INCOMING TOUR OPERATORS ASSOCIATION

Survey of Membership Business, 2017

prepared for the

ITOA
INCOMING TOUR OPERATORS
ASSOCIATION - IRELAND

by

CHL Consulting Company Ltd.

February, 2018

CHL

CHL CONSULTING Co. LTD.

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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 2017. This is the thirteenth consecutive year in which this survey has been conducted and all 32 members of the ITOA responded to a detailed questionnaire. A list of members is provided in Appendix 1.

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 members' contribution to Irish tourism.

This report contains the findings of the 2017 survey. A copy of the survey questionnaire is attached in Appendix 2.

2. REPORT HIGHLIGHTS

The following are the main findings of the survey:

- Total gross **turnover** amounted to **€389.5 million** in 2017, a 10.3% increase on the 2016 figure of €353.1 million.

- Based on gross turnover, **the average yield per tourist,** excluding cruise excursions, amounted to **€843** in 2017, an increase of 8.5% on the 2016 figure of €777[1].

- The value of **total purchasing** from Irish suppliers in 2017 amounted to **€263.8 million**, an increase of 9.7% on the 2016 figure of €240.4 million.

- ITOA members handled a total of **736,843 incoming visitors** in 2017, an increase of 4.4% on the 2016 total of 705,734 incoming visitors. 91% of incoming visitors are leisure tourists with business tourists accounting for the balance.

- In terms of a breakdown of **leisure visitors by source market,** the 4 largest markets of North America, Germany/Austria, France and Britain, account for 77% of this market in 2017, up from 76% in 2016. The 4 largest markets for **business visitors** were also North America, Britain, France and Germany/Austria.

- **Group and coach tours and FIT** combined accounted for the largest share of turnover at **81**% in 2017, in line with that recorded in 2016.

- Total **marketing spend** in 2017 is estimated at **€13.15 million,** an increase of 55% on the 2016 estimate of €8.46 million.[2]

- With regard to the **regional distribution of business**, **Dublin** accounted for **40%** of total turnover in 2017, an increase of 3% from 37% recorded in 2016. The balance (60%) of ITOA members' business was distributed throughout the regions.

- A total of **668 staff** were employed in 2017, an increase of 8.3% on the total of 617 staff in 2016.

[1] Removed Extreme Ireland's turnover (Q1), visitor numbers total (Q6), and visitor numbers breakdown by category (Q7), figures to reach this figure, as per discussion with Ruth.
[2] Note: significant marketing spend increases for many members were recorded in 2017.

- A total of **2,502 staff-days** were spent travelling overseas in 2017 to promote Ireland, an increase of 22 man-days from 2,480 staff-days in 2016.

- The majority of tourists arriving during the **May through September period** in 2017 was **78%**, up from the 74% share recorded for the same months in 2016. The shoulder months of March/April and October accounted for a 17% share in 2017, marginally down from a 19% share in 2016.

3. ECONOMIC CONTRIBUTION TO THE IRISH TOURISM INDUSTRY

The tourists generated by ITOA members make a very valuable contribution to the Irish economy. As shown in Table 1, this contribution is estimated at €569 million in 2016. Based on provisional estimates for 2017, the share of total national receipts from overseas tourists generated by ITOA members, excluding carrier receipts, was around 11%. This is consistent with the finding that the ITOA members accounted for around 11% of promotable tourists visiting the Island of Ireland in 2015.

Table 1: Expenditure by Overseas Tourists Generated by ITOA Members, 2017

Business Type	€
Leisure tourists	437.3
Business tourists	120.4
Excursions	11.5
Total	**569.2**

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 tourists' expenditure in Ireland in 2016, published by Fáilte Ireland (Tourism Facts 2016), it is estimated that the gross revenue for holiday visitors handled by ITOA members represents almost 73% of their total expenditure in Ireland (excluding carrier receipts). It is assumed that the tour operators' gross 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 27.2% of their customers' expenditure unaccounted for in the ITOA's 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	33%	100%	0%	0
Other Food	34%	67%	33%	11.22
Sightseeing	6%	67%	33%	1.98
Internal Transport	12%	100%	0%	0
Shopping	12%	0%	100%	12.00
Miscellaneous	2%	0%	100%	2.00
Total	**100%**			**27.20**

Source: Fáilte Ireland (Tourism Facts, 2016) and survey results

The total gross revenue earned by ITOA members from leisure tourists in 2017 amounted to €318.4 million. If this represents 72.8% of the total expenditure in Ireland by these tourists, then that total can be estimated at €437.3 million. 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 €1,600.[3] 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 €569 million in Ireland in 2017, as shown in Table 1 above.

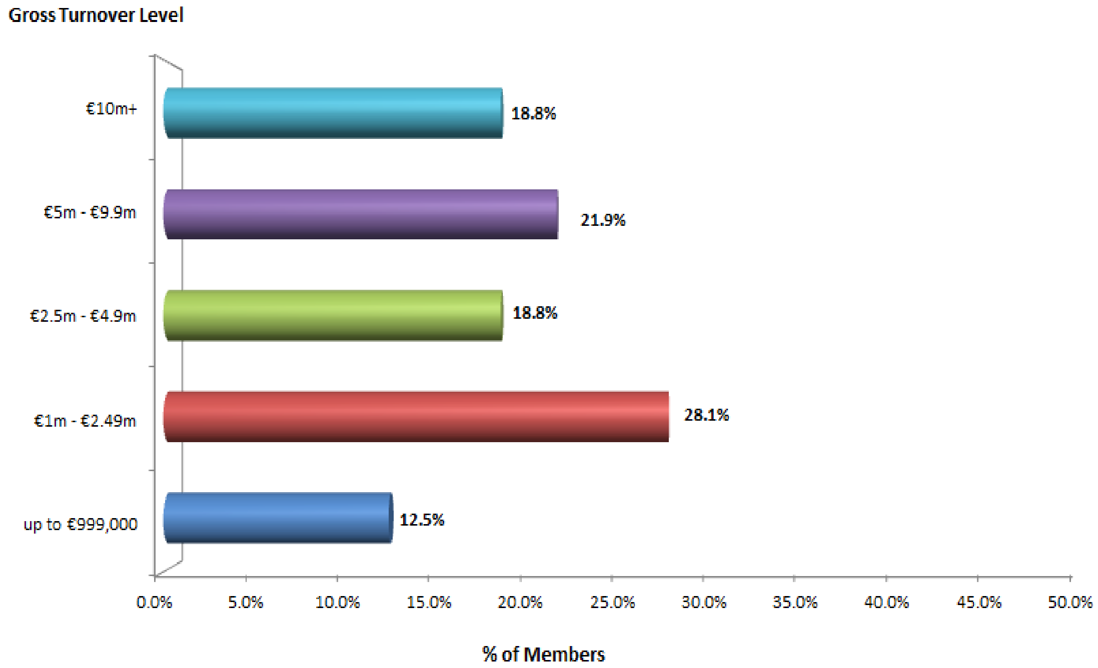
[3] Fáilte Ireland

4. 2017 SURVEY RESULTS

Q3. What was your gross turnover in 2017, including VAT?

The total gross turnover for the 32 ITOA members in 2017 amounted to **€389.5 million.** As the chart below indicates, the ITOA membership comprises a wide range of firm sizes in terms of annual turnover.

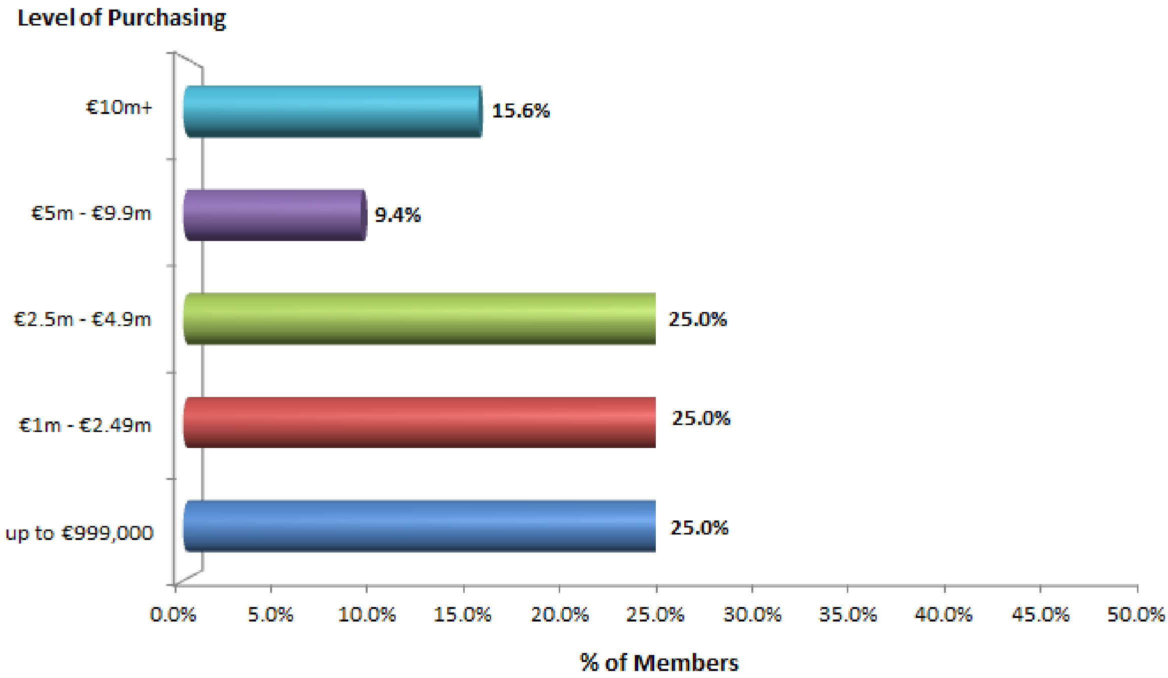
Distribution of Membership by Gross Turnover Level



Q3b. What was the value of total purchasing from Irish suppliers in 2017?

The total value of purchasing from Irish suppliers for the 32 ITOA members in 2017 was **€263.8 million**.

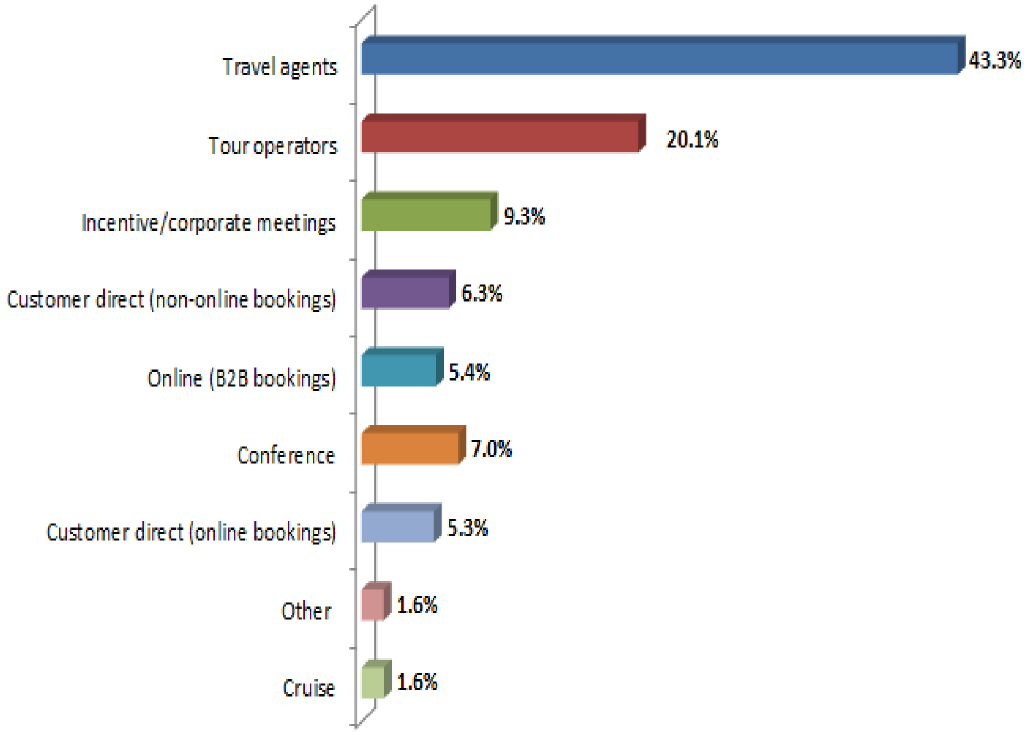
Distribution of Membership by Gross Turnover Level



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

2017: 32 respondents replied to this question

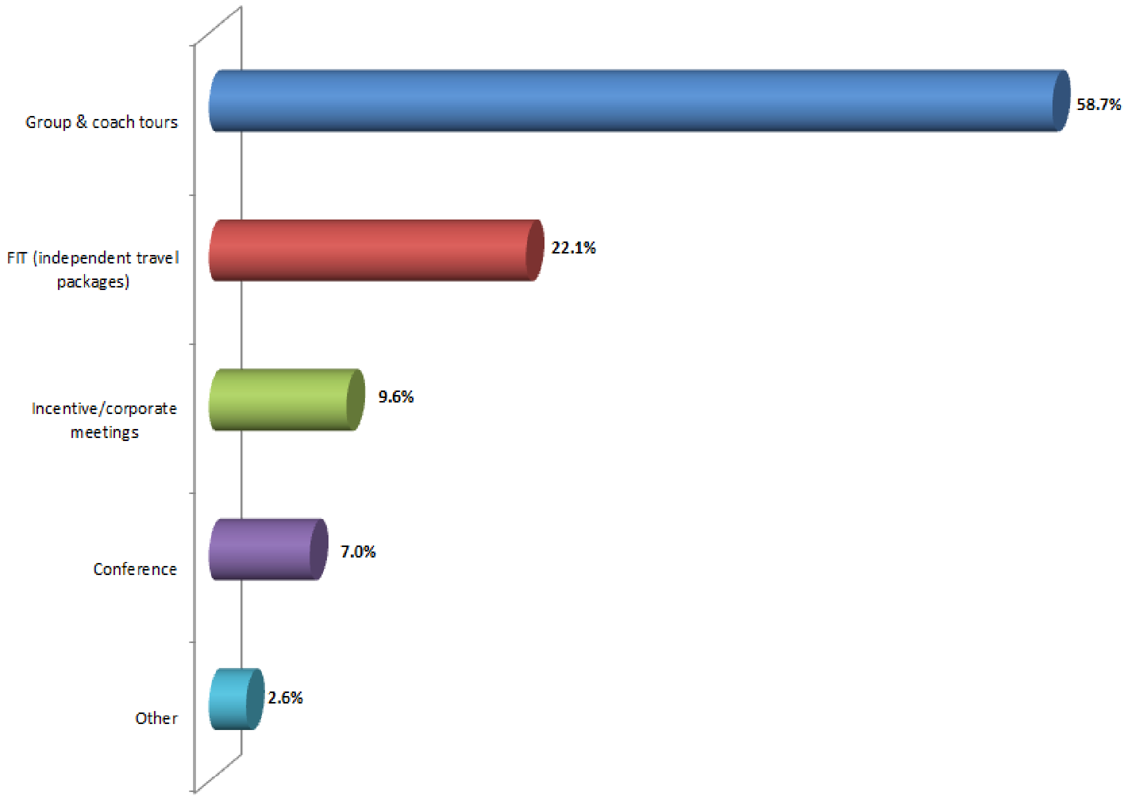
	2017
Travel agents	43.3%
Tour operators	20.1%
Incentive /corporate meetings	9.3%
Conference	7.0%
Customer direct *(non-online bookings)*	6.3%
Online *(B2B bookings)*	5.4%
Customer direct *(online bookings)*	5.3%
Other	1.6%
Cruise	1.6%



Q5. What percentage of your turnover came from the following? product categories in 2017?

2017: 32 respondents replied to this question

	2017
Group & coach tours	58.7%
FIT *(independent travel packages)*	22.1%
Incentive /corporate meetings	9.6%
Conference	7.0%
Other	2.6%



Q6a. How many tourists did you handle in 2017?

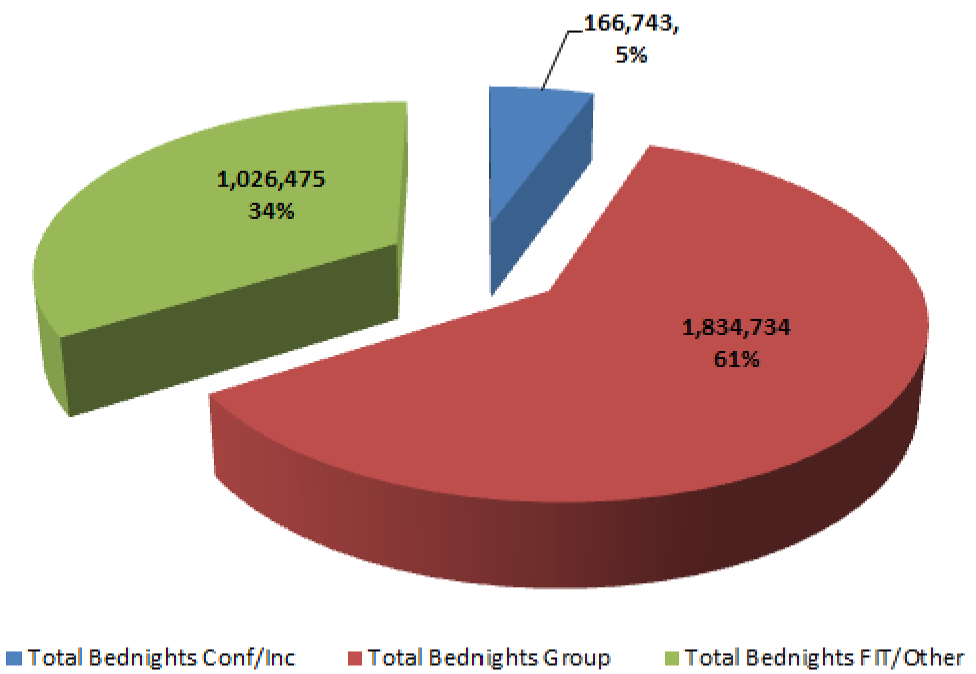
A total of 736,843 tourists were handled by the 32 ITOA members in 2017, an increase of 4.4% on the 2016 figure of 705,734 tourists.

Q6b. Please estimate the average length of stay of your incoming visitors in 2017

2017: 32 respondents replied to this question

The weighted average length of stay for Groups in 2017 is estimated at 7.8 nights, with FIT/Other business averaging 3.7 nights and Conference/Incentive 3.7 nights.

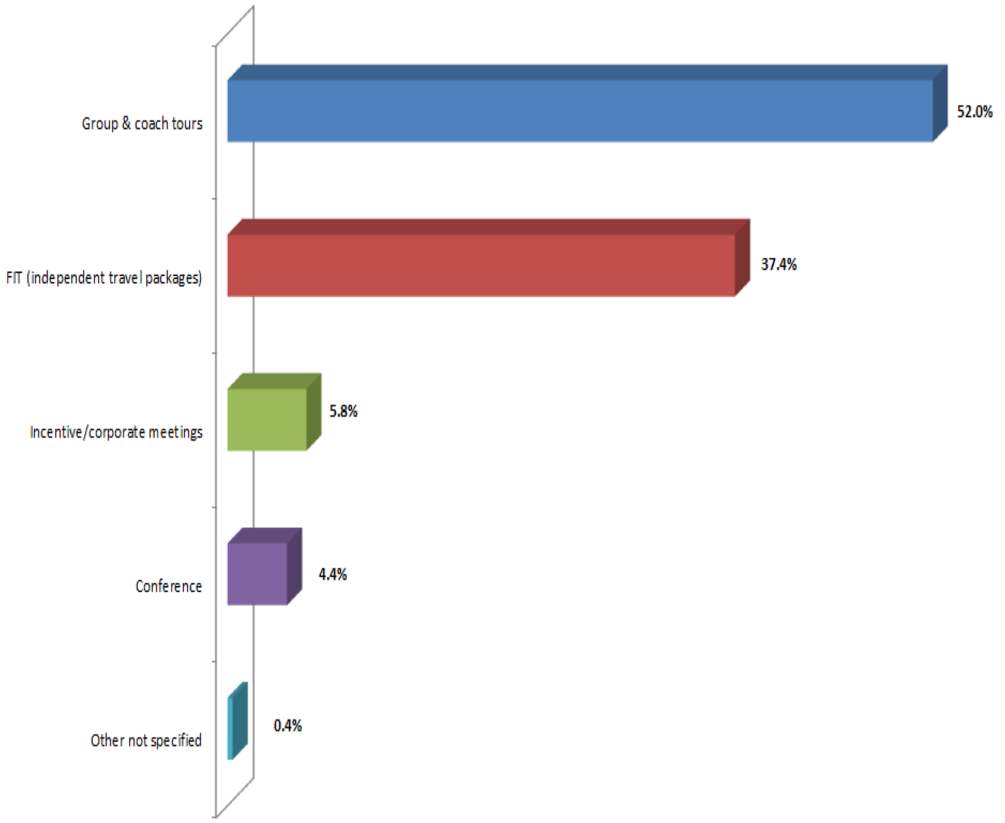
When compared with 2016, the average length of stay for Groups increased by 0.2 nights, and the average length of stay for both FIT/Other Business and Conference/Incentive increased by 0.4 nights and 1.2 nights respectively. On this basis, the total number of bednights generated by the membership is estimated to have been 3.03 million in 2017, an increase of over 158,700 bednights on 2016. Group bednights accounted for 61% of the total (over 2.86 million).



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

2017: 32 respondents replied to this question

Number of incoming visitors	2017
Group & coach tours	382,918
FIT *(independent travel packages)*	275,522
Incentive	42,893
Conference	32,380
Special one-off events	285
Other not stated	2,845
Total	**736,843**

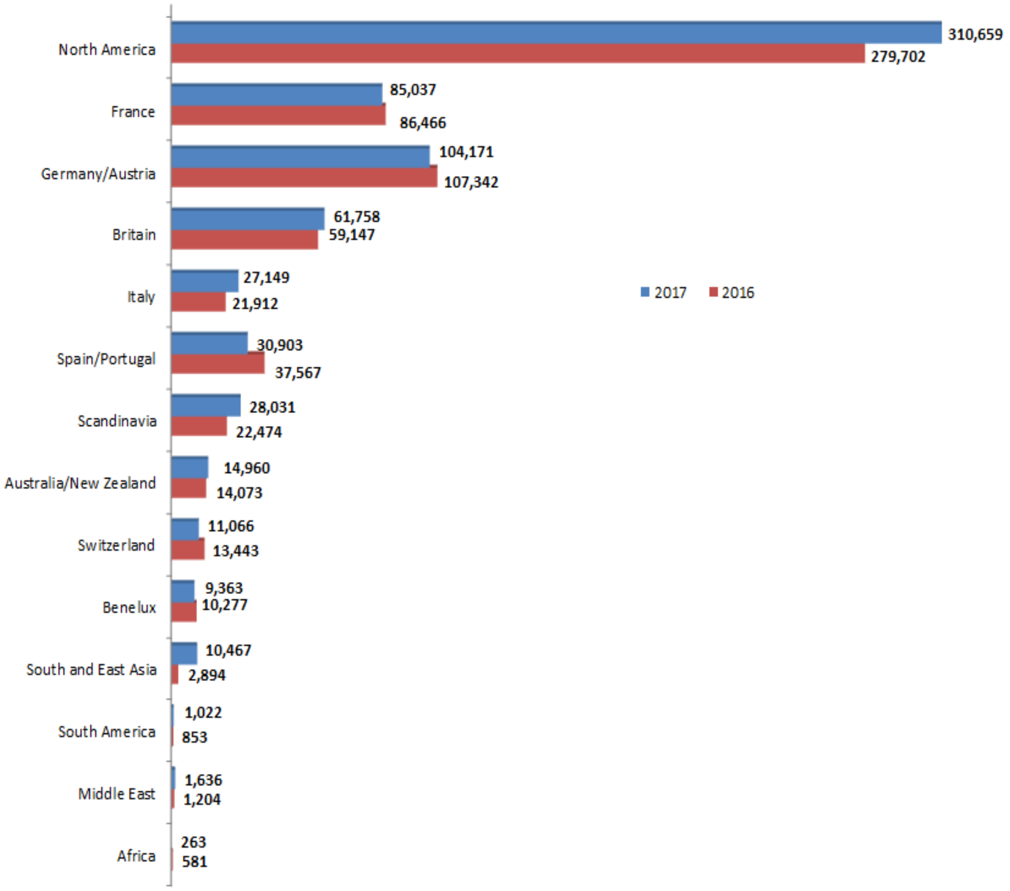


Q8. Please breakdown the total number of visitors handled by source market

Overall in 2017, 91% of incoming business is for Leisure purposes with the remaining 9% being for Business. Overall, the four largest markets of North America, Germany/Austria, France and Britain generated 76% of the total number of tourists in 2017. The distribution by main market area is as follows:

	2017	Leisure	Business
Mainland Europe	44.9%	91.1%	8.9%
North America	42.2%	94.3%	5.7%
Britain	8.4%	75.0%	25.0%
Australia/New Zealand	2.0%	98.7%	1.3%
South and East Asia	1.4%	96.7%	3.3%
Other & Eastern Europe	0.7%	68.3%	31.7%
South America	0.1%	58.4%	41.6%
Middle East	0.2%	88.6%	11.4%
Africa	0.0%	21.7%	78.3%
Total	**100.0%**	**91.1%**	**8.9%**

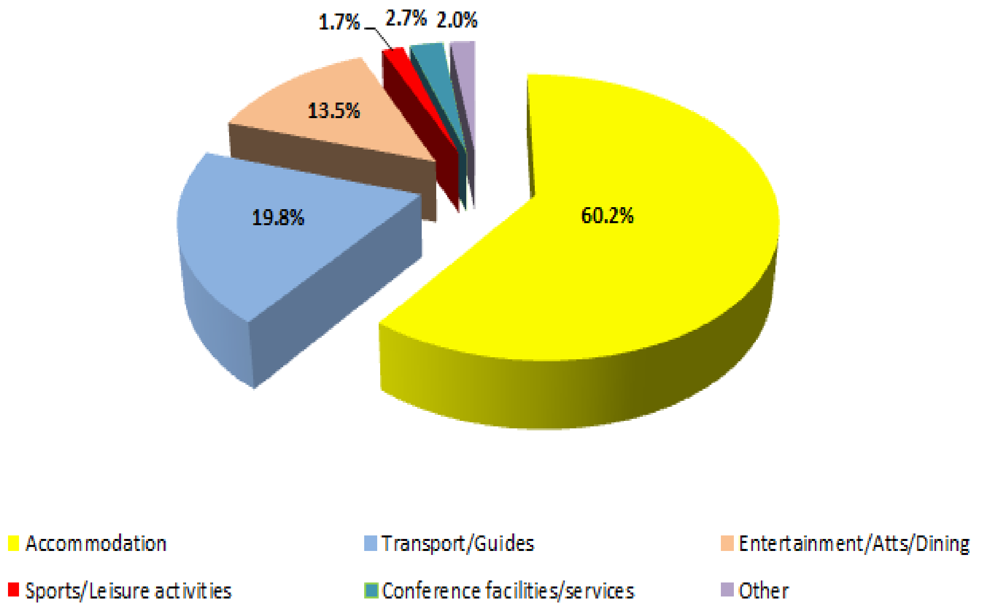
Estimated Distribution of Tourists by Selected Source Market, 2017 vs. 2016



Q9. What was the distribution of your purchasing on the Island of Ireland in 2017 by main product category?

2017: 32 respondents answered this question

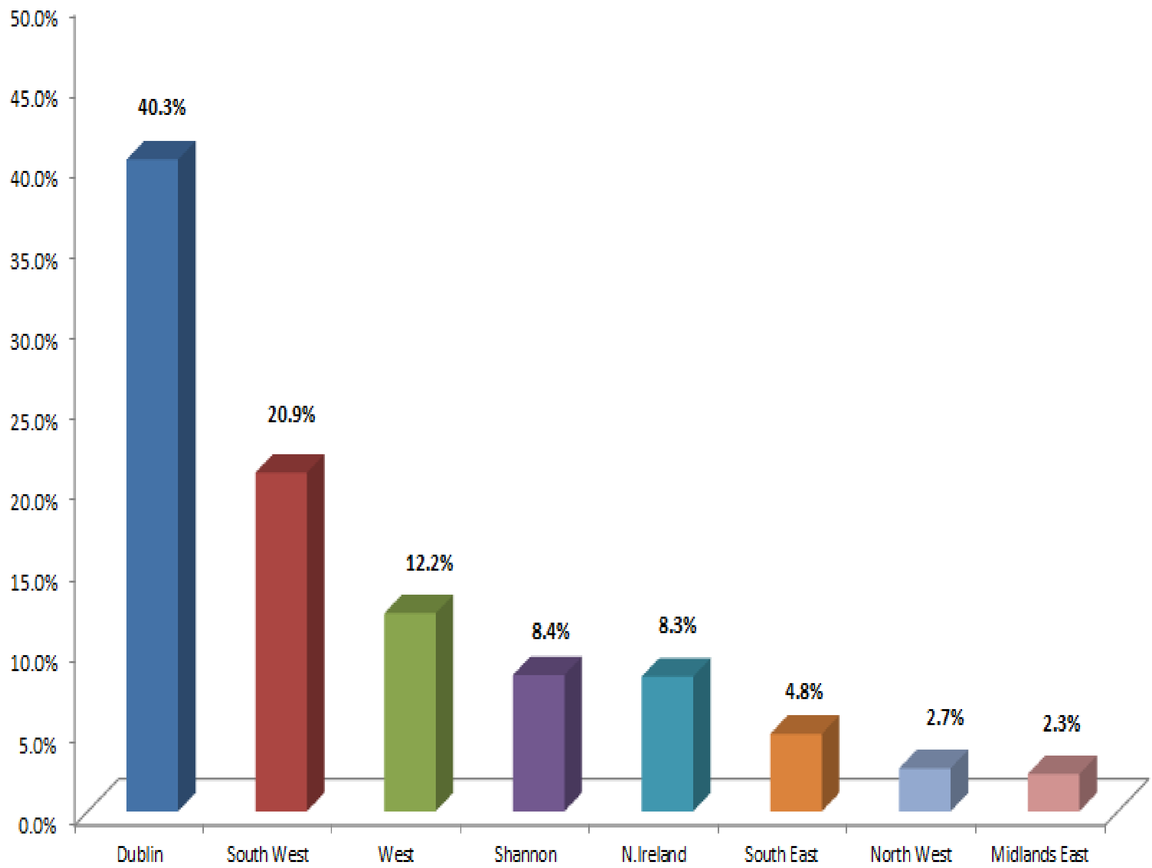
Source Market	2017
Accommodation	60.2%
Transport/Guides	19.8%
Entertainment/Attractions/Dining	13.5%
Conference facilities/services	2.7%
Sports/Leisure Activities	1.7%
Other	2.0%
Total	**100.0%**



Q10. What was the regional distribution of your business in 2017 by value?

2017: 32 respondents replied to this question

	Dublin	South West	West	Shannon	NI	South East	North West	Midlands-East
2017	40.3%	20.9%	12.2%	8.4%	8.3%	4.8%	2.7%	2.3%

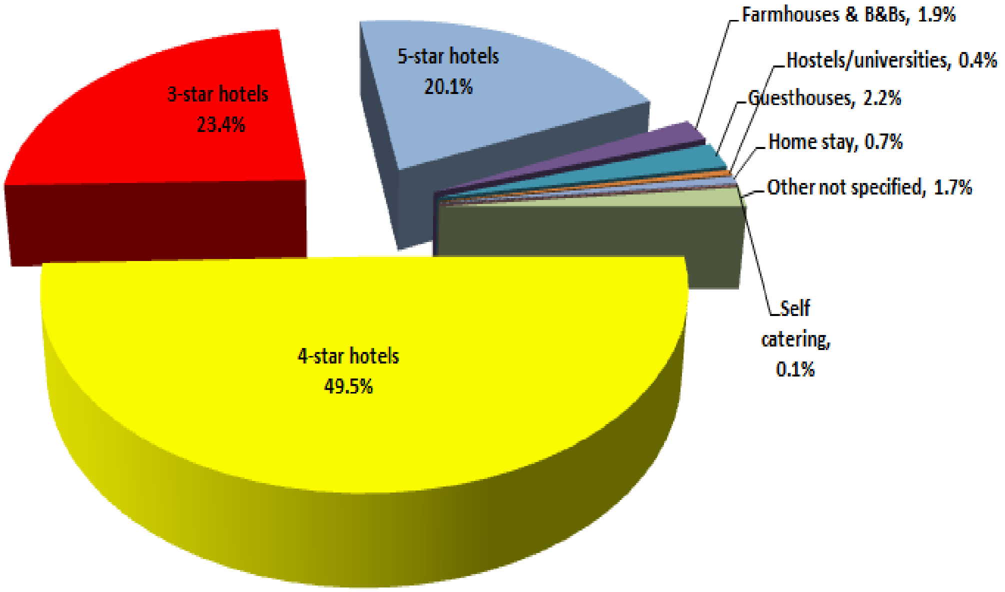


Q11. What was the distribution of your purchasing on the Island of Ireland in 2017 within the following product categories?

a) Purchasing of Accommodation

2017: 32 respondents replied to this question

Accommodation	2017
4-star hotels	49.5%
3-star hotels	23.4%
5-star hotels	20.1%
Farmhouses & B&Bs	1.9%
Other not specified	1.7%
Guesthouses	2.2%
Home stay	0.7%
Hostels/Uni's	0.4%
Self catering	0.1%

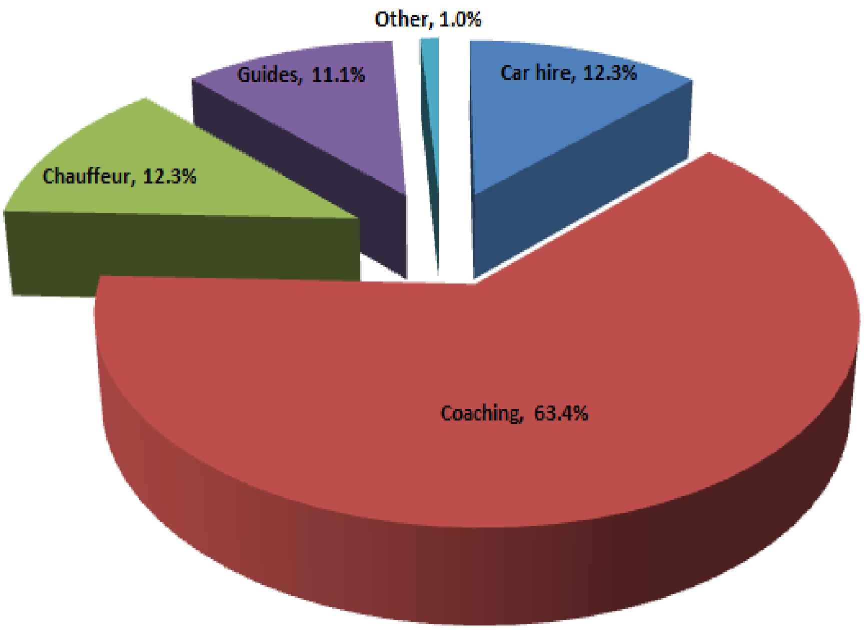


Q11. What was the distribution of your purchasing on the Island of Ireland in 2017 within the following product categories?

b) Purchasing of Transport

2017: 30 respondents replied to this question

	Coaching	Car Hire	Chauffeur	Guides	Other
2017	63.4%	12.3%	12.3%	11.1%	1.0%

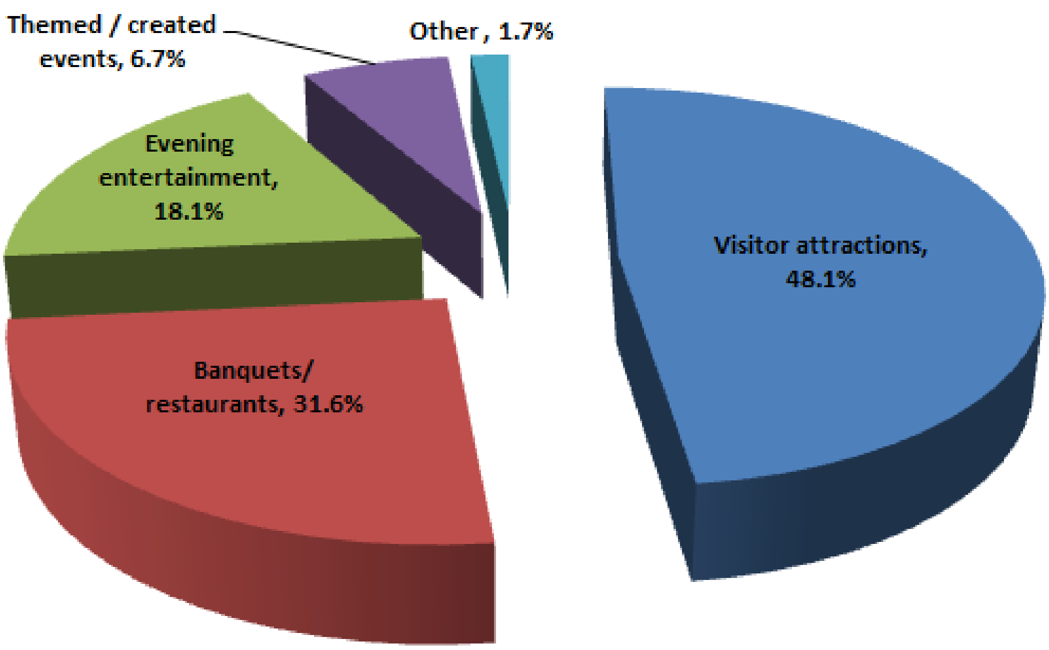


Q11. What was the distribution of your purchasing on the Island of Ireland in 2017 within the following product categories?

c) Purchasing of Entertainment / Attractions

2017: 26 respondents replied to this question

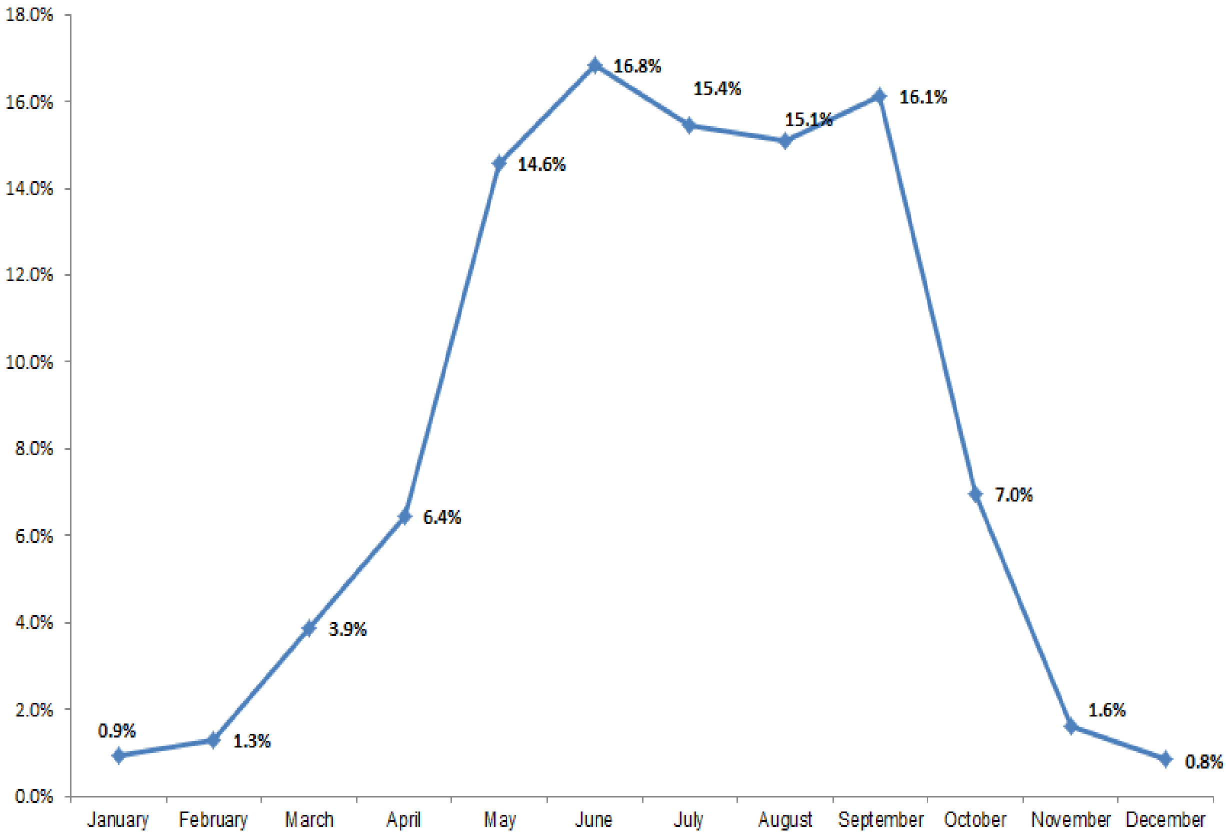
	Visitor attractions	Banquets/ restaurants	Evening entertainment	Themed / created events	Other
2017	48.1%	25.3%	18.1%	6.7%	1.7%



Q12. What was the seasonal distribution of your business in 2017 by value?

2017: *3*2 respondents replied to this question

	2017
January	0.9%
February	1.3%
March	3.9%
April	6.4%
May	14.6%
June	16.8%
July	15.4%
August	15.1%
September	16.1%
October	7.0%
November	1.6%
December	0.8%

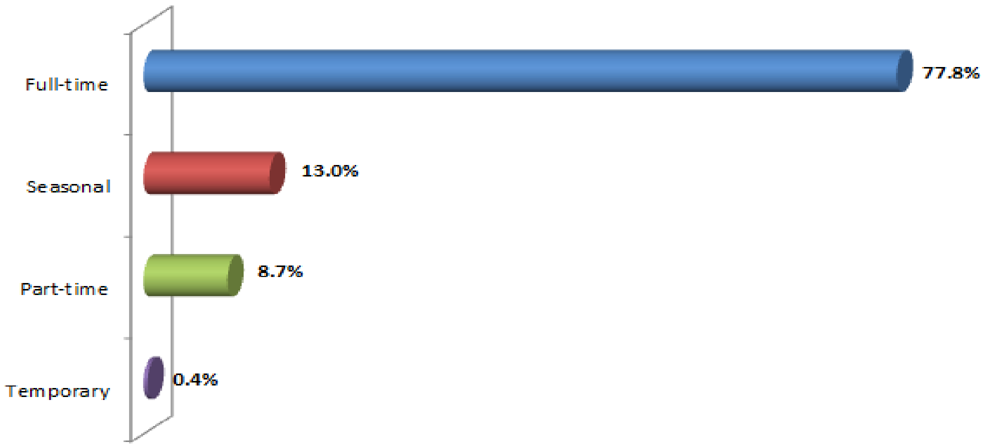


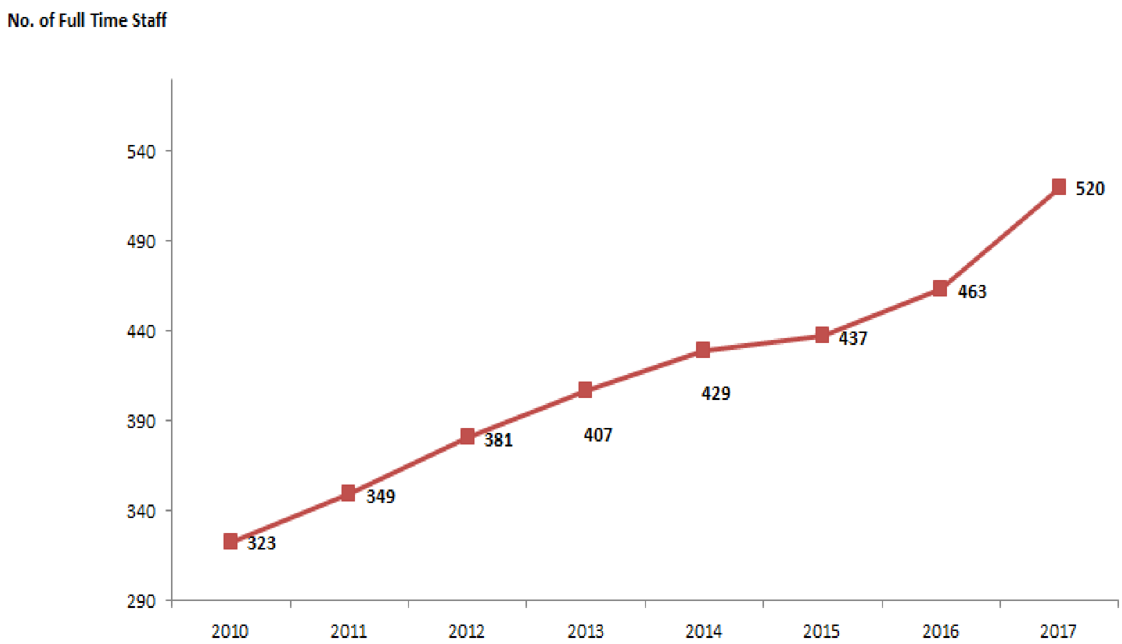
Q13. How many staff did you employ in 2017?

2017: 31 respondents replied to this question

A total of **668 staff** were employed in 2017. The distribution of staff by employment category is as follows:

	2017	
Full-time	520	77.8%
Seasonal	58	8.7%
Part-time	87	13.0%
Temporary	3	0.4%
	668	**100.0%**





Q14. What, if any, skill and/or educational deficits did you experience when recruiting staff in 2017?

Between 1 to 9 respondents answered Yes to any of these questions.

Notable deficits in the recruitment of staff in 2017 continue to include poor knowledge of the Irish tourism product and a poor understanding of the tour operating sector.

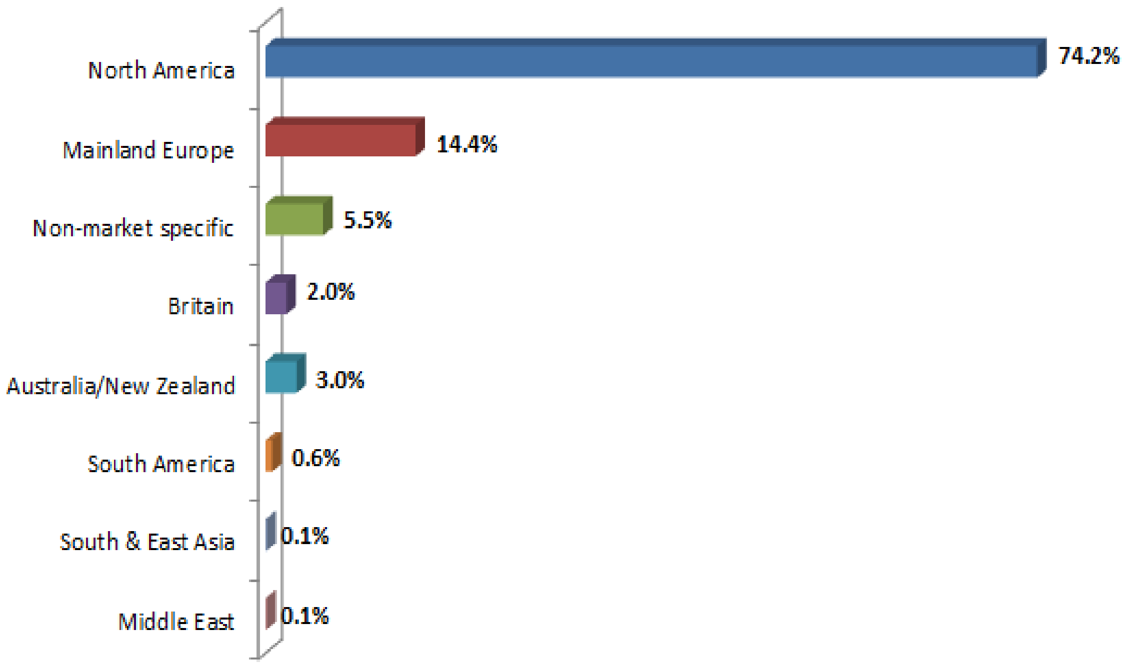
These were followed by weaknesses with foreign languages (notably German), poor knowledge of the geography of Ireland and poor verbal communication skills.

Q15. What was the distribution of your marketing expenditure in 2017?

2017: 32 respondents replied to this question

The total marketing spend of all ITOA members in 2017 is estimated at **€13.15 million**, an increase of 55.3% on the 2016 figure of €8.46 million.

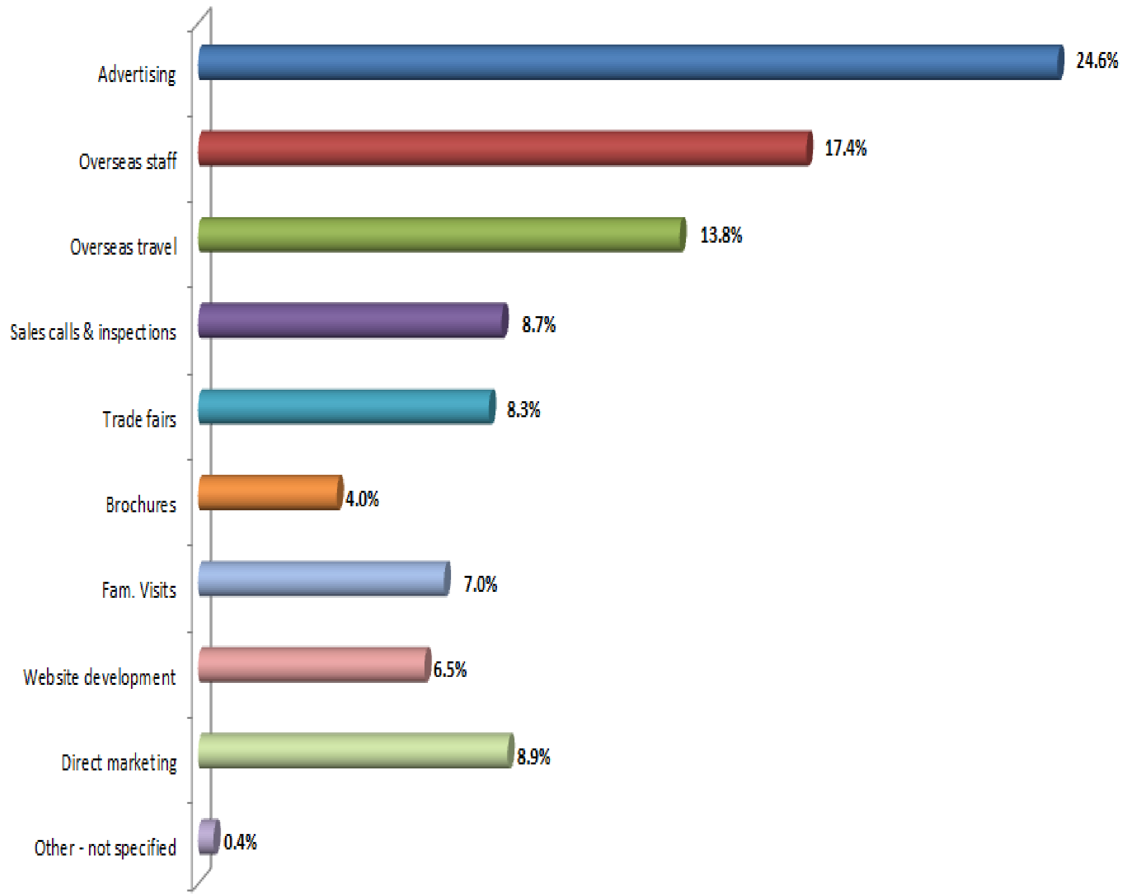
	2017
North America	74.2%
Mainland Europe	14.4%
Non-Market Specific	5.5%
Britain	2.0%
Australia / New Zealand	3.0%
South America	0.6%
South & East Asia	0.1%
Middle East	0.1%



Q16. What was the distribution of your sales & marketing expenditure in 2017 by activity type?

2017: 32 respondents replied to this question

	2017
Advertising	24.6%
Overseas staff	17.4%
Overseas travel	13.8%
Sales calls & inspections	8.7%
Trade fairs	8.3%
Brochures	4.0%
Fam. visits	7.0%
Website development	6.5%
Direct marketing	8.9%
Other not specified	0.4%



Q17. How much time in man-days did staff based in Ireland spend travelling overseas in 20176?

2017: 29 respondents replied to this question

Marketing staff employed by respondents spent a combined total of **2,502 staff-days** travelling overseas in 2017. This was an increase of 22 staff-days on the total of 2,480 staff-days reported in 2016.

Q18. On average, what % increase have you experienced in hotel pricing for 2017?

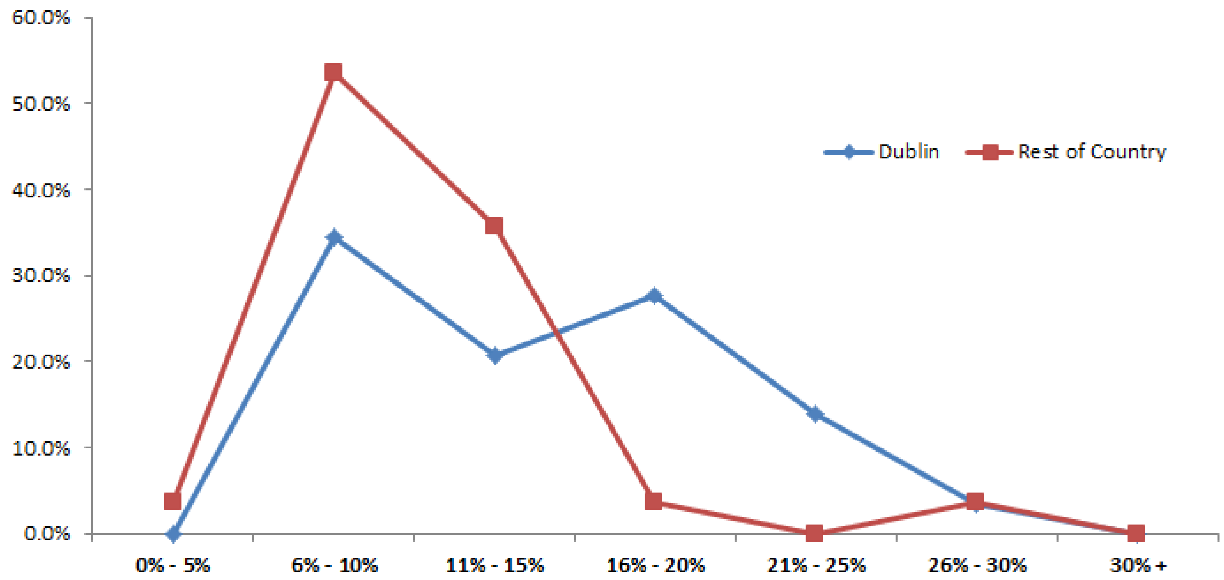
2017: 28 respondents replied to this question

Dublin

	2017
0% - 5%	0.0%
5% - 10%	34.5%
11% - 15%	20.7%
16% - 20%	27.6%
21% - 25%	13.8%
26% - 30%	3.4%
31% +	0.0%

Rest of the Country

	2017
0% - 5%	3.6%
5% - 10%	53.6%
11% - 15%	35.7%
16% - 20%	3.6%
21% - 25%	0.0%
26% - 30%	3.6%
31% +	0.0%



Q21. What are your expectations for 2018?

2017: 30 respondents replied to this question

Members responded that they anticipate an increase of 6.4% in pax numbers for 2018, from 736,843 in 2017 to an estimated 784,075 pax for 2018.

They also anticipate a growth in turnover of 10.2%, from €389.5 million in 2017 to an estimated €429.4 million for 2018.

Q19: Please identify the major issues that influenced your business performance in 2017: *(in order of priority):*

5. APPENDICES

Appendix 1:

List of Members in 2017

A1. LIST OF MEMBERS IN 2017

No.	Organisation
1	A Touch of Ireland
2	Abbey Tours
3	Adams & Butler
4	Advantage DMC
5	Alainn Tours
6	Aspects of Ireland
7	Brendan Vacations
8	Celtic Horizons
9	CIE Tours
10	Cogs & Marvel
11	Custom Ireland
12	Eirebus
13	Event Partners
14	Excursions Ireland
15	Extreme Ireland
16	Hello Ireland
17	IE Partners
18	Into Ireland
19	Irish Rugby
20	Irish Welcome
21	Jac Travel
22	Joe O'Reilly
23	Limerick Travel
24	Moloney&Kelly
25	Odyssey
26	Ovation
27	Premier Travel
28	Shamrocker Adventures
29	Specialised Travel
30	Travel Choice
31	Vagabond
32	Wallace Travel

Appendix 2:

Survey Questionnaire

A2. SURVEY QUESTIONNAIRE

CHL CONSULTING Co. LTD.

ITOA INCOMING TOUR OPERATORS ASSOCIATION - IRELAND

INCOMING TOUR OPERATORS ASSOCIATION - IRELAND
Survey of Membership Business, 2017

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 2016, 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 January 20. 2017 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 2017

1) Company Name:

2) Questionnaire completed by:

3a) What was your gross turnover in 2017, including VAT? €

3b) What was the value of your total purchasing from Irish suppliers in 2017? 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 2017?

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**	
Incentive/Corporate Meetings		**Other** *(please specify)*	
Cruise Excursions		**Total**	0.0%

6) How many incoming visitors did you handle in 2017?

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 2017

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**	
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
Britain		
Mainland Europe		
- Germany/Austria		
- France		
- Benelux		
- Italy		
- Switzerland		
- Spain/Portugal		
- Scandinavia		
- Greece		
Eastern Europe		
- Albania		
- Belarus		
- Bosnia & Herzegovnia		
- Bulgaria		
- Croatia		
- Czech Republic		
- Estonia		
- Hungary		
- Kosovo		
- Latvia		
- Lithuania		
- Macedonia		
- Moldova		
- Romania		
- Poland		
- Russia		
- Serbia		
- Slovakia		

Source Market	Leisure No.	Business Tourists
Other Europe		
- Andorra		
- Armenia		
- Azerbaijan		
- Georgia		
- Cyprus		
- Iceland		
- San Marino		
- Liechenstein		
- Turkey		
- Malta		
- Monaco		
- Montenegro		
- Vatican City		
North America		
- USA		
- Canada		
- Mexico		
South America		
Middle East		
South and East Asia		
Australia/New Zealand		
South Africa		
Other Africa		
Ireland		
Total	0	0

9) What was the distribution of your purchasing in Ireland, North and South, in 2017 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 2017 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 2017 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 2017 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 2017?

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 2017?
(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 2017?

Market	%	Market	%
Britain		Middle East	
Mainland Europe		South & East Asia	
North America		Australia/New Zealand	
South America		Non-market specific	
		Total	0.0%

(non-market specific includes, for example, HQ & marketing staff, global marketing, general internet based marketing etc.)

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 2017 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 2017? ____________ days

18) On average, what % increase have you experienced in hotel pricing for 2017?
(pls insert 'X' in the appropriate boxes)

Dublin		Rest of the Country	
0% - 5%		0% - 5%	
6% - 10%		6% - 10%	
11% - 15%		11% - 15%	
16% - 20%		16% - 20%	
21% - 25%		21% - 25%	
26% - 30%		26% - 30%	
30% +		30% +	

19) Please identify, in order of importance, the 3 most important issues that influenced your business performance in 2017

Positive	Negative

20) Please identify, in order of importance, the top 3 opportunities and threats to your business in the coming 1-3 years

Opportunities	Threats

21) What are your expectations for 2018?

a) Increase/decrease in PAX - insert % (+/-) below	Estimated 2018 PAX based on % change
	-

b) Increase/decrease in Turnover - insert % (+/-) below	Estimated 2018 Turnover based on %
	-

THANK YOU FOR YOUR TIME AND COOPERATION

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