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TOURISM 360°

Issue 6



TOURISM
NORTHERN
IRELAND

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Tourism 360° is produced by Tourism NI's Insights & Intelligence Service

Information correct as at 09/11/2022.

We welcome all feedback. 

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What is the outlook for tourism for the remainder of 2022 and 2023?

Economic Outlook

Global economic activity is experiencing a sharper-than-expected slowdown, with inflation higher than seen in several decades. A looming energy crisis in Europe, surging cost of living, a sharp tightening of global financial conditions, and slowdown in China are major factors driving the dimmed growth outlook for the world. As more economies could fall into recession in 2023, the year ahead will be challenging for businesses and consumers worldwide.

Sources: Euromonitor Economic Outlook (Q4 2022); IMF World Economic Report (October 2022); KPMG Global Economic Outlook (September 2022); OECD Economic Outlook (September 2022) and PwC UK Economic Outlook (September 2022)

Global Outlook for Economic Growth

The global economy is experiencing a number of turbulent challenges. High inflation, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook.

The International Monetary Fund (IMF) reports that global growth is forecast to slow from 6% in 2021 to 3.2% in 2022 and 2.7% in 2023. This is the weakest growth profile since 2001, except for the global financial crisis and the acute phase of the COVID-19 pandemic, and reflects significant slowdowns for the largest economies. Global inflation is forecast to rise from 4.7% in 2021 to 8.8% in 2022 but to decline to 6.5% in 2023 and to 4.1% by 2024.

Global Growth Predictions (GDP)

	2022	2023
Euromonitor	2.9%	2.6%
IMF	3.2%	2.7%
OECD	3.0%	2.2%

UK Outlook

The growth outlook for the UK has deteriorated. Over 2022, PwC expects UK GDP growth to average between 3.1% and 3.6%, followed by two years of slow, or even negative, GDP growth.

PwC's model predicts the UK to enter a recession as early as this year, largely due to surges in inflation as the cost of living crisis impacts all demographic groups. KPMG reports that the economy is probably already in a mild recession with growth expected to stay negative for the rest of this year.

The picture for 2023 is one of stop-start growth,

leading to a full year fall in GDP of 0.2% compared to 2022.

The UK inflation outlook is highly uncertain. PwC's scenario analysis forecasts inflation to peak between 10-13% this year after the government's freeze on household energy bills. This is corroborated by KPMG's UK Economic Outlook, which predicts inflation will peak at 10.5% in 2022 due to continuing labour and supply shortages and high energy prices. OECD expect inflation to gradually decline to 4.7% by the end of 2023.

Northern Ireland Outlook

PwC reports that Northern Ireland's economic growth is expected to lag behind the rest of the UK, despite leading the recovery in 2021. Growth in NI is expected to average between 2.6% to 3.1% in 2022, 0.5 percentage points below the UK average. This is largely due to its weaker performance in sectors that its economy concentrates on, such as manufacturing, and wholesale and retail.

This Economic Outlook also indicates that NI workers are facing a c. £2,000 hit to their real wages by the end of the year, as the economy confronts a highly volatile and uncertain inflationary outlook.

Republic of Ireland Outlook

According to the Central Bank of Ireland, the outlook for the Irish economy remains highly uncertain, with the baseline forecast predicated on current market expectations for energy prices, which have been volatile. The labour market remains tight following the post-pandemic recovery while significantly higher consumer prices and business costs are creating a drag on household spending and business investment in the near-term. Inflationary pressures are

Sectoral Outlook: GVA % Change

	2022	2023
Accommodation & food service	23.3%	-3.0%
Arts, entertainment & recreation	13.9%	-2.3%
Wholesale & retail	-2.2%	-3.9%

forecast to ease through 2023, allowing domestic growth to pick up again in the second half of next year. Inflation is expected to moderate to below 3 per cent over 2024, albeit that fossil fuel prices may stay elevated over the medium term.



+2.3%

Forecast Growth in Irish Economy in 2023

Sources: PwC UK Economic Outlook (September 2022); Danske Bank Sectoral Forecast (October 2022); Central Bank of Ireland – Quarterly Bulletin Q4 (October 2022); Danske Bank Consumer Confidence Index (Q2 2022), GfK UK Consumer Confidence Index (October 2022) and Bank of Ireland Economic Pulse (October 2022)

Consumer Confidence

Danske
Bank

Consumer confidence in Northern Ireland declined at a sharp pace in the second quarter of 2022 as higher prices weighed heavily on household finances. The Danske Bank Northern Ireland Consumer Confidence Index fell to 103 in 2022 Q2, down from 117 in the first quarter of the year and significantly below the reading of 149 posted in the second quarter of 2021.



GfK's Consumer Confidence Index increased two points in October to -47. For ordinary consumers, the uncertainty and turmoil around inflation, burgeoning energy and food prices, and increasing mortgage costs has put in place a negative environment that will deflate future spending plans, and cautious consumers could easily slow the UK economy still further.



The Bank of Ireland Economic Pulse came in at 60.5 in October 2022. The index, which combines the results of the Consumer and Business Pulses, was down 10.1 on last month and 27.1 lower than a year ago. The October survey findings were mixed, with consumer confidence rising but business sentiment falling.

Consumer Sentiment

Tourism NI has completed Wave 9 of its consumer sentiment research in Northern Ireland (NI) and Republic of Ireland (ROI), to monitor consumer attitudes towards travel in NI and elsewhere, and help inform how current issues, e.g. cost of living, will impact on consumer intentions and behaviours. Fieldwork was undertaken from 20 September-10 October 2022, with a robust, nationally representative sample in both markets.



Click here to view the full results from Tourism NI's Consumer Sentiment Research

Source: Tourism NI's Consumer Sentiment Research (October 2022)

Executive Summary:

As expected, we have witnessed a significant reduction in anxiety related to COVID-19. Results point to continued high levels of ROI and domestic visitor volumes in 2022, with most visitors noting an overall positive experience. At this point in time travel intentions for the remainder of the year and into 2023 remain stable, however increased market competition is also evident, and there has been a notable growth in concerns about cost-of-living increases.

Key Findings

Most people are now comfortable travelling and doing a range of activities. Levels of comfort with indoor activities and events are at their highest ever since we began this research in September 2020.

Results point to continued **high levels of ROI and domestic visitor volumes in 2022**. 1 in 6 ROI consumers has visited NI for a short or long break this year. Over half of these were first time visitors to NI.

Almost **2 in 5 NI consumers** said they have taken a short or long staycation this year.

NI and ROI consumers' travel intentions point to a generally **steady performance for short breaks** over the remainder of the year and the early months of 2023.

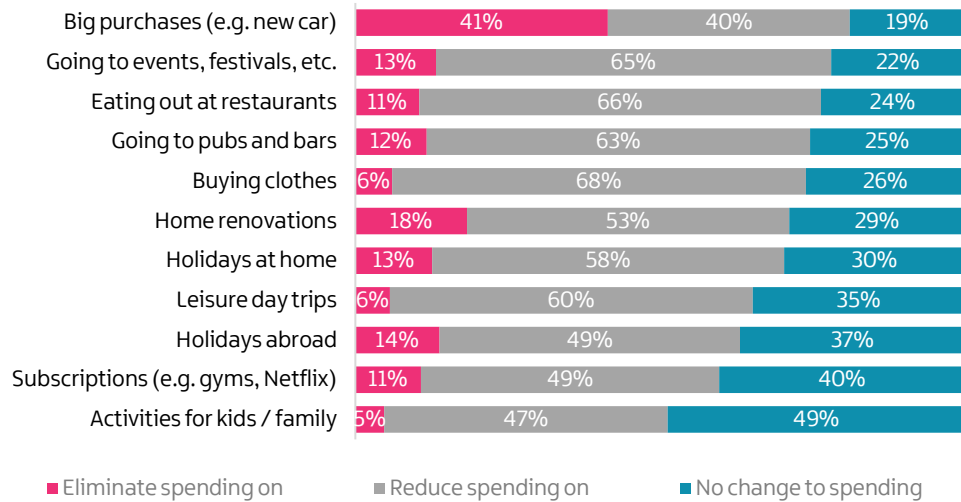
Increased market competition is also evident however, with significant increases in the proportion of NI and ROI visitors considering taking a break abroad in the next six months. Competition from ROI also remains strong.

Domestic daytrip intentions have strengthened over the final quarter of the year and remain strong for the early part of 2023.

Value for money (VFM) perceptions for NI as a tourist destination are down among both NI and ROI residents. By comparison however, VFM ratings remain significantly above perceptions for ROI.

There has been a **notable increase in concerns about cost-of-living increases**, with half of NI and ROI residents now expecting to be significantly negatively affected.

What ROI consumers will reduce or eliminate spending on over next year



The above chart presents the anticipated impact of cost-of-living increases on ROI respondents' spend in the next year, however, results from the NI research are very similar.

While findings indicate that NI and ROI consumers are likely to reduce spend on holidays (both at home and abroad), **at this point in time only a minority (less than one fifth) anticipate**

giving up their holidays completely due to cost-of-living increases.

Booking behaviours point to continued short lead-in times for island of Ireland trips.



Click here to view the full results from Tourism NI's Consumer Sentiment Research

Sources: Tourism NI's Consumer Sentiment Research (October 2022) and Tourism Ireland's Sentiment Tracker Research (September 2022)

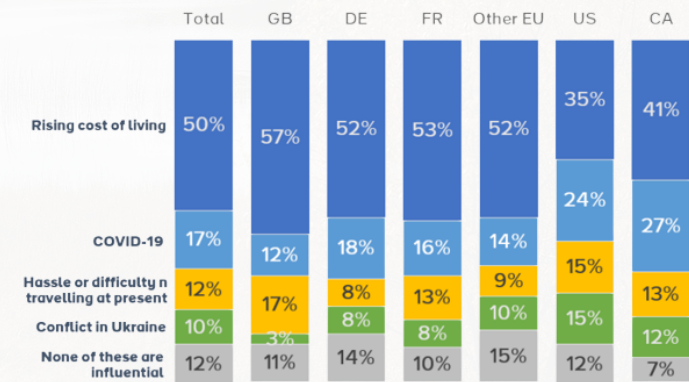
Tourism Ireland Research



Tourism Ireland commissioned [research](#) to understand the views of consumers across ten source markets for the island of Ireland: including GB, US, Canada, Germany and France. The latest wave of research was undertaken 8–21 September 2022.

International leisure travel has restarted across Europe with half of respondents having already taken an international trip in 2022, with a higher incidence of travel across Europe. For three-fifths, the experience largely exceeded expectations. **Findings point to continued strong demand for a European holiday, however bumps are anticipated on the road to recovery, as cost of living concerns now overshadow COVID-19 when considering whether or not to take a European holiday.**

Which of the following factors are important in influencing whether you take a European holiday next year or not?



Tourism NI Industry Research

Tourism NI has completed an industry survey to help better understand industry performance for the year to date (Jan –Sept), assess outlook for the rest of year (Oct-Dec) and 2023 and determine the key issues of concern for businesses. Fieldwork was undertaken between 28 September-15 October 2022, using a combination of telephone and online interviews, with 340 tourism businesses responding.



Full results from Tourism NI's Industry Survey will shortly be available here.

Source: Tourism NI Industry Research (October 2022)

Executive Summary:

Industry feedback indicates a generally positive year-to-date performance and cautious optimism for the remainder of the year and into 2023. Significant levels of concern prevail regarding the impact of rising energy costs alongside other operating costs, and the continued adverse impact of the reduction in consumers' disposable income.

Key Findings

The majority of businesses (64%) report **turnover is now above (38%) or the same (26%)** as 2019 pre-COVID.

For many businesses **profitability has also returned to either similar (32%) or higher (32%) than pre-COVID levels**. Just under one third have yet to return to the same level of profitability (30%).

While one quarter of businesses experienced reduced levels of business from close to home markets (NI/ROI/GB) compared to 2019, **most report either a return to 2019 visitor volumes or higher** levels of business from these markets.

Most businesses (73%) said they **expect their business volume for the remainder of 2022 to be higher** (39%) or the same (34%) as 2019 levels.

Outlook for 2023

In relation to outlook for 2023, **three quarters of businesses expect their business volume to be higher** (45%) or the same (29%) as 2019 levels.

The **cost of energy is the main cause of concern** for businesses, with 7 in 10 rating this as an issue causing concern. **Common issues also noted include a reduction in people's disposable income and other operating costs**.

6 in 10 businesses say they will increase prices in response to rising operating costs.

Despite concerns around rising costs, three quarters of businesses **are confident they can run their tourism business profitably** for the rest of the year and throughout 2023.

NI Chamber & BDO Economic Survey



The NI Chamber of Commerce & Industry Quarterly Economic Survey (QES), in partnership with BDO NI, focuses on a number of business indicators including local sales, exports, employment and confidence.

The Q3 2022 QES findings suggest cause for concern around NI's economic performance, driven largely by escalating costs but also worryingly by signs of slowdown in demand. The acute inflationary pressures are affecting almost all members and most aspects of doing business.

One of the biggest emerging concerns this quarter is the negative consequences for business profitability and the cash flow position of more businesses also deteriorated in Q3 2022. However, recruitment is still taking place and with that the persistent challenge of finding staff, a factor influencing rising labour costs.



Click here to view the full Quarterly Economic Survey Summary – Q3 2022

Sources: NI Chamber/BDO NI Economic Survey (Q3 2022) and Hospitality Exchange (October 2022)

Hospitality Exchange 2022



Hospitality Exchange 2022 took place on 11th and 12th October 2022 in the Crowne Plaza Belfast with a record turnout for delegates.

Some key take outs

The Ulster University's Economic Policy Centre reports that the NI labour market has held up remarkably well however, the impact at the sectoral level has been mixed. The Hospitality sector suffered a much more severe economic contraction than the economy as a whole (contracting 40% compared to 8% for all industries). Within the overall Hospitality sector, 'Accommodation' was materially the most impacted.

STR report that for all regions of NI year to date (YTD) August 2022 hotel occupancy, indexed to YTD August 2019, exceeds the UK average. According to STR forecasts for 2022, Belfast is expected to have one of the largest increases in RevPAR in the world. Belfast's year-end occupancy is also forecast to be on par with 2019, while ADR this year and next year will be circa 25% ahead of 2019.

[Click here to view all of Hospitality Exchange 2022 presentations.](#)

16/11/22 – this website is undergoing maintenance and may be temporarily unavailable

Tourism Performance

Northern Ireland's (NI) January-September 2022 hotel data suggest that performance is improving. Year-to-date (YTD) room occupancy for January-September 2022 is moving closer towards 2019 levels. NI's guesthouses, guest accommodation and B&Bs (GH/GA/BB) experienced increases in both YTD room occupancy and sales during the first nine months of 2022 compared to 2019.

Sources: NISRA and STR

Accommodation Performance

STR hotel data for Northern Ireland (NI) reports that hotel room occupancy for January-September 2022 was 1.5 percentage points down on the same period in 2019 and room sales were 9.1% lower than January-September 2019. NI's average daily rate (ADR) and revenue per available room (RevPAR) continue to show significant increases compared to 2019.

Isolating NI hotel performance over the summer months, we saw room occupancy in July 2022 exceed 2019 however occupancy in August 2022 failed to match pre-pandemic levels. Encouragingly, latest figures for September report that NI's room occupancy is 6.4pps above levels seen in September 2019.

Northern Ireland Statistics and Research Agency (NISRA) accommodation statistics for January-August 2022 indicate that guesthouses, guest accommodation and B&Bs (GH/GA/BB) experienced increases in both room occupancy and sales compared to 2019 figures. Performance suggests this sector is continuing to progress better in its recovery than hotels.

January-September 2022 room occupancy is 2 percentage points above levels seen during the same period in 2019 whilst bed occupancy is on par with the first nine months of 2019.

STR Hotel Data (Jan-Sept 2022)

	2022	vs 2019
Room Occupancy	72%	-1.5pps
Room Sales	1.95m	-9.1%
ADR	£101.19	+28%

Isolating performance during the summer months, NI's GH/GA/BB saw a marginal increase in room occupancy in both July and August 2022 compared to 2019. Performance in September was strong, with room occupancy up 10pps on September 2019.

NISRA GH/GA/BB (Jan-Sept 2022)

	2022	vs 2019
Room Occupancy	38%	+2pps
Room Sales	425k	+16%

pps = Percentage Points

Air Access



NI Air Passenger Flow (Jan-Sept 2022)	% Change vs 2019
5,033,318	-28%

CAA airport data suggest that air passenger flow for NI between January-September 2022 stood at over 5m, representing a decline of 28% on the same period in 2019, with variation between each of the airports. George Best Belfast City Airport (-40%) is further from pre-pandemic passenger flow than Belfast International (-24%) and City of Derry (-17%) airports.

Looking ahead to the first quarter of 2023, (as at 3/10/22) there are almost 8,900 scheduled flights through NI's three main airports between January-

March 2023 with a seat capacity of over 1.15m. This indicates that total scheduled seats to NI Airports in the first quarter of 2023 will be at 94% of pre-pandemic levels seen in Q1 2019.

There are 11 airlines operating flights to NI in between January-March 2023, two fewer than the same period in 2019.

Sea Access

Latest figures show car traffic on ferries to NI from GB increased by 29% in January-September 2022 compared to the same period in 2019.

For comparison, car ferry traffic to ROI via Central and Southern Corridor routes saw decreases of 11% and 5% respectively in January-September 2022 vs 2019.

Car Ferry Traffic (Jan-Sept 2022)	% Change vs 2019
Northern Corridor <i>Belfast & Larne Services</i>	+29.1%
Central Corridor <i>Dublin and Dun Laoghaire</i>	-10.9%
Southern Corridor <i>Rosslare</i>	-4.8%

Sources: Civil Aviation Authority; OAG Aviation; FerryStat and Tourism NI analysis of online reviews and cardholder spend

Insights from Tourism NI's Digital Data



Tourism NI analysis of online review data for NI accommodation establishments between January-October 2022 indicates continued strong overnight visitor numbers from Republic of Ireland (ROI) and other close to home markets. While international markets are showing signs of recovery, online review numbers remain below 2019 levels, with attractions recovering at a slower pace than accommodation.

Monitoring of visitor experience scores suggests that NI accommodation and attractions continue to deliver an overall positive visitor experience.



These findings are corroborated by separate analysis of cardholder spend data, which shows increased tourism-related spend by ROI residents in NI during the first half of 2022.

Domestic (NI) and Great Britain (GB) cardholder spend on tourism-related categories also showed growth in the first half of 2022 compared to the same period in 2019.

International spend on tourism-related categories experienced a considerable decline in Q1 before showing an encouraging level of growth in Q2 2022 vs Q2 2019.

NB: The digital data should be seen as indicative of trends rather than providing actual tourism performance statistics.

Tourism NI Updates

For the latest news, events and webinars, as well as industry insights, opportunities and campaigns, please visit [TourismNI.com](https://www.tourismni.com). You can also find us on [Twitter](#), [LinkedIn](#) and [YouTube](#).



TED Programme Launches with Focus on People

Tourism NI has launched its 2022/23 Tourism Enterprise Development Programme with the first event focused on people in the industry and challenges with the recruitment and retention of staff.

The TED programme for the tourism and hospitality industry provides tailored support and is delivered both virtually and in person.

For more information and to register for upcoming events, please [click here](#).



Tourism NI Product Review

Tourism NI are in the process of creating an assessment framework that will consider tourism product opportunities for future funding and support. Following this, we will be developing tangible tourism projects for Northern Ireland that will build on our strong tourism offering and fill identified gaps in the market and align to local strategies and development plans.

This project will strive to galvanise tourism stakeholders around a holistic vision of tourism for the country. The result will be a series of unique and developed propositions to aim for in the coming

years that will have high impact and potential for growth.

We want this framework to be designed collaboratively, involving those in the tourism industry and would appreciate if you could please take the time (5 minutes) to complete this online form and provide your valuable input.



[Click here to take the survey](#)

Regenerative Northern Ireland Tourism Strategy

The Department for the Economy is working closely with Tourism NI on developing a Regenerative Tourism Strategy for Northern Ireland to promote and develop tourism after what has been, and continues to be, a challenging time for the sector.

The new Strategy will have a global focus and cover the period up to 2030, setting out the principles, vision and key aims necessary to drive growth in this important sector. Engagement with key stakeholders will take place over the coming months.



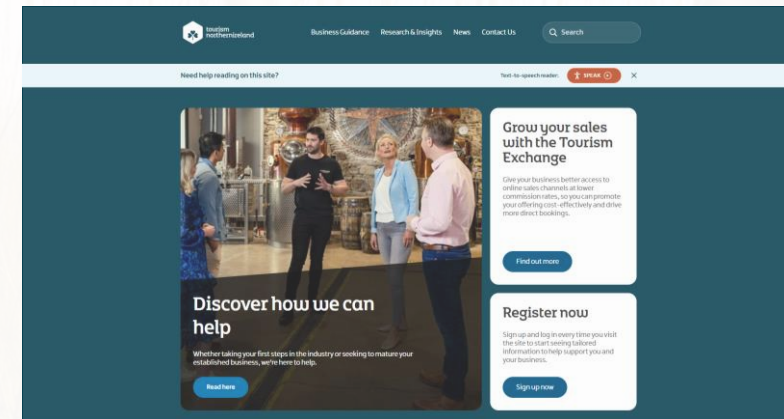
Profiling Hospitality & Tourism Careers at School Summit NI

The HATS network organised a sector collaboration, funded by Tourism NI and the Northern Ireland Hotels Federation, to showcase careers in hospitality and tourism at the School Summit NI on 3 and 4 October at the EIKON Centre. The annual event attracts over 6,000 students from schools across Northern Ireland considering their career path options.

With the support of industry partners, the spotlight was put firmly on the breadth of career opportunities the sector offers to inspire a future talent pipeline.



Sign Up to TourismNI.com



Whether you are considering taking the first steps in starting your tourism business, need support, or are an established business looking for new opportunities Tourism NI is here to help. If we can't provide what you need, we will aim to signpost you to those who can.

Once you have signed up and selected your relevant primary business activity you will over time start seeing content that is relevant to you. This is something that will continue to grow and develop over the coming months and is the start of a journey. Now you can manage your discovernorthernireland.com listing via this log in too.

For more information and to sign up, please [click here](#).

Looking Ahead

On a global level, international tourist arrivals almost tripled (+172%) in January-July 2022 compared to the same period of 2021 and reached 57% of pre-pandemic levels however the challenging economic environment continues to be the main factor weighing on the recovery of tourism. Some experts now see a potential return of international arrivals to 2019 levels in 2024 or later while those indicating a return to pre-pandemic levels in 2023 has diminished compared to earlier this year.

Sources: UNWTO Tourism Barometer (September 2022); EUI Tourism Outlook 2023 (October 2022) and WTTC Economic Impact Report (September 2022)



Based on the latest [UNWTO](#) results, international arrivals reached 57% of pre-pandemic levels in the first seven months of 2022. However, prospects for the remainder of the year are cautiously optimistic. The challenging economic environment, aggravated by the war in Ukraine, continues to be the main factor weighing on the recovery of tourism.

(Sept 22)



According to [EUI's 2023 Tourism Outlook](#), global tourism arrivals will rise by 30% in 2023, following 60% growth in 2022, but they will still not return to pre-pandemic levels. Hotels, restaurants and airports will struggle to cope with labour shortages, wage demands, and high food and energy prices and international airlines are expected to return to profitability, benefiting from continued pent-up demand.

(Oct 22)



The WTTC's latest [Economic Impact Report](#) reveals that In 2022, as travellers' confidence improves, the global Travel & Tourism sector is estimated to hasten its pace of recovery to 43.7% compared to 2021 and add a further 10 million jobs. The sector is likely to return to pre-pandemic levels around the end of 2023.

(Sept 22)



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We welcome all feedback – [*contact us here*](#)



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