

# RECIPE FOR SUCCESS

THE DEMAND AND QUALITY OF THE NORTHERN IRELAND HOSPITALITY INDUSTRY HAS NEVER BEEN STRONGER, WITH THE SECTOR CLAIMING ITS RIGHTFUL PLACE AS A KEY ECONOMIC DRIVER FOR THE REGION

The varied offering and ability to adapt to market trends and needs has provided the foundation for the sector to grow and prosper.

The hospitality sector employs 60,000 people in Northern Ireland, contributing approximately £1.1bn to the economy annually. Visitor spend reached record levels of £180m from January to March 2018, an increase of £13m compared with the same period in 2017.

This month, The Top 100 Hospitality Businesses revealed by Hospitality Ulster showed the diverse range of hospitality on offer, from Michelin-starred restaurants and five star hotels, to nightclubs and country pubs, with 34 new entrants included on the awards list.

Recent figures from NISRA show that 2.7m out-of-state visitors came to Northern Ireland in 2017. Major events such as the upcoming Open golf championship will play a part in attracting visitors. As a region, Northern Ireland has much to offer, from largescale attractions such as the popular *Game of Thrones* visitor attraction to smaller scale attractions focusing on local music, sport or history.

Continued consumer confidence is forecast into 2019, with the Mintel Marketing Reports projecting consumer spending in the full-service restaurant sector in Northern Ireland reaching £269m by 2023 (a 10% growth rate) and hotel revenues in Northern Ireland projected to increase by 4% over the next two years.

There are further opportunities to increase the midweek trade with the development of the new Ulster University campus, with 15,000 new students coming to the area; added to that the new hotel rooms, which will further add to the footfall.

Businesses have proved to be growth focused, continuing to invest and develop an understanding of new customer bases and capitalising on upcoming world class events. Further growth could be achieved via a collaborative approach with a fully-functioning Executive.



David Warnock

These levels of growth come with their own challenges, none more so than the ongoing recruitment requirements. With nearly 25% of the region's total hospitality workforce being from outside the UK, uncertainty around immigration controls in a post-Brexit UK need addressed.

It is anticipated that there will be a requirement of 30,000 vacancies by 2024, a quota that simply cannot be filled by local people alone. It is essential that there is unregulated access to skilled and soft skilled labour to fill these positions.

We have also seen an increase in the demand for chefs resulting from a rise in popularity of eating out and increase in new hotels and restaurants. It is estimated that the current shortfall of chefs in Northern Ireland is predicted to reach 2,000 by 2024. There is also an issue with the low interest in this career given its negative perception as low paid and long hours. It is vital we are not only able to fill these positions but offer opportunities to train in the field, offering better career progression.

Although this growth is a positive for the industry and the wider economy, it is important that businesses do not become complacent. The need to compete with global markets is vital for long-term sustainability and competitiveness but it is equally important to compete with our nearest neighbours. Latest figures from Fáilte Ireland indicated that the Republic of Ireland had 9m out-of-state

visitors in 2017, generating nearly five times the NI hospitality spend at €5.3bn. It is critical that businesses here are able to compete with their closest neighbours in the Republic of Ireland. Faced with similar recruitment issues, they have introduced a sector-based scheme, which grants visas to non-EU workers. A similar approach will be required here to ensure we are competing on an equal footing.

It is however, a testament to the quality of our local offering that competition with the Republic of Ireland remains strong despite Rol working with significantly higher tourism budgets and the advantage of a lower VAT rate for the sector.

Innovation, technology and digital are all areas the hospitality sector has

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identified as growth factors, making the customer experience accessible while attracting new customers through a range of channels.

Growth management and long-term strategic planning is vital in ensuring longevity and sustainability for businesses in the sector. Although we have seen continued growth, some have experienced quick expansion and have not been able to maintain this. Future proofing your business is essential, focusing on cash flow and maintaining efficiencies will provide the foundation for manageable sustained growth.

The sector, in spite of these challenges has remained resilient and competitive, continuing to invest, aimed at boosting productivity, developing its product offering and taking advantage of innovative new technologies to gain a competitive edge in the marketplace.

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