



Fleadh Cheoil 2013, Derry~Londonderry

SOAR
(Situation & Outlook Analysis Report)
September 2013

Summary Headlines

- Official data from the Central Statistics Office (CSO) indicates that **overseas visitors** to the Republic of Ireland grew by +6% in the first seven months (Jan – July) of 2013 when compared to the same period in 2012. The British market returned to growth (+1.4%) and North America (+18.6%) is on course for its best year ever. Australia and Developing markets (+6.9%) and Mainland Europe (+6%) are also playing a major part in growing overseas visitor numbers. The Northern Ireland Statistics and Research Agency (NISRA) has advised that overseas visitor data to Northern Ireland for Q1 2013 will be made available later this month.
- According to the Dublin Airport Authority (DAA), almost 13.7 million **passengers** (inbound and outbound) travelled through Dublin Airport in the first eight months of this year, a +6% increase on the same period in 2012. Air passenger traffic estimates between GB and Northern Ireland for the first six months of the year remained flat, according to the Civil Aviation Authority (CAA).
- Leading attractions and accommodation providers in urban centres and tourism hotspots are doing well and are outperforming rural locations in general, according to **industry sources**. Sentiment from tourism partners in Derry~Londonderry has been very positive.
- Industry and trade feedback in relation to travel for the remainder of 2013 is largely positive. The **sentiment** for travel to Northern Ireland is more mixed, possibly influenced to some extent by the unrest in Belfast earlier in the year.
- Tourism Ireland has a strong programme of promotional activity in place for the remainder of the year, highlighting the island of Ireland, the great festivals and events taking place across the island including **The Gathering** and **Derry~Londonderry UK City of Culture**.

2. Global Outlook

International tourist arrivals increased by +5.2% for the first six months of the year when compared to the same period last year, according to the UNWTO. Northern Europe, (of which the island of Ireland is part) increased by +3.4%, while arrivals to Europe in total grew by +5.1%. The key results are highlighted in the table below.

The first half of the year normally accounts for approximately 45% of the total arrivals. Growth is expected to continue in the second half of 2013, but at a slower pace. The UNWTO forecasts that 2013 will end up +4% or slightly above, thus exceeding the initial estimate for the year (+3% to +4%).

UNWTO Global performance	
International arrivals	YTD (Jan - June) 2013
World	5.2%
Africa	3.8%
Asia Pac	6.2%
Americas	2.2%
Middle East	12.9%
Europe	5.1%
Western Europe	1.7%
Northern Europe	3.4%
Cent & East Europe	9.6%
South East Med	6.1%
ROI Jan - June (CSO)	5.4%
Source: UNWTO, CSO	

3. External Travel Trends

Key Markets Economic and Travel Outlook

3.1 Overview

Important economic indicators in key advanced economies have continued to improve in recent weeks. In the US, the manufacturing and non-manufacturing industries recovered sharply in July. Eurozone indicators meanwhile point to the region having finally moved out of recession in Q2, after six consecutive quarterly falls. Economic data for the UK has also been more upbeat in recent weeks.

3.2 Economic Indicators

<p>Great Britain</p> <p>There are signs that the recovery, which originated in the consumer and housing sectors, is beginning to broaden out into investment and exports. Business surveys suggest that there is momentum and given the need for consumers to deleverage further, such a shift to more balanced growth is necessary to ensure the sustainability of the recovery.</p>	<p>2013 GDP Forecast: +1.2% (up from +1.1%)</p> <p>CPI*: + 2.6% (down from 2.7%)</p> <p>Unemployment: 7.8% (no change)</p> <p>Exchange rate(€/£): €1: £0.84</p>
<p>USA</p> <p>Economic growth for Q1 of 2013 was quite weak but there is reason to believe that it will grow. The impacts of higher tax rates and the sequester cuts in public spending are being offset by positive wealth effects i.e. both equity and home prices continue to increase and rising real incomes as inflation remains subdued</p>	<p>2013 GDP Forecast: +1.6% (down from +1.8%)</p> <p>CPI*: +1.5% (no change)</p> <p>Unemployment: 7.4% (down from 7.6%)</p> <p>Exchange rate (€/€): €1: \$1.32</p>
<p>France</p> <p>Despite economic output in Q2 not being as weak as in Q1, Oxford Economics continues to forecast a contraction in GDP this year. Experts forecast that growth in 2014 will be constrained by a number of factors including fiscal tightening, further increases in unemployment, private sector deleveraging and weak foreign demand.</p>	<p>2013 GDP Forecast: - 0.2% (no change)</p> <p>CPI*: +0.9% (no change)</p> <p>Unemployment: 10.9% (down from 11%)</p>
<p>Germany</p> <p>Germany led the recovery in the Eurozone in Q2, with the economy reportedly expanding by +0.7% in the quarter. Growth was driven by a rebound of investment and further expansion of private consumption, while net exports also contributed positively to growth. Household consumption is expected to be driven by real wage growth and a solid labour market.</p>	<p>2013 GDP Forecast: +0.6% (up from +0.3%)</p> <p>CPI*: +1.8% (up from +1.5%)</p> <p>Unemployment: 6.8% (down from 6.9%)</p>

Source: Oxford Economics Bulletins; UNWTO, IMF, World Travel & Tourism Council, Central Bank of Ireland/ECB Reference Rate

06/9/2013; OECD; ONS; INSEE; Federal Statistics Office; GfK/GfK NOP on behalf of the European Commission; The Conference Board;

*Monthly CPI changes. Based on the most recent available data. Data is compared to the economic indicators as released in SOAR July 2013

3.3 Travel Trends in Key Markets

Great Britain: The Office of National Statistics in the UK reports that the number of *visits* abroad by UK residents for the first six months of 2013 was flat when compared to the same period in 2012. According to the CSO, GB visitors to the Republic of Ireland were also flat for the same period.

According to data released by VisitEngland for the first five months of the year, total GB domestic *holiday* trips declined by -4% while domestic holiday trips in England decreased by -3% when compared with the same period in 2012.

Domestic (GB residents to Scotland) overnight trips to Scotland were up +1% for the first four months of the year.

North America: According to data from VisitBritain, North American visits to Britain for the first half of 2013 declined by -3%. North American visits to the Republic of Ireland are estimated to have increased by +15% for the same period, according to data from the CSO. In general, the Republic of Ireland's year-to-date (YTD) performance continues to track ahead of its European competitors with share gains evident. Canadian outbound trips to Europe are flat YTD, according to the Conference Board of Canada.

Mainland Europe: German travel agencies are reporting a good year with bookings up +3% to June. In France, a late booking trend features strongly in the market, suggesting there is plenty of 2013 business still to play for. The Spanish and Italian outbound markets continue to contract, however, visitors from Spain to the Republic of Ireland are performing well YTD. In the Nordics, airlines are experiencing a good year with increased passenger numbers, while tour operators report a strong interest in long-haul destinations. The Dutch travel trade reports a slowdown in the volume of foreign holidays taken this year.

Australia & Developing Markets: Outbound travel continues to grow from Australia with official data showing that a record 8.4 million short-term overseas trips were taken in the 12 months to the end of June 2013. Overall, international travel to the USA and Europe from Australia remains very strong. In China, outbound travel grew by +18% YOY for the first half of 2013. A leading operator reports a +20% increase in Indians travelling to Europe YTD.

4. Market Intelligence

4.1 Visitors

2013 Preliminary Visitor Estimates

Visitor Origins	ROI	
	January – July 2013	
	'000s	%YOY
Total	3,904	+6.0%
Great Britain	1,579	+1.4%
Mainland Europe	1,424	+6.0%
North America	672	+18.6%
ADM	230	+6.9%

Source: CSO

The latest available data from the CSO indicates that overseas visitors to the Republic of Ireland grew by +6% in the first seven months of 2013 when compared to the same period in 2012. The GB market returned to growth (+1.4%) and North America (+18.6%) is on course for its best year ever. Australia and Developing markets (+6.9%) and Mainland Europe (+6%) are also playing a major part in growing visitor numbers from overseas. It appears that The Gathering Ireland 2013 has played a significant role in helping boost visitor numbers in the first seven months of the year.

The Northern Ireland Statistics and Research Agency (NISRA) has advised that overseas visitor data to Northern Ireland for Q1 2013 will be made available later this month. However, final data for 2012, showed that overseas holidaymakers to Northern Ireland grew by +7% YOY, with strong growth from GB (+7%), North America (+9%) and Australia and Developing Markets (+27%).

4.2 Access Capacity

Air Access	Summer 2013 Estimates			
	YOY % Change	ROI	NI	Island
Great Britain	-2%	+2%		0%
Mainland Europe	+6%	-7%		+4%
-France	-4%	-11%		-4%
-Germany	+3%	N/A		+3%
North America	+24%	0%		+23%
ADM	+18%	N/A		+18%
Overall	+4%	0%		+3%

Source: TTC Summer Access Inventory Report 2013 on weekly seat capacity

Estimates for air access capacity to the island of Ireland for peak summer season 2013 indicate that available air seat capacity was up +3% on the same period last year, with +4% more seats on ROI routes and no capacity change on NI routes. Sea access services remain unchanged this summer when compared to summer 2012.

Regarding the forthcoming winter 2013/14 season, announcements include, Aer Lingus expanding its winter schedule from Dublin with one new route (Toulouse – normally a summer only route) and extra frequencies on 12 existing services, including expansion of their Boston service by almost +60% this winter, through the addition of four extra flights per week. However, Aer Lingus are suspending services from Stuttgart and Verona to Dublin. American Airline's new summer service from JFK to Dublin will continue through the coming winter with four departures per week. Ryanair plans to launch a new service from East Midlands to Cork in October.

There have also been positive capacity announcements for transatlantic services in 2014. Air Canada, which has operated a summer service between Dublin and Toronto since 2002, will operate the route on a year-round basis from May 2014 under its new Air Canada Rouge brand. Aer Lingus has also announced new, year-round, direct flights from San Francisco and Toronto to Dublin from April 2014. Full year-round service will also resume on their Boston-Shannon route in January 2014. United Airlines plans to resume its summer Chicago-Shannon service in June 2014.

4.3 Total Passenger Numbers

	Total Pax 2012*	May 13	Jun 13	Jul 13	Aug 13
Dublin Airport	19.1m	+9%	+6%	+7%	+8%
Shannon Airport	1.4m	-5%	+8%	+9%	+3%
Cork Airport	2.3m	+1%	-4%	-1%	-8%
Ireland West Airport Knock	0.7m	-2%	+1%	-2%	
Belfast Int Airport	4.3m	-7%	-13%	-12%	
Belfast City Airport	2.2m	+9%	+26%	+36%	
City of Derry Airport	0.4m	-2%	-6%	+1%	
All ROI Airports	23.6m	+7%	+5%	+6%	
All NI Airports	7m	-2%	-1%	+1%	
All UK Airports	224m	+7%	+4%	N/A	
All Germany Airports	201m	+1%	+2%	N/A	
All Norway Airports	50m	+2%	+8%	+7%	
All Sweden Airports	37m	+4%	+4%	N/A	
ROI sea passengers	3.1m	+10%	-5%	+5%	
NI sea passengers	2m	+6%	-3%	+2%	

Source: Annaero, DAA, Fáilte Ireland, Ferrystat.

*Total Pax 2012 is the passenger traffic (in millions) at the airport(s)/seaports in 2012

According to the DAA, almost 13.7 million passengers (inbound and outbound) travelled through Dublin Airport in the first eight months of this year, a +6% increase on the same period in 2012. According to the CAA, air passenger estimates between GB and Northern Ireland for the first six months of the year remained flat versus the same period in 2012.

Aer Lingus reports that its total number of passengers (inbound and outbound) in August, including those on its regional operations, increased by +0.9% compared to the same month in 2012. Total Aer Lingus passenger numbers for the first eight months of the year grew by +2.1% when compared to the same period in 2012. Ryanair announced passenger growth of +4% for the 12 month period to the end of June 2013, carrying almost 80 million people.

4.4 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	May 13	Jun 13	Jul 13
Island of Ireland	+7%	+4%	+4%
ROI	+7%	+5%	+4%
NI	+4%	+3%	-1%
Scotland	+6%	+3%	+7%
England	+6%	+7%	+9%
Italy	+6%	+6%	+6%
Denmark	+2%	-2%	+5%

Source: STR Hotel reports – Properties across the island of Ireland are represented, with a strong representation from Dublin and Belfast.

The latest available STR data indicates that hotels on the island of Ireland are experiencing a good year in room sales. However, it is not possible to break out overseas bookings from domestic business.

According to NISRA, total hotel rooms sold across Northern Ireland decreased by -4% during the first five months of 2013 when compared to the same period in 2012. NISRA also reports that total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland grew by +11% during the first five months of 2013 when compared to the same period in 2012. Again, it is not possible to break out overseas from domestic bookings.

4.5 Island of Ireland Industry Feedback

Barometer	What they said....
Brightening up 	<p>Accommodation Providers</p> <p>Hoteliers in the Republic of Ireland report that key urban centres such as Dublin, Cork and Galway are doing very well; that traditional tourist towns are seeing modest increases, while many rural tourism areas are struggling. After a slow start to the year, the majority of hotels in Northern Ireland are reporting a good summer. This is principally due to increased leisure traffic, particularly from tour and coach businesses. The World Police and Fire Games also attracted significant numbers to Belfast in August. Hoteliers in Derry~Londonderry acknowledge a significant increase in hotel occupancy to July. The self-catering sector reports a noticeable increase in overseas visitors, particularly from North America. Self-catering providers also note that the GB market has improved from earlier in the year, both with individuals making their own bookings and with tour operators. Properties near regional airports have seen a significant increase in European visitors, who appear to be opting increasingly to make their own holiday plans/bookings.</p>
Brightening up 	<p>Air, Sea and Car Hire</p> <p>Many airlines are experiencing a good year, especially from the US and key European markets. Transatlantic carriers report strong load factors from all major gateways. Carriers are also reporting uplift recently in GB business. Ferry passenger traffic to the island of Ireland from GB is marginally down for the first seven months of the year compared to the same period in 2012. However, one sea carrier reports growth YTD on its French-Ireland services. Sentiments expressed by car rental companies suggest that car rental has seen only modest growth compared to last year.</p>
Bright 	<p>Attractions</p> <p>Principal Dublin attractions are having a good year, driven by growth from North American and European markets. Rural attractions in the East have seen an uplift in overseas business after a slow start to the year. A leading attraction in the West reports a strong YTD driven by strong group business growth from North America and Germany. It cites The Gathering Ireland 2013 as driving new business. In Northern Ireland, several key attractions are performing well with overseas visitors. In Derry~Londonderry, a leading city tour, reports that bookings are up significantly, driven mainly by business from the US.</p>
Brightening up 	<p>Inbound Operators and Business</p> <p>By and large, inbound operators are reporting that 2013 is performing well, principally due to US and European business. A key golf operator reports that the year is on a par with last year, however, spend per visitor is up. In Northern Ireland, golf tourism continues to perform well with some increases at the higher end of the market. Business tourism in Northern Ireland continues to be slow, and there are expectations of little improvement until 2014. Ireland's hosting of the EU Presidency for the first six months of 2013 had a very positive impact in Dublin and surrounding areas.</p>

Source: Based on feedback from island of Ireland industry sources, August/September 2013

4.6 Tourism Ireland Market Feedback

Great Britain: Despite a challenging economic backdrop, the overall sentiment for travel to the island of Ireland is generally positive, illustrated by YTD growth figures from the CSO. Air and sea carriers are reporting some uplift during the summer season; however this is after a challenging first quarter. With aggressive pricing in the market, some carriers are reporting challenges around yield. A number of OTAs are reporting growth in business to the island of Ireland this year, however, coach carriers in GB are reporting that business is challenging.

North America: In the US, feedback from all major FIT(independent travel), escorted and golf operators continues to be very positive, with many reporting that they are having their best season ever. All air carriers report strong load factors and performance from all major gateways. Forward bookings for the rest of 2013 continue to look strong, with some operators reporting a growth in last minute bookings. Operators are also reporting growth in advance bookings for 2014. Canadian tour operators continue to report that business to the island of Ireland is strong, with one key operator reporting that all escorted tours for 2013 were full a month earlier than in 2012.

Mainland Europe: Europe has had a positive year to date, driven by especially strong performances from France, Benelux and Germany. Spain and Italy are also performing well this year, given the challenging economic conditions in those markets. Additional air access from core markets has helped aid growth, and there are cooperative campaigns in operation to drive demand for existing and new routes. Tour operators are reporting that bookings for 2013 were good, with most experiencing growth over 2012.

Australia & Developing Markets: Booking levels for the remainder of 2013 are still healthy from Australia with airline partners reporting good forward bookings until the end of the year. Earlybird airfare prices for 2014 are due to be launched in mid-September and, overall, there appears to be a lot of interest in the island of Ireland for 2014 from the Australian trade. Bookings are also positive from China and India with reports indicating a significant increase in travel trade bookings from China YOY.

5. Conclusion

The overall sentiment for travel to the island of Ireland for the remainder of the year is largely positive; however, the sentiment for travel to Northern Ireland is more mixed, possibly influenced to some extent by the unrest in Belfast earlier in the year.

This autumn, Tourism Ireland is rolling out a busy programme of promotional activity around the globe aimed to boost late-season travel to the island of Ireland. The campaign will highlight the many festivals and events taking place right around the island this autumn – from the Belfast Festival at Queens to the Cork Jazz Festival and the Galway International Oyster and Seafood Festival. A focus will also be placed on highlighting the New Year’s Eve event in Dublin – NYE 2013 – which is the grand finale of The Gathering Ireland 2013 and looks set to be even bigger and better than last New Year’s event.

The campaign – which is being rolled out in Great Britain, North America, Mainland Europe, Australia and emerging markets – will incorporate a major focus on city breaks as well as on attracting visitors to more rural parts of the island of Ireland over the coming months. Highlights of the activity include co-operative promotions with carriers, cinema, radio, print and online advertising; as well as extensive PR and social media activity.

Ends
