

**AN ECONOMIC ASSESSMENT
OF
THE CONTRIBUTION OF TOURISM
TO
CORK CITY AND ITS HINTERLAND
2005**

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Executive Summary

1. The report contains:
 - A description of the methods of analysis used;
 - Estimates of the *overall contribution* of the tourism sector to Cork City and the rest of the Cork Metropolitan Area¹ ;
 - Comparisons with a previous study carried out in 2004.
2. The Metropolitan area attracts approximately 16.9% of all tourist trips and 21.4% of all tourist expenditures in the South West Region.
3. The area has 12.8% of the domestic overnight visitor market, 15.6% of the same day visitor market and 19.4% of the out of state market as a proportion of the South West Regions market.
4. The shares of total tourist expenditures as a percentage of the South West Region's market are 17.6% of same day visitors' spend, 27.1% of the revenue generated in the domestic overnight market and 24.1% of out of state visitor spending.
5. Table 1 provides the overall contribution of the tourist sector to Cork City and its hinterland. Tourism is worth €389 million and 2,456 full time equivalent jobs to Cork City and a further €160 million and 727 full time equivalent jobs to its hinterland.

Table 1		
Overall Contribution of Tourism to Cork City and Its Hinterland (2005)		
	Receipts (€ m)	Employment
Cork City		
Overseas Tourism	182	1202
Domestic Tourism (over night)	61	381
Domestic Tourism (same day)	146	873
Total	389	2456
Cork City Hinterland		
Overseas Tourism	65	321
Domestic Tourism (over night)	31	144
Domestic Tourism (same day)	64	262
Total	160	727
Source: Failte Ireland (2006), CSO (2006a and 2006b) and Deegan et al (2004)		

¹ CASP defines the Cork City Metropolitan Area as the towns and areas in the immediate hinterland of the City of Cork as a single integrated unit. It consists of Cork City and the towns of Ballincollig, Blarney, Carrigaline, Douglas, Glanmire, Glountane, Carrigtwohill, Midleton and Cobh.

6. Table 2 provides a breakdown of Tourists coming to Cork City and its hinterland and their direct spending.

Table 2		
Breakdown of Tourist Numbers Cork Metropolitan Area (2005)		
Area	Numbers (000s)	Revenue (€ millions)
Total Overseas		
Cork City	246	130
Cork City Hinterland	96	52
Total Metropolitan Cork	342	182
Total Domestic (at least 1 over night)		
Cork City	122	48
Cork City Hinterland	73	26
Total Metropolitan Cork	195	74
Total Same Day Visitors		
Cork City	2216	110
Cork City Hinterland	1258	48
Total Metropolitan Cork	3474	158
Total		
Cork City	2584	288
Cork City Hinterland	1427	126
Total Metropolitan Cork	4011	414

Source: Failte Ireland (2006), CSO (2006a and 2006b) and Deegan et al (2004)

7. Overnight Tourist Spend by Category for Cork City and the rest of Metropolitan Area (Table 3) and Same Day Tourist Spend (Table 4) is provided in € millions (%).

Table 3²			
Direct Tourist Spend by Category for Cork and its Hinterland (2005)			
€ millions (%)			
Category	Cork City	Cork City Hinterland	Total
Accommodation	43 (15)	15 (12)	58 (14)
Retail shops	78 (27)	21 (16)	99 (24)
Catering	109 (38)	27 (22)	136 (33)
Transport	20 (7)	6 (5)	26 (6)
Heritage and Cultural sites	9 (3)	43 (35)	52 (12)
Festivals and special events	17 (6)	5 (4)	22 (5)
Conventions & Confer's	12 (4)	9 (7)	21 (5)
Total	288 (100)	126 (100)	414 (100)

Source: Failte Ireland (2006), CSO (2006a and 2006b) and Deegan et al (2004)

² Does not include same day visitors.

8. Same Day Tourist Spend by Category for Cork City of Metropolitan Area in € millions (%) (Table 5):

Table 5 Direct Same Day Tourist Spend by Category for Cork City Metropolitan Area (2005) € millions (%)	
	Cork City Metropolitan Area
Category	
Retail shops	69 (44)
Catering	57 (36)
Transport	8 (5)
Heritage and Cultural sites; Festivals and special events	16 (10)
Other Tourist Services	8 (5)
Total	158
Note: Data limitations restricted reporting to the Metropolitan Area as a whole.	

9. There were over **1.22 million** visits to heritage centres in 2005, 347,500 of these visitors went to the 6 city attractions (see Table 2.5). These visits supported up to **100 full time jobs and 100 part time jobs**.
10. Ten major festivals are held in the Cork City Area. These attracted a total of **200,000 people**. Approximately **60,000** of these were from abroad and other parts of Ireland. They generated directly a total of **€18 million** in revenues for the area and **€6.5 million** indirectly. These revenues supported **100 full time equivalent jobs**.
11. In 2005, 32 cruise ships visited the Port of Cork. The total direct and indirect spend of these visitors in the Cork Metropolitan Area was **€26.4 million**. The number of **full time equivalent jobs** involved was **179**.
12. Conference Business was worth over **€13 million** to the area and was linked to **87 full time equivalent jobs**.

13. Table 6 shows the percentage change in selected variables between 2003 and 2005. It is clear that the Cork City Metropolitan Area is out performing the national tourist sector.

Table 6 Absolute and Percentage Change in Visitor Numbers and Revenue in Cork City and its Hinterland 2003 to 2005			
	Cork City	Cork City Hinterland	Metropolitan Cork
Visitor Numbers			
Out of State	36 (17.1)	18 (23.1)	54 (18.8)
Domestic Overnight	31 (34.1)	20 (37.7)	51 (35.4)
Same Day	449 (25.4)	451 (55.9)	900 (35.0)
Visitor Revenue			
Out of State	16 (14.1)	14 (36.5)	30 (19.7)
Domestic Overnight	17 (54.3)	10 (66.7)	27 (58.1)
Same Day	22 (24.4)	14 (42.9)	36 (29.5)
Source: Failte Ireland (2006), CSO (2006a and 2006b) and Deegan et al (2004)			

14. Tourist related employment has grown from 2003 to 2005. Overall direct employment increased by 3.2% during this period.
15. Visitor numbers in 2005 were 1,005,000 higher than in 2003. In 2003 the total of all visitors including overseas and domestic amounted to 3,006,000. This number had increased to 4,011,000 for the year 2005 which represents an increase of 33.4%.
16. The direct financial contribution from visitors in 2003 was €324m. In 2005 this amounted to €414m an increase of €90m representing a 28% increase.
17. Within these overall figures the report indicates that same day visitors in 2003 numbered 2,574,000 and generated €122m. In 2005 there were 3,474,000 same day visitors generating €158m.
18. On the national level total visitor numbers in 2005 including domestic trips were 7% higher than in 2003. Revenue earnings in 2005 were 7½% higher than in 2003.

- 19.** This report was commissioned by Cork City Council and is an assessment of the contribution of the tourism sector to Cork City and its hinterland in 2005.
- 20.** The study has been undertaken by Dr. Richard Moloney of the Centre for Policy Studies, University College, Cork.

1 Introduction³

This study provides an economic assessment of tourism in Cork City and its hinterland. It is an updating of a previous study carried out for Cork City Council that was published in July 2004 (Moloney and O’Sullivan, 2004). Cork City and its hinterland are defined as the Metropolitan Area as set out in the Cork Area Strategic Plan (CASP). CASP defines the Cork City Metropolitan Area as the towns and areas in the immediate hinterland of the City of Cork as a single integrated unit. It consists of Cork City and the towns of Ballincollig, Blarney, Carrigaline, Douglas, Glanmire, Glountane, Carrigtwohill, Middleton and Cobh. The area has a population of 264,000 and is the second largest urban area in the Republic of Ireland. The City of Cork has a population of 119,000.

The study details the nature of tourism in Cork City and the overall Metropolitan Area and provides estimates of both income and employment related to tourist activities in the areas. All contributions are measured in quantitative terms. The main economic contribution of tourism arises from visitor spending in the area. Such spending takes place in:

- ❖ Accommodation
- ❖ Retail shops of all types
- ❖ Catering establishments
- ❖ Conventions and conferences
- ❖ Visitor attractions and venues
- ❖ Transport services
- ❖ Festivals and cultural events.

The above expenditures increase income to local enterprises and increased wages and employment opportunities for local labour. The increased income generated produces indirect impacts when it is re-spent. The economic contributions will be reported in

³ The author wishes to thank John Hobbs, CIT, for his help in the collection and collating of the data.

terms of total income generated and employment linked to these operations. The impacts, both direct and indirect, vary according to the type of tourist involved. The study differentiates tourists by origin, both domestic and foreign, by activities and reports impact magnitudes for each type. The results also disaggregate the tourism impact of the various tourism sub-sectors and into two distinct geographical areas. These are the overall contribution of tourism to Cork City and to its hinterland in the rest of the Metropolitan Area. A wide variety of sources are used in producing the estimates provided in this report. The results should be seen as giving orders of magnitudes and relative importance of the various tourist market indicators.

1.1 Overview of Study

The next section gives a description of the tourist industry. Firstly, it deals with various definitions of tourism. Secondly, the section gives detailed information on current resources employed by the various actors in the region.

Section 3 presents the direct and indirect contributions of tourism to Cork City and its hinterland in terms of income and employment for various categories.

Section 4 provides an analysis of the areas performance since 2003 relative to the National experience.

Section 5 gives some concluding remarks.

A description of the methodology is given in the Appendix. It provides a description of the actual data collection. Input-output techniques are also reviewed.

2 Description of Tourist Industry

Tourism by its nature is difficult to define as it involves many different sectors of the economy. In general it can be said that people demand tourism and those living in the receiving area supply whatever need is required. For example, there is no point in people arriving in Cork City demanding suitable hotel accommodation if the appropriate services are unavailable. What follows defines tourism more precisely. This is followed with a description of international tourism, tourism in Ireland and regional tourism in the Southwest of Ireland and in the Cork City Metropolitan Area.

2.1 The Tourism Industry

Before discussing tourism in general it is useful to describe and define what tourism is. The Heart of England Tourist Board (2001) define tourism as: “the temporary short-term movement of people to destinations outside the place where they normally live and work, and activities during their stay at these destinations; it includes movements for all purposes, as well as day visits or excursions.” Some other basic definitions used in this study are:

Tourism - 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.

Tourist – (Overnight visitor) visitor staying at least one night in a collective or private accommodation in the place visited.

Same Day Visitor (Excursionists) – Visitor who does not spend the night in a collective or private accommodation in the place visited.

Visitor – any person travelling to a place other than that of his/her usual environment for less than 12 consecutive months and whose main purpose of travel is not to work for pay in the place visited.

The tourism market includes sectors other than those on holiday for pleasure. It includes:

Visitors Friends and Relatives – VFR movements include friends and family making visits from anywhere in the country to the Cork City Metropolitan Area.

Educational tourism – include language schools, field courses and short courses in vacations at academic institutions. These mainly occur outside normal college time, where more residential accommodation is available.

Business trips – generally a higher spending segment, for a specific purpose, primarily for business/ conference/ exhibition purposes, rather than ‘pleasure’ led.

2.2. International Tourism

Traditionally on the world stage at least it is common to gauge tourism activity by number of arrivals and receipts (Doherty, 2002). Between the years 1950 to 2004 world tourism numbers rose from a figure of 25 million arrivals to over 700 million arrivals. The main destinations visited by tourist were Europe, North-Eastern Asia and North America. Approximately 54.5% of world tourist arrivals visited Europe, 11.2% arrived in North-Eastern Asia, with a further 11.2% visiting the USA. Europe received \$260 billion in 2004. The USA is still the leading country receiving \$74.1 billion in 2004. However, in Europe, Spain has now passed out France in terms of tourist receipts receiving \$45.2 billion as opposed to France receiving \$40.8 billion (WTO: 2006). For the world as a whole the real value of receipts from tourism have consistently grown faster than numbers arriving.

Within the long-term growth trend in tourism there has been a large degree of variance. In general demand for travel has reacted quickly both to up turns and down turns in world economic circumstances. This aspect of tourism was highlighted for the years 2000 and 2001. In 2001 world tourist arrival figures stood at 692.6 million, which represents a growth decrease of 0.6% on 2000 when the figure was 696.8 million arrivals (WTO: 2003). All regions in the world bar Africa and East Asia and the Pacific experienced a fall in the growth rate of tourism. The USA recorded the biggest drop of 6% while Europe on the other recorded only a small decrease of 0.7%. Europe remains the world’s top destination. Understandably much of the slump in the tourist industry is being blamed on the events of September 11th. However the World

Tourism Organisation⁴ points out that the decrease in tourist numbers is less than what was feared after the attacks. Since 2001 tourist travel has returned to its growth path.

2.3 National Tourism

The general trend in tourism is one of growth. In Ireland considering 3 key indicators can readily show the growth of the tourism sector:

- ❖ Overall numbers of tourist arriving
- ❖ Revenue generated
- ❖ Employment generated

Between 2003 and 2005 the number of tourists arriving in Ireland grew by almost 10% to more than 7.3million (CSO, 2006a and 2006b). These mainly comprised of British, North American and European tourists. Table 2.1 gives the overall tourist performance of the Republic of Ireland in 2005. During this period, North American arrivals grew by 6.6%, Europe by 30.8% and Great Britain by 0.7%. North American trade continues to recover from the 2001 attacks. The growth in European traffic was impressive but some care is needed as part of this increase is suspected to be immigration for work purposes rather than visitor traffic. Tourist activities from Great Britain have remained flat. Domestic over-night trips grew from 6.7 million in 2003 to 7.2 million in 2005. This is an increase of 6.9%. Approximately 0.57 million visited the state from Northern Ireland in 2005 a 17% increase since 2003.

Same day trips are difficult to estimate since no comprehensive data is available for the Republic of Ireland. Deegan et al (2004) provide the most reliable estimates. They estimated that the ratio of day visitors to domestic over-night trips at approximately 14 to 1. This allows the total day trips by the domestic population to be estimated. The total number of same day tourist trips is approximately 100.8 million in 2005.

⁴ The World Tourism Organisation should not be confused with the World Trade Organisation which also has the acronym WTO

Tourist expenditure in Ireland amounted to more than €9.1 billion in 2005. €4.3 billion (47%) was received from out of state visitors including those from Northern Ireland. Domestic tourism expenditure amounted to nearly €4.8 billion in 2005. In terms of employment the tourist industry supported, directly and indirectly, 230 thousand jobs in Ireland in 2005 or 7.2% of the participating labour force (Bord Failte: 2005).

Table 2.1		
National Tourist Numbers and Expenditure – 2005		
	Numbers - 000s (%)	Revenue - €m (%)
Out of State Visitors		
Britain	3,640 (49.6)	1,452 (34.0)
Mainland Europe	1,903 (26.0)	1,423 (33.3)
North America	937 (12.8)	846 (19.8)
Rest of the World	284 (3.9)	269 (6.3)
Northern Ireland	570 (7.8)	282 (6.6)
Total Out of State	7,333 (100)	4,272 (100)
Domestic Trips		
Over Night Stays (at least 1 day)	7,173 (7.1)	1,165 (22.6)
Same day visits	100,803 (92.9)	3,733 (77.4)
Total Domestic Trips	107,976 (100)	4,826 (100)
Overall Totals	115,309	9,087
Source: Failte Ireland (2006), CSO (2006a and 2006b) and Deegan et al (2004)		

2.4 Regional Tourism

The most important benefits of tourism to the regions are its contribution to income and employment. Comparisons between the South West Region in 2003 and 2005 are not possible due to changes in the regional boundaries. The North Kerry area being transferred from the Shannon Region to the South West Region increased the area. Table 2.2 shows estimates for 2005, 3.3 million people the visited Cork/Kerry region for stays of more than 1 day generating revenue of €1,028 million. While the Dublin region receives more overseas visitors, 3.9 million against 1.7 million and therefore more revenue, €1.3 billion compared to €0.7 billion, when looked at per head of

population the Cork/Kerry region does better in relative terms. At the same time, the South West Region attracts a larger share of domestic business. Approximately 21% of all domestic tourists staying at least one night come to the South West Region. This compares to 16% for the Dublin Region.

In 2005 a very important segment of tourist business remains the same day visitor. These visitors generated €909 million, nearly 47% of total revenues. Moloney (2003) indicates that a sizeable proportion of the tourist spending within the South West region remains in that region.

Table 2.2⁵				
Cork Kerry Tourist Numbers and Expenditure – 2005				
	Numbers – 000s (%)		Revenue - € m (%)	
Britain	681	(38.6)	264	(35.0)
Mainland Europe	469	(26.6)	252	(33.4)
North America	425	(24.1)	153	(20.2)
Rest of the World	129	(7.3)	54	(7.1)
Northern Ireland	55	(3.3)	32	(4.3)
Total Out of State	1,763	(100)	755	(100)
Over Night Stays (at least 1 day)	1,525	(6.4)	273	(23.1)
Same day visits	22,248	(93.6)	909	(76.9)
Total Domestic Trips	23,773	(100)	1,182	(100)
Source: Failte Ireland (2006a and 2006b), CSO (2006a and 2006b), and Deegan, et al (2004)				

2.5 Cork City and Its Hinterland

The current study shows that spending within Cork City and its hinterland is evenly spread throughout the area. The results indicate that there is a strong synergy between attractions in the City and the rest of the Metropolitan Area. Table 2.3 presents both the number of tourists arriving and the revenue generated by tourism in Cork City and its hinterland. It is estimated that 537,000 tourists (staying more than one day) visited Cork City and its hinterland in 2005. Of these, 342,000 were out of state visitors including visitors from Northern Ireland (19.4% of regional total). Domestic over night trips amounted to 195,000 (12.8% of the regional total). The importance of same day visitors

⁵ Due to the change in composition of the Shannon and the South West Regions in 2005, the figures in Table 2.2 are not comparable to previous years.

is illustrated by the fact that there were 3,474,000 such trips in 2005. These same day visitors contributed €158 million to the local economy. These figures indicated that in the same day market Cork City Metropolitan area has a 15.6% regional market share. Its share in terms of revenue is 17.4%. The higher percentage shares of income reflect the types of tourists coming to the Metropolitan area and the higher costs associated with staying in a major urban setting.

Within the Metropolitan area, Cork City has 72% share of the overseas market, 63% share of the domestic over night market and 64% share of the same day market. In value terms sectoral shares are 71%, 65% and 68% respectively. Overall, 69% of all income generated in the metropolitan area accrues in Cork City.

Table 2.3		
Breakdown of Tourist Numbers Cork Metropolitan Area (2005)		
Area	Numbers (000s)	Revenue (€ millions)
Out of State		
Cork City	246	130
Cork City Hinterland	96	52
Total Metropolitan Cork	342	182
Total Domestic (at least 1 over night)		
Cork City	122	48
Cork City Hinterland	73	26
Total Metropolitan Cork	195	74
Total Same Day Visitors		
Cork City	2216	110
Cork City Hinterland	1258	48
Total Metropolitan Cork	3474	158
Total		
Cork City	2584	288
Cork City Hinterland	1427	126
Total Metropolitan Cork	4011	414
Source: Failte Ireland (2006), CSO (2006a and 2006b) and Deegan et al (2004)		

2.6 Accommodation Stock Cork City and The Rest of the Metropolitan Area

Table 2.4 provides an estimate of room capacity for various types of accommodation stock in the area. Figures 2.1 and 2.2 provide a list of hotels found in the Cork City Metropolitan Area.

In terms of Bed and Breakfast, Blarney has the highest percentage of registered Bed and

Breakfast. There are 4 major youth Hostels located in the Cork City Metropolitan Area. Three are located in Cork City with one being found in Midleton. There are 15 self-catering facilities in the Cork Metropolitan area and one caravan and camping site.

Table 2.4		
Accommodation Stock (rooms) in the Cork City Metropolitan Area⁶		
	Room Capacity	
Type of Accommodation	Cork City	Cork City Hinterland
Hotels	1,500	1,300
Guest Houses and Bed and Breakfast ⁷	3,400	1,280
Hostels	250	75
Self catering	400	100
Caravan and camping	0	40

Not only is it important to estimate expenditure by tourists it is also important to know why they are coming. This allows the tourist industry to tailor their product to the market structure. Of those who visit for more than a day, approximately 58% of visitors who come to the area do so primarily for holidays. A further 8% attended business and conference meetings. 26% visit family and friends and 9% come for study or other purposes.

Cultural and Heritage Attractions play an important role in the overall product base in Ireland and the Cork City Metropolitan Area. In discussing cultural and heritage sites it is useful to first define what they are and to discuss the type of tourists that go to cultural and heritage attractions. Heritage means something passed on from one generation to another. It includes any landscapes, natural history, building artefacts and cultural traditions. Cork City Metropolitan Area has a rich variety of such attractions.

⁶ Some of the hotels may be outside the specific geographical Cork City Metropolitan Area but they operate in the as part of its tourist market.

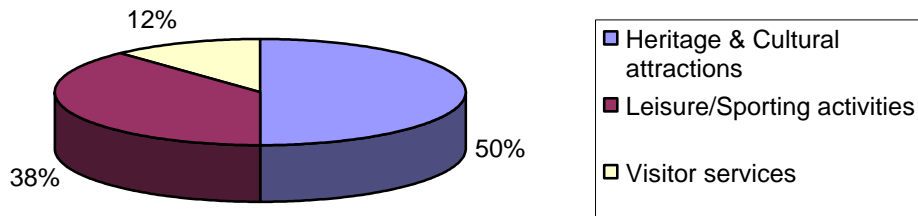
⁷ Bed and Breakfast includes country houses, farmhouses and town houses. The number includes an estimate of the unregistered bed and breakfast establishments.

Figure 2.1 ⁸ Hotels in Cork City	
Ambassador Hotel	St. Lukes
Ashley Hotel	Coburg Street
Brookfield Hotel	College Road
Clarion Hotel	Lapps Quay
Commons Inn	Commons Road
Doughcloyne Hotel	Togher
Gresham Metropole Hotel	Cork City
Hayfield Manor Hotel	College Road
Hotel Isaacs	Mac Curtain Street
Imperial Hotel	Cork City Centre
Jurys Inn	Anderson Quay
Quality Hotel and Leisure Centre	Cork City Centre
Silver Springs Moran Hotel	Tivoli
The Kingsley Hotel	Victoria Cross
Victoria Hotel	Cork City Centre

Figure 2.2 Hotels in Cork City Hinterland	
Bella Vista House Hotel	Cobh
Blarney Castle Hotel	Blarney
Blarney Park Hotel	Blarney
Blarney Woollen Mills Hotel	Blarney
Carrigaline Court Hotel	Carrigaline
Commodore Hotel	Cobh
East Village Hotel	Douglas
Fernhill Hotel	Carrigaline
Forte Travelodge	Cork Airport
Great Southern Hotel	Cork Airport
Hotel Ibis	Dunkettle Roundabout
John Barleycorn Hotel	Glanmire
Maryborough House Hotel	Douglas
Midleton Park Hotel	Midleton
Oriel House Hotel	Ballincollig
Rochestown Park Hotel	Douglas
Rushbrooke Hotel	Cobh
Sunset Ridge Hotel	Blarney
Vienna Woods Hotel	Glanmire
West Park Hotel	Ballincollig

⁸ Some Hotels only operated for part of the year.

Figure 2.3
Distribution of Tourism Services & Attractions by Sub-Sector



Heritage Attractions:

Table 2.5 gives a detailed report of the Cork City Metropolitan Area's heritage sites. There were over 1.22 million visits to these establishments in 2005. It is estimated that at least 66% of these visits were by people from outside the area. The largest attraction Blarney Castle accounted for 30% of the overall volume of visitors to such attractions. Total direct employment in this sector is approximately 100 full time jobs and 100 part time jobs. The indirect employment associated with the activities is calculated at 37 full time equivalent jobs. The employment is distributed between Cork City and the Rest of the Metropolitan area.

Table 2.5⁹		
Cork City Metropolitan Area's Heritage Attractions		
Attraction	Numbers	Area
Blarney Castle	364,500	Cork City Hinterland
Fota Wildlife Park and House	302,100	Cork City Hinterland
Crawford Gallery	200,000	Cork City
Cobh Heritage Centre	105,000	Cork City Hinterland
Midleton Distillery	96,000	Cork City Hinterland
Vision Centre, North Main Street	75,000	Cork City
Cork City Museum	63,000	Cork City
Cork City Gaol	62,000	Cork City
Butter Market	5,500	Cork City
Bessborough	5,000	Cork City

Festival Attractions:

Another important aspect of the Cork City Metropolitan Tourist product is the organisation of various festivals. It is estimated that approximately 200,000 attended these festivals. Approximately 30% (60,000) of those attending were from outside the area. Table 2.6 provides a list of the various festivals held in the area. These festivals directly generate up to €18 million in expenditure from outside the area and a further €6.5 million in indirect impacts.

Table 2.6	
Festivals in the Cork City Metropolitan Area	
Name	Number of Days
Cork Midsummer Festival	11
Cork Arts Festival	6
Cork Film Festival	8
Cork Choral Festival	9
Cork Folk Festival	6
Art Trail	10
Cork Jazz Festival	4
Eurochild Festival	3
Frank O'Connor Festival	4
Eigse na gCuige	4

Cruise Liner Business:

Another important source of revenue for many of the tourist attractions in the Metropolitan Area is the Cruise Ship Niche Market. In 2005, 32 liners used the Port resulting in 28,700 passengers and 14,600 crews arriving at the Port. The total direct and indirect spend of these visitors in 2005 was €26.4 million. The number of full time equivalent jobs involved was 179. The bulk of this expenditure is outside the City Area. Although passengers do have organised shopping excursions to the City and also travel independently to the City via Cobh train services, there is a strong potential for increasing the overall value of these trips to the Cork City Area and to a lesser extent the broader metropolitan Area.

⁹ Visitor Estimates obtained directly from venues.

3 The Contribution of Tourism to Cork City and Its Hinterland

This section presents the impact of tourism expenditure in Cork City and the rest of the Metropolitan Area in terms of revenue and employment.

3.1 Direct Impact of Tourism

The direct expenditure by tourists is on goods and services. These expenditures support employment in region. Table 3.1 presents the estimated direct contribution of tourism to Cork City and its hinterland, for 2005. Tourist receipts amounted to €288 million for Cork City and €126 for the rest of the Metropolitan Area. The sector is directly responsible for 1,774 full time equivalent jobs in Cork City and 735 full time equivalent jobs in the rest of the Metropolitan area.

Table 3.1		
Direct Contribution of Tourism to Cork City and Its Hinterland (2005)		
Cork City		
	Receipts (€millions)	Employment
Overseas Tourism	130	870
Domestic Tourism (over night)	48	224
Domestic Tourism (same day)	110	650
Total	288	1774
Cork City Hinterland		
Overseas Tourism	52	337
Domestic Tourism (same day)	26	135
Domestic Tourism (same day)	48	273
Total	126	735
Sources: CSO (2006), Bord Failte (2006), Employment Estimates by Author using Input Output Tables (CSO, 2005)		

3.2 Overall Contribution of the Tourist Sector

As reported above the total spending by tourists in the Cork City area in 2005 was estimated at €288 million. Visitors to the rest of the Metropolitan area spent a further €126 million. However, not all of this is spent on goods and services produced in the region. A portion will be spent on imports. Hence the direct contribution of visitor spending to the *region* will be lower than the total spending of these visitors. Studies

such as Donnellan and Moloney (2001) indicate that the metropolitan income and employment multipliers should be reduced to allow for leakages out of the smaller sized region. The multipliers are still relatively large, as tourist expenditures tend to have a relatively low import content, but import content in a regional sense would be expected to be higher than import content at a national level since interregional trade within the nation must be taken into account. From a regional perspective such inter-regional trade represents imports and exports.

Table 3.2 shows the overall contribution of tourism to Cork City and its hinterland in 2005. The overall contribution of visitors' spending in Cork City is estimated to be €389 million. This resulted in 2,456 full time equivalent jobs. In the rest of the metropolitan area €160 million was spent. This spending supported 727 full time equivalent jobs.

The sectoral breakdown of the expenditure is discussed in the Section 3.3. The sectoral dispersion of the indirect impacts is much greater with virtually all sectors gaining value from the tourist trade. The major indirect impact is from the expenditure of wages and salaries and the sectors that gain most from the indirect spends include food and beverages, transport and retail.

Table 3.2¹⁰		
Overall Contribution of Tourism to Cork City and Its Hinterland (2005)		
Cork City		
	Receipts (€millions)	Employment
Overseas Tourism	182	1202
Domestic Tourism (over night)	61	381
Domestic Tourism (same day)	146	873
Total	389	2,456
Cork City Hinterland		
Overseas Tourism	65	321
Domestic Tourism (over night)	31	144
Domestic Tourism (same day)	64	262
Total	160	727
Sources: CSO (2006), Bord Failte (2006), Employment Estimates by Author using Input Output Tables (CSO, 2005)		

¹⁰ The overall contribution = direct + indirect + induced, these are calculated using national input output tables. See Appendix for details.

3.3 Sectoral Analysis of Tourist Expenditure

3.3.1 Distribution of Tourist Expenditure by Sector

Table 3.3 presents the expenditure for Cork City and the rest of the Metropolitan Area for visitors other than same day visitors. On average visitors spend most of their money on catering in Cork City and the general Metropolitan Area. This is in contrast to the national picture where most expenditure takes place in the accommodation sector. The retail spend is broadly similar with 25% nationally and 24% for the Cork City Metropolitan Area. The most notable difference however is the relative importance that visitor attraction and venues sector is to the Cork City Metropolitan area compared to the country as a whole. For Ireland as a whole visitor attractions and venues account for only 10% of tourist expenditure, compared to 22% for the Cork City Metropolitan Area¹¹. This shows the relative importance of this sector to the local economy.

Table 3.3¹² Direct Tourist Spend by Overseas Tourists and Overnight Tourists for Cork and Cork City's Hinterland (2005) € millions (%)			
Category	Cork City	Cork City Hinterland	Total
Accommodation	43 (15)	15 (12)	58 (14)
Retail shops	78 (27)	21 (16)	99 (24)
Catering	109 (38)	27 (22)	136 (33)
Transport	20 (7)	6 (5)	26 (6)
Heritage and Cultural sites	9 (3)	43 (35)	52 (12)
Festivals and special events	17 (6)	5 (4)	22 (5)
Conventions & Conferences	12 (4)	9 (7)	21 (5)
Total	288 (100)	126 (100)	414 (100)
Sources: Deegan et al 2004 and Table 3.1 current paper.			

Catering, accommodation and retail shops provide a higher percentage of revenue to the city relative to the surrounding hinterland. These three sectors account for 80% of tourist revenue spent in the city as opposed to 50% in the hinterland. Heritage and

¹¹ Visitor Attractions and Venues is equivalent to Heritage and Cultural sites, Festivals and Special events and Conventions and Conferences.

cultural sites are much more important to the hinterland accounting for 35 % of tourist revenue. Festivals on the other hand are relatively more important to the city. Festivals account for 6% of tourist revenue received in the city as opposed to 4% in the hinterland.

Table 3.4 provides estimated expenditure by same day visitors. These visitors have a lower per capita spend primarily due to non-spending on accommodation, with greater emphasis on retail shopping and heritage centres, cultural events and festivals.

Table 3.4 Direct Same Day Tourist Spend by Category for Cork and Cork City's Hinterland (2005) € Millions (%)	
Category	Cork City and Cork City's Hinterland
Retail shops	69 (44)
Catering	57 (36)
Transport	8 (5)
Heritage and Cultural sites; Festivals and special events	16 (10)
Other Tourist Services	8 (5)
Total	160
Note: Data limitations restricted reporting to the Metropolitan Area as a whole.	

3.3.2 Other Expenditures and Impacts

Conventions and conference business forms a significant section of the Cork Metropolitan Areas tourist sector. Over €13 million was generated by the sector in 2005. This was approximately 5% of the overall market. The number of full time equivalent jobs linked to this expenditure is 87.

Table 3.5 presents totals for 2005, of expenditure and employment attributable to the Heritage and Cultural Site segment of tourist sector for the Cork City Metropolitan Area.

¹² Does not include same day visitors.

Heritage and Cultural centres received €42 million¹³ worth of receipts in the Cork City Metropolitan Area. The sector is directly and indirectly responsible for 200 jobs. The direct employment impact is 100 full time and 100 part time jobs. The balance is indirectly related to this sector.

Table 3.5 Direct contribution of Heritage and Cultural Sites to the Cork City Metropolitan Area	
Receipts (€ million)	€31
Employment (units)	200

Cruise Liner Traffic

In recent years, Port of Cork has come to specialise in the provision of facilities to Cruise Liner Traffic. This is a fine illustration of product development. The fact that Port of Cork is one of Ireland's most popular cruise port destinations is due in no small part to the unique dedication of Cobh Cruise Terminal for use by visiting liners. From the point of view of cruise traffic potential, Cork is fortunate in its location. Its position makes it an attractive option as a port of call for cruises to and from the Baltic, Mediterranean and the Caribbean as well as being favourably located for transatlantic cruise traffic.

In 2005 28,700 cruise ship passengers visited the Port of Cork. The spend due to cruise ship passengers and crew using the Port of Cork in 2005 is provided in Table 3.6 As stated earlier a specific breakdown of the distribution of this expenditure was not possible.

Table 3.6 Aggregate Expenditure by Cruise Passengers and Crew and related Employment – 2005			
	Passengers	Crew	Total
Number	28,700	14,600	43,300
Total Expenditure (€ m)	22.5	3.9	26.4
Total Employment	-----	-----	179

¹³ It is assumed that same day visitors spend more on festivals than on heritage sites. Therefore €11 million is ascribed to this expenditure.

3.4 Relative Market Size of Cork City Tourism

Although the analysis above indicates that the tourist sector is an important economic driver for Cork City and its hinterland, the City has considerable potential to expand and improve this sector. Cork City currently accounts for approximately 24% of the overall tourist expenditure in the Cork/Kerry Region.

Table 3.7 provides an estimate of the relative per capita size of the tourist sectors in Cork City, Galway City and Dublin. If we take the number of tourists visiting the area divided by the population of the area as the relative measure of the tourist sectors then Galway City's tourist sector is approximately 3.8 times greater than Cork City. Dublin is slightly higher than Cork City. This indicates that over last two years Cork City has been improving its relative status in the tourist sector.

Table 3.7 Relative Economic Value of Over Night Stay Tourists Cork City, Galway City and Dublin 2005	
	Relative Size of Sectors
Cork City	1.3
Galway City	3.8
Dublin	1.5

4. Tourism in Cork City and Its Hinterland 2003 to 2005

In July 2004 the first economic assessment of tourism in the region was carried out by the Author of this report (Moloney and O'Sullivan, 2004). Local tourism activities reflect trends, which have been occurring nationally. Urban tourist activity is growing faster than non-urban tourism and the domestic tourist market is growing faster than foreign tourists (Tansey, 2006). Although urban tourism is growing faster, tourism in general and domestic tourism in particular is more important to the non Dublin tourist markets (Tansey, 2006 and Deegan and Moloney, 2005).

Table 4.1 outlines the national trends between 2003 and 2005. The growth rates have been strong indicating that tourism has recovered from various shocks such as the attack on the US in 2001.

Table 4.1 Absolute Change 000s and € millions (% Change) of Selected Variables 2003 to 2005		
	National	
Visitors	Tourists	Revenue
Out of State	464 (6.7)	846 (24.7)
Domestic Overnight	513 (7.7)	195 (20.1)
Same Day	6,513 (6.9)	422 (12.7)

Table 4.2 provides equivalent results for the Metropolitan Cork Area. The Area has out performed the national results in all cases except in revenue generation from out of state tourists. This indicates that Cork City and its hinterland is improving its market share over this period. It is an impressive performance.

The growth in revenue has been greater than the growth in tourist numbers in the case of domestic tourists but less in the case of out of state and same day visitors. The reason for the slower revenue growth for these two categories is likely to be the increasing popularity of short breaks. Revenue is increasing at rates above inflation resulting in real increases in results.

Tourist related employment has also grown from 2003 to 2005. The growth rates are less than those for tourist numbers or revenue. This is to be expected as revenue figures are in nominal terms and infrastructural investment is increasing labour productivity in the sector. Overall direct employment increased by 3.2% during the study period.

Table 4.2 Absolute Change in Visitor Numbers, 000s, and Revenue, €m, in Cork City and its Hinterland (% Change) 2003 to 2005			
	Cork City (%)	Cork City Hinterland (%)	Metropolitan Cork (%)
Visitor Numbers			
Out of State	36 (17.1)	18 (23.1)	54 (18.8)
Domestic Overnight	31 (34.1)	20 (37.7)	51 (35.4)
Same Day	449 (25.4)	451 (55.9)	900 (35.0)
Visitor Revenue			
Out of State	16 (14.1)	14 (36.5)	30 (19.7)
Domestic Overnight	17 (54.3)	10 (66.7)	27 (58.1)
Same Day	22 (24.4)	14 (42.9)	36 (29.5)

As well as out performing the overall market nationally the Metropolitan Area is also performing strongly at regional level. As stated above no direct comparisons can be made between 2003 and 2005 due to changes in regional boundaries. In terms of number of tourists the area has 12.8% of the domestic overnight market, 15.6% of the same day market and 19.4% of the out of state market. Revenue results are also impressive. Cork City and its hinterland accounts for 17.6% of same day visitors' spend, 27.1% of the revenue generated in the domestic overnight market and 24.1% of out of state visitor spending. Given that the regional boundaries have resulted in a larger region compared to 2003 these results show a stronger growth in Cork City and its hinterland compared to the rest of the region since 2003.

5. Conclusions

This report provides an overall assessment of the state of the tourist industry in Cork City and its hinterland at the end of 2005. The Cork Metropolitan Area is showing relatively strong growth over the last two years. Revenue growth has also been strong. In some cases the revenue growth rates have been less than those for tourist numbers reflecting the greater emphasis on short stay holidays in an urban setting.

The findings are that the industry contributes directly and indirectly €389 million and 2,456 jobs to the Cork City Area and €160 million and 727 jobs to the rest of the Metropolitan Area.

Metropolitan area attracts approximately 16.9% of all tourist trips in the region. In the case the number of tourists the area has 12.8% of the domestic overnight market, 15.6% of the same day market and 19.4% of the out of state market. The shares of total tourist expenditures in the region are also impressive. Overall the area generates 21.4% of all tourist expenditures in the South West Region. Cork City and its hinterland accounts for 17.6% of same day visitors' spend, 27.1% of the revenue generated in the domestic overnight market and 24.1% of out of state visitor spending.

Cork City and its hinterland have performed above the national average over a wide range of variables between 2003 and 2005. This is a result of improved infrastructural investment, enhanced visitor experiences such as the various festivals held in the City and the changing nature of tourist activity such as the increased demand for short city breaks. Furthermore it is clear that the Cork 2005 experience had a positive effect on the increase in tourist numbers and revenues.

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A1 Input Output Techniques

This section provides a description of the methodology employed in this study. The direct effect of any activity on its local economy can be quantified as:

- ❖ numbers directly employed by the activity
- ❖ wages and salaries these workers are paid
- ❖ value of purchases directly attributable to the activity

In looking at the value of an activity in this sense, one captures the minimum economic significance of the activity. Such an analysis excludes the linkages that a business activity has with other sectors of the economy. These linkages can be described in terms of indirect contributions. They support jobs and provide wages and salaries. The purpose of the input-output model is to estimate the total impact of tourism on the country or a region. The starting point is the expenditure and employment that is directly related to tourism. Input-output is a method of measuring the overall impact of an industry or industrial service such as the tourist industry.

Using this approach, the overall impact of the activities may be separated into three parts as follows:

1. The **Direct Impacts** give the total expenditure on the purchase of goods and services by tourist visiting the Cork City Metropolitan Area. It includes the direct payment of wages and salaries of employees.
2. **Indirect Impacts** are those which occur when local suppliers in receipt of expenditure, in turn purchase goods and services. This in turn results in further production and employment in businesses located in the country.
3. **Induced Impacts** refer to the additional consumer spending, which takes place when the income generated from the direct and indirect impacts is spent.

The overall impact is the sum of the direct, indirect and induced impacts. These impacts may be quantified in terms of expenditure and employment. This overall impact can then be measured as a multiple of the direct impact of business. Therefore, this report presents its analysis in terms of two distinct types of contribution of the tourist industry on the economy of the region: the direct and indirect contributions¹⁴. An appreciation for the meaning of these contributions is a necessity in interpreting their significance and understanding the results produced in section 5 of this report.

¹⁴ The indirect impacts reported in this study include the sum of the indirect and induced impacts.