Domestic Travel Behaviour Consumer Update

Consumer Planning & Insights

October 2022

Fáilte Ireland

Objectives

To understand...

1. **What domestic travel look like in the first half of 2022 and into summer**
   - Explore how many took a domestic break, for how long, where they went
   - Assess satisfaction with breaks and value for money perceptions
   - Determine satisfaction with accommodation

2. **Explore intended behaviours for the remainder of 2022**
   - Identify travel intentions across life-stages
   - Look at the impact of the inflation crisis and other macro factors on travel

Primary research sources used

1. Fáilte Ireland's Domestic Tracker
   - Nationally representative sample of n=1,300 Island of Ireland (IOI) consumers interviewed monthly, online.
   - Broad content covering past travel behaviour, future travel intent, trip specifics.
   - Majority of the data used comes from the Jan 22 – Sept 22 waves of data collection, with particular attention towards those who travelled domestically in the summer months (Jun 2022 – Aug 2022).
2. ReviewPro
   - A platform used to track guest experience across destinations through aggregating reviews and analysing feedback.
3. Kantar Consumer Sentiment Survey – July 2022
4. Credit Union Consumer Sentiment Index – October 2022

Further detail including sample specifications located in the appendix.

Section 1

Consumer Context

From an unprecedented crisis to a new set of challenges

Inflation, the consequent cost of living crisis, war, food shortages, climate change are some of the challenges and disruptions facing the industry.

After covid, what next?

As the world emerges from that 'unprecedented' crisis, **a new set of major challenges** are converging on populations, societies and governments across the world.

A period of relief and exuberance followed the lifting of COVID-19 restrictions and the prevalence of a less mortal variant. Some people had saved and wanted to spend.

Even so, some things had changed:

Issues of social responsibility and justice have become more prominent.

Climate and environment have risen up the agenda, with finance engaged, business following and populations increasingly aware and alarmed.

Higher awareness of **our mental health**.

Some new learned behaviours in how we live.

For most people, their personal situation and that of their circles is far from desperate and most ordinary things remain affordable.

But the broader economic outlook is less sunny with sharply **rising prices clearly felt**.

There are clear signs of growing prudence amongst consumers. Many are looking for ways to contain their spending - deferring, reducing or downgrading their purchases.

Big news stories from the Summer: cost of living, pressure on travel industry, record temperatures

Prices in Ireland rose an estimated 9.6% in the year to July, higher than the euro zone average, according to a flash estimate from Eurostat, the statistical office of the European Union.
(Irish Times)

Cost-of-living crisis could last 'years', says Tánaiste
(RTE News)

Irish hotel prices rise 17% over last 3 years and people are noticing:

- The prohibitive price of an Irish summer Holiday in 2022 *(Irish Times)*
- Escalating staycation prices mean a summer squeeze for families *(Irish Times)*

Irish food prices second most expensive in euro zone.

The figures show food prices on average 17% higher than the EU average.
(RTE News)

International travel opened up in the northern hemisphere with vengeance. **Airlines and Airports were not able to cope.**

Long waiting lines, lost baggage, dirty airports were **not isolated to Dublin** Airport, which dominated news headlines this summer.

Record temperatures resulted in the **hottest day in 135 years** *(Irish Times)*

While main land Europe suffered, domestically we experienced a glorious summer. A perfect storm for domestic breaks.

Source: Irish Times Business, CSO, RTE News, Irish Times, Independent.ie

Negative sentiment is rising as pressure on finances and the economy increases

Half the population feel they will be **less well off over the next 12 months.** Negativity has more than doubled since the turn of the year.

Just one in ten feel the economy will improve versus two thirds stating the opposite. The turnaround in sentiment since January is truly remarkable – now at levels not seen since the recession!

Against this backdrop, **our negative mood is at an all time high,** driven by a deep sense of anxiety. Pessimism outweighs optimism for the first time.

Future outlook

	Jul-22	vs Oct 21 %ppts
Better Off	21%	-7%
Same	22%	-17%
Worse Off	50%	+27%

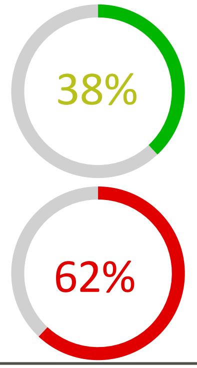
Do you think the economic situation will... in next 12 months?

	Jul-22	Apr-22	Jan-22
Improve	11%	15%	39%
Remain the same	18%	19%	26%
Get Worse	67%	62%	29%
Don't know	4%	4%	6%

Positive

Apr '17	Aug '18	Jul '19	Jun-Jul '21	Oct '21	Jan '22	Apr '22
77%	76%	69%	53%	50%	60%	44%

July '22



Negative

Apr '17	Aug '18	Jul '19	Jun-Jul '21	Oct '21	Jan '22	Apr '22
24%	25%	31%	47%	50%	40%	56%

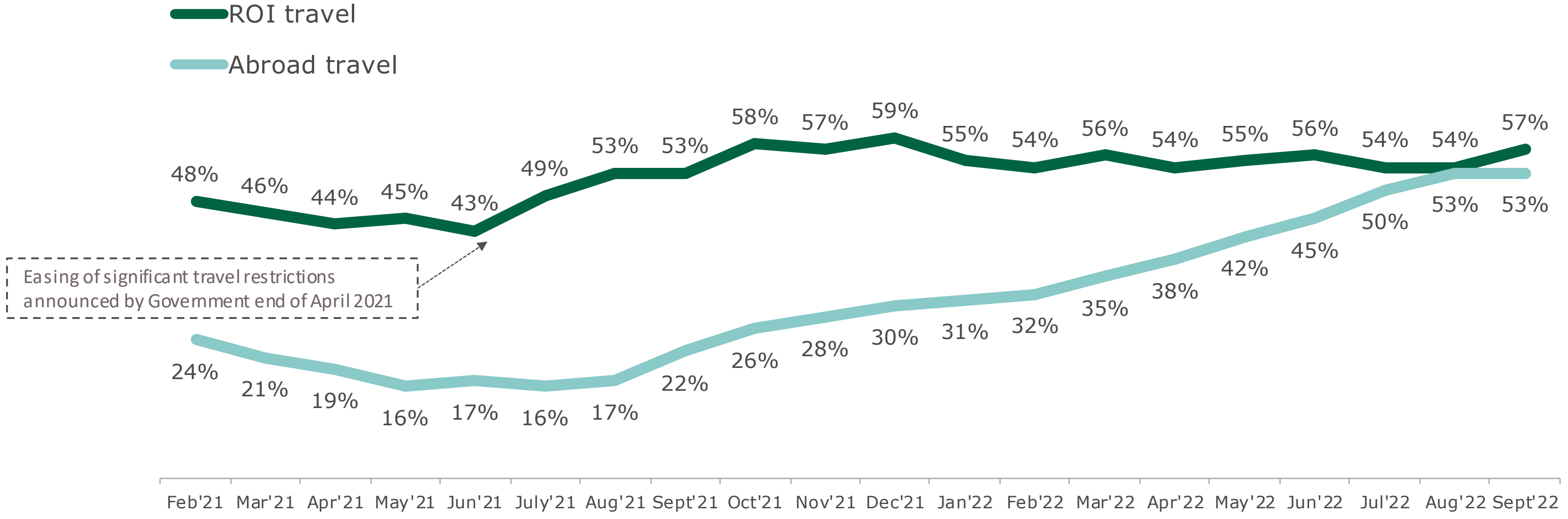
Kantar Sentiment Study – 30th June – 14th July 2022

Section 2

Travel Behaviour

Abroad travel has grown substantively with easing restrictions. Domestic travel stabilised from late 2021

Proportion taking trips in past 12 months (short and long trips combined)



Younger Unconstrained Adults are driving this increase in travel overseas.

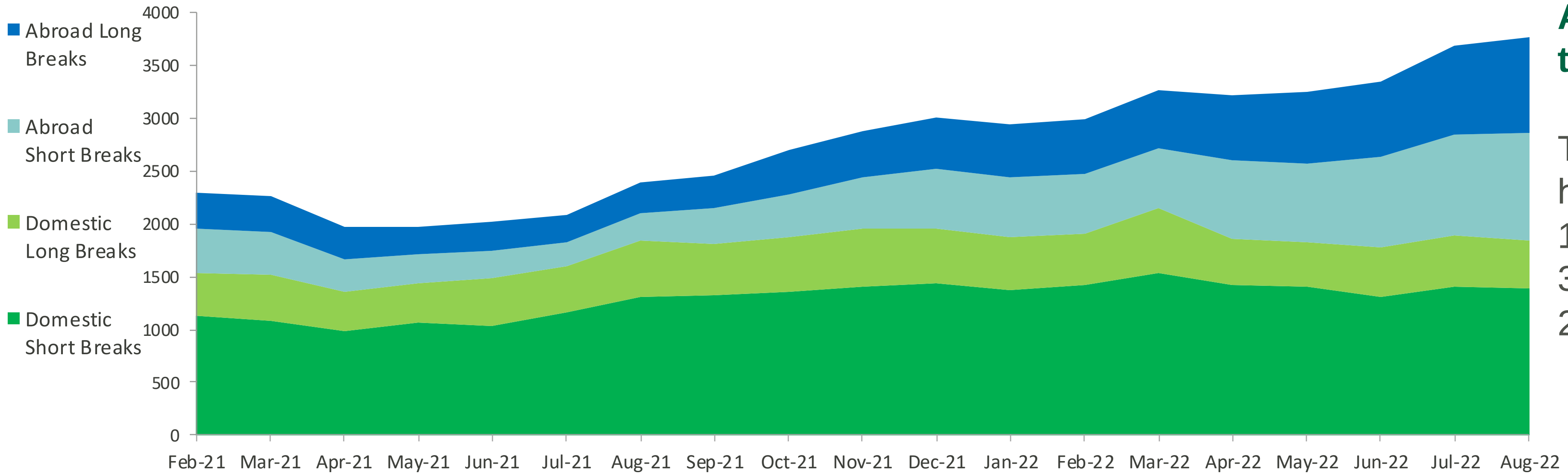
'Abroad only' travellers constitutes almost half* of all Abroad travel, led by Younger Unconstrained Adults (under 45 years).

*25% of the 53% taking abroad trips did not take a domestic trip in the last 12 months. The remaining 28% either took a domestic trip or did not travel at all.

Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

Trips abroad have activated dormant consumers with some evidence substitution away from domestic travel

Number of trips taken in the past 12 months



Activation of dormant travellers

The proportion of people haven't travelled in the past 12 months has dropped from 30% in Jan 22 to 21% in Aug 22.

Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

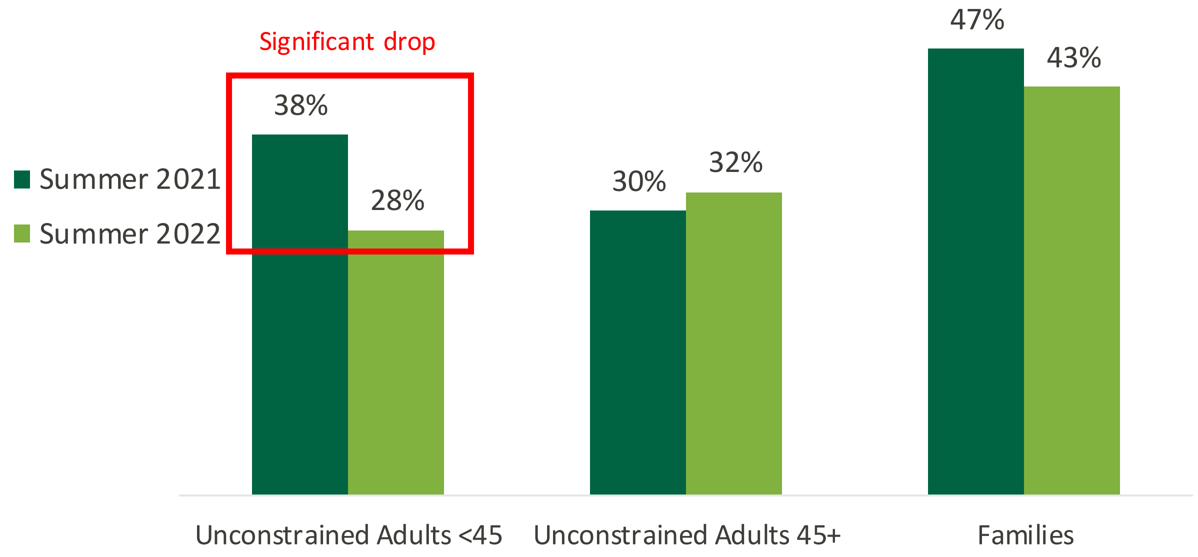
Domestic travel this summer amongst younger groups is down on last year

Summer penetration – 2021 vs 2022

35%

went on a 1+ night trip in ROI between June 2022 and August 2022 (vs. 38% same period last year).

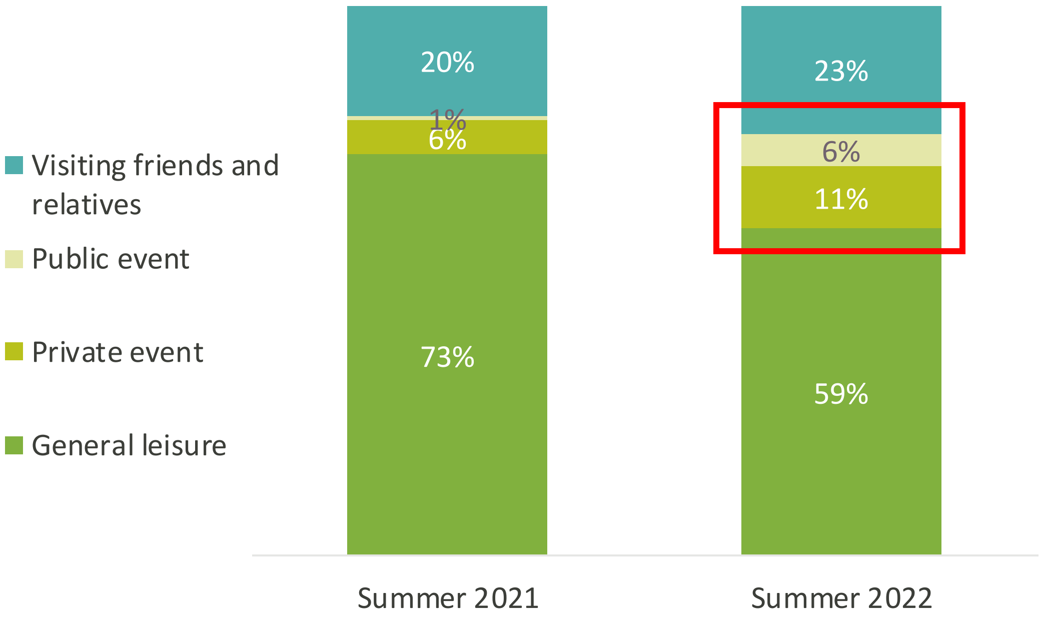
Summer penetration x life-stage



Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

Events made a strong comeback with more consumers centring their breaks around public events this summer

Type of trip as a percentage of overall trips

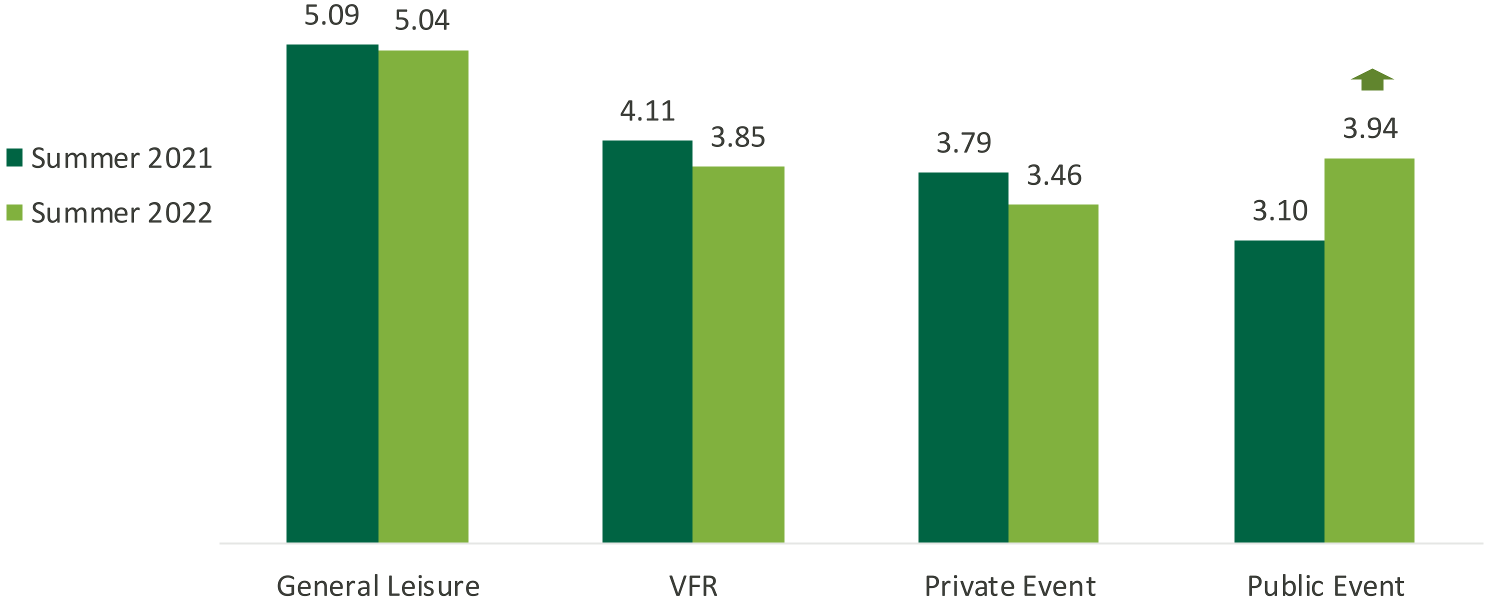


Younger Unconstrained Adults were driving the increase in travelling to public events. While travelling for private events increased significantly across all lifestages.

Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

Consumers travelling to public events are lengthened their stays to enjoy what the local area has to offer

Average number of nights per trip x type of trip



Rigid constraints such as fixed annual leave allowance and the school holiday season means the average number of overnight stays doesn't move too much.

Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

Traditional tourist destinations remain popular, with over half of holidaymakers visiting the WAW

Main county stayed in Summer 2022

(with 5% or more share)

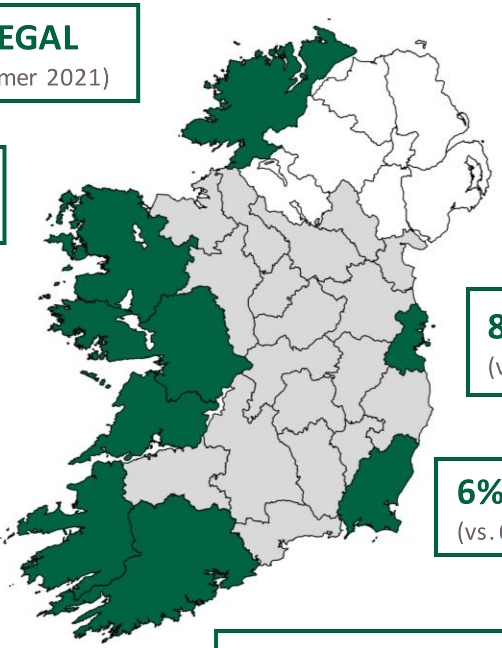
11% - DONEGAL
(vs. 10% of Summer 2021)

6% - MAYO
(vs. 5% of Summer 2021)

11% - GALWAY
(vs. 14% of Summer 2021)

6% - CLARE
(vs. 6% of Summer 2021)

14% - KERRY
(vs. 13% of Summer 2021)



8% - DUBLIN
(vs. 12% of Summer 2021)

6% - WEXFORD
(vs. 6% of Summer 2021)

10% - CORK
(vs. 10% of Summer 2021)

Regional brand penetration

(new regional breakdown)

WILD ATLANTIC WAY	**55%** (54%)
IRELAND'S ANCIENT EAST	**30%** (27%)
Dublin	**8%** (12%)
Ireland's Hidden HEARTLANDS	**6%** (6%)

() = Summer 2021

Travel patterns reflect historical trends and habitual behaviour

Source: Fáilte Ireland, Domestic Tracker
Base: Those taking a break in ROI in the months of Summer 22 (n=353)/in Summer 21 (n=427)

Section 3

Day Trips

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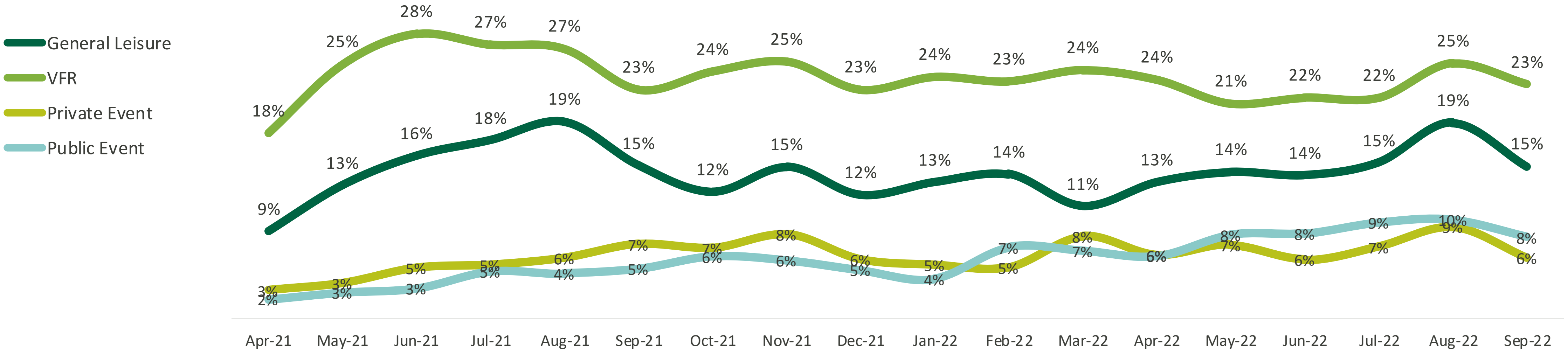
Visiting Friends and Relatives (VFR) most common reason for day trips while leisure day trips tend to peak in Summer months

Type of day trip in each month



Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

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In order to encourage day trips, its important to take account of key motivations and spontaneous day trips

Making decision to take a day trip

68%

decided to take their day trip on the day / a few days in advance.

Adventure, Exploration and Bonding are key motivations for day trips.

- Day trip ideas need to be top of mind for consumers due to the spontaneous nature of decision making in this area. When consumers decide to go on a day trip they should be aware of what activities can be done locally and what hidden gems are left to explore.
- Targeted timely nudges a couple days before the weekend highlighting convenient day trip destinations will be important.
- The majority (62%) travel more than an hour to their day trip destination. This is an important consideration for geo-targeting and in determining what destinations you advertise.

Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

Section 3

The Consumer Experience

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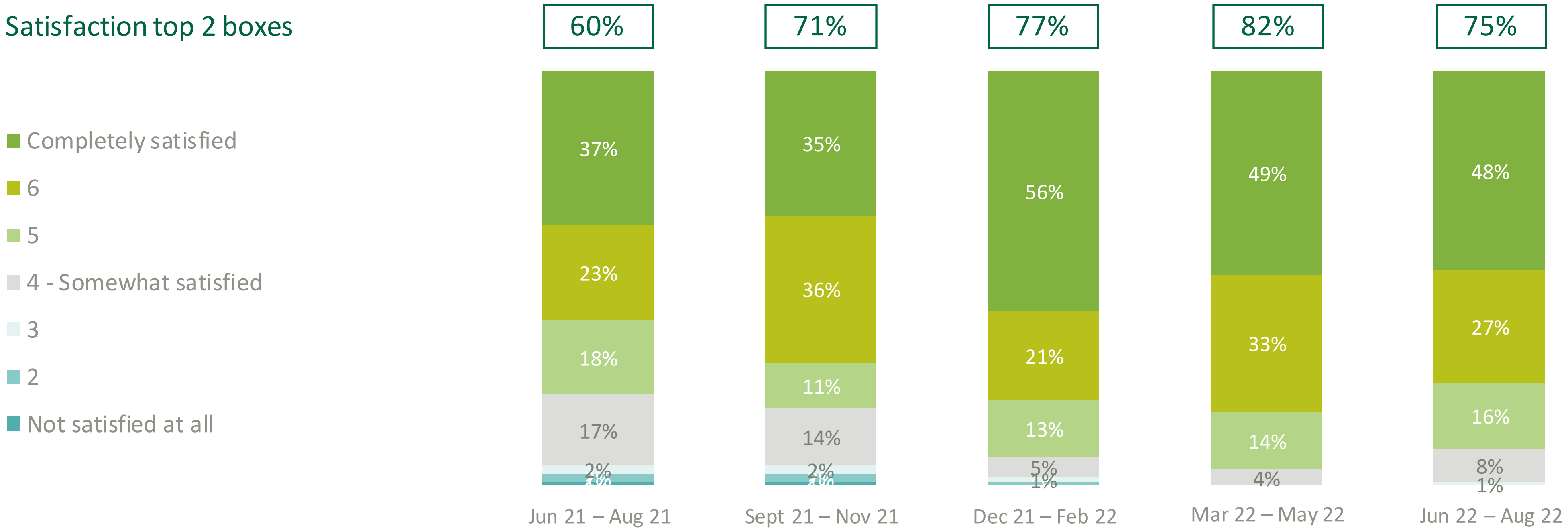
Levels of trip satisfaction remain strong and positive, significantly higher than 2021.

SATISFACTION – Most recent break in the Republic of Ireland



Source: Fáilte Ireland, Domestic Tracker
Base: Those taking a break in ROI

Insights into the accommodation experience

- **ReviewPro was used to gauge visitor experience of accommodation in Republic of Ireland over the Summer months.**
- ReviewPro is a Destination Experience Tracking Platform. It measures guest experiences by aggregating hundreds of reviews from online review sites and social media platforms.
- This allows it to provide us with Industry Standard Reputation Scores, such as The Global Review Index and Sentiment Analysis.
- Reviews were looked at from visitors from all destinations, and using all languages.
- This consisted of analysing reviews for 601 hotels, at a total of 167,672 reviews.

Despite the challenges faced since 2020, hotels performed well for visitor experiences and online reputation

- The Covid-19 pandemic has been disruptive to travel patterns since 2020, with hotels facing a host of challenges since then - from safety measures, to staff shortages, and scaled back services, to the more recent increased demand as we return to more frequent travel.
- Despite this, hotels in Ireland have weathered the storm and performed well since the onset of the pandemic.
- Comparisons to data from 2019 show that the GRI score for hotels has fallen by 2.0 points since the on-set of the pandemic, now standing at 85%.
- This trend is reflected globally for hotels, with a noted global downward trend in GRI scores that began following the outbreak of the pandemic. Since the second quarter of 2019, the global GRI has fallen 2.0 points from 86.4%.

Review Scores

The Global Review Index (GRI) fell by 2.0 points between Summer 2019 and Summer 2022 for hotels in the Republic of Ireland, from 87.1% to 85%

Source: Fáilte Ireland, ReviewPro database, 1st June – 31st August 2022. Base: Hotels: 601 units
ReviewPro Global Hotel Review Benchmark, Q2 2022

Personalised touches and 'surprise delights' were a powerful way to create great visitor experiences

- Consumers relate 'surprise delights' directly to the hotel staff.
- 'Surprise delight' means surprising a visitor in an unexpected way that exceeds their expectations.
- This can include upgrades or welcome amenities.
- This creates a positive emotional response for the visitor, and imprints a positive impression of the staff, and the hotel onto them.
- This relates to the idea that service is a ‘feeling’.
- The more personalised the gesture, the greater the feeling of authenticity and familiarity.

THERE ARE DIFFERENT LEVELS

These are Good

Kerry Hotel

“We tremendously enjoyed our stay. The rooms are nicely decorated and provide some nice extras like a blutooth loudspeaker and chocolate”

Roscommon Hotel

"They even left a welcome box of chocolates and bottle of wine in our room with a welcome note handwritten. Real personal touch.”

These are Great

Clare Hotel

“It was my partners 50th birthday we had a gift and card for him from the staff handwritten in the room which was such a lovely touch, he really thought he was the bee's knees reading the card and receiving the gift for him, that was very kind and very much made his arrival perfect”

Kilkenny Hotel

“Staff went out of their way to make our anniversary week trip around Ireland even more special by having a welcome cake waiting in our room and even finished off our dinner with a very thoughtfully presented ice cream plate”

Source: Fáilte Ireland, ReviewPro database, 1st June – 31st August 2022

Meeting visitor motivations for travel is key to providing excellent experiences

- Visitors weigh their overall experience on how well their reason for travelling was met.
- Their expectations and needs are shaped by their motivations for taking the trip, and can vary accordingly.
- Visitors seeking time out or reconnection are seeking calm settings and nice facilities, to relax, unwind, and enjoy spending time with those they are with.
- Visitors seeking to bond with their family, explore the area, or try adventure activities are interested in the range of activities, the location, and the availability/access to cultural, explorative, or adventure options.
- Encountering an experience that is at odds with this core motivation results as a friction point for consumers.

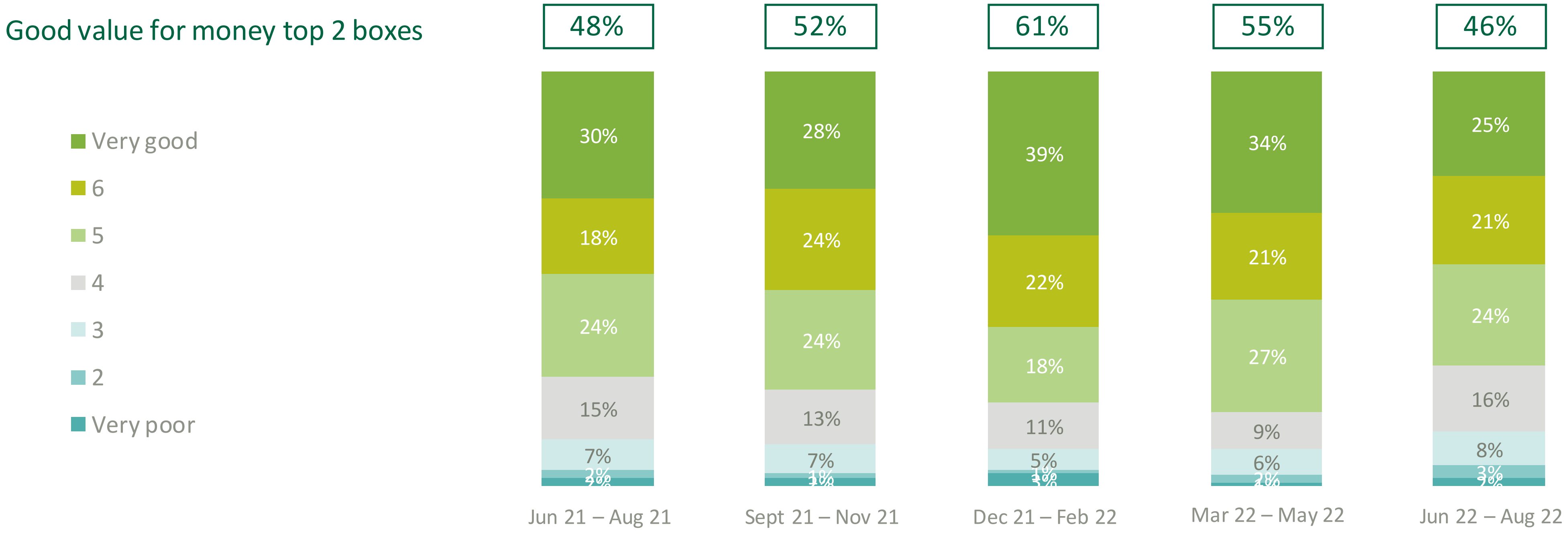
"I had the best time away with friends recently. The spa experience helped all of us relax and unwind, while dinner hit every tastebud! The food was presented so beautifully. Quiet and peaceful and amazing view. We enjoyed it so much, we've already booked another weekend. Can't wait!"

Kerry Hotel

Source: Fáilte Ireland, ReviewPro database, 1st June – 31st August 2022

VFM perceptions have eroded significantly and while not directly impacting trip satisfaction, may dampen future intent.

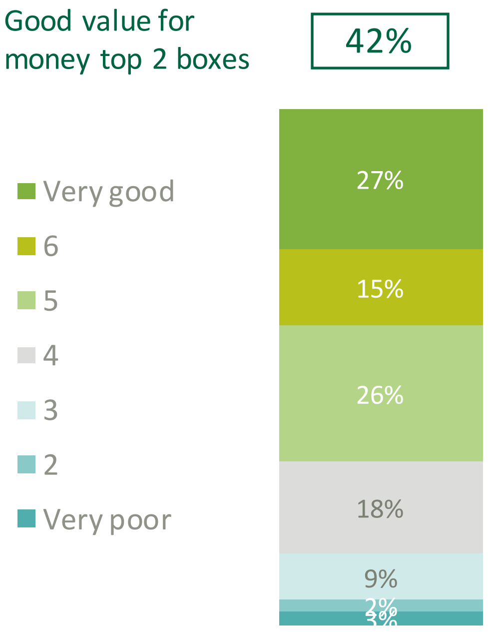
VALUE FOR MONEY – Most recent break in the Republic of Ireland

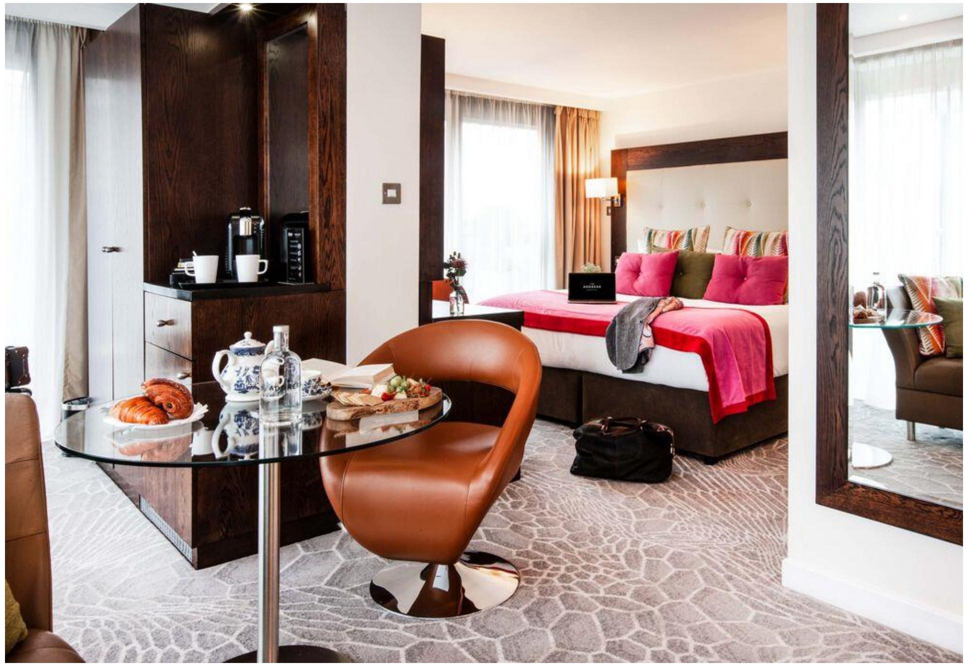


Source: Fáilte Ireland, Domestic Tracker
Base: Those taking a break in ROI

While VFM for hotels did not perform badly, it remained a key factor for visitor experiences

VALUE FOR MONEY FOR ACCOMMODATION – Most recent break in the Republic of Ireland





"Lovely hotel, very clean, good value for money and the staff is always smiling and helpful"
Dublin Hotel

"Bit expensive in the market and was a bit noisy - overall will highly recommend if looking for a convenient location"
Dublin Hotel

"Everything was so expensive, which I would expect from a 5 star, except that none of the service was of 5 star quality"
IAE Hotel

Source: Fáilte Ireland, Domestic Tracker
Base: Those taking a break in ROI

Shaping the narrative around value for money will be even more important as cost-of-living concerns rise

- Given the uncertain times, it's important to recognise the impact that value for money has. This is both a deciding factor for taking trips, and an important influence on visitor experiences while on a break.
- It is important to shape the narrative. Aspects that can be highlighted to help influence the value perception include the location, the look and feel of the hotel, free parking and quality products.
- Hotels can re-examine what can be done to create better value for money for consumers. Bundle deals or added extras will be vital to communicate value, and collaborations between businesses can connect experiences through package deals or discounted activities.

SHAPING THE NARRATIVE

Shaping the narrative

Dublin Hotel

"The location is perfect. Close to pubs and restaurants. And it was great to be able to get free parking in the hotel"

Galway Hotel

"Really good quality coffee and biscuits, chocolates left in the room, and luxury toiletries, the bodywash, etc in the room was plentiful and of lovely quality"

Creating value for consumers

Wicklow Hotel

"We booked the mid week one night meal deal and it was excellent value for money. 1 night bed & breakfast and an evening meal for two people which included 2 glasses of Prosecco for €219. The food was excellent"

Kerry Hotel

"Bike rental is included in stay and they were so fun! Biked to Ross castle and on a nice trail. Maps were helpful the front desk gives you when you rent a bike"

Section 4

Travel Intentions

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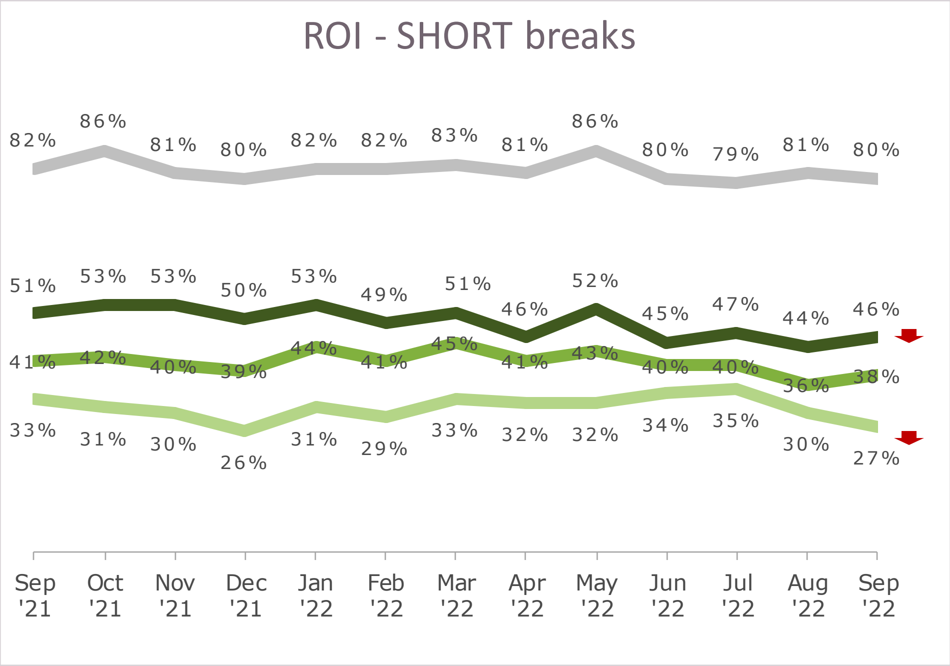
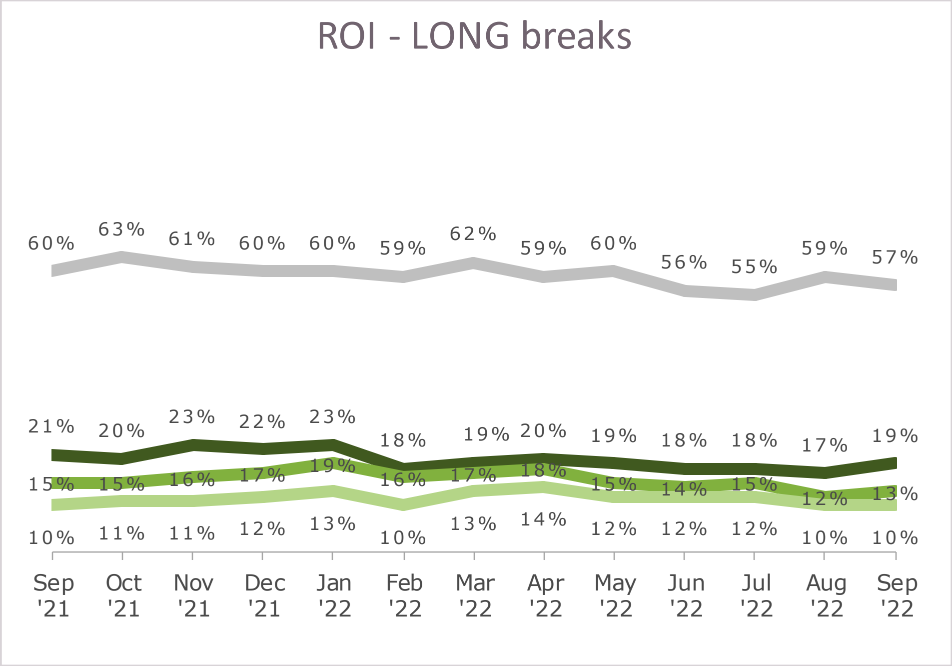
Domestic short break intent continues to trend below the 2019 benchmark. There is a natural decline in intent for the next three months as winter approaches

Travel Intent - ROI

Consideration
Next 12 months
Next 6 months
Next 3 months



(2019 Short Trip Intent – Next 12 months – 51%)



(2019 Long Trip Intent – Next 12 months – 16%)

Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

Significant Increase: year-on-year
Significant Increase: month-on-month
Significant Decrease: year-on-year
Significant Decrease : month-on-month

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As pent up overseas demand has been satisfied, appetite for abroad trips in the near term has softened (though travel for 2023 remains strong)

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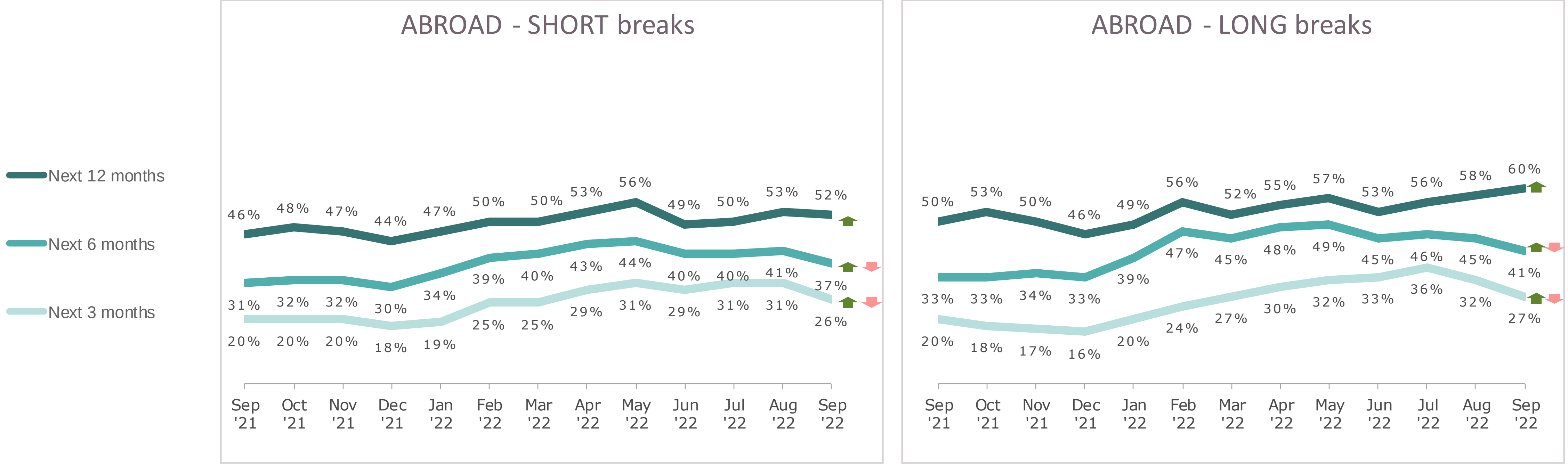
Travel Intent - ABROAD



(2019 Short Trip Intent – Next 12 months – 61%)

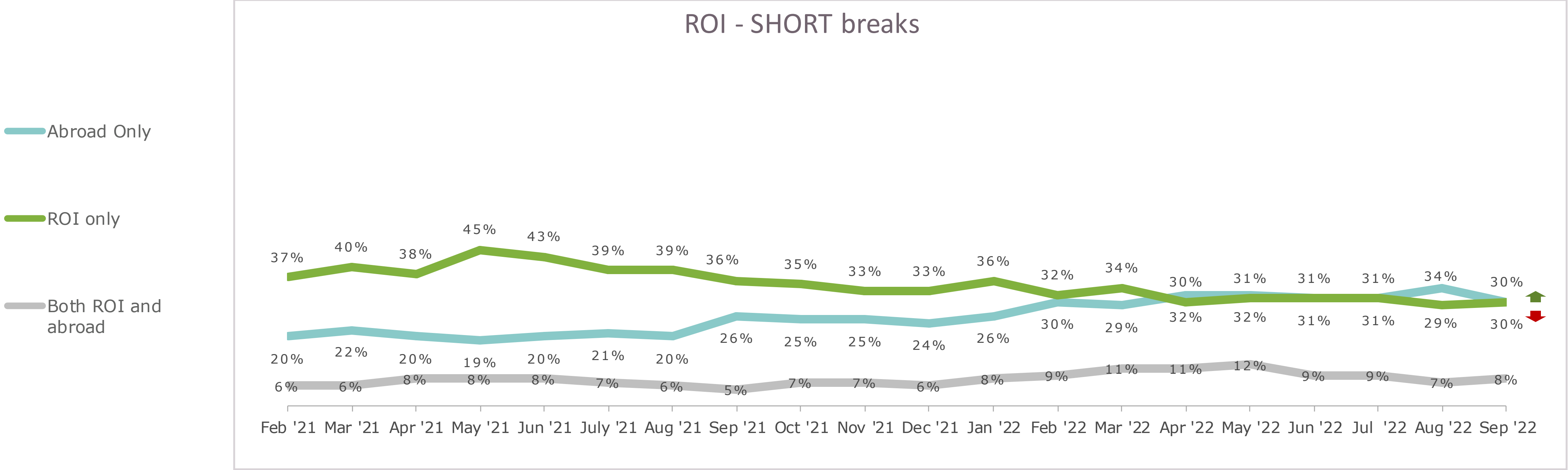
(2019 Long Trip Intent – Next 12 months – 70%)

Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

Significant Increase: year-on-year
Significant Increase: month-on-month
Significant Decrease: year-on-year
Significant Decrease : month-on-month

As overseas travel opened up the proportion of consumers intending on taking trips abroad only has increased steadily

INTENT – Six month intent crossover (short breaks)

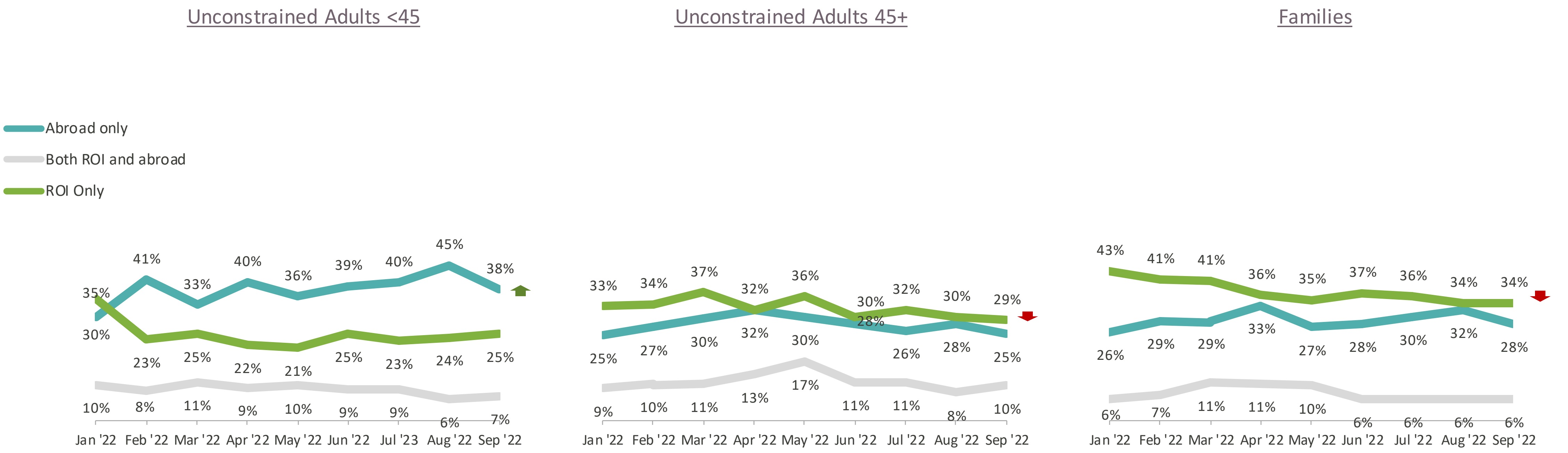


Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

Significant Increase: year-on-year
Significant Increase: month-on-month
Significant Decrease: year-on-year
Significant Decrease : month-on-month

The increase in abroad only intenders is being driven by Younger Unconstrained Adults

INTENT – Six month intent crossover (short breaks)



Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

Significant Increase: year-on-year
Significant Increase: month-on-month
Significant Decrease: year-on-year
Significant Decrease : month-on-month

Rising costs poses significant threats to travel in the short-term

Top concerns which could impact travel decisions for breaks in the next 3 months (concern – 6/7)

Those intending on taking an ROI break

Cost of living/ inflation

62% Worried

Apr	Jun	Jul	Aug	Sept
42%	47%	52%	48%	62%

Cost of holidays

49% Worried

Apr	Jun	Jul	Aug	Sept
34%	43%	42%	46%	49%

Those intending on taking a break abroad

Cost of living/ inflation

54% Worried

Apr	Jun	Jul	Aug	Sept
35%	39%	42%	41%	54%

Cost of holidays

33% Worried

Apr	Jun	Jul	Aug	Sept
28%	36%	33%	33%	44%

Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

Consumers are starting to cut back their spending, with travel taking a hit

Just…

7%

have not needed to make cutbacks while….

3 in 4

said they have had to cut back on necessities

The most commonly cited cutback related to "socialising"

And…

2 in 5

said they were cutting back on **holiday spend**

The Credit Union (previously KBC) Consumer Sentiment Index for October contained a special question focussed on the extent of spending cutbacks being undertaken by Irish households.

Source: Credit Union Consumer Sentiment Index

Section 5

Key Findings

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Key findings

Competition with overseas markets came into focus, while events made a welcomed return this summer

- Travel abroad grew substantially over the past 12 months to match domestic trips which have stabilised. Trips abroad activated dormant consumers, however, there is evidence that some consumers, particularly Younger Unconstrained Adults substituted domestic trips with breaks overseas.
- While domestic penetration for this summer is similar with last year, the type of trip has shifted, with more people travelling to events and away from purely general leisure trips.
- Encouraging travel to events and festivals is important for the sector in the next few months.

The domestic tourism sector continued to deliver high quality experiences over the summer months

- Levels of trip satisfaction were strong and positive – significantly higher than in 2021. Despite several challenges, overall consumers were happy with the hotels they stayed in, with the best reviewed establishments delivering “surprise delights”.
- The pressure of rising costs is evident in value-for-money perceptions, which are declining. While this has not adversely affected satisfaction with recent travel, it may impact future demand as consumers decide to forego domestic trips entirely.

Thank you

Consumer Planning & Insights

October 2022

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Terms and conditions

The following terms are used throughout the report

- Penetration – the proportion of the population taking a trip within a region in a specified time period
- Intent – the proportion of the population intending to take a trip within a region in a specified time period.
- Lifestage segments – demographic groups comprising of:
    - FAMILIES – respondents with dependent children under the age of 18 within the household
    - YOUNGER UNCONSTAINED ADULTS – adults under 45 years old with no dependent children in the household.
    - OLDER UNCONSTAINED ADULTS – adults 45 years and older with no dependent children in the household.
- Short breaks – a trip away from home for between 1 – 3 nights
- Long breaks – a trip away from home for 4+ nights

All data presented is IOI (Island of Ireland), comprising of respondents from both ROI and NI, unless otherwise stated.

Limited comparisons with 2019 and 2020 can be made due to questionnaire/programme changes, but are noted where possible.