

# Gold standard

Hotel industry consultant Melvin Gold FHCIMA addressed the HCIMA's Manchester conference about the changing face of the hospitality industry.

Having offered expert advice to clients across the hospitality industry for many years, Melvin Gold FHCIMA freely admits that recent times have been far from easy for UK tourism. But, speaking at the 2004 annual HCIMA conference in Manchester, he pointed out a number of positive developments.

Since departing from his high profile position as managing director of PKF's hotel consultancy division earlier this year, he has set up the independent firm Melvin Gold Consulting, and has already attracted a number of clients.

He told the conference that, while September 11 and the war in Iraq had obviously taken their toll on the tourism industry in this country, the effect in London had been much more direct than the impact felt throughout the rest of the UK. He said: "London has been hit very directly by international events and a drop in tourism, whereas the rest of the UK has generally been hit more by the knock-on economic events. By and large, the past few years for the UK outside London have not been quite so bumpy as they have been for tourism in the capital."

But he pointed out that things seem to be looking up for the industry – in the capital as well as the rest of the UK – and predicted an exciting period for the

industry over coming years.

Gold also took a look at some of the factors that are changing the shape of the sector, saying: "At the moment the 10 largest hotel companies in the UK are responsible for more than 25 per cent of all rooms – and this is growing through a process of consolidation. There is continuing investor interest in the sector and the hotel companies themselves are far from idle. Intercontinental is currently the largest of the hospitality companies by number of rooms, but Whitbread is not far behind and would overtake if it were successful in its bid to take over Premier Lodge."

But Gold believes that the development that has had the biggest influence on the hospitality sector in recent years is technology. He says: "If anything has really changed things in this industry it is the internet. Hospitality and tourism has always been quite a cyclical industry – even though the recent downturn has been the result of events that couldn't have been predicted, the resulting slump was in keeping with the cyclical economic highs and lows that the industry has always been subject to. But we haven't had the internet – or anything that could be compared to it – before, and it has changed operator and consumer focus."

Gold points out that the internet has so far largely worked by helping bargain hunters find special offers on accommodation, but predicts that as business picks up further, tourists may begin to use the resource simply to find any available rooms at all. He says: "If things continue to improve for the sector, hotels will see better levels of occupancy and it will become harder to find rooms. I think the internet could become a bit of a 'clearing house' for hoteliers wanting to fill any remaining empty beds. Taken to its logical conclusion this could mean that the next cyclical peak is higher than the last one, although that seems some way off yet."

Gold also made reference to the recent expansion of the European Union to welcome 10 new member states, and to the specific benefits this could have for the sector. He predicted a positive impact, especially in the labour market, commenting: "Welcoming these countries into the EU could potentially provide hoteliers with a greater labour pool to dip into, as it could well be the case that large numbers of people from these countries would like to



gain the benefit from work experience in our industry."

While he accepts that any number of unforeseen events could potentially shake the hospitality industry once again, Gold is confident that – major catastrophes notwithstanding – the immediate future for the sector is bright. And he should know. Having worked for over 15 years offering advice to a number of major hospitality players, Gold is a good deal better qualified than most to comment on movement within the industry.

His latest project has been to set up an independent consultancy firm, and he is looking forward to the challenges this new role will bring. He told Hospitality: "I have enjoyed the past few months without the pressures of everyday commercial life,

and the time I have been able to spend with my family. However the time has come for me to re-enter the fray, especially as it is such a busy time for the industry, with so much going on at the moment. So, with batteries recharged and enthusiasm brimming over, I look forward to the opportunities that I will be able to assist with over the coming months and years."

He adds: "The hotel industry has had a rough time in the last few years, but there's no doubt that things are hotting up and that the next upcycle has begun in most markets. I intend to assist my clients in taking the best advantage of the opportunities that are available. After I came out of PKF, I was considering what to do next and spoke to a number of people who encouraged me to follow this route. I'm not intending to try and replicate a major consulting company, but rather to use my knowledge to assist people in the industry on a more personal level."

The new venture will be focussed on advisory and strategic work in the sector, as well as a range of other

'value-adding' assignments, and Gold expects to be working from time to time as part of a team with other consultants. The intended client base includes hoteliers, investors, and the financial community.

He says: "There will be an increased number of opportunities for somebody with my skills to be in that market place. The industry is on the up and, although it could be derailed by a whole variety of events, hopefully it will stay that way for the next eight to 10-year cycle. Over the last three years or so I have seen the financial community take much more interest in the hotel sector. Whether as an operator or an owner, there are many opportunities for investment."

Gold has added his voice to the growing number of industry experts predicting a return to form for the UK hospitality industry, and delegates at the HCIMA conference were thrilled to hear such optimistic predictions. By branching out independently at the most positive time in recent years, it looks like the former PKF consultant could well have struck gold. ■



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