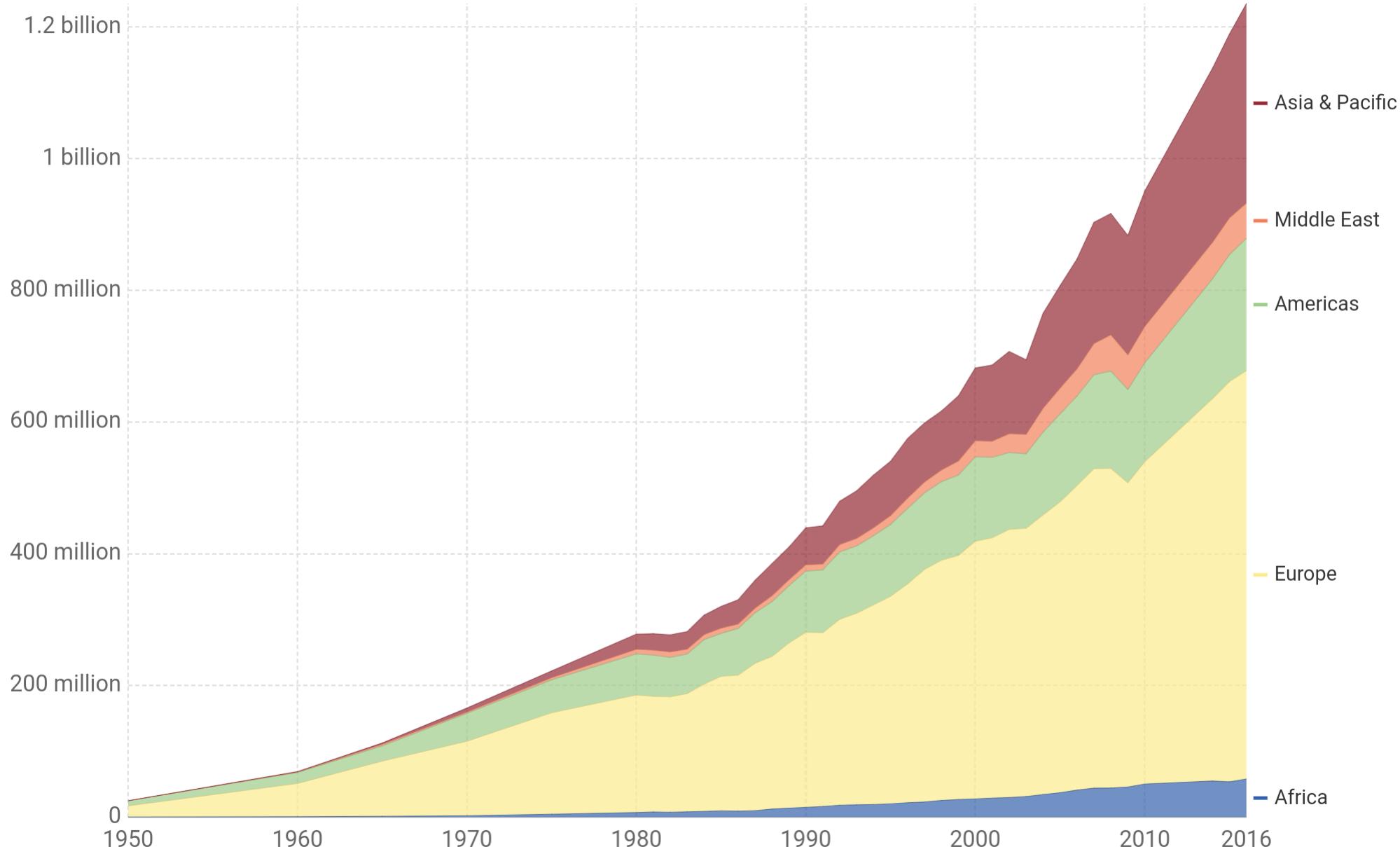


8th Annual Tourism Policy Workshop

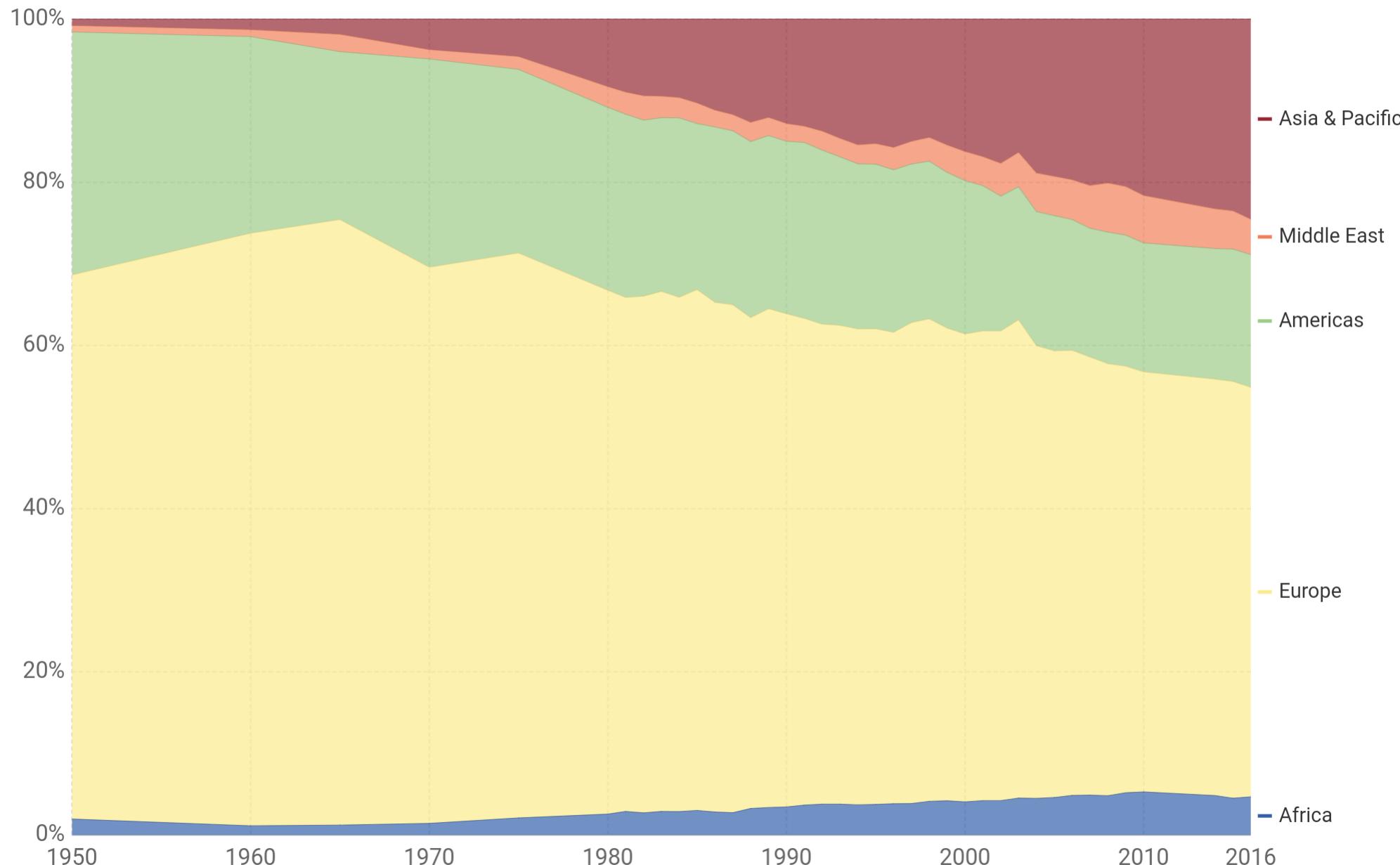
The Time Is Right to Envision A New Tourism Policy For Ireland: Some
Issues For Consideration

Professor Jim Deegan,
Director, National Centre for Tourism Policy Studies
Department of Economics
University Of Limerick

International tourist arrivals by world region



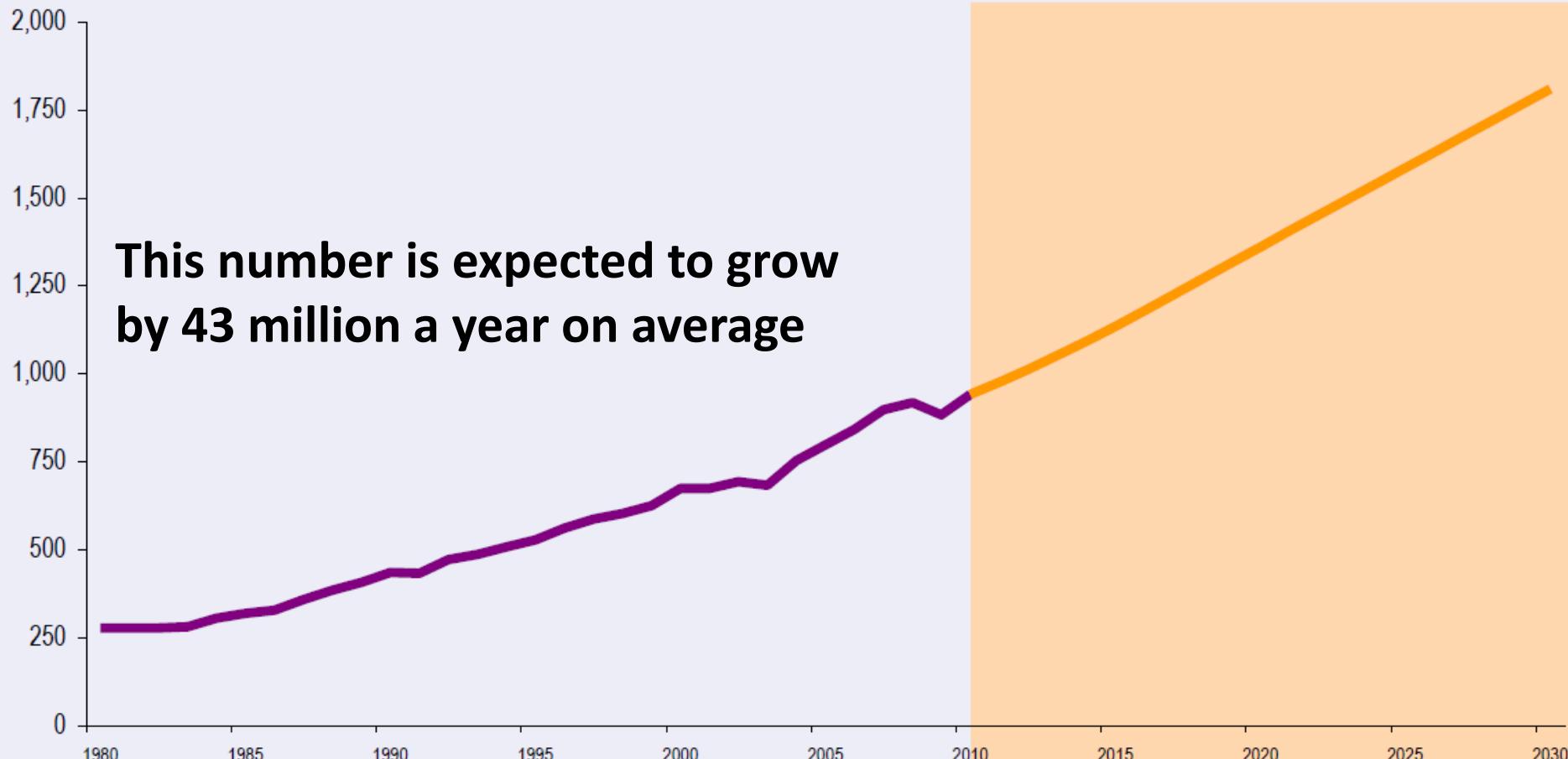
International tourist arrivals by world region



International tourist arrivals to reach 1.8 billion by 2030

International tourism, World

International Tourist Arrivals, million



Tourism Demand

- More or less uninterrupted growth since 1950 and predicted to grow strongly for next 20 years-How many other sectors can offer policymakers such an opportunity?
- Tourism Demand Has Changed from Mass Produced Goods and Services to Customisation.
- **From a Focus on “Escape to Experiences”**
- Driven by Societal Changes and Increasingly influenced and Facilitated by Advances in Technology-Ai and Robotics. Digital Technology a major player in tourism. Just think of Digital Photography.

Tourism Policy

- When Governments Became Interested in Tourism in the 1950s the Focus Then and Up to Recently was always on increasing Demand(Visitor Numbers/Promotion)-A Keynesian Demand Management Approach.
- Increasing Recognition that Demand Looks Set to Continue so Rather than Stimulating Demand an Understanding of Changing Demand(s) Is The Essential Requirement and Then Responding(Supply).
- Issues of Congestion, Environmental and Social Disruption Associated With Tourism Is Forcing A Change in Policy Focus Across The World

The World Has Changed and So Has Good Tourism Policy

- In the past demand management in a Keynesian framework dictated policy through an emphasis on tourism promotion.
- Progressive tourism policy is moving away from the obsession with promotion to the creation of “frameworks” that foster competitiveness of tourism clusters and the use of instruments similar to those advocated by Porter for Industrial Policy.
- Focus shifting from demand to supply side action.

Correcting Deficits In Factor Creating Mechanisms

- The factors most important to the competitive advantage of a country or destination are increasingly not inherited but created. The stock of existing factors is less important than the rate at which they are created, upgraded and specialised.
- Manifest failures in tourism arising from predominance of small and micro enterprises and a poor “ecosystem” of tourism innovation, poor knowledge/dissemination of important information and poor “networks”
- Result: Innovation weaknesses in the supply of leisure goods and services as well as a relatively low share of the information sector.
- Policy needs to enhance factor creating mechanisms such as education and research and promote a culture of innovation through the active development of meaningful tourism networks. This requires a particular skillset not usually available in Tourism Agencies.

The Evidence On The Factors That Are Necessary For Tourism Success: The Lessons

1. A Good Macroeconomic Environment.

Lesson 1: Competitiveness Matters

2. Access Transport Is key:

Lesson 2-Competition Matters

3. Product and Service Matter:

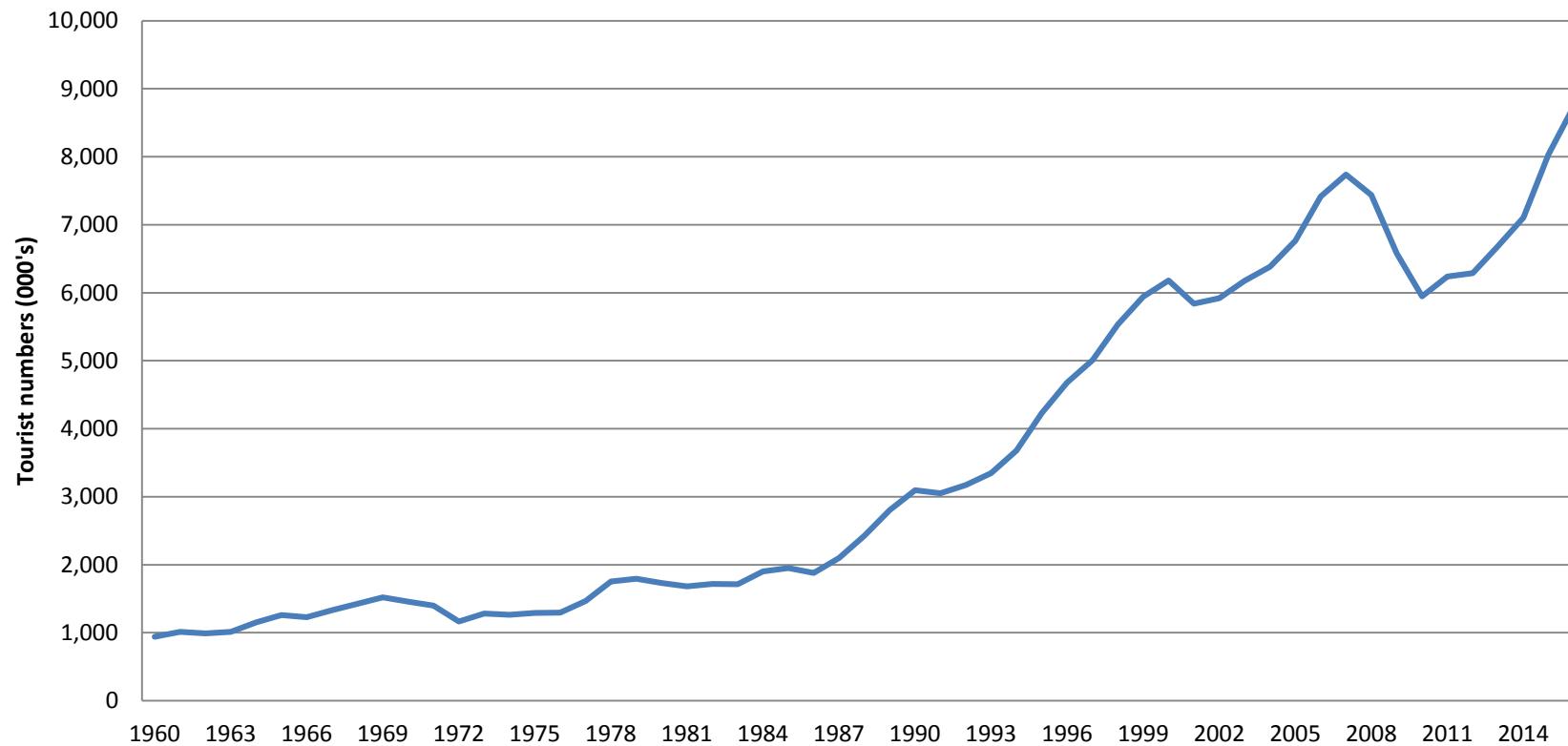
Lesson 3-Innovation Matters But How?

Innovation In Product Development, Process, Management and
Marketing.

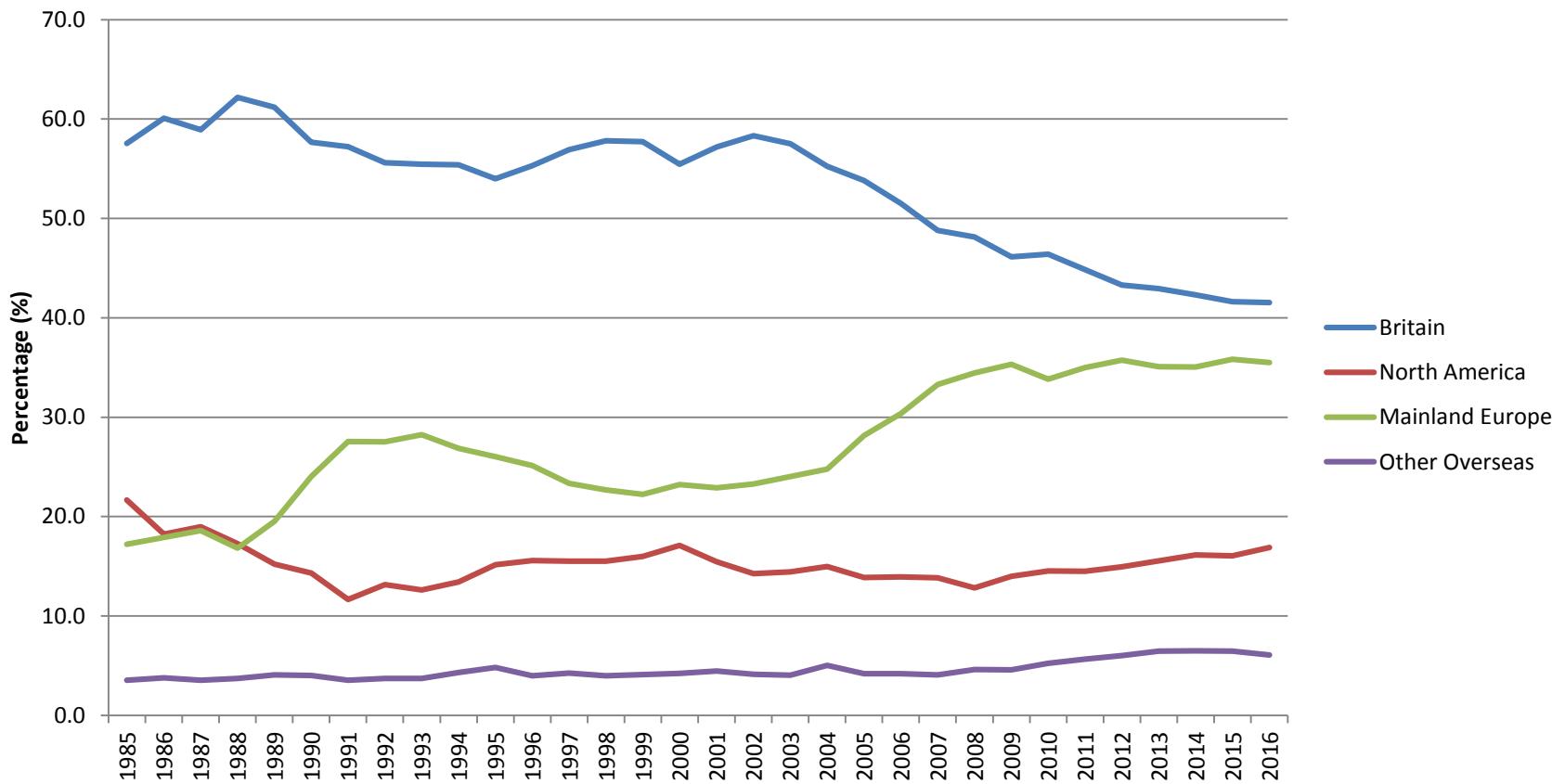
Irish Tourism: The Experience

- The Tourism Performance has in many ways mirrored the overall trajectory of the Irish macroeconomy-especially since 1985.
- Tourism is very exposed to international competition and a great “bellweather” for the competitiveness of the economy-taking off before the rest of the economy in the 1980s and went in to recession in 2007 before the overall economy and came out of recession first.
- Our very strong tourism performance since 1985 reflects the buoyancy of international demand in tourism.
- Like many other countries our tourism policy has always emphasised “demand management(numbers Growth)"/Promotion.

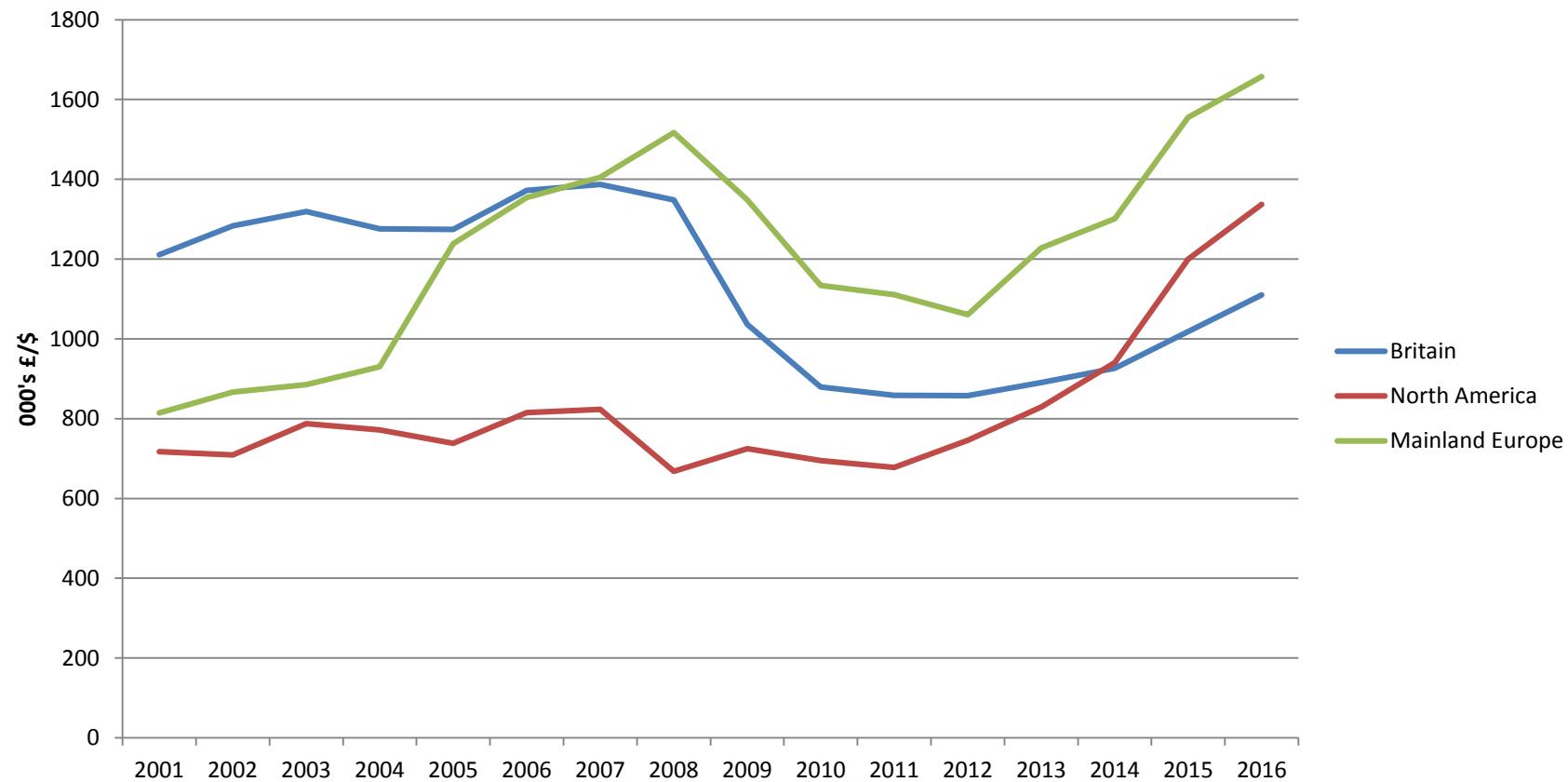
Total Overseas Tourists to Ireland (000's) 1960-2016



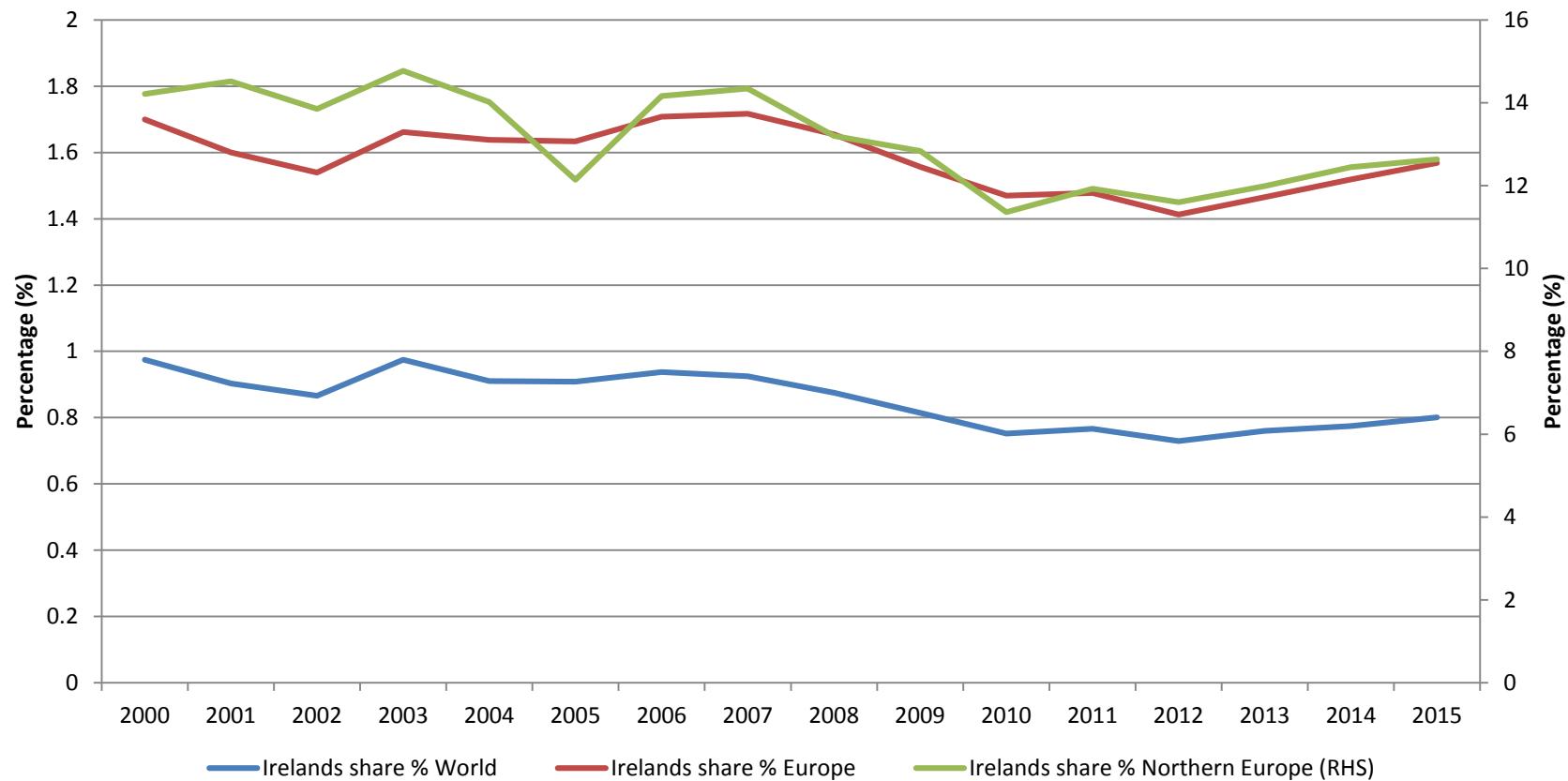
Visitor Market Share 1985-2016



Nominal revenue 2001 - 2016



Ireland's Share of World and European Arrivals



Summary Overview Of Performance 1985-2017

Year	Number of Overseas Arrivals (Millions)	Revenue €bn
1985	1.95	
1990	3.09	
1995	4.23	
2000	6.18	2.68
2005	6.76	3.49
2007	7.73	3.94
2010	5.94	2.99
2015	8.03	4.26
2016	8.74	4.63
2017(e)	9.00	4.90

Government Targets For Tourism

- People, Place and Policy-Growing Tourism to 2025 (March 2015).
- Target of €5bn in Revenue for 2025 and 10m in Arrivals
- Even with Brexit impacts it seems as though we will reach or be very close to the revenue target in 2017: 8 years ahead of Target
- Demand remains buoyant and Revenue Target Being Met with circa 1 million less visitors than was anticipated-Issues of congestion already important at key visitor sites.
- TIME TO THINK ABOUT A NEW TOURISM POLICY

DATA IS KEY TO ANY NEW TOURISM POLICY

Data is driving all industries and informs policies for all sectors-Irish Tourism Planning Requires Good Data for Decision-making.

We Must Implement the United Nations World Tourism Organisation (UNWTO) Tourism Satellite Account(TSA) Framework as a matter of priority.

The TSA Framework brings tourism more formally in to the national accounting framework that economists work with-speak the same language or the argument for support is weak.

A TSA tells us the percentage output of all sectors in the economy arising from Tourism Expenditure in All sectors-Not Just Accommodation and Food.

Once developed we can extend A TSA Framework To Assess The Regional Impact of Tourism and To Assess Environmental Impacts

A New Tourism Policy Must Respond To The Major Forces Driving The World Economy

1. New Technology-Artificial Intelligence and Robotics-How Will The Labour Market Change and How Can we Prepare.
2. Demographic Change-The ageing of the Population-The Need For Products and Services Enabled by New Smart Technologies and The Internet of Things(IOT).
3. Globalisation-New Markets and a Growing Middle Class from Emerging Economies
4. Sustainable Development-Climate Change-Technology Can Help-Smart Metering etc.
5. Urbanisation-Driverless Cars/Smart Cities for Tourists and Locals

Responding to All of The Above Will Require Significant Innovation/Investment by Government and Firms who Serve Tourists.

Research and Development will be a key component of any response.

Seismic Change and Disruption Already In The Tourism Marketplace and Much More to Come

New Technology increasingly a feature for all forms of tourism activity. [Facebook, Instagram, Uber, Airbnb, Google and Google Maps.](#)

Technology Can Significantly [Augment Human Labour](#) and Increase the Number of Jobs-Amazon has increased human employment at the same time the company introduced thousands of Robots

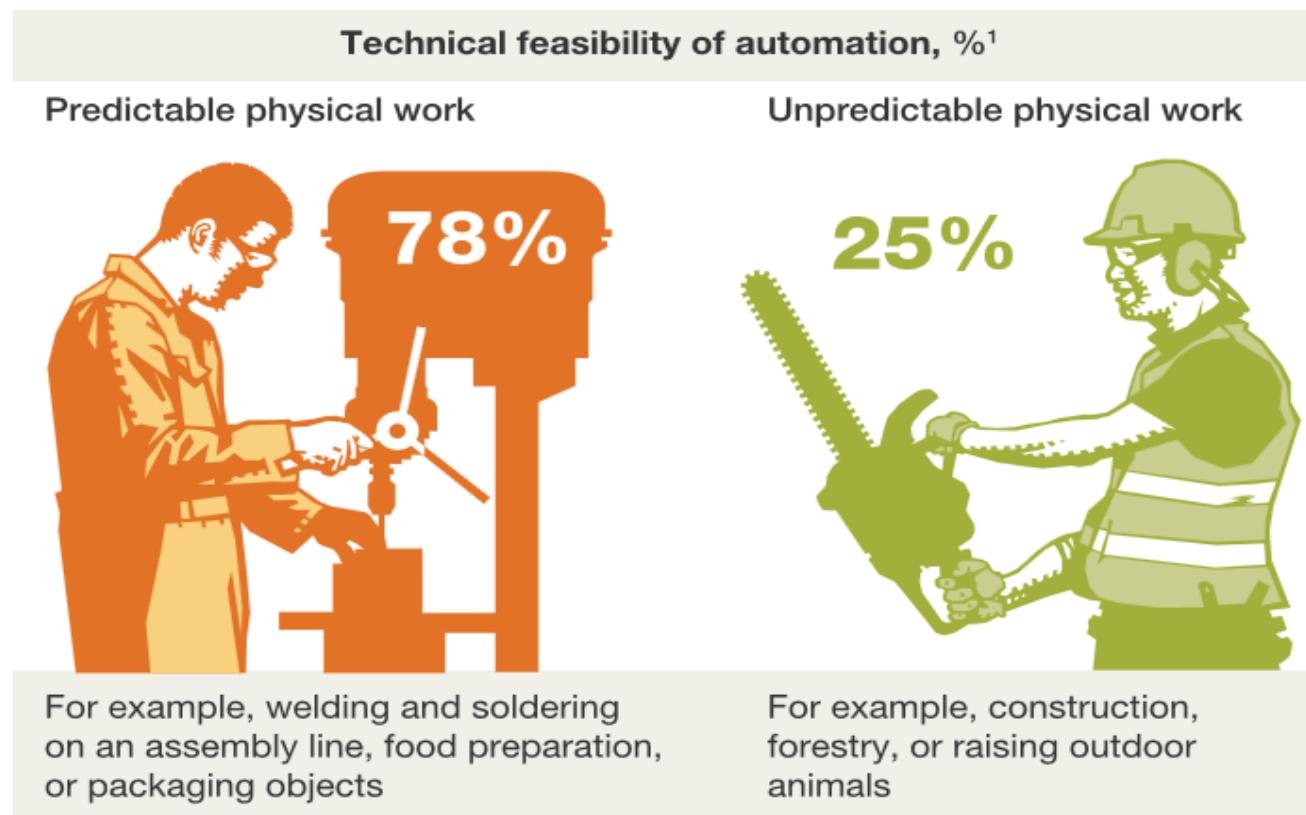
Adoption of Technology Can Improve Productivity and The Customer Experience through very different business models.

Jobs will not disappear (at least most will not in the short term) but the nature of work will change-Note the experience of Bank Tellers When ATM's were introduced.

We need to understand the process of change and respond with openness rather than chasing the future through the "nostalgia" of the past.

[If we understand and work with the changes a bright future can be had. This will require insights from research and industry working collaboratively with academics. This requires a funding response with the overall aim of improving productivity and competitiveness.](#)

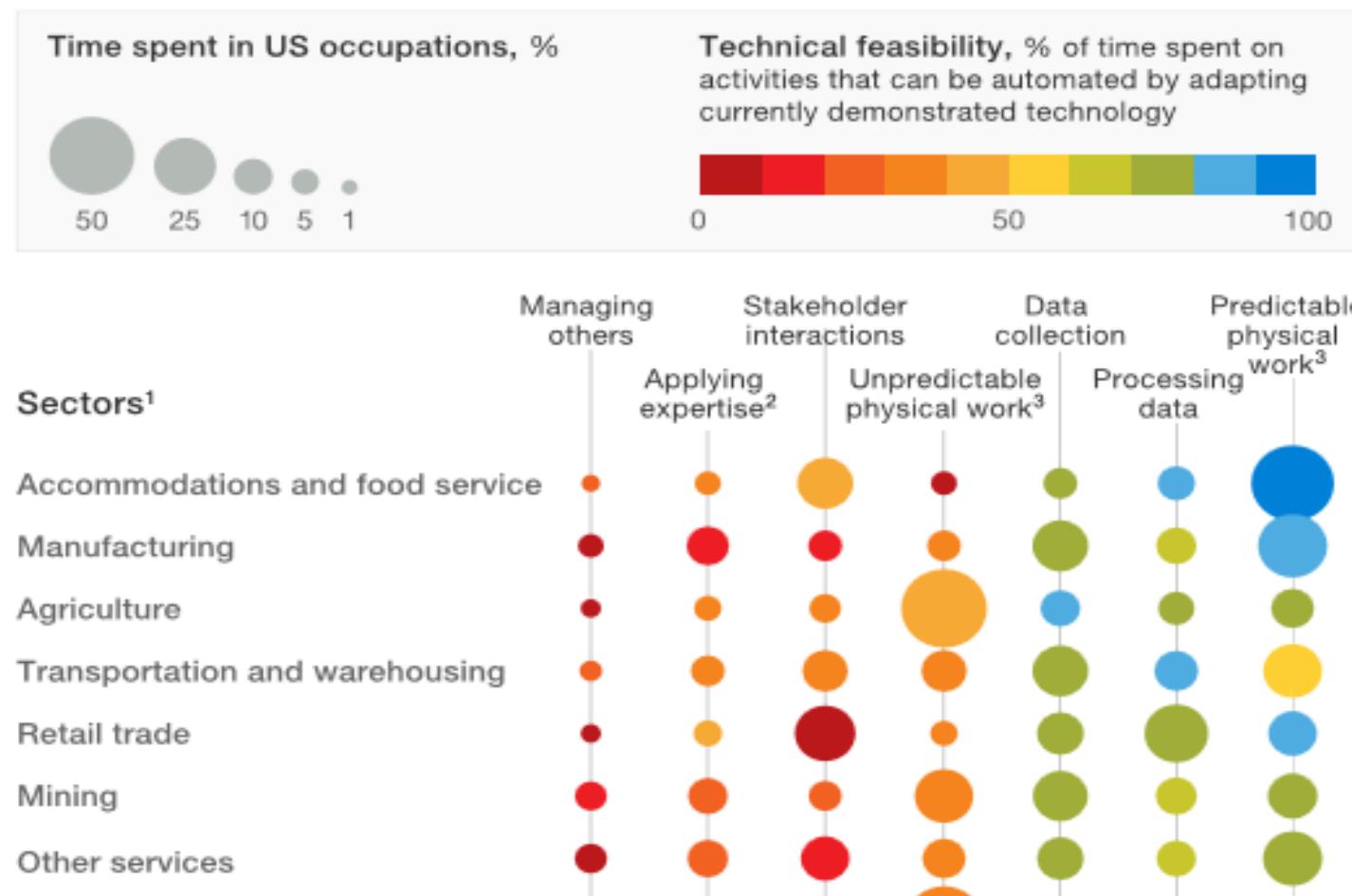
It's more technically feasible to automate predictable physical activities than unpredictable ones.



¹% of time spent on activities that can be automated by adapting currently demonstrated technology.

Exhibit 3

Automation is technically feasible for many types of activities in industry sectors, but some activities can be more affected than others.



The technical potential for automation in the US

Many types of activities in industry sectors have the technical potential to be automated, but that potential varies significantly across activities.

Technical feasibility: % of time spent on activities that can be automated by adapting currently demonstrated technology

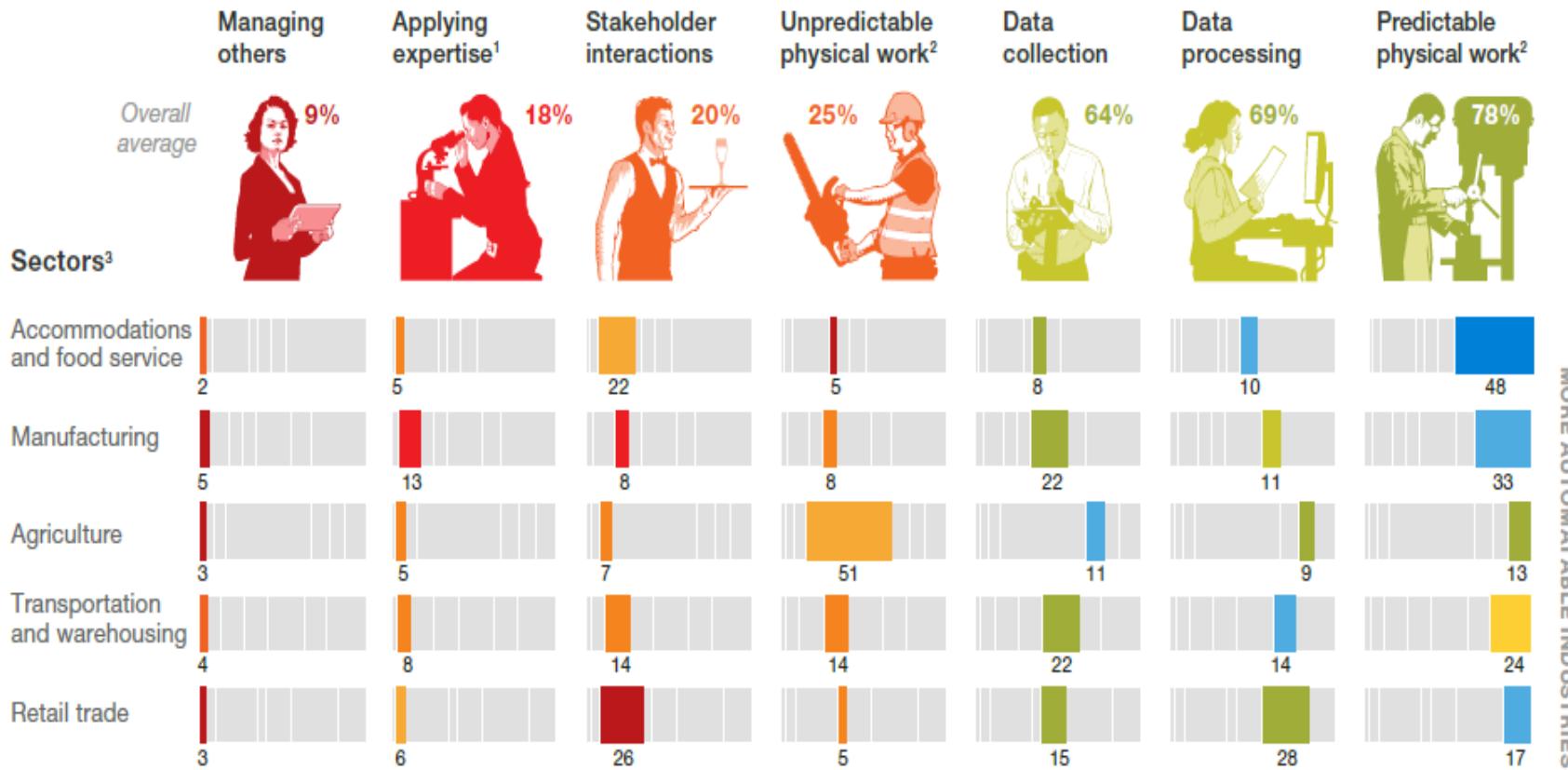
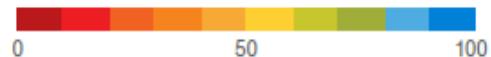
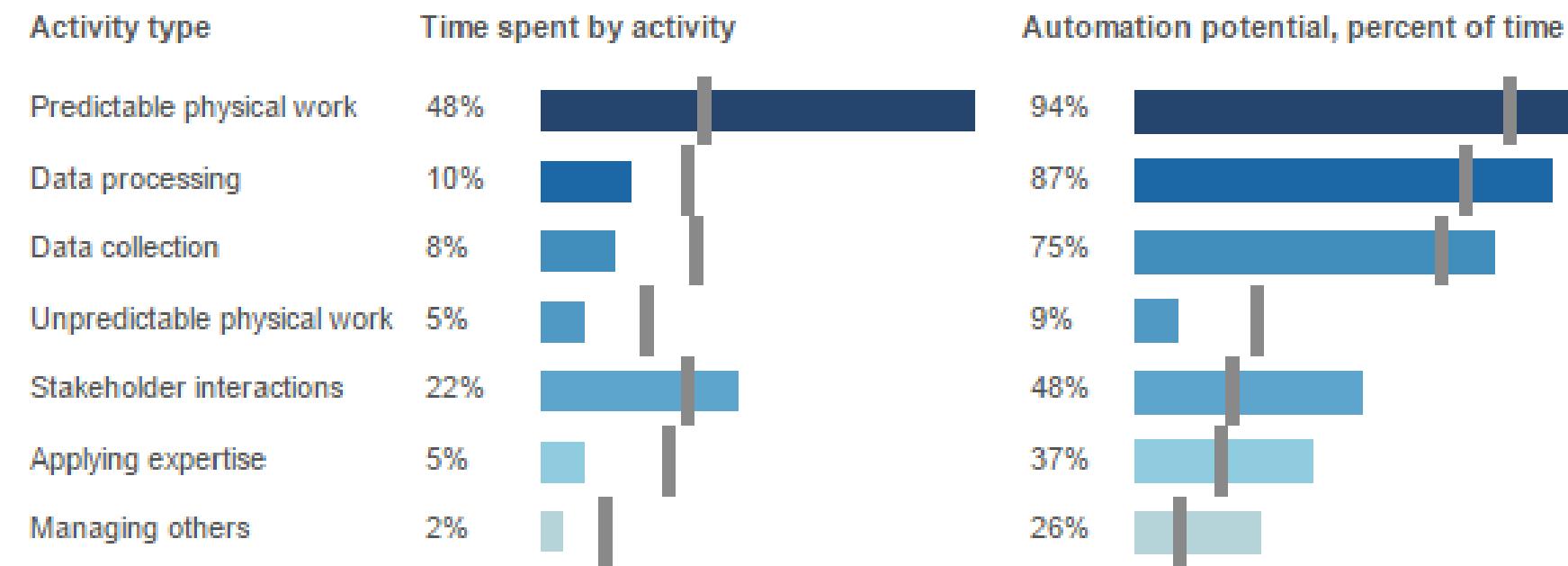


Exhibit 3 continued



Work activity summary: *Accommodation and food services*

Grey lines represent average per activity across all sectors.



HOW CAN RESEARCH HELP TO GIVE INSIGHTS?

THE EXAMPLE OF IRELAND'S PILOT INNOVATION STUDY IN TOURISM

Detailed Innovation Activity Rates By Enterprise Sector In Irish Tourism, 2008 – 2012: Deegan.

Unpublished Report For Failte Ireland

Sector	Product	Process	Organisational	Marketing	All enterprises
Hotel/Guesthouse	60	48	47	55	65
B&B	31	24	8	25	33
Self-Catered	32	21	9	14	36
Restaurant/Licensed Trade	59	47	34	44	69
Tourist Attraction	50	40	35	50	60
Transport Company*	83	67	67	100	100
Festival Management	42	42	42	42	50
ITO/DMC/PCO	44	29	24	44	53
Total	46	36	28	41	53

TOURISM IS NOT FORMALLY
RECOGNISED IN IRELAND'S PRIORITY
AREAS FOR RESEARCH FOR FUTURE
PROSPERITY AND THIS NEEDS TO
CHANGE

Government Policy: Action Plan For Jobs

14 Areas Identified By Research Prioritisation Report of November 2011

- **The 14 priority areas are listed below and form the vital components on which Ireland's future prosperity is being staked. Research/competence Centres are established and funded following this broad architecture.**
- Priority Area A - Future Networks & Communications
- Priority Area B - Data Analytics, Management, Security & Privacy
- **Priority Area C - Digital Platforms, Content & Applications**
- Priority Area D - Connected Health and Independent Living
- Priority Area E - Medical Devices
- Priority Area F – Diagnostics
- Priority Area G - Therapeutics: Synthesis, Formulation, Processing and Drug Delivery
- **Priority Area H - Food for Health**
- **Priority Area I - Sustainable Food Production and Processing**
- Priority Area J – Marine Renewable Energy
- Priority Area K - Smart Grids & Smart Cities
- **Priority Area L - Manufacturing Competitiveness**
- Priority Area M - Processing Technologies and Novel Materials
- **Priority Area N-Innovation in Services and Business Processes**

Long Overdue That This
Was Corrected

Thanks For Listening