THE OVERVIEW

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Can blockchain cut costs?

Recruitment strategies
Managing tourism

Welcome to THE OVERVIEW

We may still be a shade too close to our Dry January resolutions, or too close to the memory of the festive break, to think of the pub, but it's certainly thinking about us.

The sector has been through a torrid time, certainly during this correspondent's tenure, where if it wasn't one thing then it was certainly another, if not both at once. Smoking bans, liberalisation of off-trade laws, changes to the Beer Tie, moral horror over drinking in general, changes to rates, they have all had their impact.

As a result, the pub sector has been forced to become extremely nimble and is almost unrecognisable from the days of dark, smoky refuges from 'er indoors. From the days when All Bar One realised that massive windows revealing sofas and a lack of threatening behaviour persuaded women that pubs were for them too, to the rise of the sausage-and-mash touting gastro pub, to adding boutique hotel rooms and turning pubs into weekend destinations, the gin palace is long gone.

Brexit is, of course, the elephant failing to clean up your room in the absence of a willing EU national. Here the pub is likely to fight its corner against the rest of the hospitality sector.

Pub stays are becoming increasingly popular. According to a study last year by booking platform Stay In A Pub, 48% of customers preferred to stay in one over a branded hotel. International tourists were also increasingly drawn to them, with many wanting to visit one as a top three 'must do' whilst in the UK.

A thriving, innovative business is likely to attract domestic workers - and the large pubcos are able to offer career advancement. It's also one of the few places where your friends can visit you at work and the boss doesn't mind because they contribute to the profits. Time to rethink that dental degree.

Katherine Doggrell

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In January's issue...

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Hospitality Finance, Revenue and IT Professionals

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Take our tip

HOSPA CEO Jane Pendlebury calls for your opinion on Tips and Troncs.

Many of you will have spoken and corresponded with Suzie Rose - she has worked with us since the Summer of 2016 and has been a great asset to the team. The workplace experience she has gained through HOSPA has enabled Suzie to secure her dream job, that of marketing and content executive for Studio 10. Her new role will enable Suzie to pursue her interest in the beauty industry, while also allowing her to take advantage of the skills she gained at university for video and television production. We will miss her but wish her lots of luck for the future.

Secondly, and almost as importantly, I am making an urgent request to find time to complete our survey on Tips and Troncs. We are seeking to gather as much information as possible, so if you are involved in a hospitality business where tips and service charges apply, please take part. Please visit: **surveymonkey.com/r/hospatips1**.

It has already been agreed that there should be a 2018 Code of Practice to replace the version published in 2009. Discussions regarding this new code are ongoing, and meetings between the ALMR and the soon-to-be-merged British Hospitality Association have been taking place, to which HOSPA is now contributing.

This is HOSPA's chance to influence the formulation of a new best practice document. The survey will close after 31st January 2018.

Background

The issue came to prominence in 2017, with extensive media coverage revealing that some hospitality businesses had breached wage rules by using service charge revenue towards the payment of minimum rates.

The impression created by the unions (and hence the press) has been that employees are being exploited. The media has tended to pick up only the negative implications and no mention was made of the many employees and businesses that have arrangements in place which satisfied all parties. Union action tended to focus on the levels of deductions made to cover costs such as payroll administration and credit card charges.

What we already know

- There are no standard practices in the UK hospitality industry for the handling of tips and service charges.
- Cash tips are generally accepted as belonging to the employees, with individuals taking responsibility for declaring the additional income.
- When a service charge is raised, it is common to have an internal policy covering who receives payouts and how individual payments are allocated, plus how the income and expenditure are then handled for accounting purposes.
- Deductions for handling costs are common.
- The use of service charge income varies from 100% distribution amongst all employees in all departments to minimal payouts to limited departments.
- Incentives are necessary to attract, retain and reward staff.
- Terms of employment need to be clear. In recognising the rising impact of statutory minimum rates, pensions and related costs, a few hotels have been able to restructure employment terms to extend the range of participants in the distribution of service charge income in return for lower base pay.
- The impact of Brexit on the recruitment of staff and increased supply costs have added to the pressure on profits. Anything that requires price increases or irrecoverable cost increases should be strongly resisted.
- While claiming to conform to the USALI standards, hotels are interpreting the standards to suit their particular circumstances and policies.
- Franchise agreements and management contracts often discourage service charge income from being reported as revenue in the accounts.
- Payroll costs are commonly shown net of service charges.
- Retained service charge income is often credited against specified costs.

Not only is there confusion within the industry, but guests are also crying out for more transparency. Priority for transparency should be between the business and the employees - and that if this is well handled, then messages to other parties such as the guest/customer and the public would be more consistent.

Please remember to visit: **surveymonkey.com/r/hospatips1** before the end of January to fill out our Tips and Troncs survey.

Harry Murray elected President of HOSPA

Distinguished hotelier and Master Innholder, Harry Murray MBE, has been elected President of HOSPA, as it enters a key period for attracting British talent into the hospitality industry.

Harry, who is the Chairman of Lucknam Park Hotel and Spa, has worked in the hospitality industry for over 50 years and has been recognised with numerous awards for his tireless efforts to raise standards of excellence. His awards include Hotelier of the Year, Catey Lifetime Achievement Award and an MBE for services to the hospitality industry.

His election was made by a unanimous decision of the HOSPA Board, based on his prominence in the industry, his reputation and his previous involvement with HOSPA and BAHA (the previous name for HOSPA).

HOSPA helps hospitality's Finance, Revenue Management and IT professionals to develop their careers, network with colleagues and keep up-to-date with industry trends and developments.

Speaking about his election, Harry said: "I am proud, honoured and delighted to have been chosen to lead this prestigious association at a time when retaining, attracting and developing talented people is vital to the future success of the British hospitality industry.

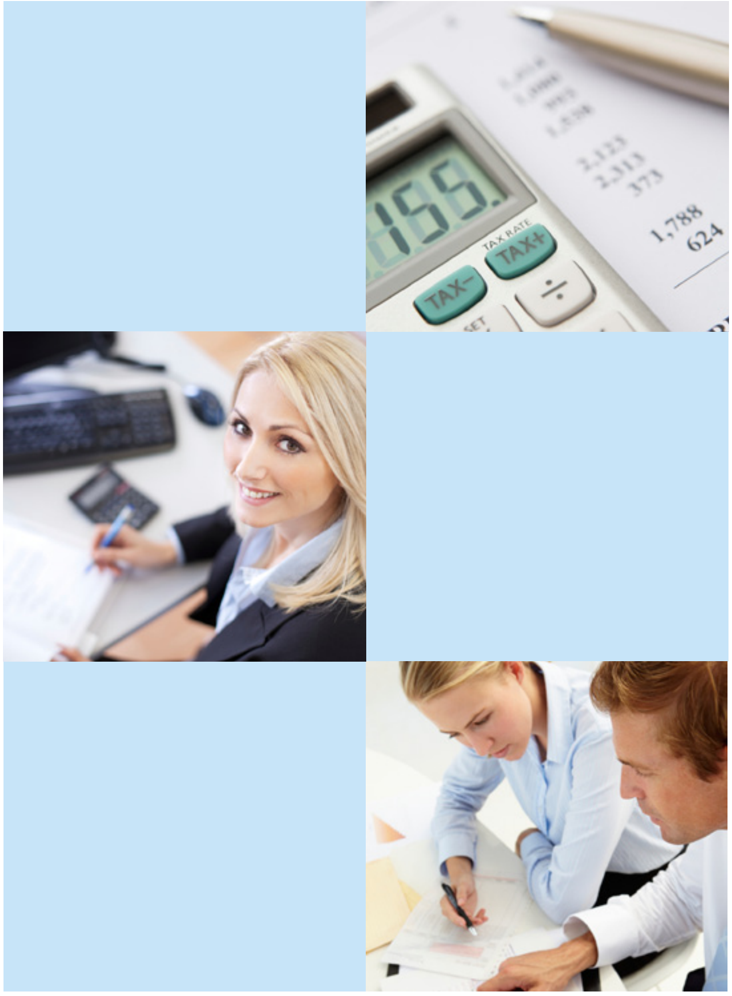
"For me, hospitality is the best industry in the world and we should be proud of the high standards we have achieved in the UK during the past 25 years. This is an industry where you can start at the bottom and go right to the top of the profession and we have to get that message across.

"Hospitality finance, revenue management and IT have never been more important than they are today and HOSPA leads the way with its educational programmes, events and workshops. I see an opportunity to work with HOSPA to help businesses improve their financial leadership, so I am looking forward to working with Jane and the executive committee to help them achieve this."

Jane Pendlebury, Chief Executive of HOSPA, said: "We are delighted to welcome Harry to the role of President. With such a distinguished career and a wealth of knowledge about the industry, we believe he is one the best people to lead us and are hugely looking forward to working with him to achieve our aims and objectives."

Harry attended the Annual HOSPA Learner Awards Ceremony at Hilton on Park Lane, London on 25th January. The event celebrated the achievements of all our highest achieving learners on the Revenue Management and Financial Management programmes in 2017.

For more information on HOSPA, please visit http://www.hospa.org/



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- Relevant and practical learning
- HOSPA Associate (Cert Revenue Management) membership of HOSPA on completion of the full programme

Introductory modules are available for those new to Revenue Management leading to modules designed specifically to enable learners to apply the techniques to every day practice.

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Recruitment Strategy in 2018

We enter the New Year with unemployment figures at unimaginable lows. The Bank of England is expecting growth in real wages. Further falls in Sterling's purchasing power are still expected by leading thinkers. As the post-Brexit economic headwinds continue to swirl it seems unlikely that the sector's recruitment concerns raised by the HOSPACE panel during the debate on the implications of Brexit will be taken off hotel boardrooms in the foreseeable future.

Perhaps an experienced Non-Executive Director may suggest that accepting this received wisdom reveals wrong thinking and a weak strategy?

Philip Bolson, the General Manager of Yorkshire's only five star hotel, The Grand Hotel & Spa in the centre of York, has not allowed himself to be distracted by the media spin over tight labour markets. In a tremendously refreshing conversation just before the festive break, Philip laid out to me his long term strategic vision which will continue to ensure that those who choose to work in this sector in Yorkshire will desire to have 'Grand Hotel' at the forefront of their CV.

Philip views the drama of Brexit as merely the latest in a long line of challenges faced by the hotel sector. Recruiting the right staff has always been critical, particularly for businesses outwith the grasp and attractions of London.

At the crux of his analysis is the premise that the best people will aspire to work at the best establishment. The Grand's Five Star status attracts applicants at all levels in a way that competitors cannot. That has not, however, happened by accident.

The Grand is housed in the iconic former headquarters of the North Eastern Railway Company and only became a hotel in May 2010 after a £25 million renovation, originally as the Cedar Court Grand Hotel, before being sold in 2014 to the Splendid Hospitality Group. It now enjoys top decile occupancy figures.

Building one's reputation is vital according to Philip. This is achieved by working heavily with the local commercial community - universities, colleges and businesses - in order to raise not only the profile of The Grand but the hospitality industry generally.

Motivating staff is key to their retention. Philip uses the word 'nurture' to describe his leadership initiatives such as junior boards, delegating Project Management and supporting Intern Programmes, encouraging staff to focus on providing memorable five star experiences and 'moments of truth' that will encourage customers to return and whose 'word of mouth' endorsements will attract new visitors.

It is Philip's belief that as the 'behind the scenes business side' of hospitality such as the range of governance and management roles in finance, legal, commercial, IT and marketing departments is better understood within the local community, the industry's attractiveness as part of the ecosystem will grow organically.

The Grand is not standing on its laurels. Having consolidated its recent investments in its new Rise restaurant and terrace, fine dining establishments Hudsons and the courtyard area, Philip is overseeing the development of 100 new state of the art rooms. Once completed, a raft of initiatives will be introduced to re-emphasise The Grand's determination and ambition to enhance its five star status for clients whilst thereby simultaneously addressing its recruitment needs as its reputation grows.

Jim Doyle is a Fellow of HOSPA and provides non-executive solutions, constructive challenge and strategic perspective for a portfolio of clients across the Humber Region and North East.

To bot or not

With the widespread adoption of in-house apps, instant messaging and even robots, hotels are on the cusp of a chatbot revolution.

Chatbots are already working hard in the hospitality industry, from taking fast food orders to helping travellers plan their trips. While conversational AI is very much in its infancy in the hotel sector, it certainly has plenty of potential, says Nigel Symonds, Hospitality Consultant at Avenue9. So how could chatbots change the hotel industry?

A new reservation channel

In August 2016, Icelandair launched a booking bot, leveraging Facebook's chatbot development toolkit. Modelled on a text conversation with a real travel agent, the bot not only offers and takes reservations for flights, it also suggests a layover in Reykjavik.

Elsewhere in the travel industry, Expedia, again using Facebook's technology, launched a basic bot to help travellers book hotels. According to Symonds, in order to stave off fierce competition from online travel agencies (OTAs) and encourage direct booking, hotels should be looking to follow suit. "From our perspective, hotels definitely want to start integrating this technology," he says.

Enriching the pre-arrival experience

"Booking additional services is where the power is," says Symonds. At the moment, hotels usually send out an automated email several days in advance of a guest's arrival, suggesting amenities like spa treatments, airport transfers, and dinner reservations. "It would be great to have chatbots doing this," he adds. "The benefit of a bot is that it can interact with the guest, asking questions such as whether it's a special occasion, for instance, and responding with relevant offerings."

On-resort interaction

London's Edwardian Hotels were among the first to launch what they call a virtual assistant. Designed for those who prefer to engage with the brand digitally, the interface allows guests to order room service or get local recommendations from Edward the bot.

"It's all about enhancing the guest experience," says Symonds. "When integrated into the property management system (PMS), chatbots could be used to alert guests of real-time spa and restaurant availability, and offer last-minute rates." Challenges include ensuring the offers are relevant to the recipient - including that your guest wants to get involved with the technology in the first place. "Certain generations will feel excluded if hotels abandon the more traditional routes of engagement," Symonds adds.

Supplementing and supporting staff

With conversational AI able to answer straightforward questions, front-of-house staff are freed up to provide the kind of service only humans can. At the same time, "we're seeing a shift in the desired skill set of hotel marketing and customer service personnel towards digital specialisation" says Symonds.

Chatbots aid guest interaction, but when a human needs to step in, that person needs to be both tech-savvy and able to embody the voice of the brand in a spontaneous and textually interactive way.

Leveraging data

A PMS-integrated bot that interacts with guests at all stages of the customer journey can gather valuable data, which can then be used by algorithms and hotel staff alike to provide personalised services. Unlike localised human interactions, entire chatbot conversations and outcomes can be stored and recalled for relevant future exchanges.

However, there's a fine line between the impressive and the downright creepy. "If suggestions are too intuitive, you can risk alienating your guest," says Symonds. As public perceptions catch up to the capabilities of technology, the solution, concludes Symonds, is a thorough and transparent permissions process.

ORACLE

Harnessing change

Oracle Hospitality research identifies the future of Internet of Things, virtual reality and wearables in the guest experience.

Oracle recently announced the findings of two research initiatives aimed at identifying consumer attitudes to new technologies and how their implementation will shape consumer behavior in the years to come. Insights from both the Oracle Hotel 2025 and Oracle Restaurant 2025 highlight that consumers are most willing to engage brands with new technology if they feel that they are in control of their experience and that hospitality operators should be wary of implementing automation without personal service.

“Given the heritage of service throughout the hospitality industry, we’re not surprised that guests want a continued human connection with their food and beverage and hotel brands of choice, despite the emergence of new technologies,” said Mike Webster, senior Vice President and General Manager Oracle Hospitality.

“Our hotel and restaurant management platforms OPERA and Simphony will continue to be enabling investments given their ability to provide a singular view of how guests engage and interact.”

The Hotel 2025 and Restaurant 2025 reports audited 250 restaurant operators, 150 hotel operators and 702 consumers in February 2017 on their reactions to technology’s role in the guest experience over the next 8 years.

Recognition and personalisation will be a driver for future technologies

- 33% of restaurant and 72% of hotel operators say that guest recognition via facial biometrics will be in use within the next five years.
- 31% of restaurant guests and 41% of hotel guests will be more likely to visit an establishment with greater frequency if they are recognised by a server or associate without having to give their name or show a loyalty card.
- Both restaurant (49%) and hotel (62%) guests agree that having this recognition would improve their experience.
- 28% of restaurant customers would visit more often and 45% said it would improve their experience if service was faster because they were recognised.
- 42% of restaurant guests find suggestions based on health invasive and 68% find suggestions based on digital footprint invasive.
- 47% of hotel guests agree that using artificial intelligence to suggest items based on past purchases would improve their experience. 72% of hotel operators agree that AI-based systems that leverage guest preferences and buying history to make targeted dining recommendations will be mainstream by 2025.

Consumers are warming to voice-activated experiences

- 36% of restaurant guests say ordering through a virtual assistant would improve experience and 17% would visit more often, along with 50% and 33% of hotel guests respectively.
- 59% of hotel guests believe controlling their room via a voice-activated device would enhance the guest experience and operators agree. Hotel operators polled indicated that managing room control and ambiance management (78%) via voice activation would be widespread by 2025. Hotel operators also believed that ordering room or hotel services (70%) via voice activation would be adopted by 2025.
- Operators are keen on gathering customer feedback by voice; 61% of restaurant operators and 68% of hotels said this will be in use in the next five years.

Virtual reality will enhance the booking and on-property experience in hotels

- Consumers also indicated that virtual reality tours of hotel properties (66%) and virtual reality lounges for entertainment (44%) would improve the guest experience.
- Hotel operators also believe virtual reality technology will be widespread by 2025 with a variety of use cases: staff training (68%), guest entertainment on property (64%), and previewing meeting rooms (63%).

Robots won’t be replacing hospitality staff anytime soon

- 50% of restaurant guests said being served by a robot would not improve the guest experience and 40% would visit less.
- 37% of hotel guests said being served by a robot would not improve the guest experience and 22% would visit less.
- 64% of restaurant and 58% of hotel operators say that the use of robots for cleaning is appealing.

Operators begin to consider investment in wearable technology

- 51% of restaurants and 63% of hotels say staff activity monitoring via wearable device will be in use in the next five years.
- 59% of restaurants and 78% of hotels say that staff checking into work and onto workstations via wearable device will be in use in the next five years.

Hotel tech trends for 2018

And so the inevitable march of technological progress goes on…leaving every hotel management team wondering where to invest their limited amount of reserve funds.

We all know that the future holds many fascinating possibilities about what can be adapted to improve the overall guest experience. The question is what should be acquired and implemented. With this as a guide, I've selected the following hospitality technology trends for the coming year not wholly on wow factor but far more so on practicality and ROI.

Wielding your CRM

It's been a long road from simply trying to comprehend what a CRM is to full data terminal integration and leveraging the inferences based from these interconnections. In 2018, those ambitious hoteliers who have fought to amalgamate all their hotels' various guest profile databases into one unified system will now see the fruits of their labor. With a rich CRM you can drill down to craft highly targeted and overly effective promotional offers.

You can also design better onsite programs to capture more ancillary revenue. Above all, knowing guest preferences lets you build a more bespoke experience. I will admit, though, that attaining a unified CRM amongst all of a hotel's databases is a bit like pulling teeth, but it's a necessary evil nonetheless.

Smart TVs become a reality

The epitome underlying any technological democratisation is the gradual lowering of prices so that the new toys become more accessible to the masses. While smart televisions were fun to demo at past conventions, many of us never really gave them much thought beyond that. Now, however, with sticker shock waning, a bulk order of new in-room wall monitors may be just the ticket for your 2018 upgrade budget. Further, the table name electronic brands like Samsung have built the latest iterations of these devices with greater degrees of compatibility than ever before so that they have significantly less depreciation and more utility over the long-term, especially for when you eventually decide to upgrade to a smart thermostat, digital door signage, bathroom wall displays or any other component that can integrate directly into the television.

Casting as expectation

As streaming services like Amazon and Hulu usurp traditional broadcast as the primary medium for television consumption and cord-cutting becomes ever more prevalent across all demographics, having casting technology in the guestroom is likewise moving from a value-add to an expectation. Put another way, if you can't facilitate a proper connection between guests' phones and the in-room televisions so they can stream off their own stored profiles, you risk making the overall experience feel dated and mediocre at best. In tandem with the spread of smart TVs, the good news is that there's also democratisation at work here, meaning that this tech is now cheaper and simpler. Not only are casting boxes provided by companies like SONIFI easy to install and use, but televisions are also more amenable to these kinds of software and hardware connections.

Digital art

It's time to think of screens as more than just mediums by which to watch sports or scroll through endless movie options on Netflix. When you consider a public space, screens have the potential to display whatever programs they are instructed to run. While you can start small by playing around with cool new electronic corridor signage that helps to evoke the core of your brand, you can also make quite a splash by recruiting an interior designer to transform a series of parallel monitors into a lattice of locomotive yet eloquent artwork. With OLEDs drastically cutting the energy cost and new screens built specifically for outdoor durability, digital art will soon see wide deployment to increase the allure of hotel lobbies or other public areas. If you're interested in pursuing something down this road, your first action should be to recruit an art consultant to help you source the people and develop the theme.

Training goes tech

In search of new and creative ways to cut costs, hoteliers are now looking for technology to solve their staffing woes. Building a mobile app for associates to learn the fundamentals of their job responsibilities like what's offered by HubEngage represents the base level for this, as it can sharply reduce a supervisor's time spent on job shadowing as well as a manager's time on one-to-many communication bulletins.

Looking beyond mere cost savings, though, harnessing the power of tech for training can heighten team accountability, eliminate legacy issues and boost overall morale which in turn translates to less employee turnover and absenteeism. The pinnacle for this silo is Novility which teaches SOPs as well as corrective exercises through a motion-sensor training station. In short, training hardware and software helps to enrich your team so guest service delivery is never compromised.

…And wellness for all

Two population trends are contributing to the rise of wellness programs at hotels such as Hilton's Five Feet to Fitness or throughout any of IHG's EVEN properties. First is the overall aging of the Western World, which will inexorably lead to an increased demand for care products, of which tech can play a role in helping to facilitate this demographic's extended independence. Meanwhile, millennials and the iGeneration have largely been raised under the belief that diet and exercise are essential for one's health, and these digital natives are always on the lookout for brands that can motivate them in this regard. Whether it's apps that track their daily movement patterns or interactive tools to stimulate them to fit in a workout whenever its possible, this health consciousness can mean big business for any hotel brand that wishes to capitalise upon it by using tech to help get people moving.

About the author

One of the world's most published writers in hospitality, Larry Mogelonsky is the principal of Hotel Mogel Consulting Limited, a Toronto-based consulting practice. His experience encompasses hotel properties around the world, both branded and independent, and ranging from luxury and boutique to select-service. Larry is also on several boards for companies focused on hotel technology. His work includes four books "Are You an Ostrich or a Llama?" (2012), "Llamas Rule" (2013), "Hotel Llama" (2015), and "The Llama is Inn" (2017).

You can reach Larry at larry@hotelmogel.com to discuss hotel business challenges or to book speaking engagements.

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→ BLOCKCHAIN

Will blockchain save the travel sector?

Katherine Doggrell investigates how the drive to cut costs has drawn the sector to blockchain technologies.

The travel market is fond of a catchy new technology and this season's is blockchain. Duetto describes it as "an incorruptible, decentralised ledger of economic transactions that can be programmed to record anything of value, not just financial transactions". So a locked Excel, which can be used to trade information without secrets being told. Where information is power, power is here.

Investors certainly think so. By October 2017, approximately $1.8 billion had been invested in blockchain startups that year, according to Smith & Crown, a specialist blockchain analyst.

The goal of blockchain technology in the hospitality/hotel industry is eliminating third-party costs, and encouraging direct provider to consumer interaction. One significant advantage in deploying blockchain technology is cost savings. All parties can access the blockchain, which updates at specific intervals. Using distributed-ledger technology, blockchain technology removes the middlemen in transactions, such as hotel bookings. The results are lower transaction fees and a more efficient route between supplier (hotel) and end user (guest).

The time when blockchain becomes relevant to the hotel industry is not far away, and executives in the industry need to pay attention to it, said Patrick Dunphy, CEO of Hospitality Technology Next Generation.

He added: "We're beyond the point where blockchain is cutting edge, and it's going to pass us by if we don't pay attention. Although we're not there yet from a distribution perspective, we shouldn't ignore the underlying technology."

TUI has been one of the first to embrace the possibilities to controlling its inventory. Chairman & CEO Friedrich Joussen said: "If you want to address 20 million customers individually, you need the most modern IT technology. In the blockchain, you avoid hierarchical structure, the world is flat, it's open, everybody can know everything. So, the blockchain is not in the internet, the blockchain is the next internet. It's the disintermediating technology for internet platforms.

"It's interesting to see what your customers do, equally is interesting when you cannot offer what the customer has asked for. And in the long tail, you see exactly that, you see demand building somewhere."

Joussen described how TUI's system currently worked: "Assume you have a hotel that customers book from the UK and from Germany. Let's assume the hotel has 100 rooms and you allocate 50 rooms to the UK and 50 rooms to Germany and they are, as an inventory, carried and administrated in the booking system.

“What we have done, we have flexed the inventory out of the booking system and have put onto the blockchain. Now what happens is Cyrus communicates to the blockchain inventory and suggests that for example, in the UK, the bookings into that hotel are running very well so the prices are very healthy, and we are running in front of the traditional booking curve, and may be in Germany, exactly the opposite. Maybe the prices are low.

“Cyrus starts to suggest that maybe we should reallocate some of the risk inventory from Germany to UK because we could make more money. This is the bed swap feature, and that’s exactly what the system is doing today.”

Looking ahead, Joussen said: “You could open it up - we could open it up for our Chinese markets. Like a hotel bed bank, without intermediary fees because it’s all flat, we don’t want manual, this is just available inventory.

“Digital is not, I sell my products on the website. Digitising a business is digitising the full supply-chain in the business and that’s what we are doing.”

The software industry has been paying attention, with the latest to launch a solution OwlTing, with a hotel management product which it said would “allow flexible inventory management and efficient booking transactions, with enhanced customer privacy and transaction security, thanks to blockchain”.

The company said: “With the rise of various online travel agencies, hotels must be able to strike a balance between pricing for visibility on major OTA channels and pricing for profitability on their own websites. Hotels also need to better understand their returning customers and adjust marketing strategy more proactively, which incumbent technology solutions cannot fulfil.”

TUI is also working with IBM to create a public blockchain for hotel distribution and has another project in the works, BedSwap, to assist in its revenue management functions. Through BedSwap, TUI intends to connect its revenue management infrastructure to its property management system through blockchain.

Commenting further, Strategic Coin’s Jon Creasy said: “The goals of blockchain technology in the hospitality/hotel industry is eliminating third-party costs, and encouraging direct provider to consumer interaction. Blockchain companies like Abab, Lockchain, Trippki, Fujinto, Emphy, and Pally are creating platforms that aim to cheaply and transparently connect customers to room and rental providers that can best meet their needs, whether that be through providing an affordable hotel booking, or a unique room in a house, or a new way of using loyalty points.

“When you book a room today, you will most likely use an online travel agency like Expedia or Kayak. Suppose you decide to stay one night in a hotel room, and the cost is $100. Most likely, $3 of that cost will go to cover the credit card processing fee. Another $17 will go to the agency you booked through - the booking fee. The remaining $80 is what the hotel actually gets from the transaction. This is the middleman market at work.

“But what if you didn’t need to pay any of these extra fees? Saving 20% on a hotel booking could potentially buy you a better room, another meal, or entertainment during your trip. Up and coming blockchain companies realise this, and are preparing to radically change the market. For instance, Trippki believes that both hotels and their customers should have a mutually beneficial relationship through universal reward points. Whenever a customer leaves a good review, or refers a friend, they are rewarded with TRIP, a utility token that can be spent at the hotel, or redeemed for cash.”

One of the key opportunities for hotels is within their loyalty programmes, which have been key in driving direct bookings over the past two years, with discounts being offered to members.

Amadeus said: “Today’s loyalty schemes have evolved over time, mostly based on proprietary technology and the basic concept of rewarding travellers for their continued purchasing of a travel product. Loyalty schemes have become a key marketing tool for hotels, airlines, credit card companies and retailers.

“The challenge for the traveller is often the complexity of redeeming loyalty points. Although some schemes have forged partnerships allowing points to be widely redeemed it is still true that in general an airline loyalty point can’t be used beyond booking flights. This can be frustrating for travellers and is also a problem for the industry. Any unspent loyalty points must reside on an airline’s balance sheet as a liability, which can hamper capital raising and investment.”

Loyyal is a San Francisco based startup focused on applying blockchain and distributed ledger technology to improve today’s loyalty systems. The company has developed its platform on IBM Fabric, offering a permissioned environment for programme operators to manage programme currency and logic amongst partners.

Today, if a scheme wishes to partner with another there is a complex and costly set up procedure as well as an ongoing file transfer and settlement process happening in the background. For a traveller wishing to transfer points between airlines in the same alliance it can often require a phone call and may take up to six weeks. The Loyyal platform seeks to address this challenge by improving interoperability between schemes. All loyalty schemes can share its single ledger on blockchain, which makes transferring a traveller’s points simple, fast and cost-effective.

Loyyal is currently working with an international airline in the Middle East showing the benefits of such interoperability. In addition, real-time invoicing and payment between partners executed automatically using blockchain-enabled smart contracts is in scope of this pilot.

In the future, Loyyal’s vision sees travellers accessing loyalty points in real-time. Imagine landing from a long flight and having points credited to an app immediately that could then be used to pay for a ride sharing service from the airport. Interoperability will increase to such an extent that a loyalty scheme for an independent hamburger restaurant could easily integrate with major schemes, reducing friction, improving the consumer experience and encouraging commerce. In essence, enabling access to the ‘long-tail’ for loyalty schemes.

In addition, any points issued via Loyyal technology are unique, are registered on the blockchain and can therefore be tracked. They are no longer just a ‘point’ like any other. This means scheme providers can collect much more powerful data on how travellers spend points via partner schemes. For example, an airline could see how a passenger spends points with a luxury retailer and send a personalised voucher to their mobile phone for a lounge experience. Or if someone is buying beachwear in winter issue an voucher for a beach holiday.

Similarly, Loyyal is enabling its loyalty schemes to offer microcost redemptions which are cost prohibitive using existing technology, say a film on a flight or digital assets for in-game purchases. This will encourage travellers to redeem points at rates that will be low enough to shift the focus from breakage to customer satisfaction and 'loyalty'.

Destinations are also interested in applying blockchain technology. Smart Dubai, a government entity with the vision of making Dubai the happiest city on Earth, is working with Loyyal on how it can incentivise behaviour. For example, can people be rewarded with points for driving during non-peak times or can people be incentivised to pick-up litter. Again, the vision is to achieve interoperability and use low cost point issuance and transfer using automated rules.

Katherine Grass, head of innovation and ventures, Amadeus, said: "The promise of blockchain has captured many people's attention. However, when it comes to managing mission critical systems in the travel industry Amadeus takes its commitment to thorough testing and due diligence extremely seriously. Similarly, we are committed to fully understanding the data security and privacy implications blockchain presents. Whilst this new approach to handling data excites us, we also recognise it is still extremely early in its development."

In this era of rising costs, anything which can help must be taken seriously, if not immediately, taken on board.

Hospitality feels the pinch

Katherine Doggrell reports that rising costs are likely to hold the sector back in 2018. Time to call your revenue managers.

The hospitality sector has seen a strong 2017, aided by the weak pound as leisure travellers in particular have sought out a cheap holiday on these shores. But, with STR and PwC now forecasting that the Brexit bounce is going to wane, both hotels and the pub and restaurant sectors are expected to suffer.

For hotels, at an event to kick off 2018, Robin Rossmann, managing director, STR, said: "2017 occupancies are now 10% above their 2008 peak. This doesn't sound like a lot, but this is huge - this is despite Airbnb, despite terror attacks. It helps when your destination is 20%, 30% cheaper, but that juice has run out, the year-on-year benefits have gone, the dollar is getting weaker - it's getting a lot more expensive for our esteemed guests to visit."

The New Year is likely to be a challenging one for the UK's hotel operators with flat occupancy levels and increasing overheads, despite positive global and EU economic growth. UK hotels average room rates should see modest growth, however.

Looking to 2018, Russell Kett, Chairman of HVS London, warned that the combination of wages going up, staff shortages, increasing food and utility costs, and the impact of higher property taxes and business rates as well as a strong pipeline of new hotels will put pressure on UK hotels operating margins over the next 12 months.

However, despite little or no occupancy growth, yields are likely to increase slightly with average daily rate and rooms revpar rising by an anticipated 5% in London and 3% in the regions.

European hotels are also likely to see revpar increases next year and conceivably beyond, while those in Paris and Brussels will continue to recover more strongly from the impact of recent terrorism atrocities.

Kett believes that leisure travel for the year ahead will remain strong in the UK, particularly while the pound is relatively weak, although corporate business looks set to be squeezed as companies seek to contain costs. Likewise domestic consumer spending could remain somewhat dampened as confidence is still shaken by the UK's impending move from the EU. The threat of security concerns in key cities also remains in the background, but has yet to have a material effect on hotel demand.

While there is a deceleration in UK GDP growth, there will still be growth and the overall outlook for travel into the UK remains positive. Hoteliers must focus on service, quality, outperforming their competition and encouraging direct bookings rather than becoming a slave to costly online travel agents.

Next year will truly sift the good from the average, particularly in cities with an increasing supply of hotels, such as London. Operators need to maximise revenue from every bit of space and keep a tight control on overheads, said Kett. The message to tourists must be that the UK is still very much open for business.

He added: "The UK hotel industry has faced a stream of headwinds in recent years, including rising costs, supply growth, terrorist attacks, and the evolution of third-party distribution and sharing economies. However, the five-year trend suggests that hotel operators will continue to adapt and innovate to drive continued growth and profitability, and thereby value.

"It is unlikely that investor interest will ever wane substantially for hotels in London, although it might start to taper off in the provinces. Performance continues to grow, albeit at a slower rate, and even though profitability may be adversely affected through rising operating costs hotels still remain very profitable, particularly when operators are talented, diligent and nimble."

In the restaurant sector, NPD warned that the foodservice market had slowed since the June 2016 Brexit referendum result.

Cyril Lavenant, Foodservice Director UK at the NPD Group, said: "The British foodservice market has slowed since the Brexit referendum and the industry remains smaller than it was in 2009. However, the main message is that there is still growth and the industry is currently showing resilience. This is because operators have spent the past 10 years since the last downturn creating a lively and appealing foodservice environment that encourages consumers to keep eating out.

"However, there are big challenges ahead. The weakness of Sterling means foodservice operators will have to replace global sourcing with local sourcing while ensuring they still get the quality they need. Inflation will prompt consumers to make savings and so we expect it to dampen demand for eating out. Tighter immigration rules will make it harder for operators to hire staff. This is a huge issue in an industry where around 20% of employees are not from the UK. Even if a work-visa system operates when the UK leaves the EU, hiring EU staff would still be more difficult because it will absorb time and create costs. Any sustained staff shortage would damage Britain's foodservice sector."

The organisation said that consumers had started to drop the more expensive dinner occasion, which is down nearly 3% in visit terms, although breakfast and lunch appear to be taking up the slack with faster growth since the referendum than before. Children are another casualty of the post Brexit eating-out market. There has been a drop of over 2% in visits by adults accompanied by children of 17 years of age or less.

But contrary to the trend seen in the recession that began at the end of 2007, visits not involving a deal or promotion are still growing faster than promoted visits. This is a clear indication consumers feel they are getting good value for money from British foodservice operators. However, the perception of value might change if operators introduce large price increases to cope with strong inflation. Operators will have to maintain a very appealing experience combining great service, as well as high quality of food and drinks to mitigate the negative impact of higher prices.

The unfortunate poster boy for rising costs and poor outcomes is Byron, which launched plans for a company voluntary arrangement in order to slash rent terms. The company has identified 20 underperforming venues where it will pay reduced rents for six months. During this period it will try to negotiate lower rates but may still decide to close the restaurants altogether.

Simon Cope, Byron CEO, said: "Byron's core restaurant business and brand remain strong but the market that we operate in has changed profoundly. In order to continue serving our loyal customer base, we need to make some critical and difficult changes to the size and shape of our estate."

Commenting on the company voluntary arrangement proposal, Will Wright, restructuring partner at KPMG and proposed 'supervisor' of the CVA, said: "Over the last 10 years, Byron has grown to become a stand-out name within the UK's casual dining sector. However, in recent times, certain parts of its portfolio have not met expectations, and with gathering economic headwinds starting to impact the sector more profoundly, the directors embarked upon a strategic review of the business as a means of safeguarding its long-term future.

"As part of this strategic review, the directors have been successful in negotiating a financial restructuring with the company's lenders and shareholders, which will enable new investment to come into the business. Completion of this financial restructuring is conditional on the approval of today's CVA proposal, which is designed to tackle the cost of the company's leasehold obligations across its UK restaurant portfolio.

"As with similar CVAs, this arrangement seeks to strike a balance which provides a fair compromise to landlords, while allowing the viable part of the business to move forward across a smaller, more profitable core estate. It's important to stress that no restaurants will close on day one, and employees, suppliers and business rates will continue to be paid on time and in full."

Wright added: "The CVA essentially divides this portfolio into three categories. For a total of 51 Category 1 sites, the leases will be retained at current rents. A further five Category 2 leases, have been identified as being viable at a reduced rent, equivalent to two thirds.

"For the remaining 20 Category 3 sites, a reduced rent, equivalent to 55%, will be paid for six months, while the company engages with landlords to agree the basis of any continued trading from these premises."

At the centre of the cost argument is the issue of the workforce which keeps those burgers landing on the table. Coinciding with the Government's inaugural Skills Summit, the ALMR has advised that efforts to promote skills within the UK workforce must include the eating and drinking out sector.

ALMR Chief Executive Kate Nicholls said: "A proactive approach from the government to identify and promote skills within the UK workforce is very welcome. This issue is particularly important as we approach the UK's withdrawal from the EU and the Government and businesses begin to assess what the UK's workforce is going to look like.

"Eating and drinking out businesses employ skilled staff in a variety of roles, especially chefs. The sector has evolved enormously over recent years, with a greater emphasis than ever on food. Food-led businesses have helped revitalise high streets over recent years and this renaissance must not be allowed to falter.

"Industry stats show that the hospitality sector needs to employ 200,000 people just to keep pace, and projected growth of 5.5% by 2020 will require an additional 23,000 jobs, many of whom will be skilled.

"This strategy musty take into account the skills that are being deployed and developed in the eating and drinking out sector, particularly chefs. The Government needs to ensure that eating and drinking out employers are included within this strategy and that support for encouraging skills extends to our sector."

Here at HOSPA we know that staffing is key. Revenue managers have come to prominence in recent years, as the downturn and the rise of the online travel agents has forced the sector to become more savvy in how and how much it sells itself for. As confidence wavers, knowing how much the public will bear will be key. Attention to detail will be a factor not only for hotels, but at all points where costs must be managed.

Numbers of licensed premises holding steady

Latest edition of the Market Growth Monitor from CGA and AlixPartners reveals ongoing pub closures but resilience among casual dining groups.

Britains number of licensed premises has stayed level in the last year despite mounting cost pressures, patchy confidence and Brexit-related issues.

That is the headline finding of the December edition of the Market Growth Monitor from CGA and AlixPartners. It shows that Britain had 122,783 licensed premises in September 2017 a very small drop on the number three months previously, and virtually identical to the total in September 2016.

The Market Growth Monitor confirms the two main long-term trends in the licensed trade: a steady decline in Britains pubs and a steady increase in its restaurants, especially from casual dining groups. The tally of drink-led pubs has fallen by 2.3% in the last year, but restaurants have increased in number by 1.6% in the same period. As previous editions of the Monitor have revealed, that growth has been fuelled by start-up and medium-sized casual dining operators in particular.

The figures are a sign of confidence in the licensed sector at the end of a year characterised by increases in food, property and people costs. Uncertainty over the consequences of the UKs decision to leave the European Union, especially around the crucial issue of migrant labour, has dented the sector too. CGAs recent Business Confidence Survey revealed that just 30% of leaders felt optimistic about prospects for the eating and drinking out market over the next 12 months.

CGA and AlixPartners Market Growth Monitor also reveals a striking split in the crucial London market, with licensed premises in the centre of the capital still increasing but operators further out retrenching slightly. Restaurant numbers in inner London have increased by 3.1% in the year to September but fallen by 0.3% in outer London.

New openings in London have been driven by small and medium-sized managed restaurant groups, which have respectively increased their number of sites by 75% and 94% in just five years. Large groups operate 53% of all managed restaurants in outer London but just 30% in inner London.

CGA vice president Peter Martin said: There is no escaping the fact that 2017 has been a very tough year for many pub and restaurant operators, with steep rises in food costs and Brexit just two of the big challenges. But these Market Growth Monitor figures are proof of the steely resilience of the sector and consumers continued appetite for eating and drinking out. Conditions aren’t about to get any easier next year, but there are reasons for cautious optimism as we draw towards the end of 2017.

AlixPartners managing director Graeme Smith said: “At a site expansion level, the prevalent macro trends continue: a contracting pub market and the measured growth of food-led outlets. Although the markets long-term fundamentalsincluding consumer demandremain robust, the sectors immediate trading performance is what positive operators are politely calling soft. Many parts of the market are currently under pressure, and like-for-like sales growth has slowed in a competitive environment. When combined with the backdrop of sustained cost inflation, profit growth is becoming harder to come by.”

Long-term planning key to tourism overcrowding

Overcrowding in tourist destinations is a complex problem which varies from destination to destination and requires long-term planning with all stakeholders to solve, according to the WTTC & McKinsey.

Good management is crucial for all tourism destinations and can only be built on a comprehensive fact base. Popular tourism spots need to understand their situations and identify early warning signs. These were the major findings of "Coping with success: Managing overcrowding in tourism destinations", one of the first major analyses of the issue.

The report highlighted five types of problems:

- Alienation of local residents,
- Constrained infrastructure
- Diminished tourist experience
- Damage to natural resources
- threat to cultural heritage

The study identified practical actions ranging from smoothing visitor numbers over time, spreading visitors across sites, and adjusting pricing to balance supply and demand, to regulating accommodation supply and limiting access and activities.

This helps develop a system to help destinations understand their specific situations and early warning signs. With this system destinations can use the data they already have to take appropriate action. The report focuses on 68 cities and creates an overview, in the form of a heatmap, of the risk of experiencing a given overcrowding problem. It is based on an analysis of tourism data as well as research on specific destinations and dozens of interviews with tour operators, tourism authorities, hospitality providers, airlines, non-governmental organisations universities, and think tanks.

It concluded that local tourism managers must work with all public and private stakeholders to develop a coherent plan to create and manage tourism growth that puts people and communities at its heart, is long term and fact based in its approach, and that results not only in positive impacts for those who host tourists, but also life-enhancing experiences for millions of travellers each year.

Gloria Guevara, WTTC President & CEO, said: "Tourism is a force for good in the world. It creates jobs and economic growth. In 2017, Travel & Tourism will contribute nearly $7.9 trillion to the global economy. With the world getting richer - one billion more people will be in the global middle class by 2030 - and travel becoming ever more accessible, our sector will continue to grow.

Some places capture a significant share of the Travel & Tourism pie, and may be threatened by their own popularity in environmental, social, or aesthetic terms. The top 20 country destinations will add more arrivals by 2020 than the rest of the world combined. Where tourism growth is perceived negatively, each destination has a specific set of problems and challenges, but the common factor is that what is needed is long-term planning not short-term knee-jerk reactions. Local tourism managers must work with all public, private, and community stakeholders to develop a coherent plan to create and manage tourism growth."

Alex Dichter, Senior Partner, McKinsey & Company added: "Overcrowding is easier to prevent than to recover from and the real lesson from our work is that good management is vital for all tourism destinations. This includes building and updating regularly a comprehensive fact base, conducting rigorous long-term planning, involving all sections of society, and finding new sources of funding for investments in infrastructure and sustainability. There is no easy, one size fits all, fix. Once destinations have sorted out the fact base, strategy, stakeholders, and funding, they must then identify and execute practical actions, both for the long- and the short-term."

Guevara continued "Our intention in producing this report is to provide a starting point for a new conversation around tourism growth, to help all stakeholders work together to find a path forward based on sharing best practice and focusing on sustainable solutions."

Optimism up on Brexit talks

The UK economy is at a cross roads. Whilst a recovery in the economy is taking hold, much of it is being driven by consumer spending as the UK risks repeating the mistakes of the past.

With the UK facing strong global headwinds, the Government is leading the charge for a balanced economy to ensure our recovery becomes more entrenched. With so much at stake, having a clear understanding of the how our economy is performing has never been so important.

BDO's Business Trends report is one of the key bellwethers of the economy and gives an accurate and up-to-date picture of the environment that businesses are facing.

In December, the BDO Output Index stood at 98.43. The index is now at its lowest value in 23 months as a result of five consecutive monthly declines.

Underlying the fall in the Output Index seen this month is a 0.74 point fall in the Services Output Index. More positively, the Manufacturing Output Index climbed above 100.00 for the first time in four months and now stands at 100.33.

However, as services make up around 80% of all UK output, the decline in the sector means that the headline measure fell.

The BDO Optimism Index rebounded in December, having declined sharply in November. Both the manufacturing and the services sub-measures of the index picked up, following the news of a breakthrough in Brexit negotiations.

The BDO Inflation Index declined to 99.85 in December, from 100.25 in November. The fall was driven by a decrease in the Input Inflation Index, which dropped 1.18 points to 98.30. Meanwhile, consumer price growth looks set to accelerate as the BDO Consumer Inflation Index increased 0.37 points to 101.39 in December.

This month's figure for the BDO Employment Index suggests that the UK labour market may be more resilient than recent official releases have made out.

The most recent data shows that 56,000 fewer people were in employment in the three months to October than in the three months to July, triggering fears that the labour market may have passed its peak. However, the Employment Index rebounded 0.2 points to 111.26 in December, pointing to an improvement in the official statistics in the coming months.

The BDO Optimism Index stood at 102.15 in December, up from 102.05 in November. The index, which assesses how optimistic firms are about output three to six months from now, remained above its long-term average.

- Both the Service Optimism Index and the Manufacturing Optimism Index increased 0.1 points to 101.13 and 110.22 respectively.
- With Brexit dominating UK press coverage as well as the political and economic agenda, it is unsurprising that the perceptions of negotiations heavily influence optimism. After a prolonged stalemate, December brought the positive news that 'sufficient progress' had been made for the Brexit negotiations to proceed to the next phase. It is to be expected then that optimism increased across the board in December.
- Though the recent announcement is welcome there are many more hurdles to be cleared for UK policymakers to ensure that businesses continue to feel optimistic.
- Business optimism has likely also been bolstered by the continued healthy performance of the Eurozone, the UK's largest trading partner. Indeed, recent survey

results show order books at record highs in the Eurozone in December.

- The BDO Inflation Index declined to 99.85 in December from 100.25 in November. The index fell again, having risen rapidly in the wake of last year's referendum to a high of 109.24.
- The downward movement seen this month was driven by the BDO Input Inflation Index. The measure, which tracks the price growth of manufacturers' input costs, fell 1.18 points to 98.30.
- Meanwhile, the BDO Consumer Inflation Index increased 0.37 points to 101.39 in December. The measure now stands 3.37 points higher than in December 2016.
- The most recent official consumer inflation data shows that the annual CPIH inflation rate, which accounts for owner occupiers' housing costs, remained stable in November at 2.8%. The release also shows that the annual CPI inflation rate rose to 3.1%, more than one percentage point above the Bank of England's 2.0% target.
- This month's reading of the BDO Consumer Inflation Index suggests that official figures are likely to show an acceleration of consumer price growth going forward.
- In December, the BDO Employment Index picked up 0.20 points to 111.26. The index now sits just below its record high of 111.72 recorded in August.
- The index had declined for three consecutive months prior to this.
- The most recent data shows that 56,000 fewer people were in employment in the three months to October than in the three months to July.
- In August to October the employment rate stood at 75.1%, below its record high of 75.3%
- Previous declines had triggered fears that the labour market strength seen in 2017 may have begun to deteriorate, with reduced immigration numbers identified as a potential driver.
- The increase in the Employment Index marks a return to the growth trend and suggests an improvement in official employment figures is expected in future releases.

HOTSTATS
Hospitality Intelligence

MARKET REVIEW
NOVEMBER 2017

Revenue rise fails to deliver GOPPAR growth

Despite recording a 0.6% increase in Total Revenue in November, profit per room at hotels in the UK fell by 1.1% due to escalating costs, according to the latest worldwide poll of full-service hotels from HotStats.

Growth in revenue levels was marginal this month, led by a 0.5% increase in RevPAR, to £91.46. The increase in RevPAR was in spite of a 0.6-percentage point decline in room occupancy, to 78.5%, which was offset by a 1.3% increase in achieved average room rate, to £116.56.

In addition, year-on-year growth in Non-Rooms Revenues was limited, at just 0.9% in the Food and Beverage department, with growth also recorded in Conference and Banqueting (+2.6%) and Leisure (+3.0%), on a per available room basis.

As a result of the movement in all revenue departments in November, TrevPAR at hotels in the UK increased by 0.6% to £145.68, which was 5.1% above the year-to-date performance in this measure, at £138.61.

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

November 2017 v November 2016

RevPAR: +0.5% to £91.46
TrevPAR: +0.6% to £145.68
Payroll: + 1.0 pts to 27.6%
GOPPAR: -1.1% to £55.80

However, the minimal growth in TrevPAR was cancelled out by rising costs, which primarily included a 1.0 percentage point increase in Payroll, to 27.6% of total revenue.

Profit levels were also hit by a 0.7% year-on-year increase in 'Overhead' costs, including Property & Maintenance Expenses (+4.0%) and Utilities (+1.7%), on a per available room basis.

As a result of the movement in revenue and cost, GOPPAR at hotels in the UK dropped by 1.1% to £55.80 in November, which is equivalent to a profit conversion of 38.3% of total revenue.

"It is months like this which really highlight how revenue growth can mask the underlying pressures which are impacting profit. Rising costs will be an issue for hoteliers into 2018; a 4.4 per cent rise in the National Living Wage, increases in Pension contributions and food, beverage and energy price rises will take their toll on UK hotel profitability.

With a limit on how much hoteliers can seek to uplift revenues, they will need to focus on cost management and productivity improvement to deliver increased bottom line profit and, therefore, preserve or grow capital values "said Pablo Alonso, CEO of HotStats.

In contrast to the performance of hotels across the UK, properties in York were able to convert a minimal top line increase into considerable bottom line growth with cost savings across all departments.

Despite recording a 0.1 percentage point decline in room occupancy in November, to 79.6%, hotels in York achieved a 2.5% increase in RevPAR, thanks to a 2.7% increase in average room rate, to £94.14.

Profit & Loss Key Performance Indicators - York (in GBP)

November 2017 v November 2016

RevPAR: +2.5% to £74.90
TrevPAR: +2.3% to £119.08
Payroll: - 1.4 pts to 29.8%
GOPPAR: +14.1% to £38.97

In addition to the growth in Rooms Revenue, hotels in York recorded a mixed performance in Non-Rooms Departments, which included a 0.8% increase in Food & Beverage, but a 5.1% decline in Conference & Banqueting Revenue, on a per available room basis. Despite this, TrevPAR at hotels in York increased by 2.3%, to £119.08.

Furthermore, amongst other cost savings, a 1.4 percentage point drop in Payroll to 29.8% of total revenue, enabled properties in the medieval city to record a 14.1% increase in profit per room, to £38.97.

The 3.4 percentage point increase in profit conversion this month, to 32.7% of total revenue, represents a significant increase in the bottom line for hotel owners and operators in York.

"Hotels in York have bucked the trend and been one of few markets to record a reduction in payroll costs this month. This is not always possible in leisure-led markets, particularly in the quieter shoulder months, but York's hoteliers should be applauded for their ability to leverage a strong profit performance from a relatively limited revenue increase due to highly efficient cost management," added Pablo.

In stark contrast to the performance of York, another of the UK's finest tourist destinations, Stratford-upon-Avon, did not fare so well this month, recording a 15.0% year-on-year decline in profit per room.

The strength of the visitor proposition in Stratford-upon-Avon means performance peaks during the summer months, as the market mix is dominated by demand from the leisure segment. Conversely, the absence of a solid commercial base means the volume of demand drops during the typical 'off season' illustrated by room occupancy levels plummeting to just 64.9% in November. This is 13.6 percentage points behind the average for the UK this month, at 78.5%.

In addition to the decline in occupancy, a 0.2% drop in average room rate contributed to the 4.8% decline in RevPAR, to £52.43. And despite Non-Rooms Revenues comprising approximately 48% of Total Revenue this month, TrevPAR at hotels in Stratford-upon-Avon fell by 2.6%, to £100.72.

Profit & Loss Key Performance Indicators - Stratford-upon-Avon (in GBP)

November 2017 v November 2016

RevPAR: -4.8% to £52.43
TrevPAR: -2.6% to £100.72
Payroll: +3.8 pts to 39.7%
GOPPAR: -15.0% to £20.83

The falling revenue levels were further exacerbated by rising costs, which were led by a 3.8 percentage point increase in Payroll, to a lofty 39.7% of total revenue.

As a result, profit per room at hotels in Stratford-upon-Avon fell to just £20.83 in November, equivalent to a profit conversion of just 20.7% of total revenue and further illustrating the challenging trading conditions for hotels in the city outside of the bustling summer months.

Foodservice price inflation eases

Foodservice price inflation fell for the third month in a row to reach 3.4% in November 2017, according to the CGA Prestige Foodservice Price Index.

It means that inflation in wholesale foodservice prices has been pushed down to its lowest point since January 2017. For the first time since the Index data was introduced, the figure has dipped to below the level of inflation recorded by the Consumer Price Index, which shows inflation running at 4.0%.

The news brings some welcome respite to the UK's foodservice sector, which faced historically high levels of inflation throughout 2017. It shows that key inflationary pressures including the weaknesses of the Pound against the Euro and Dollar may now have worked through the system, and tentative signs of economic growth and progress on Brexit talks have restored some confidence to the sector. But supply issues continue to impact some areas of foodservice, and the general outlook for foodservice price inflation in 2018 and beyond remains uncertain.

The CGA Prestige Foodservice Price Index reveals an easing of inflation in most of its ten food and beverage categories. Strong supply led to prices falling year-on-year in two of them: Meat, where prices dropped by 2.8% on November 2016; and the Sugar, jam, syrups and confectionery category, where they tumbled by 10.6%. Inflation meanwhile contracted in other important categories including Fish, Bread and Cereals, and Milk, Cheese and Eggs.

However, specific supply challenges have kept year-on-year inflation up in double digits in some other categories, including Fruit and Ambient Hot Beverages like tea. As categories that are heavily reliant on imports, these have been hit especially hard by the weakness of Sterling in 2017. Concerns about Brexit and the impact of factors including La Niña and the government's new sugar tax are also serving to dampen down any confidence about prospects for foodservice prices in 2018.

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

Christopher Clare, Head of Consulting & Insight at Prestige Purchasing, said: "As we head in to the New Year, it is encouraging to see inflation in foodservice dropping below CPI, however, our prices are still 5% higher than CPI when compared to 2015. The potential impacts of La Niña could still have a significant influence, but we remain cautiously optimistic around the macro-economic outlook."

CGA commercial director Graeme Loudon said: "The Foodservice Price Index's finding that inflation dropped to 3.4% in November is positive news for the sector as 2018 opens. After a year of relentlessly high levels of inflation, businesses will be relieved to see it dip below the Consumer Price Index, and the easing of pressures in meat, sugar, fish and dairy categories is especially welcome. However, any optimism that stability is returning will have to be tempered by several factors - not least the doubts about the country's transition from the EU and the value of Sterling."

The CGA Prestige Foodservice Price Index is jointly produced by Prestige Purchasing and CGA, using data drawn from over 50% of the foodservice market and around 7.8m transactions per month. More information on specific categories is available on a subscription basis. Contact food@cga.co.uk for details.

No Christmas cracker for restaurant and pub groups

Like-for-likes sales decline 0.1% nationally, against Christmas 2016
Drink-led businesses have best of festive trading

Britain's managed pub and restaurant groups saw collective like-for-like sales marginally down by 0.1% over the six-week Christmas and New Year period, according to latest figures from the Coffer Peach Business Tracker.

The public still went out to eat and drink, but essentially it was a repeat of last Christmas. Better trading in the second half of the festive season, when people were mainly off work, failed to provide enough of a boost to beat 2016's overall numbers, said Peter Martin, vice president of CGA, the business insight consultancy that produces the Tracker, in partnership with Coffer Group and RSM.

The results, which cover the six weeks up to January 7, show that managed pub groups did better than casual dining restaurants, delivering a small increase in trade with collective like-for-likes up 0.6% on last year. Restaurant chains saw collective like-for-likes down 1.0%.

It looks like people were more willing to go out to drink than eat this festive season, with drink-led pubs and bars having the best of trading. Across the managed pub market, drink sales were up 1.8%, while food was down 1.4%. Food-led operations, both pubs and restaurants, generally had a worse Christmas than 2016, added Martin.

Although London and the rest of the country both overall turned out flat, London saw a bigger contrast in fortunes between restaurants and pubs, with casual dining down 2.6% inside the M25 and pubs up 1.5%.

Looking across the six week period, the run-up to the holidays saw generally poor trading, with the snow in particular hitting sales. Trading picked up in the last three weeks either side of the core holidays. Every year the Christmas period seems to be coming more concentrated, said Martin.

Although the sector will be disappointed it didn't beat 2016's numbers, the results do reflect the flat trading we've seen in the market over the past year and they also come on the back of increases for the past two Christmases, he added.

Total sales growth among the 37 companies in the Tracker cohort was 3.4%, compared to the festive period last year, reflecting the continuing if much more subdued effect of new openings.

Mark Sheehan, managing director of Coffer Corporate Leisure, said: "Despite very negative press particularly associated with restaurant sector trading, the eating and drinking out market is not in free fall. Trading over the important December trading period was flat with pubs trading better than restaurants. There is no question that the trading environment is competitive but these numbers are not the car crash that has been widely portrayed. 2018 will be a challenging year and we expect to see bars and pubs trading more robustly than restaurants."

Paul Newman, Head of Leisure and Hospitality at RSM, added: "Increased drinks spend across the managed pub market over the festive period was not enough to offset disappointing casual dining like for likes, rounding off a flat year for the sector and failing to give operators Christmas cheer. Since the New Year a number of high profile brands have already announced site closure plans and with consumer confidence waning and uncertainty ahead of Brexit, we expect our restructuring teams to be kept busy in the months ahead."

Members' Events

February 7th
HMA Event - London

February 19th
HOSPA AGM

Event Details
The Annual General Meeting for HOSPA will be held on Monday 19th February 2018 at 3pm, at the offices of BDO on 55, Baker Street, London W1U 7EU for the purposes of transacting the following business and the proposal of the resolutions below:

- Welcome by the Chairman
- Report by the Chief Executive
- Receive the accounts from the Treasurer

If you would like to attend, then please email charlotte.pratt@hospa.org before Wednesday 31st January 2018.

February 20th
Cross Community Members Meeting - Brighton

March 5th
Members Meeting at Hotelympia - Revenue Management

March 15th
GDPR Meeting - HOSPA Members Event Hosteed by the IT Community - London

Event Details
Thursday 15th March - 6pm

On a very positive note, we have secured the top of the BT Tower for an event hosted by BT Wi-Fi, probably around the subject of GDPR, which of course is highly topical. This will take place on Thursday 15th March. Please reserve this date in your diaries for an early evening event. If you haven't been up to the top of the Tower before, you are in for a treat!

Additional details will be posted very soon.

April 9th
Finance Members Meeting

April 24th
Cross Community Members Meeting - Manchester

June 4th
Revenue Management Meeting

June 14th
Glasgow Quiz Night

July 10th
Cross Community Members Meeting - Birmingham

July 19th
Annual HOSPA London Quiz Night

September 3rd
Asset Management Meeting

10th September
Cross Community Members Event - Bournemouth

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

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

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

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The IOH

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Application for the HOSPA Education Programmes

HOSPA
Hospitality Finance, Revenue and IT Professionals
Professional Development

Title (Please tick)	Mr ◯ Ms ◯ Mrs ◯ Miss ◯ Other (Please specify)		
First Name			
Last Name			
Date of Birth		Nationality	
Job Title			
Company Name			
Parent Company			
Work Address			
County		Country	
Postcode			
Work Email			
Work Telephone			
Work Mobile			
Home Address			
County		Country	
Postcode			
Home Telephone			
Mobile			
Home Email			
Postal Correspondence Address (Please tick)	Home ◯ Work ◯		
Email Correspondence Address (Please tick)	Home ◯ Work ◯		

Which programme are you applying for?

Please tick the course, stage* and date at which you intend to start your study.

Programmes	Stage 1	Stage 2	Stage 3
Financial Management			
Revenue Management			

Spring Start Date (March) ◯ Autumn Start Date (September) ◯

*To apply for exemptions, please contact education@hospa.org with a copy of your C.V.

Application For Membership

HOSPA
Hospitality Finance, Revenue and IT Professionals

Title (Please tick)	Mr ◯ Ms ◯ Mrs ◯ Miss ◯ Other (Please specify)
Forenames	
Surname	
Date of Birth	Nationality

Job Title	
Company Name	
Parent Company	
Work Address	
Postcode	
Work Email	
Work Telephone	
Work Mobile	

Home Address	
Postcode	
Home Telephone	
Mobile	
Home Email	
Correspondence Address (Please tick)	Home ◯ Work ◯

Which grade of membership are you applying for?

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

Status (Please tick)	Ordinary ◯ Ordinary Student ◯ Associate ◯ Fellow ◯

Your Signature		Date	

HOSPA, Longdene House, Haslemere, Surrey, GU27 2PH