MillwardBrown Ulster

TOURISM INDUSTRYBAROMETER

June 2017

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 first wave of 2017 took place between 16th June and 20th July 2017. 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 2017
- 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 2,418 contacts for the survey spread across numerous industry sectors (see sampling profile in appendix).

1.7 An e-mail was sent on 16th June 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-responders.

1.8 Following this, we conducted 386 ‘top-up’ interviews by telephone with non-responders in order to improve the robustness of individual sector sample sizes so that results could 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 114 responses to an online survey with tourism businesses in June 2017, and conducted 386 top-up telephone interviews.

Excellent year for hotel sector

2.3 Hotels have enjoyed an excellent year to date; four in five (80%) respondents reported increased visitor numbers. This is almost double the figure reported last year, when just over two in five (43%) responding hotels reported an increase on 2015. All markets show good signs of growth, with few respondents reporting decreases in visitor levels.

Significant increases in room yield and profitability

2.4 The excellent year that the hotel sector has enjoyed so far in 2017 is reflected in the increases in profitability and room yield as reported by three-quarters (75%) and two-thirds of respondents respectively.

Business trips and weekend breaks going strong

2.5 Business trips and the weekend break markets have done particularly well, with almost four-fifths (78%) and nearly two-thirds (63%) respectively, having reported an increase (either significant or slight) in 2017.

Positive year so far for the guesthouse market

2.6 More than seven in ten guesthouses (71%) reported increases in visitor volumes so this year, which is a significant increase on the figure that was reported (38%) at this time last year.

B&B's face challenges, but some improvement on last year overall

2.7 B&B operators have reported mixed results for the year to date, but there has been some improvement on last year. More than two-fifths (43%) reported that business was up, which is an increase on the figure reported (33%) at this stage last year.

Consistent performance overall for self-catering, but changes for ROI and Overseas markets

2.8 Three in ten (30%) self-catering operators reported visitor volumes to be up in 2017, whilst a similar number (29%) reported a decrease in business. This represents a consistent performance with the figures reported at this point last year.

2.9 The Republic of Ireland market has seen a notable increase on the same period last year (+17%), whilst the Overseas market has seen a decline (-11%).

Strong growth for attractions

2.10 Overall, more than three-fifths (62%) of attractions reported an improvement on visitor numbers in 2017, representing a notable increase from the same point last year, when around two-fifths (46%) of respondents reported an increase in business.

Very strong year so far for Belfast

2.11 Operators in Belfast have enjoyed a strong 2017, with almost four-fifths (79%) of PSA respondents having reported an increase in business.

Positive performances across the rest of the country

2.12 All regions were up on balance, with more respondents having reported an increase in visitor volumes than did so at this stage last year.

Industry optimistic for 2017

2.13 Overall, tourism operators have an optimistic outlook for 2017, with two-fifths anticipating business for the rest of 2017 to be up on that of 2016.

2.14 Amongst the accommodation providers, hotels are particularly optimistic for the remainder of the year, with three-quarters (75%) of respondents expecting business to be up compared to 2016.

2.15 Approaching half (46%) of guesthouse owners expect business in 2017 to be up on 2016. An increase on the figure reported at this stage last year (31%).

2.16 B&B and self-catering accommodation providers are also optimistic, with over two in five (42%) and nearly three in ten (29%) respectively, expecting business in 2017 to be an improvement on 2016.

2.17 Attraction owners, golf clubs, activity providers and car hire and coach operators are also anticipating increases in business in the remainder of 2017.

Steady expectations overall for the domestic market

2.18 Overall, only a small number of respondents expect business for the remainder of 2017 to be down on the volumes for 2016, with more than a quarter (28%) expecting an increase in business.

Solid outlook for the Republic of Ireland market

2.19 The outlook for the Republic of Ireland market is positive, with almost three in ten (29%) respondents overall expecting visitor volumes to be up 2016.

Good business expected from Great Britain

2.20 Overall, nearly three in ten (29%) respondents anticipate an improvement in business for the GB market for rest of the year, whilst nearly three in five (58%) expect business to be similar to that of 2016.

Outlook for overseas market similar to that of Great Britain market

2.21 Expectations for the overseas market are similar to those of the Great Britain market, with a third (33%) of respondents expecting business for the rest of 2017 to be up compared to 2016.

Repeat visitors key

2.22 Repeat visitors was the most frequently cited positive factor affecting tourism businesses, with around a third (34%) of all respondents having mentioned it.

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Local events can draw visitors

2.23 More than a quarter of the sample (26%) stated local events as a positive factor affecting their business. Events in the local area and larger events are believed to encourage visitors to come to Northern Ireland.

Recommendations and own marketing important

2.24 Approaching a quarter of all respondents felt that recommendations (23%) and their own marketing (23%) were positive factors for their businesses.

Favourable exchange rate a benefit

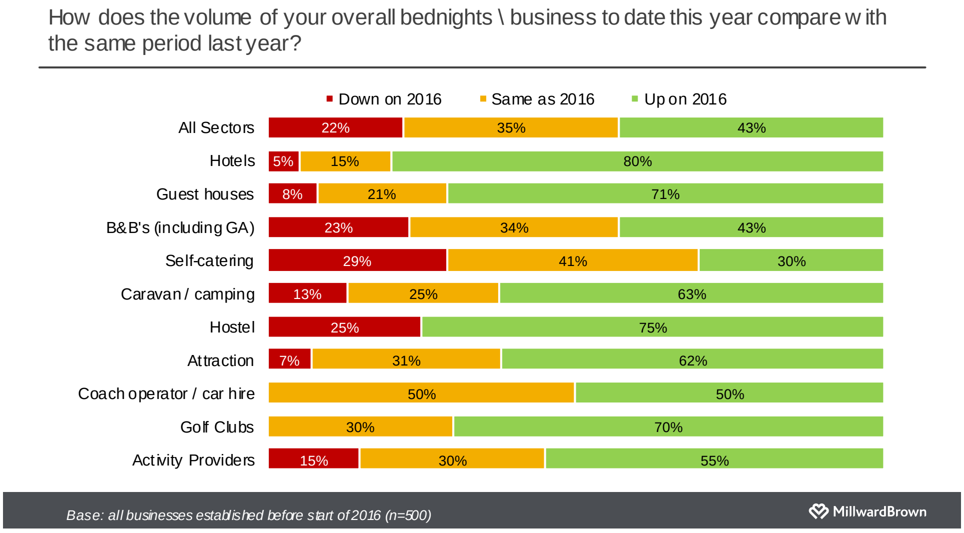
2.25 Around one in seven (14%) respondents cited the favourable exchange rate as a benefit for their business.

The economy still the main issue

2.26 The economy was seen as the main issue of concern for respondents, with around one in seven (15%) citing the domestic economy and almost one in ten (8%) mentioning the global economy as areas of concern.

3. Visitor Volumes in 2017 by Sector

Overall visitor volumes in 2017



**Caution: some sectoral data based on small sample sizes: Guesthouses (n=24); Car Hire and Coach Operators (n=6); Hostels (n=4); Caravan and Camping (n=8); Golf Clubs (n=10)*

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.

Strong year to date for Northern Ireland – especially for hotels and guest houses

3.1 The above chart gives an overview of industry performance by sector in 2017.

3.2 Hotels have performed very strongly, with four in five (80%) respondents having reported an increase in visitor numbers so far in 2017. This is a considerable improvement on the figure reported at the same stage last year (43%).

3.3 Guest houses have also performed strongly thus far; more than seven in ten (71%) reported an increase on 2016 figures. Like the hotel sector, this represents a significant improvement on the figure reported at this point last year (38%).

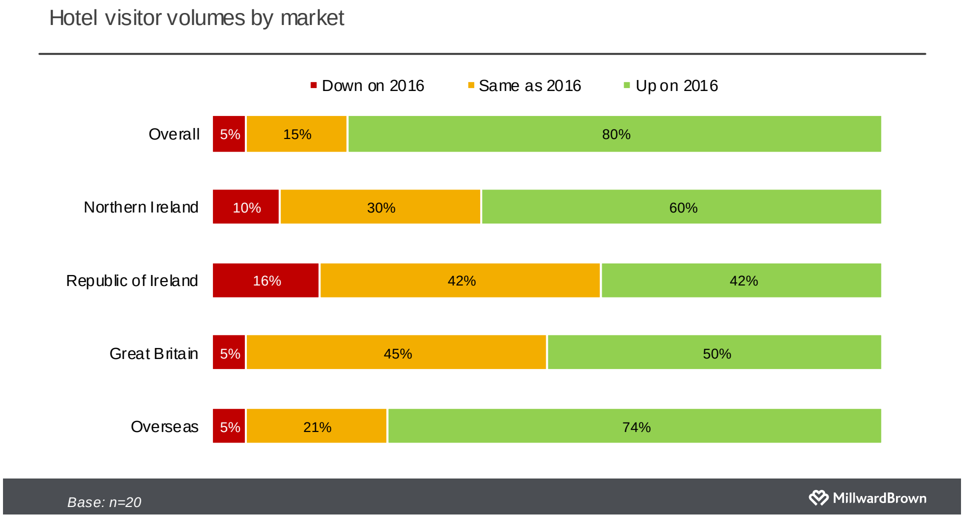
3.4 It has been a good year so far for attractions, with more than three-fifths (62%) having reported an increase in visitor volumes.

3.5 B&B operators have reported mixed results for the year to date, but there has been some improvement on last year. More than two-fifths (43%) reported that business was up, which is an increase on the figure reported (33%) at this stage last year.

3.6 Self-catering operators have experienced some challenges. Although nearly three in ten (29%) respondents reported an increase, the same proportion (29%) reported a decrease in visitor volumes compared to the same period in 2016.

3.7 Performance by sector is discussed in more detail in the next section.

Hotels – visitor volumes by market



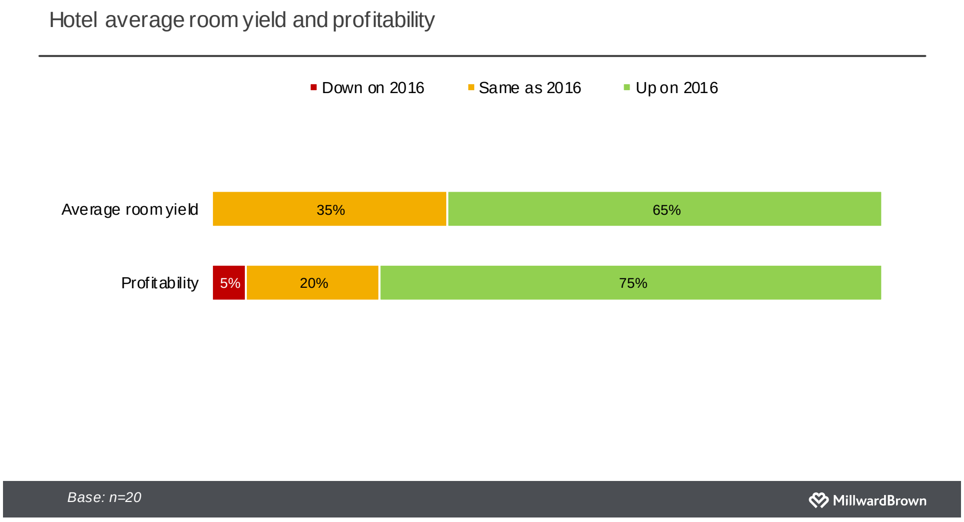
Excellent year thus far for hotel sector

3.8 Hotels have enjoyed an excellent year to date; four in five (80%) respondents reported increased visitor numbers. This is almost double the figure reported last year, when just over two in five (43%) responding hotels reported an increase on 2015. All markets show good signs of growth, with few respondents reporting decreases in visitor levels.

3.9 The overseas (74%), domestic (60%) and Great Britain (50%) markets have all performed much more strongly than they did at the same point last year, when increases were reported by 48%, 40% and 36% respectively.

3.10 Although the Republic of Ireland (42%) performed less strongly than the other markets, it has also seen an improvement on the figure reported at this point last year (33%), which might in part be due to more favourable exchange rates since the Brexit vote.

Hotels – average room yield and profitability



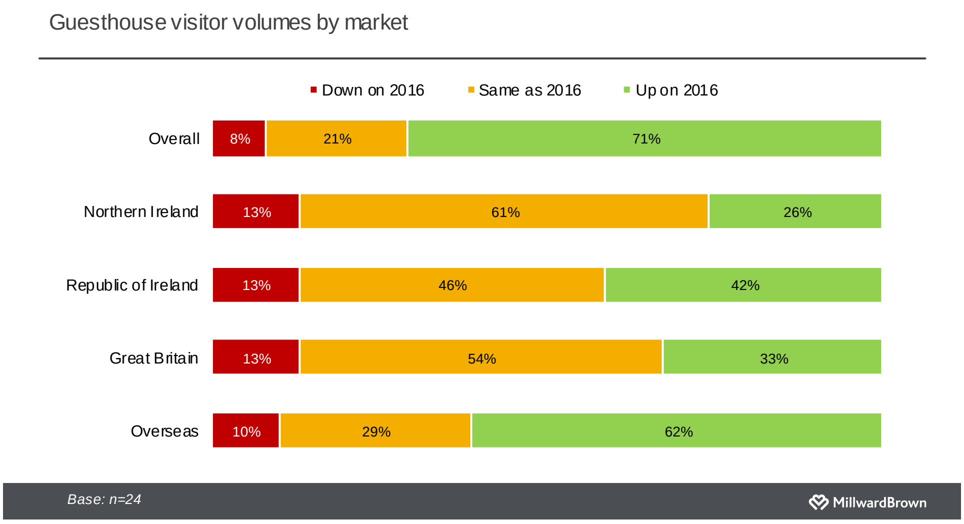
Significant increases in profitability and room yield

3.11 The excellent year that the hotel sector has enjoyed so far in 2017 is reflected in an increase in profitability, as reported by three-quarters (75%) of respondents.

3.12 Similarly, nearly two-thirds (65%) of hoteliers stated that average room yield had increased on 2016.

3.13 The terrific performances so far this year regarding profitability and room yield represent significant increases on the same period last year, when around two-fifths (36%) and over half (55%) respectively, reported increases compared to 2015.

Guesthouses



Positive year so far for the guesthouse market

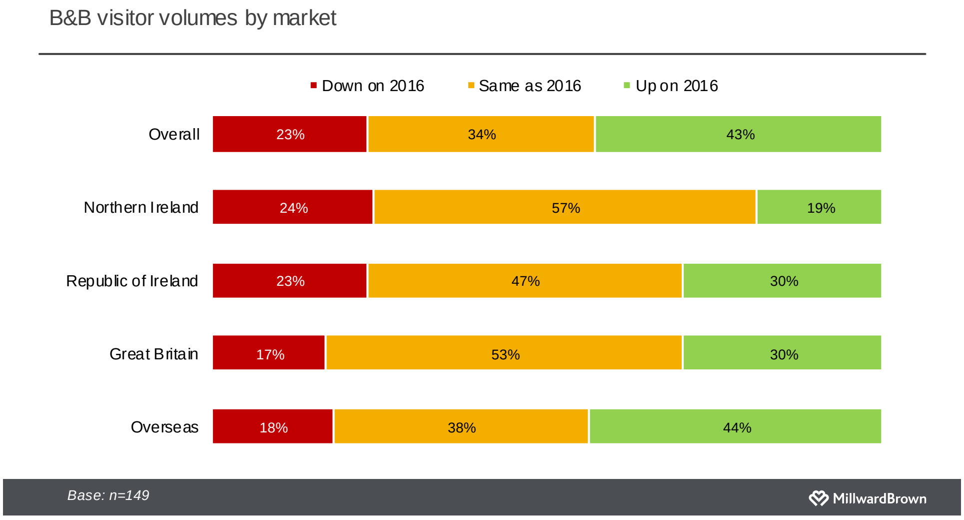
3.14 More than seven in ten guesthouses (71%) reported increases in visitor volumes so this year, which is a significant increase on the figure that was reported (38%) at this time last year.

3.15 The Overseas market performed most strongly, with over six in ten (62%) respondents having reported an increase on 2016 volumes.

3.16 Around two in five (42%) reported an increase in visitor volumes for the Republic of Ireland, whilst a third (33%) recorded an increase for the Great Britain market.

3.17 Respondents were least likely to report an increase for the domestic market, with just over a quarter (26%) having reported an increase in 2017.

B&Bs



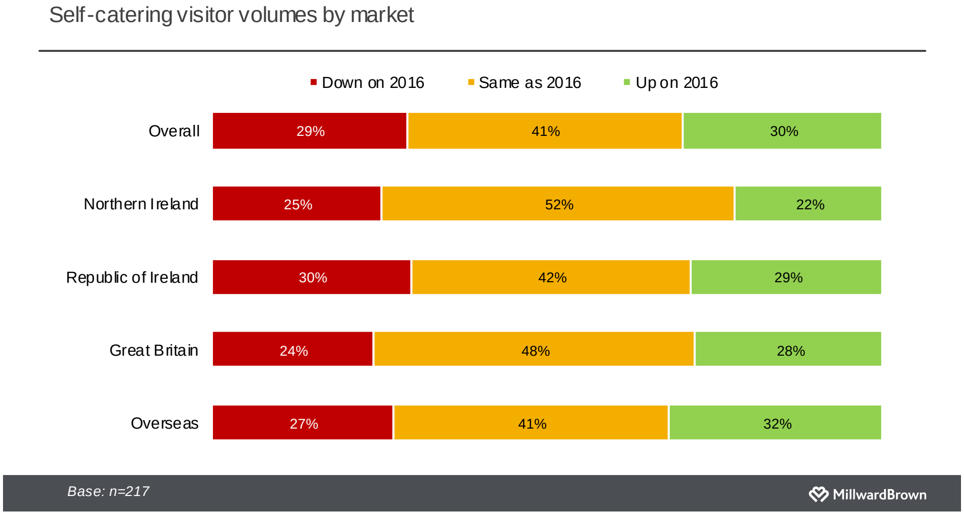
B&B's face challenges, but some improvement on last year overall

3.18 B&B operators have reported mixed results for the year to date, but there has been some improvement on last year. More than two-fifths (43%) reported that business was up, which is an increase on the figure reported (33%) at this stage last year.

3.19 The domestic market appears to be struggling most, with almost a quarter (24%) of B&B operators having reported a decrease in visitor volumes, with only one in five (19%) having reported an increase. However, this represents an improvement compared to this point last year, when two-fifths (40%) reported a decrease in domestic volumes.

3.20 Positively, fewer B&B operators reported a decrease in the ROI, Great Britain and Overseas markets than did so at this point last year (2015 figures: ROI: 46%; GB: 29%; Overseas 27%).

Self-catering



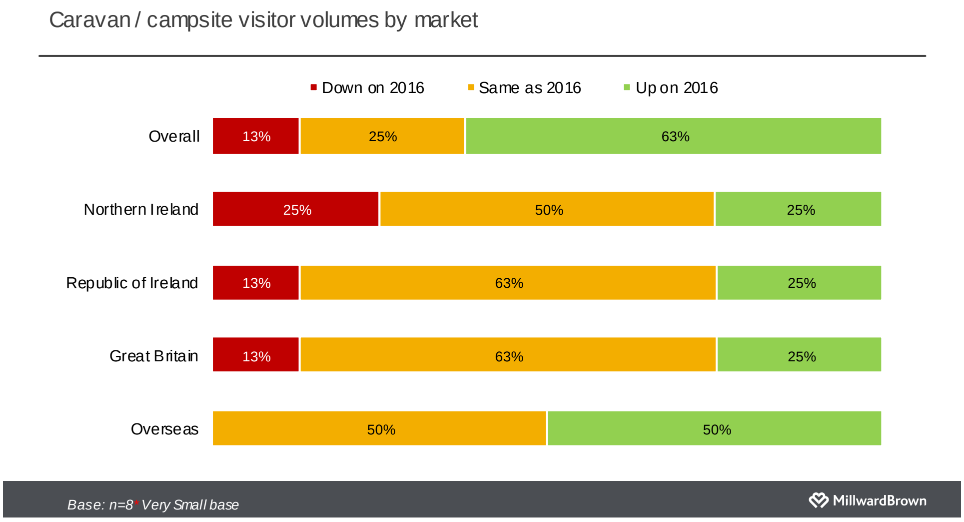
Consistent performance overall for self-catering, but changes for ROI and Overseas markets

3.21 Three in ten (30%) self-catering operators reported visitor volumes to be up in 2017, whilst a similar number (29%) reported a decrease in business. This represents a consistent performance with the figures reported at this point last year.

3.22 However, the Republic of Ireland market has seen a notable increase on the same period last year, with nearly three in ten (29%) reporting an increase in business so far this year, up from around one in eight (12%) last year.

3.23 There has been a decrease, compared to the same point last year, in the number of self-catering providers reporting an increase in Overseas business, down from over four in five (43%) in 2016 to around a third (32%) in 2017.

Caravan / campsites

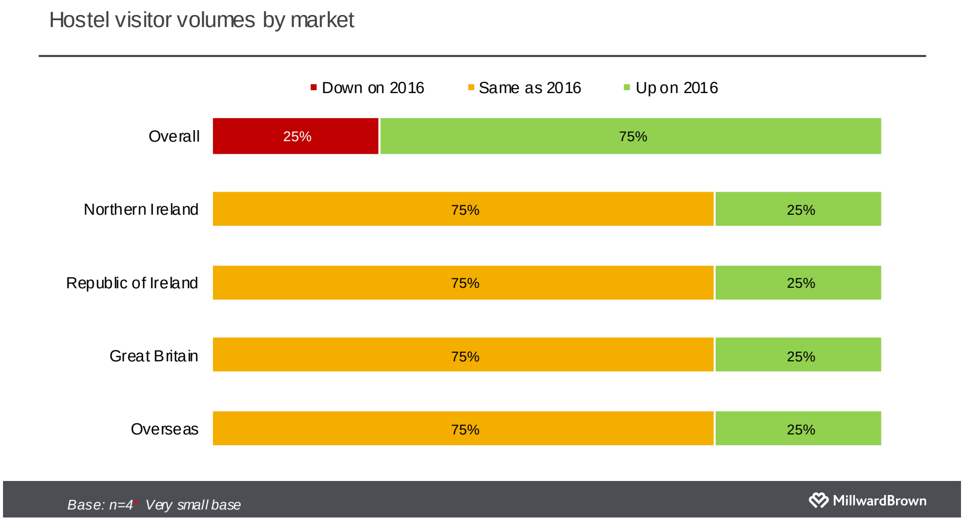


**Caution: The above results are based on a very small sample size (n=8)*

Strong year for the caravan and camping sector

3.24 Almost two-thirds (63%) of the caravan and camping proprietors that responded reported an increase in visitor numbers; an increase on the figure reported in 2016 (22%).

Hostels



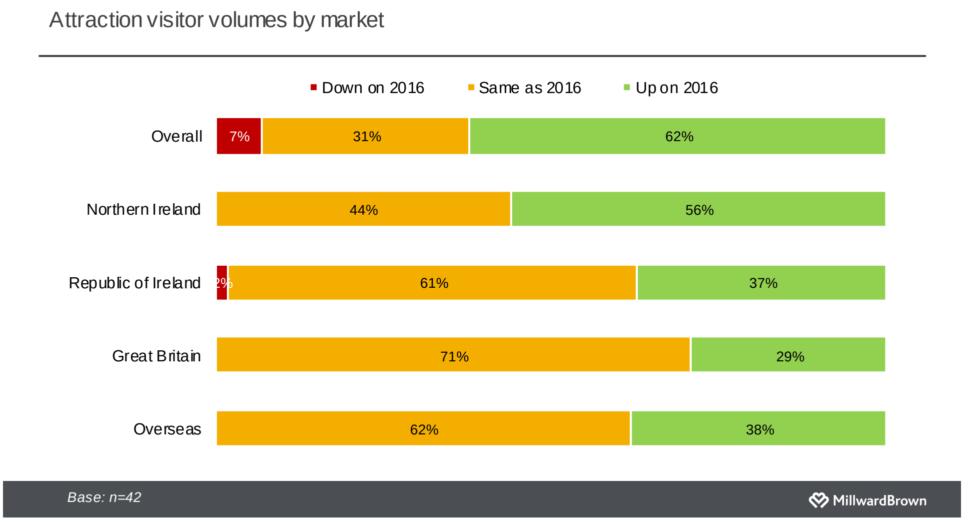
**Caution: The above results are based on a small sample size (n=4)*

A positive performance overall for hostels

3.25 Three-quarters of (75%) respondents reported visitor volumes to be up in 2017.

3.26 None of the responding hostels reported a decrease in visitor volumes for the domestic, Republic of Ireland, Great Britain or Overseas markets.

Attractions



Strong growth for attractions

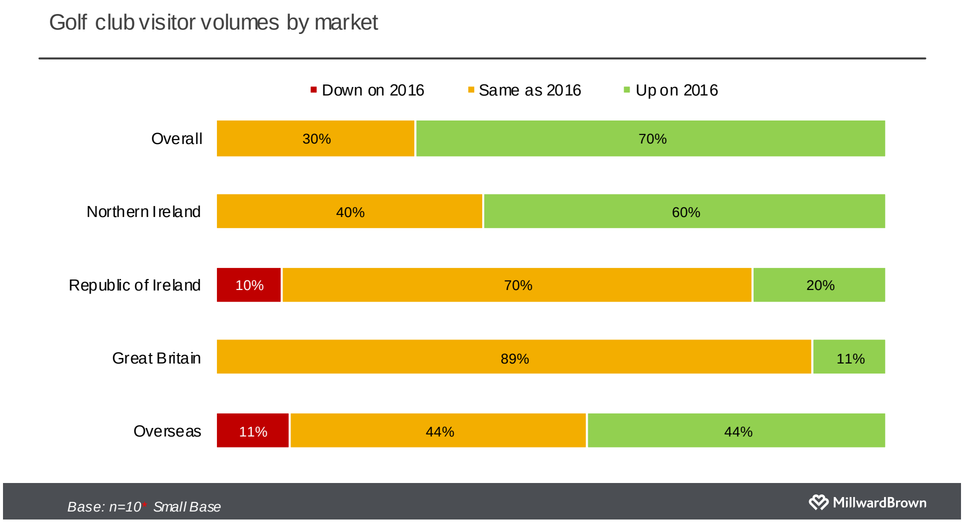
3.27 Overall, more than three-fifths (62%) of attractions reported an improvement on visitor numbers in 2017, representing a notable increase from the same point last year, when around two-fifths (46%) of respondents reported an increase in business.

3.28 There was a strong performance for the domestic market, with more than half (56%) having reported an increase in volumes in 2017, a considerable increase on the figures reported at the same point last year (33%).

3.29 The Republic of Ireland market also performed well, with nearly two in five (37%) having reported an increase in volumes in 2017, a notable increase on the figures reported at the same stage last year (28%).

3.30 Whilst fewer respondents reported an increase in the Overseas market compared to this point last year (2017: 38%; 2016: 48%), none of the responding attractions reported a decrease in volumes in 2017.

Golf clubs



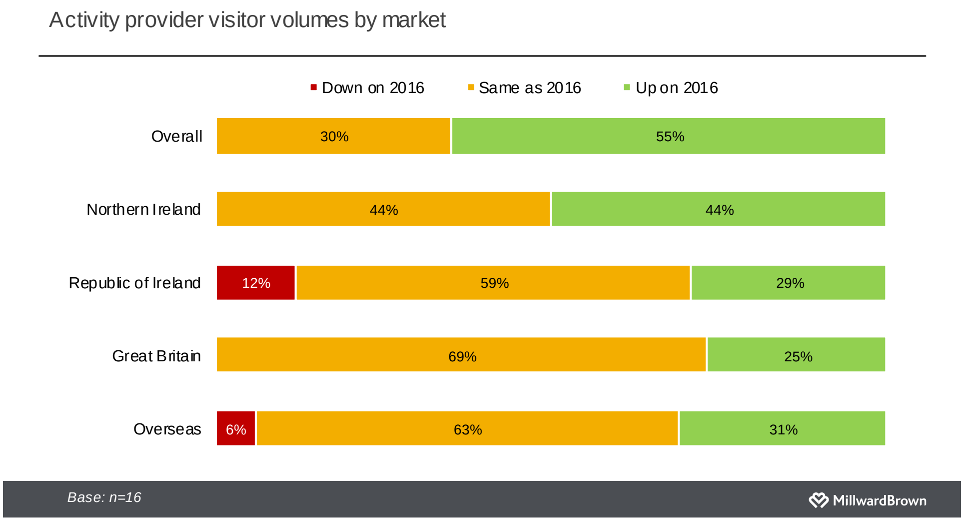
**Caution: The above results are based on a small sample size (n=10)*

Very positive year so far for golf clubs

3.31 Overall, seven in ten (70%) golf clubs reported an increase in visitor volumes in 2017, a considerable increase on the figure reported at the same point last year (25%).

3.32 The domestic market has performed particularly strongly, with six in ten (60%) responding golf clubs having reported an increase in 2017, up from around one in eight (13%) at this point last year.

Activity providers



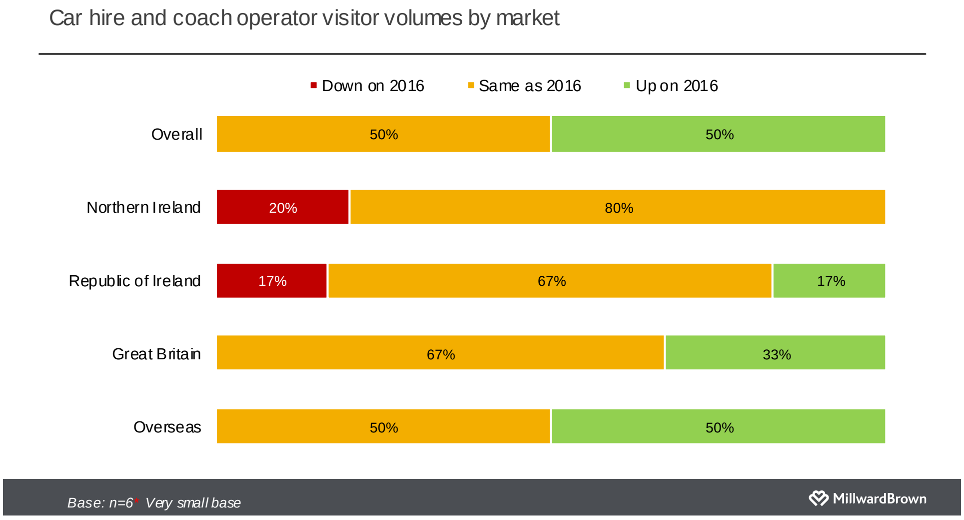
**Caution: The above results are based on a small sample size (n=16)*

Much improved scene overall for activity providers

3.33 More than half (55%) of activity providers reported an increase in business in 2017; an increase from around a third (32%) at this point last year.

3.34 The domestic market has seen the greatest improvement, with more than two in five (44%) having reported an increase in visitor volumes which is a notable increase on the figure reported at the same stage last year (24%).

Car hire and coach operators



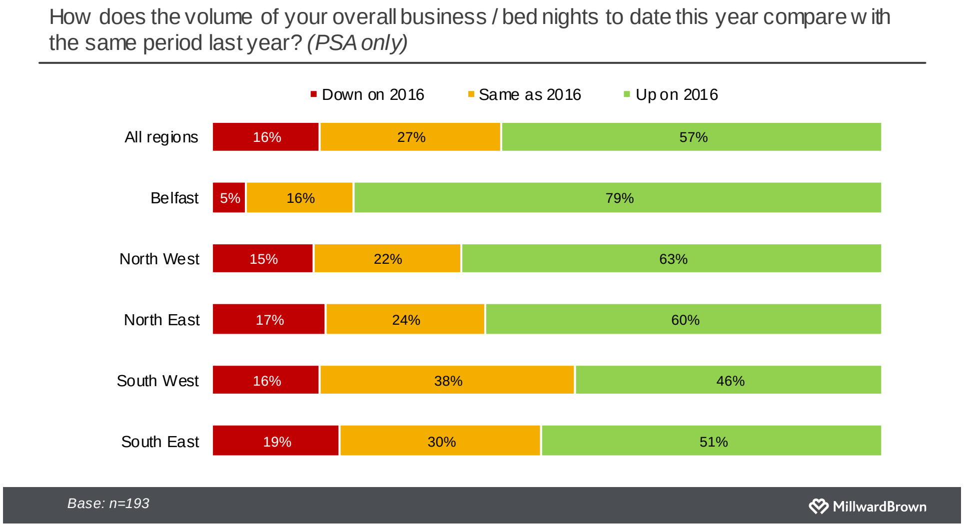
**Caution: The above results are based on a very small sample size (n=6)*

Positive performance from car-hire and coach operators

3.35 Overall, amongst the six coach operators or car hire companies in the sample, three reported an increase and three reported no change in visitor volumes in 2017.

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

Very strong year so far for Belfast

4.1 Operators in Belfast have enjoyed a strong 2017, with almost four-fifths (79%) of PSA respondents having reported an increase in business.

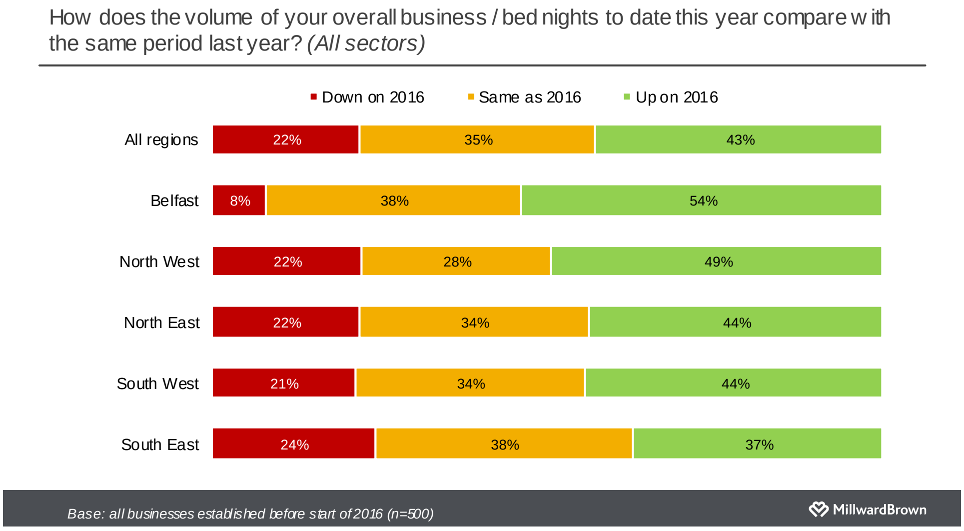
Positive performances across the rest of the country

4.2 Over six in ten (63%) respondents in the North West reported an increase in visitor levels, a further improvement on the number who did so at this stage last year (34%).

4.3 All other regions were up on balance, with more respondents having reported an increase in visitor volumes than did so at this stage last year.

4.4 The South West performed less strongly than the other regions, with around two in five (46%) having reported an increase in business in 2017. However, this is a considerable increase on the figure reported a year ago (25%).

All Sectors by Region



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

Strong performance for Belfast and the North West

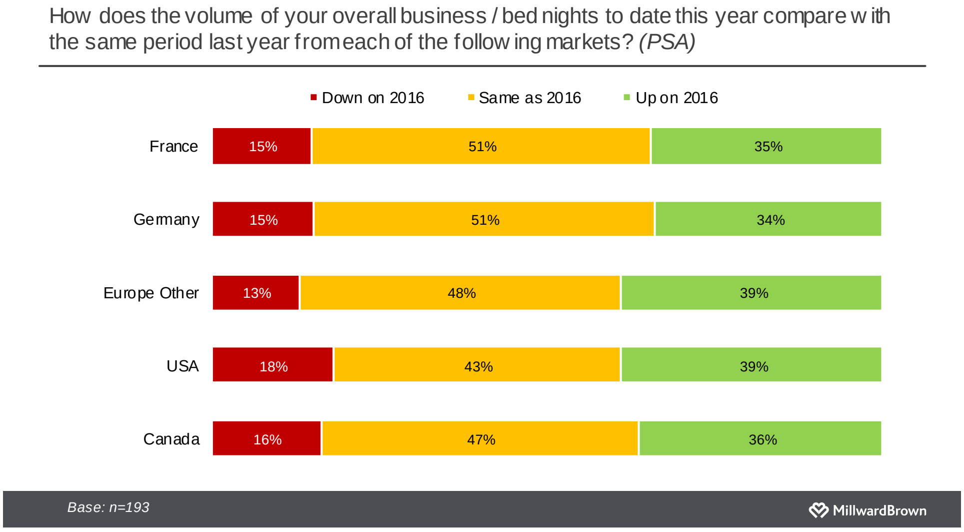
4.5 When the regional figures are based on all sectors, not just the PSA results, Belfast and the North West performed strongly, with around half in both having reported an increase in business in 2017.

4.6 The figure for Belfast is a considerable improvement on that reported at the same point last year (38%).

4.6 Over two-fifths (44%) of respondents in the North East and South West reported an increase in 2017, as did almost two-fifths (37%) of respondents in the South East.

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

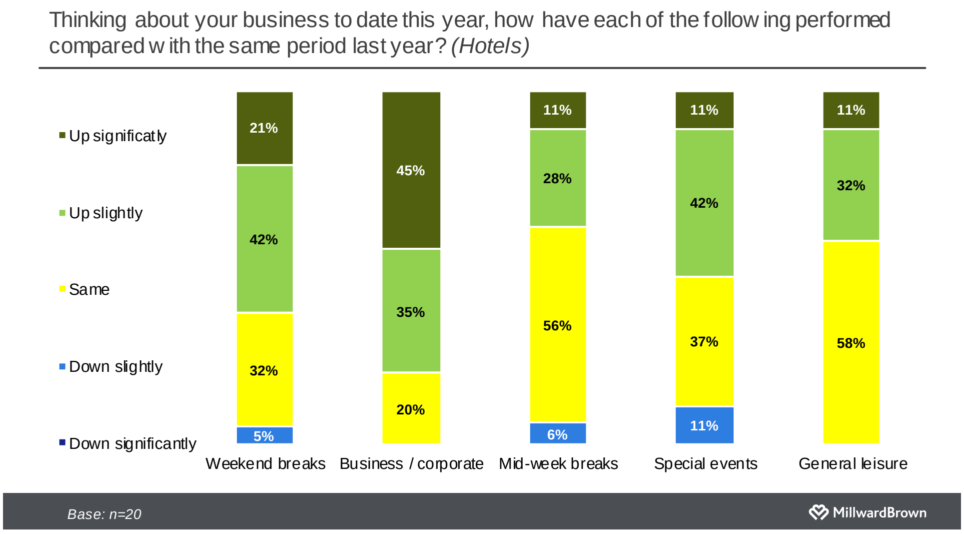
A consistent performance for most overseas markets, some improvement for Europe

5.1 The performance in 2017 has been consistent with that of the same period last year for the French, German, USA and Canadian markets.

5.2 The European market has seen an increase in business, with almost two-fifths of respondents (39%) having reported an increase in 2017. This is an increase on the figure reported at this point last year (30%).

6. Visitor Types (Hotels)

Hotel Visitor Types



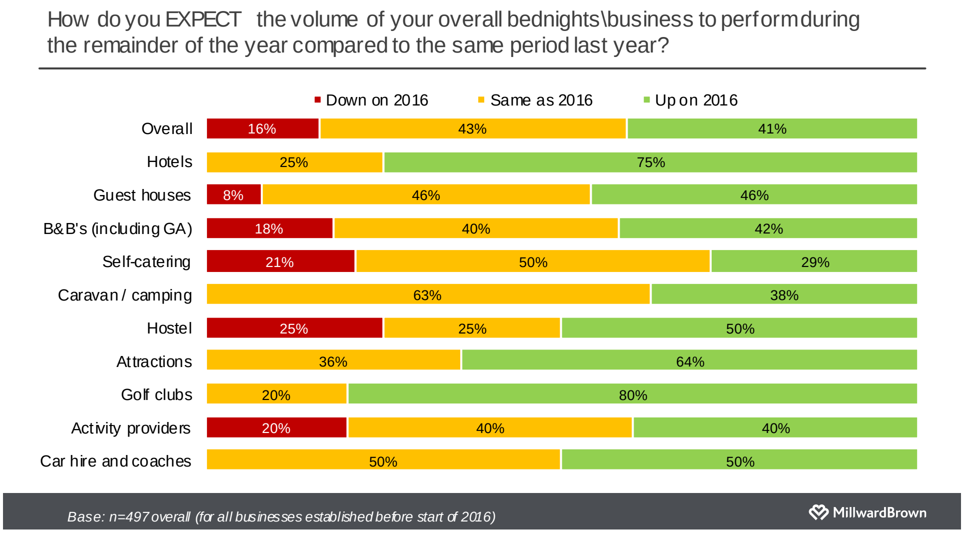
The above questions were asked only to hotels
**Caution: The above results are based on a very small sample size (n=20)*

Business trips and weekend breaks going strong

6.1 Business trips and the weekend break markets have done particularly well, with four-fifths (80%) and nearly two-thirds (63%) respectively, having reported an increase (either significant or slight) in 2017.

7. Expectations for 2017

Overall view of expectations



Industry optimistic for 2017

7.1 Overall, tourism operators have an optimistic outlook for 2017, with two-fifths anticipating business for the rest of 2017 to be up on that of 2016.

7.2 Amongst the accommodation providers, hotels are particularly optimistic for the remainder of the year, with three-quarters (75%) of respondents expecting business to be up compared to 2016.

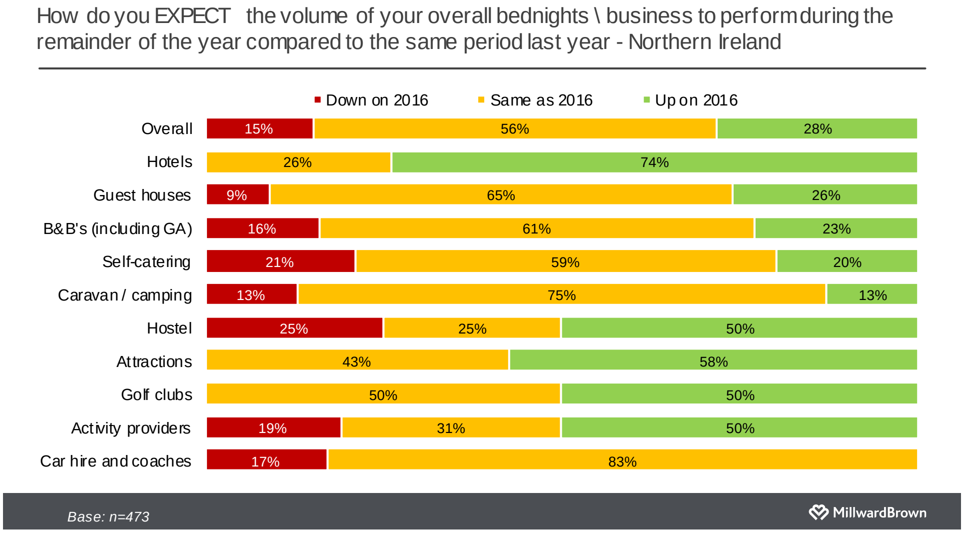
7.3 Approaching half (46%) of guesthouse owners expect business in 2017 to be up on 2016. An increase on the figure reported at this stage last year (31%).

7.4 B&B and self-catering accommodation providers are also optimistic, with over two in five (42%) and nearly three in ten (29%) respectively, expecting business in 2017 to be an improvement on 2016.

7.5 Attraction owners, golf clubs, activity providers and car hire and coach operators are also anticipating increases in business in the remainder of 2017.

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



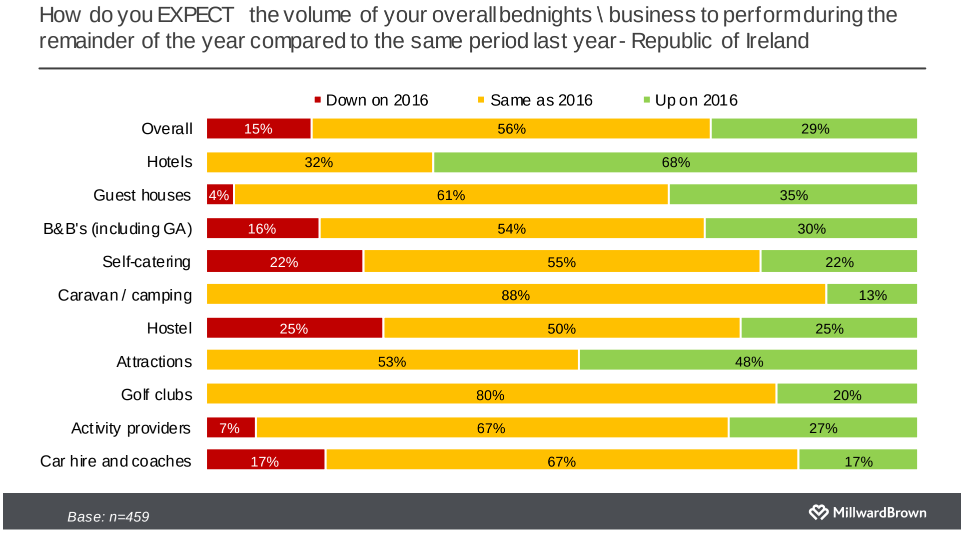
Steady expectations overall for the domestic market

7.7 Overall, only a small number of respondents expect business for the remainder of 2017 to be down on the volumes for 2016, with more than a quarter (28%) expecting an increase in business.

7.8 Hotels were the most optimistic, with nearly three-quarters (74%) expecting business to be up on 2016.

7.9 Attractions (58%), golf clubs (50%), hostels (50%) and activity providers (50%) are the more positive sectors, with at least half of respondents in each sector anticipating business to be increased compared to 2016.

Expectations for the Republic of Ireland



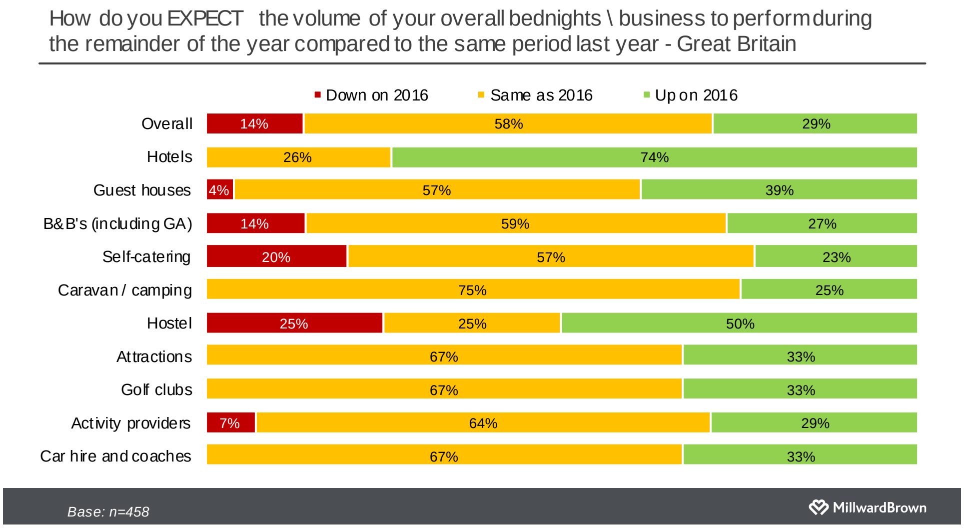
Solid outlook for the Republic of Ireland market

7.10 The outlook for the Republic of Ireland market is positive, with almost three in ten (29%) respondents overall expecting visitor volumes to be up 2016.

7.11 Of the accommodation providers, hotels were by far the most optimistic, with almost seven in ten (68%) anticipating business for the remainder of the year to be up on 2016.

7.12 Attractions are also relatively optimistic, with almost half (48%) of respondents expecting an increase in business in 2017.

Expectations for Great Britain



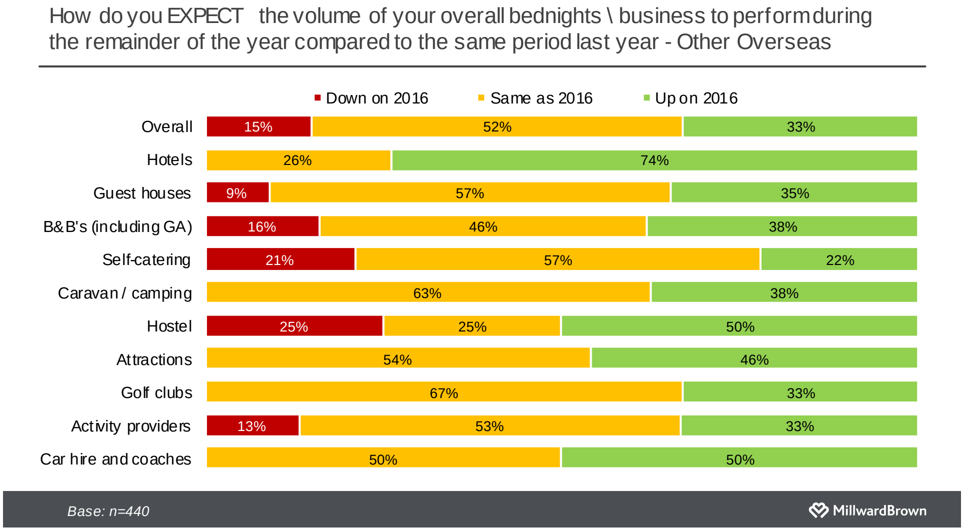
Good business expected from Great Britain

7.13 Overall, nearly three in ten (29%) respondents anticipate an improvement in business for the GB market for rest of the year, whilst nearly three in five (58%) expect business to be similar to that of 2016.

7.14 Hotels are the most optimistic, with nearly three-quarters (74%) expecting business to be up on 2016.

7.15 Guesthouses also have a relatively positive outlook, with around two in five respondents anticipating business for the rest of the year to be higher than that of 2016.

Expectations for Overseas



Outlook for overseas market similar to that of Great Britain market

7.16 Expectations for the overseas market are similar to those of the Great Britain market, with a third (33%) of respondents expecting business for the rest of 2017 to be up compared to 2016.

7.17 Hotels are again the most optimistic, with nearly three-quarters (74%) expecting business to be up on 2016.

7.18 Guesthouses have a relatively positive outlook, with over a third (35%) anticipating business for the rest of the year to be higher than 2016. This is a considerable improvement on the figure reported at the same stage last year (23%).

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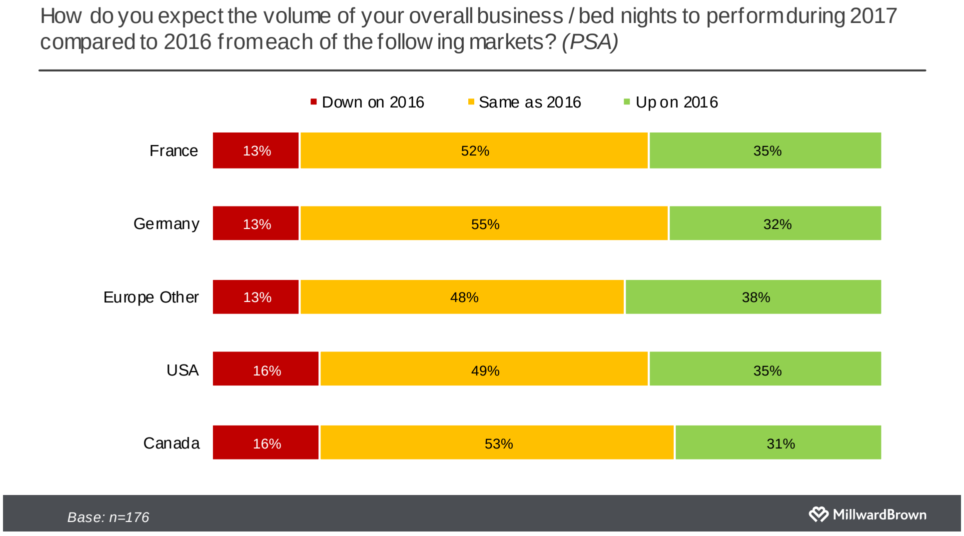
Overseas Expectations by country (PSA only)



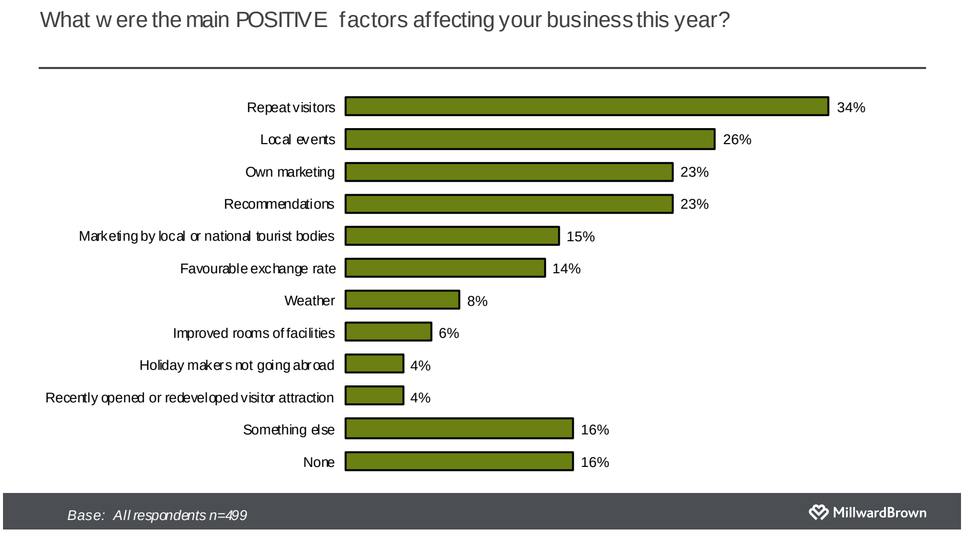
The above chart illustrates the expected business performance by overseas market of the weighted paid serviced accommodation sector

Some growth expected for overseas market

7.19 All overseas markets were more likely to predict growth than not for the remainder of 2017. However, a significant proportion from each market anticipate that business will be same as it was in 2016.

8. Positive Factors in 2017

Positive Factors



Repeat visitors key

8.1 Repeat visitors was the most frequently cited positive factor affecting tourism businesses, with around a third (34%) of all respondents having mentioned it.

8.2 This factor seemed to be particularly important for self-catering providers (41%).

Local events can draw visitors

8.3 More than a quarter of the sample (26%) stated local events as a positive factor affecting their business. Events in the local area and larger events are believed to encourage visitors to come to Northern Ireland.

Recommendations and own marketing important

8.4 Approaching a quarter of all respondents felt that recommendations (23%) and their own marketing (23%) were positive factors for their businesses.

Favourable exchange rate a benefit

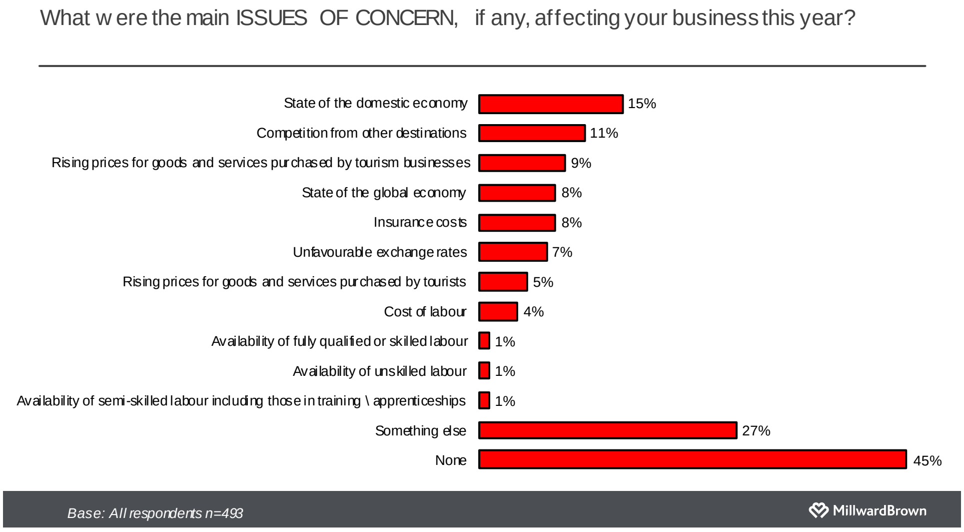
8.5 Around one in seven (14%) cited the favourable exchange rate as a benefit for their business.

Other positive factors

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

9. Issues of Concern in 2017

Issues of Concern



The economy still the main issue

9.1 The economy was seen as the main issue of concern for respondents, with around one in seven (15%) citing the domestic economy and almost one in ten (8%) mentioning the global economy as areas of concern.

Competition from other destinations a concern

9.2 Just over one in ten (11%) tourism businesses reported competition from other destinations as a concern for their business.

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	1	19	20
Guesthouses	1	23	24
Bed & Breakfast	21	128	149
Self-catering	72	145	217
Caravan & campsites	1	7	8
Hostels	2	2	4
Attractions	7	35	42
Golf clubs	4	6	10
Activity providers	4	16	20
Coach operators/Car hire	1	5	6
Total	**114**	**386**	**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%