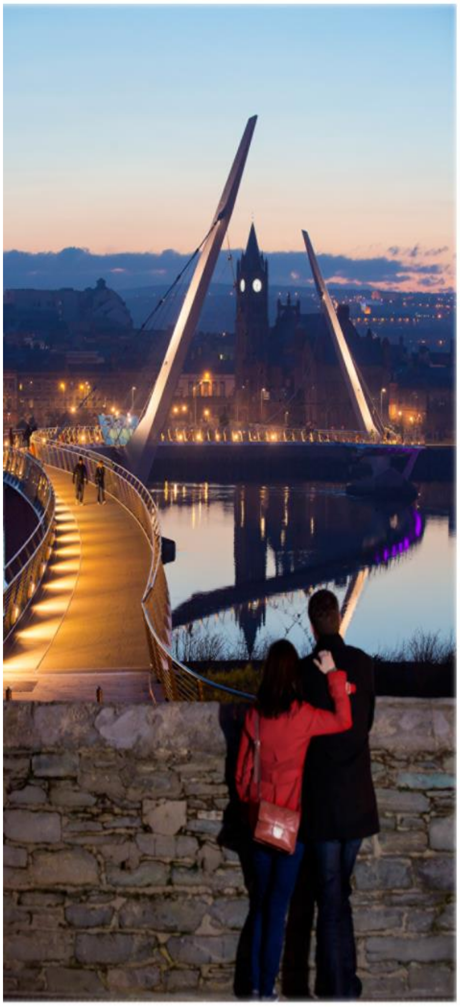
tourism northernireland

MillwardBrownUlster

TOURISM INDUSTRYBAROMETER
DECEMBER 2017



Contents

All research complied fully within the Market Research Society ethical Code of Conduct and in accordance with the definitive standards of IQCS (Interviewer Quality Control Scheme) and MRQSA (Market Research Quality Standards Authority) ISO 20252:2012

1. Background & Methodology

Background and objectives

1.1 The Northern Ireland Tourism Industry 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.

1.2 In June 2015, Millward Brown Ulster, an independent research agency, was commissioned to conduct the survey in 2015, 2016 and 2017.

1.3 Fieldwork for the final wave of 2017 took place between 25th November and 20th December. The objectives were to measure:

- Business performance year to date in terms of visitor volume – overall and by key markets
- Profitability year to date
- Average room yield year to date (hotels)
- Visitor volume expectations for the remainder of 2015
- Positive factors and any issues of concern affecting tourism businesses

Methodology

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

1.5 Tourism NI and Millward Brown Ulster worked together to develop a questionnaire for online and telephone interviewing.

1.6 Tourism NI provided a database of 3,038 contacts for the survey spread across numerous industry sectors. Millward Brown removed all duplicate contacts so that owners or managers of more than one tourism business only received the survey once – this left an active database of 2,618 contacts.

1.7 An e-mail was sent on 25th November 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-respondents.

1.8 Following this, 430 ‘top-up’ interviews with non-responders were conducted by telephone in order to improve the robustness of individual sector sample sizes so that results could be reported by sector. Interviews were conducted in daytime and evening hours with business owners or managers.

2. Headline Findings

The Tourism Industry Barometer and how it is conducted

2.1 The Northern Ireland Tourism Industry 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/the following year.

2.2 Millward Brown Ulster received 70 responses to an online survey with tourism businesses in December 2017, and conducted 430 top-up telephone interviews.

Strong year for hotels and attractions in Northern Ireland

2.3 Hotels performed very strongly in 2017 (reflecting strong growth across all markets), with more than four in five (82%) respondents having reported an increase in visitor numbers compared with the previous year. Attractions had a very good year; over three-quarters (77%) reported an increase on 2016 figures.

Increases in room yield and profitability

2.4 The positive year that the hotel sector enjoyed in 2017 is reflected in an increase in profitability as reported by almost seven in ten (69%) respondents. Similarly, nearly seven in ten (69%) hoteliers stated that average room yield had increased on the same period last year.

Business trips and weekend breaks going strong

2.5 While all visitor types have had a positive year, business trips and the weekend break markets have done particularly well, with nearly seven in ten (68%) and half (50%), respectively, having reported an increase (either significant or slight).

Positive year for guesthouse market

2.6 Almost three in five (56%) guesthouses reported an improvement on 2016 volumes, representing an increase on the figure that was reported (48%) this time last year.

Steady performance for B&Bs

2.7 Overall, more than two-fifths (42%) reported that business was up on 2016, which was consistent with the figure reported at this point last year (46%).

Consistent performance overall for self-catering

2.8 Nearly two-fifths (37%) of self-catering operators reported visitor volumes to be up in 2017, while almost a quarter (23%) having reported visitor volumes to be lower than those experienced last year. This represents a reasonably consistent performance with 2016, when two in five (42%) reported visitor volumes to have increased and approximately one in five (22%) reported a decrease.

Strong performance for attractions

2.9 Overall, approaching four-fifths (77%) of attractions reported an improvement on visitor numbers compared with 2016. There was a positive performance reported for all markets, with at least half having reported an increase in volumes compared with the previous year.

Strong year for Belfast

2.10 Operators in Belfast enjoyed a strong 2017, with two-thirds (66%) of all PSA respondents having reported an increase in business compared to 2016 – consistent with the figure reported (65%) at this point last year.

Solid performances across the rest of the country

2.11 All regions were up on balance, with more PSA respondents having reported an increase than a decrease in visitor volumes compared to 2016.

Industry optimistic for 2018

2.12 Overall, tourism operators have an optimistic outlook for 2018, with more than two-fifths (44%) anticipating an increase in business next year.

2.13 Hotels are particularly optimistic for next year, with more than seven in ten (71%) respondents expecting business for 2018 to be up compared to 2017.

2.14 Two-thirds (66%) of guesthouse owners expect business in 2018 to be up on 2017 – an improvement on last year's figure of approximately half (52%).

2.15 B&B and self-catering accommodation providers are positive overall, with around one third (36% and 29% respectively) believing business will increase in 2018, whilst the majority are anticipating the same visitor numbers as 2017.

2.16 Hostel operators and attraction owners are also optimistic, with around seven in ten (71% and 73% respectively) expecting business in 2018 to be an improvement on this year.

Steady expectations overall for the domestic market

2.17 Overall, only a small number of respondents expect business for 2018 to be down on the volumes for 2017, with approaching two-fifths (38%) expecting an increase in business.

Positive outlook for the Republic of Ireland

2.18 The outlook for visitors from the Republic of Ireland is largely positive with significant proportions of tourism operators within most sectors expecting visitor volumes to be up, or at least on a par with 2017.

Repeat visitors and recommendations key

2.19 Similar to the findings in 2016, repeat visitors remain the most frequently cited positive factor affecting tourism businesses, with nearly half (47%) of all respondents mentioning it.

2.20 Approaching half (45%) of tourism businesses recognised recommendations as a key positive factor during 2017.

Local events can draw visitors

2.21 Around a third (34%) of tourism businesses benefited from local events this year. Events in the local area and larger events are believed to encourage visitors to Northern Ireland. In 2017, local events were cited as positives by guesthouses (47%) and hostels (53%) in particular.

The economy still an issue

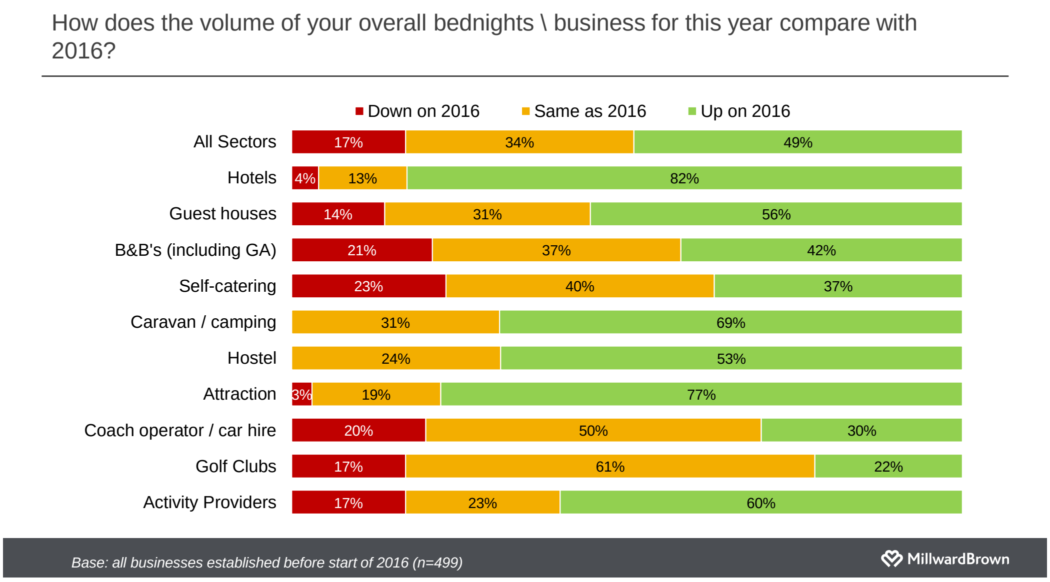
2.22 The rising prices for goods and services purchased by tourism businesses (26%) was seen as the main issue of concern for respondents, whilst almost a quarter cited the domestic economy (23%) and around one in seven (15%) mentioned the global economy as issues of concern in 2017.

Other issues of concern

2.23 Almost a fifth (19%) of all tourism businesses reported competition from other destinations as a concern for their business, consistent with the response last year (18%). Approaching a fifth (17%) stated unfavourable exchange rates, whilst around one in seven (15%) cited insurance costs as issues of concern for their business in 2017.

3. Visitor Volumes in 2017 by Sector

Overall visitor volumes in 2017



**Caution: some sectoral data based on small sample sizes. Car Hire and Coach Operators (n=10), Hostels (n=17), Caravan and Camping (n=13), Golf Clubs (n=18)*

The bases shown are the overall samples asked the question; results for each individual sector are based on the relevant sub samples of this overall population. In the 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 shown in the same order each time.

Businesses not established since before the start of 2015 have not been asked questions on performance against the first half of last year, which they would not have been able to answer.

Strong year for Northern Ireland – especially for hotels and attractions

3.1 The above chart gives an overview of industry performance by sector in 2017.

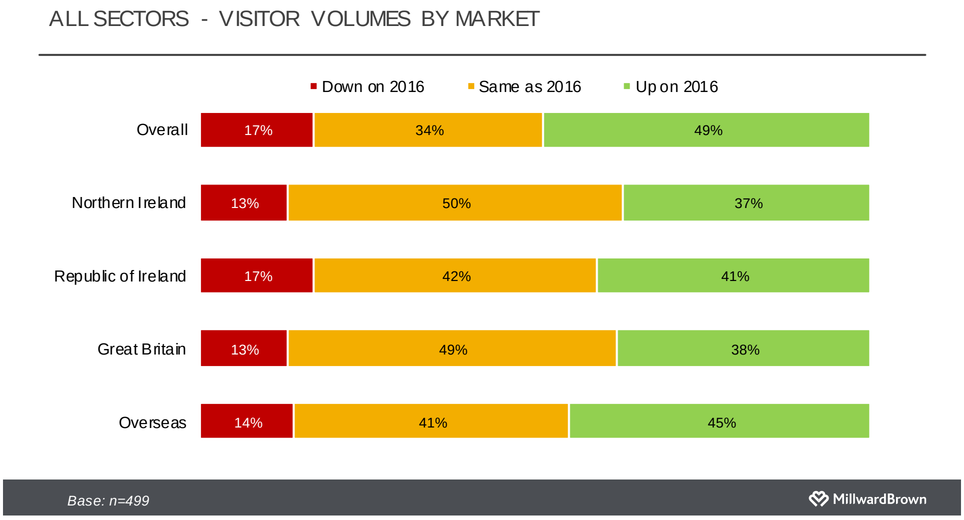
3.2 Hotels performed very strongly in 2017, with more than four in five (82%) respondents having reported an increase in visitor numbers compared with the previous year.

3.3 Attractions have had a very good year; over three-quarters (77%) reported an increase on 2016 figures.

3.4 This year was more challenging for B&B's and self-catering operators. While more than two in five B&B's (42%) and nearly two in five self-catering operators (37%) reported increases, a not insignificant proportion of both sectors reported a decrease in volumes on last year (B&Bs: 21%; self-catering: 23%).

3.5 Other sectors have experienced mixed results; performance by sector is discussed in more detail in the next section.

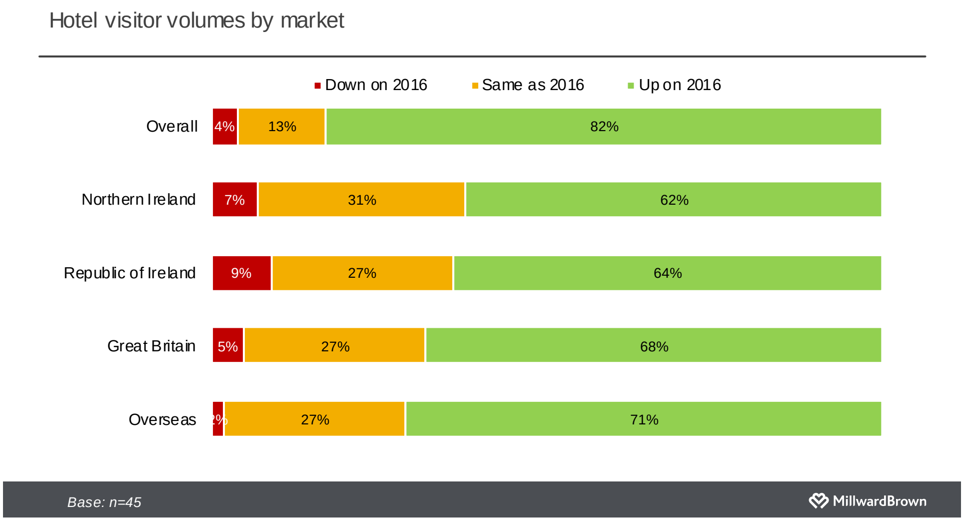
All sectors – visitor volumes by market



3.6 Overall, almost half (49%) of respondents reported an increase in volumes on 2016, which is consistent with the figure reported at this point last year (51%).

3.7 The overseas market compared most favourably to 2016, with approaching half (45%) of businesses having reported growth – a similar number (50%) who did so at this point last year.

Hotels – visitor volumes by market

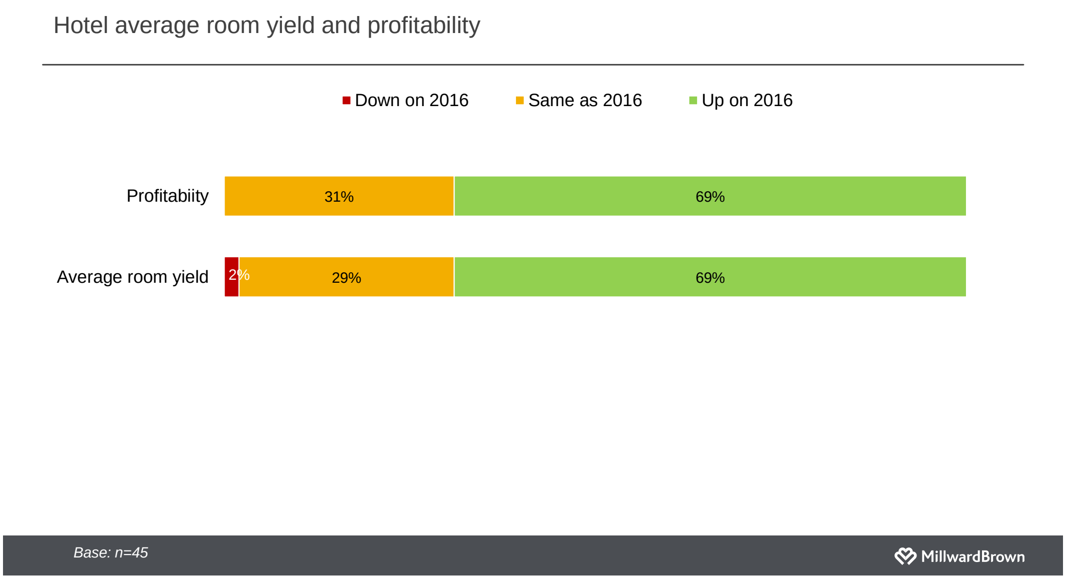


Very positive year for hotel sector

3.8 Hotels had a very positive year, with over four in five (82%) respondents having reported an increase in visitor numbers compared with 2017. This is almost on par with the figure reported at this point last year (87%).

3.9 All markets performed well, with reported increases in visitor numbers from at least three in five hoteliers (as high as seven in ten for the overseas market – further improvement on the figure reported (62%) at this point last year).

Hotels – average room yield and profitability

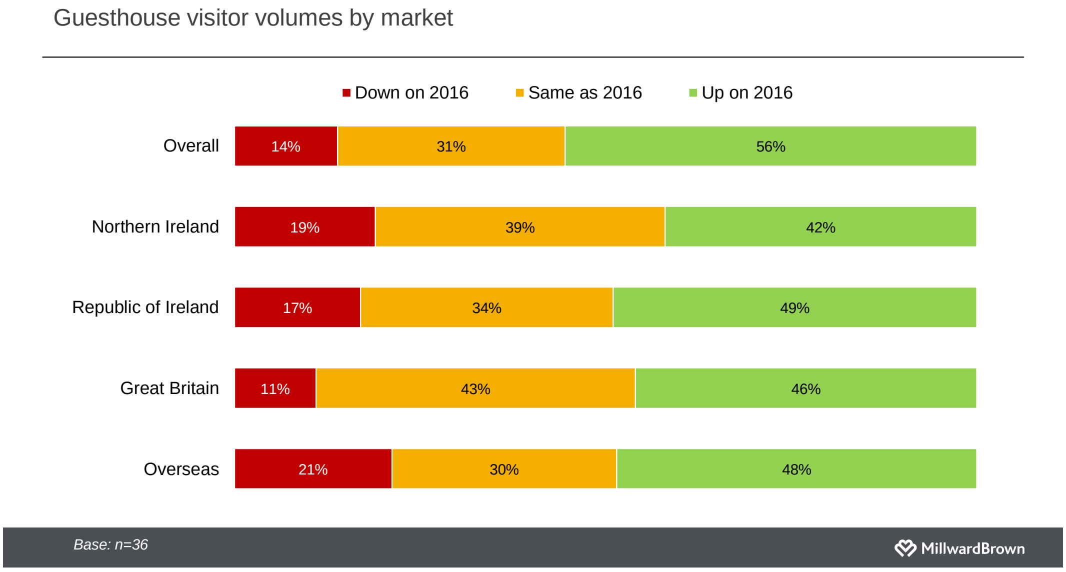


Increases in room yield and profitability

3.10 The positive year that the hotel sector enjoyed in 2017 is reflected in an increase in profitability as reported by almost seven in ten (69%) respondents. None of the hoteliers reported a decrease in profitability compared to last year.

3.11 Similarly, nearly seven in ten (69%) hoteliers stated that average room yield had increased on the same period last year, with only a tiny proportion of respondents (2%) having reported a decrease in average room yield compared to 2016.

Guesthouses

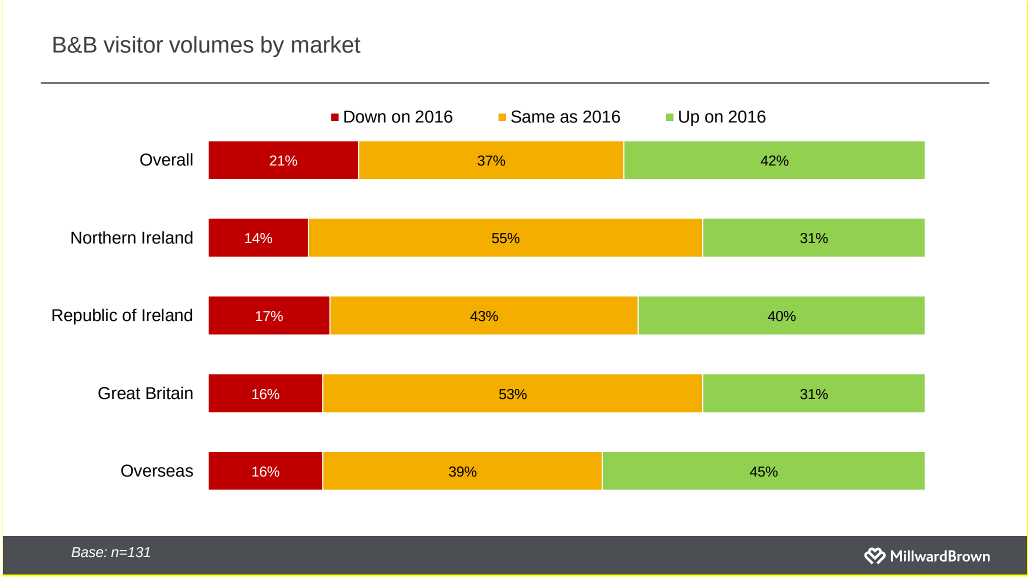


Positive year for guesthouse market

3.12 Almost three in five (56%) guesthouses reported an improvement on 2016 volumes, representing an increase on the figure that was reported (48%) this time last year.

3.13 All markets performed strongly, with at least two in five having reported an increase in volumes on 2016.

B&Bs

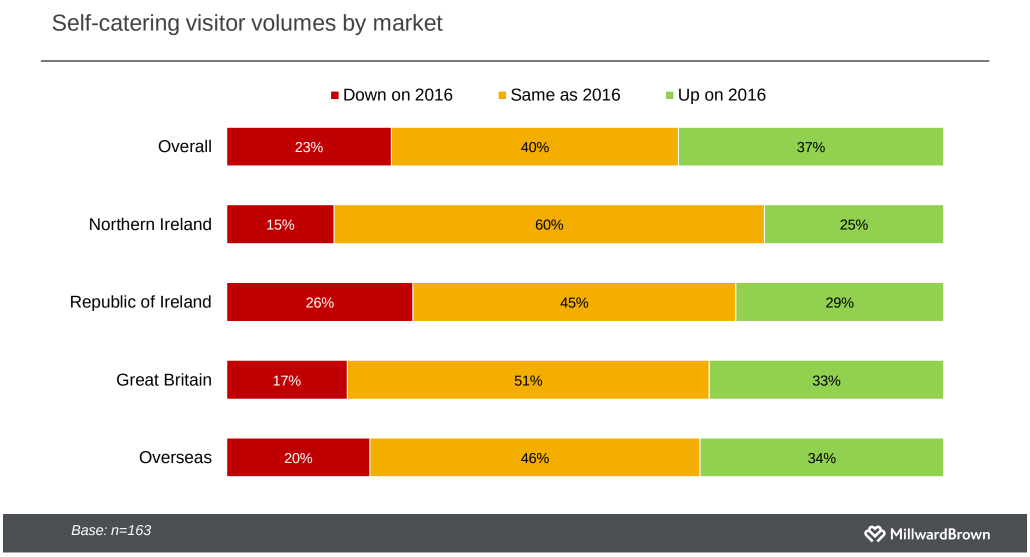


Steady performance for B&Bs

3.14 Overall, more than two-fifths (42%) reported that business was up on 2016, which was consistent with the figure reported at this point last year (46%).

3.15 The overseas market performed particularly strongly, with approaching half (45%) of B&B operators having reported an increase on 2016 volumes.

Self-catering



Consistent performance overall for self-catering

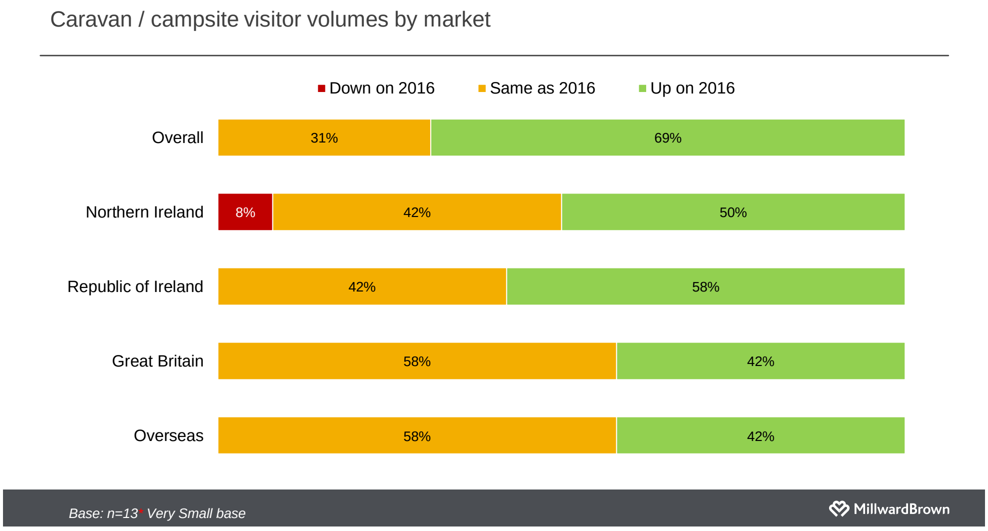
3.16 Nearly two-fifths (37%) of self-catering operators reported visitor volumes to be up in 2017, whilst almost a quarter (23%) reported visitor volumes to be lower than those experienced last year. This represents a reasonably consistent performance with 2016, when two in five (42%) reported visitor volumes to have increased and approximately one in five (22%) reported a decrease.

3.17 The domestic market seen an improved performance, with fewer self-catering operators having reported a decrease in visitor volumes (15%) than at the same point last year (21%). One quarter (25%) cited an increase which is on par with results in 2016 (27%).

3.18 The picture for visitor volumes from Great Britain is similar to that for the same period last year. A strong Great Britain market is crucial given the relative importance of this market to the overall performance of the self-catering sector.

.

Caravan / campsites

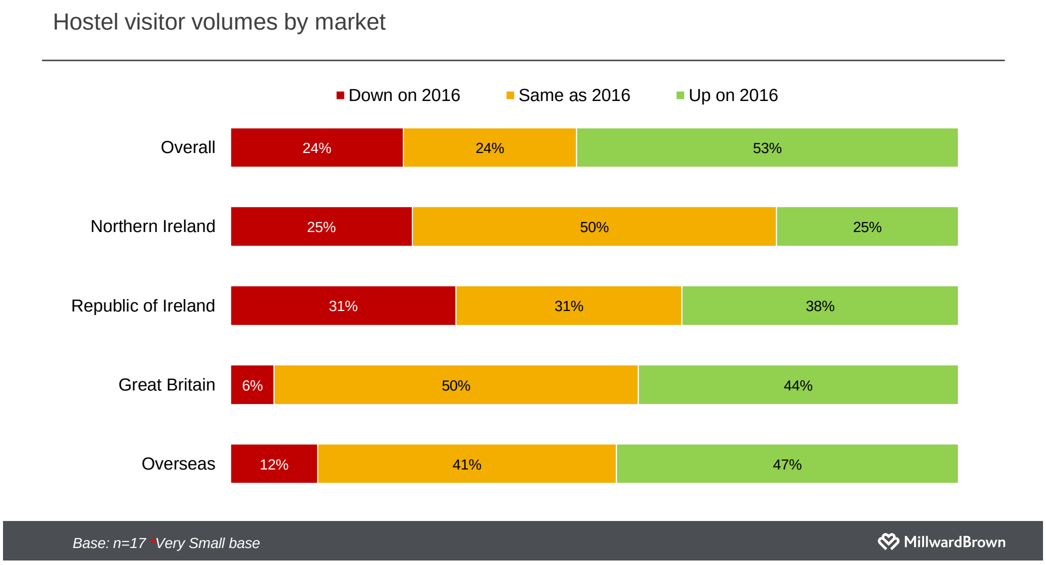


**Caution: The above results are based on a small sample size (n=13)*

Strong year for the caravan and camping sector

3.19 Overall, it was a strong year for caravan and camping proprietors, with nearly seven in ten (69%) having cited an increase in visitor volumes compared to 2016.

Hostels



**Caution: The above results are based on a small sample size (n=17)*

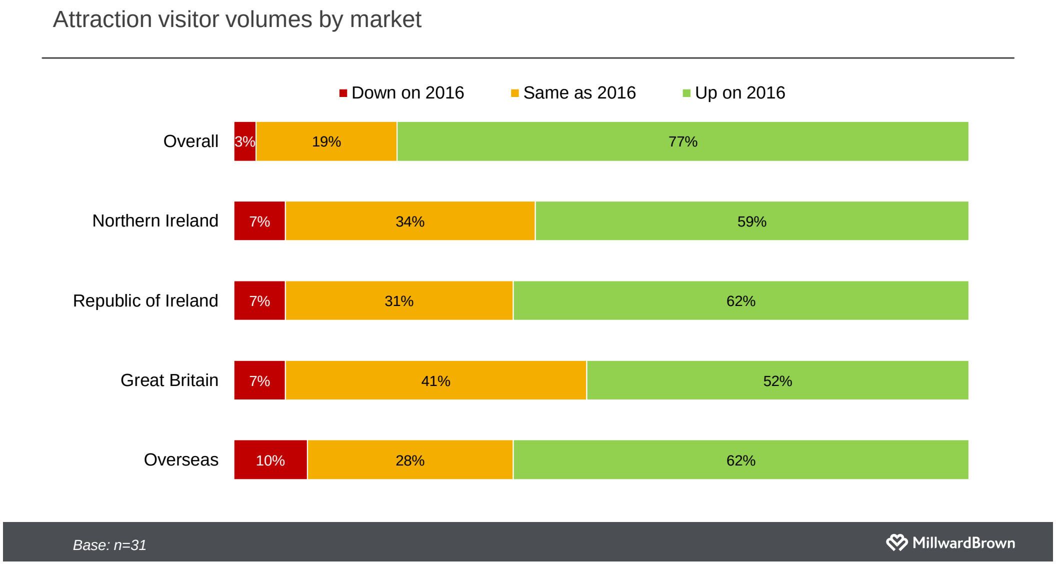
Mixed bag for hostels

3.20 More than half of the respondents (53%) reported visitor volumes to be up compared to 2016, whilst approximately a quarter (24%) reported either no change in numbers from last year or a decrease.

3.21 A quarter of respondents reported an increase in the domestic market, whilst the same number reported a decrease. The overseas market was most positive, with nearly half (47%) having reported an increase on last year.

3.22 The visitor volumes from the GB market experienced the biggest improvement from this time last year, with more than two-fifths (44%) having reported an increase compared to just under one-fifth (18%) in 2016.

Attractions

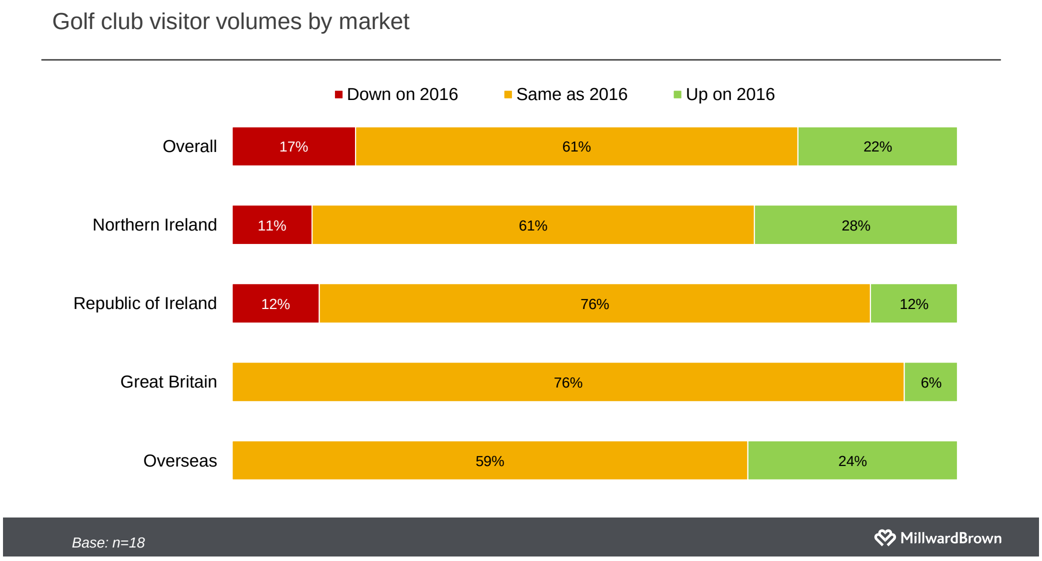


Strong performance for attractions

3.23 Overall, approaching four-fifths (77%) of attractions reported an improvement on visitor numbers compared with 2016.

3.24 The ROI and Overseas markets performed the strongest, with over three in five (62%) attractions reporting growth compared to last year.

Golf clubs



**Caution: The above results are based on a small sample size (n=18)*

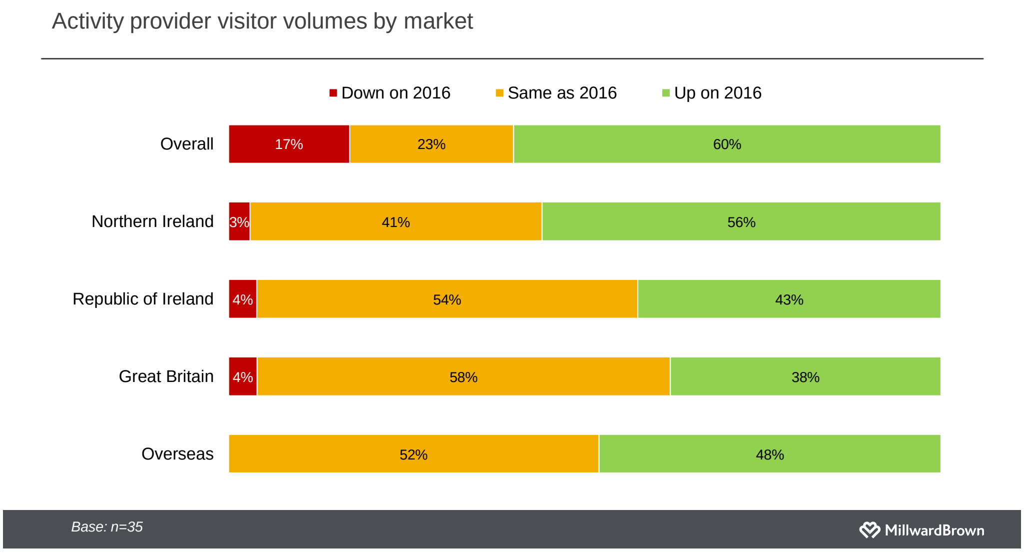
Improved performance for golf clubs

3.25 Overall, more than one in five (22%) golf clubs reported an increase in visitor volumes compared with 2016, which constitutes a considerable improvement from last year, when less than one in ten (8%) reported increased volumes.

3.26 The overseas market performed particularly well, with almost a quarter (24%) having reported an increase in business compared to last year.

3.27 The state of the domestic (39%) and global economy (33%) were most likely to be cited as the issues of concern for golf clubs this year, whereas repeat visitors (35%) and their own marketing (35%) were most likely seen as key positive factors affecting the business.

Activity providers

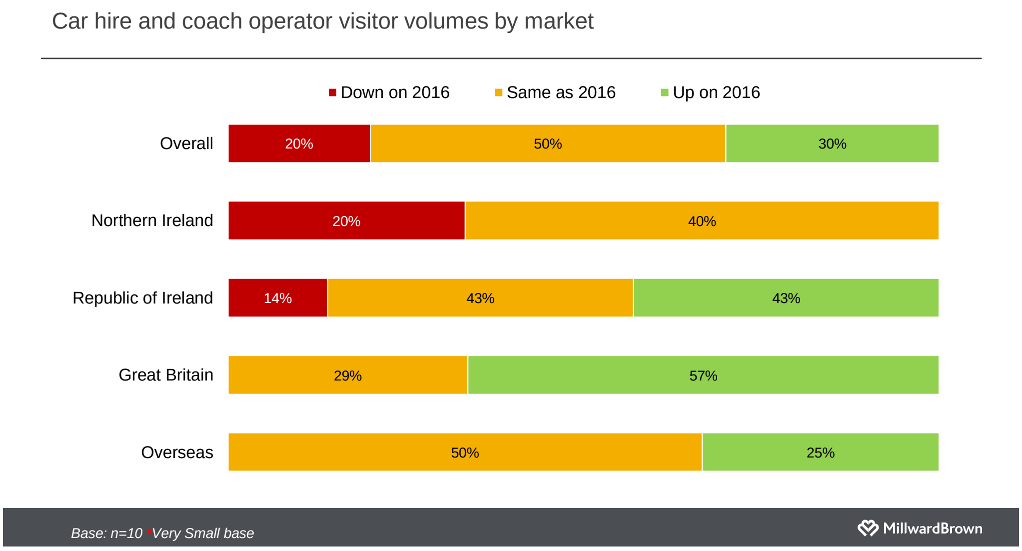


Much improved scene overall for activity providers

3.28 Overall, compared to the same time last year, activity providers found 2017 much improved, with a reported increase in visitor numbers from three-fifths (60%) of respondents.

3.29 The domestic and overseas markets have seen the greatest improvement, with approaching three-fifths (56%) and nearly half (48%), respectively, having reported an increase in visitor volumes – a notably better performance than at this point last year (domestic: 46% reported growth; overseas: 38% reported growth).

Car hire and coach operators



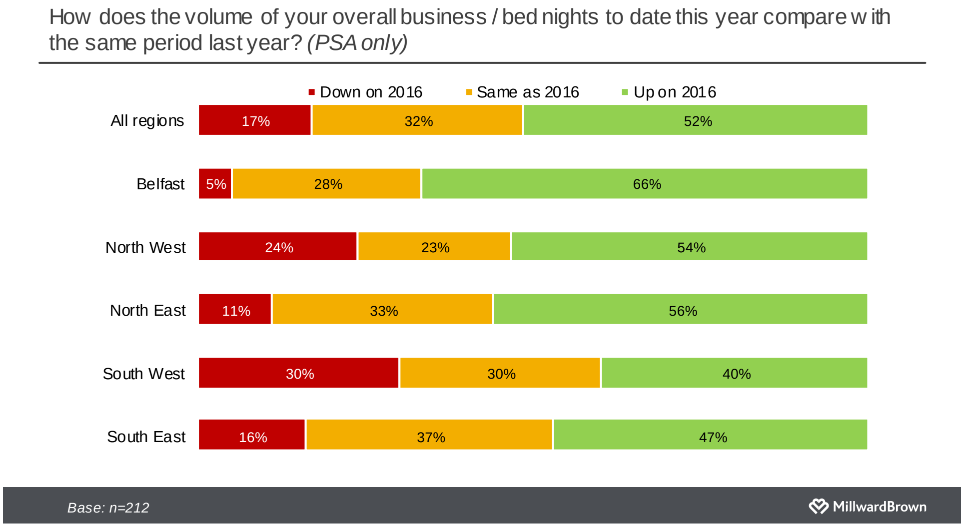
**Caution: The above results are based on a very small sample size (n=10)*

Mixed performance from car-hire and coach operators

3.30 Of the ten coach operators or car hire companies in the sample, three reported an increase, five reported no change, and 2 reported a decrease in volumes when compared to 2016.

4. Performance by Region

Paid Serviced Accommodation by Region



The above chart illustrates the business performance by region of the weighted paid serviced accommodation sector
Paid Serviced Accommodation (PSA): hotels, guesthouses and B&Bs

Strong year for Belfast

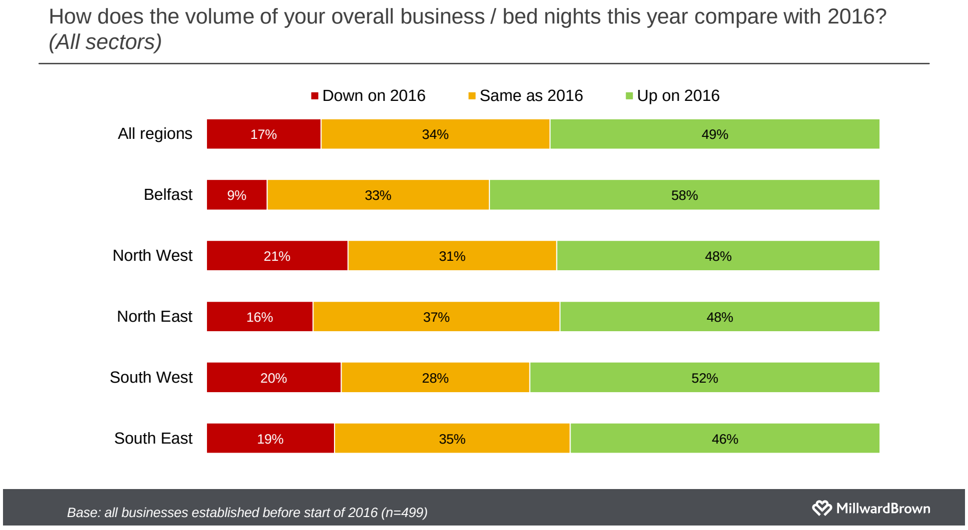
4.1 Operators in Belfast enjoyed a strong 2017, with two-thirds (66%) of all PSA respondents having reported an increase in business compared to 2016 – consistent with the figure reported (65%) at this point last year.

Solid performances across the rest of the country

4.2 All regions were up on balance, with more PSA respondents having reported an increase than a decrease in visitor volumes compared to 2016.

4.3 It is worth noting however, that a considerable proportion of PSA providers in the South West (30%) and those in the North West (24%) reported business to be down compared to last year.

All Sectors by Region



The above chart illustrates the business performance by region for all sectors

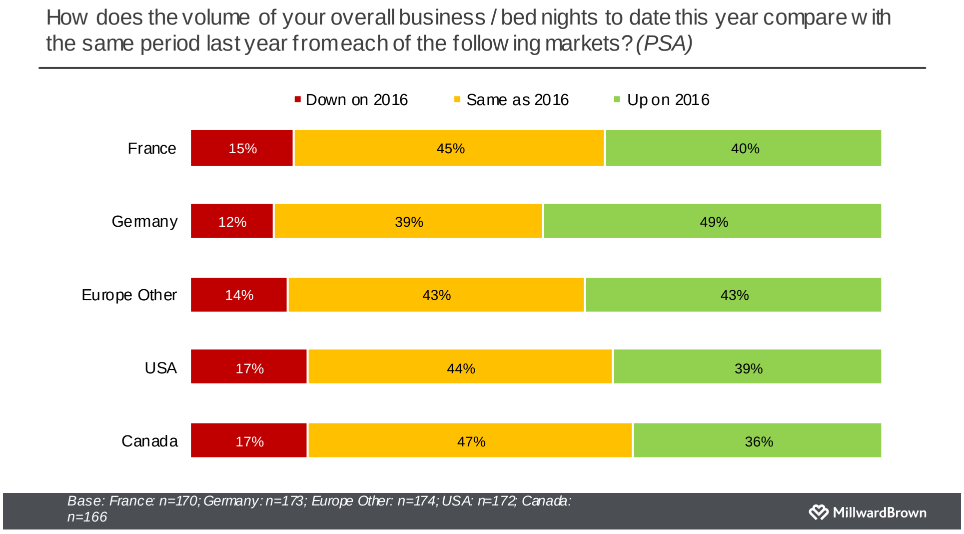
Good performance for Belfast and the South West

4.4 When the regional figures are based on all sectors, not just the PSA results, Belfast and the South West again performed most strongly, with nearly three in five (58%) in Belfast and more than half (52%) in the South West having reported an increase in business compared to last year.

4.5 Approaching half (48%) of all tourism businesses in the North East (48%) North West (48%) and South East (46%) reported an increase in business compared to last year.

5. Overseas Visitors by Market

Paid Serviced Accommodation



The above chart illustrates the business performance by overseas market of the weighted paid serviced accommodation sector

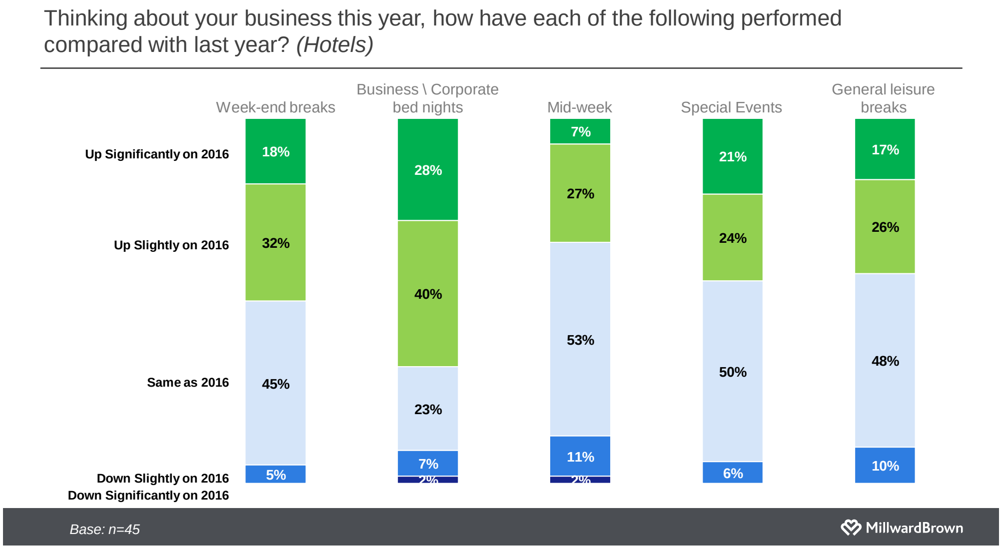
Consistent performance for all overseas markets

5.1 The United States market performed well again, with nearly two-fifths (39%) having reported an increase on last year - consistent with the level reached (42%) in 2016.

5.2 All other overseas markets were up on balance, with many more respondents having reported increases than decreases in visitor volumes compared to 2016 – a similar performance when compared to the figures reported at this point last year.

6. Visitor Types (Hotels)

Hotel Visitor Types



The above questions were asked only to hotels

Business trips and weekend breaks going strong

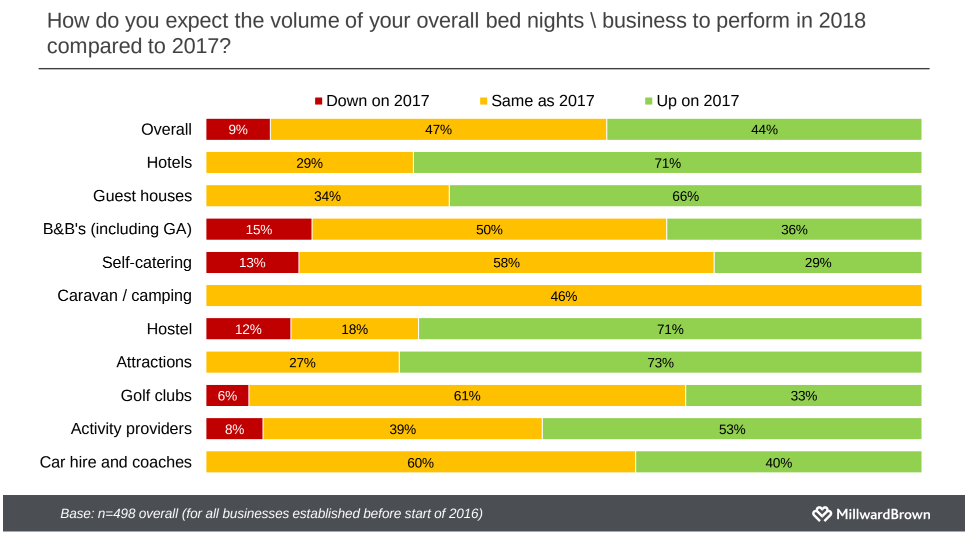
6.1 While all visitor types have had a positive year, business trips and the weekend break markets have done particularly well, with nearly seven in ten (68%) and half (50%), respectively, having reported an increase (either significant or slight).

Special events and general leisure breaks also performing well

6.2 Special events and general leisure breaks have also performed well, with approaching half (45%) and more than two-fifths (43%), respectively, having reported an increase in these markets.

7. Expectations for 2018

Overall view of expectations



Industry optimistic for 2018

7.1 Overall, tourism operators have an optimistic outlook for 2018, with more than two-fifths (44%) anticipating an increase in business next year and approaching half (47%) anticipating business to remain consistent.

7.2 Amongst the accommodation providers, hotels are particularly optimistic for next year, with more than seven in ten (71%) respondents expecting business for 2018 to be up compared to 2017.

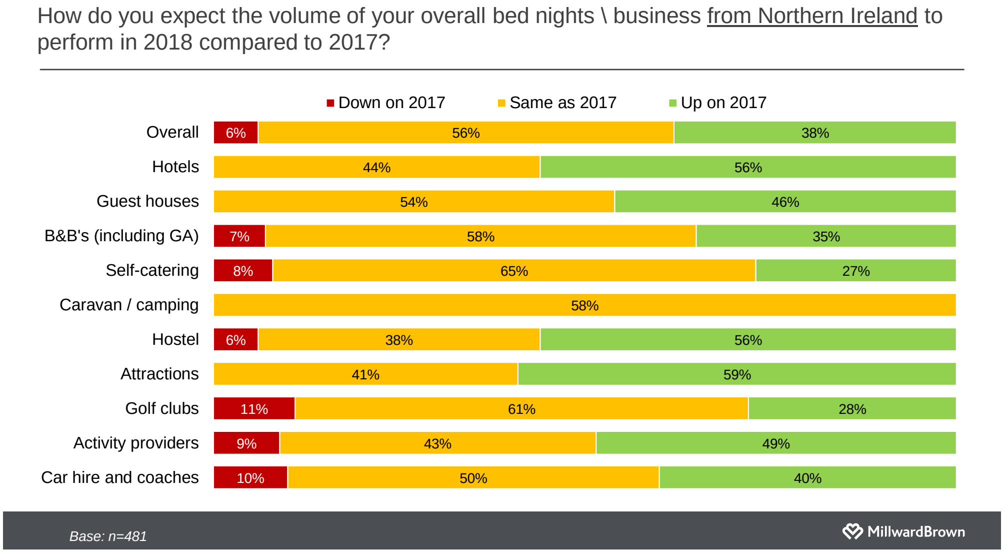
7.3 Two-thirds (66%) of guesthouse owners expect business in 2018 to be up on 2017 - an improvement on last year's figure (52%).

7.4 Hostel operators and attraction owners are also optimistic, with around seven in ten (71% and 73%, respectively) expecting business in 2018 to be an improvement on this year.

7.5 B&B and self-catering accommodation providers are positive overall, with around one third (36% and 29%, respectively) believing business will increase in 2018, whilst the majority are anticipating the same visitor volumes as 2017.

7.6 It is important to note, though, that while some predictions may be based on advanced bookings, some will be more speculative in nature.

Expectations for Northern Ireland



Steady expectations overall for the domestic market

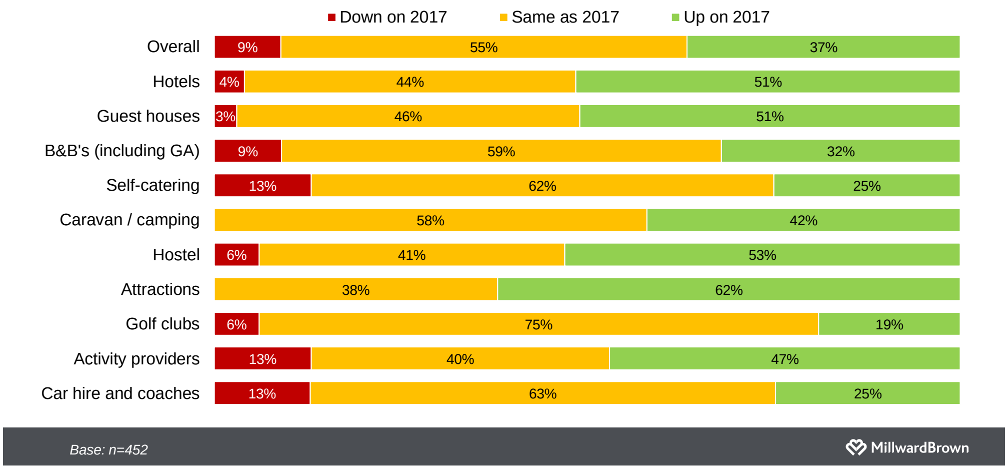
7.7 Overall, only a small number of respondents expect domestic business for 2018 to be down on the volumes for 2017, with approaching two-fifths (38%) expecting an increase in business.

7.8 Attractions (59%), hostels (56%), hotels (56%) and activity providers (49%) are the more positive sectors, each expecting 2018 to be better than this year.

7.9 B&B operators, self-catering accommodation providers and golf club owners were the least optimistic regarding domestic business improvement in 2018.

Expectations for the Republic of Ireland

How do you expect the volume of your overall bed nights \ business from the Republic of Ireland to perform in 2018 compared to 2017?



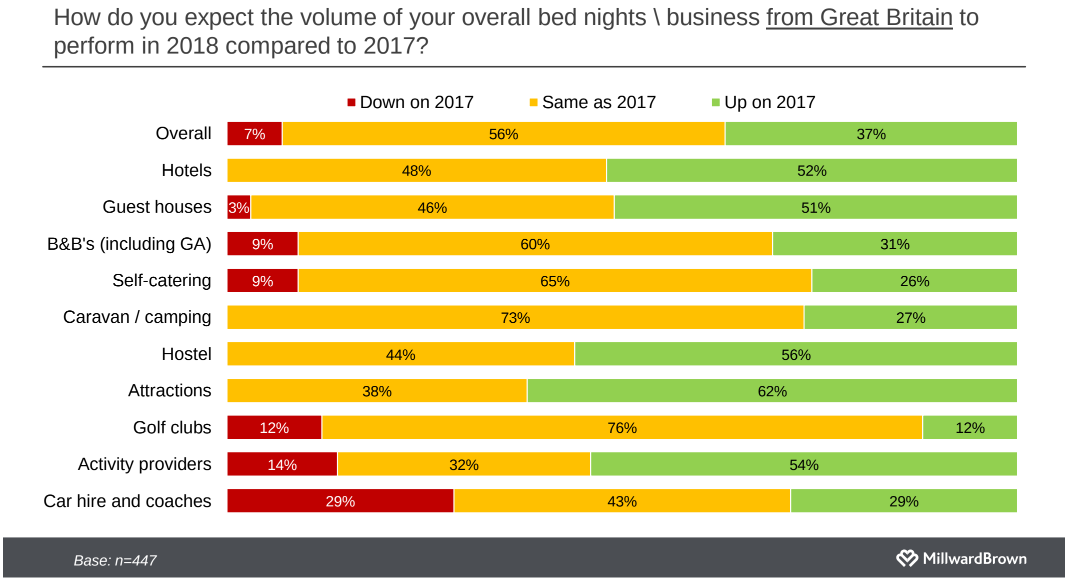
Positive outlook for the Republic of Ireland

7.10 The outlook for visitors from the Republic of Ireland is largely positive with significant proportions of tourism operators within most sectors expecting visitor volumes to be up or on a par with 2017.

7.11 Attraction owners (62%) and hostel operators (53%) were the most optimistic with regards to expected visitor volumes from the Republic of Ireland market in 2018.

7.12 Hotels and guesthouses (51% predict an increase) were also optimistic as were activity providers (47% predict an increase). More than two-fifths of responding caravan and camping providers (42%) and approximately one-third of B&B operators (32%) anticipate an increase in business in 2018.

Expectations for Great Britain

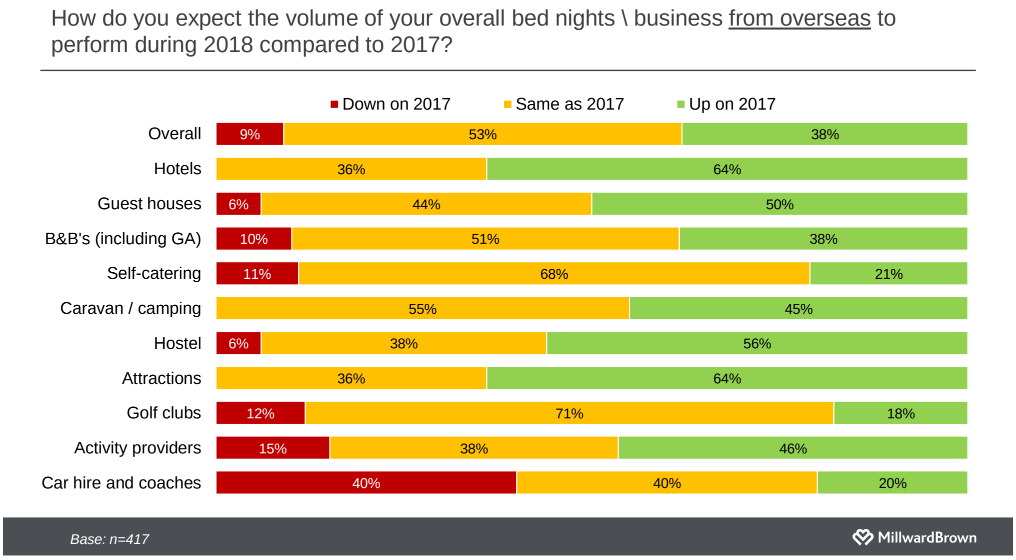


Great Britain market expected to improve

7.13 Approaching two in five (37%) respondents expect business from the GB market to improve in 2018.

7.14 Hotels are optimistic, with more than half (52%) expecting business to be up on 2017 and the rest (48%) expecting visitor volumes to remain the same. Similarly, more than half (51%) of guesthouses expect business volumes to increase next year. Approaching one in three (31%) B&B's expect business volumes to increase in 2018, while approximately one quarter (26%) of self-catering accommodation providers feel likewise.

Expectations for Overseas

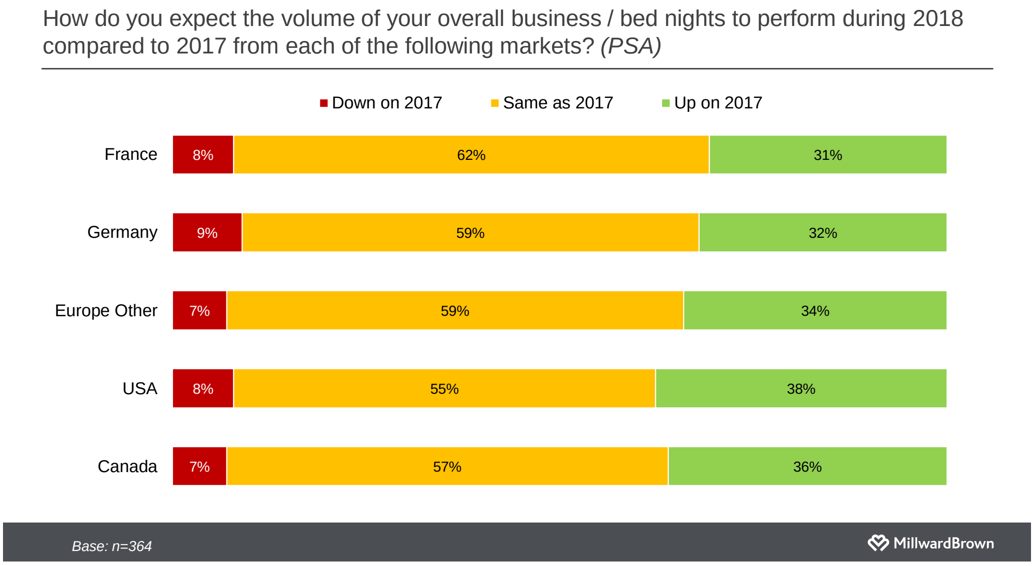


Outlook for overseas market similar to that for Great Britain market

7.15 Expectations for the overseas market are similar to those of the Great Britain market, with only a small number of respondents expecting business in 2018 to be down compared to 2017. Overall, approaching two in five respondents (38%) anticipate an increase in business next year.

7.16 Hotels, hostels and guest houses are the most optimistic accommodation providers with almost two-thirds (64%), nearly three-fifths (56%) and half (50%), respectively, expecting increases next year. Approaching two-thirds (64%) of attractions and around half (45%) of caravan and camping providers were also optimistic regarding 2018.

Overseas Expectations by country



The above chart illustrates the expected business performance by overseas market of the weighted paid serviced accommodation sector

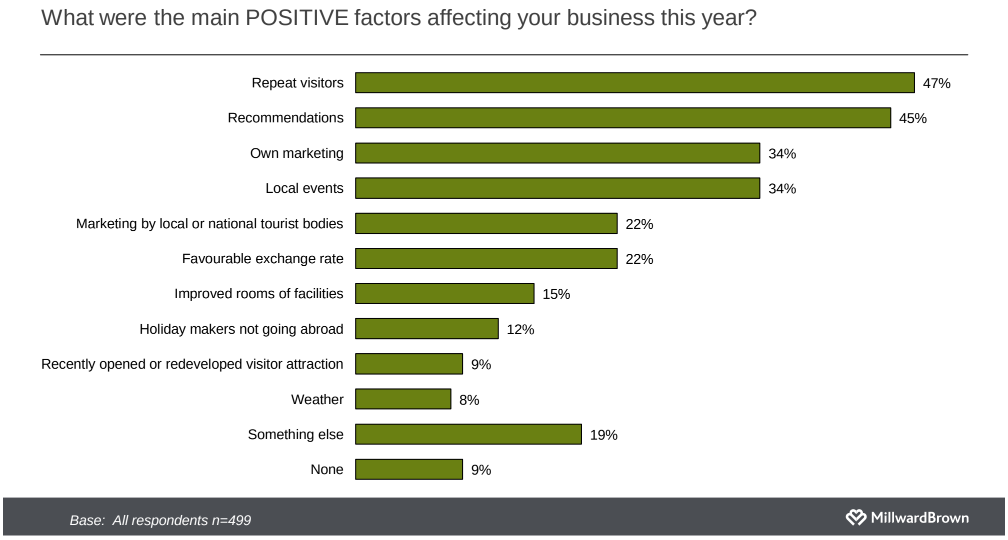
Steady expectations for overseas market

7.17 Around three-fifths of respondents from the weighted paid serviced accommodation sector expect business for 2018 from the overseas markets to perform on par with 2017.

7.18 Around one-third of respondents believe visitor levels for 2018 from France (31%), Germany (32%) and other European countries (34%) will be an improvement on 2017 volumes. With regards to expected visitors from USA and Canada the number of optimistic responses is slightly higher.

8. Positive Factors in 2017

Positive Factors



Repeat visitors key

8.1 Similar to the findings in 2016, repeat visitors remain the most frequently cited positive factor affecting tourism businesses, with nearly half (47%) of all respondents mentioning it.

8.2 In particular, repeat visitors appeared to be a positive factor for self-catering providers (56%) and hostel operators (59%).

8.3 Approximately a third (34%) of all tourism businesses saw their own marketing as a positive factor, particularly so for hotels (44%) and attractions (55%).

Recommendations still vital

8.4 Approaching half (45%) of tourism businesses recognised recommendations as a key positive factor during 2017.

Local events can draw visitors

8.5 Around a third (34%) of tourism businesses benefited from local events this year. Events in the local area and larger events are believed to encourage visitors to Northern Ireland. In 2017, local events were cited as positives by guesthouses (47%) and hostels (53%) in particular.

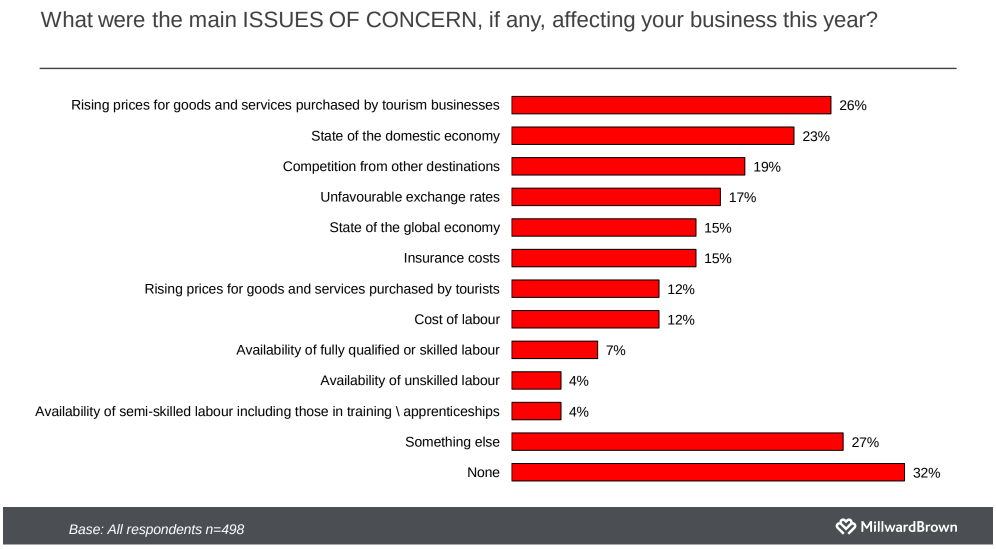
Other positive factors

8.6 More than one in five (22%) cited favourable exchange rates as having a positive effect on their business this year. The current exchange rate means that Northern Ireland is a somewhat less expensive destination for tourists from the Republic of Ireland, the rest of Europe and further afield than it has been in recent years.

8.7 Marketing by local or national tourism bodies was also cited by over one in five (22%) respondents as a positive factor affecting tourism businesses in 2017.

9. Issues of Concern in 2017

Issues of Concern



The economy still an issue

9.1 The rising prices for goods and services purchased by tourism businesses (26%) was seen as the main issue of concern for respondents, which is a notable increase on the figure reported (18%) at this point last year.

9.2 Almost a quarter cited the domestic economy (23%) and around one in seven (15%) mentioned the global economy as issues of concern in 2017.

Competition from other destinations still a concern

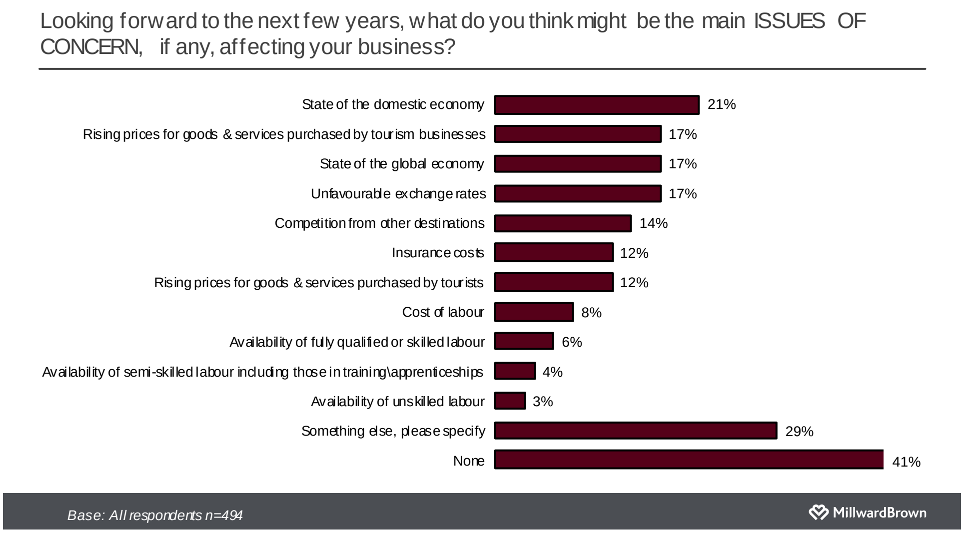
9.3 Almost a fifth (19%) of all tourism businesses reported competition from other destinations as a concern for their business, consistent with the response last year (18%).

Other issues of concern

9.4 Approaching a fifth (17%) stated unfavourable exchange rates, whilst around one in seven cited insurance costs (15%) as issues of concern for their business in 2017.

10. Issues of Concern for the Future

Issues of Concern for the Future



The economy a concern for the future

10.1 The domestic economy is a concern for the future for just over four-fifths (21%) of respondents, whilst the global economy was cited as a future concern by slightly more than one in seven (17%).

10.2 Around one in seven respondents cited rising prices of goods and services purchased by tourism businesses (17%), whilst the same number (17%) mentioned unfavourable exchange rates as concerns for the future.