

SERMERSOOQ EAST REGION TOURISM REPORT

Q3 – Q4 2015

VISIT GREENLAND



INTRO



This is the first region specific quarterly report on tourism statistics from Visit Greenland. The first quarterly report (Q2-15 can be found on tourismstat.gl/analyser) only dealt with tourism in a national perspective, as no complete sets of data on the important high season (Q3: July, August, September) were available at the time. Henceforth VG will be publishing quarterly summaries of tourism data including findings and analysis on the high season.

Method

We are primarily using data from Statistics Greenland (stat.gl), but we will be referencing tourism data from Iceland as well as other relevant countries and regions either through national statistics bureaus or international organizations such as unwto.org. All diagrams and data sets are available to all, and this report can be downloaded as a power point presentation with diagrams and text for free use. Feel free to email market research consultant Mads Lumholt (lumholt@greenland.com) to request specific data, estimates or diagrams should the need arise.

It should be noted that in regards to flight passenger statistics Statistics Greenland (stat.gl), VG and the Department of Business (Erhvervsdepartementet) have joined forces and began the registration of country of residence July 1st 2014, which is the reason why this report only shows growth calculations on the basis of a comparison between Q3-14 and Q3-15, as it is the first period to be compared historically. In time the data history will allow us to apply more long-term and in depth perspectives.

Registration of country of residence

VG cooperates with Grønlands Statistik in order to standardize the registration of country of residence concerning data on flights, cruises and overnight accommodation. Up until now the selection of countries that we have been able to register has not coincided, but in regards to 2016 it appears that we will be able to extract data on the three areas in the following 26 countries:

The Nordic Region: Greenland, Iceland, Denmark (incl. Faroe Islands), Sweden, Norway. *Europe:* England, Germany, France, Switzerland, Austria, Holland, Spain, Italy, Russia, Poland and 'Other European countries'. *Asia:* China, Japan, South Korea, Taiwan, Hong Kong, Malaysia, Indonesia, Singapore and 'Other Asian countries'. In addition: USA, Canada, Australia and 'Others'.

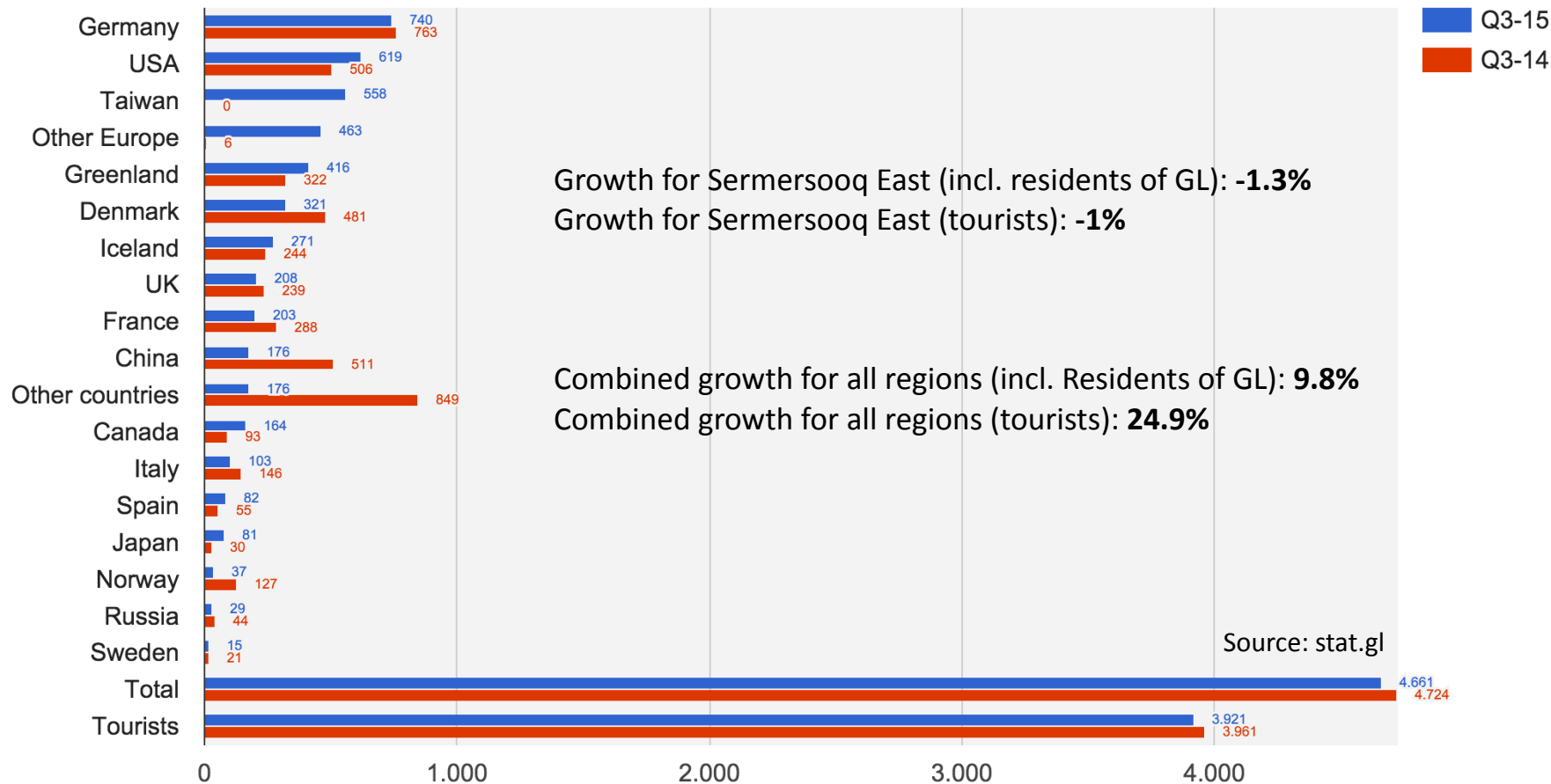
Cooperation with Air Greenland

It is a great advantage to VG that has a cooperation agreement with Air Greenland on a number of areas, including market research. This spring we have collectively ordered two thorough market surveys on Great Britain and the USA (with 4,000 respondents) through nit-kiel.de. VG has also requested that NATA finances a similar survey on Germany in Q1-16, and this has been granted. We look forward to seeing the results of the large surveys and to share the valuable knowledge with the industry.

FLIGHT PASSENGERS

Sermersooq East is the only region in Greenland where the Greenlandic citizens are not the largest group but only the fifth largest group. Flight passenger data on tourists and Greenlandic residents via Kangerlussuaq are unfortunately not available, but seeing as the air fares for tourists passing through Kangerlussuaq are generally significantly higher than the direct connection via Iceland, it is not unlikely that many tourists choose this way to get to Sermersooq East.

Number of International Flight Passengers out of Sermersooq East Q3-15 vs Q3-14

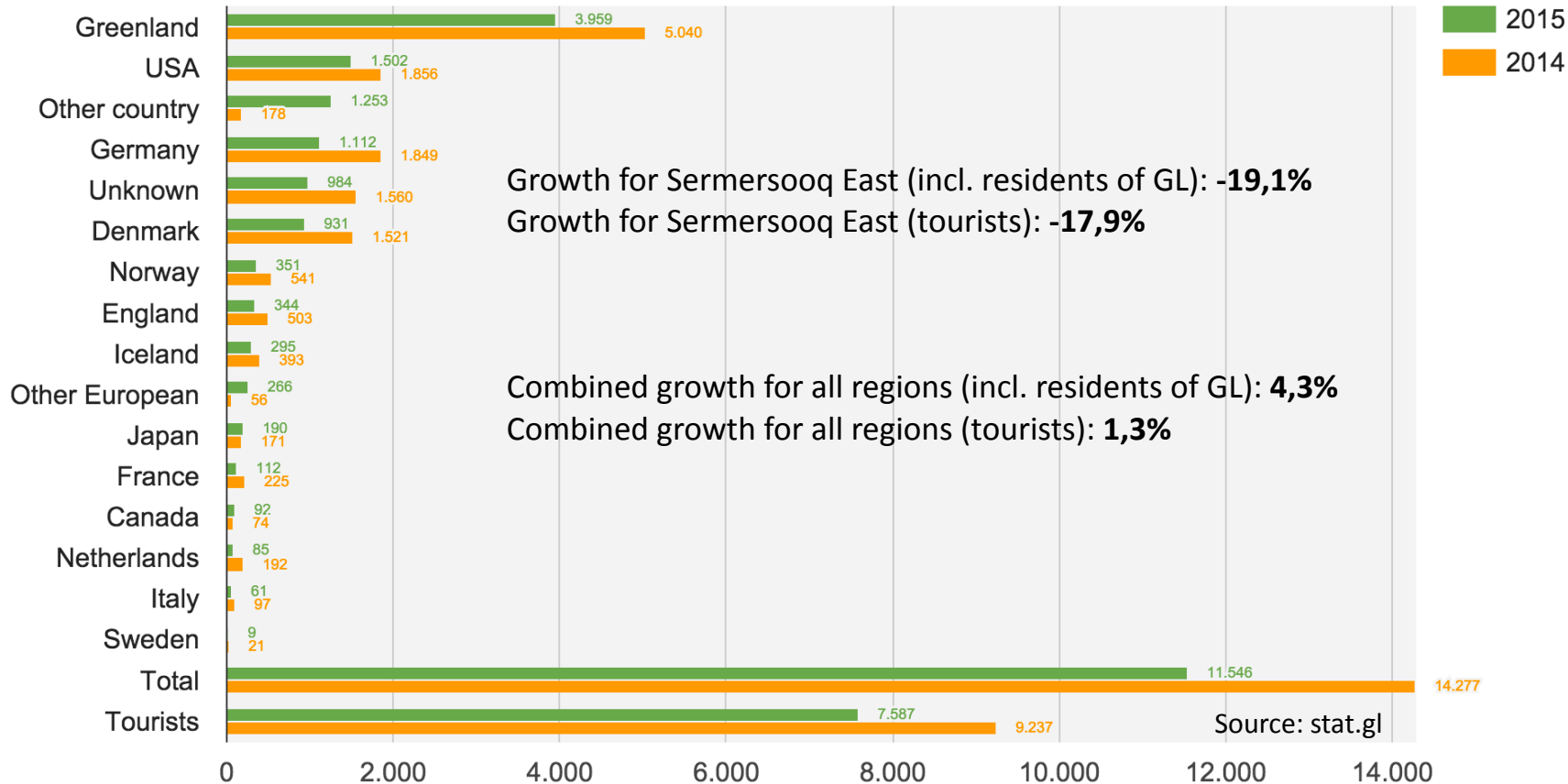


The most remarkable about the data in the diagram is the large decrease in the number of pax for *Other* and Chinese tourists. According to the biggest hotels in the region, they have had quite a few guests from Taiwan the last couple of years, and it is likely that some Taiwanese have been registered as either Chinese or under *Other*. It was not possible to register in the category Taiwan pre 2015. If one considers China and Taiwan as one segment, there were 721 pax making them the largest segment in front of Germany and USA. The category '*Other European Countries*' covers countries that have not been registered yet. The following will be registered from 01/01/16: Switzerland, Austria, Holland and Poland according to a new contract with Mitittarfearfiit (see the last page).

OVERNIGHT STAYS

As we have complete data on all quarters from 2014 and 2015 we can compare the periods (flight statistics are only available from Q3-14 and onward). A negative growth of a staggering **-17.9%** in the number of tourist overnight stays in the first three quarters of 2015 is a negative indicator, and is in contrast to the moderate decrease of **-1%** tourists by airplane in high season 2015. Looking at the number of tourist overnight stays in Q3-15 the negative growth is **-22.2%**. We have seen a fairly negative development in terms of overnight stays from 2014 to 2015 during high season, but we have not got enough data to determine why. One explanation, the tourists have chosen to stay fewer nights or have to a larger extent avoided places that submit records.

Number of overnight stays in Sermersooq East region 2015 vs 2014



The growth in the global tourism is **3.7%** in Europe (the continent with the lowest growth) and **6.7%** in Asia-Pacific which leads the global growth (source: Statista.com).

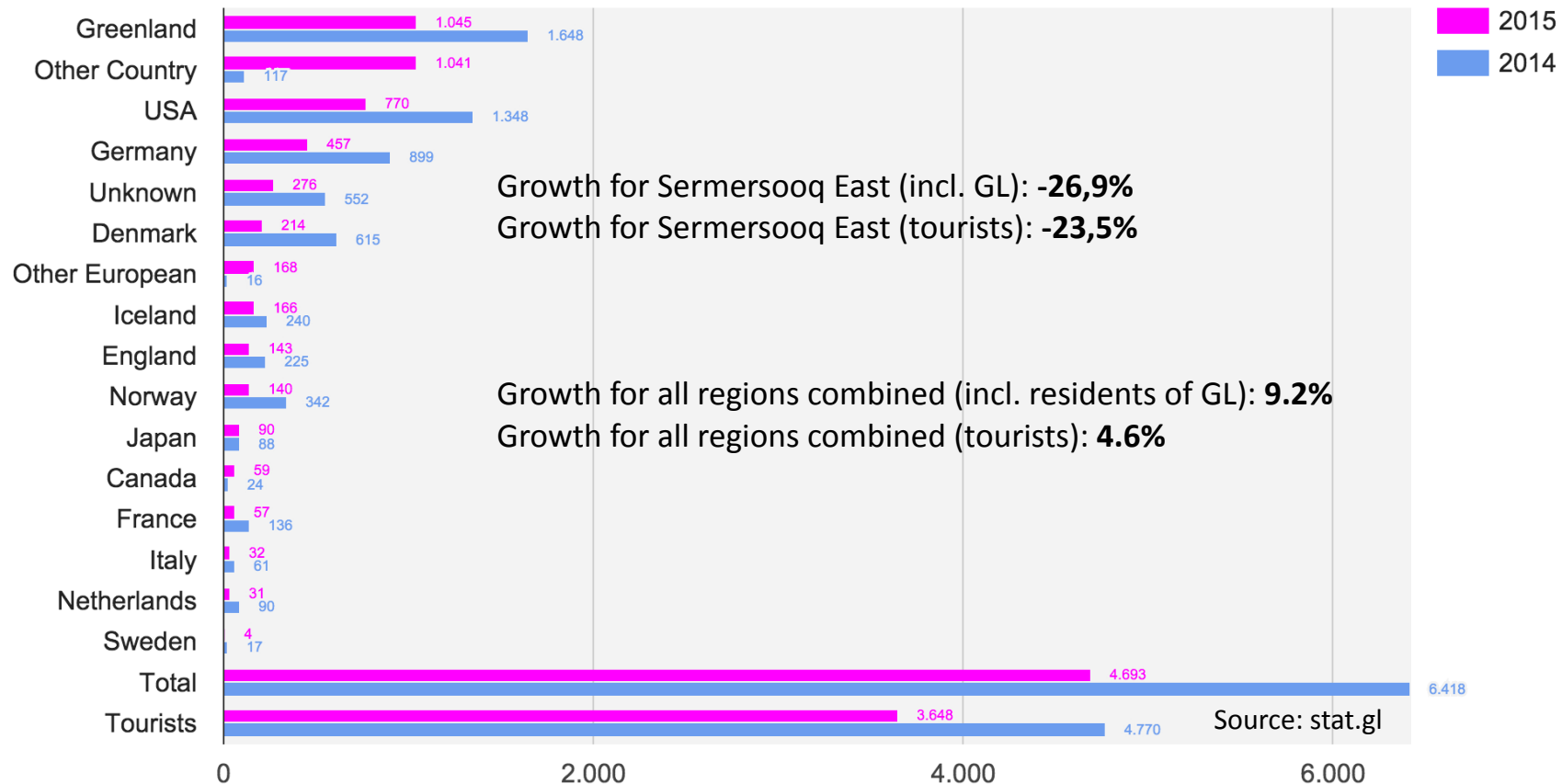
A large international survey (see last page) shows that the two most important elements for tourists choosing accommodation are price and rating on review sites such as TripAdvisor.

For that reason we recommend an increased presence on TripAdvisor and other review sites (if you have good ratings that is), and international booking sites e.g. booking.com, hotels.com or expedia.com to improve visibility.

OVERNIGHT STAYS

We will examine the *number of guests* instead of *number of overnight stays*. The strongest indicator for tourism is the *number of overnight stays*, as it more clearly shows the revenue of the accommodation, in principle one might see an increase in the *number of guests*, but a decrease in the *number of overnight stays* in total. The tendency for Sermersooq East is that there is a larger negative growth in the *number of guests* than in the *number of overnight stays*. This means that every guest on average has had fewer overnight stays than in the same period of 2014.

Number of guests in Sermersooq East region 2015 vs 2014

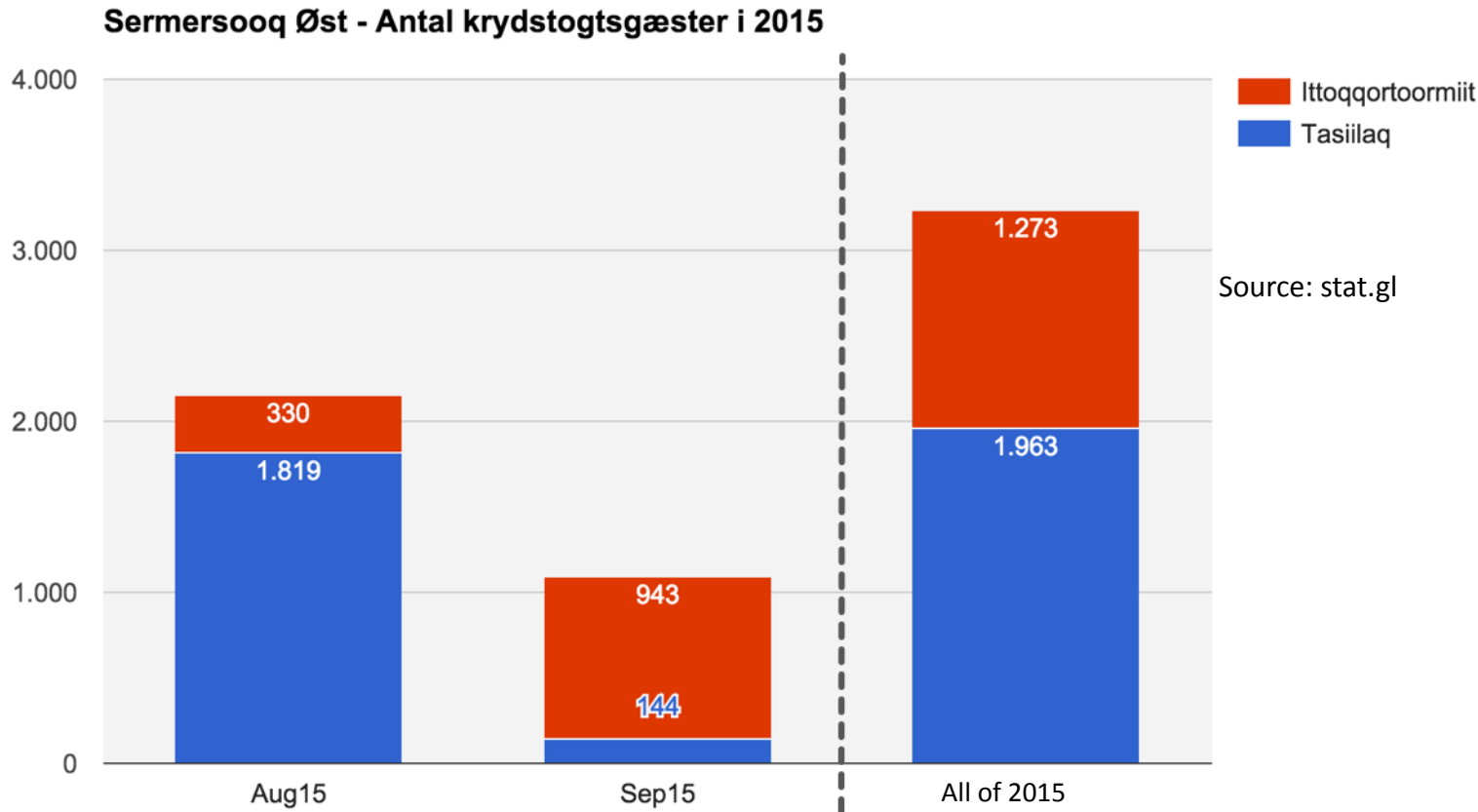


The vast difference in the growth figures for number of tourists arriving by airplane (-1%) and the number of guests/tourists in accommodation (-23,5%) is surprising.

The explanation may be that many of the tourists arriving by airplane have stayed in accommodation that does not submit records or they have simply been on a daytrip in Sermersooq East.

In time we hope to improve the basis of data on this region and to talk regularly with the operators in the region in order for the analysis to be even more clarifying.

CRUISE STATISTICS



As the cruise tax has been changed from January 2015 from being a fee per cruise guest to being a tax per port call and gross tonnage, we cannot compare 2015 with 2014 as the old 'pax tax' has not been linked to a specific port or region. In general we have seen a growth in cruises of **10.8%** from 2014 to 2015.

The new tax shows the number of arrivals per port, number of passengers as well as the nationality (up to 20 different) of the guests.

So far the numbers on nationality for all regions in Greenland combined are available.

These are the top 10 countries:

Germany, USA, UK, Canada, France, Denmark, Switzerland, Australia, Austria and China.

In 2015 GP Wild did a survey for VG in Qaqortoq, Ilulissat and Ittoqqortoormiit with 1,649 cruise passengers and 279 crewmembers participating:

- **89%** of the respondents felt very satisfied with their visit in Greenland
- **61%** even felt that the visit exceeded their expectations
- **The friendliness of staff, the friendliness of locals and guided tour** were the things that got the highest scores (between 4.3 and 4.1 out of 5)
- **98%** of the cruise guests went ashore and for **92%** of the guests it was their first visit to Greenland
- **76%** of the guests were at least 65 years old and the average guest had a household income of 600,000 dk. kr.
- **Top 4 nationalities:** USA 48%, UK 21%, Germany 12% and Australia 6%

SUMMARY



Sermersooq East in a Greenlandic Perspective

Qaasuitsup and Qeqqata are the only two regions to experience growth in both flight pax and overnight stays, and they significantly improve the good overall national result, an increase in the number of flight tourists of **24,9%**, and a general **4,3%** growth in the number of overnight stays. The large drop in *number of overnight stays* and *number of guests* in the region is perplexing, as we have spoken with two large operators in the region that report of a fairly satisfactory 2015 result. It is impossible to come to one conclusion on the development in tourism of the region in 2015, because the data shows a number of negative indicators, while we hear a more positive version when we meet the operators in person.

Extended registration of residence

Since New Year VG has ensured that country of residence is registered for flight passengers from Switzerland, Austria, Holland and Poland, so when the new flight pax data will be comprised after the high season we will know better if we are hitting the marks. Within the current deal with Mittarfeqarfiit it is unfortunately not possible to add more countries to the iPads used for registration. From 2016 China and Taiwan will feature in the overnight records.

Who is *Other European Countries*?

To get a better idea of what the category *Other European Countries* covers what tourism operators in Sermersooq East can do is to register nationality (or country of residence) for overnight guests or tour customers whenever possible. These data, whether complete or not, can be sent to market research consultant Mads Lumholt (lumholt@greenland.com) as they are strong indicators. We will add the submitted info to the following quarterly report which is published on tourismstat.gl/analyser. In the future VG will engage in a constant dialogue with the tourism operators of the region to get their perspective on indications and tendencies they come across.

Tendencies in Iceland

2015 has seen a **25.5%** growth in passengers passing through Keflavik and a **21%** growth in the number of overnight stays, so tourism is still on the rise in our neighboring country just an hour and a half away by plane. Keflavik experiences a large growth in Americans, Brits and Germans. They are all target markets for VG, as we see a lot of positive indicators (see the national Q3-4 2015 report). At the same time Sermersooq East have a good grip on China and Taiwan, which are also showing great international growth. Despite negative indicators in 2015 we believe there is a large unfolded potential especially in these five markets.



Produced by Mads Lumholt
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