

EMPLOYMENT IN THE DRINKS AND HOSPITALITY INDUSTRY IN 2022: THE ONGOING PANDEMIC THREAT TO JOBS

A DIGI summary and analysis of the latest industry employment data and report compiled by Anthony Foley, Dublin City University Business School



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FOREWORD

As a country, we have made significant progress in the last year in our fight against the Covid pandemic. Together we have acted with thought and care, and with over 90% of the adult population at least partially vaccinated, there is an opportunity to move towards a more normalised way of life.

However, the drinks and hospitality industry remains profoundly impacted by the events of the last year and a half, and our sector faces some of the largest obstacles to recovery. Hospitality workers endured some of the longest forced absences from the workplace, with immense financial and psychological consequences we have yet to fully quantify.

International tourism is likely to remain relatively weak in 2022, despite global vaccination. This means that even as Ireland's broader economy recovers, drinks and hospitality businesses are set to struggle on with fewer customers, fewer staff, and reduced revenue for the foreseeable future.

This is the Drinks Industry Group of Ireland's summary of the latest employment report, Structure and Performance of National and Regional Employment in the Hospitality Sector of Restaurants, Hotels and Public Houses, researched and authored by DCU economist Anthony Foley.

Based on this report, DIGI estimates that **jobs in accommodation and food service, which includes most of the drinks and hospitality industry, will total approximately 140,000 in 2022, 40,000 less than the Q4 2019 total of 180,000**, based on decreased demand despite broader economic recovery.

While thousands of pub, restaurant, hotel, and other industry employees have returned to work over the last six months, thousands have left the industry for good. They have taken jobs in other industries or in some cases returned to their home countries.

Areas outside of Dublin are likely to be disproportionately affected by this crisis. Many rural communities are significantly dependent on tourism, much of it seasonal, for jobs and revenue. Without tourism demand, there is less money available to maintain and create jobs, meaning drinks and hospitality businesses will become less efficient and less competitive.

As the report shows, in Q4 2019, the last quarter unaffected by the pandemic, in the South-West region, which includes the counties of Cork and Kerry, 8.9% of the adult population were employed in accommodation and food service jobs. In Kerry specifically, that figure was 10.5%.

Women comprised the majority of those employed in accommodation and food service (54%), compared to 46% in total employment; in the Midlands, 67% of all accommodation and food service employees were female. The sector is also relatively young: in Q4 2019, 31.8% were between 15 and 24 years of age, compared to 11.2% in total employment.

It should be the Government and drinks and hospitality industry's collective goal to return to the Q4 2019 total of 180,000 jobs as quickly as possible in 2022. This process can be expedited by removing barriers to business and employment.

The Government has the power to do this in this October's Budget. **One of the most effective ways is to reduce excise tax on drinks products—beer, wine, cider, and spirits—by 7.5%.** This change can be enacted overnight; it requires no new legislation or EU approval.

Ireland has the second highest excise tax on drinks products in Europe. We have the highest excise on wine, the second highest on beer, and the third highest on spirits. This is despite Ireland producing some of the world's most famous drinks products, the importance of drinks and hospitality businesses to Irish tourism, and the excellent performance of Irish drinks manufacturing relative to our other manufacturing industries.

In high-income European countries like France, Germany, Spain, and Italy, where drinks and hospitality businesses are equally important to international exports and tourism, excise tax is significantly lower. For example, a pint of beer served in a German bar is levied with just 5 cents of excise compared to 55 cents in Ireland. In France, a glass of wine has an excise tax of just 1 cent, and in Italy and Spain zero. In Italy, excise tax on a 70cl bottle of Irish whiskey, €2.90, is lower than the excise tax on a bottle of Irish whiskey produced and sold in Ireland, where it is €11.92.

Relative to these countries, Ireland is an outlier. This outlier status impacts drinks and hospitality businesses by forcing them to make growth-limiting sacrifices; money taken in excise tax is money that could be spent on recovery and investment.

A 7.5% reduction in excise tax, taking effect in January 2022, would mean more money for businesses to weather what is likely to be a difficult year and, potentially, maintain employment levels, hire staff, invest in premises, and improve product and service offerings to the benefit of domestic and international consumers.

Only by making it easier for the drinks and hospitality industry to recover and do business can Ireland avoid a two-tier recovery, where work-from-home multinationals and professional services companies emerge from the pandemic relatively unscathed, even better off, and the most important domestic industries are left to flounder.

Liam Reid

Chair, Drinks Industry Group of Ireland
Corporate Relations Director, Diageo Ireland

SUMMARY

National

The number of jobs provided by the accommodation and food services (AFS) sector in Ireland, which includes drinks and hospitality jobs, before Covid-19 (Q4 2019) was **179,000** according to the Central Statistics Office.

The drinks and hospitality industry faces great challenges in regaining this pre-Covid level of employment.

DIGI estimates there will be **40,000 fewer drinks and hospitality jobs** in 2022 than pre-Covid levels due to reduced demand, including an estimated **12,700 approx. fewer jobs among the 15-24 age group and almost 22,000 among females.**

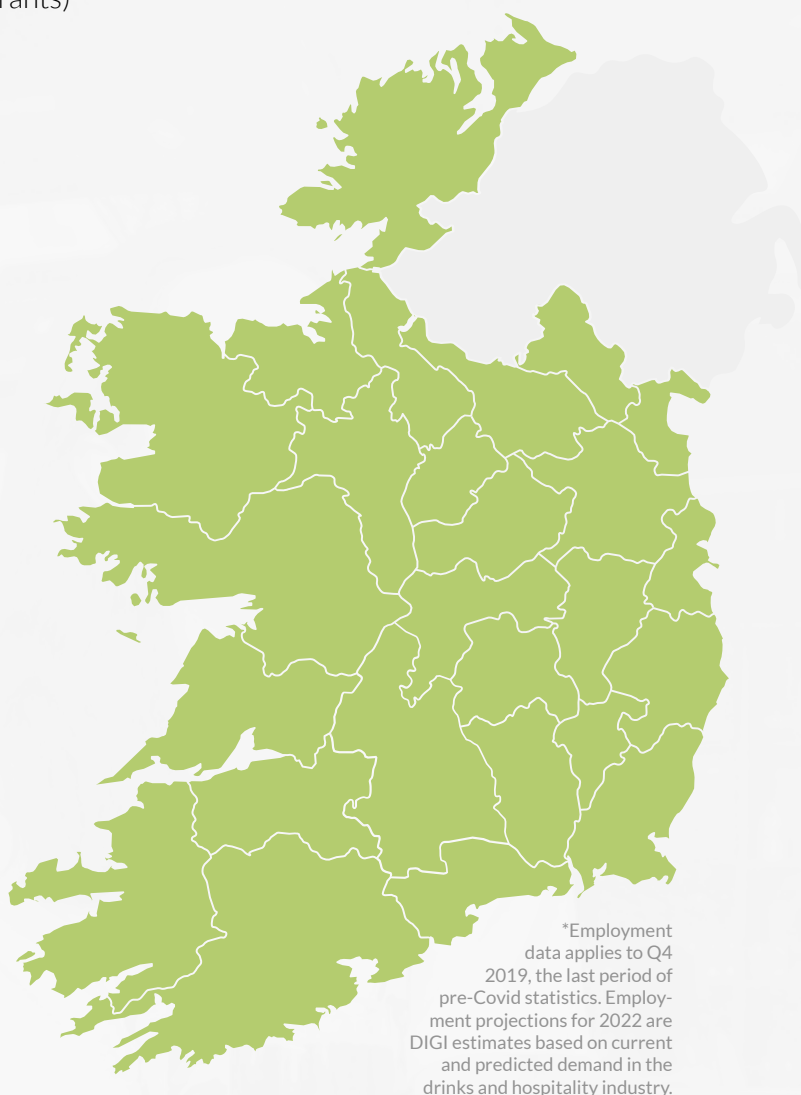
The revised national employment potential in 2022 is 140,000 jobs. **Additional supports** are required to assist the sector to achieve this level of employment in 2022.

Regional

	NO. OF AFS JOBS BEFORE COVID (Q4 2019)	DECREASE IN NO. OF AFS JOBS IN 2022	DECREASE IN NO. OF AFS JOBS AMONG 15-24 AGE GROUP IN 2022
DUBLIN	52,300	11,690	3,720
THE MID-EAST	26,100	5,830	1,850
THE MIDLANDS	8,800	1,970	630
THE MID-WEST	13,200	2,950	940
THE WEST	16,700	3,730	1,190
THE SOUTH-WEST	30,100	6,730	2,140
THE SOUTH-EAST	16,500	3,690	1,170
THE BORDER	15,200	3,400	1,080

IRELAND

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)



KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in Ireland before Covid-19 was **approx. 179,000**. The wider tourism sector employed approx. 265,000.
- The share of AFS in Ireland's total employment was **7.6%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in Ireland. Females comprised **54.6%** of all AFS employment in Ireland.
- The AFS sector supports an additional **7,300 jobs** in drinks manufacturing and **5,500 jobs** in off-licences, visitor attractions, and wholesale and distribution.
- The revised estimated **national employment level in 2022 is approx. 140,000 jobs, a decrease of approx. 40,000**, including 12,700 fewer jobs among the 15-24 age group and almost 22,000 among females. The drinks and hospitality industry requires support to maintain this reduced employment level in 2022 and beyond.

DUBLIN

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

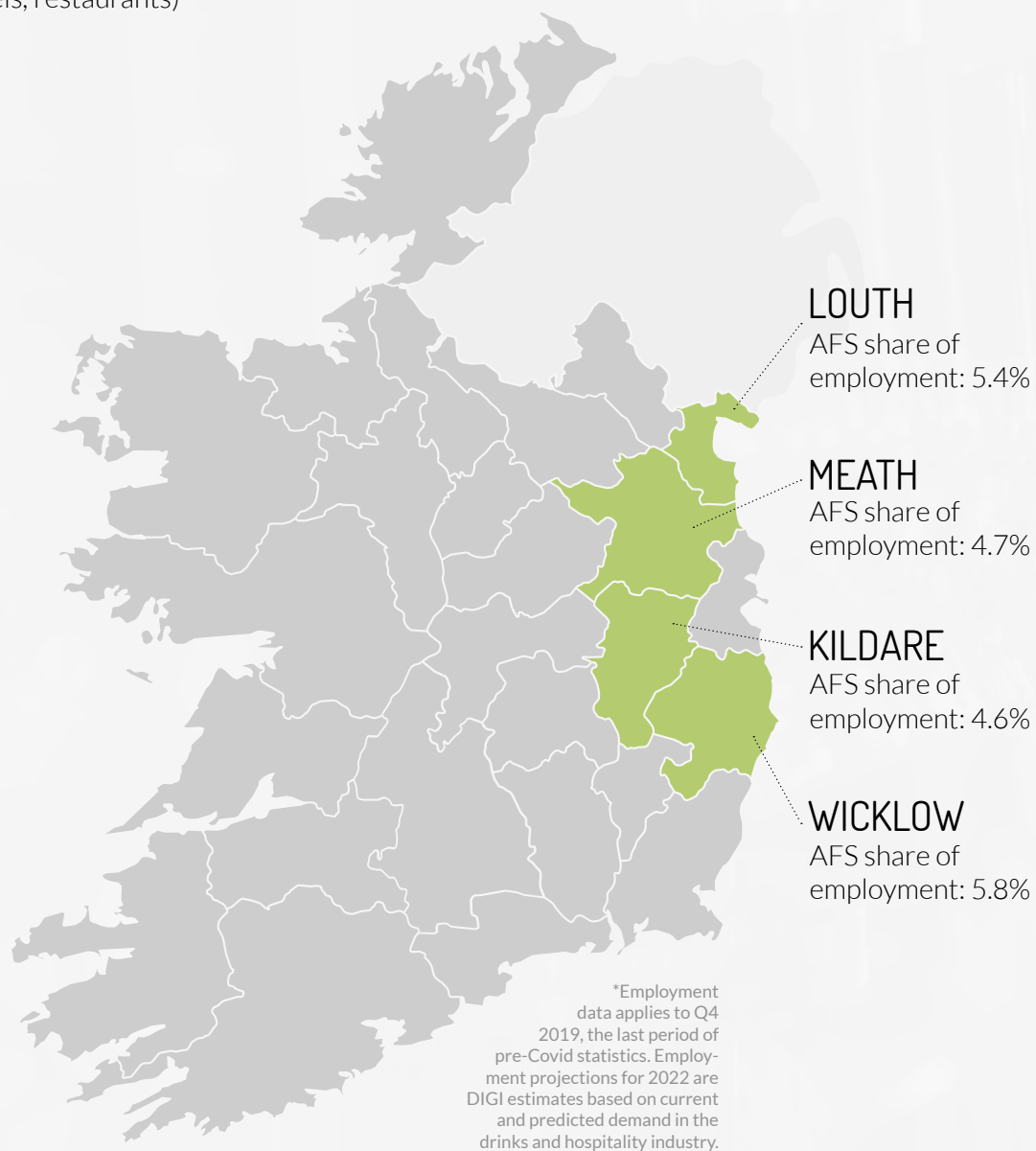


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in Dublin before Covid-19 was **approx. 52,300**.
- The share of AFS in Dublin's total employment was **7.2%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in Dublin. Females comprised **47.8%** of all AFS employment in Dublin.
- Between 2012 and 2019, regional total employment increased by 29.5%. **AFS employment increased by 54.7%**.
- Due to reduced demand, **the predicted decrease in the number of AFS jobs in Dublin in 2022 is approx. 11,690**, including 3,720 jobs among the 15-24 age group.

THE MID-EAST

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

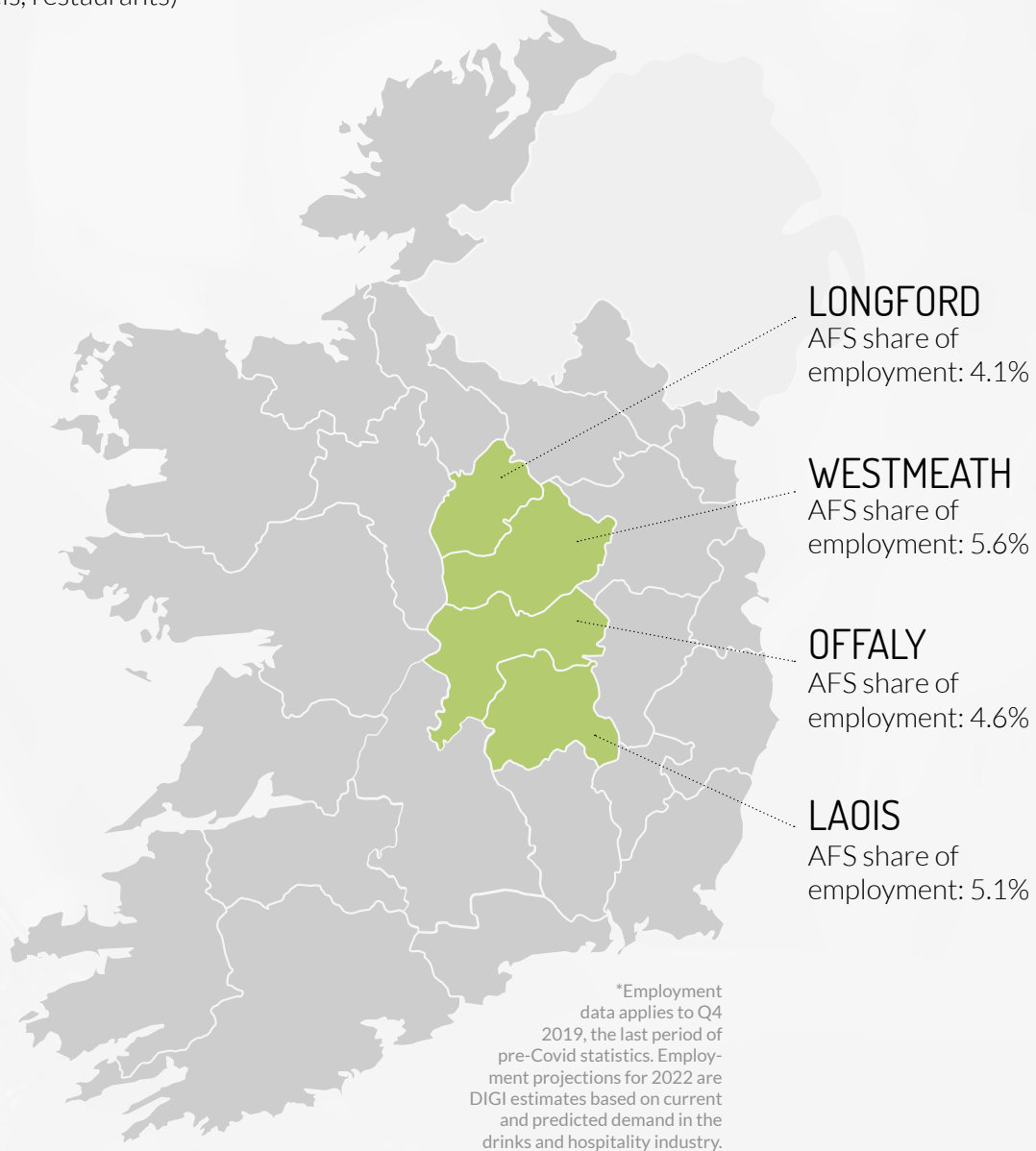


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the Mid-East before Covid-19 was **approx. 26,100**.
- The share of AFS in the Mid-East's total employment was **7.6%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in the Mid-East. Females comprised **52.5%** of all AFS employment in the Mid-East.
- Between 2012 and 2019, regional total employment increased by 25.8%. **AFS employment increased by 56.3%**.
- Due to reduced demand, **the predicted decrease in the number of AFS jobs in the Mid-East in 2022 is approx. 5,830**, including 1,850 jobs among the 15-24 age group.

THE MIDLANDS

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

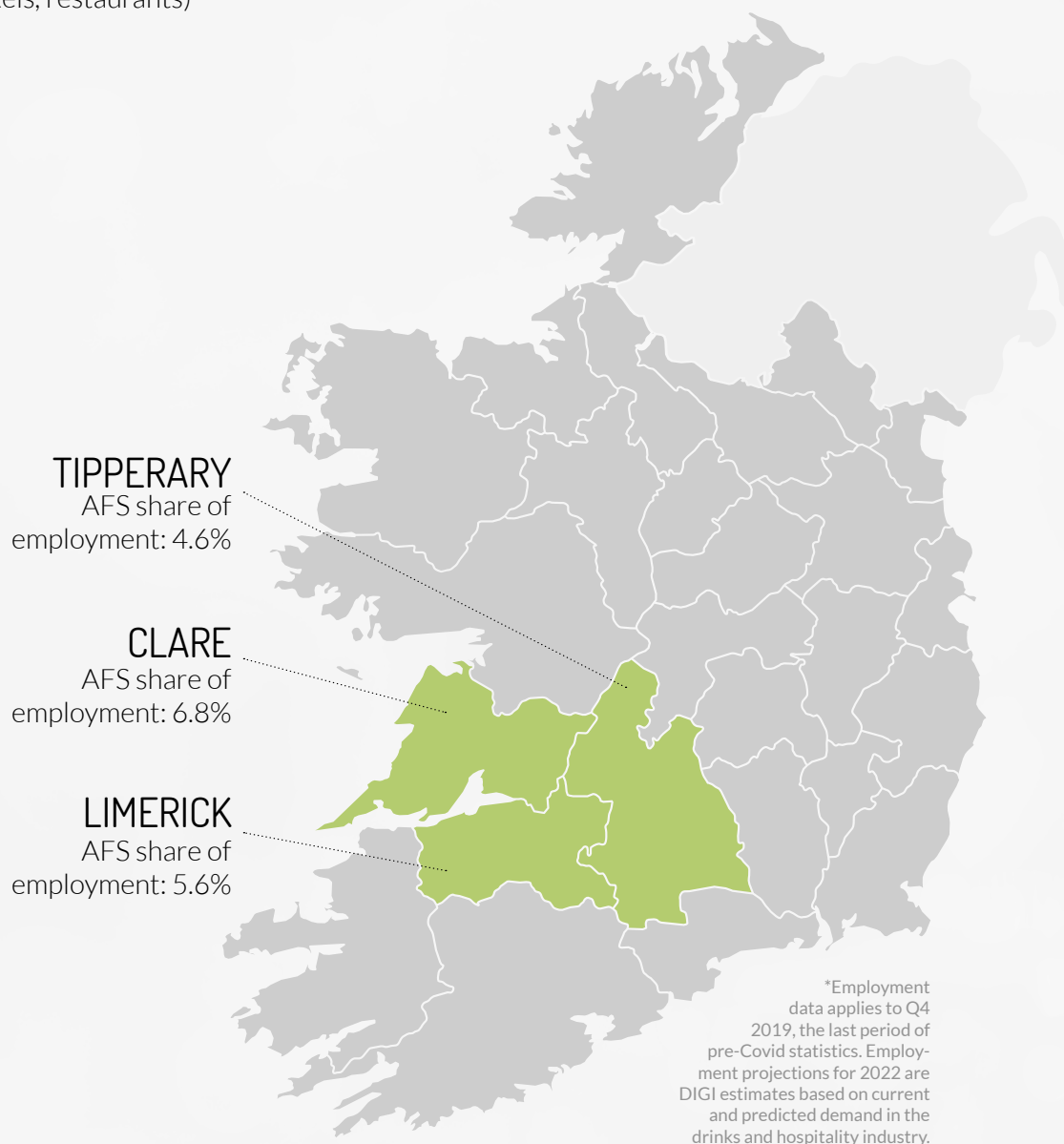


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the Midlands before Covid-19 was **approx. 8,800**.
- The share of AFS in the Midlands' total employment was **6.6%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in the Midlands. Females comprised **67%** of all AFS employment in the Midlands.
- Between 2012 and 2019, regional total employment increased by 34.4%. **AFS employment increased by 63%**.
- Due to reduced demand, **the predicted decrease in the number of AFS jobs in the Midlands in 2022 is approx. 1,970**, including 630 jobs among the 15-24 age group.

THE MID-WEST

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)



KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the Mid-West before Covid-19 was **approx. 13,200**.
- The share of AFS in the Mid-West's total employment was **6.1%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in the Mid-West. Females comprised **54.5%** of all AFS employment in the Mid-West.
- Between 2012 and 2019, regional total employment increased by 14.2%. **AFS employment increased by 4.8%**.
- Due to reduced demand, **the predicted decrease in the number of AFS jobs in the Mid-West in 2022 is approx. 2,950**, including 940 jobs among the 15-24 age group.

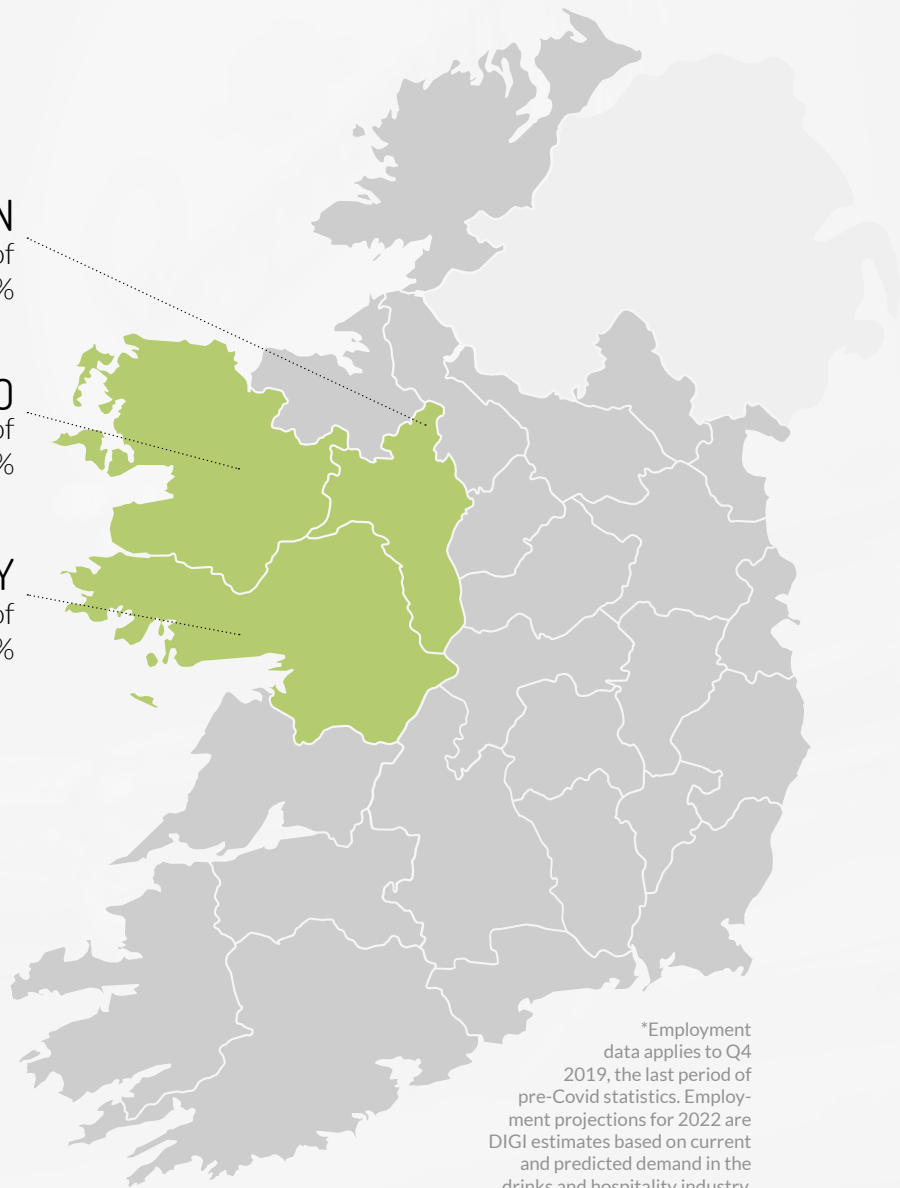
THE WEST

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

ROSCOMMON
AFS share of
employment: 4.6%

MAYO
AFS share of
employment: 5.6%

GALWAY
AFS share of
employment: 6.8%

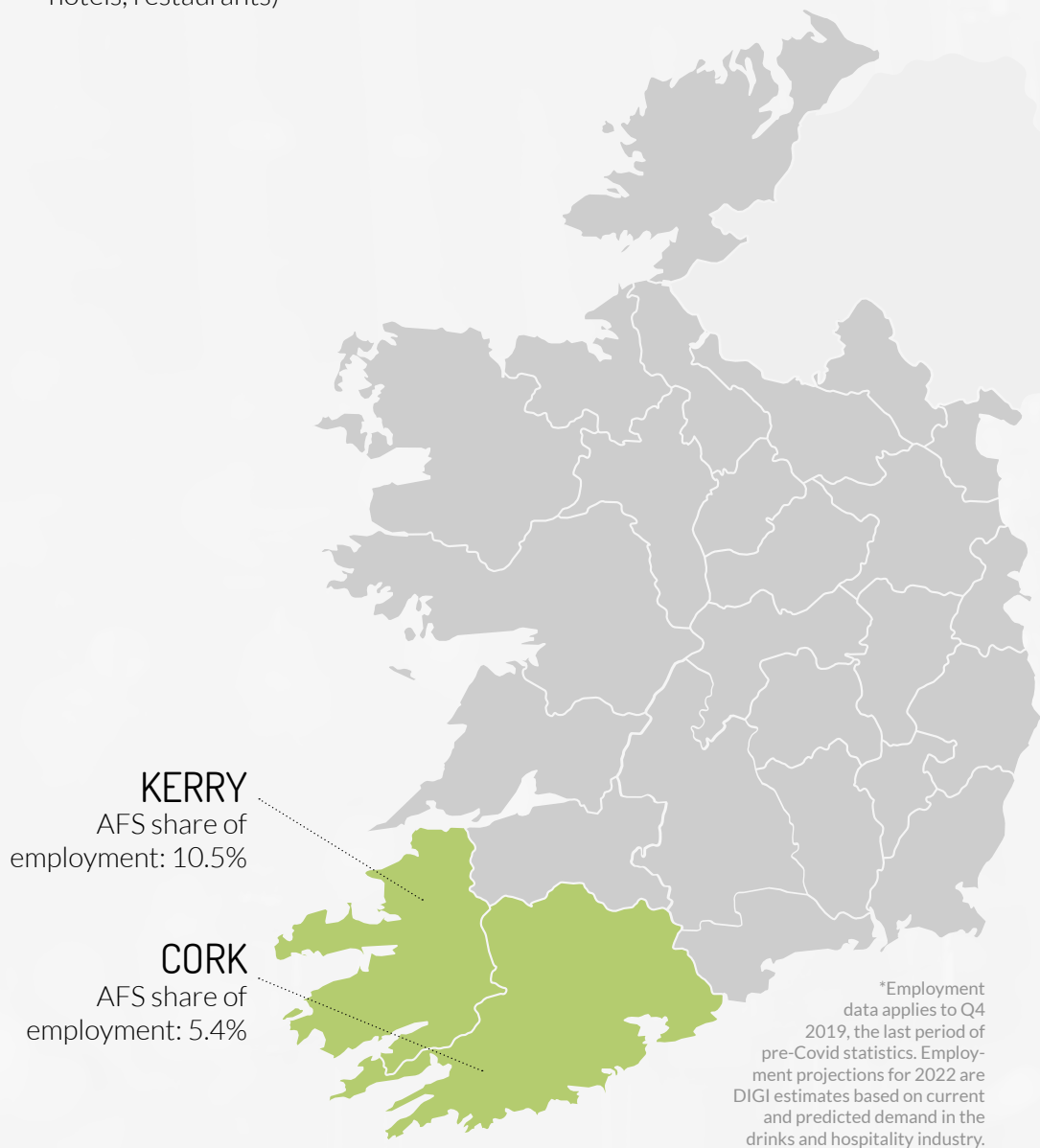


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the West before Covid-19 was **approx. 16,700**.
- The share of AFS in the West's total employment was **7.5%**.
- Young people (aged 15-24) comprised **31.7%** of all AFS employment in the West. Females comprised **51.5%** of all AFS employment in the West.
- Between 2012 and 2019, regional total employment increased by 23.5%, while **AFS employment increased by 39.2%**.
- Due to reduced demand, **the predicted decrease in the number of AFS jobs in the West in 2022 is approx. 3,730**, including 1,190 jobs among the 15-24 age group.

THE SOUTH-WEST

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

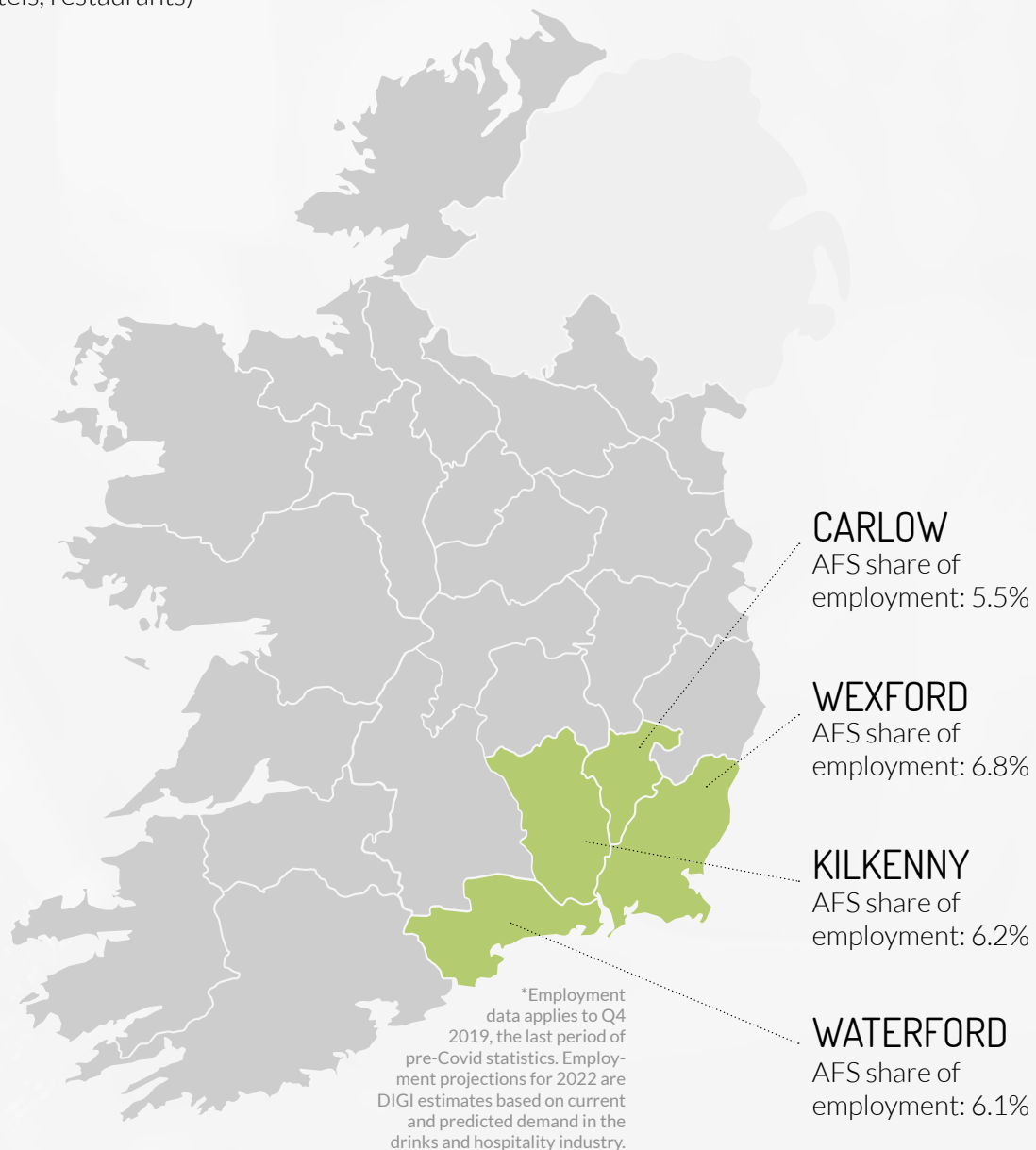


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the South-West before Covid-19 was **approx. 30,100**.
- The share of AFS in the South-West's total employment was **8.9%**.
- Young people (aged 15-24) comprised **31.8%** of all AFS employment in the South-West. Females comprised **54.5%** of all AFS employment in the South-West.
- Between 2012 and 2019, regional total employment increased by 17.2%. **AFS employment increased by 42.7%**.
- Due to reduced demand, **the predicted decrease in the number of AFS jobs in the South-West in 2022 is approx. 6,730**, including 2,140 jobs among the 15-24 age group.

THE SOUTH-EAST

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)

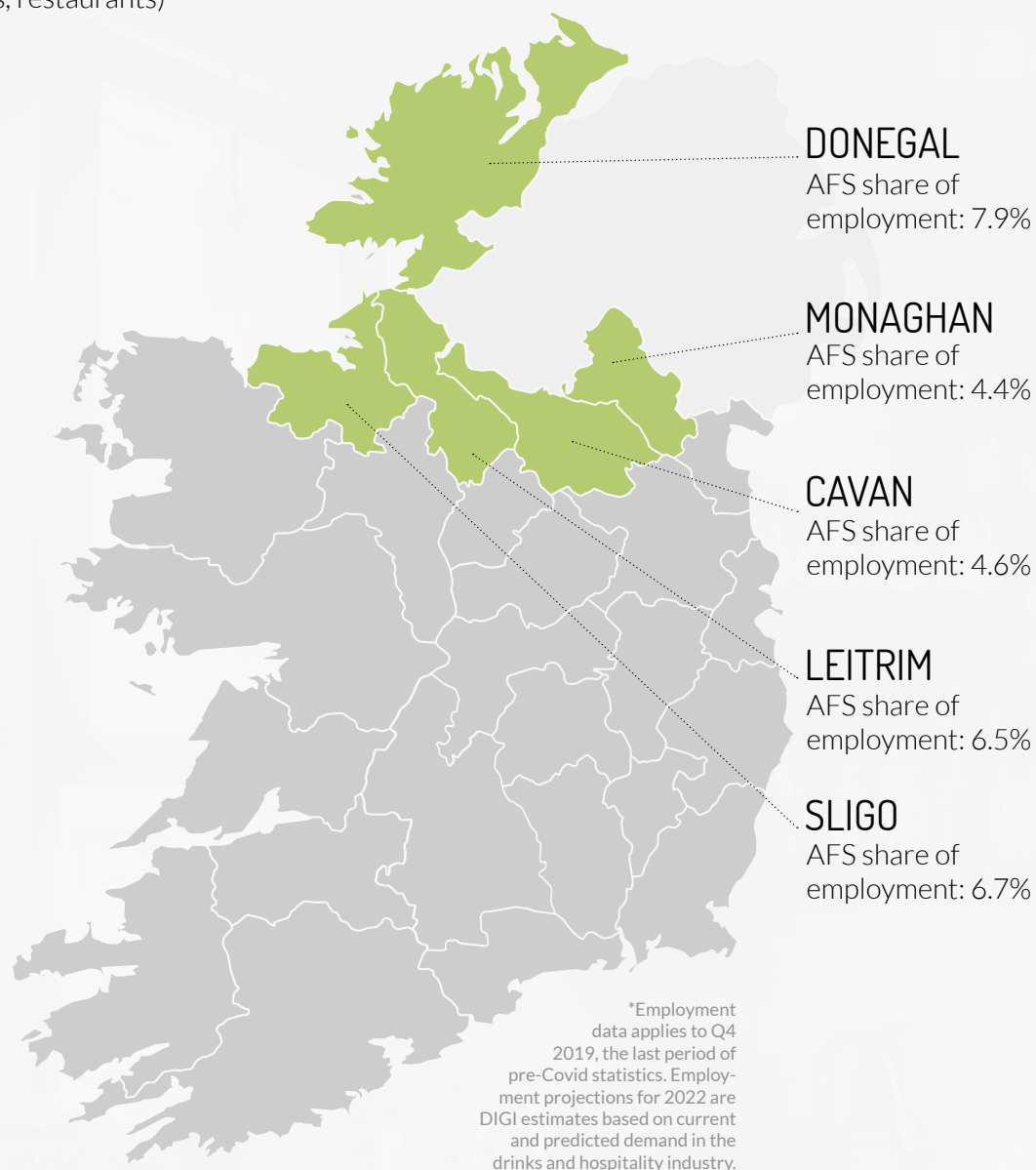


KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the South-East before Covid-19 was **approx. 16,500**.
- The share of AFS in the South-East's total employment was **8.5%**.
- Young people (aged 15-24) comprise **31.7%** of all AFS employment in the South-East. Females comprised **67.3%** of all AFS employment in the South-East.
- Between 2012 and 2019, regional total employment increased by 25.7%. **AFS employment increased by 48.6%**.
- Due to reduced demand, **the predicted decrease in the number of AFS jobs in the South-East in 2022 is approx. 3,690**, including 1,170 jobs among the 15-24 age group.

THE BORDER REGION

Employment in the accommodation and food services sector (incl. pubs, hotels, restaurants)



KEY FACTS:

- The number of jobs provided by the accommodation and food services (AFS) sector in the Border Region before Covid-19 was **approx. 15,200**.
- The share of AFS in the Border Region's total employment was 8.3%.
- Young people (aged 15-24) comprised **31.5%** of all AFS employment in the Border Region. Females comprised **63.2%** of all AFS employment in the Border Region.
- Between 2012 and 2019, regional total employment increased by 24%, while **AFS employment increased by 53.5%**.
- Due to reduced demand, **the predicted decrease in the number of AFS jobs in the Border Region in 2022 is approx. 3,400**, including 1,080 jobs among the 15-24 age group.

ABOUT THE DRINKS INDUSTRY GROUP OF IRELAND

The Drinks Industry Group of Ireland (DIGI) is the umbrella organisation for the drinks and hospitality industry in Ireland. DIGI's membership spans brewers, distillers, distributors, and the retail sectors (both the on-trade—pubs, hotels, and restaurants—and the independent off-licence sector).

DIGI's members include:

- Drinks Ireland (Ibec)
- Irish Hotels Federation
- Licensed Vintners Association
- National Off-Licence Association
- Restaurants Association of Ireland
- Vintners Federation of Ireland

DATA CONTEXT

- This is a DIGI summary and analysis of the latest employment report, Structure and Performance of National and Regional Employment in the Hospitality Sector of Restaurants, Hotels and Public Houses, researched and authored by DCU economist Anthony Foley.
- This report is available on request.
- There are different definitions of what constitutes the tourism, hospitality, and drinks industries. The primary approach in the report is to use the CSO 'accommodation and food and beverages service activities' (AFS) classification, which includes pubs, hotels, and restaurants. This is the classification for which most data are available. There are several CSO sources of employment data for the drinks and hospitality sectors, but they do not produce the same estimates.
- National total for the 15-24 years group (supplied by CSO) and regional figures are derived by applying the national proportion of 15-24 years age group to the regional CSO AFS totals.
- Employment data are DIGI estimates are based on decreased demand expectations across pubs, restaurants, and hotels — according to those estimates, 2022 hospitality employment will be 40,000 below the pre-Covid level, with a revised national potential employment of 140,000.
- 40,000 jobs is 22.2% of pre-Covid (Q4 2019) jobs. The numbers of jobs before Covid are obtained from the CSO Labour Market database, which includes some minor revisions compared to previous estimates of Q4 2019 employment levels. The regional job gap is based on the regional distribution of the Q4 2019 employment. The true picture is different because regions had different hospitality employment Covid impacts, but such detailed data is not available.
- Young people (aged 15-24) comprise 31.8% of all AFS employment in Ireland. Based on the decreased demand, 2022 hospitality employment among this age group will be 12,700 below the pre-Covid level (31.8% of 40,000). The regional hospitality age distributions are assumed to be the same as the national position.



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