Tourism Quarterly

Issue 10: April-June 2018

June 2018

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Introduction

The second quarter of the year is typically a pretty quiet one for tourism in the Falklands. The season is over and we are reflecting on how it went, possibly taking a break, and preparing for October. But one of the key parts of the Tourism Development Strategy was to increase visitor numbers in the shoulder season, in particular March and October, as well as April and September. I'm delighted to report that we have exceeded our targets for attracting visitors in those months already, with 26.1% of all leisure visitors travelling in March and October in 2017 (our target was 22.4%), and 8.0% travelling in April and September (our target was 6.3%).

However, we have also exceeded (quite considerably) our targets for leisure tourist arrivals overall, and the number of overnights spent in the Falklands. On top of this, spend per night is also above what we set as a target (£155 per night in 2017 against our target of £134).

We believe that some of this growth can be attributed to the strong digital marketing campaigns that have been running for over a year and a half now. Each month around 20,000 consumers are looking at the FITB website (it was around 11,000 when we started), and we are engaging with over 1.2 million people through social media. We've also built up a database of consumers interested in visiting the Falklands, with around 2,000 on it a present, but growing each month.

So whilst this, and the next, quarter may be a little quiet on visitor arrivals, there's plenty of activity on the website and social media channels generating interest and bookings for next season, and the one after that.

Finally, this edition of Tourism Quarterly includes new forecasts for overnight and cruise tourism to 2025. When more is known about the timing of the new flight connection we will revisit and revise these.

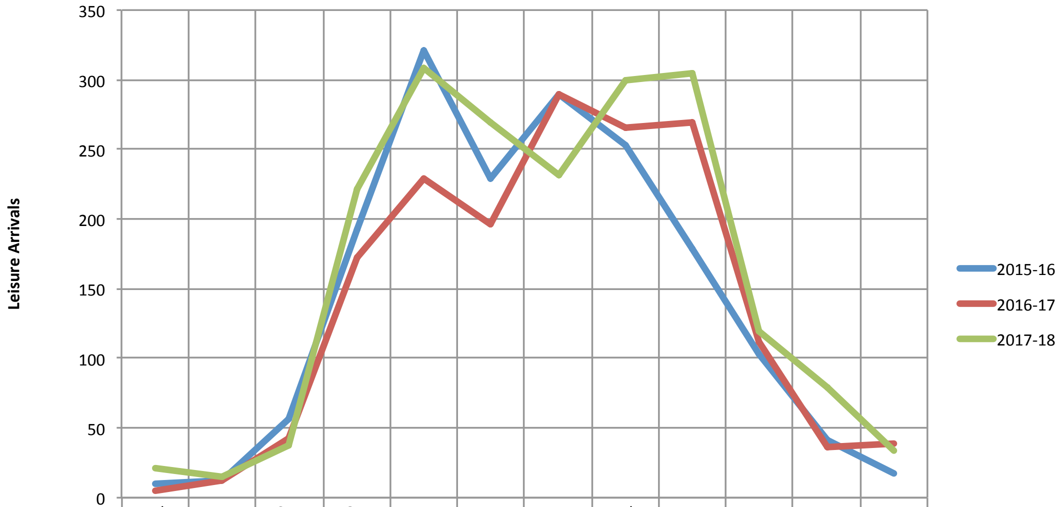
As always, please drop me a line with any comments or thoughts you have about *Tourism Quarterly*. The aim of the publication is to provide useful and easily accessible information for everyone involved in tourism.

Stephanie Middleton
Executive Director

This Quarter

Leisure Tourist Arrivals

There was strong growth in leisure tourist arrivals in the second quarter of 2018, up 24.1% on the same period in 2017. May performed particularly strongly with over twice as many leisure tourists as in 2017.



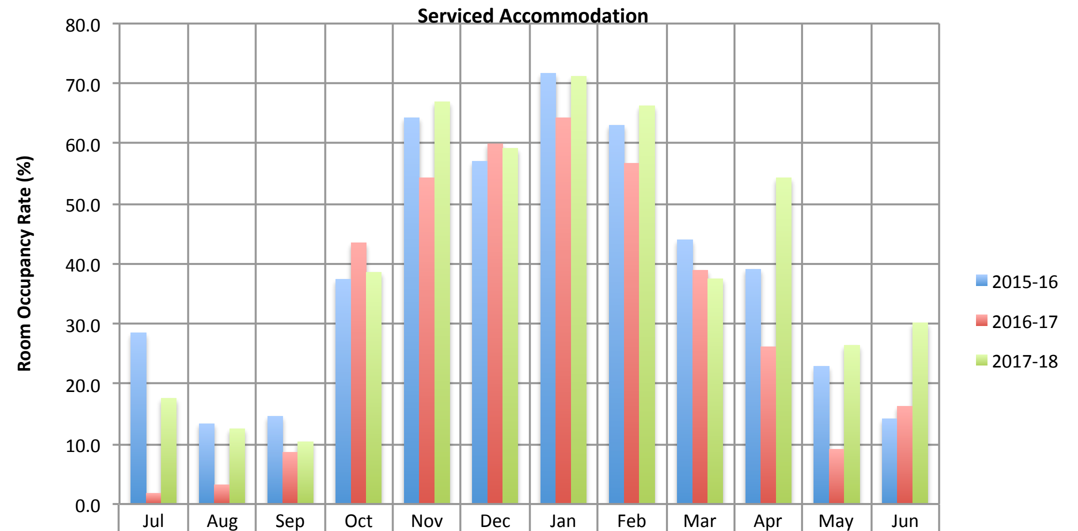
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2015-16	10	13	56	193	321	229	290	253	179	103	41	17
2016-17	5	13	42	172	229	196	289	265	269	112	36	39
2017-18	21	15	38	222	309	269	231	299	305	119	79	34

Month	2015-16	2016-17	2017-18	Change (%)
Jul	10	5	21	320.0
Aug	13	13	15	15.4
Sep	56	42	38	(9.5)
Oct	193	172	222	29.1
Nov	321	229	309	34.9
Dec	229	196	269	37.2
Jan	290	289	231	(20.1)
Feb	253	265	299	12.8
Mar	179	269	305	13.4
Apr	103	112	119	6.2
May	41	36	79	119.4
Jun	17	39	34	(12.8)

This Quarter

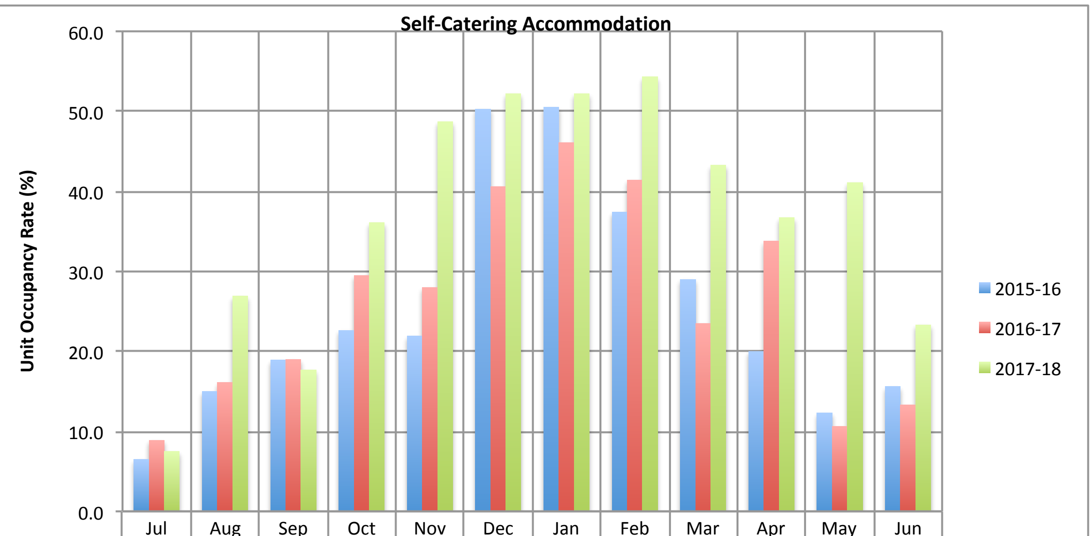
Accommodation Occupancy

Room occupancy rates for serviced accommodation were up significantly in all three months (April, May and June) of the quarter compared to the same period in 2017. Occupancy was 54.3% in April (up from 26.2%), 26.4% in May (up from 9.1%), and 30.2% in June (up from 16.3%).



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2015-16	28.5	13.4	14.6	37.4	64.3	57.1	71.7	63.1	44.0	39.1	22.9	14.2
2016-17	1.8	3.2	8.6	43.5	54.3	60.0	64.3	56.7	38.9	26.2	9.1	16.3
2017-18	17.6	12.5	10.4	38.6	67.0	59.2	71.2	66.3	37.5	54.3	26.4	30.2

Self-catering accommodation also performed better in all three months of Q2 2018 compared to Q2 2017. Occupancy was 36.7% in April (up from 33.8%), 41.1% in May (up from 10.6%), and 23.3% in June (up from 13.3%).



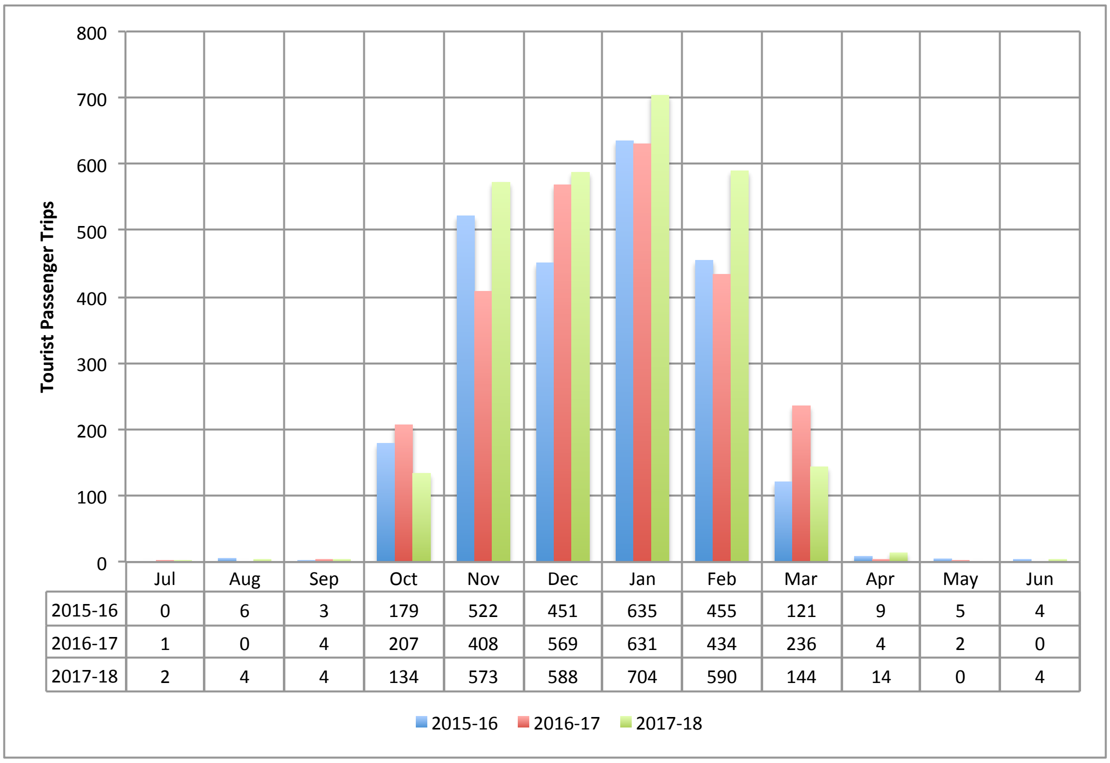
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2015-16	6.5	15.0	18.9	22.6	21.9	50.3	50.5	37.4	29.0	20.0	12.3	15.6
2016-17	8.9	16.1	19.0	29.5	28.0	40.6	46.1	41.4	23.5	33.8	10.6	13.3
2017-18	7.5	26.9	17.7	36.1	48.7	52.2	52.2	54.3	43.3	36.7	41.1	23.3

This Quarter

Tourist Passengers Carried on FIGAS

During periods Q2 and Q3 of the year, very few tourists tend to be carried on FIGAS flights. During Q2 FIGAS carried 18 tourist passengers on flights (compared to 6 in 2017).

Over the entire year (Jul 2017-June 2018) tourist passenger flights were up 10.6% compared to the same period the previous year.



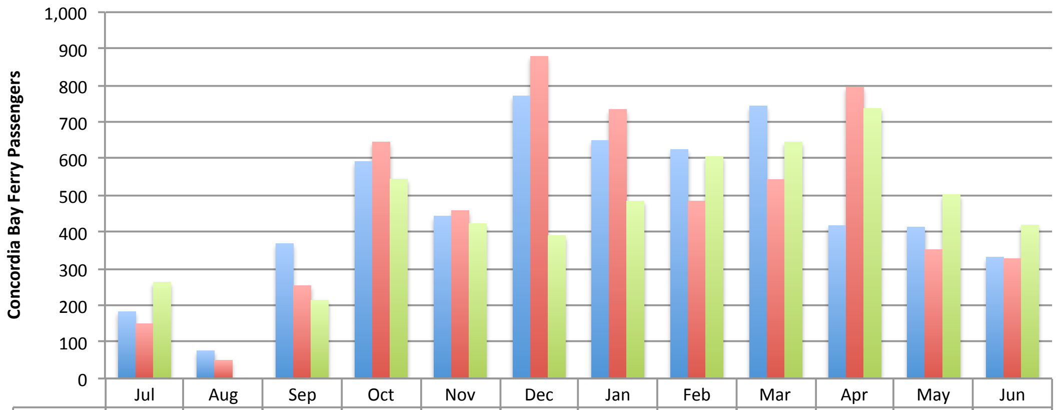
Month	2015-16	2016-17	2017-18	% Growth
Jul	0	1	2	100.0
Aug	6	0	4	-
Sep	3	4	4	0.0
Oct	179	207	134	(35.3)
Nov	522	408	573	40.4
Dec	451	569	588	3.3
Jan	635	631	704	11.6
Feb	455	434	590	35.9
Mar	121	236	144	(39.0)
Apr	9	4	14	250.0
May	5	2	0	-
Jun	4	0	4	-

Courtesy of FIGAS

This Quarter

Passengers and Domestic Vehicles on Concordia Bay Ferry

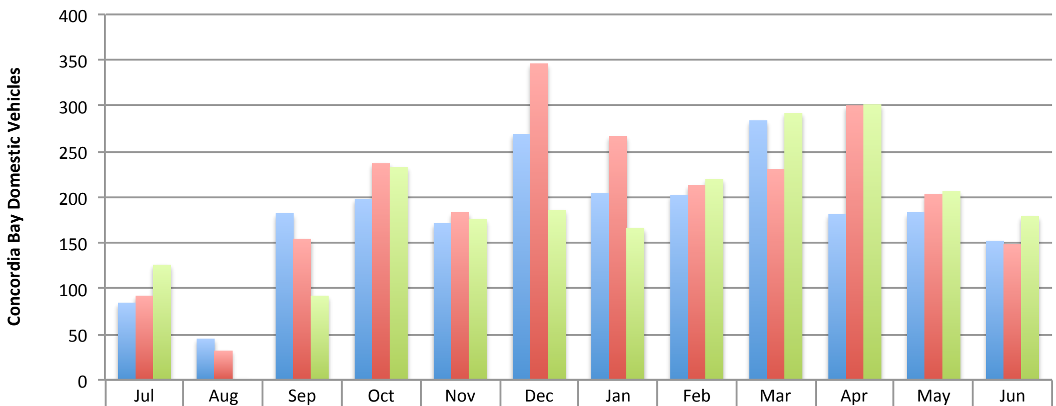
Passenger numbers in Q2 2018 were up by 12.4% compared to the same period in 2017. Traffic in May and June was particularly strong, whilst there was a small drop in passenger numbers in April.



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2015-16	183	76	369	592	443	772	650	625	744	418	414	332
2016-17	150	50	254	646	458	880	734	485	544	796	352	328
2017-18	263	0	214	545	423	390	484	606	646	738	502	419

2015-16 2016-17 2017-18

Domestic vehicle numbers in Q2 2018 were up 5.4% compared to the same period in 2017. Vehicle traffic was up in all three months of the quarter, however June was particularly strong (up 21%).



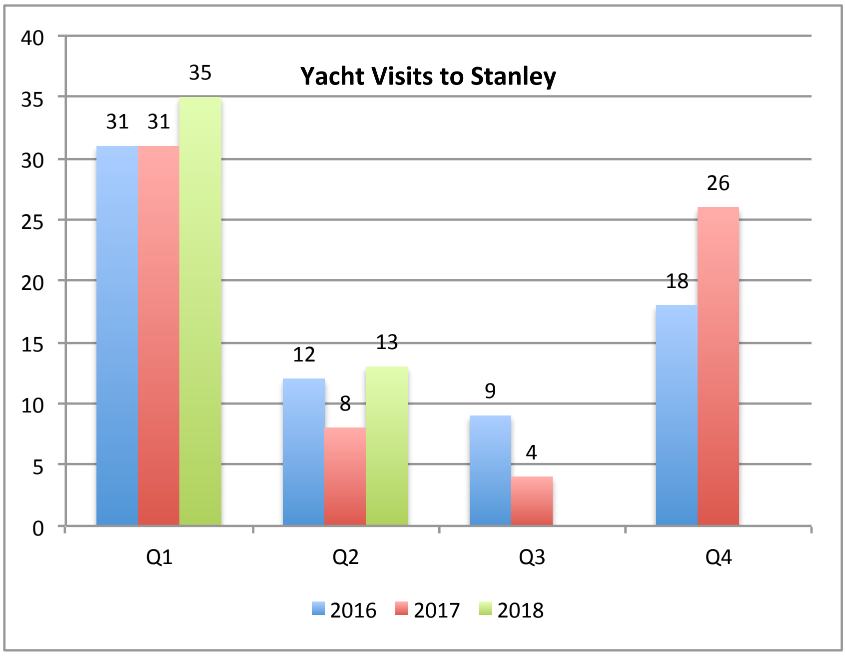
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2015-16	84	45	182	198	171	269	204	202	284	181	183	152
2016-17	92	32	154	237	183	346	267	213	231	300	203	148
2017-18	126	0	92	233	176	186	166	220	292	301	206	179

2015-16 2016-17 2017-18

This Quarter

Yacht Visits to Stanley

A total of 13 yacht visits were made to Stanley in Q2 2018, up from 8 visits made in the same quarter of 2017. So far in 2018, there have been 48 yacht visits (in the same period in 2017 there were only 39 visits).



Courtesy of Falkland Islands Yacht Club

Jetty Visitor Centre Footfall

The JVC footfall is typically quiet in Q2, with just over 1,300 visitors in this period. Comparing the period January to June 2018 with the same period in 2017, visitor numbers were down by 2.5%.

Month	2016-17	2017-18	% Growth
Jul		314	
Aug		316	
Sep		616	
Oct		4,437	
Nov	9,811	7,689	(21.6)
Dec	12,354	10,202	(17.4)
Jan	17,140	21,265	24.1
Feb	19,053	19,249	1.0
Mar	10,310	7,755	(24.8)
Apr	3,625	507	(86.0)
May	415	543	30.8
Jun	323	282	(12.7)
Total	**73,031**	**73,175**	

This Quarter

Website: www.falklandislands.com

The number of unique visitors to the website continues to grow, with almost 20,000 in June, the highest figure ever recorded (and up 69.6% on the previous year). The number of pages viewed is also expanding rapidly, with almost 43,000 viewed in June, up 31.2% on the previous year.

Website	Unique Visitors			Pages Viewed		
	2017	2018	(%)	2017	2018	(%)
Jan		17,567			52,623	
Feb		13,587			38,747	
Mar		13,047			35,543	
Apr	12,966	11,423	-11.9	44,428	31,891	-28.2
May	14,424	18,827	30.5	38,910	40,389	3.8
Jun	11,773	19,972	69.6	32,559	42,703	31.2
Jul	11,318	19,320	70.7	31,382	45,003	43.4
Aug	12,172			34,691		
Sep	12,181			36,943		
Oct	14,375			43,740		
Nov	16,293			47,650		
Dec	14,371			40,803		

Social Media: Facebook and Twitter

Facebook and Twitter social media channels also show significant growth rates, with almost 1.2 million consumers seeing Facebook posts in June (double the number in the same month the previous year), and with Twitter posts reaching almost 56,000 consumers (also more than double the number recorded the previous year).

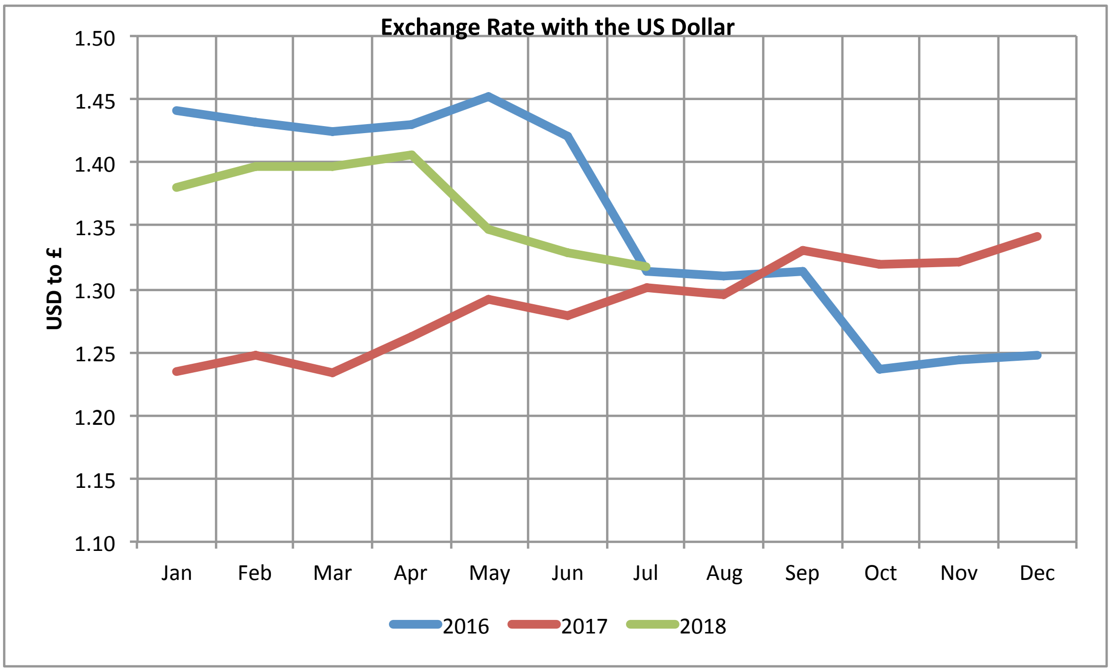
Social Media	Facebook Reach			Twitter Impressions		
	2017	2018	(%)	2017	2018	(%)
Jan		478,523			52,100	
Feb		262,831			26,400	
Mar		509,812			27,900	
Apr	549,764	315,558	-42.6	57,200	24,700	-56.8
May	750,859	1,003,621	33.7	54,900	30,500	(44.4)
Jun	583,490	1,186,333	103.3	23,200	55,800	140.5
Jul	533,931	1,265,196	137.0	16,000	75,200	370.0
Aug	1,407,769			20,200		
Sep	730,325			11,400		
Oct	345,113			20,800		
Nov	308,097			60,300		
Dec	585,134			39,500		

Facebook Reach: Total number times a post is displayed (seen) in the month
Twitter Impressions: Total number of times a tweet is displayed (seen) in the month

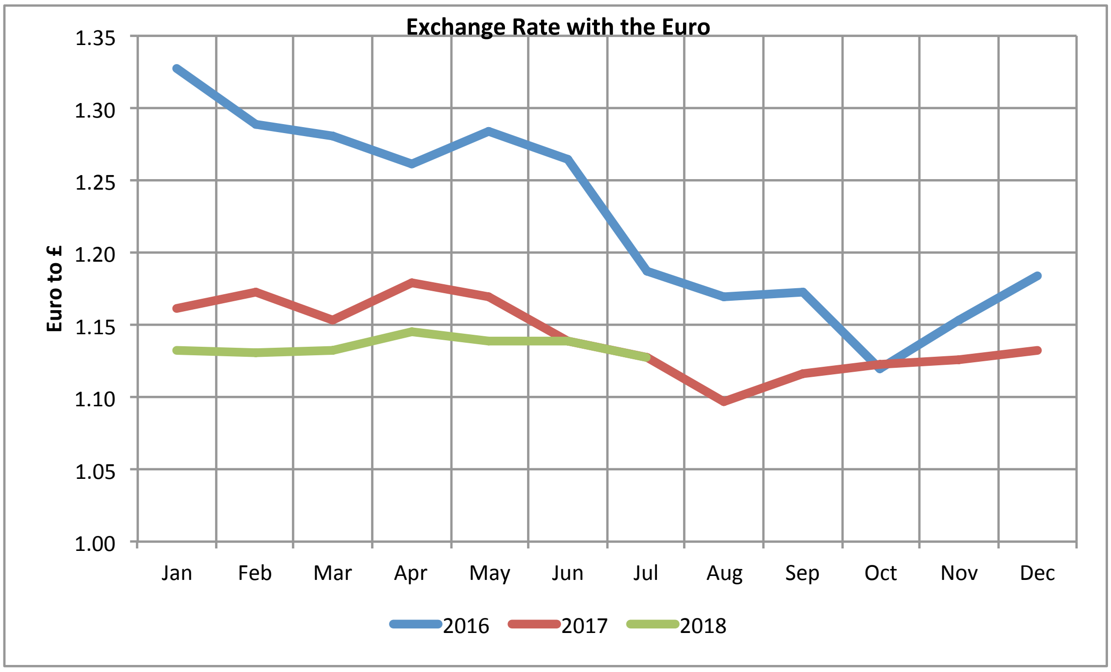
This Quarter

Currency Exchange Rates

US Dollar: the pound is at the same point as it was in June 2016 when the Brexit vote took place. There has been a decline against the dollar over the year, which means that it is slightly cheaper for US visitors to travel to the Falklands, as it costs them fewer dollars to buy a pound.



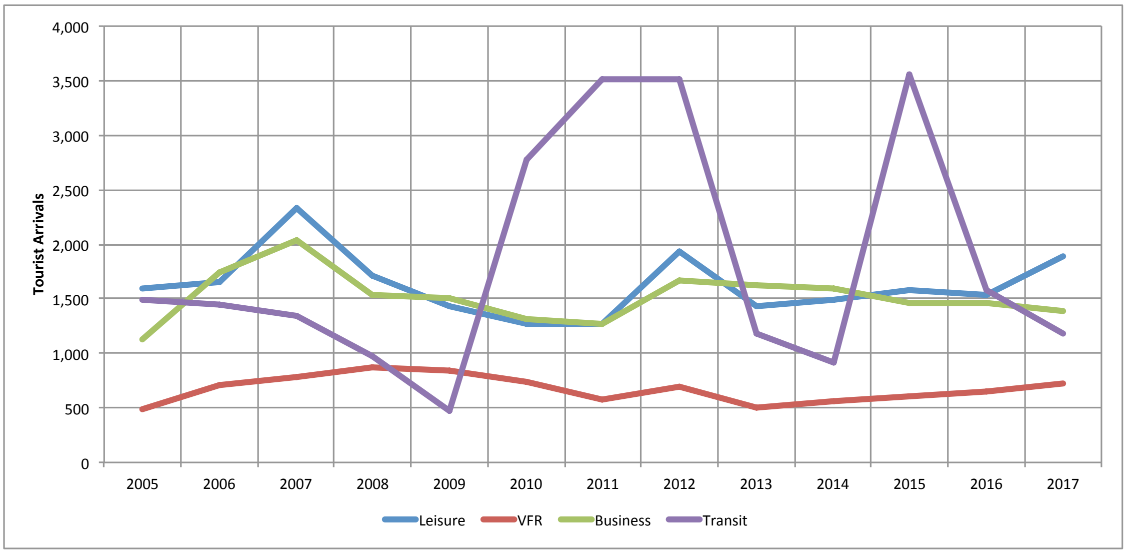
Euro: the exchange rate with the euro has remained broadly flat in 2018, and is currently at the same point as it was in June 2017. Overall, for residents of the Eurozone, the Falklands is more affordable than it was in 2016, as it costs fewer euros to buy a pound.



Long Term Trends

Tourist Arrivals by Purpose of Visit (2005-2017)

Leisure tourism boomed in 2017, increasing by over 22.3% (or 344 visitors). Visits to friends and relatives (VFR) were up by over 9%, however business visitors fell by around 5%. There was a significant decrease in transit visitors due to the scaling back of oil operations in the Islands.

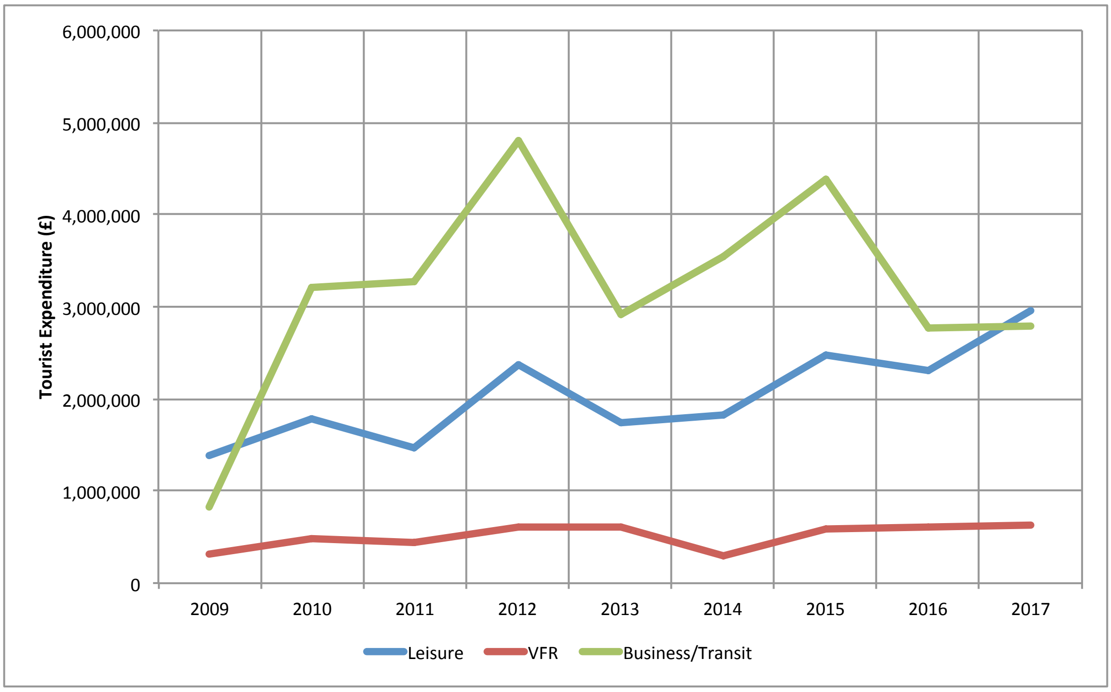


Year	Leisure	VFR	Business	Transit	Total	Leisure Growth (%)	Total Growth (%)
2005	1,602	486	1,128	1,486	4,702		
2006	1,653	715	1,748	1,453	5,569	3.2	18.4
2007	2,338	782	2,032	1,345	6,497	41.4	16.7
2008	1,720	879	1,533	982	5,114	(26.4)	(21.3)
2009	1,429	839	1,510	468	4,246	(16.9)	(17.0)
2010	1,271	735	1,314	2,778	6,098	(11.1)	43.6
2011	1,276	578	1,277	3,518	6,649	0.4	9.0
2012	1,940	693	1,672	3,507	7,812	52.0	17.5
2013	1,426	501	1,621	1,179	4,727	(26.5)	(39.5)
2014	1,494	559	1,599	922	4,574	4.8	(3.2)
2015	1,576	605	1,455	3,553	7,189	5.5	57.2
2016	1,540	657	1,468	1,584	5,249	(2.3)	(27.0)
2017	1,884	718	1,392	1,184	5,178	22.3	(1.4)

Long Term Trends

Tourist Expenditure by Purpose of Visit (2009-2017)

Tourist (all purposes) expenditure is calculated from the Air Visitor Survey undertaken by FITB at MPA. In 2017, leisure tourism generated almost £3.0 million in visitor expenditure, with all types of tourist generating almost £6.4 million.

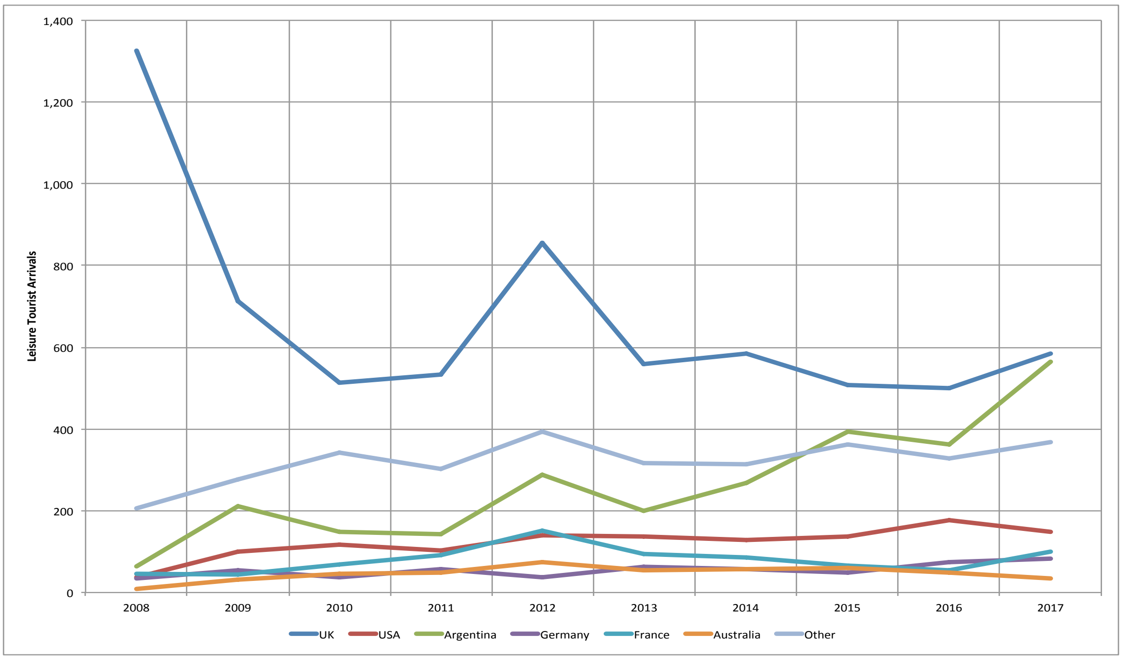


Year	Leisure (£)	VFR (£)	Business and Transit (£)	Total (£)
2009	1,377,367	316,014	827,058	2,520,439
2010	1,784,484	491,199	3,217,856	5,493,539
2011	1,466,762	433,566	3,277,600	5,177,928
2012	2,367,014	605,500	4,802,000	7,774,514
2013	1,738,650	615,209	2,918,767	5,272,625
2014	1,820,273	297,587	3,541,343	5,659,203
2015	2,485,046	587,700	4,375,710	7,448,457
2016	2,301,832	600,524	2,759,802	5,662,158
2017	2,952,562	622,746	2,798,967	6,374,276

Long Term Trends

Leisure Tourist Arrivals by Country of Residence (2010-2017)

Over the last 11 years, the UK's dominance as the main leisure market has been eroded, with strong growth from Argentina (now the second biggest leisure market). Whilst both markets grew in 2017, Argentina's was stronger, nearly exceeding the number of leisure visitors from the UK. Visits from Germany and France increased, although there was a decline in leisure visitors from the USA and Australia.



Year	UK	USA	Argentina	Germany	France	Australia	Other	Total
2010	514	116	149	38	68	45	341	1,271
2011	532	102	143	58	91	48	302	1,276
2012	856	140	289	38	150	74	393	1,940
2013	559	136	201	63	94	55	318	1,426
2014	586	128	268	58	85	56	313	1,494
2015	507	138	394	49	65	60	363	1,576
2016	500	177	361	73	53	48	328	1,540
2017	584	149	565	83	99	35	369	1,884

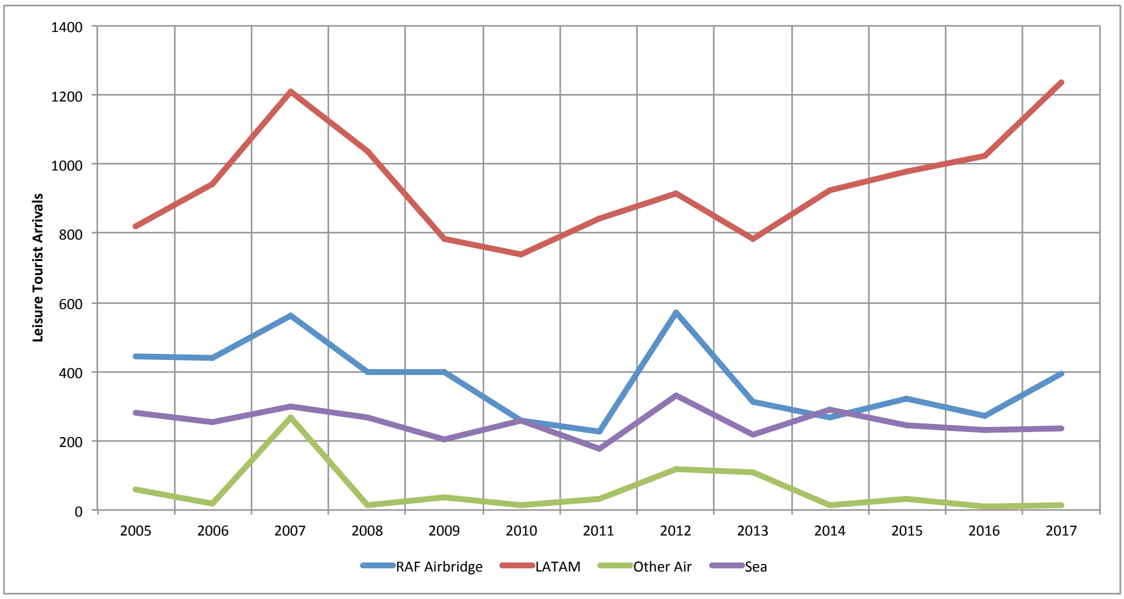
Year-on-year Growth Rates

2010	(28.0)	17.2	(29.0)	(30.9)	54.5	45.2	23.6	(11.1)
2011	3.5	(12.1)	(4.0)	52.6	33.8	6.7	(11.4)	0.4
2012	60.9	37.3	102.1	(34.5)	64.8	54.2	30.1	52.0
2013	(34.7)	(2.9)	(30.4)	65.8	(37.3)	(25.7)	(19.1)	(26.5)
2014	4.8	(5.9)	33.3	(7.9)	(9.6)	1.8	(1.6)	4.8
2015	(13.5)	7.8	47.0	(15.5)	(23.5)	7.1	16.0	5.5
2016	(1.4)	28.3	(8.4)	49.0	(18.5)	(20.0)	(9.6)	(2.3)
2017	16.8	(15.8)	56.5	13.7	86.8	(27.1)	12.5	22.3

Long Term Trends

Leisure Tourist Arrivals by Mode of Transport (2010-2017)

LATAM (previously LAN) via Punta Arenas remains the most popular route for leisure tourists visiting the Falklands, accounting for over 1,200 arrivals in 2017, up almost 21% on the previous year. Whilst the RAF air bridge was used by only 393 leisure tourists, this does mark a 44% increase on 2016.



Year	RAF Airbridge	LATAM	Other Air	Sea	Total
2010	259	739	13	260	1,271
2011	225	844	30	177	1,276
2012	573	916	118	333	1,940
2013	314	786	107	219	1,426
2014	266	926	13	289	1,494
2015	321	978	30	247	1,576
2016	273	1026	10	231	1,540
2017	393	1239	16	236	1,884

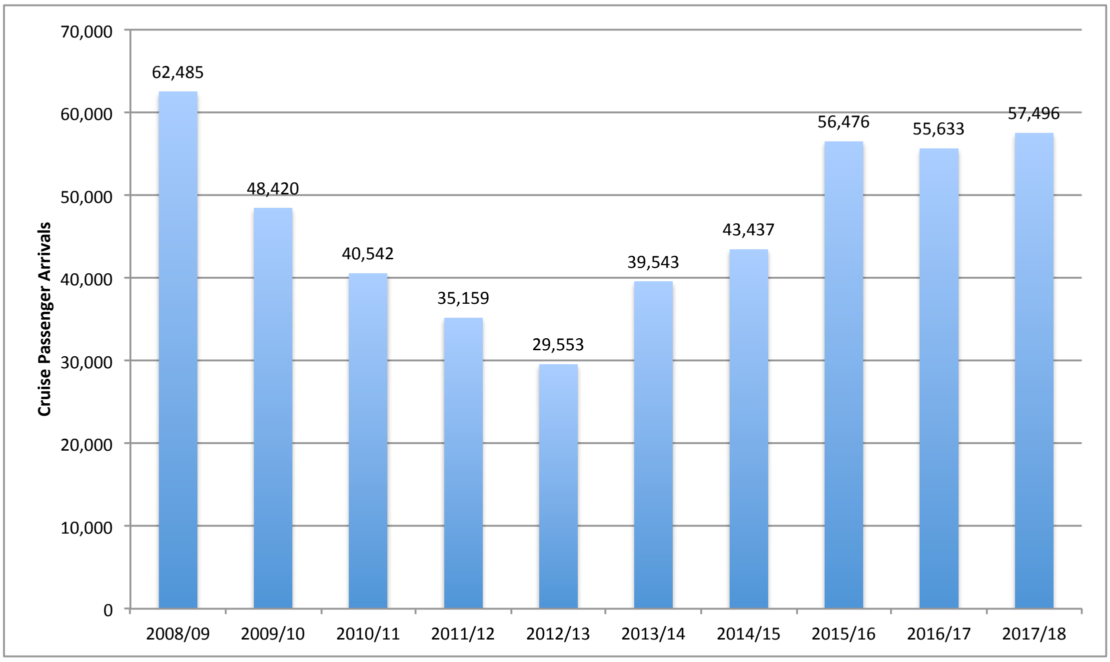
Year-on-year Growth Rates

2010	(35.3)	(6.0)	(64.9)	26.2	(11.1)
2011	(13.1)	14.2	130.8	(31.9)	0.4
2012	154.7	8.5	293.3	88.1	52.0
2013	(45.2)	(14.2)	(9.3)	(34.2)	(26.5)
2014	(15.3)	17.8	(87.9)	32.0	4.8
2015	20.7	5.6	130.8	(14.5)	5.5
2016	(15.0)	4.9	(66.7)	(6.5)	(2.3)
2017	44.0	20.8	60.0	2.2	22.3

Long Term Trends

Cruise Passenger Arrivals (2008-2018)

There were 57,496 cruise visitor arrivals in the 2017-18 season, an increase of 3.3% on the previous season. There were only five vessel cancellations, accounting for the loss of around 4,500 potential visitors.



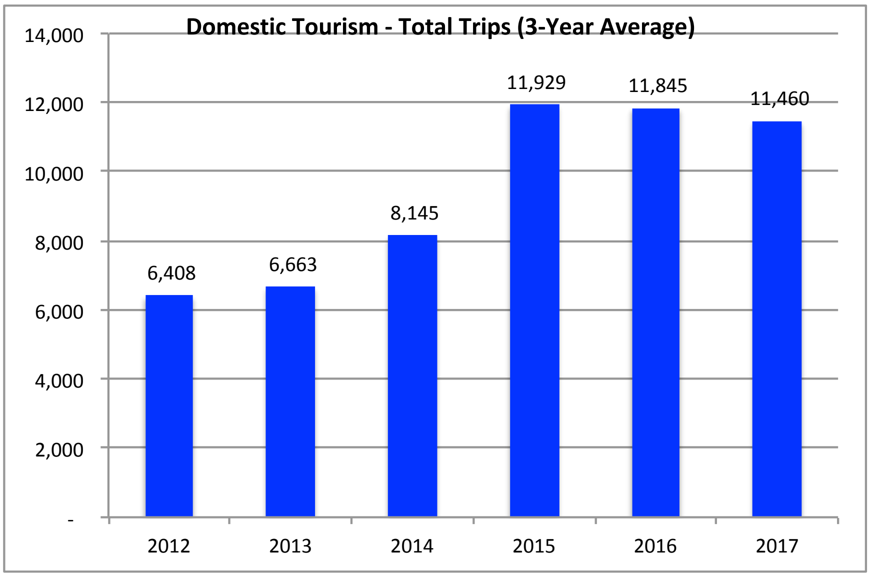
Season	Arrivals	Change (%)	Spend/Pax (£)	Total Spend (£)	Change (%)
2008/09	62,485		45.73	2,857,439	
2009/10	48,420	(22.5)	32.82	1,589,144	(44.4)
2010/11	40,542	(16.3)	34.50	1,398,699	(12.0)
2011/12	35,159	(13.3)	50.75	1,784,319	27.6
2012/13	29,553	(15.9)	57.27	1,692,500	(5.1)
2013/14	39,543	33.8	53.89	2,130,972	25.9
2014/15	43,437	9.8	54.87	2,383,388	11.8
2015/16	56,476	30.0	49.03	2,769,018	16.2
2016/17	55,633	(1.5)	57.77	3,213,918	16.1
2017/18	57,496	3.3	56.41	3,243,349	0.9

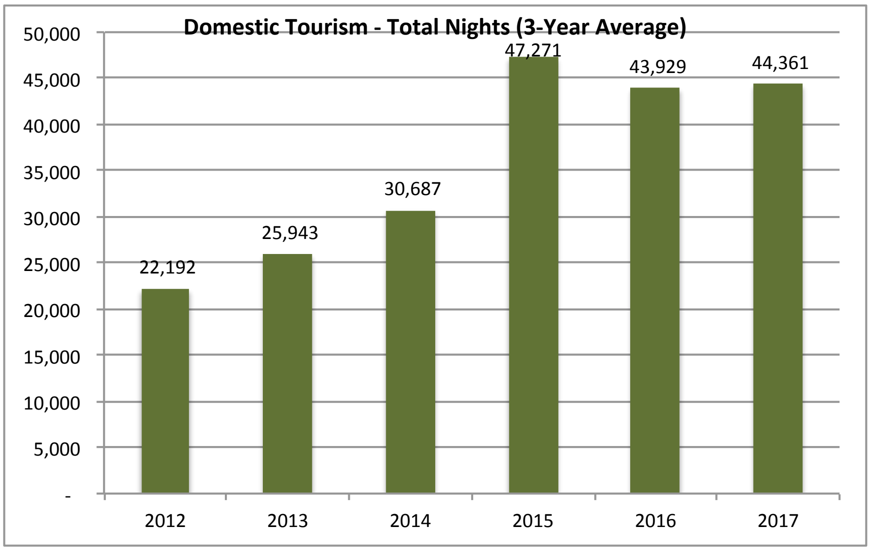
Expenditure by cruise visitors is calculated from the Cruise Visitor Survey carried out by FITB. Analysis of the 2017/18 season survey showed a small decline in expenditure per passenger, but an overall growth in expenditure of almost 1%.

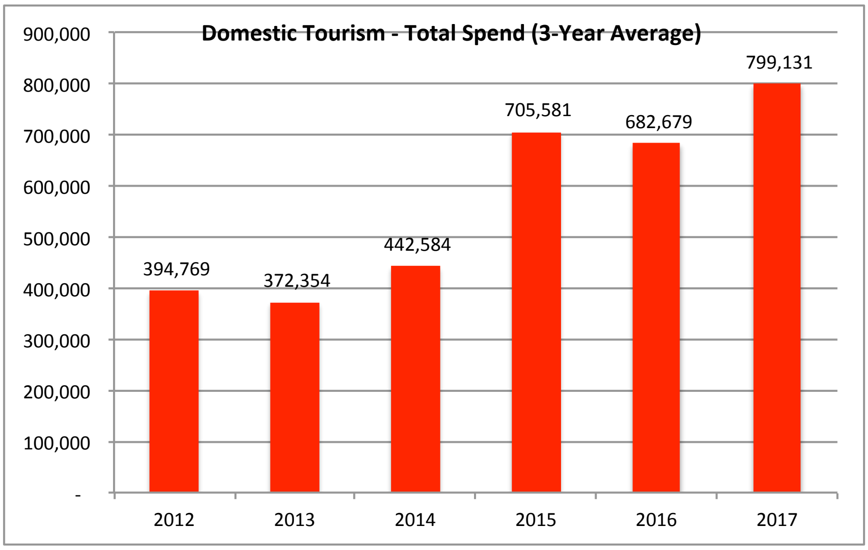
Long Term Trends

Domestic Tourism Trips and Expenditure (2012-2017)

Domestic tourism is estimated from the quarterly Domestic Household Survey undertaken by FITB. Domestic tourism has been relatively flat in terms of trips and nights over the last three years, however expenditure increased in 2017 to almost £800,000.



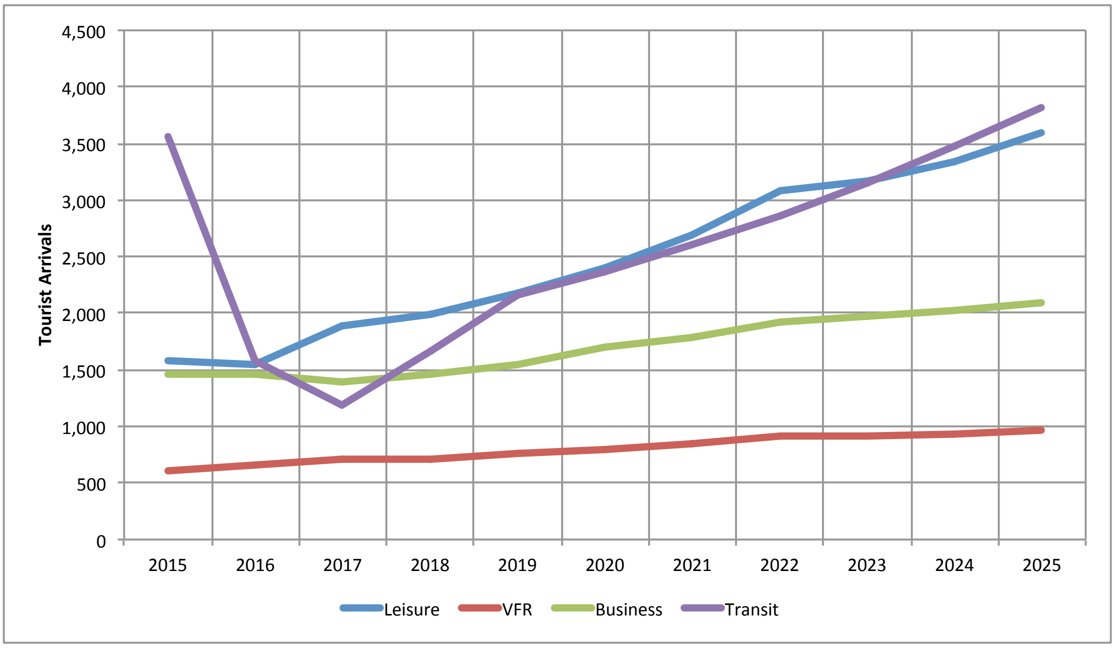




Forecast

Overnight Tourism Forecast

Leisure tourism is expected to grow by 6% in 2018, with present forecasts showing more rapid growth over the period to 2022. These will be revised when the format and timing of an additional weekly flight to the Falklands from the South American mainland are finalised.

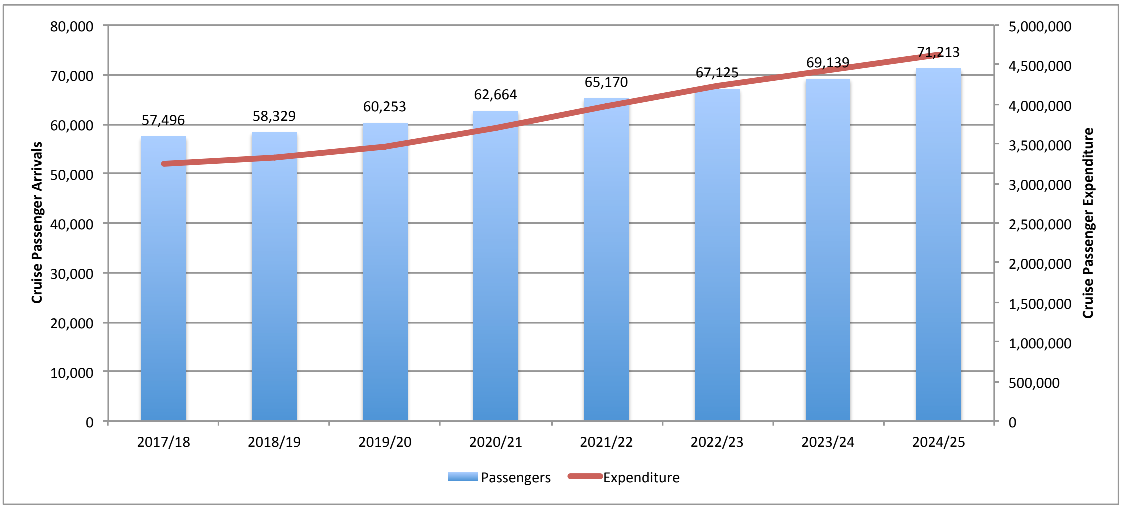


Year	Leisure	VFR	Business	Transit	Total	Leisure Growth (%)	Total Growth (%)
2018	1,997	718	1,462	1,658	5,834	6.0	12.7
2019	2,177	754	1,549	2,155	6,635	9.0	13.7
2020	2,394	792	1,704	2,370	7,261	10.0	9.4
2021	2,682	839	1,789	2,607	7,918	12.0	9.0
2022	3,084	906	1,915	2,868	8,773	15.0	10.8
2023	3,177	915	1,972	3,155	9,219	3.0	5.1
2024	3,335	934	2,031	3,470	9,771	5.0	6.0
2025	3,602	962	2,092	3,818	10,474	8.0	7.2

Forecast

Cruise Passenger Arrivals and Expenditure Forecast

Growth in passenger arrivals in the 2018/19 season is expected to be modest at 2.5%. There is expected to be a strong growth in the number of expedition passengers over the next two seasons as this market continues to expand. Passenger arrivals on larger vessels, mainly taking South American cruises, is expected to remain relatively flat.



Season	Arrivals	Arrivals Growth (%)	Total Spend (£)	Spend Growth (%)
2017/18	57,496	3.3	3,243,349	0.9
2018/19	58,329	1.4	3,324,727	2.5
2019/20	60,253	3.3	3,464,570	4.2
2020/21	62,664	4.0	3,697,148	6.7
2021/22	65,170	4.0	3,975,374	7.5
2022/23	67,125	3.0	4,228,885	6.4
2023/24	69,139	3.0	4,424,891	4.6
2024/25	71,213	3.0	4,628,850	4.6