



The “greened” Pyramids and Sphinx – part of Tourism Ireland’s “Global Greening” initiative

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**SOAR**  
**(Situation & Outlook Analysis Report)**  
**March 2013**

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## Summary Headlines

- According to the Dublin Airport Authority (DAA), more than 2.3 million **passengers** (inbound and outbound) travelled through Dublin Airport in the first two months of this year, a +1% increase on the same period in 2012.
- Air traffic estimates between GB and Northern Ireland for January declined by an estimated -2% when compared to the same month in 2012, according to the Civil Aviation Authority (CAA).
- US **air seat capacity** for peak summer 2013 is scheduled to be +26% higher than the same time last year.
- **Industry feedback** in relation to the year ahead is largely positive, especially in the Republic of Ireland. The overall sentiment for travel to Northern Ireland in 2013 continues to be influenced by uncertainty surrounding unrest earlier in the year in Belfast.
- Tourism Ireland is rolling out a busy marketing programme this year with a major focus on The Gathering Ireland 2013 and Derry~Londonderry UK City of Culture 2013, which provide fresh and compelling reasons to visit. Our largest ever **St. Patrick's programme** is just concluding across major markets. Our "Global Greening" initiative saw over 70 iconic sites go green, with some famous additions like the Sphinx and Pyramids of Giza, the "Welcome" sign in Las Vegas, the Little Mermaid statue in Copenhagen and the Christ the Redeemer statue in Rio de Janeiro.

## 2. Global Outlook

Despite economic uncertainties, most regions of the world experienced visitor growth in 2012. International tourist arrivals increased by +4%, when compared to 2011, according to preliminary figures from the UNWTO. Northern Europe (of which the island of Ireland is part) was flat, while arrivals to Europe in total grew by +3%. The key results are highlighted in the table below.

Updated UNWTO Global performance	
International arrivals	Preliminary 2012
<b>World</b>	<b>3.8%</b>
Africa	6.3%
Asia Pac	6.8%
Americas	3.7%
Middle East	-4.9%
<b>Europe</b>	<b>3.3%</b>
Western Europe	3.0%
<b>Northern Europe</b>	<b>0.4%</b>
Cent & East Europe	8.0%
South East Med	2.0%

The UNWTO forecasts that international tourism arrivals will grow by between +3% and +4% for 2013. However, it is forecasting a slight slowdown in European arrivals for 2013 (+2% to +3%).

## 3. External Travel Trends

### Key Markets Economic and Travel Outlook

#### 3.1 Overview

Financial markets continue, generally, to take an optimistic view of global growth prospects. World stock markets have risen since the start of the year. In the US, the Dow Jones Industrial Average surged to its highest closing level ever on March 5<sup>th</sup>. It is expected that world economic growth should pick up significantly as 2013 progresses. However, there are still risks, such as sharp spending cuts in the US and weak growth in the Eurozone, which could reignite financial tensions.

## 3.2 Economic Indicators

<p><b>Great Britain</b></p> <p>There are signs that the economic recovery is gaining momentum, with GDP forecast to grow by +0.9% in 2013. Lower inflation should increasingly support household spending power, enabling the consumer recovery to become more firmly entrenched. Strengthening business confidence may encourage firms to release accumulated cash and increase employment.</p>	<p>2013 GDP Forecast: +0.9% (no change)</p> <p>CPI*: + 2.7% (no change)</p> <p>Unemployment: 7.7% (no change)</p> <p>Exchange rate(€/£): €1: £0.87</p>
<p><b>US</b></p> <p>There is a clear risk that GDP growth could be weaker in the near term if politicians do not agree to defer spending cuts. However, improvements in bank and household balance sheets and enhanced competitiveness suggest that strengthening private spending may offset the impact of fiscal austerity on growth in the medium-term.</p>	<p>2013 GDP Forecast: +2.3% (no change)</p> <p>CPI*: +0.1% (no change)</p> <p>Unemployment: 7.9% (up from 7.8%)</p> <p>Exchange rate (€/€): €1: \$1.30</p>
<p><b>France</b></p> <p>French GDP is set to stagnate for a second year. Some reforms are being implemented to prevent a further crisis, but they may not be wide-ranging enough to kick start significant growth. Despite the government's plan to increase the number of subsidised jobs, employment may fall further this year.</p>	<p>2013 GDP Forecast: 0% (no change)</p> <p>CPI*: +1.3% (no change)</p> <p>Unemployment: 10.6% (up from 10.5%)</p>
<p><b>Germany</b></p> <p>A rebound in business surveys suggests that the economic decline may be short-lived. A fall in unemployment in January is a sign that companies are becoming more confident. Further employment increases would probably lead to higher pay rates which would be very positive for the economy.</p>	<p>2013 GDP Forecast: +0.7% (no change)</p> <p>CPI*: +1.9% (down from +2.1%)</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 12/03/2013; 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 February 2013.

### 3.3 Travel Trends in Key Markets

**Great Britain:** The total number of visits taken abroad by UK residents in 2012 was flat when compared to 2011. UK residents spent almost £33 billion on these visits, an increase of +3% year-on-year (YOY).

VisitEngland reports that total domestic trips and nights both declined by -1% YOY, for the January-November period. Domestic holidays trips decreased by -2% YOY, for the same period; however, expenditure rose by +5%. VisitBritain is predicting that international tourism to Britain will grow by +3% YOY in 2013.

**North America:** US outbound travel to Europe for 2012 increased by +4% YOY, according to the US Dept. of Commerce. However, US visits to Europe declined by -3% in January 2013. This is the first monthly decline since June 2011. Visits to Europe from Canada grew by +2% in 2012, according to the Conference Board of Canada (CBOC).

**Mainland Europe:** The German travel industry had a strong 2012 and the outlook for 2013 remains positive. Bookings in January were up +7% YOY. In France, the outbound French holiday market declined by -4% last year. No major improvement is forecast for 2013 and the difficult economic situation means that consumers are likely to favour short-haul destinations. Official figures from Italy show that outbound travel stabilised in 2012. However, the forecasts for Italian outbound travel are negative for 2013. Leading airports in Scandinavia showed steady growth in 2012 and it is reported that the Swedish outbound market grew significantly last year. The Netherlands outbound market was flat in 2012 and is expected to decline in 2013. Spanish outbound travel declined by -12% YOY in January.

**Australia & Developing Markets:** Outbound travel from Australia remains strong. In 2012 there was a record 8.2 million short-term resident departures compared to 7.8 million in 2011. This trend in outbound travel growth is expected to remain healthy, as the Australian dollar remains strong and the economy buoyant. The outlook for outbound travel from China and India remains positive.

## 4. Market Intelligence

### 4.1 Access Capacity

There have been a number of positive announcements in relation to the summer 2013 schedule. American, United and US Airways are adding new services and Aer Lingus plans to increase capacity from the US for the forthcoming summer period. Current indications are that US capacity for peak summer 2013 (June-Sept) will be +26% higher than the same time last year. Etihad plans to increase its capacity by +35% on its service from Abu Dhabi to Dublin by deploying a Boeing 777-300ER on the route from July 2, 2013. Aer Lingus is increasing frequency from Gatwick to Belfast City Airport from 3 to 4 daily flights from the end of March. Many carriers are also planning to increase frequency from key European cities this summer. Key summer 2013 announcements include the following:

SUMMER 2013 – Advance schedule changes				
ROUTE	CARRIER	ADJUSTMENT/CHANGE	EFFECTIVE	+ WEEKLY SEATS
Boston-DUB	Aer Lingus	Increased frequency (11 to 14pw)	mid June	816
Chicago-DUB	Aer Lingus	Increased frequency (7 to 11pw)	end March	1,088
JFK-DUB	American Airlines	New service	June 10	1,274
JFK-DUB	Delta	Increased frequency & larger aircraft	Jun18-Aug.29	750
Chicago-SNN	United	New seasonal service	Jun 06-Aug.26	845
Philadelphia-SNN	US Airways	New seasonal service	May 22-Sept.02	1,232
Philadelphia-DUB	US Airways	Larger aircraft	May 22-Sept 02	238
Abu Dhabi-DUB	Etihad	Larger aircraft	eff. July 01	924
Oslo-DUB	SAS	Increased frequency (4 to 6 pw)	end March	280
Oslo-DUB	Norwegian	Increased frequency (2 to 3 pw)	end March	186
Helsinki-DUB	Norwegian	New service (2 pw)	April 14-Oct 26	372
Madrid-DUB	Iberia Express	Increased frequency	Jun 29-Jul 31	855
			August	342
Munich-DUB	Lufthansa	Increased frequency	May 01-Oct 02	156
Gatwick-BHD	Aer Lingus	Increased frequency (3 to 4 daily)	end March	444
Luton-NOC	Ryanair	Increased frequency	Summer season	378

Source: TTC

## 4.2 Total Passenger Numbers

	<b>Total Pax 2012*</b>	<b>Jan 13</b>
Dublin Airport	19.1m	+2%
Shannon Airport	1.4m	-10%
Cork Airport	2.3m	-3%
Ireland West Airport Knock	0.7m	+1%
Belfast Int Airport	4.3m	-5%
Belfast City Airport	2.2m	+1%
City of Derry Airport	0.4m	-11%
<b>All ROI Airports</b>	23.6m	+1%
<b>All NI Airports</b>	7m	-3%
All UK Airports	224m	-1%
All Germany Airports	201m	-5%
All Norway Airports	50m	+4%
All Sweden Airports	37m	-2%
<b>ROI sea passengers</b>	3.1m	-1%
<b>NI sea passengers</b>	2m	0%

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, more than 2.3 million passengers (inbound and outbound) travelled through Dublin Airport in the first two months of this year, a +1% increase on the same period in 2012. Air traffic estimates between GB and Northern Ireland for January declined by an estimated -2% when compared to the same month in 2012, according to the CAA.

Aer Lingus reports that its total number of passengers (inbound and outbound) in February, including those on its regional operations, decreased by -1.5% compared to same month in 2012. However, total passenger numbers for the first two months of the year grew by +1% when compared to the same period in 2012. Ryanair carried 4.2m passengers in February, a decrease of -6% YOY. It should be noted that there were 28 days in February 2013 compared with 29 days in February 2012.

### 4.3 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	Jan 13
Island of Ireland	+6%
ROI	+7%
NI	+4%
Scotland	+3%
England	+4%
Italy	+2%
Denmark	+11%

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

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

According to the Northern Ireland Statistics and Research Agency (NISRA), total hotel rooms sold in Northern Ireland increased by +10% in 2012 when compared to 2011. Room occupancy was up +7%. NISRA also reports that total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland increased by +10% YOY in 2012, with room occupancy up +3%. Again, it is not possible to break out overseas from domestic bookings.

A survey by *Hotels.com* reports that the average hotel price in Ireland in 2012 was €90 a night, a +5% YOY increase. Dublin hotel prices rose by +8% YOY in 2012, while prices in Belfast rose by +18% over the same period. Both destinations had an average price-per-night of €90. According to the survey, Killarney had on average, Ireland's most expensive hotel rooms, at €101 per night, while Limerick had the cheapest, with rooms costing an average of €67 per night.

## 4.4 Island of Ireland Industry Feedback

Barometer	What they said....
<p>Mixed</p> 	<p><b>Accommodation Providers</b></p> <p>The majority of hotels and guesthouses in ROI expect to see growth in business this year as a direct result of The Gathering Ireland 2013. Over half of ROI hoteliers report an increase in business YTD. NI hoteliers acknowledge that 2013 has started on a worrying note, principally due to the unrest in Belfast earlier in the year. Overall business in January and February was reported as slow. February saw continuing reports of cancellations. However, the first few months of the year are typically quiet in relation to overseas business in Northern Ireland. Whilst the unrest in Belfast has abated, NI hoteliers have concerns regarding the negative image of Northern Ireland portrayed through the media, and how this may affect potential future visitors. The B&amp;B and self-catering sectors on the island of Ireland have yet to commence their seasons in earnest.</p>
<p>Brightening up</p> 	<p><b>Air and Sea</b></p> <p>The initial outlook for 2013 from leading air carriers is positive with many reporting that they are pleased with advance sales at this stage. Leading airlines acknowledge good early season sales, especially from key European markets. The significant increase in direct air access from the US for the peak season is a welcome development. This has stimulated the promotion of some very competitive spring and summer fares from carriers, especially from the New York gateway, where competition has increased. As regards sea access to the island of Ireland, passenger traffic was relatively flat in January YOY.</p>
<p>Brightening up</p> 	<p><b>Attractions</b></p> <p>Principal Dublin attractions report that early indications for 2013 are promising. Whilst a leading attraction saw a marginal decline in YOY business for the first two months of the year, March is shaping up to be a good month for them, particularly in the groups sector. Another principal attraction acknowledges that North America continues to be the strongest market for the year ahead, with good growth coming from the Nordic and German markets also. However, it is a quiet time of the year for many rural attractions and the majority say it is too early to call 2013 yet. In Northern Ireland, there have been over 700,000 visitors in total to Titanic Belfast, since it officially opened in March 2012.</p>
<p>Brightening up</p> 	<p><b>Inbound Operators</b></p> <p>By and large, inbound operators are reporting that 2013 is shaping up well, based on forward bookings in place for the season ahead. US business is looking particularly promising and European markets also look positive. The GB market, which traditionally books closer to the time of travel, is more difficult to predict at this stage.</p>

Source: Based on feedback from island of Ireland industry sources, February/March 2013

## 4.5 Tourism Ireland Market Feedback

**Great Britain:** A number of operators are cautiously optimistic for travel to the Republic of Ireland in 2013. However, many are expressing concerns regarding the unrest earlier this year in Belfast with some operators reporting further trip cancellations to Northern Ireland in February. The 'GB Path to Growth' strategy is being implemented and forms the centrepiece of our marketing plans for Great Britain in 2013.

**North America:** In the US, most operators and carriers continue to report that forward bookings have got off to a good start and many expect 2013 to be stronger than 2012. The significant increase (+26%) in direct air access for the forthcoming peak summer season has already stimulated the promotion of some very competitive fares from carriers. Feedback from most Canadian operators remains positive for 2013 with reports of solid forward bookings for escorted and group travel. The Gathering Ireland 2013 is being referenced as a specific driver of group business. However, one leading airline reports that bookings year-to-date (YTD) to the island of Ireland are slightly lagging behind 2012 levels.

**Mainland Europe:** Europe has begun the year on a reasonably positive note. Tour operators in most markets (and especially in France, Germany, the Netherlands and the Nordics) report strong initial booking trends for the summer season. Co-operative carrier campaigns during February delivered strong results for carriers, which also support the general level of optimism. However, in spite of a positive 2012 for both Spain and Italy, both markets are understandably nervous in the face of the continuing economic and political instability, which is creating uncertainty for the travel trade and consumers.

**Australia & Developing Markets:** Feedback from Australian trade is very positive with both airline and trade partners reporting a significant increase in bookings compared with this time last year. More agencies in India and China are adding Ireland to their programmes in 2013 due to the extension of the visa waiver scheme. We continue to evaluate and explore opportunities that arise in Brazil, Russia and other developing markets.

## 5. Conclusion

The overall sentiment for travel to the island of Ireland in 2013 is largely positive, despite a challenging economic backdrop in many of our source markets and uncertainty surrounding the impact of the unrest earlier this year in Belfast.

This month Tourism Ireland rolled out our largest ever St Patrick's programme around the world. Our "Global Greening" initiative was bigger than ever with more than 70 iconic sites participating including additions like the Pyramids of Giza and the "Welcome" sign in Las Vegas. Our aim is to bring a smile to the world and to convey the message that the island of Ireland continues to offer a warm welcome, fun and spontaneity, alongside fantastic scenery and cultural activities. This year, in particular, The Gathering Ireland 2013 and Derry~Londonderry UK City of Culture 2013 present tremendous opportunities for us to shine a spotlight on the island of Ireland around the world.

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