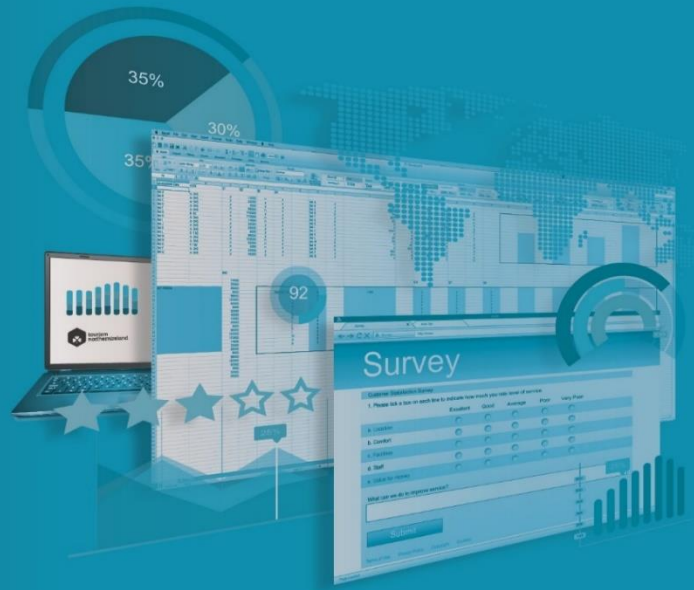


Tourism 360°

Issue 1: Spring 2019



Travel market overview

European tourism demand remains on a solid footing with a 6% increase in tourist arrivals in 2018 over 2017.* Travel demand from the US is helped by a strengthened dollar against the euro and sterling. Soaring Chinese arrivals continue to support Europe's tourism expansion. Drivers for growth include China's expanding middle class, better air connectivity and improved visa procedures. The UK was the only European destination to report a decline in tourist arrivals at -5.3% (as at September 2018).

Key source markets for inbound tourism across Europe:



27 out of 32* destinations reported arrivals growth from **Germany**



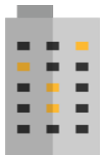
23 out of 30 destinations reported arrivals growth from **the Netherlands**



23 out of 32 destinations reported arrivals growth from **France**

** Number of destinations providing a report varies*

Key operational performance indicators remain strong:



2018 saw an increase in accommodation occupancy rate of 1.2% with average daily rate up 2.3% and revenue per available room growing by 3.5%.

Europe's air passenger load factor is the highest of any global region but has fallen from 88.7% in the first six months of 2018 to 81.7% for the year to November 2018.

Source: European Travel Commission: Qtr 4/2018 Report Trends and Prospects

In this issue – at a glance:

Economic Outlook: Consumer confidence may have dipped in the short term but the outlook for global tourism as a major sector is of continued growth in the long term.

Air Access: 617,061 direct inbound seats are available to the island of Ireland for Summer 2019. Key European markets with the best inbound tourism potential are Germany, the Netherlands and France.

Accommodation Performance: The hotel sector continues to power ahead with over 3.7 million hotel guests accommodated in 2018. Other accommodation sectors delivered a strong performance, with Airbnb continuing to make its presence felt.

Insights into Trends: An at-a-glance view of emerging visitor profiles and demand. In a world better connected through technology and ease of travel, aspirations towards well-being and digital detox and a focus on sustainable economic growth are emerging.

Coming Next: Tourism NI will shortly be sharing findings from our Regional Visitor Attitude Survey (2018) and will be publishing summary findings for each of the 11 council areas as well as at Northern Ireland level.

Tourism 360° is produced by Tourism NI's Insights and Intelligence Service. Tourism 360° highlights local and global tourism insights, trends and performance. We welcome all feedback on Tourism 360° as we seek to develop it in the coming year. Watch out for our quarterly editions. Email us at insights@tourismni.com



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Economic outlook

What is the forecast for key economic indicators in 2019, and how will they impact Northern Ireland's tourism performance in the short term?

Economic Growth: Industry economists predict GDP growth of 1.6% in 2019, although the longer-term forecast is of relatively subdued growth. Northern Ireland's growth for July-September (the latest quarter available) is slower than the UK average but GDP for 2018 is higher at 1.5%.

Service sector is
13% of UK GDP



Sources: ONS, Quarterly national accounts, UK October to December 2018
PwC UK Economic Outlook, November 2018/ NISRA Economic Index Q3 2018

Consumer Confidence Index: Insights research by GfK on behalf of the European Commission reported a **five-year low in UK consumer confidence at the end of 2018**. This is attributed to concerns with the overall UK economic situation. On balance there were positive signs that consumers were still considering making major purchases with the index score improving very slightly in February 2019.

Source: GfK, Consumer Confidence Index, December 2018 & February 2019

| UK Sector Growth | Q4 2018 |
|-----------------------|---------|
| GDP | +0.2% |
| Household Consumption | +0.3% |
| Services Sector | +0.5% |

Household Consumption

Spending on housing and household goods and services were the main drivers in Q4 2018. However, the overall picture is of sluggish growth with the amount that households spend on recreation, culture and transport slowing in the past two years.

A tourism industry perspective on economic growth was covered in depth at the 2018 [Hospitality Exchange Event](#).



Global travel market overview

With ambitions to grow tourism here to a £2bn industry by 2030, global tourism in the long term is forecast to outperform other sectors.



11.7% GDP

Tourism's direct contribution to GDP is expected to grow at an average 3.8% per year, reaching 11.7% of global GDP by 2028

1 in 9 jobs

Contribute an average 9 million new jobs per year, one quarter of total global net job creation, to reach 414 million by 2028

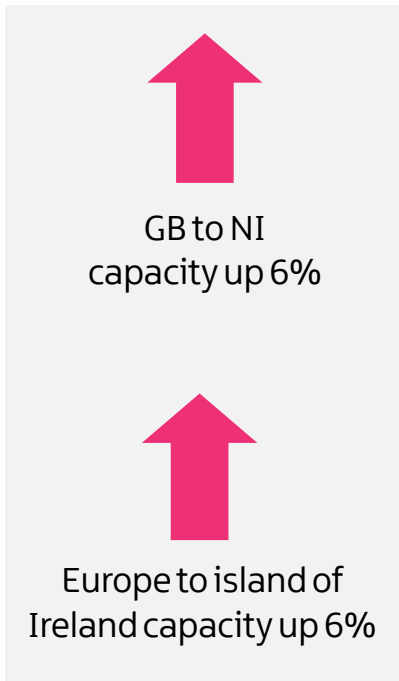
6.9% visitor exports

Global visitor exports forecast at 6.9% of total global exports by 2028, driven by the number of middle-income "new travelling" households

Source: World Travel & Tourism Council, Travel and Tourism Global Economic Impact & Issues, 2019

Air and sea access

Estimates for Summer 2019 indicate that there will be 617,061 direct one-way air seats per week to the island of Ireland, up 4% on Summer 2018. Northern Ireland accounts for 114,184 of these seats, up 3% on 2018.



| Seat Capacity | Summer 2019 Capacity | | |
|---------------|----------------------|----------------|----------------|
| | Market | NI | ROI |
| GB | 81,267 | 159,171 | 240,438 |
| Europe | 32,917 | 261,267 | 294,184 |
| US | - | 57,187 | 57,187 |
| Canada | - | 11,146 | 11,146 |
| West Asia | - | 11,830 | 11,830 |
| Asia Pacific | - | 2,276 | 2,276 |
| Total | 114,184 | 502,877 | 617,061 |

Source: TTC Access Transport Inventory Report Summer 2019. Capacity estimated at a week in July 2019

Summer on the horizon – Inbound tourism potential

GB: Seat capacity to Northern Ireland is 81,267 on 653 departures per week.

+ 8% from London (30,552 seats)

+5% from regions (50,715 seats)

Belfast International: + 7% in capacity (46,464 seats)

George Best Belfast City Airport: +3% (32,081)

City of Derry Airport: 2,722 seats up from 2,085 mainly on regional routes.

Europe: Seat capacity to the island of Ireland with the best inbound tourism potential, the key metric for growth, is estimated at 164,077 per week.

Asia Pacific: Flights launched in 2018 from Hong Kong and China (Beijing and Shenzhen) continue with 2,276 seats per week.

Canada: Seat capacity is 11,146 per week, up 23%.

WestJet is launching a new route from Halifax, Nova Scotia to Dublin from May 2019. Norwegian is entering the market with a daily service from Hamilton, Ontario from March 31 2019.

The B737 MAX grounding has impacted Norwegian Air. Air Canada and WestJet are scheduled to operate the aircraft on selected services.

USA: Seat capacity is 57,187 per week, up 5%. This is largely due to Aer Lingus increasing its capacity by 6% to 30,475 seats.

West Asia: Seat capacity is 11,830, up 14%, with increases across all routes from the United Arab Emirates, also Qatar.



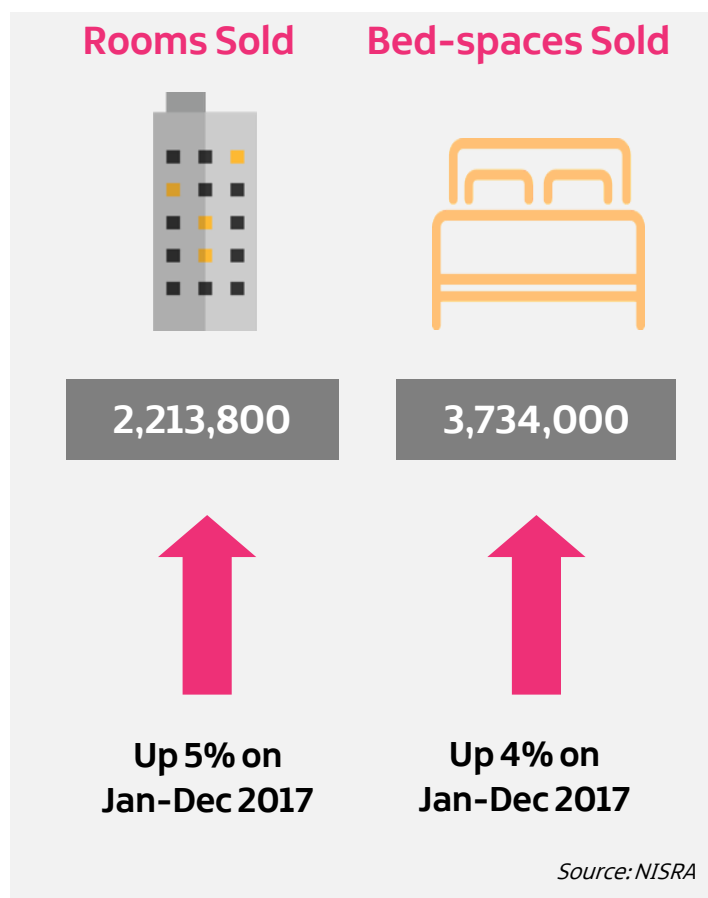
In 2018, 128 cruise ships (202,913 passengers) docked in NI, significantly up on 2017. On ferry crossings between GB and NI, there will be 102 sailings per week (capacity for 17,320 cars and 75,000 passengers) for Summer 2019.

Accommodation performance

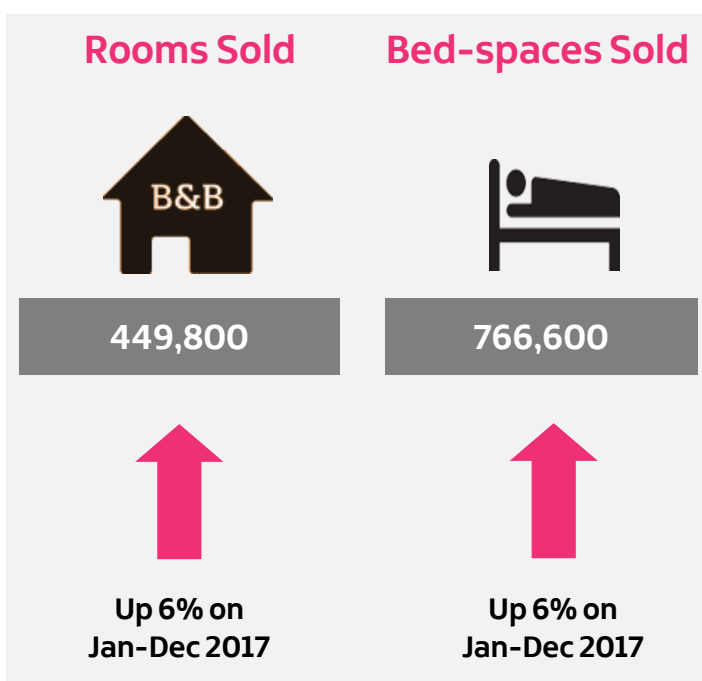
Tourism NI's Hotel Performance report January – December 2018 indicates that during this period Northern Ireland hotels achieved unprecedented sales with over 2 million rooms sold and average occupancy reaching 70%.

- 2018 was a record year for hotel demand in terms of room and bed sales with over 3.7 million hotel guests accommodated during the year.
- Room occupancy (70%) and bed-space occupancy (55%) recorded decreases, as impacted by the influx of hotel rooms and beds in this period, particularly in Belfast.
- STR Global reports that the **average daily room rate for NI hotels increased by 1% during January-December 2018**. This compares with increases of 8% for Republic of Ireland, 2% for Scotland and 1% for England.
- During January-December 2018 **four/five star hotels recorded the highest room (74%) and bed-space (58%) occupancy**.

Sources: NISRA and SOAR February 2019, Tourism Ireland



Guest House, Guest Accommodation and B&B performance



- The guest house/guest accommodation/B&B sector delivered a strong performance during January-December 2018 with an additional 40,000 bed-spaces sold compared with 2017.
- 449,800 rooms and 766,600 bed-spaces were sold during January-December 2018, an increase of 6% on room and bed-spaces.

Source: NISRA



Airbnb reports that 230,000 guests used the service in NI in the 12 months to June 2018 from June 2017, a 70% increase on the previous 12 months.

Source: Airbnb. UK Insights Report, 2018

Accommodation overview

Where to stay

All Northern Ireland accommodation stock as at year end 2018 and % of total

| Type of establishment | Bed-spaces available year end 2017 | Bed-spaces available year end 2018 | % change 2018 v 2017 |
|-----------------------|------------------------------------|------------------------------------|----------------------|
| Hotels | 18,135 (42%) | 20,603 (41%) | +14% |
| GH/GA/BB* | 7,296 (17%) | 8,231 (16%) | +13% |
| Self-catering | 14,678 (34%) | 19,303 (38%) | +31% |
| Other+ | 2,585 (6%) | 2,685 (5%) | +4% |
| Total | 42,694 (100%) | 50,822 (100%) | +19% |



2/5 of bed spaces in NI are in hotels



1/3 increase in self-catering bed stock in last year

Source: Tourism Northern Ireland

*Guest House/Guest Accommodation/Bed & Breakfasts

+Bunk Houses/Youth Hostels

Regulatory outlook for bookings



Online booking platforms: Balancing opportunity with compliance

In February 2019, the Competition and Markets Authority (CMA) published the results of its investigation into [online hotel booking sites](#). Six online hotel booking sites, Expedia, Booking.com, Agoda, Hotels.com, ebookers and trivago, provided formal, voluntary commitments to not engage in practices that may be misleading to consumers. Areas investigated were:

Search Results
Hotels ranked by commission

Pressure Selling
Claims about views of the same room

Discount Claims
Basis for price reductions

Hidden Charges
Taxes and booking fees

Where to visit – Top NI attractions in 2018



Association of Leading Visitor Attractions

1. Giant's Causeway: 1,011,473 visitors
2. Titanic Belfast: 836,997
3. Ulster Museum: 584,723
4. Carrick-a-Rede: 491,947
5. Mount Stewart: 226,577
6. Ulster Folk & Transport Museum: 146,425
7. Ulster American Folk Park: 117,076
8. Castle Espie: 59,348

Top consumer trends

Euromonitor's annual report reveals the top global consumer trends to watch in 2019, shedding light on consumers' changing values.



Conscious consumption

Travellers are becoming more mindful of the social and environmental impact of how they travel and what they consume.



Back to basics

Travellers are seeking out products, food and experiences that allow them to connect with the destinations they visit and with local communities.



Instant gratification

Travellers want seamless and hassle-free choices at all stages of their journey, from online bookings to onsite visitor experiences.



Digital disconnection

As much as travellers want easy access, this is balanced with a need for privacy, digital detox and enjoying real life experiences.



Total wellness

Consumers are becoming more mindful of their work/life balance and health and these are shaping their leisure preferences.



Age agnostic

Consumers do not always want to be labelled or perceived by their age so they may need to be targeted in more nuanced ways.

Macro trends influence tourism development in the longer term

Evolving visitor demand

Emerging economies will see a rapid expansion of the middle classes and a growth in mega-cities. An ageing population (25% of Europe is already aged 60+) will pursue leisure more than previous generations. By 2040, Millennials and Generation X will have come of age and will present new opportunities as independently minded travellers.

Travel mobility

Good access and connectivity are crucial but tourist inflows can put pressure on transport. Rail and sea, and by extension high speed rail and cruise terminals, will have a key role in moving visitors to and around destinations. Also, visitors will require ease of visas and customs to facilitate their journey.



Enabling technologies

The digital economy and virtual/augmented reality have the capacity to make travel more affordable and accessible to visitors who have grown up with technology.



Sustainable economic growth

Tourism can contribute to employment growth, economic development and raise awareness of cultural and environmental values, through sustainable principles and engagement.

Sources: Euromonitor, Top 10 Global Consumer Trends, 2019
OECD, Analysing megatrends to better shape the future of tourism 2018

Wellness tourism in focus

From mode of travel and accommodation to food and attractions visited, wellness has the potential to be a touchpoint at every stage of the visitor's journey.

| Destination country | Total wellness tourism expenditure in 2017 |
|---------------------|--|
| Germany | £50.4bn |
| France | £23.5bn |
| UK | £10.3bn |

Wellness tourism is a growth sector for the global tourism industry. Europe is the world's largest market for domestic and inbound international wellness trips. With 250 million trips, Europe makes up around 36% of the global market of 691 million wellness trips. Germany, France and the United Kingdom are the largest European markets.

£717bn

Estimated value of the global wellness market by 2022

Wellness case study

A project of the National Coastal Tourism Academy (based at Bournemouth University), **Destination Feelgood** aims to improve the exchange of wellness tourism-related knowledge between stakeholders in the public and private sectors.

Its goals are to inspire innovation in health and wellness offerings, improve local business performance and boost the competitiveness of the visitor economy.

A survey of 2,000 people commissioned by the Academy found that one in five people takes a wellness break with 59% opting for a coastal setting.



For more information, click [here](#).

Ideas for wellness

Airports and airlines are offering spa treatments, wellness classes and healthier food options.

Healthy hotels are now mainstream with in-room fitness equipment, healthy food ("farm to table", artisan, all-natural, vegan, or farmhouse) and partnerships with wellness brands.

Outdoor yoga, cycling, even wild foraging walks are ways to relax and connect with local destinations.



Measuring well-being

The ONS's latest well-being statistical bulletin notes that between June 2012 and June 2018 the proportion of people in the UK reporting a "poor" level of personal well-being decreased, while the proportion reporting a "very good" rating increased.

Compared with the rest of the UK, **people in Northern Ireland reported better average ratings across all well-being measures.**



- **Primary** wellness tourists will travel specifically for that purpose.
- **Secondary** wellness tourists will take part in activities while enjoying a short break.

Secondary wellness tourism accounted for **89% of wellness tourism trips** and 86% of wellness tourism expenditures in 2017.

It also continues to grow at a faster rate than primary wellness tourism. Secondary wellness tourism trips grew by 10% while primary trips grew by 8% annually from 2015 to 2017.

Looking ahead

Signposting to information and advice both available now and coming shortly to assist with your business planning.

The visitor's view of Northern Ireland

Tourism NI will shortly be sharing findings from the **Regional Visitor Attitude Survey (2018)** and publishing summary findings for each of the 11 council areas as well as at Northern Ireland level.

The findings will cover reasons for choosing to visit, what visitors experienced, where they stayed and how they rated different aspects of their trip, plus visitor profile data.

These insights will inform Tourism NI and industry plans.



Positive news on regional city deals



The Secretary of State for Northern Ireland has formally approved a government investment programme that will see £350m invested in the Belfast region over the next 15 years. The [Belfast Region City Deal](#) – which involves six of Northern Ireland's local councils as partners, as well as educational bodies and the private sector – aims to deliver 22 projects and create up to 20,000 jobs.



Meanwhile, it has also been announced that the [Derry~Londonderry City Region](#) deal is to receive £50m of government funding to support innovation and grow the region's digital potential. A further £55m has been made available through the Inclusive Future Fund, which aims to boost employment and address deprivation in the region.

Tourism Information on Brexit

The UK Government has produced guidance on [how to prepare for Brexit if there is a 'no deal' outcome](#). We strongly encourage all tourism businesses to review this information closely.

For more information, see [Tourism NI's website](#).



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