



TOURISM STATISTICS
REPORT 2016
CAPITAL REGION
VISIT GREENLAND

INTRODUCTION

In Q1 of 2015 Visit Greenland made its first regional tourism report based on data on air passengers, overnight stays in accommodations as well as cruises. Since then, VG has been working on a deeper level in the data and has learned that some data can easily be over-interpreted. Data on the number of tourists directly by plane from Greenland, via regional airports, does not necessarily say much about the number of tourists who have visited the region, as the vast majority of tourists from Greenland still travel via Kangerlussuaq.

Data from Mittarfeqarfiit show that 85-90 % of all passengers (incl. Greenlandic citizens) are travelling out of Ilulissat, Nuuk and the other larger cities via Kangerlussuaq. In other words, only 10-15 % of passengers travel out of the country directly via the Iceland-routes from the cities. Tourists comprised a total of 64 % of all flight passengers in 2016.

This report will focus more closely on the regional overnight stay statistics even though in its current form it does not cover all accommodations. On the other hand, Visit Greenland has initiated a close collaboration with the Arctic Circle region as the first region to arrive at a more accurate figure on the two parameters: Total tourism turnover and number of tourist stays (initially focusing on Kangerlussuaq). With the Arctic Circle cooperation as a 'pilot', Visit Greenland intends to roll out region specific collaborations in order to gain more knowledge of tourism generated revenue and overnight stays.

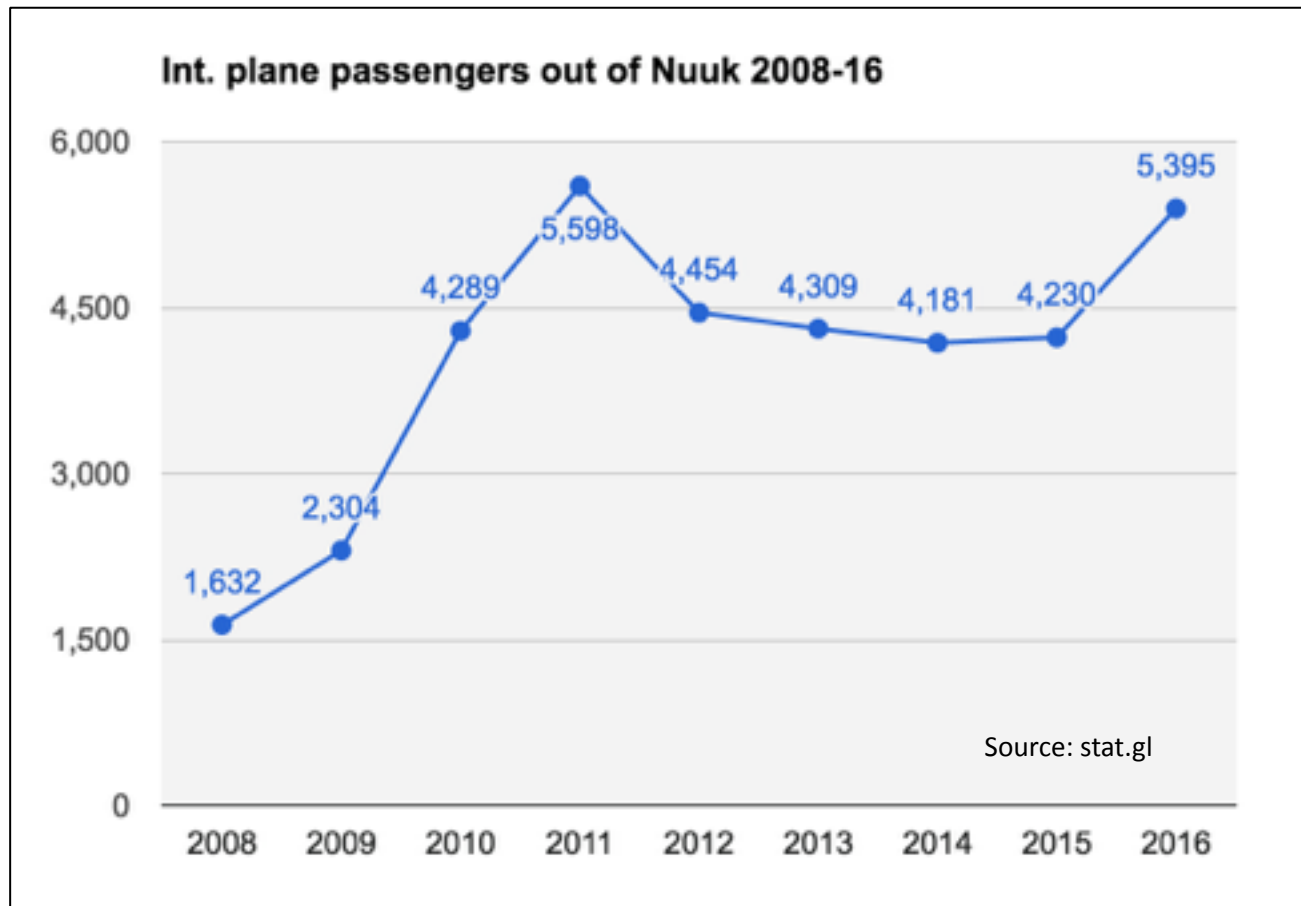
Initially Visit Greenland intended to publish a tourism report quarterly. But our intensive work with tourism statistics over the last two years, has shown that the number of tourists in each quarter, except Q3, is so small that it does not provide valid useable data. Greenland still has so relatively few tourists that it is risky to interpret small fluctuations as they will appear unnaturally big as a percentage the less the number is.

Therefore, going forward only one big national tourism report on the previous year will be produced. In Q1 this will be followed by regional reports such as this, but mainly as an addition to the national report as the most important results can be found there. Furthermore minor updates will be issued during the year via press releases and newsletters serving as a supplement to the annual main reports.

INT. FLIGHT PASSENGERS TRAVELLING OUT OF NUUK 2008-16

The Air Iceland air route Nuuk-Reykjavik opened in 2007, and the Air Greenlands Nuuk-Keflavik route opened in 2010. In 2012 and 2013 Air Greenland had a route from Nuuk to Iqaluit in Canada, but after this period it was discontinued.

Up until 2008 a significant increase could be seen in the number of passengers, but from 2011 through 2014 saw a decline in the number of passengers.



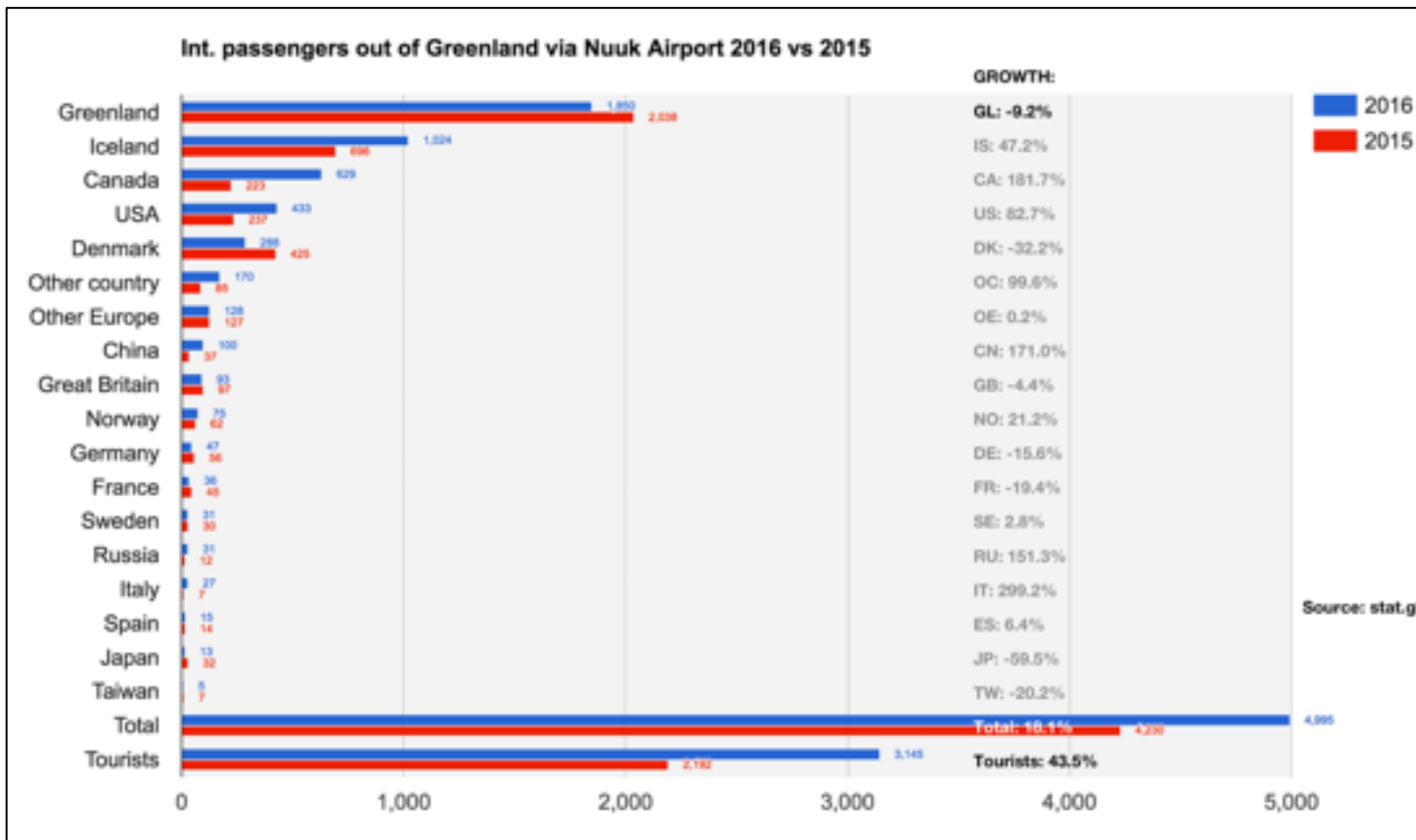
A part of the reason for this decline is associated with the reduced activity in the field of oil and mineral exploration which peaked in the years 2010 and 2011

From 2014 the growth is back. From the data on the share of tourists from July 2014 the tourist segment saw a growth of 20.3 % from Q-4 to Q3-4 in 2015. Subsequently the most significant growth is from 2015 to 2016 at an impressive 43.5 %.

INT. FLIGHT PASSENGERS TRAVELLING OUT OF NUUK 2016 VS 2015

2016 saw an increase of 43.5 % in the number of tourists travelling out of Nuuk on international flights compared to 2015. The 400 passengers flying directly out of Greenland via Nuuk in connection with the Arctic Winter Games are not included in this number.

This constitutes a very high growth, but at the same time we must keep in mind that 90 % of all passengers travelling out of Nuuk are flying via Kangerlussuaq. Thus the data below represents only 10 % of the total number of passengers travelling out of Nuuk. Accordingly the number of passengers from each country of residence, besides Greenland, are less than 1,000 persons why growth ratios should be taken with caution and are grayed in the chart.

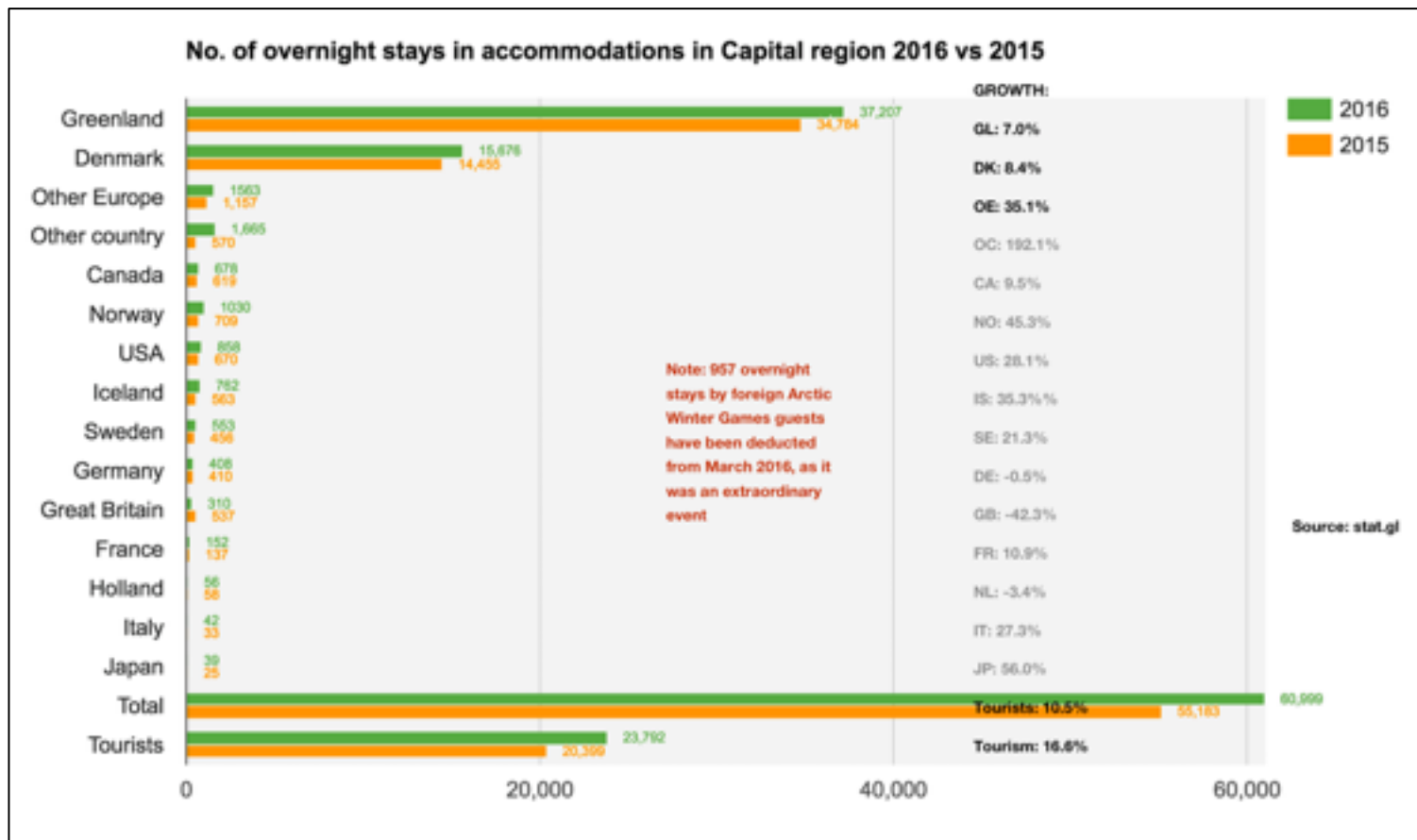


At the present time unfortunately we do not have data on how many of the passengers on the Nuuk-Kangerlussuaq flights are booked through to Copenhagen just as we do not have data on the country of residence on passengers on these flights.

An educated guess is that at least half of the passengers on the Nuuk-Kangerlussuaq flights are travelling out of the country via Copenhagen.

NUMBER OF OVERNIGHT STAYS IN CAPITAL REGION

Although a large increase in the number of tourists flying from Nuuk via the direct route to Iceland does not necessarily lead to a corresponding increase in tourist overnight stays, since only a small percentage of all Nuuk travelers use this route, the accommodation figures show a positive growth of 16.6 % compared with 2015. This is despite the fact that 957 overnight stays have been deducted in the figures below in connection with the Arctic Winter Games in March 2016. As we have been unable to determine the exact number of overnight stays relating to the AWG, the 957 make up the difference between the number of overnight stays in March 2016 and March 2015.



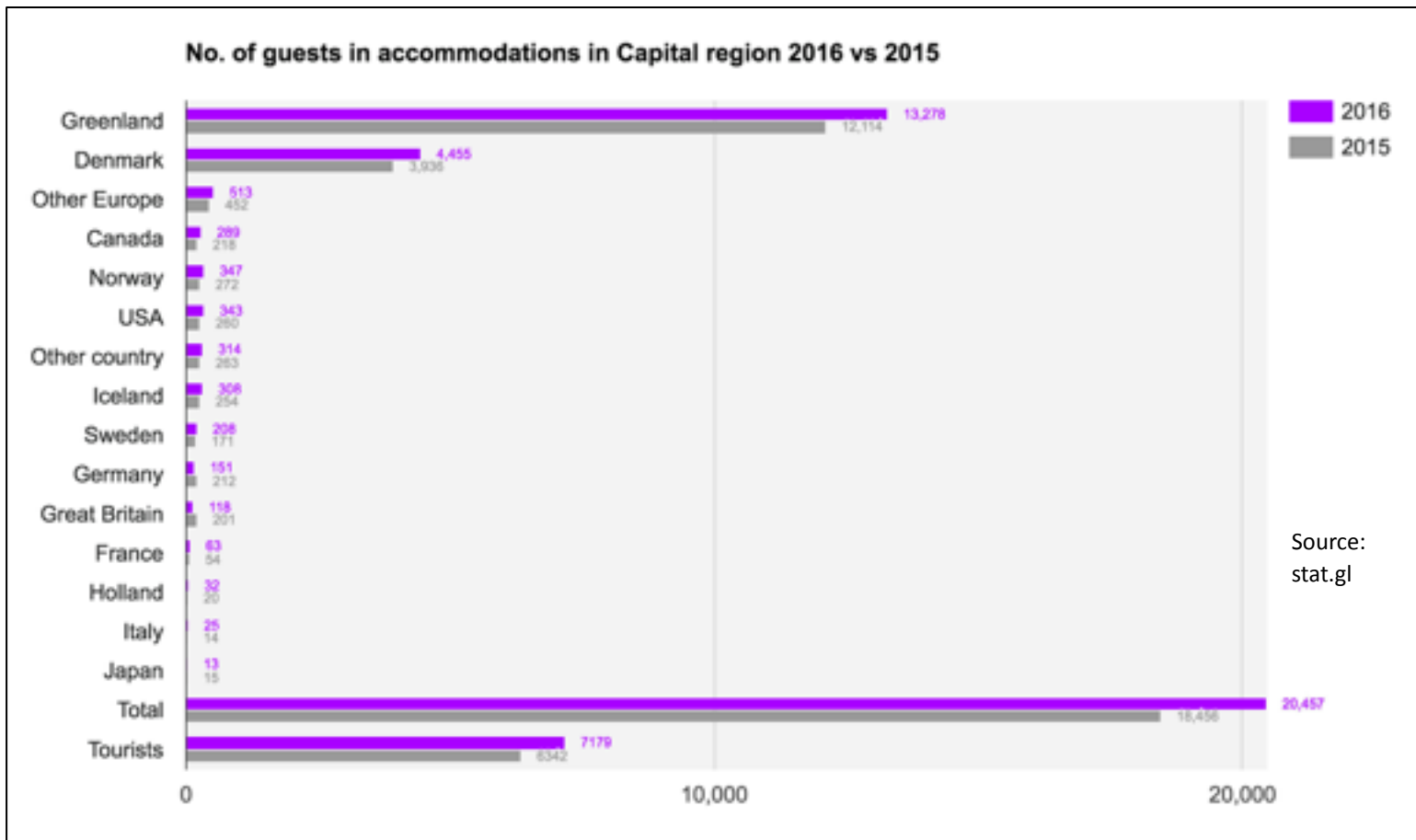
If the AWG had not taken place most likely there would still have been an increase in the number of tourist overnight stays in March 2016. Thus the actual growth is likely slightly higher than 16.6 %.

In Sermersooq West the tourist segment is responsible for the largest growth.

NUMBER OF GUESTS IN ACCOMMODATIONS IN CAPITAL REGION

Focusing on the number of international guests in the accommodations the same growth trends can be observed as for the the number of tourist overnight stays, an increase of 13.2 %. Again one must not overinterpret the growth percentages of individual countries of residence, as the numbers are too small to provide valid data.

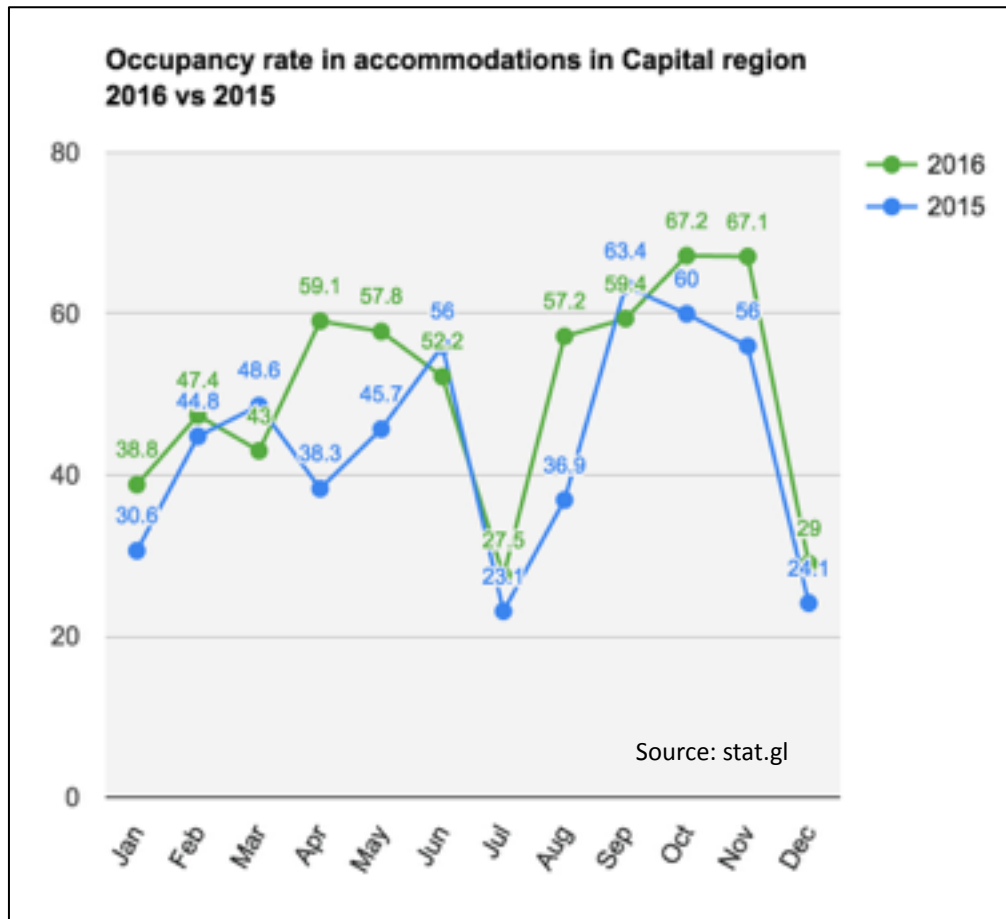
There is a 13.2 % growth within the tourist segment and a 9.6 % growth in the domestic segment. Thus accommodations in Sermersooq W have succeeded in attracting both more international guests as well as more residents.



As the domestic market is limited by the number of citizens in the country, future growth will likely primarily be created by markets outside of Greenland.

OCCUPANCY RATE IN ACCOMMODATIONS IN CAPITAL REGION

The occupancy rate in Sermersooq West differs from other Greenlandic regions by being the lowest during the summer months. In July it is 30 % lower thus matching the low season months of January and December. This is due to the fact that the major hotels in Nuuk are primarily visited by business travelers. The figures indicate unused capacity and hence growth potential for tourism development during the summer months.



It is a general trend that Nuuk as a destination is becoming increasingly sought after, also in searches on Google and on the Visit Greenland website greenland.com.

Along with Sermersooq Business Council Visit Greenland has built the brand 'Colourful Nuuk' over the last few years and it seems that both tourist operators, travel agencies and the tourists are beginning to take notice of this destination. Nuuk offers both the urbane factor as well as spectacular nature.

As for the spring and autumn shoulder seasons we are also seeing a positive development. However, we have yet to see a breakthrough for the month of July.

The pattern is not due to a lack of flight seats or bed capacity. It is more likely a matter of time and offering attractive products and packages to the right tourists.

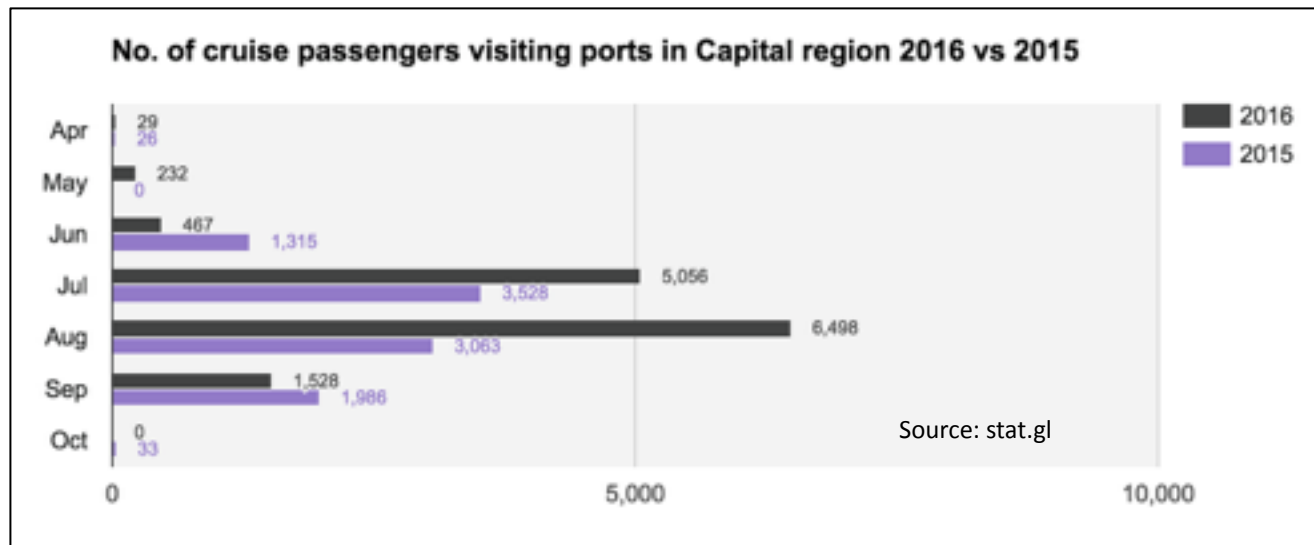
CRUISE TOURISM IN CAPITAL REGION

2016 saw 3.2 % fewer cruise passengers in Greenland compared with 2015. On the other hand the ships called on more ports than in 2015 so in actuality more passengers have visited destinations in Greenland in 2016 than in 2015. In other words, each ship has had more port calls than the year before. From the [2015 cruise survey](#), we know that 98 % of the passengers came ashore at least once during a cruise. Thus it is likely that more guests came ashore in 2016 than in 2015. From a destination perspective this is positive as more guests ashore on more destinations increase the likelihood of generating a bigger revenue on tourism related products, souvenirs or food/snacks.

Kangerlussuaq is the biggest exchange port for cruise passengers either arriving or leaving the country via air. However, an increasing number of cruise passengers exchange in Nuuk, Ilulissat, Narsarsuaq and Aasiaat.

With 13,810 cruise passengers in 2016 Sermersooq West was the fourth most visited cruise region in 2016.

In 2015 the Greenlandic Self-Government reduced the cruise taxes so ships now pay per gross tonnage rather than per passenger. Thus the formerly high passenger taxes are no longer an economic barrier when planning port calls in Greenland.



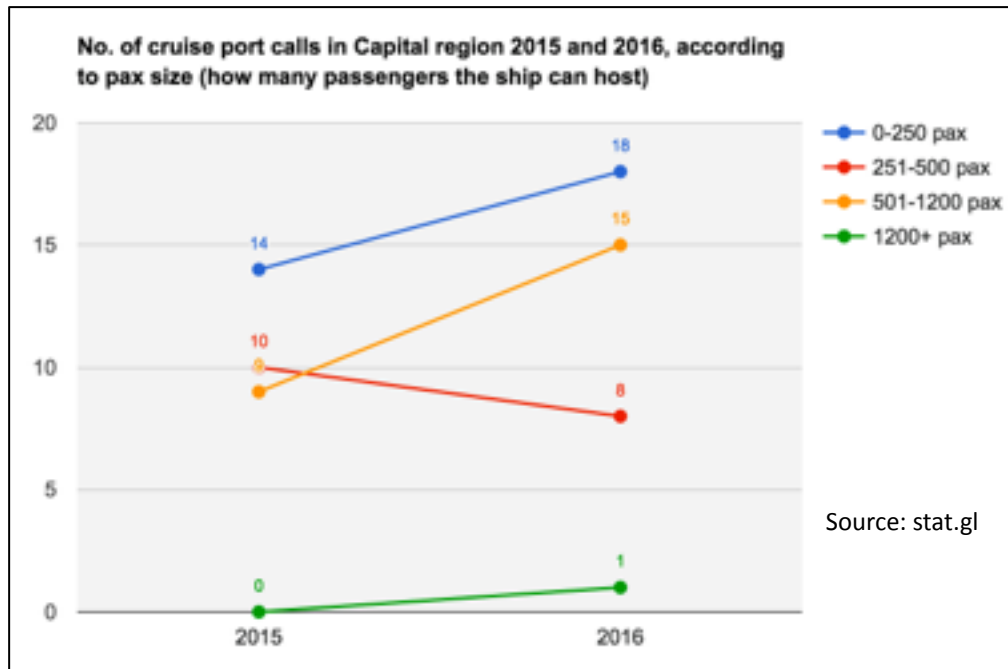
The trends of more port calls per passenger is likely the result of a greater destination focus (e.g. activities ashore) which is one of the trends within cruises that Visit Greenland has heard mentioned the most on the latest cruise fairs.

CRUISE TOURISM – PAX SIZE AND NUMBER OF PORT CALLS

We can divide the cruise ships into 4 categories according to size: Small, primarily expedition ships with 1-250 passengers, smaller ships with 251-500 passengers, midsize ships with 501-1,200 passengers and the large resort ships with more than 1,200 passengers.

In the chart below is an overview of the number of port calls per ship type in 2015 and 2016. It shows that there has been an increase in the number of port calls for all pax categories, except for ships carrying 251-500 passengers.

These trends are worth noting for the local tourist operators offering and developing products aimed at the cruise ships, as there is a difference between what types of products are sought by passengers on the different types of ships.



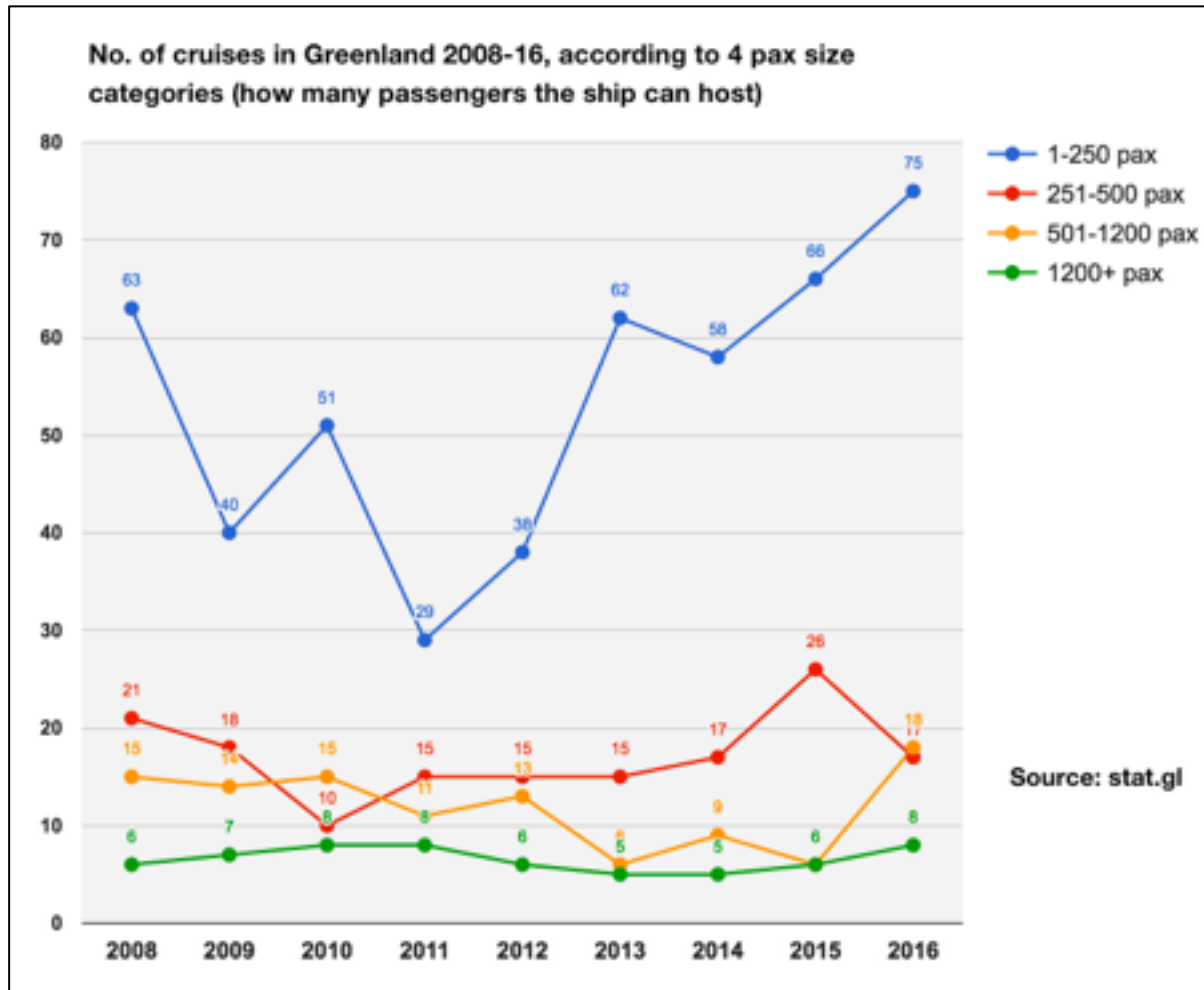
On a national level there is a trend of a significant growth in the number of cruises by the small expedition ships, a declining tendency can be observed for the midsize ships over a long period of time and there is a slight increase in terms of cruises by the largest ships.

Thus the development in Sermersooq W is corresponding with the overall development on a national level.

We will look into this on the following page.

CRUISE TOURISM – PAX SIZE AND NUMBER OF CRUISES

It is relevant to examine what size ships have had what number of cruises nationally in Greenland over the last few years. A cruise can consist of anywhere between 1-5 port calls per ship depending on the ship type. When examining the national trends over the past 8 years, the most significant development is the increase in the number of the small, so called expedition ships with a passenger count of less than 250 pax.



Whereas the other pax categories have seen a relatively stable number of cruises from year to year, there has been a significant growth in terms of expedition ships since 2011.

Even though 3.2 % fewer cruise tourists arrived in Greenland in 2016 compared with 2015, there is an increase in the number of cruises. In other words more destinations are visited.

Expedition ships are a good match for many Greenlandic destinations, as they are generally smaller and carry more active passengers than what we usually see on the large resort ships. Fewer and more destination oriented passenger increase the possibility of offering products and souvenirs to a larger share of guests thus increasing local revenue.

FINAL THOUGHTS

Healthy growth in the Number of Tourist Overnight Stays

As highlighted on the previous pages data from Sermersooq W (in practicality Nuuk, as no data exist on Paamiut) suggests that the region is in a positive growth phase in terms of tourism. A growth of 16.6 % within the tourist segment measured by the number of overnight stays is the most solid indicator. However these data are not complete as we know of a number of smaller accommodations that do not submit registrations to Statistics Greenland. Visit Greenland is working to include more and more of these accommodations so that the data will become increasingly more valid over the next seasons.

Flight Passenger Data

At this point we cannot use airline numbers for much more than to find out which markets tend to arrive at Nuuk directly via Iceland. A 43.5 % growth for the tourist segment of air passengers sounds like a lot, and though it is also a positive sign of an increased demand for the direct Iceland-Nuuk connection, it does not in itself say anything about the number of tourists visiting Nuuk via air since most as mentioned, travel to and from Nuuk via Kangerlussuaq. These data will be available when Air Greenland is able to filter its passenger data to extract those booked through from Copenhagen including country of residence on these passengers.

Utilization of Hotel Capacity

The data for occupancy rates throughout the 12 months of the year show that there is an obvious potential to make better use of the hotel capacity in July, as the average occupancy rate in Sermersooq W in that month was only 27.5 % in 2016. During this period of the year there is a lot of tourism activity in the four other regions, and a relatively high frequency on the direct flights between Nuuk and Iceland.

The Colourful Nuuk Brand

As previously mentioned in later years the brand 'Colourful Nuuk' has been developed. It has its own website colourfulnuuk.com and is making its way into the awareness of the operators and tourists. A brand crystallizes the identity of a destination and contains a 'value proposition' thus making it easier to convey to potential tourists what to expect from the destination and why they should visit. As a tourist operator in the region one can use the Colourful Nuuk brand by using the hashtag #colourfulnuuk online and especially on social media as it helps to create visibility and raise awareness about the destination.

If one wishes to delve deeper into national trends and analyses one can read the national tourism report.