INCOMING TOUR OPERATORS ASSOCIATION

Survey of
Membership Business, 2014

prepared for the

INCOMING TOUR OPERATORS
ASSOCIATION - IRELAND

by

CHL Consulting Company Ltd.

March, 2015

CHL CONSULTING Co. LTD.

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Incoming Tour Operators Association
Survey of Membership Business, 2014
- Report Highlights -

- Total gross **turnover** for the 30 ITOA members in 2014 amounted to ú258 million, a 9% increase on the 2013 figure of ú234 million.

- Based on gross turnover, the **average yield per tourist,** excluding cruise excursions, amounted to ú650 in 2014.

- The value of **total purchasing** from Irish suppliers in 2014 amounted to ú187 million, an increase of 10% on the 2013 figure of ú170 million.

- ITOA members handled a total of 468,734 **incoming visitors** in 2014, a marginal increase of less than 1% on the 2013 total of 466,451 incoming visitors. 89% of incoming visitors are leisure tourists with business tourists accounting for the balance.

- Tourists generated by ITOA members make a very valuable **economic contribution** spending ú418 million when holidaying in Ireland in 2014.

- In terms of the distribution of **leisure visitors by source market,** the 4 largest markets of North America, France, Germany/Austria and Britain account for 80% of the total.

- **Group and coach tours and FIT** combined accounted for the largest share of turnover at 82% in 2014, marginally down from 84% in 2013.

- Total **marketing spend** in 2014 is estimated at ú8.08 million, an increase of 12% over 2013. The ITOA collectively invest the equivalent of 20% of Tourism Irelandôs total annual international marketing spend.

- With regard to the **regional distribution of business**, Dublin accounted for 38% of total turnover in 2014, in line with that recorded in 2013. The balance (62%) of ITOA membersô business was distributed throughout the regions.

- A total of 554 **staff** were employed in 2014, up from 524 staff in 2013.

- A total of 2,188 **man-days** were spent travelling overseas in 2014 to promote Ireland, up from 1,981 man-days in 2013.

Incoming Tour Operators Association

Survey of Membership Business, 2014

- *Executive Summary* -

CHL Consulting Company Ltd. were commissioned by the Incoming Tour Operators Association (ITOA) to conduct a survey of its members with regard to their business activities in 2014. This is the tenth consecutive year in which this survey has been conducted. The purpose of the survey is to gather information on the nature, scale and scope of the business operations of ITOA members. The findings of the survey are intended to provide an increased understanding of the tour operating business for the ITOA and its membership, and to communicate to other stakeholders the value of ITOA membersôcontribution to Irish tourism. The key findings of the survey are as follows:

Value and Volume of Activity

1) The total gross turnover for the 30 ITOA members in 2014 amounted to ú257.8 million, representing an increase of just over 9% on the 2013 figure of ú234.2 million.

2) ITOA members handled a total of 468,734 tourists in 2014. This represented less than a 1% increase on the 2013 figure of 466,451 but a 12% increase on the 2012 figure of 419,236.

   In gross terms, the number of visitors handled by ITOA members in 2014 represents over 6% of all overseas visitors to Ireland. Based on CSO & NISRA 2013 statistics, ITOA members handle 12% of the total ópromotableôvisitors to the Island of Ireland. The share of promotable visitors handled by ITOA members by market in 2013 was: North America 25%, Continental Europe 14%, GB 3% and Other Markets 5%.

3) It is estimated that tourists handled by ITOA members spent just over ú418 million in Ireland in 2014, broken down as follows:

Business Type	**€**
Leisure tourists	321.5
Business tourists	90.2
Excursions	6.5
Total	**418.2**

4) The weighted average length of stay for Groups in 2014 is estimated at 7.2 nights, with FIT/Other business averaging 5.0 nights. The average length of stay for conference/incentive visitors was 3.0 nights. On this basis, the membership is estimated to have generated over 2.1 million bednights in 2014, a decrease of around 157,000 bednights on 2013. Group bednights accounted for over 60% of the total (over 1.2 million).

5) Group and coach tours are the largest part of the business, accounting for 56% of turnover in 2014. FIT business accounted for 26% of turnover in 2014 with incentives accounting for 9% of the business. Taken together, group and coach tours and FIT accounted for the largest share of turnover at 82% in 2014, marginally down from 84% in 2013 but up from 75% in 2012. Incentives and conferences accounted for most of the balance.

Purchasing and Distribution of Business

6) Payments to Irish suppliers in 2014 amounted to ú186.6 million. Accommodation accounted for close to two-thirds (62%) of the procurement of services by ITOA members in 2014. Transport and entertainment are the other two major areas of expenditure. This was broadly in line with the distribution of procurement in 2013.

7) Coaching accounted for 62% of expenditure on transport by ITOA members in 2014, followed by car-hire and chauffeur-drive which accounted for 14% and 12% respectively, while guides accounted for 11%. This pattern reflects the large share of overall business attributable to group and coach tours.

8) 4-star hotels continued to be the dominant accommodation option, accounting for 49% of accommodation purchasing in 2014, very slightly up on their share in 2013. There was a slight decrease in the purchasing of 3-star hotel accommodation, but an increase in the purchasing of 5-star hotel accommodation which rose to an 18% share of purchasing in 2014 from 16% in 2013, reflecting the growth in the incentive/corporate meetings segment.

9) Over the years, visitor attractions have accounted for an increasingly large share of this component of procurement - this sector accounted for 26% of the total in 2005, whereas in 2014 they represented 42%. The share of evening entertainment decreased marginally in 2014 to 16%, down from almost 18% in 2013. The share of

themed/created events increased significantly to almost 11% in 2014, up from 7% in 2013, again reflecting the growth in business tourism business.

10) Dublin accounted for 38% of total turnover in 2014, in line with its share in 2013. The balance (62%) of ITOA membersô business was distributed throughout the regions, highlighting the crucial role that Incoming Tour Operators perform in promoting the regional distribution of tourism in Ireland as a whole.

11) Aer Lingus continues to have the majority share for all group business carried by members, however, its market share decreased from 44% in 2013 to just over 40% in 2014. On the other hand, US carriers and Ryanair increased their shares by 1% and 2% respectively in 2014.

Markets and Marketing

12) The share of business sourced through the leisure travel trade (tour operators and travel agents) accounted for 65% of membersô turnover in 2014, the same as in 2013. Direct bookings from customers saw a decrease from a 16% share in 2013 to 14% in 2014. The share of business sourced through incentive/corporate meetings and conferences, rose by 2% and 1% respectively in 2014.

13) The distribution of visitors by source market shows that overall, the four largest markets of North America, France, Germany/Austria and Britain generated 78% of the total number of tourists in 2014, up slightly from the 77% share recorded in 2013.

14) The seasonal distribution of business by value in 2014 was broadly consistent with historic patterns, with the majority (72%) of tourists arriving during the May through September period. An increase in share was recorded for the shoulder months of March/April and October in 2014 ï increasing from 18% in 2013 to 21% in 2014.

15) The total marketing spend of all ITOA members in 2014 is estimated at ú8.08 million which is the equivalent to 20% of Tourism Irelands total international marketing spend and yet another significant increase of over 12% on the 2013 figure of ú7.19 million. ITOA membersô collective investment in marketing and sales internationally has grown by ú1 million per annum since 2012. This highlights the valuable contribution that ITOA members make to the ôDestination Irelandô sales and

marketing effort overseas, particularly at a time when Government investment in overseas marketing continues to decline.

16) A total of 2,188 man-days were spent travelling overseas in 2014 by the respondent companies, an increase of 207 man-days on the total of 1,981 reported in 2013. In effect this represents the equivalent of 10 full-time sales people selling Ireland in the marketplace, up from 9 in 2013.

Staff

17) A total of 554 staff were employed in 2014, up from 524 staff in 2013. There was a 5% increase in the number of full time staff employed between 2013 and 2014, building on a 7% increase between 2012 and 2013.

Business Influences and Opportunities

18) The most important **positive influences** on business performance in 2014 were identified as:

- Economic recovery and growth in the USA; strong exchange rates; General economic upturn in overseas markets.
- Increase in air access from North America, especially from Canada.
- Retention of 9% VAT rate

19) The most important **negative influences** on business performance in 2014 were identified as:

- Lack of hotel accommodation and meeting space availability for larger groups in Dublin, Galway and Killarney in high season, leading to loss of business for Ireland.
- Value for money proposition under threat due to pace of rate increases in Dublin accommodation. Dublin pricing policy sets the tone for ŒDestination Irelandô pricing and concerns about Irelandœs competitiveness are emerging among overseas partners.

20) Respondents identified the **key business opportunities** in the coming 3 years as being:

    - New routes bringing new markets, contracts and potential clients into Ireland; Ireland is in vogue for some emerging markets; common area Visa IRL/GB.
    - New hotels in Dublin city centre would create new business opportunities.
    - Refurbishment and investment in existing hotels and tourism product stock.

21) Respondents identified the key **threats** to business performance in the coming 3 years as being:

    - Decreasing investment by Government and NI Executive in overseas markets is disappointing in light of the exceptional recovery and the continuing work of the industry to drive growth; lost opportunity to capitalise on the improving performance.
    - Availability of guides; lack of guides with foreign languages due to Fáilte Ireland no longer running guide training.
    - TAMS - VAT issue and the uncertainty regarding VAT implications for tour operators.

1. INTRODUCTION AND SURVEY STRUCTURE

CHL Consulting Company Ltd. was commissioned by the ITOA to conduct a survey of its members with regard to their business activities in 2014. This is the tenth consecutive year in which this survey has been conducted.

The purpose of the survey is to gather information on the nature, scale and scope of the business operations of ITOA members. The findings of the survey are intended to provide an increased understanding of the tour operating business for the ITOA and its membership, and to communicate to other stakeholders the value of ITOA membersô contribution to Irish tourism.

This report contains the findings of the 2014 survey. A copy of the survey questionnaire is attached. Note that Questions 1 and 2 referred to the names of the company and individual respondent respectively. The analysis therefore starts with Question 3.

2. OVERALL CONTRIBUTION TO NATIONAL TOURISM INDUSTRY

2.1 Economic Contribution

It is evident that the tourists generated by ITOA members make a very valuable economic contribution. Based on figures for 2013 published by Fáilte Ireland, the share of total national receipts from overseas generated by ITOA members in 2013, excluding carrier receipts, was around 12%. This is consistent with the finding that the ITOA members accounted for 12% of promotable tourists visiting the Island of Ireland in 2013.

Table 1: Breakdown of Tourists' Expenditure (%)

Business Type	€
Leisure tourists	321.5
Business tourists	90.2
Excursions	6.5
Total	**418.2**

The overall contribution to the national tourism industry made by the tourists handled by ITOA members is substantially greater than the gross revenue of the tour operators. Based on the breakdown of touristsôexpenditure in Ireland in 2013, published by Fáilte Ireland (Tourism Facts 2013), it is estimated that the gross revenue for holiday visitors handled by ITOA members represents almost two-thirds of their total expenditure in Ireland (excluding carrier receipts). It is assumed that the tour operatorsôgross revenue includes 100% of the cost of bed and board and internal transport, and two-thirds of the cost of other food and sightseeing. As shown in Table 2 below, this leaves a balance of 34% of their customersô expenditure unaccounted for in the ITOAôs gross turnover figures. This balance is spent on other meals, sightseeing, shopping and miscellaneous items.

Table 2: Breakdown of Tourists' Expenditure (%)

Item	All Tourists	Incl. in ITOA Revenue	% Additional to ITOA Revenue	Net Addition to ITOA Revenue
Bed & Board	30%	100%	0%	0%
Other Food	21%	67%	33%	7%
Sightseeing	13%	67%	33%	4%
Internal Transport	13%	100%	0%	0%
Shopping	12%	0%	100%	12%
Miscellaneous	11%	0%	100%	11%
Total	**100%**			**34%**

Source: Fáilte Ireland and survey results

The total gross revenue earned by ITOA members from leisure tourists in 2014 amounted to ú212.2m. If this represents 66% of the total expenditure in Ireland by these tourists, then that total can be estimated at ú321.5m. To this can be added expenditure estimates for business tourists and day excursions handled by ITOA members. The former is based on an average per head estimate for business tourists of ú1,400.[1] The estimate for day excursions is based on the revenue figures reported by ITOA members grossed up to cover shopping, other food and miscellaneous items. Taking these sources together, it is estimated that tourists handled by ITOA members spent just over ú418 million in Ireland in 2014, broken down as per Table 1 above.

[1] Fáilte Ireland

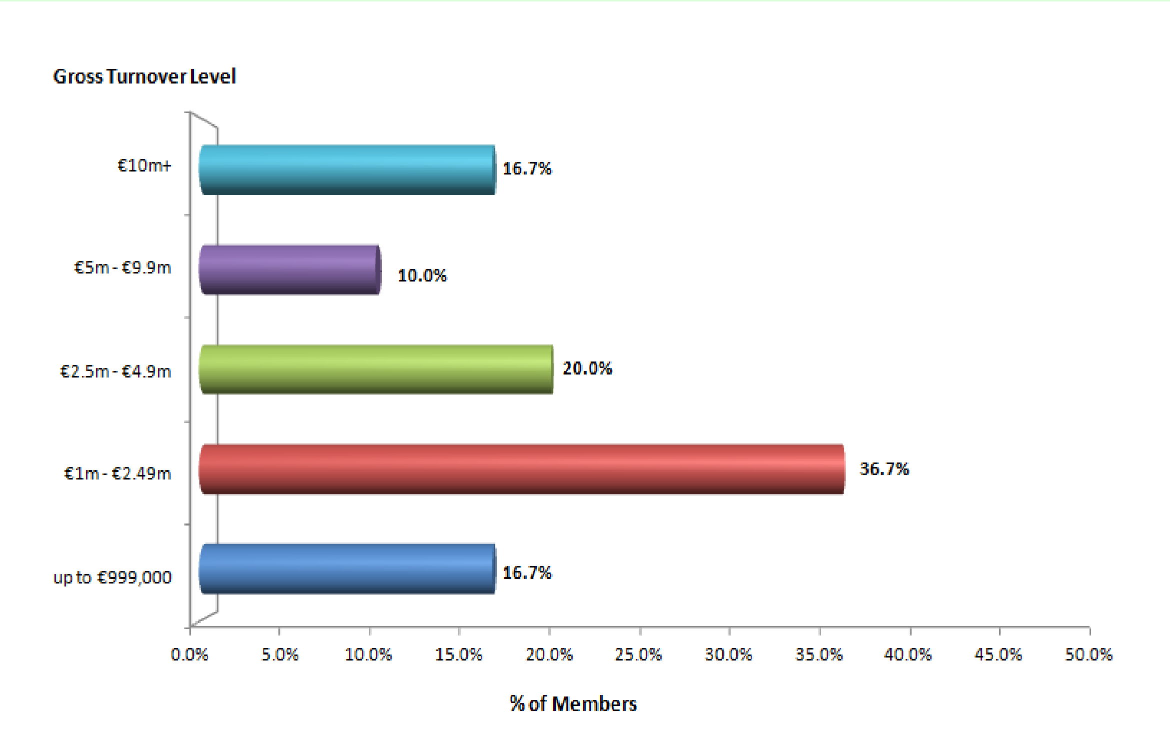
3. SURVEY RESULTS

Q3. What was your gross turnover in 2014, including VAT?

The total gross turnover for the 30 ITOA members in 2014 amounted to **€257.8 million,** representing an increase of 9.2% over the 2013 figure of ú234.2 million. Over a quarter (26.7%) of members have a turnover in excess of ú5 million, an increase of over 3% over 2013.

Based on gross turnover, the average yield per tourist, excluding cruise excursions, amounted to **€650 in 2014**, an increase of 5.5% on the 2013 figure of ú616.

Distribution of Membership by Gross Turnover Level



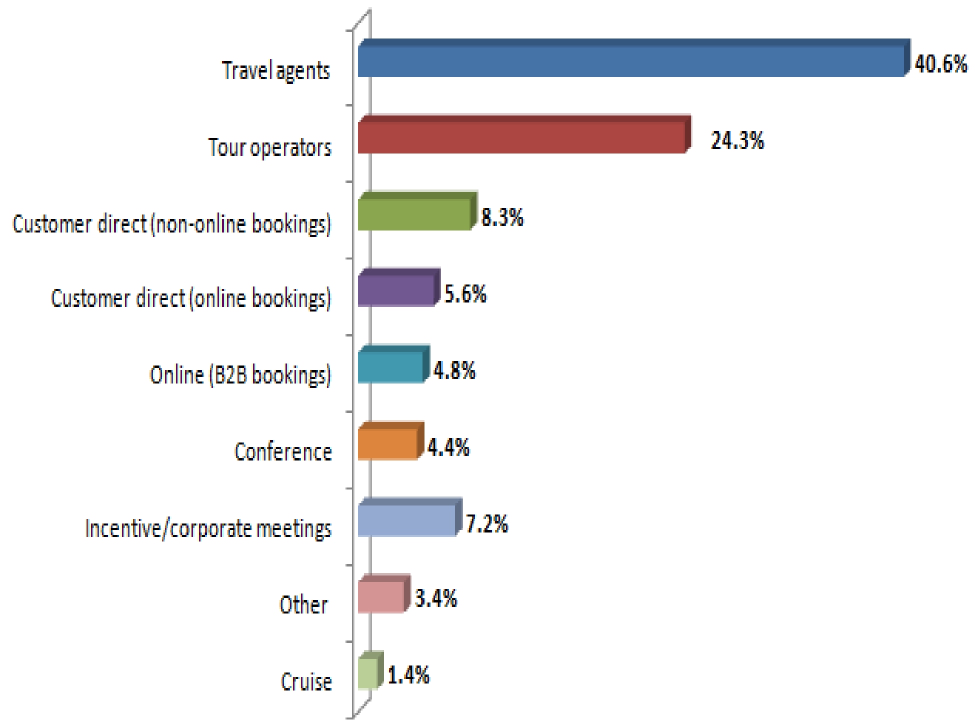
Q3b: What was the value of your total purchasing from Irish suppliers in 2014?

The total value of purchasing from Irish suppliers by ITOA members in 2014 was **€186.6 million**, an increase of 9.9% on the 2013 figure of ú169.7 million.

Q4. What was the percentage distribution of your turnover by business channel?

2014: 29 respondents replied to this question

	2014
Travel agents	40.6%
Tour operators	24.3%
Customer direct *(non-online bookings)*	8.3%
Customer direct *(online bookings)*	5.6%
Online *(B2B bookings)*	4.8%
Conference	4.4%
Incentive /corporate meetings	7.2%
Other	3.4%
Cruise	1.4%

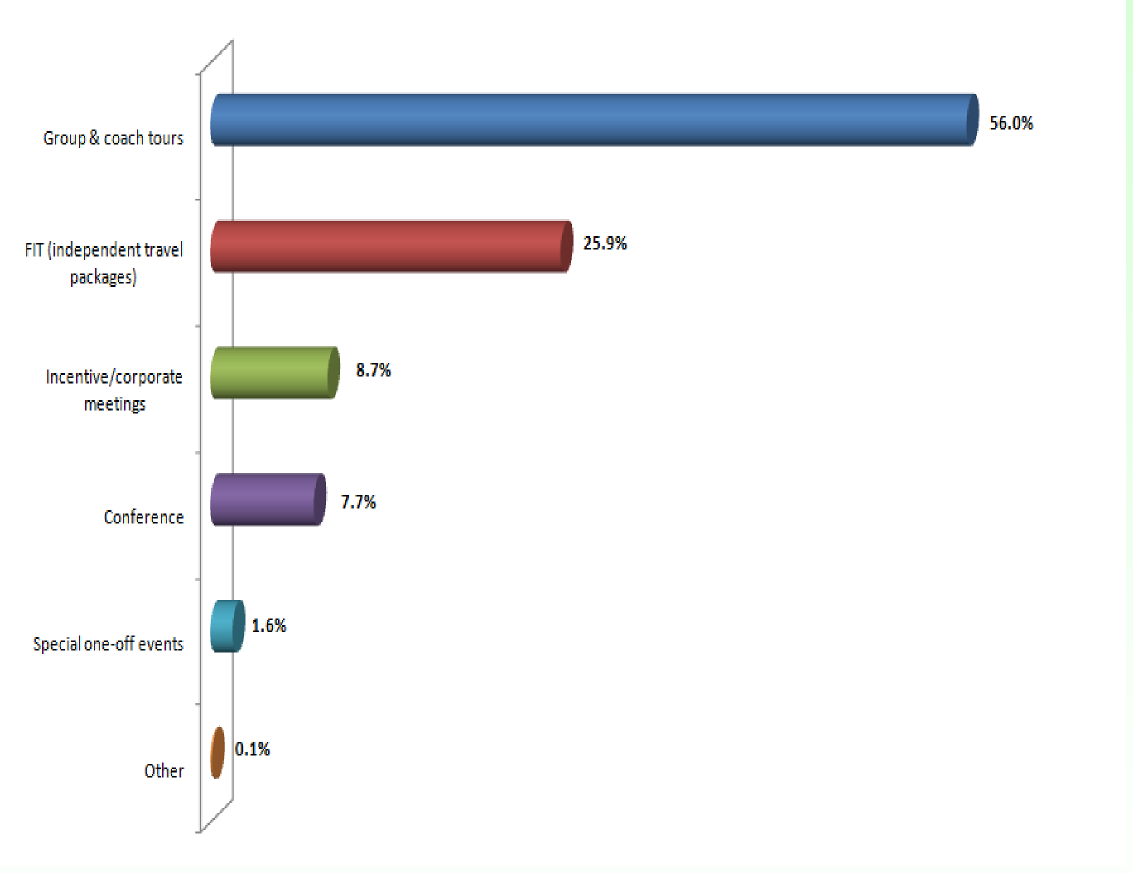


The share of business sourced through the leisure travel trade accounted for 65% of membersô turnover. Direct bookings from customers saw a decrease of 2.0%, down from a 15.9% share in 2013 to 13.9% in 2014. The share of business sourced through incentive/corporate meetings and conferences, rose by 1.8% and 0.5% respectively in 2014.

Q5. What percentage of your turnover came from the following product categories in 2014?

2014: 29 respondents replied to this question

	2014
Group & coach tours	56.0%
FIT *(independent travel packages)*	25.9%
Incentive /corporate meetings	8.7%
Conference	7.7%
Special one-off events	1.6%



Similar to previous years, group and coach tours continue to account for the largest share of turnover. Most notably, both the incentive/corporate meetings and conference segmentsôshare of total turnover increased significantly in 2014, recording increases of 1.6% and 2.5% respectively over 2013.

Q6. How many tourists did you handle in 2014?

2014: 29 respondents replied to this question

ITOA members handled a total of 468,734 tourists in 2014. This represented less than a 1% increase on the 2013 figure of 466,451 and an 11.8% increase on the 2012 figure of 419,236.

While CSO and NISRA data for 2014 have not been finalised at the time of publishing of this report, it is anticipated that ITOA members will have handled 11% of total promotable visitors to the island of Ireland in 2014. It is anticipated that the share at individual market level will be: North America 24%, Continental Europe 12% and Great Britain 4%.

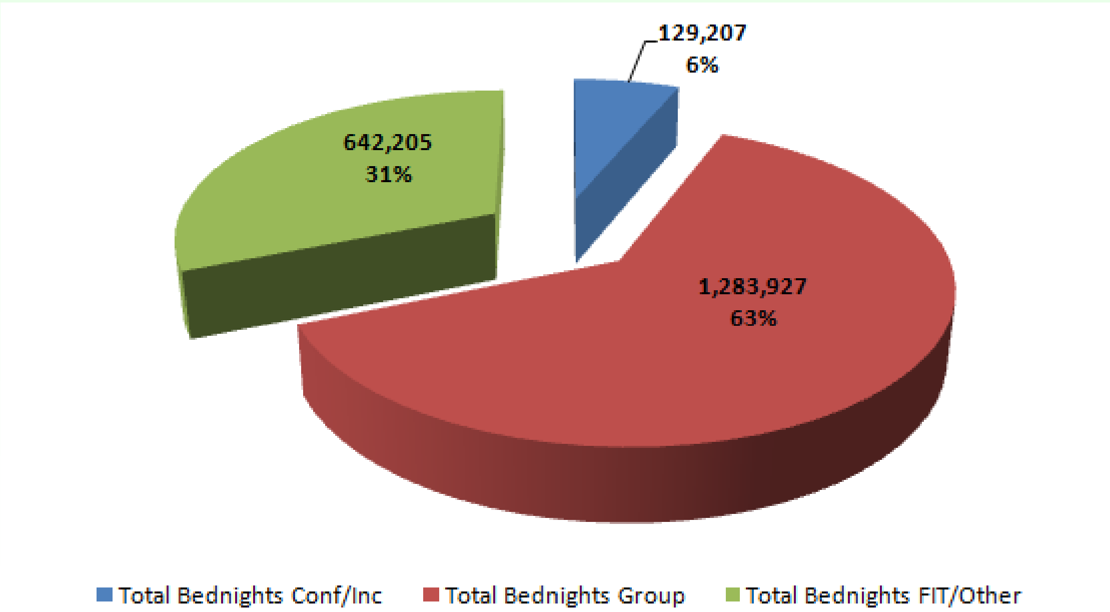
Q6a. Please estimate the average length of stay of your incoming visitors in 2014

2014: 29 respondents replied to this question

The weighted average length of stay for Groups in 2014 is estimated at 7.2 nights, with FIT/Other business averaging 5.0 nights. Conference/incentive was a new category added to this question for 2014, and the average length of stay by visitors in this category is estimated at 3.0 nights.

When compared with 2013, the average length of stay for Group business has marginally decreased by 0.3 nights, from the 2013 figure of 7.5 nights. The average length of stay for FIT/Other business increased by 0.5 nights in 2013, up from 4.5 nights in 2013.

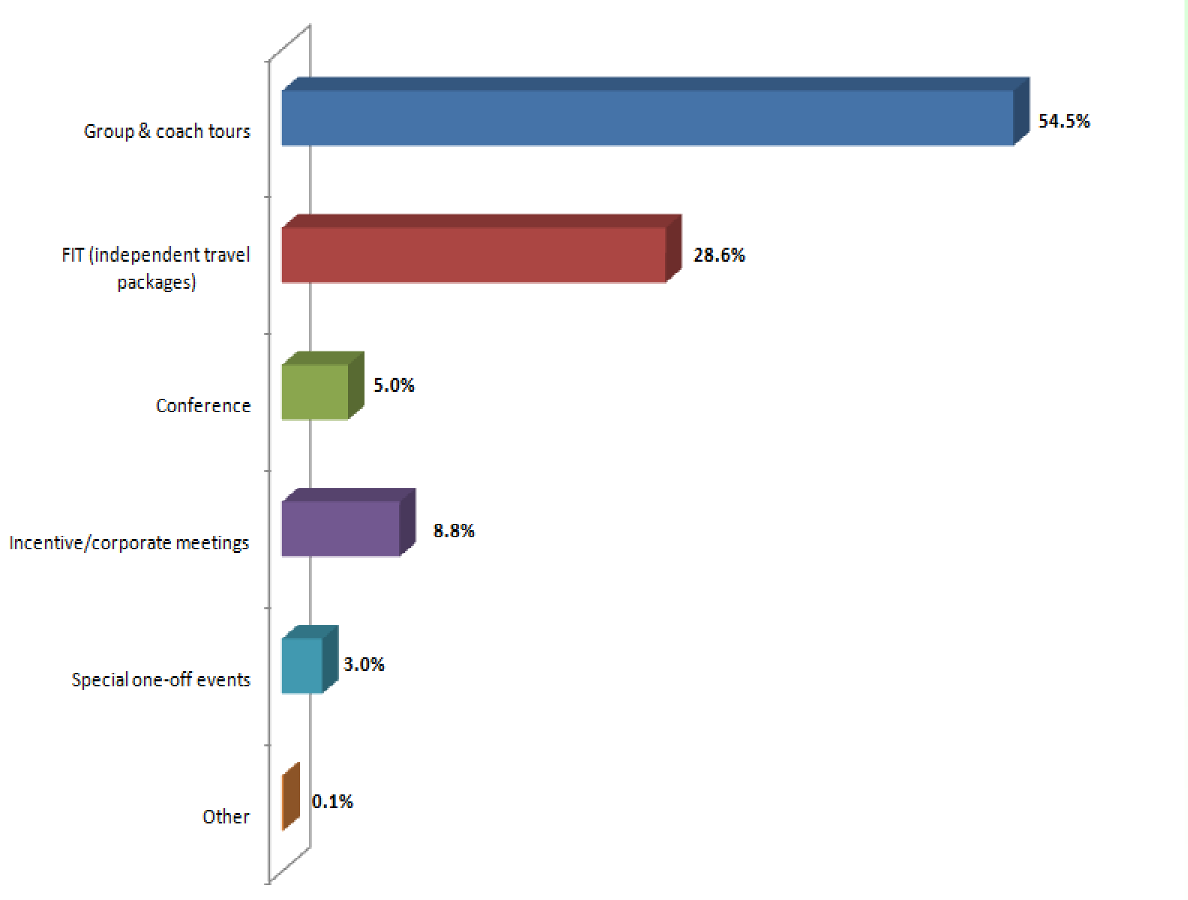
On this basis, the total number of bednights generated by the membership is estimated to have been over 2.1 million bednights in 2014, a decrease of over 157,000 bednights on 2013. Group bednights accounted for over 60% of the total (over 1.2 million).



Q7. Please breakdown the total number of incoming visitors handled into the following categories

2014: 29 respondents replied to this question

Number of incoming visitors	2014
Group & coach tours	255,573
FIT *(independent travel packages)*	133,990
Incentive	41,185
Conference	23,208
Special one-off events	14,173
Other not stated	605
Total	**468,734**



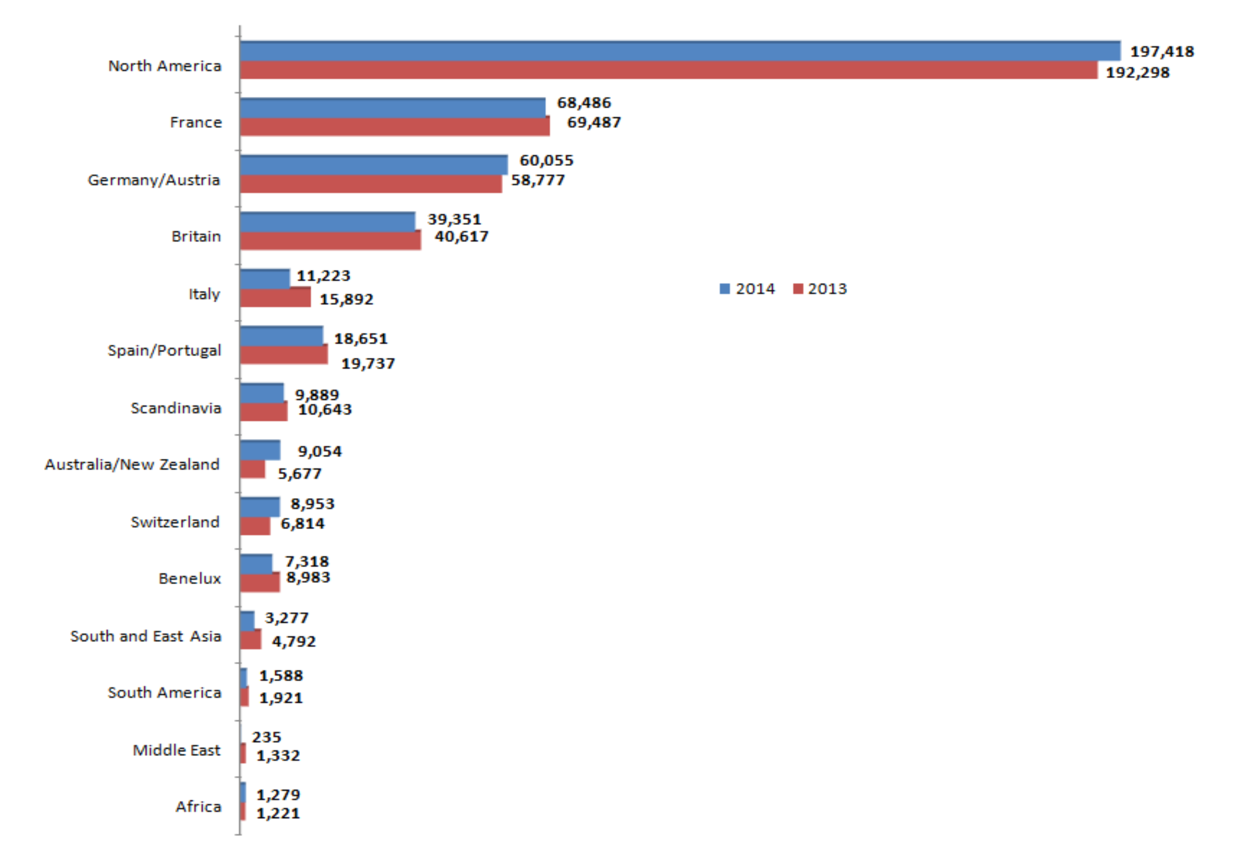
Q8. Please breakdown the total number of visitors handled by source market

2014: 29 respondents replied to this question

This question format was changed for 2014, with members being asked to break incoming visitors down further into Leisure and Business Tourists. Overall, almost 90% of incoming business is for Leisure purposes with the remaining 10% being for Business. The distribution by main market area is as follows:

	2014	Leisure	Business
Mainland Europe	44.1%	87.8%	12.2%
North America	42.5%	91.9%	8.1%
Britain	8.4%	90.1%	9.9%
Australia/New Zealand	1.9%	87.9%	12.1%
Other & Eastern Europe	1.6%	71.5%	28.5%
South and East Asia	0.7%	71.0%	29.0%
South America	0.3%	57.7%	42.3%
Africa	0.3%	51.5%	48.5%
Middle East	0.1%	55.7%	44.3%
Total	**100.0%**	**89.1%**	**10.9%**

Estimated Distribution of Tourists by Selected Source Market, 2014 vs. 2013



Market Growth Rates

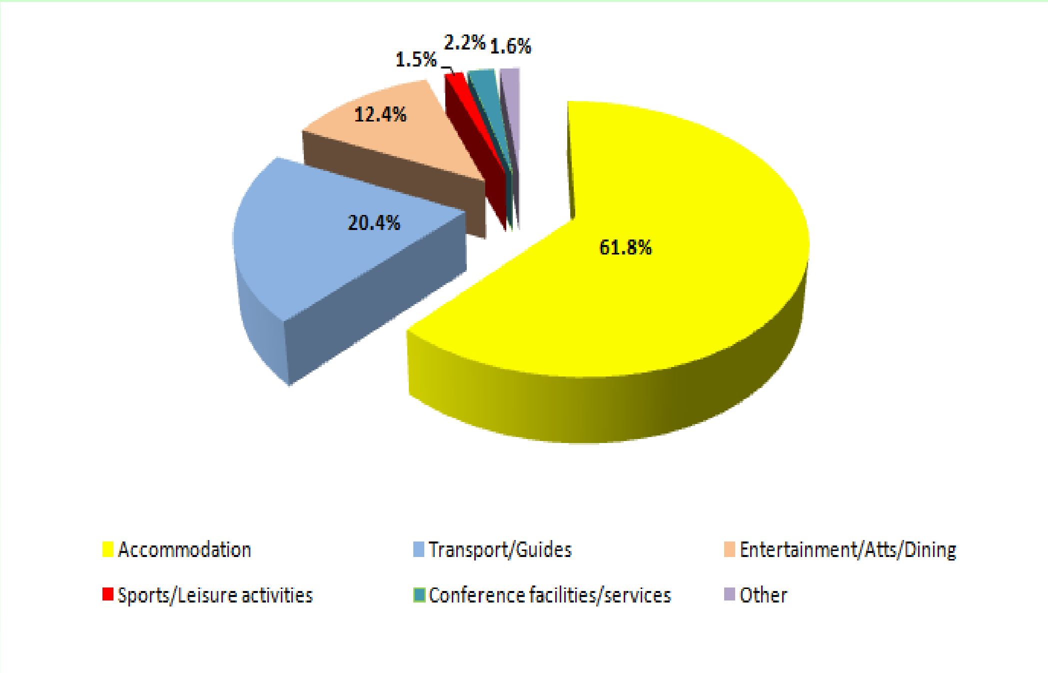
Market	2013/2014 % +/-
North America	2.7%
France	-1.4%
Germany/Austria	2.2%
Britain	-3.1%
Benelux	-18.5%
Italy	-29.4%
Spain/Portugal	-5.5%
South America	-17.3%
Australia/New Zealand	59.5%
South & East Asia	-31.6%
Scandinavia	-7.1%
Switzerland	31.4%

Overall, the four largest markets of North America, France, Germany/Austria and Britain generated 78% of the total number of tourists in 2014, up marginally from a 77% share recorded in 2013.

Other source markets show varying degrees of fluctuation year on year. These changes can be attributed to specific one-off events e.g. Italy Rugby match in the Aviva in 2014 and not in 2013. In long haul markets from which the base number of visitors is particularly small, variations from year to year appear greater and can be caused by once-off pieces of business.

Q9. What was the distribution of your purchasing on the Island of Ireland in 2014 by main product category?

2014: 29 respondents answered this question

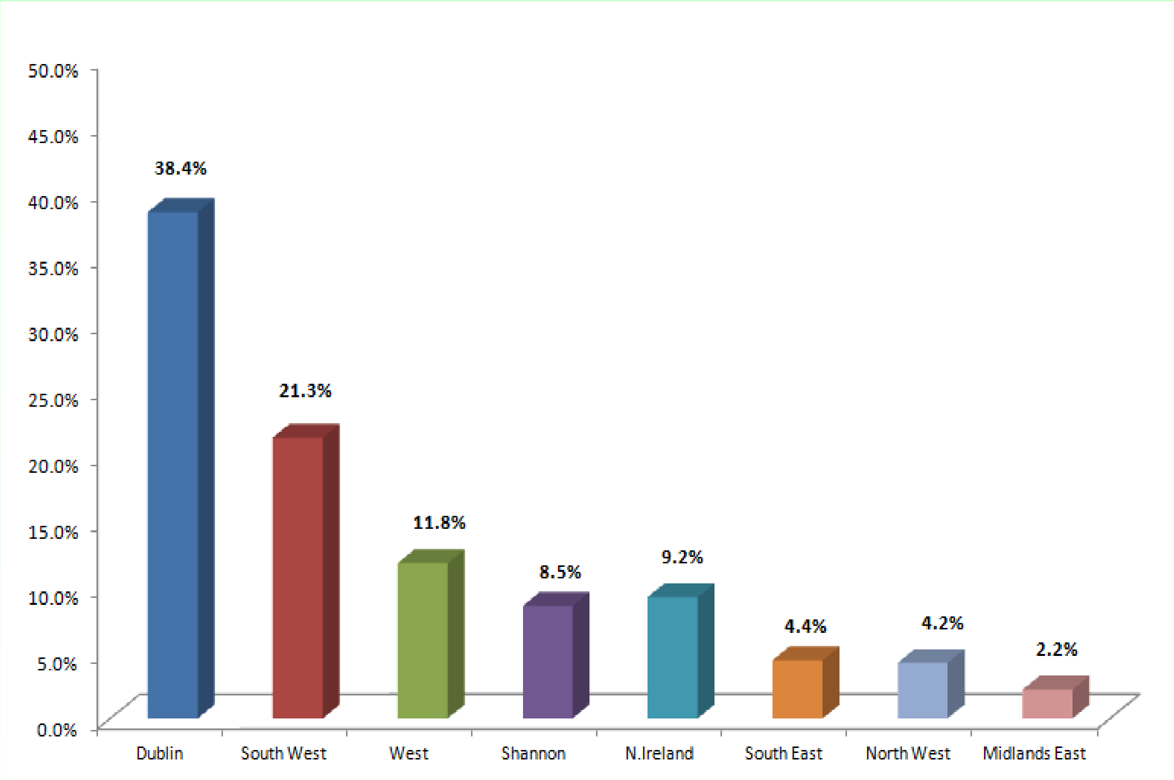


Source Market	2014
Accommodation	61.8%
Transport/Guides	20.4%
Entertainment/Attractions/Dining	12.4%
Conference facilities/services	2.2%
Other	1.6%
Sports/Leisure Activities	1.5%
Total	**100.0%**

Accommodation accounted for close to two-thirds of the procurement of services by ITOA members in 2014. Transport and entertainment are the other two major areas of expenditure. This was in line with 2013 in all cases, with only very minor variances compared with the previous year.

Q10. What was the regional distribution of your business in 2014 by value?

2014: 29 respondents replied to this question



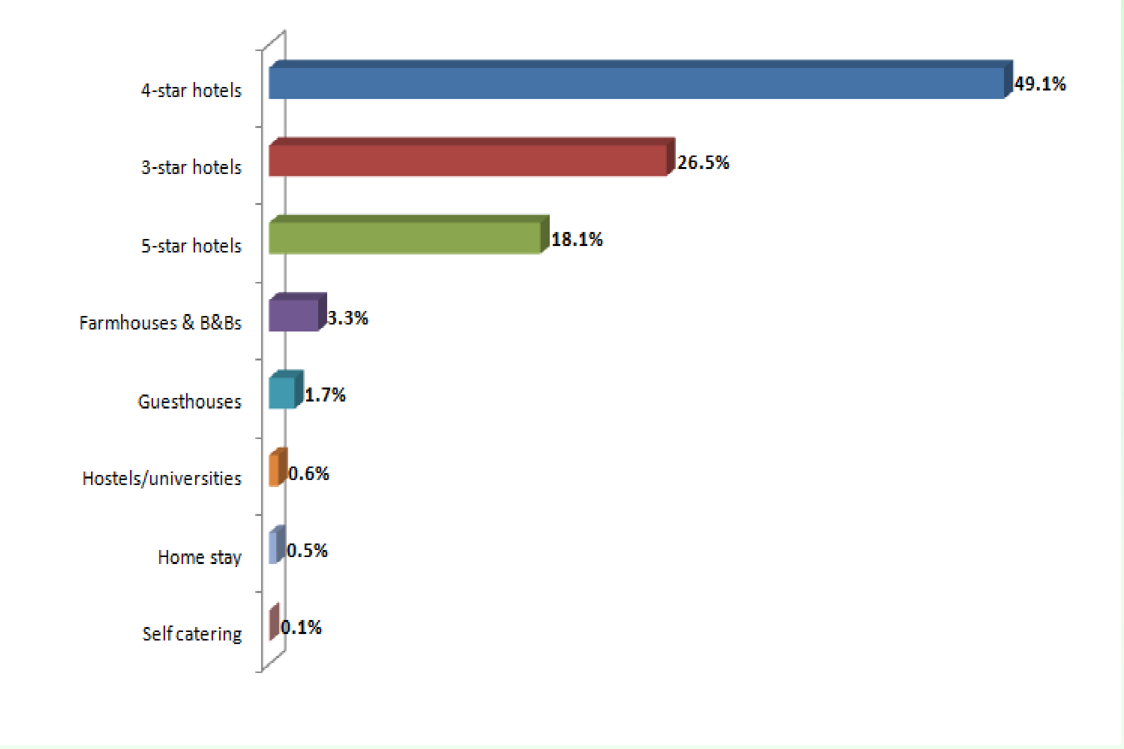
	Dublin	South West	West	Shannon	NI	South East	North West	Midlands-East
2014	38.4%	21.3%	11.8%	8.5%	9.2%	4.4%	4.2%	2.2%

Dublin accounted for 38% of total turnover in 2014, in line with its share in 2013. The balance (62%) of ITOA membersô business was distributed throughout the regions, highlighting the crucial role that Incoming Tour Operators perform in promoting the regional distribution of tourism in Ireland as a whole.

Q11. What was the distribution of your purchasing on the Island of Ireland in 2014 within the following product categories?

a) Purchasing of Accommodation

2014: 29 respondents replied to this question



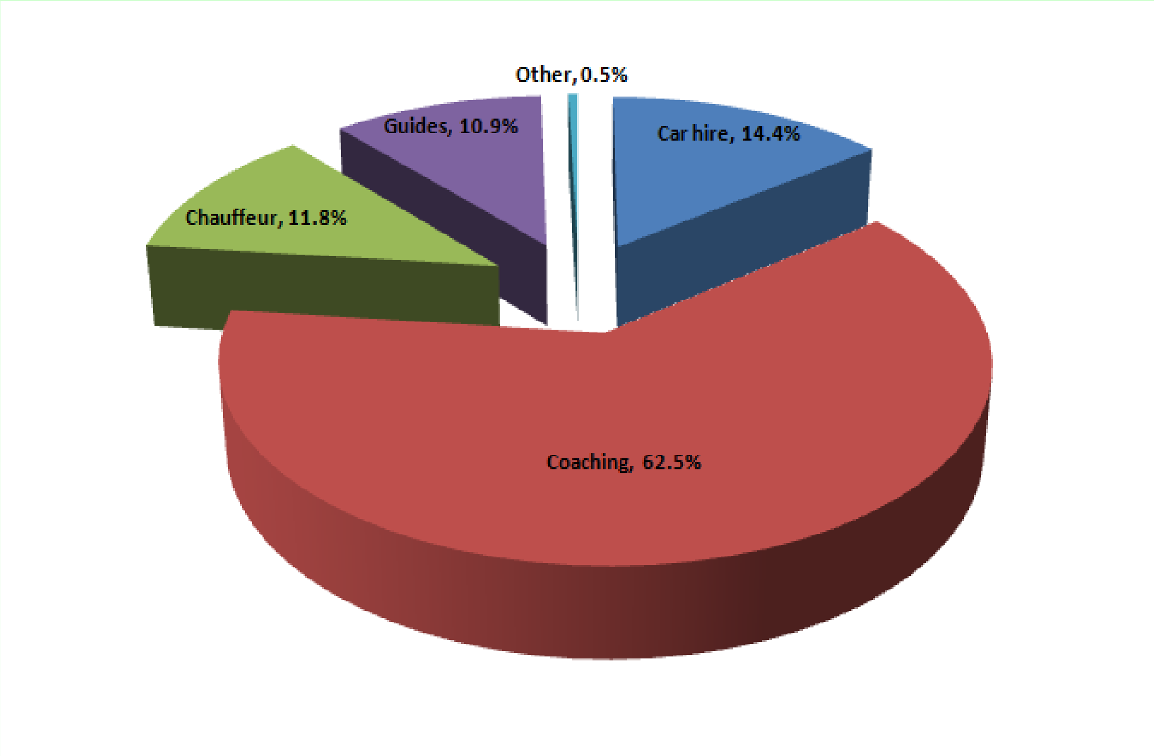
Accommodation	2014
4-star hotels	49.1%
3-star hotels	26.5%
5-star hotels	18.1%
Farmhouses & B&Bs	3.3%
Hostels/Uni□s	0.6%
Guesthouses	1.7%
Home stay	0.5%
Self catering	0.1%

4-star hotels continued to be the dominant accommodation option, with a marginal increase to 49.1% of purchasing in 2014 over the 2013 total of 48.7%. There was a slight decrease in the purchasing of 3-star hotel accommodation, but an increase in the purchasing of 5-star hotel accommodation which rose to an 18.1% share in 2014 from 16.2% in 2013, reflecting the growth in the incentive/corporate meetings segment. Guesthouses also increased from a 0.4% share in 2013 to 1.7% in 2014.

Q11. What was the distribution of your purchasing on the Island of Ireland in 2014 within the following product categories?

b) Purchasing of Transport

2014: 29 respondents replied to this question



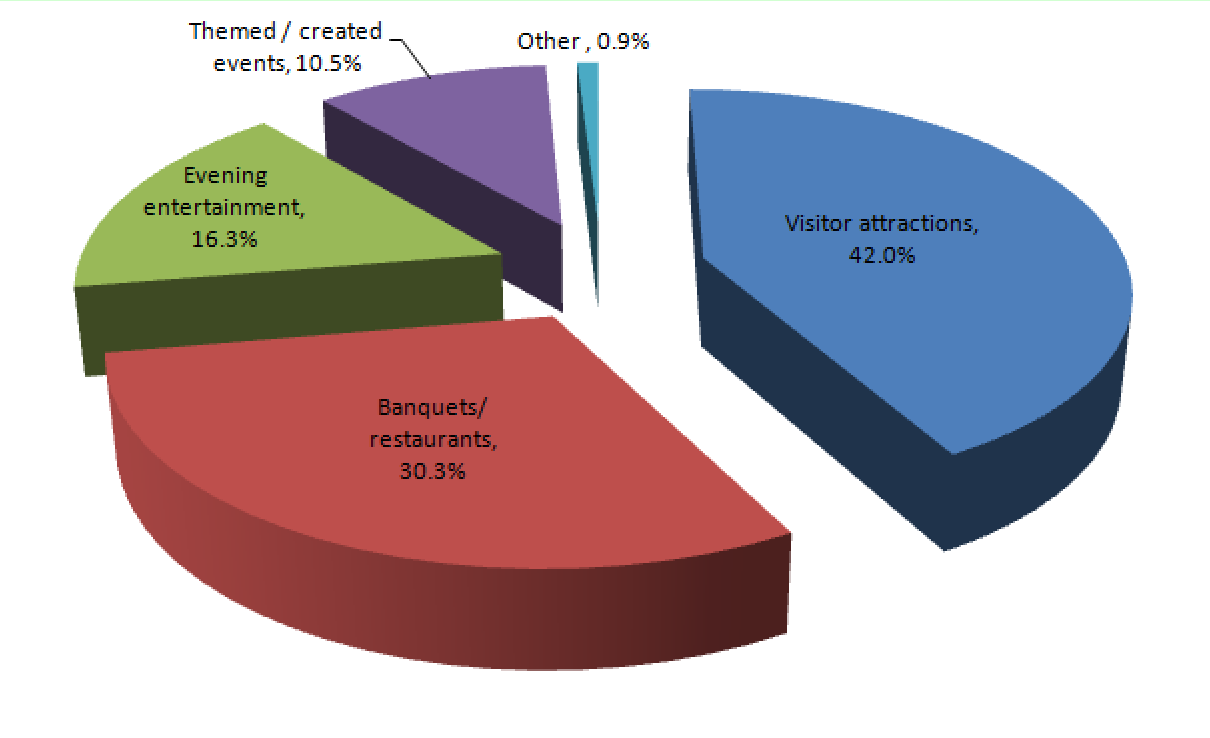
	Coaching	Car Hire	Chauffeur	Guides	Other
2014	62.5%	14.4%	11.8%	10.9%	0.5%

This pattern reflects the continuing and growing large share of overall business attributable to Group & Coach Tours. The notable variation over 2013 is the increase in coaching by 2% and car hire reducing marginally by 1.5%.

Q11. What was the distribution of your purchasing on the Island of Ireland in 2014 within the following product categories?

c) Purchasing of Entertainment / Attractions

2014: 23 respondents replied to this question

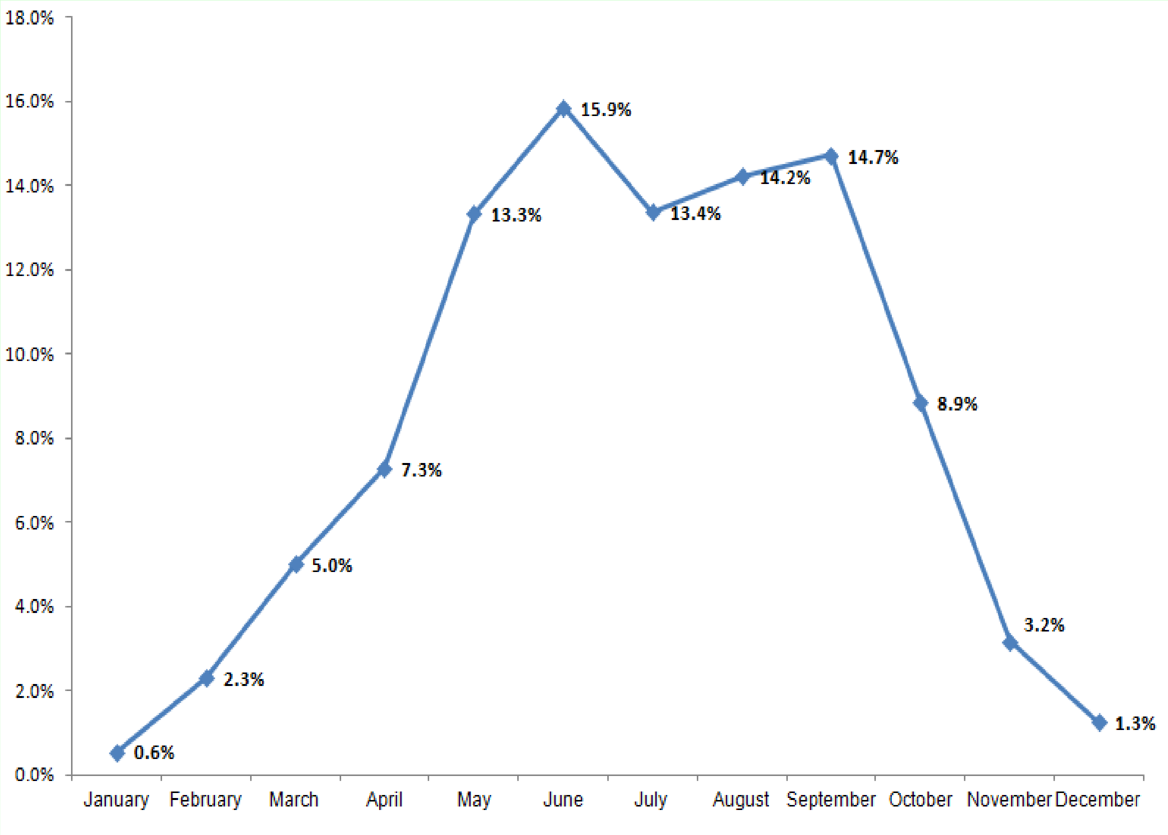


	Visitor attractions	Banquets/ restaurants	Evening entertainment	Themed / created events	Other
2014	42.0%	30.3%	16.3%	10.5%	0.9%

Over the years, visitor attractions have accounted for an increasingly large share of this component of procurement - in 2005, this sector accounted for 26% of the total, whereas in 2014 they represented 42%. The share of evening entertainment decreased marginally in 2014 to 16.3%, down 1.5% on 2013. Themed/created events increased significantly in 2014 to 10.5%, up from 6.9% in 2013 again reflecting the growth in business tourism.

Q12. What was the seasonal distribution of your business in 2014 by value?

2014: 29 respondents replied to this question



	2014
January	0.6%
February	2.3%
March	5.0%
April	7.3%
May	13.3%
June	15.9%
July	13.4%
August	14.2%
September	14.7%
October	8.9%
November	3.2%
December	1.3%

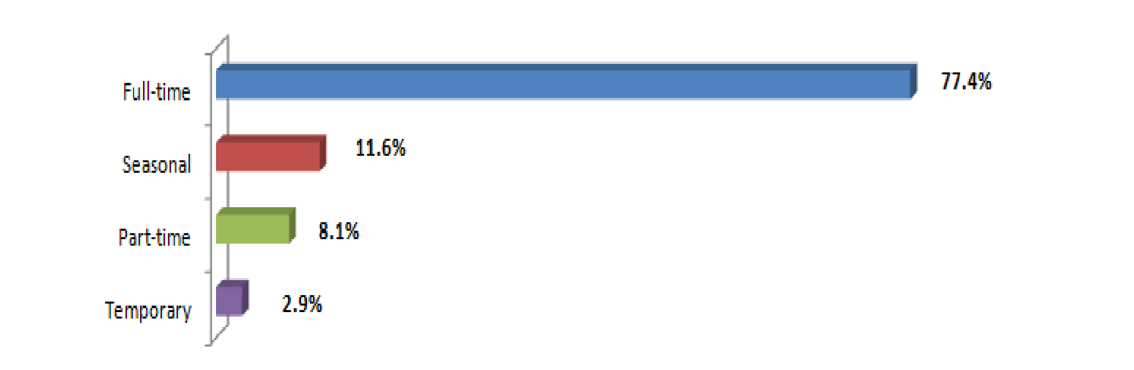
An increase in seasonal share was recorded for the shoulder months of March/April and October in 2014 ï increasing from 18.3% in 2013 to 21.2% in 2014. However, there tends to be a degree of fluctuation from year to year in the share of demand recorded for these months, to a degree reflecting particular initiatives and events that take place.

Q13. How many staff did you employ in 2014?

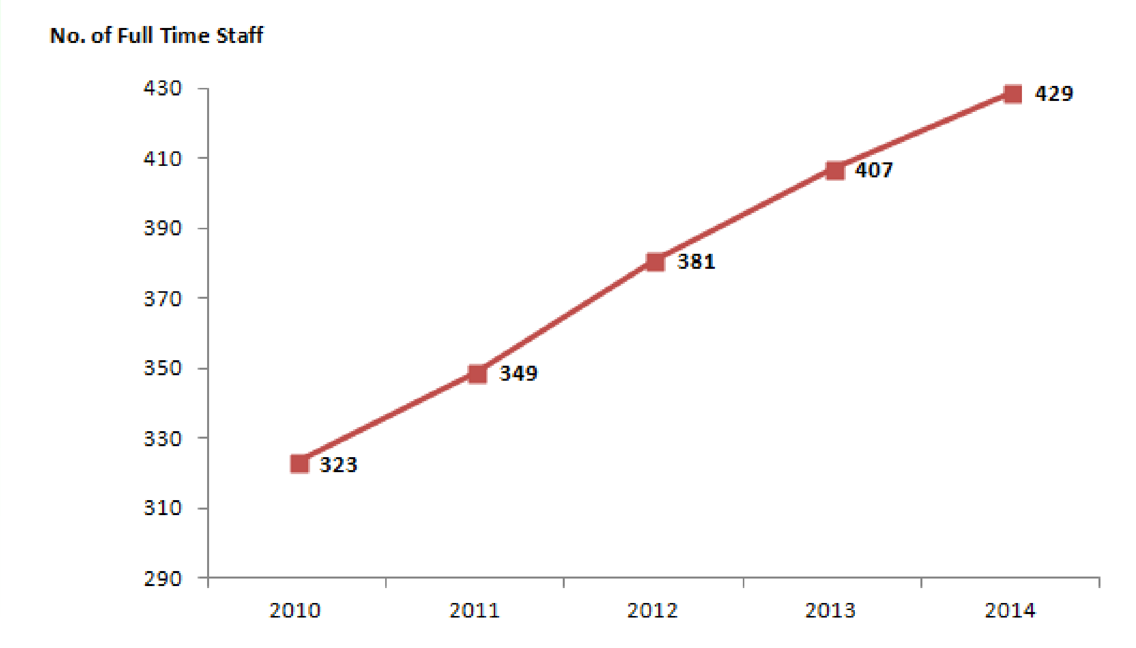
2014: 29 respondents replied to this question

A total of **554 staff** were employed in 2014. The distribution of staff by employment category is as follows:

	2014
Full-time	77.4%
Seasonal	11.6%
Part-time	8.1%
Temporary	2.9%



As shown in the chart below, there was a 5.4% increase in the number of full time staff employed between 2013 and 2014, building on a 6.8% increase between 2012 and 2013.



Q14. What, if any, skill and/or educational deficits did you experience when recruiting staff in 2014?

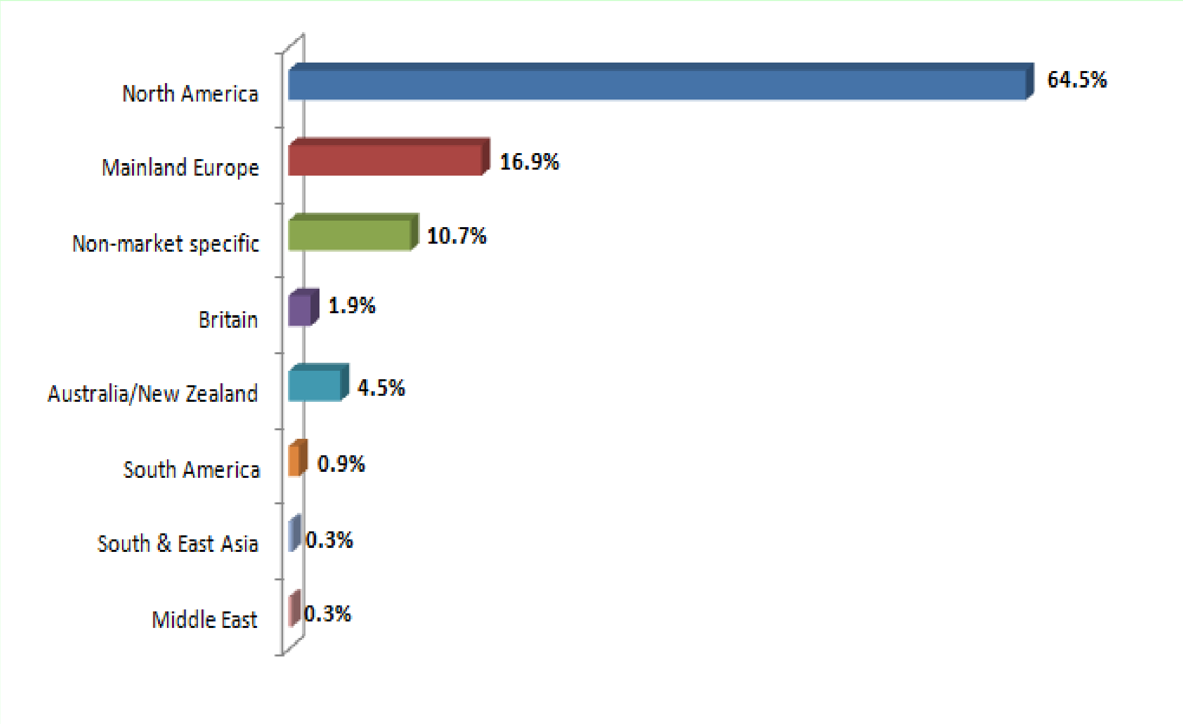
Less than 20% of respondents identified any skills/educational deficits of concern to them when recruiting staff in 2014.

Notable deficits in the recruitment of staff included poor knowledge of the Irish tourism product, followed by a poor understanding of the tour operating sector and the geography of the island.

Foreign language skills deficits were noted with respondents identifying weaknesses with German and Portuguese for 2014. Poor writing skills and poor verbal communication skills were also mentioned by respondents, albeit a very small number.

Q15. What was the distribution of your marketing expenditure in 2014?

2014: 29 respondents replied to this question



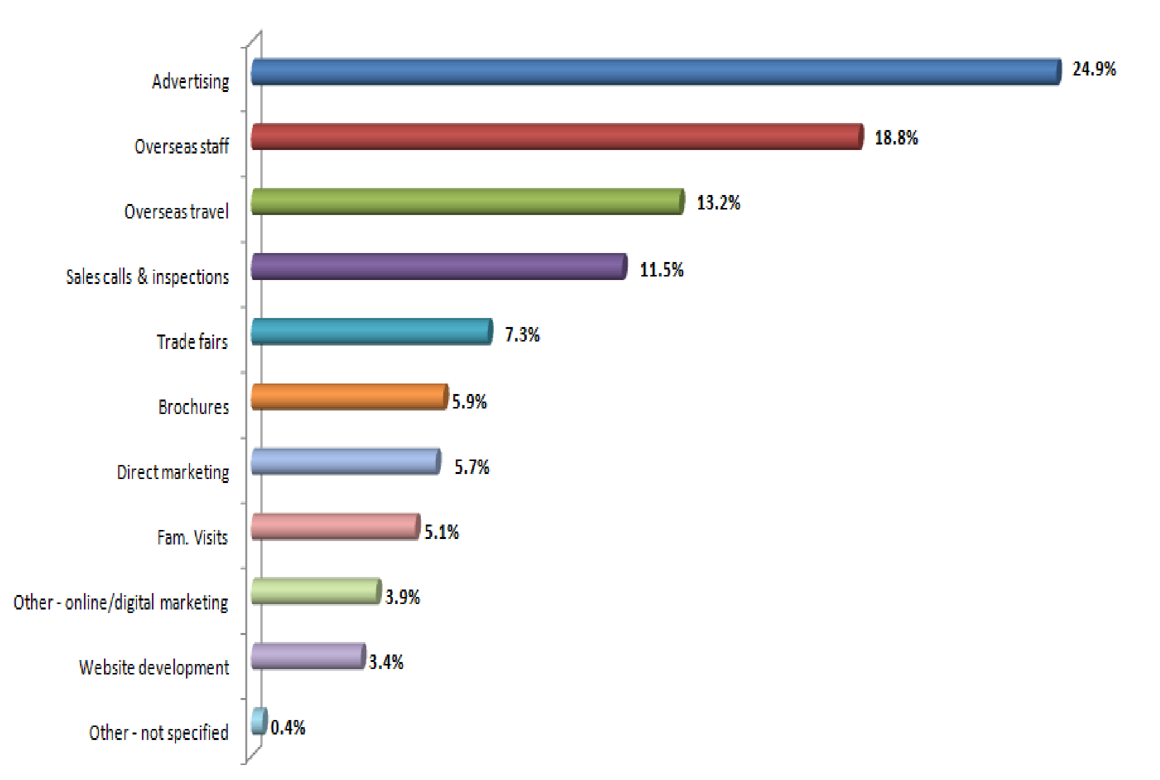
	2014
North America	64.5%
Mainland Europe	16.9%
Non-Market Specific	10.7%
Britain	1.9%
Australia / New Zealand	4.5%
South America	0.9%
South & East Asia	0.3%
Middle East	0.3%

The total marketing spend of all ITOA members in 2014 is estimated at **€8.08 million**, an increase of 12.4% on the 2013 figure of ú7.19 million. The ITOA therefore collectively invest the equivalent of 20% of Tourism Irelandõs total annual international marketing spend. This highlights the important role and valuable contribution that ITOA members make to the õDestination Irelandô sales and marketing effort overseas, particularly at a time when Government investment in overseas marketing continues to decline annually.

Q16. What was the distribution of your sales & marketing expenditure in 2014 by activity type?

2014: 29 respondents replied to this question

	2014
Advertising	24.9%
Overseas staff	18.8%
Overseas travel	13.2%
Sales calls & inspections	11.5%
Trade fairs	7.3%
Brochures	5.9%
Direct marketing	5.7%
Fam. visits	5.1%
Other ï online/digital marketing	3.9%
Website development	3.4%
Other not specified	0.4%



Advertising accounted for a quarter of sales and marketing expenditure in 2014, however this was down from 27.5% in 2013. Expenditure on direct sales activity, including overseas sales representation, sales calls in-market and trade fairs, increased by just over 5% in 2014.

Q17. How much time in man-days did staff based in Ireland spend travelling overseas in 2014?

2014: 27 respondents replied to this question

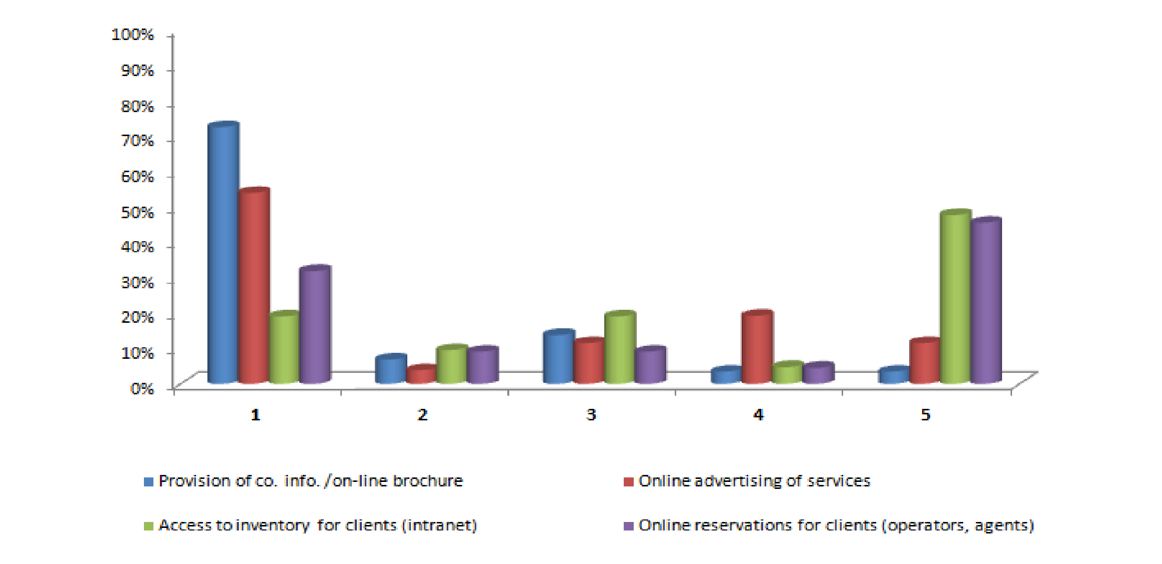
Marketing staff employed by respondents spent a combined total of **2,188 man-days** travelling overseas in 2014. This was an increase of 207 man-days on the total of 1,981 reported in 2013 and 382 man-days on the total of 1,806 reported in 2012. This represents a very significant intensification of in-market sales and marketing work.

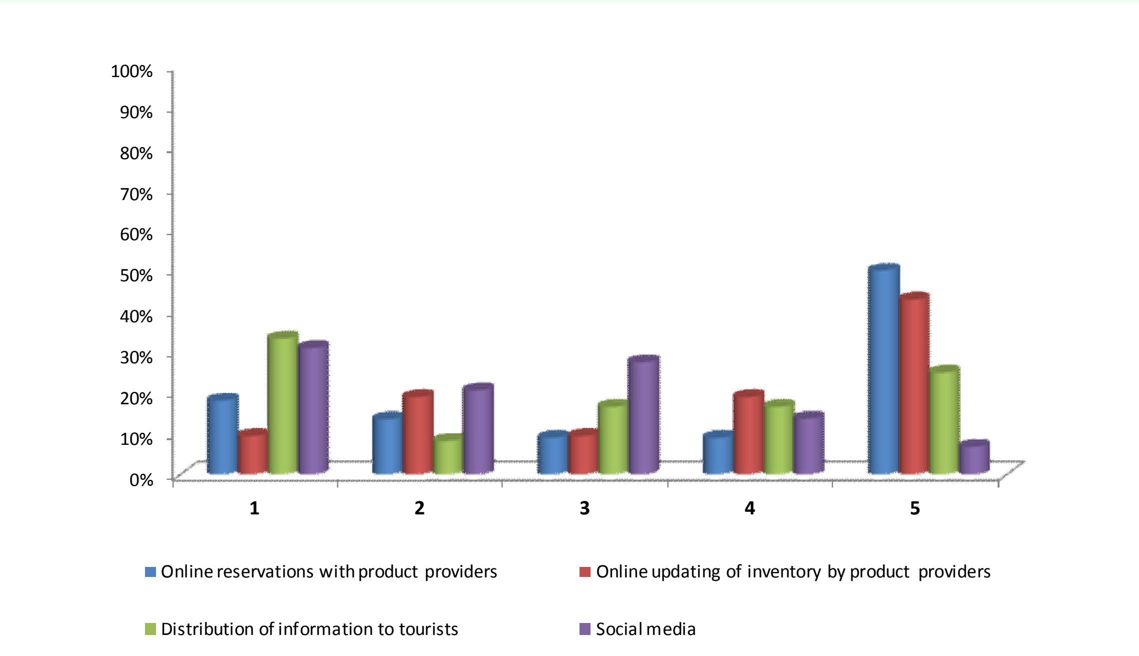
In effect this is the equivalent of 10 full-time sales people selling Ireland in the marketplace, up from 9 in 2013.

Q18. Which of the following uses of the Internet does your business with customers include in 2014?

Please indicate the importance of each use, where 1 = very important and 5 = unimportant

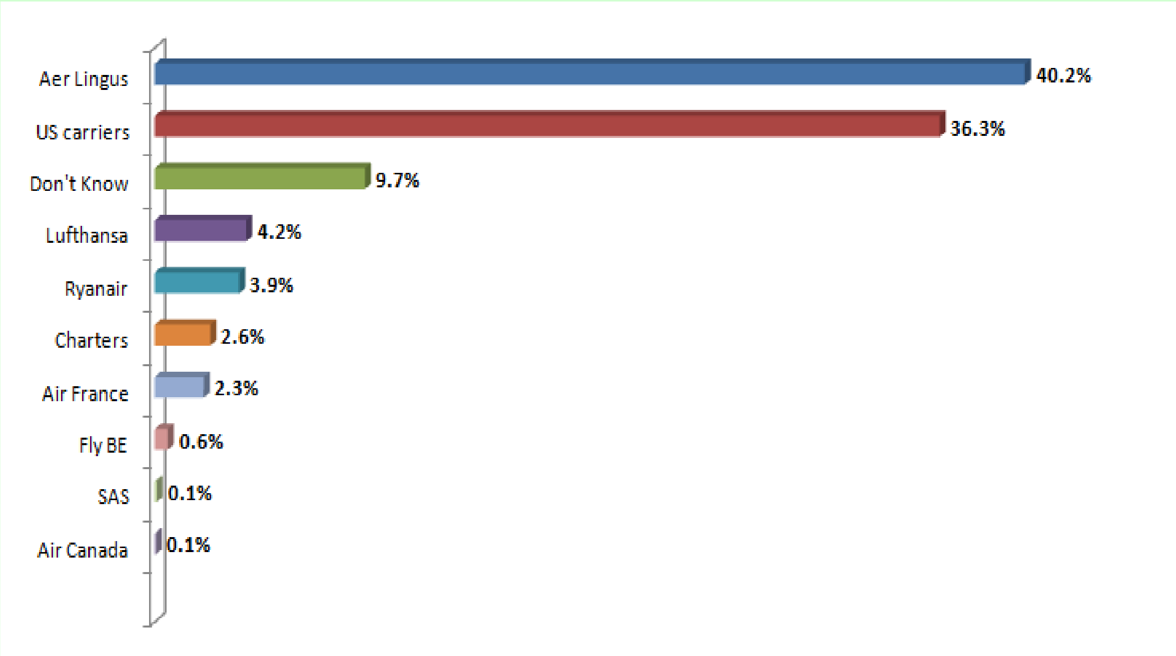
2014: between 21 and 28 respondents replied to each of the questions.





Q19: Of your overall group business in 2014, could you identify (approx.) what percentage used the following airlines?

2014: 25 respondents replied to this question



	2014
Aer Lingus	40.2%
U.S. carriers	36.3%
Don't Know	9.7%
Lufthansa	4.2%
Ryanair	3.9%
Charters	2.6%
Air France	2.3%
Fly BE	0.6%
SAS	0.1%
Air Canada	0.1%

The above chart shows that Aer Lingus continues to have the largest share of all group business carried by members. However, its market share decreased from 43.8% in 2013 to 40.2% in 2014. On the other hand, increases in share of 1% and 1.8% respectively were recorded both for US carriers and Ryanair in 2014.

Q20: Please identify the major issues that influenced your business performance in 2014: *(in order of priority):*

2014: 27 respondents replied to this question

Positive Issues

1) **Economic recovery and growth in the USA**; strong exchange rates; General economic upturn in overseas markets.
2) **Increase in air access from North America, especially from Canada.**
3) **Retention of 9% VAT rate**
4) Tourism benefits from the **positive reporting on Ireland** and the economy in overseas marketing ï impacts positively on the destination profile.
5) **Improving environment for business tourism;** incentive travel no longer being viewed negatively and the corporate sector is travelling again.
6) **The Wild Atlantic Way (WWW)** is being received very well and creates a new buzz around Ireland albeit that travellers may not partake in the WWW.
7) Lingering **positive impact of The Gathering**
8) **Ireland is seen as a trouble free zone,** good value, safe, friendly; reputation of Irish hospitality strong in source markets.

Q20: Please identify the major issues that influenced your business performance in 2014 *(in order of priority):*

2014: 22 respondents replied to this question

Negative Issues

1) **Lack of hotel accommodation and meeting space availability** for larger groups in Dublin, Galway and Killarney in high season, leading to loss of business for Ireland.
2) Value for money proposition under threat due to pace of rate increases in Dublin accommodation. Dublin pricing policy sets the tone for ôDestination Irelandô pricing and concerns about Irelandôs competitiveness are emerging among overseas partners.
3) **Pressure on margins** as costs rise and clients are unwilling to accept price increases from suppliers ï transparency on pricing is also being sought leading to cherry-picking of products for inclusion in tour programmes. Irelandôs pricing is becoming uncompetitive in comparison with other destinations.
4) **Increasing cost of travel into Ireland**, particularly in the peak season, is an issue and is a reason why agents are not sending groups here; agents not booking like they used to.
5) **Threat of terrorist attacks in Europe.**
6) Hotels **not honouring Tour Operator Group or FIT rates**, makes us uncompetitive and more expensive vs. online & own website pricing.
7) **Reduction in marketing** by Tourism Ireland in USA market; US competitors fighting us on our turf.
8) Standard of coaches available for hire is weak; **sub-standard products** being used.

Q21: Please identify the top opportunities to your business performance in the coming 3 years *(in order of priority):*

2014: 23 respondents replied to this question

Opportunities

1) Increase in **capacity, access and routes from North America** and other markets, notably Britain and Germany.
2) **Continued growth in global economy;** US out of recession; positive economic outlook; exchange rate improvements.
3) **New routes** bringing new markets, contracts and potential clients into Ireland; Ireland is in vogue for some emerging markets; common area Visa IRL/GB.
4) New hotels in Dublin city centre would create new business opportunities; **strength of the Belfast and Northern Ireland brand,** including Game of Thrones and other TV series.
5) Refurbishment and **investment in existing hotels and tourism product stock.**
6) Ireland perceived as a **safe destination**; increasing popularity and good image resulting in increased **consumer confidence.**
7) **Increased online presence**; the development of online bookings through having better and more user friendly websites; improving social media strategy; Better use of intranets.
8) Potential of the **Wild Atlantic Way**; ongoing positivity from the Gathering; positive Trip Advisor ratings, build on the momentum.
9) To continuously **improve our customer service and professionalism** in order to ensure we get good word of mouth which will translate into business; to travel to more conferences and meet potential agents to get our name known.

Q21: Please identify the top threats to your business performance in the coming 3 years *(in order of priority):*

2014: 25 respondents replied to this question

Threats

1) **Increasing hotel rates**, particularly in Dublin, making us uncompetitive with other destinations; pricing spiralling out of control - rates increasing by 10-20%.
2) **Lack of availability of hotel space and venues;** huge difficulty in securing space particularly in Dublin but also in Galway, Killarney and Belfast, and all around the country at weekends; lack of large 5 and 4 star hotels means we are turning away business.
3) **Availability of guides**; lack of guides with foreign languages due to Fáilte Ireland no longer running guide training.
4) **TAMS - VAT issue** and the uncertainty regarding VAT implications for tour operators.
5) **Decreasing investment by Government** and NI Executive in overseas markets is disappointing in light of the exceptional recovery and the continuing work of the industry to drive growth; lost opportunity to capitalise on the improving performance.
6) International situation and growing **threat of terrorism;** Ebola
7) Exchange **rates and currency fluctuations**; Slowdown in growth of Euro zone and other economies; Talk of depression in Euro zone.

4. LIST OF MEMBERS IN 2014

No.	Organisation
1.	A Touch of Ireland
2.	Abbey Tours
3.	Adams & Butler
4.	Advantage ico
5.	Alainn Tours
6.	Aspects of Ireland
7.	Brendan Vacations Ireland
8.	Celtic Horizon Tours
9.	CIE Tours International
10.	Custom Ireland
11.	IE Partners
12.	Eirebus DMC
13.	Excursions Ireland
14.	Exploring Ireland
15.	Green Light Events
16.	Hello Ireland Tours (HIT)
17.	Into Ireland Travel
18.	Irish Rugby Tours
19.	Irish Welcome Tours
20.	Joe O'Reilly Ireland Group
21.	Limerick Travel
22.	Moloney & Kelly Travel
23.	Odyssey International
24.	Ovation Ireland
25.	Premier Travel
26.	Shamrocker Adventures
27.	Specialised Travel Services
28.	Travel Choice Ltd.
29.	Vagabond Adventure Tours
30.	Wallace Travel Group

5. SURVEY QUESTIONNAIRE

CHL CONSULTING Co. LTD.

ITOA INCOMING TOUR OPERATORS ASSOCIATION - IRELAND

INCOMING TOUR OPERATORS ASSOCIATION - IRELAND
Survey of Membership Business, 2014

Please return the completed survey form by e-mail to smcmahon@chl.ie

This confidential survey is being conducted by CHL Consulting Co. Ltd. on behalf of the Irish Tour Operators Association (ITOA). The purpose of the survey is to gather core information on the business operations of ITOA members in 2014, and on key issues that are affecting performance. The findings of the survey will enable the ITOA to represent and promote the interests of its members more effectively and to influence external bodies including Tourism Ireland, Fáilte Ireland, ITIC and the IHF. **Your input is vital.** The survey is strictly confidential. CHL will not release completed questionnaires to any other person or organisation under any circumstances. The findings will be aggregated in our analysis and our report will not identify any individual or company.

Please complete this Excel survey and Save As an Excel file with the name of your Organisation, and return directly to CHL Consulting by email by Friday, 30th January, 2015. Please call Michael Counahan or Siobhán McMahon at CHL (tel: 01 284 4760 / smcmahon@chl.ie) if you have any queries.

NOTE: ALL DATA PROVIDED SHOULD REFER TO THE YEAR 2014

1) Company Name: ____________

2) Questionnaire completed by: ____________

3a) What was your gross turnover in 2014, including VAT? € ____________

3b) What was the value of your total purchasing from Irish suppliers in 2014? *Note: include all suppliers in both N.I. and Republic* € ____________

4) What % of your turnover came from the following business channel?

Channel	% share of turnover	Channel	% share of turnover
Tour Operators		**Incentive/Corporate Meetings**	
Travel Agents		**Conference**	
Internet *(B2B online bookings)*		**Cruise**	
Customer Direct *(online bookings)*		**Other** *(please specify)*	
Customer Direct *(non-internet bookings)*		Total	0.0%

5) What % of your turnover came from the following product categories in 2014?

Category	% share of turnover	Category	% share of turnover
Group & Coach tours *(incl. student, language, & special interest)*		**Conference** *(incl. event management)*	
FIT		**Special One-Off Events** *(e.g. USA Football Match Sept 2014)*	
Incentive/Corporate Meetings		**Other** *(please specify)*	
Cruise Excursions		Total	0.0%

6) How many incoming visitors did you handle in 2014?

Direct (all packages including accommodation)	
Indirect (programmes/packages not including accommodation)	
Total	0

a) Please estimate the average length of stay of your incoming visitors in 2014

Conference/Incentive		days
Group		days
FIT/Other		days

(Your estimate of the average length of stay per visitor will enable us to estimate the total number of bednights generated which, in turn, will facilitate the calculation of economic contribution. In the case of groups, this could be done, for example, by adding the duration of stay by all groups, and dividing by the number of groups; in the case of FITs, this may be down to your best estimate based on the typical length of an FIT programme.)

7) Please breakdown the total number of incoming visitors handled into the following categories

Category	No.		No.
Group & Coach tours *(incl. student, language, & special interest)*		**Conference** *(incl. event management)*	
FIT		**Special One-Off Events** *(e.g. USA Football Match Sept 2014)*	
Incentive/Corporate Meetings		**Other** *(please specify)*	
Cruise Excursions		Total	0

8) Please breakdown the total number of incoming visitors handled by source market?

Source Market	Leisure No.	Business Tourists	Source Market	Leisure No.	Business Tourists
Britain			**Other Europe**		
Mainland Europe			*- Andorra*		
- Germany/Austria			*- Armenia*		
- France			*- Azerbaijan*		
- Benelux			*- Georgia*		
- Italy			*- Cyprus*		
- Switzerland			*- Iceland*		
- Spain/Portugal			*- San Marino*		
- Scandinavia			*- Liechenstein*		
- Greece			*- Turkey*		
Eastern Europe			*- Malta*		
- Albania			*- Monaco*		
- Belarus			*- Montenegro*		
- Bosnia & Herzegovnia			*- Vatican City*		
- Bulgaria			**North America**		
- Croatia			*- USA*		
- Czech Republic			*- Canada*		
- Estonia			*- Mexico*		
- Hungary			South America		
- Kosovo			Middle East		
- Latvia			South and East Asia		
- Lithuania			Australia/New Zealand		
- Macedonia			South Africa		
- Moldova			Other Africa		
- Romania			Ireland		
- Poland			**Total**	0	0
- Russia					
- Serbia					
- Slovakia					

9) What was the distribution of your purchasing in Ireland, North and South, in 2014 by main product category?

Product Category	% Total Purchasing	Product Category	% Total Purchasing
Accommodation		Sports/Leisure Activities *(golf, equestrian etc.)*	
Transport/Guides		Conference facilities/services	
Entertainment/Attractions/ Dining		Other (please specify)	
		Total	0.0%

10) What was the regional breakdown of your business in 2014 by value?

Region	% share of turnover	Region	% share of turnover
Dublin		Shannon	
Midlands-East		West	
South-East		North-West	
South-West		N.Ireland	
		Total	0.0%

11) What was the distribution of your purchasing in Ireland, North and South, in 2014 within the following product categories?

A) Accommodation	%	B) Transport	%	C) Entertainment/Attractions	%
3-star hotels		Car hire		Visitor attractions	
4-star hotels		Coaching		Banquets/restaurants	
5-star hotels		Chauffeur		Evening entertainment	
Guesthouses		Guides		Themed/created events	
Farmhouses & B&Bs		Other		Other	
Self-catering		Total	0.0%	Total	0.0%
Hostels/Universities					
Home stay					
Other					
Total	0.0%				

12) What was the seasonal distribution of your business in 2014 by value?

Month	% share of turnover	Month	% share of turnover
January		July	
February		August	
March		September	
April		October	
May		November	
June		December	
		Total	0.0%

13) How many staff did you employ in 2014?

Category	No.	Category	No.
Full-time		Seasonal	
Part-time		Temporary	
		Total	0

14) What, if any, skill and/or educational deficits did you experience when recruiting staff in 2014?
(pls insert 'X' in the appropriate boxes)

	Yes	No
a) Poor writing skills		
b) Poor verbal communication skills		
c) Poor basic maths		
d) Foreign language skills		
- French		
- German		
- Spanish		
- Italian		
- Other		
e) Knowledge of tour operating		
f) Knowledge of the Irish tourism product		
g) Knowledge of Ireland		
h) Other		

15) What was the distribution of your sales & marketing expenditure in 2014?

Market	%	Market	%	
Britain		Middle East		
Mainland Europe		South & East Asia		
North America		Australia/New Zealand		
South America		Non-market specific		*(non-market specific includes, for example, HQ & marketing staff, global marketing, general internet based marketing etc.)*
		Total	0.0%	

15a) What was your Total Sales & Marketing Spend €

Note: Please include the salaries of staff based in Ireland in the total [but overseas travel costs and representation should be included].

16) What was the distribution of your sales & marketing expenditure in 2014 by activity type?

Activity type	%	Activity type	%
Overseas staff *(incl. o'seas representation)*		Website development	
Brochures		Overseas travel	
Trade fairs		Sales calls & inspections	
Advertising		Fam. visits	
Direct marketing		Other *(please specify)*	
		Total	0.0%

17) How much time in man days did staff based in Ireland spend travelling overseas in 2014? ______ days

18) Which of the following uses of the internet does your business with customers involve?
Please indicate the importance of each use, where 1 = very important and 5 = unimportant

a) Provision of company information/on-line brochure	
b) On-line advertising of your services	
c) Access to inventory for clients (intranet)	
d) On-line reservations for clients (operators, agents)	
e) On-line reservations with product providers	
f) On-line updating of inventory by product providers	
g) Distribution of information to tourists	
h) Social media	
i) Other activities *(please specify)*	

19) Of your overall group business in 2014, could you identify (approx.) what % used the following airlines?

Airline	%	Airline	%
Aer Lingus		Charters	
Lufthansa		U.S. carriers	
Air France		Other *(please specify)*	
Ryanair		Don't Know	
		Total	0.0%

20) Please identify the major issues that influenced your business performance in 2014

Positive

Negative

21) Please identify, in order of importance, the top 5 opportunities and threats to your business in the coming 3 years

Opportunities

Threats

22) What are your expectations for 2015?

a) Increase/decrease in PAX - insert % (+/-) below	**Estimated 2014 PAX based on % change**
	-
b) Increase/decrease in Turnover - insert % (+/-) below	**Estimated 2014 Turnover based on %**
	-

THANK YOU FOR YOUR TIME AND COOPERATION

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