tourism northernireland

Tourism 360°

Issue 3

Autumn/Winter 2019

European travel market overview

Tourism in Europe saw modest growth over the summer months with reporting destinations showing steady but slow growth. Long-haul markets such as the US have supported recent growth, partly as a result of the dollar being up on other currencies. However, only one third of reporting destinations surpassed the levels of growth registered in Q3 2018, and global risks continue to contribute to a prevailing mood of uncertainty.

The European Travel Commission produces quarterly reports on tourism performance in European destinations. 2019 figures (mainly for Jan-Aug) from key source markets for inbound tourism across Europe show that:

65% of European destinations reported growth in arrivals from **France**, mainly to Turkey and the Baltics.

58% of European destinations reported growth in arrivals from **Germany, to Eastern European holiday destinations.**

53% of European destinations saw growth in arrivals from **the Netherlands, also to the Baltics.**

The latest ETC report also shows that UK arrivals from Europe have slowed, noting declines of 9% from France and 18% from Italy. Full details on current sentiment to travel to the UK can be found here.

Key operational performance indicators show a mixed picture:

Jan-Sep 2019 saw revenue per available room in European hotels decline by 3.6% year on year due to the average daily rate being 4% lower compared to the same period in 2018.

Revenue Passenger Kilometres grew 4.1% in Jan-Sep 2019 – well below the average growth rate of the past 10 years of 6.1%. While Europe's air passenger growth is still growing, it is slowing more sharply than any other region's.

Source: European Travel Commission, 'Trends and Prospects Report', Q3/2019

In this issue – at a glance:

Economic Outlook: Growth momentum continues to ease in the world's largest economies but there are global hotspots that are flourishing through fostering innovation and new ideas.

Air Access: 444,025 direct, one-way inbound seats are available to the island of Ireland in Winter 2019/2020. Key markets are GB, Germany, France and the Netherlands.

Tourism Performance: Recent accommodation performance, including competitor benchmarking. Visitor Attitude Survey findings at local government district level now available.

Digital in Focus: With technology increasingly driving consumer expectations, our feature focuses on the role of digital in the visitor experience, from planning to in-destination payments.

Looking Ahead: Current and future information, advice and policy developments focusing on aviation and the environment.

Tourism 360° is a quarterly publication produced by Tourism NI's Insights and Intelligence Service to highlight local and global tourism insights, trends and performance. Sign up at insights@tourismni.com

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Economic Outlook

What are the key economic indicators for GB and NI that will impact on measures of consumer confidence and tourism performance?

NISRA's latest NI Composite Economic Index (April to June 2019) indicates that economic activity for **all** sectors has increased by 1.0% compared to April-June 2018. Over a slightly longer time frame, annual output increased by 1.5% over the four quarters to Q2 2019 compared to the previous four quarters.

Sources: NISRA, NICEI, Oct 2019; OECD, Economic Outlook Sep 2019; ONS, 'Personal Well-being in the UK', Oct 2019

Overview of performance of Northern Ireland Economy, Quarter 2 2019

	Change on Qtr	Change on year	Rolling annual avg. change
NICEI	0.3%	1.0%	1.5%
NI Private Sector	0.2%	1.0%	1.7%

Growth continues to ease in the world's largest economies

G20 growth slows to 0.7% in second quarter of 2019

The OECD anticipates growth momentum will ease in the **US** and the **euro area**, particularly in Germany, in the next six to nine months. Among major emerging economies stable growth is expected for **Brazil, Russian and China**. The assessment for the UK is stable growth momentum, albeit around historically low trend growth rates.

Looking beyond traditional headline economic growth figures

The Office for National Statistics measures national well-being across key aspects of our lives from health to employment to lifestyle and records well-being against over 40 indicators. **Included is how satisfied people are with their leisure time,** e.g. have they engaged in sports, arts and culture or accessed their natural environment.

Average life satisfaction has improved by 3.4% since 2013

World Economic Forum 2019 Travel and Tourism Competitiveness Report

The report benchmarks travel and tourism competitiveness of 140 world economies. The 2019 results show that **air transportation, digital connectivity and international openness (visas)** are advancing in a global context. The analysis informs strategic stakeholders with an understanding of the gaps and opportunities for driving competitiveness and ensuring policy enablers are in place for welcoming tourism demand.

Here are a selection of high level indicators as to how tourism in the UK and Ireland is supported centrally and their ranking with other global economies.

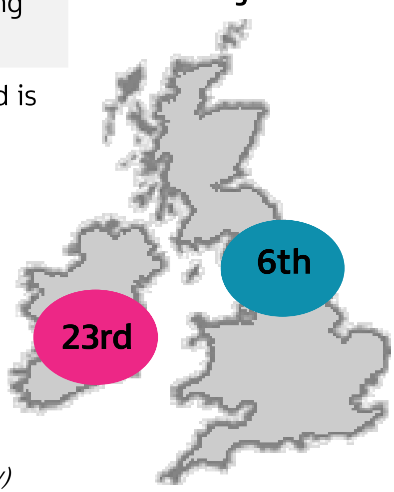
ICT Readiness
UK ranks 12th
Ireland ranks 30th

Business Environment
UK ranks 6th
Ireland ranks 23rd

International Openness
UK ranks 23rd
Ireland ranks 9th

Air transport
UK ranks 9th
Ireland ranks 28th

UK and Ireland competitiveness ranking overall



Source: World Economic Forum, 'Travel and Competitiveness Report', Sep 2019 (published biennially)

Economic Trends and the Global Consumer 2030

Northern Europe and East Asia are the global hotspots for idea creation. Purchasing power will grow but won't all be about Generations X and Y.

Global middle-class population is expected to increase further, up to 4.9 billion by 2030. Most growth is expected from Asia.

Source: Horwath HTL, 'Tourism Megatrends'

PwC's latest global economy watch examines the most ideas intensive economies in the world where digital technology is a key growth sector.

- South Korea emerges as the top performing economy for new ideas.
- Germany is almost three times more idea intensive than the UK.
- **Fostering innovative products and services in an economy impacts on raising living standards, and purchasing power. In emerging economies this is making for desirable and affordable travel.**

Source: PwC, 'Global Economy Watch' Sep 2019

Closer to home, the recent 2019 Hospitality Exchange Event presented an industry perspective on trends and economic outlook.

By 2025 the UK aims to be Europe's most accessible tourism destination and increase the number of international disabled visitors by a third

Visitors aged over 55 spent £2.3bn in the UK in 2017

Source: ONS, 'International Passenger Survey' 2017 (UK)

'If people could travel without worry, more people would travel.'
AIG Travel

AIG Travel provides travel insurance and assistance to travellers across the world.

The over 55s are now being regarded as a key market for businesses to target in the future. Alongside this trend is greater recognition of meeting the needs of a global ageing population.

A new Skift report into global practice the Business Imperative for Inclusive Hospitality advocates **caring for individuals alongside the market potential for inclusivity.** Potentially vulnerable travellers range from people with a disability, to ageing baby boomers, to students (Generation Z) travelling alone for the first time and other solo travellers, in itself a growing trend.

The UK wide Tourism Sector Deal that will engage with the devolved administrations is promoting **Accessibility Tourism** and the potential economic and social impact of what is referred to as the 'purple pound'. Titanic Belfast is featured as a case study in innovative practice.

For advice on accessibility and the opportunities for the NI industry and hospitality sector that being 'open for business' can bring, click here.

Air and Sea Access

Winter 2019/2020 estimates are 444,025 direct, one-way air seats per week to the island of Ireland (-4% decline due to schedule changes and route losses) with 84,745 of these seats, mainly from GB, direct to NI.

Inbound Seat Capacity At a Glance

444,025
Inbound seats

2,775
Flights per week

-4.0%
on Winter 2018

Market	Seat Capacity Island of Ireland	Flights per week	Capacity change on Winter 18/19
GB	230,021	1,657	-3%
Europe	166,776	946	-4%
USA	34,416	131	-11%
Canada	2,994	10	+38% *
UAE, Qatar	9,618	28	-8%
Total Inbound	**444,025**	**2,775**	**-4.0%**

* Percentage increase is from a low baseline of 2,173 seats in Winter 2018/19.

ROUTES

For the closer to home GB market, seat capacity is 74,874 on 599 departures each week direct to NI.

London airports offer 27,705 seats, -12% year on year.

GB Regional airports (mainly Manchester, Liverpool and Birmingham) offer 34,334 seats, -6% year on year.

Scotland offers 12,835 seats (mainly Edinburgh and Glasgow), -4% year on year.

North America: Seat capacity is 37,410 to the island of Ireland. US is -11% year on year, impacted by the suspension of Norwegian Air flights.

Europe: Seat capacity with the best inbound tourism potential is estimated at 107,044 mainly from key markets Germany, France and the Netherlands. NI has seat capacity of 9,871 on European routes, however, this does not necessarily reflect inbound tourism patterns.

There will be 99 sailings per week in each direction (capacity for 17,000 car spaces / 72,900 passengers) between GB and NI, unchanged from last Winter.

Source: Inventory report of frequencies and capacities on scheduled air services for a week in early December 2019, prepared by TTC Ltd

AIRLINES

Ryanair has reduced Stansted to Belfast International from 3,969 seats on 21 departures to 378 seats on two departures.

Ryanair Stuttgart to Dublin, 1,323 seats per week is withdrawn.

Juneyao Air – New twice-weekly flight from Shanghai to Dublin in March 2020.

Hainan Airlines has withdrawn its services from Shenzhen and Beijing to Dublin.

Cathay Pacific has suspended flights to Hong Kong until 29 March 2020.

NISRA full year estimates (2018) indicate the seasonality of trips and trips by purpose of visit for all visitors to NI

$\frac{2}{5}$ Just over two-fifths of **all overnight trips taken in NI** (2018) were during Jan-Mar and Oct-Dec.

$\frac{1}{2}$ Almost half of **all overnight trips taken in NI** were holiday trips and four out of 10 were to visit friends and relatives.

Tourism Performance and Outlook

More than 2 million rooms were sold in hotels, guest houses, guest accommodation and B&Bs in NI during Jan-Sep 2019, an increase of 5% on Jan-Sep 2018.

Hotels

70% occupancy
-3pps on Jan-Sep 2018

1,777,800 rooms sold
Up 6% on Jan-Sep 2018

Guest houses, guest accommodation & B&Bs

36% occupancy
-4pps on Jan-Sep 2018

367,700 rooms sold
Up 3% on Jan-Sep 2018

Source: NISRA

Competitor benchmarking, Hotels Jan-Aug 2019 *

	Occupancy		Room Sales	Average Daily Rate	
	%	% change (Jan-Aug 2018)	%	Rate	% change (Jan-Aug 2018)
RoI	80.1%	-0.2%	+1.6%	€132.20	-0.1%
Scotland	77.2%	-0.8%	+2.6%	£85.14	-2.0%
England	77.8%	+1.4%	+2.2%	£93.03	+1.4%

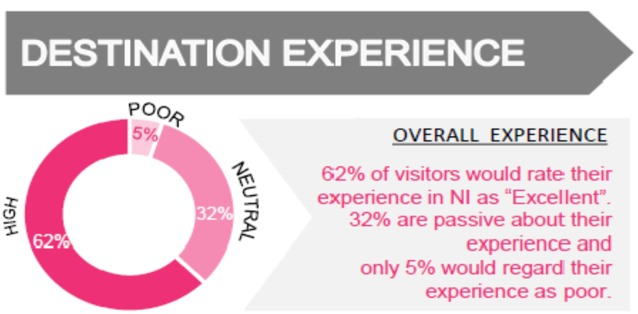
STR Global reports that NI hotels' average daily room rate was £79.43, down 0.7% on Jan-Sep 2018. Click here for the full accommodation report.

**Source: STR Global data in SOAR October 2019. Competitor performance data is not available for Jan-Sep 2019 for all markets.*

- Booking platforms **Airbnb, Booking Holdings, Expedia Group, TripAdvisor and Tujia (China)** accounted for 73% of global bookings in 2019. Currently valued at $31 billion, Airbnb has announced its intention to become a publicly traded company in 2020.
- While the hotel sector is still dominant, accounting for $600 billion bookings in 2018, **the global market for short-term rentals** is set to grow by 7% to $115 billion in 2019.

Source: Skift Research, 'Capturing the Short-Term Rental Ecosystem Beyond Airbnb'

Local government district 2018 insights now available



Tourism NI has recently shared fact cards from the **2018 Visitor Attitude Survey** for each of the 11 local government districts (LGDs) in Northern Ireland. The fact cards include insights into trip planning, eating out, accommodation used and attractions visited. Click here for the VAS fact cards.

Based on data released by the Northern Ireland Statistics and Research Agency (NISRA), Tourism NI has also produced fact cards showing key tourism statistics for 2018 for each LGD, including spend data, visitor origin, reason for visit and accommodation statistics. Access the statistical fact cards here.

Sources: NISRA Accommodation Surveys; NISRA Annual Tourism Statistics 2018

Digital in Focus: The Mobile World in Travel

In 2019 the majority of the world's population will be digitally connected, equating to 4 billion global internet users.

More internet users means more users of digital mobile technologies. Market research company **GlobalWebIndex** reports that **95%** of internet users own a smartphone, and these are increasingly essential to the everyday lives of populations across the globe.

Consumers own an average of

3.4

mobile devices

The e-commerce revolution

Smartphones give the freedom to shop from the comfort of home or on the go. Commerce is increasingly digitised, raising consumers' expectations of enhanced convenience of online purchasing. E-commerce platforms that allow customers to shop and buy online have kept pace with demand and are predicted to grow in the next few years.

Sources: GlobalWebIndex, 'Device: GlobalWebIndex's flagship report on device ownership and usage'; Euromonitor, 'How The Digital Revolution Continues To Disrupt The Retail Industry'

E-commerce sales as a proportion of total global retail sales

2008 – 3%

2018 – 12%

2023 – 18%

Through virtual tourism, potential customers are increasingly experiencing destinations before they choose to go there

Innovations like **virtual reality (VR)**, which creates a simulated environment through digital technology, can give prospective visitors a sneak preview of what destinations have to offer, an important opportunity to 'try before you buy' that could convert experiences into more bookings.

TOURISM AUSTRALIA

Tourism Australia research into virtual reality has shown:

- **20%** of consumers have used VR to choose a holiday destination.
- **25%** plan to use VR to choose a destination in future.
- Consumers who have chosen a destination through VR cite the benefits of getting a feel for a place and previewing its offerings.

Some of the world's largest hotel groups, both luxury and economy, have thoroughly embraced the potential of virtual reality.

VR can give would-be guests and organisers of the lucrative conference market the opportunity to take first-person immersive tours. Through VR, they can find out if premises meet their needs and expectations before they book.

MARRIOTT BONVOY IHG BW Best Western Hotels & Resorts SHANGRI-LA Jumeirah

51% of Generation X and 45% of Baby Boomers who are aware of VR are excited by the prospect of engaging in virtual experiences. Of all the generations surveyed, they are the most enthusiastic about how it can enhance and enable travel.

Sources: Tourism Australia, 'New Research Confirms the Potential of Virtual Reality'; GlobalWebIndex, 'Why the Travel Industry Could be Key to Unlock VR's Potential'

The Digital Travel Experience

Digital technology plays a part in every aspect of the traveller purchase journey, including pre-trip and in-destination planning.

Latest research shows that consumers are becoming more and more comfortable with conducting their own pre-purchase research, with newer platforms, such as social media, chatbots and voice assistants, playing an ever-bigger part in this.

67% of global customers used voice or text to interact with a company's chatbot or virtual customer assistant in 2018.

77% of travellers use social media in their pre-trip research, and a third of Generation Y travellers 'nearly always do'.

70% of customer interactions in 2022 will involve emerging technologies such as mobile messaging, chatbots and machine learning apps, estimates show.

63% of respondents to Tourism NI's Visitor Attitude Survey 2018 used search engines, review sites or social media in pre-trip planning.

Sources: Trekksoft, 'Travel Trends Report 2019'; Travelport, 'Global Digital Traveller Research 2019'; Gartner, '5 Key Emerging Technologies & Their Impact on Customer Experience'.

Visitors are comfortable with planning their trip entirely on their mobile

Percentage of mobile users comfortable with mobile-only booking

India	87%
Brazil	67%
Japan	59%
South Korea	53%
US	48%
UK	45%

KLM Royal Dutch Airlines +

In 2017 KLM enabled passengers to retrieve bookings, boarding passes and real time flight information on Facebook Messenger. KLM now issues 15% of its online boarding passes through Messenger, and customers rate this service higher than other social media channels.

Digital technologies are shaping travellers' behaviours and expectations around choosing, and paying for, in-destination experiences

Google research has shown that **48%** of experience bookings occur once travellers arrive at their destination, and that travellers most commonly use their devices to research experiences, to navigate and to find shops and restaurants. **Travelport** has revealed that **47% of leisure** travellers and **55% of business** think the ability to pay using mobile payment apps is important or very important.

Skift reports on the growing trend for tourism businesses across Europe to cater to the **180 million** outbound Chinese market by accepting the Chinese mobile payment platform **Alipay**, which has **900 million** global users. In 2018, **69%** of Chinese travellers used their mobile phones to make payments during overseas trips.

Sources: Google/PhocusWright, 'How smartphones influence the entire travel journey'; Travelport, 'Global Digital Traveller Research 2019'; Skift, 'Alipay Expands to Cater to Chinese Tourists in Europe'; Google, 'Same search terms, different emotions: Anticipate customer needs'

Connecting NI with the Digital Traveller

How cutting-edge digital technologies improve the visitor experience and how the travel and tourism industry can respond to visitor expectations.

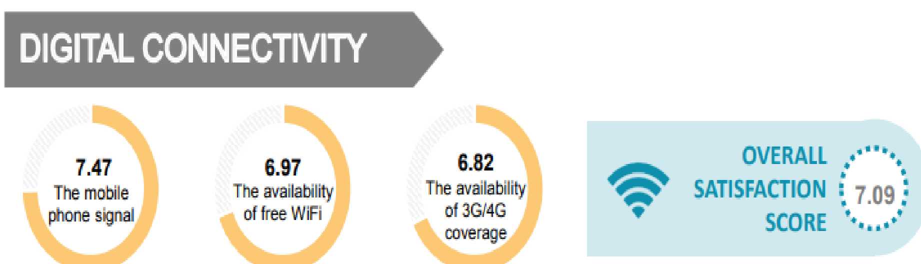
Augmented reality (AR) technology blends interactive digital elements with real-world environments, and is already being used in **Northern Ireland** to enhance existing visitor attractions and deliver compelling, immersive experiences.

The Tourism NI Augmented Reality Challenge encouraged tourism-focused innovation by supporting digital tours and experiences at Armagh Planetarium, Silent Valley, Carrickfergus Castle, Causeway Coast and Glens Food Network, the Ulster Folk & Transport Museum and on board the new Glider service.

Google Lens is an image recognition **AR app** with a host of uses for travellers. Working through a device camera, Google Lens can translate from languages, identify and relate facts including about visitor attractions and display ratings and reviews of restaurants.

With digital technology increasingly influencing customer choice, how satisfied are visitors with NI's connectivity? How is Tourism NI supporting competitiveness that will entice visitors and increase their spend?

Northern Ireland scored an overall digital connectivity satisfaction score of **7.09 out of 10 in** the Visitor Attitude Survey 2018, indicating that further development around digital connectivity would enhance the visitor experience.



Tourism NI's **Tourism Enterprise Development (TED)** programme, which provides the industry with access to training and resources, has identified **Digital Development** as one of its five key areas for growth.

More information about future TED events can be found on the Tourism NI events page here.

According to Ofcom's 2018 **Connected Nations** report, good 4G service is available outdoors across **79%** of NI. Availability is lower in rural areas.

Superfast Broadband is available to **89%** of NI premises, and **67%** of rural premises. The UK overall is **94%** with NI lagging behind England, Scotland and Wales.

Looking ahead

Horizon scanning for current and future information, advice and policy developments to assist with your business planning.

Advent of the #Flyshame era and air travel taxes in France and Germany

A tax on flying is being seen as a potential measure to encourage other modes of travel. France intends to raise €180m (£162m) in air taxes to reinvest in other transport options, including rail, from 2020. Germany will increase its aviation tax next year. The Scottish Government has revised its position on reducing Air Departure Tax as not compatible with new emissions targets.

International Air Travel Growth

4.3 billion passengers in 2017

8.2 billion passengers in 2037

Source: International Air Transport Association (IATA)

- €1.50 on economy flights within France and the EU
- €3.00 on economy flights from the EU
- Up to €18 for business class from the EU

- €10.43 on Domestic and Europe flights
- €32.57 on Mid-haul flights
- €58.63 on Long-haul flights

The Global Wellness Institute reports the campaign to discourage flying **'Flygskam'** that emerged in Sweden is spreading across Europe and to the US and Asia.

The Swedish **Tagsemester (Take a vacation)** Facebook group with 80,000 members **post their experiences of rail travel through Europe.**

Northern Ireland Environment

The Department of Agriculture, Environment and Rural Affairs (DAERA) recently issued a public discussion document to express views on what Northern Ireland's environment should look like in the future. Details can be found here.

Airlines going 'green'

With CO2 emissions expected to rise, airlines are using technologies to improve their operations (e.g. sustainable aviation fuel) and introducing initiatives in response to consumer demand.

- Emirates, SAS, and Qantas sort waste for recycling before landing
- Ryanair plans to eliminate plastic in a five-year eco friendly plan
- KLM passengers are able to offset their flights' carbon emissions by donating to non-profit environmental organisations.

Tourism 360° highlights local and global tourism insights, trends and performance. We welcome all feedback on Tourism 360° as we seek to develop it.