Institute of Hospitality
ROUND TABLE

INSTITUTE OF HOSPITALITY

WHITE PAPER

NAVIGATING ECONOMIC CHALLENGES

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CHME
Council for Hospitality Management Education

[It's] understanding your business, your plant, to know what is running and what's not running... do you need the bathroom fans in 128 rooms running every day, overnight?

John Lambourne-Richardson FIH, general manager, Hampton by Hilton Stockton-on-Tees

CPD

CONTENT:

The background

Tourism contributes significantly to the economy in the north of England. The North York Moors National Park attracted 8.97 million visitors in 2023, generating a spend of £1.04 billion and supporting 11,682 full-time equivalent jobs locally[1]. In the same year, the Yorkshire Dales National Park received a total of 6.67 million visitor days, contributing £485 million to the local economy[2].

Liverpool City Region's tourism industry is now worth more than £6 billion[3], a 21% increase in value between 2022 and 2023, demonstrating strong signs of recovery since the pandemic, and contributing to the overall economic growth of the region. The number of staying visitors has risen to more than 6 million (compared to 5.8 million in 2022), while the number of day visitors recorded in 2023 was 54.3 million – an increase of over 4 million from 2022.

Meanwhile, jobs in the sector have risen to 58,435, a 13% increase since 2022, and hotel occupancy rates rose 2.2% to 76.5% in 2023, almost level with the 2019 figure of 78.4%.

The challenge

The hospitality industry in the north of England has faced significant economic challenges in recent years.

Inflation has impacted operational costs, such as goods, energy and labour, while supply chain disruptions have affected inventory and service consistency.

Meanwhile, businesses continue to deal with the fallout of the Covid-19 pandemic and its impact on demand and staffing, while also trying to follow challenging shifts in consumer spending on travel and leisure.

Finally, from April 2025, the rate of employers' National Insurance contributions will increase by 1.2 percentage points to 15%, and the secondary threshold will be lowered, meaning employers will start to pay National Insurance contributions on employee earnings from £5,000 instead of £9,100.

These statistics highlight the resilience and significance of the hospitality sector in the north of England while also underscoring the challenges it faces in the current economic climate.

Navigating economic challenges

It’s four years down the line, but we’re still recruiting now, aren’t we? It’s not better, it’s not easier.

Jo Bates MIH, operations manager, UK & Ireland, Aspire Executive Lounges

Although the impact of Covid-19 on job vacancies in the hospitality industry has softened over the last two years[4], businesses were struggling to recruit and retain talent in 2019, so this return to pre-pandemic levels gives employers little cause for celebration.

Increases to the National Minimum Wage and employer National Insurance contributions are set to increase wage bills and labour costs, not only directly, but also an indirect knock-on effect in that other team members’ salaries will also need to rise proportionately and accordingly.

Operators recommend flexibility – rather than having one full-time employee, can a role be filled by two part-time employees? Can their hours be more flexible? How can employers offer job security and benefits that employees want and need?

At this time, while some businesses may not be able to offer the most competitive salaries, what other benefits can be offered to be seen as competitive and ensure workers have a good work-life balance? For example, friend referral, sign-on or referral bonuses; support with transport such as a bus pass or driving lessons; free parking; discounts; good maternity and paternity pay and conditions; or the ability to buy an additional week’s annual leave. Applicants particularly want to see transparent pay rates in job adverts.

Now it is very much about security. I know that when I recruit, if I've got less than a 37-and-a-half-hour contract to offer, I can already tell I'm going to be somebody’s second choice.

Roxanne McKale, lounge manager, Newcastle Airport Aspire Lounge

Maximising spend

> If you go to an own-brand sugar, nobody would really notice the difference from a branded one.
>
> **Will Blackwell, F&B manager, lounges, Aspire Executive Lounges**

Operators can try to maximise their profit margins and combat supply chain issues and rising prices by examining every possible cost-saving opportunity. Where can more cost-effective alternatives be deployed that won't affect the quality experience guests expect, or is it possible to introduce a premium for higher cost products on menus?

Putting prices up for customers is often a last resort, and operators are having to carefully balance margins and the value for money service they're offering. Providing premium products with a supplement may be one way of getting around raising prices, for example, and potentially putting off customers.

Larger businesses should also be mindful of whether they're using their Apprenticeship Levy allowance effectively and in full, or whether this could be more effectively deployed.

Sustainable savings

> [It's] understanding your business, your plant, to know what is running and what's not running... do you need the bathroom fans in 128 rooms running every day, overnight?
>
> **John Lambourne-Richardson FIH, general manager, Hampton by Hilton Stockton-on-Tees**

Making operations more environmentally friendly can often go hand-in-hand with cost savings, for example turning off unnecessary air conditioning or heating systems that could cut energy bills.

Making moves to be more eco-friendly may also help attract more business. MICE (meetings, incentives, conferences, and exhibitions) customers, for example, are already demanding venues have solid CSR (corporate social responsibility) and ESG (environmental, social and governance) policies as well as monitoring and reporting mechanisms.

Best Practice

Aspire Executive Lounges is using technology to improve the guest experience as well as maximise revenue. For example, monitoring what areas or seating are particularly popular to influence future lounge design choices. Technology can also help identify when servery items need refilling, assess seat revenue capacity and offer digital access to newspapers and magazines. Aspire also receives a percentage of revenue from guests booking tours and activities for their trip in-lounge through a third-party, but still Aspire-branded, digital platform.

The group is also exploring alternative revenue streams, such as different ways of providing the same service. For example, while the typical product guests pay for is a three-hour slot, offering reduced two-hour and one-hour products, such as in lounges that are largely for business travellers, has provided a boost in revenue.

> We can see what type of seat is popular, so we'll look at putting those seats in because they're comfortable and people use them, or people avoid that area, so we won't put that area in the next lounge we build... It's about becoming a more efficient operation and being streamlined.
>
> **Graham Allen MIH, head of lounges UK & Ireland, Aspire Executive Lounges**

Solutions

Workforce management

- Develop strategies to address labour shortages and high turnover rates
- Enhance employee engagement and retention through improved benefits and workplace culture
- Upskill staff for evolving guest expectations and technological advancements.

Operational adaptations

- Revisit pricing strategies to balance affordability with rising costs
- Optimise energy usage to address rising utility expenses
- Streamline menus or offerings to reduce costs while maintaining quality
- Leverage technology to enhance guest experiences and operational efficiency.

Marketing and revenue strategies

- Build customer loyalty through personalised experiences and rewards programmes
- Diversify revenue streams with initiatives like co-working spaces, subscription dining, or hybrid events.

Sustainability and long-term resilience

- Embrace eco-friendly practices to reduce costs and appeal to conscious travellers
- Reassess real estate usage and optimise physical spaces
- Prepare for future economic downturns through diversified investments.

Collaboration and community engagement

- Partner with local businesses and tourism boards to drive regional demand
- Share best practices with industry peers to tackle shared challenges
- Advocate for government support through grants, tax relief, or incentives for sustainable practices.

Looking ahead

- Leverage data and analytics to predict demand and optimise pricing
- Develop innovative and guest-centric strategies
- Anticipate emerging trends in hospitality, where possible.

Next steps

1) Think flexibly about recruitment and retention – could a role be filled by two part-time employees? What benefits can the business offer?

2) Explore areas where savings could be made that least affect the guest experience, for example, at the supply chain level or by making more environmentally friendly changes to operations.

3) Streamline operations by deploying technology where appropriate.

4) Be open to new ways of delivering services or new products that could open up new revenue streams.

5) Advocate for government support for the hospitality industry and share best practice with peers in the industry and region.

Methodology

This white paper was produced following a round table discussion at Newcastle Airport Aspire Lounge on 18 February 2025. Thanks to Aspire Executive Lounges for supporting the event by providing the venue and refreshments.

Panel

Chaired by
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Graham Allen MIH,
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John Lambourne-Richardson FIH,
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Roxanne McKale,
lounge manager, Newcastle Airport Aspire Lounge

Resources

Hospitality Action
UKHospitality
HIT Training
Umbrella Training
The Drinks Trust
Viator
Gold Key Media
World Sustainable Hospitality Alliance
EarthCheck
The Sustainable Restaurant Association
Zero Carbon Forum
Net Zero Now
The Future of Foodservice

References

(1) North York Moors National Park: Tourism facts and figures (2023)
(2) Yorkshire Dales National Park: Tourism facts and figures (2023)
(3) Liverpool City Region Combined Authority: Tourism generates over £6bn for Liverpool City Region economy (2024)
(4) Office for National Statistics: UK Job Vacancies (thousands) - Accommodation & Food Services Activities (2025)