Fāilte Ireland
National Tourism Development Authority

TOURISM BAROMETER 2009
Wave 2 - September

Contents

Introduction

The Tourism Barometer is a state of the season survey carried out by Millward Brown Ulster on behalf of Fáilte Ireland. The objective of the survey is to obtain an insight into the performance of all sectors of the industry in Ireland for the year to date compared to the corresponding period in 2008, and to determine the industry's expectations for the remainder of the year.

The survey was conducted over a two week period from the 1st to the 15th of September 2009. In total 1284 interviews were conducted, details of which are outlined in the analysis of sample (Appendix 1).

Accommodation

Overall Bednights

It is the most severe recession in decades and the tourism industry, like a lot of other industries, has been hit hard. As with the findings in June 2009, not surprisingly, all accommodation sectors report overall bednight volumes to be down compared to last year.

The majority of hotels, guesthouses, B&Bs, hostels and the self-catering establishments all reported a fall in overall demand compared to last year.

Although more than half of all caravan and camping establishments reported a fall in demand, it is the sector least effected. More than a third reported overall demand for bednights to be up. (See Chart 1)

Hotels

The downturn in bednight volumes in the hotel sector over the season so far can largely be attributed to falling demand in the overseas markets.

The volume of domestic bednights is also perceived to be down on last year by half of all hoteliers, however almost four in ten cited an increase in demand compared to the same period last year. The continued strength of the Euro against Sterling has contributed to a declining Northern Ireland performance with two-thirds of hoteliers citing a fall in demand from this source compared to the same period last year. (See Chart 2a)

Against this background, it is not surprising that almost all hoteliers reported average room yields to be down on last year. (See Chart 2b)

Guesthouses and B&Bs

The weak performance of both the overseas and the Northern Ireland markets has resulted in a poor season so far for guesthouses. The majority of guesthouses also report the domestic market to be down on the corresponding period in 2008. (See Chart 3)

The B&B sector experienced the biggest fall in demand, with the down turn in bednight volumes largely being attributable to falling demand in the overseas market. The volume of overseas bednights is perceived to be down on last year by almost nine in ten B&B proprietors. (See Chart 4)

Self Catering

The fall in overall bednights in the self-catering sector is again mainly due to the poor performance of the overseas market. Although a majority of proprietors reported bednight volumes from the domestic and Northern Ireland markets to be down, almost half and more than four in ten self-catering establishments, respectively, stated that business generated from these markets was either up or on a par with the same period last year. (See Chart 5)

Caravan & Camping

A softening in overseas and Northern Ireland demand is the key contributory factor in the overall decline in the caravan and camping sector. In contrast, the domestic market has performed strongly with almost half of all proprietors reporting a growth in bednights. (See Chart 6)

Hostels

Hostels reported business to be down across all market areas, with the decline in overseas mainly attributable to the overall fall in demand. Although the majority of proprietors in the domestic and Northern Ireland markets cited a fall in demand, more than a quarter of all hostel owners stated that demand from Northern Ireland and the local market was on a par to last year, and one in ten establishments reported an increase in domestic demand. (See Chart 7)

Ireland Market

Hoteliers have experienced falling domestic demand compared to 2008 and the evidence suggests that the downturn can be attributed to a reduction in business across each of the main domestic market segments.

Almost three quarters of hoteliers stated that business / corporate bednights were down slightly or down significantly on last year, and almost seven in ten reported their special event business down. Although more than half of all hoteliers stated that weekend breaks, mid-week breaks and general leisure breaks were down slightly or significantly on last year, the extent of the decline is less prominent than was stated in the June instalment of the Tourism Barometer. More than four in ten reported weekend breaks either up or on a par with last year. (See Chart 8)

Activity Providers, Attractions, Retail, Restaurants and Transport

Activities

The majority of all activity providers have experienced a decline in overall business compared to the same period last year. Consistent with the findings presented in June and earlier instalments of the Tourism Barometer, equestrian establishments have performed better (relatively speaking) than other activity providers. More than seven in ten angling establishments, golf courses and cruising companies report tourism business to be down on the same period last year. (See Chart 9)

Visitor Attractions, Retail Establishments, Restaurants and Language Schools (EFL)

Restaurants were added to the sample list for the first time in the September instalment of the Tourism Barometer, however, caution is advised due to a low response rate. Almost all responding restaurateurs stated that business was down this year compared to the same period last year.

Retailers and language schools have each experienced a softening in tourism demand. In both cases, a majority of managers report business to be down this year compared to the same period last year. Retailers have been particularly affected by the downturn in overseas business, however, a third of language schools cited business levels either on a par or up on last year.

The attractions performed better, relatively speaking, almost half of all attraction managers cited growth regarding the performance of tourism business compared to the same period last year. This growth has been primarily due to more than half of attractions proprietors reporting an increase in domestic visits. (See Chart 10)

Car Hire and Coach Operators

The June instalment of the Tourism Barometer provided evidence of a disappointing start to the year for coach operators and, in particular, car hire companies. Unfortunately, the peak season has not bought about any improvement. In a particularly challenging trading environment three quarters of coach operators and more than eight in ten car hire companies reported reduced levels of tourism demand. (See Chart 10)

More than eight in ten coach operators and car hire companies stated that their overseas business was down for the year to date.

Overseas Market Performance

The peak season has failed to bring about a change in fortune for hoteliers, as with the June instalment of the Tourism Barometer they once again reported a generally poor performance in respect of their main overseas markets. Doubtlessly linked to the ongoing global economic slowdown, more than two thirds of all hotel managers reported a drop in demand across all markets.

The downturn in overseas bednights by market is consistent across hotels, guesthouses and B&Bs with Great Britain and the United States showing the biggest drops in demand, and two-thirds reporting declines from Mainland Europe. (Charts 11a, 11b & 11c)

Prospects

Tourism proprietors have grave concerns about their prospects for the remainder of the year. Against the backdrop of the most difficult economic circumstances for many decades, all industry sectors are pessimistic regarding the prospects for the remainder of 2009.

Consistent with the findings in June the majority of all accommodation owners other than caravan and camping operators expect their overall volume of bednights to decline. Relatively speaking the caravan and camping sector is the least pessimistic, with more than half expecting demand for the remainder of the season to be at a similar or improved level to last year. (See Chart 12a)

Overall, accommodation providers are generally less pessimistic about prospects for the domestic market; however they are still expecting it to be down on balance.

The pessimistic outlook for the remainder of the year is shared by activity product providers. More than seven in ten golf clubs, angling establishments, cruising and equestrian companies anticipate a decline in demand. Angling establishments are the most pessimistic, with almost nine in ten anticipating a softening in tourism demand for the remaining season. (See Chart 12b)

Negative sentiment is particularly evident in respect of the restaurants and transport providers with a significant majority of proprietors in each case anticipating a decline in demand. This pessimistic outlook is less predominant but nonetheless shared by retail and EFL managers.

The attraction managers are the most optimistic. More than a four in ten forecast that business would either be up or at least on a par with last year. (See Chart 12c)

Factors Impacting on Performance

The economic climate has improved little, if at all, since the last instalment of the Tourism Barometer and with Ireland still firmly in the grip of the worst recession in decades it is not surprising that more than than half of all respondents failed to identify any positive factors affecting their business prospects. In this regard, the increase in local trade, lower price offers and the business generated from local events were mentioned as positives, albeit by a minority. (See Chart 13a)

Looking at the positive factors by sector, it is evident that Irish people staying at home has been good for the retail and caravan and camping sectors, while the lower price offerings is of most importance to restaurants, retailers and the golf industry. Local festivals and events however are particularly beneficial for hoteliers.

Not surprisingly the recession and economy is the most frequently cited negative factor by tourism businesses as having impacted on performance. Almost one third of all tourism operators mentioned this on a spontaneous basis. Operators also referred to the weather, the drop in hotel room rates and the unfavourable exchange rates as negative factors which have impacted their business. (See Chart 13b)

Looking at the negative factors on a sector by sector basis it is clear that the recession and the weather have been particularly bad for golf tourism, hostels and caravan and camping. Consistent with the findings presented in the June instalment of the Tourism Barometer the B&Bs are still finding it hard to compete with the low rates being offered by hotels. Exchange rates appear to be badly affecting the caravan and camping, angling (there is a strong dependence on the British market), car hire and retail sectors.

Operational Issues

As expected and consistent with the findings of the last few instalments of the Tourism Barometer, the global and domestic economic downturns are the most frequently highlighted specific issues causing tourism businesses concern. Energy costs were again cited as a pressing issue for just over two thirds of all tourism operators. (See Chart 14a)

Tourism operators were also asked to identify the issue of greatest concern. Almost three in ten of all proprietors across all tourism businesses highlighted the global economic downturn as the predominant concern. (See Chart 14b)

Looking at the issues causing most concern by sector, the downturn in the domestic economy is particularly bad for self-catering operators and also cruising and restaurants. Labour costs are a major issue for hotels, restaurants and the retail sector, while local authority service charges are a significant issue for guesthouses, caravan and camping operators and restaurants.

Increased competition through surplus capacity is a particular concern for hotels and guesthouses, while cruising, car hire and coach operators are also concerned about the level of local competition. The retail sector is adversely affected by unfavourable exchange rates.

Employment

With the recession biting and the reported fall in demand for bednights, it will come as no surprise that the majority of accommodation proprietors have reduced staffing levels from the same period last year. This reduction is most evident in respect of the hotel sector where more than three quarters of all hoteliers cited employment across all categories of staff to be down on the same period last year. (See Chart 15a)

On balance, guesthouse owners have also reduced their overall staff complement, particularly part-time and seasonal staff. (See Chart 15b)

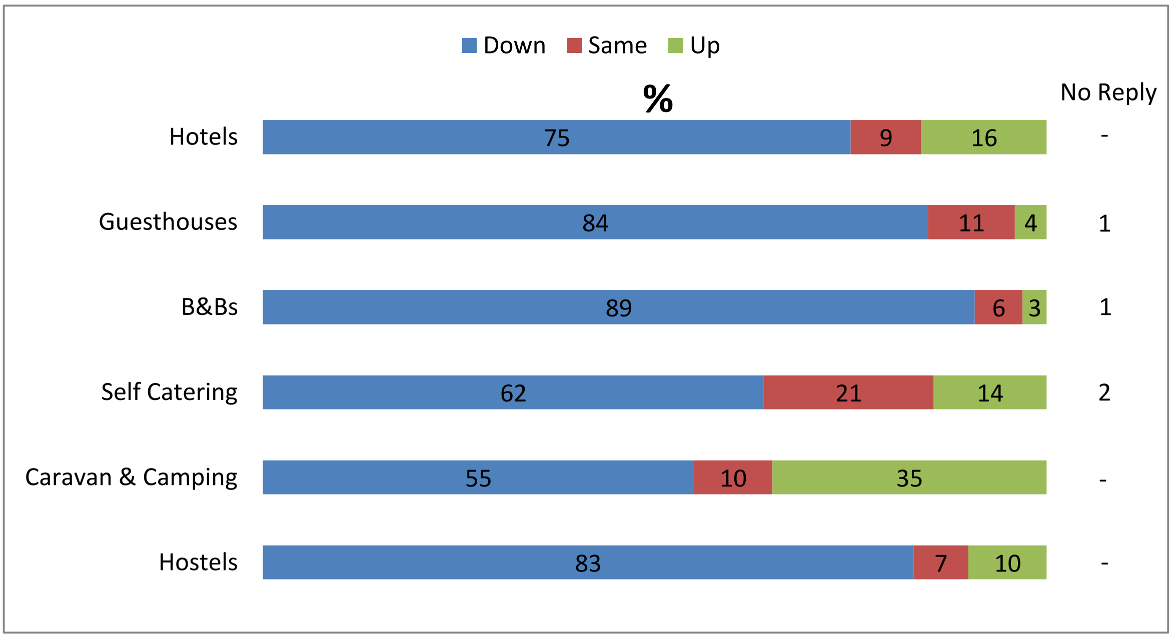
With less scope for reducing staff levels, B&B owners on balance, also report employing less part-time and seasonal staff than during the same period last year. (See Chart 15c)

Index to Charts and Appendices

Overall Bednights – Accommodation

January to end-August
2009 vs 2008

Chart 1

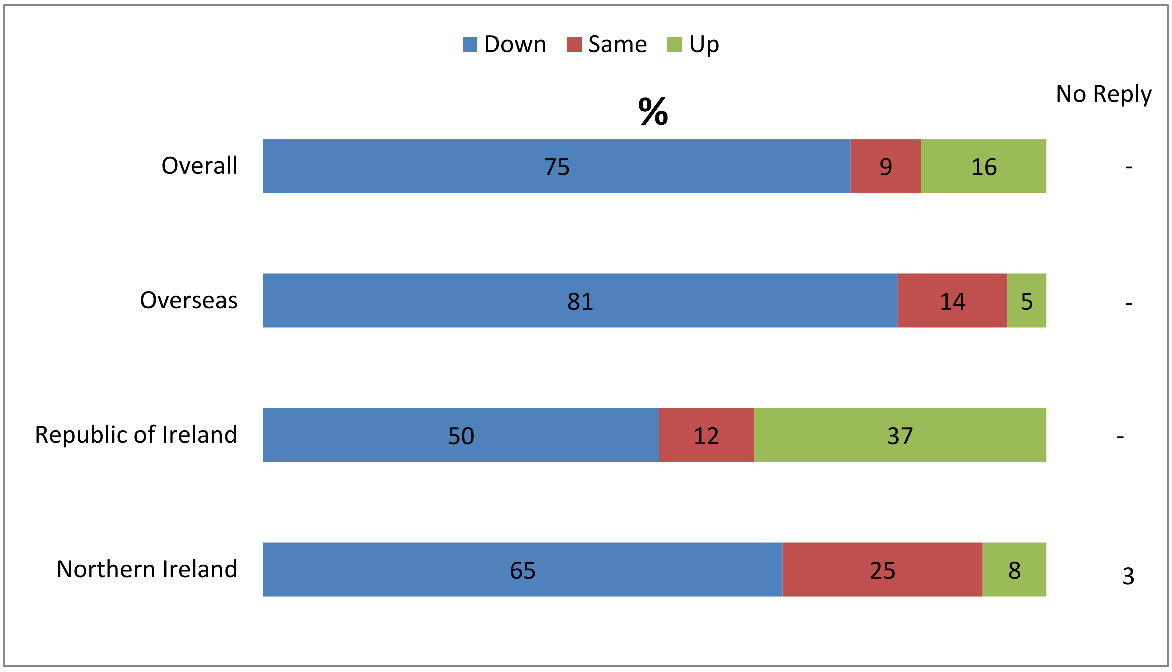


Base: All accommodation

Overall Bednights – Hotels

January to end-August
2009 vs 2008

Chart 2a

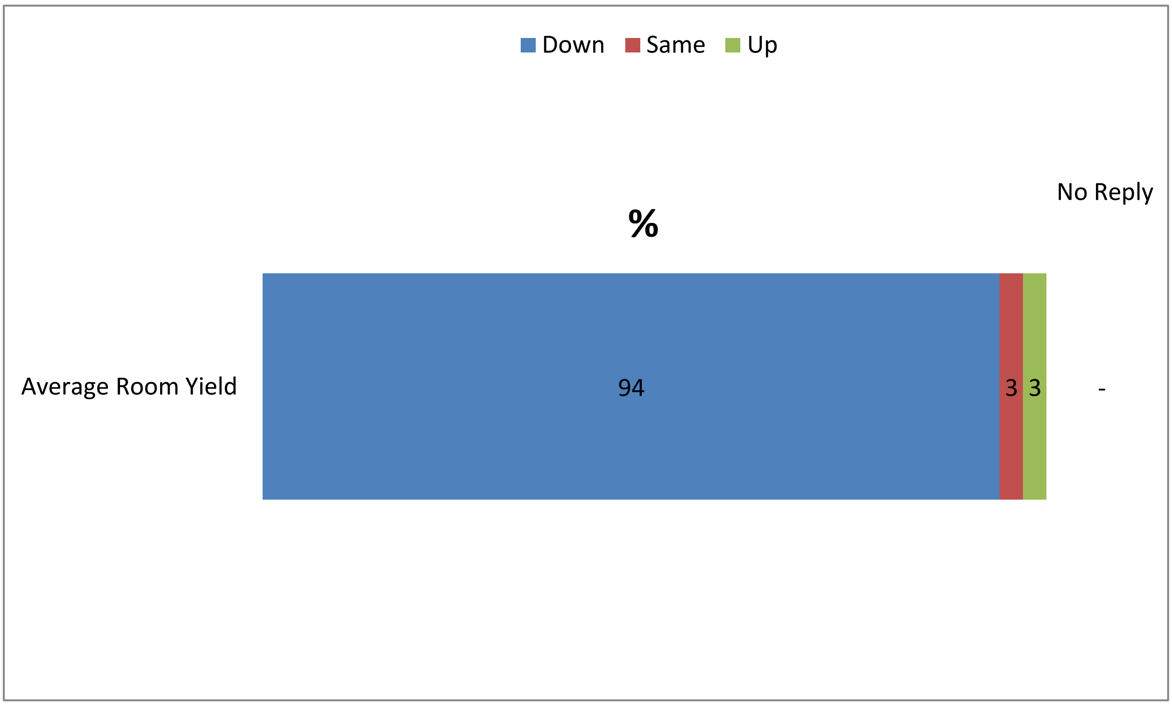


Base: All hotels

Average Room Yield – Hotels

January to end-August
2009 vs 2008

Chart 2b

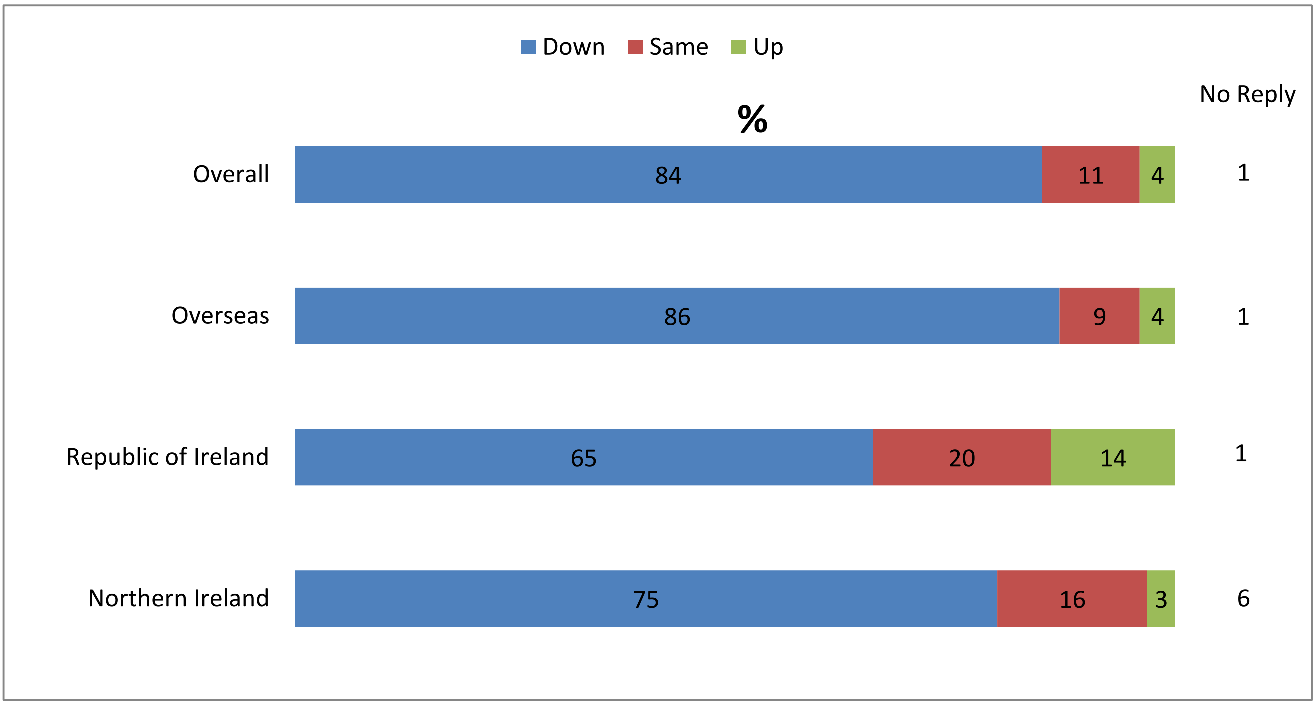


Base: All hotels

Overall Bednights – Guesthouses

January to end-August
2009 vs 2008

Chart 3

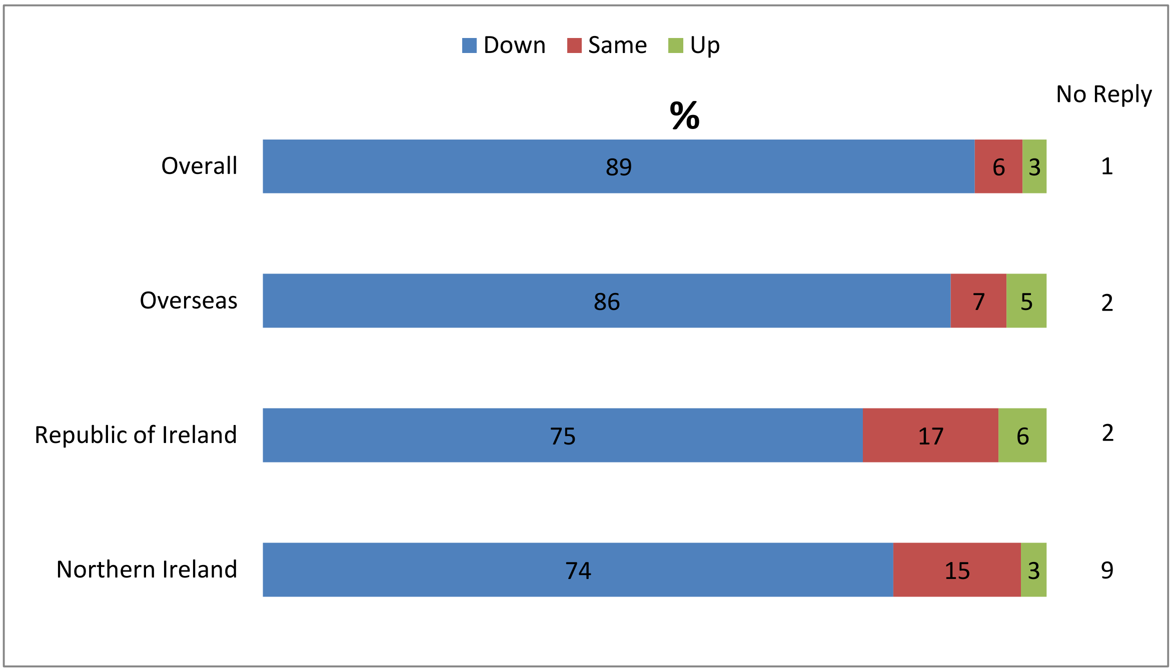


Base: All guesthouses

Overall Bednights – B&Bs

January to end-August
2009 vs 2008

Chart 4

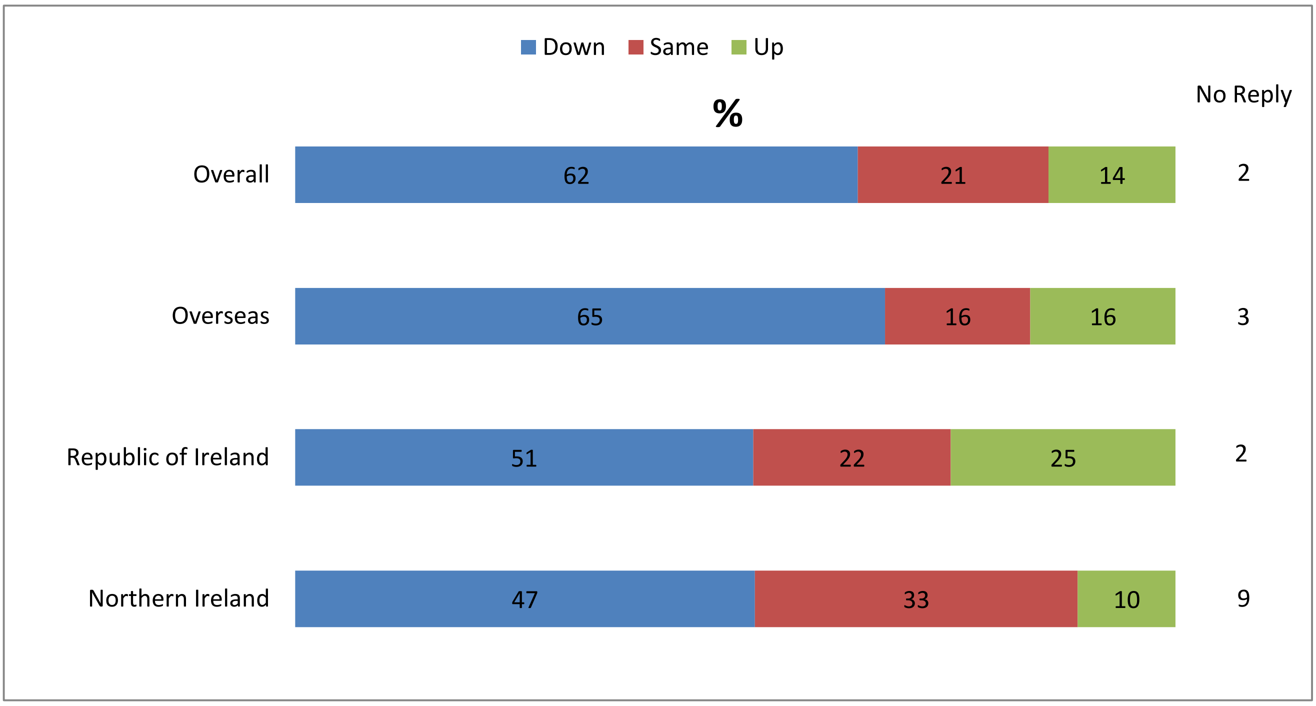


Base: All B&Bs

Overall Bednights – Self Catering

January to end-August
2009 vs 2008

Chart 5

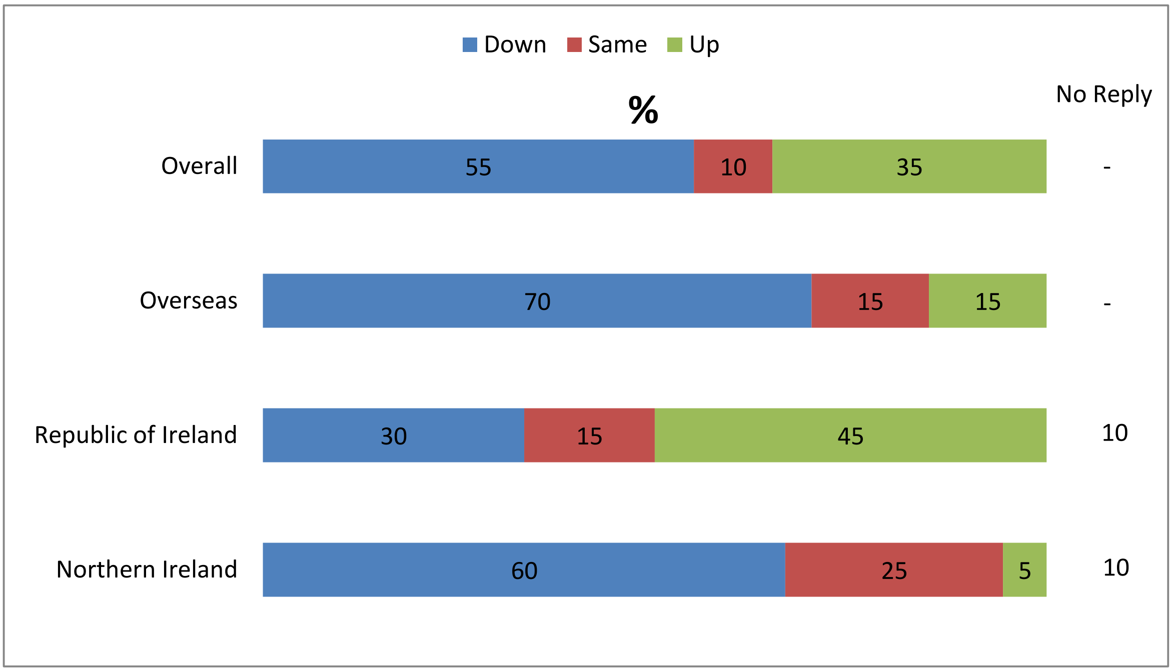


Base: All self-catering

Overall Bednights – Caravan & Camping

January to end-August
2009 vs 2008

Chart 6

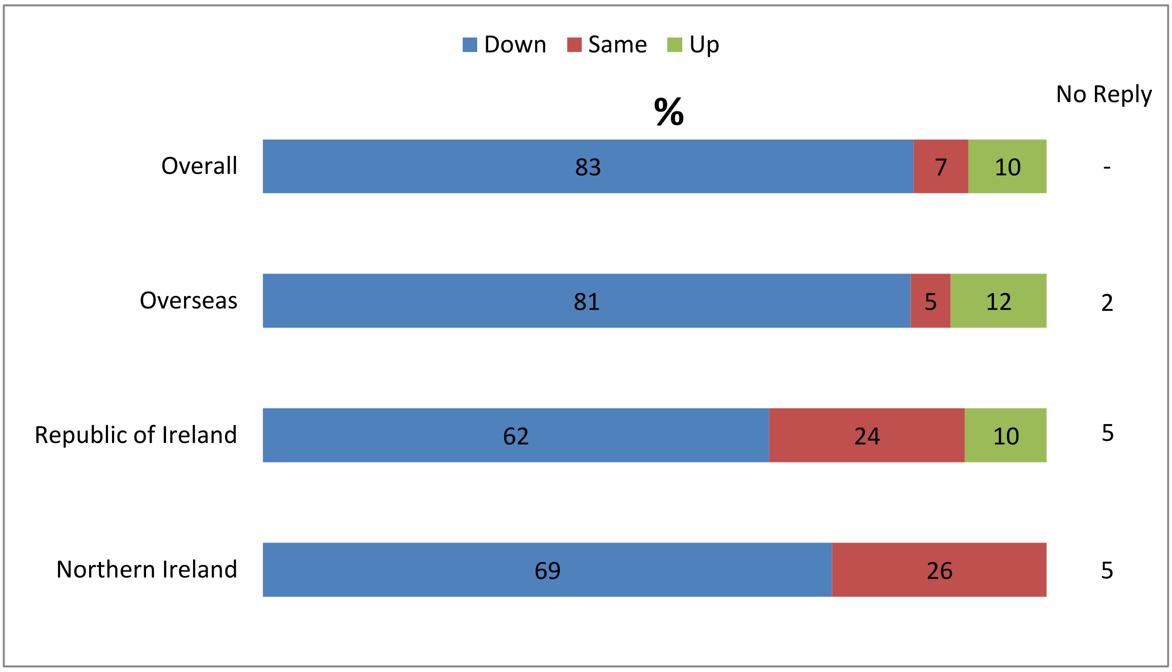


Base: All caravan & camping

Overall Bednights – Hostels

January to end-August
2009 vs 2008

Chart 7

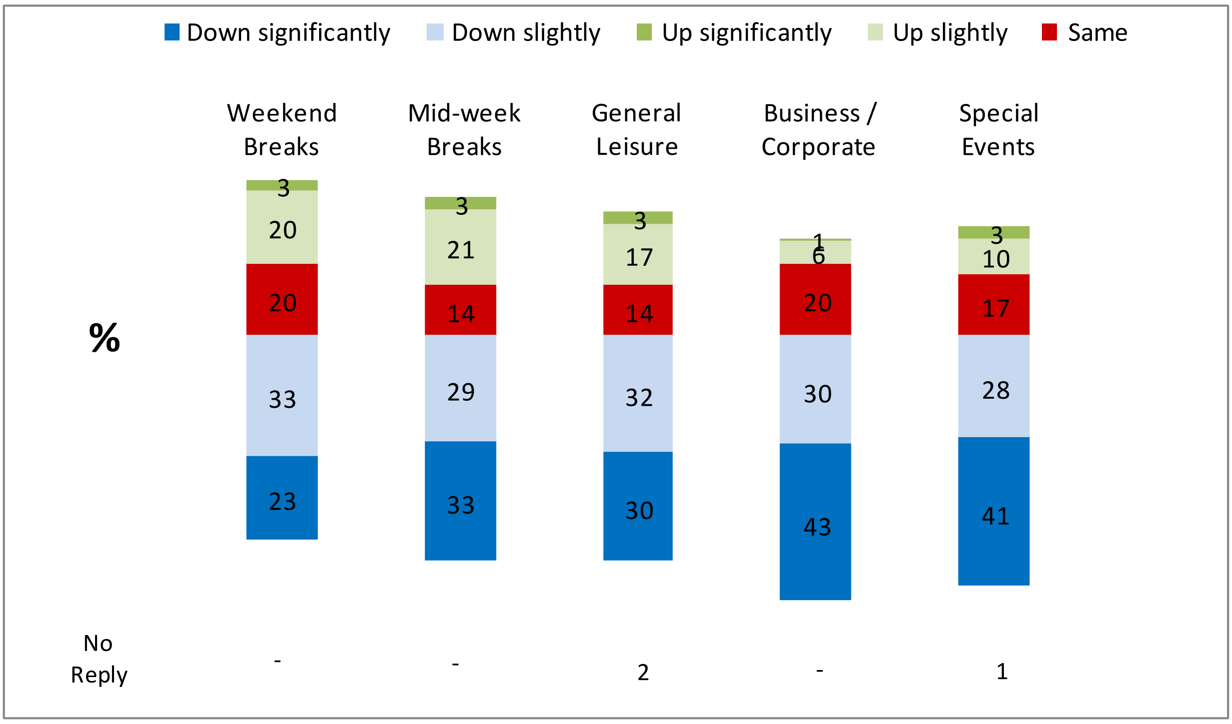


Base: All hostels

Ireland Market Bednights – Hotels

January to end-August
2009 vs 2008

Chart 8

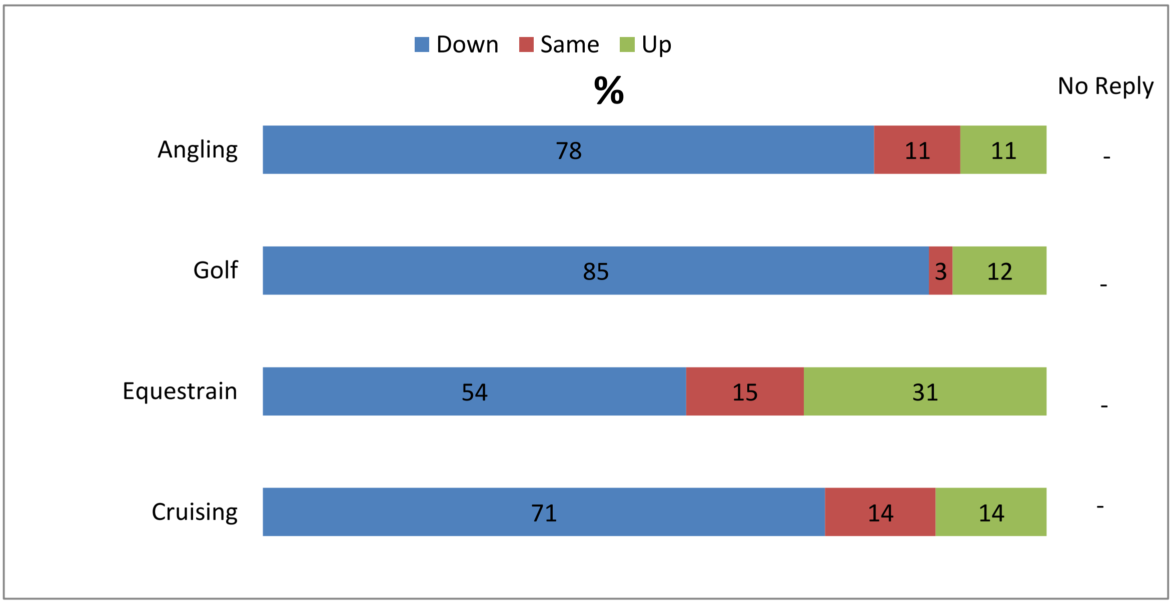


Base: All hotels

Overall Business – Activities

January to end-August
2009 vs 2008

Chart 9

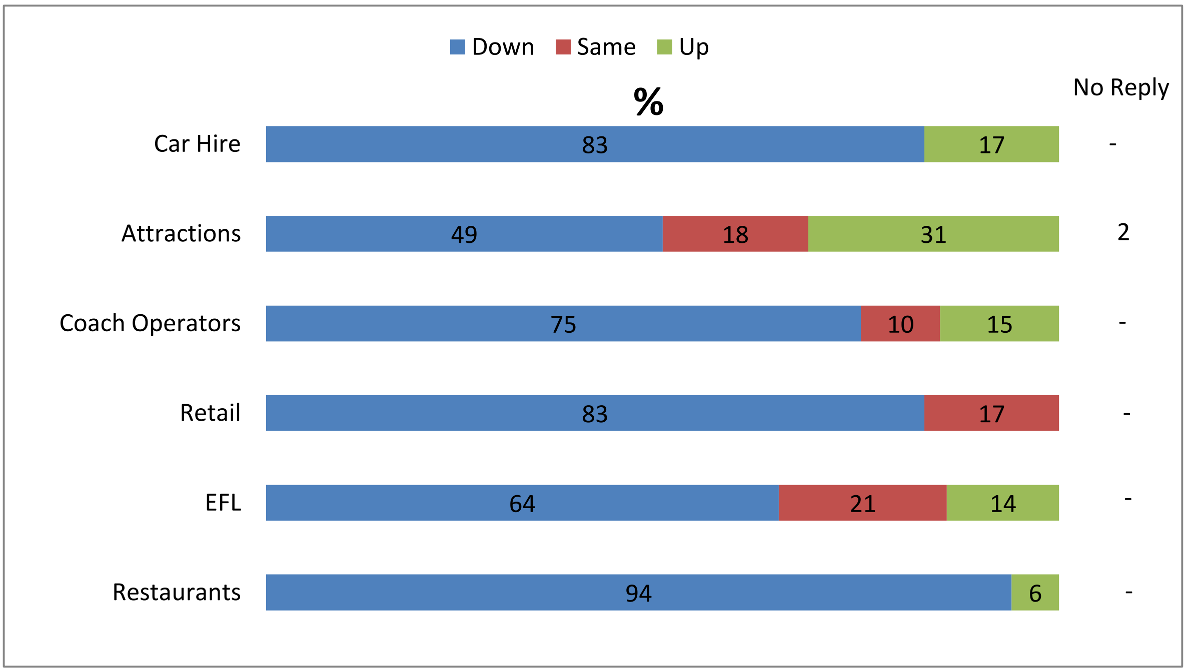


Base: All activities

Overall Business – Segments

January to end-August
2009 vs 2008

Chart 10

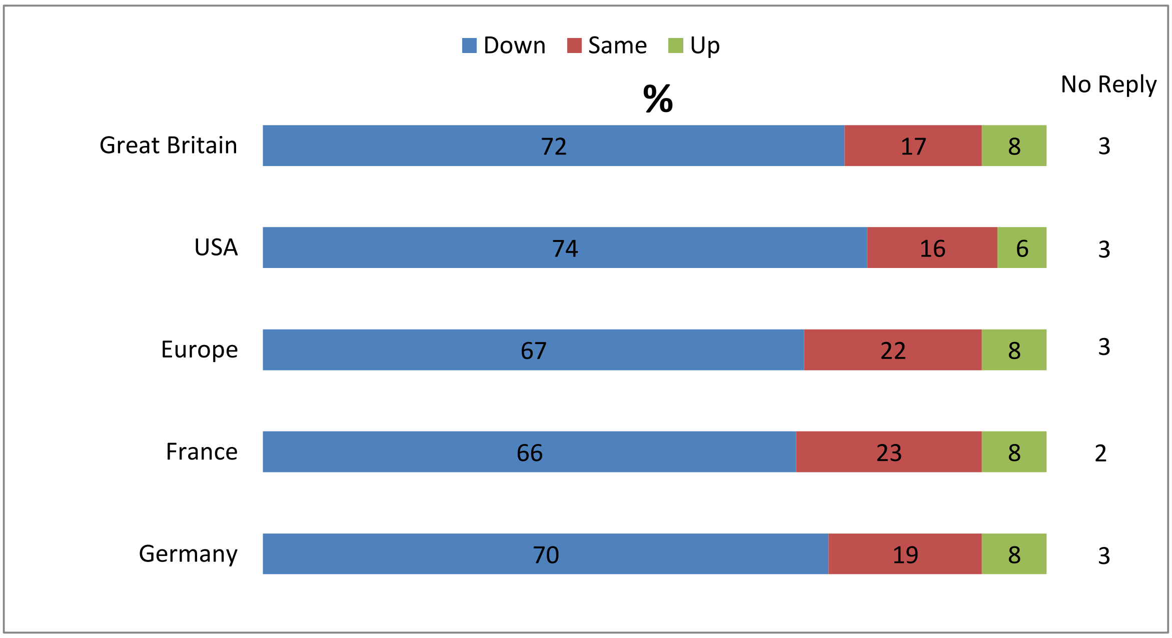


Base: All attractions & transport

Overseas Market Performance – Hotels

January to end-August
2009 vs 2008

Chart 11a

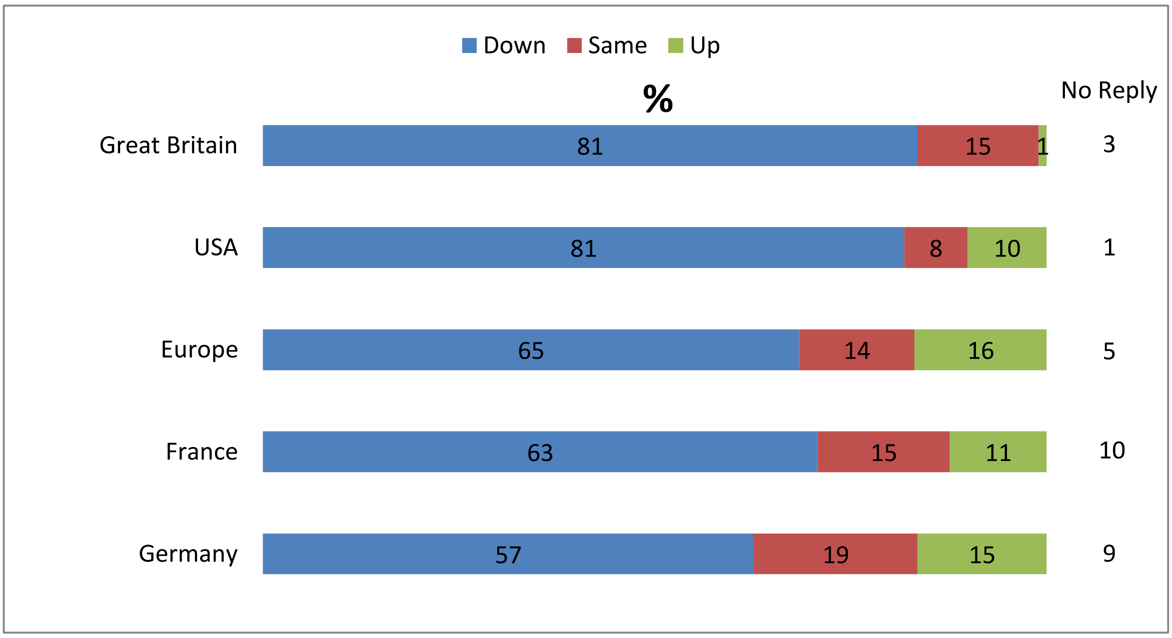


Base: All hotels

Overseas Market Performance – Guesthouses

January to end-August
2009 vs 2008

Chart 11b

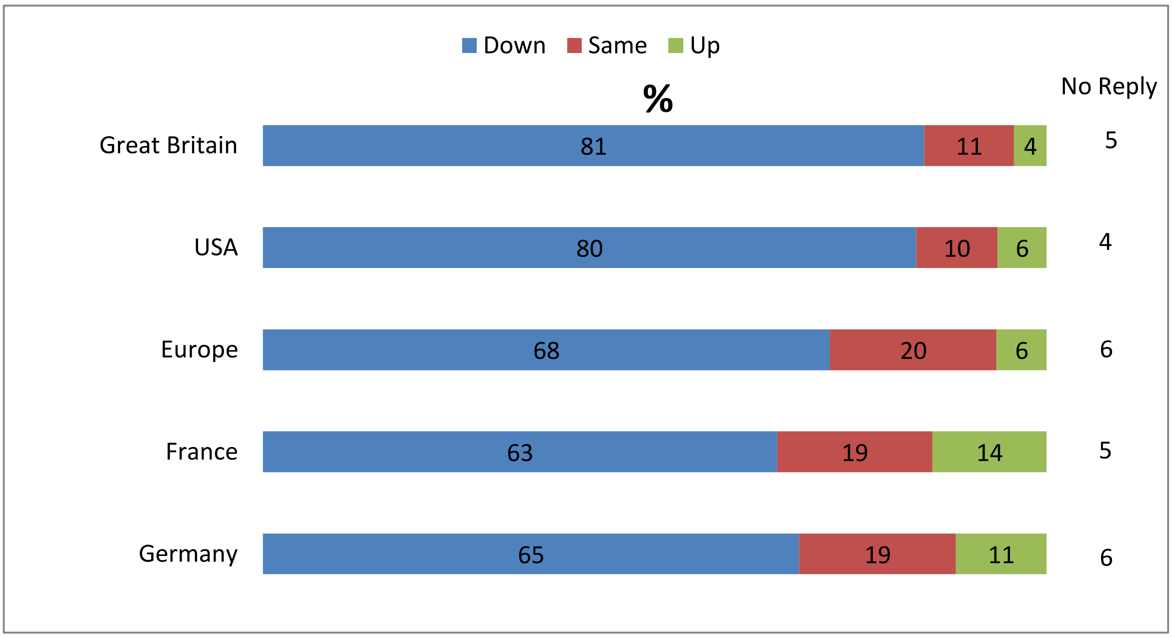


Base: All guesthouses

Overseas Market Performance – B&Bs

January to end-August
2009 vs 2008

Chart 11c

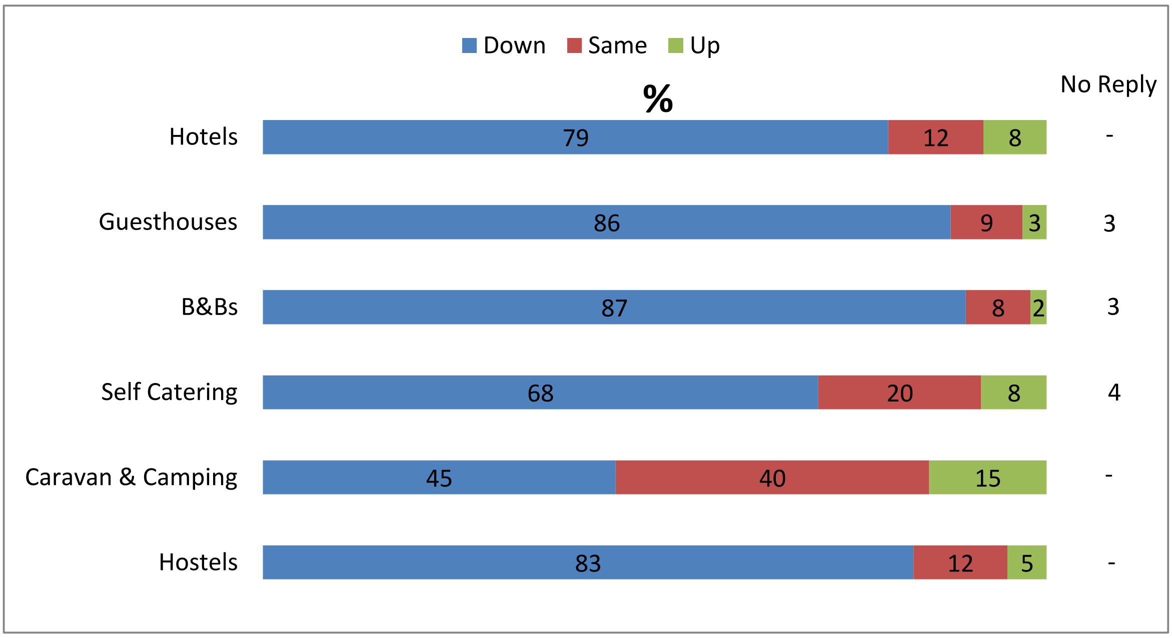


Base: All B&Bs

Overall Business Forecast – Accommodation

Prospects for the Season
2009 vs 2008

Chart 12a

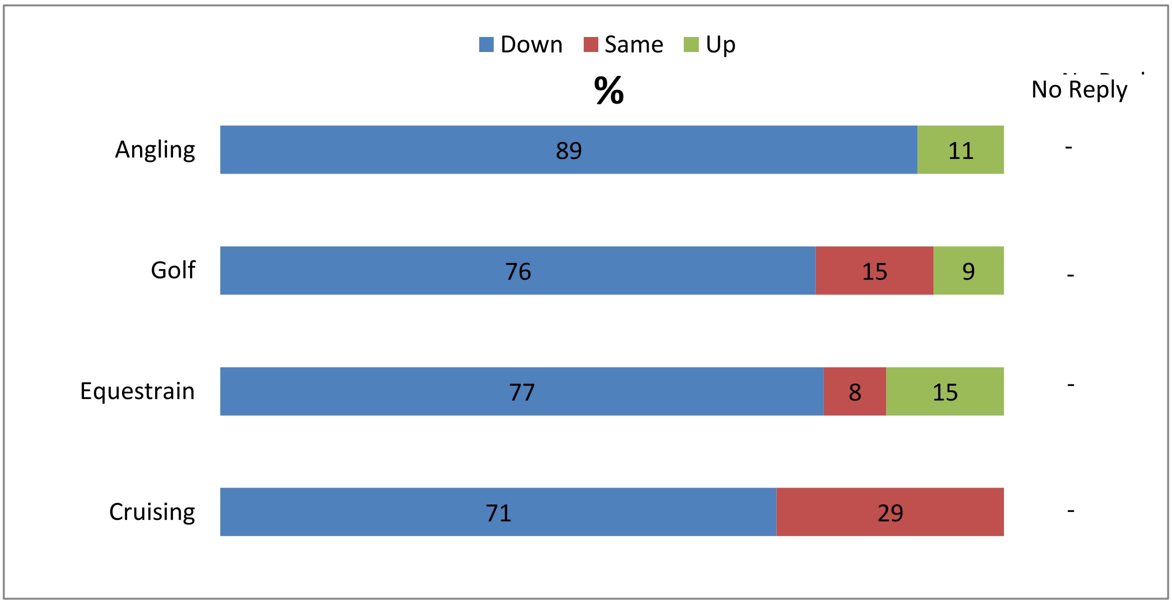


Base: All accommodation

Overall Business Forecast – Activities

Prospects for the Season
2009 vs 2008

Chart 12b

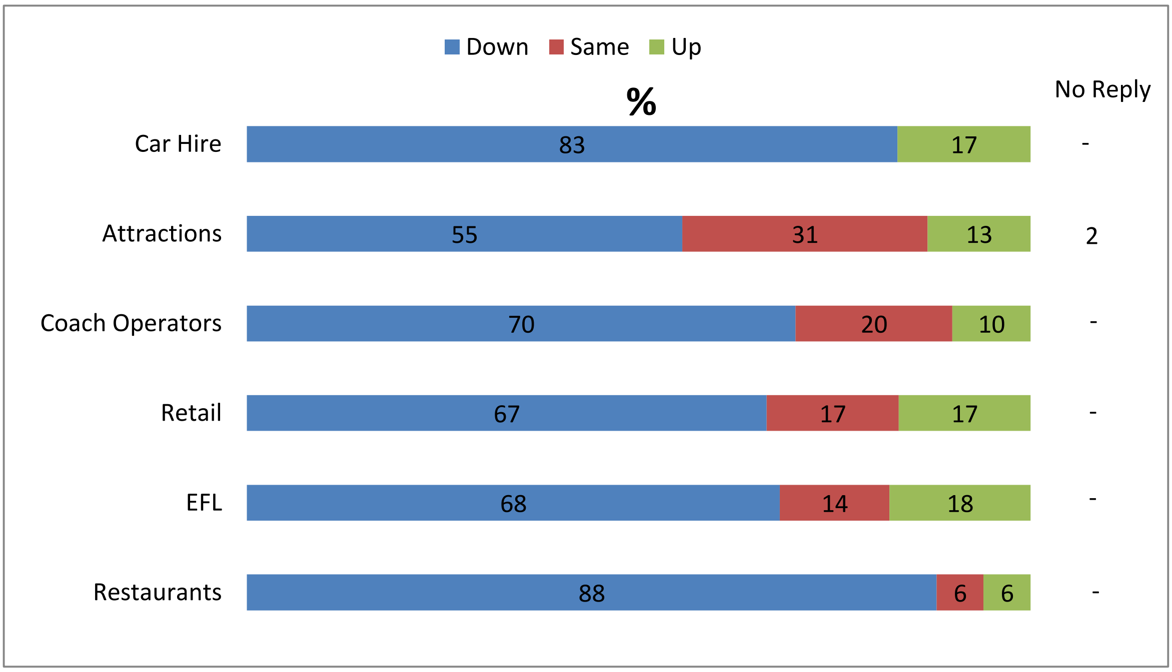


Base: All activities

Overall Business Forecast – Segments

Prospects for the Season
2009 vs 2008

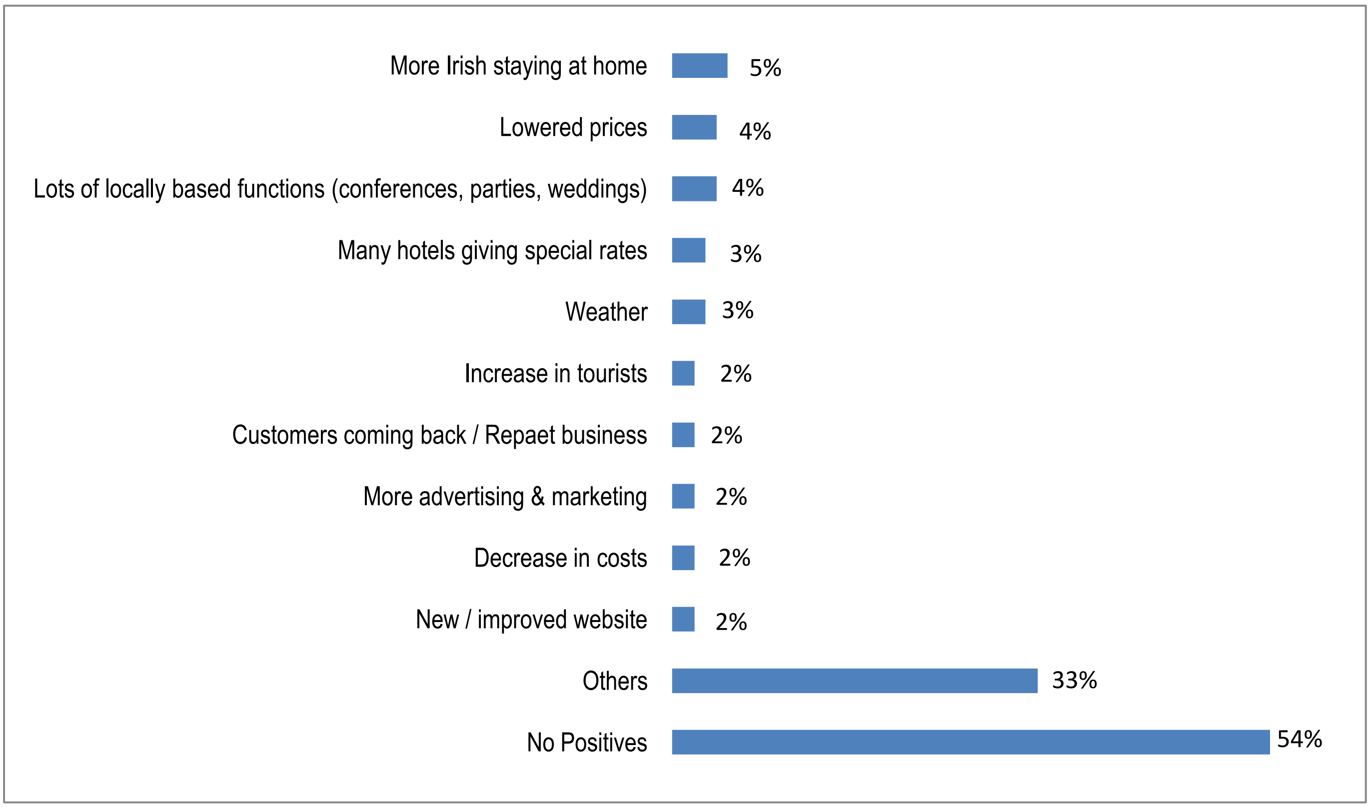
Chart 12c



Base: All attractions & transport

Positive Factors affecting overall performance

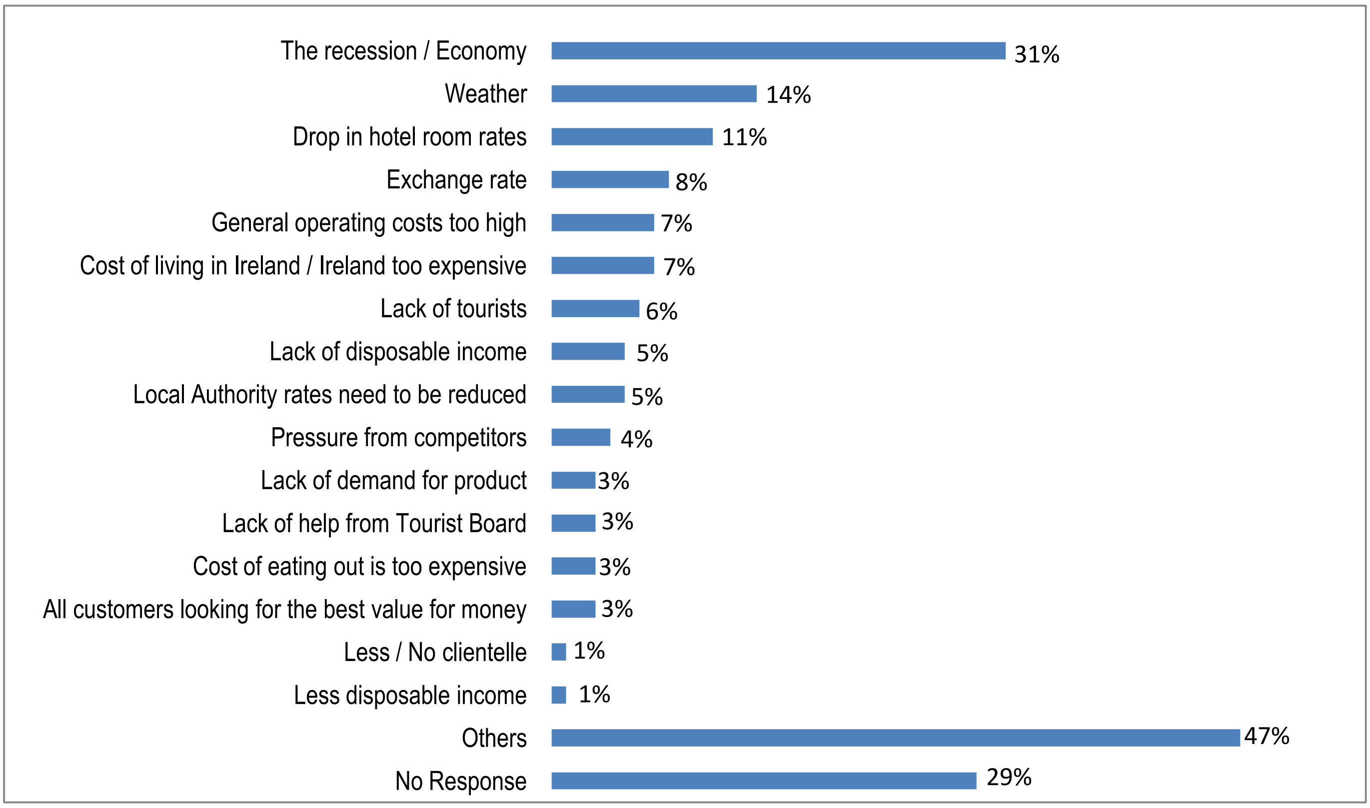
Chart 13a



Base: All tourism businesses

Negative Factors affecting overall performance

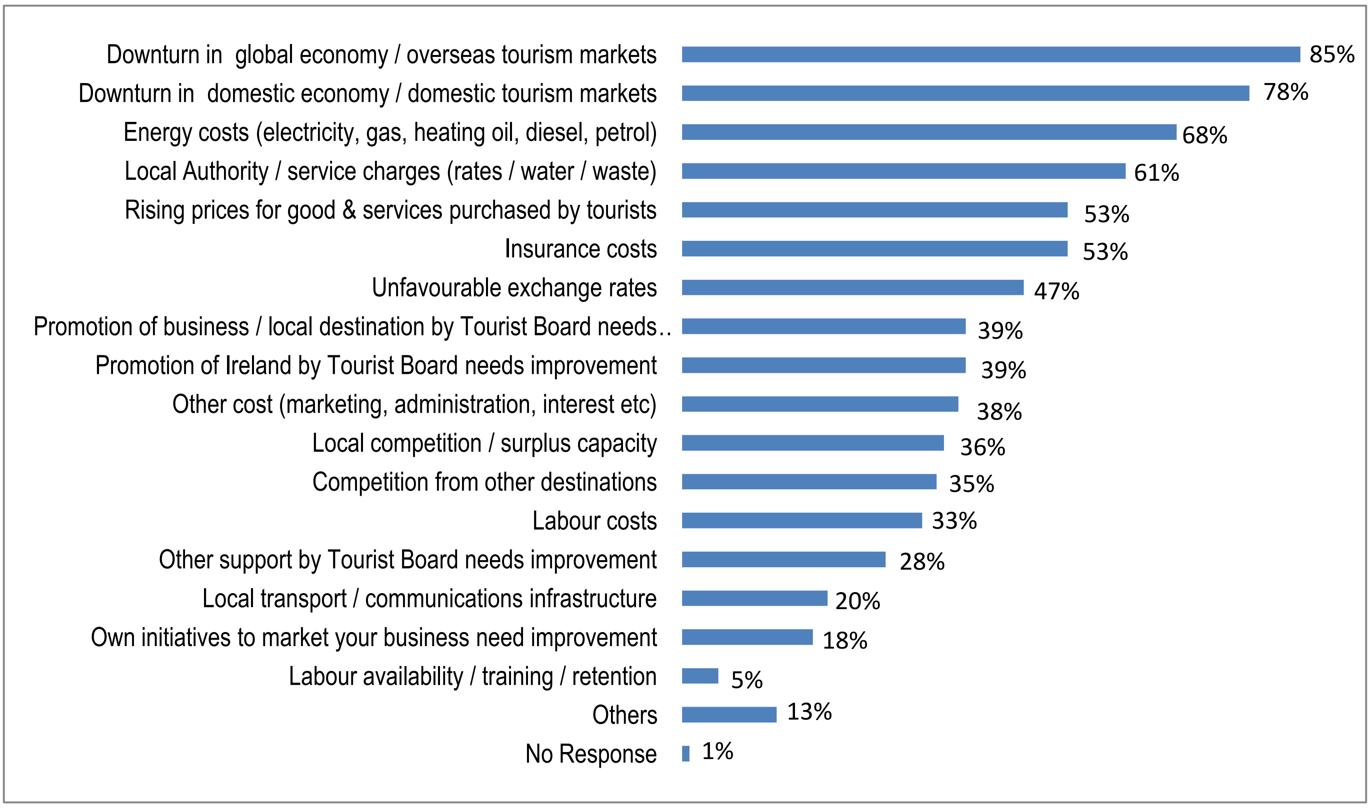
Chart 13b



Base: All tourism businesses

Operational Issues that cause concern

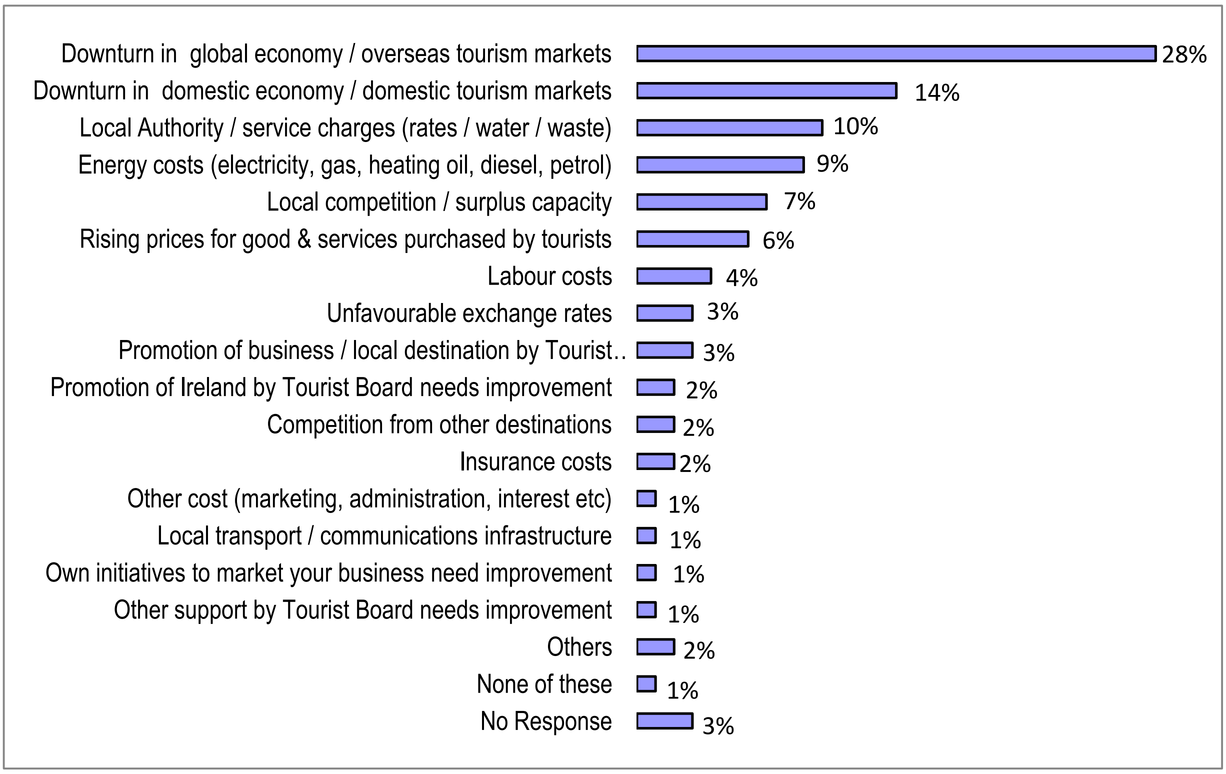
Chart 14a



Base: All tourism businesses

Operational Issues that cause most concern

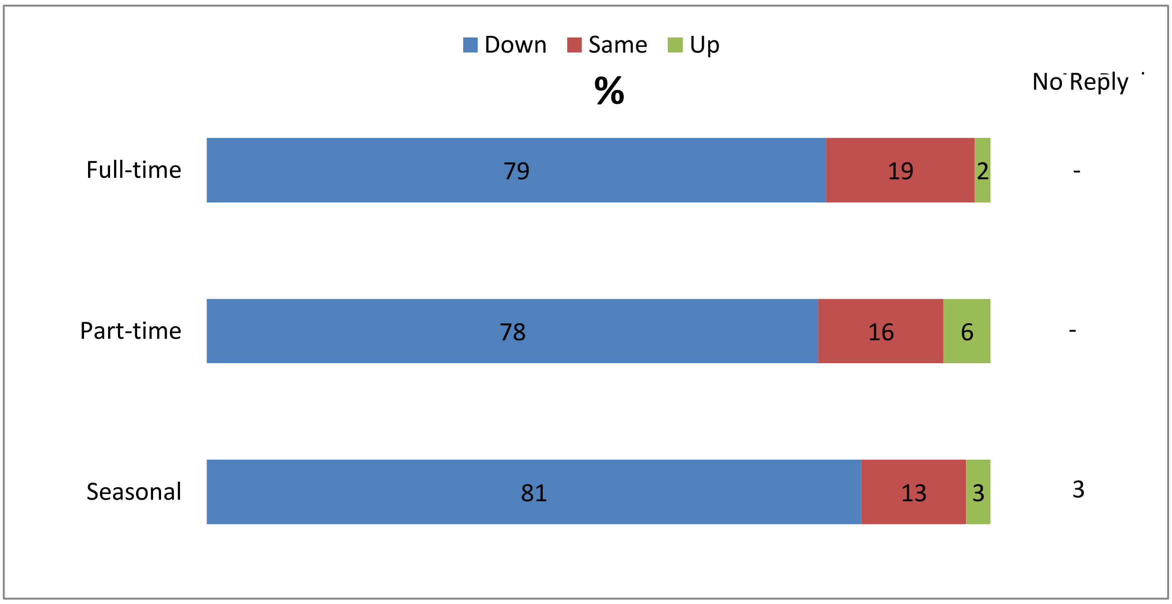
Chart 14b



Base: All tourism businesses

Employment – Hotels

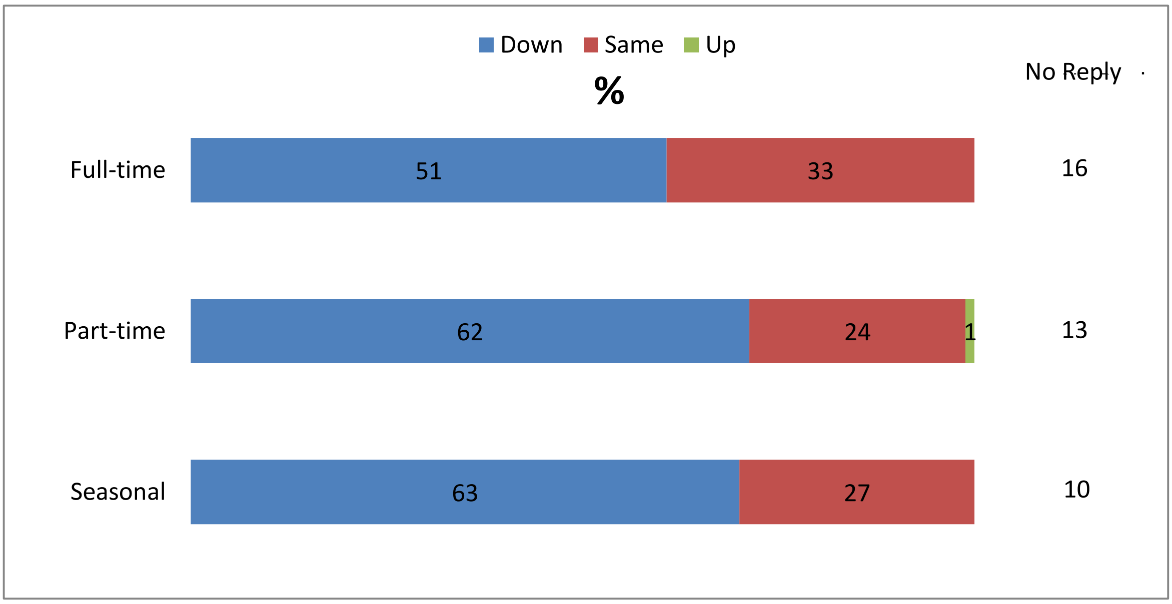
Chart 15a



Base: All hotels

Employment - Guesthouses

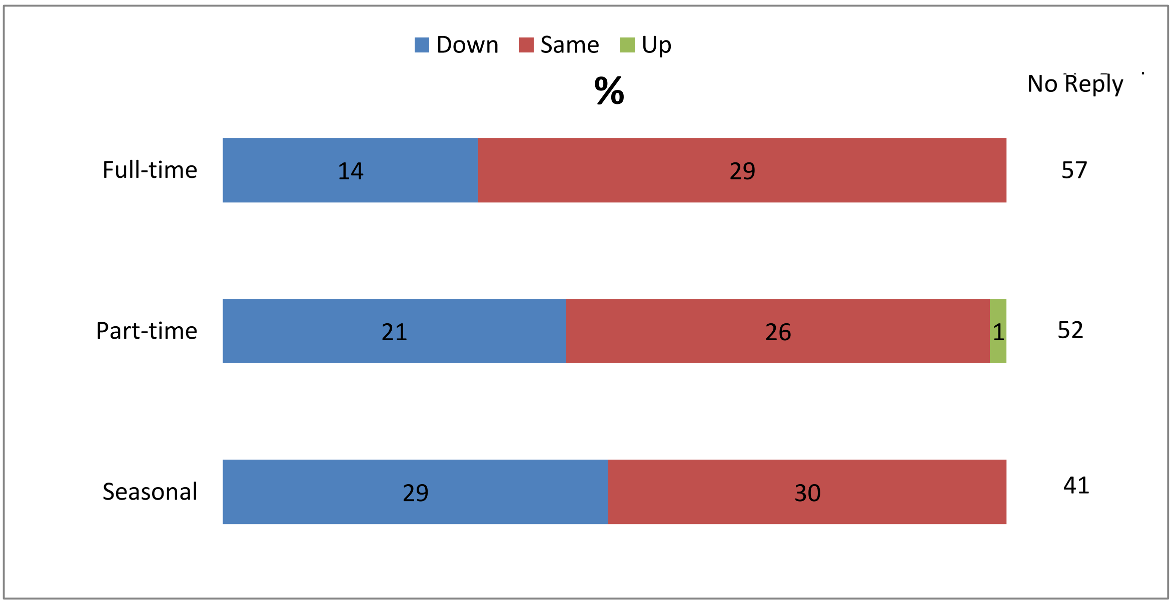
Chart 15b



Base: All guesthouses

Employment – B&Bs

Chart 15c



Base: All B&Bs

Appendix No 1 – Analysis of Sample

Accommodation

Paid Services

Hotels	145
Guest Houses	79
B&Bs	554
Sub Total	**778**

Other Accommodation

Self Catering	249
Caravan & Camping	20
Hostels	42
Sub Total	**311**

Total Accommodation **1089**

Activities

Angling	9
Golf	34
Equestrian	13
Cruising	7
Sub Total	**63**

Segments

Car Hire	6
Attractions	55
Coach Operators	20
Retail	6
EFL	28
Restaurants	17
Sub Total	**132**

Total Activities, Attractions & Transport **195**

Total Number of Responses 1284