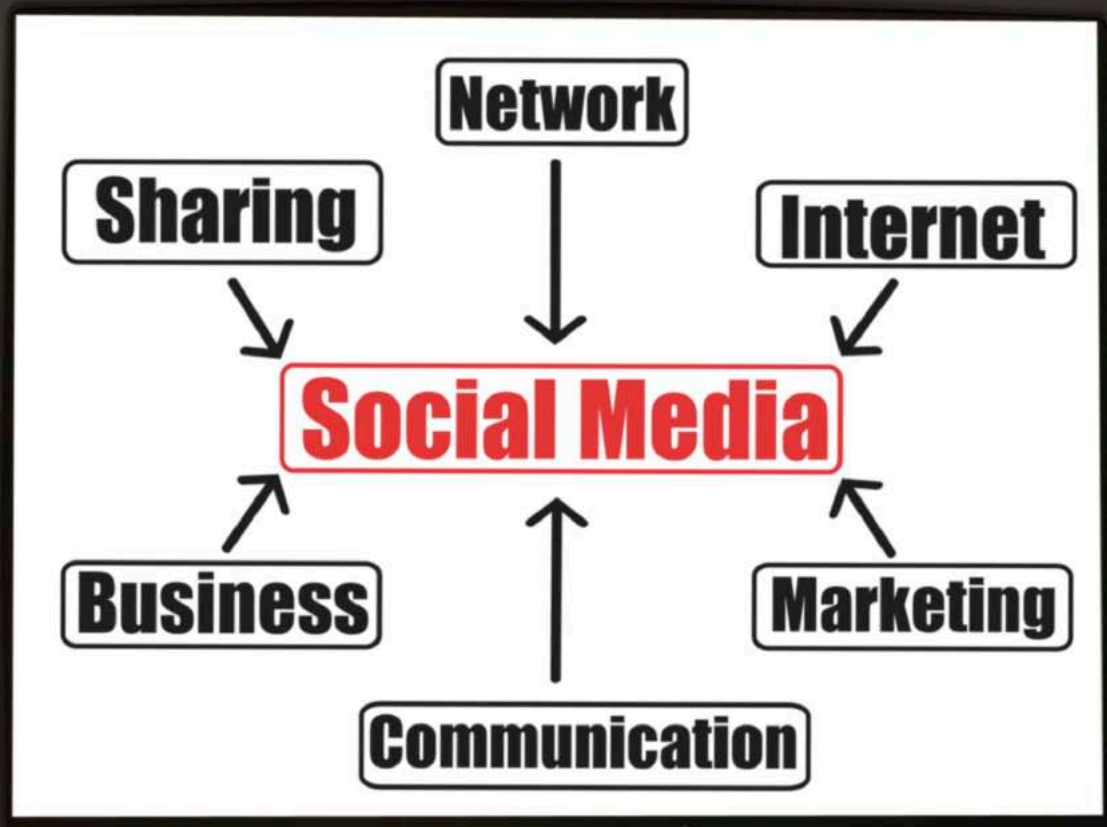


THE OVERVIEW

ISSN 2048-4844 MAY ISSUE 2013

MEDIA FRIENDLY- HOTELS SOCIALISE



Also...

Channel hopping - making OTAs work

Wham, bam, scam - identity fraud

Welcome to THE OVERVIEW

Dear members,

I was at a technology conference a few weeks ago, the name of which will remain secret to protect the innocent. The usual suspects were there: suppliers of in-room entertainment, safes and assorted distribution systems, all pursuing a select group of operators who were taking shelter behind the buffet.

So far, so fun, but when I went to tweet the proceedings during the first panel, I noted that I was very much alone in my actions. I hadn't been briefed by the organisers on which hashtag to use (but the initials of the conference seemed a good bet). There was a flat screen displaying the conference schedule, but no live updates on how it was playing out across the various social media, so it may as well have been a poster.

The two days continued along those lines, with the only other tweets coming from an operator who'd been to one too many PCI-compliance panels and was looking for relief. When I asked the organisers why there was less tweeting than at some investment conferences I'd attended, he replied: "well, people don't really".

This has been enough of an explanation for many businesses to avoid Twitter until now, but the revenue folks are going to want to hear something more convincing now that the microblogging site has signed a deal rumoured to be worth hundreds of millions of dollars with Starcom MediaVest Group over its new keyword ad targeting. For more reasons why Twitter is now mandatory, read Jess Feltham later in this issue and see how, at HOSPA, we're trying to make our way in the social networking world.

Elsewhere, Peter Edge looks at that other issue hoteliers really can't afford to ignore: fraud, while Jillian Malone investigates the budget sector and the growing attempts by the private rental market to brand itself and give it a run for its money. Travelodge vs the neighbours?



Katherine Doggrell

Editor | katherine.doggrell@hospa.org

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HOSPA

Hospitality Finance, Revenue and IT Professionals

Editor

Katherine Doggrell
+44 (0) 7985 401 831
katherine.doggrell@hospa.org

Editorial Board

Diana Mountain
Finance & Accounting Committee

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Alec Jones
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Membership, Subscriptions & Events

Rob Maloney, Membership Officer
rob.maloney@hospa.org

Wayne Gosden, Membership Services & Events Marketing
wayne.gosden@hospa.org

Education

Debra Adams, Head of Education Services
debra.adams@hospa.org

Jane Scott, Education Coordinator
jane.scott@hospa.org

Lucy Vierbergen, Assistant Education Coordinator - lucy.vierbergen@hospa.org

Publisher

The Overview is published by:
Hospitality Professionals Association
Suite 6, Merley House Business Centre
Merley House Lane
Wimborne
Dorset
BH21 3AA
+44 (0) 1202 889430
www.hospa.org

Design and Production

hello@unstuckdesign.com
+44 (0) 1722 782873

Printer

Dorset Digital Print
16 Glenmore Business Park
Blackhill Rd
Holton Heath
Poole,
Dorset
BH16 6NL
+44 (0) 1202 332 044

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Boom or bust for budget



Jillian Malone

Managing director of FM Recruitment

So-called 'limited service' hotels - such as Premier Inn, Ibis, Holiday Inn Express, Yotel and Travelodge - are growing share and doing good business.

Meanwhile private rental intermediaries such as 9flats, Wimdu and Airbnb have moved mainstream

and are seen as trustworthy alternatives to established brands. These 'social tourism' players are serious competitors to classic hospitality brands.

Is the hospitality market being turned upside down; or are we seeing a recalibration in line with customer needs?

Budget concept is far from cheap

The rise of the budget hotel is the biggest change in the hospitality market for many years.

It may seem counter-intuitive to think that tough times can be the spur to higher quality but that is indeed what has happened at this end of the market.

Canny travellers now benefit from a whole new range of hotel choices that have evolved during the recession (and especially since 2008). While the economy faltered, and people became much more careful with how they spent their money, hoteliers were coming up with innovative ways to reposition their brands. The two key trends are:

- **Customers' determination to find value**
- **Hoteliers innovative approaches to costs, service and design**

These two trends triggered an explosion in budget properties, far outstripping the mainstream in terms of growth. Indeed, many of the budget brands have successfully integrated quality and style into their offering so well that they are considered part of the mainstream.

What characterises the successful limited service hotel?

Travellers are certainly looking for value for money but they now also expect style and functionality. And operators necessarily focus on cost to maintain affordable prices. But the design and materials found in many limited service hotels are such that 'budget' does not equate to 'cheap' in the minds of customers. These hotels tend not to be in the same 'A1' prime locations as the five-star hotels. They are clean, comfortable and typically offer fast check-ins, often with no check-outs. Booking is typically done online and operators have spent a huge amount of time making booking as easy as possible.

You probably won't find Egyptian cotton sheets, a spa or extensive room service here, but that doesn't mean budget properties have no style. The aim is clear: to provide an uncomplicated but stylish hotel offering comfort, convenience and good value for money.

Peter Malone, Managing Director of Madison Mayfair on providing value for money:

"Travellers can have a relatively cheaper stay... and get exactly what they need when they want it. Business travellers are more receptive to a smaller offering delivered in a great way. You can deliver great service at a reduced cost these days."

Private rental: cutting out the middleman?

Private room and apartment rental (sometimes called 'social tourism') has gone 'off the scale' thanks to very smart online intermediaries such as airbnb.

Some of the success can be attributed to seismic social and cultural changes, specifically the all-pervasive nature of the web, and particularly the uptake in social media. Customers - especially younger customers - are increasingly comfortable with the technologies and etiquettes of online networks and buy many services online.

Indeed, social media is simply a part of life for many travellers. Chatting on social networks is as natural as talking over the garden fence. Researching, buying and reviewing services online has become second nature. This new acceptance of online connectedness means many travellers are confident to rent privately through third party brokers.

One study by market research and consulting company Dicon concludes that many travellers actually prefer staying in private apartments. The needs and expectations of this segment of travellers has changed.

They recognise that tourist destination cities boast a wide variety of restaurants and entertainment and they simply don't need or want full-service, five-star offerings.

Younger people have contributed greatly to the growth of so-called budget travel. The younger demographic is 'digitally native' and their default position is to use smartphone, tablets and other mobile technology for social communication, travel and purchases.

As this cohort matures and becomes more wealthy it will carry with it these habits and activities to middle age. Hospitality brands need to understand this 'social economy' and be present and active on the platforms their customers use.

Transparent pricing and add-on combinations

For many travellers price is a very important factor in planning, and many are concluding that they can get a good 'bang for their bucks' either with the budget chains or by renting privately. Yes, price comparison portals are abundant and well-used. But customers visiting hotel sites direct want to see features, benefits and prices presented clearly and in a no-nonsense way.

Joe Stenson, of Queensway Group explains the importance of this kind of transparency: "We're very honest on our website. 94% of our bookings come from the website. There's no ambiguity: we show pictures, the size of room, and we tell you what is included. Our customers know what to expect."

Value brand Tune Hotels is a good example of pricing transparency with a twist. It positions itself on affordability and doesn't offer 'luxuries' such as pools, spas, saunas, or room service; but it does offer a set of optional extras. These are bundled up into distinct packages and can be bought for an additional fee. It means that customers can tailor their visit a little, putting an extra element of control into the hands of customers, a step that chimes well with its target market.

Innovation and change management

Andrew Sangster, Editor of the Hotel Analyst, notes that while the hotel industry is experiencing change, it is comparatively gradual. Innovation is required to meet the varying needs of the market, but underlying everything is a simple, unchanging service for travellers: "At the end of the day what's it about? It's about beds, a decent shower, safety and security. That hasn't changed for 2,000 years. That's not changed since Mary and Joseph were looking for a room. It's the same basic principle. They were seeking what today's guests are seeking."

Segmentation: the fundamental marketing principle

The sophisticated hotelier knows that we have experienced an adjustment in the industry. The challenge lies in having a service offering that matches up with a big enough part of the market, whether that be a leisure traveller and cost-conscious corporate guest.

John Brennan, CEO of Jurys Inns Group understands that segmentation and targeting - fundamental marketing principles for any viable business - are crucial to success in this time of change: "Everyone's hunting for value and the right product at the right price. Not necessarily 'cheap, cheap, cheap' but 'what can we get for the right price?' We've focused on customers who were historically four-star hotel users and offering them a better price... and the product and service they are getting at Jury's is quite similar to the core standards you will find in a four-star property."

A 'must-have' list for business travellers

Brands have created distinct positions attractive to niche segments. Part of the work is around researching and identifying customer needs and deciding which could or should be included as standard. Hospitality industry website eHotelier has identified the Most Valued Hotel Amenities for Business Travelers as follows:

- **Airport pick-up and drop-off**
- **Free hi-speed wifi**
- **Gadget charging**
- **Full-service business centre**
- **Facility to rent laptops, gadgets and cars**
- **Conference/meeting room with presentation kit**
- **Recreation and entertainment**

- **Restaurant and mini-bar**
- **24-7 housekeeping**

Hoteliers may discount some of these amenities, weight others differently, and most likely add others that are missing. But it is interesting to note how access to free wifi is near the top of the list.

According to Ofcom, the UK has one of the highest penetrations of smartphones of all the researched markets with 58 % of the population owning a smartphone (Dec 2012). Almost a fifth (19 %) of people in the UK owns a tablet computer. The statistics tell a story. These are mobile devices that will almost always be carried into the hotel. It is therefore perhaps surprising that some well-known budget hotel brands still choose to charge for wifi access (and arguably at extortionate rates). Access to mobile broadband will very soon be regarded as a right, not a luxury, and it is a question of time before charging for wifi is a thing of the past.

UK picture is skewed

There is regional polarisation in the hotel sector where London, the home counties and perhaps Edinburgh are buoyant, while other cities and regions struggle or just hold their own. This partly reflects a more general picture where the south east is economically stronger and is not exclusive to the hospitality trade. But these differences across the country do help to focus the mind on how to position very carefully on price, service and value for different regions.

In London, for instance, real estate and land prices are such that acquiring an asset is expensive, and in turn this inevitably means room rates are higher than elsewhere.

Brands are setting out their stalls in different ways to grab a slice of the market. Joe Stenson of Queensway Group explains how managing costs is crucial to price positioning: "Our staffing levels are quite low because we don't offer food and beverage. Staff are focused on provide a welcome on arrival." It means that Queensway staff costs are competitive against comparable two- and three star properties; and this is reflected in the customer tariffs.

The four critical success factors for the limited service sector

In summary, successful hoteliers in this part of the market are following these four guiding principles:

- **Value. Budget does not mean cheap. While there is a drive for affordable travel and accommodation, there are also higher customer expectations in terms of service, design and quality.**
- **Transparency. People need to know what they are buying into and exactly what they are going to get for their money.**
- **Convenience. Easy booking, easy access, easy check-in and -out.**
- **Segment or target. There is a big market to go at; establishing a distinct market position is the challenge.**

Quotes in this article are drawn from video briefings featured on the Hospitality People Group website <http://www.hospitalitypeoplegroup.com/>

Social responsibility

Jessica Feltham investigates why we all need to get involved with communication



Jessica Feltham
Account Manager
Born Social

jess@bornsocial.co.uk

We are all aware of social media, and the increasing impact that it is having on your brand and its reputation. Travelocity recently recognised that a one point increase in a hotel's reputation score - say from three to four out of five - encourages a room

rate increase by an average of 11.2% whilst maintaining occupancy and market share. That's a healthy chunk to add to your bottom line just by ensuring you are well represented on the web, and it doesn't take much to ascertain that the effect is rather similar (if not even more exacerbated) in reverse.

Within the hospitality industry there seems to be a universal issue in assigning the responsibility of social media. Too often, the buck gets passed through so many hands that it fails to fall into any at all. It is however, a common misconception that it should be the concern of just one department or person. Where e-commerce can be clearly

departmentalised to marketing or digital, social media should permeate across all areas of the business and, when done well, benefits them all too!

More often than not the responsibility falls under marketing. However, social media is not the same as traditional marketing. Social media is about building relationships with consumers and awareness around your brand. Not pushing messages out into an already hugely 'noisy' space. To create a two-way relationship through social media, input is needed from a number of different stakeholders. From the front of house team who can seize the chance to better communicate the customer experience to revenue managers who are able to better convert online sales through improved online reputation and price clarity. In January of this year Mike Saul, head of hospitality and leisure at Barclays Corporate banking commented that the hospitality industry is 'missing a trick', 'social media has a lot of potential and ignoring it would be a mistake'.

The number of guests visiting TripAdvisor before booking their stay has increased significantly over the past three years according to a study done by Cornell Hospitality in 2012. The amount of research done and frequency of visits to the website tend to go up in the few days before the guest's stay. In the battle of independence from OTA's, this is something that cannot be ignored. Hotel groups must capitalise on the revenue that can be gained through apt reputation management on social media. Firms may also look to further solidify their offline market position through social media. Through consistent engagement, interaction and appropriate messaging companies can position themselves exactly where they want to in the online space. HOSPA has achieved this successful positioning in the social space through the use of LinkedIn and Twitter. Relevant information and news is published, as well as consistent interaction with other firms within the industry. This has reinforced their position in the market and serves as a constant reminder of the association to consumers and firms alike. Social media is an invaluable tool through which to deliver instantaneous customer service within the hospitality industry. You would not ignore a complaint from a guest in your hotel, so why would you ignore the same complaint online? A Zendesk report recently reported that 62% of consumers are looking for increased support through social media. A lack of presence on these platforms is to effectively ignore complaints and feedback from guests.

In addition to this the great advantage of dealing with complaints on social media is that everyone can see that you really care. You can turn negative experiences into positive ones by counteracting negative thought and showing that your customers are important to you.

Whilst the prospect may seem daunting, social media is now an invaluable business tool for any firm especially within the hospitality industry. The responsibility can no longer be shrugged off, it must be embraced.

Jess is an account manager from BORN SOCIAL (www.bornsocial.co.uk), helping brands, businesses and organisations benefit from opportunities the social web has to offer. She and the rest of the team are based in central London and look after clients in a vast range of industries, from FMCG brands to hotels and colleges. She is particularly interested in how the hospitality sector can use social media to better showcase their successes, communicate with consumers and establish their brands as being forward thinking and innovative.

→ NETWORKING CASE STUDY



Choosing a new communication network for the Palais Hansen Kempinski in Vienna

The Kempinski Hotel Vienna

Originally built as a hotel for the World Exhibition in Vienna in 1873, the Palais Hansen Kempinski Vienna has undergone extensive restoration to become a 'must visit' destination for the European traveler. The hotel in this listed building now offers 152 elegant rooms and suites, two restaurants and three bars including a Night Bar & Cigar Lounge, together with spa and fitness area as well as conference rooms and a ballroom.

Part of the restoration involved deploying new networks and communications throughout the hotel, to satisfy the growing demands of guests for wireless internet access in all areas of the hotel.

It was the task of the Kempinski Senior Vice President for Information Technology Jeremy Ward, to decide upon a partner to provide the new Information Technology Infrastructure for the hotel.

Options chosen

Fourteen IP proposed a fully converged IP-based communications platform from Mitel and a high capacity, high speed wired and wireless data network from HP based upon its unique occupancy based pricing model, for hardware, service and support, which meant that the Kempinski could benefit from industry leading technology, whilst avoiding a large up-front capital investment in favour of a monthly fee which is linked to hotel occupancy. Explaining their decision to award the project to Fourteen IP, Jeremy Ward said, "We have been looking for a differentiator with regards not only to the technology but also the commercial aspect of the project. With the new

occupancy-based model we are now not only spreading the cost of the equipment and managed services over a fixed period with no added finance but we also only pay for what we consume. This is a common model in the software space but unique in the hardware and managed services environment."

The Solution

The hotel chose a Mitel Communication Director solution from Fourteen IP with Mitel 5505 SIP cordless handsets in the 152 guests rooms and a SIP softphone client which allows calls to be made and received on staff computers and laptops. Fourteen IP also deployed a robust high capacity HP network throughout the hotel over which the IP communications are provided. IPTV plus enough WiFi access points to satisfy the growing guest demands for wireless internet access, are delivered over a single fully converged data infrastructure.

The Installation

In deploying the network infrastructure and wireless access points, the Fourteen IP engineers had to be mindful of the listed nature of the building and high standard of finish to the decor of the hotel. Asked to comment on the installation of the network and communications equipment Regional Director IT Europe at Kempinski Hotels Dominik Levevre said, "Fourteen IP has carried out the installation work in a very professional way. Very well organised and clearly structured - from delivery to handover."

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FOURTEEN XV
IP COMMUNICATIONS ■



Channel hopping

Love them or hate them, online travel agencies control a significant proportion of hotel bookings – and charge a healthy commission to boot. So how much do you need them and how can they be managed? Rosalind Mullen reports

On the face of it, online travel agents (OTAs) are a boon. They help hoteliers fill empty beds and ensure a wider marketing reach using their superior investment clout and technical expertise.

Nevertheless, there is a growing sense of unease about their growth. Not only is there the ongoing investigation into alleged resale price maintenance by the Office of Fair Trading, but analysis from financial services group Nomura has found that Booking.com and Expedia.com control more than 65% of European indirect online hotel sales. In addition, there are reports that some OTAs are making a power-grab for cancelled rooms, withholding guest contact details from hoteliers and charging for preferred status on their listings.

Indeed, Richard Lewis, chief executive at Best Western, says it's not just the size of OTAs that is a concern, but their attitude. "It's their selective willingness to work in real partnership with the hotel industry," he says. "After all, the room inventory is held by the supplier – the hotel – not the OTA. From a hotel industry perspective,

without our rooms what would they have to sell?

"The question is 'why would a hotel pay a higher commission for a room sale than they have to?' Strong revenue and yield management is crucial. Another question is 'does a particular OTA add any real value to the transaction?' Yes, they send a room booking, but do they add any further value for the guest or the recipient hotel? Indeed, they will claim that the guest or booker is their customer (for which they hold personal and booking data) not the customer of the hotel... is that right?"

Expensive channels

Clearly not. OTAs are one of the most expensive channels for room sales, and hoteliers need to manage them carefully and not rely too heavily on them. "OTAs are a fact of life now," says Peter Banks, general manager of the 90-bedroom country house hotel Ridding Park, North Yorkshire. "We have opened Pandora's Box. For a small, independent hotel like us, it gives national and even European coverage that we wouldn't ordinarily get, but our commission with Booking.com has gone from £14,000 to £22,000 in a year – and if I don't pay it, somebody else will."

That's true. The OTAs feed off the fragmented hotel industry, which will do anything to fill those last few rooms. "You pay your 15% commission and like it or lump it; get the business or don't," says Banks. "We will finish this year with

78-80% occupancy, but there is still 20% occupancy to fill. The model for hotels is difficult and OTAs feed off that." Stephen Dodman, revenue director at Macdonald Hotels & Resorts, agrees commission has risen, but adds: "When we have volume to sell and can sell it at the right price through the OTAs, the commission is worth it – especially if that customer becomes a direct customer in the future."

Nevertheless, commission rates can be staggering. Warren Mandelbaum, chair of the HOSPA Revenue Management Committee, says it is not uncommon for them to hit 30%, although this can drop significantly, depending on how attractive the hotel is to an OTA.

"Some see it as a necessary burden; others as an opportunistic marketing cost," says Mandelbaum. "Either way, if you want to attract new business and be available for sale in markets you have little clout in... in numerous languages and countries, you are left with little choice."

Certainly, one area where OTAs add value to a UK hotel is in global marketing reach. "The greater the reliance on an OTA to secure international source markets, the more sense it makes to use an OTA's expertise and big budget to guide business to the hotel in a way that an individual business or non-chain-affiliated hotel could ever hope to," Mandelbaum explains.

The OTAs' seat of power is in their Internet expertise. They use an algorithm model to weight different criteria based on commission percentage, hotel inventory available, guest review ratings, price/value, and so on. This determines the ranking at which a hotel is displayed on the OTA site, which increases or decreases the possibility of the room being sold.

Search engine optimisation is another headache, as many hoteliers discover when they Google their hotel name and the OTA pops up first. At Ridding Park, Banks shares his experience: "We asked Google for a pay-per-click (PPC) price. They came back with 36p. Imagine the deal the OTA did with Google! They outbid us on our own name. That is their power."

Dodman at Macdonald Hotels & Resorts, adds: "We have regular discussions with the OTAs about bidding on our brand terms on PPC to take our direct business and they are certainly flexing their muscles more in this area."

Most agree that hotels should be countering the OTAs by ensuring their own website is attractive and has an easy-to-use booking system.

"We sometimes work harder for the OTAs over and above the effort we put into our own websites to ensure competitive placement and favourable ranking," Mandelbaum observes. "A clear strategy should make provision for this, while ensuring maximum effort is also invested in a hotel's own low-cost channels."

The good news is that hotel websites are holding their own. According to Kantar Media Compete's Online Shopper Intelligence – UK Travel survey in April 2012, nearly 30% of UK travellers booked from a hotel brand website – the same percentage as booked from either an online travel agency or online hotels aggregator.

Ridding Park's figures bear this out. Banks says that in December and January, third-party booking agents brought in 5% and 7% of business respectively, while the hotel's own website brought in slightly more at 7% and 8%.

Interestingly, according to Kantar Media Compete's research, more than 40% of respondents found hotel websites more reliable than other booking channels for speed, price-accuracy, ease of booking, ease of making changes and so on. Only about 10% of respondents thought OTAs were better.

OTAs gained strength on the back of difficult times, such as after 9/11 and the global recession in 2008. But Lewis argues that hotels should now explore other ways of getting direct reservations – for example, using brand loyalty programmes to attract repeat guests.

"By working only with OTAs, it's difficult to see how hotels can thrive. It's a question of when and how hotels work with OTAs," he says. Dodman at Macdonald Hotels has embraced this already: "We drive significantly more revenue via direct channels – we would not consider that OTAs could replace our own direct business."

The case for using an OTA: They give us global reach

Rob Paterson, group director revenue at the 12-strong Malmaison group, is upbeat about OTAs. "They are a big part of our strategy," he explains. "We use them as our friends and partners. We are well distributed in the UK, but outside the UK we have no sales and marketing presence. The OTAs give us global reach."

He adds that, contrary to perception, OTAs bring in less than 20% of the boutique hotel group's UK guest business – the same level as is driven by its own website.

Nevertheless, Paterson concedes that the growing power of OTAs on the Internet is a worry; his solution is to work closely with them. "They develop apps much quicker than us because that is their core business," he says. "They are bidding on our brand on Google and we are trying to address this."

He is sanguine about commission rates, regarding it as a commercial transaction. "We think it is cost-efficient and gets more through-drive," Paterson says. "It's not inequitable; it's a choice we make."

For him, the worst-case scenario is if a customer searches for Malmaison in Google and Booking.com pops up first.

"If the guest goes on to that site, rather than clicking the hotel site, they may end up choosing another hotel altogether," he says. "Though, to be fair, they are working with us on that."

With regards to driving inbound UK business, Malmaison will rely almost totally on the OTAs and it is working with new partners such as Agoda, the biggest OTA in Asia. "We are not bidding in terms of French or Chinese [search words] because we are not in the international market," Paterson explains.

Surprisingly, he believes OTAs can drive sales on the hotel website. Guests find Malmaison listed on, say, Booking.com, but then click through to check out the company website and make a booking direct with the hotel.

The case against using an OTA: We can give better value

As the owner of the 40-bedroom country house Nare Hotel in Veyan, Cornwall, Toby Ashworth's first concern about using OTAs is that they are impersonal. His argument is based on the fact that most of his guests are on holiday, spending their own money and paying for a bespoke experience.

He favours telephone bookings or online reservations through the hotel website so that his team can build a relationship with guests before they even check in. His policy makes sense when you consider that some 65% of guests are repeat business and a significant 15% are referrals. And as no two rooms are the same, it's tricky for the Nare to slot into a two-dimensional online booking system.



"We want to talk to our guests, so we telephone them or email them and build a relationship around that. We ask questions such as whether they prefer sheets and blankets or duvets, or about allergies," Ashworth says.

His second reason for not using OTAs is cost, arguing that the fee has to come from somewhere.

"You are adding a middle man," he observes. "You can pay 10-20% commission on a booking, but we can give better value to our guest instead."

The hotel's reputation has been built over 22 years, which helps with the marketing. Ashworth is a member of Pride of Britain and also uses advertising, direct email shots, newsletters and glossy brochures to raise the Nare's profile. He also keeps his website attractive and runs the enquiries number prominently across each page.

However, Ashworth concedes that for hotels with more rooms to fill the OTA system has its place. And although he has occupancy of about 90% in summer, he acknowledges there could be scope to fill rooms out of season using an OTA.

But he isn't tempted. In the end, it comes down to control. "We have to be careful to protect our rack rate – other hotels don't have that control. We are not looking to fill rooms at any cost. We are a luxury product, not one that can be discounted," Ashworth says.

"We are driven by quality, not by being the cheapest. People see us as value for money and that is hard to put forward on a third-party listing. I'm sure there is a place for OTAs, but small luxury hotels have to be careful."

Ways to deal with OTAs

- Get the best out of OTAs by using them in tough periods.
- Ensure your hotel website is attractive, with clear contact details and an easy-to-use booking page.
- Work even harder to win back guests and do everything you can, such as using brand loyalty schemes, to convert the OTA booker into a direct booker in the future. Some hotels hand out cards to guests suggesting they book direct if they decide to return.
- Don't fall out with the big OTAs, but nurture relationships with some of the smaller players to prevent overdependence on one provider. It will help develop a more competitive environment.
- Work with experts who have an in-depth understanding of channel management and pricing analysis.
- Use tools that have been developed to control and manage inventory. Make provision for online/real time rate and channel shopping tools. These enable hotels to automate inventory and rate uploads, and ensure accuracy across all channels (rate parity) while analysing competitors' rates in the marketplace. They also aid distribution in connecting to online channels.
- Use reputation management tools that help consolidate hotel reviews across all media, allowing hotels to respond to negative feedback. "Another cost," says HOSPA's Mandelbaum, "but arguably worthwhile as it has been proved that reputation has a direct impact on the price that can be set for a room."
- Exploit the growing power of the web and social media by publishing offers and incentives on Facebook and Twitter.
- It's vital to communicate with OTAs: develop close relationships and work together to understand each other's needs and create mutual benefits – understand how they change their algorithms and how you can help maximise their distribution.

This article was first published in Caterer and Hotelkeeper
www.catererandhotelkeeper.co.uk

New website, New content, Newsletter!

Based on feedback from clients and non-clients alike, we're making some changes to the way we communicate with the hospitality industry.

From 1st May, our new website www.hotel-it-support.co.uk will be launched, and will be packed full of helpful information, interactive presentations and hospitality-focused IT reports.

Our LinkedIn newsletter, Hotel IT Weekly, has been revamped and will be available every Monday. It will be full of useful, relevant content to help keep you up-to-date with the latest developments, as well as industry surveys and opinions.

We hope you'll like the changes and find them useful. We always welcome any feedback so if you have any suggestions on how we can improve communication even further, just let us know!

"Our partnership with Cardonet means that they help us carry out IT projects and system upgrades while working around the clock to minimise downtime." "Cardonet's first rate support team have not failed us yet."

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→ REVENUE MANAGEMENT



Cheryl Hawksworth
Sales Director, UK & Ireland

To find out more about revenue management best practices for your hotel email Cheryl Hawksworth at cheryl.hawksworth@ideas.com

Forewarned is forearmed

Cheryl Hawksworth of IDEAS recommends how hoteliers can prepare themselves with the right revenue management approach.

In the March 2013 issue of The Overview, PwC published its latest predictions of UK hotel performance for the year ahead. Prompted by factors such as the ongoing Eurozone crisis, continued cuts in UK public sector spending,

weak GDP growth expectations and an increase in hotel room supply in London and other UK cities, PwC classified the remainder of 2013 as a challenging year ahead for hoteliers.

While London is to see a slightly less sharp drop in demand, the rest of the UK has already been affected by unfavorable conditions, leading to January recording an average revenue per available room (RevPAR) of £41 – back to the economic crisis level it was at in 2010. Across all regions, PwC forecasts a 2% decline in UK RevPAR, taking it to just under £60.

So, what can revenue managers do to overcome the impact of weaker demand at home and from major inbound markets?

Whilst there is no one easy solution, no 'quick fix' cure, certain strategies can be put in place in order to protect revenue. The key is sustaining a flexible approach, and focusing on the long-term health of a hotel rather than implementing short-term responses to fluctuating market conditions. Revenue managers who can maintain a robust, long-term forecast, in addition to the short-term, will better equip their hotels to handle fluctuations in demand. This is where revenue management systems are invaluable, as they can forecast your business 365 days ahead, helping you to spot trends and develop strategies.

One of the most common – and dangerous – mistakes hotels make when it comes to managing rates and revenue is overreacting to market conditions. At the smallest hint that the market isn't doing

well, the tendency is to immediately drop rates to attract demand, or accept an increased number of lower-rated contracts for occupancy security. We have repeatedly warned against this tactic in the past, as our research demonstrates that the long term effects on price integrity and perceived hotel value are not worth risking.

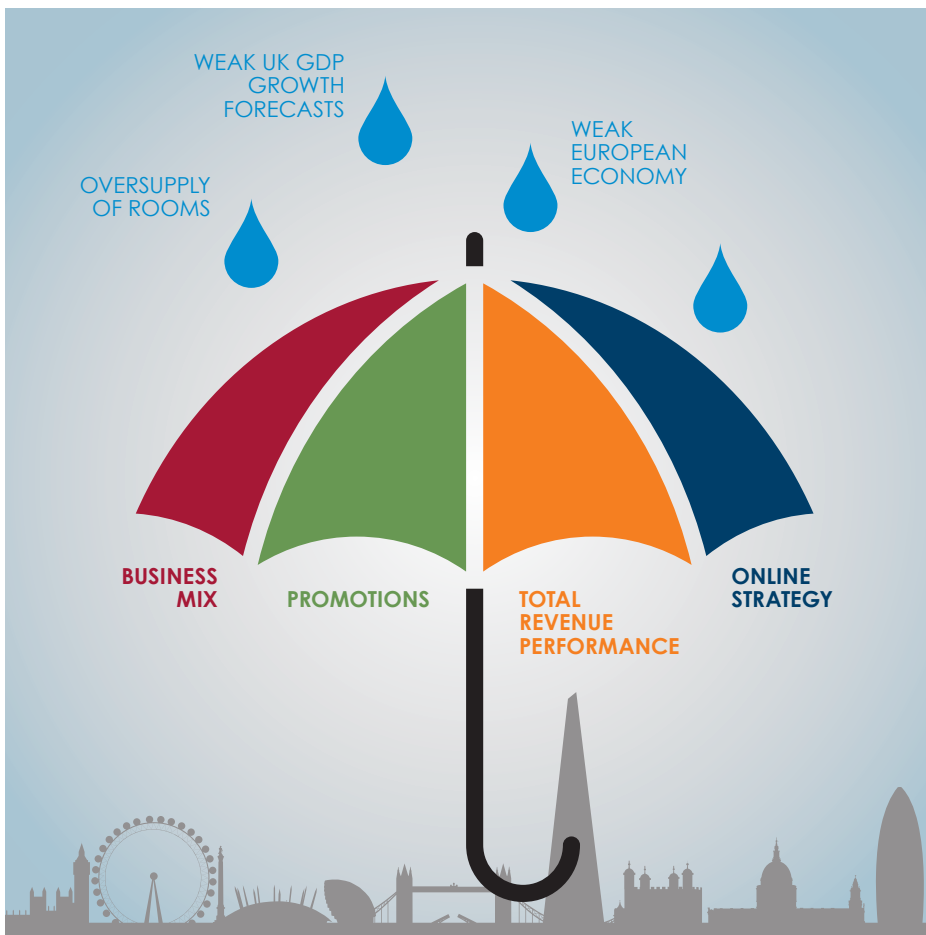
Focus on base business, but still be strategic

Understanding and forecasting the ideal share of base business that will allow short-term gains and long-term benefits are key elements to ensuring a hotel's success. Leisure and corporate contracts can provide a loyal and consistent base for the long-term, and in certain cases are less impacted by fluctuating market demand. Group and MICE (meetings, incentives, conferences and exhibitions) business can not only fill gaps in demand but can also have a significant, long-term effect on the hotel's bottom line and is often booked more than six months or even a year ahead.

Stay flexible, but fence carefully

Another strategy for revenue managers in the UK to navigate through the market uncertainty is to keep an open mind and avoid business strategies that ultimately tie the hotel down.

Hotels should target a broad, healthy mix of business across multiple segments,



regions and channels, as well as maintain a flexible approach to pricing - especially regarding promotions and group packages.

In an environment marked by rate-shopping tools, in which competitors consistently undercut one another, it's important to put "rate fences," or restrictions, on promotions and discounted rates. Examples include promotions that are only available for a limited amount of time, offer a limited length of stay or require a minimum spend at the hotel. This way, customers understand that it's a special deal, and they won't expect to pay the same rate the next time they visit, which protects the long term value of the brand. Partnering with opaque distribution channels – like Secret Escapes or Hotwire.com – allow hotels to offer discounts and promotions, while hiding the details from other customers. They can be an effective tool to sell more rooms while protecting the brand image and rate.

Use your online distribution channels in more ways than one

Distribution channel partners can also provide great support and throughout the recent economic downturn revenue managers have reported an increasing importance distribution channel management has played in their job roles.

Hoteliers should monitor the performance of channel partners closely in order to fully understand any available opportunities. They should then implement strategies which will help them drive volume, e.g. offer increased room inventory only in return for preferred placement, and ensure they maintain control over their inventory by avoiding fixed allotment and pricing conditions.

Hoteliers should also leverage the marketing opportunities afforded by online distribution channels. In this, still pertinent, study from 2009, Chris Anderson from Cornell University's School of Hotel Administration, introduced "The Billboard Effect" concept. Anderson's research compared booking reservations for JHM Hotels listed on Expedia and not listed on Expedia. He

discovered that when the properties had a presence on Expedia, their booking reservations increased 20 percent across other channels, such as the property's call centre and website. Revenue management and marketing are very closely related – re-evaluate your hotel's online distribution strategies and consider running ads and promotions on websites like Expedia, Booking.com, HRS etc. instead of relying on the websites solely as reservation vehicles.

Remember, revenue is about more than just rooms

Considering the entire hotel as an asset uncovers a number of revenue streams that can be managed by the hotel to drive profit. These streams can include parts of the business such as food and beverage, meeting rooms, parking, spa treatments, golf facilities, hotel lobby shops and so on. Managing all those streams is an immensely complex process, but promises to unlock a number of previously un-leveraged areas of profitability for a hotel.

The revenue management industry within hotels globally is constantly moving at such a rate that at IDEaS we are constantly rising to meet new challenges, new demands and identifying new areas of potential revenue streams to help our customers develop a strategic view of their overall estate. Our technology is developing and soon there will be a solution able to support the solving of more complex revenue management problems, and will lead to all assets of the hotel being revenue managed in one environment, providing a 'Total Revenue Performance' view for the hotel.

About IDEaS

Founded in 1989, IDEaS Revenue Solutions - a SAS Company, offers industry-leading pricing and revenue management Software, Services, and Consulting to the hospitality and travel industries. Headquartered in Minneapolis, MN with a global technology center located in Pune, India, IDEaS maintains sales, support and distribution offices in North & South America, the United Kingdom, Europe, Middle East, Africa, Greater China, Australia and Asia. For more information, visit www.ideas.com.



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To find out more about the online courses available and also see a demo, please visit www.cimaondemand.com. To purchase a pack, please contact Stephen Smith at Stephen.smith@cimaglobal.com

For details on all our education opportunities at HOSPA visit www.hospa.org/en/education

Where are they now?

Success stories from Hospa education



Name

Kevin Moseley

Job

Management Accountant for Village and De Vere Hotels

Company

De Vere Group

Which course did you do?

BAHA Financial Management.

Why did you choose it?

The course was ideal at the time as I had recently decided upon a career in Hospitality Finance and so this seemed the perfect fit as I could complete the course around my work commitments and the content studied was directly relevant to my role so I could apply real life practical examples to my studies.

What was your best day?

Probably the day I posted my last assignment!

And your worst?

I didn't really have any to be honest, I always found the course interesting and more importantly relevant, so there were never any specific times when I felt under pressure completing assignments.

What pearls of wisdom would you have for other students?

My only advice would be to try and get involved in/ or have knowledge of every aspect of your business in some shape or form - by having a good knowledge of all areas of hospitality enabled me to apply real life scenarios to my project work and helped me a great deal when completing my coursework.

Lausanne summer programme

Lausanne Hospitality Consulting SA (LHC), the Consulting and Executive Education division of the Ecole hôtelière de Lausanne (EHL) is pleased to be able offer HOSPA members a **20% discount** on the programme fees for modules in the forthcoming Summer Programme to be held from 13th June – 3rd July 2013.

The Summer Programme is designed for executives at management and senior management levels in the hospitality industry or related fields, who wish to update their knowledge and competencies. Taught by highly-qualified module leaders, the courses are held on the premises of the Ecole hôtelière de Lausanne and address small-sized groups to ensure a high level of interaction and maximum benefit. Learning is based on the sharing of experience by participants from a wide range of cultural backgrounds. Executive education at EHL offers a platform for all participants to network and form lifelong relationships worldwide, whilst gaining applied industry knowledge. Each year, the modules reflect changing trends and developments in the industry.

The module titles for the forthcoming Summer Programme include:

Rooms Revenue Management
Value Creation for Food & Beverage Hotel Opening: Soft & Grand
Hotel Positioning and Repositioning Improving Business
Performance Asset Management & Decision Making Strategic Marketing



Hospitality Real Estate Valuation
Social & Sensorial Engineering in Marketing
The Sales and Marketing Process
Strategic Resilience: The Key to Sustainable Business Success
Hospitality Project Development and Innovation
The Art of Exceptional Service
Enriching Hotel Revenue & Distribution
A Business Approach to Hospitality IT
Women and Leadership in 21st Century
Key to Personal Effectiveness

For further information and to book your place visit <http://lhconsulting.com/lausanne-executive-education/open-to-enrol-programmes/summer-programme/>

Lhc
LAUSANNE HOSPITALITY CONSULTING
a division of Ecole hôtelière de Lausanne

THE OVERVIEW OVERSEAS

Every month The Overview features one of HOSPA's current overseas students



Name
Nina Fleischle

Job
*Finance Futura / Assistant
Financial Controller*

Company
*Le Meridien Parkhotel
Frankfurt, Germany*

Which course are you doing?

Financial Management, at the moment Stage 2.

Why did you choose it?

As I never studied Finance or Accounting in particular I wanted to expand and deepen my theoretical knowledge in order to be able to do my daily work better, but also to gain a better understanding of why certain tasks are being done a certain way.

How does it compare with local courses?

It's very hard to compare the course with local courses. Local courses are focusing more on the legal aspects and tax laws here in Germany and everything is done in German. On top, there is no course specifically for hospitality, they are all for the industry in general. But for me it was important to do an English

course as I would like to work abroad at a later stage of my career and furthermore I thought that it would be more beneficial for me if I studied a course directly related to hospitality.

What's been the greatest learning so far?

So far there have been no really great learnings, some of the theory I had in university before, but it was very beneficial to repeat everything. I am now really looking forward to budgeting as this is what I am currently doing in my position.

What would the local hotel market most benefit from?

My local hotel market would definitely benefit from fewer hotels. .

What single factor do you think will most change the global hotel market in the next decade?

I am sure that the further advance of technology will have a great impact on the hotel market, especially in relation to the use of Smartphones within the hotel or for making reservations beforehand.

What pearls of wisdom would you have for other students?

Set yourself early enough deadlines for the assignments. It is crucial to start on time as sometimes the project turns out to be more extensive and time demanding than one thought at the beginning. And if it's not then you can be happy that you're done earlier.

Independent Hotel Show 2013

October 30

Launched in 2012, the Independent Hotel Show has filled an essential gap in the market, connecting the highest quality suppliers with luxury and boutique hotel decisions makers from all over the UK.

Packed full of expert insight and advice, from informative business sessions to trend reports and new product and service showcases, the Independent Hotel Show is designed to be a one-stop business platform for the luxury and boutique hotel industry. The Independent Hotel Show will be returning in 2013 on the 30 & 31 October at Olympia, London and with a number of new ideas & concepts in place we look forward to delivering another quality event for the independent, luxury and boutique hotelier.

For further information and registration please visit www.independenthotelshow.co.uk



Guide to the HOSPA examinations

The next set of examinations for HOSPA learners takes place on 16th July 2013. If you are currently studying with HOSPA, or are due to take a resit or deferred sit, you will soon receive details from us confirming your examination arrangements. You will automatically be assigned to the examination centre closest to the contact address we have for you.

Examination centres are in London, Birmingham, Manchester, Scotland, Dubai and other overseas locations.

Examination Hints and Tips

1. Ensure that you have studied the entire course pack for your current units and not just the material for the assignments. The following Units are assessed in the examinations:

FINANCIAL MANAGEMENT – 3 HRS 10 MINS	
Stage 1	Units 1 to 3
Stage 2	Units 5 to 7
Stage 3	Units 9 to 12

REVENUE MANAGEMENT – 2 HRS 10 MINS	
Stage 1	Units 2 to 4
Stage 2	Units 5 to 8
Stage 3	Not assessed by exam

2. Make notes as you study so that you have a set of summaries to base your revision on.

3. Plan your time carefully to ensure you have sufficient time to revise - the examination date will creep up very quickly!

4. Revision packs are available to download from the online classroom along with other readings and materials to support your study packs. Please do ask your tutor questions in the online classroom if you need help and try not to leave everything to the last minute!

When answering exam questions, remember to ...

- Read the question carefully.
- Ensure that you allocate the appropriate time to answering each question. If you run out of time, stop and move on to the next question. You are more likely to gain more marks by starting a new question.
- Note the marks allocated to each section of a question. Use this as a guide as to how much you should do for each section.

When answering numerical questions ...

- Ensure that you show all your workings when answering a question. Marks may be given for workings even if the final answer is wrong.
- Do not be tempted to spend too long trying to get an answer to balance, move on to the next question.
- If you feel you have incomplete information for a question, make assumptions and state these clearly on your examination script.

When answering discussion style questions ...

- Read the question carefully to ensure you understand what is required.
- Start your answer with an introduction if necessary to set the scene.
- Your discussion should demonstrate your knowledge of the course materials, additional reading and also your experience.
- Give examples from your practical experience to illustrate the points you are making.

Typical mistakes that cost marks and time:

- Failing to use or using incorrect statement titles when drawing up P&L and Balance Sheet Statements.
- Failing to give titles to graphs or diagrams, or failing to label axes and plotted lines on graphs correctly.
- Not showing any workings for numerical questions
- Failing to follow instructions correctly.
- Answering more questions than actually required by the paper

You will need to bring with you to the examination:

Photo identification (eg Passport or Driving Licence)
Pens and pencils
12" ruler
Non-programmable calculator

Please note that dictionaries are not permitted (including English translation dictionaries).

Good luck with your examinations!

→ HOSPITALITY WEATHERS THE STORM



Barclays finds the sector is more hospitable for employees

The Barclays Job Creation Survey 2013, which questioned over 700 UK businesses, including those in the hospitality and leisure sector, has revealed that 61% of businesses in the sector expect to create new jobs this year, up from 55% last year. In further positive news for the industry, the majority (77%) are not planning on making any job losses over the next 12 months.

Half of all the hospitality and leisure businesses surveyed, which includes hotels, restaurants, pubs and bars, state that they are interested in hiring ex-public sector workers, this is consistent with last year (2012: 51%) and compares favourably to the business landscape as a whole, where 57% of businesses across all sectors state they do not want to hire ex-public sector workers.

Other findings relating to hospitality and leisure businesses:

- *Half of hospitality and leisure businesses believe private sector job growth will not be able to compensate for public sector job losses, this is more optimistic than last year when 66% of the industry felt there would be a shortfall.*

- *The vast majority of hospitality and leisure companies (87%) believe that Government efforts to remove barriers to job creation are having no impact on their business; although this is a slight improvement on last year (2012: 89%).*

- *A further 72% believe a reduction in employer's National Insurance contribution would have an impact on the job market, a third of whom (33%) state it would have a 'major' change on the market. Indeed this makes the Chancellor's recent Budget announcement to waive the first £2000 of employers' contributions exactly what businesses want.*

- *Almost a third (30%) of hospitality and leisure businesses believe the "Shares for Rights" scheme, designed for high growth SMEs, will not be popular among small businesses. A further 30% had not heard of it.*

Commenting on the findings, Mike Saul, Head of Hospitality & Leisure, Corporate Banking, Barclays, said: "Despite the

discretionary nature of the hospitality and leisure sector, it is one of the largest employers in the UK, and has weathered the economic storm well. It is well-placed to offer opportunities to a broad spectrum of individuals from many different employment backgrounds, and as our research shows, there is clearly room and appetite to develop these aspirations."

Additional national cross-sector findings:

The survey revealed that 71% of mid-sized businesses are creating jobs this year, up on the previous year (2012: 65%). The majority (79%) of businesses are not planning any job losses within the next 12 months.

There are significant differences in hiring intentions for 2013 between sizes of companies:

- *65% of large businesses are planning to create jobs - fewer than last year (2012: 72%).*

- *50% of the largest businesses are planning to hire, a significant reduction in hiring intention, compared to previous years (2012: 70%, 2011: 85%).*

- *Overall 56% of all companies plan to create new jobs this year, which is little changed from last year (2012: 58%).*

Regarding UK businesses' view of public



sector workers and Government initiatives:

- 56% of businesses believe that job growth in the private sector won't be able to compensate for public sector job losses. However, this is more optimistic than last year (2012: 71%).

- 60% of the UK's largest companies are now willing to hire ex-public sector workers, showing the biggest change of attitude, compared to last year (2012: 38%). They are also the turnover group most likely to say that ex-public sector workers are "quite well" or "very well" equipped to take on a role in their business.

- 52% of UK businesses believe public sector workers are 'not very' or 'not at all' equipped to take on a position in their organisations (2012: 53%).

- The vast majority of companies (83%) believe that Government efforts to remove barriers to job creation are having no impact on their business, although this is a slight improvement on last year (2012: 88%).

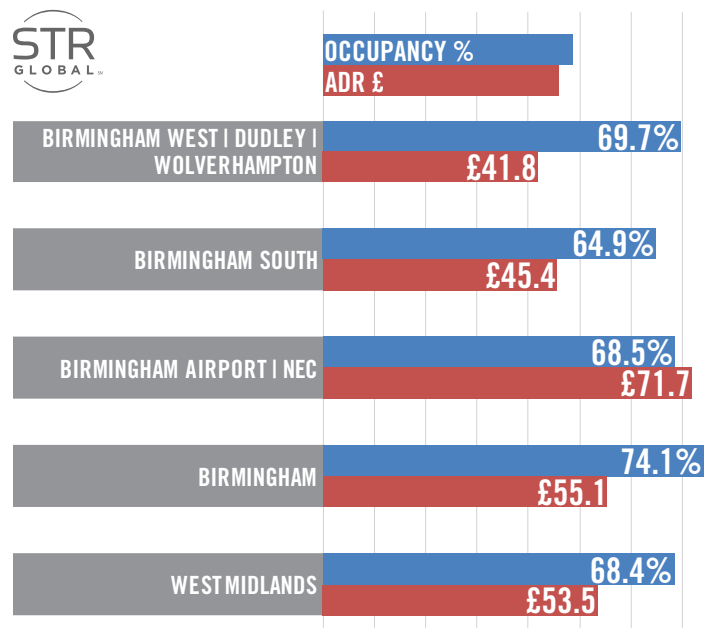
→ BIRMINGHAM MARKET SURVEY

In February 2013, revenue per available room (RevPAR) in the West Midlands market reached £37, growing 6.4% from the previous year. The increase was solely driven by occupancy growing 9.8% to 68.4%, as average daily rate (ADR) fell 3.1% to £54. Sitting in the West Midlands, STR Global has identified four of Birmingham's submarkets.

In February Birmingham Airport/NEC achieved the highest ADR (£72) and RevPAR (£49) level out of all the submarkets. A RevPAR growth of 9.5% was driven by occupancy increasing 11.2% to 69%. Contributing to this was the Spring Fair Birmingham held at the NEC which drew 70,000 visitors in February.

Birmingham's city centre saw the highest occupancy level of 74%, growing 9.1% from the previous year. In addition to being one of the UK's primary conferencing destinations, recent efforts by Marketing Birmingham have promoted the city's cultural heritage, performances and events. In February the British Athletics Grand Prix took place at the National Indoor Arena which assisted Birmingham's occupancy growth. Birmingham South and Birmingham West/Dudley/Wolverhampton illustrated performance below that of the West Midlands market. The former attained an occupancy level of 65% and an ADR of £45, both contributing to RevPAR growth of 5.3% to £30. Birmingham West/Dudley/Wolverhampton was the only submarket to experience negative RevPAR growth, declining 2.8% to £29 solely driven by ADR declining 7.5% to £42, while occupancy grew 5.1% and reached 70%.

Birmingham Airport/NEC and Birmingham benefit from international and business travellers and can command higher



rates, whereas Birmingham South and Birmingham West/Dudley/Wolverhampton are suburban submarkets experiencing lower rates due to the distance from the city centre and the predominance of supply in the economy and midscale class.

Written by Naureen Ahmed
T +44 (0)207 922 1965
E nahmed@strglobal.com



Peter Edge
Co-director, Turnstone Insight

Peter Edge is a former senior officer with Merseyside Police, now co-director of Turnstone Insight, working with experienced hospitality industry professionals, providing specialist, test purchase services to the hospitality industry. Using former law enforcement personnel with a surveillance and covert operations background, 'test purchase audits' are accompanied by a comprehensive, evidential standard report which empowers clients to take positive action to address integrity and vulnerability issues.

peter.edge@turnstoneinsight.com

Peter Edge looks at why hotel security is keeping him up at night

I was fortunate enough a couple of days ago to be copied in on a circulation which went out within one of the larger hotel groups regarding another credit card 'scam'. The reason it really caught my eye was because the perpetrators seemed to be taking advantage of a scenario I described some time ago in a piece I wrote called "Who's looking after your 'Nights'?"

However, with this scam, it was the hotel guest being targeted at a particular time when their vulnerability was greatest, when they probably felt at their safest, and their ability to resist was at its lowest.

So what was the scam? Well it's a variation on a tried and tested theme. The hotel guest receives a telephone call to their room, purporting to come from 'reception'. The difference is that this call comes very late into the evening, meaning that guests are either in bed or about to retire for the night. The caller claims that the credit card used at check-in has been 'declined' by the credit card company.

The guest is then asked to either re-confirm the long number and security code, provide a different credit/debit card number immediately over the phone or to attend reception straight away to do so. Of course that last part, to attend 'reception' immediately wrong foots the guest, adding legitimacy to the entire request.

How many guests, I wonder, would have the resolve to challenge such a request. Sadly the evidence suggests that many wouldn't, and indeed "why would they?" Safely cocooned in their hotel room, it's perfectly reasonable to expect that the hotel is looking

after them, ensuring their safety and security. It's all part of the service after all.....isn't it?

And it is! So how does a hotel guard against such a threat? Well it all comes down to basics really, and those basics can be summed up in three words – 'Guest Identity Protection'.

If you break down the scam into its component parts you come to the conclusion that the caller either must have known the identity and room number of the target guest, or have been 'connected' by phone to the guests room without sufficient 'Guest Identity Protection' questions having been asked. If the caller already had the name and room number of the target guest then they have obtained them at some stage between check-in and the offending call having been made. Reception processes, key issue, gym/spa use, safe deposit, food and beverage processes – all of these perfectly normal aspects of a hotel stay open up fertile opportunities to the fraudster to acquire guest information. Are you confident that such processes are as tight as they can be? Are you confident that the people who apply them are as aware, vigilant and compliant as they should be- particularly when they too might be at their lowest ebb? And what about if the caller didn't have guest name and room number? How did they get through to the room? You'd be surprised how easy it can be....we know we've tried it! But do your staff know? Do your staff apply the security policies you've probably all got in a file on a shelf in the manager's office? Do they do it consistently? Do they really appreciate the potential consequences?

And here's a question to ponder, which raises a whole host of other questions about resilience to fraud and a hotel's responsibilities to guard against it. What if the fraudster has themselves checked in to your hotel, and from their own room randomly starts ringing other rooms, late at night, purporting to be calling from reception about a credit card that has been declined? How many attempts do you think they'd have to make before a guest, probably not at their most alert, took the bait? And the following morning, faced with a number of guests who've woken up however many thousands of pounds lighter,

what are you going to do? Who are you going to call? When WE get a call, it's usually because there's some unexplained beverage deficit showing on a stock take or a P&L sheet. The good news is that we also look in detail at 'Guest Identity Protection' as part of one of our covert, overnight, hotel 'Health Checks'. We test different staff, in different areas of operation, in different ways and at different times during the guest journey. Almost without fail we find that hotels are incredibly vigilant at the very outset, at the point at which a guest is issued with their key at reception. From then onwards however, it's a very different story. It's as if a box has been ticked, just like it might be for an early morning call or a newspaper; an obligation satisfied with no real understanding of why. The front door's locked, but the back door's wide open..... and the fraudsters know it.

So what's this got to do with HOSPA Overview readers you might ask. Surely we'd be better talking about some of those other areas we test, like cash handling, revenue capture or upselling. The answer to that question only really hit home to me last Monday at a HOSPA meeting in Manchester, listening to a presentation about 'Revenue Maximisation'. I wasn't expecting to make the connection, but when the equation 'Actions + Perception = Reputation' appeared on the screen, and we started hearing about proactive management of social media by revenue managers with the aim of reducing the potential for reputational damage, and therefore increasing sales, it became very clear.

Yes, a compromise of 'Guest Identity' is most likely to have a financial impact on the guest themselves, their bank or their credit card company, and all of that can probably be insured against. But what's the impact for the hotel? What could it do to your reputation, and more importantly how do you insure against that? For me the answer lies in the left hand side of that equation. You have to take 'action' and you have to create a particular 'perception', in your guests, your staff....and especially in the minds of those criminal elements who would take advantage of them.

IT Community Meeting

The first IT Community Meeting from HOSPA saw 50+ hospitality professionals attend the new and technological citizenM London Bankside hotel. The event, on the topic of 'Guest Facing Technology', proved successful in drawing the 'IT crowd' from the comfort of their office computers and tablets with senior IT staff attending from many major hotel groups and independents in and around London.

The meeting kicked off in unusual fashion with tours of the guest room technology at the hotel being available to those wishing to view it – which was almost everyone! Attendees visited the guest rooms with a chance to play with the tablet controlled technology contained inside the 'pod' where everything, from dimming the lights to shutting the curtains, was controlled via an exclusively programmed Samsung Galaxy tablet.

Once the tours had concluded, the panel discussion began in the 'living room' at citizenM. The panel consisted of various experienced technology providers as well as the General Manager from the hotel; Matthew Bell.

We were pleasantly surprised by the attendance of citizenM Partner and Chief Executive Michael Levie, who also contributed to the discussions and debates lead by the panel.

We would like to thank both Matthew and Michael for their hospitality at citizenM London and also the panel and attendees for making the first HOSPA IT meeting a resounding success.

The next HOSPA IT meeting will be held on Monday 17th June – please visit the website for further details.



Sales hit by freeze

March will be a month that Britain's pub and restaurant groups will want to forget. Snow and freezing temperatures across the country contributed to a 3.0% fall in collective like-for-like sales compared with March last year, according to latest figures from the Coffer Peach Business Tracker. Total sales, which include the impact of new site openings, were essentially flat, registering a 0.2% drop.

According to the Met Office, March this year was the UK's joint second coldest since records began more than 100 years ago. The mean temperature was just 2.2C, more than 3C colder than the long-term monthly average. It matched the average temperature of March 1947, with only 1962 being colder.

"Pubs and pub restaurants generally had a worse time than high street restaurant brands, with a 3.4%, compared to a 1.9%, like-for-like sales fall. However, looking regionally, eating and drinking-out spending was hit equally both inside and outside London. Simply, it was a bad month all round," said Peter Martin of Peach Factory, the business intelligence specialist that produces the Tracker, the sector's biggest and most comprehensive performance barometer, in partnership with Coffer Group, Baker Tilly and UBS.

"The damage was really done in the two middle weeks of March, when like-for-likes across the groups in our sample were collectively down 4.8% and 11% - with some operators doing worse than that," said Martin. "Better trading at the end of the month, including the start of the Easter weekend, however failed to save the situation.

"The good news is that the four-day Easter holiday, as we reported earlier, was significantly up on Easter last year, with like-for-likes ahead 7%. The industry will hope that is a sign of latent public demand for going out and that warmer more settled weather will bring improved trading," concluded Martin.

The poor March figures came on the back of better trading for pub, bar and restaurant groups in February, when collective like-for-like sales had been up 3.3% on the previous February.

On a year-on-year basis, like-for-like sales for sector remain just positive. For the 12 months to the end of March, like-for-likes were running at +0.6% against the previous year. Trevor Watson, director at Davis Coffer Lyons, said: "The strong level of sales over the Easter weekend suggests that, when weather conditions allow, consumers are willing to spend on eating out. The overall numbers were predictably weak and we are now entering a period when like-for-like statistics will be affected by last year's Diamond Jubilee celebrations, which could result in some strong figures in London in particular."

Paul Newman, co-head of leisure & hospitality at Baker Tilly, added: "Notwithstanding the disappointing March data, our outlook on the sector remains upbeat. As reported over the weekend, the freezing conditions saw UK retail location footfall drop by over 5%. By comparison, this month's data demonstrates continued resilience in the leisure and hospitality sector. This has encouraged further M&A activity with Little Chef and 3Sixty Restaurants reportedly joining the likes of Côte and Byron in considering transactions over the coming months. Advisors and shareholders alike will be hoping for a prolonged period of better weather to help heat up these processes."

Jarrold Castle, leisure analyst at UBS European Leisure Research, said: "Weather has clearly had a significant impact on the eating out industry. We believe that as we move into spring, a combination of pent up demand, soft comparisons - LFL growth was -2.0% in April 2012 - and momentum at the end of March may lead to more encouraging growth figures moving forward."

The Coffer Peach Tracker* industry sales monitor for the UK pub and restaurant sector collects and analyses monthly performance data from operating groups, representing combined annual turnover of £6.4 billion, and is recognised as the established industry benchmark.

Pub and restaurant group monthly sales performance for past 12 months

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
LFLs	-2.0%	2.6%	1.3%	-0.2%	2.1%	0.7%	-1.7%	3.4%	0.3%	-2.4%	3.3%	-3.0%
Total	1.9%	6.5%	5.0%	3.6%	6.2%	4.1%	1.6%	6.5%	3.2%	0.0%	6.1%	-0.2%

Source: Coffer Peach Business Tracker. Coffer Peach Business Tracker is powered by Demographix

For more information please contact

Peter Martin, Peach Factory | 01704 550383; 07889 209896 | peter@peach-factory.com

London profits hit in Q1

The London hotel market experienced a gross operating profit decline of 7.3 per cent in the first quarter of 2013, according to the latest HotStats survey.

In the first three months of 2013, RevPAR (Revenue per Available Room) and TRRevPAR (Total Revenue per Available Room) performance declined by 3.4% and 2.5%, respectively, when compared to 2012 performance.

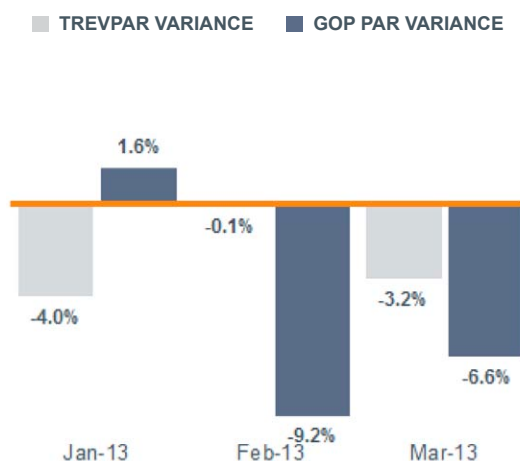
Whilst demand levels have remained relatively robust, London hotels are attracting a higher proportion of lower yielding leisure and group tour demand than relatively higher-value commercial demand. Furthermore, average room rate performance declined in all market sectors with the exception of corporate-related demand, which remained stagnant.

First quarter GOPPAR performance reduced in all sectors of the London full-service hotel market (ie three, four and five-star hotels). The greatest GOPPAR percentage decline was experienced in the four-star sector (-9%) as total departmental profit per available room dropped by 5.4% in the first three months of 2013. The capital's five-star and three-star sectors experienced GOPPAR declines of 8.7% and 7.8%, respectively, over the same period.

March performance was not particularly strong as average room rate performance declined by 4.3%, TRRevPAR by 3.2% and GOPPAR (Gross Operating Profit per Available Room) by 6.6%. Despite London hoteliers being able to maintain a stable cost base the decline in revenue performance, primarily due to a decrease in rate performance in all sectors impacted revenue and profit performance.

"The first quarter is typically the most challenging operating period for London hotels; however from a broader perspective the fact that demand levels remain robust despite London experiencing an increase in supply of over 11,000 bedrooms across all sectors since 2010 is more encouraging news," said Jonathan Langston, managing director at TRI Hospitality Consulting.

London last 3 months year-on-year change



HotStats London Main KPIs

LONDON	Mar'13				YTD'13			
	Mar'13	Mar'12	Var b/w		YTD'13	YTD'12	Var b/w	
Occ %	79.1	78.5	0.6	▲	73.9	74.1	-0.2	▼
ARR	128.33	134.08	-4.3%	▼	126.39	130.42	-3.1%	▼
RevPAR	101.46	105.22	-3.6%	▼	93.37	96.63	-3.4%	▼
TrevPAR	144.95	149.79	-3.2%	▼	133.55	136.93	-2.5%	▼
Payroll %	25.2	25.0	-0.3	▼	27.9	27.5	-0.5	▼
GOP PAR	63.96	68.50	-6.6%	▼	52.63	56.77	-7.3%	▼

Revenue Growth wiped out by rising costs in the Provinces as hotels feel the chill

The latest HotStats survey showed a decline in gross operating profit performance in the Provinces despite an increase in revenue for the month of March.

For March, both RevPAR (+1.2%) and TRevPAR (+0.9%) increased, although GOPPAR performance declined by 5.3% in the Provinces. The rise in RevPAR performance was due to a 1.1 percentage point increase in occupancy, offsetting the slight decline in average room rate performance (-0.4%).

Closer examination of operating cost performance indicated that for the month of March, Undistributed Operating Expenses (UOE) increased from 25.7% to 26.8% of total revenue. Administrative and General expenses increased by 5.4% on a per available room basis whilst utility costs increased by 12.5%. The increase in utility costs was due to the freezing weather experienced throughout the UK, which was the country's second coldest ever March on record according to the Met Office.

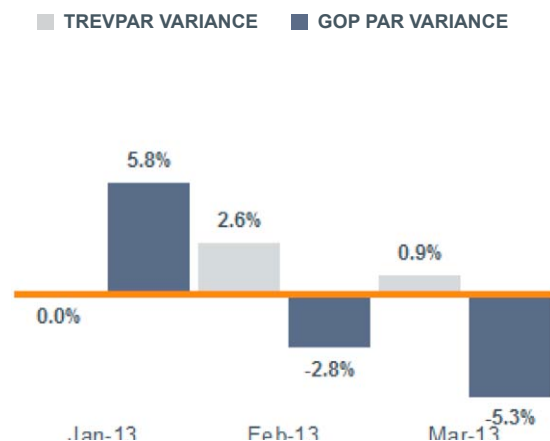
The adverse weather conditions impacted first quarter GOPPAR performance which, but for higher utility costs, would have been in positive territory. Whilst TrevPAR performance in the first three months of 2013 increased (+1.2%), GOPPAR performance declined (-4%).

Closer examination of UK regional/national GOPPAR performance for the first quarter of 2013 shows a wide variety performance with positive gains achieved in the North West (+3.7%), East Midlands (+3.2%) and Scottish (+6.8%) full-service hotel markets. In contrast, the North East (-29.4%) and West Midlands (-12.5%) experienced significant declines.

"From a top-line revenue perspective, it is promising that demand levels and revenue performance continues to achieve incremental

increases in the provinces; however, whenever there appears to be some positive news hoteliers have been faced with a variety of operating challenges. In March it was the adverse weather; prior to that an increase in departmental operating expenses and travel agency commissions as well as a number of other factors. Perhaps the better-than-expected GDP results in Q1 will provide a more positive outlook for Provincial hoteliers in the remainder of the year," said Langston.

Provinces last 3 months year-on-year change



HotStats Provinces Main KPIs

PROVINCES

	Mar'13	Mar'12	Var b/w		YTD'13	YTD'12	Var b/w	
Occ %	68.3	67.2	1.1	▲	62.3	61.7	0.6	▲
ARR	67.87	68.12	-0.4%	▼	67.06	66.88	0.3%	▲
RevPAR	46.33	45.76	1.2%	▲	41.80	41.30	1.2%	▲
TrevPAR	88.03	87.22	0.9%	▲	79.14	78.23	1.2%	▲
Payroll %	32.7	32.6	0.0	▼	36.1	36.2	0.1	▲
GOP PAR	22.76	24.05	-5.3%	▼	15.81	16.46	-4.0%	▼



The month of March 2013

	Mar'13	Mar'12	Var b/w		
TOTAL UK	Occ %	72.1	71.2	0.9	▲
	ARR	91.50	94.04	-2.7%	▼
	RevPAR	65.98	66.96	-1.5%	▼
	TrevPAR	108.32	109.53	-1.1%	▼
	Payroll %	29.1	28.9	-0.2	▼
	GOP PAR	37.45	39.90	-6.1%	▼

	Mar'13	Mar'12	Var b/w		
LONDON	Occ %	79.1	78.5	0.6	▲
	ARR	128.33	134.08	-4.3%	▼
	RevPAR	101.46	105.22	-3.6%	▼
	TrevPAR	144.95	149.79	-3.2%	▼
	Payroll %	25.2	25.0	-0.3	▼
	GOP PAR	63.96	68.50	-6.6%	▼

	Mar'13	Mar'12	Var b/w		
PROVINCES	Occ %	68.3	67.2	1.1	▲
	ARR	67.87	68.12	-0.4%	▼
	RevPAR	46.33	45.76	1.2%	▲
	TrevPAR	88.03	87.22	0.9%	▲
	Payroll %	32.7	32.6	0.0	▼
	GOP PAR	22.76	24.05	-5.3%	▼

The Calendar year to March 2013

	YTD'13	YTD'12	Var b/w		
TOTAL UK	Occ %	66.4	66.1	0.3	▲
	ARR	90.39	92.09	-1.8%	▼
	RevPAR	60.03	60.88	-1.4%	▼
	TrevPAR	98.38	99.01	-0.6%	▼
	Payroll %	32.2	31.9	-0.2	▼
	GOP PAR	28.82	30.73	-6.2%	▼

	YTD'13	YTD'12	Var b/w		
LONDON	Occ %	73.9	74.1	-0.2	▼
	ARR	126.39	130.42	-3.1%	▼
	RevPAR	93.37	96.63	-3.4%	▼
	TrevPAR	133.55	136.93	-2.5%	▼
	Payroll %	27.9	27.5	-0.5	▼
	GOP PAR	52.63	56.77	-7.3%	▼

	YTD'13	YTD'12	Var b/w		
PROVINCES	Occ %	62.3	61.7	0.6	▲
	ARR	67.06	66.88	0.3%	▲
	RevPAR	41.80	41.30	1.2%	▲
	TrevPAR	79.14	78.23	1.2%	▲
	Payroll %	36.1	36.2	0.1	▲
	GOP PAR	15.81	16.46	-4.0%	▼

The twelve months to March 2013

	Rolling'13	Rolling'12	Var b/w		
TOTAL UK	Occ %	73.6	73.0	0.6	▲
	ARR	97.49	95.84	1.7%	▲
	RevPAR	71.77	70.01	2.5%	▲
	TrevPAR	115.64	113.01	2.3%	▲
	Payroll %	28.5	28.7	0.2	▲
	GOP PAR	43.17	42.20	2.3%	▲

	Rolling'13	Rolling'12	Var b/w		
LONDON	Occ %	80.3	80.5	-0.1	▼
	ARR	143.20	138.75	3.2%	▲
	RevPAR	115.06	111.65	3.1%	▲
	TrevPAR	160.19	154.74	3.5%	▲
	Payroll %	24.2	24.6	0.3	▲
	GOP PAR	75.94	72.55	4.7%	▲

	Rolling'13	Rolling'12	Var b/w		
PROVINCES	Occ %	69.9	69.0	1.0	▲
	ARR	68.85	68.41	0.6%	▲
	RevPAR	48.16	47.19	2.1%	▲
	TrevPAR	91.34	90.14	1.3%	▲
	Payroll %	32.5	32.6	0.0	▲
	GOP PAR	25.29	25.57	-1.1%	▼

TRI Hospitality Consulting

Jonathan Langston - Managing Director | T 0207 892 2201 | E jonathan.langston@trihc.com
 Anuraag Badola - Associate Director | T 020 7892 2211 | E anuraag.badola@trihc.com

HOTSTATS

Tony Oliveira - Business Development Manager | T 7892 2234 | E tony.oliveira@hotstats.com
 David Stephens - Operations Manager | T 0207 486 2217 | E david.stephens@hotstats.com

Members' Events Forthcoming events

June 13 HRMC Annual Panel Discussion
Optimising revenue strategy for mobile. Le Meriden Piccadilly.
 Mobile phones and tablet devices now play a significant part in the travel planning, buying and in-house guest experience – is your revenue strategy mobile optimised?

Hear from a distinguished panel of industry experts, OTA's and hoteliers to gain insight into how to incorporate new and innovative technological trends within your business for the future. The event will be chaired by HOSPA's Revenue Management Community committee member Suzie Wotton, VP Marketing, Red Carnation Hotels.

For enquiries and to register, please email wayne.gosden@hospa.org

June 17 HOSPA IT Members' meeting
The impact of mobile technology in hospitality
Home House, 20 Portman Square, London. 6pm to 8pm
 The increasing adoption of mobile technologies presents opportunities and challenges for the hotelier's IT team. The session will explore the potential use of mobile technologies by both staff and guests and consider the benefits that can be obtained:

- Enhanced guest experience,
- Improved operational efficiency,
- Rationalisation of infrastructure.

It will also look at the technical and operational challenges that have to be addressed. The event is sponsored by Motorola and CMI Corporation. For enquiries and to register, please email wayne.gosden@hospa.org

Oct 30 Independent Hotel Show 2013
 Launched in 2012, the Independent Hotel Show has filled an essential gap in the market, connecting the highest quality suppliers with luxury

and boutique hotel decisions makers from all over the UK. Packed full of expert insight and advice, from informative business sessions to trend reports and new product and service showcases, the Independent Hotel Show is designed to be a one-stop business platform for the luxury and boutique hotel industry. The Independent Hotel Show will be returning in 2013 on the 30 & 31 October at Olympia, London and with a number of new ideas & concepts in place we look forward to delivering another quality event for the independent, luxury and boutique hotelier. For further information and registration please visit www.independenthotelsshow.co.uk

Nov 21 HOSPACE 2013
 HOSPACE is a one-day annual conference and exhibition hosted by HOSPA. The theme of this year's eagerly awaited HOSPACE 2013 Annual Conference and Exhibition for hospitality finance, revenue management, IT and commercial professionals is yet to be announced. Further information regarding the theme and speakers will be released during the summer of 2013.

HOSPACE 2013 will enable UK and international delegates to get an informed and cutting-edge view from an international line-up of inspirational experts – all icons in their own field – about the latest key financial, revenue and IT management issues and developments; as well as the commercial aspects that connect these together to maximise profitability and create value.

For enquiries and to register early, please email
wayne.gosden@hospa.org

Registration is necessary to attend the above meetings: please visit the events section on our website or email wayne.gosden@hospa.org with your details. Non members welcome.

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