



Rialtas na hÉireann
Government of Ireland

Focus on Tourism & Hospitality

December 2018

Tourism & Hospitality

A sector that is recovering after a significant down-turn, supported by distinctive regional marketing propositions



GLOBAL MARKET SIZE

\$2,570bn

in 2017

\$3,890bn

Growth Forecast by 2028

Source: Travel & Tourism Economic Impact 2018, World Travel & Tourism Council, March 2018



IRISH EXPORTS

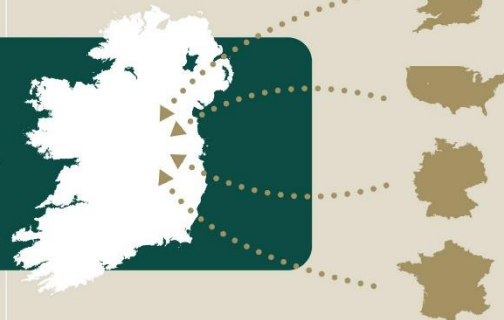
€4.9bn

in 2017

Source: CSO Balance of Payments Tourism and Travel, 2017

72%

of international visitors to Ireland arrive from Britain, the US, Germany and France



There were almost
10 million
trips to Ireland in 2017

an increase of
3.6% on the
previous year

Source: CSO Overseas Travel, 2017



EMPLOYMENT

260,000

in 2018

Fáilte Ireland estimate based on application of a multiplier to the CSO labour force survey employment figure of 177,400-Q2 Seasonally Adjusted (Accommodation and food service activities) to reflect employment in broader sub-sectors of the tourism industry



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Prepared by the Department of Business, Enterprise and Innovation

The sector in numbers

| Global ⁱ | Market Size | | | Growth Forecast | | |
|---------------------|------------------------------|-------------------------|-------------------------|---|--|-------------------------|
| | | \$2,570.1bn (2017) | | | \$3,890.0bn (2028) 3.8% pa, from 2018-2028 | |
| Ireland | Exports (2017) ⁱⁱ | % of National (Exports) | 5-year CAGR (2012-2017) | Employment | % of National | 5-year CAGR (2013-2018) |
| | €4.9bn | 1.39% | 10.35% | 177,400 ⁱⁱⁱ (260,000) ^{iv} | 7.87% (11.53)% | 5.35% |

i) Travel & Tourism Economic Impact 2018, World Travel & Tourism Council, March 2018

ii) CSO Balance of Payments (Tourism and Travel). Total national exports figure is derived from adding current account exports of goods and services

iii) CSO LFS Q2 2018 Seasonally adjusted data, NACE Rev 2 - (Accommodation and food service activities)

iv) Fáilte Ireland estimate of employment in the Tourism and Hospitality sector in Q2 2018, including part-time and seasonal/casual workers. Estimate is based on application of a multiplier to the CSO's labour force survey employment figure (Accommodation and food service activities) to reflect employment in further sub-sectors of the tourism industry e.g. tourism services and attractions.

Description of the sector globally, including

- 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.
- The UN World Tourism Organisation (UNWTO) reported that destinations around the world welcomed 1.1 billion international tourists between January and October 2017, representing a 7% increase on the same period of 2016, or 70 million more international arrivals¹.

Global developments and implications

- In 2017, the sector's growth outpaced the global economy growth for the seventh successive year,² the direct contribution of Travel & Tourism to GDP reaching \$2,570.1bn (3.2% of total GDP). It is forecast to rise by 4.0% in 2018, and to rise by 3.8% pa, from 2018-2028, to \$3,890.0bn (3.6% of total GDP) in 2028.

¹ UNWTO Press Release accessed at: <http://media.unwto.org/press-release/2017-12-14/southern-and-mediterranean-europe-north-africa-and-middle-east-drive-tourism>

² Travel & Tourism Economic Impact 2018, World Travel and Tourism Council, March 2018

- Globally, Travel & Tourism generated over 188 million jobs directly in 2017 including employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services) and activities of the restaurant and leisure industries directly supported by tourists. By 2028, Travel & Tourism will account for 150 million jobs directly, an increase of 2.2% pa over the next ten years.³
- The UN designated 2017 the Year of Sustainable Tourism for Development to raise awareness and to mobilise stakeholders to work together in making tourism a catalyst for positive change.
- Terrorism poses a threat to the sector. However, 2017 saw countries such as Tunisia, Turkey and Egypt that had previously been devastated by the impacts of terrorist activity, recover strongly. In 2017, growth in international arrivals exceeded 7% in all destinations of Southern and Mediterranean Europe.⁴
- By 2026, the top four markets for outbound spending will remain China, Germany, USA and the UK. 2017 saw a strong pickup of expenditure on international tourism in Brazil (+33%) and the Russian Federation (+27%) after some years of declines.
- Marketing through online and social media is vital to the tourism industry and is disrupting traditional media. Travellers are increasingly sharing their own experiences through reviews, photos and blogging.
- Widespread availability of the internet can result in shorter lead times for bookings. Online booking varies by segment. Private accommodation and flights have the highest overall online booking penetration whereas rail, cruise and travel activities have the lowest. Growth in online travel booking via mobile is being led by China, India and Japan, where mobile bookings are projected to represent 65% of all bookings by 2020.⁵
- The tours and activities segment of the tourism industry is poised to experience the digital transformation that has swept the vacation rentals over the last decade. 15% of tours and activities sales were made online in 2016. Major online brands like Expedia, booking.com, Airbnb and Tripadvisor are investing in the sector or adding bookable tours and activities to their websites.⁶
- The evolution of the sharing economy is 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. The sharing economy has seen the introduction of new players to the market place including e.g. Airbnb as well as an increase in house-swap holiday accommodation options (lovehomeswap.com).
- The top ten global travel apps are dominated by intermediaries (Online Travel Agents, metasearch brands, activities aggregators, vacation rental apps, travel deal providers and accommodation aggregators). The top ten apps by monthly active users are booking.com, uber, Airbnb, google trips, Tripadvisor, Trivago, Ryanair, Skyscanner, Hotels.com and Expedia.⁷

³ ibid

⁴ UNTWO Press Release accessed at: <http://media.unwto.org/press-release/2017-12-14/southern-and-mediterranean-europe-north-africa-and-middle-east-drive-tourism>

⁵ Global Mobile Market Sizing: Focus on U.S., APAC and Europe, Phocuswright, August 2017

⁶ Tours & Activities Come of Age: Global Travel Activities Marketplace 2014-2020, Phocuswright, July 2017

⁷ The travel app landscape: A Study of the 100 top Travel apps, October 2017, Phocuswright & Apptopia

- The sector has also seen some very interesting M&A activity with Lufthansa acquiring Retail in Motion, TravelSky acquiring OpenJaw and Hellman and Friedman acquiring Hostelworld.

The sector in Ireland

- *People, Place, Policy: Growing Tourism to 2025* has set out the overall tourism goals to be achieved by 2025:
 - To increase revenue from overseas visitors, excluding their carrier receipts, to €5 billion in real terms.
 - To reach employment figures in the tourism sector of 250,000.
 - To increase visits to Ireland to 10 million annually.
- After a period of decline, the sector has witnessed annual growth since 2010. In 2017, the total number of trips to Ireland was almost 10 million, an increase of 3.6% on the previous year.⁸
- While tourism in Ireland is very strong, it is subject to regionality and seasonality constraints. Specific marketing initiatives, such as those related to the Wild Atlantic Way, Ireland's Ancient East and most recently Ireland's Hidden Heartlands have been deployed to increase the breadth and span of the tourism market. Fáilte Ireland also develop festivals which have been tested and resonate with international visitors and bring significant off season and regional visitors.
- 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 72% 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.⁹
- Tourists from more distant regions typically visit Ireland on a short-term basis as part of a package that also includes the UK and mainland Europe. This militates against the potential for these tourists to experience tourism options other than those that might be regarded as highlights.
- 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.
- Tourism has strong linkages across the economy, most notably to agricultural output, transport and the food sector.
- While the sector in Ireland is made up of predominantly indigenous firms and sole traders, there has been an increase in investments by international hotel groups and others, including the Hilton and Radisson hotel chains.

⁸ CSO Overseas Travel, available from '<https://www.cso.ie/en/releasesandpublications/er/ot/overseastraveloctober-december2017/>

⁹ Tourism Ireland, Overseas Visitor Facts and Figures, 2016

- Ireland is home to significant service centres from top global hotel/tour operators such as Starwood, RCI, Marriott, Marriott Vacation Club (Cork), Tropical Sky, PortmanTravel (Kerry), Radisson (Dublin) as well as air transport operators such as Lufthansa and BA.
- Ireland has seen recently multinational traveltech investments from Travelport, TripAdvisor, AirBnB building on the existing multinational base of SITA, Adara and Sabre.
- There is also a strong base of indigenous traveltech companies like BoxEver, Datalex, Avvio, Roomex, BookAssist, CarTrawler and HomeStay.
- The Guinness Storehouse was the top fee charging visitor tourist attraction in Ireland in 2017 with over 1.7m visitors. The Cliffs of Moher Visitor Experience, Dublin Zoo and the National Aquatic centre also all had over 1m visitors in 2017. The National Gallery was the top free attraction in 2017 with over 1m visits.

Brexit

- The impact of Brexit will largely depend on the level of open trade and travel agreements that the UK will have with its EU neighbours. Any increased border controls, slowing in the UK economy and reduced business and leisure travel to Ireland could have a strong effect on Ireland's hotel and tourism industry.
- 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.
- The future status of the UK's involvement in the European Single Aviation Market and the possible impact that Brexit will have on Aviation will largely depend on the outcome of the future relationship negotiations with the UK.

See also Focus on Transport & Logistics and Aerospace & Aviation

Ecosystem

- The Government policy on Tourism is set out in "*People, Place and Policy – Growing Tourism to 2025*" and is implemented via Tourism Actions Plans, with an Action Plan for 2019-2020 currently being finalised.
- *People, Place, Policy: Growing Tourism to 2025* places a focus on promoting the Wild Atlantic Way; targeting the 'social energisers' and 'culturally curious' through Dublin Plus and promoting the heritage and cultural assets of the South and East through Ireland's Ancient East Brand (e.g. Viking Waterford, Medieval Kilkenny and Brú na Bóinne). Ireland's Hidden Heartlands was launched in April 2018 for the Midlands.
- Tourism Ireland is responsible for marketing the island of Ireland overseas as a holiday and business tourism destination. They work with the two tourist boards on the island, Fáilte Ireland and Tourism NI, and with partners in the tourism industry at home and abroad.

- Fáilte Ireland is the National Tourism Development Authority that supports the tourism sector and offers a range of supports to help tourism businesses manage and market their products and services campaign and manages a network of nationwide tourist information centres that provide help and advice for visitors to Ireland.
- Fáilte Ireland promotes Ireland through its DiscoverIreland.ie and has implemented a Local Experts Programme to support the tourism sector and local communities, who welcome and engage with visitors to different areas in Ireland.
- The Hospitality Skills Oversight Group (HSOG) was set up in 2016 to provide forum for practical action and collaboration to address the skills needs of the sector, including hotels in regional and rural areas and the group produced its final report in September 2016. A new group called the Careers Oversight Group has been established to continue this work.
- Low cost airlines (including Ryanair and Aer Lingus) have had a transformative impact on competition and price reductions for flights to and from Ireland and growth in inbound tourism in 2016, as in previous years, was directly correlated to the increase in air access.¹⁰
- Recent air connections announced include: Ryanair's new Munich and Stuttgart to Dublin services and their new service from Belfast to Manchester, the new Aer Lingus summer routes such as Seattle and Philadelphia to Dublin, Air Canada's new routes from Montreal and Toronto to Dublin and Shannon respectively and Air France's new service from Paris to Cork. Two new direct services from China to Dublin - Cathay Pacific from Hong Kong and Hainan Airlines from Beijing – began in June 2018.¹¹
- From August, Irish Ferries will offer daily sailings in each direction from France. Brittany Ferries is launching a twice weekly direct service from Spain, and doubling its frequency from France.
- Fáilte Ireland's assessment of hotel accommodation in Dublin confirms there should be sufficient stock to meet projected demand from 2019, with approximately 5,500 bedrooms due to come on stream by 2020.
- The Restaurants Association of Ireland (RAI) established a Skillnet in March 2017 to help drive employment growth, talent attraction and retention in the hospitality sector, with a focus on career progression for those at lower skilled levels.
- The Commis Chef Apprenticeship Programme secured QQI approval in July 2017 has been rolled out in Galway, Limerick/Clare Education, Kerry, Dublin and Kildare/Wicklow Education and Training Boards (ETB). The apprenticeship involves 1-2 days in training and 3-4 days in work depending on the time of the year. This will lead to a Level 6 award and will take two years to complete.
- An industry-led national tourism careers programme was launched in 2016 to enable second-level students aged 15-18 to explore the full range of career paths in the tourism industry. It is being run in close collaboration with tourism and hospitality businesses

¹⁰ Fáilte Ireland Annual Report, 2016

¹¹ Tourism Ireland's Situation and Outlook Analysis Report, May 2018

- IUBH, a German 3rd level private education institution established a campus in Killarney to run their B.A. in Hotel and Restaurant Management Programme.

Relevant Reports

Click on hyperlinks below

- [People, Place, Policy: Growing Tourism to 2025](#)
- [Fáilte Ireland- Food and Drink Strategy, 2018](#)
- [Tourism Ireland's Situation and Outlook Analysis Reports](#)
- [Fáilte Ireland- Experiences Explained](#)
- [Fáilte Ireland- Get Brexit Ready Assessment tool](#)
- [Fáilte Ireland- Brexit Supports](#)

Key actors

Government: Department of Transport, Tourism and Sport (DTTAS)

Agencies: Fáilte Ireland, Tourism Ireland

Industry Body: Irish Tourist Industry Confederation (ITIC), Restaurant Association Of Ireland (RAI) and Irish Hotels Federation (IHF)

Recent Developments

Company Developments

- Norwegian Airlines announced plans to double the frequency of its flights between Dublin and Stewart International airport in New York State from April 26 adding a total of 66,000 new seats to the route. It will increase transatlantic services from Shannon from March 27, with flights to Providence doubling to four times weekly, and those to Stewart International increasing from two to three flights per week (February 2018)
- Aer Lingus announced a new direct flight from Dublin to Philadelphia. 2018 will see the airline's largest ever transatlantic programme, with total capacity to North America reaching 2.75 million seats on 14 routes (October 2017)
- Flight Centre Travel Group (FLT) has announced plans to create more than 30 new roles to facilitate its expansion in Ireland (October 2017)
- Center Parcs started construction of €233 million development in Longford. The development on a 400-acre site will create 750 jobs during the construction phase. Once open (due to in 2019), the forest holiday village will have capacity for up to 2,500 guests and employ up to 1,000 people. Center Parcs estimates that, when

operational, the new holiday village will add approximately €32 million to Ireland's GDP per annum (September 2017)

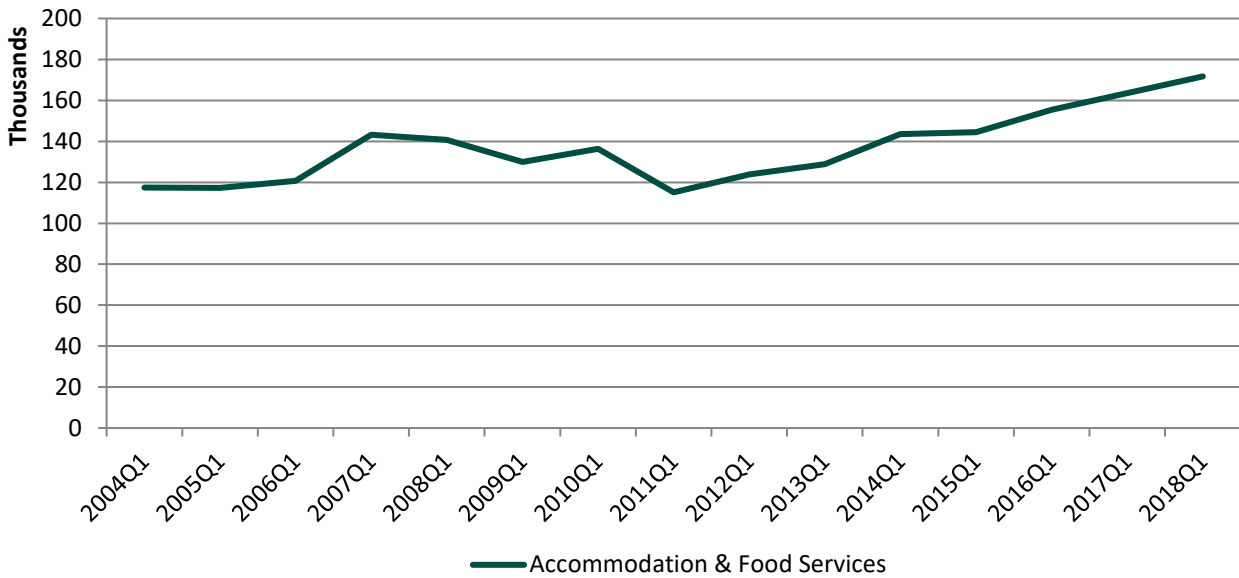
- Ryanair has announced plans to hire over 3,000 new staff over the next year as the airline takes delivery of 50 new aircraft (October 2016)

Sector Developments

- Each of the 31 Local Authorities launched a Tourism Statement of Strategy with a view to having Local Authorities having an enhanced role in Tourism. Local Authorities will administer the Regional Festival Fund on behalf of Fáilte Ireland.
- DTTAS and Fáilte Ireland are represented on the Department of Housing, Planning and Local Government cross Department/cross Agency Working Group to examine the impact of the short-term tourism related lettings on the housing market.
- Following a successful bid Dublin has won the right to host four matches of the UEFA Euro 2020 Championships in the Aviva Stadium over a three-week period in June 2020, including three Group Stage games and one Round of 16 game.
- In early 2018, Tourism Ireland and Fáilte Ireland launched the €1.8m 'Wonders of the Wild Atlantic Way' initiative, specially designed to boost tourist numbers from Britain to the Wild Atlantic Way.
- In Budget 2019, the Government allocated an additional €35 million (subject to confirmation in the Revised Estimates Volume) to the tourism sector, a 26% increase on the 2018 allocation. This will position the sector to prepare for the challenges of Brexit and to grow in a manner that is sustainable.
- In April 2018, Fáilte Ireland unveiled Ireland's Hidden Heartlands as its latest tourism experience brand - designed to boost tourism and drive visitor growth across the midlands/lakelands region.

Data Trends

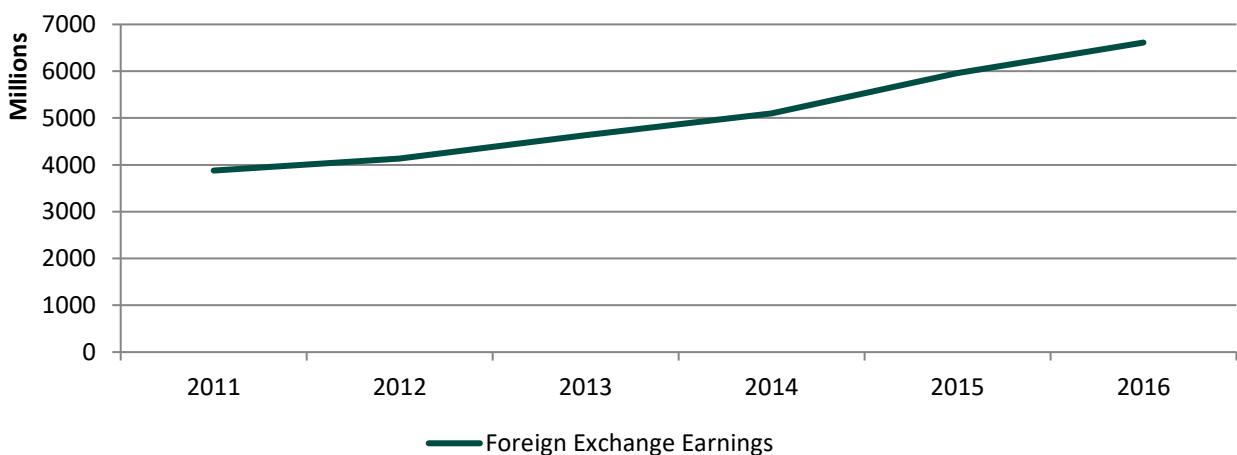
Employment in Accommodation and Food Service (2004- 2018)



Employment has been increasing since 2012 with more people employed in accommodation and food services in 2015 than any other time over the last ten-year period.

Source: CSO LFS Q1 (various years, seasonally adjusted)

Foreign Earnings from Tourism (2011- 2016)



Foreign earnings have shown steady growth over the last five years.

Source: Fáilte Ireland, 'Tourism Facts 2017 Preliminary, (2018). Note: Foreign Earning data is not available prior to 2011.