

# A REVIEW OF COACH TOURISM IN IRELAND



March 2015

CTTC

Coach Tourism and Transport Council of Ireland

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ITOA  
INCOMING TOUR OPERATORS  
ASSOCIATION - IRELAND

This report was prepared for ITIC by CHL Consulting Company Ltd, with support from the Incoming Tour Operators Association-Ireland and the Coach Tourism & Transport Council of Ireland.



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## **A REVIEW OF COACH TOURISM IN IRELAND**

### **- Highlights -**

Coach tourism in Ireland is a very substantial market segment in the overall Irish tourism mix, and not just a form of transport. It consumes a wider range of tourism products and services than most other segments.

No other tourism 'product' achieves the same regional distribution of trips. This is an important attribute at a time when the prevailing trend towards short-stay city breaks works against spreading tourists' spending power across all regions.

The seasonal spread of coach tourists across the shoulder season is relatively good which means that they contribute well to the sustainability of tourism SMEs throughout the year and they improve the year round utilisation of Ireland's tourism infrastructure.

- 1) Some 995,000 overseas visitors take coach tours and day trips in Ireland.
- 2) Contributes €331 million to the Irish economy.
- 3) Supports 17,000 tourism jobs.
- 4) 366,000 visitors take escorted coach touring holidays which represents 12% of the overall holidays visitor market. They
  - spend on average 8 nights
  - visit three or more regions
  - consume a wider range of tourism product and services than any other market.
- 5) Escorted coach tourism increased by 28% between 2011- 2013 more than double the level of increase in overall holidaymakers.
- 6) Coach tourism numbers are significantly higher than other tourism products – 995,000 vs.
  - Cycling 241,000
  - Golf 204,000
  - Angling 127,000
  - Equestrian 99,000.
- 7) Coach tourism facilitates urban tourists to experience other regions and products with 440,000 holidaymakers taking day trips and a further 149,000 coach trips and excursions taken by conference, incentive and cruise ship passengers.

## A REVIEW OF COACH TOURISM IN IRELAND

### - Executive Summary -

March, 2015

#### Main Findings

##### *The Contribution of Irish Coach Tourism*

- 1) Coach tourism in Ireland is a very substantial market segment in the overall Irish tourism mix, and not just a form of transport. It consumes a wider range of tourism products and services than most other segments. In total, it is estimated that almost 1 million overseas visitors took coach tours and day trips in Ireland in 2013 – see Table 1. These tourists contribute over €330 million to the Irish economy and support over 17,000 tourism jobs.

**Table 1: Coach Tourism Passengers, 2013**

Source of Business	Number of Visitors	Revenue (€m)
<b>A. Overseas</b>		
Overseas Coach Operators into Ireland	190,950	151.9
ITOA members	175,409	139.5
Sub-Total, Escorted Tours	366,359	291.4
Cruise Visitors	92,566	5.8
Conference & Incentive	56,762	5.9
Other Day Trips	440,160	27.7
<b>Total Overseas Demand</b>	<b>955,847</b>	<b>330.8</b>
<b>B. Domestic</b>		
Coach tours	34,600	
Day trips	103,800	
<b>Total Domestic Demand</b>	<b>138,400</b>	

<b>Overall Total</b>	<b>1,094,247</b>
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- 2) Over 366,000 overseas tourists took escorted coach tour holidays in Ireland in 2013, representing almost 12% of overseas holidaymakers to Ireland. They spent an average of eight nights in the country, typically visiting three or more regions during their tour, and consuming a wider range of tourism products and services than most other market segments.
- 3) Escorted coach tours represent a high value and rapidly growing market segment. The number of coach tourists handled by members of the Incoming Tour Operators Association increased by almost 28% between 2011 and 2013, more than double the level of increase in overall holidaymakers. Significantly more overseas tourists took coach tours in Ireland in 2013 than participated in cycling (241,000), golf (204,000), angling (127,000) or equestrian activities (99,000).
- 4) An additional 440,000 overseas holidaymakers took day coach trips; cruise ship visitors, conference and incentive tourists generated a further 149,000 coach trips and excursions.
- 5) Domestic holidaymakers took an estimated 34,600 coach holidays plus 103,800 day coach trips.
- 6) According to Fáilte Ireland, North America provided 47%, Mainland Europe a quarter (23%) and Britain just under 15% of coach tourists in 2013.
- 7) The majority of coach tourists from all markets, apart from the UK, are first time visitors - emphasising the importance of coach tourism in introducing new visitors to Ireland.

### ***The Coach Transport Sector***

- 8) The Coach Tourism and Transport Council of Ireland (CTTC) represents independent coach operators in Ireland and has a membership of 62 operators running 1,040 coaches between them, an average of 17 coaches per fleet.
- 9) Irish Incoming tour operators (ITOA members) are the source of half of the coach tourism business of CTTC members; the balance is split between overseas tour operators (30%) and self-generated tours (21%).

- 10) In addition, a substantial number of overseas tour operators, mainly British-based, run their own coaches directly into Ireland.
- 11) The survey of CTTC members found that:
  - CTTC members currently employ a total of 2,172 staff, of whom 64% are full-time.
  - 70% of respondents reported an increase in turnover in 2013, and 60% increased their staff in 2014. Two-thirds of respondents expect further growth in 2015.
  - Based on survey responses, a third of all coaches are less than 4 years old, with the average age of the overall CTTC members' fleets being 4.5 years. The annual replacement rate to maintain the current age profile is about 130 coaches.

### ***International Perspective on Coach Tourism***

- 12) Internationally, coach tourism is considered a growth market, with opportunities for innovation and higher profit margins.
- 13) Research identifies scope for further development in the areas of themed and special interest tours, and cross-generational packages, as well as tours that offer greater opportunities for independent exploration.
- 14) Coach tourism is an important holiday choice for first time visitors from new and emerging markets who value the value, ease and security that it offers.

### ***Facilitating Growth***

- 15) The opportunities most identified by coach operators include an increase in flights and general tourism to Ireland; the opening up of new markets and new segments.
- 16) Risks identified by coach operators include concerns regarding: discrepancy in VAT rates between Northern Ireland and the Republic of Ireland; fuel costs; difficulties in recruiting and retaining drivers and guides; additional costs as a result of EU regulations.
- 17) Eight recommendations are made:
  - i) Continued focus on product and service quality assurance by coach operators; benchmarking of product quality and facilities against overseas

operators with a view to ensuring that the Irish industry is responsive to changing trade and consumer preferences and demands.

- ii) Greater investment in continued education in the sector, especially for guides, with a focus on professionalism, quality, customer care and safety.
- iii) Strengthen incentives for investment in new coaches to ensure the industry has an adequate supply of modern coaches. Support should be provided to increase the fleet of wheelchair accessible coaches.
- iv) Harmonise the VAT regime for coach operators between Northern Ireland and the Republic of Ireland.
- v) Adjust the EU regulations on driving time to reflect the small scale of the island and relatively short distances travelled between stops.
- vi) Introduce personalised number plates for coaches to replace the current plates which display the date of first registration.
- vii) The tourism agencies should acknowledge the importance and value of the coach tourism sector, ensure the provision of the required training of guides and promote the sector in international marketing campaigns.
- viii) Ensure coach tourism needs are better understood by Local Authorities, and that they distinguish between the needs of touring coaches and scheduled bus services; provision for coach parking in particular needs greater attention in Local Authority planning, particularly to facilitate city-centre and airport drops and collections.

## **1. INTRODUCTION**

### **1.1 Background and Objectives**

An estimated 366,000 overseas visitors took a coach holiday in Ireland in 2013, and a larger number took a day tour during their stay in the country, making a significant contribution not only to the national economy but also to the regional distribution of the benefits of tourism.

The Irish Tourist Industry Confederation (ITIC), the Incoming Tour Operators Association - Ireland (ITOA) and the Coach Tourism and Transport Council of Ireland (CTTC) jointly commissioned CHL Consulting to undertake this review of the coach tourism industry in Ireland. The objectives of the review are:

- To estimate the total volume of coaching activity.
- To demonstrate the value of the sector's contribution to tourism and the Irish economy.
- To profile the sector in terms of scale, employment, range of services, etc.
- To identify current and anticipated future trends in coach tourism.
- To identify training needs for drivers and guides.
- To highlight challenges presented by the regulatory environment.
- To identify barriers to the future development of coach tourism and make recommendations to address these.

### **1.2 Methodology**

The approach taken to the review involved several components.

- 1) A self-completion questionnaire was circulated to all 62 members of CTTC and a final response rate of 52% (32 operators) was achieved. The respondents account for 62% of the total fleet of coaches owned by CTTC members. The survey results have been grossed up where relevant to estimate total sectoral volume and value. A summary of the survey results is provided in Appendix 1.
- 2) Consultations with CTTC, ITOA, ITIC, Tourism Ireland, Fáilte Ireland and members of the coach tourism sector and the wider tourism industry.

- 3) CHL Consulting also conduct the ITOA's Annual Survey of Membership Business, and we have drawn on the aggregated findings of that Survey in quantifying and profiling the demand for coach tourism.
  
- 4) Desk research was carried out to review coach tourism performance and trends at an international level. Particular attention was paid to coach tourism in Britain due to its position as a leading competitor internationally as well as a key source market for Irish tourism.

The questionnaire and interviews collected data, opinions and perspectives which are relevant to the objectives of this review. We are pleased to present the findings of the review in this report and gratefully acknowledge the cooperation received from members of CTTC, ITIC, the ITOA and all others who offered their time and expertise.

## 2. THE DEMAND FOR COACH TOURISM IN IRELAND

### 2.1 Volume of Demand

Data available from Fáilte Ireland's Annual Survey of Travellers show that almost 294,000 overseas tourists took coach tour holidays in Ireland in 2013. This number represented an increase of just under 4% over the estimate of 283,220 produced for 2012. We believe that these survey findings underestimate the actual scale of demand. By looking more closely at the sources of demand and supply, it is possible to arrive at a more robust estimate. We have also estimated the level of demand for day coach trips which has expanded significantly in recent years largely in line with the growth of the motorway network.

#### 2.1.1 Escorted Coach Tour Holidays

- **Coach tourists handled by Incoming Tour Operators:** the volume and value of the business handled by members of Incoming Tour Operators Association (ITOA) has been the subject of an annual survey run every year since 2005. The results for 2013 show that ITOA members brought in 175,409 overseas visitors on coach tour holidays in Ireland. This was almost 10% ahead of the numbers recorded in 2012, building on an increase of 16% achieved in 2011.
- **Coach tourists handled by Overseas Tour Operators:** in addition to ITOA client companies, there are over 55 overseas tour operators sending tour groups into Ireland. Based on an assessment by Tourism Ireland and ITOA of the level of business handled by each of these operators, we estimate that they delivered in the region of 190,950 coach tourists to Ireland in 2013. Many of these travel to Ireland in coaches, but a substantial number are also driven around Ireland in Irish-registered coaches supplied by members of The Coach Transport & Tourism Council.

**In total, therefore, our revised estimate is that over 366,000 overseas tourists took escorted coach tour holidays in Ireland in 2013.** This amounts to a 12% share of the total number of overseas holidaymakers visiting Ireland in 2013, which is substantially ahead of the average share of almost 10% recorded between 2004 and 2006. It is also considerably higher than some of the key tourism activities such as angling (127,000), equestrian (99,000), cycling (241,000) and golf (204,000).

### 2.1.2 Day Coach Trips

This category breaks down into a number of components: day leisure trips, excursions for cruise ship visitors, and excursions/transport for conference and incentive tourists.

- **Day leisure trips:** according to the Fáilte Ireland Visitor Attitudes Survey, 14% of overseas holidaymakers took a day coach trip in 2010, up from 11% in 2006. More recent data are not available, but applying the 2010 percentage to the number of overseas holidaymakers in 2013 produces a total of 440,160 day coach trippers. The proliferation of day coach offers since 2010 suggests that the actual number could be higher.
- **Cruise Passenger Excursions:** the number of cruise ships calling to Irish ports has increased steadily over the past decade. In 2013, there was an estimated 272 cruise ship visits to Irish ports, up from 232 in 2012 and 202 in 2010. A large number of passengers took excursions by coach: ITOA members handled 92,566 cruise ship passengers in 2013, and the total number of passengers who went on excursions may have been greater than this.
- **Conference and Incentive Tourists:** these are users of coaches for transport to the conference venue, and excursions for sightseeing, banquets and visits to events, activities and attractions. In 2013, members of the ITOA handled 56,762 overseas conference and incentive tourists, all of whom would have been transported by coach on one or more occasions during their visit.
- **Total day trips/excursions:** adding the above categories together produces a total of 589,398 overseas tourists who took day coach trips or excursions in 2013.

### 2.1.3 Domestic Market

In addition to overseas tourists, Fáilte Ireland data for the domestic tourism market suggests that 3% of holidays included a day trip by coach, with 1% including an overnight coach trip. These shares produce the totals indicated in Table 2.1.

**Table 2.1: Domestic Holidays Including a Coach Trip, 2013**

Total Domestic Holiday Trips	Domestic Holidays Incl. Day Coach Trip	Domestic Holidays Incl. Overnight Coach Trip	Total
3,460,000	103,800	34,600	138,400

Source: Fáilte Ireland

#### 2.1.4 Summary

The estimates for the different categories of demand in 2013 are summarised in Table 2.2. This analysis suggests that 14.3% of all overseas visitors to Ireland in 2013 took a coach trip in Ireland, either as the main form of holiday or as an activity during their visit.

**Table 2.2: Coach Tourism Passengers, 2013**

Source of Business	Number of Visitors
<b><u>B. Overseas</u></b>	
Overseas Coach Operators into Ireland	190,950
ITOA members	175,409
Sub-Total, Escorted Tours	366,359
Cruise Visitors	92,566
Conference & Incentive	56,762
Other Day Trips	440,160
<b>Total Overseas Demand</b>	<b>955,847</b>
<b><u>C. Domestic</u></b>	
Coach tours	34,600
Day trips	103,800
<b>Total Domestic Demand</b>	<b>138,400</b>
<b>Overall Total</b>	<b>1,094,247</b>

Overall, taking both the overseas and domestic markets into account, we estimate that there were 1.1 million coach tourism passengers in 2013.

The escorted coach tour market is a substantial one, accounting for 38% of overseas coach passengers. It is also by far the most important one, in economic terms, accounting for 88% of the total revenue from overseas coach tourists. The holiday day trip market accounts for the largest proportion of tourists carried by coaches - 46%. Given the increase in day tours in recent years, this day trip estimate may well be understated as it is based on 2010 data from Fáilte Ireland's Visitor Attitudes Survey.

## 2.2 Economic Value of Coach Tourism

### 2.2.1 Revenue

Fáilte Ireland data suggests that the contribution of overseas coach tourists to the Irish economy is in the region of €214 million, based on a 2012 estimate of 283,000 coach visitors. However, with the total number of overseas tourists using coach trips being closer to 1 million – as shown in Table 2.2 - the total value of the coach tourism industry is considerably higher.

Data from the ITOA Annual Survey provides us with a measurement of expenditure by tourists on transport, entertainment, accommodation and food. However, it doesn't capture spend on shopping and miscellaneous items, nor on additional food and sightseeing that may not be included in a tour. Making allowance for these on the basis of Fáilte Ireland data suggests that out-of-pocket expenditure by coach tourists adds 50% to their expenditure on their packages, excluding international transport.

Using an average contribution per coach visitor of €795.50, based on Fáilte Ireland estimates for coach tourism passengers, the contribution from coach tour holidays alone rises to €291 million, as detailed in the Table 2.3. Expenditure by cruise, conference and incentive visitors<sup>1</sup>, and other day trippers is facilitated by coach operators and amounts to an additional €39 million, bringing the total value of the sector to €331 million.

**Table 2.3: Economic Contribution of Overseas Coach Tourism Passengers, 2013**

Source of Business	Economic Contribution
Overseas Coach Operators into Ireland	190,950 x €795.50 = €151,900,725 <sup>1</sup>
ITOA	175,409 x €795.50 = €139,537,860
Cruise Visitors	92,566 x €63 = €5,831,658 <sup>2</sup>
Conference & Incentive Visitors	56,762 x €104 = €5,903,248 <sup>3</sup>
Other Day Trips	440,160 x €63 = €27,730,080 <sup>2</sup>
<b>Total</b>	<b>€330,903,571</b>

Notes: <sup>1</sup> Fáilte Ireland estimate that coach tourists spent an average of €756.18 per person in 2012; this is updated by the overall average increase in spend per head by all overseas tourists in 2013 (+5.2%).

<sup>2</sup> Day-trip expenditure average of €63 for cruise passengers and other day trips based on the average distribution of tourist expenditure, according to Fáilte Ireland, adjusted by data from the ITOA Annual Survey of Business.

<sup>3</sup> Average expenditure per head on coach trips by business tourists based on Fáilte Ireland distribution of expenditure and total revenue of €1,400 per head.

Source: CHL estimates, ITOA, Fáilte Ireland.

<sup>1</sup> Source: Fáilte Ireland

Additionally, Fáilte Ireland estimates that for every euro spent on tourism, 24.5c is generated in tax. If we apply this multiplier to the revenue above, we arrive at a **tax contribution of €81,071,375.** to the Irish Exchequer which has been supported by the coach tourism industry. This doesn't include rates and taxes paid directly by companies to Revenue and Local Authorities.

### **2.2.2 Employment**

Members of CTTC itself directly employ a total of 2,172 staff, of whom 1,381 (64%) are full-time. The balance are a mix of part-time and seasonal staff. The distribution of staff by employment status is summarised in Table 2.4.

**Table 2.4: Number of Staff Employed by Coach Operators**

<b>Category</b>	<b>Year-Round</b>	<b>Seasonal</b>
Full-time	1,381 (63.6%)	380 (17.5%)
Part-time	311 (14.3%)	100 (4.6%)

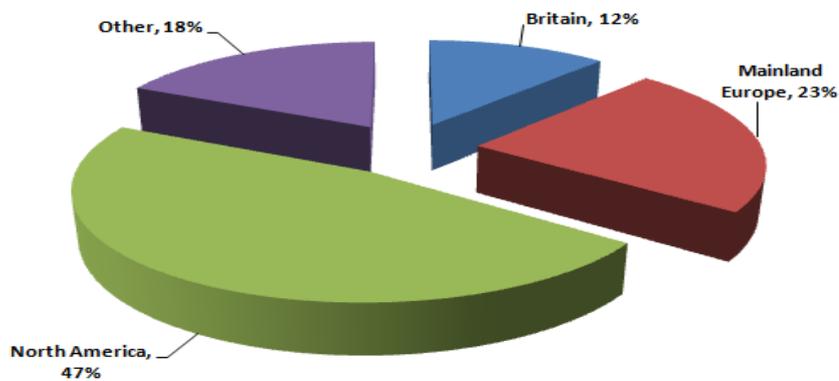
Fáilte Ireland estimates that every 55 overseas tourists support one tourism job. On this basis it can be suggested that **coach tourism more broadly helps to support over 17,000 jobs in the Irish economy.** This includes further direct employment in coach tourism of 615 registered independent guides and 542 staff working in ITOA member firms.

### 3. PROFILE OF COACH TOURISTS

#### 3.1 Source Markets

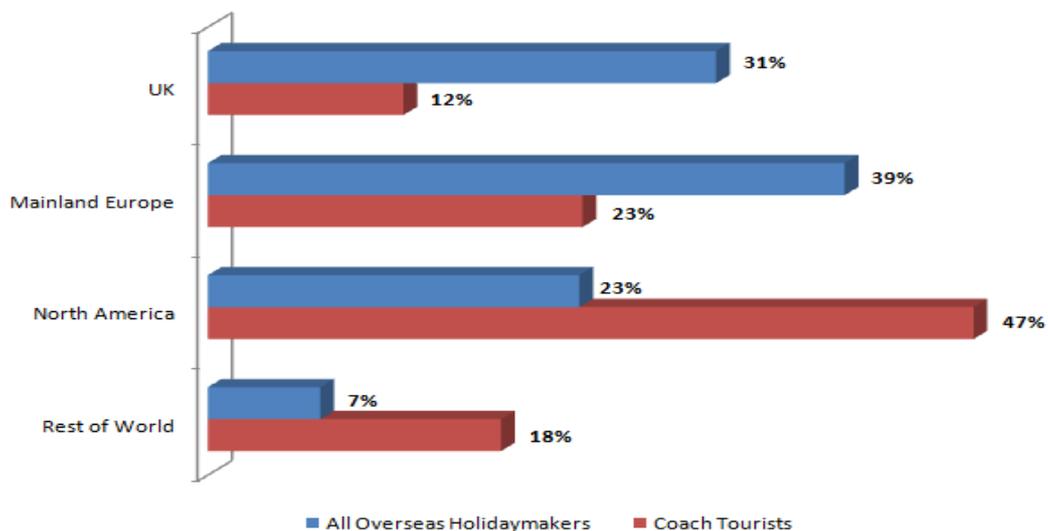
The distribution of coach tourists by source market is shown in Chart 1. Based on Fáilte Ireland data, North America is the largest source market accounting for 47% of overseas holidaymakers on coach tours. 23% came from Mainland Europe in 2013, the principal sources being France and Germany. Britain provided just 12% of the total, while Other Markets generated 18%.

**Chart 1: Distribution of Coach Tourists by Market, 2013**



As Chart 2 highlights, there are some differences between the market origin of coach tourists and that of all overseas holidaymakers – most notably, long haul markets account for a much greater proportion of coach visitors than of all overseas holidaymakers.

**Chart 2: Comparison of Source Markets - Overall Holiday Market Vs Coach Tourists**



## 3.2 Characteristics of Coach Tourism Visitors<sup>2</sup>

### 3.2.1 Experience of Ireland

As we saw earlier in Section 2, international coach travel is particularly popular with, and suited to, first time visitors from long haul markets. The same is true of the coach tourism market to Ireland. Approximately four in five coach tourists are on their first visit to Ireland, compared with 63% of the general holiday market, and this proportion is even higher among long haul visitors – as can be seen in Table 3.1 below.

**Table 3.1: Coach Tourists' Experience of Ireland**

Experience of Ireland	All Coach Tourists	Britain	M. Europe	N. America	Other Areas
First Visit	79	49	79	83	90
Repeat Visit	20	47	21	16	10
Irish-Born	1	4	0	1	0

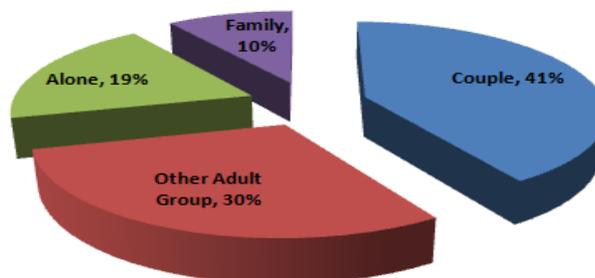
While this reflects the understandable preference of many first time visitors to minimise concerns with regard to travelling to a new destination, it also emphasises the role that organised coach tours play in facilitating new business to Ireland. Although outside the scope of this review, it is interesting to speculate about whether the first time visitors who make up the 16% difference between the general holiday market and the coach tourism market would have come to Ireland were coach tours not easily available. And it is also interesting to speculate what additional new business might be encouraged were coach holidays to Ireland more widely marketed and available in long haul destinations, outside of North America where Ireland is reasonably well-established.

### 3.2.2 Party Composition

The majority of coach tourists to Ireland are either travelling as part of a couple or another adult group. In contrast with some of the information we will see in Section 4 for the UK, only one in ten coach tourists to Ireland travel with family - indicating potential room for growth in this segment of the market.

<sup>2</sup> Unless otherwise stated, the source of information in this section is Fáilte Ireland, with coach tourism analysis based on a three-year average published in 2012.

**Chart 3: Party Composition of Coach Visitors to Ireland (%)**



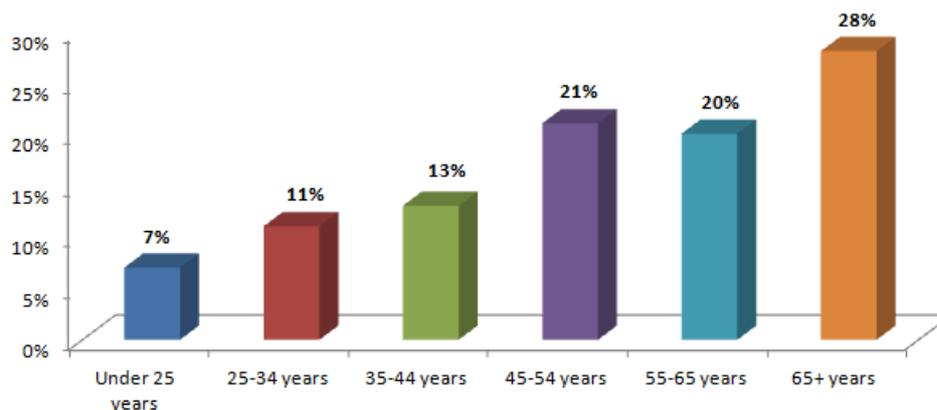
There are some significant differences in party composition by market:

- Almost two-thirds (65%) of the UK market travel as part of an 'other adult group', emphasising the opportunity for social and special-interest tours from that market.
- A higher than average proportion of North Americans travel as part of a family (15%), suggesting that this is where the greatest opportunity exists to offer cross-generational tours.
- The greatest proportion of visitors from 'other areas' travel alone (44%).

### 3.2.3 Age

As expected, coach tourists tend to be older than the general holiday market. Less than a third are aged 44 years or less compared with over half (54%) of all holidaymakers. However, the proportion who are of retirement age or over is less than might be expected, indicating that coach holidays are not solely for the grey market – as can be seen in Chart 4 - nor are they likely to 'die out' along with the current generation of retired consumers.

**Chart 4: Age of Coach Tourists to Ireland (%)**



In fact, the profile above is skewed by the substantial proportion of UK visitors who are aged 65 years or more (68%), which supports the comment above regarding special-interest from that market. Other markets have a younger profile:

- Almost half (48%) of North American coach tourists are aged 45-64 years.
- Half of coach tourists from Other Areas are aged 25-44 years.
- 38% of Mainland European coach tourists are aged 35-54 years.

### **3.2.4 Length of Stay**

According to data from ITOA members, the average length of stay for group/coach tourists (who account for three quarters of bednights handled by the ITOA) has increased over the last number of years from 5.6 nights in 2011 to 7.5 nights in 2013.

Fáilte Ireland estimates show a slightly longer average stay of 8.2 nights. This varies considerably by market, though, as Table 3.2 below indicates:

**Table 3.2: Coach Tourists' Length of Stay by Origin  
(% of visitors)**

<b>Length of Stay</b>	<b>Britain</b>	<b>M. Europe</b>	<b>Nth. America</b>	<b>Other Areas</b>	<b>Total</b>
Up to 5 nights	53	24	10	32	21
6-8 nights	41	49	47	29	45
9-12 nights	3	21	33	24	26
13+ nights	2	6	10	16	9
Average	5.7	7.4	9	8.5	8.2

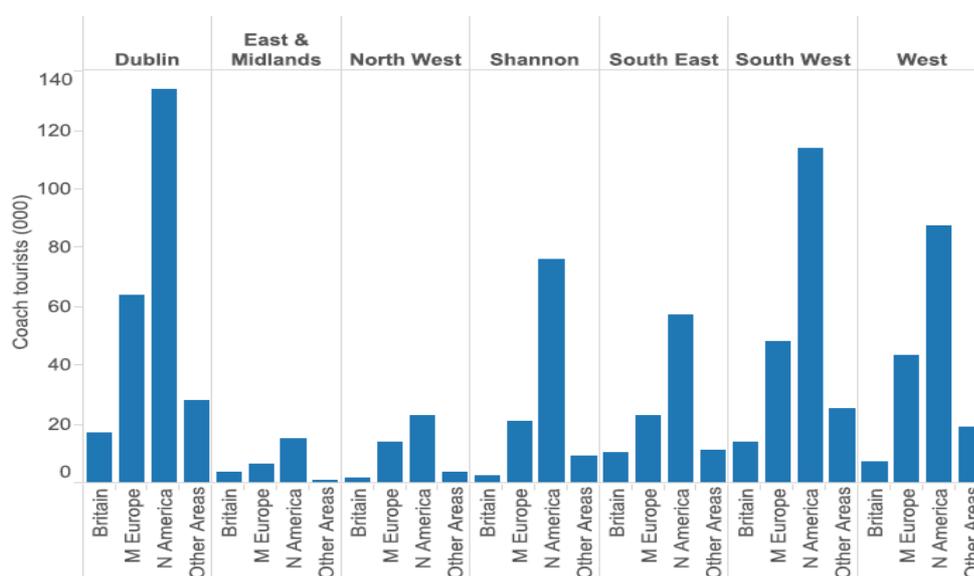
While the UK market may be a relatively easy and cost-effective one to access, the longer stay and the age profile of the North American market makes it considerably more lucrative in broad economic terms.

### **3.2.5 Regional Distribution**

Not surprisingly, since it is the gateway for 80% of overseas tourists, Dublin is the most visited region by coach tourists, with four in five spending at least a night there. It is particularly important for the North American market, as can be seen in Chart 5.

However, coach tours play an important role in the distribution of tourism throughout the country, with most tours including nights in several regions. Apart from Dublin, the South-West and West are popular destinations for coach tourists, as is Shannon for the North American market. Coach tourists visit an average of three regions during their holiday.

**Chart 5: Coach Tourists by Main Market Area (000s), 2008-2012**



Source: Fáilte Ireland

Information collected from ITOA members in their annual survey provides an overview of turnover by region which, although turnover is not entirely related to coach tourism, offers another perspective on the regional distribution of coach tourists. The proportion of member turnover accounted for by Dublin has reduced slightly in the last few years, from 43% in 2011 to 38% in 2013, with marginal increases in the South-West, South-East and Shannon (and particularly in Northern Ireland, which is not included in Fáilte Ireland estimates).

### 3.2.6 Accommodation Type

Given the group size and packaged nature of coach tourism, it is no surprise that the vast majority of bednights by this segment are spent in hotels. It is at its highest among British and North American visitors, with nine in ten nights being spent in a hotel. However, 13% of nights by coach tourists from Mainland Europe and 19% of those by coach tourists from Other Areas are spent in guesthouses/B&Bs. Additionally, 21% of nights by the latter are spent in hostels – reflecting the younger age profile.

### 3.2.7 Activities

The history and culture of Ireland have long been motivators for visitors to the country, and visiting historic and cultural attractions remains the main activity for coach tourists, with almost all (94%) doing so during their trip. Visits to National Parks, forests and

gardens are also popular, with over half of coach tourists including both. Just over one in ten include an event or festival during their visit.

Participation in more active pursuits is less popular. Just over one in ten (12%) Mainland European coach tourists include hiking/hill walking - as do 7% of North Americans, 5% of whom also include golf.

Coach tourism provides a strong and stable market for **visitor attractions** of all types throughout the country. Indeed, many attractions depend on coach tourism for a large part of their business. The experience of coach tourists and the promotion provided by Tour Operators in their brochures helps to generate a significant level of awareness of visitor attractions.

## 4. COACH TOURISM – AN INTERNATIONAL PERSPECTIVE

This Section looks at available information on the international coach tourism market to provide context and background understanding for the environment in which Irish operators seek to attract overseas customers.

### 4.1 Defining Coach Tourism

There is a distinct shortage of data on coach tourism at an international level, one of the reasons for which is the lack of a formal definition of what is a coach – as distinct from a bus. In some countries, there is a formal legal distinction between a bus and a coach (e.g. the UK), while in others the distinction is far from clear. In addition, coach operators typically offer a broad range of services, not all of which are directly tourism-related which adds to the difficulty in collecting data specifically on the coach tourism sector.

However, Mintel, in its report specifically on coach tourism in the UK, usefully offers a concise definition of what it considers a coach holiday.

*“A coach holiday is defined as any holiday (i.e. at least one night spent away from home) that involves coach transport. There are two basic types:*

- *Coach tours: inclusive of accommodation and sold as a ‘package’ (or ‘inclusive tour’); these can be multi-centred or single-centred and usually involve excursions.*
- *Coach transport to and from a holiday destination – thus not including accommodation – using either scheduled services or chartered coaches.”*

To this last definition of a coach tour we can add an additional category, viz: *day coach tours inclusive of activities, entertainment and/or visits to attractions and sold as a ‘package’.*

These three categories together then form a basis for what we are defining as coach tourism for the purposes of this review.

### 4.2 Profiling International Demand

The pattern of bus and coach usage varies considerably from country to country across Europe and worldwide, depending on the history and tradition of transport within the various countries. This, in turn, is likely to influence the attitude of consumers to coaches as a form of transport and, in turn, their likelihood to consider it as a holiday type. But there are also many other factors that influence consumers in deciding whether or not to

choose a coach holiday.

Several reports point to **coach touring as particularly popular among first-time visitors to Europe from long haul destinations**. A review done by Globus<sup>3</sup> among Indian visitors to Europe found that coach touring was the preferred form of holiday for first time travellers. And New Zealand's largest travel retailer, Flight Centre<sup>4</sup>, sees coach touring as becoming an increasingly popular way for visitors to see Europe as it offers a cost-effective and easy way to see several countries. For these visitors, coach touring reduces the anxiety and the cost associated with venturing to new destinations.

Closer to home, the Mintel study of coach tourism in **the UK**, referenced in Section 2.2, highlights the importance of '*value for money*' as well as the '*opportunity to meet people*' as leading reasons for consumers to choose a coach holiday. Other highlights from the report include the following:

- Attitudes towards coach holidays are generally positive among those who go on them – of those who have taken a coach holiday in the past five years, two-thirds agree they '*offer good value for money*', half agree they '*offer a relaxing way to see different places*' and 37% see them as '*great for avoiding transport hassles*'.
- Some 41% of those who have taken coach holidays over the past five years are currently retired. Between 2013 and 2018, the over-65 population is expected to increase by almost 10% and, in the longer term, the number of over-60s is forecast to rise by 45% over the next 20 years to reach an estimated 21.7 million by 2034. Especially fast growth is projected for the over-75 group, expected to rise by 78% by 2034, boosted by the post-war baby boom and by rising longevity.
- During the five years ending December 2013, 13% of UK adults took some form of coach holiday. Coach holiday penetration among the over-65s is twice the population average - 27% of this age group have been on coach tours in the past five years, compared to 10% of under-65s.

Further insight into the motivations behind consumers choosing coach holidays is offered by another UK review, carried out by The Mail on behalf of the Coach Tourism Council – see Appendix 2. Again, we see the importance of value and convenience highlighted in

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<sup>3</sup> Source: Travel Biz Monitor

<sup>4</sup> Source: Flight Centre press release, 'Coach Touring on the Rise as Kiwis Look for Value Holidays'

the findings. However, there are also some additional points worth considering. Almost a quarter of those responding are most likely to travel with the family, emphasising the fact that coach holidays are not just catering to one particular age group. Moreover, 16% mention that they specifically like this form of transport, which suggests that there is a market which is influenced in its choice of holiday destination by the availability of coach tours.

Coach tourism also helps to support visitor attractions, theatres and other entertainment venues – both through longer holidays and through dedicated day-trips. It is estimated that British residents annually book 265 million coach day trips and that coach bookings to London theatres account for 15% of the 14 million seats sold in West End theatres.<sup>5</sup>

### **4.3 Trends in Coach Tourism**

*“The European bus tour used to mean rising at dawn and boarding bleary-eyed. How else could you could cram six countries into eight days?  
It meant crawling into a different bed every night and muttering about the daily packing and unpacking that entailed.  
It meant thinking how nice it would be to sit at a sidewalk cafe and watch the people go by instead of being herded through yet another cathedral.  
It meant doing most of your sightseeing through the bus window, wondering whether that tiny cup of industrial-strength coffee and sugared bun that passed for breakfast would see you through until lunch.  
But things are changing.”*

These words from an article on coach touring<sup>6</sup> illustrate perfectly the view that many non-coach tourists have of what a guided coach holiday might be like – and what it often was like. Yet, as with any industry, the coach tourism sector has had to diversify and change in order to survive. And survive is something it has done, despite a commonly-held view that it would die out with the popularity of independent booking and travelling, and with the demise of the older generation of coach travellers.

<sup>5</sup> London Tourism Report 2012/13, London & Partners.

<sup>6</sup> 'Touring Europe by Coach' by Doug English, QMI Agency.

According to Mintel's UK report - *“Growth is likely to be highest at the premium and budget poles of the market. Premium escorted tours offering more adventurous itineraries travelling on luxury coaches should see strong demand over the coming years. Mintel sees particular scope for themed, special-interest, event-based and experiential tours, including inter-modal road/rail/water-based tours, offering opportunities for endless innovation and higher profit margins for added-value products involving tour guide expertise and exclusive experiences.”*

Coach operators and tourism experts globally are highlighting the later booking trend which has been affecting the coach sector as much as other tourism sectors, and the need for greater flexibility in itinerary programming. Coach customers are also looking for the value and convenience of escorted tours to be combined with the opportunity for independent exploration of destinations, by free time within the programme or by the option to add additional days before or after the tour. And they want to be able to share the experience with extended family members of different generations.

Apart from changing trends in terms of the types of coach holidays that are on offer, the coaches themselves have been changing in order to cater to higher expectations among consumers. Modern coaches now resemble airplane cabins more than buses, with the added benefit of being able to watch the scenery through large panoramic windows. Higher-end coaches have club-style seating, wifi, personal headphones and movies to watch, toilets and fridges. And they continue to evolve in order to address remaining consumer concerns over comfort and tedium, as this image from a competition<sup>7</sup> for UK design students suggest:



<sup>7</sup> Source: <http://www.dailymail.co.uk/travel/article-1201448/Is-future-coach-holidays-What-touring-buses-look-like-2023-.html>

## 5. THE COACH TRANSPORT SECTOR - KEY FACTS

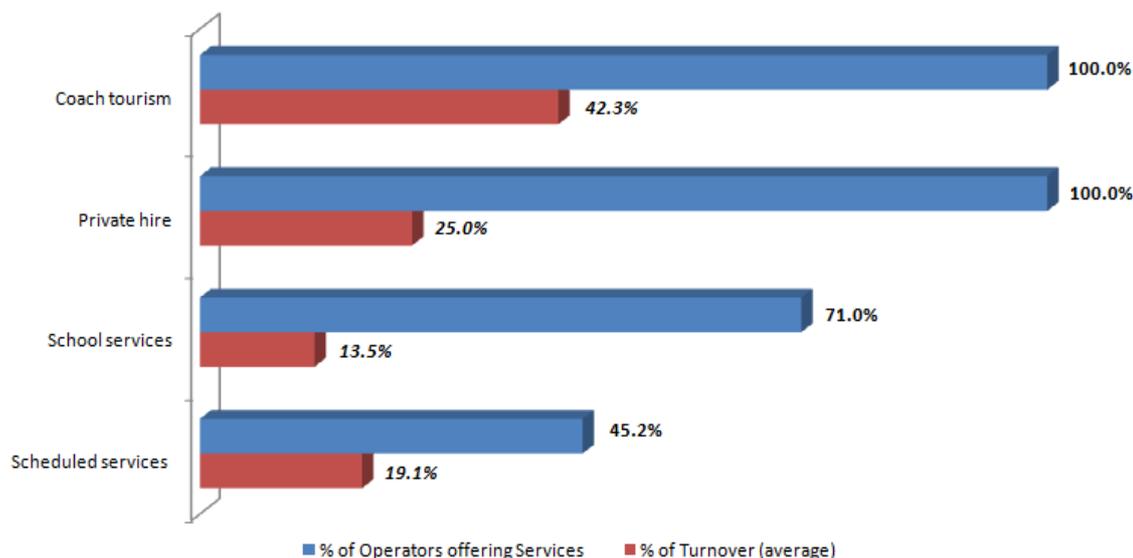
As part of this review, CHL conducted a survey of members of the Coach Tourism and Transport Council (CTTC). This section highlights the main findings. A summary of the survey results is provided in Appendix 1.

### 5.1 Fleets and Services

The CTTC represents independent coach operators in Ireland and currently has a membership of 62 operators running 1,040 coaches between them. On average, CTTC members have 17-coach fleets. Almost three-quarters of operators also hire additional coaches to augment their fleets at peak periods.

While survey respondents are all engaged in coach holiday tourism, most also offer other services in order to balance the seasonal fluctuation of demand for coach tourism services – see Chart 6.

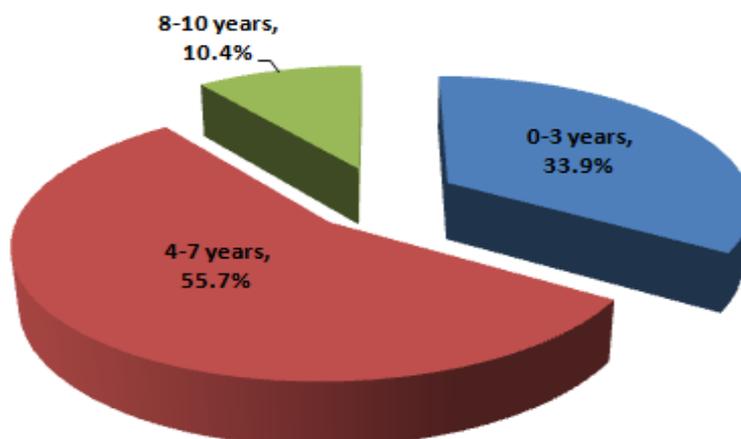
**Chart 6: Coach Operators - Distribution of Services and Turnover**



### 5.2 Coach Types and Facilities

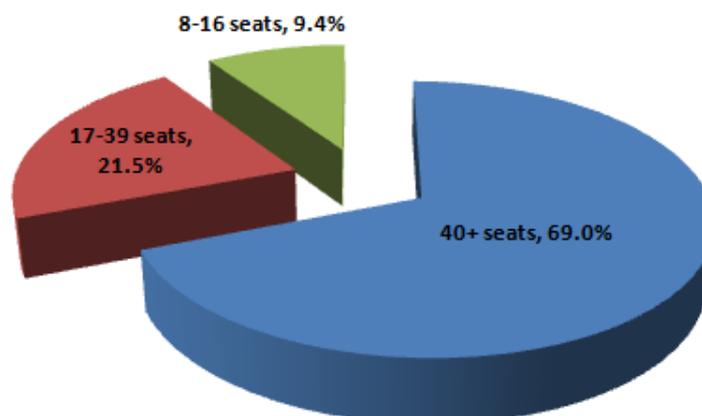
The weighted average age of coaches owned by survey respondents is 4.5 years, as shown below.

**Chart 7: Age of Coaches (% of coaches)**  
**Weighted Average Age = 4.5 years**



And over two-thirds of the coaches owned by respondents are full-size touring coaches with 40 or more seats, as shown in Chart 8.

**Chart 8: Distribution of Coach Size**



Tour operators report that their customers are becoming more demanding with respect to the facilities available on board coaches. Standard requirements include air-conditioning, toilets and fridges. Almost half of the survey respondents offer wi-fi, although at present this only extends to about one-third of their fleets. A fifth of coaches have power points for laptops etc. Universal access is limited, however, with just 14% of coaches being accessible by wheelchairs.

### 5.3 Drivers

#### Number

Almost 70% of staff employed by coach operators are drivers. At the time of the survey, 1,492 of the total of 2,172 staff were drivers, of whom 28% (420) were employed on a part-time basis.

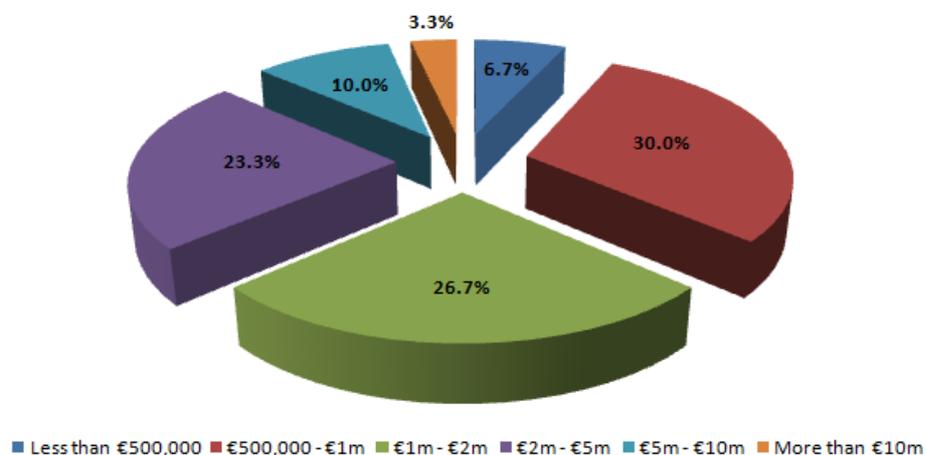
#### Driver Guides

Almost two-thirds of the respondents (64%) employ driver-guides, but the majority of these operators stated that less than 20% of their drivers are driver-guides. Therefore, while driver-guides are employed by a large proportion of CTTC member companies, they account for a small share of the overall number of drivers. Leading tour operators reported a preference for separate guides and generally only use driver-guides for small tour parties travelling in mini-buses. Driver guides are frequently used on city tour buses.

### 5.4 Performance Trends

The distribution of coach operators by turnover is shown in Chart 9. Exactly 50% of respondents reported a turnover between €1 million and €5 million, with 37% having a turnover of less than €1 million and just 13% having a turnover great than €5 million. As is typical of many sectors in the tourism industry, there is a small number of large firms who between them account for a very substantial market share.

**Chart 9: Distribution of Respondents by Turnover Category**

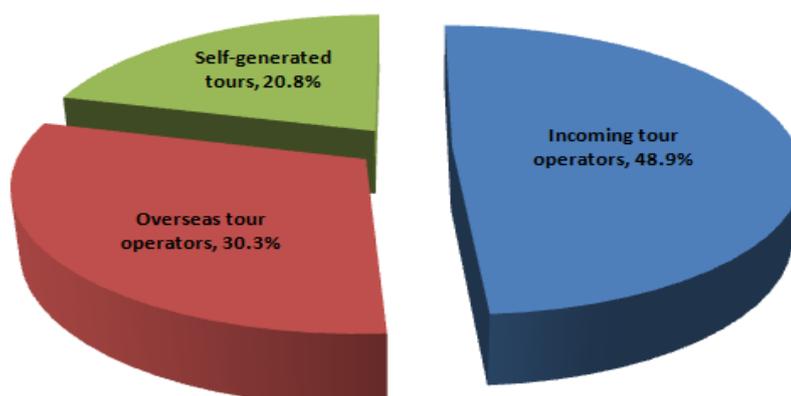


Consistent with the increase in coach tour demand of 10% in 2013 reported by the members of ITOA, a large majority (70%) of CTTC respondents reported an increase in turnover in 2013. They are also optimistic about the future, with more than two thirds expecting an increase in business in 2015.

### **5.5 Channels for Coach Tourism Business**

The distribution of coach tour operators' business by channel is shown in Chart 10. As would be suggested by the breakdown of coach tourists, tour operators – both Irish-based and overseas – are a critical source of business for Irish coach operators, accounting for four-fifths of business. Incoming tour operators alone are the source of 49% of coach tourism business for CTTC members.

**Chart 10: Distribution of Coach Tourism Business by Channel (average)**



## **6. FACILITATING GROWTH**

### **6.1 Trends**

Over three-fifths of CTTC members report that the nature of their business has changed since 2010. Some of the types of changes reported by survey respondents are a direct reflection of consumer trends we have seen previously in this report, while others relate to points which will be picked up in this Section.

The two changes in business most reported by CTTC members are:

- An increase in day trips, stimulated by the motorway network
- An increased focus on market development in new markets.

Other changes reported by a minority of CTTC survey respondents are:

- The increased need to be involved in online marketing and social media
- More demands on driving time and extended hours
- More pressure to keep rates competitive
- Competition in source markets
- Introduction of own tours for the Irish market.

### **6.2 Opportunities**

When incoming tour operators and coach operators were asked to identify the major positive trends affecting business in 2014, growth in market demand was the one most frequently mentioned. Other factors mentioned include better value on accommodation and flights, as well as an improved economic climate.

Respondents to the CTTC survey as well as leading incoming tour operators also identified what they saw as the top opportunities for the Irish coach tourism market over the next three years and, in order of priority, these are the opportunities most mentioned:

- Increase in tourism and flights to Ireland
- More opportunities for coach touring, e.g. more contracts, more scheduled services, increase in corporate/incentive, more private hire
- Opening up of new markets, e.g. Asia, Russia, South America
- Destination product marketing opportunities, e.g. Wild Atlantic Way.

All of these indicate that the industry considers general conditions will be positive for business expansion in the coming years. More flights and tourists mean greater demand, which means more sales opportunities - provided the industry is geared up to cater for the varying expectations of different consumer groups.

## **6.3 Barriers**

### **6.3.1 Incoming Tour Operators**

- ***Hotel Accommodation***

When asked to identify obstacles to growth in coach tourism, incoming tour operators highlighted the growing difficulty in securing hotel accommodation in Dublin and primary tourism hubs nationally, and in facilitating visitors who require single rooms. Strong concern was expressed about the inability to meet increasing demand from overseas markets in the short to medium term due to this lack of capacity and related steep price increases in the accommodation sector.

- ***Industry Education***

A level of frustration is evident among tour operators regarding the level of training and thus understanding of tourism industry businesses of the coach tourism sector, its specific needs and requirements and, most importantly, its value both in terms of financial return and season extension.

- ***Local Authority Awareness***

A number of coach transport issues were also raised - specifically the lack of attention by Local Authorities to coach parking; problems driving in Dublin with the Luas works in progress, especially during cruise ship visits; and inadequate pick-up/drop-off facilities at visitor attractions. It appears that Local Authorities are frequently unclear about the differing needs of tour coaches, on the one hand, and scheduled buses on the other.

- ***Tour Guides***

The importance of the continued provision of National Tour Guide training on an annual basis and the accreditation remaining the responsibility of the National Tourism Authority were also highlighted as key concerns. Annual training is required in order to ensure that new guides are entering the workforce not only to replace those retiring from the industry, but also to meet increasing demand. A further

concern is the training of individuals with language fluency to meet new and developing markets as well as established markets such as France, Germany, Spain and Italy.

### **6.3.2 Coach Transport Operators**

The main barriers to growth identified by coach operators were intense price competition, the cost of fuel, over-regulation, staff shortages, the different VAT regime in Northern Ireland and issues around finance (notably, increasing wages despite lack of increase in prices, lack of capital investment).

CTTC survey respondents also identified what they saw as the top five threats to the Irish coach tourism business over the next three years, and the majority of these fell into three main areas – the recruitment and maintenance of drivers/guides; finance issues; and concerns regarding the regulation of the industry, particularly EU regulatory burdens.

### **6.3.3 Recruiting and Maintaining Drivers**

More than two in five companies report difficulties in recruiting drivers and it was also mentioned as one of the top five threats to the industry in the coming years. When asked to identify in more detail the main difficulties, a number of points were raised.

- Acute shortage of new entrants into the market due to the cost of obtaining a driving licence and the CPC. No young people are coming into the industry and the age profile of existing drivers is too high.
- Difficulties in attracting new drivers given the seasonal, part-time and unsocial nature of the work and wage competition from other sectors. Potential candidates on social welfare are reluctant to come off social welfare support given the nature of the work involved and lack of long-term security.
- The quality and cost of training is an issue as drivers require considerable training – both initially and ongoing - with no guarantee of retention.

### **6.3.4 Finance**

As with most business owners, coach operators have concerns about cash-flow as well as the short-term and long-term financing of their business. Most of these are not directly within their sphere of influence and they remain key concerns for the next three years, as can be seen from the top threats identified in the survey.

- The cost of petrol/diesel which remains a current as well as future concern, despite the rebate.
- Availability of finance remains a concern, along with increases in daily running costs (e.g. employers' costs, insurance, greater coach maintenance costs) despite no increase in revenue.
- Increased demand for new coaches with improved facilities which are expensive to buy and there is no facility for investment in new fleet. Currently, over half (56%) of coaches are between four and seven years old, with a third three years old or newer. The number of wheelchair accessible coaches should be increased.

### **6.3.5 Regulation**

Coach operators continue to be negatively affected by certain regulatory issues, and these were highlighted again in this survey - not only as barriers to current business but also as threats to future success:

- The difference in the VAT regime between Northern Ireland and the Republic: in Ireland, coach operators are exempt from VAT but their counterparts (and competitors) in Northern Ireland are zero-rated for VAT, which allows the latter to claim the VAT back on purchases, e.g. fuel, tyres and mechanics' services. Coach operators in the Republic are of the view that this places Northern operators at an undue competitive advantage in the Irish market.
- Stricter EU regulations regarding drivers and driving (12-hour rule, use of tachograph) despite more demand for driving time and extended hours. These regulations were introduced for transport operators across the board but it is felt that they are not particularly relevant to coach tourism in Ireland and essentially increase costs.
- The number plates on coaches currently display the year of first registration. Visitors can be disappointed to find that their coach is 3-4 years old rather than brand new, when they see other groups in brand new coaches. As the quality of coaches of recent vintage is as good as new coaches, a system of personalised number plates should be introduced to avoid unnecessary dissatisfaction among coach tourists.

## **6.4 Recommendations**

It is clear from the discussion in this Section as well as the overview of coach tourism internationally that a number of factors are important in ensuring the future sustainability and buoyancy of the industry. Eight relevant recommendations are made below.

### **6.4.1 Meeting Consumer Expectations**

Recommendations which would support operators in continuing to attract consumers include the following:

- **Recommendation 1:** Continued focus on product and service quality assurance by CTTC. Benchmarking of product quality and facilities against overseas operators with a view to ensuring that the Irish industry is responsive to changing trade and consumer preferences and demands.
- **Recommendation 2:** Greater investment in continued education in the sector, especially for guides, with a focus on professionalism, quality, customer care and safety.
- **Recommendation 3:** Strengthening the incentive for investment in coaches to ensure the industry has an adequate supply of modern coaches with the required facilities. An appropriate annual replacement rate, based on the current combined fleet of CTTC members (1,040 coaches), would be in the region of 130 coaches to maintain the present age-profile of the fleet. Support should be provided to increase the fleet of wheelchair accessible coaches.

### **6.4.2 Regulation**

The coach tourism industry has long been vocal in seeking changes to the current VAT system, but so far without success. The industry continues to highlight the undue competitive advantage of Northern Ireland coach operators arising from this issue, and seeks a matching VAT regime for Irish operators as a way of providing a level playing field.

- **Recommendation 4:** Harmonise the VAT regimes for bus and coach operators north and south of the Border. The Government maintains that there is no mechanism under the EU VAT Directive to allow this change to be made. However, the industry continues to argue that a re-negotiation should be possible.

- **Recommendation 5:** Adjust EU regulations on driving time to reflect the small scale of the island and relatively short distances travelled between stops.
- **Recommendation 6:** Introduce personalised number plates for coaches to replace the current plates which display the date of first registration.

#### **6.4.3 Recognising the Importance of Coach Tourism**

As with cruise tourism, coach tourism and, in particular, escorted coach tours constitute a distinct market segment and not just a form of transport. The research findings detailed in this review clearly demonstrate the importance of coach tourism. It is very important that Government, the tourism agencies and the local authorities recognise this.

- **Recommendation 7:** The tourism agencies should acknowledge the importance and value of the coach tourism sector, ensure the provision of the required training of guides and promote the sector in international marketing campaigns.
- **Recommendation 8:** Ensure coach tourism needs are better understood by Local Authorities, and that they distinguish between the needs of touring coaches and scheduled bus services; provision for coach parking in particular needs greater attention in Local Authority planning, particularly to facilitate city-centre and airport drops and collections. One example of how this can be done is the London Tourist Coach Action Plan, which was developed with relevant stakeholders for the first time in 2013.

## **7. APPENDICES**

### **Appendix 1:**

#### ***Findings of UK Coach Survey***

## A1. FINDINGS OF UK COACH SURVEY<sup>8</sup>

Question	Response
What type of coach trip have they taken? (% of GB population)	<ul style="list-style-type: none"> <li>• Day trip by coach 34%</li> <li>• Short trip by coach 21%</li> <li>• Escorted coach trip 17%</li> </ul>
Most likely to travel with? (% of survey respondents)	<ul style="list-style-type: none"> <li>• Spouse/partner 63%</li> <li>• Family 23%</li> <li>• Friend 18%</li> <li>• Group of friends 16%</li> <li>• On my own 6%</li> <li>• Social group 4%</li> </ul>
Most like about coach holiday?	<ul style="list-style-type: none"> <li>• Everything organised for you 60%</li> <li>• Value for money 57%</li> <li>• Stress-free 54%</li> <li>• New/interesting things to see 53%</li> <li>• Ability to travel to multiple destinations 50%</li> </ul>
Reasons for choosing a coach holiday?	<ul style="list-style-type: none"> <li>• Someone else is driving 68%</li> <li>• Local pick-ups 61%</li> <li>• Everything is organised 57%</li> <li>• Convenience 46%</li> <li>• Service of the driver/guide 44%</li> <li>• No airport queues or security issues 37%</li> <li>• No hidden costs 35%</li> <li>• No luggage weight restrictions 29%</li> <li>• Trust the coach companies 22%</li> <li>• I prefer this form of transport 16%</li> </ul>
Why don't some people go on a coach holiday?	<ul style="list-style-type: none"> <li>• Prefer other forms of transport 29%</li> <li>• Too restrictive 29%</li> <li>• Uncomfortable 20%</li> <li>• Not for people like me 19%</li> <li>• Too organised 17%</li> </ul>
How do they book?	<ul style="list-style-type: none"> <li>• Internet 60%</li> <li>• Phone 59%</li> <li>• Travel Agent 23%</li> </ul>

<sup>8</sup> Source: Coach Survey April 2013 by The Mail on behalf of CTC.

What might persuade those who haven't been on a coach holiday?

- Comfort on board 76%
- The right price 75%
- Modern coaches and facilities 70%
- Local pick-up points 64%
  
- Flexible itinerary 61%



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