Fáilte Ireland
National Tourism Development Authority

TOURISM BAROMETER

WAVE 2 – JUNE 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 coming season.

Results are based on feedback provided during the fieldwork period from the 8th to the 28th of June 2010. In total 1133 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

Given the extremely challenging economic conditions, not surprisingly, all accommodation sectors report overall bednight volumes to be down compared to last year.

The overwhelming majority of guesthouses, B&Bs and hostels reported a fall in overall demand compared to the same period last year. B&B's have been hit particularly hard with more than four in five operators in this sector reporting volumes to be down compared to last year.

Although almost half (47%) of all hotels reported a fall in demand, it is the sector least affected. Nearly a third (30%) reported overall demand for bednights to be up, and more than a fifth (21%) 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 according to 57% of hoteliers.

The volume of domestic bednights is relatively strong, almost two fifths (38%) of hoteliers stated an increase in demand and further 28% cited bednights to be on a par with the same period last year. The consistent strength of the Euro against Sterling has contributed to a declining British performance with more than half (52%) 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 (83%) of all hoteliers reported average room yields to be down on the same period last year. (See Chart 2b)

Guesthouses and B&Bs

Where guesthouses are concerned, the weak performance of the overseas market has resulted in a poor start to the year with almost eight in ten (77%) proprietors citing a decrease in bookings. The majority of guesthouses owners also report the domestic (64%) and Northern Irish (61%) 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 more than eight in ten (81%) 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, a quarter (25%) 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 overseas markets. The domestic market performed better (relatively speaking), with almost a third (30%) 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 (83%) reported a fall in overseas demand, almost half of all hostel owners stated that domestic demand was either on a par or up on last year. (See Chart 7)

Ireland Market

One third of 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.

More than half of all hoteliers stated that the business/corporate, special events and mid-week break segments were down slightly or down significantly on the same period last year. In relative terms the weekend breaks segment performed better with more than a third (35%) stating demand to be slightly, or significantly, up on last year. (See Chart 8)

Activity Providers, Attractions, Retail, Restaurants and Transport

Activities

On balance, most activity providers have experienced a decline in overseas business compared to the same period last year. More than eight in ten (83%) angling providers and two thirds (67%) of all golf courses reported overseas business to be down on last year. However, more than half of all cruising and equestrian providers report overseas business to be at least on a par with, or up on, last year. (See Chart 9)

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

Visitor attractions have been hit particularly hard, almost two thirds (63%) of managers report overseas business to be down this year compared to the same period last year. At least half of all retailers, language schools and restaurants also reported overseas business to be down on last year. In relative terms the language schools performed better, a quarter (25%) of all managers cited overseas business levels to be up when compared with the same period last year. (See Chart 10)

Car Hire and Coach Operators

A challenging trading environment is also evident for car hire companies. More than half (56%) of all car hire companies reported reduced levels of overseas tourism demand from the same period last year. Relatively speaking the picture is more positive for coach operators, almost half (45%) reported similar levels of overseas demand to last year and a further 10% cited increased levels of demand. (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 six in ten hotel managers reported a drop in demand from the USA market, while more than half cited a softening demand from Britain. (See Chart 11a)

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

Compared to the same period last year at least 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 US and British markets suffered amongst the biggest drops in demand. (See Charts 11c)

Prospects

On balance tourism proprietors have continuing concerns about their prospects for the approaching season. However, there is at least evidence that in some sectors overseas business prospects are improving.

The majority of all accommodation owners expect their overall volume of overseas bednights to decline in the coming season. Hostels and B&Bs are the most pessimistic of the accommodation providers. Approximately three quarters of all hostels (73%) and B&B proprietors (78%) expect their overall volume of overseas bednights to further decline in the coming months. Relatively speaking, hoteliers and the caravan and camping operators are least pessimistic, about one fifth actually expecting an increase in overseas demand in the coming season. (See Chart 12a)

Overall the activity product providers are also pessimistic regarding their overseas business prospects for the coming season. However, business sentiment regarding prospects for the season have at least improved on the same period last year. More than half of all angling and golf providers anticipate a decline in overseas demand. Negative sentiment is least evident in respect of cruising and equestrian; only a third (33%) of all cruising operators surveyed anticipated a decrease in overseas demand to the corresponding period last year, whilst almost four in ten (37%) equestrian operators were optimistic about the forthcoming season, anticipating improved levels of overseas demand. (See Chart 12b)

Negative sentiment is also evident amongst visitor attractions and car hire providers with more than half anticipating a decline in overseas demand. Language schools, coach operators and restaurateurs are the most optimistic. At least a quarter of coach operators and language school managers and almost a third of restaurants forecast improved levels of overseas demand for the coming season. (See Chart 12c)

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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 half (53%) of all respondents failed to identify any positive factors affecting their business prospects. The good weather and positive forecasts (8%), exchange rates (8%) and the increase in people holidaying at home (7%) 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 and forecasts is particularly good for the caravan and camping, golf, equestrian and cruising businesses. Meanwhile the exchange rates appear to have been more beneficial to retailers, coach operators and car hire companies.

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. More than a fifth (21%) of all tourism operators mentioned the economic downturn or recession on a spontaneous basis. Operators also referred to high costs, budget hotels, competitive prices and the unexpected impact of the volcanic ash cloud grounding many flights into and out of the country as other negative factors which have impacted their business. (See Chart 13b)

Looking at the negative factors by sector it is clear that the economic downturn is having a negative effect on retail, equestrian, and the caravan and camping sector, while coach operators are citing high costs (especially fuel). The budget hotels were cited as having a particularly negative impact on guesthouses and B&B's and hostels.

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 (73%) of all tourism operators. (See Chart 14a)

Tourism operators were also asked to identify the issue of greatest concern. One quarter (25%) 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 B&B's, self-catering, hostels, angling, car hire, attractions, retail and EFL, while the state of the domestic economy is the primary concern for the golf sector. Energy costs were the single biggest concern for coach operators, with local authority service charges being the significant issue for hotels, guesthouses, equestrian and the caravan and camping operators.

Labour costs were the single biggest concern for restaurateurs, while cruising operators stated that more promotion of their business by the tourist board was needed.

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, more than half of all guesthouse owners stated that the number of full-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 (19%) and seasonal staff (28%) than during the same period last year. (See Chart 15c)

Volcanic Ash and the Economic Crisis in Focus

Tourism operators' opinions of the consequences of the volcanic ash cloud and the economic downturn were quite varied.

Unsurprisingly, six in ten (60%) tourism businesses stated that the disruption to air travel caused by the volcanic ash cloud had a negative impact (28% significant negative impact and 32% minor negative impact) on their overseas business so far this year. However, almost a fifth (19%) stated that the ash cloud did not have any impact on their overseas business to date. (See Chart 16a)

More than one in ten (14%) tourism operators stated that the disruption to air travel caused by the volcanic ash cloud had a positive impact (3% significant positive impact and 11% minor positive impact) on their domestic business so far this year. However, more than two-fifths (42%) stated that the ash cloud did not have any impact on domestic business to date and a further one-fifth (21%) were unsure. (See Chart 16b)

Exactly half of all tourism businesses believe the volcanic ash cloud will have a negative impact (15% significant negative impact and 35% minor negative impact) on their overseas business in the coming season. Almost a quarter (23%) anticipate no further impact on overseas business, while a further one-fifth (21%) were again unsure. (See Chart 16c)

A fifth (20%) of all tourism operators anticipate that the volcanic ash cloud will have a positive impact (3% significant positive impact and 17% minor positive impact) on their domestic business in the coming season. Almost half (45%) anticipate no further impact on domestic business, while almost another quarter (23%) were unsure. (See Chart 16d)

Almost half (48%) of all tourism businesses stated that the economic downturn will continue to negatively impact the local tourism industry for the foreseeable future. Although, just over a quarter (27%) are of the opinion that the economic downturn will continue to negatively impact the industry only in the short-term. However, almost two fifths (19%) believe that the industry is in transition and a very small minority (3%) are of the opinion that the tourism industry is already recovering. (See Chart 17)

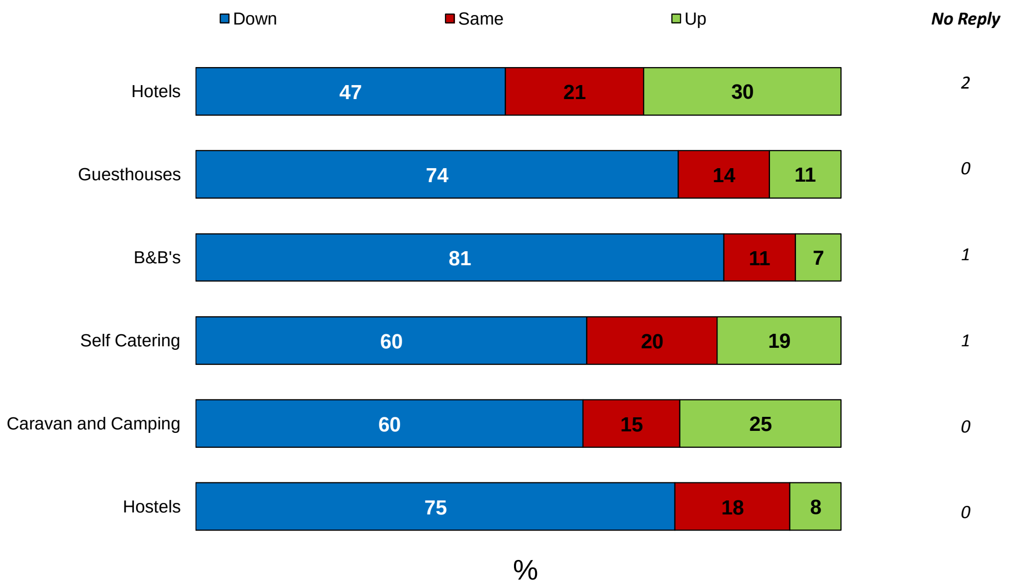
Analysing the data by sector it is evident that guesthouses, B&B's, hostels, retailers and coach operators are the most sceptical about the current economic situation.

Index to Charts and Appendices

Overall Bednights – Accommodation

January to mid-June
2010 vs 2009

Chart 1

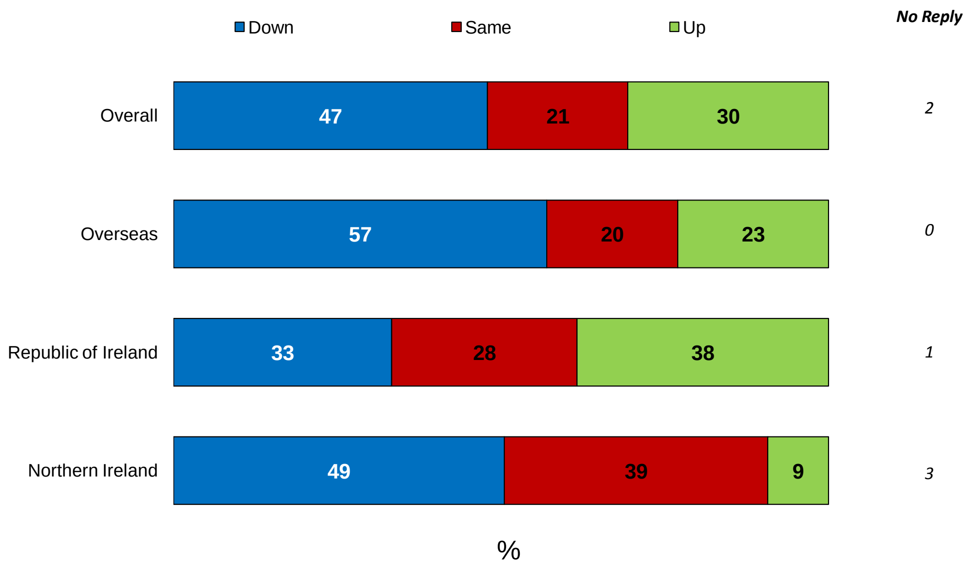


Base: All accommodation

Overall Bednights – Hotels

January to mid-June
2010 vs 2009

Chart 2a

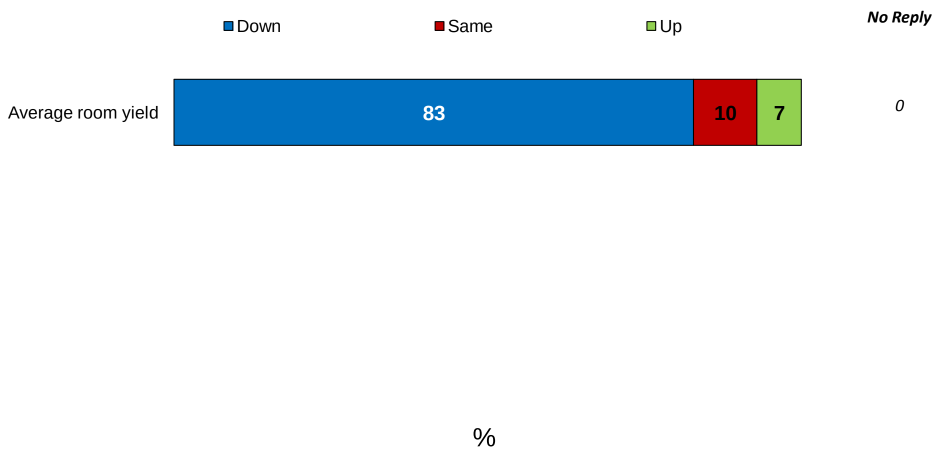


Base: All hotels

Average Room Yield – Hotels

January to mid-June
2010 vs 2009

Chart 2b

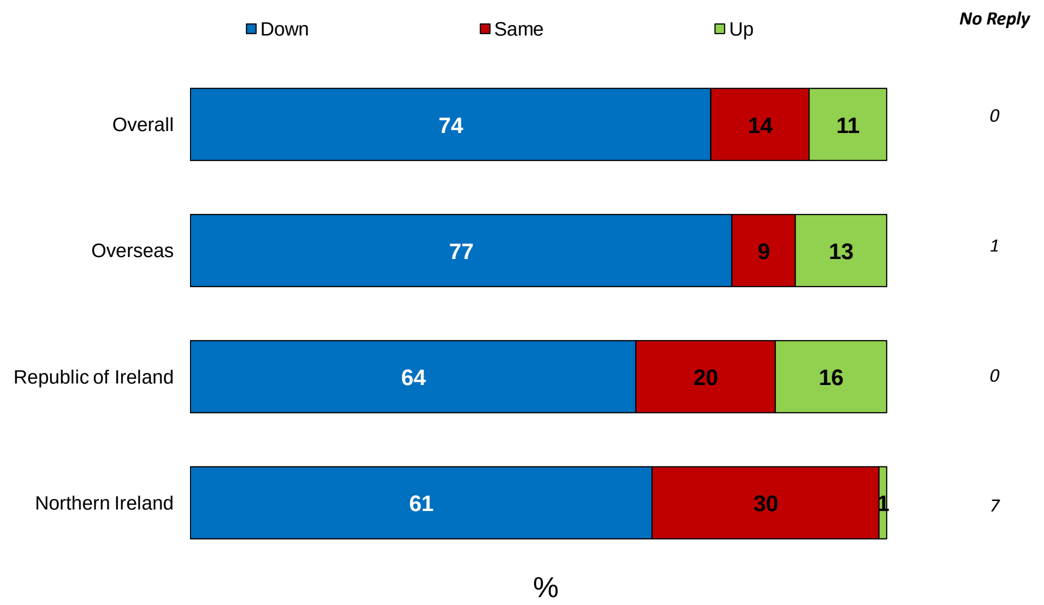


Base: All hotels

Overall Bednights – Guesthouses

January to mid-June
2010 vs 2009

Chart 3

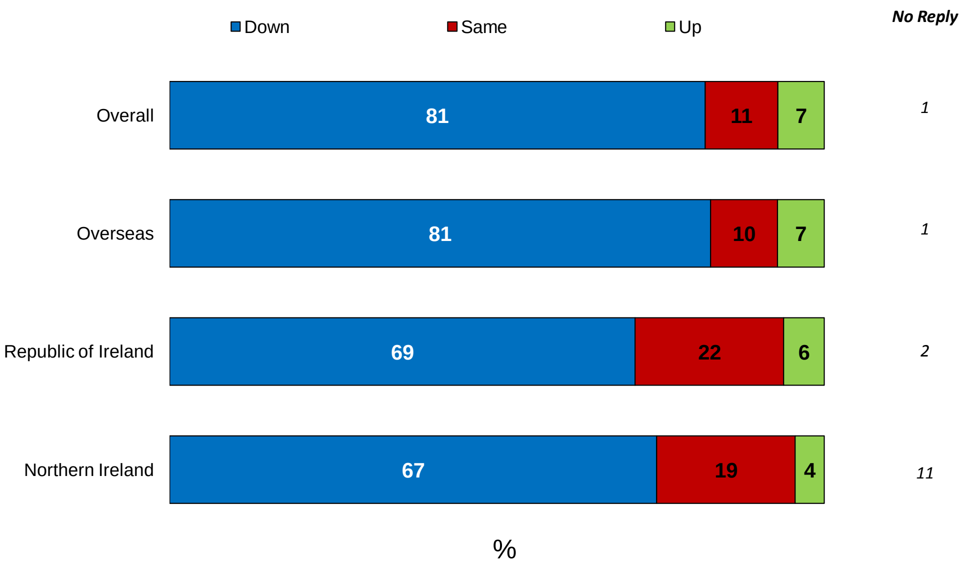


Base: All guesthouses

Overall Bednights – B&Bs

January to mid-June
2010 vs 2009

Chart 4

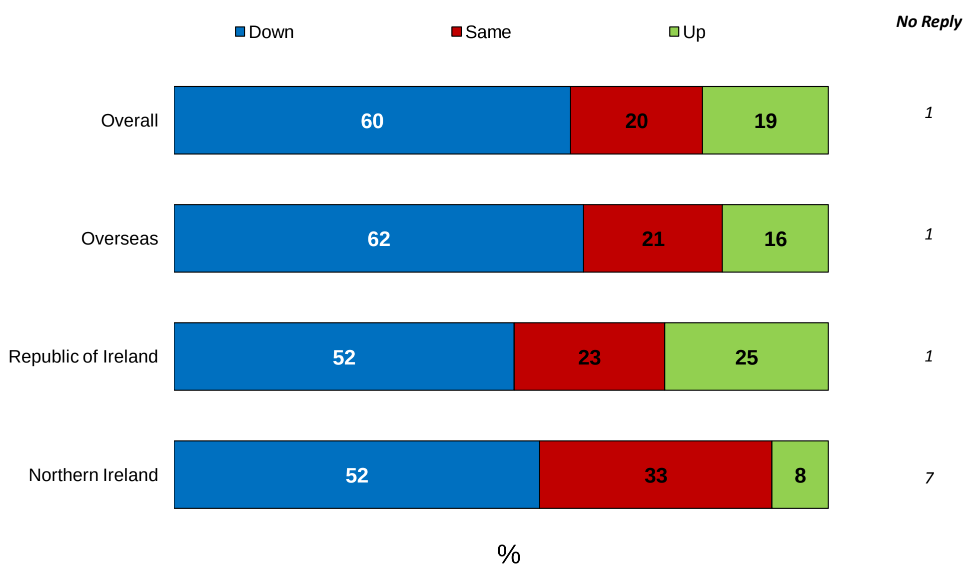


Base: All B&Bs

Overall Bednights – Self Catering

January to mid-June
2010 vs 2009

Chart 5

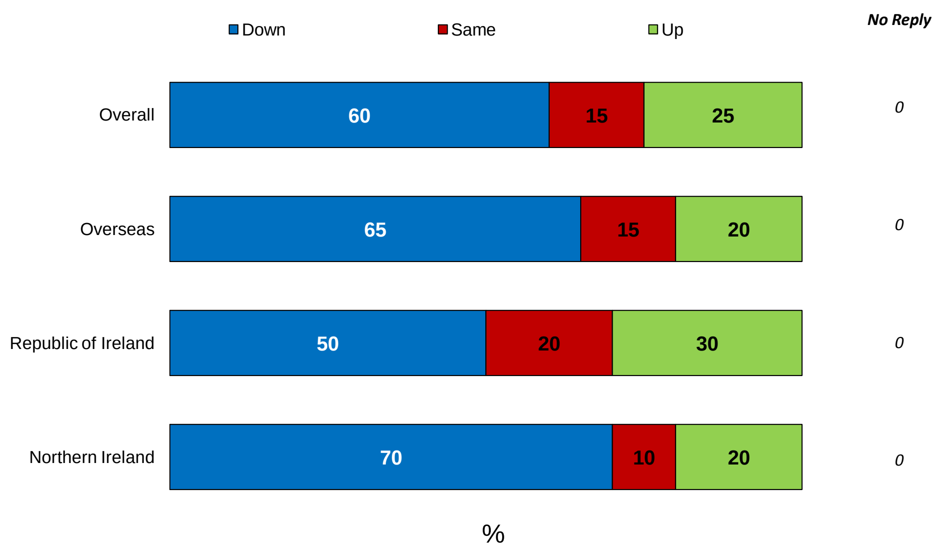


Base: All self-catering

Overall Bednights – Caravan & Camping

January to mid-June
2010 vs 2009

Chart 6

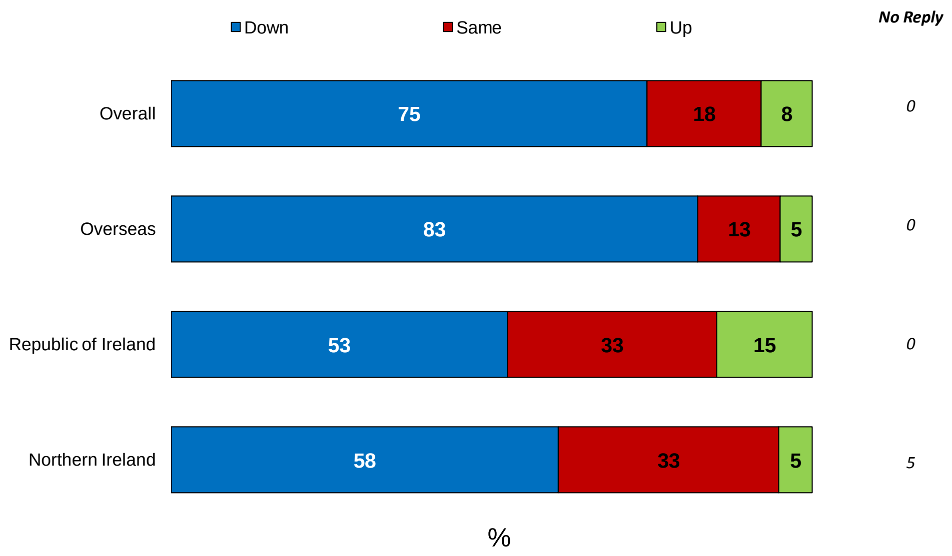


Base: All caravan & camping

Overall Bednights – Hostels

January to mid-June
2010 vs 2009

Chart 7



Base: All hostels

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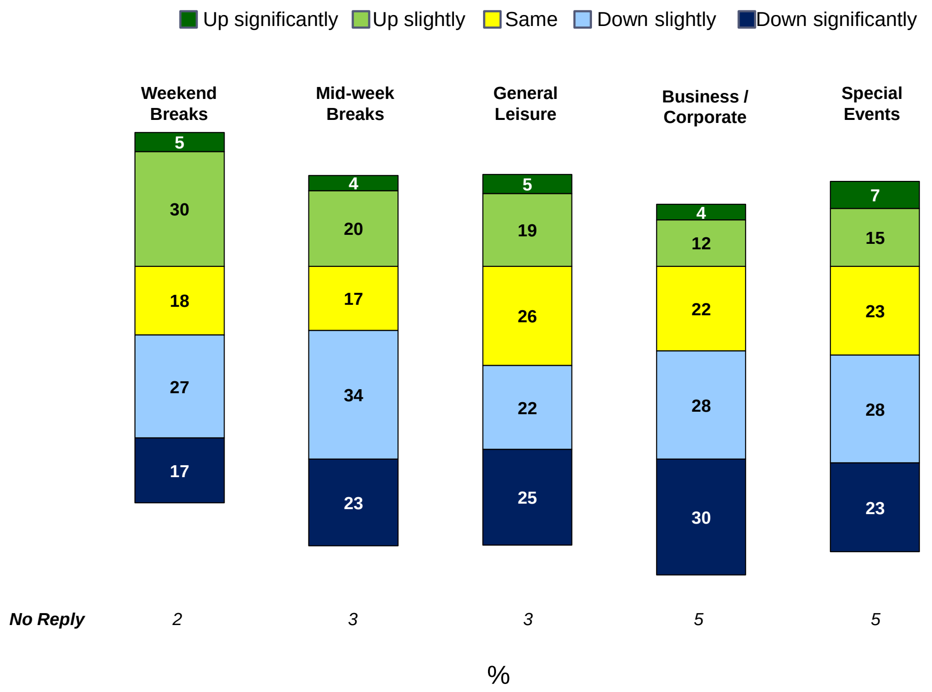
Ireland Market Bednights – Hotels

January to mid-June
2010 vs 2009

Chart 8

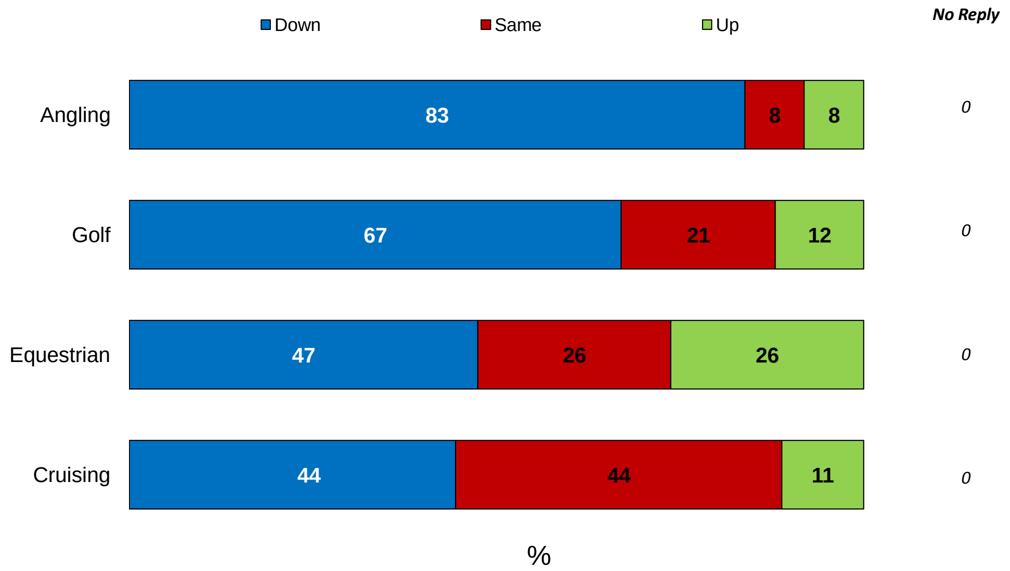


Base: All hotels

Overseas Business – Activities

January to mid-June
2010 vs 2009

Chart 9

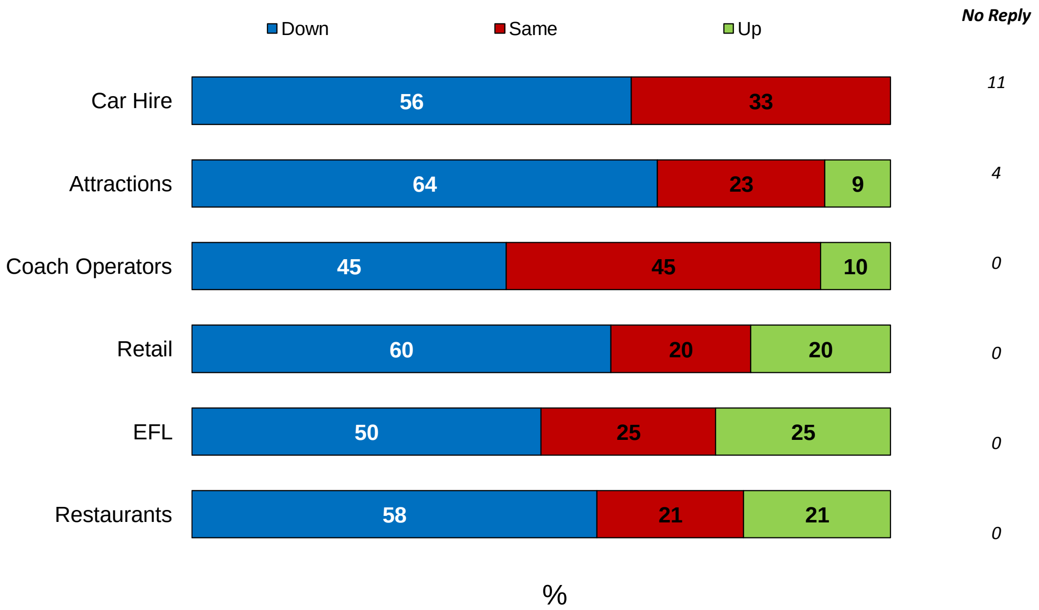


Base: All activities

Overseas Business – Segments

January to mid-June
2010 vs 2009

Chart 10

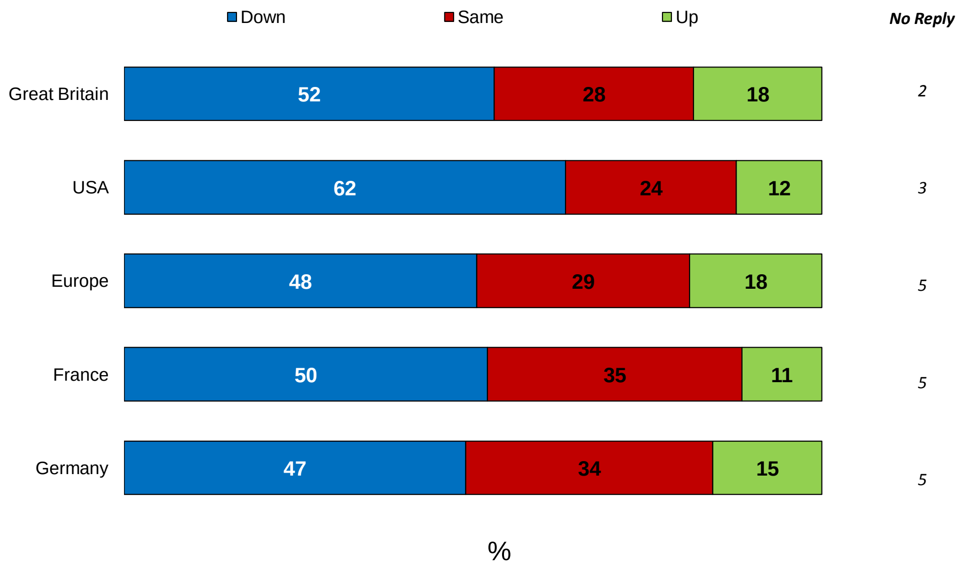


Base: All attractions & transport

Overseas Market Performance – Hotels

January to mid-June
2010 vs 2009

Chart 11a



Base: All hotels

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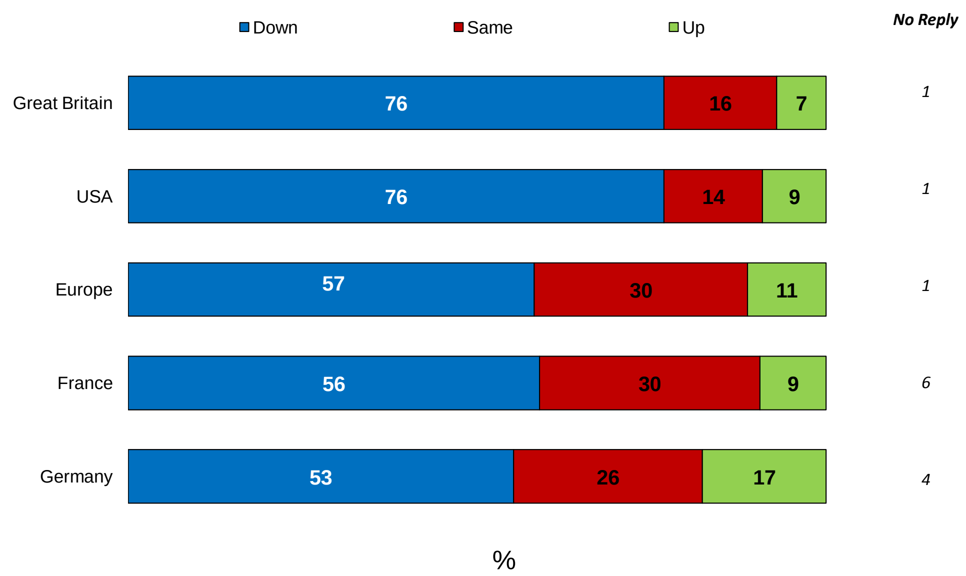
Overseas Market Performance – Guesthouses

January to mid-June
2010 vs 2009

Chart 11b

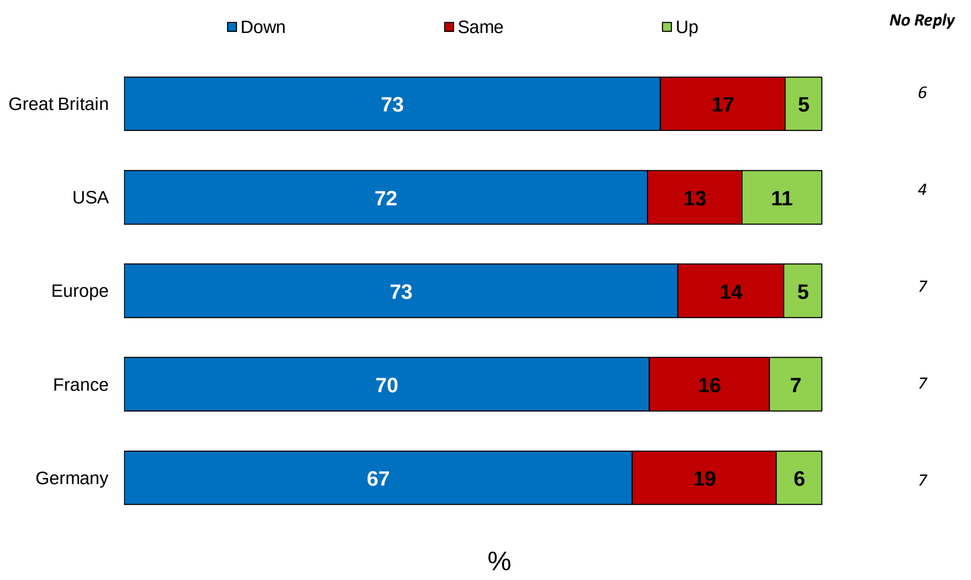


Base: All guesthouses

Overseas Market Performance – B&Bs

January to mid-June
2010 vs 2009

Chart 11c

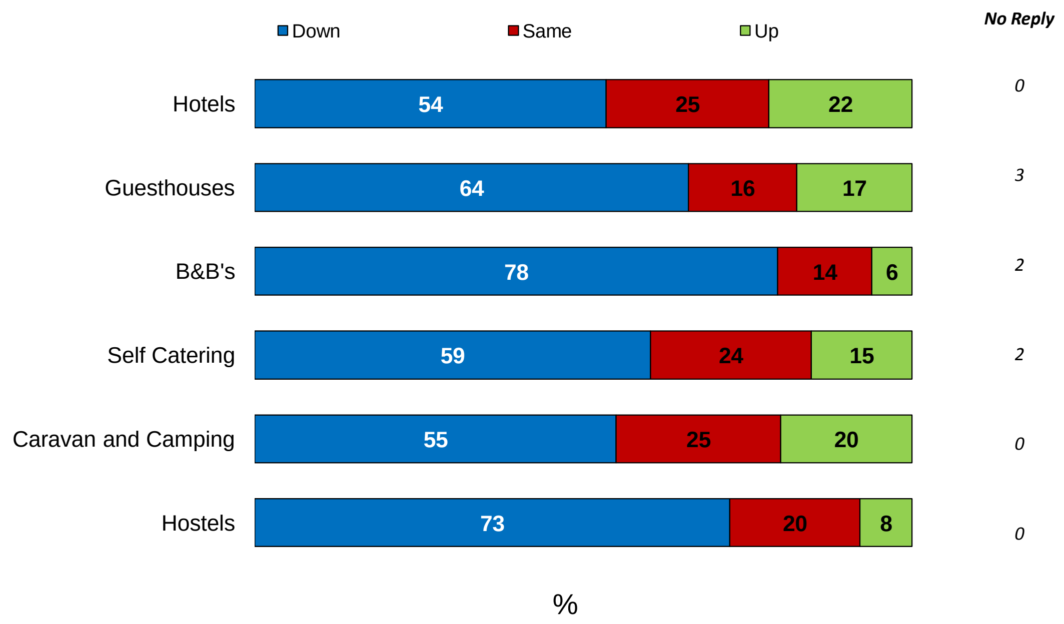


Base: All B&Bs

Overseas Business Forecast – Accommodation

Prospects for the Season
2010 vs 2009

Chart 12a

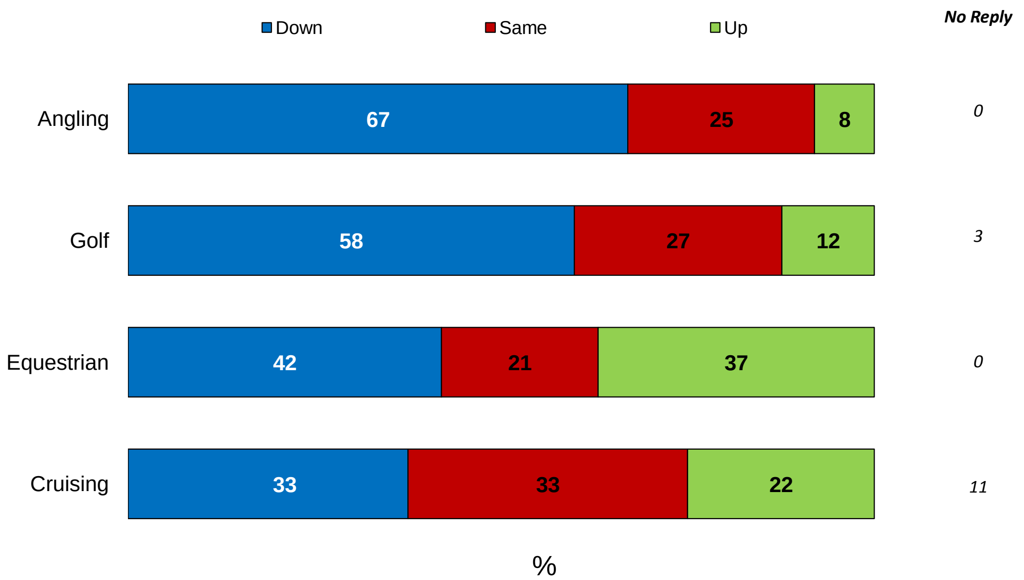


Base: All accommodation

Overseas Business Forecast – Activities

Prospects for the Season
2010 vs 2009

Chart 12b

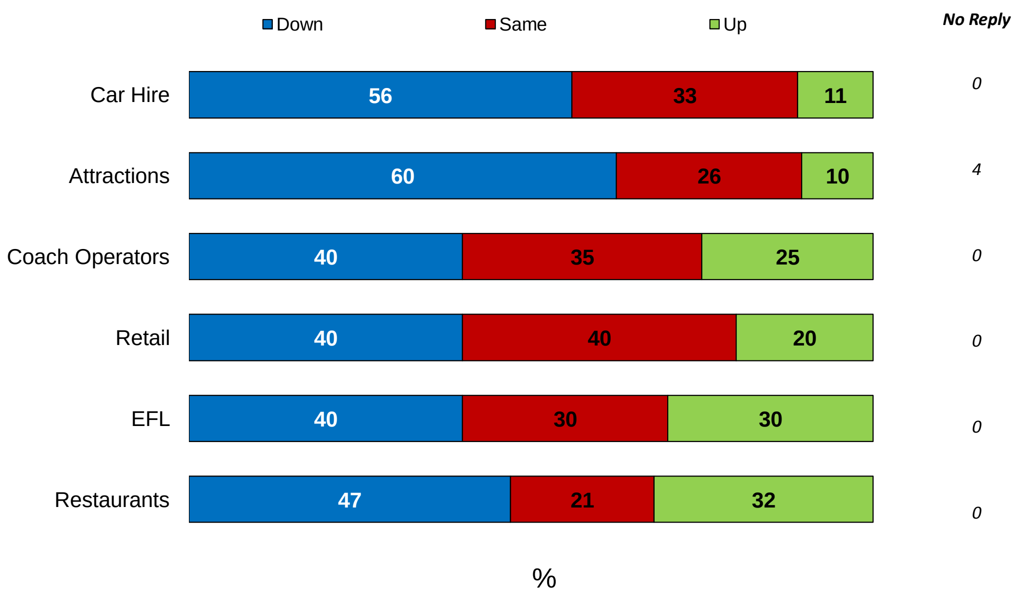


Base: All activities

Overseas Business Forecast – Segments

Prospects for the Season
2010 vs 2009

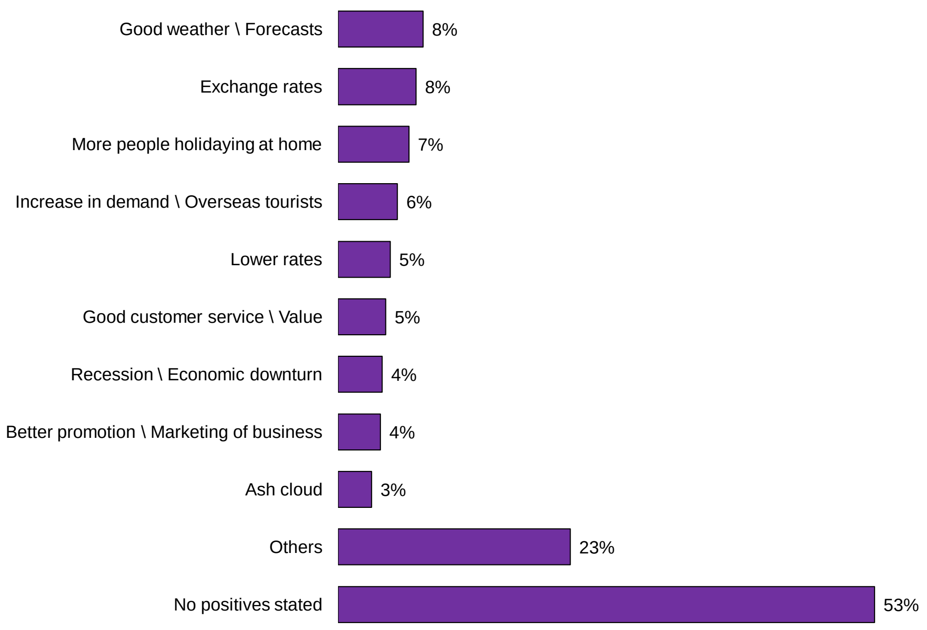
Chart 12c



Base: All attractions & transport

Positive Factors affecting overall performance

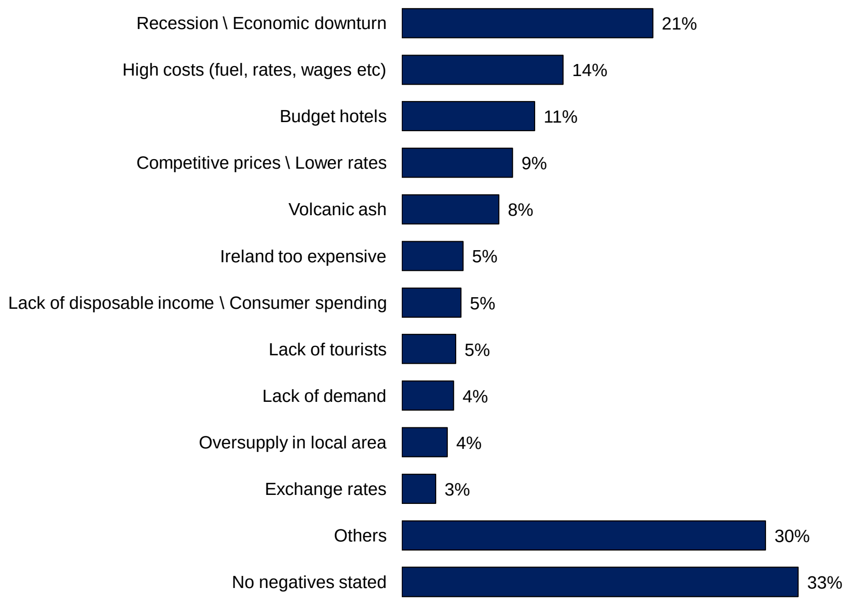
Chart 13a



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

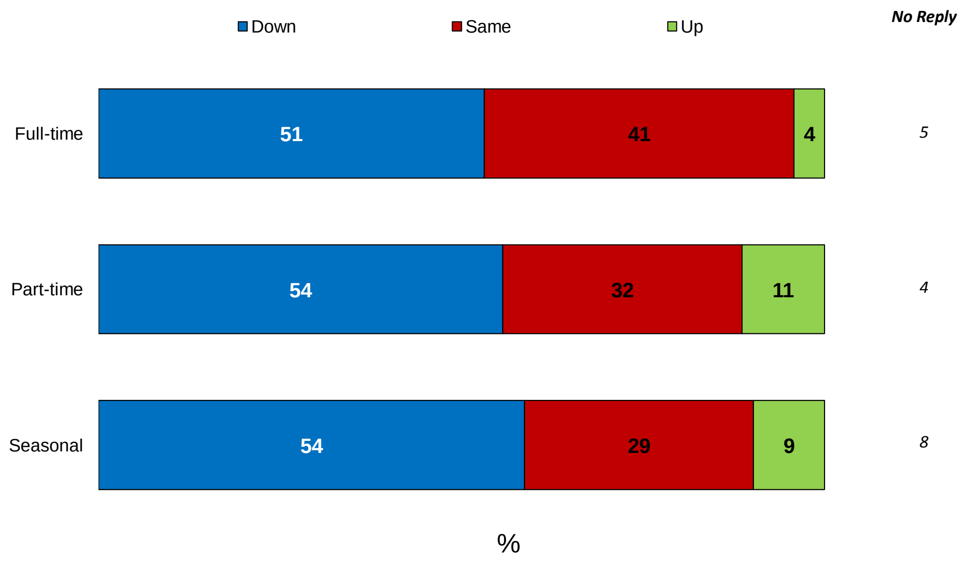
Operational Issues that cause MOST concern

Chart 14b

Base: All tourism businesses

Employment – Hotels

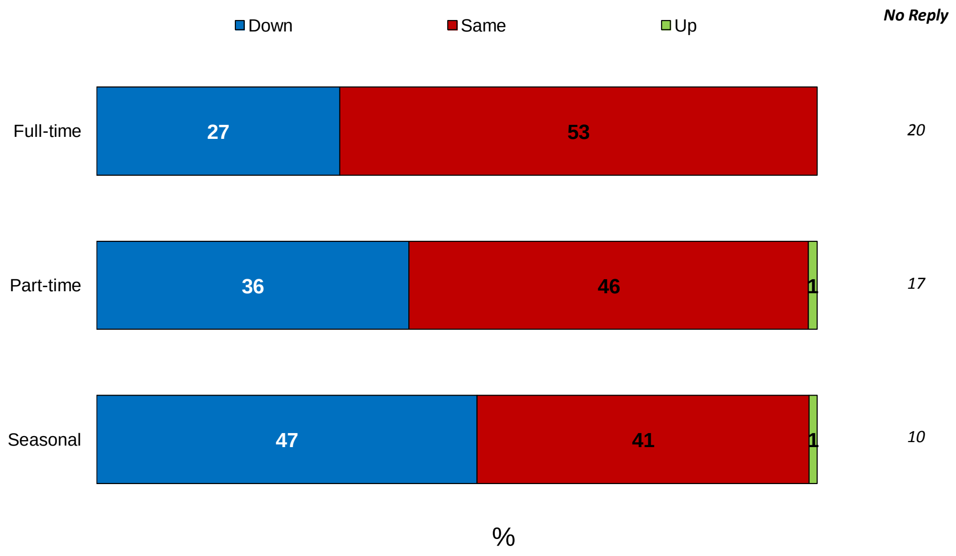
Chart 15a



Base: All hotels

Employment - Guesthouses

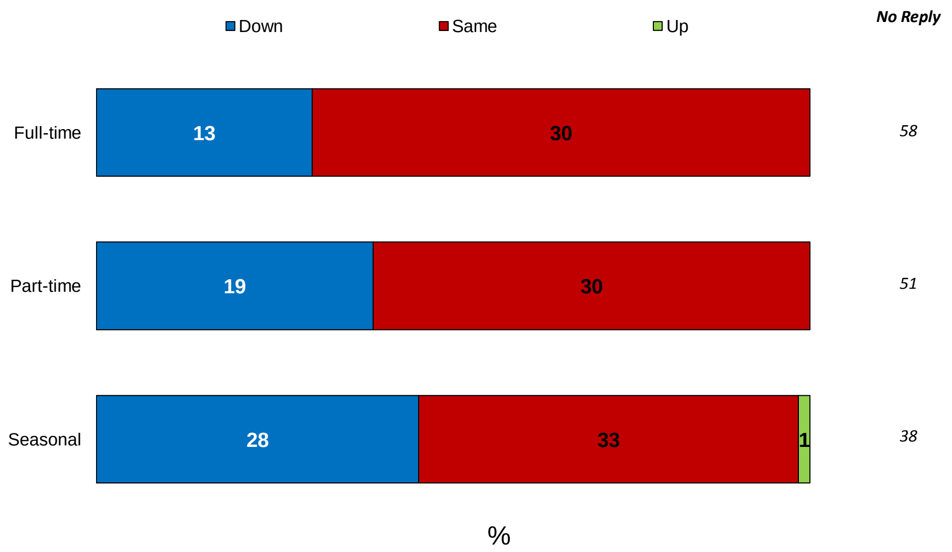
Chart 15b



Base: All guesthouses

Employment – B&Bs

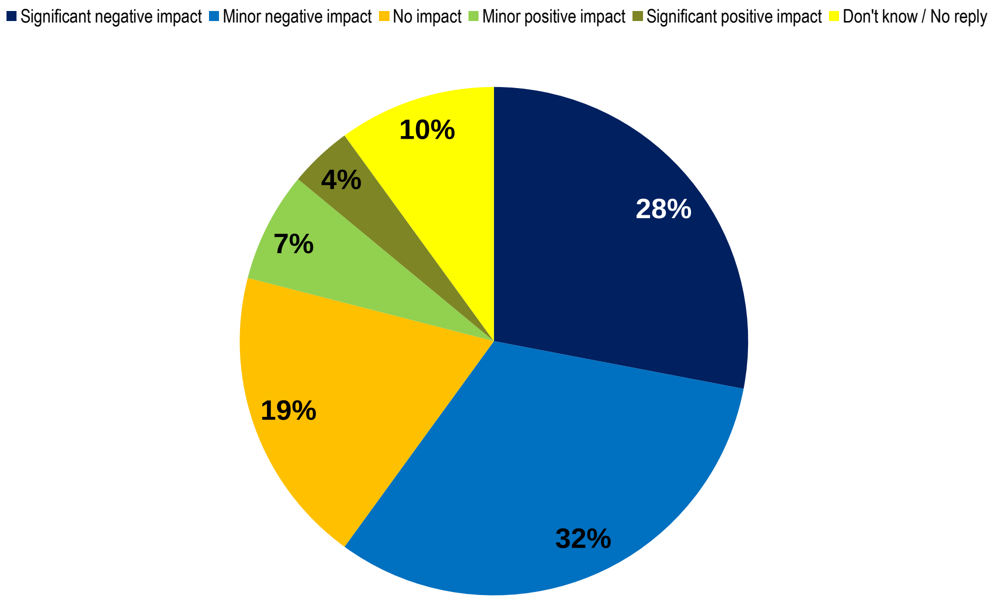
Chart 15c



Base: All B&Bs

Impact of Volcanic Ash Cloud on Overseas Business ….so far this year

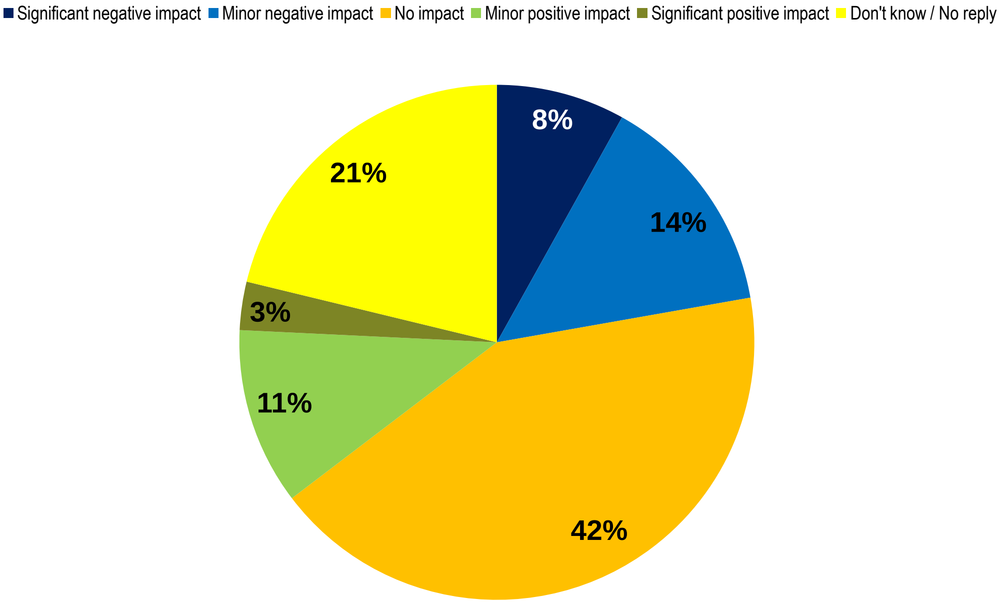
Chart 16a



Base: All tourism businesses

Impact of Volcanic Ash Cloud on Domestic Business ….so far this year

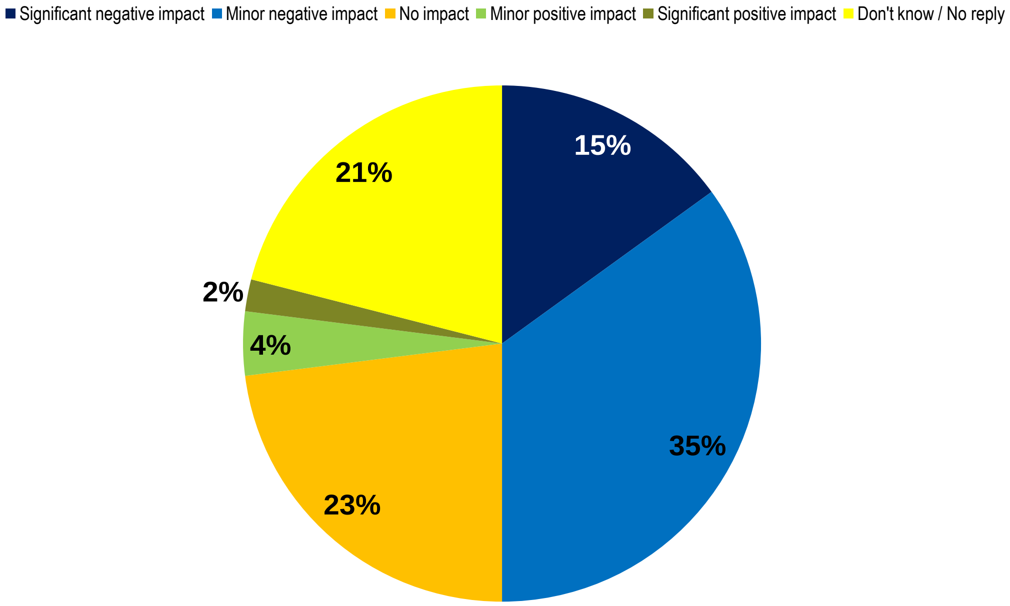
Chart 16b



Base: All tourism businesses

Impact of Volcanic Ash Cloud on Overseas Business ….in the coming season

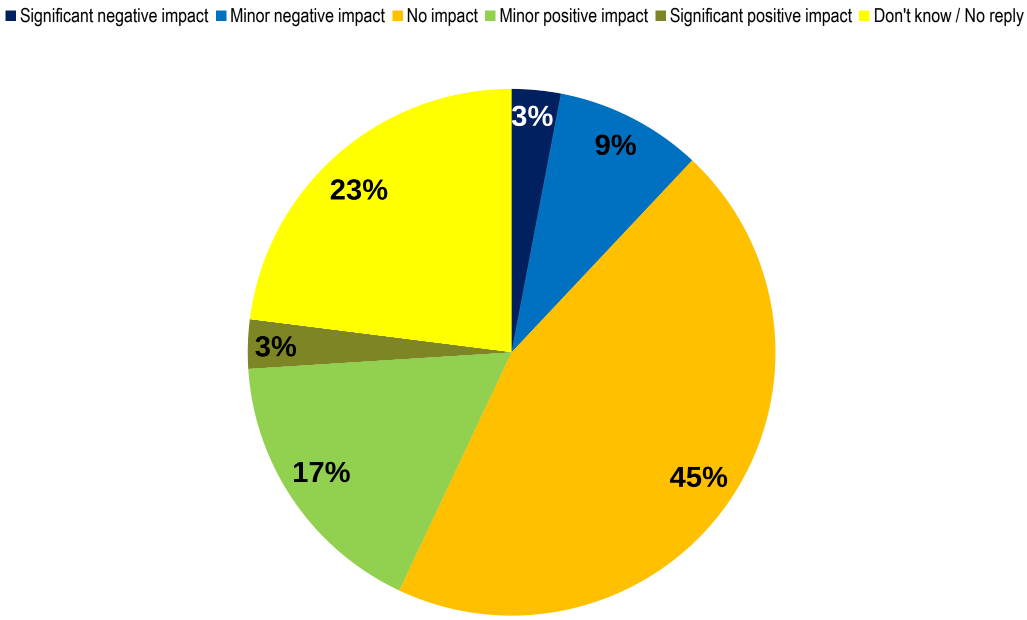
Chart 16c



Base: All tourism businesses

Impact of Volcanic Ash Cloud on Domestic Business
….in the coming season

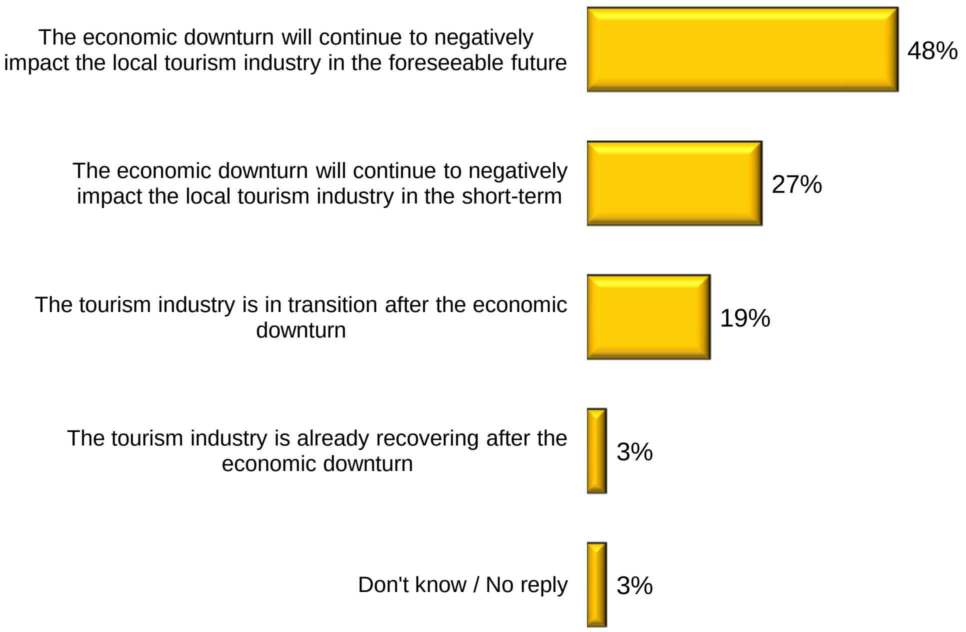
Chart 16d



Base: All tourism businesses

Opinion of the Current Economic Situation

Chart 17



Base: All tourism businesses

Appendix No 1 – Analysis of Sample

Accommodation

Paid Services

Hotels	110
Guest Houses	70
B&Bs	481
Sub Total	**661**

Other Accommodation

Self Catering	191
Caravan & Camping	20
Hostels	40
Sub Total	**251**

Total Accommodation	**912**

Activities

Angling	12
Golf	33
Equestrian	19
Cruising	9
Sub Total	**73**

Segments

Car Hire	9
Attractions	70
Coach Operators	20
Retail	10
EFL	20
Restaurants	19
Sub Total	**148**

Total Activities, Attractions & Transport	**221**
Total Number of Responses	**1133**