

Tourism Barometer

Strategic Research and Insight

May 2023



Headline Findings (1)

Better year so far in terms of visitor levels

- About half (53%) of businesses say they have had more visitors to date this year compared to 2022
- Only about one in five (21%) are down
- The highest proportions reporting to be up on last year are found among Dublin businesses (71%), inbound tour operators & DMCs (19 out of 23), attractions (69%) and hotels (65%)
- The return of overseas visitors is behind the good performance, especially the North American market, whereby 56% of operators report being up year to date, compared to only 19% reporting the market to be down

But profitability is under pressure

- Increased visitor levels are not necessarily resulting in improved profitability
- 38% of operators have increased their profitability to date in 2023, but 39% have seen it decline
- 70% of hotels say their average room yield has increased – yet only 43% (*of all hotels*) say profitability has increased
- The food & drink sector is finding it hardest to make ends meet

Headline Findings (2)

Significant cost challenges remain

- Rising costs (to businesses or consumers) dominate concerns again
- 75% cite 'rising energy costs' as a concern, followed by 72% citing 'rising operating costs besides energy' and 50% citing 'people lacking disposable income'

But there are many reasons to be positive

- Costs are a significant challenge, but demand is buoyant, especially from overseas
- 56% of businesses expect to have more visitors in the remainder of 2023 compared to 2022 – only 18% expect to be down
- 62% predict an increase in overseas visitors
- In spite of cost pressures, 41% cite 'investment in the business' and 40% cite 'own marketing' as a reason to be positive

What is this research about?

Background

- The key aims of this research are to understand:
 - Seasonal opening
 - Visitor volumes to date in 2023 compared to 2022
 - Expected visitor volumes for the remainder of 2023
 - Reasons to be positive or concerned about business in 2023

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 25 April 2023

Sample

Accommodation sector	Sample size
Hotels	124
B&Bs	83
Self catering	51
Caravan & campsites	30
Guesthouses	20
Other accommodation	24

- **806 responses in total after de-duping by business**

Non-accommodation sector	Sample size
Attractions	128
Pubs and bars	98
Activity providers	54
Restaurants	41
Inbound operators and DMCs*	24
Cafés	23
Tour guides	19
Retail	15
Event / festival organisers	13
Other non-accommodation	59

Seasonal Opening



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All Year Round Opening

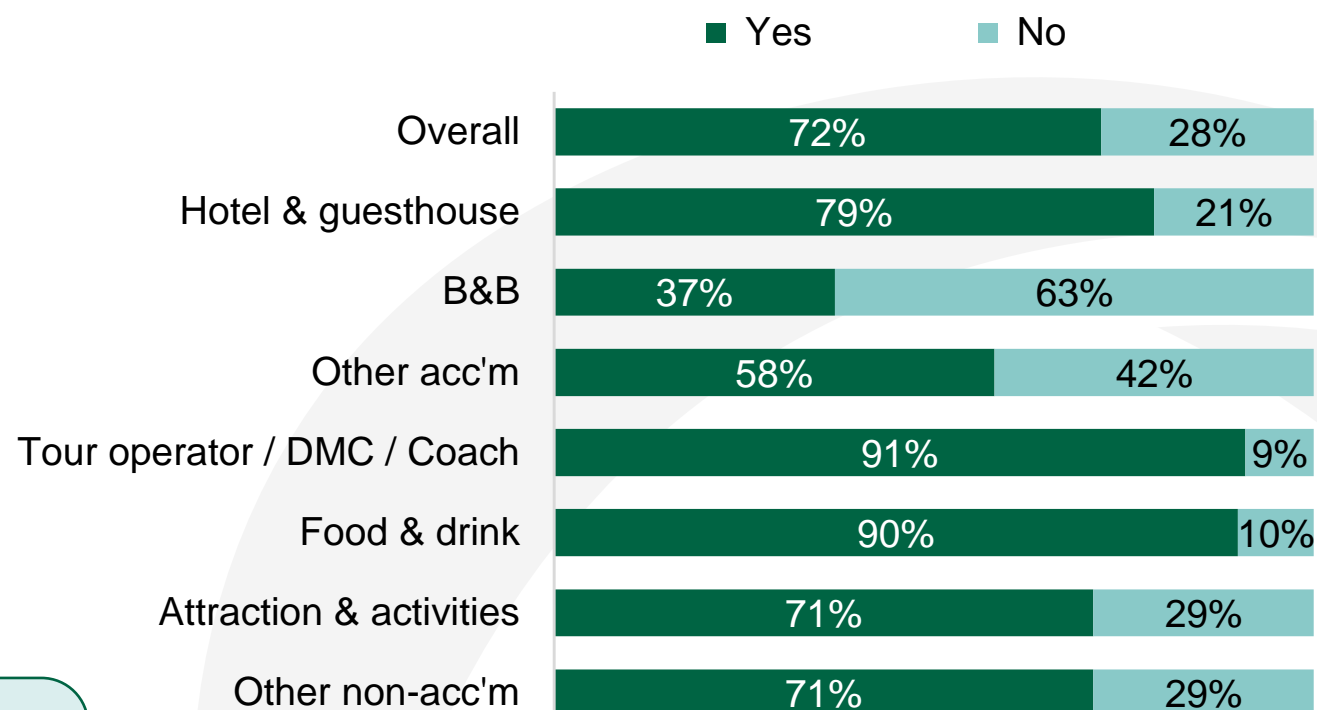
Much variation by sector

- Encouraging seasonal spread is an important remit for Fáilte Ireland
- Opening varies greatly by sector (shown opposite) and also by region:
 - 92% of Dublin businesses open all year
 - Compares to 62% in Wild Atlantic Way
- Opening in some sectors can affect performance of others

“Year-round tourism would benefit tremendously from State facilities (e.g. OPW sites) being open year-round. The seasonal closure of the sites (particularly those in town centres) indicates to visitors that the town/area is closed for business.”

Attraction, Wild Atlantic Way

Q5 "Is your business open all year round?"



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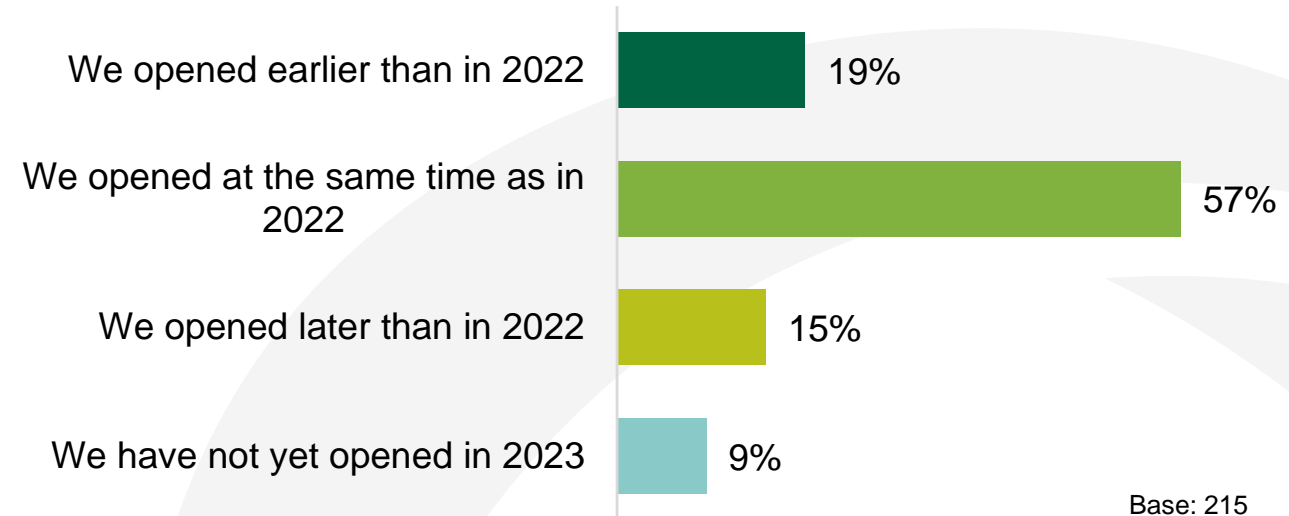
Q5 has been asked to businesses which were open in 2022

Opening for 2023

Some changes in timing

- Over half (57%) of those not open all year have opened at the same time as in 2022
- Earlier vs later opening is quite well balanced
- Reasons for changes are discussed next
- Sample is too small to split reliably by sector or region

Q6 (IF NOT ALL YEAR) "Which of the following applies to your business in 2023?"



Base: 215

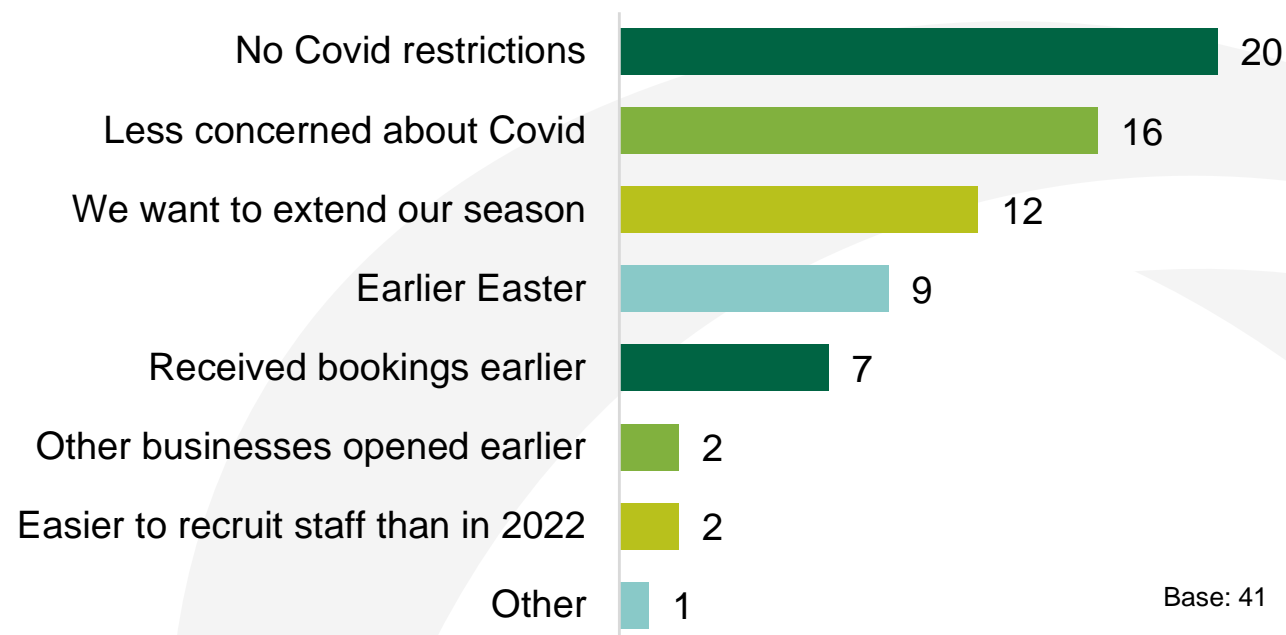
Q6 has been asked to businesses not open all year round

Reasons for Opening Earlier

Covid less of a problem now

- Lack of Covid concerns or restrictions are the main reason for opening earlier in 2023
- Whilst Covid is still a health concern for vulnerable groups, most operators now have other concerns of greater priority this year
- Some (12 out of 41) say they want to extend their season

Q7 "To have opened earlier than in 2022, which of the following apply to your business?"



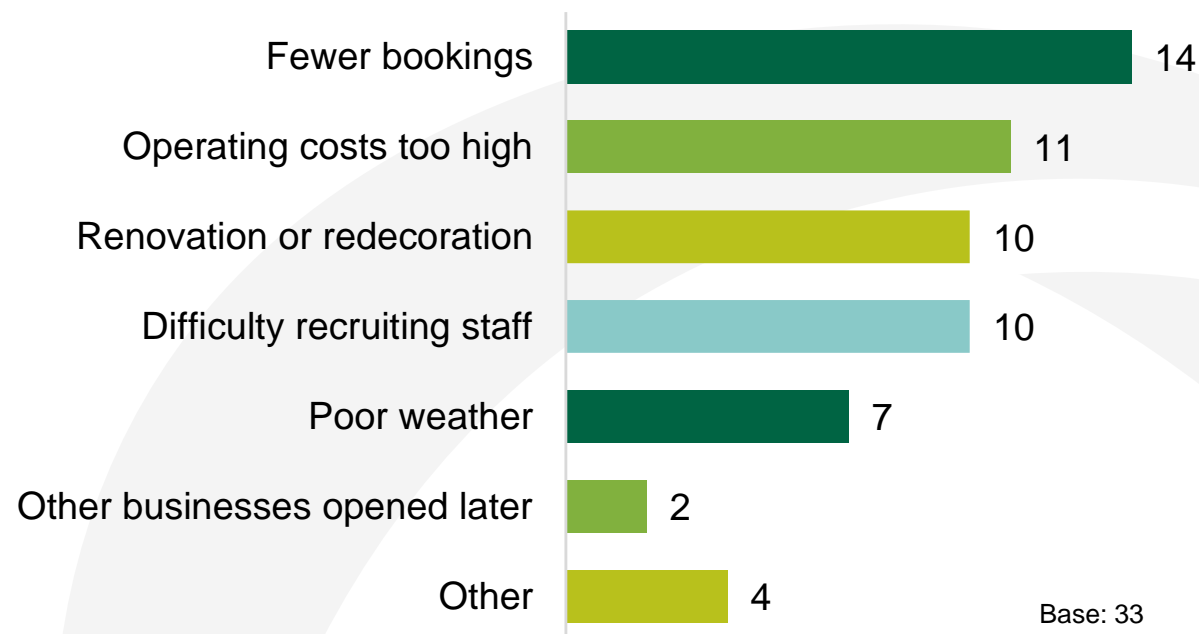
Q7 has been asked to businesses opening earlier in 2023. Results are shown as number of respondents rather than percents due to low base size.

Reasons for Opening Later

Numerous reasons given

- Some later opening is planned, e.g. for renovation
- Other cases of later opening are due to undesirable circumstances, including fewer bookings, prohibitive costs, difficulty recruiting staff and poor weather
- Sample is too small to split reliably by sector or region

Q8 "To have opened later than in 2022, which of the following apply to your business?"



Q8 has been asked to businesses opening later in 2023. Results are shown as number of respondents rather than percents due to low base size.

Performance Year to Date



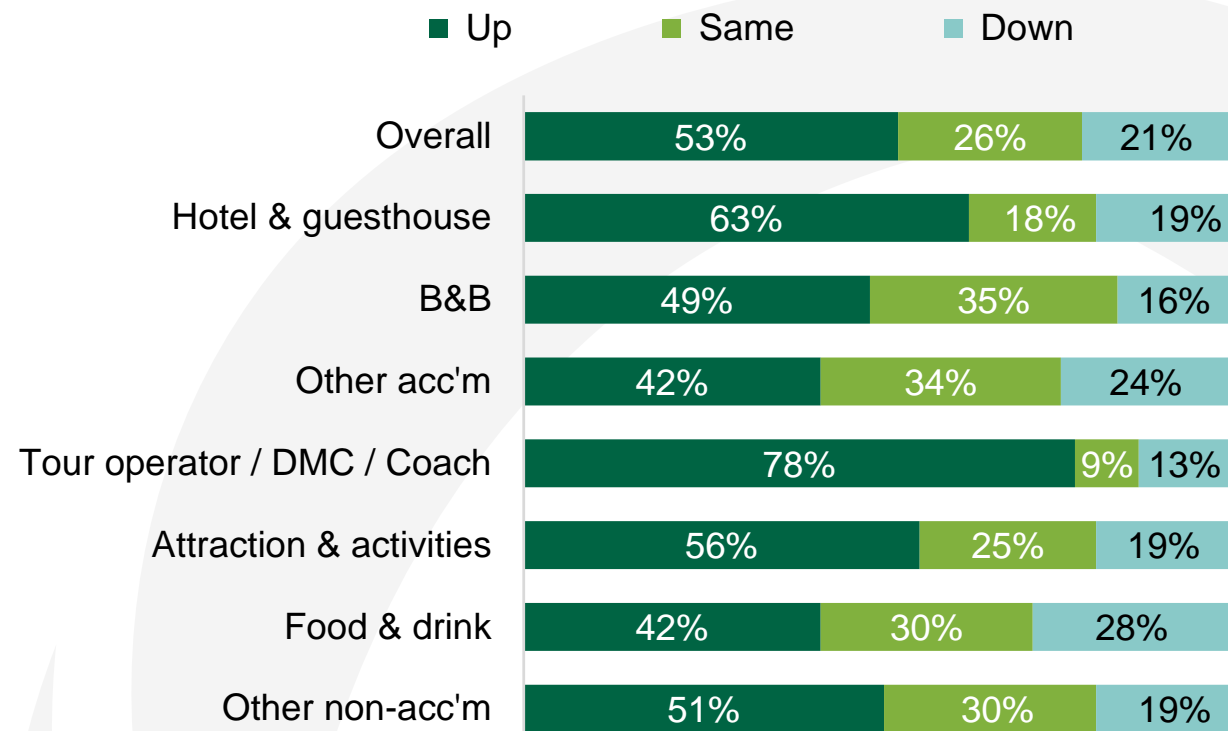
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Performance vs Last Year

Much improved year again

- Visitor volumes to date in 2023 are well up on balance in every region and in most sectors
- This builds on an already good 2022
- Highest proportions reporting to be up on last year are found among:
 - Dublin businesses (71%)
 - Inbound tour operators & DMCs (19 out of 23)
 - Attractions (69%)
 - Hotels (65%)
- Apparent buoyancy of B&B sector needs to be viewed in the context that some B&Bs have not reopened after Covid, as reported in the accommodation occupancy survey

Q9 "How does the volume of your overall business to date this year compare with the same period last year?"



Base: 720

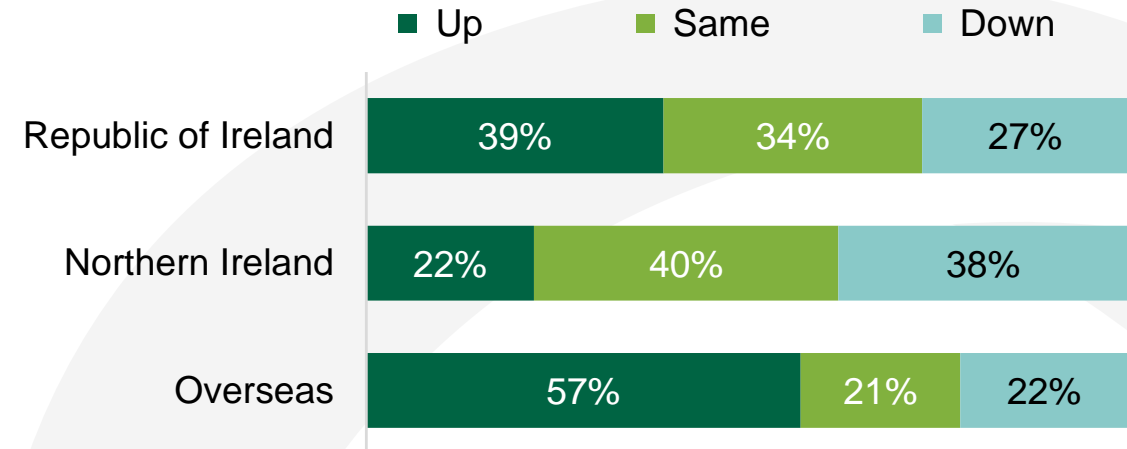
'Don't know' and 'not applicable' answers have been excluded

Performance by Market

Return of overseas visitors

- Return of overseas visitors, especially Americans, is giving operators much hope this year
- Highest proportions reporting overseas visitors to be up on last year are found among:
 - Dublin businesses (76%)
 - Inbound tour operators & DMCs (18 out of 21)
 - Attractions (74%)
 - Hotels (74%)
- The domestic market, which was so important for business survival during periods of travel restrictions, is also up on last year – especially for attractions (55% are up) and hotels (48% are up)

Q10 "How does your volume of visitors to date this year compare with the same period last year from each of the following markets?"



Base: variable

'Don't know' and 'not applicable' answers have been excluded

Performance by Overseas Market

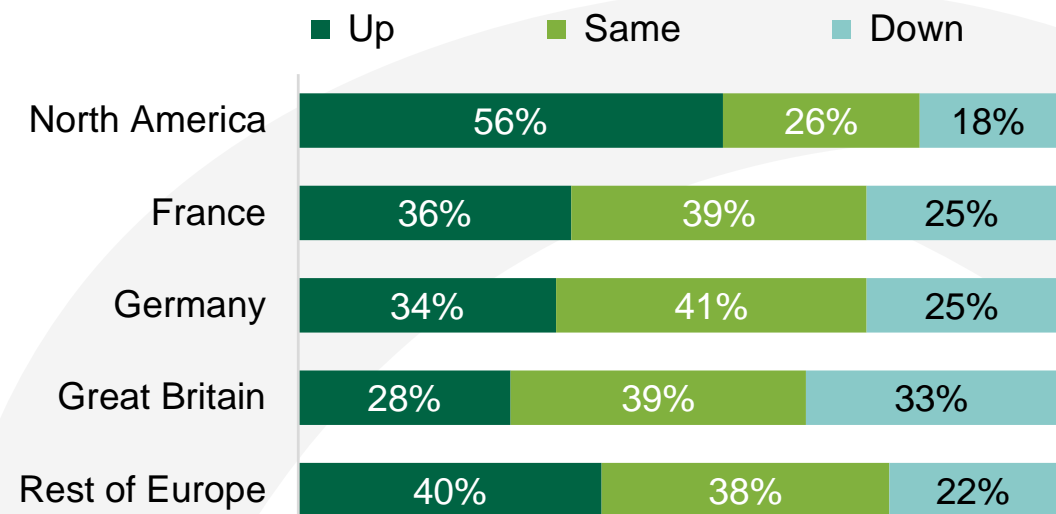
North American market is key to overseas recovery

- Significant recovery in North American visitors, especially for:
 - Dublin businesses (70% are up)
 - Inbound tour operators & DMCs (14 out of 19)
 - Attractions (70%)
 - Hotels (70%)
- Promising signs from mainland Europe also, whereas GB market is stagnant

"We would be absolutely lost without the USA market. They are brilliant."
Attraction, Clare

"With the continued return of North American visitors to Ireland, there is a lot to be hopeful about."
Attraction, Galway

Q11 "How does the volume of your business to date this year compare with the same period last year from each of the following markets?"



Base: variable

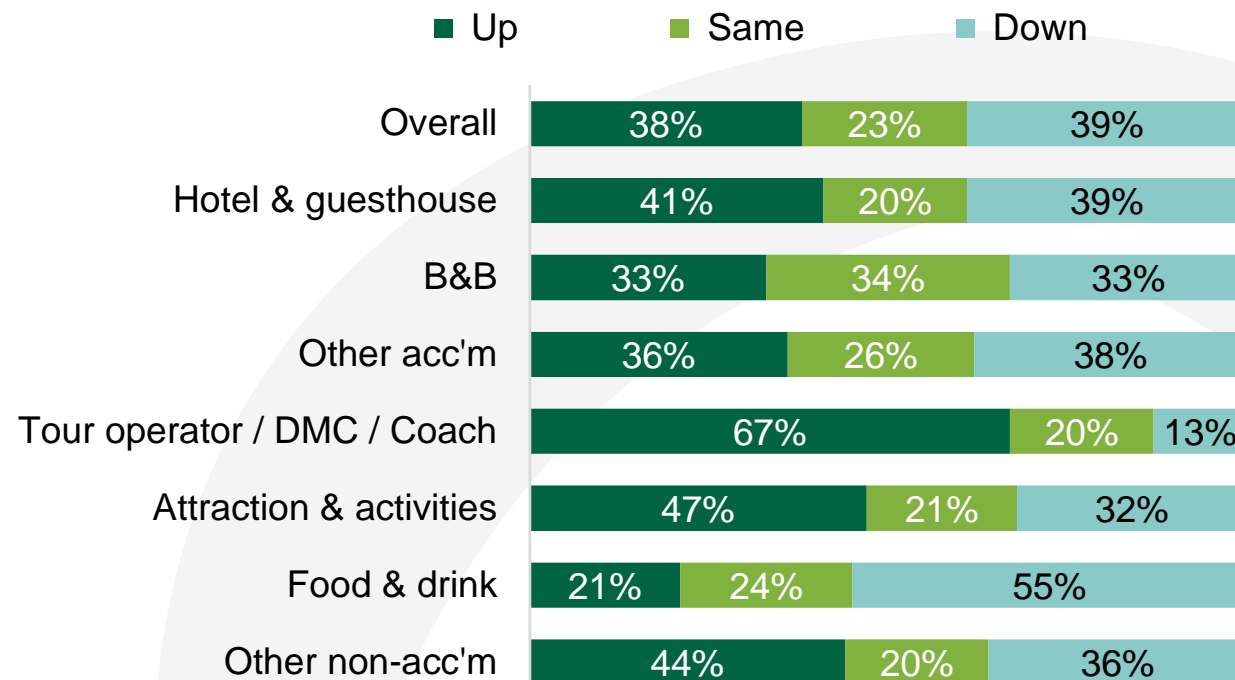
'Don't know' and 'not applicable' answers have been excluded

Profitability

Visitor levels are well up, but not profit

- Whilst visitor levels are substantially higher than the same period last year, this is not reflected in profitability
- Businesses in most sectors are struggling to make ends meet because of soaring costs
- Food & drink sector is being hit the hardest
- Inbound-reliant sectors are more profitable because last year they still had low visitor levels

Q12 "How does your overall profitability to date this year compare with the same period last year?"



Base: 681

'Don't know' and 'not applicable' answers have been excluded

"Overall positive enough in terms of sales ... but operating costs remain high and hard to balance. We have to raise prices, which can harm our competitiveness in the market"
Restaurant, Dublin

"The operating costs in 2023 are more than eating away at any potential jump in business"
Caravan park, Westmeath

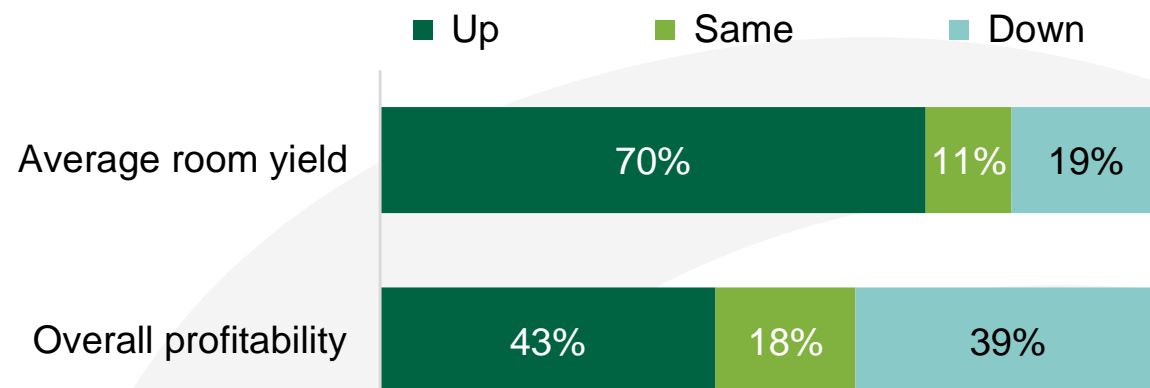
Hotels – Yield and Profitability

Turnover is well up, but not profit

- Hotels are enjoying an excellent year so far in terms of improved room yields
- But the extra revenue does not translate into profit for many – it merely helps to cover overheads

“Our revenue is up on 2022 for the first quarter but our profitability is down, due mainly to the high cost of energy”
Hotel, Carlow

Q12/13 "How does your ... to date this year compare with the same period last year?"



Base: 112

Hotels – Ireland Market



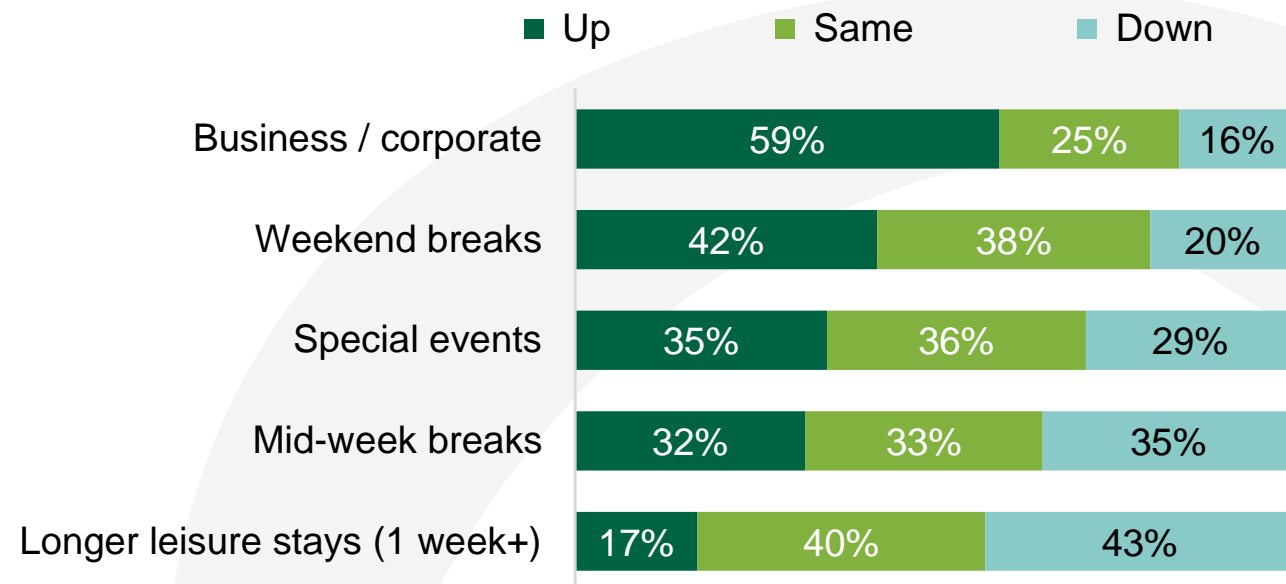
Return of corporate business

- Corporate market was hit particularly hard by Covid
- Now it is finally showing good signs of recovery – consistent across all regions
- Shorter stays remain the trend in the leisure market

"We have fared ok so far this year with business events. However, with disposable income down, the outlook for the leisure and wedding segments is not looking good for the coming months."

Hotel, Carlow

Q14 "Thinking about your Ireland market business this year, how have each of the following performed compared with the same period last year?"



Base: variable

'Don't know' and 'not applicable' answers have been excluded

Expectations



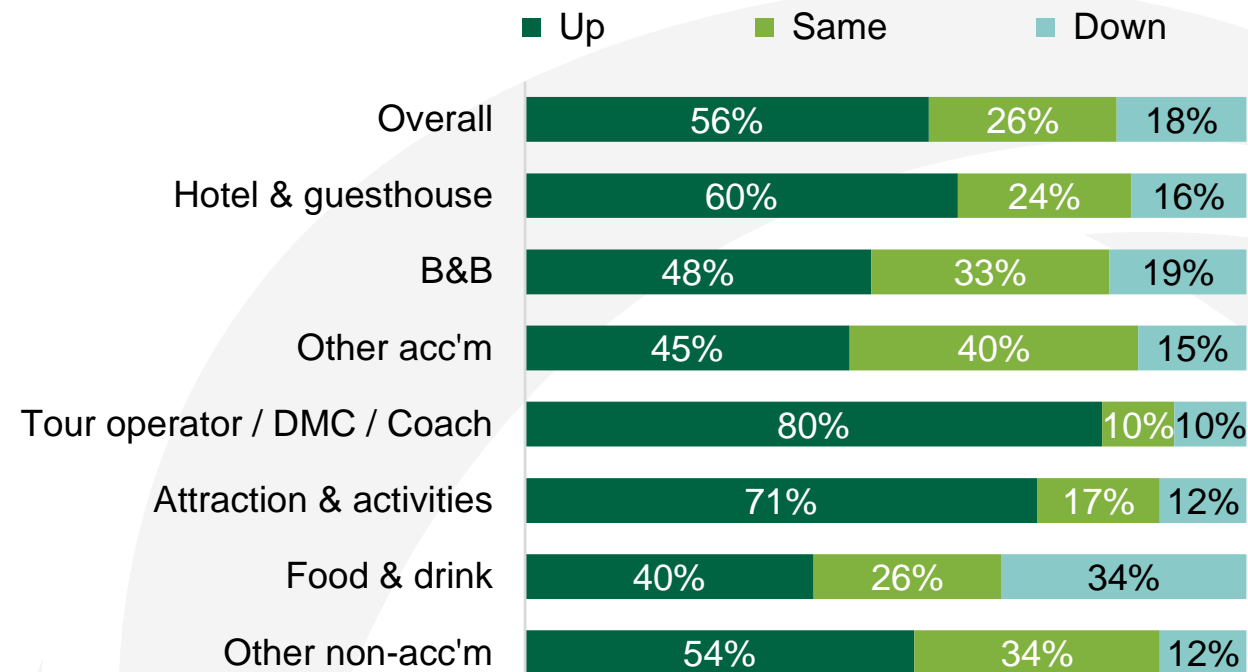
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Overall Expectations

Strong outlook for visitor levels

- Nearly all sectors expect visitor levels during the remainder of this year to be up on 2022
- Restaurants are the exception – 29% expect to be up, but 51% expect to be down
- All regions expect to be up, especially Dublin (73% up vs 14% down)
- Concerns in most sectors are less about visitor volume and more about making ends meet (*discussed later*)

Q15 "How do you expect the volume of your overall business to perform during the remainder of this year compared to the same period last year?"



Base: 713

'Don't know' and 'not applicable' answers have been excluded

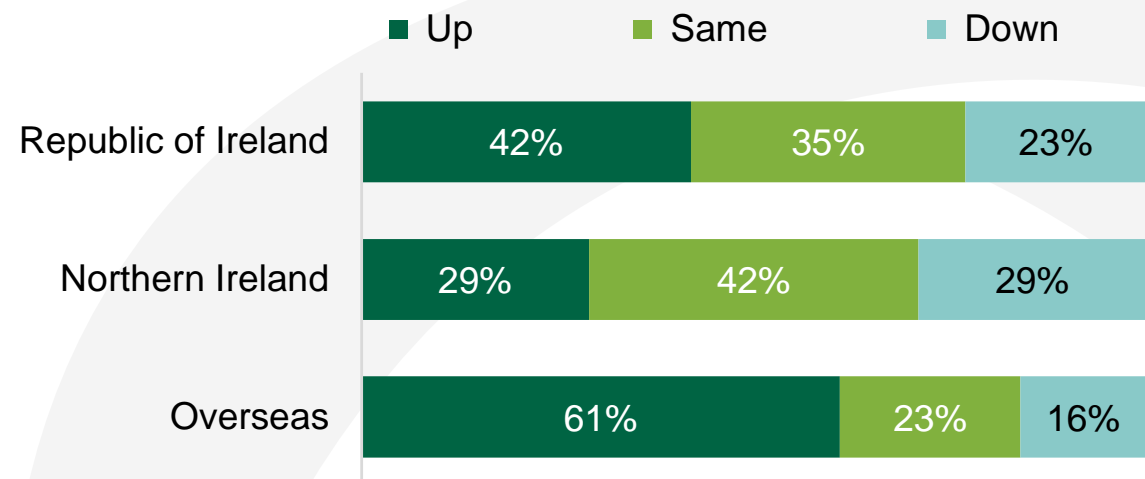
Expectations by Market

Strong hopes for overseas visitors

- Overseas visitors underpin hopes for a successful year in terms of volume
- This is consistent with feedback given in the December 2022 barometer
- Optimism about the overseas market is high in nearly every sector and in all regions
- Domestic market is also expected to grow on last year

"I am very positive about my business for the rest of the year"
B&B, Galway

Q16 "How do you expect the volume of your business to perform during the remainder of this year compared to the same period last year from each of the following markets?"



Base: variable

'Don't know' and 'not applicable' answers have been excluded

Expectations by Overseas Market

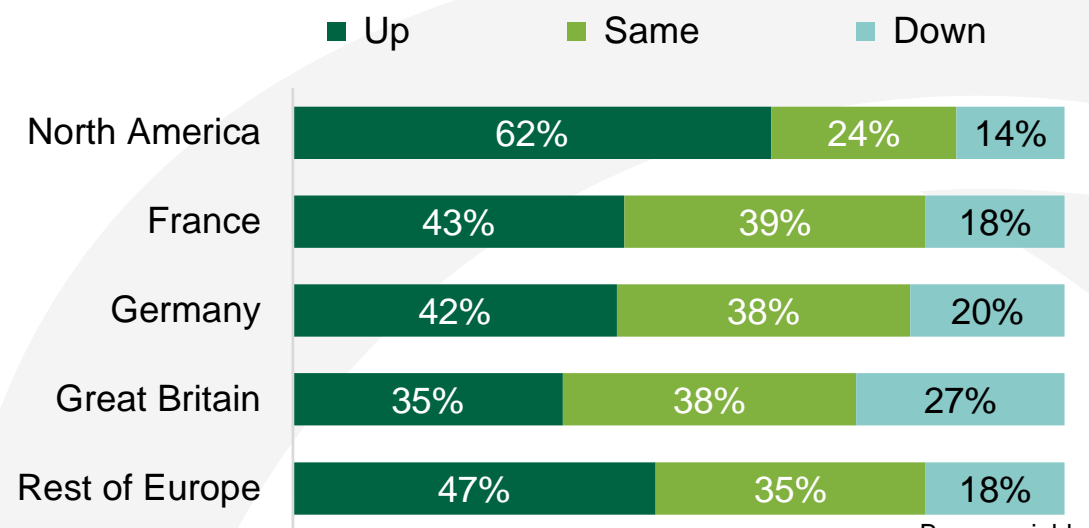
North American market stands out

- As with performance to date, expectations for the remainder of the year are supported by a buoyant North American market, especially for:
 - Dublin businesses (70% expect to be up)
 - Inbound tour operators & DMCs (14 out of 19)
 - Attractions (79%)
 - Hotels (73%)
- Mainland Europe looks promising too, whereas recovery in the GB market is more subdued

“Definitely a lot of North American visitors back. A lot more requests for educational tours from overseas universities, colleges and organisations.”

Attraction, Kilkenny

Q17 "How do you expect the volume of your overseas business to perform during the remainder of this year compared to the same period last year from each of the following markets?"



Base: variable

'Don't know' and 'not applicable' answers have been excluded

Section 4

Reasons to be Positive or Concerned



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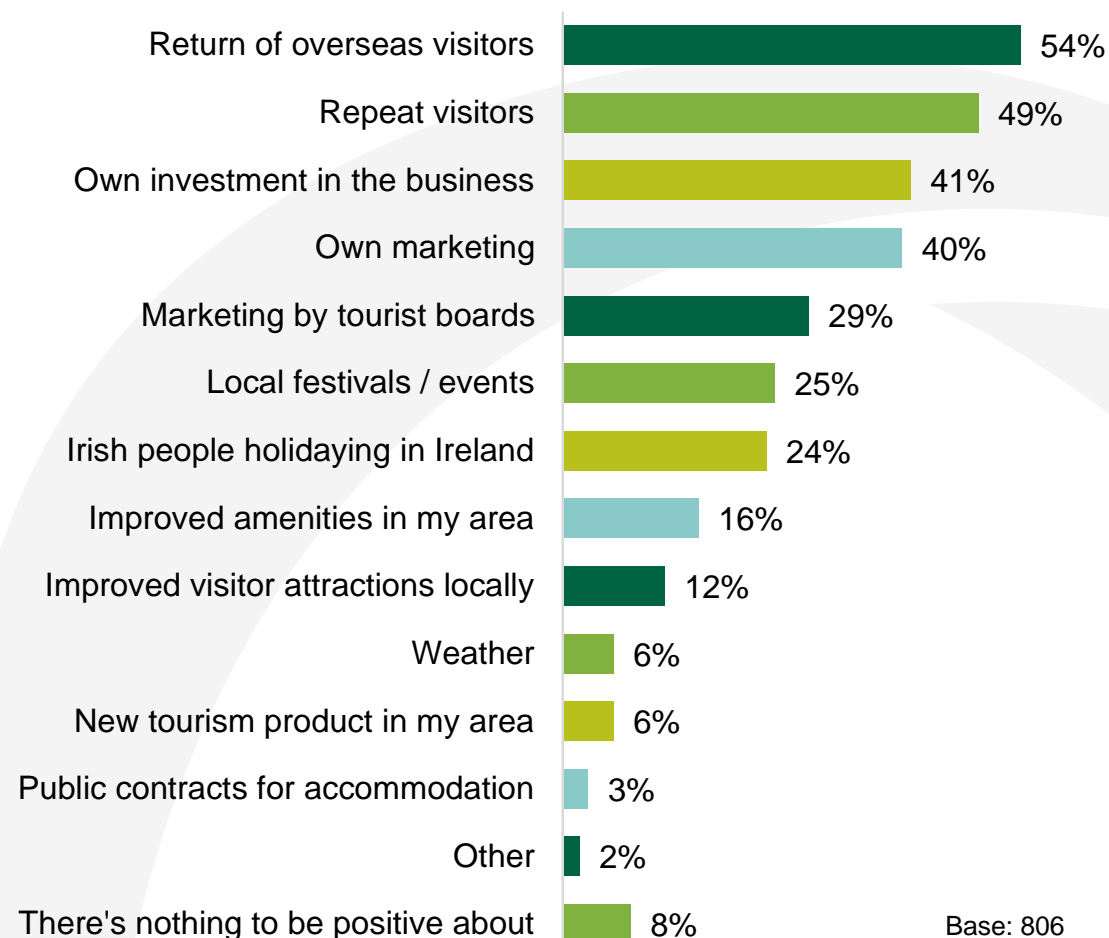
Reasons to Be Positive

Some good reasons to be optimistic

- The return of overseas visitors is once again the most frequently cited positive factor affecting business – this market is expected to grow in 2023
- The domestic market played a significant role during the post-Covid recovery period and some of the new visitors have now turned into repeat visitors
- ‘Repeat visitors’ is the top answer among caravan parks (80%) and in self catering (78%)

“The only advantage of the Covid problems for us is that many Irish who couldn't travel abroad during that difficult time seem to have 'discovered' our beautiful seaside properties and stunning area and have become repeat visitors!”
Self catering, Kerry

Q18 "Are there any particular reasons to be positive about business this year?"



Reasons to Be Positive – Open Comments

Passion for the sector

- Some operators are passionate about working in hospitality
- Their upbeat attitude overcomes many challenges

"I am quite happy to continue on. I love hospitality."
B&B, Monaghan

Getting on with the job

- Some operators face many challenges but feel the best approach is to 'keep their head down' and get on with the job

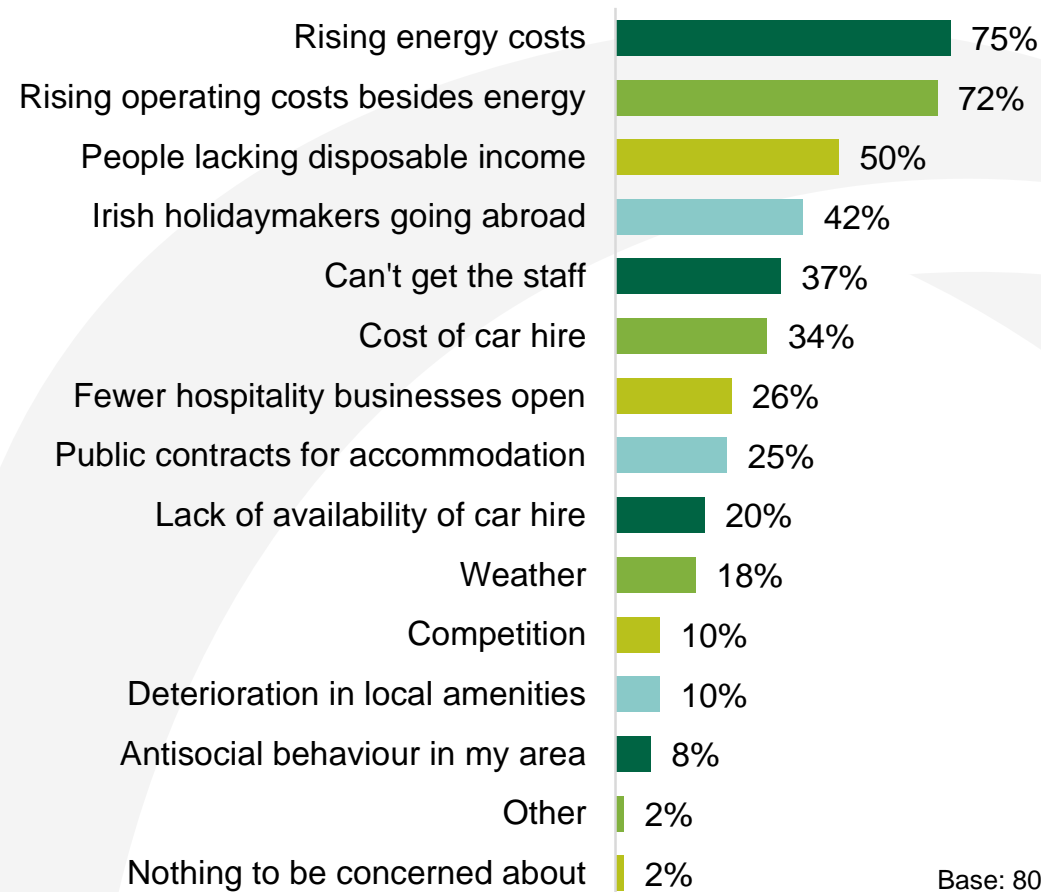
"We just have to our heads down and do the best we can, looking after our clients to give them a good time so they can go home and tell everyone they had a great vacation"
Chauffeur, Clare

Reasons to Be Concerned

Rising costs continue to dominate concerns

- Rising costs (to businesses or consumers) form the top three concerns
- Operating costs to the business (energy or otherwise) form the top two concerns in nearly every sector and in all regions
- Only exceptions are:
 - Cost of car hire – ranks 2nd in self catering
 - Public contracts for accommodation – ranks 2nd for DMC & inbound tour operators
- Open comments on key concerns are discussed next

Q19 "Are there any particular causes for concern regarding business this year?"



Reasons to Be Concerned – Open Comments (1)



Under pressure to make ends meet

- Operating costs are soaring
- But customers have less disposable income
- Therefore not easy to raise prices
- Concerns also about long term value for money
- Proposed rise in VAT is a key concern for some

"Business is going well but ... the expected increase to VAT rate is a concern – concerned guests can't accept the rise so we may have to absorb and take profit hit"
Self catering, Monaghan

"If costs don't stabilise, it's going to be impossible to balance the books. Between insurance, energy costs and food costs going up on a constant basis, cost control is getting impossible."
Attraction, Cork

"We are not seeing nearly the volume of visitors as we did in 2022. The colder weather may contribute to that, but we feel that there is just not the disposable income available for people to spend at the moment. There are signs that this may well now be the norm throughout the 2023 season."
Attraction, Waterford

"Ireland has become very expensive for travellers from Europe and they might put up with it this year but I think in long run they won't and will be looking for other destinations."
Tour guide, Wicklow

Reasons to Be Concerned – Open Comments (2)



Beds are scarce in some areas

- Public contracts to accommodate internationally displaced persons
- Moral duty to help is understood
- But it leaves some areas with little or no accommodation for tourists
- This comes on top of some establishments not reopening after Covid

"Beds are scare everywhere. If people can't stay, they won't come."
Activity provider, Mayo

Regional spread is hoped for

- Important remit for Fáilte Ireland – operators in non-hotspot areas feel that efforts needs to be sustained
- Cost of car hire is harming some remote businesses

"Hopefully the North American visitors will return in 2023 and they will visit down the country instead of just staying in the capital. A balanced visit of Ireland."
Attraction, Roscommon

"We require the car hire problem to be sorted due to visitors requiring a car to get to our attraction"
Attraction, Cork

Reasons to Be Concerned – Open Comments (3)



Antisocial behaviour in Dublin

- 23% of Dublin businesses have cited this as a concern
- Seems, from their perspective, to have become worse in the past few years
- Makes the city look 'dirty'
- Poor image for incoming tourists

"Parts of Dublin are deteriorating in terms of antisocial or intimidating environments, cleanliness and overall attractiveness"

Tour guide, Dublin

"The antisocial element in the city – aggressive begging, public drinking, drug dealing and general vagrancy is going unchecked, leading to people no longer feeling safe to go out. Tourists are not getting the experience they expect from Dublin."

Restaurant, Dublin

Working from home is harming pubs and cafés

- Although more hospitality than tourism, loss of custom from local workers may cause some businesses to close
- This then means loss of product for tourists too

"For our bar, which serves food, working from home is massively affecting our business."

Bar, Dublin

Individual Sectors



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Hotels

Best performing accommodation sector

- 65% have had more visitors to date this year vs 19% down
- Strong recovery in overseas market – 74% are up year to date vs 16% down for overseas
- Expecting 2023 to continue in similar fashion – 60% expect remainder of year to be up on 2022; only 15% expect to be down

Some challenges remain though

- Volumes and revenue are up, but profitability is not
- Some concerns over long term value for money if hotels keep raising their prices but with lower quality service
- Chef shortage remains a problem – 63% cite ‘can’t get staff’ as a concern (*highest in any sector except restaurants*)

“The group segment is very strong”
Hotel, Dublin

“Staffing continues to be a real concern with the consideration of reducing the amount of business we may be able to take for 2023. Chefs and skilled bar staff are lacking to maintain good standards of service.”
Hotel, Donegal

“I believe that travellers are seeking quality options; however there has been a significant reduction in qualified staff. Our industry standards have broadly fallen while prices have increased – this is not a long lasting scenario. I believe that customer spending will retreat unless we provide better value again.”
Hotel, Galway

Those which remain are mostly performing well

- Many B&Bs have not reopened since Covid
- Some of those who have returned to trading now find a lack of competition and are mostly performing well
- But some say the lack of 'replacement' B&B operators could see the sector decline in the long term
- 49% are up on visitors year to date vs 16% down
- Top two reasons to be positive are 'return of overseas visitors' (67%) and 'repeat visitors' (57%)

"The B&B business is a unique market. I can see this business [sector] fading out as there are no replacements coming into the market as the elder lemons retire."

B&B, Kerry

"Looking forward to a good season even though we are getting older – over 50 years in business"

B&B, Kerry

Self Catering

Repeat business is very beneficial

- 46% of operators say they have had more visitors to date this year vs 24% reporting to be down
- 2023 is expected to continue in the same way – 42% predict being up on last year, compared to 19% expecting to be down
- Self catering sector is benefiting from repeat visitors
- International travel restrictions drove Irish holidaymakers to seek new destinations, and some now return
- Overseas visitors are also boosting volumes

“Optimism in general. We have been nominated for an Innovation and Excellence award which will hopefully create further awareness and visitors to the farm”
Self catering, Donegal

“My business depends on repeat visitors mainly”
Self catering, Donegal

“We have been through a lot of swings in the economy. We are very happy to have the support of Fáilte Ireland.”
Self catering, Kerry

Attractions

One of the best performing sectors this year

- 69% of attractions have had more visitors so far this year
- Only 9% have had fewer
- Return of overseas market is key – 74% are up on overseas visitors; only 8% are down
- 81% expect the remainder of 2023 to be up on last year; only 8% expect to be down

Own marketing

- 59% of attraction cite their 'own marketing' as a reason to be positive this year – the highest proportion of any sector to say this
- Demand is there – just need available accommodation for tourists

"We will have new walking trails joining our suite of walking trails in the county. These trails will attract more visitors to those areas. The opening of the South East Greenway will be of huge benefit not only to those walking trails and amenities in and around New Ross but also to the county."

Attraction, Wexford

"Lack of accommodation for overseas visitors is the biggest obstacle to the return to pre-pandemic visitor numbers"

Attraction, Wicklow

Activity Providers

Only sector to be down on visitors so far

- 33% of operators are up visitors vs last year, but 42% are down
- Decline in domestic market is behind this
- But the remainder of the year is expected to pick up – 54% expect to be up on last year, compared to 21% expecting to be down
- Domestic and overseas markets are both expected to recover

Some key challenges

- Specific to rising costs in this sector is insurance
- Financial hardship also means lack of investment in equipment
- Public contracts for accommodation are also a concern for 43% of operators

“We will definitely be up this year”
Activity provider, Dublin

“No investment in new equipment”
Activity provider, Louth

“Significant challenges ahead with lack of skilled staff, increased costs of fuel and insurance, all [sic] local accommodation and self catering taken by Government contracts for international protection.”
Activity provider, Kerry

Pubs & Bars

Some signs of recovery in customer levels

- 41% of pubs & bars are up on customers to date this year
- This compares to 25% reporting to be down
- Promising turnaround from poor performances reported in barometer surveys last year
- However, the sector is still in difficulty because the increase in customers does not translate into improved profitability
- 27% say their profitability is up year to date, but 48% say it is down
- Like all sectors, operating costs are the biggest concern
- In spite of this pressure, 48% cite 'own investment in the business' as a reason to be positive
- 'Investment' is not necessarily just financial, but can mean innovative ideas to survive in a changed environment

*"Turnover static, costs increasing hugely,
lower profits"*
Pub, Galway

*"The reason that I'm busier is we have
refurbished the bar and we have a new
venue centre almost completed as a result
of the lockdown"*
Bar, Kerry

*"Hard work, imagination and creative
inspiration might see traditional pubs
survive in a changed Ireland"*
Pub, Kerry

Restaurants

Only sector expecting to be down on customers in 2023

- Performance so far this year has been stagnant – 40% are up on customers vs 38% down on 2022, which was itself a difficult year
- 29% expect to be up on customers during the remainder of the year, but 51% expect to be down – no other sector predicts being down
- Operating profitably is a significant challenge – 75% say their profitability is down so far this year

“The VAT rates going back up will close many restaurants as a lot of people in the industry are already finding it tough with costs increasing on a weekly basis”
Restaurant, Westmeath

Still struggling to find staff

- On top of escalating costs, finding staff remains a significant challenge in this sector
- 71% cite ‘can’t get the staff’ as a concern – the highest proportion of any sector to say this

“Staffing is a nightmare”
Restaurant, Kerry

Inbound Tour Operators & DMCs

Promising recovery this year

- Operators reliant on inbound tourism were hit the hardest during the pandemic
- They are now enjoying the return of overseas visitors to Ireland
- 19 out of 23 DMC / inbound operators are up on visitor volumes this year
- The North American market is particularly buoyant this year – 14 out of 19 operators say it is up to date this year, and the same number expect that to continue for the remainder of 2023

“There is huge demand within the inbound golf travel business which has built up due to the pandemic, where for pretty much three summers visitors could not travel. The 2023 season is pretty much sold out and I expect to see at least another two years before it starts to settle down to more usual numbers.”

Inbound tour operator, Dublin

Lack of accommodation is a key challenge

- Demand is buoyant, but supply is a problem
- 13 out of 24 cite ‘public contracts for accommodation’ and 11 out of 24 cite ‘fewer hospitality businesses open post-pandemic’ as concerns
- There are also concerns about the cost of what accommodation is available

“We often lose out to other cities as the costs are much greater to come to Ireland with customers feeling they do not get additional value”

Inbound tour operator, Dublin