

Staying at Home:
An Examination of Irish Domestic Tourism
& Implications for Official Statistics

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Abstract:

The 2000 - 2005 period was a turbulent one for the tourism industry. Yet despite shocks like September 11 and the outbreak of Foot and Mouth disease, domestic tourism not only survived but apparently thrived, with a nominal growth in trips and expenditure of 31% and 65% respectively. This paper

attempts to put this increase in domestic tourism into perspective and examine some of the driving forces behind the growth, such as population, immigration, employment, income and price.

The paper also highlights structural changes occurring on the supply side, such as the decline of the B&B sector and the emergence of holiday homes as an important sector. It also demonstrates the magnetic pull of Irelands largest city (Dublin) on business tourism and highlights the differing tourism patterns associated with different age groups or whether children are involved or not.

The paper investigates the implications of these results for official tourism statistics. Using pilot TSA results and extrapolating these data forward over 5 years, the paper advocates that Same Day Visits are perhaps far more important to domestic and national tourism than previously realised and speculates on the environmental implications if this is the case. The paper also suggests that broadening the socio-economic scope of tourism questionnaires to include additional variables, would not only widen the use and appeal of tourism statistics but would play a useful role in explaining the driving forces behind some of the trends.

1. Introduction

The 2000 – 2005 period was a challenging time for tourism. International events, such as September 11, the London and Madrid bombings, SARS, the Afghan and Iraq Wars, the Stephens Day Tsunami, Hurricane Katrina and Avian flu have all served to reinforce just how globally influenced and delicate the tourism product is. Yet despite all these challenges international tourism continues to grow inexorably and now claims to be the largest traded service on the planet.

The internal tourism market in Ireland would not appear to be an exception to this rule. In addition to the events above, in recent years the Irish tourism industry has had to contend with the uncertainties posed by the appearance and disappearance of new airlines and routes, the emergence of a peaceful Northern Ireland as a new entrepot and doorstep competitor and the threat of Foot and Mouth disease. Yet, in spite of all these events, this fragile and globally exposed market has shown a remarkable resilience and has continued to thrive.

2. The purpose of this paper

The purpose of this paper is twofold. The first objective is to draw attention to some interesting trends in Irish domestic tourism that have taken place over a relatively short space of time (i.e. 2000 – 2005). The second objective is to highlight the implications of this analysis for official tourism statistics in Ireland and hopefully further afield. In doing so, attention is drawn to a number of gaps in tourism statistics, particularly statistics relating to domestic tourism, that until recently had perhaps not been thought to be particularly important.

3. Scope of the paper

Broadly speaking Irish tourism can be categorised in to three distinct markets; Inbound tourism (foreign tourists coming to Ireland), Outbound (Irish tourists going abroad) and Domestic tourism (Irish tourists staying in Ireland). This paper will focus on domestic tourism in Ireland.

The source data for this paper is primarily taken from the CSO Household Travel Survey (HTS) and covers the six-year period 2000 to 2005. Supplementary data supplied by Failte Ireland on the supply of registered collective accommodation were also used. The HTS measures National tourism (i.e. Domestic + Outbound tourism or the tourist activities of Irish residents) on the demand side.

Although the HTS data are available on a quarterly basis, the bulk of the data discussed and presented in this paper are annual data only. While this hides some of the flavour, it allows us to examine larger data aggregates and volumes of data, thus making any analysis and conclusions more robust. This is particularly important for cross-classification analysis, where the sample sizes are not sufficiently large to ordinarily support such scrutiny on a quarterly basis.

4. Defining Domestic Tourism

The UN-WTO¹ defines “tourism” as the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited. So tourism, as defined by the UN-WTO encompasses most short-term travel away from a persons’ normal place of work or residence and includes not just holiday, leisure and recreational travel but also travel for the purposes of visiting friends and relatives, business, education, religious, health or other reasons.

¹ United Nations – World Tourism Organisation

Defining “usual environment” poses a difficult but important challenge. For domestic tourism and same day visits in particular, what constitutes a trip outside the usual environment is critically important, as it is the deciding factor between whether a trip was a leisure or tourist trip. The International Recommendations for Tourism Statistics (UN-WTO, 2008) suggests that usual environment may be a function of:

- (a) Frequency of Visits;
- (a) Distance from usual place of residence;
- (b) Duration of trip;
- (c) The crossing of administrative borders.

So trips outside the usual environment might be defined by trips beyond a certain distance, or trips that took at least a certain amount of time, or only those trips that involved visiting another borough or country or that only occur on an infrequent basis. The problem with many of these defining factors is that they are not comparable, either internationally or even within Ireland. Distance or time might simply be a product of infrastructure or spatial limitations. Consequently for the HTS, trips outside usual environment are defined as all non-routine trips taken away from home with a frequency of less than once a week. No limitations to distance, duration or administrative borders are made.

Domestic tourism is made up of two discrete segments; Overnight visits and Same-Day visits. The HTS only measures Overnight visits, or a subset of domestic tourism. For the purpose of the HTS an overnight visitor is defined as any Irish resident who travels outside their usual environment for a period of less than 12 months, stays at least one night in collective or private accommodation and whose main purpose of trip is not work. Consequently a

number of short distance and regular trips are outside the scope of the HTS², such as commuting to work etc.

5. A brief description of the Household Travel Survey

The HTS was first launched by the CSO in the first quarter of 2000 and first results were published on December 19, 2003 (Q1 2000 – Q1 2003). The survey covers all non-routine, non-work overnight trips, both domestic and international.

The survey is a random stratified sample, where each quarter private households are randomly selected from District Electoral Divisions on the Electoral Register. At design, the sample size of 12,000 households represented roughly 1% of the estimated 1.2 million private households in the state. The period 2000 – 2005 witnessed an exceptional growth in the number of private households, with the QNHS estimating the private household population for Q4 2005 at 1.48 million. Because of the rapid growth in private households wedded to a steadily falling response rate, from 67% in 2000 to 53% in 2005, it was decided in Q4 2005 to boost the sample to 13,000 households per quarter. On receipt, the forms are scanned and then a small number of micro and macro edits and imputation (e.g. business expenditure) are completed.

Survey results are grossed to population by using a two stage weighting process. In stage 1, the survey results are weighted to household population estimates classified by household type (i.e. number of persons aged 18 or more) and region (at NUTS 3 or planning region level). These household population estimates are sourced from the Quarterly National Household

² See CSO, Household Travel Survey – Background Notes for full list of exclusions.

Survey (QNHS)³. The Electoral Register can't be used as a grossing frame, as it is a relatively static register and does not adequately capture the growth or distribution of the population on a quarterly basis.

Data are collected via postal survey. The questionnaire has 3 sections. Part A, establishes Household Composition, i.e. the number of persons in the household, their ages and their gender. Relationships between members of the household are not established. These data are required whether any trips were taken by members of the household or not. Part B determines if any overnight trips were taken. Finally Part C, relevant only to those households where overnight trips were taken. The following variables are requested:

1. Destination (main country if outbound or county if domestic)
2. Who went (number of persons and who they were)
3. When (month of departure)
4. Why (main purpose of journey)
5. Length of trip (the number of nights spent away from home)
6. Accommodation (main)
7. How the trip was booked
8. Transport used (main)
9. Total expenditure
10. Pre-payments made in advance.

For all variables, the survey asks respondents to provide details of the "main" event. So if multiple destinations are visited, or if multiple forms of accommodation or transport are used we attribute the full trip to a single destination, purpose, accommodation or transport type. When the HTS was first launched information on 2nd and 3rd destinations were also collected but these variables were discontinued. For the majority of trips, where second and

³ See Appendix 2 - Table A

third destinations were listed, they were the same as the first i.e. the level of destination coding was too aggregated to capture the secondary destinations in any useful way (e.g. Spain was the first and second destination). It should be noted that all expenditure is attributed to the primary destination, and this expenditure is divided equally over all participants on the trip equally i.e. children, teenagers and adults all spend the same amount.

Since Q3 2006 a Part D has also been added, asking respondents to detail their total expenditure, for their last reported trip, into the following breakdowns:

1. Package
2. Other accommodation (not included in package)
3. Other transportation (not included in package)
4. Other excursions/tours (not included in package)
5. Other food (not included in package)
6. Shopping
7. Total expenditure.

Response rates for the HTS have never been particularly enviable, although for a postal survey they are still quite good. During 2000, some follow up studies of non-respondents were conducted to try and determine whether non-respondents had simply not responded or hadn't actually travelled and didn't feel the survey applied to them. These studies were inconclusive. Fortunately from the frontier tourism surveys we know the volume of outbound Irish tourism. Comparing these datasets, it was clear that the HTS under reports outbound traffic by roughly 15%. A clear seasonal pattern has been identified to this under reporting, which is always higher during Q4 and Q1. Consequently in stage 2, the international or outbound HTS results are calibrated with the outbound tourism frontier survey results. The same calibration factor is also

applied to domestic tourism results, on the assumption that the level of under – reporting is approximately the same for domestic and outbound travel.

6. The Domestic Market

During the period 2000 – 2005 some 39 million domestic trips involving an overnight stay away from home were taken and almost 139 million nights were spent away from home. The number of domestic trips grew from just over 5.4 million in 2000 to almost 7.2 million in 2005, yielding an average growth rate of 5.9% per annum.

With a steady fall in the Average Length of Stay over the six years, nights spent resulted in a less robust but none the less impressive average growth rate of 3.6% or almost 4 million nights per annum, rising from 20.7 million in 2000 to almost 24.7 million in 2006.

Of the 39 million domestic trips taken during 2000 – 2005, almost 18 million of these, or roughly 45% of all trips were considered to be holidays by the participants. A further 13 million or 34% were spent visiting friends and relatives (VFR). Consequently almost 31 million trips (or 79% of all trips) and over 114 million (or 82% of all nights) were taken for recreational purposes. Much of the “other” category may well have been for recreational purposes also but we cannot say for certain, it is also likely to comprise of health and educational tourism also.



Table 1: Domestic trips by Reason for Journey, 2000 - 2005

As noted in the introduction, tourism had to contend with a number of shocks in recent years, but most notably the September 11 atrocities and the outbreak of Foot and Mouth disease during 2001. In fact in 2003, Enterprise Ireland, the state agency mandated with developing Irish industry, noted the significant effect these events had on tourism in their economic outlook (Enterprise Ireland, 2003). In the case of Foot and Mouth disease, it is arguable that it had a more significant effect on tourism than it did on agriculture (Deegan et al, 2006). What is interesting however is the performance of the domestic tourism market compared with that of the inbound market.

Not only has domestic tourism outperformed the inbound performance by a factor of 3 (i.e. 31% growth versus 11% growth) during the period in question but during 2001, the blackest year for tourism, when foreign tourists stayed at home and inbound tourism faltered, the domestic market kept the tourism industry afloat. In fact not only did domestic tourism hold ground but grew by a staggering 15% on the previous year. Of course comparing trips is simplistic and overstates the performance of the domestic market in real terms (i.e. expenditure), as these are very different markets with significantly different average length of stays; 3.5 nights for domestic tourism as against 7.3 nights for inbound. Nevertheless, the basic point holds true, domestic tourism is less exposed to external shocks.

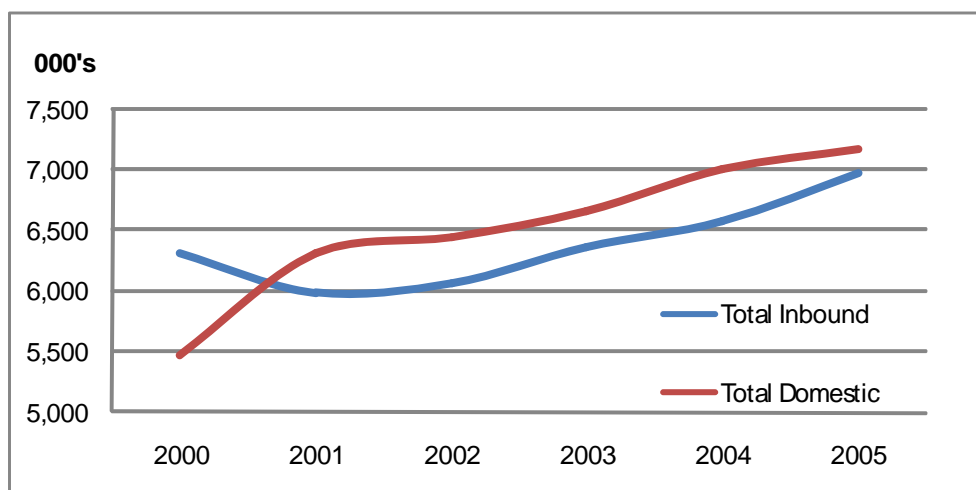


Figure 1: Domestic and Inbound Trips, 2000 - 2005

7. Domestic Tourist Expenditure

Between 2000 and 2005, €5.6 billion was spent by domestic tourists in Ireland. In that time, annual tourist expenditure saw a dramatic increase, rising from €707 million in 2000 to €1,165 million in 2005 – an average annual growth rate of 10.5%. Not surprisingly, recreational tourism (Holidays + VFR) accounted for the lions share of this. But despite generating 82% of total bed-nights, the €4.1 billion spent on recreational tourism only accounted for 72% of total domestic tourist spend.

The increase from €707 million in 2000 to €1,165 million in 2005 is of course in current prices. The results are somewhat less impressive when expressed at constant prices. Two possible options for the deflation of domestic tourism expenditure are set out in Table 2. Using the Consumer Price Index excluding mortgage interest repayments (CPI-M) as a crude deflator of the prices faced by Irish residents purchasing tourism products in Ireland, the €1,165 is reduced to €982 million, a reduction of €183 million or roughly 16%. This gives an estimated real increase in tourism expenditure of 39% rather than the nominal

65%. If average per diem expenditure is compared at current and constant prices, the nominal increase of 39% falls to 17%.

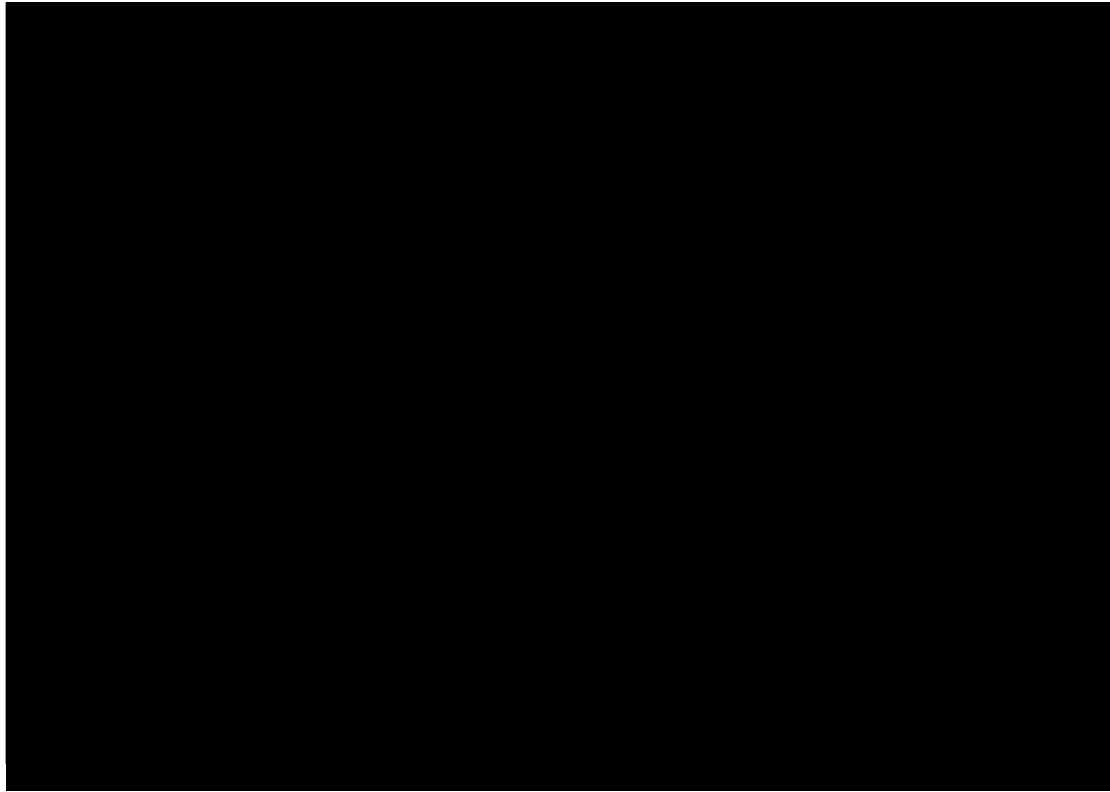


Table 2: Estimated Total Expenditure at Current and Constant Prices, 2000 - 2005

This of course might understate the impact of inflation on the domestic tourism product itself. Tourism is a very diverse activity and its tentacles effect just about every aspect of the Services economy. Consequently it is very difficult to know which services to include within the tourist industry and which ones to exclude. Over the course of a typical domestic trip, a typical tourist will purchase a wide range of goods and services, some of which would normally be thought of as tourist products (e.g. accommodation services) and some, which might not typically be thought of as tourism products (e.g. purchasing motor fuel).

Over the six years 2000 – 2005, the prices for what we might call the Tourist Index or CPI-T (i.e. prices of tourist products as measured in the CPI) rose by almost 30%. This index represents a typical “core” basket of tourism products i.e. the index is comprised of goods and services that might typically be thought of as within the tourism sphere.⁴ This excludes items such as retail shopping, transport, motor fuels, books & newspapers and photographic services, and hair and beauty treatment which all might ordinarily play an important role in a domestic trip but are outside the control of the tourism industry. One could quibble over the exact composition of the basket but the CPI-T includes the main tourist goods and services purchased by a wide range of domestic tourists while on a trip. If this index were used as the deflator, then €1,165 would be reduced further to €897 million, yielding an overall real growth rate of 27% or an annual average of only 4.9%.

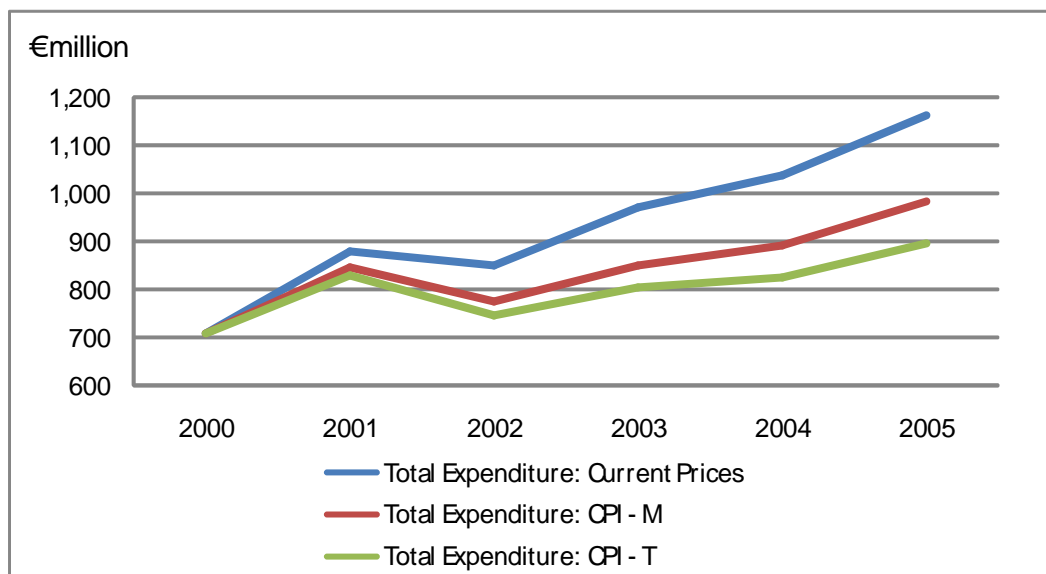


Figure 2: Growth in Expenditure at Current and Constant Prices, 2000 - 2005

Depending on how expenditure growth is measured, the results will be quite different. The differences between CPI-M and CPI-T highlight the importance of

⁴ Eating out, drinking out and accommodation services.

choosing an appropriate deflator and stating in any analysis which deflator was used and how it has been constructed.

Using either CPI-M or CPI-T as the deflator, a 39% or 27% growth in expenditure over six years is still impressive. Compared with the Retail Sales (RSI) volume index (which measures an obvious alternative to tourism expenditure) which grew by just under 11% (CSO, 2005) in the same period, it puts the domestic tourism industry performance into perspective.

8. Real and Nominal growth

So how have Irish residents managed to take so many more additional trips every year? Even allowing for the steady decline in the Average Length of Stay, a growth of 31% in the number of trips taken is impressive. Apart from decisions regarding domestic versus outbound trips, such as cheaper air fares or a strengthening Euro can be discounted as minor or non-influencing factors when considering domestic tourism. However any real change in income or wealth could be expected to be a significant determinant however. After all, holidays cost money! Certainly, in the short period under discussion, 2000 – 2005, the Irish economy grew at a robust rate, with Gross National Income (GNI) averaging 4.3% at constant market prices (CSO, 2005a: Table 4.1). Aggregate income also increased substantially, with remuneration of employees between 2000 and 2005 increasing by 9.5% on an annual basis (CSO, 2005a: Table 1.1). The 2004-2005 Household Budget Survey (HBS) shows that disposable income grew by almost 53% between 1999/2000 and 2004/2005 (CSO, 2007: Table B).

Combined with a growing population and a swelling, active labour force, Personal Consumption Expenditure (PCE) on goods and services grew by an

average of 4.5% at constant market prices (CSO, 2005a: Table 6.1). It is not unreasonable to assume therefore, nor would it be surprising that this led to increased spending on tourism, whether it be domestic or outbound. This is certainly backed up by the HBS, where expenditure on holidays increased by 46% between 1999/2000 and 2004/2005 (CSO, 2007: 7).

But could there be other determinants? During the 2000 – 2005 period, employment witnessed rapid growth, from 1,671.4 million persons employed in the second quarter of 2000 to 1,929.2 million in Q2 2005 – a growth of over 15%. Presumably the growth in paid employment made a contribution to the growth in domestic tourism, both business and non-business (i.e. recreational). But it was just that, a contribution, as the growth in domestic tourism considerably exceeded that of employment.

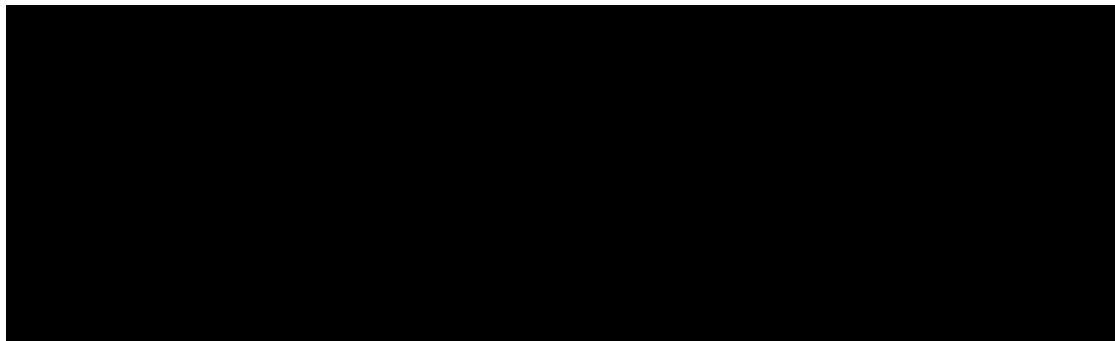


Table 3: Number of Trips per Head of Population and Persons Employed

Even when the growth in employment is taken into consideration, the number of trips per person employed still increased from 2.6 in 2000 to 3 in 2005 (see Table 3). If the number of trips taken by those 15 or more (comparable to ILO⁵ age cut-off) is adjusted to take account of the growth in employment, the growth in trips falls from 32% over the six-year period to a more modest 14%. It

⁵ International Labour Office (ILO). The ILO classifies the population aged 15 or more into employed, unemployed and inactive.

should be noted of course that, most likely, not all persons taking trips were employed.

Another approach in trying to assess the real growth in the number of trips taken might be to examine the growth in the total population. During the 2000 - 2005 period the estimated population for the Republic grew from 3.790 million to 4.131 million persons, a growth of over 341,000 persons or 9%. Net migration was almost 215,000 persons, accounting for almost two thirds of this growth.

The growth in domestic tourism outstripped the 9% growth in population more than three fold. Even when the growth in population is taken into account, the number of trips taken per head of population still grew from 1.4 in 2000 to 1.7 in 2005. Again if the number of trips taken is deflated by the growth in the population as a whole, the nominal 31% growth experienced for all domestic trips falls to the a more modest, but nonetheless impressive 20%.

9. Putting Domestic Tourism in Context

Tourism is unlike most other economic activities; the composition and diversity of the sector is one that defies normal economic activity classification and nomenclature. In fact it might be better thought of as a collection of economic activities rather a single one. This collection is very diverse, ranging from restaurants and hotels on one end of the spectrum to car hire and photo development on the other. Consequently this makes for an industry that is not easily measured, analysed or understood.

In the view of Travers et al, tourism is "the largest internationally traded services sector in Ireland. It embraces a wide range of diverse small and medium sized enterprises that are predominantly Irish Owned" (Travers et al, 2005).

Unfortunately quantifying the actual value of total tourism, let alone domestic tourism is a very difficult challenge to address. Honohan and Walsh suggest that total tourism and travel receipts come to little more than 4% of GNP (Honohan and Walsh, 2002). However, Deegan et al (2006: 14) suggests that results from their Tourism Satellite Account (TSA) gives a total tourism spend as a percentage of GNP closer to 7%.

According to published data, over the past 6 years domestic tourism has accounted for roughly 19% of all overnight National tourism expenditure (i.e. Tourist expenditure made by Irish residents). Of course this understates the weight of the domestic tourism market significantly, as the HTS doesn't capture Same-Day Visits (SDV), which obviously for an island nation like Ireland play a much larger role in domestic tourism than they do for outbound tourism. Nor does the HTS distinguish between the portion of total outbound expenditure spent in Ireland, either as part of a pre-payment made in Ireland (e.g. commissions paid to travel agents, foreign airlines or rental agencies etc.), payments to Irish carriers or as overnights spent en-route or returning from airports (e.g. purchasing meals, petrol, accommodation, parking etc.).

There are no data on same day domestic tourism in Ireland, or on the domestic portion of total outbound spend although it has been estimated, as part of the First Steps Tourism Satellite Account (TSA) project that Same-Day tourism could account for as much as 28% (Deegan et al, 2004) of total tourism demand in Ireland. Given the greater importance of SDVs for domestic than for outbound tourism, including their expenditure and the portion of outbound spend actually made in Ireland would have a dramatic re-balancing impact on the relative importance of the two markets.

A satellite account permits the understanding of the size and role of sectors that are poorly defined within the conventional national accounting framework. The

tourism industry is just such a sector. It is more accurately a collection of heterogeneous activities that defy conventional classification rather than a single unified industry. A Tourism Satellite Account⁶ or TSA is an account through which the goods and services associated with tourism can be measured and assessed in line with internationally accepted standards of concepts, classifications and definitions. Thus a TSA facilitates both inter and intra-national comparison of tourism sectors.

In the First-Steps TSA compiled for Ireland for 2000, estimates for SDV and domestic portion of outbound expenditure were produced, as were pre-payments. This involved a number of steps:

1. Using SDV data from the UK, Deegan et al, estimated that the ratio of Same-Day trips or Day-Tripper to Overnight tourist trips was 14:1, yielding 76.7 million SDVs for 2000⁷. This gave a Same Day Penetration Rate (the number of SDVs per head of population) of 20⁸ for Ireland, compared with 23 for Great Britain. The HTS does not provide expenditure category breakdowns, so SDV per diems were then calculated. This was done using Household Budget Survey (HBS) domestic tourism expenditure data to net out accommodation expenditure⁹. Then Failte Ireland/IMS inbound tourist data was used to distribute the remaining expenditure into spending shares (i.e. Food & Drink, Sightseeing/Entertainment, Transport, Shopping and Miscellaneous). This gave an "Irish Day Tripper" per diem spend of €23.21 and a total spend of €1,779.92m.
2. A simple pro-rata adjustment was made for the domestic portion of outbound trips. CSO estimated, using HTS "secondary destination" data,

⁶ For more information on TSAs see UN-WTO/OECD/EU Tourism Satellite Account – Recommended Methodological Framework, 2001.

⁷ 5,478,000 trips * 14 = 76,692,000 SDVs

⁸ 76,692,000 / 3,786,900 = 20

⁹ €172.4m on holidays lasting 4+ nights of which €55m was on accommodation

that in 2000, 84,000 nights were spent by Irish residents en-route to or returning from overseas destinations¹⁰. As there were 35,544,000 overnights outside of Ireland, with a total expenditure of €2,804m during 2000, €6.36m¹¹ was transferred from outbound to domestic expenditure.

3. In addition to commission on the €6.36m above (0.53m), commission on travel agency/tour operator services in respect of outbound tourism was estimated at €153m
4. Finally, residents travelling abroad paid Irish international carriers €495m.

The adjustments outlined above can be summarised as follows:

Same Day Visits	€	1,780
Domestic Portion of Outbound	€	7
Commission Paid	€	153
Fares to Irish Carriers	€	<u>495</u>
Total Adjustments (millions)	€	2,435

Adding these adjustments to the €707m generated from overnight domestic tourism, total domestic expenditure grows to €3.1bn.

Overnight Trips	€	707
Total Adjustments	€	<u>2,435</u>
Total Domestic (millions)	€	3,143

¹⁰ CSO estimated this understated the real figure, as this figure was calculated from the secondary destination questions in the HTS which were rarely completed. It is likely there was a significant level of partial non-response in relation to these questions.

¹¹ €2,804 less €112m cross border = €2,692m x (84,000/35,544,000 = 0.00236) = €6.36m

Holding the ratio between overnight domestic expenditure and total domestic expenditure i.e. between €707m and €3,143m constant and extrapolating forward over the years 2001 through 2005, it could possibly mean that aggregate domestic tourism, from 2000 to 2005 generated €24.9 billion rather than €5.6 billion (see Table 4).

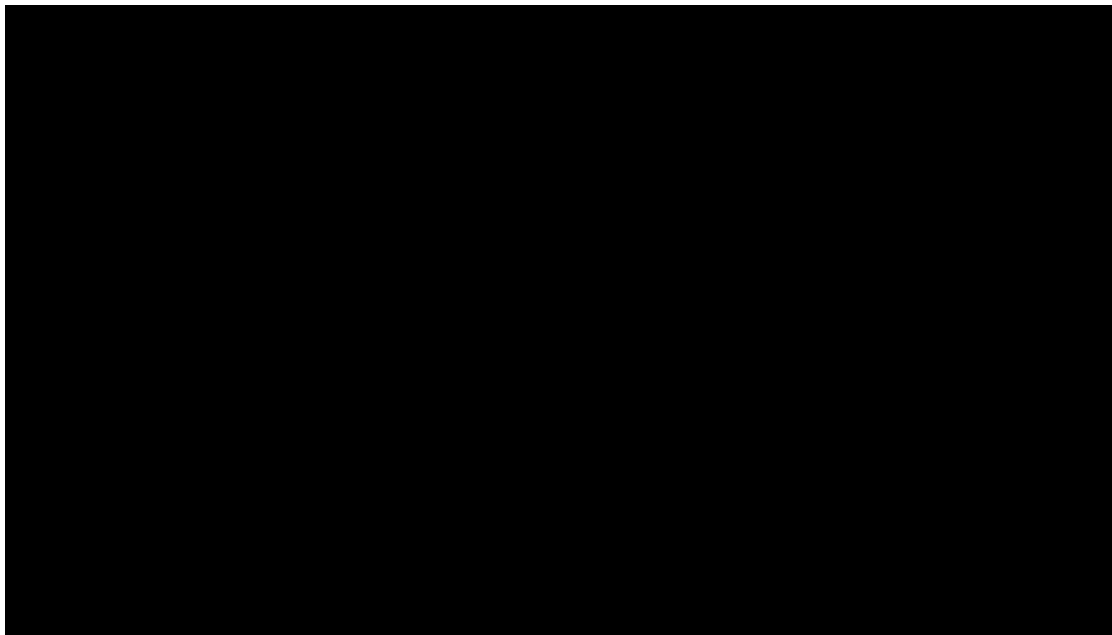


Table 4: Domestic, Outbound and National Tourism Expenditure, 2000 - 2005

This re-balancing would not only increase the value of total domestic expenditure from €5.6 billion to €24.9 billion, it would also decrease the total value of total outbound expenditure (or invisible imports) from €24.1 billion to €18.9 billion. This would have the rather dramatic effect of making total domestic tourist expenditure worth more than total outbound expenditure. It would also re-value total national tourism at €43.8 billion in total over the 2000 – 2005 period (i.e. add €14.1 billion over six years).

In terms of internal tourism (i.e. domestic + inbound), domestic tourism also plays an important role. Again, it is not exactly clear how important that role is, due to the lack of SDVs data for domestic tourism and comprehensive data on the impact of outbound expenditure made within Ireland. But the scenario is similar to that for national tourism, in that SDVs have a larger impact on domestic tourism than on inbound tourism.

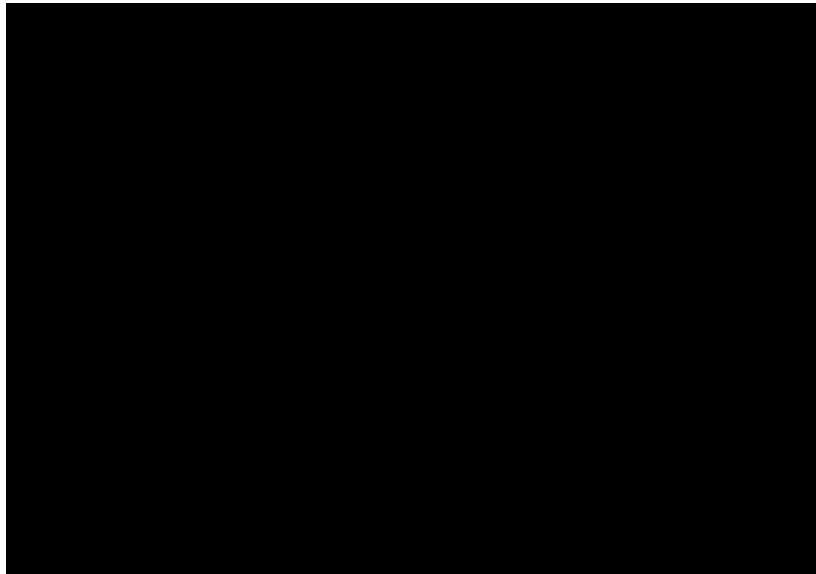


Table 5: Domestic, Inbound and Internal Tourism Expenditure, 2000 - 2005

We know from the CSO frontier surveys (CSO, 2005c) that Same-Day Visit expenditure generally accounts for less than 3% of total inbound expenditure. Using the calculations from Table 4 we can expect domestic SDVs to have a rather more important contribution on domestic tourism.

The effect of including SDV expenditure and re-apportioning some of the outbound expenditure to domestic tourism increases the value of internal tourism from an estimated €29.6 billion to €48.9 billion. It also repositions domestic tourism, in that domestic and inbound tourism become more equal, with total domestic expenditure accounting for €24.9 billion and total inbound tourism €23.6 billion. In other words, domestic tourism generates as much

income, if not more, than inbound tourism. Little is known about the spending habits of either domestic or inbound tourists, beyond their total expenditure, but it is possible that in terms of value added, domestic tourism expenditure contributes more as proportionately less of that expenditure may be diverted to imported goods.

The real purpose of this exercise is not to accurately estimate the actual value of national or internal tourism but to highlight, in broad terms, the difference in CSO survey expenditure and the Tourism Satellite Account estimate. The difference highlights important data gaps.

10. Assessing Performance

If the value of the domestic market is not clear, then how can the performance of the domestic tourism market be assessed? One way might be to make a quick comparison with the domestic markets' direct competitor – outbound tourism. In some sense outbound tourism could be thought of as the opportunity or potential lost to the domestic market, although in many cases, such as visiting relatives or attending business meetings abroad, these markets are not interchangeable or substitutable. That said, it is interesting to compare the two markets at the aggregate level.

In 2000, the Domestic market accounted for 59% of National Tourism (i.e. all trips taken by Irish residents involving an overnight stay) with outbound trips only accounting for 41%. However between 2000 and 2005, outbound trips grew at a staggering 64% compared with a more modest 31% for Domestic trips. The result was that by 2005, Domestic trips only accounted for 54% of all trips taken by Irish residents, a loss of almost 6% in market share in as many years.

The same pattern can be seen for nights spent. The growth of outbound nights outstripped Domestic nights by a ratio of more than two to one, 45% compared with 19%. The upshot was a fall in the Domestic market share of 37% to 32% during the period 2000 - 2005.

Interestingly, despite a significant loss in market share for both trips and nights, the domestic market did not lose any share of total expenditure, on the contrary in fact, despite the loss of trips' and nights' share to outbound trips, the domestic share of expenditure increased from 18% to 19%. Worryingly, this might be due to relatively high price levels in Ireland. Comparative Price Levels for Household Final Consumption Expenditure from the Purchasing Power Parity (PPP) surveys conducted by CSO on behalf of the European Commission show a marked deterioration in Ireland's relative price competitiveness, going from 111.6 in 2000 to 123.4 in 2005, benchmarked against an EU-25 average of 100 (Eurostat, 2006) i.e. in 2000, overall price levels were estimated to be 11.6% higher than the EU-25 average. By 2005 this differential had widened to 23.4%.

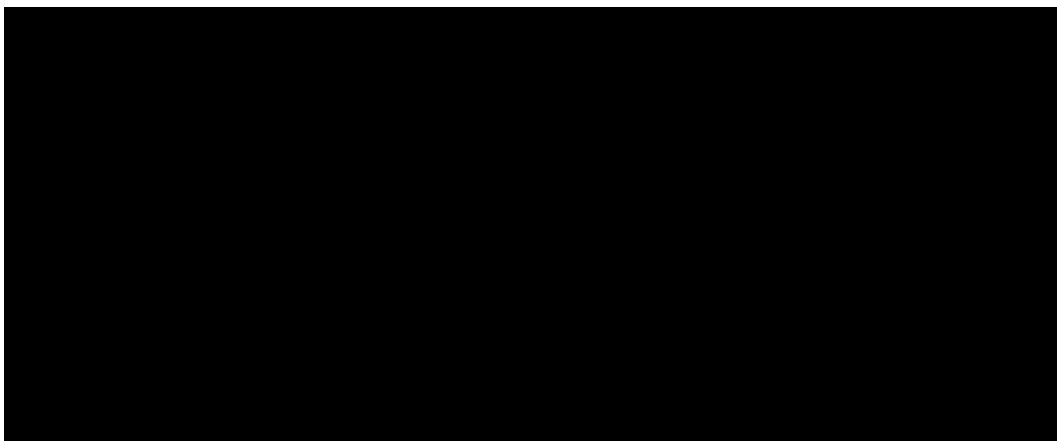


Table 6: Household Final Consumption Expenditure –
Comparative Price Level Indices (EU25 = 100)

If this is contrasted with some of the main travel destinations typically visited by Irish residents, the message is clear. For example, the UK went from 117.3 in 2000 to 104.9 in 2005. Despite some improvement since 2002, overall, Ireland has had the highest relative increase in price levels vis-à-vis the EU average. In a recent survey commissioned by Failte Ireland on domestic tourism, 70% of tourists surveyed identified “costs and prices” as an issue for future domestic holidays (Failte Ireland, 2007a: 7).

In terms of benchmarking domestic tourism in Ireland, outbound travel to Northern Ireland is probably one of the more interesting comparisons that can be made as we share a border on the same island. Over the six years, trips to Northern Ireland grew by 44% but in terms of nights spent, the growth was less than 5%. Trips to Northern Ireland also witnessed a surprising decline in average length of stay, falling from 3.9 nights in 2000 to 2.9 nights in 2005. On balance, it would appear that domestic travel has outperformed outbound trips to Northern Ireland.

It would be all too easy to attribute the loss of domestic market share to the outbound market to the impact of low cost airlines and the favourable relative cost of different markets. No doubt price, and presumably weather, are influencing factors on Irish residents when they make their decisions on where to holiday, particularly within the Euro zone where prices are easily compared. But perhaps there are other factors at work?

Approximately 9% (CSO, 2006b) of Irish residents are now non-nationals, immigrants from all over the world but in particular from the UK and Eastern Europe. Their decisions on where to holiday are probably not made exclusively on price (or weather) but on where their family and relatives are located.

Part of the explanation for the decline in domestic market share may lie in the fact that during the years 2000 – 2005 the Irish resident has changed dramatically. A decade ago, the concepts of “Irish resident” and “Irish national” were virtually interchangeable, but by the turn of the Century this was clearly no longer the case. Between the years 2000 – 2005 over 349,000 (CSO, 2005b) immigrants crossed to our shores, 80% of whom were aged between 15 and 44 and net migration was almost 215,000 persons and accounting for almost two thirds of the population growth during that time. No longer can Irish residents be necessarily thought of as Irish nationals.

Unfortunately, the Household Travel Survey doesn't compile any data on nationality so the impacts of immigration on tourism are somewhat speculative. But given that 9% of the population are now non-national compared with only 5.8% in 2002 (CSO, 2006b), it is reasonable to assume that such a dramatic structural change in the population must be having some impact on travel patterns. It is not unreasonable to assume that recent immigrants to Ireland, now resident, will use their holidays to return home to their native countries to visit friends and family in the same way that Irish emigrants have done for so long. Certainly this hypothesis is not inconsistent with the growth in outbound trips by Irish residents to countries like Poland etc. Whether these trips are being taken by resident nationals or resident non-nationals is not clear however.

For the Internal tourism market, this might not be as important perhaps as it might seem at first glance, as the change in population is creating a trade-off. It is hard to be certain but arguably, the presence of non-nationals in Ireland has more than compensated for the decline in the domestic share of national tourism by attracting their friends and relatives to Ireland. Between 2000 and 2005 inbound VFR has increased by 36%, compared with a 2% growth in

holidays and a decline of 10% in business trips. Visitors from Other Europe have also shown the highest growth at 32%.

11. Weighing up Costs and Benefits

Traditionally, when we evaluate tourism, we tend only to examine conventional “gross” economic aggregates, without really netting out the costs. The TSA made a significant contribution in this regard, by focusing on tourism consumption rather than simple expenditure, allowing for example, real account to be taken of tourism spending on imported goods. But even these improved analyses still have a short run focus. Any longer term view should presumably consider the effects of tourism consumption on the natural environment. For example, what are the impacts of tourism consumption on overcrowding, noise pollution, road accidents, policing, security, sanitation or even retail and property inflation in popular tourist locations?

Certainly any such analysis will not be easy. However Jones and Munday (2007) have recently done some interesting work on Welsh tourism that makes for interesting reading in Ireland, particularly if as suggested by the “First Steps” TSA, that day trips are of crucial importance. Constructing a “partial” Environmental Satellite Account (ESA) for Wales and combining this with the Welsh TSA and “TSA refined” Welsh Input-Output (I-O) table, allowed Jones and Munday to explore selected environmental consequences of different types of tourism demand. The direct, indirect and induced effects of tourism consumption were considered so that tourist dependent greenhouse gas emissions and waste could be estimated.

The Welsh results only include the portion of environmental impact arising from economic demand in Wales i.e. the emissions and waste occurring while tourists are in Wales. Consequently impacts of getting to and from Wales are

excluded i.e. air related carbon emissions are not included and in many cases rail travel to the UK is also excluded unless the ticket was purchased in Wales. The authors also note that errors associated with car travel also arise due to fuel tourism.

One of the more interesting findings is the relatively high emissions and waste associated with day visitor consumption. "Tonnes of CO_2 per £1m VA" for day visitors was almost twice as high as that for overseas visitors. This is partly due to the fact that emissions for inbound tourists were in many cases not included. However Jones and Munday also note that it also reflects the fact that inbound tourists typically spend less on fuel than domestic tourists and tend to concentrate their visits around cities and use public transport. In contrast day visitors typically use their cars and purchase less valued added services.

Given the apparent importance of same day visits for Irish tourism, these findings may have significant importance for tourism planning in Ireland. While there are no data on Same Day trips in Ireland at the moment, a good deal is known about overnight trips. During the 2000 – 2005 period 85% of domestic trips involving an overnight used a car as the main mode of transport. It is likely that a broadly similar pattern holds for the 100,000¹² same day visits made every year.

¹² Taking the 7,173 overnight domestic trips in 2005 and applying the 14:1 ratio used the compile the TSA, gives 100,422 same day visits.

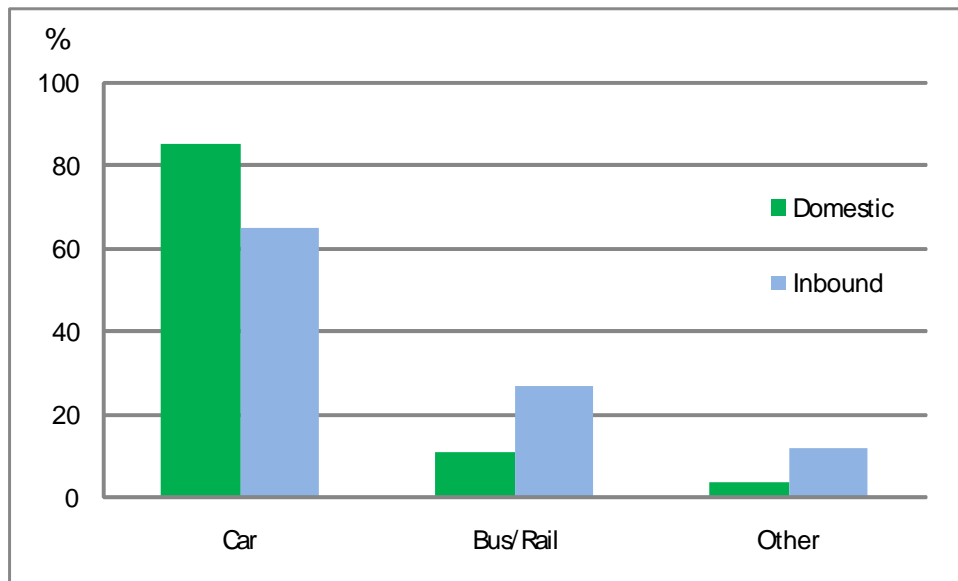


Figure 3: Domestic and Inbounds Trips – Main mode of Transport, 2000 - 2005

The proportion of car usage for inbound tourists is lower than that used for domestic tourism (Failte Ireland, 2007b) but is nonetheless quite high at 65%, probably reflecting the relatively poor public transportation system in Ireland. Car usage for inbound tourists includes private car, hire car and taxis. The “other” category includes air transportation, but this mode accounts for a very small proportion of the total.

12. The Accommodation Market

The 6 year period 2000 – 2005 saw some startling structural changes within the tourism industry, but none more so than within the accommodation sector. One of the most noticeable changes has been the decline of the Guesthouse/B&B sector. It should be noted that the accommodation sector in Ireland is largely unregulated and consequently it is not always easy to track events accurately. For example, there are broadly 3,000 registered B&B’s in Ireland and somewhere between 5,000 and 6,000 unregistered B&B’s (Town

and Country Homes Association, 2008). The supply side trends outlined in this paper refer to the registered or “approved” sector only.

In 2000 Guesthouses and B&Bs accounted for 11% of all domestic nights (roughly 2.3 million nights) whereas by 2005 this sector only accounted for 7% (or 1.8 million nights) of market share. This dramatic fall in relative market share was the combination of growth in other sectors and an incredible fall of half a million bed nights within the sector itself. This trend has been mirrored by a significant decline on the supply side, with the number of registered Guesthouses/ B&Bs and bed spaces available falling by 22% and 16% respectively. Interestingly though, certain specialist sectors have survived or even expanded. For example, the number of health farms and residential activity B&Bs have increased both in terms of premises and beds available. Equally, within the Guesthouse market, the 3 and 4 star grades have increased in numbers while the 1 and 2 star grades have suffered a decline.

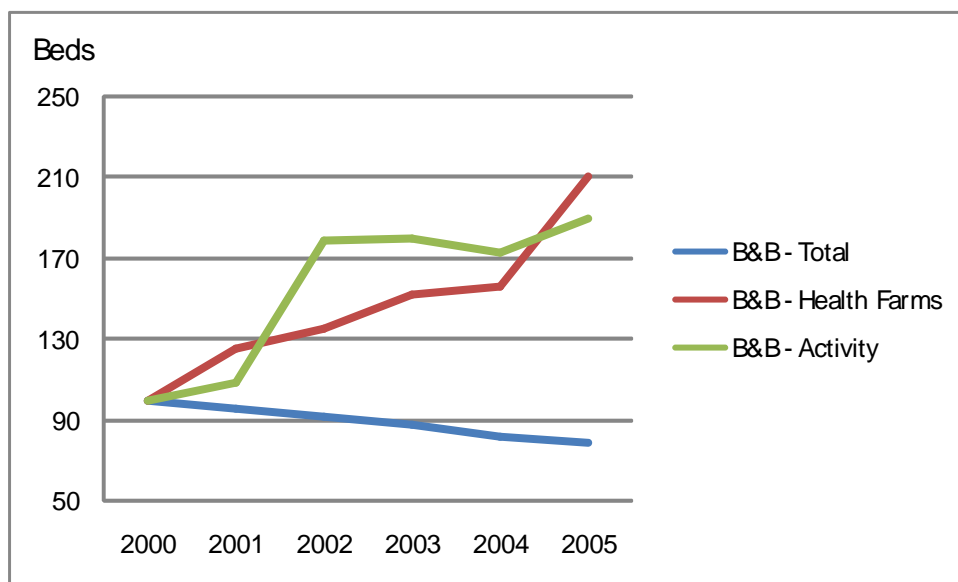


Figure 4: Supply Index of Beds for B&B Sector (Base: Year 2000 = 100)

The Caravan & Camping market also suffered a decline over the period. Similar to the Guesthouse and B&B market, Caravan & Camping suffered an absolute and relative decline. In terms of market share, Caravan & Camping lost about 2% of market share, falling from almost 9% in 2000 to 7% in 2005.

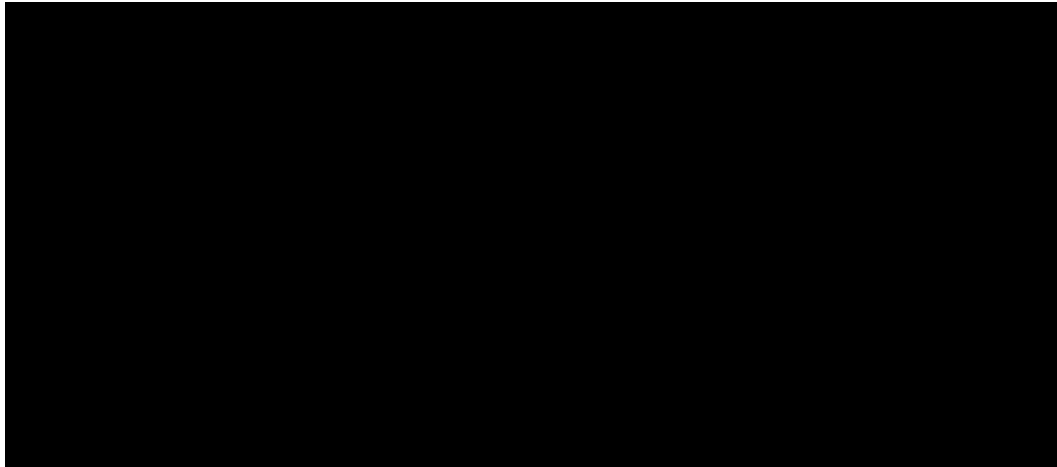


Table 7: Domestic Nights by Type of Accommodation, 2000 – 2005

Of course these declines have been balanced by growth elsewhere, most notably within the Hotel and the Owned Holiday Home sectors. In 2000 Hotels catered for roughly 4.7 million domestic bed nights, whereas in 2005 this had grown to 6.4 million nights, a growth of 36%. This growth saw the Hotel share of the accommodation market grow from 23% to 26%. Again this trend was mirrored on the supply side. Although the number of actual hotels only increased by 1%, the available rooms and beds increased by 20% and 22% respectively. What is also striking about the Hotel sector, has been the apparent increase in quality of hotels i.e. the number of hotels being awarded additional stars. The number of 1 and 2 star hotels have declined in real and absolute terms and by 2005 only accounted for 27% of all Hotels. In contrast, the growth in 4 star hotels is significant, with 26 additional 4 star hotels being registered between 2001 and 2005, a growth rate of 41%.

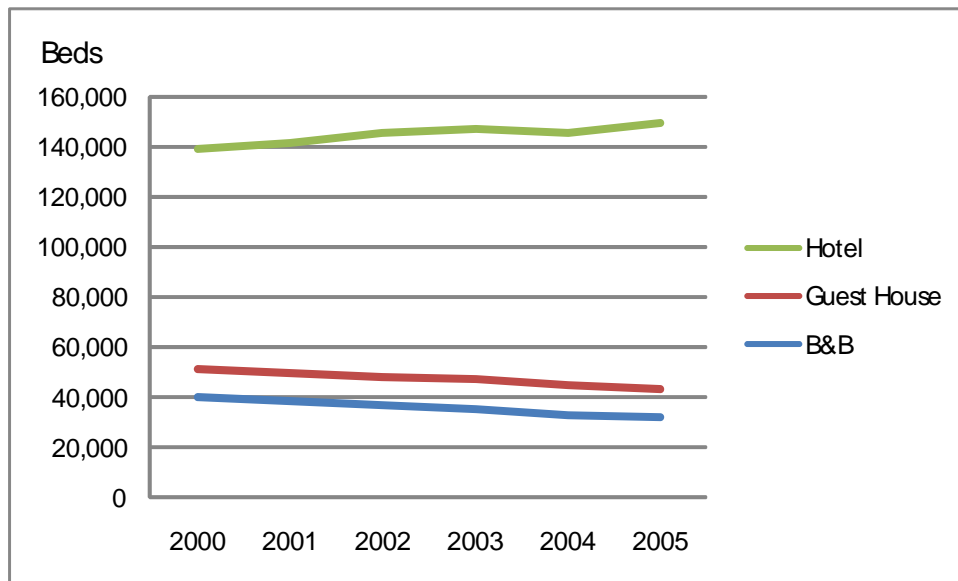


Figure 5: Supply of Beds for Selected Collective Accommodation, 2000 - 2005

Owned Holiday Homes also enjoyed boom times, witnessing a staggering 100% growth in just 5 years and snatching a larger slice of the market share, going from 5% in 2000 to almost 9% in 2005. The Owned Holiday Home sector was also only one of two accommodation categories that enjoyed an increase in the average length of stay when comparing 2000 and 2005.

Although Staying with Friends and Relatives experienced a slight decline in share, it remained the most popular choice of accommodation for domestic trips, accounting for 31% of all bed nights over the 2000 – 2005 period.

13. Age Profile of Domestic tourists

For the purposes of this paper domestic tourists have been grouped into 4 age or life cycle categories: 0-19 which roughly corresponds to those in full-time education and still dependent on parents; 20-29 further education or early career; 30-59 established career/life choice and 60+ retired. One could

quibble over the actual band thresholds but they suffice for the purposes at hand.

The age cohort 30-59 or those that could be considered most likely to be in an established career or life choice, account for the biggest share of domestic trips. This group took over 20 million trips and accounted for 52% of all the domestic trips taken during the 2000 – 2005 period. The 0-19 group, with almost 10 million trips, were the next biggest travelling group. Obviously there is some overlap between these two groups, particularly for the 0-14 sub-group, who in the majority of cases probably accompanied their parents, who are most likely in the 30-59 group. The 0-14 group accounted for over 8 million of the 10 million trips taken by the 0-19 group. While the 60+ group only accounted for about 12% of domestic trips and 14% of nights spent, this group saw the biggest growth over the period, going from almost 0.7 million trips in 2000 to 1 million in 2005, a growth of 49%. This group also accounted for a 41% growth in nights, double the growth of any other age group.

The close relationship between the 0-19 and the 30-59 age cohorts can clearly be seen if the data are grouped by quarter. Both groups move closely together, and are much more seasonal in their behaviour than the 20-29 and 60+ age cohorts. Presumably this reflects the high level of dependence between the 0-19 and 30-59 age cohorts and the high degree of correlation their travel preferences and school holidays.

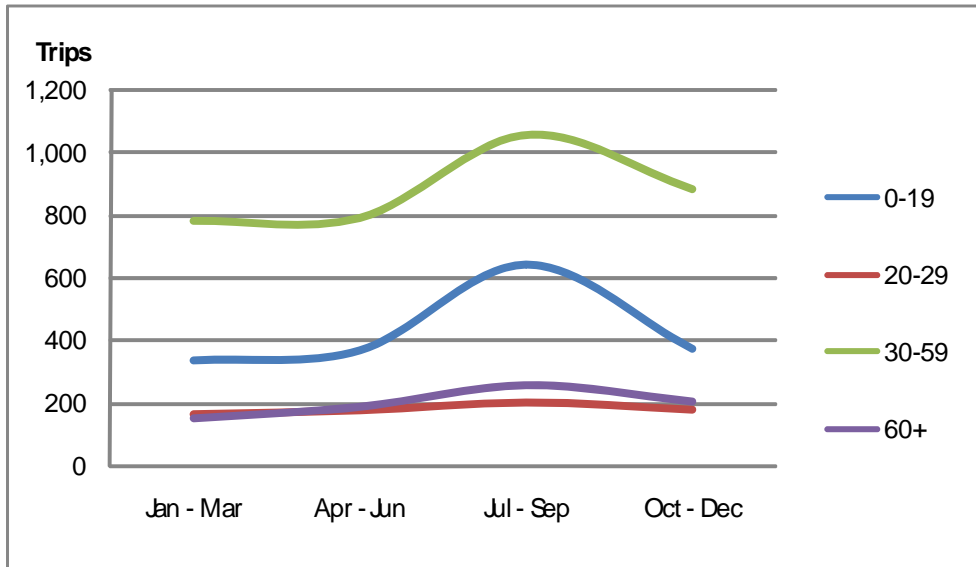


Figure 6: Seasonal Pattern of Domestic Trips by Age Cohort

The relatively high volume trips taken by the 0-19 and the 30-59 age cohorts no doubt reflect convenience and cost factors. In many cases, it is easier to stay at home with children than travel abroad. Also the 20-29 cohort are the group most likely to partake in winter sports such as skiing (which for Irish residents is a relatively expensive holiday).

14. Most Common and Average Length of Stay

Over the period 2000 – 2005, the average length of stay for domestic trips has been falling, from an average of 3.8 nights in 2000 to an average of 3.4 nights in 2005. This decline in length has not been consistent nor has it been across the board however. For example, trips to Owned Holiday Homes have not suffered any decline at all and trips using Self Catering accommodation have suffered virtually no decline either. On the other hand, Hotels and Guesthouses/B&Bs have suffered the greatest decline in average length of stay.

Examining trips by purpose, the decline in average length of stay has been more consistent across most trip types, although business trips have suffered the biggest reduction, falling from 3 nights in 2000 to 2.6 nights in 2005.

In contrast, the most common length of stay (mode) has remained unchanged over the six years at 2 nights. Across all the accommodation sectors, the most common length of stay was also 2 nights, with the exception of Self Catering, where the most common length of stay remained at 7 nights. The most common length of stay for a holiday was 2 nights and for business trips was 1 night.

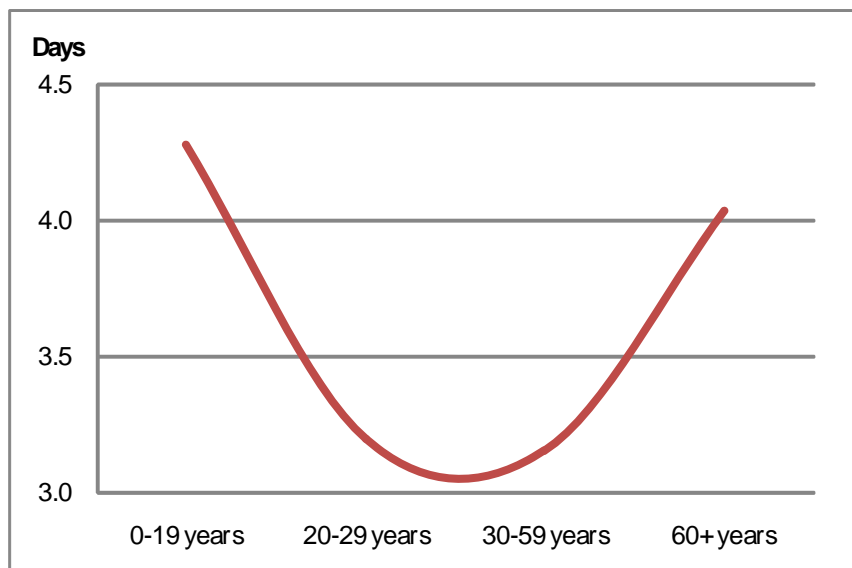


Figure 7: Average Length of Stay by Age Cohort

Over the 2000 – 2005 period, the average length of stay of a domestic trip was 3.6 nights. When broken down into the 4 age cohorts outlined above, one can see that the 0-19 and 60+ groups spent on average an extra day per trip than the 20-29 and 30-59 groups, typically spending over 4 days in comparison to 3.2 days.

15. Regional Patterns¹³

Throughout the 2000 – 2005 period, the relative share between the Southern and Eastern (SE) and Border, Midlands and Western (BMW) regions remained fairly stable. The SE region was clearly dominant, accounting for roughly 67% of all domestic trips and nights. This dominance was in no small measure attributable to the popularity of the South-West as holiday destination and Dublin as a business destination. Although the SE region took an even larger share of total expenditure, the BMW region secured a marked increase in expenditure share, going from 21% in 2000 to 24% in 2005, despite a less significant growth in trips and nights.

The South-West was the most visited region, with 8.5 million overnight trips between 2000 and 2005, attracting almost 1.5 million more trips than its nearest competitor, the West. Equally, more nights were spent in the South-West, with an impressive 34.7 million nights, compared to the next highest, again the West, with 25.3 million nights – a difference of 9.4 million nights. Interestingly, the South-West has consistently maintained the longest Average Length of Stay (ALS) and over the six year period has sustained an average ALS of 4.1 nights.

¹³ See Appendix 1 for more information on regions

	Region Visited	2000	% Share 2000	2005	% Share 2005	% Change 2000 - 2005
						'000
Trips	BMW	1,750	32.0	2,366	33.0	35.2
	SE	3,727	68.0	4,807	67.0	29.0
						'000
Nights	BMW	6,674	32.2	8,199	33.3	22.8
	SE	14,029	67.8	16,408	66.7	17.0
						€ Million
Total Expenditure	BMW	147.4	20.9	281.3	24.2	90.8
	SE	559.2	79.1	883.2	75.8	57.9
						€
Average Per Diem Expenditure	BMW	35.3		46.3		31.1
	SE	33.8		47.7		40.9

Table 8: Comparison of NUTS 2 Regions

In contrast, fewer nights were spent in the Midlands region than any other, attracting only 1.7 million trips and 4.3 million nights over the six-year period. The Midlands has also had the shortest ALS of all regions, averaging only 2.6 nights. However on a more positive note for the Midlands, the region has experienced the greatest level of growth in trips taken of all the regions, growing steadily from 209,000 trips in 2000 to 341,000 trips in 2005 – a growth rate of 63%. The growth in nights spent was a more modest 22% however. The next highest growth rate for trips was experienced in the Dublin region at 46%.

In terms of overall market share, the South-West accounted for 21.7% of all domestic overnight trips and 25% of all domestic nights, followed by the West at 17.9% (trips) and 18.2% (nights). The Dublin region had a share of 13.7% (trips) and 10.7% (nights).

When purpose of journey is taken into consideration, the regional spread takes on a somewhat different complexion. The Dublin region accounted for more business trips than any other region, 1.1 million trips or 28% of all domestic business trips taken during the 2000 – 2005 period. The magnetic pull of the Dublin region as the business centre of Ireland was evident across all regions, with the exception of the Greater Dublin Area itself. For example, 55% of all business trips taken by residents of the South-West region were to Dublin.

The South-West region came in a distant second with 0.7 million business trips or 18%. In fact Dublin accounted for nearly as many Business trips as the entire BMW region put together, 1.07 million and 1.13 million trips respectively. Interestingly, while there were significantly different growth rates across the individual regions, the growth in the number of business trips to the BMW and SE regions was remarkably similar at 41% and 39% respectively.

The South-West accounted for 27% of all holidays trips taken, with the West and South-East accounting for 21% and 20% respectively. In terms of nights spent, the South-West accounted for 30%, with the West and South-East accounting for 20% and 21% respectively. Residents of the South-West and West regions, favoured their own regions as their most popular holiday destination. For all other regions, the bulk of holidays were taken outside their own region. Typically the favoured region for holidays was a neighbouring one. For example, the South-East was the favoured holiday destination for Dublin and Mid-East residents while the West was favoured by those living in the Border region.

In terms of growth however, it was Dublin and the Midlands that led the way, both in terms of holiday trips and nights. Over the six year period, the Midlands experienced growth of 122% while Dublin grew by 117%. Growth in nights spent for these regions was also impressive with 58% for the Midlands

and 74% for Dublin. This saw the Dublin region increase its market share for holiday trips from just under 5% in 2000 to almost 8% in 2006, while the Midlands increased their share from 2% to 3% in the same period.

One of the advantages of examining aggregated data over a six year period is that we can mine down to County level. At NUTS 4 county level, Dublin, which is identical to the NUTS 3 region Dublin accounts for the greatest share of trips (5.3 million from 2000 to 2005) but Cork reaped the greatest number of nights with 17.6 million. Kerry came in a close second with 17 million nights and Galway third with 16 million nights. Wexford had the longest average length of stay with 4.4 nights, followed closely by Kerry and Clare, with 4.3 and 4.2 nights respectively. Offaly had the shortest average length of stay with only 2.4 nights.

16. Travelling with Children

Domestic Tourism is an umbrella term for a plethora of industries and market segments. One important tourism market is the sector catering for families and children (i.e. those under 18 years of age). For the purposes of this paper, the data have been classified into two groups; those travel groups comprising of adults only and those made up of adults and children together. It should be noted that owing to the HTS methodology the travel party only includes those resident in the household. Consequently, any accompanying friends or relatives are not included.

In 2000, the number of trips taken by adults only was broadly speaking at parity with the number of trips taken involving children and adults. By 2005, this had changed, with adult only trips accounting for 56% of all trips taken. Six years is a relatively short period from which to draw conclusions, but it is

possible that changes in population composition such as immigration the reducing number of “nuclear families” are having an impact. By 2005, the number of nights spent involving adults and children were still greater than that for adults only, but this simply due to the fact that trips involving children had a longer average length of stay. Trips involving children were typically a night longer than those without, although this can vary quite a bit by type of accommodation.

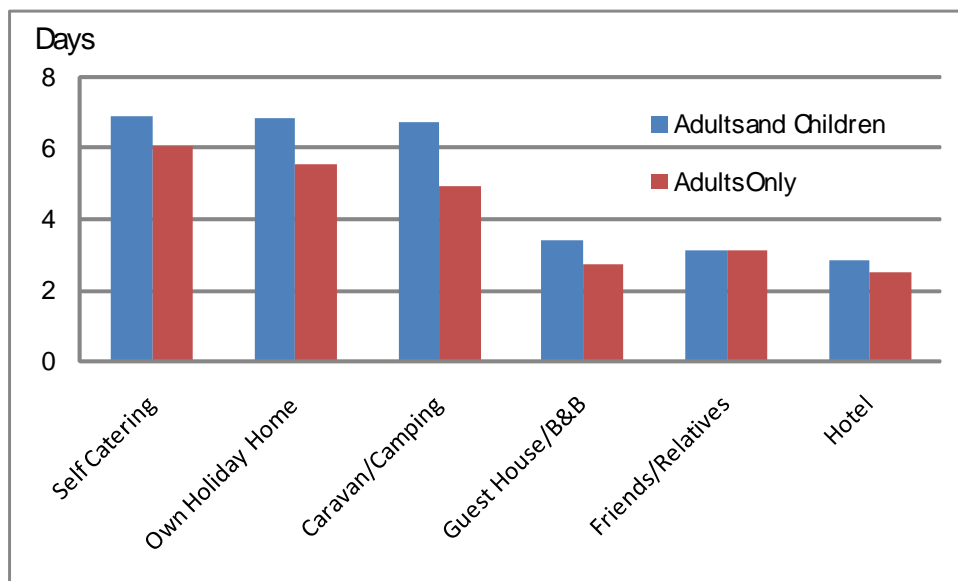


Figure 8: Average Length of Stay for Accommodation Used when Travelling with and without Children

Over the six years, expenditure for adult only trips massively exceeded that of adult and children trips by a ratio of almost 2 to 1, €3.7 billion compared with €1.9 billion. Per diem expenditure for adult only trips were on average almost 2.4 times that of adult and children trips, €58.90 compared with €25.

Not surprisingly, 88% of business trips were adult only. Trips involving adults and children, only accounted for 41% of nights spent in hotels, 35% on nights spent in Guesthouse/B&B's but 76% of all nights spent camping, 70% of nights

spent in self catering accommodation and 63% of all nights spent in owned holiday homes.

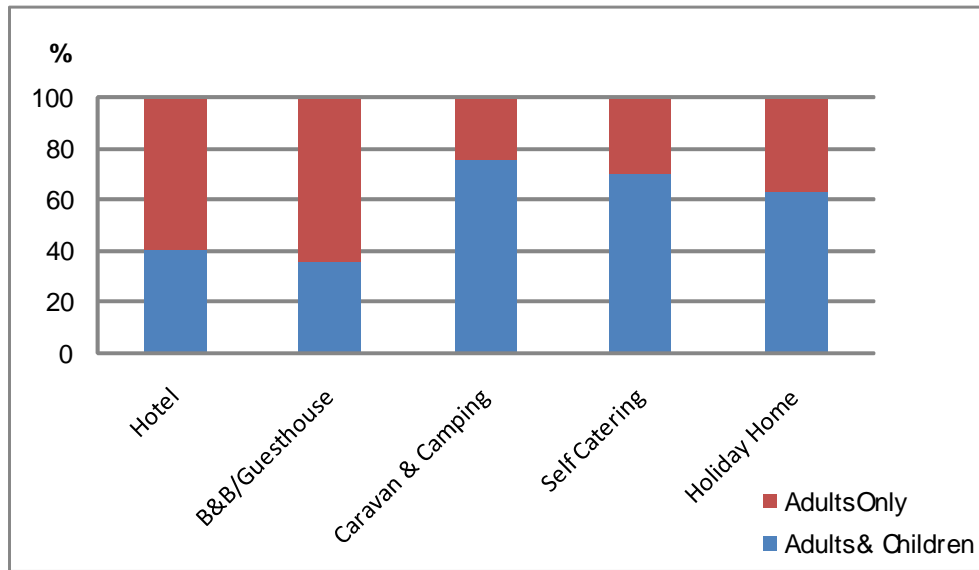


Figure 9: Accommodation Used when Travelling with and without Children

17. Conclusions & Recommendations

One of the aims of this paper was to examine the 2000 – 2005 data and establish if any clear lessons can be learned, both about the industry and the measurement of that industry. Clearly there are!

Although the 2000 - 2005 period was arguably one of the most turbulent periods for the tourism industry in recent times, it was also one of the most economically buoyant in Ireland's history. This climate appears to have had a clear beneficial impact on domestic tourism. Over the six years in question, the domestic tourism market not only survived but apparently thrived with a growth in trips and nominal expenditure of 31% and 65% respectively.

While growth in population and employment undoubtedly contributed to this growth, they clearly don't account for all of it. Even allowing for population

and employment growth, trips per head of population increased from 1.4 to 1.7 and trips per employee increased from 2.6 to 3.0. Nonetheless it would appear that not only does tourism create employment, but employment also generates travel and tourism.

While price is no doubt a contributing factor in the decline of the relative market share of the domestic market versus the outbound market, the structure of the Irish population may also be exerting a significant influence. Recent immigrants will probably return home regularly and frequently for some years to come in order to visit their friends and family. The extent to which this continues into the future is anyone's guess but what is already clear from the inbound tourism data, is that many tourists from Eastern Europe and elsewhere are now coming to visit their friends and relatives in Ireland. This is certainly an important change, as not so long ago inbound and outbound VFR would have been dominated to and from trips to the UK, USA, Canada, Australia and NZ. As the economy slows down in Ireland immigrants who have not established permanent ties to Ireland may return home to their natural homes. This may lead to a recovery in domestic market share relative to outbound. The recent waves of immigration may also have long lasting implications for inbound tourism as no doubt some ties with Ireland will remain.

In the past six years, the domestic market has witnessed a dramatic change within the accommodation sector. The registered B&B sector in particular has undergone a significant decline, whereas the Hotel and Owned Holiday Home sectors have enjoyed an impressive expansion. These changes have taken place both on the supply and demand side. The supply side has also witnessed significant structural change with a move to higher quality accommodation being offered in a number of sectors, but particularly within the Guesthouse

and Hotel sectors. Overall the emerging pattern is towards higher quality accommodation and the provision of specialised or niche markets.

The 60+ market is growing faster, roughly twice as fast, as any other age cohort in the market. This group typically takes longer trips and travels all year round, i.e. is less seasonal than most other age cohorts. Their per diem spend, although on the lower end of the spectrum, is one of the fastest rising among the age categories. The emergence of this “grey” market may also be exerting pressure on the accommodation market to provide better quality and standards.

Regional travel patterns in Ireland are very localised, nevertheless some universal lessons can probably be learnt. Within regional travel patterns, a type of clustering behaviour is evident. For Business trips, there is a clear gravitational pull towards Dublin. Every region, with the exception of the Greater Dublin Area itself (i.e. the Dublin and Mid-East regions) directs at least a third of its business travel towards Dublin, and in a number of cases significantly more. In terms of holiday trips, the spread is more diverse and heavily weighted in favour of the South-East, South-West and West regions. There is also an evident pattern, where residents tend to holiday in their own or a neighbouring region. Relatively speaking, there is very little traffic between the Border regions and the Southern regions, in either direction. Nor is there much holiday traffic from the West to the East, although the same cannot be said from East to West. Overall, the regions containing cities appear to exert an evident gravitational pull for all aspects of travel. This probably encompasses event tourism (such as sports or cultural events), a greater variety of attractions and availability of facilities.

This paper has suggested that in terms of generating revenue, domestic tourism may possibly be every bit as important to Internal tourism as inbound tourism, or at any rate, is undoubtedly more important than traditionally thought. Also, domestic tourism is less vulnerable to external shocks, such as September 11 etc. Perhaps less glamorous than inbound tourism, domestic tourism has arguably been the stable bedrock of Irish internal tourism, as was particularly evident in 2001.

From the perspective of official tourism statistics there are clear messages too. One striking conclusion must be that the lack of Same-Day Visits data leaves a gap in our knowledge of the domestic market. This gap undermines our understanding of not only the domestic market but also of the national and internal tourism markets. Consequently trying to put the importance of tourism generally, but the domestic market in particular, into perspective is challenging. Determining the value of the domestic market is not easy and given the divergence between the value of domestic tourism involving overnight stays and the probable total value of domestic tourism, it is very difficult to say with any certainty what contribution domestic tourism makes to the economy or what impact it has on the environment.

Inward migration is a relatively new phenomenon in Ireland. But the implicit practice of treating country of residence and nationality as synonymous is clearly not satisfactory. Currently the differences between national and non-national residential tourism and travel patterns cannot be studied. Whether the emigrant population is transitory or permanent, understanding their tourism behaviour will be important for all aspects of tourism (i.e. domestic, inbound and outbound). The next generation of travel surveys must capture the distinction between Country of Residence and Nationality. The recent influx of migrants has also called into question the suitability of using the electoral

register as a sampling frame, as migrants tend not to register. Recent analysis, not outlined in this paper, also suggests that using the register may also lead to an underestimation of travel for persons aged 20 – 30.

Because the tourism industry is so difficult to pinpoint, it is difficult to isolate price changes that affect the tourism industry (exogenous) from price changes coming from within the industry itself (endogenous). Within Ireland there has been much discussion about “Rip off Ireland” i.e. the relatively high prices in Ireland vis-à-vis other countries. While one might quibble with the Tourism Index constructed for this paper, the lessons are clear. If price inflation for the tourism product exceeds that of headline inflation, it will impact on domestic tourism. Equally if the relative purchasing power in Ireland declines in comparison with other attractive holiday destinations then *ceteris paribus* consumers will substitute the domestic product with international destinations.

Given the complex mix of activities that make up tourism, an appropriate deflator is difficult to choose. However comparing current prices over time doesn't give meaningful results, so some mechanism for compiling constant prices is required. Whether such a deflator should reflect exogenous or endogenous price changes is a matter for debate but if real growth rates are desirable then an appropriate deflator for tourism expenditure must be used. In turn this highlights the importance of tourism expenditure breakdowns. Not only are expenditure breakdowns essential for understanding the real contribution of spending to value added, they are necessary for providing robust weights for the calculation of deflators.

“Other” tourism is too vague a label and currently includes too many trips. Many of the more dramatic changes have taken place within this category but yet little can be said about what has occurred. For Balance of Payments health

and educational travel are now recognised as important generators of travel expenditure. These probably fall into the “other” category. Equally sports participation or sports spectator are a very important travel segment but may fall into “other”. As a general rule, the “other” category should be a small residual, not a main classification heading.

Travelling in groups or with children is an aspect of travel that is not adequately dealt with by the HTS. The survey doesn’t allow for the travelling party to include persons not resident in the household. Consequently the HTS is likely to underestimate the size of the travel party. This in turn could distort per capita spending estimates.

The advent of internet booking has seen the decoupling of accommodation and transport. As each year passes, it grows more likely that flights and hotels will have been reserved separately. The HTS currently asks a single question about main method of booking. This is no longer adequate. Not only does booking method provide an interesting insight into the evolution of travel patterns, it also has financial implications as it directly impacts on transaction commissions, which in turn impacts on the TSA.

Finally, the recall period of 3 months, currently used in the HTS is too long. This may well explain some or all of the under reporting experienced by the HTS. Particularly for Domestic tourism which tends to stick in the mind less, as it usually requires less pre-planning and booking. Future versions of the HTS will most likely switch from a “trips taken in the reference period” approach to “trips returned from” approach. This will allow a shorter recall period, without pre-defining the duration of the trip.

Finally, the TSA has been very successful in integrating Tourism statistics into the National Accounts and Balance of Payments framework. But Tourism is not simply an economic phenomena, it is also an important social one. The current CSO surveys in Ireland have not been successful at integrating tourism into the wider social arena. Linking household tourism data to income, employment status, occupation, disability etc. would open up an entire new avenue of inquiry.

Appendix 1: NUTS Regional Classification

The regional classifications in the Household Travel Survey and this paper are based on the NUTS (Nomenclature of Territorial Units) classification used by Eurostat. The NUTS 3 regions correspond to the eight Regional Authorities established under the Local Government Act, 1991 (Regional Authorities) (Establishment) Order, 1993, which came into operation on 1 January 1994. The NUTS 2 regions, which were proposed by Government and agreed by Eurostat in 1999, are groupings of the NUTS 3 regions. The composition of

	NUTS 2 Region	NUTS 3 Regional Authority	NUTS 4 County	
<i>Border, Midlands and Western (BMW)</i>	Border	Cavan		
		Donegal		
		Leitrim		
	Midland	Louth		
		Monaghan		
		Sligo		
			Laoghis	
	West		Longford	
			Offaly	
		Westmeath		
		Galway City		
<i>Southern and Eastern (SE)</i>	Dublin	Galway		
		Mayo		
		Roscommon		
	Dublin	Dublin City		
		Dun-Laoghaire		
		Fingal		
		South Dublin		
	Mid-East	Kildare		
		Meath		
		Wicklow		
	Mid-West	Clare		
		Limerick		
North Tipperary				
South-East	Carlow			
	Kilkenny			
	South Tipperary			
	Waterford City			
	Waterford			
	Wexford			
South-West	Cork City			
	Cork			
	Kerry			

the regions is set out below.

Appendix 2:

Table A: Weighting Frame - Household Type x NUTS 3 Region							
Region	1 Adult	2 Adults	3 Adults	4 Adults	5 Adults	6+ Adults	Total Number of Households
1 Border	x	x	x	x	x	x	x
2 Dublin	x	x	x	x	x	x	x
3 Mid-East	x	x	x	x	x	x	x
4 Midlands	x	x	x	x	x	x	x
5 Mid-West	x	x	x	x	x	x	x
6 South-East	x	x	x	x	x	x	x
7 South-West	x	x	x	x	x	x	x
8 West	x	x	x	x	x	x	x
Total	x	x	x	x	x	x	x

Source: CSO, Quarterly National Household Survey

Appendix 3: Abbreviations and acronyms

ALS	Average Length of Stay
BMW	Border, Midland and Western
B&B	Bed & Breakfast
CPI	Consumer Price Index
CPI-M	Consumer Price Index excluding Mortgage Interest
CPI-T	Consumer Price Index Tourist Product Index
CSO	Central Statistics Office
ESA	Environmental Satellite Account
EU	European Union
GDA	Greater Dublin Area
GNI	Gross National Income
GNP	Gross National Product
HBS	Household Budget Survey
HTS	Household Travel Survey
ILO	International Labour Organisation
I-O	Input-Output
NUTS	Nomenclature of Territorial Units
OECD	Organisation for Economic Co-operation and Development
PCE	Personal Consumption Expenditure
PPP	Purchasing Power Parities
QNHS	Quarterly National Household Survey

RSI	Retail Sales Index
SARS	Severe Acute Respiratory Syndrome
SDV	Same Day Visits
SE	Southern and Eastern
TSA	Tourism Satellite Accounts
UN-WTO	United Nations – World Tourism Organisation
VFR	Visiting Friends or Relatives

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