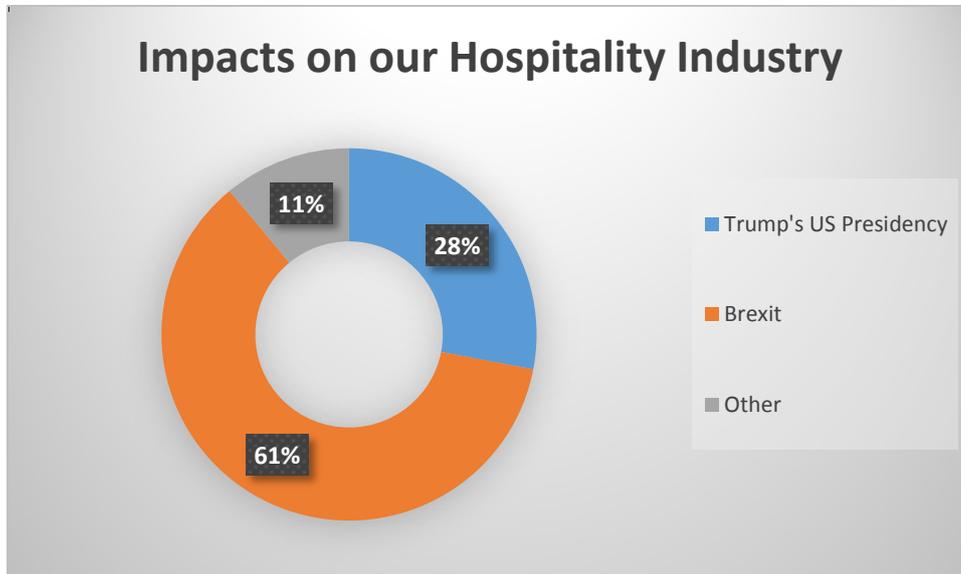


Trending Survey on what will most negatively impact the Hospitality Industry over the next 2- 3 years



The survey results bring up some interesting points for the Hospitality Industry.

- As our nearest neighbour the UK and Brexit is the number one threat over the next 2-3 years with 61% of the votes.
- A President as a threat to the Irish Hospitality Industry is a surprise but the 28% vote is not, considering President Trump's first 2 weeks in office.
- The survey shows that the biggest impacts are outside of our own country and outside of our control. "We didn't mess this one up ourselves".
- Tourism is a global industry and what impacts on our local industry can be dictated by the foreign policies of other countries.
- Other concerns mentioned in the survey were:
 - Losing our competitiveness due to over pricing
 - Rising payroll and insurance costs
 - Travel bans or acts of war
 - Lack of supply specifically in Dublin
 - VAT rate moving back up to 13.5%

Let's dig a bit deeper into the points made:

Brexit

- Currency fluctuations are nothing new to the Hospitality Industry but nobody can really predict whether the currency movements will be positive or negative in the medium to long-term (we should leave currency bets to George Soros).
- Big business moving to Dublin such as the recent Barclays announcement will have a positive impact on the Dublin market. Currently Irish people commute to London, but we may now see the reverse with a large volume of people living in London and commuting to Dublin, staying in hotels and using our bars and restaurants.
- Big business based in Dublin will also mean that some of their customers and suppliers will also have to come to Dublin.
- It all looks good for Dublin, but what about the rest of the country? If Dublin relies more on a high price corporate market some national events may have to move out of Dublin. For example, Cork's new stadium may have to facilitate more concerts than Croke park in the future.
- Foreign tourists will be mostly impacted by currency fluctuations as they are more sensitive to the cost and have other travel options. For UK tourists, travelling to Ireland will still be cheaper than most other destinations even if it's more expensive when they are here.
- Northern Ireland border issues will have more of an economic impact but in reality this issue has not been played out yet.

Trump Presidency

- Fear can make us behave irrationally. This may be our greatest unknown.
- From a tourism perspective, let's take the example of the Chinese Tourism market. Trips planned for the US in 2017/2018, may now be switched to Europe as their preferred choice.
- Can you see the Australian Prime Minister going to the US for his holidays anytime soon?
- I would think currency again will be the biggest factors for US tourists coming to Ireland.
- The domestic tourism market could be severely damaged by any closure or scale back of Irish based operations of US companies.

What do I think?

The hospitality industry needs to work on identifying the diversity of its customer base from a Nationality and a Market Segmentation perspective. Relying too heavily on one particular market segment (e.g. corporate, domestic or inward travelling tourism) may result in a greater long-term risk to your business. Like a balanced stock portfolio, you need diversification. If you do not get the balance right in your customer base you will always be at risk of a large fall instead of a small recoverable slip.

“There is only one constant in life and that is change”