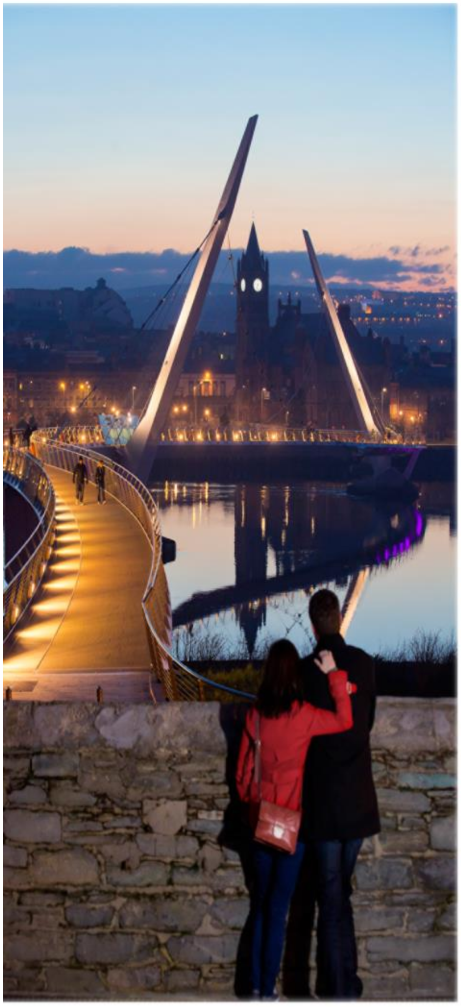
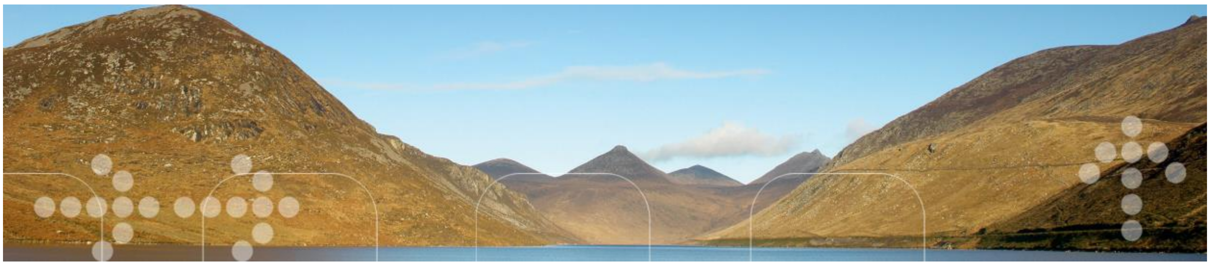
tourism northernireland

MillwardBrownUlster

TOURISM INDUSTRYBAROMETER
DECEMBER 2015





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 / the following 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 third wave in 2015 took place between 30 November and 18 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 2016
- 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 (see sampling profile in appendix). 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 30 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, we conducted 283 'top-up' interviews by telephone with non-responders in order to improve the robustness of individual sector sample sizes so that results can 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 227 responses to an online survey with tourism businesses in late-November to mid-December 2015, and conducted 283 top-up telephone interviews.

Excellent year for hotel sector

2.3 Hotels enjoyed a strong 2015, seven in ten (70%) hotels reported increased visitor numbers compared with last year. This was on top of a solid performance in 2014, when almost three fifths (56%) of responding hotels reported performance to be up on 2013.

2.4 All markets, with the exception of the Republic of Ireland market, showed good signs of growth, with significantly more respondents reporting increases rather than decreases in visitor levels. The overseas market and Great Britain markets performed particularly strongly. Almost half of hoteliers cited an increase in visitor numbers from Great Britain (48%) and overseas (45%). Only a small minority of hoteliers cited decreases in these markets.

Hotels' room yield and profitability shine

2.5 The increase in visitor volumes enjoyed by hotels is also reflected by very healthy increases in both average room yield and profitability (65% reported profitability to be up and 58% reported average room yield to be up).

Business trips take the lead

2.6 Hotels enjoyed increases in all visitor types during 2015, but especially with regards to their business/ corporate volumes (54% reported an increase).

2.7 Special events, general leisure and weekend breaks also fared very well. Almost half of all hoteliers reported an increase in special events (48%) and more than two fifths cited an increase in general leisure (42%) and weekend breaks (42%).

Positive year for the guesthouse market

2.8 Guesthouses have seen a very positive result in 2015, with more than three fifths (62%) of respondents reporting an increase in visitor volumes compared to 2014.

B&Bs continue to face challenges

2.9 B&B operators experienced mixed results at the end of 2015, the challenge they have faced over recent years continues. A third (33%) reported an increase in business in 2015, however, more than a quarter (26%) reported visitor volumes to be down on 2014.

Self-catering slowly improving

2.10 More than two fifths (42%) of self-catering operators reported visitor volumes to be up in 2015, while less than a fifth (19%) reported visitor volumes lower than those experienced in 2014. This was a slight improvement on last year when two fifths (40%) reported an increase and a quarter (25%) reported a decrease in visitor volumes.

2.11 Positively, approximately two fifths of self-catering operators reported visitor volumes from Great Britain and the overseas markets to be up on 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.

Good growth for attractions

2.12 Overall, attraction providers enjoyed good growth in 2015, almost half (47%) reported an increase in visitor volumes on the levels achieved in 2014.

2.13 All markets were up on balance, more respondents reported an increase in visitor volumes compared to those who reported a decrease on last year. Almost half of attraction providers reported an increase in domestic visitor volumes (46%) and a similar proportion reported an increase in overseas visitors (45%).

Strong year for Belfast

2.14 Operators in Belfast have enjoyed a strong 2015, more than three fifths (63%) of Paid Serviced Accommodation (PSA) respondents reported business to be up on last year. Similar to the PSA results, Belfast was also the strongest performing region in 2015 across all sectors. Almost three fifths (57%) of all tourism businesses in the Belfast region reported an increase in overall business in 2015.

Positive performances in the East

2.15 Approximately half of PSA respondents in the South East (50%) and the North East (48%) reported an increase in visitor levels in 2015. The outlook was similar when looking at all sectors, again the North East and South East were amongst the strongest performing regions. Almost half of all tourism businesses in the North East (47%) and South East (47%) reported an increase in overall business.

Challenges in the West

2.16 Paid Serviced Accommodation (PSA) in the North West of NI had a mixed year with more than two fifths (41%) of respondents reporting business to be up, however, more than a third (35%) reported business to be down. The South West of NI was the weakest performing region, less than a fifth (18%) of PSA respondents reported an increase and almost a third (30%) reported a decrease in business.

2.17 Looking at the data for all sectors it is evident that tourism businesses in the West have endured a challenging year. Almost two fifths (37%) of operators in the South West reported a decrease in overall business in 2015. The North West also did not perform as strongly as many of the other regions. Although it was slightly up on balance, more respondents reported increased visitor volumes compared to those who reported a decrease (35% reported an increase and 31% reported a decrease).

Positive expectations for 2016

2.18 Overall, tourism operators have an optimistic outlook for 2016, more than two fifths (44%) expect business to be up on the volumes achieved during 2015. Hotels remain positive for 2016 with more than half (53%) expecting business to be up. However, attraction providers (67%), guesthouse owners (58%) and car hire and coach operators (100%) were the most positive sectors regarding expectations for 2016.

2.19 Other accommodation providers were also relatively optimistic, two fifths of B&Bs (37%) and caravan and campsites (38%) and a quarter of self-catering operators (27%) expected visitor volumes to be up. Only a small minority of B&Bs (7%), caravan and campsites (13%) and self-catering operators (12%) expect decreases.

2.20 Overall almost two fifths (39%) of all tourism businesses expect domestic visitor volumes in 2016 to be better than 2015. The largest proportions of most sectors expect visitor volumes from Northern Ireland in 2016 to be up on 2015 levels.

Positive outlook for the Republic of Ireland market

2.21 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 2015. Only a minority of tourism operators within all sectors anticipated a decline in visitor volumes.

2.22 Of all the accommodation providers, guesthouses and hotels were the most optimistic.

Good business expected from Great Britain and the overseas market

2.23 Growth from the Great Britain market is expected in the majority of sectors in 2016. More than two fifths of all hotels (41%) and guesthouses (42%) expect visitor volumes from the Great Britain market to be up in 2016.

2.24 Expectations for the overseas market are also leaning towards growth. On balance all the paid serviced accommodation expect business to be up on balance with at least a third of all hotels, guesthouses and B&Bs predicting increased visitor volumes and less than one in ten expecting a decrease.

Repeat visitors, recommendations and own marketing key

2.25 Similar to the findings in 2014, repeat visitors, recommendations and tourism businesses own marketing remain the most frequently cited positive factors affecting operators in 2015. Almost three fifths (57%) of all respondents stated that repeat visitors were a positive factor in 2015. Approximately half of all respondents cited recommendations (48%) and their own marketing (48%) as other key positives in 2015.

Local events can draw the visitors

2.26 Two fifths (40%) of tourism businesses benefited from local events in 2015. Events in the local area and larger events such as the Irish Open and Tall Ships are believed to encourage visitors to Northern Ireland. Local events were particularly cited as positives by hotels (57%), guesthouses (57%), hostels (47%) and attraction providers (45%).

The domestic economy remains a concern

2.27 Similar to 2014, the domestic economy remains the most frequently cited issue of concern amongst tourism operators in 2015. Almost two fifths (37%) of tourism providers stated that the domestic economy was a concern in 2015, however, it was not as frequently cited as an issue of concern as it was last year (50% in 2014).

Unfavourable exchange rates are a concern

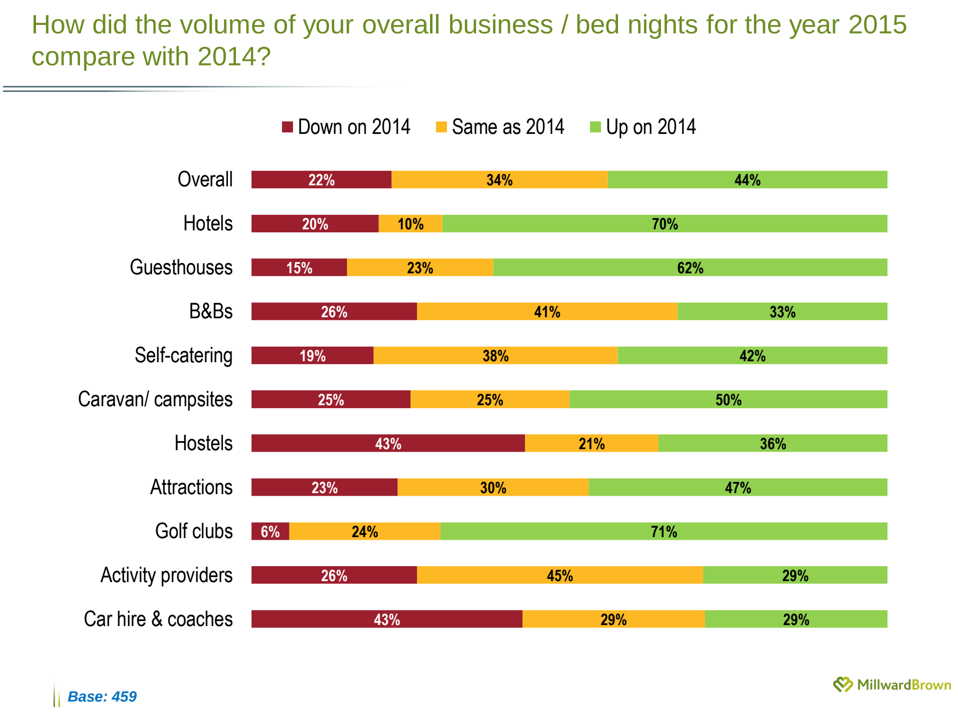
2.28 The strong pound and weak euro is compounding a competitive disadvantage for Northern Ireland's accommodation providers and tourism businesses over their counterparts in the Republic of Ireland. The current exchange rate means that Northern Ireland is a more expensive destination for tourists from the Republic of Ireland and the rest of Europe. Almost two fifths (36%) of all tourism businesses highlighted unfavourable exchange rates as the main issue of concern affecting their business in 2015.

Other issues of concern

2.29 The global economy (28%) and fuel and energy costs (26%) remained key concerns affecting more than a quarter of tourism businesses in 2015. However, it is important to note that the frequency with which these issues were cited by tourism operators is greatly reduced from last year, in 2014 more than two fifths cited fuel and energy costs (44%) and the state of the global economy (43%) as key concerns.

3. Visitor Volumes in 2015 by Sector

Overall visitor volumes in 2015



**Caution: some sectoral data based on small sample sizes. Car Hire and Coach Operators (n=7), Hostels (n=15), Caravan and Camping (n=8), Golf Clubs (n=18)*

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 2014 have not been asked questions on performance against the first half of last year, which they would not have been able to answer.

Decent year for Northern Ireland – especially for hotels and golf clubs

3.1 The above chart gives an overview of industry performance by sector in 2015.

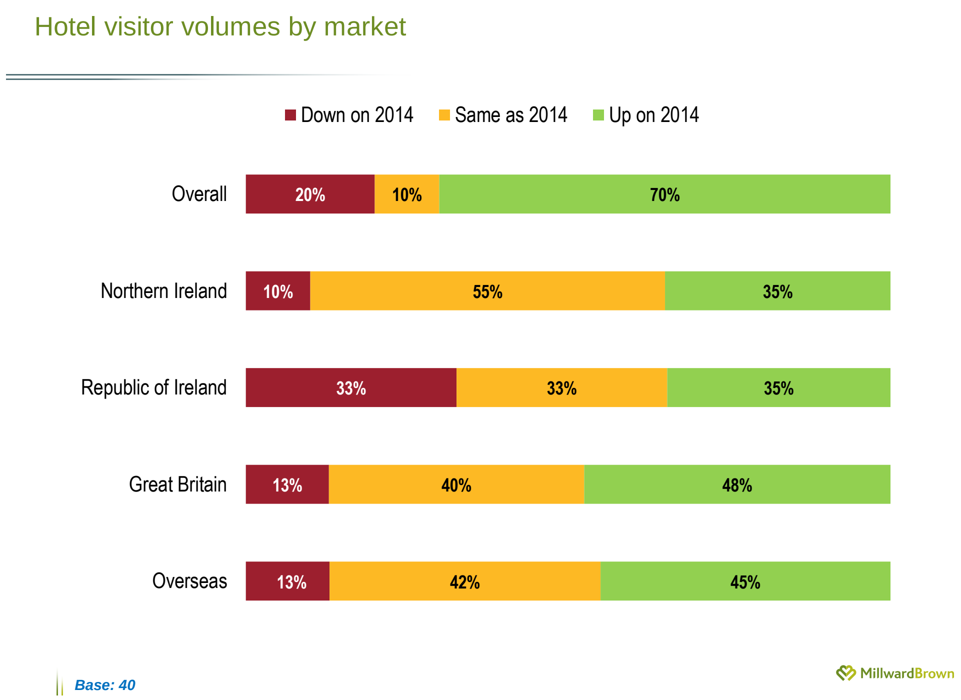
3.2 Hotels and golf clubs had a very strong year in 2015. Seven in ten hotels (70%) and golf clubs (71%) reported an increase in visitor numbers compared with the previous year.

3.3 Guesthouses also enjoyed a busy year, more than three fifths (62%) reported an increase in visitors.

3.4 The year was much more challenging for B&Bs and hostel operators. Approximately a third of B&Bs (33%) and hostel operators (36%) reported an increase in visitors in 2015. However, a quarter of B&Bs (26%) and more than two fifths of hostels (43%) reported a decrease on visitors compared with 2014.

3.5 Other sectors experienced mixed results. Performance by sector is now discussed in more detail.

Hotels – visitor volumes by market



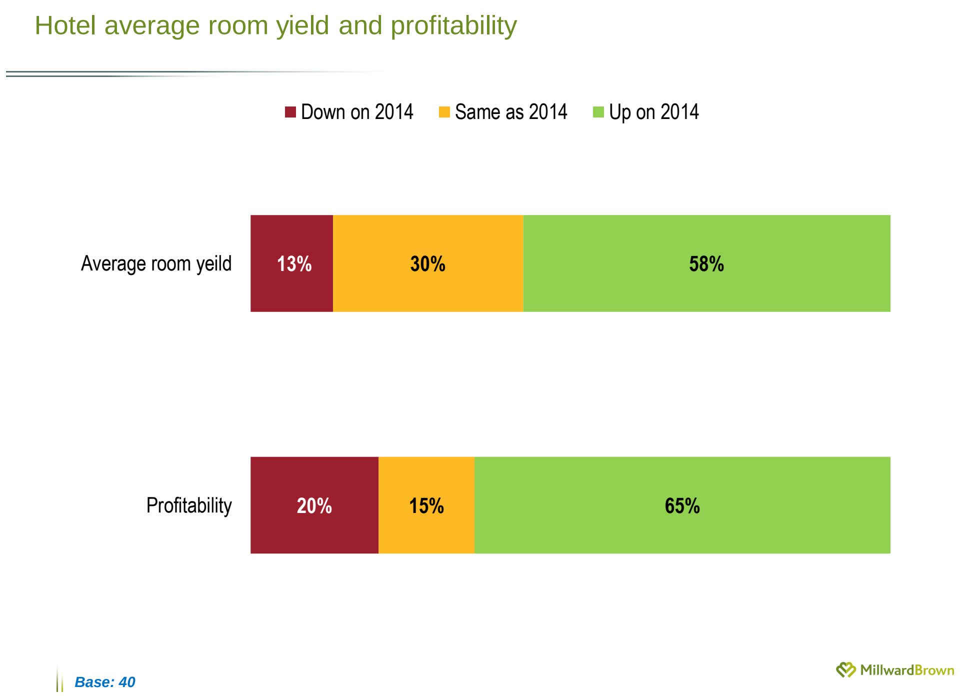
Excellent year for hotel sector

3.6 Hotels enjoyed a strong 2015, seven in ten (70%) hotels reported increased visitor numbers compared with last year. All markets, with the exception of the Republic of Ireland market, showed good signs of growth, with more respondents reporting increases rather than decreases in visitor levels. This was on top of a solid performance in 2014, when almost three fifths (56%) of responding hotels reported performance to be up on 2013.

3.7 Perhaps unsurprisingly, the Republic of Ireland market performed weakest in relative terms, which may in part be due to unfavourable exchange rates. A third (35%) of hoteliers stated that the volume of visitors from the Republic of Ireland was up in 2015, however, a similar proportion (33%) reported a decrease in visitor numbers (RoI performance was even less positive than 2014 when 37% reported an increase in visitor volumes and just 14% reported a decrease).

3.8 The overseas market, Great Britain and domestic markets have all performed quite strongly with almost half of hoteliers citing an increase in visitor numbers from Great Britain (48%) and overseas (45%). Only a small minority of hoteliers cited decreases in these markets.

Hotels – average room yield and profitability

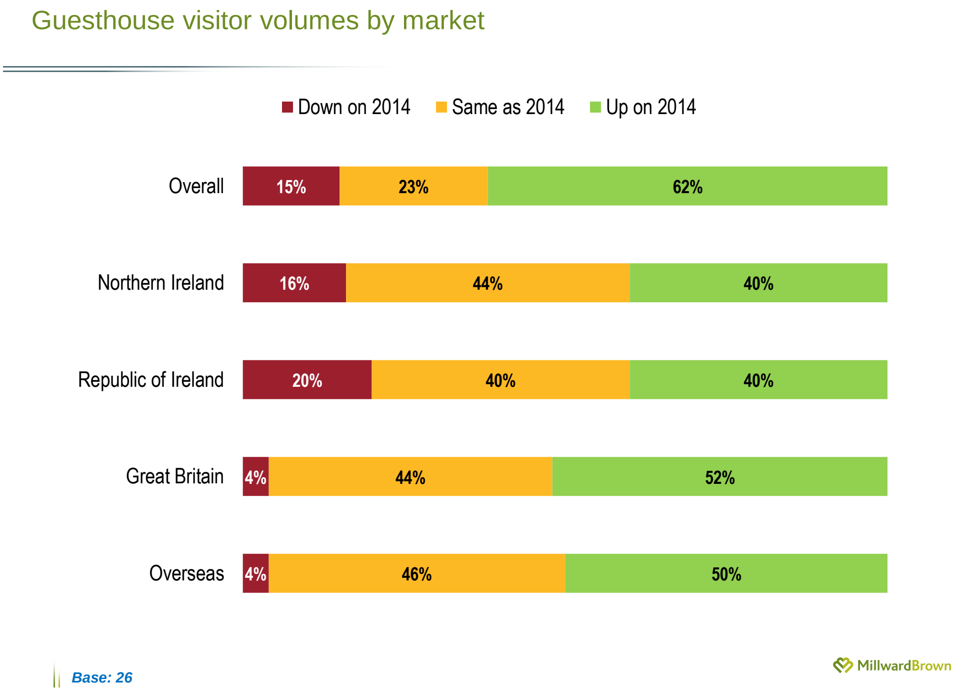


Solid increases in room yield and profitability

3.9 Hotels enjoyed a strong 2015, which is reflected in an increase in profitability as reported by almost two thirds (65%) of respondents. However, it should be noted that a fifth (20%) of all responding hotels reported a decrease in profitability compared to last year.

3.10 Similarly, almost three fifths (58%) of hoteliers stated that average room yield increased on last year. Positively, just over one in ten (13%) hotels reported a decrease in average room yield compared to 2014.

Guesthouses



**The above results are based on a small sample size (n=26)*

Positive year for the guesthouse market

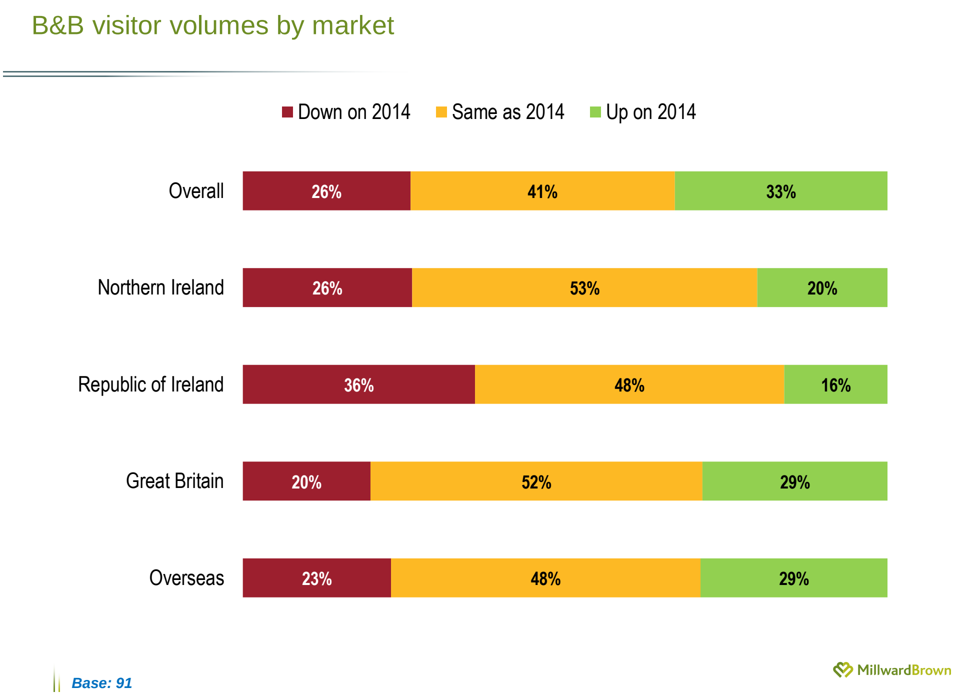
3.11 Guesthouses have seen a very positive result in 2015, with more than three fifths (62%) of respondents reporting an increase in visitor volumes compared to 2014 – however, a significant number (15%) reported a decrease.

3.12 A marked improvement on last year (2014), when just over two fifths (43%) reported an increase and almost a third (31%) reported a decrease on visitor volumes in 2013.

3.13 Great Britain and the overseas markets all performed very strongly with approximately half of guesthouse owners citing an increase in visitor numbers.

3.14 The Republic of Ireland market performed weakest in relative terms, a fifth (20%) stated that visitor volumes decreased on last year.

B&Bs



B&Bs continue to face challenges

3.15 B&B operators show mixed results at the end of 2015, the challenge they have faced over recent years continues. A third (33%) reported an increase in business in 2015, however, more than a quarter (26%) reported visitor volumes to be down on 2014.

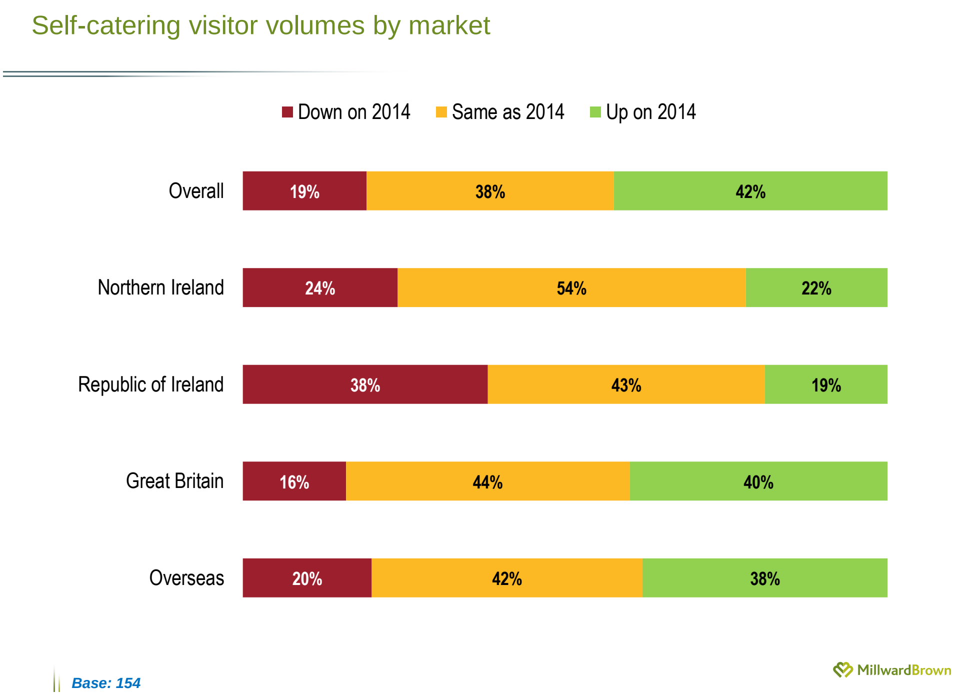
3.16 More than half (53%) of B&Bs reported that the domestic market was the same as in 2014, but more than a quarter (26%) reported a decrease compared to just a fifth (20%) who cited an increase in visitor volumes.

3.17 Visitor volumes from the Republic of Ireland struggled the most, almost two fifths (36%) of B&Bs reported a decrease in 2015.

3.18 Positively, almost a third (29%) of B&Bs stated that their volume of business from Great Britain and the overseas market had improved on last year. In relative terms the GB market performed quite well, only a fifth (20%) stated that visitor volumes had decreased on last year.

3.19 Two fifths (40%) of all B&B proprietors cited unfavourable exchange rates as the main issue of concern affecting their business in 2015.

Self-catering



Self-catering slowly improving

3.20 More than two fifths (42%) of self-catering operators reported visitor volumes to be up in 2015, while less than a fifth (19%) reported visitor volumes lower than those experienced in 2014.

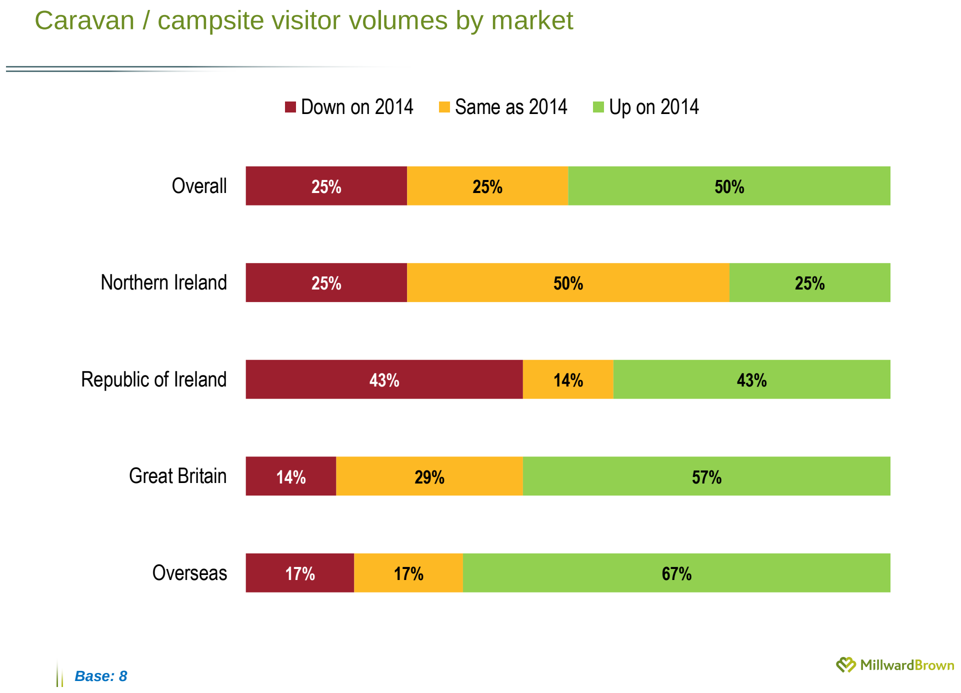
3.21 This is a slight improvement on last year when two fifths (40%) reported an increase and a quarter (25%) reported a decrease in visitor volumes.

3.22 The domestic and Republic of Ireland markets are the biggest concerns for self-catering businesses. Approximately a fifth reported an increase in these markets in 2015, but almost two fifths (38%) reported a decrease in visitor volumes in the Republic of Ireland market and almost a quarter (24%) in the key domestic market.

3.23 On a more positive note, approximately two fifths of self-catering operators reported visitor volumes from Great Britain and the overseas markets to be up on 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.

3.24 More than two thirds (68%) of self-catering businesses cited repeat visitors as the main positive factor affecting their business in 2015.

Caravan / campsites



**Caution: The above results are based on a very small sample size (n=8)*

Positive year for the caravan and camping sector

3.25 Overall the caravan and camping sector performed quite strongly in 2015. Half (50%) of respondents reported an increase in visitor volumes compared to last year. Nonetheless, a quarter (25%) of caravan and camping proprietors reported a decrease in visitor volumes.

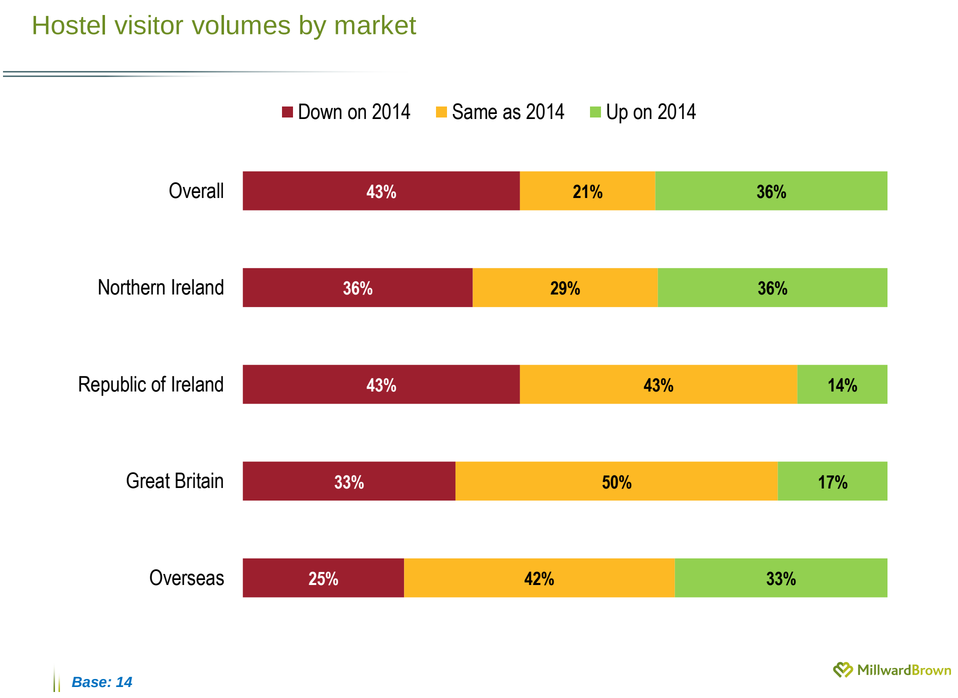
3.26 The overseas market performed very strongly, two thirds (67%) reported an increase in visitor volumes and less than a fifth (17%) reported a decrease.

3.27 The GB market also performed strongly, almost three fifths (57%) reported an increase in visitor volumes and just over one in ten (14%) reported a decrease.

3.28 The domestic market did not perform that well in 2015, half (50%) of caravan and campsite owners stated that visitor volumes remained static. The Republic of Ireland market is also concern for caravan and campsite owners as more than two fifths (43%) stated that visitor volumes decreased on last year.

3.29 Repeat visitors (63%) and recommendations (50%) were cited as key positive factors by caravan and campsite in 2015. However, more than three fifths cited the state of the domestic economy (63%) as the main key issue of concern for their business in 2015.

Hostels



**Caution: The above results are based on a small sample size (n=14)*

Tough year for hostels

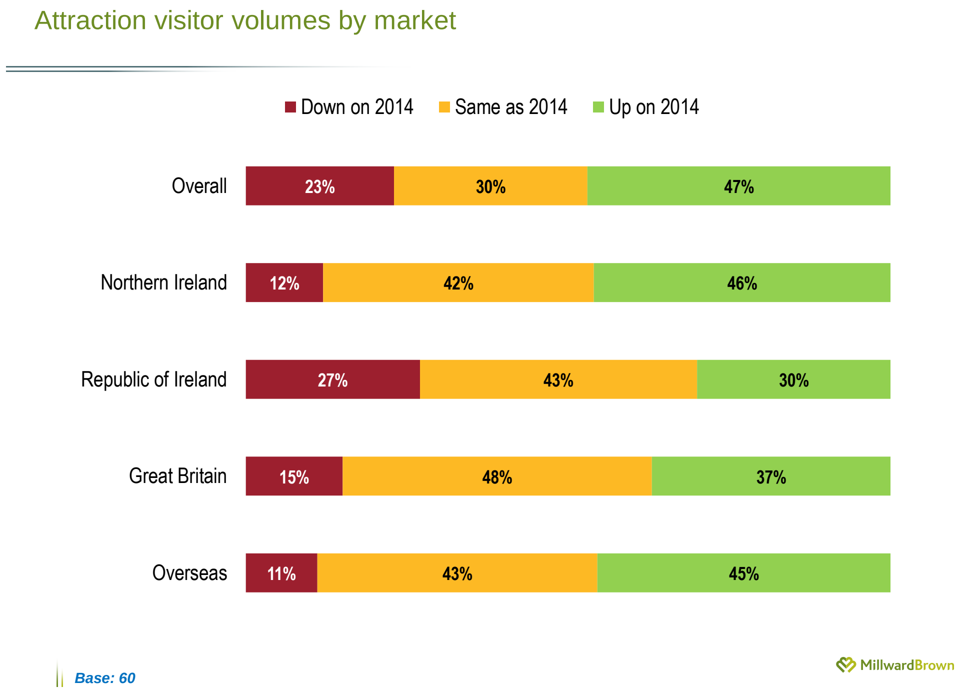
3.30 Overall, hostel providers have not seen the improvements made by other sectors in 2015, more than two fifths (43%) of respondents reported visitor volumes to be down on last year.

3.31 The Republic of Ireland market was the weakest performing market for hostel owners in 2015; more than two fifths (43%) reported a decrease in visitor volumes and just over one in ten (14%) reported an increase.

3.32 The overseas market was fairly positive; a third (33%) reported an increase and a further two fifths (42%) stated that visitor volumes remained on a par with 2014.

3.33 Three fifths (60%) of hostel owners cited repeat visitors as the key positive factor affecting their business in 2015.

Attractions



Good growth for attractions

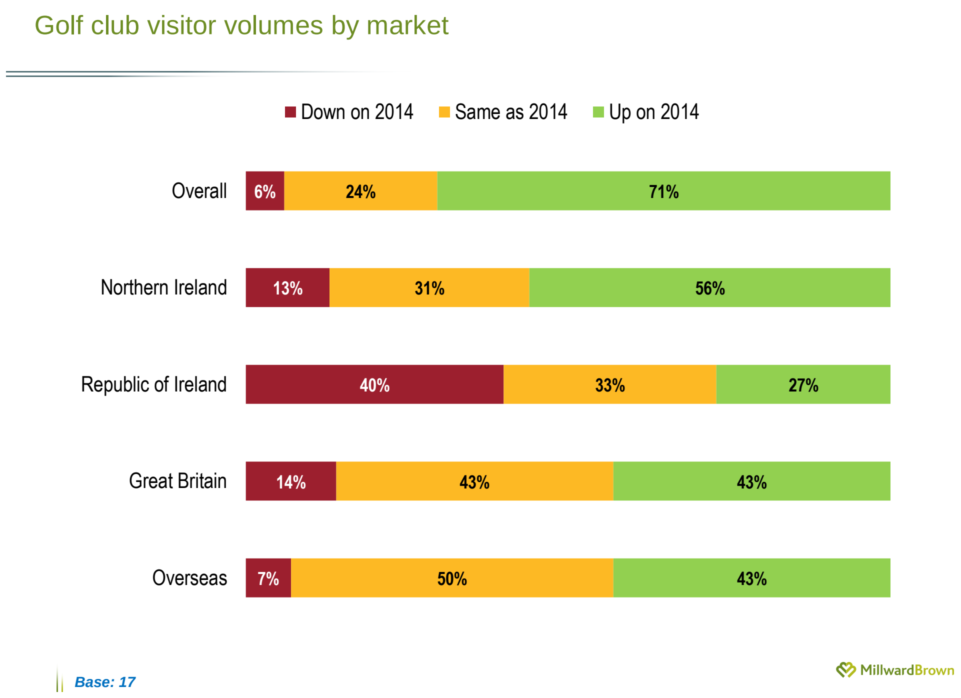
3.34 Overall, attraction providers enjoyed good growth in 2015, almost half (47%) reported an increase in visitor volumes on the levels achieved in 2014.

3.35 All markets were up on balance, more respondents reported an increase in visitor volumes compared to those who reported a decrease on last year. Almost half of attraction providers reported an increase in domestic visitor volumes (46%) and a similar proportion reported an increase in overseas visitors (45%).

3.36 The Republic of Ireland market was the weakest performing market for attraction providers in 2015; more than a quarter (27%) reported a decrease in visitor volumes and three in ten (30%) reported an increase.

3.37 More than half (55%) of attraction providers cited their own marketing as the main positive factor affecting their business in 2015.

Golf clubs



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

Strong 2015 for golf clubs

3.38 Overall, 2015 proved to be a very strong year for golf clubs, more than seven in ten (71%) of golf clubs increased their tourism 'green fee' visitor levels during the year and just over one in twenty (6%) experienced a decrease.

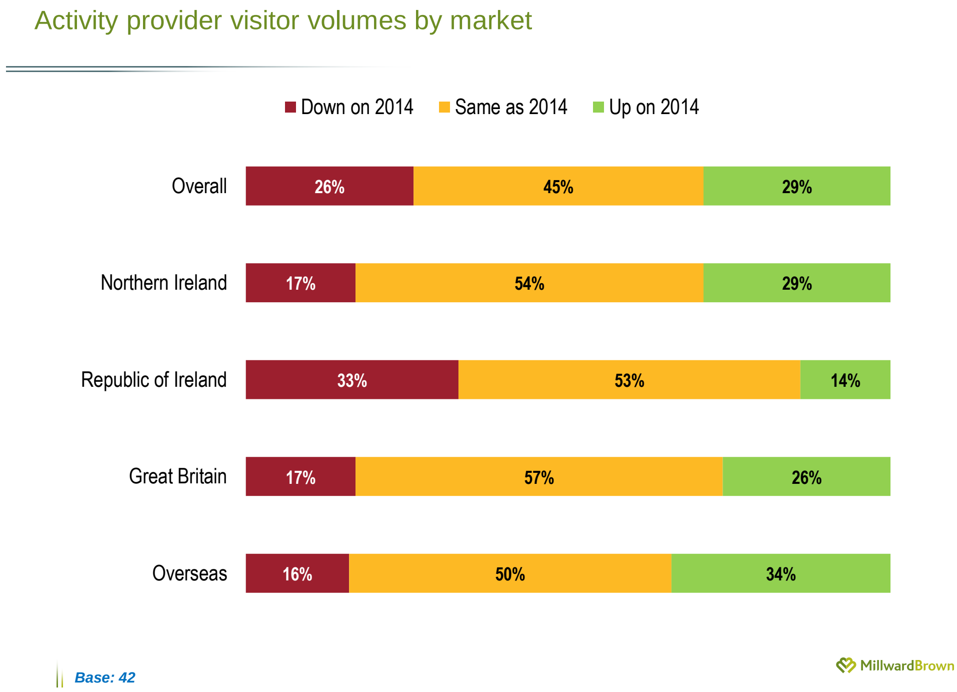
3.39 Almost three fifths (56%) of golf clubs reported an increase in domestic visitor volumes in 2015, a huge improvement from last year when only a quarter (25%) reported an increase on the previous year.

3.40 The GB and the overseas markets also performed very strongly, more than two fifths (43%) reported increased tourism 'green fee' visitor levels. However, the Republic of Ireland market is actually down on balance, two fifths (40%) of golf clubs reported a decrease.

3.41 In general golf clubs have had a much stronger year to what they experienced in 2014.

3.42 Competition from other destinations (39%) was cited as the main issue of concern for golf clubs in 2015.

Activity providers

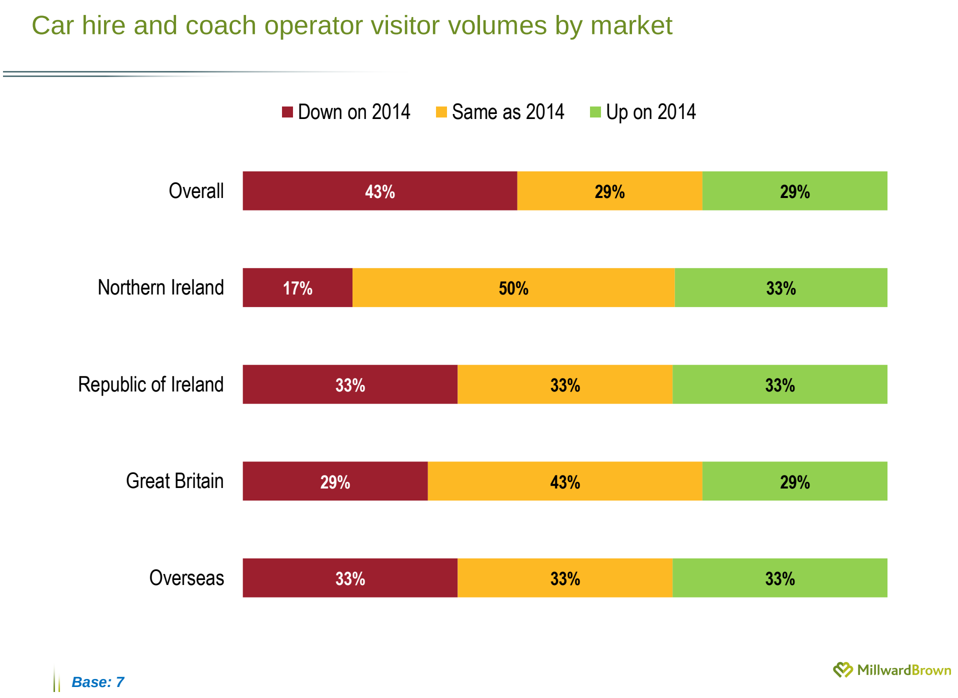


Activity providers remain largely steady

3.43 Almost three in ten (29%) activity providers reported an increase in visitor volumes in 2015, although a similar proportion (26%) reported a decrease.

3.44 The Republic of Ireland market performed poorly with a third (33%) citing a decrease in visitor volumes from this market. However, visitor volumes from overseas increased for more than a third (34%) of activity providers.

Car hire and coach operators



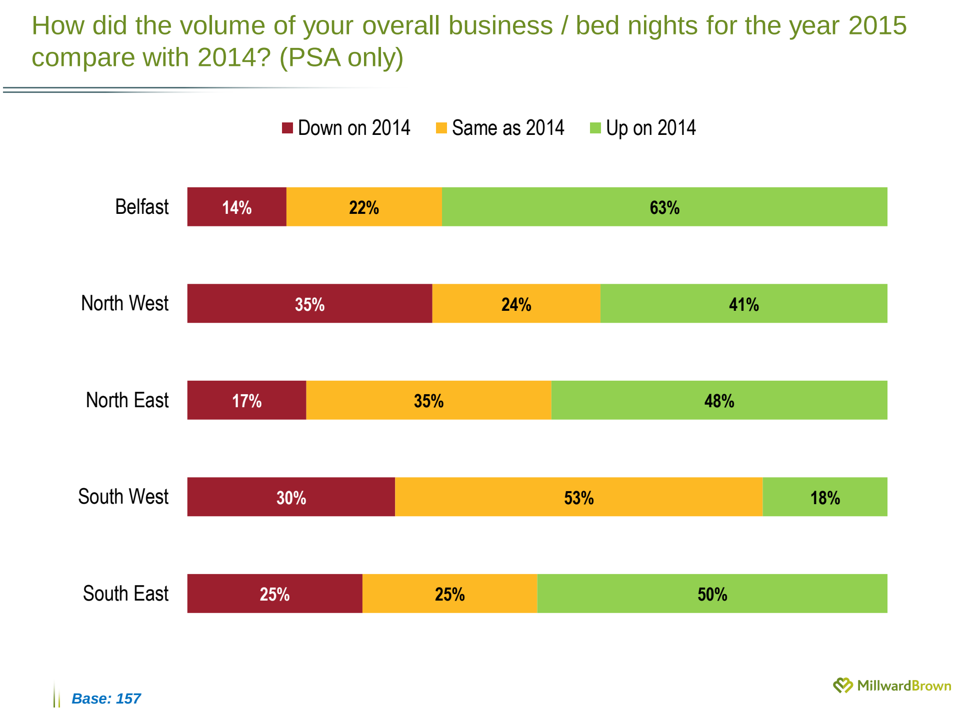
**Caution: The above results are based on a very small sample size (n=7)*

Mixed bag for car hire and coach operators

3.45 Of the seven car hire and coach operators in the sample, three reported a decrease in customers overall, two reported similar levels to 2014 and the remaining two reported an increase.

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 have enjoyed a strong 2015, more than three fifths (63%) of PSA respondents reported business to be up on last year.

Positive performances in the East

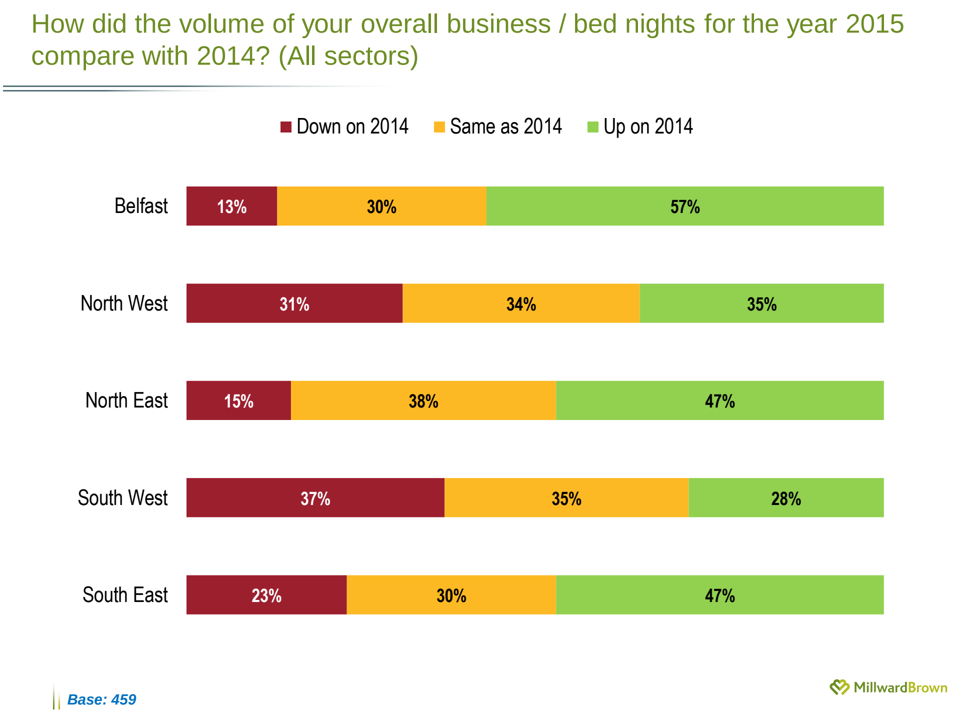
4.2 Approximately half of respondents in the South East (50%) and the North East (48%) reported an increase in visitor levels in 2015. Less than a fifth in the North East (17%) and a quarter in the South East (25%) reported a decrease in volumes on last year.

Mixed performance in the West

4.3 The North West had a mixed year with just over two fifths (41%) of PSA respondents reporting business to be up. More than a third (35%) reported a decrease but overall the region remains up on balance.

4.4 The South West was the weakest performing region, less than a fifth (18%) of respondents reported an increase and almost a third (30%) reported a decrease in business.

All Sectors by Region



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

Boost for Belfast and the East

4.5 Similar to the PSA results, Belfast, the North East and the South East were the strongest performing regions in 2015 across all sectors.

4.6 Almost three fifths of all tourism businesses in Belfast (57%) and half of businesses in the North East (47%) region reported an increase in overall business in 2015.

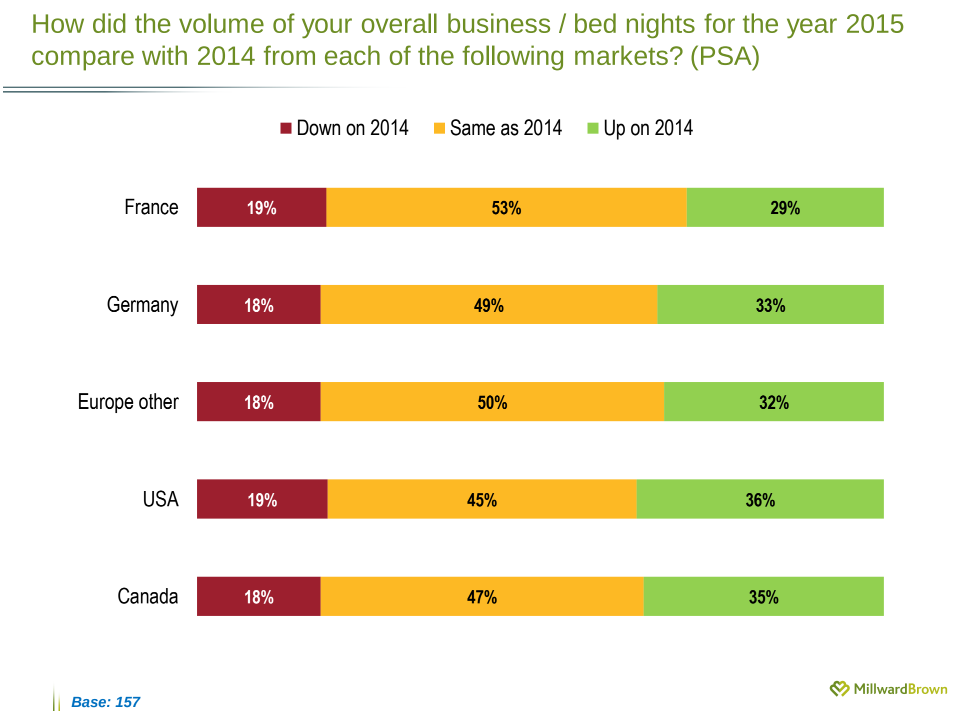
4.7 The South East of NI also had a positive year with almost half (47%) of respondents across all sectors reporting business to be up.

Bigger challenges in the West

4.8 Respondents in the South West faced a challenging year; almost two fifths (37%) reported a decrease in overall business. The North West also did not perform as strongly as many of the other regions. Although slightly up on balance with more respondents reporting increased visitor volumes compared to those who reported a decrease, just over a third (35%) reported an increase and a similar proportion (31%) reported a decrease.

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

Solid performance from North American visitors

5.1 The USA and Canada markets performed solidly in 2015, more than a third of all PSA operators reported increased volumes of US visitors (36%) and visitors from Canada (35%).

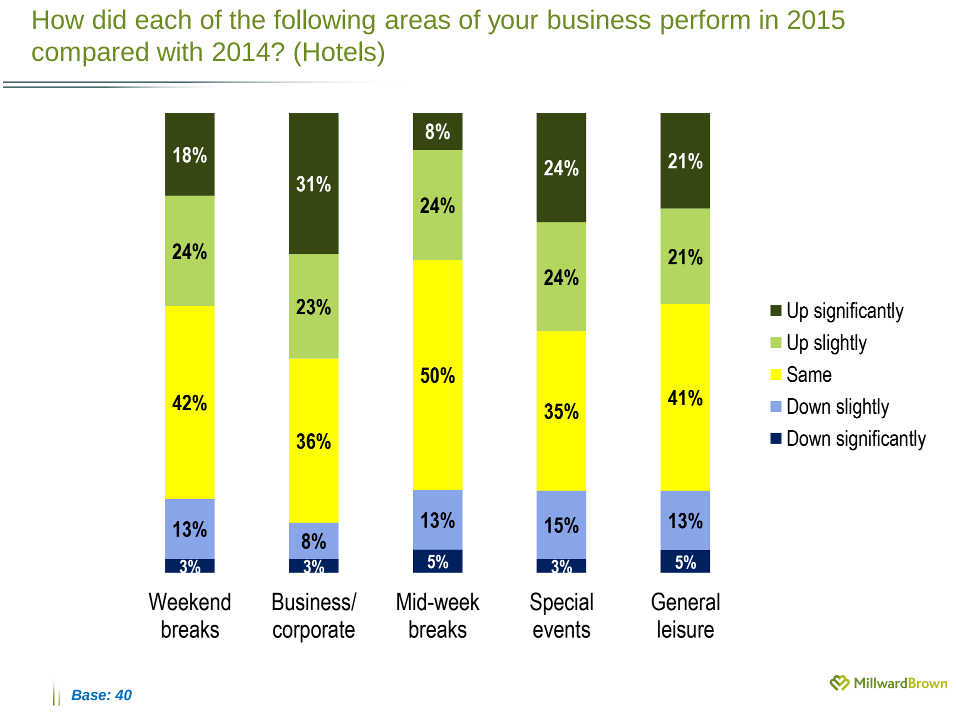
Positive performance in other markets

5.2 All other markets were also slightly up on balance, more respondents reported an increase in visitor volumes compared to those who reported a decrease on last year. Germany and the rest of Europe all had a positive first year with approximately a third of PSA respondents reporting business to be up.

5.3 France was the weakest performing market, less than a third (29%) of respondents reported an increase but almost a fifth (19%) reported a decrease in business.

6. Visitor Types (Hotels)

Hotel Visitor Types



The above questions were asked only to hotels

Business trips take the lead

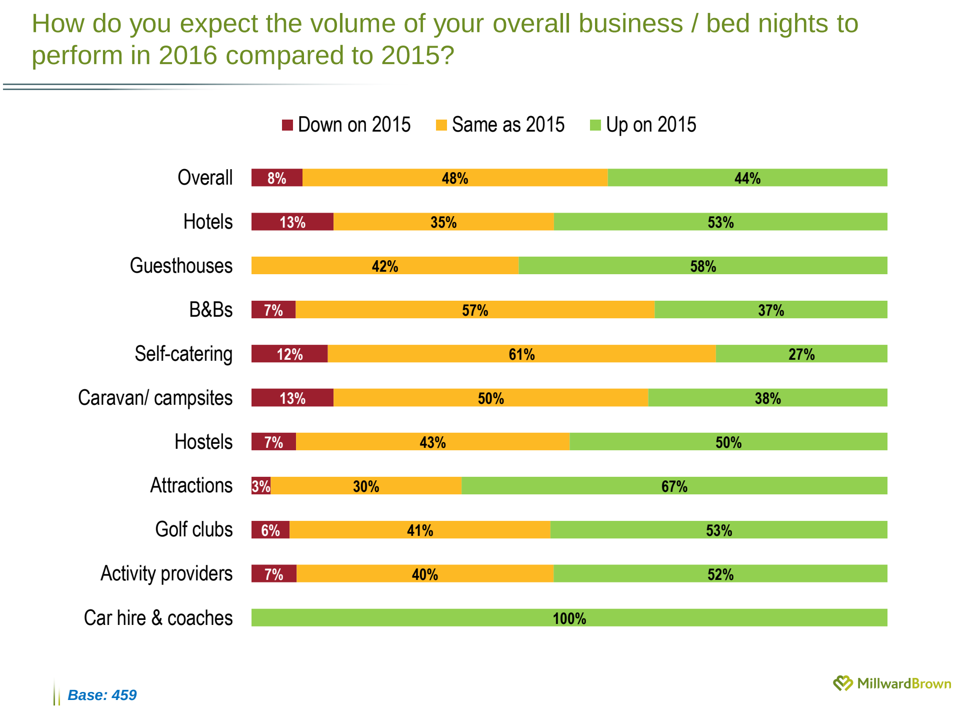
6.1 While all visitor types have seen an overall increase in 2015, the business/corporate market has done particularly well. More than half (54%) of respondents reported an increase (either significant or slight). In fact, almost a third (31%) reported a significant increase on last year.

Special events and weekend breaks going strong

6.2 Special events, general leisure and weekend breaks also fared very well. In 2015 almost half of all hoteliers reported an increase in special events (48%) and more than two fifths cited an increase in general leisure (42%) and weekend breaks (42%) compared with the previous year.

7. Expectations for 2016

Overall view of expectations



Positive expectations for 2016

7.1 Tourism operators have an optimistic outlook for 2016, more than two fifths (44%) expect business to be up on 2015.

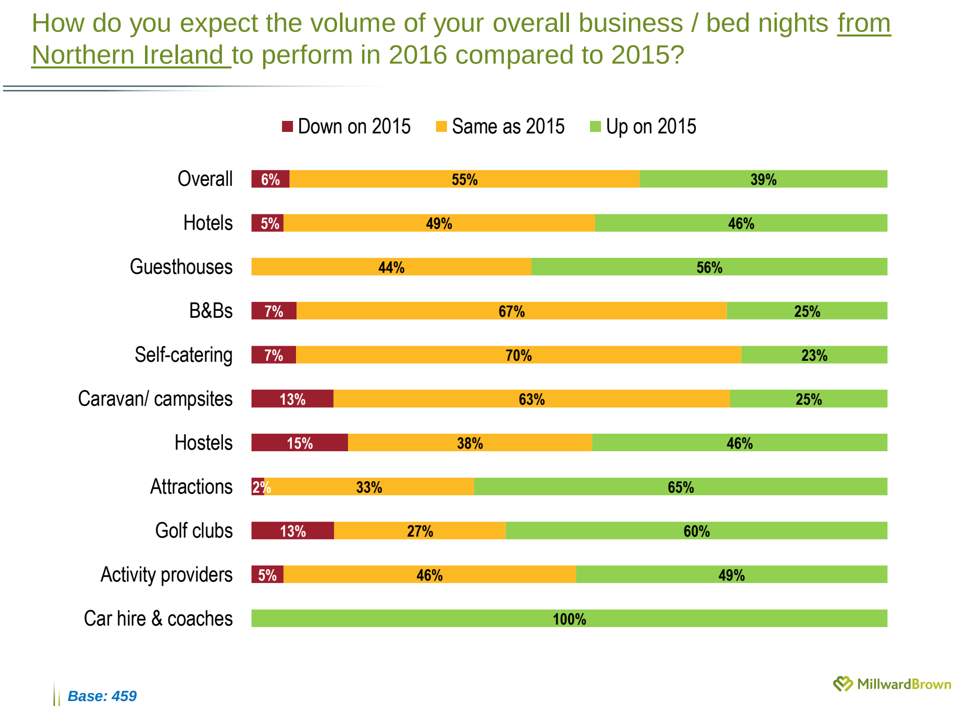
7.2 Following on from a strong year in 2015 hotels remain positive for 2016 with more than half (53%) expecting business to be up.

7.3 Attraction providers, guesthouse owners and car hire and coach operators were the most positive regarding expectations for 2016. Two thirds of attraction providers (67%), three fifths of guesthouses (58%) and all responding car hire and coach operators (100%) expect increased visitor volumes in 2016.

7.4 Some accommodation providers are not as optimistic, particularly self-catering operators, B&Bs and caravan and campsites. Nevertheless, approximately two fifths of B&Bs (37%) and caravan and campsites (38%) expect visitor volumes to be up. Only a quarter of self-catering operators (27%) expect an increase in visitor volumes.

7.5 It is important to note, though, that while some predictions may be based on advanced bookings, this is not always the case and some predictions are more speculative.

Expectations for Northern Ireland



Positive expectations for the domestic market

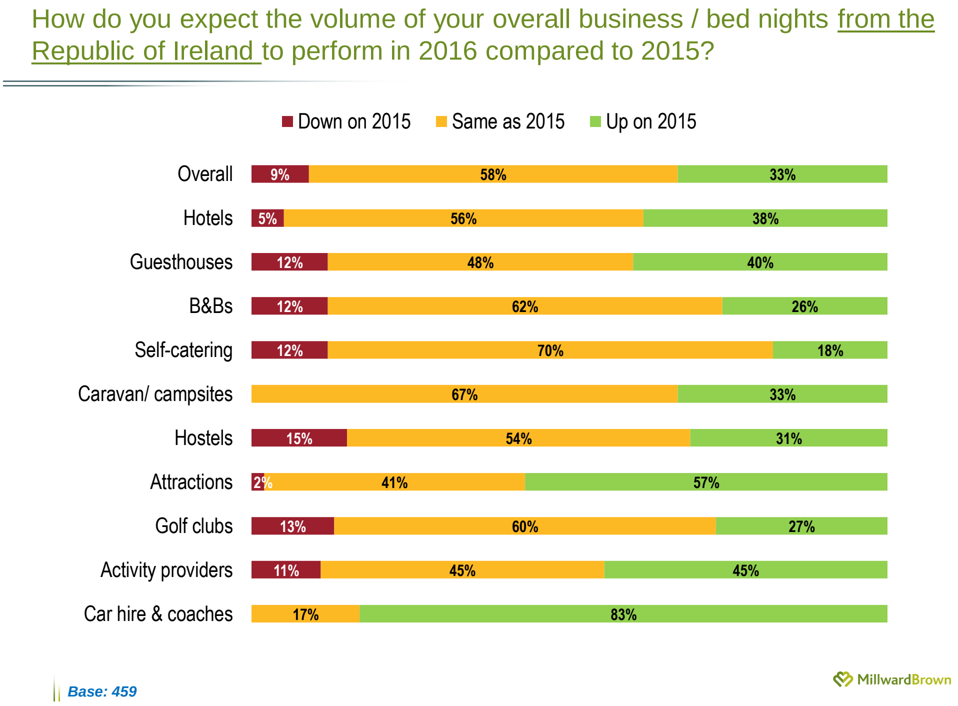
7.6 Overall almost two fifths (39%) of all tourism businesses expect visitor volumes in 2016 to be better than 2015. The largest proportions of most sectors expect visitor volumes from Northern Ireland in 2016 to be up on 2015 levels.

7.7 Significant proportions of all guesthouses, attractions, golf clubs and car hire and coach operators expect an increase in the domestic market in 2016. All car hire and coach operators (100%), almost two thirds of attractions (65%), three fifths of golf clubs (60%) and almost three fifths of guesthouses (56%) expect 2016 to be better than 2015.

7.8 Activity providers (49%), hotels (46%) and hostels (46%) were also very positive with more than half of providers expecting domestic business to be up in 2016.

7.9 B&Bs, self-catering and caravan and campsites were the most pessimistic sectors, only around a quarter of all these businesses expected domestic visitor volumes to be up in 2016.

Expectations for the Republic of Ireland



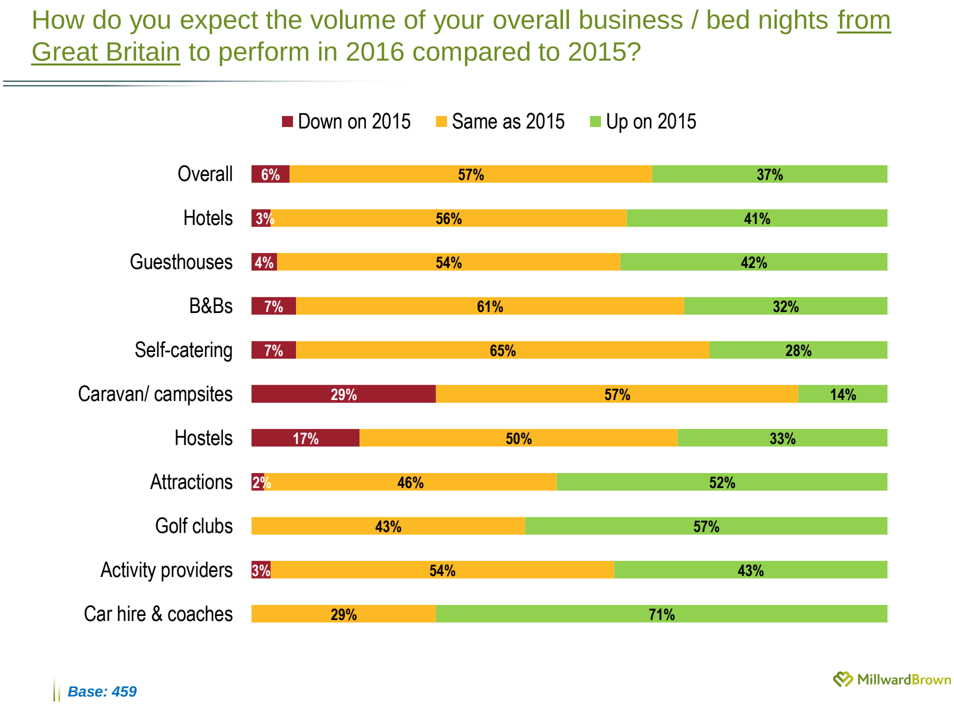
Positive outlook for the Republic of Ireland market

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 at least on a par with 2015.

7.11 Of all the accommodation providers, guesthouses and hotels were the most optimistic with regards to expected visitor volumes from the Republic of Ireland market in 2016 (40% of guesthouses and 38% of responding hotels expect volumes to be up on the volumes achieved in 2015).

7.12 Attractions and car hire and coach operators are the most optimistic sectors overall. More than four fifths of car hire and coach operators (83%) and almost three fifths of attraction providers (57%) predicted an increase in visitor volumes in the coming year. Self-catering providers are the most pessimistic, less than a fifth (18%) predicted an increase in business from the Republic of Ireland market.

Expectations for Great Britain



Good business expected from Great Britain

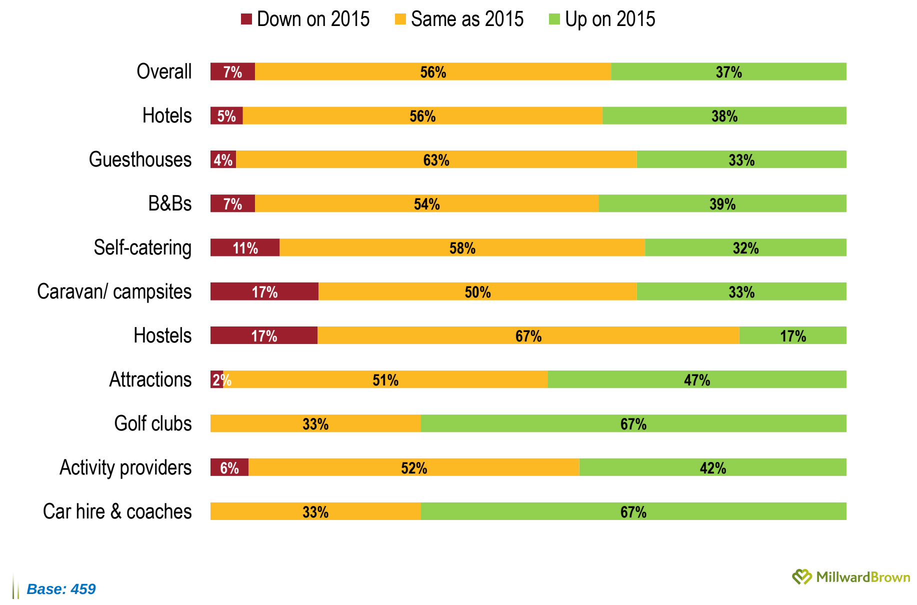
7.13 Growth from the Great Britain market is expected in the majority of sectors in 2016. More than two fifths of all hotels (41%) and guesthouses (42%) expect visitor volumes from the Great Britain market to be up in 2016.

7.14 Car hire and coaches, golf clubs and attractions are the most optimistic with regards to the GB market. Approximately seven in ten car hire and coach operators (71%) and more than half of all golf clubs (57%) and attraction operators (52%) expected business to be up in 2016.

7.15 Caravan and campsites are the least optimistic; almost three in ten (29%) expected business to be down and just over one in ten (14%) expected business to up in 2016.

Expectations for Overseas

How do you expect the volume of your overall business / bed nights from overseas to perform in 2016 compared to 2015?



Some growth expected from the overseas market

7.16 Expectations for the overseas market are also leaning towards growth. On balance all the paid serviced accommodation expect business to be up on balance with at least a third of all hotels, guesthouses and B&Bs predicting increased visitor volumes and less than one in ten expecting a decrease.

7.17 Two thirds of responding golf clubs (67%) and car hire and coach operators (67%) expected business for 2016 to be up on 2015. Almost half (47%) of attraction providers also expected increased visitor volumes in 2016.

7.18 Hostels are the most pessimistic about next year, less than a fifth (17%) predicted a increase on 2015.

8. Positive Factors in 2015

Positive Factors

Repeat visitors, recommendations and own marketing key

8.1 Similar to the findings in 2014, repeat visitors, recommendations and tourism businesses own marketing remain the most frequently cited positive factors affecting operators in 2015.

8.2 Almost three fifths (57%) of all respondents cited repeat visitors as a positive factor in 2015. Significant proportions of self-catering operators (68%), caravan and camping providers (63%) and hoteliers (62%) cited repeat business as a positive factor affecting their business in 2015.

8.3 Approximately half (48%) of all respondents cited recommendations as a positive factor in 2015. Guesthouses (57%), self-catering (55%), coach and car hire operators (57%) and caravan and camping providers (50%) were the sectors most likely to cite recommendations as a positive factor affecting their business in 2015.

8.4 Positively, almost half (48%) of all tourism businesses cited their own marketing as a positive in 2015, particularly for activity providers (62%), guesthouses (64%), coach and car operators (57%), self-catering (56%) and attractions (55%).

Local events can draw the visitors

8.5 Two fifths (40%) of tourism businesses benefited from local events in 2015. Events in the local area and larger events such as the Irish Open and Tall Ships are believed to encourage visitors to Northern Ireland. Local events were particularly cited as positives by hotels (57%), guesthouses (57%), hostels (47%) and attraction providers (45%).

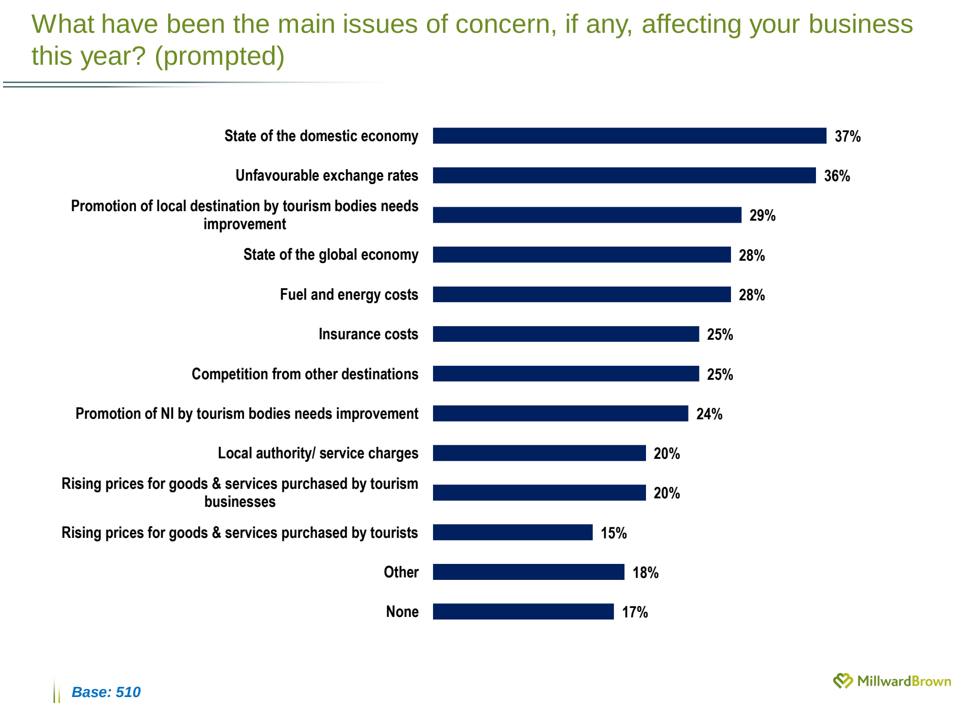
Other positive factors

8.6 Marketing by local or national tourism bodies was the fifth most frequently cited positive affecting tourism businesses in 2015 and the open comments reveal strong thanks to those involved with the advertising and promotion of the Irish Open, Giro d'Italia, Tall Ships and Game of Thrones.

8.7 Through the open comments, some respondents indicated that technology is an increasingly important influencing factor; online presence, social media, digital marketing and booking and review sites such as booking.com and tripadvisor were all highlighted as positive factors affecting tourism businesses in 2015.

9. Issues of Concern in 2015

Issues of Concern



The domestic economy remains a concern

9.1 Similar to 2014, the domestic economy remains the most frequently cited issue of concern amongst tourism operators in 2015. Almost two fifths (37%) of tourism providers stated that the domestic economy was a concern in 2015, however, it was not as frequently cited as an issue of concern as it was last year (50% in 2014).

Unfavourable exchange rates are a concern

9.2 The strong pound and weak euro is compounding a competitive disadvantage for Northern Ireland's accommodation providers and tourism businesses over their counterparts in the Republic of Ireland. The current exchange rate means that Northern Ireland is a more expensive destination for tourists from the Republic of Ireland and the rest of Europe.

9.3 Almost two fifths (36%) of all tourism businesses highlighted unfavourable exchange rates as the main issue of concern affecting their business in 2015. The exchange rate issue was highlighted as a particular concern by guesthouses (43%). The exchange rate issue was the second most frequently cited concern amongst tourism operators in 2015 compared to the tenth most frequently cited concern in 2014.

Promotion of local destinations needs improvement

9.4 Almost three in ten (29%) tourism businesses stated that the promotion of their local destination by tourism bodies needs improvement. This is especially true for self-catering providers (36%) and tourism operators in the North West (35%) and South West (32%) regions.

Other issues of concern

9.5 The global economy (28%) and fuel and energy costs (26%) remained key concerns affecting more than a quarter of tourism businesses in 2015. However, it is important to note that the frequency with which these issues were cited by tourism operators is greatly reduced from last year, in 2014 more than two fifths (44%) cited fuel and energy costs (44%) and the state of the global economy (43%) as key concerns.

9.6 Competition from other destinations was also an issue for a quarter (25%) of all operators. This concern was elaborated on via the open comments, some indicated that competition from destinations in the Republic of Ireland and the wider euro zone is a real factor – especially as domestic travellers can now buy many more euros for their pound.

9.7 Through the open comments, a number of respondents also highlighted the political stalemate in Stormont which was ongoing for a large part of 2015 as a concern.

Appendix – Analysis of Sample

Sampling

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

Sector	Online Survey Responses	Telephone Top-up Surveys	Total Sample Size
Hotels	11	31	42
Guesthouses	4	24	28
Bed & Breakfast	39	63	102
Self-catering	127	61	188
Caravan & campsites	3	5	8
Hostels	4	11	15
Attractions	18	42	60
Golf clubs	4	14	18
Activity providers	16	26	42
Coach operators	1	4	5
Car hire	0	2	2
Total	**227**	**283**	**510**

Weighting

Figures quoted in the report for the 'paid serviced accommodation' sector have been weighted according to the relative number of bedrooms available in Northern Ireland in the hotel, guesthouse and B&B sectors:

Sector	Available bedrooms in Northern Ireland	Weighting applied to PSA figures
Hotels	7,708	73.0%
Guesthouses	888	8.4%
Bed & Breakfast	1,961	18.6%