Fáilte Ireland
National Tourism Development Authority

TOURISM BAROMETER

WAVE 3 – SEPTEMBER 2010

Contents

Introduction

The Tourism Barometer is a state of the season survey designed 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 2009, and to determine the industry's expectations for the remainder of the year.

Results are based on feedback provided during the fieldwork period from the 1st to the 17th of September 2010. In total 1001 interviews were conducted, details of which are outlined in the analysis of sample (Appendix 1). The survey was carried out by Millward Brown Ulster on behalf of Fáilte Ireland.

Accommodation

Overall Bednights

The economic conditions continue to be challenging and not surprisingly all accommodation sectors, with the exception of caravan and camping, report overall bednight volumes to be down on balance compared to last year.

Consistent with the findings in the June wave of the Tourism Barometer a clear majority of guesthouses, B&Bs and hostels reported a fall in overall demand compared to the same period last year. Once again it appears that the B&B's have been hit hardest with more than three in four operators in this sector reporting volumes to be down compared to last year.

It has been a good year to date for the caravan and camping sector with almost half (45%) of all owners stating that demand is up on last year. Although just over two fifths (41%) of all hotels reported a fall in demand, apart from caravan and camping, it is the sector least affected. A third (33%) of all hoteliers reported overall demand for bednights to be up, and another quarter (25%) stated that demand was similar to last year. (See Chart 1)

Hotels

The downturn in bednight volumes in the hotel sector over the first eight months of the year can largely be attributed to falling demand in the overseas markets according to 51% of hoteliers.

The volume of domestic bednights is relatively strong, almost half (49%) of hoteliers reported an increase in demand and further 24% cited bednights to be on a par with the same period last year. The consistent strength of the euro against sterling has contributed to the continuing underperformance of the British market with more than two in five (44%) of hoteliers citing a fall in demand from this source compared to the same period last year. (See Chart 2a)

More than two thirds (69%) of all hoteliers reported average room yields to be down on the same period last year. However, it is a clear improvement from the 83% reported in June. (See Chart 2b)

Guesthouses and B&Bs

Where guesthouses are concerned, the weak performance of the overseas market has resulted in a poor season with approximately two thirds of all proprietors citing a decrease in bookings. The majority of guesthouses owners also report the domestic (52%) and Northern Ireland (55%) markets to be down on the corresponding period in 2009. (See Chart 3)

The B&B sector was particularly affected by the fall in demand, with the downturn in bednight volumes largely being attributed to falling demand in the overseas market. The volume of overseas bednights is perceived to be down on last year by almost eight in ten (77%) B&B proprietors. (See Chart 4)

Self-catering

The fall in overall bednights in the self-catering sector is again mainly due to the poor performance of the overseas market. Although, on balance, a majority of proprietors reported bednight volumes from the domestic market to be down, almost a third (31%) of all self-catering establishments stated that business generated from the domestic market was actually up on last year. (See Chart 5)

Caravan & Camping

Caravan & camping outperformed the other sectors mainly due to performance of the domestic market. The domestic market performed very strongly, with more than two thirds (70%) of all proprietors reporting a growth in bednights. (See Chart 6)

Hostels

Hostels reported business to be down across all market areas. Although a significant majority (73%) reported a fall in overseas demand, more than half of all hostel owners stated that domestic demand was either on a par or up on last year. (See Chart 7)

Ireland Market

Almost a half of all hoteliers have experienced increasing domestic demand compared to the same period last year and the evidence suggests that the upturn can be attributed to improved business across a number of key domestic market segments.

Weekend breaks, mid-week breaks and general leisure segments have performed better with more than a third of all hoteliers stating demand to be slightly, or significantly, up on last year. The business/corporate and special events markets are still struggling, almost half of all hoteliers stated that these segments were down slightly or down significantly on the same period last year. (See Chart 8)

Activity Providers, Attractions, Retail, Restaurants and Transport

Activities

All activity providers have experienced a decline in overseas business compared to the same period last year. Almost nine in ten (88%) angling providers and three quarters (76%) of all golf courses reported overseas business to be down on last year. The picture is not much better for cruising and equestrian, approximately half of all providers also reported overseas business to be down on last year. (See Chart 9)

Visitor Attractions, Retailers, Restaurants and Language Schools (EFL)

Visitor attractions and retailers have been hit particularly hard, more than 7 in 10 (71%) retailers and two thirds (67%) of all attractions managers reported overseas business to be down this year compared to the same period last year. In relative terms the restaurants and language schools performed better, 7 in 10 (70%) of all language school managers and half of all restaurateurs cited overseas business levels to be up or on a par with the same period last year. (See Chart 10)

Car Hire and Coach Operators

A challenging trading environment is particularly evident for car hire companies. Four fifths (80%) of all car hire companies reported reduced levels of overseas tourism demand when compared to the same period last year. Relatively speaking the picture is more positive for coach operators, although half reported reduced levels of overseas demand to last year, almost a quarter (22%) cited increased levels of demand. (See Chart 10)

Overseas Market Performance

The majority of hotel managers have on balance experienced deteriorating demand across all of their main overseas markets. Despite the falling demand, the proportions of hoteliers citing demand to be down are not as severe as those cited in the June instalment of the Tourism Barometer. Nevertheless, almost half of all hotel managers reported a drop in demand from the US market, while a similar proportion cited a softening demand from Britain. (See Chart 11a)

Compared to the same period last year more than two fifths of all guesthouses reported a drop in demand across all their main markets. The United States and Britain performed worst with almost two thirds of all guesthouse owners reporting bednight volumes from these markets to be down on last year. (See Charts 11b)

Compared to the same period last year more than half of all B&B proprietors reported a drop in demand across all their main markets. Similar to the hotel and guesthouse sectors, the US and British markets suffered amongst the biggest drops in demand. (See Charts 11c)

Prospects

The majority of tourism proprietors have continuing concerns about their prospects for the remainder of the year.

The majority of all accommodation owners expect their overall volume of overseas bednights to decline in the coming months. Hostels and B&Bs are the most pessimistic of the accommodation providers. More than three quarters of all B&B proprietors (76%) and approximately two thirds (68%) of all hostel owners expect their overseas bednights to further decline in the coming months. Relatively speaking, hoteliers and the caravan and camping operators are least pessimistic, about half expect overseas demand to remain steady or increase in the coming months. (See Chart 12a)

Overall, activity product providers, with the exception of cruising, are also pessimistic regarding their overseas business prospects for the coming months. Almost 9 in 10 of all angling (88%) and more than 7 in 10 of all golf (72%) providers anticipate a decline in overseas demand. Negative sentiment is least evident in respect of cruising; only a third (33%) of all cruising operators surveyed anticipated a decrease in overseas demand when compared to the corresponding period last year. (See Chart 12b)

Negative sentiment is also evident amongst visitor attractions, retailers and coach operators with at least half anticipating a decline in overseas demand. Language schools are the most optimistic with more than half forecasting improved levels of overseas demand over the coming months. (See Chart 12c)

Factors Impacting on Performance

Very difficult conditions still persist throughout the Irish economy and not surprisingly tourism enterprises in Ireland remain cautious. More than half (51%) of all respondents failed to identify any positive factors affecting their business prospects. The increase in people holidaying at home and staying local (8%), the good weather (6%) and repeat and return business (3%) were mentioned as positives, albeit by a minority. (See Chart 13a)

Looking at the positive factors by sector, it is evident that the increase in people holidaying at home and staying local has been particularly good for the hotels, self-catering, angling, attractions and cruising businesses. Meanwhile the good weather appears to have been more beneficial to caravan and camping, golf, equestrian, cruising and retailers.

Unsurprisingly the economic downturn has been the most frequently cited negative factor cited by tourism businesses over the past two years and yet again it has been singled out as the main factor having impacted negatively on performance. Almost a fifth (17%) of all tourism operators mentioned the economic downturn or recession spontaneously. Operators also referred to problems competing with cheaply priced hotels and the problems associated with decreasing revenues coupled with increasing costs. (See Chart 13b)

Looking at the negative factors by sector it is clear that the economic downturn is having a particularly negative effect on self-catering, angling, equestrian, and the attractions sector, while hostels and B&Bs are citing the difficulties in competing with cheaply priced hotels. The decreasing revenues coupled with increasing costs were cited as having a particularly negative impact on guesthouses, coach operators, retailers, language schools and restaurants.

Operational Issues

As expected and consistent with the findings of the Tourism Barometer throughout 2009 and so far in 2010, the global and domestic economic downturns once again dominate the concerns of the overwhelming majority of tourism businesses. Energy costs were also cited as a pressing issue for three quarters (75%) of all tourism operators. (See Chart 14a)

Tourism operators were also asked to identify the issue of greatest concern. Almost a quarter (24%) of all proprietors across all tourism businesses highlighted the global economic downturn as the predominant concern. (See Chart 14b)

Looking at these concerns by sector the downturn in the global economy is particularly bad for guesthouses, B&B's, self-catering, angling, attractions and EFL, while the state of the domestic economy is the primary concern for the golf sector, cruising, retailers and restaurateurs. Energy costs were the single biggest concern for coach operators, with local authority service charges being the significant issue for hotels, hostels, equestrian and the caravan and camping operators.

Labour costs were a major worry for restaurateurs, while car hire operators stated that insurance costs were their single biggest concern.

Employment

With the overall volume of bednights reported to be down from the same period last year, not surprisingly, many accommodation proprietors have reduced staffing levels. This reduction is most evident in respect of the hotel sector where more than half 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 seasonal staff. However, approximately half of all guesthouse owners stated that the number of full-time and part-time staff members was similar to the same period last year. (See Chart 15b)

With less scope for reducing staff levels, B&B owners on balance, also report employing less part-time (20%) and seasonal staff (28%) than during the same period last year. (See Chart 15c)

The Economic Crisis in Focus

More than half (59%) of all tourism businesses stated that the economic downturn will continue to impact negatively on the local tourism industry for the foreseeable future. Although, just over a fifth (21%) are of the opinion that the economic downturn will continue to impact negatively on the industry in the short-term. However, 15% believe that the industry is in transition and a very small minority (2%) are of the opinion that the tourism industry is already recovering. (See Chart 17)

Analysing the data by sector it is evident that B&B's, hostels and equestrian operators are the most sceptical about the current economic situation.

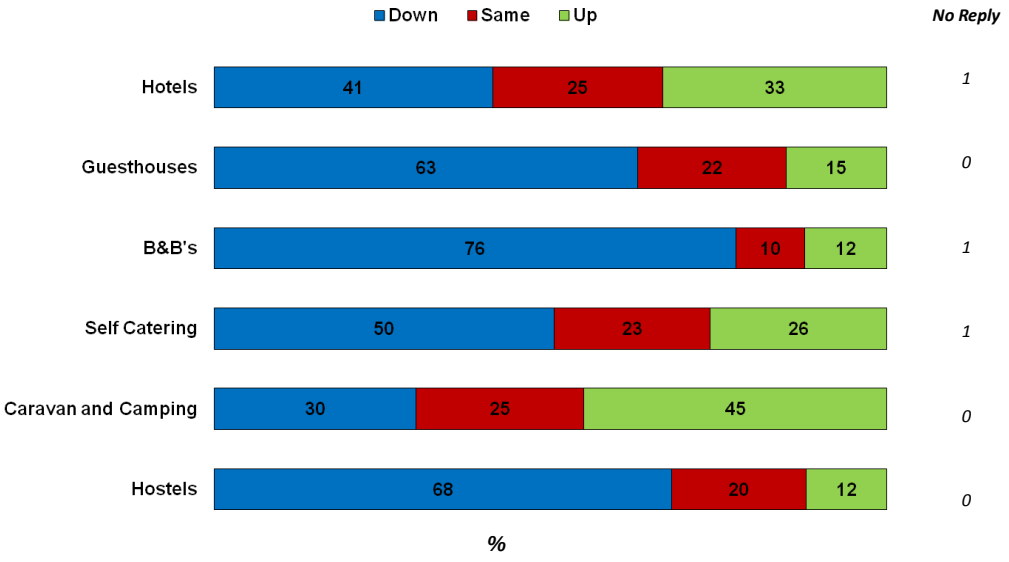
Index to Charts and Appendices

Fáilte Ireland
National Tourism Development Authority

Overall Bednights – Accommodation

January to mid-September
2010 vs 2009

Chart 1



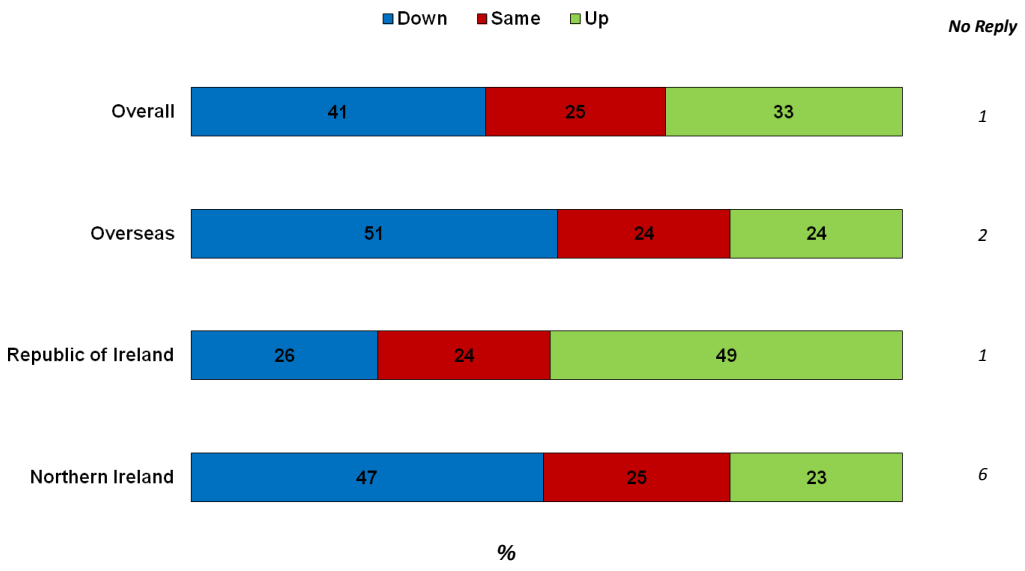
Base: All accommodation

Fáilte Ireland
National Tourism Development Authority

Overall Bednights – Hotels

January to mid-September
2010 vs 2009

Chart 2a

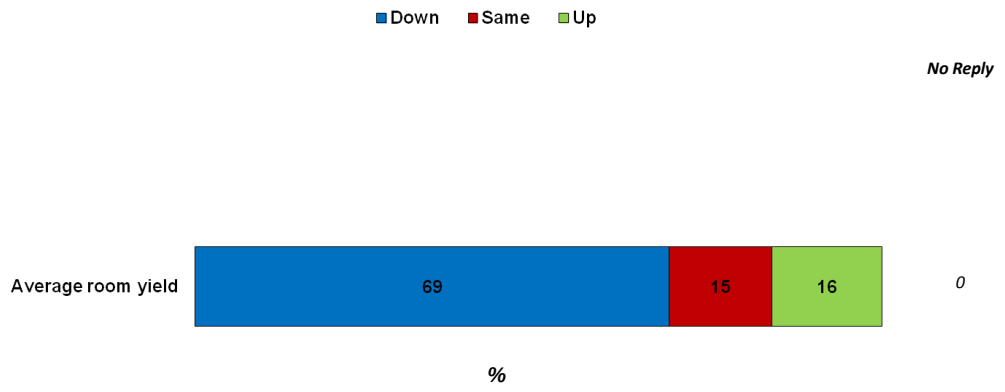


Base: All hotels

Average Room Yield – Hotels

January to mid-September
2010 vs 2009

Chart 2b



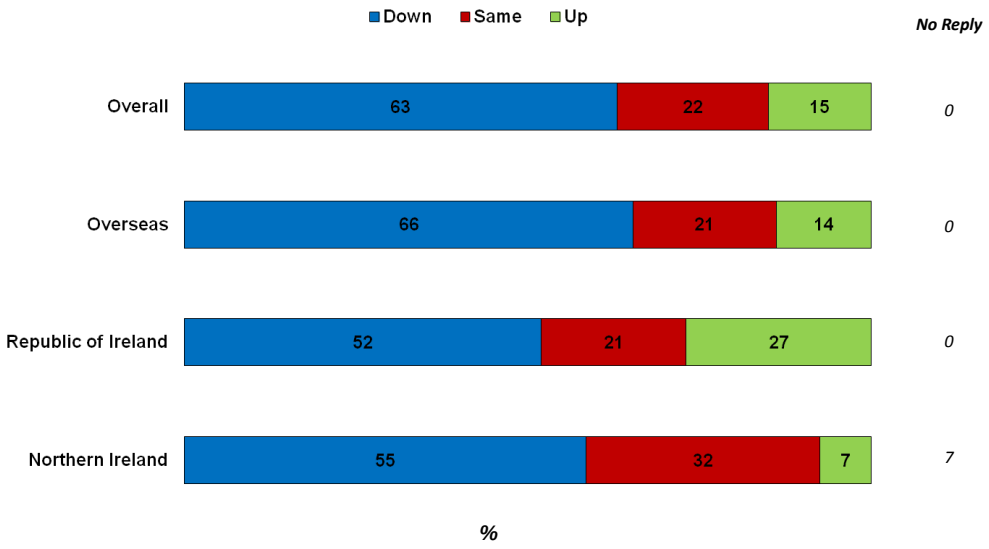
Base: All hotels

Fáilte Ireland
National Tourism Development Authority

Overall Bednights – Guesthouses

January to mid-September
2010 vs 2009

Chart 3



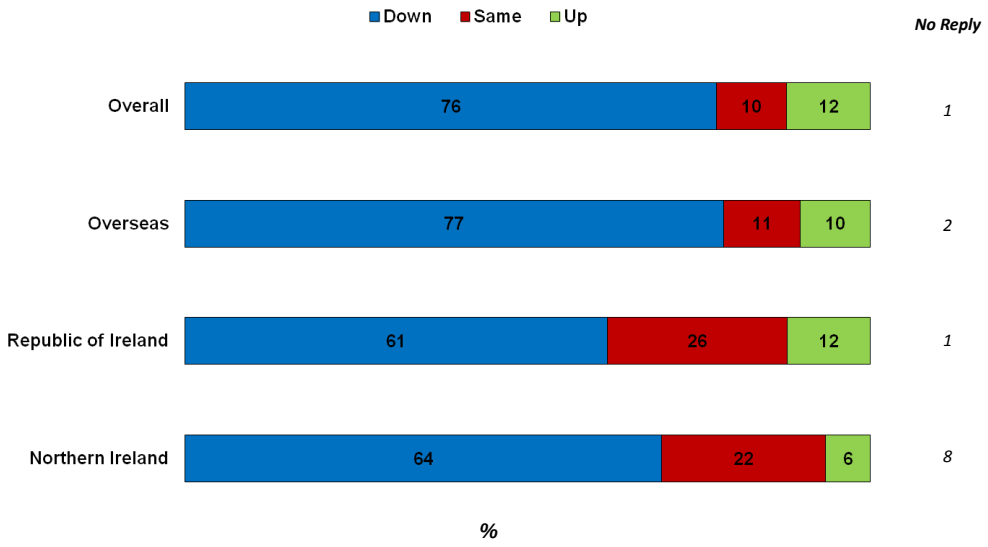
Base: All guesthouses

Fáilte Ireland
National Tourism Development Authority

Overall Bednights – B&Bs

January to mid-September
2010 vs 2009

Chart 4

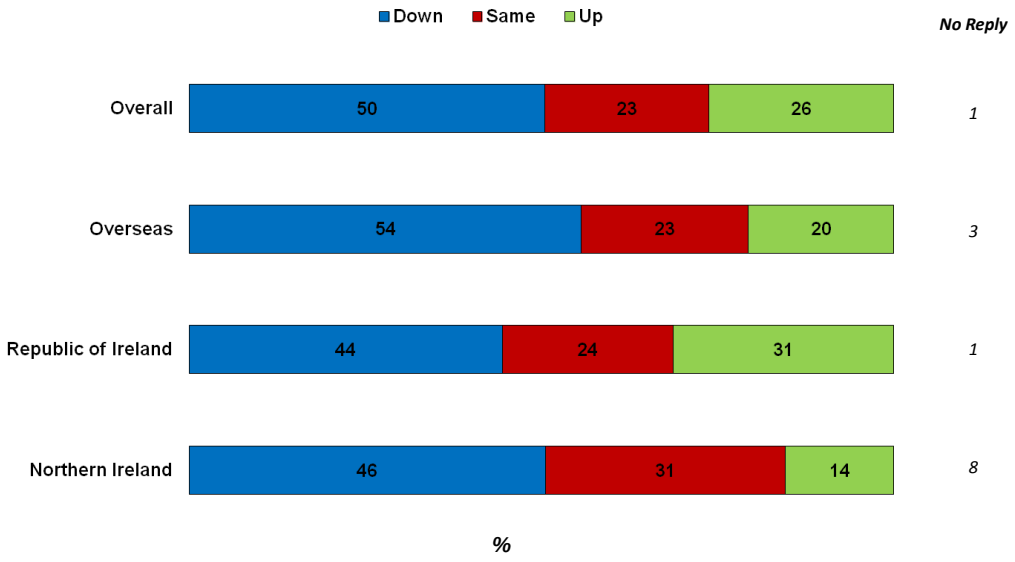


Base: All B&Bs

Overall Bednights – Self Catering

January to mid-September
2010 vs 2009

Chart 5



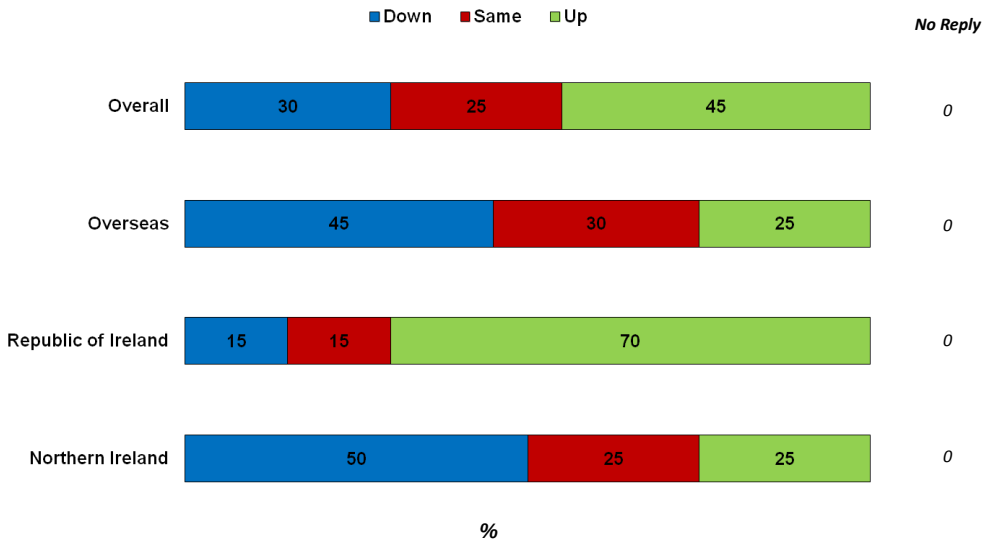
Base: All self-catering

Fáilte Ireland
National Tourism Development Authority

Overall Bednights – Caravan & Camping

January to mid-September
2010 vs 2009

Chart 6

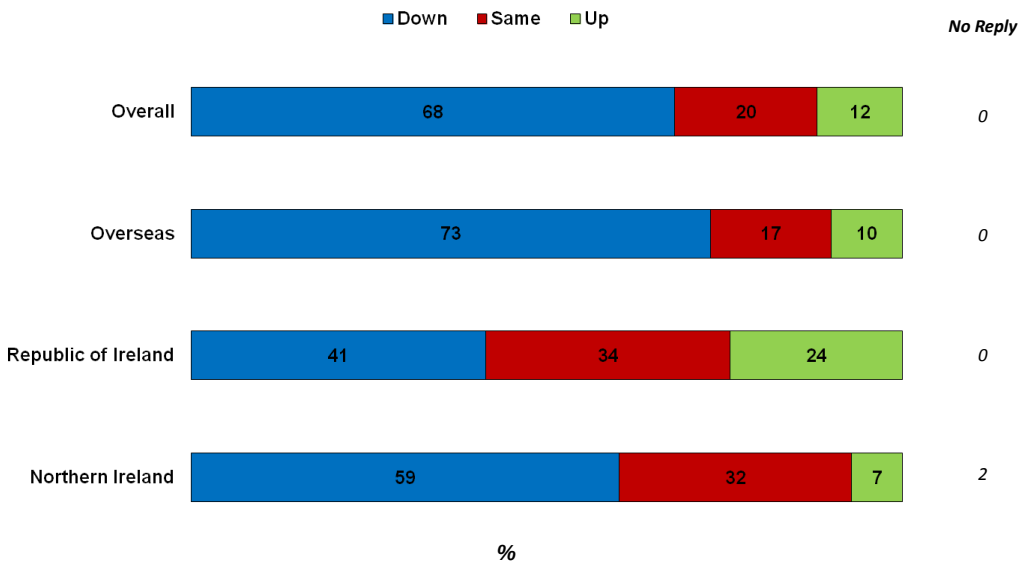


Base: All caravan & camping

Overall Bednights – Hostels

January to mid-September
2010 vs 2009

Chart 7



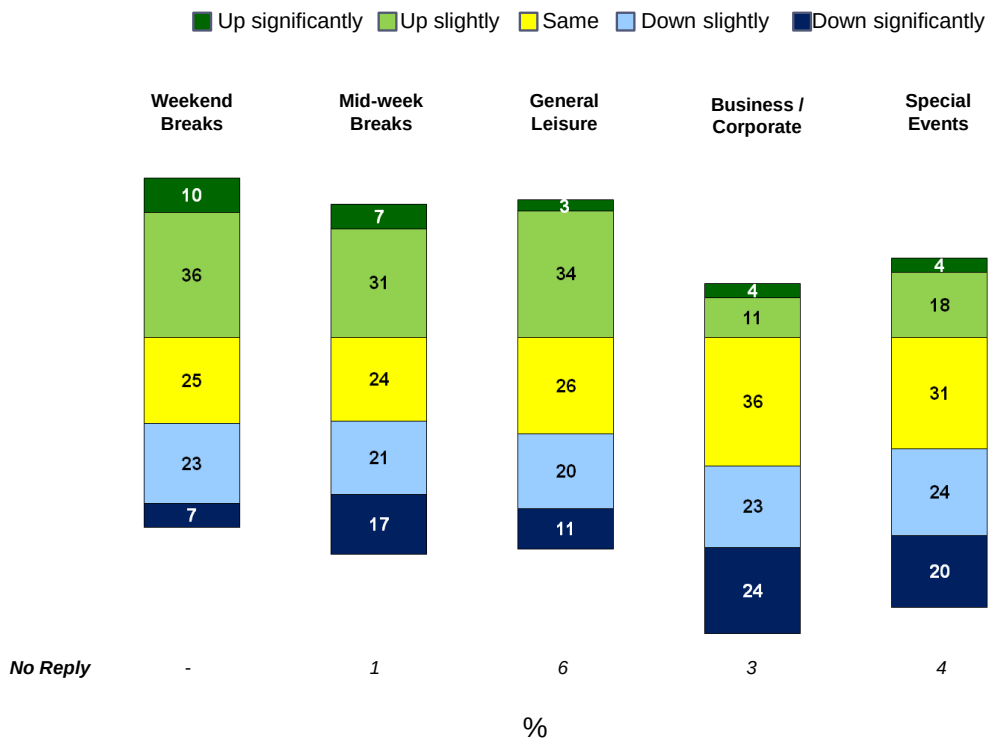
Base: All hostels

Fáilte Ireland
National Tourism Development Authority

Ireland Market Bednights – Hotels

January to mid-September
2010 vs 2009

Chart 8



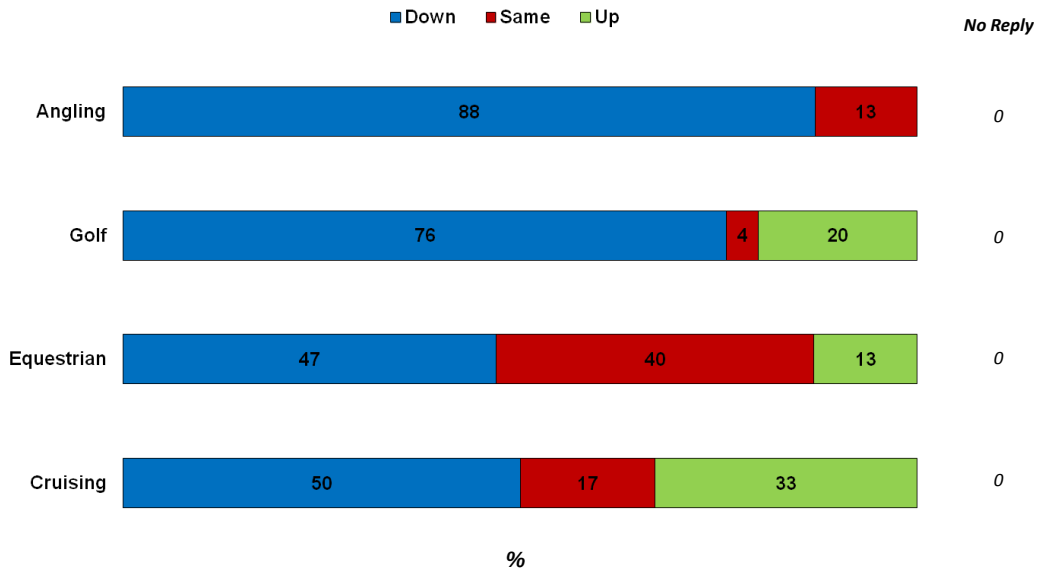
Base: All hotels

Fáilte Ireland
National Tourism Development Authority

Overseas Business – Activities

January to mid-September
2010 vs 2009

Chart 9



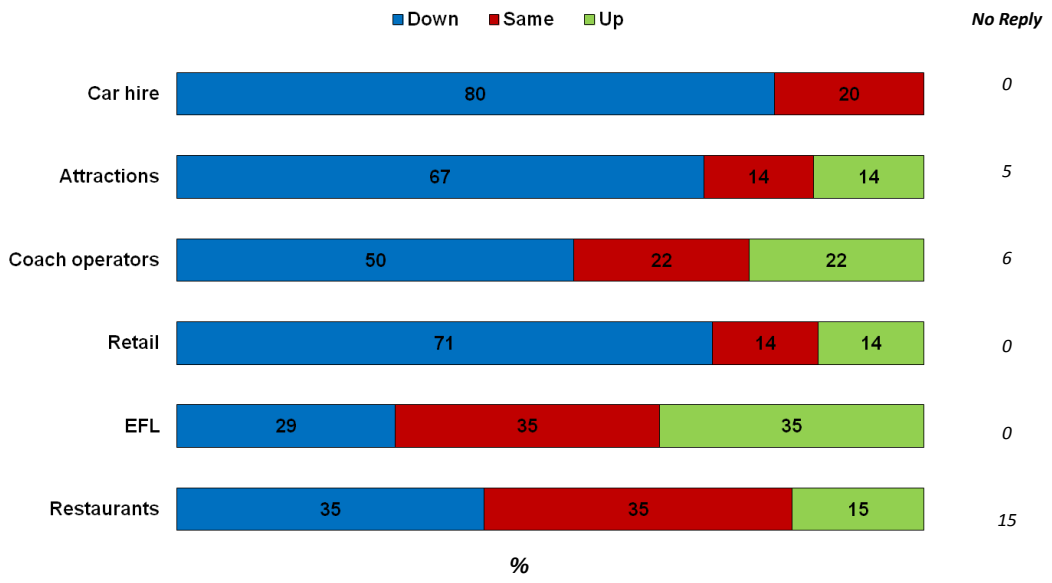
Base: All activities

Fáilte Ireland
National Tourism Development Authority

Overseas Business – Segments

January to mid-September
2010 vs 2009

Chart 10



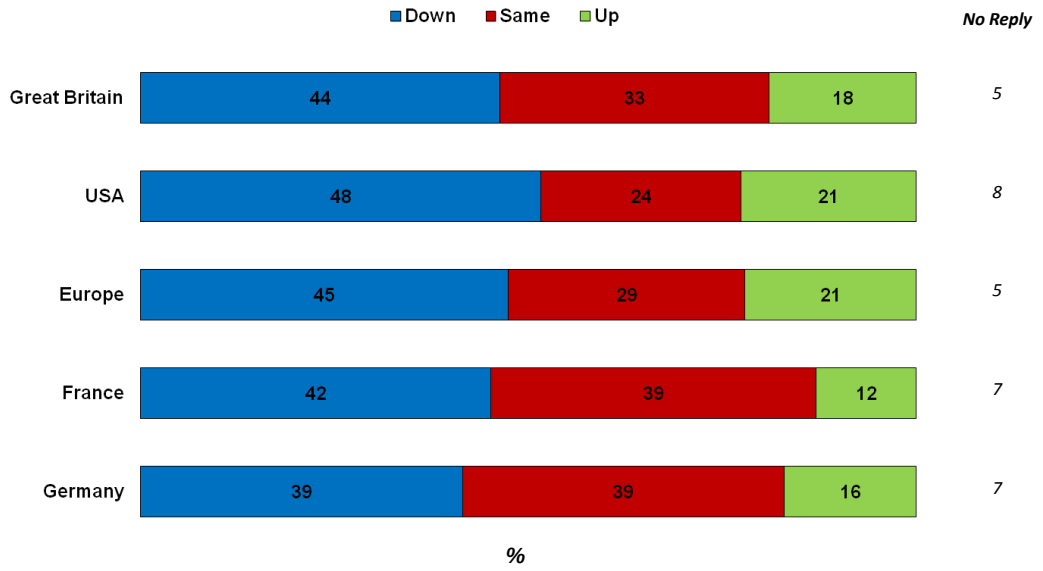
Base: All attractions & transport

Fáilte Ireland
National Tourism Development Authority

Overseas Market Performance – Hotels

January to mid-September
2010 vs 2009

Chart 11a



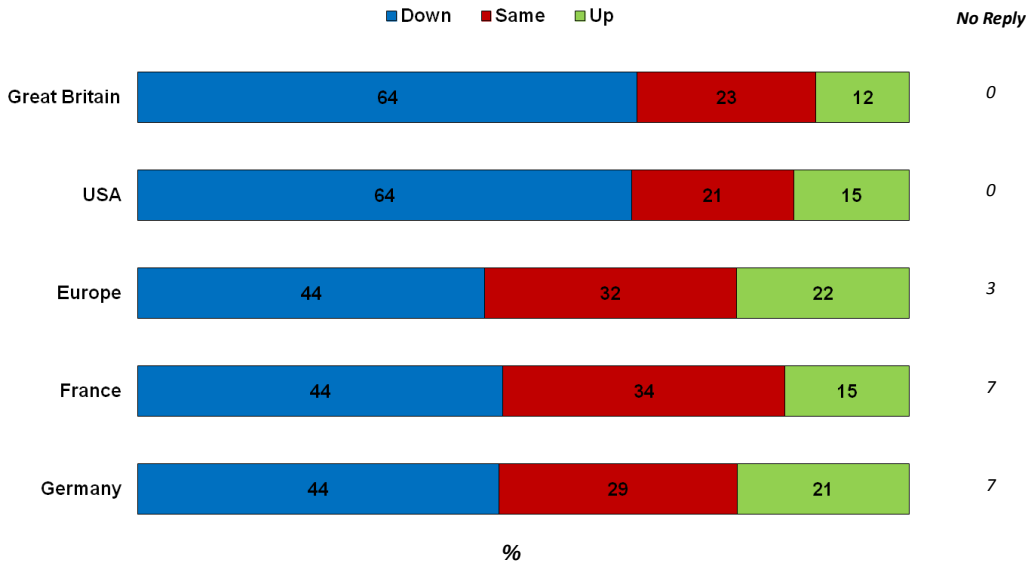
Base: All hotels

Fáilte Ireland
National Tourism Development Authority

Overseas Market Performance – Guesthouses

January to mid-September
2010 vs 2009

Chart 11b



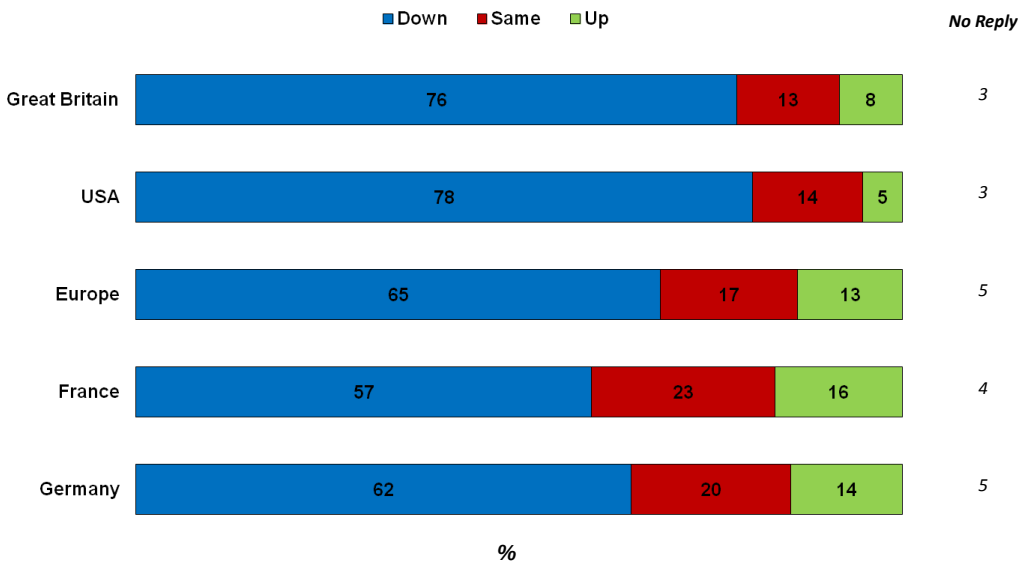
Base: All guesthouses

Fáilte Ireland
National Tourism Development Authority

Overseas Market Performance – B&Bs

January to mid-September
2010 vs 2009

Chart 11c



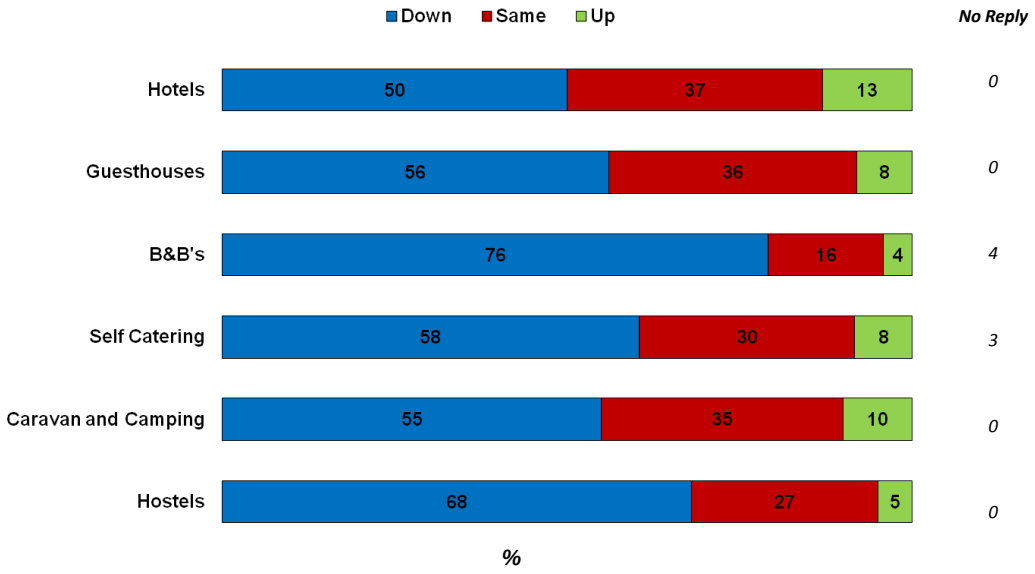
Base: All B&Bs

Fáilte Ireland
National Tourism Development Authority

Overseas Business Forecast – Accommodation

Prospects for the Remainder of the Year
2010 vs 2009

Chart 12a



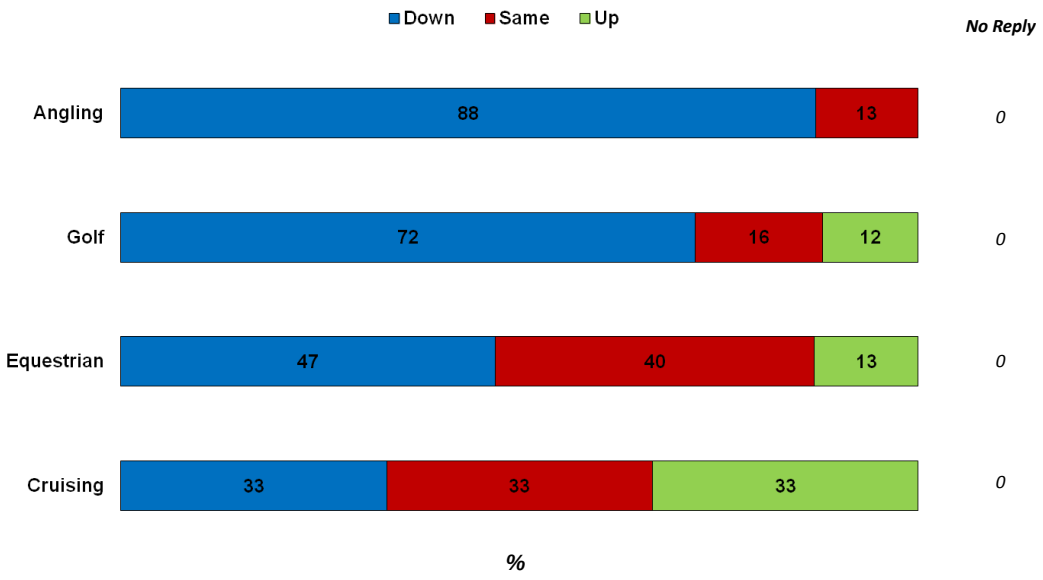
Base: All accommodation

Fáilte Ireland
National Tourism Development Authority

Overseas Business Forecast – Activities

Prospects for the Remainder of the Year
2010 vs 2009

Chart 12b



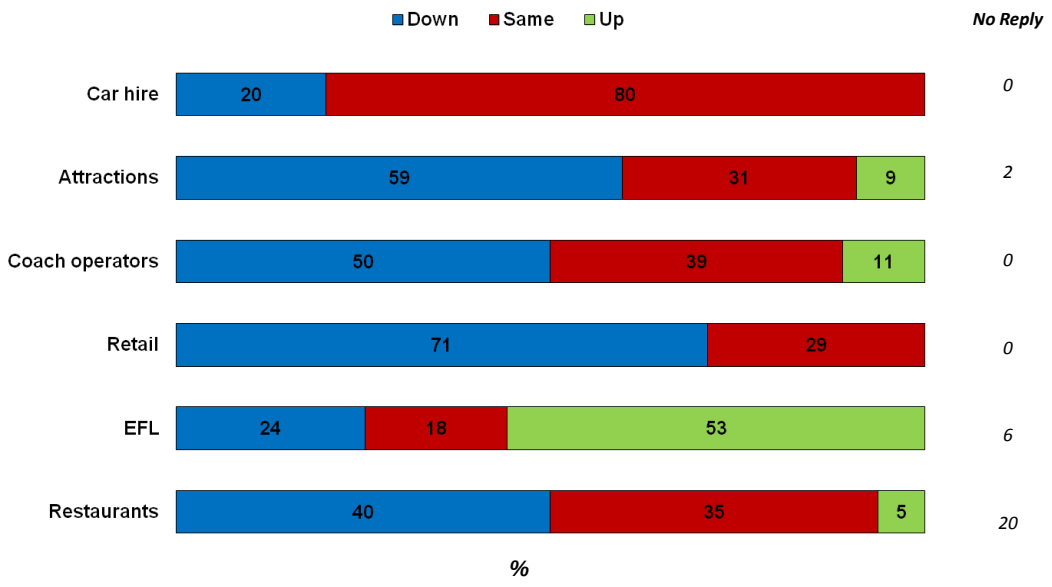
Base: All activities

Fáilte Ireland
National Tourism Development Authority

Overseas Business Forecast – Segments

Prospects for the Remainder of the Year
2010 vs 2009

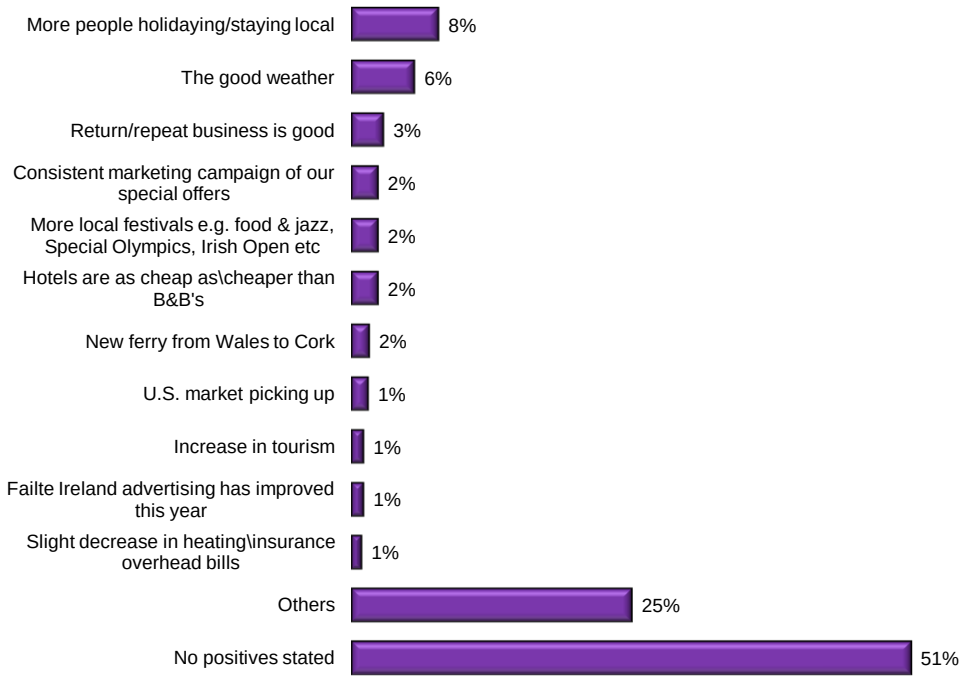
Chart 12c



Base: All attractions & transport

Positive Factors affecting overall performance

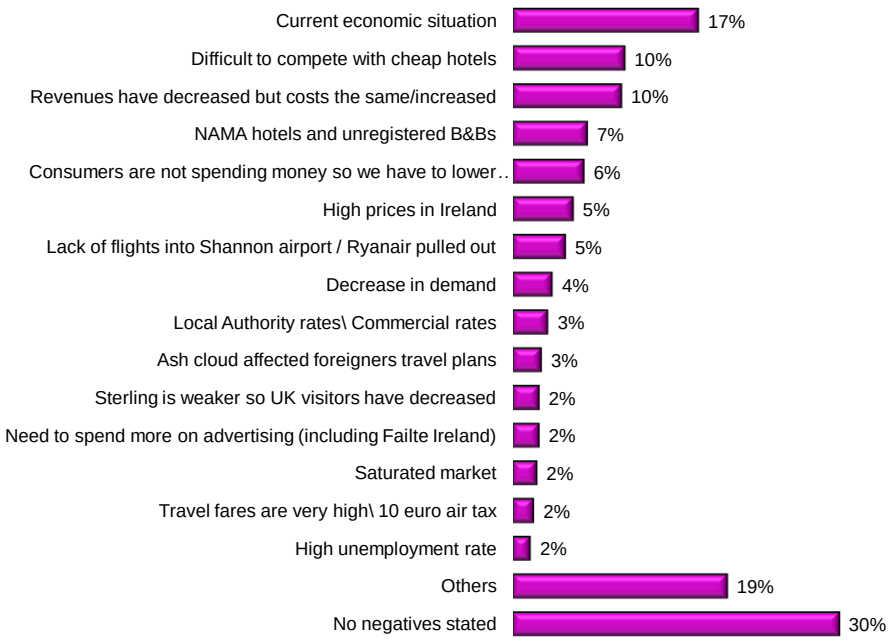
Chart 13a



Base: All tourism businesses

Negative Factors affecting overall performance

Chart 13b

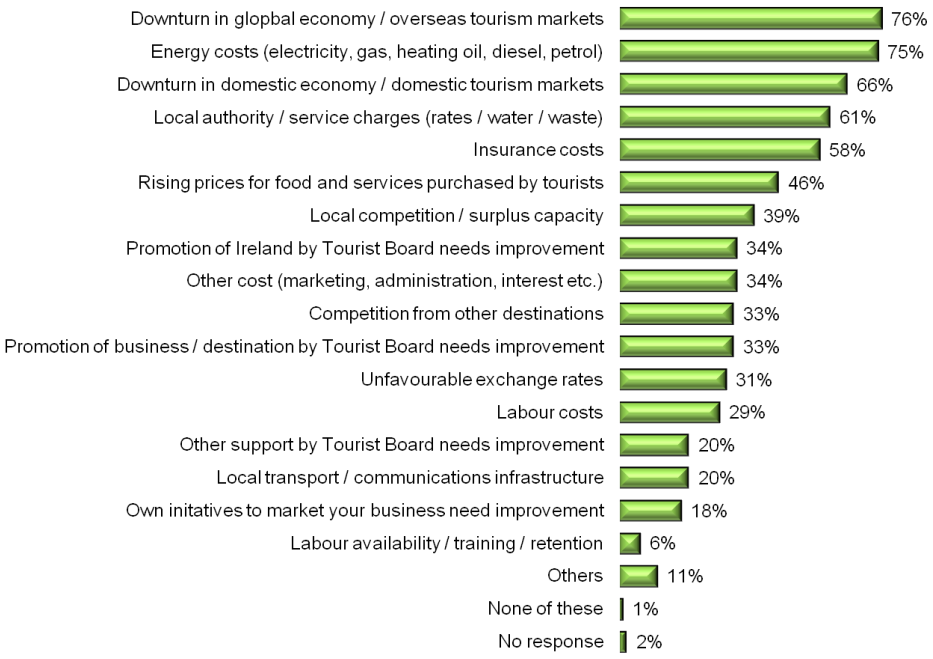


Base: All tourism businesses

Fáilte Ireland
National Tourism Development Authority

Operational Issues that cause concern

Chart 14a



Base: All tourism businesses

Fáilte Ireland
National Tourism Development Authority

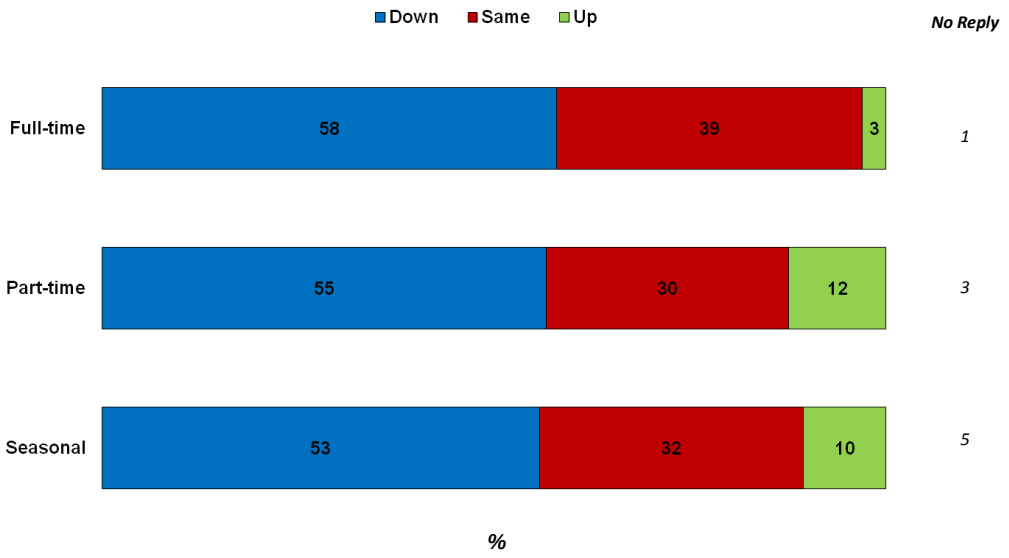
Operational Issues that cause MOST concern

Chart 14b

Base: All tourism businesses

Employment – Hotels

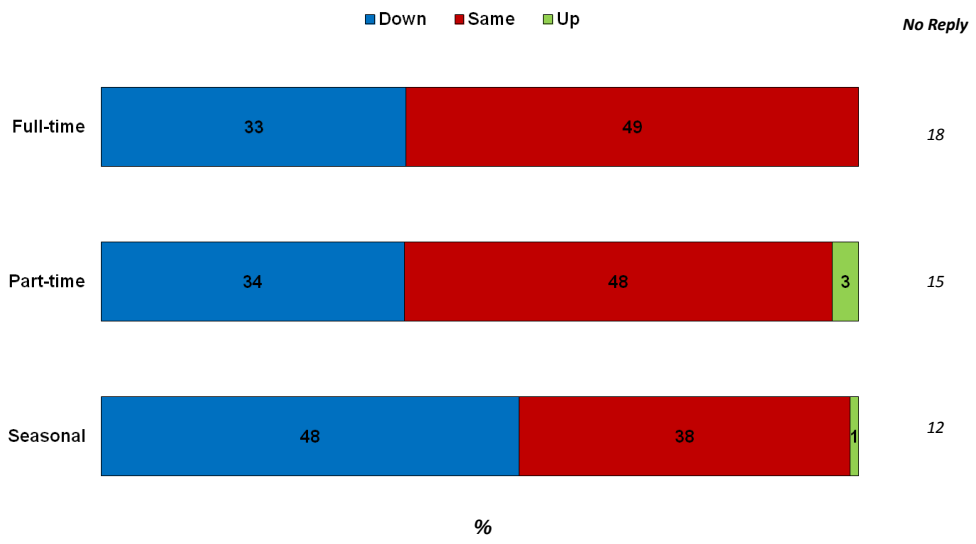
Chart 15a



Base: All hotels

Employment - Guesthouses

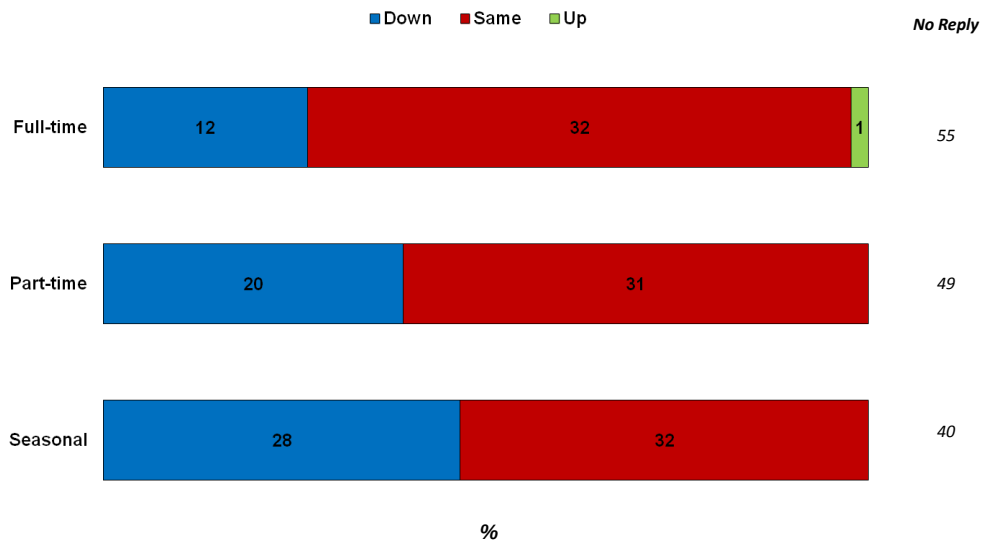
Chart 15b



Base: All guesthouses

Employment – B&Bs

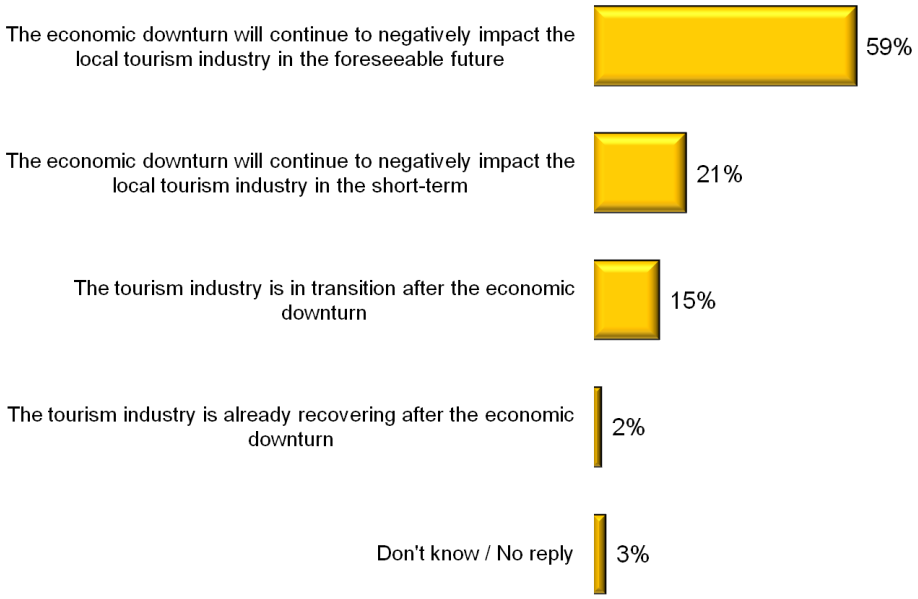
Chart 15c



Base: All B&Bs

Opinion of the Current Economic Situation

Chart 16



Base: All tourism businesses

Fáilte Ireland
National Tourism Development Authority

Appendix No 1 – Analysis of Sample

Accommodation

Paid Services

Hotels	106
Guest Houses	73
B&Bs	429
Sub Total	**608**

Other Accommodation

Self Catering	153
Caravan & Camping	20
Hostels	41
Sub Total	**214**

Total Accommodation **822**

Activities

Angling	8
Golf	25
Equestrian	15
Cruising	6
Sub Total	**54**

Segments

Car Hire	5
Attractions	58
Coach Operators	18
Retail	7
EFL	17
Restaurants	20
Sub Total	**125**

Total Activities, Attractions & Transport **179**

Total Number of Responses **1001**