Winter 2021/22

# TOURISM 360°

Issue 5

tourism northernireland

# This Issue

# Economic Outlook

The global economic recovery remains strong, aided by government and central bank support and vaccination progress. However, renewed virus outbreaks and emergence of new variants are limiting the ability of some countries to reopen fully and putting pressure on supply chains.

**Global GDP now exceeds its pre-pandemic level**, but output and employment gaps persist in many countries, particularly where vaccination rates are low.

Considerable uncertainty remains as slow vaccine rollout and the continued spread of new virus mutations threaten a weaker recovery and further job losses.

**Global growth predictions (GDP)**

| | 2021 | 2022 |
|---|---|---|
| Euromonitor | 6.3% | 5.3% |
| WTO | 5.3% | 4.1% |
| OECD | 5.6% | 4.5% |

## UK Outlook for Growth

The UK economy recovered faster than expected between April and June this year as spending surged after lockdown, particularly on hospitality.

Following this robust growth, however, economic recovery stalled in July and has slowed further in autumn. The Bank of England expects inflation (which has risen above its 2% target) to increase more in the coming months.

As announced in the **Autumn Budget & Spending Review**, official forecasts were showing a return to pre-COVID levels of economic growth, with growth forecast to rebound by 6.5% this year and 6% in 2022.

**+6.5%**
OBR forecast UK GDP growth in 2021

*Sources: ONS – GDP Monthly Estimates, Sept 2021; Bank of England – Monetary Policy Report, Nov 2021; Autumn Budget & Spending Review*

## Northern Ireland – Key Economic Indicators

The latest NISRA **NI Composite Economic Index** for Q2 2021 shows NI's economic output increased by 3.1% over the quarter to June 2021, largely driven by an increase in activity in the Services sector.

This increase means the NI economy has now returned to its pre-pandemic level of output.

Looking at how sectors may recover in 2021 and 2022, Danske Bank predicts the **accommodation & food services** and **arts, entertainment & recreation** sectors, which were among the hardest hit by COVID restrictions, will see the fastest rates of output growth as they rebound from the pandemic's impacts.

**Sectoral Outlook: % of NI GVA**

| | 2021 | 2022 |
|---|---|---|
| Accommodation & food service | 18.7% | 20.9% |
| Arts, entertainment & recreation | 14.6% | 14.7% |
| Wholesale & retail | 6.8% | 5.0% |

*Sources: NISRA – NI Composite Economic Index, Q2 2021; Danske Bank – NI Quarterly Sectoral Forecast, Q3 2021*

## Republic of Ireland Outlook

A consumer spending rebound is expected to drive ROI growth higher in 2021, with the Central Statistics Office upgrading its 2021 forecast to **15.6%**, from the 8.8% previously predicted during the summer.

**+6.2%**
Expected growth in ROI household spending in 2021

*Source: Central Bank of Ireland – Quarterly Bulletin 4 2021*

Click here to view NISRA's dashboard of key NI economic indicators

# Economic Recovery

COVID-19 and the emergence of new variants continue to disrupt the tourism industry worldwide. What actions are underway to assist the recovery and regrowth of the NI tourism and hospitality sector, and how confident are consumers in NI and the key closer to home markets?

## Consumer Confidence

The pandemic continues to affect consumers' willingness to spend, both directly and indirectly. Overall sentiment remains positive in ROI, but in all markets, inflation and concern over supply chains seem to have driven a more cautious approach among consumers towards their personal finances.

Danske Bank

NI consumer confidence decreased in Q3 2021 but was higher than in Q3 2020. Quarter on quarter, people felt less confident about their current and future finances and spending on expensive items, but more confident about job security.

GfK

UK consumer confidence increased in November despite decade-high inflation, fears of higher prices and rising interest rates, and as the deepening cost-of-living squeeze leaves UK household finances worse off this winter.

KBC

Irish consumer sentiment weakened to 7-month low in November, likely reflecting a renewed surge in COVID cases, the re-emergence of Brexit worries and higher living costs, particularly in relation to energy and housing.

Office for National Statistics estimates show NI's disposable household income per head grew by 2.6% in 2019, marginally above the growth of the UK (2.5%). The rate of growth of NI households' disposable income in 2019 was also marginally above the UK's.

*Source: ONS – Regional Gross Household Disposable Income 1997-2019*

## Tourism in Action

On Wednesday 24th November, Tourism NI delivered an update on progress against the **Tourism Recovery Action Plan** and the promises made at the NI Tourism Conference in June.

The webinar was hosted by TV presenter Jo Scott and included a welcome from the Northern Ireland Economy Minister, Gordon Lyons, MLA.

There were presentations from Tourism NI on our marketing campaigns, funding schemes, industry support programmes and more.

We also had an industry panel discussion hosted by Jo Scott, with John McGrillen (Tourism NI CEO) and the following guests - Joanne Stuart (Northern Ireland Tourism Alliance), Janice Gault (Northern Ireland Hotels Federation) and Shane Clarke (Tourism Ireland).

**Please click here** to watch a recording of the webinar and to download a copy of the presentations.


## Air Passenger Duty

As announced in the Chancellor's **2021 Autumn Budget & Spending Review**, **Air Passenger Duty** (APD) on domestic short-haul flights will be reduced by 50% from April 2023 in a bid to boost regional connectivity between GB and Northern Ireland.

A new 'ultra-long haul' band of APD, meanwhile, will see increased aviation tax applied to long-haul flights.

The Autumn Budget & Spending Review can be viewed in full here.

Learn more about the Tourism Recovery Action Plan here

# Industry Outlook

Recent surveys and reports have highlighted some of the tourism industry's main concerns as 2021 draws to a close. What topics are being frequently discussed, and what actions are being taken to address key issues?

## Staffing & Skills

*Source: Hospitality Ulster/BDO*

Staffing remains a critical issue for the industry, with the impact of COVID-19 further intensifying historic labour challenges and reported skills shortages.

**74% of NI hospitality businesses cite issues with attracting/retaining staff.**


## Business Costs

*Source: UK Hospitality/Tourism Alliance/ALVA*

There are concerns that higher energy charges, increased food and commodities bills, supply chain issues and the return to the 20% VAT rate in April 2022 will put pressure on already tight profit margins.

**77% of UK businesses say the reduced 12.5% VAT rate is important or crucial.**

**Resources:**

- A coalition of industry bodies is campaigning for a permanent lower rate of VAT for tourism businesses.
- Tourism NI's Business Support Helpline offers free legal, financial and debt management advice. Get in touch here.

## The Road to Regeneration

*Source: KPMG*

Decision-makers within the industry have underscored the importance of a **regenerative approach** to post-COVID recovery which benefits economies, local communities and the planet equally.

**76% of NI business leaders will cement the steps towards sustainability their businesses took during the pandemic.**

**Resources:**

- At the COP26 UN Climate Change Conference, leading tourism organisations signed a declaration committing to cut emissions and implement climate action plans.
- Tourism NI hosted a Sustainability Masterclass on 18 November to inform tourism businesses keen to put NI on the sustainable tourism map. View the presentations from the webinar, as well as the Tourism NI Sustainable Tourism Toolkit here.

## NI Chamber & BDO NI Quarterly Economic Survey

215 members responded to a survey by the NI Chamber of Commerce & Industry and BDO.

Findings suggest that while the NI economy shows positive signs of recovery, inflationary pressures from increasing business costs and labour availability are negatively impacting business confidence.

**Key Findings:**

- 1 in 3 companies are **performing better** than before the pandemic
- 58% of businesses have seen **costs rise** by 6% or more
- 62% of manufacturers and 60% of services expect to **raise prices** in the next 3 months.

Hospitality Exchange
12th & 13th October 2021 | Crowne Plaza Belfast

This year's conference took place in Belfast in October and featured discussions around three central themes: **Reflect**, **Recruit** and **Restore**. Presentations and videos from the various sessions are available **here**.

# Tourism Performance

In this section you'll find the latest available Northern Ireland air and sea figures. Insights into tourism performance have also been gleaned from Tourism NI's analysis of new data sources.

## NI Airport Passenger Numbers

*Source: CAA*

Civil Aviation Authority (CAA) data details the passenger flow through NI's three main airports: Belfast International Airport, George Best Belfast City Airport and City of Derry Airport.

NI passenger numbers between June-September 2021 were significantly higher (**+143%**) than those in the same period of 2020, when travel was heavily restricted. Despite this improvement, June-September 2021 passenger numbers remain **56%** lower than the pre-pandemic figures seen between June-September 2019.

| NI Airport Passenger Numbers (June - September) | |
|---|---|
| 2021 | 1,532,266 |
| 2020 | 631,332 |
| 2019 | 3,487,489 |

## Air Access – December 2021-February 2022

*Source: OAG*

### Inbound Seats

**936,609**
(Dec 2021-Feb 2022)

**-13.4%**
(vs Dec 2019-Feb 2020)


| Airport | Dec 19-Feb 20 | Dec 21-Feb 22 | % Change |
|---|---|---|---|
| Belfast Int'l | 715,260 | 638,146 | -10.8% |
| Belfast City | 332,296 | 274,884 | -17.3% |
| City of Derry | 33,665 | 23,579 | -30.0% |

## Car Ferry Traffic – Jan-Oct 2021 vs 2019

Latest figures show car traffic on ferries to Northern Ireland from GB (the Northern Corridor*) **increased by 15.2%** in January-October 2021 compared to the same period in 2019. In contrast, car ferry traffic to the Republic of Ireland via Central and Southern Corridor routes fell by nearly three fifths compared to 2019.

*Northern Corridor = Belfast and Larne services. Central Corridor = Dublin and Dun Laoghaire. Southern Corridor = Rosslare.

| Car Ferry Traffic | % Change Jan-Oct 21 vs 19 |
|---|---|
| Northern Corridor | +15.2% |
| Central Corridor | -57.7% |
| Southern Corridor | -56.8% |

*Source: Ferrystat*

## Insights from Tourism NI's Digital Data

Analysis of online review data by Tourism NI suggests there has been a significant increase in the number of accommodation reviews left by ROI residents since the industry re-opened at the end of May 2021, compared to the same period in 2019.

These findings are corroborated by separate analysis of **spend data,** which shows increased tourism-related spend by ROI residents in NI. Tourism NI's latest consumer sentiment research indicates almost half of ROI visitors to NI in 2021 were visiting for leisure purposes for the first time.

Overall, analysis suggests NI accommodation establishments have largely delivered a positive visitor experience since reopening in May 2021.

Analysis of recent **online consumer conversation data** has also found that discussion around NI has been largely positive from all markets. In particular the North Coast and other outdoor locations, such as the Giant's Causeway and Strangford Lough, were positively trending topics.

More detailed insights into NI Tourism Performance can be found here

# Tourism Performance

In October 2021, the **Northern Ireland Hotels Federation** (NIHF) published its Hotel Market in NI Report, featuring analysis of the market since the pandemic. New accommodation statistics from NISRA also indicate how the sector is performing.

## NIHF Hotel Market Report 2021


In October 2021, the **Northern Ireland Hotels Federation (NIHF)** published its Hotel Market in NI Report with analysis of the market.

Industry sentiment for 2022 suggests a largely optimistic outlook despite the challenges of the last 18 months. The industry was positive about general trading and the prospects in the domestic and GB markets, however there are concerns about international trade and a more pessimistic attitude to its return in 2022 exists. Issues around costs are of significant concern, as are staffing challenges. The rise in the cost of doing business has manifested in higher energy charges and increased food and commodities bills.

Speaking to the media, the NIHF has cautioned that with trading likely to taper out in coming months, the sector will need support to survive the winter.

View NIHF's Hotel Report 2021 in full here

## Hotel Room & Bed Sales: July-Oct 2021

*Sources: NISRA*

The Northern Ireland hotel sector has enjoyed a positive performance since COVID restrictions eased on 24 May 2021, aided by significant 'staycation' demand as well as business from other close to home markets.

Hotel performance data indicate sales during July-September 2021 increased substantially compared to the same period in 2020, with the number of bed-spaces sold falling short of the pre-pandemic 2019 levels.

Hotel room and bed sales totalled **606,732** and **1,116,009** respectively between July-September 2021. While this represents respective increases of **64%** and **63%** on the same period in 2020, sales remain **12%** and **3%** below pre-COVID levels in 2019.

Hotel performance in October 2021 was positive, with room and bed occupancy at **66%** and **53%** respectively - both encouraging increases on 2020 figures. Bed occupancy was up **3pps** on October 2019.

*pps = percentage points*

## GH/GA/B&B Room & Bed Sales: July-Oct 2021

*Source: NISRA*

The guest house/guest accommodation and B&B (GH/GA/B&B) sector's sales during July-September 2021 also showed significant increases compared to the same period in 2020, however, room and bed-spaces sold didn't quite match pre-pandemic 2019 levels.

While sales more than doubled during July-September 2021 compared with the same period in 2020, room and bed sales remained **6%** and **10%** respectively lower than levels achieved during July-September 2019.

GH/GA/B&B performance in October 2021 was also positive, with room and bed occupancy at **29%** and **37%** respectively – a considerable improvement vs 2020. Bed occupancy showed a **13pps** increase on October 2019.

# Consumer Sentiment

Tourism Ireland's latest wave of COVID-19 research was carried out between 24th September – 8th October and aimed to understand the views of consumers across four source markets (GB, USA, France and Germany). All participants had either taken an overseas holiday in the last three years or intend to take one in the next two years.

Tourism Ireland
*Marketing the island of Ireland overseas*

## COVID-19 Tracker Research

**Comfort in taking a short break or holiday has increased in GB, France and Germany** for both domestic and European breaks, and the US market's comfort has stabilised.

**One third** expect to take a holiday or short break by June 2022. Almost **7 in 10 (69%)** expect to take a holiday or short break by the end of 2022.

Of those planning a European trip, **one in three said they will book later than normal**. Flexible booking and cancellation policies are crucial to maximising opportunities for these late bookers.

When asked what would discourage travel, **almost 9 in 10 (88%) said that difficulty getting money back if their trip was cancelled would discourage them**, further reinforcing the need for flexible policies.

View the full summary of Tourism Ireland's research here

# Industry Barometer

Tourism NI commissioned a survey with NI's tourism industry to monitor business performance over the 2021 summer period, including the outlook for the remainder of the year and recovery expectations for 2022 and beyond. **Please note** that the survey was conducted before the emergence of the new Omicron COVID-19 variant.

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## Industry Barometer – Autumn 2021

The industry has had a challenging summer period with some sectors showing quicker signs of recovery than others.

Growth in the NI domestic and ROI market performances benefitted many businesses during the summer, but not all, with large variations by sector. **Accommodation businesses, in particular hotels, were much more likely to have reported growth** from these key markets.

The industry continues to face a range of challenges. **Rising energy and overhead costs, issues with supply-chains and staff recruitment and retention** were among the key issues identified as having a negative impact on their business.

More than half of participants successfully applied for the **'We're Good to Go' (WGTG) Scheme**. The majority found it helpful to their business.

**Marketing** came out top when businesses were asked to prioritise one type of support (other than financial) that would be beneficial over the coming year.

Whilst uncertainty remains, the majority of responding businesses are anticipating that the sector will recover by early 2023.

View the Industry Barometer – Autumn 2021 report in full here

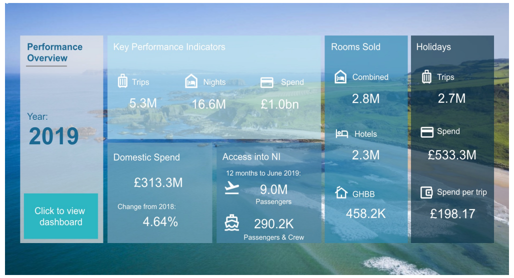
# Tourism NI Updates

For latest news, events and webinars, as well as industry insights, opportunities and campaigns, please visit **TourismNI.com**. You can also find us on **Twitter**, **LinkedIn** and **Youtube**.

## NI Tourism Performance Dashboard

The **NI Tourism Performance Statistics Dashboard** is a new digital tool, recently published on the Tourism NI website.

This interactive dashboard presents key performance indicators, accommodation figures, spend statistics and access into NI (all sourced from NISRA) and allows for analysis on specific markets and time periods.




The dashboard will automatically be updated as new statistics are released.

**View the dashboard on TourismNI.com**

## NI Market Access Programme

Tourism NI and Tourism Ireland have partnered to support the recovery of NI tourism businesses by enabling greater access to core overseas markets.

The Northern Ireland Industry Market Access Programme (NI IMAP) is funded through the Tourism Recovery Action Plan and is operating on a pilot basis from 4th October 2021 to 31st March 2022.

The programme specifically aims to support overseas B2B activity in Group Leisure, MICE, Golf and Luxury.

For more information, **please click here**.

## Northern Ireland – Made for Golf

The Open is set to make a triumphant return to Royal Portrush in 2025, marking an exciting new chapter in the history of golf's original championship and providing another outstanding showcase for golf in Northern Ireland.

Two years ago, The Open generated over **£100 million** for the NI economy, attracting an attendance of 237,750 fans throughout the week. More than 5,400 hours of television coverage were broadcast to hundreds of millions of viewers globally as Irishman Shane Lowry lifted the famous Claret Jug.

**View the full press release here**

## Tourism NI's Business Support Helpline

Tourism NI continues to deliver our **Business Support Helpline** (advice service) offering free access to legal, financial and debt management advice.

We have received just under **3,000 calls** to the Helpline since March 2020.

**Business Support Helpline**

For advice and assistance please call

**02895 925313** or **Click Here**

**Sign up to TourismNI.com here to see tailored support for you and your business**

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## Launching Soon

**A series of webinars, toolkits and workshops for the tourism events industry** in Northern Ireland will launch in December, focusing on sustainability, accessibility, governance and events as a catalyst for long term, place-based regeneration.

Tourism NI's **National Tourism Events Sponsorship Scheme for 2022/23** is open for applications **between 01/12/21 and 17/01/22**. For more information, please click here.

Further updates on these and much more will be posted on the Tourism NI website. Please ensure you are registered to receive all the latest news, events and dates at **TourismNI.com**

Follow Tourism NI on Twitter & LinkedIn

# Looking Ahead

In February this year, Tourism 360˚ brought you the latest forecasts from global experts on when the industry will recover. Ten months on, with high levels of uncertainty still present and the emergence of new COVID variants threatening recovery, when do these bodies anticipate international tourism will return?

UNWTO suggest that the resumption of international tourism will depend largely on a coordinated response among countries in terms of travel restrictions and safety and hygiene protocols. This is particularly critical at a moment when cases are surging in some regions and new COVID-19 variants are emerging in different parts of the world. *(Nov 21)*

ETC's latest publication states that international tourist arrivals to Europe are forecast to be 60% below 2019 by the end of 2021 and pre-pandemic volumes are not expected to return before 2024. COVID variants as well as winter flu cases have the potential to further slow recovery. *(Nov 21)*

According to the International Air Transport Association, air travel demand is expected to stand at 40% of 2019 levels for 2021, rising to 61% in 2022. 3.4 billion total passengers are expected to travel in 2022, which is similar to 2014 levels but significantly below the 4.5 billion travellers of 2019. *(Oct 21)*

Travel and tourism's continued sluggish recovery will see its year-on-year contribution to global GDP rise by less than one third in 2021, according to the World Travel & Tourism Council. While 62 million jobs were lost in 2020, tourism jobs could surpass pre-COVID levels by 2022, with appropriate support measures in place. *(Oct 21)*

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

We welcome all feedback – insights@tourismni.com