The Contribution of the Drinks Industry to Irish Tourism

COMMISSIONED BY THE DRINKS INDUSTRY GROUP OF IRELAND

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This report, commissioned by the Drinks Industry Group of Ireland (DIGI) and authored by Dublin City University economist Anthony Foley, analyses the contribution of Ireland's drinks industry to the broader tourism sector. Unsurprisingly, it uncovers a tightly knit, interdependent relationship.

Ireland's tourism sector is a fundamental pillar of the economy. In 2016, international tourism spend exceeded €8.3 billion. The Government's ambitious 2015 tourism strategy, "People, Place and Policy: Growing Tourism to 2025", expects to increase overseas visitor numbers to 10 million per annum and increase sector employment by 50,000.

Holding up this pillar is a sturdy base comprising many different supporting industries, the most important being the drinks and hospitality industry. Across the country, 92,000 people are employed in public houses, restaurants, hotels, off-licences, breweries, distilleries and other distributors, producers and wholesalers. Annually, it exports goods worth €1.25 billion and generates €2.3 billion for the Exchequer.

Ireland's international tourism image is, in many ways, defined by its drinks and hospitality industry. Visitors from across the world travel to Ireland to experience the ambience of an authentic pub, the sights and sounds of a live trad music session, and the taste of a pint of real Irish beer or a glass of whiskey. Industry businesses and tourism bodies spend billions promoting our drinks brands abroad: some, like Guinness, Baileys and Jameson (sold in more than 120 countries), are household names on a global scale.

These efforts clearly pay off. A Fáilte Ireland survey determined that 80 percent of all visitors to Ireland picked the Irish pub as something they most wished to experience, and the factor which influenced their decision to come to Ireland.

In the background, however, trouble is brewing. Our biggest tourism market, the UK, is entering a period of economic instability set to last for the foreseeable future. Since the Brexit vote in June 2016, sterling has declined 25 percent against the euro.

For British tourists, who make up 41 percent of all visitors to Ireland, this country is now significantly more expensive. With cheaper destinations at home, or on mainland Europe, UK holidaymakers are already spending elsewhere, or simply not spending at all. From January to July 2017, the number of Britons visiting Ireland was down 6.2 percent on the same period last year. British tourists spent €1.1 billion in Ireland in 2016, but a 6.2 percent drop in their numbers would result in a loss of nearly €70 million this year if the trend continues. This decline is likely to continue for the rest of the year and the years ahead, affecting jobs and income, particularly in rural Ireland.

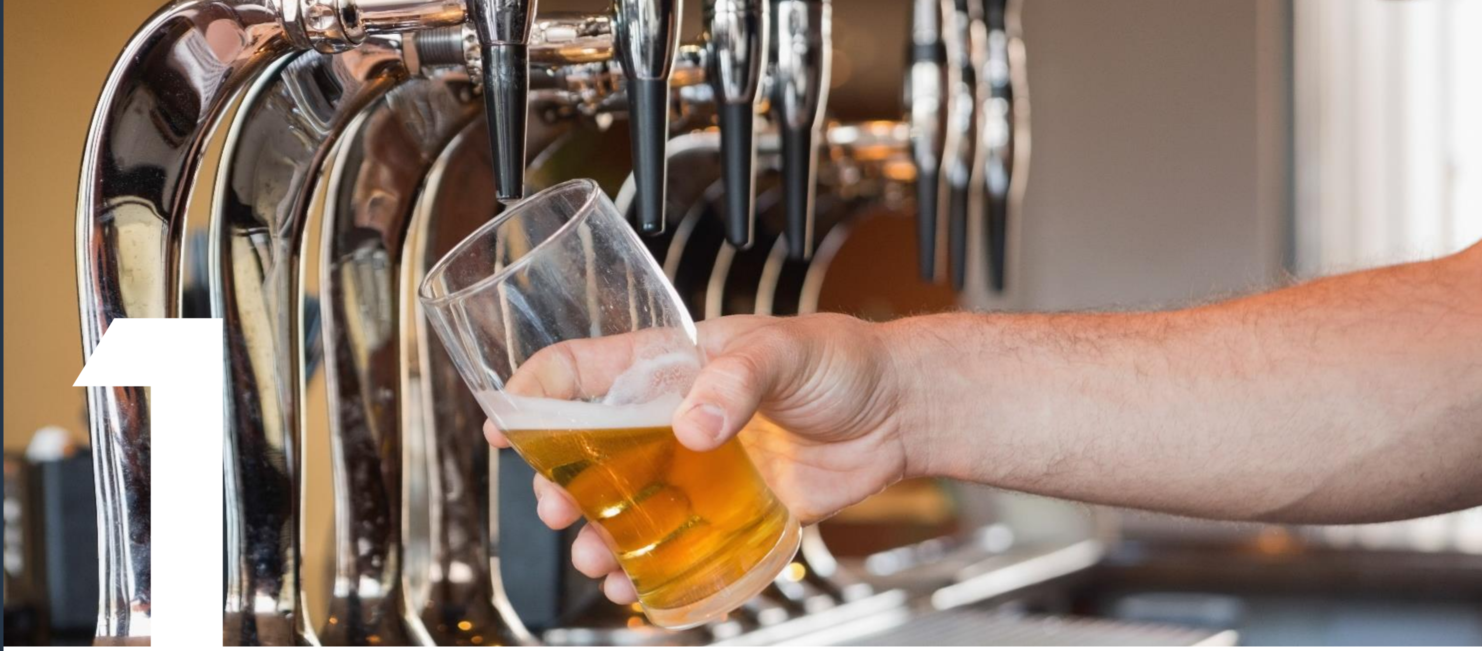
As has been so often the case throughout the history of this country, when the UK sneezes, Ireland catches a cold. For the drinks industry and wider tourism sector, it seems that little is being done to alleviate the symptoms; some measures may even add to the challenges.

Ireland's high alcohol excise tax is a fiscal policy that actively works against the drinks and hospitality industry. Our overall alcohol excise tax is the second highest in the EU. Broken down by drink type, we have the highest excise on wine, the second highest on beer and the third highest on spirits. In the long term, this is likely to impact on the competitiveness of the sector. Faced with Brexit, this effect will be amplified; fewer tourists will patronise the drinks businesses that are so important to the tourism sector. A reduction in alcohol excise tax is a tangible response to these challenges.

Turbulent times lie ahead for Ireland's tourism sector. Strong bonds between the Government and tourism and the hospitality sector, as well as a pro-enterprise approach to policymaking, are essential for Ireland to not only emerge from the unfolding Brexit crisis upright and stable, but to meet national tourism targets by the middle of the next decade.

Maggie Timoney

Chairperson
Drinks Industry Group of Ireland



INTRODUCTION AND ROLE OF THE DRINKS INDUSTRY

This report identifies the contribution of the drinks industry to tourism in the Irish economy and updates previous DIGI reports on the same topic.

Tourism has performed excellently over recent years with strong growth in international visitor numbers and substantial hospitality employment increases. The number of international visitors is at a record level. However, Brexit has raised serious concerns for the ongoing strong performance of the UK-related part of our tourism sector. Already, the negative effects are being felt with a large decline in British tourists in 2017. The significant and ongoing decline in the value of sterling reduces the competitiveness of the Irish tourism product, together with the uncertainty and lower economic growth in the UK reduce tourism demand. The UK market is the largest national market for inward tourists to Ireland. The 2015 Government tourism strategy, "People, Place and Policy: Growing Tourism to 2025" sets very demanding targets for tourism growth over the next decade. The report notes that: "Tourism is one of Ireland's most important economic sectors and has significant potential to play a further role in Ireland's economic renewal". In the Brexit environment, the realisation of these targets will be more difficult.

The performance of the tourism industry is determined by many different factors in addition to the contribution and support of the drinks industry. These include cost and other competitiveness factors such as management, quality of service, product, international economic conditions, promotion and marketing, access, competing locations, national and international economic performance, and consumer confidence.

The drinks industry, along with other sectors, contributes to national and international tourism performance in several ways. The extensive network of 7,175 public houses, 1,020 hotels and other bars, 462 fully licensed restaurants, and 2,120 restaurants with wine licences provides physical facilities and services for tourists and contributes to the tourism experience in a positive and significant way, particularly in rural areas. This is a significant contribution in light of the poor quality of public facilities in many areas and the often wet Irish weather conditions.

Drinks-related tourism attractions such as the Guinness Storehouse and the Old Jameson Distillery (now the Jameson Distillery Bow St) attract large numbers of tourists, particularly international tourists, and are significant components of the Irish tourism product. Other leading tourism visitor facilities include Midleton Jameson Distillery visitor centre, the Teeling Whiskey visitor centre in Dublin, Kilbeggan and Tullamore DEW visitor centres, the Smithwick's Experience in Kilkenny and the Irish Whiskey Museum in Dublin.

The drinks industry supports a wide range of tourism-generating festivals and arts activities. Drinks industry sponsorship also supports a range of national and international sports events, which generate both domestic and overseas tourism.

Leading Irish drinks brands such as Guinness, Jameson, Baileys and Magners contribute to a positive awareness of Ireland in foreign markets and support the tourism marketing effort and direct marketing spend.

Fáilte Ireland and other research show that international visitors consider the Irish pub to be an integral and significant part of their positive tourism experience in Ireland.

This report identifies the contribution that the drinks industry makes to tourism generally and to festival- and sports-related tourism. This is not to say that the relevant sports and festival events would cease to operate in the absence of the drinks industry support. However, it is reasonable to expect that the scale and economic impact of many festivals and other events would be lessened in the absence of drinks industry support and/or that replacement finance could be diverted from other desirable programmes and activities.

There is insufficient data to quantify the overall tourism activity directly related to, or determined by, the drinks industry. However, even in the absence of this direct quantitative link, it is clear from the empirical data presented in this report that the drinks industry is associated with a substantial contribution to tourism activity. The empirical data used in the report are mainly from independent sources such as the Central Statistics Office, Revenue Commissioners and Fáilte Ireland with some use of industry-sourced material. Updates are not available for some data presented in the previous report detailing the contribution of the drinks industry to Irish tourism.

In summary, the drinks industry contributes to domestic and international tourism through:

- The extensive and geographically spread network of public houses and other on-licensed premises, such as restaurants and hotels, providing services and facilities;
- A substantial contribution to the positive visitor experience;
- Financial and other support for festivals tourism;
- Financial and other support for sports events;
- Direct provision of major tourism attractions, such as the Guinness Storehouse, Old Jameson Distillery and other visitor centres;
- The generation of positive international awareness of Ireland through major global and international brands which have a particular association with Ireland, such as Baileys, Guinness, Jameson and Magners, and which complement the international tourism marketing spend.

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THE ECONOMIC ROLE OF TOURISM AND RECENT GROWTH

This section identifies the economic importance of tourism to the Irish economy, the recent excellent performance of the sector and the objective of achieving demanding tourism growth targets over the coming years.

International tourism has performed excellently over recent years. Domestic tourism has grown, but at a much lower rate. This has generated substantial economic benefits. The Minister for Transport, Tourism and Sport published the National Tourism Policy in 2015, covering the period to 2025, which contains the overall ambitious tourism goal of significantly increasing overseas tourism revenue. In addition, total employment in the tourism sector as broadly defined is targeted to increase from 200k persons to 250k persons. There will be 10 million annual visits to Ireland by 2025. An additional target is that 95% of all visitors will be "very satisfied" with Ireland as a destination. The industry has already made significant progress towards those targets in employment and visitor numbers.

Tourism is a very substantial indigenous international economic sector:

- In 2016 according to the CSO, foreign tourism expenditure including carrier receipts was €6.064 billion. Domestic tourism generated €1.7769 billion, giving a tourism total of €7.840 billion. This compares with €7.255 billion in 2015, a 2016 increase of 8.1%.
- The total tax take from tourism in 2016 is an estimated €1.8 billion.
- Like other sectors of the economy, tourism declined greatly from its peak in 2007, but there has been substantial recent growth, most notably in 2015 and 2016. In 2007 there were 8.0 million overseas visitors. This declined to 6.1 million in 2010. The trend reversed the following year. Numbers were 6.5 million in 2011, 6.5 million in 2012, 7.0 million in 2013, 7.6 million in 2014, 8.6 million in 2015 and 9.6 million in 2016.
- The 2016 level of 9.6 million overseas visitors is the highest ever and is 10.9% greater than 2015.
- The 2017 visitor numbers performance is one of overall growth but with significant Brexit-related decline in British inward tourists as discussed in the next section.

- The tourism sector supported 152.2k jobs in Quarter 1 2017 and 142.4k jobs in Quarter 1 2016 in the CSO ‘accommodation and food sector’ classification. Tourism employment has recovered significantly in the recent past. The accommodation and food sector employed 110.7k persons in Quarter 1 2011 compared to the 2017 figure of 152.2k persons. This is an increase of 37.5% between 2011 and 2017. The Quarter 1 2017 level of employment now substantially exceeds the pre-economic collapse Quarter 1 2007 level of 133.8k persons. Overall tourism employment, which includes additional activities to the CSO classification, was about 234k persons in Quarter 1 2017.
- Tourism has a strong regional development and distribution impact compared to many other sectors of economic activity, although this regional impact has declined in the past few years as tourism has become more concentrated in the large urban centres.
- Tourism has a strong economic linkage with the rest of the economy.

The 2016 geographic market spread of overseas visitors was:

- Total inward trips by non-residents: 9.584 million
- Great Britain: 3.924 million
- Other Europe: 3.301 million, of which the two largest national markets are Germany (652k) and France (531k)
- North America: 1.808 million
- Rest of the world: 550k

The significance of Brexit is illustrated by the high dependence on the UK market, which provided 3.924 million international visitors, or 40.9% of the total, in 2016.

The domestic tourism sector is a very important component of the total tourism activity. In 2016, there were 9.282 million domestic trips (excluding daytrips) of which 4.830 million were holiday trips. The 2016 Hotel Industry Survey identifies that 58% of hotel guest nights were derived from the domestic market. Festivals and sports tourism are important components of the domestic tourism market. The recent growth performance of the domestic tourism sector has been weaker than the international sector.

Between 2014 and 2015 domestic trips increased from 8.991 million to 9.125 million or 1.5%. Between 2015 and 2016 domestic trips increased by 1.7%.

NEGATIVE IMPLICATIONS OF BREXIT

Brexit has generated a substantial decline in British tourism in the first half of 2017.

Brexit is already having significant immediate and short-term negative implications for Irish tourism through a decline in British tourism mainly caused by the decline in sterling. The 11 August exchange rate was 0.90645 sterling to a euro compared with the average rate in 2015 of 0.7285, a depreciation of 19.6%. The 2016 average rate was 0.81948, a depreciation of 9.6% compared with 11 August 2017.

This sterling exchange rate depreciation significantly reduces the cost competitiveness of Ireland for UK visitors. It is likely that the new lower sterling exchange rate will persist over the medium term and is likely to depreciate further. It is not a temporary phenomenon.

The uncertainty associated with Brexit has reduced consumer and investor confidence. This will reduce economic growth from what otherwise would have been the case. This will reduce demand for the Irish tourism product from overseas markets. It will also reduce the growth of domestic tourism.

The uncertainty will persist until a clearer picture emerges of the likely economic relationship between the UK and the EU following Brexit. It is unclear if that new relationship will maintain most of the current economic relationships and freedoms or if there will be significant new restrictions on economic transactions and the movement of people. Of particular concern to tourism are possible new restrictive aviation market regulations which will govern EU/UK transactions.

In the first six months of 2017, while overall tourist numbers increased compared with the same period in 2016, the number of British tourists decreased. Overall, numbers increased by 4.2% in this period. British visitors decreased by 6.4% or 119.7k visitors. North American visitors increased by 21.6% while European visitors increased by 5.9%.

When including the month of August, the decline in UK tourism slowed slightly to a year-on-year loss of 6.2%. However, British tourists spent €1.1 billion in Ireland in 2016, and a 6.2 percent drop in their numbers in the first seven months of 2017 compared to last year would equate to revenue loss of €68.2 million if the trend continues.

EXPENDITURE BY TOURISTS

This section identifies the significant role of food and drink in tourism expenditure.

The drinks industry contributes to tourism performance but, of course, it also benefits from the expenditure of tourists. Drink and food spending is a significant element of total tourism expenditure. Overseas tourists spend 34% of their expenditure in Ireland on food and drink, excluding expenditure on food and drink which is included in "bed and board". A breakdown between food and drink is not available. The food and drink expenditure share ranges from 32% for North American and rest of the world tourists to 40% for British tourists. Food and drink is the largest of the expenditure categories: its 34% compares with 12% on shopping and 6% sightseeing/entertainment. The 2016 Hotel Industry Survey states that 18.4% of hotel sales revenue is from alcohol and soft drinks. Alcohol is about 30% of the sales of licensed restaurants.

The overseas tourism spending pattern is shown in Table 1.

Table 1: Overseas tourist spending pattern 2016

% of total spending	Total	Britain	Mainland Europe	North America	Rest of World
Bed and board	33	29	34	34	33
Other food and drink	34	40	33	32	32
Sightseeing/ entertainment	6	5	7	6	7
Internal transport	12	12	12	13	11
Shopping	12	11	12	13	14
Misc	2	2	2	2	3

Source: Fáilte Ireland

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THE ROLE OF PUBLIC HOUSES, LICENSED RESTAURANTS AND HOTEL BARS

This section identifies the role played by public houses, licensed restaurants and hotel bars in supporting tourism in terms of range of services, facilities and wide geographic spread of facilities.

Public houses, licensed restaurants and hotel bars provide an extensive network of facilities and services needed and used by tourists. This is particularly so in isolated rural areas where there is a substantial presence of public houses. These facilities and services include the provision of washroom facilities, shelter from adverse weather, a warm welcome, food, entertainment, traditional music, a pleasant ambience, information, and opportunity to meet local people. Some of the data included in the 2015 report on the contribution of the drinks industry to tourism has not been updated; this is included again in this report to provide a complete picture of the role.

Over half of pubs provide food. Based on DIGI research conducted in 2008, 43% of licensed premises offer some form of regular or occasional live entertainment. 22% of licensed premises and 17% of public houses provide entertainment specifically for tourists such as Irish music or ballad sessions.

The 2012 Lonely Planet travel guide described “going to the pub” as the greatest experience a tourist can have in Ireland.

Some years ago, Fáilte Ireland collected information on the eating out pattern of overseas visitors; the pub played a significant part (Fáilte Ireland Holidaymaker Study 2013). The percentages of overseas visitors using pubs for meals in 2013 in different locations were:

- Clare: 31%
- Cork City: 18%
- West Cork: 19%
- Dingle: 36%
- Donegal and Sligo: 26%
- Dublin City: 35%
- Dublin Doorstep: 15%
- Galway and Mayo: 26%
- Ring of Kerry: 29%
- Shannon Corridor: 29%
- South-East: 22%

In 2016, according to Revenue Commissioner licence data, there were 7,175 public houses and 1,020 hotel and other bars, of which about 700 were hotel bars. There were also 2,582 restaurants with either full licences or wine licences.

There is a much wider geographic availability of public houses than any other type of tourism-related physical facility. Because of the uncertain Irish weather, the shelter role of the pub is important. In addition, the local pub is a source of local information and advice and other services, as noted above. The county distribution for 2016 is available only for public houses. The county distributions of the other licensed premises refer to 2015. (Table 2)

The pub is a significant component of the tourism infrastructure and service and is widely available throughout the country. There is also a substantial spread of hotel bars and licensed restaurants. The data show that there is a substantial number of public houses and other bars in every county. For example, there were 445 pubs in Kerry in 2016, 375 in Donegal and 107 in Leitrim. The lowest number in a county was 90 in Longford and 95 in Carlow. There is also a wide geographic spread of licensed restaurants and hotel bars. This tourism-enhancing role of the public house and other licensed facility network is provided without any government financial support.

Table 2: Geographic spread of public houses, hotel on licensed premises and licensed restaurants 2015 and 2016

County	Public house licences	Hotel bar licences	Fully licensed restaurants	Wine licence restaurants
CARLOW	95	7	2	21
CAVAN	191	10	6	10
CLARE	287	18	8	52
CORK	943	63	52	231
DONEGAL	375	40	22	55
DUBLIN	765	135	162	677
GALWAY	480	65	14	128
KERRY	445	50	23	115
KILDARE	178	22	13	72
KILKENNY	194	12	10	30
LAOIS	128	9	2	18
LEITRIM	107	5	3	10
LIMERICK	357	23	14	68
LONGFORD	90	1	2	8
LOUTH	190	10	15	38
MAYO	370	40	8	68
MEATH	201	12	16	49
MONAGHAN	101	7	3	14
OFFALY	130	5	2	18
ROSCOMMON	198	4	5	15
SLIGO	140	11	0	22
TIPPERARY	412	17	10	39
WATERFORD	221	15	14	53
WESTMEATH	175	10	11	33
WEXFORD	252	22	4	69
WICKLOW	150	18	10	62

Source: Revenue Commissioners. Public houses refer to 2016 and the other categories refer to 2015. The hotels refer to hotels with hotel licences. Some hotels operate with other types of licence.

The geographic spread of pubs and other on-licensed facilities helps to support a wide geographic spread of tourism which is economically important for the less developed areas of the economy. The regional distribution of hospitality-related employment is shown below.

Table 3: Regional distribution of hospitality/tourism employment 2015

Region	CSO accommodation and food and beverages services employment Quarter 1 2017, thousands	Estimated regional distribution of hospitality/tourism employment (tourism policy classification), thousands
Border	17.2	26.4
Midland	7.7	11.8
West	15.8	24.3
Dublin	47.1	72.4
Mid-East	13.9	21.4
Mid-West	12.1	18.6
South-East	15.4	23.7
South-West	23.2	35.7
Total	**152.2**	**234.0**

Source: CSO and own estimates

The 152.2k total refers to the CSO definition of accommodation and food and beverage services. The 234k total refers to our estimate of the Tourism Policy definition of broader tourism. Dublin accounts for the highest employment total at 47.1k, on the CSO definition, followed by the South-West at 23.2k. The lowest region is the Midlands with 7.7k hospitality jobs on the CSO definition.

Regional visitors are shown below. Visitors can visit more than one region or location during one trip. Therefore, the sum of the regional or county visits adds to more than the national total.

Dublin has by far the largest volume of overseas tourism activity with 5.7 million visitors compared to the second ranked region of South-West with 2.1 million visitors. The lowest region is the Midlands with 289k visitors.

The overseas tourism industry is also a substantial source of regional revenues, with the Midlands generating €72 million in 2016, the Mid-East generating €251 million, the Border generating €286 million, the South-East €273 million, the Mid-West €390 million and the West €543 million. The South-West generated €849 million. Dublin generated €1.975 billion from overseas tourism.

The regional spread of overseas tourists and expenditure is shown below in Table 4 for 2016.

Table 4: Overseas tourism activity by region 2016

Region	Number of Tourists (thousands)	Revenue (€M)
Dublin	5687	1975
Mid- East	590	251
Midlands	289	72
South-East	946	273
South-West	2079	849
Mid-West	1215	390
West	1675	543
Border	815	286

Source: Fáilte Ireland

The 2016 regional breakdown of domestic tourism expenditure is shown in Table 5.

Table 5: Domestic tourism expenditure by Region 2016 (CSO regions), € million

Region	€ million
Border	183
Midlands	66
West	329
Dublin	272
Mid-East	123
Mid-West	170
South-East	233
South-West	401

Source: CSO

The region with the highest domestic tourism expenditure is the South-West with €401 million, followed by the West with €329 million. The lowest expenditure region is the Midlands with €66 million. Each region, excluding the Midlands, generates in excess of €100 million.

The advantages of Ireland most frequently mentioned by overseas tourists in the Fáilte Ireland 2016 visitor survey were (multiple answers given):

1. Irish people: 55%
2. Scenery: 44%
3. Culture/history: 32%
4. English speaking: 26%
5. Drinks/pubs/pub culture: 21%
6. Nature/ecology: 20%

All other advantages were each less than 20%. Drinks/pubs ranked fifth in the list. The drinks/pubs scores for different market segments were: Britain 18%, North America 19%, mainland Europe 23% and rest of world 20%.

Among the most frequently mentioned disadvantages in the 2016 visitor survey were weather, mentioned by 23% of respondents (highest), the high cost of living (7%), drink costs (8%), driving being difficult (8%) and food quality (7%). The high drinks costs were referred to by 11% of British visitors, 3% of Americans, 11% of Mainland Europeans and 5% from the rest of the world. The comparable figure for visitors from Germany was 17%.

The 2013 Fáilte Ireland survey contained additional questions related to pubs which were not repeated in later surveys. It asked tourists to identify the aspects of Ireland they wished to experience and which influenced their decision to come to Ireland. The top ranking response was "an Irish pub" with 80% mentions, rising to 85% for Mainland Europe visitors and 84% for Germany and North America. The UK score was 65%. The next highest element that visitors desired to experience was Dublin's heritage and culture (61%) and an Irish castle (56%). The top seven tourism elements that influenced the decision of overseas visitors to visit Ireland are listed below:

1. An Irish pub: 80%
2. Dublin's heritage and culture: 61%
3. An Irish castle: 56%
4. The Cliffs of Moher: 46%
5. The Ring of Kerry: 37%
6. Connemara: 36%
7. the Rock of Cashel: 18%

The Fáilte Ireland 2013 survey also asked overseas visitors to identify the tourism elements in which they had participated or visited during their stay. The highest ranked answer was "listened to Irish music in a pub" which was experienced by 83% of the survey respondents, rising to 88% for North American visitors. Visiting a coastal town got an 82% response and ranked third was "tasted Guinness" with a 79% response. The fourth ranked answer was "visited a food or craft market" with a 49% response.

As noted by ITIC 2014: "The Irish pub offers a unique hospitality experience that is renowned the world over. When tourists come to Ireland they want to go to an Irish pub, they want to enjoy a pint in the welcome surrounds of locals. The pub is the hub of the local town, it is the heart of the local community
and uniquely provides a convivial environment for meeting local people."

Research on behalf of Support Your Local in 2015 confirms the positive role of pubs in overseas tourists' experience. 57% of visitors intended to visit a pub. In terms of factors influencing the intention to visit Ireland, the highest ranked factor, at 57%, was Dublin's heritage and culture; the next ranked factor was pubs with 54%. According to the research, factors which made Ireland unique were, first, the people (61%), second, historical places of significance (56%), and third, pubs (50%).

Tourism has been supported by significant Government initiatives such as The Gathering, the introduction and retention of the hospitality 9% VAT rate, and initiatives to promote regional and rural tourism like the Wild Atlantic Way and the Ancient East projects. The Wild Atlantic Way markets the west coast as an integrated 2,500km Atlantic coastal route, passing through nine counties and stretching from Donegal to Cork. As noted above, there is a wide spread of public houses, hotel bars and restaurants along this route.

FESTIVALS TOURISM AND THE DRINKS INDUSTRY

This section identifies the role of drinks industry sponsorship in supporting festivals and illustrates the wide range of festivals and events which receive drinks industry support.

The festival sector is of economic significance and sponsorship matters to its survival and development. Recent research by Ignite Research (2017) demonstrates its economic significance:

- 30% of the adult population consider themselves to be festival-goers;
- 22% of the adult population, equivalent to 800k people, will or have attended a festival in 2017;
- The average individual spend at a festival in 2017 is €316 and the total spend is €253 million.

Festival-goers, in the Ignite research listed Heineken (41%), Guinness (32%), Vodafone (32%), Electric Ireland (25%), Three (19%) and Bulmers (11%) as the top six brands they associate most with festivals.

The exact number of festivals operating in Ireland is uncertain, but the available data indicate that it is a very large number. Fáilte Ireland referred to 900 festivals and events in 2011. In 2016, it grant-aided 218 festivals and events compared to 210 in 2011. Fáilte Ireland's 2011 research indicated that festivals generated paid employment for 10,836 people and almost 49,000 were involved on a voluntary basis.

The full contribution of the drinks industry and other commercial sponsorship is greater than the direct financial support. In addition to the finance, the support includes additional non-monetary assistance including staff, advertising and promotion, facilities and expertise.

As shown below, the drinks industry is a major supporter of many events, particularly larger international events. Local publicans also provide sponsorship for a range of local events.

Research from Fáilte Ireland's Survey of Overseas Travellers indicated that in 2009, 376,000 overseas visitors attended festivals. Fáilte Ireland states that in 2010 the overseas festival attendance was about 400,000 people. Of course, attendance at festivals does not imply that the festival was the main determinant of the choice to come to Ireland. However, festivals enhance the tourism product and tourist experience. The great majority of festival attendees are domestic, which contributes greatly to the domestic tourism market.

The available evidence indicates that the drinks industry is a major business sponsor of festivals. An illustrative sample of recent and current drinks industry sponsored festivals is shown below:

Illustrations of Festivals Currently or Recently Sponsored by the Drinks Industry

- Absolut Big Top at the Galway International Arts Festival Galway
- Absolut Midsommar Stage, Body and Soul Westmeath
- Bulmers Junction Festival Clonmel Tipperary
- Casa Bacardi Electric Picnic Stradbally Hall Laois
- Hop House 13 Rhythm Route at Spraoi Festival Waterford
- Corona Fastnet Short Film Festival Cork
- Franciscan Well Brewery Taste of Dublin
- Guinness International Dunmore East Bluegrass Festival
- Guinness Jazz Festival Cork
- Guinness Singing and Swinging Pubs Festival Wexford
- Heineken Electric Picnic Stradbally Hall Laois
- Heineken Bundoran Sea Sessions Festival Donegal
- Heineken Slane Music Events Meath
- Hennessy Literary Awards Dublin
- Hennessy Portrait Prizes Dublin
- Jameson Cult Film Clubs
- Powers Irish Coffee Making Competition Foynes Limerick
- O'Briens Wine Experience Taste of Dublin
- Smithwick's Roots Kilkenny

As well as being the principal sponsor for many events, the drinks industry also contributes to events as associate and minor sponsors.

SPORTS EVENTS TOURISM AND THE DRINKS INDUSTRY

This section identifies the role of the drinks industry in supporting a wide range of sporting events.

As is the case internationally, the drinks industry is a major sponsor of sports events. Large international events, such as the rugby internationals, generate overseas tourism as well as domestic tourism. Indeed, the the main economic impact of sports is through domestic tourism. Of course, even if there was no sponsorship most, if not all, of these sporting events would continue. However, without it, financial resources available to events would have to be reduced or the additional finance needed to replace the sponsorship would be diverted from other desirable programmes.

Major recent and current sports sponsorships included:

- Guinness Series, International Rugby
- Guinness Pro 12 (now Pro 14) Rugby
- Heineken European Rugby Champions Cup
- Horse racing sponsorships such as the Guinness Punchestown national hunt sponsorship and Guinness sponsorship of Galway Races
- Carlsberg sponsorship of Irish soccer (official beer sponsor to the Football Association of Ireland)

Elsewhere, Beamish sponsors the Munster Senior League (soccer); Heineken sponsors the Kinsale Rugby Sevens Festival; and Carlsberg sponsors the Salthill Devon national five-a-side soccer festival. There is also a range of smaller supports, including individual pub sponsorship of local teams and events. According to a 2013 VFI survey of members, 49% of VFI members sponsored local sports teams.

The role of the drinks industry in horse racing sponsorship is substantial although the absolute amount has declined over recent years.

In 2016, total commercial race sponsorship was €4.791 million. Of this, the drinks industry provided €305,450 or 6%, which was the fifth highest sectoral share behind bookmakers and betting exchanges (16%), racecourses and supporters (16%), media (15%) and stud farms (14%). Hotels provided another 4% of the sponsorship.

The scale of the racing industry and its economic impact can be appreciated by the attendance of 1.3million people who attended race meetings in 2016.

8 TOURISM VISITOR ATTRACTIONS AND THE DRINKS INDUSTRY

This section identifies the substantial role played by the visitor attractions established by the drinks industry.

The drinks industry has established a substantial number of drinks-related visitor centres. Several new whiskey-related visitor centres will open in the near future. These have greatly improved the Irish tourism offering. The 2016 Fáilte Ireland national data for fee-charging attractions shows that the Guinness Storehouse was the largest fee-charging tourism attraction in 2016 with 1,647,408 visitors. Second was the Cliffs of Moher with 1,427,166 visitors and third was Dublin Zoo with 1,143,908 visitors.

The Old Jameson Distillery, now renamed Jameson Distillery Bow St, attracted 269,000 visitors in the first three quarters of 2016 and was ranked nineteenth in the top 20 attractions. The Jameson Experience in Midleton attracted 125k visitors in 2016. In recent years, three major new drinks-related visitor centres have opened: Teeling Whiskey Distillery, the Smithwick's Experience and the Irish Whiskey Museum.

The 2016 visitor numbers for the range of drinks-related visitor centres were:

- Guinness Storehouse: 1,647,408
- Jameson Distillery Bow St: 269,000 (closed from Sept 2016 to March 2017 for redevelopment)
- Jameson Experience Midleton: 125,000
- Telling Whiskey Distillery Dublin: 96,000
- Kilbeggan Distillery Experience: 68,000
- Irish Whiskey Museum: 56,000 (refers to 2015)
- Smithwick's Experience: 55,300
- Tullamore Dew Visitor Centre: 37,000
- Dingle Brewing: 8,000

The Guinness Storehouse has topped the list of fee-charging visitor attractions every year since 2008 except for 2010.

The drinks industry visitor attractions are particularly important in overseas tourism. 95% of the Old Jameson Distillery visitors in 2015 were international while 5% were from Ireland. Of the 95%, 30% were from the USA, 13% from Britain, 8% each from France and Germany, and 37% from the rest of the world. Jameson Experience Midleton visitors were 82% overseas and 18% from Ireland, with 25% from the United States, 20% from Germany and 14% from France. The overseas share was 93% for the Guinness Storehouse in 2015 and the largest overseas share was from the USA. In 2016, the largest single group of visitors to the Guinness Storehouse was from mainland Europe with over 30% of the total, followed by the UK (27%) and USA (24%). Half of all holidaymakers who visit Dublin visit the Guinness Storehouse.

In 2015, the Guinness Storehouse was named “Europe’s Leading Tourist Attraction” at the World Travel Awards receiving more votes than the Eiffel Tower and the Colosseum.

The Old Jameson Distillery underwent an €11 million redevelopment in 2016/17. Diageo opened the Smithwick's brewery in Kilkenny as a state-of-the-art visitor experience in July 2014. This is modelled on the Guinness Storehouse approach. In addition, the Irish Whiskey Museum was opened in Dublin in August 2014. Other very recent, or soon-to-open, whiskey visitor centre-related developments include Dingle Distillery, Connacht Whiskey Company, Teeling Distillery in Dublin, Boann Distillery in Louth, Shed Distillery in Drumshambo, Walsh Whiskey in Carlow, Clonakilty Distillery, West Cork Distillers, and Pearse Lyons Distillery in Dublin. In 2017, Diageo announced a €25 million investment in a new whiskey distillery and visitors centre at Saint James’s Gate. Diageo also announced in July 2017 a €16m investment in Dublin's Guinness Storehouse, which will include a doubling of the capacity of its rooftop bar.

Whiskey-related tourism has increased substantially over recent years and has large growth potential. The Irish Whiskey Association’s tourism strategy envisages Ireland becoming the world leader in whiskey tourism by 2030 with a potential of 1.9 million visitors.

The 2016 top 10 fee-paying attendances are listed below.

Table 7: Top 10 fee-charging attractions (visitors) 2016

Rank	Attraction	Number of visitors (thousands)
1	Guinness Storehouse	1,647,408
2	Cliffs of Moher Visitor Experience	1,427,166
3	Dublin Zoo	1,143,908
4	National Aquatic Centre	1,037,992
5	Book of Kells	890,781
6	Tayto Park	762,000
7	St Patrick’s Cathedral	563,000
8	Castletown House	547,324
9	Powerscourt House	467,507
10	Fota Wildlife Park	465,281

Source: Fáilte Ireland

INTERNATIONAL PROFILE

This section identifies the contribution that Ireland's international drinks brands makes to the international tourism perception of Ireland.

Substantial public and private sector marketing funds are devoted to promoting Ireland as a tourism destination. Factors which raise the profile of the country in a favourable way in the minds of potential tourists are desirable and contribute to tourism performance.

High-profile international sporting or cultural achievements by Irish people contribute to the positive profile of Ireland, as do high-profile, high-quality international Irish brands.

The drinks industry contributes global brands, like the three most internationally recognised: Guinness, Baileys and Jameson. In addition, Magners has an international reach. Drinks products are associated with leisure, relaxation and the hospitality industry, which adds to the tourism promotion effect. These are all recognised as high-quality premium products. They are directly associated with Ireland and generate a positive impression of the country from a tourism perspective.

The geographic reach of these drinks brands is global. Jameson is consumed in about 120 countries. Baileys is consumed in about 130 countries and is the world's best-selling liqueur. Guinness is consumed in about 150 countries.

The presence of Irish pubs in many foreign cities also contributes to the awareness of Ireland as a location associated with hospitality and relaxation.

The recognition impact of Irish drinks brands including Guinness, Baileys, Jameson and Magners is an important support to the direct tourism marketing effort.

The Guinness Storehouse generates around 200 million media impressions each year which promote Dublin and Ireland as tourist destinations.

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CONCLUSION

Tourism is a very important sector in terms of economic impact and regional development. The tourism sector is expected to grow substantially over the next decade. However, Brexit makes it more difficult to realise that growth potential.

The drinks industry makes a substantial contribution to the tourism performance in several ways.7,175 public houses and 1,020 hotel and other bar on-licences provide physical facilities and a range of services required by tourists on a very widespread geographic basis. In addition, there are 2,582 fully licensed or wine-licensed restaurants.

The public house network provides wash room facilities and shelter, food and hospitality services and entertainment. The pub is a central part of the international visitors' positive tourism experience. These services are provided in even the very remote parts of the country. This supports the regional spread of tourism.

After the fundamental attractions of people, scenery, culture/history, English speaking and nature/ecology, public houses are identified as an advantage that positively distinguishes Ireland by 21% of overseas tourists according to 2016 Fáilte Ireland research.

2013 Fáilte Ireland research asked overseas tourists to identify the Irish tourism aspects they desire to experience which influenced their decision to visit Ireland. The top ranking response was "an Irish pub" with 80% mentions, rising to 85% for Mainland Europe visitors and 84% for Germany and North America. The UK score was 65%. The next highest elements that visitors desired to experience were Dublin's heritage and culture, with 61%, and an Irish castle, 56%.

The Fáilte Ireland research asked overseas visitors to identify the tourism activities in which they had participated or visited during their stay. The highest ranked answer was "listened to Irish music in a pub", which was experienced by 83% of the survey respondents, rising to 88% for North American visitors.

Festivals currently or recently supported by the drinks industry include the Guinness Cork Jazz Festival, the Heineken Electric Picnic, the Jameson Cult Film Clubs, and the Bulmers Comedy Festival, Kilkenny.

The drinks industry sponsors or previously sponsored both major and local sports events. In 2016, the drinks industry provided 6% of all horse racing sponsorship and hotels provided another 4%.

The Guinness Storehouse was the most popular fee-charging tourism attraction in Ireland, with over 1.6 million visitors in 2016. In 2015, the Guinness Storehouse was named "Europe's Leading Tourist Attraction" at the World Travel Awards, beating the Eiffel Tower and the Colosseum.

The Jameson Distillery Bow St in Dublin attracted 269k visitors in 2016, despite being closed for redevelopment from September of that year. Both are in the top 20 of fee-charging attractions. The Midleton Jameson Experience attracted 125k visitors in 2016. There has also been a significant increase in the number of drinks-related visitor centres opened in the recent past including, Teelings Whiskey Distillery in Dublin, Smithwick's Experience in Kilkenny, and the Irish Whiskey Museum in Dublin. There was substantial investment in The Jameson Distillery visitor centre in 2016/17 and a forthcoming substantial investment in the Guinness Storehouse was announced in 2017.

The large majority of visitors to the drinks-related visitor centres were from overseas;the Guinness Storehouse generates about 200 million global media impressions annually.

Brands such as Guinness, Jameson and Baileys, which are consumed in over 100 countries, generate positive awareness of Ireland as a place of quality relaxation and leisure among potential tourists. Other brands such as Magners also have an international reach.

Overall, drinks industry support for Irish tourism is substantial and wide-ranging. The tourism industry is expected to be a continuing major source of economic development and employment growth over the coming years, although Brexit, which has caused a decline in UK-related tourism, will make it much harder to realise.

To achieve this desirable and demanding growth, the tourism industry will need widespread support and investment, including the ongoing substantial direct and indirect support provided by the drinks industry.

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