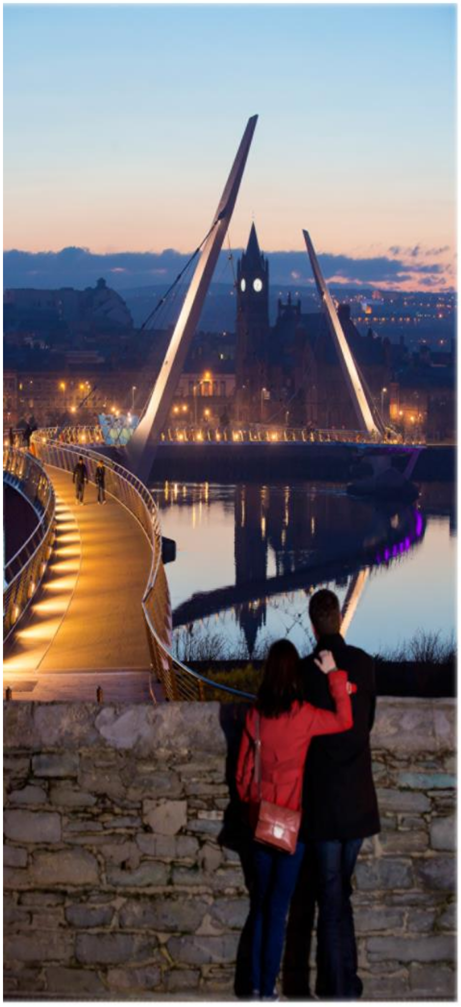
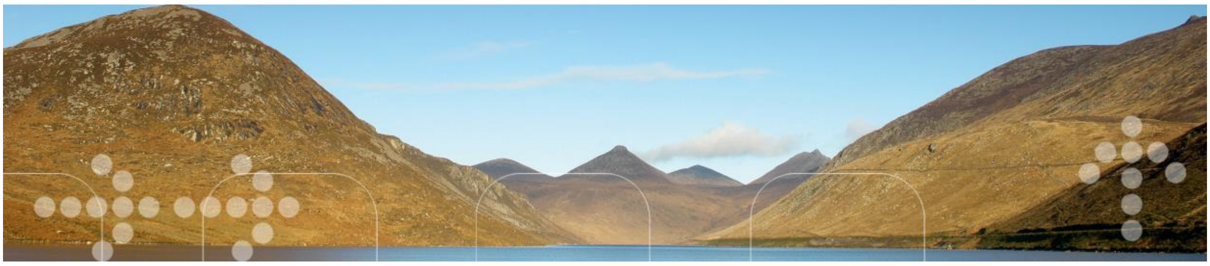
tourism northernireland

MillwardBrownUlster

TOURISM INDUSTRYBAROMETER

SEPTEMBER 2016





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 second wave in 2016 took place between 16th September and 7th October. 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 (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 16th September 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 290 '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.

2.2 Millward Brown Ulster received 210 responses to an online survey with tourism businesses in mid-September to early October 2015, and conducted 290 top-up telephone interviews.

Stronger third quarter of 2016

2.3 For the most part, the third quarter of 2016, June to September, has been positive, with most sectors reporting increases in visitor volumes for the year so far, compared to the same period in 2015. When considered alongside the June 2016, when many sectors and regions were reporting less growth at that stage compared to now, this suggests a better performing summer period.

2016 continues to be a strong year for Hotels

2.4 Hotels have experienced a busy summer period contributing to overall growth for the year to date. 7 in 10 hotels reported an increase in visitor numbers compared with the same period last year. All markets have performed strongly with at least half of hoteliers citing an increase in visitor numbers in all markets but even higher for the overseas market (72%). The Republic of Ireland market, which suffered somewhat in the past due to the exchange rate, has also seen a strong performance in recent months (63% reporting an increase in volume).

Hotels' room yield and profitability remain solid

2.5 The increase in visitor volumes enjoyed by hotels is also reflected by very healthy increases in both average room yield and profitability (63% and 55% respectively report increases).

Weekend breaks going strong

2.6 Hotels have seen increases in all visitor types in the first nine months of the year, but especially with regards to their weekend breaks (64% reported an increase) and general leisure breaks (60%). Special events and business/corporate business also fared very well. Approximately half of all hoteliers reported an increase in special events (54%) and business/corporate (54%). Even mid-week breaks have seen a move in a positive direction, with almost half (45%) reporting an increase in volume.

Positive year to date for guesthouse market

2.7 Guesthouses have also experienced a busy first nine months of the year. Almost three quarters (73%) of guesthouses reported an increase in visitor numbers compared with last year, higher than that for any other sector. The overseas market performed particularly well, but even the Republic of Ireland market, which as reported by the hotel sector, has seen a much better performance than last year.

B&Bs see some improvement in the third quarter of 2016

2.8 While B&Bs continued to face challenges, there has certainly been an improvement in performance over the summer period. Almost half (49%) now reported an increase in business, much greater than the proportion reporting a decrease. Domestic visitor volumes and those from the Republic of Ireland appear to be struggling the most, but the Republic of Ireland market has seen a much less negative performance compared to previously. The overseas and GB markets continued to perform strongly. More than half (54%) stated that the overseas market had grown, while nearly half (44%) stated that visitor volumes from GB had improved on the same period last year.

Decent performance for Self-catering, attractions and activity providers

2.9 The third quarter of 2016, has seen a marginal improvement for the self-catering market, with nearly half (44%) reporting increases in visitor volumes. While less so this year, the domestic and Republic of Ireland markets still prove challenging for the self-catering sector, while the overseas and GB markets continue to perform better.

2.10 Overall the first nine months of the year have seen some improvements for attractions and for activity providers, both seeing a greater proportion reporting increases in volume, with around half of attractions reporting an uplift in visitor numbers from the Northern Ireland (49%) and overseas market (53%) in particular.

Business booming in Belfast

2.11 Operators in Belfast have enjoyed a very strong first nine months of 2016, with almost all (92%) of Paid Serviced Accommodation (PSA) respondents reporting an increase in visitor volumes compared to the same period last year. Similar to the PSA results, Belfast has shown the strongest performance in the first nine months of the year for all sectors. Approximately half (49%) of all tourism businesses in the Belfast region reported an increase in overall business in the first nine months of the year.

Positive performances across the rest of the country

2.12 Two thirds (66%) of PSA providers in the North East reported an increase in visitor levels. Most other regions were also well up on balance, with the proportions in the North West and South East also reporting an increase in volume far outweighing any reporting a decrease. The outlook was similar when looking at all sectors, the North West was one of the strongest performing regions with over half of all tourism businesses in the North West (53%) reporting an increase in overall business in the first nine months of the year.

Challenges in the South West

2.13 Paid Serviced Accommodation (PSA) providers in the South West of NI were not just as positive about the first nine months of the year with almost as many reporting a decrease (30%) as an increase (32%) in business. However, when looking at the data for all sectors it is evident that other tourism businesses in the South West were not struggling just as badly in the first nine months of the year, with nearly half (46%) reporting and increase and a quarter reporting a decrease in overall business. The higher level of performance of the South West across all tourism sectors, compared to that of the PSA sectors only, would suggest a greater volume of day trippers.

Hotels and guesthouse optimistic but not all sectors are hopeful

2.14 Hotels and guesthouse owners remain optimistic for the remainder of 2016. More than half (58%) of all hoteliers and almost half (48%) of guesthouse owners expect business to be up on the same corresponding period in 2015.

2.15 Other accommodation providers are not just as optimistic, particularly B&Bs, self-catering and caravan/campsites (caution low base), but expectations of performance are nonetheless better than at the same time last year.

2.16 Attraction owners, golf clubs and other activity providers are also a little more optimistic compared to last year, and while many expect to maintain the status quo, of the remainder, more predict an increase rather than a decrease.

Expectations for the remainder of the year largely steady

2.17 The largest proportions of most sectors expect visitor volumes across all markets to be similar in the last part of this year as they were in the same period in 2015. Hotels and guesthouse were amongst the most optimistic regarding expected visitor volumes for the remainder of the year across all markets. These two sectors are also the most optimistic about the Republic of Ireland market for the remainder of 2016, with most others reasonably optimistic and certainly more optimistic that last year.

Repeat visitors and own marketing key

2.18 Repeat visitors remain the most frequently cited positive factor affecting tourism businesses in the first nine months of the year. More than 4 in 10 (42%) of all respondents cited repeat visitors as a positive factor, this was followed by own marketing (35%).

Recommendations and local events still vital

2.19 A third (31%) of tourism businesses recognised recommendations as a key positive during the first nine months of the year.

2.20 A quarter (25%) of tourism businesses feel they have benefited from local events so far this year, especially hotels and caravan and camping providers (caution low base).

Technology having an impact

2.21 Through the open comments, it is clear that online booking sites and review sites have also had a positive impact

Favourable exchange rates more likely to be seen as a positive factor

2.22 The impact of the fall in the strength of the pound in more recent month since the Brexit vote is already being recognised. Almost one fifth (18%) of all tourism businesses cited favourable exchange rates as a positive factor. Whilst just slightly less (14%) still mentioning that this was an issue of concern affecting their business in the first nine months of the year, but this is much reduced (from 40%) at the same time last year.

The economy still raising issues

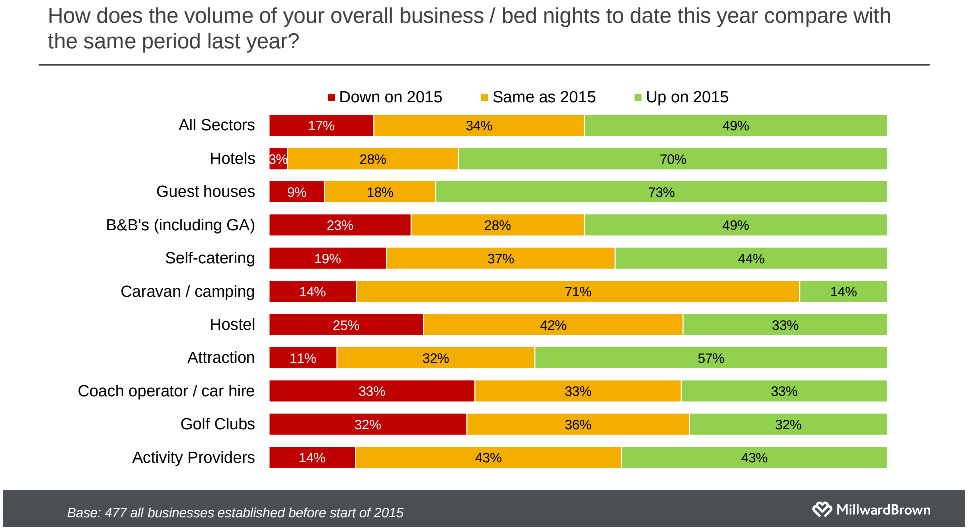
2.23 However, both the state of the domestic economy (19%) and the global economy (14%) were still being cited within the top issues of concern affecting business this year.

2.24 Competition from other destinations was also cited as an issue as was the need for improvements in the promotion of NI as well as local destinations by tourism bodies.

2.25 Through the open comments, Brexit was spontaneously mentioned by 5% of those commenting

3. Visitor Volumes in 2016 by Sector

Overall visitor volumes in 2016



**Caution: some sectoral data based on small sample sizes. Car Hire and Coach Operators (n=6), Hostels (n=12), Caravan and Camping (n=7), Golf Clubs (n=22)*

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 continues for hotels and guesthouses

3.1 The above chart gives an overview of industry performance by sector to date in 2016.

3.2 Hotels and guesthouses have performed strongly in the first nine months of the year. At least 7 in 10 hotels (70%) and guesthouses (73%) reported an increase in visitor numbers compared with the same period last year.

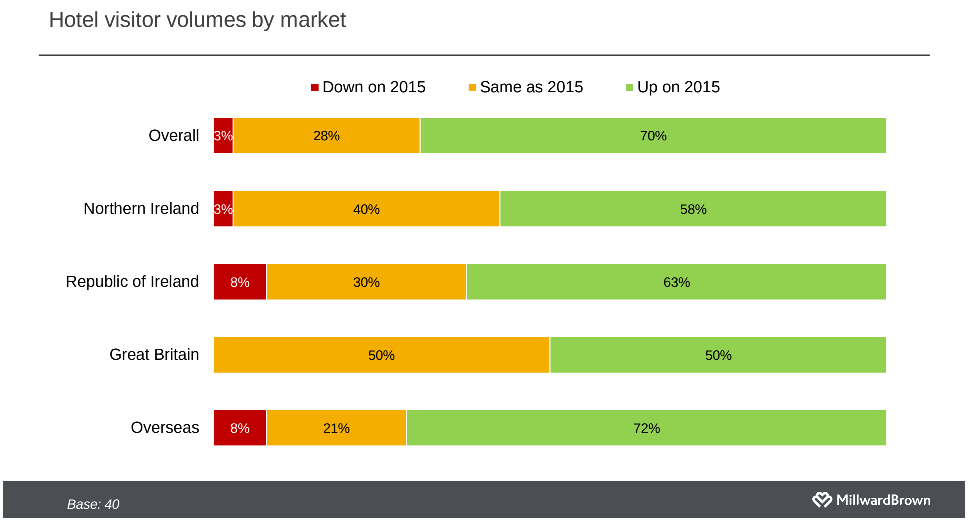
3.3 Attractions appear to have had a reasonable year, with nearly 6 in 10 reporting an increase, with just over 1 in 10 reporting a decrease.

3.4 The majority (71%) of caravan and campsite owners reported no change compared with the same period in 2014.

3.5 The first half of the year has been slightly more challenging for B&Bs and self-catering operators. While nearly half of B&Bs (49%) and self-catering operators (44%) reported an increase, a not insignificant proportion reported a decrease on the same period last year (B&Bs 23%; self-catering 19%)

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

Hotels – visitor volumes by market



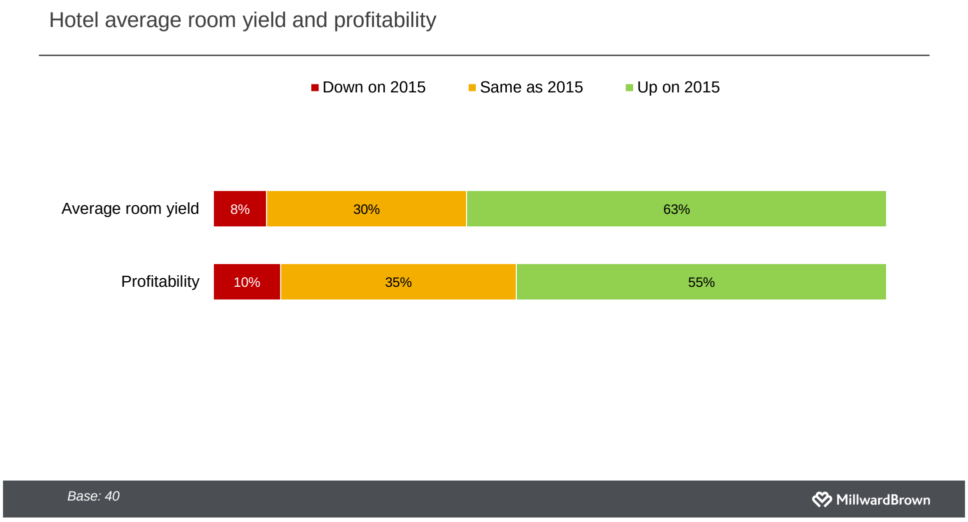
Hotels attract more guests from overseas and Republic of Ireland

3.7 Hotels have enjoyed a strong first nine months of the year, two thirds (70%) of respondents reported increased visitor numbers compared with the same period last year. All markets show good signs of growth, with few respondents reporting decreases in visitor levels. This is on top of a good performance last year, when a similar number (67%) of responding hotels reported performance to be up on 2013.

3.8 The Republic of Ireland market is already performing much better than seen in the recent past, which may in part be due to more favourable exchange rates since the Brexit vote. Less than 1 in 10 hoteliers stated that the volume of visitors from the Republic of Ireland was down compared to almost 3 in 10 at the same time last year, while nearly two thirds reported an increase (compared to just over one third (37%) last year.

3.9 The overseas market, Great Britain and domestic markets have all performed strongly with at least half of hoteliers citing an increase in visitor numbers (and as high as 72% for the overseas market). Only a small minority (if any) hoteliers cited decreases in these markets.

Hotels – average room yield and profitability

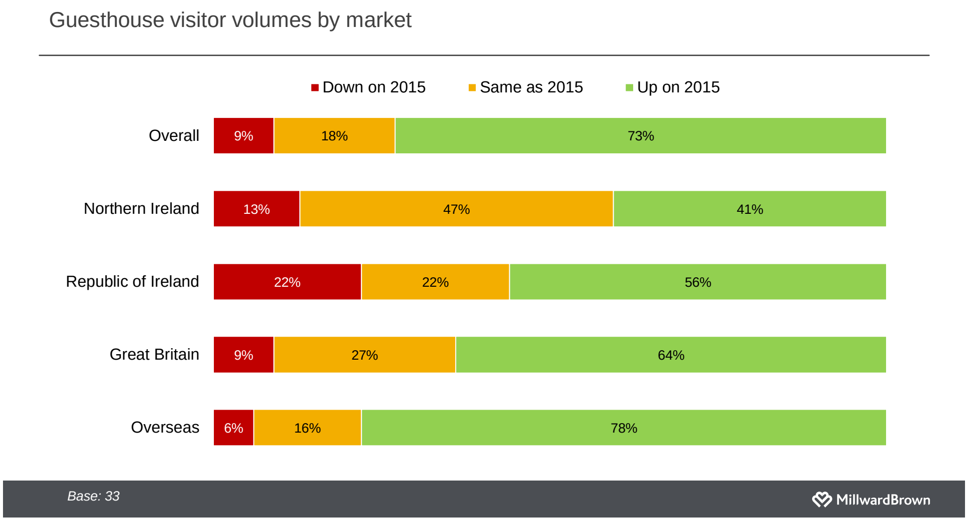


Solid increase in room yield and profitability

3.10 Hotels have enjoyed a strong nine months, which is reflected in an increase in profitability as reported by more than half (55%) of respondents. One in ten (10%) hotels reported a decrease in profitability compared to the same period last year.

3.11 Similarly, almost two thirds (63%) of hoteliers stated that average room yield has increased on the same period last year. Positively, less than one in ten (8%) hotels reported a decrease in average room yield compared to the same period last year.

Guesthouses



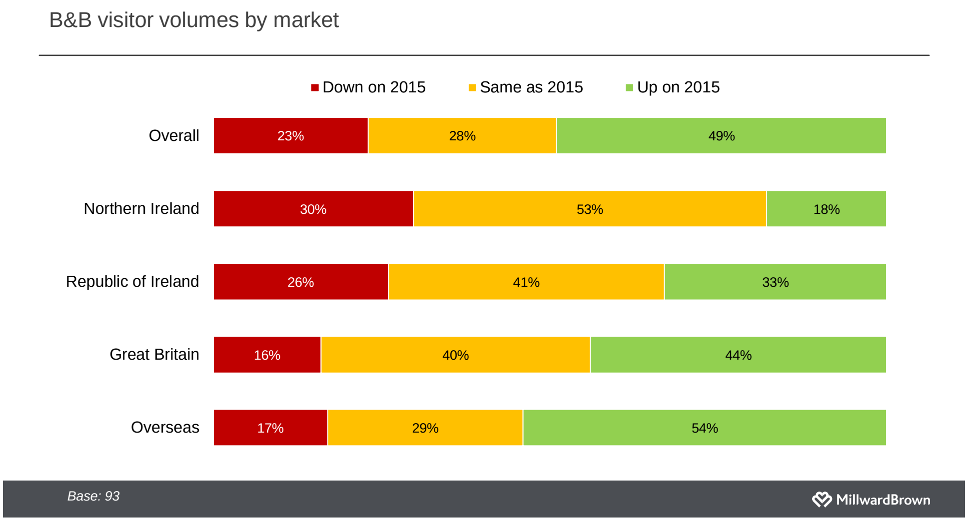
Positive year to date for guesthouse market

3.12 Guesthouses have seen a very positive result in the first nine months of the year, with nearly three quarters (73%) of respondents reporting an increase in visitor volumes compared to the same period in 2015, less than 1 in 10 (9%) reported a decrease.

3.13 Great Britain (64%) and particularly the overseas markets (78%) have all performed strongly with two thirds or more guesthouse owners citing an increase in visitor numbers.

3.14 The Republic of Ireland market would also appear to have had a bit of a turnaround, with a much smaller proportion of guesthouse proprietors stating that visitor volumes have decreased on the same period last year (22% compared to 43% at the same time in 2015).

B&Bs



B&Bs see marginal increases in the third quarter of 2016

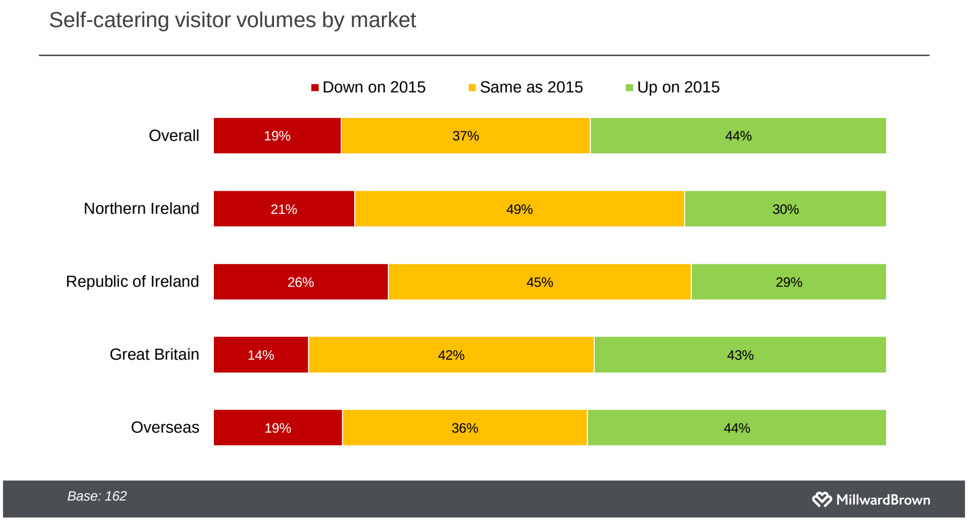
3.15 B&Bs continued to face some challenges during the first nine months of 2016, but there have certainly been some improvement. Almost half (49%) now reported an increase in business, with less than a quarter (23%) of respondents reporting lower visitor volumes compared to the same period last year.

3.16 Domestic visitor volumes, followed by those from the Republic of Ireland appear to be struggling the most, with more than a quarter (30% for NI / 26% ROI) of B&Bs reporting a decrease.

3.17 Coming from being one of the weaker performing sectors in 2014, the picture for B&Bs is currently a further marginal improvement on last year, when only 37% of respondents reported an increase in visitor volumes on the same period in 2013.

3.18 Also positively, more than half (54%) of B&Bs stated that their volume of business from the overseas market had improved on the same period last year. The GB market also performed relatively strongly, with more than 2 in 5 (44%) stating that visitor volumes had improved on the same period last year.

Self-catering



Some improvement for self-catering

3.19 More than two fifths (44%) of self-catering operators reported visitor volumes to be up in the first nine months of the year, while less than a fifth (19%) reported visitor volumes lower than those experienced last year.

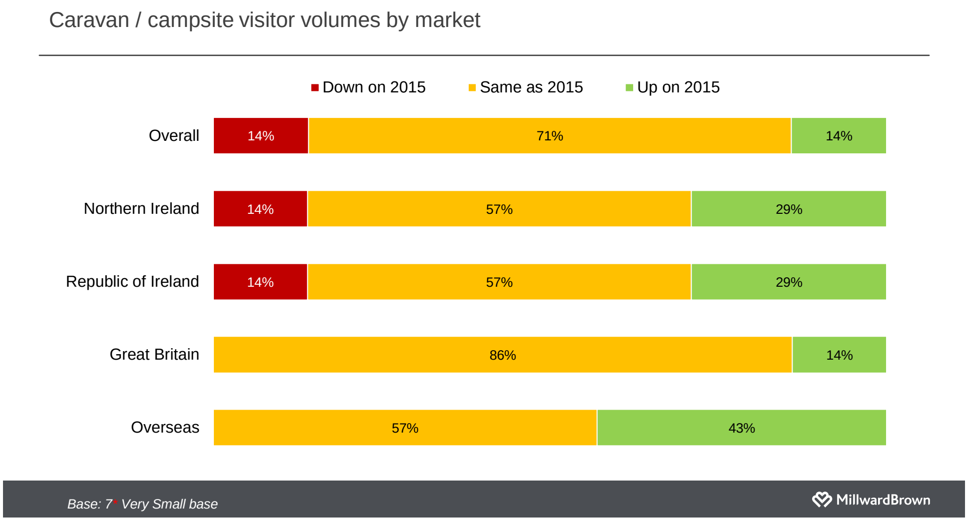
3.20 This is a marginal improvement on the same period last year, when two fifths (42%) reported visitor volumes to have increased and a quarter (25%) reported a decrease.

3.21 The domestic and Republic of Ireland markets remain the biggest concerns for self-catering businesses, but less so than the same time last year. Around 3 in 10 reported an increase in these markets with smaller numbers reporting a decrease in visitor volumes in the Republic of Ireland market (26%) and around two fifths (21%) in the domestic market.

3.22 The picture for visitor volumes from Great Britain and the overseas markets is better and relatively 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.

3.23 3 in 5 (60%) of self-catering businesses cited repeat visitors as the main positive factor affecting their business so far this year, a factor generally much more likely to be mentioned for this sector rather than for other sectors

Caravan / campsites



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

Decent year to date for the caravan and camping sector

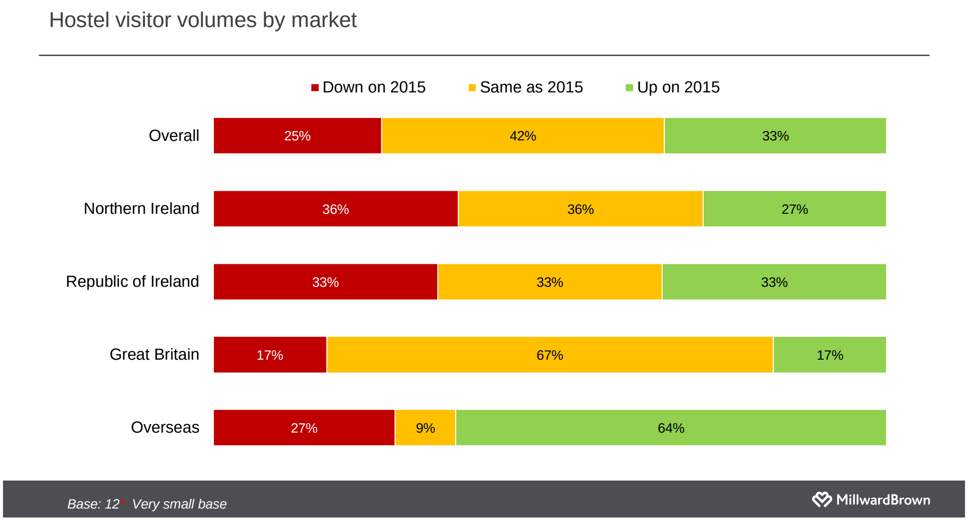
3.24 Overall the caravan and camping sector performed reasonably well in the first nine months of 2015, with the picture remaining unchanged for the majority. More than 7 in 10 of respondents reported that their visitor volumes stayed the same compared to the first nine months of last year.

3.25 Few (14%) caravan and camping proprietors reported a decrease, with none reporting a decrease in visitor numbers from GB or beyond

3.26 The performance of the Republic of Ireland market was exactly the same as for the domestic market, with more than half reporting no change and slightly more of the remainder reporting an increase compared to a decrease.

3.27 Local events were cited as key positive factors by most caravan and campsite owners so far in 2016.

Hostels



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

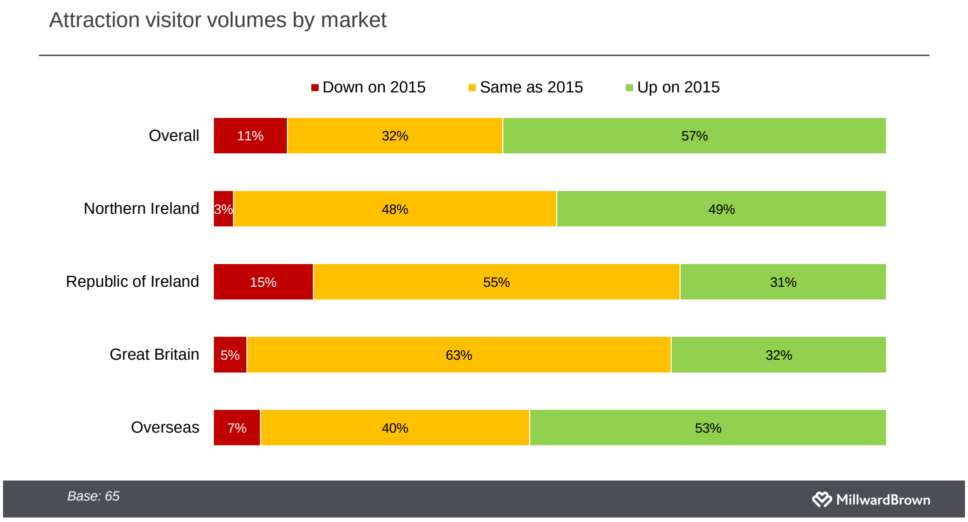
Mixed bag for year to date for hostels

3.28 Only a third (33%) of respondents reported visitor volumes to be up on the first nine months of last year, compared to a quarter (25%) of hostel owners reporting a decrease from the same period last year.

3.29 The domestic and Republic of Ireland markets are very similar to the pattern for the overall markets. The overseas market was most positive, with almost two thirds (64%) reporting and increase. Visitor volumes from the GB market were much more likely to remain on a par with 2015.

3.30 There was a wide range of things cited as either key positive factors or areas of concern affecting their business so far this year, with competition from other destinations, cited by 4 in 10.

Attractions



Some overall improvements in the first nine months for attractions

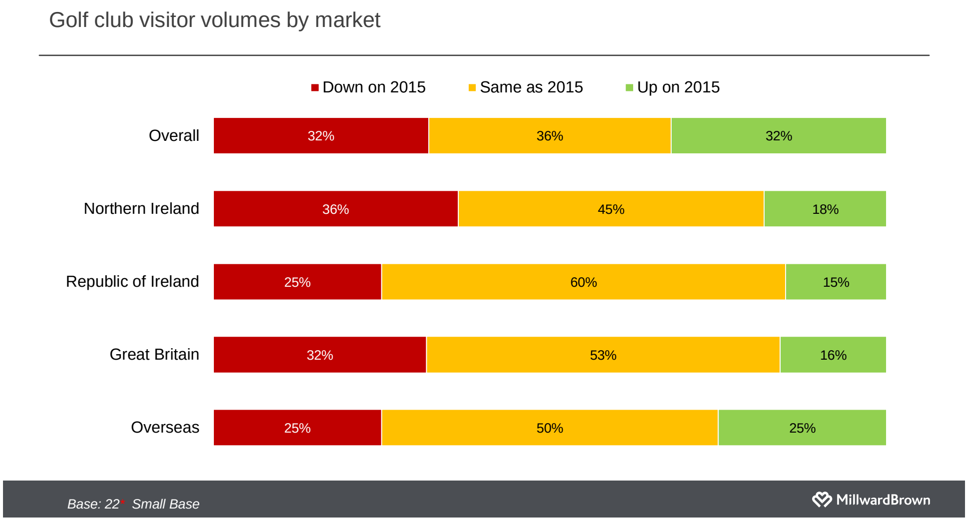
3.31 Overall the first nine months of the year have seen a small improvement in visitor volumes for attractions, with more than half (57%) reporting an increase in business.

3.32 The domestic market has shown some slight improvements, with only 3% reporting a decrease compared to 16% at the same time last year. Bother the Republic of Ireland and overseas markets have shown more marginal improvements, but moving in the right direction nonetheless.

3.33 The GB market has remained more on an even keel, with fewer reporting either an increase or a decrease in visitor volumes

3.34 Four in ten (40%) of attraction providers cited their own marketing as the main positive factor affecting their business so far this year.

Golf clubs



**Caution: The above results are based on a small sample size (n=22)*

Mixed picture for golf clubs

3.35 Overall a third (32%) of golf clubs increased their tourism 'green fee' visitor levels during the first nine months of the year, however exactly the same number experienced a decrease.

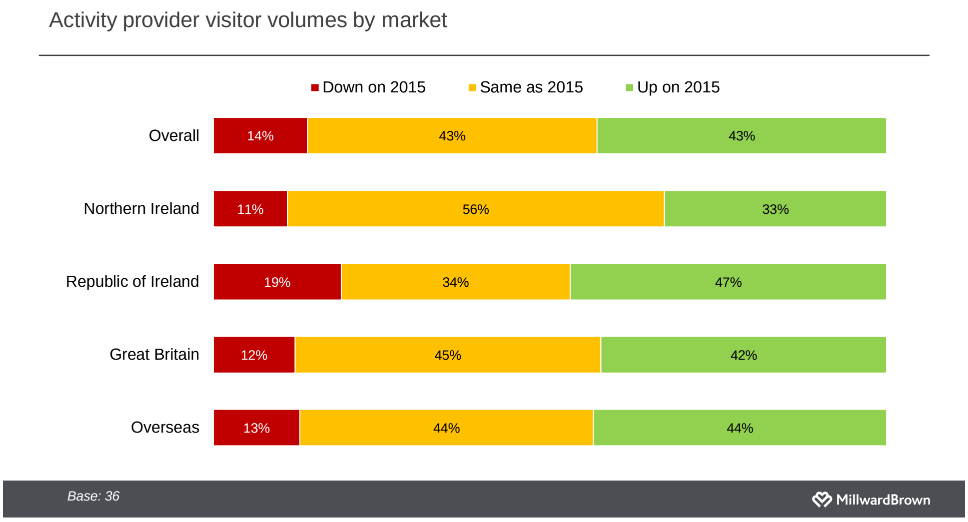
3.36 Both the domestic and Great Britain markets are down on balance with more reporting a decrease (36% and 32% respectively), than reporting an increase (18% and 16%).

3.37 The Republic of Ireland market has, on the other-hand, remained similar to 2015, albeit with marginally less reporting a decrease in visitor volumes, 25% of golf clubs reported a decrease in overseas visitor volumes so far in 2016 compared to 31% in 2015

3.38 A much greater proportion of golf clubs reported an increase in visitor volumes for the first nine months of this year (25%) to what they experienced last year (8%).

3.39 The state of the economy (22%) was most likely to be cited as the main issue of concern for golf clubs so far this year, whereas repeat visitors (35%) were most likely to be seen as a key positive factor

Activity providers



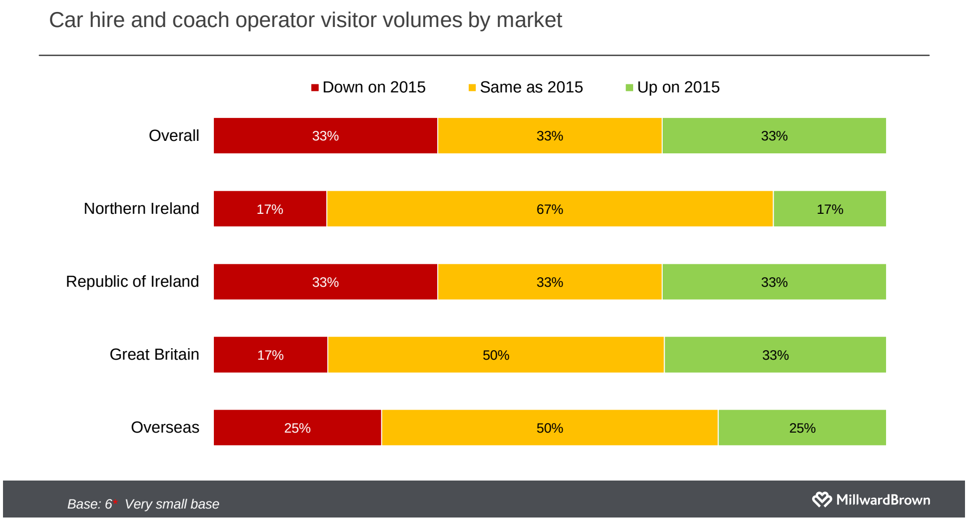
Much improved scene for activity providers

3.40 Compared to the same time last year, activity providers have found the first nine months of 2016 somewhat improved, across all markets, more than two fifths (43%) of respondents reported an increase in visitor volumes on the same period last year, while just over 1 in 10 (14%) reported a decrease.

3.41 The Republic of Ireland market has seen the greatest improvement, with almost half (47%) citing an increase in visitor volumes from this market, now the market showing the greatest comparable increase. However, nearly 1 in 5 did experience a decrease in visitor volumes, again slightly bigger than for any other market

3.42 Repeat visitors was most likely to be cited as a positive factor affecting business

Car hire and coach operators



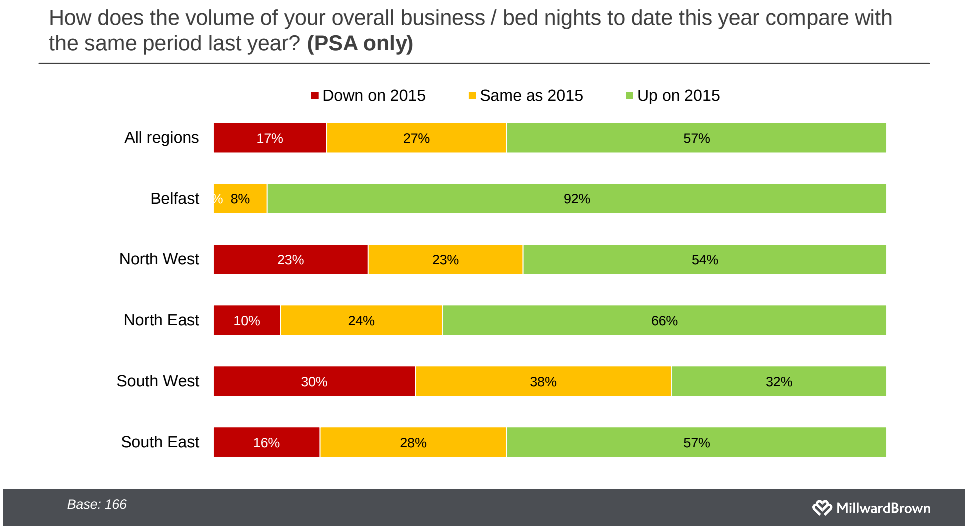
**Caution: The above results are based on a very small sample size (n=6)*

Mixed bag for car hire and coach operators

3.43 Of the six coach operators or car hire companies in the sample, two reported an increase, two a decrease and two no change.

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

Business booming in Belfast

4.1 Operators in Belfast have enjoyed a very strong first nine months of 2016, with almost all (92%) of PSA respondents reporting business up on the same period last year.

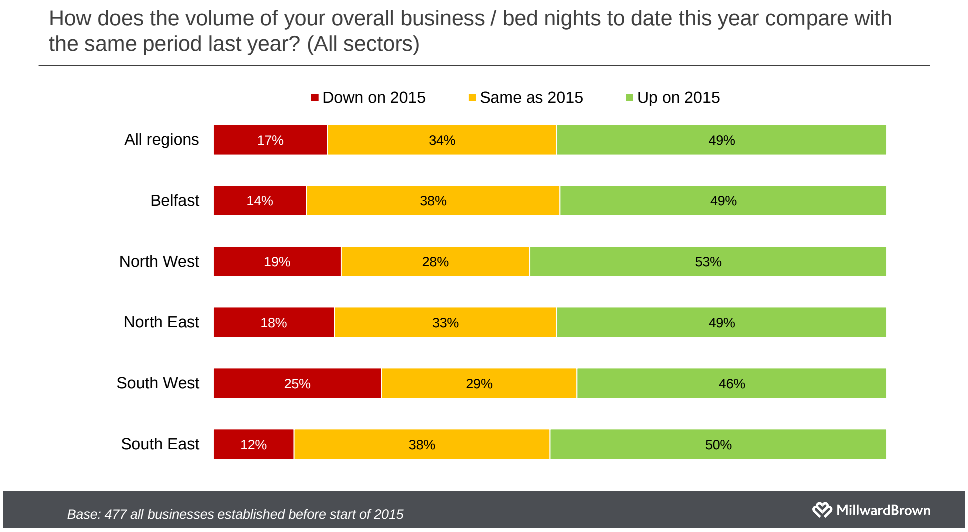
Positive performances across the rest of the country

4.2 Two thirds (66%) of respondents in the North East reported an increase in visitor levels, further improved from (56%) who reported an increase in volumes on the same period last year.

4.3 Most other regions were well up on balance, with many more respondents reporting an increase in visitor volumes compared to those who reported a decrease on the same period last year. The North West and the South East of NI had a much more positive first nine months of the year with more than half of PSA respondents reporting business to be up, both improving from last year when just over a third were reporting increases.

4.4 The South West however has fallen back somewhat to become the weakest performing region, with a third (32%) of respondents reporting an increase but a similar number (30%) reporting a decrease in business.

All Sectors by Region



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

Similar performance across all regions

4.5 When the regional figures are based on all sectors, not just the PSA results, the regions have performed very similarly in the first nine months of the year.

4.6 Approximately half of all tourism businesses across all regions reported an increase in overall business in the first nine months of the year.

More positive performance in the South West

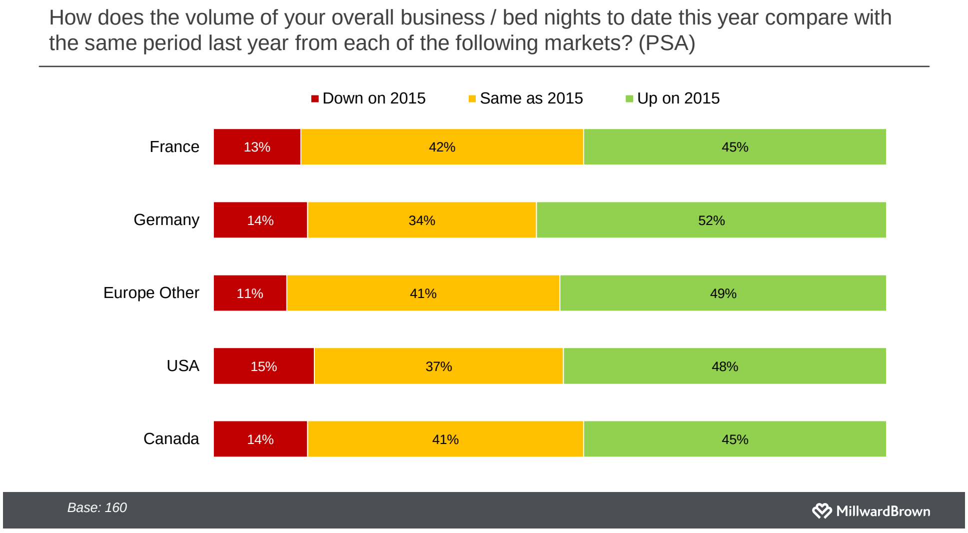
4.7 Including all types of tourism business brings performance in the South West of NI up to levels similar to the other regions for the first nine months of the year with only slightly more reporting a decrease in business than the others. The higher level of performance of the South West across all tourism sectors, compared to that of the PSA sectors only, would suggest a greater volume of day trippers.

Bigger challenges for Belfast and the North East outside of PSAs

4.8 On the other hand, including all sectors, means the performance of Belfast and the North East declines somewhat compared to when only PSAs are examined.

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

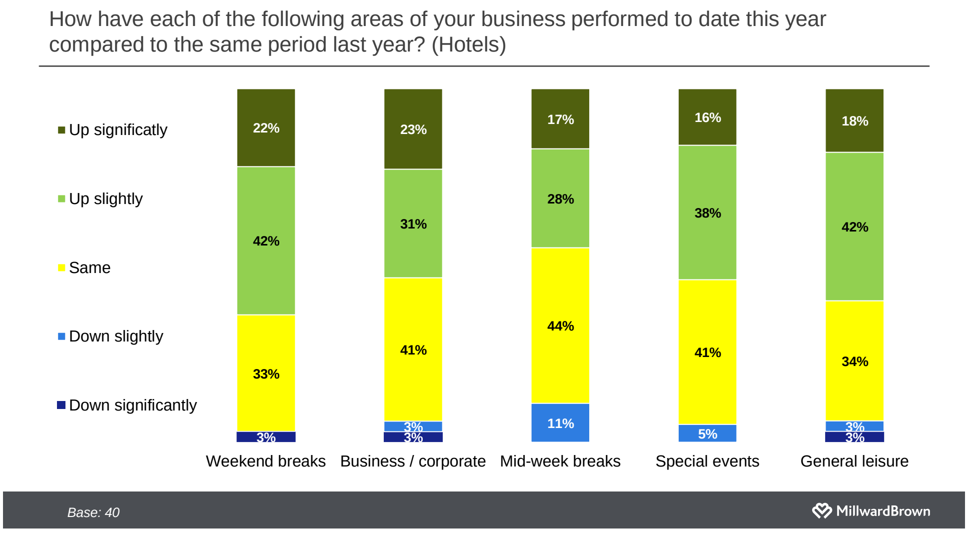
Positive performance across all overseas markets

5.1 The United States market performed well again, keeping up the levels it reached in 2015, even building on performance with a reduction in the number of respondents who felt business had decreased (from 23% in 2015 to 15%)

5.2 All other overseas markets were up on balance to similar levels to the United States, with many more respondents reporting increases in visitor volumes compared to those who reported decreases on the same period last year. Canada, Germany, France and the rest of Europe all had a positive first nine months of the year with nearly half of PSA respondents reporting business to be up.

6. Visitor Types (Hotels)

Hotel Visitor Types



The above questions were asked only to hotels

Weekend breaks going strong

6.1 While most visitor types have seen an overall increase so far this year, the weekend break market has done particularly well. Two thirds (64%) of respondents reported an increase (either significant or slight). While, as expected, the performance of mid-week breaks is quite a way behind weekend breaks, performance has nonetheless showed an improvement compared to last year

Special events and general leisure also performing well

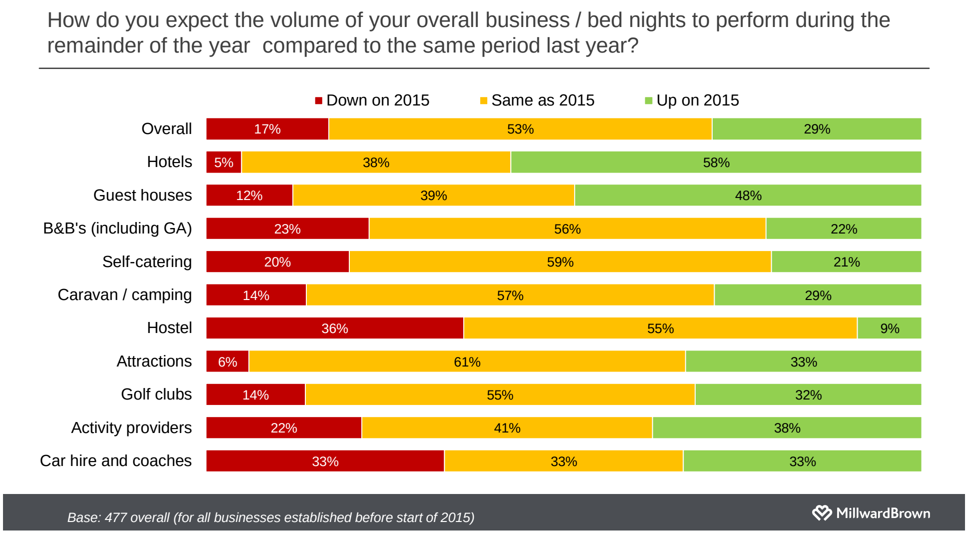
6.2 General leisure and special events also fared very well, with well over half of all hoteliers reporting an increase in general leisure (60%) and special events (54%) when compared with the same period last year.

Business/Corporate not showing as strong growth as seen last year

6.3 While still much more likely to have reported business up compared to the same time last year, the 2016 figures are less emphatic in terms of growth, than that seen in 2015, with a bigger proportion this year, noting no change in levels

7. Expectations for the Remainder of 2016

Overall view of expectations



Hotels remain optimistic

7.1 Hotels remain optimistic for the remainder of 2015. More than half of all hoteliers (58%) expected business to be up on the same corresponding period in 2015.

7.2 Similarly, following a very positive year to date so far, almost half (48%) of guesthouse owners expect business to be up on 2015. This is quite a dramatic turnaround following quite pessimistic views at the same time last year.

Not all are just as hopeful

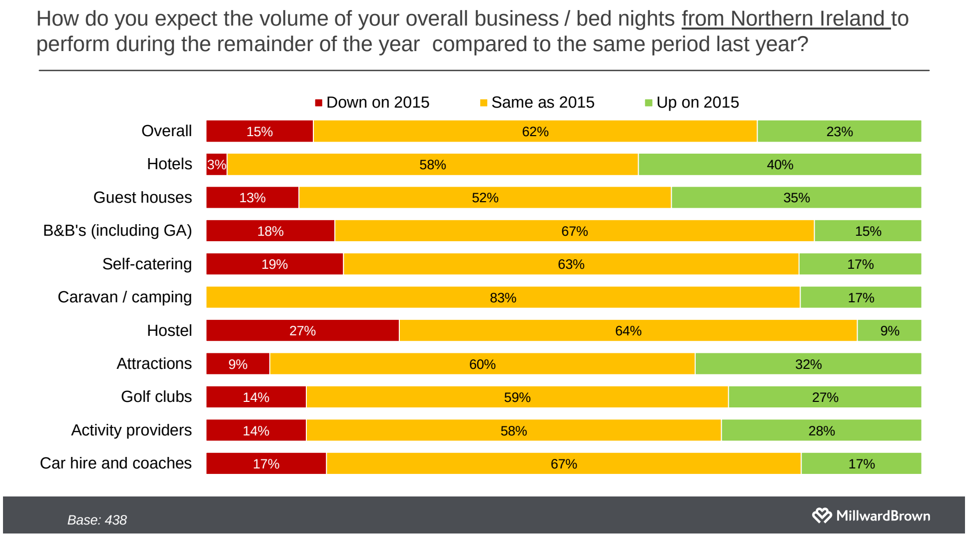
7.3 Other accommodation providers are not as optimistic, particularly B&Bs, Self-catering and caravan/campsites, but expectations of performance for the rest of 2016 is nonetheless better than they were for 2015 at the same time last year. Approximately a fifth of B&Bs (23%) and self-catering establishments (20%) expect visitor volumes to be down on 2015, with a similar number believing they will be up. Hostels on the other-hand are much more pessimistic, with less than 1 in 10 predicting an increase.

7.4 Attraction owners, golf clubs and other activity providers are also a little more optimistic than this time last year, with all more likely to predict an increase rather than a decrease, although larger numbers not expecting any change.

7.5 Car hire and coach operators have very mixed views

7.6 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



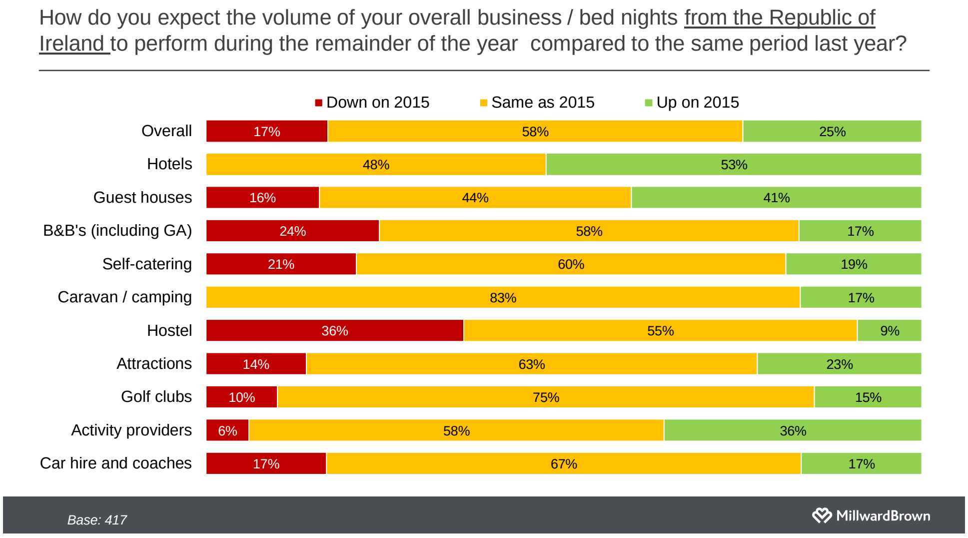
Steady expectations for the domestic market

7.7 The largest proportions of most sectors expect visitor volumes from Northern Ireland to be the same in the last part of this year as they were in the same period in 2015.

7.8 Guesthouses (35%), Hotels (40%) and activity providers (32%) are the more positive sectors, more likely than most to expect the last few months of 2016 to be better than the corresponding period last year – few (3%) hotels or attraction providers (9%) predict a decrease in domestic visitor volumes.

7.9 Hostels were the most pessimistic, with more than a quarter (27%) expecting domestic visitor volumes to be down for the rest of the year and only 9% expecting an increase.

Expectations for the Republic of Ireland



Outlook improving for the Republic of Ireland especially for hotels

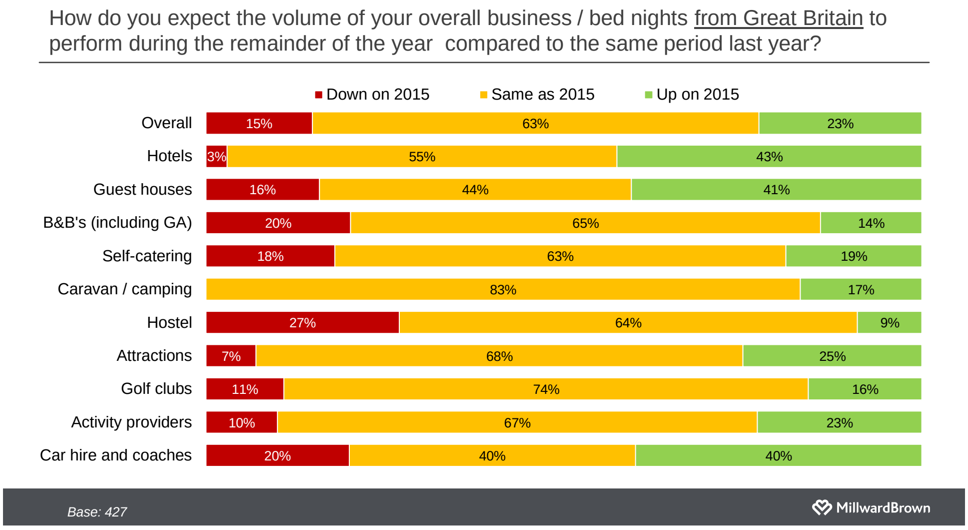
7.10 The largest proportions of most sectors expect visitor volumes from the Republic of Ireland to be the same in the last part of this year as they were in the same period in 2015.

7.11 However, for the most part, tourism businesses appear more optimistic about the Republic of Ireland market for the remainder of 2016. Hotels were the most optimistic (and even more optimistic than they were last year) with regards to expected visitor volumes for the remainder of the year from the Republic of Ireland market (53% of responding hotels expect volumes to be up on the corresponding period for 2015).

7.12 Guesthouses (41% predict an increase) are also relatively optimistic as are activity providers (38% predict an increase). And while B&Bs and self-catering operators are slightly more likely to believe business will decrease rather than increase for the remainder of 2016, they are less pessimistic than they were at the same time last year.

7.13 Hostel providers are the most pessimistic with more than a third (36%) predicting a decrease in business from the Republic of Ireland market.

Expectations for Great Britain



Great Britain market to remain steady

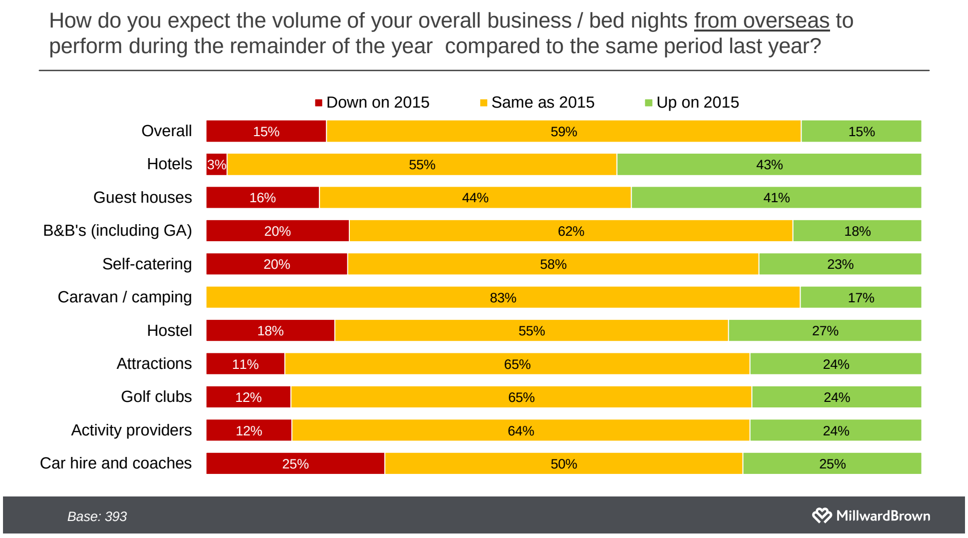
7.14 The market from Great Britain for the remainder of the year is largely expected to be similar to the same period last year.

7.15 Hotels are the most optimistic, with more than 4 in 10 (43%) expecting business to be up on last year and almost all the remainder (56%) expecting visitor volumes to remain the same. Hotels are followed by guesthouses (41% expecting an increase) and car hire and coach operators (40% expecting an increase), however a greater proportion of respondents from both these sectors are expecting a decrease.

7.16 Otherwise, the balance is marginally tipped in favour of an increase, rather than a decrease, for attractions, golf clubs and other activity providers.

7.17 However, B&Bs, and hostels are the least optimistic, more likely to be expecting a decrease in business from Great Britain for the remainder of the year, compared to last year.

Expectations for Overseas

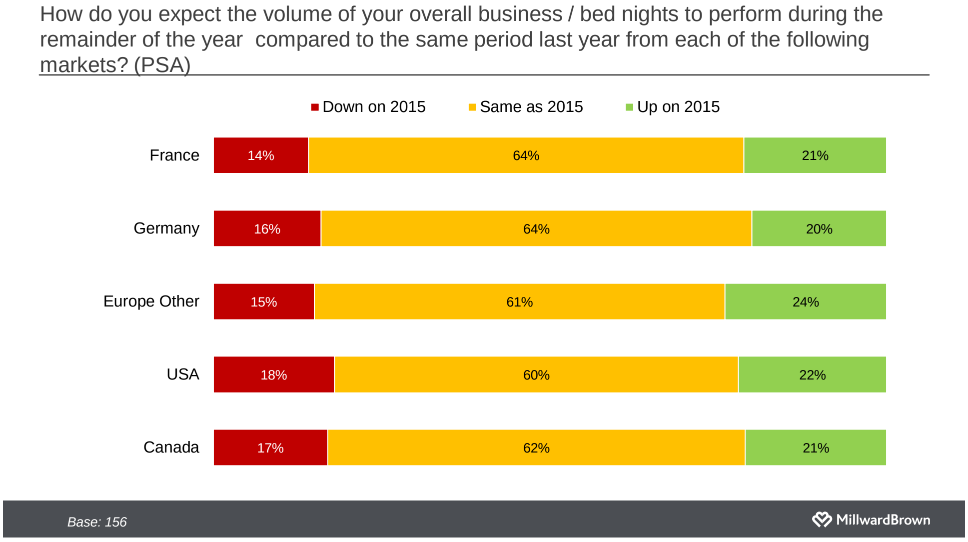


Outlook for overseas market similar to that for Great Britain market

7.18 Expectations for the overseas market are similarly mixed, with hotels and guesthouses also much more likely to be expecting an increase rather than a decrease in visitors from overseas

7.19 Otherwise with the exception of B&Bs, respondents from all other sector were slightly more likely to sway slightly toward the positive side, especially so for attractions, golf clubs and activity providers. B&Bs owners were slightly more on the negative side in relation expectations for the remainder of 2016 for overseas visitors.

Overseas Expectations by country



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

Overseas markets steady

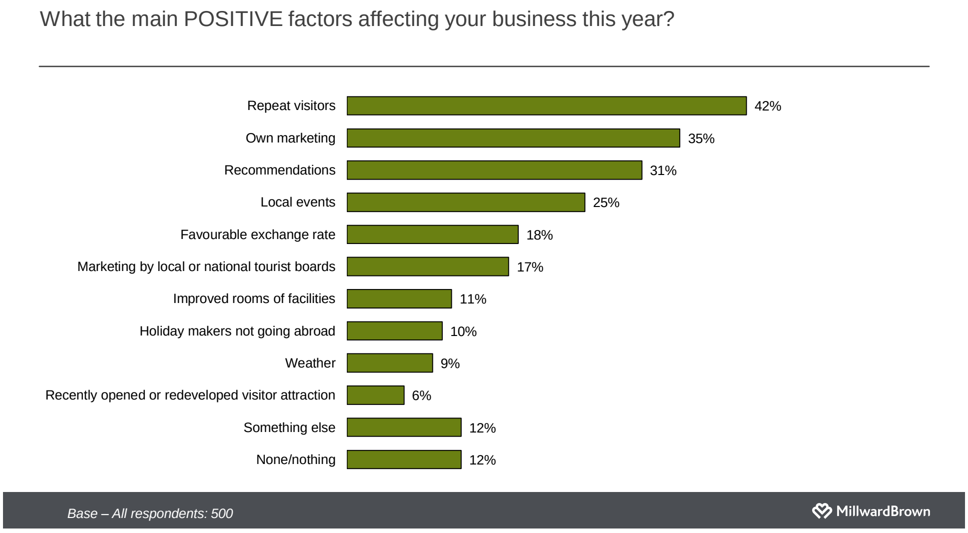
7.19 The majority of respondents from the weighted paid serviced accommodation sector expected their business from overseas to perform on par with 2015 for the remainder of the year.

7.20 Approximately three fifths of respondents believe visitor levels from France (64%), Germany (64%), other European countries (61%), USA (60%) and Canada (62%) will be the same as in 2015.

7.19 The USA was most optimistic, although only marginally. Almost a quarter expect visitors volumes from the USA (23%) to increase during the remainder of the year compared to the same period last year.

8. Positive Factors in 2016

Positive Factors



Repeat visitors and own marketing key

8.1 Similar to the findings in 2015, repeat visitors remain the most frequently cited positive factor affecting tourism businesses in the first nine months of the year. More than 4 in 10 (42%) of all respondents cited repeat visitors as a positive factor.

8.2 In particular, repeat visitors appeared to be a positive factor for self-catering providers (60%).

8.3 Just over a third (35%) of all tourism businesses saw their own marketing as a positive factor, particularly so for hotels (50%), self-catering (44%) and attractions (40%).

Recommendations still vital

8.4 Almost a third (31%) of tourism businesses recognised recommendations as a key positive during the first nine months of the year.

Local events can draw the visitors

8.5 A quarter (25%) of tourism businesses have benefited from local events so far this year. Events in the local area and larger events are believed to encourage visitors to Northern Ireland. In the first nine months of the year local events were particularly cited as positives by hotels (36%) and caravan and camping operators (71%).

Other positive factors

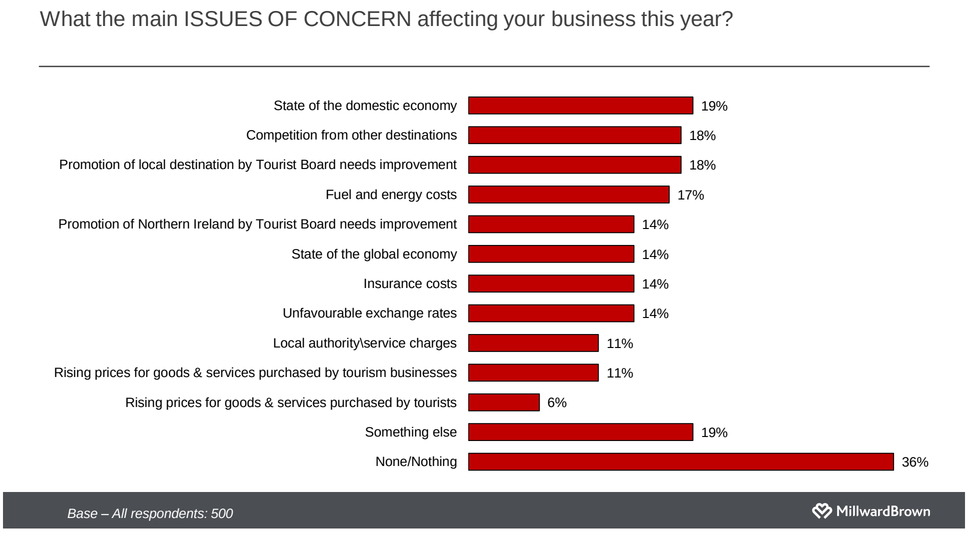
8.6 Almost 1 in 5 (18%), cited favourable exchange rates, as already having an affect on their business this year, with some specifically mentioning the effect of the exchange rate and an increase in European business in the open comments

8.7 Marketing by local or national tourism bodies was the sixth most frequently cited positive affecting tourism businesses so far this year.

8.8 Through the open comments, it is clear that online booking sites and review sites have also had a positive impact

9. Issues of Concern in 2016

Issues of Concern



Unfavourable exchange already less of a concern

9.1 The recent fall in the strength of the pound, would appear to already have had an impact on perceptions. This time last year, it was the major issue of concern, blamed on having an effect on business by 40% of respondents. The current exchange rate means that Northern Ireland is a somewhat less expensive destination for tourists from the Republic of Ireland and the rest of Europe and further afield that it has been in recent years.

9.2 Just over 1 in 10 (14%) of all tourism businesses highlighted unfavourable exchange rates as the main issue of concern affecting their business in the first nine months of the year.

The economy still raising issues

9.3 However, the economy was now seen as the main issue of concern. Almost 1 in 5 (19%) cited the economy in Northern Ireland as a concern, with slightly less (14%) of tourism businesses citing the state of the global economy as a concern for their business.

Fuel and energy costs remain a concern

9.4 Just under a fifth (17%) of all tourism businesses reported fuel and energy costs as an issue of concern affecting their business. However, this is decrease from the same period in 2014 when more than a quarter (27%) of tourism operators identified fuel and energy costs as a key concern affecting their business. Insurance costs were also cited by 14%.

Other issues of concern

9.5 Similarly, just under a fifth (18%) felt that competition from other destinations was an issue of concern. While a similar number of respondents stated that promotion of local destinations by the tourism bodies needed improvement (18%), or indeed promotion of NI (14%). Through the open comments local tourism body was seen as poor by a few, while poor performance of local government was mentioned as was references to Derry/Londonderry needing more events or coverage and that only Causeway and Belfast are promoted

9.6 Rising prices were also cited by a not insignificant proportion, whether that be in relation to the goods & services required by tourism businesses themselves or indeed those bought by tourists

9.7 Through the open comments, Brexit was spontaneously mentioned by 5% of those commenting

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	6	36	42
Guesthouses	5	28	33
Bed & Breakfast	33	62	95
Self-catering	129	50	179
Caravan & campsites	2	5	7
Hostels	6	7	13
Attractions	15	50	65
Golf clubs	3	20	23
Activity providers	9	28	37
Coach operators	2	3	5
Car hire	0	1	1
Total	**210**	**290**	**500**

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%