THE OVERVIEW

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Member's Only - the return of private clubs

Driving loyalty

Addressing the cautious consumer

Welcome to THE OVERVIEW

As an industry we are constantly being told that communication is a good thing. We must be in a dialogue with the consumer, hearing their opinions, righting wrongs, becoming a part of their daily lives even if we see them only once a week or once a year.

JD Wetherspoon has pulled back from this, announcing that it was shutting down the Twitter, Instagram and Facebook accounts for all its 900 pubs and head office after commenting: “We don’t like the general climate of social media”.

Chairman Tim Martin said: “We are going against conventional wisdom that these platforms are a vital component of a successful business. I don’t believe that closing these accounts will affect our business whatsoever, and this is the overwhelming view of our pub managers.

“It’s becoming increasingly obvious that people spend too much time on Twitter, Instagram and Facebook, and struggle to control the compulsion. We will still be as vocal as ever through our Wetherspoon News magazine, as well as keeping the press updated at all times.”

The comments came shortly after Facebook’s Mark Zuckerberg appeared in front of the US Congress to answer questions about how what started out as a way to rate the appearance of women ended up influencing an election and throwing millions of people’s privacy under the bus. Given who won that election and their thoughts on the position of women, it’s not too much of a leap between the two, but it’s enough that many people - and now companies - have started to question whether they need to be on social media.

The justification for having your business on social media used to be that everyone else was there too. JD Wetherspoon - whose chairman used Twitter with enthusiasm to push his Brexit viewpoint in 2016 - is hoping to prove that you don’t. With the tone on many platforms becoming unedifying to say the least, it may soon be the case that it is the companies which publicly renounce it look more forward thinking than those who stay.

Katherine Doggrell

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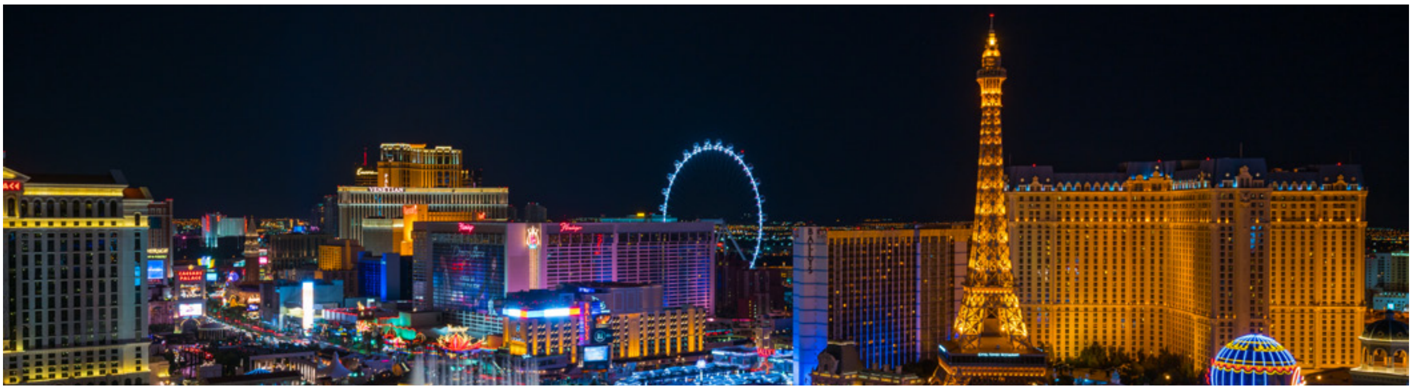

Time often seems to fly by, and it feels like only moments ago that I was writing my column for last month's edition of The Overview. So much has happened since then though that I've decided to dedicate this month to an update of some of the activity.

Immediately after Easter I headed off to New Orleans as a guest of Infor - one of our HOSPA sponsors and regular HOSPACE attendees. They were keen to show off the recent developments made to their product suite. It was a fascinating couple of days with some great discussions on where hospitality technology is heading in general. It was agreed that there is still lots we can improve on, both on the supplier side and the client side.

We discussed an anonymous 'perfect' customer who had ensured the switch over to a new Hotel Management System was approached with refreshing vision. The hotel owner had sat in on all the build sessions, ensuring his staff only collected data that they would (and could) actually use. He was keen to take advantage of the new system without continuing any legacy procedures that may well have hampered efficiency at the hotel front desk and beyond. I fear it is all too rare to see such foresight played out in full - as opposed to just being talked about at a high level.

Not only was it informative and useful to meet with some key industry figures from around the world, Infor also treated us to some of the best entertainment that only New Orleans can offer. Thank you to the team for including me.

Almost immediately after returning home - and my children proudly showing me how much Easter chocolate they still had(!) - I was off again. This time to HITEC in Amsterdam. It was fun to see many familiar faces and to catch up with industry friends and colleagues in amongst the exhibition and the education sessions. Amsterdam is a lovely city and HFTP has worked hard to spread its reputation outside the United States. It now hosts a HITEC in the Middle East as well as the annual main event which will be in Houston this year in June. More details can be found on the HOSPA calendar.

HOSPA hosts members' events around the country, with the most recent one in Manchester towards the end of April. We were lucky enough to secure Hotel Football, which overlooks Manchester United's ground, Old Trafford, and there were two fantastic speakers.

Chris Beveridge, from Moore Stephens, presented very comprehensively on GDPR, a topic which he first presented to us last year. As we move ever closer to the May 25th deadline, the audience was paying more attention than ever. GDPR seems to be one of those topics that the more you learn, the more you realise you have left to do. Certainly, the questions from the floor appeared more informed and probably more specific than with previous GDPR presentations I have attended, offering evidence that people are both learning and uncovering additional requirements that need ticking off ahead of its implementation.

Our second speaker was Andrew Evans from Keystep - who were also kind and generous enough to sponsor the event. Despite his protestations to the contrary, Andrew was an engaging speaker and delivered some interesting insights into computer based learning and artificial intelligence. He handed out bottles of wine, chocolate and footballs - a sure way to keep the delegates paying attention.

As we progress with our plans for this year's HOSPA, there seem to be more and more exhibitions and events for our industry. Although I may be biased (I don't believe I am), I firmly believe that HOSPACE is the best! But it's not just me that thinks that; I receive positive feedback throughout the year, praising both the content and the atmosphere. Please be sure to mark out the 1st of November in your diaries - both day time and evening.

More details are being added to the HOSPACE website each week, so please keep your eye out for news. We still have space for both exhibitors and sponsors - so do please get in touch if you would like to be part of the action. Delegate tickets are also already selling through the HOSPA shop.

Another thing to keep your eyes peeled for is a series of video clips from my day spent with HOSPA's President Harry Murray at Lucknam Park. We discussed many topics including Brexit, GDPR, Professional Development and how HOSPA can help the industry grow and maximise its appeal to those yet to be inspired to join us and work in hospitality.

One final call - and quite a specific one: The HOSPA tax committee is up and running, achieving some great results. If you have someone within your organisation who could benefit from joining the discussions on the specifics of tax and how the hospitality industry can work most effectively, then please ask them to get in touch. The debates often result in inspirational new ideas and approaches for hospitality businesses. With the guidance of an HMRC representative, the committee seems to take great strides with every round table meeting.

Sam Jennings

Key Markets Revenue Manager, South West for Whitbread Premier Inn

Sam commenced the Revenue Management programme in March 2016, completing in August 2017. In addition to receiving the highest achievement awards for Levels 2 & 3, he also received HOSPA's "Outstanding Achievement Award" after completing a hat trick, as he'd also previously received the award for highest achieving learner on Level 1. Sam has been an Associate member of HOSPA since completing his studies in August last year.

In his current role Sam is tasked with driving revenue performance across key 'high touch' markets, seeking to maximise the revenue growth above a target threshold, outperform competitive sets and grow market share.

He is responsible for developing and implementing effective trading strategies, ensuring performance within these markets is optimised by leveraging the full set of revenue management controls. Using available systems to provide robust analysis and insight to validate trading strategies and responsible for effective decision-making.

After graduating with a BA (Hons) Business Studies from the University of Plymouth, Sam spent a couple of years working across a few different industries before joining Premier Inn as a Regional Revenue Analyst two years ago. This was his first foray into the hospitality sector and introduced him to the concept of revenue management.

He tells us:

"I spent almost a year and a half as a Regional Revenue Management Analyst for the South West/South East before moving into a new position of Trading Optimisation Executive for the North. However before I could begin this new role I was offered the opportunity for a secondment position as Key Markets Revenue Manager of the South West, which after a six month period was made permanent.

"Having only recently entered the hospitality industry the course was a fantastic opportunity to synchronize my learning of the job role whilst utilising revenue management theory/principles learnt from HOSPA. The course has also helped me develop an understanding of areas I previously would have had little or no exposure within.

"Now that I have completed the course I will continue to build on previous experiences and knowledge to further my development within revenue management and surrounding functions that we as a department regularly interact with. Ultimately I hope to eventually move towards a commercial revenue position."

Studied in three Stages, the HOSPA programmes in Financial Management or Revenue Management cost £820 + VAT per Stage and enrolments are being accepted now for the September 2018 programmes. Contact education@hospa.org or visit the website at www.hospa.org/education.

Meet the Professional Development Team

Calling all heads of Financial and Revenue Management divisions - the Professional Development Team are available to meet with you and your team members, cluster controllers and revenue executives to provide information about the HOSPA professional development programmes. Enrolment for September start date begins now! We can visit you and present at your next team meeting. Please email education@hospa.org.

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Overseas visitors and 'staycationers' result in bumper year for UK hotels

- Weak pound sees overseas visitor numbers grow for eighth consecutive year.
- UK average room rates pass the £100 mark for the first time despite occupancy remaining flat.

An influx of overseas visitors combined with the rise of the UK as a 'staycation nation' has resulted in a bumper year for the UK hotel market, according to a new report published by accountancy and business advisory firm BDO.

BDO's Hotel Britain report, which analyses rooms yield, occupancy and room rates of UK hotels, reveals the sector experienced another year of positive results in 2017 despite tackling EU uncertainty, a fall in consumer spending and terrorist activity which has impeded the tourism for many European neighbours.

Overseas visitor numbers grew for the eighth consecutive year, setting a new annual record at 38.9m. UK-wide, spend in the leisure and hospitality market also hit record levels at £24.3bn in 2017, up 8% year on year.

According to BDO's Hotel Britain, UK room rates surpassed the £100 mark to £100.58 for the first time last year, growing 3.4% compared to the year previous. Occupancy remained flat, decreasingly slightly by 0.5%, due to the influx of new supply in both London and the regions.

Scotland posted the strongest performance in the UK, with rooms yield growth up by 4.9% compared to England (1.9%), Wales (4.1%) and Northern Ireland (2.2%).

Robert Barnard, partner at BDO, said: "2017 proved to be another year of consistent growth for UK hotels. The strong performance demonstrates the industry's robustness despite facing EU uncertainty, an increase in supply and the impact of several terror attacks across the country which occurred during the first half of the year.

"There will undoubtedly be challenges ahead. Rising payroll costs - such as the National Minimum Wage, the Living Wage and increased pension contributions - will impact the bottom line for many businesses. However, hoteliers with robust business strategies will continue to plan and adapt to the changing environment.

"The hotel industry will hope to continue to benefit from the weak pound, which will attract overseas visitors and, indeed, the domestic market as the UK continues its 'staycation nation' status."

Airbnb raises ire as it adds hotels

The sharing platform has angered the hotel community as it expands it offering to distribute hotel rooms.

The American Hotel & Lodging Association used the US tax day to call on state and local government leaders to start taxing Airbnb and other short-term rental sites with the same oversight and transparency as hotels.

AHLA also called on state and local government leaders to reject Airbnb's pursuit of voluntary collection agreements unless it includes transparency with taxpayers and the oversight to ensure Airbnb was paying its fair share. VCAs are deals Airbnb has been making with jurisdictions where the company agrees to collect and remit certain predetermined state and/or local taxes on behalf of the property owners, subject to certain stipulations, which are often strict and atypical for tax matters. AHLA said Airbnb was negotiating these deals behind closed doors and the agreements were crafted without public input and didn't include adequate oversight or auditing measures to ensure Airbnb is paying the proper amount of taxes.

"Airbnb has been making back-room deals and strong-arming state and local jurisdictions into 'voluntary' tax deals with no transparency, oversight or auditing capability to ensure the company pays its proper share of taxes," stated Troy Flanagan, vice president of government affairs and industry relations at AHLA. "It's like putting an empty jar at the counter of a retail store and asking customers to voluntarily pay sales taxes. There's no accountability."

The comments were made shortly after the sharing platform announced plans to distribute boutique hotels.

Flanagan added: “Whether it’s called Plus or Boutique programme, Airbnb’s latest scheme is just further proof the company is trying to play in the hoteling space while evading industry regulations. If Airbnb wants to enter the hoteling business, then it needs to be regulated, taxed and subject to the same safety compliances and oversight that law-abiding hotel companies adhere to each and every day.

“The question that cities and neighbourhoods should be asking - will these ‘Plus’ or ‘Boutique’ listings include commercial operators exploiting Airbnb’s platform to run illegal hoteling schemes that have fractured our communities, raised serious safety concerns and increased the price of rent while depleting affordable housing options?”

In the UK the All Party Parliamentary Group on Tourism recommended that all visitor accommodation, including that in the sharing economy, face statutory registration.

In an interim report, the group of MPs said that growth of platforms such as Airbnb “must not be at the expense of consumer safety”.

The group first called for submissions on the sharing economy in 2016, but the study was delayed by the EU Referendum and a General Election. The final report was due in May.

The study said that all businesses offering accommodation, new or existing, should be registered, “regardless of the type of accommodation provided”. It added: “The benefits of such a scheme being that it would provide transparency regarding the location of all visitor accommodation premises and allow enforcement authorities to target what resources they have towards inspecting those that they deemed to be the highest risk.”

The MPs suggested: “The problems and discrepancies around regulatory compliance stem from a failure of enforcement. Leading sharing economy platforms do not check if hosts are compliant with regulations such as gas and fire safety before allowing them to post a property on their site. A checklist provided to hosts does not reach the standard expected by current regulations and sharing economy businesses do not currently undertake checks.”

The study suggested that both the host and the platform be liable for the safety of consumers, noting: “If traditional booking agents for self-catering properties can be held liable for not checking the safety of properties on their books, we see no reason why sharing economy platforms cannot be held liable under the same duty of care.”

The group also drew attention the issues around locating accommodation providers, as the platforms do not provide data on the exact location of a property until a booking is made. This makes it difficult to implement an effective inspection regime.

It added: “The London Fire Brigade does not have the data or resources to deal with the large increase in tourist accommodation. There has been a mushrooming of sharing economy properties in coastal or rural tourism hotspots where the capacity of regulatory authorities to monitor let alone regulate is very thin.”

In addition to a call for transparency, the report added that it recognised the need for a proportionate and light-touch approach. It also said that there was evidence to suggest an increasing number of professional operators are using online platforms as a low-cost route to market.

“It is also difficult to distinguish between a person running a traditional B&B in a three-bedroom house and a person running a similar business through a sharing economy platform, or between a person letting a self-catering unit through a company such as Wyndham and someone advertising a self-catering property through Airbnb.”

Chair of the group, Gordon Marsden MP, said: “We have endeavoured to look at the evidence, guided by the principle that there should be a level playing field in standards for both traditional models and the distribution innovations of the sharing economy.”

James McClure, northern Europe general manager at Airbnb, said: “Airbnb is the only platform that works with London to promote the rules and limit how often hosts can share their homes. We are proud to help Londoners share their homes responsibly and are disappointed others are failing to take similar steps to help make London stronger. London is strongest when it is shared. We encourage other platforms to step-up and do the right thing so more Londoners can keep sharing the best of their communities and the city they love with the world.”

Airbnb was also piloting a programme removing guest fees from listings, targeting professional property managers.
The platform, which has recently expanded its offering to include boutique hotels, was also facing court action in France over unregistered listings.

Airbnb’s latest trial sees the host charged a 12% fee, against the previous combination of guest and host fees, which totalled 15%. Airbnb said: “We are constantly testing new and different ways to help our hosts accommodate more guests. This small, temporary, and voluntary pilot is one of the many experiments we are running as we try to learn more about how we can best serve our community.”

At the beginning of this month Airbnb announced that three property management companies - Airagents, Pass the Keys and BnB Buddy - would join its Professional Co-host Programme aimed at making home sharing easier for hosts.

James McClure, GM, UK & Ireland said: “This is the next step in our journey to make hosting easier, offering more benefits and creating a platform for everyone. We are excited to welcome to our Professional Co-Host Programme three of the leading host management companies in the UK making it easier for hosts to share their space and giving guests quality authentic travel experiences. By continuing to make hosting easier, we hope more hosts and guests will benefit from magical travel experiences, powered by people.”

Last month Airbnb CEO said that, since announcing that the platform was opening to boutique hotels, it had received “overwhelming interest” adding: “We are now facing a backlog of interested hosts, but we’re working hard to keep up with the demand. This comes on top of the 520% increase in boutique listings on our platform in the last year”.

The current attitude seems to be: if you can’t beat ‘em, join ‘em.

The new club culture: what hoteliers should learn from private membership clubs

History rewrites itself. Shoulder pads, customised denim jackets, pegged jeans - all these trends have returned since the 80s. Hospitality is the second fashion industry - what happens in fashion will happen in hospitality.

250 years ago, the private club Boodle's used to be the place where Adam Smith could meet his friend and influencer David Hume. Today, networking is still an essential part of our life.

However, in an era where we define our success by the number of likes on Facebook, hotel clients, as everyone else, are missing out on face-to-face interactions that used to happen 250 years ago.

Nevertheless, better land is in sight. Private clubs have started merging into the hospitality industry and opening their doors to non-members. Whoever books a room at Soho House, Home House or the Hospital Club also gets access to areas that are usually reserved for members only and they can explore the mysterious, stimulating and pleasant environment of those private clubs.

It is an environment that Airbnb will never be able to compete with. At Airbnb, if you want fun, you have to provide it yourself.

Serious fun

We are not laughing enough - and that is no joke! Nevertheless, when it comes to fun, private clubs might be the answer. There is a reason why ACE and other lifestyle hotels promote events in their neighbourhood. The mere expectation of fun is enough to make people happier. And happier guests will spend more. Even better, if events take place in your hotel…

Private membership clubs used to host product launches, fashion shows and the most exclusive parties. You don't need to perform Josephine Baker's Banana Dance in the hotel lobby - but in fact, you could. Organising weekly events and inviting local artists or bands to exhibit or perform at your hotel will have a significant impact on your guests' mood - and on your income statement.

Did you know that we are thirty times more likely to laugh if we are in company compared to if we are alone? This is where you and your staff can slip into a new role. Don't worry, a few sentences in your guest's language will do. By thanking or greeting them in their language, you show that you remember and care about them. Bet on a smile in return, either because they appreciate it, because they are taken by surprise and don't know what to answer, or because you should reconsider your pronunciation… You will be surprised by the significant impact a few words can have.

Admire and desire

Some might argue that private membership clubs have lost their sparkle. Firstly, they have failed to retain so-called influencers. Secondly, while years ago, one had to fight for getting inside a club, the tendency today is the "you pay, you're in" attitude.

Do you make your hotel clients earn the service they get? Not everything should be taken for granted. Paradoxically, the more time and effort your guests invest, the more they will appreciate what they have obtained. Consequently, hoteliers should reconsider the value of selection. Like college students who had to undergo a dangerous hazing to become part of a team, members who had to wait, plot and conspire to join your brand will be prouder and remain loyal.

London's White's Club on St. James Street is said to have a waiting list of seven years. Likewise, don't let anyone and everyone book a room at your hotel. Instead, think scarcity. Challenge people. For instance, invite them for an interview before allowing them to become part of your loyalty program. Put them first on a waiting list if they want to book a table at your restaurant and reward them afterwards with a unique table or a glass of champagne, or even something better.

What better reward can there be than entering the same premises as someone you look up to? Hotel guests want to know that someone famous is in the same room, has been in the same room or could be in the same room as them. Try to make them feel like a Château Marmont guest - and to talk scandals. After all, stars are all the gossip. Talking about them is the best icebreaker.

Private clubs go one step further and allow guests to feel a part of the bold and beautiful. Take the Players Club in New York for example, where pool cues that belonged to Mark Twain or Frank Morgan and the pictures on the walls make members feel exclusive. What's more, private clubs have understood how to break out of the virtual reality world we're living in and create public privacy. And most importantly, what happens in the club, stays in the club. Likewise, help your guests find out their own worth to promote themselves and the hotel they are staying in. Why not offer self-development talks in the morning to help your clients remember they are in charge of their luck? Time to start a conversation!

Chat check

Have you ever had a dialogue where your counterpart was engaged and went on and on about a topic, and you were just sitting there, not interested at all, sipping on your boring water and wishing you had ordered a Sex on the Beach cocktail instead? Situations like this will not happen in private clubs since members share similar interests and bartenders are sharp. On the contrary, private clubs stimulate discussion, opinion sharing, gossip.

Hoteliers can join the conversation to get a better idea of guests' preferences, which in turns lays the path for more effective customer relationship management. But that is not all. Conversations can lead to enlightenment, peak experiences. Guests feel emotionally involved and remember their stay. They will return and they will tell their friends. So rethink your servicescape and invite your guests to interact. Get inspiration from the Silencio Club in Paris and organise guest speaker evenings to exchange formats and debates on various topics. Design a common table for single-travellers in your restaurant. Organise a welcome cocktail and get-togethers for arriving guests twice a week - so that your hotel, while becoming a place to talk, becomes a place that is talked about.

Solve the mystery

Hotels do not have to reposition themselves entirely nor actually become private membership clubs. Nevertheless, the potential of private clubs goes hand in hand with Maslow's hierarchy of needs: greeting guests in their language fulfils the need for belonging. Making your guest fight and win fulfils the need for esteem. Helping your guests find the star in themselves fulfils the need for self-actualisation. These inexpensive tricks can give your hotel a significant competitive edge over short-term rentals. Back in time, 250 years ago, lies the inspiration for a brighter future for hoteliers.

About the author
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The future for hotel brands

David Samson, alumnus of Ecole hôtelière de Lausanne, lays out the likely evolution for the global flags.

The fundamentals for the hospitality industry all point to growth. According to the UN's World Tourism Organisation, international tourist arrivals are projected to increase by more than 3% a year to reach 1.8 billion by 2030, whilst the World Travel & Tourism Council predicts that the hospitality industry will grow in value on average by 3.9% a year over the next 10 years to $11.5 trillion - just slightly less than China's entire economy today.

At the same time, the industry is feeling nervous as the hospitality landscape undergoes a period of significant change. The entrance of tech-platforms like Airbnb, the dominance of online travel agencies such as Priceline.com and Expedia in the distribution chain, and major consolidation - as seen with Starwood and Fairmont Raffles Hotels International (FRHI) - are all having a profound impact on traditional hotel brands and their business models.

So what will be the next stage in the evolution of hotel brands?

While most hotel brands are facing similar challenges and opportunities, there does not seem to be a single approach to dealing with these new dynamics and the big players are all responding differently. For example:

- Marriott is going for scale with the acquisition of Starwood and is forming alliances with strategic partners like Alibaba.
- Accor is hedging its bets by acquiring hospitality-tech start-ups and platforms.
- Hilton is making specific investments into their own technological capabilities.
- IHG has invested heavily in the lifestyle space and has now the highest number of rooms in this segment.

The evolution of hotel companies - from owner-operator to brands

This is not the first time that the industry has been forced to adapt to a rapidly-changing industry landscape - there have been fundamental changes before and the most successful brands have succeeded in adapting to them. The future business model is a direct result of these changes over the last decades as hotel companies have moved from an asset-heavy model to consumer brands. It started when hotel companies went public in the late 1970s and early 1980s, and subsequently evolved from the original business model of being exclusive owner-operators towards becoming more asset-light.

What followed is a continuing separation of the hotel model into real estate, operations, distribution, and brands with distinct organisations specialising in each element. In simple terms, this left global hotel brands that are focused, in mature markets, almost solely on brand equity and loyalty programs, with access to millions of customers and their respective data.

As a result of this shift, hotel brands' income profiles have changed significantly. In an effort to develop alternative revenue streams and capitalise on the value of brand equity, some hotel brands have expanded into branded residences like Four Seasons and Mandarin Oriental. However, this is a market with limited reach as most branded residences are firmly positioned in the luxury space. Beyond branded residences, however, there lies a potential to target a much broader market by expanding into everyday services and experiences.

The experience economy - growth vehicle for hotel brands

The concept of the experience economy describes the transition from a product- and service-driven economy to an experiential one. Figures from Barclays and other economic research centres point to 2001 as the tipping point when consumers started to buy fewer products and consume more services. Eventually, the combination of advances in technology with the changing values of consumers led to the success of social media and sharing networks as commercial platforms.

The initial success of Airbnb was underpinned by the desire of a growing share of travellers to have experiences and share a sense of community with like-minded people. Since then, the company has announced its ambitions to become a global travel company and has started to offer travel experiences in selected cities. However, Airbnb and similar platforms offering experiences are limited as they do not control the actual delivery of the experience. Customers are also faced with a large number of uncurated offerings and the choice can be overwhelming.

This provides an opportunity for traditional hotel brands to leverage their existing brand equity to offer a range of more focused services and experiences that go beyond hotel stays. Brands can capitalise on their knowledge of their customers and experience in service delivery to open up new revenue streams from a variety of sources and collect royalties through new collaborations.

Wherever a service and design element are key to the experience delivery, hospitality brands have a great opportunity to add and improve on the existing product. In turn, this allows hospitality brands to create significantly more customer touchpoints with their target markets and collect more insights to help them create an ecosystem of services that could leverage off each other. For the hotel brands, this can create a stickiness for their customers, drive value rather than benefit-driven loyalty, and a far more universal brand presence beyond hotel stays.

After detaching themselves from physical hotel assets, the time seems right for hotel brands to capitalize on their brand equity and find opportunities beyond traditional hotel stays to become universal travel and service brands. Perhaps customers can soon commission Four Seasons interior design services, hire a Relais & Château chef, receive recommendations from a Hoxton community manager, and check into a Marriott-branded medical facility.

David Samson is an Associate Director at Deloitte and an industry specialist in its Travel, Hospitality and Leisure advisory practice in London, which provides corporate finance, consulting, tax and assurance services to the international hospitality industry.

BDO

A cold spell for consumer spending

BDO looks ahead to how businesses can address the issue of the cautious consumer.

Those in the retail and restaurants and bars sectors would be forgiven for entering 2018 with a sense of trepidation. Whilst restaurants and bars saw a comparatively stronger growth in 2017 from the weak base of a year earlier, as costs and inflation began to bite, the outturn for the year became subdued. As we entered 2018, disruption was the prevailing theme. This disruption took many and varied forms; ranging from uncertainty as a result of ongoing Brexit negotiations;Trump's executive orders, the influence of new technology and increased competition from online channels; Big Data, and the ever changing consumer habits.

At the start of 2018, we witnessed concerns over performance across both sectors. This led to the high profile administrations of a number of traditional bricks and mortar retailers, particularly those with large property footprints and trading models which had been slow to adapt. The business failures were mirrored across casual dining sector, where we saw several well known chains revive the CVA in conjunction with well publicised negotiations with landlords in a bid to alleviate pressure on their underlying cost bases.

Retail

The critical trading period of Q4 2017 started off poorly with the worst October in 10 years, and it took until the last week of December in the week ending in Christmas Eve, for sales to finally achieve positive growth, up by +5.31% as compared to the equivalent week in the prior year. Last-minute pre-Christmas purchases and a level of discounting associated with Super Saturday gave sales a much needed boost. However, as the discounting season got underway in earnest in the last week of December, which also included Christmas Day this year, sales were down by -3.84% to end the month with a bump.

Weak trading performance has continued into 2018, where unsurprisingly the Beast from the East provided a real challenge to bricks and mortar sales which have now been negative in every February since 2013. In-store sales have also not seen positive growth in four of the last five months and whilst online sales continue to grow above their high street peers, we've seen a significant slowdown in what has been to date a consistently strong retail category. If there is any ray of sunshine for the online retailers, it is that as they have begun to mature, their operating margins have increased as a result of a more established business model. However with the recent suggestion of a turnover based tax for these 'new' retail models the healthier margins may well be squeezed in the near future.

Restaurants and Bars

Figures from the Coffer Peach Business Tracker showed Britain's managed pubs, bars and restaurants experiencing slight growth in sales in February 2018, with an increase of 0.2% year on year. Pubs and bars posted better like-for-like sales, up by 1.3%, while restaurants saw sales decline by 1.5% nationally. London fared better than the rest of GB, with like-for-likes up 0.8% compared to flat trading across the rest of the country.

Negligible growth in February, coupled with a tough 2017, particularly for London restaurants, adds further pressure to the sector, which has already had to absorb significant cost pressures around property, tax and employment costs, along with the peaking food inflation. With further increases in the national living wage and auto enrolment pensions costs due next month this coupled with ongoing rent and business rates negotiations there seems to be little respite from escalating cost burden.

The fog is yet to lift on the Brexit forecast for 2018

There were certainly many important questions left unanswered at the end of 2017. What progress would be made on those crucial Brexit negotiations? What would Brexit mean for the future of the workforce and the supply chain? How would consumer spending hold up, as household incomes felt the squeeze of higher inflation and limited wage growth?

While UK GDP growth in 2017 was stronger than predicted post referendum and consumer spending did not take the hit that was feared, Brexit-induced uncertainty has continued to cast a shadow over growth prospects in Q1 of 2018. This high level of uncertainty is causing businesses to waver over investment decisions, to the detriment of productivity and economic output. The continuing absence of a unified government stance on the goals and direction of Brexit only serves to compound this disruption for both businesses and consumer confidence. However, with the government starting to make headway with the announcement this month of a two year transition period for the UK's exit from the European Union, we hope that the ill effects brought about by uncertainty will now start to ease.

In addition to Brexit negative impact of an uncertain political and economic environment has also compounded the decline of consumer confidence which has been particularly subdued for the past nine months and culminated in a drop to -34.5 in November, which didn't bode well for festive spending.

Although, increasing slightly at the beginning of 2018, consumer confidence is not expected to improve until there is positive real wage growth and greater clarity on the impact of Brexit for the consumer. Whilst the consumer purse remains tight the weak confidence and continuing uncertainty are likely to result in an even more cautious consumer, so we would not expect the pressure on retailer sales to ease in the short to medium term. Poor consumer sentiment is also likely to precipitate the discounters and disruptors gaining further market share as consumers look to trade down or in different ways.

Weathering the storm in 2018

As we reflect on 2017 and 2018 so far, we cannot ignore the impacts resulting from the political and economic uncertainty which weighed heavily on the UK economy throughout the year. The consequential effects on consumer confidence and spend would have led many consumer businesses to refocus their strategy to respond to short and medium term impacts.

Whilst we expect that the cost effects of inflationary pressures will ease, sector transformation brought about by technological disruption and a new consumerism will continue to provide both challenges and opportunities to the sector - and if the recent past is anything to go by, at an increasing pace.

So where should consumer businesses concentrate their efforts in 2018?

1. A collaborative business model

Savvy retailers and restaurants owners will be looking to identify complementary service providers to manage costs effectively and increase market penetration moving forward. This will cover areas such as:

- Working in synergy with those that can support elements of their supply chain to protect margins against further cost rises; and
- Ensuring that retail stores are positioned alongside complementary brands to encourage footfall and joining forces with others to deliver an enhanced retail, leisure and dining experience for the consumer.

2. Embracing technology

As cost increases take full effect and inflationary pressures on the consumer purse become even more real, those in the sector will be looking at all avenues to protect margins. Looking at the structure of a bricks and mortar retailer next to their online only equivalent, it is impossible to ignore the vast difference in operating model and business structure between the two.
As well as embracing new channels to market and utilising Big Data as a tool to find and retain customers, retailers and restaurateurs should look to innovative technologies to create efficiency, reduce costs and find new routes to the customer.

3. Customer is key

Whilst 2017 will be viewed as a difficult year, the gap is widening with clear winners in the sector reporting strong profits and plans for expansion. Brands who have been successful have understood who their consumer is, what they want, how much they're willing to spend and how they want to be communicated with. Significant financial investments into technology should be customer led to generate the right returns for the longer term; considering not only the consumer of today but understanding who that customer will be tomorrow.

Hotel loyalty

Oracle's Gene Yasuda on bridging the misconceptions dividing operators and guests.

Hoteliers invest significant effort, not to mention time and money, offering loyalty programmes to engage customers, recognise and reward them for their loyalty and to win repeat business.

But when dealing with the topic, they are plenty of questions worth asking: Are millennials as loyal as baby boomers and Gen Xers? Are we entering an era of experience-based loyalty programmes? What is the future of loyalty?

Without the right answers, odds are, your loyalty initiatives will miss the mark.

When it comes to fostering loyalty, there is a considerable "disconnect" between the perceptions of hoteliers and their guests, according to a new global study, *The Loyalty Divide - Operator and Consumer Perspectives, Hotels 2018*. The report was just released at Oracle Industry Connect, an innovation and technology summit held April 10-11 in New York City.

In a nutshell, the report shows that hoteliers think their loyalty initiatives are attractive and engaging while their guests are far less impressed by the offerings.

Among the key findings of the survey that polled hoteliers and consumers in nine countries around the world:

- 61% of hoteliers believe guests would enroll in every loyalty programme offered them, but only 24% of guests actually do. Furthermore, nearly one-third of consumers (30%) say they rarely join loyalty programmes.
- 54% of hoteliers believe their loyalty programme offers are mostly relevant. However, only 22% of guests share that opinion, and 39% say they are rarely relevant.
- Hoteliers do not currently engage "influencers" (62%) or brand ambassadors (71%) - despite consumers clearly indicating that they are more likely to trust recommendations from such individuals.

Capturing these insights was the main objective of the survey, which Oracle Hospitality commissioned Morar HPI, an independent UK-based consultancy, to conduct. The hotel loyalty findings are based on part of a research effort, which took place in February 2018 and surveyed more than 13,000 consumers and 500 businesses across retail, hotels and restaurants in Australia, Brazil, China, France, Germany, India, Mexico, UK and US. Oracle Hospitality pursued the research endeavour to help hoteliers refine loyalty initiatives and better understand the new levels of personalisation they'll require to be effective.

Discover more about these consumer archetypes and learn how to win their loyalty by reading *The Loyalty Divide*.

Download your copy at: https://go.oracle.com/LP=68644?elqCampaignId=134016

InterContinental London

The O2 launches interactive videos to connect with international event planners.

A new service for event planners has been launched by InterContinental London - The O2, following a rise in international enquiries. The Greenwich Peninsula-based hotel has teamed up with Eventopedia Media to create bespoke videos to showcase its dedicated meeting and events facilities, making it easier for event organisers to assess the hotel's capabilities from afar.

The launch follows an increase of over 20% international enquiries. Germany, France, Spain and Italy make up the majority of enquiries from Europe, and the United States brings in a total of 10%.

The video site inspection (VSI) showcase InterContinental London - The O2's flagship 3,100sqm pillar-free Arora Ballroom, and provide insight into the hotel's location on the Greenwich Peninsula and its proximity to Canary Wharf, London City Airport and Central London, giving event bookers the opportunity to see the hotel's capabilities without needing to arrange a site visit. The unique navigability of VSI allowed Intercontinental London - The O2 to go beyond simple features & benefits to create a narrative bespoke to the hotel, and to allow planners the flexibility to engage with the video content that most interests them. It has been an instant hit with average content engagement of over 5 minutes, and over 60,000 views from more than 5,500 unique visitors since its January launch.

Elisa da Silva, Director of Meetings, Incentives, and Conferences & Events at InterContinental London - The O2, commented: "We're excited to share these videos with our existing and prospective clients, both from the UK and abroad. They showcase the versatility of our event spaces, location, connectivity links in London, and leisure activities available at the hotel and our surrounding area."

Elisa continues: "Our clients expect us to deliver unique and successful events, so it is paramount for us to understand their expectations from the very early stages of enquiry in order for us to be able to propose the best solutions."

The VSI product goes beyond video to provide hotel sales & marketing teams with data on traffic, engagement, and content performance. These actionable insights ensure Intercontinental London - The O2 has the customer at heart, adapting and adding content according to customer needs, VSI includes calls to action, graphical information overlays & downloads, and can be embedded across a range of distribution channels ensuring optimum visibility.

The Arora Ballroom can host large conferences and exhibitions for up to 3,000 guests. It can also be split in two, with each half boasting its own dedicated entrance, lifts, stairs and escalators, plus a heavy weight vehicle lift, allowing events to set-up, take place and unload in tandem. The space can also be divided into 14 smaller spaces with separation walls.

Alongside its 4,500sqm dedicated conference centre, which includes 20 additional event spaces, InterContinental London - The O2 boasts 453 guestrooms and suites, a luxury spa with 17m pool and 8 treatment rooms, as well as some of London's finest destination-inspired restaurants and bars, including the 3 AA Rosette Peninsula Restaurant and the rooftop Eighteen Sky Bar.

InterContinental London - The O2 is managed and operated by Arora Hotels.

Restaurants hold up on high streets

Many casual dining brands continued to expand on British high streets over the last year, despite the host of challenges facing the eating and drinking out sector fuelling concerns about market saturation.

That is among the key findings from the latest edition of the Market Growth Monitor from CGA and AlixPartners. It reveals that Britain had 122,221 licensed premises at December 2017a drop of just 0.3% on 12 months earlier, despite mounting cost pressures, weak market confidence and uncertainty over Brexit.

The bulk of closures of licensed premises in 2017 were of drink-led pubs and bars, the Monitor shows. But Britains casual dining brands remained in growth last year, with overall restaurant numbers rising by 0.6% in the year to December. The country now has 16.7% more restaurants than it did in December 2012, underlining the growth of the sector.

The Monitor also pinpoints high streets as the leading source of this growth for restaurant operators. The number of licensed premises on high streets increased by 0.6% in the year to December 2017compared to declines of 0.8% and 0.2% in suburban and rural areas respectively.

CGAs recently-published 2018 Business Leaders Survey suggests that many operators will now be scaling back their new opening plans over this year. Concerns about market saturation and rising property costs, especially among food-led operations, as well as people and food costs are likely to dent the number of licensed premises in 2018. But while several high-profile casual dining brands have announced closures recently, the Market Growth Monitor provides a reminder that not all are turning off the tap as the long-term picture has been of steady growth.

Other trends identified by the new report include:

- Growth in the North West, with the Granada region increasing its number of food-led licensed premises by 2.9% in the year to December 2017.
- Tough trading conditions in outer London, where total licensed premises fell 1.9% in the year compared to 0.6% growth in inner London.
- Consistent growth in food-led pubs and bars, whose numbers have increased by 4.7% since December 2012.

AlixPartners managing director Graeme Smith said: "With some casual dining operators announcing restaurant closures at the start of 2018, there has been much talk of over-supply in many of Britain's cities and towns. But where exactly is supply exceeding demand? With consumer habits changing so fast, it can be hard to tell but Market Growth Monitor tables show some of the places that have been particular targets for new openings in the last five years.

"Top of the list is Solihull, where the Touchwood retail centre has been a magnet for casual dining brands. Second and third are Milton Keynes and Chelmsford both towns in which closures have announced recently. Milton Keynes has around 28% more food-led licensed premises than it did a year ago, and may well be at risk of saturation though its popularity as a place to live among professionals and young families continues to increase. Darlington, Shrewsbury and Loughborough have also seen a steep rise in new restaurants although it could be argued that these towns were previously badly under-served by operators.

"At the other end of the spectrum, Oldham, Wrexham, Rotherham and St Helens have all seen a double-digit fall in licensed premises in the last five years. In all cases, most closures have been pubs rather than restaurants. For all brands, selecting the right towns for openings will be more important than ever."

CGA vice president Peter Martin added: "2018 is shaping up into a tough year for pub, bar and restaurant operators, and CGA's Business Leaders Survey suggests we may not have seen the last of closures from some of our biggest casual dining brands. Operators are reining in expansion plans and are predicting an increase in business failures. But our latest Market Growth Monitor is a reminder of the underlying strength of the sector despite the perfect storm of challenges that has been whipped up. People are still going out to eat and drink, and operators who can deliver value for experience and select the right locations for their new openings can still thrive."

MarketGrowthMonitor

Quarterly review of GB pub, bar and restaurant supply

At a glance five headline Market Growth Monitor messages

1 Licensed premises declined last year—but only just

	Total sites at Dec 2017	Change v Dec 2016	Change v Dec 2012	% Change v Dec 2016	% Change v Dec 2012
GB	122,221	-368	-1,730	-0.3%	-1.4%

There were 122,221 pubs, bars, restaurants and other licensed premises at December 2017. That is 0.3% or 368 fewer than a year earlier—or a net closure of one licensed premise a day. Given the headwinds that faced operators in 2017, including steeply rising property, people and food costs, it represents a better performance than many might think.

2 The high street is outpacing the suburbs

	Total sites at Dec 2017	Change v Dec 2016	Change v Dec 2012	% Change v Dec 2016	% Change v Dec 2012
High street	41,306	+80	+1,548	+0.2%	+3.9%
Suburb	44,487	-361	-2,527	-0.8%	-5.4%
Rural	36,428	-87	-750	-0.2%	-2.0%

A breakdown of Market Growth Monitor data by location shows that the number of licensed premises is rising on the high street but falling in the suburbs. By December 2017, British high streets had 1,548 more premises—mostly restaurants—than five years earlier. However, suburban areas saw net closures of 2,527 sites in that time—well over one a day on average. Rural areas have also seen a decline, though not as steep.

3 Many restaurant brands remain in growth

	Total restaurants at Dec 2017	Change v Dec 2016	Change v Dec 2012	% Change v Dec 2016	% Change v Dec 2012
GB	27,312	+155	+3,908	+0.6%	+16.7%

The last few months have brought a host of news stories about casual dining restaurant closures, with several big brands scaling back their expansion plans. Market Growth Monitor figures show that Britain's number of restaurants increased by 0.6% in 2017, and the total has jumped 16.7% in five years. Figures for 2018 may tell a very different story, of course—but these stats are a reminder that many brands are still expanding rather than retrenching.

4 London fell and the North West grew in 2017

	Total sites at Dec 2017*	% Change v Dec 2016	Food-led sites % change v Dec 2016	Drink-led sites % change v Dec 2016
Anglia	9,242	-0.6%	-1.0%	-0.6%
Central	16,137	+0.3%	+0.9%	-0.1%
Granada	15,688	+0.7%	+2.9%	0.0%
London	23,208	-1.0%	-1.2%	-1.2%
Meridian	11,569	-0.9%	-1.2%	-0.5%
Scotland	11,219	-0.6%	+0.3%	-1.2%
Tyne Tees	5,619	+0.2%	+0.7%	+0.3%
Wales	6,740	-0.6%	-1.4%	+0.0%
Westward	11,762	-0.6%	-0.3%	-0.6%
Yorkshire	11,025	+0.2%	-0.6%	+0.5%

**total sites include more than just food and drink-led sites*

This breakdown of licensed premises by TV region shows how London region's number of food-led licensed premises—mostly restaurants—fell by 1.2% over 2017. There was better news further north though, with the Granada region increasing its total by 2.9%.

5 London is two cities in one

	Total sites at Dec 2017	Change v Dec 2016	Change v Dec 2012
Inner London	8,572	+0.6%	+7.0%
Outer London	5,789	-1.9%	+0.7%

As we see on page four of this edition of the Market Growth Monitor, the picture of new openings is very different between inner and outer London. Licensed premises in the centre of the capital have increased by 7% over the last five years—but by less than 1% in outer London.

Foodservice price inflation dips to pre-referendum levels in early 2018

Foodservice price inflation dropped back to 0.5% in February 2018—the lowest point since the EU referendum. That is the headline finding of the latest edition of the CGA Prestige Foodservice Price Index.

The vote to leave the EU in June 2016 triggered an immediate weakening of the pound and a sharp spike in foodservice prices, especially on imported items. Price Inflation has been running at relatively high levels ever since but halved from 5.1% in December 2017 to 2.5% in January 2018. It has now reduced again to barely above zero - an inflation level not recorded by the Foodservice Price Index data since the month of the referendum, and well below the rate of inflation recorded by the Consumer Price Index which currently stands at 3.0%.

The downward trend has been driven by the easing of pressure in several key food and drink categories, and by improved confidence around the UK's transitional arrangements for its departure from the EU. Categories seeing a fall in prices include Fish, where inflation tumbled from 9.8% in December to -4.2% in February. Inflation meanwhile fell to -2.5% in the Dairy category this month, largely thanks to falling farmgate milk prices.

However, foodservice prices remain high in several key categories including Oils and Fats, where soybean supply issues contributed to pushing inflation up to 16.5% in February. The government's plan to introduce a soft drinks levy in April encouraged prior adjustments in retail prices and drink formulas, helping to drive inflation in the Soft Drinks category up to 6.8%.

The exclusive Foodservice Price Index from CGA and Prestige suggests there are grounds for optimism that inflationary pressures may continue to ease in the coming months. But it also warns that prices remain vulnerable to supply issues, currency fluctuations and wider economic factors, including the potential for a tariff-driven trade war between the US and China.

The monthly CGA Prestige Foodservice Price Index contains in-depth analysis of inflation in ten different categories of food and beverages and helps businesses in the foodservice supply chain keep up to date with trends, challenges and opportunities.

Shaun Allen, Chief Executive at Prestige Purchasing, said:

"This month's Foodservice Price Index inflation figure of 0.5% continues the positive downward movement we have seen over the past few months and will give some much-needed respite for the Foodservice industry. However, whilst the overall inflationary pressure continues to ease we also recognise that a significant level of volatility remains within the individual food and drink categories. This volatility demonstrates that a number of supply markets remain fragile and vulnerable to sudden movements from events that can result in sharp inflationary and deflationary swings."

Fiona Speakman, CGA Client Director of Food, said:

"Foodservice price inflation of just 0.5% in February 2018 is welcome news after prolonged turbulence. Our Foodservice Price Index gives reasonable cause for optimism that we might now be entering a sustained period of lower inflation, and with Brexit arrangements becoming clearer and the 'sugar tax' now established, we can be hopeful that the worst of recent volatility is behind us. But businesses need to remain vigilant to any fresh pressures on prices, and stay right on top of their purchasing and pricing strategies."

Strengthening Eurozone economy should boost European hotel sector

The improving economic outlook across the Eurozone and strong demand from international tourists is set to propel hotel trading across most cities in 2018, according to PwC's latest European hotels forecast "Best placed to grow".

PwC's seventh Euro Cities Hotel Forecast says Europe welcomed 671m overnight visitors in 2017, with international tourism arrivals delivering 8% year-on-year growth.

PwC also analysed the prospects for the hotel sector in 12 national or regional capital cities* for 2018-19 and concluded that the majority of cities, except Frankfurt and Zurich should achieve revenue growth in 2018, with all cities expected to see further growth in 2019.

Measured by Revenue per Available Room (RevPAR) Porto tops the city growth table in 2018 with 10.3% RevPAR growth forecast followed by Amsterdam (7.1%) and Lisbon (7%), Prague (6.8%), Milan (3.9%), Paris (3.6%), Geneva (2%), Rome (1.8%), Berlin (1.3%) and London (0.6%).

Looking to 2019 and measured in local currency, Lisbon (6.5%) and Paris (6.4%) lead in growth terms followed by , Porto (5.2%), Frankfurt (4.3%), Amsterdam (3.5%), Prague (3.4%), Milan (2.6%), Berlin (2%) and London (1.9%).

Growth is being driven by a robust Eurozone economy and travel demand with the UN World Tourism Organisation forecasting a 4-5% growth in global tourism for 2018.

Commenting on the latest forecast, Liz Hall, head of hospitality and leisure research at PwC, said:

"Continuing global and regional economic recovery should continue to support strong leisure and business demand for travel and hotels. 2017 was a record year for travel and we remain cautiously optimistic and forecast further RevPAR growth in most of the cities analysed. With occupancies already high, we expect ADR gains to drive much of this growth.

"Events also remain a key catalyst for hotel trading with some large fairs and events taking place over the forecast period in London, Frankfurt, Paris and Amsterdam and expected to attract large numbers of visitors.

"European cities will be looking to capitalise on Brexit. With the European Banking Agency preparing to relocate and the European Medicines Agency generating around 36,000 nights a year, other cities will hope to benefit from corporate relocations out of London.

Occupancy

London and Amsterdam hotels are forecast to to have the highest occupancies of 82% in 2018 despite high supply additions. Prague (81%) is close behind with Lisbon (78%), Berlin (77%) and Porto (77%) all with occupancies in the high 70s. In 2019 Prague joins London to have the joint highest occupancies (82%) with Amsterdam next (81%) followed by Lisbon (79%). Paris is forecast to be the big mover, overtaking Porto and Berlin.

Highest Average Daily Rate (€)

In 2018, the most expensive city is currently Geneva (€242) followed by Paris (€236), Zurich (€197), London (€162) and Amsterdam (€152) completing the top five. Prague (€93) is the most economical, followed by Berlin (€96) and Porto (€101). In 2019 all cities should see further ADR growth with Lisbon (€128) overtaking Frankfurt (€125).

Highest RevPAR (€)

Paris is forecast to top the RevPAR rankings in both 2018 (€176) and 2019 (€188). Geneva (€170) is second place followed by Zurich (€143), London (€133) and Amsterdam (€124). Paris's RevPAR remains around €100 higher than Berlin, Prague and Porto at the other end of the table.

Hotel investment and deals

European hotel deal activity rose by 11% in 2017 reaching €21bn, surpassing the record level achieved in 2015. The growth was led by the UK and Spanish markets, accounting for 30% and 25% of total European transactions respectively. Germany accounted for 11% of deals, down from 27% the previous year, followed by Italy 5% and France 4%.

In 2018, we could see an increase in outflow of Chinese capital from the European hotel market as investors rebalance their portfolios amidsts regulatory and financial pressure. PwC also anticipates deal activity will be affected by significant changes in the ownership structures of mega hotel companies.

Sam Ward, UK hotels leader at PwC, added:

"Hotel investment reached record highs in 2017 driven by a resurgence in UK hotel investment activity and record levels of investment in the Spanish market. In total the UK and Spain accounted for more than half of total transactions. Overall, the movement in transaction volume shows a strong correlation with RevPAR growth which more than doubled last year.

"2018 has already seen significant activity to date and with continued international interest in the European market, we anticipate hotel transactions to moderately increase this year."

Bumper Easter makes up for dismal March for eating and drinking-out

- Like-for-like sales up 5.9% nationally over Easter weekend
- While snow-hit March delivered a 3.1% like-for-like sales fall

Strong trading over the Easter holiday weekend helped lift the gloom for Britain's managed pub and restaurant groups - after a poor, snow-hit March.

Latest figures from the Coffer Peach Business Tracker show that collective like-for-like sales for the four days of Easter were up a healthy 5.9% compared to the Easter weekend last year. In contrast, like-for-likes across the sector fell 3.1% in March against the same month last year.

Snow in March hit trading right across the pub and casual dining market, with London like-for-likes down 4.3% and outside the M25 down 2.7%. Restaurant chains overall were down 5.0%, and although managed pubs fared slightly better they were still hit with a 2.0% decline in like-for-likes.

"It was a month to forget, with the only slight cheer coming for managed pubs outside of London which benefitted by people staying at home and away from work when the snow fell," said Peter Martin, vice president of CGA, the business insight consultancy that produces the Tracker, in partnership with Coffer Group and RSM.

"Overall, March was bad news, so the uplift in sales over Easter weekend brought almost instant relief. Again all parts of the market benefitted," added Martin.

Restaurant chains saw the biggest Easter uplift, with like-for-likes up 8.0% compared to the same four-day, Good Friday to Easter Monday, period last year. Pub group collective like-for-likes were ahead 4.6%.

"Although snow stops people travelling, the wet and dreary weather over Easter will have helped to tempt people, and in particular families off for the break, to go out to eat - so it should be no surprise that restaurants were the biggest beneficiaries," said Martin.

"But it's also worth remembering that Easter 2017 was not good for the market, with sales down on 2016, due to it falling late in April and being disjointed from school holidays in parts of the country. This year it wasn't," he added.

Trevor Watson, executive director of valuations at Davis Coffer Lyons said: "It is best not to draw too many conclusions from the March statistics as the adverse weather nationwide makes any meaningful comparison difficult. The Easter performance is, however, a lot stronger than many commentators might have predicted. We continue to see good demand for the right sites and the market continues to be active against a background of squeezed margins."

Paul Newman, head of leisure and hospitality at RSM, said: "March was a brutal trading month for the eating and drinking out sector. The 'Beast from the East' persuaded people to forsake their local restaurant or hostelry for the warmth of home and delivery was unable to make up the shortfall. Although the weather was a big factor, these faltering like for like sales are also a clear indicator that the underling spending power of the consumer continues to waver."

Underlying like-for-like growth for the companies in the Tracker cohort, which represents both large and small groups, was running at 0.8% for the 12 months to the end of March, down from 1.1% at the end of February, including flat trading for casual dining chains and 1.2% like-for-like growth for pub and bar groups. Total sales growth across the cohort, which includes the effect of new openings, was running at 3.8% year-on-year at the end of March.

"Although the public is still going out, their frequency of visits is not really changing, and with new openings still a feature of the market despite some recent high-profile closures, people have more choice and those visits are being spread across more brands. It's extremely competitive out there, and so operators are right to remain cautious," added Peter Martin.

Profit slide continues at UK hotels

Despite recording an increase in revenue across a number of departments, year-on-year profit per room at hotels in the UK fell by 5.1% in February as cost increases continue to accelerate, according to the latest worldwide poll of full-service hotels from HotStats. Hotels in the UK successfully recorded a 0.2% year-on-year increase in TrevPAR this month, to £122.64, which was due to increases across all revenue departments, including Rooms (+0.4%), Food and Beverage (+0.2%) and Conference and Banqueting (+3.6%).

The growth in Rooms Revenue at hotels in the UK in February was driven by a 1.3% increase in achieved average room rate, to £106.70, and was in spite of a 0.6-percentage point decline in room occupancy, to 73.0%, as volume struggles to grow beyond the current record levels. Whilst the growth in top line revenue was subdued, it was entirely wiped out by escalating costs, which included a 1.0-percentage point increase in Payroll to 32.5% of total revenue.

Additional cost increases were also recorded in Overheads, which grew by 0.9-percentage points year-on-year, to 26.3% of total revenue, which was largely due to a 7.1% increase in Utility costs, up to £5.55 on a per available room basis. As a result of the movement in revenue and costs, GOPPAR at hotels in the UK fell by 4.8% year-on-year to £36.65 in February. This was equivalent to a profit conversion of 29.9% of total revenue.

Profit & Loss Key Performance Indicators - Total UK (in GBP)

February 2018 v February 2017

RevPAR: +0.4% to £77.85	Payroll: + 1.0 pts to 32.5%
TrevPAR: +0.3% to £122.64	GOPPAR: -4.8% to £36.65

Payroll increases are putting pressure on profitability throughout the hotel P&L. This is no better illustrated than in the Rooms Department, which suffered a 0.5-percentage point decline in Rooms profit conversion, to 69.9% of Rooms Revenue. This was primarily as a result of a 0.5-percentage point uplift in Rooms Payroll, to 15.5%, as well as a 0.1-percentage point increase in Rooms Expenses, to 6.6% of Rooms Revenue.

"It's been a tough start to 2018 for hotels in the UK. After several years of consistent growth, the upward trajectory has stalled somewhat, which seems to be as a result of occupancy levels hitting a ceiling. Now may be the perfect time for hoteliers to consider an alternative strategy, which focuses on searching for opportunities to increase Non-Rooms Revenues, as well as preserving profit levels by reducing costs. This is, of course, easier said than done," said Pablo Alonso, CEO of HotStats.

In line with the total UK, hotels in the Heathrow Airport market suffered a decline in profit per room. This was not only due to rising costs, but top line performance was hit by the changeable weather conditions in February, which meant flights were cancelled on more than one occasion during the month.

As a result, TrevPAR at hotels at Heathrow fell by 5.3% year-on-year, to £79.77, which was due to plummeting Rooms (-4.6%), Food and Beverage (-9.4%) and Conference and Banqueting (-5.2%) revenue, on a per available room basis. The drop in Rooms revenue levels at hotels at Heathrow Airport was led by a 3.2-percentage point decline in room occupancy, to 73.0%, coupled with a 0.4% decline in achieved average room rate, to £74.78.

"Heathrow airport is prone to flight cancellations during poor weather conditions, such as snow, ice or fog, and this can sometimes lead to a spike in local hotel performance if passengers are stranded in the area.

However, the prolonged period of snowfall in February, which included a battering by the 'Beast from the East' meant people just did not travel unless it was essential, leading to a drop in demand and consequent decline in profit levels," added Pablo.

Hotels at Heathrow also recorded a 2.5-percentage point increase in Overheads, to 28.8% of total revenue, with Utility expenses soaring by 23.1% year-on-year, to £4.64 per available room.

As a result of the movement in revenue and costs, GOPPAR at hotels at Heathrow Airport fell by 8.9%, to £23.29, which contributed to the 12.9% drop in this measure so far in 2018 and marked a poor start to the year for hotels in the area.

Profit & Loss Key Performance Indicators - Heathrow Airport (in GBP)

February 2018 v February 2017

RevPAR: -4.6% to £54.58	TrevPAR: -5.3% to £79.77
Payroll: +0.9 pts to 32.3%	GOPPAR: -8.9% to £23.29

Hotels around Manchester Airport were no better off, with delays and flight cancellations leading to a drop in both top and bottom line performance levels in February. Whilst hotels at Manchester Airport were able to record a 2.6% increase in achieved average room rate this month, to £85.21, this was more than cancelled out by the 4.8-percentage point decline in room occupancy, albeit to a still very punchy 84.8%. As a result, RevPAR fell by 2.9%, to £72.26.

In addition to the drop in RevPAR, Non-Rooms Revenues at hotels at Manchester Airport fell, and contributed to the 1.9% decline in TrevPAR, to £111.74.

The falling revenue levels at Manchester Airport hotels were further exacerbated by increasing costs, which included a 1.4-percentage point increase in Payroll to 27.8% of total revenue. The escalating costs, on top of declining revenues meant profit per room for hotels at Manchester Airport fell by 1.8% to £38.37 in February, equivalent to 34.3% of total revenue.

Despite the challenges this month, demand levels at Manchester Airport are strong, led by an 8.5% year-on-year increase in passenger numbers in 2017, to 27.8 million. As a result, more than 1,000 bedrooms are mooted for development in the local market in the next few years, led by a £100 million Hampton by Hilton/Hilton Garden Inn scheme, which could add 629-bedrooms in to the local market.

Profit & Loss Key Performance Indicators - Manchester Airport (in GBP)

February 2018 v February 2017

RevPAR: -2.9% to £72.26	Payroll: +1.4 pts to 27.8%
TrevPAR: -1.9% to £111.74	GOPPAR: -1.8% to £38.37

Members' Events

April 24
Finance Members Meeting

May 10th
Payment Technology - The Future

Location
London

Event Details
- The Future of Payment Technology: Utilising Payment Systems to Attract Untapped Markets.
- How hoteliers can maximise revenue through innovative use of technology.

FREE for all HOSPA Members & only £10 for any non-members, please register in advance.

Should you not be able to attend, please give us 24 hours notice at HOSPA@HOSPA.org If sufficient notice is not received then we will raise an administrative charge of £10 plus VAT per person.

May 23rd
Hotel Operations Conference

Location
Montcalm Hotel, London

June 6th
Glasgow Quiz Night

Location
Radisson Blu Hotel, 301 Argyle Street, Glasgow, G2 8DL

Event Details
The Glasgow Quiz Night is returning to the Radisson Blu!
Location: Radisson Blu, 301 Argyle Street, Glasgow, G2 8DL
Cost: £20.00 per person (includes a drink and finger food) with teams of up to 6 allowed with a special rate of £110 when you book a whole team (prices are exclusive of VAT). Individual bookings are also accepted and will be placed together on a team. This is one of the highlights of the HOSPA social calendar so book today to avoid disappointment - teams are limited!
To book individually or book your team of 6 please download and complete the booking form; HOSPA Glasgow Quiz Night Form 2018 and send back to us at hospa@hospa.org
This is a general pub quiz (not hospitality focused) and will include questions such as: 'Vodka, Galliano and orange juice are used to make which classic cocktail?'

June 11th
Revenue Management Meeting - Blockchain

Location
New Bridge Street House, 30 - 34 New Bridge Street, London. EC4V 6BJ

June 14th
BDO HOSPA Finance update

July 10th
Cross Community Members Meeting - Bristol

July 28th
Annual HOSPA London Quiz Night

To Register for some of the above HOSPA member meetings, please send the below details to hospa@hospa.org with the following in the subject line: HOSPA *COMMUNITY NAME* Members Meeting - *DATE OF MEETING*.

Full Name:
Job Title:
Company Name:
Membership Number:
Invoice Details (If Non-Member):

Please Note: unless stated otherwise, all of our HOSPA Members Meetings are FREE for members to attend and only £10 for any Non-Members!

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HOSPA
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Which grade of membership are you applying for?

You would normally be granted Ordinary status, but if you wish to be considered for a higher grade then please indicate which and ensure you submit a CV to support your application. Corporate membership is available for 5 or more colleagues. Please call +44 (0)203 4188196 to discuss or email hospa@hospa.org.

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