

2012 Tourism data – behind the headlines

A look behind the top line data in the recent CSO release on 2012, coupled with a quick analysis of performance over the past 5 years, shows some interesting and challenging trends which warrant strategic attention.

A 5 year view of overseas tourism to Ireland

In economic terms overseas tourism has been in decline with the level of spend in the country down by almost 20% in real terms compared to 5 years ago. This reflects the downturn in volume demand, together with changes in composition of the demand and shorter stays in the country.

Just short of €2.9 billion was spent by overseas visitors staying at least one night in the country last year. Holiday/leisure visits generate approximately half of the tourism receipts from overseas, with the other half coming from business, VRF and visits for ‘other reasons’.

Visitor to Ireland 2008-2012

Year	No. of visits ¹ 000s	Spend ² € millions	Average spend per visit	Av. Length of stay (nights)
2008	7,288	3,834	€526	8.1
2009	6,470	3,410	€527	7.6
2010	5,700	2,976	€522	7.8
2011	6,023	2,864	€475	7.7
2012	6,039	2,882	€477	7.4

Source: CSO

Notes: Due to methodological changes there is a slight discontinuity with pre-2009 data.

¹Visits refer to staying at least overnight

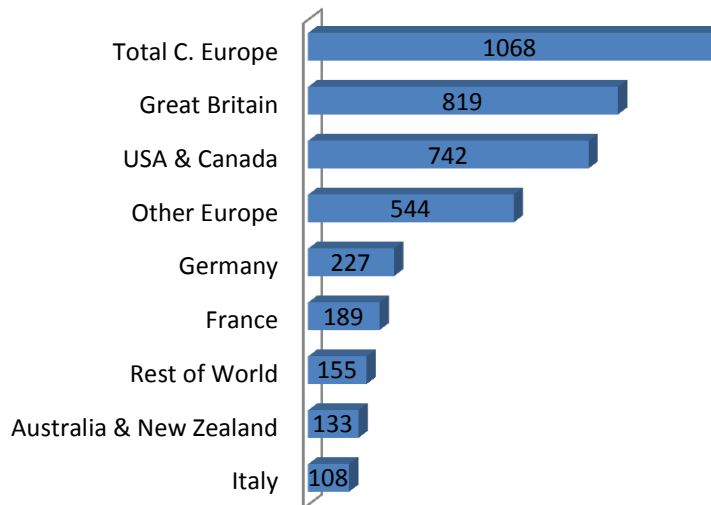
²Est. spend for staying visitors excludes fares paid to Irish carriers

In addition to expenditure in Ireland, visitors paid €767m in fares to Irish carriers in 2012, bringing the total value of inbound tourism to €3,683 million.

Tourist spend in Ireland

Continental European markets are the most valuable, generating over €1 billion in visitor spending in 2012. British visitors spent €819m in the country, and North Americans spent €742m. Newer long haul markets from around the world accounted €288m in visitor receipts.

Expenditure by overseas visitors 2012 (€)

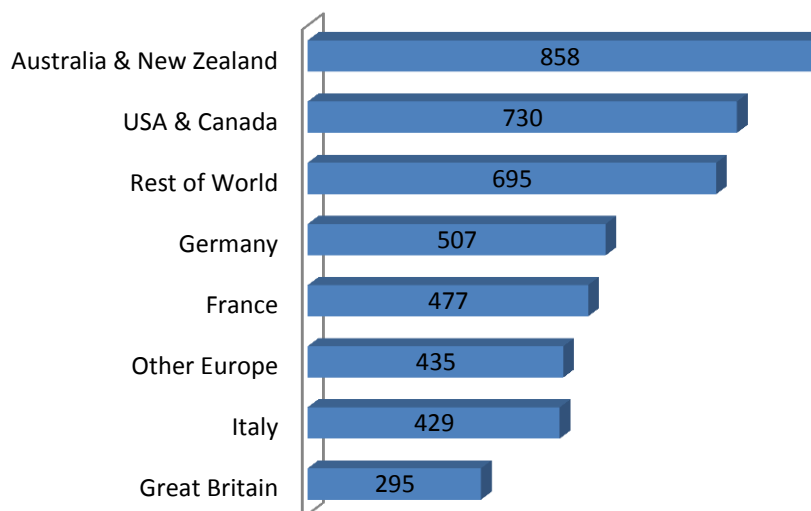


Source: CSO

The average spend in 2012 is estimated at €477 per visit. On average a holiday/leisure visitor spent €534 in the country, with business and VFR visitors spending on average €447 and €323 respectively.

The highest spenders per trip are visitors from long-haul markets, with Australians and New Zealanders topping the chart at an average of €858, followed by North Americans spending an average of €730. In the case of the former this reflects the longer average length of stay of visitors from down under, average 11.6 nights which in turn reflects the relatively high VFR component of this demand. Visits by North Americans tend to be shorter (8.5 nights), but they spend more than other nationalities on hotels, transport and shopping. Visitors from mainland Europe, while staying for about the same length as North Americans, on average spend approximately a third less per trip. British visitors with shorter average stays in the country (4.6 nights) spent less per trip, an average of almost €300.

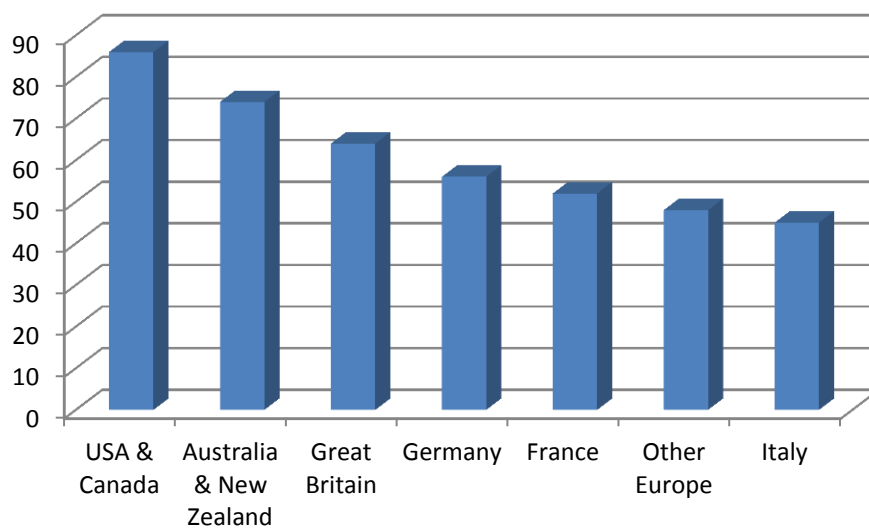
Average spend per visit 2012 (€)



Source: Derived from CSO

Long haul visitors spend more per day than other visitors, with Americans topping the table. The average daily spend illustrated below is a crude measure of the relative value of visitors by source market. The average spend per day is likely to vary considerably by purpose of visit and behaviour across the range of source markets. Unfortunately the published data does not permit a more meaningful analysis of the relative value of each segment of demand - holidays, business, VFR - from each source market. This would provide one of the more important criteria in measuring the economic efficiency of allocation of marketing budgets.

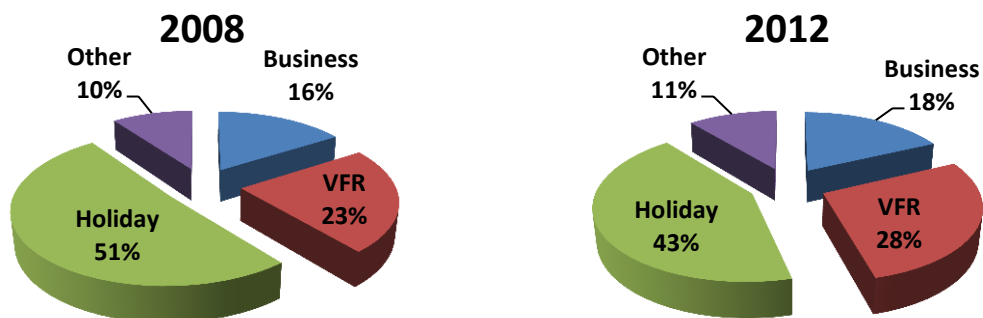
Average daily spend 2012 (€)



Source: Derived from CSO data

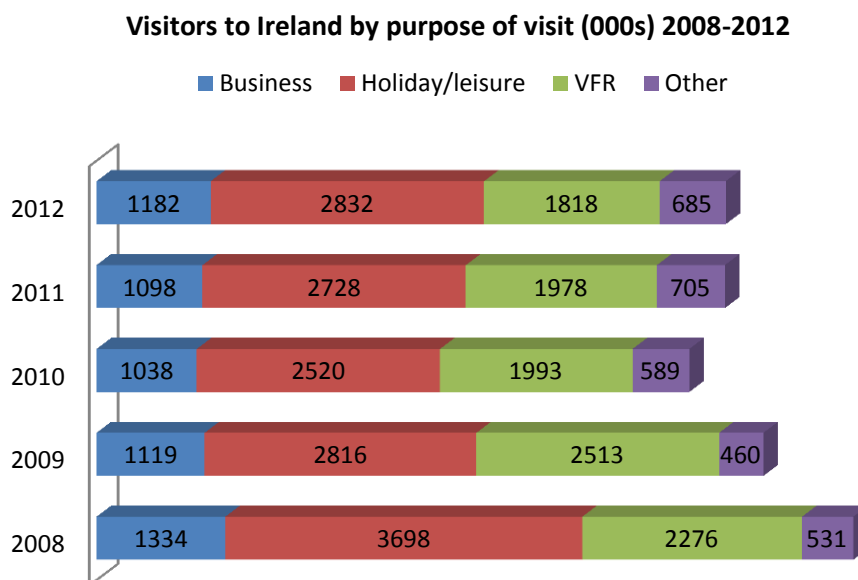
Purpose of visit shifts

Over the past 5 years holiday/leisure visits have not only declined in absolute number but also as a share of total visitors from just over 51% in 2008 to 43% last year, as Ireland has become relatively more dependent on VFR and business visitors during the economic downturn and what is proving to be a prolonged recovery of holiday demand for Ireland.



Source: CSO

While the number of visits has fallen in all categories, except those visiting for 'other reasons', the decline has been most marked in the holiday/leisure segment. In 2012 holiday visit were 25% below the 2008 level, while VFR and business visits were down 20% and 10% respectively.



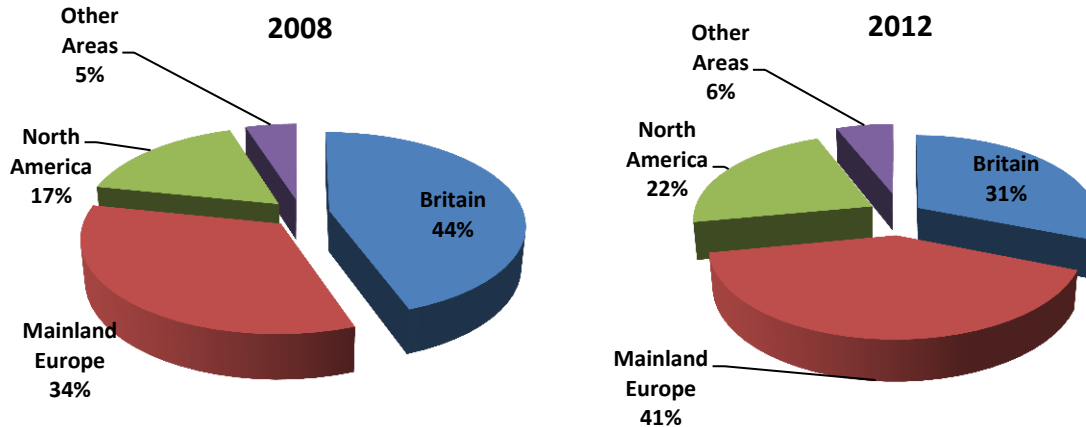
Source: CSO

The main markets vary considerable in relative importance as sources of demand depending on the purpose of visit:

- Europe is the largest source market for holiday/leisure visits accounting for just over 40% of the total by volume, with a further 31% coming from Britain, 22% from North America and 6% for the rest of the world.
- VFR visitors are predominantly from Britain (62%), with 23% coming from mainland Europe, 8% from North America and 6% from the rest of the world.
- Business visitors are principally from Britain (50%), followed by mainland Europe (35%) and long-haul market (15%).

Holiday/Leisure Visitors

Over the past 5 years the source of holiday/leisure traffic has shifted with all markets beyond Britain increasing in relative importance.



Source: CSO

Holiday demand from long-haul markets has recovered to exceed 2008 levels, while mainland Europe is still marginally off the level of 5 years ago. The number of holiday visitors from Britain in 2012 was 45% below the 2008 level.

Holiday visitors x source market 2008 & 2012

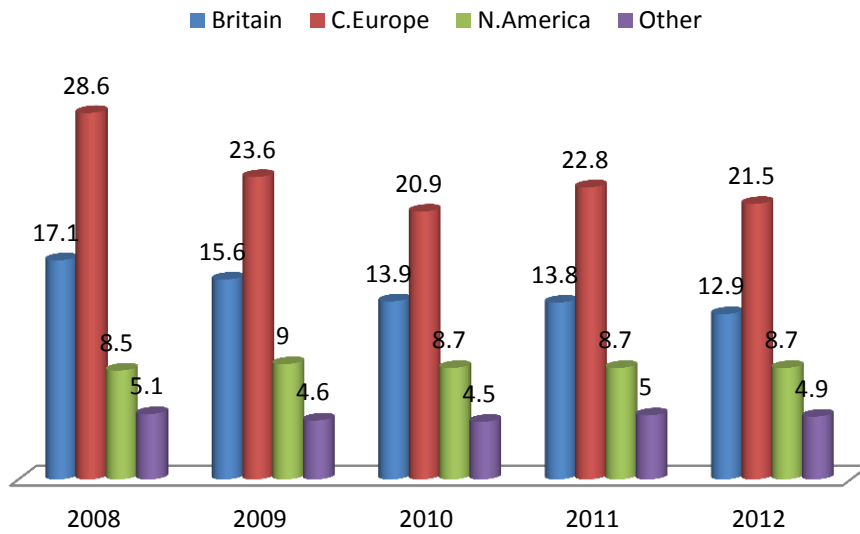
	2008	2012	% change
Britain	1,572,000	860,000	-45%
Mainland Europe	1,196,000	1,138,000	-5%
North America	596,000	610,000	+2%
Rest of world	161,000	167,000	+4%

Source: CSO

Trends in accommodation demand

The volume of bednights spent in the country has declined over the past 5 years, reflecting fewer visitors and shorter stays. The volume of bednights spent by overseas visitors was just short of 48m in 2012, down almost 20% from the more than 59m in 2008. While there would appear to have been some recovery in 2011, bednights dropped back by 4% in 2012. Bednights from North America grew marginally over the 5 year period, in contrast to falling volumes from all other source markets.

Overseas visitor bednights (million)

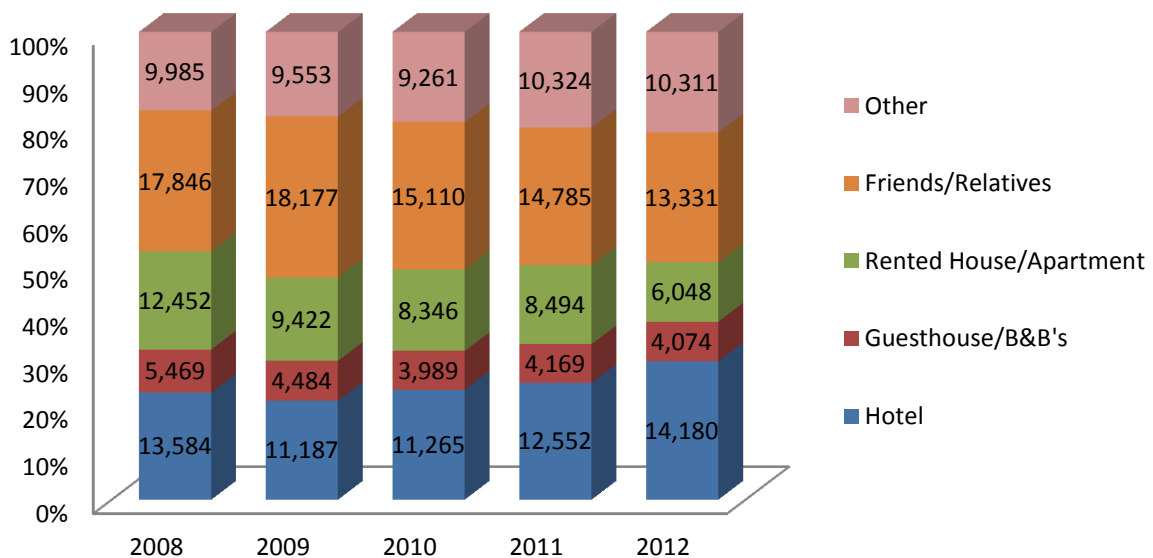


Source: CSO

Hotels have captured an increasing share of bednights, with a marked increase in popularity last year. The share of bednights spent in hotels has increased from 23% in 2008 to 30% in 2012. Hotels would appear to have won a larger share of holiday demand from overseas, presumably due to keenly priced positioning in the market.

Within the paid accommodation sector Guesthouses / B&Bs have managed to hold their share, although volume has slipped, while rented accommodation has suffered a significant loss of market share. Homes of friends and relatives continue to account for a sizeable share at approx. 30% of bednights.

Overseas Visitor Bednights 2008-2012 (000s)



Source: CSO

Reflecting the shifts in demand by source markets, mainland Europe now accounts for almost two out of every five overseas bednights in hotels, with North America generating almost one in three bednights. Britain is now the source of just under one in four hotel bednights.

Source of hotel bednight demand 2008 & 2012

	2008	2012
Britain	35%	24%
C. Europe	37%	39%
N.America	23%	28%
Rest of World	5%	8%

Source: CSO

Based on other data sources it is safe to assume that the shift in popularity of hotels has been more marked in Dublin, based on a mix of business and holiday/leisure demand, compared with most other parts of the country. Regrettably the CSO data does not provide data on the distribution of bednights by region or a breakdown of demand within each accommodation category on a market by market basis disaggregated by purpose of visit.