



How the Consumer is Changing

And what you can do about it

Prepared for:



February, 2013



How the Consumer is Changing: Research Approach

Review of international tourism literature



Individual interviews with tourism service providers



Social media analysis

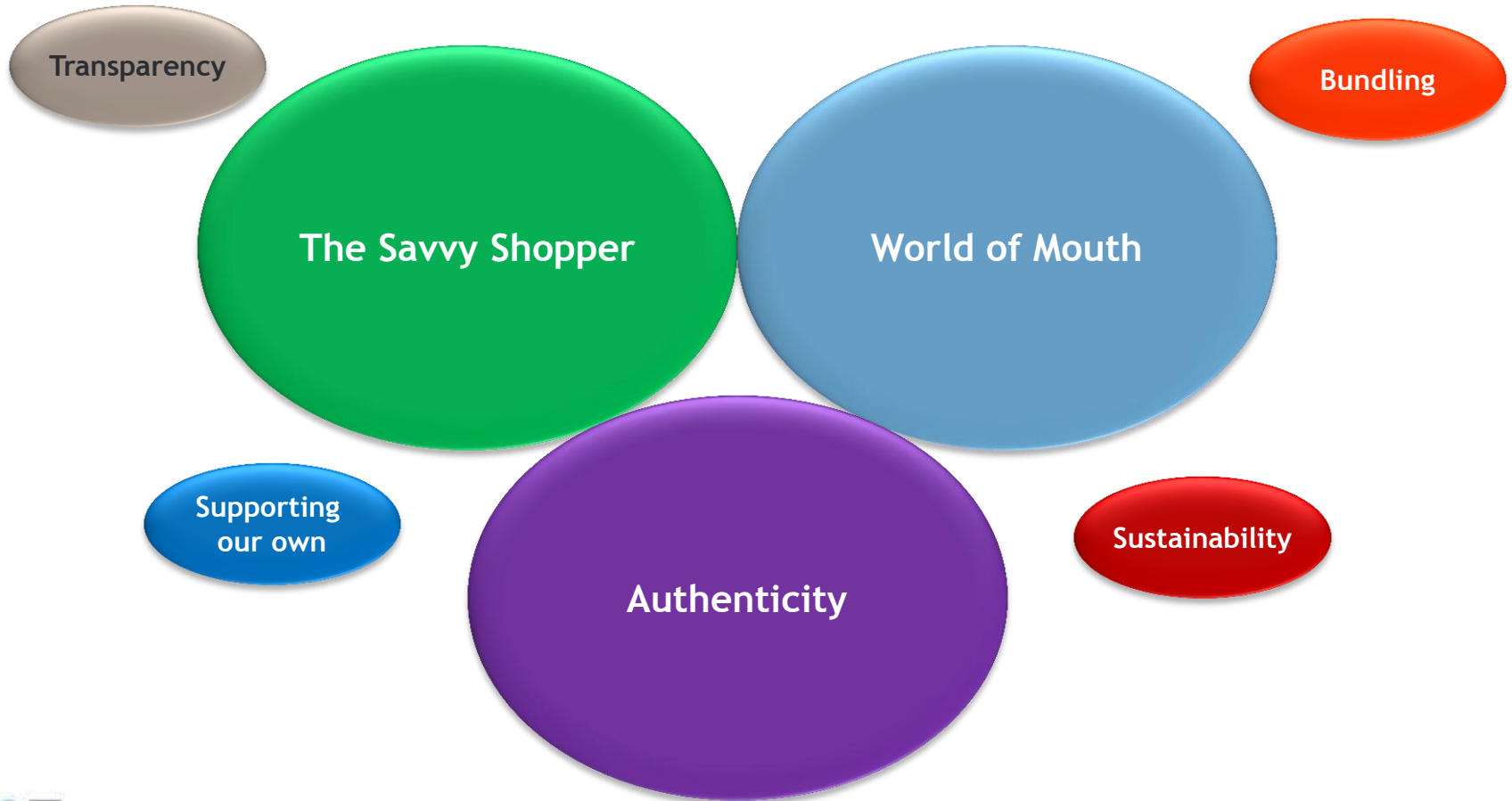
How the Consumer is Changing

Selection Criteria

The consumer trends for this study were chosen on the basis that they are having an actual effect on how domestic and international visitors are thinking and behaving right now....

...and will have an even greater impact in the future.

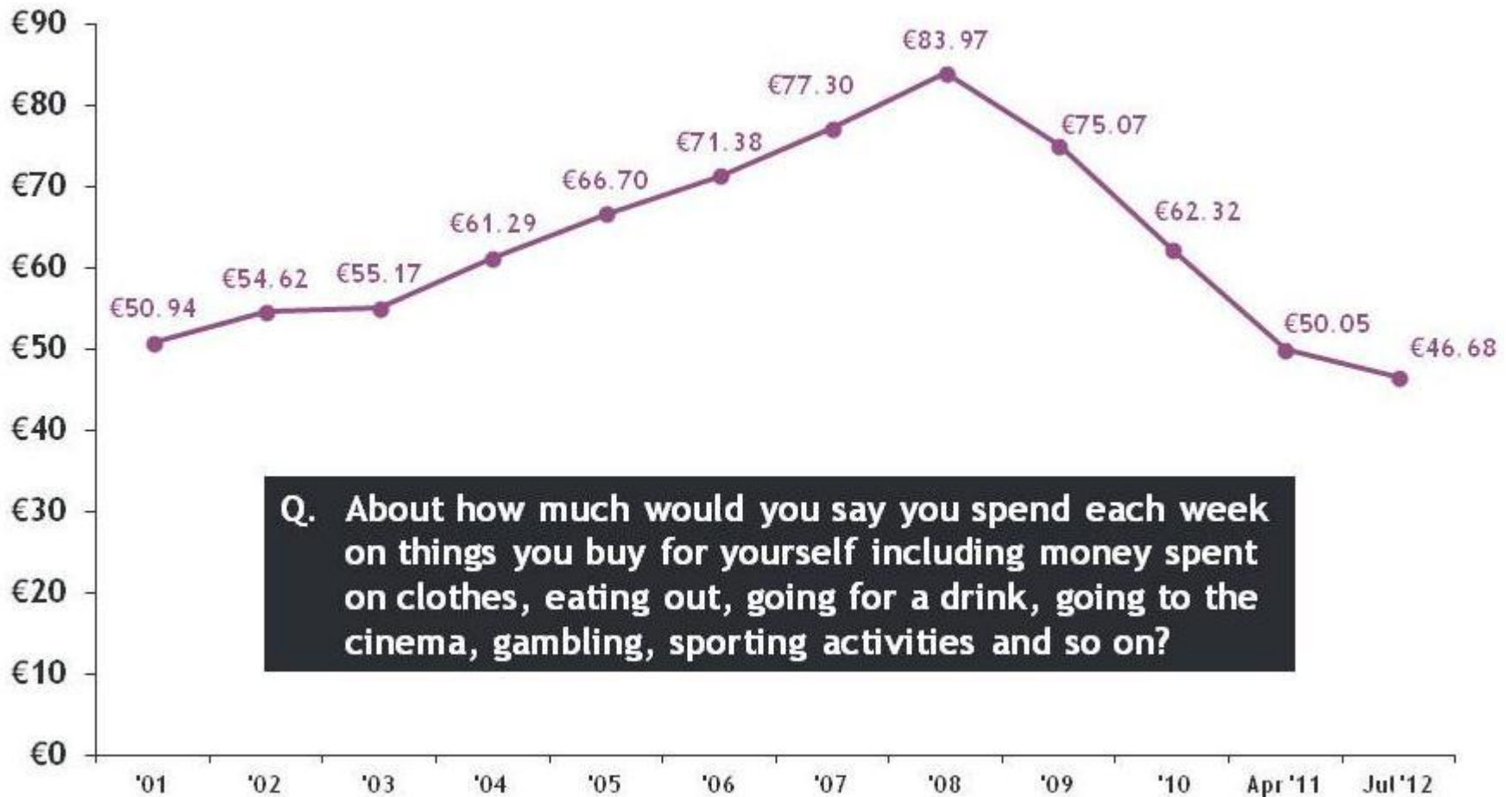
How the Consumer is Changing



The Savvy Shopper



Discretionary Income has Plummeted



Q. About how much would you say you spend each week on things you buy for yourself including money spent on clothes, eating out, going for a drink, going to the cinema, gambling, sporting activities and so on?

Source: B&A Consumer Confidence Report

The Rise of the Savvy Shopper

- 72% of consumers claim the recession has made them think more carefully about what they buy
- The new savvy shopper is:
 - ❖ **Willing to shop around:** three quarters of Irish consumers actively look around for better value
 - ❖ **Less impulsive:** most shoppers think carefully about what they buy
 - ❖ **Price sensitive:** seven out of 10 people say price is the most important thing
 - ❖ **Looking for long term value:** shoppers are looking for long-term lower prices rather than special offers and promotional deals
 - ❖ **Up to speed on their rights:** people are more willing to complain
 - ❖ **Smart for the long haul:** three out of four people said that they would continue to shop around for good deals even once the current turbulent economic situation calms

(National Consumer Agency, 2012)

The Rise of the Savvy Shopper

Transparency

- Shopper ‘savviness’ also means consumers are more wary of businesses

**HOLIDAY RIP-OFFS AT HOME
WILL SEND YOU FLOCKING TO
THE SUN**

**THE TOP 10 MOST HATED
HOLIDAY RIP-OFFS**

Train travel

Hotels for singles

Paying for Wi-Fi

Overpriced tours

Taxi fares

Car hire

Baggage charges

“I don't know how some of these people get away with the bad service and over charging. I was so annoyed and angry by the time the week was up at the lying advertisements of the B&B we had stayed in that I spent the next few weeks getting Bord Failte (sic) to take their website off.”

(Irish female, online forum)

The Rise of the Savvy Shopper

Ireland's Reputational Hangover

“Prices are coming down in many areas, but they’re coming down from such a height that to many visitors Ireland remains a pretty expensive destination. For a decade, Irish wallets were at the mercy of a rip-off culture that stung everybody, including visitors.”

(Lonely Planet, 2012)

“Till about 2 years ago I was proactively discouraging people from going to Ireland.

“But in the last 2 years prices have come down to affordable levels and the service you get has improved VASTLY.

“Ireland is still not cheap but there’s much less chance of nasty surprises nowadays.”

(German, online forum)

How to Embrace the Savvy Shopper

Be smart on price



Be transparent



Add value through the
'little things'



Sell ourselves together

How to Embrace the Savvy Shopper

- Be Smart on Price

“People look up the prices of everything on their ‘phone, not just food and drink, we have to be open that they are receiving more value and service but that's the extra mile, price comes first nowadays”

(Restaurant Owner, Dublin)

“All our staff are empowered so they know how much leeway they have to negotiate on room rates”

(Hotelier, Galway)

“You need to have more range in your prices, people need to know they can afford the basics before spending on treats”

(Restaurant Owner, Dublin)

How to Embrace the Savvy Shopper

- Be Transparent

- ❖ Visitors recognise business prices are available through a variety of channels: press; phone; online
- ❖ It's essential that a business' prices are consistent through whichever route accessed
- ❖ Avoid the 'Gotcha' moment - where the Savvy Shopper finds an inconsistency in your pricing - If you offer a discount for online booking - why not say so upfront
- ❖ Avoid 'hidden costs', e.g., pricing activity lessons without including the cost of equipment hire

How to Embrace the Savvy Shopper

- **Add Value** by showing appreciation for visitors' business through focusing on the little things

“We try greet all customers personally, and take note if they are waiting for other people to join them, that way we can greet their friends and bring them straight to the table. It’s a small thing, its more personal.”

Restaurant, Cork

“We’ve upped our game, got sharper and we’ve focused on finding small ways to do things better. If it’s a cold morning, when you leave the hotel you’ll find our porter has de-iced your car.”

Hotelier, Galway

We’re poorer. We now place an even greater value on feeling special

How to Embrace the Savvy Shopper

“Irish people are so friendly. We found our hotel quite late in the evening and the kitchen was closed, but the manager recommended a restaurant that was open late and even rang ahead for us to get a table while we dropped our stuff at our rooms. The next day he gave us a guide for the local tourist attractions and even recommended a place to bring our kids if it rained. Great!”

(US, Facebook user)

How to Embrace the Savvy Shopper

- **Sell Ourselves Together**

- ❖ Visitors like being able to book several of their chosen experiences at the same time
- ❖ All indications suggest bundling encourages holiday makers to stay for longer periods of time, therefore spending more in the area

- **Bundling can involve simple things :**

- ❖ Recommending other complementary businesses
- ❖ Accommodation providers supplying specific activity-based services: a 'wet room'; maps and routes for guided walks
- ❖ Joining forces with other tourism operators in the region to provide complementary activities

Bundles communicate that there is lots to do in your area

Servicing the Savvy Shopper

- Bundling your own products/services in value adding packages
- Knowing what is available in your area and ‘prioritising’ customers’ recommendations
 - ❖ Quality service, mini discounts
- Collaborating with fellow businesses to pass customers along and meet their needs
 - ❖ It is not just about creating larger scale single operator packages
 - ❖ Bundling is a two-way street
 - ❖ Its about selling ourselves together

Embracing the Savvy Shopper

Examples



- **Fungie boat trips:** customers pay after the boat trip and do not have to pay if Fungie is not seen - “*No charge if dolphin is not seen!*” (Thankfully, Fungie always shows up)



- **Turf ‘n’ Surf:** a surf school in Bundoran offers yoga courses to complement their surf lessons



SOLAS CROÍ ECO SPA
AT THE BRANDON HOUSE HOTEL

- **Solas Croí Eco-Spa:** Provides a history of the Brandon House Estate, Wexford, where the spa is located, as well as information on the interesting architecture of the spa itself

Authenticity



The Search for Authenticity

“Visitors to Ireland are not ‘sun and sand’ tourists - they are here to see ‘an Ireland that has changed little in generations’”

(Lonely Planet)

“60% of holidaymakers in Ireland are ‘sightseers and culture seekers’”

(Tourism Ireland)

The Search for Authenticity



The Search for Authenticity



- **The Farmgate Café in Cork** shows great authenticity in its menu, serving up traditional Irish dishes. All ingredients are sourced locally, some coming from the market below the café, which customers can look down towards.
- **Quills Woollen Market, in Killarney Co.Kerry** Quills Woollen Market is a family run business now in its third generation. It provides an Irish retail experience featuring traditional authentic Irish knitwear and gifts. A key selling point is the highlighting of local provenance of the knitters, some of whom can be met locally.



Morrissey's Bar, Abbeyleix, This is a traditional Irish Pub and grocery shop combined, a treasure that has been frozen in time. When you walk through the door, it's like stepping back 100 years. They have maintained old world character and charm with a warm welcome.

Delivering Authenticity

Meeting points



Keep it simple



Storytelling



Support your own

Delivering Authenticity: Meeting Points



Many visitors want to interact with locals in natural settings.

“Going to the farmers’ market had a nice, added dimension to it that I’ve never experienced before in that I really felt like I was able to go up to the vendors and talk to them”

(US Male, blogger)

Delivering Authenticity: Keep it Simple

Consumers place far greater faith in honest, clear brands



The traditional 'vener' placed on products and brands may look false
Keep it simple

Delivering Authenticity: Storytelling

- Delivering authenticity includes giving visitors information and helping them really understand the place where they have travelled to
- Rising education levels means tourists are typically hungrier for information, especially culture led visitors to Ireland
- Personalised, local stories can help set a place, and visit, apart:

“We had lunch at this cozy cottage-like place and spoke to the owner. She told us a great story of a visit from (...) and how he had expected royal treatment.”

Storytelling helps personalise the traveler's experience and bring 'Irishness' to life

Delivering Authenticity: Support Your Own

- Visitors want to feel a sense of community and actively want businesses to integrate themselves into their local area
- There is also a strong feeling in the current environment that supporting local producers is a good cause
- Visitors will appreciate when:
 - ❖ You highlight the wider community benefits your business creates
 - ❖ Your bundled offers involve other local businesses
 - ❖ You participate in local events, festivals
 - ❖ You sell local produce

“I loved that the menu mentioned where the fish had been caught”
(US Visitor)

“Our waitress was so good at taking us through the menu and saying what was fresh”
(UK Visitor)

“The food nearly tastes better when you know it’s local”
(Domestic Visitor)

World of Mouth



Online Evolution - The Big Switch

What Visitors Expect from Online Information

Postcard
Website



Information

Emails &
Booking Engines



Transactional

Social
Media

facebook



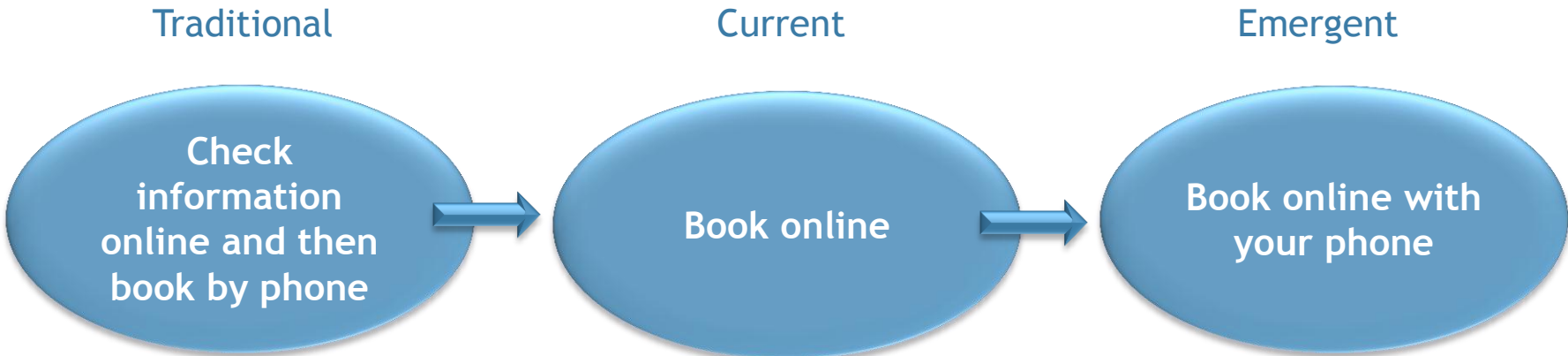
Engagement

Mobile



Utility

Online Evolution - The Big Switch



43% of Irish adults purchased online in the last year
(Central Statistics Office, 2011)

Online Evolution - The Big Switch

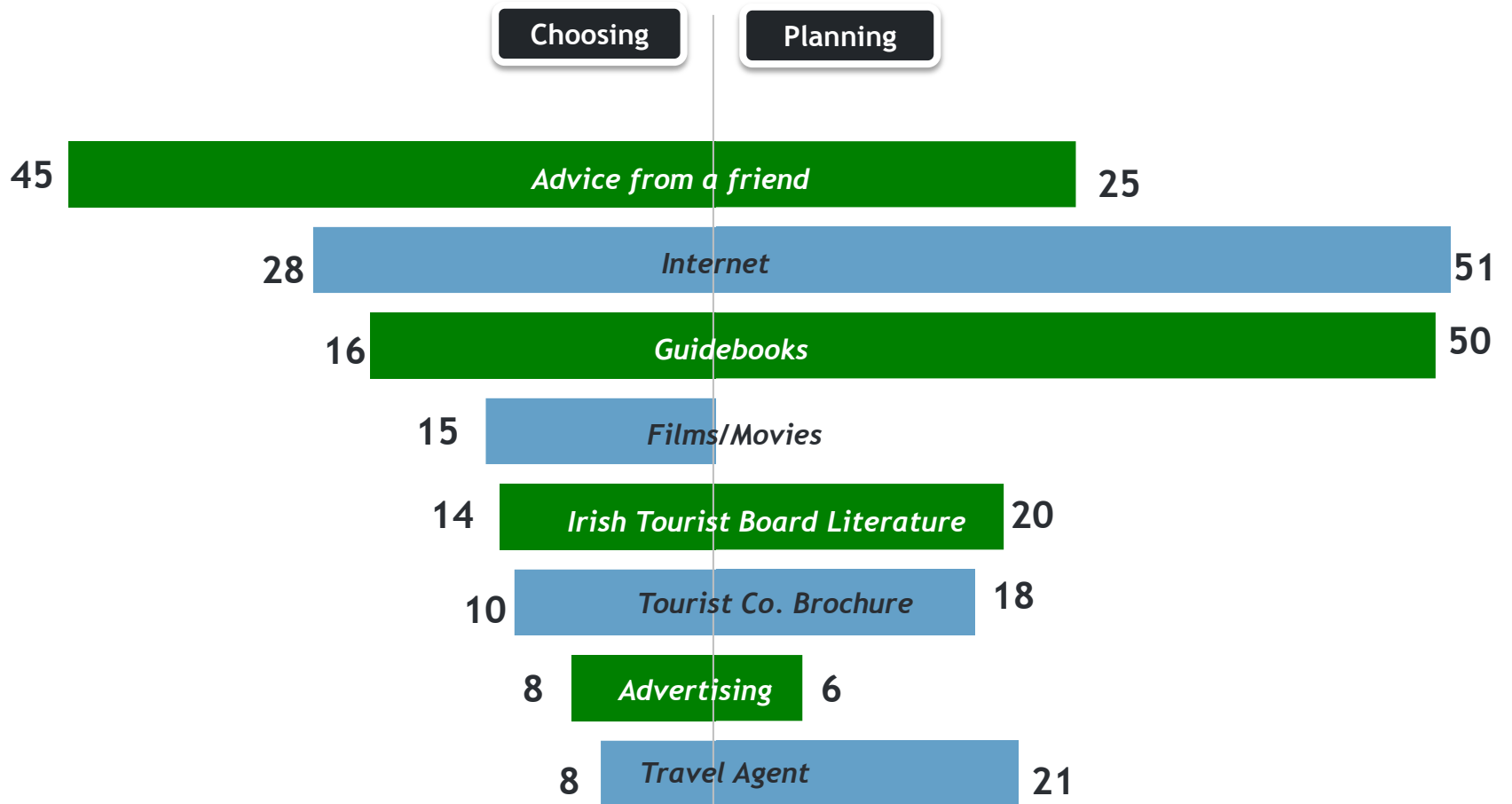
- Businesses that do not have an online booking system will lose customers to those businesses that do
- Domestic tourism providers can battle with the application of booking engines

“Commissions are too high; booking engines have too much control - relegating the use of the name of our business; can be restrictive - your business offering has to fit within their system”

(Accommodation provider, Mayo)

But an online booking system has simply become a customer requirement

Word of Mouth



Word of Mouth is going online

World of Mouth - Be Social

Of those who use social media to research travel plans, only 48% stuck with their original travel plans.

33% changed their hotel, 10% switched resorts and 7% decided to go to a different country

(World Travel Monitor, 2012)

Word of Mouth - Be Social

- Social networking has created an online medium for the spread of word of mouth



Over 60 million monthly visitors in July 2012



Over 1 billion active monthly users at the end of October 2012

Word of Mouth - Be Social

“Just last week I was having a coffee and two little old ladies were at the table in front of me; they were discussing the Trip Advisor reviews of hotels in Italy”

(Accommodation Provider, Cork)

Word of Mouth - Be Social

“Ireland is amazing!!! Its beautiful and the people are so friendly and the food is wonderful and I never want to leave #happy”

(US Woman, twitter)

World of Mouth - Be Social

“Over the last two years, we have focused on the social media aspects of our business, in particular Facebook and Twitter, and we have used these mediums and Google to promote our company.

“It is cost-effective and it is absolutely measurable; and very attractive to the consumer.”

(Tourism Activity Provider, Dublin)

World of Mouth - Be Social

- But be careful out there.....

irishtimes.com - Last Updated: Monday, November 12, 2012, 15:14

Restaurant had 'moment of madness'

Management at Cinnamon restaurant in Ranelagh have apologised after a staff member called a customer an "arsehole" on Twitter.

The staff member used Cinnamon's Twitter account, which only has 11 tweets to make the statement after the customer complained of having to wait 40 minutes for service and referred to the restaurant as "a pretentious crèche".

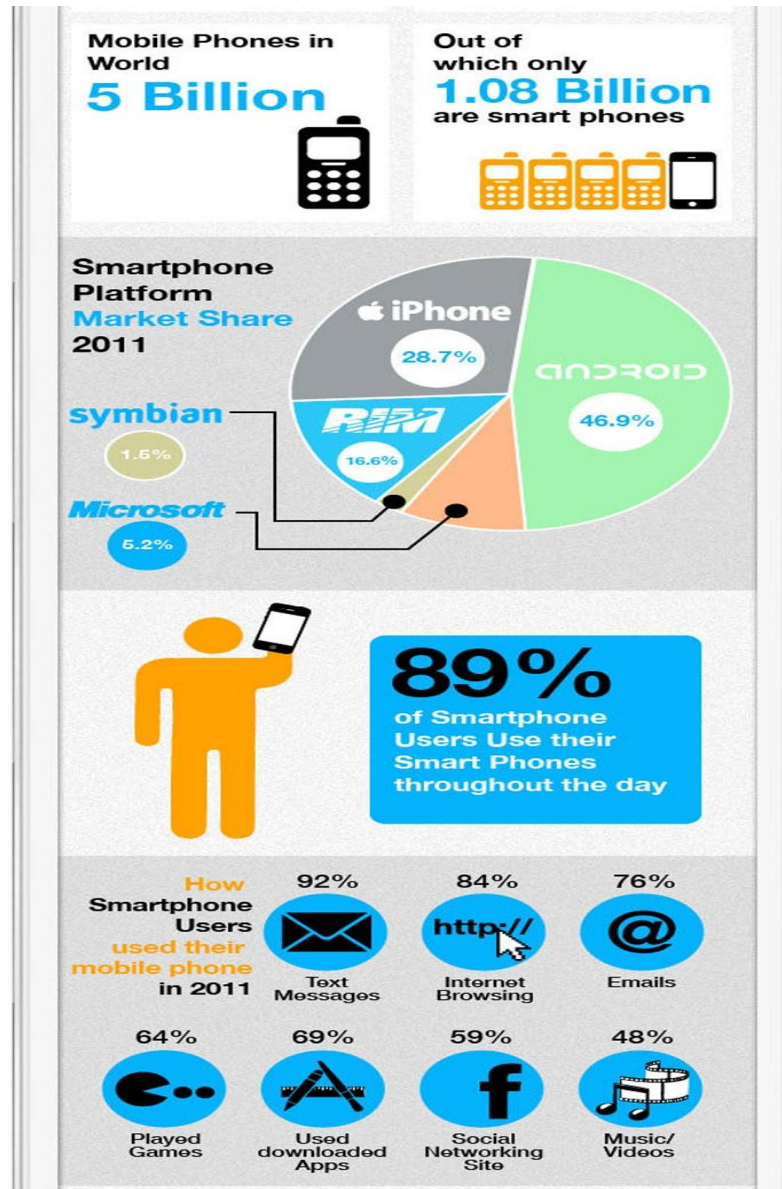
World of Mouth

- Links to Viking Splash tours Twitter and Facebook pages
- A link to their profile on Tripadvisor where they receive excellent reviews
- Short blurbs on each of their workers (creating a personalized feel)
- Easy-to-use online booking system
- Interactive online chat service where the customer can chat instantly with a member of staff

The World of Mouth

The Next Wave

- We are increasingly going online through the technology we always have with us...
...and this will grow.



(Anson Alexander, 2012)

How the Consumer is Changing - and what you can do about it



And what you can do about it....

1. Be smart on price, our expectations are much higher

2. Be transparent with the amateur expert

3. Make visitors feel special through the little things

4. Support your own and ask for support

5. Online bookings - whether it be a table for two or a round of golf

6. Engage online and ask departing visitors to engage with you

7. Use your staff to create a more rounded visitor experience



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