Fáilte Ireland
National Tourism Development Authority

TOURISM BAROMETER 2010
WAVE 1 - APRIL

Contents

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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 coming season.

Results are based on feedback provided during the fieldwork period from the 7th to the 24th of April 2010. In total 1167 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

Despite some positive signs and evidence that Ireland is creeping out of recession, the economic climate is still extremely challenging and 2010 is likely to be another tough year for Irish tourism.

Overall Bednights

The majority of hotels, guesthouses, B&Bs, hostels and self-catering establishments all reported a significant fall in overall demand compared to the same period last year. Guesthouses and hostels have been hit particularly hard with more than four in five operators in these sectors reporting volumes to be down compared to last year.

More than half (55%) of all caravan and camping establishments reported similar demand to last year, and as such it is the sector least affected. However, not one of the caravan and camping establishment reported overall demand for bednights to be up, and almost half (45%) stated that demand was down compared to the same period last year. (See Chart 1)

Hotels

The downturn in bednight volumes in the hotel sector over the first four months of the season can largely be attributed to falling demand in the overseas markets according to 69% of hoteliers.

The volume of domestic bednights is also perceived to be down on last year by just under half (47%) of all hoteliers, however more than a quarter (27%) cited an increase in demand compared to last year. The consistent strength of the Euro against Sterling has contributed to a declining Northern Ireland performance with more than half (56%) of hoteliers citing a fall in demand from this source compared to the same period last year. (See Chart 2a)

Against this background, it is not surprising that more than four in five (82%) of all hoteliers reported average room yields to be down on the same period last year. (See Chart 2b)

Guesthouses and B&Bs

Guesthouses were 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 more than four in five (83%) guesthouse proprietors. The majority of guesthouses (71%) also report Northern Ireland to be down on the corresponding period in 2009. (See Chart 3)

The B&B sector experienced a softening in demand across all markets, with the downturn in bednight volumes again largely attributable 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 (78%) 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 a majority of proprietors reported bednight volumes from the domestic market to be down, almost a fifth (19%) of all self-catering establishments stated that business generated from the domestic market was actually up on last year. (See Chart 5)

Caravan & Camping

The caravan & camping sector also reported a drop in demand, mainly due to the poor performance of the overseas and domestic markets however, overall the sector appears to have performed better (relatively speaking) than any of the other accommodation providers. (See Chart 6)

Hostels

Hostels reported business to be down across all market areas. Although the majority of proprietors cited a fall in demand in the domestic and Northern Ireland markets, more than a third of all hostel owners stated that demand from these markets was either on a par or up on last year. (See Chart 7)

Ireland Market

Hoteliers have experienced falling domestic demand compared to the same period last year and the evidence suggests that the downturn can be attributed to a reduction in business across each of the main domestic market segments.

Approximately six in ten hoteliers stated that the business/corporate, special events, mid-week breaks and general leisure segments were down slightly or down significantly on the same period last year. In relative terms the weekend breaks segment performed better with almost a quarter (24%) stating demand to be slightly, or significantly, up on last year. (See Chart 8)

Activity Providers, Attractions, Retail, Restaurants and Transport

Activities

The majority of activity providers have experienced a decline in overall business compared to the same period last year. Approximately four in five angling accommodation providers (82%) and equestrian establishments (80%) report tourism business to be down on last year. However, a third (33%) of golf courses report business to be on a par with, or up on, last year whilst all cruising operators report tourism business to similar (60%) or up (40%) on last year. (See Chart 9)

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

Retailers and restaurateurs have 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. Both segments have been particularly affected by the downturn in overseas business.

Relatively the attractions and language schools have performed better, more than half of all managers cited business levels either on a par or up on last year. (See Chart 10)

Car Hire and Coach Operators

A challenging trading environment is also evident in respect of coach operators and car hire companies. Seven in ten coach operators and two thirds of car hire companies reported reduced levels of tourism demand from the same period last year. (See Chart 10)

Overseas Market Performance

The majority of hotel managers have experienced deteriorating demand across all of their main overseas markets. No doubt linked to the ongoing global economic slowdown, more than seven in ten hotel managers reported a drop in demand from the USA market, while almost six in ten cited softening demand from Britain. (See Chart 11a)

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

Compared to the same period last year more than two thirds of all B&B proprietors reported a drop in demand across all their main markets. Similar to the hotel and guesthouse sectors, the biggest drop in demand has been reported from the United States market. (See Charts 11c)

Prospects

The overwhelming majority of tourism proprietors have continuing concerns about their prospects for the approaching season. While the tough economic circumstances have instilled a distinct lack of optimism in the tourism industry, there is at least evidence that after two years of decline, business sentiment regarding prospects for the season have at least improved on last year, although it remains below the level recorded at the same time in 2008.

The majority of all accommodation owners other than caravan and camping operators expect their overall volume of bednights to decline in the coming season. Guesthouses and B&Bs are the most pessimistic of the accommodation providers. More than two thirds of all guesthouses (68%) and almost three quarters of B&B's (74%) expect their overall volume of bednights to further decline in the coming months. Relatively speaking the caravan and camping operators are least pessimistic, almost a third (30%) 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; however they are still expecting it to be down on balance.

With the exception of cruising operators, the vast majority of 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 angling accommodation providers; almost three quarters (73%) of proprietors anticipate a decline in demand. However, cruising operators were actually quite optimistic with six in ten (60%) anticipating improved levels of demand for the coming season. (See Chart 12b)

Negative sentiment is also evident amongst retailers and restaurateurs with two thirds of retailers (67%) and more than half (55%) of all restaurants anticipating a decline in demand. The attractions and car hire managers are the most optimistic. Almost a quarter (24%) of attraction managers and nearly a fifth (17%) of car hire operators forecast improved levels of demand for the coming season. (See Chart 12c)

Factors Impacting on Performance

Despite the Irish economy slowly emerging from recession, very difficult conditions still persist. Not surprisingly tourism enterprises in Ireland remain cautious, more than six in ten (63%) of all respondents failed to identify any positive factors affecting their business prospects. The increase in people holidaying at home (5%) and the cheaper rates (5%) were mentioned as positives, albeit by a minority. (See Chart 13a)

Looking at the positive factors by sector, it is evident that Irish people staying at home is good for attractions and informal accommodation such as caravan and camping and hostels. The Swansea to Cork ferry service appears to be particularly beneficial to the caravan and camping sector.

The fiercely competitive market (with specific examples cited of cheap hotel rates and unregistered accommodation) and the economic downturn were the most frequently cited negative factors cited by tourism businesses as having impacted on performance. Almost two fifths (too competitive - 19%, economic downturn - 19%) of all tourism operators mentioned one of these factors on a spontaneous basis. Operators also referred to high costs and the relative expense of Ireland as a tourist destination as other negative factors which have impacted their business. (See Chart 13b)

Looking at the negative factors by sector it is clear that the ultra competitive market, with particular emphasis on the cheap hotel rates and unregistered competition, is particularly bad for guesthouses and B&B's. The global economic downturn is having a negative effect on retail, angling, restaurants, attractions and the EFL owners, while coach operators are citing high costs.

Operational Issues

As expected and consistent with the findings of the Tourism Barometer throughout 2009, 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 almost three quarters (72%) of all tourism operators. (See Chart 14a)

Tourism operators were also asked to identify the issue of greatest concern. More than a quarter (26%) 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, hostels, angling, car hire, attractions and EFL, while the state of the domestic economy is a big issue for golf and hoteliers. Energy costs were the single biggest concern for coach operators, with local authority service charges also being a significant issue for hotels, hostels, guesthouses, caravan and camping operators.

Labour costs were the single biggest concern for equestrian, restaurateurs and to a lesser extent, hoteliers, while cruising operators are facing increasing competition from other destinations. Unsurprisingly the unfavourable exchange rate is of most concern to retailers.

Employment

With the challenging economic situation, coupled with the reported fall in demand for bednights, it is no surprise that the many accommodation proprietors have reduced staffing from last year. 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 part-time and seasonal staff. (See Chart 15b)

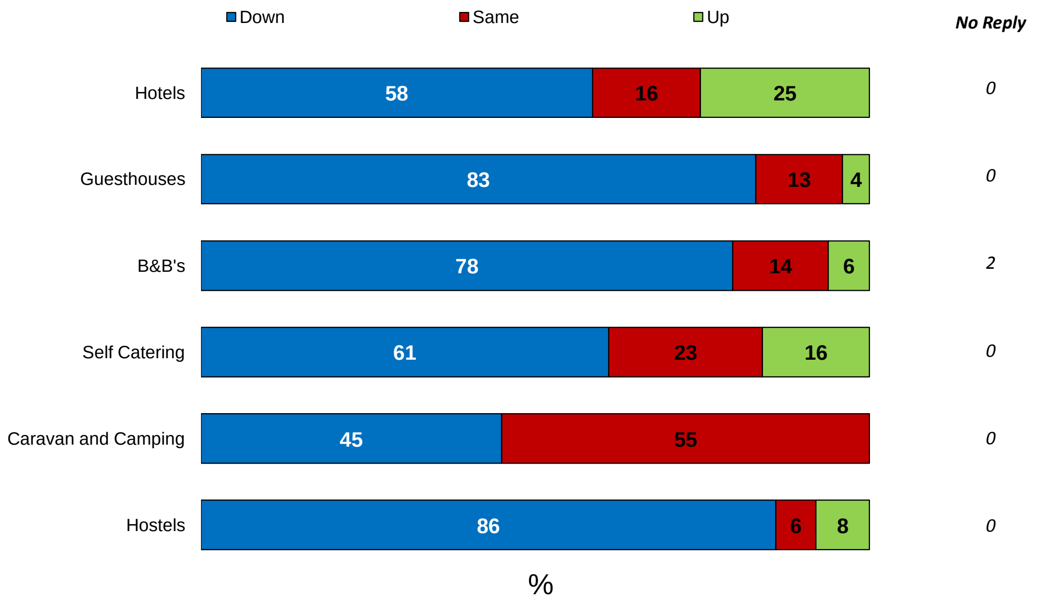
With less scope for reducing staff levels, B&B owners on balance, also report employing less part-time (19%) and seasonal staff (27%) than during the same period last year. (See Chart 15c)

Index to Charts and Appendices

Overall Bednights – Accommodation

January to April
2010 vs 2009

Chart 1



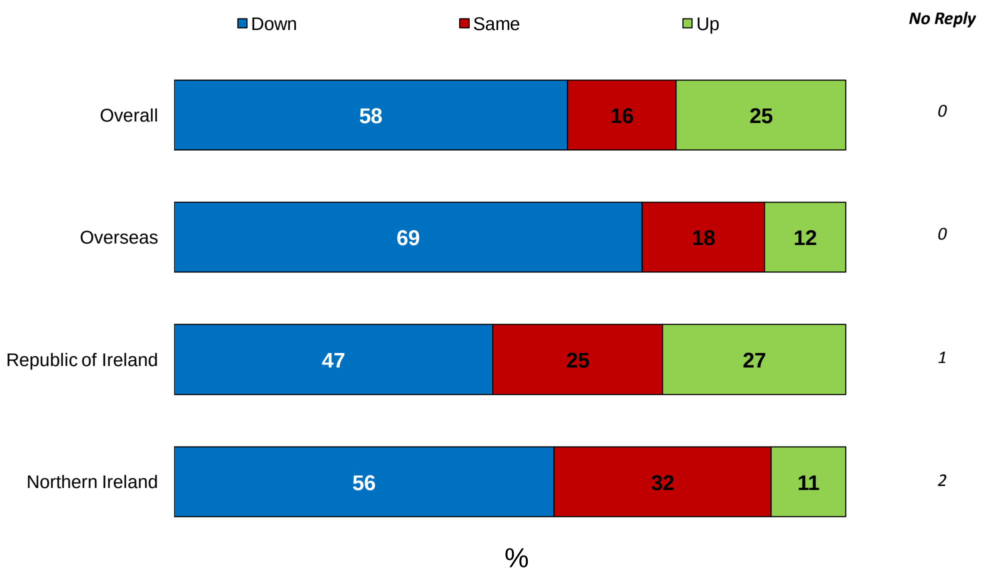
Base: All accommodation

Fáilte Ireland
National Tourism Development Authority

Overall Bednights – Hotels

January to April
2010 vs 2009

Chart 2a

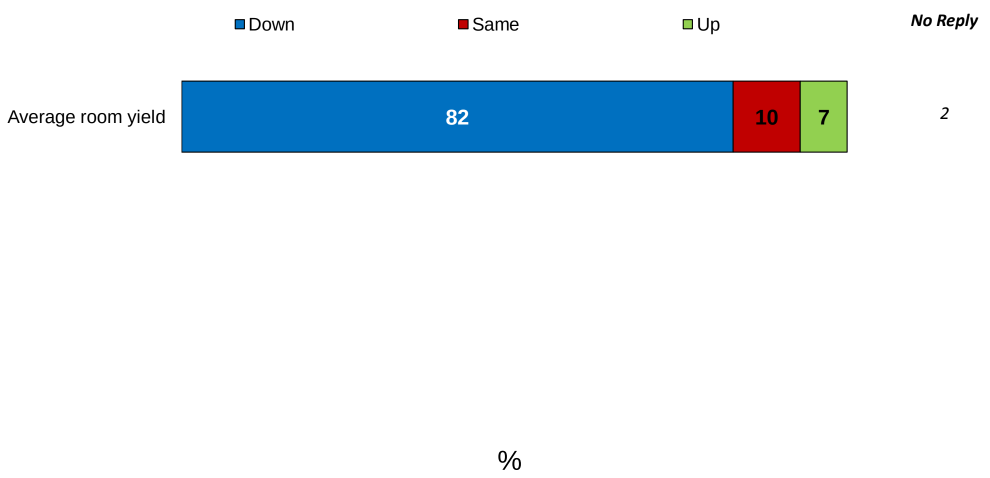


Base: All hotels

Average Room Yield – Hotels

January to April
2010 vs 2009

Chart 2b



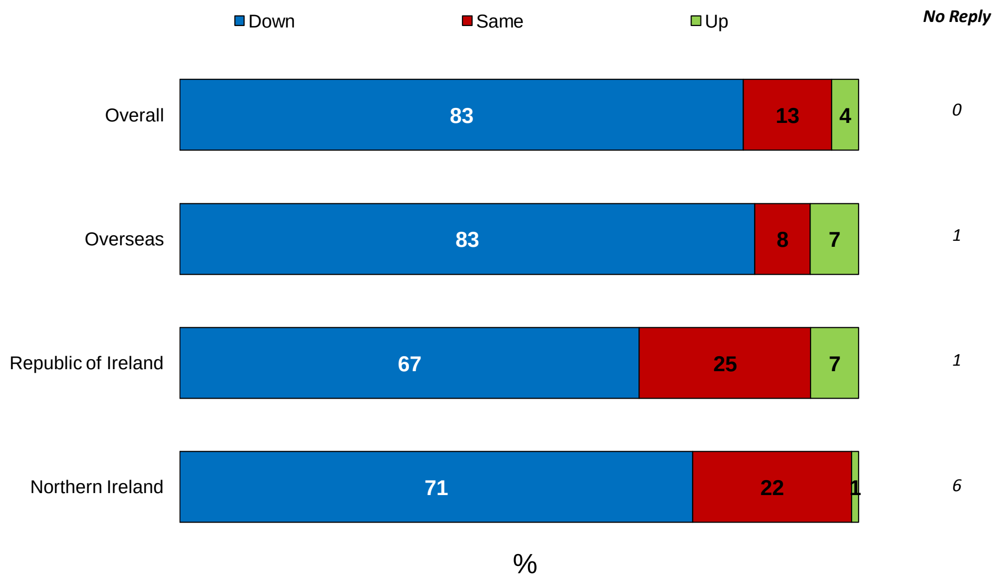
Base: All hotels

Fāilte Ireland
National Tourism Development Authority

Overall Bednights – Guesthouses

January to April
2010 vs 2009

Chart 3

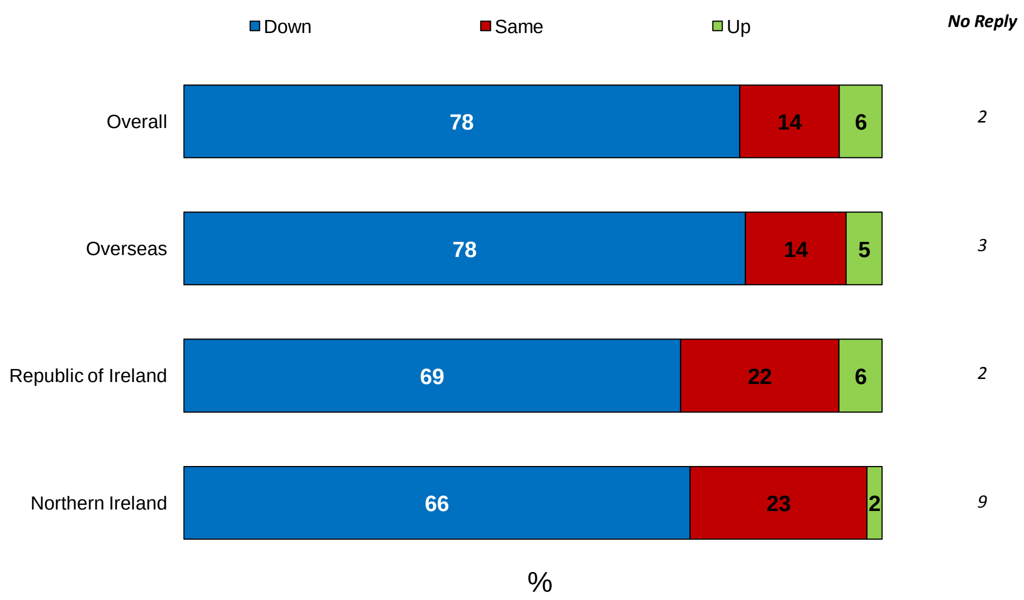


Base: All guesthouses

Overall Bednights – B&Bs

January to April
2010 vs 2009

Chart 4



Base: All B&Bs

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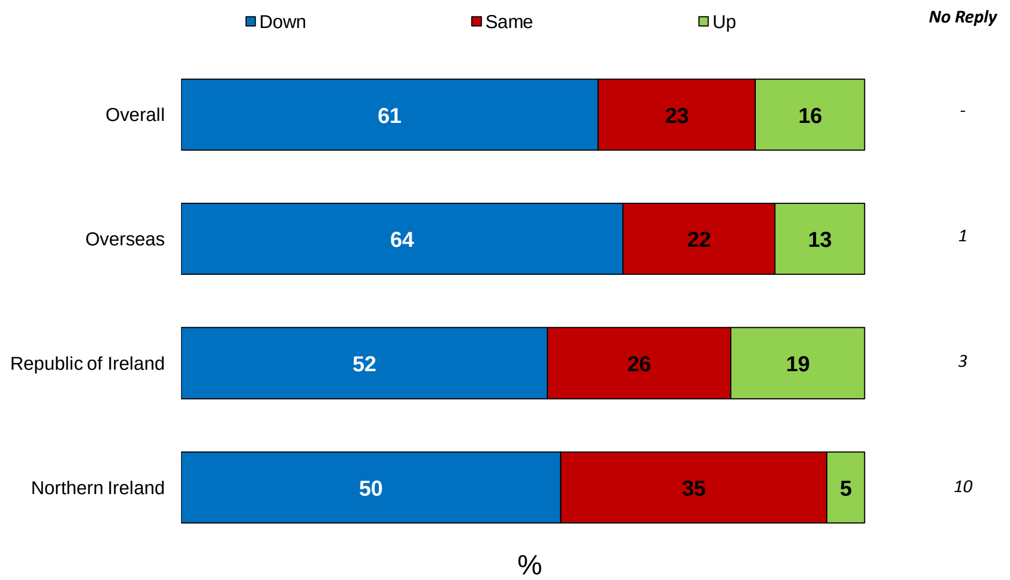
Overall Bednights – Self Catering

January to April
2010 vs 2009

Chart 5

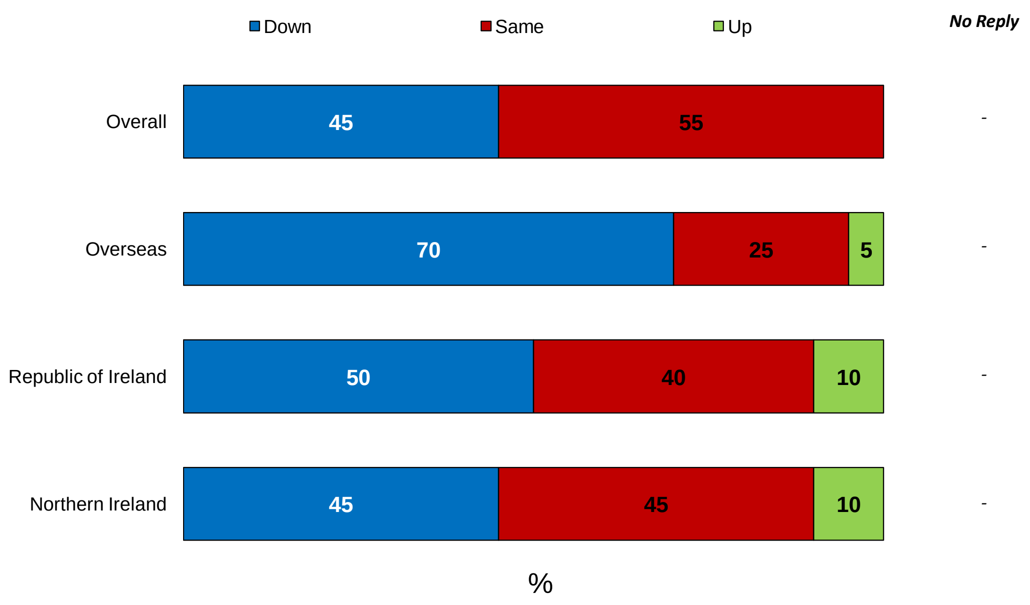


Base: All self-catering

Overall Bednights – Caravan & Camping

January to April
2010 vs 2009

Chart 6

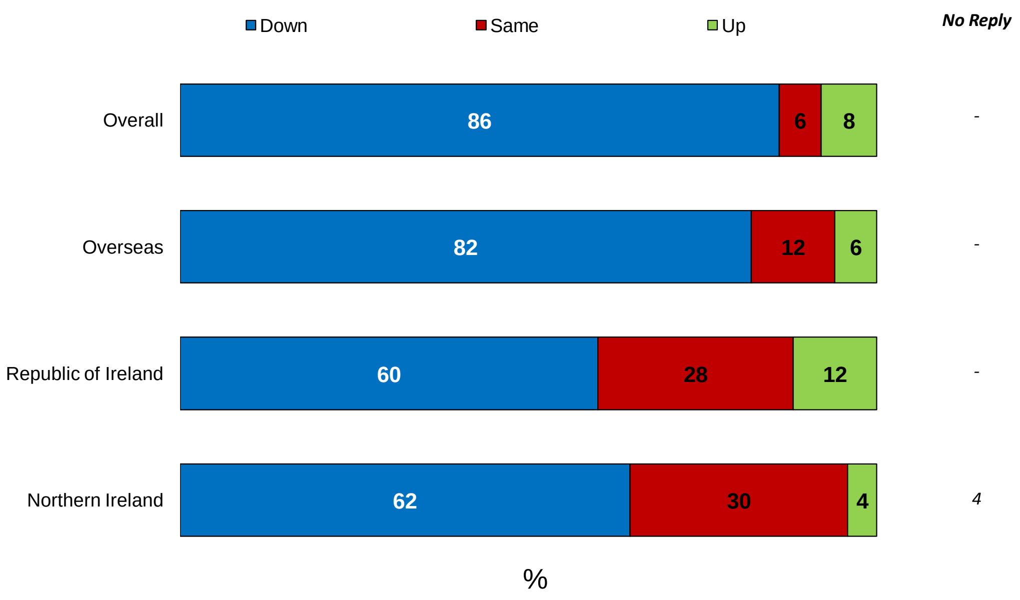


Base: All caravan & camping

Overall Bednights – Hostels

January to April
2010 vs 2009

Chart 7

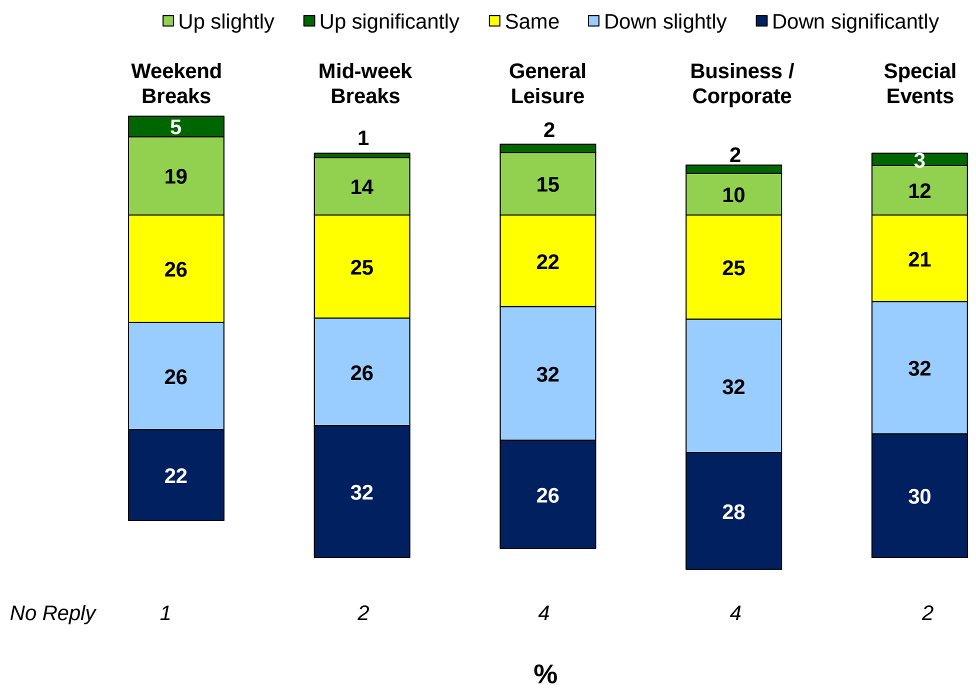


Base: All hostels

Ireland Market Bednights – Hotels

January to April
2010 vs 2009

Chart 8

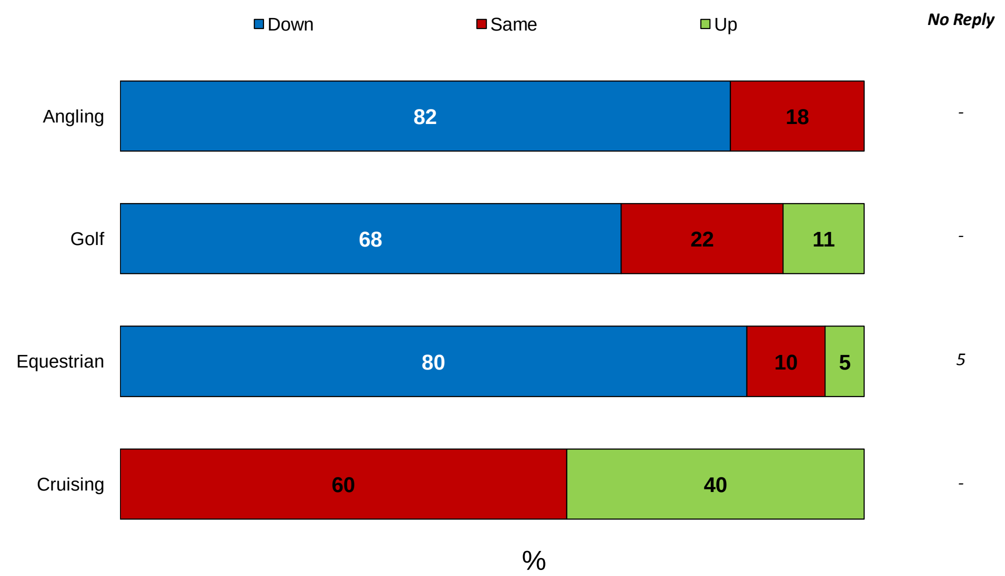


Base: All hotels

Overall Business – Activities

January to April
2010 vs 2009

Chart 9

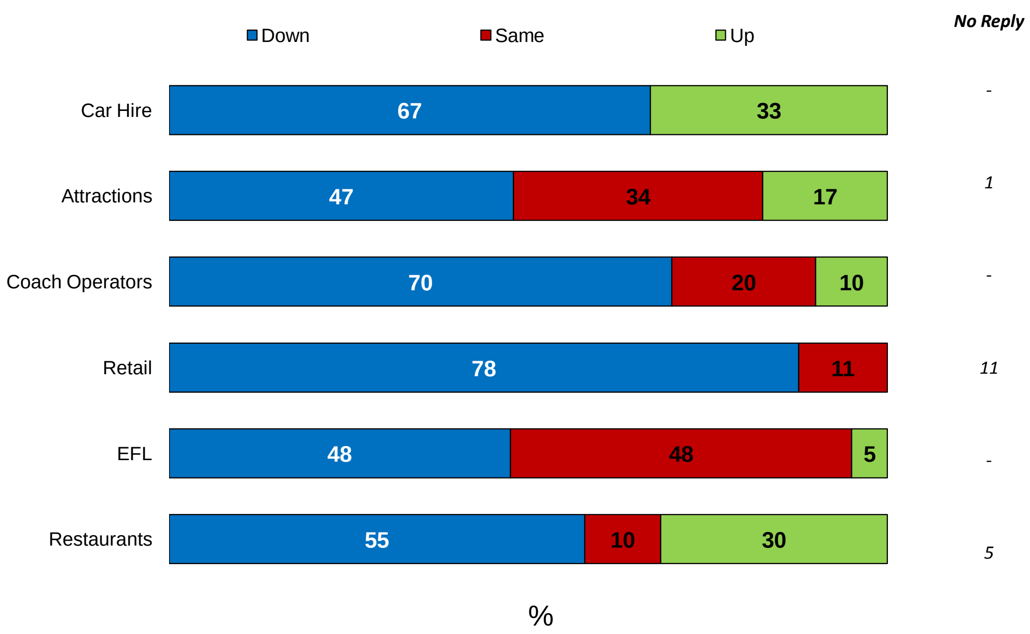


Base: All activities

Overall Business – Segments

January to April
2010 vs 2009

Chart 10

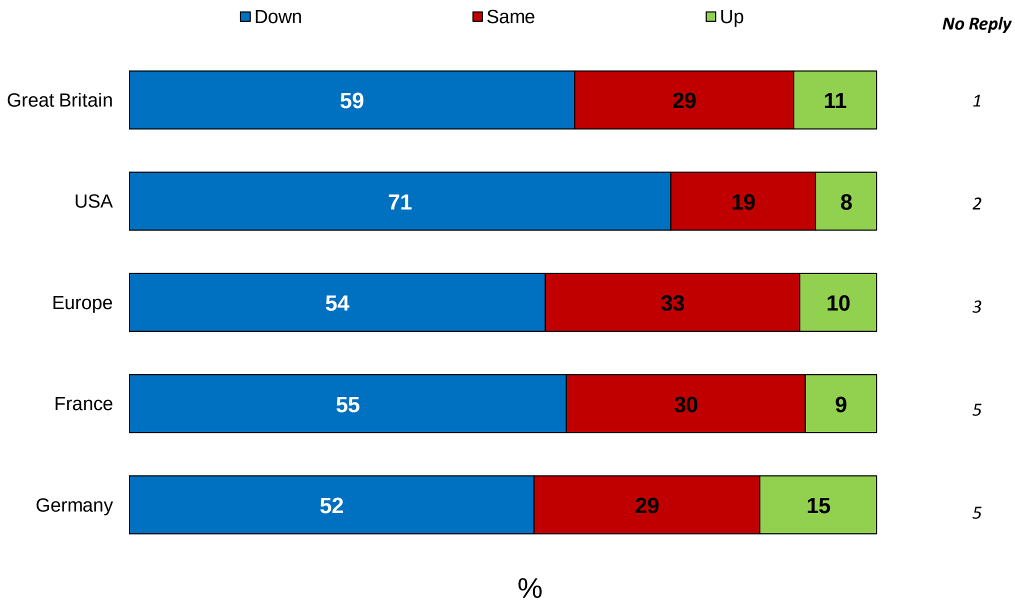


Base: All attractions & transport

Overseas Market Performance – Hotels

January to April
2010 vs 2009

Chart 11a

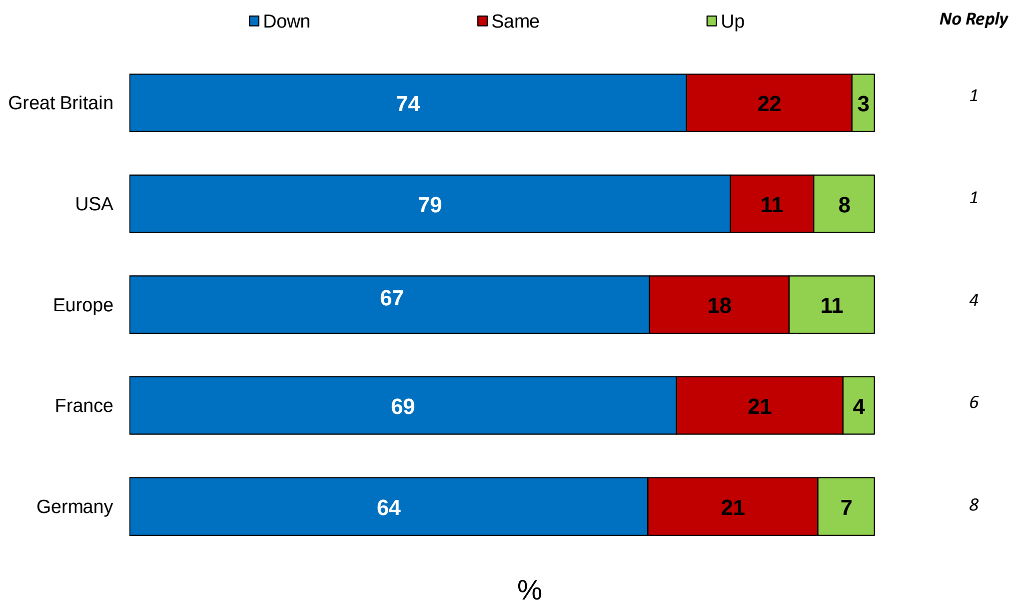


Base: All hotels

Overseas Market Performance – Guesthouses

January to April
2010 vs 2009

Chart 11b

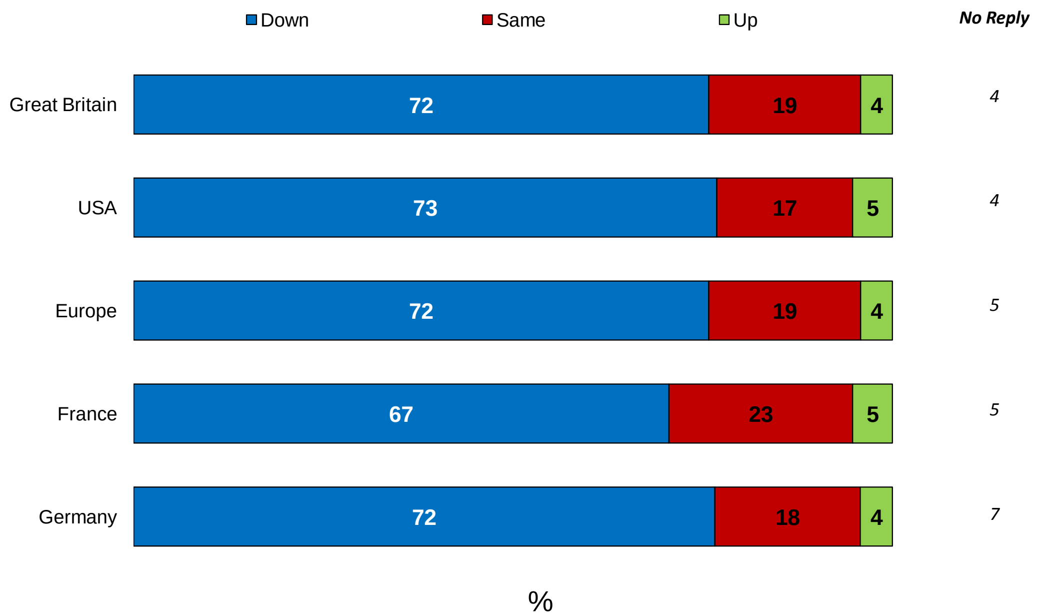


Base: All guesthouses

Overseas Market Performance – B&Bs

January to April
2010 vs 2009

Chart 11c

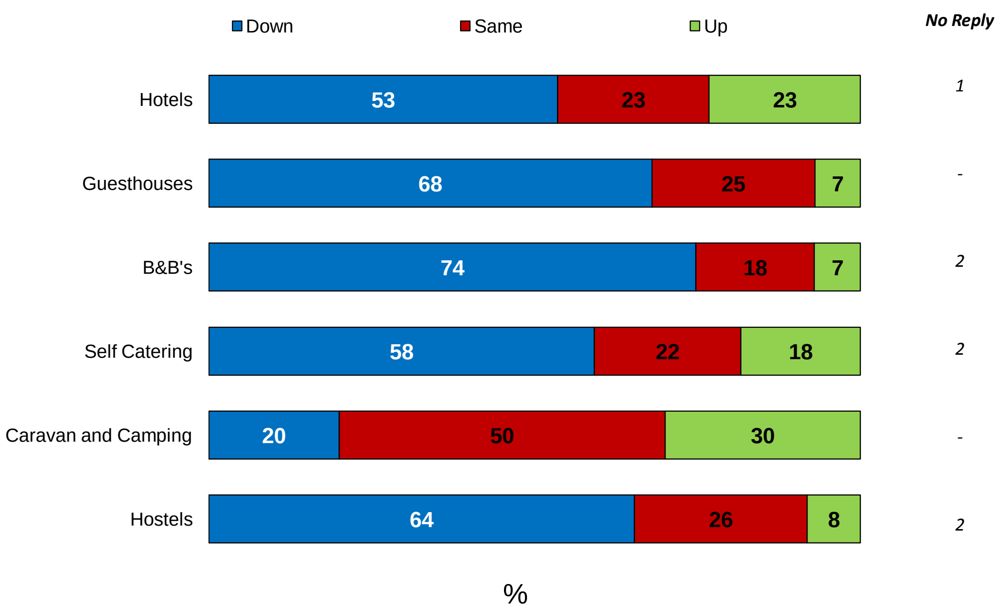


Base: All B&Bs

Overall Business Forecast – Accommodation

Prospects for the Season
2010 vs 2009

Chart 12a

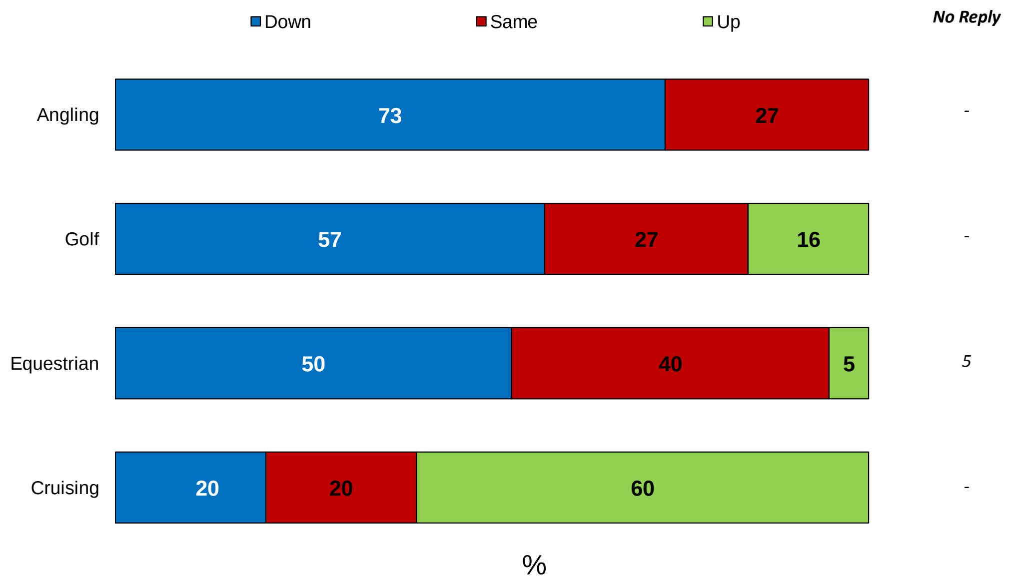


Base: All accommodation

Overall Business Forecast – Activities

Prospects for the Season
2010 vs 2009

Chart 12b

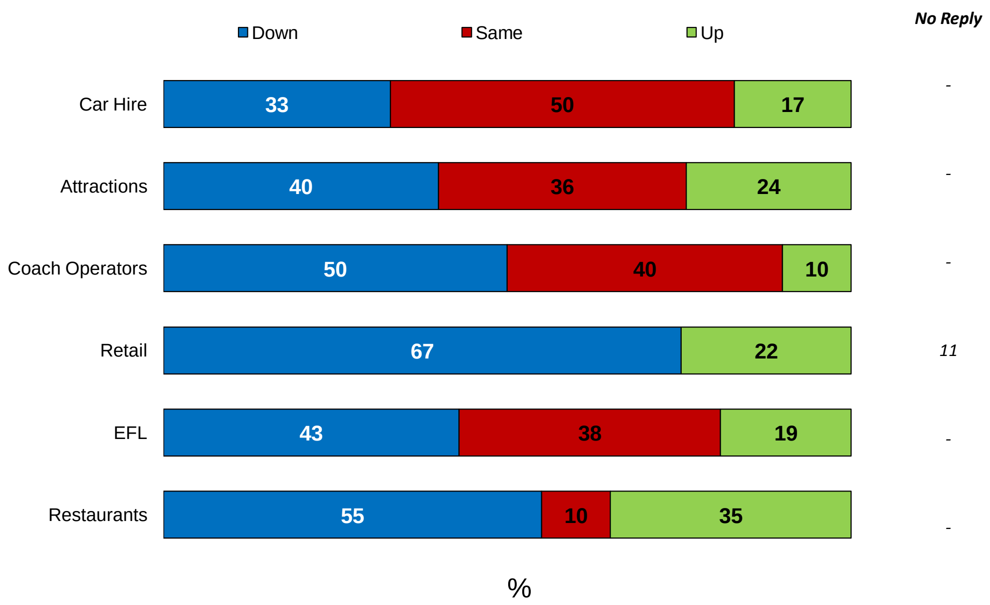


Base: All activities

Overall Business Forecast – Segments

Prospects for the Season
2010 vs 2009

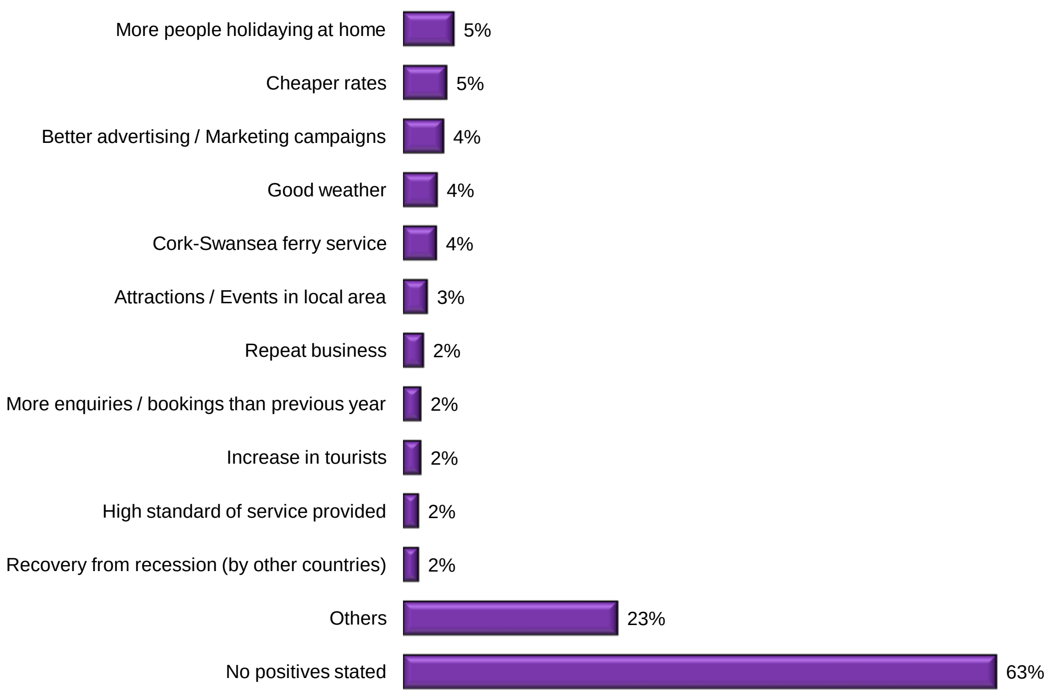
Chart 12c



Base: All attractions & transport

Positive Factors affecting overall performance

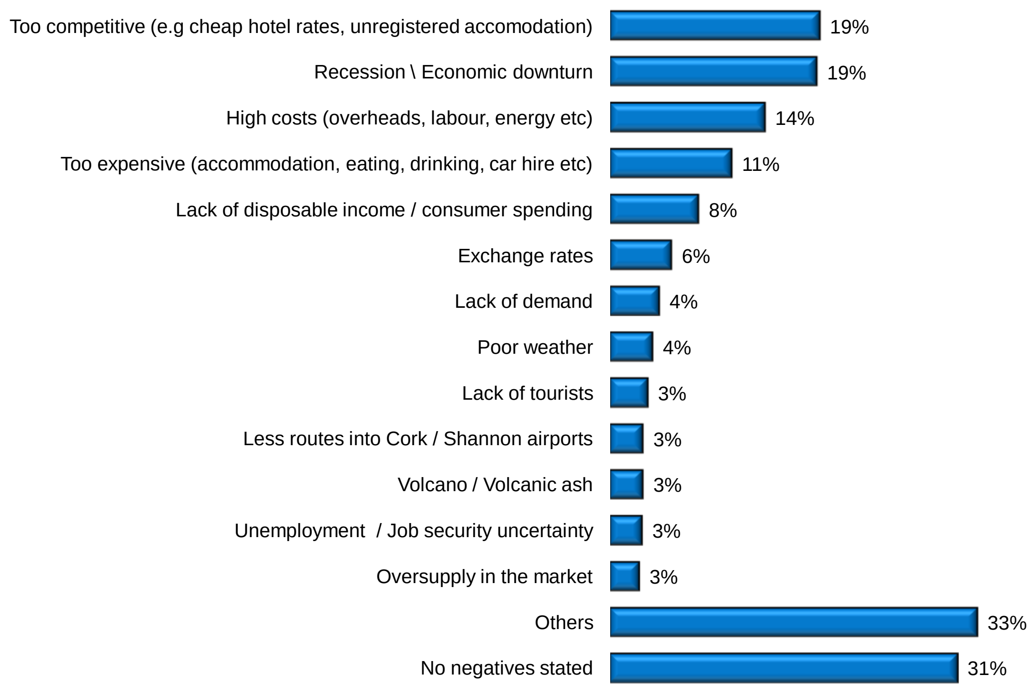
Chart 13a



Base: All tourism businesses

Negative Factors affecting overall performance

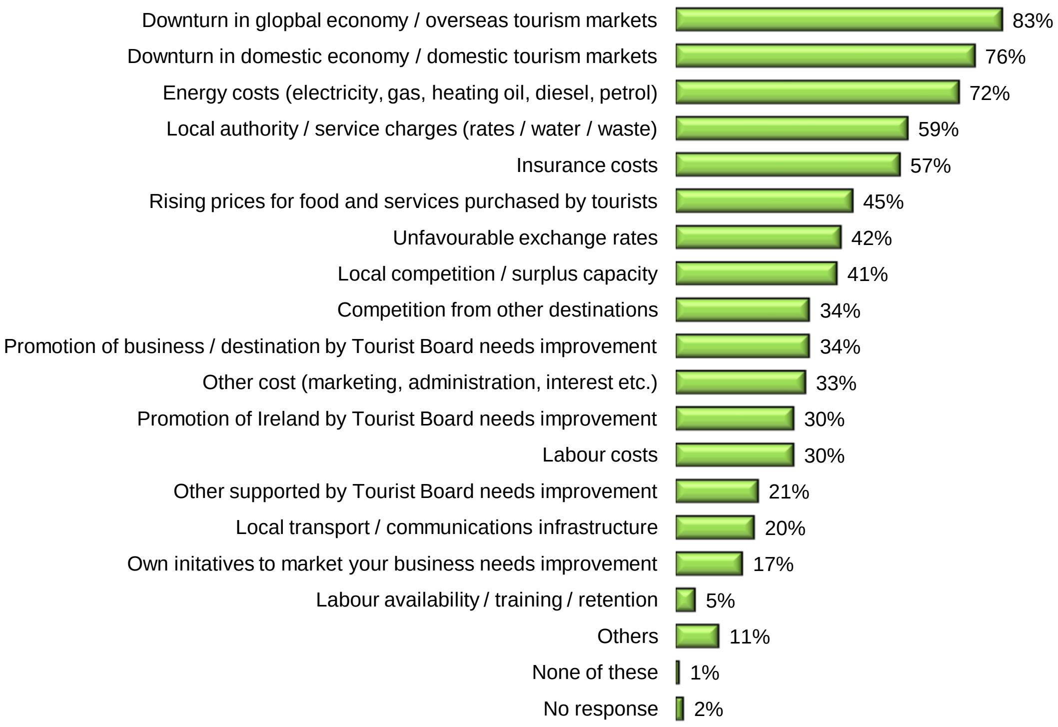
Chart 13b



Base: All tourism businesses

Operational Issues that cause concern

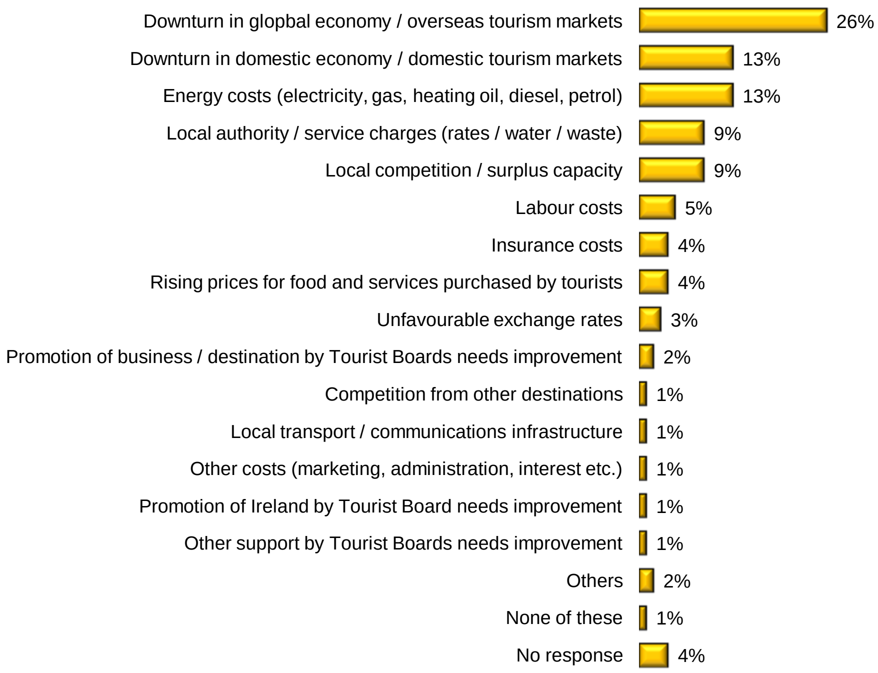
Chart 14a



Base: All tourism businesses

Operational Issues that cause MOST concern

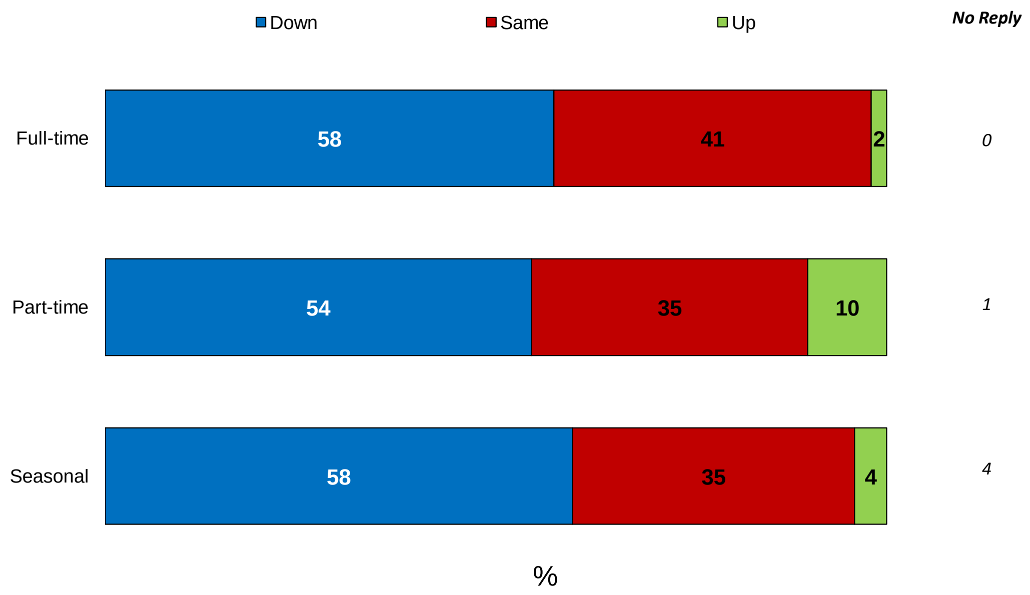
Chart 14b



Base: All tourism businesses

Employment – Hotels

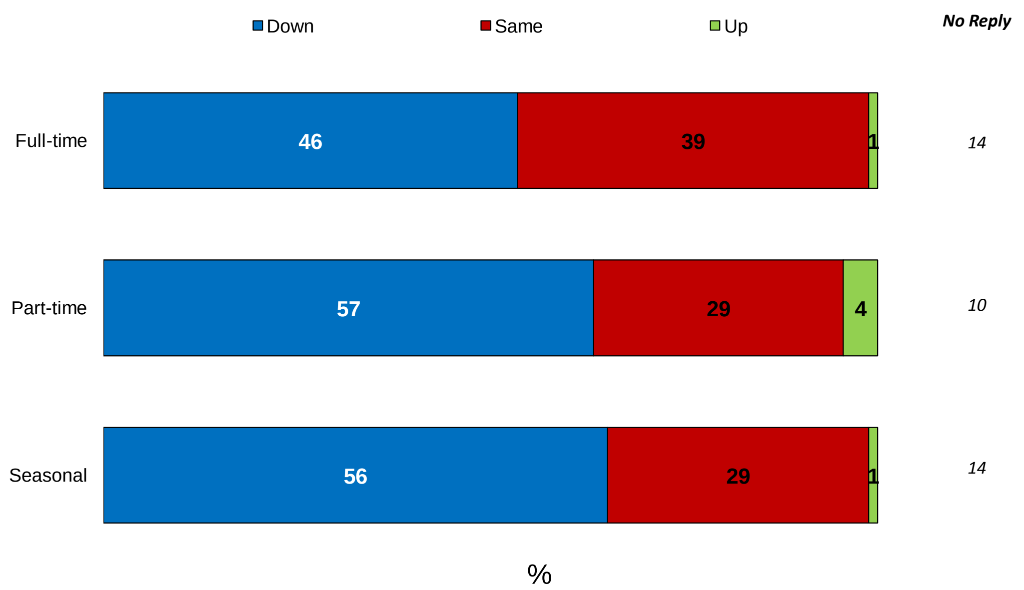
Chart 15a



Base: All hotels

Employment - Guesthouses

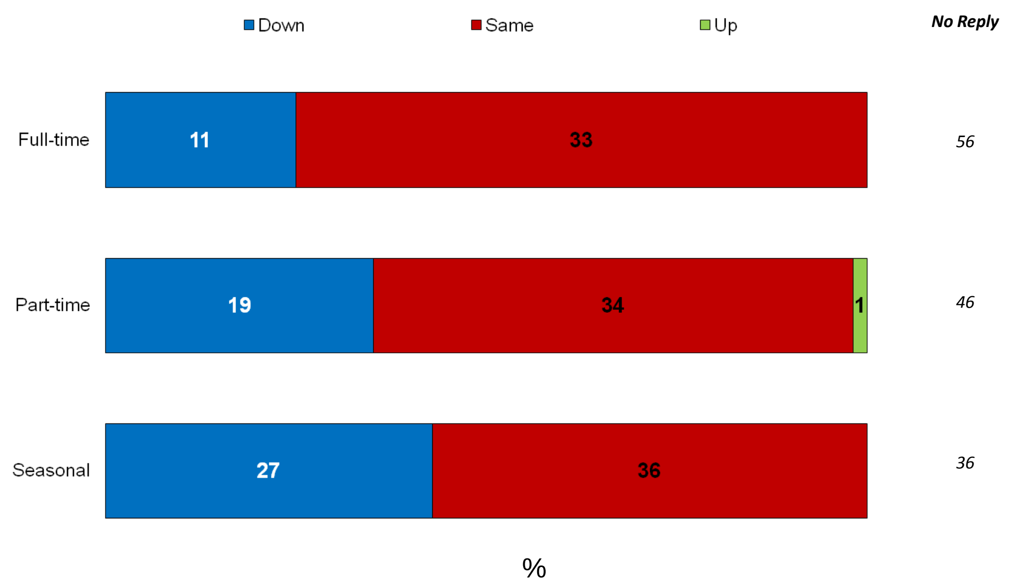
Chart 15b



Base: All guesthouses

Employment – B&Bs

Chart 15c



Base: All B&Bs

Appendix No 1 – Analysis of Sample

Accommodation

Paid Services

Hotels	130
Guest Houses	72
B&Bs	436
Sub Total	**638**

Other Accommodation

Self Catering	240
Caravan & Camping	20
Hostels	50
Sub Total	**310**

Total Accommodation **948**

Activities

Angling	11
Golf	37
Equestrian	20
Cruising	5
Sub Total	**73**

Segments

Car Hire	6
Attractions	70
Coach Operators	20
Retail	9
EFL	21
Restaurants	20
Sub Total	**146**

Total Activities, Attractions & Transport **219**

Total Number of Responses **1167**