Fáilte Ireland
National Tourism Development Authority

TOURISM BAROMETER 2009
WAVE 1 – JUNE

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Introduction

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

Results are based on feedback provided during the fieldwork period from the 9th to the 24th of June 2009. In total 1081 interviews were conducted, details of which are outlined in the analysis of sample (Appendix 1).

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Accommodation

Overall Bednights

Given the extremely challenging economic conditions and the most severe recession for many decades, not surprisingly, all accommodation sectors report overall bednight volumes to be down compared to last year.

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

Although almost half of all caravan and camping establishments reported a fall in demand, it is the sector least effected. Nearly a third reported overall demand for bednights to be up, and almost a quarter stated that demand was similar to last year. (See Chart 1)

Hotels

The downturn in bednight volumes in the hotel sector over the first six months of the season can largely be attributed to falling demand in the overseas markets.

The strength of the Euro against Sterling has contributed to a declining Northern Ireland performance with almost three quarters of hoteliers citing a fall in demand from this source compared to last year. The volume of domestic bednights is also perceived to be down on last year by seven in ten hoteliers. (See Chart 2a)

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

Guesthouses and B&Bs

Where guesthouses are concerned, the weak performance of both the domestic and overseas markets has resulted in a poor start to the year with eight in ten proprietors citing a decrease in bookings. The majority of guesthouses also report Northern Ireland to be down on the corresponding period in 2008. (See Chart 3)

The B&B sector experienced a softening in demand across all markets, with the down turn in bednight volumes largely being attributable to falling demand in the overseas market. The volume of overseas bednights is perceived to be down on last year by more than eight in ten B&B proprietors. (See Chart 4)

Self Catering

The fall in overall bednights in the self-catering sector is again mainly due to the poor performance of the overseas market. Where the Northern Ireland market is concerned, although a majority of proprietors report bednight volumes to be down on business generated from this source, almost half of all self-catering establishments stated that bednight volumes were either up or on a par with last year. (See Chart 5)

Caravan & Camping

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

Hostels

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

Ireland Market

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

Three in four hoteliers stated that weekend breaks, mid-week breaks, general leisure breaks, and business / corporate were down slightly or down significantly on last year, and three in five reported their special event business down. (See Chart 8)

Activity Providers, Attractions, Retail and Transport

Activities

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

Visitor Attractions, Retail Establishments and Language Schools (EFL)

Retailers, language schools and visitor attractions have each experienced a softening in tourism demand. In all cases, a majority of managers report business to be down this year compared to the same period last year. Retailers are particularly affected by the downturn in overseas business.

Relatively the attractions have performed better, more than a quarter of all attraction managers cited growth regarding the performance of tourism business compared to the same period last year, due primarily to almost a third reporting increases in domestic visits. (See Chart 10)

Car Hire and Coach Operators

A challenging trading environment is also is evident in respect of coach operators and, in particular, car hire companies with both sectors reporting reduced levels of tourism demand. (See Chart 10) Eight in ten coach operators state that their overseas business is down for the year to date.

Overseas Market Performance

Hoteliers reported a generally poor performance in respect of their main markets. No doubt linked to the ongoing global economic slowdown, more than half of all hotel managers reported a drop in demand.

The downturn in bookings in the hotel sector is particularly evident in respect of the United States and Great Britain markets with more than seven in ten managers citing reduced levels of demand compared to the same period last year. (See Chart 11a)

Guesthouse owners reported declining demand in respect of all their main overseas markets. Compared to the same period last year more than six in ten guesthouses reported a drop in demand across all their main markets. The British market performed worst with more than three quarters of guesthouse owners reporting bednight volumes to be down. (See Charts 11b)

Where B&Bs are concerned, the evidence also suggests that there has been a reduction in demand across all of the overseas markets. Similar to the hotel sector, the United States and Great Britain markets reported the biggest drops in demand with more than three quarters of all B&B owners citing reduced levels of demand compared to the same period last year. (See Charts 11c)

Overall, while all markets are down Great Britain is perceived to be the weakest overseas market.

Prospects

The current economic crisis has not only impacted on the performance of tourism establishments in the first half of 2009 but has clearly had a major bearing on expectations.

Against the backdrop of the most difficult economic circumstances for many decades, all industry sectors are pessimistic regarding the prospects in the coming months. The majority of all accommodation owners other than caravan and camping operators expect their overall volume of bednights to decline. Relatively speaking the caravan and camping sector is the least pessimistic, with just under a quarter actually expecting an increase in demand in the coming season. (See Chart 12a)

Overall, accommodation providers are somewhat less pessimistic about prospects for the domestic market while still expecting it to be down on balance.

Activity product providers are also pessimistic regarding their business prospects for the coming season although the extent of this pessimism varies. Negative sentiment is particularly evident in respect of golf clubs, angling establishments and cruising companies with a significant majority of proprietors in each case anticipating a decline in demand. Equestrian owners are the least pessimistic, but overall they also anticipate a softening in tourism demand for the coming season. (See Chart 12b)

In both cases, car hire companies and coach operators expect volumes of tourism business to be down compared to the same period last year. This pessimistic outlook is shared by managers of visitor attractions, retail outlets, and language schools. (See Chart 12c)

Factors Impacting on Performance

Taking into account the current recession, it is not surprising that significantly less than half of all respondents identified any positive factors affecting their business prospects. In this regard, the increase in local trade and the good weather were mentioned as positives, albeit by a minority. (See Chart 13a)

Looking at the positive factors by sector, it is evident that the good weather is more important to caravan and camping and activity providers, while Irish people staying at home is good for attractions and informal accommodation such as caravan and camping and hostels. Local festivals are good for hotels and attractions, while word of mouth recommendations were particularly beneficial for self-catering establishments.

The recession was the most frequently cited negative factor cited by tourism businesses as having impacted on performance. One third of all tourism operators mentioned this on a spontaneous basis. Operators also refer to unfavourable exchange rates, lack of bookings, and rising energy costs as negative factors impacting on future prospects. (See Chart 13b)

Looking at the negative factors by sector it is clear that the global recession is particularly bad for angling and golf tourism. Exchange rates are badly affecting the equestrian, angling (there is a strong dependence on the British market), cruising and EFL sectors. B&Bs are finding it hard to compete with the low rates being offered by hotels. The global economic downturn is having knock-on negative effects on retailers, who are citing less consumer spending and being impacted from the fact that Ireland is expensive, and this is also affecting overall hostel performance.

Operational Issues

Unsurprisingly, and consistent with the findings of the last few instalments of the Tourism Barometer, the global and domestic economic downturns were highlighted as the specific issues that are causing all tourism businesses concern. Energy costs were also cited as a pressing issue. (See Chart 14a)

When asked to identify the issue of greatest concern, almost one third of all proprietors across all tourism businesses highlighted the global economic downturn as the predominant consideration at this time. (See Chart 14b)

Looking at these concerns by sector the downturn in the global economy is particularly bad for B&Bs, car hire and EFL, while the state of the domestic economy is a big issue for golf, self-catering and equestrian operators. Labour costs were the single biggest concern for hoteliers, while after the downturn in the global economy caravan and camping managers and hostel proprietors cite local authority charges as their next biggest concern.

Employment

With the overall volume of bednights reported to be down from the same period last year, not surprisingly, proprietors have reduced staffing levels. This reduction is most evident in respect of the hotel sector where more than three quarters of all hoteliers cited employment across all categories of staff to be down on the same period last year. (See Chart 15a)

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

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

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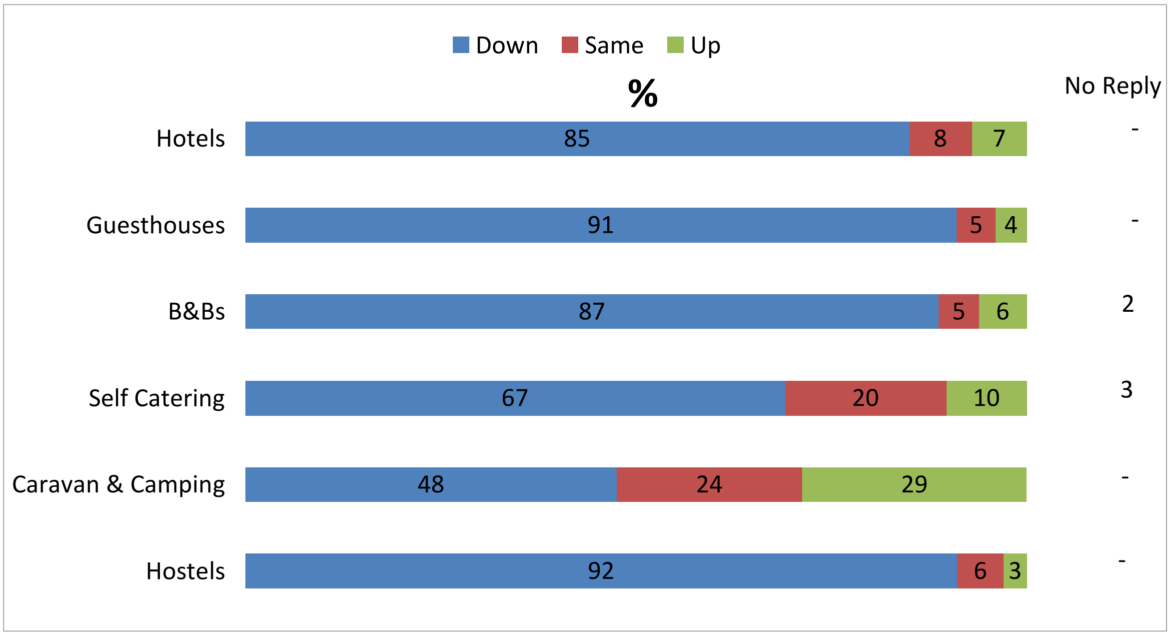
Overall Bednights – Accommodation

January to mid-June
2009 vs 2008

Chart 1

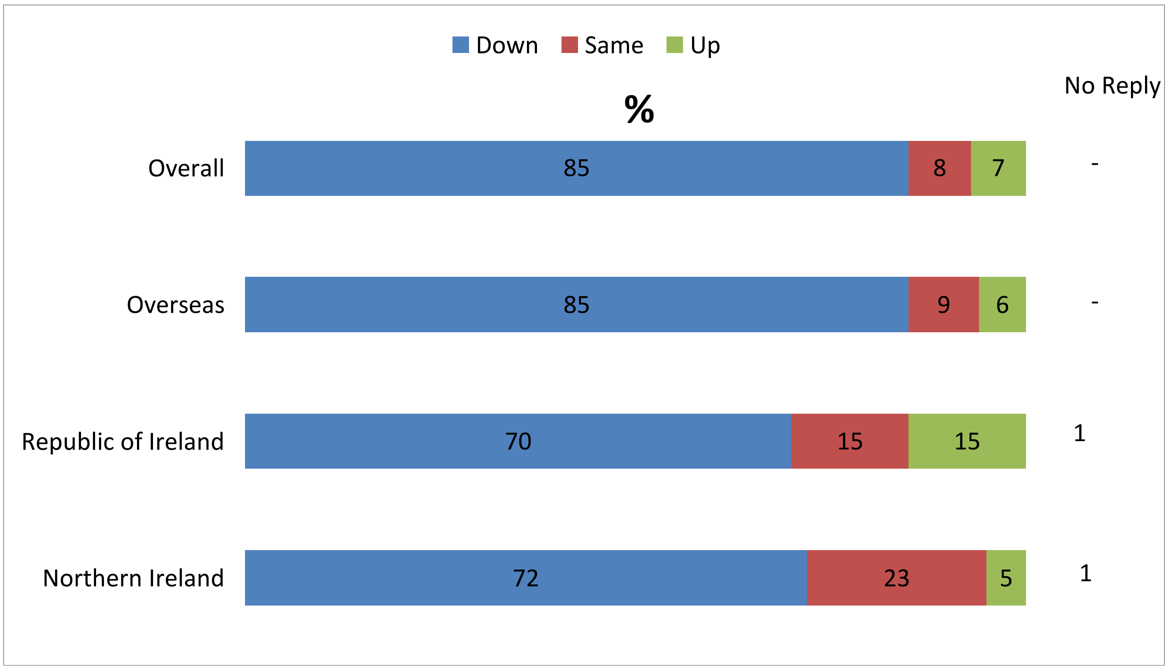


Base: All accommodation

Overall Bednights – Hotels

January to mid-June
2009 vs 2008

Chart 2a

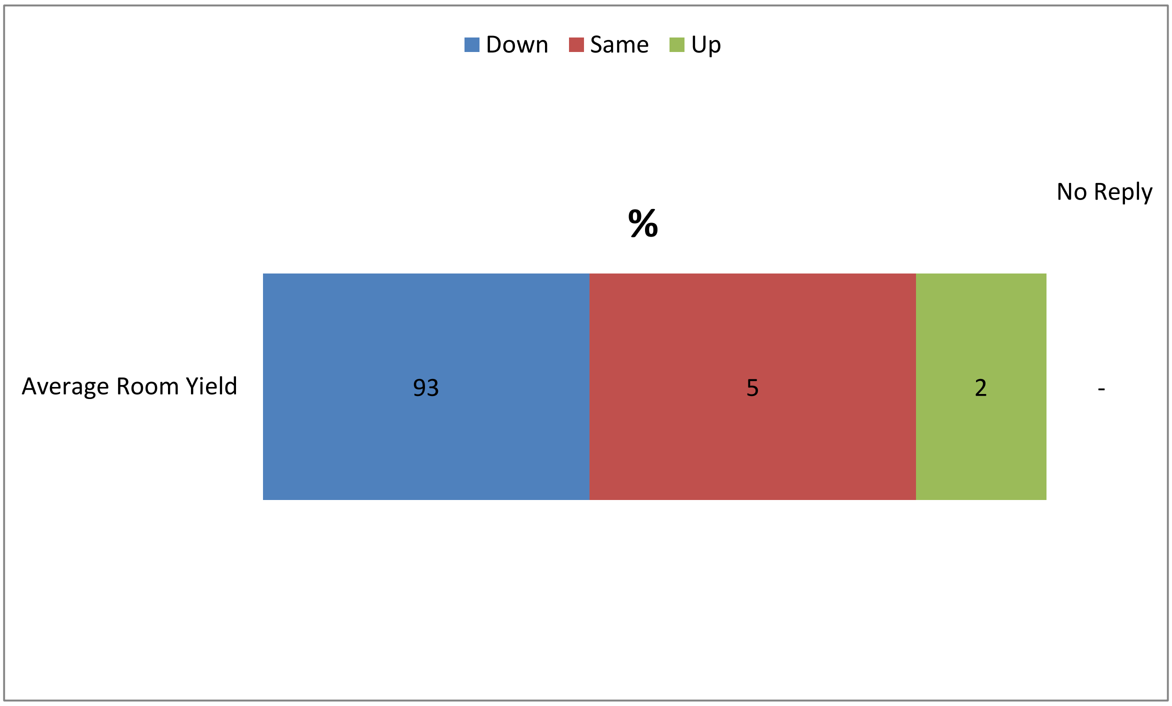


Base: All hotels

Average Room Yield – Hotels

January to mid-June
2009 vs 2008

Chart 2b

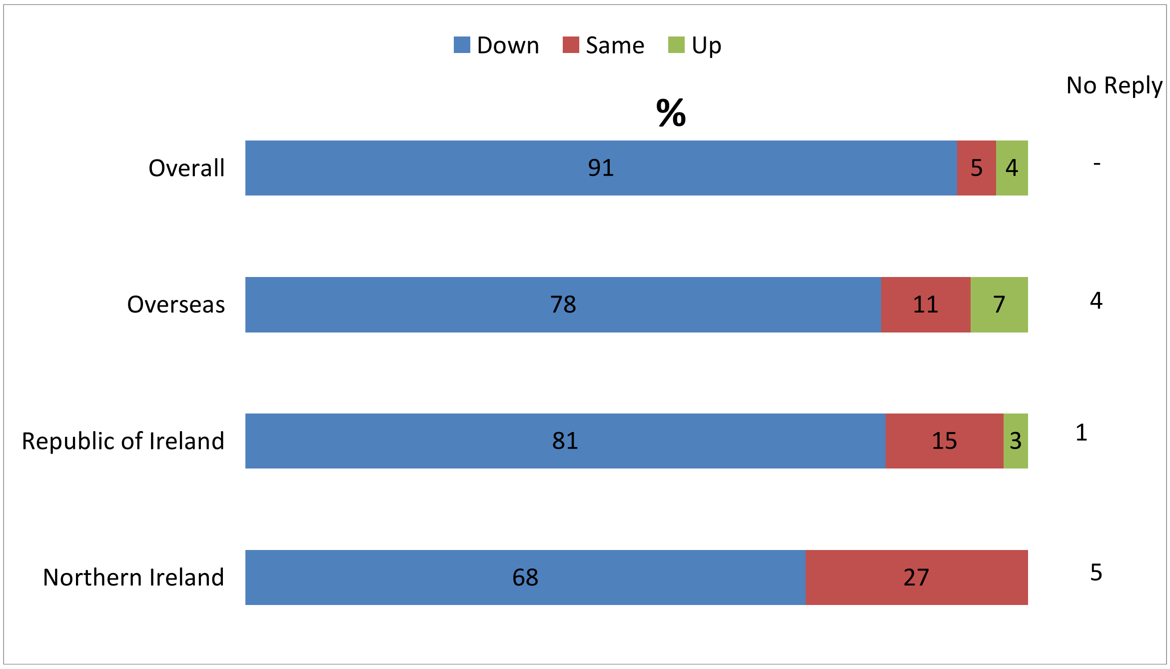


Base: All hotels

Overall Bednights – Guesthouses

January to mid-June
2009 vs 2008

Chart 3

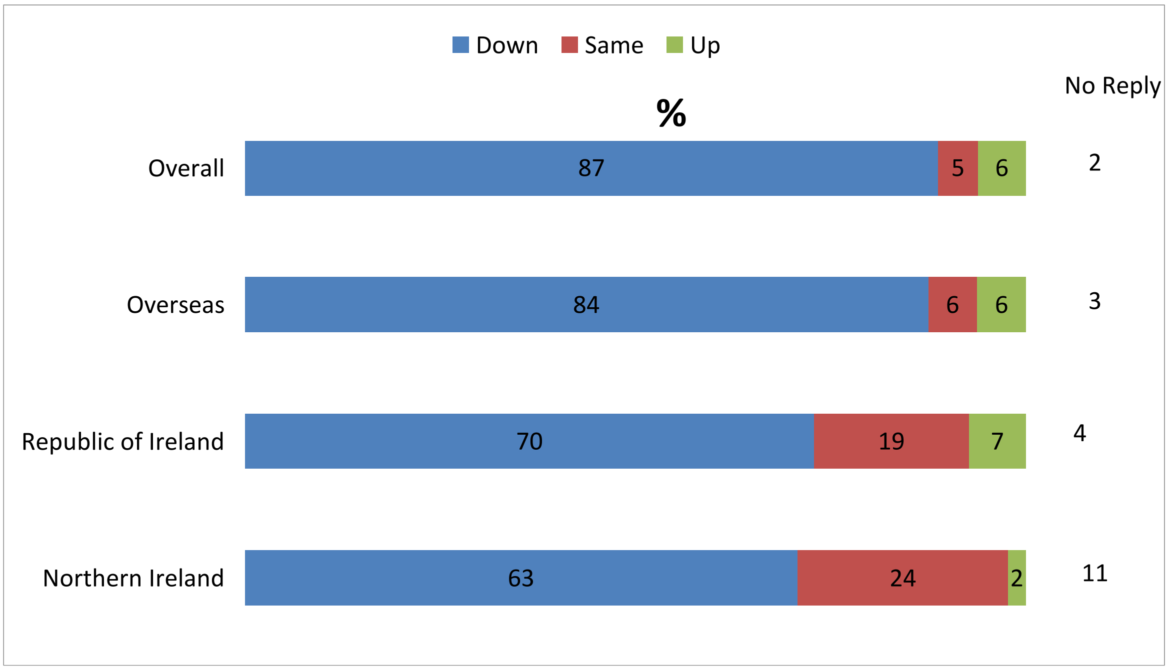


Base: All guesthouses

Overall Bednights – B&Bs

January to mid-June
2009 vs 2008

Chart 4

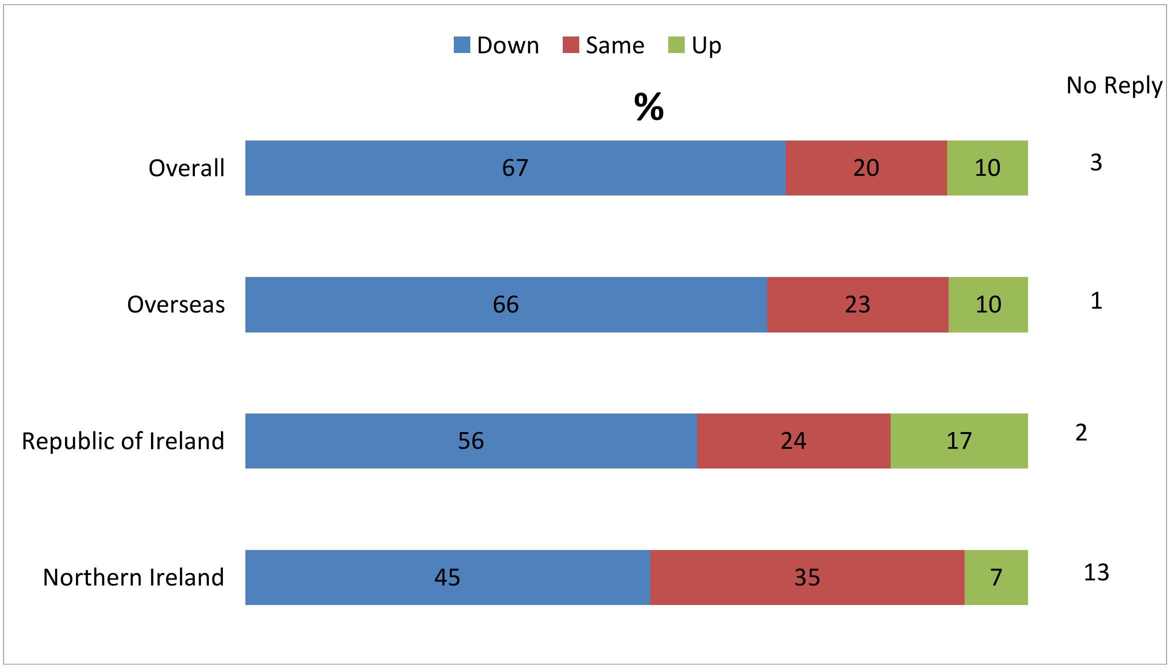


Base: All B&Bs

Overall Bednights – Self Catering

January to mid-June
2009 vs 2008

Chart 5

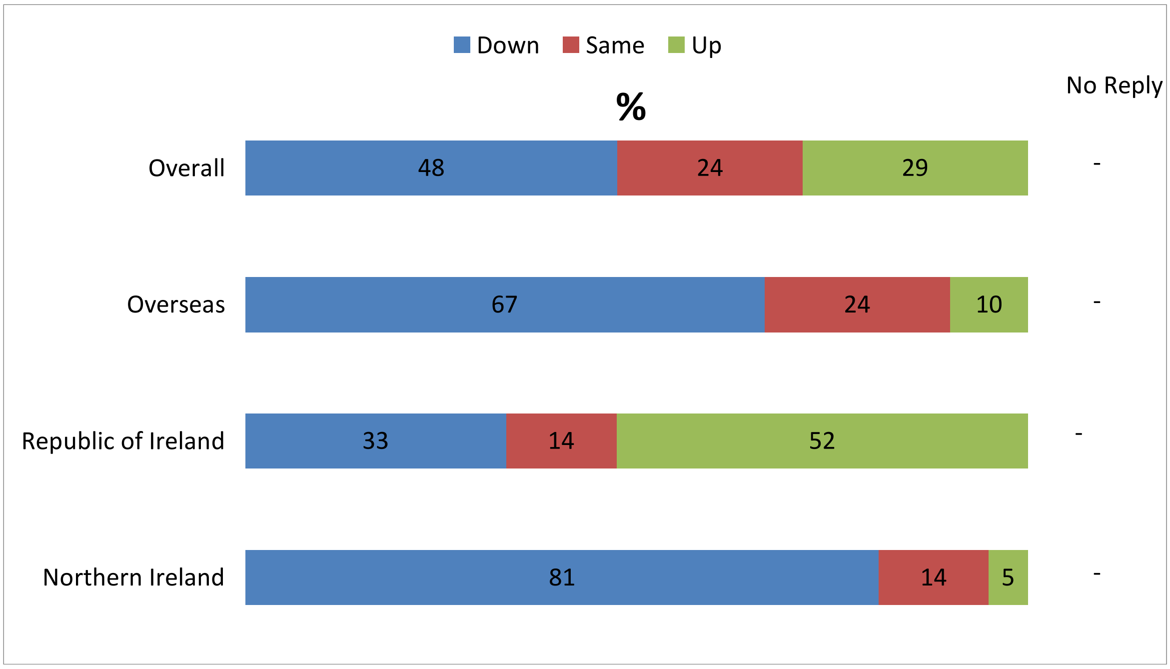


Base: All self-catering

Overall Bednights – Caravan & Camping

January to mid-June
2009 vs 2008

Chart 6

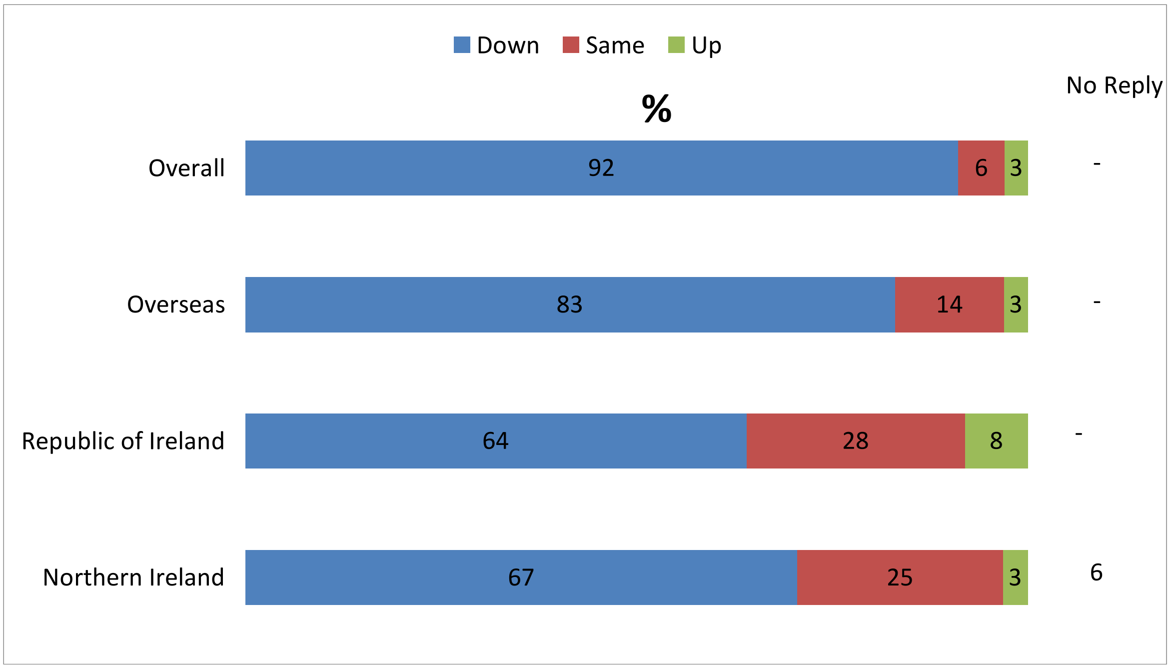


Base: All caravan & camping

Overall Bednights – Hostels

January to mid-June
2009 vs 2008

Chart 7



Base: All hostels

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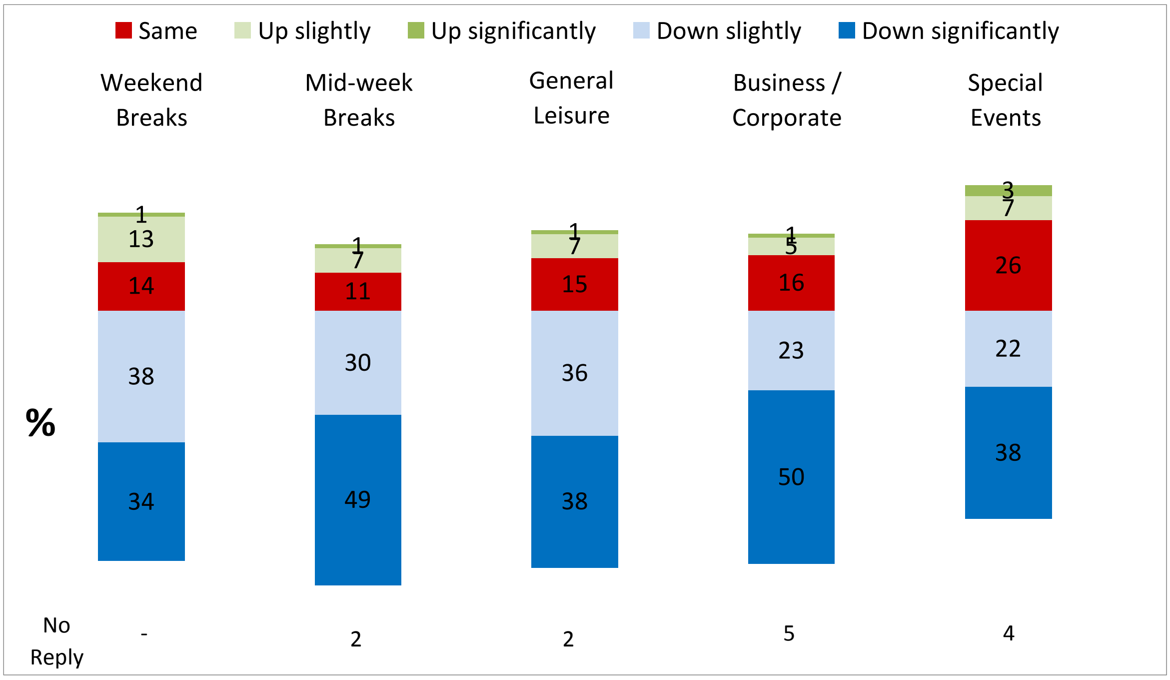
Ireland Market Bednights – Hotels

January to mid-June
2009 vs 2008

Chart 8

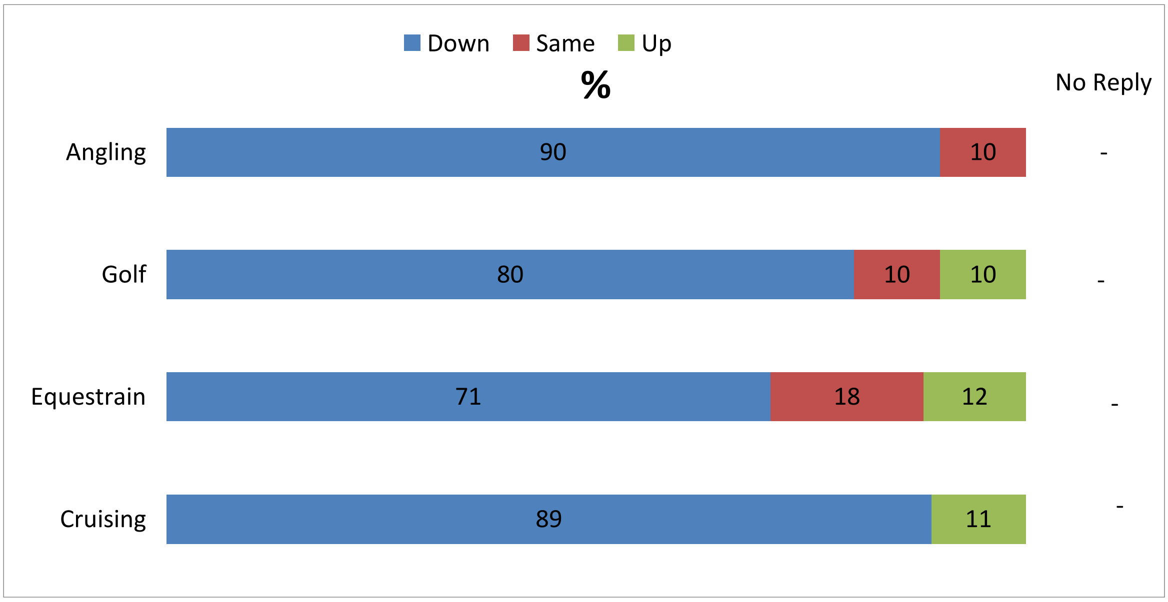


Base: All hotels

Overall Business – Activities

January to mid-June
2009 vs 2008

Chart 9

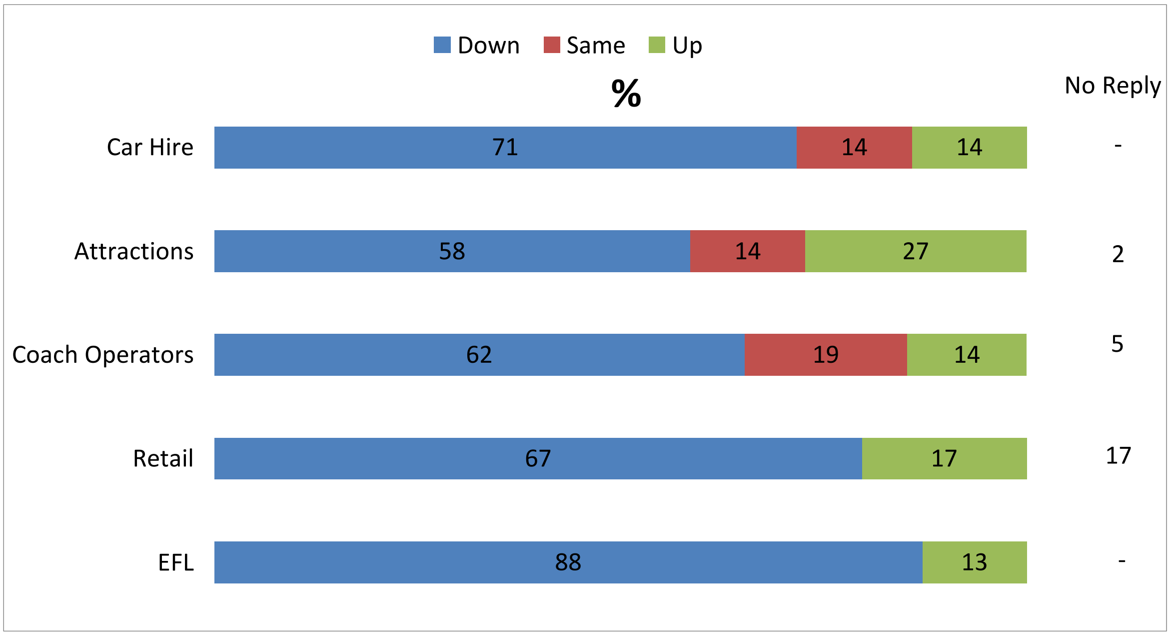


Base: All activities

Overall Business – Segments

January to mid-June
2009 vs 2008

Chart 10

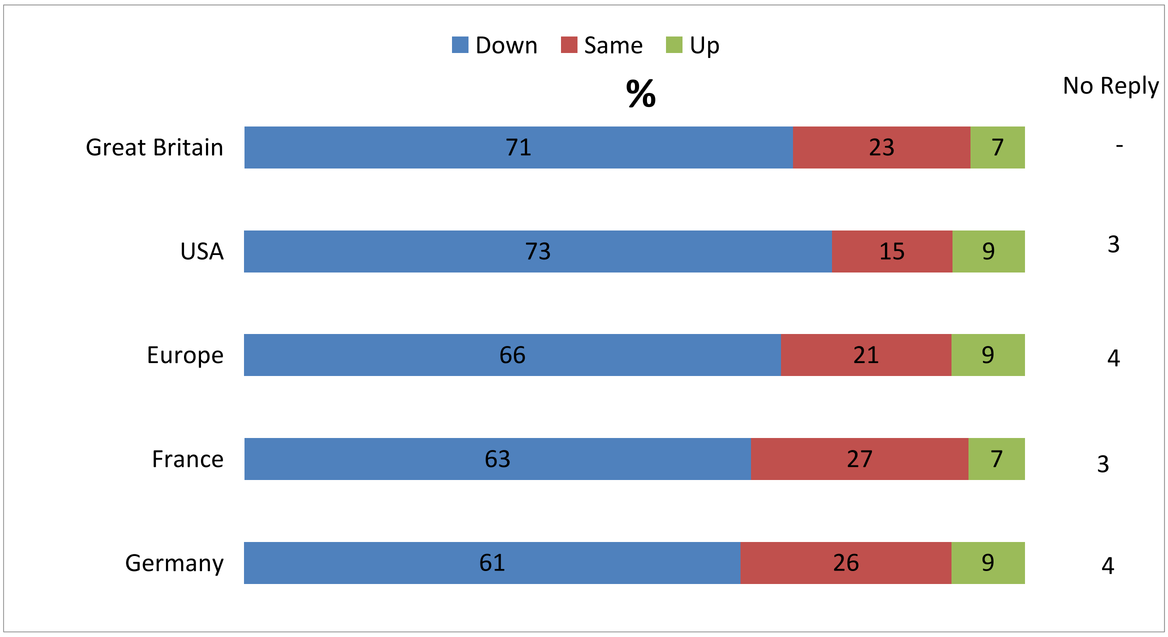


Base: All attractions & transport

Overseas Market Performance – Hotels

January to mid-June
2009 vs 2008

Chart 11a

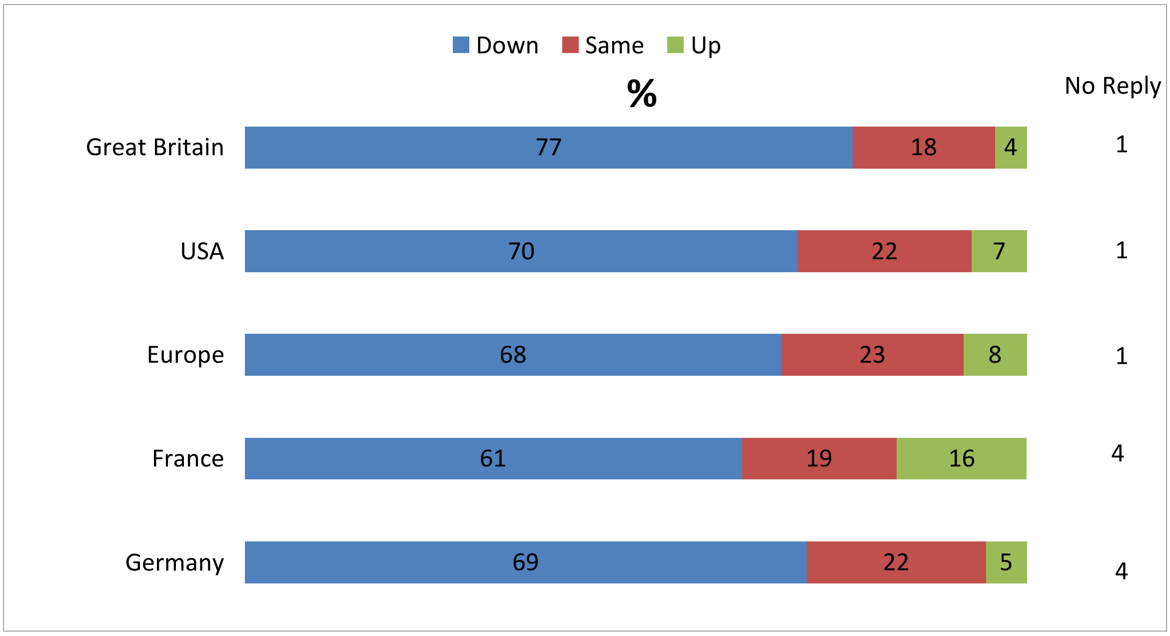


Base: All hotels

Overseas Market Performance – Guesthouses

January to mid-June
2009 vs 2008

Chart 11b



Base: All guesthouses

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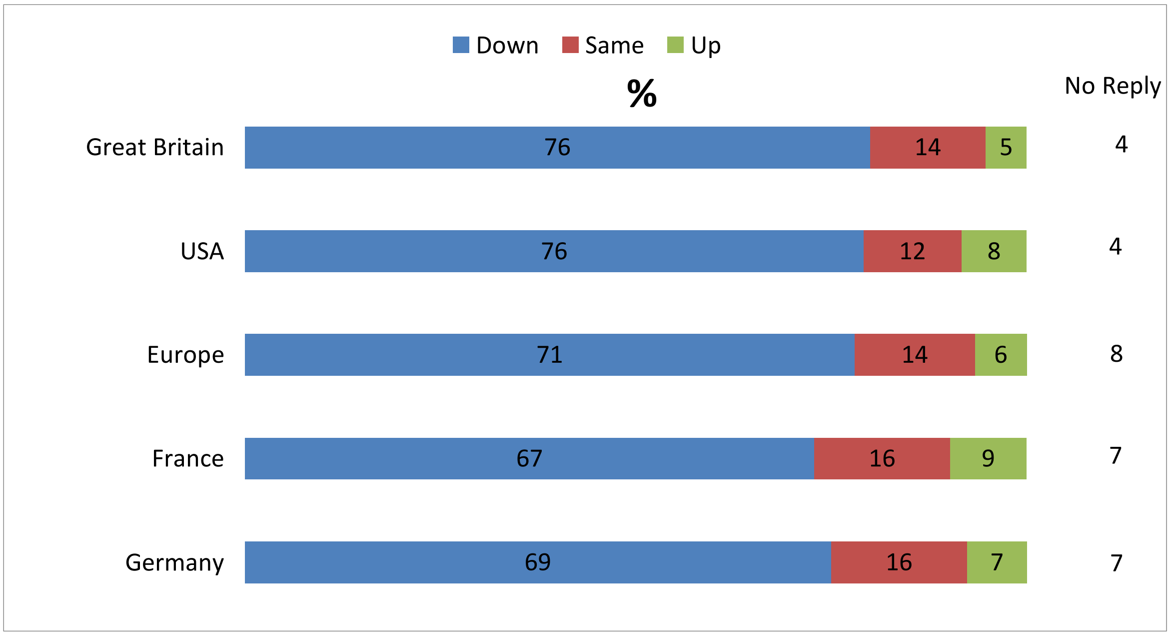
Overseas Market Performance – B&Bs

January to mid-June
2009 vs 2008

Chart 11c

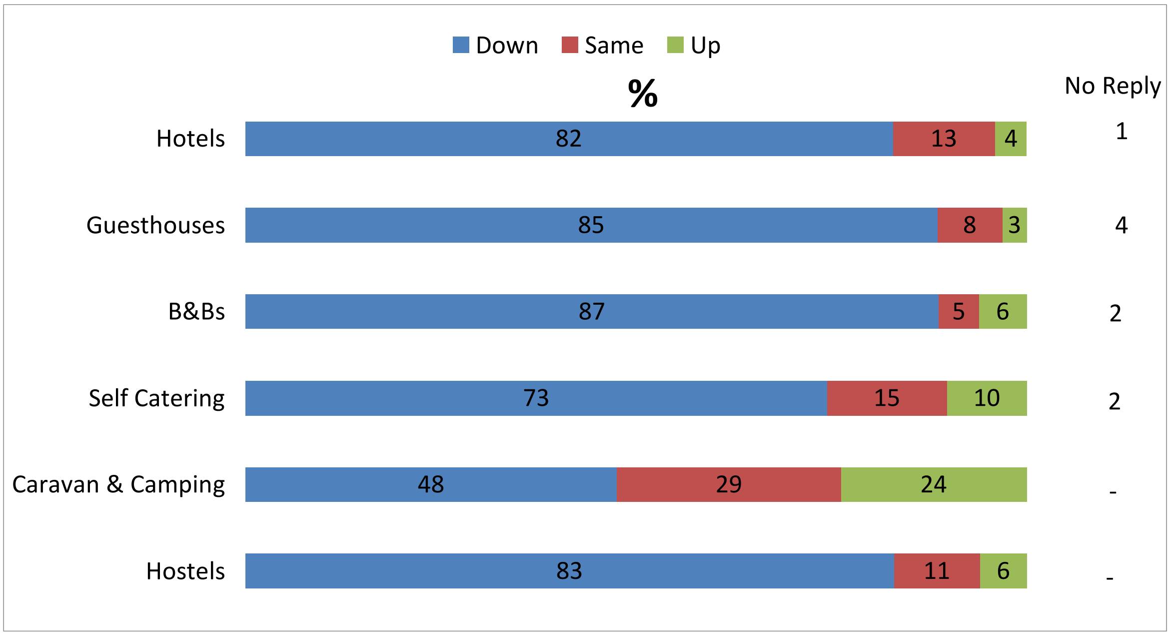


Base: All B&Bs

Overall Business Forecast – Accommodation

Prospects for the Season
2009 vs 2008

Chart 12a

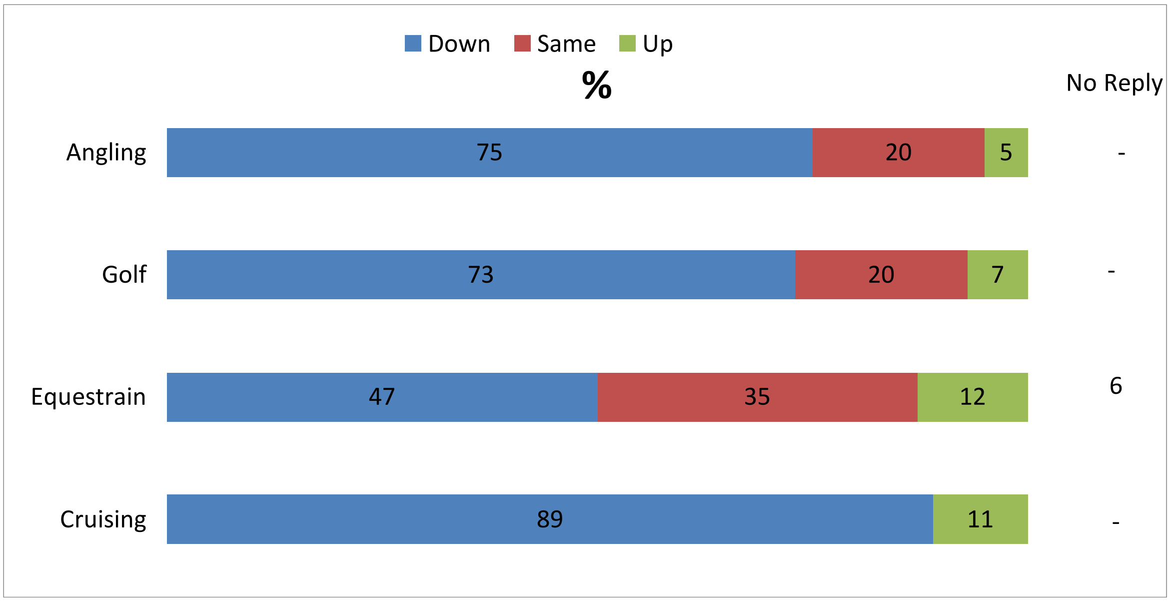


Base: All accommodation

Overall Business Forecast – Activities

Prospects for the Season
2009 vs 2008

Chart 12b

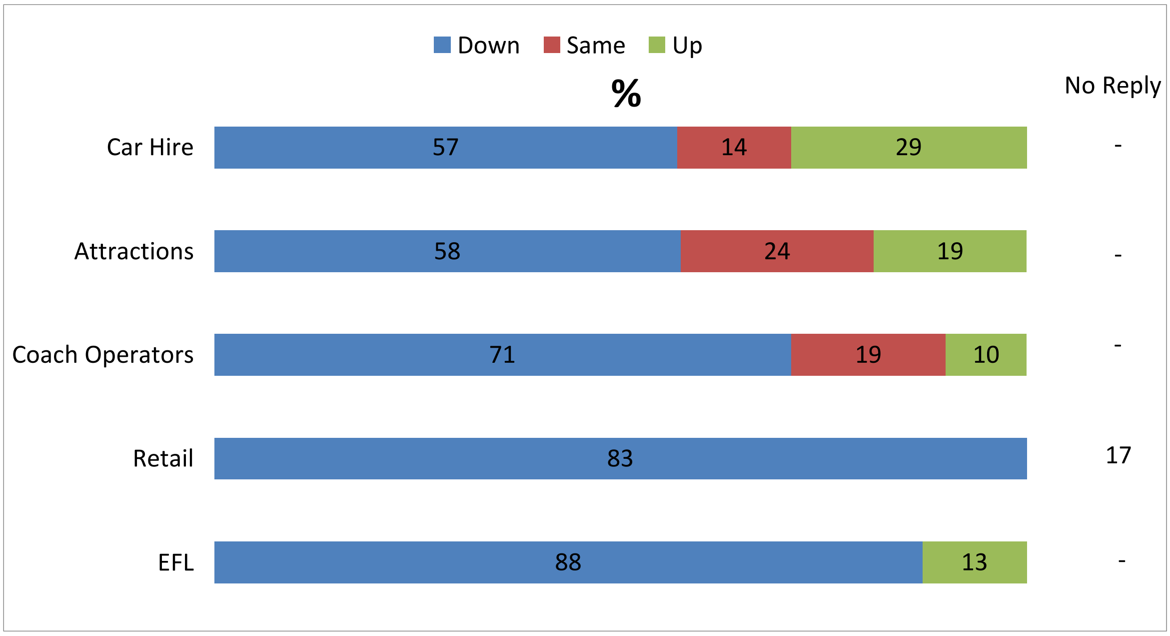


Base: All activities

Overall Business Forecast – Segments

Prospects for the Season
2009 vs 2008

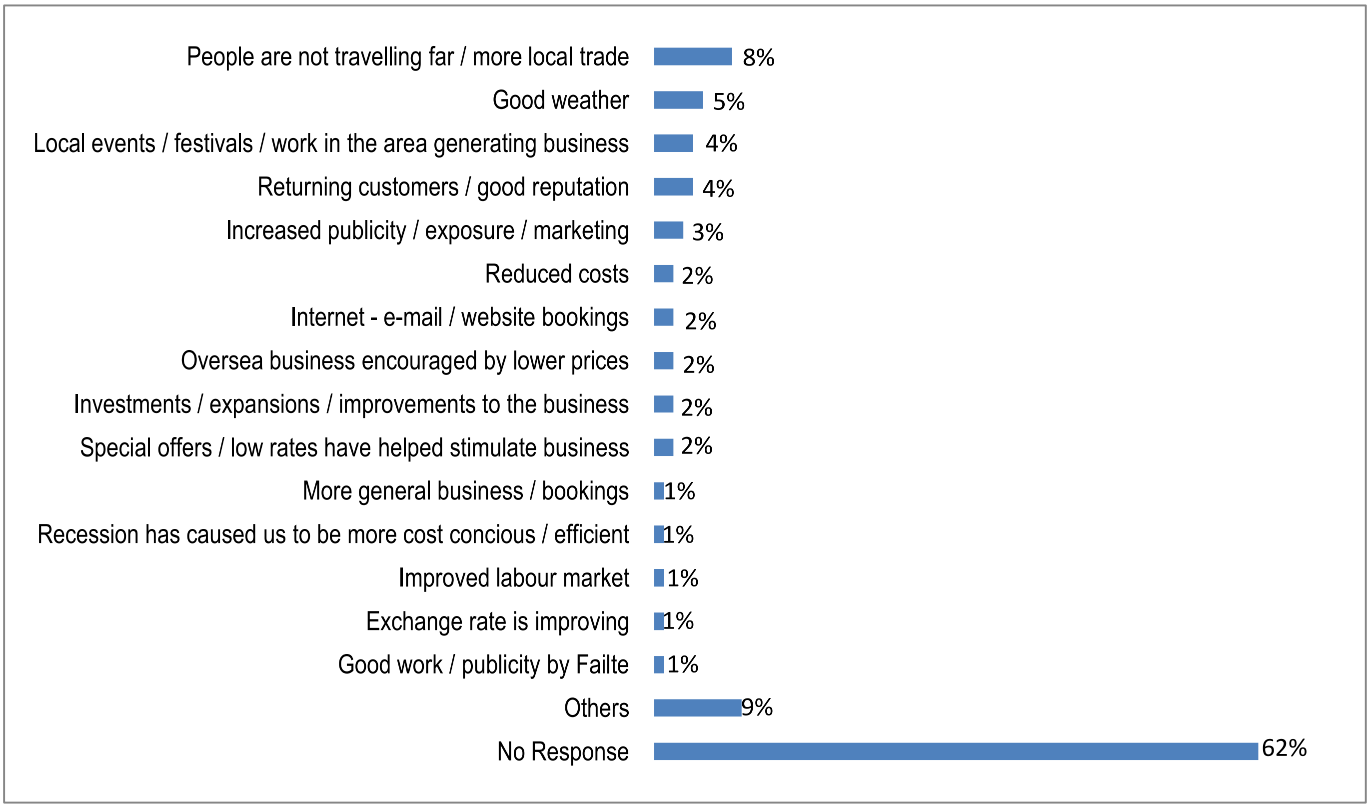
Chart 12c



Base: All attractions & transport

Positive Factors affecting overall performance

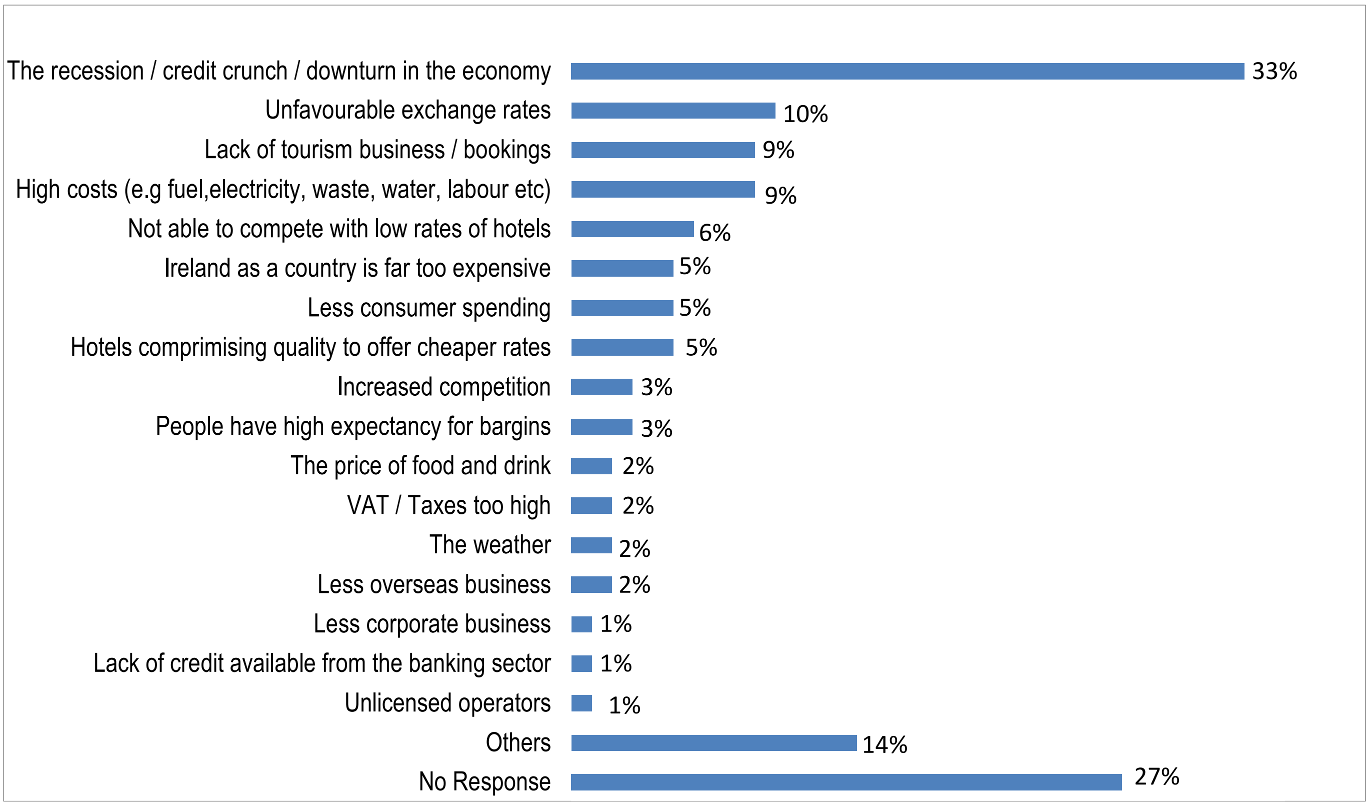
Chart 13a



Base: All tourism businesses

Negative Factors affecting overall performance

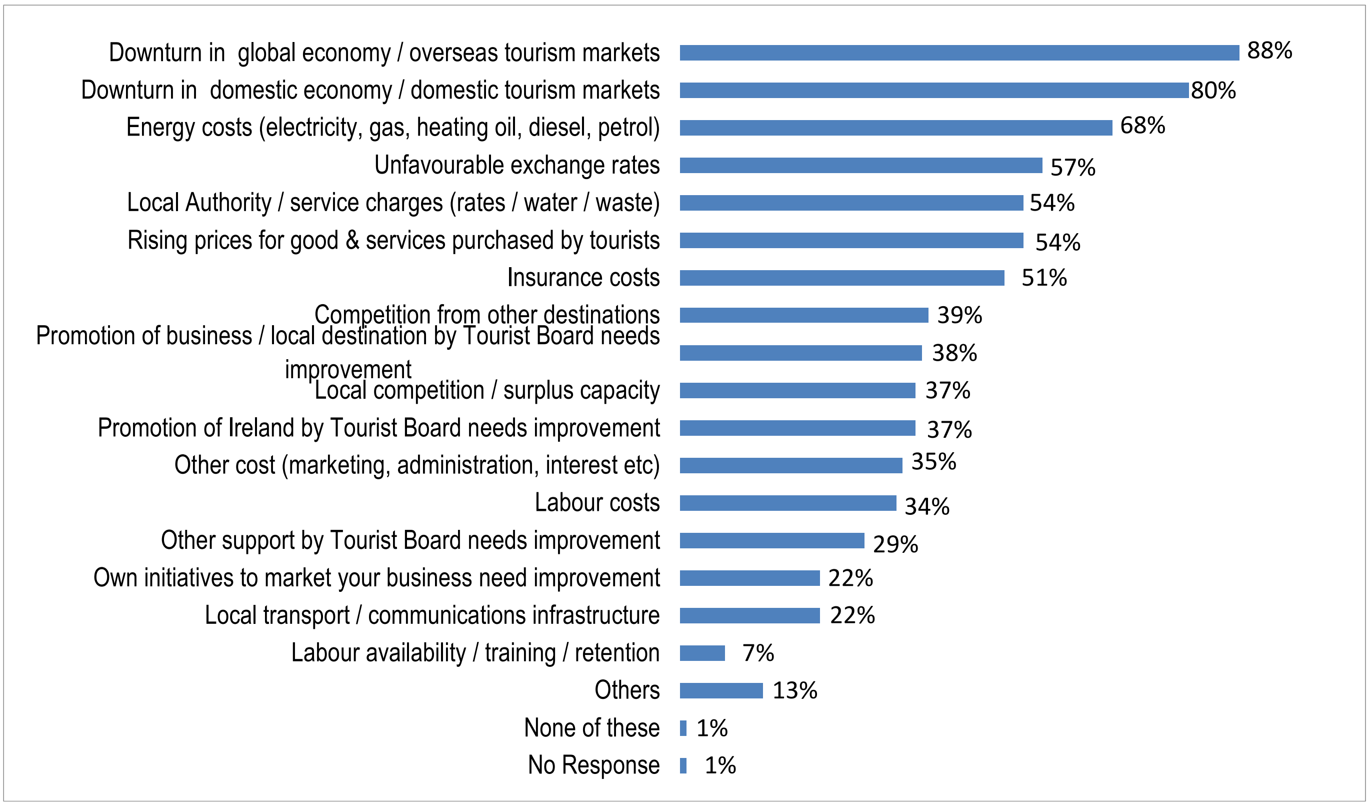
Chart 13b



Base: All tourism businesses

Operational Issues that cause concern

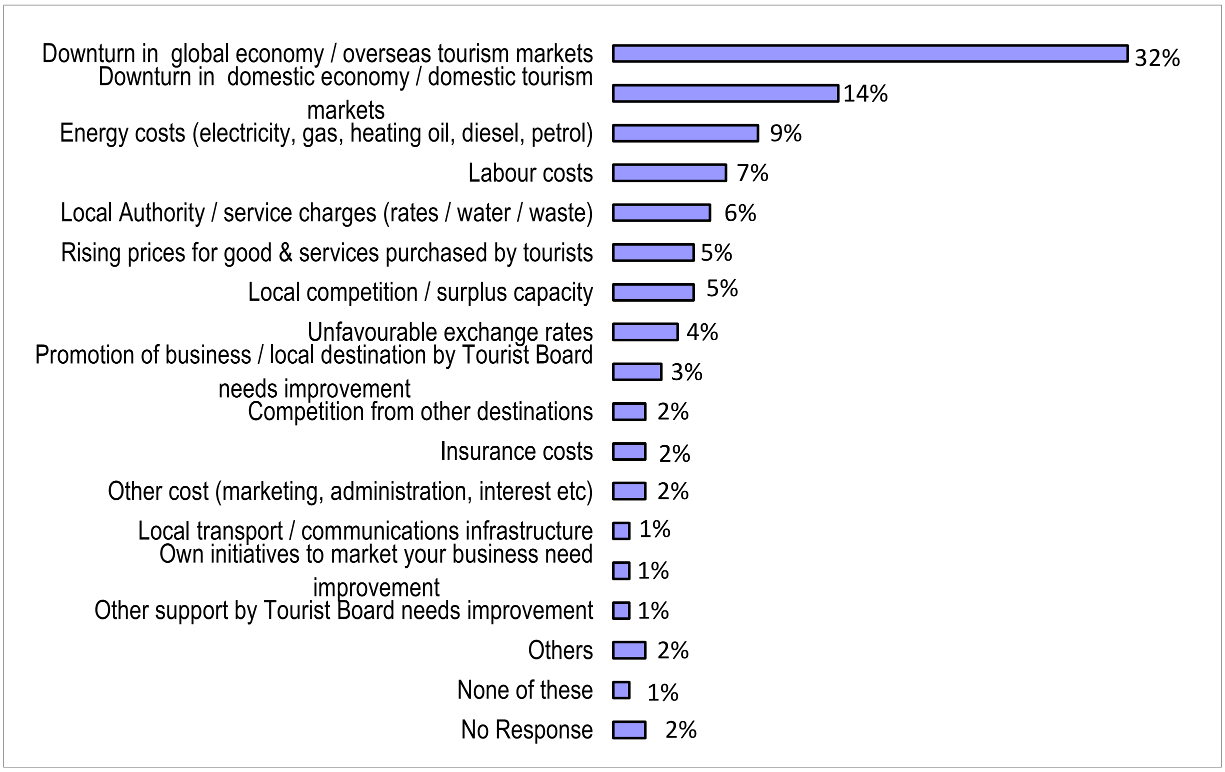
Chart 14a



Base: All tourism businesses

Operational Issues that cause most concern

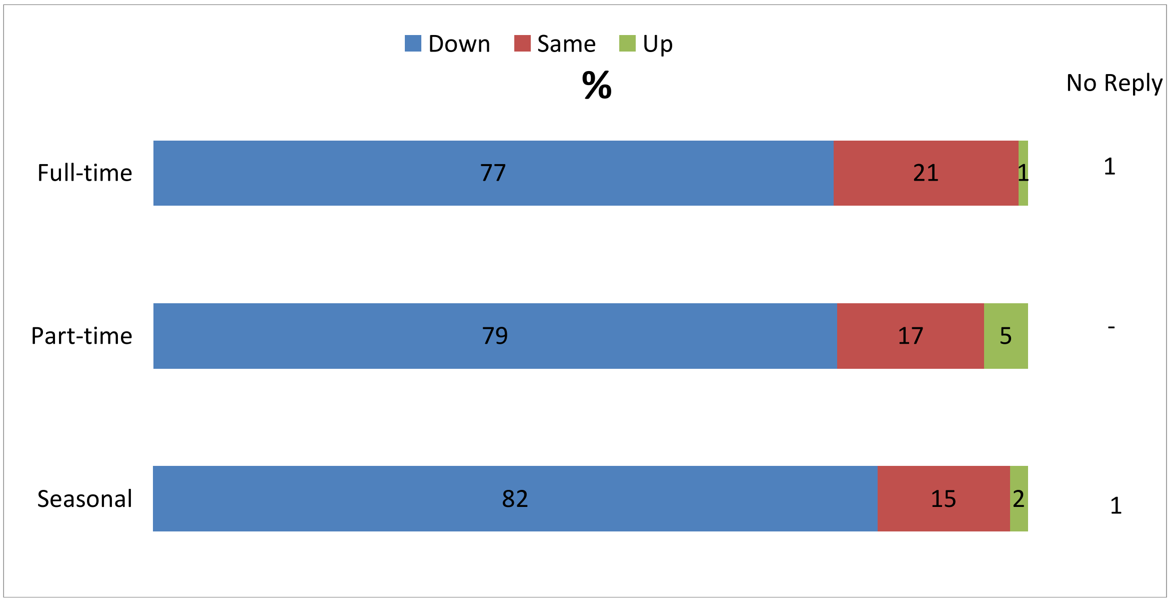
Chart 14b



Base: All tourism businesses

Employment – Hotels

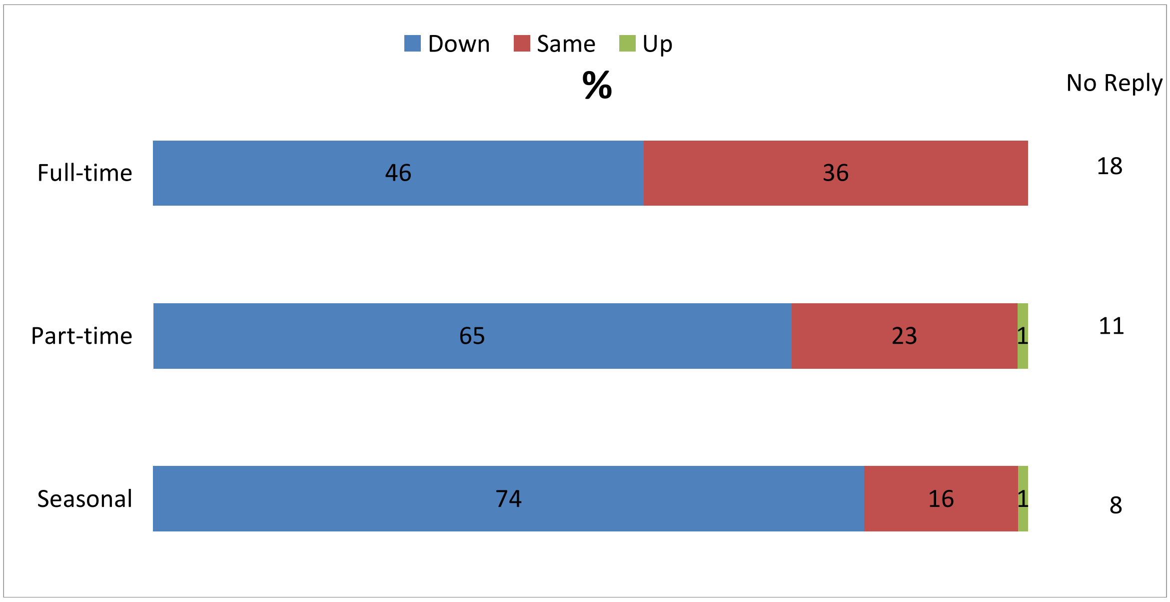
Chart 15a



Base: All hotels

Employment - Guesthouses

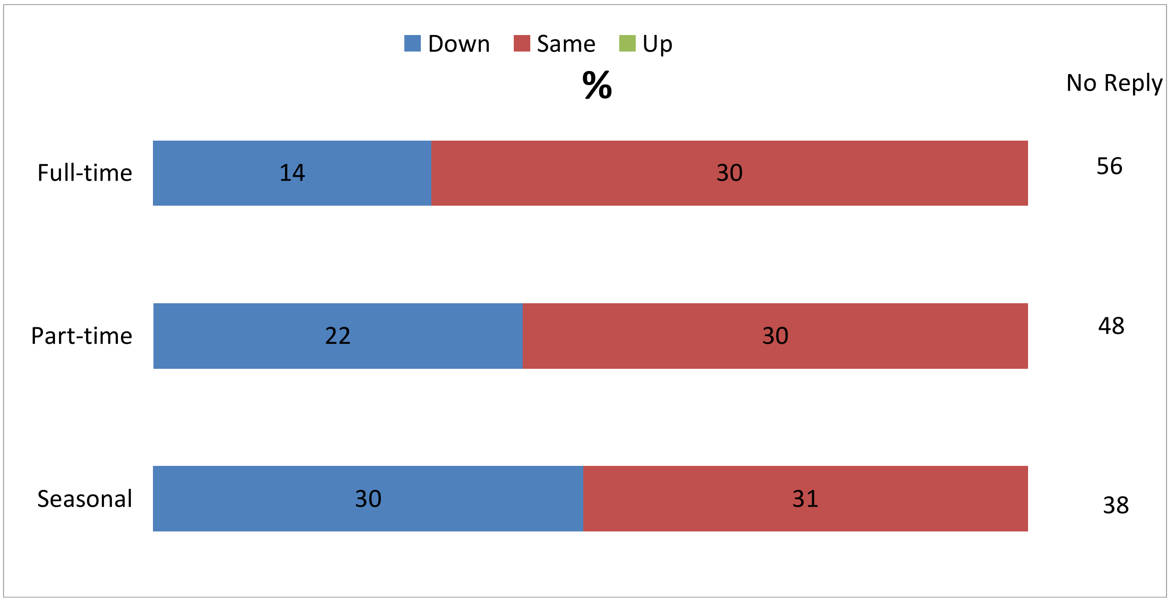
Chart 15b



Base: All guesthouses

Employment – B&Bs

Chart 15c



Base: All B&Bs

Appendix No 1 – Analysis of Sample

Accommodation

Paid Services

Hotels	151
Guest Houses	74
B&Bs	425
Sub Total	**650**

Other Accommodation

Self Catering	181
Caravan & Camping	21
Hostels	36
Sub Total	**238**

Total Accommodation **888**

Activities

Angling	20
Golf	30
Equestrian	17
Cruising	9
Sub Total	**76**

Segments

Car Hire	7
Attractions	59
Coach Operators	21
Retail	6
EFL	24
Sub Total	**117**

Total Activities, Attractions & Transport **193**

Total Number of Responses **1081**