

Tourism Barometer

Strategic Research and Insight

November 2021



Introduction

Purpose & Caveat

- This research was undertaken in November 2021 to get a better understanding of where the industry was at, i.e., 2021 performance, advanced bookings for 2022, and the concerns for the year ahead.
- Findings from this analysis have helped to shape the supports that Fáilte Ireland plan to provide in 2022 and informed key qualifying criterion for the upcoming Tourism Business Continuity Programme.
- Note that responses were gathered
 - before new public health measures were introduced -
 - before Omicron was identified.
- The results need to be interpreted with this in mind, especially the industry's outlook for the rest of 2021.

What is this research about?

Background

- Key aims of this research to measure:
 - Anticipated turnover in 2021 compared to 2019
 - Changes in employment levels and % staff new to tourism industry
 - Booking trends and confidence for 2022

Method

- Fáilte Ireland designed a questionnaire which was set up online by SRI (Strategic Research and Insight), an independent research agency
- Fáilte Ireland distributed the survey link to its trade database on 3rd November 2021

Fieldwork carried out
Pre-Omicron

Sample

Accommodation sector	Sample size
B&Bs	157
Hotels	151
Self catering	73
Guesthouses	21
Other accommodation	45

- **1,191 responses in total after de-duping by business**

Non-accommodation sector	Sample size
Pubs and bars	270
Attractions	113
Restaurants	75
Activity providers	60
Cafes	44
Inbound operators and DMCs*	39
Tour guides	24
Golf clubs	24
Coach operators	22
Event organisers	21
Other non-accommodation	52

**Destination Management Companies*

Headline Findings (1)

Fieldwork carried out
Pre-Omicron

Heavy impact of Covid on 2021 turnover

- Operators on average experienced a 33% drop in turnover in 2021 compared to 2019
- Change in turnover 2021 vs 2019 was more severe where dependency on inbound tourism is greater
- But businesses operating at full capacity on reopening this year stemmed turnover drop to just 5%

New faces in tourism

- About a third of staff employed during summer 2021 were new to tourism
- This compares to about a fifth in summer 2020
- Overcoming staff recruitment and retention challenges remains crucial for fulfilling consumer demand next year

Headline Findings (2)

Domestic tourists booking for next year

- Some operators were seeing Irish holidaymakers rebook for next year, especially families
- Stays are longer than normal, in some cases booked further in advance, and willingness to spend is high

Mixed picture for overseas

- Overseas customers are more hesitant to book, as cancellation risks are greater
- However, 62% of operators taking bookings for 2022 had US bookings, and 52% had GB bookings

Business survival

- 37% of businesses were 'very confident' about surviving the next 12 months; 47% were 'fairly confident'
- Two key factors were the evolution of Covid, and overcoming operational challenges – staff shortages and rising costs

Fieldwork carried out
Pre-Omicron

Main findings



16/11/21 | Tourism Barometer

Reopening

Fieldwork carried out
Pre-Omicron



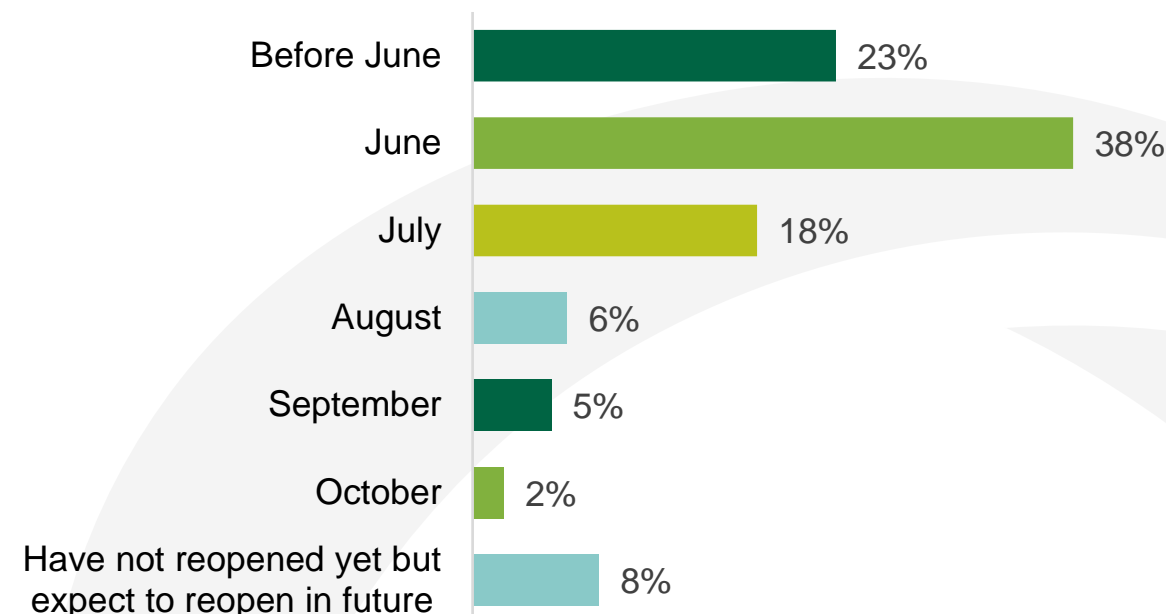
Back in business by the summer for most

- Most (79%) businesses reopened before August
- Differences by accommodation / non-accommodation operators:
 - 87% of accommodation operators reopened before August
 - Compares to 72% of non-accommodation operators

Some not yet receiving customers

- Some operators relying solely on inbound tourism or events had not yet started receiving customers again – a quarter of tour guides, inbound tour operators, event organisers and coach operators said this
- But they expected to reopen in future

Q4 "When did you reopen, if at all, in 2021?"



Base: 1,191

Operating Capacity

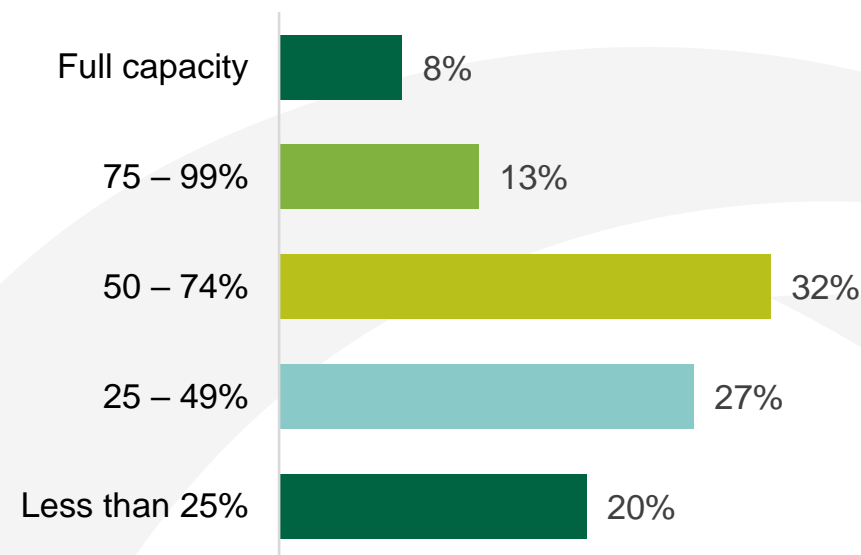
Fieldwork carried out
Pre-Omicron



Limited capacity for many

- Operators were glad to be open again, but many (47%) could only reopen at less than half normal capacity
- Capacity levels best in self catering – 29% could reopen at full capacity
- But significant capacity challenges in inbound, coach and tour guide sectors, where 60% could only reopen at less than 25% capacity
- Operating capacity is linked to turnover performance – discussed next

Q5 "At what level of normal capacity did your business operate when you reopened?"



Base: 1,075

Turnover 2021 vs 2019 (1)

Fieldwork carried out
Pre-Omicron

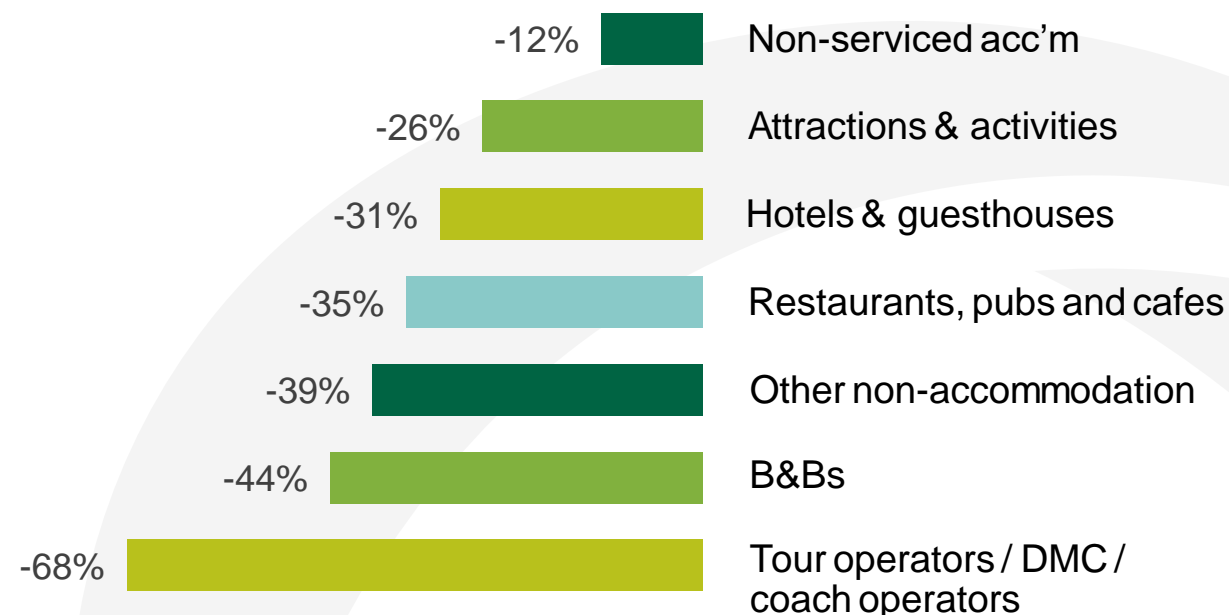


Impact of Covid in 2021

- Average change in turnover 2021 vs 2019 was more severe where dependency on inbound tourism was greater:
 - Inbound tour operators / DMCs / coach operators (-68%)
 - Dublin businesses (-48%)
- Impact most mild in non-serviced accommodation (-12%) – individual sector slides give full details by sector



Q6 “How will your anticipated turnover in 2021 compare to turnover achieved in 2019?”



Base: 1,050

Percents shown are the average % change per operator

Turnover 2021 vs 2019 (2)

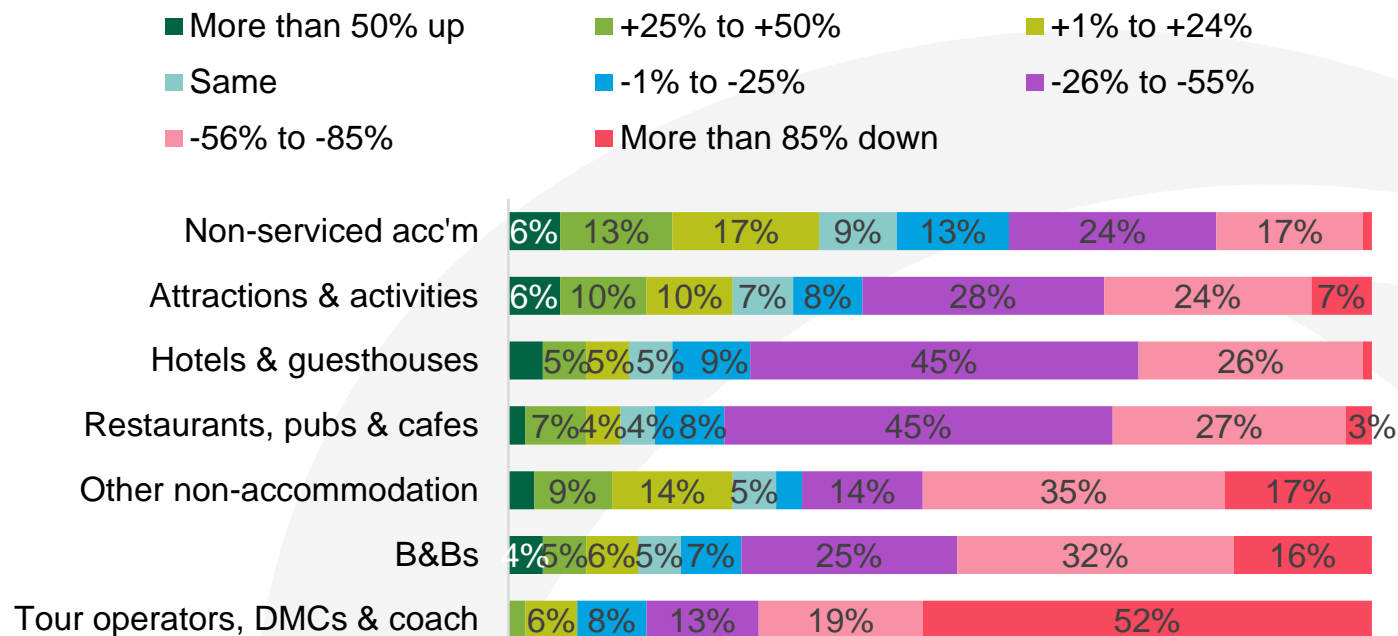
Fieldwork carried out
Pre-Omicron



Detailed change in turnover

- Many (45%) non-serviced accommodation operators managed to avoid reduced turnover in 2021 vs 2019 – among them, 36% increased turnover
- At the other end of the scale, the heavily inbound-dependent tour operators, DMCs and coach operators saw notable losses – around half (52%) were more than 85% down this year

Q6 "How will your anticipated turnover in 2021 compared to turnover achieved in 2019?"



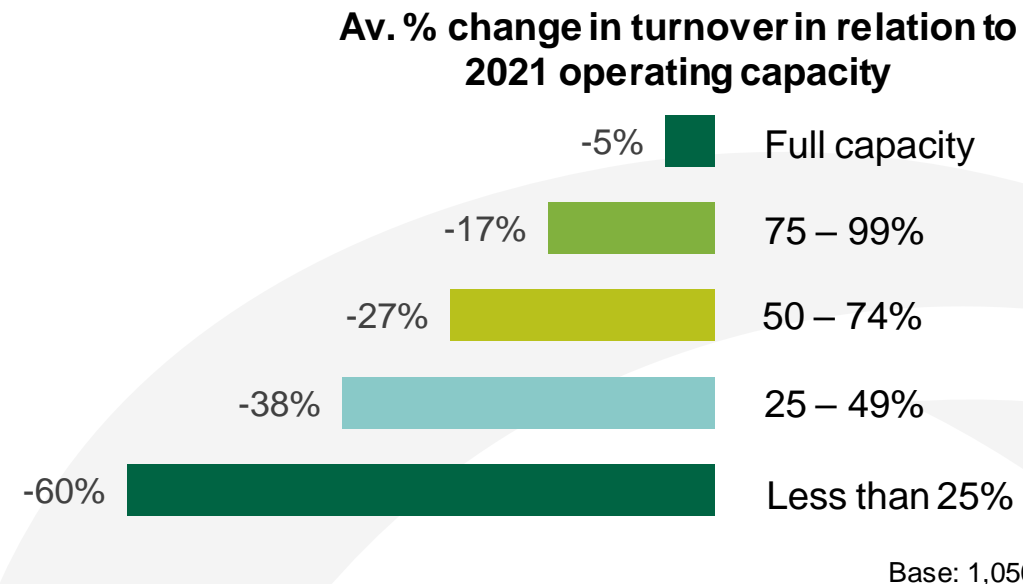
Base: 1,050

Turnover 2021 vs 2019 (3)



Correlation with operating capacity

- % change in turnover correlates closely with 2021 operating capacity (chart opposite)
- Businesses operating at full capacity have managed to get close to 2019 turnover this year
- At the other end of the scale, businesses operating at less than 25% capacity have suffered an average 60% loss in turnover



Change in Employment

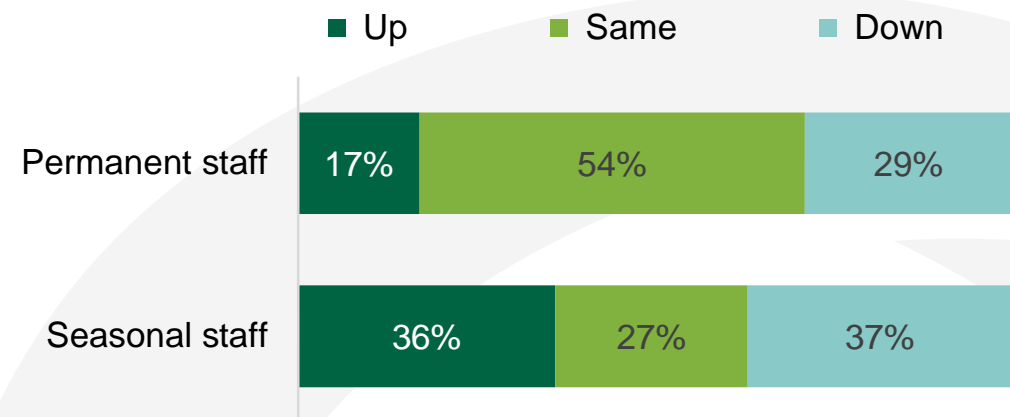
Fieldwork carried out
Pre-Omicron



Permanent staff down, but seasonal level stable

- Permanent staff levels in summer 2021 were down on balance, but this varies by sector
- Difference between % saying up and % saying down was negative in most sectors, including:
 - Restaurants (-33%pt* balance)
 - Cafes (-22%pt)
 - Hotels (-10%pt)
- However, pubs and bars answered +2%pt on balance
- Seasonal staff up in some sectors, including:
 - Pubs and bars (+18%pt balance)
 - Activity providers (+13%pt)
 - Hotels (+8%pt)

Q8 "Was the number of ... you employed during summer 2021 up, same or down compared to 2020?"



Base: 643 – 654

About one third of staff in summer 2021 were new to tourism

This compares to about one fifth in summer 2020

Planned Operating Capacity

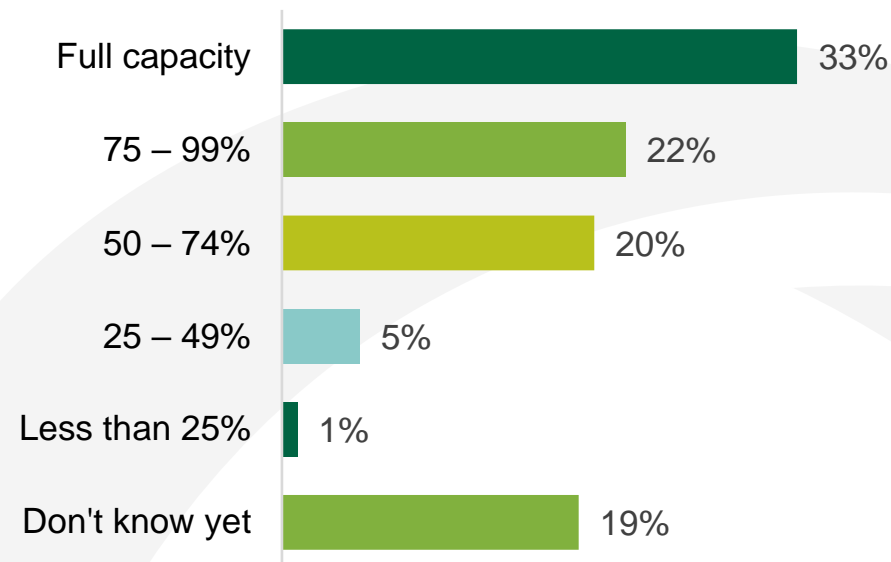
Fieldwork carried out
Pre-Omicron



Hopes for improved capacity next year

- Most operators planned to have less restricted capacity in 2022 compared to 2019
- But some (19%) were waiting to see what will happen with Covid and what restrictions might be in place
- Operators were desperately hoping that Covid would be under control so they could operate with limited or no restrictions and fulfill demand

Q11 "At what level of normal capacity do you plan to operate in 2022?"



Base: 1,177

Months with Bookings

Fieldwork carried out
Pre-Omicron

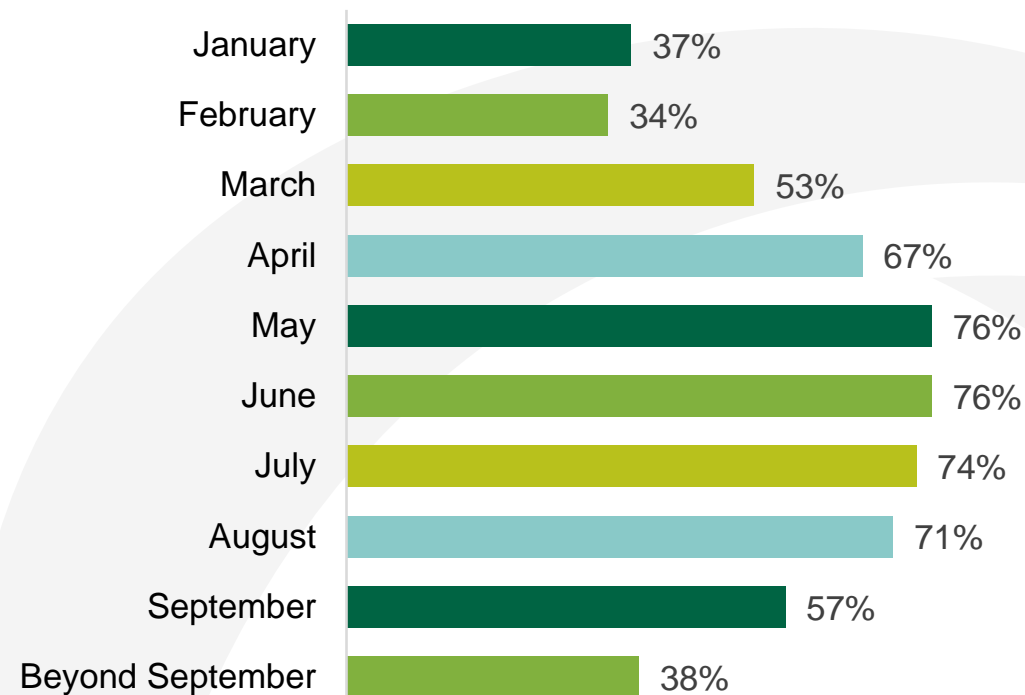


Cautious optimism for 2022

- 78% of businesses were taking bookings for 2022
- Among those who were, April onwards looked quite promising
- Many sectors were 'cautiously optimistic' – their booking levels showed that 2022 might be a good year, but it depended on the evolution of Covid
- However, some sectors had significant operational issues to overcome – staff shortages and rising costs
- We discuss outlook later in the individual sector slides

*"Advance bookings from
Europe and US look good"*
DMC

Q13 "For which of the following months in 2022 do you have bookings?"



Base: 610

*Q13 has not been asked to restaurants, pubs and
cafes, or businesses not taking 2022 bookings*

Bookings by Market

Fieldwork carried out
Pre-Omicron

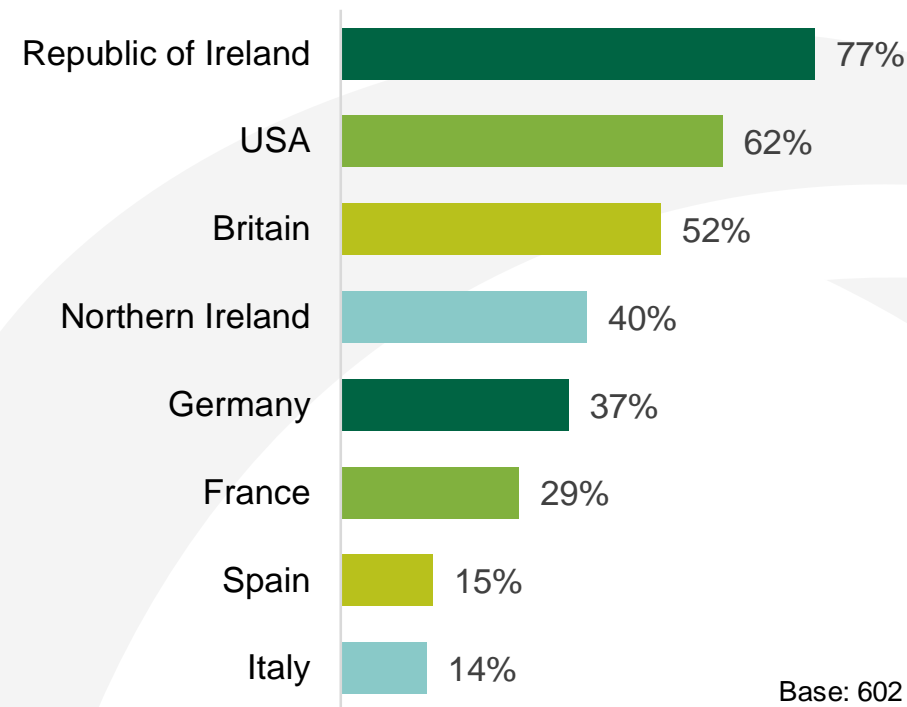


Return of US and GB markets?

- Domestic market has propped up many sectors during two difficult years, limiting losses
- Attention in 2022 turned to whether domestic holidaymakers would start going abroad again, and whether overseas tourists would return to Ireland at the same time
- A gap between domestic market declining and overseas market recovering was cause for some concern
- But over half of operators taking bookings for 2022 had bookings from USA and/or Britain
- Some overseas group bookings in 2022 were postponements from 2020 or 2021

"Almost all business is carry-over from 2020 and 2021, with a very small amount of new groups for 2022 – mainly due to lack of availability"
Inbound tour operator

Q14 "Are you getting any bookings for 2022 from any of the following markets?"



Q14 has not been asked to restaurants, pubs and cafes, or businesses not taking 2022 bookings

Booking Trends (1)

Fieldwork carried out
Pre-Omicron



Queries over cancellation terms

- As so many customers are wary about committing to bookings and paying deposits, there are frequent queries over the operator's cancellation terms

"Questions about cancellation policy and reluctance to pay deposit"
Self catering

"A lot of bookings coming through on OTA sites; guests holding rooms for several dates all under the same name"
Hotel

Nervous to commit from overseas

- The above point is especially the case for overseas bookings – flights may get cancelled or travel restrictions introduced which are outside of the customer's control
- Uncertainty is currently holding back what could turn out to be high demand next year

"Most bookings for 2022 are provisional. The overseas visitor is not prepared to book 100% and pay a deposit to secure bookings until after the winter period."
DMC

"Bookings are very slow as I depend on customers from the US and Canada. Flights are scarce and there was too much fear and regulation around air travel this year."
Activity provider

Booking Trends (2)

Fieldwork carried out
Pre-Omicron



More Irish bookings, families, longer stays, spending more

- The domestic market is looking quite good for next year (although operators do not know if they might still cancel)
- Many are families who would normally go abroad
- They are booking for longer stays and are showing signs of spending more
- Some say key holiday dates are getting booked up earlier than normal by domestic holidaymakers

"Families who would normally go abroad but have said they enjoyed our area so much that they rebooked for next year"

Self catering

"Majority of clients who stayed this year want to return next year for longer stays"

Caravan park

"More Irish guests, huge demand for spa packages, people willing to spend more"

Hotel

"Earlier domestic bookings for 2022 school holidays."

Hotel

Booking Trends (3)

Fieldwork carried out
Pre-Omicron



Smaller groups

- Group travel is slower to pick up
- Where there are group bookings, groups are smaller than normal

"Smaller group bookings – no large group of 50 on a coach"
Attraction

"Groups are hesitant to sign contracts, more questions on T&Cs"
Hotel

Business tourism uncertain

- This market is also taking longer to recover – especially larger multinational events
- More last-minute bookings – nervous to commit too far in advance

"A reluctance to make decisions on large MICE events due to the uncertainty with Covid and implications around air travel and future lockdowns / 4th waves"
Hotel

"Irish companies making bookings for in-person events vs. [Multi-National Companies] who normally would book a lot of in-person events with us. Booking group sizes are within the normal range, however the larger events for 200+ guests are more scarce."
Event organiser

Confidence to Survive

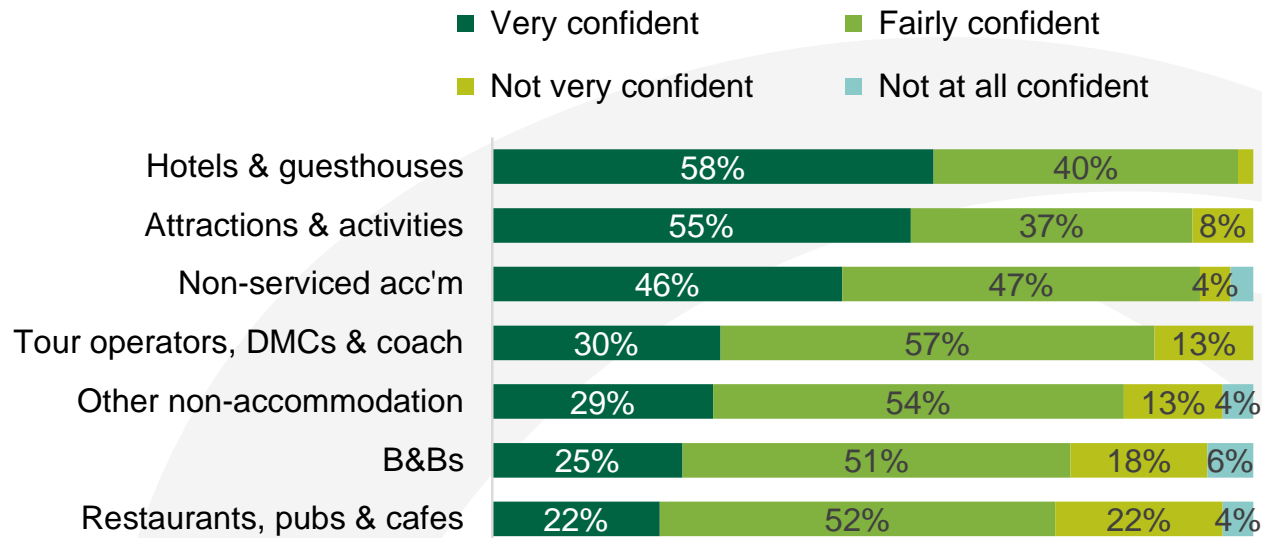


Fieldwork carried out
Pre-Omicron

We will get through this

- 36% of businesses were 'very confident' about surviving the next 12 months, and a further 47% were 'fairly confident'
- The broad segment of inbound tour operators / DMCs / coach operators experienced the largest drop in turnover in 2021 – however, their confidence was relatively high considering
- Two most important survival factors seem to be:
 - Containing Covid next year so operators could capitalise on expected high demand if travel restrictions were low or absent
 - Overcoming operational challenges of staff shortages and rising costs

Q16 "How confident are you that your business will survive for at least another 12 months?"



Base: 1,185

"We are hopeful that if Covid is contained and we emerge from the worst of the pandemic, the business will start to recover quite rapidly"
Attraction

Covid-induced Permanent Changes

Fieldwork carried out
Pre-Omicron



Many legacies of Covid

- While Covid has wreaked havoc on tourism, not all of its effects are negative
- Nearly all (96%) operators could name at least one permanent change to how their business will run in future, prompted by Covid
- Many guests will now enjoy better hygiene standards across the industry, as regular deep cleaning continues
- Not all businesses used to accept pre-bookings or have a good online presence, but Covid has changed that – in particular, 65% of attractions and activity providers now have a better online presence
- Around a third of businesses have opened up new outdoor spaces, especially those serving food and drink: around half of businesses in the restaurant, pub, café and hotel sectors have done this

Q17 "Has the Covid crisis prompted you to make any permanent changes in how you run the business ?"

