Fáilte Ireland
National Tourism Development Authority

TOURISM BAROMETER

WAVE 4 – DECEMBER 2010

Contents

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National Tourism Development Authority

Introduction

The Tourism Barometer is a state of the season survey designed to obtain an insight into the performance of all sectors of the industry in Ireland for 2010 compared to the previous year and to determine the industry's expectations for 2011.

Results are based on feedback provided during the fieldwork period from the 24th November to the 22nd of December 2010. In total 1000 interviews were conducted, details of which are outlined in the analysis of sample (Appendix 1). The survey was carried out by Millward Brown Ulster on behalf of Fáilte Ireland.

The last quarter of 2010 was particularly tough for the Irish economy with the confirmation of the bail-out and the subsequent austerity budget. With cutbacks set to continue in the foreseeable future, 2011 is likely to be another tough year for the tourism industry in Ireland.

Accommodation

Overall Bednights

The economic conditions continue to be very challenging and not surprisingly all accommodation sectors, with the exception of caravan and camping, report overall bednight volumes to be down on balance compared to last year.

Consistent with the findings in the September wave of the Tourism Barometer, a clear majority of guesthouses, B&Bs, hostels and self-catering establishments reported a fall in overall demand compared to last year. Consistent with the findings throughout 2010, it appears that the B&B's have been hit hardest with four fifths of all operators in this sector reporting bednight volumes to be down compared to 2009.

It has been a relatively good year for the caravan and camping sector with more than a third (35%) of all owners stating that demand was up on last year. Although almost half (47%) of all hotels reported a fall in demand, apart from caravan and camping, it is the sector least affected. Just under a third (31%) of all hoteliers reported overall demand for bednights to be up, and another fifth (21%) stated that demand was similar to last year. (See Chart 1)

Hotels

The downturn in bednight volumes in the hotel sector over the year can largely be attributed to falling demand in the overseas markets according to two thirds of all hoteliers.

The volume of domestic bednights is relatively strong, more than half (51%) of hoteliers stated an increase in demand and further 18% cited bednights to be on a par with last year. The consistent strength of the Euro against Sterling has contributed to the continuing underperformance of the British market with more than half (57%) of hoteliers citing a fall in demand from this source compared to 2009.

In light of the challenging economic conditions it is probably not surprising that more than three quarters (78%) of all hoteliers reported average room yields to be down on 2009. (See Chart 2b)

Guesthouses and B&Bs

Where guesthouses are concerned, the weak performance of the overseas market has resulted in a poor year. Two thirds of all guesthouse proprietors cited a decrease in bookings. The majority of guesthouses owners also report the domestic (58%) and the Northern Ireland (58%) markets to be down on last year. (See Chart 3)

The B&B sector was particularly affected by the fall in demand, with the downturn in bednight volumes once again largely being attributed to falling demand in the overseas market. The volume of overseas bednights is perceived to be down on last year by eight in ten B&B proprietors. (See Chart 4)

Self-catering

The fall in overall bednights in the self-catering sector was due to the poor performance of all the key markets. Although, on balance, a majority of proprietors reported bednight volumes from the domestic market to be down, almost a fifth (17%) of all self-catering establishments stated that domestic business was actually up on last year. (See Chart 5)

Caravan & Camping

Caravan & camping outperformed the other sectors mainly due to the performance of the domestic market. The domestic market performed very strongly, with almost two thirds (65%) of all proprietors reporting a growth in bednights. (See Chart 6)

Hostels

Hostels reported business to be down on balance across all market areas. Although a significant majority (63%) reported a fall in overseas demand, half of all hostel owners stated that domestic demand was either on a par or up on last year. (See Chart 7)

Ireland Market

Almost a third (31%) of hoteliers have experienced falling domestic demand compared to 2009 and the evidence suggests that the downturn can be attributed to a reduction in business across each of the main domestic market segments with the exception of the weekend breaks market.

More than half of all hoteliers stated that business / corporate bednights (57%) and mid-week breaks (58%) were down slightly or down significantly on last year. Although more than two fifths of all hoteliers stated that general leisure breaks (44%) and special events (48%) were down slightly or significantly on 2009, the extent of the decline is less prominent than was stated in the June instalment of the Tourism Barometer. In relative terms, weekend breaks have performed better with almost two fifths (39%) of all hoteliers stating demand to be slightly, or significantly, up on last year. (See Chart 8)

Activity Providers, Attractions, Retail, Restaurants and Transport

Activities

Activity providers have experienced mixed fortunes in 2010. Three quarters (75%) of all angling providers and more than eight in ten (83%) golf courses reported overseas business to be down on last year. However, equestrian establishments have performed better (relatively speaking) than other activity providers. Two thirds of all equestrian providers (66%) report tourism business to be up or at least on a par with 2009. (See Chart 9)

Visitor Attractions, Retailers, Restaurants and Language Schools (EFL)

Visitor attractions, car hire and retailers have been hit particularly hard, approximately four fifths (83%) of retailers and two thirds of all attraction managers reported overseas business to be down compared to last year. Almost half (46%) of all responding restaurateurs also stated that business was down on last year.

Language schools performed quite strongly, more than two fifths (44%) of all managers cited overseas business to be up on 2009 levels. (See Chart 10)

Car Hire and Coach Operators

A challenging trading environment is particularly evident for car hire companies. Four fifths (80%) of all car hire companies reported reduced levels of overseas tourism demand compared to 2009 levels. Relatively speaking the picture is more positive for coach operators, more than a quarter (27%) cited increased levels of demand compared to last year. (See Chart 10)

Overseas Market Performance

The majority of hotel managers have on balance experienced deteriorating demand across all of their main overseas markets. Without doubt linked to the ongoing global economic slowdown, seven in ten hotel managers reported a drop in demand in the US market, while almost six in ten (57%) cited softening demand from Great Britain. More than half of all hoteliers cited reduced demand from Mainland Europe, and from France and Germany in particular. (See Chart 11a)

Compared to last year, more than half of all guesthouses reported a drop in demand across all their main markets. The British market performed worst with more than two thirds (68%) of all guesthouse owners reporting bednight volumes to be down on last year. (See Charts 11b)

Compared to 2009 more than six in ten of all B&B proprietors reported a drop in demand across all their main markets in 2010. Similar to the hotel and guesthouse sectors, the US and British markets registered the biggest drops in demand. (See Charts 11c)

Prospects

The majority of all accommodation owners expect their overall volume of overseas bednights to decline in 2011. Self-catering and B&Bs are the most pessimistic of the accommodation providers. Almost two fifths of all B&B proprietors (39%) and self-catering (36%) owners expect their overall volume of overseas bednights to decline further next year. Hoteliers and hostel operators are the most optimistic about 2011; approximately three in ten expect overseas demand to increase in the coming year. (See Chart 12a)

Three quarters (75%) of all angling providers and more than half (54%) of all golf clubs anticipate a decline in demand in 2011. The majority of equestrian managers believe that business in 2011 will be at a similar level to 2010. However, cruising operators were actually very optimistic; four fifths (80%) anticipate improved levels of demand next year. (See Chart 12b)

Negative sentiment is evident amongst visitor attractions, almost a third (31%) anticipating a decline in overseas demand. However, most of the other providers are fairly optimistic about 2011. EFL, car hire, coach operators and restaurateurs are not exactly bursting with confidence about the prospects for next year but on balance they expect improved levels of overseas business in 2011 compared to those attained in 2010. (See Chart 12c)

Factors Impacting on Performance

Very difficult conditions still persist throughout the Irish economy and not surprisingly tourism enterprises in Ireland remain cautious, more than three fifths (61%) of all respondents failed to identify any positive factors affecting their business prospects. The increase in people holidaying at home (4%), some costs having fallen (3%) and repeat business (3%) were mentioned as positives, albeit by a minority. (See Chart 13a)

Looking at the positive factors by sector, it is evident that the increase in people holidaying at home has been particularly good for the self-catering, caravan and camping, attractions and equestrian businesses. Falling costs was most frequently mentioned by EFL providers while hoteliers were citing the reduction in the minimum wage and the wage review as positive factors affecting their business in 2010.

Unsurprisingly the economic downturn has been the most frequently cited negative factor by tourism businesses in 2010. Almost a quarter (23%) of all tourism operators mentioned the economic downturn or recession on a spontaneous basis. Operators also referred to problems competing with cheaply priced hotels and the problems associated with increasing overheads including labour costs. (See Chart 13b)

Looking at the negative factors by sector it is clear that the economic downturn is having a particularly negative effect on B&Bs, caravan and camping, equestrian, EFL, restaurants and the attractions sector, while retailers cited the lack of consumer confidence and disposable income. Fuel prices were cited as having a particularly negative impact on coach operators.

Operational Issues

As expected, and consistent with the findings of the Tourism Barometer throughout 2009 and 2010, the global and domestic economic downturns once again are major concerns for the overwhelming majority of tourism businesses. However, the cost of energy was the concern most frequently cited by more than three quarters (78%) of all tourism operators. (See Chart 14a)

Tourism operators were also asked to identify the issue of greatest concern. More than a fifth (22%) of all proprietors across all tourism businesses highlighted the global economic downturn as the predominant concern. (See Chart 14b)

Looking at these concerns by sector the downturn in the global economy is particularly bad for B&B's, self-catering, angling, car hire, attractions and EFL.

Energy costs were the single biggest concern for coach operators and equestrian owners, with local authority service charges being the significant issue for hotels, guesthouses, hostels, restaurant and the caravan and camping operators. Competition from other destinations is the single biggest concern for cruising operators.

Employment

With the overall volume of bednights reported to be down from 2009 levels, not surprisingly, many accommodation proprietors have reduced staffing levels. This reduction is most evident in respect of the hotel sector where more than half of all hoteliers cited employment across all categories of staff to be down on last year. (See Chart 15a)

On balance, guesthouse owners have also reduced their overall staff complement, particularly part-time and seasonal staff. However, approximately half of all guesthouse owners stated that the number of full-time, part-time and seasonal staff members was similar to last year. (See Chart 15b)

With less scope for reducing staff levels, B&B owners on balance also report employing less part-time (18%) and seasonal staff (18%) than during 2009. (See Chart 15c)

Average Prices Achieved

Almost two thirds (64%) of all tourism businesses stated that the average prices achieved in 2010 were lower than the average prices achieved in 2009. (See Chart 16)

Analysing the data by sector it is evident that hotels, B&B's and guesthouses were the tourism businesses most likely to have achieved lower average prices this year compared to those achieved in 2009.

Almost two thirds (63%) of all tourism businesses stated that the average prices achieved next year in 2011 will be similar to the average prices achieved in 2010. However, three in ten anticipate that the average prices achieved next year in 2011 will again be lower than the average prices achieved in 2010. (See Chart 16)

Analysing the data by sector it is evident that golf, guesthouses and self-catering providers are the tourism businesses most likely to record lower average prices in 2011.

Almost two fifths (37%) of all tourism businesses who believe that the average prices achieved in 2011 will be higher than the average prices achieved in 2010 stated that it was simply due to the fact that they will be raising their prices. More than one in ten (12%) of all tourism businesses stated that they expected higher achieved prices because they have refurbished, improved their product offering or because of their increased competitiveness. (Chart 17)

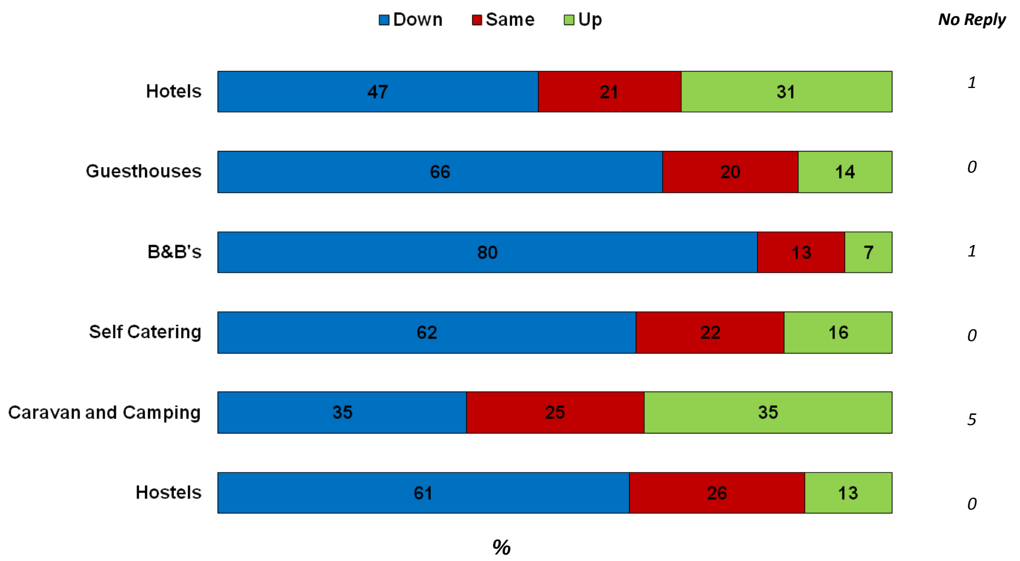
More than two fifths (44%) of all tourism businesses who believe that the average prices achieved in 2011 will be lower than the average prices achieved in 2010 stated that it was because they would have to reduce prices to compete. More than one in ten (11%) of all tourism businesses stated that they expected lower achieved prices because of the general reduction in disposable income and lack of finance. (Chart 18)

Index to Charts and Appendices

Overall Bednights – Accommodation

January to December
2010 vs 2009

Chart 1

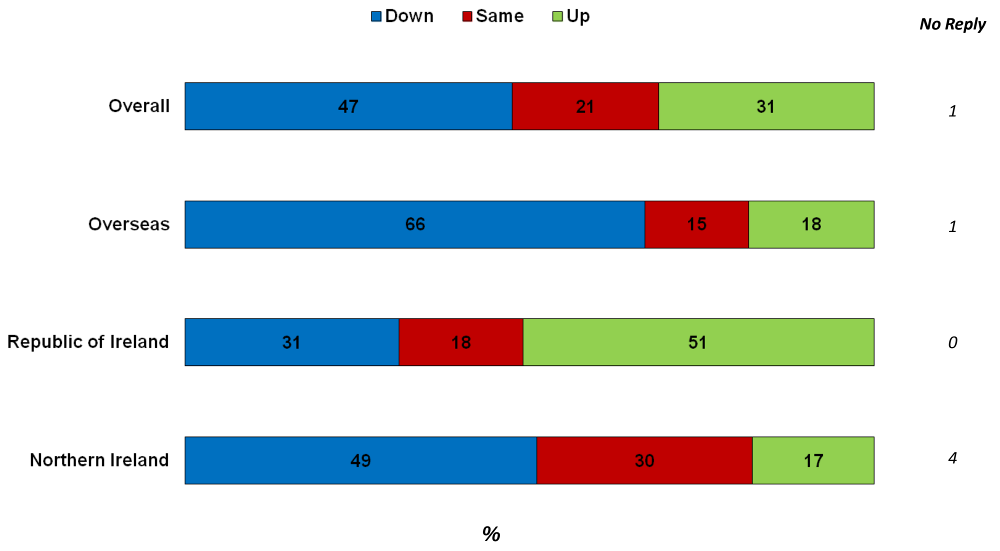


Base: All accommodation

Overall Bednights – Hotels

January to December
2010 vs 2009

Chart 2a

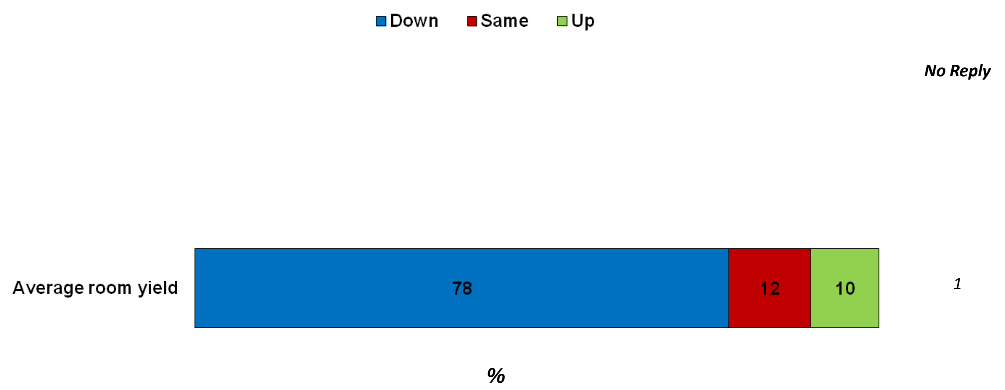


Base: All hotels

Average Room Yield – Hotels

January to December
2010 vs 2009

Chart 2b

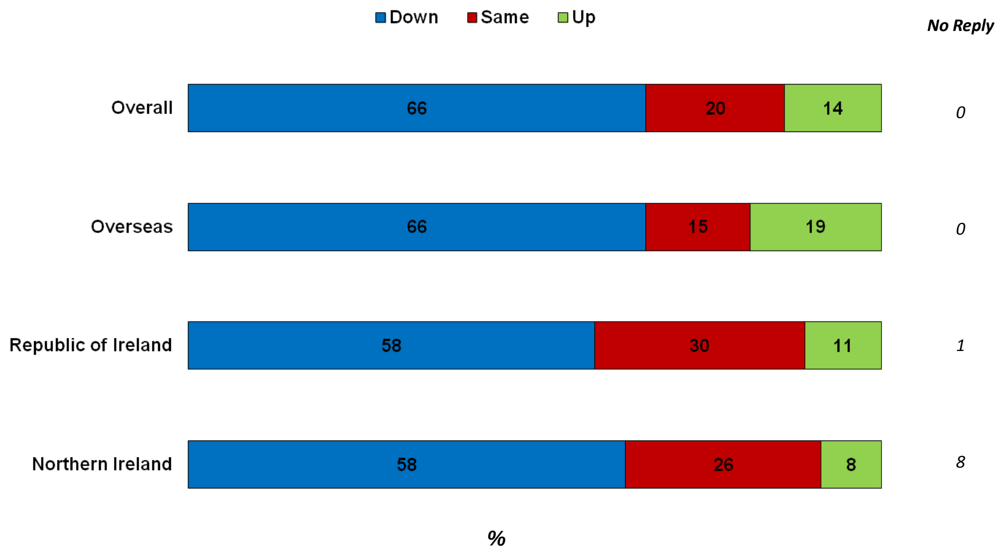


Base: All hotels

Overall Bednights – Guesthouses

January to December
2010 vs 2009

Chart 3

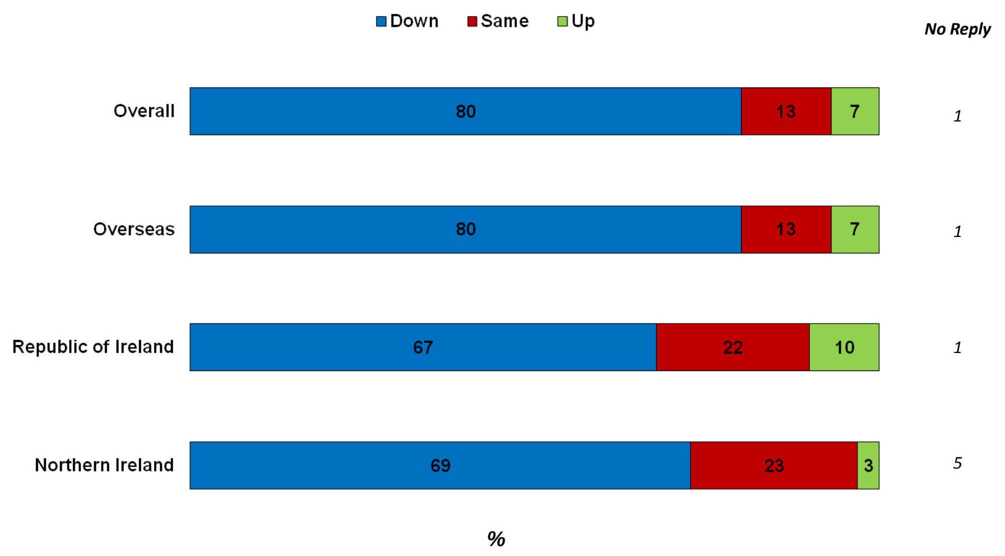


Base: All guesthouses

Overall Bednights – B&Bs

January to December
2010 vs 2009

Chart 4

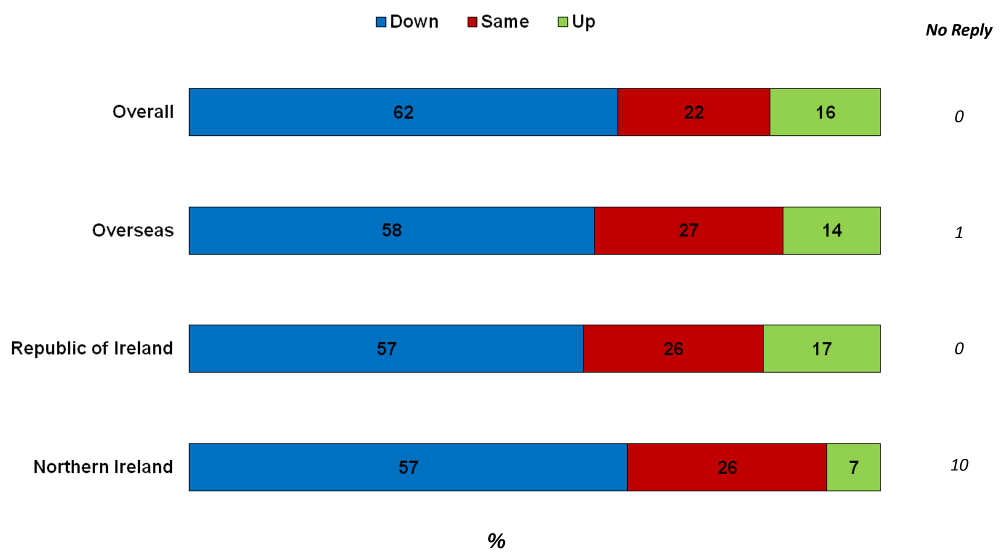


Base: All B&Bs

Overall Bednights – Self Catering

January to December
2010 vs 2009

Chart 5

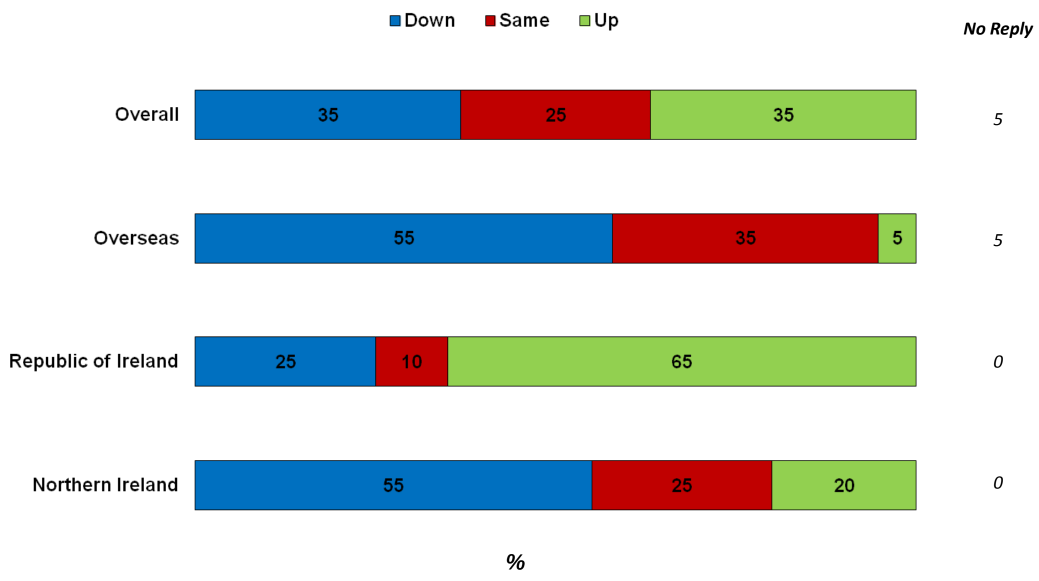


Base: All self-catering

Overall Bednights – Caravan & Camping

January to December
2010 vs 2009

Chart 6

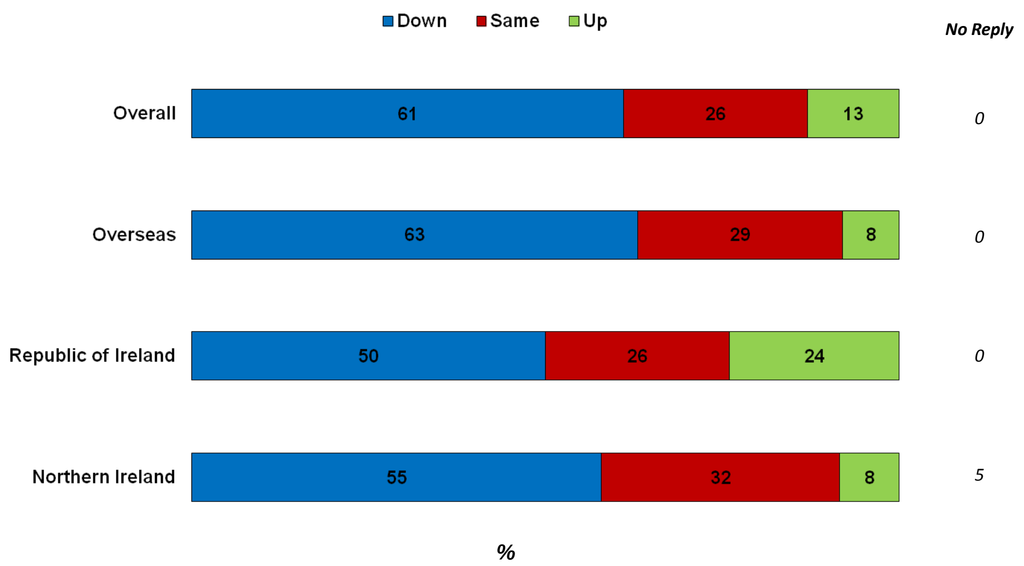


Base: All caravan & camping

Overall Bednights – Hostels

January to December
2010 vs 2009

Chart 7

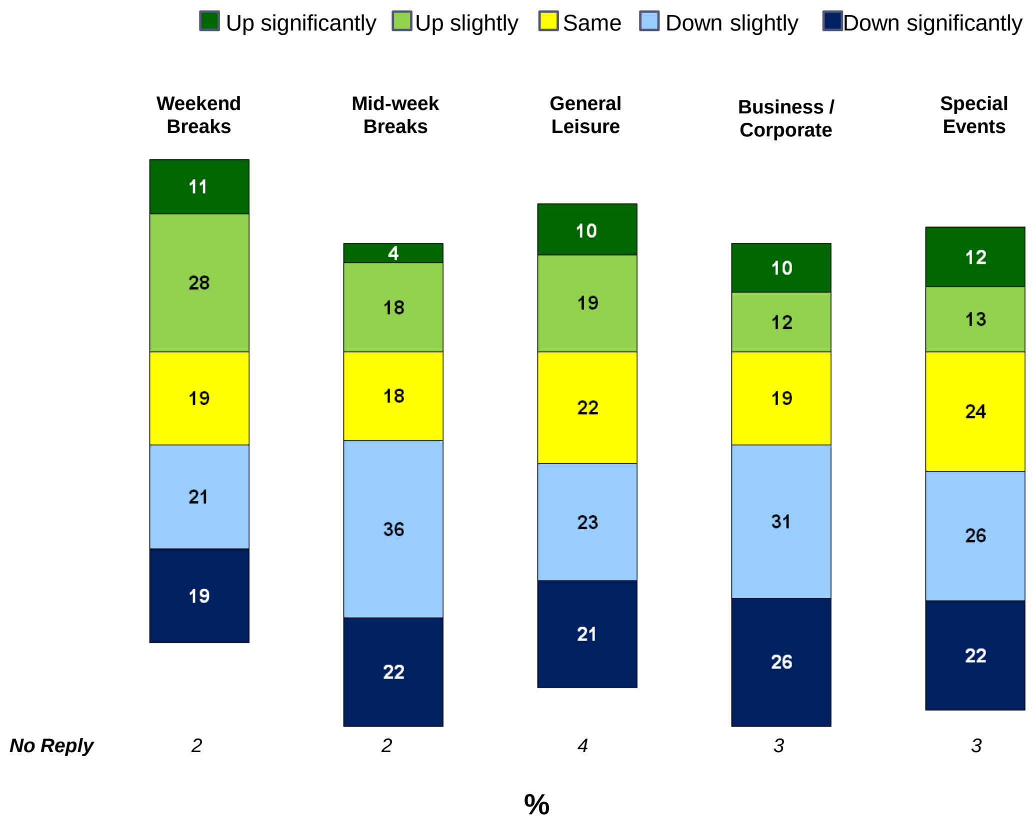


Base: All hostels

Ireland Market Bednights – Hotels

January to December
2010 vs 2009

Chart 8

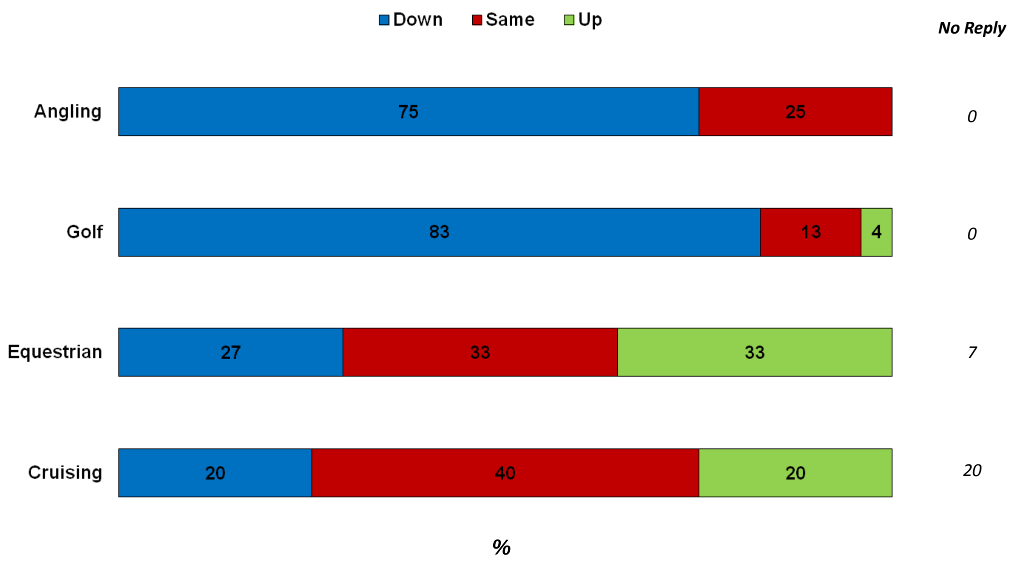


Base: All hotels

Overseas Business – Activities

January to December
2010 vs 2009

Chart 9

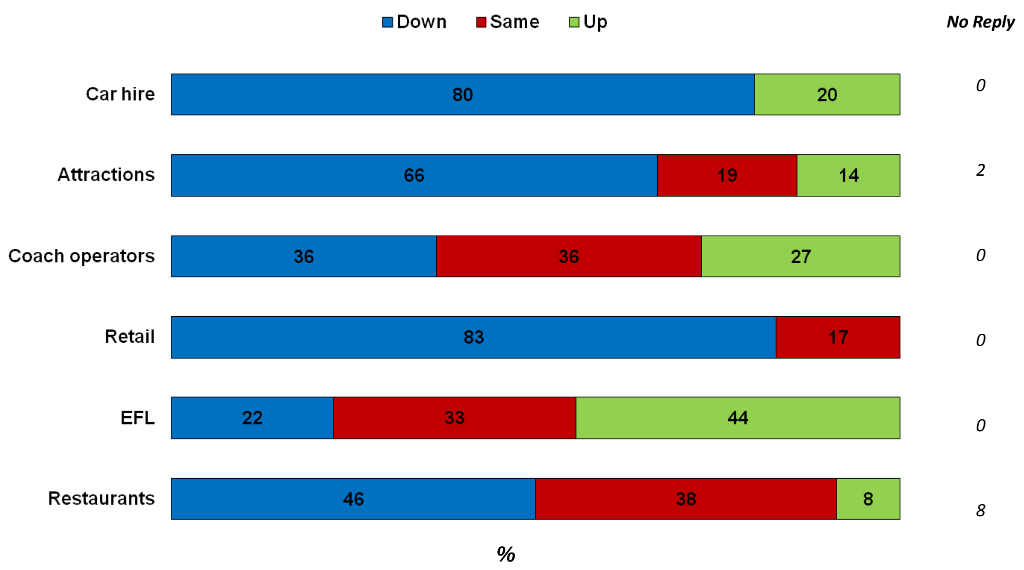


Base: All activities

Overseas Business – Segments

January to December
2010 vs 2009

Chart 10

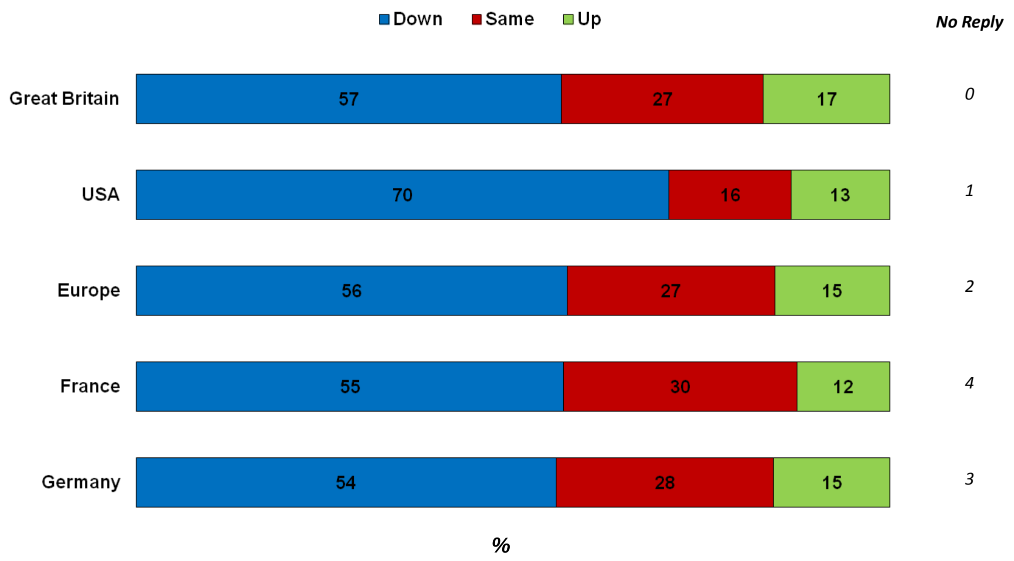


Base: All attractions & transport

Overseas Market Performance – Hotels

January to December
2010 vs 2009

Chart 11a

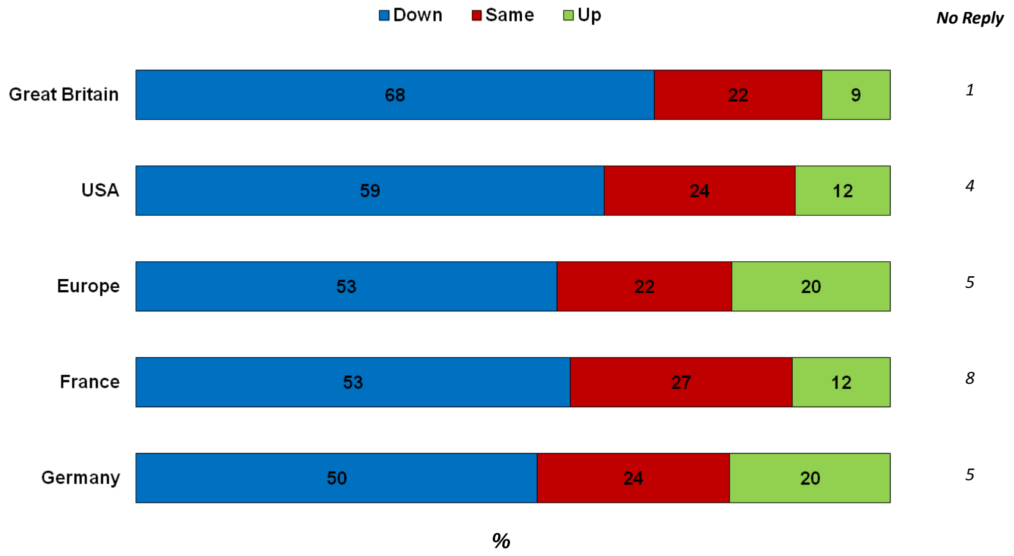


Base: All hotels

Overseas Market Performance – Guesthouses

January to December
2010 vs 2009

Chart 11b



Base: All guesthouses

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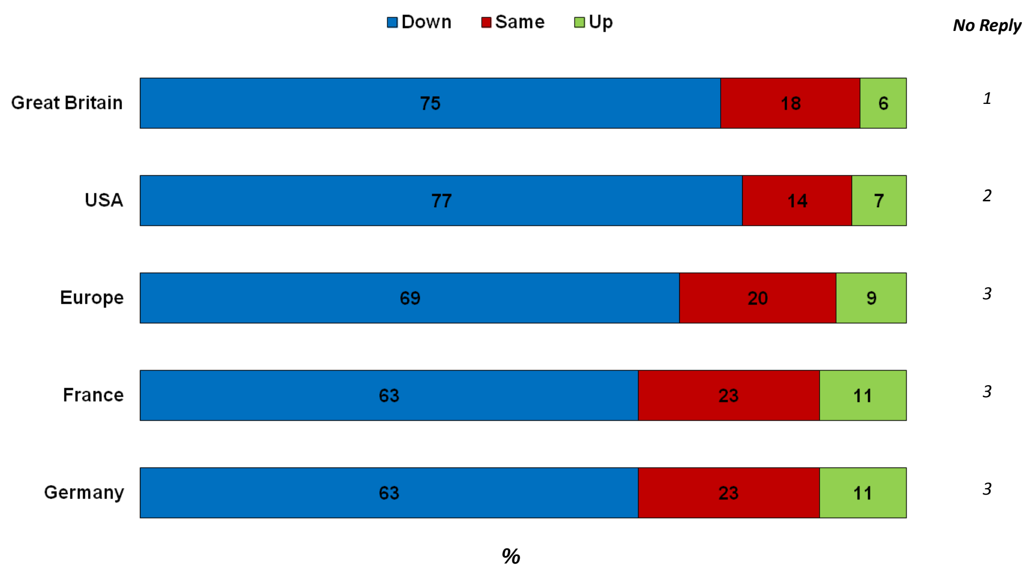
Overseas Market Performance – B&Bs

January to December
2010 vs 2009

Chart 11c

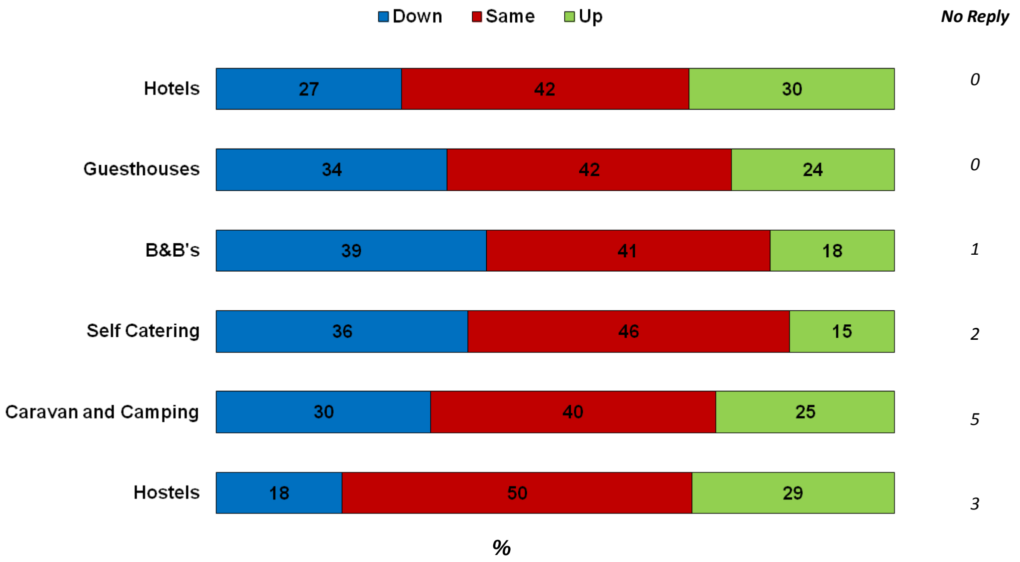


Base: All B&Bs

Overseas Business Forecast – Accommodation

Prospects for the Year
2011 vs 2010

Chart 12a

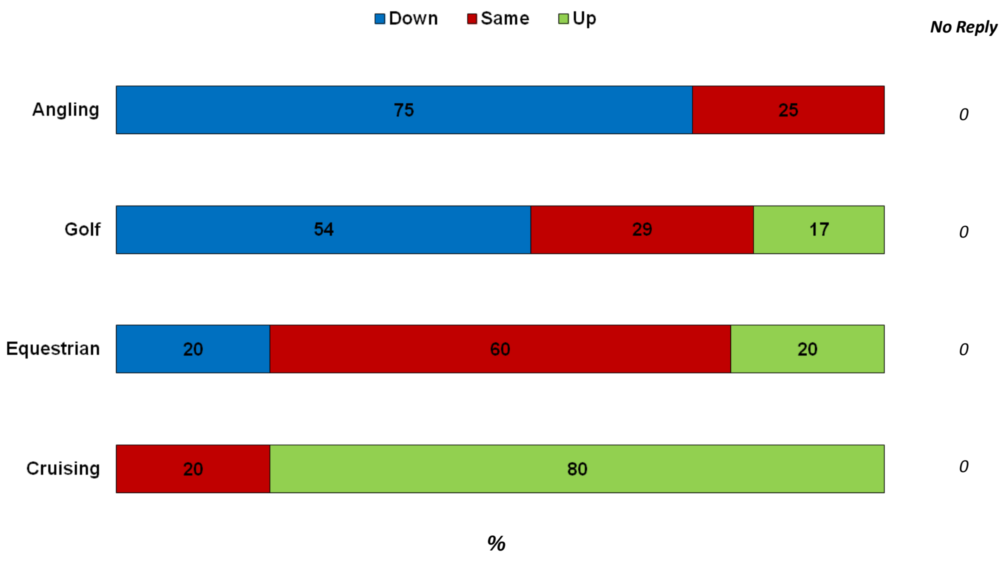


Base: All accommodation

Overseas Business Forecast – Activities

Prospects for the Year
2011 vs 2010

Chart 12b

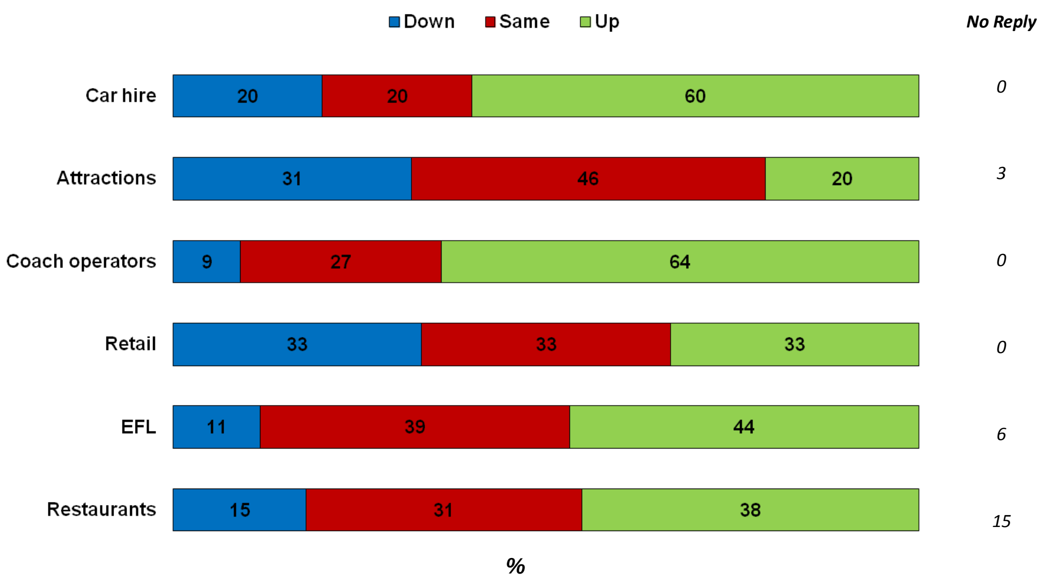


Base: All activities

Overseas Business Forecast – Segments

Prospects for the Year
2011 vs 2010

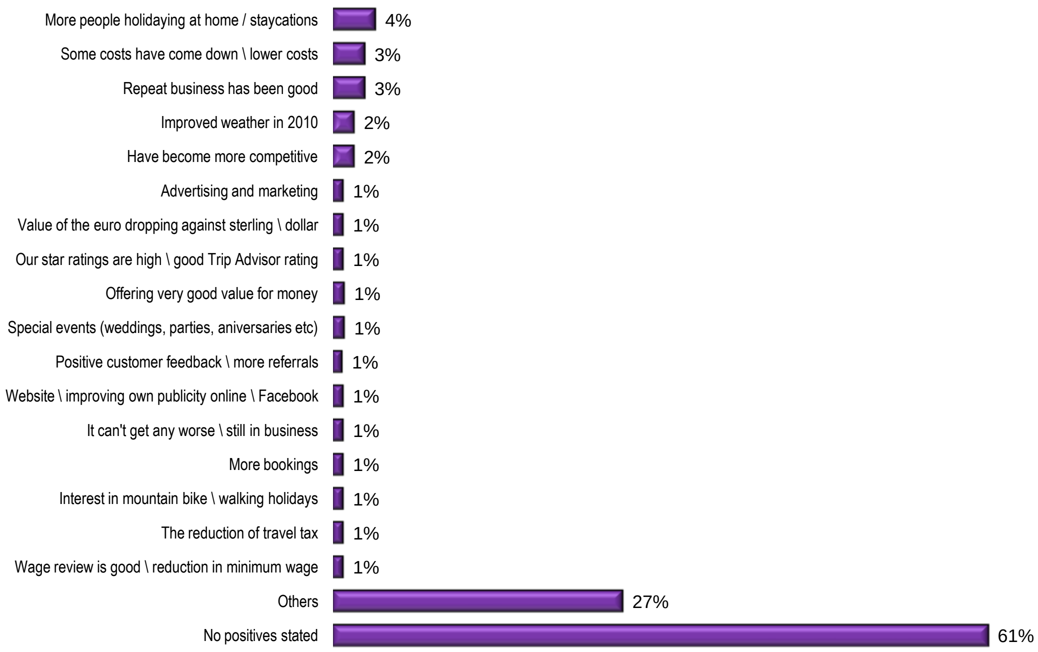
Chart 12c



Base: All attractions & transport

Positive Factors affecting overall performance

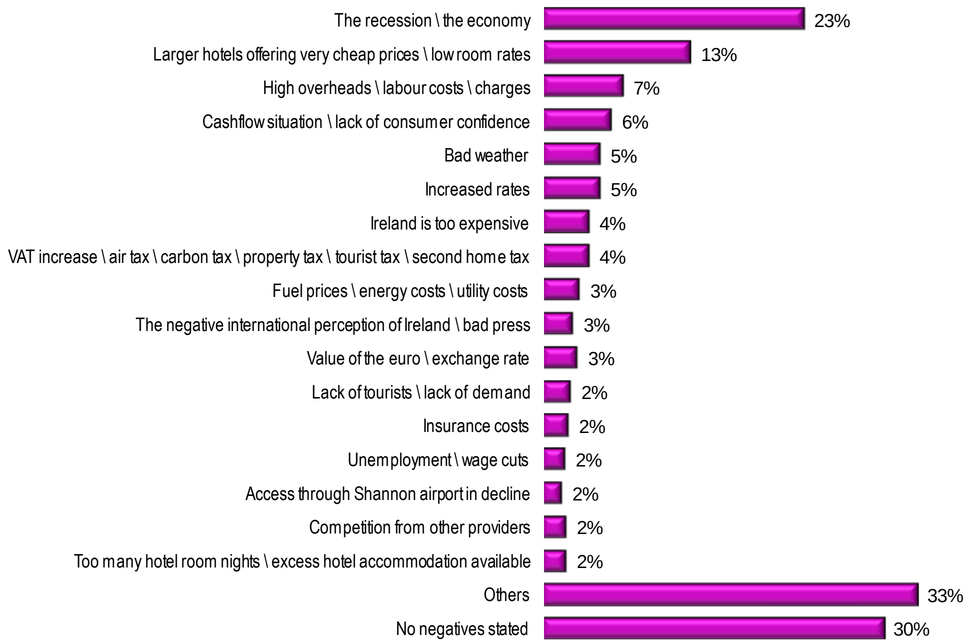
Chart 13a



Base: All tourism businesses

Negative Factors affecting overall performance

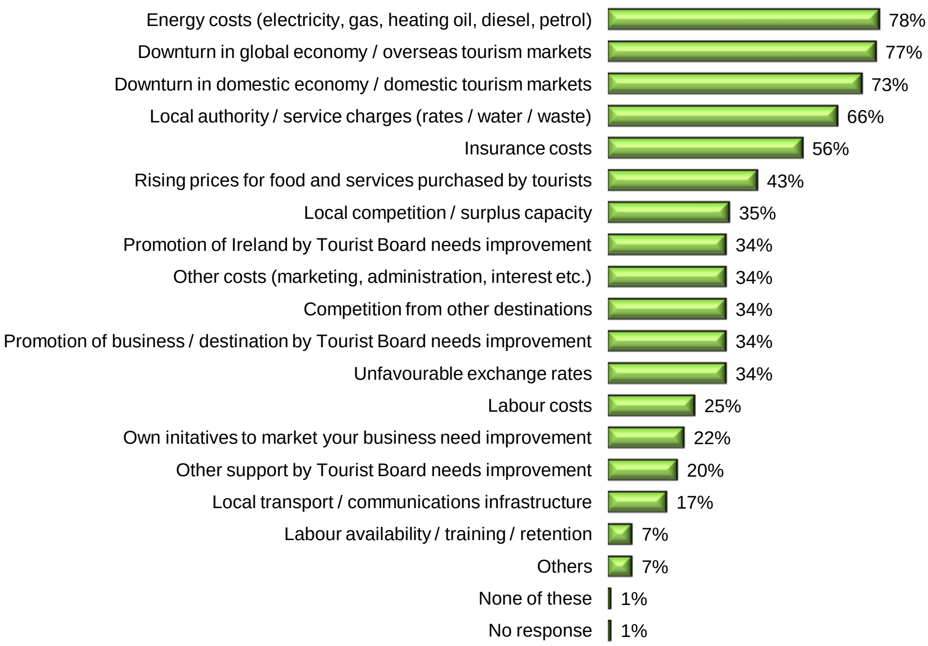
Chart 13b



Base: All tourism businesses

Operational Issues that cause concern

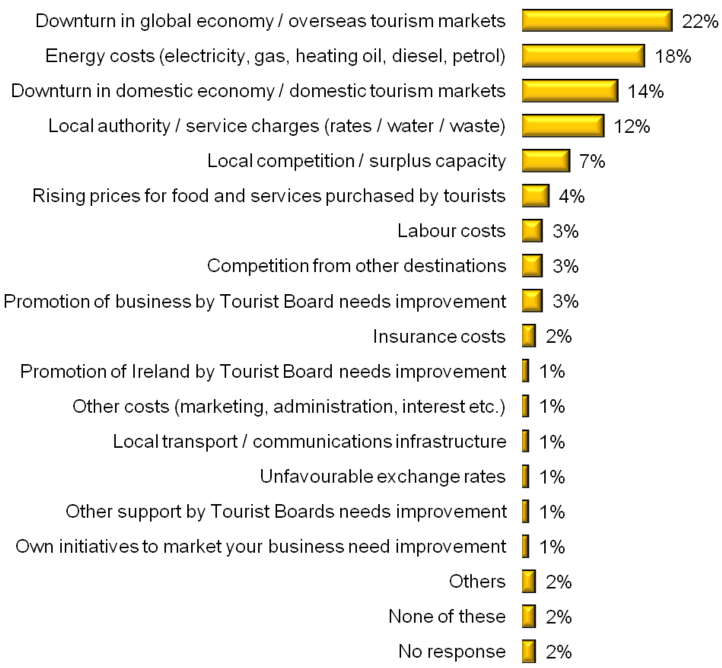
Chart 14a



Base: All tourism businesses

Operational Issues that cause MOST concern

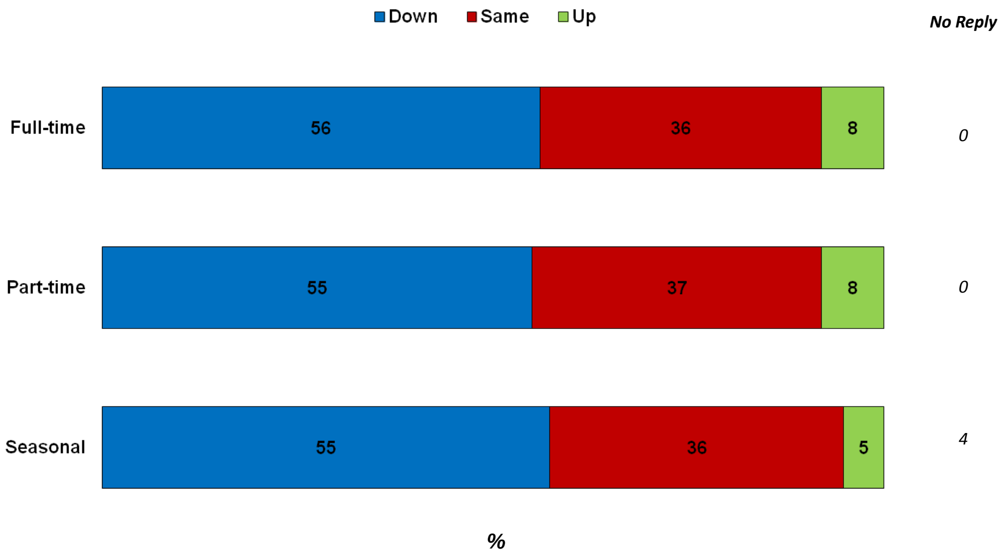
Chart 14b



Base: All tourism businesses

Employment – Hotels

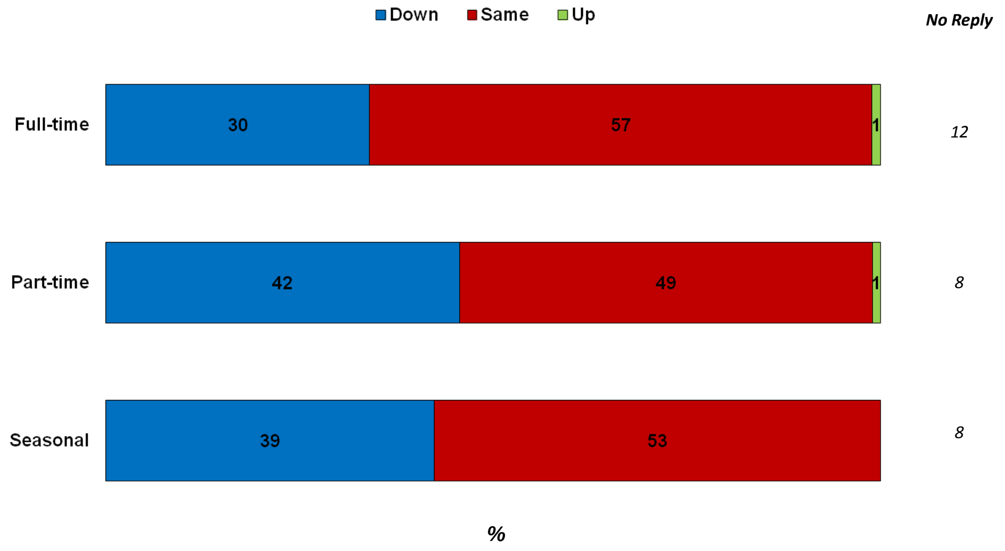
Chart 15a



Base: All hotels

Employment - Guesthouses

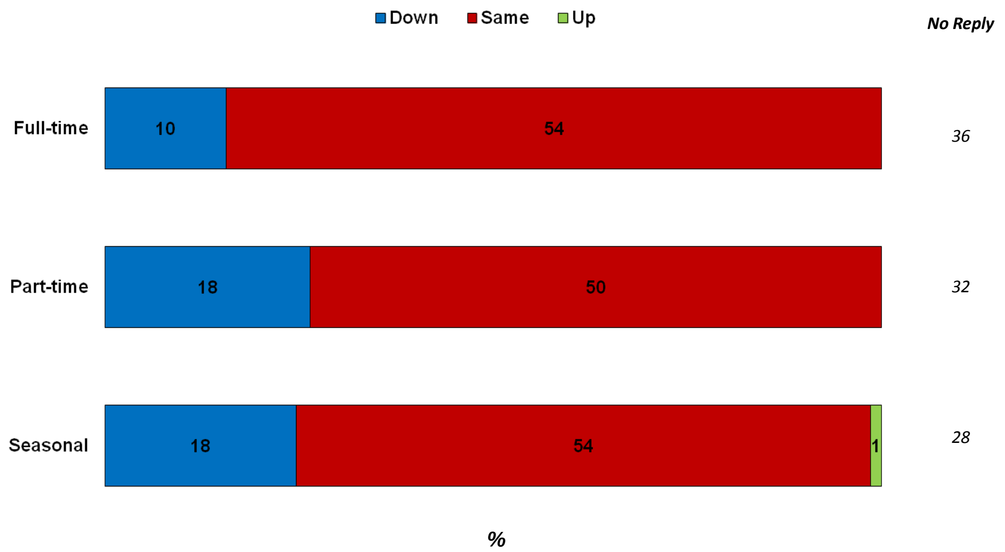
Chart 15b



Base: All guesthouses

Employment – B&Bs

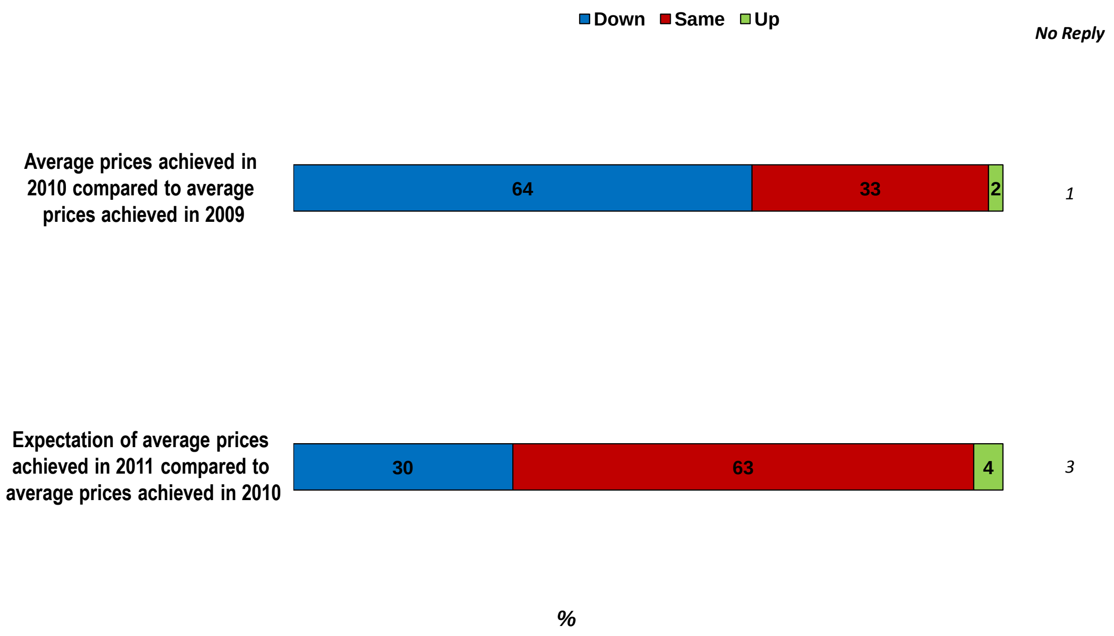
Chart 15c



Base: All B&Bs

Average prices achieved

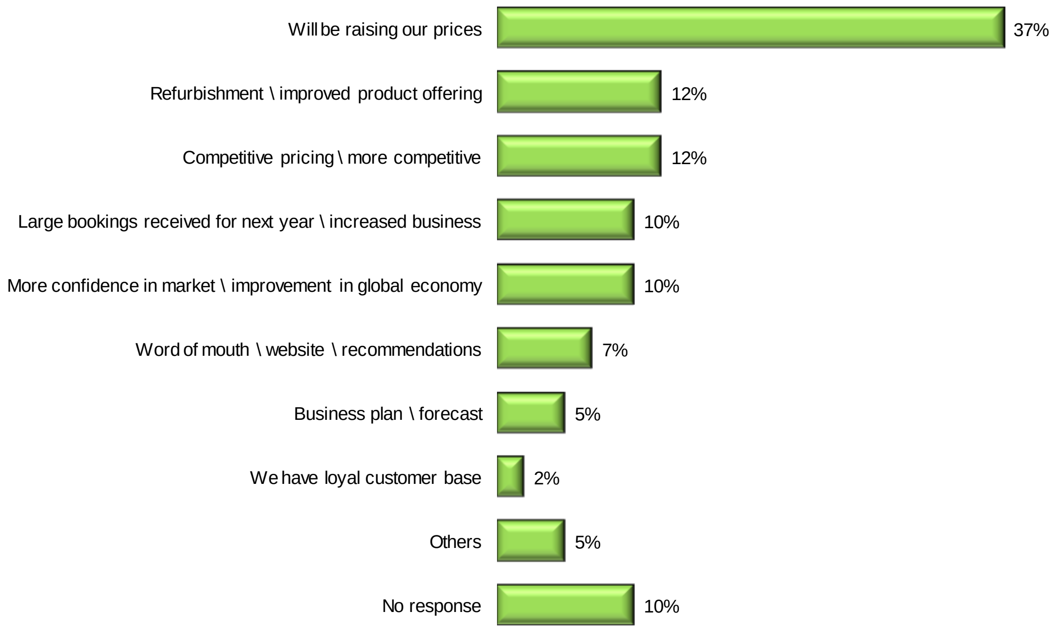
Chart 16



Base: All tourism businesses

Why average prices are expected to be UP

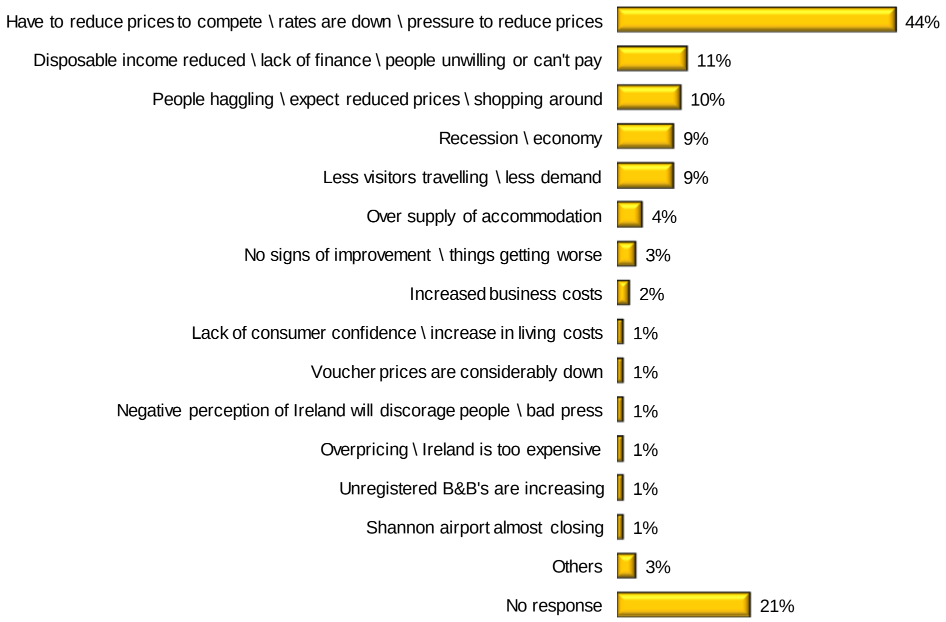
Chart 17



Base: All tourism businesses

Why average prices are expected to be DOWN

Chart 18



Base: All tourism businesses

Appendix No 1 – Analysis of Sample

Accommodation

Paid Services

Hotels	113
Guest Houses	74
B&Bs	440
Sub Total	**627**

Other Accommodation

Self Catering	155
Caravan & Camping	20
Hostels	38
Sub Total	**214**

Total Accommodation **840**

Activities

Angling	4
Golf	24
Equestrian	15
Cruising	5
Sub Total	**48**

Segments

Car Hire	5
Attractions	59
Coach Operators	11
Retail	6
EFL	18
Restaurants	13
Sub Total	**112**

Total Activities, Attractions & Transport **160**

Total Number of Responses **1000**