

Tourism Barometer

Strategic Research and Insight

May 2024



Headline Findings (1)

Slow start to 2024

- Overall, the Irish tourism industry has endured a challenging year to date – 30% of businesses have seen increased visitor volumes, but 44% have experienced a decrease
- Attractions are the only sector where the proportion of businesses (42%) reporting to be up significantly outweighs the proportion reporting to be down (30%)
- The accommodation sector, including hotels, is not faring as well as anticipated – 24% of accommodation businesses are up on visitors year to date, but 50% are down. This is in the context of growth in available bed stock, particularly in Dublin.
- The food & drink sector continues to struggle – 18% of businesses are up, but 55% are down
- Lack of demand is thought to be due to a combination of factors, which include lack of consumer disposable income, high prices being charged in a number of sectors, lack of tourist accommodation and prolonged poor weather

All markets are down

- 22% of businesses say the domestic market is up, but 47% say it is down for them
- 30% of businesses say the overseas market is up, but 47% say it is down – all major overseas markets are down

Headline Findings (2)

Divide in performance between Dublin and the rest of the country

- 47% of Dublin businesses have had more customers to date this year; 41% have had fewer
- 26% of businesses outside Dublin are up on visitors, but 45% are down

Expectations for the remainder of the year are slightly more optimistic

- 33% of businesses expect to be up on visitors during the remainder of the year; 35% expect to be down
- Reasons to be positive include 'repeat visitors' (44%), 'own investment in the business' (38%) and 'own marketing' (37%)

Rising costs dominate concerns

- The top six concerns are all directly or indirectly related to rising costs
- Rising payroll costs are a high concern for cafés (all have said this), restaurants (91%) and hotels (90%)
- 'Cost of tourist accommodation' is the most frequent concern (56%) among non-accommodation operators – inbound tour operators and DMCs in particular are concerned about Ireland's long-term competitiveness internationally

What is this research about?

Background

- The key aims of this research are to understand:
 - Visitor volumes to date in 2024 compared to 2023 (*note that Easter fell earlier this year and this may have affected April bookings*)
 - Expectations for the remainder of 2024
 - Reasons to be positive or concerned about business in 2024

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 7 May 2024
- Some sector representative bodies also encouraged their members to respond

Sample

Accommodation sector	Sample size
Hotels	115
B&Bs	56
Self-catering	37
Caravan & campsites	28
Guesthouses	9
Other accommodation	15

- 816 responses in total after de-duping by business
- Overall response is lower than in the January 2024 wave (1,236)

Non-accommodation sector	Sample size
Attractions	135
Activity providers	76
Pubs & bars	74
Restaurants	55
Tour guides	44
Inbound operators and DMCs*	36
Cafés	24
Chauffeur service	17
Retail	16
Golf clubs	16
Other non-accommodation	63

**Destination Management Companies*

2024 Performance



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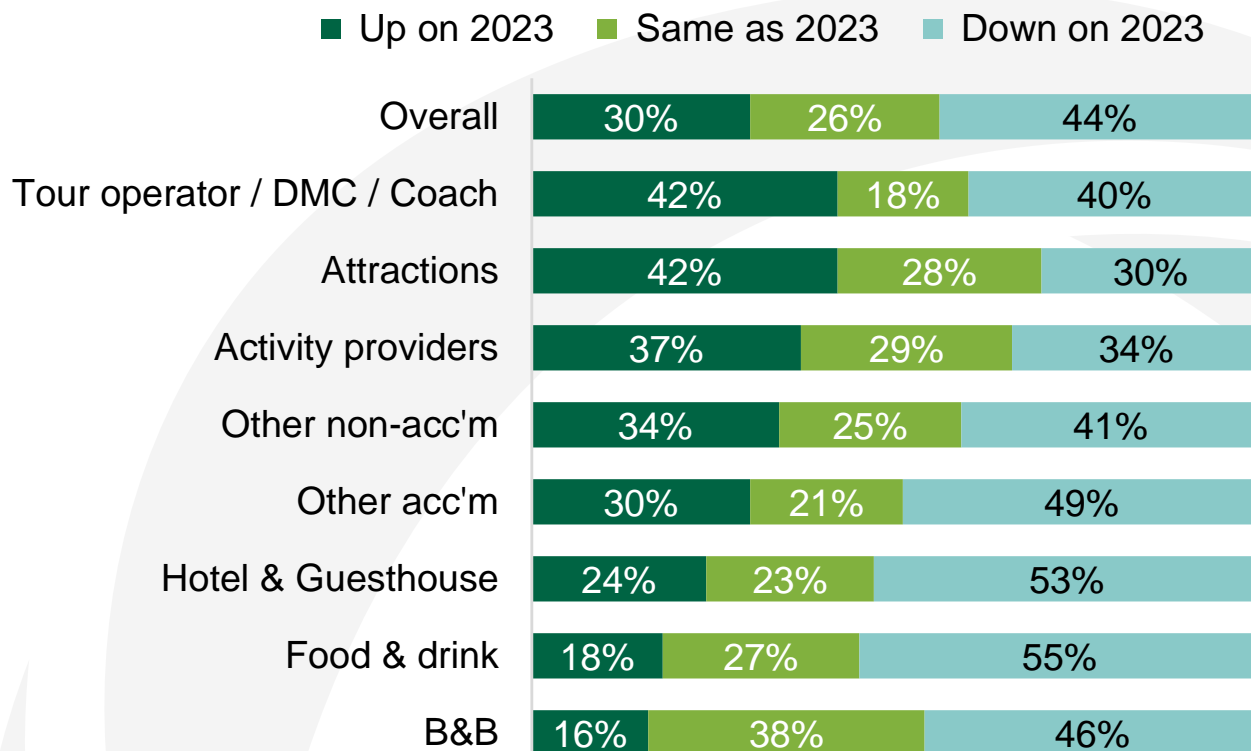
2024 Performance vs 2023 (Sector)

Tough start in some sectors

- Year to date performance is mixed, with some sectors so far struggling to match last year's visitor volumes
- Tour operators, DMCs, attractions and activity providers have fared better than other sectors
- Accommodation sectors have struggled so far
- Lack of demand is thought to be due to a combination of factors, which include lack of consumer disposable income, high prices being charged in a number of sectors, lack of tourist accommodation, an early Easter and prolonged poor weather

"Speaking to people around the country, there seems to be a slow start to the year"
Attraction, Kilkenny

Q4 "How does the volume of your overall business to date this year compare with the same period last year?"



Base: 754

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

2024 Performance vs 2023 (Region)

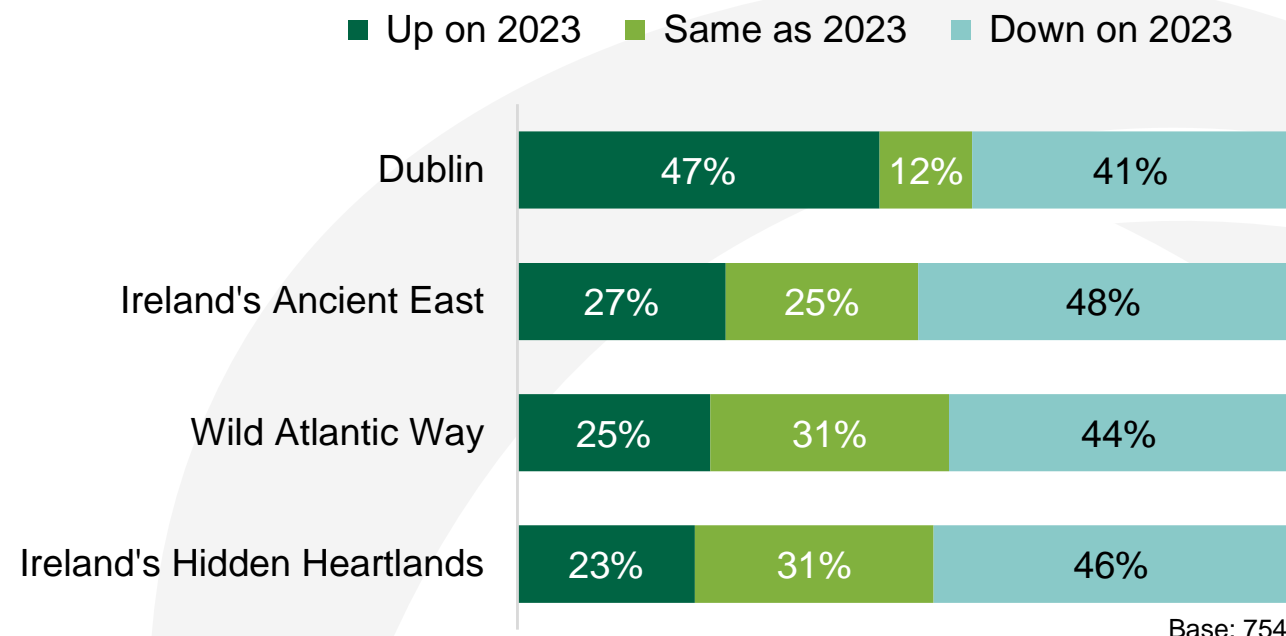
Strong divide between Dublin and the rest

- Dublin has fared much better than the other regions to date this year
- Both the domestic and overseas markets have helped bring stability to Dublin, whereas both markets are said to be significantly down for the other three regions

"Bookings have never been so bad and the bad weather is not helping"
Self-catering, Monaghan

"March and April were down over 50% on 2023. May is also down but by a smaller %"
Hotel, Galway

Q4 "How does the volume of your overall business to date this year compare with the same period last year?"



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

Performance by Market

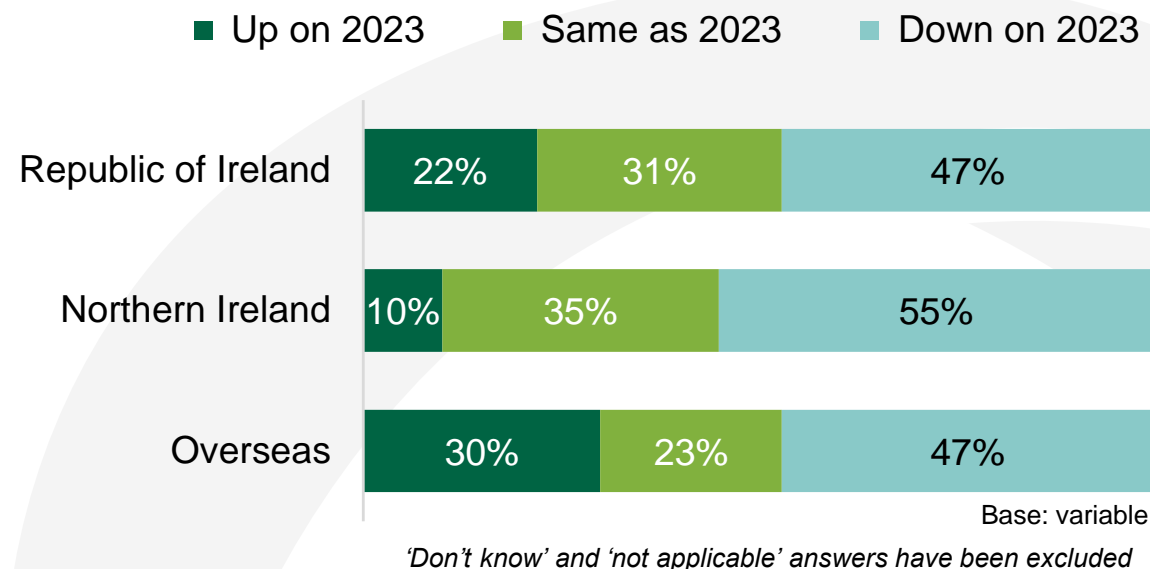
All markets are down

- The challenging year to date is reflected across all major markets
- The accommodation sector is struggling in particular because of a poor domestic market – 18% report it to be up, but 51% say it is down for them
- Attractions are the only sector to be clearly up on overseas visitors, 44% cite being up in this market compared to 31% being down

“Domestic tourism has crashed and people with money are holidaying abroad as they cannot get value for money in Ireland”
Accommodation, Cork

“Bad weather, holidays abroad and lack of disposable income are all factors that are impacting domestic spend”
Attraction, Carlow

Q5 "How does your volume of visitors to date this year compare with the same period last year from each of the following markets?"



Performance by Overseas Market

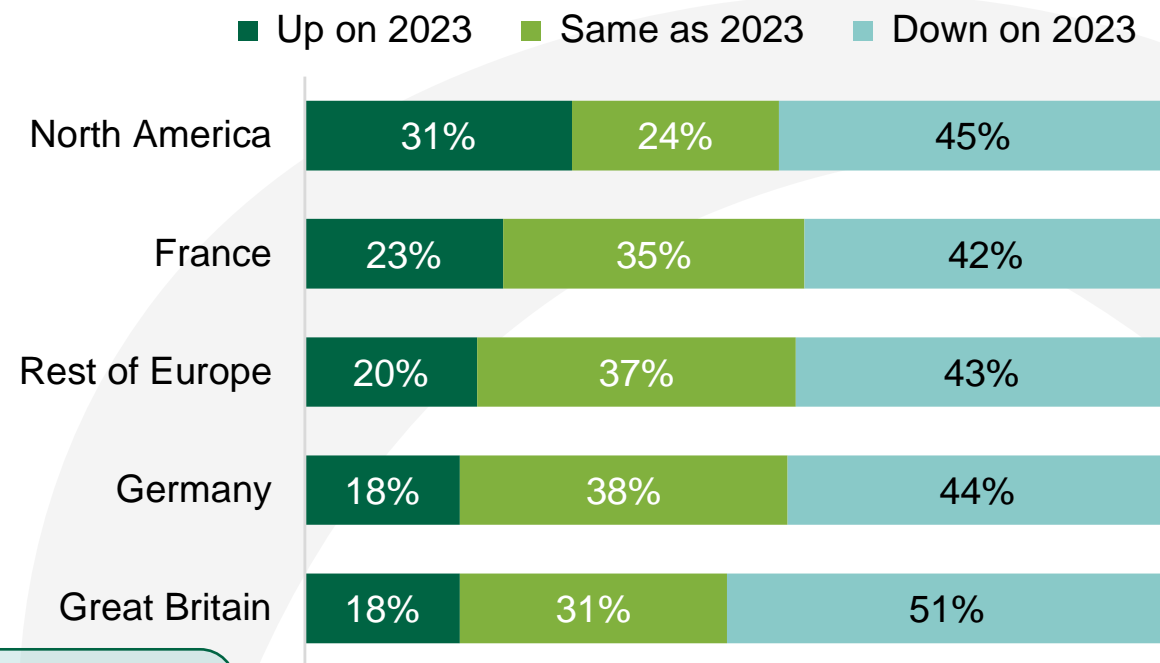
Challenges in all major overseas markets

- Recent good years for some sectors have been underpinned by the North American market, but even this is down on balance year to date
- However, North America is significantly up for some sectors:
 - Attractions (45% up vs 31% down)
 - Tour guides (44% up vs 26% down)
- All European markets are facing challenges

"The lack of 3 star accommodation in the greater Connemara area has had a profound affect on tourism from France"
Retail, Galway

"EU and UK markets are soft. USA is the only hope but with an election year, this market may underperform too."
Accommodation, Cork

Q6 "How does your volume of overseas visitors to date this year compare with the same period last year from each of the following markets?"



Base: variable

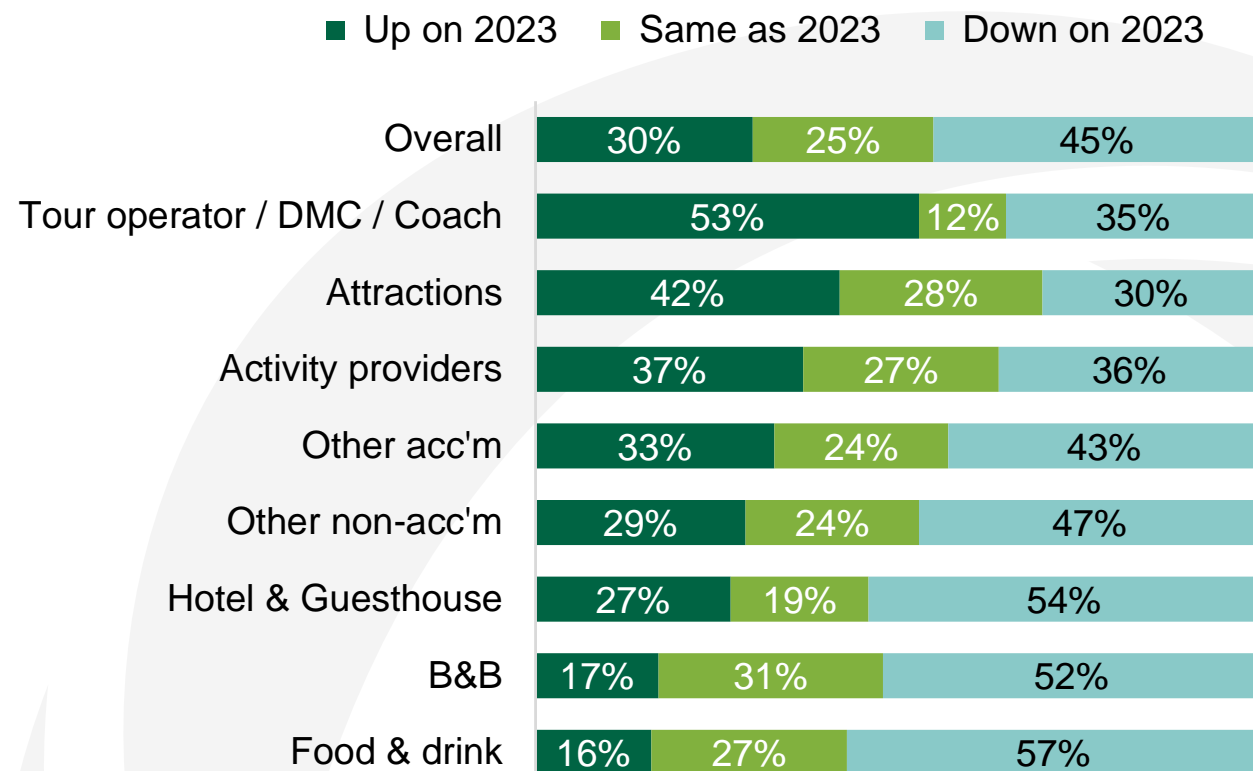
'Don't know' and 'not applicable' answers have been excluded

Turnover

Very similar to visitor volumes

- Analysis of turnover shows a very similar picture to visitor volumes
- Some non-accommodation sectors are performing well – especially tour operators, DMCs, coach operators and attractions
- But accommodation sectors are struggling to match last year's turnover so far
- The food & drink sector continues to face challenging times

Q7 "How does your overall turnover to date this year compare with the same period last year?"



Base: 735

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

Profitability

Hard to break even

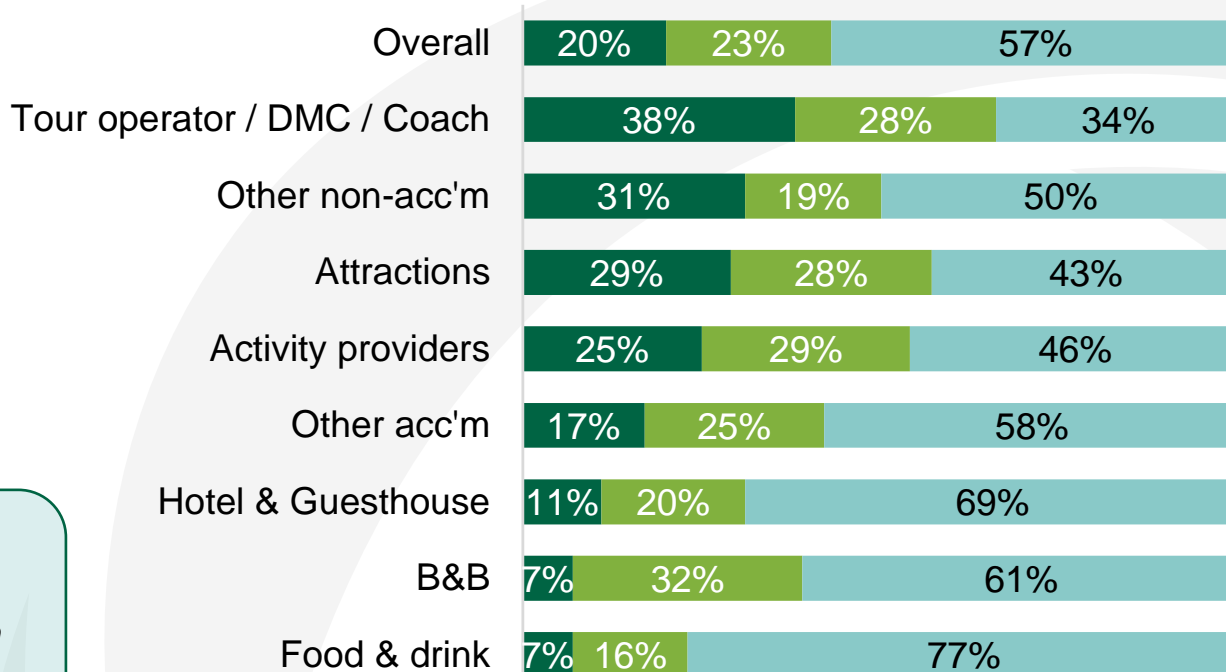
- Whilst some sectors are challenged by matching last year's visitor volumes and turnover, being profitable is even more difficult
- Even businesses in some sectors which are faring well on visitor volumes are not necessarily making a profit – most notably attractions and activity providers
- Business concerns (discussed in more detail later) show that high costs are very much top of mind

"My turnover is similar to last year but profits are way down due to increased costs"
Café, Longford

"Despite an increase in customers and turnover, we are barely scraping a profit, with many weeks this year operating at a loss due to an increase in all costs"
Restaurant, Dublin

Q8 "How does your overall profitability to date this year compare with the same period last year?"

■ Up on 2023 ■ Same as 2023 ■ Down on 2023



Base: 711

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

Hotels – Yield and Profitability

Tide has turned for hotels

- The hotel sector has been one of the strongest performing sectors over the past few years, but in 2024, the challenges seem to have caught up with it
- High operating costs are making it very hard to be as profitable as last year

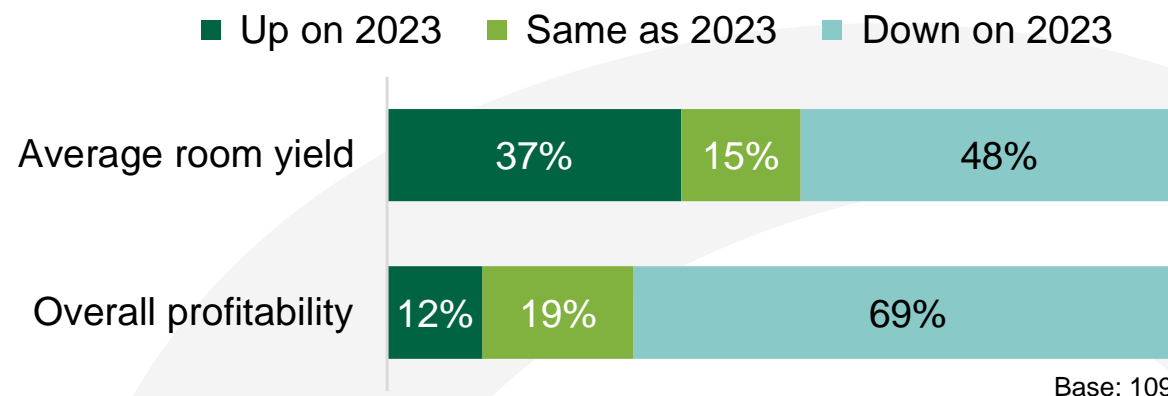
“Costs are increasing which, along with VAT rate increases, has led to softer demand and is putting pressure on rates”

Hotel, Cork

“2024 is a reset year for business ... will be marginal at best by the end of the year”

Hotel, Clare

Q8/9 "How does your ... to date this year compare with the same period last year?"



Hotels – Ireland Market

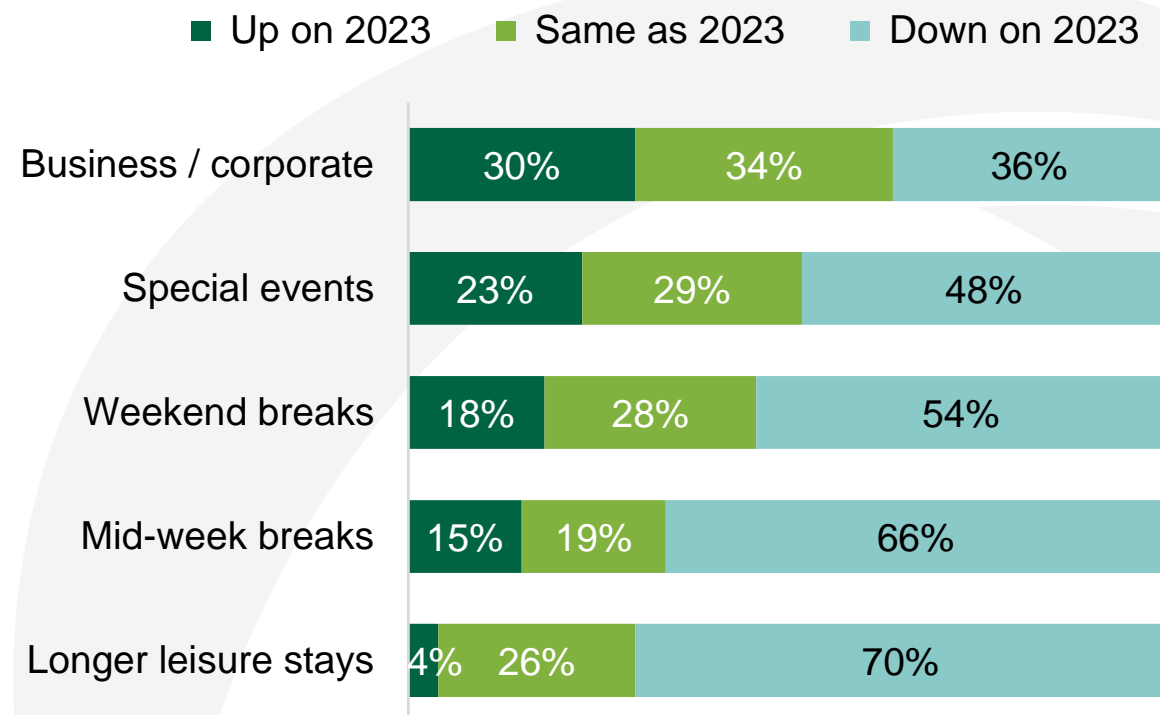


Business tourism stronger than leisure

- Corporate business for hotels is not far short of last year
- Leisure tourism on the other hand is significantly down, especially longer stays – a trend which was emerging last year

"Costs are killing the ability to create value for customers"
Hotel, Cork

Q10 "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



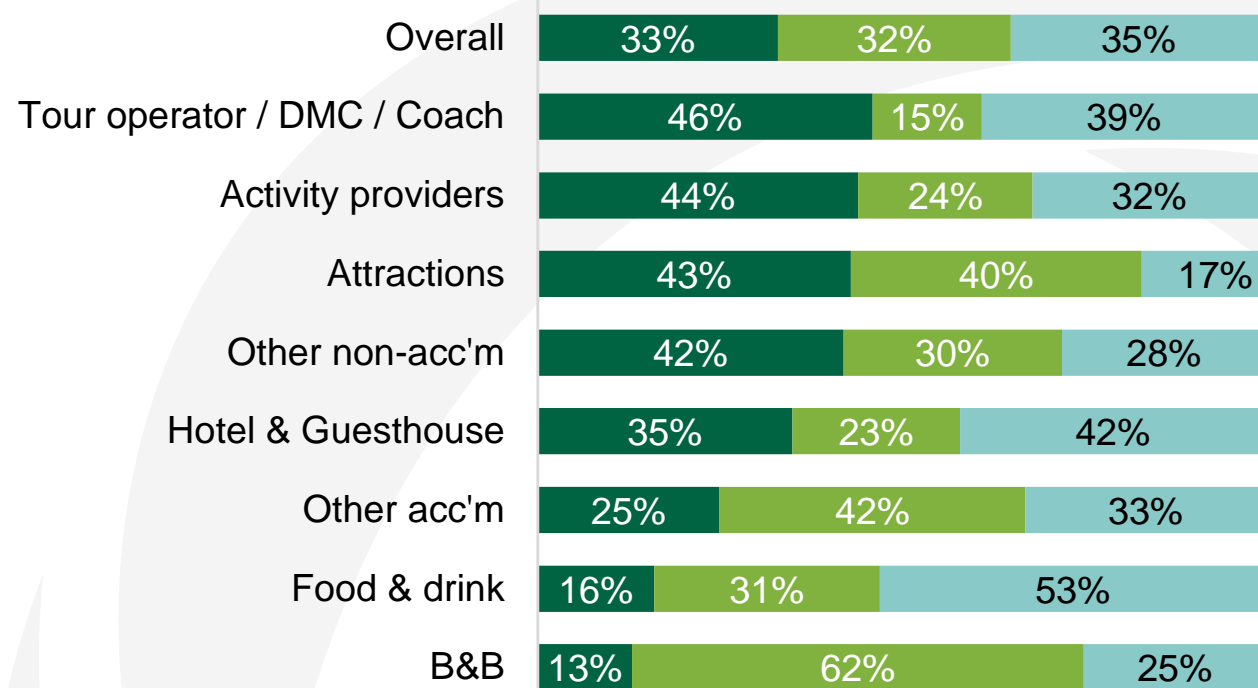
Overall Expectations

Slightly more optimistic outlook

- The remainder of the year looks somewhat more promising than performance to date
- Sectors performing well to date expect to continue seeing increased visitor levels
- In accommodation sectors, outlook is less negative than performance to date
- However, 2024 is not looking like the year that businesses forecast back in the January barometer, when 44% expected to be up this year and only 21% expected to be down

Q11 "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?"

■ Up on 2023 ■ Same as 2023 ■ Down on 2023



Base: 735

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

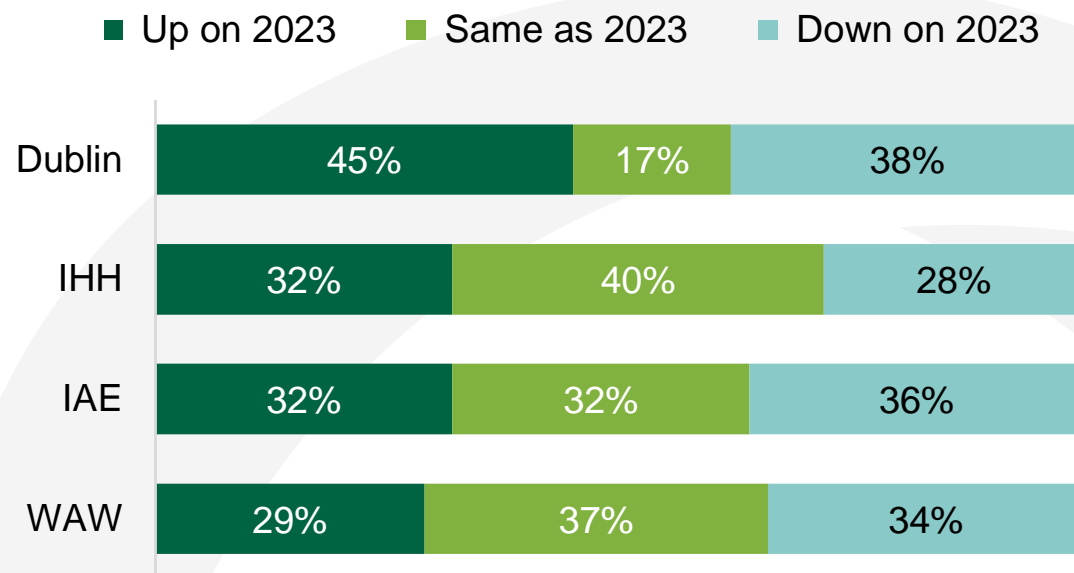
Expectations by Region

Recovery is hoped for outside of Dublin

- Expectations for the remainder of the year split by region show a divide between Dublin and the rest of the country, as is the case with year to date performance
- However, that divide is less pronounced, with many businesses outside Dublin hoping for recovery from a poor start to the year

"I hope that a good volume of overseas visitors come this year and that they have a good experience in Ireland"
Attraction, Roscommon

Q11 "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: 735

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

Expectations by Market

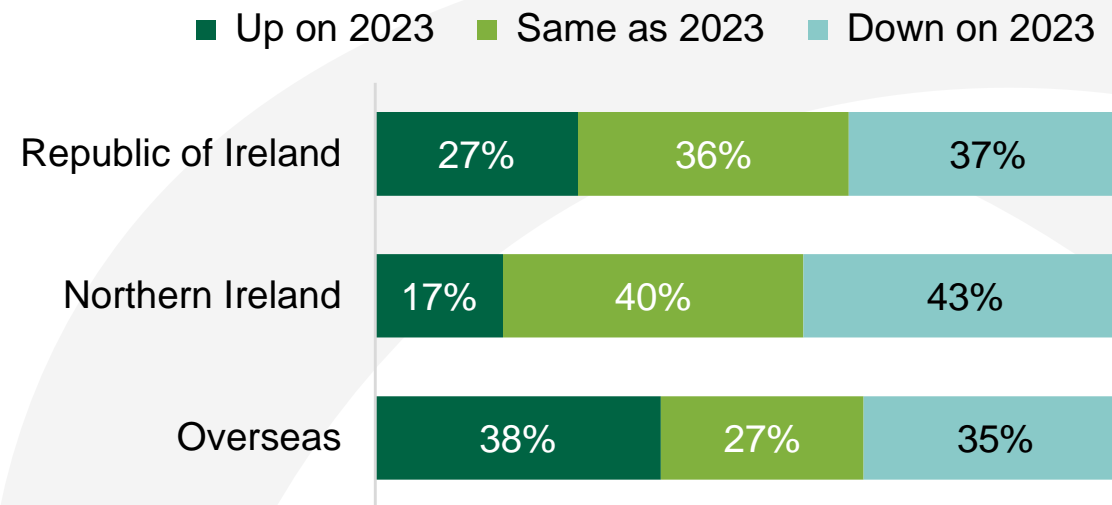
Recovery expected in the overseas market

- The overseas market has not performed well year to date, but recovery is hopefully on the way
- The domestic market is not expected to match last year's performance, but the outlook is somewhat better than the poor start to 2024

"We're disappointed that things haven't been better, even though we're ever so slightly ahead of 2023. Hopefully things pick up as we're coming into high season."

Attraction, Dublin

Q12 "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

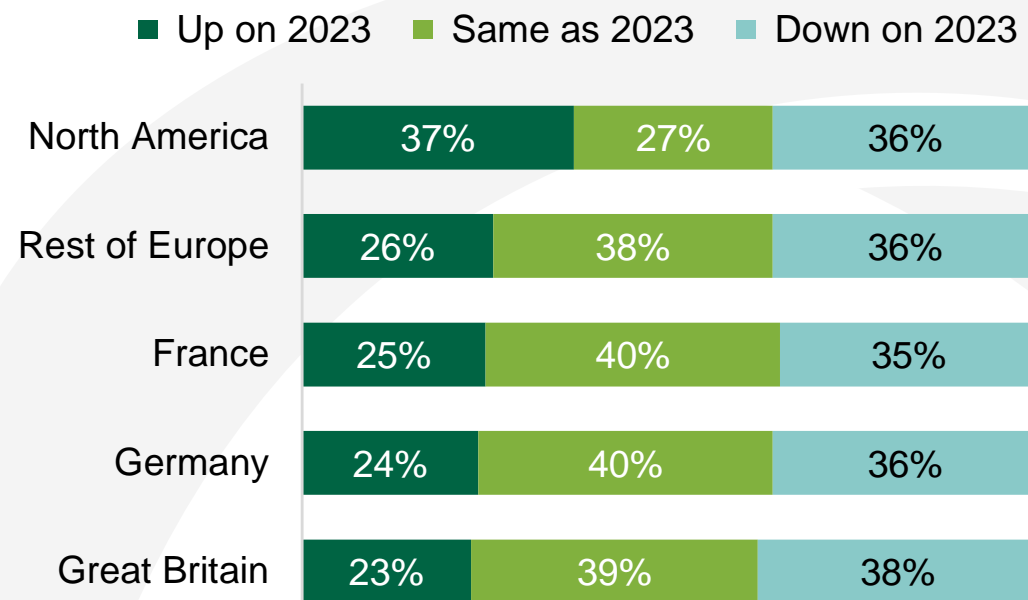
Expectations by Overseas Market

North America may get back on par with last year

- North America has had an uncharacteristic slow start to 2024 but there is hope for improvement
- Similarly with European markets, the outlook for the remainder of the year looks somewhat better than the performance year to date

“Our performance is very exposed to the American market – which is fine for as long as the dollar is strong”
Golf club, Kerry

Q13 "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 3

Reasons to be Positive or Concerned



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Reasons to Be Positive

Positivity in some sectors

- 'Repeat visitors' are the most frequently cited reason to be positive – this is particularly the case among caravan & campsites (75% have said this) and self-catering operators (59%)
- Many businesses are taking a pro-active approach:
 - 'Own investment in the business' is the top answer among hotels (48%)
 - 'Own marketing' is the top answer among inbound operators & DMCs (56%) and attractions (52%)
- The food & drink sector contains a large proportion (38%) of businesses saying 'there's nothing to be positive about' – this compares to 13% of businesses in other sectors

Q14 "Are there any particular reasons to be positive about business this year?"



Reasons to Be Positive – Open Comments

Taking matters into own hands

- In spite of many challenges in the industry this year, some operators are being proactive with their marketing, investment in the business or diversification into new markets

“With the help of marketing through a good website and the addition of an accessible toilet to include people of all abilities, the interest in the museum will increase and more visitors of all nationalities will be welcomed here”

Attraction, Laois

“Diversifying my business by making some accommodation dog friendly and running small events; retreats on my property”

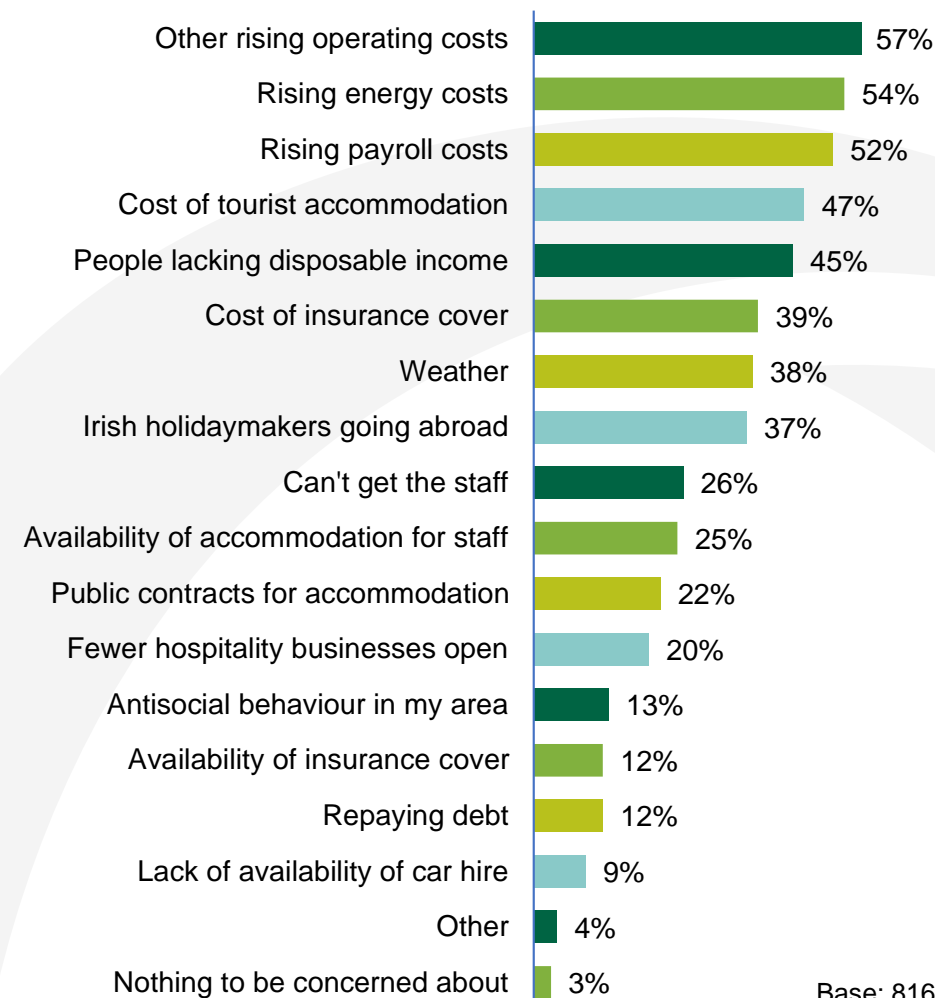
Caravan park, Mayo

Reasons to Be Concerned

High costs dominate concerns

- The top six concerns are all directly or indirectly related to rising costs
- Other concerns which stand out in particular sectors include:
 - Irish holidaymakers going abroad again – ranks 1st for self catering and 2nd for caravan & campsites
 - Weather – ranks 1st for caravan & campsites and 2nd for activity providers

Q15 "Are there any particular causes for concern regarding business this year?"



Reasons to Be Concerned – Open Comments (1)

Costs rising from all angles

- High costs continue to be a significant talking point in the industry and these are rising in numerous areas, including payroll, energy and insurance
- Businesses can only raise their prices so much before demand falls off, meaning that some are under significant pressure to remain viable

Business closures having cross-sector impact

- When accommodation businesses close (often due to unsustainable costs), non-accommodation businesses in the area can be affected because of a lack of places for their potential customers to stay
- Likewise, when non-accommodation businesses close, accommodation operators in the area can be affected by their guests having a lack of things to do or places to eat & drink

“Due to rising costs ... utilities, payroll, we will probably be closed by the end of the year”
Café, Galway

“Restaurants, bars, shops, attractions suffer from no hotel footfall and then it makes that place less attractive going forward as there are fewer amenities etc.”
Attraction, Kerry

“The closure of bars, whether permanent or partial (some days/times etc) has taken away one of the cornerstones of the Irish tourist offering...i.e. ability to meet and interact with Irish people ... you just cannot do likewise in most destinations.”
Tour guide, Tipperary

Reasons to Be Concerned – Open Comments (2)



Lack of affordable tourist accommodation

- 'Cost of tourist accommodation' was one of the prompted concerns and one of the most frequently selected answers
- Availability of tourist accommodation was not a prompted option but the subject has come up frequently in open comments
- The two issues are closely linked – lack of accommodation is pushing up prices significantly in some areas
- This is having a significant negative effect on non-accommodation businesses in those areas

"With little or no overnight accommodation ... we will see dwell time reduced dramatically, thus reducing the tourism spend in the area"
Attraction, Waterford

Concerns over Ireland's long-term value reputation

- With many prices going up, some operators are concerned about the damage being done to Ireland's long-term value for money perception

"I travel to America a lot and all I hear is how expensive it is here"
Restaurant, Donegal

Reasons to Be Concerned – Open Comments (3)

Walking the streets of Dublin carefully

- 36% of Dublin businesses have cited ‘antisocial behaviour in my area’ as a concern
- Dublin tour guides in particular are concerned about the impression given off to their customers and their safety
- Some guides are now avoiding certain parts of Dublin

“As a tour guide working often in Dublin city centre, I am concerned about safety for my clients and for myself. So I don't feel like actively promoting walking tours as much anymore as I fear something may happen.”

Tour guide, Dublin

Individual Sectors



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Hotels

Significant downturn in performance this year

- Hotels have been one of the best performing sectors in the past few years, with frequent reports of growth in visitor volumes
- But 2024 to date has seen volumes decline – whilst 26% of hotels are up on 2023 to date, 53% are down
- People lacking in disposable income seems to be a key reason for soft demand – 64% have cited this as a concern

High costs dominate concerns

- 90% cite 'rising payroll costs' as a concern, and 83% cite 'rising costs besides energy or payroll'
- Rising costs are forcing hotels to raise their prices, but at the same time they know there is a limit to what consumers can afford
- On a positive note, 48% cite 'own investment in the business' as a positive factor this year

"Rising costs are making seasonal hotels unviable"
Hotel, Donegal

"Ireland is very fast becoming an expensive holiday destination and mostly because of ... continuing and growing costs"
Hotel, Tipperary

"Cost are now at the highest level in my business life. I've had to increase my prices and I'm concerned with the local and national market."
Hotel, Kilkenny

Challenging start to the year

- 16% of B&Bs have had more guests year to date vs 2023, but 46% have had fewer
- All markets are significantly down
- Profitability is a challenge, with 7% being more profitable compared to the same period last year but 61% being down

Hospitality businesses closing around them

- 34% of B&Bs have cited 'fewer hospitality businesses open' as a cause for concern – the highest proportion in any sector to say this
- In some cases, the lack of competition in accommodation can be a benefit to those still open and receiving tourists
- But a lack of places for the guests to eat & drink in more rural areas is harming the visitor experience

"Feeling positive that it's a good year, mainly because there is so little accommodation available in my area"
B&B, Mayo

"Very few options for guests to get dinner"
B&B, Cork

"Major concern around the loss of local restaurants and coffee shops, especially in rural areas. The VAT rate decision was very damaging ... particularly for food businesses"
B&B, Donegal

Self-Catering

Best performing accommodation sector

- 35% of self-catering businesses have had more guests year to date than last year – 41% have had fewer
- Whilst this performance is mixed, it is more positive than the other accommodation sectors
- 11 of the 26 operators which tend to receive North American guests say this market is up – 8 say it is down
- 59% cite 'repeat visitors' as a reason to be positive this year

"The start of the year was down 15% on bookings compared to last year but the remainder of the year looks strong, with the summer months being fully booked"
Self-catering, Donegal

"Business has not had such an empty calendar for the season in the past 10+ years. Bookings are last minute, or within 6 weeks of arrival."
Self-catering, Cork

Concerns over Irish holidaymakers going abroad

- Concerns in self-catering are more to do with lack of demand than rising costs
- 59% are concerned about Irish holidaymakers going abroad – the highest proportion of any sector to say this

"Very disappointing to date. Bookings are down 50 – 60%. Really disturbing is the very high menu costs across the board in our area."
Self-catering, Galway

Attractions

Good start to the year

- Attractions are one of few sectors to have increased their visitor volumes to date on balance
- 42% say they have had more visitors to date this year, compared to 30% which have had fewer
- Growth has come from the overseas market rather than the domestic market
- 52% cite 'own marketing' as a reason to be positive this year, and 51% cite 'own investment in the business'

"I feel optimistic about the season"
Attraction, Clare

"With an extra emphasis on marketing, we are positive and hopeful for a good season ahead"
Attraction, Roscommon

Issues in other sectors can affect attractions

- Whilst attractions have performed reasonably well to date this year, there are concerns that issues in other sectors, most notably the price and availability of accommodation, could affect visitor levels to attractions in the long term

"Concern about the lack of competitiveness in related tourism businesses, for example accommodation and transport, which will reduce our visitor numbers"
Attraction, Wicklow

Activity Providers

Mixed start to the year

- 37% of activity providers have had more visitors to date this year, and 34% have had fewer
- 50% cite 'repeat visitors' as a reason to be positive this year, and 45% cite 'own marketing'

"Lots of amazing work preparing for the season and so much to be excited about."

Activity provider, Dublin

Cost of tourist accommodation is the top concern

- As with other non-accommodation sectors, the cost of tourist accommodation is a concern – cited by 61% of activity providers
- Weather is also a concern for many (45%), as activities tend to be outdoors

"The big thing we're hearing in Dublin is accommodation prices. People are not able to afford to stay so are going elsewhere or only staying one night in the city before moving off"

Activity provider, Dublin

"The weather has had a large negative impact on the outdoor tourism business and it is difficult to predict how the season will go"

Activity provider, Wexford

Pubs & Bars

Challenges continue

- Pubs & bars have been struggling for the past few years, and 2024 to date has seen this trend continue
- 22% have had more customers compared to last year, but 46% have had fewer
- ‘People lacking in disposable income’ is felt to be a key reason for lack of demand – cited by 55% of pubs & bars
- Cost of tourist accommodation (45%) is also a concern

Rising operating costs are the biggest challenge

- Whilst soft demand is affecting the sector, the most significant challenge is rising operating costs as even the pubs & bars which are busy are struggling to break even
- Only 9% have increased profitability compared to last year, but 70% have seen a decrease

“The domestic market is much weaker this year and disposable income must be down”

Bar, Galway

“Customers have less cash to spend”

Bar, Louth

“Hopefully things will improve”

Bar, Tipperary

“Very busy trading conditions. Profitability is negligible. Customers are happy. Staff are paid, revenue is paid, suppliers are paid. But there's nothing left [profit].”

Pub, Dublin

Restaurants

No improvement in performance

- The restaurant sector has struggled for some time, and 2024 is no different so far
- 19% have had more customers to date this year, but 59% have had fewer
- All markets are significantly down
- A high proportion (42%) say there is 'nothing to be positive about'

"VAT increase to 13.5%, additional payroll costs and increasing costs for goods and services have made my business unviable"
Restaurant, Cork

Concerns are numerous

- Rising costs are a key challenge – especially payroll (cited by 91% of restaurants)
- The rise in VAT has not been welcomed
- Other key concerns include 'people lacking disposable income' (64%) and 'cost of tourist accommodation' (56%)

"VAT rates need to change back to 9% for restaurants"
Restaurant, Waterford

Inbound Tour Operators & DMCs*

Mixed year to date – set to continue

- 15 out of 35 inbound tour operators & DMCs have had increased volumes year to date, whereas 13 have had a decrease
- Expectations for the remainder of the year are similarly mixed
- Key reasons to be positive include 'own marketing' (cited by 56%) and 'own investment in the business' (50%)

Cost of tourist accommodation dominates concerns

- 30 out of 36 inbound tour operators & DMCs cite 'cost of tourist accommodation' as a concern, and this dominates open comments too
- There are significant concerns about Ireland's competitiveness as operators are seeing business lost to other European countries

"Overall we are positive"
DMC, Dublin

"Price and availability of accommodation is affecting our ability to convert sales. International buyers are deciding against coming to Ireland due to accommodation and group package prices"
Inbound tour operator, Dublin

"There needs to be a concerted effort made to keep accommodation costs reasonable. We have lost business to Portugal, Spain, Greece and Croatia this year. It is an urgent issue that needs to be not only addressed but solved."
DMC, Cork

*The sample size for inbound tour operators & DMCs is fairly low (36)

Tour Guides

Mixed year to date, but expected to improve

- Similarly to inbound operators, tour guides have had a mixed year to date – 33% have had more customers so far, but 38% have had fewer
- However, the remainder of the year looks more positive, with 43% expecting volumes to be up, compared to 23% expecting to be down

"I'm a tour guide for cruise ship visitors. Cruise ship numbers are thankfully up this year."

Tour guide, Cork

Cost of accommodation and antisocial behaviour

- 66% cite 'cost of tourist accommodation' as a concern
- Antisocial behaviour is also a significant problem – 10 of the 14 responding Dublin-based guides have cited this
- Dublin-based guides are now finding it hard to shelter their customers from antisocial behaviour

"The rise in cost for accommodation as well as the availability of accommodation is concerning"

Tour guide, Wexford

"I was never afraid in Dublin but this year I am – the amount of drugs openly selling on the main street"

Tour guide, Dublin