

Press Release

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Tourism Reversal close to bottom

The anticipated recovery in Irish tourism did not materialise in 2010, according to the Irish Tourist Industry Confederation (ITIC) in its Year-End Review and Outlook for 2011.

16%, or over 1 million, fewer overseas visitors came here compared with 2009, with total arrivals at an estimated 5.5 million. That, according to ITIC, is 2.2 million fewer visitors than came here in the peak year of 2007, a level last seen in 1998. Ireland's largest source market Britain accounted for 1.3 million of those lost visitors. Earnings from overseas visitors contracted by one third over the past 3 years, with annual revenue now €1.7 billion less than in 2007.

The domestic market performed reasonably well in all of the circumstances, with just a marginal drop in visits, although domestic revenue is estimated to have fallen by 10% to €1.25 billion.

“Despite the severity of the recent downturn, tourism is still big business”, according to Tom Haughey, Chairman of ITIC, “and in the current year generated revenue of €4.5 billion and supported close to 200,000 jobs.”

The ITIC Chairman says it's a long road back but that he is confident the journey will commence in 2011, supporting this view with the evidence that an upturn in demand has already been seen in competitor destinations. Haughey believes that the reduction in the airport departure tax from €10 to €3, coupled with the DAA growth incentive scheme at Dublin, Cork and Shannon airports, provides an opportunity to recover some of the air services lost over the past 2 years.

“Recovery in tourism”, Haughey says, “will have to be driven by growth in overseas visitors as weakness of demand is very likely to be experienced in the domestic market over the next couple of years.”

In an industry survey conducted in 2 waves, before and after the Government's 4 Year Recovery Plan and Budget 2011, it appears that expectations for next year became more positive. The main reason cited for this is the improvement in value of Ireland's offering in the marketplace, followed by the buoyancy of the US market and economic recovery in the principal mainland European markets. A more favourable exchange rate environment in Ireland's two largest markets, Britain and the United States, is also expected to deliver conditions more favourable to growth.

Almost 3 out of 4 businesses surveyed are of the view that the current banking and economic crisis have damaged Ireland's image. This is undermining confidence of overseas suppliers of business to Ireland as well as damaging consumer perceptions, according to the ITIC survey. Opinion moved towards an earlier recovery following the publication of the National Recovery Plan and Budget 2011.

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For further information contact:

Michael Keane, Insight Consultants: 086-8244500
Tom Haughey, Chairman, ITIC: 087-2864179
Eamonn McKeon, Chief Executive, ITIC: 087-2564630

Notes to Editors:

- 5.5 million overseas visitors are estimated to have arrived in 2010, down from 6.5 million in 2009, and 2.2 million down from the 7.7 million arrivals in 2007.
- Revenue from overseas visitors in 2010 is estimated to have dropped by over €600 million to €3.25 billion. This represents a drop of about one third, or €1.7 billion, from the peak revenue year of 2007 when €4.9 billion total foreign exchange earnings were generated.
- Domestic visits in 2010 showed just a marginal drop on the previous year, while domestic revenue is thought to have contracted by 10% to €1.25 billion.
- Total tourism revenue for 2010 (overseas plus domestic) generated revenues of €4.5 billion while supporting close to 200,000 jobs.
- There was a positive shift in 2010 to more positive ratings of the value for money being offered to British and North American visitors, as tracked by Fáilte Ireland's Visitor Attitude Survey.
- The most serious market reversal of the last 3 years has been from Britain, where 1.3 million fewer visitors came in 2010 than travelled in 2007. Even more starkly, the number of British people coming here solely for a holiday or a short leisure trip has collapsed from 1.8 million in 2007 to less than 1 million in 2010, a decline of almost 50%.
- It is estimated that the Irish tourism industry is made up of about 17,000 businesses, mostly micro, small and medium sized.