



## **Almost three out of four hotels surveyed expecting business to improve in the next three years while more than half saw turnover increase last year - AIB Outlook Report**

**24th May 2013**

### **Key findings:**

- 54% of hotels saw turnover increase in 2012
- 67% of Irish hoteliers expect the tourism industry to improve within the next three years
- 71% of hoteliers expect their own business to improve within the same time frame
- 55% of hotels say they will upgrade and refurbish their properties over the next three years
- Online bookings now account for 56% of all bookings with just 31% of bookings made over the phone
- Guest profiles are changing with hoteliers reporting an increase in the number of couples, over 55s, domestic tourists and wedding related business

New research has revealed that a majority of Irish hoteliers are optimistic about the medium term outlook for the sector with (67%) saying that the tourism sector will improve within the next three years. A total of 71% believe the financial performance of their own properties will improve within the same time-frame. The research also revealed that 54% of hotels saw turnover increase in 2012, with 26% saying it decreased.

More than 90% of those surveyed said visitors are more interested in value breaks and special offers and the vast majority of hoteliers surveyed (85%) said that they had introduced special offers to meet value for money demands.

These findings are according to research carried out by Amárach Research on behalf of AIB. The research forms part of a series of outlook reports for the SME sector compiled by AIB. The second report on the hotel industry is in association with hotel representative organisation, the Irish Hotels Federation (IHF).

The survey also finds that 42% of hotels have not sought finance from their banks in the past twelve months. Of those who sought finance, 59% required a change to terms of existing finance or to renew existing finance, with just 12% seeking a new loan. Looking ahead, just over a third of hotels expect to look for finance from their banks in the next twelve months.

Head of Business Banking at AIB, Ken Burke said: "AIB is wholeheartedly committed to the growth and development of the Irish tourism industry and has enjoyed a long relationship with the hotel sector for many years. AIB has a dedicated hotels team which has been to the fore in developing a wide range of solutions for the sector.

“AIB is producing this series of outlook research reports to help us get to the heart of our business customers needs and challenges within their own sectors from their perspective. This will help us provide more meaningful support to them which we hope will add value to the future success of their business. In addition to this a critical component of AIB’s SME strategy is to have dedicated sectorial specialists who understand the various sectors in the SME environment.”

CEO of the IHF, Tim Fenn said: “We welcome AIB’s support for Irish tourism and in particular for the hotels sector, which has enormous potential to act as an engine of growth and job creation in the economy. This support is critical for hoteliers, who require ongoing access to credit to run their day-to-day businesses, manage cashflow and invest in product upgrades and refurbishment. Banks also have an important role to play in supporting viable hotels seeking to restructure and refinance loans. We are pleased that AIB is committed to engaging in this process.”

“As highlighted in today’s report, the outlook for the hotels sector is more upbeat compared to last year with hoteliers increasingly optimistic about the trading conditions for their businesses. However, significant challenges remain in terms of high operating costs – most notably local authority rates, which have been kept at pre-2007 levels even though turnover is significantly down. Another area of serious concern is the attempt to reintroduce sectoral wage-setting mechanisms in the form of Joint Labour Committees (JLCs), which are out of touch with the business realities facing hoteliers and act as a barrier to job creation in the sector.”

The planned series of outlook reports will help to inform AIB of the issues facing businesses around Ireland and the bank will use these findings to work with customers in the future.

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***Note for editors:***

The research was carried out by Amarach on behalf of AIB in March and April 2013. A total of 111 key decision makers in Irish hotels around the country participated in the confidential survey.