THE OVERVIEW

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Are you ready for GDPR?

The wisdom of the crowd

IHIF- Ich bin ein Berliner

Welcome to THE OVERVIEW

The International Hotel Investment Forum in Berlin was located, in part, to help fill rooms in the city's over-supplied market 21 years ago. With Germany now one of the most popular investment targets in Europe, those days are long over - just witness Whitbread's decision to pick the country to drive overseas growth for Premier Inn.

This year's event had one key message - scale is all. More than 50% of the 2.3 million rooms in the global pipeline are with the big four hotel operators, according to JLL, as owners seek the distribution which only the big brands (and the OTAs) can offer. The sector is expected to see further consolidation this year, with InterContinental Hotels Group's CEO Keith Barr promising a curious crowd that the company was close to announcing which two luxury brands it was acquiring to flesh out the space above its namesake brand. One was since revealed to be Regent.

While the relationship between owners and brands remained the key focus for the operators, there has been the creeping realisation that the end consumer may factor into the equation too, something which would be as well learned across hospitality, not just in hotels.

Sébastien Bazin, chairman & CEO, AccorHotels, told attendees: "The problem with our industry is that we see our customers three or four times a year. Facebook sees the customer 12 times a day. If we want to grow we need to interact better. It costs us a bundle to acquire a customer - so go beyond the hotel space try to produce what he wants when he's not travelling. Can he pick up a key, can he get his laundry? It's enlarging the net. I need to be top of the mind, when it's service related."

Chris Nassetta, president & CEO, Hilton, said: "Having deeper relationships with the customer is the future. The ultimate path to success is having a real connection."

A customer is for life, not just for pay day.

Katherine Doggrell

Editor | katherine.doggrell@hospa.org

In March's issue...

Emotional Wellbeing

Stress test - HOSPA CEO Jane Pendlebury makes emotional wellbeing a priority for hospitality.

In my recent meeting with HOSPA's president Harry Murray, we agreed that we are lucky to be working in an industry in which we have both aspired to be successful. We discussed stress in the workplace and both of us hoped that, provided you are in the right job, working shouldn't be unduly stressful.

Of course, though, it's not as simple as that. There are many forms of stress. A soldier in a warzone, for example, is under a very different stress to that experienced by somebody working in hospitality. But stress - even in a job you love - can rear its head regardless of your occupation. Many of us, particularly if you enjoy your job and are passionate about it, can suffer from organisational stress.

It's an issue the hospitality industry can't ignore.

There are a number of intrinsic factors in hospitality that increase the likelihood of stress in the workforce. Long, fast-paced and often unsociable hours can impact on home life. Shift work in particular has been shown to have a detrimental impact on workers' health.

Research suggests that over a third of work related ill health cases are due to stress, and this accounts for almost half of all working days that are lost. Research specifically in the hotel industry found staff experienced stress on 40-62% of such days, compared to 25-44% of days reported by people operating in other industries (O'Neill & Davis, 2011).

At any one time, as many as one in six workers can be experiencing mental health problems. In the UK, this accounts for up to 40% of workplace absences and as many as half of all long-term sick leave cases; yet only one in 10 staff will disclose this to their employer. More than half of hotel employees in the Hotel Work and Wellbeing Project reported 'emotional exhaustion' (Goodman, 2009).

Not only is it the decent thing to do, but when it comes to the bottom line, it pays for employers to focus on wellbeing. Is it as simple to say that looking after your employees means they, in turn, will look after your customers? While that may be an oversimplification, it must surely help.

Investing in looking after the emotional wellbeing of your employees is the right thing to do both morally and commercially. It can reduce staff turnover rates, increase productivity and contribute to your organisation's reputation as a good place to work. In 2016, the Mental Health Foundation said that investing in mental health screening and intervention for employees delivers four times the return in net profit.

High work satisfaction should result in positive, happy moods. Cheerfulness and enthusiasm are key to ensuring our guests' experience. If people know what they are doing, are trained well, have good systems in place to acknowledge and talk about stress then I don't see the hospitality industry as being any more stressful than other industries.

Many of my facts and figures for this have been researched by Dr Sarah Swan (BSc, MSc, DClinPsy, AFBPsS) a Consultant Clinical Psychologist with over 20 years of experience in mental health. See more at swanconsultancy.co.uk.

Matthew Bennett

Financial Controller, Derbyshire Hotel
Winner: Financial Management Stage Three
Completed February 2017

Matthew commenced the Financial Management programme in March 2016 and became the prize winner for Stage Three for achieving the highest combined course work and examination grades. He has now completed the programme and has been an Associate member of HOSPA for a year.

After completing his Degree in Accounting and Finance at Lincoln University in 2011, Matthew joined the Derbyshire Hotel team in the November as an Accounts Assistant. It was his first real insight into the everyday tasks completed in finance within the hospitality industry.

Matthew found that, whilst his degree gave him a basic understanding of accounts as a whole, he found that the processes in the hospitality industry varied slightly. The opportunity to study the HOSPA Financial Management Programme, specifically tailored to hospitality, was a fantastic opportunity to increase his knowledge and he knew it would be very beneficial to his career.

Matthew says "It is one of the best things I have done and was definitely worth it. The course tutors were fantastic and I would definitely recommend it to anyone wanting to progress in hospitality finance. The course was a huge help in fully understanding the many different processes within the Finance Department, tailoring them to the hospitality sector. This included many things such as forecasting techniques, the budget process, understanding KPI's and ratio analysis to name but a few. All of which were extremely important and the knowledge learned is used on a frequent basis. The course explains not just in a way for you to understand but also gives you the knowledge to explain things to non-financial colleagues in ways that they understand, which is a huge benefit to the hotel as a whole so that they can understand the importance of decisions and relevance it has to the business."

The course has helped Matthew develop in his career too. Having completed the HOSPA programme in March 2017 he has quickly progressed within the hotel. He was promoted to Assistant Financial Controller in February 2017, and was then sent to a sister hotel, Ettington Chase Hotel in Stratford, where he fulfilled the role of Acting Financial Controller to cover sickness. This period of cover lasted for six months which greatly helped his development curve. Matthew returned to the Derbyshire Hotel; which had been sold by Principal Hotels to private investors, and is now under the management of Countrywide Hotels; and was offered the role of Financial Controller.

Matthew says "None of this would have been possible without my HOSPA qualification as without it I wouldn't have had the knowledge or the confidence to achieve what I have. My hope is to continue progressing within the industry for many years to come."

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

Meet the Professional Development Team

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

Education and training programmes, September 2017

Congratulations to the following learners who successfully passed the course-work assignments and examinations for the September 2017 programme, completed in February 2018.

Revenue Management - Stage One	
Iris Ambuhl	Headland Hotel & Spa
Neil Baker	Hoseasons/Wyndham Vacation Rentals
James Bryan	The Eventa Group
Toni Farrell	Sandymount Hotel
Cameron Henderson	Dakota Deluxe Leeds
William Hunter	The Trafalgar St James
Katarzyna Lesiak	Starwood Hotels & Resorts
Nathan Metcalfe	Hoseasons/Wyndham Vacation Rentals
Alina Mariana Minut	De Vere Wotton House
David Oreja Galindo	No. 11 Cavendish Square
Tushar Pathak	Travelodge
Christina Ray	Best Western - Hotel Rembrandt
Angela Sanders	ETC Venues Ltd
Antonio Sans**	Go Native Ltd
Christopher Stewart	Principal Hotels - The Grand Central Hotel
Balazs Toth	Macdonald Aviemore Resort

Revenue Management - Stage Two	
Gretchen Abrahams**	Mantis Management (Pty) Ltd
Alex Chelaru	The Three Swans Hotel
Reka Mizsei	Glion Institute of Higher Education
Jacopo Pagani	The Lodge Hotel

Revenue Management - Stage Three	
Kirsti Boyton	Dakota Deluxe Glasgow
Dasline Muvwanga**	Alona Hotel
Jude Rodrigues da Silva	Pine Cliffs Luxury Collection
Henry Rouse	Hoseasons/Wyndham Vacation Rentals
Stevie Standerline	Weetwood Hall Hotel
Denys Ukrainskyy	Reikartz Hotels & Resorts
Vidmantas Vainauskas	Holiday Inn London Kings Cross
Carrie Pinches	Hotel Cafe Royal
Heerah Sookun	Hilton Mauritius Resort & Spa

Financial Management - Stage One	
James Daniel	Clayton Hotel Cardiff
Darren Davies	Carden Park Hotel
Melanie Hess	Q Hotels - Queens Hotel Leeds
Tania Jesus	Hilton Fontana Hotels SA
Dayle Johnson	Principal Hotel Company - Theobalds Estate
Ammad Latif	Hilton Dubai Jumeirah
Simon Leech	Sheraton Grand Hotel & Spa
Maria Mondragon**	Q Hotels - Norton Park Hotel
Muhammad Saeed	Hilton Dubai Jumeirah
Sian Sainty	Radisson Blu Cardiff
Natalya Sushkevich	Hilton Garden Inn Krasnoyarsk
Doreena Tabuh	Sheraton Park Lane London

Financial Management - Stage Two	
Kathy Bridge	Q Hotels - The Midland Hotel
Marina Collins	CityNorth Hotel & Conference Centre
Darren Davies	Carden Park Hotel
Alan Graham	Rockliffe Hall Hotel
Anna Kubina	Hilton Liverpool City Centre
Michael Maycock	Jurys Inns
Suresh Perera	Holiday Inn London Kings Cross
Mark Roberts	Carden Park Hotel
Sian Sainty	Radisson Blu Cardiff
David Vidoven	Jurys Inns
Ricky Zhang**	Jumeirah Restaurant Group

Financial Management - Stage Three	
Jean Marie Berthelot	Hilton Mauritius Resort & Spa
Leanne Spackman	Four Pillars - Cotswold Water Park
Jake Davies	Carden Park Hotel
Monika Hyde	Quay Hotel & Spa
Amy Kimbel**	De Vere Denham Grove
Cristina Montes	Starwood Hotels & Resorts
Suresh Perera	Holiday Inn London Kings Cross
Carrie Pinches	Carden Park Hotel
Heerah Sookun	Hilton Mauritius Resort & Spa

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GDPR in the hospitality sector

Do you find yourself asking the following questions?

- What are the implications for all my data stored in my CRM system?
- What is the 'right to be forgotten' and what does this mean for my data?
- What does 'pseudonymisation' mean for all my encrypted data files?
- Will the auditors sign off my 2018 accounts if we are not GDPR compliant?
- Do I now need a Data Protection Officer?

If so, Exponential-e are here to help. We are offering a free half day GDPR requirements workshop to assist you in your journey to GDPR compliance.

Get in touch to find out more

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+44 (0) 845 470 4001

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Visit the website
www.exponential-e.com

Guestline launches new website solutions in partnership with Journey

Guestline has partnered with Journey, the UK's leading hotel marketing technology company, to deliver Websuite, a range of website solutions and digital marketing technology to its customers. The new partnership will help hoteliers increase traffic to their website, and in turn maximise conversion rates and direct bookings.

The Websuite products, powered by Journey, are integrated to the Guestline platform and together provide a holistic approach for hoteliers to manage the customer journey from guest acquisition and conversion through to long-term retention.

The new combined product suite offers a website platform, online booking conversion tools, and dashboard fully integrated into Guestline's internet booking engine, distribution and property management platforms. These are also complimented by web design, email marketing and search engine marketing services, all developed specifically for the hotel industry.

With the subscription service, hotels will get a professionally designed website, fully accessible by mobile, ipad and computer. This site and the full range of services and software on offer can be managed through the 'Hotel Lobby' back office application, which has been designed to bring all aspects of managing direct bookings into one place.

Rupert Gutteridge, sales and marketing director, Guestline, said:

"As the hospitality industry realises the value of digital marketing in creating an engaging experience for guests and driving direct bookings, we've created an effective range of website solutions beyond our PMS and distribution platforms that make it easier for hoteliers to take control of their marketing and identify opportunities to maximise their online revenue.

"With their expert knowledge of the hotel sector, we're confident our partnership with Journey will equip our customers with the skills they need to evaluate their existing systems, determine how to bring their brand to life online and approach their digital marketing in a smarter, more engaging and more profitable way."

As the market leader in cloud-based hospitality technology, Guestline provides end-to-end property management, channel distribution and digital marketing solutions to hotel groups, independent hotels, serviced apartments and pub companies across the globe.

For more information, please visit Guestline.com.

Is crowd sourcing a new way to elevate customer relationships in hospitality?

Customer service is an internal and integral part of the processes of every hotel and if there's any place where customers are likely to be paying attention to the type of service they receive, it's within the hospitality industry. The job of a hospitality service provider is to maintain customer happiness and satisfaction. Toffler stressed: 'He who underestimates the revolutionary character of daily changes is living an illusion. The world changes dramatically and irrevocably…'

At different degrees of intensity, each one of us is marked by a full and complex confrontation, identification, assessment and action process, a process known as change. In this circumstance, change, seen as an improvement of organisational communication, also generates the modification of the image of each tourism unit to third parties.

As experience proves, the quality of customer relationships depend on the way a hotel communicates, both inside and outside. This is the context in which, in order to improve customer relationship management in the tourism and hospitality industry, hospitality professionals should consider crowd-sourcing.

Crowd-sourcing is "a type of on-line participatory activity, in which a person, an institution, a non-profit organisation or company proposes to a heterogeneous group of people with different levels of knowledge, through an open and flexible call to voluntary undertake a task of variable complexity and modularity…"

The advantage of crowd-sourcing will be mutual. The user will receive the satisfaction of a particular type of need (i.e. economic or social recognition, self-esteem, etc). The crowd-sourcer will obtain and use, for their own interest, all information provided by the user.

Crowd-sourcing is a compound of the concepts crowd and outsourcing . The suffix '-ing' is a form of emphasising the importance of continuing the approach initiated at managerial level and underlines the need to obtain the final result from the contribution of a large number of people outside the organisation.

Outsourcing services through crowd-sourcing uses on-line platforms (such as Amazon Mechanical Turk, Crowdsprings, etc.) and its addressability range includes, in a competitive regime, persons and/or groups and not collaborators or contractors, as in the case of outsourcing. Its transfer to the Internet was strengthened by the reality that natural persons tend to manifest more freely on a specialty website, feeling much safer without supervision.

By crowd-sourcing, hoteliers:

- Reduce costs: Performers of outsourcing activities are paid in unit rates which are lower than that of employees.
- It is an excellent source of inspiring the entrepreneurial phenomenon and an attractive way of encouraging and manifesting it (especially in SMEs).
- It is a brilliant way of stimulating the improvement of CRM/processes.
- It is beneficial at an individual level as well, since those who use it are twice as motivated.

Crowd-sourcing is a new option for customer relationship management to conceive and conduct business in the tourism and hospitality industry, not only based on tradition and/or the management experience of units in the field, but also based on feedback offered by those who are direct beneficiaries of the services offered: the clients.

The aim is to improve customer relationship management in hotels with priority from information from guests. This is a way perceiving and treating them, not as mere consumers of products and/or services, but as clients, whose loyalty, results from a better understanding of their wishes and/or needs which can significantly contribute to increases performance.

In 2013, Marriott launched its Travel Brilliantly campaign, which invited guests to express their suggestions for improving their hotel experience on a variety of digital platforms. They smartly used these ideas and insights to refurbish numerous global hotels. This crowdsourcing campaign enabled Marriott to understand what Millennials really wanted and it also delivered numerous new ideas to meet Millennials' modern-day needs. Unfortunately, the general perception on the interest of tourism units in having significant feedback from their own clients is unfavourable. Most people who participated in crowdsourcing say they are convinced that they have been simply 'interviewed' statistically and that they feel they were being treated not as clients, but rather as mere consumer 'tourists'.

By using crowd-sourcing as a main feedback form in order to get a true opinion of a hotel's guests, managers can get extremely useful information in order to improve their own activity.

Crowd-sourcing is a new era in customer involvement. Numerous analyses indicate how customers expect to be involved - they want to feel part of the company and this will be the way they will choose which company to take the service from. Companies can involve their own users in a controlled and pioneering way. By crowd-sourcing customer service, they may involve expert customers and Internet users to leverage their expertise providing support to other users. Support provided by passionate expert users guarantees high quality and while customer satisfaction grows, support costs are drastically reduced.

With customers gaining voice through social media, enterprises can take advantage of crowdsourcing for business improvements. Attracting fresh ideas, solutions and expectations from current customers, it can help employees across the organisation provide the innovation and interactive relationships that a growing number of customers now expect. Integration of CRM and crowdsourcing is sure to increase idea generation and amity within the businesses that use it. This signifies that CRM will no longer be just for lead generation and marketing, it will also provide a foundation for new innovation.

Philia Tounta has been working in the tourism sector for 21 years. She has worked in various hotels, travel agencies and unions in Greece and abroad. She has acquired an MBA degree in the UK, a Bachelor degree in Athens and a Diploma in Tourism. She speaks English, French, Spanish and Italian and she is a member of TIES, HTS, Bedposts, etc. She has attended numerous seminars and workshops concerning tourism and small business management.

Nowadays she lives in Athens and she is a General Manager of Apokoros Club Hotel & Villas, Craft Deco & Activities in Crete Greece, a Customer Service Officer at Thamiris Hotel(s) Crete, and sales manager at "Crete focus" and "You planet".

She is a Hospitality & Tourism consultant for small medium sized hotels ('Hotelice'), a Tourism Ambassador in the Hellenic Tourist Society, a provocateur in seminars and she is occasionally speaks at conferences concerning tourism. She is a freelance author to various online international and local blogs. Often she participates in discussions in Greek radio channels and has been interviewed by various journalists from abroad concerning tourism issues.

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Ich bin ein Berliner

Questex President and Chief Executive Officer Kerry Gumas welcomed over 2,300 people to the event from over 80 countries, representing the largest delegation in the history of IHIF.

Gumas introduced Megan Greene, Managing Director and Chief Economist at Manulife Asset Management to provide the economic outlook. Greene opened with the view that “secular stagnation is here to stay”, with “low growth and low inflations” being prominent contributing factors. She identified the differences between hard and soft data. The soft data indicators showed that businesses and consumers are feeling good in the US with manufacturing confidence at post crisis highs. However, Greene noted that “in 2017, every asset class was up - that’s a warning sign. It shouldn’t be like that.” Looking at the hard data, the economic data, the picture was different, and globally, we are all suffering from over supply. Over supply of debt, over supply of regulation and, critically, over supply of work force. She noted that 2 billion people have been added to the workforce in 10 years. Persistently low productivity in the developed world is also a negative factor and Greene noted that although “AI may help productivity growth, I don’t see any major growth in productivity coming down the line.” Looking at debt levels, she noted, “every major economy has an increasing debt burden” and that “debt has only gone up since 2008.” Greene admitted her current 5-year economic forecast for the US didn’t currently include a recession but “that’s not to say there won’t be one.” She also noted that business cycles are much longer than we have ever seen previously as central banks keep stepping in to support and rescue businesses in distress and that affects the natural cycle. Turning to Europe and the recent elections in Italy, which would certainly result in a hung Parliament, and France where people remain optimistic post Macron’s election victory, but he now faces backlash from French people as he tries to push through difficult reforms. This may mean he can’t get to his European reforms which are on his agenda. On Brexit, Greene says it will be worse for the UK than the EU. Looking further afield to China, Greene notes the high risk here as public and private debt is well over 250% of GDP which she says is “dangerously high.”

Robin Rossman, Managing Director at STR presented the Global Investment Outlook 2018 and noted that occupancies now are almost 10% higher than they were in the previous peak during 2008 and “during 2018 we expect to see another year of 5%+ RevPAR growth across Europe.” Turning to Asia and the Middle East, Rossman forecast another strong year with significant supply growth to continue in the Middle East and over 100,000 due to open before 2020 as Dubai maintains its position as the fourth most visited city in the world in the world. The year following the Brexit referendum saw a big boost in demand as the pound became cheaper allowing hoteliers to boost their rates. Occupancies have now turned negative with rate beginning to decline. Rossman said that “2018 will be challenging for London with 0-2% RevPAR growth.” Looking at markets that had been affected by terror attacks, Barcelona, London, Berlin and Manchester saw no decline in RevPAR following with the only market that still hasn’t recovered being Paris. The outlook for the Mediterranean was strong with city locations seeing a 40-50% RevPAR increase over last 4 years and resorts showing 50-60% growth.

The IHIF 2018 Lifetime Achievement Award was then presented to Adrian Zecha, who was interviewed by Liv Gussing Burgess, Managing Director, Kuxury Hotel Consulting. When asked how he decided on new locations for his properties he said he has a “gut feel for new locations” and looks at factors including the natural surrounding and whether the place was as yet, undiscovered.

Investors’ intentions in 2018 and beyond was moderated by Keith Lindsay, Managing Director, EMEA, CBRE Hotels who opened the session by stating: “there is a wall of money looking at the hotel sector at the moment” and noted that “2017 was a bout of frenzy and with all the capital formation happening at the moment, 2018 is likely to see more of that.” The CBRE Hotels investor sentiment survey claimed that 37% of investors are looking for capital growth in 2018, against 24% in 2017.

During the session, Desmond Taljaard, Managing Director - Hotels, London & Regional said: “we’re still trying to grow the Atlas business organically in the UK. People seem desperate to focus on the high labour aspect of the UK. Limited service still works and luxury is a good opportunity, despite the higher staff costs. I don’t get the bit about the stuff in the middle.”

Coley Brenan, Partner, Head of Europe, KSL Capital Partners, said: “When we look across multiple cycles and look at consumer habits the UK remains super attractive. If you are here for the long run in resorts, you will see meaningful opportunities to exit in the next four to 10 years. If you looked 10 years ago hotels weren’t core and now they are, so you can see that extending into resorts. It takes an institutional investor to show people why these are institutional classes.” He added: “there are cloud on the horizon, a lot of industries will be impacted, ours included but I remain positive.

Martin Brühl, CIO and Member of the Management Board, Union Investment said: “What keeps us up and night is things like climate change. Do you not worry about sea levels rising? We’ve been successful building up a portfolio in Germany and in the US where we do operational leases. There is a lot of cap rate compression going on - we’ve tried to be ahead of the herd in development funding. There are so many operators that want to be asset light and there are certain regulatory restraints on both side which make it complex.”

Abhishek Agarwal, Managing Director, Real Estate, Blackstone, said: “we’ve made some investment in the resort sector, there seems to be an imbalance between the demand and supply side. To take an example of Spain, last year it saw 82 million international overnight visitors, it was the second most visited country globally behind France. That’s huge. That’s good for leisure business. If you look at European airline capacity and their order books - if you see where they’re allocating in the future, Spain is growing by about 11%. If you look at secular demand drivers like people preferring experiences rather than goods, that’s all driving demand. But if you look at supply, there is little. There is limited coastline in which to grow. The sector has not been invested as much as other areas have been. You have an opportunity to get the yield investing in underinvested businesses.”

The owners’ view: increasing profitability was moderated by Jonathan Langston, Managing Director, HotStats in conversation with Cody Bradshaw, Managing Director, Head of European Hotels, Starwood Capital Group; Neil Kirk, Principal, Henderson Park; Anders Nissen, CEO, Pandox AB and John Ozinga, CEO AccorInvest. Nissen said, on OTAs: “now we have hundreds of distribution channels and just a few are held by brands. To get value you need to understand the OTAs and your own brand and the competitor set, and your local management and you need to work with all of that. We have a positive view of OTAs - they cost too much, but they create a lot of demand and they have introduced technology which we as an industry have not done ourselves. There may be so many more channels that the commission may come down and to call the OTAs the enemy is not right. They can deliver a revenue premium, but you have to work with channel managers, which is an expertise that the sector does not have. Kirk also noted the complexity with distribution channels and also said: “we need to work with the operators, the brand managers. We need to align ourselves with them, they have worked for a number of years with the same model - we can’t just beat them up.” Bradshaw said: “we’re all students in this game and we’re constantly learning, and part of our job is to facilitate the learning of best practice. There is a spectrum of asset management - on the one hand operators monitoring and the other is real in the trenches operations. Asset management is like peeling back an onion and you can go back a few layers and think you’re gone quite deep or you can go even further back. You have to have your hands on it but do it in a collaborate way.”

The second day of IHIF 2018 saw Russell Kett, Chairman, HVS - London Offic interview Federico J González, President & CEO, Radisson Hotel Group and conversation inevitable centred around the announcement, during IHIF 2018, that the group were rebranding to the Radisson Hotel Group and setting out an ambitions five-year plan. Kett asked whether the goals were achievable and measurable? González replied that is was “not the number of rooms, but how you are recognised in the industry” and firmly believes that Radisson “have the conviction to deliver on these goals whilst creating memorable moments.”

The first panel session of the second day focussed on development trends and was moderated by Philip Ward, CEO, Hotels and Hospitality Group EMEA, JLL. Joining the panel were David Etmenan CEO, Novum Hospitality, Raúl González, CEO, Barceló, Thomas Magnuson, CEO and Co-Founder, Magnuson Worldwide, Pierre-Frédéric Roulot, Chairman and CEO, Louvre Hotels Group and Michelle Woodley, President, Preferred Hotels & Resorts. Each speaker outlined their hottest development markets and gave the reasons why.

Ward opened by highlighting that more than 50% of the 2.3 million global pipeline was with the big four. Magnuson said: “We function best when there’s times of struggle, because we help owners put cash back into their operation. There are some icebergs in the water like Brexit, Airbnb - and both vastly underestimated. We want to help the independent hotelier fight against the rise of the OTAs and the rise of the brands. In the UK and the US, we don’t compete with the Hiltons or the Marriotts, we started at the grass roots, in the small towns. When you get outside the big cities that’s the vast middle, where you get 80% of the hotel stock. We are excelling as a conversion brand. Magnuson believes there will be a place for the likes of the Hiltons and the Marriotts in 10 years’ time, but it’s going to be very different. It will not be the kind of top-down environment that started in the 1950s. It’s going to get a lot more fragmented.” Ward concluded the session by saying: “it’s not a question of the hottest markets, it’s the one that’s are struggling the most.”

The IHIF and ISHC Young Leader award was introduced by John Fareed, Managing Director of Horwarth and Chairman of ISHC who reminded us that the award was created to recognise exceptional talent and celebrate excellence in the hospitality industry. The winner of the award, Tina Yu, Senior Vice President at KSL Capital Partners accepted the award and said she was “grateful for vote of confidence and to her colleagues who empower her”. She said she was extremely excited to continue her career in this exciting industry.

The final plenary session of the second day was the global CEO panel moderated by Andreas Scriven, Head of Hospitality & Leisure, Deloitte in conversation with Geoff Ballotti, President and CEO, Wyndham Hotel Group; Keith Barr, CEO, IHG; Sébastien Bazin, Chairman and CEO, AccorHotels, Chris Nassetta, President and CEO, Hilton and Patrick Pacious, President and CEO, Choice Hotels International.

Nassetta opened with comment on the success of their recently launched Tru brand saying: “Tru is like a rocket, we have 20 open, with 50 scheduled to open next year and 100 more in 2020. The purpose of having multiple brands is to be able to serve any customer, wherever they are, with any need they have.”

Bazin said that Accor have 24 brands, half they bought and half they created. He also said that “four years ago when I was here I thought that brands could matter less, but I was wrong. Brands are like a group of friends, for every occasion you can count on them for a different purpose and that’s what clients want. They provide a short cut in a very crowded world and have enormous value”.

When the panel were asked how sustainable brand growth is, Pacious suggested that “brands need to evolve and you need to take care of brand equity. There is a way to take your brand and make it relevant.” Barr announced that IHG would be launching a conversion brand later this year and announcing the acquisition of luxury brand to sit above InterContinental very soon.

Bazin noted that: “the problem with our industry is that we see our customers three or four times a year. Facebook interacts with customers 12 times a day, Amazon four times a week and we need to increase the amount of times we interact with our customers. However, Facebook, Amazon and others are missing the last mile as they never meet the customer. We do. They will never do it as it is capital intensive.” Bazin said that he wanted AccorHotels to be at the top of consumers minds for anything service related.

Barr feels “the industry is better at branding today than it was 10 years ago and uses owners in advisory role when creating brands. Companies that succeed the best, really engage with their owners and are always learning and focussing.”

Pacious was asked how Choice Hotels are leveraging technology and said that they had been a technology company for 30 year and “10 years ago they built a PMS system in the Cloud (which provided spectacular cost savings and time efficiencies) and had recently built their reservation system in the Cloud as well.”

Bazin concluded by reminding us that AccorHotels have an innovation lab comprising around 30 people, 25 years old on average, and identified mobility as the next big challenge on the hospitality horizon, both in terms of bringing the hotel to the customer, rather than getting them to come to you and also facilitating mobile payments within the industry.

Are you ready for GDPR?

David Derbyshire, Chair of HOSPA IT Committee, addresses the elephant looming across the sector and beyond.

By now almost everybody in business has heard about the new General Data Protection Regulation (GDPR). LinkedIn is awash with articles and experts offering all manner of advice, reports and consultancy to advise you on compliance. While this short article can't offer you that, it will hopefully shine a light on some of the implications for the hospitality industry.

GDPR replaces the previous Data Protection EU Directive 95/46/EC, and harmonises it across the EU. It will replace the UK Data Protection Act (1998). Some of you may be wondering what the distinction is between a Regulation and a Directive. This is worth a brief explanation:

- Regulations automatically apply across the entirety of the EU.
- Directives require member states to create their own national legislation to accommodate the new law.

This distinction is important. It means that for the first time the law will consistently protect the personal data of EU citizens wherever they live or work within the EU, and importantly, outside the EU. This means that you and I as EU citizens are (at least in theory) protected even when staying in a hotel in the United States, China, or anywhere else on the planet.

The GDPR becomes law with effect from 25th May 2018. From this date, all organisations that hold or handle data that can identify any 'Natural person' (living individual) must comply. The penalties are high - far higher than the prior legislation, with financial penalties rising to a maximum 4% of annual turnover, or €20,000,000. For large organisations 4% could be a lot more than €20m, let alone the reputational damage that a data breach can cause.

So, what does this all means for hospitality? As HOSPA members learned during the recent IT Community event at the BT Tower (courtesy of our hosts BT Wi-Fi), GDPR is not just an IT concern, despite what some in your business may think. Admittedly, most data is held or processed by technology systems, but those filing cabinets full of old guest registration cards, spa medical consent forms, and kids' club registration forms should not be forgotten.

Neither should your HR files, disciplinary records, copies of pay slips, employee medical records, or any other form of physical records that contain PII (Personally Identifiable Information). What about old CCTV recordings? If you keep them for too long they could become a problem.

In practice, many of the processes currently in place for compliance with PCI and Sarbanes Oxley regulation, as well as the 'old world' data protection legislation will still be valid. However, GDPR offers greater protections to consumers, employees, and contractors than was previously the case.
The EU designed the new regulation to bring data protection up to date, given the data revolution that human society has been through in recent decades. Whether we like it or not, most of us now have a substantial data footprint that simply could not have existed 20 years ago.

Consider some of the information that we collect now for our customers and employees: Name, date of birth, address, telephone numbers, email addresses, gender, ethnicity, bank details, loyalty club membership, guest preferences, and visa status. The list is almost endless - even online identifies such as IP addresses and cookies are in scope.

So how can you protect all of this data? There are some straightforward principles that you can follow to manage your compliance:

- Conduct a data mapping exercise (also known as a Data Protection Impact Assessment (DPIA). Understand all of the data that you hold and why. How accessible is it? Could you easily retrieve, delete, or amend it if somebody asked you to? How would you prove that you have complied with their request?

- Ask your suppliers how they are complying with GDPR. How are they managing your business data? They have a responsibility to treat it in a compliant way, but you are also responsible if they hold data on your behalf, to facilitate your business.

- Assess what data you retain for business need. This is an area where GDPR protects you as a data processor. You are entitled to keep data indefinitely if you can justify that it is necessary to conduct your business.

- If you do not need to retain data, why keep it? Once it is surplus to business requirement, or no longer required for any legal purpose (e.g. to meet accounting requirements, or employment regulations), get rid of it (securely!).

- When thinking about your business processes and systems, consider 'Privacy by Design'. For example, if you operate a CCTV system, how long do you need to retain recordings? Make sure you delete them automatically e.g. after 30 days, and that you can prove this if necessary. Securely archive your paper filing systems; and thinking of those archives, why do you really need them?

So, what are the rights that we will have as EU citizens under the new GDPR? I have managed to get this far without mentioning Brexit, but you should know that the UK will fully implement the law, which will then transition into whatever new legislation is created during the process of extracting the UK from EU legislation during the coming years.

Citizens have the following rights, which must influence how we design and manage the data that we handle in the industry:

- Right to know what information that is held about us.
- Right to access that data.
- Right to rectify anything that is found to be incorrect or out of date.
- Right to erasure of our data.
- Right to revoke consent (e.g. for marketing).
- Right of Data Portability (e.g. from one service provider to another).
- Right to be informed of automated decision making, use of AI to profile us (e.g. for sales or marketing purposes, or suitability for financial products or insurance).

These rights and protections must be kept in mind when designing business processes, selecting IT systems, or considering what information should be retained about any living person. There are also specific requirements with regard to minors (under 16) and to certain types of 'restricted data' (for example: race, ethnicity, sexuality, political beliefs, health information, biometrics).

Useful Snippets

There are other aspects of GDPR that larger hospitality organisations in particular need to be aware of, and which are considered Best Practice for all Data Processors:

- The appointment of a Data Protection Officer (DPO) is considered essential for large organisations to comply. This person needs to be able to operate without undue influence from the business, consequently must have seniority as well as a sound understanding of the Regulation, and of Information Management in general. The DPO role can be outsourced to a 3rd party, and this may be a more cost-effective solution for small/medium sized organisations.

If you spend any time researching GDPR you will come across the terms Data Processor and Data Controller. These are important roles to understand within the scope of the Regulation, particular where your customer or staff data is handed by a 3rd party (or if you happen to be a 3rd party service provider, handling data for another business).

- The **Data Controller** is the organisation ultimately responsible for the data. Controllers are responsible for ensuring Processors comply with any contractual terms for processing information.
- A **Data Processor** is any service provider that processes data on behalf of the controller, which they must do under a legally binding contract with the Controller, e.g. a cloud hosting provider offering data storage.

Some of the more challenging requirements of GDPR are those for data breach notifications. It is mandatory for an organisation to report any data breach to its supervisory authority within 72 hours of its discovery. In the case of the UK, the supervisory authority is the ICO (Information Commissioner's Office). In cases where there is a high risk to the rights and freedoms of the data subjects, they must also be contacted "without undue delay".

GDPR harmonisation rules can be superseded by local regulations, such as those relating to employment law or national security. For example, if a national regulation stipulates that employment data must be retained for 5 years after an employee leaves the company, it would not constitute a breach of GDPR to hold that data even if the employee had asked for all other records to be deleted.

In Conclusion

Nobody can be quite certain what the approach to enforcement for the GDPR will be. Clearly, it is critical to achieve and maintain compliance for all of the data that your business handles, but quite what compliance means is, to an extent, unknown.

Since there is no current case law, and no breaches, nor prosecutions have yet taken place within the scope of GDPR, there is little to help us understand compliance other than opinion, interpretation, and advice.

The authorities in the EU and the UK Data Commissioner have indicated that there will be a certain amount of lenience and understanding, so long as Data Processors can demonstrate their commitment to compliance, and efforts to improve on any failings are evident. Much will be made of the first notified breaches and prosecutions that take place.

So watch this space - do your utmost to be compliant by May 25th, and if you need expert advice make sure you shop around, seek multiple opinions or information sources, and always keep at the back of your mind, "If this were my personal data, how would I like it to be handled?"

UNWTO calls for sustainable tourism

The tourism sector's role and responsibility in contributing to sustainable development on a global scale was the central message delivered at the opening of the 2018 edition of the ITB Berlin travel trade show by Zurab Pololikashvili, Secretary-General of the World Tourism Organisation.

Speaking in the presence of German Chancellor Angela Merkel, tourism ministers from around the world and the leaders of the tourism sector, Mr. Pololikashvili stressed how tourism not only needs to consolidate current growth rates, but "to grow better".

In 2017, international tourist numbers grew a record 7% to reach 1.3 billion. UNWTO's message underlined the need to turn these figures into benefits for all people and all communities. "Leaving no one behind" was described as the benchmark for true sustainability, which must also decouple growth from resource use and place climate change response at the heart of the tourism sector's agenda.

"Tourism's sustained growth brings immense opportunities for economic welfare and development", said the UNWTO Secretary-General, while warning at the same time that it also brought with it many challenges. "Adapting to the challenges of safety and security, constant market changes, digitalisation and the limits of our natural resources should be priorities in our common action.

"In this vein, I propose that we as a sector stand together to address the following priorities:

- Education and Job creation
- Innovation and technology
- Safety and Security; and
- Sustainability and Climate Change

"To do so we need to:

- Embrace a digital tourism sector
- Adapt to new business models
- Better manage tourism growth
  Someone said there is no "overtourism, only under management"
- Invest in education and skills development

“If we are to address these issues we have to strengthen public/private cooperation as well as public/public coordination.

I wish to promote what I would call a tourism alliance:

- Between ministries
- Local administrations
- Private sector
- Technology partners
- And so many others on the wide-reaching tourism value chain

Speaking at the opening were the Federal Chancellor Dr. Angela Merkel. “Tourism is an example of the opportunities of globalisation. Tourism brings people closer together and creates the foundation for growth” said Chancellor Angela Merkel. “We are committed to the Agenda 2030. We are committed to sustainable tourism.” she added stressing the role of tourism in the sustainability agenda.

The UNWTO Secretary-General stressed education and job creation, innovation and technology, safety and security; and sustainability and climate change as the priorities for the sector to consolidate its contribution to sustainable development and the 2030 Agenda, against the backdrop of its expansion in all world regions and the socio-economic impact this entails.

To address these issues, Pololikashvili concluded that “public/private cooperation as well as public/public coordination must be strengthened, in order to translate tourism growth into more investment, more jobs and better livelihoods”.

The end of last year saw the launch of the ‘Manifesto of the Responsible Traveller’, a guiding document for travelling in a responsible manner.

The document was built on 10 fundamental principles, written on the basis of the Sustainable Development Goals stated by the UN in the Agenda 2030 and the criteria of recognised travel bloggers. Its aim was to be a document that any traveller could use as a personal examination, both before embarking on a new trip and after the trip to detect where they can improve.

The document called on travellers to:

- Be aware of the risks of traveling and take precautions;
- Promote the destination’s local development by consuming local products and services; contribute to the conservation, protection and regeneration of the destination ecosystem;
- Respect diversity and do not engage in discriminatory activities;
- Promote the sustainability of the heritage and infrastructures of the destination; support fair labour conditions that respect the rights of workers of tourist companies or choose experiences or products that promote the R&D of the destination;

“We want to engage the traveler in the pursuit of a better tourism,” says Manuel López, head of InterMundial Foundation and president of InterMundial Seguros. “The traveller is the true protagonist of the trip and, therefore, responsible for it”.

The president of the RTI, Tomas Azcárate, said that 2017 has been proclaimed by the United Nations General Assembly as the International Year of Sustainable Tourism for Development with the objective of “widening the contribution of tourism to the 17 SDG, as well as raising awareness of the true dimensions of a sector whose contribution to Sustainable Development is crucial”.

Azcárate affirmed that “responsible travellers are those who respect and value not only the natural heritage of the destination, but also cultures, traditions and local knowledge in all its forms.”

Any person can symbolically sign the Manifesto, which is hosted on the web www.manifiestoviajeroresponsable.es , thus compromising with a way of traveling that is aware that the impact it generates on the destination should always be positive. The Manifesto also promoted the “responsible traveller stamp”, a badge for travel bloggers who comply with the principles of the document and are examples of committed travellers. Also, and always within the framework of the Manifesto, there will be different days on which travel bloggers and tourism companies will be able to dialogue.

“We must stop thinking of the tourist as someone who devastates the territory and think that it can be a transforming agent, an agent of change,” concluded Yolanda Perdomo, director of affiliated members of the UNWTO . “If every one of the 43 million travellers who travel each year thinks that they can do something to improve, there will be a real revolution.”

The rise of the Millennial traveller, who is driven by experiences over acquiring things, is helping to drive sustainability. The same generation has a close eye on the impact they are having on the world around them and any company which does not meet up to their standards is likely to find themselves with beds to fill.

Tech and health test out-of-home sector

Healthy lifestyles are transforming the way consumers eat out, while hospitality is facing a post-Brexit crisis in recruitment.

Those are among the key findings of the third edition of Future Shock, the exclusive series of insights into the UK's eating and drinking out sectors from CGA and the Association of Licensed Multiple Retailers, which has recently re-branded as UKHospitality following a merger with the British Hospitality Association.

Health issues are having a significant impact on the market too, with three in five out-of-home diners saying they proactively try to lead a healthy lifestyle.

Research showing falling alcohol consumption and rising demand for soft drinks highlights the need to cater for health-conscious consumers, and young urban people in particular.

The report identifies several challenges facing the out-of-home eating and drinking out markets, including rising property and people costs, and warns of a looming crisis in staffing as a result of Brexit. With non-British nationals accounting for nearly a quarter of employees in hospitality and tourism - rising to nearly two thirds in London - operators will be closely watching the outcome of Brexit negotiations and planning strategies to improve their recruitment and retention.

Future Shock draws on CGA's extensive research to provide a host more facts, figures and analysis casting light on out-of-home eating and drinking, including:

- A 14.9% increase in Britain's food-led licensed premises in the last five years, to around 45,500.
- 47% of British consumers now eating out at least once a week.
- 45.5% of pubs and bars' sales now derived from food.

Jamie Campbell, business unit director at CGA, said: "This is a time of huge change in out-of-home eating and drinking, and our latest edition of Future Shock spotlights three of the most pressing issues: technology, health and Brexit. Understanding these and the many other trends uncovered by CGA's research is going to be crucial for all operators in the months and years ahead."

Kate Nicholls, CEO, UKHospitality said: "This has been a very busy year for the sector, with battles on business rates, Living Wage, lease reform, apprenticeship levy and the sugar tax. In the battle for share of voice within government, insight, intelligence and information are king, and that is why the Future Shock series is so important."

Future Shock also includes reflections on the 25th anniversary of the ALMR from industry leaders who have been instrumental in its growth, including CGA's Peter Martin, Mitchells & Butlers' Bob Ivell, Beds and Bars' Keith Knowles and the Foundation Group's Peter Salussolia. Knowles says: "Until the ALMR, there was no natural home for multiple licensed retailers. It has been vital in representing the interests of businesses like mine, and the way it has grown has been phenomenal."

Foodservice price inflation pegged back to 2.5% in January 2018

Foodservice price inflation dipped to 2.5% in January 2018, according to new figures from the CGA Prestige Foodservice Price Index.

The figure is a fall from year on year inflation of 5.1% recorded in December 2017, and marks the lowest point reached by the Index since early last year. It is partly the result of seasonal trends driven by the supply and demand of key foodservice items, but may also be an indication that some of the inflationary pressures that have beset the industry in the last couple of years might be easing. It also pulls inflation in the foodservice sector down to broadly in line with the wider level of UK inflation as measured by the Consumer Price Index.

The CGA Prestige Foodservice Price Index identifies a relaxation of inflation in key categories including Bread and Cereals (2.3%) and Milk, Cheese and Eggs (0.2%), while Fish prices fell by 2.6% year on year after months of high inflation. Troughs in inflation are to be expected in the early part of any year, but are significantly sharper than usual in 2018, indicating a degree of price correction in the aftermath of the EU Referendum and the consequent weakening of the pound against the Euro and dollar.

Despite the positive signs, the Foodservice Price Index outlines a number of inflationary challenges that lie in wait for the sector in 2018 and beyond. They include the impact of Brexit on the availability of migrant labour, on which vegetable, fruit and fish and meat processing industries depend. There is further uncertainty over oil prices, trade tariffs and supply from the UK meat industry, which has been hit by controversy over food safety standards at Russell Hume, which went into administration in February.

Inflation may also be impacted by the government's introduction of the 'sugar tax', which is likely to affect demand for soft drinks this year. The effect of the 'Beast from the East' winter weather on farmers and others in the foodservice supply chain in the UK and Europe is also yet to be determined, but may well have dented supplies of important food items.

The monthly CGA Prestige Foodservice Price Index contains 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: "FPI has seen another fall this month as multiple categories see dramatic drops, notably Fish and Dairy which are by far the most volatile categories. If the index continues downwards we may finally see FPI reach levels comparable to those of 2016, however, price fluctuations and continued uncertainty about Britain's economic future will exacerbate volatility."

CGA client director of food Fiona Speakman said: "The CGA Prestige Foodservice Price Index has identified significant volatility in prices over the last couple of years, and there are few signs of it settling down as we move further into 2018. January's headline inflation rate of 2.5% will be welcomed by the industry, and it is a relief to see foodservice come into line with CPI inflation. But it should be remembered that some of the pressures pushing down inflation are seasonal, and with factors like Brexit still causing uncertainty, businesses will have to monitor price trends and purchasing very closely throughout 2018."

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.

PwC Hotels Forecast 2018: Weaker growth expected to check in this year

- Weak pound boost to inbound holidays wearing off.
- Growth still forecast for 2018, but continued uncertainty and a supply spike in London means the pace will slow.

Latest figures from PwC's UK hotels forecast show a more modest outlook for 2018 and 2019, thanks to the impact of a weak pound on inbound leisure tourism wearing-off, combined with a slowdown in economic growth caused by Brexit uncertainty and a spike in new hotel rooms. The outlook for London remains positive but growth is expected at a much slower pace, especially as compared to the strong performance of the first half of 2017. PwC forecasts occupancy growth of 0.4% this year and 0.3% next year as weak demand continues and increased room supply weighs down growth.

Average Daily Rate growth will also be tempered with a 0.2% gain in 2018, some way off the 4.3% seen last year. This will take the average daily room rate (ADR) to £149, still a record in nominal terms with more robust growth of 1.6% expected in 2019 taking ADR up to £151. Revenue per available room (RevPAR) is forecast to see only 0.6% growth this year compared to 4.6% last year taking RevPAR to £122. In 2019, a 1.9% gain is predicted taking RevPAR to £124.

London			
A: Actual F: Forecaset	2017A	2018F	2019F
Occupancy	82%	82%	82%
ADP (£)	148	149	151
RevPAR	121	122	124
% growth on previous year			
Occupancy	0.2%	0.4%	0.3%
ADR	4.3%	0.2%	1.6%
RevPAR	4.6%	0.6%	1.9%
Regions			
A: Actual F: Forecaset	2017A	2018F	2019F
Occupancy	76%	76%	77%
ADP (£)	71	72	72
RevPAR	54	55	56
% growth on previous year			
Occupancy	0.6%	0.5%	0.2%
ADP (£)	3.1%	0.6%	1.2%
RevPAR	3.7%	1.1%	1.4%

According to data from the global hotels data company STR, a potential 9,000 new rooms could open in London in 2018, well ahead of the 8,000 that opened in 2012, the Olympic year. Other cities with large pipelines for 2018 include Manchester, Belfast, Glasgow and Edinburgh.

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

"Since the start of this year we have seen London's challenging period of hotel trading experienced in much of the second half of 2017 continue, dampening growth forecasts. The boost to inbound holidays from the weak pound has started to fizzle out and ongoing uncertainty around Brexit and the fragile economy is a recipe for some tough year-on-year comparisons for the next few months. This year, one of the main challenges to growth is demand. With more rooms potentially set to open in London than the Olympic year, that will mean a lot of rooms to fill. Hotels will be looking to events such as the Royal Wedding in May to provide an uplift while other events like the Farnborough International Air Show and additional unique sporting events will do the same for the regions."

Outlook for the regions

Hotel occupancy in the regions reached a high of 76% last year and is forecast to see further marginal growth of 0.6% in 2018 and 0.5% in 2019, taking occupancy levels to 77%.

ADR is set to grow modestly this year with 0.6% growth, climbing to 1.2% in 2019 taking nominal ADR to £72. RevPAR is forecast to see 1.1% growth this year, taking it to £55 with an additional 1.4% gain in 2019 lifting RevPAR to £56.

Liz Hall added:

"We expect hotel trading in many regional cities to remain relatively buoyant, driven by a variety of factors such as business travel and short leisure breaks. However, international destination cities could also feel the impact of the weak pound effect diminishing and of increasing new supply additions. Occupancy rates outside the capital have been climbing from around 70% in 2012 to a record high of 76% last year. Over the next two years we expect occupancy to edge up only a little, largely reflecting the continued expansion of the branded budget hotel sector. "

Outlook for deals in the hotel sector

Total deal volume for 2017 reached £4.9bn, up 34% from the previous year which saw transactions fall as a likely casualty of the Brexit referendum. The market saw a mixture of portfolio and single asset transactions with activity increasing in the second half of year.

This year, PwC anticipates a strong pipeline of portfolio deals with hotel owners considering whether the number of exits in the second half of 2017 is an indication that the end of the current cycle could be in sight. Overall we forecast 2018 deal volume to reach c£6bn, up 22% from 2017. For 2019 we anticipate a fall in deal volume to £4.5b, a 25% drop.

Sam Ward, UK hotels leader at PwC, said:

"After a sector-wide decline due to Brexit uncertainty we saw a rebound in deal activity in the second half of last year with a substantial push from overseas investors, particularly the more institutional investors seeking more secure, index-linked cash flows backed by a strong covenant. We have seen similar levels of activity continue into the first quarter of the year and we forecast a further increase in volume for this year. The following year, as we formally leave the European Union we expect the investors to become extra vigilant which will lead to a slowdown in comparison to 2018."

Britain continues to eat out

- Like-for-likes sales up 0.2% nationally, against February 2017.
- But managed pub groups outstrip casual dining chains.

The British public continued to go out to eat and drink in February - in spite of the cold weather and the negative media stories around restaurant chainclosures. Latest figures from the Coffer Peach Business Tracker show that collective like-for-like sales for managed pub and restaurant groups were slightly up 0.2% compared to the same month last year.

However, restaurant brands had a much rougher month than pubs, with collective like-for-likes down 1.5%, in contrast to a 1.3% increase for managed pubs. London fared better than the rest of GB, with like-for-likes up 0.8% compared to flat trading across the rest of the country.

"Most of the effects of the major snow disruption will show up in the March data, but even so, to come out effectively even for February as a whole shows the resilience of both the sector and consumers," said Peter Martin, vice president of CGA, the business insight consultancy that produces the Tracker, in partnership with Coffer Group and RSM.

"What's not clear is how the bad publicity around certain high profile restaurant brands closing sites has affected the market or individual choices," he said.

Mark Sheehan, managing director of Coffer Corporate Leisure, said: "Contrary to media reports the eating and drinking out market remains stable, as these figures show. The restaurant sector has had terrible press over the past few weeks but in reality, consumers are still eating out. We also continue to see pub operators out performing restaurants."

CGA's BrandTrack consumer research also shows frequency of eating out remaining stable. "Where people choose to go in a competitive market where choice has never been greater is different matter, however. Our consumer research shows people are more willing than ever to try somewhere new," added Martin.

Paul Newman, head of leisure and hospitality at RSM, said that the snow that affected many parts of the country earlier this month could not have come at a worse time for the sector.

"Operators would have been looking to shore up their finances ahead of March's quarterly rent demands. This deadline typically coincides with a working capital low point for many and on the back of February's weak data, could be the catalyst for further site closures and restructurings," he added.

CGA's latest Business Leaders survey showed that senior executives are expecting more business failures this year and a pull back on expansion plans. "This is already reflected in the Coffer Peach numbers," concluded Peter Martin. "New sites are still being opened but casual dining chains in the cohort are now rolling out at a rate below that of the pub companies. Over the last 12 months, total sales growth, reflecting new openings as well as closures, was 3.8% for restaurant groups compared to 4.3% for managed pub and bar chains.

"Although the February numbers will bring some comfort to operators, they are still below inflation, and with the extra business costs around property, people and food prices, it remains a challenging trading environment," Martin said.

Underlying like-for-like growth for the companies in the Tracker cohort, which represents both large and small groups, was running at 1.1% for the 12 months to the end of February, including 0.4% for casual dining chains and 1.4% for pub and bar groups.

Hotel profits hit by rising costs

Hotels in the UK faced a challenging start to the year as escalating costs, particularly in payroll, completely wiped out the revenue growth recorded this month and led to a 3.9% year-on-year decline in profit per room, according to the latest worldwide poll of full-service hotels from HotStats.

Growth in RevPAR in January was slight, at just 0.6%, to £66.28, and was entirely as a result of a 0.8% increase in achieved average room rate, to £102.58, which offset the 0.2-percentage point drop in room occupancy to 64.6%.

And despite the drop in volume, hotels in the UK successfully recorded increases in Non-Rooms Revenues, including Food and Beverage (+1.1%) and Conference and Banqueting (+6.0%), which contributed to the 0.8% increase in TrevPAR, to £103.86.

However, hotels in the UK struggled to turn a profit in any department, illustrated by the 0.5% decline in profit per room recorded in the Rooms Department, to £44.86. As the most profitable department of the hotel, Rooms is the stalwart of the operation; however, increases in Rooms Expenses (+6.8%) and Rooms Payroll (+3.1%), wiped out the increase in Rooms Revenue and led to the January profit drop.

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

January 2018 v January 2017
RevPAR: +0.6% to £66.28
TrevPAR: +0.8% to £103.86
Payroll: + 0.5 pts to 35.3%
GOPPAR: -3.9% to £26.10

Overall, looking at the operation overall, the growth in TrevPAR was cancelled out by rising costs, which included a 0.5 percentage point increase in Payroll, to 35.3% of total revenue, as well as a 0.4-percentage point increase in 'Overhead' costs. As a result of the movement in revenue and costs, GOPPAR at hotels in the UK fell by 3.9% year-on-year to £26.10 in January. This was equivalent to a profit conversion of 25.1% of total revenue and well below the average for the rolling 12 months at 38.5% of revenue.

"January was the sixth consecutive month in which hotels in the UK have recorded a year-on-year decline in room occupancy. I'm not sure it's time to start panicking just yet as the drop has been fairly minor. However, with a record number of additions to supply anticipated in London and the Regions in 2018, margins really need to be monitored.

Moreover, escalating Payroll costs should be a key concern for hotel owners, operators and investors, with further increases in the National Living Wage set for April 2018 and net migration levels falling to their lowest level since records began, stifling a major source of labour in the hospitality industry," said Pablo Alonso, CEO of HotStats.

In contrast to the UK overall, hotels in Cardiff successfully recorded an increase in room occupancy of +2.6-percentage points to 67.1%, but it was at the expense of a 1.9% decline in achieved average room rate, to £69.00, which was the lowest rate recorded at hotels in Cardiff since January 2016. During periods of low demand, such as January, and outside of the key events calendar in the city and at the Principality Stadium, room rate at hotels in Cardiff is highly price sensitive, illustrated by the rate recorded this month in the Corporate (£63.61) and Leisure (£64.77) segments at the hotels polled.

And despite recording a reasonable level of growth in RevPAR, profit per room at hotels in Cardiff also succumbed to rising costs in January.

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

January 2018 v January 2017
RevPAR: +2.1% to £46.32
TrevPAR: +1.1% to £73.57
Payroll: +0.9 pts to 41.2%
GOPPAR: -1.6% to £9.02

In addition to the drop in achieved average room rate, Non-Rooms Revenues at hotels in the Welsh capital fell and contributed to TrevPAR growth being tempered to an increase of just 1.1%, to £73.57. As a result of mounting costs, which were led by a 0.9-percentage point increase in Payroll, to 41.2% of total revenue, profit per room at hotels in Cardiff fell by 1.6% year-on-year in January, to just £9.02, equivalent to a profit conversion of only12.3% of total revenue.

Similar dynamics were responsible for profit per room plummeting at hotels in Newcastle in January, with properties in the North East city also failing to record an increase in revenue. Challenged by the addition of almost 1,000 rooms to the market over the last three years, room occupancy at hotels polled in Newcastle in January dropped by 1.6-percentage points year-on-year, to just 60.7%, which was the lowest occupancy recorded in the market since January 2016. The drop in room occupancy was sufficient to entirely cancel out the 0.9% increase in achieved average room rate, to £67.94, and as a result, RevPAR in Newcastle dropped by 1.7% to £41.26.

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

January 2018 v January 2017
RevPAR: -1.7% to £41.26
TrevPAR: -2.3% to £66.47
Payroll: +0.1 pts to 39.4%
GOPPAR: -19.8% to £9.00

Further declines in Non-Rooms Revenue meant TrevPAR at hotels in Newcastle dropped by 2.3% year-on-year to £66.47, which, again, was the lowest monthly level recorded in this measure since January 2016.

The falling revenue levels at Newcastle hotels were further exacerbated by increasing costs, which included a 0.1-percentage point increase in Payroll to 39.4% of total revenue. In addition, hotels in Newcastle recorded a decline in a number of Overhead costs, including Utilities, which increased by 0.6-percentage points for the month, to 6.3% of revenue.

The escalating costs, on top of declining revenues meant profit per room for hotels in Newcastle fell by 19.8% to just £9.00 in January, equivalent to 13.5% of total revenue, which was just 34.4% of the rolling 12-month GOPPAR average at £26.14.

Members' Events

April 12th
HITEC Amsterdam 2018

April 19th
BDO - Hotel Britain

Event Details
18:00 - Arrival and canapes
19:00 - Welcome and report overview
21:30 - Bar closes

Please join us on Thursday 19 April to celebrate the release of Hotel Britain 2018. Our in-depth analysis of hotels in Britain, their performance and future prospects, providing invaluable insights for operators and investors alike.

During the evening we will give an overview of the report findings and the opportunity to network with industry peers and meet BDO's hotel team. You will also receive your personal copy of the report to take home with you.

We will release our report to the public a few days after the event so you will be amongst the first to hear our analysis and views. We do hope you are able to join us.

Location
BDO, 55 Baker Street, London, W1U 7EU

April 24th
Cross Community Members Meeting - Manchester

Event Details
Our HOSPA Members Meeting on the 24th April will be held at Hotel Football! Overlooking Old Trafford, home of Manchester United Football Club, this upmarket, football-themed Hotel Football is 2.8 miles from Manchester Piccadilly train station.

Speakers:
Chris Beveridge - Associate Director, Moore Stephens LLP, specialising in Governance, Risk & Assurance, talking on GDPR.

Andrew Evans - CEO, Keystep, talking on Artificial Intelligence

May 10th
Payment Technology - The Future

May 23rd
Hotel Operations Conference

Location
Montcalm Hotel, London

June 6th
Glasgow Quiz Night

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

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

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

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

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Which grade of membership are you applying for?

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

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Your Signature		Date	

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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

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To book your place at HOSPACE 2018 please visit our online shop at: www.HOSPA.org/shop or email: bookings@hospa.org

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