STRATEGIC
RESEARCH & INSIGHT

Fāilte Ireland
National Tourism Development Authority

Tourism Barometer

April 2017

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1. Headline Findings

What is the Tourism Barometer?	The Fáilte Ireland Tourism Barometer is a survey of tourism businesses designed to provide insight into tourism performance for the year to date and prospects for the remainder of the year / for the following year.
How have we conducted it?	We have received 377 responses to an online survey with tourism businesses in April/May 2017 and have conducted 200 top-up telephone interviews. We have also conducted eight qualitative interviews with senior industry executives. More details on the methodology can be viewed in appendix 1.

Business Sentiment Index

	2008	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*
Up	14	15	28	39	52	46	62	61	63	55
Same	18	11	25	31	23	26	23	24	25	28
Down	68	74	47	30	25	27	15	15	12	18

Base: All Accommodation Providers *(weighted to available rooms)*

Fall in sentiment but index is still high	The positive sentiment of accommodation providers has fallen from 63% in 2016 to 55% in 2017. Nevertheless, sentiment remains high.
Restaurants and hotels the most affected sectors by Brexit and Sterling	About a quarter (26%) of businesses say they have seen a Brexit or Sterling exchange rate impact on their business so far this year, whereas more (55%) say they have not. The remainder (19%) do not know. The highest proportions of businesses affected are found among restaurants (44% are affected) and hotels (36% are affected).
Ireland safe haven	Many (61%) businesses say that the perception of Ireland as a safe destination is a positive for their business this year. This is the second most frequently stated positive factor after ‘repeat visitors’ (73% of businesses).
Local businesses missing out on tourism custom	Two in five (41%) businesses nationwide say their main concern is ‘more tourists using Dublin and other cities as a touring base rather than staying locally’. This is the most frequently stated of all concerns. If Dublin-based businesses are excluded, the proportion stating this

concern rises to 48%. This finding is not just limited to accommodation providers, but is consistent across all industry sectors.

Hotels contribute strongly to overall PSA performance

The PSA sector has enjoyed a good start to 2017, with over half (54%) of businesses increasing their visitors and a further quarter (25%) achieving the same level.

Hotels have started the year on a positive note, with well over half (58%) reporting increased visitor volumes compared to the same period last year. Profitability is very healthy – the majority (60%) of hotels have increased their profitability, compared to only a minority (16%) reporting to be down.

Guesthouses have experienced a reasonable start to the year, with about a third (35%) of businesses up on visitors and two in five (41%) maintaining the same level. However, profitability is down on balance: one in five (21%) have increased profitability this year, but two in five (41%) are down.

B&Bs have had a mixed start to the year, with 27% increasing their visitor volumes, but about the same proportion (28%) have experienced a decrease. However, expectations for the remainder of the year are positive, with 43% expecting an increase in visitors and a similar proportion (40%) expecting the same level.

Self catering boosted by visitors from further afield

The self catering sector has also experienced a mixed start to the year, with a third (33%) increasing their visitor levels, but a similar proportion (32%) experiencing a decrease.

Markets closest to home – Republic of Ireland, Northern Ireland and Britain – are all down. However, the North American market (up for 33% of businesses) and the French market (up for 32% of businesses) are performing relatively well.

Germans taking up the beds in hostels

Hostels have been busy so far this year, with 42% increasing their visitors and 43% receiving the same level.

Germans have been getting to the beds first. Over half (54%) of hostels have welcomed more German visitors compared to the same period last year.

Let’s go camping

The caravan and camping sector has enjoyed a significant boost from Irish holidaymakers staying in Ireland. 44% of caravan & campsites say the domestic market is up. About three in four (76%) caravan & campsites state ‘Irish people holidaying in Ireland’ as a positive factor affecting their business this year.

Very high footfall at attractions

Attractions are enjoying an excellent year so far, with 70% of businesses receiving more visitors. This success is expected to continue, with an even higher proportion (77%) of attractions

	expecting growth during the remainder of the year.
Restaurants hindered by £/€ exchange rates	Tourist custom to restaurants appears to be doing well in domestic, North American and Eurozone markets, but not Sterling (£) markets (Britain and Northern Ireland). Two in five (41%) restaurants state the £/€ exchange rate as an issue of concern this year. A third (33%) say that visitors are spending less – the highest proportion stating this concern of any industry sector. On a positive note, tourism custom is expected to pick up. The majority (62%) of restaurants expect to be up on tourist visitors during the remainder of the year.
Golf clubs finding the fairway	44% of golf clubs have hosted more tourist customers to date this year, and a similar proportion (41%) have received the same level. Many (71%) cite 'own marketing' as a positive factor – the highest of any industry sector. Golf clubs are also the only sector apart from attractions to maintain their level of British customers.
North more affected by Brexit / Sterling than outside the North	About half (52%) of PSA businesses in the North say they have been affected by Brexit or the £/€ exchange rate to date. This compares to a lower proportion (29%) of PSA businesses outside the North. This shows in overall visitor volumes to date. On balance more PSA businesses in the North are down on Northern Ireland traffic compared to similar businesses the rest of the country.
Dublin more affected by Brexit / Sterling than outside Dublin	Looking at Dublin vs the rest of the country, Brexit / Sterling has had more of an impact on businesses in Dublin, especially GB visitors. On balance, more Dublin PSA providers have seen a downturn from GB compared to the rest of the country. Brexit / Sterling has affected half (50%) of Dublin PSA businesses to date, but a lower proportion (30%) of PSA businesses outside Dublin.

2. Qualitative Findings

We have conducted eight depth interviews with industry leaders (see appendix 1 for more details). The main findings from these interviews are discussed below.

Confident performance	The year has got off to a good start for Ireland's tourism industry. A continued confidence, which has been built over recent years, is being bolstered by a good performance over Easter. *"Fantastic – we're really pleased"* *"So far, it's been a very decent year"* *"With kinder weather and a later Easter, overall members have reported a good Easter – it's been positive"* Many of the country's key markets have already shown growth, with North America and continental Europe performing particularly well at the start of the year. *"We're up 39% from America, France is up 23% and Netherlands is 41% up"* *"The North American market is the standout for growth"*
High expectations	The rest of 2017 is set to be strong, with advance bookings rolling in and predictions of high performing markets. This is reflected in a positive sentiment across the industry. Again, it is North America and continental Europe that are expected to show the most growth. *"Advance bookings are very strong. We're expanding and investing in the business".* *"I imagine we're looking at the same increases as last year"* *"We have predictions for an excellent year"* *"The industry is upbeat and positive"*
Mixed results from Germany	While Germany has been very strong for some, others have noticed a slowdown in growth from the country. The reasons for this are currently unclear. *"Good performance from German speaking countries – Germany, Austria and Switzerland"* *"We've seen a bit of a slow up in growth from Germany – it's up 6%, less than the last three years"*

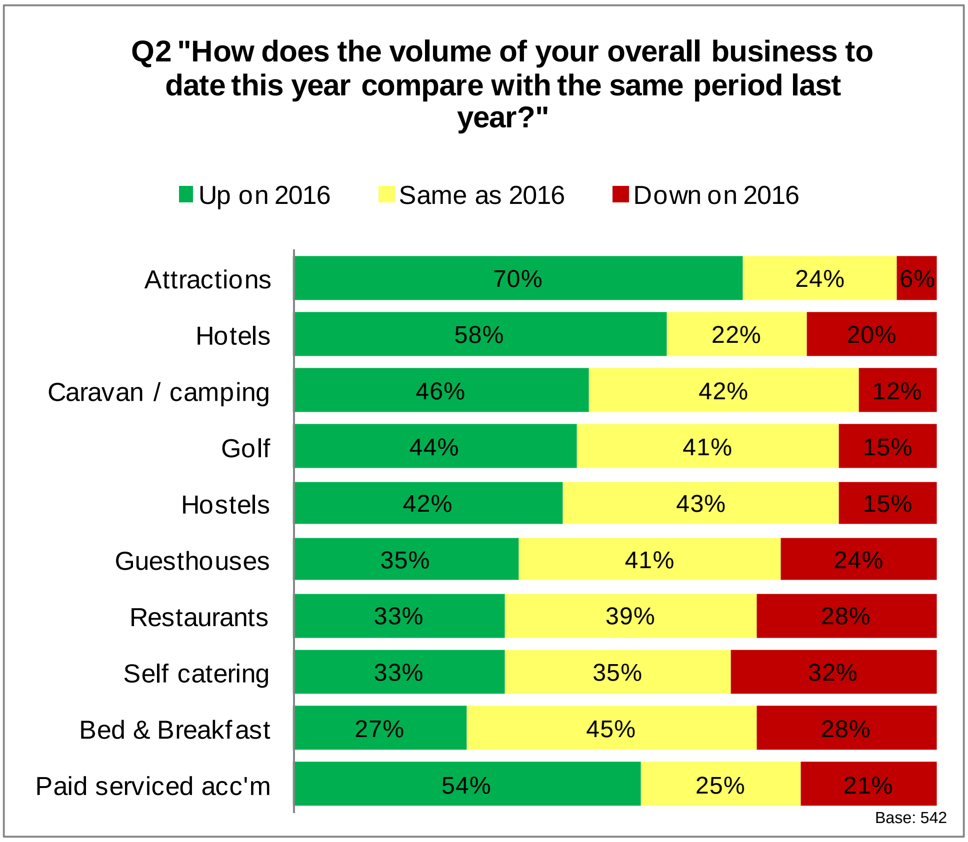
	"There are some reports that Germany is flat. Not really sure what that is about"
All eyes on the UK	As one of Ireland's major markets, there has been – and continues to be – a lot of speculation about how the Brexit vote will impact visits to Ireland. Since the UK voted to leave the European Union, Sterling has weakened, reducing the Eurozone's value for money. With Ireland now more expensive for people from the UK, the industry has seen a drop in spend and a reduced number of visitors from the 'softened' market. There is a desire in some quarters for a strong Government response on the sector's behalf. *"When we're looking at the British market, we've already seen decreasing levels of satisfaction from that market with value for money – and that is not going to get any better this year"* *"Anecdotally, UK business is down"* *"There has been a bit of a glitch in the UK market, especially around the border counties"*
Other markets could make up for UK drop	In the short-term, there is an understanding that the UK may not be as strong as it has been, until the value of Sterling starts to rise again. It is widely believed that other high performing markets will make up for the drop in UK visitors. *"We hope that the more buoyant Euro markets hold up and replace what we lose from the UK"* *"America and Europe are good. There is a sense that if there is no growth from GB, there will be growth in other markets."*
Some are marketing more in the UK	Some are focussing more marketing within the UK to encourage more visitors to Ireland. *"More promotion in UK – Birmingham and Manchester – very positive response. People still see Ireland as one of the safer destinations at the minute."*
Concerns over capacity	Ireland's success as a top visitor destination has raised concerns over capacity levels in Dublin and other major cities, a problem which has been increasing in recent years. A lack of accommodation has been driving up prices in the capital, seeing Ireland start to lose the competitive edge it once had. Some business is being turned away, and there is a belief that overseas markets are looking to alternative destinations.

New hotels can't come soon enough	There are plans to build more hotels in Dublin but according to some industry leaders, more needs to be done. *"The primary concern is with the conversion rate of business. There is too little supply, with demand outstripping that by far. We're still at capacity and not going to rectify it for at least 12 months."* *"People are being priced out of Dublin – Americans tend to book early, with little left for British, French and Germans, and what is left is expensive"* *"A number of planning applications have been approved in Dublin, more to start next year. So we're starting to see some supply, which will absolutely help things. But I hope demand hasn't been adversely affected by then."*
Some attractions also affected by overcrowding	But it's not just accommodation at capacity. Some attractions face overcrowding, which impacts on visitor satisfaction. *"Visitor attractions are overcrowded, even going into the peak season. They are becoming overly saturated with businesses. We're finding a drop off in satisfaction levels – with long queuing times. Visitor attractions are trying to manage it better, but difficult when you are maxed out."*

3. Overall Visitor Volumes in 2017 and Expectations

In this section we discuss the performance this year and expectations for the industry overall. More detailed results by market for each individual sector are discussed in subsequent chapters.

Overall visitor volumes in 2017



In all charts, 'don't know' or 'not applicable' answers to the question have been excluded and the percentages re-based. Results are split by sector and ordered by proportion answering an increase in numbers (shown in green).

In addition to the individual sector results, the last bar on each chart in this section shows weighted results for the paid serviced accommodation sector (PSA); these figures have been derived from the hotel, guesthouse and B&B results, with weightings applied in accordance with each sector's share of total bedrooms within paid serviced accommodation.

Solid start to the year

3.1 2017 has started well for industry as a whole, with every sector experiencing either increased or about the same level of visitors compared to the same period last year.

3.2 Attractions have started the year particularly well, with seven in ten (70%) experiencing increased visitors.

"Fantastic weather in the last few weeks"
Attraction

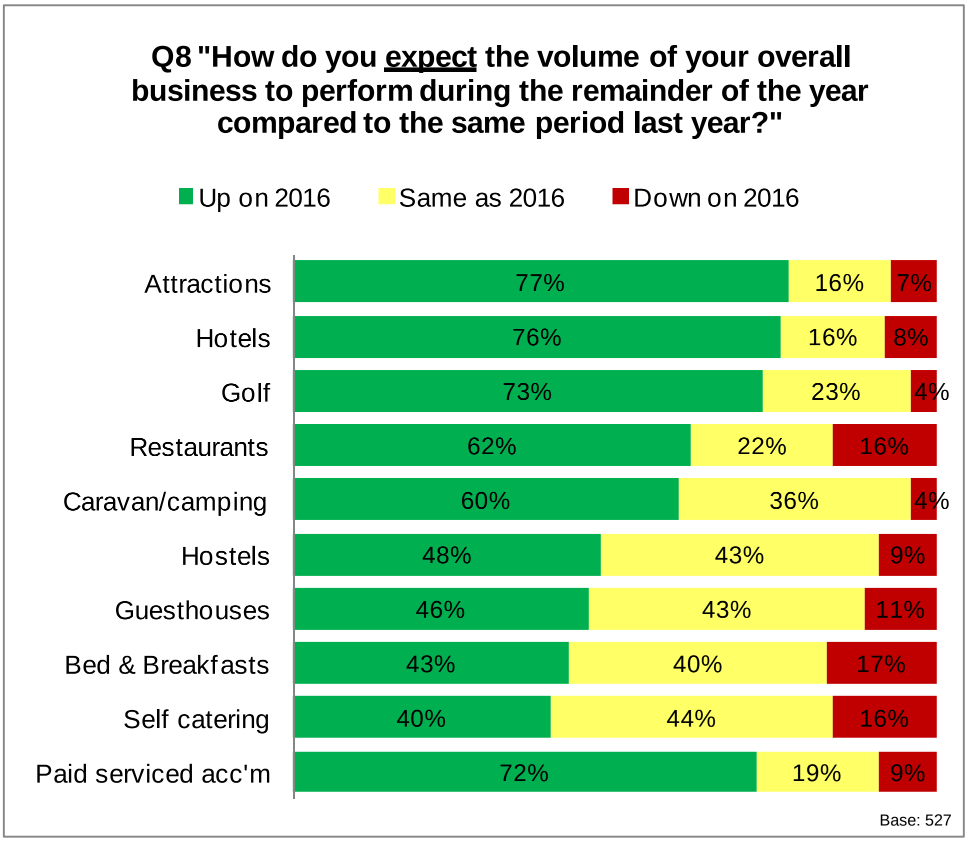
PSA sector enjoying the sunshine

3.3 The PSA sector has enjoyed a good start to 2017, with over half (54%) of businesses increasing their visitors and a further quarter (25%) achieving the same level. This result is largely down to the strong performance from hotels. Fine weather over Easter and the first May bank holiday weekend has helped to boost business.

"When the sun shines, people come out more"
Hotel

"Good weather bringing more last minute bookings"
Hotel

Expectations for 2017



Very buoyant expectations

3.4 All sectors expect to be up during the remainder of the year. Expectations are more positive among sectors which have enjoyed a positive year to date (attractions, hotels, golf). Nevertheless, the quieter sectors to date expect their fortunes to turn around this summer.

"Economic confidence is picking up"
Golf

"More tourists are coming to Ireland"
Guesthouse

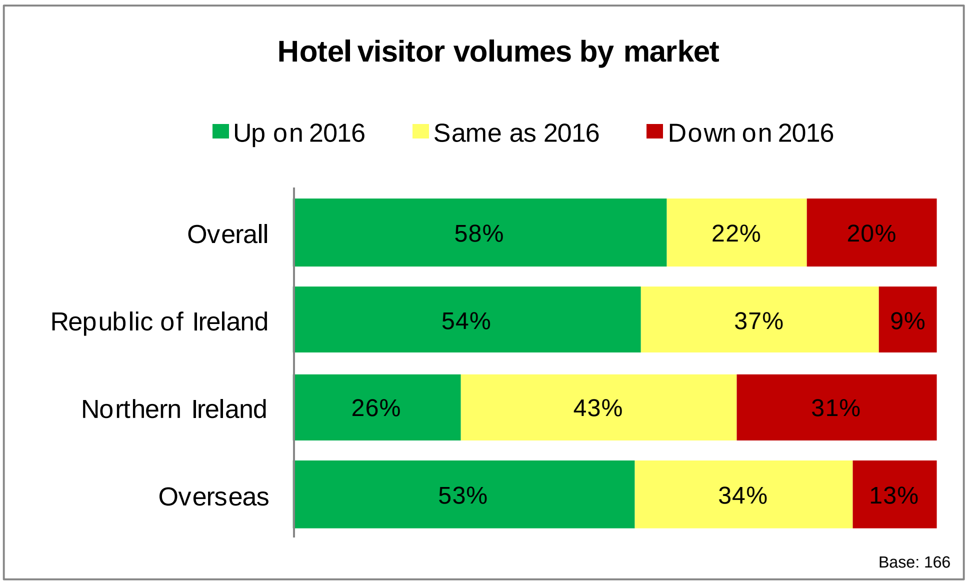
3.5 Ireland's perceived safety may well play a part, as 61% of businesses cite this as a positive factor this year.

"Security is becoming a major issue when deciding on a destination and Ireland is now ranking very well to attract people to a calm part of Europe"
Hotel

4. Hotels

In this and the following sections we discuss each sector in turn in terms of performance and expectations, starting with hotels.

Hotel visitor volumes 2017



Another good performance from hotels

4.1 Hotels have been one of Ireland's best performing sectors in recent years, and so far in 2017 this trend continues.

"Greater air capacity is evident"

"Good weather so far this year. Good marketing and great trend in the country."

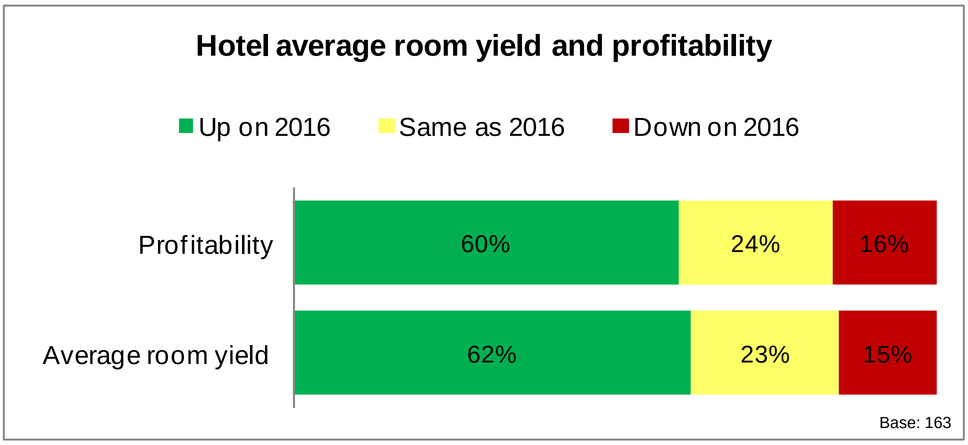
All key markets strong except for £ Sterling markets

4.2 The domestic market and overseas markets with the exception of Britain are performing well again this year. However, the £/€ exchange rate is hindering the sector's progress. Two in five (42%) hotels cite this exchange rate as an issue of concern – the highest of any industry sector alongside restaurants.

"Brexit is our main concern, especially for Northern Ireland visitors"

4.3 Some (28%) hotels are seeing the British market increase in volume, but more (36%) are seeing a decrease.

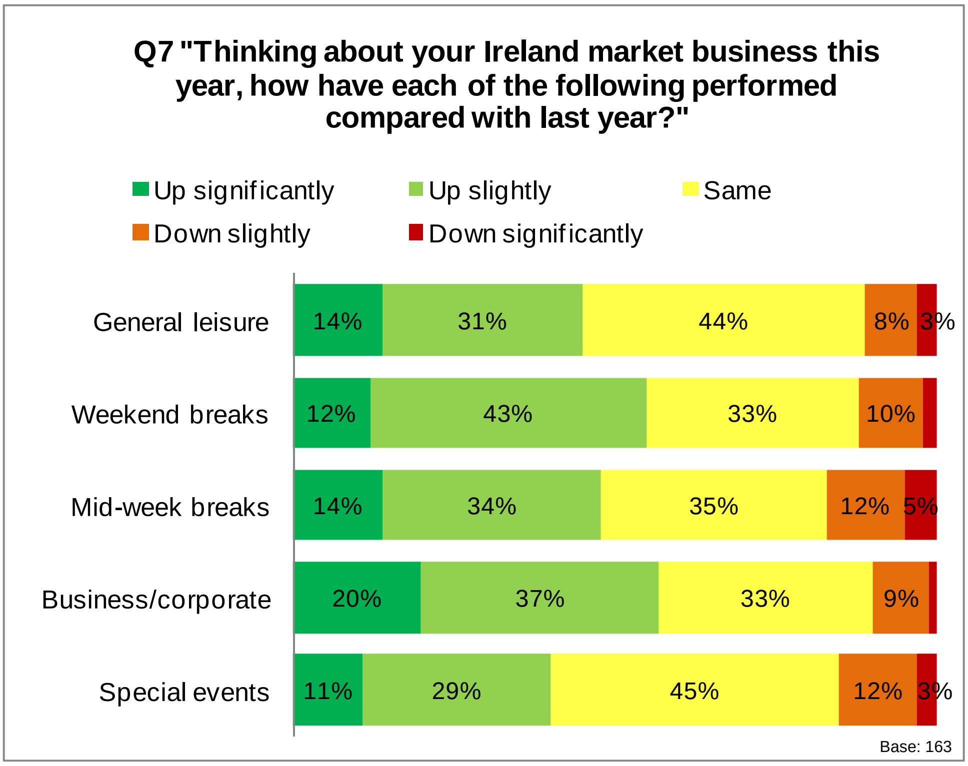
Hotel average room yield and profitability



Room yields in line with increasing visitors

4.4 Profitability and average room yield results are more or less in line with the increases in visitor volumes, perhaps showing that operating margins and room rates in the sector are remaining relatively stable.

Hotel visitor types (Ireland market)



Corporate market returning to form

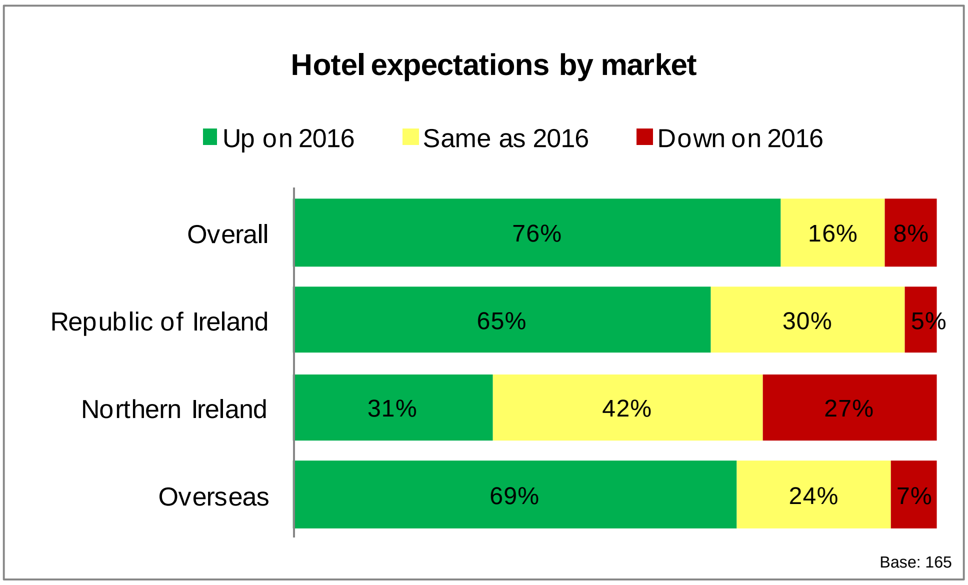
4.5 In the years following the financial crisis, it took some time for the business/corporate market to recover. Now it appears to be gaining significant momentum, with one in five (20%) hotels saying it has increased significantly year to date, and a further 37% saying it has increased slightly.

"There are new companies around, bringing more corporate business"

"Corporate contracting to assist shoulder months"

"Lots of work around the city, so we have accommodated workers"

Hotel expectations 2017



Very confident outlook

4.6 The remainder of 2017 looks very positive for hotels. Businesses in this sector are more positive about their own marketing than any other sector apart than golf operators – two thirds (66%) of hotels cite their own marketing as a positive factor affecting their business this year.

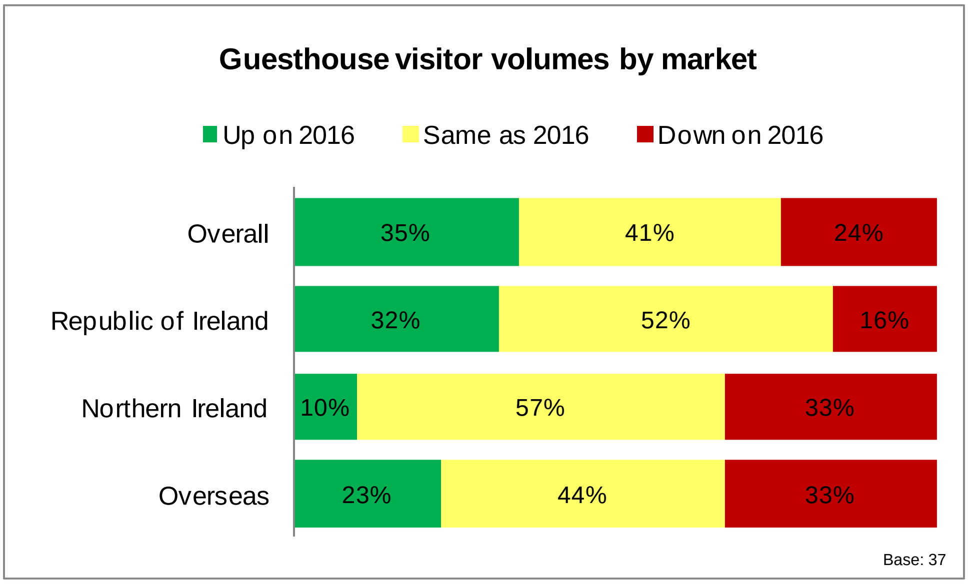
"We have new marketing staff"

Positive outlook for all markets except Sterling markets

4.7 Most hotels expect the domestic market to be up (65% of operators) and North America to be up (62% of operators). However, the slow start to the year experienced from Sterling markets is expected to continue. Some (30%) hotels expected a recovery in the British market, but more (37%) expect the volumes to be down during the remainder of the year.

5. Guesthouses

Guesthouse visitor volumes 2017



Steady start – thanks to domestic and American visitors

5.1 Guesthouses have experienced a steady start to 2017. This is largely due to domestic visitors (32% of businesses report being up) and North Americans (34% are up).

"The local marketing group has had success reaching into new markets and promoting our area for longer stays"

5.2 All other major markets are down – most notably Britain, whereby about half (48%) of guesthouses are down.

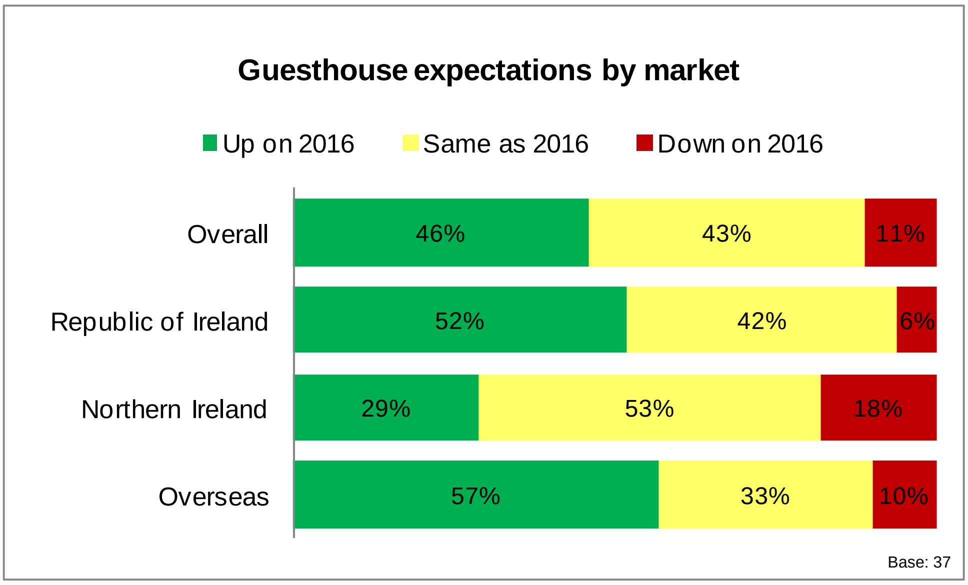
"Huge decrease in bookings. We only have the Irish at weekends – mainly stag and hen parties."

Profitability is down

5.3 One in five (21%) guesthouses have increased their profitability to date, but two in five (41%) have seen a decrease. Operating costs are a significant challenge in this sector – 37% of guesthouses cite fuel and energy costs as an issue of concern, and 49% cite other operating costs as a concern.

"We feel that seasonality should be taken into account in the local authority rating structure"

Guesthouse expectations 2017



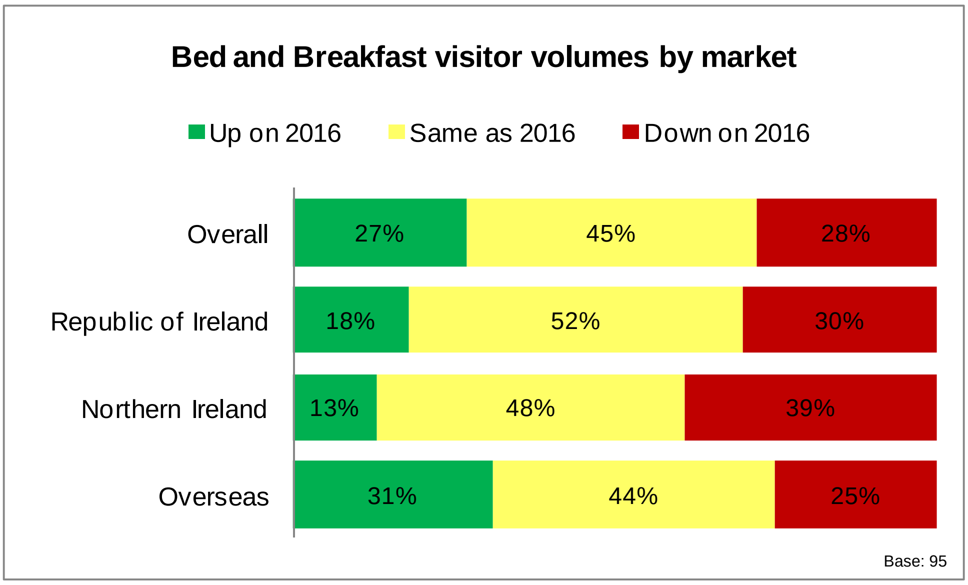
Better outlook ahead

5.4 Following a steady start to the year, the remainder of 2017 is looking more positive for guesthouses, especially from the domestic market (52% of businesses expect to be up) and the North American market (63% expect to be up).

5.5 Even the British market is expected to improve – guesthouses are one of few sectors to say this. A third (34%) of guesthouses expect more British visitors during the remainder of the year, compared to a lower proportion (24%) who expect a decrease.

6. B&Bs

B&B visitor volumes 2017



German market performing relatively well – safe in Ireland

6.1 B&Bs have experienced a mixed start to the year. The ROI and NI markets are down, but the German market is performing well, with 30% of B&Bs reporting more visitors, and a further half (49%) receiving the same level.

6.2 One explanation for the increase in German visitors might be the perception of Ireland as a safe destination. Two thirds (67%) of B&Bs refer to this as a positive factor, and comments suggest that Germany is one of the markets this applies to.

"Germans have told me that their countrymen are afraid to visit Turkey and Greece in particular, but also Tunisia, Egypt and Morocco"

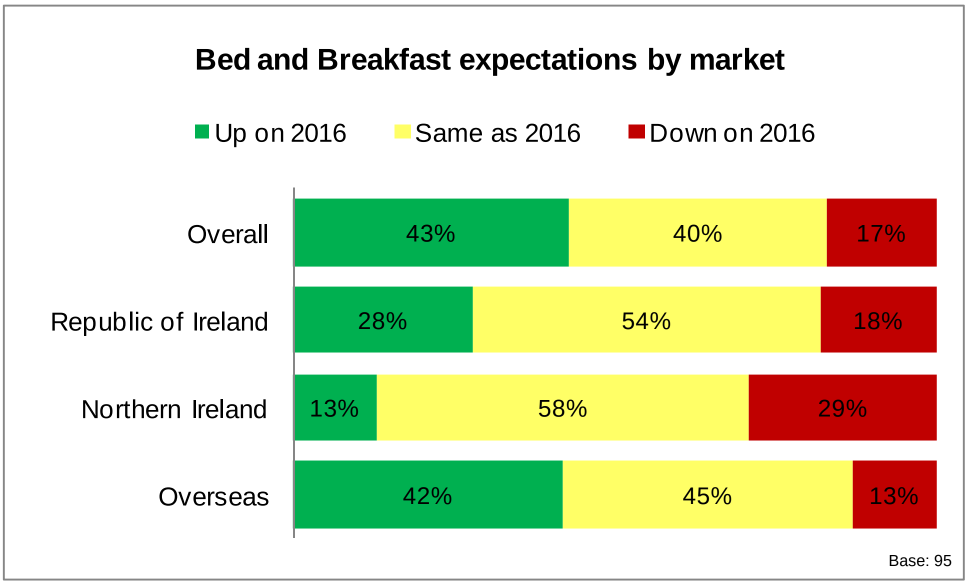
Booking.com behind the success for some

6.3 Booking.com is frequently mentioned in open comments as a positive factor this year.

"Booking.com is now 70% of our business"

"Most bookings come from booking.com – however commission is very high"

B&B expectations 2017



Better times ahead

6.4 Following a mixed start to the year, the B&B sector is expected to pick up. The German and North American markets in particular are expected to continue to do well. 39% of B&Bs expect business from Germany to grow during the remainder of the year, and 36% expect North America to be up.

"We expect a bumper year from Germans and Americans"

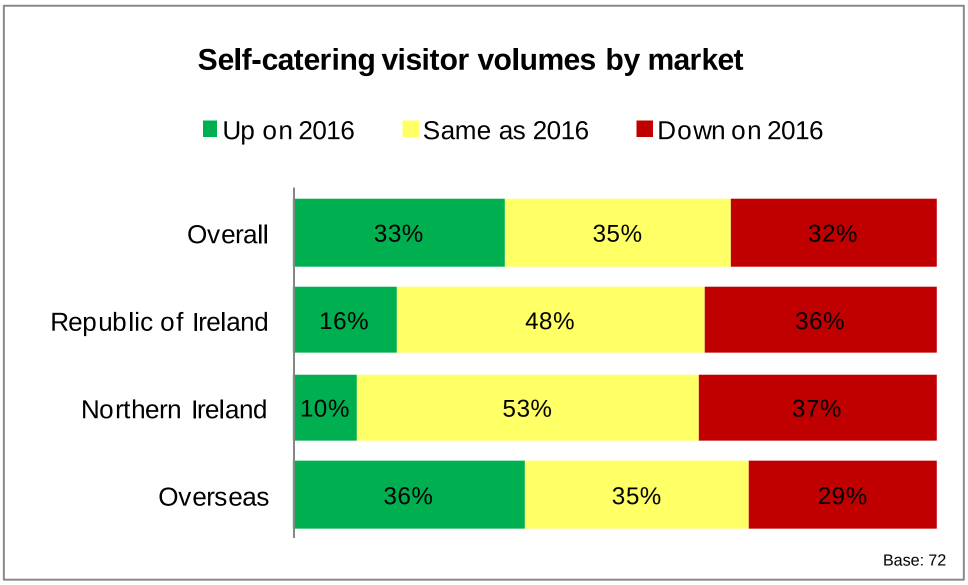
Wild Atlantic Way very positive for B&Bs in the region

6.5 Many (62%) B&Bs cite the Wild Atlantic Way as a positive factor this year – the highest proportion of any sector. When looking only at B&Bs based in the region, 80% cite WAW as a positive factor.

"Wild Atlantic Way has had great impact"

7. Self-catering

Self-catering visitor volumes 2017



Overseas markets performing well for self catering

7.1 The self catering sector has experienced a mixed start to the year. Markets closest to home – Republic of Ireland, Northern Ireland and Britain – are all down.

7.2 However, the North American market (up for 33% of businesses) and the French market (up for 32% of businesses) are performing relatively well.

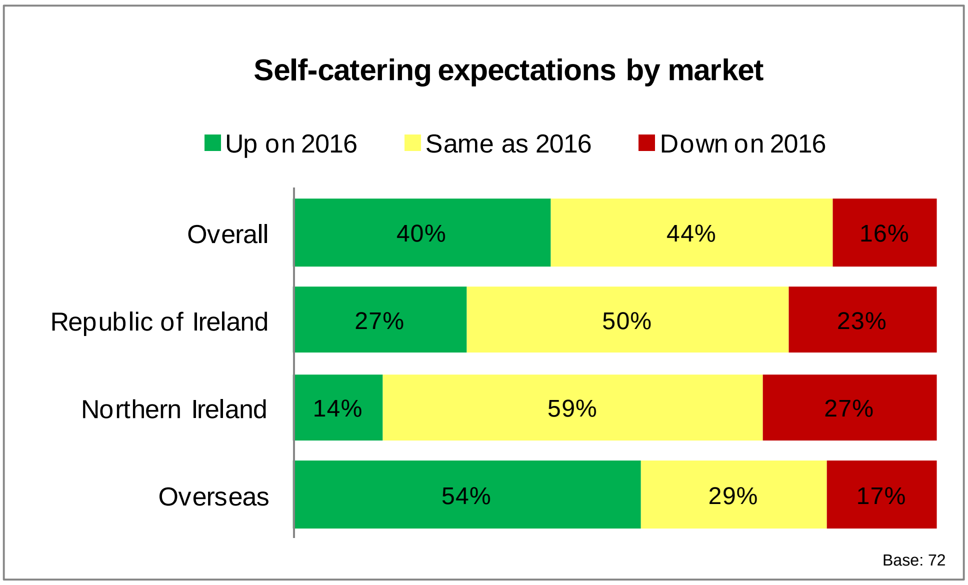
"The push from tourist boards for overseas visitors has been positive"

Repeat visitors very important in this sector

7.3 Most (79%) self catering operators cite repeat visitors as a positive factor affecting their business this year.

"Repeat visitors stay with us to visit local events"

Self-catering expectations 2017



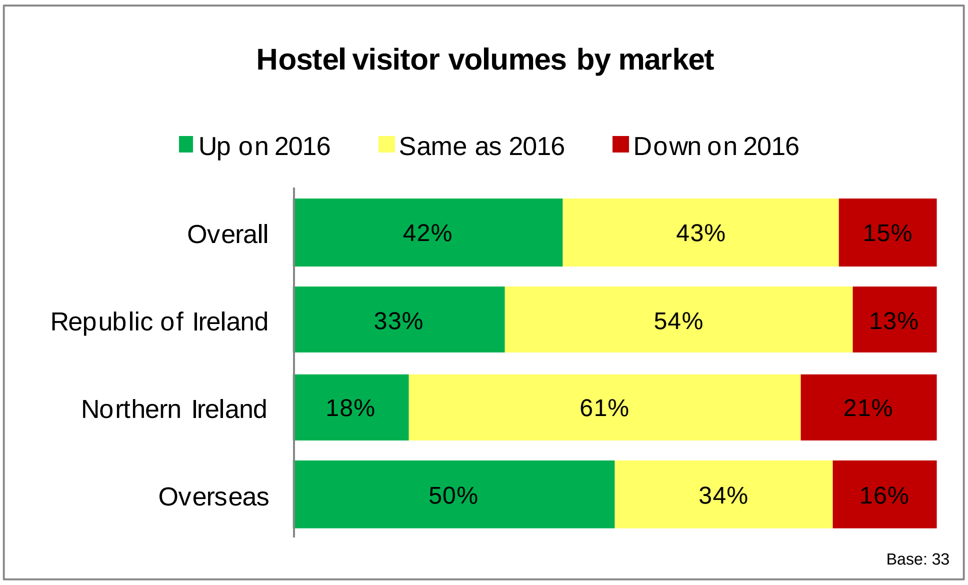
Expectations rest on overseas visitors outside of Britain

7.4 Self catering operators' expectations for the remainder of the year lie with overseas markets outside of Britain. Growth is not expected from the British and Northern Irish markets due to the exchange rate.

"The £/€ exchange rate is bound to affect us at some point in the next year"

8. Hostels

Hostel visitor volumes 2017



Germans taking up the beds in hostels

8.1 Hostels have enjoyed a good start to the year, and this is partly due to German visitors. Over half (54%) of hostels say they have had more German visitors to date this year, and a further two in five (39%) say they have had the same level.

Profitability is also up

8.2 The hostels sector is enjoying a period of increased profitability, with 44% saying their profitability is up, and 41% saying it is the same as last year.

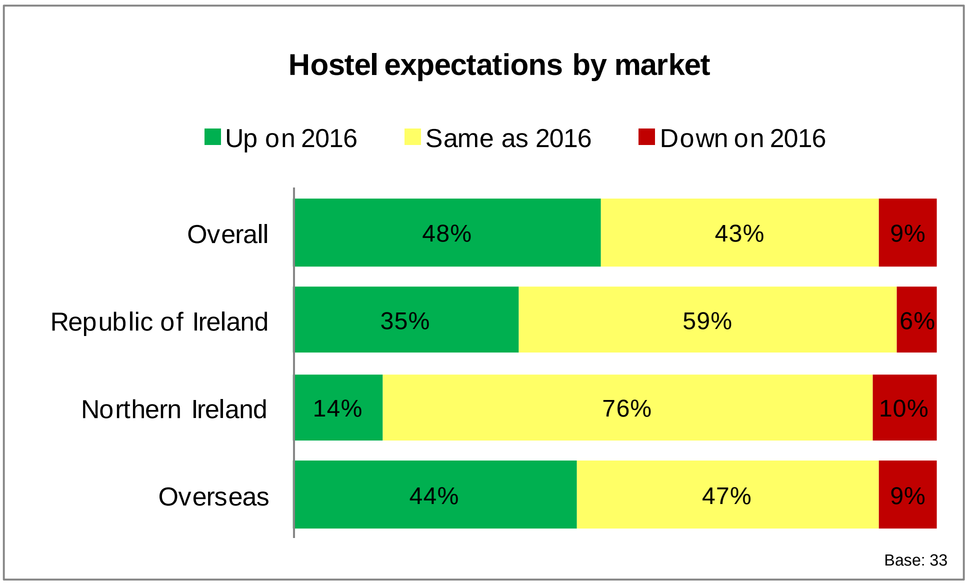
"The upturn in the economy is benefiting our business"

Marketing by tourist boards is a significant benefit

8.3 About half (47%) of hostels say that marketing by tourist boards is a positive factor affecting their business this year – the highest proportion of any sector.

"Marketing by local tourist boards is a positive factor"

Hostel expectations 2017



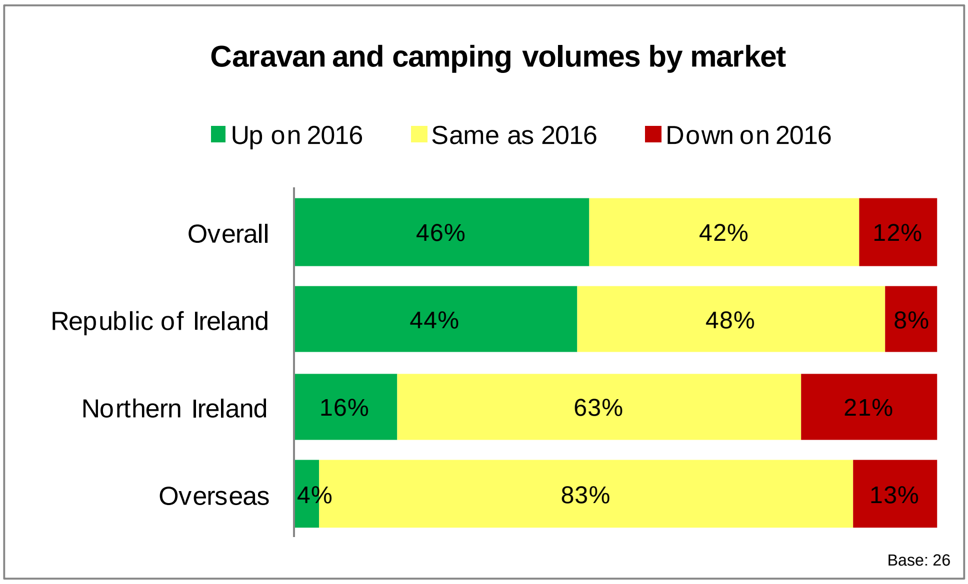
Very bright outlook for the remainder of the year

8.4 The positive start to the year is expected to continue for all markets except for Britain and Northern Ireland, which on balance are expected to remain about the same as last year.

8.5 Hostel operators expect the Germans to continue to come in large numbers. Three in five (60%) expect to see more German visitors during the remainder of the year compared to last year.

9. Caravan & Camping

Caravan & camping visitor volumes 2017



Irish people go camping

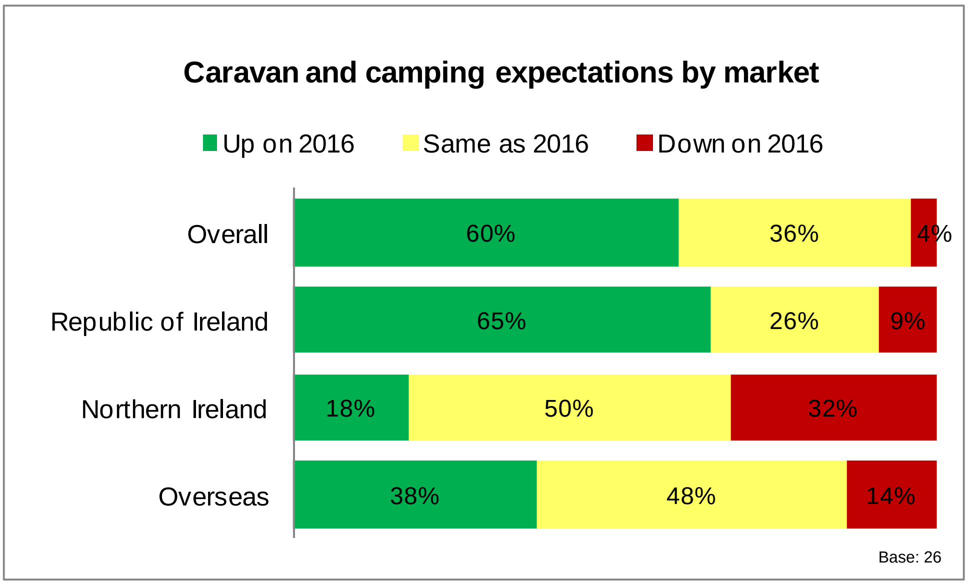
9.1 Caravan & campsites have enjoyed a good start to the year, and this is because of the domestic market. About three quarters (76%) of caravan & camping operators cite 'Irish people holidaying in Ireland' as a positive factor this year – the highest of any sector.

9.2 Some fine weather during April and into the start of May has given this very weather-dependent sector a timely boost.

"It was a dry April"

"Good weather so far"

Caravan & camping expectations 2017



Investing in the future

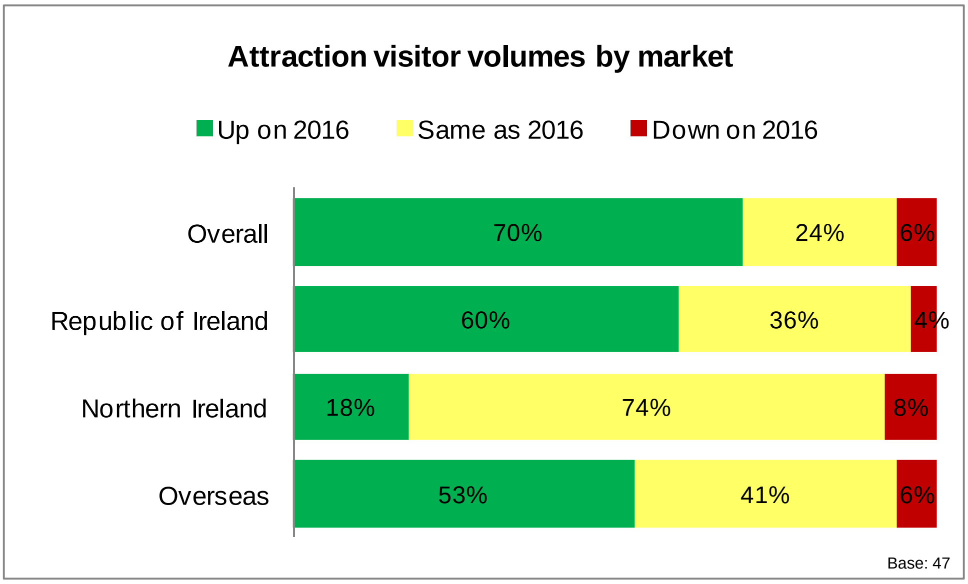
9.3 The caravan & camping sector's positive outlook for the remainder of the year is based on the strength of the domestic market, and also operators investing in their business. Many (62%) operators in this sector cite 'own investment in enterprise' as a positive factor affecting their business this year – the highest of any sector.

"We have installed solar electricity cells to lower energy costs"

"Lots of money has gone into a revamp"

10. Attractions

Attraction visitor volume 2017



Very high footfall at attractions

10.1 Attractions have had the best year-to-date performance of any sector, with seven in ten (70%) businesses attracting more visitors than last year.

10.2 Good weather arrived at the right time over Easter and encouraged domestic visitors to come out and enjoy themselves.

"Fantastic weather over the last few weeks"

"Our industry is working well together at a local level"

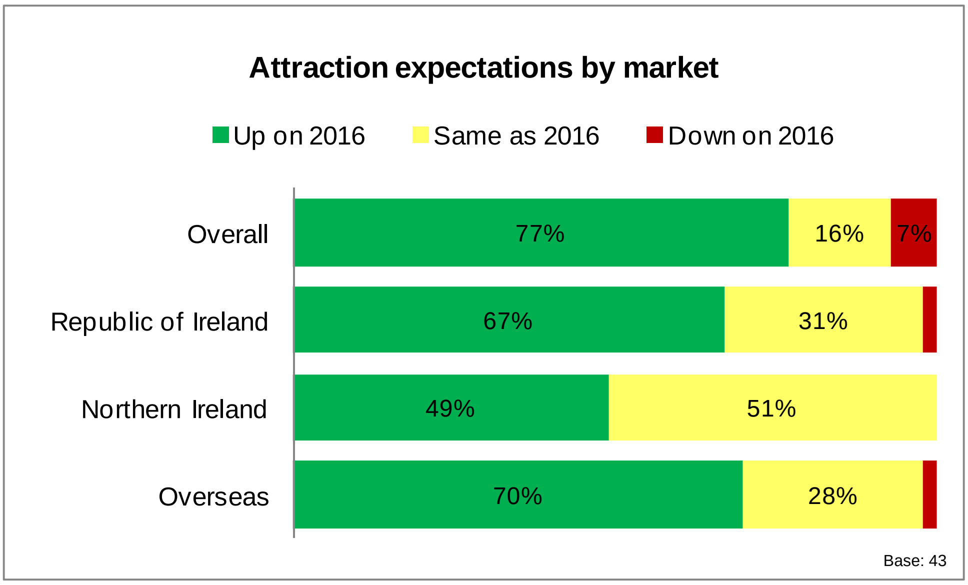
Attractions rewarded with increased profitability

10.3 Two in three (65%) attractions say their profitability is higher than last year. It appears that confidence to spend money has finally returned.

"Confidence is returning"

"Post-recession positivity"

Attraction expectations 2017



All markets are expected to perform well

10.4 The excellent start to the year is expected to continue. Even the Northern Ireland market is expected to perform well – a rare finding among the industry sectors in this research wave.

Effective marketing by tourist boards and the attractions themselves

10.5 Effective marketing is behind the optimistic outlook for the remainder of the year. About half (53%) of attractions state their own marketing is a positive factor for their business, and two in five (40%) feel that marketing by tourist boards is a positive factor.

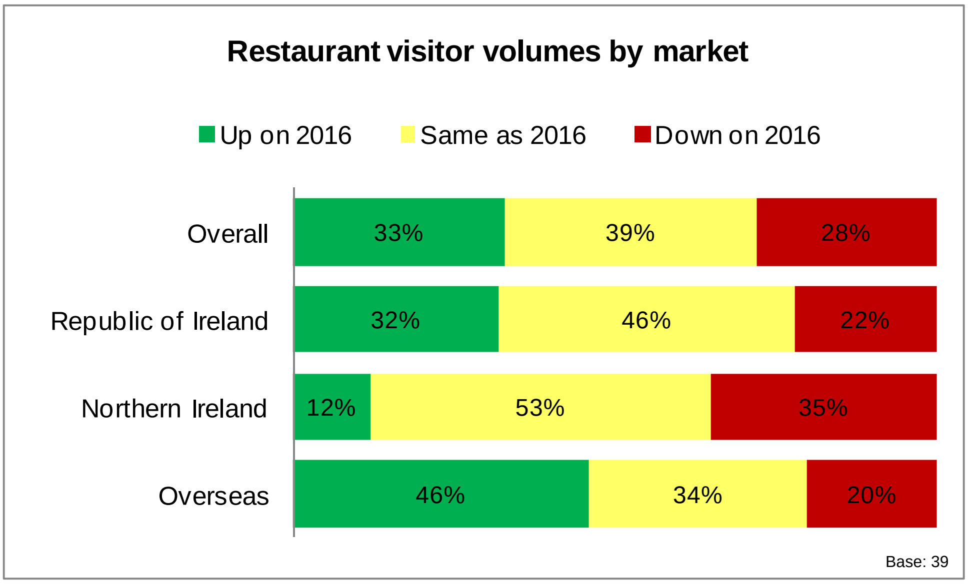
“The Wild Atlantic Way has opened up the western coast and this is very positive for us”

“We won an award and have a new website”

“Wild Atlantic Way promotions by Fáilte Ireland are very positive”

11. Restaurants

Restaurant visitor volumes 2017



Restaurants invited to take part in the Barometer are in areas of high tourism footfall, and respondents have been asked to answer questions in the context of their tourism, i.e. non-local, business

Hindered by £/€ exchange rate

11.1 Tourist custom to restaurants appears to be doing well from the domestic, North American and Eurozone markets but not sterling (£) markets (Britain and Northern Ireland). Restaurants predicted this in the previous wave (Nov 2016).

11.2 Two in five (41%) restaurants state the £/€ exchange rate is an issue of concern this year. Some suggest that the British would normally spend more on alcohol than other nationalities, so it is not a good market to be hit.

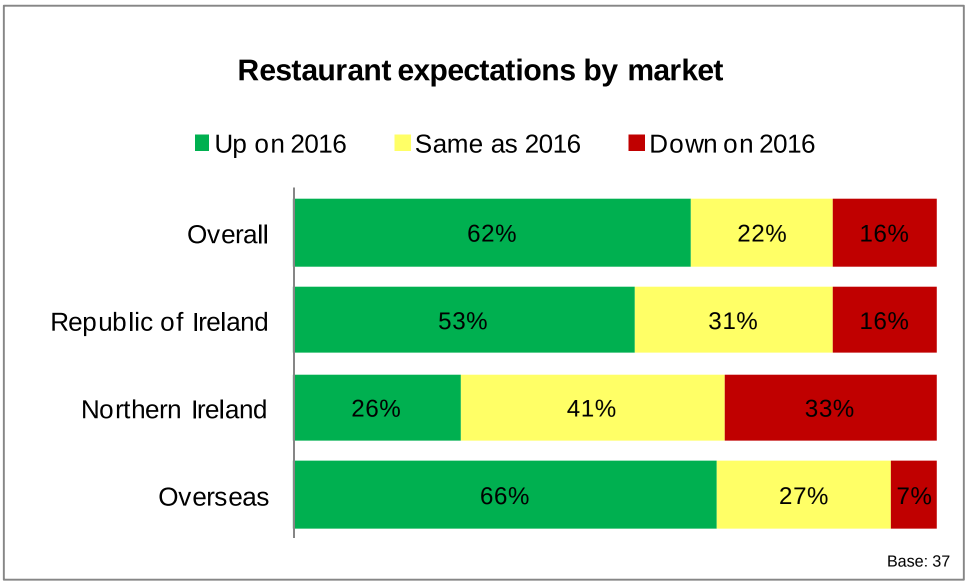
11.3 A third (33%) of restaurants say that visitors are spending less – the highest proportion stating this concern of any industry sector.

"Brexit has had a huge impact, mainly on alcohol sales. Other European nationalities do not spend as much on alcohol as the Brits."

"We are very worried about Brexit. It has had a big impact so far on UK visitors"

"The £/€ exchange rate makes buying goods cheaper – however we have fewer customers"

Restaurant expectations 2017



High hopes for North American visitors

11.4 Expectations for the remainder of the year reflect the year to date performance – positive from North America and Eurozone markets, but not from Sterling markets.

11.5 Hopes for North America to perform well are particularly high. Four in five (79%) restaurants expect the North American market to be up during the remainder of the year.

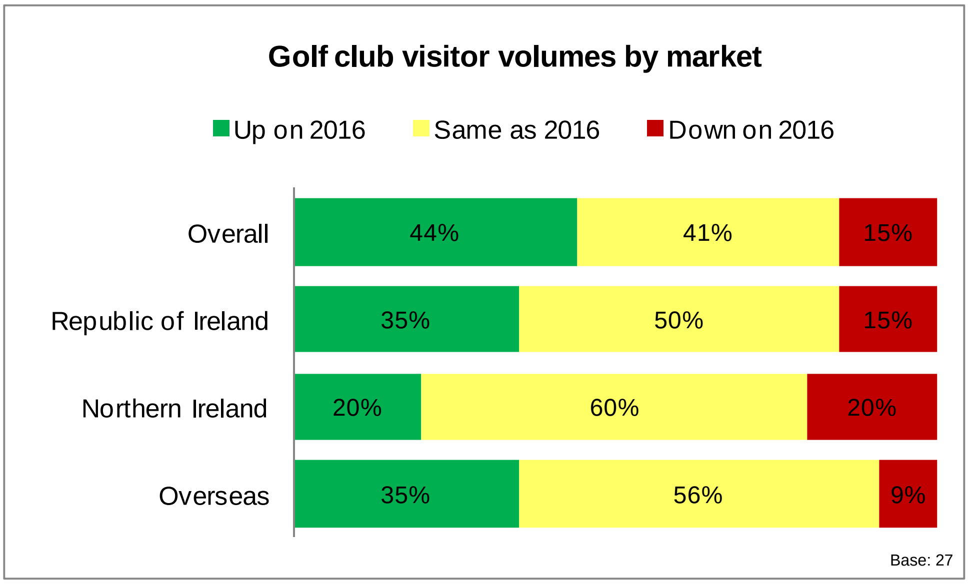
"Tour companies are using our restaurant so it is pushing visitor numbers higher"

11.6 Restaurants face the challenge of making up for the expected shortfall in British customers. Nearly half (46%) of restaurants expect to be down on British customers during the remainder of the year.

"Brexit uncertainty"

12. Golf

Golf visitor volumes 2017



Golf clubs invited to take part in the Barometer have been asked to answer questions in the context of their green fee paying, i.e. non-member, business

Golf clubs finding the fairway

12.1 2017 has started well for golf clubs, with all major markets experiencing increased or similar visitor levels compared to the same period last year.

12.2 Golf clubs are the only sector apart from attractions to maintain their level of UK customers – 20% have increased their level, 60% have had the same level and 20% have had a decrease from both the Northern Ireland and British markets.

Own marketing driving business

12.3 Many (71%) golf clubs cite 'own marketing' as a positive factor affecting their business this year – the highest of any industry sector.

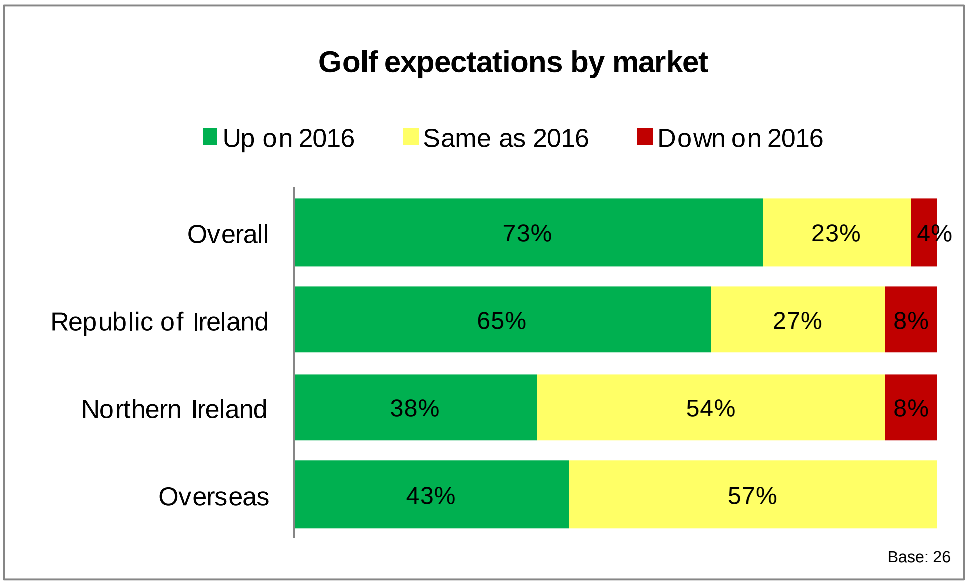
"Our own presence in the USA"

The weather has been good

12.4 Golf as an outdoor sport can easily be affected by the weather, which thankfully has turned out nicely in recent weeks.

"Good weather so far this year"

Golf expectations 2017



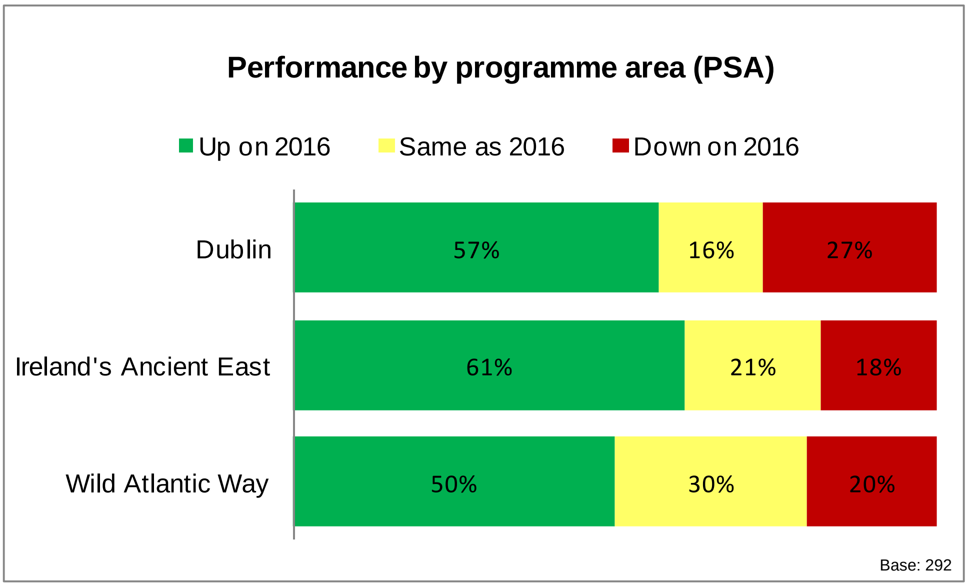
Keeping out of the rough

12.5 Golf clubs expect to continue to do well this year, with most (73%) predicting more tourist customers compared to last year.

12.6 The domestic market is expected to pick up significantly, and the overseas market, where no operator expects a decrease in volumes, is also expected to fare well. The outlook is particularly positive for North America, from which two in five (41%) operators expected more visitors than last year, and three in five (59%) expect the same level.

13. Performance by Programme Area

Here we discuss the performance by programme area for the PSA sector



PSA sector performing well in all three Programme Areas

13.1 PSA sector results are positive in all three Programme Areas, especially in Ireland's Ancient East, where 61% of businesses are up and only 18% are down.

"Ireland's Ancient East has been positive for us"
Attraction

Businesses in WAW still more likely to state the initiative as a positive factor

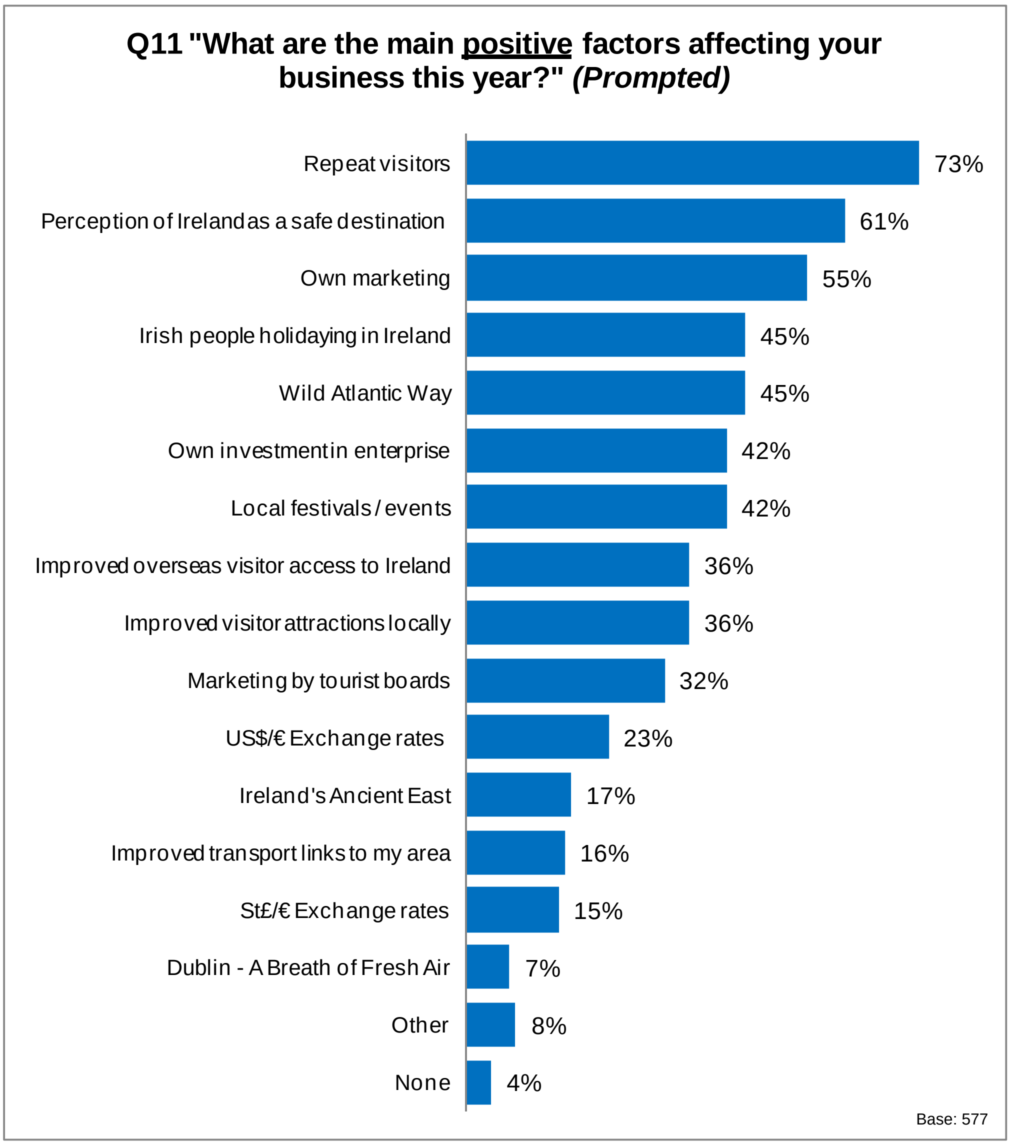
13.2 Although year-on-year performance is stronger in Ireland's Ancient East, a higher proportion of businesses in the Wild Atlantic Way state their Programme is a positive factor – 71% do so, which compares to 38% of IAE-based businesses stating IAE as a positive.

"Wild Atlantic Way is a huge help"
Hotel

"We need to get more exposure through Ireland's Ancient East"
Attraction

13.3 In Dublin, 46% of PSA businesses state 'Dublin – A Breath of Fresh Air' as a positive factor affecting their business.

14. Positive Factors in 2017



Repeat visitors the top answer in nearly every sector

14.1 About three in four (73%) businesses cite 'repeat visitors' as a positive factor affecting their business this year. This is the most frequently mentioned factor in nearly every sector. Tourism businesses value their regular customers highly, especially when times are uncertain.

"We mainly have repeat business"
Hotel

Ireland safe haven

14.2 During turbulent times of terrorist attacks or the threat of them, Ireland is perceived as a safe haven by some nationalities, especially the Germans and the Americans.

"Lots of Germans – huge increase"
B&B

Own initiatives

14.3 Over half (55%) of businesses cite 'own marketing' as a positive factor. This is especially true of golf clubs (71% of respondents) and hotels (66%).

"We are marketing through Facebook"
Hostel

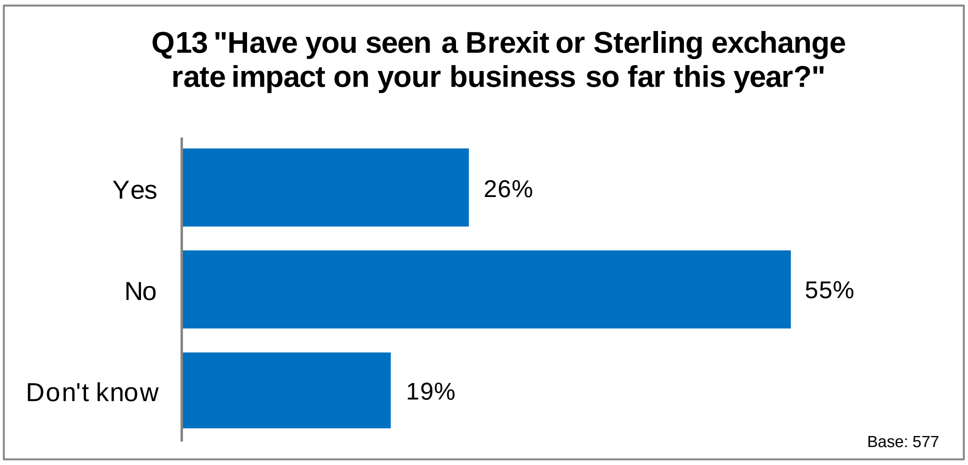
Fine weather has brought out the domestic tourists

14.4 Timely good weather during the Easter and May bank holiday period has boosted domestic tourism. The greatest beneficiaries are the caravan & camping sector (76% of businesses) and the hotel sector (58%).

"The sun is shining here today!"
Hotel

15. Brexit

15.1 Respondents have been asked how the Brexit or Sterling exchange rate is impacting their business, and what measures they have put in place to address any impact. Below, we outline the key themes from the open-ended comments.



Hotels and restaurants the most likely sectors to feel the impact so far

15.2 About a quarter (26%) of businesses say they have seen a Brexit or Sterling exchange rate impact on their business so far this year. The highest proportions of businesses affected are found among restaurants (44% are affected) and hotels (36% are affected).

UK markets are starting to drop off

15.3 The most frequently-mentioned impact, which combines both the Brexit vote and the drop in value of Sterling, is a noticeable reduction in the number of visitors from the UK.

15.4 The main reason for this is the weakened Sterling, which has reduced in value since the UK voted to remove itself from the European Union. This currency drop has made the Republic of Ireland more expensive for visitors from England, Scotland, Wales and Northern Ireland.

"In the first quarter we have had an 80% loss on UK travellers to our property"
Hostel

"UK business is significantly down by 55% which is affecting our weekend leisure business"
Hotel

15.5 Some respondents have also noticed that visitors from the UK markets are taking shorter breaks in Ireland.

“Faithful returning guests reducing the duration of their stay or cancellations in the worst case scenario”
Hotel

15.6 Many have also seen a drop in the number of visitors from Northern Ireland. Those who do visit often spend less money than they did pre-Brexit.

“A lot fewer Northern Irish customers”
Restaurant

“Far fewer visitors from UK, especially Northern Ireland”
Hostel

“Fewer visitors from Northern Ireland – a fall of about 6% compared to last year so far”
Hotel

“Northern Ireland business is significantly down by 70%”
Hotel

Importing goods has become more expensive for some

15.7 Since the Brexit vote, some businesses have notice an increase in the price of importing some products, or are now struggling to get hold of goods they used to buy from overseas.

“Cost of importing goods”
Attraction

“The house wine we used to serve was Argentinian, but we can’t get it in since Brexit”
Hotel

Doing nothing

15.8 Many respondents say they are doing nothing to combat the reduced number of UK bookings – not yet, anyway. Some are waiting to see what happens before making any decisions, while others have no plans to make any changes.

“What can you do?”
Self catering

“Too early to call”
Hotel

“None. Wait and see what happens”
B&B

Focussing on non-UK markets

15.9 In order to mitigate the reduction in UK visitors since the Brexit vote, some respondents say they are focussing their marketing activity on other countries to try and grow markets outside of the UK.

15.10 Commonly mentioned markets are those in continental Europe, North America and the domestic market.

"We have focused our marketing to European and United States as well as Irish markets"
Hotel

"Targeting the domestic and American markets"
Hotel

"Social media targeting alternative markets"
Restaurant

"Focused on more Irish advertising to attract more staycations"
Hotel

Increasing competitiveness

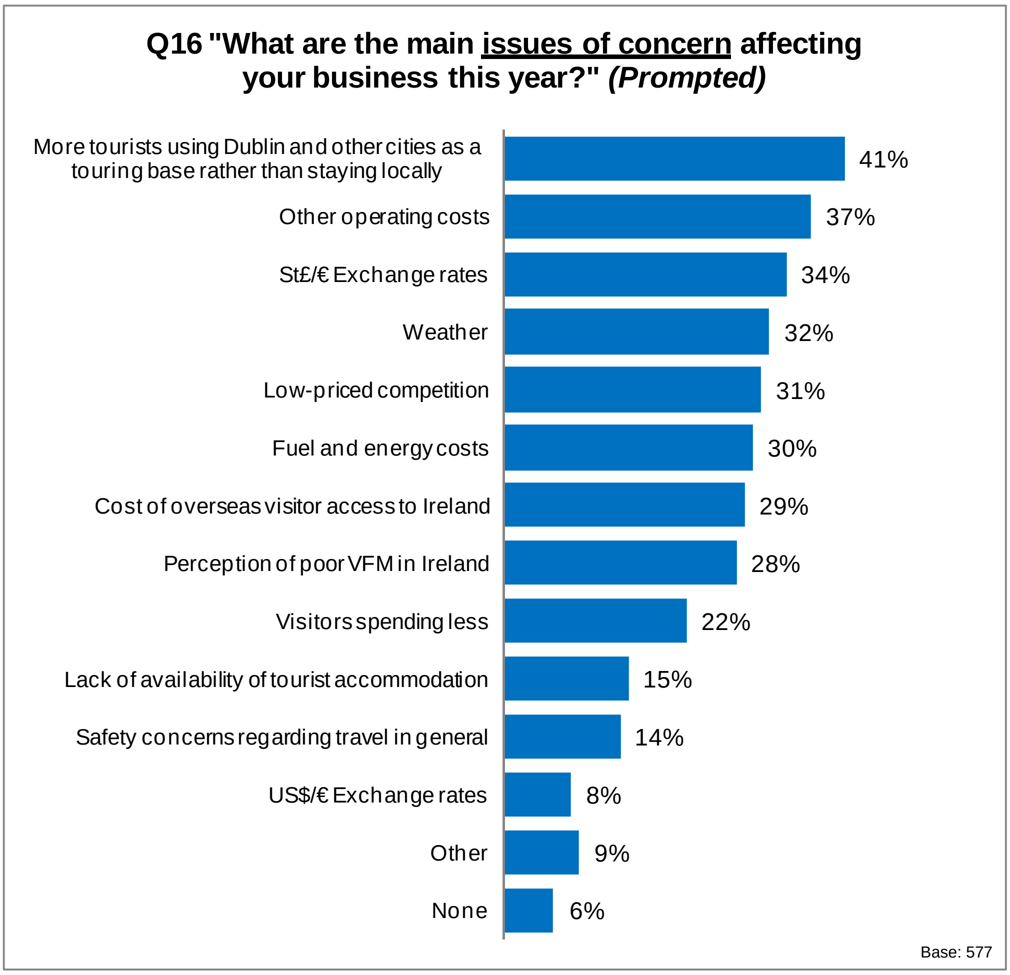
15.11 Other respondents have been taking steps to improve their appeal to potential UK visitors by reducing their prices, or increasing what they have to offer.

"Trying to hold rates as low as possible"
Guesthouse

"Specific discounts were created for UK only"
Hotel

"Focus on innovation of product and room renovations"
Hotel

16. Issues of Concern in 2017



Local businesses sometimes missing out on tourism trade

16.1 Improved road access around Ireland means that tours anchored in Dublin which used to make an overnight stop when visiting west or south coastal areas now don't necessarily need to as they can comfortably get there and back in a day.

16.2 This is the most frequently mentioned of all concerns, and the finding is consistent across all industry sectors, not just accommodation.

"Dublin and some other major cities are used as the main point for accommodation … day trip visitors from Dublin are impacting on spend in other parts of the country."

Margins under pressure

16.3 Three in ten (30%) businesses state 'fuel and energy' costs as an issue of concern, and 37% cite 'other operating costs', which among other things includes insurances, local authority rates, wages and food.

"Insurance is a massive issue"
Hotel

"Operating costs such as salaries and energy have increased, but room prices haven't changed much in the last 7 – 8 years"
Hotel

"Commercial rates for seasonal businesses"
Hostel

16.4 Many smaller businesses now feel that they have to sign up to OTAs such as booking.com to compete, but the challenge is that the commission paid, combined with rising operating costs, puts profit margins under a lot of pressure.

"All reservations come from booking.com. However the commission taken is so high."
B&B

Airbnb is hurting the B&B sector

16.5 About two in five (38%) B&B operators cite 'low-priced competition' as an issue of concern. Numerous operators have commented on how they are losing business to Airbnb.

"Airbnb is taking B&B markets"
B&B

"Airbnb is having a big impact on the B&B sector. A lot of tourists seem to use it as it's cheaper. Any house can do Airbnb but as far as I know there are no regulations. We have spent a lot of money upgrading."
B&B

Capacity issues in Dublin and the knock-on effects

16.6 'Lack of availability of tourist accommodation' on the above chart may not look like much of an issue as it has been cited by just 15% of respondents.

16.7 However, looking just at non-accommodation operators (restaurants, attractions, golf) specifically in Dublin, this proportion rises to 55% - making it the highest concern for this particular group.

"We need more bedrooms in the area"
Restaurant

16.8 One knock-on effect according to some operators in other parts of the country is that the limited supply is pushing up prices, thereby giving overseas visitors the impression that Ireland is over-priced.

16.9 Another effect is that overseas operators which bring large tour groups may look at another country entirely if they can't find the capacity at the right time in Dublin.

"Tour companies have reported poor availability in Dublin and without it [Dublin] for part of group bookings, it is likely their customers will go elsewhere"
Hotel

"Dublin is making Ireland look expensive"
Hotel

"I feel that hotel prices in Dublin are destroying Ireland and the rest of the country"
Restaurant

Significant issues finding suitable chefs for some

16.10 One issue not prompted but apparently a significant challenge for some is finding suitably trained chefs.

"Recruitment of chefs – impossible to get good staff"
Guesthouse

"Severe shortage of properly trained / experienced chefs"
Restaurant

17. Significant Differences by Broad Region

17.1 Here we highlight significant differences in results in the PSA sector between two pairs of broad regions:

- North[1] vs Rest of the country
- Dublin vs Rest of the country

North vs Rest of the country

Measurement	North	Rest of the country
Overall visitor volume year to date Net*	13	40
Northern Ireland visitor volume year to date Net*	-33	1
Overall expectations Net*	-14	7
% of PSA businesses affected by Brexit / Sterling	52%	29%
% of PSA businesses mentioning £/€ as a concern	62%	34%

*% of Paid Serviced Accommodation (PSA) providers reporting business to be up minus % of those reporting business down

North is less positive – largely because of Brexit and/or sterling exchange rate

17.2 The North has not performed as well as the rest of the country to date this year. On balance, less Northern PSA enterprises have experienced growth in the first four months of the year compared to the rest of the country.

17.3 Northern enterprises are particularly reliant on traffic from their close neighbours in Northern Ireland and more businesses have seen a drop in volume from this market so far this year.

17.4 This negative performance has fed into accommodation providers' expectation for the rest of the year. A higher proportion expect a decline from Northern Ireland, while the sentiment is more positive overall from businesses in the rest of the country.

17.5 The difference between the North and the rest of the country appears to be down to the impact of Brexit and/or the Sterling exchange rate, particularly on cross-border traffic from Northern Ireland. 62% of PSA businesses in the North cite the Sterling exchange rate as an issue of concern, compared to a much lower proportion (34%) of PSA businesses in the rest of the country.

[1] The 'North' includes the following counties: Cavan, Donegal, Leitrim, Longford, Louth, Mayo, Monaghan, Sligo

Dublin vs Rest of the country

Measurement	Dublin	Rest of the country
GB visitor volume year to date Net*	-26	-6
Brexit / Sterling (% of PSA businesses affected)	50%	30%
£/€ a concern (% of PSA businesses)	59%	35%

Brexit / Sterling more of an effect and a concern in Dublin

17.6 Looking at Dublin vs the rest of the country, Brexit / Sterling has had more of an impact on businesses in Dublin, especially GB visitors. On balance Dublin PSA businesses have experienced a bigger fall off in GB visitors to date this year, compared to similar businesses outside of Dublin.

17.7 Brexit / Sterling has affected half (50%) of Dublin PSA businesses to date, but a lower proportion (30%) of PSA businesses outside Dublin. The £/€ exchange rate is a much higher concern in Dublin.

18. Appendix 1 – Background and Methodology

Background and Objectives

18.1 The Fáilte Ireland Tourism Barometer is a survey of tourism businesses designed to provide insight into tourism performance for the year to date and prospects for the remainder of the season or coming year. It has been conducted regularly since 1999.

18.2 In March 2016, Strategic Research and Insight, an independent research agency previously called Strategic Marketing, was commissioned to continue conducting the survey for the next three years.

18.3 Fieldwork for this first wave in 2017 took place in April and early May. The objectives were to measure:

- Business performance to date in 2017 in terms of visitor volume – overall and by key markets – and profitability
- Average room yield (hotels)
- Visitor volume expectations for the remainder of 2017
- Positive factors and issues of concern affecting business
- Impact of Brexit

Methodology

18.4 The methodology used was a combination of an online survey and telephone interviews.

18.5 Fáilte Ireland and Strategic Research and Insight worked together to produce a questionnaire for online and telephone interviewing.

18.6 Fáilte Ireland provided a database of 2,984 usable contacts (i.e. not opted out) for the survey spread across nine industry sectors (discussed under 'sampling' below). An email was sent to all contacts on the database containing a link to the online survey and an explanation of the survey objectives. Two subsequent reminder emails were sent to non-responders.

18.7 A total of 377 responses were received to the online survey – a response rate of 13%.

18.8 Following this, we conducted 200 'top-up' interviews by telephone with non-responders in order to improve the robustness of their individual sample sizes so that results can be reported by sector. Interviews were conducted in daytime and evening hours with business owners or managers.

Sampling

18.9 The table below shows the sample split by sector and interview methodology:

Sector	Online responses	Telephone top-ups	Total sample size
Hotels	104	68	172
Guesthouses	30	11	41
Bed & Breakfast	83	21	104
Self-catering	48	29	77
Hostels	23	11	34
Caravan & campsites	12	17	29
Attractions	44	9	53
Restaurants	23	16	39
Golf clubs	10	18	28
Total	**377**	**200**	**577**

Interviews for Contextual Background

18.10 In a separate exercise, we conducted eight qualitative telephone interviews with senior executives in key organisations. The purpose of these interviews was to provide a contextual background to the quantitative findings, and this is given in section 2 before the findings to the main quantitative survey.