

Winter Consumer Update

Consumer Planning & Insights

May 4th 2023

Objectives

To understand...

1.

Deep dive into travel behaviour over winter – what can we learn?

- Explore winter city break behaviours and motivations for taking them.

2.

Determine travel intentions and barriers for the rest of the year

- Explore potential macro factors influencing domestic and overseas travel in the Summer and their implications.

Primary research sources used

1. Fáilte Ireland's Domestic Tracker

- Nationally representative sample of n=1,300 Island of Ireland (IOI) consumers interviewed monthly, online.
- Broad content covering past travel behaviour, future travel intent, trip specifics.
- Data used comes from the Nov 2022 – March 2023 waves of data collection, with particular attention towards those who travelled domestically in the winter months (**Nov 2022 – Feb 2023**).

2. ReviewPro

- A platform used to track guest experience across destinations through aggregating reviews and analysing feedback.

3. Other Key Sources

- Economic Update, April 2023, Fáilte Ireland
- European Travel Commission: Trends & Prospects Quarterly Report Q1, Jan 2023
- Credit Union Consumer Sentiment Index, Jan 23
- CSO, Household Travel Survey, Apr 2023

Key findings

Domestic trips up as the tourism sector recovers

- As the tourism sector was recovering in 2022, supply and demand issues came to the fore. Despite the cost of living being a pressing issue, taking holidays was a high priority for Irish consumers.

City breaks are a key feature of winter travel

- Travel motivations shift in prominence from season to season. Social Energy comes more into play during the winter months.
- Events are a key component of Social Energy occasions and were critical to increasing city visits during the winter period. This provides an opportunity for cities to re-evaluate their event offering to entice consumers to visit during the winter months.

Despite VFM remaining a key friction point, satisfaction with winter breaks still strong

- Providing experiences that exceed expectations are key to shaping value perceptions.

Strong appetite for overseas travel as travel patterns recalibrate

- Supply issues and the risk of consumers substituting ROI breaks with overseas travel a clear threat to domestic tourism this summer. Delivering on travel motivations and highlighting the quality experiences and convenience of domestic travel will be important in raising consideration in the run up to summer.

Section 1

Setting the scene for winter 2022



A range of factors impacted demand and supply of domestic holidays throughout 2022



The end of restrictions

January 2022 saw the end of Covid restrictions in Ireland. This included the 8pm hospitality closing, 2 metre social distancing and the requirement of vaccine certs to enter various premises.



Growing overseas travel

The return of international travel was met with a strong demand for holidays abroad from Irish consumers.



Accommodation shortage

Capacity issues were also felt among hotels. To help with the humanitarian crisis, the State contracted over 700 hotels, resulting in a reduction of available tourism accommodation.



Cost of living

In the run up to winter, consumers were faced with price hikes across everyday items, fuel, electricity and housing as part of the cost of living crisis in Ireland.

Despite the pressures consumers faced in 2022, holidays remained a high priority

As 2022 neared an end, consumers were planning on cutting back spending in anticipation for more hikes in prices.

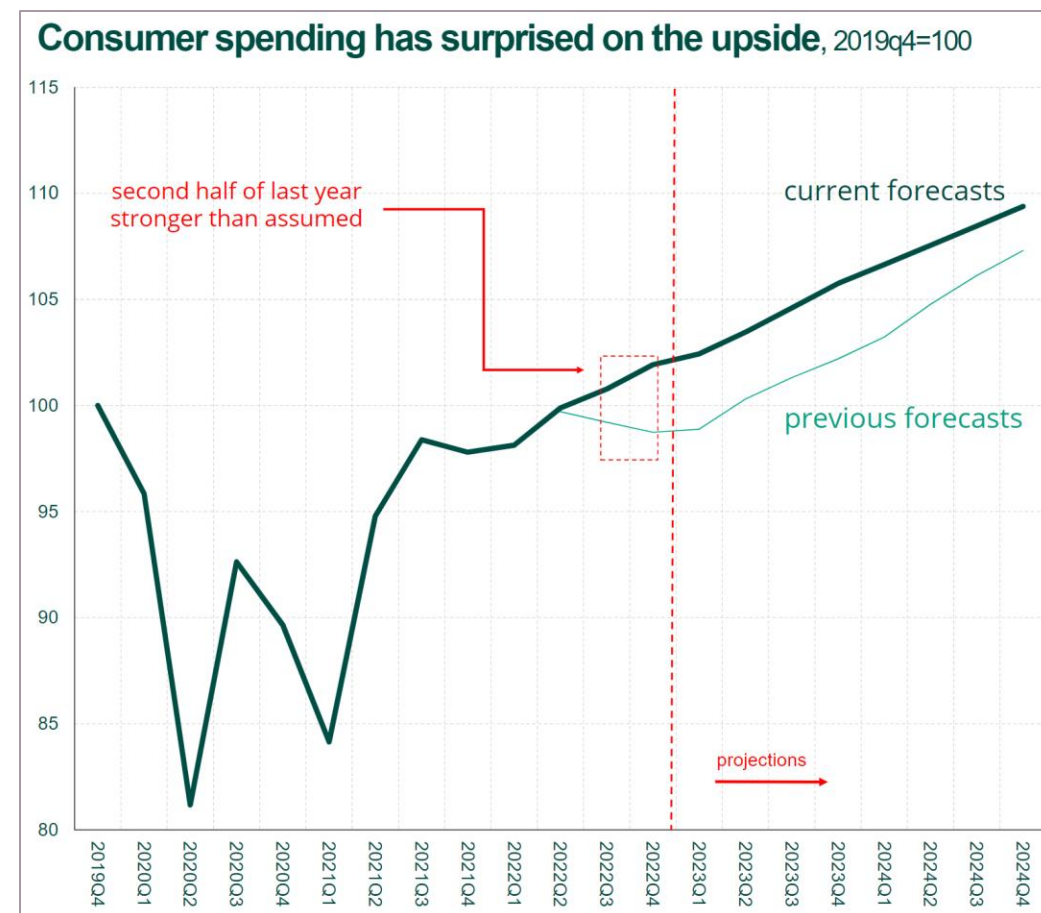
However, consumer fears were not realised as sentiment picked up over the winter period.

And despite financial pressures, spending was up

- Unwinding of excess savings.

While people cut back on some types of discretionary spending, travel remained a high priority.

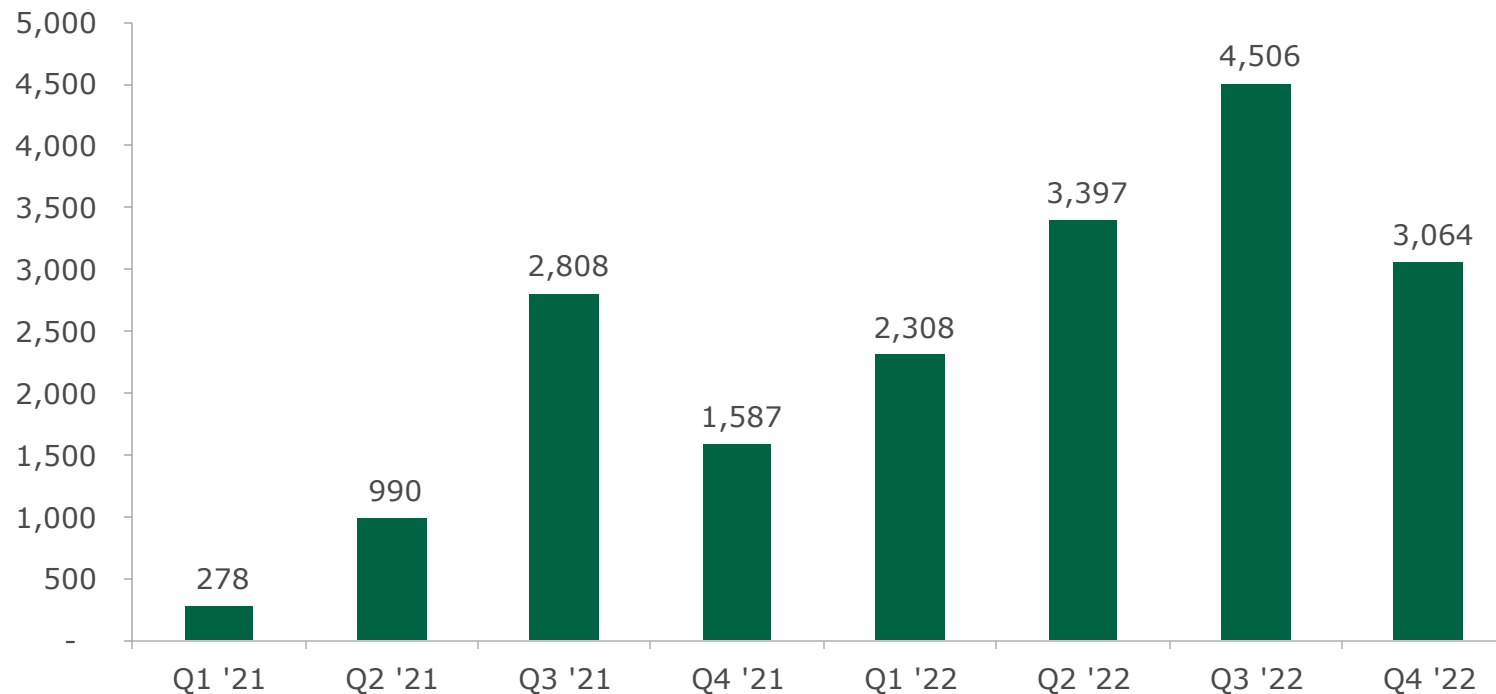
- In 2022, domestic holiday spend increased by 39% vs. 2019 to almost €1.9 billion.



Strong recovery in domestic tourism in 2022 with trips up significantly



Number of trips 2021/2022 ('000)



The number of domestic trips taken increased from circa 5.7 million in 2021 to 13.3 million in 2022.

The number of trips taken in 2022 surpasses 2019 figures (11.6m) representing an increase of 14%

Section 2

Winter breaks



There was significant travel throughout winter

Domestic travel during the winter months



As of March 2023, over half (56%) of Irish consumers took a domestic trip in the past 12 months

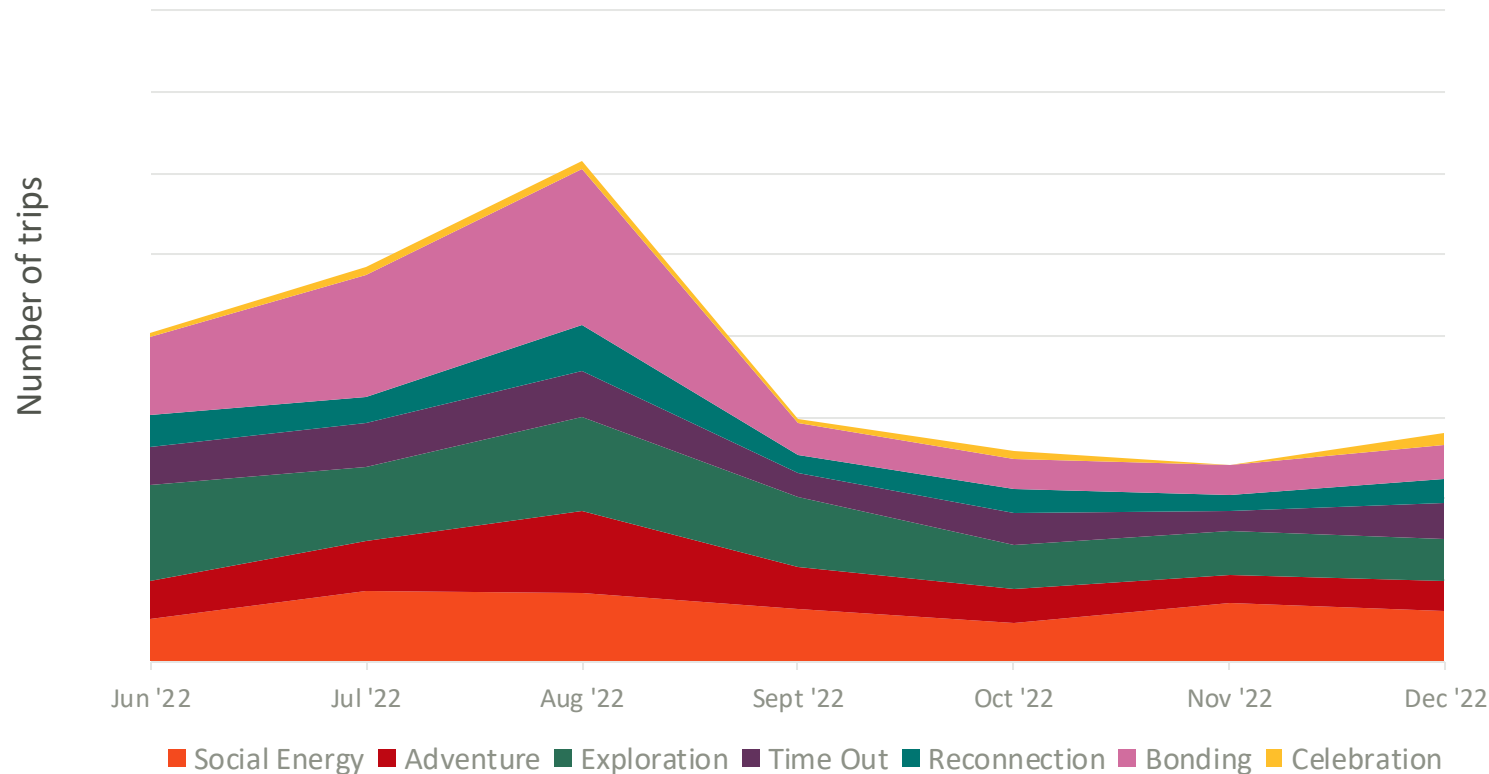
One quarter (28%) went on a break during the winter months

The majority of those who went on a winter break went to a city destination

The motivations driving domestic breaks differ slightly from season to season



Distribution of motivations by month – number of trips

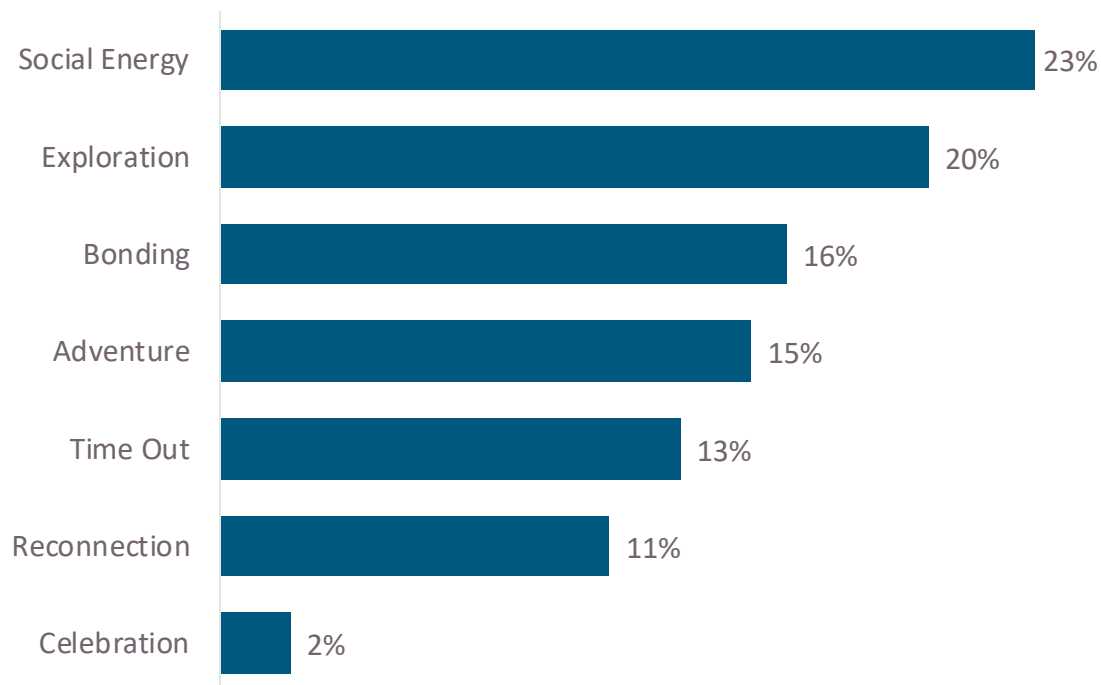


Social Energy and Exploration became two key drivers in winter while there was a big dip in Bonding occasions compared to summer months.



Social Energy is the key motivation driving consumers to take a break over the winter months

Motivations* for winter breaks

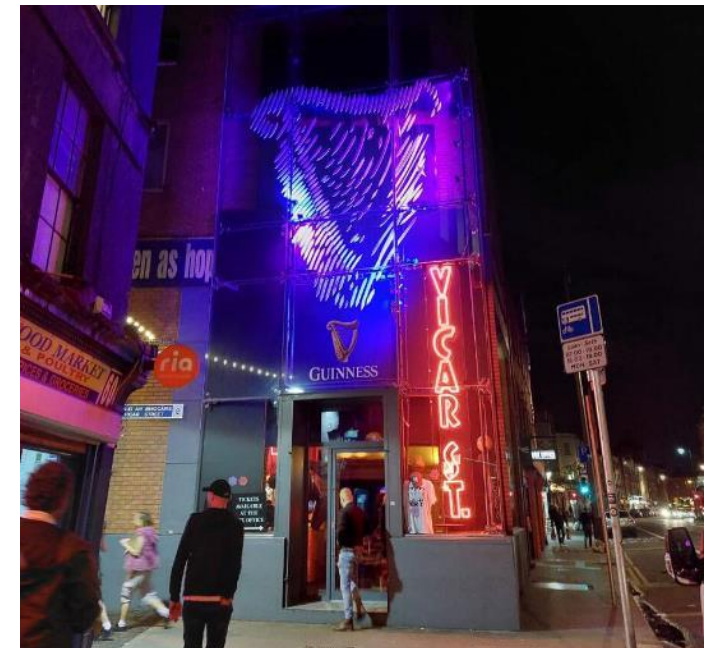
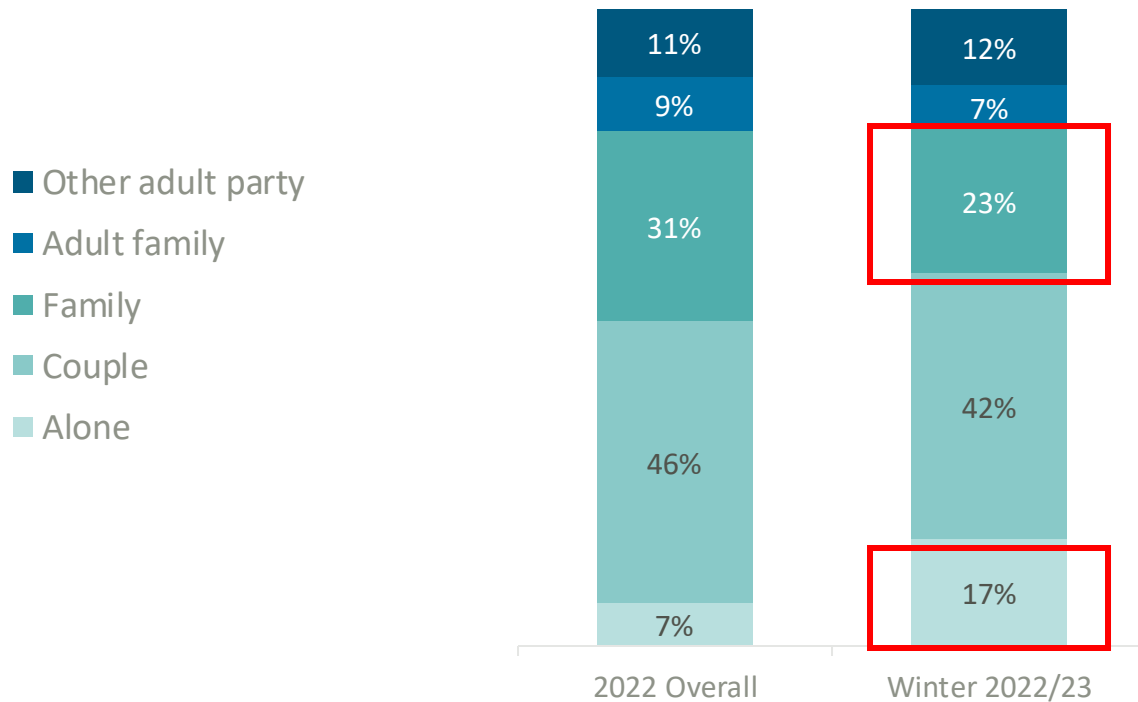


Reconnection was a key motivation in the winter of 2021/22 as many close friends were meaningfully catching up for the first time since the start of the pandemic.

**For general leisure trips and not directly comparable to Motivations flip book*

With more of a focus on the evening economy, less families tend to travel during the winter months

Travel party

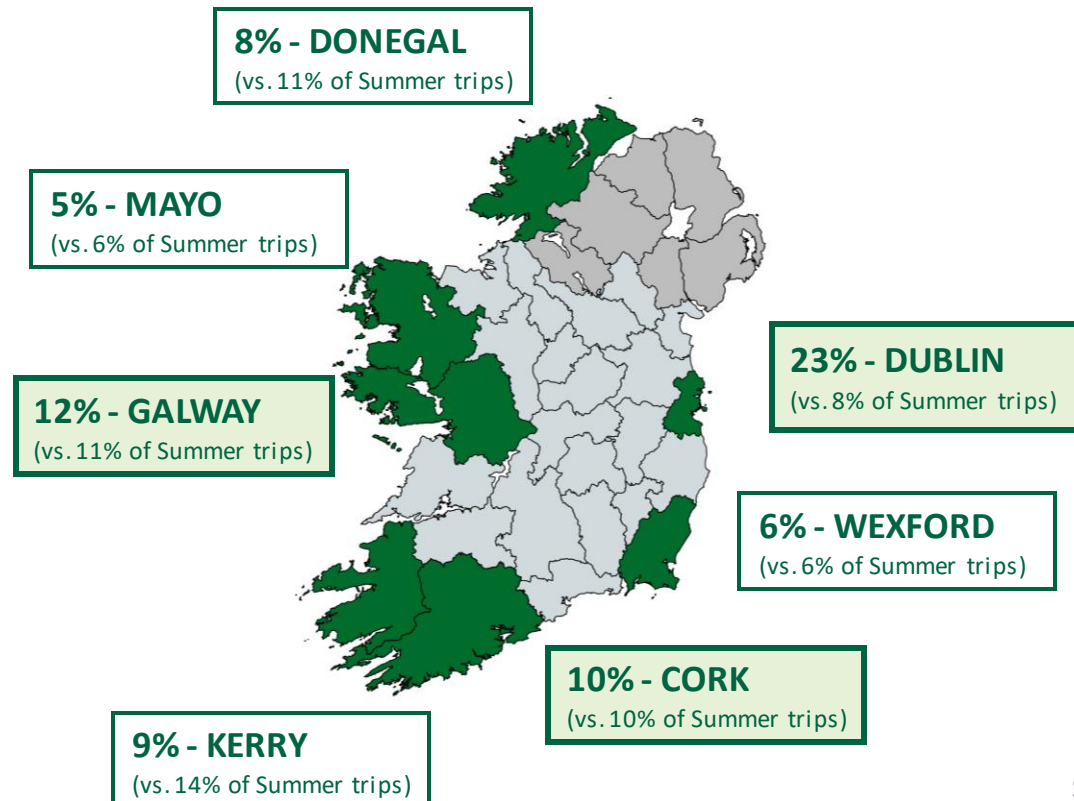


Those travelling alone tend to be meeting up with friends or family once they arrive at the destination

City destinations benefit most from shifting travel patterns in winter – most notable for Dublin

Main county stayed in Nov 2022 – Feb 2023

(with 4% or more share)



Regional brand penetration

new regional breakdown



44%
(55%)



25%
(30%)



23%
(8%)



9%
(6%)

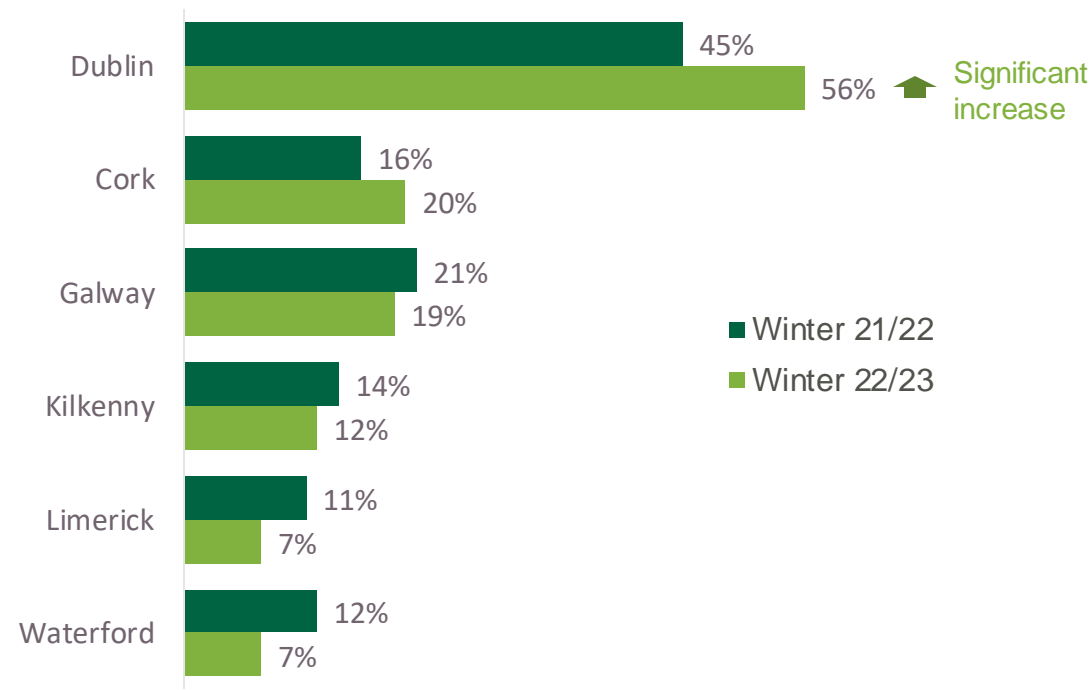
() = Summer trips

Source: Fáilte Ireland, Domestic Tracker, 2023

Base: Those taking a break in ROI in the months of Nov-Feb/in Summer months

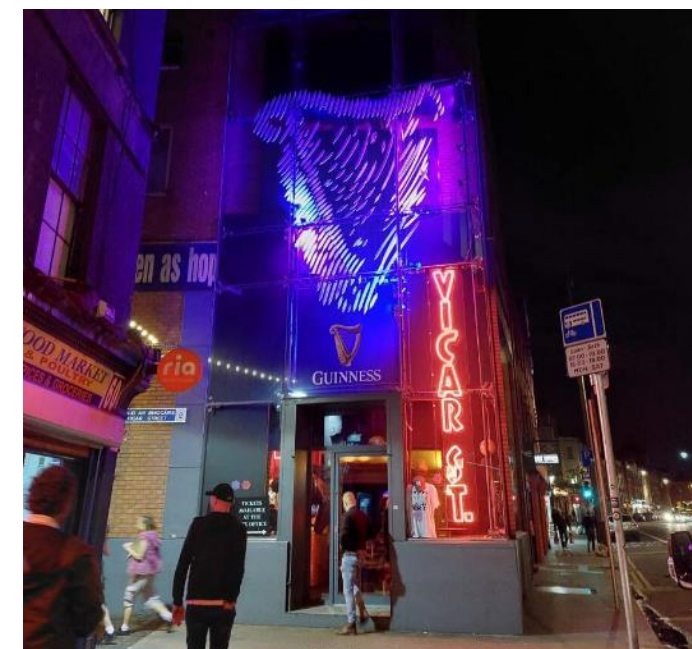
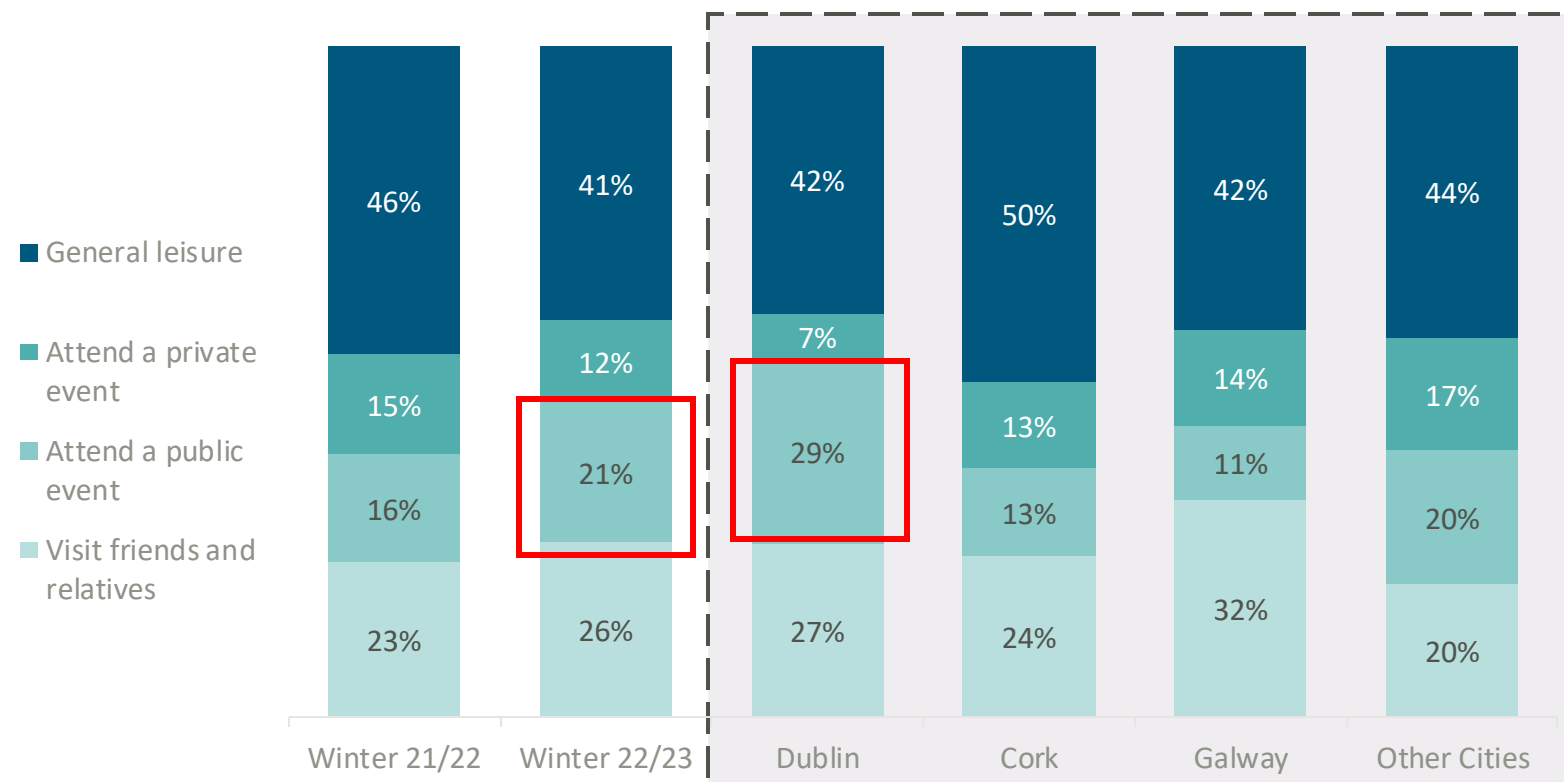
City breaks to Dublin increased significantly compared to the same period last year

Share of winter city breaks across destinations*



The draw of public events is critical to increasing city visits during the winter period

Type of winter city break taken



3 in 10 visitors to Dublin over the winter period were visiting in order to attend a public event – up significantly compared to last winter (18%)

A reminder of what differentiates a city break and how they cater to the Social Energy motivation

**Big city buzz,
spontaneity**



**Authenticity and
comfort that come
from localness**



Cosmopolitan food



Consumers value the authenticity of local and familiar, the vibrancy of big city life and urban proximity to nature.

**Formal culture;
museums and
architecture**



**Proximity to nature
and other attractions**



**Variety of modern
and traditional
culture**

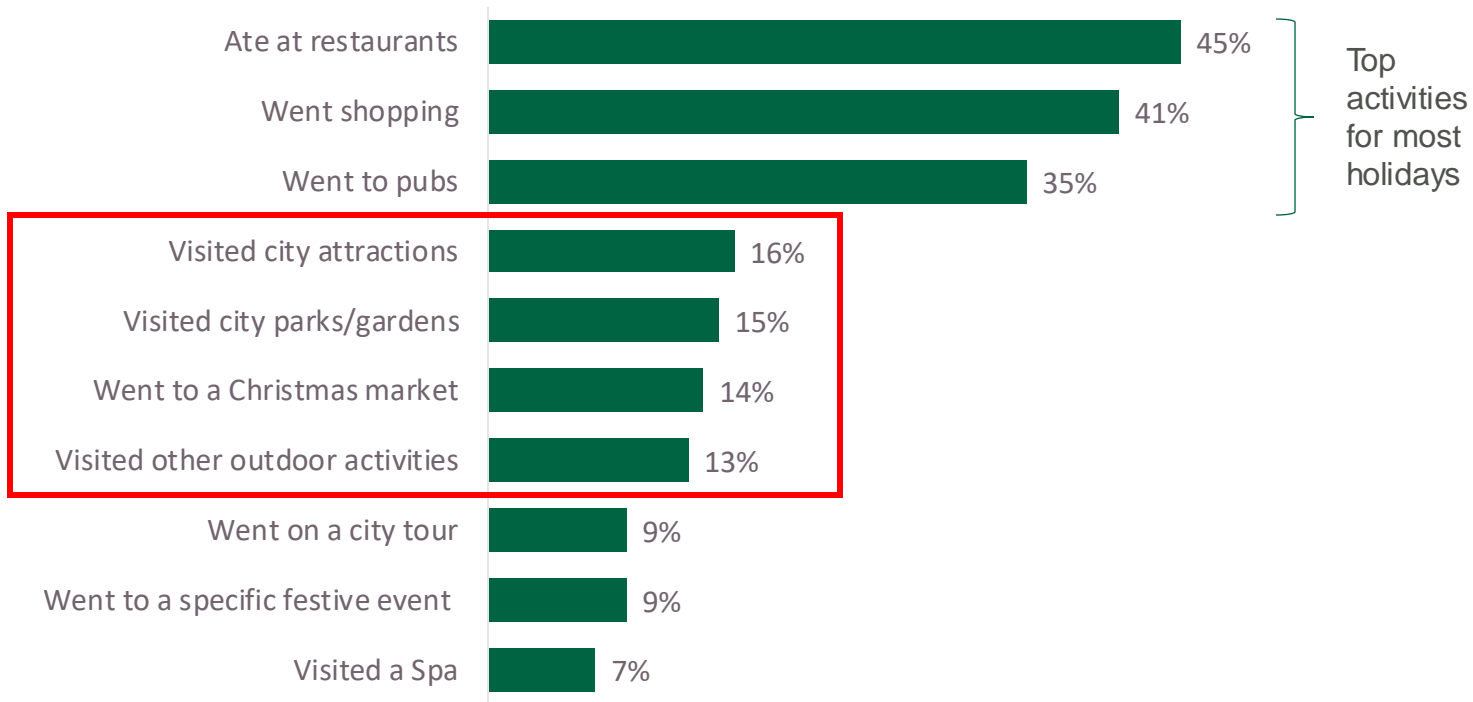


The strengths and uniqueness of Irish cities in the winter play to the Social Energy motivation.

Consumers engaged in activities and visited attractions that allowed them to soak in vibrant atmospheres



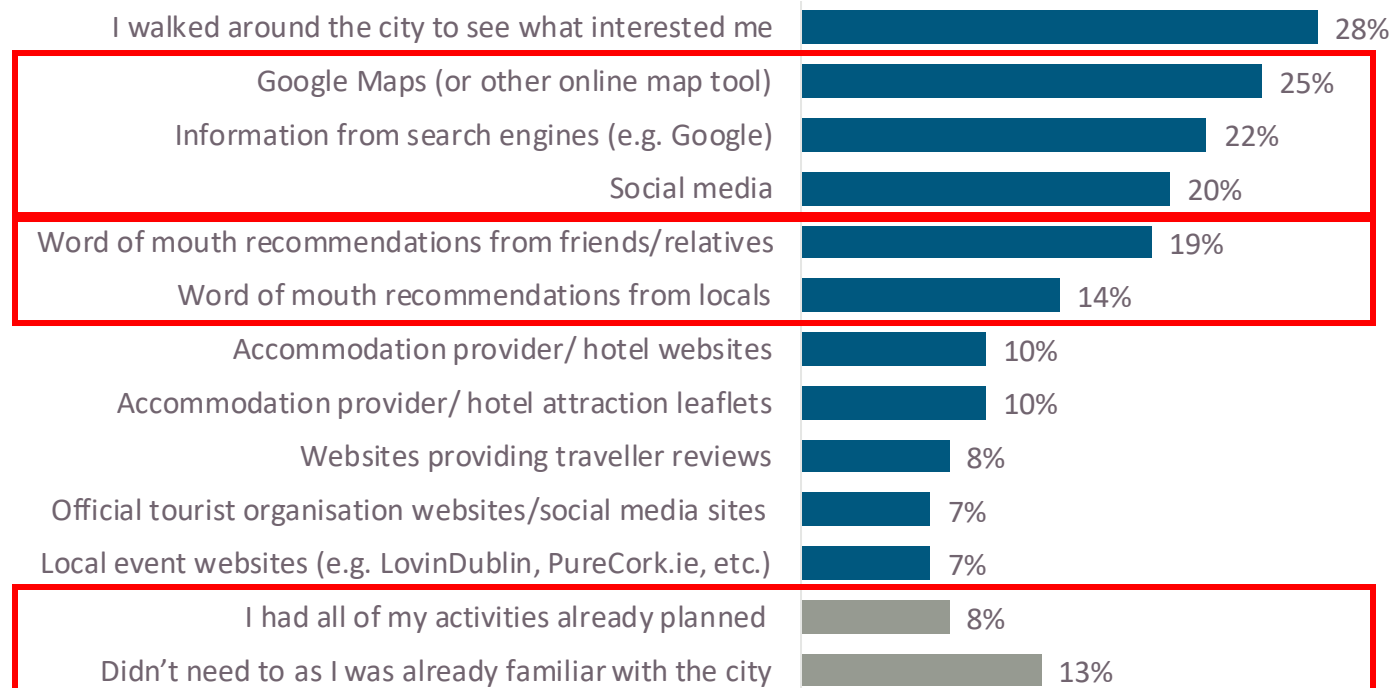
What activities did you do on your winter city break?



While online sources are most consulted, there are a wide variety of consumer touchpoints



In-situ information sources on what to do/see



60%

Used online sources to find info on what to do/see after arriving at their destination



A blend of digital & personal touchpoints delivered at the right moment is key to in-destination searching

In-destination searching



Tech enabled sources

- Interactive virtual experiences
- “Your Virtual Guide” with tailored activities, themed to your interests e.g. history, literature, art, music
- QR discovery of hidden gems e.g. treasure hunt codes on buildings/streets to guide you

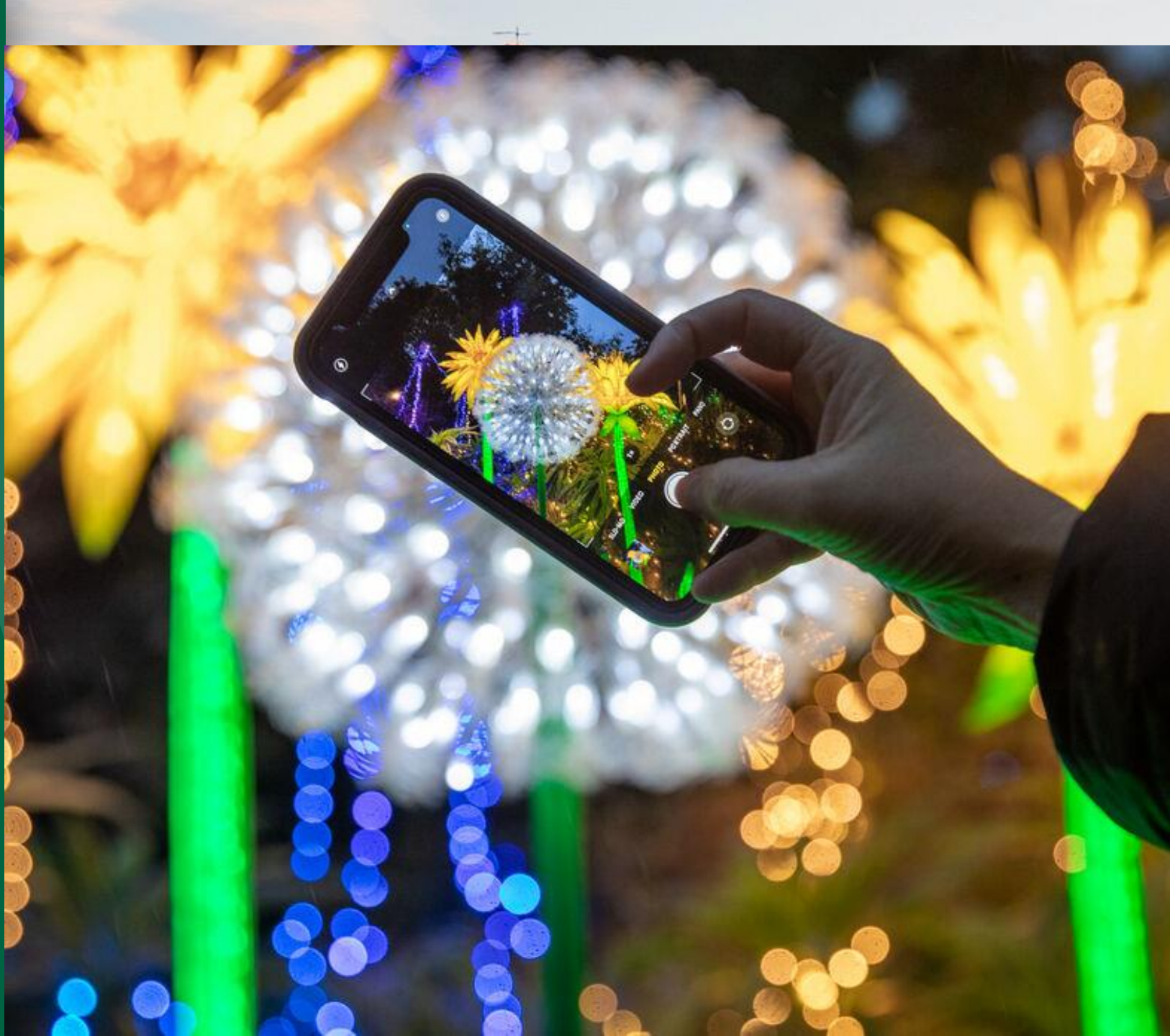


The “human touch”

- Enhanced ‘people’ interaction
- More hospitality staff
- Local knowledge and pride, tapping into the need for authenticity

Section 3

Experiences

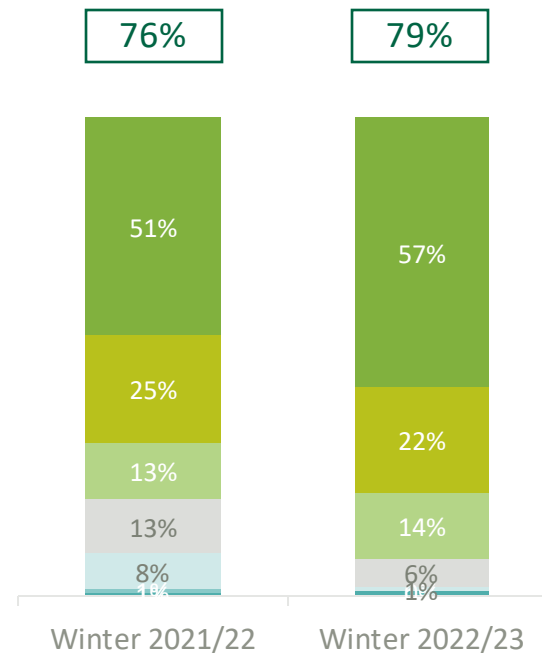


Levels of satisfaction remains strong for winter breaks in the Republic of Ireland

Satisfaction – Most recent break in the Republic of Ireland

Satisfied (top 2 boxes)

- Completely satisfied
- 2
- 3
- 4 - Somewhat satisfied
- 5
- 6
- Not satisfied at all



No significant differences across demographics.

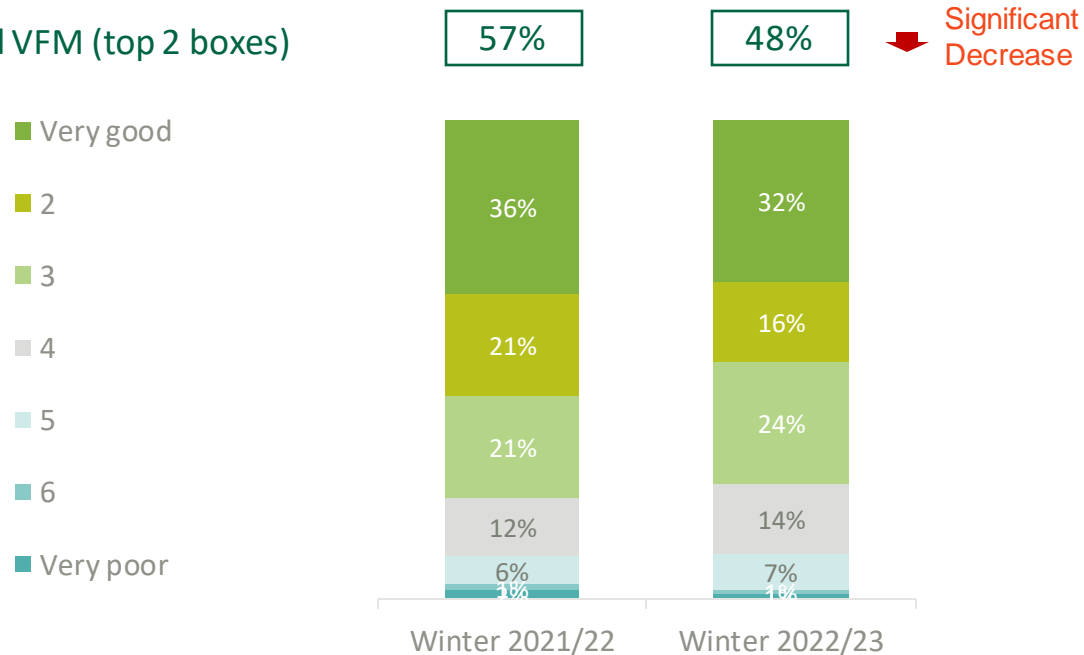
Those who engaged in more activities and attractions tended to give higher overall satisfaction scores.

Important for the sector to encourage visitors to do as much as possible on their city break, and cater to the top motivations of Social Energy and Exploration.

Supplier costs and supply constraints are impacting perceptions of value for money on holidays

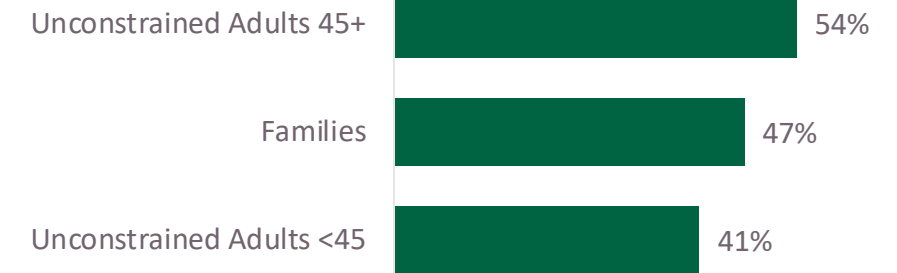
Value – Most recent break in the Republic of Ireland

Good VFM (top 2 boxes)



Value – Lifestages

Good VFM (top 2 boxes)



Insights into 'perceived value' and the city experience

- **ReviewPro was used to understand visitor perceptions of value on city breaks over the winter.**
- ReviewPro is a Destination Experience Tracking Platform. It measures guest experiences by aggregating hundreds of reviews from online review sites and social media platforms.
- This allows for qualitative analysis of visitor reviews to examine perceptions of value and identify key factors impacting these perceptions for Attraction and Accommodation providers.
- Reviews were looked at from visitors from all destinations, and using all languages.
- This consisted of analysing reviews for 91 city centre attractions and 249 city based accommodations across Dublin, Cork, Galway, Waterford, Kilkenny and Limerick.
- This amounted to 12,778 reviews for Attractions, and 111,120 reviews for Accommodation.

Value remained a key friction point, highlighting the need for experiences to exceed expectations

- Value was the primary factor cited by consumers about their experiences over the winter months for both Attractions and Accommodation providers.
- Perceived value can impact critical post-behaviours, such as positive associations with place, storytelling through word of mouth, and destination loyalty for consumers.
- This makes the importance of recognising and exceeding expectations paramount for tourism experiences.
- By understanding what impacts the perceptions of value, providers can tailor their offerings to meet the needs and desires of their target market, and enhance the overall experience.



Perceived value refers to the benefits received from an experience relative to the cost required



Perceptions of value and expectations are formed across three different time points



Pre-visit

Consumers create an expectation of the experience and benefits they believe they will receive from visiting, relative to the cost or effort required from them.

This perception has likely been shaped by marketing, WOM, etc.

Source: ReviewPro, Nov 22 - Feb 23



In-visit

Beyond the price of admission or the physical features of the attraction, perceived value includes intangible aspects such as emotional connections and personal satisfaction that the tourist expects to derive from the experience.



Post-visit

The post-visit phase is crucial for value perceptions. Positive value determination is arrived at when, on reflection, consumer expectations, needs, or desires from visiting were met. Creating memorable tourism experiences can positively impact this.

Stand out experiences that exceeded expectations were key to positive value perceptions over winter

- Delivering memorable tourism experiences that not only match, but surpass expectations is key to influencing value perceptions.
- Achieving this is about being completely consumer-focused, identifying, deeply understanding and anticipating consumer needs and motivations.
- Three core components of exceptional tourism experiences were evident over the winter period, which can be incorporated into onsite experiences.

Components of exceptional experiences

Self-Development

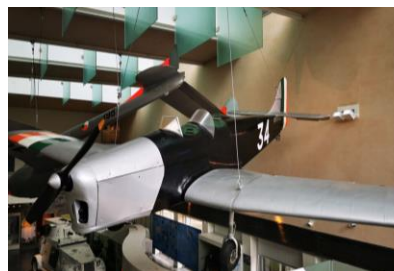


Exploration and experiences that allow for gaining new knowledge or learning a new skill create deeper engagement. A feeling of self-discovery or growth can also be here.

“There’s so much to learn, watch and interact with. It was super neat learning the history. I could have easily spent 2+ hours just exploring every nook and cranny”

Attraction, Limerick

Novelty & Surprise



Unusual experiences that stand out or are surprising creates delight and exceeds expectations. This can add to the feeling of escapism for consumers.

“It’s also a military museum, which I found by chance – I thought some decorative art might be interesting, but this place has so much more to offer”

Attraction, Dublin

Social Connections



Having genuine social connections while sharing the experience is also key, and fosters bonding for friends or families. With locals, it creates a sense of authenticity.

“It was a lovely day, the children loved seeing the animals, discussing and walking around”

Attraction, Dublin

Positive value perceptions for Attractions stemmed from immersive, experiential visits

- Attractions that created experiences that exceeded expectations over winter featured four aspects

The Physical Attraction

Physical features and layout. Design, interactivity and curation all feed into this. Quality panels, visual or audio presentations or self-guide options.



“beautiful building, the restorer should be very proud of his work. Really enjoyed how everything related to the family and that there were little personal effects around the place”

Attraction, Kilkenny

Staff and Guides

Tour guides or staff are friendly, fun, knowledgeable and passionate. Engaging guides and experiences that feel personal particularly stand out.



“the personal experience was outstanding. There weren't many on the tour so it felt like we were a group of friends. Alan was right- it's music that brought us together that day & I almost shed a tear from the lovely words said”

Attraction, Dublin

Sensorial Experiences

Visitors particularly enjoyed when experiences engaged their senses, let them get involved in a hands on way, or put them in the story.



“Really enjoyed this virtual tour. Was amazing just wish it went on for longer. It felt so real when the Vikings were standing beside you and when you were on the water”

Attraction, Waterford

Wider Experiences

Ancillary experiences rounded the experience, with cafes, restaurants, bars, viewing areas or quality gift shops increasing dwell time and perceptions of a ‘worthwhile’ day out.



“Amazing place to visit and learn about the life changing work of Nano Nagle. Nicest, most wholesome food in the café. Recommend to anyone. Beautiful gardens. I will be back, thank you guys so much!”

Attraction, Cork

Hotels can emphasise elements of the experience that exceed expectations to enhance VFM perceptions

- Over winter, four key factors generated exceptional experiences for Accommodation

Amenities & Services

In room amenities and services, TV content, personalisation, surprise delight welcome moments, complimentary services, inclusive leisure centre, free parking, technology.



“On arrival we were warmly greeted and they took our luggage and kindly offered to park our car. It was the perfect start to a most enjoyable stay”
Hotel, Kilkenny

Atmosphere

Room & hotel design, soundproofing, views, spaciousness, furnishings, mood enhancing lighting, comfort, materials, colour schemes.



“My visit was a memorable one, thanks to the cozy ambiance... the ambiance of the bar was inviting and comfortable, with dim lighting and plush seating”
Hotel, Dublin

Activities/Culture

A convenient location to experience the place. Activities, the local culture, opportunities for participation and to learn new things.



“The evening live Irish music were simply thrilling and amazing. There were no dull moments staying here. The hotel is within walking distance to many attraction sites”
Hotel, Dublin

Staff Service

Interactions with staff on a personal level. Sharing their local knowledge and insights and engaging with guests. Service to be ‘on demand’, friendly and helpful.



“Service was outstanding...I loved the way the server asked our names and called us by them throughout!”
Hotel, Cork

Section 3

Travel Trends



Ensuring that supply is capable of meeting demand will be important for both domestic and overseas travel



Domestic Travel

- Domestic intent for the next 6 months has been **in decline**
- Accommodation constraints continue to be a barrier.
- Staffing issues for the sector may limit experiences.
- While travel has been a high discretionary spend priority, continued economic pressures may cause consumers to reconsider their domestic trips.



Overseas Travel

- There is a **strong appetite for overseas travel** in the next 6 months.
- Air connectivity between cities post-Covid has continued to recover.
- Airport disruptions across Europe likely to impact short-haul flights.
- Supply constraints may hamper continued recovery of flight volumes to date.

ROI short break intent is down compared to the same period last year

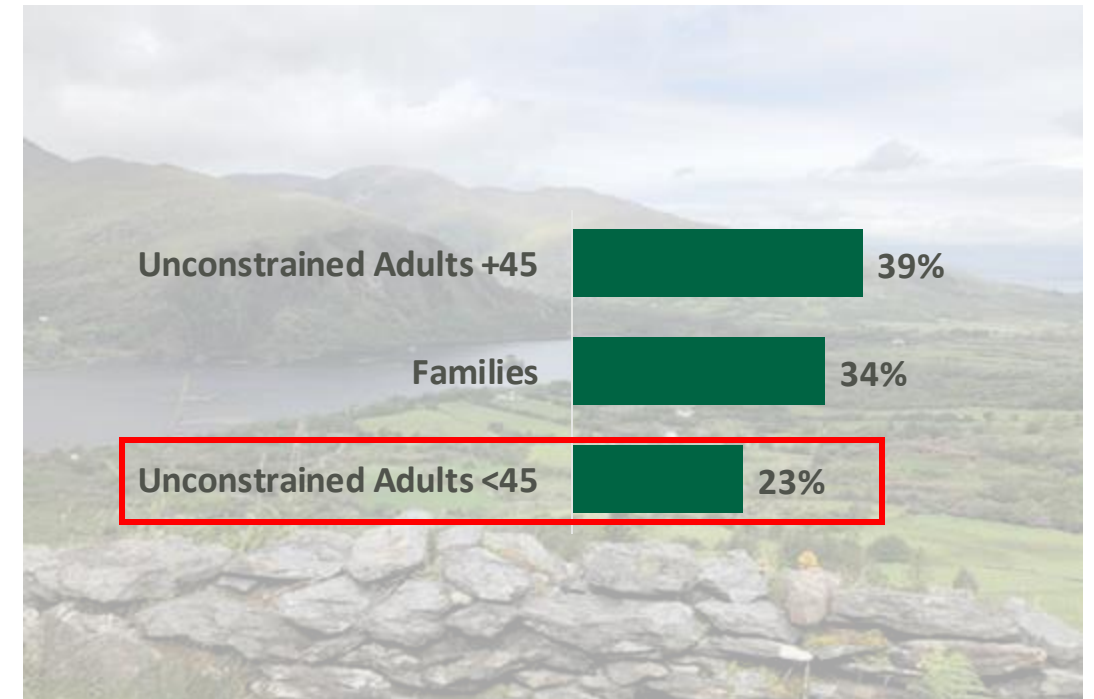
33%

Intend on taking a short break in
ROI in the next six months

Down compared to the same period last
year where....

45%

Intended on taking a short break in ROI



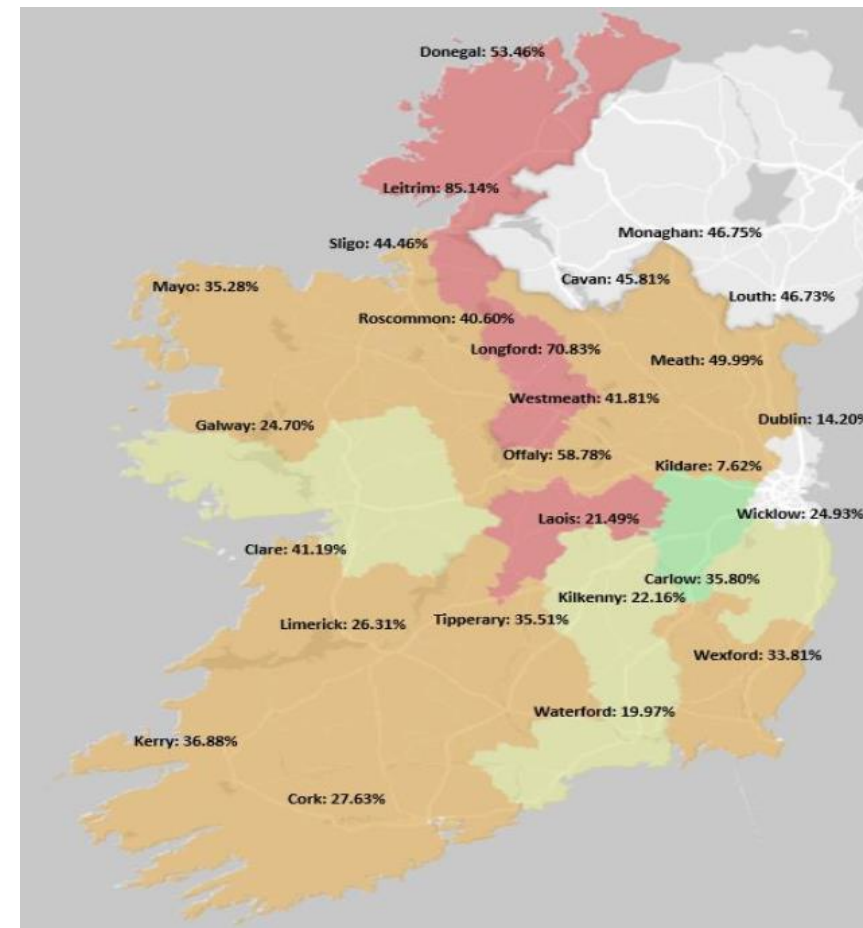
Accommodation shortage may act as a barrier and drive up prices domestically

Ireland currently has the second **highest hotel occupancy rate** in Europe, following the UK.

In April, 28% of all Fáilte Ireland registered tourism bed stock was contracted to the State to aid in the ongoing humanitarian crisis.

Certain areas are affected more than others.

In some areas, there is not enough supply to meet the demand for hotels, causing accommodation shortages, which is likely contributing to higher prices.



Continued staffing issues have the potential to limit the holiday experience

Difficulties in hiring staff is one of the biggest challenges facing the hospitality sector and the economy as a whole.

As many as **nine out of ten hospitality businesses are experiencing significant problems** in recruiting essential staff.

At just over 4%, the unemployment rate is as low as it's ever been. Such tight labour market conditions are adding to recruitment challenges.

The shortage of hospitality staff has the potential to impact the breadth and quality of experiences that Ireland has to offer.



Overseas intent increased remains strong and is expected to rise as summer approaches

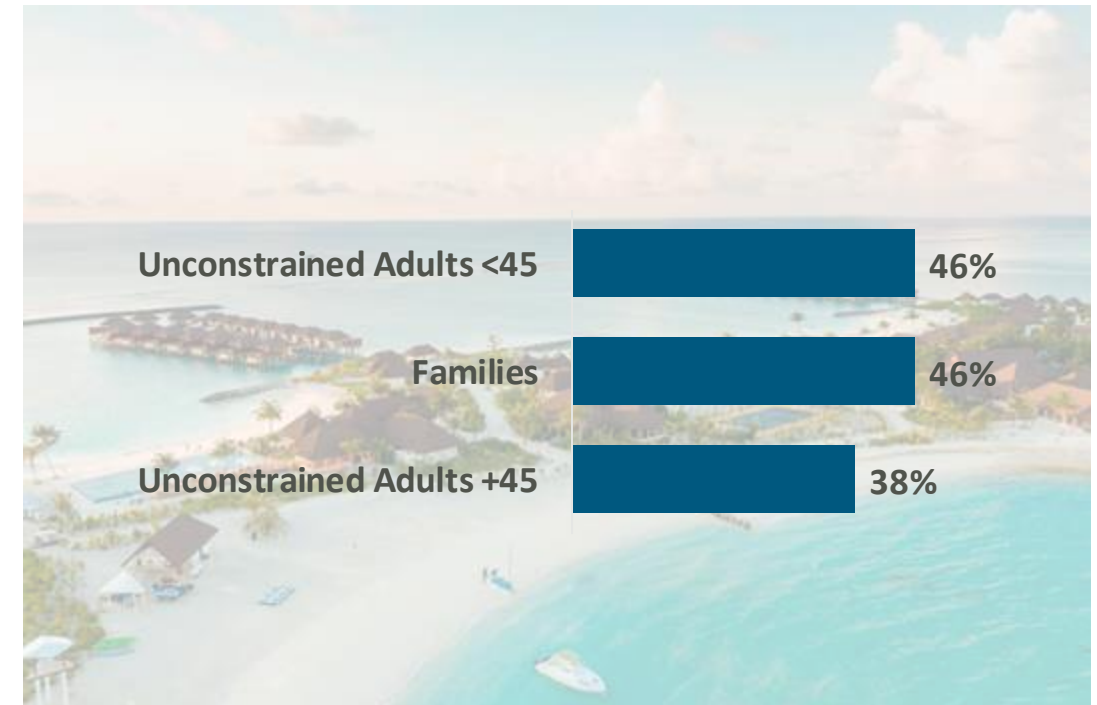
43%

Intend on taking a short break
abroad in the next six months

On par with the same period last year
where...

40%

Intended on taking an overseas short
break



Despite supply concerns, demand for international travel is expected to continue its strong recovery this year

Strong demand in overseas travel

- Global air connectivity is only 17% below its pre-pandemic levels of 2019. While nearly 5.5 million trips overseas were made by Irish consumers in 2022 just 1% less than what was recorded in 2019.

However, airport disruptions may impact short-haul flights

- Strikes in France caused disruptions to Airports and Airlines throughout March and April. An upcoming series of strikes will continue to impact European markets in the coming months.

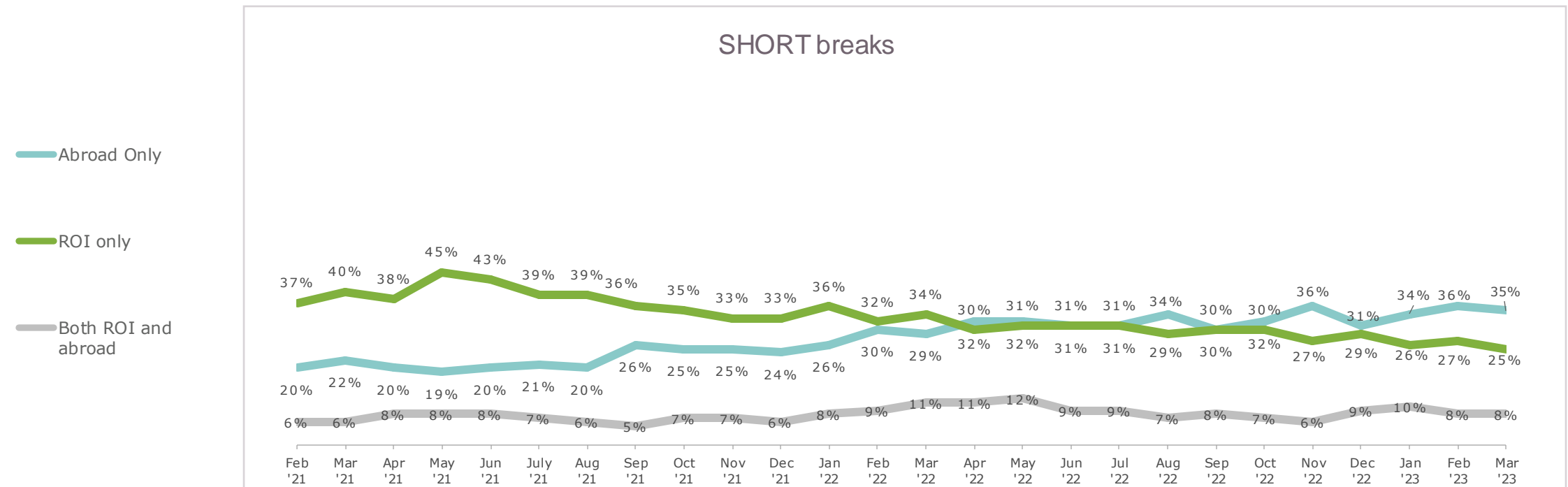
Air supply issues expected to meet demand by summer

- Flight volumes remained down 14.4% from 2019 levels in January 2023, signalling that supply constraints are restricting continued recovery. Constraints are expected to ease as staff levels return to 2019 levels, and reported schedules indicate increased volumes for the summer period.



Consumers substituting ROI breaks with trips abroad highlights the increased competition with overseas markets

INTENT – Six month intent crossover (short breaks)



Source: Fáilte Ireland, Domestic Tracker
Base: Total sample (n=1300 per month)

▲ Significant Increase: year-on-year
▲ Significant Increase: month-on-month

▼ Significant Decrease: year-on-year
▼ Significant Decrease: month-on-month

Section 5

Key Findings



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Domestic trips up as the tourism sector recovers

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Strong appetite for overseas travel as travel patterns recalibrate

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Thank you

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May 2023

