



Rialtas na hÉireann
Government of Ireland

Focus on Tourism & Hospitality

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Tourism & Hospitality

Description

Tourism relates to the activity of travellers on trips outside their usual environment with a duration of less than one year and includes services for accommodation, restaurants, leisure, entertainment and transport. Tourism is one of the world's largest economic sectors.

Snapshot

Global		Market Size	Previous Growth Forecast
		Travel and Tourism ⁱ	\$2,750.7 billion (2018)
National		Travel and Tourism ⁱⁱ	\$24.2 billion by 2023
		Exports ⁱⁱⁱ	€5.2bn
		Employment ^{iv}	179,200 (260,000) ^v

- i. Figures refer to contribution to GDP- Travel & Tourism Economic Impact 2019, World travel & Tourism Council, March 2019
- ii. Travel and Tourism in Ireland, Marketline, December 2018
- iii. CSO Balance of Payments (Tourism and Travel). Total national exports figure is derived from adding current account exports of goods and services
- iv. CSO LFS Q4 2019 seasonally adjusted NACE Rev 2 – (Accommodation and food service activities)
- v. 260,000 is a Fáilte Ireland estimate based on application of a multiplier to the CSO labour force survey employment figure of 181,200- Q3 2018 Seasonally Adjusted (Accommodation and food service activities) to reflect employment in broader sub-sectors of the tourism industry. Tourism Targets out to 2025 –employment - 310,000.

Pre-COVID-19 Position

Tourism is a growing sector internationally, taking advantage of digitalisation with the sharing economy disrupting the market

- Travel & Tourism is one of the world's largest economic sectors, supporting one in 10 jobs (330 million) worldwide and generating over 10 per cent of world GDP.¹ In 2019, the sector's growth outpaced the global economy growth for the ninth successive year.²

¹ Total contribution including wider effects from investment, the supply chain and induced income impacts

² World Travel and Tourism Council

- Travel & Tourism directly generated over 119 million jobs in 2019, 3.8% of global employment.
- The sector has important multiplier effects on employment in related sectors, including agriculture, transportation, handicrafts and food and beverage provision. For every directly created tourism job, nearly one and a half additional jobs are created on an indirect or induced basis³.
- Digitalisation has been changing the industry.
- The evolution of the collaborative and sharing economies are disrupting existing business models in the tourism industry. It is premised on making use of underutilised assets and is enabled by technology to match supply with consumer demand.
- Marketing through online and social media is vital to the tourism industry and is disrupting traditional media. Travelers are increasingly sharing their own experiences through reviews, photos and blogging.

In Ireland, the Sector had been recovering after the significant downturn

- The sector has witnessed annual growth since 2010. In 2018, the sector was worth over €9 billion to the Irish economy overall. Of this, €5.2 billion was expenditure by overseas tourists, up 6% on 2017. The total number of overseas tourists to visit Ireland exceeded 9 million, an increase of 7% on the previous year.⁴
- Of the 260,000 jobs supported by the tourism and hospitality sector, 180,000 of these are supported by overseas visitors, and 80,000 are supported by staycations.⁵
- The tourism sector in Ireland is a labour-intensive sector providing employment opportunities for a range of skills and work patterns. With strong regional dispersity, the strength of the tourism sector is critically important to the protection and development of rural economies.
- Irish tourism relies both on international trade and the domestic market. The current four key markets of Britain, the US, Germany and France account for approximately 70% of international visitors to Ireland. This proportion has been trending down as target markets for inbound visitors is diversifying in line with the market diversification policy employed by Tourism Ireland.⁶
- Brexit was seen as the greatest threat to Irish tourism.
- The tourism and hospitality sector is exposed to potential competitiveness challenges posed by depreciation of sterling against the euro and reduction in British holidaymakers' spending power. This makes Ireland more expensive for UK visitors and also makes the UK a relatively cheaper competitor for overseas tourists.

³ ILO Sectoral Brief–The impact of COVID-19 on the tourism sector

⁴Fáilte Ireland

⁵Economic Considerations for Reinstating Economic Activity, Phase 2 Update

⁶Tourism Ireland, Overseas Visitor Facts and Figures, 2018

- The Government's tourism policy, *People, Place, Policy: Growing Tourism to 2025* sets out the overall tourism goals to be achieved by 2025. The strong performance in the sector in recent years has resulted in these targets being achieved ahead of schedule and, as provided for in the Tourism Action Plan 2019-2021, the following recalibrated targets out to 2025 were noted by Government in July 2019:
 - Revenue from overseas tourists to increase to €6.5 billion in real terms
 - Employment in the tourism sector of 310,000 by 2025
 - Target of 11.6 million tourists visiting Ireland annually by 2025.

Impact of COVID-19

GLOBAL

- Travel and tourism are among the most affected sectors with airplanes on the ground, hotels closed, and travel restrictions put in place in virtually all countries around the world.
- The coronavirus (COVID-19) pandemic has triggered an unprecedented crisis in the tourism economy, given the immediate and immense shock to the sector. Revised OECD estimates on the COVID-19 impact point to 60% decline in international tourism in 2020. This could rise to 80% if recovery is delayed until December.

Tourism is one of the most vulnerable sectors that is extremely likely to witness a drastic fall in jobs as a result of COVID-19. The Travel & Tourism sector faces 100 million jobs losses globally.⁷

NATIONAL

- Tourism Revenue is projected to fall by €5bn in 2020 compared to 2019. While domestic tourism may recover more quickly, there is likely to be a longer lasting decrease in international tourism.⁸
- Tourism employment is projected to fall by between 190,000 and 200,000 in 2020.
- By mid- June 87% of the sectoral labour force is on COVID-19 payments.⁹
- Assuming a worst-case scenario of no international tourists coming into Ireland for the remainder of 2020 in addition to a decline of 20% in domestic tourism – this could lead to an

⁷ World Travel and Tourism Council
<https://wttc.org/Portals/0/Documents/Press%20Releases/WTTC%20now%20estimates%20over%20100%20million%20jobs%20losses%20in%20the%20Travel%20Tourism%20sector.pdf?ver=2020-04-30-194731-350>

⁸ Economic Considerations for Reinstating Economic Activity, DBEI May 2020

⁹ Economic Considerations for Reinstating Economic Activity Update for Phase 3

overall loss to the economy of €2.3bn with a potential impact on approximately 200,000 jobs.¹⁰

Issues, Opportunities and Challenges for the Sector

- Challenges will arise as the Irish and international economy reopens, including changing consumer preference and behaviours and overall impact of COVID-19 on tourism volumes. Any prolonged social distancing measures and wider economic effects (e.g. reduced incomes) will limit a return to pre-COVID-19 levels of activity for an as yet unknown period of time.
- Long-term COVID-19 restrictions will completely change the environment in which these businesses operate.
- The phased reopening of the Tourism and Hospitality sectors on a necessarily limited occupancy basis will impact on the competitiveness and viability of many businesses in these sectors.
- Ireland's tourism sector is deeply dependent on overseas visitors - accounting for 75% of overall tourism revenue. Only a proportion of this activity could expect to be offset by domestic tourism, which is expected to recover more quickly once containment measures are lifted.
- Given the restrictions on international travel, the focus for 2020 must be on reviving the domestic tourism market to ensure a return to work for as many employees as possible and encouraging Irish consumers to divert some spending to domestic tourism which would otherwise have been devoted to overseas travel.
- The July Jobs Stimulus package has committed over €40 million for investments in a range of heritage, arts, tourism and Gaeltacht-related projects which will support recovery in the sector.

¹⁰ Department of Transport, Tourism and Sport