

THE OVERVIEW

ISSN 2048-4844 JULY ISSUE 2013

Elephant in the room

What now for hotel technology?



VAT - an inspector calls

Quiz night - mind over muggy weather

CCTV - circuit breakers

Welcome to THE OVERVIEW

Dear members,

Technology is very much in the news at the moment. It's been common knowledge for some time that spies spy, but now it's apparent that it's not all poison-tipped umbrellas and razor-edged bowler hats, it's Facebook and Google too.

Sometimes having a nosy isn't all bad - Peter Edge reports later in this issue about the potential effectiveness of CCTV in the hospitality workplace. Use it, but use it wisely, within specific risk areas, is his message. And, as a former barmaid, I can attest that you should also make sure your system is a system and not some repurposed plastic tubing installed by an art student in their lunch hour.

We also report this month from HITECH, on the new developments coming into the market from the technology sector. We've all heard of iPads being used to update customers on the wine list, or control the in-room entertainment/lighting, but delegates were warned not to rush down to their nearest Apple store to stock up.

Hotels are being reminded that their customers have already rushed to the Apple store (other tablets are, of course, available) and have gone to the effort of loading their iPads with the content they want to watch. For hotels, the next step is ensuring that guests can connect their devices to the in-room entertainment.

There is some short-term pain for hotels to bear - making TVs compatible with all the products out there is not going to be possible. However, it is a lot cheaper than trying to stay ahead of the latest consumer trends.

The one item of technology which all consumers demand, even at the bottom end of the market is wifi - preferably free and preferably capable of more than just downloading emails from work.



Katherine Doggrell

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Sponsor of The Overview



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Carbon saved (kgs):
82
Land preserved (sq. metres):
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HOSPA

Hospitality Finance, Revenue and IT Professionals

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→ CARL WELDON



HITEC the high road

HITEC is large by any standards, but this year's event, which included over 4,800 attendees, also included Matroyska-like conferences-within-conferences on topics including golf and spas.

There are always some terrific keynote speakers to learn from and so I thought I would summarise some of their thoughts and comments for HOSPA members to dwell on!

This year's event opened with a session led by Theresa Payton – a previous IT director at the White House, who, as you would expect, focused mainly on security. She talked about setting up a military-style internal exercise of “good guys versus bad guys”, where they would try to break into their own system... and the ‘bad’ guys broke in very easily! She advocated all major companies practicing for a digital disaster. One comment struck home: “Organisations could be targets regardless of what they do, but most become a target because of what they do”. Payton said that there was an average of 243 days per year when the bad guys are in your system before they are realised or discovered. New deviant or malware is created every 90 seconds and in two days could be developed and released – an innovation timescale much quicker than a normal business development cycle!

Payton said that, within your IT staff, 5% to 12% should be focused on security, as opposed to the 3% which most companies currently allocate. Her advice when planning for a disaster was to ‘Date’ those companies you may need in a crisis now, before it happens. There should be pre-nuptial agreements and break-up fees in any SLA.

Hospitality is particularly vulnerable, with 77% of breach investigations last year being in the sector - one company's data breach cost them \$31m this year. Most IT breaches are

discovered by victims or when there is a ‘knock on the door’ by security services. Payton finished by asking a couple of key questions of the audience: Who is VP or president of your digital assets? And should they be on separate networks?

We have a signed copy of Payton's book ‘Protecting your Internet Security’ available for a lucky HOSPA member - see the HOSPA BLOG www.hospa.org/BLOG on how to enter the competition.

Their next session was with David Woolman, a contributing editor to Wired magazine, who wrote a best-selling book about the future of cash called ‘The End of Money’. One key finding he learned during his research, which saw him live without cash for a year, was from a Swedish policeman, who said that such moves made the underworld very unhappy, commenting that “cash is what flows in the veins of crime”.

Woolman was surprised by the emotional reaction of some to the idea that the use of cash might be coming to a conclusion. Bank notes, he said, were “heritage that you can hold in your hand”, drawing attention to the US, where bank notes are not redesigned as they are in countries such as the UK.

Woolman looked at some of the alternative currencies, such as Facebook credits and the Amazon coin. He also talked about the new methods of transferring money, such as M-Pesa, the mobile phone-based system in Kenya and Tanzania, which has 19 million users.

He concluded that the basic premise behind cash remains the same: “I have potatoes and you have furs. If I am cold and you are hungry then barter works. Otherwise you need a currency and that is why it was invented”.

We have a copy of ‘The End of Money’ available for a lucky HOSPA Member. Again - see the HOSPA BLOG www.hospa.org/BLOG on how to enter the competition.

HITEC had a very positive vibe about it this year, with business and spend going on. One consultant commented to me that “the spend that has been put off since 2008 is now coming around as having to be invested – as things are starting to break”.

I witnessed a few educational sessions – primarily around the issues of travel intermediaries and meta-mediaries which will be a challenge for revenue managers – plus a talk on the issue of attribution modelling (see <http://googleuk-travel.blogspot.co.uk/2013/06/on-beach-improves-their-attribution.html> for a Google take on this).

We will be distributing a HITEC Special report document provided by our friends from HFTP which discusses some of these issues.

This year's event was in Minneapolis, but next year's is planned for Los Angeles, with 75% of the close to 500 exhibitor booths already booked, confirming the popularity of this useful and interesting event.



Peter Malone
Managing Director,
Hospitality People Group

The owner/operator conundrum: a marriage made in heaven?

The hospitality sector mirrors many global industries in so far as the chain of enterprise generally comprises some or all of these players: investors, owners, operators and brands. Sometimes relationships are good; other times a little more temperamental. In fact, it's a lot like a marriage. There can be screaming, tears and - eventually - making up. In some cases divorce. So, what are the current trends in the owner/operator conundrum?

Owners or operators: who is the king of the castle?

Business structures, partnerships and contracts can take many forms; styles of contractual arrangements go in and out of favour over time. And management thinking may shift dependent on a number of factors, including:

- Current opportunities and threats.
- Whichever business school guru is currently in vogue.
- The macro-economic conditions.

It used to be that investors wanted control of the whole value chain from asset ownership through operations and brand management. But that has changed and we have seen many more owners entering into management contracts with hotel operators and owner operators selling their asset base.

Weighing up the benefits of management contracts

Engaging a specialist hotel operator can certainly have benefits for owners. Operators bring consistency through established standards and systems. They have distinct marketing skills and specialist industry knowledge.

However, even the most dedicated management company simply does not have the same stake in the business as the owner.

- **Owner's perspective:** profitability and the protection of a valuable asset are number one priorities.
- **Operator's perspective:** sales pipeline and brand reputation are key objectives.

The hotel owner makes a huge investment with all its attendant financial risk (the upside being significant potential gains should the asset go up in value).

Different perspectives of the Owner Vs Operator issue

"There is a concern amongst some of the owner community that operators are really essentially focused on pipeline growth to the expense of ... the owner's bottom line and their return.

"If you speak to the operators they'll say this is fundamentally at odds with what they see. The very fact that owners are signing up with them (operators) is a sign of confidence in their organisation, their infrastructure and their brands. I fully expect this debate to continue."
Nick van Marken, global head - advisory – Travel, Hospitality & Leisure Industry Group, Deloitte LLP

Owners demand control and influence over key appointments

Operators get a management fee in bad times and in good, so owners need to be very confident in the operator's management team. This is natural, given the value of the asset and its cost to the owner.

In Asian markets it is reasonably common for owners to have the final say on operators' executive appointments. Owners typically wish to green-light the appointments of Finance Director and even General Managers, seeing such influence as a way of protecting their assets.

Some commentators argue that this approach to senior appointments provides an essential communications bridge between owner and operator, and is a sensible way to align competing aims. Is this also becoming common in the UK?

The law favours ownership

Management contracts are complex and lengthy: 20 to 25 year terms are not uncommon. These are big deals and everyone wants a win-win. But there is an awful lot at stake... Hotel

management agreements are a very serious business! Recent years have seen a few high profile cases where owners, unhappy with the performance of the hotel operators they put in place, have successfully extricated themselves from contracts. It is a sign that owners now take a closer interest in the performance of their assets and are willing to fight to wrestle them back from under-performing operators.

Who pays for hotel refurbishment? Who funds the wifi?

"The number of disputes between hotel owners and hotel operators has risen dramatically over the past few years. Many are resolved at the bargaining table, but record numbers of these disputes have erupted into lawsuits".
Jim Butler, hotel lawyer, Jeffer Mangels Butler & Mitchell (US).

Moving beyond 'Bricks and Brains'

The underlying principle of management contracts has been the separation of property ownership from the operational management of the hotel (a separation of 'bricks and brains'). The case for 'bricks and brains' was:

- Brands could focus on what they were good at (running hotels)
- Managing the real estate was left with the owners. In Asian markets such management contracts are still very common. Operators bring their brand and run the hotels for investors. The model has worked very well in this territory and owners are quite happy not to be burdened with operational matters.

In Europe management contracts along those lines remain popular but are by no means dominant. Nick Skea-Strachan (Partner at Berwin Leighton Paisner LLP) is seeing new structures emerging: "One of the developments is third party management, which is where an investor brings in a specialist person to operate the hotel and focus on running it, but then a brand is brought in separately.

"We used to have a saying in the hotel industry of 'splitting the bricks and the brains', splitting up the ownership of the hotel from the branding and operations.

"Whereas now it's probably bricks, brains and brand. We've got these guys in the middle who focus on running an efficient hotel and buy the brand in separately."

It's an interesting development. On the one hand a third party brand will bring a positive, niche marketing focus and potentially a closer alignment of objectives with the owner. On the other the opportunity for conflict inevitably increases where more parties are involved.

What is the magic formula?

There are many ways to skin a cat when it comes to the hotel industry. Hospitality enterprise structures gradually change over time. Arrangements between investors, owners, operators

and brands form a complex matrix where tensions are bound to surface. There is a constant rebalancing and this will always be the case.

Ultimately success depends on a fairly basic formula, summarised neatly by Tim Helliwell, Head of Hotel Finance at Barclays Bank: "Good product, good location and good management - you've got a good deal."

Back to Square One?

The increasing tension between hotel owners and operators has led some investors to question whether the splitting of 'bricks and brains' is the right way to go. And in some quarters change is afoot. There are large hotel chains that prefer joint owner-operator status over outsourcing operations. Premier Inn, for example, owns 85% of its hotels. The brand clearly prefers to own its assets and stay in full control of operations.

Peter Malone, Managing Director, Hospitality People Group

Peter is the Managing Director of Hospitality People Group, which includes the established brands Madison Mayfair, FM Recruitment and FM Operations. The company provides hospitality executive search and recruitment services to clients on a global basis. Peter and the team work with major international clients to hire and retain executives and managers in all disciplines throughout the hospitality sector.

During his career Peter has held senior Finance positions in well known hotel groups including Holiday Inn, Hilton International and ITT Sheraton throughout Europe, the Middle East and Africa. He is also a fellow of HOSPA and of the Hotel and Catering Institute of Management.

→ BDO LLP



An inspector calls

Some things are inevitable. The day will arrive when you receive the dreaded letter from HMRC telling you of its intention to carry out a PAYE and national insurance contributions inspection of your business. Accompanying the letter will be a list of records and documents that it wishes to see.

It helps if you can plan in advance and know what HMRC will actually be looking for. This article will cover living accommodation and, in a future article, we will examine the rest of the top five generic risks to the industry.

Chargeability and exemptions

Whether it be a suite or apartment for the General Manager or a room used by an employee, HMRC will always consider whether an accommodation benefit exists. In many cases it will. The important thing to remember is that there are certain exemptions to this benefit. The main two are:

1. Where the benefit is provided for the proper performance of the employee's duties, or

2. Where the accommodation is provided for the better performance of an employee's duties and the employment is one in which it is customary for the employer to provide living accommodation.

The second exemption fell away in the hospitality industry when, some years ago, BHA agreed with HMRC that it was no longer customary to provide such a benefit to General Managers. This still leaves the proper performance exemption.

It is becoming increasingly difficult to convince HMRC that this exemption applies to a hotel General Manager as the test to be satisfied is that it is necessary to occupy the particular property (as opposed to any other property) to do the job properly. However, in some cases it is still possible to convince an inspector that a particular General Manager could not perform his duties unless he or she lived in the hotel itself. A recent case took nearly two years and a vast amount of work in providing detailed analysis of the timing and location of duties before HMRC eventually accepted the position.

On the other hand, if the duties a General Manager has to perform could be carried out equally efficiently if he or she lived elsewhere, say a ten minute walk away from the hotel, this becomes a costly benefit to provide. The employer would be liable to Class 1A NIC on the benefit and will probably have to increase the General Manager's salary as recompense for the income tax due.

The calculations

There is a standard reportable value that must be calculated for all properties. A further charge is added for properties that cost more than £75,000.

To work out the standard value, start with the greater of:

- the 'annual value' of the accommodation (this is the 1973 gross rateable value)



- any rent you pay for the accommodation less any rent paid by the employee.

If the accommodation provided costs more than £75,000 you then have to calculate the additional charge. There are three basic steps:

1. deduct £75,000 from the cost of the accommodation

2. multiply what's left by the official rate of interest (4% at the moment)

3. deduct any rent paid by employees that has not already been deducted when working out the standard reportable value.

You can immediately see that there may well be difficulty in calculating the actual cash equivalent of the benefit as the accommodation provided will normally form part of the hotel building. In these circumstances, it is necessary to agree with HMRC a representative cash equivalent to use, but again this will need careful and experienced negotiation techniques.

Always be aware that, if you supply a room to an employee, HMRC will look to charge the provision of that room as a benefit in kind. In this case, it should be possible to demonstrate that the marginal cost to the hotel in providing the room is minimal, merely a little bit of laundry, and therefore the charge should be nil.

It is always important to be compliant with your PAYE and NIC obligations and time spent reviewing the position internally now should save cost and heartache at a later date.

Next time we will look at employment status, tips/troncs, termination payments and late night taxis. Anne-Marie Boden is a tax director in the human capital team at BDO LLP.



Jessica Howard
Mazars LLP

Thanks to Mazars LLP for inviting HOSPA members to their seminar in July on the New UK GAAP. Please find below an excerpt from the presentation by Jessica Howard.

Mind the GAAP!

Whether you are a small independent company or a large multinational you will need to prepare for the changes to accounting standards and reporting as the old UK GAAP is phased out over the next 18 months to be replaced by the new financial reporting standards (“FRS”). There is still plenty of time to prepare – the proposed effective date is for accounting periods beginning on or after 1 January 2015 but you will have to restate the figures for the previous year, so in effect if you have a December year end you will need to be ready for this soon after 1 January 2014.

What do you have to do?

Firstly speak to your professional advisers who will help you decide which framework to apply. If you are not part of an international group you have choices from full IFRS down to the simplest framework for small entities, FRSSE. It can be confusing so this is where the experts can help!

Secondly you will need to consider whether your accounting system can be modified to cope with the changes in reporting – for example, do you have a separate code for computer software? This will no longer be depreciated within the definition of Tangible Fixed Assets but has to be restated on the Statement of Financial Position (the “Balance Sheet” in old money) as an Intangible and amortised over its life, which is deemed to be a maximum of 5 years. Do you have a separate expense code for amortisation? Can you find the original invoices in order to be able to identify the costs separately? If you are planning some CapEx in the next year this is the time to plan ahead and save time later!

There are many areas of the balance sheet that will be impacted: goodwill, investments, leases, financial instruments (which include trade debtors and creditors), employee benefits...

We will be exploring this topic in much greater detail from a practical viewpoint of the Financial Controller in the autumn when we intend to host an evening workshop to guide you through this minefield. We need to think about the users of the accounts – financial and management – and the impact on bank covenants and management agreements. We will also be exploring the changes in the Uniform System at the conference in November, so prepare for an interesting 12 months ahead!

FRS 102 'THE FINANCIAL REPORTING STANDARD APPLICABLE IN THE UK AND REPUBLIC OF IRELAND'

Financial Reporting Newsletter: Special Edition

Introduction

In 2012 the Financial Reporting Council (FRC) set out revised proposals to change the financial reporting standards in the UK and Republic of Ireland (ROI). The new requirements have now been issued and fundamentally reform financial reporting, replacing almost all extant standards. The overriding objective is to produce accounting standards that enable users of accounts to receive high-quality understandable financial reporting proportionate to the size and complexity of the entity and users' information needs.

FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' is the main new financial reporting standard to achieve this.

FRS 102

=

The 'new UK GAAP'

What is it?

FRS 102 is the new single comprehensive Financial Reporting Standard that will **replace the extant FRSs, SSAPs and UITFs currently in issue** (current 'UK GAAP'). FRS 102 is:

- a **principle-based** Standard; meaning it is easy to use and does not contain detailed and prescriptive requirements;
- an **international-based** Standard; meaning it is similar to international financial reporting standards;
- an **up-to-date** Standard; meaning it reflects the way in which businesses operate in today's environment; and
- a **cost-effective** Standard; meaning the cost of applying the requirements should not outweigh the financial reporting benefit.

How is FRS 102 relevant for UK and Irish businesses?

FRS 102 is based on the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for

SMEs). However it has been **amended by the FRC** in a number of ways including:

- Making amendments for **compliance with legal requirements**, such as the Companies Act 2006;
- Adding certain **accounting policy options** that are available under current UK GAAP and are typically applied by businesses;
- Adding certain UITF and other accounting requirements that are available under current UK GAAP in order to fill gaps within the Standard and **avoid unnecessary diversity in practice**; and
- Making amendments to the new requirements so that they are more **suitable for UK and Irish businesses**.

Who does it apply to?

FRS 102 applies to all entities that are required to prepare financial statements that give a true and fair view of financial position and profit and loss, and applies to financial statements that are not applying EU-adopted IFRS, FRS 101[†], or the FRSSE*. Hence the Standard does not just apply to companies and therefore will also be applicable to the following:

Financial Institutions	Such as: Banks, Building Societies, Credit Unions, Authorised Funds, Investment Companies, Investment Trusts, Friendly Societies, Industrial and Provident Societies and Pension Schemes.
Public Benefit Entities	Such as: Charities, Further and Higher Education Organisations and Registered Social Housing Providers.
Other Organisations	Such as: Limited Liability Partnerships.

[†] FRS 101 'Reduced Disclosure Framework' (November 2012)

* Financial Reporting Standard for Small and Medium-sized Entities

When is it effective?

FRS 102 is required to be applied for the first-time to accounting periods beginning on or after 1 January 2015. The diagram below shows the time frame for mandatory first-time adoption, based on a December year-end:



FRS 102 may however be adopted early and applied to accounting periods ending on or after 31 December 2012.

What are the key differences from current UK GAAP?

The impact of FRS 102 will be different depending upon the individual circumstances of each entity's business. Consideration needs to be given to both measurement and disclosure matters. The following table highlights some of the more significant accounting areas where differences are likely to arise between current UK GAAP and FRS 102:

- Financial instruments (including derivatives)
- Acquisitions, goodwill and intangible assets
- Deferred tax
- Correction of prior period errors
- Investment properties
- Employee benefits and defined benefit pension schemes
- Investment in associates and joint ventures
- Specialist activities (including service concessions and agriculture)
- Merger accounting
- Foreign currency transactions and overseas operations
- Management judgement and estimates
- Minority/non-controlling interests

How can we help you?

Mazars' specialist Financial Reporting Advisory team helps businesses understand and apply the complexities associated with accounting and financial reporting requirements, particularly with the aim of providing practical and solution driven advice.

Our team has strong technical expertise and can help you meet the challenges and difficulties you face from the new FRS 102 requirements and converting to a new financial reporting framework. We can provide conversion project support in a variety of ways:

Please get in touch ...

For more information on the impact of FRS 102 on your business please contact:

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Partner, Financial Reporting Advisory

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E: steven.brice@mazars.co.uk

GAAP impact assessments

Perform an impact assessment to identify the differences between existing UK GAAP and the new FRS 102 accounting and financial reporting requirements, offering you three levels of assessment depending upon your needs.

- Level 1 - a high level overview of how adopting FRS 102 would impact your business;
- Level 2 - additional detail involving more investigation into specific issues; or
- Level 3 - additional full project management support where detailed project scoping is required.

Specialist technical consultancy advice

Provide technical consultancy advice to answer specific FRS 102 questions that you encounter and offer a view where an accounting requirement is open to interpretation.

Training

Deliver tailored training sessions and workshops to assist you with understanding the FRS 102 detailed requirements, with a view to empowering you with the knowledge for an on going basis.

Secondment of technical specialist

Second an experienced technical specialist to work along-side you and provide support and knowledge to complete the in-house FRS 102 conversion process.

Considerations assessment

Perform a considerations assessment that will set out the costs, benefits and an accounting comparison of each new financial reporting framework (FRS 102, FRS 101 or IFRS), in order to help you determine which is the most appropriate for your business.

Preparation of financial statements

Prepare first-time financial statements that are compliant with the new accounting and disclosure requirements of FRS 102, either as proforma or shadow depending upon your expected conversion date.

Group reporting and accounting policy manuals

Prepare and/or review group reporting manuals and accounting policy manuals to offer technical considerations and views for ensuring compliance with the new FRS 102 requirements.

Compliance reviews and disclosure checklists

Carry out 'red flag' reviews of the new FRS 102 financial statements prepared by you, and provide disclosure checklists to support and evidence compliance with the new requirements.

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The HOSPA Online Classroom

The HOSPA Education and Training Programmes provide a framework for developing the skills and knowledge needed at first line and middle management levels. Our courses in Financial Management and Revenue Management have been developed by leading educators in the appropriate field of expertise in conjunction with hospitality industry experts. Ideal as a stand-alone education programme or one that can sit alongside in-house training, our courses are pitched at undergraduate level and acknowledge the increasing significance of encouraging employees to not only obtain appropriate qualifications, but also to continue in full-time work - earning whilst learning.

Studying in their own time, learners are supported by a course study pack, access to EBSCO - the online library - plus access to the online classroom with additional resources, a learner's discussion area and a dedicated Stage Tutor. This article provides an introduction to the HOSPA online classroom and explains how it is of benefit to our learners.

What is the Online Classroom and how does it work?

The online classroom is an essential part of learning with HOSPA. The "Classroom" is a secure website using Moodle collaborative technology, dedicated to providing support to our learners where they can chat with other learners in their group, post questions and download additional resources such as articles and weblinks provided by their tutor. Every learner has their own personal log-in to the website, which is provided at the start of the course, and their own profile where they can upload their photo and add some information about themselves.

How does the Online Classroom benefit learners?

Online learning has huge benefits over distance learning as learners can seek information when they need it, wherever they need it. This is especially important as our learners are predominately in full time jobs and need to fit their studies around work. The online classroom allows learners to use their time efficiently and effectively whilst engaging in learning which is relevant to their needs.

What resources are available via the Online Classroom?

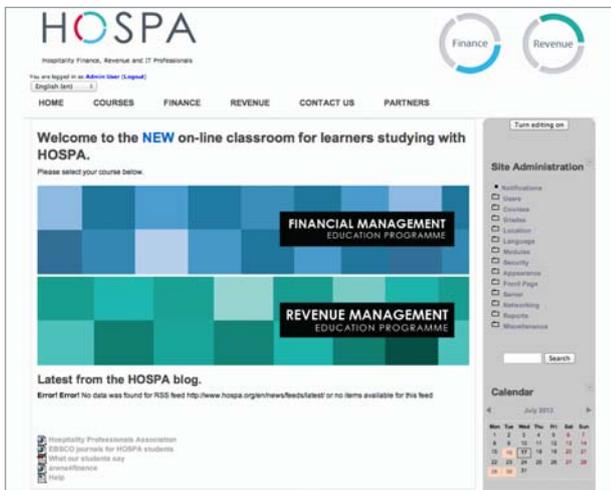
At the start of each course learners are sent a study pack in the post, however a pdf copy of the course materials is also available via the online classroom so learners can also access materials on the move.

Learners are further supported with extra resources such as presentations, web links, articles, videos and revision materials. This is all in addition to access to EBSCO, which has full text articles from almost 3,000 high quality magazines and journals.

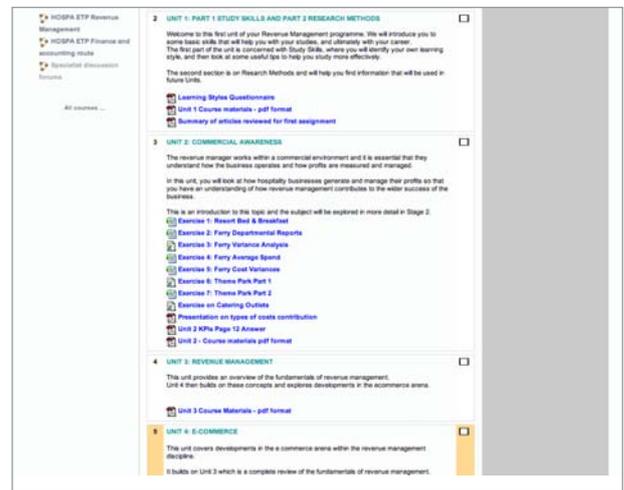
How else can learners use the Online Classroom during their studies?

If a learner has a query about their assignment or what they are learning, they have the opportunity to raise any questions they have with their Stage Tutor or with others on the course within the online discussion forum. Learners are strongly encouraged to take part in discussions and to give their opinion, as this stimulates debate and encourages learners to process what they are learning.

We are moving to the latest version of Moodle during August enabling the classroom in the future to host non-assessed quizzes that will be available for learners to check their learning during the course. HOSPA constantly welcomes feedback from our learners and at the end of each course we ask all learners to complete a feedback survey so we can seek to improve both the resources and learner experience.



Screenshot of the online classroom homepage
<http://bahlearning.arena4finance.com>



Screenshot showing an example of additional resources and exercises available to learners

Enrolling now for September!

For more information about our courses call Debra Adams, Head of HOSPA Education Services, on 01202 842809 or visit the HOSPA Education pages at:
www.hospa.org/education/education-and-training-programmes

→ INFOR Reservations with ease

With many customers booking hotel rooms on third-party websites, hotels can find themselves paying commission to online travel agencies. But as costs rise, many establishments are starting to seek alternatives. Michael Talbot of Infor EasyRMS explains how its internet revenue and yield management solutions can optimise hotel revenues.

With the migration of hotel-room distribution to the internet, many distribution channels use price as a principal parameter. How can hotels solve the resulting problem of price becoming the customers' main consideration?

Michael Talbot: We believe that the rate is still an important factor when it comes to selecting a hotel, but the total value proposition is vital. If you look at successful online travel agencies (OTAs), they tend to sell at exactly the same price for

each of the listed properties, but all will offer a set of benefits that they claim is unique to their site. The main advantage that OTAs hold over an independent hotel is that, not only can the guest search most hotels in a destination, the accommodation can also be packaged with flights, car rental and other offerings, making it a one-stop shop experience.

In order for hotels to win back these customers and get them to book through their own websites, it is essential to make the booking process worthwhile. This can be done by offering incentives like complimentary upgrades, free breakfast, discount vouchers and airport pick-ups.

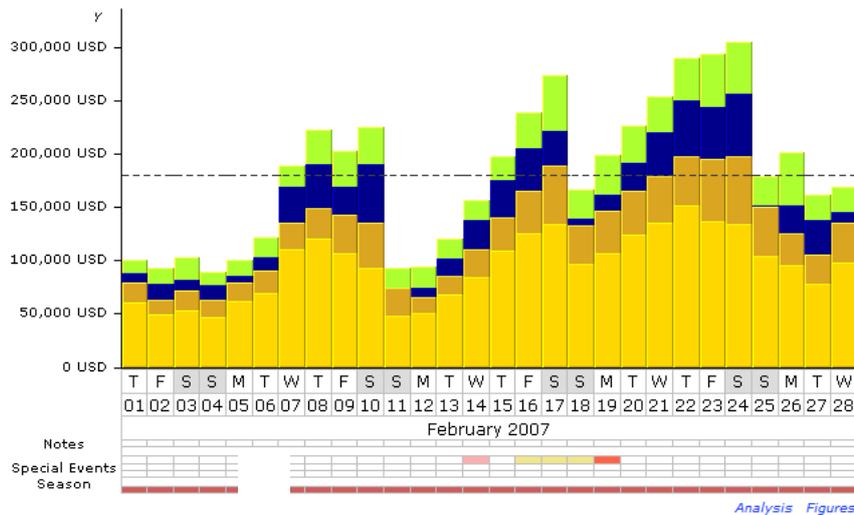
While hoteliers seek to drive bookings to their own websites, third-party sites have created strategic approaches to encourage hoteliers to distribute rooms there. Hoteliers almost always use some kind of discounted distribution to clear their inventory of unsold rooms. What alternative are there to third-party sites?

MT: We believe that there will always be a need for partners and third-party sites. But it is understandable that hoteliers are looking for alternatives, especially with commissions at the levels they are today. In fact, commissions should be the starting point for any hotelier, as they have a direct impact on the bottom line.

Property Results

Total Revenue

With Complimentary Rooms / With Day Use For Revenues Only / Tax Excluded



Revenue Category	Total Revenue
Room	2,679,605.94
F&B	918,162.12
C&B	699,154.29
Other	793,413.93
All	5,090,336.28

Recently, a number of hotels and chains have refused to sign new contracts with OTAs because of the high levels of commission being demanded – other industries pay far less to the same suppliers.

Of course, there will always be alternatives and one of these is roomkey.com, which was set up by some of the world's major hotel brands to compete with the online agents. Other opportunities are popping up constantly; for example, Google Travel. But the most important advice I can give is to ensure that you have the partners that allow you full control over your inventory. Hotels don't mind paying higher commission levels during periods of need – it is inflexibility during periods of high demand that is usually the deal-breaker.

How can ASP/internet-based revenue and yield management solutions help maximise total revenue potential in the long term?

MT: There is only so much a human being can do in a day. So, with the introduction of an automated system, not only do you automate the manual decision-making process, you also automate the forecasting and optimisation of your business. A system will use multiple models, formulae and algorithms to determine the most profitable selling strategy for the hotel. This will save a hotel a lot of time, as well as analysing the data in far more depth than a human could. This explains why hotels will generally see an increase in performance of 4–7% compared with the market.

Once the decision is taken to implement an automated revenue management system, what are the next steps? How do you assist hotels during and beyond the engagement process?

MT: A hotel is taken into our team's care as soon as the contract is signed. The data extraction installation process is started as soon as the signed contract is returned. Following the data installation, there is a period of approximately three months before the system is taken live. This time is needed to build a detailed database of all patterns and trends, which are then used to generate the fully dynamic forecasting models. Throughout this time, there will be on-going contact with our team, ensuring a smooth implementation of the system in a way that suits the hotel. After the full installation and optimisation of the system, the hotel team is trained and the system is taken live under the supervision of an experienced trainer. The hotel is left with a dedicated contact, who can assist the hotel with any queries and approach it on a regular basis.

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→ QUIZ NIGHT



This year's HOSPA quiz was a triumph of mind over muggy weather

It was a warm and steamy night in London Town. Tourists swarmed around Covent Garden, bewildered by zebra crossings, distracted by stalls covered in shiny beads, tour guides waving their umbrellas in frustration as their charges were sucked into this baby clothes boutique, that cupcake emporium.

There was no such loss of focus upstairs at the Prince of Wales, as over 100 HOSPA members mopped their brows and got down to the serious business of the annual quiz, a decade-long institution giving the working man a much-deserved break from all matters financial.

No mere evening out though, this was a test extreme. Ten rounds, including music, sport and puppets, with questions ranging from “what replaced Purchase Tax in 1973”, through “what family of welfare scroungers lived at 30, Kelsall Street, Liverpool” to “complete the title of the 1960s puppet show, ‘Fireball XL’ what?”

The competition was fierce. The last two years have been dominated by the team from Solution Builders, but they were unlikely to have it their own way, with

Marriott, who had their own previous run of two years eager to reclaim the crown. Aside from the old battlers, there were new pretenders to the throne. STR Global were debutantes at the contest, but fielded three teams: Quizzie Rascal, Quiz Eubank and Quiztopher Columbus. Representing the kids were Born Social, HOSPA's social media gurus and the source of much groaning at the sight of a 1970s-themed round.

With HOSPA treasurer Sarah Dovey as quizmaster, backed up by Dorchester Collection's Magda Mirowska prowling the aisles looking for illegal connections to the internet, the well-oiled machine kicked off, as hands sticky with smoked salmon and chicken drumsticks were hurriedly wiped off and pens were picked up.

Eyes glanced at the bottles of champagne and Fortum & Mason's hamper for motivation as brains were wracked for the answers to tricky vegetable-based questions. Team names were scribbled at the top of sheets as they were taken amid pleas for an extra 10 minutes, five minutes, 30 seconds.

And what team names. Hospare Parts. Postcard from Abu Quiztada. Victorious Secret. Winners all, if only it was that sort of quiz. But it wasn't. It was a quiz where idiocy and confusion were rewarded, however. Born Social won a bottle of champagne for answering “Bison Range” to “What was the name of the Ewing family ranch in Dallas?”. The Team To Our Right Are Cheating won a bottle for scoring only 0.5 points in a round of a possible 20. Quizzie Rascal showed an enthusiasm for social networking by proclaiming that Facebook had organised the annual Great British Beer Festival.

As ever, there could only be one winner (well, unless another team had scored the same number of points) and Solution Builders made it three in a row with 115 points, closely followed by Marriott with 110, winning dinner at the Spaghetti House and Dorchester Collection with 103, winning a tour of the Sky studios. The lowest score went to Quizzie Rascal, with 45, but for all spread of knowledge, there was one matter on which all teams were united: everyone was able to identify Psy's Gangnam Style from the lyrics. A proud moment indeed.

Xn Hotel Systems and iHost Hospitality merge

Xn Hotel Systems and iHost Hospitality are delighted to announce that they have merged their business operations under the Xn Hotel Systems name with immediate effect.

Xn HS, operating from offices in the UK and across Asia Pacific is a leading supplier of property management, central reservation, distribution, electronic point of sale and business intelligence systems. The merger with iHost complements and expands the Xn HS solutions portfolio with the addition of spa & leisure management, guest communication and digital marketing systems, thus creating a true end-to-end technology solution provider to the wider hotel and leisure markets.

Craig Chait, the Founder and Chief Executive of iHost, who is based in Melbourne, Australia, will be joining Xn HS as Senior Vice President of Sales & Marketing for the Asia Pacific region and in addition will become Managing Director of Xn HS's Australian business unit. As part of the merger, Craig will also become a shareholder in the Xn HS group.

In addition to its own proprietary range of solutions for central reservations, distribution, POS and business intelligence, the enlarged Xn HS business will continue to market and support its best of breed business solutions from leading vendors protel, Serenata and TAC.

With its regional head offices in Singapore and the UK, the enlarged Xn HS business will have over 70 people serving a customer base of over 1,000 installations in some 50 countries and comprising small independent properties through to the largest international brands. Further details on the new Xn Hotel Systems range of products and services can be found at <http://www.xnhotels.com>.

Greg Spicer, Chief Executive of Xn Hotel Systems group, commented: "The critical mass of the merged business increases our joint capability to deliver service, enhance business value and support world-class hotel software products globally.

Xn Hotel Systems and iHost Hospitality have each grown organically and successfully since 2001, by addressing the hotel and leisure market's need for leading business technology, supported by flexible, attentive services.

The merger of iHost Hospitality with Xn Hotel Systems group, will not only widen our mutual product range, but adding Craig Chait to the Xn Hotel Systems management team and board, will add significant depth of experience to the enlarged group. This is especially important at this key time of our expansion into China and Asia-Pacific.

We warmly welcome all customers and staff of iHost Hospitality to the Xn hotel Systems group." Craig Chait, Chief Executive of iHost

Hospitality, commented: "The synergies between Xn HS and iHost were evident from the very beginning. Having founded and created iHost from a single hotel customer in 2001 to hundreds of customers in 50 countries by 2013, iHost, its ethos, culture and style is unique in many ways, delivering a tailored software solution to each customer.

Xn HS, through their motto 'delivering service through technology' in many ways reflects the same ethos and business charter as iHost, which grew its customer base in much the same way.

We are delighted that iHost products complement the Xn product range, which collectively can be used by the hotel and leisure market across the board, from front office to back office, spanning short and long stay, luxury and budget sectors alike.

I am particularly looking forward to forging a market-leading position to service not just the accommodation sector, but also the spa, fitness, club and leisure markets that's been one of iHost's strengths to date.

By combining the two businesses, we expand on the tradition of delivering bespoke solutions, through a wider technology range, from a wider infrastructure that can better support its customers in more locations."

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Access all areas

The future's bright, the future's mobile, was the conclusion of this year's HITEC, held in Minneapolis.

For operators, the issues of mobile centre around access - the guest's expectations for accessing wifi and the possibility of being able to use the guests's mobile device to gain access to them.

Industry research shows that in less than two years, internet traffic from wireless devices will exceed that of wired devices. Furthermore, the number of networked devices is projected to be about 14 billion - twice that of the entire global population. This puts a great stress on the existing technology in hotels. Several of the speakers at HITEC represented suppliers who had come armed with solutions, including iBahn, which announced the launch of Mercury - its advanced cloud-based platform - at the event.

"More devices translate into more network traffic - a data deluge," said Tom Duke, iBahn CTO. "Cloud-based ecosystems are highly effective, when properly designed and implemented. In the hotel context, platforms such as Mercury can be of great benefit because they provide a reliable, scalable and flexible solution to current bandwidth management challenges as well as a foundation for future needs."

The group said that the new network architecture puts network management power into hotels' hands and gave operations managers and IT staff the ability to control network speed and manage guests' connectivity demands in real-time and at a detailed level. Products such as this allow hotels to offer reliable wifi, but also wifi that can be sold at different levels of access. Guests expect free wifi and hotels are increasingly recognising that offering it will help act as a differentiator from the competition.

Hotels have become more sophisticated in their access to wifi - many realise that they must offer some access free, but that guests are capable of understanding that if they want the kind of bandwidth that will allow them to, say, download movies, then they are prepared to pay.

Earlier this year InterContinental Hotels Group announced that wifi would be free to Elite members of its loyalty programme

and extended to all members in 2014. IHG backed the offering with a survey that reported that 43% of adults would choose not to stay in a hotel that charged for the internet. The study, undertaken by YouGov, also reported that 23% of respondents said that free internet in rooms and throughout the hotel was the most important amenity when staying in a hotel for business, compared to 7% who chose room service.

Travellers from China placed the most importance on online connectivity, with nearly 47% listing it as the most important thing to them when staying in a hotel for business, followed by those from Russia (26%), the US (23%) and India (22%). Travellers from the UK (18%) and the US (14%) both listed paying for internet as the second most annoying thing when staying at a hotel, after noisy guests (22% and 24% respectively).

One incentive for hotels to offer free wifi is that it will increase the likelihood that guests with mobile devices will go online and, if the hotel has an app, will use it and allow the hotel greater interaction at the chance to develop a relationship. HITEC saw Iris Brand Systems launch its new Brand Application aimed at multi-tenanted hotel, apartment and cruise line organisations.

The app enables a customer to access all hotels, cruise ships or apartments within a group/brand, search for and book a room, make advance requests, log in to their loyalty scheme, redeem points and more. Once checked in, the customer becomes a guest with the ability to view relevant content, make service orders such as in-room dining, and share content. It also enables communication post- stay.

"This has always been on our road-map, and we are being approached by existing and new groups for exactly this. Multi-tenanted companies need to engage pre, during and post stay but still have the process personalised," said Jason Jefferys, CEO of Iris Software Systems. The Brand App has been designed to connect with the hotel during the guest's stay through iRIS' Mobile Valet or Mobile

Concierge. The booking is recognised and the appropriate in-resort app is available immediately on the guest's device. The app can integrate into both the owner's current booking app or Iris can offer an end-to-end solution.

The benefits of having a single brand app are significant, pre-stay and during. The app manages multiple properties with integration into the CMS. This ensures single entry for content, reduced effort at property level and consistency across the brand. Properties can communicate messages such as offers and promotions to all users within a hotel group, or to users from individual properties within the group for localised promotions.

As Jeffereys says, the beauty of the app is that it gives the hotel the chance to create a relationship with the guest before the stay and then maintain it afterwards. Apps are also allowing hotels to get rid of some of the more mundane chores associated with a stay - check-in, for example - by automating and speeding up the process.

There have been concerns over automated check-ins and whether they would mean the loss of an important touch-point with the consumer. They were pioneered by airlines but, as detractors point out, airlines have a captive audience and plenty of chance to put their brand values across. For hotels, apps are the chance to bridge that gap.

HITEC should know. This year's event featured an app for attendees which included conference information and schedules with an indoor GPS-like way-finding system that helped attendees locate sessions, exhibitor booths, and conference amenities.

"Having the new app with Cisco's way-finding system is the ideal tool for navigating a show like HITEC," said HFTP CEO Frank Wolfe, CAE. "Within four days, there is so much going on and so much information to take in. And of course, with friendly reminders to stop chatting and get to the next session." With reminders like that, it's a shame it only lasts four days.



Peter Edge
Co-director of Turnstone Insight

Peter Edge is a former senior officer with Merseyside Police, now co-director of Turnstone Insight, working with experienced hospitality professional & co-director, James Rush, providing specialist, test purchase services to the Hospitality Industry. Using former law enforcement personnel with a surveillance and covert operations background, 'test purchase audits' are accompanied by a comprehensive, evidential standard report which empowers clients to take positive action to address integrity and vulnerability issues. For a free consultation on test purchasing, email: peter.edge@turnstoneinsight.com

TV or not TV...that is the (closed circuit) question

We're all pretty used to the sight of CCTV cameras nowadays, even as they've got smaller and more discreet. The proliferation of cameras in our public spaces has been a feature of the last two decades, and has fuelled various debates about levels of crime, antisocial behaviour and the balance between public protection and civil liberties. Available footage has been the foundation on which many a television programme, documentary or news item has been built.

Even political strategy has been shaped by CCTV images widely disseminated through the visual media. Academics have questioned the effectiveness of CCTV on different levels; crime prevention, detection, reassurance, cost and culture to name but a few, and a corresponding body of research and literature has started to grow. The majority of that research has however been conducted in respect of CCTV in public applications. This article hopes to question whether any of the conclusions so produced can be generalised into 'private' applications of CCTV, and in particular, the Hospitality Industry.

There are a number of 'assumptions' routinely made in respect of public application CCTV and its potential impact:-

1. Deterrence - The potential offender becomes aware of the presence of CCTV, assesses the risks of offending in this location to outweigh the benefits and chooses either not to offend or to offend elsewhere

2. Efficient deployment CCTV cameras allow those monitoring the scene to determine whether intervention is required. This ensures that interventions are made only when necessary

3. Selfdiscipline-

by potential victims - They are reminded of the 'risk' of crime, therefore altering their (precautionary) behaviour accordingly

by potential offender - the threat of potential surveillance (whether the cameras are actually being monitored may be irrelevant) acts to produce a self discipline in which individuals police their own behaviour...the CCTV camera may produce a self-discipline through fear of surveillance, whether real or imagined

4. Presence of a capable guardian - the 'Routine Activity Theory' suggests that for a crime to be committed there must be a motivated offender, a suitable target and the absence of a capable guardian. Any act that prevents the convergence of these elements will reduce the likelihood of a crime taking place. CCTV, as a capable guardian, may help to reduce crime

5. Detection CCTV cameras capture images of offences taking place. In some cases this may lead to punishment and the removal of the offenders' ability to offend (either through imprisonment or increased monitoring)

So how do these 'assumptions' fit with a typical hospitality industry environment? Well that's a question which a hotelier probably needs to consider from at least three rather different relationship perspectives; 1. their guests 2. their staff and 3. external forces intent on fraud. Guests don't really want to be aware of CCTV and don't want to be reminded of the 'risk' of crime. Staff need to have confidence in a CCTV system's capability to offer them protection, but also need to be 'aware' of its function as the 'capable guardian' referred to above, while external fraudsters need to be deterred, have their own behaviour regulated, be demotivated by the presence of the 'capable guardian' and have their crimes detected.

Consideration of those three relationship perspectives would tend to cover all of the regular 'assumptions' save for the second one, "efficient deployment". CCTV systems tend to fall into two categories – 'passive', where images are recorded and can be accessed to provide evidence retrospectively, and 'active', where an operator monitors a series of displays and may have the ability to manipulate the cameras in response to real time developments. Private sector systems, particularly in the hospitality industry tend to lean towards the 'passive', with occasional 'active' intervention. Few hotels have the luxury of a permanent CCTV operator or separate control room, so the assumption of "efficient deployment" needs to be addressed by alternative means.

The answer may lie in some of the conclusions from the public sphere, where research has concluded that "...the position of cameras is central to the success of schemes" and that CCTV should be "...more narrowly targeted than present use would indicate". As such, CCTV systems can be used to target areas (of highest risk) "...but if systems are to increase detection, they rely on those responsible for authoritative intervention within their zones of surveillance".

In public deployments this would usually mean police or other enforcement bodies responding to 'active' monitoring, but a similar outcome can still be achieved in a private (or hotel) deployment where a more 'passive' system is used. The secret is in knowing where to look and more importantly, when. No-one in their right mind is going to spend time on a speculative trawl of hours and hours of CCTV footage from a 'passive' system in the hope of detecting a crime (or beverage deficit), but start with quality coverage of your most vulnerable area,

throw in an accurately timed test purchase or observation and the opportunity to triangulate both with an entry on your point of sale system, and there's a very good chance that your "authoritative intervention" will be well enough informed to solve your problem. Perhaps the most telling public space conclusion to generalise across to the private/ hospitality context comes from the Home Office research study "Assessing the impact of CCTV" conducted by Martin Gill and Angela Spriggs (2005). Their research concluded that "for CCTV to be effective it needs to be implemented with a clear strategy that takes into account local crime problems and identifies the mechanism by which the system will address the problems".

What this means for the industry is that CCTV cameras are not just part of the furniture, they should be fitted with the areas of greatest risk in mind, and the capabilities and scope of individual cameras should be targeted accordingly. Those capabilities (and indeed limitations) should be fully appreciated by managers and staff alike, and there should be a clear strategy detailing the risks they are designed to mitigate, along with corresponding opportunities to maximise the 'evidence' available. Hoteliers need to know WHY they have CCTV and HOW it can work for them to increase profit and reduce loss.

So what does such a system look like in practice? Well for a hotel it would mean that as a minimum that the areas of greatest vulnerability were properly covered by quality cameras - reception, control room, points of sale and points of delivery. There should be a regime that ensures that cameras are checked to see that they're working, and that the time recording corresponds with the property management system and point of sale .

On top of that, managers need to be confident that the quality, scope and detail provided by the respective cameras is fit for purpose. If a camera is fitted over a delivery bay you really want to be able to check retrospectively that what came off a delivery van matches the delivery note and matches your stock. If a camera is positioned at a point of sale you want to be able to check that a timed test purchase corresponds with what was served and what was entered at the till. If a camera is facing into reception you want to be able to give "those responsible for authoritative intervention" the best possible chance of identifying a fraudster, defending a fraudulent 'claim' or detecting a 'walk-in' cash transaction that's bypassed the property management system. Sadly, all of the aforementioned risks we've come across in recent months, and all of them have the potential to cost the industry an awful lot of money.

As a final point, Gill and Loveday (2003) suggest that "...the types of mechanisms that need to be utilised to increase the perceived risk of CCTV for offenders include using publicity, detailing successes of the cameras and the capabilities of the system". I'm not for a moment suggesting that the industry do its dirty washing in public, but if that observation by Gill and Loveday is also one that can be generalised into the private sector, it may not just be the managers and financial controllers who need to know the "capabilities of the system". Communicating 'success', even if it's only within your particular hotel, cluster or group, can have a huge knock-on effect, not just on staff, but on your bank balance as well.





May budding for pubs

Pub and restaurant groups saw collective like-for-like sales increase 1.2% in May, against the same month last year. Total sales, including the impact of new openings, were up 4.5%, according to latest figures from the Coffer Peach Business Tracker.

The London market had the healthiest growth, with like-for-likes up 1.8%, and with managed pubs in the capital performing particularly strongly.

“After a poor, weather-affected start to the year, operators will be pleased to see some real growth in the market,” said Peter Martin of Peach Factory, the business intelligence specialist that produces the Tracker, the sector’s most comprehensive performance barometer, in partnership with Coffer Group, Baker Tilly and UBS.

“Despite May being colder and wetter than average, the public have shown they still have the appetite to go out to eat and drink,” Martin added.

However, sales growth was not uniform across the market. While pubs and bars in London had a good month, collective like-for-likes for those outside the M25 were essentially flat, with drink-led pubs seeing a like-for-like sales decline.

In contrast, mainstream restaurant chains saw a better performance away from London, both in terms of like-for-like and total sales growth. “Much of the market’s new openings are coming from the branded casual dining sector outside of the M25,” Martin added.

Underlying growth trends also improved last month. On a year-on-year basis, collective like-for-like sales for the 27 companies in the Tracker sample were ahead 1.0% for the 12 months up to the end of May against the previous 12 months. Total sales were running ahead 4.1% year-on-year.

Trevor Watson, director at Davis Coffey Lyons, said: “Although London performed strongly, the underlying trade across the country still looks fragile. The weather in May 2013 was below

the long-term average, however, it was better than May 2012. Recovery in the housing market, particularly in the south east is giving rise to greater consumer confidence and I expect the statistics to improve over the summer months.”

Paul Newman, co-head of leisure and hospitality at Baker Tilly said: “The UK consumer’s ability to maintain eating and drinking out spend in a benign economic climate continues to be impressive. As such the UK is increasingly being targeted by international brands seeking to exploit strong positive headwinds. US burger chains Five Guys and Shake Shack are following the likes of Chipotle by testing their concepts in the London market and Jumeirah-owned brand Noodle House is also poised to hit the UK over the coming months. While great news for the consumer, these nimble and well-funded market entrants are likely to increase the pressures facing incumbent operators in an already highly competitive marketplace.”

Jarrod Castle, leisure analyst at UBS European Leisure Research, added: “The bounce back continues as UK pubs and restaurants grew LFLs by 1.2% - a good return to growth following LFL figures of -3.0% in March and 0.1% in April. London continues to outpace the regions, but site expansion is slower. The performance gap between sites inside and outside the M25 has narrowed from last month, but is still significant with pubs and restaurants outside the capital seeing 0.8% LFL growth versus 2.0% for sites in London. Despite the weaker performance, the brands surveyed continue to accelerate their expansion outside the capital. We estimate site growth of 3.8% compared to 2.4% within the M25.

“Following months of poor weather impacting performance, May provided us with an opportunity to assess the health of the industry. Despite tough comps of 2.6%

LFL growth in May 2012, the improving data signals that consumer appetite for eating and drinking out remains.” The Coffer Peach Tracker* industry sales monitor for the UK pub and restaurant sector collects and analyses monthly performance data from 27 operating groups, representing combined annual turnover of £6.4bn, and is recognised as the established industry benchmark.

Pub and restaurant group monthly sales performance for past 12 months

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
LFLs	1.3%	-0.2%	2.1%	0.7%	-1.7%	3.4%	0.3%	-2.4%	3.3%	-3.0%	0.1%	1.2%
Total	5.0%	3.6%	6.2%	4.1%	1.6%	6.5%	3.2%	0.0%	6.1%	-0.2%	2.8%	4.5%

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

For more information please contact

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Profit growth for London's hoteliers

Hotelier's in London saw a second month of profit growth this year (+2.6%) mainly driven by room revenue increases of 2.6%, according to the latest HotStats survey of approximately 625 full-service hotels across the UK.

In fact, the capital showed positive year-on-year results across all key performance indicators with total revenues per available room (TrevPar) rising 1.4% thanks to an increase in revenue per available room (RevPar) of £3.22.

With occupancy 4.6 percentage points above the rolling 12 months' average at 85.1% and Average Room Rate (ARR) growing by 1.1%, RevPar achieved a peak in this calendar year of £127.20. The average so far in 2013 is £104.38, 1.3% below last year. Besides the rooms department, beverage and leisure were the main revenue drivers in May whereas meeting rooms and minor operated departments (MOD) recorded a year-on-year decrease.

Profit conversion improved by 0.6 percentage points in May to 48.7% of total revenues. However for the calendar year profit conversion is still below its 2012 level at 42.3% due to a number of factors such as rising utility costs, food and beverage cost of sales and direct expenses in the rooms department, which, despite decreases in payroll cost had a negative effect on the bottom line performance in London.

The market segmentation in May was in line with the last 12 months' picture: Corporate is the biggest segment accounting for 28.2% of all room nights over past 12 months (27% in May) at an ARR of approximately £163. Residential Conference is the segment delivering the highest rate over the last year at approximately 20% above ARR. A year-on-year increase in May (+5.6%) to £180.38, however, came with a slight decrease in volume as well as the drop in meeting room revenues, as previously mentioned.

Profit growth in the provinces has slowed after last month's spring fever. Nevertheless UK's provincial hotels recorded a positive performance in May resulting in a 0.8% increase in Gross Operating Profit (GOP) per available room, according to the latest HotStats survey of approximately 625 full-service hotels across the UK.

As for London, May is a strong month for provincial hoteliers and this year resulted in occupancy reaching 74.4%, 4 percentage points above the 12 months' average. With occupancy rising 1 percentage point and ARR increasing 1% year-on-year, revenue per available room (RevPar) went up by 2.4%. Increasing rooms revenues were further supported by growth in food and leisure revenues of 1.3% and 4.8% respectively, adding up to a rise in TrevPar of 1.5%. Despite increased payroll costs, TrevPar gains converted into profit growth of 0.8%.

One of the winners of this month's HotStats survey is Edinburgh which achieved 17% TrevPar growth and a striking 40.4% surge in GOPPAR. Whilst food and beverage (F&B) profit conversion dropped slightly, increased restaurant and bar and conference and banqueting revenues helped push F&B profits per available room up 14.1%.

In Glasgow on the other hand TrevPar decreased by 3.1%, driven by a fall both in ARR and non-rooms revenues. An increase of 1 percentage point in utility costs from 4% to 5% of total revenues contributed amongst other factors to a drop in gross operating profit per room (GOPPAR) of 6.8%.

Aberdeen, the third biggest Scottish city, was able to grow its RevPar by 19.7% thanks to significant increases in ARR and a stable level of occupancy of 79.7%. A reduction in overheads cost per available room of 12.5% helped pushing GOPPAR up 22.3% to £56.85 from £46.48 in May 2012.

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The month of May 2013

	May'13	May'12	Var b/w		
TOTAL UK	Occ %	78.0	76.9	1.1	▲
	ARR	99.72	98.69	1.0%	▲
	RevPAR	77.78	75.91	2.5%	▲
	TrevPAR	124.21	122.45	1.4%	▲
	Payroll %	26.9	27.3	0.4	▲
	GOP PAR	48.48	47.61	1.8%	▲

	May'13	May'12	Var b/w		
LONDON	Occ %	85.1	83.8	1.2	▲
	ARR	149.51	147.89	1.1%	▲
	RevPAR	127.20	123.98	2.6%	▲
	TrevPAR	175.48	173.01	1.4%	▲
	Payroll %	22.5	23.4	0.9	▲
	GOP PAR	85.40	83.27	2.6%	▲

	May'13	May'12	Var b/w		
PROVINCES	Occ %	74.4	73.4	1.0	▲
	ARR	70.47	69.77	1.0%	▲
	RevPAR	52.40	51.19	2.4%	▲
	TrevPAR	97.88	96.45	1.5%	▲
	Payroll %	31.0	30.9	-0.2	▼
	GOP PAR	29.52	29.27	0.8%	▲

The Calendar year to May 2013

	YTD'13	YTD'12	Var b/w		
TOTAL UK	Occ %	70.5	69.5	1.0	▲
	ARR	93.18	93.99	-0.9%	▼
	RevPAR	65.67	65.32	0.5%	▲
	TrevPAR	106.90	105.98	0.9%	▲
	Payroll %	30.4	30.6	0.2	▲
	GOP PAR	34.60	35.00	-1.2%	▼

	YTD'13	YTD'12	Var b/w		
LONDON	Occ %	77.7	77.5	0.3	▲
	ARR	134.30	136.51	-1.6%	▼
	RevPAR	104.38	105.74	-1.3%	▼
	TrevPAR	147.51	148.69	-0.8%	▼
	Payroll %	26.2	26.4	0.2	▲
	GOP PAR	62.40	64.09	-2.6%	▼

	YTD'13	YTD'12	Var b/w		
PROVINCES	Occ %	66.7	65.3	1.4	▲
	ARR	68.25	67.73	0.8%	▲
	RevPAR	45.53	44.26	2.9%	▲
	TrevPAR	85.76	83.73	2.4%	▲
	Payroll %	34.2	34.5	0.3	▲
	GOP PAR	20.13	19.84	1.4%	▲

The twelve months to May 2013

	Rolling'13	Rolling'12	Var b/w		
TOTAL UK	Occ %	73.8	73.2	0.7	▲
	ARR	97.39	96.29	1.1%	▲
	RevPAR	71.92	70.47	2.1%	▲
	TrevPAR	116.68	114.27	2.1%	▲
	Payroll %	28.5	28.7	0.3	▲
	GOP PAR	43.12	42.16	2.3%	▲

	Rolling'13	Rolling'12	Var b/w		
LONDON	Occ %	80.5	80.8	-0.3	▼
	ARR	144.45	141.26	2.3%	▲
	RevPAR	116.31	114.13	1.9%	▲
	TrevPAR	163.05	158.98	2.6%	▲
	Payroll %	24.3	24.7	0.4	▲
	GOP PAR	76.69	73.99	3.7%	▲

	Rolling'13	Rolling'12	Var b/w		
PROVINCES	Occ %	70.4	69.2	1.2	▲
	ARR	69.31	68.79	0.8%	▲
	RevPAR	48.77	47.60	2.5%	▲
	TrevPAR	92.50	90.86	1.8%	▲
	Payroll %	32.3	32.4	0.1	▲
	GOP PAR	25.61	25.50	0.5%	▲

Members' Events

Forthcoming events

Sept 16 HOSPA Scotland Regional Meeting - Edinburgh
The Carlton Hotel, Edinburgh

6.00pm for a 6.30pm start. Sponsored by Puma Hotels. Topic and speakers to be confirmed in due course. To register your place at this event, please email wayne.gosden@hospa.org with your details.

Sept 19 HOSPA Revenue Management Breakfast Workshop - London Venue to be confirmed.
9.00am for a 9.30am start.

The HOSPA Revenue Management Committee (HRMC) have organised a hands on breakfast workshop focussing on social media and hotel mobile technology trends. This event is free of charge for HOSPA members and £10 for non-members to attend. Registration is necessary to attend. Please email wayne.gosden@hospa.org with your details.

Sept 26 HOSPA Revenue Management Breakfast Workshop Birmingham - De Vere Venues Colmore Gate, 5th & 7th Floor, Colmore Row, Birmingham, B3 2QD.
9.00am for a 9.30am start.

The HOSPA Revenue Management Committee (HRMC) have organised a hands on breakfast workshop focussing on social media and hotel mobile technology trends. This event is free of charge for HOSPA members and £10 for non-members to attend. Registration is necessary to attend. Please email wayne.gosden@hospa.org with your details.

Sept 30 HMA Digital Trends 2014
Radisson Blu Edwardian Hampshire Hotel 31-36
Leicester Square, London, United Kingdom WC2H 7LH

6pm - 9pm Evening includes wine/soft drink and canapés and an opportunity to network with peers from the industry before and after the presentation.

In 2013 we are all talking about Big Data, mobile optimisation and the 'internet of things' but what are the emerging themes for 2014 and how can you be sure you are ready to take advantage of the opportunities they present? What requires a change in strategy and what can we build into digital plans for 2014?

In association with American Express, the Hotel Marketing Association is delighted to bring you this Digital Marketing event. Digital Trends 2014 is timed so your learning can still influence your plans for Q1 2014 and is a crucial event for marketers and hotel managers that want to ensure they are informed and ready for 2014.

Speakers will give their views and insights from both the hotel industry and share with you what can be learnt from what is happening in other sectors.

Peter Chaloner, Digital Director of MOBAS Agency will cover the Digital Trends for 2014 from experience of a variety of sectors and how they could be integrated in your 2014 plans whilst his colleague James Wheatcroft, MOBAS Client Service Director for the hospitality sector will give his view of the major digital trends that will affect the hotel industry. Karen Fewell, better known as the Digital Blonde is a regular speaker, a CIM lecturer and digital marketing consultant. She specialises in digital and social business within the hospitality

and foodservice sectors. Karen will share findings from her research into why people share experiences on social networks and what this means for your 2014 digital strategy. Understanding the behaviour and psychology of your hotel customers has never been so important.

£28 HMA/CIM/CIMTIG/HOSPA Members
£38 non-Members

In order to book at the HOSPA member rate you will need to use a special HOSPA code - please contact Wayne Gosden by emailing wayne.gosden@hospa.org to obtain your member code before calling 01628 427340 to register.

Oct 30 Independent Hotel Show 2013

Launched in 2012, the Independent Hotel Show has filled an essential gap in the market, connecting the highest quality suppliers with luxury and boutique hotel decisions makers from all over the UK. Packed full of expert insight and advice, from informative business sessions to trend reports and new product and service showcases, the Independent Hotel Show is designed to be a one-stop business platform for the luxury and boutique hotel industry. The Independent Hotel Show will be returning in 2013 on the 30 & 31 October at Olympia, London and with a

number of new ideas & concepts in place we look forward to delivering another quality event for the independent, luxury and boutique hotelier. For further information and registration please visit www.independenthotelshow.co.uk

Nov 4 -7 World Travel Market
Excel London

WTM is the leading global event for the travel industry to meet, network, negotiate and conduct business. All sectors of the travel industry are represented including Tourist Boards, Airlines, Cruise, Hotels, Luxury, Responsible Tourism to Travel Technology. More details here: <http://www.wtmlondon.com>

Nov 21 HOSPACE 2013

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

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

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

HOSPSPACE

Conference & Exhibition 2013



Thursday 21st November

Sofitel London Heathrow, Terminal 5

HOSPSPACE is a one-day annual conference and exhibition hosted by HOSPA which is the UK's leading educational organisation for Professionals involved in Financial Management, Revenue Management and IT within the UK hospitality industry.

HOSPSPACE 2013 will enable UK and international delegates to get an informed and cutting-edge view from an international line-up of inspirational experts - all icons in their own field - about the latest key issues and hot topics.

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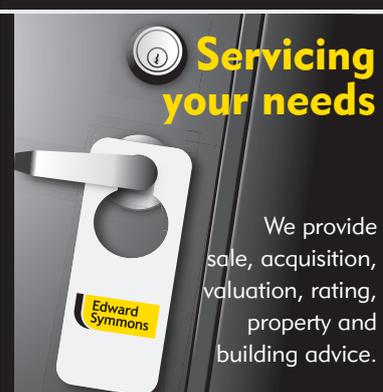
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