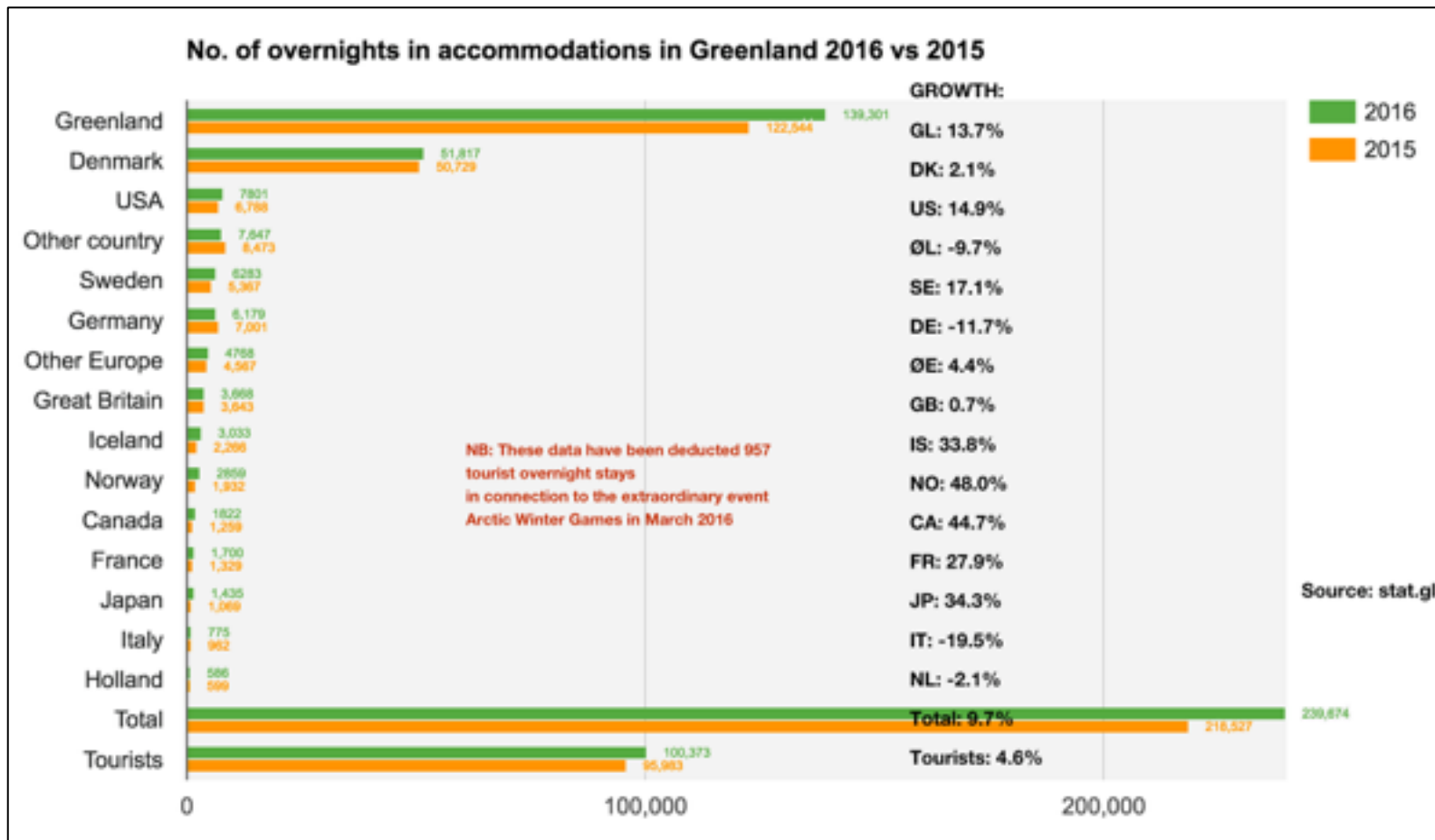
For tourists that travel to and from Greenland, we can note that circa 70% travel via Copenhagen - Kangerlussuaq, and circa 30% travel via the Iceland routes. Regarding the total number of flight passengers, including Greenlandic residents, the distribution is circa 80% via Copenhagen - Kangerlussuaq and circa 20% via Iceland. Note: the number of cruise passengers in 2015 has been adjusted by Statistics Greenland since the first national tourist report was published in Q1-16.



The official number of cruise passengers in 2015 was 25,049 pax (see page 14), therefore the total number of tourists for 2015 is adjusted from 67.876 til 70.188.

THE NUMBER OF BED NIGHTS AT TOURIST ACCOMMODATIONS

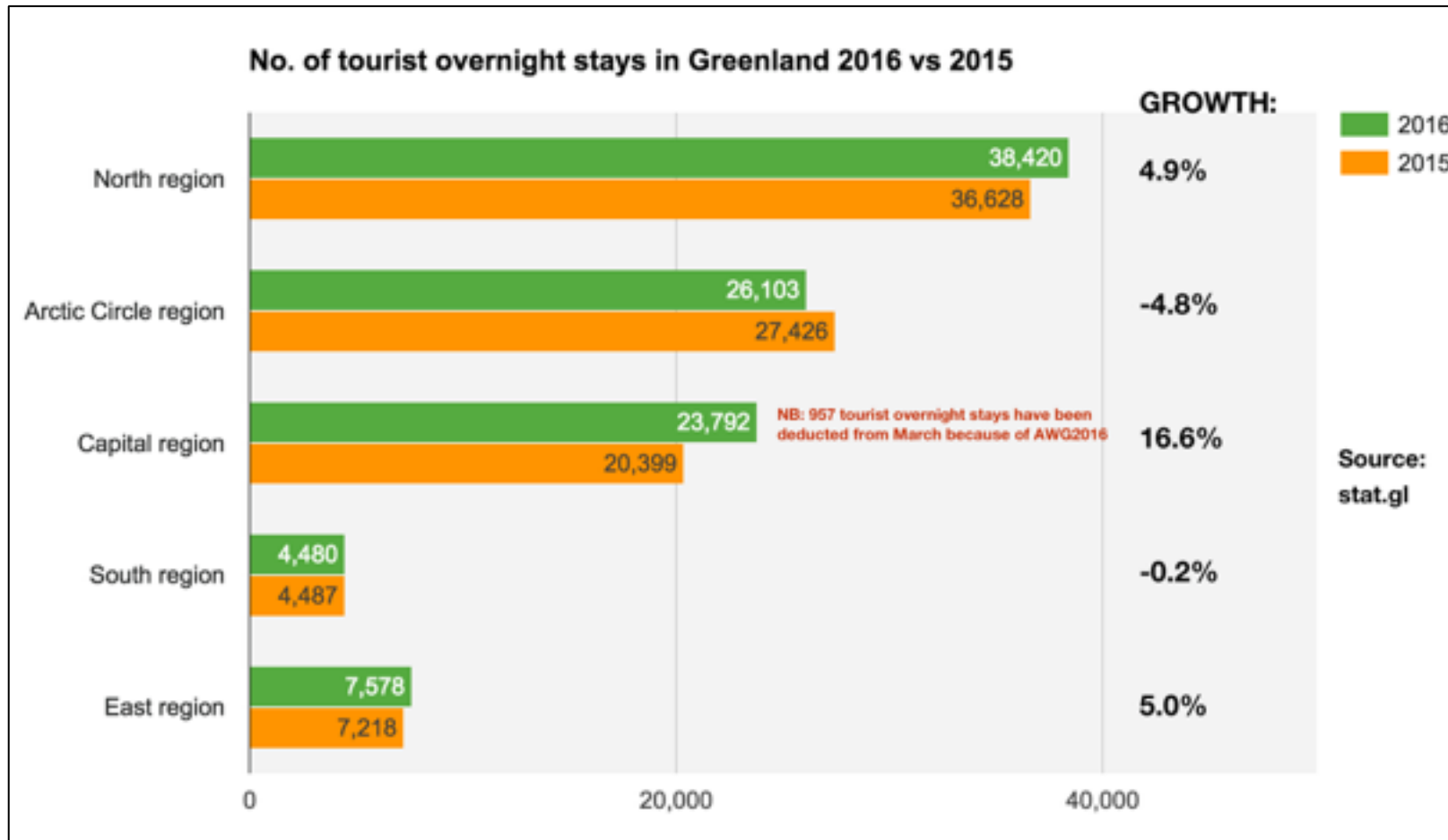
Accommodations in Greenland (at least those of them that register data with Statistics Greenland) have had an even better year than in 2015. In 2015 there was a growth of 1.3% in relation to number of tourist overnights, and in 2016 the growth was 4.6%. The number of bed nights sold is a better indication of the development than number of guests. The first category reflects most about the total revenue, while a higher number of guests who purchase fewer bed nights than the year before can result in negative growth. The 'good tourists' are therefore the ones who buy over the average number of bed nights per visit to Greenland, which in 2016 was 2.7 nights/tourist.



In connection with the Arctic Winter Games it is difficult to determine how many extra overnights this event generated, as many of the guests stayed in private accommodation. Thus the figures used in 2016 are similar to March 2015.

THE NUMBER OF TOURIST OVERNIGHTS PER REGION

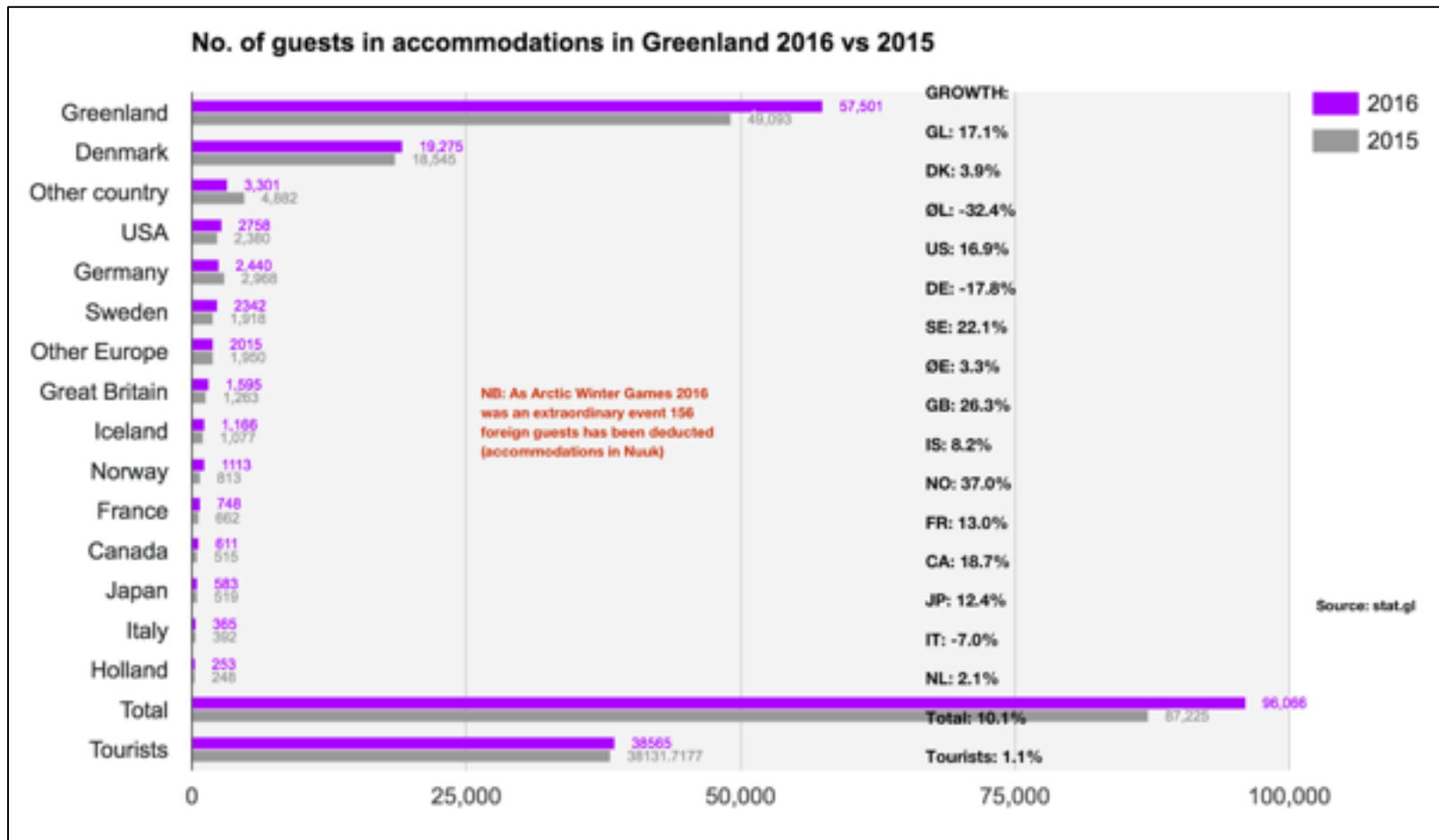
When it is impossible to see in the air passenger data which tourists are in transit via Kangerlussuaq from which destination, we should look closer at the overnight data from the regions. Qaasuitsup (North region) and Sermersooq V (Capital region) has developed a lot, while there was negative growth in Arctic Circle region. The latter might seem strange especially when in the same period there has been a 10.9% growth in flights passengers out of Kangerlussuaq. This suggests that these passengers have not been visiting Qeqqata as a primary destination but have been transiting in and out from other destinations.



East region has had a fine growth rate of 5%, but it contrasts with the 5.8% negative growth of number of tourists flying out of Kulusuk. The increase in air passengers out of Nerlerit Inaat can not quite be explained, as there were only an estimate of 385 more tourists. We investigate this closer in the regional report for East region.

THE NUMBER OF GUESTS IN OVERNIGHT ACCOMMODATIONS

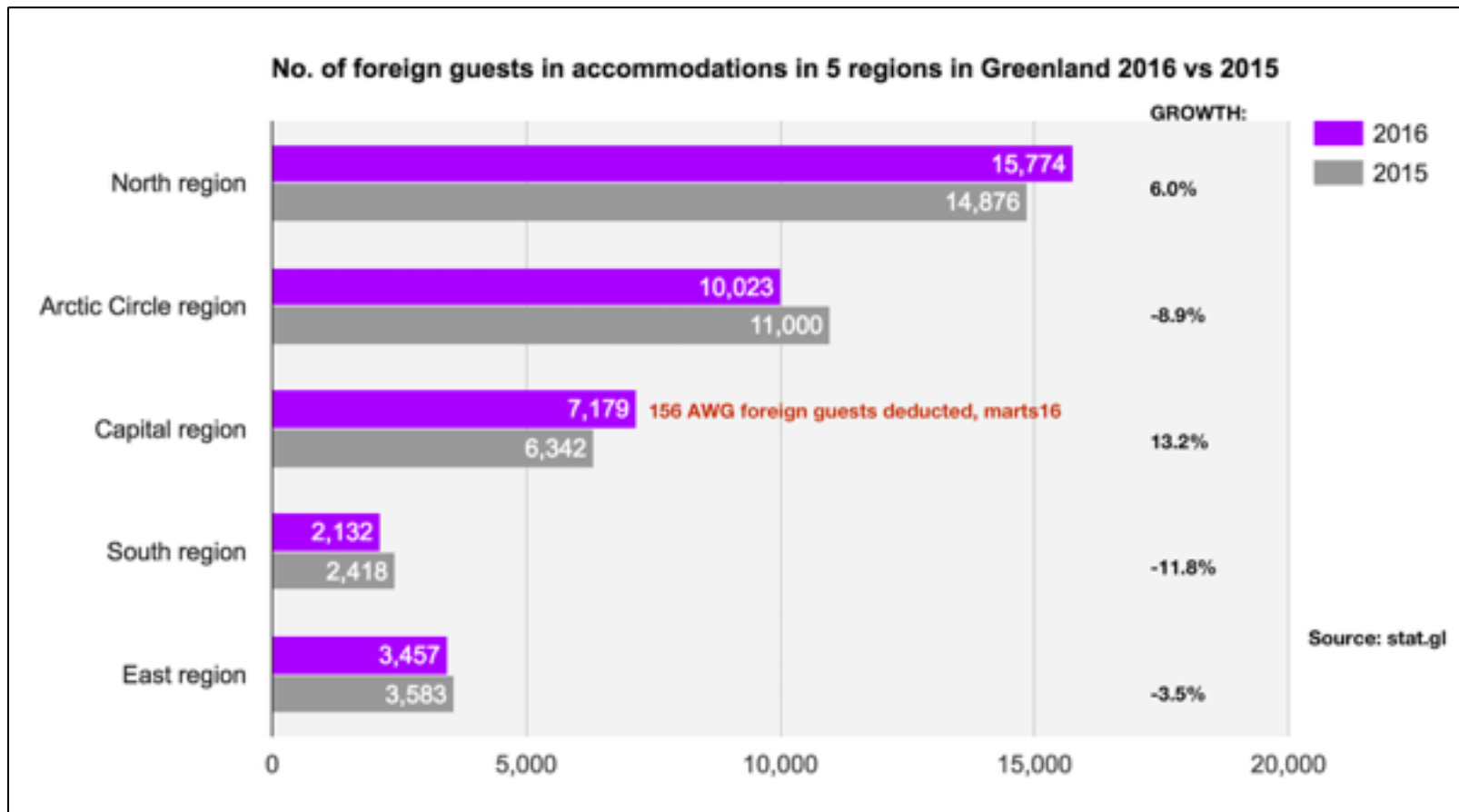
While in 2015 we saw a rise of 4.6% in the number of international guests compared to 2014, there is growth of 1.1% in 2016. Yet at the same time we see a 4,6% growth in the number of tourist bed nights in 2016, where in 2015 there was growth of 1,3% - the completely opposite trend. The statistics indicate that in 2015 tourists bought less bed nights per guest than in 2014. In 2016 the statistics suggest that each international guest bought more bed nights at accommodations than was the case in 2015. The figures should be taken with consideration that not all accommodation providers report on the number of guests, overnights and country of residence.



In connection with the Arctic Winter Games, it is difficult to determine how many extra international guests stayed in overnight accommodations, as many of them were hosted privately. However we can assume that the number of guests is similar to March 2015.

THE NUMBER OF TOURISTS IN OVERNIGHT ACCOMMODATIONS

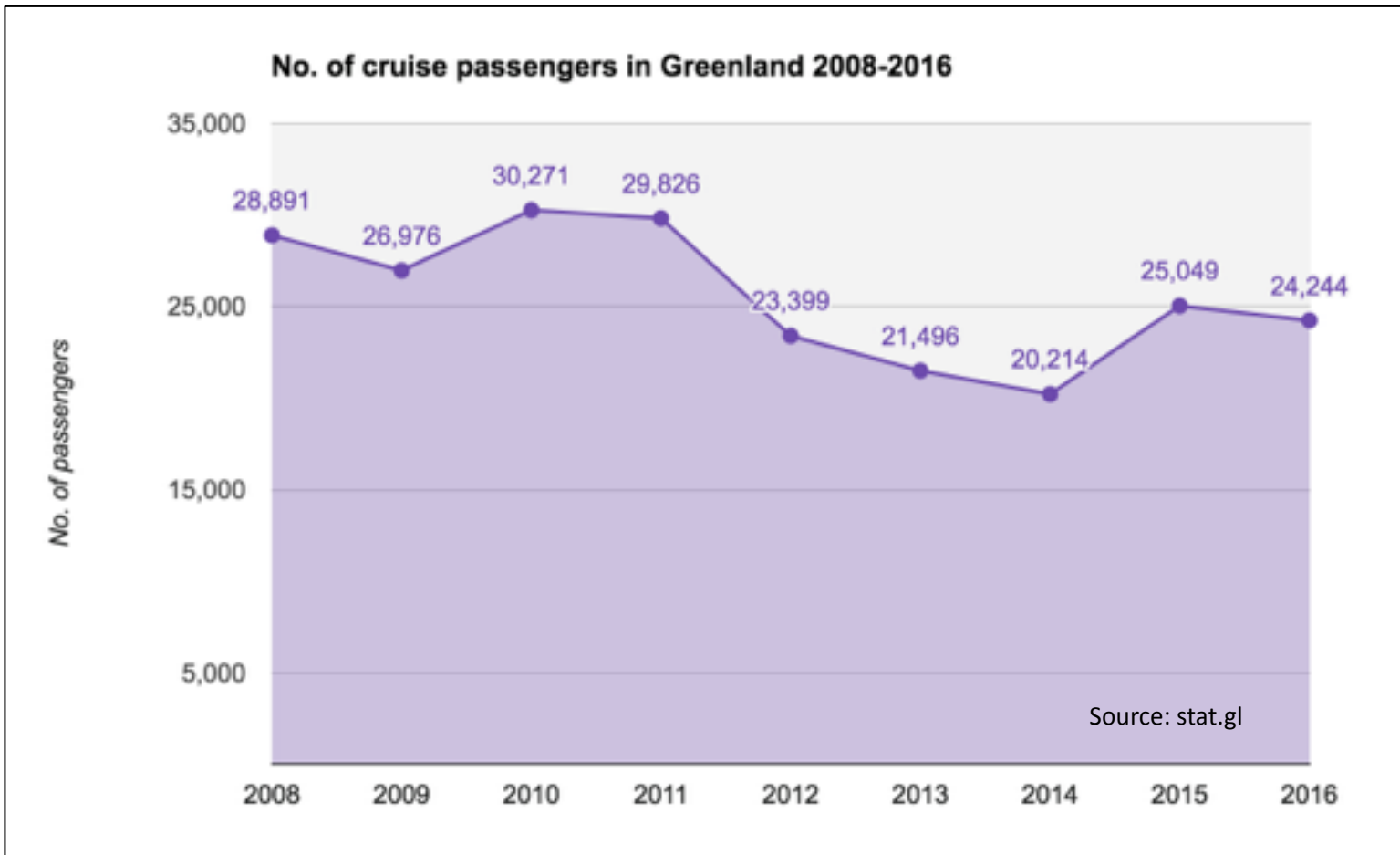
When we compare the regions regarding the number of international guests per overnight accommodation in 2016 contrast to 2015, it is obvious that there is positive growth in Qaasuitsoq and Sermersooq Vest, and negative growth in the other kommuner. The positive growth in Qaasuitsoq og Sermersooq Vest is aligned with the increase in number of bed nights. It is worth mentioning that in Kujalleq there was an 11.8% decrease of international tourists, while there were only 0.2% less bed nights. At the same time it's worth mentioning that in Sermersooq East the number of international tourists decreased by 3.5%, while there was a 5.0% increase in the number of bed nights.



Please note that even minor fluctuations have greater impact on statistics when the data pool is small. Kujalleq and Sermersooq East have had relatively fewer tourist visits, and this can help to explain the slightly confusing data outcomes.

CRUISE – NUMBER OF PASSENGERS 2008-2016

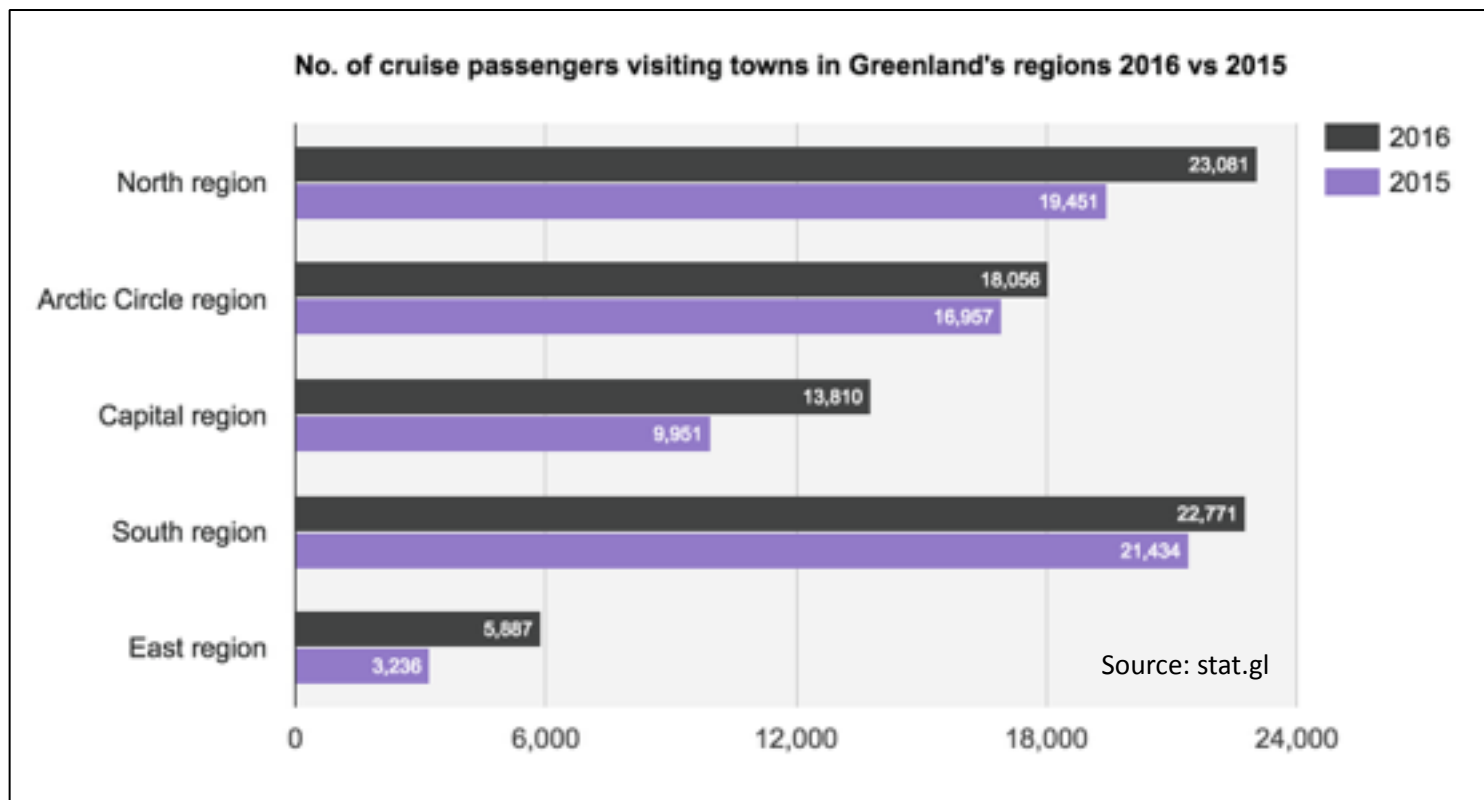
The number of cruise passengers visiting Greenland throughout the past 9 years fluctuates. 2008-2011 were peak years followed by a downward trend until 2014. As with the development in terms of tourists by air 2015 was a year that saw a significant growth of an impressive 24% compared with 2014. In 2016 there was a slight negative growth in the number of passengers of -3.2%. But as can be seen on the following page more guests likely went ashore in most cities than what was the case in 2015.



Unfortunately data on the country of residence of the cruise passengers is characterized by inadequate registrations. In 2015 there were 6,275 un-registered passengers and in 2016 8,435 un-registered passengers. Thus we do not have valid data on country of residence, but as the registrations we do have indicate, the most important markets in 2016 were Germany, Great Britain, USA, Canada, China, France, Switzerland and Australia.

CRUISE – NUMBER OF PASSENGERS ON PORT CALLS IN CITIES

As mentioned on the previous pages the total number of passengers can not be equated with how many went ashore in which cities. However, what does affect the Greenlandic economy is the number of guests that came ashore thus being able to purchase goods and tourism related products. A [2015 survey](#) found that 98% of the guests went ashore at least once. It is worth noting that the increase in the number of smaller ships (up to 250 pax) is positive, as passengers on these ships tend to come ashore more regularly and interact more with the locals compared with passengers on the large cruise ships. The chart below clearly shows that there were more port calls per passenger compared with 2015. So even though there were 3.2% fewer unique cruise guests in Greenland in 2016, each ship has called on more ports which increases the likelihood of more guests coming ashore than in 2015.

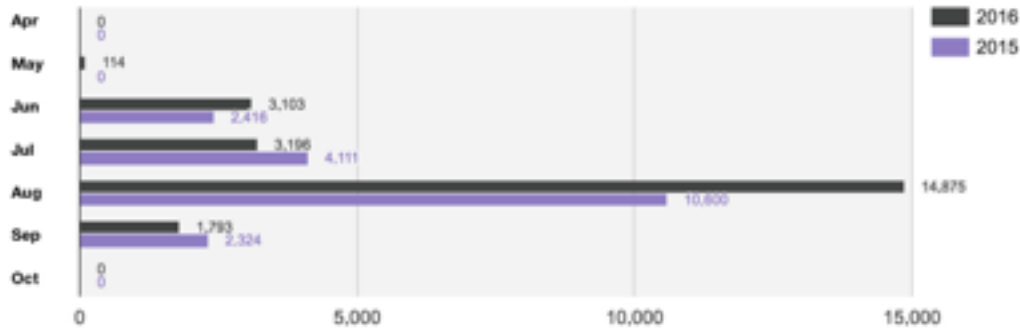


Statistics Greenland divides the ships in 4 pax categories according to how many passengers the ships can carry.

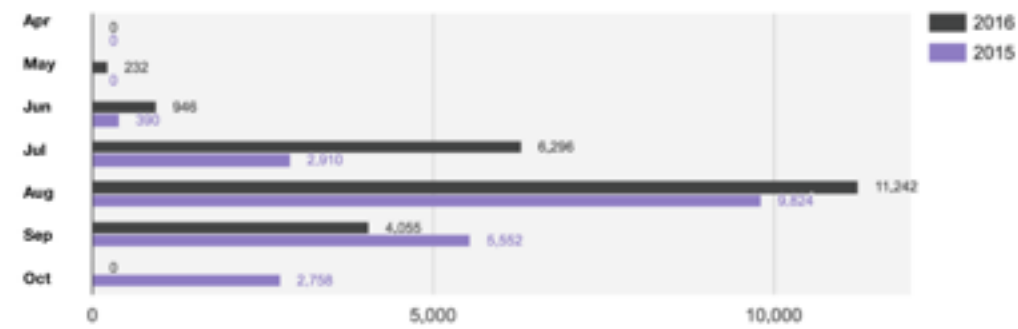
There is a pattern for each pax category as to how many cruises are sailed per year and how many ports are called upon which can be seen on page 17.

NUMBER OF CRUISE PASSENGERS – REGIONS/MONTHS

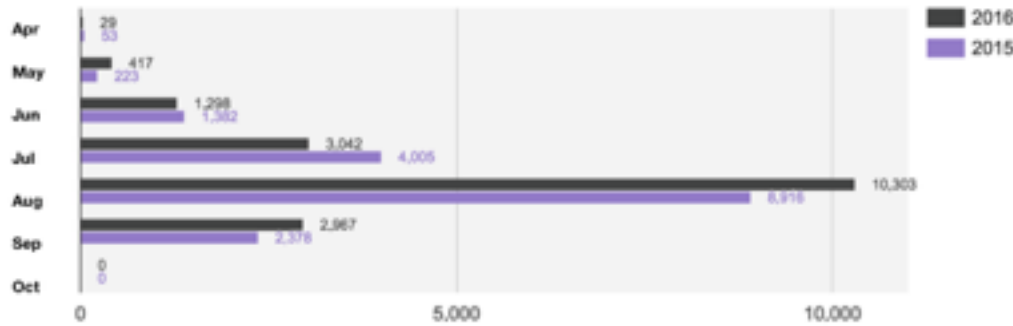
No. of cruise guests that visited towns in North region 2016 vs 2015



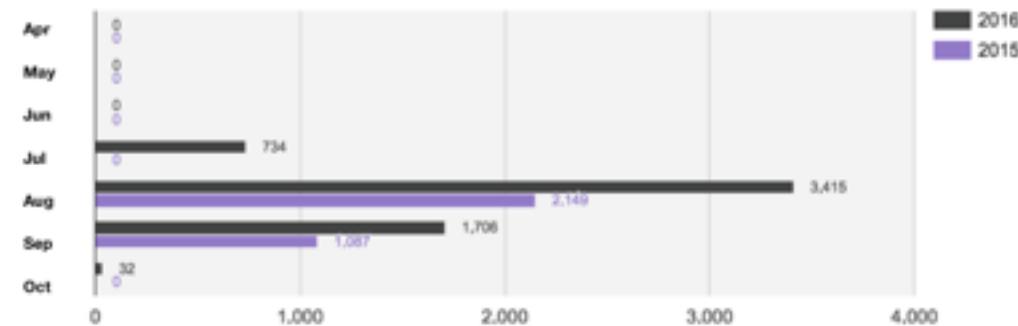
No. of cruise guests that visited towns in South region 2016 vs 2015



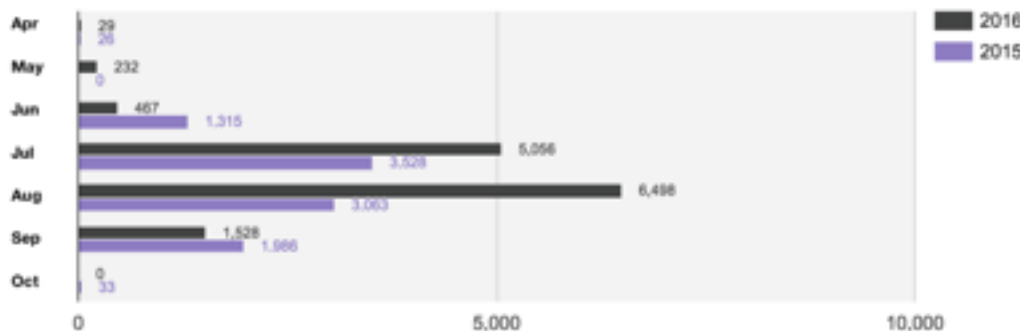
No. of cruise guests that visited towns in North region 2016 vs 2015



No. of cruise guests that visited towns in East region 2016 vs 2015



No. of cruise guests that visited towns in Capital region 2016 vs 2015



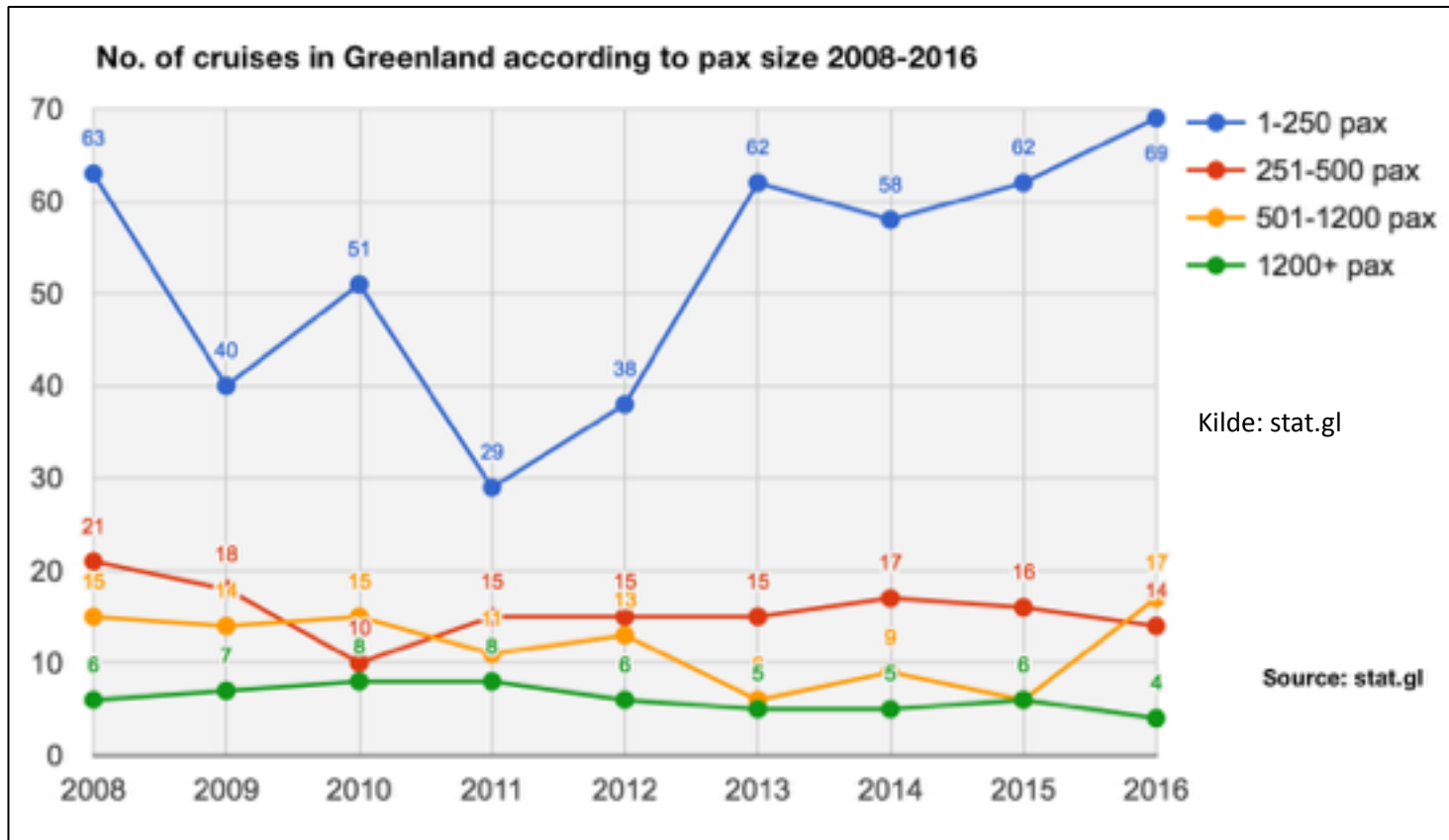
Source: stat.gl

The number of passengers visiting each of the 5 regions can be seen above. Though it does not necessarily correspond with the number of passengers ashore, it is a good indicator when comparing each region. The charts further specify the data in the chart on the previous page.

CRUISE – NUMBER OF CRUISES BY PAX SIZE

Since 2011 there has been an increase in the number of cruises by the smaller ships (pax of up to 250) – also called expedition ships. In the same period of time the number of cruises by other pax categories has been relatively stable, except for the 501-1,200 pax size that has more than doubled the amount of cruises from 2015 to 2017.

From the call lists it is clear that the expedition ships on average not only sail more cruises, they also have more port calls than the larger ships. In general the expedition ships have a higher security level (such as ice-strengthened hulls) and their guests are more likely to interact with the locals, just as they spend more money during their trip. All in all positive factors for the business.







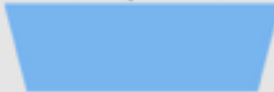



If cruise tourism in Greenland is to fulfill an overall strategy for economic and environmental sustainability, there are many signs that expedition tourists fit well into the strategy.

Segments with a higher interaction (e.g. Nature Lovers), a vast knowledge on the destination and the culture (e.g. Culture Lovers), and an almost pioneering mindset match an adventure destination such as Greenland well.

4 NATIONAL MARKET ANALYSIS FROM 2016-2017

In collaboration with NATA (North Atlantic Tourism Association) and Air Greenland, Visit Greenland carried out market surveys in 2016-17 in the 4 core markets Germany, Great Britain, France and USA with the help of the research agency NIT Kiel. 4,000 respondents in each country filled out online questionnaires which have given us a valuable insight into the potential of the markets in terms of potential travelers to Greenland. Here are some general findings. Air Greenland has exclusive rights to the complete sets of data on GB and US until Q2-17, and FR until Q2-18.

The potential for number of tourists in the 4 markets are divided into 3 segments (compared with the number of 'Former guests' in 2015-2016). The different numbers have been calculated by how many of the 4,000 respondents from each market have given positive answers to different questions, which have then been converted to what it statistically corresponds to in the respective populations. The segment 'planners' gives the clearest and most realistic view of the guest potential in the coming 2 years, but it must be seen as a best case scenario, as many things such as a good offer from a similar destination may change their decisions.

| FUNNEL | Definition |  |  |  |  |
|--|---|---|--|---|---|
| total potential  | "like to travel to Greenland within the next 5 years" | 4.4 million | 5.1 million | 5.3 million | 16.3 million |
| 'harder' potential  | total potential, without reasons against travelling to Greenland | 1.0 million | 1.4 million | 1.7 million | 3.8 million |
| 'hard' potential/planners  | "almost definitely planning to visit Greenland within the next 2 years" | 0.3 million | 0.3 million* | 0.3 million* | 0.8 million* |
| visitors  | Plane and cruise passengers to Greenland in the years 2015/2016 | 5,300 plane**: 4,300 cruise***: 1,500 | 26,000 plane**: 9,000 cruise***: 17,000 | 6,500 plane**: 3,000 cruise***: 3,500 | 11,000 plane**: 7,000 cruise***: 4,000 |

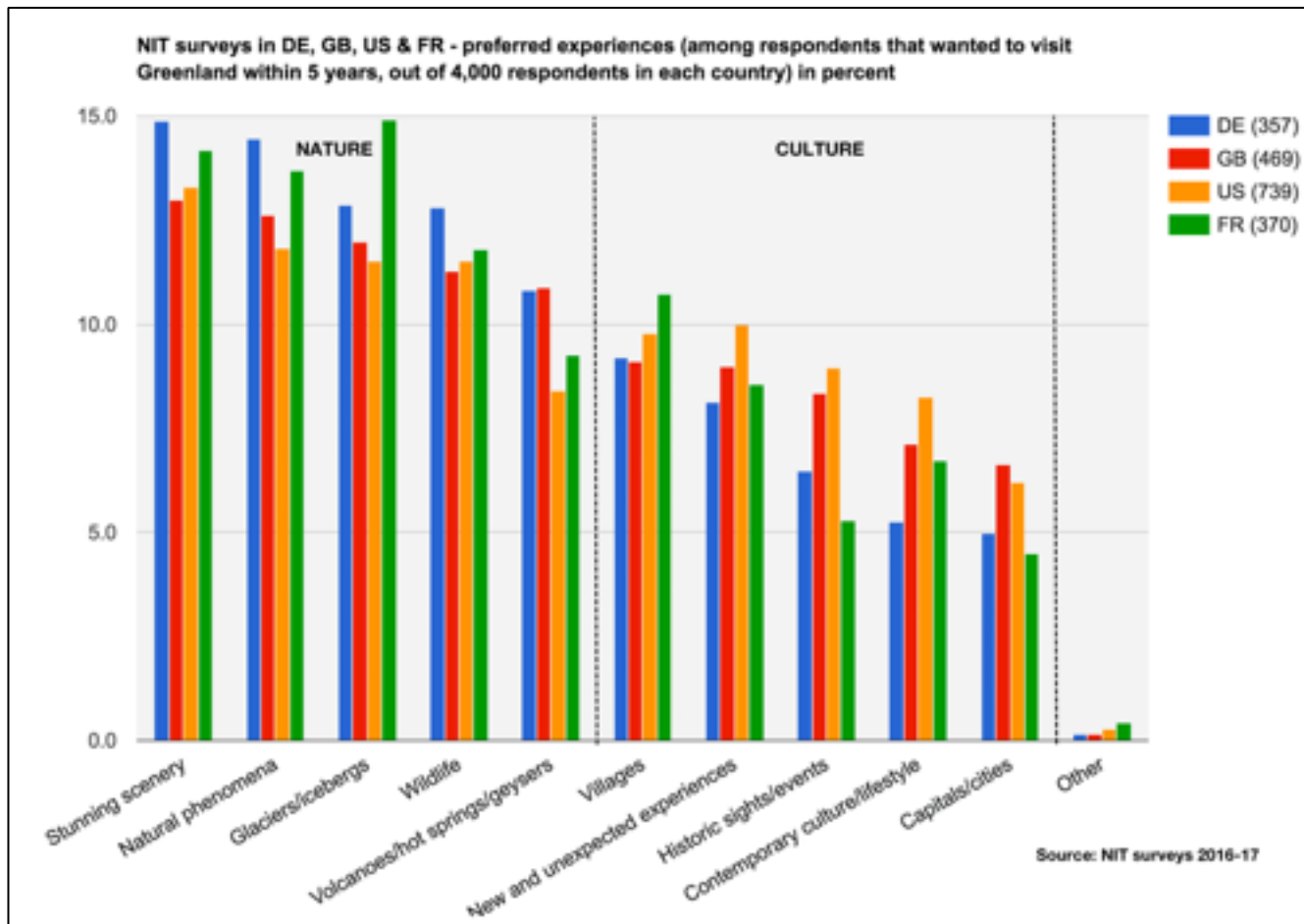
Source: NATA/VG online surveys 2016/2017 by NIT/pecc; * Estimates, based on the results in France; ** stat.gi; *** estimate by VG based on stat.gi

The phenomenon known as 'response bias' describes an overly positive attitude towards a destination when asked directly must be taken into account. At a later point Greenland can be completely off the radar again.

How many people that will actually purchase a trip to Greenland obviously depend on a number of factors, such as where they get more travel inspiration, marketing materials, concrete offers and the impression of value for money when comparing with competing destinations.

4 MARKET ANALYSIS – FAVOURITE EXPERIENCES

When we ask the *Total Potential* respondents what experiences they seek it is obvious that the nature based experiences outrank the culture based. The question about volcanoes/hot springs/geysers has been included as the survey is constructed to also show those who would rather choose other destinations such as Iceland before Greenland or show that they are exactly sure of what Greenland has to offer. Please note that the respondents have been able to choose freely among all the experiences they prefer in Greenland. They have not been limited to choose only one or another fixed number.



Also note that answers from all 4 markets in this chart have been converted to percent of the total number of clicks on each experience type for each market. This way we can compare the 4 markets even though the number of respondents for this question varies.

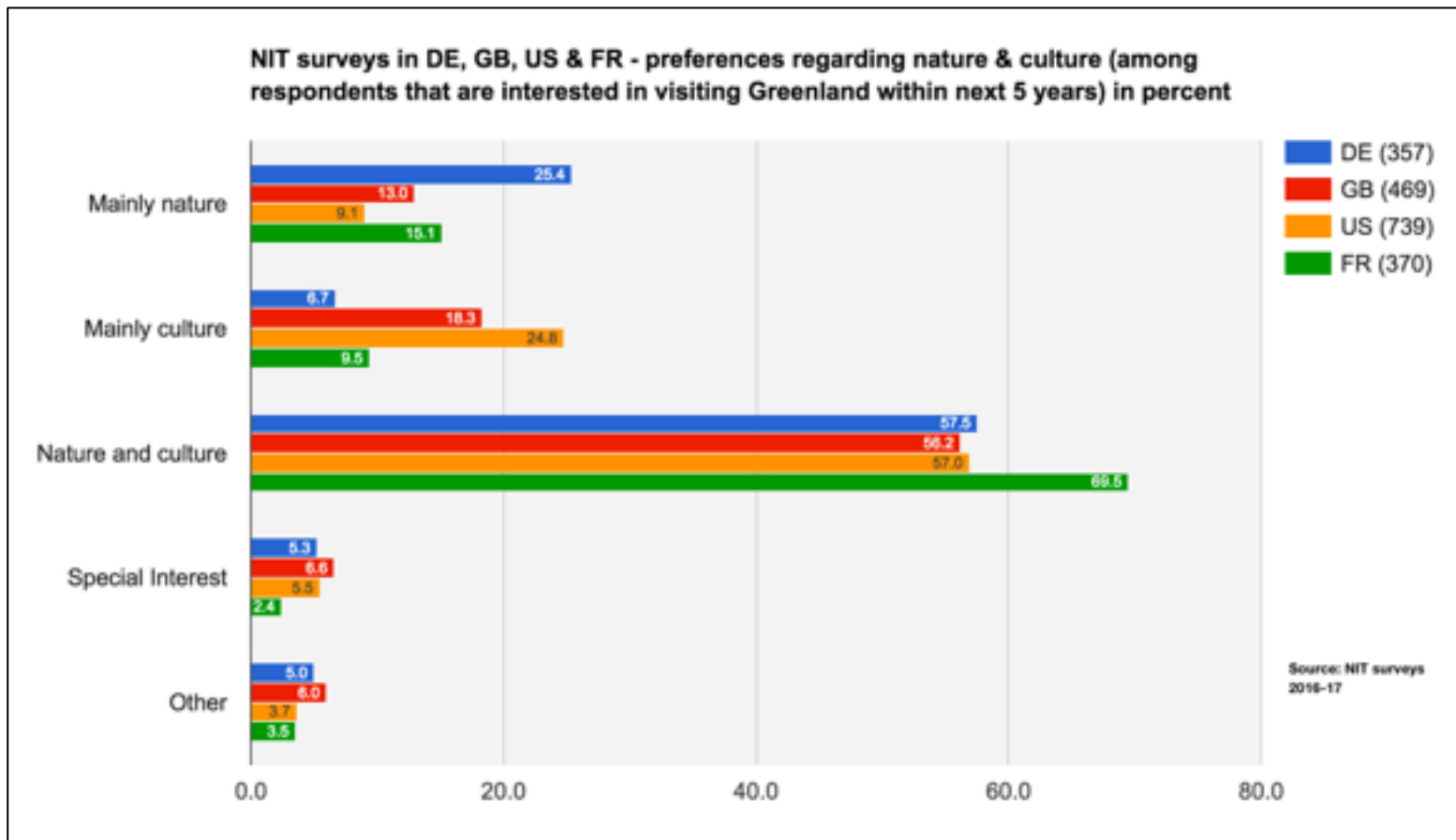
The number to the right of the double digit country code is the number of respondents included for this question (in each market) as they have all answered yes to the question if they are interested in visiting Greenland within the next 5 years.

This chart does not feature *Harder Potential* or the *Planners* segments, as they have not had enough respondents to get valid results.

4 MARKET ANALYSIS – THE BALANCE BETWEEN NATURE & CULTURE

As seen on the previous page nature based experiences are generally more sought after than culture experiences. But as we wish to know more about the mix of experiences on a possible trip to Greenland (among respondents that have indicated an interest in visiting the country within the next 5 years) we have also added the option to give more nuanced answers. As it turns out most seek a mixture of nature and culture based experiences when they are forced to choose only one of 5 possible answers below.

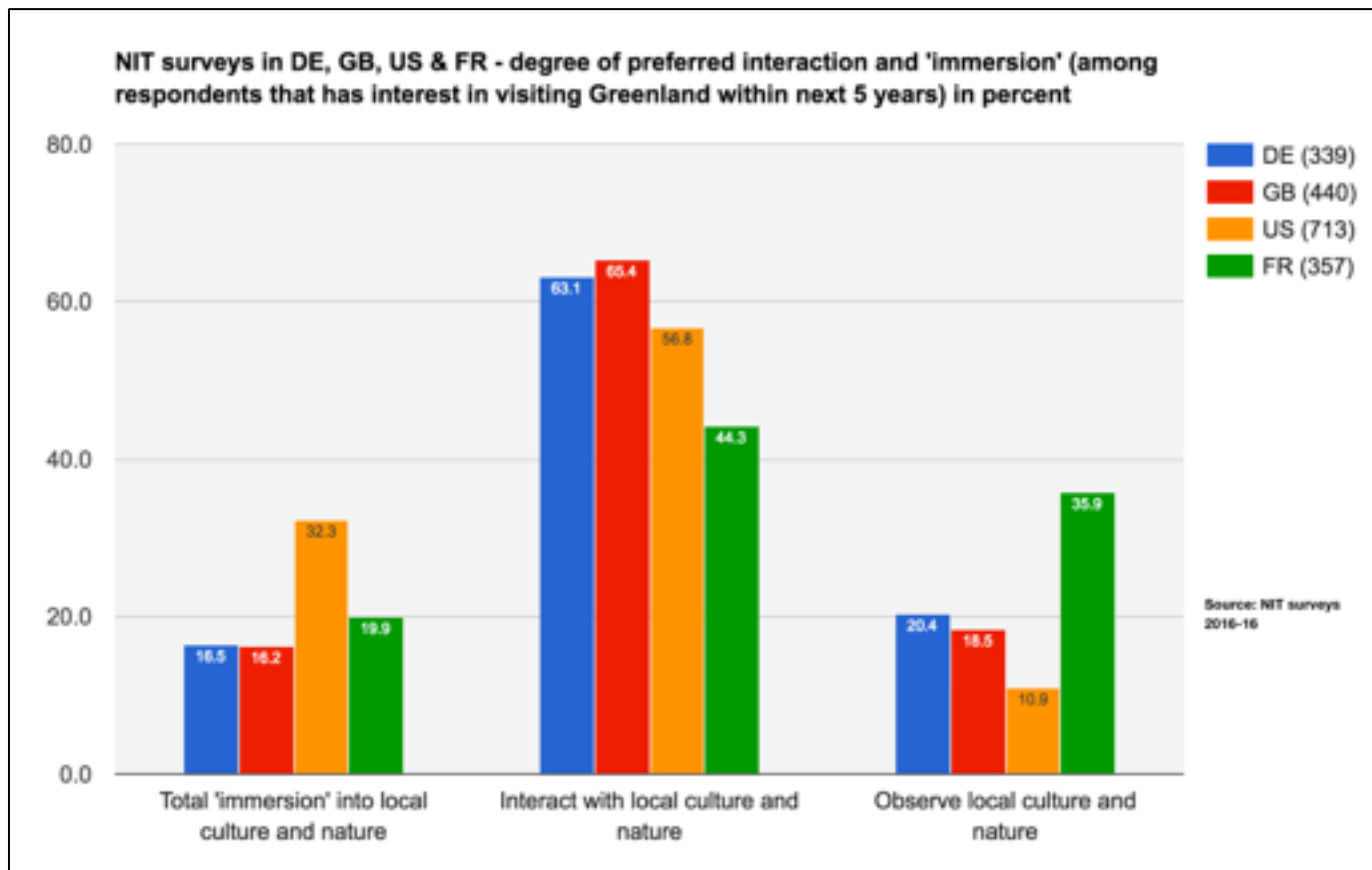
Unlike the free choice of preferred experiences on the previous page the construction below pushes people to define what 'type of tourist' they are. As that is closely related with their self-understanding, this can give a slightly different result than on the previous page.



As for the Germans and the French their choices of 'primarily nature' or 'mainly nature' correspond well with the previous page. But for the British and especially the Americans the choices point in different directions. Here culture is suddenly more important than on the previous page. The respondents are exactly the same, so the answers above might say more about their own understanding of themselves as tourists.

4 MARKET ANALYSIS – DEGREE OF INTERACTION/ENGAGEMENT

The Visit Greenland segmentation model has 3 degrees of interaction/engagement for the tourists, when they are on a destination. That means how 'deeply' do they want to engage with nature and people on a given destination. We have asked the respondents to answer which of the 3 'types' below they identify with. The number of answers are converted to percent, so we can compare the 4 markets. Two markets stand out on each end of the scale: The Americans are twice as into the total 'immersion' in the local nature and culture compared with the Germans and the British, while among the French there are a lot more of the more distanced 'observer' type than in the other 3 markets.

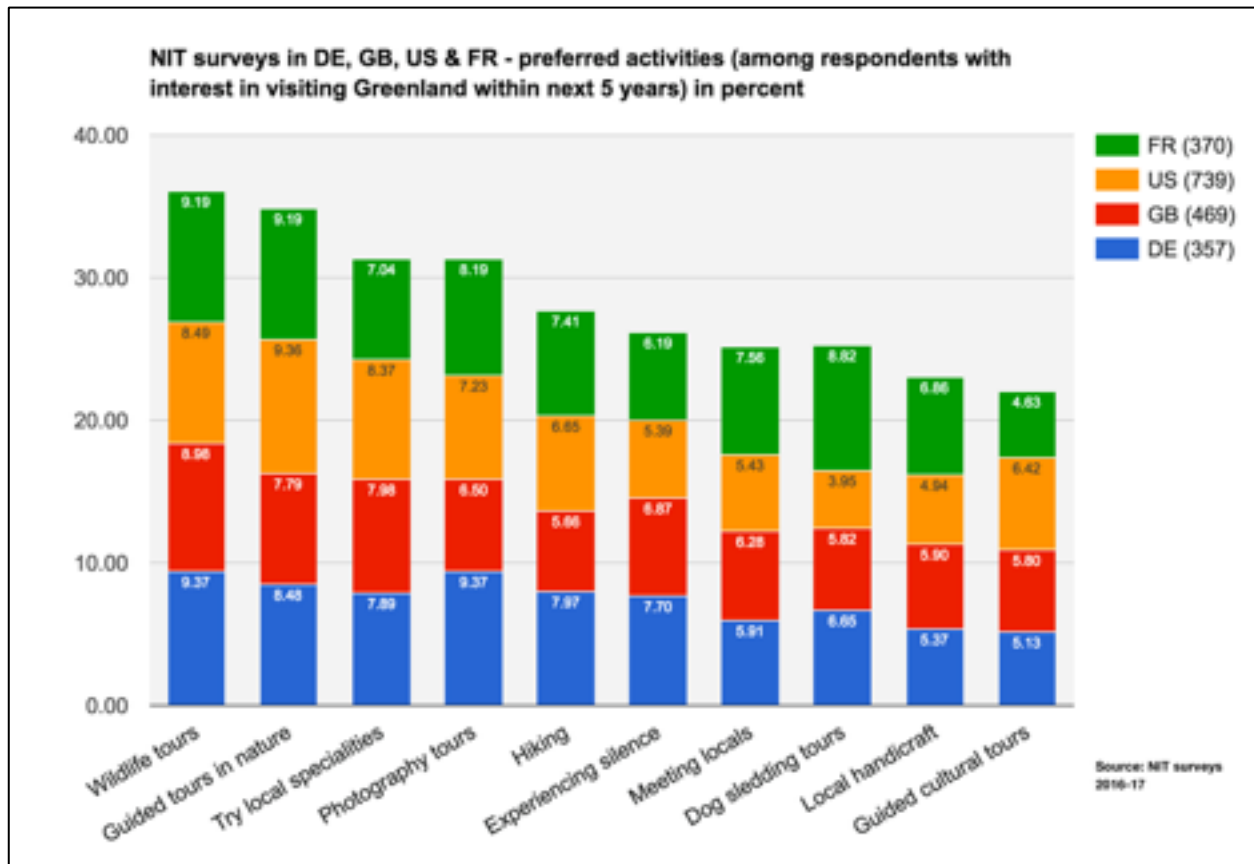


As the 3 questions are in each end of the scale from 'total immersion' to more passive observation, the overall trend appears to be a *normal distribution* between the three answers, meaning 15-20% in the first and last third and a little over half in the middle group.

The Americans however answer with a predominance towards 'total immersion' rather than 'observer' while the French display the opposite trend as they lean towards 'observer'.

4 MARKET ANALYSIS – FAVOURITE ACTIVITIES

In order to learn more about the preferences for certain products we have asked the respondents about which activities they prefer to experience on their trip. We have converted the total number of clicks on individual activities (for each market) to percent in order to compare. We originally had 20 activities for the respondents to choose between but as that was too much to include in one chart, only the top 10 is featured below. Once again the nature based experiences overall dominate the top 10. However 'trying local specialties' comes in as a slightly surprising number 3. We should add that 'photography trips' are not exclusively in nature they might also indicate that people are interested in photographing local culture.

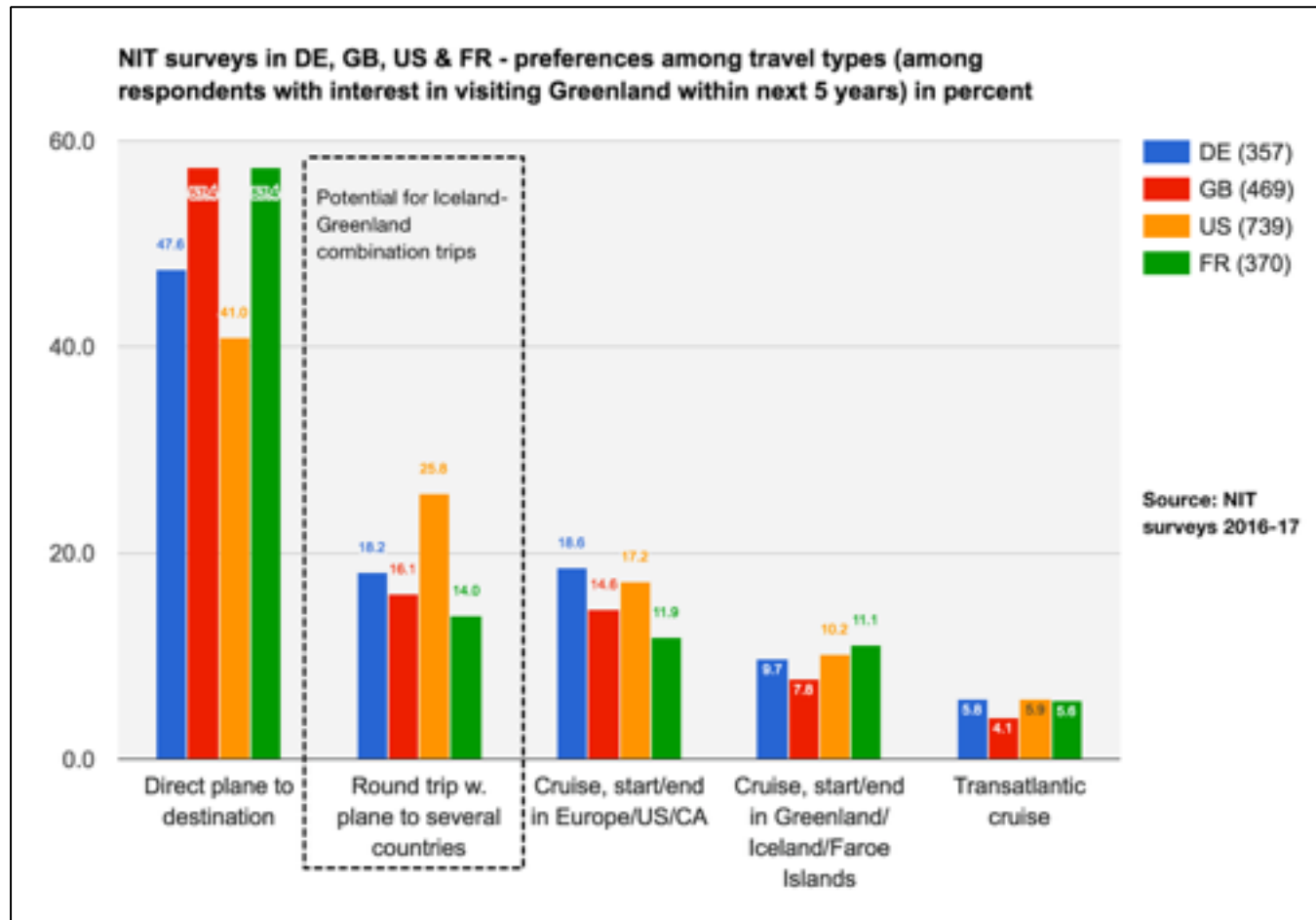


Of course there is a difference between the preferred activities in the 4 markets as one can tell by giving the chart a closer look.

Interestingly swimming/wellness is not a part of the top 10 activities as this comes in as the 13th most popular activity out of the 20. It has been included to establish the demand compared with other destinations that offer this (Greenland only has the Malik swimming pool, the outdoor pool in Sisimut and the hot spring in Uunartoq), but it appears that the *Total Potential* segment is interested in visiting Greenland within the next 5 years are demanding swimming/wellness to such an extent that it would make sense to consider adding this as a future product.

MARKET ANALYSIS – COMBINATION TRAVEL POTENTIAL

The past two years Iceland has experienced a growth in the number of international air passengers of up to 40% (source: statice.is) especially from the same 4 core markets (DE, GB, US and FR) that Greenland also attracts. Thus it is relevant to more closely at the potential of offering tourists from the 4 markets combination trips to both Iceland and Greenland. In the NIT survey we have asked respondents from the 4 markets about their travel preferences. As seen below between 14 % and 25.8% of the segment *Total Potential* from the 4 markets are interested in combining more countries on the same trip.



Especially the Americans and the Germans are interested in combination trips.

Visit Greenland often hears from Icelandic operators that they benefit from offering Greenland as add-on products to their customers. So there is already a demand for this type of combination travel.

Projections of the Iceland tourism growth show that in the near future they will experience a large pressure on their capacity, so they are likely to be interested in using Greenland as add-on and a kind of overload buffer and this will be a win-win situation for Greenland and Iceland alike.

GREENLAND.COM USER DATA

Total number of users on greenland.com in 2016 vs 2015:



5 most important tourist markets DK, DE, US, FR and GB:



The top diagram includes the total number of users on greenland.com and shows that there were 14.27% more sessions (visits) by 20.19% more users in 2016 than in 2015, which is very positive.

In the diagram below the 5 core markets Denmark, Germany, USA, France and Great Britain are listed by how many tourists they sent to Greenland in 2016.

Though Denmark is the far largest tourist segment in Greenland it is not the largest user segment on greenland.com that is by far the USA that have twice as many users compared with Denmark. And though only 13,218 French users visited greenland.com in 2016 vs 80,492 British there were more French tourists than English in Greenland in 2016.

In the bottom diagram the positive tendencies are framed in blue and the negative in red. There are both positive and negative tendencies. In terms of 'bounce rate' (explained on page 22 and 23) there is unfortunately a slightly critical development that must be rectified.

Source: Google Analytics

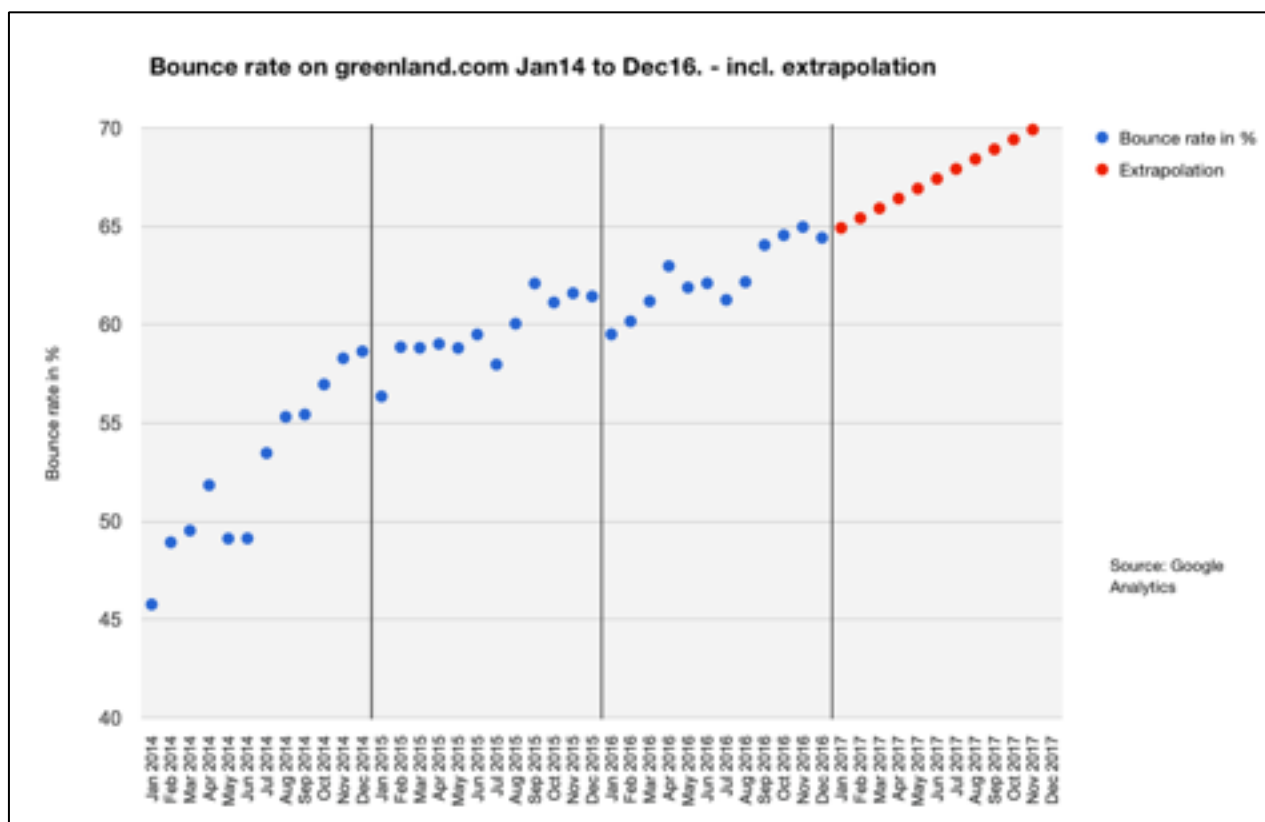
GREENLAND.COM USER DATA – BOUNCE RATE

Bounce Rate can be a Sign of Unhappy Users

Google is dominating internet searches and has an artificial intelligence that tracks the **bounce rate** on websites (how many percent of the users land on the website but click away again without clicking on any links to other content on the page). A bounce rate of up to 60% can be okay, and it is not unusual. But if it pushes 70% it is a negative signal that Google will interpret as if users do not like the content. Other parameters in user behavior on websites show Google that users are satisfied, which is interpreted as 'high user-friendliness' by Google. It is in the interest of Google to deliver quality search results, as it is good for their business.

Google favors good user-friendliness

If one wishes to feature in Google searches, one must have a user-friendly website with many links from relevant quality websites. This is critical in order to attract new users/customers. It is also important when wishing to better a bounce rate that is too high.



Improving the Website

During Q2-17 Visit Greenland will launch an improved version of the website under the name visitgreenland.com and this is meant to lower the bounce rate. Via tests VG has identified a lack of links and Calls to Action in the content areas of other relevant content.

Visitgreenland.com will also get a visual makeover and become more commercial in the sense that an added focus will be on guiding the users closer to the purchase decision.

Overall actions to improve usability and searchability in Google are called search engine optimization or just SEO.

NATIONAL ACCOUNTS 2015 – TOURISM REVENUE

The national accounts for 2015 were published on the 6th of January 2017. For the first time tourism revenue in the period 2006-2015 had been included (diagram on the left) based on estimates as there is yet to be made a full scale [input-output analysis](#) or a [Tourism Satellite Account](#) (TSA). The average growth in the period from 2006-2015 was 5%.

There are only data on tourists by air from July 2014. In the period from Q3-14 through Q4-16 the average share of tourists was 64% vs 36% Greenlandic citizens on airplanes out of Greenland. Since 2014 there has been a significant growth in the number of tourists by air, and this can be seen in the estimate of tourist revenue. The estimate of the tourism revenue in 2016 had not been released at the time of publication of this report.



NATIONAL ACCOUNTS 2015 - GROWTH PROJECTION

On the previous page one can see that the average growth for the estimated tourism revenue was 5% in the period from 2006-2015. However, the past two years the growth in the number of tourists by air has been significantly higher – 23.8% in 2015 and 9.9% in 2016 respectively. If we make a conservative projection of an annual growth of 5% in the estimated tourist revenue it will look as follows in the period through to 2030:



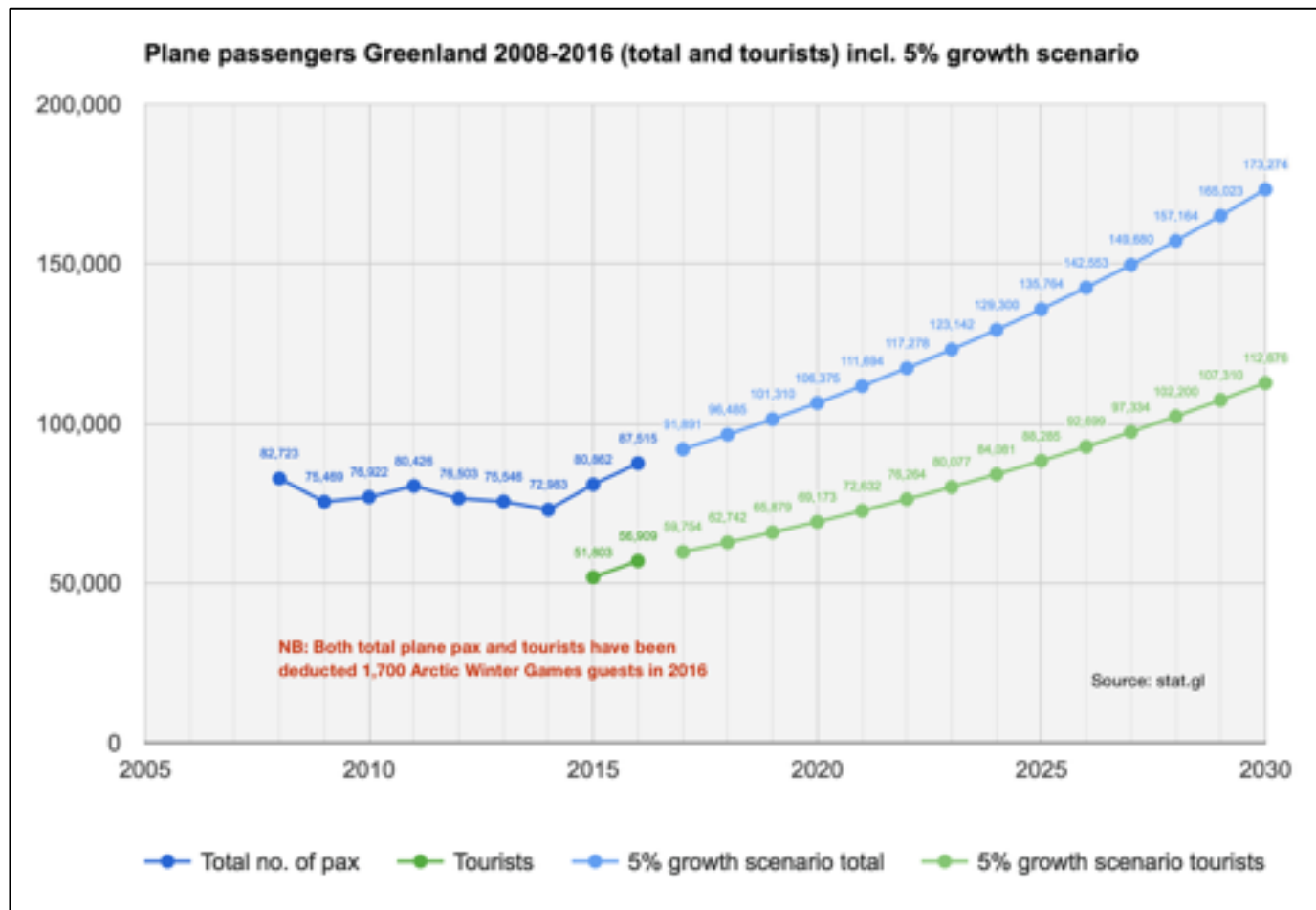
UNWTO presented a total global growth rate of 3.3% pa in the period 2010-2030, but all destinations and source markets are included.

With a minimum growth of 5% over the past 10 years a growth estimate of 5% in period up until 2030 is not unrealistic.

If this growth projection sticks the tourism revenue in 2030 will be almost one billion, but of course this depends on a number of factors.

GROWTH PROJECTION – NUMBER OF AIR PASSENGERS

In 2015 and 2016 the growth in the number of tourists by air was 23.8% and 9.9% respectively. In a conservative growth scenario of 5% this corresponds to approximately 110,000 tourists by air 2030 if we base it on the distribution between tourists and residents in 2016. However, the interrelationship is likely to change so that the proportion of tourists over the years will be greater than the 64% as we expect higher growth for tourists than for residents. So you have to keep this in mind when you see the following projection.



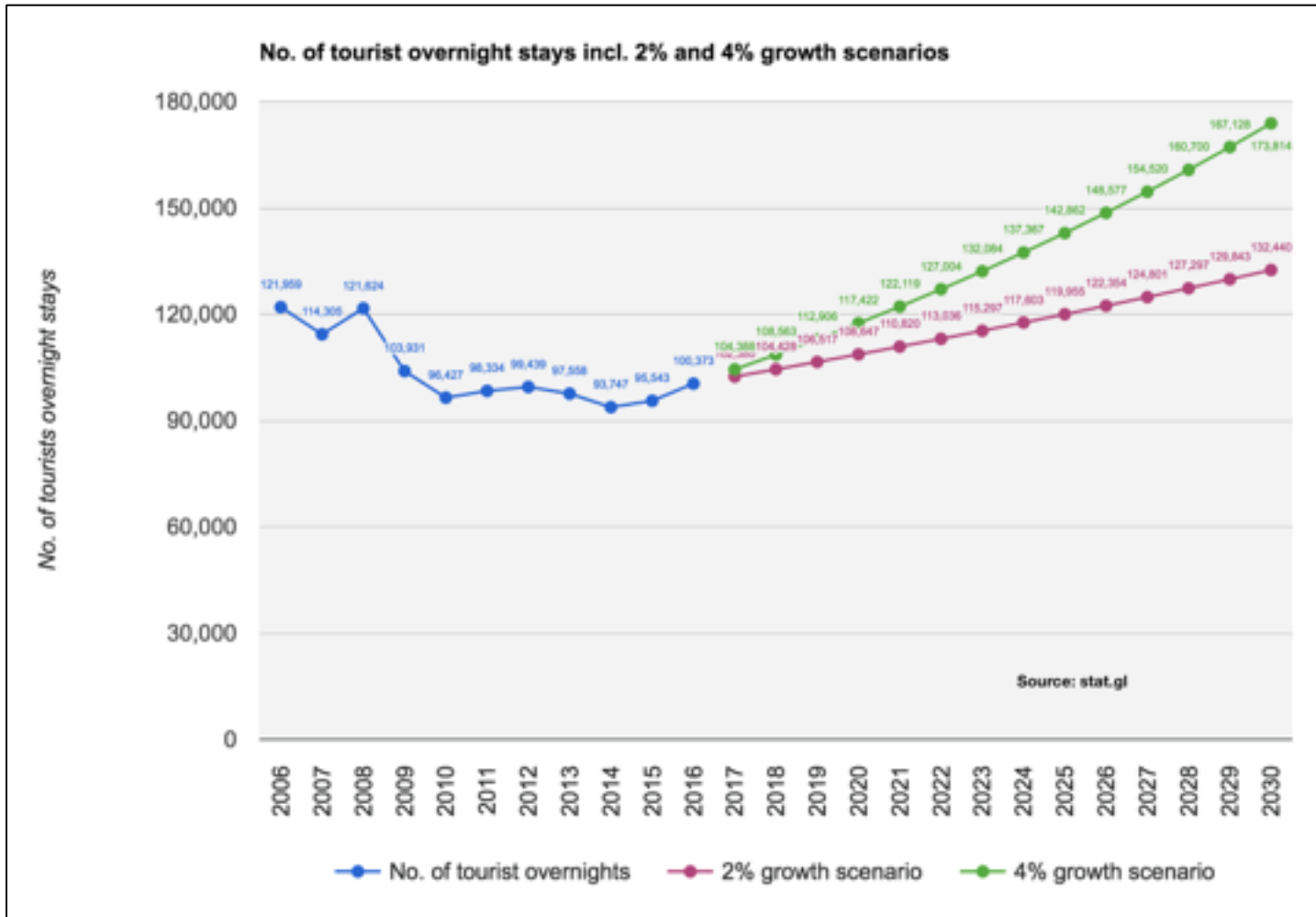
A growth of 5% pa requires an ongoing investment in the infrastructure of the country (number of beds and flight seats over the year) in order to be able to receive the growing number of tourists. This scenario is based on the current airport infrastructure.

2015 saw 51,803 tourists by air, 6,148 of these were in transit to/from cruise ships. In other words approximately 45,655 land based tourists came to Greenland by air that year.

This means that approximately 12% of the tourists by air in 2015 were cruise passengers in transit.

GROWTH PROJECTION – NUMBER OF TOURIST OVERNIGHT STAYS

There is not necessarily a 1:1 ratio between the number of tourists by air and the number of tourist overnight stays sold. The data from the period 2006-2016 show no clear trends. But if we expect a continued 5% growth in tourism revenues and the number of tourists by air, a relatively conservative estimate of annual growth in tourist accommodation, for the next 14 years, will be somewhere between 2% and 4%.



As it appears, there have been both positive and negative growth periods in the period 2006-2015.

The average number of overnight stays bought by each guests in the accommodations has risen slightly over the last decade. In 2007 each guest had 2.5 overnight stays, in 2010 2.7. The following years saw a small decline until 2016 when it once again reached a good 2.7 nights per guest.

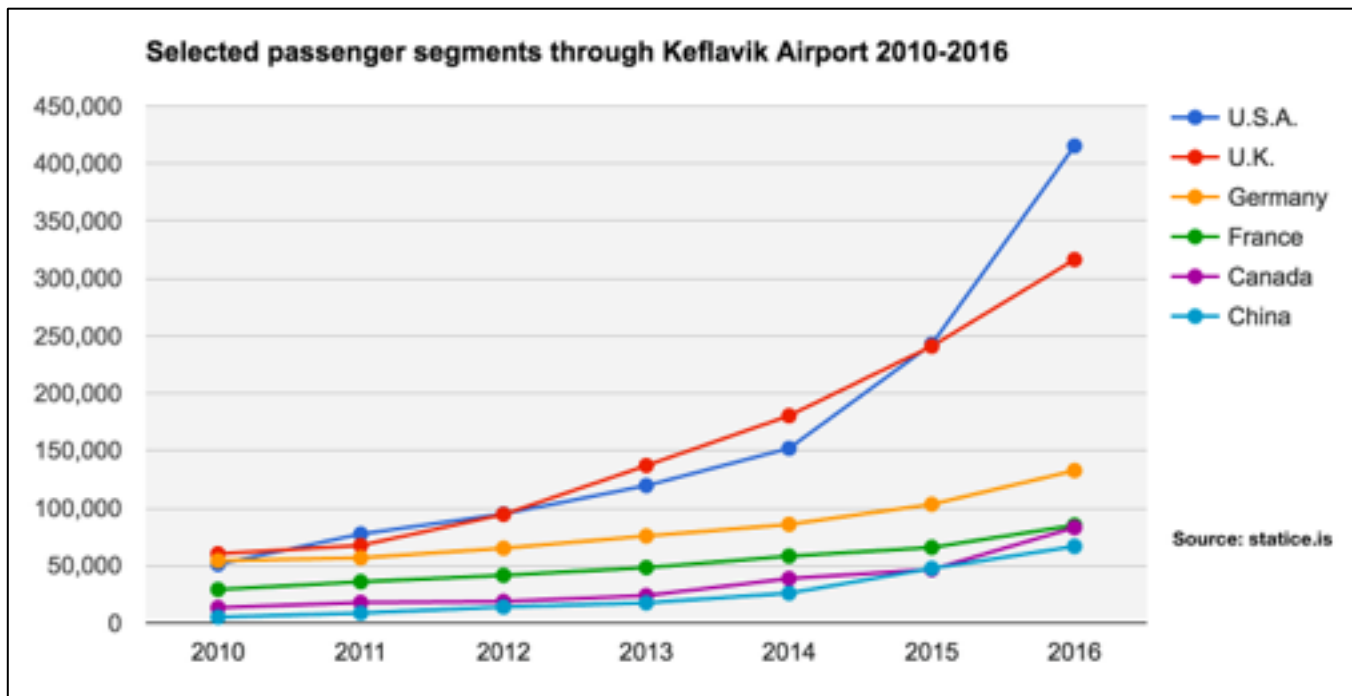
As mentioned before VG is working with Statistics Greenland and the municipalities in order to get more accommodations to submit registrations.

DATA FROM ICELAND – GLOBAL TOP5 COUNTRY ON TOURISM GROWTH

In 2016 an impressive 2.3 million passengers passed through Keflavik Airport. Out of these 1.8 million were international (non-Icelandic) passengers. This is an increase of international passengers by 40% compared with 2015. With a growth of approximately 30% in 2015-2016 in tourism as a whole Iceland is [among the 5 countries in the world](#) with the largest percentage growth. Iceland's most important markets the USA, Great Britain, Germany, France and Canada are identical with the most important tourist markets of Greenland – with the exception of Denmark that is the most important market for Greenland.

Iceland as a Hub

Reykjavik Airport is located only 710 kilometers from Kulusuk Airport with a direct connection. And Keflavik Airport is only 1,350 kilometers from Kangerlussuaq Airport also with a direct connection. Since the summer of 2016 there have been eight direct air routes between Iceland and Greenland. As mentioned earlier in this report it is obvious to consider Greenland as a possible add-on for Iceland tourists. Our latest 4 market surveys from 2016-17 show that a large number (DE: 18.2%, GB: 16,.1%, US: 25.8% and FR: 14.0%) of the respondents are interested in visiting more than one country on the same trip.



In the diagram on the left one can see the 6 largest segments of international passengers passing through Keflavik Airport.

The general trend is a positive exponential growth. The USA and GB account for the by far highest percentage growth pa. Currently there are no indications that this growth is about to stagnate in the next few years, but the Icelandic infrastructure and accommodation capacity are under increasing pressure to meet the demand.

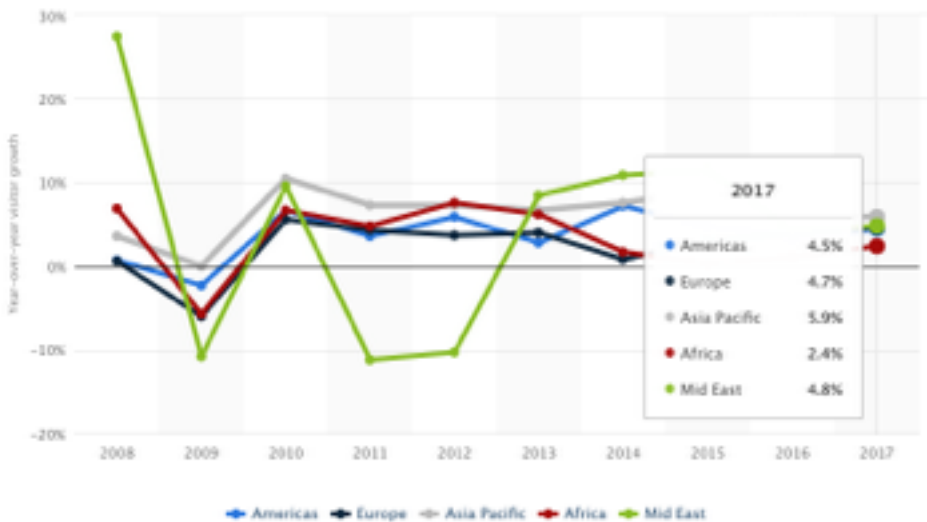
FINAL THOUGHTS – GLOBAL PERSPECTIVES



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After the tumultuous years following the financial crisis and 'The Arab Spring' in 2010-2011, the tourism growth now appears to be stabilizing in all 5 global regions, between 2.4% (Africa) and 5.9% (Asia Pacific). At least this is the growth level for 2017 as estimated by Statista.

The declining growth and increasing debts of China (forbes.com) appear to pose a problem in the long run for the Chinese outgoing tourism market thus making it far from certain that the growth in Asia-Pacific will continue at the same rate. But so far this is only a theoretical scenario. In Europe Great Britain at this point seems to avoid a recession following Brexit, so 2017 promises to be yet another good year for tourism.

