



LIFTING THE LID ON BUSINESS

*In the months following the release of lockdown, some operators have benefitted from staycation business, some have innovated with energy and others have tuned into their neighbourhood. **Mark Frary** reveals a dim sum of activity*

Hospitality is enduring a once-in-a-lifetime challenge due to COVID-19 but a growing number of organisations is showing how they can unlock to get back to doing what they do best – providing service that gives you a warm glow and experiences that will not be forgotten.

UKHospitality's July Future Shock report *The Road to Recovery* claims that the hospitality sector – which is worth £133 billion to the UK economy – accounted for one third of the UK's post-lockdown drop in GDP in March and April.



Burgh Island Hotel

Surveys from the report also revealed that 75% of leaders of pub, bar and restaurant businesses felt that consumers would be reluctant to return to city and town centres post lockdown. And the workforce appears to agree; a May survey for the GMB union of 4,500 workers found that 60% are uncomfortable about being pressured to return to work and less than one fifth believes it will be safe to do so in any case.

Chris Sheppardson, founder of consultancy EP Business in Hospitality, believes that COVID-19 has been a catalyst for change and has led people to rediscovering their communities. “They



Claudia Mascino (centre)

Credit: Simone Bossi

are looking for a different meaning in life and have found localism, focusing on local produce and local crafts. They are reluctant to go back to living as they were,” he says.

This creates opportunities for the hospitality sector – restaurants promoting food, for example, and, “Hotels have a role to play in being a community hub that brings people together – they are a halfway between home and the office,” he says. Anything that drives custom to hotels will be welcomed.

Hotel sector analyst STR finds that London’s hotels endured record low occupancy of just 22.8% in July, with average daily rates of £83.61, down 52.4% year on year, and RevPAR down 88%. In the main, this has been because of the downturn in inbound travel, both leisure and business. Airline body IATA says that 165 million fewer passengers would pass through the UK’s airports in August than in the previous year and passenger numbers across Europe would be 60% lower in 2020 than in 2019.

While central London hotels have struggled, others have thrived since reopening. The FCO’s blanket ban on non-essential overseas travel from the UK and the weekly-changing list of countries with which the UK has so-called “air bridges” have given staycations a boost.

South Devon’s boutique Burgh Island Hotel, famous for its links with Agatha Christie, reopened its doors on July 7. “We did more in July in three weeks than the whole of July last year, and August and September are promising to be 25% to 30%

higher than last year,” says co-owner and general manager Giles Fuchs.

Burgh Island has only 25 rooms and things have not had to change much to accommodate social distancing, “Guests are already spread out and there are many places to sit and eat. There is still daily live music in the ballroom, although the singer has had to go, and there is no ballroom dancing for the time being,” he says. Because guests are wearing masks only in reception, it has not affected the levels of service. “The people I feel really sorry for are the staff,” he says. The hotel has spent money on acrylic screens, hand sanitiser points and extra signage but Fuchs says that has not increased costs dramatically.

One unexpected effect of the domestic travel boom for Burgh Island is that it has taken on more staff, not because of the extra COVID-19 measures but because the hotel is running at 95% occupancy. It is a far cry from during lockdown when the only residents in the hotel’s suites – which cost up to £1,000 a night – were its staff. “I allowed them to live in the hotel rather than in the staff accommodation. They had the life of Riley,” he says.

Looking ahead, Fuchs says that figures for 2021 are already looking healthy: “A large number of people will go abroad but many will feel it is much safer to go to a hotel in England.”

COVID-19 safety measures hotels have taken vary considerably. The world’s biggest hotel group, Marriott, has launched a Global Cleanliness Council and implemented new technology such as electrostatic sprayers with hospital-grade



Chris Sheppardson

disinfectant to sanitise surfaces, in order to reduce the risk of customers catching the virus.

Some properties such as the Four Seasons New York are leaving rooms empty for 24 hours between stays and have removed items like minibars which could contribute to the spread of the disease.

Many hotels have banned buffets, requiring staff to serve food on demand from behind plastic screens rather than either guests helping themselves or moving everything from front of house to back of house and asking people to order everything from the menu. This is complexity that managers will find challenging, if not impossible.

At Best Western's Welcombe hotel in Stratford-upon-Avon, bars and restaurants are closed, guests have a continental breakfast delivered to their room and now order room service through WhatsApp. They have to book to use the pool and only 10 can use it at any one time.

The restaurant sector has seen a bloodbath due to COVID-19 and was already in a parlous state because of excessive competition. The Casual Dining Group is closing 91 Café Rouge, Bella Italia, Las Iguanas and Belgo restaurants, Pizza Express is shutting 73 outlets, while Pret a Manger is closing 30 stores permanently, one third of them in London. Mark Hix's empire has gone into administration and Brett Graham of the Michelin-starred Ledbury has said the restaurant is closed indefinitely while the coronavirus remains in circulation.

UKHospitality and CGA's July report revealed that 36% of leaders of pubs, bars and restaurants anticipate permanently closing some sites due to COVID-19. However, the government's Eat Out to

Help Out (EOHO) scheme, which saw more than 100 million meals eaten by British consumers at a cost to taxpayers of £522 million, has offered a lifeline.

Some have innovated their way through the crisis. Eileen's, a small restaurant in Ampthill, Bedfordshire, run by Masterchef finalist Steve Barringer, launched a takeaway menu where diners collected the constituent parts of some of his mouth-watering dishes which they assemble at home, guided by Barringer in a weekly YouTube video. The result led to daily orders in excess of the capacity of the restaurant.

Independent contract caterer Bartlett Mitchell has also been busy with new ideas. Pre-COVID-19, the caterer served 50,000 people every day in more than 100 locations. As of the end of August, just under half the sites were running and with limited capacity.

In response to this, in August, it launched a service called BM Delivered, which offers clients individually packaged meals for what Bartlett hopes will be the short-term. This service also gives clients the option of meal kits for teams to cook at home.

"We have also held special online cookery sessions for clients and their families, as well as weekly newsletters with ideas and information," says co-founder Wendy Bartlett. She says employees have been using the company's internal communications platform Yapster to share ideas, which has been "fantastic, not just for continued engagement with our values but also for morale".



Wendy Bartlett



Mike Haslin

She says because people will always need to eat and humans are social beings who want to be around others, things will recover and, she believes, caterers are used to adapting quickly.

The University Caterers Organisation (TUCO), the body representing in-house caterers in the higher, further education and public sectors, has restructured the business in line with new working practices and moved a lot of its training online. CEO Mike Haslin says COVID-19 has also brought opportunities for its contracting team to drive "even greater value from their purchasing".

Several universities have also moved forward with the implementation of the TUCO Online e-procurement system. Haslin sees no early return to business as usual while COVID-19 still stalks the planet.

Universities are going to look very different in this socially distanced environment. TUCO research among its members shows that 51% are not expecting to open the majority of their bars until January 2021, meaning life for freshers will not be the same. With numerous universities also choosing to offer blended learning instead of face-to-face lectures, many have decided to delay opening some of their food outlets until the new year.

"There is a clear desire for people to come together again to learn, eat out and socialise, whether they are university students or businesses coming to campuses for conferences and events," he says. "It will be a case of mitigating the risk and maintaining the new procedures to allow people to gather as safely as possible."

It is not entirely bad news for TUCO. "We've also seen business expand, with



Burgh Island Hotel



Giles Fuchs

universities pivoting to provide click and collect services, which weren't offered before COVID-19, and more pre-prepared meals as part of a food to go or takeaway operation," says Haslin. But being profitable is going to be a gnarly challenge for universities, particularly as the ability to host large-scale events is still on the distant horizon.

Claudia Mascino founded Peabody's coffee shops in London in 1997 with a focus on hospital sites, and branched out with its first high street location in High Holborn in 2019.

Lockdown meant the Holborn location had

to close its doors, although the shops at St George's hospital remained open seven days a week, supporting NHS and hospital staff, and providing hundreds of free meals.

The company made use of the government schemes. "For UK hospitality retail businesses the grants and furlough scheme have meant the difference between survival and collapse. It has protected our business and our employees' jobs," says Mascino.

"During COVID-19, as in any critical situation, a business needs clarity of instructions, decisions and guidelines. If these are given with consistency, the business will remain solid. I found that during the peak of the pandemic, my strength was just that – delivering clear messages to my staff, as well as to my suppliers and clients," she says.

The downturn in footfall in London had a huge effect on the Holborn location and the company decided to end its lease early. "That wasn't an easy decision but definitely the right one. The City is a ghost town and will likely remain empty for some time; it will certainly not recover to pre COVID-19 levels of trade. With all-time high rents and when the foot flow isn't there, there was only one thing to do. It was tough, as it meant making loyal staff redundant, and a lot of love and hard work went into opening that shop, but ultimately a commercial decision was made," says Mascino.

The company is now focusing on the NHS side of the business. "I enjoy more the human interactions that come with dealing with Hospital Trust teams than the less intimate, more distanced approach of high street landlords." Mascino believes a long-term downturn in footfall will see more lease agreements moving to turnover-based rent.

While EOHO, grants and the furlough scheme were temporary 'sticking plasters', Mascino believes the government can do more to help the sector: "I have always felt that the VAT guidelines on food sold in a retail environment are unbelievably complex and in some cases border on the ridiculous. Our industry is crying out for a simple flat rate of VAT in hospitality retail environments irrespective of eat in, takeaway, hot or cold. It would be quick to implement and offer immediate long-term support."

The pandemic has also given Claudia Mascino time to innovate. She is working on a "self-contained innovative coffee pod designed for pandemic and post-pandemic crises", and ways of providing hot food options in a completely contactless way.

Although 2020 will be a year to forget for many in the hospitality sector, it seems there are signs of optimism; and innovation and adapting to a world with COVID-19 – in the absence of a vaccine any time soon – are the answer. But the government will also need to do more to make sure this vital sector of the economy does not wither away completely. 