THE OVERVIEW

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Leaders optimistic as sector thrives

Plenty of room at the inn - IHIF report
HMA joins HOSPA

Welcome to THE OVERVIEW

Dear members,

As a general rule, when Mayor of London Boris Johnson steps into the ring, people take notice. Maybe not those selling hair products, but everyone else.

So when BoJo came out in favour of Brexit, the phoney war was over and Sterling plunged as the City and others suddenly faced the prospect that the persuasive Mr Johnson might lead the UK out of the EU.

The threat of Brexit overshadowed this year's International Hotel Investment Forum in Berlin, with delegates feeling that was increasingly possible. Most were against, but some nailed their flags to the Out mast. Roger Bootle, chairman, Capital Economics, a renowned Euro-sceptic, shocked no-one with his comment: "There is a serious, serious chance that we will leave the EU. The single biggest uncertainty is what the consequences will be for the EU - there is a distinct possibility that it will unravel. I'm in the camp where I think the impact on the British economy would not be very great."

He added: "This has been a running sore in Britain over a number of years, we have to have this out once and for all. The pound may well weaken further as we approach the vote, but I for one would be delighted. I think there will be a good trade deal between the UK and EU because on both sides the one is the other's strongest trade partner. In the worse case, if the EU imposed a tariff of 4%? Hardly a game changer."

Whatever happens come 23rd June, the general agreement was that a new era would dawn. What is certain is that, until the vote, investors are viewing the UK with caution as its long-term future is now harder to predict. The market dislikes many things, but uncertainty is what it loathes the most.

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In March's issue...

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Hospitality Finance, Revenue and IT Professionals

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Facing up to Risk

In the hospitality industry, there is plenty of emphasis on innovation: how to remain current, relevant and differentiated so that guests keep coming back for more. However, experts from beyond the industry have noted that hospitality businesses should also put heavy emphasis on keeping risks clearly on the radar. There are multiple categories of risk which can have a significant and swift impact on hospitality businesses, and it's therefore important that you don't let them "creep up" on you.

In this article, we outline some of the key categories you'd be wise to consider.

Safety, security and consumer fear

Unforeseeable threat from political tensions, terrorism, natural disasters, and health risks, can loom large on the news. These harrowing stories understandably scare tourists away from booking holidays in the affected destinations. While some of these events cannot be predicted, many of them build up over time - and if you are tracking events closely enough you can take steps to minimise risks - for you and your guests.

Monitoring activities in your competitive markets can also help you devise the best marketing strategies for your business. A survey from CMO Council and AIG Travel found that the top two reasons people avoid travelling to certain destinations are terrorist activity (77%) and military conflict or fighting (59%). Reports show that Egypt, Turkey, Tunisia, and Saudi Arabia are losing visitors because of safety fears, whereas destinations like Spain, which are considered safer, are seeing an upsurge in bookings.

> One in four travellers changed vacation plans in 2015 due to global or local safety, security or health concerns. - CMO Council & AIG Travel, How Global Voices Shape Travel Choices

While these catastrophic events may be outside of your control it is important to have plans in place should disaster strike directly where you are doing business. If something does happen remember to always keep up the best possible levels of communication with guests and those with forward bookings. People will remember how your brand reacted in the face of disaster.

Keep abreast of any changing safety advice that is being given on sites like gov.uk or travelhealthpro.org.uk. Ebola deterred thousands of tourists from visiting West Africa in 2014 and the recent Zika outbreak is set to have an impact on tourism figures in South America this year. Help to spread the latest information, advice and guidance to make it easier for travellers to know what to do. Be proactive, not reactive, and help your guests and contacts as much as possible.

Reputation

Reputation is much more manageable than consumer fear. If something out of the ordinary happens, the way you deal with it could either make your business a star or make it look incompetent. In our instant 24-hour social media world negativity can spread faster than ever before. If you don't stay aware and ready to manage the situation even the most subtle event could have a massive impact; a bad review, an unfortunate newsworthy incident or a rogue tweet could soon become the only thing that consumers know about your business.

> *"The ones that are using [review sites] well are responding to every review, be it good or bad - a simple thank you to someone who takes the time to post a favourable review goes a long, long way. By the same token, if there is something negative there, then don't try and dispute it, don't argue with it because you'll end up on the news faster than you can imagine."*
>
> James Bland, Director, Hotels & Hospitality, BDRC Continental

IT security

It is commonplace to share personal data when making purchases or bookings online, but customers are increasingly aware of the consequences when data is compromised. A recent survey by Kaspersky Lab found that 65% of consumers worry about the data security practices of companies they give their personal and financial information to.

Information such as names, addresses and credit card details could, in the wrong hands, be used for fraud. With hospitality businesses routinely handling so much of this data, it is vital to keep systems safe and secure and tested for any weaknesses. Businesses must adhere to data protection regulations or risk legal action. Any digital platforms where information is submitted must be built in a way that prevents leaks. It would pay to ensure that you are monitoring changes in legal requirements and testing your own data protection procedures frequently.

New technology

With new tech comes new expectations. The hospitality industry has seen the impact of digital distribution and the pervasiveness of mobile technology - And there is more change to come. It may not be immediately obvious how new technologies like virtual reality and 3D printing will affect you, but awareness of how other industries are changing, and what new capabilities are out there could help you prepare for future changes in consumer and employee behaviour.

3 million wrist-worn wearable devices such as fitness bands and smartwatches are estimated to have been sold in the UK in 2015

- Mintel

Revenues from virtual reality products (both hardware and software) are projected to increase from 90 million U.S. dollars in 2014 to 5.2 billion U.S. dollars in 2018.

- Statistica

New entrants and strategic risk

New competitors could drastically change the hospitality landscape and affect demand for your product. New players come in all shapes and sizes - some small and innovative, some experienced and powerful. After 20 years, new risks from OTAs are still emerging. The more recent entrant on the hospitality scene, Airbnb, has been a huge disruptor to established ways of securing accommodation - and there have been a plethora of copycat platforms. Meanwhile companies like Google and Amazon have the ability to dip their toes in and out of industries at any time and make waves.

Clever businesses will know their own strengths and maximise them. They will be aware of more "traditional" business models that may fall short against agile competitors, and they will watch and learn what they can from new players.

"There's so many new things that you have to learn and understand to be competitive. Whereas in the past you just had to take care of your hotel and take care of the customer when they walked in, that next level of even being competitive is just so overwhelming."

Kristin Intress, CEO/Managing Director, Worldhotels

Staff and operations

Having looked at macro risks for the industry it is important to remember that day to day operations can also throw up some considerable issues, and people are at the heart of this. Loss of core staff could cause huge upheaval to the business, so be aware of anything that might reduce engagement or loyalty, or cause key people to start thinking about their career outside of your business. Dissatisfaction can be caused by anything ranging from a poor GM to a competitor offering better conditions. Being fully aware of the health of your human capital is vital to your success.

People also make mistakes - we all do - and your people undoubtedly will too. Occasional human error is unavoidable, but you can substantially reduce risk from human error by having checks built into your system: problems can be identified before they start having a significant impact. Similarly, it is vital to keep on top of staff training and stay aware of new regulations that you need to comply with or new demands which are coming from your customer base.
Humans are complex: personality clashes within a business can have an unnecessarily negative impact on performance. Not everyone in a team will ever think or operate in the same way, but encouraging clear communication, having avenues for conflict resolution, and being aware of potential issues can mitigate many problems.

"Since we all inherently realise what the impact of a good employee can be, or what the damage of a false hire can be to you, it is still very surprising to me that we don't focus more energy, resources and management attention on [our people]."

Nicolas Mayer, Partner, Industry Leader - Lodging & Tourism, PWC

Risk and Opportunity

Having key risks clearly on your radar means that you are less likely to be unprepared for any disruption, disaster or event which could impact your business. But nothing is guaranteed, and sometimes a key event can have a significant negative effect on your business. Solid recovery procedures or contingency plans will help you react to such events, minimising time spent working out what to do next, and enabling you to communicate positively with guests and even the media. Hospitality businesses which make strategic decisions factoring in potential risks will ultimately ensure that their business has greater longevity and stronger consumer appeal

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HMA signs up to HOSPA

The Hotel Marketing Association has signed a management agreement with HOSPA to provide hospitality marketing expertise to the HOSPA membership, via regular meetings and events to communicate industry trends, views and strategy.

The agreement, which is announced with immediate effect, will add an important hospitality marketing dimension to HOSPA which is already represented in the fields of finance, revenue management and information technology.

Under the terms of the agreement, the HMA will promote the commercial and strategic benefits of HOSPA membership to its existing database and the wider hospitality marketing community. The existing HOSPA membership will receive in return valuable insight and informed opinion from a team of hospitality marketing professionals.

For its part, HOSPA will be responsible for HMA's administration - in accordance with HMA budgets and approval procedures. In addition, all HMA members will automatically become HOSPA members, with access to all the Association's benefits and events. These range from HOSPA's Professional Development and Education Training Programmes; its monthly magazine 'The Overview'; and the HOSPA Hospitality Finance, Revenue Management and IT Communities and their topical events, to regular London and regional membership meetings; and the Association's major annual Conference and Exhibition, HOSPACE, with its unrivalled networking opportunities.

There will be an HMA joining page on the HOSPA website (www.hospa.org), accompanied by a special initial membership rate offer.

Commenting on the agreement, Ed Purnell, Chairman of the HMA said:

"The impact of the digital era on our industry has been exciting and fast-paced. Marketing professionals have had to adapt quickly to ensure that they keep their strategies relevant and optimised. This has naturally aligned marketers and marketing intelligence with revenue management and systems infrastructure, so the converging of the Hotel Marketing Association with HOSPA was an obvious next chapter for us."

HOSPA Chairman Chris Upton added:

"We are delighted to welcome the HMA to HOSPA. The HMA's objectives form a natural fit with our own, especially at a time when marketing is increasingly becoming an integral part of HOSPA's three membership disciplines and communities - hospitality finance, revenue management and IT. We look forward to supporting the HMA in enhancing high marketing standards and practice; and to benefiting from the HMA's marketing professionalism and expertise."

Plenty of room at the inn

The hotel sector continues to dismiss the threat of Airbnb, was the message sent to delegates at this year's International Hotel Investment Forum in Berlin.

Geoff Ballotti, president & CEO, Wyndham Hotel Group, said:

"Renting these units has been established since Jesus, Mary and Joseph checked in. To the extent that Airbnb is new supply is not the case. Where we are concerned is around the condominium owner who is illegally renting on a nightly basis. That is new supply but a very small piece."

Chris Nasetta, president & CEO, Hilton Worldwide, added:

"We think at least half the travel is new travel. You need to remember the core business you're in or you're going to veer off the road and do yourself damage. We're in the business of hospitality. We need to own the hospitality experience, the check-in to check-out experience."

For Richard Solomons, CEO, InterContinental Hotels Group, the key issue was making sure that their customers were educated about the group's offering. He added:

"We have extended stay, we have serviced apartments. We should make sure that we have the right conversation, but we shouldn't forget about the products we do have - lots and lots of people want that and it has been growing. The branded hotel market has grown significantly faster than the alternative market.

When you think about what we can offer across the experience in comparison to the intermediaries, there is a whole spectrum where we can define the brand and the experience."

Wolfgang Neumann, president & CEO, Rezidor Hotel Group, was more vehement, commenting:

"We need to learn a little from the taxi industry - not going on the streets of Paris and erecting barricades, but Airbnb is hardcore business. It's time that we as an industry started being more vocal."

One area where the global operators were looking to wrest power back, certainly from the online travel agents, was by pushing direct bookings, aided by their loyalty programmes. Solomons said:

"If you have loyal customers, you need to tackle them directly. Most of the OTA users today are price-sensitive leisure travel and they are hard to attract. Our booking direct trial has meant that, if you're making a price promise, then you have to deliver it. The OTAs run a business saying they are the best value and that's not always true. One of the things we bring as a brand is managing those channels more effectively than an owner can. It drives a lot of incremental value."

Nassetta, who has overseen Hilton launch what it has described as the biggest marketing effort in the company's history, to push direct bookings, said:

"Customers have been confused by the intermediaries to think they are getting better value and a better experience. If, in the end, they want to go through intermediaries of course we want those customers too, we have good relationships with a whole host of intermediaries. There have been misconceptions about value.

We need to make loyalty more of a compelling club for everyone - 52% of our system last year was driven by Hilton Honors. You need to create a real value proposition."

Creating and retaining loyalty was seen as key to success, with Neumann adding:

"You have to create engagement with the customer and the loyalty scheme is the way to do that. The customer can get a great deal with us directly and it's at a low cost to us."

Solomons added:

"Customers want to be connected to a brand and the loyalty scheme is how you do that. We should build on the heritage of some of our brands. It's about value, not about the cheapest cost."

The global operators are waking up to what they must do to take back power from the OTAs. HOSPA's revenue managers should expect knocking, if not hammering, on their doors.

Pace of restaurant openings slows

Restaurant openings continue to make up for the fall in licensed premises caused by pub closures across Britain - but the pace of expansion is easing.

Those are among the headline findings from the third edition of the trade's Market Growth Monitor, the exclusive and definitive survey of Britain's restaurant, pub and bar supply from AlixPartners and CGA Peach. The Monitor's data from CGA's Outlet Index shows that Britain's number of drink-led licensed premises fell by 1.2% in the year to December 2015 - equivalent to 808 sites. But the number of food-led premises rose by 1.6% over the same period, thanks largely to the roll-out of casual dining operators around the country. The net result is that Britain had just over 124,000 licensed premises in December, up by 0.1% on the same point a year earlier.

After years of steady decline driven by the closure of drink-led pubs, the figures show that restaurants have restored the licensed trade to expansion mode. But overall growth of 0.1% is significantly lower than the totals revealed in the previous two editions of the Market Growth Monitor. This indicates that the pace of restaurant openings is slowing down, due in part to fragile consumer confidence and to the availability and costs of property.

The findings on supply echo similarly modest trends in sales over the last year. The Coffer Peach Business Tracker measured 1.5% growth for managed pub and restaurant businesses in 2015, well down on the 2014 figure of 2.8%. It has prompted speculation that although many casual dining chains continue to expand, restaurant supply might soon start to outstrip demand in some places.

Other findings from the third edition of the Market Growth Monitor include:

- Growth in restaurant openings remains reasonably even across Britain, with all major regions increasing their supply of dry-led licensed premises in the year to December 2015. Growth was fastest in the north east and Wales, at 2.9% each
- Pub closures may be starting to bottom out. The 1.2% decline in drink-led premises in the last year represents a notable slowdown in the context of a 12.6% fall over the last five years
- Scotland increased its supply of licensed premises by 0.8% in the year to December - suggesting that the impact of the tightening of drink-drive limits might be lower than feared
- Growth in openings of licensed premises in London was lower than the national average at 0.4%, reflecting suggestions that the market in the capital may be over-heating.

CGA Peach vice president Peter Martin said:

"The casual dining sector remains buoyant, with established names rolling out and a steady flow of new concepts arriving to keep them on their toes. But with the pace of openings slowing, our latest Market Growth Monitor will give pause for thought to anyone who thinks the boom will last forever. Competition for market share is fiercer than ever, and the risk of saturation is likely to be an increasingly pressing issue this year."

AlixPartners managing director Paul Hemming said: "While the MGM data shows a slowing of new openings, it's important to remember this is a net figure. It does not capture the ebb and flow of existing sites changing hands between operators, and the on-going march of the multi-site branded operators taking market share from independents.

"That said, it is inevitable that site expansion will at some point slow, especially against the fierce expansion rate of recent times. It is becoming increasingly hard to find good sites at economic rents. With the backdrop of wage inflation, it's is also difficult for operators to improve their operating margins, so many will just have to accept a lower return on capital as they grow."

Leading learners: A monthly look at each of our highest achieving learners

Each month we profile one of the Education & Training Programme Learner Award Winners - learners who achieved the highest combined examination and assignment score for their programme intake and Stage during 2015.

Studying through flexible, distance-learning is a big commitment, and almost all of our learners are working in full-time positions and are often juggling competing priorities with family and work, which is challenging enough, so this makes the results achieved by our outstanding learners, even more remarkable.

This month we meet double award winner, Sam Willetts, who achieved the highest grade in Financial Management - Introductory Management Stage, which he completed in March 2015 and the Operational Management Stage, completed in September 2015.

During the Introductory Stage of the course, Sam learned about the conceptual framework of accounting, data processing, preparing statements of account and internal audit and control. During Stage Two, the Operational Stage, Sam learned about the elements of cost, budgeting and forecasting, using costs for decision-making and presentation of information. Sam has just completed Stage Three, the Strategic Stage, where he learned about strategic planning and forecasting, financial strategies for growth, interpretation of performance and control of working capital. Let's see if Sam can achieve a full-house of awards and add Stage Three to his collection!

Sam currently works as Transaction Management Assistant at Jurys Inns which involves the reporting on a number of financial operational activities across the group, and the analysis and improvement of the financial processes of the business.

After completing GCSEs and A-Levels and achieving a degree in International Banking & Finance at Liverpool John Moores University in 2008, Sam began his career in hospitality. He began working in a Frankie & Benny's Restaurant for what he initially thought would be a short-term position, but ended up working there for a number of years. During this time he worked his way up to a management position. However, after four years he felt it was time to move on and, although he enjoyed his time in the operational side of hospitality, he'd always wanted to get back to a more finance-orientated position. He was offered the role of Transaction Management Assistant at Jurys Inn, and embarked on the HOSPA Financial Management programme shortly afterwards.

Sam says that:

"The HOSPA Financial Management course has helped me to gain a greater understanding of finance at a property level, as being based in a Head Office there are some areas of property finance I don't face on a day-to-day basis. Therefore, having this knowledge will be of great benefit as I look to progress within the company."

In the future Sam sees himself developing and progressing within the finance function of Jurys Inn and working towards further financial qualifications.

IFRS 16 Leases – The impact on the hotel sector

It's been a long, long wait, but we finally have the international standard dealing with leases, IFRS 16.

It will still be a few years yet before the first financial statements are published which have to comply with the new standard, since it is effective for periods beginning on or after 1 January 2019, although early adoption is allowed.

Even given this timing, many hotel owners will need to consider the effect on their financial statements quite soon. Some hotel companies will see major changes to their balance sheets, and some change to their reported profits. Where they have loans with covenants, management will need to consider the effect that the changes will have on compliance with those covenants. Where breaches of covenant are likely, or reasonably possible, talking to lenders before the change hits accounts will be crucial.

Who will be affected?

There are some changes to the guidance dealing with the definition of a lease, and in particular more detail is provided on determining whether a contract conveys the right to use a particular asset. But nonetheless in most cases companies will find that their arrangements under the old and new guidance will be the same. What will change is how some of those leases are treated.

The new standard covers all leases, whether the company acts as lessor or lessee.

The changes for lessors, however, are fairly minor. The new standard largely carries over the current accounting model for both finance leases and operating leases so will not lead to major change. Lessor accounting has never been the main focus of the standard setter's interest, given that even under the existing model there has always been an asset recognised, and the IASB has decided not to make major changes to the nature

Lessees with existing finance leases will also find the changes do not make that much difference. Finance lease lessees already account for an underlying asset and the financing of that asset through that lease. They will continue to do so.

It is those who have operating leases as lessee, who will be most affected by the changes. Hence any hotelier who leases their hotel rather than owning it outright will be significantly affected.

Because lessee accounting is changing substantially whilst lessor accounting is not, there may be some oddities arising where hotels are owned by one company in the group and leased to another.

Changes to lessees

Current international standards draw a distinction between finance and operating leases, depending on the terms of the lease such as its duration, the amounts payable and any options that may be included in the contract. Finance leases then give rise to the recognition of an asset and a financing liability, whilst operating leases are not recognised in the balance sheet but treated as giving rise to an expense spread over the term of the lease. It is this distinction which disappears under the new standard. As a result, due to the long useful life of a building virtually all property leases, including those for hotels, currently only require disclosure in the notes to the accounts, but do not yet give rise to the recog-nition of any assets and liabilities.

It is this distinction which disappears under the new standard.

In future, all leases will be treated in the same manner. The new treatment is broadly similar to that of a current finance lease – companies will recognise an asset, being their right to use the asset and a liability, representing the present value of their obligation to pay for that asset.

So companies that currently lease their hotel, will find that in future they have to recognise their interest in the property as an asset in the balance sheet. At the same time, they will also be required to record a liability for their future payments under the lease agreement.

Effect of the changes

Where a lease is recorded under the new rules, having previously been treated as an operating lease, this will not always have a major effect on reported net assets. But given the size of many property leases, it may make a substantial difference to gross assets and gross liabilities, changing ratios that are based on these figures. In particular gearing ratios, as total debt will be higher than before. Where companies have loan covenants based on total debt levels this may lead to breaches simply due to the accounting change.

There may also be quite a dramatic effect on reportedly profit, although that will vary between companies. Currently operating leases are nearly always spread evenly over their life, so the charge is constant. Under the new rules, the total charges will consist of two elements - the depreciation of the building and the interest charge arising due to the financing. The depreciation will normally continue to be on a straight line basis, but the interest charges will be weighted towards the earlier part of the lease period. So whilst ultimately the total lease charges over the lease period will be the same as they were before, they will be more front-loaded, with higher charges in the earlier years and lower charges in the later years. The effect of these changes could be quite substantial, particularly where the company operates just one hotel under a leased contract.

The standard setter has been at pains to stress that not all of the changes will lead to the accounts appearing to give a more negative view of the company. Operating cash flows, for example, will often increase, since some of the cash flows currently shown as operat-ing outflows will be categorised as attributable to financing. However, whether or not that will change operating cash flows depends on how interest costs are currently categorised in the cash flow statement.

Determining values

The new model for all leases is broadly similar to the old model for finance leases. The liability and asset to be recorded is not the total nominal value of all the payments that will be made under the lease but the present value of those payments.

This is likely to prove more complicated than at the moment. Ideally, the interest rate inherent in the lease should be used, as it currently is with a finance lease. In practice, this amount will often not be known to the lessee. Where this is the case the amount will have to be estimated by reference to the lessee's incremental borrowing rate, not always clearly known and also likely to involve some judgement.

Exemptions

There are exemptions under the standard.

An asset and liability need not be recorded in respect of short leases, those of less than a year. This is unlikely to be relevant for a hotel and to avoid this being misused, there are provisions covering leases with variable terms which may last for more than a year. So while very short term leases will be excluded, those with extension clauses will have to be considered in great detail and the lease terms closely considered.

There is also an exemption for leases of small assets, which could basically be described as a materiality exemption. Hence leases of catering equipment or audio equipment for example may potentially be ignored.

Other matters

Some other matters are dealt with in the standard, such as how to deal with variable payments and whether they are accounted for initially at best estimates or dealt with as and when they arise. Whilst such issues do not arise under most leases, hoteliers should look out for any unusual features of their leases since they may give rise to complex accounting issues.

What next?

- Review current leases and assess whether they contain service elements. If so determine whether these elements may be split out from the main lease.
- Consider whether current long term leases may be renegotiated with the landlord on shorter terms, to reduce the impact on the balance sheet.
- Begin preparation of transitional disclosures.
- Consider additional resources, e.g. time and staff, required to prepare the financial statements for the first year applying IFRS 16.

How we can help

This summary does not cover all the changes required under the new standard, but we are happy to help provide guidance on the changes that will affect your business or provide assistance with the accounting adjustments required.

For more information or to discuss how we could help you with the transition, please contact us.

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Leaders optimistic but cautious

Leaders in the eating and drinking out sector are optimistic about growth in 2016—but there are concerns about intense competition, consumer spending and property and staff costs.

Those are among a wealth of insights from CGA Peach's exclusive 2016 Business Leaders' Survey, sponsored by Korn Ferry, which sets the agenda for the pub, bar, restaurant and the wider foodservice sectors in 2016.

It reveals that nearly half (47%) of leaders' businesses performed ahead of expectations last year - a record high in the seven years of the Business Leaders' Survey. A quarter of leaders (25%) are now very optimistic about business prospects for 2016, with more than half (58%) fairly optimistic.

But both these figures are slightly down on the last two editions of the survey, suggesting that optimism about 2016 is accompanied by significant caution - and that 2015 might even have marked a high point for restaurant and pub operators. Concerns for 2016 include fragile consumer confidence on spending, and only half of leaders (52%) expect visit frequency to increase in 2016, compared to more than three quarters (78%) last year.

The two key concerns for 2016 are around property and people. More than two thirds of leaders are either very concerned (34%) or concerned (35%) about rental and property costs, while similar proportions (34% and 36%) feel the same about the implementation of the National Living Wage. The possibility of market saturation (29% and 35%) is another major concern.

The notes of caution echo findings from other authoritative research tools from CGA Peach. The Coffer Peach Business Tracker found that like for like sales for managed pub and restaurant groups increased by only 1.5% in 2015 - down from 2.8% in 2014. And the latest Market Growth Monitor from CGA Peach and AlixPartners identifies a noticeable slowdown in licensed premises openings amid fears of over-supply - though leaders of casual dining operators remain bullish on opening plans for 2016 in this latest survey.

- Craft beer is the top drinks trend identified by leaders for the fourth year in a row. On the food side it is healthier, 'free-from' foods that are most mentioned by leaders, with superfoods and barbecue also widely tipped

- There are substantial fears about the potential impact of terrorism in the UK, with more than half of leaders either very concerned (17%) or fairly concerned (34%) about it. There is much less alarm around the 'Brexit' vote; only 8% and 21% are very concerned or concerned about its impact

- Staff training and employee engagement are operators' key investment priorities this year, with technology and digital marketing next

- Technology remains a pressing issue for businesses, and leaders thinking it can add most value to payment solutions, marketing and promotion and staff training, recruitment and engagement

- Operators expect much more from suppliers now, and not just on price; demand for insights and premium products is growing too.

CGA Peach vice president Peter Martin says:

"2016 is going to be another year of change and challenges for the eating and drinking out market. This fascinating survey shows that eating and drinking out remains substantial, stable and ambitious - but intrinsic growth is hard-won, and competition out there is more intense than ever before. Property and people are tough nuts to crack, market saturation is a growing concern, and harnessing technology for business gain remains elusive. But for brands that can stay on top of trends, identify the right property and people and consistently deliver great customer experience, the future is bright."

"In a hyper-competitive sector we are once again seeing the people equation dominating the agenda"

Other findings from the 2016 Business Leaders' Survey include:

- Premium fast food is the format to follow in 2016, with 59% of leaders mentioning it as likely to thrive this year. All-day, flexible formats (51%) and street food or pop-ups (48%) are the next most tipped

- Transport hubs will continue to increase in importance to restaurant and pub operators in 2016, with more than three quarters (78%) mentioning them as likely hotspots for growth. Town centre retail developments (60%) are next on the list

Holly Addison, head of consumer practice UK at Korn Ferry Futurestep, said:

"As ever the year ahead will deliver a myriad of challenges and opportunities. Optimism is clearly cooling to a degree, yet predictions of new openings and investment remain ambitious. Looking forward into 2016 there is continued focus on customer centricity, and attracting and engaging with Generation Z will be a formidable challenge in this dynamic and thriving industry. In a hyper-competitive sector we are once again seeing the people equation dominating the agenda, and the arrival of the Living Wage and gender pay reporting bring an additional dynamic to the already ferocious battle for talent."

Wedding venues warned

The Competition and Markets Authority is advising over 100 wedding and event venues that requiring large deposits and cancellation charges could breach consumer law.

The CMA's advice reminds the businesses - which provide venues for a range of events including wedding receptions, parties and anniversaries - of their obligations under consumer protection law, and recommends that they review and, where necessary, change their terms.

With costs for hiring venues often running into thousands of pounds, potentially unfair cancellation terms can result in considerable loss to consumers, particularly when they have to pay significant sums up-front which they lose if they have to cancel or change their plans.

The letters inform the businesses of when their terms are more likely to be fair under consumer protection law, including the following:

- A deposit is just to reserve the goods/services and is no more than a small percentage of the total price
- Advance payments reflect the business' expenses, and leave customers with a reasonable amount still to pay on completion
- Customers do not lose large advance payments if they cancel, in all circumstances
- Businesses set sliding scales of cancellation charges so they cover their likely losses directly from the cancellation

The CMA has sent the letters on behalf of the Consumer Protection Partnership (CPP), which has been considering the use of advance payment and cancellation terms by businesses in their consumer contracts.

Nisha Arora, CMA Senior Director, Consumer, said: "Planning a wedding or any large event can be stressful. Consumers are particularly vulnerable when they are focusing on preparing for a special event and have paid significant sums up-front. Businesses need to treat their customers fairly and should not require unjustifiable, non-refundable deposits or impose unreasonable cancellation charges, which could mean customers lose a significant amount of money if they change their mind about the venue or have to call off the event.

"Clear and fair terms benefit consumers and businesses, help to prevent disputes and provide protection should things go wrong. Unfair terms, even when a contract is signed, are not legally binding and we encourage any businesses which use advance payments and cancellation charges to review their terms to ensure they comply with consumer protection law.

We have worked closely with Trading Standards Services and consumer advice bodies to help businesses improve their practices and ensure they comply with consumer protection law. Many businesses in this sector comply with consumer protection law and engage in good business practices, but we urge others to raise their standards. Businesses that use unfair terms risk enforcement action.

As the first item in a suite of planned compliance materials, the CMA has produced an at-a-glance guide for businesses to help them understand the things to look out for and tips on setting advance payment and cancellation terms that are more likely to be fair."

Leon Livermore, Chartered Trading Standards Institute Chief Executive, said:

"Getting married should be one of the happiest and most exciting days of a couple's life, but sadly it doesn't always go to plan.

If a wedding has to be cancelled or plans have to be changed, couples could face losing out on considerable amounts of money after putting hefty deposits down to secure their dream venue or location.

When you are trying to plan the perfect day, it is often easy to overlook certain contractual details during the planning stages but consumers need to be cautious before entering into a contract and always be aware of any costly cancellation charges or non-refundable deposits."

Trading Standards Services advise businesses to ensure their practices comply with consumer protection law, those that do not risk enforcement action.

A Night For Nepal

Debra Adams, Head of Professional Development at HOSPA

In 2014 I took part in a Charity Trek in Nepal to raise funds for the UK-based Springboard Charity. Our group of volunteers was made up of hospitality professionals from across the sector including another long standing HOSPA member, Martin Johnstone, Finance Director at Lester Hotels. In total our group raised £140,000 for the charity to support activities which include helping young people to achieve their potential and nurture unemployed people of any age into work.

In addition to completing an 85km challenge, trekking through the Annapurna mountain range in the foothills of the Himalayas, we also spent three days building classrooms at the Shree Mahendra Bal Lower School, located in the outer regions of Kathmandu, which had been damaged by an earthquake three years before. On our return to the UK, the Nepal14 Club was set up by the trekkers and continues to raise funds to support the school, improving water supplies, funding educational support, and focusing particularly on helping the female population to improve their lives. Sadly, the school was severely damaged in the 2015 earthquakes and efforts have been focused once again on helping to rebuild the community in partnership with Children of the Mountain, a charity supporting the poorest children in rural Nepal by providing them with opportunities through education and personal development.

Children of the Mountain (COTM) was established in 2009 after the founder John Matthews, who has more than 25 years' experience in hospitality financial management and is now owner of the Windlestraw Hotel in the Scottish Borders, took part in a trek in Nepal. During the trip he met an English nurse who was attempting to set up clinics for malnourished children and decided to support her cause. COTM has since gone on to help many children and many schools. John says:

"The joy that comes from the simple fact that we have shown an interest in their lives can be clearly seen on the faces of the children."

More information about the Children of the Mountain can be found on their website at www.childrenofthemountain.org/

We need your help! In order to continue to support the school, a fund raising dinner is being held in partnership with the students at the Edge Hotel School in Colchester on May 5th 2016 to raise funds to specifically finance a kindergarten, the training of teachers, school meals, uniforms, books and creative materials. All new classrooms will be built to specifications to withstand any future earthquake.

If you would like to attend the event or even if you are able to donate prizes for the raffle and auction please contact me at debra.adams@hospa.org - Thank you!

Children of the Mountain together with the Edge Hotel School cordially invite you to

A NIGHT FOR NEPAL

in association with

Lisa Goodwin-Allen – Northcote

Madalene Bonvini-Hamel - The British Larder

Chantelle Nicholson - Marcus Wareing Restaurants

THURSDAY 5TH MAY 2016

Venue: Edge Hotel School, Wivenhoe House,
Wivenhoe Park, Colchester CO4 3SQ

Drinks: 7pm Carriages: Midnight

Tickets: Table of 10 for £1000

Dress Code: Lounge Suit / Cocktail Dress

Special accommodation rates have been made available to guests attending the event. Please ask when booking your table.

For more information visit:
http://www.edgehotelschool.ac.uk/anightfornepal
or to book tickets directly: salesnepal16@gmail.com

FourteenIP HITEC competition winner announced

FourteenIP in partnership with HOSPA and HFTP are delighted to announce that David Pryde, Group IT Director, Bespoke Hotels has won our HITEC competition. The competition 'announced at HOSPACE' awards the winner a trip to New Orleans including hotel accommodation, VIP tickets to a baseball game and a full conference and exhibition pass to HITEC courtesy of our friends at HFTP.

HITEC is the world's leading hospitality technology exhibition and conference and 2016 sees the first year that Fourteen IP will have a booth (booth 2014!) HFTP is also the new home of industry icon and HOSPA CEO Carl Weldon.

Commenting on the prize win, Fourteen IP Managing Director Neil Tolley said:

"We changed things around on this competition to make it a bit more interesting and to make the result as clear cut as possible, there was a real rush over the last few days with a lot of entries of varying scores and times, we had a few entries with 100% scores and David's was the quickest, just, so well done David.

I would like to thank everyone who joined in and entered for their effort, being Fourteen IP we will be running more competitions in the future I wish everyone the very best of luck."

About HITEC

The Hospitality Industry Technology Exposition & Conference (HITEC) offers a unique combination of top-notch hospitality technology education, led by industry peers and experts, and an unparalleled trade show showcasing the latest products and services from over 300 companies, occupying more than 130,000 square feet.

Nowhere else can premiere hospitality professionals gather to learn and experience the technologies that continue to enhance our industry and our customers' experiences.

The questions and correct answers

1) What are five top ways Hosted Telephony can help your hotel?

Super Resilient
Uses More Power
Fixed cost, everything included and always up to date
Pay for what you use
Uses proprietary handsets
Centralise services
Contact Centre Solutions & PCI Call Recording
Lots of flashing lights

2) Does Evolution Voice offer PCI Call Recording?

No
Yes
What is PCI?

3) Can I retain my existing bedroom telephones with Evolution Voice?

Yes Always
No Never
Yes in most cases

4) How many countries can Evolution Voice provide inbound coverage?

12
18
48
58+

5) How many extensions will be provided by Evolution Voice to the recent win for 40 UK Hotels?

10000
12000
14000
9500
11500

6) Can a home user be part of a call centre group?

Yes
No
Only if using the UC One PC Application

7) What are the Four Values of The Fourteen Way?

Passion
Profit
Innovation
Enjoyment
Family
Vision
Communication

8) Evolution Gateway includes a comprehensive Conference Tool that allows organisers to simply configure wired and wireless networks for their guests from an easy to use web GUI, is this free of charge or available for a small monthly fee?

Small Monthly Fee
Its Not Included as standard
Its Included Free of Charge

9) What Powers Evolution Voice?

Android
Broadsoft
Windows
Asterix

10) In which year was HOSPA formed?

1965
1969
1975
1982
1734

Why are hotels sleepwalking into a state of increased OTA dependency?

OTAs. For over the 15 years that I have been within this industry, independent hotels here in Europe have been always dependent on agencies – initially offline, which then became online. From the early days when GTA (Gulliver Travel Associates) were all-dominant, to now where booking.com has to some extent replaced GTA, hotels have allowed external agencies to take over their inventory.

Now we are entering a new phase, where it has been clear for some time that booking.com and Expedia have been implementing two very different strategies to maintain growth and market share. Expedia has been expanding by acquisition, with its latest buys of Orbitz, Travelocity and Home & Away, while Booking.com has been diversifying with its purchases of Buuteeq. They make these moves due in part to the competition on the horizon from Google and Airbnb. The recently announced deal that saw booking.com providing global inventory to Tripadvisor Instant Booking effectively makes them now an OTA.

Over the last few years, TripAdvisor has been worked extremely hard in cultivating a positive relationship with hoteliers, while reviews, (thanks to TripAdvisor) have become an ever more important part for hotel directors to focus on to ensure excellent guest comments get published. Some hotels have even gone as far as directing their hard-won traffic from their website to their page on TripAdvisor (which also sells their competitors). Behind many reception desks, there are now certificates and plaques of excellence from booking.com and TripAdvisor occupying pride of place. However great these actions are, hoteliers are feeding and promoting the very agencies online that send them business with a 15-20% commission bill.

We have also seen OTAs (including TripAdvisor) investing heavily in user experience, making it easier for guests to book a hotel from either a desktop or mobile device. They are introducing features such as confirmations sent straight to guests' phones and personalized marketing which provides with useful suggestions based on searches. Due to their size and power, OTAs have the resources to take advantage of the huge amount of data available to ensure a great user experience. Indeed many hoteliers would be the first to use booking.com for their business travel as all their personal information is stored there.

Booking engines for the independent hotelier are also sometimes too focused on revenue management techniques rather than user experience. Book your hotel on booking.com, then on your site – how does it match up? You may need to start looking at some of the great products out there with booking engines focused on providing a unique user experience but also incorporating data capture at its heart.

So why are hotels sleepwalking into increased OTA dependency?

The answer is simple – laziness. With the changes within our industry I have mentioned, it is most likely that there will be an increase in competition within the OTA distribution space. TripAdvisor becoming an OTA is a big game changer, especially as they are in the top three of most visited travel sites. Google, still the number one search tool and with its total dominance on smartphones, could become a valuable player. These changes, if left unsupervised, will allow OTAs to eat into even more of your inventory, especially if you are openly promoting them from your own website.

Hotels can be smart at collecting guest data via inexpensive methods such as social Wi-Fi. Booking engines and websites can be improved to provide a better user experience. You can interact with your guests using Whatsapp or Facebook Messenger to provide that special attention to detail. And all the above can be done cost effectively and implemented seamlessly, so you can focus on providing your guests a unique experience while starting the process of slowly decreasing your OTA dependency.

Currently in Europe, almost three quarters (74%) of independent hotel reservations comes from an OTA (Source: Phocuswright). Now just imagine if we got that figure down to around 10% by being smarter with how you connect to your guests and users on your website. Marketing online is not just about PPC campaigns; it requires a more holistic approach which takes advantage of the very latest technology to improve your hotel in three ways: data collection, online user experience and guest communication.

OTAs are a fundamental part of your online distribution, but they should not be your only focus. Make 2016 the year your hotel started reversing the trend of increasing dependency on OTAs and start building a solid platform to increase your direct online reservations.

About the author
John Kearney is Director of Hotelient as well as Hotel Sales & Consultancy Specialist with over 15 years of experience in managing hotels. Hotelient provides guest marketing solutions to hotels across Europe. Need help in planning the right online marketing strategy for 2016? Talk to us, email info@hotelient.net for further information.

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Growth to slow

2016 is expected to see solid but weaker growth in the regions and slightly healthier, but modest growth in London.

PwC's March 2016 update reflects our more cautious thinking on prospects for hotels across the UK, the Provinces and London in 2016 and provides our first thoughts and forecasts on performance in 2017. While we remain positive we are less optimistic than we were a few months ago, at the time of our forecast in September 2015.

So far the year has not got off to a good start in London, as STR Global's preliminary data for January suggests a 3.8% decrease in occupancy to 66.6%, while ADR (average daily rate) was down 1.7% and RevPAR (revenue per available room) fell 5.4% to £81.04.

We acknowledge that there are reasons to be both fearful and cheerful with considerable uncertainty and risk. The UK economy has slowed and our projections have been revised down to reflect this. The inflation outlook is also weaker than six months ago, restricting the need and ability of hoteliers to increase rates. The international picture has also darkened, with slower growth in emerging markets such as China, weak global trade and geopolitical tensions (particularly the refugee crisis, the Middle East and the so called Brexit referendum now set for June). Furthermore, supply additions in London have been above normal levels putting pressure on occupancy rates.

Nevertheless, despite the gloom, we think this hotel cycle has some room for more growth and the year will pick up. Whilst the economy is slowing we are still expecting growth in both the UK and our key European inbound travel markets; a record 35.8 million foreign visitors came to the UK in 2015 and more records are expected to be broken in 2016.

Rising pay levels (including the living wage) and improving disposable income in the UK (with a helping hand from lower oil prices) are helping drive up consumer confidence and spending. The pound, having moved against the sector since 2014, has recently fallen from recent highs against the euro which will also help buoy up inbound demand.

In terms of our latest revised forecast, following a buoyant Provincial performance in 2015, we see room for weaker growth in 2016 in the regions. London had a more mixed year in 2015, and we forecast a slightly healthier year in 2016 for London compared to 2015, where the Paris terrorist attacks in November cast a long shadow over performance at the end of the year and the beginning of 2016.

Accordingly, our latest forecast for the Provinces in 2016 expects RevPAR growth of 4.2% taking RevPAR to £53, driven by a consistent occupancy gain – enough to nudge occupancy to a record 77% for the year – and a 3% additional ADR gain. In 2017 we anticipate RevPAR growth slowing further but still demonstrating additional 3.2% growth, supported by both occupancy and ADR improvements. Our latest forecast for London in 2016 anticipates modest RevPAR growth of 1.9% taking RevPAR to £120, aided by modest occupancy and ADR growth; in 2017 we anticipate a further 2.2% growth supported by only a little occupancy growth and a 1.5% ADR growth, taking it to £147 in nominal terms.

We expect trading fundamentals to continue to improve across virtually all the cities in 2016 and 2017, but after an exceptional 2015, the growth (for most) will be weaker than 2015. Most will still see a continued increase in ADR particularly. With occupancies already high in many cities, most will see growth coming from ADR. The staying power of this growth trend in these cities is impressive.

In 2016 Rome takes pole position (+19.2% RevPAR growth), as the Jubilee or Holy Year is expected to attract huge numbers of pilgrims. Next comes Dublin (+9.1%), Prague (+6.6%), Madrid (+5.8%) and Lisbon (+5.7%).

At the other end of the table, another Italian city, Milan, saw a large boost in 2015 from EXPO 15, and as a consequence sees a very negative comparative this year. Paris suffered from two terrorist attacks in 2015 and Brussels suffered from a security lockdown. Despite the attacks, both Brussels and Paris have relatively stable tourism sectors and we expect a recovery back to average trends by 2017.

In 2017, Dublin takes up the baton, leading the cities in RevPAR growth (+8.2%), followed by Lisbon (+6.9%), Porto (+5.8%), Barcelona (+5.5%), Prague (+4.9%) and Milan (+4.1%).

PwC's research and forecasts show that growth remains the dominant theme in 2016 and 2017 - albeit weaker than in 2015.

Hoteliers we speak to corroborate this and are increasingly confident that 2016 will see trading improve further, although many voice concerns around the stormy economic and geopolitical backdrop, local supply issues and pressure from shared apartments and accommodation models such as AirBnb. Of course it's not just about growth rates and the absolute levels of trading are also a key piece of the jigsaw. Each city has its own supply and demand characteristics and could be at a different stage on the hotel cycle. All these factors and more need to be taken into consideration in any comparisons.

The highest occupancies

In 2016, the highest occupancies are forecast to be in three cities, London (despite high supply additions and only a marginal increase forecast), Dublin (with little new supply opening) and Edinburgh (with a high pipeline). Amsterdam and Rome (up from 17 last year to 5th position in 2016) are not far off. Berlin, Paris and Prague follow. These are not quite the same results as in 2015. For example, Paris has slipped but is expected to move back up again in 2017 as trading recovers from the impact of terrorist attacks. Absolute occupancy levels have crept upwards for many cities. Frankfurt could break through the 70% occupancy threshold in 2017. Higher occupancies reflect a structural shift towards more branded budget hotels in some countries as well as access to online distribution channels combined with greater propensity to travel.

The highest ADRs (€)

In 2016 the most expensive city in the survey is Paris which has dislodged Geneva to second place. Next, Zurich, followed by London, Rome, Amsterdam, Barcelona and Frankfurt which has seen strong growth.

In 2017, most cities, except Geneva and Zurich, see further ADR growth, albeit quite marginal for Brussels or Moscow. Zurich's forecast ADR growth is 0.5% but the level in euros is lower than 2016 due to exchange rate assumptions. In CHF terms, from CHF 239.8 in 2016, it goes up to CHF 241 in 2017. In 2017 all the top rankings remain the same as 2016 but there are some changes further down as the chart shows with Dublin and Lisbon moving up the chart and Berlin and Edinburgh moving down. There is a huge disparity, in euro terms, between those at the top and the bottom of the chart.

The highest RevPARs (€)

In 2016 Paris is still expected to keep its top position, despite only marginal ADR and occupancy gains. Geneva also stays put in second place in 2016, despite a rates fall and in 2017 London beats it to second place. In 2016 Rome moves to 5th place with a gain of just under €20.

Economy

Eurozone GDP is expected to continue to expand by around 1.6% in 2016 and 1.7% in 2017, its fastest growth rate since 2011. Many visitors to Europe come from further afield and the improving economic situation in the US should lead to increased numbers of tourists in the future. But, the global outlook remains mixed and the changing balance of global growth, low oil prices and geopolitical risks will determine the global economic outlook for 2016.

Travel

Growth in the travel and hospitality sector is expected to continue to outpace the wider economy and further growth is forecast for 2016 in business and leisure markets. Various special events that will help attract visitors to Europe this year include the announcement by Pope Francis of a special Jubilee in Rome, lasting from December 2015 to November 2016, when 25 million visitors and pilgrims are expected to visit Rome; the UEFA Euro 2016 sees France as the host nation with the football tournament held at 10 host cities (including Paris) between June and July; 2016 sees Milan's San Siro Stadium host the UEFA Champions Final. But perhaps stealing the limelight from Europe, summer 2016 sees Brazil host the Olympic and Paralympic Games.

Supply

In 2015 demand for rooms (rooms sold) increased by around 3.1% while supply growth (rooms available) saw only a 0.8% gain and this imbalance is expected to continue, although pipelines are picking up in 2016. European cities with the largest pipelines include London, Istanbul, Moscow and Berlin.

While some cities, such as Dublin, report a continued shortage of hotel rooms which could constrain growth by limiting visitor volumes; others such as Amsterdam are concerned about influencing the diversity and quality of new development, rather than quantity of new rooms. Barcelona has introduced a moratorium on new development. In contrast, London expects to see above average new supply additions in 2016, double the number of rooms that opened in 2015.

For most cities the fast growth in the serviced apartment sector and shared space models like Airbnb adds to the competition facing hotels, as well creating challenges for those seeking to regulate them.

Four of the most significant risks we currently see facing the hotels sector facing the hotel sector are 'Big data', modern slavery, cyber security and data privacy.

'Big data'

Hotel business models are being challenged by the emergence of well-established as well as new online entrants, disrupting the traditional patterns of planning and reservations.

Data is a key resource for responding to threats and making the most of the opportunities. In particular, the ability to analyse the vast amount of information that hotels have access to about their customers, can be used to improve business decision-making as well as customer experience.

However, hotels often lack the right customer data, in the right format, with the ability to analyse it. Even where data does exist, the systems required to enable effective analysis are not available.

The answer to these challenges starts with a better understanding of the data required to optimise business decisions and performance:

- What are the performance KPIs or aspects of experience that data and analysis can best support?
- Do we have this information, and if so, where, and how is it captured and stored?
- Is it of sufficient quality?

Modern slavery

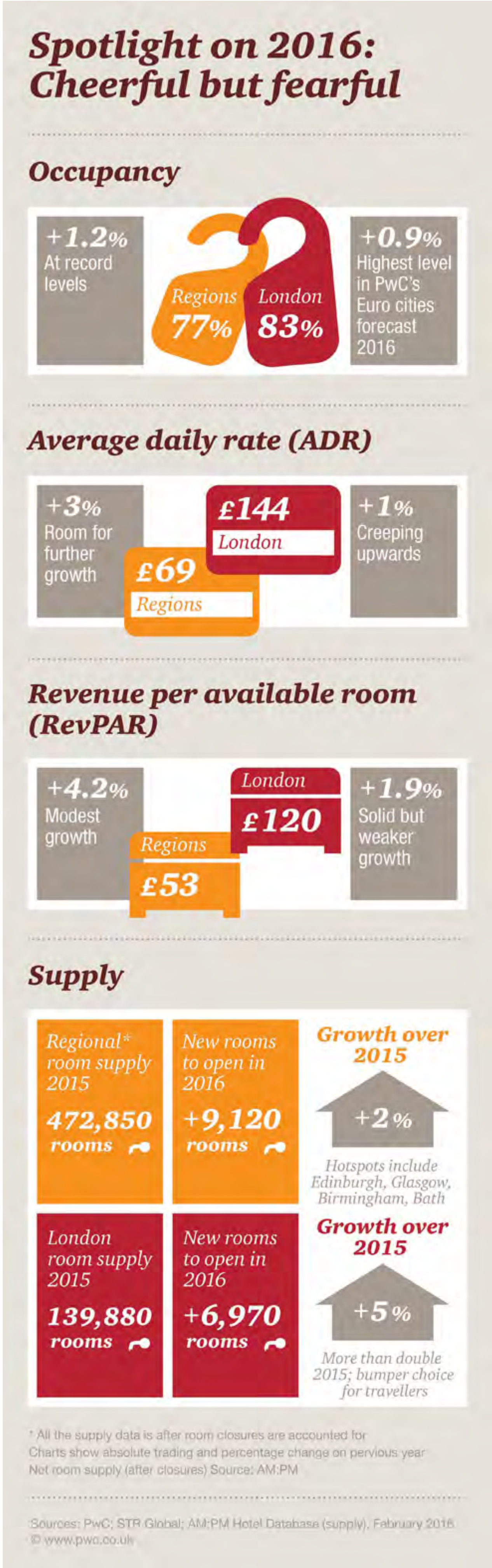
Corporate Social Responsibility (CSR) is increasingly used to achieve competitive advantage with many organisations choosing to report voluntarily, providing insight, ensuring transparency and demonstrating how they operate ethically and sustainably.

As new legislation is introduced, such as the Modern Slavery Act, businesses are likely to be subjected to increased scrutiny by their stakeholders.

Management must confirm that slavery and human trafficking is not taking place in their operations and their supply chain or else they risk reputational damage or civil proceedings in the High Court.

All obligated businesses need to publish a 'slavery and human trafficking' statement which includes:

- The steps taken to ensure that slavery and human trafficking is not taking place in your operations; or
- That you have taken no such steps – whilst this will fulfil your regulatory requirement, it introduces additional reputational



Pub and restaurant groups report positive January trading

• Collective like-for-like sales up 1.9% on January 2015
• Provinces see best of trading uplift

Britain's pub and restaurant groups have reported a solid start to 2016, with collective like-for-like sales in January up 1.9% on the same month last year, according to latest figures from the Coffer Peach Business Tracker.

"January is a slow trading month, so not too much should be read into these figures, but the sector will be pleased to have started what looks like being a challenging year on a positive note,"

said Peter Martin, vice president of CGA Peach, the business insight consultancy that produces the Tracker, in partnership with Coffer Group, RSM and UBS.

Total sales for the month among the 31 companies in the Tracker cohort were up 5.4% on the previous year, reflecting the impact of new openings and the continued investment in sites, particularly among restaurant groups outside of London. Companies trading away from London saw the best of January's sales uplift too, with collective like-for-likes outside of the M25 up 2.4% on last year, while London sales were essentially flat, registering just a 0.4% increase.

"Generally, casual dining brands also out-performed pubs and bars, with January like-for-likes up 3.6% nationally and 4.7% outside of London. The capital was a tougher trading environment for all in January,"

This January's pattern was similar to last year's, when overall the market was up 1.4% on 2014, and with restaurants outstripping pubs, perhaps reflecting the continued impact of 'dry January',"

The weather also always plays its part. Although it has been extremely wet, it hasn't snowed to any large degree and rain does not have the widespread disruptive effect that winter snow can have on people's decisions to go out,"

added Martin.

The long-term trend shows sector like-for-likes ahead 1.8% nationally for the 12 months to the end of January against the previous 12-month period.

David Coffer, chairman of The Coffer Group, said,

"The January like-for-like sales figures for inside London reflect, to some extent, the emotional sentiment Londoners experienced as a result of the November Paris atrocity. It is comforting to note the apparent small rebound in January. It will be interesting to see whether this trend continues onwards through to the summer.

The superior like-for-likes for outside London are no surprise and confirms the trend of expansion away from an ever more expensive London market - in terms of property acquisition, and indeed consumer prices. This trend is expected to continue. The very high cost of London living is seeing the boundaries of Greater London extend to the provinces with many now commuting on a daily basis from provincial cities. This trend will also continue and further enhance trade outside of London."

Paul Newman, head of leisure and hospitality at RSM, added:

"The figures show yet another month of like for like outperformance from sites outside of the M25, which reflects the growing maturity of the wave of new site openings regionally over the past 12-24 months. This steady but slow overall growth is positive against the backdrop of highly volatile global equity markets. Although the volatility may have dented many pension portfolios, it has failed to impact the consumers' ongoing appetite for eating and drinking out."

Jarrod Castle, leisure analyst at UBS Investment Research, also highlight the improving performance of multi-site operators away from London:

"The 12-month moving like-for-like average inside the M25 ended at 1.1% down from 1.3% in December, while outside it was 1.3% against 1.2% in December."

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
LFLs	1.6%	-0.3%	1.2%	2.1%	1.7%	1.1%	0.6%	1.2%	2.5%	-0.2%	1.3%	1.9%
Total	5.8%	3.7%	5.2%	6.2%	5.8%	4.8%	4.3%	4.6%	6.1%	3.5%	4.7%	5.4%

Source: Coffer Peach Business Tracker

Bright start for the West Midlands

Hotels in the West Midlands made a good start to 2016, recording a 1.5% increase in profit per room driven by revenue growth across all departments, including Rooms (+3.0%), Food & Beverage (+0.4%), Conference & Banqueting (+2.9%) and Leisure (+7.3%), according to the latest HotStats data.

The overall 1.8% increase in TrevPAR (Total Revenue per Available Room) was sufficient to offset increasing costs in both payroll (+3.0%) and overheads (+2.7%) on a per available room basis.

That said, despite the 1.5% year-on-year increase in GOPPAR (Gross Operating Profit per Available Room), profit conversion for West Midlands hotels fell slightly, by 0.1 percentage points, to 22.3% of total revenue for the month.

Performance Drops For Heathrow Hoteliers Despite Record Passenger Numbers

Hoteliers at Heathrow Airport suffered a 2.3% decline in RevPAR (Revenue per Available Room) this month, as a result of a 1.1 percentage point drop in occupancy and a 0.8% decrease in achieved average room rate. The decline in January was in contrast to the strong performance by Heathrow hoteliers in 2015, during which a 5.5% increase in RevPAR was recorded, which enabled GOPPAR growth of 8.7% for the year, to £34.10. But was also contrary to the 1.0% increase in passenger numbers handled by Heathrow Airport, to 5.5 million, a record for the month of January.

The best ever start to a year for Heathrow Airport was on the back of a record year in 2015, as 75 million passengers passed through the UK's largest airport. The growth in January was attributed to improved travel to/from emerging markets, including Mexico (+21%) and China (+16%), as well as the introduction of new routes and new aircrafts.

Top line performance levels at Heathrow hotels are typically lowest in January, which leaves little margin for cost increases. Despite the best efforts of Heathrow hoteliers to reduce costs, recording a 6.7% saving in payroll and a 4.3% reduction in overheads on a per available room basis, the savings were not sufficient to offset the 4.2% decline in TrevPAR. And as a result, GOPPAR at Heathrow hotels dropped by 4.0% to £21.41 per available room for the month.

Nottingham Hotels Continue to Grow Profit into 2016

Further to the 8.5% increase in RevPAR and 7.8% growth in GOPPAR in 2015, hotels in Nottingham have continued to grow revenue and profit into January 2016, recording year-on-year growth in both key metrics.

Despite suffering a 0.3% decline in achieved average room rate, a 1.3% increase in RevPAR for the month of January was recorded due to a 0.9 percentage point uplift in room occupancy, to 59.8%. There have been no new additions of note to Nottingham hotel supply since the opening of the 202-bedroom De Vere Orchard Hotel in 2012, and the recovery in the economic profile of the city has enabled hoteliers to thrive, recording a 24.5 per cent increase in RevPAR to £44.66 in the 12 months to January 2016, from £35.86 in the 12 months to January 2013.

Nottingham hoteliers suffered through the economic downturn, but performance in the East Midlands city goes from strength to strength, which in 2015, was driven somewhat surprisingly by growth in demand from the leisure segment, enabling an increase in the achieved rate in the individual leisure (+7.3%) and group/tours (+13.2%) segments.

The strong top line performance has successfully flowed through to the bottom line, with hotels in Nottingham recording a GOPPAR of £24.00 in the 12 months to January 2016, compared to £17.67 in the 12 months to January 2013, a 35.8% uplift.

HOTSTATS
Hospitality Intelligence

BRIEFING DATA
UK Chain Hotels - Market Review
Currency: £ Sterling

The month of January 2016

WEST MIDLANDS

	Jan'16	Jan'15	Var b/w
Occ %	58.6	58.5	0.1
ARR	71.33	69.37	2.8%
RevPAR	41.78	40.57	3.0%
TrevPAR	80.69	79.29	1.8%
Payroll %	36.8	36.3	-0.4
GOP PAR	18.02	17.76	1.5%

HEATHROW

	Jan'16	Jan'15	Var b/w
Occ %	71.7	72.8	-1.1
ARR	70.16	70.76	-0.8%
RevPAR	50.32	51.53	-2.3%
TrevPAR	73.45	76.67	-4.2%
Payroll %	31.2	32.0	0.9
GOP PAR	21.41	22.29	-4.0%

NOTTINGHAM

	Jan'16	Jan'15	Var b/w
Occ %	59.8	58.9	0.9
ARR	58.08	58.28	-0.3%
RevPAR	34.74	34.31	1.3%
TrevPAR	63.52	62.73	1.3%
Payroll %	33.6	35.5	1.9
GOP PAR	12.97	12.50	3.7%

The Calendar year to January 2016

WEST MIDLANDS

	YTD'16	YTD'15	Var b/w
Occ %	58.6	58.5	0.1
ARR	71.33	69.37	2.8%
RevPAR	41.78	40.57	3.0%
TrevPAR	80.69	79.29	1.8%
Payroll %	36.8	36.3	-0.4
GOP PAR	18.02	17.76	1.5%

HEATHROW

	YTD'16	YTD'15	Var b/w
Occ %	71.7	72.8	-1.1
ARR	70.16	70.76	-0.8%
RevPAR	50.32	51.53	-2.3%
TrevPAR	73.45	76.67	-4.2%
Payroll %	31.2	32.0	0.9
GOP PAR	21.41	22.29	-4.0%

NOTTINGHAM

	YTD'16	YTD'15	Var b/w
Occ %	59.8	58.9	0.9
ARR	58.08	58.28	-0.3%
RevPAR	34.74	34.31	1.3%
TrevPAR	63.52	62.73	1.3%
Payroll %	33.6	35.5	1.9
GOP PAR	12.97	12.50	3.7%

The twelve months to January 2016

WEST MIDLANDS

	Rolling'16	Rolling'15	Var b/w
Occ %	71.2	69.3	1.9
ARR	73.40	69.75	5.2%
RevPAR	52.27	48.32	8.2%
TrevPAR	101.99	97.02	5.1%
Payroll %	30.7	31.5	0.8
GOP PAR	32.64	29.49	10.7%

HEATHROW

	Rolling'16	Rolling'15	Var b/w
Occ %	84.4	82.8	1.6
ARR	74.58	72.66	2.6%
RevPAR	62.93	60.16	4.6%
TrevPAR	92.68	89.54	3.5%
Payroll %	27.5	29.3	1.7
GOP PAR	34.03	31.66	7.5%

NOTTINGHAM

	Rolling'16	Rolling'15	Var b/w
Occ %	72.5	70.8	1.8
ARR	61.56	58.92	4.5%
RevPAR	44.66	41.69	7.1%
TrevPAR	80.96	76.78	5.4%
Payroll %	30.0	30.1	0.1
GOP PAR	24.00	22.65	6.0%

Average Room Rate (ARR) - Is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.

Room Revpar (RevPAR) - Is the total bedroom revenue for the period divided by the total available rooms during the period.

Total Revpar (TRevPAR) - Is the combined total of all revenues divided by the total available rooms during the period.

Payroll % - Is the payroll for all hotels in the sample as a percentage of total revenue.

GOPPAR - Is the Total Gross Operating Profit for the period divided by the total available rooms during the period.

For more information please:

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Members' Events

18th April 2016
Fraud, IT & Finance Joint Meeting

Time	**Location**
6pm	The Royal Automobile Club, London

This joint meeting for Finance and IT professionals will take a practical look at the types of fraud that are being experienced in hospitality and how to address them:

- Explore different types of fraud that are occurring in hotels
- Controls that can be adopted to prevent fraud
- Applying technology to detect and counter fraud
- Monitoring and alerting technology to protect your infrastructure, systems and data which helps achieve PCI DSS compliance
- The risk posed by concessions and business partners

To book, please contact jenny.rose@hospa.org

25 April
Digital Media

Revenue Management Meeting

Time	**Location**
6pm	Strand Palace Hotel 372 Strand, London WC2R 0JJ

11 May
Two-day course in Hotel Revenue Management

Time	**Location**
8am	University Of Surrey

Event Details
HOTEL REVENUE MANAGEMENT: PRICING, MARKETING AND DISTRIBUTION

As a HOSPA Member, you are entitled to a 10% discount.

*** Please put c/o HOSPA after your company name on the registration form, to qualify for the discount ***

A SnapShot in revenue management at The University of Surrey, introducing a more collaborative approach to Demand Management.

Summary
The course aims to broaden an understanding of Revenue Management, promising some hard work, fun interactive exercises, along with opportunities to network. Attendees will apply their learning by taking part in a competitive web based simulation, responding to business situations, and using market intelligence to make decisions throughout a year of trading. The course will wrap up with an analysis of 'big data' together with discussions on future trends in Revenue Management.

The course is designed and delivered by University of Surrey in partnership with SnapShot, a Berlin-based startup which provides analytics for hotel data, stored in the cloud, and presented on an intuitive, actionable dashboard. The School's Centre for Research and Enterprise offers open and bespoke executive education programmes to meet the increasing demand for industry-specific learning and development.

The partnership between the University of Surrey and Snapshot ensures the course provides attendees with access to the latest in both academic research and industry real time developments in the area of Revenue Management.

You will find yourself in a friendly and mutually supportive atmosphere of interactive discussions, and practical workshops.

Programme goals
The programme will provide attendees with an in-depth understanding of:

- The pillars of Revenue Management: Pricing, Marketing and Distribution
- The key areas that revenue management tackles
- The breadth and types of data available to revenue managers
- The importance of consistent data structure and analysis
- The Key Performance Indicators used in benchmarking and why they are important
- Pricing strategies relative to demand and value and their impact on hotel performance
- The importance of adopting a collaborative approach to managing demand through distribution channels
- Developments in the area of revenue management and current trends

As Revenue Management evolves, it is important for knowledge of the revenue function to be extended across departments. This program will allow you to contribute more effectively to the revenue decisions being made in your hotel and understand how to answer those difficult queries from your customers around pricing.

Participants
The course has been developed to suit those who have had little exposure to Revenue Management previously, but have an interest in understanding the role of a revenue manager in a hotel. It is meant as a foundation course, perhaps for those who are looking for a move into Revenue Management, or to be able to contribute more to this function in an existing role.

Early-bird discounts available now! For more information, please register to access a downloadable flyer at:
http://www.surrey.ac.uk/school-hospitality-tourism-management/news/two-day-course-in-hotel-revenue-management

*** Please put c/o HOSPA after your company name on the registration form, to qualify for the discount ***

10th June 2016
BDO - London Members Technical Update

Time
8:30am: Breakfast/registration and networking
9:00am: Presentations
10:30am Q&A and further networking
11:00am: Close

Where
55 Baker Street


This is to certify that
Assistant Financial Controller
Has been elected
Associate Member (Cert.)
Of the
Hospitality Professionals Association
Given under the common seal of the Association
Chairman
Vice Chairman

Study with HOSPA on their flexible, self-study programmes in Financial Management or Revenue Management

Programmes are designed so that working professionals can fit their study around their work commitments. Not only that, but study materials use both contemporary terminology and professional examples and assessments are both work-based and academic, meaning learners can apply what they learn directly to the workplace.

Pitched at undergraduate level, the courses have been specifically written for the hospitality sector by specialist educators and industry-leaders.

FINANCIAL MANAGEMENT

Aimed at aspiring Financial Controllers and those wishing to gain a more complete understanding of the finance function in a hospitality unit.

The first step to gaining a recognised accounting qualification, with exemptions from some CIMA papers.

REVENUE MANAGEMENT

Revenue Management professionals wishing to gain the skills and knowledge required to manage hospitality Revenue Management divisions of the future.

Personnel wishing to gain a more detailed understanding of the Revenue Management function of a hospitality organisation, such as General Managers and Sales & Conference Managers.

CURRENTLY ENROLLING FOR THE MARCH 2016 INTAKE

For further information, please contact the Professional Development team by email education@hospa.org or visit www.hospa.org/education/education-programmes

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Sponsor of the HOSPA Calendar

HOSPACE Conference & Exhibition 2016

SAVE THE DATE!
HOSPACE 2016

Thursday 10th November

Sofitel London Heathrow, Terminal 5

Hospitality Conference & Technology Exhibition

HOSPA is a Community of Professionals - Promoting the highest professional standards in financial, Revenue and IT management in the hospitality industry.

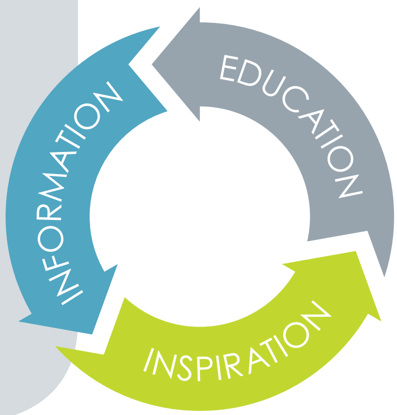
The Conference is an industry leading set of speakers and topics relevant for today's Hoteliers.

HOSPACE is also home to an Industry Specialist Technology Solutions Exhibition – covering all aspects of your Hospitality business.

Who should attend this event?

- **Senior Hospitality Business Directors**
- **Hospitality IT Professionals**
- **Financial Controllers and Accountants**
- **Revenue and Distribution Managers**
- **General and Commercial Managers**
- **Young aspiring employees wanting to develop their skills & meet with industry specialists**

And all those interested in keeping up to date on innovations and trends in the hospitality sector and mixing with the experts!



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