



Edinburgh Castle one of over 180 iconic sites across the world in Tourism Ireland's Global Greening initiative 2015.

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## **SOAR** **(Situation & Outlook Analysis Report)** **Spring 2015**

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## Summary Headlines

- Data from the Central Statistics Office (CSO) indicates that **overseas visitors** to Ireland increased by +10% in the December 2014 - February 2015 period when compared to the same three months a year earlier. Growth was seen from all market areas.
- According to the Northern Ireland Statistics and Research Agency (NISRA), total **overseas visitors to Northern Ireland** for the first nine months of 2014 grew by +3% YOY (year-on-year). Overseas holidaymakers were up +11% when compared to the same period in 2013, with British holidaymakers up +12%.
- The 2015 peak summer season is projected to see approximately 493,000 direct one-way weekly **air seats** available to the island, a +9% increase in capacity on the same period last year. Growth is coming from all market areas and is close to the record level of summer 2008 when 498,000 one-way seats were available. **Ferry capacity** frequency and capacity is expected to be marginally lower than summer 2014.
- **Web traffic** to Tourism Ireland's website, Ireland.com, is significantly up year-on-year (+23%), with a significant +55% increase in 'organic traffic' – consumers who search for the island of Ireland in search engines and reach the Tourism Ireland site.
- Industry **sentiment** on the island of Ireland and among overseas trade partners remains positive. In the early months of this year enquires and bookings for the island of Ireland have generally been ahead of, or on par with, 2014 levels.
- This March saw the **largest ever Tourism Ireland Global Greening initiative** to mark St Patrick's Day, with over 180 major landmarks and iconic sites around the world turning green on March 17<sup>th</sup>, including the Colosseum, the Sacré-Cœur Basilica in Paris, the Christ the Redeemer statue in Rio de Janeiro, Niagra Falls, the Leaning Tower of Pisa and the Great Wall of China.
- Tourism Ireland's **key marketing and promotional themes** this year include the Wild Atlantic Way and the Causeway Coastal Route, Dublin, Yeats 2015, the Irish Open at Royal County Down, Irish Design 2015 and the Tall Ships in Belfast, as well as the opening of the Gobbins Cliff Path on the Antrim Coast and the new proposition for Ireland's Ancient East.

## 2. Global Outlook

According to the United Nations World Tourism Organisation (UNWTO), international overnight tourism reached 1.1 billion visits in 2014, a +5% increase over the previous year and a new record for international tourism in one single year. Overall demand was robust with 51 million more international tourist arrivals than the previous year. 2014 marked the fifth consecutive year of steady growth. International tourism has gained +211 million additional arrivals since the pre-crisis year of 2008.

Northern Europe, of which the island of Ireland is part, experienced +7% growth, ahead of the +4% increase for Europe as a whole.

For 2015, the UNWTO forecasts international tourism to grow by +3% to +4%, further contributing to the global economic recovery.

UNWTO Global Performance	
International Arrivals	2014 YoY % +/-
<b>World</b>	<b>5%</b>
Africa	2%
Asia Pac	5%
Americas	7%
Middle East	4%
<b>Europe</b>	<b>4%</b>
<b>Northern Europe</b>	<b>7%</b>
<b>Ireland (CSO) (Jan-Dec)</b>	<b>7%</b>
<b>Northern Ireland (NISRA) (Jan-Sept)</b>	<b>3%</b>

Source: UNWTO, CSO, NISRA

### 3. External Travel Trends

#### Key Markets Economic and Travel Outlook

##### 3.1 Overview

Oxford Economics expects that 2015 will be the year that the eurozone recovery will strengthen. This year, GDP growth is expected to pick up from +0.9% to +1.5%, thanks to stronger demand mainly due to a strengthening in consumer spending. The implementation of quantitative easing by the ECB is likely to see further falls in the euro against leading currencies. Oxford Economics expects the euro to be near parity with the US dollar in the next few months. Increased consumer spending in Europe and the decline in the euro should benefit tourism and travel this year. Europeans are more likely to stay within the eurozone for a holiday and the strength of the dollar and sterling against the euro will mean Europe will offer great value for money for US and GB visitors.

Beyond 2015, Oxford Economics anticipates a further pick-up in GDP growth in the eurozone to +1.8% in 2016. However, the eurozone may still face a number of challenges and events in Greece have the capacity to constrain growth in the region as a whole. But the underlying situation has improved over the past year or so, in response to easing austerity and an end to aggressive bank deleveraging amongst other things.

Based on the trend surveys of the World Travel Monitor, IPK projects a global rise of +4% in international trips for 2015. Asian outbound is once again expected to be the main growth driver with an increase of +7%, while Europe and North and South America will see moderate growth (+3%). In 2015, international travel is forecasted to grow quicker than the global economy.

### 3.2 Economic Indicators

#### Great Britain

Oxford Economics forecasts that sterling will continue to appreciate sharply against the euro. It also forecasts GDP\* will grow by +2.8%, the strongest year of growth since the financial crisis. Inflation is set to be negative for much of this year, which should boost household spending power and the plunge in oil prices promise to provide the economy with renewed momentum.

GDP growth	●	Prolonged austerity set to weigh on pace of recovery
CPI inflation	●	Large output gap to keep underlying inflation subdued
Current account balance	●	Expanding export demand to close trade deficit
Government balance	●	Austerity set to rein in the large budget deficit over time
Government debt	●	Debt to GDP ratio unlikely to peak until 2016
External debt	●	Debt levels have been reduced since financial crisis

#### USA

The US economy grew by +2.4% in 2014 and Oxford Economics forecasts GDP growth of +3% in 2015. The forecast for the US economy is reflected by strengthening domestic economic fundamentals. Firmer wage growth should support more robust spending and housing activity while the Fed's policy should remain very supportive of growth. Core inflation should remain above 1%.

GDP growth	●	Reasonably solid, domestic-led, growth in prospect
CPI inflation	●	Disinflation will be temporary
Current account balance	●	Current account deficit to stabilize around 2% of GDP
Government balance	●	Budget deficit has halved since 2009
Government debt	●	Debt to stabilize just under 80% of GDP
External debt	●	US is a net debtor, but generates income surplus

#### France

Prospects for economic activity in France have improved and Oxford Economics expects growth to be more in line with its eurozone peers this year. The combination of lower oil prices, a weaker euro and better financing conditions should boost consumer confidence. This should give impetus to an increase in consumer spending, helped by inflation remaining low throughout 2015. Spending is set to grow by a moderate +1.5% this year.

GDP growth	●	Sluggish recovery but narrowing gap with Eurozone
CPI inflation	●	Core inflation (national measure) still at -0.1%
Current account balance	●	Deficit set to decline in the period ahead
Government balance	●	Maastricht target will not be met by 2017
Government debt	●	Government debt set to exceed 100% this year
External debt	●	High external debt but in local currency

#### Germany

While ongoing troubles in the Ukraine and uncertainty surrounding Greece's future in the eurozone are concerns, Oxford Economics expects that the German recovery will continue this year. Record low unemployment and low debt levels should translate into positive spending growth.

GDP growth	●	External factors the main near term threat
CPI inflation	●	Fall in headline inflation to prove temporary
Current account balance	●	Large surpluses here to stay
Government balance	●	Budget to remain broadly balanced
Government debt	●	Not a major concern
External debt	●	Not a concern

Source: Oxford Economics Briefing and Outlook reports February 2015. Economic Indicators Table Symbols: Green = positive, Amber = cautious, Red = negative \*On March 18<sup>th</sup> the UK Chancellor of the Exchequer raised growth forecasts for 2015 to 2.5%, up from a prediction of 2.4% made in December 2014

### 3.3 Travel Trends in Key Markets

**Great Britain:** The Office of National Statistics (ONS) in the UK reports that the number of *visits* abroad by UK residents in 2014 grew by +4% when compared to the same period in 2013 with revenue growing by +3%. According to CSO data for the same period, GB arrivals to Ireland were up +6%, with revenue up +4%, generating market share growth. VisitEngland reports that total domestic *holiday* trips in GB declined by -5% YOY for the first nine months of 2014, with spend down marginally (-1%) for the same period. Data from the CSO indicates that GB holiday trips to Ireland were up +8% for the first nine months of 2014, while NISRA reports that GB holidaymakers grew by +12% from GB to Northern Ireland for the same period. Domestic overnight trips to Scotland by GB residents were flat for the first ten months of 2014, according to Visit Scotland data.

**North America:** The island of Ireland gained significant market share in 2014 as the US outbound travel market to Europe only increased by +4%. According to CSO data, North American trips to Ireland grew by +11% in 2014, while NISRA reports that North American trips to Northern Ireland grew by +23% for the first nine months of 2014. Given the strength of the USD against the euro, there is strong overall consumer demand for Europe in 2015. The stronger dollar against the euro is leading many European countries to become more proactive in their marketing in the US. The Conference Board of Canada reports that the number of Canadians visiting Europe fell by -3% in 2014. The growth of +30% in Canadian visitors to the island of Ireland in 2014 is the highest level of Canadian arrivals reported among European destinations, illustrating market share growth.

**Mainland Europe:** The German tourism industry saw some growth in 2014 and a further increase in demand is predicted for 2015. In France there is little evidence of an impact on overall outbound travel following the incidents at "Charlie Hebdo" in January. However, Northern European destinations are in demand and North African and Arabian destinations remain less so. In Spain, the outbound market recovered, growing by +6% in the period to October 2014. It is too early to get a sense of travel for 2015 but anecdotal feedback from tour operators, online travel agents and DMCs is positive for outbound travel. Following recent annual declines, outbound travel from the Netherlands is expected to grow in 2015 with long-haul destinations expected to benefit most. Traffic at Italian airports grew by +5% in January, however in the Nordics, Norwegian and SAS airline strikes impacted traffic growth levels there at the beginning of the year.

**Australia & Developing Markets:** The outlook for outbound travel from Australia is buoyant, with record departures reported in December 2014. The Chinese outbound market grew to 109 million in 2014, an increase of 11 million from the previous year.

## 4. Market Intelligence

### 4.1 Arrivals and Visitors

#### Preliminary Estimates

Visitor Origins	Ireland Visitors December 2014 - February 2015		Northern Ireland Visitors January – September 2014	
	'000s	% YOY	'000s	% YOY
<b>Total</b>	<b>1,443</b>	<b>+10%</b>	<b>1,364</b>	<b>+3%</b>
Great Britain	692	+8%	901	0%
Mainland Europe	481	+18%	207	+5%
North America	176	+7%	164	+23%
ADM	94	+1%	92	+2%

Source: CSO, NISRA

Data from the CSO indicates that overseas visitors to Ireland increased by +10% in the December 2014 - February 2015 period when compared to the same three month period a year earlier. Growth was seen from all market areas.

According to NISRA, total overseas visitors to Northern Ireland for the first nine months of 2014 grew by +3% YOY. Overseas holidaymakers were up +11% when compared to the same period in 2013, with British holidaymakers up +12%. Visitor numbers from North America for the first nine months of 2014 also grew strongly, with a +23% increase in all North American visitors and a +21% increase in holidaymakers.

## 4.2 Air and Sea Connectivity

Air Access	Summer 2015 vs. Summer 2014		
YOY % Change	Ireland	NI	Island
Great Britain	+6%	+8%	+7%
Mainland Europe	+8%	+20%	+9%
-France	+5%	+10%	+5%
-Germany	+5%	NA	+5%
North America	+16%	NC	+15%
ADM	+27%	NA	+27%
<b>Overall</b>	<b>+9%</b>	<b>+10%</b>	<b>+9%</b>

Source: TTC Access Inventory Report 2015 on one-way weekly seat capacity. Capacity is estimated at a single point in time for the season. NA= Not applicable NC = No change

Summer 2015 is projected to see approximately 493,000 direct one-way weekly air seats available, a +9% increase in capacity to the island compared to the same period last year. This growth is coming from all market areas and the total of just over 493,000 weekly one-way seats is close to the record level of summer 2008 when the total was 498,000 one-way seats.

Ireland is estimated to see growth of +9% YOY. Announcements contributing to this growth include a new Aer Lingus flight from Washington DC, a new United Airlines flight from Chicago, a new Ethiopian Airlines flight from Los Angeles, a new Transavia service from Paris, as well as other new air routes such as a Finnair service from Helsinki and a SAS service from Gothenburg in Sweden.

Air seats to Northern Ireland are projected to grow by +10% YOY this summer. There will be a new Vueling service from Barcelona and Jet2 will commence a new service from Verona. KLM's new Amsterdam Schiphol route will open up great opportunities through the KLM worldwide network.

Up to 234 cross-channel ferry sailings in each direction per week will operate this summer, providing capacity for almost 50,000 cars. Stena Line is consolidating its services from Holyhead to Dublin Port, withdrawing its seasonal HSS Stena Explorer service between Holyhead and Dun Laoghaire. This leads to a marginal decrease in peak season capacity, but an increase over the rest of the year. It is anticipated that other Irish sea services will operate on similar levels to 2014. Up to nine sailings each way per week will operate between France and Ireland this summer, providing for an average weekly capacity for up to 2,855 cars in each direction.

### 4.3 Total Passenger Numbers

	Total Pax 2014*	Jan 15	Feb 15
Dublin Airport	21.7m	+14%	+17%
Shannon Airport	1.6m	+28%	+18%
Cork Airport	2.1m	-10%	-4%
Ireland West Airport Knock	0.7m	+13%	+8%
Belfast International Airport	4.0m	-5%	
Belfast City Airport	2.6m	+3%	
City of Derry Airport	0.4m	-9%	
<b>All ROI Airports</b>	26.3m	+13%	
<b>All NI Airports</b>	6.9m	-2%	
All UK Airports	241m	+6%	
All German Airports	209m	+3%	
All Norwegian Airports	55m	-4%	
All Swedish Airports	40m	0%	
<b>ROI sea passengers</b>	3.2m	+1%	
<b>NI sea passengers</b>	2.1m	-4%	

Sources: Annaero, DAA, Fáilte Ireland, Ferrystat. \*Total Pax 2014 is the passenger traffic (in millions) at the airport(s)/seaports estimate NA=Not available

The latest available passenger data indicates that air and sea ports in Ireland generally experienced a good start to the year; however, the picture is more mixed in Northern Ireland.

Aer Lingus reports that total passengers (inbound and outbound) for the first two months of 2015 declined by almost -4% when compared to the same period in 2014. Ryanair announced passenger growth of +29% for the month of February, leading to an annual rolling traffic increase of +9% in the twelve months to February 2015, carrying over 89m million passengers.

## 4.4 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	January 2015 v January 2014 % change
Island of Ireland	+8%
Ireland	+9%
Northern Ireland	0%
Scotland	+4%
England	+7%
Italy	+2%

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 in Ireland experienced a good start to the year. However, it is not possible to break out overseas bookings from domestic business.

According to the Irish Hotels Federation, the majority of hotels and guesthouses are seeing an increase in business compared to this time last year and advance bookings for the remainder of the year are performing strongly with 75% seeing an increase on 2014.

The Northern Ireland hotel industry had a positive 2014, realising growth and record levels for both rooms and bed-spaces sold. NISRA reports that the number of hotel rooms sold in 2014 increased by +2% – the highest level for any year since records began. There were an additional 22,500 hotel rooms sold compared with 2013. Hotel capacity was up +1% YOY, while room occupancy was 65%.

NISRA also reports that total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland declined by -7% over 2013 levels. Again, it is not possible to break out overseas from domestic bookings.

## 4.5 Island of Ireland Industry Feedback

Barometer	What they said ...
<p>Bright</p> 	<p><b>Accommodation Providers</b></p> <p>Northern Ireland accommodation providers report solid forward bookings from April onwards, driven by both group business and independent visitors, with bookings coming from a good mix of overseas source markets. Positive sentiment is also reported among hotels and guesthouses in Ireland, with more than four in five seeing a year-on-year increase in business. Growth is underpinned most significantly by the US and Britain, with bookings from Europe holding at 2014 levels. The majority of hoteliers plan to invest in additional staff, marketing, refurbishment and/or product development this year. Business costs, debt and a skills shortage are cited as real challenges. Business viability remains a concern for one third of hoteliers due to high costs and low revenues. The first few months of the year are traditionally quiet from an overseas perspective for the B&amp;B and self-catering sectors with Saint Patrick’s Day seen as the kick-off of their tourist season.</p>
<p>Bright</p> 	<p><b>Air, Sea and Car Rental</b></p> <p>Carriers operating on transatlantic routes, aided by additional capacity this year, are reporting strong bookings for the peak season. Bookings on air routes to and from Britain are also performing well so far this year. New air access to Belfast from Amsterdam is expected to boost Dutch travel to Northern Ireland, while early booking trends from Italy are mixed. Car rental bookings for 2015 are in line with last year. Early indications suggest continued growth in North American visitors renting cars. However, given late booking trends, it is too early to call the outlook for the year. A major sea carrier has reported growth on crossings in the first two months of 2015, particularly car numbers, compared to the same period last year.</p>
<p>Bright</p> 	<p><b>Attractions</b></p> <p>A west coast attraction is reporting its best-ever January and February in terms of visitor numbers and anticipates a very busy year ahead. South and mid-west regional attractions are seeing increased visitor numbers so far this year compared with 2014. Many Dublin attractions are reporting double-digit year-on-year increases in visitors in Q1 2015, following a very strong 2014. A rural Northern Ireland attraction anticipates a longer peak season, reporting stronger-than-usual bookings for April. Overseas business showed double-digit year-on-year growth in the first two months of 2015.</p>
<p>Mixed</p> 	<p><b>Business Tourism and Golf Operators</b></p> <p>MICE (Meetings, incentives, conferences, exhibitions) bookings to the south west are up so far this year with Britain, the US, Germany, France and the Netherlands driving double-digit growth. The outlook is also positive for 2016 business to the region. Sentiment among golf operators varies by region — north west golf clubs and golf hotels anticipate a busy season ahead. Golf bookings so far in the south west are down on last year; this may be attributed to the British Open taking place in Scotland this year, increasing the appeal of Scotland or Scotland and Northern Ireland golf packages. The Nordics are proving to be good source markets for golf bookings, particularly in the shoulder seasons. North America still drives the majority of golf operator business, with a noticeable rise in Canadian golfers this year.</p>

Source: Based on feedback from island of Ireland industry sources, March 2015

## 4.6 Tourism Ireland Market Feedback

**Great Britain:** Partners in GB are reporting good levels of bookings for the island of Ireland with positive carry over from the end of last year into the first few months of 2015. Some online travel agents (OTAs) are reporting double digit increases compared to this time last year. Sentiment among traditional tour operators and carriers is also positive for business to Ireland and Northern Ireland this year.

**North America:** In the US, some escorted operators reported a slightly slower start to the 2015 season but this segment has picked up with the island of Ireland tracking at similar or slightly higher levels than the rest of Europe. FIT (Free Independent Traveller) operators report strong bookings ahead of this time last year. Golf tour operators are having an excellent year with Northern Ireland proving very popular. In Canada, leading tour operators are reporting strong sales for spring and bookings to the island of Ireland are well ahead of this time last year.

**Mainland Europe:** Key tour operators and carrier partners in Germany are reporting a very positive start to the year with some reporting a record January for bookings to the island of Ireland. In France, the outlook is also good, especially for group business. The outlook for travel to the island of Ireland from Spain and Italy is more difficult to gauge at this early stage of the year, with key partners reporting a mixed start. The outlook for tourism from the Netherlands is confident, boosted by KLM's new Amsterdam to Belfast City route, which also opens up great opportunities through KLM's worldwide network. Feedback from key operators and airlines is positive on the number of summer bookings this year from the Netherlands to the island of Ireland and all key operators are expecting an increase over last year. In the Nordics, there is an optimistic outlook with positive trade feedback and new air connectivity coming on stream. Most of the airlines are reportedly happy with bookings to the island of Ireland so far this year.

**Australia & Developing Markets:** Australian partners report good levels of bookings for the island of Ireland. Overall, operators are optimistic that 2015 will be a good year for Europe – particularly as the World Cup Rugby is in the UK. The Australian dollar has fallen against the US\$ and the GB£, but remains stronger against the Euro – which is advantageous for travel to Europe. The launch of the British-Irish Visa Scheme is a further boost to our marketing drive in developing markets such as China and India, with enquiries and bookings looking good for 2015. The major relevant tour operators in China remain optimistic about UK and Ireland bookings, with a predicted growth of +20% in 2015.

## 5. Conclusion

The early outlook for 2015 is good and sentiment among island of Ireland and overseas partners is positive. Enquires and bookings so far this year have generally been ahead of, or on par with, 2014.

As part of our 2015 Spring Campaign, Tourism Ireland launched its largest ever Global Greening initiative to mark St Patrick's Day, with over 180 major landmarks and iconic sites around the world turning green on March 17<sup>th</sup>, generating publicity worth millions for the destination. Sites included the Colosseum, the Sacré-Cœur Basilica in Paris, the Christ the Redeemer statue in Rio de Janeiro, Niagara Falls, the Leaning Tower of Pisa and the Great Wall of China.

Tourism Ireland's busy promotional programme continues right now in markets across the world. Key promotional themes include the Wild Atlantic Way and the Causeway Coastal Route, Dublin, Yeats 2015, the Irish Open at Royal County Down, Irish Design 2015 and the Tall Ships in Belfast, as well as the opening of the Gobbins Cliff Path on the Antrim Coast and the new proposition for Ireland's Ancient East.

And, Tourism Ireland teams across the world were delighted to fly in over 275 top overseas tour operators to meet and do business with tourism industry partners across the island this week at Meitheal and Meet the Buyer workshops.

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