



TOURISM STATISTICS

REPORT 2016
EAST 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.

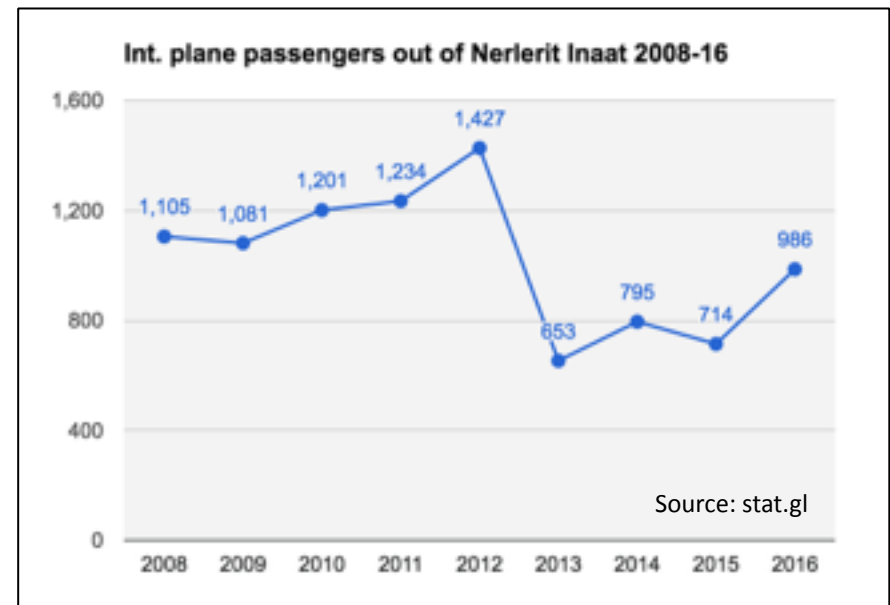
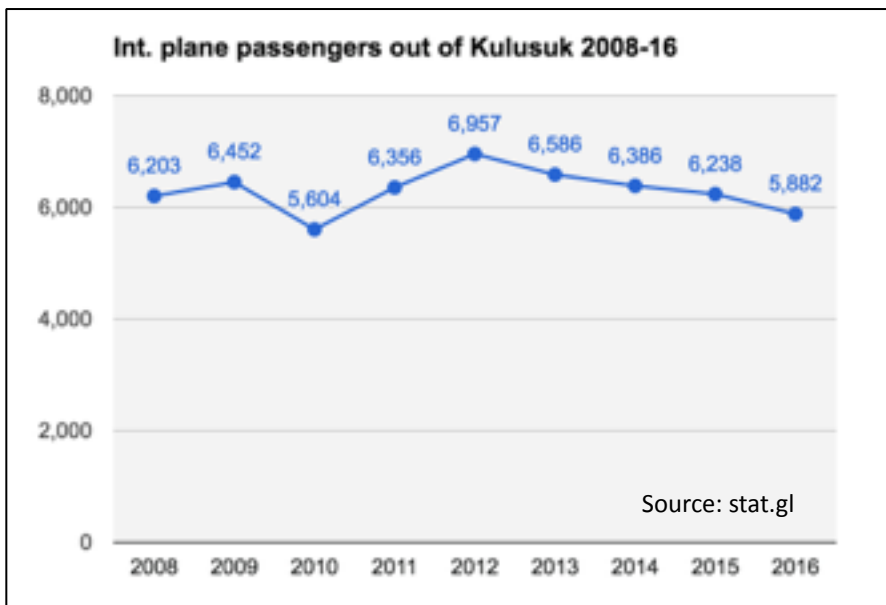
Initially Visit Greenland intended to publish a tourism report quarterly. But our intensive work with tourism statistics over the last two years has shown that the number of tourists in each quarter, except Q3, is so small that it does not provide valid useable data. Greenland still has so relatively 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 smaller updates will be issued during the year via press releases and newsletters serving as a supplement to the annual main reports.

INT. FLIGHT PASSENGERS OUT OF EAST REGION 2008-16

The graph on Kulusuk looks relatively stable especially considering the small volume. With an average passenger number of 6,296, the past 8 years have not seen any big fluctuations. However since 2012 there has been a downward trend. The decline between 2015 and 2016 can partially be contributed to the fact that Air Iceland is the only airline flying internationally out of Kulusuk, and from the beginning of the 2016 season Air Iceland exchanged its Fokker 50 (seating 50 passengers) with a Bombardier Q200 (seating 37 passengers) without changing the flight schedule. In other words the capacity from 2015 to 2016 decreased by 26%.

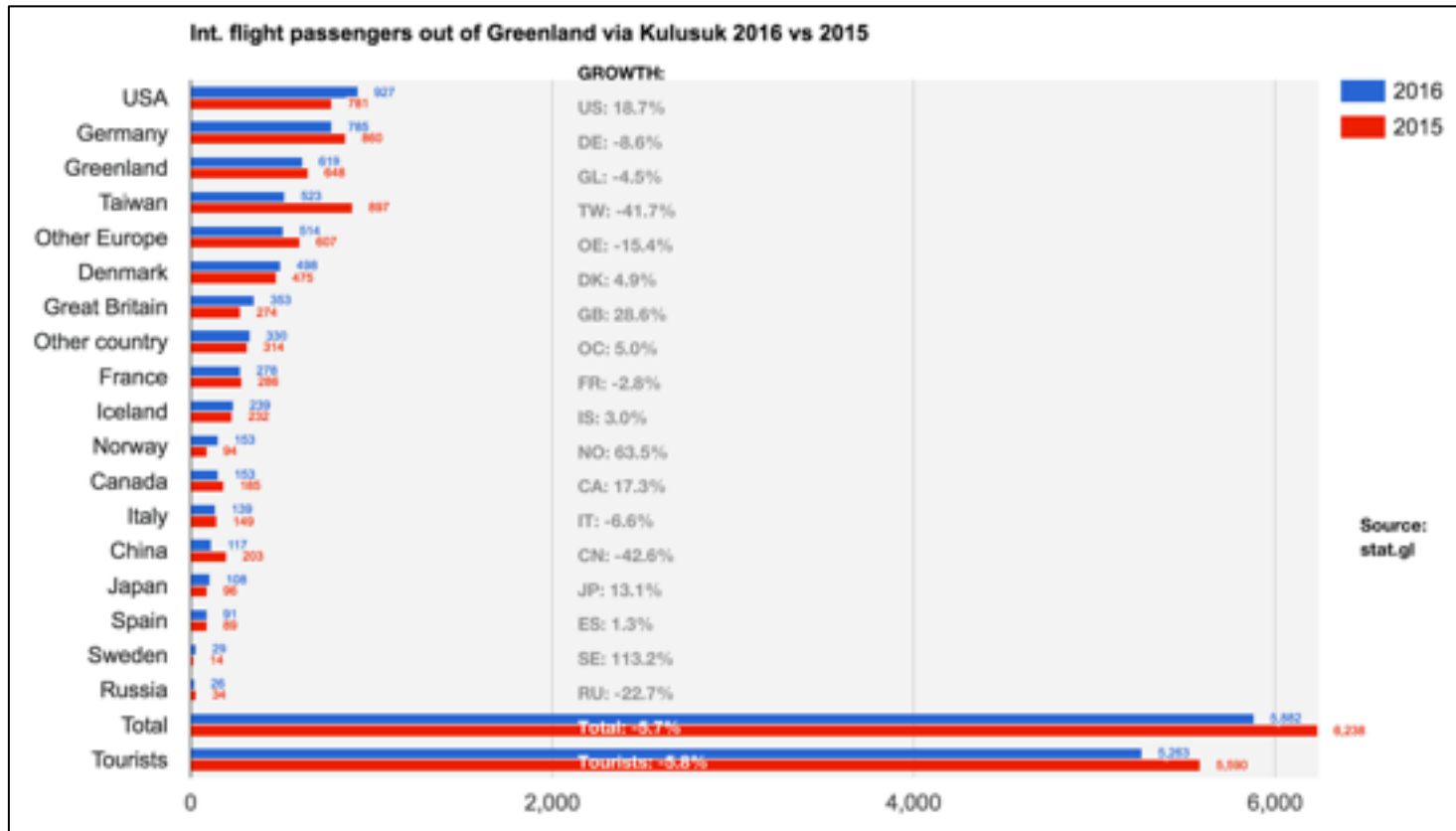
The graph on Nerlerit Inaat shows a drastic fall from 2012 to 2013. This is first and foremost because Iceland lost the contract on the Akureyri route by the end of 2012 (with its Bombardier Q200 with 37 seats). From 2013 Nordland Air took over the route with a much small flight type (7 seats northbound and 11 seats southbound). However Nordland Air will upgrade the route to double capacity in 2017.



INT. FLIGHT PASSENGERS OUT OF KULUSUK AND NERLERIT INAAT

There are, as we know direct flights out of East Greenland from both Kulusuk and Nerlerit Inaat, but the number of passengers on the Nerlerit Inaat-Akureyri route is very limited with only approximately 935 tourists in 2016. Out of a total of 986 passengers there is no information on the country of residence of 245 passengers, the mix of country of residence is not statistically valid if we try to distribute the 'unknown' on all countries of residence proportionally. Of the registered tourists most came from DK, US, GB and DE.

However there has been an increase in the total number of passengers of 38% compared with 2015. Unfortunately the distribution of country of residence is even more inaccurate since as many as 322 out of 714 passengers are 'unknown', so there is no accurate estimate on the growth in the tourist segment.

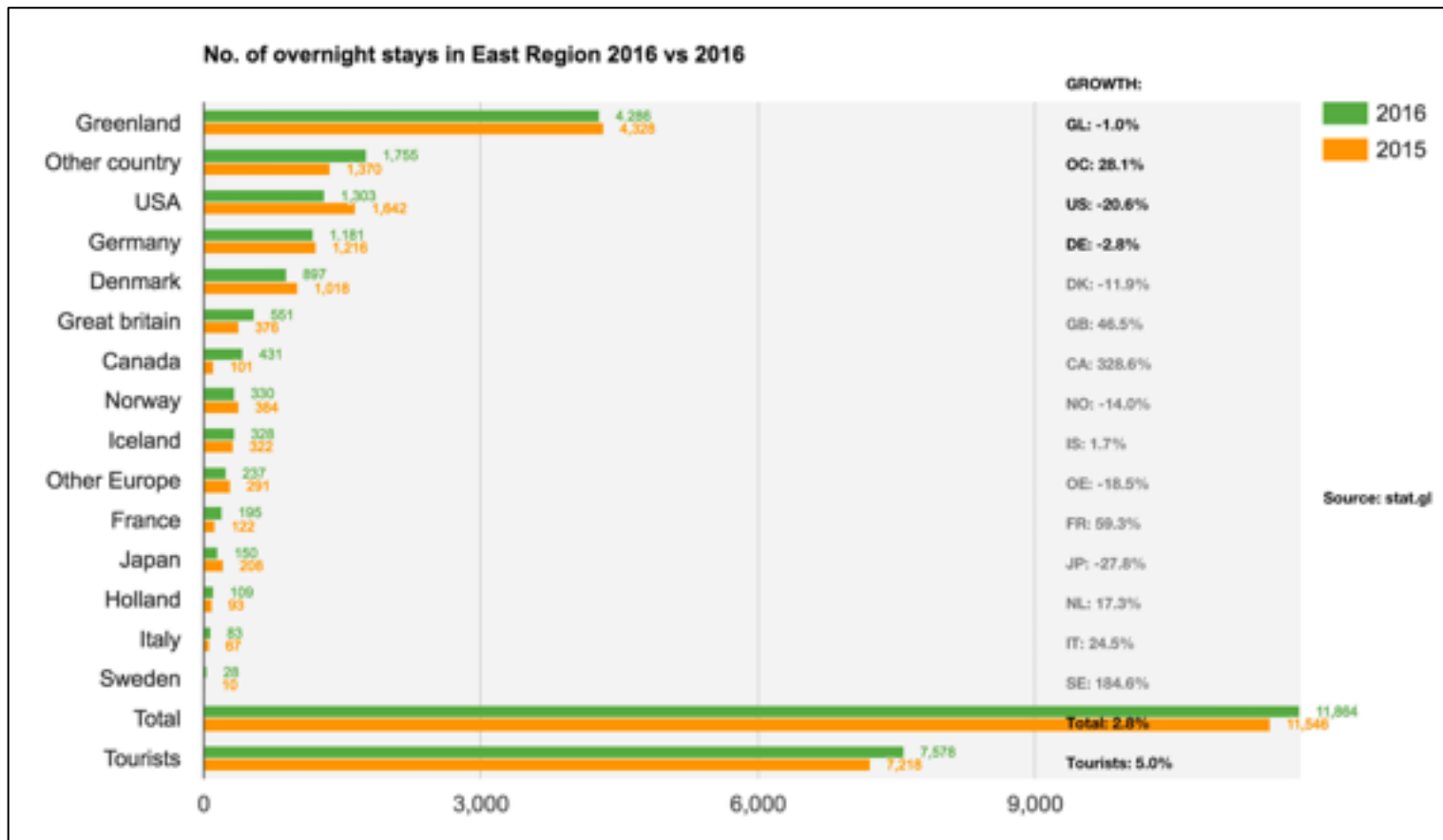


On the left is the country of residence mix on Kulusuk-Reykjavik route. As none of the countries have more than 1,000 passengers the growth percentages have been grayed, as the numbers are too small to show solid trends. But the overall trend is a negative growth of – 5.8% in the tourist segment.

This is, among other things, because Air Iceland has gone from a capacity of 17,226 pax to 16,560 pax (REY-KUS route) from 2015 to 2016.

NUMBER OF OVERNIGHT STAYS IN EAST REGION

When we see a growth of 5% in the tourist segment in terms of number of overnight stays in accommodation in Sermersooq East, it seems illogical as we saw a negative growth of -5,8% in the number of tourists out of Kulusuk by air. For destinations with a small volume of tourists, even relatively small variations in the number of passengers or guest scan cause large fluctuations, so the data must be taken with reservations. In other words it is a little difficult to describe statistically valid trends when the sample (the numbers we have) is relatively small. Furthermore we do not have data on how many tourists travelled to East Greenland via Kangerlussuaq, but as it is both more expensive and take longer, the number must be limited. On top of this there is also the challenge of obtaining precise country of residence data from some of the accommodations in the region.

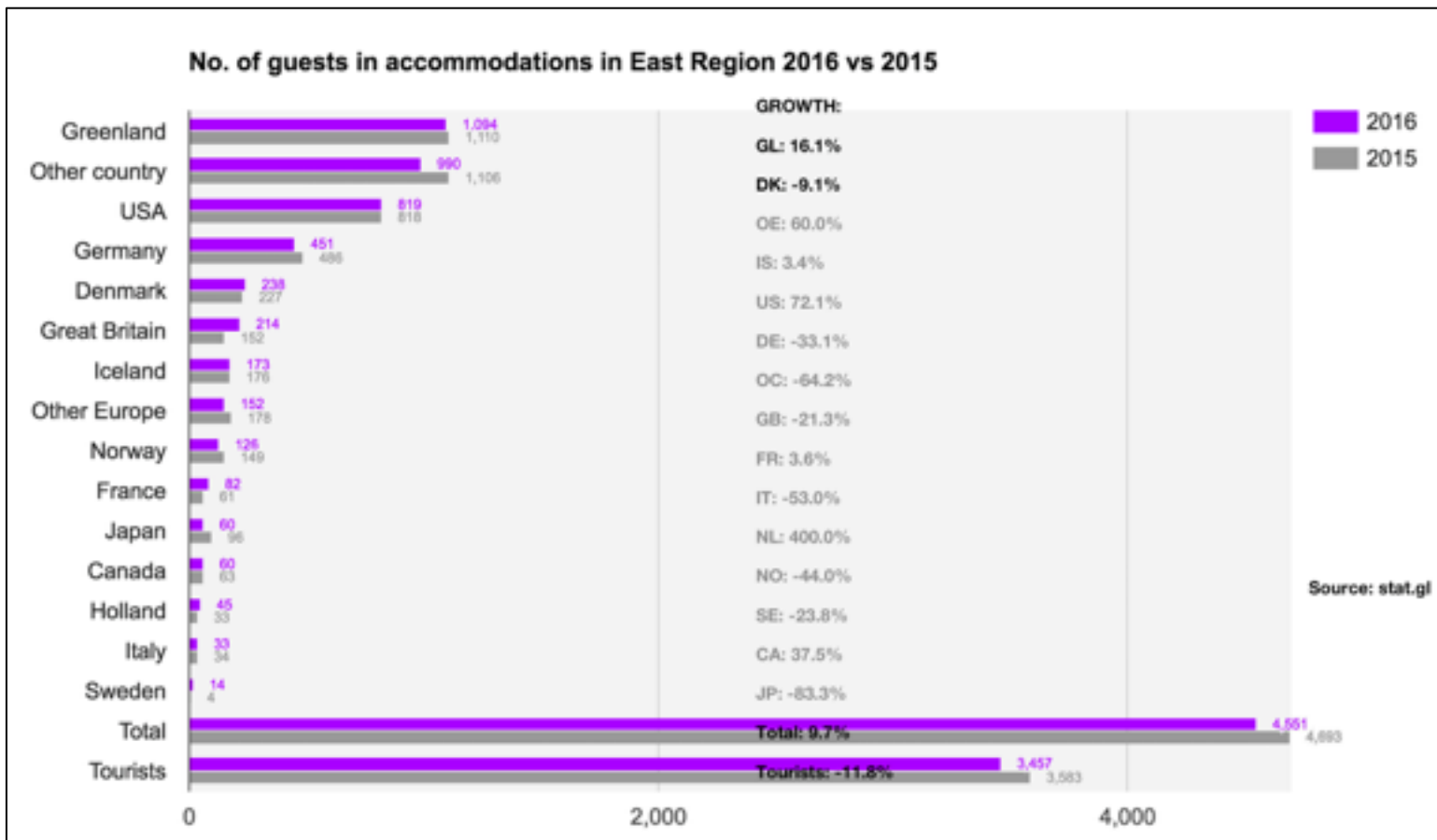


So it is difficult to conclude much on the distribution of country of residence and the development for each country from 2015 to 2016.

As can be seen on the next page, when we look at the number of guests and their countries of residence, there is once again a negative growth in the tourist segment. But again these data must be taken with reservations.

NUMBER OF GUESTS IN ACCOMMODATIONS IN EAST REGION

The distribution of country of residence on registered guests in accommodations in the region can be seen below. As mentioned previously the only thing we can say for certain is that the data do not provide statistically valid indications. It is the goal of Visit Greenland and Statistics Greenland to achieve increasingly valid tourism data on all regions in Greenland thus seeking a closer collaboration with both local operators and the Sermersooq Municipality. The only country of residence with over 1,000 guests is Greenland. Thus growth rates on all the others have been grayed.



In 2016 5,263 tourists travelled by air on the Kulusuk-Reykjavik route (see page 3), and approximately 500 on the Nerlerit Inaat-Akureyri route.

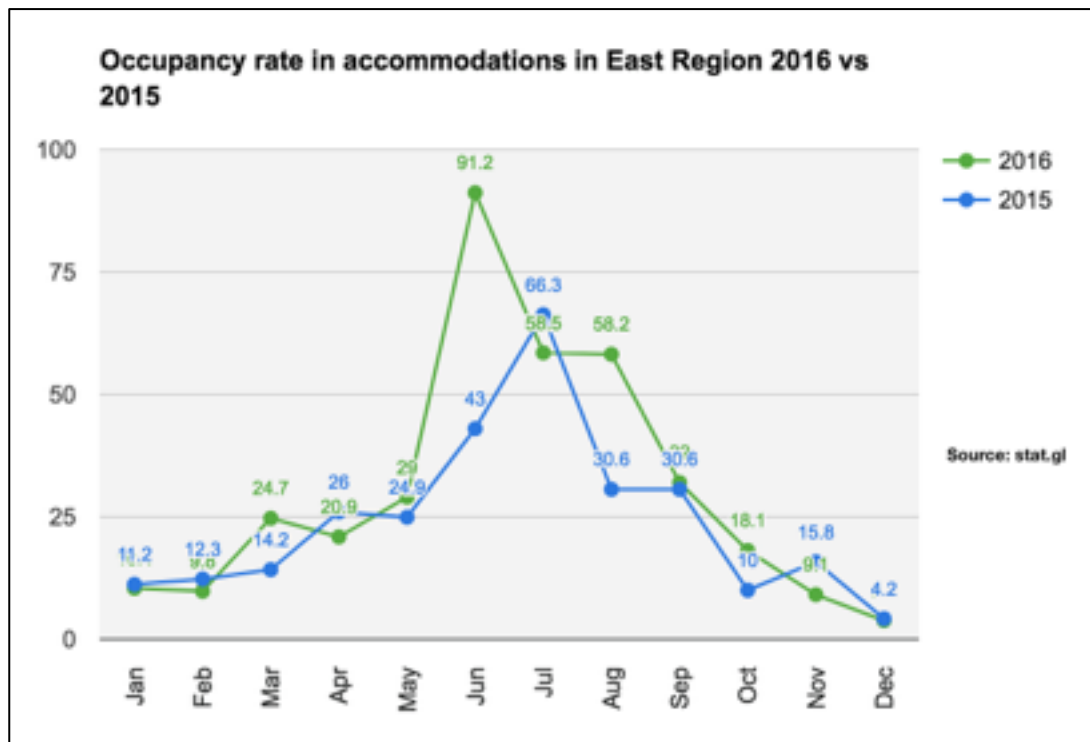
In comparison 3,457 registered international guests stayed in accommodations in East Greenland. As far as data on overnight stays are concerned we have no information on a portion of the tourists.

Reykjavik-Kulusuk flights return to Iceland right away, making one-day visits impossible.

OCCUPANCY RATE IN ACCOMMODATIONS IN EAST REGION

The occupancy rate pattern seen in the chart below is from the Sermersooq East accommodations that submit registrations to Statistics Greenland. It paints a picture of a relatively weak autumn, winter and spring season and a strong summer high season in 2016. The summer high season in 2015 was weaker.

As mentioned it is not possible to see clear trends based on such a small sample and incomplete data, so we can only conclude that there is a potential to make use of the existing bed capacity during most of the year, but especially outside of the summer high season.



An occupancy rate of 91.2% in June 2016 can be interpreted as 'fully booked' if one compares it with for instance the occupancy rates from Ilulissat (see the regional report on Qaasuitsoq), where the hotels report to be practically sold out during the summer high season, even though their submitted registrations to Statistics Greenland feature occupancy rates of under 90% in the same period.

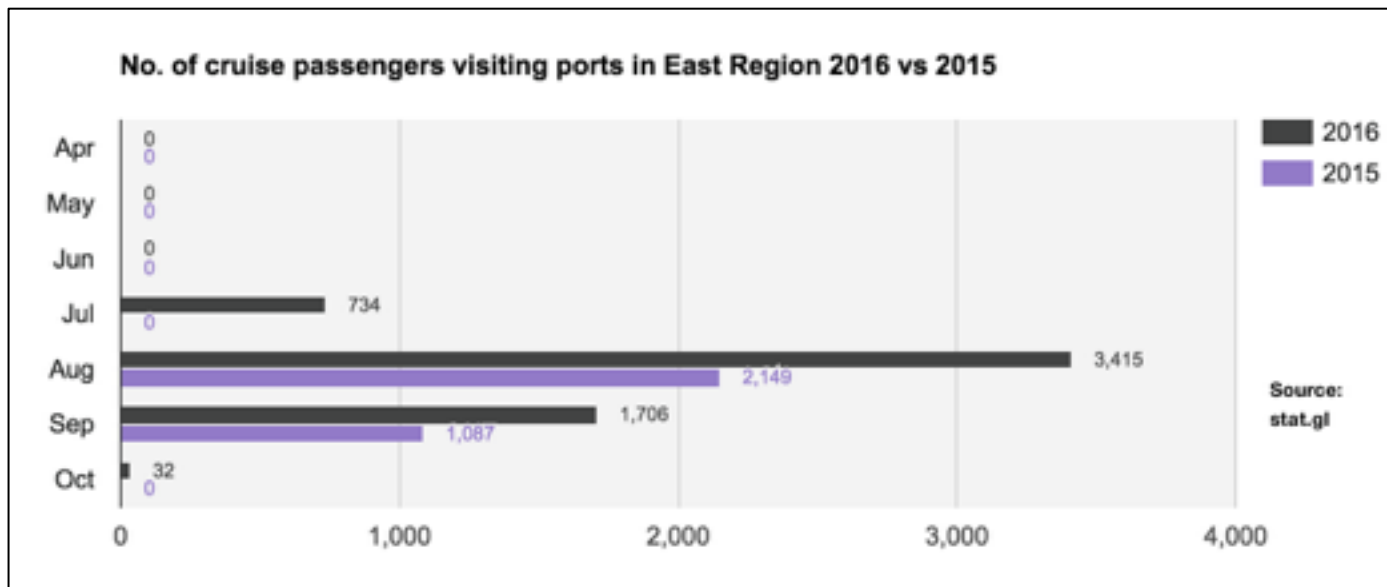
Visit Greenland is looking to establish a closer collaboration with both the Sermersooq Municipality and accommodations in the region in order to improve the registrations of overnight stays and guests according to country of residence.

CRUISE TOURISM IN EAST REGION

2016 saw an impressive 82% more passengers visiting East Greenland on cruise ships compared with 2015. Nationally there were 3.2% fewer cruise passengers visiting Greenland than in 2015, but on average each ship called on more ports than the year before which increases the likelihood of a larger total number of guests in all. According to the [2015 cruise survey](#) 98% of the guests came ashore at least once.

The large increase is mostly due to 2015 being a weak cruise year for East Greenland. However, from 2015 on the Self-Government has changed the cruise taxes so the ships now pay per gross tonnage instead of once per passenger. In general this change makes it cheaper for the ships regardless of size to call on Greenland – especially so for the bigger ships. In the long run this can have a positive effect on cruise tourism, but as the cruise planning horizon is a minimum of two years, it will likely be one or two years before a change can be discerned.

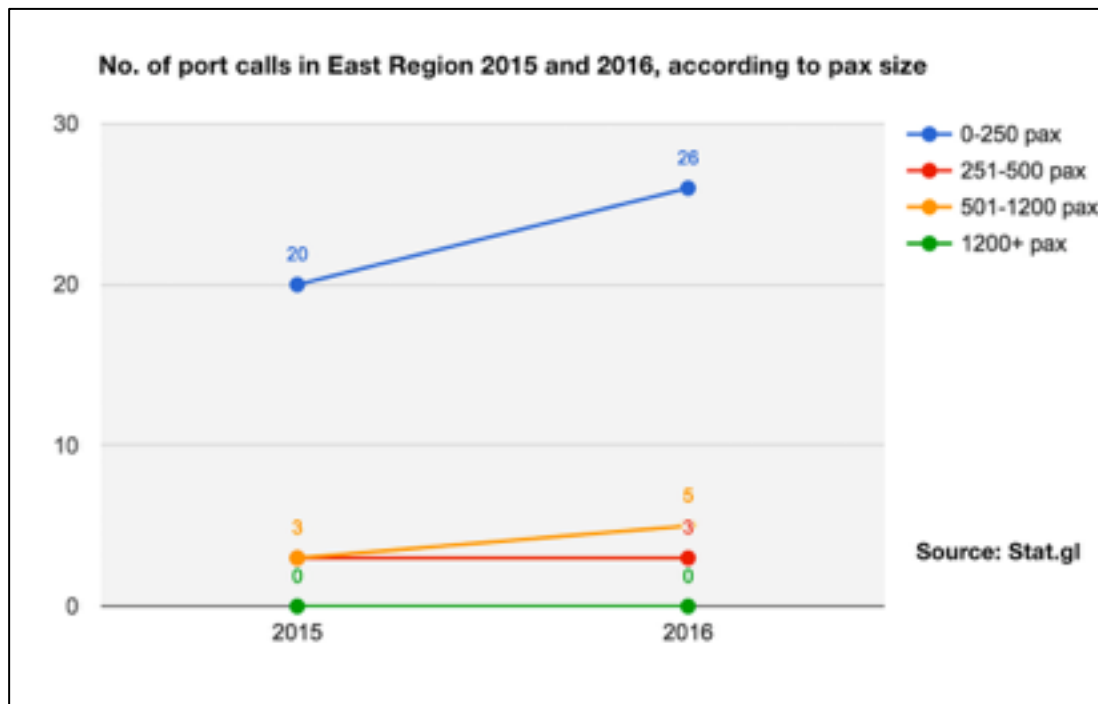
In other Greenlandic regions see activity all the way from the spring months of April and May and this is intensified during the summer high season. The same pattern is not seen in East Greenland. This is of course connected with the risk of the waters being blocked by polar ice.



CRUISE TOURISM – PAX SIZE AND NUMBER OF PORT CALLS

It is interesting to look at the development in terms of which ship types visit Sermersooq East. We use 4 categories divided by the number of passengers (pax) the ship can carry. When describing trends it is important to have a lot of data available, as the smaller the sample the bigger the statistical uncertainty. The sample on Sermersooq East is fairly limited and thus the data must be taken with reservations.

That being said there is a large increase in the smallest pax category, the so-called expedition ships. This corresponds with the national pattern in Greenland. This is a positive sign as this ship size is a better match with Greenlandic destinations as they have fewer, but most often more active passengers onboard. These guests generally come ashore more often and are more likely to interact with the locals.

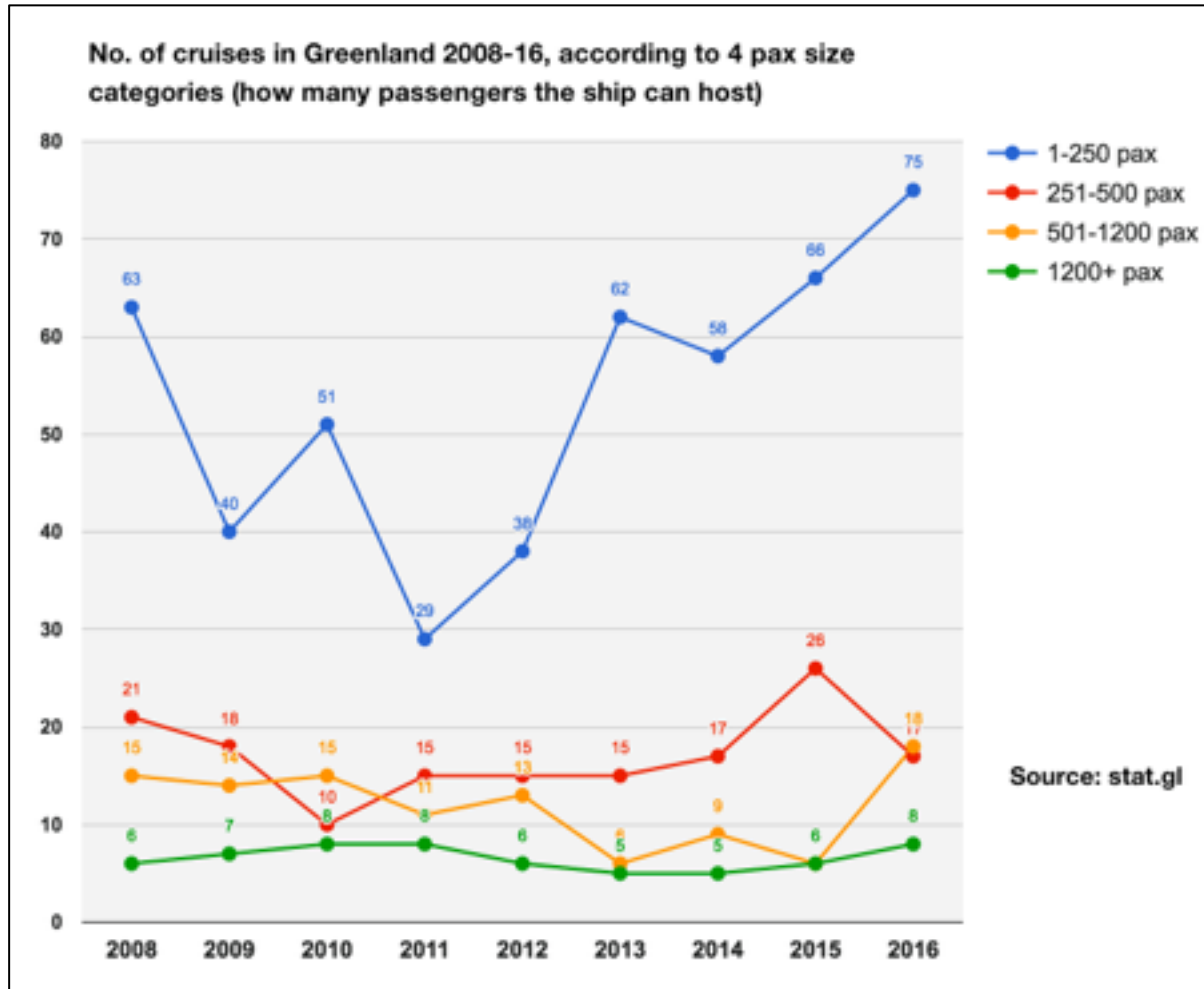


This pattern is crucial to how great opportunities it offers for earnings for the tourism stakeholders in the destinations. The more guests come ashore and the more active guests the better the opportunity to sell tourist products and other products such as food/snack and souvenirs.

Neither 2015 nor 2016 saw any visits from ships in the large 1,200+ pax category which is likely because sailing in East Greenland requires extra safety measures such as reinforced hulls as there is generally a risk of polar ice and collision with icebergs. The biggest cruise ships are generally not built for these kinds of waters.

CRUISE TOURISM – PAX SIZE AND NUMBER OF CRUISES

As mentioned on page 8 the national pattern in later years shows a solid growth in the expedition ship category (0-250 pax), while the 3 other pax categories have held a relatively stable level. But again, the most important factor is not the total number of guests visiting the country in cruise ships but how many that come ashore and how active and engaged they are when on land.



As we know from the 2015 survey cruise guests generally have an income above average, and this is of course reflected in the general price level of the cruise products, but their average daily spend while in Greenland is not as big as one might think.

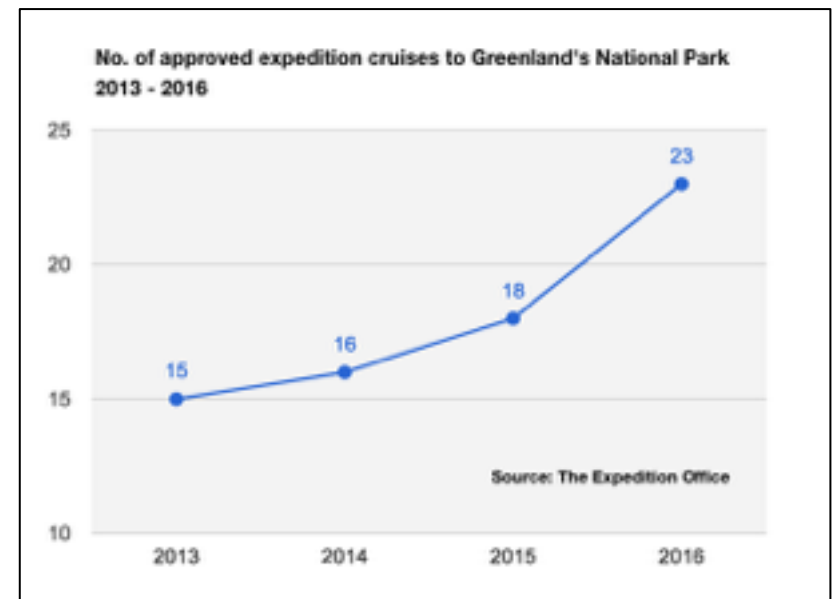
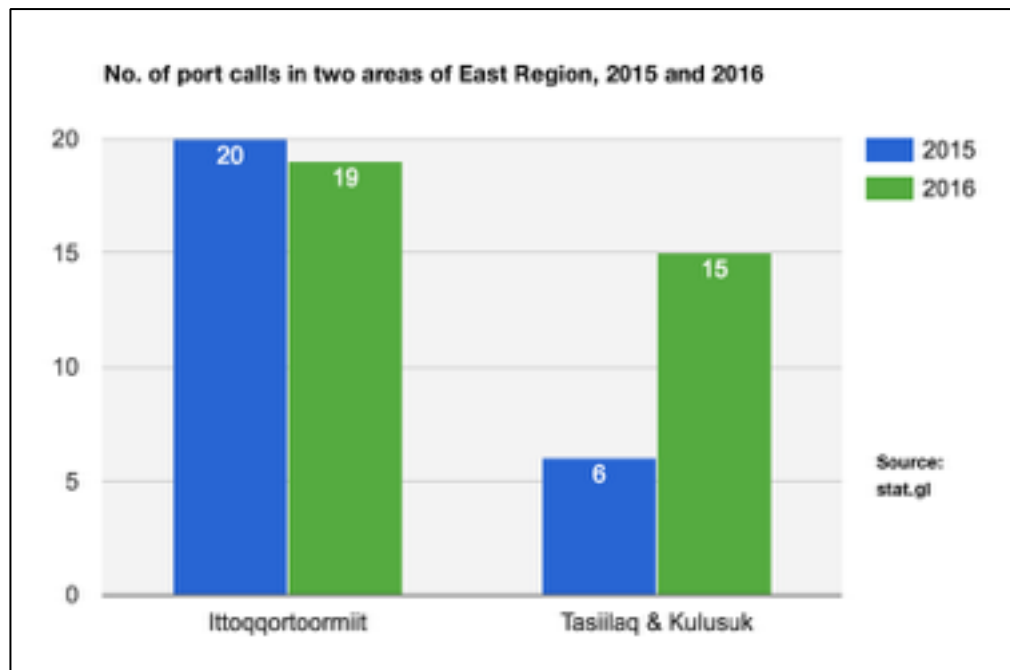
This is due to the '360 degree' service of the cruise lines that make sure to cover the every need of their passengers, but there is still potential for additional revenue when the guests come ashore. Greenland does not offer the same palette of high-end products such as expensive shopping, but the right products can still generate good revenue in the Greenlandic destinations. Thus cultural artefacts like souvenirs and arts and crafts come in the picture.

CRUISE TOURISM – TWO AREAS IN EAST REGION

Northeast Greenland National Park, the largest in the world by the way, is located in the Northeastern corner of Greenland just north of Ittoqqortoormiit. Cruises that wish to visit the National Park must obtain permission by the Expedition Office under the Ministry of Nature and Environment under the Greenland Self-Government. The number of approved applications can be seen below right. There has been a sharply rising demand over the last 4 years. According to the Expedition Office practically all these cruises visit Ittoqqortoormiit on the same cruise.

When examining the cruise statistics on the number of port calls in Ittoqqortoormiit compared with port calls in the Tasiilaq/Kulusuk area the pattern is different. In Ittoqqortoormiit there is a small decrease from 20 port calls to 19. On the other hand Tasiilaq/Kulusuk combined has seen an increase from 6 to 15 port calls. In other words it is not Ittoqqortoormiit as a destination on paper that has become increasingly sought after. It seems it is primarily the National Park there is an increasing demand for and Ittoqqortoormiit is then visited in that context.

Tasiilaq and Kulusuk are experiencing a sharply rising demand. For instance 2015 only saw 3 port calls in the 500-1,200 pax category but there were 5 in 2016.



FINAL THOUGHTS

Smaller Capacity on the Reykjavik-Kulusuk route

One of the main reasons for the negative growth of -5.8% in the number of tourists visiting East Greenland by air in 2016 via Iceland is that Air Iceland at the beginning of 2016 changed to a smaller airplane type and the passenger capacity decreased from 17,226 pax in 2015 to 16,560 pax in 2016.

Double capacity on the Akureyri-Nerlerit Inaat Route in 2017

On the other hand Air Iceland/Nordland Air will upgrade the Akureyri-Nerlerit Inaat route, so there will be twice as many departures in 2017. It is still a very small type of airplane that can carry 7 pax northbound and 11 southbound, however positive none the less.

Fewer Guests Bought More Overnight Stays

Even though there were 3.5% fewer tourists in the accommodations in Sermersooq East, they collectively bought 5% more overnight stays. The number of overnight stays sold is obviously a more important indicator than the number of tourists in the accommodations as it is the number of overnight stays that has the biggest effect on the total tourism revenue.

Unused Hotel Capacity

With an occupancy rate of 91.2% June 2016 was practically sold out. The rest of the months had plenty of capacity and thus potential for a better utilization of the hotel capacity, also called season expansion. Of course it is connected with the number of flight seats/departures available the rest of the year as well as demand, so it is the chicken or the egg causality dilemma, because how can one sell more overnight stays if tourists cannot fly to the region etc. It requires a close collaboration between accommodations and flight operators.

Cruise

It is very positive that 82% more cruise tourists visited cities in the region in 2016 compared with 2015. It sounds like a lot, but one must take in to consideration that it is still a relatively small number we are talking about, and all cruise activity takes place in the few summer months when the cities in the region are not blocked by sea ice and polar ice.

The National Park

Cruises to the National Park appear to be in increasing demand. It is positive especially as almost all cruises that are granted access to sail the park also visit Ittoqqortoormiit thus generating extra tourism revenue in the city.