THE OVERVIEW

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COVID-19 resets hospitality

The impact and what comes next P12



Welcome to THE OVERVIEW

he cost of the COVID-19 outbreak has been a terrible one in terms of suffering and lives lost. It will take time to recover. For the hospitality sector, the cost will also be great and the time to recovery long. In some cases some businesses will never return and the shutters will never rise.

Now, as different countries around the world prepare their plans to create at least a semblance of normal life, the sector must ensure that it is not left behind.

In Germany, a study from the IFO Institute for Economic Research on the strategy to reopen the country's economy was cautious around hotels and restaurants, commenting: "This area is particularly critical due to distance rules that are often difficult to enforce and the large and changing clientele. Opening can only be done very carefully and in a controlled manner."

For the wider travel and tourism sector it said: "Here the consequences are currently difficult to assess and infections may be spread over long distances. Openings should be done very carefully."

The country is rightly concerned about a recurrence of the virus after such stringent efforts to hold it back, while the world

waits for a vaccine. But it is hoped that efforts can be made to reopen businesses while still obeying social distancing. Not all hospitality businesses are the same: the country retreat is not the same as the citycentre hotel.

Wagamama owner TRG raised £57m through an equity raise earlier this month, telling the market that it was operating on the basis that all of its restaurants will remain closed until the end of June, with social distancing measures expected to be in force after the lockdown was lifted. The company said it assumed it would be "extremely disciplined" in the phased reopening of its restaurants between July and December, expecting to open around 400 of its 600 sites within that time frame, "potentially with some restrictions on operations immediately following lockdown".

Plans such as these will become commonplace and may alter the face of hospitality for some time to come.

This may come across as merely the hunt for filthy lucre. Not so. For one, there is no such thing as a 'mere' job. For another, pubs, restaurants and hotels gladden the soul. And we are much in need of anything which can help us achieve that.

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Cloud-based hospitality software for hotels, groups, apartments and pub chains

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Always look on the bright side

HOSPA CEO Jane Pendlebury reflects on a sector which has pulled together to face a bright future.

hank goodness we are an industry of positive people. Despite the doom and gloom, most people that contact the HOSPA office remain upbeat, trying to find their way through the uncertainty. The only certainty we do have is that the outlook will change daily and the Government will direct us based on facts and figures, which also change daily.

The devastation to the industry we love is like nothing ever known before. Whilst that seems like a sentence full of hyperbole, we sadly know it to be true. Kate Nicholls and the team at UK Hospitality (UKH) are doing a sterling job at representing us and lobbying the Government on our behalf. Currently, they are proposing an extension of the furlough scheme for hospitality. As we were one of the first industries to suffer losses and will no doubt be one of the last to return to profitability, the support is an absolute necessity to secure longterm success. To aid cash flow, UKH are requesting that the Government consider the following:

- Extending the legal right to deferment
- Protection from lease forfeiture
 for 9 months
- Improved access to capital to fund the restart

Please take a look at the re-opening articles by both Howard Field and Chris Cowls with Mike O'Mahoney with advice on re-opening. UKH have also requested support with insurance claims. I have heard the most amazing excuses for not paying out which would be funny if it wasn't so tragic. They are also suggesting support on restoring consumer confidence thereby stimulating demand – perhaps a VAT cut. And finally a strategic reset, asking the Government to overhaul outdated business regulations. For example, the Landlord Tenant Act; State Aid rules, Insolvency laws and the crippling cost of business rates. We support UKH in all of this and thank them for all their efforts.

There is no shying away from the facts. Many hospitality businesses will not survive, and those that do will find the re-opening tough. Attitudes will have changed. It's hard to imagine someone travelling to a town or city centre on a busy train, to visit a crowded theatre, eat dinner in a busy restaurant, then stay in a hotel room and share food with other guests from the breakfast buffet. It's not going to happen for a long time. But we owe it to ourselves to encourage staycations, to gain guest trust through sharing our higher than ever cleaning standards and to welcome what business we can get with a smile in the certain knowledge that one day we will celebrate a full recovery.

We will do all we can at HOSPA to share best practices and offer all the practical help we can. Please do keep in touch with us. As Dale Carnegie has been recorded as saying, "Important things in the world have been accomplished by people who have kept on trying when there seemed to be no hope at all."

"Important things in the world have been accomplished by people who have kept on trying when there seemed to be no hope at all." I find inspiration from the rainbows in windows, the consideration of our fellow humans whilst on a walk, the beauty of our surroundings – even more beautiful than we perhaps realised before we had heard of COVID-19 – and at 8pm every Thursday evening when I continue to surprise myself at the depth of my emotional reaction each week. We are applauding all our key workers of course, but it's more than that, it is the connection with our neighbours and the knowledge that we are doing this along with the rest of the country for all the right reasons.

I have hope. Hope that a post-COVID-19 world could bring with it some positives, at least from an economic stance. As the rainbow eludes to, and once the storm has passed so will our supply chains become more localised, with both businesses and families continuing to turn to their nearby markets, favouring locally-sourced produce. Many high-end restaurants have extolled the virtues of local produce for years. Has COVID-19 broken down the global supply chains, allowing more of us to see the benefits of sourcing closer to home, even if that may be at a higher cost?

History teaches us that a period of boom has followed each war, with those once fearful of shopping shrouded by tragedy, soon eager to spend and rejoice in the 'new world'. Can the same be said for us now, following this global crisis?

There is a lot of support being offered at the moment, both by the Government and fellow hospitality professionals. Reach out for it, stay healthy and keep the faith!

Jane Pendlebury

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Start now with your re-opening plan

One of HOSPA's founders & member Howard Field offers his tips for post-COVID-19 reopening.

n epidemic such as that we are now experiencing, requires that plans for re-opening build in assumptions that can be reviewed as the situation becomes clearer.

Unlike having set target dates for opening a new hotel, based on construction and fitting programmes that can be scheduled and tightly controlled, there are many external factors will govern the timing and outcomes of the re-opening plan.

Whether the hotel is owner operated, or is subject to the involvement of external stakeholders, will also affect the complexity of re-opening planning and budgeting.

Decisions by Government and other external authorities will influence when various elements of any plan for reopening can be activated.

Transport availability will determine when guests, suppliers and employees

can gain access to the property.

Whether all the businesses providing goods and services to the hotel remain able to supply as required will determine whether alternative sources must be found. Suppliers will be concerned with their own solvency and may demand pre-payment or fast settlement to ensure continuity.

Organising bringing back staff who were laid off or furloughed, and recruiting and inducting new staff will be major tasks. When government schemes to support the retention of employees expire, the total costs of their pay will fall on the operator. This could result in the enforced layoff of staff not required while business levels recover.

In addition, special care will need to be taken over the physical and mental health of returning staff. They may need considerably more personal support while they re-adapt to the working environment.



Ensuring all the assets are secure and in good order, and setting up the property, equipment and M&E systems to be ready for operation, are essential before operations can re-commence.

The many IT, communication, safety and security systems, have to be recommissioned. This requires also checking that externally provided software and support services remain available.

Sales, marketing and public relations activities are all essential parts of planning for re-opening. Re-connecting with all sources of business and re-establishing contacts with agents and clients, including checking whether past contacts are still in place, will be of prime importance.

Setting up reservation and revenue management systems, and populating them with pre-existing data to enable preliminary forecasts to be made. Reinstating point of sale, front and back office and all financial accounting and control systems needs to be planned, allowing for staged practice and full operation.

Planning and practising to re-start all operational activities need to be phased depending on the availability of safe access and readiness of the property and systems.

Careful financial planning will be necessary to ensure that adequate working capital is available to support gearing up operations. Determining and costing staffing levels and planning purchasing of supplies and services for the period before revenues are generated and cash is received, are vital to ensure funds are available when required.

Reviewing all policies regarding deposits and prepayments during the initial period will be important. Credit checking and history will no longer be reliable. This includes payment terms with corporate clients, third parties, agents and others. Equally, vendors to the hotel will also be concerned with their own solvency and may demand pre-payment or fast settlement to ensure continuity of supply.

There will be challenges handling all of these elements, and as well unique opportunities for management teams to re-think and implement creative and productive improvements.

Hotels will need to demonstrate to guests and staff even more than in the past that they provide physical comfort, security, clean and healthy environments, and they tick all of the sustainability boxes in their styles of operation. These will be far more important success factors in the future.

Re-Opening Plan Checklist

Key Questions to Answer:

- Under whose control is the decision when to start re-opening?
- Who will authorise the programme and the key action steps?

- Who will have responsibility to coordinate and report on progress?
- How often will the plan be reviewed and updated?
- Who will budget and control the costs?
- How will the re-opening budget be funded?

Task List Content

- Set a best outcome target date for the re-opening phases and base the planning on this, subject to a regular update.
- Establish policies that will apply during the re-opening period, including credit terms, purchasing and payment term, employee pay and benefits.
- Plan property preparation; recommissioning of all building management systems; restart contracts; reinstate security and CCTV systems; carry out health and vermin checks.
- Check all physical assets; FF&E placement for re-starting operations.

- Programme systems re-start for all property management, HR, guest and POS, hotel accounting, marketing and reporting systems.
- Plan re-opening staffing; re-commence recruitment; organise on-boarding of furloughed and new employees.
- Schedule restarting of F&B purchasing and supply network.
- Programme all consumable supplies, utilities etc.
- Staged plan for operational re-opening for each department and outlet.
- Programme Marketing and P&R throughout and including the re-launch.
- Ensure external authorities advised as necessary; check licences, permits.
- Prepare a cash forecast for the period and a plan for provision of the required working capital.

Against each of the above, allocate responsibilities, and the minimum timing required. There are many tools to aid project planning, most of which are based on the Gantt model.



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Restaurant re-opening

Chris Cowls MBE, HOSPA board member and Mike O'Mahoney, HOSPA member, offer a quickfire checklist to get customers back around your tables.

Re-opening timetable

Plan, plan, plan

- Keep an eye out for developments in Government about the furlough scheme ceasing / opening (in some form) being allowed.
- Keep in close touch with colleagues in Hospitality - you are not alone!
- Start planning all aspects of your business from re-opening until some months further on. Have a close look at current processes – customer facing and back of house - to see which can be overhauled. Effective cleaning regimes will be more important than ever.
- Your offer may well have to be flexed along with how it is delivered e.g. takeaway & delivery options; plated (or boxed) portions; linear restaurant flows for social distancing.
- Include your key staff in your planning

 they have local knowledge and a real stake in it all working well.
- Although ops costs investment will be needed initially, keep an iron grip on all costs when up and running - protect every £ earned - cash is truly King, Queen and every other title!
- Consider the trading profile for your first weeks after opening – you are highly unlikely to achieve a big bang recovery to prior years' levels of trading!
- Draw up your pre-opening tactical checklist for everything from notifying your utility providers to hand sanitiser ordering. Allocate tasks to your team.

Customers and Offer

Customer re-connection

- Plan how to make your customers feel safe / confident about your offer as they return.
- Think about a teaser opening campaign & ongoing offers.
- Have you any bookings that have been held over from pre-closedown? Is your customer database clean and ready to use?

 Harness your social media platforms & local advertising - more comms are better than less.

Staffing

- Plan how to protect your staff and consider their mental wellbeing what will you have to do to reassure them about coming back to a crowded environment?
- Staff may need to return to work on a phased basis as trade builds up determine how many and which staff are required at different levels of trading.
- Can any of your staff work cross-functionally?
- Know how to legally re-introduce staff back into work – will you have to lay some off?
- Re-train all your staff and motivate before re-opening, especially as we are allowed to train during furlough.

Menu review

- With a potential slower recovery, review the content of your menu.
- Think about disposable menus as the norm going forward.
- Consider a more efficient offer as an opening menu, focussing on the most popular dishes / easiest to prepare / least wastage / most profitable items.
- A number of operators are already in discussion about Make vs. Buy – preprepared product yielding kitchen labour efficiency and reducing waste.
- Re-look at your pricing structure what will your customers pay initially?

Your offer may well have to be flexed along with how it is delivered e.g. take-away & delivery options; plated (or boxed) portions; linear restaurant flows for social distancing.

Supply Chain

Suppliers, product & systems

- Do not ignore your suppliers, especially your key ones. Keep talking to them, they are looking at you too.
 Give them confidence that you will be re-opening and involve them in your plan where possible.
- Some suppliers will go out of business. What are your alternatives if they do? New suppliers will be risk averse which could affect your terms of trade and cashflow.
- Product availability could be affected. What are your options?
- Make sure that your IT systems are maintained, you will need them more than ever.

Property

Minor refurb or equipment fix

- This could range from a simple paint job to replacing that chiller or extractor that keeps failing. It is the best opportunity you have to sort this out!
- With some operators closing for good there will be opportunities for acquiring furniture or equipment at bargain prices.
- The High Street is going to look different. How will you stand out?

Landlord relationship

 These are tough times for all and (as with your bank) your landlord(s) will want you to succeed - you will get more leverage when you do!

Number of covers and floorspace

 Customers will still be concerned about space between tables, consider reducing covers until business has fully recovered.

Health and Safety / licencing

- Food Hygiene Ratings will be even more important to customers get top marks.
- You may need to apply for new licences in order to be ready for re-opening.

Celebrating with our top learners!

This month we feature another of our prize winners from the HOSPA courses in Revenue Management completed in 2019.

nastasiya Dyuzheva, who is currently Revenue Manager at the Sanderson and St Martins Lane Hotels having previously worked at Corinthia Hotels, was presented with her award at the HOSPA Annual Awards Ceremony held in January 2020. Anastasiya achieved the highest overall grade for Level One of the Introductory Revenue Management course which she completed in August 2019.

At the time of her studies, Anastasiya was working as a Revenue Analyst at the Corinthia London.

Anastasiya tells us "After completing my A levels, I decided to study Hospitality Management with my primary interest being Hotel Management. Having worked as a Reservations Supervisor after graduation I have developed a strong interest in revenue management as this is where you are able to set objectives for the business and develop strategies in order to achieve them.

The course has given me theoretical insight into revenue management, now I am able to approach daily challenges from more of an academic perspective. I am looking forward to continuing building my career within the 5 star market reaching my aspiration of becoming a Cluster Revenue Director."

Well done Anastasiya!

What is the HOSPA Revenue Management Programme?

The set of three HOSPA Revenue Management courses provide the opportunity to take a deep dive into the different aspects of hospitality revenue management.

The three Levels available are:



Level 1: Introductory Revenue Management

The Introductory modules at this level are designed to provide Revenue Managers of the future with the knowledge required to work in a Revenue Manager role and will also provide operational managers with some knowledge of the function within a hospitality property.

Level 2: Operational Revenue Management

These modules deliver a more detailed insight into the Revenue Management discipline providing learners with the theory to support a range of practical activities.

Level 3: Strategic Revenue Management

Level Three modules provide the opportunity to study the strategic role of revenue management in the wider business context as well as considering more detailed approaches to Revenue Management.

A certificate of achievement is issued on

successful completion of each level of study. Whether you start with the Introductory Level or join us at a higher Level:

- All the course materials are available online, hosted on our very own bespoke virtual classroom (www.hospalearning.org)
- The theory and examples have been written specifically to match the needs of revenue management professionals in the hospitality industry
- Your learning will be based on best practice with course materials written by industry practitioners and leading authors in the field
- All learners are supported by an experienced tutor who will be available online 5 days per week to answer questions and guide your learning
- As well as the course materials, learners have access to members benefits including a database of online business journals from a range of excellent sources including a subscription to current and past copies of the Journal of Revenue and Pricing Management worth over £200 per annum.

Courses typically commence in March and September each year. We are currently keeping enrolments open to all those who might like to spend some time on their professional development during these unprecedented times. Our course tutors are ready to welcome applicants to the current online courses with a revised timetable for coursework submissions and tutor support to keep you on track - contact us today for more details at education@hospa.org or visit www.hospa. org/professionaldevelopment The cost per course is £820 + VAT with discounts and instalment schemes for payment available.

Booking a token

The position on refunds in the wake of the virus has remained opaque in the UK, Katherine Doggrell reports.

BTA's Chief Executive, Mark Tanzer has written an open letter to customers of the Association's Members to ask for their support, as he continued to seek government guidance on extending 14-day refund rules for cash-pressed companies.

Tanzer said that, in the absence of leadership from government, ABTA had developed temporary guidelines to deal with refunds, based on a system of refund credit notes.

Tanzer said: "Travel agents and operators are working extremely hard in the most trying of circumstances to do their best for their customers. But many travel companies are unable to provide immediate cash refunds.

"It's in nobody's interests for normally healthy travel businesses to go under. As well as the loss of thousands of jobs, the government-backed ATOL financial protection scheme would be overwhelmed by a large-scale failure of businesses and it would take many more months for customers to get a refund."

The CEO said that many companies were unable to adhere to the 14-day refund rules but that, notwithstanding the credit note scheme, should refund customers "as soon as they are able to".

ABTA first called for urgent government intervention to take action around refunds and other measures several weeks ago.

Governments throughout Europe, including France, Italy, Belgium, Spain, Germany, The Netherlands and Denmark have already made temporary changes to regulations on refunds, and to provide additional guidance to consumers.

Earlier this month the WTTC joined the call for more "flexibility" around Package Travel Requirements, giving travel agents and tour operators more time to refund customers.

The group said that more than six million jobs were at risk in the EU and one million in the UK. The organisation described the comments as an "urgent call to prevent travel & tourism sector buckling under the pressure of COVID-19".

Gloria Guevara, president & CEO, WTTC, urged EU authorities and the UK government to implement flexibility around consumer refunds to "alleviate the unbearable pressure on the travel & tourism sector".

Research conducted by WTTC showed that 75 million travel and tourism jobs were at risk globally due to the COVID-19 pandemic, with at least 6.4 million losses across the EU, and one million in the UK.

WTTC said that the existing Package Travel Requirements, were "not appropriate or fit for purpose in the present crisis circumstances, and should be suspended at least until August. Consumer protection will be unaffected, but travel agents and tour operators will have more time to refund those customers choosing to cancel their existing bookings.

"The current 14-day timeline for

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refunds is putting enormous burdens on businesses in the Travel & Tourism sector and will lead to major bankruptcies. These, in turn, will lead to more claims by consumers on credit card firms and ultimately government bonded schemes."

Guevara said: "This measure should be implemented immediately and help lift the already crushing financial pressure on Travel & Tourism organisations and save the millions of livelihoods that depend on them."

The European Justice Commissioner called for "pragmatic and flexible solutions" to the issue of refunds in the travel sector.

Commissioner Didier Reynders asked for Member States, travel organisers and all involved actors to find solutions that respected travellers' rights for cancelled package travel holidays in the current situation of COVID-19 outbreak.

Reynders acknowledged the traveller's right to be reimbursed in accordance with the EU Package Travel Directive, but added: "Travellers have the right to get a full refund if their trip is cancelled. However, when possible, consumers should consider accepting a voucher that allows them to postpone their holidays to a later point in time, under certain conditions.

"Such voucher should be reimbursable if not used and secured against possible insolvency of the operator. At the same time, Member States should also consider providing liquidity support to the travel business that allows them to settle travellers' refund claims, in accordance with State aid rules."

Commissioner Reynders wrote a letter to all Member States and was liaising with business and consumer associations to ensure that appropriate actions were taken at national level, striking, the Commission said, the right balance between consumer protection and support to travel and tourism businesses.

How can your hospitality business survive this pandemic?

Which companies and brands will thrive afterward and why? Learn how some are already stepping up and helping out by showing their altruistic side. How will you show yours?

ow can your hospitality business survive this pandemic. Don't let coronavirus grind us all down. Everything feels overwhelming right now but we're all in this together and every single one of us can make a difference... if we choose to.

Hospitality companies are well placed to thrive in the future

It may not feel like it right now, but the hospitality industry is well placed to ride this contagion out. Why? Because deep down we're thoughtful and care about our guests and the people who work with us. These vital traits are missing from many commercial organisations, but at times like this, their absence is obvious through their bad behaviour.

We're about giving people memorable experiences that enhance their lives. Even in everyday, small ways of fleeting moments in busy schedules. Because we have the power to make them feel special and bring a smile to their faces.

People will change what they value most

As we're all being affected by this pandemic, it is natural that people are re-evaluating what is important to them. With plenty of lockdown time on their hands and restrictions on freedoms, everyone will be weighing up what they value most from their relationships with family, friends and brands.

If they're one of the millions who have lost their livelihoods then they'll be suffering financially, mentally and emotionally too. What if business people end up travelling less for their work and hanker after the simpler things in life? Like more time with their loved ones. What effect would this have on societies, on the hospitality industry and on your business?

What if people are going to value kindness and generosity over convenience and speed in future? Think about the impact it would have on markets, companies and brands. Any shift in their current thinking and future behaviour could have a massive impact on your business. The secret is to understand these changes, to alter the way you express your company's values, to adapt your proposition, make your brand more attractive and to encourage them to spend money.

Selfishness will go out of fashion

In the most difficult of times it is the most helpful companies and brands that will thrive in the long term. Some short-sighted ones have been profiteering, like the doctor selling £2.5m-worth of overpriced COVID-19 testing kits in one week, and the sports retailer who hiked the cost of keep fit products just as we are all confined to our homes. Or the branch of the hotel chain named the UK's worst for seven years in a row, fired its staff and kicked them out of live-in accommodation due to fears over coronavirus.

Of course, if you're the cheapest in your market you can afford to behave badly as there will always be people who will put up and shut up because of your low prices. But for the rest of us who rely on providing a high quality experience in exchange for a premium price, thoughtless behaviour is not a sustainable option.

The selfish will be judged by consumers with long memories and the choice about where and how they spend their hardearned money in the future. They'll be less tolerant of bad behaviour and far more selective with their patronage.

If they're one of the millions who have lost their livelihoods then they'll be suffering financially, mentally and emotionally too. What if business people end up travelling less for their work and hanker after the simpler things in life? Like more time with their loved ones. What effect would this have on societies, on the hospitality industry and on your business?



20,000 hotel beds for health care workers

According to UKHospitality, almost 200 different hotels in the UK are making 20,000 beds available to health care staff and key workers who are being deployed to areas of high need, to battle the spread of the coronavirus. It could also help to save hotels at risk of going out of business and keep their people in work.

From vacuums to ventilators

Gtech specialises in making cordless vacuum cleaners and garden power tools and responded to the UK government's request to create a ventilator in two weeks. To help in the battle against COVID-19, they are making design details of a medical ventilator public. Owner, Nick Grey says that "We designed the ventilator entirely from parts that can readily be made from stock materials or bought off-the-shelf and can be made by almost any engineering and manufacturing company".

Living with worry and anxiety

Two Clinical Psychologists, Dr Matthew Whalley & Dr Hardeep Kaur from the on-line provider of Psychology Tools for mental health professionals have published a free guide to "Living with worry and anxiety amidst global uncertainty", for anyone to use and to share it far and wide. As a self-help tool, it could make a real difference to anyone who is particularly worried and anxious at this time.

Staying apart is the best way to stay united

Coca-Cola have spent some money in Times Square in New York to advertise social distancing with the line, "Staying apart is the best way to stay united". They even spaced out the letters of the brand name, 'C o c a C o I a'. A company spokesperson says, "As we all adjust to these very different circumstances, we will focus our efforts on how we can make a difference to our consumers, customers and communities in the weeks and months ahead."

You don't need a big budget to make a difference

Neptune is a home accessories and furniture brand, occupying an aspirational market position. They have a wonderful ethos, a warm tone of voice and recently I received an email with suggestions for how I could enjoy the increased time I am spending at home. All they had done was gather together some of the best things they'd spotted recently to help me enjoy the four walls I know best". Simple. Thoughtful.

So what can you and your brand do in the short term?

Firstly, think about all the people you can help. Whether they are key workers, self-isolators or those still going out to work. Establish what they are concerned about and their specific challenges. Then make a list of helpful, useful and free things you can give away that could make even a small difference to them. Remember, there is nothing wrong with including your brand name so that they will remember who has provided them with a little bit of support in these challenging times.

Finally, every one of us can do something

If as individuals or organisations we don't have the specialist skills to support front line staff in our health services, then as a minimum, we should all follow our government's instructions to help 'flatten the curve'. This will save lives as well as reduce the burden on key workers like supermarket employees and all the hardworking and hidden in the supply chains. So show our appreciation by clapping for our carers at 8pm on Thursdays #ClapForOurCarers

About the Author

Craig Thatcher is a branding specialist, creative director, business storyteller and film producer. He is also the author and publisher of 'Continuous Branding'. For more than thirty years he's helped ambitious companies build strong brands, lead markets, win awards and thrive. He is a member of the advisory board of the Edge Hotel School and a finalist in the IOD Director of the Year Awards, 2018.

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Tourism could lose \$450bn

The impact - and recovery - of the virus on the hospitality sector is subject to much debate, but is likely to be extensive, reports Katherine Doggrell

he United Nations World Tourism Organisation has forecast that international tourist arrivals will drop by 20% to 30% on the year this year, costing between \$300bn and \$450bn. The UNWTO said that the numbers should be interpreted "with caution in view of the extreme uncertain nature of the current crisis".

A fall of between 20% and 30% could translate into a decline in international tourism receipts of between \$300bn to \$450bn, almost one third of the \$1.5 trillion generated in 2019. Taking into account past market trends, this would mean that between five and seven years' worth of growth will be lost to COVID-19.

Putting this into context, UNWTO noted that in 2009, on the back of the global economic crisis, international tourist arrivals declined by 4%, while the SARS outbreak led to a decline of just 0.4% in 2003.

UNWTO Secretary-General Zurab Pololikashvili said: "Tourism is among the hardest hit of all economic sectors. However, tourism is also united in helping to address this immense health emergency – our first and utmost priority – while working together to mitigate the impact of the crisis, particularly on employment, and to support the wider recovery efforts through providing jobs and driving economic welfare worldwide."

Pololikashvili added that, while it was too early to make a full assessment of the likely impact of COVID-19 on tourism, it was clear that millions of jobs within the sector were at risk of being lost. Around 80% of all tourism businesses were small-andmedium-sized enterprises and the sector has been leading the way in providing employment and other opportunities for women, youth and rural communities. Looking at the likely recovery times, Deloitte reported that 31% of those who responded to its sentiment survey felt that the sector would take 12 to 24 months to recover once the outbreak was contained.

Of those asked, 79% said they expected the disruption to last four to six months or beyond, putting it past the summer season in Europe.

Priorities were cash management, workforce health and safety and debt, with other important areas of focus including managing stakeholder relationships and remote working capabilities.

Accountant KPMG has suggested that GDP will fall by 8% this year but this drop will not be equally shared across sectors. The accountant said that hotels and restaurants, pubs & cafes would see a drop in output of 30% and 29% respectively whilst utilities will lose only 12% and transport and logistics will be down by 3% (with a surge in deliveries offsetting a drop in demand for travel), IT by 2% and healthcare and the public sector will grow by 5%.

KPMG said: "The hospitality industry will also find it harder to recover lost output next year; cancelled travel plans and restaurant bookings will mostly be gone for good, unlike manufacturing and construction, where there should be a stronger rebound already this year thanks to back orders that can be filled once the lockdown is over, even if the initial fall in output during the lockdown



will also be very large."

The company forecast that 'recreational & cultural service' income would down by around 70% in Q2 with a bounce to a running rate of around minus 5% by Q1 next year. KPMG reported that, in pubs and restaurants: "We expect the recovery to be more gradual than the recovery of the overall economy, as the threat of reinfection may keep people away beyond the lockdown period until a vaccine becomes available."

KPMG said "The current slowdown is unprecedented on a number of levels. One of them is the scale of contraction in output that is expected, due to the lockdown and continued social distancing measures anticipated until a vaccine is found, which will also cause fluctuations in output to be sharper than in previous recessions."

In the hotel sector, STR has forecast that revpar this year was likely to fall by 37% this year, with a return to 2019 levels in 2022, led by a recovery driven by economy hotels and domestic travel.

Robin Rossmann, managing director,

STR's international business, said: "Once you're at the bottom, there's only one way to go and that's up. We can't ignore the performance at the moment. What has become clear is that 2020 is going to be a tough year. The good news is that we are expecting 2021 to be much better."

Dave Goodger, director, Europe,

"We do expect a blow on households, with a blow to average incomes and wealth, which will take some time to come back. All the stimulus and fiscal measures are not a cure for everyone and there is likely to be a spike in unemployment which will affect confidence." Tourism Economics, said: "There is a significant government stimulus. Hopefully businesses are around to take advantage of that recovery when it comes. We expect this to follow the standard path for a short recession. We are not expecting anything like the global financial crisis, we are expecting rapid growth when the restrictions are lifted.

"We do expect a blow on households, with a blow to average incomes and wealth, which will take some time to come back. All the stimulus and fiscal measures are not a cure for everyone and there is likely to be a spike in unemployment which will affect confidence.

"Travel will fall more deeply than GDP for the year. We are looking at about a 40% drop for the year as a whole in demand but are expecting a rapid recovery when it comes next year. Domestic travel will remain very important in Europe, where almost two thirds of travel spending is from the domestic markets. Domestic travel is less volatile, especially in downturns."

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Five steps to prepare your post-pandemic marketing plan

As markets around the world begin looking for signs of recovery from COVID-19, it's essential that hoteliers have a clear strategy in place so that when travellers are ready to leave home, your property is ready to welcome them.

ne part of that strategy involves a clear marketing focus. Amadeus shares five key points to consider as you prepare marketing plans for use during recovery.

1. Understand who your market is

It's no secret that having a clear grasp of who your market is underpins any successful marketing strategy. We all know that the coronavirus is unprecedented, which means previous experience will not be enough to go on. For that reason, data needs to become your best friend. Look regularly at how demand is changing in your area - who is likely to travel first? Is it corporate or leisure? Where are they coming from and what dates are they looking for? With countries hesitant to lift travel bans, consider which countries are within scope of initial marketing efforts. And don't just go global, think local. 58% of Brits are expected to re-book all UK short-break holidays (BVA BDRC, 2020), so neighbouring counties need to form a clear part of your plan.

2. Reach out to existing business

As consumer confidence slowly begins rising, now is the time to get in touch with your existing customers. If you haven't already, classify them into key groups to design targeted messages using this information. Think about groups and events, those who've cancelled but not yet rebooked, your loyalty members or those who've visited in the past. Make sure you get a clear understanding of motivations within these groups, and personalise messages to this.

3. Review your positioning

When we think about a post-pandemic world, there's already indications that consumer behaviour might change in the long term. One example of this is the creation of a generation green - a culture that seeks better and more rigorous health and safety measures than before. If that is the case, then this needs to become an integral part of your marketing messaging. Take the time to prepare this now to help differentiate your property in the future. And once you are actively advertising, ensure that prospects and guest clearly understand what new and existing measures are in place. Unsure what to consider? Check our Housekeeping checklist: https://www.amadeus-hospitality. com/insight/hotel-housekeeping-checklist/.

4. Build appealing promotions

It's likely that consumers may be more cash strapped than before. Including a promotion will make it easier to maintain your average rates, whilst also appealing to the cost-conscious consumer. Focus on using data to build the right deals. For example, if you're targeting the staycation market, why not think about offering free parking, or last-minute deals? Or what about the dates that went uncelebrated during lockdown? Consider creating packages that appeal to this emotional connection, such as birthdays, anniversaries, baby showers... the list goes on.

5. Spend wisely

It's important that when travellers feel ready to start researching trips, that they know your property is open and ready for business. Focus your spend on the markets you know will be travelling, and take advantage of remarketing to try and capture all potential business. And don't forget to include all of the channels available to you. For example, Global Distribution System (GDS) bookings reached record levels in 2019. 53% of Brits are also spending more time than normal on their phones during this time of crisis (Global Web Index, 2020). In order to maximise advertising success, hotels need to consider a varied omnichannel presence across distribution and media.

We all know that recovery won't happen overnight. But with searches for flights to the U.K. for January 2021 increasing 229% in early April (Exchangewire, 2020), there's clearly a strong desire for travellers to get back into holiday mode once it's safe to do so. Hotels with a well thought through strategy in place will be one step ahead when it comes to attracting more bookings.

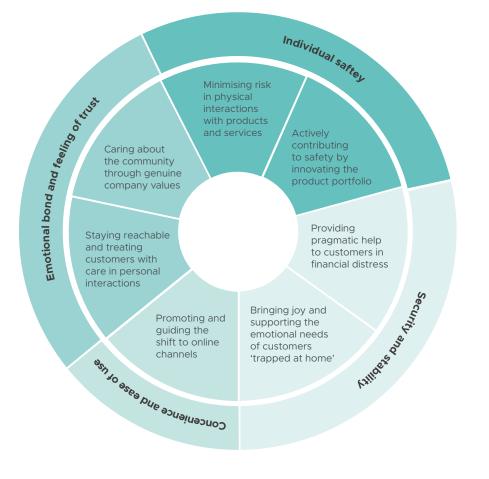
To find more insight in what you can do as you prepare for recovery, visit our dedicated crisis management page: https:// www.amadeus-hospitality.com/crisismanagement-resources/

Looking ahead reshaping the future of hospitality

In a recent interview with Alliants - global travel and hospitality software provider, Tristan Gadsby, CEO discusses how hoteliers can respond to the current crisis leveraging technology.

Clearly this is the most challenging situation the industry has faced for decades. What can hoteliers do to respond?

Sadly, there is no simple answer to this. What we can do is try and learn as many lessons from the past as possible and make clear decisions. The Harvard Business Review published an article in 2010 (Roaring Out of Recession) which assessed the performance of 4,700 companies following the past 3 economic



Source: McKinsey & Company, 2020 https://www.mckinsey.com/business-functions/ marketing-and-sales/our-insights/connecting-with-customers-in-times-of-crisis recessions and concluded that those deploying an optimised combination of defensive (mainly cost cutting) and offensive moves (spending on marketing, R&D and new assets) have the highest probability of breaking away from the pack post recession.

In practical terms this means that hoteliers not only need to cut costs to make it through the periods of closure or single digit occupancy, but also focus on building agility into the business model and making targeted investments that will fuel the recovery and drive growth. There are three areas where we think hoteliers can leverage technology and lay foundations to position themselves for the future:

- Leverage data to make faster decisions and develop recovery strategies;
- Create or re-ignite customised and contextual one-to-one relationships;
- Digitise the guest experience and business processes.

In what way can hoteliers leverage data to assist at the current time?

There is significant business value hidden in the data that hoteliers collect on a continual basis. We help a number of hotels and chains connect data from many different sources to allow for better decision making. This includes breaking down the demand signals by market using web traffic and sources of competitor information to sentiment and intent analysis on request data. That data is not only valuable during business as usual, it is also invaluable at times like this to help to:

- Understand demand and determine the appropriate re-opening or marketing investment points.
- Identify high value customers that are key targets for re-activation.
- Optimise marketing to maximise the return from precious investments.

To uncover this value, hoteliers can make relatively small investments, leveraging cloud solutions to enhance their business intelligence capabilities and better answer these key questions.

How can hoteliers leverage technology to develop one-to-one relationships?

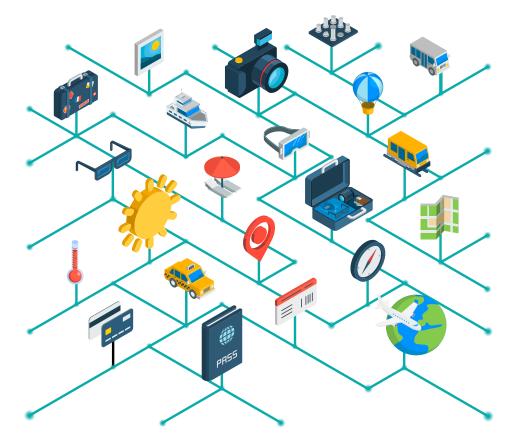
Developing relationships is the heart of hospitality and technology will never replace the fundamentals. It can however facilitate and reduce the amount of effort to develop meaningful relationships with your guests. McKinsey recently published their guide to Connecting with customers in times of crisis that lays out seven actions that companies can take. In many ways, these points will be the 'new normal.' Technology can assist with a number of these:

- Bring joy and support the emotional needs of customers 'trapped at home' by leveraging and distributing inspirational content, sharing fitness programmes or sharing memorable moments.
- Actively shift customers to online channels by making the hotel services available for delivery or click and collect (for example, Special Occasion Treats and Gifts to Bedding Products).
- Staying reachable to your customers and communicating with care in personal interactions by being proactive and available to customers on their channel of choice.

Hoteliers can achieve this by setting up online stores and adopting omni-channel communication platforms.

How can hoteliers digitise the guest experience and their processes to thrive post-crisis?

There are many elements of the customer journey that can be digitised whilst either maintaining or improving the



guest experience. These include:

- Digitisation of the itinerary, enabling guests to collaborate and share virtually.
- Digital arrival including expected arrival times, check in and digital room keys shareable across the party.
- Intelligent room servicing and scheduling.
- Room Service delivery and collection scheduling.
- Online Guest Communications and Service Requests.
- Digital departure including check-out, payments and feedback.

Some of these exist today, but to truly transform to a digital guest experience these solutions should be:

- Guest-Aware Guest centric solutions allow for instant recognition of guests, ensuring the service is tailored to their needs across all touchpoints.
- Multi-Persona Guest centric solutions understand that travellers adopt a different personas for different trip types, from a couples getaway to a group vacation or a business trip.
- Context-Aware Guest centric solutions are aware of where the guest is in their journey, from pre-booking to pre-arrival, in-stay and post-departure tailoring the experience accordingly.
- Omni-Channel Guest centric solutions allow guests to communicate seamlessly across their channels of choice.

- Localised Guest centric solutions are localised allowing guests to interact in their language and currency of choice.
- Data-Driven Guest centric solutions leverage data to improve the experience.

To support this, hoteliers should be looking at how they integrate their systems to optimise processes and leverage technology to automate ordinary and repetitive tasks using bots and artificial intelligence. Using technology this way allows valuable staff to focus on complex tasks and deliver extraordinary experiences.

Clearly these are difficult times. Take stock and look ahead to review how technology could help to reduce operational costs, become data driven, help efficiency, especially with limited resources. By automating non-value added activities more time can be spent engaging with guests from pre-arrival to post-stay and fostering connections through the use of technology.

About Alliants:

Alliants elevate the guest experience for many of the world's leading hotels. Founded in London in 2009, we deliver digital solutions that are based on operational excellence and have been deployed across the globe.

Tristan Gadsby, tristan@alliants.com www.alliants.com

Britons turn to whiskey

With Britain's pubs, bars and restaurants shut down, the nation's drinking patterns have changed as a result, with almost a quarter of the population (24%) buying alcohol online in the past two weeks, and with more planning to in the coming weeks, new research shows.

A snap consumer poll by CGA, the specialist food and drink insight provider, revealed that 6% of people had ordered online more often than usual, another 5% had bought online for the first time, with a further 16% planning to in the coming weeks.

The research showed that the public has also become more focused on health and wellness as a result of the COVID-19 crisis, with two thirds (66%) of adults saying they are now taking precautions to protect long term health, such as changing what they eat and drink and how frequently they exercise.

Consumers are reporting drinking less alcohol than before the outbreak, with nearly half (42%) saying they are drinking less alcohol than usual, and only 14% increasing their alcohol consumption. The number of occasions that people are drinking alcohol is also being affected, with 16% of drinkers saying they are partaking more often than usual, but with 37% saying they are drinking fewer times per week than before.

The type of drink that people are purchasing is also changing, with spirits especially gin and whiskey gaining in popularity. Among those buying drink online, 40% ordered wine – the top choice. Lager came next, followed by gin.

"In a pub and bar environment, cider would usually come in third, but in the online world it has slipped back. The big winner, however, seems to be whiskey, which is the fourth most popular category for online purchases, but in a pub or bar would normally be back in ninth place," said Jonny Jones, CGA's director of client services.

"The challenge for the on-trade will be whether these new habits persist when pubs and bars eventually reopen after the crisis, or whether the public will go back to old preferences," Jones added.

"The challenge for the on-trade will be whether these new habits persist when pubs and bars eventually reopen after the crisis, or whether the public will go back to old preferences,"



Consumer Spending

Consumer spending declines 6% in March as coronavirus measures take effect, yet some retailers see strong growth.

pending at supermarkets rose 21.3% and specialist food & drinks stores 30.5% – with the latter up 80% the week before social distancing measures were introduced.

- Travel fell by 40.5% and fuel decreased by 4.2% as Brits spent more time at home.
- Online purchases rose 5.5% while instore transactions dropped 4.0%.
- Confidence in the UK economy fell to 25% yet more than half of shoppers chose to buy locally to support independent businesses.
- The Barclaycard report combines hundreds of millions of customer transactions with consumer research to provide an in-depth view of UK spending.

Consumer spending dropped 6.0% year-on-year in March as measures to tackle coronavirus were introduced.

Data from Barclaycard, which sees nearly half of the nation's credit and debit card transactions, reveals that spending on essential items rose by 11.6%. Supermarket purchases drove much of this growth, with the category increasing by 21.3%, while fuel saw a 4.2% decline as the roads became quieter.

Spending on non-essentials was down 12.9%, with many retailers impacted by the introduction of social distancing measures. Travel expenditure – which includes public transport – declined by 40.5%, while restaurants and bars, pubs & clubs contracted 35.5% and 22.2% respectively.

Despite the unprecedented challenges faced by UK retailers, there were some bright spots as consumers changed their shopping behaviour. Spending at specialist food and drink stores, such as off licences and greengrocers, grew by 30.5% as more than half (55%) of Brits chose to buy locally and support independent businesses.

Discount stores also saw increased demand as shoppers sought value for



money, rising 25.2 % while pharmacy, health & beauty was up 0.5%.

More time at home led to digital content and subscription spend rising 17.4% as people entertained themselves by playing digital games, watching boxsets and accessing streaming services.

Online purchases increased by 5.5% in March, while in-store transactions on the other hand, dropped 4.0%.

The week before tighter social distancing measures were put in place (16th – 22nd March) saw some particularly high peaks in consumer spending, as the nation prepared to spend more time inside.

In a tumultuous month, consumer confidence dropped to its lowest level since Barclaycard started this survey six years ago, with just 25% of UK adults feeling positive about the state of the UK economy – down 17 percentage points from February. Confidence in job security declined 6% to 43%, suggesting concern about the months to come.

However, Brits continue to be resolute about their own financial situation, with 68% remaining positive about their household finances, broadly in line with last month. This could be attributed to the fact that 56% said that they were saving money by avoiding the pub, eating out and commuting less.

A positive side effect of social distancing is the growth in community spirit, with four in 10 (41%) UK adults checking in on vulnerable neighbours to see if they need help with shopping. In another sign of goodwill, 71% chose not to stockpile food, medical suppliers and other essential items so that others wouldn't be left empty-handed.

Esme Harwood, Director at Barclaycard, said: "The coronavirus pandemic continues to impact everyday life in the UK, and this is naturally reflected in where and how Brits are spending their money.

"It's no surprise that essential spend has increased as tighter movement restrictions have meant consumers are largely staying indoors, and therefore unable to visit the high-street, socialise in person, or travel.

"However, despite these turbulent times, it's positive to see that many Brits remain resilient about their own household finances. It's also heartening to see communities supporting each other – whether clapping for the NHS, checking on vulnerable neighbours or supporting local businesses."

Food and beverage inflation low but pricing uncertainty looms

Foodservice pricing reached its lowest point for 12 months in February 2020 with the majority of food and beverage categories showing no or minimal year-on-year inflation, the latest edition of the CGA Prestige Foodservice Price Index reveals.

owever, with the global COVID-19 pandemic now causing major disruption to global supply chains, and prompting shutdowns of some industries and consumer sectors worldwide, it is likely that pricing will be volatile in the coming months.

Categories already impacted by the COVID-19 pandemic include Soft Drinks, where large manufacturers like Coca-Cola have seen delays to artificial sweetener shipments—leading to predictions of tighter supplies of drinks in the longer term should Chinese operations remain restricted. Some categories are seeing large price reductions in the early weeks of the pandemic, including Fish and Seafood. With demand from China slowing dramatically, Norway's export market has diminished, causing over-supply and a drop in Salmon spot prices.

The Sugar category meanwhile recorded a small rise in pricing in February, partly due to a 24% drop in India's sugar output after a prolonged drought followed by flooding. With India in lockdown during its main sugar harvest, a further tightening of supply on a global scale is now expected.

Prestige Purchasing CEO Shaun



Allen said: "This is a concerning time for supply chains across the globe. We are already seeing categories affected by the Covid-19 pandemic, and there will be many more affected before we are back to normal. Whilst many operators are currently closed, buyers will need to be prepared for a different landscape both in supply and demand once they are up and running again."

CGA Client Director Food and Retail Fiona Speakman said: "After a prolonged period of relatively high inflation in the foodservice sector. the last few months have shown signs of welcome stability—but that has been shattered by the COVID-19 pandemic. With out-of-home eating and drinking sectors in lockdown in many countries and availability and distribution facing major disruption, we are likely to see a great deal of inflationary volatility in the months ahead."

Out-of-home food and drink sales fall nearly 60% in March

Britain's managed pub, restaurant and bar sector saw collective likefor-like sales drop 57.6% in March as the country moved into lockdown, latest data from the Coffer Peach Business Tracker show.

Il parts of the market were hit hard, as the slowdown in sales, which started in February, continued during the first half of the month before the total shut down on March 20. Managed pub operators reported a 57.8% fall in like-for-like trading compared to March 2019, with restaurant groups down 56.2% and bar chains down 60.0%.

London trading was down 60.4%, with outside the M25 down 56.8%.

"The drop in sales that began in February and escalated in the next month, meant that even by the end of March, the eating and drinking out sector had fallen into year on year decline, down 4.1% on the previous 12 months, with London down 3.7%," said Karl Chessell, director of CGA, the business insight consultancy that produces the Tracker, in partnership with The Coffer Group and RSM.

"With shutdown wiping out April sales, apart from a small amount of delivery income, and May likely to be the same, the devastating effect on the market is self-evident. Even if there is an early easing of restrictions, which is far from certain, reopening of the market will almost certainly be phased and gradual. We are looking at a substantial loss of revenue right across the sector," he added.

Paul Newman, Head of Leisure and Hospitality, RSM added: "These latest results simply underline what we already know: that the eating and drinking out sector has been at the coalface of COVID-19 disruption. There has been tremendous support from Government but more still needs to be done to protect the 3.2 million jobs of those who work in the sector. At a time when cash is so desperately needed to meet the upfront wages for furloughed staff, most operators are still struggling to access the Coronavirus Business Interruption Loan Scheme under current lending criteria. Great uncertainty remains not only as to the extent of the current shutdown, but also as to what the lifting of lockdown might look like. More support is needed with property-related costs and this includes support for landlords themselves who remain liable to pay business rates for empty sites."

Mark Sheehan, Managing Director, Coffer Corporate Leisure added: "Every single consumer is a stakeholder and a participant in the hospitality sector, and we all feel a sense of pain at the industry's suffering since the enforced closures. The re-opening of outlets to full capacity will take months and the sector desperately needs ongoing support. Whilst an earlier release from lockdown appears at first sight to be a good thing; consumers will be anxious about socialising and trading levels will be subdued. The future in terms of consumer behaviour is very uncertain making any form of planning for future very difficult."

Delivery accounted for 7.4% of sales among the casual dining groups in the Tracker cohort, up from 5.5% in January. "Although there has been growth in delivery and there is plenty of evidence to suggest more consumers are turning to delivered food during the lockdown, the picture is patchy. As well as more companies establishing delivery options, there are also a number of major players that have closed down their delivery businesses altogether for safety reasons," added Chessell.

Due to the effect of the lockdown, the number of companies taking part in the March data collection was smaller than usual, totalling 44, but still representing operators across all parts of the sector, with collectively 7,000 plus sites and total annual sales of £8.1 billion.

"The drop in sales that began in February and escalated in the next month, meant that even by the end of March, the eating and drinking out sector had fallen into year on year decline, down 4.1% on the previous 12 months, with London down 3.7%," said Karl Chessell, director of CGA, the business insight consultancy that produces the Tracker, in partnership with The Coffer Group and RSM.

Upcoming Events

HOSPA COVID-19 WEBINARS

While the lockdown continues the following events will take place online:



10am

HOSPA board discusses the impact of COVID-19 on finance.

3pm

Joint event with HFTP featuring Howard Field discussing re-opening planning.



10am

HOSPA board on the wider impact of COVID-19 on your business.

Please visit Hospa.org for further details.



Finance Update

Online Webinar 8.30 - 10.30am

BDO Finance Update, Breakfast Seminar

Join the HOSPA finance community for a breakfast webinar.

BDO will update you on current topical accounting issues under UK GAAP and IFRS. As well as covering the latest developments in tax including corporate taxes, VAT and recent employment tax issues.



Innovations In Technology

Central London 6.30 - 8.30pm

HOSPA and the HMA associations are delighted to host a joint members Networking event themed Innovations in Technology. The event will take place in Central London.

Further details to follow.



Annual Hotel Conference

Manchester Central Convention Complex

The Annual Hotel Conference is a conference for hoteliers; individual, boutique, branded and consortium hotel owners, operators and managers segment of the industry. It is a mustattend for all those involved in this, the largest sector of the hotel industry. Joining hoteliers at the event are developers, architects, consultants, marketing and social media experts, investors, bankers, advisors and government agencies who all gather to learn, network and do business in a forum which deals with the issues of the day.



The Independent Hotel Show

Olympia London

A firm fixture in the calendar of independent hoteliers and industry professionals alike, the show presents a curated collection of over 350 innovative product and service providers from across the hotel supply chain. Together with expert insight from a Seminar Programme and multiple networking opportunities, the Independent Hotel Show is designed to satisfy the demands of hoteliers committed to improving their business.



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