



Case Study

# Celtic Linen



Ireland's Experience Economy

**More than meets the eye**

## What is the Experience Economy?

The Experience Economy consists of businesses and a workforce that operate across multiple sectors in Ireland as well as encompassing organisations in the arts, cultural, sporting and heritage sectors, it includes hospitality, retail, travel, food and drink, tourism, attractions and venues, entertainment, events and activity providers.

Ireland's Experience Economy contributes €4 billion annually to the Irish economy and employs over 300,000 people. Ibec is leading a campaign to educate all stakeholders about the reach and value of the Experience Economy.

Our campaign *More than meets the eye* seeks to highlight not only the “front of house” sector itself but also the vast array of services and industries that support hospitality, leisure, tourism and entertainment sectors in Ireland, and thereby make the case for better focus on the status of the Experience Economy and its wider ecosystem.

The Experience Economy and its supply chain, touches not only on more developed economic environments but also the “hard to reach” yet critical parts of the economy and society in Ireland, including regional/rural areas with limited economic opportunities, small businesses, and economically disadvantaged groups (e.g. young people).

This case study illustrates the ecosystem of the Experience Economy.



## Celtic Linen

**Celtic Linen is one of the largest providers of linen to hospitality, leisure and healthcare settings in Ireland.**

### Background

Founded in 1926, and headquartered in Wexford, the company has now operated for close to 100 years, growing from a small family business to an enterprise of significant scale, one with an estimated turnover of €35 mn in 2023.

Up until 2016, the company was a family run business. By 2010, the size of the business had grown to a turnover of about €24 mn, however challenges to the business in terms of competition, new market entry and a more subdued wider economy saw turnover decline

to about €12 mn over the following 5-6 years. A change of ownership in 2016 (following its acquisition by Causeway Capital, a private equity group) was followed by a period of rebuilding and investment, and the acquisition of Millbrook Linen in Naas, Co. Kildare, in 2018. By 2019, turnover had increased to €20 mn, and since then the company has continued to adopt a growth strategy that promotes further significant investment in the business in machinery, site systems, equipment and processes, with a total investment of some €13.5 mn recorded since 2016.

In September 2023, Celtic Linen was acquired by Johnson Service Group plc, one of the largest linen providers in the UK.

### Current Activities and Scale

Celtic Linen's activities form an integral part of the Experience Economy in Ireland, and its services to hotels, hostels, restaurants and catering, and spa and leisure facilities account for about 50% of its business. The other 50%

of the business, meanwhile, derives from services to the healthcare industry, including public, private, acute and community hospitals and nursing homes.

As noted earlier, the company anticipates that its full-year turnover will have reached €35 mn in 2023, while total employment in the company currently stands at close to 400 people, mostly across its operating plants in Drinagh, just outside Wexford town, and in Naas. In addition, annual expenditure on the purchase of goods and services (excluding cost of energy, insurance etc) is about €11 mn, more than 70% of which flows into the national and local economy. Over the past 5-6 years, company strategy has focused on developing a consistent scale of business across 52 weeks of the year, and reducing seasonal peaks and troughs that might require temporary staff lay-offs.



At present, both the healthcare and hospitality sides of the business are therefore providing year-round business, with reduced seasonality in the company's hospitality business especially evident in the past 5-6 years.

Total customers across Experience Economy firms include about 190 businesses that are spread across Ireland, or closer to 300 sites or more, given that several Celtic Linen customers are hospitality groups that operate multiple Experience Economy businesses. The company works closely with these customers or with sectoral body representatives (e.g. the Irish Hotels Federation, the Irish Hospitality Institute) to better understand market and product trends (e.g. in terms of linen requirements, ordering processes, environmental and sustainability objectives), and it works with businesses that require linen branding or the application of other brand standards, with customers looking for other specialist linen provision, or with business start-ups.

For many hospitality businesses, linen is an indispensable part of their offering, and they cannot fully deliver on the experiences they offer without quality linen, so there is an increased regard among such businesses for its importance. This in turn is something that is clearly understood and embraced within Celtic Linen, and its marketing to hospitality businesses emphasises how quality linen can influence the experience that, say, a hotel or restaurant guest has, e.g. through the impressions that it creates for customers, or through the comfort that it provides.

According to the company, its Wexford plant is the largest facility in Europe that is accredited to the EN 14065 standard for healthcare linen, which

certifies that systems are in place to control microbiological contamination in laundered textiles. While this is crucial to its healthcare business, it also helps to “de-risk” business with Experience Economy customers and gives an added level of quality assurance for such customers.

Moreover, operating a large scale, modern-day linen providers has become a more complex and sophisticated business, which presents challenges in keeping pace with more discerning quality demands, but which also presents both challenges and opportunities for providers in addressing the growing influence of automation, digitalisation or sustainability issues. It similarly affects skills requirements in the company, to the extent that the business now provides skills and career opportunities for people at many levels. Using an “earn, learn, grow” philosophy, opportunities include on-site entry level training for production floor staff, opportunities to acquire further education qualifications (e.g. in ICT or in project supervisory/management qualifications, through Education and Training Boards), on-site apprenticeships, and support to undertake higher education degrees or professional qualifications (e.g. in accounting).

### **Importance to the Local or Regional Economy**

The largest of the two Celtic Linen plants is in Wexford, and the company’s operations there make a significant contribution to the local economy. Just over 300 of the company’s near 400 employees are based in Wexford, and these jobs generate about €9 mn in expenditure on wages and salaries, much of which in turn flows into other local businesses in the local economy.

Celtic Linen is therefore one of the biggest employers in the Wexford town area, and indeed in Co. Wexford more generally. Its workforce size is comparable to that of several foreign-owned, export-oriented firms operating in Wexford town, in sectors such as manufacturing (Sulzer), analytical technologies (Waters Technologies), financial services (BNY Mellon, Zurich) and food (Danone), which all typically have workforces of similar size<sup>11</sup>. Furthermore, Celtic Linen is also a major employer in a town (and county) that has above average levels of unemployment, both in general and among young people, and below average levels of educational attainment. According to Census 2022 data, Wexford town has an unemployment rate of 11.0%, compared to a county unemployment rate of 9.8% and a national unemployment rate of 8.3%, while the unemployment rate for young people in both town and county (aged 15-24) is about 18%, compared to a national unemployment rate of under 16%. In terms of education levels, meanwhile, about 45% of people aged 15 or over in both town and county have completed third-level education (including further education, apprenticeships etc), compared to a national average of over 52%.



As noted previously, annual expenditure on the purchase of goods and services (excluding cost of energy, insurance etc) is about €11 mn, more than 70% of which flows into the national and local economy. About €5.5 mn is spent within the wider national economy, with about €2.5 mn being spent local to plant operations, mainly on parts, supplies and maintenance.

### **Business Outlook**

The hospitality side of Celtic Linen’s business was severely affected by the impact of the Covid-19 pandemic, with turnover in 2020 and 2021 falling to €14 mn-€15 mn. However, as noted previously, turnover has recovered well since then, and turnover in 2023 has exceeded pre-Covid 2019 levels.

Over the next three years, the company also expects business to grow at about 10%-15% per annum. Furthermore, while its healthcare business helped the company to somewhat offset the impact of Covid-19, its hospitality business is nonetheless expected to be the main driver of growth in the short- to medium-term, especially through new growth opportunities arising from businesses in the Experience Economy (e.g. through new business start-ups in the Experience Economy, or through scope for increased business via hospitality groups).

The main challenges for the company remain in relation to costs in general, which it feels presents difficulties for a high volume/low margin business of its nature. Access to labour, and access to accommodation for the potential labour pool, also continue to remain a key difficulty, with the accommodation situation highlighted as needing Government priority.

Sustainability issues are recognised as a challenge but also an opportunity for the business going forward, and the company has recently responded to this by increasing investment, with the help of the Sustainable Energy Authority of Ireland (SEAI), in heat exchange systems, steam traps and reverse osmosis. This has helped the company to mitigate the use of natural gas in operations, which is hard to replace as a fuel source, and to make its plants more energy efficient.

Similarly, the company also tries to keep abreast of developments in digitalisation and automation, and it maintains links with South East Technology University (SETU) to explore possible opportunities in this area, e.g. in digital printing, or manufacturing. In addition, Celtic Linen engages with the business network in its local area to collaborate with other large employers in mutually beneficial ways, such as “knowledge tours” of other facilities to see what could be learned from the local network, e.g. in terms of internal continuous improvement processes.

Going forward, the Managing Director at Celtic Linen, Joanne Somers, stresses the needs to recognise the importance of businesses like Celtic Linen, and the wider Experience Economy, within Government. The company also highlights the importance of digitalisation and sustainability in the future business outlook, and the need to develop people to embrace these to provide access to skill sets that will be needed in future.



## About Ibec

**Ibec is Ireland's largest lobby group and business representative. We campaign for real changes to the policies that matter most to business. Policy is shaped by our diverse membership, who are home grown, multinational, big and small and employ 70% of the private sector workforce in Ireland.**

**With 39 trade associations covering a range of industry sectors, 6 offices around Ireland as well as an office in Brussels. With over 300 employees, Ibec communicates the Irish business voice to key stakeholders at home and abroad. Ibec also provides a wide range of professional services and management training to members on all aspects of human resource management, occupational health and safety, employee relations and employment law.**



## Ibec Trade Associations

### Representing your industry

Representing your industry Ibec understands that every business is different. There are the general issues which face all businesses operating in Ireland and then there are the issues specific to individual sectors or categories of the economy. To reflect the distinct interests of all our members, there are 39 business associations within the Ibec group. Ibec's trade associations identify and champion issues of importance to their respective members and provide great knowledge sharing, networking, and training for all these industries.

Ibec's trade associations are strong brands in their own right and those that represent the Experience Economy include:

- Ibec Networks
- Retail Ireland
- Food Drink Ireland
- Drinks Ireland
- Irish Whiskey Association
- Dairy Industry Ireland
- Meat Industry Ireland
- Technology Ireland
- Telecommunications Industry Ireland
- Audiovisual Ireland
- Travel, Leisure & Hospitality Network
- Supply Chain Network
- Small Firms Association

**#YourExperienceEconomy**

**#MoreThanMeetsTheEye**

**[www.ibec.ie/influencing-for-business/  
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