

# Ireland's Experience Economy



2021

#yourexperienceconomy



## Reboot & Reimagine

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## Reboot & Reimagine campaign

The Experience Economy is part of Ibec's Reboot and Reimagine campaign to shape a better and sustainable future for Ireland.

The Reboot and Reimagine campaign provides a range of solutions that cover the enormity and breadth of the challenges posed by the pandemic. It outlines thematic policy actions across engagement and crisis management, getting people back to work, fiscal policy and stimulus measures, responding to Brexit and reimagining a better Ireland.

With courage and commitment from Government, the business community and the public, the Reboot and Reimagine campaign can chart not simply a recovery for society and the economy, but one which will deliver a more sustainable future for all.

# Ireland's Experience Economy

With a landscape, surrounded by an outstanding coastline, diverse and dramatic, a haunting history steeped in ancient traditions, literature, folklore and music fused culture, Ireland has all the raw materials for an exceptional experience.

This amazing place, famous for its welcome, is backed by thousands of businesses and hundreds of thousands of people that power it.

Our world-renowned hotels, fantastic festivals, the fame of sporting occasions, our rich provenance in food and drink, the ceremonies marking our culture and way of living, our global connectivity join forces to create experiences unique to the island of Ireland.

This is the Experience Economy and more than meets the eye.





# Experience Economy by the numbers\*

Half of Irish people attended a concert or another attraction in 2018

## Ireland

330,000 people employed in the sector

# 330,000

## €4 BILLION

spent by the Experience Economy every year on purchases of goods and services, including over

## €1 BILLION

in purchases from domestic food and drink suppliers



For every hundred jobs created directly in the Experience Economy, another forty are supported elsewhere in the Irish economy



# JOBES

# 1 in 3 EURO

Spending in the Experience Economy accounts for more than one euro in every three euro spent by an Irish household. This compares to the one euro in every four euro in the EU as a whole

## Shared Island

# 420,000

Overall on the island the Experience Economy employed around 420,000 people directly or indirectly prior to the crisis that is one in five people on the island of Ireland

# 1/5



The Experience Economy employs one in every five private sector employees in Ireland

# 20%

## Northern Ireland

92,000 were employed in the Experience Economy in Northern Ireland

# 92,000

18% of private-sector workers in Northern Ireland are employed by the sector

# 18%

Please note that figures given in this document are all based on activity prior to the pandemic. There is also a difference between Ireland, Northern Ireland and Shared Island as categorised.

\*March 2021



## Our campaign

The Experience Economy is a contemporary expression and recognition of what is a dynamic, diverse and substantial part of Ireland's business model. It reaches deep into a supply chain supporting business and employment encompassing many of the often 'hard to reach' but critical elements of the economy and society: young people, small medium enterprises, regional and rural development, with real, tangible benefits for the Shared Island.

The closure of many parts of the Experience Economy due to Covid has shown the extent of employment and investment in this sector.

This campaign aims to promote a contemporary understanding of Ireland's Experience Economy. It will bring together a new, broad coalition of stakeholders who recognise the sector's economic impact and its intrinsic value in making Ireland a great place to live, work, invest and experience.

Our approach will focus on demonstrating the sector's value and lobbying on several specific policy asks which will ensure the Experience Economy is not only rebuilt but reimagined for the better.

It is an important part of Ibec's broader commitment to shape a better and more sustainable future for Ireland.

## Campaign purpose

To create the conditions for the Experience Economy to achieve world class potential that is sustainable and uniquely Irish by:

- 1 **Creating a contemporary narrative and definition for the Experience Economy.**
- 2 **Educate all stakeholders about its reach and value.**
- 3 **Lobbying for the status and investment in the Experience Economy and ecosystem.**



**Irish households spend more attending or participating in sport than any other country in the EU**

## Defining the Experience Economy

The Experience Economy comprises of businesses and a workforce which operate across multiple sectors in Ireland as well as encompassing organisations in the arts, cultural, sporting, and heritage sectors. Across its domain are hospitality, retail, travel, food, drink, tourism, entertainment, events and activity combining together to deliver transformative experiences to visitors.

It brings us deeper than the surface of traditional 'front of house,' reaching into the supply chain with very many ancillary suppliers and contractors along with a crucial interdependency with our indigenous food and drink industry. Underpinning it is a diverse and dedicated workforce with the very many ancillary suppliers, contractors, and services and a crucial interdependency with our indigenous food industry.

The Experience Economy, and the people that power it, go beyond the function of providing a commodity but instead thrive and compete on the basis of experience.



## Social and economic contribution

The transformation of our economy and how experience is now a distinct, holistic and substantial part of our society is an important story. The Experience Economy has played a major role in developing the interconnectedness of the all-island economy and is an important source of employment North and South of the border. It is also a major market. Unlocking the all-island potential will support the opportunity of scale for business to a market of 7 million people.

There are few places across Ireland that are untouched by the Experience Economy. The benefits are seen in rural and urban environments, extending to the most remote settings and bringing vibrancy back to forgotten and depopulated parts, providing hope and jobs to marginalised communities. Diversity is a key feature encompassing Irish indigenous multinationals with an international workforce, to small businesses employing local people.

Ireland's Experience Economy spent almost €4 billion every year on purchases of goods and services, including over €1 billion in purchases from domestic food and drink suppliers. Prior to Covid, over 330,000 people were either employed or supported directly by demand from the Experience Economy. Before the pandemic, it comprised of €4.5 billion in wages, salaries and employment taxes every year. Up until 2020, spending in the Experience Economy accounted for more than one euro in every three euro spent by a household in Ireland. This compares to the one euro in every four euro in the EU as a whole.

## Sustainability and a shared island

The Experience Economy in Ireland is increasingly conscious of its current and future environmental, social and economic impacts. It embraces the opportunity of presenting a sustainable experience and aligning it with Ireland's unique reputation, geography and heritage. Across these businesses there is a commitment gathering pace to have a positive impact on the environment and the communities it touches. Many within the Experience Economy are already harnessing sustainable development to position Ireland as a world leader in providing a truly green experience.


## Policy asks

With consumer confidence being tempered by economic uncertainty, the Experience Economy has been challenged in ways few could have imagined. It is because of this economic uncertainty that we must protect the pillars of the Experience Economy but also embrace the changed landscape, find new ways to innovate and look to secure the future of this island's economic engine. This campaign outlines three main areas for intervention by Government:

### 1 Bouncing back

### 2 Putting people first

### 3 Fire powering product, marketing and digitalisation



**Irish people are the top Cinema goers in Europe, going an average of 3.3 times per year**



Overseas visitors spent €5.6 billion in Ireland in 2019, with Irish domestic tourism accounting for a further €2.1 billion



# 1 Bouncing back



Irish households spend twice as much, as a share of their income, eating out than the European average. This puts us first place in Europe



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Policy ask 1  
**Bouncing back**

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## The challenge

**The business supports delivered by Government in response to Covid have been largely effective in preserving firms and supporting employees. However, the length of the public health restrictions has meant that business debt levels have risen sharply. Unless further measures are taken - both before and in line with reopening - large scale business failures and redundancies are inevitable.**

**The Experience Economy has borne the brunt of the Covid crisis and many thousands of businesses are now at risk of failure unless these businesses receive targeted support as the economy reopens. These businesses also need as much certainty as possible so that they can plan a route back to viability over the coming years. Government must set out as much detail as possible on how it will continue to support businesses and jobs in the Experience Economy over the medium-term.**

## Policy solutions

### **Remove the cap in the Covid restrictions support scheme**

Following the extended lockdown period, growing overhead cost pressures are threatening firm viability and will lead to a wave of firm failures unless addressed. The Covid Restrictions Support Scheme (CRSS) payment is an effective tool in supporting eligible smaller firms with these overhead costs but the existing cap restricts its effectiveness in preserving medium and large employers. In order to help preserve as many firms and as much employment as possible, we recommend that the existing €5,000 cap in the scheme should be removed.

### **Avoid a cliff-edge in changes to existing supports**

Once the public health measures enable businesses to reopen, Government must ensure that the existing supports are not removed too quickly, risking a threat to the viability of many firms. Business will require some time for cashflow and balance sheet positions to return to pre-crisis levels, and the existing wage, tax warehousing and local authority rate supports should only be removed on a gradual basis and as a general guide not until turnover returns to over 90% of pre-crisis levels. Other cashflow measures in relation to duty are also required and the issue of commercial rents must be addressed.

### **Provide medium-term commitment to 9% VAT**

The 9% VAT rate is a vital measure in helping businesses in the sector recover margin at a time when they are facing higher Covid related costs of doing business. However, given that many firms in the Experience Economy operate long lead time booking models, they need to have the certainty that the 9% VAT rate will remain in place until at least 2024.

### **Change the duty system**

Allowing for excise to be recovered in a similar manner to VAT on bad debts, would prove very helpful in supporting the provision of credit to the sector by suppliers.

### **Better State structures to support the Experience Economy**

The State needs to better understand the breath, depth and economic contribution of the Experience Economy and reflect this with commensurate status, supports and departmental ranking.



Three quarters of Irish people spent at least one night away on holidays – either domestic or outbound – in 2019



## 2 Putting people first

45% of all Irish adults booked a ticket for an event online in 2019





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Policy ask 2  
**Putting people first**

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## The challenge

**Strong economic growth before the crisis, career misconceptions and high labour turnover all lead to skills and labour shortages presenting serious challenges. The lack of available talent and a skilled workforce will limit the growth and development potential and undermine Ireland's reputation in experience creation.**

**Technology and digitalisation have driven innovation in the Experience Economy over the last decade. Globally, digital technology has disrupted the tourism industry, with new business models for accommodation, transportation and marketing. As one of the world's fastest-growing industries, businesses of all sizes must be ready to adapt to forces of change.**

**With highly educated, enthusiastic and motivated people at its heart, the Experience Economy will also need to embrace technology and innovation to create and deliver a new dynamic visitor experience in line with changing landscape and consumer behaviour.**

## Policy solutions

### **Develop a resourced, high level, end-to-end Experience Economy skills strategy**

The development of a national, sector-driven, proactive skills strategy for the Experience Economy will link people with technology to drive innovation and opportunities and aim to promote and position the experience sector as a career of choice. The strategy should be informed by research illustrating the breadth and depth of linkages and economic contribution.

### **Reduce the barriers to access new skills and expertise**

The rollout of high-quality education and labour market partnerships to provide a rich source of future talent through work experience, traineeships and graduate programmes can bring new skills and expertise to business in marketing, web development, supply chain, technology etc.

### **Launch a national innovation funding call for the Experience Economy**

Support business integration to Ireland's innovation ecosystem via an Experience Economy Innovation Voucher and the Experience Economy Innovation Partnership Scheme. Enable the Experience Economy to become more externally focussed, de-risk innovation investment decisions, and identify new technologies to support business development.

### **Develop targeted management programmes to support leadership capacity**

The Experience Economy needs dedicated management development programmes with a specific focus on data analytics tools to underpin decision making. Incentivise the education and training sector via National Training Fund programmes such as Skillnet Ireland, Springboard+ and Skills to Advance to develop and deliver focused, high level, agile management training for this sector.





Irish households spend €1,100 on domestic overnight tourism annually on average

One third of the Irish population attended a festival in 2018



### 3 Fire powering product, marketing and digitalisation



## Policy ask 3

**Fire powering product, marketing and digitalisation**

## The challenge

**The current levels of investment are inadequate to sustain employment and enterprise across the Experience Economy. Poor investment in tourism promotion and marketing along with the need to upgrade attractions and infrastructure are the main challenges for the Experience Economy.**

**The Experience Economy must become more sustainable, and smarter through digital technology. Investment will be needed in international accessibility, sustainable travel such as 24-hour public transport, and the continued development of greenways and blueways.**

**The wider Experience Economy, particularly those activities in the evening and night-time, will be key to revitalisation and growth of town centres. Conferences, sports, concerts, cultural, markets and other events will be important drivers of footfall and will deliver wider business benefits.**

## Policy solutions

### **Invest in supporting infrastructure, new product development and marketing**

Support visitor experience development, upgrade existing attractions and sites, increased marketing support for visitor attractions, and improve visitor awareness and accessibility. Double the overseas tourism marketing budget, targeting higher spending source markets and segments. Develop a new national events strategy. Launch an ambitious domestic tourism campaign strategy, promoting staycation, short-stay, and day-trip opportunities. Connect existing promotional campaigns and brands to the wider Experience Economy. Campaigns should be expanded to include different experiences such as food and drink and accelerate the economics of uniqueness through sustainable State investment in Ireland's historic, cultural and heritage core assets.

### **Support development and enhancement of the Experience Economy**

Reform the valuation process and the commercial rates system to support the recovery of the Experience Economy. Prioritise immediate investment in sustainable mobility and active travel. Make our city and town centres safer, family-friendly, and more attractive destinations. Rethink the use of public space and reimagine under-utilised space. Plan for a greater mix of commercial activities and experiences. Tackle State-imposed and other regulations. Overhaul the alcohol licensing regime. Develop a new approach to events and markets. Align the experience and night-time economies and appoint night-time economy advisors to cities.

### **Become a global leader for sustainable and smart experiences**

Provide a package of supports to incentivise investment in sustainability and the circular economy across the Experience Economy. Embed digital technology across the Experience Economy including tourism, retail, culture, heritage, sports, and events. Grow the digital footprint through enhanced digital presence, visibility, and marketing. Better connect companies with customers and suppliers through digital tools. Roll-out smart tourism and smart destination initiatives. Provide new or enhanced experiences through the adoption of immersive technologies such as virtual reality and augmented reality.

### **Maximise the all-island opportunities for the sector**

The Experience Economy is a major generator of the prosperity in the all island economy that is underpinned by peace and the Good Friday Agreement. Support for the Experience Economy must be a particular focus of new Shared Island agenda, involving increased funding for all island connectivity, skills, marketing and promotion and product development.



## Calls to action

We are calling on Government to implement policy asks.



We are calling on business to tell the Experience Economy story and amplify the message.



We are calling on the public to support your Experience Economy.



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### Key stats sources

CSO  
 Eurostat  
 Fáilte Ireland  
 International Union of Cinemas (UNIC)  
 Ticketmaster



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