

Press Release

Thursday, December 29th 2011

2011 – A Year of Positive Change for Ireland’s Tourism Industry

Overseas visitors to Ireland increased by 7% in 2011 – the first increase in four years, while domestic demand volumes held up well despite a downturn in consumer confidence. Arrivals from mainland Europe are expected to be up by 10%, with arrivals from North America showing an 8% increase and arrivals from Britain up by 5%. This was announced at the launch of its Year-End Review in the Westbury Hotel today by the Irish Tourist Industry Confederation (ITIC).

“The estimated results for 2011 mark a turning point in what generally has been a year of positive developments for the tourism industry, including recognition by Government of the role tourism can play in the country’s economic recovery,” according to ITIC Chairman, John Healy. “It was particularly pleasing that growth in the numbers employed in the sector also returned, with 6,000 jobs added after seasonal adjustments over the last 2 quarters,” he added.

“The Government’s reduction of the VAT rate to 9% on most labour intensive tourism services is a crucial factor in the industry’s recovery as it is helping to restore lost competitiveness in our key markets.”

As in previous years the picture from around the country varied, with Dublin reporting a good season, where hotel occupancy and achieved rates were up on last year. In contrast, businesses in many other parts of the country continued the struggle to remain viable with some areas not seeing increased visitor numbers. The lack of access to credit continued to add to the burden for many businesses in the hospitality sector, which according to ITIC, was not immune to some business closures.

According to Mr. Healy, the positives of the past year, in addition to the modest growth in visitor numbers from Ireland’s top source markets, included employment growth of over 6,000, after seasonal adjustments over the last two quarters, an improvement in competitiveness, and better performance for many businesses in the sector. “While the industry yet again proved its resilience it is still a long way off the level of demand enjoyed in 2007, the record year for Irish tourism” he said.

2012 - Winning in a low growth environment

The challenge facing Ireland is to continue to grow its tourism despite the poor macro-economic environment across its source markets. Critical to future demand for travel, say ITIC, will be consumer confidence levels and behaviour patterns. However, as a small niche player on the global stage this environment represents an opportunity for Ireland, with the industry working with Government to restore competitiveness and maintain investment in marketing.

The continued viability of many businesses and the creation of more jobs demands that tourism continues to grow in 2012. Furthermore, simply matching the average growth rate will not be good enough – Ireland needs to target growth upwards of between 5% and 10% for the year ahead, to restore financial stability to the industry and provide enhanced exchequer returns, Mr. Healy maintains.

To win, Ireland needs to adopt a market-beating strategy, identifying 'who' and 'where' the best prospects are. ITIC, on behalf of the industry, is calling for a more granular marketing approach which promotes to specific segments. Ireland as a destination can no longer afford to market 'in Germany', but rather needs to target defined segments with distinctive motivations to visit – for example, reaching those with an interest in walking or music living in Munich. The challenging market conditions also call for greater flexibility to respond to opportunities and to reallocate resources between markets and segments.

A number of positives for the year ahead include an increase in air services with some exciting new routes; a likely decrease in oil prices keeping fares at about the same level; a currency advantage for the high spending US visitor; several high profile conferences and events, including the Volvo Race, Dublin's City of Science, the Eucharistic Congress and a major US college football game, together with the opportunity to piggy-back on the London Olympics.

Convenient and competitive air and ferry services continue to be critical to the development of tourism. Services on offer over the past year were more than adequate to allow for growth as capacity increased and Irish originating demand dropped by 10%, according to ITIC.

Preliminary schedules for summer 2012 include a number of exciting new air services. These include Ryanair's new routes to Knock from Paris, Frankfurt, Milan and Barcelona together with Lufthansa's new Dusseldorf-Knock service. Aer Lingus, in addition to increasing frequency on selected routes, will launch services from Stockholm and Verona to Dublin, and Brussels to Cork. At the same time Lufthansa, Iberia and SAS are each increasing capacity to Ireland. United will launch a new Washington (Dulles)-Dublin service, while Emirates' new Dubai service will enhance connectivity from other long haul markets.

The industry driving a return to growth

'Tourism Opportunity – driving economic renewal', a report from ITIC in early 2011, set out an ambitious 10 point plan for returning Ireland's tourism industry to growth and has successfully shaped policy. The Government placed tourism centre stage in its *Jobs Initiative* resulting in a reduction in VAT from 13.5% to 9% on most tourism services, a halving of the PRSI rate on employees earning below €370 per week, a temporary easing of visa requirements for long haul visitors, and a proposal to abolish the €3 travel tax. The measures helped to restore Ireland's loss of competitiveness in the international marketplace, at a time when high profile visits from Queen Elizabeth II and President Obama generated much favourable publicity around the world.

The Tourism Recovery Taskforce, formed to mastermind a speedy return to growth in inbound tourism from Ireland's top four source markets, represents a new paradigm in collaboration between businesses and the state agencies. The Taskforce is supporting the development and implementation of strategies to deliver on growth targets for holiday visitors, is already shaping the future. A major revamp of marketing in Britain, Ireland's No. 1 source market which had collapsed in recent years, is a top priority based on new insights and analysis.

In addition, new Marketing Partnership Groups have been set up for each of the top source markets to facilitate greater engagement with the industry and market based distributors in shaping the marketing strategies and delivering effective campaigns.

Over the past 12 months ITIC has produced a series of reports aimed at assisting businesses to better position themselves to capitalise on opportunities. These included: *New Emerging Markets - Which Ones Are Real?* – an assessment of the opportunities for travel from the new economies in Asia and Latin America. *New Directions for Tourism in the West* concluded that greater

innovation is urgently needed to meet the changing needs of today's visitors in order to reverse the trend of decreasing numbers of overseas holidaymakers to the western seaboard. The report points to the need to highlight the range of adventure and activity holidays on offer together with 'dialling up' the appeals of the west in more focused marketing campaigns.

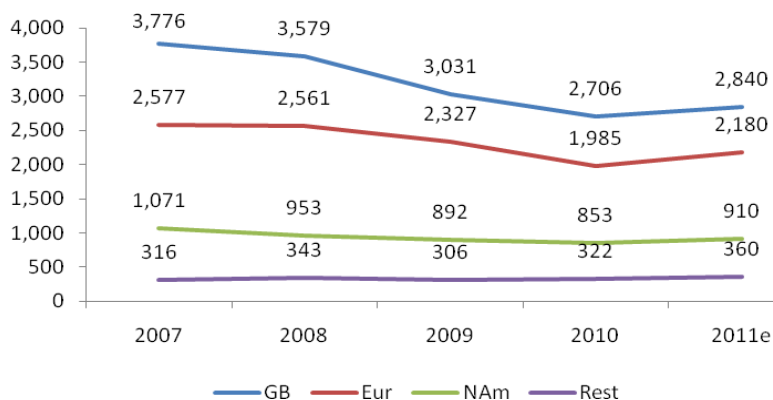
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Notes to Editors:

- **2011 in numbers:**
 - ❖ 7% more overseas visitors
 - ❖ Arrivals from Mainland Europe up 10%
 - ❖ Arrivals from North America up 8%
 - ❖ Arrivals from Britain up 5%
- Overseas visitor numbers 2007-2011



- Main growth occurred in the first 7 months of the year. In the 3 month period August to October visitor numbers actually dropped very slightly over the same 3 month period last year.
- To put the estimated 7% increase in visitor arrivals in context, the 2011 likely outcome is nearly 7% behind 2009 and almost 18% lower than in 2008. Compared to 3 years ago, arrivals from Britain are down by more than 20%, Continental Europe down 15%, while long haul markets including North America, are encouragingly close to their peak level.

- Demand for escorted coach tours from the USA was particularly buoyant in 2011, with numbers above their peak levels of 2007.
- Dublin Port welcomed a record 87 cruise liners, carrying over 135,000 passengers and crew.
- It is estimated that the tourism and hospitality industry supports over 180,000 in 16,000 businesses throughout the country, and employment grew by 6,000, on a seasonally adjusted basis.