STRATEGIC
RESEARCH & INSIGHT

Fáilte Ireland
National Tourism Development Authority

Tourism Barometer

September 2017

Contents Page

1. Headline Findings

What is the Tourism Barometer?	The Fáilte Ireland Tourism Barometer is a survey of tourism businesses providing insight into performance for the year to date and prospects for the remainder of the year / the following year.
How have we conducted it?	We have received 349 responses to an online survey with tourism businesses in September 2017 and have conducted 200 top-up telephone interviews. We have also conducted eight qualitative interviews with senior industry executives. More details on the methodology can be viewed in appendix 1.

Business Sentiment Index

	2008	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*
Up	14	15	28	39	41	60	68	70	72	57
Same	18	11	25	31	25	27	21	23	19	28
Down	68	74	47	30	35	13	11	7	9	15

Base: All Accommodation Providers *(weighted to available beds)*

Less positive sentiment than in recent years, but still healthy	Sentiment in the industry is less positive than in recent post-crisis years; however, it is still healthy. The industry started this year facing a lot of uncertainty over Brexit, exchange rates and the surprise US presidential election result. The general feeling is relief that this year has worked out better than expected.
Strong PSA performance – North Americans and Germans are up	The PSA sector is performing well this year, with 63% of businesses receiving more visitors than the same period last year. Hotels are behind this strong performance, with two thirds (65%) saying that visitor levels are up. The strength of the North American market is a significant factor. Guesthouses are also enjoying a good year, with about half (52%) experiencing increased visitor levels. The German market is performing very well – about three in five (58%) guesthouses have had more German visitors this year. B&Bs are also up on balance. 44% have had more visitors to date this year and a further 35% have had the same level. Like guesthouses, the strength of the German market is a key positive. Well over half (57%) of B&Bs have received more German visitors this year.
Americans making up for the fall in British visitors to attractions	Close to half (47%) of attractions have had more visitors this year. The North American market is very strong – three in five (60%) attractions have received more North American visitors this year. This makes up for the significant fall in British visitors. Well over half (56%) of attractions have had fewer British visitors.

Self-catering operators relying on repeat visitors	This year is quite mixed for self-catering operators. A third (33%) are up on visitors but a quarter (25%) are down. About two thirds (63%) cite repeat visitors as a positive factor – the highest proportion of any sector to do so.
Some hostels boosted by the Wild Atlantic Way	About two in five (42%) hostels have received more visitors this year. For those based in the west of Ireland, the Wild Atlantic Way is having a significant impact. Most (87%) hostels based in the west of Ireland state the Wild Atlantic Way as a positive factor this year.
Irish holidaymakers pitching up at campsites	The caravan & camping sector has enjoyed a very good year, with half (50%) of businesses reporting to be up on visitors. The domestic market is key to this success: well over half (56%) of caravan & campsites have welcomed more Irish visitors.
Restaurants being hurt by large fall in British customers	About a third (32%) of restaurants have had more tourist customers to date this year, but two in five (40%) have experienced a decrease. The British market is hurting tourist numbers. Most (78%) restaurants have had fewer British customers this year, and none (0%) have had more.
Irish golfers teeing off	About two in five (38%) golf clubs have had more tourist customers this year. A strong domestic market has helped them – 43% have had more Irish green fee customers and a further 43% have had the same level.
Northern counties more affected by weak Sterling	About two thirds (68%) of PSA businesses in Northern counties say they have been affected by the £/€ exchange rate this year. This compares to a lower proportion (44%) of PSA businesses outside the North. This also shows in overall visitor volumes to date. On balance more PSA businesses in Northern counties are down on Northern Ireland traffic compared to similar businesses elsewhere.
Dublin more affected by Sterling, but less so than earlier in the year	Looking at Dublin vs the rest of the country, Sterling has had more of an impact on businesses in Dublin, especially GB visitors. On balance, more Dublin PSA providers have seen a downturn from GB compared to the rest of the country. Sterling has affected well over half (58%) of Dublin PSA businesses to date, but a lower proportion (48%) of PSA businesses outside Dublin. However the difference between Dublin and outside Dublin is less significant than earlier this year in the April barometer.

2. Qualitative Findings

We have conducted eight depth interviews with industry leaders (see appendix 1 for more details). The main findings from these interviews are discussed below.

Relief over 'good year'

2.1 It's been a good year, so far. Usually, that may not be the most glowing of endorsements, but there is a tangible sense of relief among industry leaders.

2.2 At the beginning of 2017, nervousness and uncertainly was rife. While determined to succeed, no one knew what impact the Brexit vote would have on the tourism industry in Ireland. No one knew how the presidential election of Donald Trump would affect visitors from North America. And no one knew how exchange rates would perform.

2.3 Things have certainly not been easy, and there has been a shift in market trends. So to say it has been a good year is an excellent result.

"We're happy to be up. We didn't think we would be."

"Overall, it's been a good year"

Drop in British visitors, but not concerning

2.4 A fall in the value of the Sterling goes hand-in-hand with a drop in British visitors as Ireland becomes more expensive, which is the general experience this year. But the numbers are not concerning for those who have seen a small drop in the British market.

"Britain performed reasonably well considering everything against it"

"UK business is slightly down"

"People were concerned about Brexit, not knowing how it was going to pan out. It's about 7% down."

2.5 For some, Great Britain has held its position, and others have seen a small increase in visitors from the neighbouring island. This is often because of heavier promotion or discount than previous years.

"We promoted in the UK more than previous years because of Brexit. We spent more, discounted more and saw a couple of per cent increase for British visitors"

"The UK market performed OK. We were nervous, but generally satisfied with how it performed."

"Northern Ireland business coming south was quite strong, which was unusual and not expected"

"We've counteracted the impact of Brexit by promoting and heavily discounting. The volume has been higher, but it has impacted on rates."

America picking up the difference – and some

2.6 While there is some ongoing concern about how Britain will perform, there has been a huge leap in visitors from North America. The US has more than made up for any drop in the British market as transatlantic business has shot up.

"It is without doubt the North American market that is underpinning the progress"

"We've seen a big increase in the number of Americans coming over"

"We've had very strong traffic from the US – and more is expected"

"North America has been very good, our US business is up 24%"

"People were concerned about the UK, but the US is filling the void"

"North America is powering ahead and is well ahead of continental Europe"

Mixed results from continental Europe

2.7 Overall, Europe is performing well this year. But there is some discrepancy between performances. Germany, in particular, is performing well for some, while others have seen a drop in the number of German visitors.

2.8 Similarly, Spain has been performing well for some, while others have welcomed fewer Spanish people.

"France seems to be having a great share, but Germany is flat and no one can put their finger on why. And there seems to have been a fall in Spanish business for us, which is against the norm."

"The Germans, French and Dutch performed quite well"

"We've definitely seen an increase across all markets in continental Europe"

"All main European markets are performing well"

"France is up 17%, Netherlands is up 30% and Germany is holding"

Capacity and competition are a concern

2.9 A lack of available accommodation in Dublin has been an ongoing concern. With bedrooms being snapped up, prices are being driven up making the capital increasingly expensive and uncompetitive.

2.10 But this capacity issue is now spreading across all hotspots in Ireland – and is starting to encroach on other honeypot areas.

"There is continued frustration with capacity – not just in hotels, and not just in Dublin – it's nationwide with key areas being affected"

Avoid complacency

2.11 Despite a year that has been better than initial nervous expectations, there is a feeling that the uncertainly will feed into next year and a few years to come.

2.12 Rather than being complacent, industry leaders are keeping a close eye on exchange rate fluctuations and market shifts.

2.13 Running promotions, pushing marketing campaigns and directing efforts have gone a long way to make sure 2017 is performing well. Those efforts will continue into next year, with much attention given to any Brexit effects and Dollar changes.

"Uncertainly is still a factor. People don't know how to plan"

"The US exchange rate will impact pricing. Most have already done their pricing for next year, but if there is a further softening of the Dollar then there may be cause for concern."

"The uncertainty that Brexit has brought is not helping matters"

"Next year is looking strong at this point with advance bookings coming in. However, if the Dollar continues to go the way it's going, there is concern there."

Continued investment is a good sign

2.14 Despite remaining in uncertain times, it is encouraging to see businesses investing in growth. Some industry leaders say that they are increasing capacity – and not always in a small way – to meet the expected growth next year.

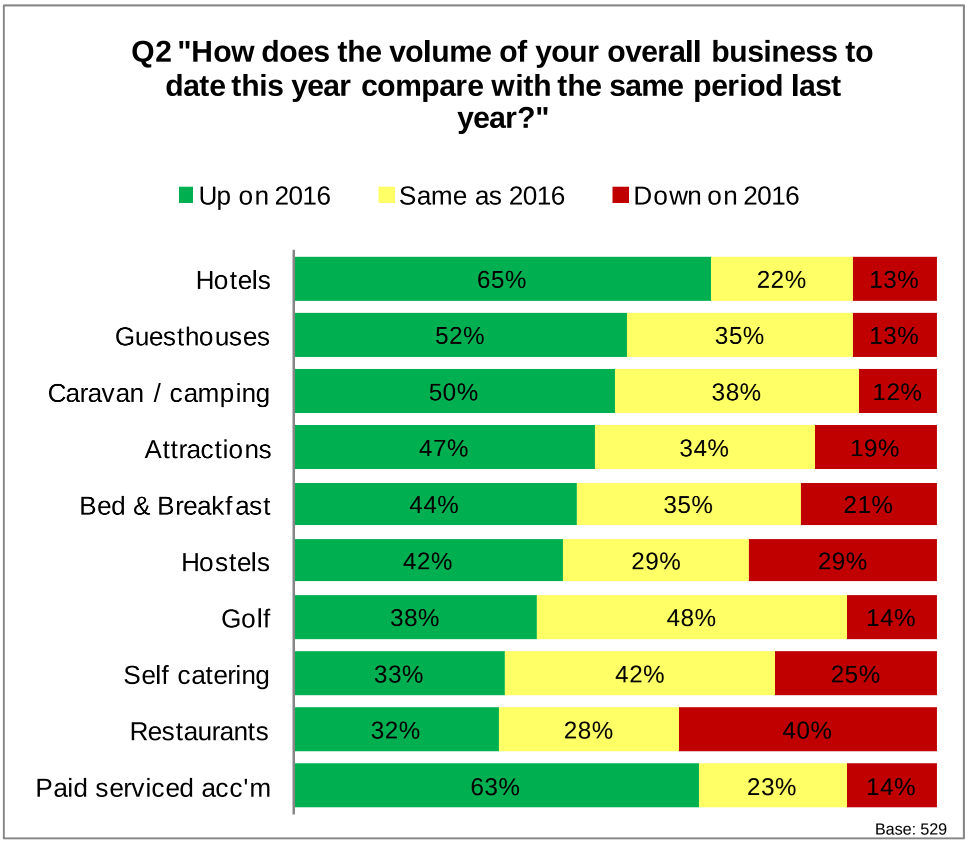
"We're expecting modest growth next year and are quietly confident we'll ride out whatever Brexit brings"

"US bookings are coming in for next year. It's very early days, but it's looking positive and we're encouraged by that."

3. Overall Visitor Volumes in 2017 and Expectations

In this section we discuss the performance this year and expectations for the industry overall. More detailed results by market for each individual sector are discussed in subsequent chapters.

Overall visitor volumes in 2017



In all charts, 'don't know' or 'not applicable' answers to the question have been excluded and the percentages re-based. Results are split by sector and ordered by proportion answering an increase in numbers (shown in green).

In addition to the individual sector results, the last bar on each chart in this section shows weighted results for the paid serviced accommodation sector (PSA); these figures have been derived from the hotel, guesthouse and B&B results, with weightings applied in accordance with each sector's share of total bedrooms within paid serviced accommodation.

Tourism industry continues to grow

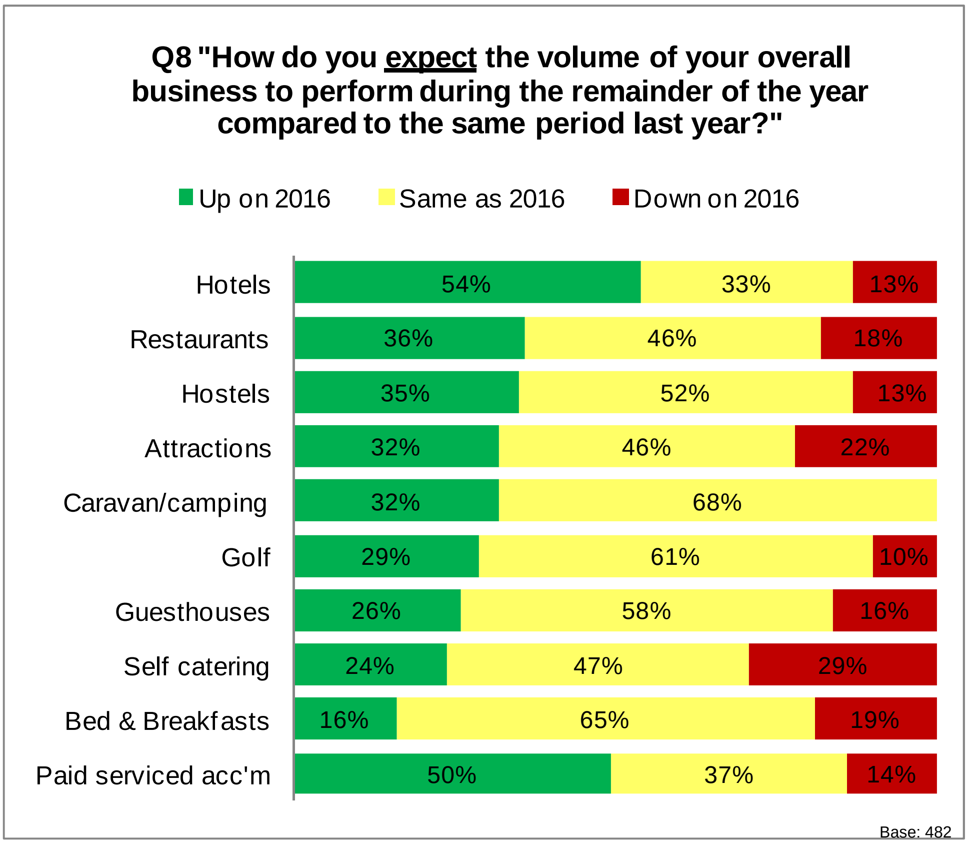
3.1 The relief felt by industry leaders this year is reflected across many sectors.

3.2 Hotels lead the increase in visitor volumes, with 65% reporting more staying guests. At least half of all responding guesthouses (52%) and caravan and camping operators (50%) have also welcomed an increase.

Strong PSA performance

3.3 Paid serviced accommodation has enjoyed a strong year to date, with nearly two thirds (63%) reporting more visitors.

Expectations for 2017



Lower number of British expected

3.4 Overall, expectations for the rest of the year are good, with 37% of operators predicting more visitors than the same period last year.

3.5 Despite a good year so far, there is a certain amount of angst around how Britain and Northern Ireland will behave. Much of this depends on currency fluctuations between the Euro and Sterling.

3.6 At this stage in the year, Britain and Northern Ireland are expected to perform more poorly than last year, with 47% of operators expecting fewer British visitors and 33% expecting a drop in the number of Northern Irish.

"There is uncertainty around Brexit and the UK market"
Golf club

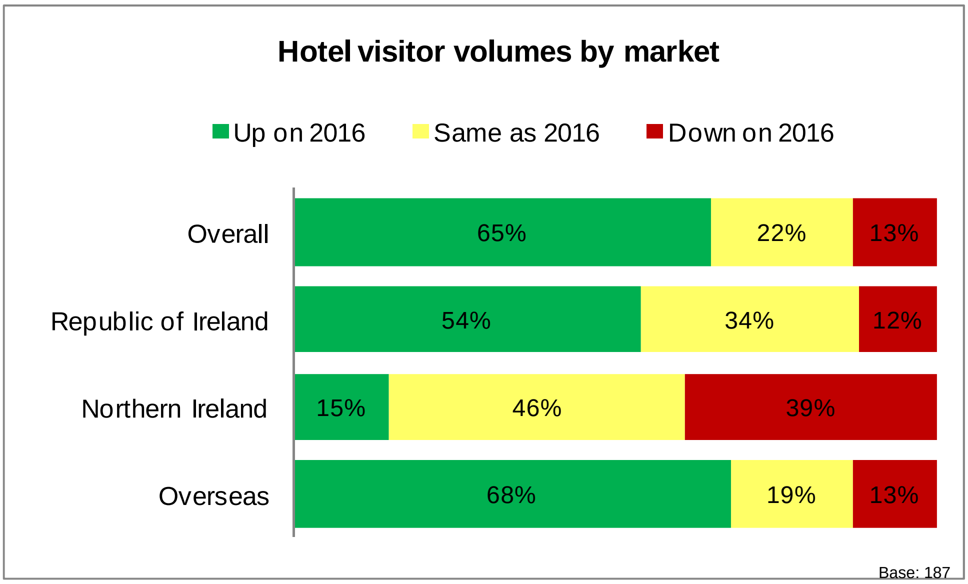
"Fewer bookings from Britain and Northern Ireland"
Self catering

"Fewer visitors and bookings from Britain and Northern Ireland"
Hotel

4. Hotels

In this and the following sections we discuss each sector in turn in terms of performance and expectations, starting with hotels.

Hotel visitor volumes 2017



Welcoming a huge increase in Americans

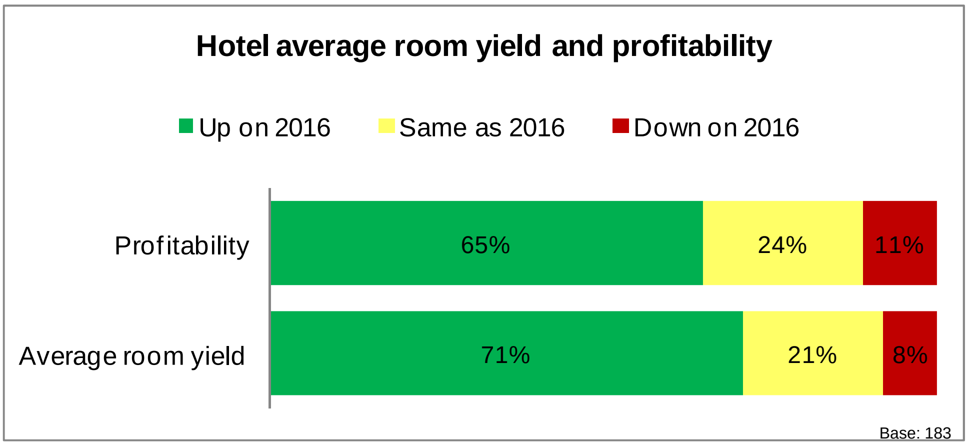
4.1 Americans have been big business for the tourism industry this year, no more so than for hotels, of which 64% have seen an increase.

"The American market has been strong this year"

4.2 In fact, overseas markets as a whole have really given a lift to hotels. Germany is up for 50% of hotels, Spain is up for 37%, Italy 34% and France 34%.

4.3 This is going a long way to compensate for fewer British visitors, which has been reported by half (50%) of hotels. This is in line with 51% of hotels who have seen an impact of the lower-value Sterling.

Hotel average room yield and profitability



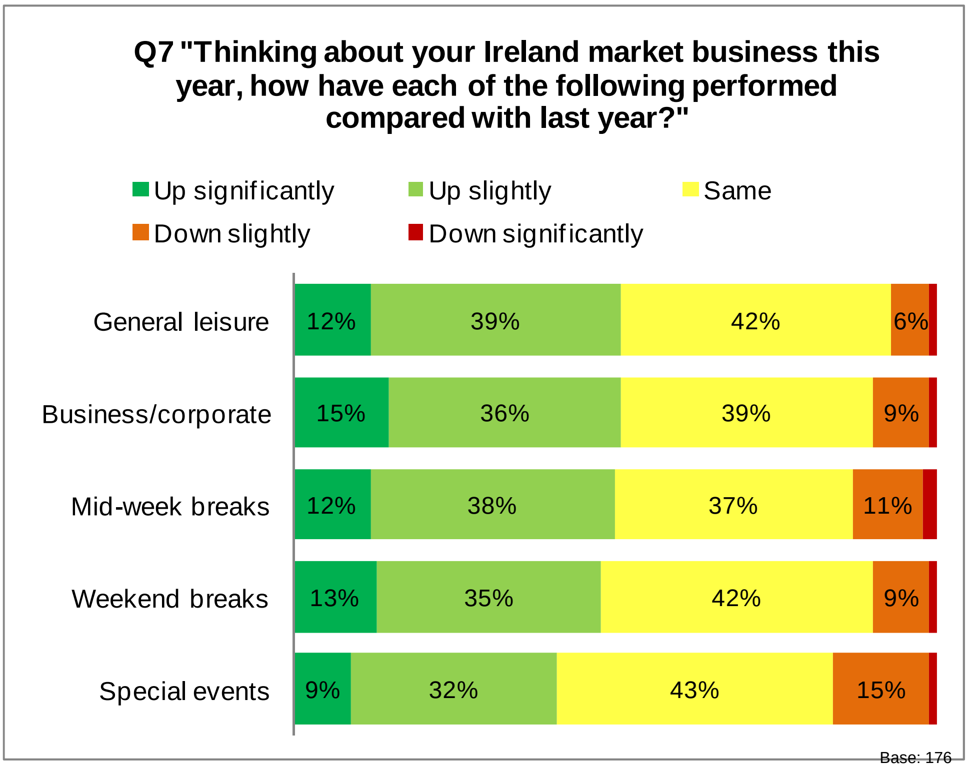
Room yield slightly surpasses profitability

4.4 The hotel sector is looking healthy, with 65% reporting increased profitability compared to last year.

4.5 But while the average room yield has increased for 71% of hotels, the extra takings are not quite reflected in profitability. This may be because of the investment put into hotels to improve and expand offerings for their guests.

"We've upgraded our rooms"

Hotel visitor types (Ireland market)



Increase in business bookings

4.6 Business and corporate bookings are up significantly for 15% of hotels, with a further 36% reporting them to be up slightly.

"Improved corporate activity"

"Increase in corporate market, new companies"

"Conference and incentive travel has increased"

Special events on the rise

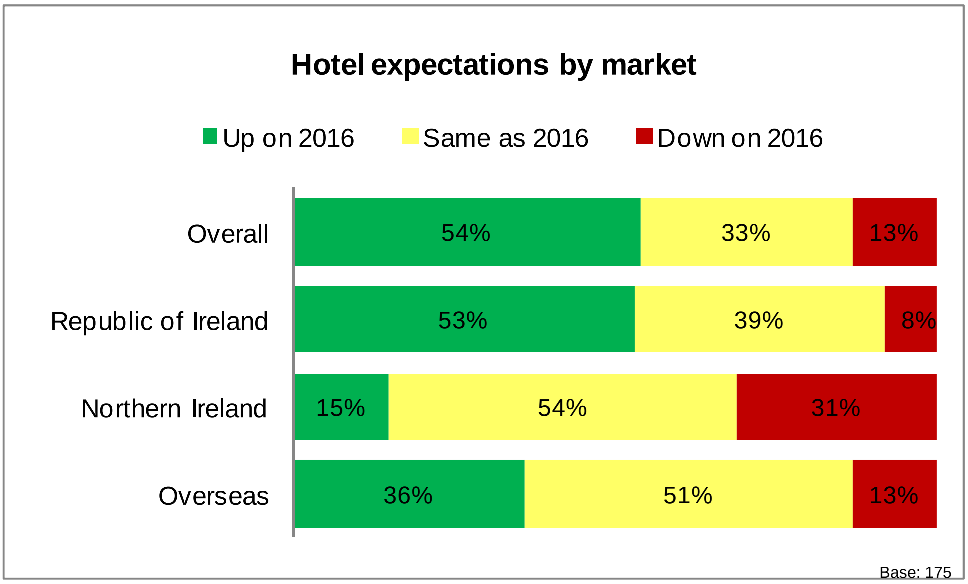
4.7 Ireland is a popular destination for special events such as weddings, hen & stag parties this year. Overall, 41% of hotels have seen a rise in this type of business.

"We have lots of groups this year – tour buses, stag parties, etc"

"Group business and weddings are up"

"We've had lots of weddings"

Hotel expectations 2017



More Americans expected

4.8 As the colder months approach, 38% of hotels expect to see an increased number of American visitors compared to last winter.

"It depends on the US Dollar rate"

4.9 It's set to be a good end of year, overall, with 54% of hotels expecting to be up on the prosperous 2016 that was enjoyed by many.

Sterling woes

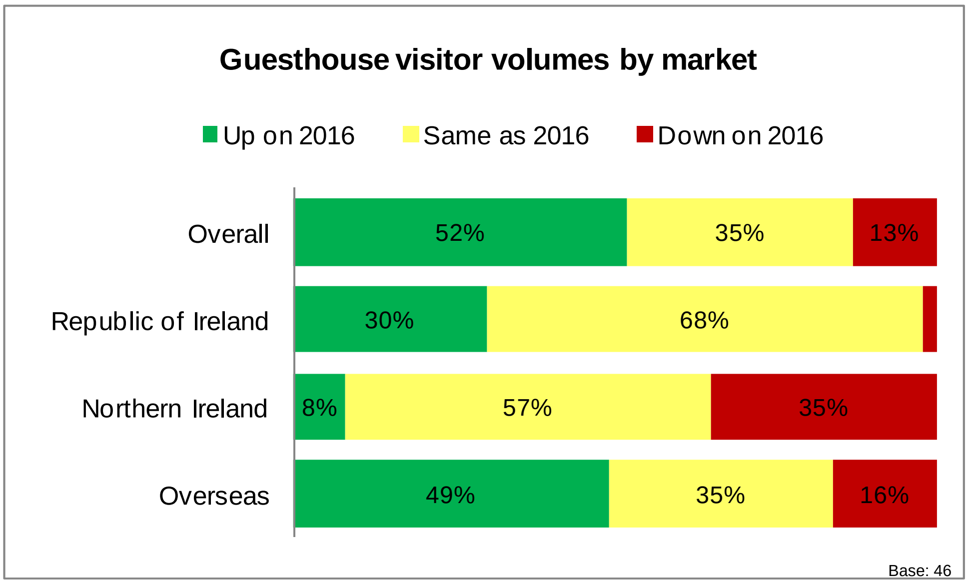
4.10 As is the theme through this report, other key markets are making up for the decline in visitors from Great Britain and Northern Ireland. For hotels, this is expected to continue in the winter months. Around a third (31%) are expecting fewer Northern Irish visitors and 46% expect a drop in the number of British bookings.

4.11 All eyes are on the ongoing impact of Brexit and any Sterling fluctuations.

"It's all about Brexit"

5. Guesthouses

Guesthouse visitor volumes 2017



Overall lift for guesthouses

5.1 Guesthouses are faring well with year, with over half (52%) reporting an increase in visitors overall. For these, there seems to be an overriding feeling that there is more confidence in the industry and a growing pool of potential visitors.

"There seem to be more visitors in general"

"Demand in general is very high"

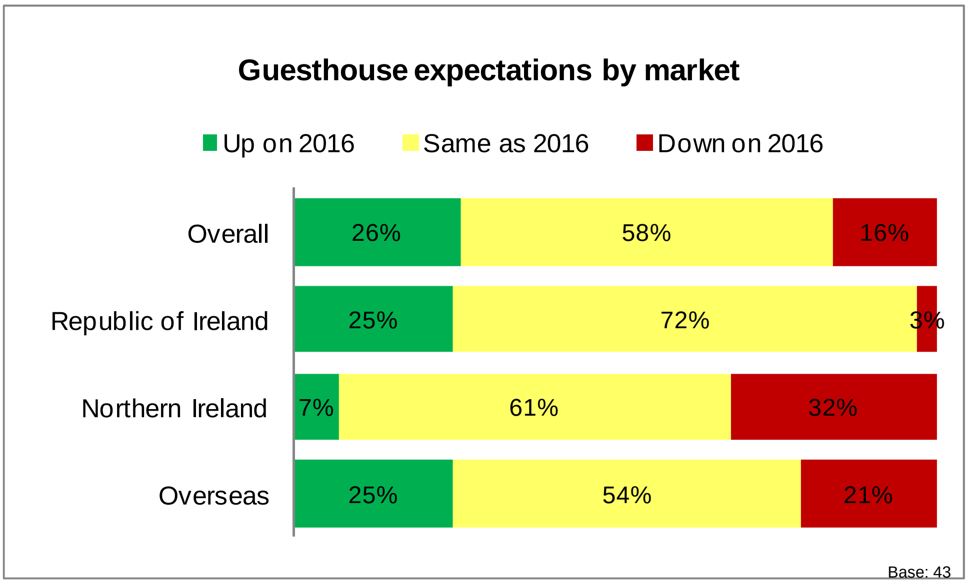
Germans and Americans are booking in

5.2 Like many other sectors, large proportions of guesthouses are seeing an increased number of German (58%) and American (45%) visitors booking in.

5.3 And again, like other sectors, this has gone some way to mitigating the loss of British visitors seen by 61% of guesthouses. More than half (55%) say that the Sterling exchange rate is concerning.

"Our main market is British fishers from Britain and the uncertainty about Brexit is affecting our business"

Guesthouse expectations 2017



Creeping concern of costs

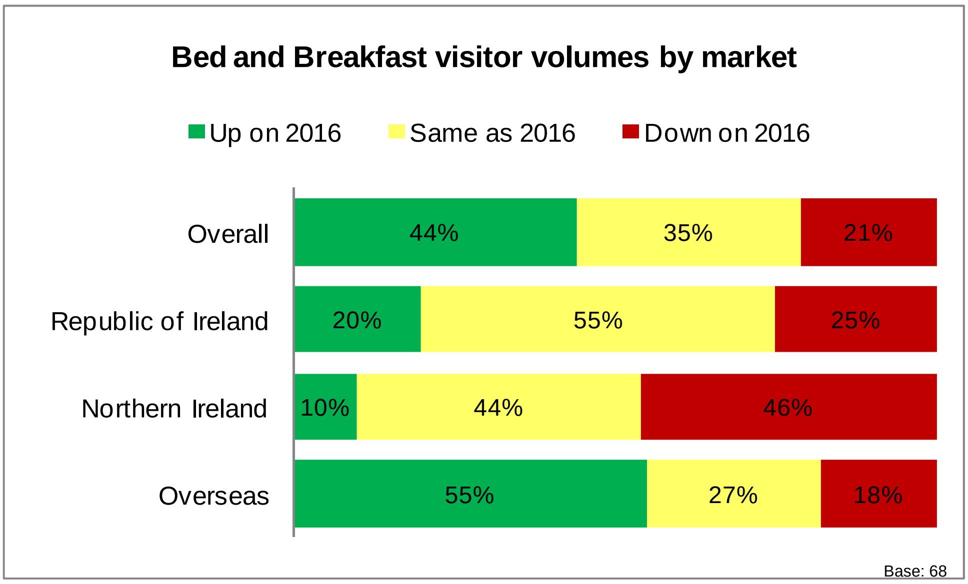
5.4 Going into the winter months, more than half (53%) of guesthouses are concerned about operating costs. Whether it's staff wages, insurance, or business rates, the price of running a guesthouse can be expensive. However, 49% report increased profitability this year.

"Wages – especially the proposed increase of the Sunday minimum wage"

"Cost of insurance increases"

6. B&Bs

B&B visitor volumes 2017



Ireland is a safe haven for overseas visitors

6.1 Well over half (55%) of B&B operators have welcomed more overseas guests through their doors so far this year. One of the reasons attributed to this is the perception that Ireland is a safe destination, according to 46% of respondents.

"Ireland is a safe destination"

"Guests are extremely security conscious this year so Ireland is regarded as a safe destination"

Germans and Americans booking in

6.2 While 49% of B&Bs have seen a decline in the number of British visitors and 46% are seeing fewer Northern Irish, this has been made up by an increase of Germans (57% of businesses) and Americans (47%).

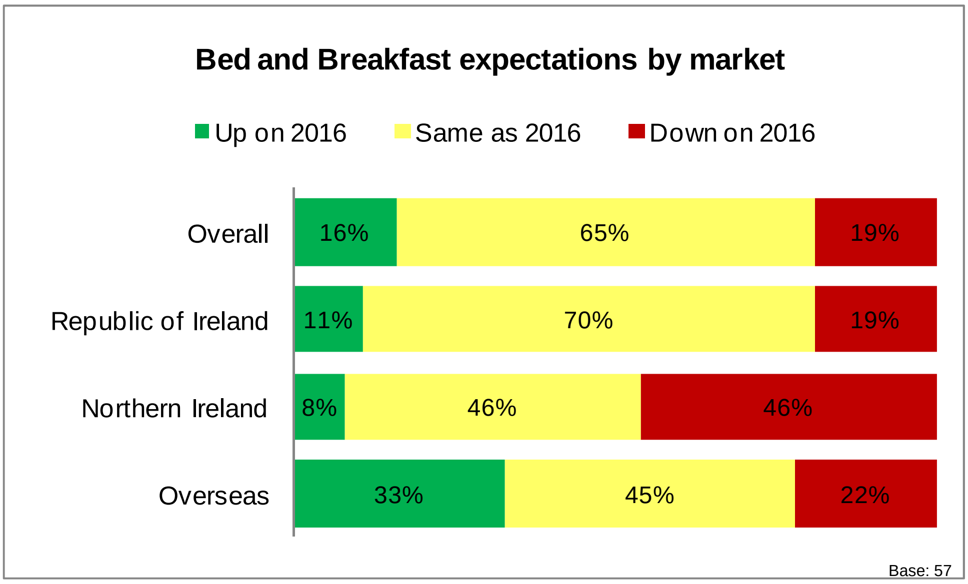
Low-priced competition is a concern

6.3 Competing against low-cost accommodation is an issue for 29% of B&Bs. Through the open comments, it is more commonly the increased spread of Airbnb properties that are springing up as competition.

"Airbnb properties all over the country"

"There are many more Airbnb operators in the area"

B&B expectations 2017



Sterling exchange rate impacting UK visitors

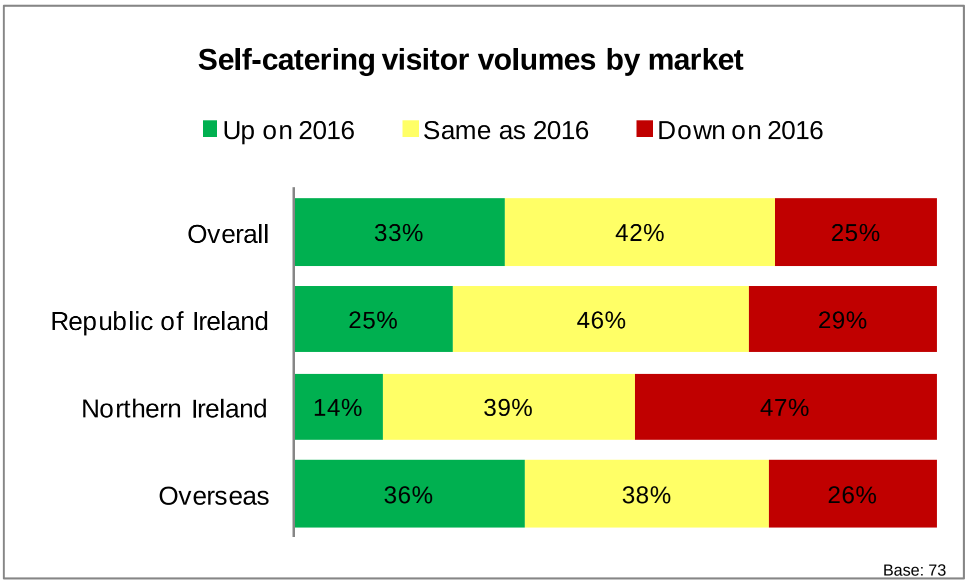
6.4 Going into the final few months of the year, 46% of B&B operators are expecting a drop in Northern Irish visitors and 50% are expecting fewer British. The fall in the value of Sterling has made the Eurozone poorer value for money for UK tourists.

"Visitors from GB and Northern Ireland are complaining about how expensive it is here"

"Fewer visitors from Northern Ireland and Great Britain"

7. Self-catering

Self-catering visitor volumes 2017



Repeat visitors are big business

7.1 The self catering sector is the most dominant when it comes to benefitting from repeat business (63% cite this as positive). This is, in part, helped by reviews and recommendation from others.

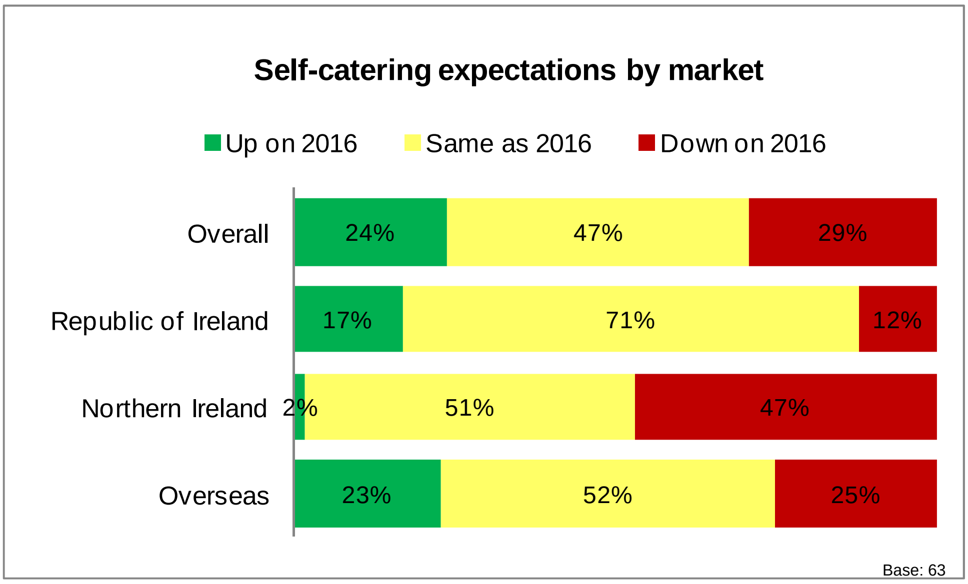
"Good reviews from past visitors on TripAdvisor earning me a Certificate of Excellence from TripAdvisor"

"Positive ratings on booking.com"

Willkommen

7.2 Close to half (46%) of self catering operators say they are welcoming more German visitors this year.

Self-catering expectations 2017



Poor value perception

7.3 A third (32%) of self-catering operators are concerned that Ireland is perceived as poor value for money – the highest proportion of any sector to say this.

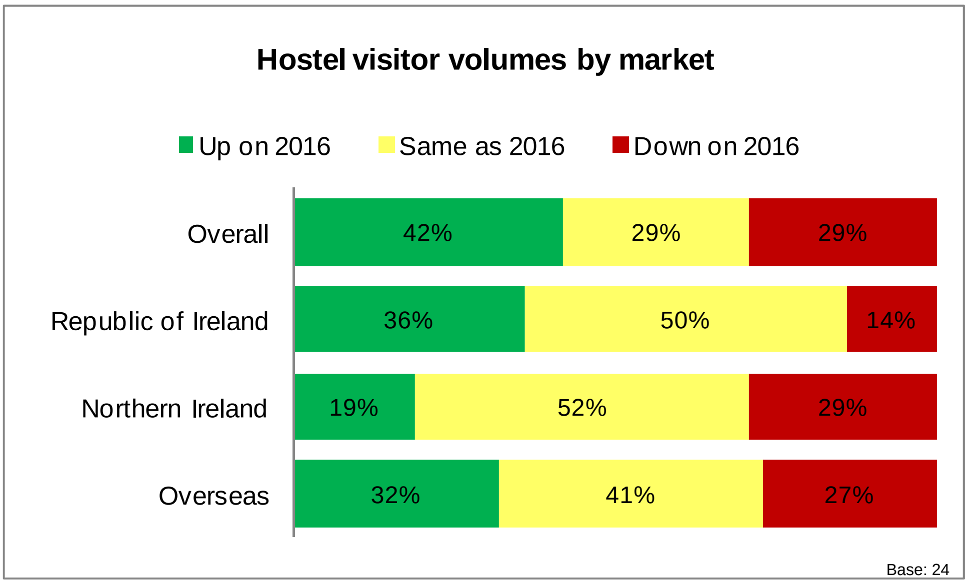
7.4 This is largely because of the Sterling exchange rate, which 43% cite as an issue affecting their business. Nearly half (47%) expect fewer Northern Ireland visitors and 42% expect fewer British visitors in the coming months.

7.5 The future impact of Brexit is something that continues to be at the forefront of some operators' minds.

"Brexit is a major concern"

8. Hostels

Hostel visitor volumes 2017



Wild Atlantic Way continues to lift hostels

8.1 Successful programme area, the 'Wild Atlantic Way', has given a huge boost to hostels, and continues to do so this year with 54% citing it as a positive for their business. When looking just at hostels in the west of Ireland, 87% cite it as a positive.

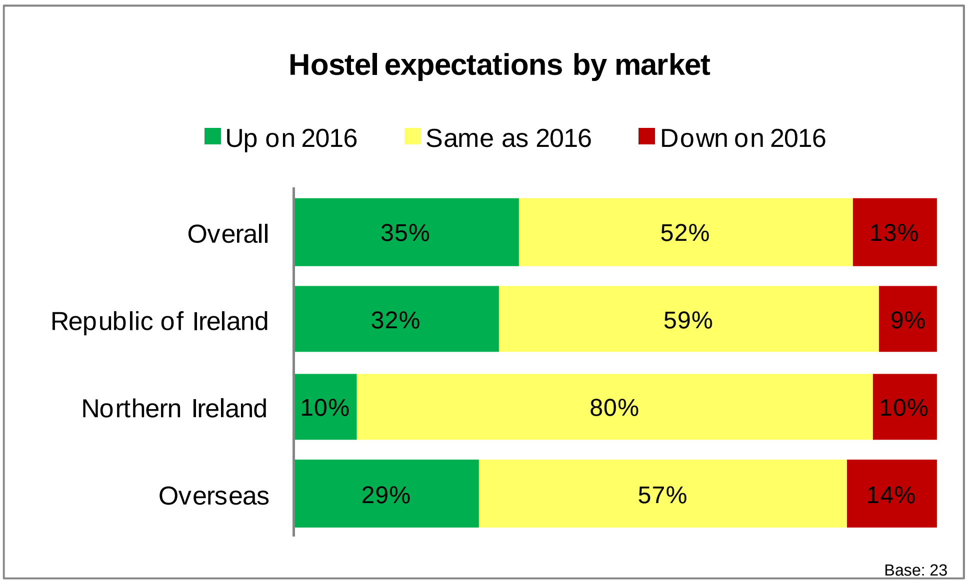
"The Wild Atlantic Way is having a positive effect on our business"

Overseas markets are changing

8.2 While a third (32%) of hostels are welcoming increased business from overseas markets, 27% report a drop. There seems to be a shift in the markets, which can be difficult for operators to predict.

"We are not getting enough visitors from Europe. 25% of our business used to be German, now it is 4%. We used to get 50% from Europe now it is about 15%"

Hostel expectations 2017



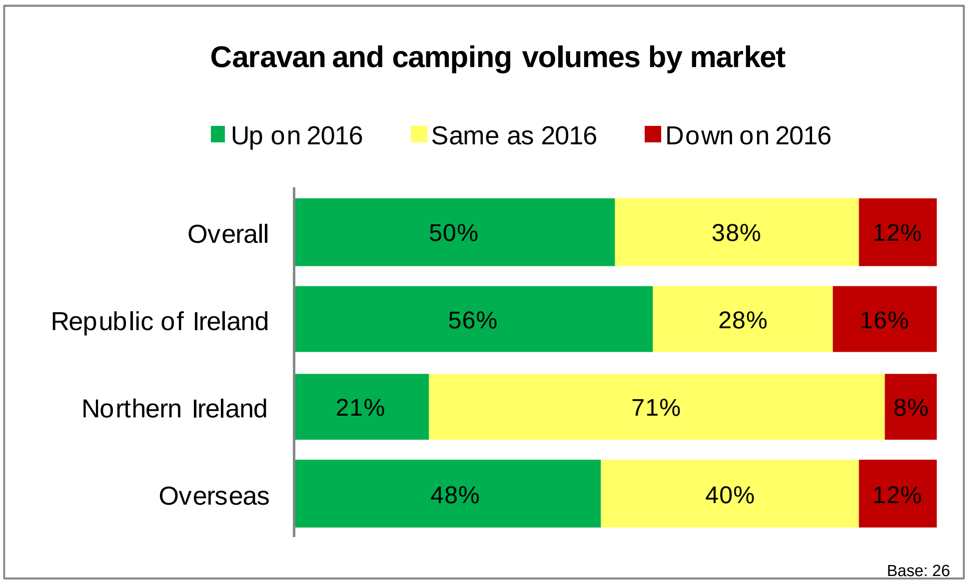
Modest expectations for the rest of 2017

8.3 Expectations for the remaining months of the year are reserved, with around half (52%) predicting similar overall volumes of visitors to the same period last year.

8.4 But, with 59% of hostels reporting higher profits this year, the sector is looking quite prosperous.

9. Caravan & Camping

Caravan & camping visitor volumes 2017



Domestic visitors are pitching up

9.1 The domestic market is performing well for the caravan and camping sector, with 56% of businesses seeing an increase and 35% saying that Irish people holidaying in Ireland is benefiting business.

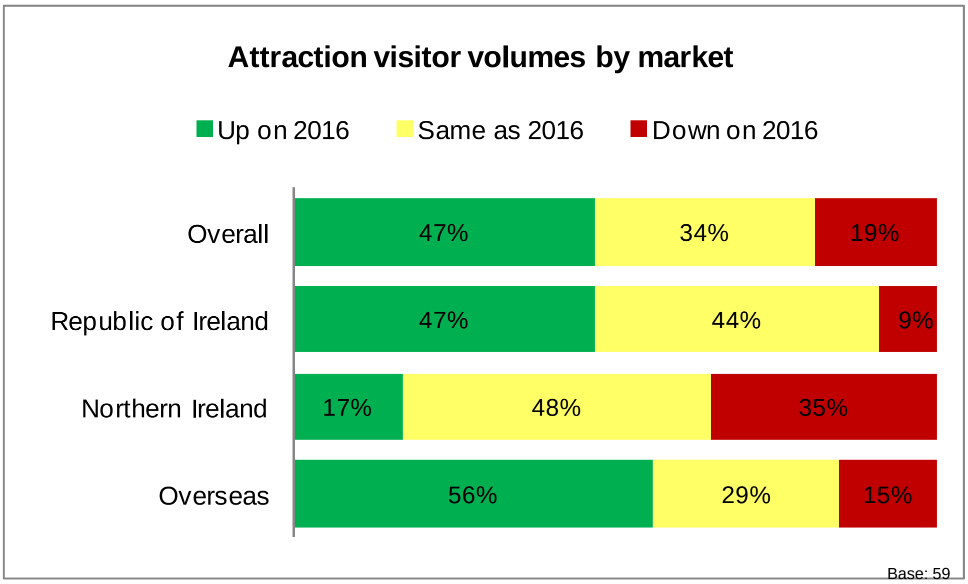
Welcoming overseas campers

9.2 Overall, overseas markets are up for about half (48%) of sites. While Britain is down for 52% of caravan and campsite operators, it is the German market that has really blossomed, with 68% reporting more German visitors.

“French and German markets have been good in particular”

10. Attractions

Attraction visitor volume 2017



Safety in Ireland

10.1 With so much unrest in the world, Ireland is seen by many as a safe destination for their short breaks and holidays. This is reflected by 44% of attractions saying that the perception of Ireland as a safe destination is benefiting their business.

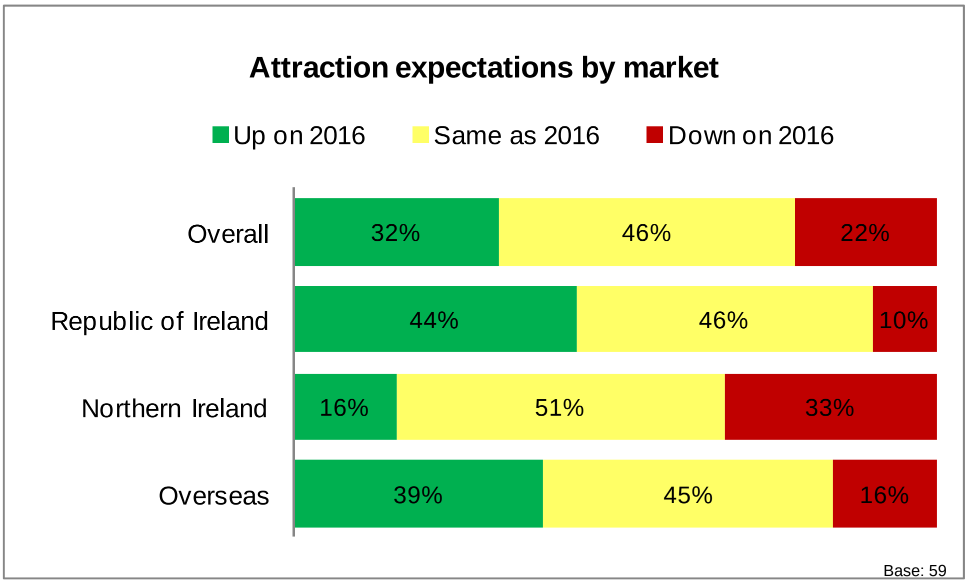
"Safety is the main positive factor"

Big North American boost

10.2 Americans mean big business for attractions this year, with 60% reporting an increase in this market.

10.3 This goes some way to compensate from the drop in British visitors felt by 56% of attractions.

Attraction expectations 2017



Accommodation can be hard to come by

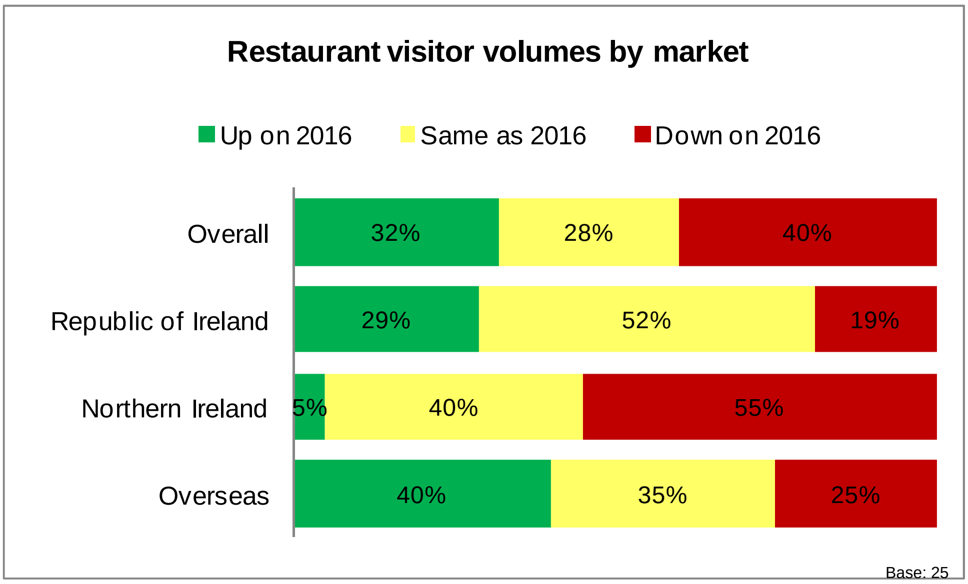
10.4 A third (32%) of attraction operators say that the lack of availability of tourist accommodation is an issue. And when there is availability, it can be too expensive for guests, who opt to stay elsewhere.

10.5 In addition, 45% say that more tourists are using Dublin and other cities as a touring base rather than staying locally.

"Tourists have to stay in another county and travel long here because they can't have accommodation in Galway. Hotels are either busy or too expensive."

11. Restaurants

Restaurant visitor volumes 2017



Restaurants invited to take part in the Barometer are in areas of high tourism footfall, and respondents have been asked to answer questions in the context of their tourism, i.e. non-local, business

Local events help boost table bookings

11.1 Over a third (37%) of restaurant operators say that local events and festivals are really helping fill tables this year.

"Events in the city centre"

Massive drop in feeding UK visitors

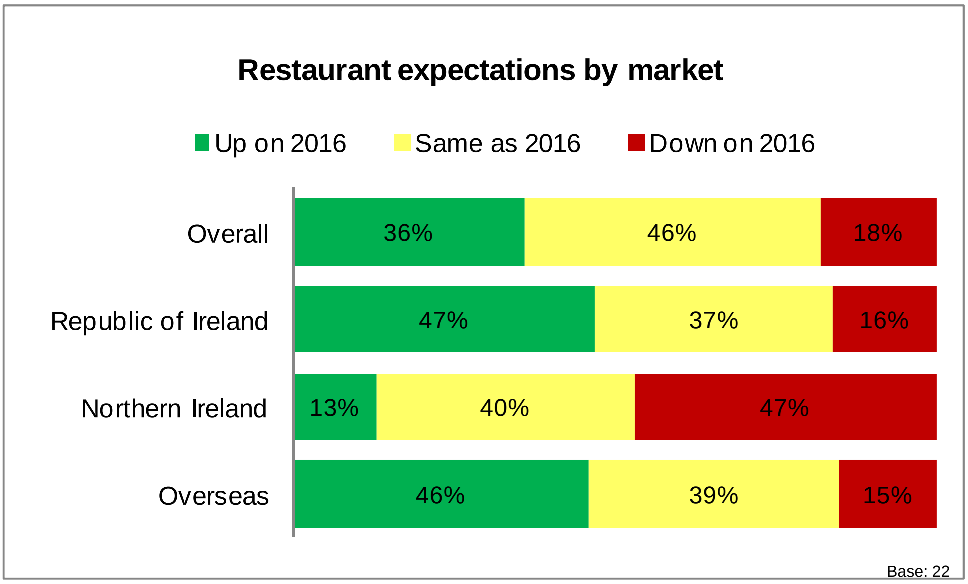
11.2 When it comes to the drop in British visitors, the restaurant trade seems to have been the most adversely affected sector, with 78% reporting a decrease and none seeing growth.

"Fewer visitors from the UK"

11.3 The Sterling exchange rate is also affecting visitors from Northern Ireland, with 55% reporting the market to be down.

"Drop in Northern Ireland visitors"

Restaurant expectations 2017

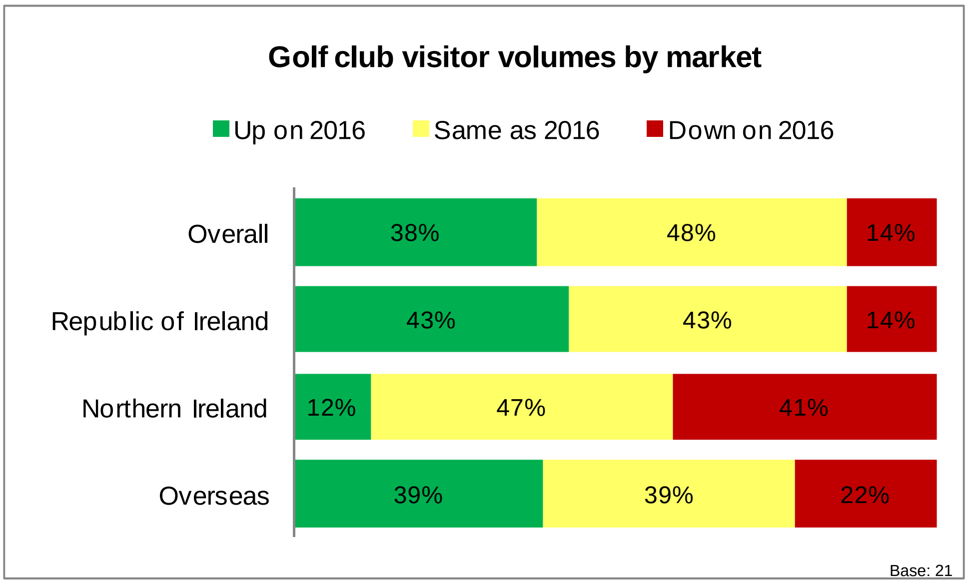


Improvements expected in the coming months

11.4 Despite a mixed year so far, the rest of 2017 is expected to improve. Nearly half (47%) of restaurants expect to feed more Irish visitors, and a similar proportion (46%) are looking forward to an increase in overseas markets.

12. Golf

Golf visitor volumes 2017



Golf clubs invited to take part in the Barometer have been asked to answer questions in the context of their green fee paying, i.e. non-member, business

Strong domestic market performance

12.1 It seems like Irish golfers are getting into the swing of things this year, with 43% of golf clubs seeing an increase in their domestic visitors.

12.2 Own marketing, reasonable weather and an improved economic climate seem to have contributed to this increase.

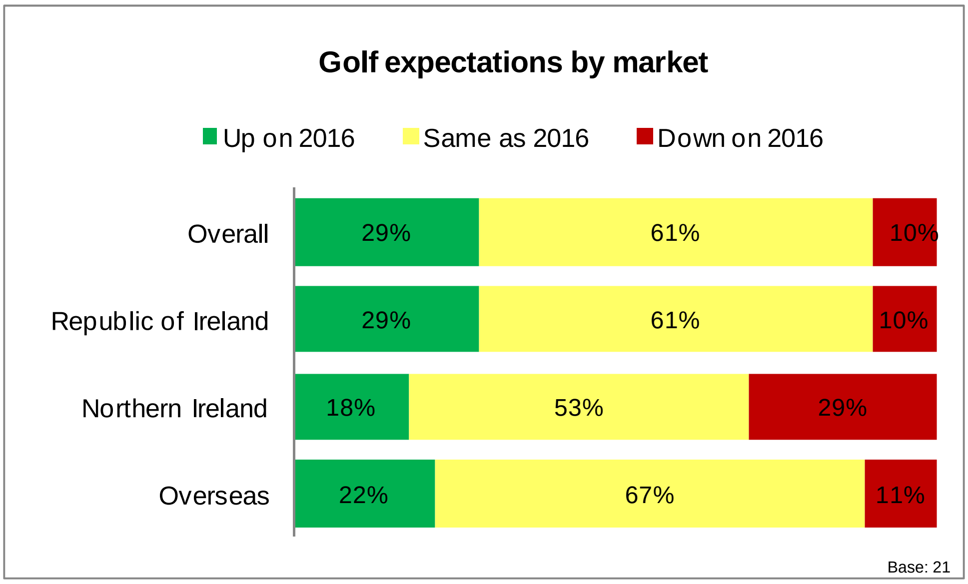
"The economic climate in our area in general is beneficial to us"

Struggling with accommodation

12.3 Just under a third (29%) of golf clubs say that there is a lack of available tourist accommodation. And, like other sectors, some feel like their visitors are being put off by the rising cost of accommodation in key tourist areas.

"Accommodation in Dublin is overpriced"

Golf expectations 2017



Teeing off in winter

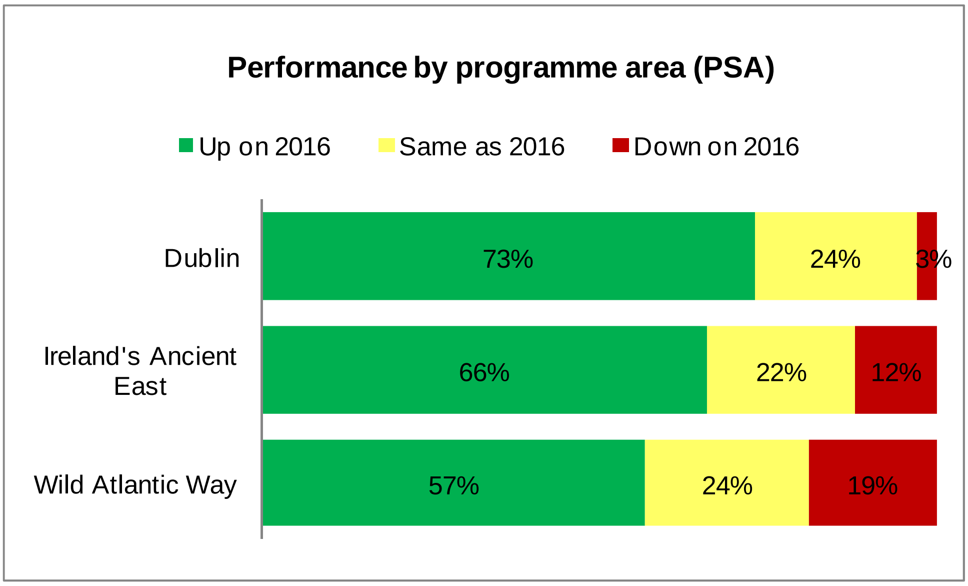
12.4 The coming months are expecting to be largely similar to last year, with 61% expecting the same level of visitors onto their greens.

12.5 Despite a strong performance from overseas markets so far this year, only 22% expect to see an increase overall from overseas. Brexit continues to be a concern for some, with 38% are concerned about the Sterling exchange rate and the impact that will have on business.

"We have concerns on the instability of Brexit … if it affects the British it will affect our numbers. The element of uncertainty in general across the world is something to worry about."

13. Performance by Programme Area

Here we discuss the performance by programme area for the PSA sector



The capital leads the way

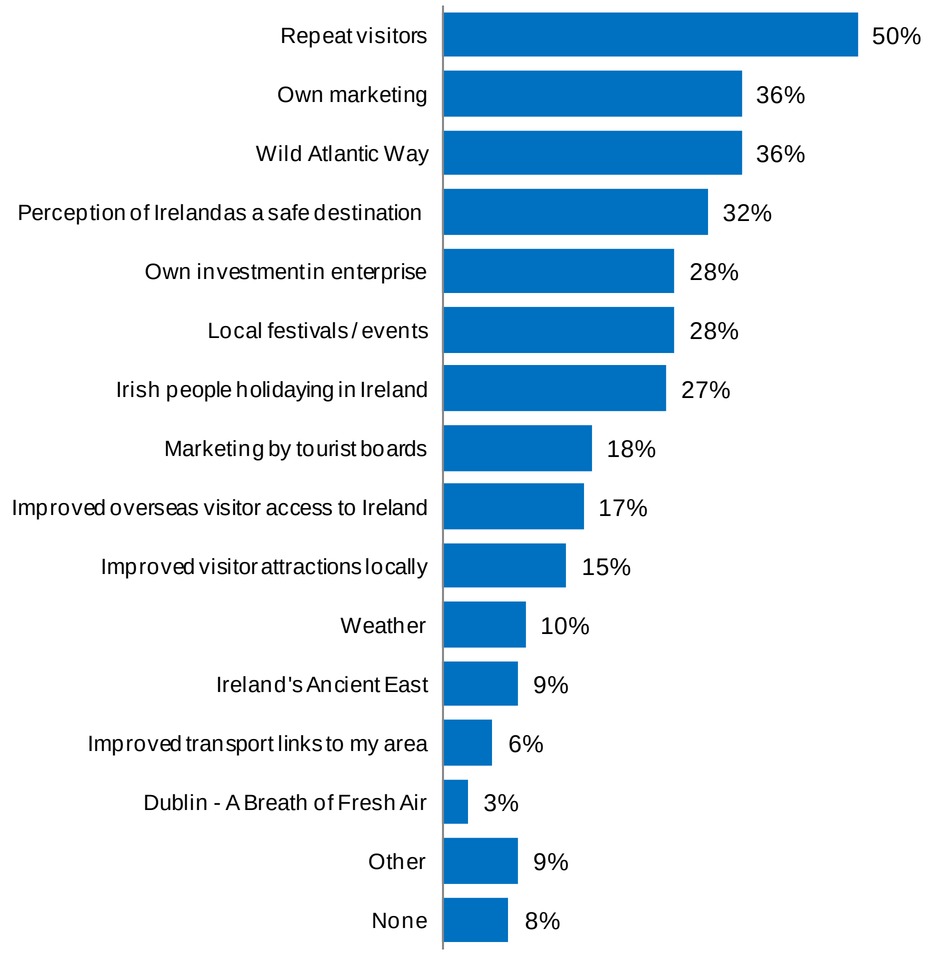
13.1 Around three quarters (73%) of PSA operators in Dublin say they have enjoyed more visitors to date this year. However, all three programme areas are faring well, with 66% of businesses up in the IAE area and 57% in the WAW.

"Ireland's Ancient East brand is great"

"Wild Atlantic Way is a positive factor this year"

14. Positive Factors in 2017

Q11 "What are the main positive factors affecting your business this year?" *(Prompted)*



Base: 549

Repeat visitors

14.1 Once again, making sure people enjoy their visit pays dividends, with half (50%) of business citing repeat visitors as a positive as people keep coming back for more.

14.2 Getting business is important – retaining that business is vital to the tourism industry. It seems to be particularly important for smaller businesses.

"Repeat clients make up most of our business"
B&B

"We enjoy lots of repeat visitors"
Self catering

Improving offerings

14.3 Getting people to return has, in part, contributed to the investment in business. Improving and expanding offerings has helped some operators attract new visitors and see others welcome people back to their business.

"Better quality of rooms"
Hotel

"We were closed for refurbishment for a period of time last year – we already have lots of bookings and twice the amount of rooms available for our opening in November 2017. Everything looks positive right now"
Hotel

America

14.4 While British visitors have dropped across all sectors, other markets are picking up the slack – and some. Notably, North America is a key source of business for many operators this year.

14.5 This has been boosted by the Dollar to Euro exchange rate, making Ireland better value for money.

"A lot of business from America"
Hotel

"Genealogy sees many USA visitors come to research their Irish roots and come and stay with extended family and stay numerous days"
B&B

Marketing

14.6 With a noticeable change in markets and increased competition, many operators are making strides to improve and increase their marketing efforts. This is helping attract visitors and secure business.

"Our in-house marketing is very proactive with more visibility across all social media platforms and good engagement with tourism bodies"
Hotel

"We have a dedicated marketing team with focus upon increased occupancy and growth"
Hotel

Events

14.7 Local events and festivals are helping boost 28% of businesses this year. They are driving business and helping lift visitor spend as people look to stay, eat and explore the local area.

"Cavan local festival"
Self catering

"Special events and festivals"
Hotel

Safety in Ireland

14.8 Terrorist threats and activity across the globe is threatening people's feeling of security. News stories in London, America, Spain, France and other countries are leaving people with a feeling of unease and a desire to feel safe.

14.9 For many, Ireland is seen as a safe destination, and the country is welcoming those who look for a break in a place without fear of threats.

"Perception of Ireland and Dublin as a 'safe' destination"
Attraction

"US visitors feel that it is safe here, easy to get around and they love the friendly people and our food. They are also glad to get away from the heat and don't seem to mind our weather."
B&B

"Troubles in Europe make people want to spend their holidays in Ireland"
Hotel

General increase in confidence

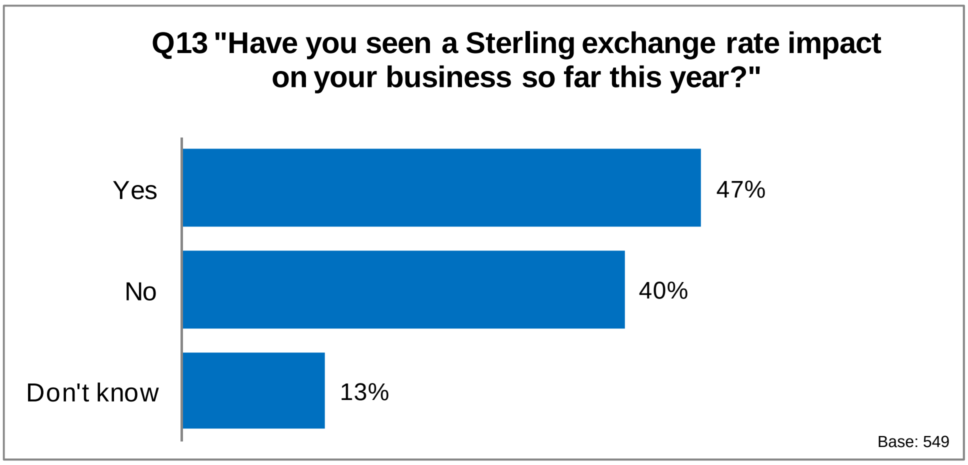
14.10 The feeling of confidence in Ireland is continuing. The economy is improving at a sustainable rate and spend is also increasing.

"There is more confidence in the local market"
Hotel

"The economy is doing a lot better in our region which brings more business for us – more people are holidaying and they are spending more money"
Hotel

15. Sterling Exchange Rate

15.1 Respondents have been asked if and how the Sterling exchange rate is impacting their business, and what measures they have put in place to address any impact. Below, we outline the key themes from the open-ended comments.



Sterling drop impacts British visitor numbers

15.2 Nearly half (47%) of respondents say that the drop in the value of the Sterling is impacting their business this year.

15.3 Since the EU referendum in 2016, which saw voters in the UK opt to remove the country from the European Union, Sterling has lost the strength it held. This has made the Eurozone more expensive for British visitors.

15.4 Those who have seen an impact have been asked what impact the Sterling exchange rate has had. Through the open comments, it is clear that most are seeing a decline in the number of visitors from Britain and Northern Ireland.

"British and Northern Ireland visitors are down 10%"
Hotel

"Exchange rate has dramatically changed the situation, people can't afford holidays – it is too expensive"
Hotel

"Fewer British visitors and people are complaining that Ireland is too expensive now with the exchange rate"
Guesthouse

"Fewer visitors came from Northern Ireland and the Britain, which may have been caused by the sterling exchange rate"
B&B

"Fewer visitors from the UK – about 40% down on last year"
Caravan and camping

Many doing nothing to mitigate Sterling impact

15.5 Through the open comments, many respondents say they are not doing anything to try to address the impact of the Sterling exchange rate. Often, this is because they don't know what they *can* do and are waiting to see how the exchange rates will change in the future.

"I have no idea what to do about it"
Hotel

"No measures, we just wait what will happen later"
Hotel

"What can we do?"
Restaurant

"Nothing at present. Let's wait and see what happens with Brexit."
Hotel

Revised pricing

15.6 In order to attract more visitors, some operators are dropping or holding their prices. With British visitors getting fewer Euros to their pounds, introducing steps to make Ireland seem better value for money is a common way businesses are mitigating the weak Sterling.

"We have tried to give a reduction for Northern Ireland visitors and British visitors"
Self catering

"Discounted direct bookings"
Guesthouse

"Revised pricing in a very competitive market"
Hotel

"We are trying to do more deals and we are holding rates for 2018 for our tour operators"
Golf

Focussing on other markets

15.7 While Britain continues to be a major market for Ireland, it is not the only one. Many businesses have moved their efforts into attracting more visitors from other locations – with North America and continental Europe leading the way.

"We have made stronger marketing efforts in other markets"
Attraction

"We are focusing more on alternative markets like the US and central Europe"
Hotel

"Replace the GB market with more North American direct transient business by investing in strategic online digital marketing"
Hotel

"More concentration on Europe and USA"
Golf

Increased marketing

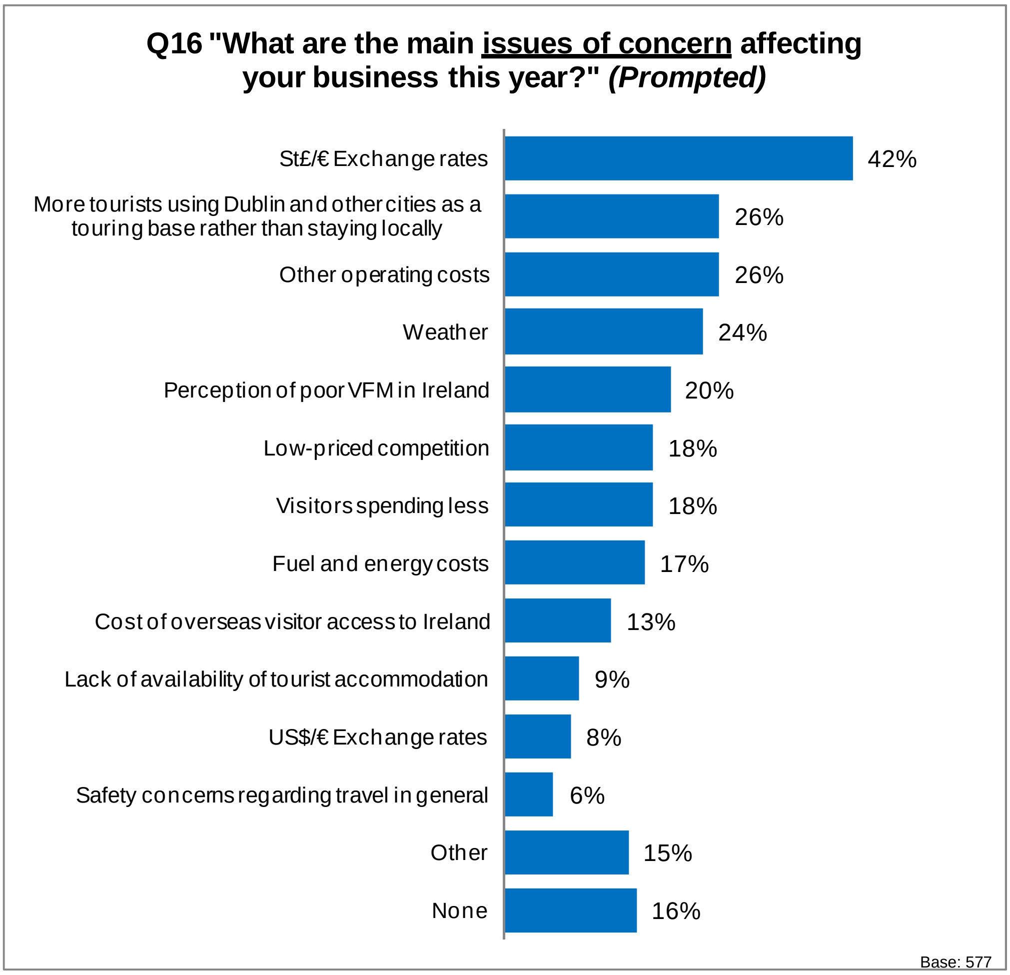
15.8 Stepping up marketing efforts is a common move for some businesses looking at ways to increase their visitor numbers. Rather than waiting for exchange rates to change, marketing drives are in place with hopes of attracting more customers.

"More targeted marketing identifying value for money offers"
Self catering

"We started a social media campaign to target different UK markets"
Golf

"More advertising"
Caravan and camping

16. Issues of Concern in 2017



Sterling exchange rate continues to be an issue

16.1 The decreased value of Sterling has made Euros more expensive for visitors from the UK. More than two in five (42%) respondents say that this exchange rate is an issue of concern for their business.

16.2 This goes hand-in-hand with Brexit, which was the catalyst for the decline of the Sterling.

"Brexit and the overall political situation is concerning – it will have an impact on all of us"
Hotel

"Brexit is a major concern for us in the border counties, plus not knowing if there will again be a border between us and Northern Ireland as this will affect clients travelling from Derry, Belfast and Dublin airports"
Self catering

"Brexit – concerned it is negatively affecting visitors from the UK"
Golf

Dublin is being used as a base

16.3 There has been a huge amount of investment to improve the road network and road quality around Ireland. While this means travelling is easier than it had been in previous years, that ease of movement means that some visitors are staying in Dublin and using it as a base for day visits to other parts of Ireland.

16.4 This has its benefits, but it also means businesses in locations outside of the capital are not having the overnight stays they may have had previously. This issue is affecting 26% of businesses.

"Day tours from Dublin are having a big impact on the west coast"
Hostel

Low-priced competition

16.5 With many businesses dropping their prices or moving to online booking sites such as Booking.com and Airbnb, some are concerned about trying to compete with those that are going in at a low cost to attract more visitors.

"Cheaper competition such as Airbnb"
B&B

"Competitors and prices in general. It is a tough market."
Golf

Can't find the staff

16.6 Despite efforts to find trained staff, businesses in a range of sectors say that they are struggling to find the right people for the job. In previous years, trained chefs were hard to come by for some, but this has now spread to different roles within tourism.

"Cannot take enough staff to work"
Hotel

"Lack of availability of qualified staff, therefore affecting customer satisfaction"
Hotel

"Lack of qualified / experienced hospitality staff, chefs, reservation managers etc"
Guesthouse

"There is a lack of trained chefs. I can't open on certain days now because I can't get the staff. This has a knock-on effect for wages and therefore brings up the cost of the menus"
Restaurant

16.7 Some businesses believe that this is, in part, because potential staff are being priced out of local accommodation, or that the cost of that accommodation is above their means.

"Difficult to get staff, and difficult for staff to get accommodation"
Guesthouse

17. Significant Differences by Broad Region

17.1 Here we highlight significant differences in results in the PSA sector between two pairs of broad regions:

- Northern counties[1] vs Rest of the country
- Dublin vs Rest of the country

Northern counties vs Rest of the country

Measurement	North	Rest of the country
Overall visitor volume year to date Net*	+24	+55
Northern Ireland visitor volume year to date Net*	-44	-19
Overall expectations Net*	+14	+42
% of PSA businesses affected by £ Sterling	68%	44%
% of PSA businesses mentioning £/€ as a concern	63%	38%

**% of Paid Serviced Accommodation (PSA) providers reporting business to be up minus % of those reporting business down*

Northern counties are less positive – largely because of the sterling exchange rate

17.2 Northern counties have not performed as well as the rest of the country to date this year. On balance, fewer Northern PSA businesses have experienced growth compared to the rest of the country. Northern businesses are particularly reliant on traffic from their close neighbours in Northern Ireland, but this market is significantly down this year.

17.3 This subdued performance has fed into accommodation providers' expectations for the rest of the year. On balance, expectations are slightly positive, but well short of the positive sentiment seen in the rest of the country.

17.4 The difference between Northern counties and the rest of the country appears to be down to the impact of the Sterling exchange rate, particularly on cross-border traffic from Northern Ireland. 63% of PSA businesses in Northern counties cite the Sterling exchange rate as an issue of concern, compared to a much lower proportion (38%) of PSA businesses in the rest of the country.

[1] The 'North' includes the following counties: Cavan, Donegal, Leitrim, Longford, Louth, Mayo, Monaghan, Sligo

Dublin vs Rest of the country

Measurement	Dublin	Rest of the country
GB visitor volume year to date Net*	-49	-36
Sterling (% of PSA businesses affected)	58%	48%
£/€ a concern (% of PSA businesses)	51%	42%

Sterling more of an effect in Dublin, but less so than earlier this year

17.5 Looking at Dublin vs the rest of the country, Sterling has had more of an impact on businesses in Dublin, especially GB visitors. On balance Dublin PSA businesses have experienced a larger drop in GB visitors to date this year compared to similar businesses outside of Dublin. However the difference between Dublin and outside Dublin is less significant than earlier this year.

17.6 Sterling has affected about half (51%) of Dublin PSA businesses to date, but a lower proportion (42%) of PSA businesses outside Dublin. The £/€ exchange rate is a higher concern in Dublin.

17.7 Although these figures show that Dublin businesses are still more affected by the exchange rate than businesses outside Dublin, the difference between the two regions is less significant than that recorded in the April barometer.

18. Appendix 1 – Background and Methodology

Background and Objectives

18.1 The Fáilte Ireland Tourism Barometer is a survey of tourism businesses designed to provide insight into tourism performance for the year to date and prospects for the remainder of the season or coming year. It has been conducted regularly since 1999.

18.2 In March 2016, Strategic Research and Insight, an independent research agency previously called Strategic Marketing, was commissioned to continue conducting the survey for the next three years.

18.3 Fieldwork for this second wave in 2017 took place in September. The objectives were to measure:

- Business performance to date in 2017 in terms of visitor volume – overall and by key markets – and profitability
- Average room yield (hotels)
- Visitor volume expectations for the remainder of 2017
- Positive factors and issues of concern affecting business
- Impact of the £/€ exchange rate

Methodology

18.4 The methodology used was a combination of an online survey and telephone interviews.

18.5 Fáilte Ireland and Strategic Research and Insight worked together to produce a questionnaire for online and telephone interviewing.

18.6 Fáilte Ireland provided a database of 2,829 usable contacts (i.e. not opted out) for the survey spread across nine industry sectors (discussed under ‘sampling’ below). An email was sent to all contacts on the database containing a link to the online survey and an explanation of the survey objectives. Two subsequent reminder emails were sent to non-responders.

18.7 A total of 349 responses were received to the online survey – a response rate of 12%.

18.8 Following this, we conducted 200 ‘top-up’ interviews by telephone with non-responders in order to improve the robustness of their individual sample sizes so that results can be reported by sector. Interviews were conducted in daytime and evening hours with business owners or managers.

Sampling

18.9 The table below shows the sample split by sector and interview methodology:

Sector	Online responses	Telephone top-ups	Total sample size
Hotels	94	99	193
Guesthouses	24	23	47
Bed & Breakfast	70	-	70
Self-catering	64	15	79
Hostels	17	7	24
Caravan & campsites	15	11	26
Attractions	42	20	62
Restaurants	14	13	27
Golf clubs	9	12	21
Total	**349**	**200**	**549**

Interviews for Contextual Background

18.10 In a separate exercise, we conducted eight qualitative telephone interviews with senior executives in key organisations. The purpose of these interviews was to provide a contextual background to the quantitative findings, and this is given in section 2 before the findings to the main quantitative survey.