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An assessment of the Economic Value of Food Tourism to the Irish Economy

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Abstract:

Tourism is a hedonic product. It is made up of many characteristics which can vary both quantity and importance. One of the crucial characteristics in the Irish tourism product is food and food services. Expenditure on food and beverages by tourists and the value of such expenditure is an important component in the development and expansion the overall Irish tourism product. It is an important issue which interacts with other issues such as diversification, cultural integration and the creation of closer relationships between the tourist consumer and product provider. Strong correlation has been found between increased levels of food expenditure and the retention and development of regional identity (Mak, et al, 2012). This is a result of an increased awareness in the social and in the cultural benefits of indigenous food production and of local consumption. It allows tourists to experience traditional heritage, skills and lifestyle.

Both tourism and the food and beverages sectors are strong and vibrant sectors in Ireland. They are the most important indigenous drivers of the Irish economy and are playing a vital role in Ireland's economic recovery. The sectors are central in creating jobs and increasing export earnings which, in turn, are fuelling the economic rebirth of the country. This paper provides an economic assessment of the food and drink spend by visitors to Ireland. The study reports estimates of the overall value of this aspect of the tourism sector to the economy. It compares the results with those of some of our main competitors within this niche market. Results are provided in terms of income and employment.

Introduction:

This paper examines the role of food tourism in developing and expanding Ireland's image and in enhancing the overall marketing of the Irish tourism product. Issues of diversification, of cultural integration and of the creation of closer relationships between the tourist consumer and product provider are investigated. Strong correlation has been found between increased levels of food tourism interest and the retention and development of regional identity (Mak, et al, 2012). This is a result of an increased awareness in the social and in the cultural benefits of indigenous food production and of local consumption. It allows tourists to experience traditional heritage, skills and lifestyle.

Food is an experiential factor in a tourism product. Visitors have various levels of expectation concerning food including issues such as smell and taste. They also vary in their ranking of food in their decision making process when deciding when and where to travel. This means that food tourism presents major opportunities and dangers in the tourist market. It can be an important aspect in attracting tourist. If their expectations are not met repeat business will suffer.

The tourist marketing needs to identify the characteristics of the target market and deliver a quality product most suited to tourists. Initiatives need to provide groups with new

and interesting ways to experience what the destination has to offer. Hands-on tourism programs also provide new ways for tourists to explore and experience the culinary delights available in Ireland. The product must be easily assessable, standards clear and appropriate.

Emphasis in this study is on the importance of food tourism in increasing tourist spending, in extending the tourist season, and in increasing tourist numbers. The aim is to highlight the opportunities in the food tourism sector. The study provides information and guidance on development of the sector. The development requires a close working relationship between Bord Failte and product suppliers in the area of quality assurance.

Defining Food Tourism:

Food tourism is part of a global movement toward experiential tourism. Tourists are increasingly demanding greater direct experience of indigenous culture. Food tourism has become the current term that encompasses a variety of tourism and traveller activities which facilitate increased experience of culture, ecology, heritage and nature in the host area. Telfer and Wall (2000) indicate that up to one-third of total tourist expenditure is on food consumption.

Food consumption can be characterized from three aspects Miselman et al (1999):

1. The Tourist

    a. Cultural influences
    b. Socio-Demographic Influences
    c. Motivational and Experiential Interest
    d. Expectations and Past Experience

2. Food Product

    a. Nature of local cuisine
    b. Quality of local food and production
    c. Varity in food
    d. Price and value

3. The Destination

    a. Reputation
    b. Marketing and information
    c. Service standards
    d. Seasonality

Food tourism has long history of appeal in certain Tourist destinations. In recent years ‘Food’ has increasingly recognized as an important marketing tool to attract travelers to specific destinations and to stimulate repeat visits. Food tourism is a fast growing segment of the tourism industry reflecting an increase in specialization among tourists (Hassan and Hall, 2003).This trend is evident in the rise in the volume of tourists who seek adventure and interaction local people. The next section looks at some of the main requirements for a successful food tourism policy. In the design any such policy there is a need to research and develop food tourism product within the broader cultural heritage tourism sector. Fpr

example emphasis can be placed on the sustainability of food tourism within the socio-cultural-economic environment of the host region. This would capitalize on the expressed desires and concerns of the potential experiential tourist market.

Towards a Food Tourism Market in Ireland:

Food tourism is important for various reasons:

1. It has a positive economic and social impact,
2. It establishes and reinforces identity,
3. It helps preserve the cultural heritage.

In the design of any policy to develop food tourism in Ireland, a number of objectives must be met within the context of the current market. Firstly, conservation of resources, accurate interpretation of those resources, provision of an authentic visitors' experience, and the stimulation of the earned revenues are the primary all objectives that must be adhered to in any development. Food tourism development is not only be concerned with identification, management and protection of the heritage values, it also involves providing an understanding the impact of tourism on communities and the achieving of economic and social benefits the product.

Key points in planning Food Tourism include:

- Focusing on strengths – emphasis on natural and environmentally sustainable product.
- Set clear targets for achievement – visitor numbers, profit, employment, community involvement, and conservation of the resource.
- Stimulation of local entrepreneurship and strong local product development.
- Target appropriate market segment.
- Constant assessment of client perceptions.
- Develop sustainable quality assurance.
- Create a meaningful direct experience for tourist.

Involving the local community through participation is essential:

- Local participation and innovation.
- Create stakeholders - Identify community leaders.
- Ensure benefits to provider and consumer.
- Maximize advantage of local conditions.
- Develop an effective self monitoring and evaluating progress.
- Ensure quality information available to visitors.

Food tourism is a form of tourism which must include and benefit local communities. In response to the challenges and uncertainties induced by globalization and other factors, many communities need to maximize their comparative advantages and leverage existing skills in the food area. In Ireland food tourism needs to be linked to the whole visitor experience linking it to the wider cultural symbols, such as music, heritage and local traditions and features. This allows food tourism to build on the longstanding and successful traditions, customs and values of Ireland. The uniqueness of local culinary specialties can reinforces

cultural richness and uniqueness that are frequently depicted in various tourism product offerings, marketing publications and media. Food tourism can increasingly be objectified and modified to entice tourists to specific destination areas. It can also provide new sites of consumption and products to the increasingly varying tourist market. This form of tourism is gaining momentum and new approaches need to be developed to gain maximum advantage into the future. Basic principles in Food Tourism include:

- Food tourism involves development from the ground up.
- Profits and economic multiplier impacts are very high for food tourism.
- It is highly environmentally sustainable
- Increase respect traditional culture and social structures.
- Increases tourist interaction in local areas and improves brand loyalty.

Food tourism offers excellent opportunities to increase value added for the overall tourism product. It creates large synergies with the current core product offering. It gives the added advantage of having a wider choice to ensure guest of increasingly met. The process to initiate action can come from any individual or organization but coordination is vital.

Potential for Irish Food Tourism:

When a food tourist strategy is developed it must take account of existing potential in the market. Pinpointing of existing and potential destinations and expertise is required. The tourism product needs to link of a number of individual products/services into a single experience. The product is a saleable item, with a competitive price. There is a broad range of products and services that can be linked in this way.

Ireland has the following assets:

- Attractions – current and potential product are strong.
- Local expertise strong but underutilized.
- Strong organizational capability
- Green and environmentally friendly production.
- Marketing structures are already in place.

Resources for planning and organizing include:

- Human resources – at local and national level.
- History of good financial planning.
- Infrastructural resources are widely available.
- Existing food tourism resources well managed.

Tourism is a hedonic product. It is made up of many characteristics which can vary both quantity and importance. The primary interest of this study is to quantify the value of the food segment of tourist spending to the economy of Ireland. As stated above, as only one of the many aspects of tourist activities, it is difficult to separate and quantify Food Tourism's specific contribution within the overall the tourist product. It is possible to quantity food expenditure.

Expenditures by tourists' on food and food related services increase income to local enterprises and wages and employment to labour. The increased income generated produces indirect income when it is re-spent (see Appendix for discussion of various forms of economic impacts). The economic contributions will be reported in 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 overall impacts of the activities are separated into three parts:

1. The **Direct Impacts** give the total expenditure on the purchase of goods and services by tourist on food and beverage services. It includes the direct payment of wages and salaries of employees.
2. The **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. The **Induced Impacts** refer to the additional consumer spending, which takes place when the income generated (wages and salaries), from the direct and indirect impacts is spent.
4. The **Overall Contribution** = Direct + Indirect + Induced Contributions.

For simplicity, in this paper the sum indirect and induced results are reported as the indirect impacts. The effects of the activity on the economy are quantified in terms of:

- value of purchases attributable to the activity
- numbers employed due to the activity

In looking at the direct value of an activity, one captures the minimum economic significance of the activity. This analysis excludes the linkages that a business activity has with other sectors of the economy. These linkages can be described in terms of indirect and induced contributions. The direct, indirect, and induced impacts provide the total value of the activity to the economy. The Input-Output table enables estimates of the total impact of food tourism on the country to be calculated.

Table 1 provides enumeration of all tourist activity in the Republic of Ireland in 2011. All tourists spend €3.5 billion on food and beverages. This is 41% of total expenditure. Domestic tourists and same day tourists tend to spend more on food than inbound tourist. In absolute terms, same day trippers spend the most on food and beverage (€1.5 billion), followed by inbound visitors (€1.2 billion) and finally over night domestic tourists (€0.7 billion).

Table 2 shows the direct value of tourism expenditure in 2012. The values are estimated using the percentages in Table 3.1 and statistical data supplied by the Central Statistical Office. The direct data includes expenditure on food and beverages (€3.5billion) and employment 49,000 FTEs jobs. Direct expenditure on food and beverages in the tourist market is 3.7% of GNP. Overseas visitors account for 33.7% of the expenditure on food and food services, 44.6% was spent by same day trippers and 21.75 by domestic over night tourists.

Table 3 reports the overall value of overseas food tourism in Ireland in the year 2011. These values are calculated using the Irish Input Output Tables (CSO, 2009). Total contribution of expenditure on food and beverages by tourists is €7.3 billion supporting

96,000 FTE jobs. This means total tourism expenditure related to spending on food and beverages services was approximately 5.6% of GNP in 2011. Employment related to these activities was related to 5.3% of the labour force.

Table 4 compares Irish results to those in the United Kingdom. As a percentage of overall tourists spend Ireland has a higher percentage (36.1%) than the UK average (35.2%). In terms of regional variations food expenditure in Northern Ireland and Wales is a higher proportion of tourist spending than Ireland. England and Scotland are lower. The indirect impacts are as expected and reflect the size and integration of the various economies. Irish indirect multipliers are higher than the United Kingdom due to the importance and size of the Irish domestic food industry.

Conclusion:

Any strategy for success in Food Tourism centres on marketing and consumer satisfaction. To draw people and money into Ireland there is a need to develop a multi-year and multi-tiered plan.

Five components in a marketing plan are:

- Product Development
- Public Relations
- Advertising
- Graphic materials
- Promotions

Shenoy (2005) reports on 'food tourism and tourists' participation in food related activities at a destination to experience its culinary attributes'. He notes that food tourism is an important but not a primary, reason influencing travel behaviour. In order to maximise the development and benefits of food tourism the sector must identify underlying dimensions of food tourism, developed the conceptual framework that explains participation in food tourism in their region, segment tourists based on their participation in food tourism, and recognise the socioeconomic and demographic variables that predict membership in the various food tourist segments.

The analysis by Shenoy (2005) reveals that food tourism is composed of five types of activities. These are:

1. dining at restaurants known for local cuisines,
2. purchasing local food products,
3. consuming local beverages,
4. dining at high quality restaurants, and
5. dining at familiar chain restaurants and franchises.

The Irish Food Tourism Action Plan has contributed to:

- increased visitor numbers,
- larger local visitor spend,
- improved visitor experienced,
- more demand for Welsh food and drink produce; and

- lower environmental impacts of the tourism industry.

The current study indicates that these areas are being successfully addressed in Ireland.

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Table 1: Tourist and Expenditure in the Republic of Ireland Numbers - 2011

	Visitor Numbers	Total Expenditure	Food and Beverage Expenditure	% F&B Expenditure of Total Expenditure
	FTE 000s	€m	€m	%
Inbound Visitors				
UK	3188	909	373	41
Rest of Europe	2442	1140	376	33
US & Canada	1112	653	215	33
Rest of World	368	261	94	36
Total	6621	2963	1058	36
Northern Ireland	1304	272	112	41
Domestic Tourism				
Over Night Stays	8994	1822	747	41
Same Day Visits	110700	3432	1544	45
Total All tourist Activity		8489	3461	41

Table 2: Direct Contribution of Expenditure on Food and Beverages in the Irish Tourist Market to Irish Economy	
Expenditure - € millions	
Food Goods and Services	
Inbound Tourist	1170
Domestic Over-Night Stays	747
Domestic Same Day	1544
Total	3461
Employment (FTE - 000s)	49

Table 3: Overall Contribution of Tourism Food and Beverages Expenditure to the Irish Economy – 2011		
Impact	Expenditure (€ millions)	Employment (FTEs -000s)
Direct	3461	49
Indirect	3876	47
Total	7337	96

Table 4 UK and Nations (£b) and Republic of Ireland (€b) Inbound Tourist Expenditures on Food & Beverages 2010 (% of Total Spend excl fares)			
	Direct	Indirect	Total
England	4.77 (33.8)	4.29	9.06
Scotland	0.67 (38.2)	0.63	1.30
Wales	0.21 (42.7)	0.11	0.32
Northern Ireland	0.08 (41.3)	0.03	0.11
UK	5.85 (35.2)	5.06	10.91
Republic of Ireland[1]	1.16 (36.1)	1.10	2.26

Source: UK Tourism Statistics, UK Input Output Statistics, CSO, Failte Ireland

1 Republic of Ireland Reported for 2011