

HOSPITALITY IN THE POST COVID ERA

Driving a Sustainable Recovery:
Industry Sentiment Survey

Summer 2021



BDO

BDO NORTHERN IRELAND AND HOSPITALITY ULSTER SENTIMENT SURVEY

This is a critical time for the hospitality industry in Northern Ireland, with financial support drying up and continued pressures from social distancing and other trading restrictions, the industry is at a make or break junction.

With this backdrop, the purpose of this research was to measure confidence levels across the hospitality industry and to identify the concerns that individual businesses may have at this critical time in the hospitality sector's recovery.

The research, conducted between 29 June and 22 July 2021, represents all types of hospitality business including bars, restaurants, hotels, nightclubs and other establishments. The research was completed by hospitality business owners from across Northern Ireland.

Brian Murphy, Managing Partner, BDO NI and Chair of the Hospitality Industry Group said:

"Faced with the challenges of the last 16 months, it is heartening to see that businesses, employees, suppliers, banks and Government have all come together to work in partnership to plot a course through the pandemic. With so much investment of time, money and effort to get to this point, it would be a further tragedy if we were to allow businesses to fall at this final hurdle.

The hospitality industry in particular has such an important role to play in both the economic recovery and also in providing us with a way back to our new way of living and working. However, thousands of jobs remain at risk within hospitality and despite all of the hard work and investment to date, it could all be lost if Government and stakeholders don't continue to work alongside and support the industry.

The hospitality industry in Northern Ireland is a strong and resilient one and with continued support from stakeholders over the coming months, I have every confidence that it will bounce back even stronger and better than before."

Commenting on the survey findings, Colin Neil, Chief Executive, Hospitality Ulster added:

"It is clear to see that the hospitality sector is faced with some major challenges. The long shut down and the lack of progress in lifting the remaining restrictions has damaged confidence and livelihoods and seen some business owners take difficult business decisions."

This research clearly shows that an accelerated pathway out of the pandemic is now imperative, as the hospitality sector is far too important to our local economy to not be given the attention it requires by the NI Executive. These results speak for themselves, and we now urgently need a dedicated hospitality recovery strategy, developed and delivered in a partnership of the industry and the NI Executive."

RECRUITMENT INTENTIONS



71% plan to recruit over the next six months but significant issues with attracting and retaining staff remain.

RISKS TO THE INDUSTRY

80% of businesses across the industry see rising business costs as a significant risk while 77% feel the uncertainty around Covid-19 and possible future restrictions is a serious risk.



CONFIDENCE

51%

of hospitality businesses indicate they are not confident about their future prospects

INVESTMENT INTENTIONS

45%

plan to invest in their business over the next six months.

OTHER CHALLENGES GOING FORWARD

Difficulties attracting & retaining staff.
Wage Inflation.
Debt & associated funding issues.
Low levels of international visitors.
Meeting current and future creditor commitments.



ADDED VALUE & INSIGHTS FROM OUR EXPERTS AT BDO

"Many businesses in the hospitality sector have exited lockdown with over-leveraged balance sheets and restricted access to liquidity, thus requiring them to consider restructuring options. Now more than ever, it is crucial that businesses have a **strategic plan** in place and that any restructure of operations needs to align with this plan if it is to facilitate recovery and future growth."

"To **rethink** your business operations takes time and with many companies limited in their resources, it is vital to prioritise the key areas that need to adapt to contribute immediately to your recovery process."

"Those businesses that survive will be fighting for the attention of the consumer, but consumer habits and attitudes have changed. Taking time to **reconnect with the consumer** to understand their requirements will enable businesses to identify how they might differentiate their offering and effectively adapt their business practices."

"With many businesses in the hospitality sector fighting for survival, business owners will need to explore all of the options available to them including restructuring, financial modelling and debt refinancing advisory services. These measures go to the heart of a successful turnaround, including encouraging early engagement with stakeholders and an acknowledgement that reaching out for support should not mean having to give up control."

"The impact of the pandemic and other challenges faced over the last 18 months by the sector may in many cases provide an opportunity for business owners to re-evaluate their business and their futures. If considered the right time, some may explore a sale or exit of their business, or, if family owned, succession planning advice can be sought to ensure a smooth transition to the future success of the business for generations to come."

WORKING IN PARTNERSHIP WITH

At BDO we have a well established network in the industry that spans government agencies, finance directors, suppliers and advisers, and we are always happy to use this to our client's advantage.



Hospitality Ulster
Chair of the Hospitality Industry Response Group; Engagement with some 1,200 members on critical trading issues.



Northern Ireland Hotels Federation
Chair of the Hospitality Industry Response Group; set up in the wake of the Covid-19 pandemic.



Tourism NI
Policy Formulation;
Industry Supports/Interventions.



Fáilte Ireland
Finance Mentors; Grant Monitoring; Sector Analysis & Industry Research; Policy Formulation; Industry Supports/Interventions.



Vintners Federation of Ireland
Sector Analysis Innovation;
Business Diversification.



Restaurants Association of Ireland
Benchmarking;
Policy Formulation.



Association of Visitor Experiences & Attractions
Benchmarking.



Irish Tourism Industry Confederation
Policy Formulation;
Sector Analysis.

BDO Northern Ireland's Tourism, Hospitality & Leisure sector experts are available to support you and your business through these times as you seek to rethink and restart your business.

Our multi-disciplined team can offer independent pragmatic advice on all matters relating to strategic planning, financial management and debt funding issues, organisational and operational performance.

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