

Tourism Barometer

Strategic Research and Insight

September 2023



Headline Findings (1)

Visitor levels are well up in some sectors

- About half (52%) of businesses have had more visitors to date this year compared to 2022; 27% have had fewer
- The highest proportions reporting to be up on last year are found among inbound tour operators & DMCs (77%), hotels (68%), attractions (66%), tour guides (63%) and Dublin businesses (65%)
- The overseas market is driving this good performance, especially North America, whereby 59% of operators report being up year to date, compared to 22% reporting the overseas market to be down

But other sectors are struggling

- Activity providers, restaurants, pubs and bars do not share the same buoyancy in visitor numbers as the other sectors
- 61% of activity providers have had fewer visitors this year, compared to 31% reporting being up
- Half (50%) of restaurants, pubs & cafes are down on customers, compared to 33% reporting being up
- These sectors have been hit by a combination of people lacking in disposable income, bad weather, rising operating costs and lack of tourist accommodation

Headline Findings (2)

Profitability remains under pressure

- Rising costs mean that many operators are struggling to break even, even if visitor levels are up
- 68% cite 'rising energy costs' as a concern and 69% cite 'rising operating costs besides energy'
- The food & drink sector and activity providers are most affected

Shortage of available and affordable tourist accommodation in some areas

- Some non-accommodation businesses are struggling because there is a lack of tourist accommodation in their area
- Supply shortage plus rising operating costs are pushing up prices – resulting in some inbound tour operators saying that overseas clients are reconsidering including Ireland in their programmes for 2024

But there are also strong reasons to be positive

- 51% cite 'return of overseas visitors' as a reason to be positive
- In spite of cost pressures, 37% cite 'investment in the business' and 37% cite 'own marketing' as a reason to be positive

What is this research about?

Background

- The key aims of this research are to understand:
 - Visitor volumes to date in 2023 compared to 2022
 - Expected visitor volumes for the remainder of 2023
 - Reasons to be positive or concerned about business in 2023
 - Sustainability measures

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 29 August 2023
- Some sector representative bodies also encouraged their members to respond

Performance Year to Date



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Sample

| Accommodation sector | Sample size |
|----------------------|-------------|
| Hotels | 122 |
| B&Bs | 79 |
| Self catering | 62 |
| Caravan & campsites | 27 |
| Guesthouses | 22 |
| Other accommodation | 14 |

- **896 responses in total after de-duping by business**

| Non-accommodation sector | Sample size |
|-----------------------------|-------------|
| Attractions | 128 |
| Activity providers | 93 |
| Pubs & bars | 81 |
| Restaurants | 52 |
| Tour guides | 43 |
| Inbound operators and DMCs* | 32 |
| Cafés | 24 |
| Chauffeur service | 19 |
| Golf clubs | 14 |
| Coach operators | 14 |
| Other non-accommodation | 70 |

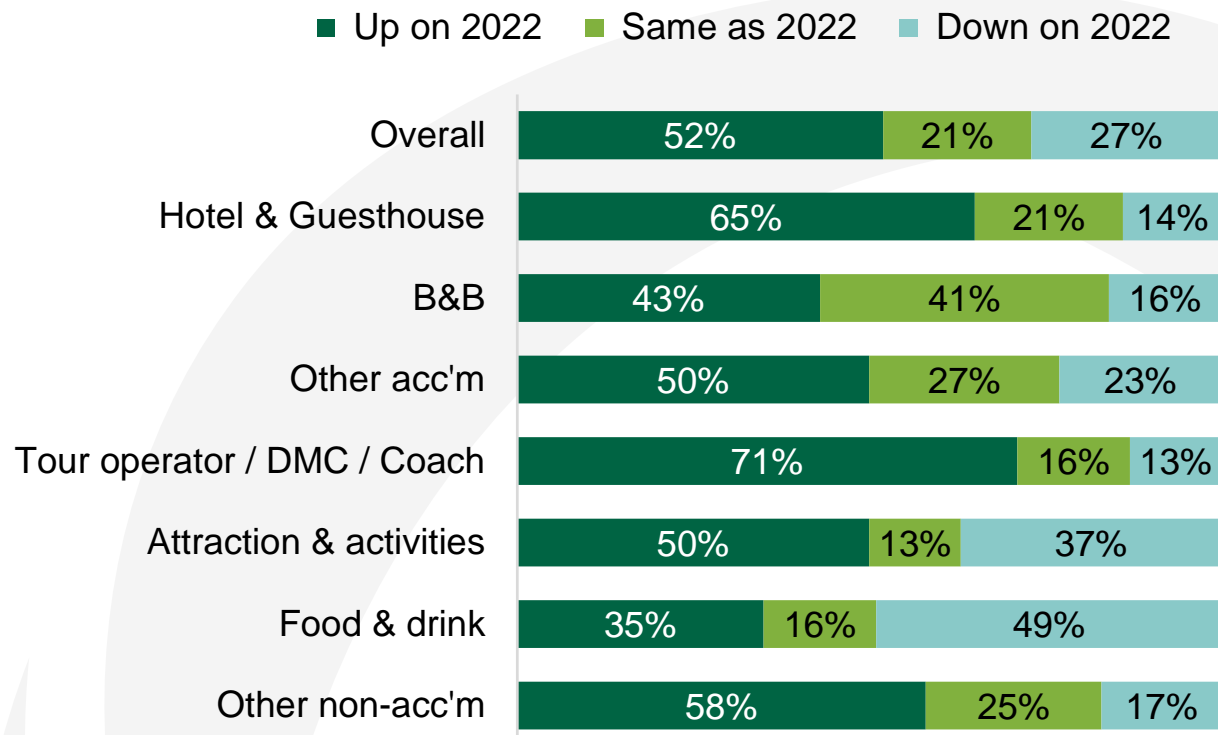
**Destination Management Companies*

Performance vs Last Year

Strong performance in some 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 (77%)
 - Hotels (68%)
 - Attractions (66%)
 - Tour guides (63%)
 - Dublin businesses (65%)
- Food & drink sector is down, as are activity providers (where 61% report being down vs 31% being up)

Q4 "How does the volume of your overall business to date this year compare with the same period last year?"



Base: 869

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

Performance by Market

Overseas visitors are behind good performances

- Overseas visitors, especially Americans, are making up for a subdued domestic market
- Highest proportions reporting overseas visitors to be up on last year are found among:
 - Hotels (85%)
 - Tour guides (79%)
 - Inbound tour operators & DMCs (77%)
- The domestic market is thought to be down because of a combination of perceived better value for money abroad (high accommodation prices in Ireland) and the poor summer weather this year

"Many Irish people are travelling abroad due to the high cost of accommodation here"
Activity provider, Wicklow

Q5 "How does your volume of visitors to date this year compare with the same period last year from each of the following markets?"



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

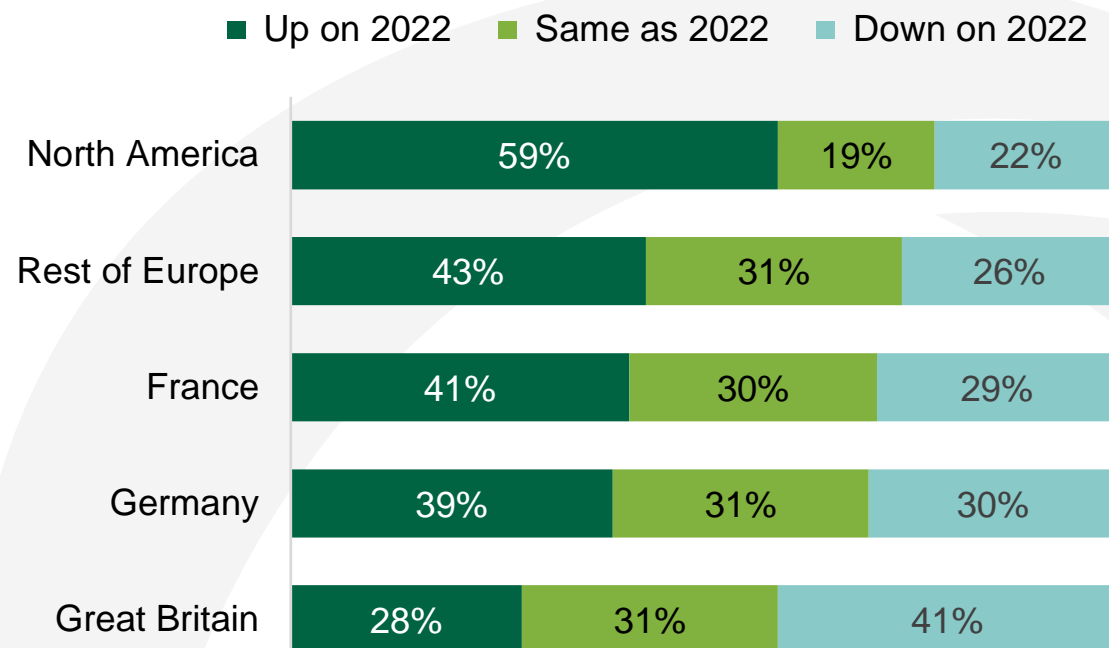
Performance by Overseas Market

Americans continue to come in large numbers

- Recovery in the North American market continues this year, especially for:
 - Hotels (80% are up)
 - Tour guides (76%)
 - Inbound tour operators & DMCs (72%)
 - Dublin businesses (71%)
 - Attractions (70%)
- Mainland European markets are also recovering well, whereas the GB market continues to decline

*"We are still very dependent
on American tourists"*
Café, Galway

Q6 "How does your volume of visitors to date this year compare with the same period last year from each of the following markets?"



Base: variable

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

Profitability

Significant variation by sector

- Some sectors are profitable because their rising costs are more than covered by their increased turnover this year
- These are the same sectors which have benefitted greatly from increased overseas visitors this year: inbound tour operators & DMCs, tour guides, hotels, attractions and Dublin-based businesses
- In stark contrast, some food & drink operators and activity providers say they are struggling to remain in business

"Earnings are up but operating costs, rent, rates etc are also up. Therefore profitability is down despite never being busier."

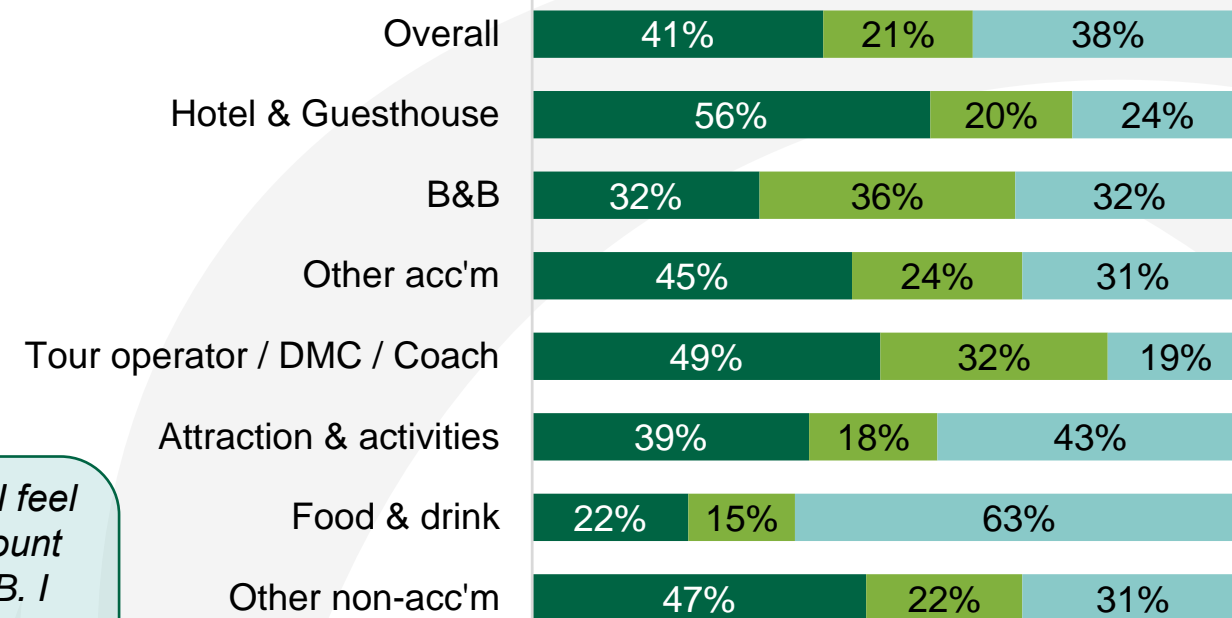
Marina

"Rising costs are an issue and I feel that there is a 'cap' on the amount that one can charge for a B&B. I have had to reduce my staffing level to enable me to keep my prices competitive."

B&B, Cork

Q7 "How does your overall profitability to date this year compare with the same period last year?"

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



Base: 825

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

Hotels – Ireland Market



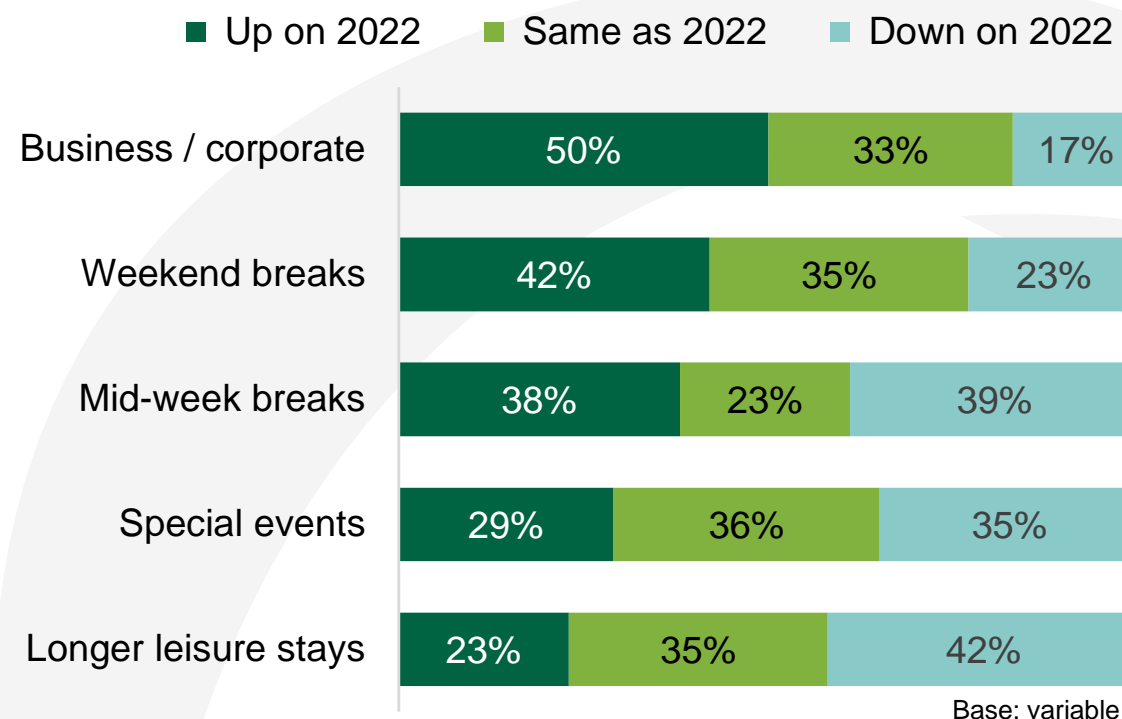
Shorter stays going well; longer stays less so

- The business market has recovered well compared to last year – it was hit particularly hard during Covid
- Shorter leisure stays are also performing better this year, but longer stays are not
- The hotel sector is one of few sectors to see an overall increase in domestic visitors this year, but even here, the domestic holiday segment is down

“The customer lacking disposable income is of concern given the interest rates rising and personal taxation is to be questioned. Middle income earners are being squeezed.”

Hotel, Westmeath

Q9 "Thinking about your Ireland market business this year, how have each of the following performed compared with the same period last year?"



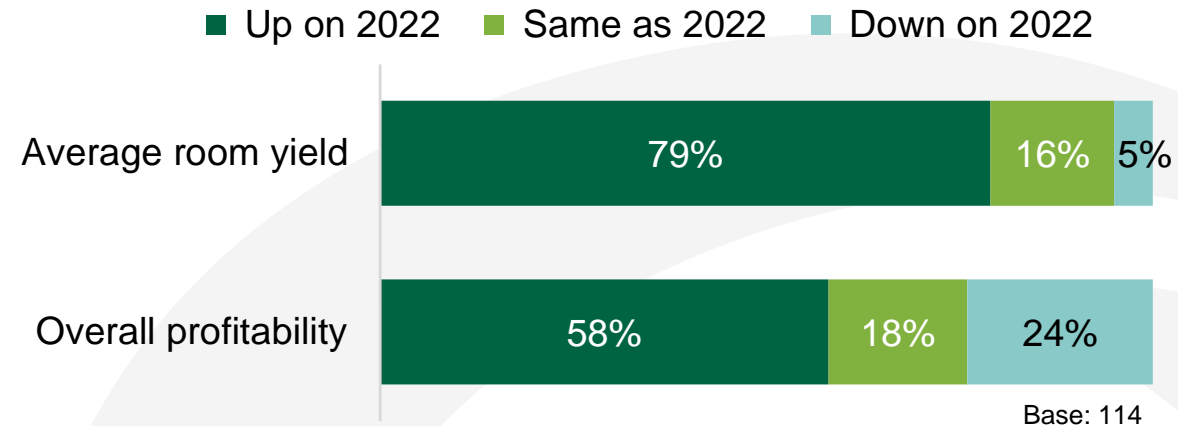
'Don't know' and 'not applicable' answers have been excluded

Hotels – Yield and Profitability

Hotel sector is performing well financially

- The May barometer earlier this year showed that hotels were performing very well at the time in terms of average room yield, but not necessarily in terms of profitability
- Now profitability has also increased compared to last year
- Operating costs are higher and so hotels need to cover these

Q7/8 "How does your ... to date this year compare with the same period last year?"



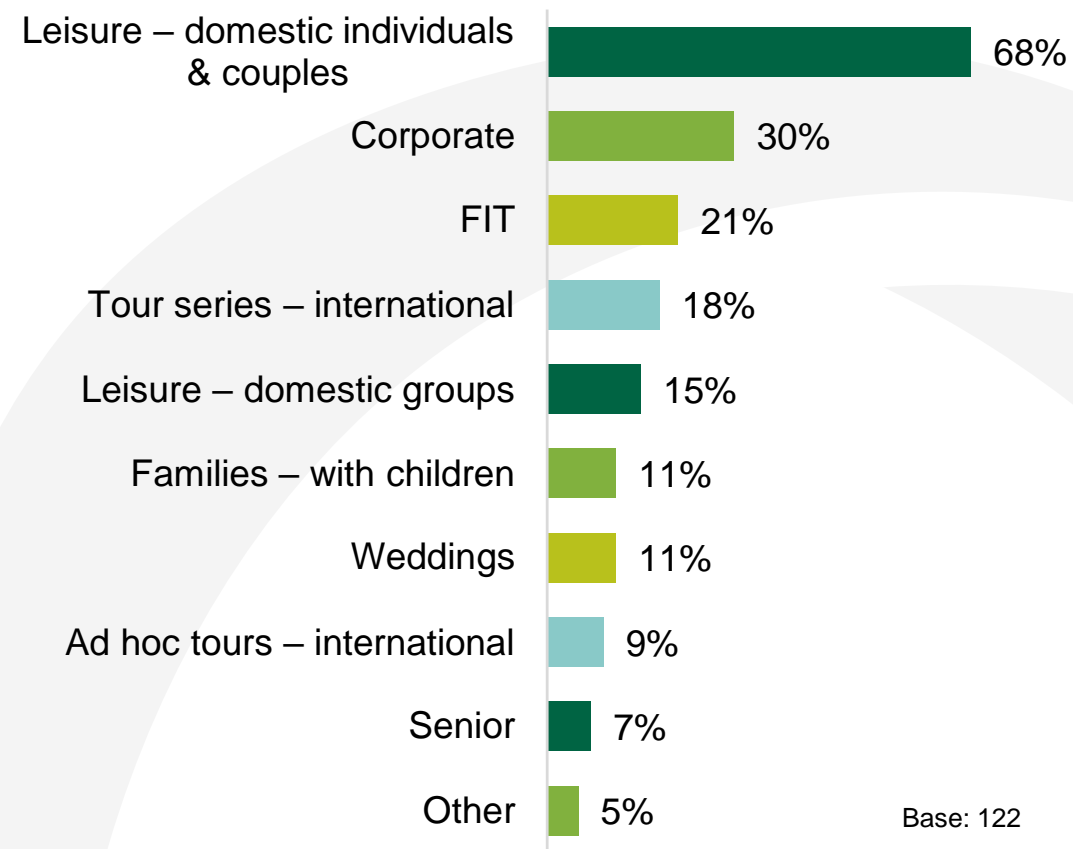
Hotels – Sources of Business

More reliance on corporate segment outside tourism hotspots

- Domestic individual and couples staying for leisure are still by far the most important source of business for hotels, even though some hotels have seen a decline in domestic visitors this year
- It is the most important source in every region
- Reliance on corporate business varies – outside of tourism hotspots*, close to half (46%) cite it in their top two sources
- In tourism hotspots, source of business is much more spread across the different segments shown on the chart opposite

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

Q10 "Which are your two main sources of business this year?"



Base: 122

Expectations



Overall Expectations

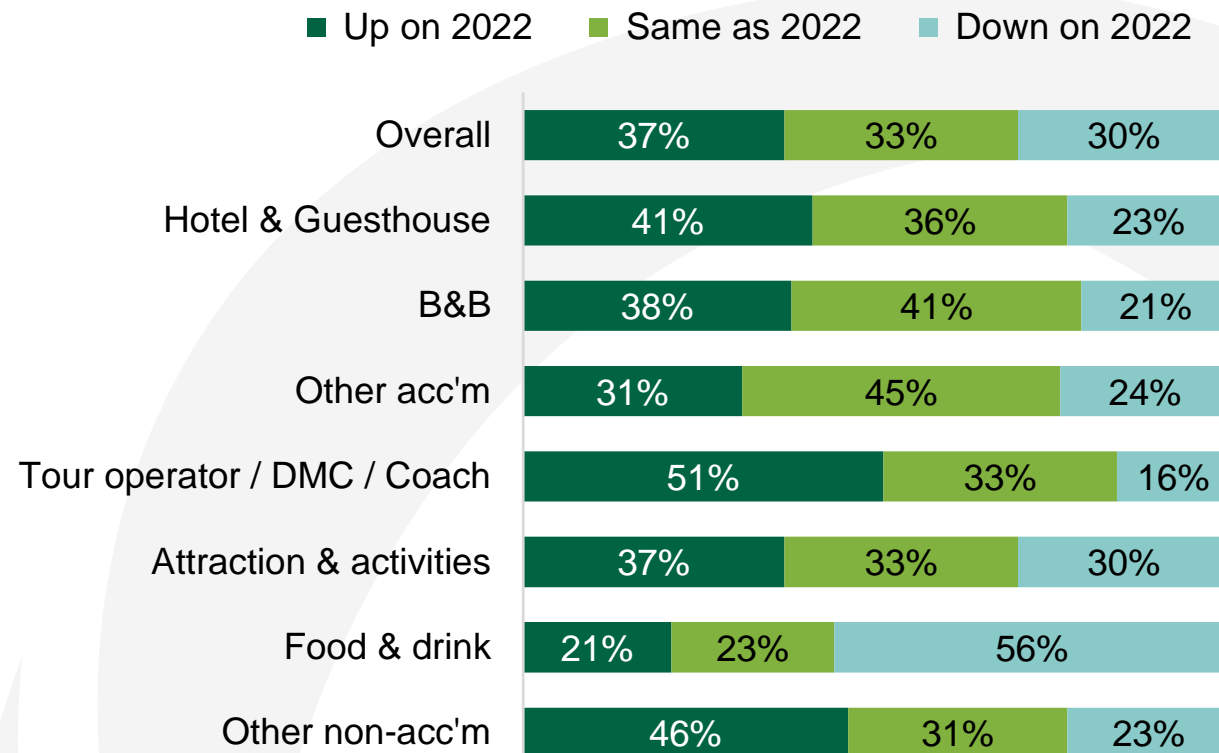
Mixed outlook

- Expectations for the remainder of the year vary significantly by sector
- Generally, sectors which have performed well so far this year expect their success to continue, and sectors which have struggled are not optimistic about improvement

"The outlook is positive for the rest of the year and next year"
Self catering, Kerry

"I am about to close and lay off many staff"
Restaurant, Dublin

Q11 "How do you expect the volume of your overall business to perform during the remainder of this year compared to the same period last year"



Base: 826

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

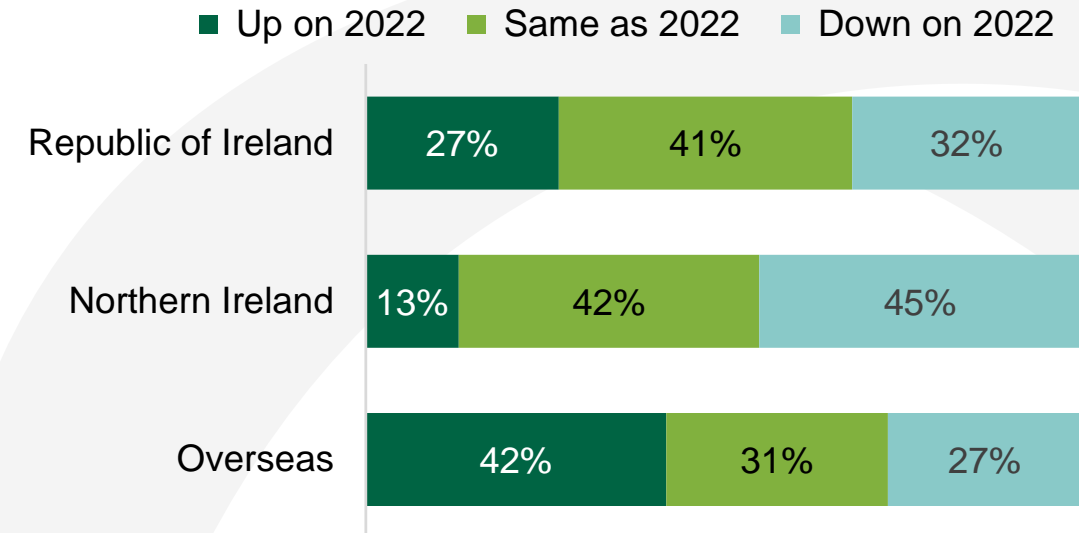
Expectations by Market



Reliance on overseas visitors

- Overseas visitors underpin hopes for a successful remainder of the year
- This is consistent with feedback given in recent barometer waves in May 2023 and December 2022
- Expectations for the overseas market are high in every sector except those which have not performed well this year – activity and food & drink providers
- All regions expect the overseas market to be up, except for Ireland's Hidden Heartlands, where the outlook is more mixed

Q12 "How do you expect the volume of your business to perform during the remainder of this year compared to the same period last year from each of the following markets?"



Base: variable

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

Expectations by Overseas Market

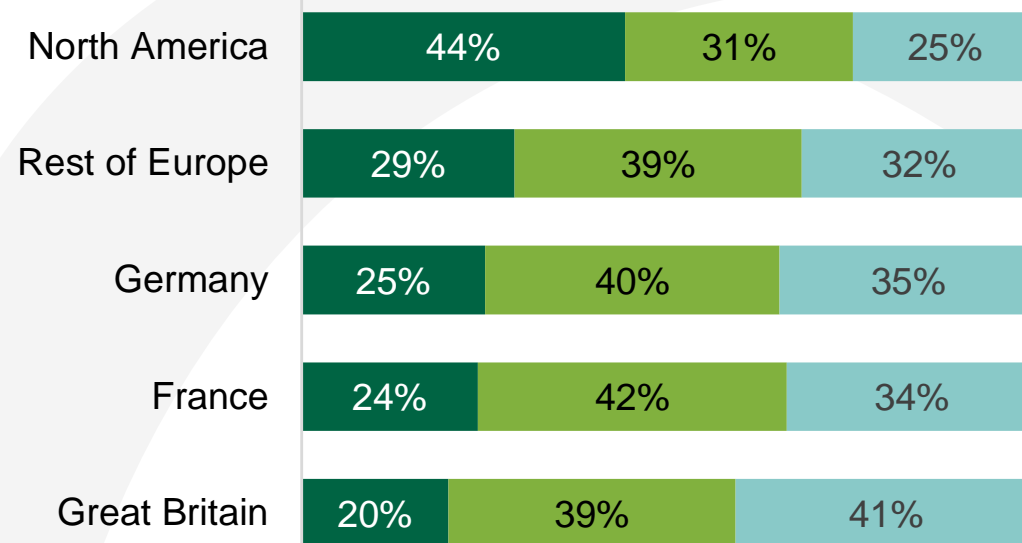
Similar order to performance to date

- As with performance to date in 2023, the North American market carries the hopes for a positive overseas performance for the remainder of the year
- Mainland European markets have a mixed outlook but are at least looking more positive than Great Britain

"The outlook is fair to poor. Most of our customers (70%) were Americans this year and they went out to restaurants, gift shops, walks/hiking, tours, etc. We need more of these guests."
Self catering, Sligo

Q13 "How do you expect the volume of your overseas business to perform during the remainder of this year compared to the same period last year from each of the following markets?"

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



Base: variable

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

Sustainability



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Sustainable Measures

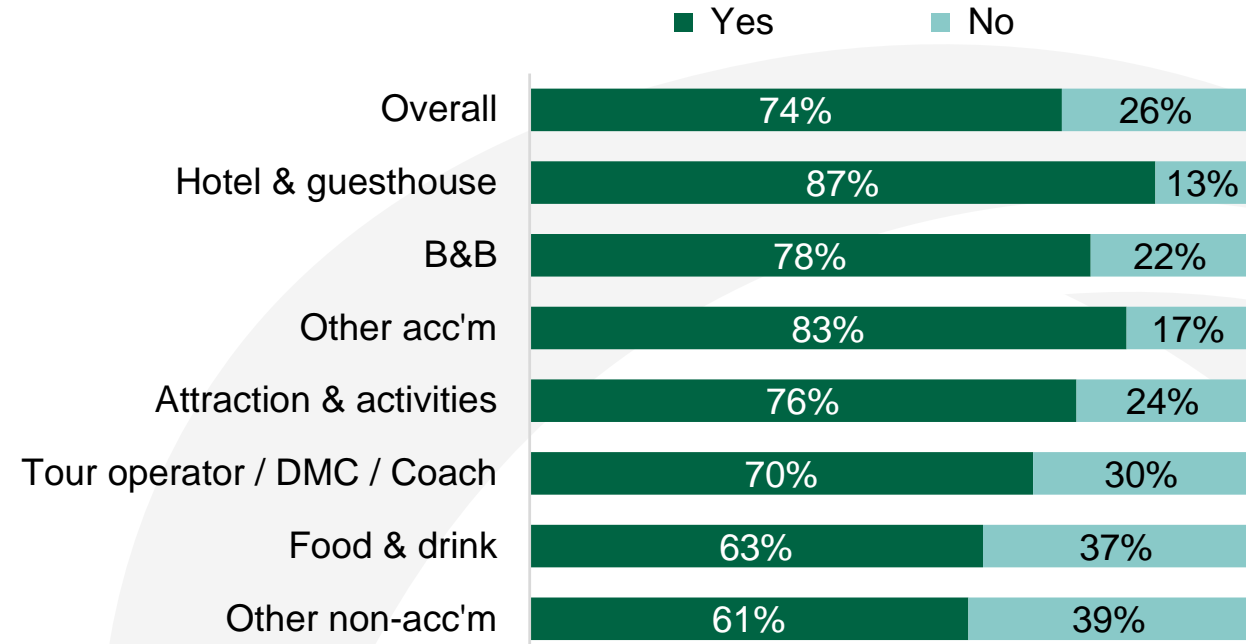


Accommodation operators more likely to have measures in place

- Sustainable measures are already quite widespread across the industry
- 84% of accommodation operators have measures in place, compared to a lower proportion (68%) of non-accommodation operators
- Dublin stands out from the other regions with 83% of its businesses having sustainable measures, compared to 72% across the other regions

"We are investing in solar panels"
Pub, Louth

Q14 "Do you have measures in place to manage your business in a sustainable manner?"



Base: 777

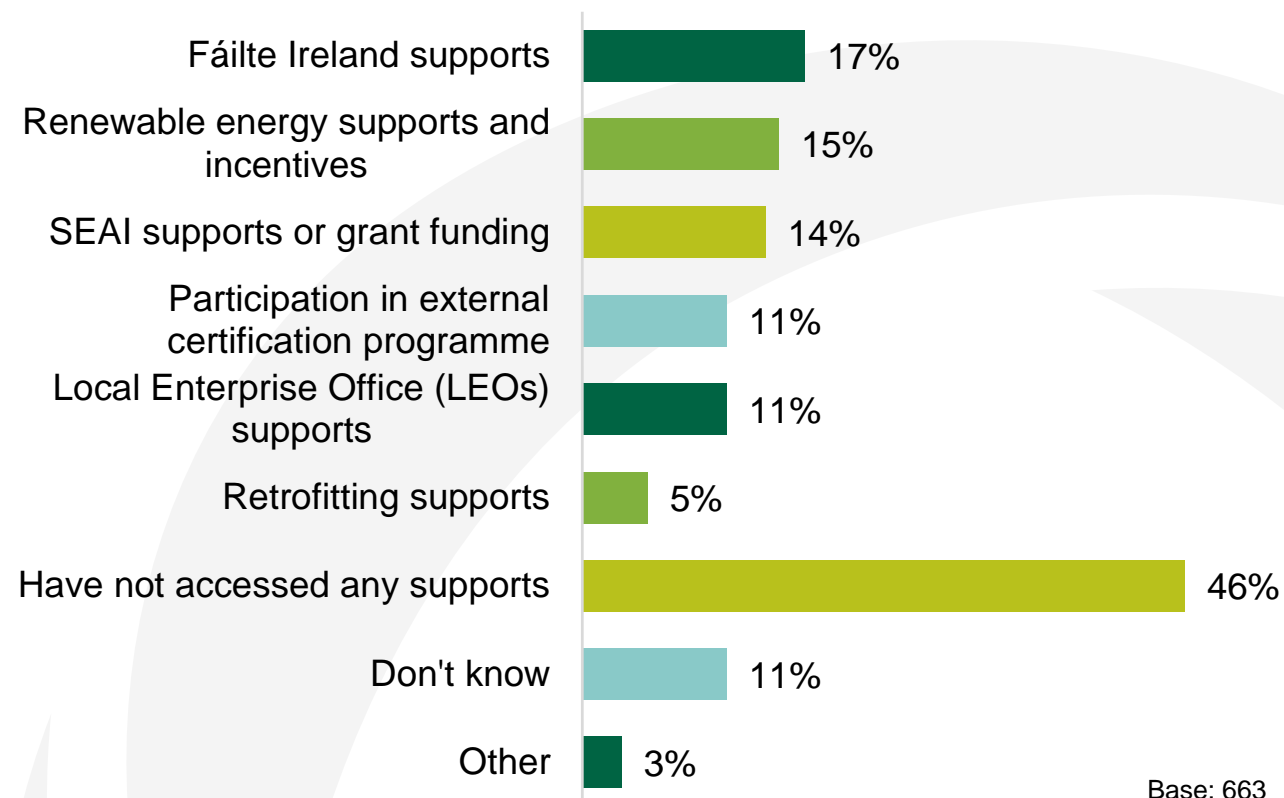
'Don't know' and 'not applicable' answers have been excluded

Supports Accessed

Hotels are more likely to have accessed supports

- About half of businesses with sustainability measures in place have accessed some form of support
- Fáilte Ireland supports, along with renewable energy supports & incentives and SEAI supports/grant funding, are the most commonly accessed supports
- 62% of responding hotels have named at least one support they have accessed and a further 16% say they do not know what they have accessed
- 32% of responding hotels have accessed Fáilte Ireland supports

Q15 "What supports, if any, your business has accessed to implement sustainability measures?"



Base: 663

Q15 has been asked to those with sustainability measures in place

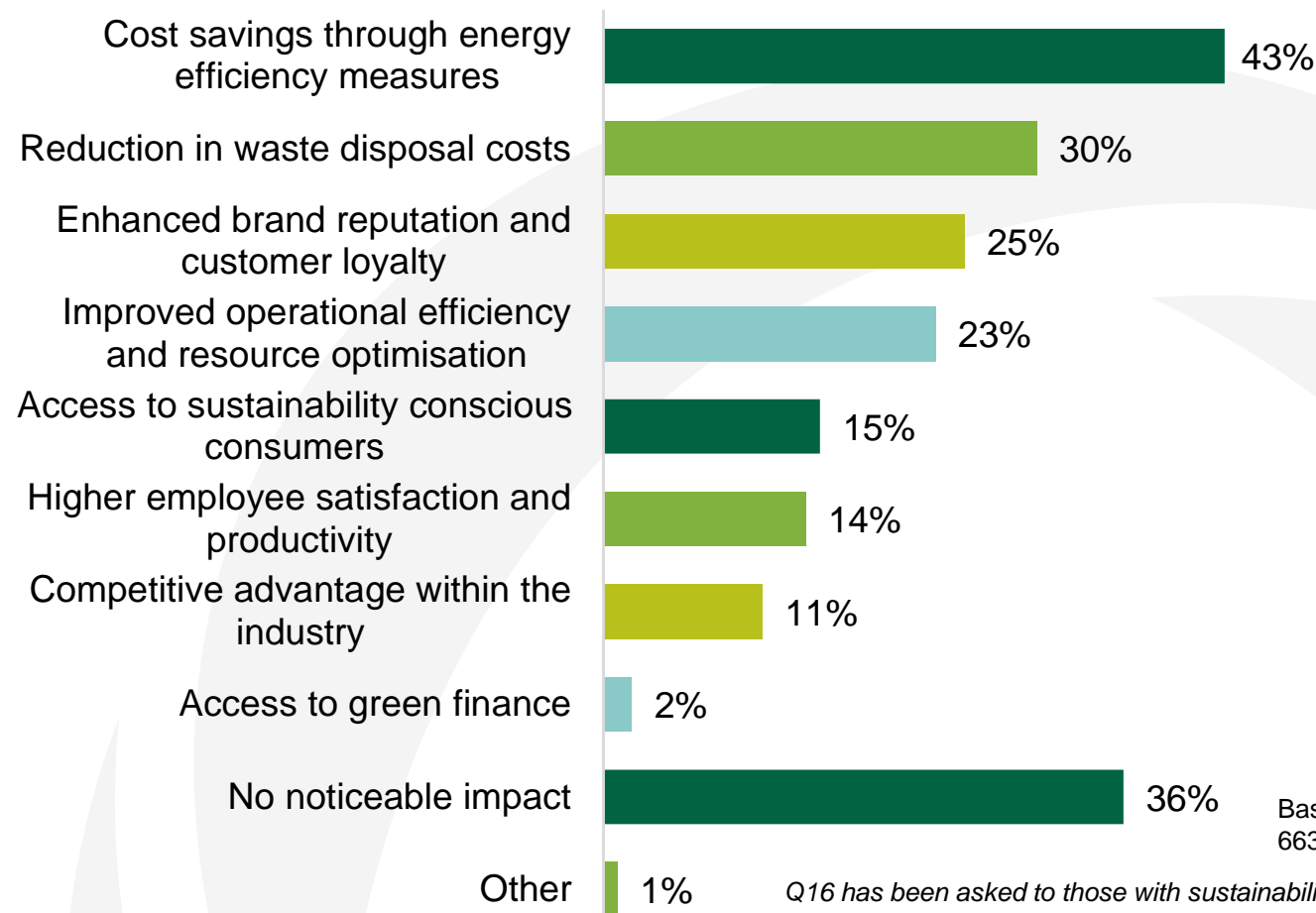
Impact of Sustainable Practices

Numerous benefits noticed

- Implementing sustainable practices often comes with initial costs, as is seen from the barriers (*discussed next in Q17*), but cost savings in energy and waste disposal can be made in the long run
- Further benefits experienced by businesses include enhanced reputation among customers and employees
- Hotels in general have noticed more benefits than operators in other sectors

“By recycling we are educating our young staff with the hope they will carry on the practice in their own home and in college life”
Inn, Cavan

Q16 "How has implementing sustainable practices impacted your business' bottom line?"



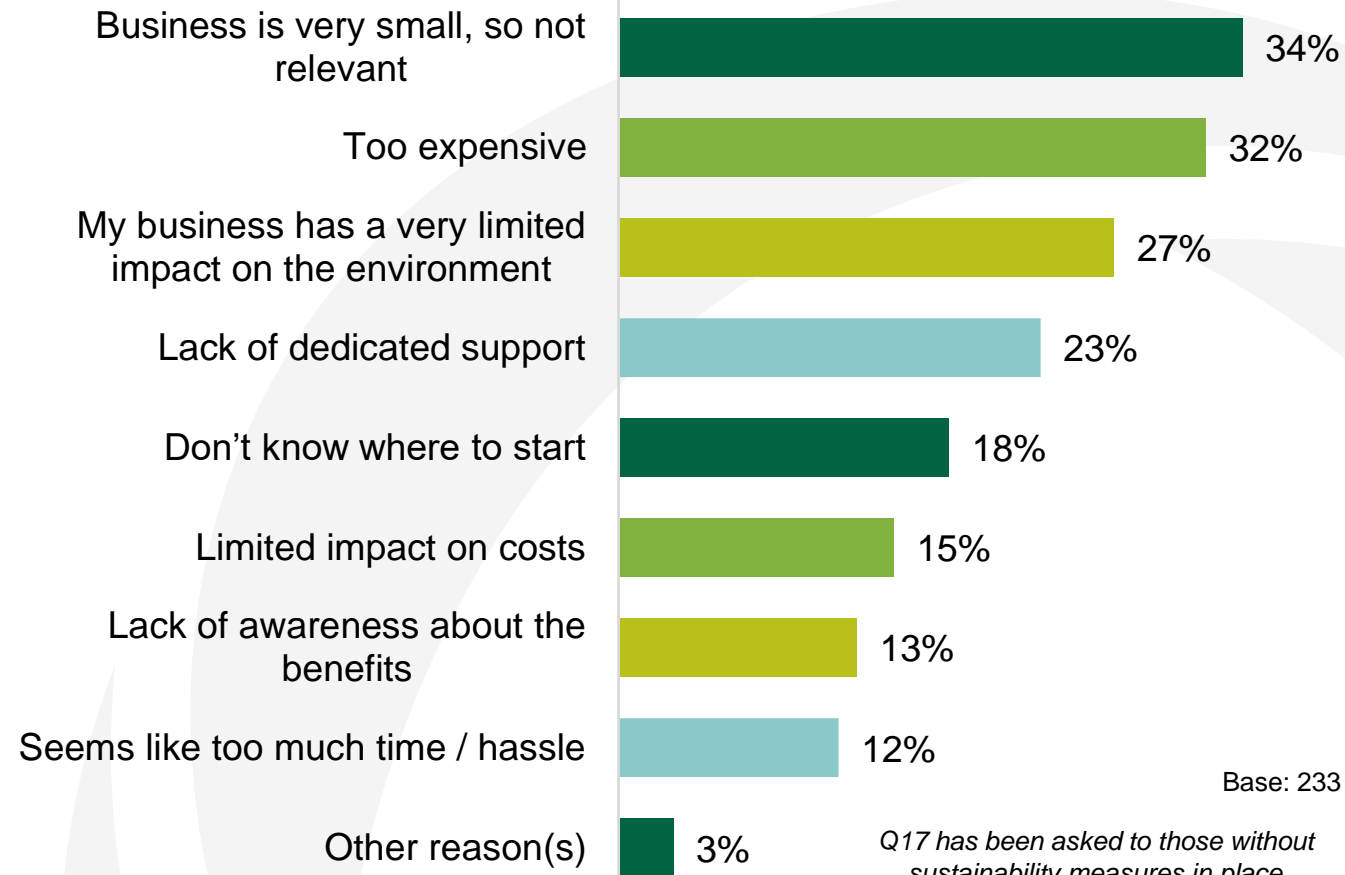
Barriers to Implementing Sustainable Practices

Range of barriers

- There are many different reasons why some businesses are not prioritising sustainable practice
- Several reasons are linked to lack of awareness that every business can make a difference
- Some have looked into implementing measures and have found the cost a barrier

"You need to constantly invest in your business to be up to date with trends, sustainability and all of this costs money. The only people I can get money from is Grid Finance or Linked Finance. The normal banks do not play ball at all. "
Café, Meath

Q17 "What are the primary reasons why you do not currently prioritise the implementation of sustainable practices in your business operations?"



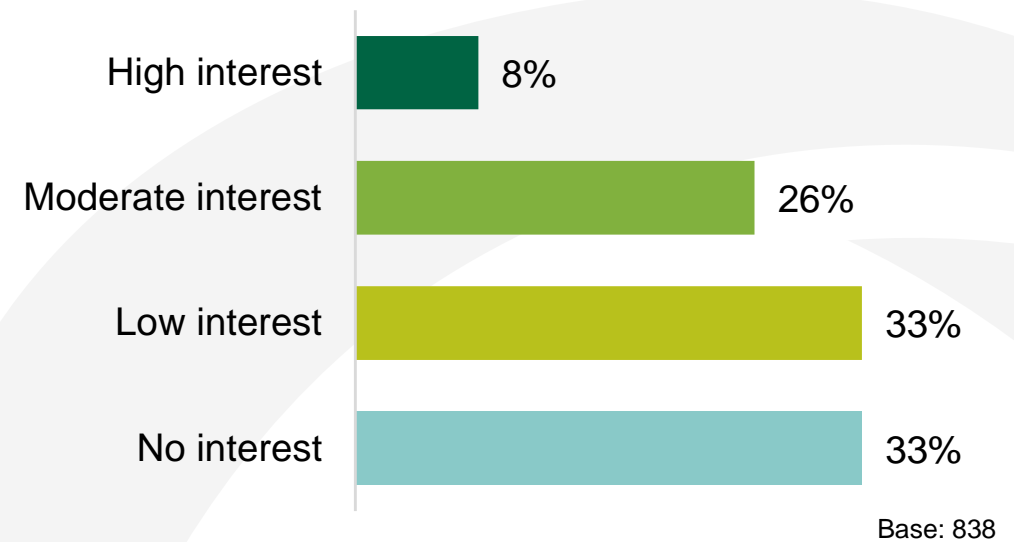
Interest Shown by Customers

Higher interest if measures in place

- Customers can show an interest in a business' sustainability credentials regardless of whether the business has any or not
- For businesses which have measures in place, 9% say their customers have shown a 'high' interest and 30% say customers have shown 'moderate' interest
- For businesses without measures in place, 4% say their customers have shown 'high' interest and 14% say customers have shown 'moderate' interest
- Answers do not vary significantly by sector or region

"Sustainable tourism is great in theory. Not many want to live by it. We are practising for over 25 years now."
Self catering, Kilkenny

Q18 "Over the past 12 months, how has the overall level of interest among your customers been regarding your business' sustainability initiatives?"



Q18 has been asked to all. 'Not applicable' answers have been excluded.

Section 4

Reasons to be Positive or Concerned



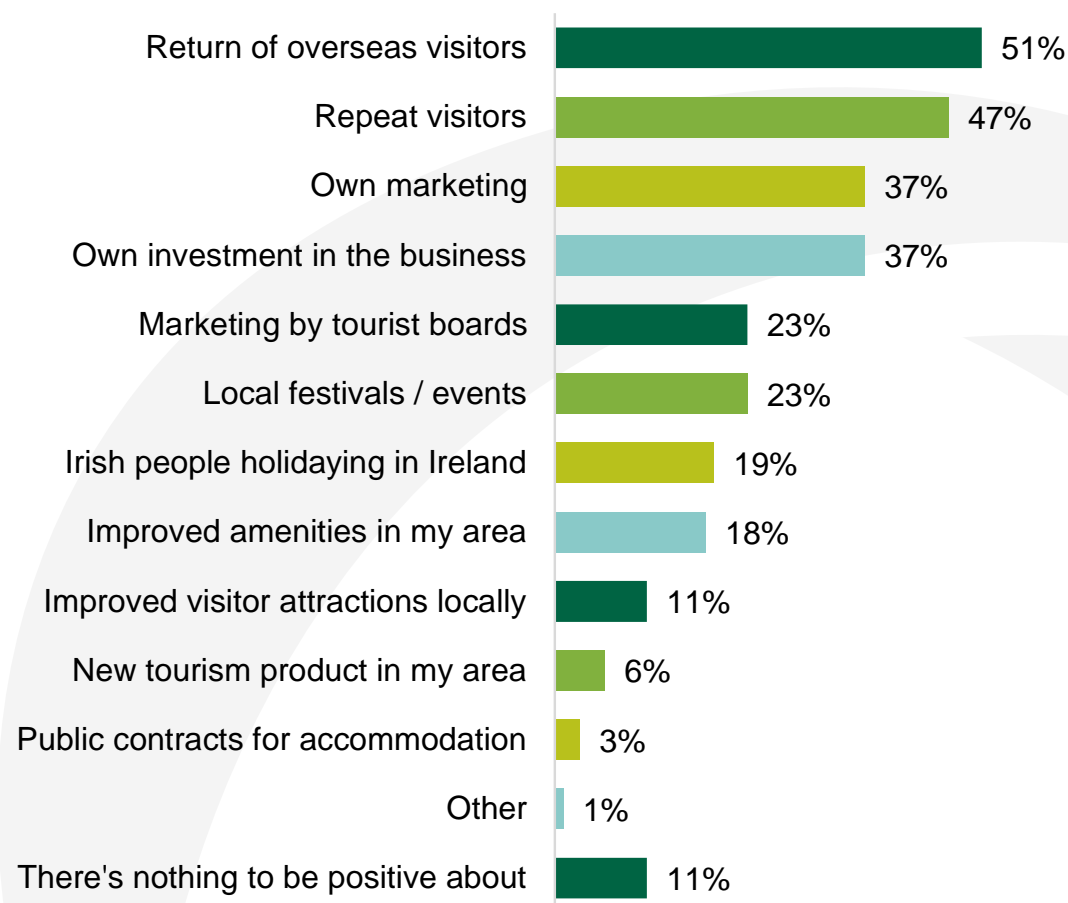
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Reasons to Be Positive

Some good reasons to be optimistic

- The return of overseas visitors is once again the most frequently cited positive factor affecting business – as has been the case in the last few barometer waves
- This stands out clearly as the top answer in Dublin (57%) and among inbound tour operators & DMCs (72%) and tour guides (60%)
- Repeat visitors stand out as the top answer among caravan parks (81%) and self catering (71%)

Q19 "Are there any particular reasons to be positive about business this year?"



Reasons to Be Positive – Open Comments

Proactively looking for opportunities

- The tourism industry faces many challenges, including rising costs, customers lacking in disposable income and staffing
- Some operators are doing their best to overcome these challenges and make the most of any opportunities for growth they can find

"The future has good growth opportunities"
DMC, Dublin

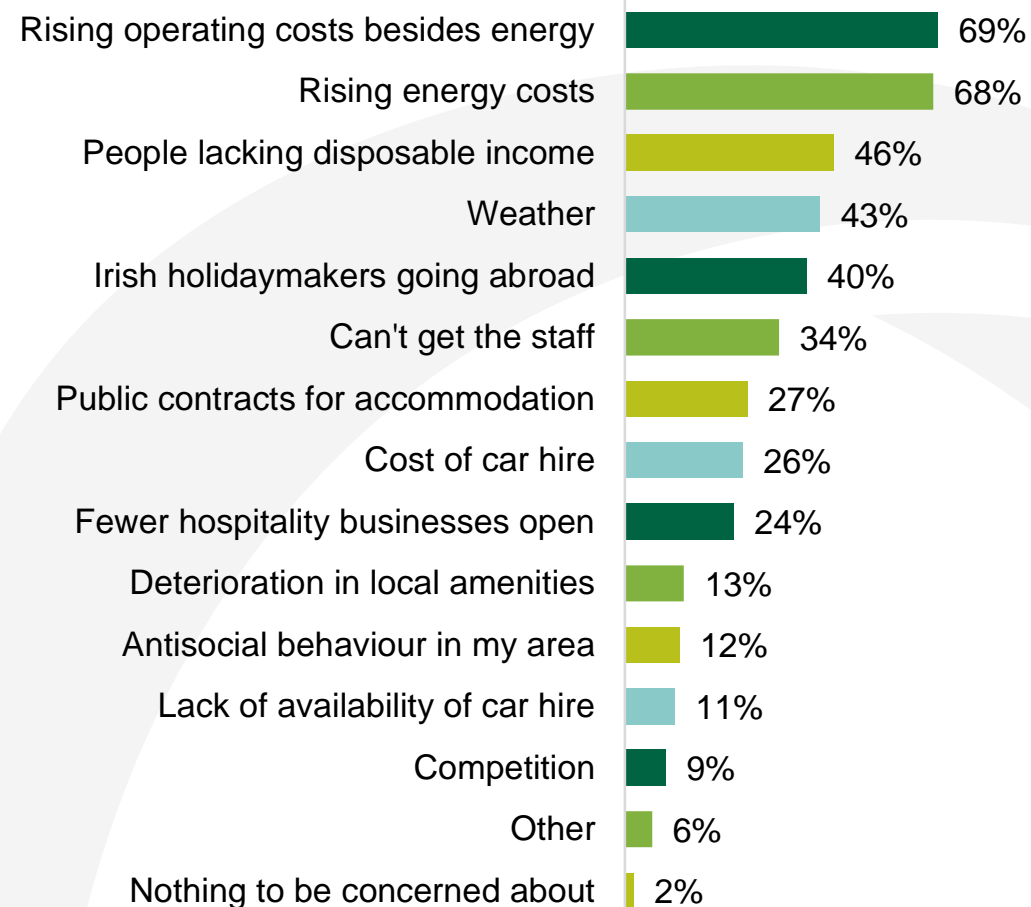
"International business is back at both the FIT and group level. Conference/incentive business has returned strongly this year. Niche markets such as golf and hiking are very strong."
Coach operator, Kerry

Reasons to Be Concerned

Rising costs continue to dominate concerns

- Rising costs (to businesses or consumers) form the top three concerns again – as was also the case in the May barometer earlier this year
- Operating costs to the business (energy or otherwise) form the top two concerns in nearly every sector and in all regions
- Exceptions include:
 - Weather – ranks 1st for activity providers and caravan parks and 2nd for tour guides
 - Cost of car hire – ranks 2nd for self catering
 - Public contracts for accommodation – ranks 2nd for inbound tour operators & DMCs

Q20 "Are there any particular causes for concern regarding business this year?"



Reasons to Be Concerned – Open Comments (1)



Significant challenges with rising costs

- As was reported in the May barometer, operators are under pressure to cover rising costs of all kinds, whilst increasing their own prices is hard when customers have less disposable income
- Some are on the brink of not being able to operate anymore

Increase in VAT is not welcomed

- Although not a business tax, a VAT increase means that businesses have to charge more to their customers or make less margin if they want to keep their prices the same
- This is not welcomed by operators in the food & drink sector at a time when they are already struggling to balance prices with rising costs

"Our profitability is being hammered. I am looking to get out of the industry. I have had a restaurant with my wife for thirty years and these last four years have been the very worst. Working for no money and a loss."
Restaurant, Donegal

"Increases in minimum wage, electricity, gas, VAT and basic costs are going to make staying open for the winter season almost impossible ... it has now gotten to the point where owners of small tourism businesses are ready to give up and close the door."
Attraction, Cork

"Increased level of VAT means we had to increase prices. We hope customers are understanding."
Café, Wicklow

Reasons to Be Concerned – Open Comments (2)

Bad weather at the wrong time

- The jet stream became stuck in an unfortunate position in the early summer, bringing back-to-back weeks of rain and strong winds to Ireland at what would normally be the height of the tourist season
- This hampered the performance of many sectors, especially the most outdoor-dependent ones – caravan & campsites and activity providers

"We are weather-dependent and have just had the worst summer since records began"
Activity provider, Mayo

"The weather needs to improve – the worst summer ever for rain."
Caravan park, Donegal

Antisocial behaviour in Dublin

- 43% of Dublin businesses cite this as a concern – a significant increase from 23% in the May barometer
- There are many reports of increased crime in the capital
- And tourists are known to have been attacked

"Antisocial behaviour is out of control ... open drug taking and selling. Crack cocaine in the laneways. Youths rampaging and kicking bins etc onto main roads."
Bar, Dublin

Reasons to Be Concerned – Open Comments (3)



Lack of available accommodation for tourists

- In some areas, non-accommodation providers are greatly concerned by the lack of accommodation for tourists
- This is causing a significant loss of overnight tourism for the local economy

“No local hotel to retain visitors overnight. Considerable latent tourism demand but limited leveraging of it.”

Attraction, Cork

“The lack of accommodation in general and the cost of it made me get out of offering touring packages, so I only offer day trips from the cruise ships, or day trips in general”

Chauffeur service, Carlow

Impact on value for money perceptions of Ireland

- Tourist accommodation prices, especially for hotels, are being driven up
- Some operators in other sectors believe this is driving domestic holidaymakers abroad for better value
- Some inbound tour operators say that overseas clients are now not featuring Ireland in 2024 as a result

“Ireland is getting more and more expensive and while the majority of my guests can afford the better things in life, they don't appreciate paying double for the same they get elsewhere. The majority of guests inform me that after years of coming here, they won't be back.”

Tour guide, Limerick

Individual Sectors



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Hotels

Remain the best performing accommodation sector

- 68% have had more visitors to date this year vs 12% down
- Very strong overseas market – 85% are up year to date vs only 5% down for overseas
- Domestic market somewhat more mixed however – 42% are up year to date vs 33% down

Some significant challenges remain though

- Although visitor levels and room yields are up on 2022, many hotels still expect to grapple with rising costs and staffing issues for some time yet
- 83% cite ‘rising operating costs besides energy’ as a concern – this particularly relates to staffing, and 61% also say they ‘can’t get the staff’, which is the highest proportion of any sector

“We have a large increase with the US market – really hope the dollar doesn’t change too much”
Hotel, Kerry

“The cost of doing business is becoming worse by the week. Getting staff is also a major problem despite paying more than minimum wage.”
Hotel, Waterford

“Increased running costs, product price increases and staff wage / employment increases will make the next year a serious challenge”
Hotel, Cork

B&Bs

Better year for those which remain

- Many B&Bs have not reopened since Covid – reported also in the accommodation occupancy surveys
- Many of those who have returned to trading are performing well – 43% are up on visitors year to date vs 16% down
- Overseas visitors are very much behind this sector – 70% of B&Bs say the overseas market is up, compared to just 8% reporting it to be down
- Unlike some other sectors which are strongly supported by US visitors, the upturn in overseas visitors for B&Bs comes more from mainland Europe:
 - 62% are up on German visitors
 - 55% are up on French visitors
 - 58% are up on the rest of Europe (*excluding France, Germany and Great Britain*)

*“Booking are up for the remainder of the year.
Bookings for 2024 coming in, no complaints.”*
B&B, Mayo

“No comments – have had a very good year”
B&B, Monaghan

“Galway city is a good location to be in”
B&B, Galway

Self Catering

Repeat business continues to support the sector

- 41% of operators say they have had more visitors to date this year vs 31% reporting to be down
- The domestic market is down on balance but the overseas market is up – 59% have had more overseas visitors vs 20% having fewer
- The sector benefits greatly from repeat visitors – 71% of operators cite this as a positive factor, which is the second highest proportion of any sector after caravan parks
- After energy costs, the cost of car hire remains a significant concern – cited by 56% of operators
- 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

“We’ve had an increase in European visitors”
Self catering, Meath

“We are cautiously optimistic”
Self catering, Mayo

“Better access to lakes, rivers and defined walking trails would help”
Self catering, Cavan

“Energy prices urgently need to come down, plus the cost of car hire”
Self catering, Mayo

Attractions

A very good year overall

- 66% of attractions have had more visitors so far this year – only 21% have had fewer
- The sector is benefiting greatly from the return of overseas visitors – both from North America and Europe
- 69% say that the overseas market overall is up to date this year
- Attractions are also one of few sectors where profitability is clearly up on last year – 53% are more profitable than in 2022, compared to 27% which are down

“Overall, we have experienced an increase in local, national and repeat visitors. Word of mouth both online and offline is favourable.”
Attraction, Carlow

“We have rebounded and surpassed 2019 levels. The future looks positive at the high-end sector.”
Attraction, Tipperary

Own marketing

- 50% of attractions cite their ‘own marketing’ as a reason to be positive this year
- Demand is there – but as reported in the May barometer, there are significant concerns in some areas about available accommodation for tourists

“Business in Longford / North Midlands has a low ceiling for improvement as there is a dire lack of accommodation for visitors”
Attraction, Longford

Activity Providers

Bad weather at the wrong time has brought a tough year

- 31% of operators are up on visitors vs last year, but 61% are down
- Many operators are under pressure to maintain a viable business – 63% say that profitability is down on last year
- On top of the cost challenges facing all sectors, poor summer weather blighted the peak season for many activity providers – 69% cite ‘weather’ as a concern this year
- As is also the case for attractions, activity providers in certain areas are very concerned about the lack of accommodation available for tourists

“The Irish market fell away to a high degree this year. I think this is due to both weather and the cost of staycations (accommodation in particular). British & European markets were similar.”

Activity provider, Kilkenny

“This summer was a bad summer for boat tours. The sea didn’t settle at all. Just one of those years.”

Activity provider, Sligo

“Lack of accommodation has led to several cancellations with private groups this year”

Activity provider, Cork

Pubs & Bars

Challenging year, especially for profitability

- 32% of pubs & bars are up on customers to date this year – this compares to 49% reporting to be down
- Profitability is up for 27% of pubs & bars but down for 59%
- Rising costs dominate concerns in this sector, hence profitability being under pressure
- ‘Can’t get the staff’ also remains a significant concern – cited by 52% of operators
- Some also mention the rise in VAT as adding to their struggles

“My business increased because of the closure of my competitor, which is not a real reflection of my year to date”
Bar, Tipperary

“The constant rising costs of products, fuel, energy together with the VAT rate increasing from 9% to 13.5% – the future looks very bleak in our sector. In addition to not being able to get staff! The list goes on.”
Bar, Cork

Restaurants

Similar challenges to pubs & bars

- 34% of restaurants are up on customers compared to 2022, but 52% are down
- Operating profitably remains a significant challenge – 68% say their profitability is down to date this year
- The challenges in this sector are similar to those in the pubs & bars sector – rising costs, lack of consumer disposable income, rise in VAT and hampered further by difficulties in recruiting staff
- There are almost no positive comments by operators in this sector as they face an uncertain future

“Despite a huge turn around on last year and turning our huge loss into a break even point, more increase in costs & staff will mean I have the same fight coming again”
Restaurant, Dublin

“Margins in the restaurant business are ridiculously low. We cannot continue to pass costs onto the customers. Employees have to be paid more as they can’t afford to live on standard restaurant wages.”
Restaurant, Dublin

“The increase in VAT on food from 9% to 13.5% paired with energy that has increased greatly, followed by inflation of goods and now followed by food and wage inflation will create a perfect storm for small tourism businesses”
Restaurant, Monaghan

Inbound Tour Operators & DMCs*

Positivity about the return of overseas visitors

- 77% of DMC / inbound operators are up on visitor volumes this year
- The North American market in particular has rebounded strongly – 72% say the market is up this year
- 59% of operators cite ‘own marketing’ as a positive factor this year – the highest of any sector to say this

Lack of accommodation is a key challenge though

- Demand is buoyant, but supply remains a problem
- 63% cite ‘public contracts for accommodation’ and 38% cite ‘fewer hospitality businesses open post-pandemic’ as concerns
- The cost of available accommodation is also concerning, and this has led to some overseas-based clients not to feature Ireland in their programmes next year

“Overall outlook is looking great. Business continues to grow strongly.”
Inbound tour operator, Mayo

“We are already turning away business for 2024 as we can’t get hotel accommodation. It’s very disappointing after all the work to get visitors back to this country that we have to refuse their custom.”

Inbound tour operator, Donegal

“Accommodation prices in particular have escalated to such an extent that we have overseas operators who have told us they are not promoting Ireland in their brochure for 2024 as the costs are too high for their clients”

Inbound tour operator, Cork

*The sample size for inbound tour operators & DMCs is fairly low (32)

Tour Guides

Positive year with overseas visitors returning

- The tour guide sector is experiencing a good year on the whole, with 63% of guides up on visitors compared to last year and just 13% reporting to be down
- Mainland European and North American markets are up – 76% of guides have had more North American visitors
- Profitability is also healthy, with 61% being more profitable than last year – the highest proportion of any sector to say this
- 56% of guides cite ‘own marketing’ as a positive factor this year
- The summer could have been even better if it weren’t for the bad weather

“We were pleasantly surprised at the growth of tourism this year”
Tour guide, Clare

“Looks like 2024 is going to be just as busy”
Tour guide, Laois

“I work as a cruise ship tourist guide. We have never been busier. Fantastic recovery from Covid.”
Tour guide, Cork