Tourism Statistics Report 2017 North Greenland

Introduction

As explained in the national tourism statistics report 2017 the flight passenger data from 2017 unfortunately cannot be used to identify trends in the Greenlandic tourism development as it is not complete. Visit Greenland, Statistics Greenland and Mittarfeqarfiit have joined forces to ensure a more complete registration in 2018.

Thus this regional report primarily focuses on the overnight stay statistics and the cruise statistics. We recommend that this report is seen as a supplement to the national report as that is based on a larger data volume minimizing the statistical uncertainty. Furthermore the national report looks in depth at the latest tourism interviews conducted by two Visit Greenland interns from the tourism program at Aalborg University during July and August 2017.

The 2017 season has been pretty good for North Greenland with a growth in the accommodations area of approximately 12% in total. The cruise season shows a small negative growth of -1.2%, but this can be seen as status quo in a cruise business where minor fluctuations from year to year are natural.

The tourist overnight stay statistics, the cruise statistics as well as feedback from Greenlandic tourism operators show that overall 2017 was a good year for tourism in Greenland. As the incomplete flight passenger data from this year could not be used we chose instead to ask 240 Greenlandic tourism operators about their 2017 season and their expectations for 2018. We received answers from a total of 82.

The numbers on overnight stays show an overall growth of approximately 10% while the number of cruise passengers has increased by 13.1%. Only 5.5% of the tourism operators reported negative growth while the rest either had a season similar to 2016 or experienced growth.

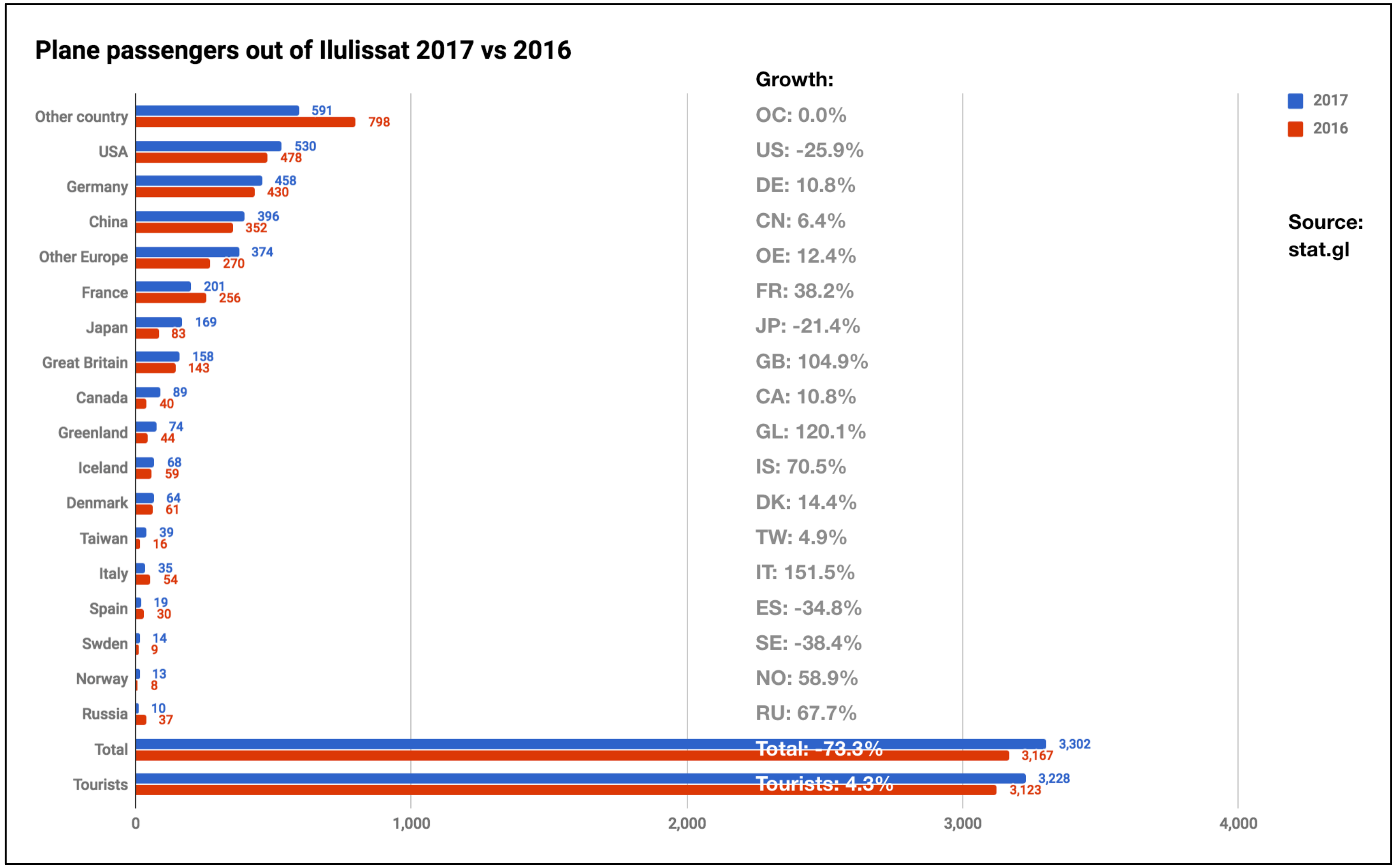
Globally 2017 has been one of the best years in recent times with a total growth of 7% with Europe as a region experienced a growth of 8%. The prognosis on the coming years points to a continued medium-high global growth of approximately 5%.

Iceland is still a part of the growth elite and in 2017 the country experienced a growth in the number of international passengers of 24.2%. It is expected that during 2018 more than 10 million passengers will pass through Keflavik. Despite the fact that Air Iceland Connect report a negative growth of -9.7% on routes between Iceland and Greenland from 2016 to 2017 the potential for Iceland-Greenland combination trips is still relevant to consider also by virtue of the feedback from many of the 292 land based tourists interviewed by Visit Greenland in July-August (please, see the national tourism report p. 28).

Each region undeniably still has its challenges whether it'd be accessibility, over- or under-capacity in the high season, logistics and the like. However since 2014 there has been a relatively nice growth nationally and overall there is reason for continued optimism when it comes to the next few years.

Flight Passengers Travelling Out of Greenland via Ilulissat Airport

As mentioned in the introduction there has been incomplete registrations of the country of residence of the passengers in the course of 2017. With 8.5% non-registered Ilulissat Airport has not been as affected as some of the other airports. All growth rates are listed in grey because none of the country segments are larger than 1,000 individuals thus even a difference of a few individuals from year to year will cause an exaggerated fluctuation in the growth rate (both positive and negative growth). Therefore the growth rates should be taken with great reservations.



Other reservations to be taken: Approximately 83% of all tourists travel to and from the region via Kangerlussuaq and not directly between Iceland and Ilulissat. The graph to the left only shows passengers on direct flights from Ilulissat to Iceland and thus only comprises approximately 17% of all travellers to and from Ilulissat Airport.

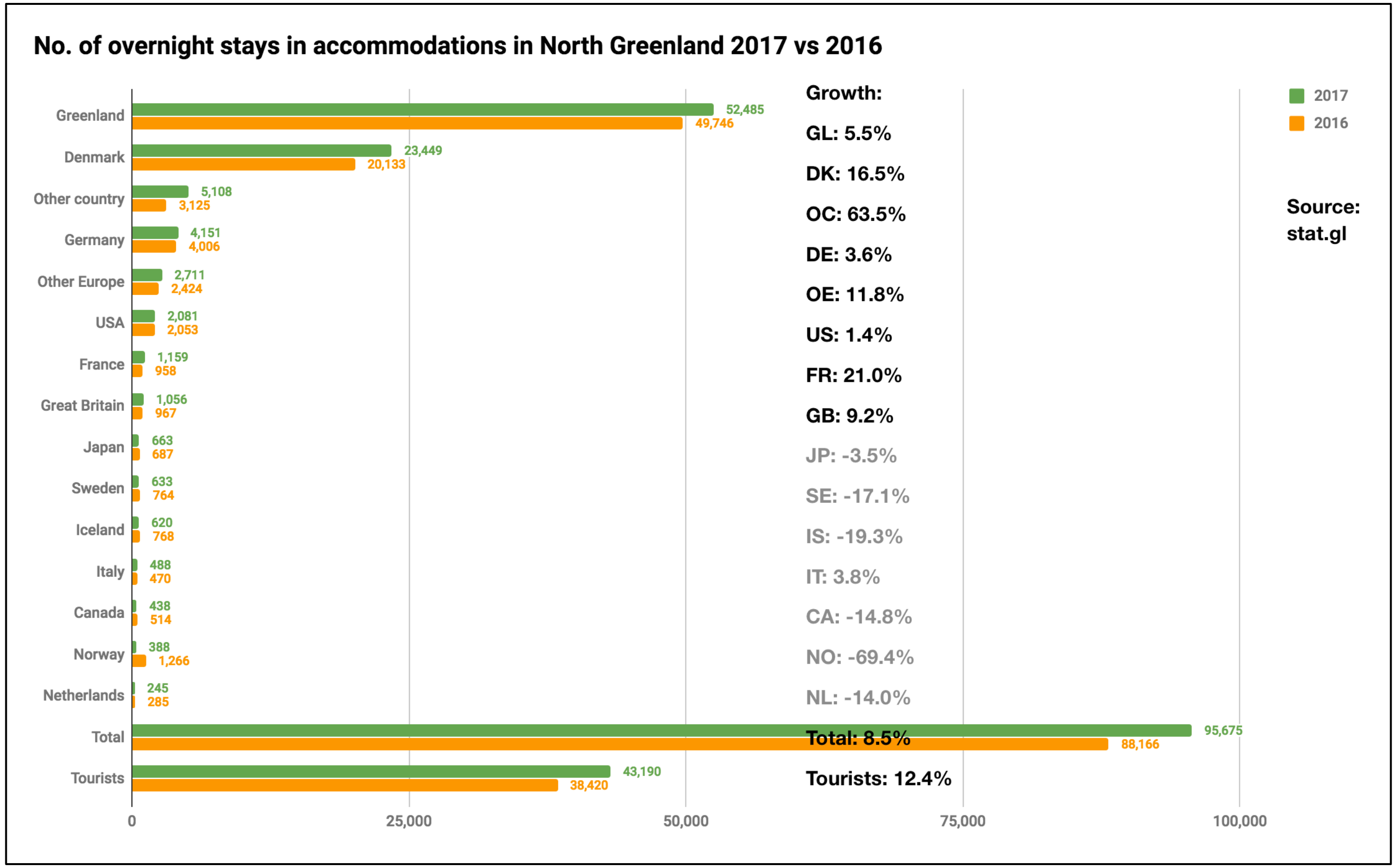
Nor can we see the end destination of the flight passengers, but the overnight stay statistics (on stat.gl) shows that 77% of all overnight stays in North Greenland in 2017 were situated in the city of Ilulissat itself.

Because of the reservations mentioned above Visit Greenland do not recommend that number from the graph on the left are used to identify trends in the tourism development in North Greenland. The overnight stay statistics is a more credible source.

Number of Overnight Stays in the Region

A growth of 12.4% in the number of tourist overnight stays in the region is very positive. Growth rates for all country segments with less than 1,000 overnight stays are listed in grey to indicate that special reservations should be taken as even a difference of a few overnight stays from one year to the next can cause exaggerated percentage differences.

A 16.5% growth in the largest segment, Danish citizens, is likewise very positive. The group 'Other countries' also represents a very high growth of 63.5%. Which countries are behind these numbers is not immediately clear.



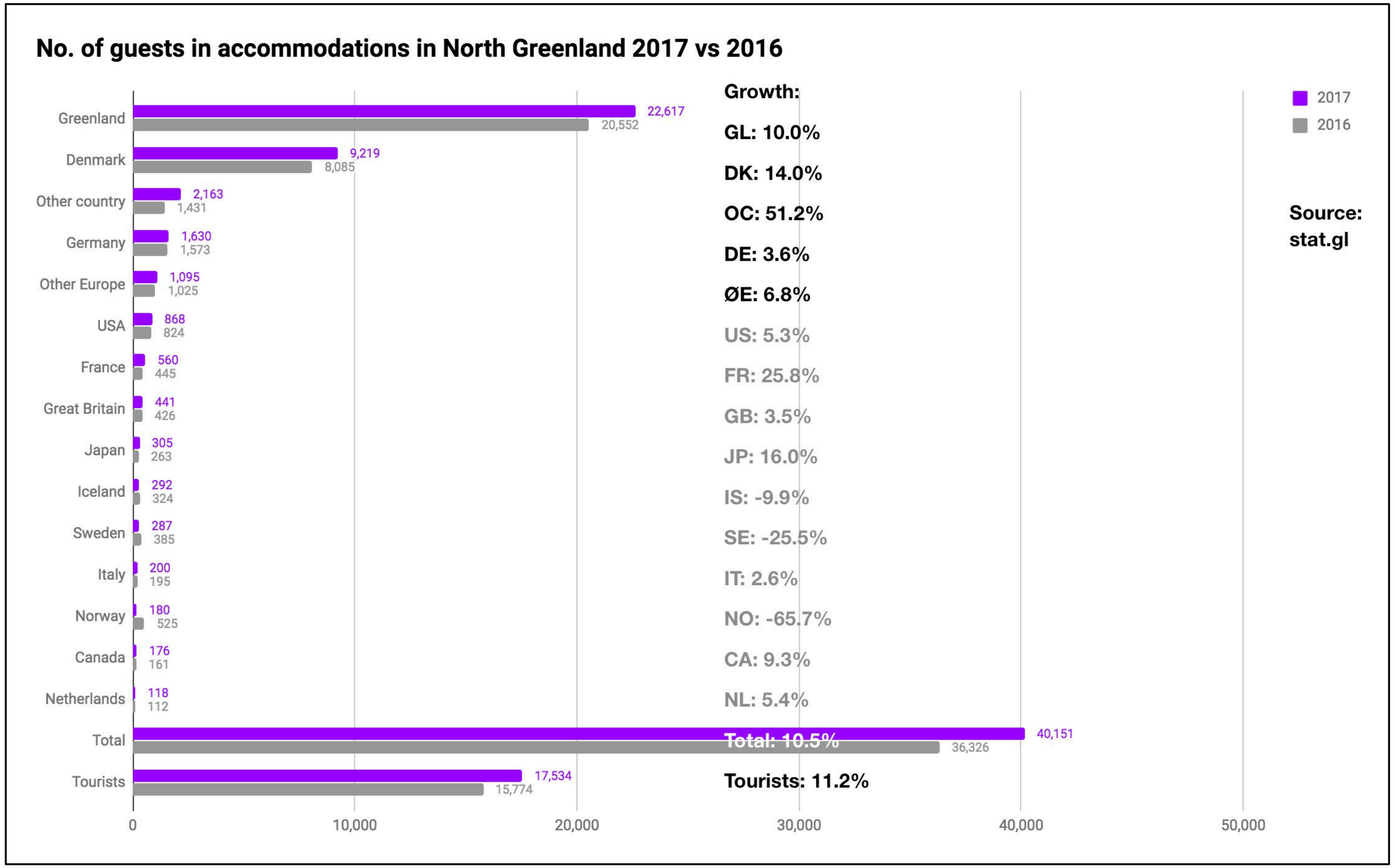
The larger hotels in the region sometimes share data on which country segments – other than the ones listed in the graph – they observe good growth rates for and thus potential for an increased demand.

Most of the accommodations only use the predefined countries of residence listed in the registration form from Statistics Greenland (incl. 'Other Europe' and 'Other Countries'), while others, typically larger hotels with their own booking systems register all countries of residence.

Visit Greenland estimates that the accommodations in the region that do submit registrations to Statistics Greenland represent approximately 80-90% of all overnight stays in the region. VG and SG are working to get more and more accommodations to begin submitting registrations.

Number of Individual Guests in the Region

A growth of 11.2% in the number of individual tourists in accommodations in the region is a good growth. The number of tourist overnight stays has grown slightly more than the number of guests which indicates that each tourist on average has bought a few more overnight stays than in 2016. In the stat.gl database one can see that each tourist bought 2.4 overnight stays on average in both 2016 and 2017 which can be attributed to the standard use of only one decimal.



14% growth in the number of individual guests residing in Denmark is also very positive.

51,4% growth in the group Other Countries is equally positive though we do not have data on which country segments aside from the listed countries as well as Other Europe that hide in the group.

The demand in the each country varies slightly from year to year and is dependent on many factors.

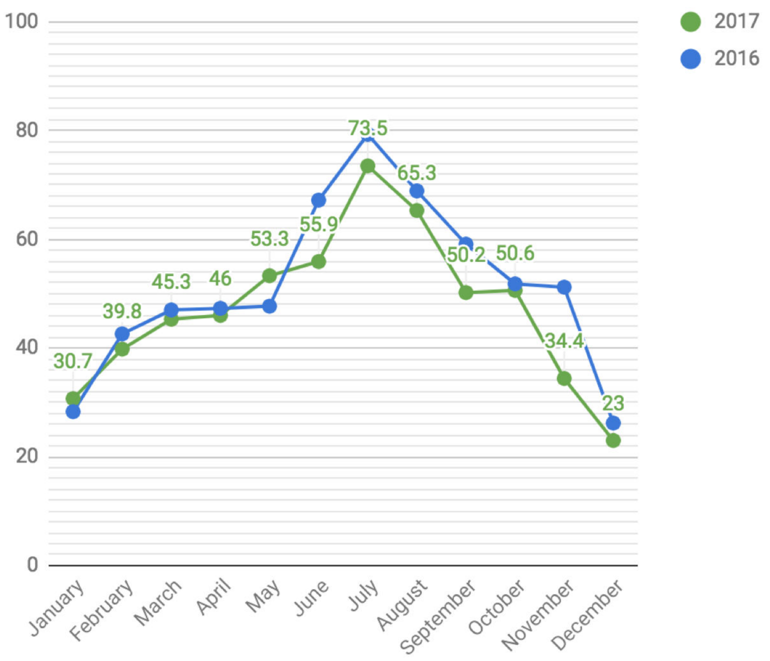
But a solid growth in a market as large as the Danish can in some cases suggest a generally increasing demand stretching over several years which is of course highly desirable.

Occupancy Rates in Accommodations

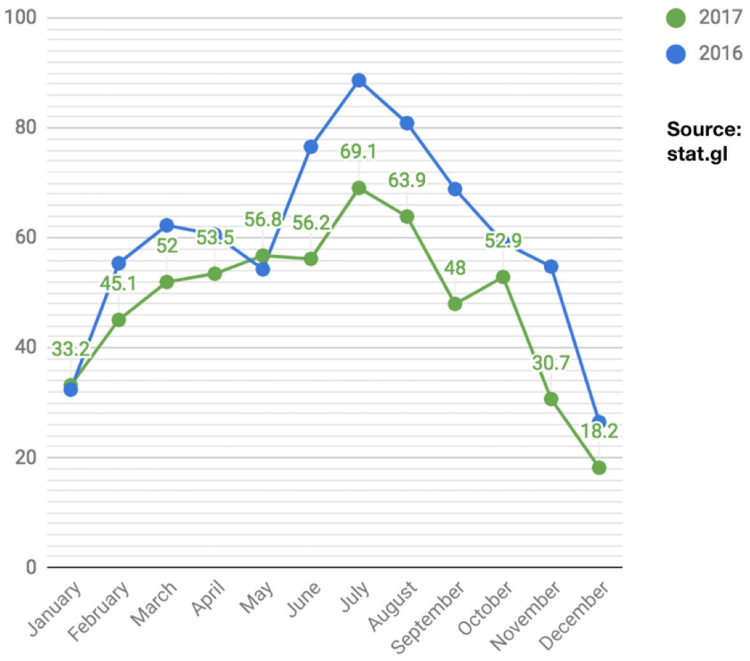
Despite a larger number of international overnight stays and international guests (per definition ’tourists’) in 2017, the occupancy rate is generally lower. The average occupancy rate in the region in 2016 was 51.4% and in 2017 48.3%. For tourists alone the average number of overnight stays bought per guest dropped from 2.6 in 2016 to2.0 in 2017. It is, however, worth noting that the occupancy rate is defined as the number of rooms rented relative to the number of rooms in the accommodation, and the number of guests in each room does not play a role in defining the occupancy rate.

In view of the 8.5% increase in the number of overnight stays (including Greenlandic citizens) and a 10.5% increase in the number of individual guests (including Greenlandic citizens) the occupancy rates are slightly counter-intuitive. It cannot be ruled out that there are some errors in the registration.

Occupancy rate in accommodations in North Greenland 2017 vs 2016



Occupancy rates in accommodations in Ilulissat 2017 vs 2016



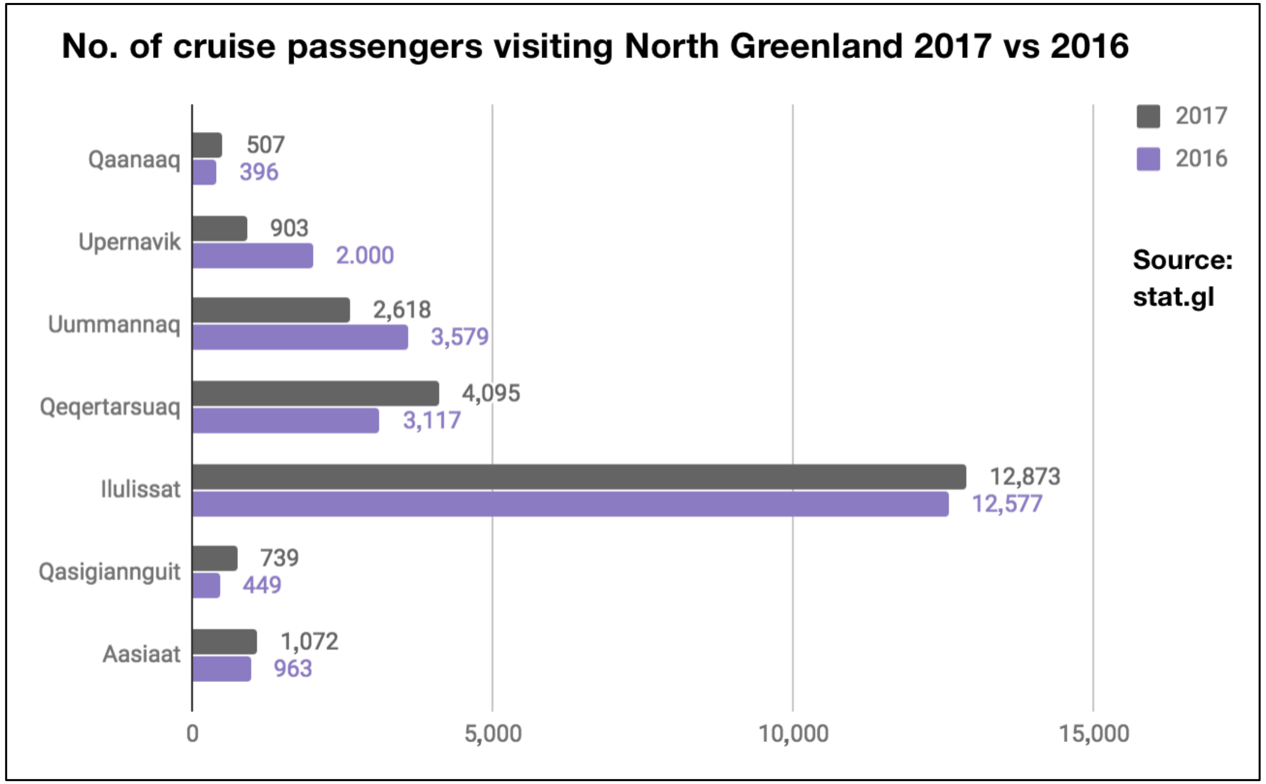
An alternative explanation is that in 2017 was a really special year as both Greenlandic citizens and tourists to a large extent have stayed 2 people in the rooms whereas a larger share stayed alone in the rooms in 2016.

In Ilulissat alone the difference between the occupancy rates in 2017 vs 2016 is even greater. That is in stark contrast to the data that shows that 2017 saw an increase of 5.2% in the total number of overnight stays and 7.8% for tourists alone. This again seems counter-intuitive and reservations must be taken in terms of possible registration errors.

Number of Cruise Passengers in the Region 2017 vs 2016

Overall 13.1% more cruise passengers came to Greenland in 2017 vs 2016, but the North Greenland region saw a small combined decrease of -1.2%. We do not, however, have the numbers on how many passengers came ashore in 2017 vs 2016, so all in all the cruise tourism of the region is roughly on the same level as in 2016. Historical regional cruise data shows that large fluctuations from year to year are natural.

Destinations such as Disco Bay and Qaanaaq have seen an increase whereas Upernavik and Uummannaq have seen a decline. The number of cruises, routes and port calls the cruise lines choose vary from year to year, so this trend may well change in 2018. Some years a port call may have been announced from ships that are then unable to come at the last minute due to the ice situation or a change of plans.



The cruise lines are good at retaining most of the turnover in terms of product offerings for their passengers, but there is still an untapped potential for additional sales when the guest are ashore. Be it tour products, cultural offers and events or sale of arts and crafts and souvenirs.

Therefore it is important to make the payment options as readily available as possible, as one must assume that not all passengers carry cash, but rather credit cards such as Visa, Mastercard, American Express etc.

One can rent a small mobile credit card terminal from nets.dk for circa 350 DKK/month and a fixed transaction fee of approximately 115 DKK/md for international credit- and debit cards.

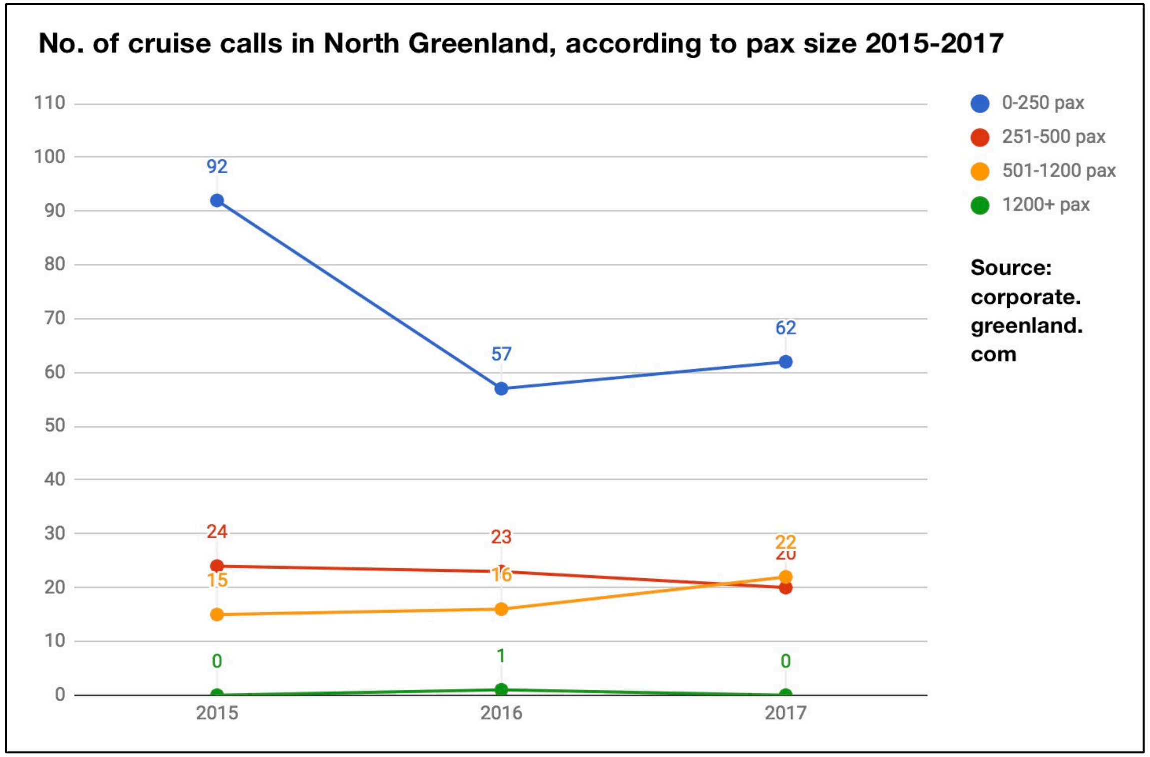
Number of Port Calls in the Region According to Passenger Capacity 2015-2017

When one examines the number of port calls for ships in the region according to the 4 pax (passenger kapacity) categories 0-250, 251-500, 501-1200 and 1200+ pax it is clear that the biggest fluctuations from year to year can be found in the smallest 0-250 pax category and varies between 95 and 57 port calls. The same pattern can also been seen on a national level.

The second smallest category, 251-500 pax, has seen a gradual decline from 28 to 20 port calls in the 3-year period.

In the second largest category, 501-1200 pax, the pattern is the other way around from 15 to 22 port calls.

In the largest category, 1200+ pax, there has only been a single port call in the period. From historic data we know that port calls from 1200+ pax ships are rare so far up north.



It is difficult to identify general trends from these data. Some indications point in a positive direction whereas others point in a negative direction.

There are natural fluctuations from year to year in the cruise business, and as there was only a only a very small decrease in the number of cruise passengers that visited the region in 2017 (-1.2%) one cannot conclude that there is a general decline, but only note the minor fluctuation.

Final Thoughts

As already mentioned the flight passenger data cannot be used to identify trends in the tourism development in the region especially in a year with incomplete registrations. Data from accommodations point to a very positive development with a growth of well over 10%.

The cruise data paints a mixed picture and shows some fluctuations that in a historic perspective seem natural. Overall, the development with a negative growth of -1.2% in the number of passengers to visit the regions more or less status quo.

These years there is a lot of talk of extended airports and at the moment things are looking good in terms of the realization of a 2,200 meter runway in Ilulissat in the next relatively few years. If other airlines than Air Greenland can make a bid for routes to Ilulissat from Iceland, Europe and maybe North America this will open up for an entirely different commercial competition than now when only Air Greenland and Air Iceland Connect operate in Ilulissat.

If Ilulissat continues to succeed in profiling itself as an attractive arctic destination – which immediately there would be nothing to prevent – and at the same time develop the traffic infrastructure as well as accommodations and product portfolio it is obvious that there is great potential not only for Ilulissat, but for the entire region.

The realization of the coming ice fjord centre that is scheduled to open in 2020 will add further value to what UNESCO calls the ’tourism infrastructure development’. They have compiled a guide divided into 5 phases with a focus on sustainability and forward thinking that are meant to help World Heritage Site destinations to a successful development.

As mentioned in the introduction the global tourism finds itself in a growth phase while the global economy in general is going well and worldbank.org predicts continued growth especially within the ’emerging markets’ and development economies especially in Southeast Asia.

Finally we wish you all a successful 2018 tourism season and look forward to a mutually beneficial cooperation.

Best regards
Visit Greenland

Compiled by Market Analysis Consultant Mads Lumholt, April 2018