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National Hospitality Conference 2016: a Report

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10th National Hospitality Conference – Challenges and Opportunities
Intercontinental Hotel, Ballsbridge, Dublin 19th October 2015

Theme of the Conference – Challenges and Opportunities

ALEXANDER GORANSSON, EUROMONITOR
Alexander is the Lead Research Analyst for Euromonitor International, one of the world’s leading independent providers of market research. Euromonitor has recently published a number of reports on the Irish hospitality sector, including a market report on cafés and bars, consumer foodservice and the growth of craft beer in the country.

Presentation title: ‘Trends in the industry’.
Main Points of his presentation

- 250% (annual average growth rate for air & B&B provision), 3.6 million domestic travels visits taken.
- Ireland: 2014 (16 million trips taken internal & external), Ireland performing better than European average for visits. (demand for sustainability, peer to peer sales, authentic experience, value for money is still important).
- Trends: the sharing economy Technology importance (security of payment). Impact of these trends – peer to sales (air & B&B sales are very high, private rentals are rising higher and faster than hotels). Impact on hotels (growth rate of air & B&B 250% this is slightly distorted because they are a start-up company). Hotels would love this kind of growth rate. Air & B&B could be huge. Millennials (also called generation Y) – people born between 1980s and 2000s (familiar with IT, social platforms, they have adapted to the sharing economy quickly, hotels have adapted quickly to this development (Hilton have started in Iceland to target this consumer group with boutique experiences with are authentic – gifts / Moxy from Marriott are also developing this area, idea of larger lobby and high speed Wifi.
- Looking ahead: fastest growing markets-focus on emerging markets, 27 million more Chinese people will travel outbound (China will be the fastest market for markets to target), India, UK, US and Germany are also growing very fast (this is encouraging for Ireland because of their importance to Ireland). An interesting trend will be the Euro countries are the most attractive to international visitors like Chinese. Shopping is crucial, this authentic experience for purchasing with the Chinese. 90% of Chinese who travel abroad always travel in groups (so you need to target groups and group travel providers).
- 20 cities in world with the highest growth: top 5 are in China, next Istanbul.
- Forecast for the Irish market: the gathering / wild Irish way (total number of trips 19 million to Ireland, a billion growth over the five 5 years). Hotel sales will outperform the UK, the world average will be growing.
- Generation alpha (born after 2010) – this generation all have IT systems, hyper generated generation (they will want authenticity and they will use the IT area to interact. Hotels will face competition from peer to peer).

ADAM HYMAN
Adam is the Founder of CODE London, the restaurant and brand consultancy specialising in leisure property, social media and strategy. The CODE app was launched last year, offering exclusive offers and discounts at restaurants to people working in the industry. Adam also produces The CODE Bulletin, a weekly e-newsletter for the restaurant sector.

Presentation Title: ‘London – a restaurant renaissance’.
Main Points of his presentation

- What’s happening in London, an interesting last 5 years after the credit card crunch. Very bus city now. His company focuses on central London and globally, the business is split into two areas. They work with Governments in the Far East (these areas are focusing on F&B to drive their markets). Last year they launched their new APP (which focuses on giving information discounts to people working in hospitality in London, early week etc, perks). This gives experiences to people in hospitality industry, they publish a quarterly magazine.
- London a dining revolution: old picture of dining in London (very formal dress code and style, and over a long period), picture nowadays (informal dress code, dining is faster). Manhattansisation of London. A joke in London that we will never see a table cloth again, emphasises on small plates, stand dining – influence of New York (fun to eat, geared towards the millennials-generation Y).
- Big rise in specialising in one thing (Pizza, burgers) – aimed at how young people want to dine, deciding on the night to book at cheap rates. Social media has been very important to these restaurants, taking pictures of their food – a shift of how people dine ie. Burger & Lobster, Ramen.
- Manhattansisation of London (housing problem in London, small accommodation more people eating out). People eating more where they live – this is driving better restaurants in suburbs in London. Traveling to London is getting easier so a huge amount of people (i.e. Reading are coming to London). Neighbourhood restaurants will rise. Everyone is a restaurant critic (because of TV influence).
- Millennials (generation Y) don’t have much hobbies (a lifestyle shift), saving is not too popular, they spend ££. Dining out 3 times a week (£20 each time), phenomenon of queueing for restaurant some people will gladly queue.
- Landlords new vision of F&B: last 5 years these landlords are using different approaches (instead of targeting big clients, ground floor of large building is now being used for a clever retail concept (good restaurant) this can impact the rest of the buildings value (Landlords are targeting F&B to drive their estates) – i.e. Broadgate Circle area (10 new restaurants in this area), Kings Cross (very popular area now, this was a traditionally a poor, lots of restaurants now and authentic dining and casual dining experiences).
- Eyes on London: Russian restaurants and other new ideas, but all concepts don’t work, it’s all about location and understanding your diner, London can be difficult to make something work in restaurants.
- With Positives come: 150 new restaurants have opened in London, issues attracting young people is a challenge. Owners are using better working hours (better working shifts, encourage more people to have time with their families), better salary and lifestyle. Danny Myer (NY). Are there too many restaurants – better training needed and better career approach to the industry.
- Trends: Sex and Fish / increase in south Asian food / return of wine bar- not 1980s claret drinking these are aimed at younger crowd to taste wines – i.e. East London, good value for people, great wines at cheap prices and great food / rise in southern state barbeque / street dining – street food markets, Soho, great way to trail a new food concept and social media / healthy food – influence of west coast of US rise of burgers and Pizzas, juice and salad bars / independent restaurants rising – more sites opening, new businesses.
HOTEL/RESTAURANT PANEL

John Farrell (JF), Luna Super Miss Sue, The Butcher Grill, Dillinger’s, 777; Robert L Wright (RLW), The Heritage Killenard; Aileen Galvin (AG), Press-Up Entertainment; Eithne Fitzpatrick (EF), Fitzpatrick’s Castle Hotel.

Main points of the discussion:

Question: How has business been in the last year? EF (Yes, it was good it’s on the up good growth, evenly distributed growth, direct booked foreign travel) / RLW (yes, our property came out of receivership some challenges involved, average room rate and per guest rose). JF (yes, increase in spend, initial problems with opening but they triggered up market spending and its good). AG (people spending more money, higher expectation required, we are answering demands of the millennials – i.e. price points etc). Are Millennials the target market? (access to information, well travelled, well cultured, young people know what they want, they want the basics they don’t need the fluffy stuff). EF (we deal with older group, conferences) RLW (Millennial market) the family market 35 being maximum age, people with young families.

Question: In the last couple of months is there anything surprising you now. JF (age demographic is wider in his locations it runs to 50s, London is better than NY). Question: Is staffing a problem? AG (we ran 2 open days to hire all aspects of positions, 600 people turned up and only 20 Irish, it’s disheartening, hard to keep people, lots of competition, so many great places to work, increase in minimum wage will impact hours). Putting forward hospitality in Ireland as a career option. AG (the industry is still viewed as a part time position, the new generation are driving the opportunities, many ops exist for young people). JF (would prefer more Irish, hard to find Irish chefs, grasp of English in Kitchen is a challenge, definitely more of a career now, I just joined the RAI hopefully they will drive the area, something needs to be done) / RLW (it depends on the positions, we are n Luas, a bar manager was the hardest position to fill, 120-175 employees, we hold recruitment days – 250 applicants, hard to find chefs, we recruit from the midlands, guests like to hear an Irish accent) / EF (we are older business, long serving staff, biggest challenge is hiring is chefs and bartenders – the HR job is to retain, industry bodies need to support more – support in training facilities, collaboration with colleges – training programme held with. They work with DIT actively up to Masters level (learning all the skills needed).

Question: Should we ban tipping? (turning through pay role, if tips go through credit cards the onus in owner to pay the taxes, most people will therefore pay in cash). In France they add 15% automatically (this is however used towards wages). Jamie Oliver restaurants pool tips with all grades of staff. Individual expression by guests. Is tips given in hotels-US customers give them, especially individuals, its an incentive for staff. Home holiday makers seldom tip. It’s difficult to sometimes know who to tip, how much. RLW (following the Irish tradition, in US a lower minimum wage, some restaurants put a table put for a bid).

Article to read about investment in Ireland (features article in Hospitality Ireland) a good article about investment in Ireland by foreign investments.

Question: Everyone is a restaurant critic? AG (everyone is a foodie, keep it authentic, a good environment. Bowls of cereals for €10 seems crazy, you must invent and innovate, it’s not just a business, people are demanding and its right), there is a challenge when the food and cocktails served change their temperature while customers take photos of what they ordered, we must consider i.e. pictures we take for example at concerts do we look at them again).

Are beverages moving in on restaurants: JF (licenses to trade are problematic, beverages are a big skill and craft, a lot of work in what you are doing, keep integrity in what our doing, don’t worry about costumes customers taking pictures of their food and drinks its all good you benefit, AG (flipping your location from breakfast right up to the nightclub time period is crucial, cocktail bar serving food – the guys making cocktails are working hard it’s a craft industry).

Review sites interaction: AG (you have to respond to people, we have 21 businesses, the GMs in these venue’s respond to review, Facebook conversations can go on – need to restrict the conversation). EF (quick response is important, careful to get onto feedback on-line away from Facebook look after your customers off-line) RLW (we respond to reviews on Tripadvisor, put everything in context).

PAT McCANN, CEO DALATA

Pat McCann is the chief executive of the Dalata, Ireland’s largest hotel group. Dalata has made several major transactions in the Irish hotel sector over the past year, including the €455 million takeover of the Moran & Bewley’s Hotel Group’s portfolio, and, most recently, the purchase of the Clarion in Cork. Pat has over 45 years of experience in the hotel industry and became CEO of Dalata in 2007.

Main points of his presentation

The story of Dalata and its journey, started in 2007, private investments helped get it off the ground, Reality strikes: the world changed in 2008, 2009 was the worst year ever, we were close to closing. In 2009 ACC approached Dalata to run hotels and work with the receivers, Dalata had a system developed to take this new business, this still exists, Dalata took off, managing hotels on behalf of others is hard you have to produce separate management reports (unlike a hotel group). In 2011 things took off (US investors, investment groups willing to invest) this signal indicated that they had to change (seeking private equity – which was too slow, they decided to go to the public markets for finance, share holders like to involve themselves), i.e. Denis O’Brien raising money problems. January 2014 (Pilot fishing – asking possible shareholders would they invest, a positive response €200 million raised, lots of these pilot involving, average room rate and per guest rose). Recovery in Irish economy 2014/15. A targeted position strategy (uncomfortable Hotel groups were targeted, Bewleys etc), spent 560 mil to buy good assets. Transformation of Dalata: moved from a Leased management business to a owned management business, 2009 business worth €20 million (they only needed €270 million), people like people to invest in (Pat’s old Jury’s link helped), there was a lot of US money looking for a home, the US view of Ireland is better than the Irish view of Ireland. Recovery in Irish economy 2014/15. A targeted position strategy (uncomfortable Hotel groups were targeted, Bewleys etc), spent 560 mil to buy good assets. Transformation of Dalata: moved from a Leased management business to a owned management business, 2009 business worth €20 million (they only needed €270 million), people like people to invest in (Pat’s old Jury’s link helped), there was a lot of US money looking for a home, the US view of Ireland is better than the Irish view of Ireland.

• Recovery stock business to earning lead business: (this was initial strategy, this is moved to earning lead business), C&C buying Pubs in UK. As a PLC you got to work hard and get around your investor bases, there’s an intensity around the work, Pat’s PLC work is 2 months each year is based around travel to meet investor. It’s a selling job – getting new investors.

Prepared by James Murphy MSc. (Hosp Mgt), MA (Ed), Bar & Beverage Management Studies, D.I.T College of Arts & Tourism, Cathal Brugha Street, Dublin. Email: James.p.murphy@dit.ie t: 01-4024453.
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- The road ahead: lack of training in hotels, in-house training GMP (run for chosen deputes, only people who have done this programme will become GMs in Dalata, they don’t go to the market, they grow there own it), they work around and with industry bodies-accountancy bodies and DIT, plus craft training, all their staff can access training. Job rich student (young lad from a socially deprived background, who now has started in DIT Cathal Brugha Street as a chef, he has ambition and drive now and is working with Dalata).
- Challenges: structural over capacity, highly fragmented SMEs-training investment point of view, succession getting young bar owners in is crucial. Staff training is weak it’s a strong culture, the industry doesn’t always get this. Donall O’Keeffe was appointed CEO of the LVA in 2003. He is also Secretary of DIGI (Drinks Industry Group of Ireland). Donall has extensive national and international experience in business, having previously worked as a consultant for PwC and Bord Bia. The LVA is the trade association and representative body for the Irish hospitality industry (involving hotels, restaurants, cafes, pubs, bars, clubs, etc.).

JOHN BRENNA, CEO AMARIS HOSPITALITY
John Brennan was recently named as CEO of Amaris Hospitality, the new hotel investment and hospitality group formed by owners Lone Star. John previously held the role of CEO at Jurys Inn, where he helped oversee the transformation of the business which led to the successful sale to Lone Star, worth over €900 million. He has over 30 years experience in hospitality globally.

Main points of his presentation:
- 2009 the challenges – rev par fell by 50%(huge challenges), much better today. Company is run from Dublin, lots of opportunities. Turning over 60 mil today for Jurys Inn (excellent product, previous challenges at all debt this has changed). They operate in an open economy, investments are returning.
- Economy: varies between benign and positive, exchange rates, trends all positive, this is all not copper-fastened (i.e. UK, US, 2012 12 months more has changed, EU referendum), Improved air access is driving international tourism-direct air access to more destinations will help. Drivers of business.
- Customer expectations: budget hotels are built to 3/4 star standard, will is crucial-needs to be super fast and free (it’s the critical service provision, investment in wifi service is crucial). Capex cycle.
- Destination development and promotion is key: critical to Ireland’s success (big events, Wild Atlantic Way, US College game in Dublin more US people went to this game than went to the Olympics).
- Distribution landscape: changing and challenging, biggest structural change, OTA’s are only factor in this landscape, Meta (so dealing with the cuts from using these distribution services). Distribution costs are rising from these cuts. Transient market place (challenges).
- Above trend cost increases are likely (labour, distribution, marketing in the next 3 years) Irish minimum wage rise, UK government’s multi-level strategy for wage rises no consultation with industry about this changes. Marketing costs-digital accounts for 50% hotel industry, cost per click to buy ads is up 20%, space on your iPhone is premium. Can the industry meet this increased costs.
- Data and analytics: revenue management and data analytics are the key functional resources to optimise revenue profit generation. Shifting funds to revenue generating sources (on-line etc, investing in new websites, call centres), investing in demand optimisation. Critical in selling the product and keeping investors on board.
- Operational perspective: customer feedback-needs to be holistic across all levels, investment in on-line management systems used to gather all the small information from your customers. Lots of data. Cornell articles in this area – worth reading (on price and distribution).
- Who are the leaders of the future and how do we attract retain and develop them: getting business talent needed fro todays market (attracting, retaining and developing these individuals), PMDS which are personalised – General Management Development Plans and right down through the organisations, developing senior managers (operating at a corporate level).
- Restaurant Franchising: just signed a deal with Black and White Hospitality to run restaurants, F&B franchising (buying in a retail band which customers can buy into, customers will buy more, this is crucial going forward – Marco Pierre White etc).
- Development ‘will be back’ but it’s won’t be easy: economics of certain project is crucial, good research needed. A managed level supply growth needed for Dublin. Risk minimisation is crucial.

DONALL O’KEEFFE, CEO LVA
Donall O’Keeffe was appointed CEO of the LVA in 2003. He is also Secretary of DIGI (Drinks Industry Group of Ireland). Donall has extensive national and international experience in business, having previously worked as a consultant for PwC and Bord Bia. The LVA is the trade association and representative body for the publicans of Dublin.

Deep in discussion with VFI about merger. Talk about the pub sector in Dublin

Main points of his presentation:
- Where the sector came from: 1,400s gone now, trend tells us that pubs will continue to close, how do we stop this. Strengths from being local family, weaknesses from investments, a lot of pubs turn over less 191,00 only 13% of pubs in Ireland trade in the top sector. Bar sales: CSO-20% smaller than a decade ago, trends are not in the favour of Irish pubs. Pubs took a pounding throughout the recession.
- Challenges: structural over capacity, highly fragmented SMEs-training investment point of view, succession getting young bar owners in is crucial. Staff training is weak it’s a strong culture, the industry doesn’t always like change. Regulatory: public health policy agenda-health agenda is driving the debate now. Pub is a control environment. Reputational challenge around alcohol. Regulation / Taxation / Minimum price-Governor minister is committed, this is good to stop the widening price gaps.
- Competition: expansion in leisure options, investment is needed. Multiple retailers (no worry), Marketing is vital.

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- Consumer: changing lifestyles, evolving consumers experience.
- Technology: trade is slow to embrace-social media & IT systems. Technology operation in the the industry is a huge challenge.
- Banking & Finance: highly leveraged properties / property highly exposed.
- Growth is back: patchy and uneven, however Irish people love to socialise.
- Drivers: Tourism (critical differentiation is the pub, casual informal dining pubs are perfect food is crucial). Craft Beers (will continue to grow), premium spirits (Irish whiskey etc), price sensitivity (doesn’t matter is a well managed location). Wine (need to continue developing, service). Coffee (same here), late bars (have swallowed up nightclub). Events (people travel for events).
- Next Generation Publicans (responding to customers demands). Community hub (support your local, connection is vital to the community). Higher standards and authentic is crucial. Identifying your customer having a clear point of difference.
- It’s all change for us too: merger of LVA & VFI to help the industry move forward, structures are agreed and all members have voted to merge (launched in spring next year), cost effective, better resources, more skills, streamlined representation. A positive step for the sector.
- Video: what make good pubs great. - guide to Dublin pubs, divided in traditional and trendy but these sectors cross over, the snug’s value, food-varied and enjoyable. Traditional music session. Late bars-different market. Dublin pubs offer so many options.
- Conclude: recovery is under way, so owners will struggle, quality is critical, large sector will continue to grow.

PUBLICAN’S PANEL
John Ennis(JE), The Bridge 1859 and the Grafton Lounge; Emmet Lynch (EL), Hugh Lynch’s, Tullamore; Marcus Treacy,(MT) The Horseshoe Bar, The Shelbourne Hotel; Ian Keogh (IK), Gilbert & Wright’s, Dun Laoghaire.
Question JE (business is good, Dublin is buzzing), EL (investment), Ian (2nd pub leased in Dublin city centre), if you have scale you can reduce overheads (i.e. marketing etc), we are events driven, night time economy, if you are selling food or (a constantly reducing body of time to trade within the day i.e. 1-2pm or 10-2am). HL, creating large events created by yourself, social capital good for the local environment. JE (food business, outside barbeques to attract customers, good quality food, business sector are attracted)
Question How do you distinguish a pub in a cluttered environment, opening pubs work in busy environment (re-focus on bars again, JF mixing food with late night environment, casual dining) Local enterprise people work with them, grant funding is available need to fund, big challenges, working with good craft brewers.
JM question – What do you do to attract ladies (quality of the environment, clean toilets, good product offerings). IK-I collected 200 euros off 6 bars in Dun Laoghaire to run a market event which was a good success (ladies were the major feedback area on Facebook, this is most interesting – amount of ladies who give active response on facebook).

DIT Bar studies students contribute towards the 2015 National Hospitality Conference.
The 2015 National Hospitality Conference took place recently at the Intercontinental Hotel, Ballsbridge, Dublin. The main theme of this year’s conference was ‘Challenges and Opportunities’, DIT Bar Studies students from the School of Culinary Arts & Food Technology joined delegates in debating and discussing the significant issues surrounding the conference theme. Some of the key note speakers included;

- Alexander Goransson (Euromonitor International, Lead Research Analyst), his company is one of the world’s leading independent providers of market research. They recently published a number of reports on the Irish hospitality sector.
- Adam Hyman (Founder of CODE London), the restaurant and brand consultancy specialising in leisure property, social media and strategy.
- Donall O’Keeffe (CEO LVA), he is also Secretary of DIGI (Drinks Industry Group of Ireland). Donall previously worked as a consultant for PwC and Bord Bia. The LVA is the trade association and representative body for the publicans of Dublin.
- Pat McCann (CEO Dalata), Ireland’s largest hotel group. Dalata has made several major transactions in the Irish hotel sector over the past year, including the €455million takeover of the Moran & Bewley’s Hotel Group’s portfolio, and, most recently, the purchase of the Clarion in Cork.
- John Brennan (CEO Amaris Hospitality), the new hotel investment and hospitality group formed by owners Lone Star. John previously held the role of CEO at Jurys Inn, where he helped oversee the transforming of the business which led to the successful sale to Lone Star, worth over €900 million.

Panel Discussions at the conference included the top individuals: John Farrell (Owner of Luna, Super Miss Sue, The Butcher Grill, Dillinger’s, 777); Robert L. Wright, (owner the Heritage Killenard). Aileen Galvin (owner Press-Up Entertainment); Eithne Fitzpatrick (Fitzpatrick’s Castle Hotel), John Ennis (owner The Bridge 1859 and the Grafton Lounge); Emmet Lynch (owner, Hugh Lynch’s, Tullamore); Marcus Treacy (The Horseshoe Bar, The Shelbourne Hotel); Ian Keogh, (Co-owner Gilbert & Wright’s, Dun Laoghaire).

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A big word of thanks to Emily Hourican (Editor, Hospitality Ireland magazine) for her support to DIT and our students who really enjoyed this year’s conference. Well done also to all the National Hospitality Conference team. James Murphy - Lecturer DIT, School of Culinary Arts & Food Technology.

DIT Bar Studies students and their Lecturer James Murphy at the 2015 National Hospitality Conference.

### TIMETABLE

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<tr>
<td>9.10AM</td>
<td>OPENING ADDRESS</td>
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<td>9.15AM</td>
<td>Alexander Bell &amp; Final Observations</td>
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<td>9.45AM</td>
<td>Julian Hennes</td>
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<td>10.05AM</td>
<td>HOTEL/RESTAURANT PANEL</td>
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<td>10.35AM</td>
<td>QUESTIONS</td>
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<td>10.45AM</td>
<td>TEA/COFFEE BREAK</td>
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<td>11.15AM</td>
<td>Pat McCrory, Chairman and Managing Director, Balata</td>
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<td>11.40AM</td>
<td>John Brennan, CEO, Mourne Mountains Hotel &amp; Leisure</td>
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<td>12.05PM</td>
<td>Donald O’Neill, President of Irish Hospitality</td>
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