



Tourism has the potential to create over 20,000 new jobs over the next five years as it grows to a €6 billion business annually. This turnaround plan for the tourism industry is led by the Irish Tourist Industry Confederation (ITIC) and supported by a national coalition of business interests. It sets out how one of the country's top indigenous industries can play a significant role in Ireland's economic recovery.



Tom P Haughey
Chairman

This plan calls for a new direction for Irish tourism and radically different approaches to marketing Ireland.

Since 2007, Irish tourism has been in serious decline, with the loss of a third of our overseas visitors. The €1.7 billion collapse in revenues is affecting the Exchequer and its effects are being felt in every community throughout Ireland. The Irish Tourist Industry Confederation believes that further meltdown can be avoided and that decisive action is needed NOW for an indigenous sector in crisis.

Irish tourism is facing a unique set of challenges. It must ensure short-term survival while securing longer term sustainability. But tourism can recover and, as detailed in this plan, can be a major engine for Irish economic recovery.

The quintessential appeals of Ireland – its people, scenery and heritage – continue to rank highly and deliver a rich experience for overseas holiday visitors. The Irish tourism product is in excellent condition, and compares more than favourably with what is on offer in competing destinations.

The speed of recovery for Irish tourism will depend on our ability to win market share in a slow growth environment. We must be bold. We must stretch our imaginations. We must set targets that are well beyond the *consensus* moderate growth rates forecast for tourism within Europe over the coming years. Moderate growth is just not good enough.

ITIC is pleased to have led a national coalition of business partners to devise this turnaround plan. I am extremely grateful to the hardworking group of dedicated professionals who worked with us over recent weeks to set out a programme of actions to halt the decline and return the industry to growth. I particularly appreciate the hard work put in by our principal advisors, Noel Sweeney and Sharon Burton of Tourism and Transport Consult, and Jim Power of Jim Power Economics.

We set out to make this plan practical and ensure that actions are achievable. Working together with the new Government, we are confident that we can make it happen.



Paul Gallagher
President

The Irish tourism industry is at a watershed in its history.

The hotel and guesthouse sector faces particular challenges. We urgently need decisive actions and a formidable strategy to ensure our industry is preserved, primed for growth and, most importantly, continues to make a valuable contribution to the Irish economy including much needed new jobs. This report is hugely important as it sets out a clear roadmap to return Irish tourism to growth.

The solution involves more than just a new approach to tourism marketing. It requires a coordinated approach from Government, all sectors of the economy, state agencies and those with influence to recover Ireland's image at home and abroad. The report recommends employing industry led tactics to compete in international markets in order to gain increased market share. Recovery of market share in Great Britain and other top markets is paramount. A return to growth is achievable if the recommendations are actioned.

A dynamic and innovative approach from Government and the banking industry is also required to address hotel issues including excess capacity, the scale of overhanging debt and access to credit. Early intervention is required to bring equilibrium to the market whereby economic sustainability is achieved for the hotels and guesthouses that are part of the bloodline of tourism.

This report brings together the expert knowledge, vision and energies of all the key stakeholders in the industry. A combined focus on driving tourism recovery, including Governmental endorsement for the recommendations, will be essential for success.



Ian Talbot
Chief Executive

Chambers Ireland and our affiliated member chambers around Ireland fully value and appreciate the importance of the tourism sector. This industry provides employment to approximately 180,000 people in Ireland at a variety of skills levels both in urban and rural locations.

In addition, the tourism industry provides leisure and amenity facilities for both local and tourist users, and in many parts of Ireland provides the only real prospect for employment and economic activity.

This initiative is an important response to the challenges that the industry now face. It is vital that the report is met with an appropriate level of engagement and urgency by all those involved in tourism development and promotion. Collectively, we must focus on execution and delivery in a time frame that will support the revival of the industry.

Current official targets simply are not good enough to meet the needs of the industry and must be set at a higher rate that is delivered upon as part of our ongoing efforts to rebuild our economy.

If we can deliver on these higher targets, then all will benefit in terms of enhanced job opportunities, stronger tax receipts for Government and more economic activity for business.



Danny McCoy
Director General

Ireland has come through a difficult few years, but it is now time to look to the future. Despite the very real economic difficulties we currently face, Ireland retains a number of key strengths that will drive national recovery. This is where we must focus. With so much attention devoted to the important and very significant foreign investment in Ireland, the value and strength of indigenous industry sometimes gets overlooked. Tourism has always been a particular strength and Ireland has a very successful track record at attracting overseas visitors and catering to domestic tourists alike. This in turn has provided a major boost to the wider economy.

The industry, along with many other sectors of the economy, has suffered in recent years, with a fall off in foreign visitors, unfavourable exchange rates and the reduced spending power of domestic consumers. However, new opportunities exist in both leisure and business tourism and Ireland needs to position itself to take full advantage. Tourism is one of the world's fastest growing industries and if the right policies are pursued the industry can have a bright future.

The sector is labour-intensive and has the potential to play a significant role in tackling the unemployment problem. However, the importance of the sector cannot simply be defined in narrow economic terms. Ireland's international reputation has taken beating in recent times and tourism is one means of improving international perceptions of Ireland.

This important industry-based initiative is timely and indicative of a real determination to restore growth to the sector so it can play an important role in Ireland's economic renewal.



John Bryan
President

IFA is pleased to endorse the Irish Tourist Industry Confederation "Tourism Opportunity Driving Economic Renewal" initiative. Support for the tourism and agriculture industries is very important to ensuring that economic recovery can be achieved. Farmers play a key role in the tourism product in Ireland by providing top quality naturally produced food and a scenic countryside which has been shaped over thousands of years.

In most counties, farm households are engaged in tourism through providing walkways and countryside pursuits and a diverse range of other activities. These include various types of accommodation such as listed farm houses, country houses, registered holiday cottages, self-catering operations and caravan and camping sites.

On top of this the beauty of the rural landscape which has been protected and enhanced by farmers over many generations adds hugely to the development and promotion of rural tourism. Over 60,000 farmers have participated in the Rural Environment Protection Scheme since the mid-90s which has driven investment by farmers in improving the landscape and rural environment.

Recent developments in the establishment of walks has added additional product to the tourism industry. Over 40 walks have recently been established through the Walkways Scheme which has created 1,500km of scenic trails. This can be enhanced provided the necessary support is there to establish additional walks.

Farmers are prepared to play their part in assisting the tourism sector to recover and prosper. New opportunities for farm families to provide additional income can be developed through various on farm tourism products.

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EXECUTIVE SUMMARY

Tourism can be an engine for Irish economic recovery. Decisive action is needed NOW for an indigenous sector in crisis. If not addressed, the very survival of an industry which generates €4.6 billion in revenue and provides one in ten jobs, is in jeopardy.

Any further downturn in tourism would be catastrophic for the Irish economy, for tourism businesses, for those who work within the sector and for local communities which rely on tourism.

It need not happen. This industry-led plan proposes a bold series of measures which can, by 2015:

- Sustain the existing 180,000 and create up to 21,600 new jobs
- Generate €6.2 billion in revenues for the economy
- Ensure economic recovery in communities countrywide
- Raise over €1.7 billion in taxes to the Exchequer

The industry-led 10 point plan for urgent action includes:

A New Marketing Approach

1. Recover Ireland's damaged reputation around the world

An intensive, co-ordinated campaign to promote brand Ireland, involving the Government, state agencies, high profile personalities from business, the arts and sports

2. Re-launch Ireland as a tourism destination

Working in conjunction with other sectors of the economy develop a new brand Ireland identity to boost the country's image and awareness abroad

3. Capitalise on quality and value as Ireland regains competitiveness

The industry is offering good value for money to today's more value-conscious customer. Restoring competitiveness already underway will require that the cost burden of public sector charges be reduced and the review of employment agreements are urgently finalised

4. Focus on winning a larger share of top overseas markets at a time of little growth in domestic demand

Urgent need to recover British market and increase penetration of top producing markets – USA, Germany and France – by setting more ambitious targets

5. Get the marketing right:

- Urgent review of the ‘messaging’ and channels needed
- Aim to be world class in e-marketing
- Harness the Irish diaspora
- Better leveraging of traditional trade distributors for ‘quick wins’
- More joined-up planning with carriers
- Strengthen research and development appropriate to evolving consumer needs

6. Sell to our strengths:

- Ireland for its heritage, culture, activity holidays and the unique appeal of the West of Ireland
- Boost the promotion of Dublin as an international gateway and increasingly popular city destination
- Create a more ambitious programme of events
- Increase Ireland’s share of the international conference, meetings and incentive travel markets

A Commitment to Make it Happen

7. Industry-led Tourism Recovery Task Force

Establish immediately to work with state tourism agencies to design and monitor a Turnaround Implementation Plan

8. Re-engineer tourism agency structures

Recognising the value of an all-island approach to marketing, the industry calls for a root and branch reform to improve synergies, reduce complexity, improve flexibility, deliver greater efficiencies and increase spending on frontline marketing

9. Introduce a business loan guarantee scheme

Credit is vitally important to the sector. Lack of credit availability is seriously threatening business viability and investment in physical and service quality

10. Establish a high level inter-departmental working group

Work with the Irish Hotels Federation (IHF) to address hotel oversupply and related issues to ensure sustainability of this vitally important accommodation sector

1. TOURISM OPPORTUNITY – CONCLUSIONS & RECOMMENDATIONS

Irish tourism in crisis – The big picture

Tourism in Ireland is in crisis following the collapse of overseas demand over the past two years which has resulted in many business closures and the loss of thousands of jobs. The depth of the downturn in demand has never been experienced in modern times, with over two million fewer visitors annually to Ireland in 2010 compared with 2007, a decline of almost 30%. The number of holidaymakers from Britain – Ireland’s largest market – fell by almost a half over the same period. Businesses in the sector are struggling to survive, with many more jobs endangered.

The downturn in tourism to Ireland over the past two years has been sharper, deeper and more prolonged than that in other European countries. As domestic market demand is expected to be weak, an upturn in demand from overseas is essential if further retrenchment in the industry is to be avoided.

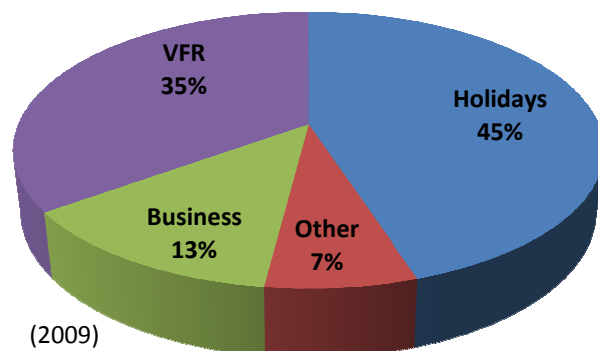
Urgent action is needed if the industry is to recover. Another bad year would be catastrophic for the industry and would have significant knock-on effects on other sectors of Ireland’s economy and communities around the country, especially outside of Dublin.

Tourism worldwide has already recovered from recession with most countries having seen a return to growth in 2010. To date this upturn in tourism has eluded Ireland.

Tourism has the capacity to earn more in export earnings, create new jobs and support downstream industries as well as contributing more in exchequer revenues. Tourism has the potential to create up to 21,600 new jobs over the next five years as it grows to a €6.2 billion annual business.

Ireland’s tourism economy in 2010

- €4.6 billion comprising
 - €3.3 billion from out of state visitors
 - €1.3 billion spent by domestic tourists
- One in every 10 jobs in the country
 - 180,000 people employed
- €1.3 billion was paid to the Exchequer by way of direct and indirect taxation



Visitors to Ireland come for a variety of reasons including:

- Holidays
- Visiting friends and relatives (VFR)
- Business
- Other

‘Promotable’ visitors are regarded as: holiday visitors, conference and incentive visitors, educational visitors and language students.

Tourism – A programme for change and results

The Irish tourism industry is facing a unique set of challenges. It must ensure short-term survival while securing longer-term sustainability. The ambitious plan to deliver substantial market share gain for Ireland requires a radical new approach on several fronts, including the most important strategic, operational, organisational and financial levers, in order to ensure a comprehensive recovery. It also presents workable and efficient solutions to growing tourism export revenues for Ireland over the longer term.

Though a setback was inevitable due to the global recession, the marketing model of recent years has failed to deliver targeted results. The pressing issue of ensuring survival of businesses and jobs dictates that a fresh start is necessary through a united and more effective marketing thrust between the state agencies and the tourism business community. This industry-led turnaround plan reflects the new realities and aims to halt the decline and focus on the most viable near term growth options.

A drastically changed economic climate demands a creative and strategic approach to better position Ireland in a more competitive international marketplace, as well as a more flexible and responsive effort on the part of public agencies and the industry working together.

This major turnaround plan for tourism, prepared by a national coalition of business interests, sets out a programme of actions to halt the decline and return the industry to growth. As one of the country's top indigenous industries, tourism can play a significant role in Ireland's economic recovery. The plan calls for a new direction and radically different approach to marketing Ireland.

A new marketing approach – Key recommendations

❖ Recover Ireland's damaged reputation around the world

An urgent priority is the rehabilitation of Ireland's damaged image abroad. This plan calls for a co-ordinated and sustained effort over the coming 12 months using Ireland's embassies abroad, high profile Irish personalities in the arts, sports, media and other life spheres, senior business executives, Government representatives and all state agencies with an international brief in the areas of foreign direct investment and exports. An online media campaign with a particular focus on social media is proposed, while the tourism agencies will be expected to significantly step up their programme of inviting publicists to Ireland. The preparation and distribution of news packages on Ireland is also recommended.

A new brand Ireland identity for use by all state agencies and businesses abroad is recommended to provide a common promotional platform.

❖ **Winning market share in top producing markets**

The recovery of the British market together with achieving greater penetration of the next top three source markets – USA, Germany and France – is essential if Ireland’s tourism is to return to growth. This priority focus to gain market share in the more productive markets needs to be reflected in a transparent re-allocation of resources, budgets and personnel, as well as fundamental re-appraisal of the effectiveness of the current marketing approach in each market.

The top four source markets provide 70% of visitors to Ireland. Second tier markets in Europe will continue to offer potential for growth although on a lesser scale, while new emerging markets in Asia and elsewhere represent longer-term potential.

❖ **The good value proposition**

Ireland’s product offering has never been better. Critical to success will be the communication of good value for money holidays in Ireland year round. Due to a high cost base Ireland cannot compete on price alone but can offer good value experiences.

The investment in mid market accommodation in Ireland over recent years is unprecedented, resulting in a range of quality products with excellent leisure facilities. Our main competitors do not have this quality product or offer the value that is available today in this sector.

Ireland’s quality experience has been independently endorsed, for example:

- Ireland voted ‘Favourite holiday destination for 2011’ in a global poll by Frommers, the prestigious travel guidebook series
- Le Guide du Routard, the travel bible of the French speaking world, praises Ireland’s restaurants for being unmatched the world over for the combination of quality of food, value and service.

In recent years Ireland’s tourism has suffered from high prices and the perception in the marketplace of being an expensive destination – the latter was particularly the case in the British market. Prices have since come down. Irish hotels are among the best value in Europe while a number of initiatives and low inflation are helping to reduce the industry’s cost base, resulting in lower prices for the consumer.

Notwithstanding the price reductions, a programme of creative value-added offers will be required to address the perception of expensiveness. Tourist friendly offers, commonly available in competitor destinations, are urgently needed, such as low-cost rambler tickets for public transport; tourist value menus; visitor cards for savings on admissions; etc. Today’s value-conscious consumer embraces value-added offers – coupons are back.

Ireland has enormous advantages to promote, and can re-establish itself as a great place for a quality experience.

❖ **Get the destination marketing right**

The industry as major investor in overseas marketing and sales campaigns acknowledges the substantial investment by Government in destination marketing and is anxious to ensure that the effectiveness of the combined expenditure is maximised.

○ **Win back the British market**

The challenges faced in the British market to recover from the recent collapse of the level of holiday demand for Ireland warrants new in-depth research to identify the reasons for the collapse and to inform the most appropriate messaging and communications strategy for the market. This should be undertaken as a matter of urgency to provide guidance to businesses operating in the market.

○ **Joined-up planning with carriers**

Based on past successes there is a definite correlation between access availability and tourism performance. While capacity on air routes has been contracting in recent times, there is no evidence to suggest that demand is currently being frustrated, although future growth in tourism will require an increase in services. It is evident that greater coordinated planning between the tourist agencies and individual carriers and ports would facilitate more efficient exploitation of market opportunities. A closer collaboration is called for.

○ **Score in the e-space**

Recent research would suggest that the Irish tourist industry has not been as agile at adapting to the new reality as other competitors. The new information and communication technologies present a range of opportunities to reach targeted consumers with specific messages and offers, as online channels take a rapidly increasing share of the market. Ireland needs to up its game in these channels, balancing traditional and new channels as appropriate while ensuring online reservations capability plus judicious use of intermediaries, partners and trusted third party distributors. As many of the world's top technology firms – Intel, Microsoft, Google and Facebook – are based here, as well as a world class pool of Irish talent, Ireland has the opportunity to become a world leader in tourism e-marketing.

○ **Leverage international travel trade and other distribution channels**

Ireland's tourism industry has a long established relationship with travel trade distributors in each of the overseas markets as well as a developing business relationship with new online distributors. A key component of the recovery plan is a renewed emphasis on the trade-to-trade channels in each market to identify and incentivise new sales opportunities.

In addition, there are new opportunities yet to be exploited by Ireland in selling holidays through non-traditional channels and cross-selling with other retailers, such as readers' trips, non-travel retailers selling holidays, and a myriad of online distribution opportunities.

❖ **Sell the Ireland experience**

Research continues to show that the fundamental appeals of Ireland – people, scenery, heritage and culture – remain strong in our core markets.

The essence of an Irish holiday for many visitors remains the rural experience and the benefits of the industry are particularly important to areas outside of the capital. In many instances tourism continues to sustain economic and social development where other industries are not viable. The maintenance of demand for holidays in the regions remains a critical goal for the tourism industry.

However, Dublin, the main international gateway for inbound tourism to Ireland, has become an increasingly popular destination and has as yet untapped potential to further drive visitor numbers and revenue for the Irish economy. For more than half of leisure visitors to Ireland from several markets, Dublin is the destination of choice. A major campaign to attract overseas visitors for short leisure breaks to Dublin can kick-start Ireland's tourism recovery. Access by air and sea, the choice of accommodation, the calendar of events, the range of cultural attractions and retail offering all combine to offer what is most likely the best value package to overseas visitors who are increasingly looking for short trips to urban destinations.

With the upgrading of road and rail infrastructure, accessibility to most parts of the country from Dublin has increased significantly.

❖ **Harness the diaspora**

Ireland has a valuable asset in the number of people around the world of Irish heritage and with a positive pre-disposition towards the country. The proposed 'Gathering' is a very welcome initiative to boost visits to Ireland from this well-disposed group and will be enthusiastically supported by the industry.

The appointment of 1,000 'Goodwill Fáilte Ambassadors' around the world is proposed, with the aim of boosting visits to Ireland for holidays and attracting more international meetings and conferences. The network of these Goodwill Fáilte Ambassadors would be supported by online and other promotional tools.

❖ **An expanded events strategy**

Building on the increasing trend of events as motivators for travel, and the success of major events in boosting visitors to Ireland, a strategy of creating and supporting events should be pursued. However, a more rigorous assessment of the return on investment is recommended to ensure that the calendar of events staged in Ireland maximises the opportunities. A target of at least two major events per year is proposed, plus 'year theming' on a bi-annual basis to attract more visitors.

The establishment of a properly resourced National Events Office is called for. Incorporating the St. Patrick's Festival operation, the resource would provide professional services to existing and new festivals and major events nationwide.

Making it happen – Key recommendations

❖ **Tourism leadership - a new industry led model**

A high level industry-led Tourism Recovery Task Force, with an independent chairman, will immediately engage with the state agencies and marketplace channels in designing and monitoring the implementation of a comprehensive recovery programme as set out in this plan. The Task Force would be expected to publish regular reports on progress.

The industry proposes to take the lead on reshaping the marketing of Ireland due to the seriousness of the current crisis and the urgency to achieve results. Public sector institutional reform is a slow process and rigidity in the state agencies can at times militate against speedy responsiveness to changing market conditions.

An independent review, commissioned by Government, of the effectiveness and efficiency of its investment in tourism marketing is called for. The output of the review of how budgets are spent is intended to inform future marketing strategies and programmes to enable Ireland to improve its rate of return on public and private sector investment in marketing.

❖ **Re-engineer organisational arrangements**

The industry acknowledges the value and practicality of marketing Ireland around the world as an all-island destination. The all-island dimension should be accommodated within any new organisational arrangement to include representation from both parts of the island.

Given the breadth and depth of the current crisis, root and branch examination and reform of the entire tourism agency structure and operations is opportune. The establishment of one state agency for tourism would improve synergies within the sector, reduce complexity, eliminate overlap, deliver strong cost efficiencies and release additional resources for frontline international marketing activities. To be effective in its remit to serve the industry, the policy, role, functions and operations of the state agency need to be influenced by businesses engaged in tourism.

As part of the examination, remodelling Ireland's operational footprint in the marketplace is also worthy of consideration. The current model, founded on a traditional National Tourist Office mould, may not be the most appropriate for the new realities of today's markets. Several competitor destinations including Britain and Canada have remodelled their operational footprint – representation, functions, skills and use of resources in the marketplace – in response to changed circumstances, technological advancements, and new business models within the travel industry.

❖ **Provide access to credit**

Tourism enterprises, in common with all other business, have a basic need for credit to support ongoing operations and investment. The current banking crisis has seen the withdrawal of credit which is seriously threatening the ability of many to stay in business. There is an urgent need for Government to ensure that appropriate credit facilities are provided at competitive terms by Irish banks. The introduction of a business loan guarantee scheme, similar to that in operation in the UK and elsewhere, is also called for. Under such a scheme, at least 50% of qualifying loans to viable businesses are guaranteed, with borrowers paying a small (2%) premium to support the scheme.

Failure to provide credit to businesses in the sector will threaten their survival and limit their capability to invest in marketing and to maintain operational quality standards.

❖ **Ensure a sustainable and profitable hotel industry**

The hotel industry in Ireland is currently suffering from an oversupply which is skewing competition and, in many instances, depressing price points to unsustainable levels. The targeted recovery, while increasing the volume of demand for hotels, is unlikely to result in a sustainable business for many properties, even allowing for some natural redundancy in the hotel stock. While it is outside the remit of this report, consideration must be given to setting up a special working group between the Government and the Irish Hotels Federation (IHF) to explore how best to deal with the unprecedented problem facing the hotel sector. Even the most optimistic growth scenarios may not be sufficient to sustain the sector.

In light of low or no profits in recent years the sector is facing the prospect of a deteriorating quality of product unless funding is made available to traditional hoteliers to re-invest in refurbishment. Failure to do so would seriously undermine the competitiveness of the quality of the Irish hotel experience for visitors.

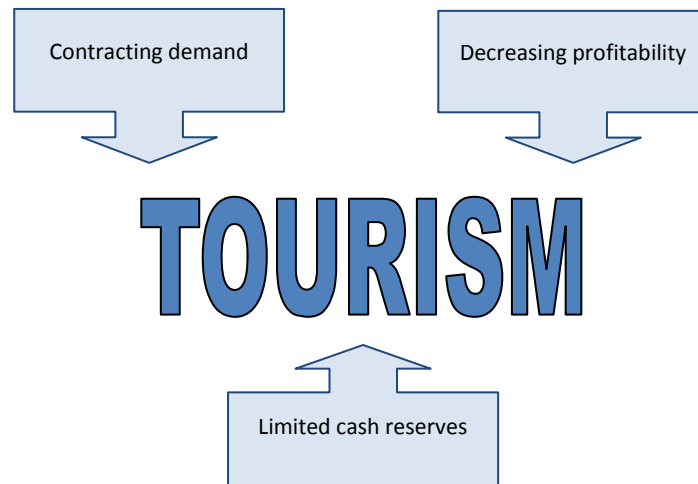
❖ **Create a robust industry communication and monitoring system**

The Irish tourism sector needs more transparent and accountable reporting systems that provide key performance indicators on a more regular basis in a climate that fosters debate, monitors successes and failures, responds to changing circumstances in a timely fashion and holds organisations publicly accountable while encouraging a 'can do' attitude.

The recent decision by the Central Statistics Office (CSO) to discontinue publishing monthly travel data is a retrograde step, as it deprives the industry of timely data on performance and lessens its ability to respond tactically to changing demand patterns.

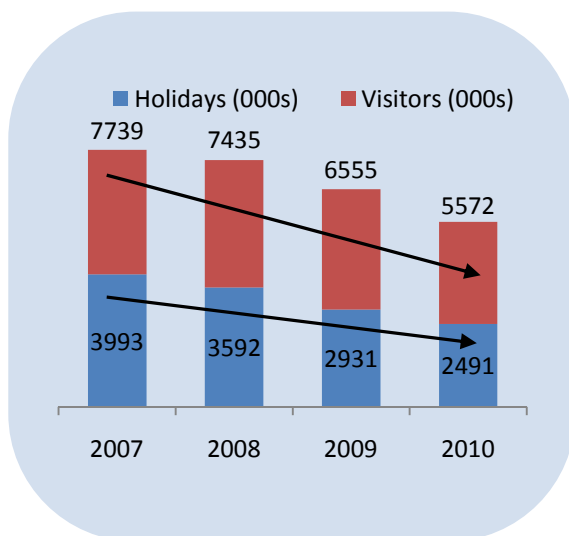
Investment in R&D for the tourism sector will be required to secure the industry's longer term sustainability.

2. THE CURRENT CRISIS IN IRISH TOURISM



2.1 Steep decline in overseas visitors to Ireland

The anticipated recovery in Irish tourism did not materialise in 2010, with extremely difficult trading conditions precipitating a further steep decline. An estimated 5.6 million visitors came to Ireland in 2010, a 15% drop on the previous year or almost 1 million fewer visitors than the year before. 2010 was the third successive year of a drop in visitors, following a decline of 12% in 2009 and a fall of 4% in 2008. As a result, 2.2 million fewer overseas visitors came to Ireland in 2010 compared with the peak year of 2007. Foreign exchange earnings declined in 2010 by 14% to €3.3 billion.



Within the total volume the drop of one third over the past three years in the numbers of those coming from overseas specifically for *holidays* is perhaps most worrying. Overseas *holiday* visitors to the country fell year on year by an estimated 15% to 2.5 million in 2010. The most successful year was 2007 when just under four million holiday visitors were attracted to Ireland. Investment in marketing Ireland as a destination is primarily aimed at attracting holiday visitors who have a choice of destinations. Hence the downturn in holiday visitors, with 1.5 million fewer in 2010 than three years previously is a cause for particular concern.

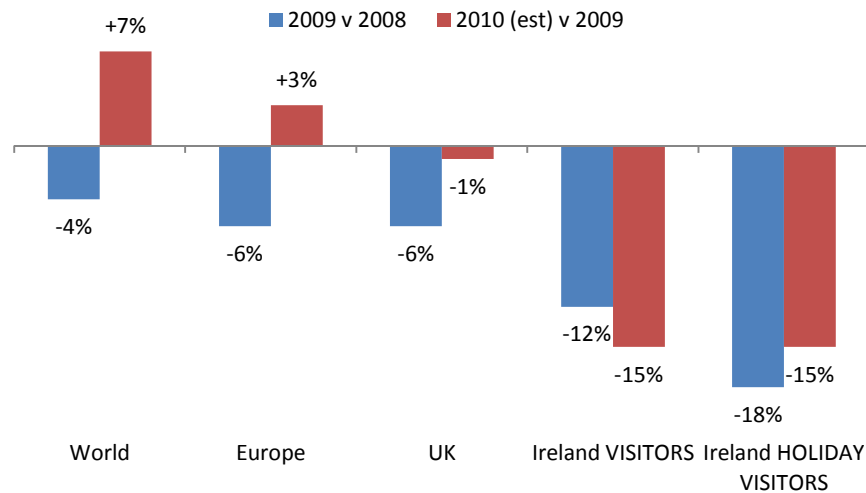
Over the past three years the number of those visiting friends and relatives (VFR) has held up well, (approximately 2.2 million per annum) despite the recession, while the number of visits for business dipped, reflecting the economic downturn and cutbacks in corporate travel budgets.

The past three years have been very challenging for businesses in travel and tourism as a result of the global recession, exacerbated by the perception of Ireland as an expensive destination. The latter was especially the

case in Britain, Ireland’s largest overseas source market, which was not helped by a strong euro relative to sterling.

The rate of decline in demand eased as 2010 progressed and it looks likely that the bottom may have been reached, with expectation that demand will pick up from early 2011. Positive signs of renewed growth in outbound travel demand are already evident in Ireland’s main source markets.

Tourism Arrivals in 2009 & 2010 (% Annual Change)



Sources: UNWTO, VisitBritain, Fáilte Ireland, TTC

2.2 The collapse of the British market for Ireland

Britain continues to be Ireland’s largest visitor source market. Demand for Ireland has fallen from a peak of 3.8 million visitors in 2006 to an estimated 2.5 million in 2010 – a drop of a third. Far more worrying has been the holiday segment of the market, which while showing little or no growth for most of the ten years up to 2007, went into free fall – it decreased from close to 1.8 million in 2007 to less than 1 million in 2010, a decline of almost 50% over three years. In recent years the VFR market from Britain has held up reasonably well, as has business travel.

The collapse of the British market is worrying not only because of its relative volume importance, but more so because Ireland has been losing share of British outbound holiday travel in recent years. For example in 2010, outbound holidays taken by British residents declined by 7%, while British holiday visits to Ireland fell by 15%. Furthermore, it would appear that Ireland is being less successful in winning first time holiday visitors, a standard metric of the effectiveness of destination marketing.

Ireland has suffered in the British market due to higher costs in Ireland resulting in a high level of dissatisfaction with the value for money experienced on an Irish visit. The currency exchange rate over recent years, with sterling soft against the euro, exacerbated the price competitiveness issue for Ireland. Thankfully the most recent research findings from Fáilte Ireland indicate an improvement in the value for money rating by tourists in 2010.

2.3 Growth in demand for domestic leisure travel comes to a halt

Demand in the Irish market for domestic travel grew continuously over 15 years to 2008. Over the period 2000-2008 annual expenditure on domestic holidays more than doubled (+130%). As a result tourism receipts from the domestic market grew faster than growth in earnings from foreign visitors.

The growth in demand from the domestic market was exclusively for short breaks, with almost three out of every four holiday trips now being short breaks (1-3 nights). Hotels benefited from this explosion of demand for short leisure breaks, resulting in a situation where the Irish market is now the largest source of room sales in hotels – rising to over 75% in several areas outside of Dublin.

The domestic recession resulted in a cutback in holiday trips, with an 8% decline to just over four million trips in 2009, with expenditure on domestic holiday trips down 18% to €843 million.

Demand from the domestic market is reported to have held up well in 2010 despite the continuing economic recession, with little change in the volume of leisure trips, although expenditure was down by an estimated 10%.

The Irish economy is forecast to contract again in 2011, with unemployment rising, despite the strong longer-term growth potential of the economy.

Consumer spending is forecast to fall by 4.3% in 2011 and a further 2.2% in 2012, as consumers cope with increased taxes and reduced benefits. The lowering of disposable income is likely to see a further contraction of demand for leisure trips in Ireland. Short leisure breaks in Ireland are at most risk.

The near term outlook is for little or no growth in domestic demand for leisure trips, although the tough economic circumstances may see some substitution of a home holiday for overseas trips. Therefore, the emphasis in growing tourism has to be firmly focused on the overseas markets with the best potential, if the stagnation of Ireland's tourism is to be avoided.

3. WHY TOURISM IS IMPORTANT

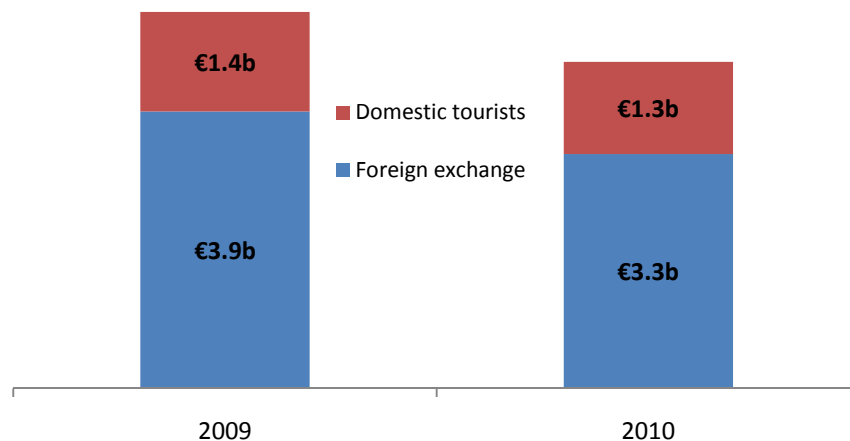
3.1 The economic significance

Tourism earnings

Tourism is close to a €5 billion industry (€5.3 billion in 2009, and estimated €4.6 billion in 2010).

Expenditure by out of state visitors in Ireland amounted to €3.3 billion, including fares paid to Irish carriers in 2010.

Domestic tourism expenditure amounted to €1.3 billion.



Source: Fáilte Ireland

Economic importance

180,000 jobs in the tourism and hospitality industry, of which 123,000 in Q3 2010 (6.5% of total employment) were in 'Accommodation and food service activities'.

€1.3 billion in taxes earned by Government from tourism, of which €0.9 billion came from foreign tourism. In 2009 the tourism industry accounted for 3.7% of tax revenue.

€3.9 billion export earnings (2009) from tourism, accounting for 2.6% of Ireland's exports. Being largely service based, tourism goods have low import content in comparison to other exports.

Supports businesses and jobs in regions. Because tourism is characterised by the fact that consumption takes place where the service is available and tourism activity is frequently concentrated in areas which lack an intensive industry base, it is credited with having a significant regional distributive effect.

In 2009, €5.3 billion tourism expenditure represented some 3.8% of GNP in revenue terms. In terms of gross value added (GVA) – a measure of the contribution to the economy of a sector – tourism generated €3.6 billion in added value or 2.5% of total GVA. In income terms, total tourism spend made up €4.3 billion (2.7%) of GDP as 82c in every euro of tourism spending generates income in Ireland. The 'missing' share of spending leaks out in the form of expenditure on imports.

The scale of the industry

15,000+ tourism businesses

90,000 guest rooms in various categories of accommodation for visitors.

60,000 rooms in 900 hotels

318,000 airline seats per week (summer) on routes into Ireland

34,000 car spaces per week (summer) on ferry services into Ireland

16,000 rental cars

550 touring coaches providing 22,000 seats

250+ day visitor attractions

3.2 Tourism supporting employment, regional economies and other indigenous sectors

Despite the contraction in recent years, the tourism and hospitality sector continues to be a major source of employment in Ireland. The employment provided by the accommodation and food service sector is greater than the number of jobs provided in construction, financial services, or agriculture, forestry and fishing sectors. Employment in the accommodation and food service industry accounts for 6.5% of employment in the country.

This employment as measured by the CSO is close to 130,000 jobs. In addition to these, Fáilte Ireland estimates up to 50,000 jobs in other aspects of tourism including attractions, transport and other visitor services. This would bring the total to 180,000 jobs – approximately one in every ten in employment nationally.

The tourism and hospitality sector is a relatively more important source of employment in many parts for the country outside of the Greater Dublin Area – an estimated seven out of ten jobs in the sector are located outside the capital. The sector represents a major employment industry in many rural areas where job opportunities, already limited, are further contracting.

Tourism is a vital component of rural and regional economic activity, and is characterised by a very low import content and hence most of the earnings stay within the country thereby percolating throughout the economy. Tourism has strong linkages to other indigenous sectors of the economy, most notably to agricultural output and the food industry.

Rural Ireland is a key component of the visitor appeal and experience. Farmers own very valuable parts of the tourism infrastructure, including walks and access to mountains, natural and historic sites. Recognition by policy makers of the important role of the farming community in tourism is essential.

Employment in selected sectors, Q3 2010

Accommodation & food service activities	122,600
Construction	114,700
Financial, insurance & real estate activities	99,300
Agriculture, forestry & fishing	89,500

Source: CSO

4. IRELAND'S CHALLENGES AND OPPORTUNITIES

4.1 Global tourism crisis is over

Strong recovery in 2010

Following the slump in demand for travel in 2009 as the world was in the grip of recession, international tourism made a strong recovery in 2010 and looks set to return to a growth path in 2011 and beyond.

According to the UN World Tourism Organisation (WTO), the total number of international trips in 2009 fell by 4%, with spending down by 6%.

Demand for travel once again proved its resilience in 2010 as global tourism grew by an estimated 5% in volume, with spending on international travel growing slightly faster by 7%. This set a new record for international travel demand, demonstrating that international tourism not only recovered from the 2009 downturn but is already growing again to new levels.

Economic recovery has been the prime driver of renewed demand for international travel. While growth in demand for international tourism has resumed around the world, consumers continue to be more careful with their disposable income and are increasingly seeking value for money.

International Tourism Arrivals 2009 & 2010

	2009	2010
All trips worldwide	-1%	+5%
International arrivals	-4.2%	+6.7%
International spending	-5.7%	NA
Europe	-6%	+1 to +3%

Sources: World Travel Monitor & UNWTO

Europe's tourism more sluggish

While globally tourism showed a strong recovery in 2010, Europe experienced one of the slowest rates of growth in international arrivals. Best estimates suggest a more moderate growth in international arrivals across Europe of approximately 3% in 2010, with some destinations in North Europe faring less well. Based on available data it would appear that most European countries welcomed more international visitors in 2010 than in the previous year, with the exception of Spain, Denmark, the UK and Ireland. Arrivals in the UK are estimated to have been 1% less than in 2009, while Ireland suffered the sharpest downturn – estimated at -15%.

As the bulk of arrivals within Europe are from countries within the region, the mixed performance reflects the varying economic difficulties experienced across European states.

Wide variations were reported in demand for outbound travel across European countries in 2010, with the Nordic markets showing strongest growth (5-8%). Low growth source markets included France, Spain and Italy, while the largest source market, Germany, showed little change. The British market for outbound travel faltered with an estimated 6% decline on the previous year.

4.2 Mixed outlook for 2011 and beyond

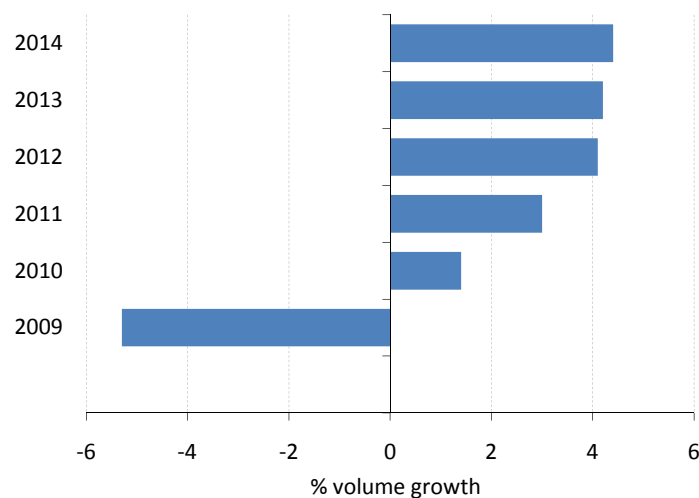
An improving world economy is the primary driver of travel demand, but forecasts vary by source market and by destination.

A consensus of forecasts for global tourism growth in 2011 suggest a modest increase in international arrivals in the range of 3-5%. The faster expanding economies of the world and emerging destinations are expected to outperform the global forecast, while more mature source markets and destinations may experience slower growth rates.

Consumers in many advanced economies are facing increased taxation as governments struggle to restore financial stability, stubbornly high unemployment and the prospect of increased interest rates which dent consumers' confidence. However, many consumers are reluctant to forego holiday travel. In addition many countries have increased taxes on travel and tourism, especially air travel, though fortunately the departure tax has been substantially reduced in Ireland.

The outlook for European travel is mixed, as slow economic recovery continues to affect travel behaviour patterns in many countries. As a result the outlook is for modest growth overall, although a number of source markets and destinations will experience higher growth.

Travel forecast for Europe and North America



Source: UNWTO

Source markets across Europe will also display varying levels of growth in demand for outbound travel.

The primary target markets for Ireland in mainland Europe – Germany and France – are mature travel markets of considerable volume. Germany is the world's largest outbound market. Ireland's share of those markets is very small and the goal is to win an increased share of the outbound holiday demand.

4.3 Travel trends and tomorrow's consumer

Tourism demand internationally, including domestic, has demonstrated a number of trends, many of which may be accentuated by the emergence of a new reality as consumers recover from the economic downturn.

Data from the European Travel Monitor (IPK) would suggest the following trends in 2010:

- ❖ Europeans taking shorter trips (10% rise in number of 1-3 night trips)
- ❖ Spending less on the holiday (average 4% drop per trip)
- ❖ Increasing incidence of later bookings (25% increase in bookings made less than one week prior to departure)
- ❖ Greater use of the internet for booking travel (now approaching 50%)

Other apparent trends impacting demand for travel and tourism include:

- ❖ 'Travel with a purpose', with 'reasons to visit' determining choice of destination and type of leisure trip
- ❖ Consumers seeking experience and adventure from leisure trips
- ❖ An increasing environmental consciousness amongst consumers, especially from mainland European markets
- ❖ 'Authentiseeking' as consumers are increasingly looking for genuine destination experiences
- ❖ Multi-generation travel parties with grandparents bonding with grandchildren

Each of the above trends presents an opportunity for Ireland to respond, with many in the industry already honing their holiday offerings to match changing demand.

Consumers more value conscious

The post-recession consumer is far more value conscious. Consumers' behavioural habits have been significantly changed by the recent economic downturn which has recalibrated value for money perceptions. As a result, the discretionary traveller is more demanding of good value for money, measuring the quality of the experience against price.

Businesses catering to travel have responded to the increasing demand for value by the consumer, not simply by lowering the price point, but more especially by adding extras to enhance the value perception of the offering. All the economic indicators suggest that the pursuit of value will characterise the market in the future.

A changing demographic

The market for travel is also changing with demographic shifts. The populations of most western nations are ageing, with the growth in demand for travel increasingly dependent on the 50+ age cohort. This cohort has

been driving growth in demand for travel in recent years in many source markets, including Ireland, as people in this age group increase the frequency of trips.

A particular challenge for Ireland is to improve its penetration of the 50+ cohort in selected markets, most notably Germany, while at least maintaining its share position in other age groups.

Information technology

The web and mobile technology continues to revolutionise how consumers research, plan and book travel as well as increasingly becoming a source of information while on holiday through apps on mobile phones etc. Technology will continue to evolve, while online distribution channels are likely to further dominate the travel scene.

Tourism & Travel Distribution in a Changed World, a recent report from ITIC, identified action points for tourism product providers, for industry bodies, the State agencies and tourism policy makers. The overarching message from this study is the need for Irish tourism product providers to recognise the fundamental changes in distribution channels and to respond to the internet's increasing role in researching, planning and booking holidays. The report presents a number of specific actions which would improve the position of the Irish tourist offering in the online space.

With world class firms based here and an excellent workforce in the sector, Ireland is well placed to emerge as a world leader in the application of information technology in tourism. Exploiting technology and new channels can result in a step change for Irish tourism.

4.4 The challenges facing Irish tourism

The challenge facing Ireland is to win market share to recover from the steep downturn in 2009 and 2010. While economic recovery is still fragile in many source markets there are positive signs and opportunities for Ireland, with clever marketing, to regain lost market share in each of the principal source markets of Britain, USA, Germany and France.

Improving competitiveness

In recent years visitors have been highly critical of the costs of the holiday experience in Ireland, due to a higher cost of living here compared to their place of residence, and exacerbated for British and US visitors by a strong euro. However, over the past two years prices in Ireland have been falling, while the cost of many of the components of the holiday, most notably hotel rates, have been sharply reduced. Fiscal and other measures announced by the Government in its Recovery Programme 2011-2014 will further improve the competitiveness of the Irish tourism product. The reduction of the minimum wage, the review of employment agreements, REAs and JLCs, and the restructuring of local authority charges will improve the industry's cost base further. Public sector cost savings, including the €500 million savings proposed by the Local Authority

Efficiency Review Group, and the deferral of the introduction of water charges, would further reduce the cost burden of public sector charges on the industry.

In addition, for the first time in several years, it looks as if the euro exchange rates between pound sterling and the US dollar will work in favour of Irish tourism. The economic pressures within the eurozone are expected to keep the value of the euro at a level softer than it has been in recent years.

Access services to Ireland

While there is an established correlation between expanded access services and growth in tourism demand, capacity on air services to/from Ireland has been contracting over the past three years, reflecting decreasing demand from both inbound and outbound markets. The reduction of the travel tax to €3 together with the challenge to carriers to respond to the Government initiative and the incentive scheme for increased traffic at Dublin, Cork and Shannon airports will help ensure adequate, competitively priced air services to meet growth in demand as travel demand recovers.

Growth in tourism will depend on the availability of adequate competitively priced air and ferry services. The underlying assumption is that carriers will respond to increases in demand by providing capacity.

Tourism increases from the United States will be especially dependent on increased direct air services, while greater penetration of the German market would be facilitated by an expansion of routes and increased frequency on existing routes.

Ferry operators provide frequent services with capacity more than adequate to cater for growth in tourism throughout the year.

Maintaining investment in tourism

The Government's National Recovery Plan and Budget 2011 clearly recognise that the tourism industry is an important indigenous sector, capable of maintaining and creating jobs and increasing export earnings which will be key to Ireland's economic recovery. The competitiveness of Ireland's tourism is beginning to recover while the Government is committed to continue to invest in marketing, product development, training and industry supports.

4.5 A shared vision

The outlook for tourism around the globe is positive, as demand recovered strongly in 2010 proving the resilience of travel demand and the tourism industry to once again reach record levels as the world emerged from recession. The post recession consumer, although still careful with spending, is unwilling to forego holiday travel. The result in many instances is shorter trips with a focus on getting good value for money.

The speed of recovery of demand for international travel, which surprised many, varied around the world with demand in Europe being more sluggish mirroring the mixed economic fortunes across the region. International tourism is heading for further growth with forecasts in the range of +3% to +5% per annum.

The fact that Ireland has yet to see a recovery presents both challenges and opportunities. The magnitude of the task should not be underestimated as Ireland has had to battle the perception of having become an expensive destination during the Celtic Tiger years, and more recently being battered by adverse worldwide publicity arising from the country's financial and economic problems.

The core appeals of a holiday in Ireland – the people, scenery and cultural heritage – remain strong and continue to deliver a very satisfactory experience. However, many visitors in recent years were critical of the value for money aspect of their visit. The industry, particularly the hotel sector, has reduced prices while several fiscal and regulatory measures augur well for further reduction in the industry's cost base. This will help to restore Ireland's competitiveness in the marketplace.

The opportunity exists to gain market share in each of Ireland's top source markets – the tourism product and infrastructure have been the subject of massive investment. Spare capacity exists to cater for a significant increase in demand. A trained workforce is in place to deliver a quality service, and the industry and public sector agencies are willing investors in marketing while air and sea carriers are keen to develop new traffic.

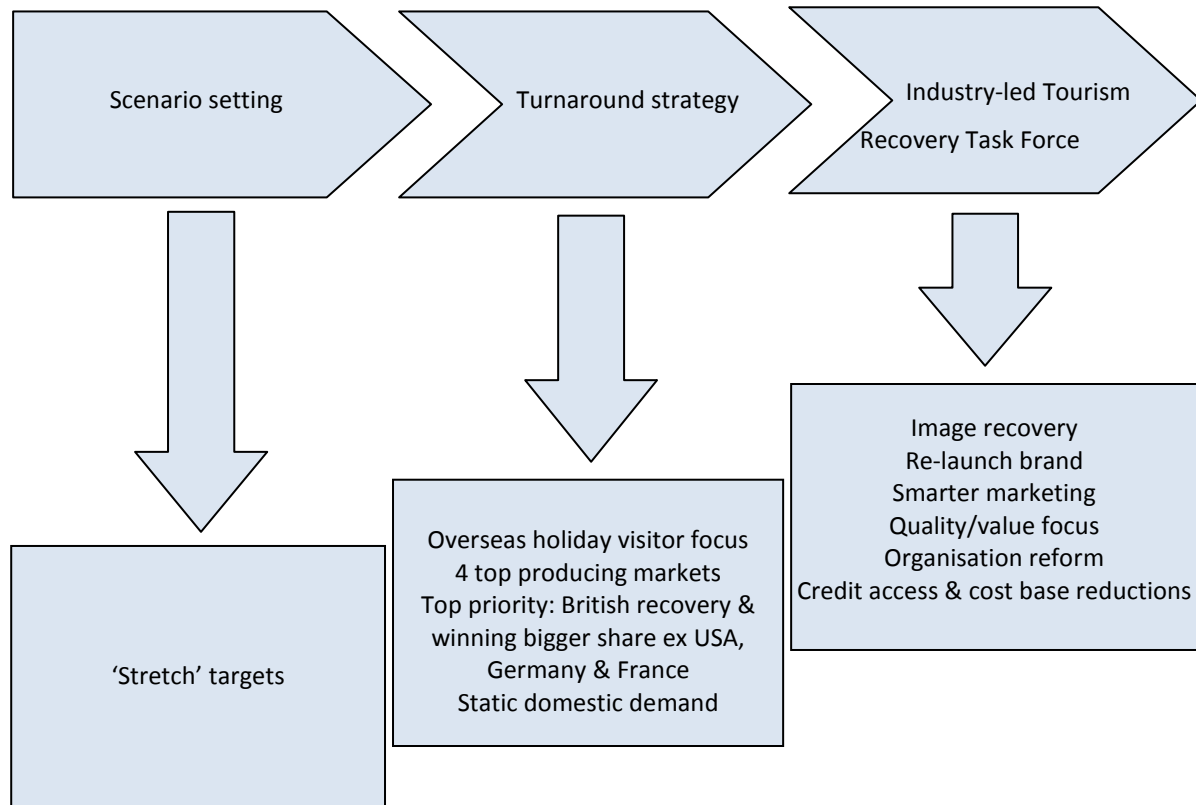
The key challenge facing Irish tourism is communicating the right messages in the most effective way to those markets most receptive to the offer of a holiday in Ireland. The current social, economic and marketing environment in the marketplace calls for a fundamental change in how Ireland is marketed abroad. Brand Ireland needs to engage the market and improve the rate of conversion from interest to action. To recover from the recent sharp downturn Ireland must win market share and outperform competitors.

The core objective of the recovery plan is to attract increasing numbers of holiday visitors from Britain, the USA, Germany and France, as well as winning more international meetings and conferences, through more effective marketing of the destination and its attractions. Achieving growth in demand from these promotable segments will deliver substantial incremental bednights, especially in hotels, as well as demand for transport providers, restaurants, visitor attractions and the retail trade.

Winning market share by offering a more competitive product and with more effective marketing, could see the number of visitors to Ireland exceed eight million by 2015, based on a more than 50% increase in 'promotable' visitors. Foreign exchange earnings would increase to €4.9 billion, including carrier receipts, with the number of overseas visitor nights spent in the country increasing by more than a third to almost 60 million in five years from now.

However, to achieve these ambitious outcomes, fundamental changes are required in how Ireland positions and markets itself abroad. A more dynamic results-oriented and market-responsive approach is called for, with a more effective partnership between public and private sector stakeholders displaying a 'can do' approach to the challenges facing the industry. This plan sets out the key changes that need to be actioned to achieve success.

5. FUTURE GROWTH SCENARIOS



Growth scenarios – Some assumptions

Against the background of the steep decline in overseas visitors – and more especially overseas holidaymakers – to Ireland, a number of scenarios have been developed to demonstrate the scale of the task of recovering from the downturn of the past three years.

With recovery of demand for travel already under way in most source markets, the scenarios for projecting potential turnaround in the level of overseas visitors to Ireland have been developed on the basis of a number of assumptions. For each of the top four source markets for Ireland, these assumptions in respect of holiday travel demand include:

- Improving economic conditions in each of the top source markets;
- Increased and smarter marketing by Ireland;
- Adequate competitive access;
- Improved competitiveness of the Ireland offering;
- A relative strengthening of the £ sterling and US\$ against the euro;
- A 'bounce' factor at least in 2011 to counter the impact of external factors in 2010, including some level of frustrated/deferred demand;
- No disruptive external factor depressing demand.

Short-term economic outlook for top source markets

UK: Modest economic growth in the region of 2% is forecast for the UK in 2011 as fiscal austerity measures impact growth. Consumer spending is expected to remain subdued as consumer confidence wanes in the face of rising unemployment, VAT increase and falling home prices. Steady economic recovery at around 3% is forecast for 2012 to 2014, although GDP growth will be slower than after previous recessions, with consumer spending picking up in 2013 and 2014. Competition for shorthaul leisure travel remains very intense as consumers continue to cut back on discretionary spending.

USA: The outlook is for a strengthening in economic growth from 2.1% on average in 2010 to 2.4% in 2011, with real GDP rising at an above-potential 3.5% pace in late 2011. While the jobless rate is expected to hover around 9%, consumer confidence will most likely be boosted by extremely low inflation and a continuation of the Fed's (near) zero interest rate policy throughout 2011. The prospects for international travel have improved, with an expected return to growth in demand for transatlantic travel in the short term, despite higher airfares.

2 speed eurozone: 2011 will see major fiscal, structural and institutional adjustment within the eurozone. Germany is driving the economic recovery with GDP growth of 3.6% in 2010 and forecast 2.1% in 2011. Both exports and, more recently, domestic businesses have contributed significantly to the recovery in Germany. The outlook for Germany's traditionally weak private consumption is good in light of highly favourable labour market conditions, rising wages, still-moderate inflationary pressures and buoyant consumer confidence. Countries closely linked to the German economy are also predicted to grow steadily in 2011, with more modest growth forecast in France and the Netherlands.

The French economic recovery is expected to broaden in 2011. Private consumption remains the main driver behind the economic recovery, but its contribution to economic growth will be below the pre-crisis level in light of fiscal austerity measures, high unemployment, restricted access to finance and declining purchasing power.

5.1 Low growth scenario

A projected growth based on the forecast for the rate of increase in intra-European travel, at close to 4% p.a. for the next five years, would see the number of overseas visitor arrivals to Ireland in 2015 at 18% above the 2010 level. This would restore the volume to 2009 levels. Assuming a lower rate of growth in non-holiday demand, the annual volume of holiday visitors in 2015 would be 22% above the 2010 level.

On the basis that the trend of shortening length of stay continues, the volume of nights spent by overseas visitors in 2015 would, in this scenario, be up 7% on last year. The incremental expenditure in 2015 would be €188 million above estimated visitor expenditure in 2010. *This would create an estimated 3,000 new jobs.*

This marginal growth in demand is unacceptable as it would fail to restore the industry to a viable level of business.

5.2 Mid growth scenario

This scenario envisages that holiday demand in 2015 from Britain and Germany would be 50% ahead of the depressed level of 2010, allowing for some bounce in 2011 and 2012 in the absence of external impacts of volcanic ash and severe weather disruptions. The number of holidays from the USA, France and the rest of the world in 2015 is projected at up to 36% above 2010. Growth in demand for non-holiday visitors is assumed at a more modest rate. The average length of stay is expected to contract marginally each year, while average daily expenditure is projected to increase by 2% p.a.

On this basis the number of overseas visitors in 2015 would reach 7.5 million, 36% above the 2010 level, including 3.5 million holiday visitors. Achievement of these targets would result in a 22% increase in bednights, or 9.6 million more in 2015 compared to 2010. Spending by overseas visitors in 2015 would be €900 million higher than in 2010, a 34% increase. *This would create an estimated 14,000 new jobs.*

5.3 High growth scenario

This more optimistic scenario is based on a bounce factor of between 10% and 15% in 2011, followed by growth rates between 6% and 9% p.a. in holiday demand, depending on the market, in the following years. This scenario envisages a 62% increase in demand for holidays to Ireland from Britain, a 50% increase from the USA and 40% from other markets by 2015 compared with 2010. Growth in demand for non-holiday visits is projected to be more modest. The average length of stay is expected to remain unchanged from its current level, while average daily expenditure is projected to increase by 2% p.a.

Overseas visitor numbers would reach just over 8 million in 2015 under this scenario, 45% higher than 2010. Included in the overall visitor numbers would be 3.8 million holiday visitors, a 53% increase on 2010.

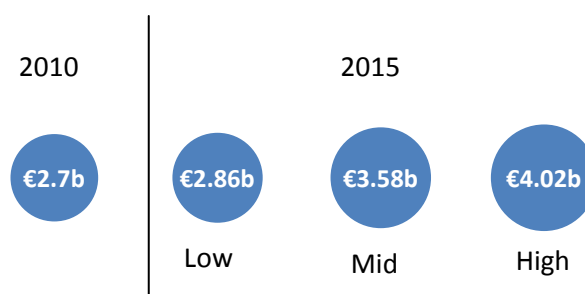
Achievement of this target would yield €4 billion in overseas visitor expenditure, excluding carrier receipts, or an increase of €1,349 million on 2010 expenditure. Bednights from overseas visitors would be 15.6 million above 2010 to reach almost 60 million bednights in 2015. *This would create an estimated 21,600 new jobs.*

Summary projected economic impacts 2010-2015

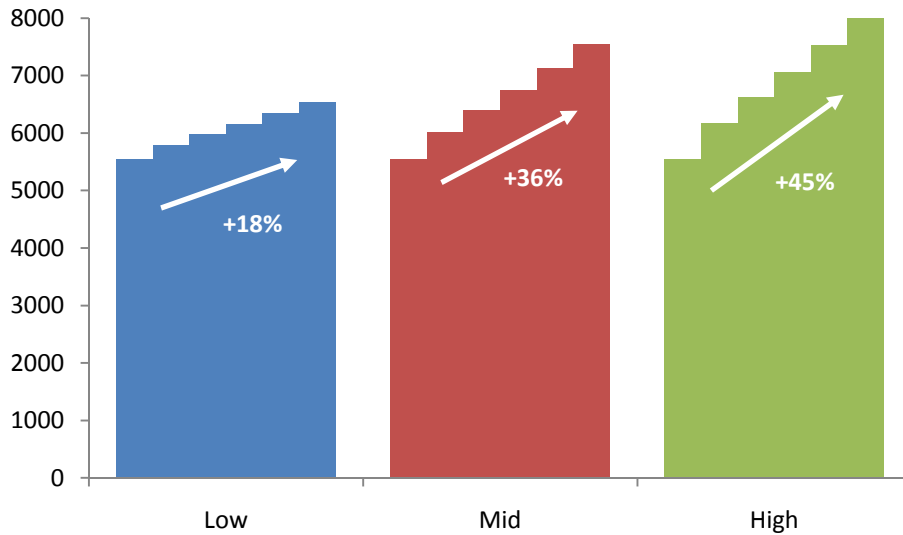
	LOW	MID	HIGH	
No of visitors (000s)	6,540	7,534	8,035	
Increase	Absolute	990	1,984	2,485
	%	18%	36%	45%
No of holiday visitors (000s)	3,054	3,549	3,815	
Increase	Absolute	499	1,049	1,315
	%	22%	42%	53%
No of visitor bednights (000s)	47,381	53,849	59,813	
Increase	Absolute	3,159	9,627	15,591
	%	7%	22%	35%
Revenue (€m)	2,860	3,579	4,021	
Increase	Absolute	188	907	1,349
	%	7%	34%	50%
Employment increase	3,008	14,512	21,584	
Tax increase (€m)	53	254	378	
F&B increase (€m)	75	363	540	

Source: Jim Power Economics

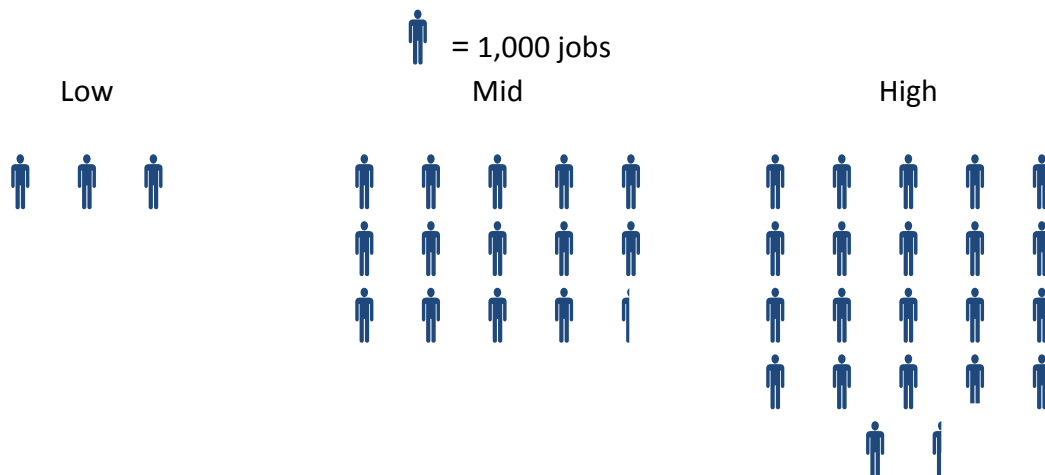
Overseas tourism revenue in Ireland (excluding carrier receipts)



Overseas visitors (000s) growth scenarios 2010-2015



New jobs created by 2015 under 3 growth scenarios



Additional tax revenue to the Exchequer 2015



Overseas visitor bednight scenario projections



	2015 scenarios:	Increase over 2010:
High	59.8 million	+35%
Mid	53.8 million	+22%
Low	47.4 million	+7%

Estimated impact of growth scenarios on the hotel sector

The revitalised emphasis on attracting new promotable visitor traffic to Ireland, together with a consumer preference for short breaks and major urban destinations, is likely to be reflected in an increased incidence in the use of hotels by overseas tourists.

The assumptions underlying projected hotel demand include:

- hotel room stock remains close to 2009/2010 levels allowing for 5% attrition over the period;
- domestic demand for hotels will not grow from the 2010 level over the period;
- the share of bednights spent in hotels by overseas holiday visitors will increase marginally while the average length of stay will continue to decline. Assuming that 20% to 23% of the increased bednight demand will use hotel accommodation, this would generate between 1.7 million and 2 million additional hotel room sales in 2015.

The high growth scenario would see hotel occupancy increase from the current 55% to 65%, while the mid range scenario would give an average annual occupancy of up to 61%. The low growth scenario would move the average annual occupancy by 2.5 percentage points to 57.5%.

Any further contraction of capacity would result in an increase in projected occupancy. However, recovery of the hotel sector will depend not just on the level of demand or occupancy but on achieving sustainable rates, and this will continue to prove elusive so long as severe over-capacity remains.



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Tourism Opportunity

DRIVING ECONOMIC RENEWAL

ITIC is the representative body for the diverse tourism industry, dealing with Government on issues influencing tourism policy and performance, investment strategies and funding priorities, particularly for international marketing and product development. ITIC's focus is on the economic development of tourism in Ireland, nationally and regionally.

In addition ITIC regularly commissions and provides research and reports on the tourism industry which are made available to members, as well as to those throughout the tourism sector.