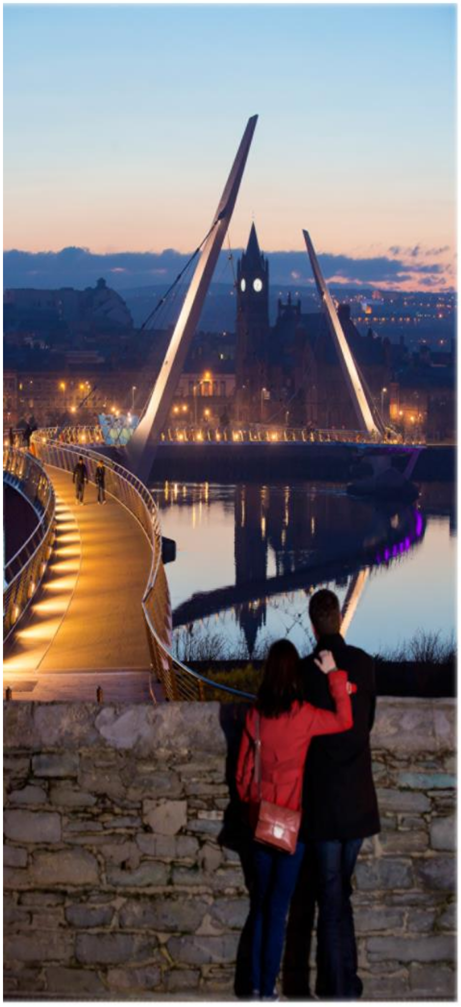
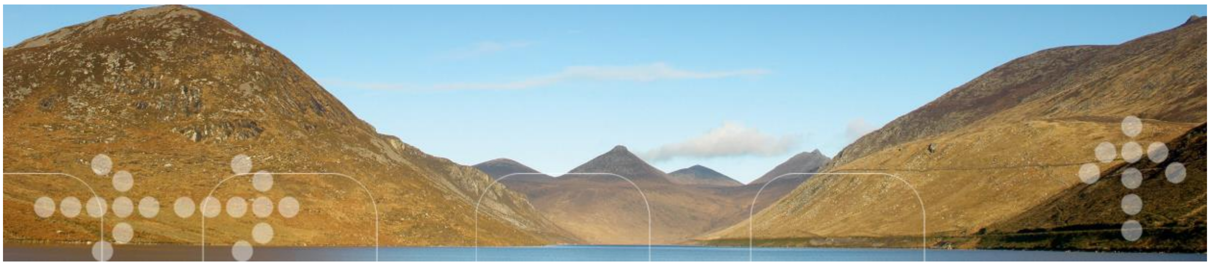
tourism northernireland

MillwardBrownUlster

TOURISM INDUSTRYBAROMETER

DECEMBER 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 final wave of 2016 took place between 30th November and 21st December 2016. 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 30th 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 364 '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 136 responses to an online survey with tourism businesses in December 2016, and conducted 364 top-up telephone interviews.

Excellent year for hotel sector

2.3 Hotels have enjoyed an excellent year, nearly nine in ten (87%) respondents reported increased visitor numbers compared with last year. All markets show good signs of growth, with few reported decreases in visitor levels. This is on top of a good performance last year, when seven in ten (70%) responding hotels reported performance to be up on 2014.

Significant increases in room yield and profitability

2.4 The excellent year that the hotel sector enjoyed in 2016 is reflected in an increase in reported profitability (77%) and room yield (85%). This is on top of good performances for profitability (65%) and room yield (58%) in 2015.

Business trips and weekend breaks going strong

2.5 While all visitor types have seen an overall increase this year, business trips and the weekend break markets have done particularly well, with more than three-quarters (77%) and almost seven in ten (69%) respectively having reported an increase (either significant or slight).

Positive year for guesthouse market, but some evidence of slowdown

2.6 Almost half of guesthouses (48%) reported an improvement on 2015 volumes, which represents a decline on the figure that was reported (62%) at this time last year.

B&B's continue to face challenges

2.7 B&B operators continued to face challenges during 2016, but there were several improvements on last year. More than two-fifths (46%) reported that business was up on 2015, which is an increase on the figure reported (33%) at this stage last year.

Consistent performance for self-catering

2.8 More than two-fifths (42%) of self-catering operators reported visitor volumes to be up in 2016, while just over one in five (22%) reported visitor volumes lower than those experienced last year. This represents a consistent performance with 2015, when two fifths (42%) reported visitor volumes to have increased and nearly one in five (19%) reported a decrease

Strong performance for attractions

2.9 Overall, more than two-thirds (67%) of attractions reported an improvement on visitor numbers compared with 2015. There was also a positive performance reported for the domestic, Republic of Ireland, GB and overseas markets, with more than half of respondents in each having reported an increase on 2015.

Strong year for Belfast

2.10 Operators in Belfast have enjoyed a strong 2016, with almost two-thirds (65%) of PSA respondents having reported business as being up on last year.

Positive performances across the rest of the country

2.11 Over six in ten (62%) respondents in the North East reported an increase in visitor levels, further improved from (48%) who reported an increase in volumes at this stage last year. All other regions were up on balance, with more respondents reporting an increase in visitor volumes compared to last year.

Industry optimistic for 2017

2.12 Overall, tourism operators have an optimistic outlook for 2017, with almost half (48%) anticipating an increase in business next year.

2.13 Hotels are particularly optimistic regarding next year, with nearly seven in ten (68%) respondents expecting business for 2017 to be up on the 2016 volume.

2.14 More than half (52%) of guesthouse owners expect business in 2017 to be up on 2016. This is a similar figure to that which was reported at this stage last year (58%).

2.15 B&B and self-catering accommodation providers are also optimistic, with over two in five (46%) and a third (34%) respectively expecting business in 2017 to be an improvement on this year.

2.16 Attraction owners, golf clubs, activity providers and car hire and coach operators are also anticipating increases in business in 2017 relative to this year.

Steady expectations overall for the domestic, Great Britain and overseas markets

2.17 Overall, only a small number of respondents expect business for 2017 in these markets to be down on the volumes for 2016. More than one third in each market expect an increase in business next year.

Positive outlook for the Republic of Ireland market

2.18 The outlook for visitors from the Republic of Ireland is largely positive with significant proportions of tourism operators within most sectors expecting visitor volumes to be up, or at least on a par with 2016.

Repeat visitors and recommendations key

2.19 Similar to the findings in 2015, repeat visitors remain the most frequently cited positive factor affecting tourism businesses, with more than two in five (41%) respondents citing repeat visitors as a positive factor.

2.20 A third (31%) of tourism businesses recognised recommendations as a key positive factor for business in 2016.

Local events still vital

2.21 More than a quarter (27%) of tourism businesses benefited from local events this year. Events in the local area and larger events are believed to encourage visitors to Northern Ireland. In 2016, local events were cited as positives by hotels (38%) in particular.

Unfavourable exchange rate already less of a concern

2.22 The recent fall in the strength of the pound, would appear to already have had an impact on perceptions. In 2015, it was claimed to have had an effect on business by over one-third (36%) of respondents, whereas in 2016, the number of tourism businesses that highlighted unfavourable exchange rates as the main issue of concern affecting their business had decreased to over one in ten (15%).

The economy still an issue

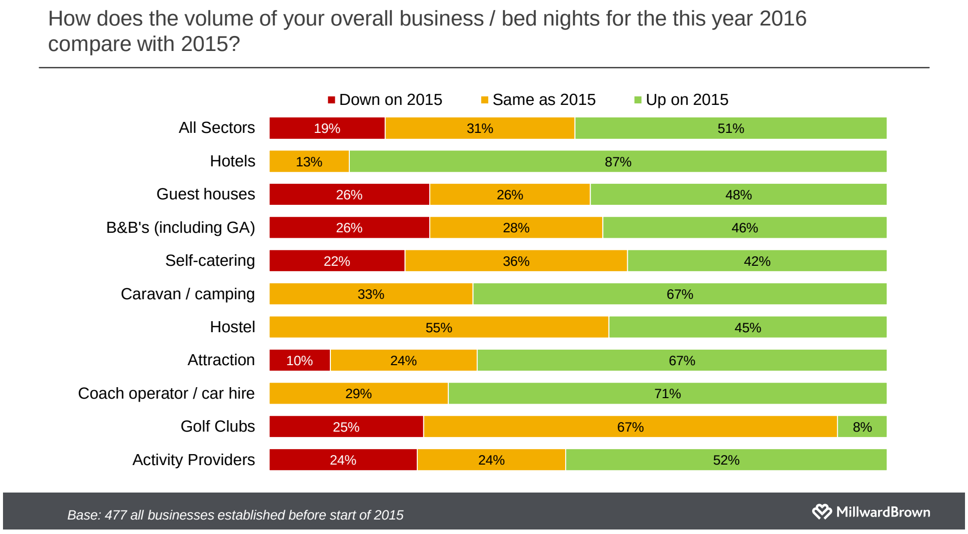
2.23 The economy was seen as the main issue of concern. More than one in four (27%) cited the economy in Northern Ireland as a concern, with slightly fewer (17%) tourism businesses citing the state of the global economy as a concern for their business in 2016.

Other issues of concern

2.24 Just under a fifth (18%) of all tourism businesses reported competition from other destinations as a concern for their business. However, this is a decrease from 2015 when more a quarter of tourism competition from other destinations as a concern for their business

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=7), Hostels (n=11), Caravan and Camping (n=3), Golf Clubs (n=12)*

The bases shown are the overall samples asked the question; results for each individual sector are based on the relevant sub samples of this overall population. In the charts, 'don't know' or 'not applicable' answers to the question have been excluded and the percentages re-based. Results are split by sector and shown in the same order each time.

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

Strong year for Northern Ireland – especially for hotels and attractions

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

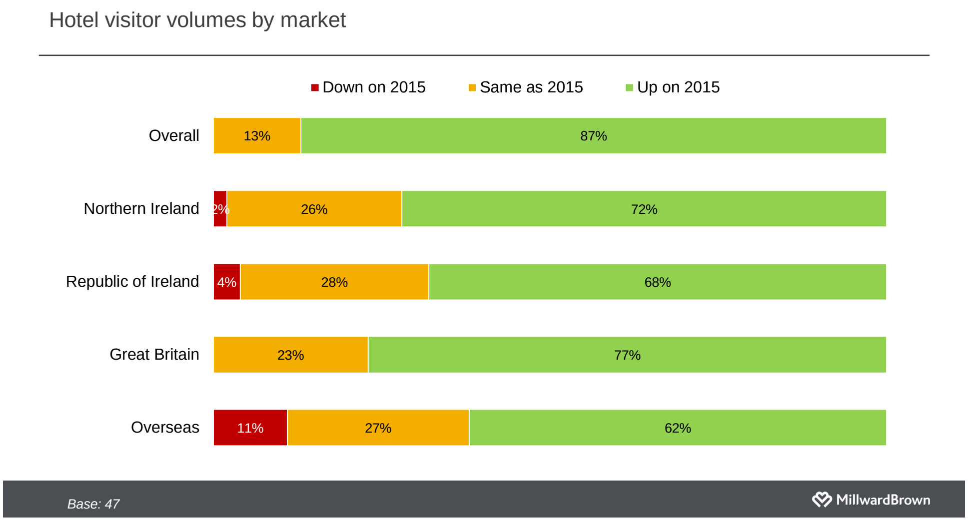
3.2 Hotels performed very strongly in 2016, with almost nine in ten (87%) respondents having reported an increase in visitor numbers compared with the previous year.

3.3 Attractions have had a good year; more than two-thirds (67%) reported an increase on 2015 figures.

3.4 This year was more challenging for B&B's and self-catering operators. While more than two in five B&B's (46%) and self-catering operators (42%) reported increases, a not insignificant proportion of both sectors reported a decrease on last year (B&Bs: 26%; self-catering: 22%).

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

Hotels – visitor volumes by market



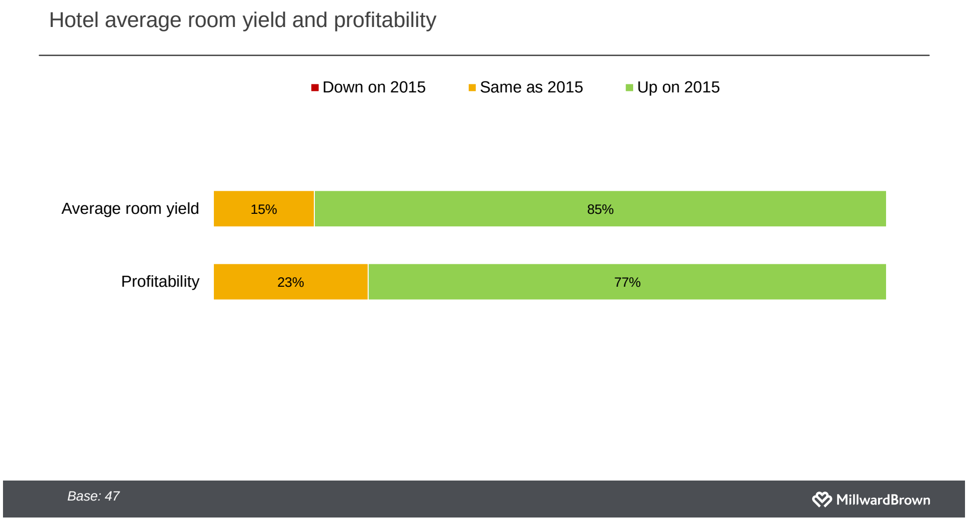
Excellent year for hotel sector

3.6 Hotels have enjoyed an excellent year; nearly nine in ten (87%) respondents reported increased visitor numbers compared with last year. All markets show good signs of growth, with few reported decreases in visitor levels. This is on top of a good performance last year, when seven in ten (70%) responding hotels reported performance to be up on 2014.

3.7 The Republic of Ireland market has performed significantly better than last year, which might in part be due to more favourable exchange rates since the Brexit vote. Less than one in twenty (4%) hoteliers stated that the volume of visitors from the Republic of Ireland was down compared to one-third in 2015. More than two-thirds (68%) reported an increase in this market compared to just over one third (36%) at the same stage last year.

3.8 The overseas market, Great Britain and domestic markets have all performed strongly with reported increases in visitor numbers from at least at least six in ten hoteliers (as high as 77% for the Great Britain market). Only a small minority (if any) hoteliers cited decreases in these markets.

Hotels – average room yield and profitability



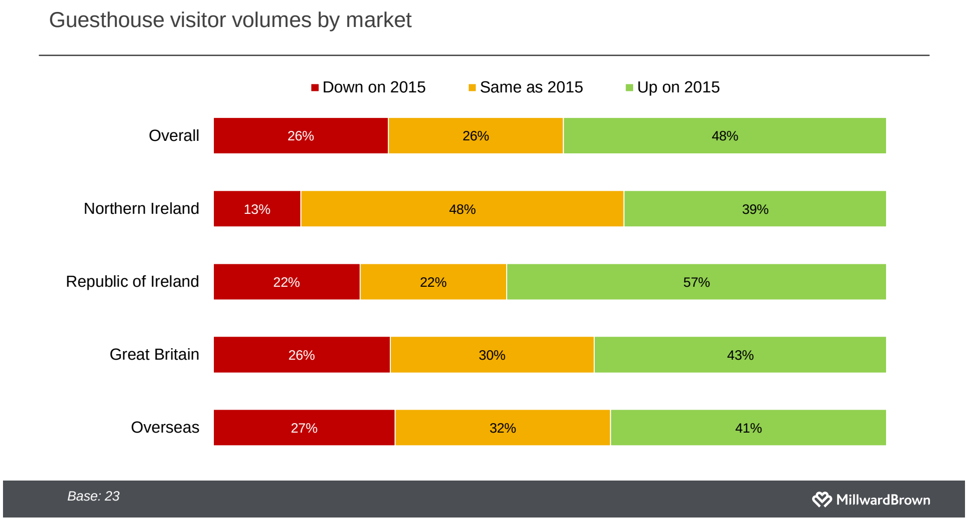
Significant increases in room yield and profitability

3.9 The excellent year that the hotel sector enjoyed in 2016 is reflected in an increase in profitability as reported by almost four in five (77%) respondents. No hotels reported a decrease in profitability compared to last year.

3.10 Similarly, more than four-fifths (85%) of hoteliers stated that average room yield has increased on the same period last year. No respondents reported a decrease in average room yield compared to 2015.

3.11 The terrific performance this year regarding room yield and profitability was on top of a good performance in 2015, when nearly two-fifths (58%) and almost two-thirds (65%) respectively reported increases in these areas.

Guesthouses



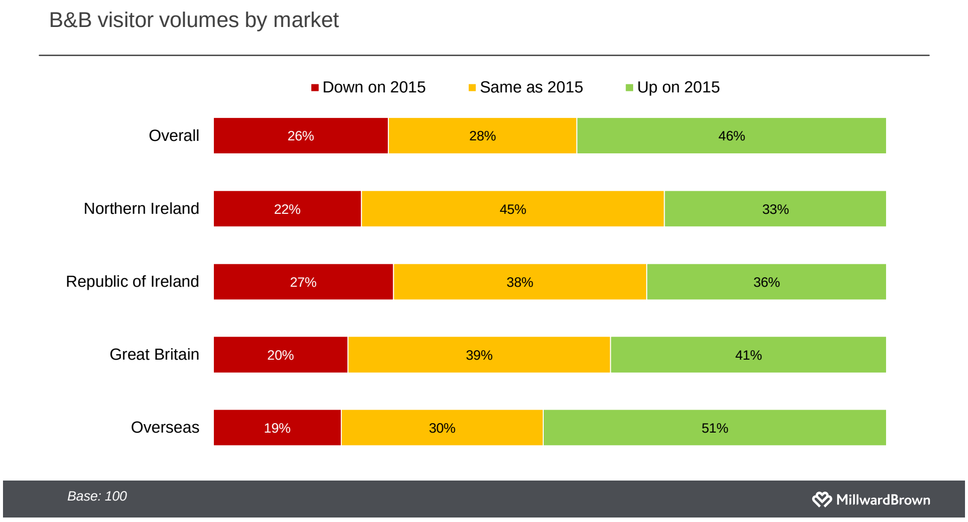
Positive year for guesthouse market, but some evidence of slowdown

3.12 Almost half of guesthouses (48%) reported an improvement on 2015 volumes, which represents a decline on the figure that was reported (62%) at this time last year.

3.13 The Republic of Ireland market performed most strongly, with almost six in ten (57%) having reported an increase on 2015 volumes.

3.14 Around two in five reported increases on last year for the Great Britain (43%), overseas (41%) and domestic (39%) markets.

B&Bs



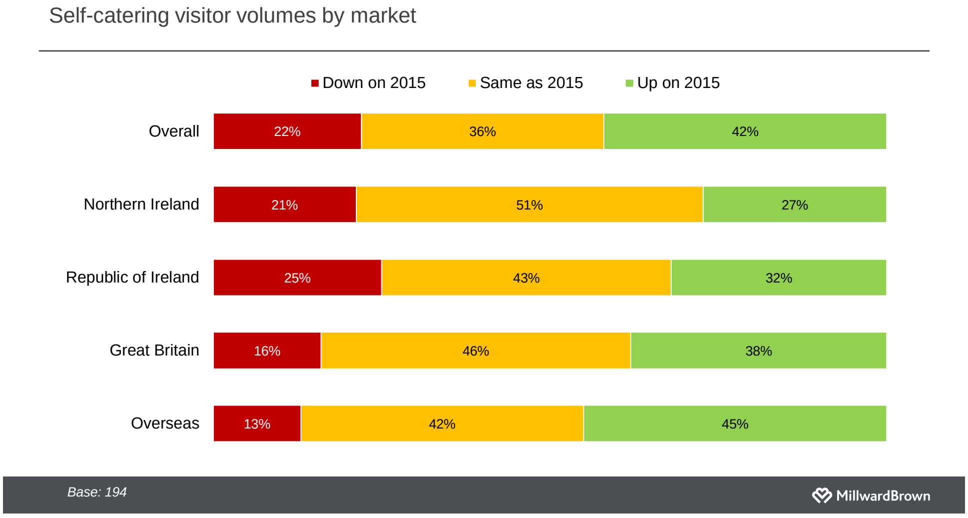
B&B's continue to face challenges

3.15 B&B operators continued to face challenges during 2016, but there were several improvements on last year. More than two-fifths (46%) reported that business was up on 2015, which is an increase on the figure reported (33%) at this stage last year.

3.16 The Republic of Ireland market appeared to be struggling most, with over a quarter (27%) of B&B operators having reported a decrease on 2015 volumes. However, this represents an improvement compared to this point last year, when over one third (36%) reported a decrease in volume compared to 2014.

3.17 Positively, a greater number of B&B operators reported an increase in the domestic, overseas and Great Britain markets, than did so at this point last year.

Self-catering



Consistent performance for self-catering

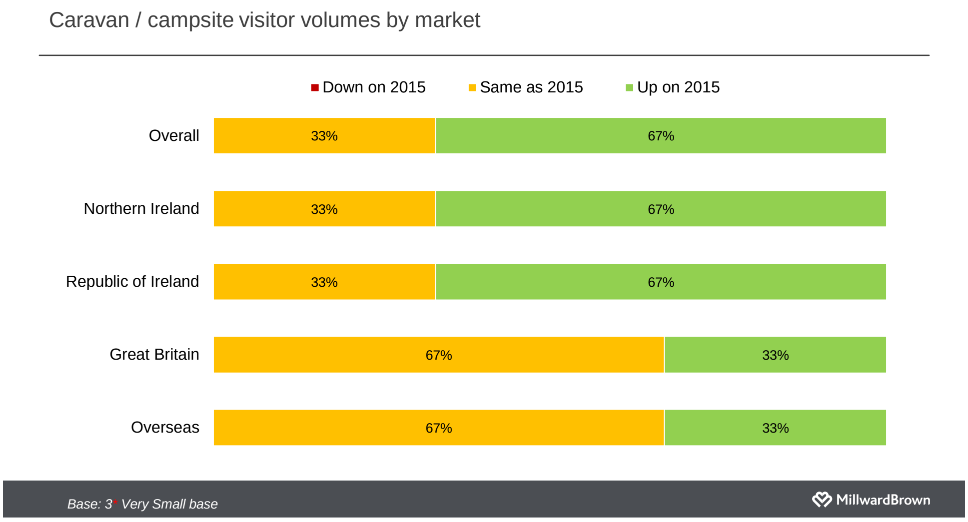
3.18 More than two-fifths (42%) of self-catering operators reported visitor volumes to be up in 2016, while just over one in five (22%) reported visitor volumes lower than those experienced last year. This represents a consistent performance with 2015, when two fifths (42%) reported visitor volumes to have increased and nearly one in five (19%) reported a decrease.

3.19 The domestic and Republic of Ireland markets remain the biggest concerns for self-catering businesses, but less so than in 2015. Over one quarter (27%) and nearly one third (32%) reported an increase in the domestic and Republic of Ireland markets respectively.

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

3.21 Over two-fifths (45%) of self-catering operators reported an increase in overseas visitor volumes compared to 2015.

Caravan / campsites

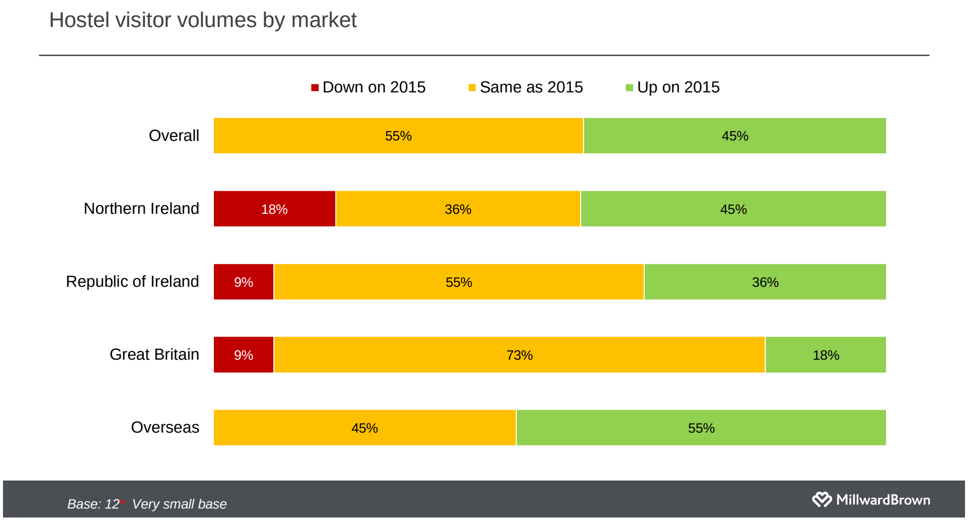


**Caution: The above results are based on a very small sample size (n=3)*

Strong year for the caravan and camping sector

3.22 None of the three caravan and camping proprietors that responded reported a decrease in visitor numbers in any market.

Hostels



**Caution: The above results are based on a small sample size (n=11)*

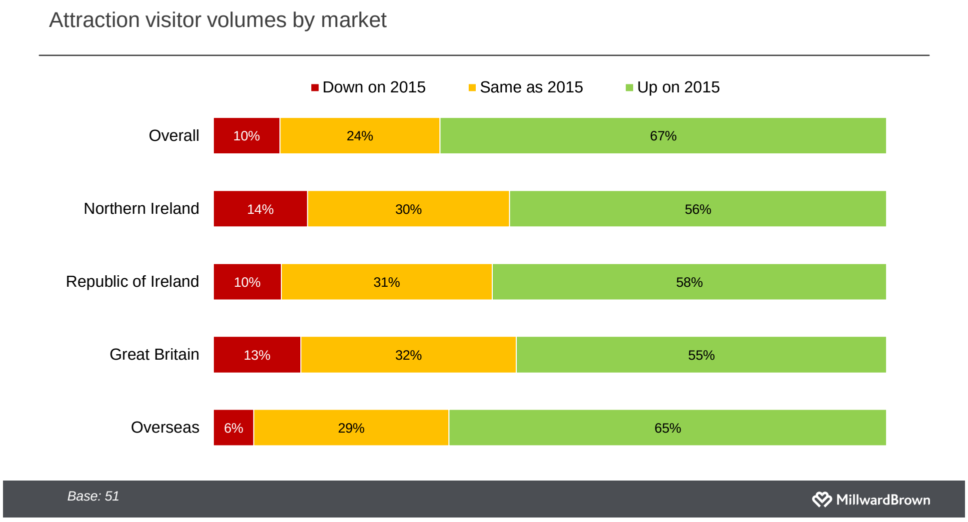
Mixed bag for hostels

3.23 Over two in five (45%) respondents reported visitor volumes to be up compared to 2015, with more than half (55%) of hostel owners having reported no change in visitor volumes from last year.

3.24 The same number of respondents (45%) reported an increase in the domestic markets as did so for the overall markets. The overseas market was most positive, with more than half (55%) having reported an increase on last year. Visitor volumes from the GB market were much more likely to remain on a par with 2015.

3.25 A wide range of concerns were stated as having affected business so far this year, with competition from other destinations cited by more than two in five respondents (45%).

Attractions



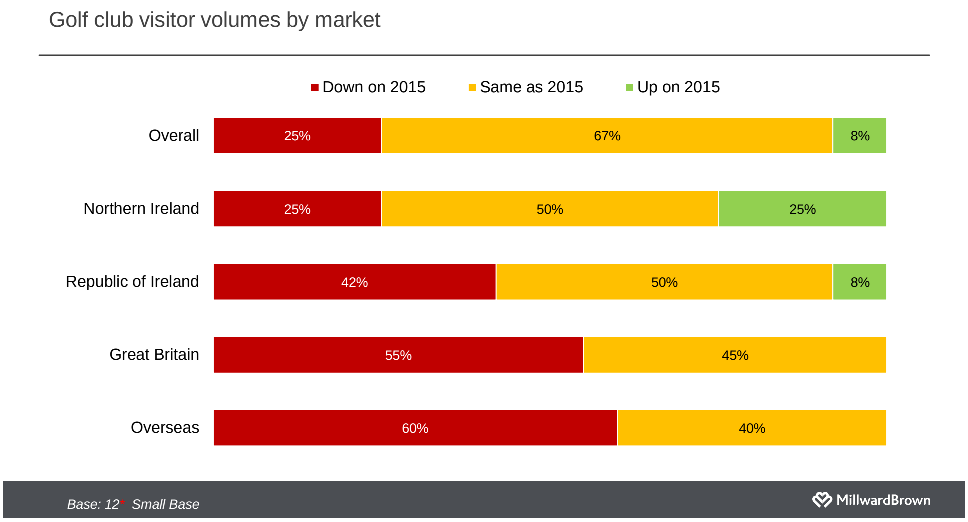
Strong performance for attractions

3.26 Overall, more than two-thirds (67%) of attractions reported an improvement on visitor numbers compared with 2015.

3.27 There was a positive performance reported for the domestic, Republic of Ireland and GB markets, with more than half of respondents in each having reported an increase on 2015.

3.28 The Overseas market reported an increase similar to that of the overall performance, with nearly two-thirds (65%) reporting an increase in visitor volumes compared to last year.

Golf clubs



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

Poor year for golf clubs

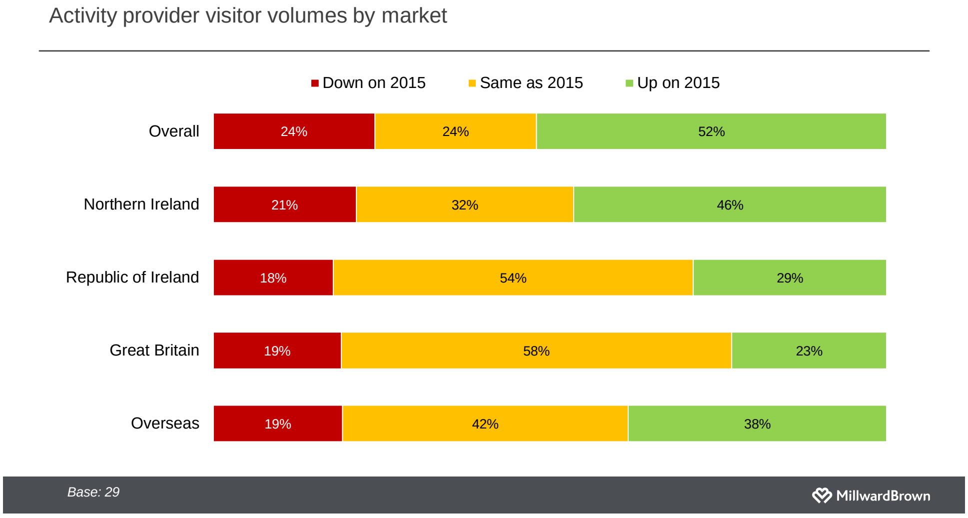
3.29 Overall, less than one in ten (8%) golf clubs reported an increase in visitor volumes compared with 2015.

3.30 Both the Great Britain and overseas markets were down on last year, with more than half and six in ten (55% and 60% respectively) having reported a decrease in visitor volumes.

3.31 One quarter reported an increase in the Northern Ireland market. However, the same number reported a decrease in visitor volumes compared to last year.

3.32 The state of the economy (17%) and rising prices (17%) were most likely to be cited as the issues of concern for golf clubs this year, whereas recommendations (33%) and their own marketing (33%) were most likely to be seen as key positive factors affecting the business.

Activity providers

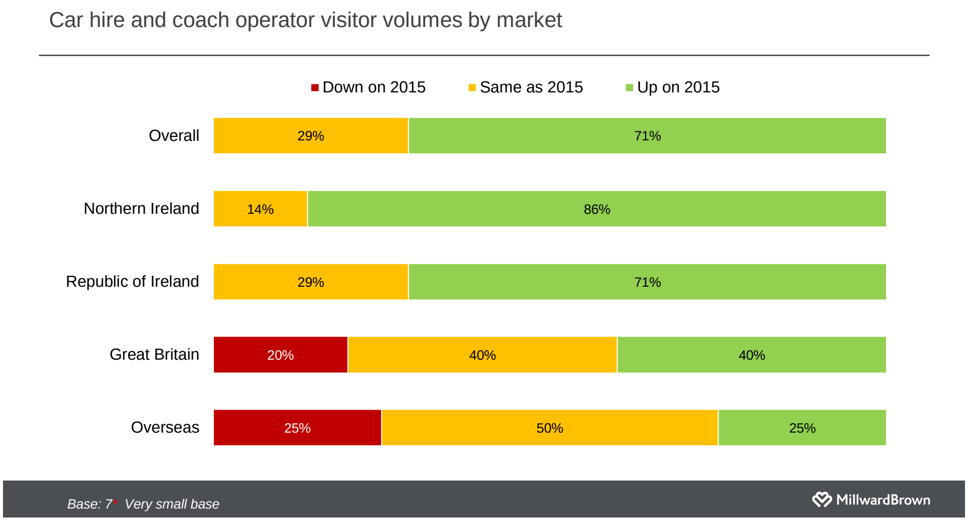


Much improved scene overall for activity providers

3.33 Overall, compared to the same time last year, activity providers found 2016 somewhat improved, with a reported increase in visitor numbers from more than half (52%) of respondents.

3.34 The domestic market has seen the greatest improvement, with more than two in five (46%) having reported an increase in visitor volumes compared to 2015. The overseas market also performed well with more than a third having reported visitor numbers to be up. However, over one-fifth (21%) experienced a decrease in visitor volumes compared to last year.

Car hire and coach operators



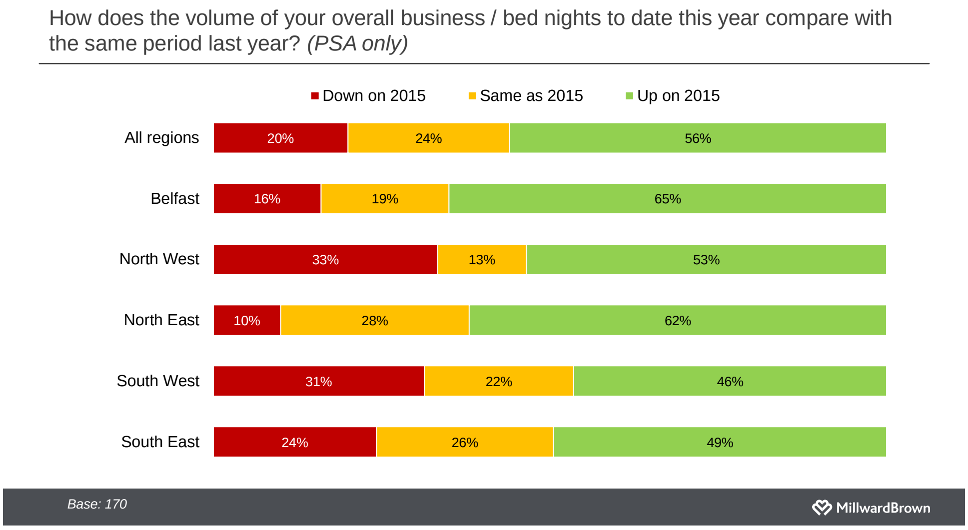
**Caution: The above results are based on a very small sample size (n=7)*

Strong performance from car-hire and coach operators

3.35 Of the seven coach operators or car hire companies in the sample, two reported an increase and two reported no change compared to 2015.

4. Performance by Region

Paid Serviced Accommodation by Region



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

Strong year for Belfast

4.1 Operators in Belfast enjoyed a strong 2016, with almost two-thirds (65%) of PSA respondents having reported an increase in business compared to last year.

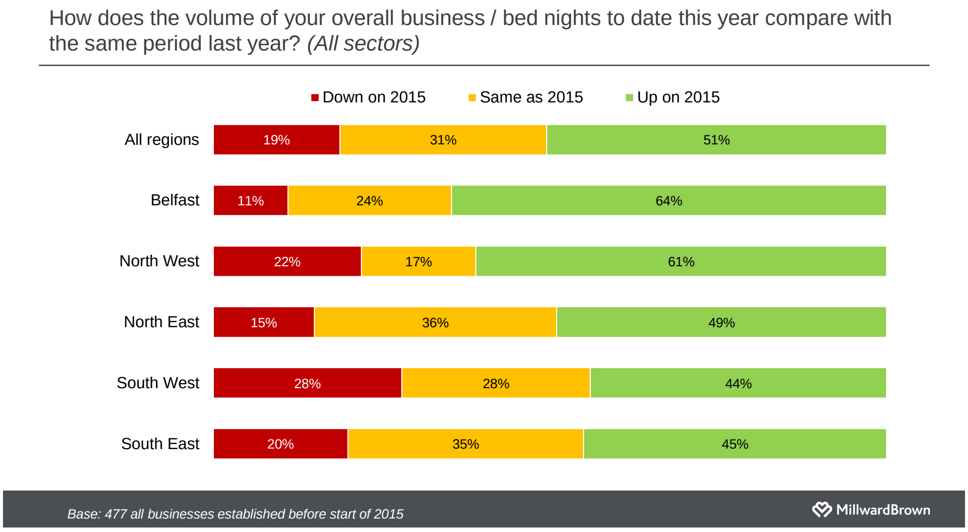
Positive performances across the rest of the country

4.2 Over six in ten (62%) respondents in the North East reported an increase in visitor levels, further improved from (48%) who reported an increase in volumes at this stage last year.

4.3 All other regions were up on balance, with more respondents having reported an increase in visitor volumes compared to 2015.

4.4 The North West and the South West performed less strongly, with around one third in each area having reported a decrease compared to last year.

All Sectors by Region



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

Strong performance for Belfast and the North West

4.5 When the regional figures are based on all sectors, not just the PSA results, Belfast and the North West performed strongly, with over six in ten in both regions having reported an increase in business compared to last year.

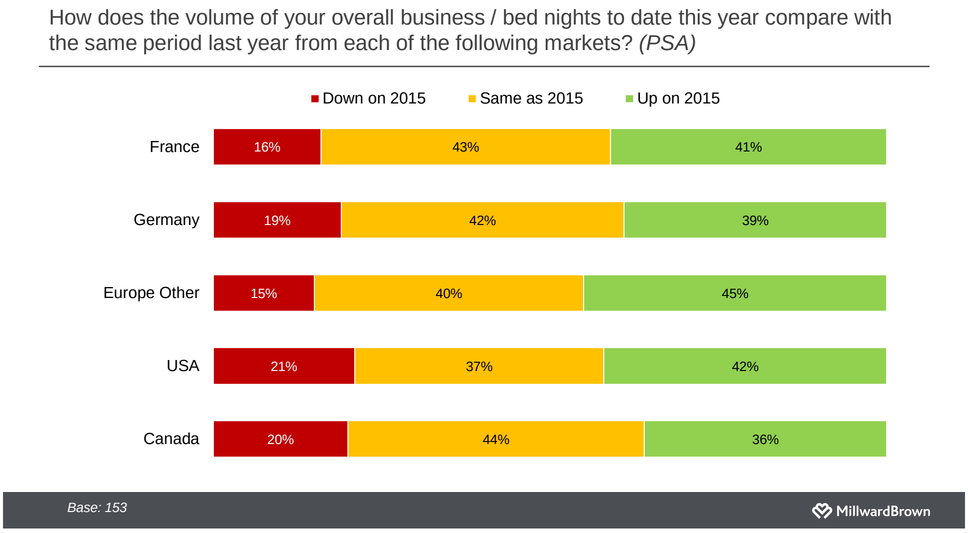
4.6 Almost half (59%) of all tourism businesses in the North East reported an increase in business compared to last year, while over two-fifths of businesses in the South West (44%) and South East (45%) reported business to be up.

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 those of the North East and South East, which is a significant improvement on the figures reported at this stage last year.

5. Overseas Visitors by Market

Paid Serviced Accommodation



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

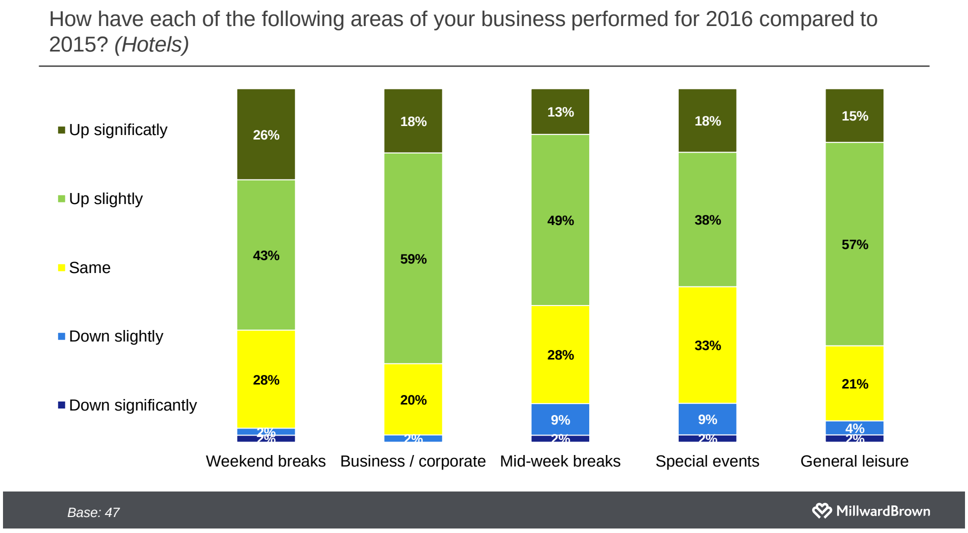
Improved performance for all overseas markets

5.1 The United States market performed well again, with more than two-fifths (42%) having reported an increase on last year. This is further improvement on the level reached (36%) in 2015.

5.2 All other overseas markets were up on balance, with many more respondents having reported increases than decreases in visitor volumes compared last year.

6. Visitor Types (Hotels)

Hotel Visitor Types



The above questions were asked only to hotels

Business trips and weekend breaks going strong

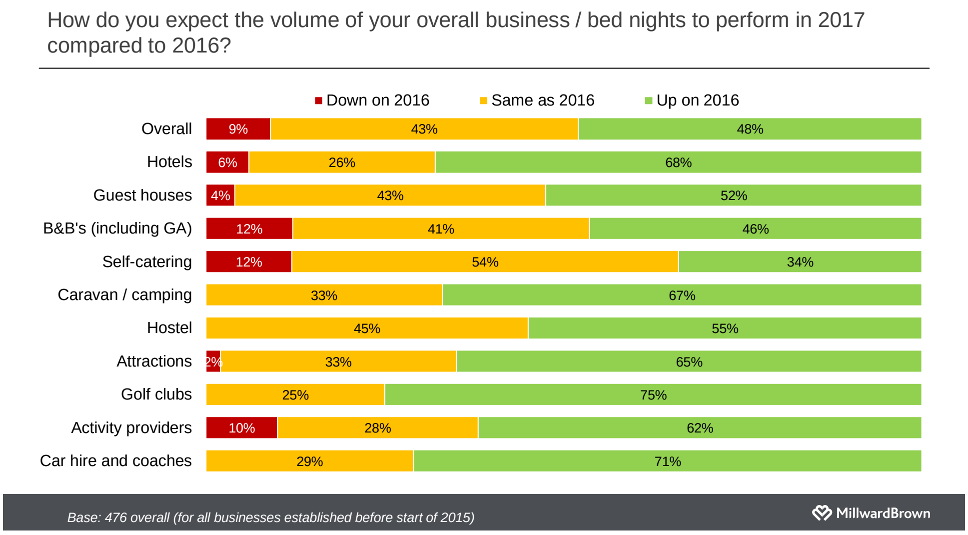
6.1 While all visitor types have seen an overall increase this year, business trips and the weekend break markets have done particularly well, with more than three-quarters (77%) and almost seven in ten (69%) respectively having reported an increase (either significant or slight).

Mid-week breaks and special events also performing well

6.2 Mid-week breaks and special events have also performed well, with over six in ten (62%) and approaching three-fifths (56%) of hoteliers respectively having reported an increase in these markets.

7. Expectations for 2017

Overall view of expectations



Industry optimistic for 2017

7.1 Overall, tourism operators have an optimistic outlook for 2017, with almost half (48%) anticipating an increase in business next year.

7.2 Amongst the accommodation providers, hotels are particularly optimistic for next year, with nearly seven in ten (68%) respondents expecting business for 2017 to be up compared to 2016.

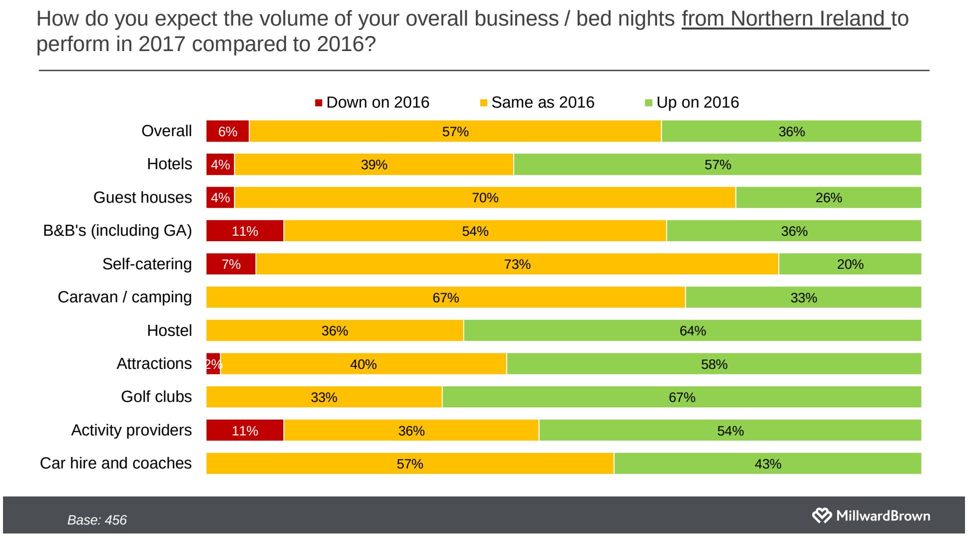
7.3 More than half (52%) of guesthouse owners expect business in 2017 to be up on 2016. This is a similar figure to that which was reported at this stage last year (58%).

7.4 B&B and self-catering accommodation providers are also optimistic, with over two in five (46%) and more than a third (34%) respectively expecting business in 2017 to be an improvement on this year.

7.5 Attraction owners, golf clubs, activity providers and car hire and coach operators are also anticipating increases in business in 2017 compared to this year.

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



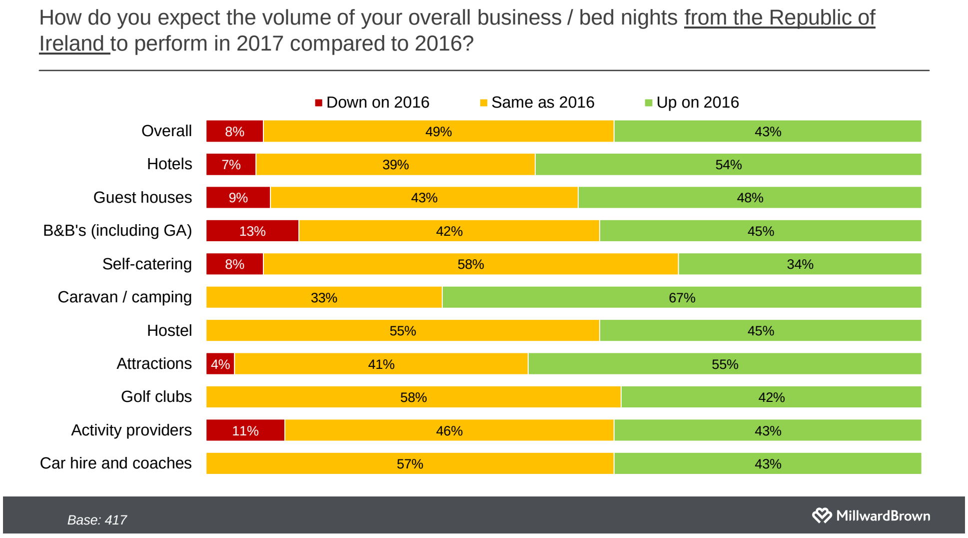
Steady expectations overall for the domestic market

7.7 Overall, only a small number of respondents expect business for 2017 to be down on the volumes for 2016, with more than one third (36%) expecting an increase in business.

7.8 Golf clubs (67%), hostels (64%), hotels (57%) and activity providers (54%) are the more positive sectors, each expecting 2017 to be better than this year.

7.9 Guesthouses and self-catering accommodation providers were the least optimistic, with around a quarter (26%) and one fifth expecting business to improve in 2017.

Expectations for the Republic of Ireland



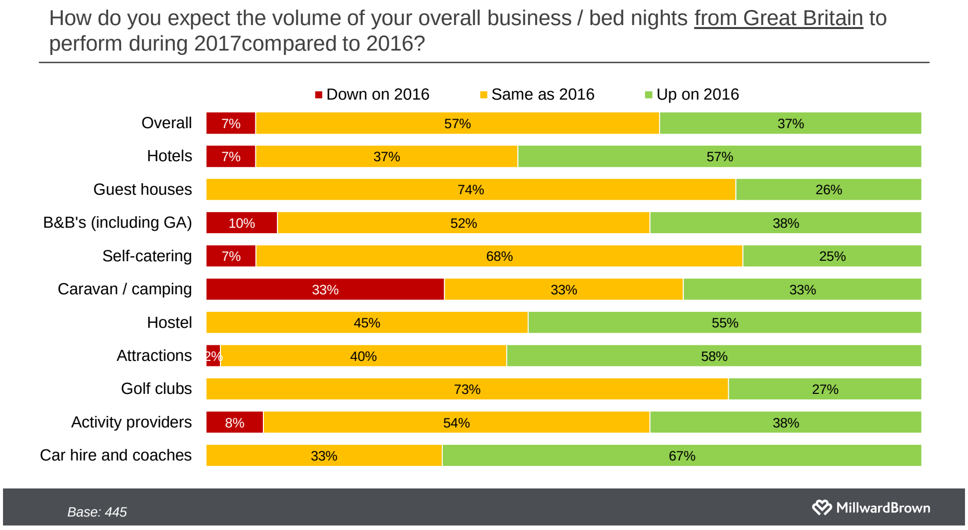
Positive outlook for the Republic of Ireland

7.10 The outlook for visitors from the Republic of Ireland is largely positive with significant proportions of tourism operators within most sectors expecting visitor volumes to be up, or at least on a par with 2016.

7.11 Of the accommodation providers, caravan/camping (67%) and hotels (54%) were the most optimistic with regards to expected visitor volumes from the Republic of Ireland market in 2017.

7.12 Guesthouses (48% predict an increase) are also relatively optimistic as are B&B providers (45% predict an increase). More than half (55%) of responding attractions and over two in five activity providers anticipate an increase in business in 2017.

Expectations for Great Britain



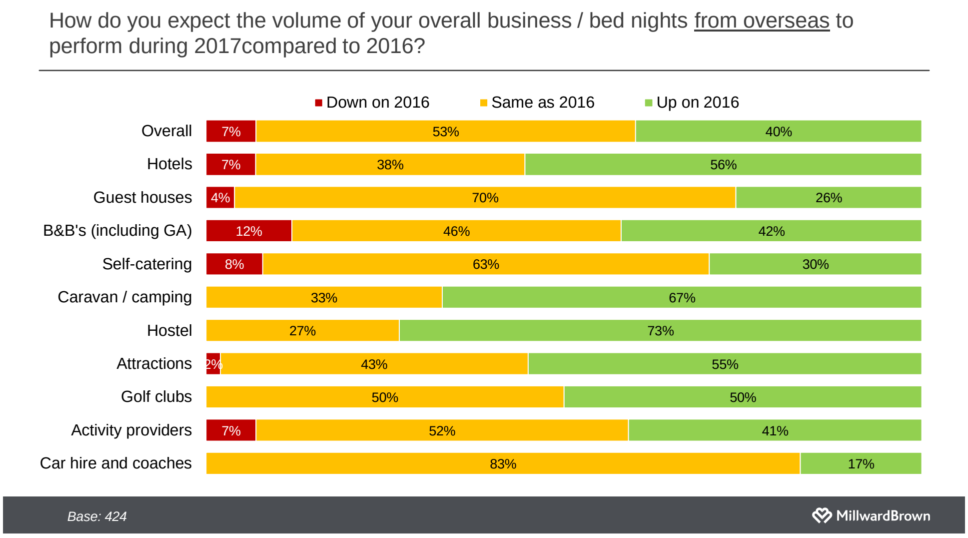
Great Britain market expected to remain steady

7.13 The market from Great Britain for 2017 is largely expected to be similar to that of 2016.

7.14 Hotels are optimistic, with almost six in ten (57%) expecting business to be up on 2016 and nearly two in five (37%) expecting visitor volumes to remain the same. Approaching two in five (38%) B&B's expect business volumes to increase next year, while one quarter of Guesthouses and self-catering accommodation providers feel likewise.

7.15 Caravan/camping providers are evenly split regarding expectations for 2017, with one third anticipating an increase, decrease and no change respectively.

Expectations for Overseas

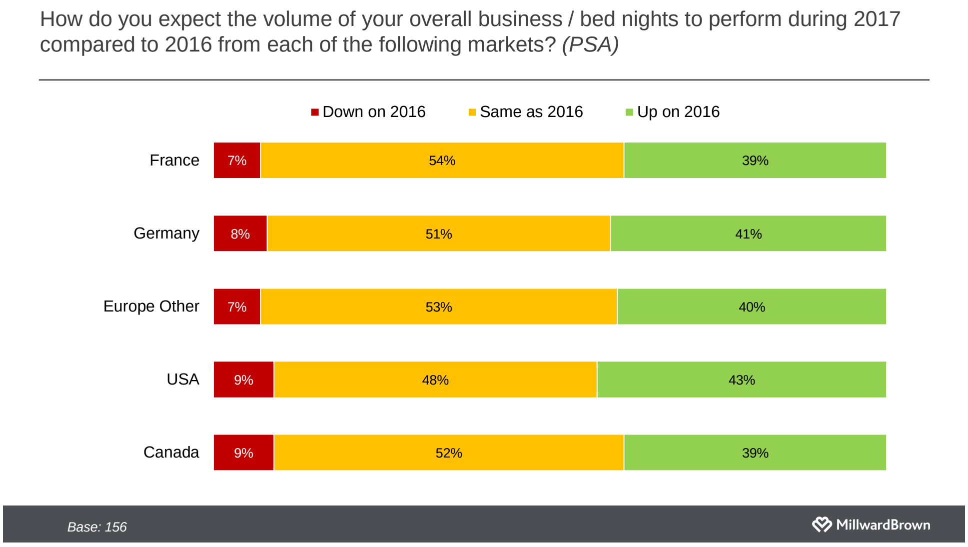


Outlook for overseas market similar to that for Great Britain market

7.16 Expectations for the overseas market are similar to those of the Great Britain market, with only a small number of respondents expecting business in 2017 to be down compared to 2016. Overall, two in five respondents anticipate an increase in business next year.

7.17 Hostels, hotels and B&B's are the most optimistic accommodation providers with almost three quarters (73%), nearly three-fifths (56%) and more than two in five (42%) respectively expecting increases next year. Approaching three-fifths (55%) of attractions and half of golf clubs were also optimistic regarding 2017.

Overseas Expectations by country



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

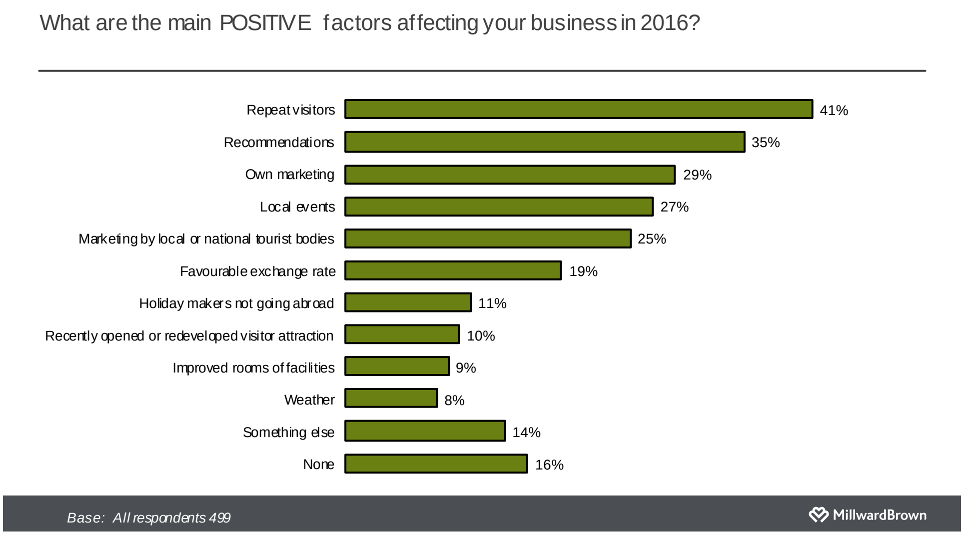
Steady expectations for overseas market

7.18 Around half of respondents from the weighted paid serviced accommodation sector expect business for 2017 from the overseas markets to perform on par with 2016.

7.19 Around two-fifths of respondents believe visitor levels for 2017 from France (39%), Germany (41%), other European countries (40%), USA (43%) and Canada (39%) will be an improvement on 2016 volumes.

8. Positive Factors in 2016

Positive Factors



Repeat visitors key

8.1 Similar to the findings in 2015, repeat visitors remain the most frequently cited positive factor affecting tourism businesses, with more than two in five (41%) of all respondents citing repeat visitors as a positive factor.

8.2 In particular, repeat visitors appeared to be a positive factor for self-catering providers (49%).

8.3 Approaching a third (29%) of all tourism businesses saw their own marketing as a positive factor, particularly so for hotels (34%) and guesthouses (33%).

Recommendations still vital

8.4 Over a third (35%) of tourism businesses recognised recommendations as a key positive factor during 2016.

Local events can draw visitors

8.5 More than a quarter (27%) of tourism businesses benefited from local events this year. Events in the local area and larger events are believed to encourage visitors to Northern Ireland. In 2016, local events were cited as positives by hotels (38%) in particular.

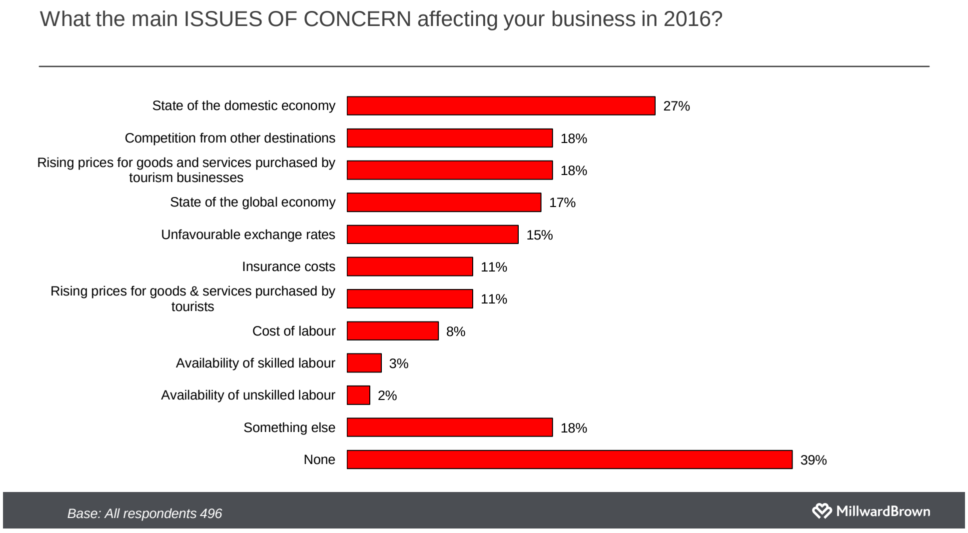
Other positive factors

8.6 Almost one in five (19%), cited favourable exchange rates, as having an effect on their business this year.

8.7 Marketing by local or national tourism bodies was the fifth most frequently cited positive factor affecting tourism businesses this year.

9. Issues of Concern in 2016

Issues of Concern



Unfavourable exchange rate 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. In 2015, it was claimed to have had an effect on business by over one-third (36%) of respondents, whereas in 2016, the number of tourism businesses that highlighted unfavourable exchange rates as the main issue of concern affecting their business had decreased to over one in ten (15%).

9.2 The current exchange rate means that Northern Ireland is a somewhat less expensive destination for tourists from the Republic of Ireland, the rest of Europe and further afield than it has been in recent years.

The economy still an issue

9.3 However, the economy was seen as the main issue of concern for respondents. More than one in four (27%) cited the economy in Northern Ireland as a concern, with slightly fewer (17%) tourism businesses having cited the state of the global economy as a concern for their business in 2016.

Competition from other destinations a concern

9.4 Almost a fifth (18%) of all tourism businesses reported competition from other destinations as a concern for their business. However, this is a decrease compared to last year when more a quarter of respondents cited competition from other destinations as a concern for their business. Insurance costs were also cited by more than one in ten (14%).

Other issues of concern

9.5 Nearly a fifth (18%) felt that rising prices for goods and services purchased by tourism businesses was an issue of concern, while a similar number of respondents stated that promotion of local destinations by the tourism bodies needed improvement (18%).

9.6 Rising prices and insurance costs were also cited as a concern by more than one in ten respondents (11%).

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	7	43	50
Guesthouses	4	20	24
Bed & Breakfast	19	89	108
Self-catering	79	123	202
Caravan & campsites	0	3	3
Hostels	4	7	11
Attractions	13	41	54
Golf clubs	1	11	12
Activity providers	9	20	29
Coach operators	0	6	6
Car hire	0	1	1
Total	**136**	**364**	**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%