

# IRISH PUBS

A CORE TOURISM EXPERIENCE



itjc

JULY 2014



Holiday visitors to Ireland.....	Total	Great Britain	Continental Europe	North America	Rest of World
desire to experience an Irish Pub, influenced the decision to visit Ireland	80%	65%	85%	84%	83%

Source: Visitor Attitude Survey 2013, Millward Brown for Fáilte Ireland

## The Headlines

- ❖ The Irish pub is core to the Ireland tourism appeal and experience.
- ❖ 5m tourists per annum are pub customers throughout Ireland.
- ❖ Irish pubs meet the needs of a visitor market which spends €700 million annually on food and drink.
- ❖ Irish pubs provide not only essential services and facilities for tourists, but also are venues for meeting and experiencing the friendliness of the Irish – the #1 rated unique visitor experience in Ireland.
- ❖ The tourism trade is sustaining pub businesses and employment, particularly in rural areas, where local trade is diminishing and thereby staving off further pub closures.
- ❖ The spend by tourists in pubs generates significant take for the Exchequer in excise duty, VAT, and other taxes.
- ❖ The recent increases in excise duty on alcohol are making Ireland uncompetitive, with potentially very damaging impact on the Ireland tourism appeal and experience. Data from the European Commission show that people in Ireland – including our visitors – pay the highest amount of excise on a bottle of wine in the EU – the second highest on a pint of beer, and the second highest on a bottle of spirits.



*'The Irish pub and the chance to banter with Irish people are key for their holiday experience'  
(Spanish visitor)*

## *The universal appeal of the Irish Pub*

More than four out of every five tourists enjoyed a visit to an Irish pub during their stay last year. If ever there was any doubt as to the important role pubs play in Ireland's tourism the latest research from Fáilte Ireland confirms the pub as an integral component of the visitor experience.

Perhaps more surprisingly, the desire to visit a pub in Ireland was cited by tourists as one of the top influences on their decision to come here. The wish to experience for an authentic pub experience in Ireland, almost universally was one of the top motivators to visit across all nationalities. The perception and appealing image of the Irish pub is consistently high around the world and forms an integral component of the composite 'wished for' experience that is Ireland. In terms of a positive influence it outranked other desirable experiences in Ireland, such as Dublin's heritage and culture, visiting an Irish castle, the Cliffs of Moher, the Ring of Kerry and Connemara. The strong message from overseas holiday visitors establishes the pub, not only as highly sought after experience but also a major influence on the decision to visit.



On leaving Ireland one in five tourists identified the pub experience as the top advantage of holidaying here.

The universal appeal of the Irish pub as an integral part of Ireland's tourism experience is well established in market research. For example the findings of research conducted for Tourism Ireland clearly demonstrates the appeal of the pub across source markets.

- *'Most memorable? To drink a real Guinness with real Irish music'*. German visitor.
- *'The most unique attractions for me: small villages, great pubs, friendly people, beautiful local crafts'*. British visitor
- *'The landscapes, the colours, the friendliness of the Irish, the ambience of the pubs... everything is truly magical and mystical in Ireland'*. French visitor
- *'The Irish pub -and the chance to banter with Irish people are key for their holiday experience'*. Spanish visitor

Source: PromEx study, 2007

***'Most memorable?  
To drink a real Guinness with real  
Irish music'  
(German visitor)***

### *A 5m+ visitor market for Pubs*

Best estimates suggest that upwards of 5 million overseas visitors are pub customers around Ireland each year, not counting the domestic demand by the Irish on trips away from home. This represents a vital part of demand for the licensed trade throughout the country. While large numbers of tourists to pubs in highly popular tourist locations form a significant share of the annual trade, demand from visitors is in many instances critical to sustaining the viability of the business for many publicans. This is particularly the case in parts of rural Ireland where local trade is in decline and the pub would not survive without the tourists' custom.

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



### *Wild Atlantic Way (WAW)*

The Wild Atlantic Way is one of Ireland's most ambitious tourism projects ever. Its launch has received rave reviews in Ireland's main source markets – Britain, North America, Germany and France. The initiative may very well prove to be the catalyst that begins to restore growth in overseas visitor bednights to the West, following a decade of decline. The Irish pub will be central to the success of the WAW as in a great many locations it will be the only place of comfort and hospitality along the wonderful wild stretches of Ireland's magnificent West coast.

## Meet the Irish

Each year the Irish pub provides a unique opportunity for the tourist to meet and mix with Irish people, and experience the hospitality of pub owners and their staffs, in a friendly convivial environment. The pub as a social centre is core to the experience of Irish towns and villages.

The pub as a social centre in Irish society delivers on a range of positive attributes and experiences sought by tourists. For example:



- Over 90% of visitors cite ‘friendliness and hospitality’ as the top consideration in selecting a holiday destination;
- Visitors on leaving Ireland are almost unanimous in putting ‘friendly and hospitable people’ as the top ranked factor contributing to their high satisfaction rating of their stay;
- Two out of every three visitors who report that their visit exceeded their expectations, attribute this to the friendliness of Irish people.

The association of the pub with the tourist’s experience of Ireland is substantiated by almost 69,000 reviews and opinions on Trip Advisor. Representative comments include:



- *“very good local pub-restaurant, exceptional value for excellent food and service..... belly busting portions..... nice friendly atmosphere, good pint all what you would expect from a good honest local pub. highly recommended”* Review 6 May 2014
- *“Great food and a great pint. Would recommend this to anyone. The staff were very friendly and the atmosphere was amazing”.* Visited June 2013

## Pubs play an essential role in catering to the visitor

The tourism industry depends on over 7,500 public houses throughout the country to provide a range of essential services for visitors. In many places the pub is the sole provider of rest facilities – washroom and refreshments - for the visitor. This is particularly the case in more remote areas. The achievement of the goal of wider dispersal of tourists to rural areas throughout the country relies on the network of pubs to cater for the visitor.



For decades, the Irish public house has been a social and community hub for the people of Ireland and as such it functions as a place for visitors to meet local people and as a place to eat and drink.

Over half of licensed premises provide food, including hot meals, with almost one in six pubs providing entertainment for tourists. Fáilte Ireland currently lists 814 pubs & bars on Discover Ireland.ie, including 12 which provide guest accommodation.



It is interesting to note that half of all holiday visitors to Dublin last year had a meal in a pub. Outside of Dublin, pubs in west Clare were also the No.1 provider of meals for visitors. Pubs were in the top 3 with restaurants and hotels as popular places to eat in Dingle, west Cork, the South East, and Ring of Kerry.

	Galway /Mayo	West Clare	Ring of Kerry	Dingle	North West	Shannonside	West Cork	South East	Dublin
<b>Pub meal</b>	16%	31%	24%	41%	21%	26%	22%	28%	50%
<b>Traditional entertainment</b>	12%	26%	11%	8%	21%	23%	18%	20%	13%

Holiday visitors to Ireland.....	Total	GB	C Eur	N Am	RoW
<b>listened to Irish music in a pub during visit to Ireland</b>	83%	70%	85%	88%	85%

Source: Visitor Attitude Survey 2013, Millward Brown for Fáilte Ireland

## *Tourism sustains pub businesses and employment*

Tourism constitutes an important component of demand for pubs in Dublin City and other key hubs such as Galway and Killarney. Many businesses in the cities and key destinations rely on the tourism trade to sustain the enterprise.

However, the tourist trade is relatively more important to pubs outside of the tourism honey spots. Almost half of the pubs outside of Dublin, mostly family owned and operated, have an annual turnover of less than €200,000, including 22% with sales below €60,000. Custom from tourists is critical to the survival of many pub businesses in towns and rural areas of falling population and local demand.



The pub sector has experienced very substantial declines in consumption over recent years, with the volume of bar sales declining by one third between 2007 and 2012. The fall-off in demand due to recessionary economic conditions in the local market coupled with a sharp downturn in visitors, contributed to a serious fall in employment in the sector, and the loss of almost 1,000 licenced premises, or 11% of the national stock.

Fáilte Ireland estimate that approx. 50,000 persons are employed in the retail licenced trade, with 21,000 full time year round jobs, with almost 25,000 year round part time and 5,000 seasonal jobs.

*'The landscapes, the colours, the friendliness of the Irish, the ambience of the pubs... everything is truly magical and mystical in Ireland'  
(French visitor)*



### *Exchequer earnings from the pub trade*

The drinks industry provides substantial tax revenues for the Exchequer in excise, VAT, incomes taxes and PRSI and profits tax. In addition the sector pays licence fees for the right to sell alcohol and for special exemption orders. In 2011 alcohol licences generated just under €12 million. Excise amounted to €846.1 million in 2012.

The estimated VAT receipts were €1188.0 million in 2012. The revenue flow from VAT and excise was €2034.1 million. The combined wages and salaries bill for manufacturing and services in the alcohol sector was over €800 million in 2011 which generated income tax, PRSI and universal social charges revenues. Allied with employer PRSI contributions and profits this would generate about €200 million. Overall tax receipts from alcohol would be about €2.250 billion in 2012.



*'The most unique attractions  
for me: small villages, great  
pubs, friendly people,  
beautiful local crafts'*

*(British visitor)*

### *Risk of pricing ourselves out of the market*

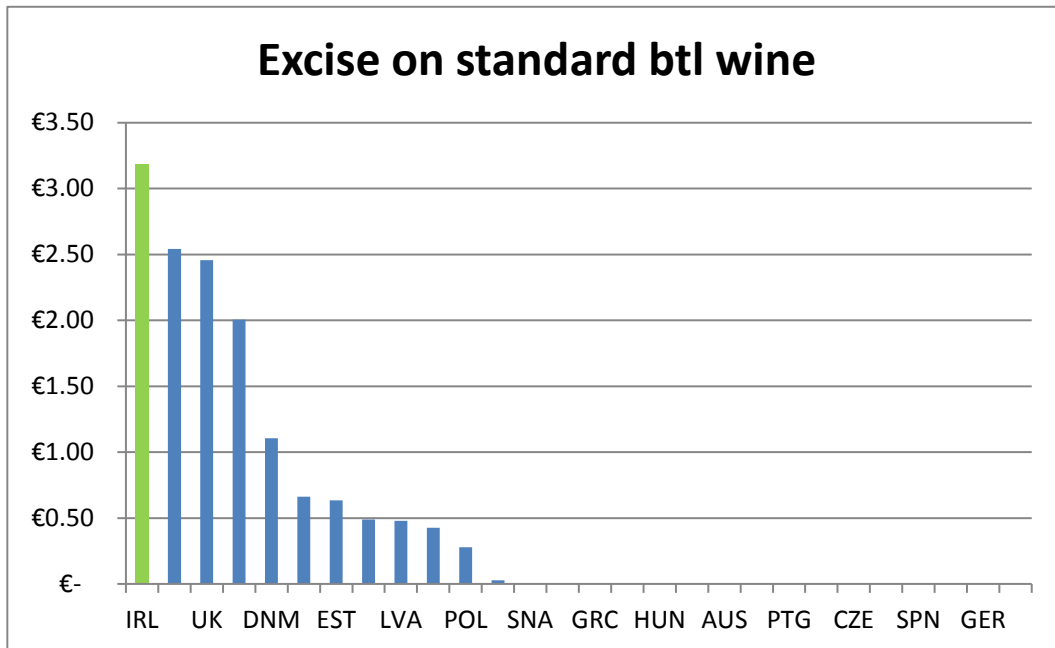
Unfortunately the price of alcoholic drink in Ireland is the highest in Europe, according to figures from the European Commission. Ireland is considerably more expensive than most of its European neighbours and competitor destinations due to the higher level of taxation.

It is of great concern to the tourism industry that Ireland is once again becoming uncompetitive, despite being the only EU member country to have experienced a fall in prices in the period 2008-2012. Ireland is now at risk of becoming too expensive for tourists – a lesson painfully felt over the past decade.

Alcohol, food, restaurants and hotels, all essential consumption for the tourist, are priced above the European average, the only countries with higher prices than Ireland being the traditionally tax-high states of Scandinavia and cash-rich Luxembourg.

Despite the country's large agricultural sector, the price of food and non-alcoholic beverages here was 17% higher than the E.U. average.

In terms of alcohol and tobacco, Ireland ranked as the most expensive state in the EU and by some way, with prices 78 per cent higher than the average. The significant increases in excise duty on alcohol in recent years are effectively a tax on tourism and jobs which has the potential to stymie the current recovery of tourism demand after several years of negative growth.



Given the price elasticity of tourism and the important of drink prices and the Irish pub experience, any further excise increase will damage Ireland’s brand as a destination.





Paper prepared by the Irish Tourist Industry Confederation (ITIC)

July 2014



**itic**

Irish Tourist Industry Confederation

Ground Floor  
Unit 5, Sandyford Office Park  
Dublin 18, Ireland

Tel: +353 1 293 4950  
Fax: +353 1 293 4991  
Email: [itic@eircom.net](mailto:itic@eircom.net)  
[www.itic.ie](http://www.itic.ie)