

Tourism Barometer

Strategic Research and Insight

January 2024



Headline Findings (1)

Visitor levels in 2023 were significantly up in some sectors

- About three in five (59%) businesses had more visitors in 2023 compared to 2022; 22% had fewer
- The highest proportions reporting to be up on 2022 were among inbound tour operators & DMCs (76%), hotels (75%), attractions (72%) and tour guides (72%)
- The North American market was up for 61% of operators and down for only 20%

Rising costs continue to dominate concerns

- The top three concerns in 2024 are 'rising costs besides energy or payroll' (58%), 'rising energy costs' (55%) and 'rising payroll costs' (51%)
- The food & drink sector is affected particularly hard, with 80% citing 'rising payroll costs', 74% citing 'rising costs besides energy or payroll', and 71% citing 'rising energy costs' as concerns

Headline Findings (2)

Shortage of available and affordable tourist accommodation is a challenge

- 'Cost of tourist accommodation' ranks 5th overall as a concern, but 1st among attractions, activity providers, tour guides, inbound tour operators & DMCs
- Supply shortage plus rising operating costs are pushing up prices – causing some inbound tour operators to say they are losing incoming business

But there are also reasons to be positive

- 44% of businesses expect to be up on visitors in 2024; only 21% expect to be down
- In spite of cost pressures, 40% cite 'own marketing' and 39% cite 'investment in the business' as reasons to be positive

What is this research about?

Background

- The key aims of this research are to understand:
 - Visitor volumes in 2023 compared to 2022
 - Expectations for 2024
 - Impact of minimum wage increase
 - Impact of debt warehousing repayment
- Responses to the last two items above will be addressed in separate publications.

Method

- Fáilte Ireland designed a questionnaire which was set up online by SRI (Strategic Research and Insight), an independent research agency
- Fáilte Ireland distributed the survey link to its trade database on 10 January 2024
- Some sector representative bodies also encouraged their members to respond

Sample

Accommodation sector	Sample size
Hotels	222
Self-catering	71
B&Bs	70
Caravan & campsites	52
Guesthouses	22
Other accommodation	20

Non-accommodation sector	Sample size
Attractions	173
Pubs & bars	121
Restaurants	100
Activity providers	80
Tour guides	69
Inbound operators and DMCs*	45
Cafés	45
Retail	26
Coach operators	24
Golf clubs	23
Other non-accommodation	73

- 1,236 responses in total after de-duping by business
- No. of hotels responding (222) is nearly double the previous wave (122)

*Destination Management Companies

2023 Performance



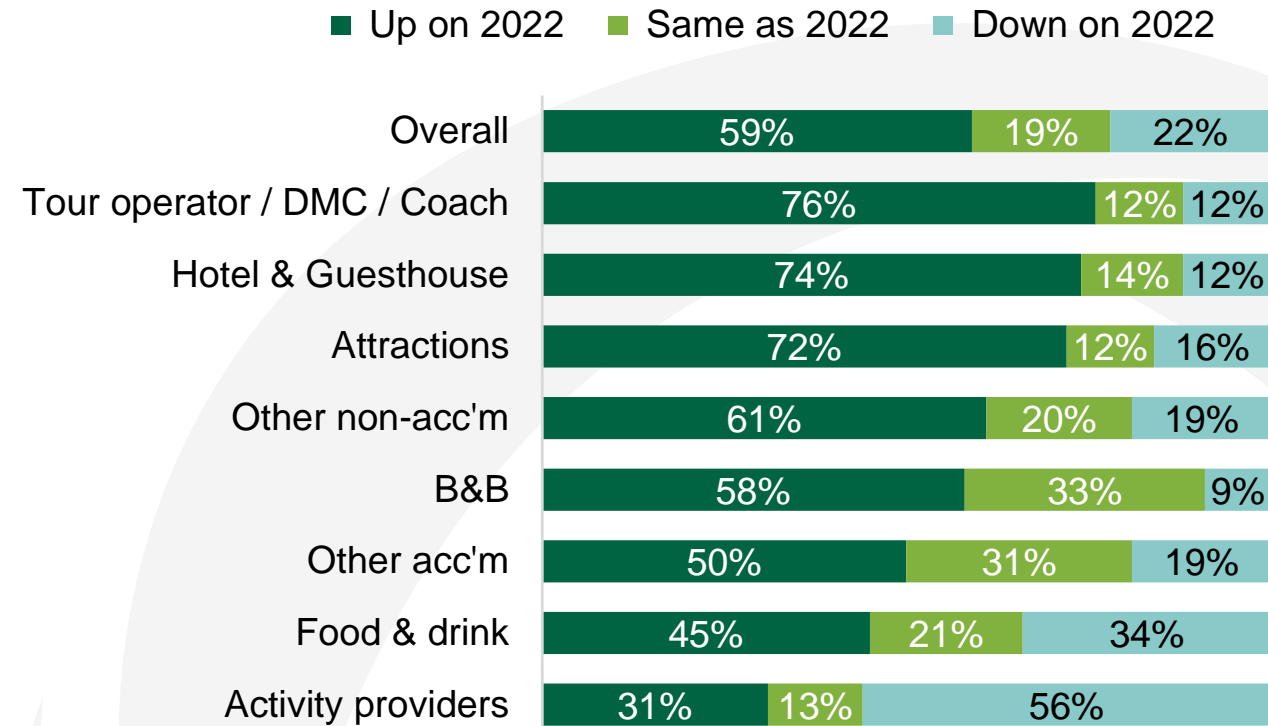
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2023 Performance vs 2022 (Sector)

Strong performance in many sectors

- Among the strongest performing sectors are those which benefit greatly from inbound tourists
- Highest proportions reporting to be up on last year are found among:
 - Inbound tour operators & DMCs (76%)
 - Hotels (75%)
 - Attractions (72%)
 - Tour guides (72%)
- Activity providers are the only sector reporting to be down on balance (where 56% report being down vs 31% being up)

Q4 "How did the volume of your overall business in 2023 compare to 2022?"



Base: 1,184

'Don't know' and 'not applicable' answers have been excluded

2023 Performance vs 2022 (Region)

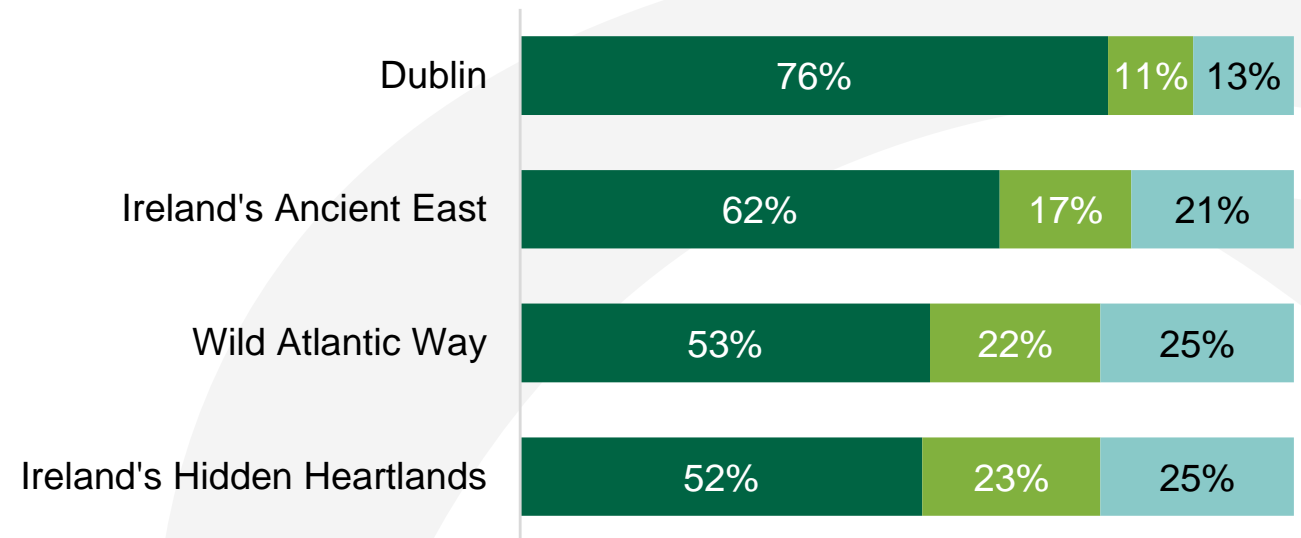
All regions performed well last year

- Dublin performed particularly well in 2023 – the strength of the overseas market was largely behind this
- But higher visitor volumes were not just confined to Dublin – all regions saw visitors up on balance

“If we can maintain our steady growth, we should have a successful year again”
Attraction, Clare

Q4 "How did the volume of your overall business in 2023 compare to 2022?"

■ Up on 2022 ■ Same as 2022 ■ Down on 2022



Base: 1,184

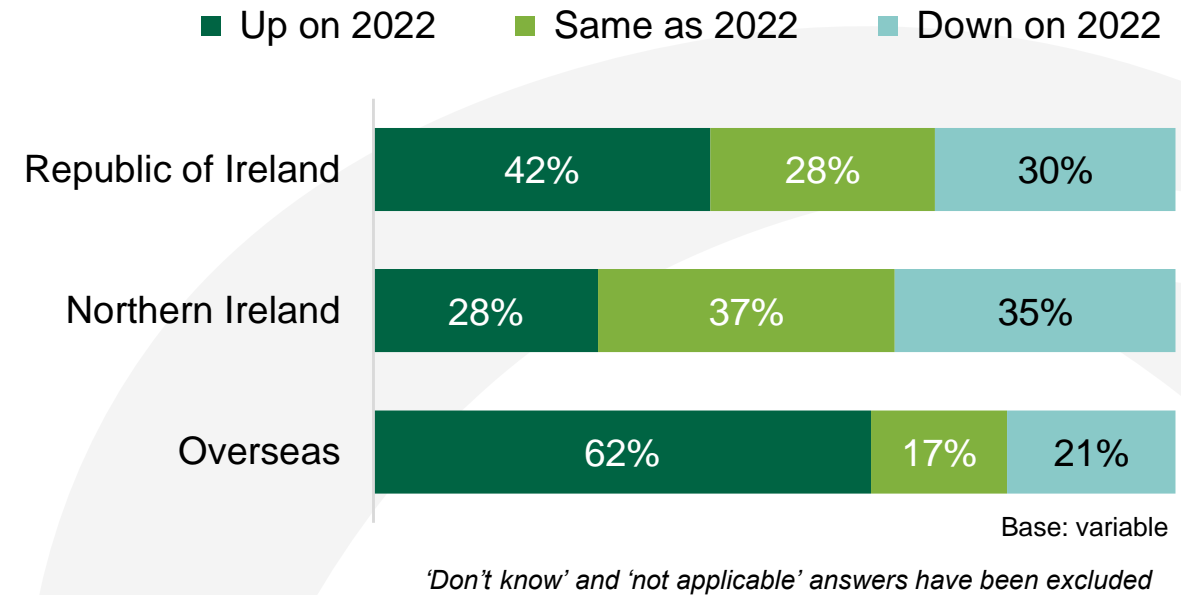
'Don't know' and 'not applicable' answers have been excluded

Performance by Market

Bounce-back in overseas visitors

- Much of the good performance in 2023 in terms of volume is explained by the overseas market
- Highest proportions reporting overseas visitors to be up in 2023 are found among:
 - Hotels (78%)
 - Attractions (74%)
 - Tour guides (73%)
 - Inbound tour operators & DMCs (72%)
 - Dublin businesses (77%)
- Performance of the domestic market in 2023 was mixed – it was up for 64% of hotels and 52% of attractions but down among caravan parks, activity providers and food & drink operators

Q5 "How did your volume of visitors in 2023 compare to 2022 from each of the following markets?"

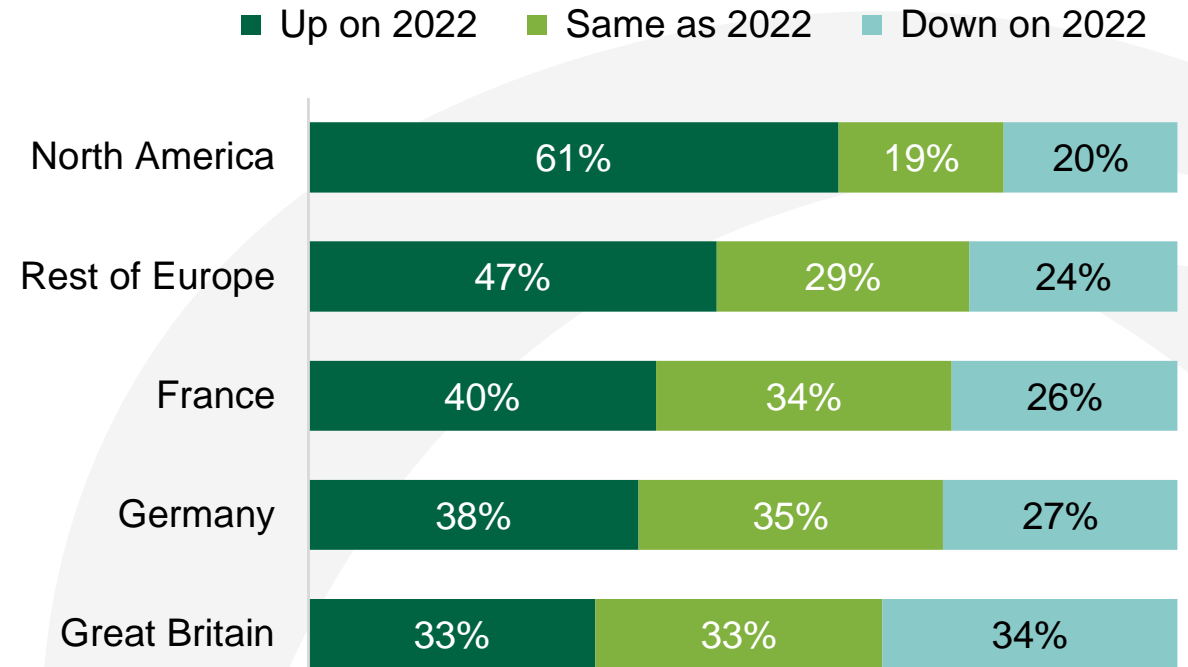


Performance by Overseas Market

Buoyant American market

- The North American market performed very well in 2023, especially for:
 - Hotels (77% were up)
 - Tour guides (77%)
 - Attractions (76%)
 - Inbound tour operators & DMCs (71%)
 - Dublin businesses (73%)
- Mainland European markets recovered well in 2023 whereas the GB market performance was mixed

Q6 "How did the volume of visitors in 2023 compare to 2022 from each of the following markets?"



Base: variable

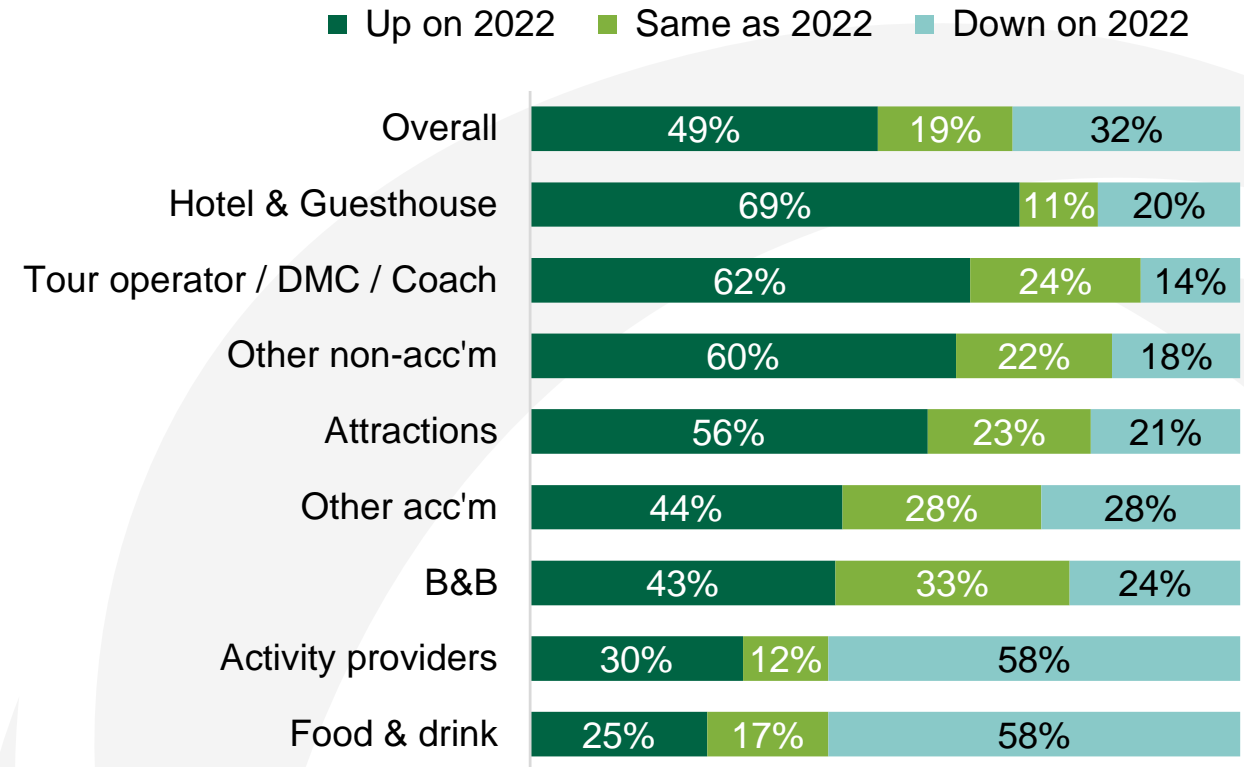
'Don't know' and 'not applicable' answers have been excluded

Profitability

Significant variation by sector

- As was also reported in the September 2023 barometer, some sectors were profitable last year because their rising costs were more than covered by their increased turnover
- Sectors with the highest proportions of profitable businesses are the same sectors which benefitted greatly from increased overseas visitors: inbound tour operators & DMCs, tour guides, hotels, attractions and Dublin-based businesses
- The performance of food & drink businesses could not be more different, with many having struggled to survive 2023

Q7 "How did your overall profitability in 2023 compare to 2022?"



Base: 1,136

'Don't know' and 'not applicable' answers have been excluded

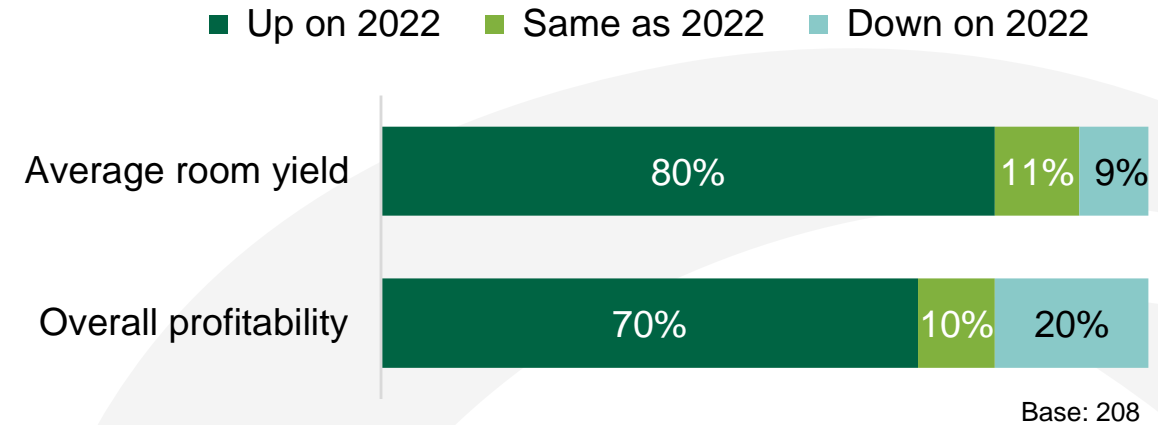
Hotels – Yield and Profitability

2023 was a successful year for hotels

- In spite of rising costs, most hotels managed to increase their profitability in 2023
- Nearly all managed to increase their average room yield, but rising costs have put hotels under pressure to keep increasing their revenue

“Increased costs are making Ireland uncompetitive. The price required to make a profit is too high.”
Hotel, Galway

Q7/8 "How did your ... in 2023 compare to 2022?"



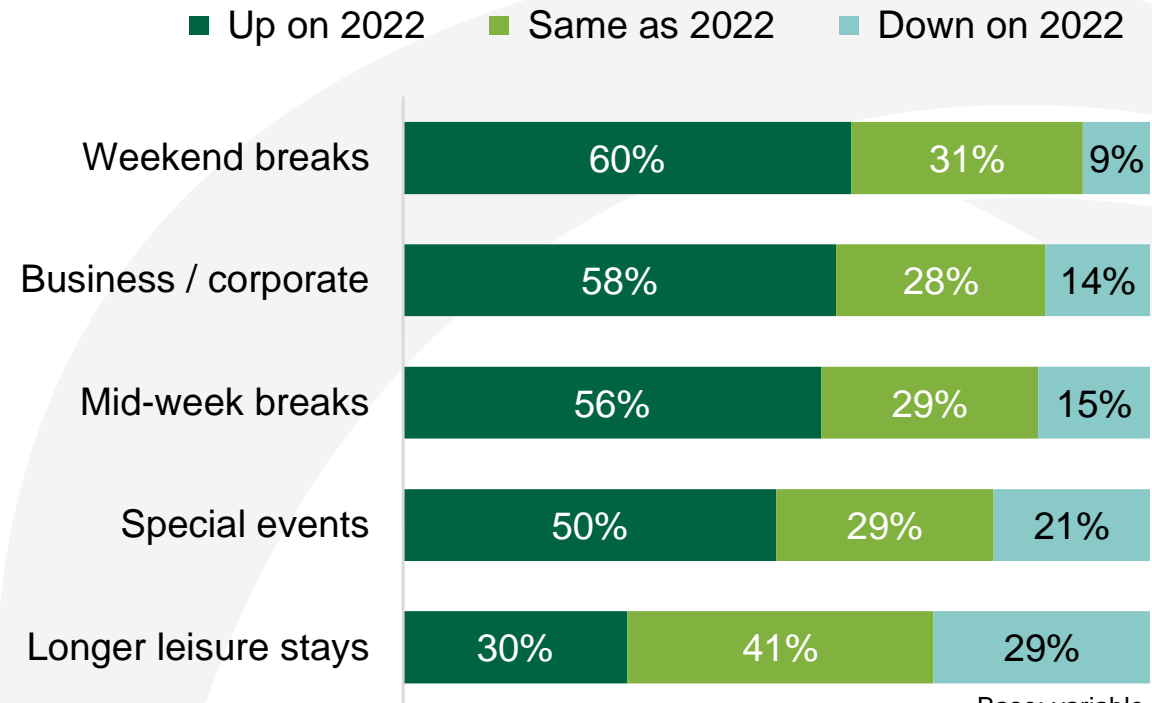
Hotels – Ireland Market



Trend towards shorter stays

- Shorter stays, especially weekend breaks, performed very well for hotels in 2023
- The performance of longer leisure stays however was mixed, with many hotels not seeing an increase on 2022
- The business / corporate market bounced back very well following a few very difficult Covid-affected years

Q9 "Thinking about your Ireland market business in 2023, how did each of the following perform compared to 2022?"



Base: variable

'Don't know' and 'not applicable' answers have been excluded

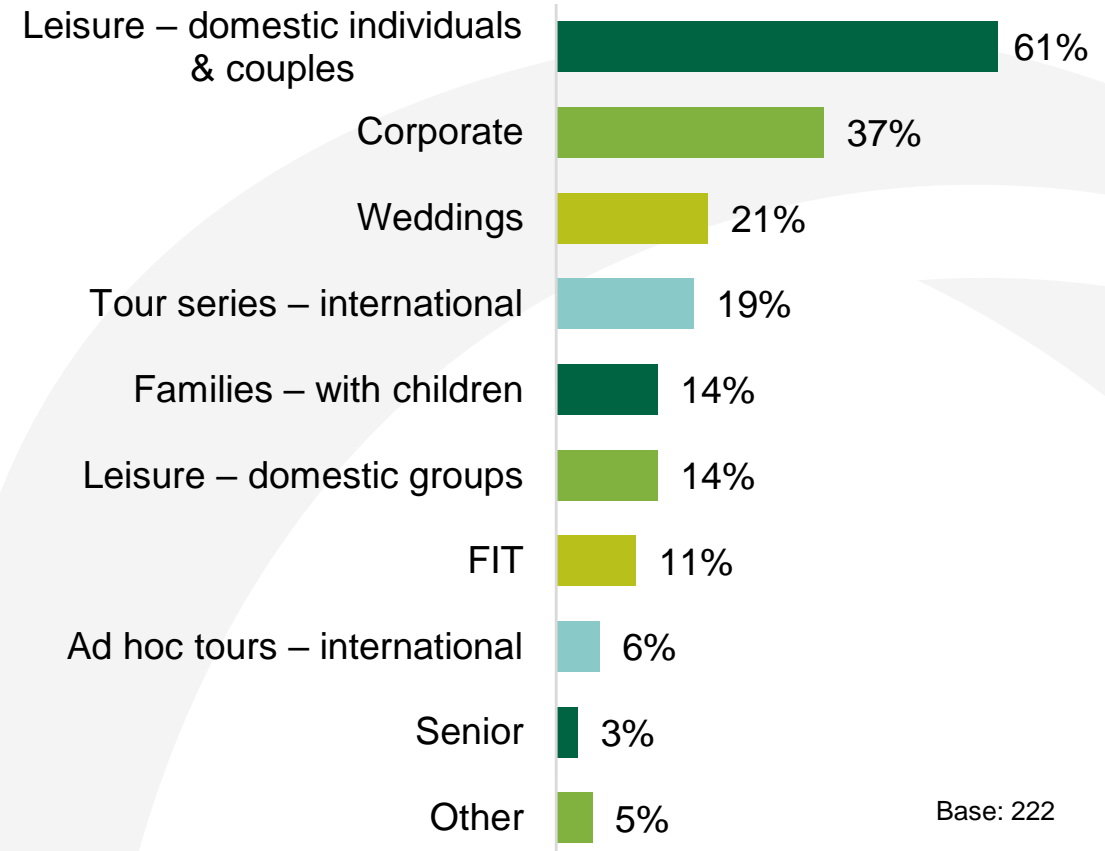
Hotels – Sources of Business

Some significant differences by tourism hotspots* / non-hotspots

- Domestic individual and couples staying for leisure are the most frequently cited main source of business in both tourism hotspot and non-hotspot areas
- Many (41%) hotels outside of hotspots cite weddings in their top two sources, compared to just 9% in hotspots
- Travel trade business is more important in hotspots, where 23% cite 'tour series – international' in their top two sources (12% in non-hotspots), and 16% cite 'FIT' (2% in non-hotspots)

* 'Hotspots' are defined here as the counties of Clare, Cork, Donegal, Dublin, Galway, Kerry, Kilkenny and Wexford

Q10 "Which were your two main sources of business in 2023?"



Expectations



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Overall Expectations

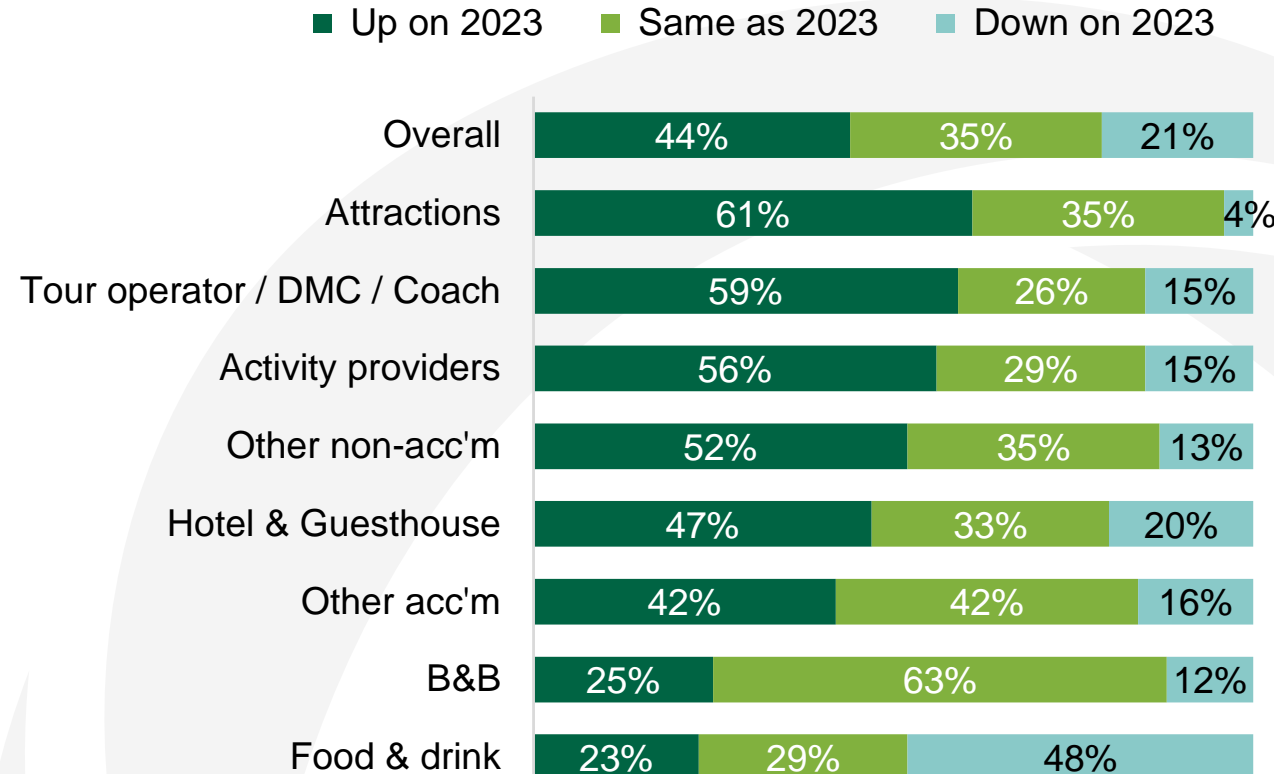
Optimistic outlook in most sectors

- 2024 looks promising for most sectors in terms of visitor volumes
- The food & drink sector stands out from the other sectors – many operators are expecting a downturn in 2024

"I just hope I can survive through the most challenging times I have experienced after 46 years in the hospitality industry"
Restaurant, Cork

"Onwards and upwards. The future looks bright."
Activity provider, Galway

Q11 "How do you expect the volume of your overall business to perform in 2024 compared to 2023?"



Base: 1,117

'Don't know' and 'not applicable' answers have been excluded

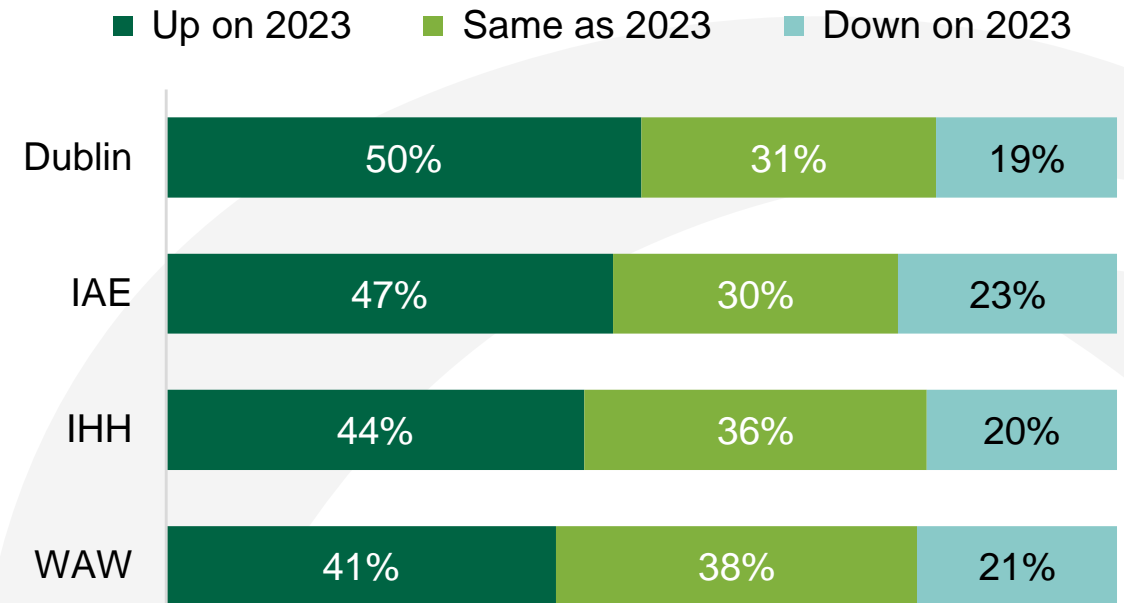
Expectations by Region



Optimistic outlook in all regions

- All four brand experience regions are expected to be up on visitor volumes
- Unlike with 2023 performance, when Dublin stood out, differences by region for 2024 expectations are minimal

Q11 "How do you expect the volume of your overall business to perform in 2024 compared to 2023?"



Base: 1,117

'Don't know' and 'not applicable' answers have been excluded

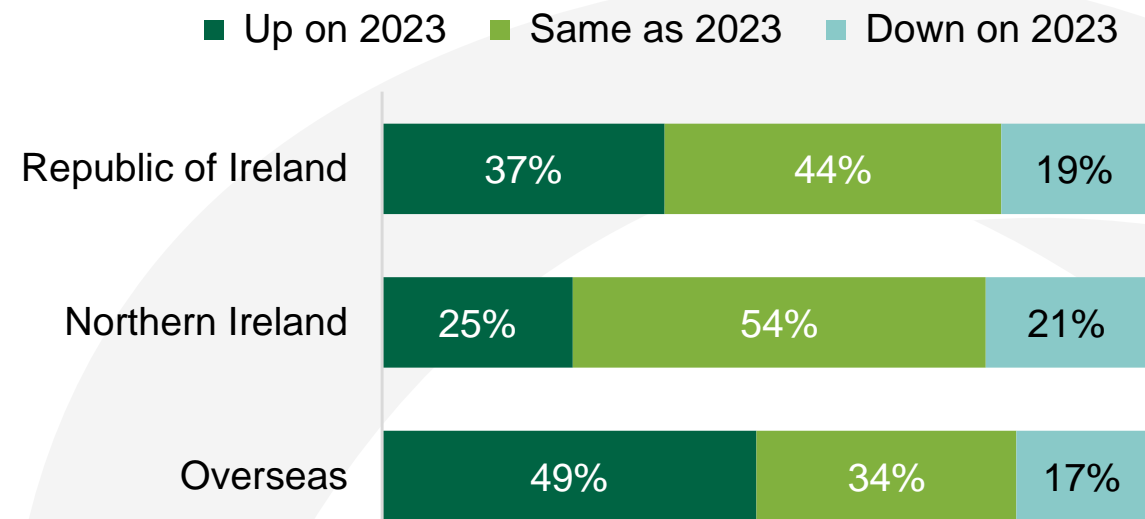
Expectations by Market

Hopeful for overseas visitors

- Overseas visitors continue to underpin hopes for a successful immediate future
- That said, prospects for the Republic of Ireland and Northern Ireland markets are more promising than was reported in the barometer waves in 2023
- Expectations are reasonably consistent across the regions, with all expecting the Republic of Ireland and overseas markets to be up on balance, whilst the Northern Ireland market is mixed

“More early bookings than last year. Very promising forecast.”
B&B, Galway

Q12 "How do you expect the volume of your business to perform in 2024 compared to 2023 from each of the following markets?"



Base: variable

'Don't know' and 'not applicable' answers have been excluded

Expectations by Overseas Market

Upturn in expectations for Great Britain

- North America continues to carry the main hopes for the overseas market
- Some open comments reveal operators' dependency on the North American market – there is a little nervousness about what the election year may hold as sometimes this is said to affect travel from the USA
- Expectations for Great Britain are more positive than they have been for a number of years

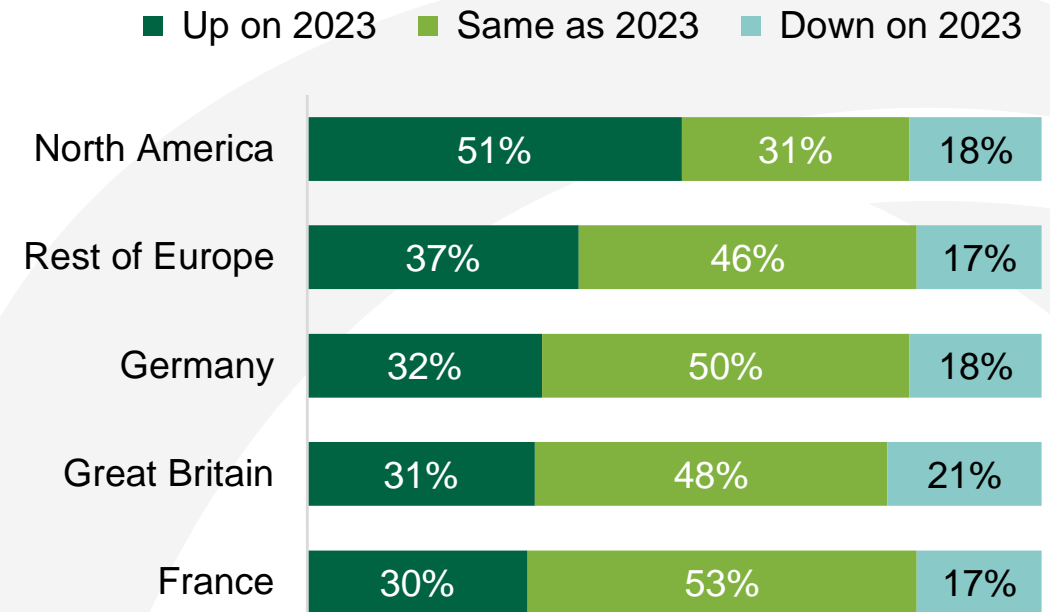
“If anything happened to the US market, we would be in trouble”

Hotel, Kerry

“New business from the UK, following revised marketing strategy”

Tour guide, Clare

Q13 "How do you expect the volume of your overseas business to perform in 2024 compared to 2023 from each of the following markets?"



Base: variable

'Don't know' and 'not applicable' answers have been excluded

Section 5

Reasons to be Positive or Concerned



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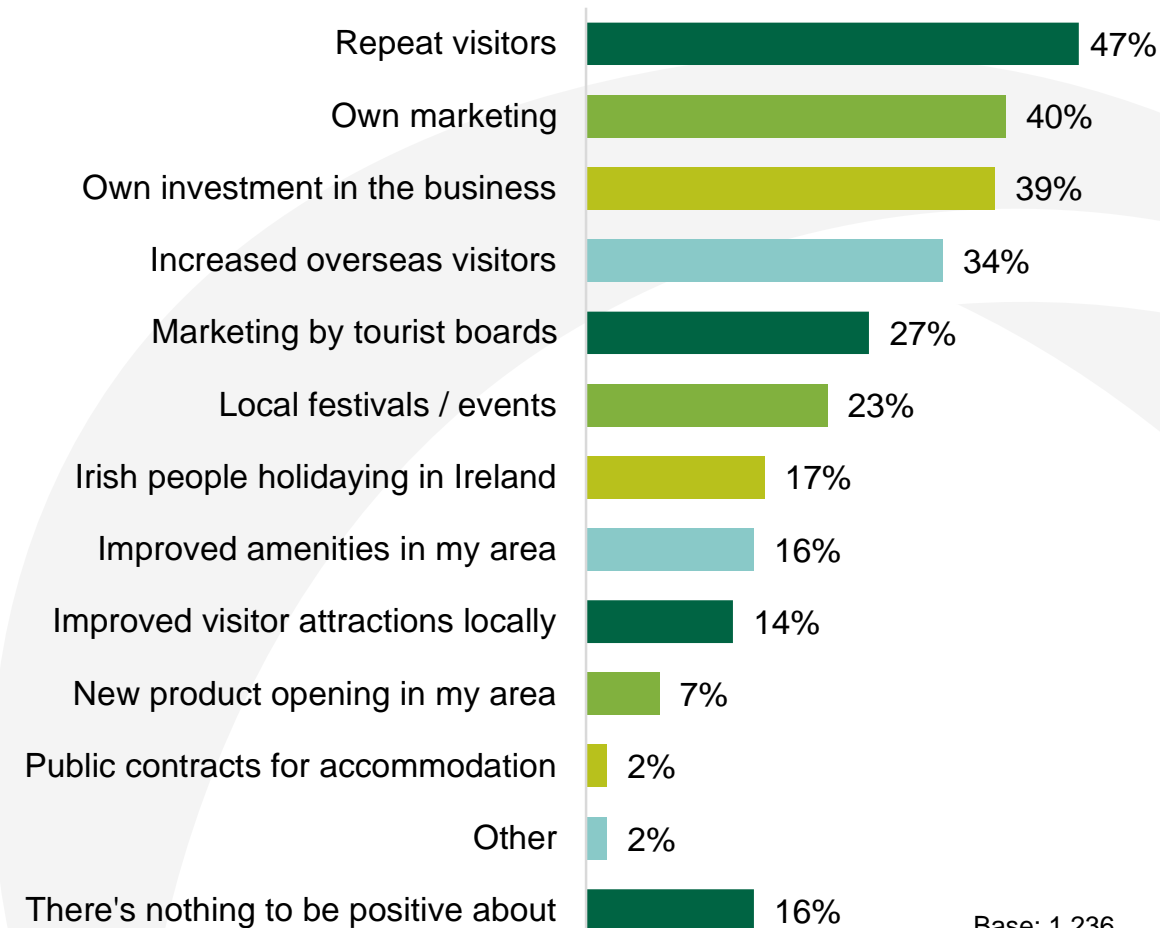
Reasons to Be Positive

Some good reasons to be optimistic

- 'Repeat visitors' are the most frequently cited reason to be positive about this year – this is particularly the case among caravan & campsites (81% have said this) and self catering operators (61%)
- 'Own marketing' is the most frequent answer among attractions (56%)
- The food & drink sector contains a large proportion (39%) of businesses saying 'there's nothing to be positive about' – this compares to just 9% of businesses in other sectors

"We remain positive about reopening and looking after guests and business"
Guesthouse, Kerry

Q23 "Are there any particular reasons to be positive about business in 2024?"



Reasons to Be Positive – Open Comments (1)

Positive about new opportunities

- Tourism businesses are facing many challenges, most notably rising costs of numerous kinds
- In spite of this, some businesses are viewing 2024 positively, with new opportunities to attract visitors

“I’m hoping for a good tourist season this year. We have added a new service and we hope to have it up and running smoothly for 2024.”

Transport operator

“Optimistically seeking growth and collaboration opportunities”

Tour guide Clare

Marketing by businesses and tourist boards

- Own marketing is a common reason to feel positive, as is also marketing by tourist boards

“Thank you for all of the business supports”

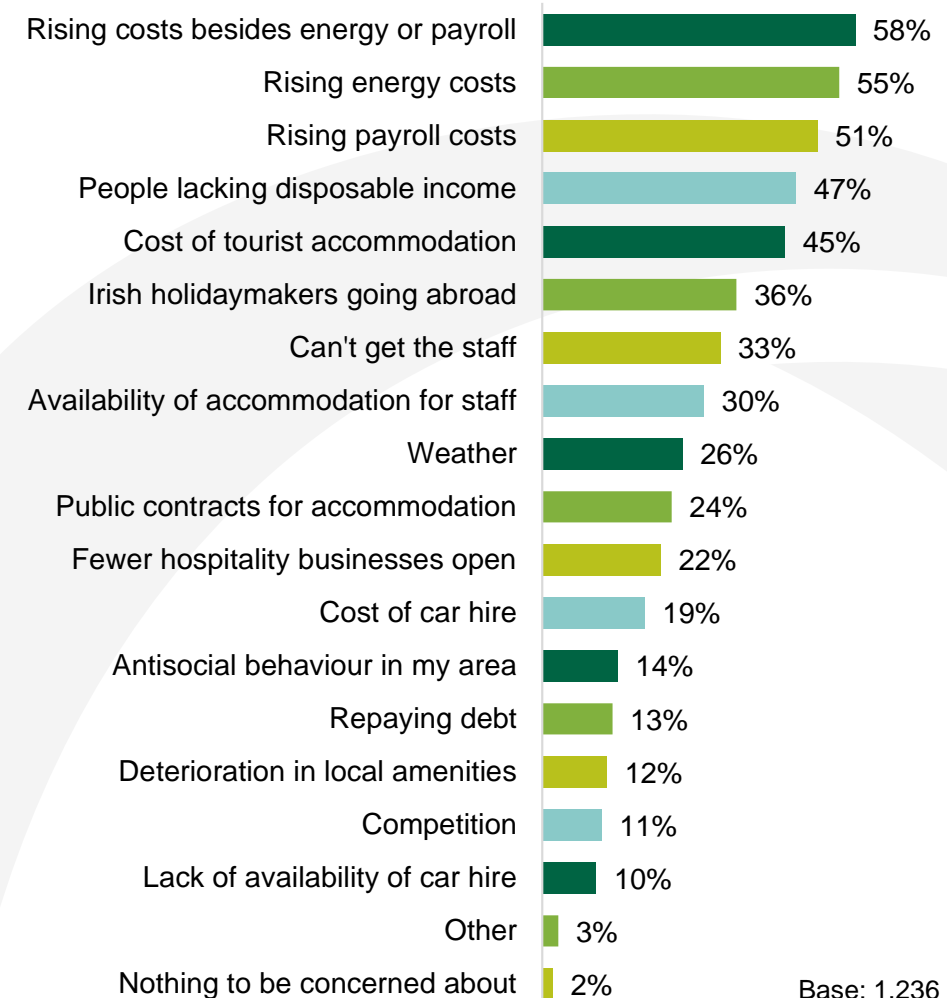
Attraction, Mayo

Reasons to Be Concerned

Rising costs continue to dominate concerns

- Rising costs (to businesses or consumers) occupy the top spots of concerns again – as was the case in the barometer waves last year
- ‘Cost of tourist accommodation’ ranks 5th overall, but 1st among attractions, activity providers, tour guides, inbound tour operators & DMCs
- Other concerns which stand out in particular sectors include:
 - Irish holidaymakers going abroad again – ranks 1st in self catering
 - Weather – ranks 1st for caravan & campsites
 - Cost of car hire – ranks 2nd for self catering

Q24 "Are there any particular causes for concern regarding business in 2024?"



Reasons to Be Concerned – Open Comments (1)



Rising costs continue to dominate concerns

- As has been reported in all recent barometers, rising costs continue to present the most significant challenge to businesses
- Whilst businesses were already under pressure from rising costs of energy, rates and insurance, the increase in minimum wage now adds to this cost pressure

Calls for VAT to return to 9%

- Whilst operators acknowledge that some costs are due to macro-economic factors and are beyond the Irish Government's control, the pressure could be eased by keeping the VAT rate lower
- VAT is a consumer tax, but the rise can affect demand and so businesses can lose out from lower volumes of business, or they try to absorb the cost themselves

"2024 will be a challenge with increased costs and balancing that between where and what to pass onto customers"
Hotel, Dublin

"Unless consumers are prepared to pay €30 for a burger and chips on a plate, and €50 for a steak or plate of fish, the business will not survive past 2024"
Restaurant, Meath

"VAT down to 9% would be a godsend"
Café, Limerick

"Ireland already has a reputation for being expensive and the lowering of the VAT rate would help enormously"
Guesthouse, Galway

Reasons to Be Concerned – Open Comments (2)



The effects of raising prices to cover costs

- Price rises to cover costs in the industry seem inevitable but this may harm demand, both from the domestic and overseas markets
- Some cite examples of business being lost to other countries as a result

"I haven't risen prices yet for 2024 but I need to, to cover minimum wage increases. I perish the thought of my customers' reactions again."

Café, Mayo

"Ireland is too expensive. There are a lot of cancelled tours already due to the price of everything."

Tour guide, Donegal

Perceived lack of future in running a tourism business

- Some operators have been running their business for many years, and some businesses have been passed down through multiple family generations
- The pressure caused by rising costs is leading some to give up on the future of the business
- Many of those who opt to continue are merely trying to survive

"I'm the 5th generation but my adult children cannot see a future in the rural pub"

Pub, Cork

"With the increase in VAT, payroll, energy, rent, food – the joy has been taken out of the industry for the owners ... I'm looking to get out of the industry, along with many peers"

Restaurant, Galway

Reasons to Be Concerned – Open Comments (3)



Lack of available and affordable accommodation for tourists

- In some areas, especially rural, public contracts for accommodation have significantly depleted bed stock for tourists, and as well as this causing a lack of availability, the reduced supply is also pushing up prices
- This is affecting non-accommodation businesses, which rely on potential tourists finding somewhere to stay in the area

“Visitors either can't afford accommodation or there's none available”
Café, Dublin

“By diversifying away from tourism-based activities and focusing more on adventure therapy, I hope to remain a viable business. If I was solely focused on tourism, the outlook would be very bleak due to the continued lack of accommodation available.”
Activity provider, Donegal

Antisocial behaviour in Dublin

- 42% of Dublin businesses cite this as a concern – similar to the September barometer (43%)

“Antisocial behaviour such as the riots had a big impact on sales in December for our business”
Attraction, Dublin

Individual Sectors



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Hotels



Best performing accommodation sector in 2023

- 75% had more visitors in 2023 compared to 2022 – only 11% were down
- The overseas market was particularly strong – up for 78% of hotels in 2023 vs down for only 6%
- The domestic market also performed well – up for 64% of hotels and down for only 15%

2024 could be positive if cost challenges are overcome

- Around half (48%) of hotels expect visitor volumes to be up this year, compared to only 20% predicting a decrease
- However, whilst visitor volumes look healthy, hotels have to cope with increased costs, most notably payroll (73% cite rising payroll as a concern – the highest proportion of any sector except for food & drink)

“Overall quite positive ... strong demand so far for summer [2024], which is good to see”
Hotel, Tipperary

“I believe that in order to stand still, the business will need to increase revenues year on year by at least 10% to remain viable. This is directly attributable to national minimum wage, statutory sick pay, pension auto-enrolment etc”
Hotel, Dublin

“I think we are really going to feel the increase in the minimum wage. We always try to put back [profits] into the hotel but a lot of plans will now be put on hold.”
Hotel, Dublin

Much better year for those which remain

- Many B&Bs have not reopened since Covid – reported also in the accommodation occupancy surveys
- Many of those open for business in 2023 have performed well – 58% were up on visitors vs just 9% down
- Overseas visitors have underpinned the performance – 66% of B&Bs say the overseas market was up in 2023, compared to just 7% reporting it to be down

“I’m very happy with my bookings so far. It will definitely be a busy year.”
B&B, Mayo

“We need a restaurant in the area”
B&B, Clare

Stable outlook

- 63% of B&Bs expect the same volume of business in 2024 – the highest proportion of any sector to expect no change
- Concerns tend to be more about the fate of other sectors affecting tourism in their region, including 34% citing ‘fewer hospitality businesses open’

“With so many restaurants, pubs and activity providers closing down or reducing opening hours, the tourist experience in Ireland is going to suffer. Many parts of rural Ireland have become cultural wastelands.”
B&B, Cork

Self Catering

High levels of repeat business

- 48% of operators had more visitors in 2023 compared to 2022 vs 19% reporting to be down
- The overseas market performed especially well, with 62% of operators reporting it to be up vs just 17% down
- The sector benefits greatly from repeat visitors – 61% of operators cite this as a positive factor, which is the second highest proportion of any sector after caravan parks
- However, there are concerns about Irish holidaymakers going abroad, whereby 55% cite this as a concern – higher than any other concern, even costs
- Cost of car hire is the second highest concern (52%) – self catering properties are often located in remote areas and so it can be hard for overseas visitors to get there if car hire is unaffordable

“Bookings are doing well and cancellations are at a minimum”
Self catering, Galway

“Expect it to be a good year”
Self catering, Meath

“Irish weather has had a very adverse effect on Irish people holidaying in Ireland. International travellers are constantly shocked by the prices they are being charged for car hire.”
Self catering, Monaghan

Caravan / Campsites

Repeat business supports the sector well

- 43% of caravan & campsites had more visitors in 2023, compared to 22% who had fewer
- 81% cite repeat visitors as a positive factor – the highest proportion of any sector
- The overseas market performed strongly, with 66% citing it to be up, compared to just 13% down
- The domestic market was down though for 40% of operators, compared to 27% reporting it to be up – the weather was poor in the early part of the summer
- The weather continues to be a concern this year, cited by 62% – the top concern in the sector and the highest proportion of any sector to say this

“If it’s so hot on the continent again, more will visit Ireland”

Caravan park, Donegal

“Weather is a big issue for tents, so hopefully 2024 will be better”

Campsite, Kerry

Attractions

Among the best performing sectors in 2023

- 72% of attractions had more visitors in 2023 vs 2022 – only 16% had fewer
- As well as the overseas market performing well (up for 74% of attractions), 52% say the domestic market was up – the second highest proportion to say this after hotels
- Healthy business looks set to continue – 61% expect visitors to be up this year, compared to only 4% predicting a decrease

Own marketing

- 56% of attractions cite their ‘own marketing’ as a reason to be positive this year – the top positive factor in this sector
- There are however concerns about the impact of other tourism sectors on their own business, most notably ‘cost of tourist accommodation’ – cited by 61% (the top concern among attractions)

“I think if we get the same levels of North American visitors to Ireland this year, our business should be in a good position”
Attraction, Galway

“We feel positive for tourism in our area of the Burren and Cliffs of Moher Geopark as well as increased direct flights into Shannon Airport. Networking across Ireland is excellent.”
Attraction, Clare

“Lack of accommodation in the area is very concerning.”
Attraction, Kerry

Activity Providers

2023 was a tough year, but there is hope

- 31% of operators were up on visitors in 2023 vs 2022, but 56% were down
- Profitability is under a lot of pressure – 58% reported it be down in 2023, and rising costs are likely to mean continued challenges in 2024
- However, there is optimism about visitor volume, as 56% expect this to be up in 2024, compared to only 15% expecting a decline
- Around half (48%) cite their own marketing as a reason to be positive
- The most frequently cited concern is ‘cost of tourist accommodation’ (69%) – availability is also linked to this, as lack of supply may be pushing up rates

“Looking forward to our future. Our country has a lot to offer visitors, so this is always positive for our business.”

Activity provider, Galway

“We are optimistic for 2024 as people seem more interested in activity holidays than ever before and Ireland as a destination, whilst being expensive, also doesn't have the extremes of weather that [mainland] Europe faced in 2023”

Activity provider, Galway

“In my village we have lost 340 accommodation beds. We have lost these customers. The next three big towns have lost 1,500 beds per night.”

Activity provider, Kerry

Pubs & Bars

Customers up but profits down

- 50% of pubs & bars were up on customers in 2023 – this compares to 31% reporting to be down
- However, profitability in 2023 was the other way round, with 37% reporting it to be up, but 46% say it was down

Not a good outlook in 2024

- 25% of pubs & bars expect customer numbers to be up this year, but 44% say they are facing a decline
- Rising costs dominate concerns – the food & drink sector as a whole seems to be the hardest hit in this way

“The future is very worrying. Every day we hear of businesses closing. If we weren't a family business, we would be gone as well.”
Bar, Kerry

“2024 has a grim outlook. Too many hurdles at one time unfortunately.”
Pub, Cork

“We will be very lucky to survive 2024”
Bar, Cork

Restaurants

Similar challenges to pubs & bars, but harder hit

- 42% of restaurants were up on customers in 2023 compared to 2022, and 38% were down
- But profitability was hit hard – only 14% managed to increase profitability in 2023, compared to 70% who saw a decline – the highest proportion of any sector to say this
- The restaurant sector has the highest proportion of respondents of any sector giving certain answers, including:
 - Rising payroll costs as a concern (90%)

“The outlook for the business has gone from bad to worse since Covid and I feel we shouldn't have opened after Covid. We can't even sell the business at a price to recoup our investment.”

Restaurant, Dublin

“We remain optimistic as always. Shoulder to the wheel.”

Restaurant, Limerick

“Cost of running a business has risen: electricity & staff costs, min wage rise, staff sick pay etc all put extra pressure and take away any profits”

Restaurant, Donegal

Inbound Tour Operators & DMCs*

Overseas visitors drove a very good year

- 76% of DMC / inbound operators were up on visitors last year
- All key overseas markets were up on balance – especially North America (up for 71% of operators), but also Great Britain (up for 59% of operators) following a lengthy period of flatlining
- 62% of operators cite ‘own marketing’ as a positive factor this year – the highest of any sector to say this

Concerns relate to knock-on effects from other sectors

- Demand is buoyant, but inbound operators need the Irish supply to match it, and this is where concerns lie
- 89% cite ‘cost of tourist accommodation’ as a concern and 42% cite ‘fewer hospitality businesses open’
- They say the cost of accommodation is losing Ireland business

“The 2024 season is looking like another bumper year for the inbound golf travel industry. Prices are going up but considering the costs of resort golf courses in the USA, green fees at the top clubs in Ireland are still relatively well priced.”
Inbound tour operator, Dublin

“We are seeing business lost to other destinations outside of Ireland due to cost”
Inbound tour operator, Dublin

“Lack of accommodation is a major concern and has led to rates in existing accommodation that make Ireland uncompetitive. Whilst our revenue should be up, overall number of tours could be down on 2019 levels.”
DMC, Dublin

“Shortage of hotel accommodation in Killarney and Galway in particular is a nightmare. We probably could have had an extra 30-40% of business if we were able to get hotel space.”
Inbound tour operator, Dublin

Tour Guides

A good year for tour guides

- 72% of tour guides had more visitors in 2023 vs 2022 – only 14% had fewer
- All major overseas markets were up
- Profitability was also healthy, with 66% being more profitable than in 2022 – among the highest proportion of any sector to say this
- 59% of guides cite ‘own marketing’ as a positive factor this year
- ‘Cost of tourist accommodation’ stands out greatly as a concern – cited by 72% (much higher than any other concern in this sector)
- Concerns over operational costs are generally lower than in other sectors as many tour guides do not have the same pressure from covering overheads

“Overall business was very good through 2023”
Tour guide, Dublin

“Fairly priced and available accommodation. Unless this is sorted, the Irish tourism product, especially for first-time visitors, is going to suffer serious reputational damage.”
Tour guide, Donegal

“I’m a sole trader and have enough options with tour operators to fulfil my needs”
Tour guide, Kildare