Press Release

Tuesday, December 30th 2014

€6.3 billion tourism industry delivers 5,000 new jobs in 2014

- **ITIC predicts extra 400,000 visitors in 2015**
- **A 5 year €250 million programme of investment support is vital to ensure sustainability in the sector**

Overseas tourists spent just over €3.5 billion in Ireland in 2014, a 9% increase, or almost €300 million more compared to the previous year. Irish air and sea carriers earned a further €1 billion from tourists. Domestic demand also picked up with an estimated 6% increase in spending to €1.5 billion, with a further €0.3 billion earned from visitors from Northern Ireland.

The number of overseas visitors grew by 9% to 7.3 million, the highest number since 2008, with all 4 top market areas recording growth. There was a welcome increase of 8% in holiday visitors, those coming to visit friends and relatives (VFR) grew by a much stronger 14%, while business visits were up 4%.

United States, Germany, France, and Canada all returned record performances, as Ireland gained a larger share of outbound tourism in valuable source markets. North America and other long haul markets generated over two thirds of the increase in earnings in 2014, while the short haul markets continue to deliver the greater part of the visitor volume.

"Tourism has amply demonstrated its resilience, having weathered several difficult years and has proven its ability as an important indigenous export sector to deliver growth", according to ITIC Chairman Paul Carty. *"Tourism businesses currently are estimated to employ in excess of 200,000"*, he added, *"with 5,000 having been added in the past year, and the prospect of a further 8,000 jobs being created in 2015."*

"It's hard to imagine a more favourable set of circumstances for tourism – an improved economy in most source markets fuelling a strong demand for travel, increased capacity on air and sea services to Ireland, falling fuel prices, and a stronger US dollar and pound sterling, coupled with the good value for money to be had in Ireland", according to ITIC Chief Executive Eamonn McKeon.

That was the story in 2014 which led to a marked recovery for the sector which had been challenged for much of the past 5 years.

The launch of the Wild Atlantic Way captured the imagination of the marketplace and delivered more business all along the western seaboard.

Bullish outlook

Irish tourism businesses are more bullish than in the recent past and are investing heavily in marketing as well as delivering good value for money. The Government decision to maintain the 9% VAT rate on tourism services, and the suspension of the Air Travel Tax, continue to boost Ireland's competiveness on the back of efficiencies and better value offerings from tourism businesses. The domestic market, which continues to underpin most tourism enterprises, is expected to see some further pick-up in the demand for short leisure breaks as personal finances improve.

ITIC believes that targeted growth of 6% in visitor arrivals, an additional 400,000, in 2015 is achievable, given the benign state of key source market economies and the strength of the pound sterling and the US dollar. Carriers are adding capacity and some new routes for 2015, with a double digit increase in transatlantic capacity and single digit growth on short haul air and sea services. However, growth is not guaranteed, there is still much work to be done to ensure that 2014/15 is not 'as good as it gets' for Ireland's tourism industry.

The state agencies ambition to be measured against revenue growth from promotable visitors is perhaps more challenging, based on the experience of 2014. Achieving higher value growth rates than volume growth from the promotable sector will require a more rigorous alignment of marketing resources.

Competitiveness is key to continued success

Apart from the great recession, the Tourism industry suffered badly as Ireland lost competitiveness due to the rising costs of doing business. Many businesses within the sector failed, and up to 50,000 jobs were lost. But businesses have remodelled and are now more efficient, while Government has shown confidence in the sector by addressing competitiveness measures.

Carty refers to the latest report from the National Competitiveness Council which is once again highlighting the need for vigilance with regard to cost competitiveness. *"A range of indicators suggest that Ireland is already beginning to slip in terms of cost competitiveness, particularly in relation to labour and energy costs. Policy decisions on income tax, PRSI structures and USC charges, impact overall labour costs and employment patterns. In addition, property costs including commercial rates and other state imposed charges continue to threaten the competitiveness of the sector."*

Need for continued investment in tourism

While State finances continue to be under pressure, a programme of sustainable Government funding for tourism is essential if the industry is to remain competitive. Stable investment in international marketing of the destination is a 'sine qua non' if Ireland is to remain competitive. A continuing erosion of the level of marketing investment across the key markets which has occurred in recent years can only result in a loss of awareness in the market which leads to an inevitable decline in demand resulting in loss of market share.

Investment in world quality infrastructure - transport, communications, air and sea ports – is also essential to remaining competitive and maximising the potential for growth in a globally expanding industry. Tourism, as an indigenous sector, has the export capacity alongside the food and agri-sector to deliver sustainable growth. Indeed there is a synergy between the food and agri-sector and tourism which has considerable unfulfilled potential.

The continued provision and upgrading of key tourism attractors is vital to the future success of the industry. ITIC has already outlined the case for state support for the sector indicating that a 5 year €250 million programme of investment support is needed to ensure that growth in tourism is sustainable.

The Tourism Industry's priorities for 2015

- ***A new Strategic Action Plan for tourism***

The Government's draft Tourism Policy, which is expected to be published in early 2015, calls for a new strategic action plan. The industry looks forward to having strong representation on the

Tourism Leadership Group (TLG) charged with overseeing the formulation of an action plan including setting specific targets and defining development and marketing priorities.

- ***Building on the success of the Wild Atlantic Way***

Following the successful launch of the new branded tourism experience, which has effectively opened up the western seaboard to increased visitor traffic, ITIC will work to ensure the sustainability of the initiative. A good start has been made but substantial additional investment will be required to maximise its long term potential. The goal will be to ensure that the investment maximises the potential to attract ever increasing numbers of tourists and deliver economic benefit to towns and communities on the route.

- ***Destination Dublin***

ITIC, in welcoming the appointment of Michael Carey as Chair of the Dublin Tourism Alliance, looks forward to an early implementation of the findings and recommendations of the Destination Dublin report including the launch of a new brand identity for the city, supported by significant marketing investment. The re-branding of the city is a core component of the new strategy which will only be successful if there is 'buy-in' from the resident and business communities.

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